

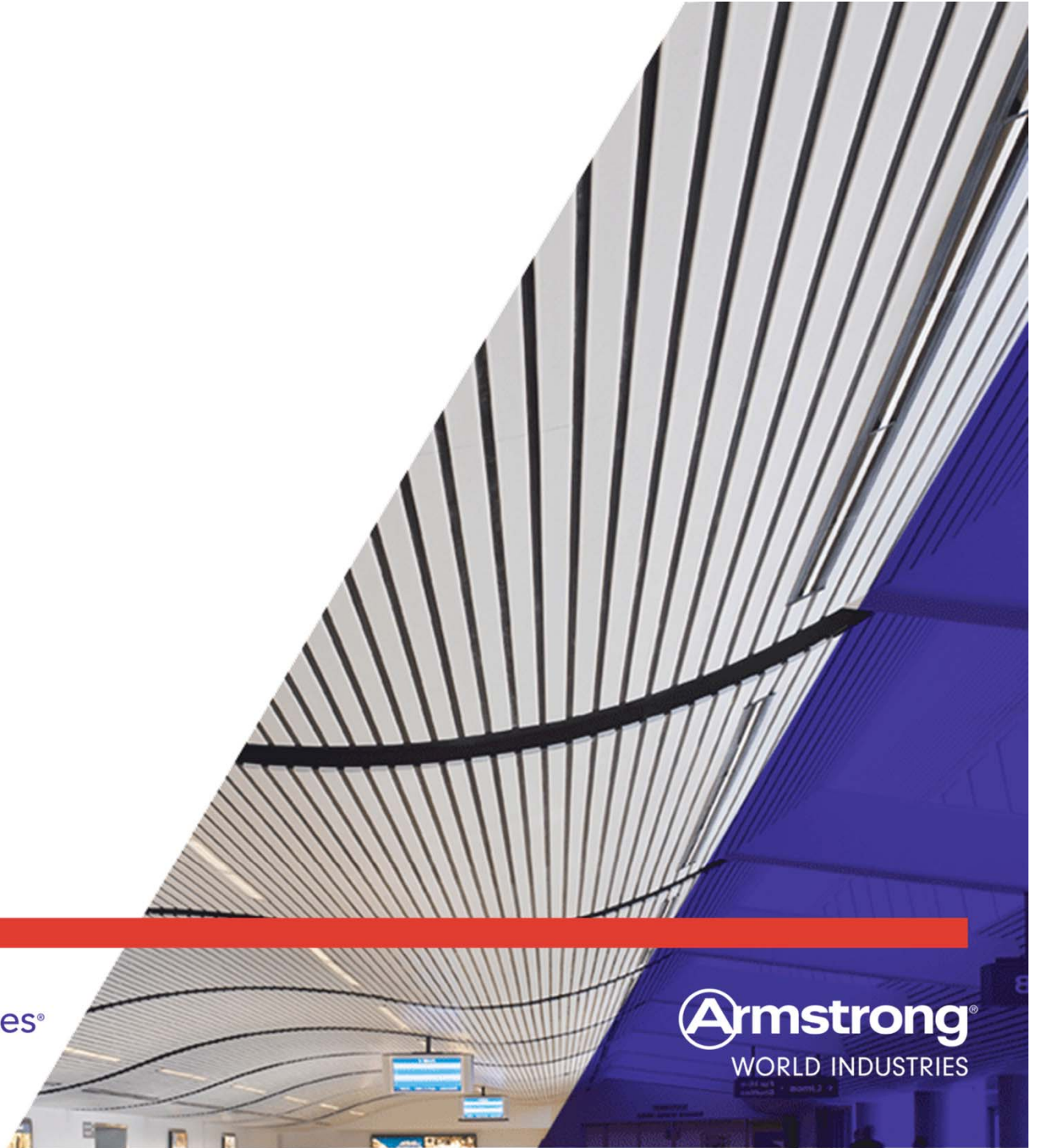
May 9, 2016

Earnings Call Presentation

1st Quarter 2016

Inspiring Great Spaces®

Armstrong[®]
WORLD INDUSTRIES



Our disclosures in this presentation, including without limitation, those relating to future financial results guidance and the separation of our flooring business from our building products 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 or the separation of our businesses. 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.armstrongceilings.com.

The guidance in this presentation is only effective as of the date given, May 9, 2016, 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.

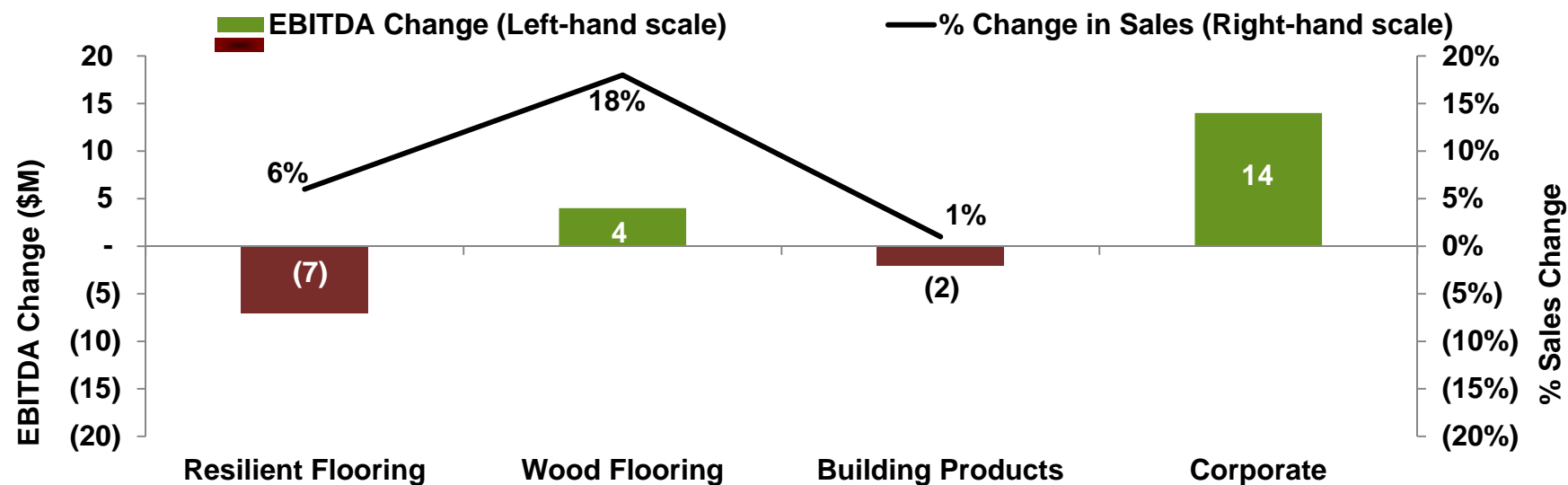
- We report in comparable dollars to remove the effects of currency translation on the P&L. The budgeted exchange rate for 2016 is used for all currency translations in 2016 and prior years. Guidance is presented using the 2016 budgeted exchange rate for the year.
- We remove the impact of discrete expenses and income. Examples include plant closures, restructuring actions, separation costs and other large unusual items. We also remove the non-cash impact of our U.S. Pension Plan.
- Taxes for normalized Net Income and EPS are calculated using a constant 39% for 2016 guidance, and 2016 and 2015 results, which are based on the expected full year historical tax rate.
- Results for the ceilings business on slides 6 and 7 have been adjusted to reflect the allocation of corporate costs to the business in preparation of the separation. Corporate costs of \$17M were allocated to the ceilings business in 2016; 70% to SG&A, 30% to COGS and held constant in 2015 for comparability purposes

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	Yes
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.

Consolidated Company Key Metrics - First Quarter 2016

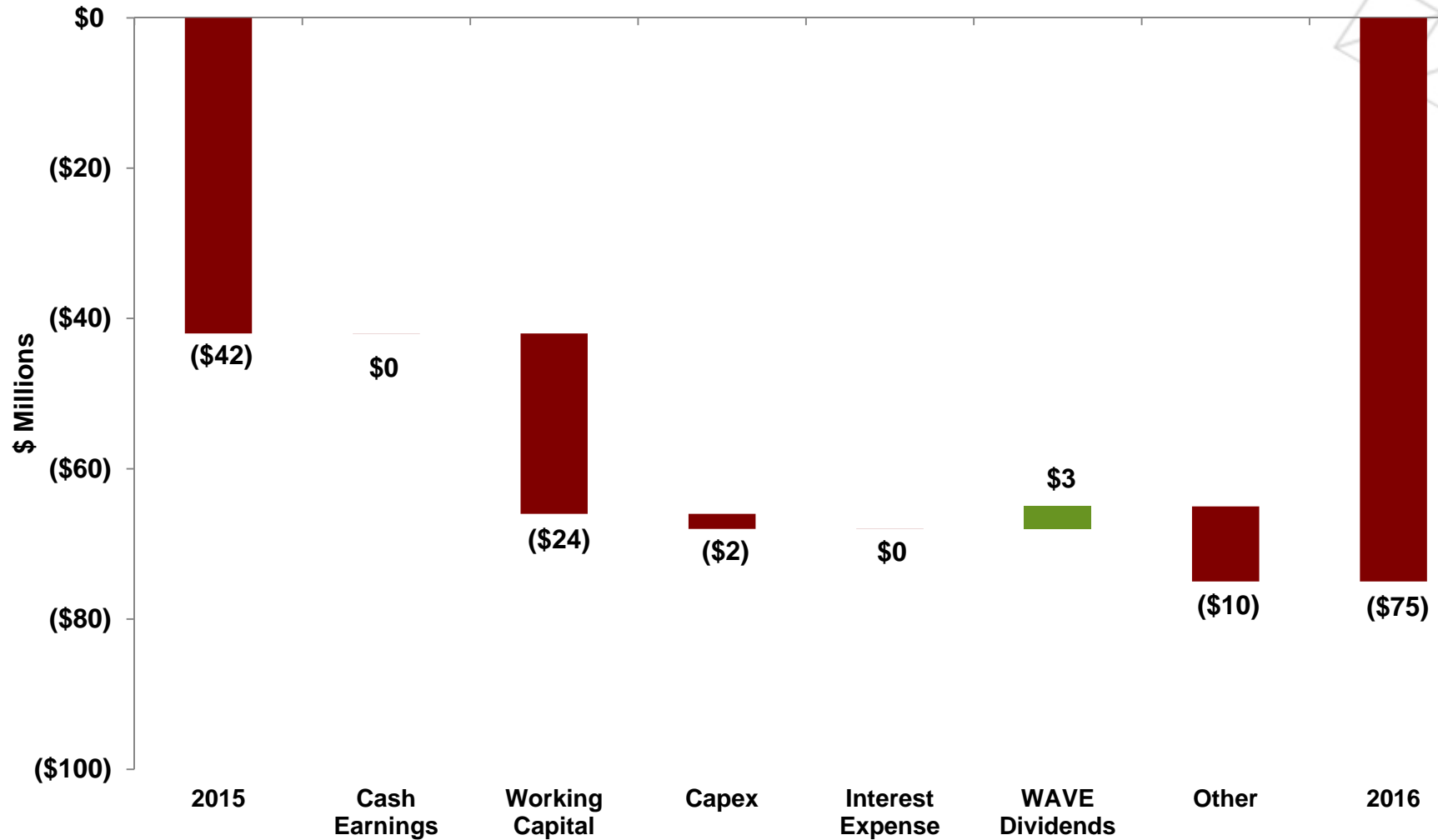
	2016	2015	Variance
Net Sales ⁽¹⁾	\$577	\$545	5.8%
EBITDA	81	72	12.5%
% of Sales	14.1%	13.3%	90 bps
Earnings Per Share ⁽²⁾	\$0.47	\$0.35	34.1%
Free Cash Flow	(75)	(42)	(78.4%)
Net Debt	828	903	(75)



(1) As reported Net Sales: \$572 million in 2016 and \$551 million in 2015

(2) As reported EPS: (\$0.21) in 2016 and \$0.07 in 2015

Consolidated Free Cash Flow – First Quarter 2016 vs. Prior Year



Building Products Key Metrics – First Quarter 2016

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	2016	2015*	Variance
Net Sales ⁽¹⁾	\$292	\$288	1.2%
Operating Income ⁽²⁾	54	46	18.1%
% of Sales	18.6%	15.9%	270 bps
EBITDA	73	65	13.2%
% of Sales	25.1%	22.4%	270 bps

	2016	2015*	V
EBITDA– Adjusted	\$73	\$65	\$8
Depreciation and Amortization	(19)	(19)	-
Operating Income – Adjusted	\$54	\$46	\$8
Non-cash Impact of U.S. Pension	3	3	-
Corporate allocations	-	(17)	17
Operating Income – As Reported	\$51	\$60	(\$9)

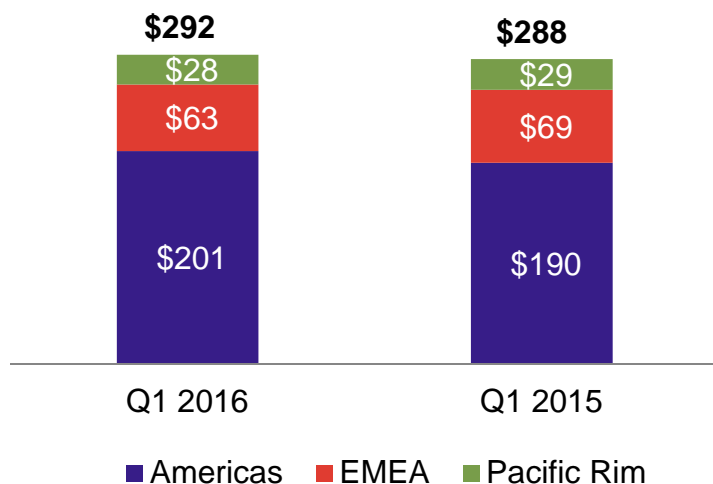
(1) As reported Net Sales: \$287 million in 2016 and \$292 million in 2015

(2) As reported Operating Income: \$51 million in 2016 and \$60 million in 2015

* Corporate costs of \$17 million were allocated to the ceilings business in 2016 in preparation of the separation; 70% to SG&A, 30% to COGS including \$3 million of depreciation and held constant in 2015 for comparability purposes

Building Products First Quarter Results

Net Sales



Q1 2015 Adjusted EBITDA*	\$ 65M
AUV	(6)
Volume	1
Manufacturing & Input Costs	5
SG&A	3
WAVE	5
Q1 2016 Adjusted EBITDA	\$ 73M

Key Highlights

- Excluding the unfavorable impact of foreign exchange of \$8 million, net sales increased 1% as volume declines in EMEA and the Pacific Rim were offset by **mid single digit volume growth in the Americas** and continued improvement in average unit value.
- Driven by unfavorable country mix in EMEA, volume strength at the low end of the product portfolio in the Americas and the one-time impact from the release of merchandising funds associated with a large retail customer
- Strong volume growth in the Americas was offset by lower volumes in EMEA and the Pacific Rim
- Driven by lower input costs and productivity
- Prudent SG&A spending and prior cost reduction actions in international regions aided margins
- WAVE delivered a record earnings quarter

Margins improved 270 bps driven by continued expansion in Americas margins



* Corporate costs of \$17M were allocated to the ceilings business in 2016 in preparation of the separation; 70% to SG&A, 30% to COGS including \$3M of depreciation and held constant in 2015 for comparability purposes

2016E Guidance - Reaffirmed

	2015 Normalized at 2015 FX	2015 Normalized at 2016 FX	2016E Normalized at 2016 FX	
Revenue⁽¹⁾	\$1,285	\$1,224	\$1,260 – \$1,310 <i>3% – 7% YoY Growth</i>	<ul style="list-style-type: none"> 1% – 3% North America volume growth 2% – 4% International volume growth 1% – 3% average unit value increase
Adjusted EBITDA⁽²⁾	\$303	\$296	\$310 – \$330 <i>5% – 12% YoY Growth</i>	<ul style="list-style-type: none"> \$42 million of standalone corporate costs 1% – 2% cost savings over inflation Increased sales and marketing investments to expand total solutions selling capabilities
Adjusted EPS⁽³⁾	\$2.09	\$2.02	\$2.15 – \$2.32 <i>6% – 15% YoY Growth</i>	<ul style="list-style-type: none"> \$30 – \$35 million of interest expense Normalized 39% effective tax rate 57 million average diluted shares outstanding Cash tax rate 35% – 39%
Free Cash Flow	\$86⁽⁴⁾	\$86⁽⁴⁾	\$80 – \$100	<ul style="list-style-type: none"> \$190 million cash flow from operations \$100 million of total capital expenditures

Note: Dollars in millions except per share values

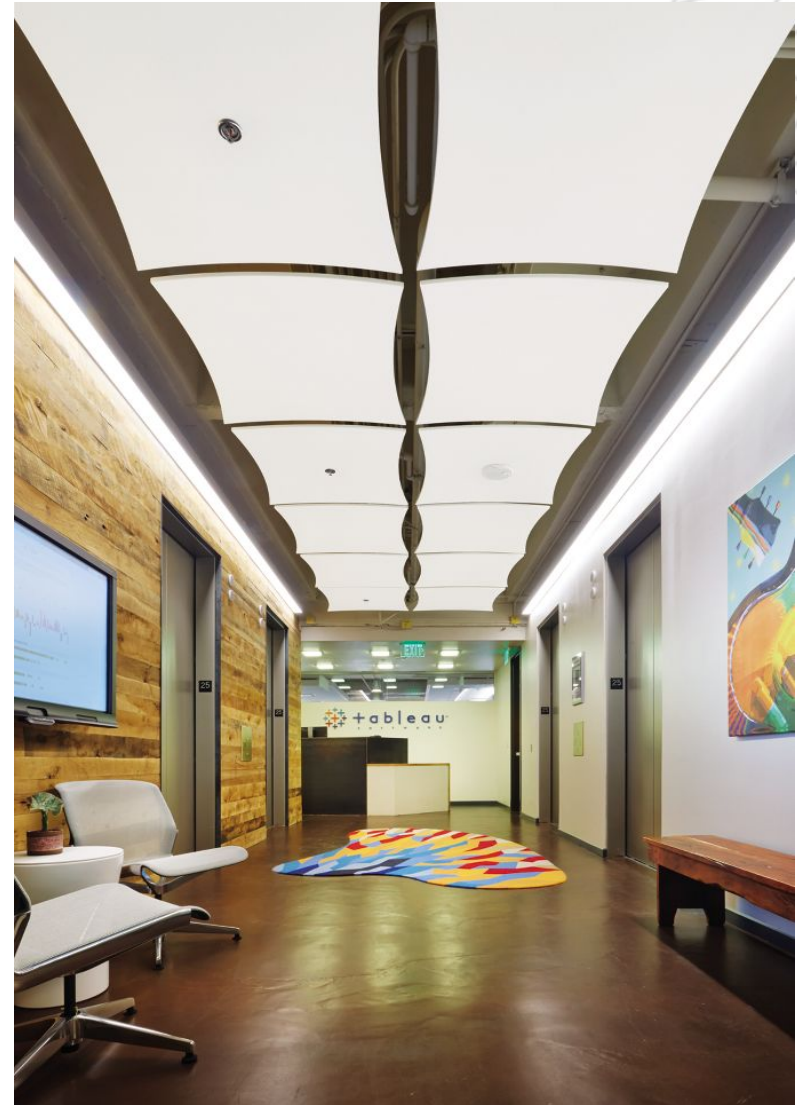
(1) As-reported revenue of \$1,231 million in 2015. 2016 As-reported will have (3%) - (5%) FX headwind

(2) Includes pro forma standalone corporate expense of \$42 million; excludes pension, separation costs and other extraordinary expenses

(3) Excludes pension, separation costs and other extraordinary expenses. As reported earnings per share of \$1.15 - \$1.30 impacted by \$34 million of separation expenses and an as reported effective tax rate of ~60%

(4) No FX adjustment. Pro forma standalone free cash flow for AWI in 2015, excludes separation costs and other extraordinary expenses

Appendix



First Quarter 2016 vs. PY– Adjusted EBITDA to Reported Net Income

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	2016	2015	V
EBITDA– Adjusted	\$81	\$72	\$9
Depreciation and Amortization	(30)	(28)	(2)
Operating Income – Adjusted	\$51	\$44	\$7
Non-cash Impact of U.S. Pension	5	6	(1)
Separation Expenses	27	4	23
Cost Reduction Initiatives	-	(2)	2
Foreign Exchange Movements	1	-	1
Operating Income – As Reported	\$18	\$36	(\$18)
Interest/Other (Expense)	(18)	(12)	(6)
EBT	(\$0)	\$24	(\$24)
Tax (Expense)	(12)	(20)	8
Net (Loss) Income	(\$12)	\$4	(\$16)

Consolidated Results

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First Quarter								
	2016 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2016 Adjusted	2015 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2015 Adjusted
Net Sales	572	-	5	577	551	-	(6)	545
Operating Income	18	32	1	51	36	8	-	44
EPS	(\$0.21)	\$0.67	\$0.01	\$0.47	\$0.07	\$0.28	\$-	\$0.35

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

(2) Eliminates impact of foreign exchange movements

Segment Operating Income (Loss)

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First Quarter						
	2016 Reported	Comparability ⁽¹⁾ Adjustments	2016 Adjusted	2015 Reported	Comparability ⁽¹⁾ Adjustments	2015 Adjusted
Building Products	51	3	54	60	(1)	59
Resilient Flooring	(5)	1	(4)	6	(2)	4
Wood Flooring	1	1	2	(1)	(1)	(2)
Unallocated Corporate (Expense) Income	(28)	27	(1)	(29)	12	(17)

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

(\$ millions)	First Quarter	
	<u>2016</u>	<u>2015</u>
Net cash (used for) operations	(\$65)	(\$34)
Net cash (used for) investing	(10)	(8)
Free Cash Flow	(\$75)	(\$42)