



**AWI Investor Day 2022**

# **THE POWER OF FOCUS**

March 3, 2022



Explanatory Note: This version includes a typographical correction to slide 65 which now shows the correct adjusted EBITDA guidance that was issued on February 22, 2022.

# Safe Harbor Statement

Our disclosures in this presentation, including without limitation, those relating to future financial results market conditions and guidance, the impacts of COVID on our business, and in our other public documents and comments contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act. 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. 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 may affect our ability to achieve the projected performance is included in the “Risk Factors” and “Management’s Discussion and Analysis” sections of our reports on Form 10-K and 10-Q filed with the U.S. Securities and Exchange Commission (“SEC”). 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 (“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 are included within this presentation and available on the Investor Relations page of our website at [www.armstrongceilings.com](http://www.armstrongceilings.com).

The guidance in this presentation is only effective as of the date given, March 3, 2022 and will not be updated or affirmed unless and until we publicly announce updated or affirmed guidance.

# Basis of Presentation Explanation

- References to “AWI”, “Armstrong”, “the Company”, “we”, “us”, “our” are to Armstrong World Industries, Inc.
- A glossary of terms is included in the appendix which may help the reader understand terms that are specific to AWI or the building products industry.
- 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 net sales, adjusted EBITDA, diluted adjusted earnings per share (“EPS”) and adjusted free cash flow (“FCF”). The Company excludes certain acquisition related expenses (i.e. – changes in the fair value of earn-outs, deferred compensation accruals<sup>(1)</sup>, impact of adjustments related to the fair value of inventory and deferred revenue) for recent acquisitions. The Company excludes all acquisition-related amortization from adjusted earnings from continuing operations and in calculations of adjusted diluted earnings per share. Examples of other excluded items include plant closures, restructuring actions and related costs, impairments, separation costs, environmental site expenses and related insurance recoveries, endowment level charitable contributions, and certain other gains and losses. The Company also adjusts for our U.S. pension plan (credit) expense<sup>(2)</sup>.
- 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.

**All figures throughout the presentation are in \$ millions, except per share data. Average Unit Value (AUV) figures are shown as actuals. Some totals may not foot due to rounding.**



# Agenda

01	The Power of Focus	<b>Vic Grizzle</b> President & CEO
02	Segment Overview	<b>Mark Hershey</b> SVP, Americas
03	Healthy Spaces	<b>Nick Taraborelli</b> VP, Mineral Fiber
04	Digital Initiatives	<b>Jill Crager</b> SVP, Sales Operations
06	Financial Overview	<b>Brian MacNeal</b> SVP & CFO
07	Q&A	All





# The Power of Focus

VIC GRIZZLE, CEO



# AWI Leadership

Proven leadership and experience supporting a winning culture – combined 100 years with AWI

## Executive Leadership



**Vic Grizzle**

President & CEO  
Joined in 2011



**Brian MacNeal**

SVP & CFO  
Joined in 2014



**Mark Hershey**

SVP, Americas  
Joined in 2011



**Jill Crager**

SVP, Sales Operations  
Joined in 1998



**Austin So**

SVP, General Counsel & Secretary  
Joined in 2022



**Ellen Romano**

SVP, HR  
Joined in 1983



**Dawn Kirchner-King**

VP & CIO  
Joined in 2015

## Additional Speakers



**Nick Taraborelli**

VP, Mineral Fiber  
Joined in 2001



**Theresa Womble**

Director, Investor Relations  
Joined in 2021

# Poised to Accelerate Value Creation for All Stakeholders

## What You Will Hear Today



We've created a **uniquely focused building products** company built on **strong fundamentals** with an improving competitive position.



Our enhanced ability to compete **sustains and strengthens** the existing value drivers of **AUV growth, Architectural Specialties growth and manufacturing productivity.**



**Secular tailwinds** plus **growth initiatives** add a new growth dimension of **Mineral Fiber Volume growth.**

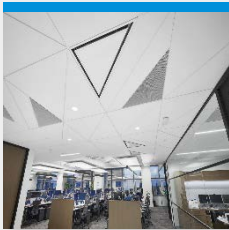




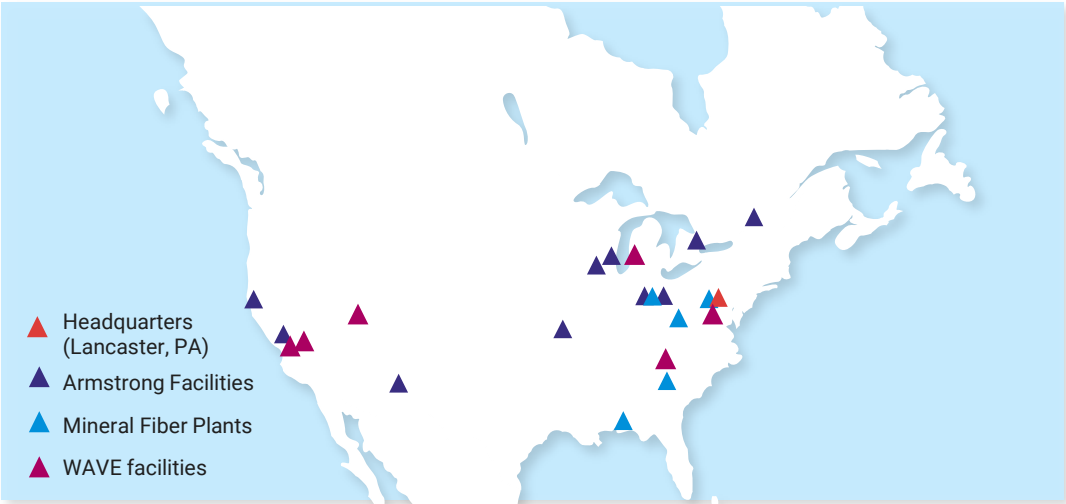
# Armstrong World Industries Overview

- Leader in the design & manufacture of innovative commercial and residential **ceiling and wall** solutions
- For more than **160 years**, we have built our business on trust and integrity

Full Year 2021 Consolidated Results				
Net Sales	Adj. Diluted EPS*	Adj. EBITDA*	Adj. Free Cash Flow*	Market Cap <sup>(1)</sup>
<b>\$1,107M</b>	<b>\$4.36</b>	<b>\$372M</b>	<b>\$190M</b>	<b>\$5.5B</b>

	<b>Segment 1:</b> <b>Mineral Fiber</b>  Net Sales: <b>\$818M</b> Adj. EBITDA*: <b>\$331M</b>	<b>Joint Venture<sup>(2)</sup></b>  		<b>Segment 2:</b> <b>Architectural Specialties</b>  Net Sales: <b>\$288M</b> Adj. EBITDA*: <b>\$40M</b>
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**2800**  
 Employees

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**15**  
 Operating Facilities

### M&A Activity 2017- 2021












\* Non-GAAP measure. Reconciliations provided in the appendix of this presentation.  
 1) As of 12/31/2021, rounded.  
 2) Worthington Armstrong 50/50 Joint Venture ("WAVE")

# Armstrong World Industries – Our Why

Making a positive *difference* in the spaces where we...



*live*



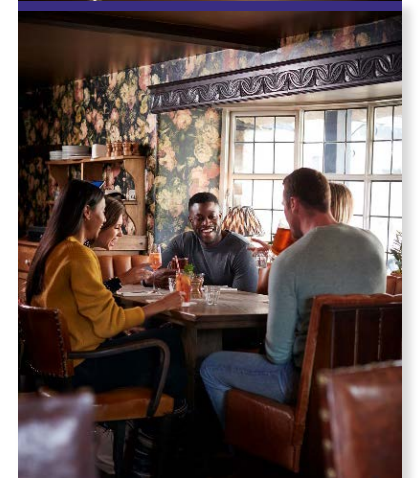
*work*



*learn*



*heal*



*play*

It matters to us, and it matters to our customers

# Sustainability at the Heart of Our Why and Our Strategy

## Our Approach

Three Pillars guide our sustainability program, with specific goals and 2030 targets. Delivering on these aspirations drives value for our customers, our employees, our communities and our shareholders<sup>(1)</sup>.

## Our Sustainability Goals



### Thriving People and Communities

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



### Healthy Planet

All our electricity sources will be renewable, and we will dramatically reduce carbon, waste and water impacts of our products and solutions.



### Healthy and Circular Products

We are committed to responsible sourcing & providing transparency in our products. In addition, we will design our products to minimize waste & pollution; support recycling, repurposing or reuse; & contribute to the regeneration of natural systems.



# Uniquely Positioned to Win in an Attractive Category



## Attractive Category

Ceilings & specialty walls is unique within the building products industry.

**Consolidated industry structure** with exposure to diverse end markets

**Large installed base** (est. at ~38B ft<sup>2</sup>) generates stable and repeating repair and remodel demand<sup>(1)</sup>

**Highly specified**, high-value products with few cost-effective substitutes

Customers demonstrate brand loyalty; **reward performance, service and innovation**

Ceilings are an integral part of evolving solutions to meet increasing demand for **healthy indoor spaces**



## Why We Win

AWI is advantageously positioned to win in this category.

**Strongest and most trusted brand**

**Broadest, most innovative** product portfolio

**Specification leadership** 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



# Creating a Uniquely Focused Building Products Company

## 2016

- Separated from Armstrong Flooring to focus on ceilings and specialty walls
- Launched Sustain™ product line



## 2018

- Initiated quarterly cash dividend
- Initiated comprehensive digitalization effort
- Completed 2 Architectural Specialties (“AS”) acquisitions



## 2020

- Launched new Healthy Spaces portfolio
- Expanded sustainability efforts
- Completed 3 AS acquisitions



## 2017

- Embarked on Architectural Specialties (“AS”) expansion with Tectum acquisition
- Announced sale of non-Americas business to become Americas focused



## 2019

- \$150M accelerated share repurchase with proceeds from non-Americas business sale
- Completed 2 AS acquisitions



## 2021













- Launched kanopi™ digital platform
- Issued inaugural sustainability report
- Completed Living Lab



Today, we are an Americas-focused ceilings & specialty walls company with a growing portfolio serving an expanding addressable market

# Delivering on 2018 Strategic Imperatives

Strong execution across all imperatives despite COVID challenges

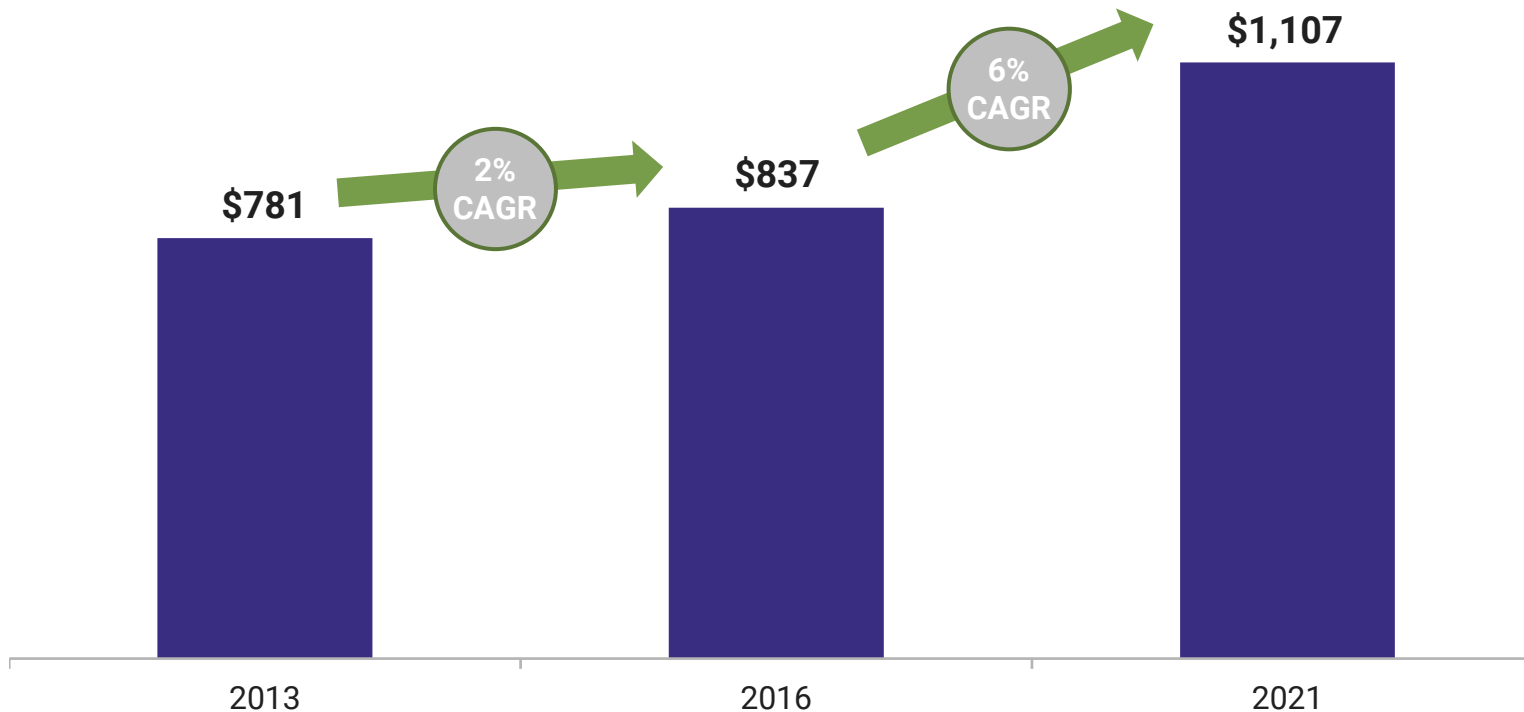
Strategic Imperative	Outcomes Since 2018	
 <b>Revitalize Mineral Fiber (MF) category through innovation and new paths to market</b>	 Product Vitality index up from 28% to ~40%	 Multiple new product lines introduced
 <b>Accelerate Architectural Specialties (AS) through acquisitions &amp; organic growth</b>	 5 Acquisitions	 66% increase in AS Net Sales
 <b>Embark on digital transformation</b>	 Launched kanopi by Armstrong and ProjectWorks®	 Invested in plant automation to enhance reliability & productivity
 <b>Generate strong cash flow &amp; pursue balanced capital allocation program</b>	 Avg. FCF margin* of 22%	 Approx. \$250M in acquisitions and over \$650M of dividends & share repurchases



# Doing What We Said We Would Do: Changing our Top-Line Trajectory

Strong execution on key value drivers

## AWI Net Sales<sup>(1)</sup> (in \$ millions)



## Results Driven by

- Like-for-like pricing above inflation
- Mix up to higher value products
- Double-digit growth in Architectural Specialties

# Macro Trends Provide Additional Opportunity for AWI

**Economic recovery  
from pandemic  
recession**



**Focus on safety  
and indoor  
environmental quality**



**Increased  
government funding  
for education /  
infrastructure**



**Demand for  
sustainable solutions**



# Investing in Industry Leading Growth Initiatives

## Initiatives



INNOVATION



HEALTHY SPACES



DIGITAL

## Driving

- New Products and applications
- Solutions to meet secular shift to healthy sustainable spaces
- New channels to access new demand

## Outcomes

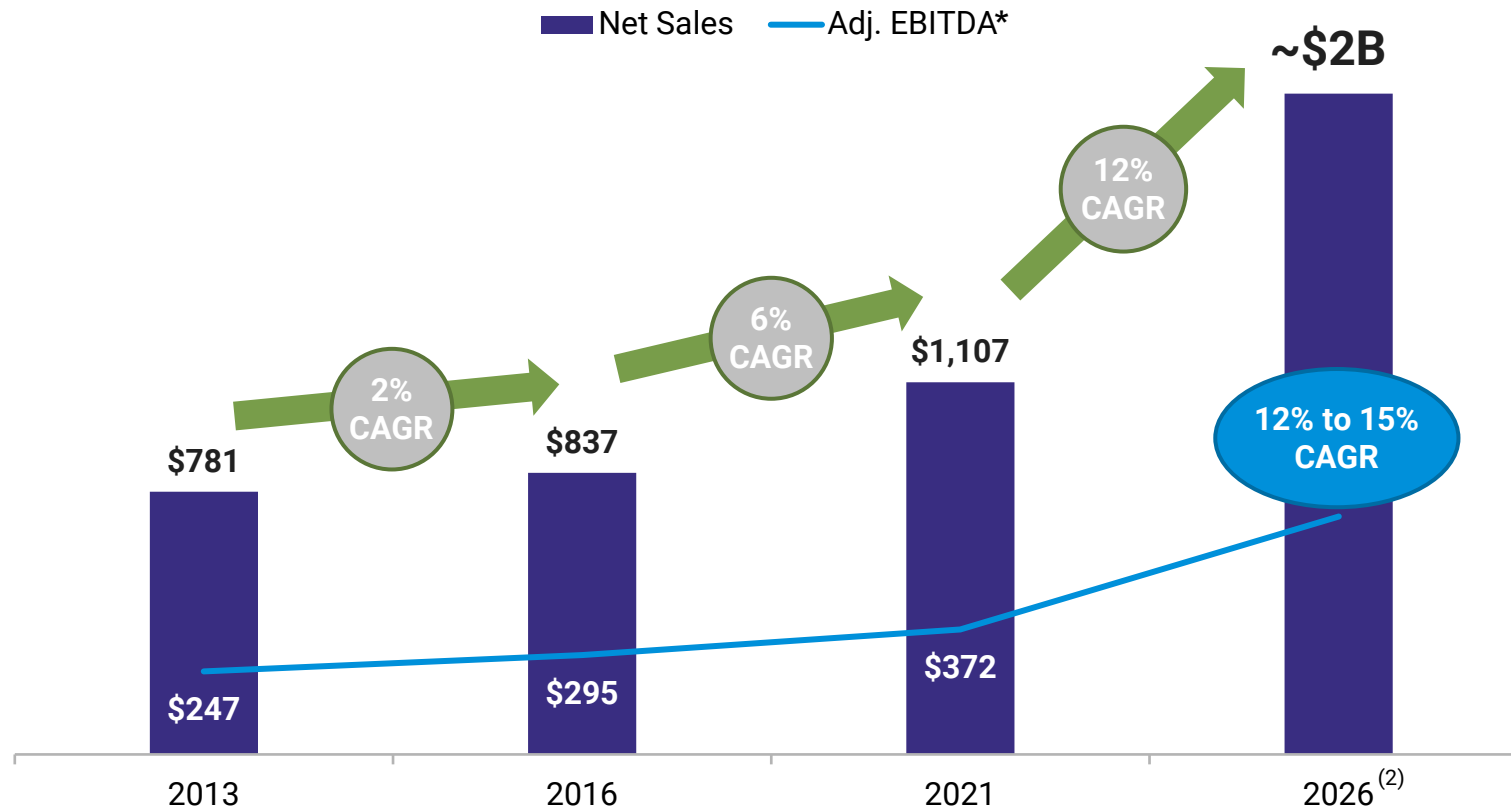
- Improved competitive advantage
- Enhanced Mineral Fiber AUV growth
- Mineral Fiber volume growth
- Sustained double-digit AS growth



# Tailwinds and Growth Initiatives Accelerating Top Line Growth

Expecting strong sales growth at attractive margins

## AWI Net Sales<sup>(1)</sup> and Adjusted EBITDA\* (\$ millions)



## Results Accelerated by

- Mineral Fiber volume growth

## Ongoing benefits

- Like-for-like pricing above inflation
- High-value product mix
- Double-digit Architectural Specialties growth
- Manufacturing scale and productivity

# Segment Overview

Mark Hershey, SVP Americas



# Foundations and Focus to Accelerate Growth

## What you will hear today



Together, our segments offer a **total value proposition** that differentiates AWI in the industry.

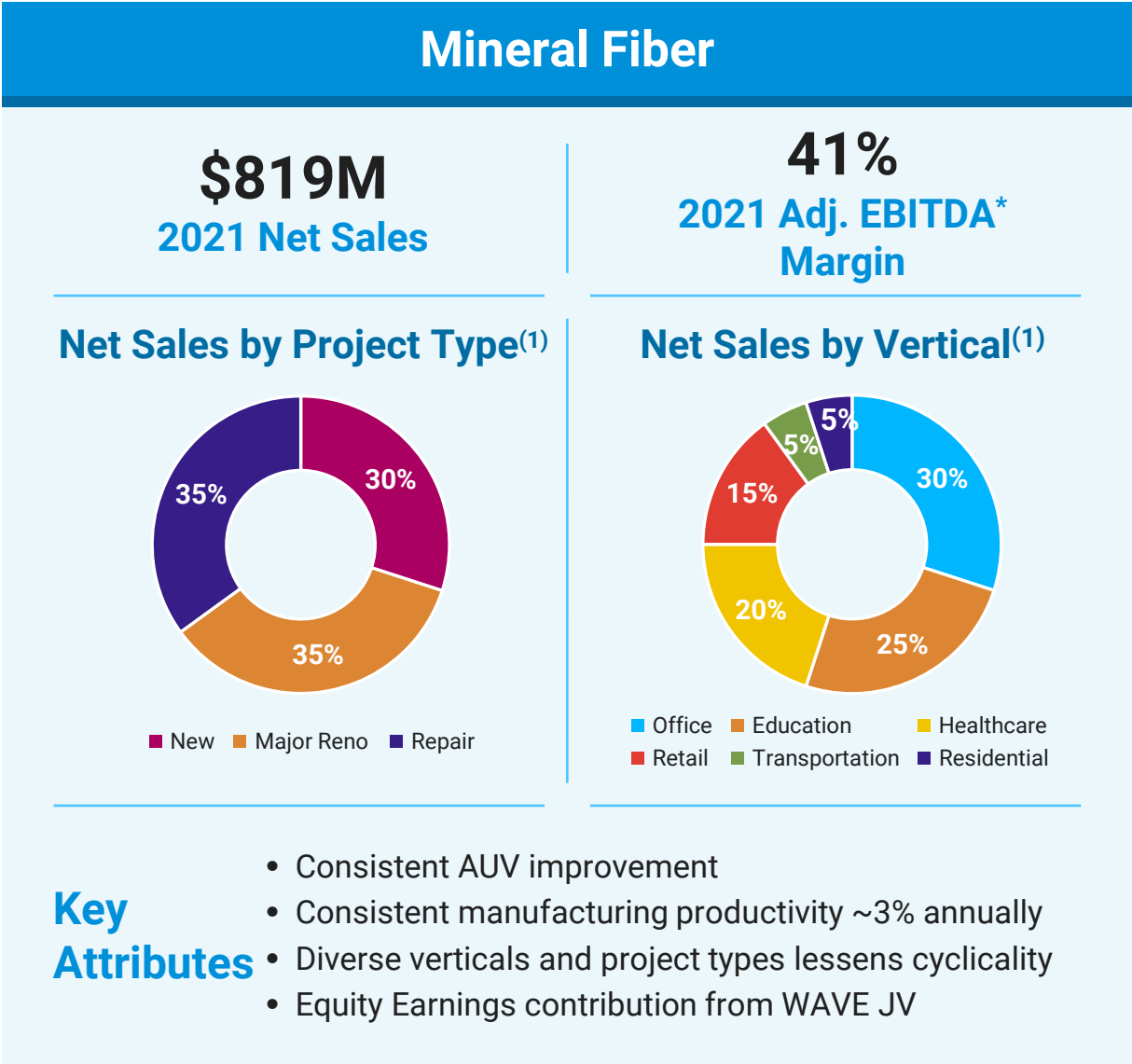


Our segments share strategic initiatives and enablers that **directly support our value drivers and growth strategy.**



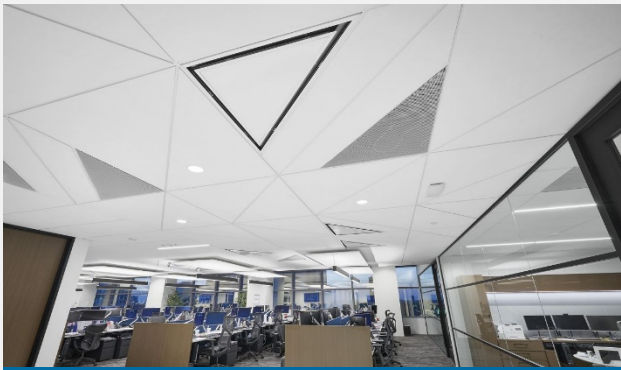
Our growth initiatives are **designed to improve our entire business** and **elevate our historic growth rates** by generating sustained AUV growth, mineral fiber volume growth and profitable AS growth.

# Segments Serve Diverse Projects and End Markets

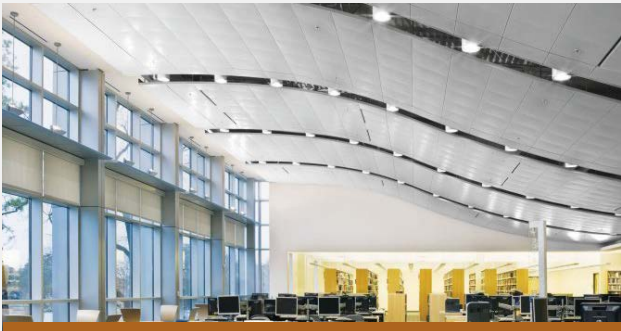


# Complementary Segments Support Our Winning Formula

A unique value proposition for our customers differentiates AWI in the industry



Mineral Fiber



Architectural Specialties



Broadest Product  
Portfolio

Specification  
Leadership

Total Customer  
Experience

Best-In-Class  
Distribution

Operational  
Excellence

Brand Strength



# Complementary Segments Provide Total Solutions

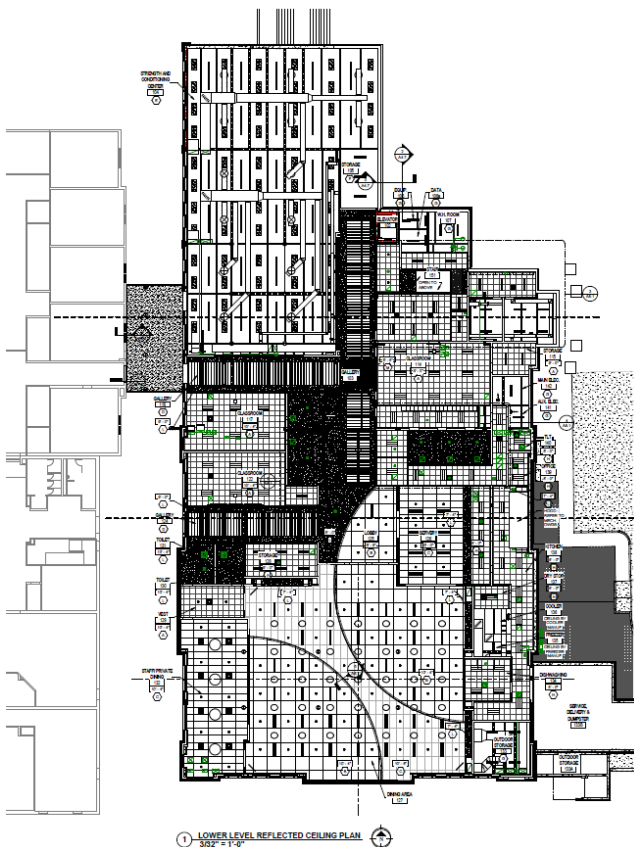
Selling more products into more spaces

Selling innovative solutions to solve for complexity

Project: St. Mary's Episcopal School – Windland Smith Rice Building

Location: Memphis, TN

Architect: Fleming Architects



AS	WOODWORKS®
MF	OPTIMA® Lay-In and Tegular
GRID	PRELUDE XL® 15/16" Exposed Tee



GRID	AXIOM® Classic – Curved Trim
MF	OPTIMA® Lay-In and Tegular
GRID	PRELUDE XL® 15/16" Exposed Tee

# Complementary Segments Strengthen Customer Relationships

Capabilities and loyal customer relationships provide repeat opportunities

**Project:** St. Mary's Episcopal School      **Location:** Memphis, TN      **Architect:** Fleming Architects



AS	ALTITUDES® Torsion Spring
GRID	AXIOM® Classic
MF	LYRA® Plant Based



MF	INVISACOUSTICS™
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GRID	SERPENTINA® Waves
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AS	SOUNDSCAPES® Blades
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Same campus, same architect, completely new project

# Our Segments Share Key Growth Initiatives to Accelerate Value Drivers

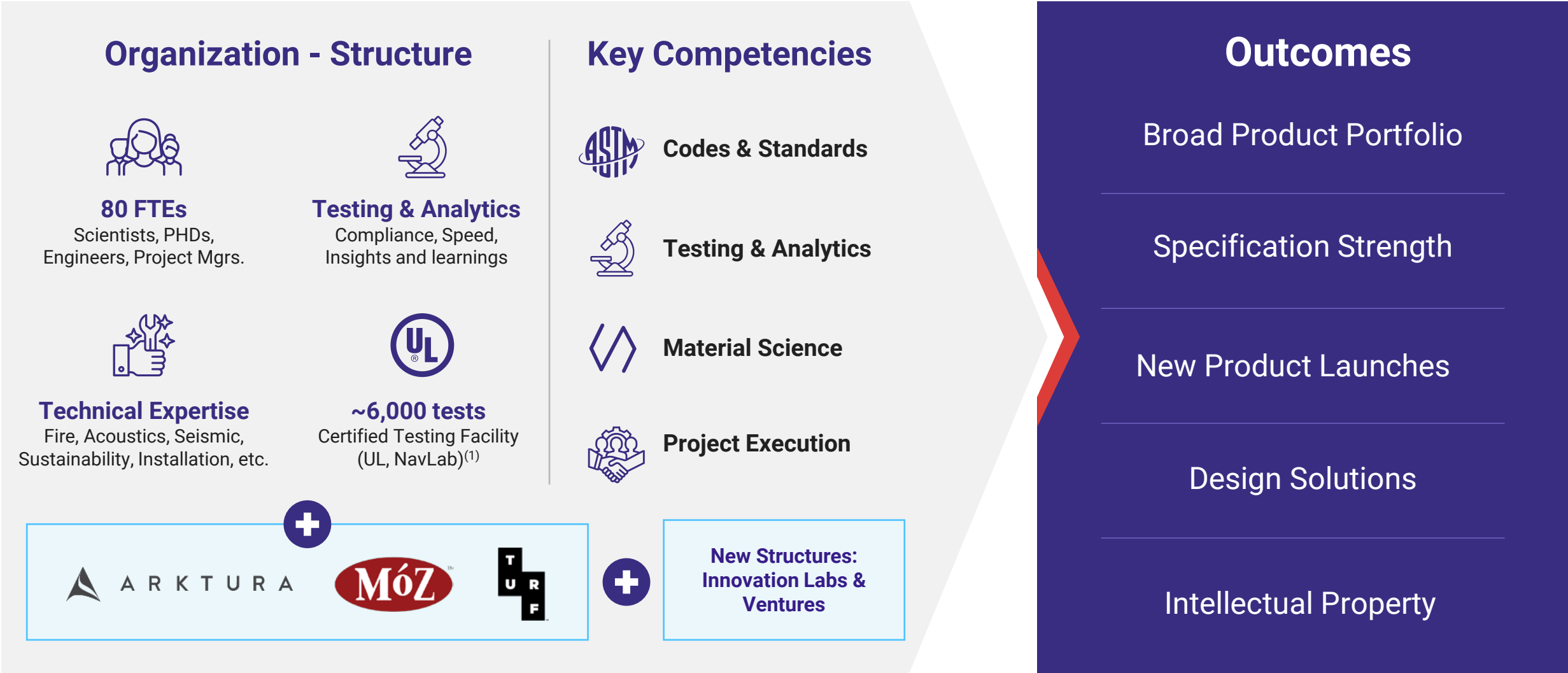
Reinforcing and strengthening our winning formula





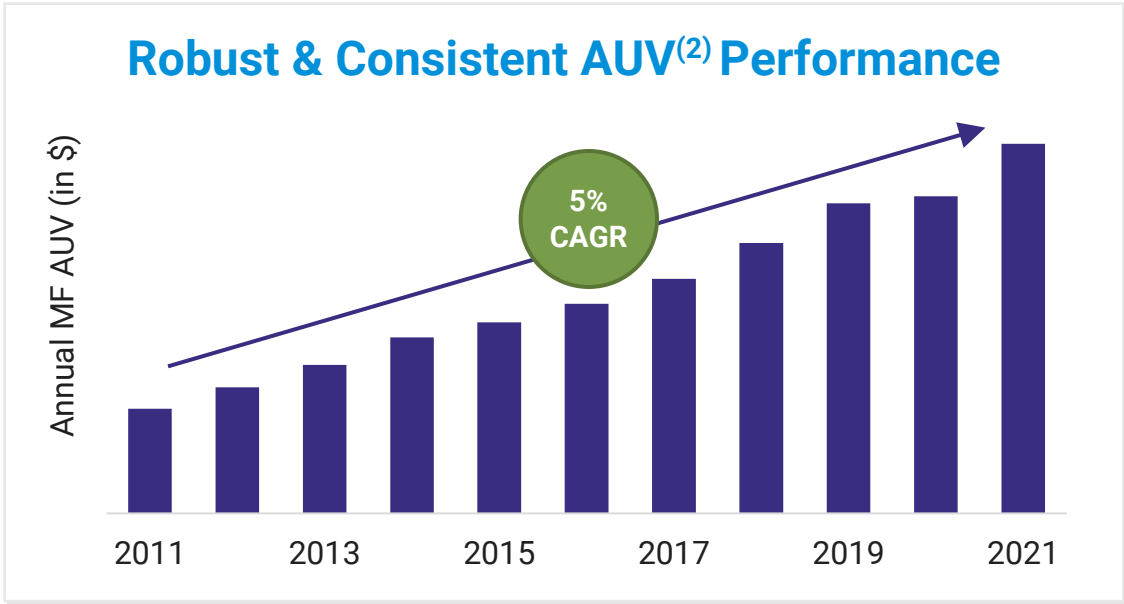
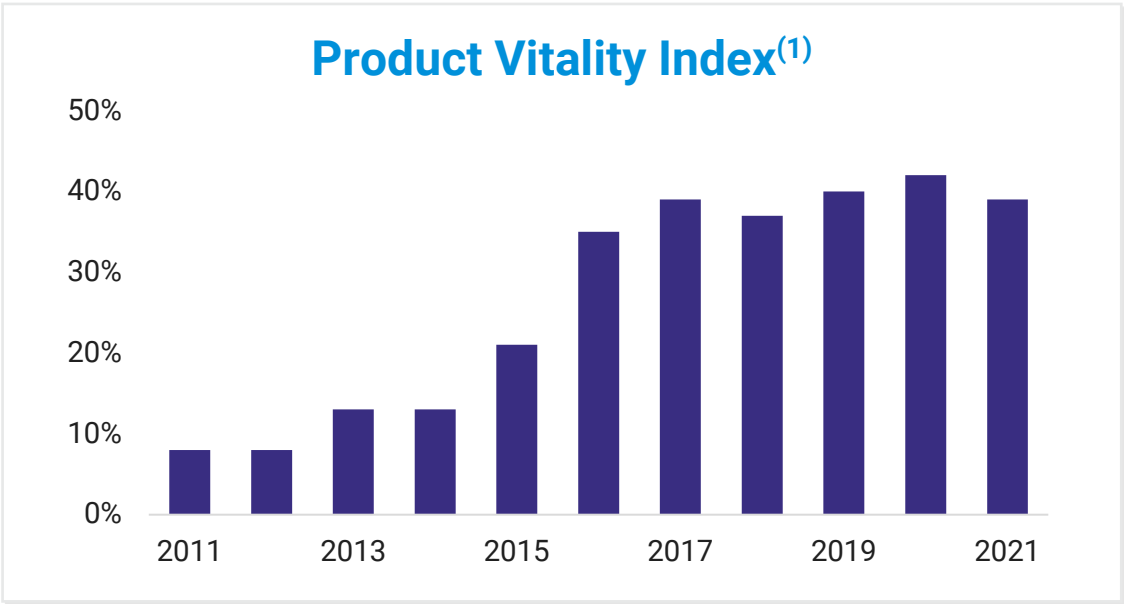
# Innovation at the Core of AWI

R&D capabilities & competencies provide a strong foundation for our value drivers



# Innovation Supports Consistent Mineral Fiber AUV Growth

New products and features rewarded in the market



2x

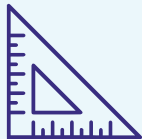
Product launch rate  
during pandemic



Market-driven  
innovation



Robust processes with  
agile mindset



Creating highly specified  
high-value products

1) Product Vitality Index represents the percent of total sales from products introduced in the last 5 years.  
2) US and Canada Mineral Fiber Commercial only.



# Comprehensive Range of Innovation Further Differentiates AWI

Unrivalled product development to meet customer needs with higher value products

### History of Market Driven Innovation



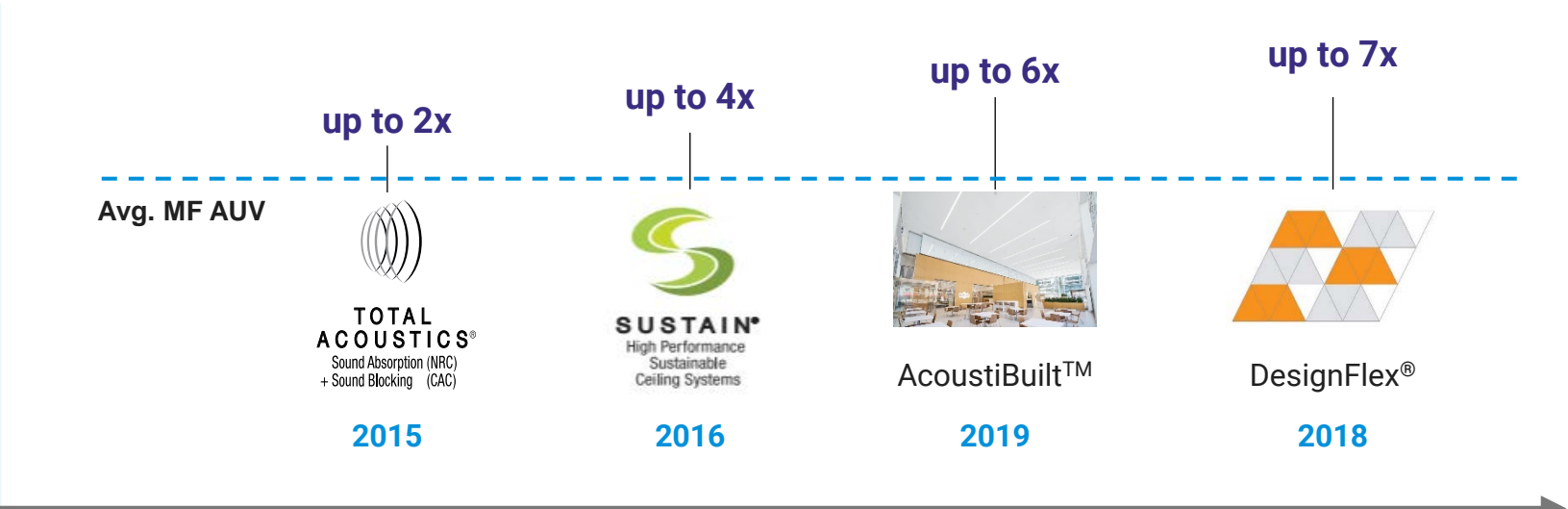
Aesthetics



Fire Safety



Acoustics



### Intensified Focus Areas



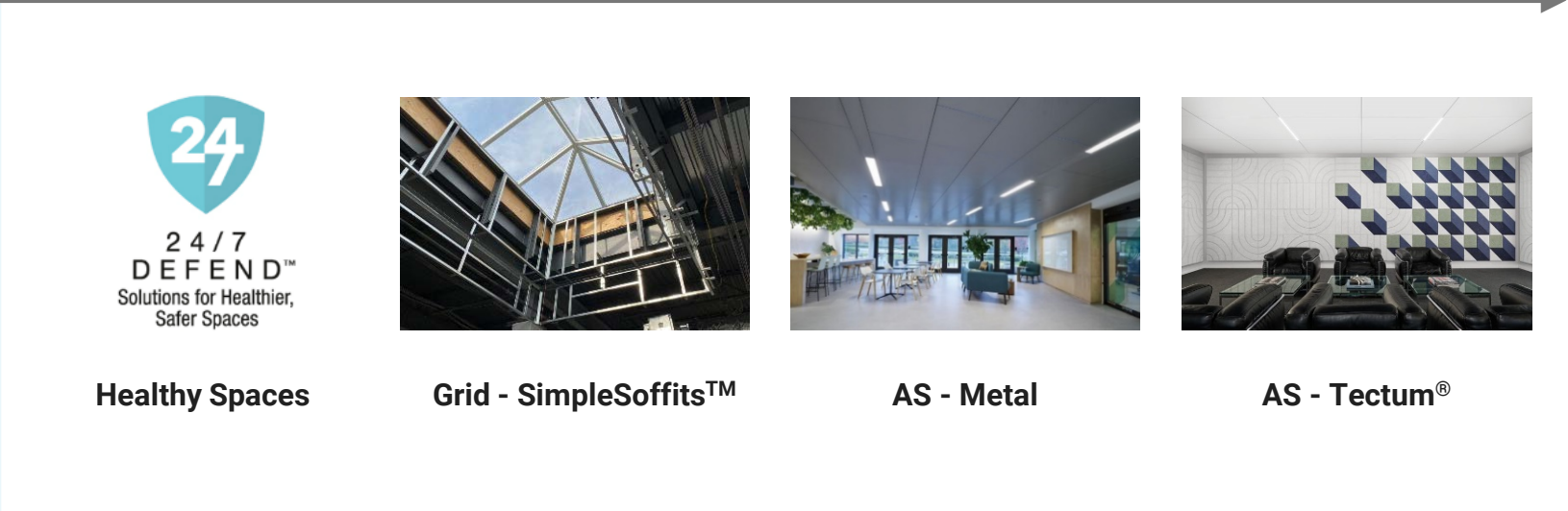
Healthy & Sustainable



Installation Efficiencies

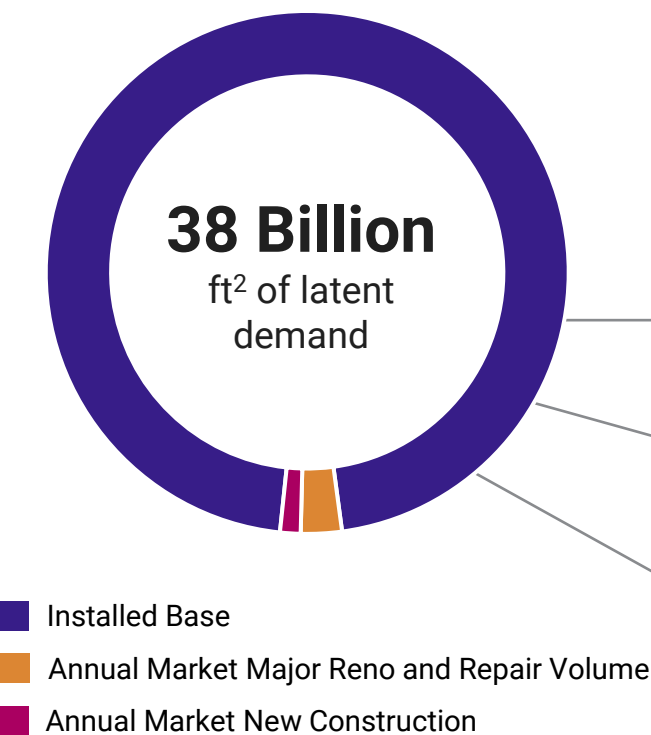


Design Trends



# Initiatives to Benefit Mineral Fiber AUV Performance and Volume Growth

Large Installed Base Provides  
Sizable Opportunity to Influence<sup>(1)</sup>

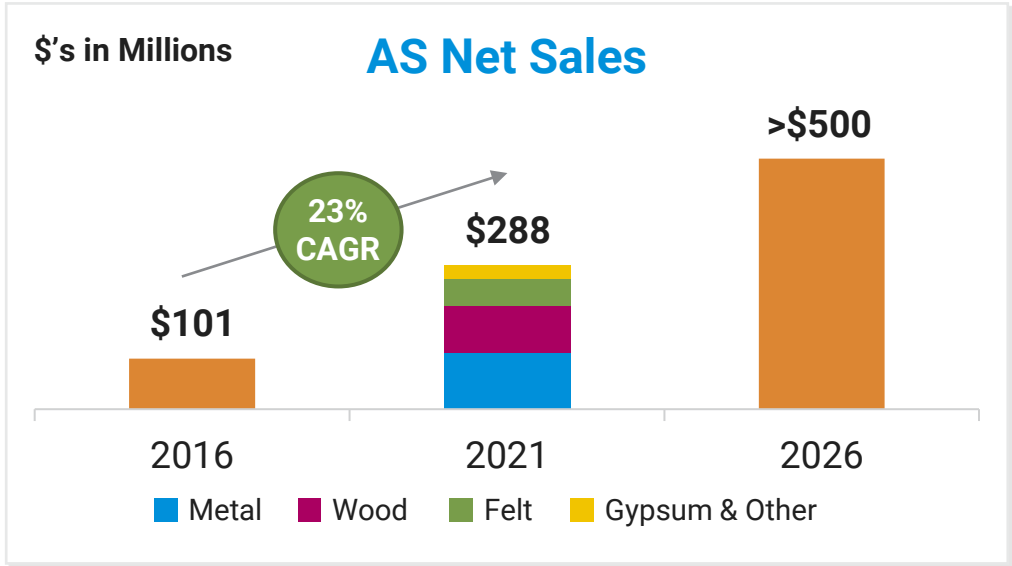


	New Construction	Major Reno	Repair	
Leading Indicators	ABI <sup>(2)</sup> >50 Bidding Activity	Tenant Improvement	Improving GDP	
	Key Initiatives Focus on MF Volume Growth			AUV Impact
Innovation	✓	✓	✓	High
Healthy Spaces	✓	✓	-	High
Digital	✓	✓	✓	Medium

Leading Indicators provide momentum for growth through our key initiatives

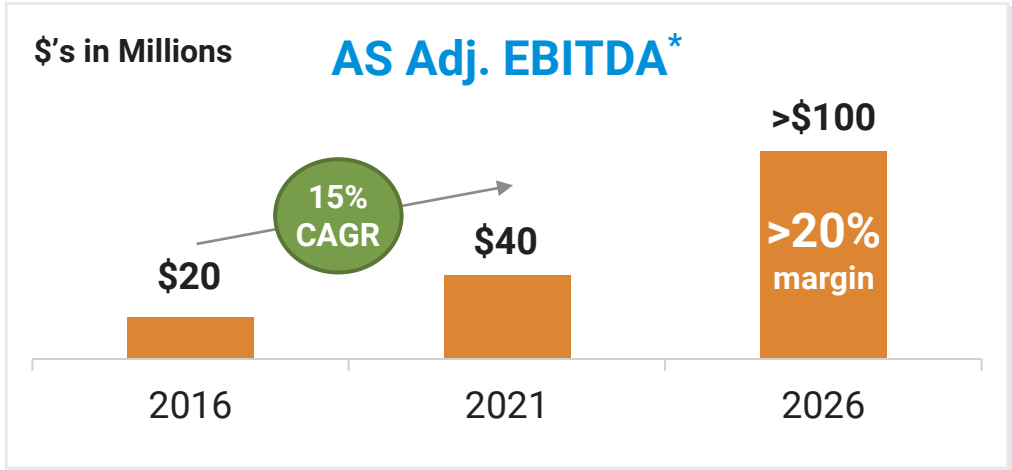
# Architectural Specialties: Driving Profitable Growth

Building and scaling a broad portfolio of specialty ceiling and wall products and design capabilities



### Primary Sales Drivers

- Deeper market penetration
- Leverage channel partners
- Improve project speed and design through digital tools and innovation
- Inorganic growth through both future M&A and partnerships



### Primary EBITDA Growth Drivers

- Scaling and leveraging the full AS network
- Manufacturing optimization and efficiency through LEAN principles
- Targeting >20% EBITDA margin

# Acquisition Synergies in Action

## Maximizing category value from recent acquisitions

### AS - Metal Category

Five complementary acquisitions to add capabilities and obtain scale to meet growing demand for these performance attributes and aesthetics

>20%

3 Year Net Sales CAGR  
for AS Metal

Leveraging AWI scale & channels to  
**grow product category**

>20%

2021 EBITDA\* Margin  
for Total AS Metal

Enabling network efficiencies,  
adding design capabilities and  
broadening the portfolio **for growth**

Using a disciplined **business development** approach to pursue differentiated & specifiable solutions that further product breadth and expand margins





# Healthy Spaces

Nick Taraborelli, VP Mineral Fiber



# Healthy Spaces: A Catalyst for Growth

## What You Will Hear Today



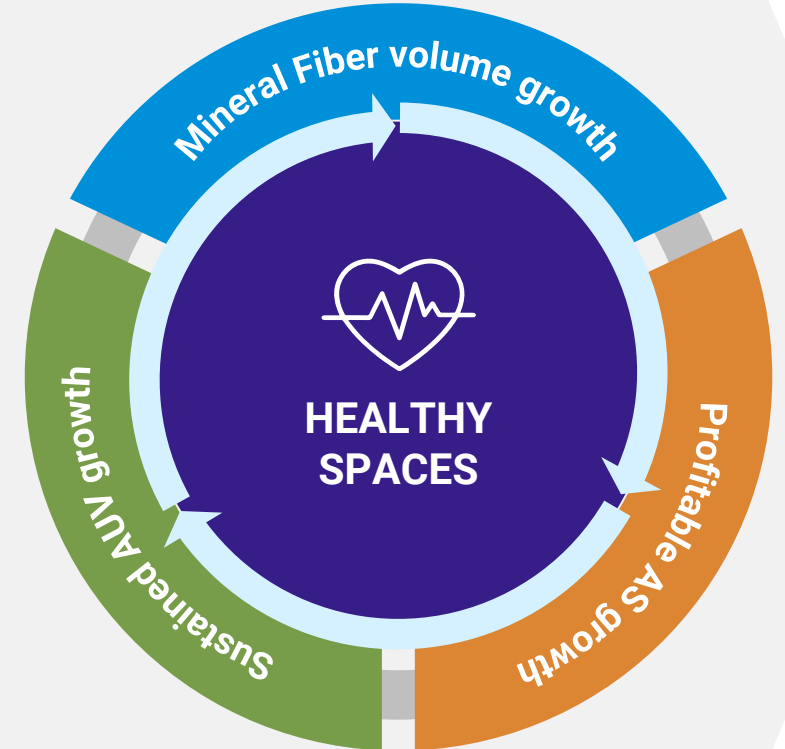
Healthy spaces is a long-term secular shift accelerated by COVID & sustainability awareness.



Ceilings are an essential, integral part of the solution for healthy indoor spaces.

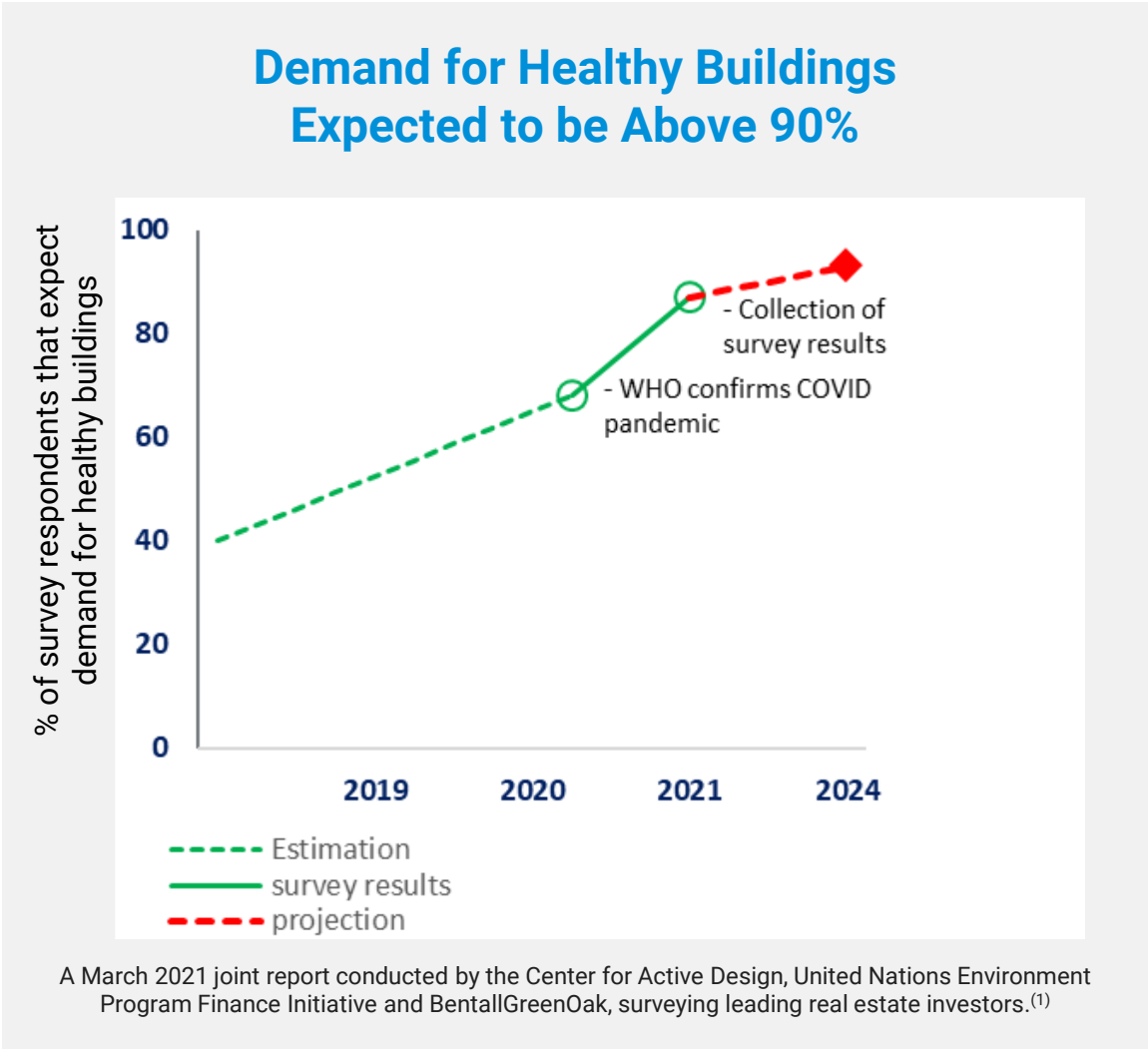


AWI is uniquely positioned to lead in developing the ceiling solutions necessary to meet this step-change opportunity.



# Healthy Space Environment Increasingly In Demand

## Macro trends and COVID accelerating the advancement



Macro Trends	
Building Health & Wellness	3B ft²... WELL registered space increase in 2021, up 200% from 2020 <sup>(2)</sup>
Work From Home	3 days in the office per week based on hybrid model <sup>(3)</sup>
Building Design/ Space Plan	25% increase in ft² per employee expected <sup>(4)</sup>
Federal Stimulus	\$190B in Education funding (ESSER <sup>5</sup> ) to be used before Sept. 2024 <sup>(6)</sup>

# Drivers of Healthy Spaces Demand by Key Verticals

Opportunities across multiple verticals for increasing renovation rates



## HEALTHCARE

### Inova Women's and Children's Hospital

- Emerging needs for **additional containment spaces** with optionality
- Different acuity levels **require diverse attributes**
- **Acoustical privacy** to support HIPPA requirements



## OFFICE

### Subaru Corporate Headquarters

- Hybrid schedules drive **need for flexibility**
- Need to attract workers with increased **office amenities escalating**
- Facility managers rank **healthy buildings as top priority**<sup>(1)</sup>



## EDUCATION

### St. Francis Xavier Cafeteria

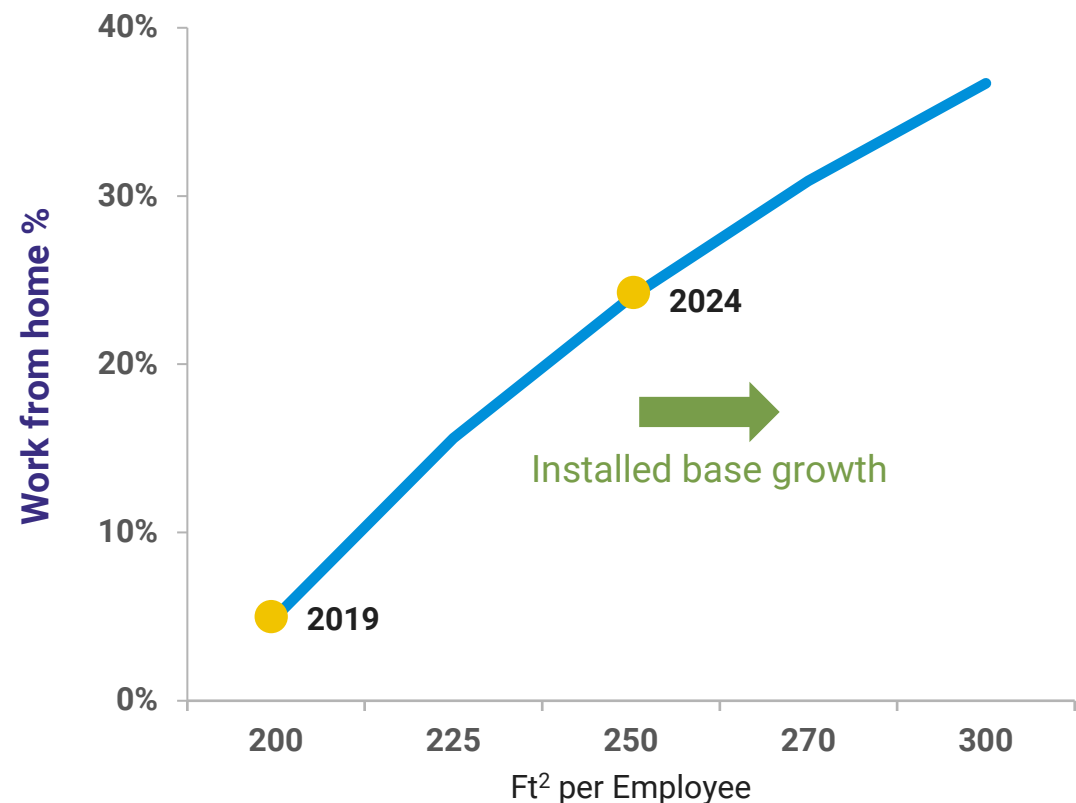
- **Increased awareness** of health and safety for students and teachers by parents & school officials
- Approx. **\$190B** in ESSER funding through 2024 with **54%** of K-12 schools needing replacement or repair of HVAC systems<sup>(2)</sup>
- Cleaner air essential



# Need for Space per Employee Offsets Work from Home Increase

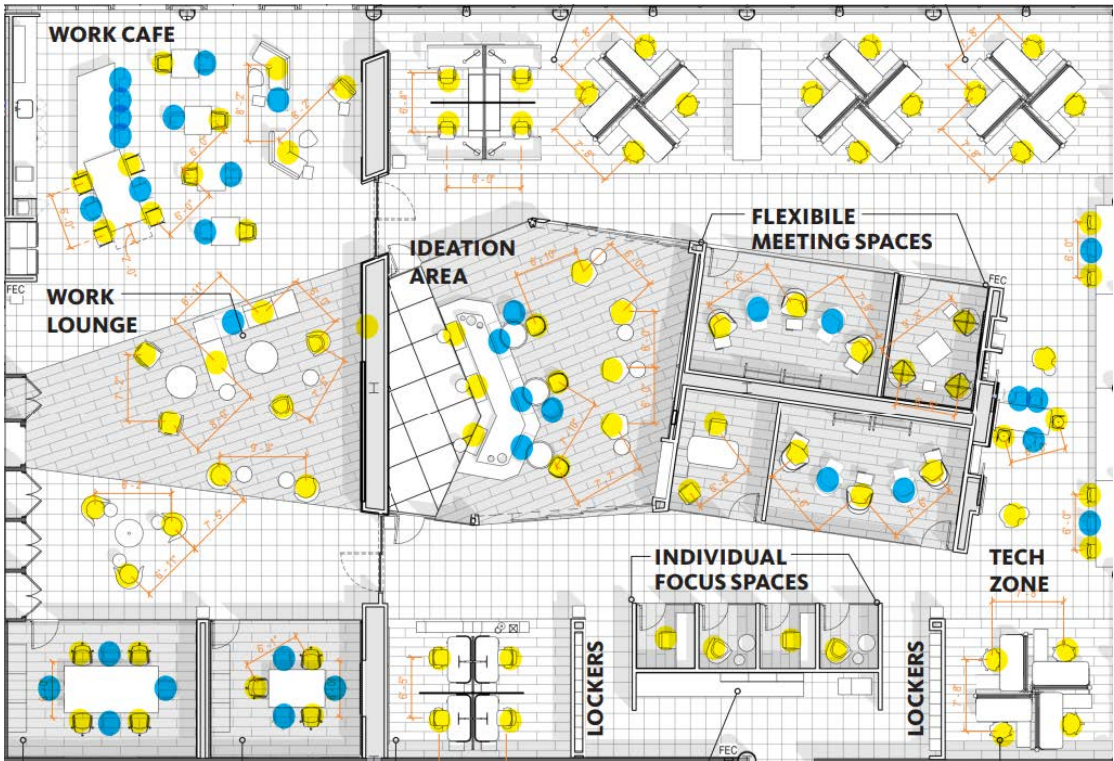
Space per worker increases drive renovation

Work from Home % vs Office  
Square Feet per Employee



Blue line maintains ~13B ft² of office space<sup>(1)</sup> in the U.S

Gensler Office Design – Social  
Distancing is Intentional



Note: Ft² per worker at 315 ft² vs traditional 235 ft² a 34% increase

# Why Ceilings Matter

Ceilings support a holistic approach to Indoor Environmental Quality (IEQ)

## Healthy Buildings Thought Leaders

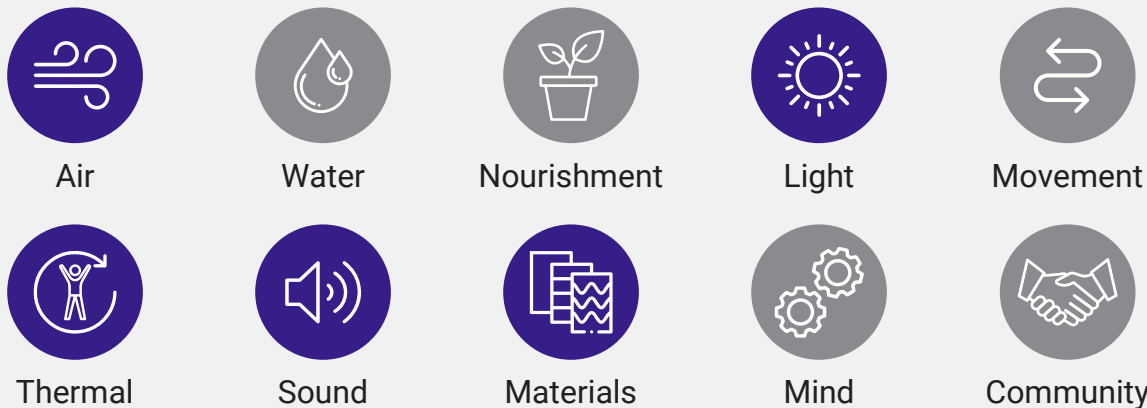


Defines a **healthy building** as a space that supports the physical, psychological, and social health and well-being of people<sup>(1)</sup>



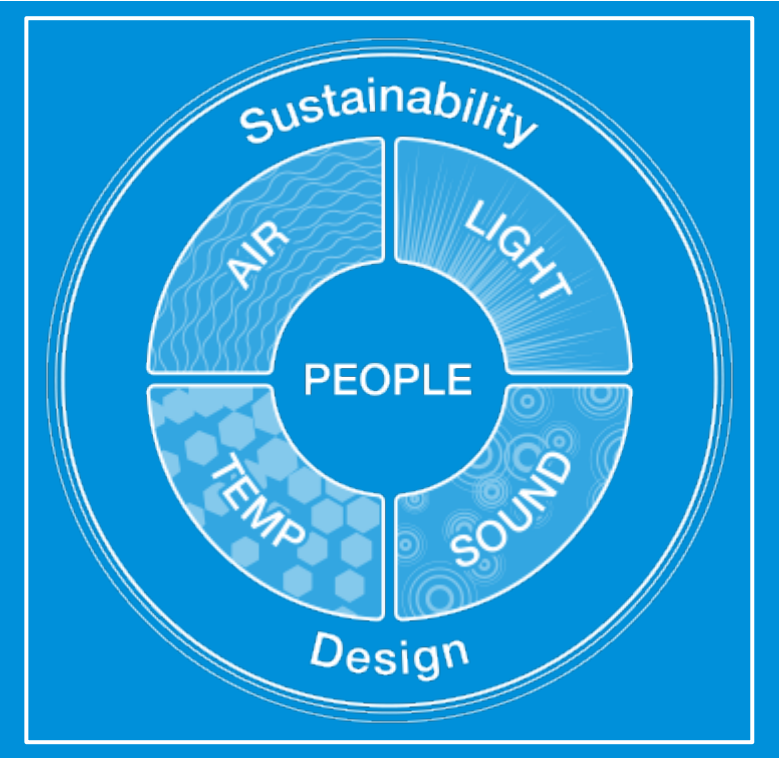
Good ventilation and air quality, a comfortable temperature, low noise levels, and natural light are all components of a **“healthy” building**<sup>(2)</sup>

## IWBI<sup>(3)</sup> WELL Building Standard



● Influenced by Ceilings

AWI redefining the role of the ceiling for future state of IEQ



1) WHO Healthy Buildings  
2) The 9 Foundations of a Healthy Building

3) International WELL Building Institute (“IWBI”)

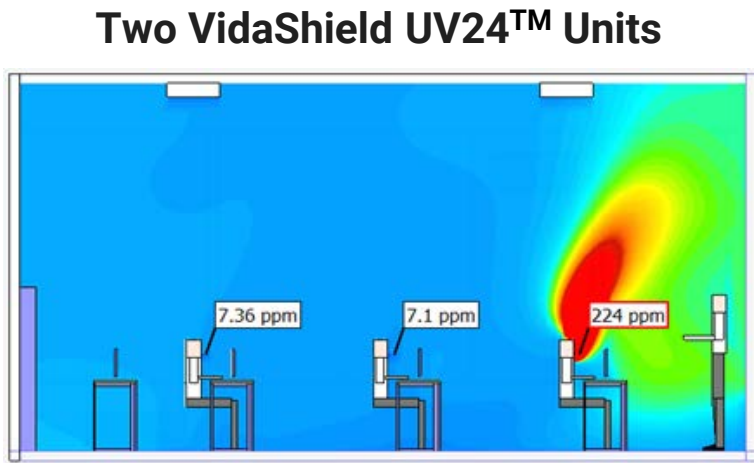
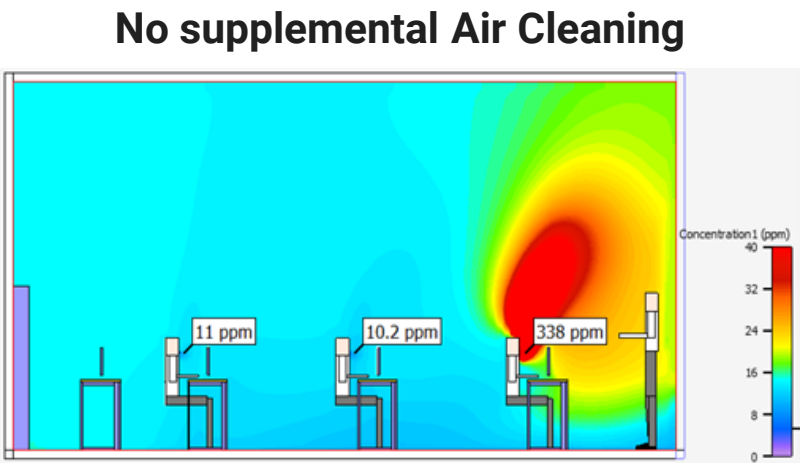
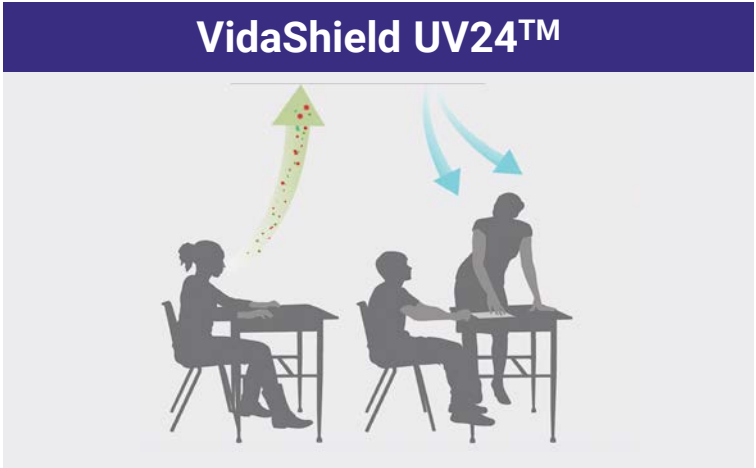
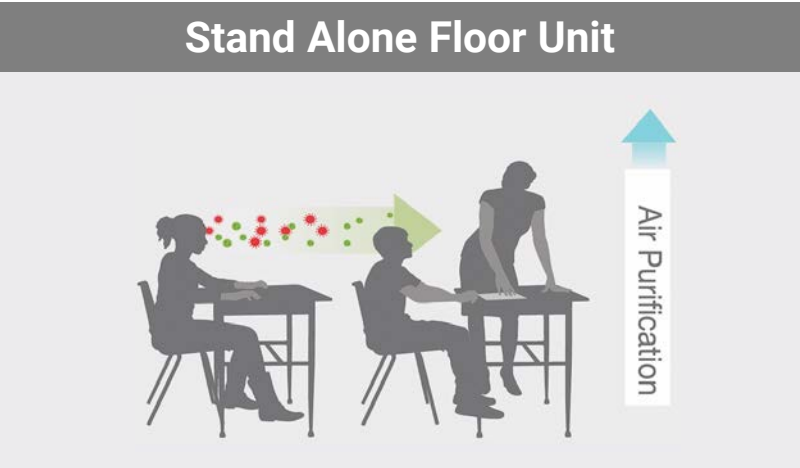
# Ceilings an Essential Part of the Healthy Spaces Solution

## Air Flow Examples

### Recently Completed Study<sup>(1)</sup>

Two VidaShield UV24™ units in the ceiling **reduced exposure to airborne viruses and bacteria by 22%\***

In-ceiling placement **delivered approximately 14% lower exposure** than floor placement with equivalent airflow measures



\*A simulation study performed by JB&B showed that VidaShield UV24 reduced inhaled particle concentration by 22% versus no in room air filtration; Simulation based on 8600CF room with 3 ACH from natural ventilation and 2 VidaShield units. Results of real-world applications will vary and are dependent upon a wide range of factors, conditions and assumptions



# Recent Wins Demonstrate Healthy Spaces Demand Across Verticals

Florida Charter Schools  
BridgePrep Academy Miami, FL



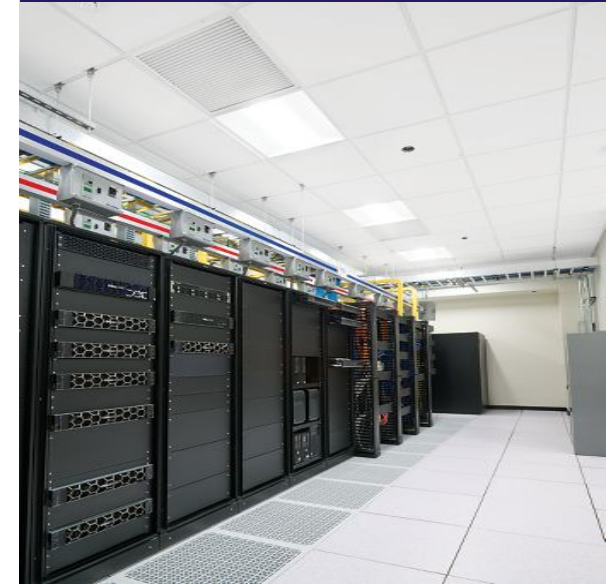
CMD Construction Office  
Irvine, CA



Encompass Health  
Middletown, DE



CT-Dot Data Center  
Newington, CT



**Did VidaShield help parents feel more secure about sending kids back to school?**

Absolutely, yes. It's one thing for me to tell you that there's a new unit (helping to filter the air), but with these new VidaShield systems, you can see something in place. It's a sense of comfort.

- A Facilities Manager



# Healthy Spaces Potential to Unleash Volume Growth at Higher AUV

## Secular Shift Drives Sizable Volume Opportunities<sup>(1)</sup>



## Meaningful AUV Upside from Healthy Spaces Solutions



## Keys to Building the Market Opportunity



Ceilings integrated in IEQ



Government Stimulus



Innovation Skills – Building out the team



Influential Partnership



Selling Skills in HVAC



Codes and Standards

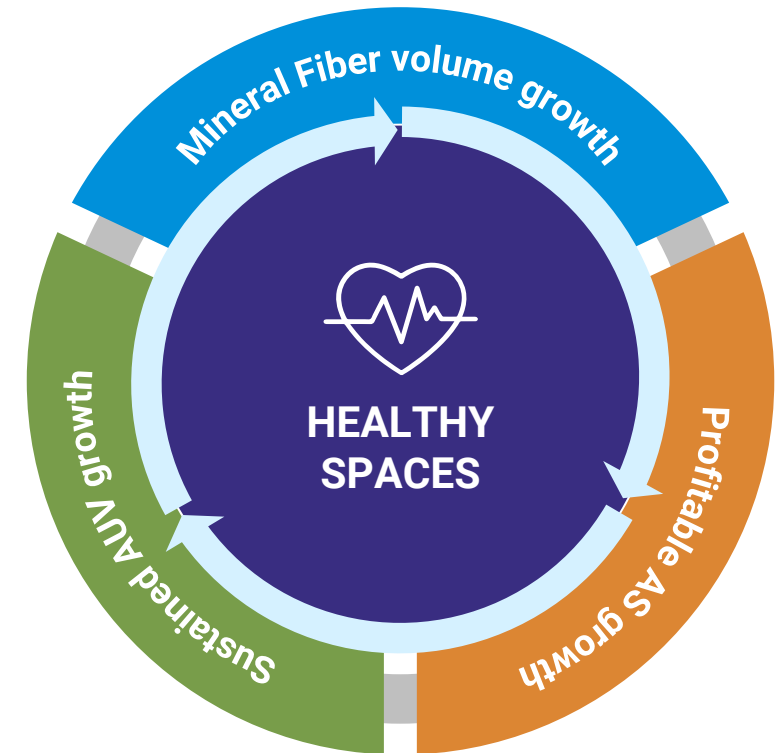


# AWI Uniquely Positioned to Lead Healthy Spaces Solution

Using the Power of Focus to extend leadership

## Poised to win and lead this catalyst for growth

- The **Healthy Buildings renovation renaissance** has started
- **Ceilings are a critical piece** of a Healthy building design
- Our trusted **brand, experience and innovation** in key verticals and our **financial strength** to invest for growth will allow us to win

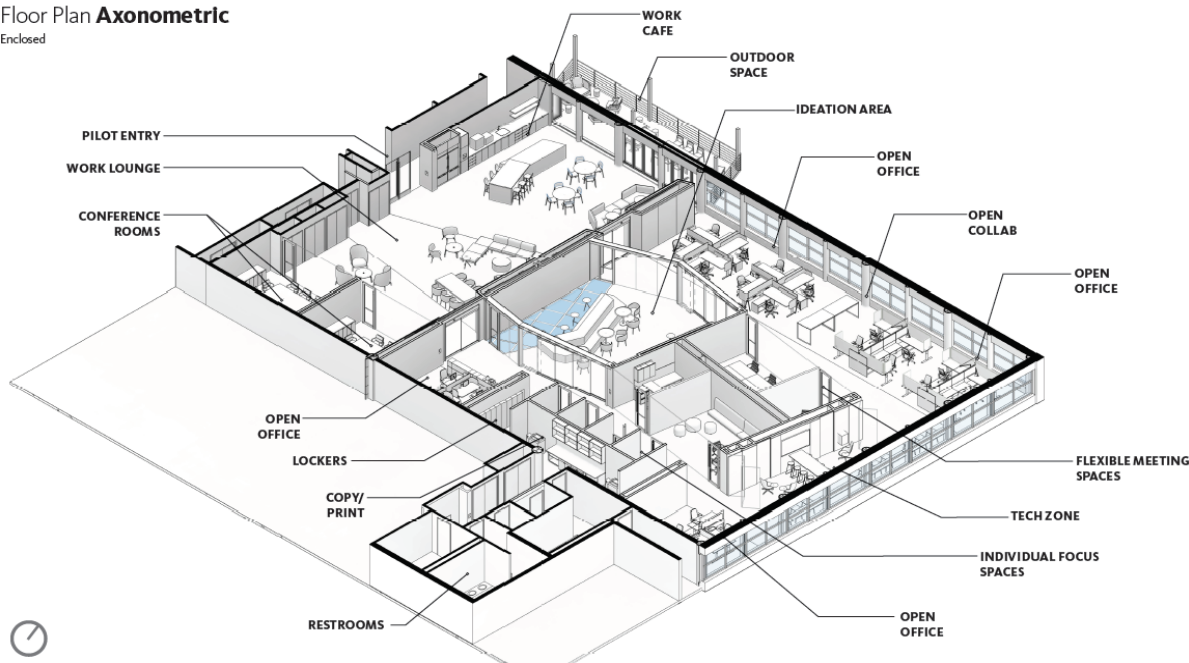


# AWI Invests in 1<sup>st</sup> Healthy Space Living Lab of the Future

## Building 402 Living Lab Space

Location: Armstrong headquarters, Lancaster, PA

Floor Plan Axonometric  
Enclosed



### Living Lab Partners



### WELL Health-Safety Approved - Credits from AWI Solutions

**Innovation Credit:** New interventions that address health and wellbeing in novel ways

Partnering to build the healthy spaces of the future

# Digital Initiatives

Jill Crager, SVP Sales Operations



# AWI Investing in Digitalization to Enable Further Growth

## What you will hear today



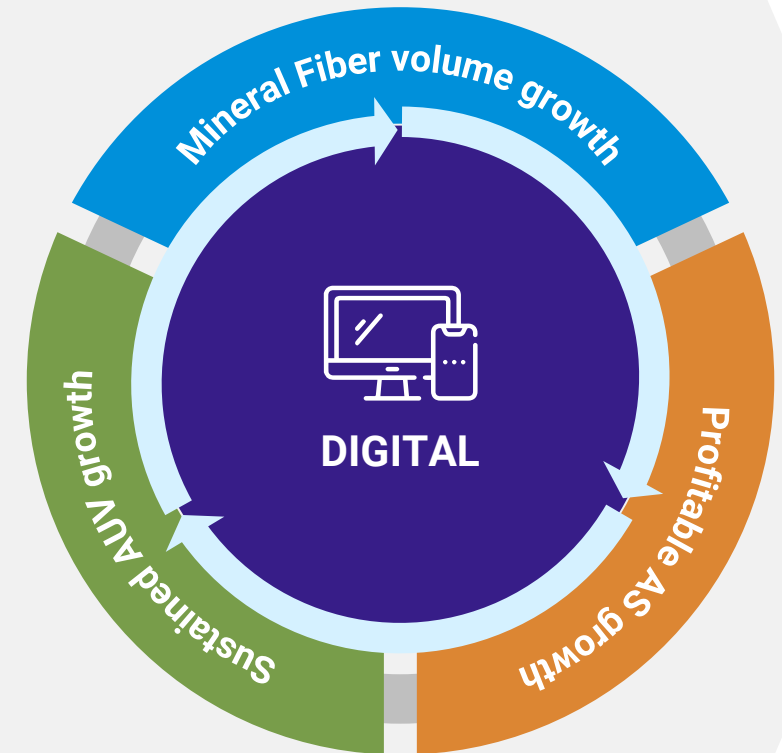
We seek to reach new untapped and underserved markets and create demand.



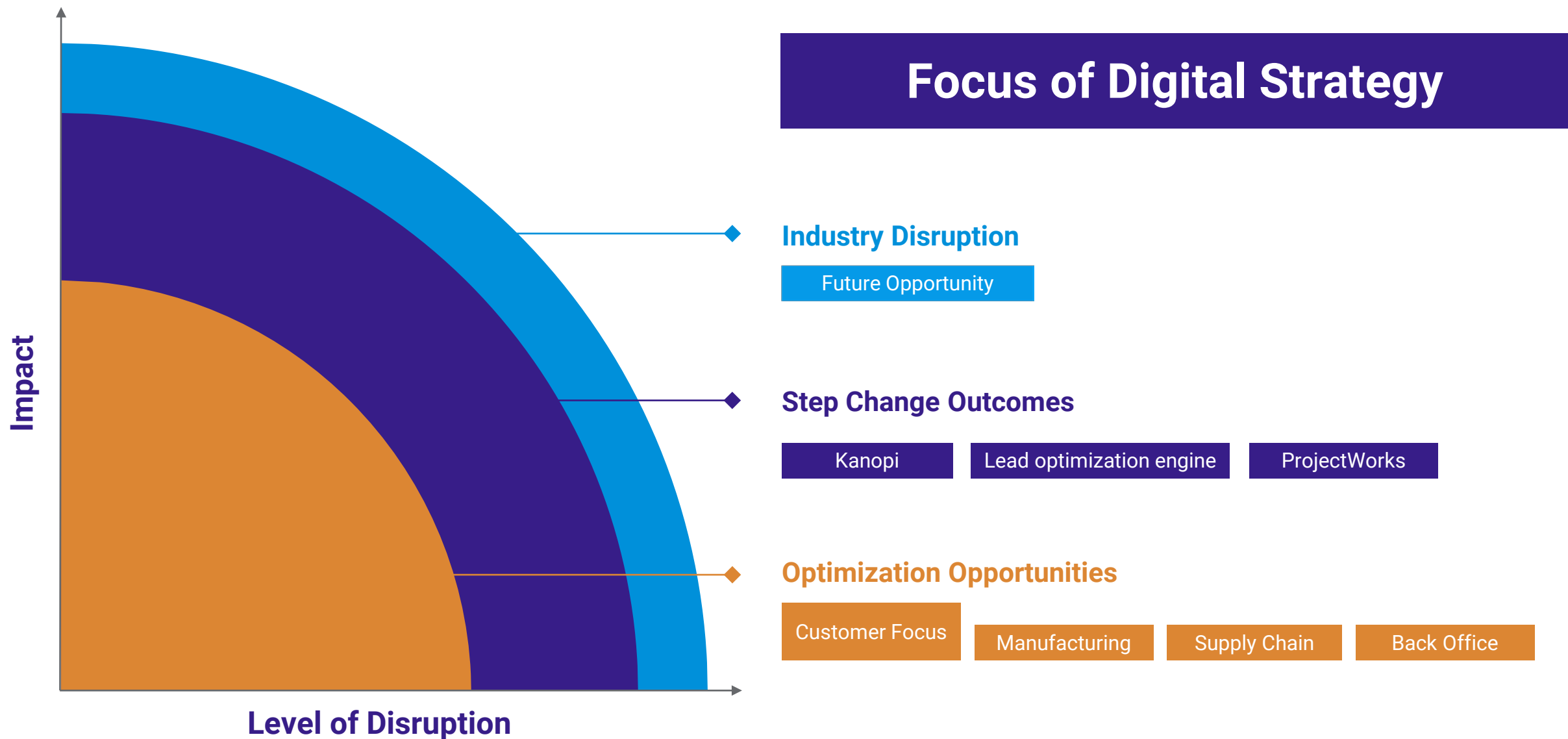
We are developing differentiated solutions to support specification win rate and AUV growth.



We are deploying digital tools to efficiently and effectively scale both MF and AS segments.





# Balanced Spectrum of Digital Opportunities





# Digital Investments Supporting Volume Growth and AUV

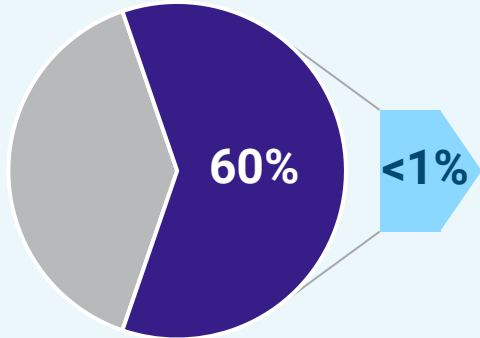
## Step-change projects strengthen Mineral Fiber and Architectural Specialties segments

	Overview	Strategic Rationale	Investment Intensity	Growth Impact		Key stakeholders
				Volume	AUV	
	Digital platform to deliver end-to-end ceiling solutions	Access largely untouched demand from small to medium sized businesses and residential	High	Repair and Remodel	Medium	Facility managers, small business owners, DIY
Lead Optimization Engine	Tools to improve lead generation and closure rates	Leverage new technologies to increase sales efficiency	High	Major Reno and New	Medium	Internal sales, distribution
	Automated design service to provide fast, accurate and complete designs with full bill of materials	Deepen customer relationships, strengthen AWI specification, lowers construction costs	Low	New and Major Reno	High	Designers, architects, contractors, owners

# Kanopi: Sparking Demand in a Hidden Market

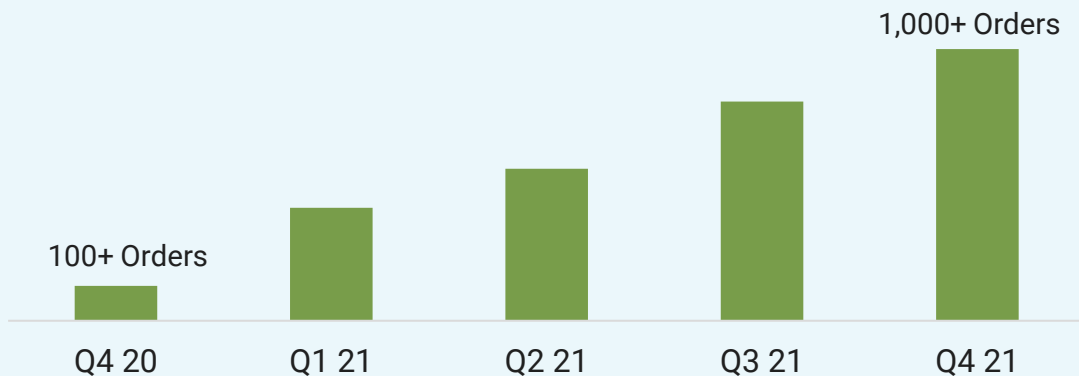
## Sizing the kanopi opportunity<sup>(1)</sup>

Installed base of 38 Billion ft<sup>2</sup>



Accessing 50 to 75 bps of underserved market volume drives \$150M to \$200M of opportunity

## kanopi Orders Show Strong Ramp



## Existing Friction

- Underserved market doesn't know: **What to buy, where to buy, how much to buy, how to install...think it's expensive**
- Facility Manager Survey Results: "Buying Ceiling tiles is hard, so I deprioritize"

## AWI's Differentiated Solution

- **End-to-end solution** from demand generation to installation
- Reinventing the customer journey – **making it "easy"** for the potential customer
- kanopi is the **cost-efficient way to serve and scale the underserved market**

## Target Market

- Facility managers, small business owners, DIY community
- Repair & remodel

## Current Status: Ramping monthly

- Sales into 50 states
- Repeat customer growth of 108% vs prior year
- Order value increased 95% vs prior year
- Installation services expanding

# Kanopi Personas and Sample Verticals






## The Coordinator

**Job Title:** General Contractor

Needs a **direct way to access a variety of SKUs** & source orders from AWI.

### Sales vertical examples:

-  Small general contractor
-  Developer
-  Acoustical drywall contractor








## The Peacekeeper

**Job Title:** Owner

Seeking to **decrease noise levels** in his space.

### Sales vertical examples:

-  Tech/engineering
-  Restaurant
-  Corporate office
-  Bowling alley
-  Law office









## The Refresher

**Job Title:** Office Manager

Looking for a **variety of options** for a new / updated ceiling.

### Sales vertical examples:

-  Car dealer
-  Dental office
-  Hotel
-  Fitness facility
-  Churches
-  Manufacturing








## The Community Builder

**Job Title:** Business Owner/ Facility Manager

Wants to keep her **facility safe** and **help create a healthier space**.

### Sales vertical examples:

-  Assisted living
-  Laboratory
-  Medi-spa
-  Medical center
-  Wedding venue








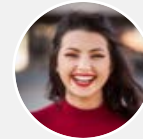
## The Optimizer

**Job Title:** School Administrator/ Facility Manager

Needs a **quick and efficient way to place** and **receive orders directly**.

### Sales vertical examples:

-  High school cafeteria
-  Private school
-  Elementary classroom
-  Pre-school
-  College/university








## The Bootstrapper

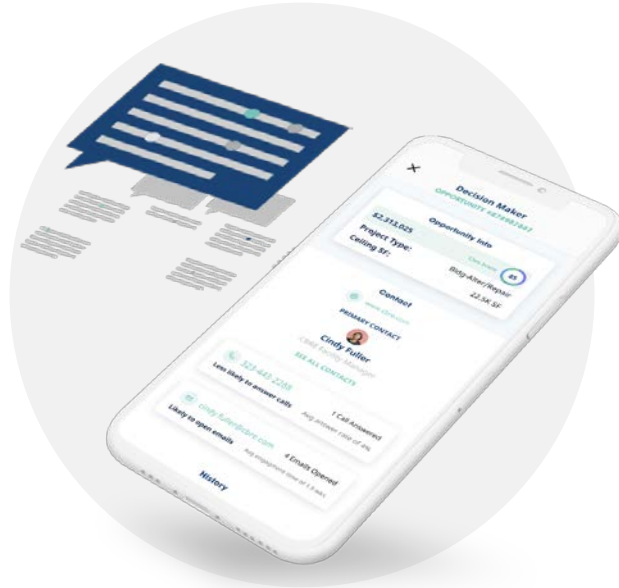
**Job Title:** Small Business Owner

Seeking a **simple and affordable** way to **upgrade/refresh**.

### Sales vertical examples:

-  Jewelry store
-  Salon
-  Home goods store
-  Golf/country club
-  Insurance office

# Lead Optimization Engine Tool Driving Sales Efficiencies



**Drives productivity of sales team  
allowing them to focus on more  
opportunities**

## Solving For

- Time spent on qualifying leads
- Sales team scope and coverage – missing untracked market

## AWI's Differentiated Solution

- Aggregates multiple data sources to analyze and score leads
- Expanding reach from **TOP** opportunities to **ALL** opportunities
- **Drives sales productivity** on smaller jobs making entire salesforce more productive
- Delivering more sales from existing demand

## Target Market

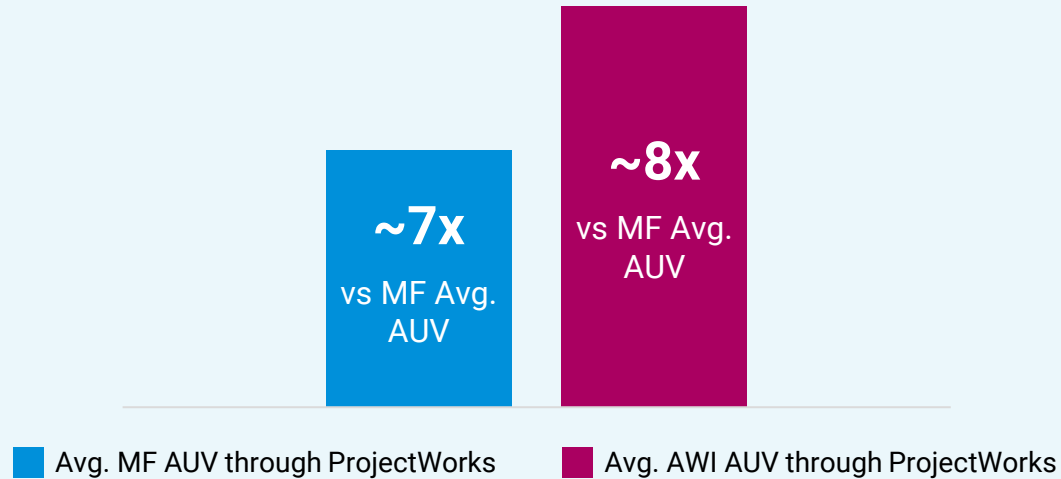
- New Construction, Major Renovation
- Smaller jobs that sales team would not typically capture

## Current Status: Enabling Growth

- Volume growth from untracked market
- 50% sales productivity increase
- Tool-generated leads typically have AUV increase of 20% per project vs non-tool-generated leads

# ProjectWorks®: Rapid and Efficient Designs for AWI & Customers

## ProjectWorks Lifts AUV Across the Business<sup>(1)</sup>



## Serving Diverse End Markets

10 most recent ProjectWorks jobs:



5

Office



3

Healthcare



1

Worship Facility



1

Data Center

## Existing Friction

- Ceiling **layouts are increasingly complex** and understanding all of the components takes significant time, expertise and energy to figure out

## AWI's Differentiated Solution

- Automated Bill-of-Materials for **clear and accurate scope** of products, quantities, and pricing across product portfolio
- Speed and Accuracy to **reduce waste throughout the project timeline**- from design to bidding to installation

## Key Stakeholders

- Design Service – Architects & Designers
- PreConstruction – Distributors & Contractors

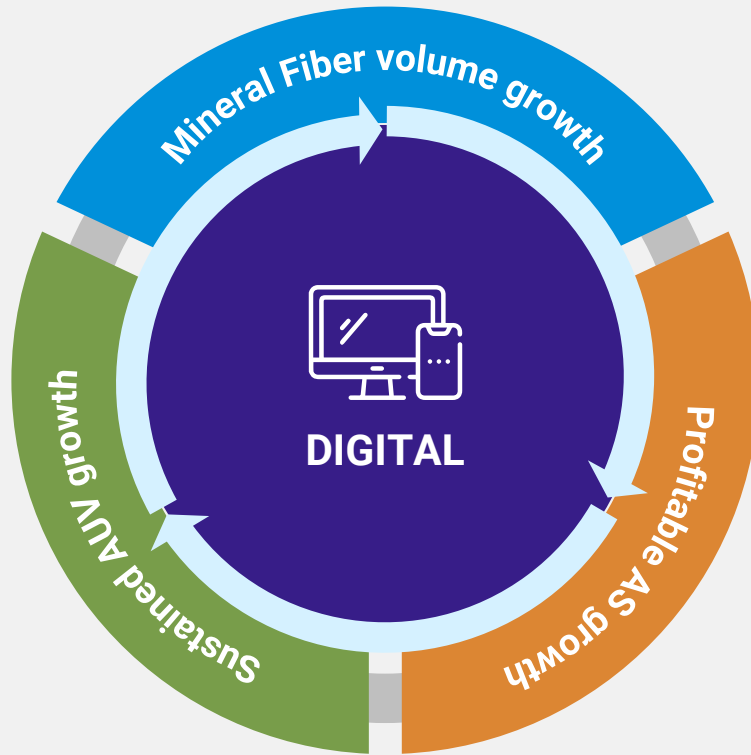
## Current Status: Increasing Adoption

- **Expanding capabilities** for project sizes, complexities and product breadth for all segments, including WAVE
- **1,000+ projects scoped**
- 2x projects processed with service in 2021 vs 2020



# Digital Initiatives Ramping Up Value for AWI

## Business Impacts



- kanopi increases the renovation rate with facility managers, small business owners and DIY community, **creating new demand**
- Lead optimization engine **drives productivity and supports AUV** by converting, tracking and closing more opportunities
- ProjectWorks **supports increasing specification win rates** and creating **speed and efficiency** for customers

# Financial Overview

Brian MacNeal, CFO



# Sound Investment Thesis

## What you will hear today



We're continuing to **focus on AUV** to sustain our strong margin profile, while investing in key initiatives to drive **mineral fiber volume growth**.



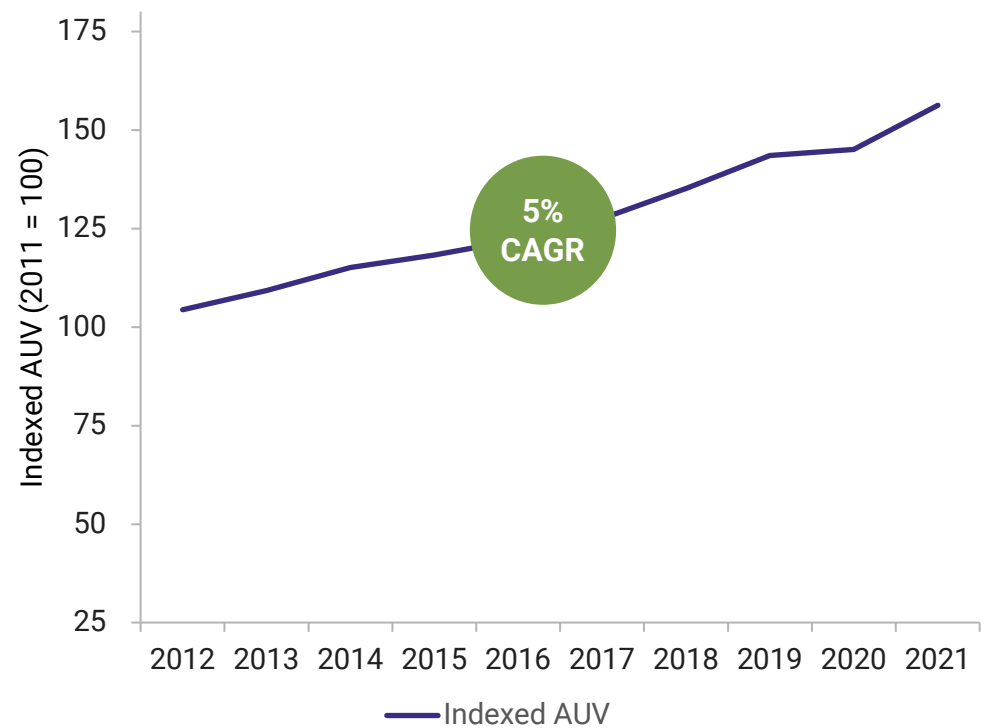
The AS segment is growing through strategic acquisitions and investments in capabilities to consolidate a fragmented market and **solidify leadership in** specialty ceilings and walls.



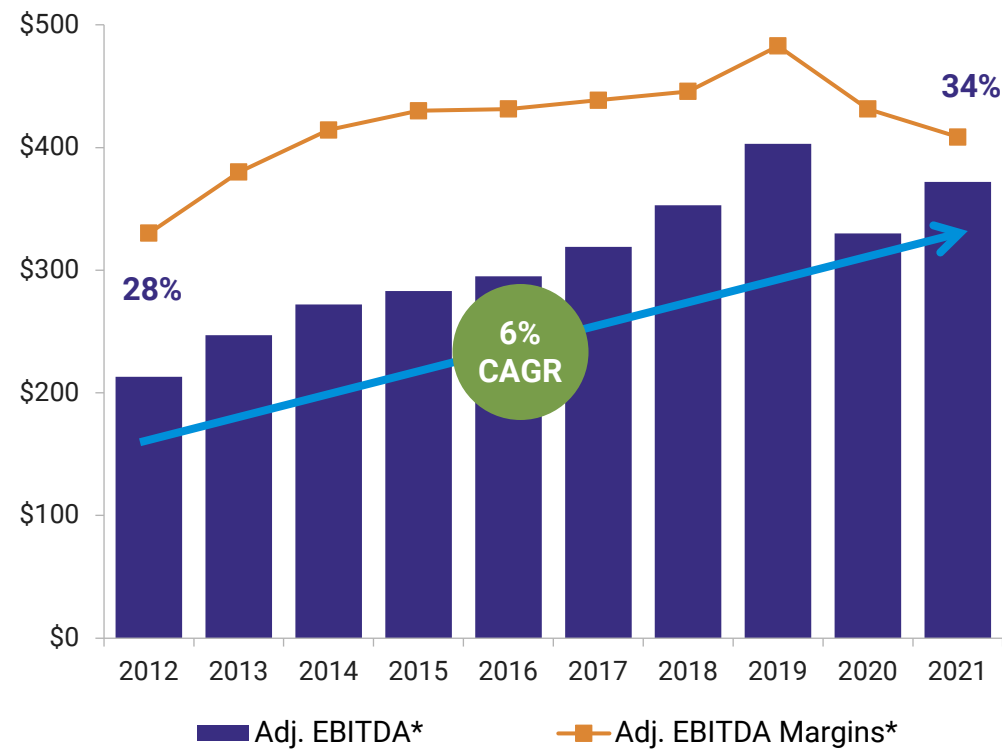
**Clear capital allocation priorities** are supported by a healthy, flexible balance sheet and strong cash flow generation to **create sustainable value for all stakeholders**.

# Consistent Ability to Grow AUV & Expand Margins

Increases in MF AUV<sup>(1)</sup> Over Time ...



...Yielding Significant AWI Adjusted EBITDA\* Growth and Margin Expansion

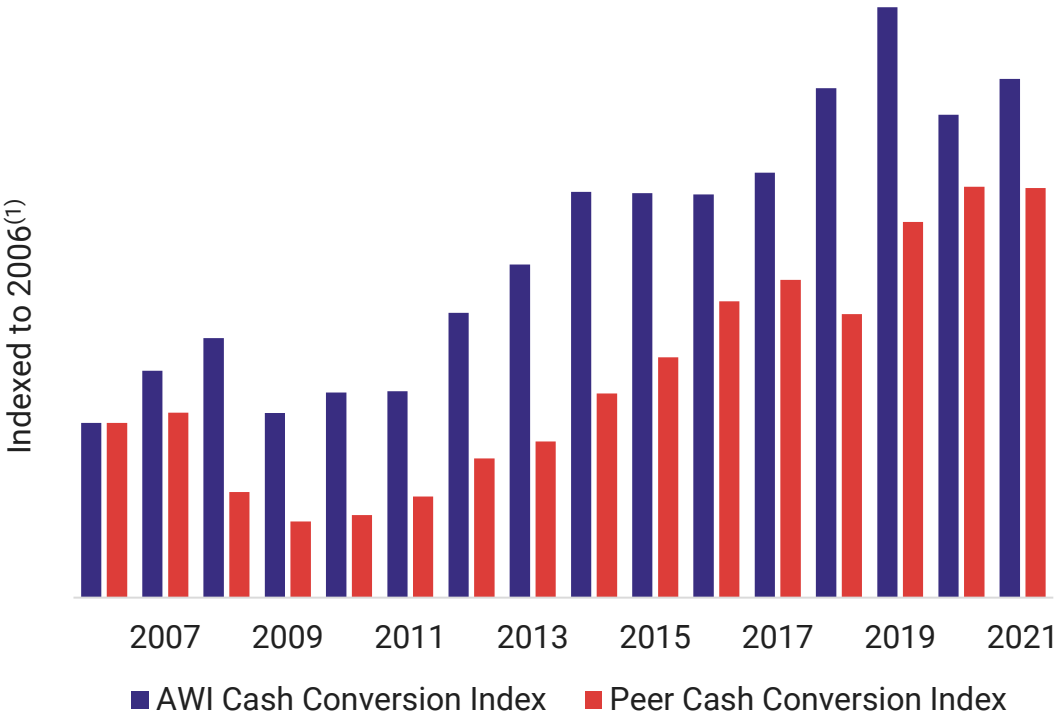


Continuous price/mix & productivity supports EBITDA margin expansion

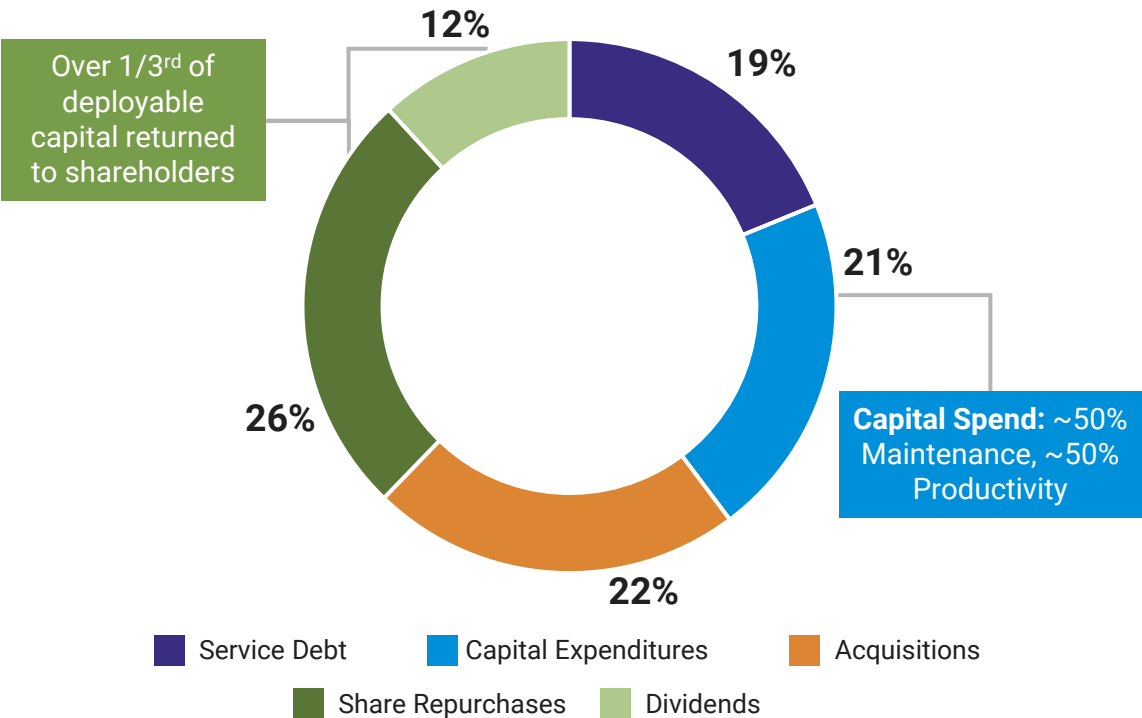
\* Non-GAAP Measure. See reconciliations in the appendix of this presentation.  
1) Mineral Fiber US and Canada commercial only. 2) Adjusted EBITDA and Adj. EBITDA Margin data is for total AWI.

# Peer-Leading Free Cash Flow Enables Value Creating Capital Allocation

Strong FCF\* Generation & Stability throughout Cycles



3 Year Average Capital Deployment History 2019 - 2021

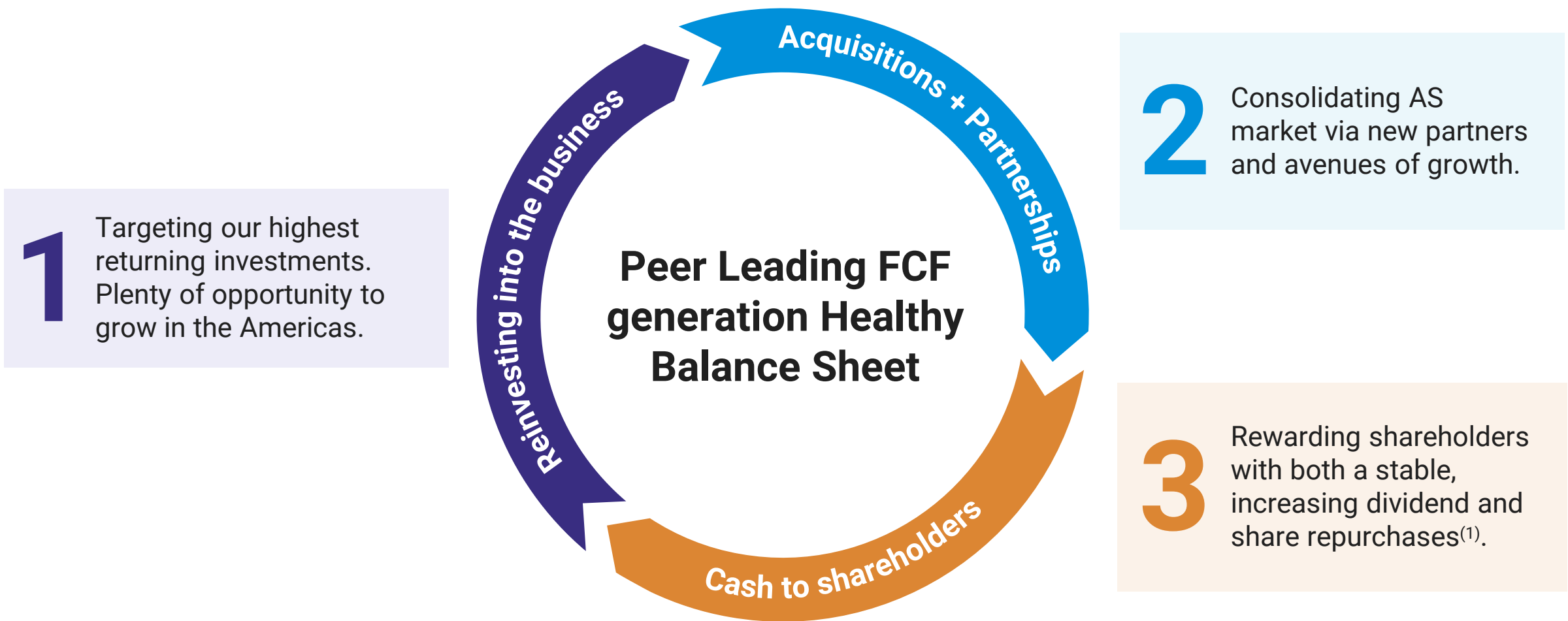


FCF\* growth accelerates to 15-20% and funds all capital allocation priorities



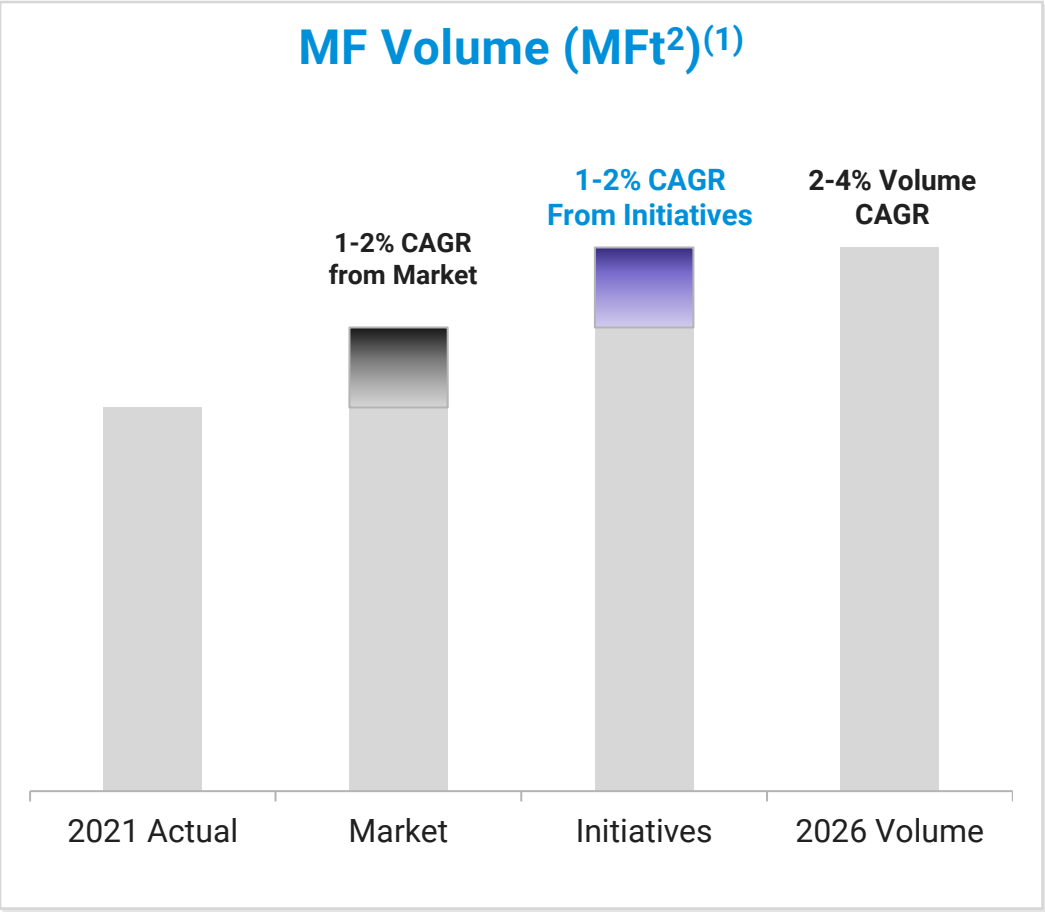
# Balanced and Disciplined Capital Allocation Strategy

Strong, consistent cash flow generation allows commitment to all three priorities






# Investments in Initiatives Drive Mineral Fiber Volume Growth

## Mineral Fiber Volume Growth to Strengthen Value Creators



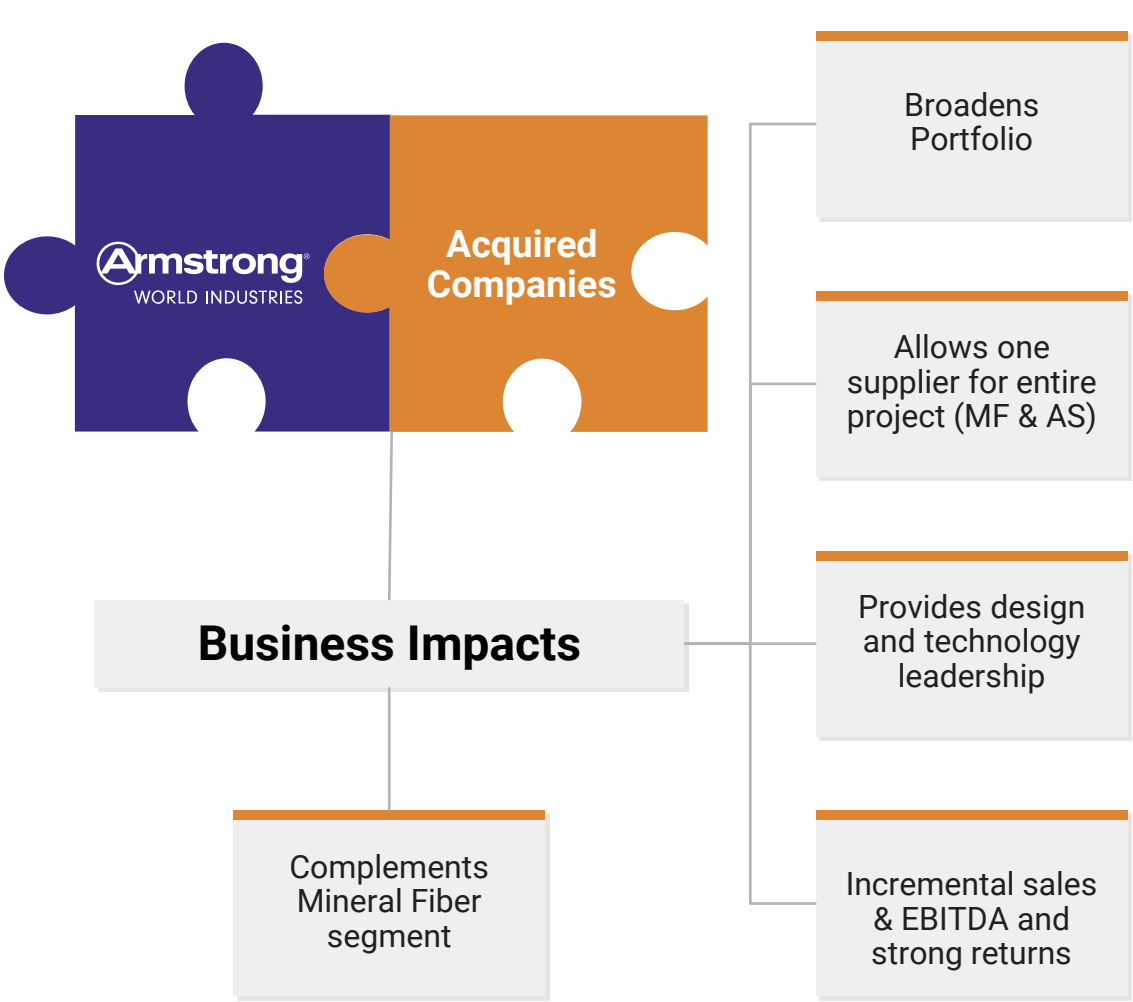
### Mineral Fiber Volume Growth Drivers

	<b>Innovation</b> New products and applications
	<b>Healthy Spaces</b> Solutions to meet secular shift to healthy sustainable spaces
	<b>Digital</b> New channels to access new demand

Market volume continues to recover and strategic initiatives accelerate volume growth

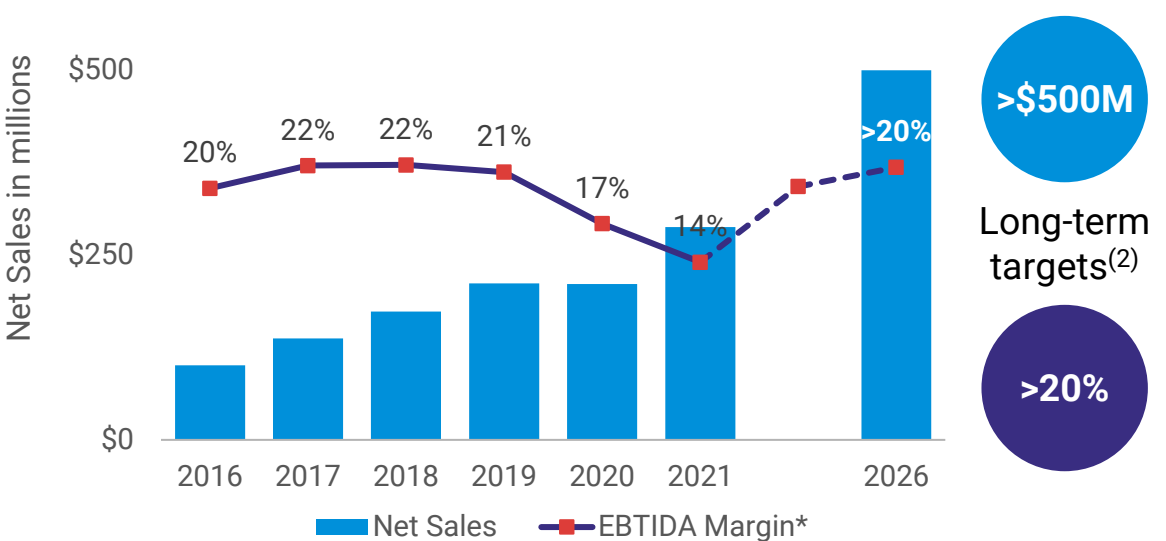
# Architectural Specialties - Growing Through Acquisitions

Targeting companies with unique capabilities or competitive advantages



	Pre-Synergies	Post-Synergies
2020 Acquisitions <sup>(1)</sup>	9.6x	6.5x
All Acquisitions	9.1x	7.1x

Expand leadership in specialty ceilings and walls



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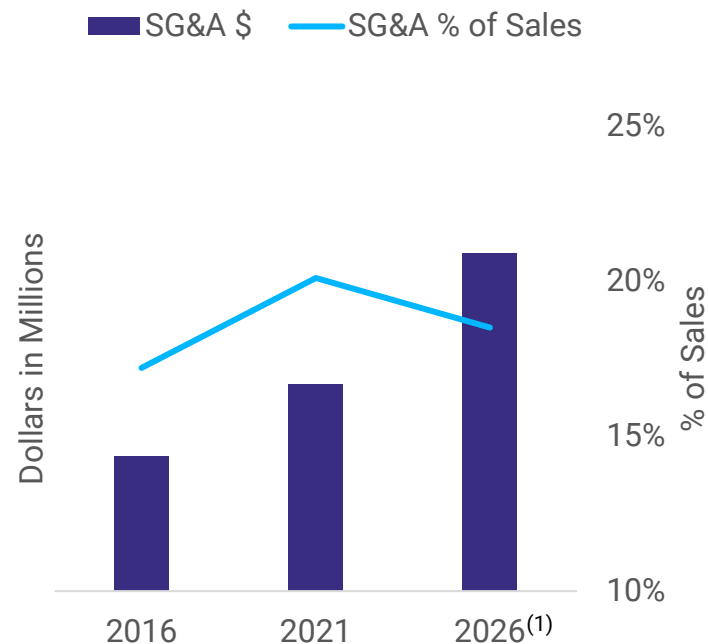
\* Non-GAAP Measure. Reconciliations provided in the appendix of this presentation.

1) Due to date of acquisition and COVID Impacts, the 2020 Acquisition post-synergies are based on future expected results.

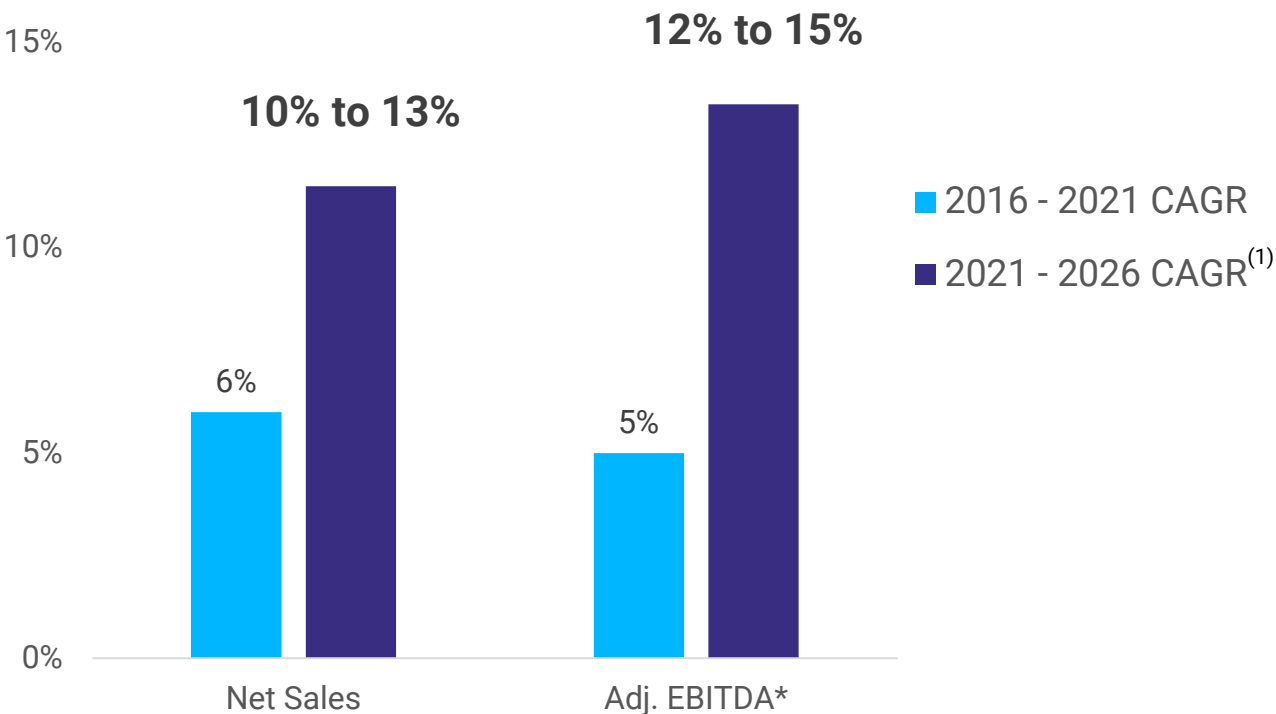
2) Based on internal company estimates.

# Near-Term Investments Drive Long-Term Results

## Investments in SG&A Support Growth Initiatives



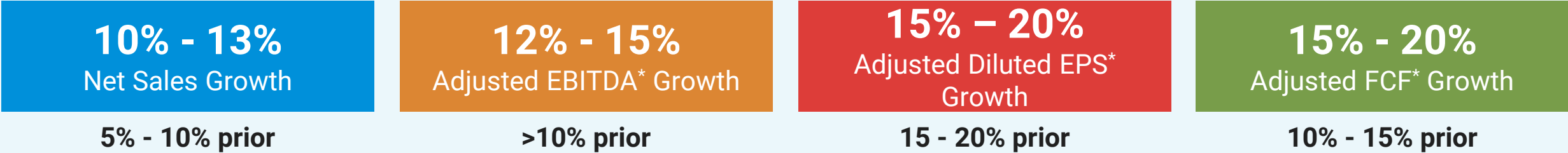
## Step Change Growth Expectations Fueled by Growth Initiatives and Market Tailwinds



**Leveraging investments to drive double-digit sales and EBITDA growth**

# Consistent Strategic Priorities Enabling Shareholder Value Creation

## Value Creation Model<sup>(1)</sup>



### Key Assumptions

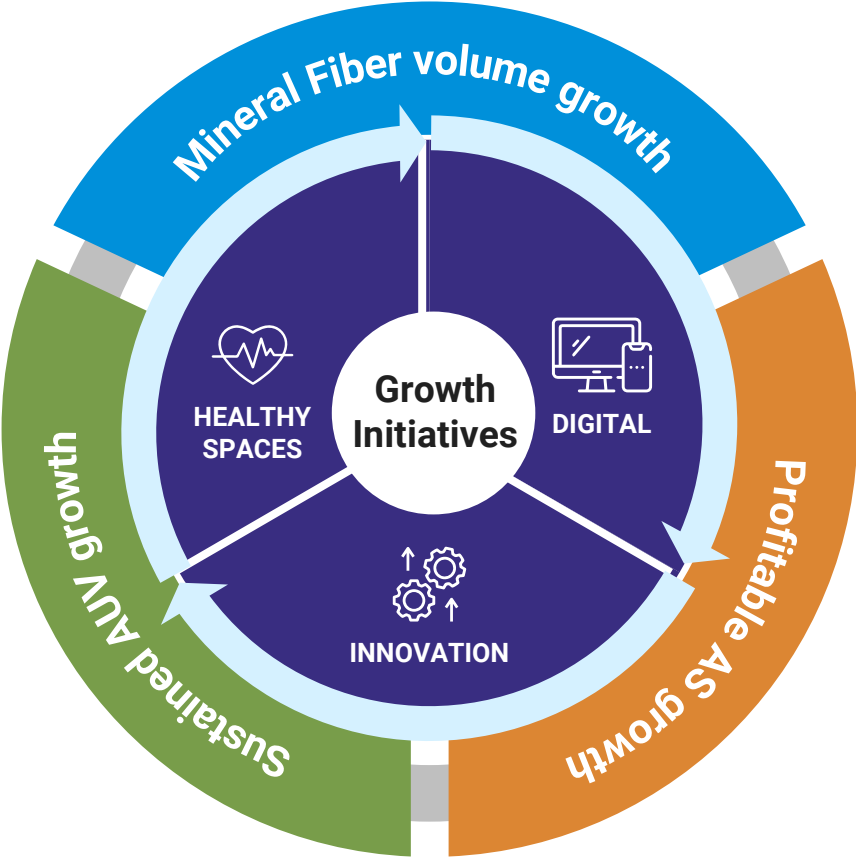
- |   |   |  |  |
|---|---|--|--|
| <ul style="list-style-type: none"> <li>Mineral Fiber volume growth of 2% to 4% and AUV growth of 5% to 8%</li> <li>Architectural Specialties Growth of &gt;10% organically</li> <li>Acquisitions incremental to growth</li> <li>Target 1-3 Acquisitions annually</li> </ul> | <ul style="list-style-type: none"> <li>3% annual MF mfg productivity</li> <li>60% incremental margins from Mineral Fiber volume growth</li> <li>SG&amp;A percent of sales below 20%</li> <li>20%+ AS EBITDA Margins</li> <li>40%+ MF EBITDA Margins</li> <li>50/50 WAVE equity earnings grows double digit</li> </ul> | <ul style="list-style-type: none"> <li>Decreasing debt levels</li> <li>Share repurchases continue<sup>(2)</sup>...at a minimum offsetting dilution</li> <li>Stable tax rate</li> </ul> | <ul style="list-style-type: none"> <li>Stable levels of CapEx: \$90 to 100M split ~50/50% between maintenance and return-seeking</li> <li>Stable cash tax rate of ~25%</li> <li>Balanced Capital allocation: 95% to 100% of net income</li> <li>ROIC expands from ~20% to &gt;25%</li> </ul> |
|---|---|--|--|

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\* Non-GAAP measure.  
 1) Represents internal company estimates of a 5-year CAGR.  
 2) Future dividend payments and share repurchase authorizations are subject to approval from the Board of Directors.



# What You Heard Today



**Building on our strengths to elevate  
our growth potential**

**Leveraging secular tailwinds to drive mineral  
fiber volume growth beyond COVID recovery**

**Accelerating Value Creation**

# Q&A



# Appendix

# Glossary and Acronyms

## The following words and phrases are defined here for use throughout the presentation:

Architects and Designers ("A&D"): These people are heavily involved in the design and planning of commercial construction.

Architectural Billings Index ("ABI"): An economic indicator for nonresidential construction activity. A number greater than 50 indicates improving levels of activity.

Architectural Specialties ("AS"): One of two operating segments of AWI.

Average Unit Value ("AUV"): The sales dollars per square foot of material. Comprised of like-for-like pricing and mix benefits.

Generally Accepted Accounting Principles ("GAAP"): A common set of accounting principles, standards and procedures issued by the Financial Accounting Standards Board ("FASB").

Installed Base: A measure of square feet of ceilings that have been sold and are in use in the U.S. The company estimates the installed base for ceilings at approximately 38 billion square feet.

Major Renovation: Major renovation is construction activity wherein an existing structure is being restored, repaired or remodeled.

Mineral Fiber manufacturing Productivity: Armstrong's ability to lower its Cost of Goods Sold through efficiency, reliability and process change. Expressed as a percent improvement versus the prior year's cost base.

Mineral Fiber ("MF"): One of two operating segments of AWI.

New Construction: New construction is considered constructing a new building or structure from the ground up.

Product Vitality Index: Percent of total sales from products introduced in the last 5 years.

Repair & Remodel: Restoring or repairing and existing structure, replacing the old with the new.

Specification: Architects and designers detailing the specific features and benefits of a product to be used in construction. For the ceilings market our sales reps work with architects and designers 6 to 18 months prior to installation of the ceiling.

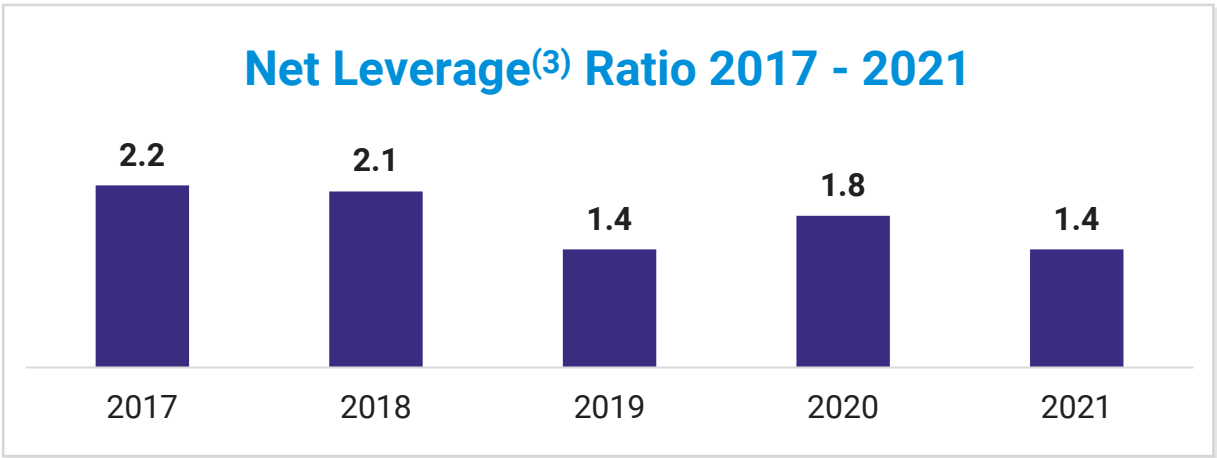
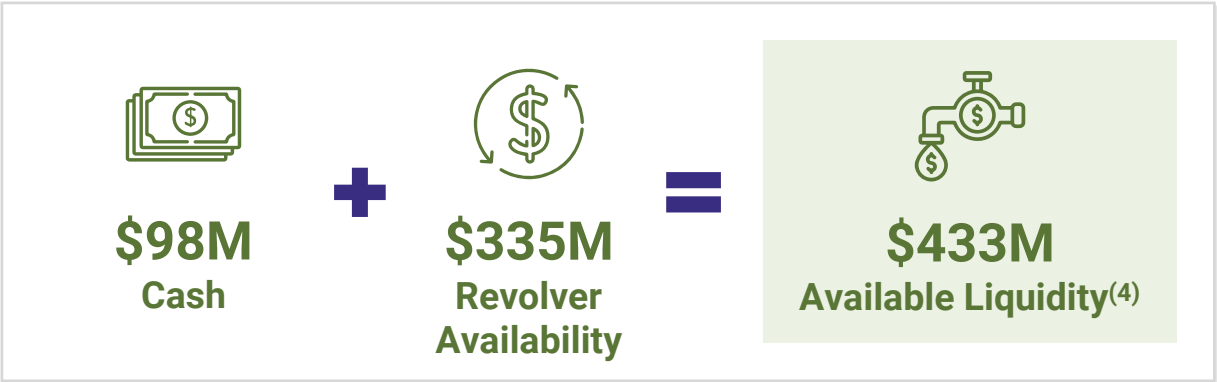
Synergies: A synergy is created when the combined value of the two firms is higher than the pre-acquisition value of both firms combined. Armstrong creates synergies both through top-line sales growth and bottom-line cost efficiencies.

"WAVE": Worthington Armstrong Joint Venture, a 50/50 joint venture between Worthington Industries, Inc. and Armstrong World Industries, inc. formed in 1992.

# Strong Balance Sheet and Liquidity Position Supporting Growth and Capital Allocation Priorities

## AWI Capital Structure<sup>(1)</sup>

\$'s in Millions	Amount
Cash & equivalents	\$98
Revolver Availability	\$335
Term Loan A	\$468
Principal Debt Outstanding	\$634
Net Debt <sup>(2)</sup>	\$533
Net Leverage <sup>(3)</sup>	1.4X
Average Cost of Debt	2.1%



Health of balance sheet provides flexibility to support growth investments



# 2022 Guidance<sup>(1)</sup>

Double-digit growth on both top and bottom line

	2021 Actual	2022 Guidance	Current Guidance
<b>Net Sales</b>	\$1,107	\$1,215 – \$1,255 10% – 13% YoY	<ul style="list-style-type: none"> <li>MF AUV 8 - 10% positive like-for-like pricing &amp; mix benefits</li> <li>Market recovery and benefits from growth initiatives expected to drive MF volume up 2% - 4%</li> <li>AS &gt;10%; guidance does not include any future acquisitions</li> </ul>
<b>Adjusted EBITDA*</b>	\$372	\$410 – \$430 10% – 16% YoY	<ul style="list-style-type: none"> <li>Higher than average AUV fall through, continued price over inflation</li> <li>Manufacturing productivity and improved earnings from WAVE</li> <li>Investing to support growth initiatives</li> <li>AS margin expansion</li> </ul>
<b>Adjusted Diluted EPS*</b>	\$4.36	\$5.00 – \$5.20 15% – 19% YoY	<ul style="list-style-type: none"> <li>\$25 million of interest expense</li> <li>25% book tax rate</li> <li>\$66 million depreciation, \$16 million amortization, of which ~\$8 million of acquisition amortization is excluded</li> <li>~48 million average diluted shares outstanding</li> </ul>
<b>Adjusted Free Cash Flow*</b>	\$190	\$215 – \$235 13% – 24% YoY	<ul style="list-style-type: none"> <li>\$90-\$100 million of Cap Ex</li> <li>\$20 - \$25 million of cash interest expense</li> <li>Cash tax rate 20% - 25%</li> </ul>

# 2021 Adjusted Diluted Earnings per Share Reconciliation

	For the Twelve Months Ended December 31,	
CONSOLIDATED	2021	Per Diluted Share
Earnings from continuing operations before income taxes, As Reported	\$185	\$3.86
Add/(Less): Income tax expense (benefit), as reported	57	
Earnings (Loss) from continuing operations before income taxes, As Reported	\$243	
(Less)/Add: RIP (credit) expense (1)	-	
Add: Acquisition-related impacts (2)	10	
Add: Acquisition-related amortization (3)	21	
(Less): Net environmental (recoveries)	-	
(Less): Gain on sale of idled China plant facility	-	
Add: Accelerated depreciation from closed facility	-	
Add: Charitable contribution - AWI Foundation (4)	-	
Adjusted earnings from continuing operations before income taxes	\$274	
(Less): Adjusted income tax expense (5)	(65)	
Adjusted net income from continuing operations	\$209	\$4.36
Diluted Shares Outstanding (6)	47.9	
Adjusted Tax Rate (7)	24%	

- (1) RIP (credit) expense represents the entire actuarial net periodic pension expense (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) 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.
- (3) Represents the intangible amortization related to acquired entities, including customer relationships, developed technology, software, trademarks and brand names, non-compete agreements and other intangibles.
- (4) Donation to the AWI Foundation.
- (5) Adjusted income tax expense is calculated using the adjusted tax rate multiplied by the adjusted earnings from continuing operations before income taxes.
- (6) Shares are as-reported. 2020 shares outstanding for the twelve months ended December 31, 2020 include anti-dilutive common stock equivalents which are excluded from U.S. GAAP.
- (7) The tax rate for the three and twelve months ended December 31, 2020 excludes the first quarter pension annuitization and the gain on the sale of our idled China facility.

# 2022 Adjusted EBITDA Guidance Reconciliation

	Consolidated		
	For the Year Ending December 31, 2022		
	Low	to	High
Net Income	<b>\$232</b>	<b>to</b>	<b>\$241</b>
Add: Interest expense	22		26
(Less): RIP credit (1)	(5)		(5)
Add: Income tax expense	76		79
Operating Income	<b>\$325</b>	<b>to</b>	<b>\$340</b>
Add: RIP expense (2)	5		5
Add: Depreciation	65		68
Add: Amortization	16		17
Adjusted EBITDA	<b>\$410</b>	<b>to</b>	<b>\$430</b>

- 1) RIP credit represents the actuarial net periodic benefit expected to be recorded as a component of other non-operating income. We do not expect to be and do not plan to make cash contributions to our U.S. Retirement Income Plan based on guidelines established by the Pension Benefit Guaranty Corporation.
- 2) RIP expense represents only the service cost related to the U.S. pension plan that is recorded within Operating Income. For all periods presented, we were not required to and did not make cash contributions to our U.S. Retirement Income Plan.

# 2022 Adjusted Diluted EPS Guidance Reconciliation

	Consolidated				
	For the Year Ending December 31, 2022				
	Low	Per Diluted Share <sup>(1)</sup>	to	High	Per Diluted Share <sup>(1)</sup>
Net income	\$232	\$4.87	to	\$241	\$5.05
Add: Interest expense	22			26	
(Less): RIP credit (2)	(5)			(5)	
Add: Income tax expense	76			79	
Operating income	\$325		to	\$340	
Add: RIP expense (3)	5			5	
(Less): Interest expense	(22)			(26)	
Add: Acquisition related amortization (4)	8			8	
Adjusted earnings before income taxes	\$316		to	\$328	
(Less): Income tax expense (5)	(79)			(82)	
Adjusted net income	\$237	\$5.00	to	\$246	\$5.20

1) Adjusted EPS guidance for 2022 is calculated based on an adjusted effective tax rate of 25% and based on 47.7 million of diluted shares outstanding.

2) RIP credit represents the actuarial net periodic benefit expected to be recorded as a component of other non-operating income. We do not expect to be required to make, nor do we plan to make cash contributions to our U.S. Retirement Income Plan based on guidelines established by the Pension Benefit Guaranty Corporation.

3) RIP expense represents only the service cost related to the U.S. pension plan and is recorded as a component of operating income. We do not expect to be required to make, nor do we plan to make cash contributions to our U.S. Retirement Income Plan based on guidelines established by the Pension Benefit Guaranty Corporation.

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 based adjusted earnings before income tax.

# 2022 Free Cash Flow Guidance Reconciliation

	Consolidated		
	For the Year Ending December 31, 2022		
	Low	to	High
Net cash provided by operating activities	<b>\$210</b>	<b>to</b>	<b>\$230</b>
Add: Return of investment from joint venture	95		105
Adjusted net cash provided by operating activities	<b>\$305</b>	<b>to</b>	<b>\$335</b>
Less: Capital expenditures	(90)		(100)
Adjusted Free Cash Flow	<b>\$215</b>	<b>to</b>	<b>\$235</b>



# 2018 – 2021 Adjusted Free Cash Flow Reconciliation

	For the Year Ending			
Consolidated	2018	2019	2020	2021
<b>As Reported net cash provided by operating activities</b>	<b>\$203</b>	<b>\$183</b>	<b>\$219</b>	<b>\$187</b>
<b>Net cash (used for) provided by investing activities</b>	<b>\$310</b>	<b>(\$89)</b>	<b>(\$141)</b>	<b>(\$14)</b>
<b>Net cash provided by (used for) operating and investing activities</b>	<b>\$513</b>	<b>\$94</b>	<b>\$78</b>	<b>\$173</b>
Add: Acquisitions, net	22	56	165	1
(Less)/Add: Payments (proceeds) related to sale of international, net(1)	(272)	66	(20)	12
(Less)/Add: Net environmental (recoveries) expenses	(27)	5	(12)	(1)
Add: Litigation, net	-	23	-	-
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
<b>Adjusted Free Cash Flow</b>	<b>\$236</b>	<b>\$244</b>	<b>\$212</b>	<b>\$190</b>

1) Includes related income tax payments

2) Donation to the AWI Foundation.

3) Contingent compensation payments related to the acquisition

# 2016 – 2021 AS Adjusted EBITDA Reconciliation

	For the Year Ending					
Architectural Specialties Segment	2016	2017	2018	2019	2020	2021
Operating Income, Reported	\$19	\$28	\$34	\$36	\$22	\$4
Add: Acquisition-related impacts(1)	-	-	-	-	3	10
Add: Depreciation & Amortization	1	2	4	9	11	27
Adjusted EBITDA from Continuing Operations	\$20	\$30	\$38	\$45	\$36	\$40

1) 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.

# 2021 Mineral Fiber Adjusted EBITDA Reconciliation

	For the Year Ending
Mineral Fiber Segment	2021
Operating Income, Reported	\$261
Add: Depreciation & Amortization	70
Adjusted EBITDA	\$331

# AWI Adjusted EBITDA Reconciliation 2012 - 2021

Consolidated	For the Year Ending									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Earnings (Loss) from continuing operations, reported</b>	<b>\$159</b>	<b>\$127</b>	<b>\$79</b>	<b>\$58</b>	<b>\$99</b>	<b>\$221</b>	<b>\$190</b>	<b>\$242</b>	<b>(\$84)</b>	<b>\$185</b>
Add/(Less) Income tax expense (benefit), as reported	\$76	\$71	\$69	\$37	\$51	\$2	\$53	\$57	(\$43)	\$57
<b>Earnings (Loss) before tax, reported(1)</b>	<b>\$235</b>	<b>\$199</b>	<b>\$148</b>	<b>\$95</b>	<b>\$151</b>	<b>\$222</b>	<b>\$243</b>	<b>\$299</b>	<b>(\$127)</b>	<b>\$243</b>
Add: Interest/Other income and expense, net(1)	\$50	\$67	\$50	\$62	\$38	\$33	\$7	\$18	\$382	\$17
Less: Historical AFP and non-Americas impact (2)	(\$104)	(\$79)	\$5	-	-	-	-	-	-	-
<b>Operating Income, Reported (3)</b>	<b>\$181</b>	<b>\$186</b>	<b>\$203</b>	<b>\$157</b>	<b>\$189</b>	<b>\$255</b>	<b>\$249</b>	<b>\$317</b>	<b>\$255</b>	<b>\$260</b>
Add: Armstrong Flooring, Inc. separation expenses	-	-	-	34	34	-	-	-	-	-
Add: Non-cash impact of U.S. Pension	-	-	-	15	13	(5)	6	5	6	5
Add: WAVE Pension Settlement	-	-	-	-	-	-	-	1	-	-
Add: Litigation Expense	-	-	-	-	-	-	7	20	-	-
Add: Cost Reduction Initiatives	-	-	-	-	-	7	8	-	-	-
Add: Unallocated Corporate costs, pre-Armstrong Flooring, Inc. and net Proforma International Allocations, other (4)	(16)	11	12	20	4	8	6	-	-	-
Add: Acquisition-related impacts (5)	-	-	-	-	-	-	-	-	3	10
(Less)/Add: Environmental (recoveries)	-	-	-	-	-	(15)	(1)	1	(6)	-
Add: WAVE FSA (6)	-	-	-	-	-	-	-	4	-	-
(Less): AWI Portion of WAVE's (gain)loss on AWI's sale of its non-Americas International Businesses	-	-	-	-	-	-	-	(21)	-	-
Add: Foreign Exchange Movements	-	-	-	1	-	-	-	-	-	-
(Less): Gain on sale of idled China plant facility	-	-	-	-	-	-	-	-	(21)	-
Add: Charitable contribution - AWI Foundation (7)	-	-	-	-	-	-	-	-	10	-
<b>Operating Income, Adjusted</b>	<b>\$165</b>	<b>\$197</b>	<b>\$215</b>	<b>\$227</b>	<b>\$240</b>	<b>\$250</b>	<b>\$275</b>	<b>\$328</b>	<b>\$246</b>	<b>\$275</b>
Add: Depreciation & Amortization	48	50	57	56	55	67	78	75	84	97
<b>Adjusted EBITDA from Continuing Operations</b>	<b>\$213</b>	<b>\$247</b>	<b>\$272</b>	<b>\$283</b>	<b>\$295</b>	<b>\$317</b>	<b>\$353</b>	<b>\$403</b>	<b>\$330</b>	<b>\$372</b>

- 2012 as reported figures include results of our former Resilient Flooring, Wood Flooring reportable segments ("Armstrong Flooring, Inc.") which were excluded from our results of continuing operations effective April 1, 2016. 2013-2014 as reported figures include results from Armstrong Flooring, Inc. and the results of our former EMEA and Pacific Rim reportable segments ("non-Americas International Businesses"), which were excluded from continuing operations effective December 31, 2017.
- Includes discontinued operations adjustments related to Armstrong Flooring, Inc and our non-Americas International Businesses.
- 2012 as reported figures include results of our non-Americas international businesses.
- Includes adjustments to corporate costs and geographic allocations of corporate support functions due to the separation of Armstrong Flooring, Inc and the sale of our non-Americas International businesses.
- 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.
- WAVE Fresh Start Accounting asset impairment charge due to sale of our non-Americas International Businesses
- Donation to the AWI Foundation