Armstrong World Industries, Inc. (AWI)

Updated November 3rd, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$190	**5 Year Annual Expected Total Return:**	6.6%	**Market Cap:**	$8.21 B
Fair Value Price:	$173	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	11/06/2025
% Fair Value:	110%	**5 Year Valuation Multiple Estimate:**	-2.0%	**Dividend Payment Date:**	11/20/2025
Dividend Yield:	0.7%	**5 Year Price Target**	$253	**Years Of Dividend Growth:**	8
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Armstrong World Industries is a leading manufacturer of innovative ceiling and wall systems, offering high-performance solutions for commercial and residential spaces. Serving end markets such as office, education, healthcare, and retail across the Americas, AWI operates through two key segments: Mineral Fiber, providing acoustical ceiling tiles and suspension systems, and Architectural Specialties, delivering customized ceiling and wall designs. Based in Lancaster, Pennsylvania, the company employs about 3,500 people and has a market cap of $8.21 billion. AWI generated roughly $1.45 billion in revenue last year.

On October 28th, 2025, Armstrong World Industries released its Q3 results for the period ending September 30th, 2025. For the quarter, net sales grew by 10% to $425 million, driven by 6% growth in the Mineral Fiber segment and 18% growth in the Architectural Specialties segment. Adjusted EBITDA grew by 6% to $148 million, while adjusted EPS grew 13% to $2.05. For FY2025, management now expects adjusted EPS in the range of $7.45 to $7.55 (up from $7.15 to $7.30 previously). We have used the midpoint of this range in our estimates. All past figures in our table reflect GAAP accounting.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.69	$1.88	$2.23	$3.61	$4.39	$2.07	$3.84	$4.38	$5.00	$6.02	***$7.50***	***$11.02***
DPS	---	---	---	$0.18	$0.73	$0.82	$0.88	$0.97	$1.07	$1.18	***$1.36***	***$1.99***
Shares[1]	55.5	55.4	53.3	51.3	48.7	47.9	47.6	46.3	44.8	44.0	***43.1***	***40.0***

Armstrong World Industries' EPS has grown at a compound annual growth rate (CAGR) of 15.2% over the past decade, driven by its focus on high-margin products, operational efficiency, and market dynamics. EPS increased steadily from $1.69 in 2015 to $2.23 in 2017, powered by growth in its core Mineral Fiber segment and the acquisition of Tectum in 2017, which expanded the Architectural Specialties portfolio. The sale of its European and Asia-Pacific businesses in 2018 enabled AWI to streamline operations and focus on the Americas market, contributing to a boost in EPS to $3.61.

The growth lasted into 2019 with EPS hitting $4.39 as the Architectural Specialties segment benefited from acquisitions and organic growth. While EPS turned negative in 2020 due to COVID-19-related disruptions in commercial construction activity, a strong recovery followed in 2021, with EPS rebounding to $3.84, driven by increased renovation demand and the integration of three acquisitions that bolstered the Architectural Specialties segment.

By 2022 and 2023, EPS rose further to $4.38 and $5.00, respectively, supported by robust demand in the Mineral Fiber segment, pricing actions to offset inflation, and further investment in digital tools like Kanopi and ProjectWorks, which grew customer engagement and operational efficiency. This period also recorded advancements in the Healthy Spaces initiative, targeting improved indoor environmental quality, which positioned the company for long-term growth in emerging markets like healthcare and education. The company's positive momentum was sustained in 2024, when it reported record EPS of $6.02.

[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Moving forward, we believe the company is positioned for continued growth. We forecast EPS growth of 8% per annum through 2030, driven by rising demand for high-performance building materials, growth in the Architectural Specialties segment via acquisitions, and the growing adoption of digital tools like Kanopi and ProjectWorks to capture underserved markets. We have set our dividend growth forecast at a similar rate, with AWI having raised its payouts every year since initiating a dividend in 2018.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	31.3	23.6	20.5	16.5	18.5	40.7	23.8	21.1	15.3	18.3	***25.4***	***23.0***
Avg. Yld.	---	---	---	0.3%	0.9%	1.0%	1.0%	1.0%	1.4%	1.1%	***0.7%***	***0.8%***

Armstrong World Industries' P/E ratio has seen significant swings over the years, reflecting changes in earnings growth expectations, market sentiment, and industry dynamics. As earnings stabilized post-2017, the P/E squeezed to 20.5 and further to 16.5 in 2018, reflecting strong EPS growth and AWI's streamlined focus on the Americas market. The 2020 spike was due to pandemic disruptions and recovery expectations, but the P/E ratio has now normalized. We believe the stock is modestly overvalued today, having set our fair P/E at 23 times. The dividend yield is rather insignificant.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	---	5%	17%	40%	23%	22%	21%	20%	***18%***	***18%***

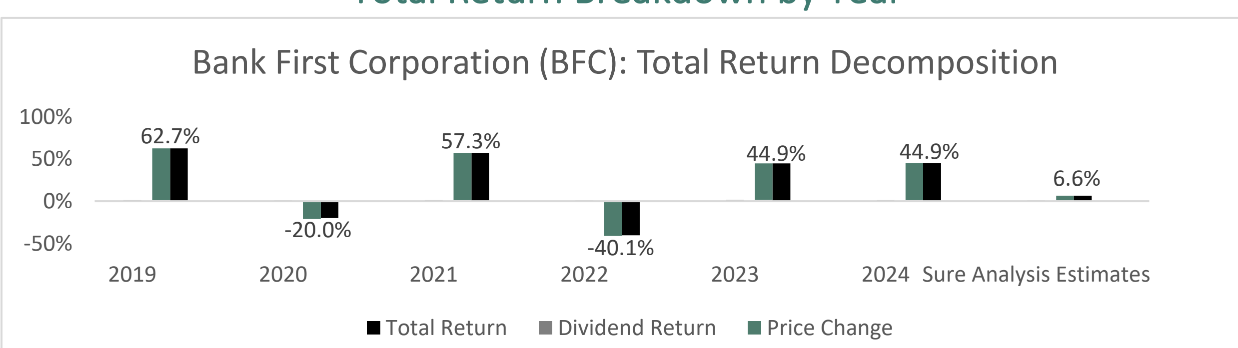
AWI's competitive advantage lies in its strong brand recognition, market leadership in ceiling and wall systems, and its large product portfolio that serves multiple commercial and residential markets. Its focus on high-margin segments like Architectural Specialties and investments in digital platforms provide differentiation and boost customer engagement.

However, the company operates in a highly competitive market with big players like USG Corporation and CertainTeed, which have significant resources and broad product offerings. Further, the construction materials industry is inherently susceptible to economic downturns, as reduced commercial construction and renovation activity directly hurts demand. AWI mitigates this risk through a focus on renovation markets, which are less cyclical, and by leveraging indoor quality trends to drive product innovation and sales. Its streamlined Americas-focused business and solid operational efficiency further bolster resilience in challenging economic conditions. Still, earnings temporarily plunged both during the Great Financial Crisis and the COVID-19 pandemic. Regardless, we believe AWI's modest dividend is fairly safe.

Final Thoughts & Recommendation

AWI offers a solid investment case with its focus on high-margin ceiling and wall systems, supported by steady growth in Architectural Specialties and innovative digital platforms. We see annualized returns of 6.6% through 2030, due to our 8% growth estimate, the 0.7% starting dividend yield, and the potential for a valuation headwind. We rate AWI as a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	805	837	894	975	1,038	937	1,107	1,233	1,295	1,446
SG&A Exp.	181	184	139	159	174	163	232	232	257	309
D&A Exp.	118	89	89	79	72	84	97	84	89	103
Net Profit	94	105	120	186	215	(99)	183	203	224	265
Net Margin	11.7%	12.5%	13.4%	19.1%	20.7%	-10.6%	16.6%	16.5%	17.3%	18.3%
Free Cash Flow	33	(55)	81	131	111	163	107	108	150	184
Income Tax	37	51	2	53	57	(43)	57	58	75	82

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,687	1,758	1,874	1,838	1,493	1,719	1,710	1,687	1,672	1,843
Cash & Equivalents	209	142	160	326	45	137	98	106	71	79
Total Liab.	1,918	1,492	1,454	1,612	1,128	1,268	1,190	1,152	1,081	1,086
Accounts Payable	128	69	68	82	79	81	106	105	91	132
Long-Term Debt	988	874	850	820	611	716	631	651	587	525
Total Equity	769	266	419	226	365	451	520	535	592	757
LTD/E Ratio	1.29	3.28	2.03	3.63	1.67	1.59	1.21	1.22	0.99	0.69

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.6%	4.7%	6.6%	10.0%	12.9%	-6.2%	10.7%	11.9%	13.3%	15.1%
Return on Equity	13.3%	20.2%	34.9%	57.6%	72.6%	-24.3%	37.7%	38.5%	39.7%	39.3%
ROIC	5.5%	7.2%	9.9%	16.1%	21.2%	-9.3%	15.8%	17.4%	18.9%	21.5%
Shares Out.	55.5	55.4	53.3	51.3	48.7	47.9	47.6	46.3	44.7	44.0
Revenue/Share	14.40	15.03	16.58	18.72	20.97	19.56	23.10	26.58	28.91	32.86
FCF/Share	0.59	(0.99)	1.50	2.52	2.25	3.41	2.24	2.32	3.34	4.18

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.