Armstrong World Industries

Investor Presentation

August 2024



Safe Harbor Statement

Disclosures in this presentation contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, those relating to future financial and operational results, expected savings from cost management initiatives, the performance of our WAVE[1] joint venture, market and broader economic conditions and guidance. Those statements provide our future expectations or forecasts and can be identified by our use of words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “outlook,” “target,” “predict,” “may,” “will,” “would,” “could,” “should,” “seek,” and other words or phrases of similar meaning in connection with any discussion of future operating or financial performance. This includes annual guidance. Forward-looking statements, by their nature, address matters that are uncertain and involve risks because they relate to events and depend on circumstances that may or may not occur in the future. As a result, our actual results may differ materially from our expected results and from those expressed in our forward-looking statements. A more detailed discussion of the risks and uncertainties that could cause our actual results to differ materially from those projected, anticipated or implied is included in the “Risk Factors” and “Management’s Discussion and Analysis” sections of our reports on Form 10-K and Form 10-Q filed with the U.S. Securities and Exchange Commission (“SEC”), including our report for the quarterly period ended June 30, 2024. Forward-looking statements speak only as of the date they are made. We undertake no obligation to update any forward-looking statements beyond what is required under applicable securities law.

In addition, we will be referring to non-Generally Accepted Accounting Principles in the United States (“GAAP”) financial measures within the meaning of SEC Regulation G.

A reconciliation of the differences between these measures with the most directly comparable financial measures calculated in accordance with GAAP is included within this presentation and available on the Investor Relations page of our website at www.armstrongceilings.com.

The guidance in this presentation is only effective as of the date given, July 30, 2024, and will not be updated or affirmed unless and until we publicly announce updated or affirmed guidance.

1. Worthington Armstrong Joint Venture (“WAVE”).

Basis of Presentation Explanation

Results throughout this presentation are presented on a normalized basis.

We remove the impact of certain discrete expenses and income in certain measures including adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), adjusted diluted earnings per share ("EPS") and adjusted free cash flow. The Company excludes certain acquisition related expenses (i.e. – impact of adjustments related to the fair value of inventory, contingent third-party professional fees, changes in the fair value of contingent consideration and deferred compensation accruals[1] for acquisitions). The Company also excludes all acquisition-related amortization from adjusted net earnings and in calculations of adjusted diluted EPS. Examples of other excluded items have included plant closures, restructuring charges and related costs, impairments, separation costs and other cost reduction initiatives, environmental site expenses and environmental insurance recoveries, endowment level charitable contributions, the impact of defined benefit plan settlements, and certain other gains and losses. The Company also excludes income/expense from its U.S. Retirement Income Plan ("RIP") in the non-GAAP results as it represents the actuarial net periodic benefit credit/cost recorded. For all periods presented, the Company was not required to and did not make cash contributions to the RIP based on guidelines established by the Pension Benefit Guaranty Corporation, nor does the Company expect to make cash contributions to the plan in 2024.

Our tax rate may be adjusted for certain discrete items, which are identified in the footnotes.

Investors should not consider non-GAAP measures as a substitute for GAAP measures.

Excluding adjusted diluted EPS, non-GAAP figures are rounded to the nearest million and corresponding percentages are based on unrounded figures.

Operating Segments: "MF": Mineral Fiber, "AS": Architectural Specialties, "UC": Unallocated Corporate

All dollar figures throughout the presentation are in $ millions, except per share data, and all comparisons are versus the applicable prior-year period unless otherwise noted. Figures may not sum due to rounding.

1. The deferred compensation accruals were for cash and stock awards that are recorded over each awards' respective vesting period, as such payments were subject to the sellers' and employees' continued employment with the Company.

Armstrong World Industries, Inc.

NYSE AWI

Leader in the design and manufacturing of innovative ceiling and wall solutions in the Americas

FULL YEAR 2023 CONSOLIDATED RESULTS

NET SALES	ADJUSTED EBITDA*	ADJUSTED DILUTED EPS*	ADJUSTED FREE CASH FLOW*
$1,295M	$430M	$5.32	$263M

SEGMENT 1:
Mineral Fiber

NET SALES	ADJ. EBITDA*
$932M	$364M

JOINT VENTURE
WAVE
WORTHINGTON ARMSTRONG VENTURE

SEGMENT 2:
Architectural Specialties

NET SALES	ADJ. EBITDA*
$363M	$66M

Key Verticals and contribution to AWI Net Sales**

EDUCATION	OFFICE	HEALTHCARE	RETAIL	TRANSPORTATION
30%	30%	20%	10%	10%

For more than 160 years,
we have built our business on trust and integrity

19 Operating Facilities[1]

~3,500 Employees



Headquartered in **Lancaster, PA**

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure. | **Based on internal company estimates. | 1. Excluding 7 WAVE facilities in this list.

The Armstrong Purpose

Making a positive difference in the spaces where we…



LIVE



WORK



LEARN



HEAL



PLAY

It matters to us, and it matters to our stakeholders

Sustainability is Integral to Our Success

Our Approach

Three Pillars guide our sustainability program, each with specific goals and targets. We aim to lead a transformation in the design and building of spaces so that occupants, owners, operators and communities can thrive.



Healthy and Circular Products

We are committed to responsible sourcing and to providing transparency in our products. In addition, we will design our products to minimize waste and pollution, support circularity and contribute to the regeneration of natural systems.



Healthy Planet

Our electricity will be either directly or indirectly sourced through renewable energy, and we will reduce carbon, GHG waste and water impacts of our products and solutions.

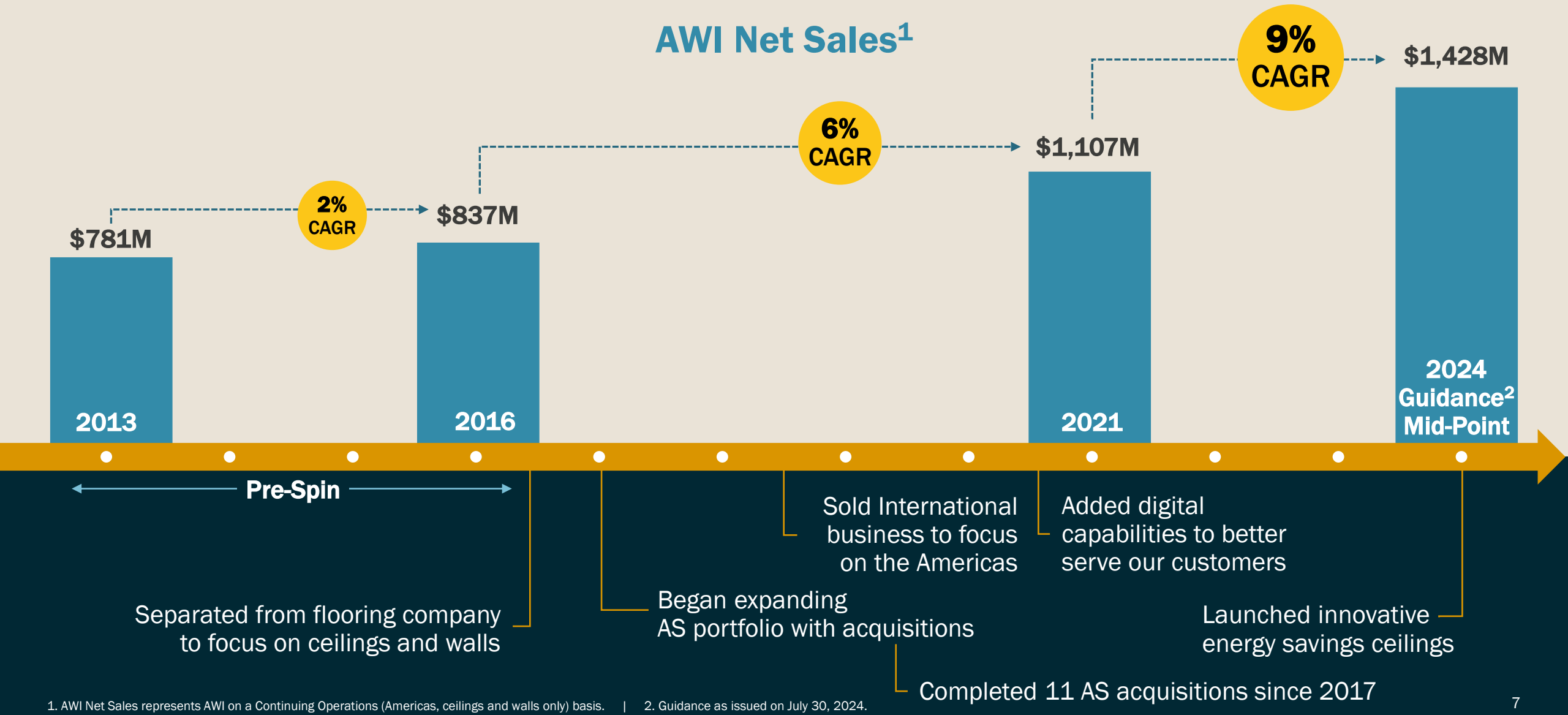


Thriving People and Communities

Our workforce will be safe, diverse, inclusive and fulfilled, and we will actively contribute to our local communities.

Additional Resources: AWI Sustainability Website | 2024 Sustainability Report

Creating a Differentiated and Focused Building Products Company



1. AWI Net Sales represents AWI on a Continuing Operations (Americas, ceilings and walls only) basis. | 2. Guidance as issued on July 30, 2024.

Why Invest in AWI?









Value Creation for Shareholders

Why Invest in AWI?



Unique company in an attractive industry

Complementary, high performing segments

Consistent & focused growth strategy

Strong financial returns

Value Creation for Shareholders

Uniquely Positioned to Win in an Attractive Category

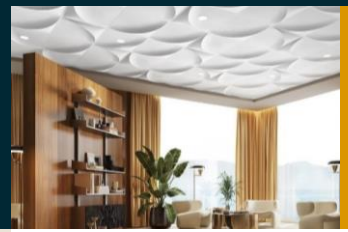
Ceiling and wall solutions matter in designing high-performing spaces



Attractive Category

Ceilings and wall category has distinctive attributes in the building products industry

- **Consolidated industry structure** with exposure to diverse end markets
- **Large Mineral Fiber installed base** (est. at ~39 Billion ft^2)* generates stable and repeating repair & remodel demand
- **Highly specified,** high-value products with few cost-effective substitutes
- Customers demonstrate brand loyalty; **rewarding performance, service and innovation**
- Ceilings are an integral part of evolving solutions to meet increasing demand for **total indoor environmental quality**



Why We Win

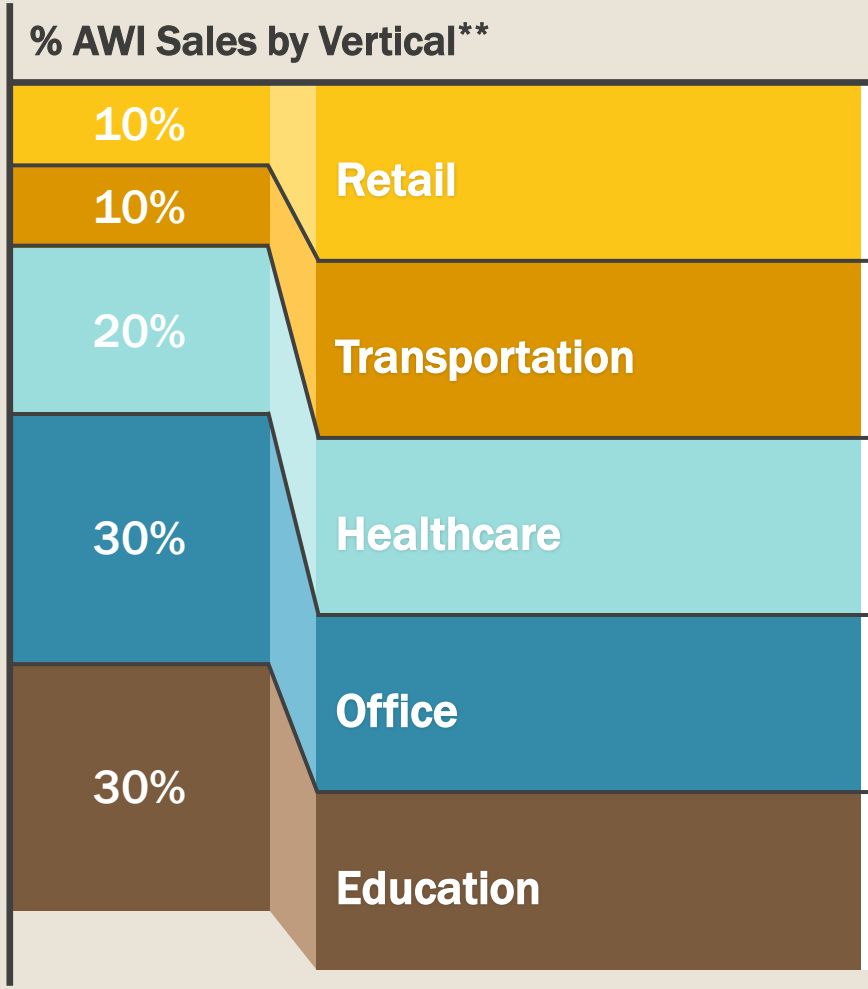
As the industry leader, AWI is advantageously positioned to win within this category

- **Strong and trusted brand**
- **Broadest, most innovative** product portfolio
- **Specification excellence** through deep and long-standing relationships with architects and designers
- Large manufacturing **scale** with **strong exclusive distribution partners**
- **Operational excellence** supporting **best-in-class** service and quality
- A culture that fosters **empowerment, innovation, teamwork and execution** across functional areas

*Based on internal company estimates.

Diverse End Markets Drive Stability Throughout Cycles

End Market Vertical Outlook*

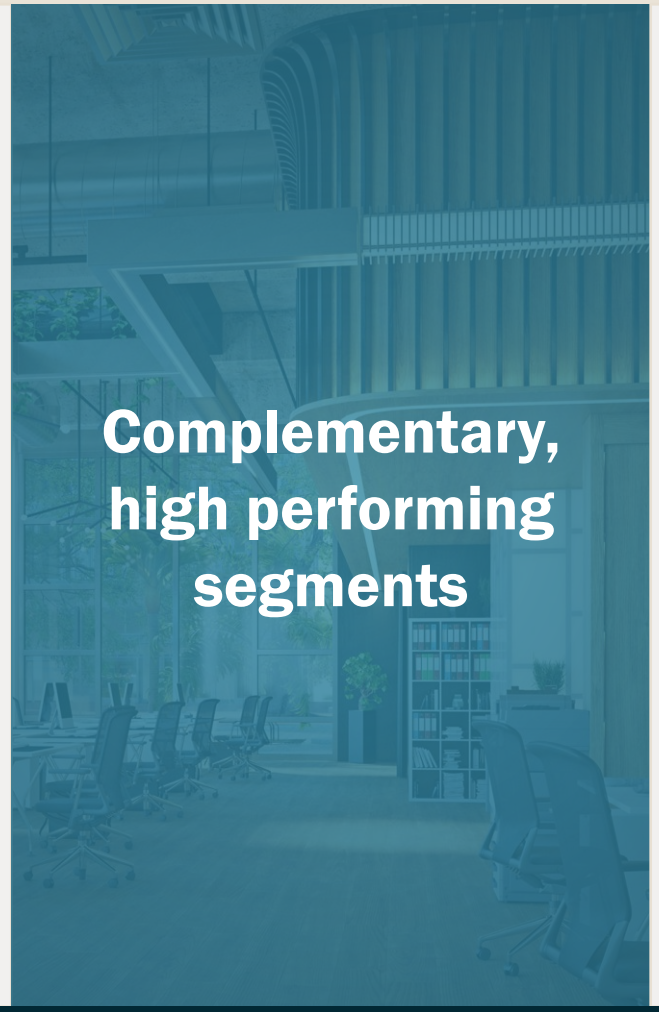


% AWI Sales by Vertical**	Outlook*	Market Insights
Retail	Slightly Negative	Lingering headwinds from online shopping balanced by population shifts to suburbs and multi-use in urban areas.
Transportation	Positive	Funding infusion from Infrastructure Investment and Jobs Act totaling $15 billion[1] for airports through 2026.
Healthcare	Slightly Positive	Continued growth in hospitals and urgent care centers driven by demographic shifts
Office	Slightly Negative	Vacancy rates in certain large metros and lingering economic uncertainty limiting discretionary spend; data center growth providing partial offset.
Education	Positive	Healthy state government budgets, supported by recent ESSER[2] funding, offset by demographic trends. R&D laboratory growth continues.

*12-to-24-month outlook based on internal company estimates and Dodge data and analytics. | **Based on internal company estimates. | 1. According to the Federal Aviation Administration. | 2. Elementary and Secondary School Emergency Relief.

Why Invest in AWI?

Unique company in an attractive industry



Consistent & focused growth strategy

Strong financial returns

Value Creation for Shareholders

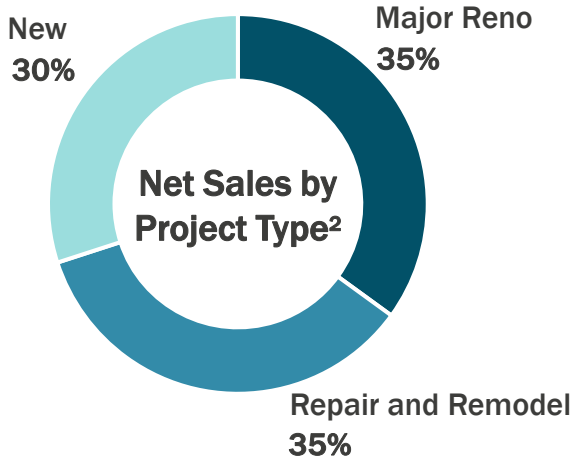
Complementary Segments With Strong Profitability

Mineral Fiber (MF) Segment

3%
5-Year Net Sales CAGR[1]

$932M
2023 Net Sales

39%
2023 Adj. EBITDA Margin*



Key Attributes

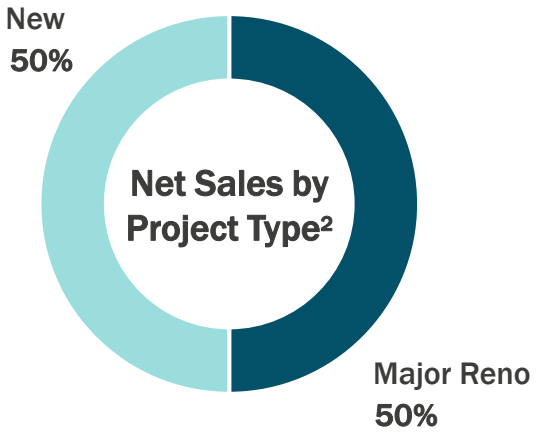
- Consistent AUV growth supported by innovation
- Targeted manufacturing productivity of ~3% annually
- Diverse verticals and project types lessens cyclicality
- Equity earnings contribution from WAVE

Architectural Specialties (AS) Segment

16%
5-Year Net Sales CAGR[1]

$363M
2023 Net Sales

18%
2023 Adj. EBITDA Margin*



Key Attributes

- Leveraged to major renovation and new construction
- High design, custom projects for statement spaces
- Lower capital requirements
- Strong growth and margin expansion opportunities

*Non-GAAP Measure. Reconciliations provided in the appendix of this presentation. | 1. CAGR represents 2018 to 2023 results. | 2. Based on internal company estimates.

Successful Joint Venture Creates Important Competitive Advantage

WAVE leverages the strengths and expertise of both parent companies

Armstrong® World Industries

Go to market expertise

WORTHINGTON ENTERPRISES

Steel procurement and supply chain management expertise

WAVE
WORTHINGTON ARMSTRONG VENTURE

- Established in 1992 — 50/50 joint venture
- North American market leader in ceiling suspension system (grid) and integrated solutions
- Innovation mindset
- $450 million in sales in 2023
- Over $700 million of cash dividends to AWI since 2017
- 7 U.S. plants
- ~450 employees









Recent 3form Acquisition Expands AS Product Portfolio[1]

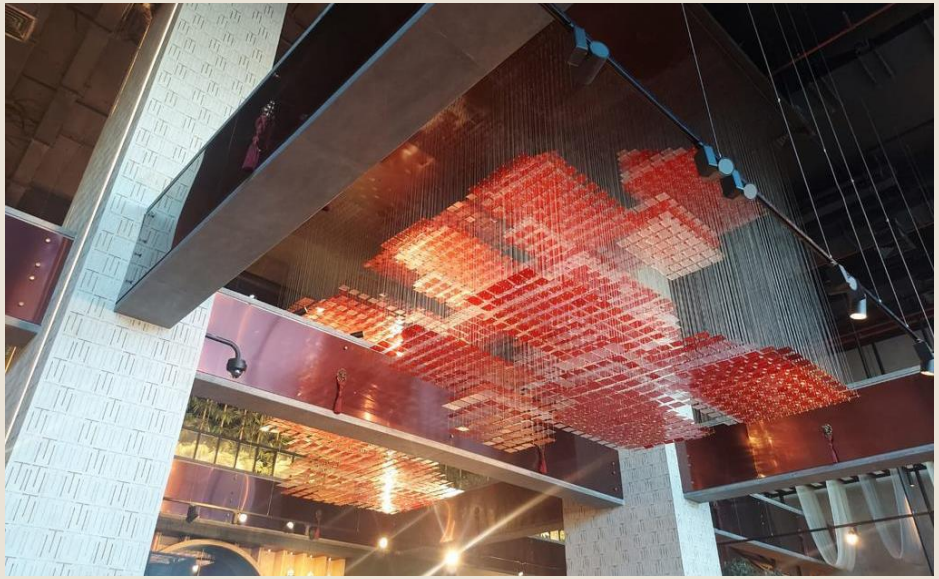
3form® At-a-Glance

A design-driven category leader in translucent finishings

~390
employees

3
production facilities

~$96M
sales in 2023



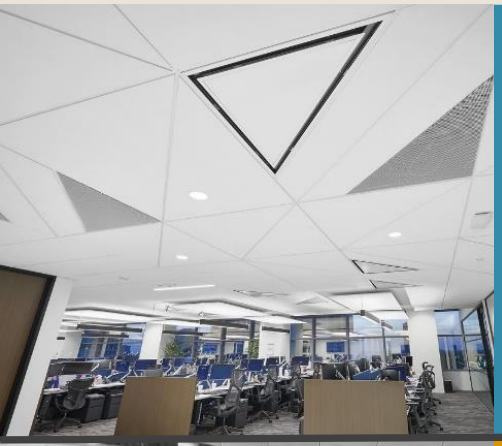






1. Armstrong completed the acquisition of 3form, LLC in April 2024.

Together Our Segments Enable the AWI Total Customer Experience



Mineral Fiber



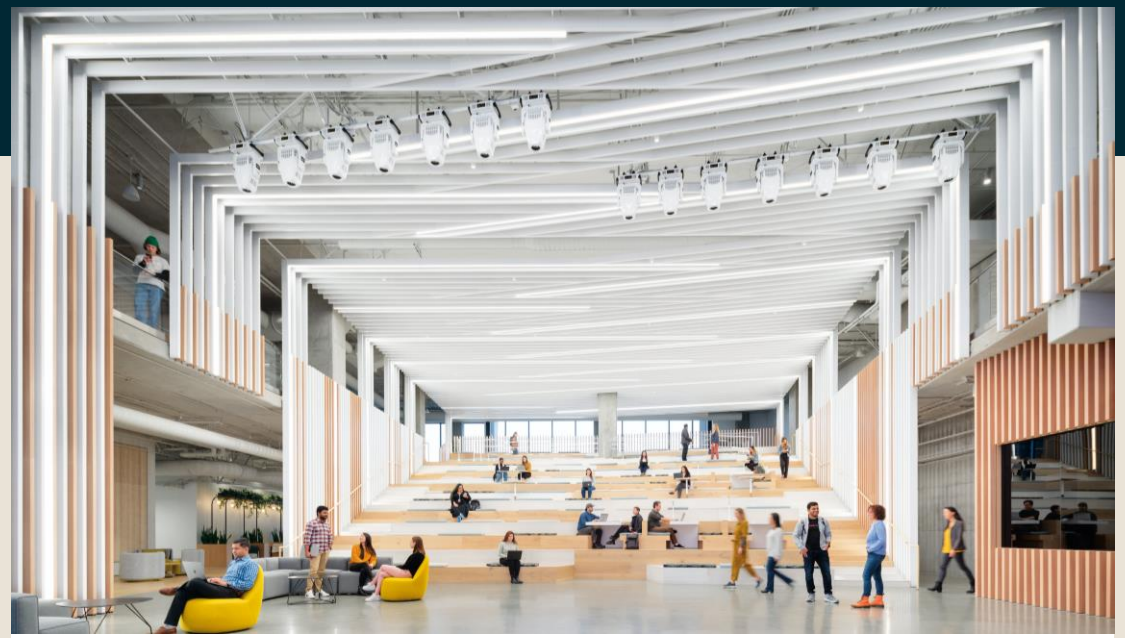
Architectural Specialties



AWI is uniquely positioned to efficiently deliver a broad range of innovative, highly-specified solutions to our customers

AWI is the Supplier of Choice for Large, Complex Projects

Adobe North Tower, San Jose, CA



2023 CISCA Award Winner

ProjectWorks®

Check out the full project here!



Products Specified

AS: MetalWorks™ Custom Blades	AS: Arktura® Vapor® Cluster
AS: Turf® Custom Grid	AS: Arktura® Vapor® Frequency
AS: Tectum®	AS: WoodWorks®
MF: DesignFlex®	WAVE: Axiom®
MF: AirAssure®	

Why Invest in AWI?

Unique company in an attractive industry

Complementary, high performing segments



Strong financial returns

Value Creation for Shareholders

Consistent and Focused Strategy That Drives Value for Stakeholders

GROWTH STRATEGY

- Market-driven **product innovation**
- Customer-centric **growth initiatives**
- **Acquisitions** to build greater market opportunity

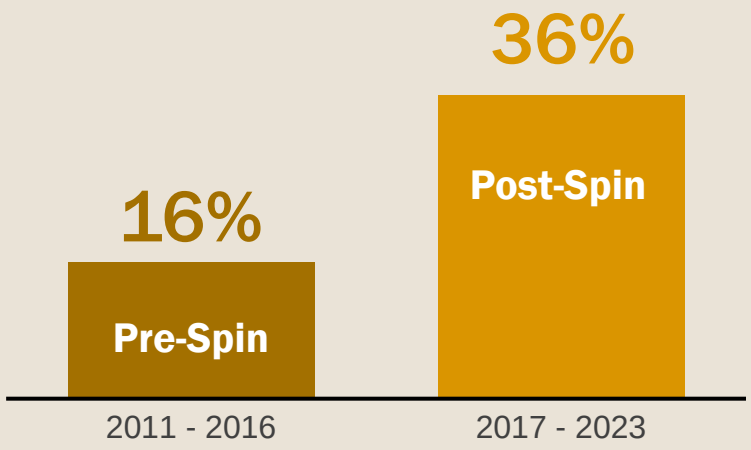
EXPECTED OUTCOMES

- Enhances our competitive advantage
- Expands volume and AUV growth potential
- Strengthens our financial returns
- Creates shareholder value

New Products and Features Consistently Rewarded by the Market

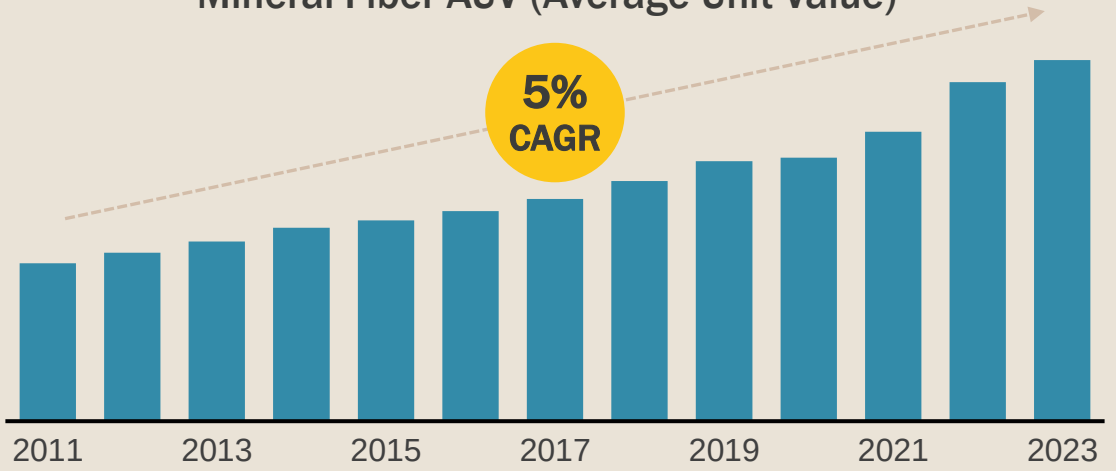
Demonstrated Innovation Focus

Product Vitality Index[1]



Proven Ability to Consistently Deliver AUV Growth

Mineral Fiber AUV (Average Unit Value)[2]



Innovation focused on emerging market needs through collaboration and efficient processes

Key Innovation Attributes

- Sustainable Materials
- Labor Efficiency
- Fire Safety
- Acoustics
- Aesthetics

1. Product Vitality Index represents the percent of total sales from products introduced in the last 5 years. Pre-Spin and Post-Spin refers to the separation from Armstrong Flooring, Inc., completed on April 1, 2016.
2. US and Canada Mineral Fiber Commercial only.

Next Innovation Focus: Reducing Energy Use and Carbon in the Built Environment

Solutions Aligned With Market Needs

Deliver Energy Savings
Reduce building HVAC costs and energy consumption by as much as 15%[1]

Enable LEED® Credits
Contributes to decarbonization-focused credits in multiple areas

Achieve Sustainability Goals
Reduce embodied and operational carbon emissions for building owners and operators

Recent Product Launches



Ultima® Templok® Ceiling Panels
Improves thermal comfort, reduces heating and cooling needs, and contributes to a more efficient HVAC operation, resulting in a more sustainable, resilient space.



Ultima® Low Embodied Carbon (LEC) Ceiling Panels
Offers 43% reduction[2] in embodied carbon using sustainably sourced, wood-generated biochar that sequesters carbon resulting in a lower global warming potential.

Carbon Impact Case Studies



University of Maryland Medical Center

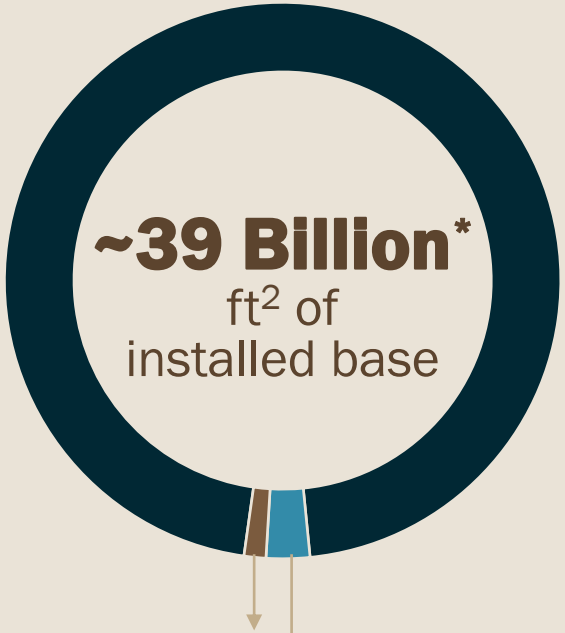


New Hampshire High School

1. Cooling energy savings according to research estimates measured in lab tests. Results may vary. | 2. Reduction in cradle-to-gate stages (A1-A3) impacts compared to standard Ultima® Panels.

Strategic Initiatives Support Volume and AUV Growth

Large Installed Base Provides Sizable Opportunity to Influence Demand



STRATEGIC GROWTH INITIATIVES

	kanopi By Armstrong Ceilings	ProjectWorks	Healthy, Sustainable Spaces
Description	Digital platform to deliver end-to-end ceiling solutions, accessing untouched demand	Automated design service to deepen customer relationships, strengthen specifications & lower construction costs	Focused on sustainable solutions for better indoor environmental quality ("IEQ"), energy and construction efficiencies… a secular tailwind for renovation
Key stakeholders	Facility managers, small business owners, DIY	Designers, architects, contractors, owners	Building owners and occupants, designers, architects, energy service companies

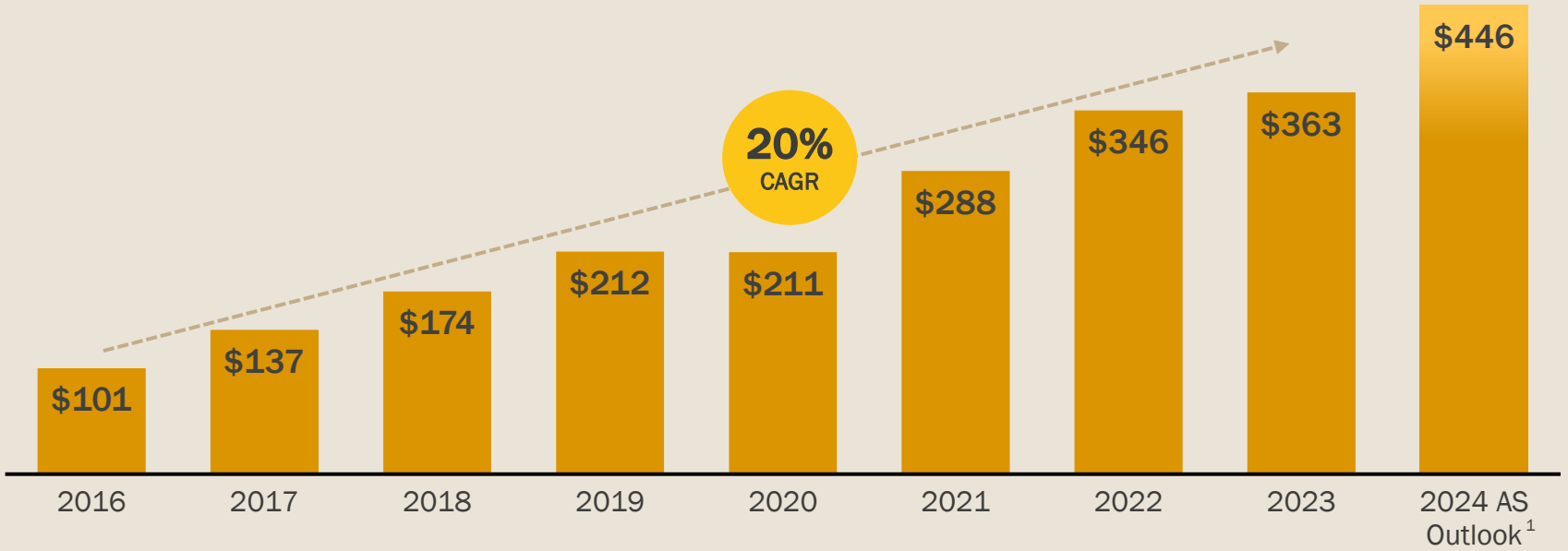
GROWTH IMPACT

Volume	**Repair and Remodel**	**New and Major Reno**	**New, Major Reno, Repair and Remodel**
AUV	**Medium**	**High**	**High**

*Based on internal company estimates.

Driving Profitable AS Topline Growth Through both Acquisitions and Market Penetration

AS Segment Net Sales



Acquisitions

TECTUM INC. The Noise Control Solution
Steel Ceilings Inc. Manufacturer of Metal Ceilings and Specialty Systems
PLASTERFORM Architectural Castings
MRK INDUSTRIES
TURF
MÓZ
ACGI
ARKTURA
GC PRODUCTS
BŌK MODERN
3form

AWI's scale and focus drive synergies to enhance profitability and create value

EBITDA multiples:

~9x
pre-synergy

~7x
post-synergy[2]

1. Reflects AS segment Net Sales midpoint as shown in the additional assumptions in the appendix of this presentation. As issued on July 30, 2024.
2. 2022 to 2024 acquisition post-synergies are based on future expected results.

Why Invest in AWI?

Unique company in an attractive industry

Complementary, high performing segments

Consistent & focused growth strategy

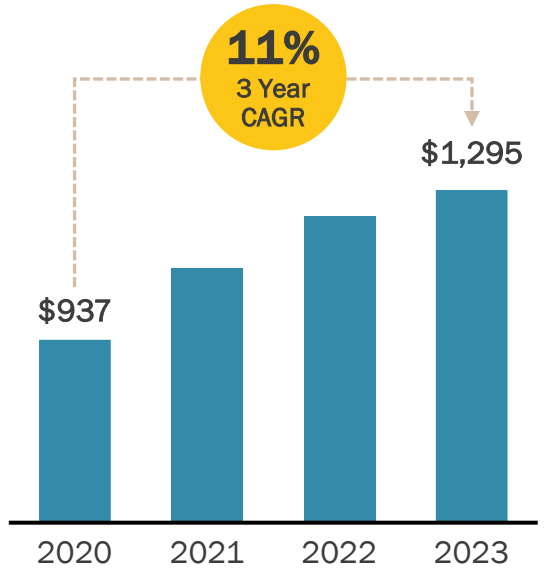


Value Creation for Shareholders

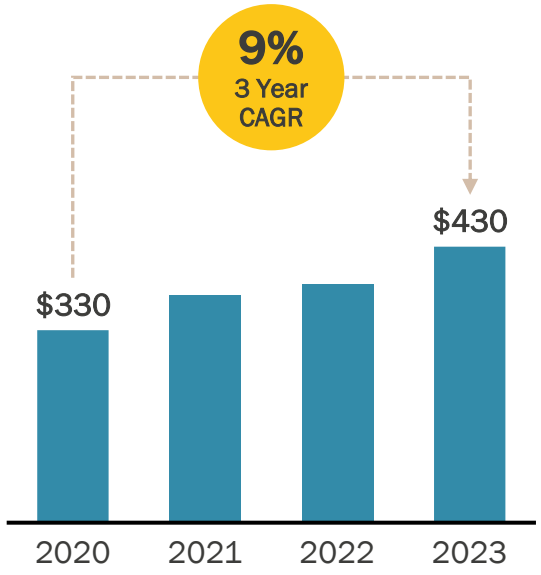
Resilient Business Model Creates Value for Shareholders

Delivering exceptional results despite a tough macro environment

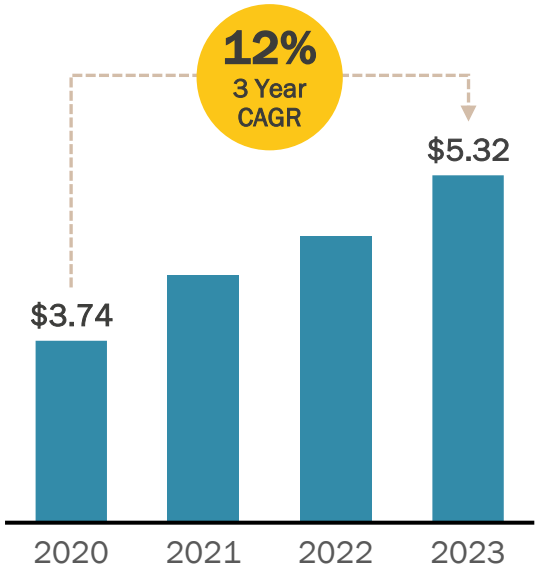
Net Sales ($M)



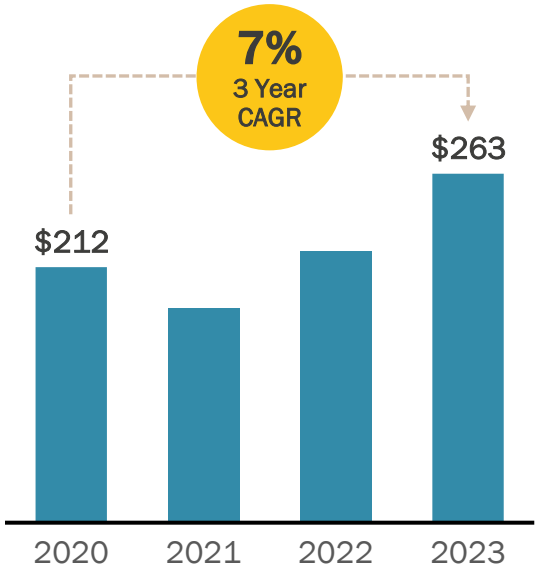
Adjusted EBITDA* ($M)



Adjusted Diluted EPS*



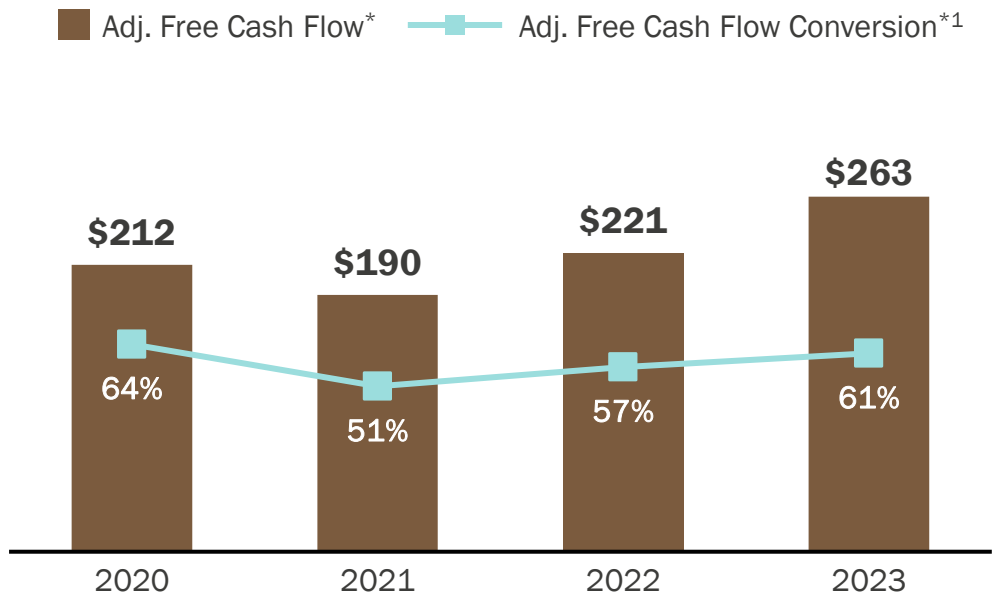
Adj Free Cash Flow* ($M)



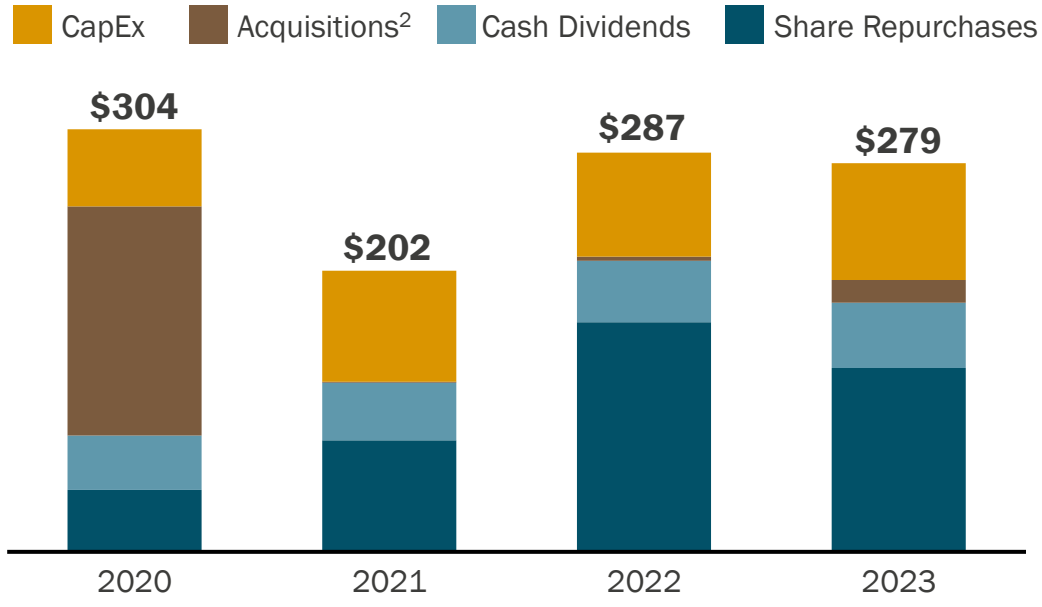
*Non-GAAP measure. See appendix for reconciliation to the nearest GAAP measure.

Strong Cash Flow Profile Supports All Capital Allocation Priorities

~$900M of Adj. Free Cash Flow* generated since 2020



Balanced Approach To Capital Allocation



Capital Allocation Priorities

1. **Reinvesting into the business**
2. **Strategic acquisitions & partnerships**
3. **Returning cash to shareholders**

*Non-GAAP measure. See appendix for reconciliation to the nearest GAAP measure. | 1. Adj. Free Cash Flow Conversion represents Adjusted Free Cash Flow as a percentage of Adjusted EBITDA.
2. Reflects cash paid for acquisitions, net of cash acquired, recorded as a component of cash (used for) provided by investing activities. 2023 excludes the acquisition of software-related intellectual property.

Creating Value for Shareholders

AWI Investor Value Proposition

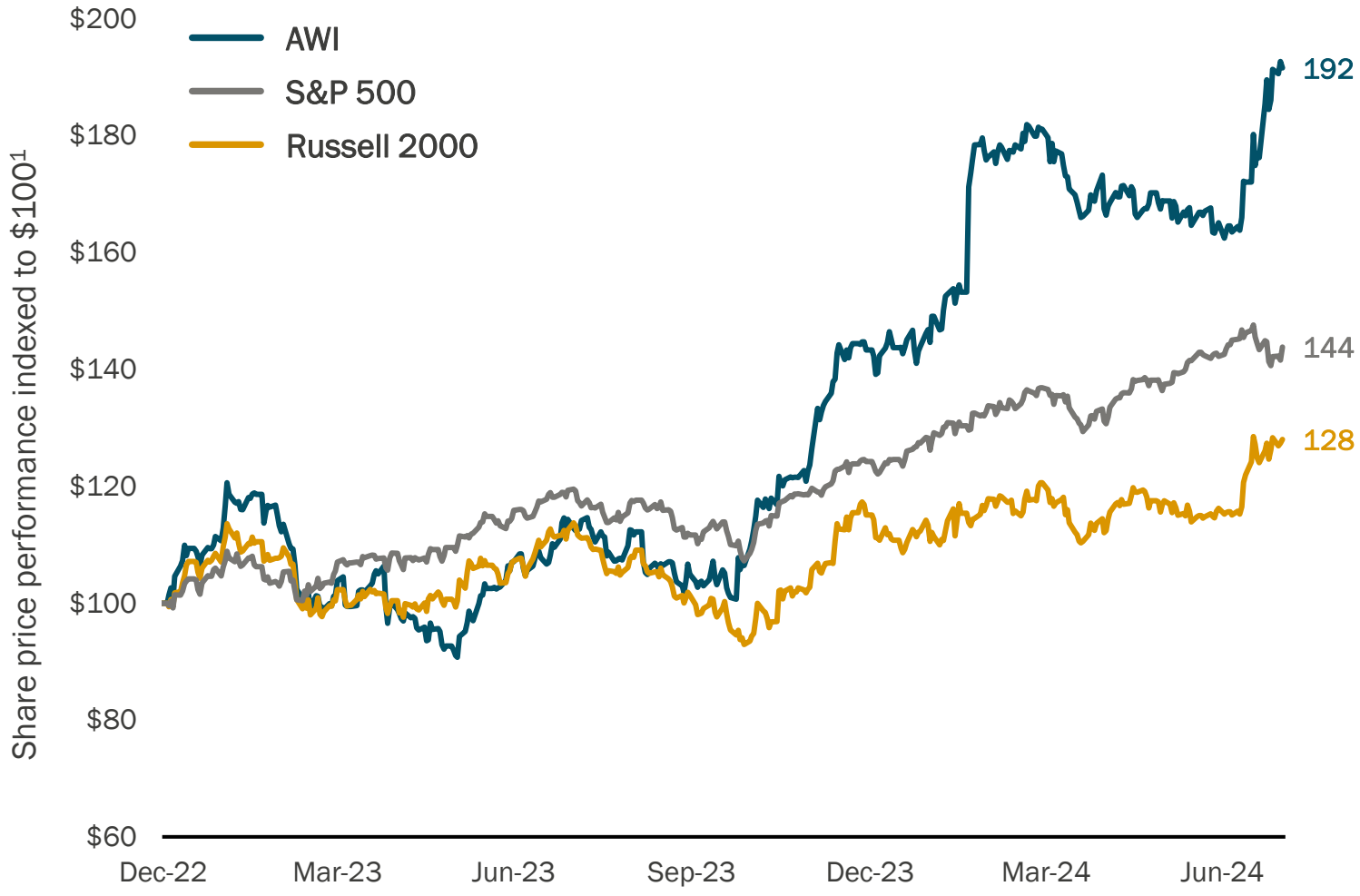
Unique company in an attractive industry

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Strong financial returns

AWI vs S&P 500 and Russell 2000



1. The performance shown in the chart assumes $100 invested on December 31, 2022 through July 31, 2024, with dividends reinvested, and it should not be considered indicative of future performance.

Raising Full Year 2024 Guidance[1]

Solid execution driving growth and margin expansion

	Updated	Prior
Net Sales Growth	**$1,415M to $1,440M** 9% to 11% YoY	**$1,395M to $1,435M** 8% to 11% YoY
Adj. EBITDA*	**$474M to $486M** 10% to 13% YoY	**$465M to $485M** 8% to 13% YoY
Adj. Diluted EPS*	**$6.00 to $6.15** 13% to 16% YoY	**$5.80 to $6.05** 9% to 14% YoY
Adj. Free Cash Flow*	**$288M to $300M** 10% to 14% YoY	**$285M to $300M** 8% to 14% YoY

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure

1. As issued on July 30, 2024. | 2. Additional assumptions available in the appendix of this presentation.

Commentary[2]

- Macro uncertainty continues
- Better-than-expected market conditions in 2H
- Expect full year MF volume down ~1%
- Expect full year MF AUV above historic average
- Expect accelerating AS organic sales and recent acquisitions to drive robust full year segment growth
- Recent acquisition of 3form performing as expected

Appendix

Updating Full Year 2024 Assumptions[1]

Segment[2]	Net Sales	Adjusted EBITDA Margin
Mineral Fiber	+4% to +6% growth (prior: +2% to +5%)	~41% (prior: >40%)
Architectural Specialties	+22% to +24% growth (prior +21% to +24%)	~18% (unchanged)

Consolidated Metrics	Full Year 2024
Capital expenditures	$80M to $90M
Depreciation and amortization	$100M to $106M (prior: $96M to $104M)
Interest expense	$40M to $42M
Book / cash tax rate	~25% / ~26% (prior: ~25% / 25% to 26%)
Shares outstanding	~44 million
Cash return of investment from joint venture	$94M to $104M

Shipping Days vs Prior Year	2023	2024	2025
Q1	+1	-	-
Q2	-	-	-
Q3	(1)	+1	-
Q4	-	+1	-
Full Year	-	+2	-

1. As issued on July 30, 2024. | 2. Architectural Specialties includes the April 2024 acquisition of 3form but does not reflect any other future acquisitions.

2020 – 2023 Adjusted EBITDA Reconciliation

	Year Ended December 31,			
	2020	2021	2022	2023
Net Sales	**$937**	**$1,107**	**$1,233**	**$1,295**
Net earnings (loss)	**($99)**	**$183**	**$203**	**$224**
Less: Net (loss) earnings from discontinued operations	(15)	(2)	3	-
Earnings (loss) from continuing operations	**($84)**	**$185**	**$200**	**$224**
Add: Income tax expense (benefit), as reported	(43)	57	58	75
Earnings (loss) from continuing operations before tax	**($127)**	**$243**	**$258**	**$298**
Add: Interest/other income and expense, net	382	17	21	25
Operating income	**$255**	**$260**	**$279**	**$324**
Add: RIP expense[1]	6	5	4	3
Add: Cost reduction initiatives and other	-	-	-	3
(Less)/Add: Net environmental (recoveries) expenses	(6)	-	-	-
Add: Charitable contribution – AWI Foundation[2]	10	-	-	-
(Less): (Gain) on sale of idled China facility	(21)	-	-	-
Add: Acquisition-related impacts[3]	3	10	19	11
Adjusted operating income	**$246**	**$275**	**$301**	**$340**
Add: Depreciation and amortization	84	97	84	89
Adjusted EBITDA	**$330**	**$372**	**$385**	**$430**
Operating income margin (Operating income % of net sales)	27.2%	23.5%	22.6%	25.0%
Adjusted EBITDA margin (Adj. EBITDA % of net sales)	35.2%	33.6%	31.2%	33.2%

1. RIP expense represents only the plan service cost that is recorded within Operating income. For all periods presented, we were not required to and did not make cash contributions to our RIP.
2. Endowment level donation to the AWI Foundation.
3. Represents the impact of acquisition-related adjustments for the fair value of acquired inventory and deferred revenue, changes in fair value of contingent consideration and deferred compensation & restricted stock expenses.

2020 – 2023 Adjusted Diluted Earnings per Share Reconciliation

	Year Ended December 31,			
	2020	2021	2022	2023
Earnings (loss) from continuing operations	**($84)**	**$185**	**$200**	**$224**
Add/(less): Income tax expense (benefit)	(43)	57	58	75
Earnings (loss) from continuing operations before income taxes	**($127)**	**$243**	**$258**	**$298**
(Less)/Add: RIP (credit) expense[1]	368	-	(1)	(1)
(Less)/Add: environmental (recoveries) expenses	(6)	-	-	-
Add: Cost reduction initiatives and other	-	-	-	3
(Less): Gain on sale of China facility	(21)	-	-	-
Add: Accelerated depreciation from St. Helen's facility	3	-	-	-
Add: Charitable contribution – AWI Foundation[2]	10	-	-	-
Add: Acquisition-related impacts[3]	3	10	19	11
Add: Acquisition-related amortization[4]	7	21	8	6
Adjusted earnings from continuing operations before income taxes	**$236**	**$274**	**$283**	**$318**
(Less): Adjusted income tax expense[5]	(56)	(65)	(63)	(79)
Adjusted earnings from continuing operations	**$180**	**$209**	**$220**	**$238**
Diluted Shares Outstanding[6]	48.2	47.9	46.4	44.8
Tax Rate[7]	24%	24%	22%	25%
Diluted earnings (loss) per share from continuing operations	**($1.76)**	**$3.86**	**$4.30**	**$4.99**
Adjusted Diluted Earnings per share from continuing operations	**$3.74**	**$4.36**	**$4.74**	**$5.32**

1. RIP (credit) expense represents the entire actuarial net periodic pension (credit) recorded as a component of earnings from continuing operations. For all periods presented, we were not required to and did not make cash contributions to our RIP.
2. Endowment level donation to the AWI Foundation.
3. Represents the impact of acquisition-related adjustments for the fair value of acquired inventory and deferred revenue, changes in fair value of contingent consideration and deferred compensation & restricted stock expenses.
4. Represents the intangible amortization related to acquired entities, including customer relationships, developed technology, software, trademarks and brand names, non-compete agreements and other intangibles.
5. Adjusted income tax expense is calculated using the tax rate multiplied by the adjusted earnings from continuing operations before income taxes.
6. 2020 Dilutive shares outstanding include anti-dilutive common stock equivalents which are excluded from U.S. GAAP Accounting.
7. All years presented reflect the effective tax rate as reported.

2020 – 2023 Adjusted Free Cash Flow Reconciliation

	Year Ended December 31,			
	2020	2021	2022	2023
Net cash provided by operating activities	**$219**	**$187**	**$182**	**$234**
Net cash (used for) provided by investing activities	**($141)**	**($14)**	**$28**	**($10)**
Net cash provided by operating and investing activities	**$78**	**$173**	**$211**	**$223**
Add: Acquisitions, net	165	1	3	27
(Less)/Add: (Proceeds) Payments related to the sale of international, net[1]	(20)	12	-	-
(Less)/Add: Net environmental (recoveries) expenses	(12)	(1)	1	1
Add: Net payments to WAVE for portion of proceeds from sale of international business	13	-	-	-
(Less): Proceeds from sale of idled China plant facility	(22)	-	-	-
Add: Charitable contribution – AWI Foundation[2]	10	-	-	-
Add: Arktura deferred compensation[3]	-	5	5	8
Add: Contingent consideration in excess of acquisition-date fair value[4]	-	-	2	5
Adjusted Free Cash Flow	**$212**	**$190**	**$221**	**$263**
Net cash provided by operating & investing activities % of net sales	8.3%	15.7%	17.1%	17.2%
Adjusted Free Cash Flow as a % of net sales	22.7%	17.2%	17.9%	20.3%
Adjusted Free Cash Flow as a % of Adjusted EBITDA	64%	51%	57%	61%

1. Includes related income tax payments.
2. Endowment level donation to the AWI Foundation.
3. Contingent compensation payments related to the acquisition.
4. Contingent compensation payments related to 2020 acquisitions recorded as a component of net cash provided by operating activities.

2023 Segment Adjusted EBITDA Reconciliation

	Year Ended December 31,		
	MF	AS	UC
	2023	2023	2023
Net sales	**$932**	**$363**	**-**
Operating income (loss)	**$286**	**$41**	**($3)**
Add: RIP expense[1]	-	-	3
Add: Acquisition-related impacts[2]	-	11	-
Add: Cost reduction initiatives and other	3	-	-
Adjusted operating income (loss)	**$289**	**$52**	**-**
Add: Depreciation and amortization	75	14	-
Adjusted EBITDA	**$364**	**$66**	**-**
Operating income margin (Operating income % of net sales)	30.6%	11.3%	NM
Adjusted EBITDA margin (Adj. EBITDA % of net sales)	39.1%	18.1%	NM

1. RIP expense represents only the plan service cost related to the RIP that is recorded within Operating Income. For all periods presented, we were not required to and did not make cash contributions to our RIP.
2. Represents the impact of acquisition-related adjustments for the fair value of acquired inventory and changes in fair value of contingent consideration.

2024 Adj. EBITDA Guidance Reconciliation

	Full Year 2024	
	Low	High
Net earnings	**$254**	**$257**
Add: Income tax expense	85	87
Earnings before income taxes	**$339**	**$344**
Add: Interest expense	40	42
Add: Other non-operating (income), net	(12)	(11)
Operating income	**$367**	**$375**
Add: RIP expense[1]	2	2
Add: Acquisition-related impacts[2]	2	2
Add: Environmental expense	1	1
Add: WAVE pension settlement[3]	1	1
Adjusted operating income	**$374**	**$380**
Add: Depreciation and amortization	100	106
Adjusted EBITDA	**$474**	**$486**

1. RIP expense represents only the plan service cost that is recorded within Operating income. For all periods presented, we do not expect to make cash contributions to our RIP.
2. Represents the impact of acquisition-related adjustments for the fair value of inventory, contingent third-party professional fees and changes in fair value of contingent consideration.
3. Represents the Company's 50% share of WAVE's non-cash accounting loss upon settlement of their defined benefit pension plan.
4. RIP (credit) represents the entire actuarial net periodic pension (credit) recorded as a component of net earnings. We do not expect to make any cash contributions to our RIP.
5. Represents acquisition-related intangible amortization, including customer relationships, developed technology, software, trademarks and brand names, non-compete agreements and other intangibles.
6. Income tax expense is based on an adjusted effective tax rate of approximately 25%, multiplied by adjusted earnings before income taxes.
7. Adjusted diluted EPS guidance for 2024 is calculated based on approximately 44 million of diluted shares outstanding.
8. Deferred compensation payments related to 2020 acquisition recorded as a component of net cash provided by operating activities.
9. Proceeds related to the sale of Architectural Specialties design center.

2024 Adj. Diluted EPS Guidance Reconciliation

	Full Year 2024	
	Low	High
Net earnings	**$254**	**$257**
Add: Income tax expense	85	87
Earnings before income taxes	**$339**	**$344**
Add: RIP (credit)[4]	(2)	(1)
Add: Acquisition-related amortization[5]	11	12
Add: Acquisition-related impacts[2]	2	2
Add: Environmental expense	1	1
Add: WAVE pension settlement[3]	1	1
Adjusted earnings before income taxes	**$352**	**$358**
(Less): Adjusted income tax expense[6]	(88)	(89)
Adjusted net earnings	**$264**	**$269**
Diluted net earnings per share[7]	$5.76	$5.87
Adjusted diluted net earnings per share[7]	**$6.00**	**$6.15**

2024 Adj. Free Cash Flow Guidance Reconciliation

	Full Year 2024	
	Low	High
Net cash provided by operating activities	**$171**	**$183**
Add: Return of investment from joint venture	94	104
Add: Cash paid for acquisitions, net of cash acquired and investment in unconsolidated affiliate	99	99
Add: Arktura deferred compensation[8]	6	6
(Less): Proceeds from sale of facility[9]	(2)	(2)
Adjusted net cash provided by operating activities	**$368**	**$390**
(Less): Capital expenditures	(80)	(90)
Adjusted Free Cash Flow	**$288**	**$300**