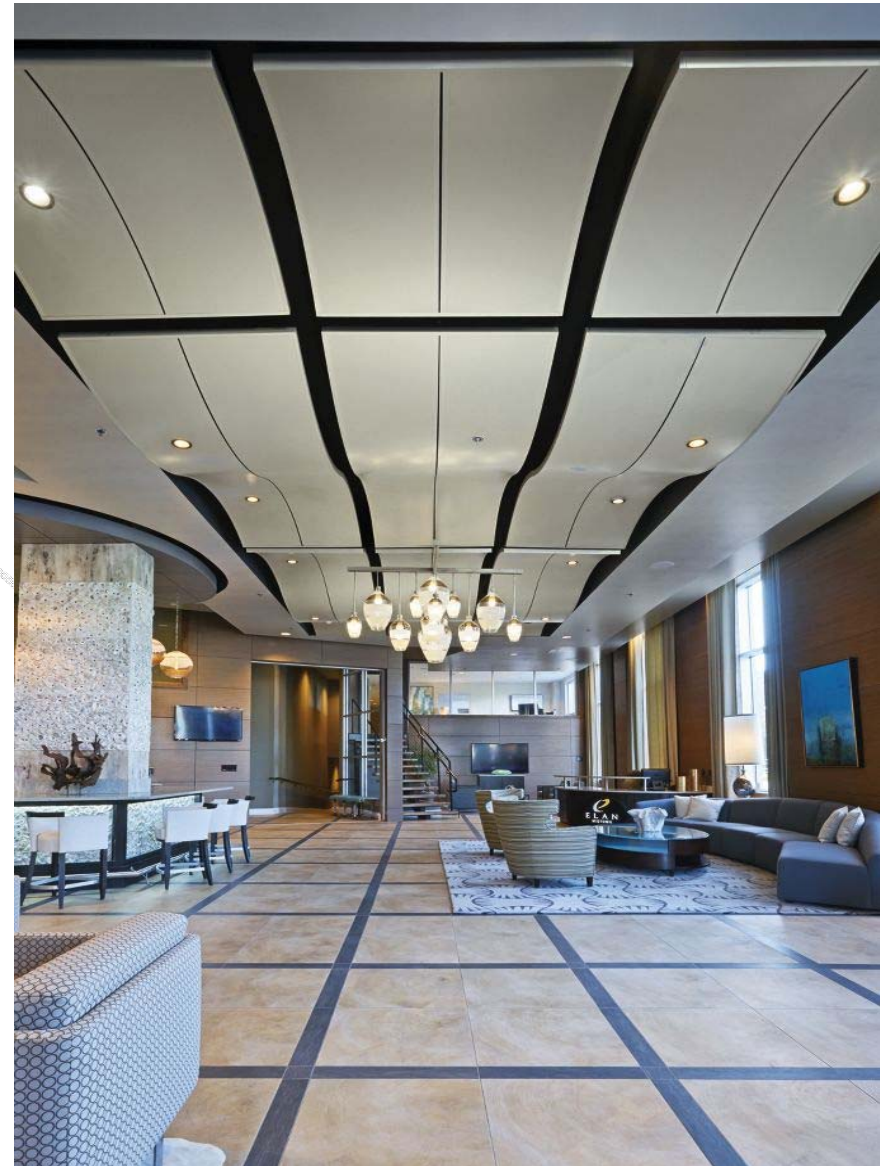


Earnings Call Presentation

4th Quarter 2015
February 22, 2016



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, February 22, 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 2015 is used for all currency translations in 2015 and prior years.
- 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 – Fourth Quarter 2015



	2015	2014	Variance
Net Sales ⁽¹⁾	\$600	\$588	2.1%
Operating Income ⁽²⁾	44	50	(13.3%)
% of Sales	7.3%	8.6%	(130 bps)
EBITDA	76	81	(6.4%)
% of Sales	12.7%	13.8%	(110 bps)
Earnings Per Share ⁽³⁾	\$0.27	\$0.41	(34.1%)
Free Cash Flow	4	49	(92.9%)
Net Debt	758	857	(99)
ROIC ⁽⁴⁾	4.7%	7.6%	(290 bps)

(1) As reported Net Sales: \$577 million in 2015 and \$587 million in 2014

(2) As reported Operating Income: \$9 million in 2015 and \$36 million in 2014

(3) As reported EPS: (\$0.21) in 2015 and \$0.19 in 2014

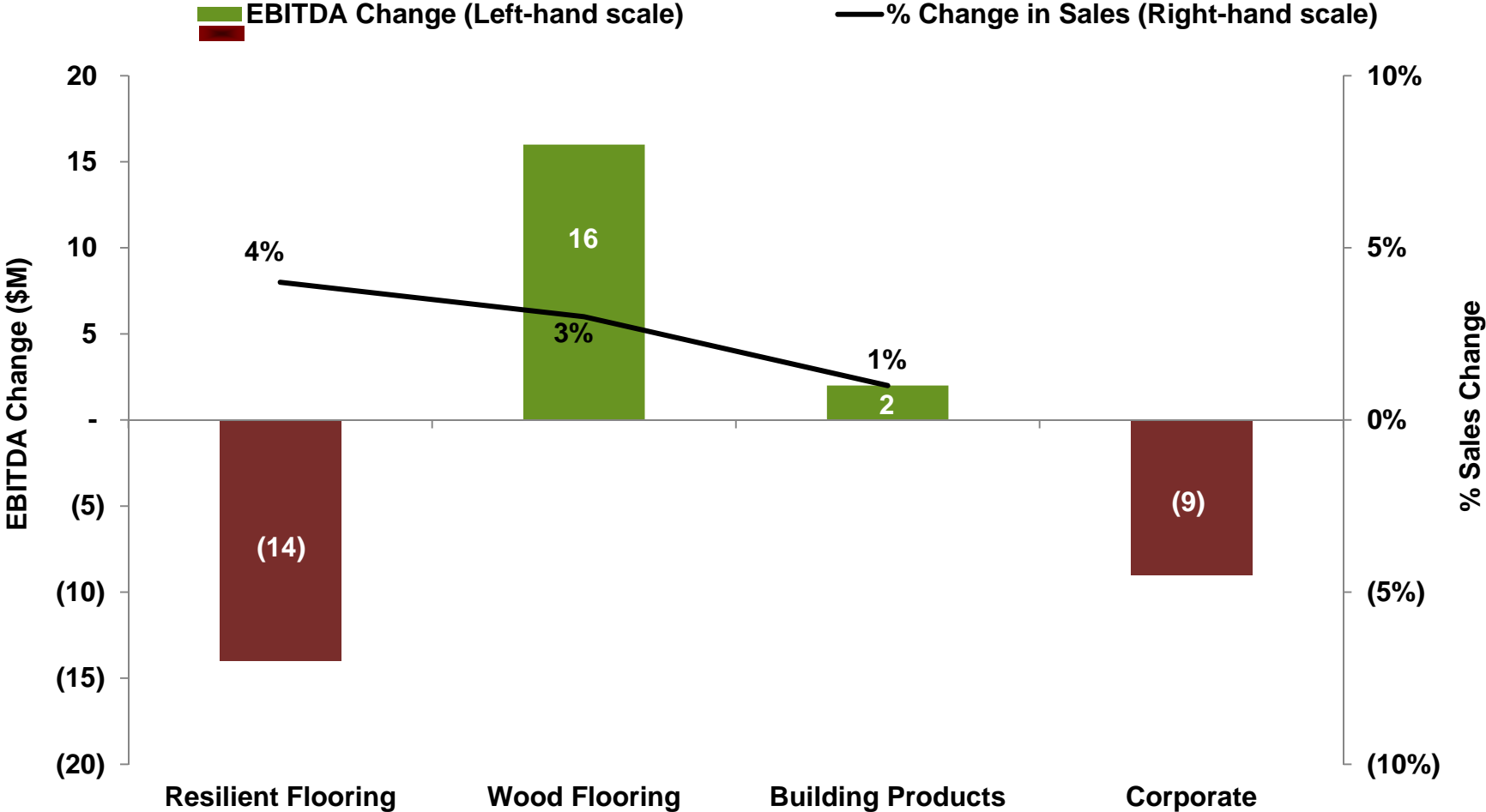
(4) Unadjusted

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

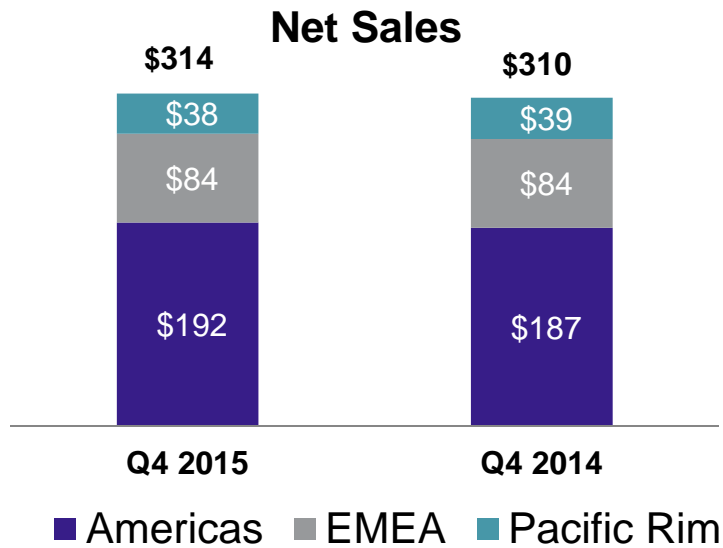


	2015	2014	V
EBITDA– Adjusted	\$76	\$81	(\$5)
Depreciation and Amortization	(32)	(31)	(1)
Operating Income – Adjusted	\$44	\$50	(\$6)
Non-cash Impact of U.S. Pension	6	-	6
Separation Expenses	18	-	18
Cost Reduction Initiatives	8	2	6
Impairment	-	10	(10)
Foreign Exchange Movements	3	2	1
Operating Income – As Reported	\$9	\$36	(\$27)
Interest/Other (Expense)	(19)	(12)	(7)
EBT	(\$10)	\$24	(\$34)
Tax (Expense)	(1)	(13)	12
Net Income	(\$11)	\$11	(\$22)

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



Building Products Fourth Quarter Results



Key Highlights

- On a comparable foreign exchange basis sales increased 1% as favorable price and mix performance offset volume declines in emerging markets. Sales in the Americas on a comparable foreign exchange basis were up 2.5% as volume, mix and price all improved over the prior year period
- Continued sales growth momentum in Architectural Specialties

Q4 2014 Adjusted EBITDA \$ **76M**

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

- Reflects impact of prior price increases and favorable mix
- Driven by lower volumes in emerging markets
- Reflects the benefit of lower freight and energy costs and productivity in the Americas and Pacific Rim
- Reflects higher earnings from our WAVE joint venture
- Higher SG&A to support go-to-market investments in the U.S.

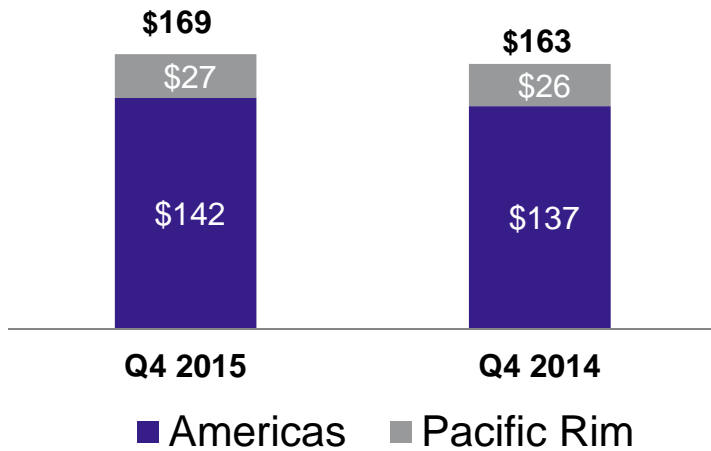
Q4 2015 Adjusted EBITDA \$ **78M**

Delivered record fourth quarter adjusted EBITDA

Resilient Fourth Quarter Results



Net Sales



Key Highlights

- On a comparable foreign exchange basis sales increased 4% driven by volume growth across both regions and favorable mix; more than offsetting unfavorable price

Q4 2014 Adjusted EBITDA

\$ 21M

Price & Mix

(5)

Volume

2

Manufacturing & Input Costs

3

SG&A

(14)

Q4 2015 Adjusted EBITDA

\$ 7M

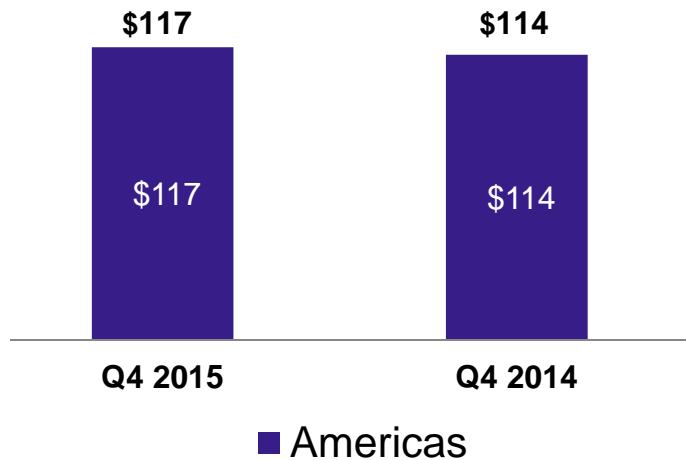
- Reflects modest pricing pressure although less than the related input cost benefit and unfavorable mix in the Pacific Rim
- Volume growth across both regions
- Reflects the benefit of favorable input costs, partially offset by LVT startup expenses
- Higher SG&A expense to support go-to-market initiatives

Investments and unfavorable price and mix drive margin performance

Wood Fourth Quarter Results



Net Sales



Key Highlights

- On a constant currency basis sales increased 3% as higher volumes more than offset unfavorable price and mix

Q4 2014 Adjusted EBITDA

\$ (4M)

Price & Mix

(1)

Volume

3

Manufacturing & Input Costs

16

SG&A

(2)

- Some price compression, although less than input cost benefit, partly offset by favorable mix

- Reflects the benefit of favorable input costs

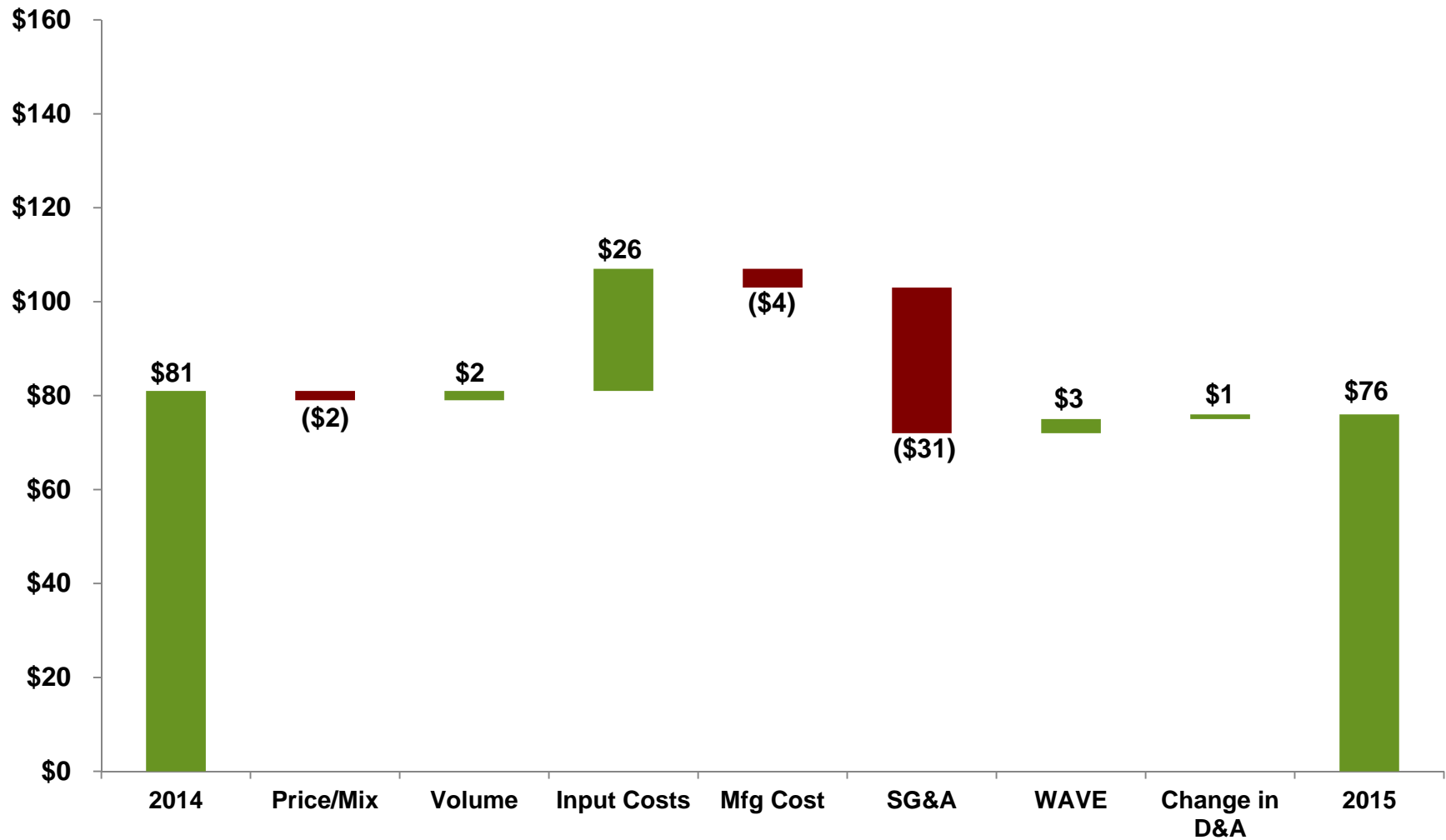
- Increased SG&A to support go-to-market investments

Q4 2015 Adjusted EBITDA

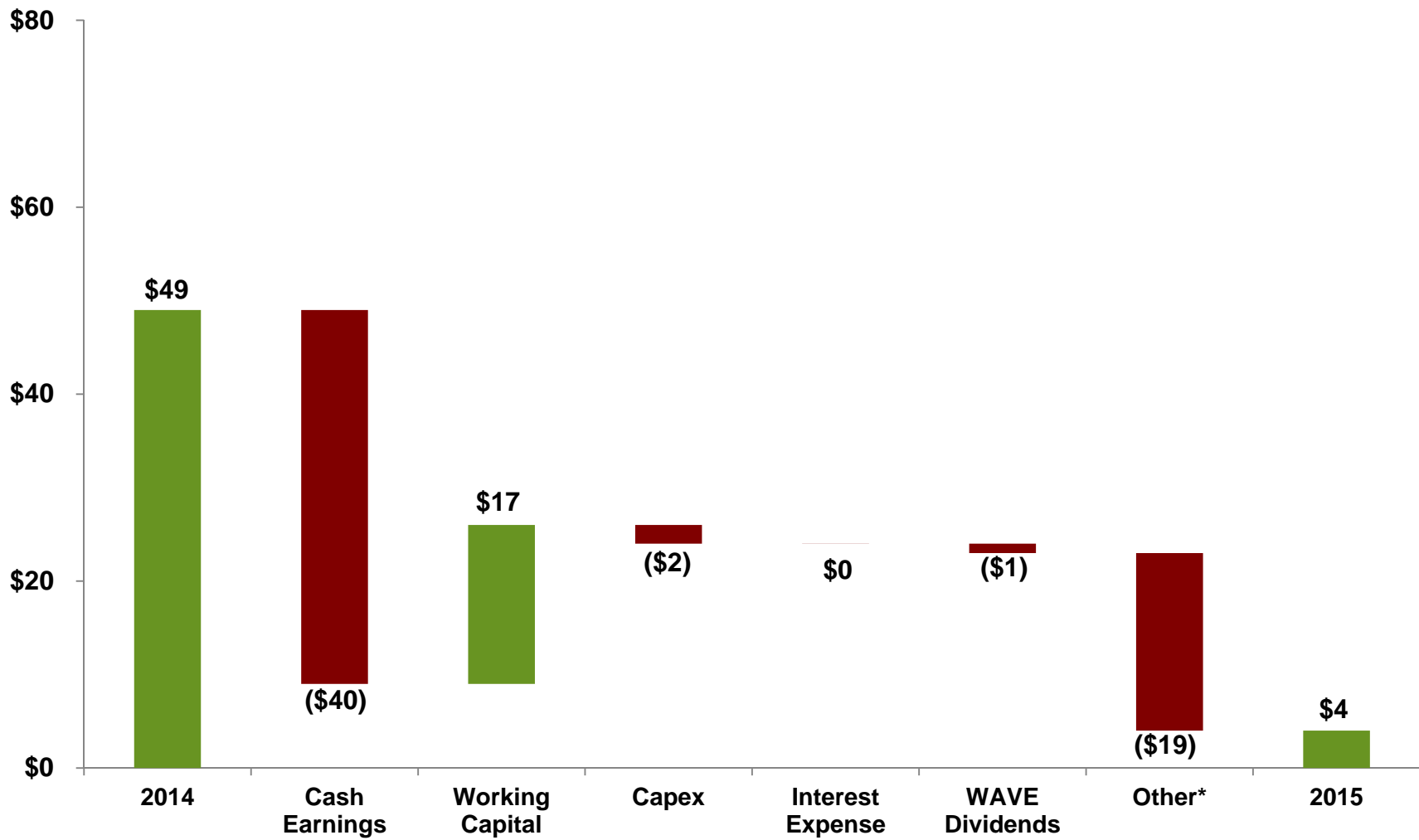
\$ 12M

Favorable input costs and volumes growth drive margin improvement

EBITDA Bridge – Fourth Quarter 2015 vs. Prior Year



Free Cash Flow – Fourth Quarter 2015 vs. Prior Year



* Prior year included \$24 million benefit associated with the closing of intercompany loan hedges

Key Metrics – Full Year 2015



	2015	2014	Variance
Net Sales ⁽¹⁾	\$2,492	\$2,493	(0.0%)
Operating Income ⁽²⁾	270	272	(0.7%)
% of Sales	10.8%	10.9%	(10 bps)
EBITDA	391	390	0.2%
% of Sales	15.7%	15.6%	10 bps
Earnings Per Share ⁽³⁾	\$2.25	\$2.38	(5.4%)
Free Cash Flow	102	64	60.7%

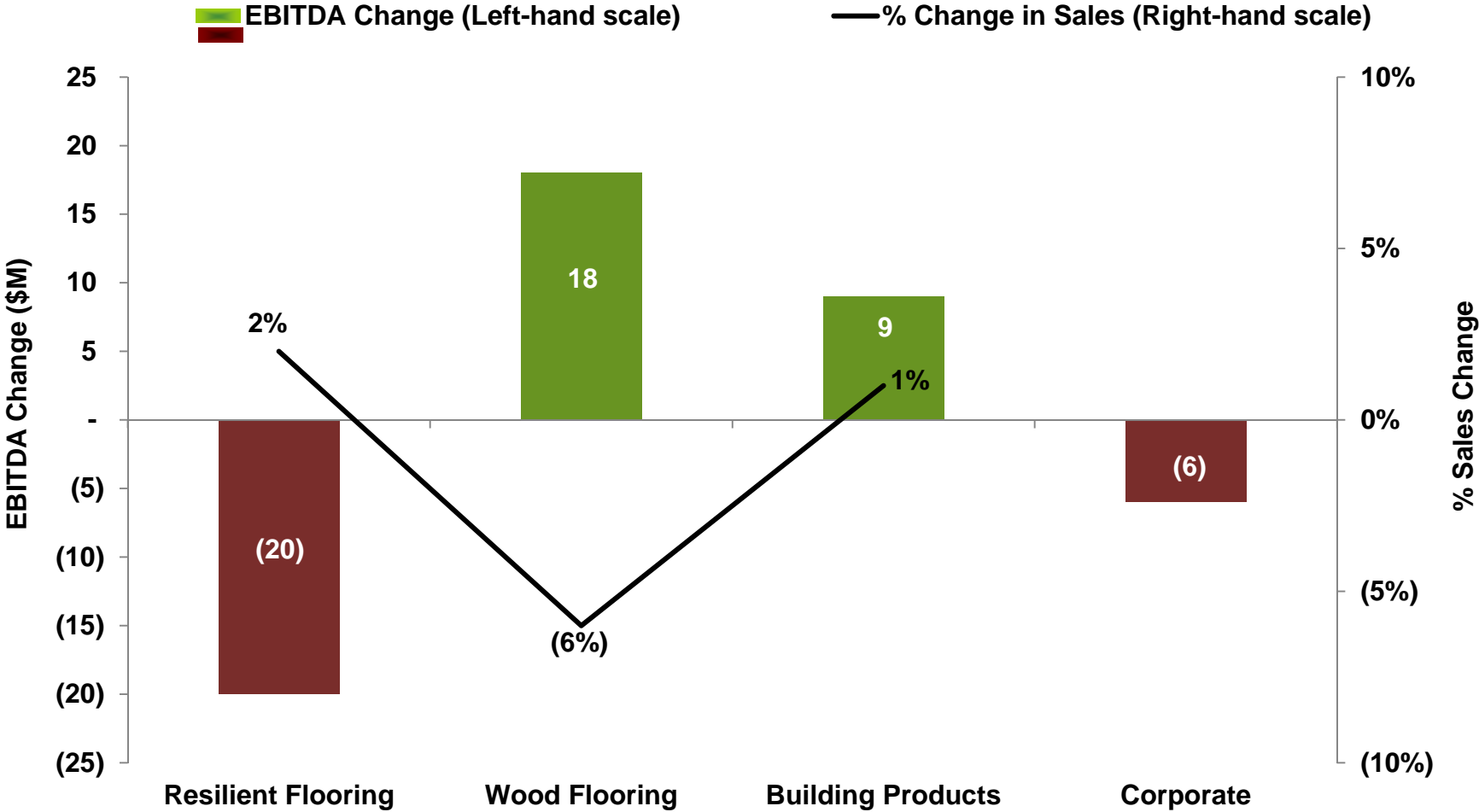
(1) As reported Net Sales: \$2,420 million in 2015 and \$2,515 million in 2014

(2) As reported Operating Income: \$187 million in 2015 and \$239 million in 2014

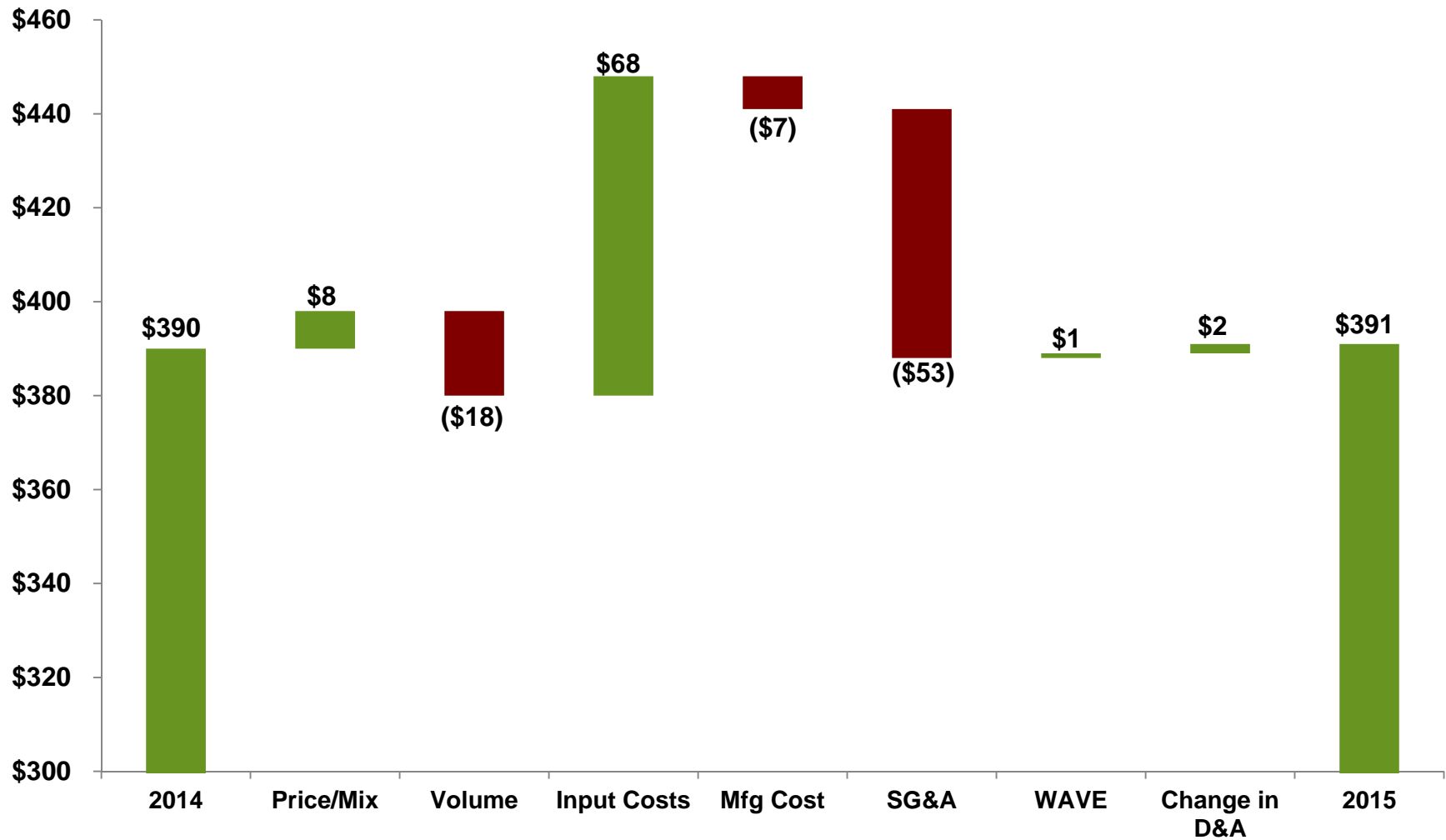
(3) As reported EPS: \$0.94 in 2015 and \$1.83 in 2014

(4) Unadjusted

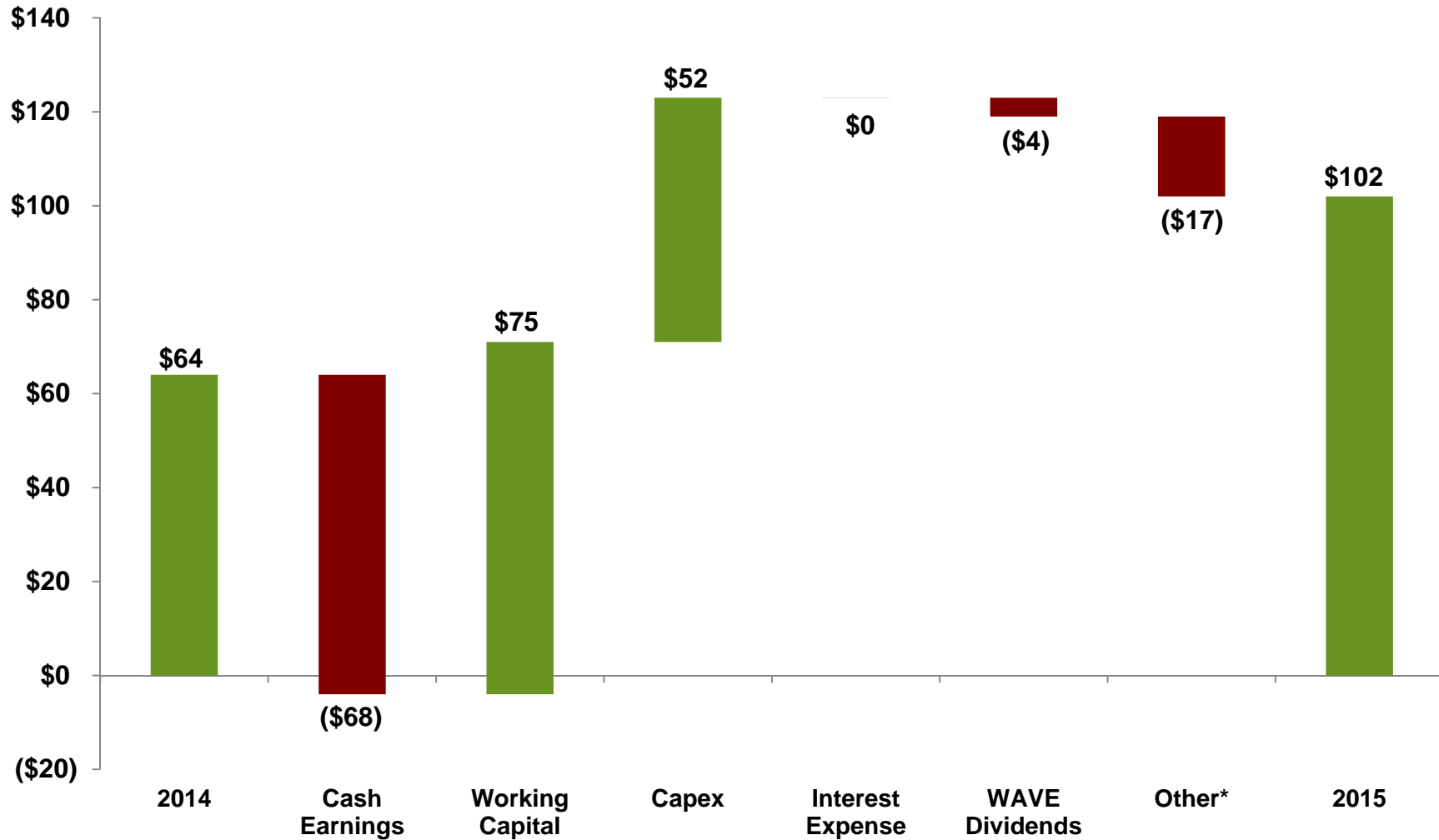
Full Year Sales and EBITDA by Segment – 2015 vs. Prior Year



EBITDA Bridge – Full Year 2015 vs. Prior Year



Free Cash Flow – Full Year 2015 vs. Prior Year



* Prior year included \$24 million benefit associated with the closing of intercompany loan hedges

Separation Costs



	Full Year		Total
	2015	2016	
Expense	34	34	68
Cash (including capital expense)	27	59	86
Capital Expense	9	9	18

Appendix



Full Year 2015 vs. PY– Adjusted EBITDA to Reported Net Income



	2015	2014	V
EBITDA– Adjusted	\$391	\$390	\$1
Depreciation and Amortization	(121)	(118)	(3)
Operating Income – Adjusted	\$270	\$272	(\$2)
Non-cash Impact of U.S. Pension	25	1	24
Separation Expenses	34	-	34
Multilayered Wood Flooring Duty	4	-	4
Cost Reduction Initiatives	7	14	(7)
Impairment	-	13	(13)
Foreign Exchange Movements	13	5	8
Operating Income – As Reported	\$187	\$239	(\$52)
Interest/Other (Expense)	(63)	(54)	(9)
EBT	\$124	\$185	(\$61)
Tax (Expense)	(71)	(83)	12
Net Income	\$53	\$102	(\$49)

Consolidated Results



Fourth Quarter

	2015 Reported	Comparability ⁽¹⁾ Adjustments	Fx ⁽²⁾ Adj	2015 Adjusted	2014 Reported	Comparability ⁽¹⁾ Adjustments	Fx ⁽²⁾ Adj	2014 Adjusted
Net Sales	577	-	23	600	587	-	1	588
Operating Income	9	32	3	44	36	12	2	50
EPS	(\$0.21)	\$0.44	\$0.04	\$0.27	\$0.19	\$0.20	\$0.02	\$0.41

Full Year

	2015 Reported	Comparability ⁽¹⁾ Adjustments	Fx ⁽²⁾ Adj	2015 Adjusted	2014 Reported	Comparability ⁽¹⁾ Adjustments	Fx ⁽²⁾ Adj	2014 Adjusted
Net Sales	2,420	-	72	2,492	2,515	-	(22)	2,493
Operating Income	187	70	13	270	239	28	5	272
EPS	\$0.94	\$1.18	\$0.13	\$2.25	\$1.83	\$0.50	\$0.05	\$2.38

(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						
	2015 Reported	Comparability ⁽¹⁾ Adjustments	2015 Adjusted	2014 Reported	Comparability ⁽¹⁾ Adjustments	2014 Adjusted
Building Products	51	8	59	55	3	58
Resilient Flooring	(1)	1	0	16	(1)	15
Wood Flooring	8	1	9	(19)	12	(7)
Unallocated Corporate (Expense) Income	(49)	25	(24)	(16)	-	(16)

Full Year						
	2015 Reported	Comparability ⁽¹⁾ Adjustments	2015 Adjusted	2014 Reported	Comparability ⁽¹⁾ Adjustments	2014 Adjusted
Building Products	265	10	275	265	5	270
Resilient Flooring	42	5	47	62	4	66
Wood Flooring ⁽²⁾	19	8	27	(15)	22	7
Unallocated Corporate (Expense) Income	(139)	60	(79)	(72)	1	(71)

(1) Eliminates impact of foreign exchange movements and other discrete items; see earnings press release and 10-K 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



	Fourth Quarter		Full Year	
	2015	2014	2015	2014
(\$ millions)				
Net cash from operations	\$60	\$98	\$204	\$209
Net cash (used for) investing	(56)	(52)	(102)	(149)
Add back (subtract) adjustments to reconcile to free cash flow				
Net cash effect from deconsolidation of European Flooring business	-	4	-	4
Other	-	(1)	-	-
Free Cash Flow	\$4	\$49	\$102	\$64

Cash flow includes cash flows attributable to the European flooring business