



# Investor Briefing

October 2019

# Risks, Uncertainties and Other Factors with Respect to Forward-Looking Statements Disclaimer

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, 2018 and its third quarter 2019 quarterly report on Form 10-Q filed with the Securities and Exchange Commission. We do not undertake an obligation to update our forward-looking statements to reflect future events.

# ADVANCED COMPOSITES LEADERSHIP

- **INNOVATIVE** SOLUTIONS
- PROVEN **EXECUTION**
- STRONG SALES & EARNINGS **GROWTH**
- EXPANDING **CASH GENERATION**

**Leading, sole source positions** in key markets with **high barriers to entry**

Sustainable **competitive advantage**

Excellent **customer relationships**

Increasing share of **long-term growth** markets

Long history of **creating shareholder value**

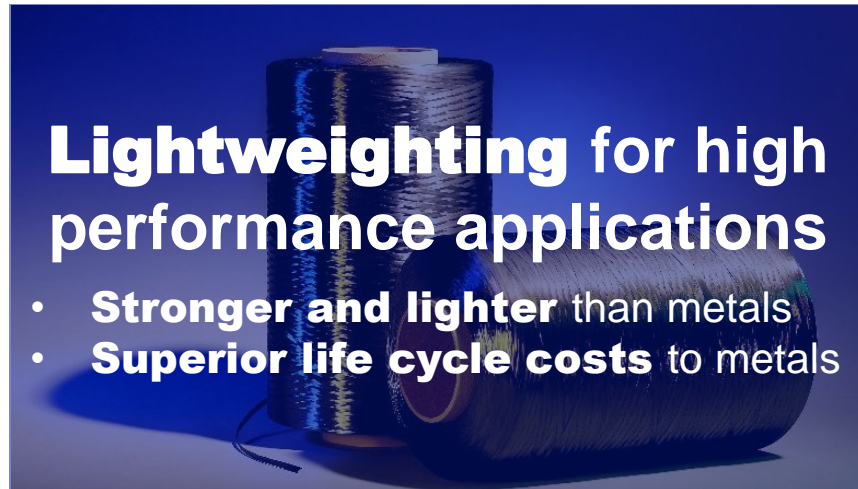
SALES | **\$2.4 billion\***

\* Last 12 months 30-Sep-2019



# HXL – AT A GLANCE

- Leader in expanding markets undergoing secular growth
- Broadest aerospace composite solution portfolio globally
  - Intellectual property and manufacturing processes are differentiators and barriers to entry
- #1 in aerospace composites – by sales & capacity
  - Leveraging scale | Manufacturing in nine countries
- Culture of continuous improvement and excellence



**Lightweighting for high performance applications**

- **Stronger and lighter** than metals
- **Superior life cycle costs** to metals

## Markets

### COMMERCIAL AEROSPACE

**68%\***

Wings, Fuselage  
Secondary & Interior structures  
Engines & Nacelles

### SPACE & DEFENSE

**18%\***

Rotorcraft  
Fixed Wing  
Launchers & Satellites

### INDUSTRIAL

**14%\***

Wind Energy  
Automotive  
Recreation, Marine & Other

\* Lat 12-month sales thru 30-Sep-2019

# OUR HEXCEL PURPOSE

We propel the future of flight, energy generation, transportation and recreation through **excellence in advanced material solutions** that create a better world for us all.



CUSTOMER  
EXCELLENCE



OPERATIONAL  
EXCELLENCE



PEOPLE  
EXCELLENCE

Everything from carbon fibers, reinforcement fabrics, and resins to prepregs, honeycomb core, tooling materials and more . . .  
from raw materials to fly-away parts . . . **vertical integration is a strength and a differentiator**

# Carbon Fiber & Prepregs

**PAN**

Polyacrylonitrile  
precursor



## CARBON FIBER

## Continuous and Chopped

A320neo sharklets | F-35 wings | LEAP fan blades/case



## ADDITIVE

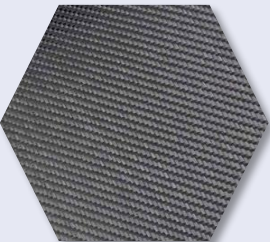
## MANUFACTURING

## Thermoplastic, carbon fiber reinforced 3D printed parts for Aerospace



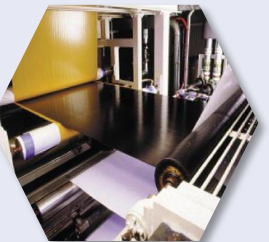
## REINFORCEMENTS

Aerospace primary and secondary structures



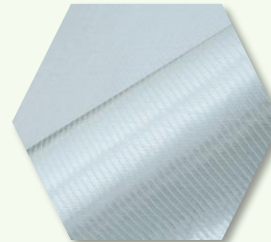
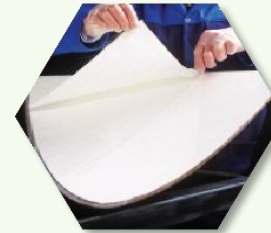
## CARBON PREPREGS

A350 fuselage and wings  
GE90 fan blade



## GLASS PREPREGS

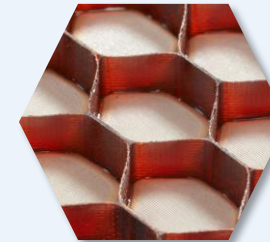
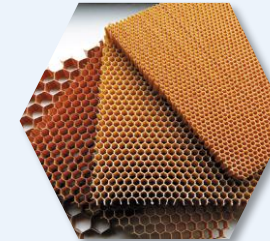
Wind turbine blades  
Aerospace secondary  
structures



# Honeycomb

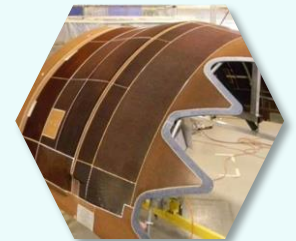
## HONEYCOMB

Rotorcraft blades  
Aircraft flooring  
Nacelle structures  
Acousti-Cap®



## ENGINEERED PRODUCTS

- Structural assemblies
- Machine/shaped core
- Tooling system



## Engineered Products

**Strong | stiff | lightweight | fatigue resistant | corrosion resistant**



# WE DELIVER WHAT OUR CUSTOMERS WANT

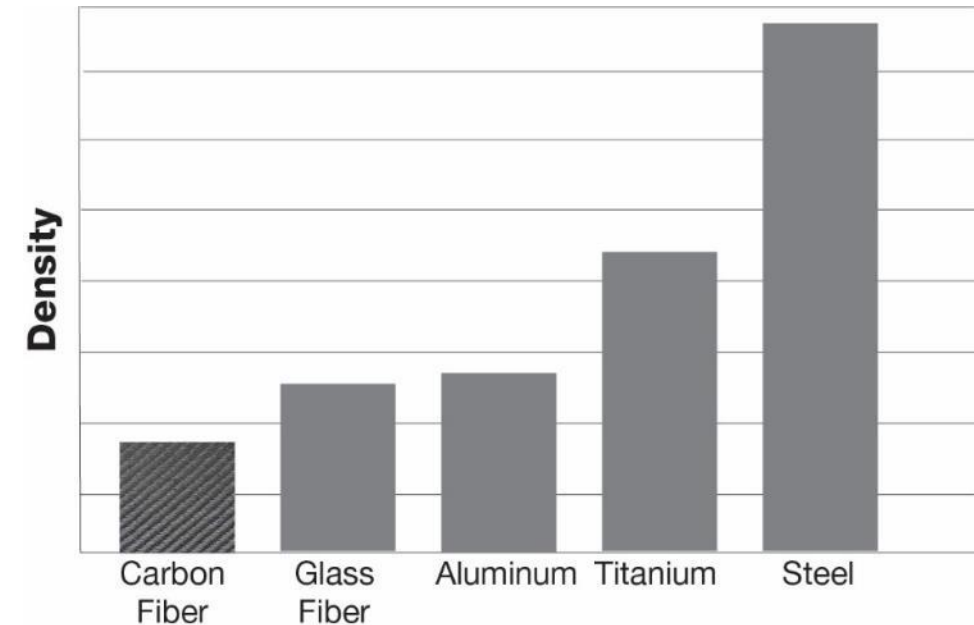
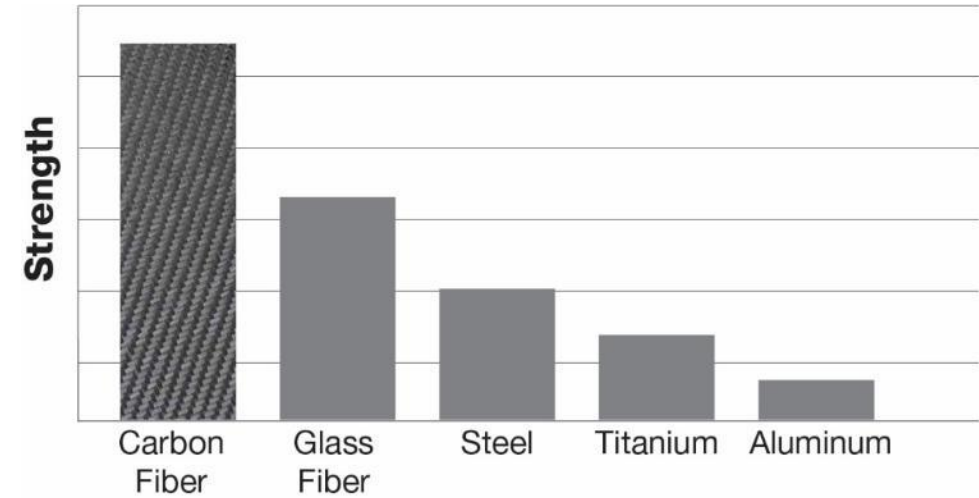
Advanced composite solutions that are stronger, lighter and tougher – optimizing total life cycle costs

Carbon fiber is **5x stronger** than aluminum

Carbon fiber is **30% lighter** than aluminum

Our products are **tougher, stiffer** and **more durable**

Our products offer **lower lifecycle cost** (*operating & maintenance costs*)



# HEXCEL INNOVATION DRIVING GROWTH

New ideas, processes, and solutions leading the development of world-class products

1
**ORGANIC GROWTH**  
Driven by Innovation

GROWING INVESTMENT IN R&T

BROAD AND EXPANDING PATENT PORTFOLIO

PhD PROGRAMS

UNIVERSITY COLLABORATIONS & TECHNICAL CONSORTIUMS

2
**ACQUISITIONS**  
Strategic Business & Technology

January 2019  
Microwave/radio frequency absorbing materials

December 2017  
Aerospace additive manufacturing

October 2017  
Next-generation aerospace composite solutions

January 2016  
Non-crimp & multi-axial composite fabrics

3
**INVESTMENTS**  
Joint Ventures & Collaborations

July 2018: Joint Venture  
Aerospace kitting services

March 2018: Strategic Alliance  
Carbon fiber reinforced thermoplastic tape

May 2016: Investment  
Carbon fiber recycling



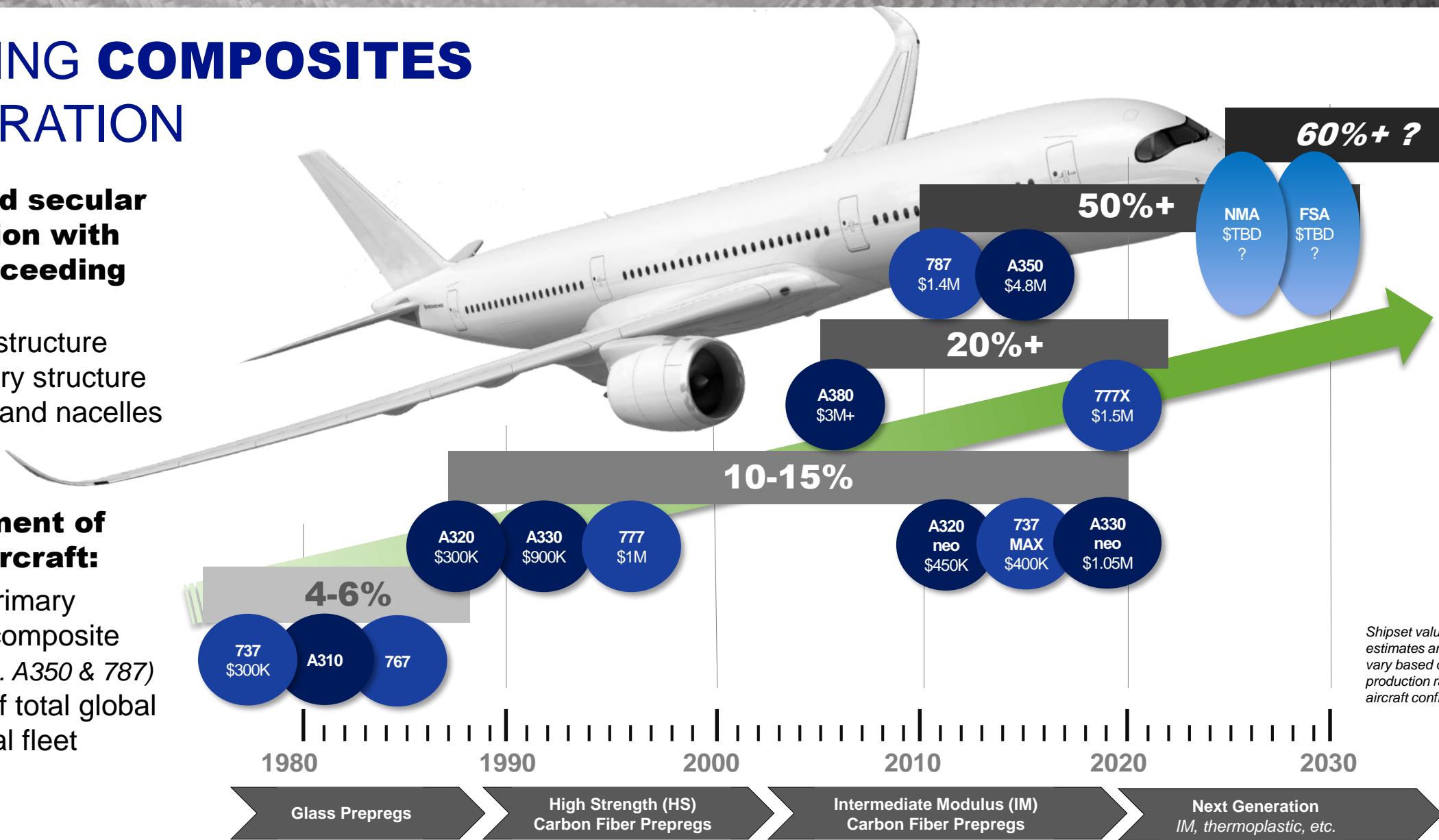
# GROWING COMPOSITES PENETRATION

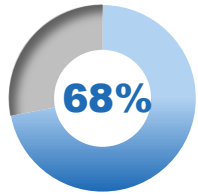
**Continued secular penetration with each succeeding platform:**

- Primary structure
- Secondary structure
- Engines and nacelles

**Replacement of legacy aircraft:**

Today – Primary structure composite aircraft (i.e. A350 & 787) are <5% of total global commercial fleet

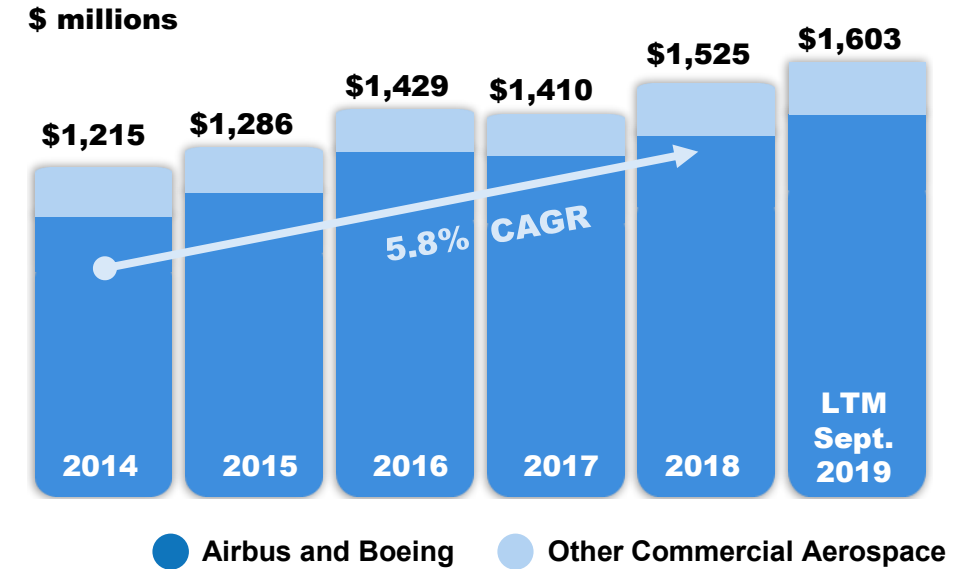




# COMMERCIAL AEROSPACE

Commercial Aviation | Engines/Nacelles | Other Commercial Aerospace

- Growing composites secular penetration
- Strong global demand – eight-year backlog (Airbus & Boeing)
- Growing build rates for narrow body programs; increased shipset content for A320neo and B737 MAX over legacy programs



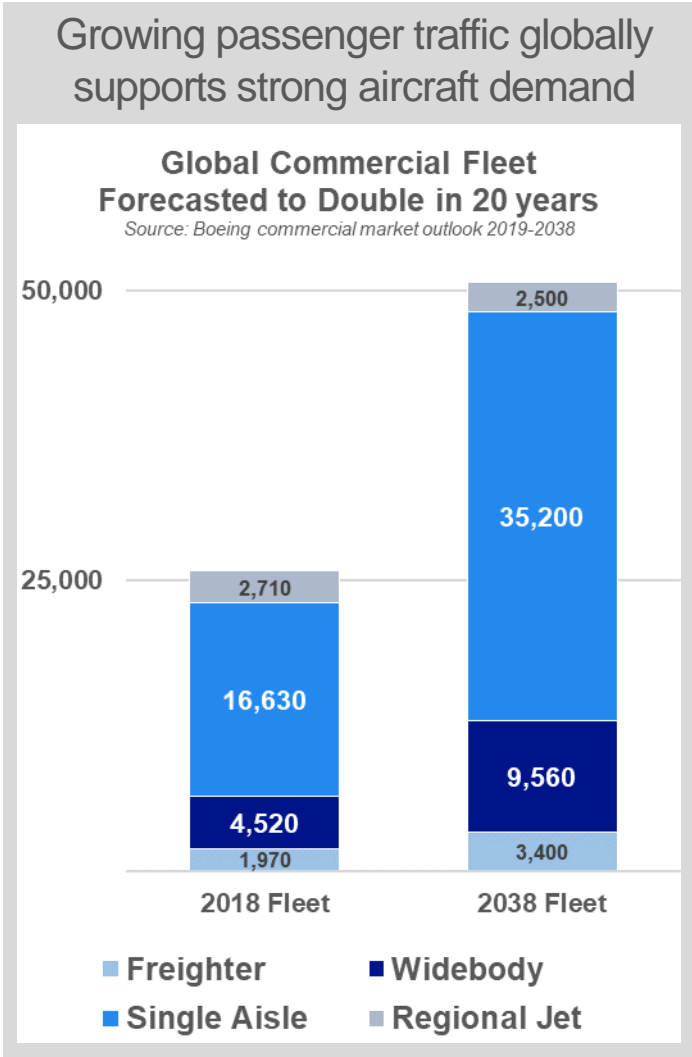
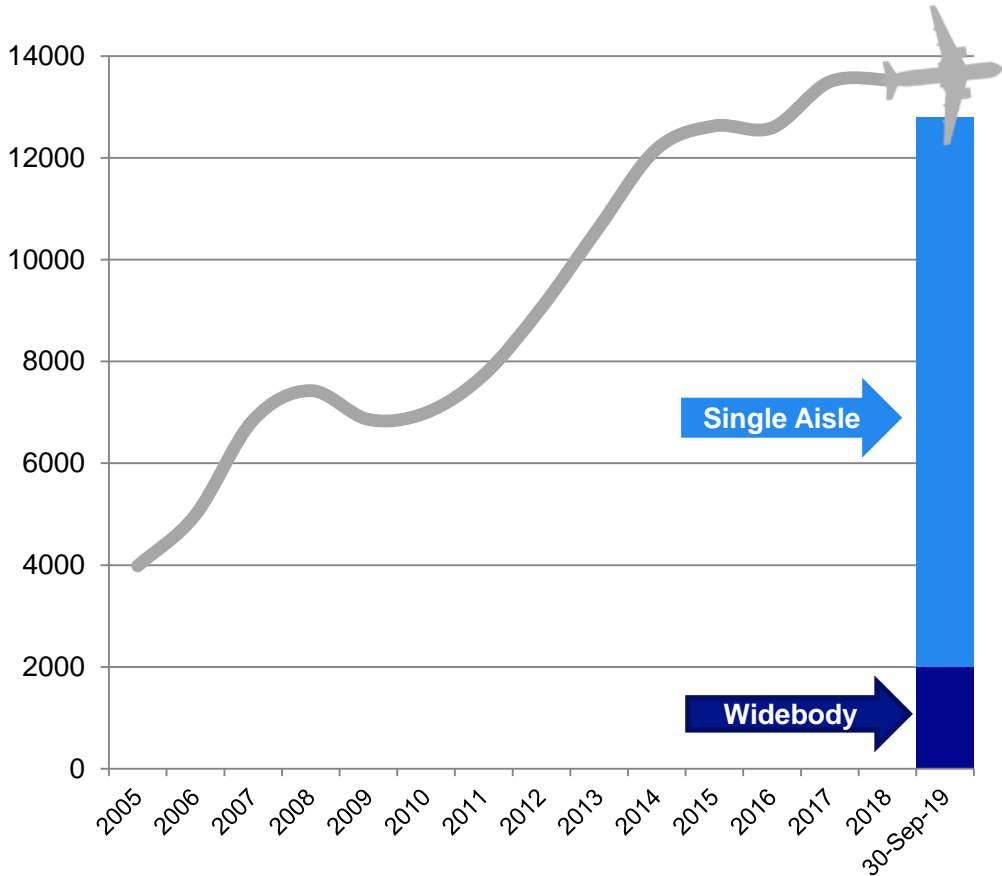
# OEM BACKLOG | DEMAND FORECAST

Airbus & Boeing backlog is worth more than \$9 billion to Hexcel

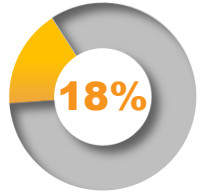
A220/320 single aisle	6,203
A330 twin aisle	278
A350 twin aisle	601
A380 twin-aisle	17

737 single aisle	4,592
747 twin-aisle	19
767 twin aisle	105
777, 777X twin aisle	433
787 twin aisle	556





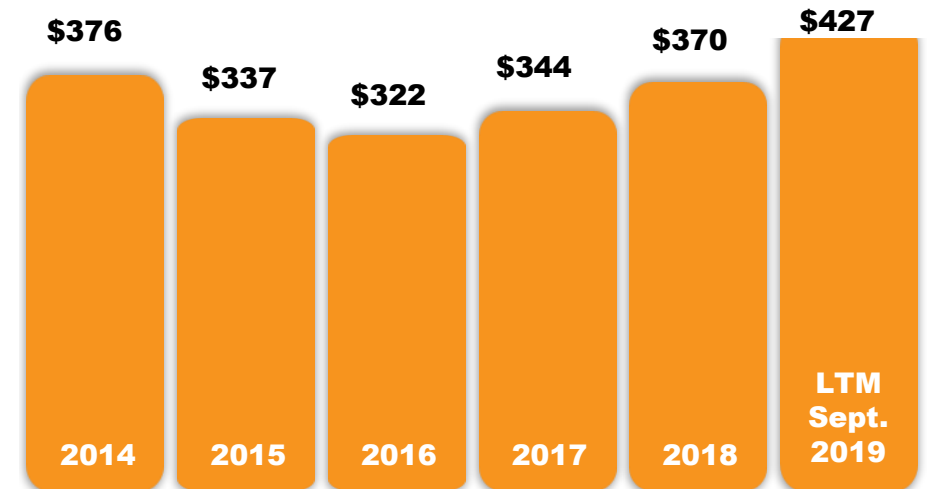


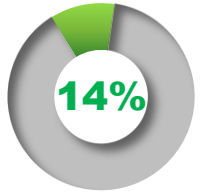
# SPACE & DEFENSE

Rotorcraft | Fighters | Launch Vehicles | Transport

- Well-positioned, diverse applications
- Hexcel carbon fiber is the defense industry standard
- Rotorcraft are ~40% of S&D sales
- Hexcel content is significant on key programs such as JSF F-35, A400M, V-22, CH-53K, Black Hawk & Wide Chord Blades
- ARC Technologies, acquired January 2019, is a leader in microwave absorbing composites

\$ millions



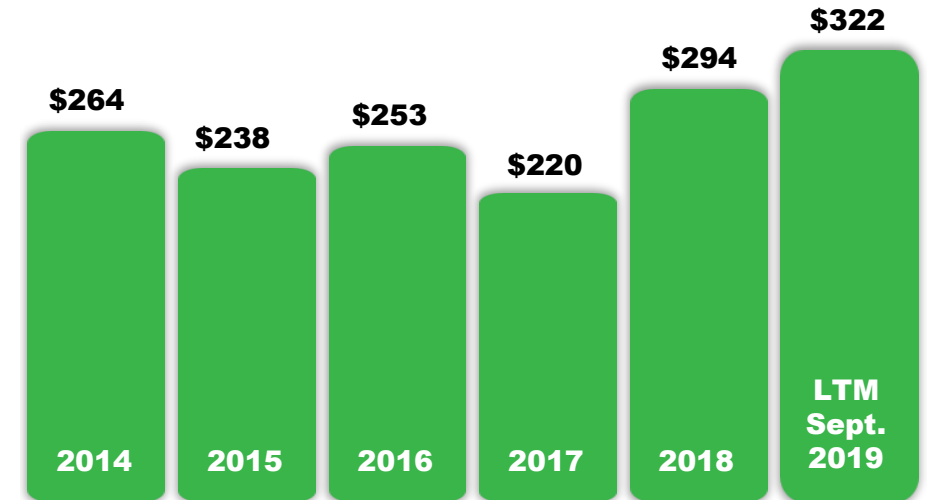


# INDUSTRIAL

Wind Energy | Automotive | Recreation | Infrastructure | Marine

- Broad range of performance applications
- Wind energy comprises ~60% of the total
  - Strong growth in 2019
  - Multi-year contract with Vestas
- Automotive accelerating composite adoption

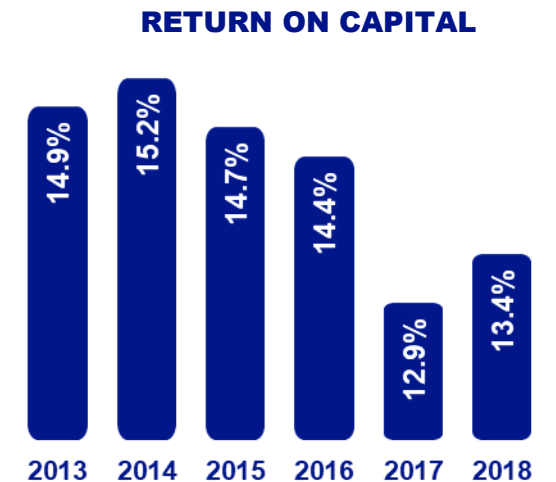
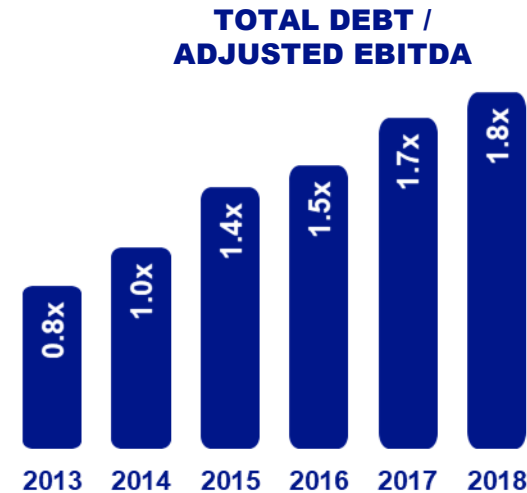
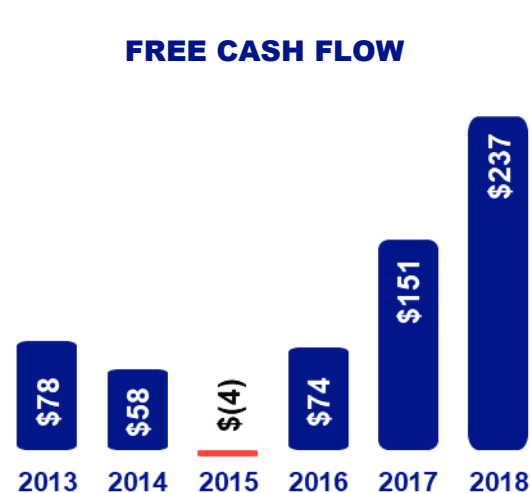
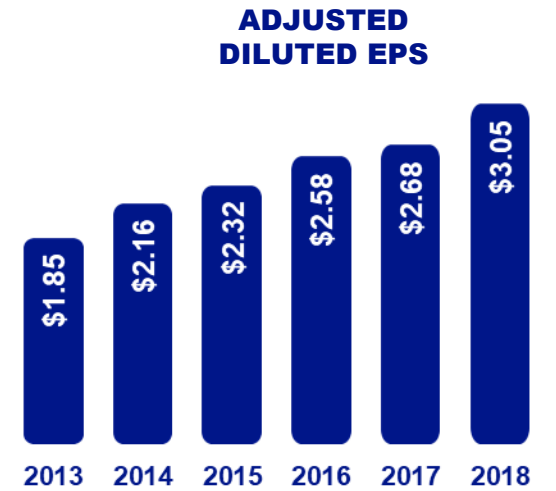
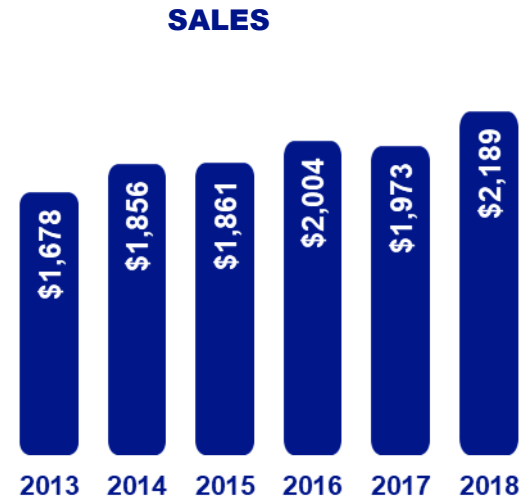
\$ millions



# PROVEN PERFORMANCE

Record results and  
well positioned for  
growth

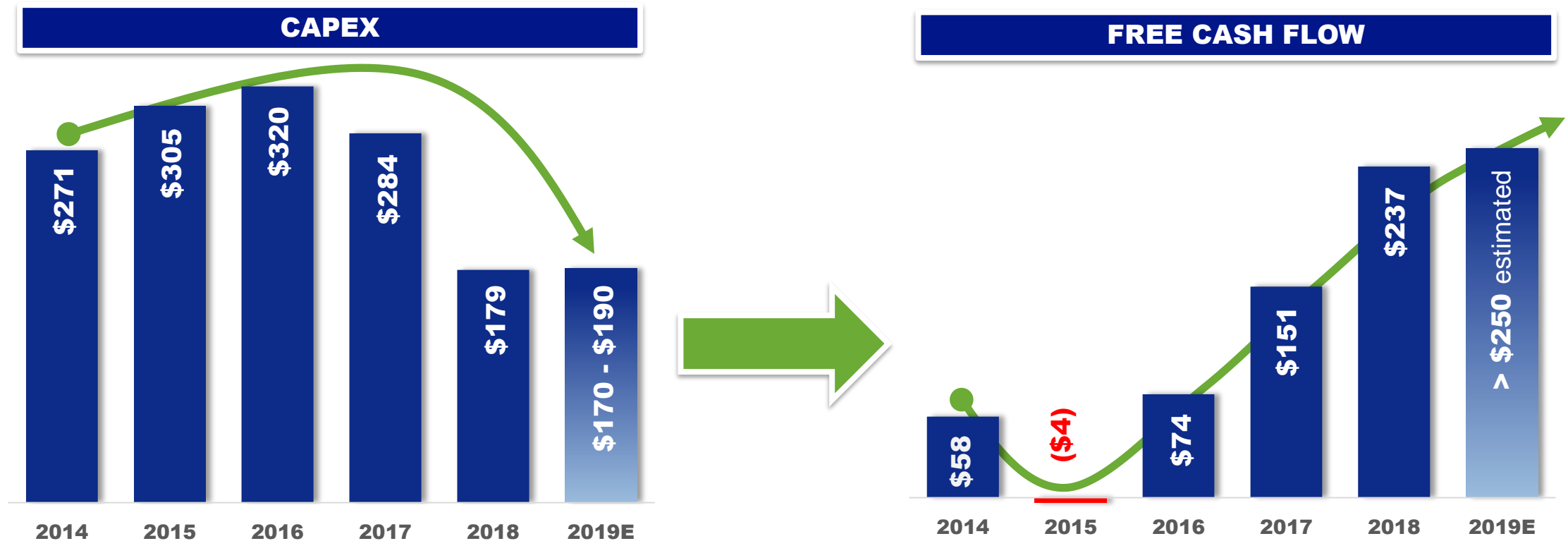
\$ millions, except EPS





# THE JOURNEY FROM CASH INVESTMENT TO CASH GENERATION

Invest in leading-edge technology → built assets to deliver future revenue growth → generate strong ROIC and growing free cash flow



**On track to deliver \$1 billion of free cash flow from 2016-2020**

# FINANCIAL GUIDANCE

## Sales growth

- Secular penetration in growing markets
- Technology leadership supports adoption

## EPS growth

- Strong EPS growth > Sales growth
  - Sustainable competitive advantage
  - Operational Excellence

## Free cash flow growth

- Maximizing cash generation
- Growing strong ROIC

### 2019 GUIDANCE

#### Sales

\$2.340 - \$2.400 billion

Comm. Aerospace: High-single digit growth  
 Space & Defense: Double-digit growth  
 Industrial: Double-digit growth

#### Adjusted diluted EPS

\$3.43 – \$3.53

#### Cap-Ex

\$170 - \$190 million

#### Free cash flow

>\$250 million

#### Shareholder return

>50% of net income

### MID-TERM GUIDANCE

#### Sales *(3-year: 2018-2021)*

6% - 9% CAGR

Comm. Aerospace: 4% - 7% CAGR  
 Space & Defense: 11% - 13% CAGR  
 Industrial: 10%+ CAGR

#### Adjusted diluted EPS *(3-year: 2018-2021)*

Double-digit CAGR EPS growth

#### Cap-Ex *(3-year: 2019-2021)*

\$500 - \$550 million

#### Free cash flow *(5-year: 2019-2023)*

\$1.8 billion

#### Shareholder return

>50% of net income

**Growing sales, expanding margins and significant free cash flow generation**

# REASONS TO **INVEST** IN HEXCEL

Investing in Innovation | Achieving Operational Excellence | Growing Shareholder Return

## Leadership in Attractive Markets



Unrivalled product portfolio

Investments in markets with long-term growth potential

## Culture of Innovation



Technology and innovation for sustained growth

## Operational Excellence



Driving productivity through optimized performance

## Increasing Shareholder Value



ROIC well above cost of capital

70% increase in quarterly dividends since 2015

>50% of net income returned to shareholders

**Proven execution, strong earnings growth, exceptional cash generation**