Armstrong World Industries, Inc. (AWI)

Updated April 28th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$166	**5 Year Annual Expected Total Return:**	11.7%	**Market Cap:**	$7.61 B
Fair Value Price:	$191	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	05/11/2026
% Fair Value:	87%	**5 Year Valuation Multiple Estimate:**	2.8%	**Dividend Payment Date:**	05/26/2026
Dividend Yield:	0.8%	**5 Year Price Target**	$280	**Years Of Dividend Growth:**	8
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Buy

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 3,800 people and has a market cap of $7.61 billion. AWI generated roughly $1.62 billion in revenue last year.

On April 28th, 2026, Armstrong World Industries released its Q1 results for the period ending March 31st, 2026. Net sales grew by 7.1% to $409.9 million for the quarter, driven by 4.9% growth in the Mineral Fiber segment and 11.0% growth in the Architectural Specialties segment, including a soft inorganic contribution from recent acquisitions. Adjusted EBITDA grew 0.8% to $130 million, while adjusted EPS grew 1.8% to $1.69. Management affirmed its outlook for sales, adjusted EBITDA and adjusted free cash flow, while raising adjusted EPS guidance to a range of $8.15 to $8.45 (up from $8.05 to $8.35). 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
EPS	$1.88	$2.23	$3.61	$4.39	$2.07	$3.84	$4.38	$5.00	$6.02	$7.08	***$8.30***	***$12.20***
DPS	---	---	$0.18	$0.73	$0.82	$0.88	$0.97	$1.07	$1.18	$1.29	***$1.36***	***$1.99***
Shares[1]	55.4	53.3	51.3	48.7	47.9	47.6	46.3	44.8	44.0	43.6	***43.6***	***40.0***

Armstrong World Industries' EPS has grown at a compound annual growth rate (CAGR) of 15.9% over the past decade, driven by its focus on high-margin products, operational efficiency, and market dynamics. EPS increased from $1.88 in 2016 to $2.23 in 2017, driven 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, driven by growing demand in Mineral Fiber, 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 progress in the Healthy Spaces initiative, targeting improved indoor environmental quality, which positioned the company for long-term growth in emerging markets. The company's momentum continued in 2024, when it reported record EPS of $6.02. This strength carried into 2025, with EPS rising to $7.08, driven by 12% sales growth, favorable pricing, and margin expansion across both segments.

[1] Share count is in millions.

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Moving forward, we believe the company is positioned for continued growth. We forecast EPS growth of 8% per annum through 2031, 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	23.6	20.5	16.5	18.5	40.7	23.8	21.1	15.3	18.3	22.6	***20.0***	***23.0***
Avg. Yld.	---	---	0.3%	0.9%	1.0%	1.0%	1.0%	1.4%	1.1%	0.8%	***0.8%***	***0.7%***

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 undervalued today, having set our fair P/E at 23 times EPS. The dividend yield is rather insignificant.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Payout	---	---	5%	17%	40%	23%	22%	21%	20%	18%	***16%***	***16%***

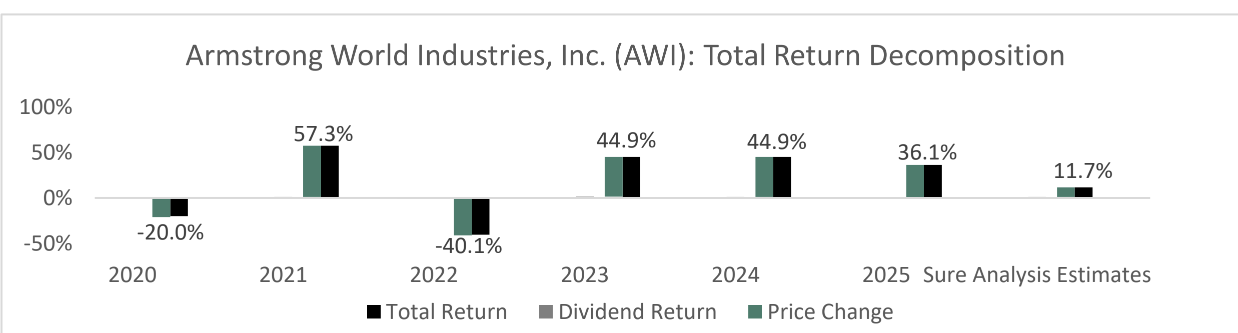
AWI's competitive advantage lies in its strong brand recognition, market leadership in ceiling and wall systems, and its large product portfolio that serves multiple commercial and residential markets. Its focus on high-margin segments like Architectural Specialties and investments in digital platforms 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 11.7% through 2031, due to our 8% growth estimate, the 0.8% starting dividend yield, and the potential for a valuation tailwind. We rate AWI as a buy.

Total Return Breakdown by Year



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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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	837	894	975	1,038	937	1,107	1,233	1,295	1,446	1,621
SG&A Exp.	184	139	159	174	163	232	232	257	309	659
D&A Exp.	89	89	79	72	84	97	84	89	103	40.7%
Net Profit	105	120	186	215	(99)	183	203	224	265	309
Net Margin	12.5%	13.4%	19.1%	20.7%	-10.6%	16.6%	16.5%	17.3%	18.3%	19.1%
Free Cash Flow	(55)	81	131	111	163	107	108	150	184	246
Income Tax	51	2	53	57	(43)	57	58	75	82	92

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,758	1,874	1,838	1,493	1,719	1,710	1,687	1,672	1,843	1,925
Cash & Equivalents	142	160	326	45	137	98	106	71	79	113
Total Liab.	1,492	1,454	1,612	1,128	1,268	1,190	1,152	1,081	1,086	1,024
Accounts Payable	69	68	82	79	81	106	105	91	132	123
Long-Term Debt	874	850	820	611	716	631	651	587	525	483
Total Equity	266	419	226	365	451	520	535	592	757	901
LTD/E Ratio	3.28	2.03	3.63	1.67	1.59	1.21	1.22	0.99	0.69	0.55

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.7%	6.6%	10.0%	12.9%	-6.2%	10.7%	11.9%	13.3%	15.1%	16.4%
Return on Equity	20.2%	34.9%	57.6%	72.6%	-24.3%	37.7%	38.5%	39.7%	39.3%	37.2%
ROIC	7.2%	9.9%	16.1%	21.2%	-9.3%	15.8%	17.4%	18.9%	21.5%	22.4%
Shares Out.	55.4	53.3	51.3	48.7	47.9	47.6	46.3	44.7	44.0	43.6
Revenue/Share	15.03	16.58	18.72	20.97	19.56	23.10	26.58	28.91	32.86	37.17
FCF/Share	(0.99)	1.50	2.52	2.25	3.41	2.24	2.32	3.34	4.18	5.64

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