Armstrong Flooring™

FOURTH QUARTER 2020 EARNINGS CALL
FEBRUARY 17, 2021

Safe Harbor Statement

Disclosures in this release and in our other public documents and comments contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 could cause our actual results to differ materially from those projected, anticipated or implied is included our reports filed with the U.S. Securities and Exchange Commission. 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. The information in this presentation is only effective as of the date given, February 17, 2021, and is subject to change. Any distribution of this presentation after February 17, 2021, is not intended and will not be construed as updating or confirming such information.

Armstrong Flooring, Inc. competes globally in many diverse markets. References to "*market*" or "*share*" data are simply estimations based on a combination of internal and external sources and assumptions. They are intended only to assist discussion of the relative performance of product segments and categories for marketing and related purposes. No conclusion has been reached or should be reached regarding a "*product market*," a "*geographic market*" or “*market share*,” as such terms may be used or defined for any economic, legal or other purpose.

In addition, we will be referring to “non-GAAP financial measures” within the meaning of SEC Regulation G. Management uses non-GAAP measures, including Adjusted EBITDA and Free Cash Flow, in managing the business and believes the adjustments provide meaningful comparisons of operating performance between periods. We remove the impact of certain discrete expenses and income. The non-cash expense impact of the U.S. pension and depreciation and amortization is also excluded.

A reconciliation of the differences between these measures with the most directly comparable financial measures calculated in accordance with GAAP can be found in the appendix section of this presentation.

Business Update

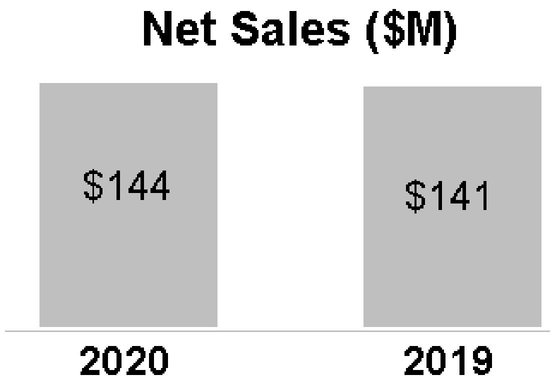
- Residential strength continued; offset slower Commercial recovery
  - Residential primarily repair and remodel
  - Commercial improving but still below prior year per ABI index
- Improved operating performance across all plants
  - Investments in Kankakee to modernize and enable tile consolidation
  - Additional downtime in US facilities to counter difficult year; mitigate holiday virus risk and execute improvements projects
  - Improved yield and OEE all result from positive plant performance
- Strive for optimal mix for production and inventory to meet customer demands; new product introductions reflect brand strength
  - ADEX Platinum award for American Personality 12
  - GOOD Design recognized 4 of our products in their 2020 awards
- Hospitality head joined in Q4, samples and product launch on schedule
- Liquidity reflects inventory build, working capital increase and South Gate block; Q2 refinancing provided needed flexibility to address opportunities
- Investments made in 2020 for transformation ($9.5M in Q4, $16.5M FY)

FINANCIAL RESULTS

KEY HIGHLIGHTS

- Residential sales up; offset commercial decline; overall favorable mix
- Input costs increased due to freight and raw materials
- Operations cost increase related to tile consolidation
- SG&A reflects sales investments, TSA income $4M headwind vs 2019

Q4 2020 RESULTS



2019 Adjusted EBITDA	**($4M)**
Volume	(1)
Price / Mix	-
Input Cost	(4)
Operations Cost	(1)
SG&A	(4)
2020 Adjusted EBITDA	**($14M)**

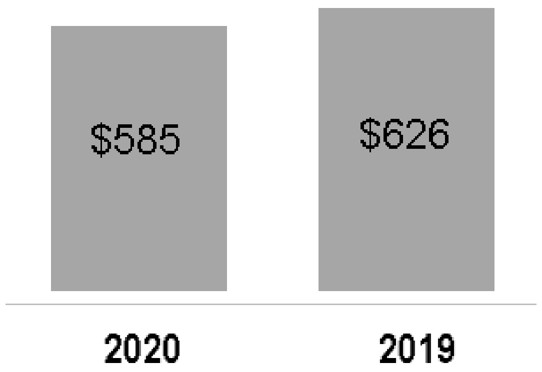
See reconciliation of non-GAAP measures in the Appendix.

KEY HIGHLIGHTS

- COVID impact on volume particularly in commercial segments, most notably in Q2/Q3
- Higher price/mix reflect mid-year increases
- Input cost flat, one-time tariff benefit offsetting increased freight and raw materials
- Operations cost benefit mainly due to lower overhead from manufacturing footprint consolidation and operating improvements
- SG&A reflects loss of $19M TSA income benefit in 2019 and reduced advertising/promotional spend. Investments in sales force partially offset these benefits

FULL YEAR 2020 RESULTS

Net Sales ($M)



2019 Adjusted EBITDA	**$24M**
Volume	(23)
Price / Mix	2
Input Cost	-
Operations Cost	5
SG&A	(14)
2020 Adjusted EBITDA	**($6M)**

See reconciliation of non-GAAP measures in the Appendix.

LIQUIDITY AND CASH FLOW

(Dollars in Millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	YTD 2020	*YTD vs 2019*
Operating Cash Flow	($17)	$10	($9)	($12)	($28)	*($22)*
Cap Ex, net	(8)	(3)	(4)	(6)	($21)	*6*
Free Cash Flow	**(25)**	**7**	**(14)**	**(18)**	**($49)**	***(16)***

- Working capital includes investments in inventory to improve delivery times and to facilitate plant consolidation
- Lower Cap Ex – targeted spend for key initiatives and plant consolidation, supporting transformation
- Available liquidity of $53M; ABL borrowings of $10M at 12/31/2020
- Availability on the ABL facility was reduced by $30M beginning in Q4 2020 until a sale of the South Gate property[1] is complete

See reconciliation of non-GAAP measures in the Appendix.

Note: Figures may not foot due to rounding
(1) In accordance with credit agreements, availability on ABL facility to be withheld upon filing of the Q3 2020 10-Q. The Company's South Gate, California facility and land portfolio have been classified on the balance sheet as assets held-for-sale as of 9/30/2020

MULTI-YEAR TRANSFORMATION

Focused Strategy To Transform & Modernize Business

EXPAND

Customer Reach

SIMPLIFY

Portfolio & Organization

STRENGTHEN

Capabilities

Expand
Customer Reach

- Add Direct Sales representation and augment the Supply Chain model to service Key Independent Retailers, Commercial National Accounts & Large Flooring Contractors
- Resource & Grow by servicing customers the way they want
- Increase focus and investment with Big Box Retail/National Accounts
- Optimize and invest in current Distribution Network
- Penetrate new Commercial verticals such as Hospitality, Corporate/Office and Government
- Invest in Marketing capabilities to drive demand creation with key growth platforms – digital tool expansion, brand refresh & self-service toolbox

Key Accomplishments in 2020

- Directly serviced key independent retailers, national accounts and large flooring contractors
- Created new sales channels in hospitality and healthcare
- Reorganized and augmented supply chain resources
- Launched Made in The USA quick ship program increasing Lancaster capacity utilization 33%

Simplify
Portfolio & Organization

Key Accomplishments in 2020
- New Product Introductions improved PVI 10 points
- Consolidated residential felt sheet and VCT manufacturing
- Announced manufacturing closure at South Gate, CA plant
- Reduced SKU counts by 31%
- Pricing simplified; 5-9% increase announced effective Jan 15, 2021

Marketing, Supply Chain, Design & Innovation INVESTMENT

REDUCE COMPLEXITY	REFRESH OFFERING	INVEST IN OFFERING	AREAS OF INNOVATION
Commercial VCT Residential Sheet	Commercial Sheet Residential Tile	Commercial LVT Residential LVT	Coatings Personalization Non-PVC Recycling Acoustics
Commercial VCT 30% Residential Sheet 10%	Commercial Sheet 20% Residential Tile 5% Accessories 5%	Commercial LVT 15% Residential LVT 15%	CURRENT SALES MIX
DECREASE	MAINTAIN	GROW	SKU MIX DIRECTION

* Data in the table above as of December 2019 and full year 2019 information

Strengthen

Transform and Modernize Capabilities

Project Management

- Transformation Management Office
- Cross Functional
- Clear KPI's

Innovation & Product Development

- Stage Gate
- Design
- 3-Year Pipeline
- Sustainability

Processes

- Customer Portal
- One AFI
- Logistics and Distribution

Productivity

- Focus on Big Opportunities
- First Movers Mentality
- Embed in Culture

Key Accomplishments

- New brand launched; first retail programs in Q4 2020
- Implemented COVID-19 protocols that kept plants operating and maintained salesforce momentum
- Refinanced company enabling investment and growth
- HQ Move on track for Q2 2021
- Enabled West Coast distribution post South Gate closure

2021 Outlook

- Net Sales growth anticipated; supported by residential strength
- Anticipate growth in LVT, decline in VCT markets
- Anticipated EBITDA improvement supported by top line growth, transformation initiatives and manufacturing productivity
- Capital deployment will support transformation needs for working capital and related investments
- Closely monitoring changes in raw material prices, transportation and ongoing effects of COVID related delays in construction or changes in regulations
- Investments in transformation will continue,
  - Expanding customer reach through channel expansion, brand refresh and optimizing distribution network
  - Simplifying portfolio and organization through simpler pricing, product portfolio refresh and headquarters relocation
  - Strengthening Capabilities through customer focused innovation, logistics and distribution

Multi-year transformation Key take-aways

- Large addressable market opportunity in residential and commercial
- Well positioned in geographic markets and product categories
- Significant opportunities to accelerate U.S. growth and cost efficiencies
- Focused strategy to transform and modernize business
- AFI will become leaner, faster growing and more profitable

APPENDIX

RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA

	Three Months Ended December 31,		Year Ended December 31,	
(In millions)	2020	2019	2020	2019
Net (loss)	$ (32.4)	$ (25.1)	$ (63.6)	$ (58.5)
Add-back (deduct):				
Net earnings for discontinued operations	—	(2.8)	—	(10.4)
Income tax expense (benefit)	(0.8)	4.6	(0.8)	1.6
Other (income) expense, net	(2.4)	0.6	(4.8)	1.8
Interest expense	2.9	1.7	7.5	4.4
Operating (loss)	(32.7)	(21.0)	(61.7)	(61.1)
Add-back: Depreciation and amortization expense	10.9	15.5	42.9	50.7
Add-back: U.S. Pension expense	0.6	0.7	2.6	2.7
Add-back (deduct) Business reset items:				
Product rationalization	—	—	—	19.6
Strategic initiative costs (including executive transition)	—	0.4	0.7	8.3
Site exit costs	5.9	—	6.2	—
Additional costs related to business transformation initiatives	1.0	0.1	3.2	4.2
Gain on sale of Vicksburg property	(0.2)	—	(0.2)	—
Adjusted EBITDA	$ (14.5)	$ (4.3)	$ (6.3)	$ 24.4

Adjusted EBITDA is a non-GAAP financial measure and consists of net (loss) adjusted to remove the impact of discontinued operations, income taxes, other (income) expense, interest expense, depreciation and amortization, U.S. pension expense and business transformation costs. The Company's management believes Adjusted EBITDA is meaningful to investors because management reviews Adjusted EBITDA in assessing and evaluating performance. However, this measure should be considered in addition to, rather than as a substitute for net (loss) provided in accordance with GAAP. The Company's method of calculating Adjusted EBITDA may differ from methods used by other companies and, as a result, Adjusted EBITDA may not be comparable to other similarly titled measures disclosed by other companies.

Note: Figures may not foot due to rounding.

RECONCILATION OF NET CASH USED FOR OPERATING ACTIVITIES TO FREE CASH FLOW

	Three Months Ended December 31,		Year Ended December 31,	
(In millions)	2020	2019	2020	2019
Net cash used for operating activities	$ (11.9)	$ (4.2)	$ (28.2)	$ (6.0)
Less: Capital expenditures	(7.6)	(6.0)	(22.8)	(28.9)
Add: Proceeds from asset sales	1.6	1.4	1.7	1.4
Free cash flow	$ (17.9)	$ (8.8)	$ (49.3)	$ (33.5)

Free cash flow is a non-GAAP financial measure and consists of cash flows from operating activities less capital expenditures net of proceeds from asset sales. The Company's management believes Free cash flow is meaningful to investors because management reviews Free cash flow in assessing and evaluating performance. However, this measure should be considered in addition to, rather than a substitute for cash flows used for operating activities provided in accordance with GAAP. The Company's method of calculating Free cash flow may differ from methods used by other companies and, as a result, Free cash flow may not be comparable to other similarly titled measures disclosed by other companies.

RECONCILIATION OF NET LOSS TO ADJUSTED NET LOSS

	Three Months Ended December 31,		Year Ended December 31,		
(In millions)	**2020**	**2019**	**2020**	**2019**	
Net (loss)	**$ (32.4)**	$ (25.1)	**$ (63.6)**	$ (58.5)	
Add-back (deduct) business reset items:					
Site exit costs	**5.9**	4.6	**6.2**	4.6	
Strategic initiative costs (including executive transition)	**—**	0.4	**0.7**	8.3	
Additional costs related to business transformation initiatives	**1.0**	0.1	**3.2**	4.2	
Product rationalization	**—**	—	**—**	19.6	
Gain from postretirement plan change	**(1.8)**	—	**(1.8)**	—	
Gain on sale of Vicksburg property	**(0.2)**	—	**(0.2)**	—	
U.S. Pension expense	**0.6**	0.7	**2.6**	2.7	
Other (income) expense,net	**(2.4)**	0.6	**(4.8)**	1.8	
Net (income) loss from discontinued operations	**—**	(2.8)	**—**	(10.4)	
Tax impact of adjustments (at statutory rate)	**(0.8)**	(1.6)	**(1.5)**	(10.3)	
Adjusted net (loss)	**$ (30.1)**	$ (23.1)	**$ (59.2)**	$ (37.9)	(a)
Adjusted diluted (loss) per share	**$ (1.37)**	$ (1.05)	**$ (2.70)**	$ (1.57)	

(a) Does not total due to rounding.

Adjusted net (loss) is a non-GAAP financial measures and consists of net (loss) adjusted to remove the impact of business transformation costs, U.S. pension expense, other (income) expense; discontinued operations and adjust such items for the related tax impacts. Adjusted diluted (loss) per share is a non-GAAP financial measure and consists of Adjusted net (loss) divided by weighted average diluted shares outstanding for the corresponding period. The Company's management believes Adjusted net (loss) and Adjusted diluted (loss) per share are meaningful to investors because management reviews Adjusted net (loss) and Adjusted diluted (loss) per share in assessing and evaluating performance. However, these measures should be considered in addition to, rather than a substitute for net (loss) and diluted (loss) per share provided in accordance with GAAP. The Company's method of calculating Adjusted net (loss) and Adjusted diluted (loss) per share may differ from methods used by other companies and, as a result, Adjusted net (loss) and Adjusted diluted (loss) per share may not be comparable to other similarly titled measures disclosed by other companies.