
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 20, 2024

ARMSTRONG WORLD INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction
of incorporation or organization)

1-2116
(Commission
File Number)

23-0366390
(IRS Employer
Identification No.)

2500 Columbia Avenue P.O. Box 3001
Lancaster, Pennsylvania
(Address of principal executive offices)

17603
(Zip Code)

Registrant's telephone number, including area code: (717) 397-0611

NA
(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	AWI	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On February 20, 2024, Armstrong World Industries, Inc. (the "Company") issued a press release announcing its fourth quarter and full year 2023 consolidated financial results. The full text of the press release is attached hereto as Exhibit 99.1.

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, is being furnished herewith and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Act"), or the Exchange Act, except as expressly set forth by specific reference in such filing.

Section 7 – Regulation FD

Item 7.01 Regulation FD Disclosure.

On February 20, 2024, the Company issued a press release announcing that it will report its fourth quarter and full year 2023 consolidated financial results via a webcast and conference call on February 20, 2024 at 10:00 a.m. Eastern Time which can be accessed through the "Investors" section of the Company's website, www.armstrongceilings.com. During this report, the Company will reference a slide presentation, a copy of which is attached hereto as Exhibit 99.2 and incorporated herein by reference.

The information in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.2, is being furnished herewith and shall not be deemed "filed" for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Act, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

No. 99.1	<u>Press Release of Armstrong World Industries, Inc. dated February 20, 2024</u>
No. 99.2	<u>Earnings Call Presentation Fourth Quarter and Full Year 2023 dated February 20, 2024</u>
No. 104	<u>Cover Page Interactive Data File (embedded within the Inline XBRL document)</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARMSTRONG WORLD INDUSTRIES, INC.

By: /s/ Austin K. So
Austin K. So
Senior Vice President, General Counsel, Secretary and Chief
Compliance Officer

Date: February 20, 2024

Armstrong®

World Industries

Exhibit 99.1

Armstrong World Industries Reports Record-Setting Fourth-Quarter and Full-Year 2023 Results

Fourth-Quarter 2023 Results†

- Net sales up 3% with better-than-expected Mineral Fiber volumes
- Operating income declined 6% primarily due to acquisition-related expenses, while adjusted operating income increased 5%
- Diluted earnings per share from continuing operations down 1% primarily due to acquisition-related expenses
- Adjusted EBITDA up 7% and adjusted diluted earnings per share up 13%

Full-Year 2023 Results†

- Net sales up 5% on strong average unit value ("AUV") performance
- Operating income up 16% and adjusted operating income increased 13%
- Diluted earnings per share from continuing operations up 16%
- Adjusted EBITDA up 12% and adjusted diluted earnings per share up 12%
- Cash flow from operating and investing activities up 6% and adjusted free cash flow up 19%
- Issuing 2024 Guidance: Net sales growth of 3% to 6% and adjusted EBITDA growth of 5% to 9%

† All comparisons versus the prior year period.

LANCASTER, Pa., Feb. 20, 2024 -- Armstrong World Industries, Inc. (NYSE:AWI), a leader in the design, innovation and manufacture of ceiling and wall solutions in the Americas, today reported record-setting fourth-quarter and full-year 2023 financial results with steady sales growth and improved adjusted EBITDA margins across both the Mineral Fiber and Architectural Specialties segments.

"We delivered record fourth quarter net sales and adjusted EBITDA results, highlighted by adjusted EBITDA margin expansion in both our segments while continuing to face soft market conditions. These results contributed to record-setting sales and adjusted EBITDA for the full year that exceeded our guidance expectations," said Vic Grizzle, President and CEO of Armstrong World Industries. "Our strong position and the momentum we've generated is a clear testament to the focused efforts of our teams to execute our strategy and deliver on our key initiatives along with the overall resilience of our business model."

Fourth-Quarter Results

(Dollar amounts in millions except per-share data)

	For the Three Months Ended December 31,		Change
	2023	2022	
Net sales	\$ 312.3	\$ 304.5	2.6%
Operating income	\$ 66.3	\$ 70.6	(6.1)%
Operating income margin (Operating income as a % of net sales)	21.2 %	23.2 %	(200)bps
Earnings from continuing operations	\$ 46.8	\$ 48.8	(4.1)%
Diluted earnings per share from continuing operations	\$ 1.06	\$ 1.07	(0.9)%

Additional Non-GAAP* Measures

Adjusted EBITDA	\$ 98	\$ 92	6.9%
Adjusted EBITDA margin (Adjusted EBITDA as a % of net sales)	31.4 %	30.1 %	130bps
Adjusted earnings from continuing operations	\$ 54	\$ 49	9.1%
Adjusted diluted earnings per share from continuing operations	\$ 1.22	\$ 1.08	13.0%

* The Company uses non-GAAP adjusted measures in managing the business and believes the adjustments provide meaningful comparisons of operating performance between periods and are useful alternative measures of performance. Reconciliations of the most comparable generally accepted accounting principles in the United States ("GAAP") measure are found in the tables at the end of this press release. Excluding per share data, non-GAAP figures are rounded to the nearest million and corresponding percentages are rounded to the nearest decimal.

Fourth-quarter 2023 consolidated net sales increased 2.6% from prior-year results, driven by favorable Average Unit Value (dollars per unit sold, or "AUV") of \$4 million and higher sales volumes of \$4 million. Mineral Fiber net sales increased \$4 million and Architectural Specialties net sales increased \$4 million.

Fourth-quarter 2023 operating income was positively impacted by improved Architectural Specialties project margins, a benefit from favorable AUV and increased equity earnings from the Worthington Armstrong Joint Venture ("WAVE"), partially offset by higher incentive compensation, an increase in selling expenses and higher manufacturing costs. Operating income was also negatively impacted by a \$7 million increase in acquisition-related charges, resulting in a 6.1% decrease versus the prior-year period.

Fourth-Quarter Segment Results

Mineral Fiber

(Dollar amounts in millions)

	For the Three Months Ended December 31,		Change
	2023	2022	
Net sales	\$ 220.3	\$ 216.0	2.0%
Operating income	\$ 60.9	\$ 61.1	(0.3)%
Adjusted EBITDA*	\$ 81	\$ 78	3.5%
Operating income margin	27.6 %	28.3 %	(70)bps
Adjusted EBITDA margin*	36.8 %	36.3 %	50bps

Mineral Fiber net sales increased 2.0% in the fourth quarter of 2023 primarily due to \$4 million of favorable AUV and \$1 million of higher volumes. The increase in AUV was driven by favorable price, partially offset by unfavorable mix. The change in sales volumes resulted from the benefit from our growth initiatives partially offset by softer market demand.

Fourth-quarter 2023 operating income was substantially unchanged from the prior year. A \$6 million increase in incentive compensation and a \$2 million increase in selling expense in the fourth quarter of 2023 were partially offset by a \$4 million benefit from favorable AUV and a \$4 million increase in WAVE equity earnings.

Architectural Specialties

(Dollar amounts in millions)

	For the Three Months Ended December 31,		Change
	2023	2022	
Net sales	\$ 92.0	\$ 88.5	4.0%
Operating income	\$ 6.0	\$ 10.7	(43.9)%
Adjusted EBITDA*	\$ 17	\$ 13	26.9%
Operating income margin	6.5 %	12.1 %	(560)bps
Adjusted EBITDA margin*	18.4 %	15.0 %	330bps

Fourth-quarter 2023 Architectural Specialties net sales increased 4.0% from prior-year results, driven primarily by contributions from recent acquisitions, partially offset by the impact of unfavorable custom project timing.

Operating income was positively impacted by a \$6 million margin benefit from increased sales and improved custom project margins, partially offset by a \$2 million increase in selling expenses and higher manufacturing costs. Operating income was also negatively impacted by a \$7 million increase in acquisition-related charges, resulting in a 43.9% decrease versus the prior-year period.

Full Year Results

(Dollar amounts in millions)

	For the Year Ended December 31,		Change
	2023	2022	
Net sales	\$ 1,295.2	\$ 1,233.1	5.0%
Operating income	\$ 323.7	\$ 278.7	16.1%
Operating income margin	25.0 %	22.6 %	240bps
Earnings from continuing operations	\$ 223.8	\$ 199.9	12.0%
Diluted net earnings per share from continuing operations	\$ 4.99	\$ 4.30	16.0%
Net cash provided by operating and investing activities	\$ 223.1	\$ 210.6	5.9%

Additional Non-GAAP* Measures

Adjusted EBITDA	\$ 430	\$ 385	11.6%
Adjusted EBITDA margin	33.2 %	31.2 %	200bps
Adjusted earnings from continuing operations	\$ 238	\$ 220	8.3%
Adjusted diluted net earnings per share from continuing operations	\$ 5.32	\$ 4.74	12.2%
Adjusted free cash flow	\$ 263	\$ 221	19.0%

Full-year net sales increased 5.0% from prior-year results, primarily due to favorable AUV of \$43 million and higher sales volumes of \$19 million. Mineral Fiber net sales increased \$45 million, while Architectural Specialties net sales increased \$17 million. The increase in Mineral Fiber net sales was primarily driven by favorable AUV as a result of increased like-for-like pricing, partially offset by unfavorable mix. Architectural Specialties net sales improved primarily due to contributions from recent acquisitions, as well as growth in metal and felt product sales, partially offset by lower wood product sales.

Full-year operating income increased 16.1% from prior-year results, driven by favorable AUV benefit of \$33 million, a \$23 million margin benefit from increased Architectural Specialties sales, a \$12 million increase in WAVE equity earnings, and an \$8 million reduction in acquisition-related expenses. These benefits were partially offset by a \$15 million increase in selling expense, primarily related to investments in selling capabilities within our Architectural Specialties segment, investments in support of our digital initiatives and higher marketing expenses, a \$10 million increase in manufacturing and input costs, net of productivity, and an \$8 million increase in incentive compensation.

Cash Flow

Cash flows from operating activities in 2023 increased \$51 million versus the prior-year period, while cash flows from investing activities decreased \$39 million versus the prior-year period. The net \$13 million, or 5.9%, increase in operating and investing cash flows was primarily due to favorable working capital changes in inventories, accounts

receivable and accounts payable and accrued expenses. These benefits were partially offset by an increase in cash paid for acquisitions, an increase in purchases of property, plant and equipment, and lower dividends from WAVE.

Share Repurchase Program

During the fourth quarter of 2023, we repurchased 0.4 million shares of common stock for a total cost of \$35 million, excluding the cost of commissions and taxes. For the full-year 2023, we repurchased 1.8 million shares of common stock for a total cost of \$132 million, excluding the cost of commissions and taxes. As of December 31, 2023, there was \$717 million remaining under the Board of Directors' current authorized share repurchase program**.

** In July 2016, our Board of Directors approved a share repurchase program authorizing us to repurchase up to \$150 million of our outstanding common stock through July 2018 (the "Program"). Pursuant to additional authorization and extensions of the Program approved by our Board of Directors, including \$500 million authorized on July 18, 2023, we are authorized to purchase up to \$1,700 million of our outstanding shares of common stock through December 2026. Since inception and through December 31, 2023, we have repurchased 14.2 million shares under the Program for a total cost of \$983 million, excluding commissions and taxes.

2024 Outlook

"Solid contributions from Mineral Fiber AUV, operating leverage in the Architectural Specialties segment, WAVE equity earnings and manufacturing productivity were key to driving margin expansion for the company in 2023. These strong financial results enabled full year adjusted free cash flow growth of nearly 20% and fueled our ability to execute on all of our capital allocation priorities in 2023," said Chris Calzaretta, AWI Senior Vice President and CFO. "Our 2024 outlook reflects a laser-focused approach to delivering profitable growth, margin expansion and adjusted free cash flow growth despite modestly softer economic conditions. Our capital allocation priorities remain unchanged as we continue to execute our strategy and create value for shareholders."

(Dollar amounts in millions except per-share data)	2023 Actual	For the Year Ended December 31, 2024					
		Current Guidance		VPY Growth %			
Net sales	\$ 1,295	\$ 1,335	to \$ 1,375	3%	to	6%	
Adjusted EBITDA*	\$ 430	\$ 450	to \$ 470	5%	to	9%	
Adjusted diluted net earnings per share*	\$ 5.32	\$ 5.60	to \$ 5.90	5%	to	11%	
Adjusted free cash flow*	\$ 263	\$ 275	to \$ 290	5%	to	10%	

Earnings Webcast

Management will host a live webcast conference call at 10:00 a.m. ET today, to discuss fourth-quarter and full-year 2023 results. This event will be available on the Company's website. The call and accompanying slide presentation can be found on the investor relations section of the Company's website at www.armstrongworldindustries.com. The replay of this event will be available on the website for up to one year after the date of the call.

Uncertainties Affecting Forward-Looking Statements

Disclosures in this release contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, those relating to future financial and operational results, expected savings from cost management initiatives, the performance of our WAVE joint venture, market and broader economic conditions and guidance. 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. This includes annual guidance. 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 could cause our actual results to differ materially from those projected, anticipated or implied is included in the “Risk Factors” and “Management’s Discussion and Analysis” sections of our reports on Form 10-K and Form 10-Q filed with the U.S. Securities and Exchange Commission (“SEC”), including our annual report on Form 10-K for the year ended December 31, 2023, that the Company expects to file today. 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.

About Armstrong and Additional Information

Armstrong World Industries, Inc. is a leader in the design, innovation and manufacture of innovative ceiling and wall system solutions in the Americas. With \$1.3 billion in revenue in 2023, AWI has approximately 3,100 employees and a manufacturing network of 16 facilities, plus seven facilities dedicated to its WAVE joint venture.

More details on the Company’s performance can be found in its report on Form 10-K for the year ended December 31, 2023, that the Company expects to file with the SEC today.

Contacts

Investors & Media: Theresa Womble, tlwomble@armstrongceilings.com or (717) 396-6354

Reported Financial Results

(Amounts in millions, except per share data)

SELECTED FINANCIAL RESULTS Armstrong World Industries, Inc. and Subsidiaries (Quarterly data is unaudited)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2023	2022	2023	2022
Net sales	\$ 312.3	\$ 304.5	\$ 1,295.2	\$ 1,233.1
Cost of goods sold	192.8	193.0	798.2	784.0
Gross profit	119.5	111.5	497.0	449.1
Selling, general and administrative expenses	73.3	59.1	262.5	237.0
Loss (gain) related to change in fair value of contingent consideration	0.1	(2.3)	0.1	11.0
Equity (earnings) from joint venture	(20.2)	(15.9)	(89.3)	(77.6)
Operating income	66.3	70.6	323.7	278.7
Interest expense	8.6	9.2	35.3	27.1
Other non-operating (income), net	(3.0)	(1.9)	(9.9)	(6.0)
Earnings from continuing operations before income taxes	60.7	63.3	298.3	257.6
Income tax expense	13.9	14.5	74.5	57.7
Earnings from continuing operations	46.8	48.8	223.8	199.9
Net earnings from discontinued operations	-	-	-	3.0
Net earnings	\$ 46.8	\$ 48.8	\$ 223.8	\$ 202.9
Diluted earnings per share of common stock, continuing operations	\$ 1.06	\$ 1.07	\$ 4.99	\$ 4.30
Diluted earnings per share of common stock, discontinued operations	\$ -	\$ -	\$ -	\$ 0.07
Diluted net earnings per share of common stock	\$ 1.06	\$ 1.07	\$ 4.99	\$ 4.37
Average number of diluted common shares outstanding	44.2	45.6	44.8	46.4

SEGMENT RESULTS Armstrong World Industries, Inc. and Subsidiaries (Quarterly data is unaudited)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2023	2022	2023	2022
Net Sales				
Mineral Fiber	\$ 220.3	\$ 216.0	\$ 932.4	\$ 887.4
Architectural Specialties	92.0	88.5	362.8	345.7
Total net sales	\$ 312.3	\$ 304.5	\$ 1,295.2	\$ 1,233.1
Segment operating income (loss)				
Mineral Fiber	\$ 60.9	\$ 61.1	\$ 285.7	\$ 260.9
Architectural Specialties	6.0	10.7	40.9	21.7
Unallocated Corporate	(0.6)	(1.2)	(2.9)	(3.9)
Total consolidated operating income	\$ 66.3	\$ 70.6	\$ 323.7	\$ 278.7

SELECTED BALANCE SHEET INFORMATION
Armstrong World Industries, Inc. and Subsidiaries

	December 31, 2023	December 31, 2022
Assets		
Current assets	\$ 313.0	\$ 356.5
Property, plant and equipment, net	566.4	554.4
Other non-current assets	793.0	776.3
Total assets	\$ 1,672.4	\$ 1,687.2
Liabilities and shareholders' equity		
Current liabilities	\$ 194.5	\$ 182.7
Non-current liabilities	886.1	969.5
Shareholders' equity	591.8	535.0
Total liabilities and shareholders' equity	\$ 1,672.4	\$ 1,687.2

SELECTED CASH FLOW INFORMATION
Armstrong World Industries, Inc. and Subsidiaries

	For the Year Ended December 31,	
	2023	2022
Net earnings	\$ 223.8	\$ 202.9
Other adjustments to reconcile net earnings to net cash provided by operating activities	12.5	28.8
Changes in operating assets and liabilities, net	(2.8)	(49.3)
Net cash provided by operating activities	233.5	182.4
Net cash (used for) provided by investing activities	(10.4)	28.2
Net cash (used for) financing activities	(258.6)	(201.9)
Effect of exchange rate changes on cash and cash equivalents	0.3	(0.8)
Net (decrease) increase in cash and cash equivalents	(35.2)	7.9
Cash and cash equivalents at beginning of year	106.0	98.1
Cash and cash equivalents at end of period	\$ 70.8	\$ 106.0

Supplemental Reconciliations of GAAP to non-GAAP Results (unaudited)

(Amounts in millions, except per share data)

To supplement its consolidated financial statements presented in accordance with accounting principles generally accepted in the United States ("GAAP"), the Company provides additional measures of performance adjusted to exclude the impact of certain discrete expenses and income including adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), adjusted diluted earnings per share ("EPS") and adjusted free cash flow. Investors should not consider non-GAAP measures as a substitute for GAAP measures. The Company excludes certain acquisition related expenses (i.e. – changes in the fair value of contingent consideration and deferred compensation accruals for acquisitions). The deferred compensation accruals are for cash and stock awards that are recorded over each award's respective vesting period, as such payments are subject to the sellers' and employees' continued employment with the Company. The Company excludes all acquisition-related intangible amortization from adjusted earnings from continuing operations and in calculations of adjusted diluted EPS. Examples of other excluded items have included plant closures, restructuring charges and related costs, impairments, separation costs and other cost reduction initiatives, environmental site expenses and environmental insurance recoveries, endowment level charitable contributions, and certain other gains and losses. The Company also excludes income/expense from its U.S. Retirement Income Plan ("RIP") in the non-GAAP results as it represents the actuarial net periodic benefit credit/cost recorded. For all periods presented, the Company was not required and did not make cash contributions to the RIP based on guidelines established by the Pension Benefit Guaranty Corporation, nor does the Company expect to make cash contributions to the plan in 2024. Adjusted free cash flow is defined as cash from operating and investing activities, adjusted to remove the impact of cash used or proceeds received for acquisitions and divestitures, environmental site expenses and environmental insurance recoveries. Management's adjusted free cash flow measure includes returns of investment from WAVE and cash proceeds received from the settlement of company-owned life insurance policies, which are presented within investing activities on our consolidated statement of cash flows. The Company uses these adjusted performance measures in managing the business, including communications with its Board of Directors and employees, and believes that they provide users of this financial information with meaningful comparisons of operating performance between current results and results in prior periods. The Company believes that these non-GAAP financial measures are appropriate to enhance understanding of its past performance, as well as prospects for its future performance. The Company also uses adjusted EBITDA and adjusted free cash flow (with further adjustments, when necessary) as factors in determining at-risk compensation for senior management. These non-GAAP measures may not be defined and calculated the same as similar measures used by other companies. Non-GAAP financial measures utilized by the Company may not be comparable to non-GAAP financial measures used by other companies. A reconciliation of these adjustments to the most directly comparable GAAP measures is included in this release and on the Company's website. These non-GAAP measures should not be considered in isolation or as a substitute for the most comparable GAAP measures.

In the following charts, numbers may not sum due to rounding. Excluding adjusted diluted EPS, non-GAAP figures are rounded to the nearest million and corresponding percentages are rounded to the nearest percent based on unrounded figures.

Consolidated Results from Continuing Operations – Adjusted EBITDA

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2023	2022	2023	2022
Net sales	\$ 312	\$ 305	\$ 1,295	\$ 1,233
Net earnings	\$ 47	\$ 49	\$ 224	\$ 203
Less: Net earnings from discontinued operations	-	-	-	3
Earnings from continuing operations	\$ 47	\$ 49	\$ 224	\$ 200
Add: Income tax expense	14	15	75	58
Earnings from continuing operations before income taxes	\$ 61	\$ 63	\$ 298	\$ 258
Add: Interest/other income and expense, net	6	7	25	21
Operating income	\$ 66	\$ 71	\$ 324	\$ 279
Add: RIP expense (1)	1	1	3	4
Add: Acquisition-related impacts (2)	7	-	11	19
Add: Cost reduction initiatives and other	1	-	3	-
Adjusted operating income	\$ 75	\$ 71	\$ 340	\$ 301
Add: Depreciation and amortization	23	20	89	84
Adjusted EBITDA	\$ 98	\$ 92	\$ 430	\$ 385
Operating income margin	21.2 %	23.2 %	25.0 %	22.6 %
Adjusted EBITDA margin	31.4 %	30.1 %	33.2 %	31.2 %

- (1) RIP expense represents only the plan service cost that is recorded within Operating income. 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 changes in fair value of contingent consideration, deferred compensation and restricted stock expenses.

Mineral Fiber

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2023	2022	2023	2022
Net sales	\$ 220	\$ 216	\$ 932	\$ 887
Operating income	\$ 61	\$ 61	\$ 286	\$ 261
Add: Cost reduction initiatives and other	1	-	3	-
Adjusted operating income	\$ 62	\$ 61	\$ 289	\$ 261
Add: Depreciation and amortization	19	17	75	69
Adjusted EBITDA	\$ 81	\$ 78	\$ 364	\$ 330
Operating income margin	27.6 %	28.3 %	30.6 %	29.4 %
Adjusted EBITDA margin	36.8 %	36.3 %	39.1 %	37.2 %

Architectural Specialties

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2023	2022	2023	2022
Net sales	\$ 92	\$ 89	\$ 363	\$ 346
Operating income	\$ 6	\$ 11	\$ 41	\$ 22
Add: Acquisition-related impacts (1)	7	-	11	19
Adjusted operating income	\$ 13	\$ 10	\$ 52	\$ 41
Add: Depreciation and amortization	4	3	14	14
Adjusted EBITDA	\$ 17	\$ 13	\$ 66	\$ 55
Operating income margin	6.5 %	12.1 %	11.3 %	6.3 %
Adjusted EBITDA margin	18.4 %	15.0 %	18.1 %	15.8 %

- (1) Represents the impact of acquisition-related adjustments for changes in fair value of contingent consideration, deferred compensation and restricted stock expenses.

Unallocated Corporate

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2023	2022	2023	2022
Operating (loss)	\$ (1)	\$ (1)	\$ (3)	\$ (4)
Add: RIP expense (1)	1	1	3	4
Adjusted operating (loss)	\$ -	\$ -	\$ -	\$ -
Add: Depreciation and amortization	-	-	-	-
Adjusted EBITDA	\$ -	\$ -	\$ -	\$ -

(1) RIP expense represents only the plan service cost that is recorded within Operating income. For all periods presented, we were not required to and did not make cash contributions to our RIP.

Adjusted Free Cash Flow

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 57	\$ 63	\$ 234	\$ 182
Net cash provided by (used for) investing activities	-	20	(10)	28
Net cash provided by operating and investing activities	\$ 57	\$ 83	\$ 223	\$ 211
Add: Acquisitions, net	3	3	27	3
Add: Net environmental expenses	1	-	1	1
Add: Contingent consideration in excess of acquisition-date fair value (1)	-	-	5	2
Add: Arktura deferred compensation (2)	8	5	8	5
Adjusted Free Cash Flow	\$ 68	\$ 91	\$ 263	\$ 221

(1) Contingent consideration payments related to 2020 acquisitions recorded as a component of net cash provided by operating activities.

(2) Contingent compensation payments related to the acquisition.

Consolidated Results from Continuing Operations – Adjusted Diluted Earnings Per Share (EPS)

	For the Three Months Ended December 31,				For the Year Ended December 31,			
	2023		2022		2023		2022	
	Total	Per Diluted Share	Total	Per Diluted Share	Total	Per Diluted Share	Total	Per Diluted Share
Net earnings	\$ 47	\$ 1.06	\$ 49	\$ 1.07	\$ 224	\$ 4.99	\$ 203	\$ 4.37
Less: Net earnings from discontinued operations	-	-	-	-	-	-	3	0.07
Earnings from continuing operations	\$ 47	\$ 1.06	\$ 49	\$ 1.07	\$ 224	\$ 4.99	\$ 200	\$ 4.30
Add: Income tax expense	14		15		75		58	
Earnings from continuing operations before income taxes	\$ 61		\$ 63		\$ 298		\$ 258	
(Less): RIP (credit) (1)	-		-		(1)		(1)	
Add: Acquisition-related impacts (2)	7		-		11		19	
Add: Acquisition-related amortization (3)	2		1		6		8	
Add: Cost reduction initiatives and other	1		-		3		-	
Adjusted earnings from continuing operations before income taxes	\$ 70		\$ 64		\$ 318		\$ 283	
(Less): Adjusted income tax expense (4)	(16)		(15)		(79)		(63)	
Adjusted earnings from continuing operations	\$ 54	\$ 1.22	\$ 49	\$ 1.08	\$ 238	\$ 5.32	\$ 220	\$ 4.74
Adjusted diluted EPS from continuing operations change versus prior year	13.0%				12.2%			
Diluted shares outstanding	44.2		45.6		44.8		46.4	
Effective tax rate	23%		23%		25%		22%	

(1) RIP (credit) represents the entire actuarial net periodic pension (credit) recorded as a component of net earnings. 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 changes in fair value of contingent consideration, deferred compensation and restricted stock expenses.

(3) Represents acquisition-related intangible amortization, including customer relationships, developed technology, software, trademarks and brand names, non-compete agreements and other intangibles.

(4) Adjusted income tax expense is calculated using the effective tax rate multiplied by the adjusted earnings from continuing operations before income taxes.

Adjusted EBITDA Guidance

Adjusted EBITDA Schedule

	For the Year Ending December 31, 2024				
	Low			High	
Net earnings	\$	243	to	\$	248
Add: Income tax expense		79			84
Earnings before income taxes	\$	323	to	\$	332
Add: Interest expense		40			42
Add: Other non-operating (income), net		(7)			(6)
Operating income	\$	356	to	\$	368
Add: RIP expense (1)		2			4
Adjusted operating income	\$	359	to	\$	371
Add: Depreciation and amortization		90			100
Adjusted EBITDA	\$	450	to	\$	470

(1) RIP expense represents only the plan service cost that is recorded within Operating income. For all periods presented, we do not expect to make cash contributions to our RIP.

Adjusted Diluted Net Earnings Per Share Guidance

For the Year Ending December 31, 2024					
	Low	Per Diluted Share ⁽¹⁾		High	Per Diluted Share ⁽¹⁾
Net earnings	\$ 243	\$ 5.55	to	\$ 248	\$ 5.77
Add: Income tax expense	79			84	
Earnings before income taxes	\$ 323		to	\$ 332	
Add: RIP (credit) (2)	(3)			(1)	
Add: Acquisition-related amortization (3)	7			8	
Adjusted earnings before income taxes	\$ 327		to	\$ 339	
(Less): Adjusted income tax expense (4)	(81)			(84)	
Adjusted net earnings	\$ 246	\$ 5.60	to	\$ 255	\$ 5.90

(1) Adjusted diluted EPS guidance for 2024 is calculated based on approximately 43 to 44 million of diluted shares outstanding.

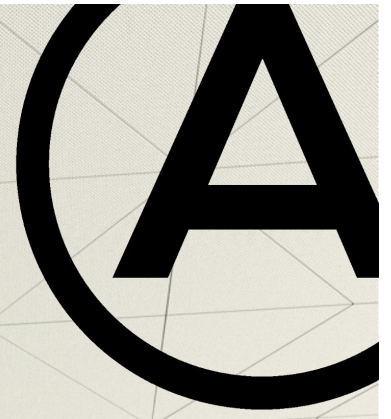
(2) RIP (credit) represents the entire actuarial net periodic pension (credit) recorded as a component of net earnings. We do not expect to make any cash contributions to our RIP.

(3) Represents acquisition-related intangible amortization, including customer relationships, developed technology, software, trademarks and brand names, non-compete agreements and other intangibles.

(4) Income tax expense is based on an adjusted effective tax rate of approximately 25%, multiplied by adjusted earnings before income taxes.

Adjusted Free Cash Flow Guidance

	For the Year Ending December 31, 2024				
	Low			High	
Net cash provided by operating activities	\$	270	to	\$	285
Add: Return of investment from joint venture		85			95
Adjusted net cash provided by operating activities	\$	355	to	\$	380
Less: Capital expenditures		(80)			(90)
Adjusted Free Cash Flow	\$	275	to	\$	290



4th Quarter & Full Year 2023 Earnings Presentation

February 20, 2024



Safe Harbor Statement

Disclosures in this presentation contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, those relating to future financial and operational results, expected savings from cost management initiatives, the performance of our WAVE¹ joint venture, market and broader economic conditions and guidance. 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. This includes annual guidance. 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 could cause our actual results to differ materially from those projected, anticipated or implied is included in the “Risk Factors” and “Management’s Discussion and Analysis” sections of our reports on Form 10-K and Form 10-Q filed with the U.S. Securities and Exchange Commission (“SEC”), including our annual report on Form 10-K for the year ended December 31, 2023, that the Company expects to file today. 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 in the United States (“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 is 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, February 20, 2024, and will not be updated or affirmed unless and until we publicly announce updated or affirmed guidance.

1. Worthington Armstrong Joint Venture (“WAVE”).



Basis of Presentation Explanation

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 Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), adjusted diluted earnings per share ("EPS") and adjusted free cash flow. The Company excludes certain acquisition related expenses (i.e. – changes in the fair value of contingent consideration and deferred compensation accruals¹ for acquisitions). The Company excludes all acquisition-related amortization from adjusted earnings from continuing operations and in calculations of adjusted diluted EPS. Examples of other excluded items have included plant closures, restructuring charges and related costs, impairments, separation costs and other cost reduction initiatives, environmental site expenses and environmental insurance recoveries, endowment level charitable contributions, and certain other gains and losses. The Company also excludes income/expense from its U.S. Retirement Income Plan ("RIP") in the non-GAAP results as it represents the actuarial net periodic benefit credit/cost recorded.

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.

Excluding adjusted diluted EPS, non-GAAP figures are rounded to the nearest million and corresponding percentages are based on unrounded figures.

Operating Segments: "MF": Mineral Fiber, "AS": Architectural Specialties, "UC": Unallocated Corporate

All dollar figures throughout the presentation are in \$ millions, except per share data, and all comparisons are versus the applicable prior-year period unless otherwise noted. Figures may not sum due to rounding.

1. The deferred compensation accruals are for cash and stock awards that will be recorded over each awards' respective vesting period, as such payments are subject to the sellers' and employees' continued employment with the Company.

GAAP and non-GAAP Financial Results

AWI Consolidated Results	Q4 2023	Q4 2022	FY 2023	FY 2022
Net sales	\$312.3	\$304.5	\$1,295.2	\$1,233.1
Earnings from continuing operations	\$46.8	\$48.8	\$223.8	\$199.9
Operating income	\$66.3	\$70.6	\$323.7	\$278.7
Adj. EBITDA*	\$98	\$92	\$430	\$385
Operating income margin (operating income % of net sales)	21.2%	23.2%	25.0%	22.6%
Adj. EBITDA margin* (Adj. EBITDA % of net sales)	31.4%	30.1%	33.2%	31.2%
Diluted earnings per share from continuing operations	\$1.06	\$1.07	\$4.99	\$4.30
Adj. diluted earnings per share from continuing operations	\$1.22	\$1.08	\$5.32	\$4.74
Net cash provided by operating & investing activities	\$57.3	\$83.3	\$223.1	\$210.6
Adj. free cash flow*	\$68	\$91	\$263	\$221
Net cash provided by operating & investing activities % of net sales	18.3%	27.4%	17.2%	17.1%
Adj. free cash flow margin* (Adj. free cash flow % of net sales)	21.9%	29.9%	20.3%	17.9%

Segment Results	Q4 2023			Q4 2022		
	MF	AS	UC	MF	AS	UC
Net sales	\$220.3	\$92.0	-	\$216.0	\$88.5	-
Operating income (loss)	\$60.9	\$6.0	(\$0.6)	\$61.1	\$10.7	(\$1.2)
Adj. EBITDA*	\$81	\$17	-	\$78	\$13	-
Operating income margin (Operating income % of net sales)	27.6%	6.5%	NM	28.3%	12.1%	NM
Adj. EBITDA margin* (Adj. EBITDA % of net sales)	36.8%	18.4%	NM	36.3%	15.0%	NM

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.
 NM: Not meaningful.



Delivering Strong Earnings and Cash Flow Growth

Full-Year 2023 Key Takeaways

Record-Setting net sales and adj. EBITDA*

Total company adj. EBITDA margin* expanded 200bps to 33.2%

Mineral Fiber segment adj. EBITDA* up 10%

Adj. EBITDA margin* expanded 180bps to 39.1%, with consistent AUV¹ improvement

Architectural Specialties segment adj. EBITDA* up 20%

Adj. EBITDA margin* expanded 230bps to 18.1%, driven by improved profitability on increased sales

Strong adj. Free Cash Flow* generation

Full-year growth of 19% supported all capital allocation priorities

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.
1. Average Unit Value ("AUV"). Includes both like-for-like price and mix impacts.



\$1,295M (+5% VPY)

Net Sales



\$430M (+12% VPY)

Adj. EBITDA*



\$5.32 (+12% VPY)

Adj. Diluted EPS*



\$263M (+19% VPY)

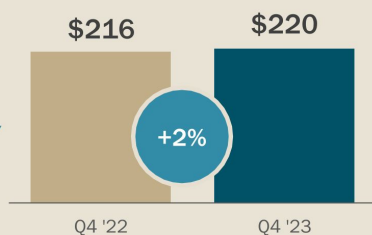
YTD Adj. Free Cash Flow*



Strong Execution Drives Adjusted EBITDA Margin* Expansion

Mineral Fiber Q4 2023 Results

Net Sales Growth VPY



Adj. EBITDA* VPY	Q4 '22		Q4 '23	
	Q1	Q2	Q3	Q4
2022 Adj. EBITDA*	\$74	\$89	\$89	\$78
AUV	5	14	11	4
Volume	12	(12)	-	1
Manufacturing ¹	3	3	-	(3)
Input Costs ²	(10)	(2)	6	3
SG&A ³	(3)	-	(3)	(7)
WAVE ⁴	3	4	1	4
2023 Adj. EBITDA*	\$84	\$95	\$105	\$81
% Change	13%	7%	18%	3%

Q4 Mineral Fiber Key Highlights

- AUV growth driven by favorable like-for-like pricing, partially offset by unfavorable mix
- Flattish volumes due to growth initiative contribution, offset by softer market demand
- Higher manufacturing costs offset by lower input costs; lower energy and freight costs offset raw material inflation
- Higher SG&A driven primarily by increased incentive compensation
- Strong WAVE contribution with favorable margins and higher volumes

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.

1. Excludes the change in depreciation throughout the presentation.

2. Includes raw material, energy and freight impacts, in addition to inventory valuation impacts.

3. Excludes the change in amortization throughout the presentation.

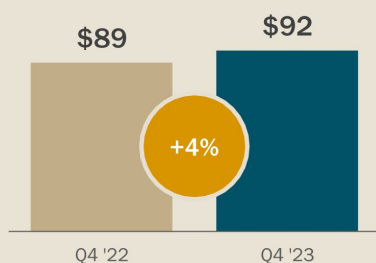
4. Worthington Armstrong Joint Venture ("WAVE").

Strong Adjusted EBITDA Margin* Expansion on Consistent Sales Growth



Architectural Specialties Q4 2023 Results

Net Sales Growth VPY



Adj. EBITDA* Comparison VPY	Q1	Q2	Q3	Q4
2022 Adj. EBITDA*	\$13	\$13	\$16	\$13
Sales	2	7	8	6
Manufacturing ¹	(1)	(1)	(1)	(1)
SG&A ²	(2)	(2)	(2)	(1)
2023 Adj. EBITDA*	\$12	\$17	\$20	\$17
% Change	(10%)	31%	30%	27%

Q4 Architectural Specialties Key Highlights

- Recent acquisitions drive sales growth
- Adj. EBITDA margin* of 18.4% with 330bps of expansion on improved profitability on increased sales
- Continuing to monitor project delays and overall market backdrop
- Transportation bidding activity remains strong and supports multi-year opportunity

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.

1. Excludes the change in depreciation throughout the presentation.

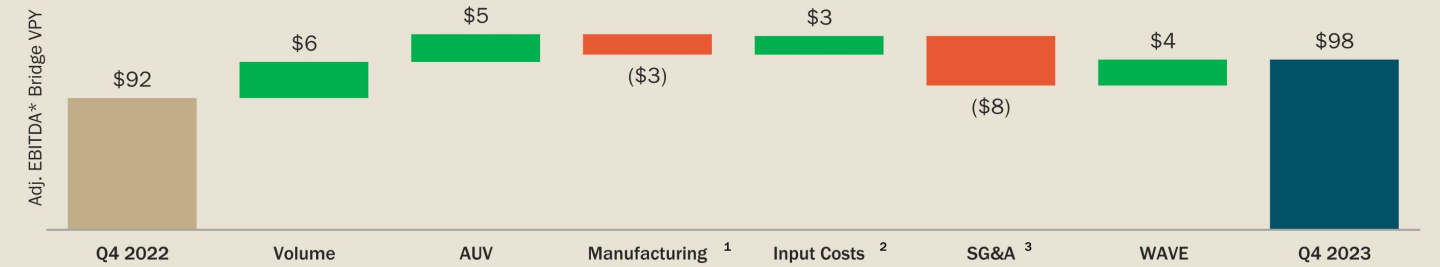
2. Excludes the change in amortization throughout the presentation.



Solid Execution With Adjusted EBITDA Margin* Expansion

Q4 2023 Consolidated Company Key Metrics

	Q4 2022	Q4 2023	Variance
Net Sales	\$305	\$312	3%
Adj. EBITDA*	\$92	\$98	7%
Adj. EBITDA Margin* (Adj. EBITDA % of Net Sales)	30.1%	31.4%	130bps
Adj. Diluted Earnings Per Share*	\$1.08	\$1.22	13%



*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.
1. Excludes the change in depreciation throughout the presentation.

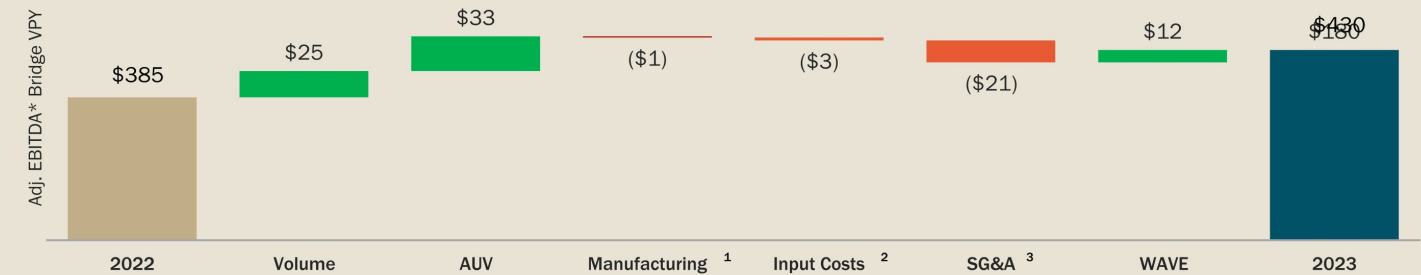
2. Includes raw material, energy and freight impacts in addition to inventory valuation impacts.
3. Excludes the change in amortization throughout the presentation.

Double-Digit Adj. EBITDA* Growth & Robust Adj. Free Cash Flow* Growth



Full-Year 2023 Consolidated Company Key Metrics

	Full Year 2022	Full Year 2023	Variance
Net Sales	\$1,233	\$1,295	5%
Adj. EBITDA*	\$385	\$430	12%
Adj. EBITDA Margin* (Adj. EBITDA % of Net Sales)	31.2%	33.2%	200bps
Adj. Diluted Earnings Per Share*	\$4.74	\$5.32	12%
Adj. Free Cash Flow*	\$221	\$263	19%



*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.

1. Excludes the change in depreciation throughout the presentation.

2. Includes raw material, energy and freight impacts in addition to inventory valuation impacts.

3. Excludes the change in amortization throughout the presentation.

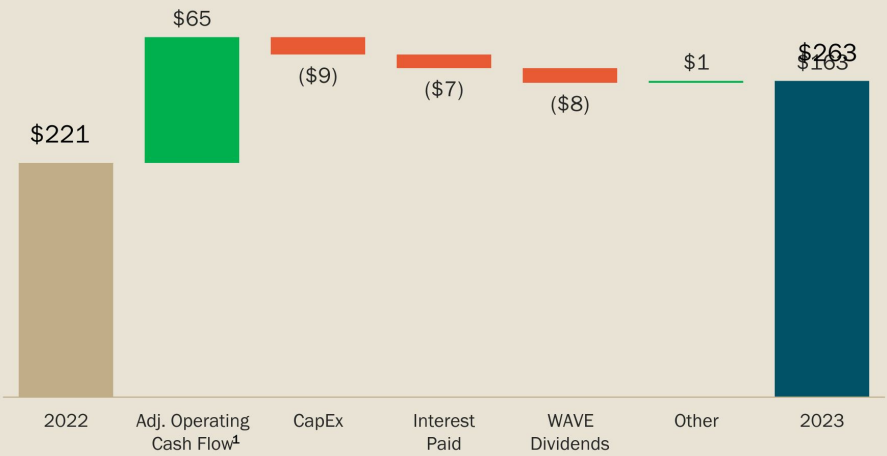
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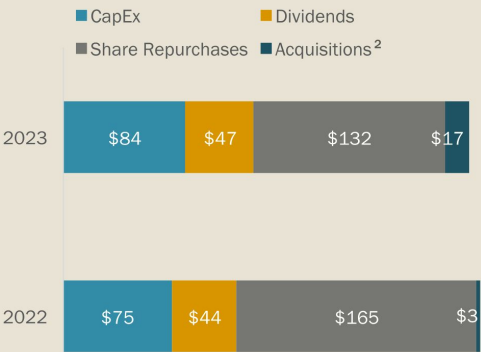
Proven Ability to Grow Cash Flow Despite Softer Market Conditions

Ample cash to deploy in support of all capital allocation priorities

2023 Adj. Free Cash Flow* Up 19% vs Prior Year



2023 Capital Deployment



^{*}Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.
¹ Includes cash earnings, working capital and other current assets and liabilities.
² 2023 excludes acquisition of certain software-related intellectual property.

Issuing Full Year 2024 Guidance

Remaining focused on solid execution & margin expansion



Net Sales

\$1,335M to \$1,375M
3% to 6% YoY



Adjusted EBITDA*

\$450M to \$470M
5% to 9% YoY



Adjusted Diluted EPS*

\$5.60 to \$5.90
5% to 11% YoY



Adjusted Free Cash Flow*

\$275M to \$290M
5% to 10% YoY

*Non-GAAP measure. See appendix for reconciliation to nearest GAAP measure.
1. Additional assumptions available in the appendix of this presentation.



Commentary¹

Expecting slower economic growth

Initiatives partially offset lower market demand, resulting in MF volume down low-single digits

Expect MF AUV to grow at historic average, driving margin expansion

Inflation continues to moderate

AS continues efforts to penetrate fragmented market and expand margins



Appendix



Full Year 2024 Assumptions

Segment ¹	Net Sales	Adjusted EBITDA Margin*
Mineral Fiber	+2% to +5% growth	~40%
Architectural Specialties	+6% to +9% growth	~19%

Consolidated Metrics	Full Year 2024	Shipping Days vs Prior Year	2023	2024	2025 ²
Capital expenditures	\$80M to \$90M	Q1	+1	-	-
Depreciation and amortization	\$90M to \$100M	Q2	-	-	-
Interest expense	\$40M to \$42M	Q3	(1)	+1	-
Book / cash tax rate	~25% / 25% to 26%	Q4	-	+1	-
Shares outstanding	~43 to 44 million	Full Year	-	+2	-
Return of investment from joint venture	\$85M to \$95M				

*Non-GAAP Measure.
1. Assumes no contribution from future acquisitions.
2. Based on preliminary expectations. Subject to change.



Adjusted EBITDA Reconciliation

	For the Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net sales	\$312	\$305	\$1,295	\$1,233
Net earnings	\$47	\$49	\$224	\$203
Less: Net earnings from discontinued operations	-	-	-	3
Earnings from continuing operations	\$47	\$49	\$224	\$200
Add: Income tax expense	14	15	75	58
Earnings from continuing operations before income taxes	\$61	\$63	\$298	\$258
Add: Interest/other income and expense, net	6	7	25	21
Operating income	\$66	\$71	\$324	\$279
Add: RIP expense ¹	1	1	3	4
Add: Acquisition-related impacts ²	7	-	11	19
Add: Cost reduction initiatives and other	1	-	3	-
Adjusted operating income	\$75	\$71	\$340	\$301
Add: Depreciation and amortization	23	20	89	84
Adjusted EBITDA	\$98	\$92	\$430	\$385
Operating income margin	21.2%	23.2%	25.0%	22.6%
Adjusted EBITDA margin	31.4%	30.1%	33.2%	31.2%

Adjusted Diluted EPS Reconciliation

	For the Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net earnings	\$47	\$49	\$224	\$203
Less: Net earnings from discontinued operations	-	-	-	3
Earnings from continuing operations	\$47	\$49	\$224	\$200
Add: Income tax expense	14	15	75	58
Earnings from continuing operations before income taxes	\$61	\$63	\$298	\$258
(Less): RIP (credit) ³	-	-	(1)	(1)
Add: Acquisition-related impacts ²	7	-	11	19
Add: Acquisition-related amortization ⁴	2	1	6	8
Add: Cost reduction initiatives and other	1	-	3	-
Adjusted earnings from continuing operations before income taxes	\$70	\$64	\$318	\$283
Less: Adjusted income tax expense ⁵	(16)	(15)	(79)	(63)
Adjusted earnings from continuing operations	\$54	\$49	\$238	\$220
Diluted shares outstanding	44.2	45.6	44.8	46.4
Effective tax rate	23%	23%	25%	22%
Diluted earnings per share from continuing operations	\$1.06	\$1.07	\$4.99	\$4.30
Adjusted diluted earnings per share from continuing operations	\$1.22	\$1.08	\$5.32	\$4.74

1. RIP expense represents only the plan service cost that is recorded within Operating income. 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 changes in fair value of contingent consideration, deferred compensation and restricted stock expenses.
3. RIP (credit) represents the entire actuarial net periodic pension (credit) recorded as a component of net earnings. For all periods presented, we were not required to and did not make cash contributions to our RIP.
4. Represents acquisition-related intangible amortization, including customer relationships, developed technology, software, trademarks and brand names, non-compete agreements and other intangibles.
5. Adjusted income tax expense is calculated using the effective tax rate multiplied by the adjusted earnings from continuing operations before income taxes.



Adjusted Free Cash Flow Reconciliation

	For the Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$57	\$63	\$234	\$182
Net cash provided by (used for) investing activities	-	\$20	(\$10)	\$28
Net cash provided by operating and investing activities	\$57	\$83	\$223	\$211
Add: Acquisitions, net	3	3	27	3
Add: Net environmental expenses	1	-	1	1
Add: Contingent consideration in excess of acquisition-date fair value ¹	-	-	5	2
Add: Arktura deferred compensation ²	8	5	8	5
Adjusted free cash flow	\$68	\$91	\$263	\$221

Segment Adj. EBITDA Reconciliation

	For the Three Months Ended December 31,						Year Ended December 31,					
	MF		AS		UC		MF		AS		UC	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	\$220	\$216	\$92	\$89	-	-	\$932	\$887	\$363	\$346	-	-
Operating income (loss)	\$61	\$61	\$6	\$11	(\$1)	(\$1)	\$286	\$261	\$41	\$22	(\$3)	(\$4)
Add: RIP expense ³	-	-	-	-	1	1	-	-	-	-	3	4
Add: Acquisition-related impacts ⁴	-	-	7	-	-	-	-	-	11	19	-	-
Add: Cost reduction initiatives and other	1	-	-	-	-	-	3	-	-	-	-	-
Adjusted operating income (loss)	\$62	\$61	\$13	\$10	-	-	\$289	\$261	\$52	\$41	-	-
Add: Depreciation and amortization	19	17	4	3	-	-	75	69	14	14	-	-
Adjusted EBITDA	\$81	\$78	\$17	\$13	-	-	\$364	\$330	\$66	\$55	-	-
Operating income margin (Operating income % of net sales)	27.6%	28.3%	6.5%	12.1%	NM	NM	30.6%	29.4%	11.3%	6.3%	NM	NM
Adjusted EBITDA margin (Adjusted EBITDA % of net sales)	36.8%	36.3%	18.4%	15.0%	NM	NM	39.1%	37.2%	18.1%	15.8%	NM	NM

1. Contingent compensation payments related to 2020 acquisitions recorded as a component of net cash provided by operating activities.

2. Contingent consideration payments related to the acquisition.

3. RIP expense represents only the plan service cost related to the RIP that is recorded within Operating Income. For all periods presented, we were not required to and did not make cash contributions to our RIP.

4. Represents the impact of acquisition-related adjustments for changes in fair value of contingent consideration, deferred compensation and restricted stock expenses.

NM: Not meaningful.



2024 Adj. EBITDA Guidance Reconciliation

	Full Year 2024	
	Low	High
Net earnings	\$243	\$248
Add: Income tax expense	79	84
Earnings before income taxes	\$323	\$332
Add: Interest expense	40	42
Add: Other non-operating (income), net	(7)	(6)
Operating income	\$356	\$368
Add: RIP expense ¹	2	4
Adjusted operating income	\$359	\$371
Add: Depreciation and amortization	\$90	\$100
Adjusted EBITDA	\$450	\$470

2024 Adj. Free Cash Flow Guidance Reconciliation

	Full Year 2024	
	Low	High
Net cash provided by operating activities	\$270	\$285
Add: Return of investment from joint venture	85	95
Adjusted net cash provided by operating activities	\$355	\$380
Less: Capital expenditures	(80)	(90)
Adjusted Free Cash Flow	\$275	\$290

2024 Adj. Diluted EPS Guidance Reconciliation

	Full Year 2024	
	Low	High
Net earnings	\$243	\$248
Add: Income tax expense	79	84
Earnings before income taxes	\$323	\$332
Add: RIP (credit) ²	(3)	(1)
Add: Acquisition-related amortization ³	7	8
Adjusted earnings before income taxes	\$327	\$339
Less: Adjusted income tax expense ⁴	(81)	(84)
Adjusted net earnings	\$246	\$255
Diluted net earnings per share ⁵	\$5.55	\$5.77
Adjusted diluted net earnings per share ⁵	\$5.60	\$5.90

1. RIP expense represents only the plan service cost related to the RIP that is recorded within Operating income. We do not expect to make cash contributions to our RIP.

2. RIP (credit) represents the entire actuarial net periodic pension (credit) recorded as a component of Net earnings. We do not expect to make cash contributions to our RIP.

3. Represents acquisition-related intangible amortization, including customer relationships, developed technology, software, trademarks and brand names, non-compete agreements and other intangibles.

4. Adjusted income tax expense is based on an adjusted effective tax rate of ~25%, multiplied by adjusted earnings before income tax.

5. Based on ~43 to 44 million shares outstanding.