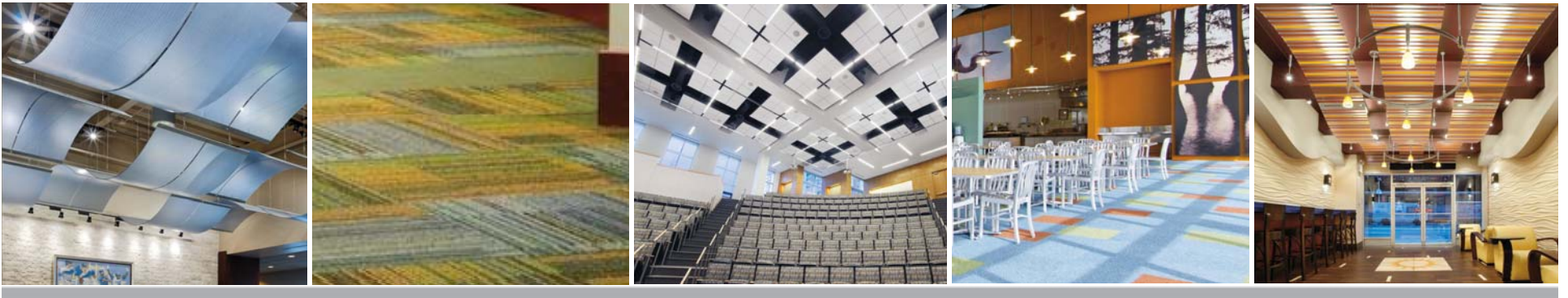




Earnings Call Presentation 4th Quarter 2012 February 19, 2013





Safe Harbor Statement

Our disclosures in this presentation, including without limitation, those relating to future financial results guidance, 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 Forms 10-K and 10-Q filed with the 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-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.armstrong.com.

The guidance in this presentation is only effective as of the date given, February 19, 2013, and will not be updated or affirmed unless and until we publicly announce updated or affirmed guidance.



Basis of Presentation Explanation

When reporting our financial results within this presentation, we make several adjustments. Management uses the non-GAAP measures below in managing the business and believes the adjustments provide meaningful comparisons of operating performance between periods. As reported results will be footnoted throughout the presentation.

- We report in comparable dollars to remove the effects of currency translation on the P&L. The budgeted exchange rate for 2012 was used for all currency translations in 2012 and prior years. Guidance is presented using the 2013 budgeted exchange rate for the year.
- We remove the impact of discrete expenses and income. Examples include plant closures, restructuring actions, and other large unusual items.
- Taxes for normalized Net Income and EPS are calculated using a constant 39% for 2013 guidance, 40% for 2012, and 42% for 2011, which are based on the expected full year historical tax rate.
- In the fourth quarter of 2012, we completed the sale of Cabinets business. The financial results of the Cabinets business, which were previously shown as a separate reporting segment, have been reclassified and presented as discontinued operations. The financial results included within this presentation, including historical results, are presented on a continuing operations basis unless specifically noted otherwise.

What Items Are Adjusted		
	Comparable Dollars	Other Adjustments
Net Sales	Yes	No
Gross Profit	Yes	Yes
SG&A Expense	Yes	Yes
Equity Earnings	Yes	Yes
Operating Income	Yes	Yes
Net Income	Yes	Yes
Cash Flow	No	No
Return on Capital	Yes	Yes
EBITDA	Yes	Yes

All figures throughout the presentation are in \$ millions unless otherwise noted. Figures may not add due to rounding.



Key Metrics – Fourth Quarter 2012

	2012	2011	Variance
Net Sales ⁽¹⁾	\$608	\$615	(1.1)%
Operating Income ⁽²⁾	46	29	62.1%
% of Sales	7.6%	4.6%	300 bps
EBITDA	72	53	37.1%
% of Sales	11.9%	8.6%	330 bps
Earnings Per Share ⁽³⁾	\$0.34	\$0.18	88.5%
Free Cash Flow ⁽⁴⁾	25	90	(71.9)%
Net Debt	735	362	372
ROIC ⁽⁵⁾	9.8%	7.6%	220 bps

(1) As reported Net Sales: \$613 million in 2012 and \$623 million in 2011

(2) As reported Operating Income: \$42 million in 2012 and \$24 million in 2011

(3) As reported EPS: \$0.15 in 2012 and \$0.16 in 2011

(4) Cash flow information includes cash flows attributable to Cabinets

(5) Unadjusted

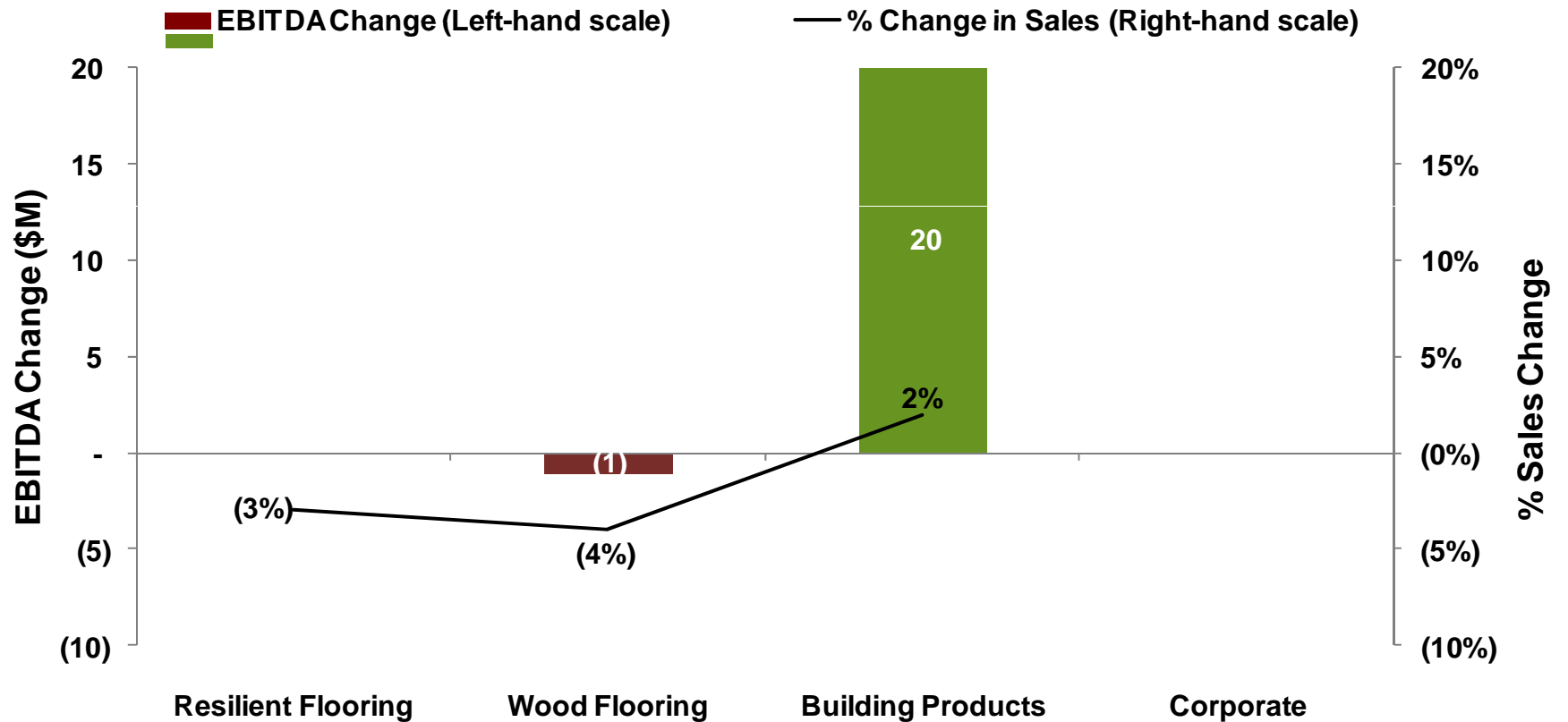


Fourth Quarter 2012 vs. PY– Adjusted EBITDA to Reported Net Income

	2012	2011	V
EBITDA– Adjusted	\$72	\$53	\$19
Depreciation and Amortization	(26)	(24)	(2)
Operating Income – Adjusted	\$46	\$29	\$17
Foreign Exchange Movements	1	-	1
Cost Reduction Initiatives	(4)	(3)	(1)
Impairments	(1)	(1)	-
Restructuring	-	(1)	1
Operating Income – As Reported	\$42	\$24	\$18
Interest (Expense)	(12)	(10)	(2)
EBT	\$30	\$14	\$16
Tax (Expense)	(21)	(4)	(17)
Net Income	\$9	\$10	(\$1)

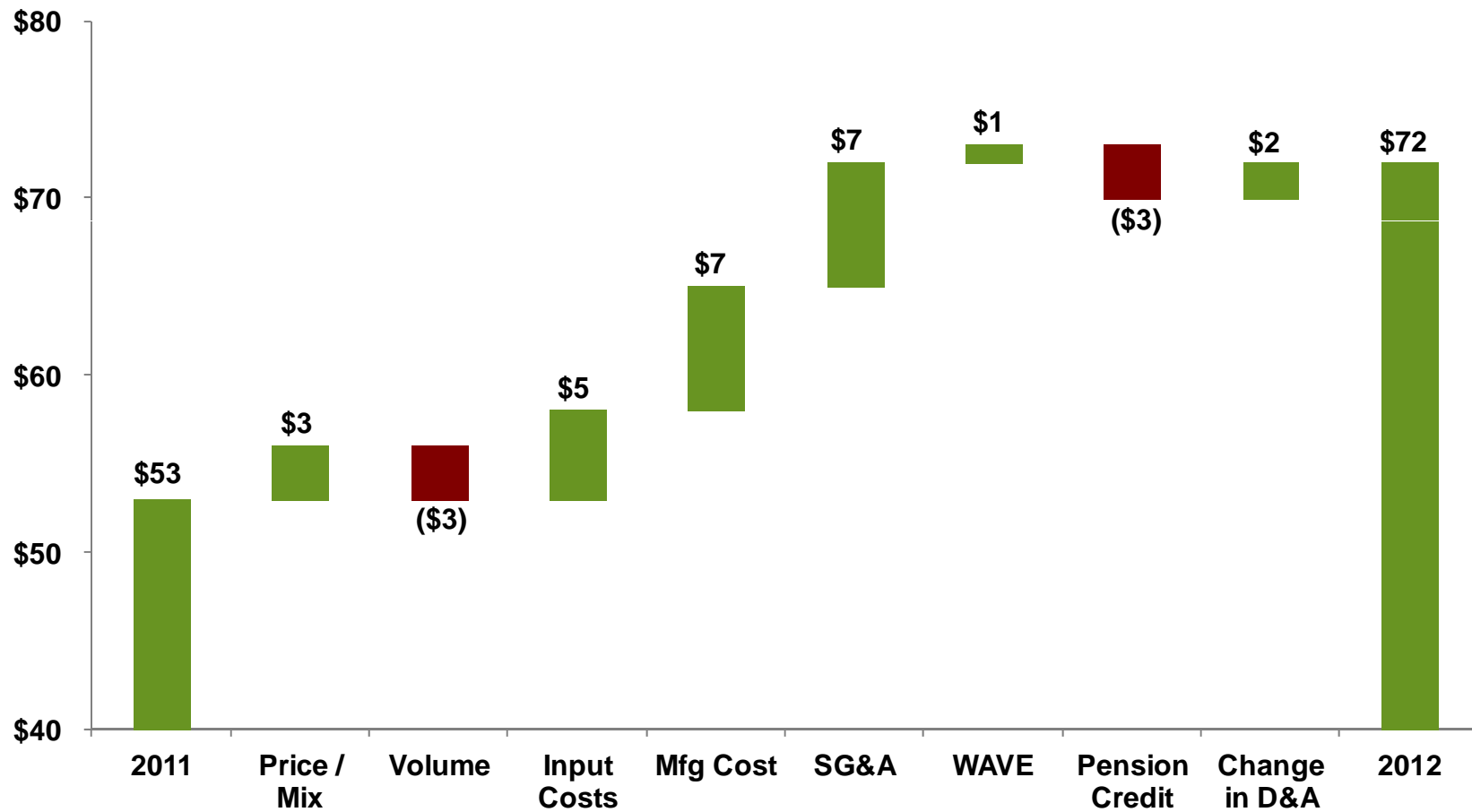


Fourth Quarter Sales and EBITDA by Segment – 2012 vs. PY



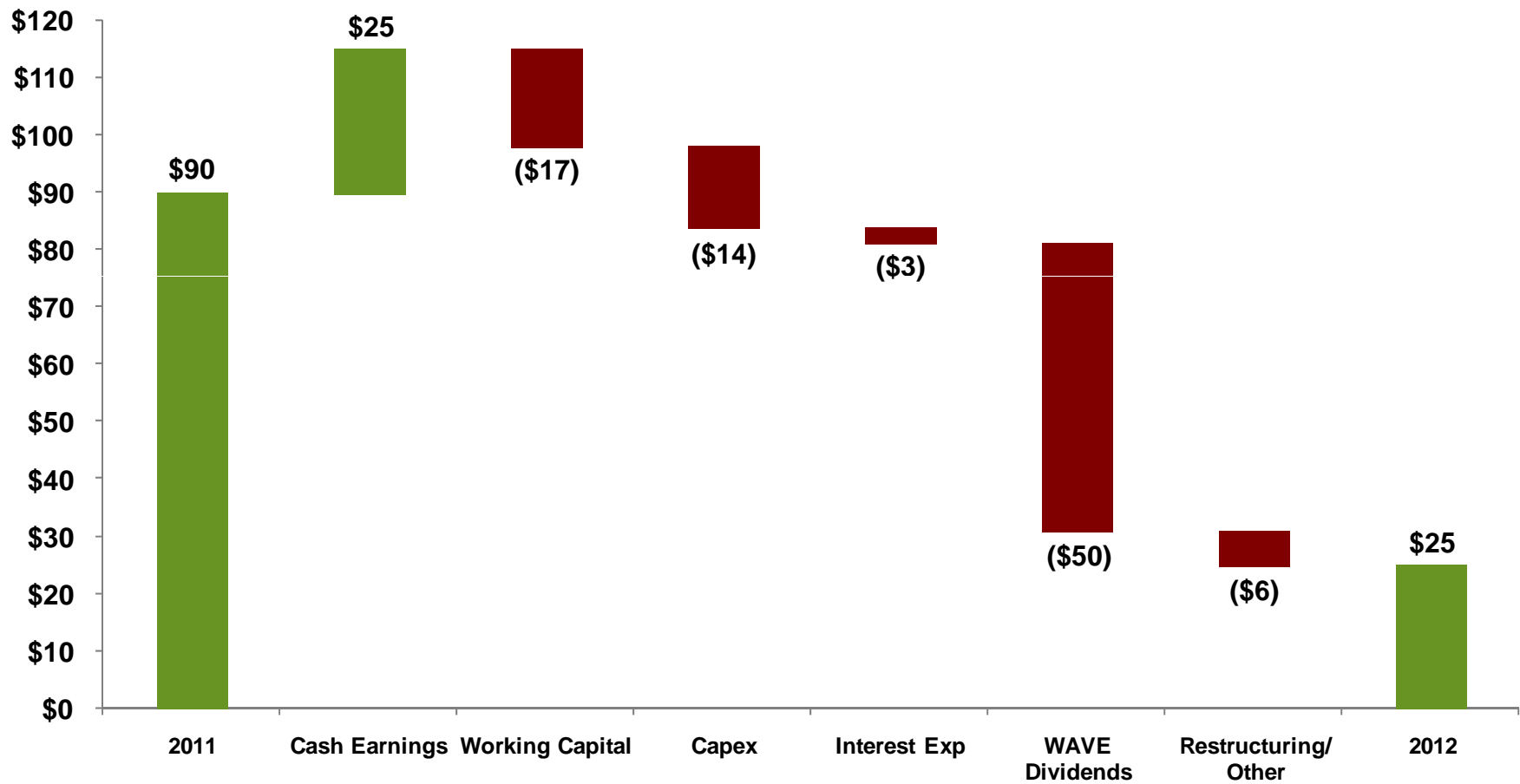


EBITDA Bridge – Fourth Quarter 2012 vs. Prior Year





Free Cash Flow – Fourth Quarter 2012 vs. Prior Year



Cash flow information includes cash flows attributable to Cabinets



Key Metrics – Full Year 2012

	2012 Actual	2011 Actual	Variance
Net Sales ⁽¹⁾	\$2,610	\$2,666	(2.1)%
Operating Income ⁽²⁾	300	272	10.1%
% of Sales	11.5%	10.2%	130 bps
EBITDA	400	374	6.9%
% of Sales	15.3%	14.0%	130 bps
Earnings Per Share ⁽³⁾	\$2.51	\$2.24	12.2%
Free Cash Flow ⁽⁴⁾	89	170	(47.6)%
Net Debt	735	362	372
ROIC ⁽⁵⁾	9.8%	7.6%	220 bps

(1) As reported Net Sales: \$2,619 million in 2012 and \$2,723 million in 2011.

(2) As reported Operating Income: \$271 million in 2012 and \$240 million in 2011

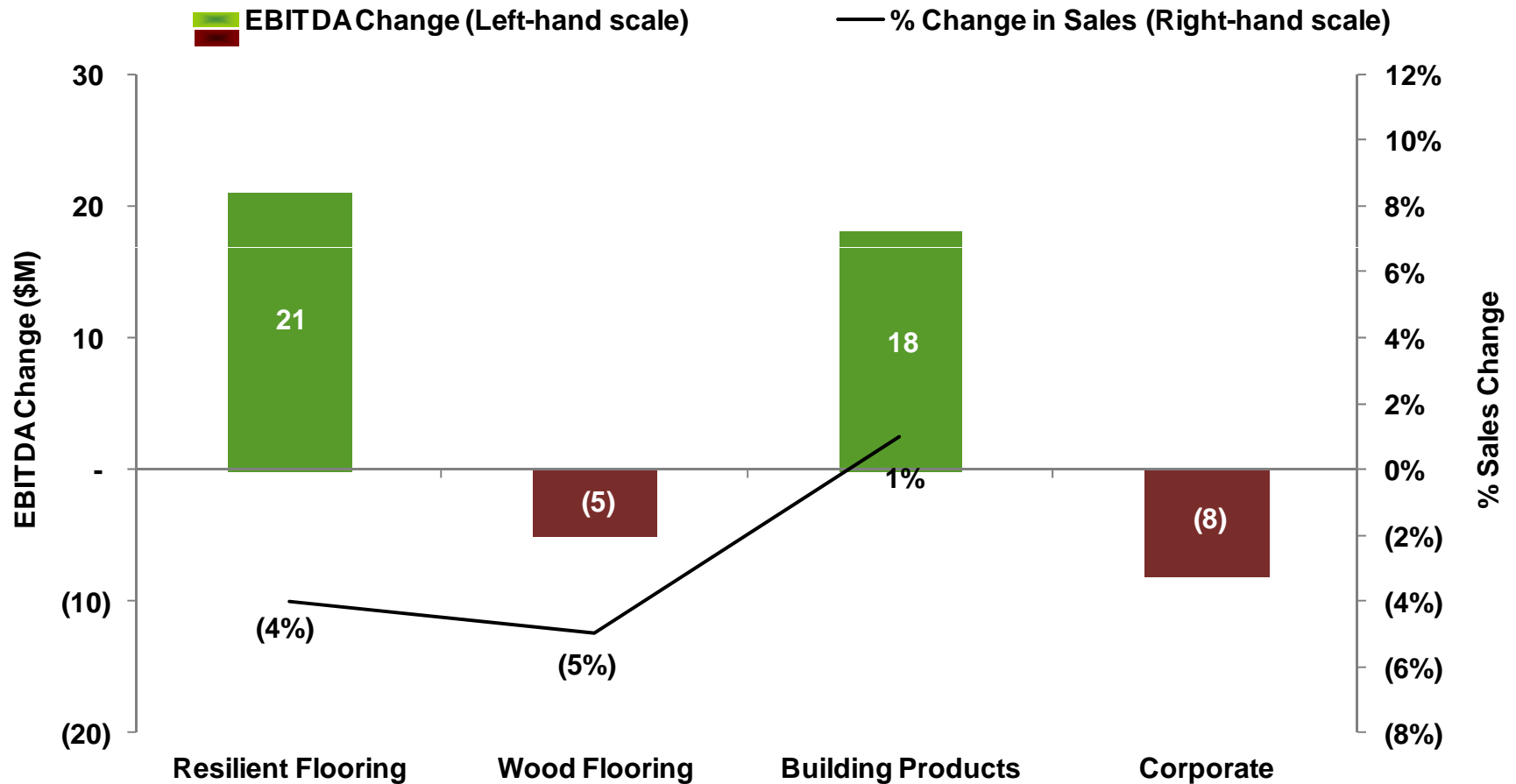
(3) As reported EPS: \$2.41 in 2012 and \$1.91 in 2011.

(4) Cash flow information includes cash flows attributable to Cabinets

(5) Unadjusted

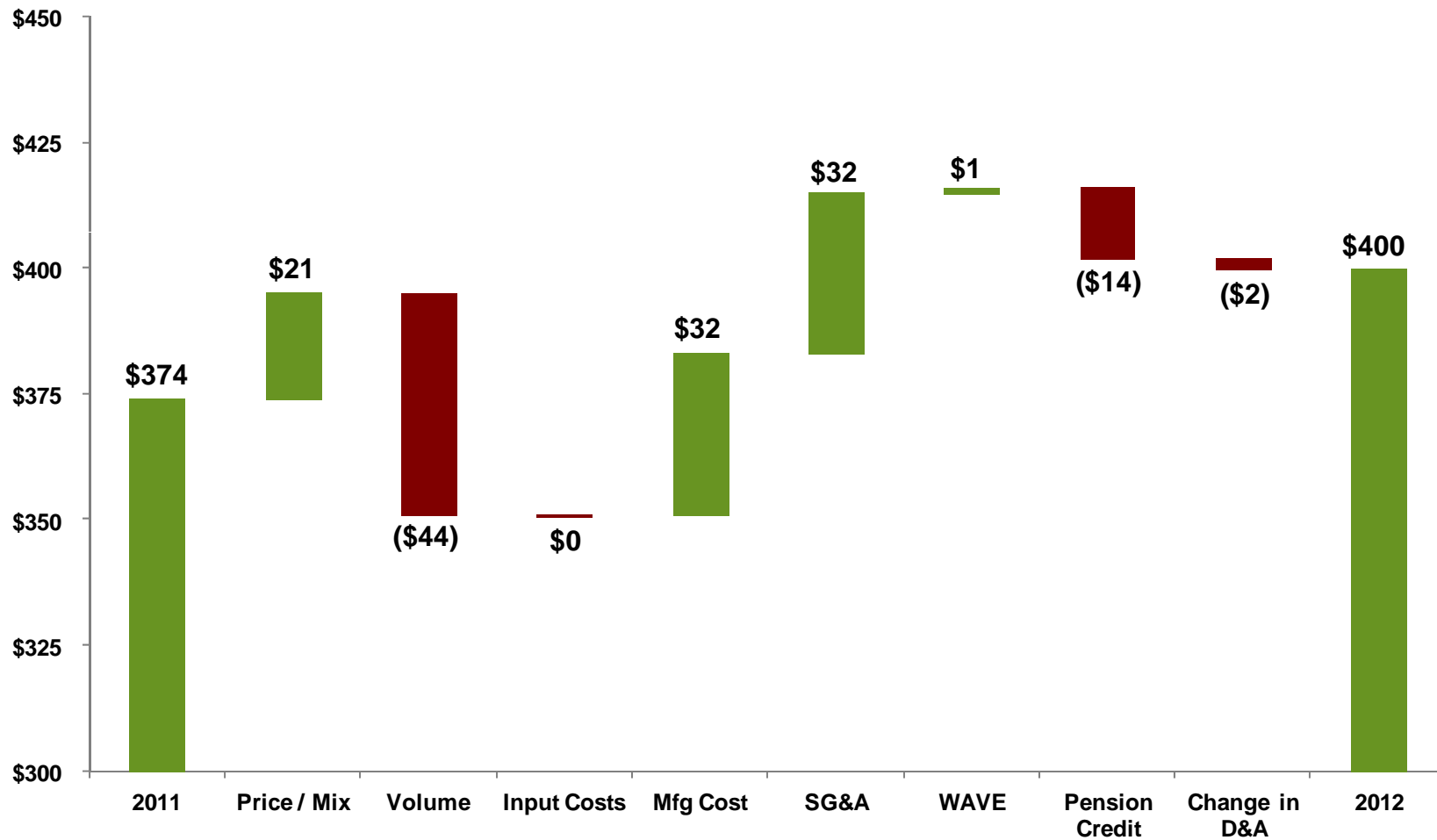


Full Year Sales and EBITDA by Segment – 2012 vs. 2011



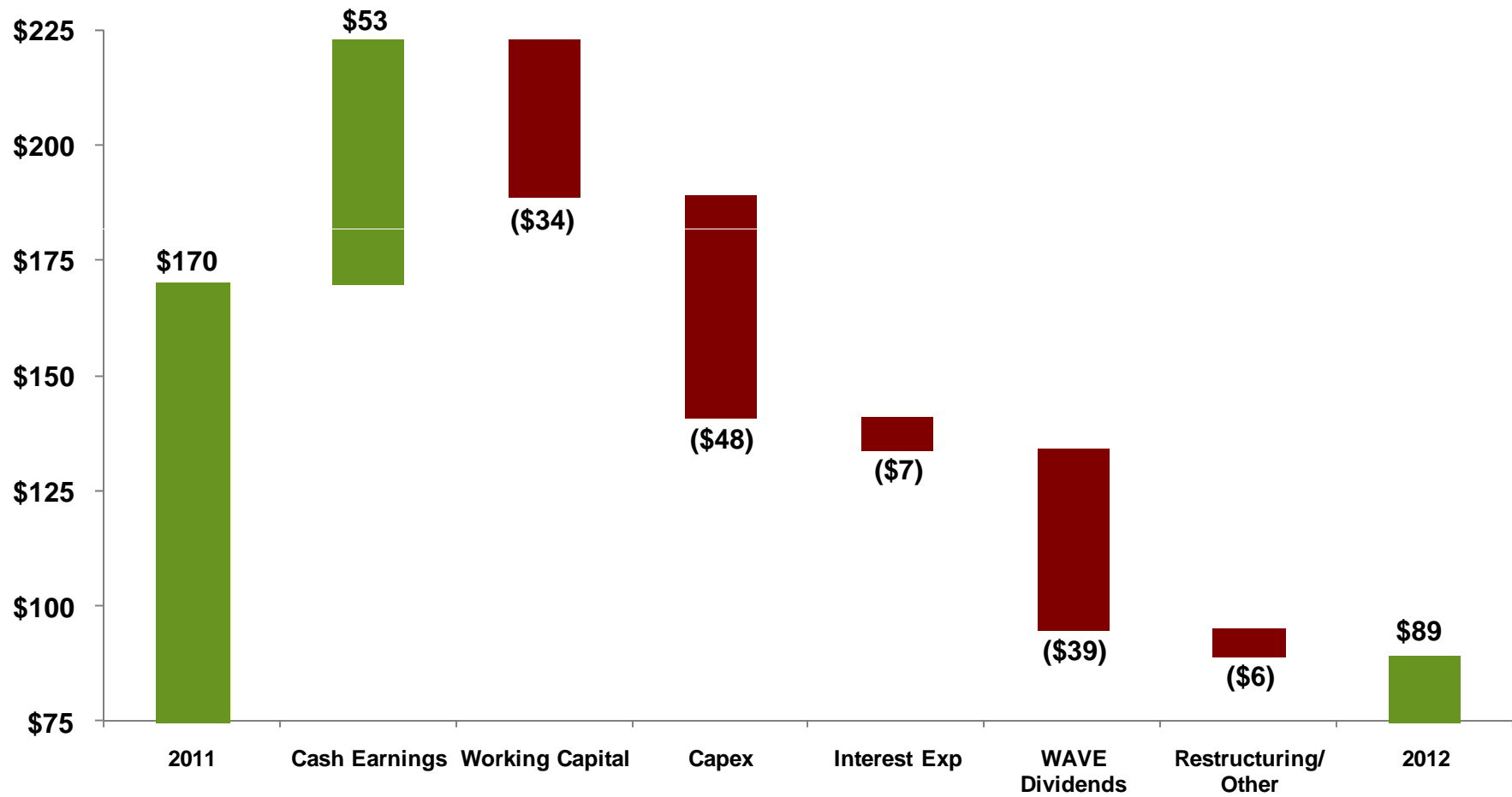


EBITDA Bridge – Full Year 2012 vs. Prior Year





Free Cash Flow – Full Year 2012 vs. Prior Year



Cash flow information includes cash flows attributable to Cabinets



Key Metrics – Guidance 2013

	2013 Estimate Range ⁽¹⁾		2012 ⁽²⁾	Variance		
Net Sales⁽³⁾	2,700	to 2,800	2,619	3%	to	7%
Operating Income⁽⁴⁾	280	to 310	300	(7)%	to	3%
EBITDA	390	to 420	400	(3)%	to	5%
Earnings Per Share⁽⁵⁾	\$2.30	to \$2.60	\$2.51	(8)%	to	4%
Free Cash Flow	75	to 125	89	(16)%	to	40%

(1) Guidance is presented using 2013 budgeted foreign exchange rates,

(2) 2012 results are presented using 2012 budgeted foreign exchange rates

(3) 2012 and 2013 net sales include the impact of foreign exchange

(4) As reported Operating Income: \$275- \$305 million in 2013 and \$271 million 2012

(5) As reported earnings per share: \$2.10- \$2.40 in 2013 and \$2.41 in 2012



2013 Financial Outlook

Raw Material & Energy Inflation

▶ \$40 - \$50 million increase

Manufacturing Productivity

▶ 2.5% Annual Gross Productivity target ; Adjusted Gross Margin (25) to (75) bps vs. 2012

U.S. Pension Credit

▶ Down \$10 million; 60% manufacturing, 40% SG&A

Earnings from WAVE

▶ \$0 - \$5 million vs. 2012

Cash Taxes/ETR

▶ \$25 - \$50 million. Adjusted long-term ETR of ~39%⁽²⁾

Q1

▶ Sales⁽¹⁾ \$600 – \$650 million EBITDA \$68 – \$83 million

Capital Spending

▶ \$170 - \$190 million

Exclusions from EBITDA

▶ < \$5 million

(1) Net sales include foreign exchange impact

(2) As reported ETR of 42% for 2013



Appendix





Divested Businesses

- Cabinets
 - Announced sale in Q3 2012 and finalized sale in Q4 2012
 - Treated as discontinued operation starting with Q3 2012
- Patriot
 - Completed sale in Q3 2012
 - Results included in the Wood Flooring segment

Impact on Y-o-Y Comparisons	Q3 2012	Q4 2012	2012	1H 2013	Q3 2013	2013
Net Sales	\$3-\$4M	\$7 - \$8M	\$10 - \$12M	\$18 - \$20M	\$6 -\$7M	\$24-\$27M
EBITDA	-- Minimal --					



Full Year - Adjusted EBITDA to Reported Net Income

	2012	2011	V
EBITDA– Adjusted	\$400	\$374	\$26
Depreciation and Amortization	(100)	(102)	2
Operating Income – Adjusted	\$300	\$272	\$28
Foreign Exchange Movements	2	4	(2)
Cost Reduction Initiatives	(13)	(15)	2
Accelerated Depreciation (not included above)	(12)	(9)	(3)
Impairment	(6)	(3)	(3)
Restructuring	-	(9)	9
Operating Income – As Reported	\$271	\$240	\$31
Interest (Expense) Income	(51)	(46)	(5)
EBT	\$220	\$194	\$26
Tax (Expense) Benefit	(76)	(81)	5
Net Income	\$144	\$113	\$31



Adjusted Operating Income to Free Cash Flow

	2013 Estimate Range		
Adjusted Operating Income	280	to	310
D&A		110	
Adjusted EBITDA	390	to	420
Changes in Working Capital	(25)	to	(45)
Capex	(170)	to	(190)
Interest Expense	(50)	to	(55)
Cash Taxes	(25)	to	(50)
Other, including cash payments for restructuring and one-time items	(5)	to	0
Free Cash Flow	75	to	125



Consolidated Results

Fourth Quarter

	2012 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2012 Adjusted	2011 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2011 Adjusted
Net Sales	613	-	(5)	608	623	-	(8)	615
Operating Income	42	5	(1)	46	24	5	-	29
EPS	\$0.15	\$0.20	(\$0.01)	\$0.34	\$0.16	\$0.02	-	\$0.18

Full Year

	2012 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2012 Adjusted	2011 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2011 Adjusted
Net Sales	2,619	-	(9)	2,610	2,723	-	(57)	2,666
Operating Income	271	31	(2)	300	240	36	(4)	272
EPS	\$2.41	\$0.12	(\$0.02)	\$2.51	\$1.91	\$0.37	(\$0.04)	\$2.24

(1) See earnings press release and 10-K for additional detail on comparability adjustments

(2) Eliminates impact of foreign exchange movements



Segment Operating Income (Loss)

Fourth Quarter						
	2012 Reported	Comparability ⁽¹⁾ Adjustments	2012 Adjusted	2011 Reported	Comparability ⁽¹⁾ Adjustments	2011 Adjusted
Building Products	52	2	54	35	-	35
Resilient Flooring	(1)	-	(1)	(5)	4	(1)
Wood Flooring	8	1	9	9	1	10
Unallocated Corporate (Expense) Income	(17)	1	(16)	(15)	-	(15)

Full Year						
	2012 Reported	Comparability ⁽¹⁾ Adjustments	2012 Adjusted	2011 Reported	Comparability ⁽¹⁾ Adjustments	2011 Adjusted
Building Products	230	24	254	226	11	237
Resilient Flooring	57	2	59	16	21	37
Wood Flooring	37	1	38	43	-	43
Unallocated Corporate (Expense) Income	(53)	2	(51)	(45)	-	(45)

(1) Eliminates impact of foreign exchange movements and non-recurring items; see earnings press release and 10-K for additional detail.



Cash Flow

(\$ millions)	Fourth Quarter		Full Year	
	2012	2011	2012	2011
Net cash from operations	\$89	\$80	\$220	\$200
Net cash (used for) provided by investing activities	(41)	24	(92)	(9)
Add back (subtract) adjustments to reconcile to free cash flow				
Other	2	2	2	3
Restricted cash	-	(20)	(2)	(28)
Acquisition/ (Divestiture)	(25)	4	(39)	4
Free Cash Flow	\$25	\$90	\$89	\$170

Cash flow information includes cash flows attributable to Cabinets