



Investor Presentation

August 2015

Forward-Looking Statements Disclaimer

Risks, Uncertainties and Other Factors with Respect to “Forward-Looking Statements”

Certain statements contained in this presentation constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements that are not of historical fact constitute “forward-looking statements” and accordingly, involve estimates, assumptions, judgments and uncertainties. There are a number of factors that could cause actual results or outcomes to differ materially from those addressed in the forward-looking statements. Such factors are detailed in the Forward Looking Statements and Risk Factors sections of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and its second quarter 2015 quarterly report on Form 10Q with the Securities and Exchange Commission. We do not undertake an obligation to update our forward-looking statements to reflect future events.

Hexcel: Overview

Company profile

- **Leading advanced composites company**
- More than **65 years** in industry
- 2015 LTM 6/30 sales: **\$1.871 billion**
 - U.S.: 45%
 - Europe: 39%
 - Other: 16%
- About **5,800 employees**, split primarily between the Americas and Europe
- **Strong balance sheet**
 - Net debt/EBITDA ~1.1x

Investment highlights

- **Technology leader** with a broad range of materials/products/qualifications
- **Leading position** in all our key markets
- Excellent **customer relationships**
- Sustainable **competitive advantage**
- Growing share of **long-term growth** markets; cyclical and secular growth combined
- Demonstrated **operational excellence**

Hexcel: Who We Are

We are a technology company focused on **advanced composites**

- We have the technology, from raw materials to fly away parts
- Vertical integration is a strength and a differentiator

We target markets with **long-term growth potential**

- Aerospace remains the driver
- Industrial has high growth potential

Where we can establish a **sustainable, competitive advantage**

- Aerospace business has leading technology with high barriers to entry
- Industrial business is selectively developing advanced materials and solutions in targeted segments

Hexcel is a leading company in a growing industry

Hexcel: Why We Win

- **Advanced composites are the materials for the future**, providing the best strength-to-weight ratio of structural materials
- We are a **leader in advanced composites technology and innovation**
- We offer the **broadest portfolio and most vertically integrated** solutions platform for advanced composite materials
- We are a **leader in advanced composites manufacturing technology and supply chain management**
- We provide our customers **expert support and service** to create unique solutions
- We are a **strong global team** that executes and delivers on commitments

Advanced technologies combined with operational excellence in leading market positions

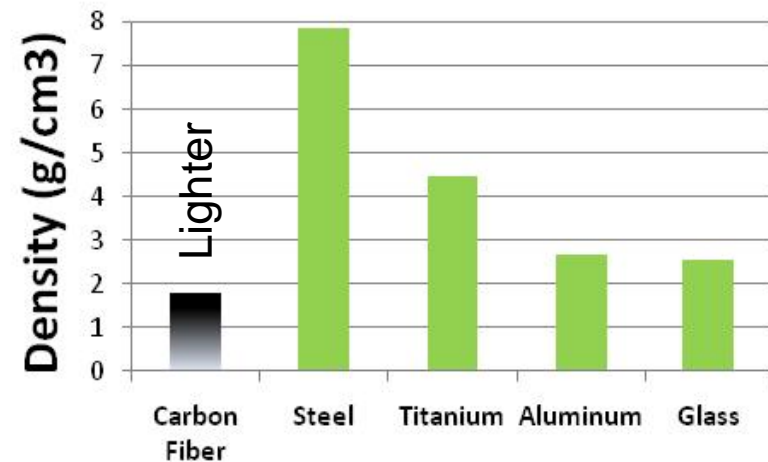
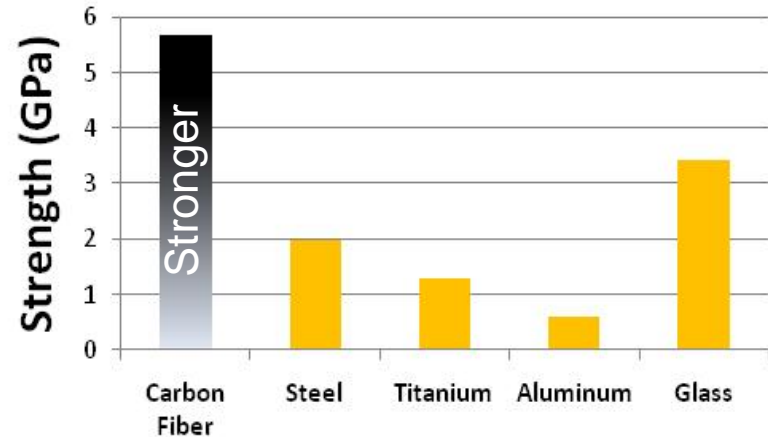
Hexcel: What Our Customers Want

Customers want materials to be:

- Stronger (*Carbon prepreg = 5x aluminum*)
- Lighter weight (*30% lighter than aluminum*)
- Tougher with functional enhancements
- Stiffer (*Carbon prepreg = 2x Glass*)
- Durability (*up-time, keep them flying*)

They also want:

- Lower total solution cost
- Lower processing time
- Lower infrastructure and overhead requirements
- Lower part count



We deliver advanced composite solutions that are stronger, lighter, tougher

Leader in Advanced Composites

Key properties: high strength (tensile) and stiffness (modulus), lightweight (density), fatigue and corrosion resistant

Carbon Fiber



- A350 fuselage and wings
- LEAP fan blades/case
- F-35 wings

Glass Prepregs



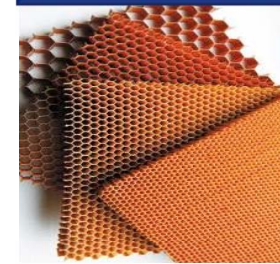
- Wind turbine blades
- Aero wing-to-body fairings
- Aero secondary structures

Reinforcements



- Aero primary and secondary structures
- Aircraft radomes
- 787 stringers
- BMW roof

Honeycombs



- Rotorcraft blades
- Aircraft flooring
- Nacelle structures
- Acousti-Cap®

Carbon Prepregs



- Aero primary and secondary structures
- A380 central wing box
- GE90 fan blade
- Eurofighter wings

Engineered Products



- Structural assemblies
- Machined / shaped core
- Tooling system
- Compression molded parts

Hexcel: Markets

LTM June 2015 Sales \$1,871 Million

Space & Defense

Rotorcraft
Military Aircraft
Launch Vehicles
Satellites

Industrial

Wind Energy
Recreation
Transportation
Other



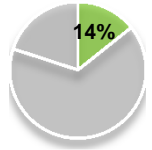
Commercial Aerospace

Airbus
Boeing
Engines/Nacelles
Regional/Business

Year-over-year growth rates

2010	6%
2011	19%
2012	13%
2013	6%
2014	11%
5-year CAGR	10.9%

Growing content in technology intensive markets



Industrial Market

Strategic Highlights

- Key end markets include
 - Wind energy
 - Automotive
 - Industrial
 - Recreational equipment (skis, snowboards, bikes)
 - Tooling

Industrial Revenues

\$ millions



Illustrative Products

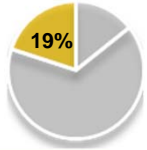


>50% of Industrial

Growth Drivers

- Automotive light-weighting accelerating adoption of carbon composites
- Industrial applications for advanced composites are expanding
- Stable to improving trends in wind energy market
- Consumer product composites use is growing

Broad range of performance applications

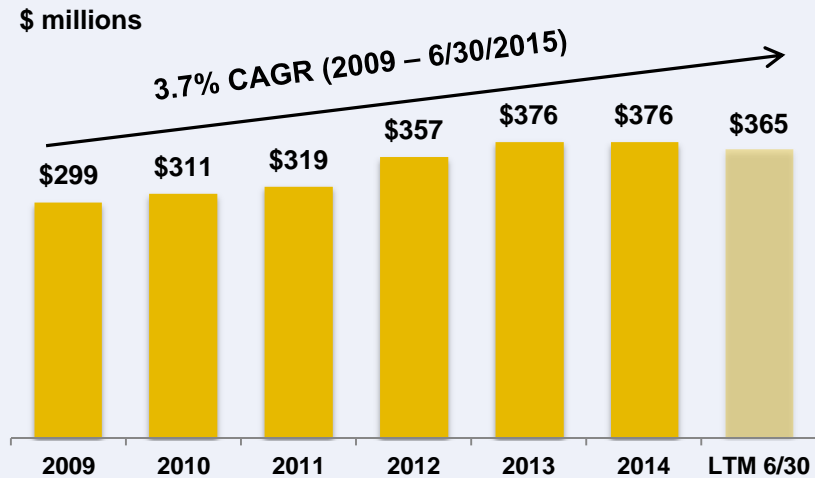


Space & Defense Market

Diverse Range of Applications

- Carbon fiber prepreg the standard since B-2
- More than 100 active programs for Hexcel:
 - Helicopters
 - Transport aircraft
 - Fighters
 - Launch vehicles
 - More than a third of sales outside the U.S.
- Top 10 programs are 50-55% of segment

Space & Defense Revenues



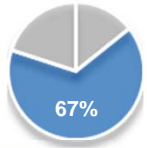
Joint Strike Fighter



Hexcel Positioning

- Leading adopters of advanced composites
- Hexcel Intermediate Modulus (IM) fiber is the industry standard
- Rotorcraft: 55-60% of sales
- New composite blade designs provide retrofit opportunities
- A400M, JSF (F-35) growth ahead

Space & Defense revenues are well diversified



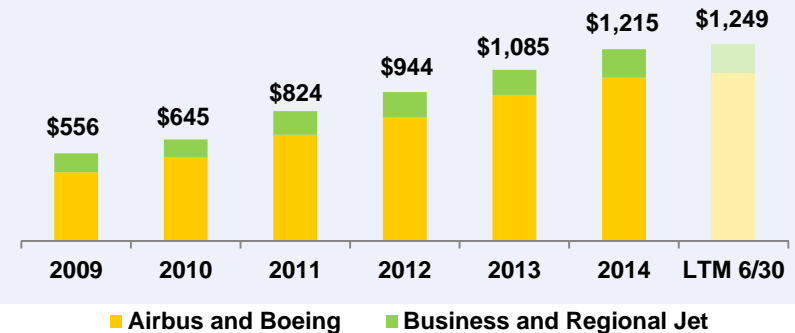
Commercial Aerospace Market

Strong Global Demand

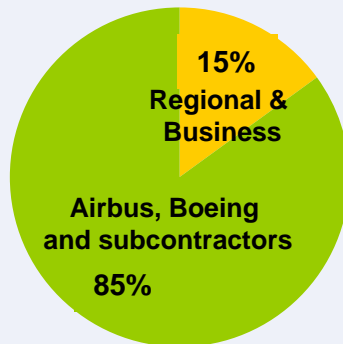
- 12,000+ planes in Airbus & Boeing backlog or about 9 years, based on 2014 deliveries
- 2014 was another record year for deliveries and 2015 is expected to be higher
- Next generation composite-intensive aircraft provides Hexcel secular sales growth
- Hexcel content on the A350 is \$5 million per aircraft

Commercial Aerospace Revenues

\$ millions



Revenue by Customer



As of December 31, 2014

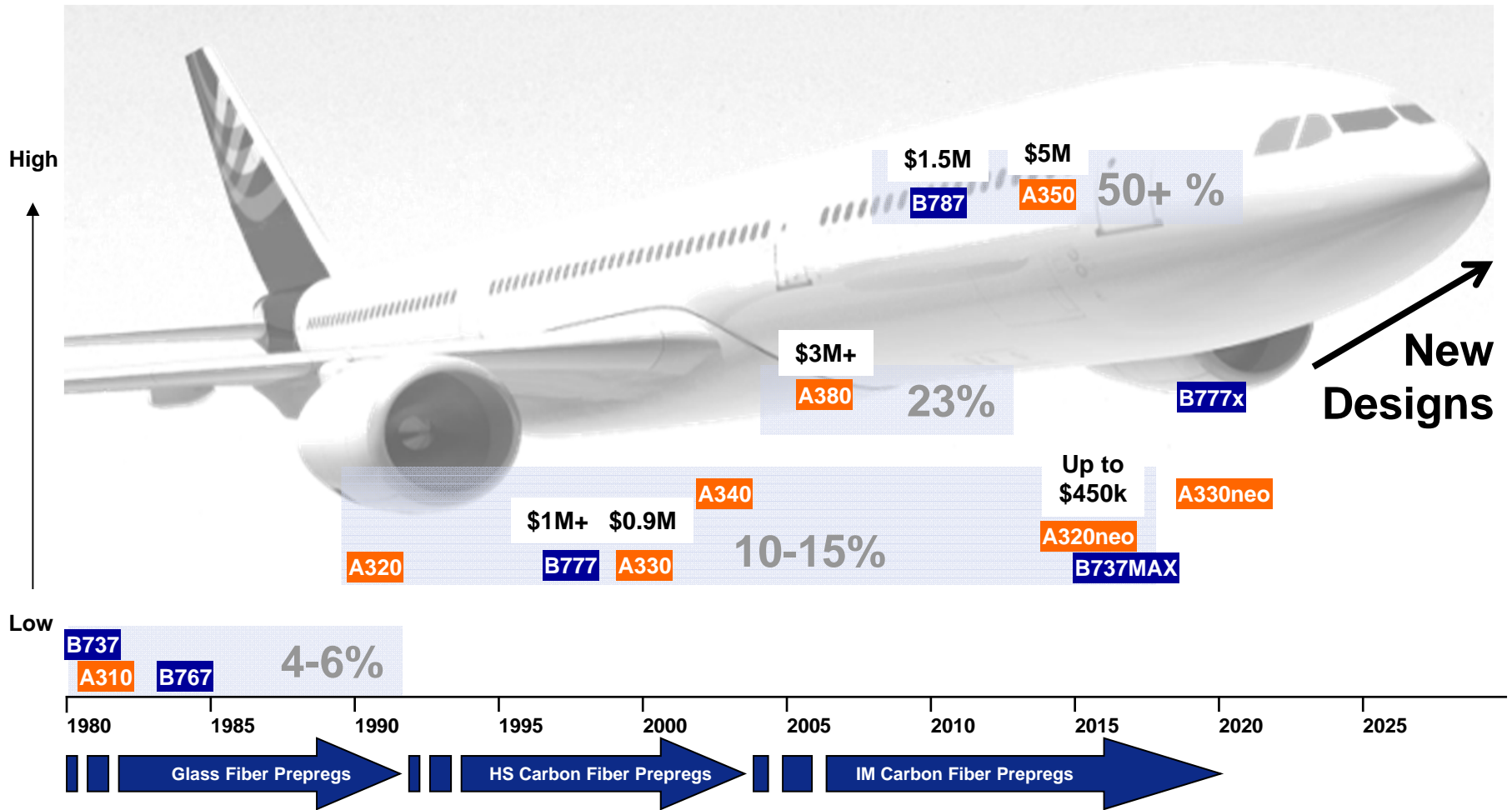
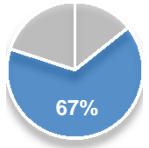
Growth Drivers

- Increasing advanced composite content in new generation of aircrafts, led by A350
- Increasing backlog and production rates for Airbus and Boeing
- Well-established supplier position for Hexcel on all programs
- Leading position on engines and nacelles

Growth led by new programs and increasing build rates

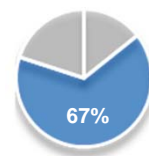
Commercial Aerospace Composites Penetration

Composite content by weight and Hexcel content per shipset

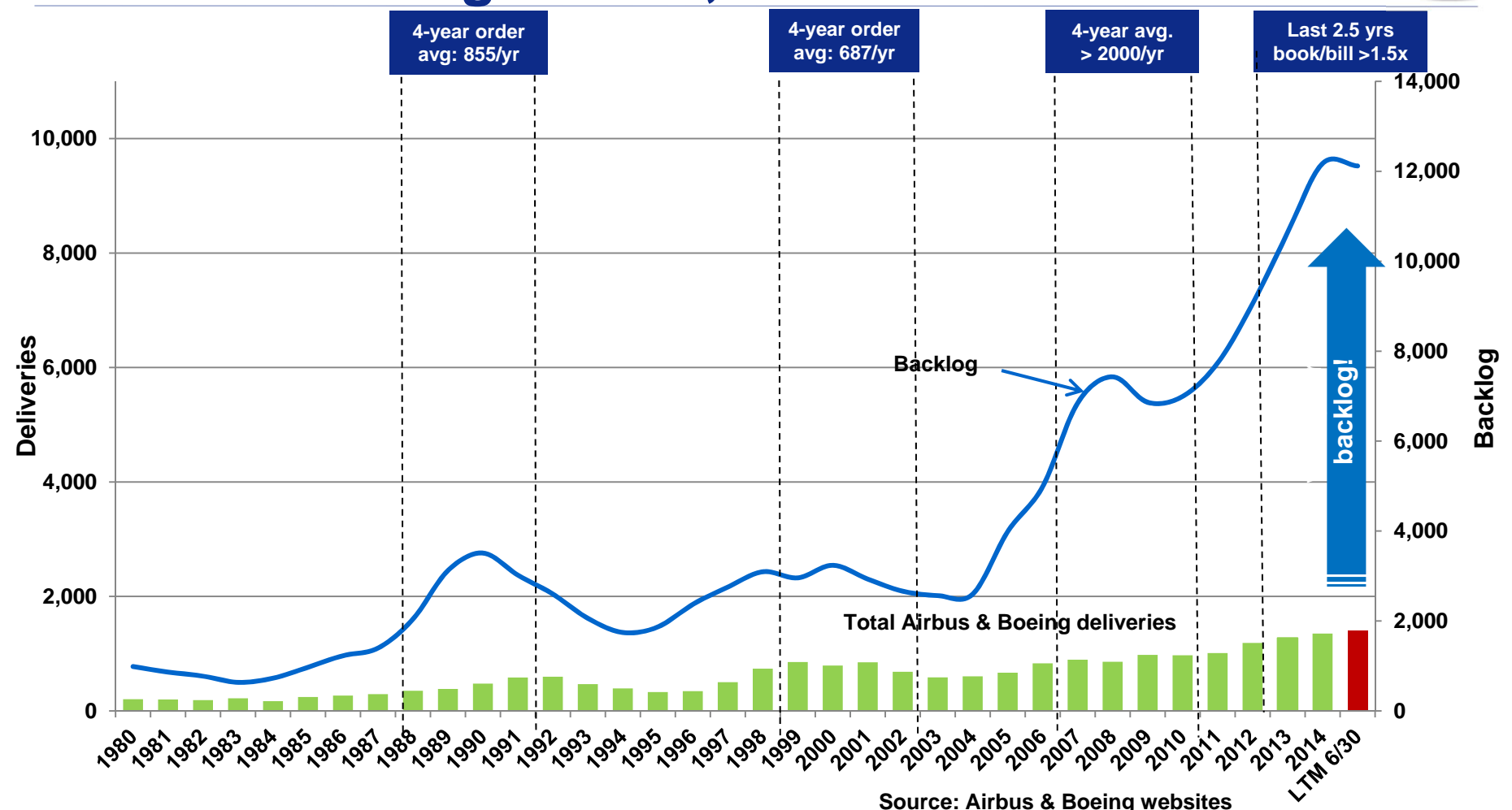


New designs are more composite intensive; opportunity for additional secular penetration





Airbus & Boeing Orders, Deliveries

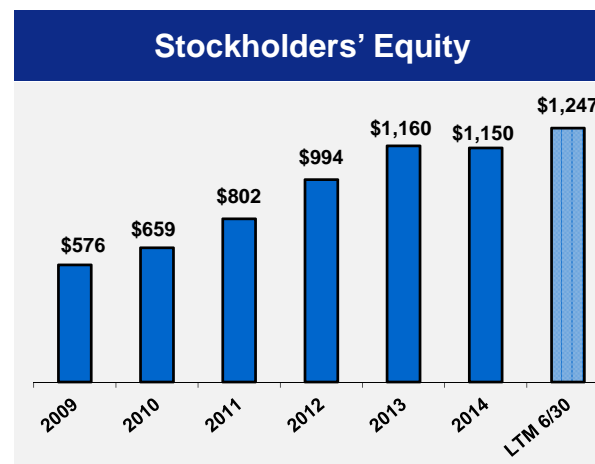
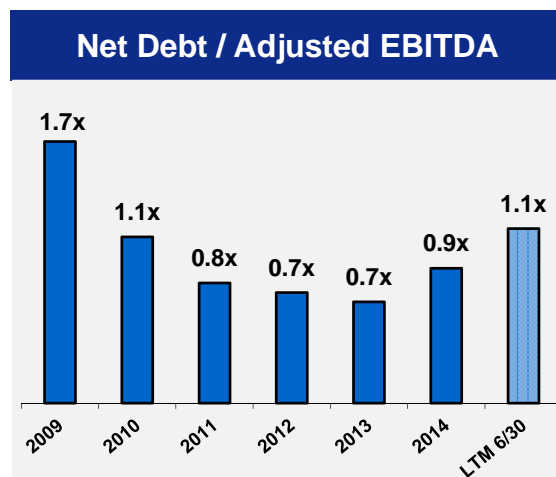
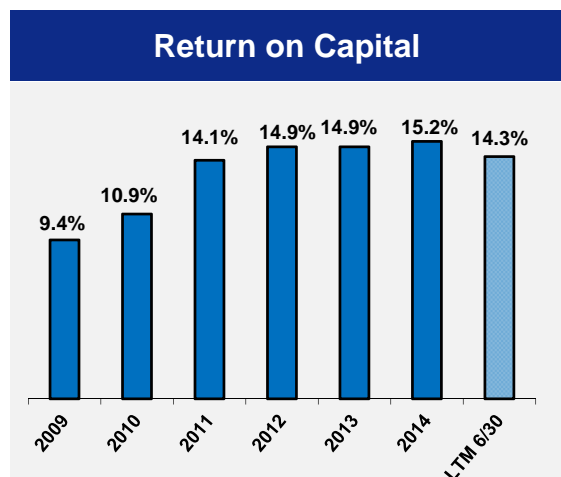
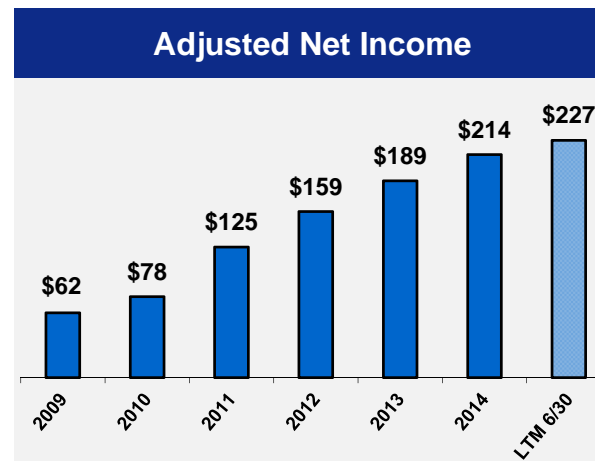
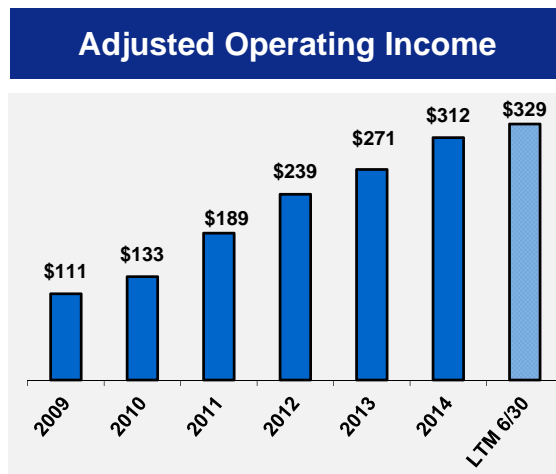
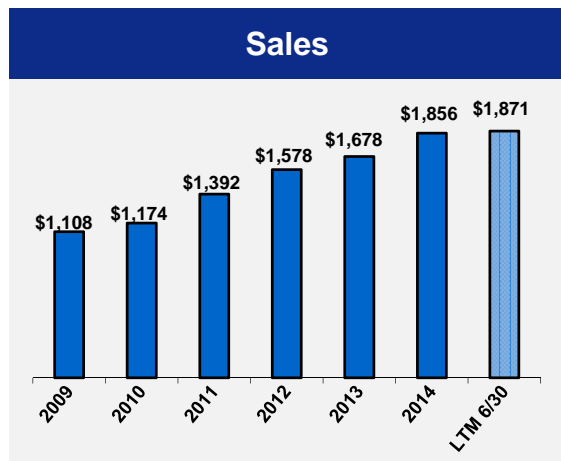


Hexcel sales are to new aircraft build; backlog provides good growth visibility



Hexcel: Proven Performance

\$ millions



Record results and well positioned for growth



Summary Outlook

- **Build rates and new programs should result in double-digit growth for years to come for Commercial Aerospace**
- **Cost control, increased in-house carbon fiber and productivity initiatives target to deliver 25% incremental operating income leverage**
- **We expect to generate free cash flow every year even through the capital expenditures ramp-up period**
- **Our priorities for cash usage:**
 1. **Organic growth – Investing in capacity and R&T to support expected demand**
 2. **M&A opportunities – Technology, adjacencies or bolt-ons that fit focus**
 3. **Return to stockholders - \$250 million share repurchase completed since 2013; \$100 million authorization remains. Quarterly dividends of \$0.10/share.**

We are a technology driven company focused on *Advanced Composites*, targeting markets with long-term growth potential where we can establish a sustainable, competitive advantage

Balance sheet and outlook to deliver growth (organic + M&A) and return to stockholders



Investor Presentation: Exhibits

Exhibit A – Q2 2015 Results

Second Quarter and YTD Results

\$ millions, except EPS						
	Q2 2015	Q2 2014	YoY % Change	YTD 2015	YTD 2014	YoY % Change
Net Sales	\$475.7	\$470.1	1%	\$947.5	\$931.8	2%
Gross Margin%	29.2%	27.5%		29.7%	27.7%	
Adj. Operating Income	\$90.6	\$81.1	12%	\$173.2	\$155.7	11%
Adj. OI%	19.0%	17.3%		18.3%	16.7%	
Adj. Diluted EPS	\$0.63	\$0.55	15%	\$1.21	\$1.05	15%

Comments:

- Constant currency sales increases are: 5.4% for Q2 and YTD of 5.8%
- Commercial Aero sales remain strong -- YTD constant currency increase of 8.0%
- S&D YTD sales down 1.8% in constant currency – end of C17
- Industrial YTD sales up 6.0% in constant currency, led by wind
- GM% and OI% continue to improve. 1st Half 2015 incremental FX adjusted OI leverage 26%

Growth with Continued Productivity Improvements

Exhibit B – Adjusted Operating Income

Reconciliation of GAAP and Non-GAAP Measures

\$ millions	2010	2011	2012	2013	2014	June YTD	
						2014	2015
GAAP Operating Income	\$ 129.8	\$ 192.0	\$ 248.8	\$ 270.9	\$ 305.8	\$ 149.7	\$ 173.2
Litigation Settlements/Legal Fees	-	-	-	-	-	-	-
Gain on Sale of Land ⁽¹⁾	-	-	(4.9)	-	-	-	-
Other Operating Expense ⁽²⁾	-	(5.7)	(9.6)	-	-	-	-
Environmental Expense ⁽³⁾	3.5	2.7	5.0	-	-	6.0	-
Business Consol & Restructuring Exp.	-	-	-	-	-	-	-
Non-GAAP Operating Income	<u>\$ 133.3</u>	<u>\$ 189.0</u>	<u>\$ 239.3</u>	<u>\$ 270.9</u>	<u>\$ 305.8</u>	<u>\$ 155.7</u>	<u>\$ 173.2</u>
Non-GAAP Operating Income % of sales	11.4%	13.6%	15.2%	16.1%	16.5%	16.7%	18.3%
GAAP Operating Income % of sales	11.1%	13.8%	15.8%	16.1%	16.5%	16.1%	18.3%

- 1) 2012 includes gain of \$4.9M from sales of land.
- 2) Other operating expenses include \$9.6M from business interruption insurance settlement in 2012 and \$5.7M benefit from curtailment of a pension plan in Q1 2011.
- 3) Environmental charge of \$6.0M, \$5.0M, \$2.7M, \$3.5M in 2014, 2012, 2011 and 2010, respectively, reflect charges related to environmental remediation liabilities for sold facilities

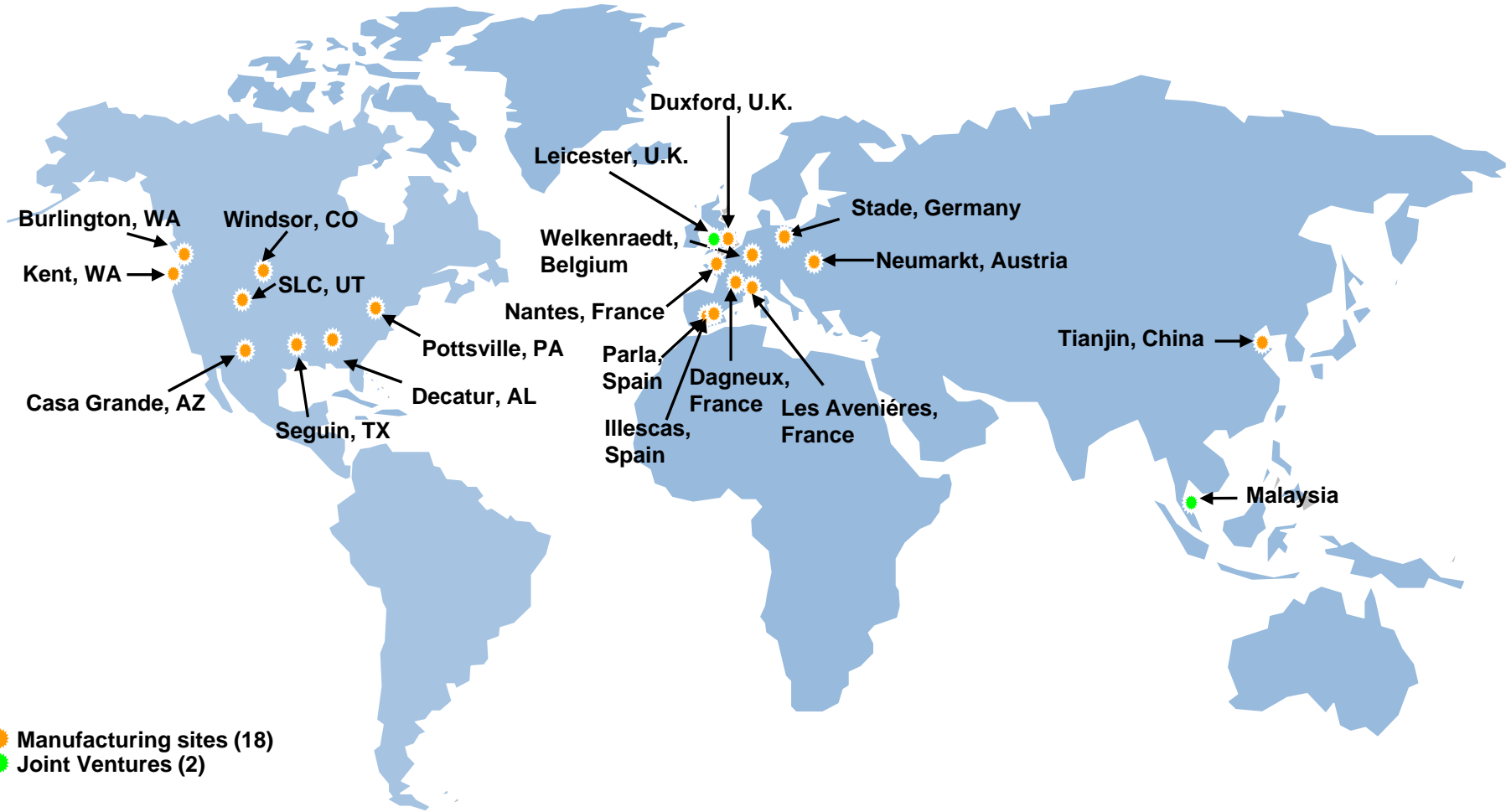
Exhibit C – Adjusted Net Income

Reconciliation of GAAP and Non-GAAP Measures

\$ millions							June YTD	
	2010	2011	2012	2013	2014	2014	2015	
GAAP Net Income	\$ 77.4	\$ 135.5	\$ 164.3	\$ 187.9	\$ 209.4	\$ 100.7	\$ 129.8	
Litigation Settlements/Legal Fees	-	-	-	-	-	-	-	
Gain on sale of assets (net of tax) ⁽¹⁾	-	-	(3.1)	-	-	-	-	
Other Operating Expense (net of tax) ⁽²⁾	-	(4.1)	(6.1)	-	-	-	-	
Environmental Expense (net of tax) ⁽²⁾	2.2	1.8	3.2	-	3.9	3.9	-	
Acceleration of Deferred Financing Costs (3)	4.3	3.0	0.7	0.6	0.3	-	-	
Tax Adjustments ⁽⁴⁾	(6.4)	(11.3)	-	-	-	-	(11.6)	
Non-GAAP Net Income	<u>\$ 77.5</u>	<u>\$ 124.9</u>	<u>\$ 159.0</u>	<u>\$ 188.5</u>	<u>\$ 213.6</u>	<u>\$ 104.6</u>	<u>\$ 118.2</u>	

- 1) 2012 includes the after tax gain from sales of land.
- 2) Represents the after tax impact of the adjustments described on the preceding page
- 3) Represents after tax impact of the accelerated amortization of deferred financing costs related to various refinancing's of credit facilities, term loans and subordinated notes
- 4) Represents tax benefits resulting from the reversal of valuation allowances or tax credits recorded that relate to activities from a prior year

Exhibit D - Hexcel Global Manufacturing Footprint



➤ **Global presence in a global market**

