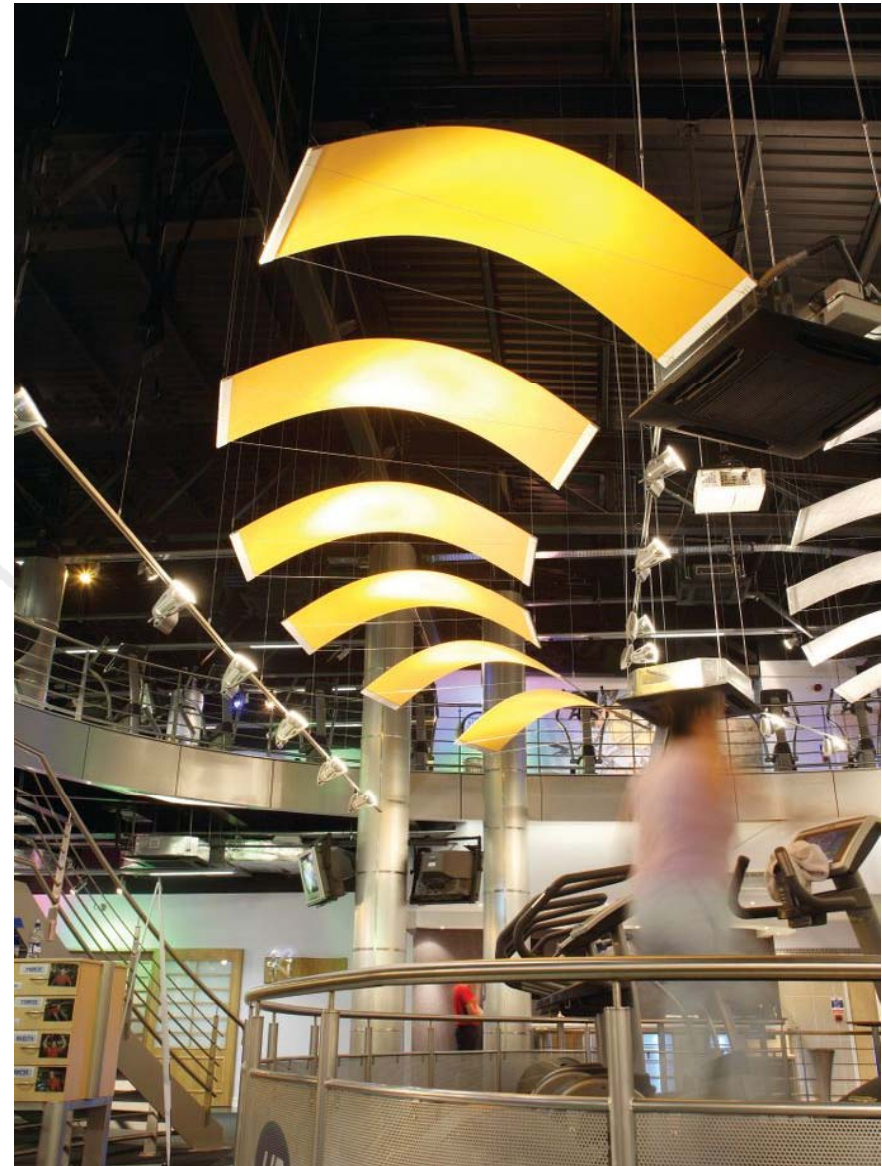


Earnings Call Presentation

2nd Quarter 2015
July 30, 2015



Safe Harbor Statement



Our disclosures in this presentation, including without limitation, those relating to future financial results guidance and the possible 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.armstrong.com.

The guidance in this presentation is only effective as of the date given, July 30, 2015, 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 2015 is used for all currency translations in 2015 and prior years. Guidance is presented using the 2015 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 2015 guidance, and 2015 and 2014 results, which are based on the expected full year historical tax rate.

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 – Second Quarter 2015



	2015	2014	Variance
Net Sales ⁽¹⁾	\$649	\$652	(0.4%)
Operating Income ⁽²⁾	82	73	13.1%
% of Sales	12.7%	11.2%	150 bps
EBITDA	112	104	7.7%
% of Sales	17.2%	15.9%	130 bps
Earnings Per Share ⁽³⁾	\$0.81	\$0.66	22.5%
Free Cash Flow	77	9	Favorable
Net Debt	823	963	(140)
ROIC ⁽⁴⁾	6.6%	8.4%	(180 bps)

(1) As reported Net Sales: \$633 million in 2015 and \$659 million in 2014

(2) As reported Operating Income: \$63 million in 2015 and \$64 million in 2014

(3) As reported EPS: \$0.53 in 2015 and \$0.48 in 2014

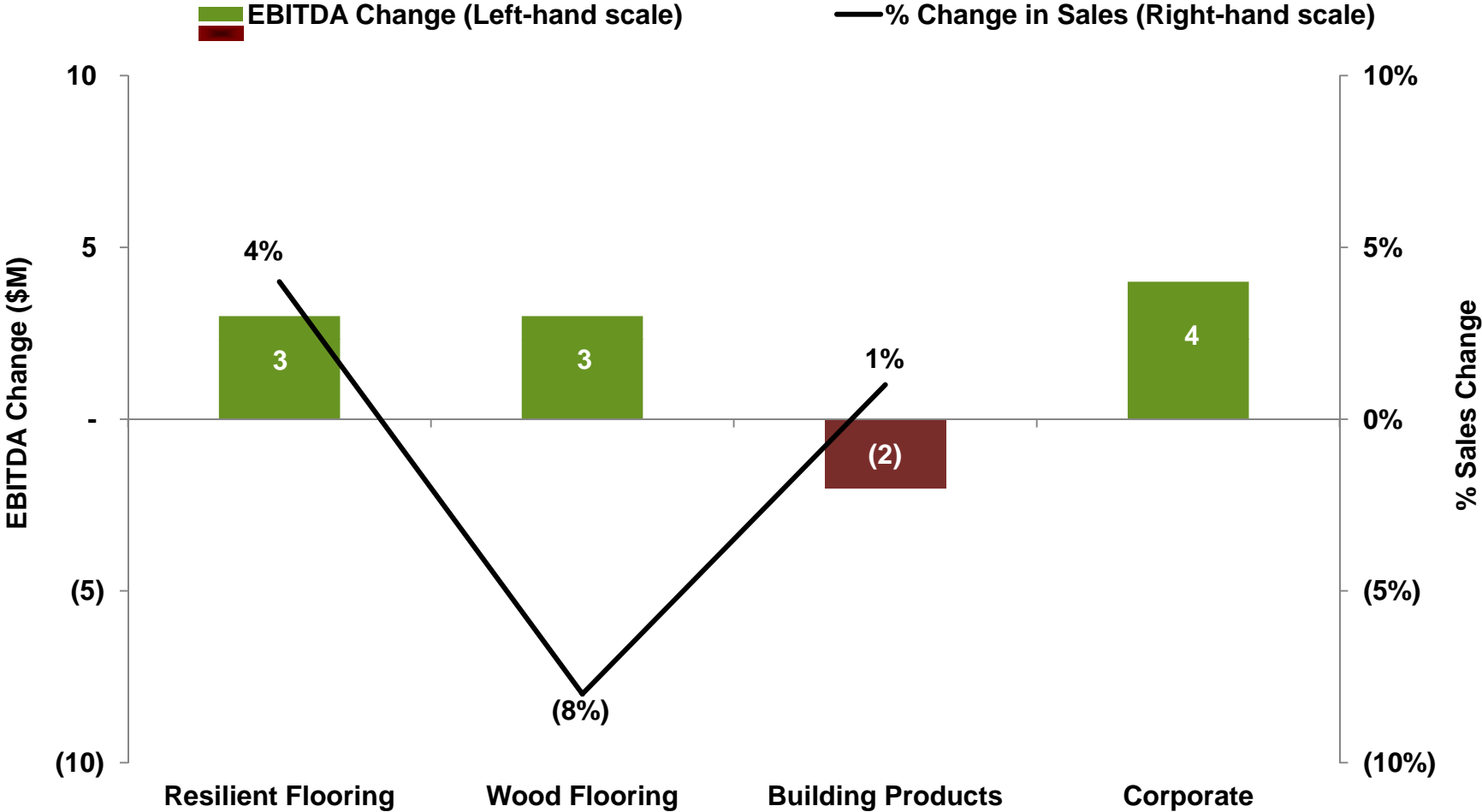
(4) Unadjusted

Second Quarter 2015 vs. PY– Adjusted EBITDA to Reported Net Income

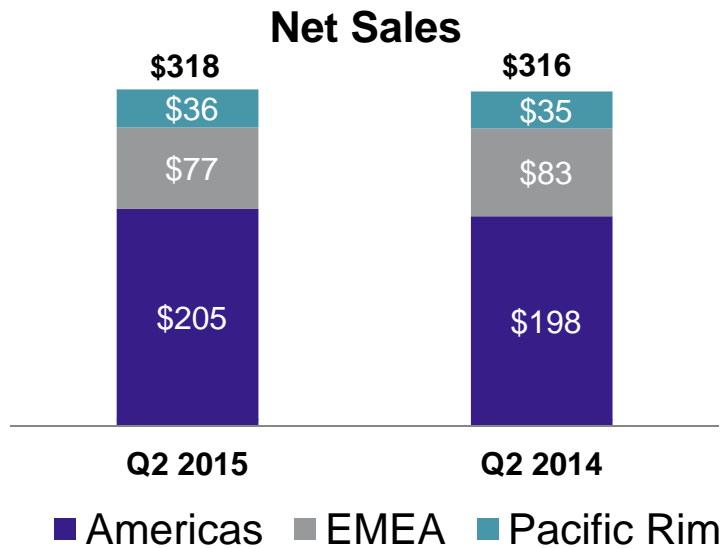


	2015	2014	V
EBITDA– Adjusted	\$112	\$104	\$8
Depreciation and Amortization	(30)	(31)	1
Operating Income – Adjusted	\$82	\$73	\$9
Non-cash Impact of U.S. Pension	6	-	6
Separation Expenses	5	-	5
Multilayered Wood Flooring Duty	4	-	4
Cost Reduction Initiatives	-	7	(7)
Impairment	-	1	(1)
Foreign Exchange Movements	4	1	3
Operating Income – As Reported	\$63	\$64	(\$1)
Interest/Other (Expense)	(8)	(13)	5
EBT	\$55	\$51	\$4
Tax (Expense)	(25)	(24)	(1)
Net Income	\$30	\$27	\$3

Second Quarter Sales and EBITDA by Segment – 2015 vs. Prior Year



Building Products Second Quarter Results



Key Highlights

- On a comparable foreign exchange basis sales increased slightly as favorable price and mix performance offset volume declines predominantly in EMEA markets

Q2 2014 Adjusted EBITDA \$ **83M**

Price & Mix
Volume
Manufacturing & Input Costs
SG&A
WAVE

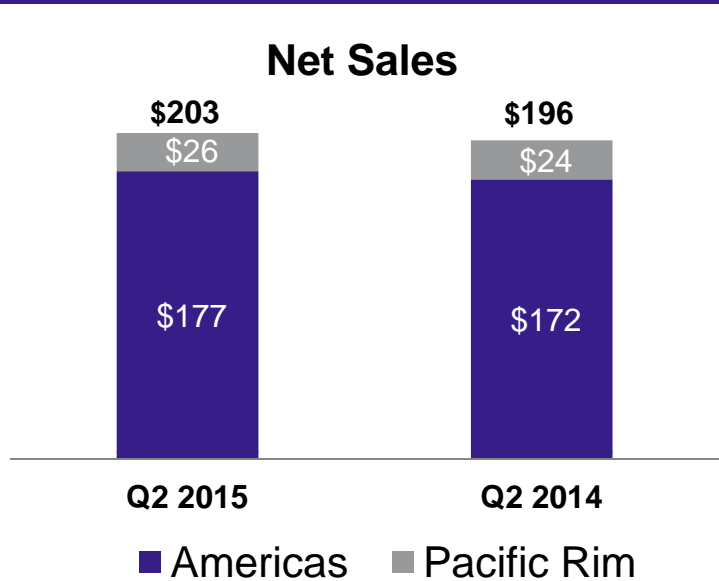
6
(5)
1
(3)
(1)

- Reflects impact of prior price increases and continued strong mix performance
- Driven by lower volumes in EMEA and the Americas
- Reflects the benefit of lower freight costs and productivity in the Americas
- Driven by inflation and higher marketing collateral expense

Q2 2015 Adjusted EBITDA \$ **81M**

Volume declines and higher SG&A expenses pressure margins despite favorable price and mix performance

Resilient Second Quarter Results



Key Highlights

- Sales increased driven by strong volume growth in the Americas commercial business that was partially aided by favorable market share shifts as a result of competitive product availability issues and our service proposition relative to competition
- On a comparable foreign exchange basis sales in the Pacific Rim increased slightly driven by growth in India

Q2 2014 Adjusted EBITDA	\$ 29M
Price & Mix	(3)
Volume	5
Manufacturing & Input Costs	8
SG&A	(7)
Q2 2015 Adjusted EBITDA	\$ 32M

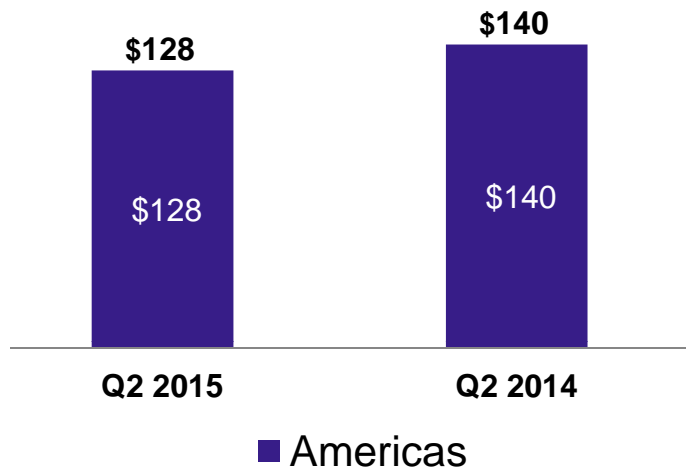
- Driven by unfavorable price and mix performance in residential flooring in the Americas
- Volume growth driven by U.S. commercial
- Reflects the benefit of favorable input costs
- Higher SG&A expense to support go-to-market initiatives

Strong commercial volumes in the Americas and favorable input costs drive margin performance

Wood Second Quarter Results



Net Sales



Key Highlights

- Despite improvements in mix sales declined driven primarily by lower volumes
- Volume declines were caused by market share shifts as a result of prior year price and mix optimization actions, inventory adjustments at home centers, and engineered wood product availability challenges

Q2 2014 Adjusted EBITDA \$ **8M**

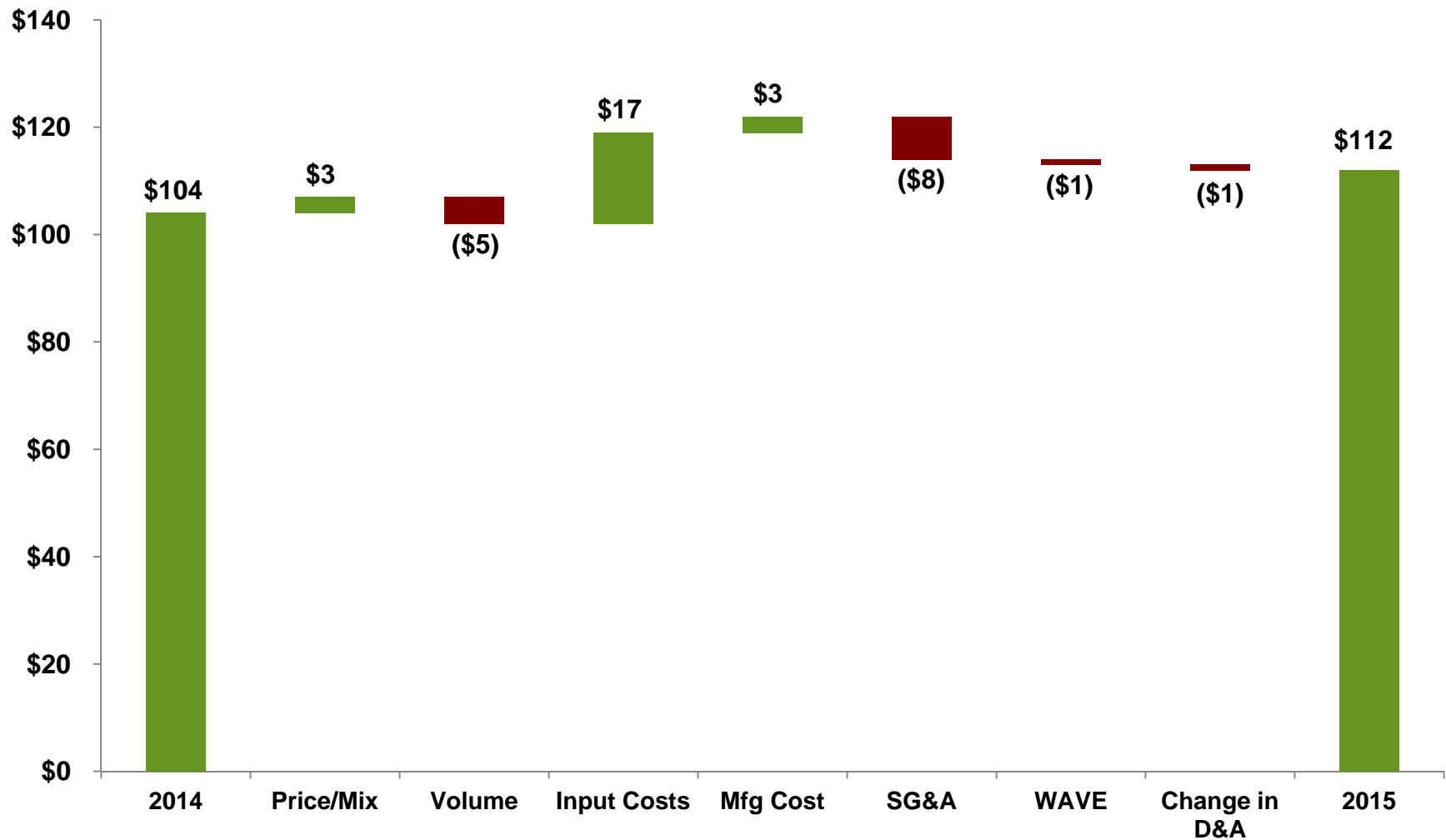
Price & Mix	(1)
Volume	(4)
Manufacturing & Input Costs	11
SG&A	(1)
D&A/Other	(2)

- Driven by unfavorable price, despite mix improvement
- Due to engineered wood product availability challenges and share loss at opening price points
- Reflects the benefit of favorable input costs

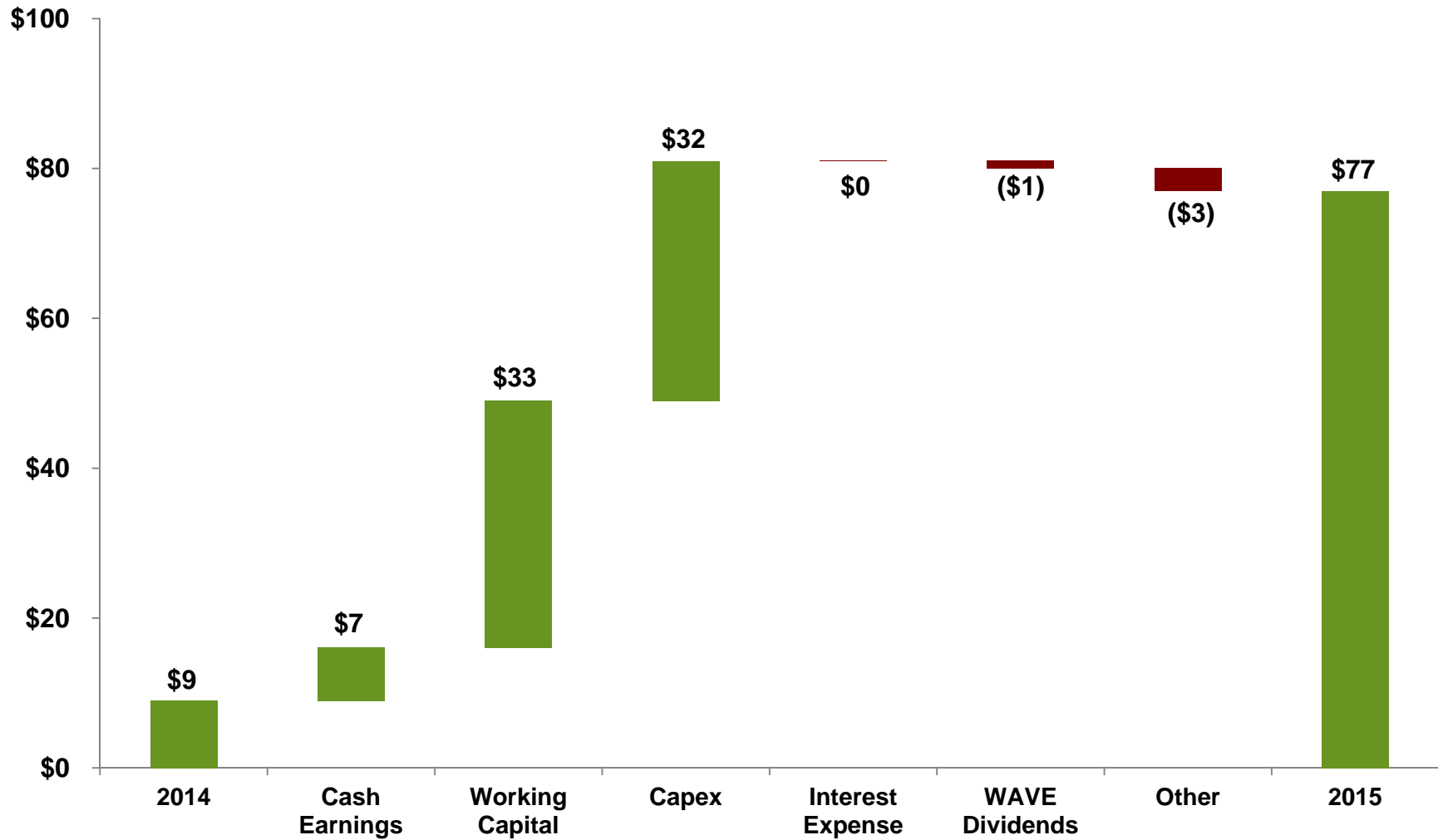
Q2 2015 Adjusted EBITDA \$ **11M**

Favorable input costs and manufacturing productivity drive margin improvement

EBITDA Bridge – Second Quarter 2015 vs. Prior Year



Free Cash Flow – Second Quarter 2015 vs. Prior Year



Key Metrics – 1st Half 2015



	2015	2014	Variance
Net Sales ⁽¹⁾	\$1,214	\$1,236	(1.8%)
Operating Income ⁽²⁾	128	128	(0.1%)
% of Sales	10.5%	10.4%	10 bps
EBITDA	186	187	(0.3%)
% of Sales	15.4%	15.1%	30 bps
Earnings Per Share ⁽³⁾	\$1.18	\$1.10	7.9%
Free Cash Flow	35	(45)	Favorable

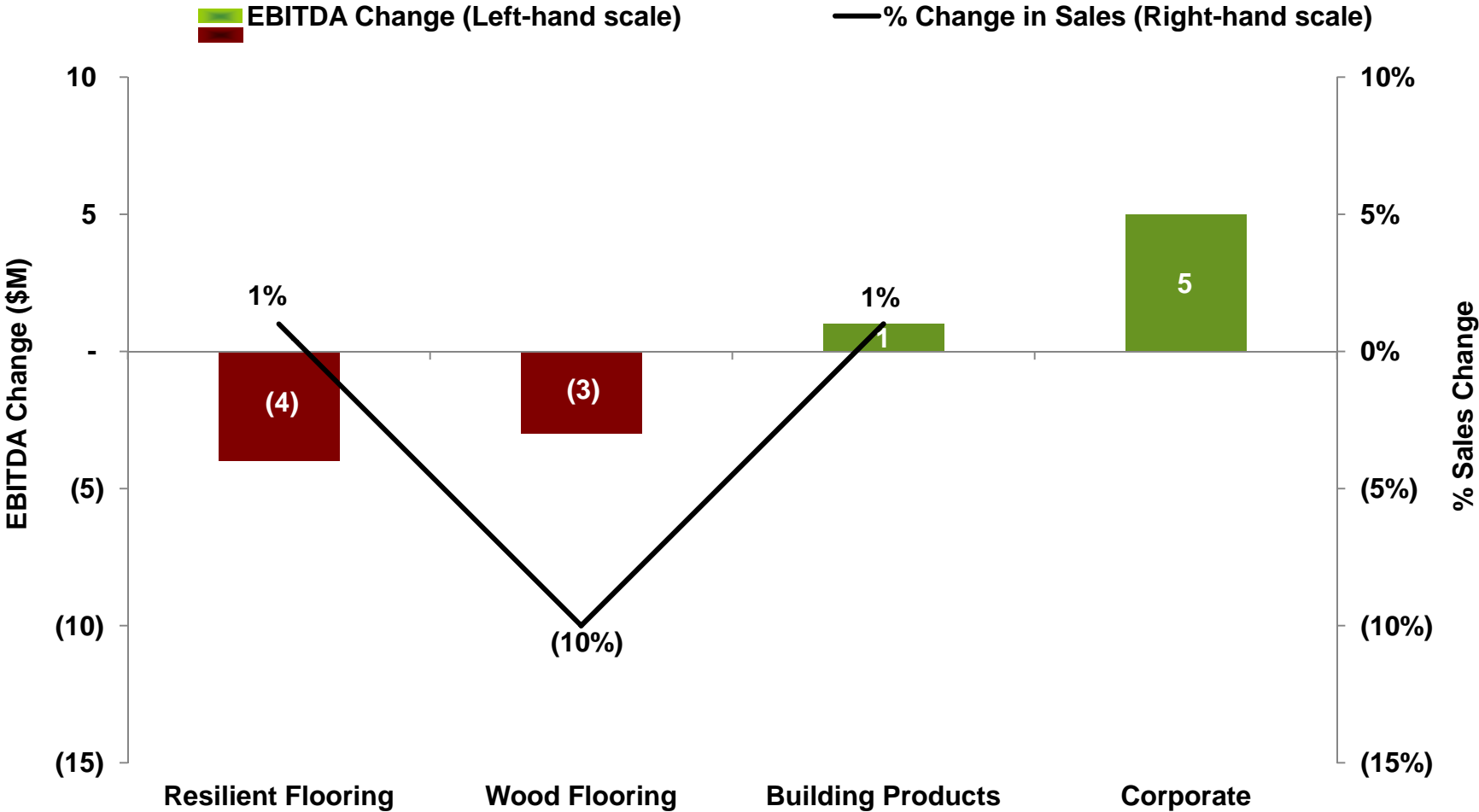
(1) As reported Net Sales: \$1,184 million in 2015 and \$1,249 million in 2014

(2) As reported Operating Income: \$99 million in 2015 and \$117 million in 2014

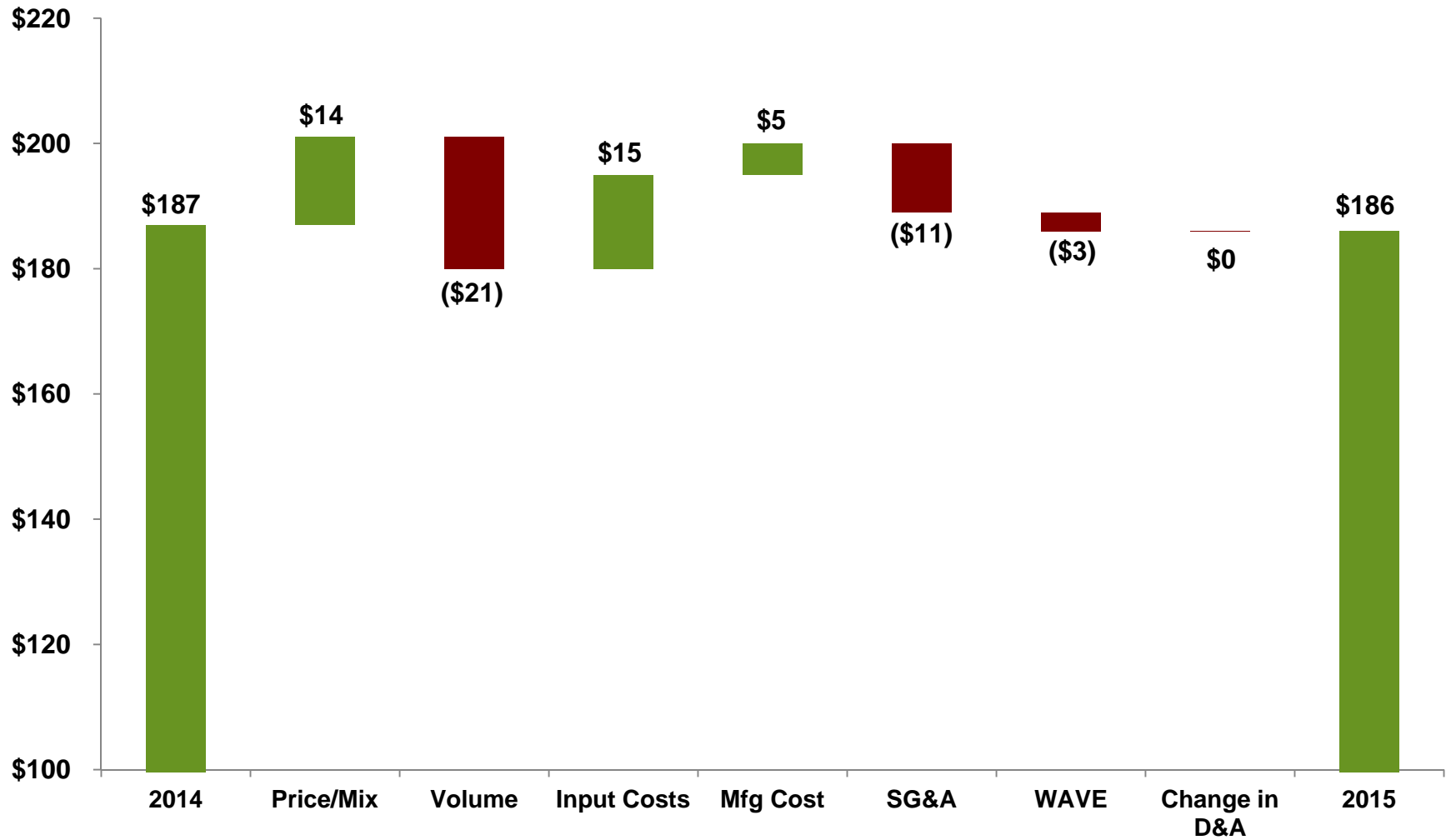
(3) As reported EPS: \$0.60 in 2015 and \$0.80 in 2014

(4) Unadjusted

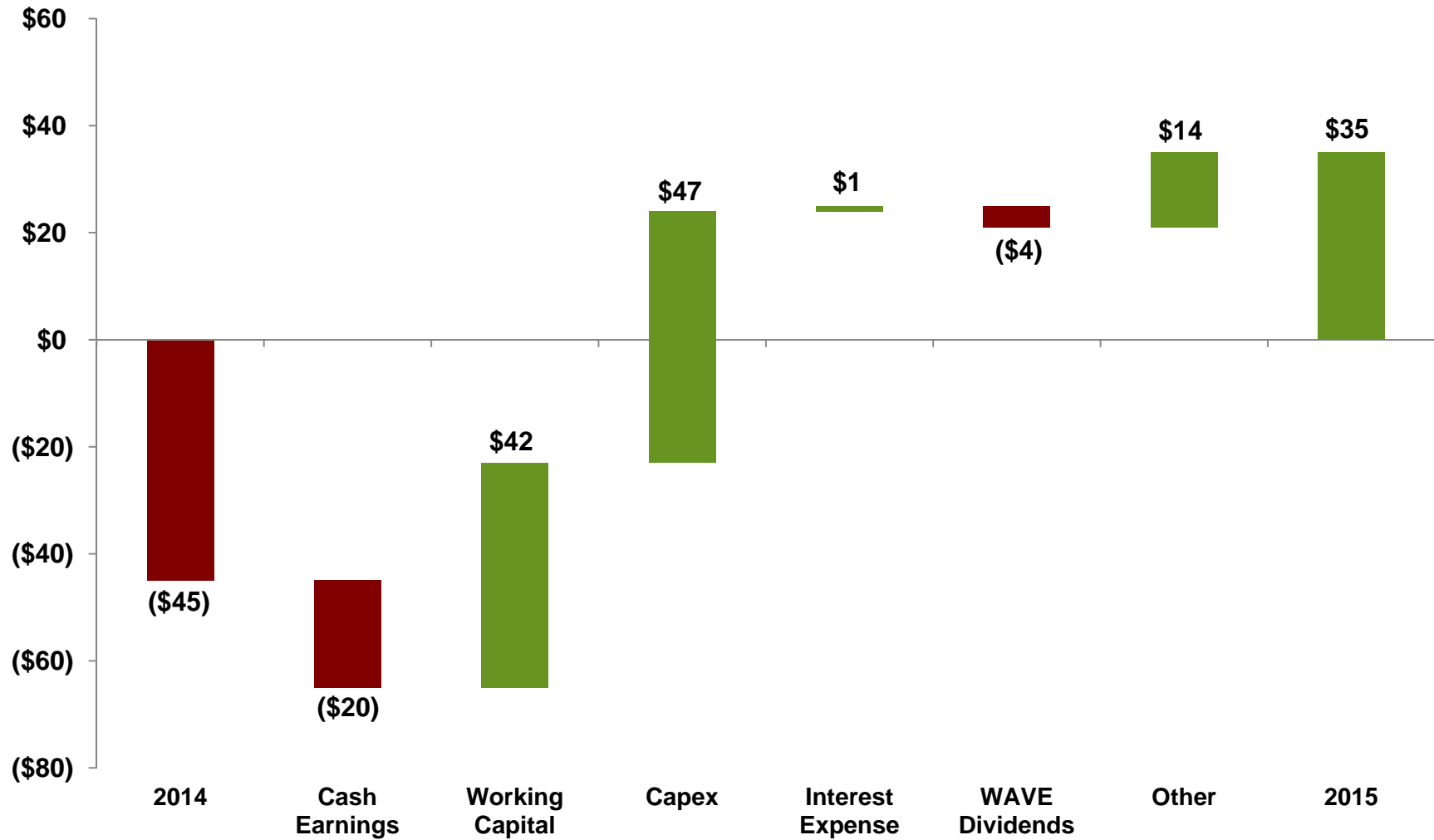
1H Sales and EBITDA by Segment – 2015 vs. Prior Year



EBITDA Bridge – 1H 2015 vs. Prior Year



Free Cash Flow – 1H 2015 vs. Prior Year



Key Metrics – Guidance 2015



	2015 Estimate Range ⁽¹⁾		2014 ⁽²⁾	Variance	
Net Sales⁽³⁾	2,400	to 2,500	2,515	(5%)	to (1%)
Operating Income⁽⁴⁾	235	to 265	271	(13%)	to (2%)
EBITDA	355	to 385	389	(9%)	to (1%)
Earnings Per Share⁽⁵⁾	\$2.05	to \$2.35	\$2.38	(14%)	to (1%)

(1) Guidance is presented using 2015 budgeted foreign exchange rates

(2) 2014 results are presented using 2015 budgeted foreign exchange rates

(3) 2015 and 2014 net sales include the impact of foreign exchange

(4) As reported Operating Income: \$180 - \$210 million in 2015 and \$239 million 2014

(5) As reported earnings per share: \$1.10 - \$1.35 in 2015 and \$1.83 in 2014

2015 Financial Outlook



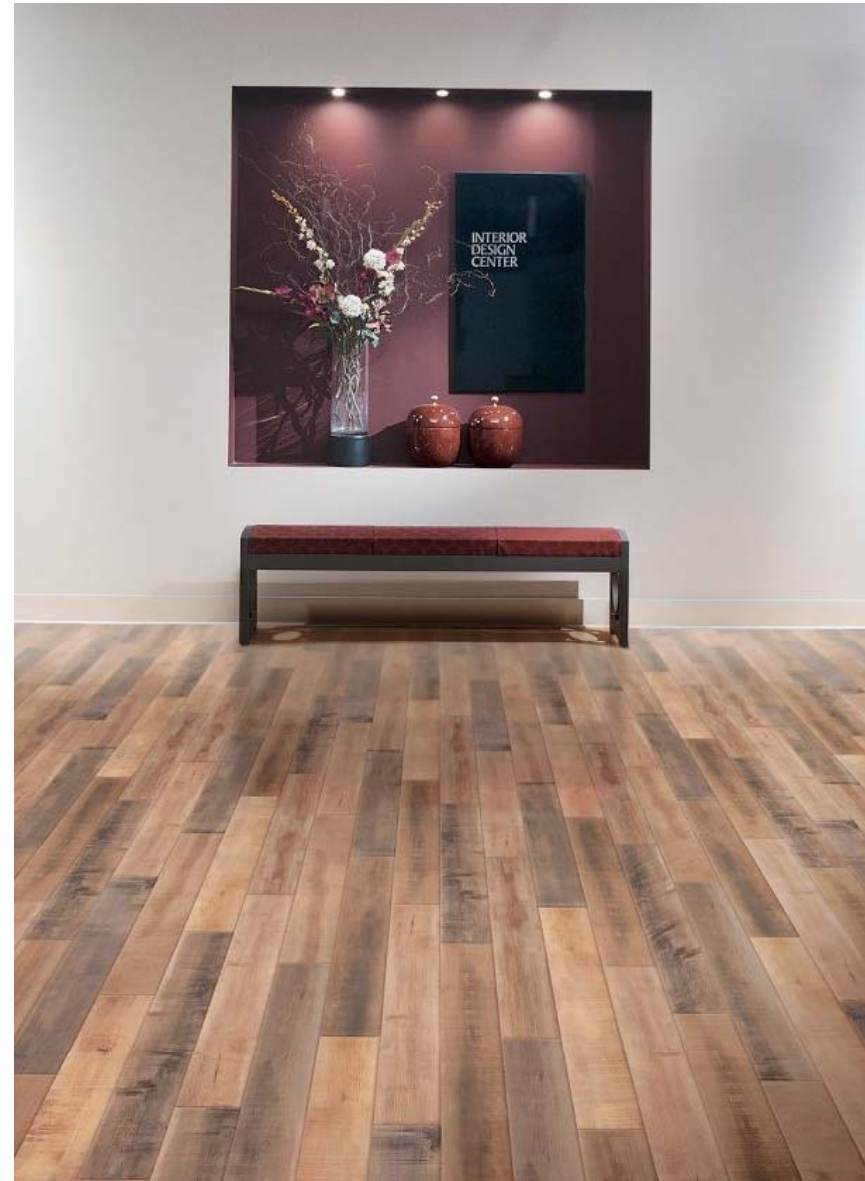
ABP Segment*	▶ Sales ⁽¹⁾ \$1,220-\$1,270 million; EBITDA \$335-\$355 million
AFP Segment*	▶ Sales ⁽¹⁾ \$1,180-\$1,230 million; EBITDA \$85-\$100 million
Corporate Segment	▶ EBITDA (\$65) – (\$70)
Cash Taxes/ETR	▶ \$35 - \$45 million; Adjusted long-term ETR of ~39% ⁽²⁾
Capital Spending*	▶ \$145 - \$165 million
Exclusions from EBITDA	▶ Non-cash: \$25 million US pension expense Cash: \$20 - \$40 million transaction costs

(1) Net sales include foreign exchange impact

(2) As reported ETR of 53% for 2015

* Changed from April Outlook

Appendix



1H 2015 vs. PY– Adjusted EBITDA to Reported Net Income



	2015	2014	V
EBITDA– Adjusted	\$186	\$187	(\$1)
Depreciation and Amortization	(58)	(59)	1
Operating Income – Adjusted	\$128	\$128	\$ -
Non-cash Impact of U.S. Pension	13	-	13
Separation Expenses	9	-	9
Multilayered Wood Flooring Duty	4	-	4
Cost Reduction Initiatives	(1)	7	(8)
Impairment	-	1	(1)
Foreign Exchange Movements	4	3	1
Operating Income – As Reported	\$99	\$117	(\$18)
Interest/Other (Expense)	(20)	(28)	8
EBT	\$79	\$89	(\$10)
Tax (Expense)	(45)	(44)	(1)
Net Income	\$34	\$45	(\$11)

Consolidated Results



Second Quarter

	2015 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2015 Adjusted	2014 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2014 Adjusted
Net Sales	633	-	16	649	659	-	(7)	652
Operating Income	63	15	4	82	64	8	1	73
EPS	\$0.53	\$0.23	\$0.05	\$0.81	\$0.48	\$0.17	\$0.01	\$0.66

YTD

	2015 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2015 Adjusted	2014 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2014 Adjusted
Net Sales	1,184	-	30	1,214	1,249	-	(13)	1,236
Operating Income	99	25	4	128	117	8	3	128
EPS	\$0.60	\$0.53	\$0.05	\$1.18	\$0.80	\$0.26	\$0.04	\$1.10

(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)



Second Quarter						
	2015 Reported	Comparability ⁽¹⁾ Adjustments	2015 Adjusted	2014 Reported	Comparability ⁽¹⁾ Adjustments	2014 Adjusted
Building Products	64	-	64	65	1	66
Resilient Flooring	23	2	25	21	2	23
Wood Flooring ⁽²⁾	3	5	8	(3)	6	3
Unallocated Corporate (Expense) Income	(27)	12	(15)	(19)	-	(19)

YTD						
	2015 Reported	Comparability ⁽¹⁾ Adjustments	2015 Adjusted	2014 Reported	Comparability ⁽¹⁾ Adjustments	2014 Adjusted
Building Products	124	-	124	123	2	125
Resilient Flooring	29	1	30	31	2	33
Wood Flooring ⁽²⁾	1	6	7	2	6	8
Unallocated Corporate (Expense) Income	(55)	22	(33)	(39)	1	(38)

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

(2) Includes a \$4 million charge recorded in the second quarter of 2015 resulting from new duty rates assigned by the U.S. Department of Commerce on multilayered wood importers and a \$1 million gain recorded in the second quarter of 2014 related to a refund of previously paid duties on imports of engineered wood flooring.

Cash Flow



	Second Quarter		YTD	
	2015	2014	2015	2014
(\$ millions)				
Net cash from operations	\$93	\$55	\$59	\$22
Net cash (used for) investing	(16)	(46)	(24)	(68)
Add back (subtract) adjustments to reconcile to free cash flow				
Other	-	-	-	1
Free Cash Flow	\$77	\$9	\$35	(\$45)

Cash flow includes cash flows attributable to the European flooring business