



HEXCEL REPORTS 2022 FIRST QUARTER RESULTS

- **Q1 2022 GAAP diluted EPS of \$0.21 and adjusted diluted EPS of \$0.22, compared to Q1 2021 GAAP diluted EPS of (\$0.17) and adjusted diluted EPS of (\$0.10).**
- **Q1 2022 Sales were \$391 million, compared to \$310 million in Q1 2021.**
- **Full year 2022 guidance is reaffirmed.**

See Table C for reconciliation of GAAP and non-GAAP operating income (loss), net income (loss), earnings (loss) per share and operating cash flow to free cash flow. Free cash flow is cash from operations less capital expenditures.

Summary of Results from Operations

| <i>(In millions, except per share data)</i> | Quarters Ended March 31, | | % Change |
|---|-----------------------------|-----------|-----------|
| | 2022 | 2021 | |
| Net Sales | \$ 390.6 | \$ 310.3 | 25.9 % |
| Net sales change in constant currency | | | 27.4 % |
| Operating Income (Loss) | 30.1 | (10.2) | 395.1 % |
| Net Income (Loss) | 17.8 | (14.0) | 227.1 % |
| Diluted net income (loss) per common share | \$ 0.21 | \$ (0.17) | 223.5 % |
| Non-GAAP measures for year-over-year comparison (Table C) | | | |
| Adjusted Operating Income | \$ 31.1 | \$ 1.9 | 1,536.8 % |
| As a % of sales | 8.0 % | 0.6 % | |
| Adjusted Net Income (Loss) | 18.6 | (8.4) | 321.4 % |
| Adjusted diluted net income (loss) per share | \$ 0.22 | \$ (0.10) | 320.0 % |

STAMFORD, Conn. April 25, 2022 – Hexcel Corporation (NYSE: HXL) today reported first quarter 2022 results including net sales of \$391 million and adjusted diluted EPS of \$0.22 per share.

Chairman, CEO and President Nick Stanage said, "Strong first quarter results demonstrate our continued ability to execute and deliver, as we benefit from a steady recovery in commercial aerospace sales. Increasing commercial aircraft build rates and sustained strength in Space & Defense revenues have contributed to six consecutive quarters of total sales growth. We remain focused on managing the impact macro-economic factors are having on our supply chain, and we continue to tightly manage cost pressures. With the ongoing recovery in end-markets supporting our outlook, we are reiterating our 2022 guidance. As the year progresses, our top priorities are to meet the increasing demand for our products, optimize cash generation, and further drive innovation in advanced lightweight composite materials that help improve fuel efficiency and reduce emissions."

Markets

Sales in the first quarter of 2022 were \$390.6 million compared to \$310.3 million in the first quarter of 2021.

Commercial Aerospace

- Commercial Aerospace sales of \$218.9 million increased 48.3% (48.8% in constant currency) for the first quarter of 2022 compared to the first quarter of 2021 on strengthening narrowbody sales and higher A350 sales year-over-year, as the prior year period was impacted by channel destocking. The sub-category Other Commercial Aerospace, which includes business and regional aircraft, increased 70.4% for the first quarter of 2022 compared to the first quarter of 2021.

Space & Defense

- Space & Defense sales of \$118.2 million increased 5.8% (7.0% in constant currency) for the quarter as compared to the first quarter of 2021 with growth in Space, CH-53K and military jet programs.

Industrial

- Total Industrial sales of \$53.5 million in the first quarter of 2022 increased 4.9% (9.4% in constant currency) compared to the first quarter of 2021, based on strength in recreation, consumer electronics and automotive.

Consolidated Operations

Gross margin for the first quarter of 2022 was 22.2% compared to 17.1% in first quarter of 2021, as higher sales and greater capacity utilization led to improved cost absorption. As a percentage of sales, selling, general and administrative and R&T expenses for the first quarter of 2022 were 14.2% compared to 16.5% for the first quarter of 2021. Adjusted operating income in the first quarter of 2022 was \$31.1 million or 8.0% of sales, compared to \$1.9 million, or 0.6% of sales in 2021. The impact of exchange rates on operating income as a percent of sales was favorable by approximately 30 basis points in the first quarter of 2022 compared to 2021.

Cash and other

- The first quarter 2022 tax expense was \$4.7 million. The tax benefit for the first quarter of 2021 was \$7.5 million and included a discrete tax benefit of \$3.2 million from the revaluation of deferred tax liabilities related to a favorable U.S. state tax law change.
- Net cash used for operating activities in the first quarter of 2022 was \$19.0 million, compared to a use of \$1.2 million for the first quarter of 2021. Working capital increased to support higher sales

and was a cash use of \$74.3 million in the first quarter of 2022 compared to a use of \$26.2 million in the first quarter of 2021. Capital expenditures on a cash basis were \$20.9 million for the first quarter of 2022 compared to \$4.9 million for the first quarter of 2021 with the increase reflecting two previously announced ongoing construction projects; the expansion of Hexcel's engineered core operations in Morocco and the construction of a research and technology innovation center in Salt Lake City, Utah. Free cash flow was (\$39.9) million in the first quarter of 2022 compared to (\$6.1) million in the first quarter of 2021. Free cash flow is defined as cash generated from operating activities less cash paid for capital expenditures. Capital expenditures on an accrual basis were \$11.1 million for the first quarter of 2022 compared to \$4.0 million for the first quarter of 2021.

- With effect from April 1, 2022, the terms of our Revolver facility, except for the reduction in borrowing capacity to \$750 million, reverted to those agreed in 2019, including the removal of any amendment limitations related to share repurchases. The remaining authorization under the share repurchase program on March 31, 2022, was \$217 million.
- As announced today, the Board of Directors declared a quarterly dividend of \$0.10 per share payable to stockholders of record as of May 6, 2022, with a payment date of May 13, 2022.

2022 Guidance (unchanged)

- Sales of \$1.50 billion to \$1.63 billion
- Adjusted diluted earnings per share of \$1.00 to \$1.24
- Free cash flow greater than \$145 million
- Accrual basis capital expenditures of approximately \$75 million
- Underlying effective tax rate is estimated to be 23%

Hexcel will host a conference call at 10:00 a.m. ET, on April 26, 2022 to discuss first quarter 2022 results. The event will be webcast via the [Investor Relations webpage](#) at www.Hexcel.com. The event can also be accessed by dialing +1 (646) 960-0452. The conference ID is 3428143. Replays of the call will be available on the website.

About Hexcel

[Hexcel Corporation](#) is a global leader in advanced lightweight composites technology. We propel the future of flight, energy generation, transportation, and recreation through excellence in providing innovative high-performance material solutions that are lighter, stronger and tougher, helping to create a better world for us all. Our broad and unrivaled product range includes carbon fiber, specialty reinforcements, prepregs and other fiber-reinforced matrix materials, honeycomb, resins, engineered core and composite structures for use in commercial aerospace, space and defense, and industrial applications.

Disclaimer on Forward Looking Statements

This news release contains statements that are forward looking within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to the estimates and expectations based on aircraft production rates provided by Airbus, Boeing and others; the revenues we may generate from an aircraft model or program; the impact of the push-out in deliveries of the Airbus and Boeing backlog and the impact of delays in the startup or ramp-up of new aircraft programs or the final Hexcel composite material content once the design and material selection have been completed; expectations with regard to

regulatory clearances or the build rate of the Boeing 737 MAX or Boeing 787 and the related impact on our revenues; expectations with regard to raw material cost and availability; expectations of composite content on new commercial aircraft programs and our share of those requirements; expectations regarding revenues from space and defense applications, including whether certain programs might be curtailed or discontinued; expectations regarding sales for wind energy, recreation, automotive and other industrial applications; expectations regarding working capital trends and expenditures and inventory levels; expectations as to the level of capital expenditures and completion of capacity expansions and qualification of new products; expectations regarding our ability to improve and maintain margins; projections regarding our tax rate; expectations with regard to the continued impact of the COVID-19 pandemic and the impact of the conflict between Russia and Ukraine on worldwide air travel and aircraft programs, as well as on our customers and suppliers and, in turn, on our operations and financial results; expectations regarding our strategic initiatives and other goals, including, but not limited to, our sustainability goals; and the anticipated impact of the above factors and various market risks on our expectations of financial results for 2022 and beyond. Actual results may differ materially from the results anticipated in the forward looking statements due to a variety of factors, including but not limited to the impact of the COVID-19 pandemic, including continued disruption in global financial markets and supply chains, ongoing restrictions on movement and travel, employee absenteeism and labor shortages, and reduced demand for air travel, on the operations, business and financial condition of Hexcel and its customers and suppliers; reductions in sales to any significant customers, particularly Airbus or Boeing, including related to the timing of pending regulatory clearances for the Boeing 737 MAX and the Boeing 787, as well as due to the impact of the COVID-19 pandemic; inability to effectively adjust production and inventory levels to align with customer demand; inability to effectively motivate, retain and hire the necessary workforce; our ability to successfully implement or realize our business strategies, plans, goals and objectives of management, including our sustainability goals and any restructuring or alignment activities in which we may engage; the impact of any government mandated COVID-19 precautions, including mandatory vaccination; changes in sales mix; changes in current pricing and cost levels, including cost inflation, as well as increasing energy prices resulting from the conflict between Russia and Ukraine; changes in aerospace delivery rates; changes in government defense procurement budgets; changes in military aerospace program technology; timely new product development or introduction; industry capacity; increased competition; availability and cost of raw materials, including the impact of supply shortages and inflation; supply chain disruptions, which may be exacerbated by the conflict between Russia and Ukraine; inability to install, staff and qualify necessary capacity or complete capacity expansions to meet customer demand; cybersecurity-related risks including the potential impact of breaches or intrusions; currency exchange rate fluctuations; changes in political, social and economic conditions, including, but not limited to, the effect of change in global trade policies, such as sanctions imposed as a result of the conflict between Russia and Ukraine; work stoppages or other labor disruptions; our ability to successfully complete any strategic acquisitions, investments or dispositions; compliance with environmental, health, safety and other related laws and regulations, including those related to climate change; the effects of natural disasters, which may be worsened by the impact of climate change, and other severe catastrophic events; the potential impact of environmental, social and governance matters; and the unexpected outcome of legal matters or impact of changes in laws or regulations. Additional risk factors are described in our filings with the Securities and Exchange Commission. We do not undertake an obligation to update our forward-looking statements to reflect future events.

Contact

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Hexcel Corporation and Subsidiaries
Condensed Consolidated Statements of Operations

| | <i>Unaudited</i> | |
|---|-----------------------|-----------|
| | <i>Quarters Ended</i> | |
| | <i>March 31,</i> | |
| <i>(In millions, except per share data)</i> | 2022 | 2021 |
| Net sales | \$ 390.6 | \$ 310.3 |
| Cost of sales | 303.9 | 257.2 |
| Gross margin | 86.7 | 53.1 |
| % Gross Margin | 22.2% | 17.1% |
| Selling, general and administrative expenses | 44.7 | 39.6 |
| Research and technology expenses | 10.9 | 11.6 |
| Other operating expense | 1.0 | 12.1 |
| Operating income (loss) | 30.1 | (10.2) |
| Interest expense, net | 9.1 | 10.3 |
| Income (loss) before income taxes, and equity in earnings of affiliated companies | 21.0 | (20.5) |
| Income tax expense (benefit) | 4.7 | (7.5) |
| Income (loss) before equity in earnings of affiliated companies | 16.3 | (13.0) |
| Equity in earnings (losses) from affiliated companies | 1.5 | (1.0) |
| Net income (loss) | \$ 17.8 | \$ (14.0) |
| Basic net income (loss) per common share: | \$ 0.21 | \$ (0.17) |
| Diluted net income (loss) per common share: | \$ 0.21 | \$ (0.17) |
| Weighted-average common shares: | | |
| Basic | 84.3 | 84.0 |
| Diluted | 84.9 | 84.0 |

Hexcel Corporation and Subsidiaries
Condensed Consolidated Balance Sheets

| <i>(In millions)</i> | <i>Unaudited</i> | |
|---|-------------------|----------------------|
| | March 31, 2022 | December 31, 2021 |
| Assets | | |
| Cash and cash equivalents | \$ 112.8 | \$ 127.7 |
| Accounts receivable, net | 212.1 | 160.3 |
| Inventories, net | 265.9 | 245.7 |
| Contract assets | 32.5 | 30.5 |
| Prepaid expenses and other current assets | 47.9 | 39.5 |
| Assets held for sale | 13.2 | 12.6 |
| Total current assets | 684.4 | 616.3 |
| Property, plant and equipment | 3,088.7 | 3,110.0 |
| Less accumulated depreciation | (1,376.9) | (1,363.9) |
| Net property, plant and equipment | 1,711.8 | 1,746.1 |
| Goodwill and other intangible assets, net | 264.0 | 267.5 |
| Investments in affiliated companies | 45.6 | 44.6 |
| Other assets | 147.7 | 144.9 |
| Total assets | \$ 2,853.5 | \$ 2,819.4 |
| Liabilities and Stockholders' Equity | | |
| Liabilities: | | |
| Short-term borrowings | \$ 0.7 | \$ 0.9 |
| Accounts payable | 112.5 | 113.2 |
| Accrued compensation and benefits | 52.3 | 54.4 |
| Accrued liabilities | 81.6 | 79.1 |
| Total current liabilities | 247.1 | 247.6 |
| Long-term debt | 857.5 | 822.4 |
| Retirement obligations | 52.4 | 52.6 |
| Other non-current liabilities | 209.4 | 211.3 |
| Total liabilities | \$ 1,366.4 | \$ 1,333.9 |
| Stockholders' equity: | | |
| Common stock, \$0.01 par value, 200.0 shares authorized, 110.2 shares issued at March 31, 2022 and 110.1 shares issued at December 31, 2021 | \$ 1.1 | \$ 1.1 |
| Additional paid-in capital | 889.9 | 878.6 |
| Retained earnings | 2,021.8 | 2,012.5 |
| Accumulated other comprehensive loss | (144.1) | (126.5) |
| | 2,768.7 | 2,765.7 |
| Less – Treasury stock, at cost, 26.2 shares at March 31, 2022 and 26.1 shares at December 31, 2021 | (1,281.6) | (1,280.2) |
| Total stockholders' equity | 1,487.1 | 1,485.5 |
| Total liabilities and stockholders' equity | \$ 2,853.5 | \$ 2,819.4 |

Hexcel Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows

| <i>(In millions)</i> | <i>Unaudited</i> | |
|--|-----------------------|----------------|
| | <i>Quarters Ended</i> | |
| | <i>March 31,</i> | |
| | 2022 | 2021 |
| Cash flows from operating activities | | |
| Net income (loss) | \$ 17.8 | \$ (14.0) |
| Reconciliation to net cash used for operating activities: | | |
| Depreciation and amortization | 32.2 | 34.5 |
| Amortization related to financing | 0.3 | 1.5 |
| Deferred income taxes | (1.8) | (8.8) |
| Equity in earnings from affiliated companies | (1.5) | 1.1 |
| Stock-based compensation | 10.4 | 9.0 |
| Merger and restructuring expenses, net of payments | (5.0) | 1.5 |
| Changes in assets and liabilities: | | |
| Increase in accounts receivable | (54.7) | (42.0) |
| Increase in inventories | (24.4) | (7.6) |
| Increase in prepaid expenses and other current assets | (8.6) | (6.8) |
| Increase in accounts payable/accrued liabilities | 13.4 | 30.2 |
| Other - net | 2.9 | 0.2 |
| Net cash used for operating activities (a) | (19.0) | (1.2) |
| Cash flows from investing activities | | |
| Capital expenditures (b) | (20.9) | (4.9) |
| Net cash used for investing activities | (20.9) | (4.9) |
| Cash flows from financing activities | | |
| Borrowings from senior unsecured credit facilities | 35.0 | - |
| Net repayments from senior unsecured credit facilities | - | (14.0) |
| Repayment of finance lease obligation and other debt, net | (0.3) | (0.3) |
| Dividends paid | (8.5) | - |
| Activity under stock plans | (0.3) | 0.8 |
| Net cash provided by (used for) financing activities | 25.9 | (13.5) |
| Effect of exchange rate changes on cash and cash equivalents | (0.9) | (1.7) |
| Net decrease in cash and cash equivalents | (14.9) | (21.3) |
| Cash and cash equivalents at beginning of period | 127.7 | 103.3 |
| Cash and cash equivalents at end of period | \$ 112.8 | \$ 82.0 |
| Supplemental data: | | |
| Free Cash Flow (a)+(b) | \$ (39.9) | \$ (6.1) |
| Accrual basis additions to property, plant and equipment | \$ 11.1 | \$ 4.0 |

Hexcel Corporation and Subsidiaries
Net Sales to Third-Party Customers by Market
Quarters Ended March 31, 2022 and 2021

| <i>(In millions)</i> | As Reported | | Unaudited | | Table A | |
|---------------------------|-----------------|-----------------|-------------|------------------|-----------------|-------------|
| | 2022 | 2021 | B/(W) % | FX Effect (b) | 2021 | B/(W) % |
| Commercial Aerospace | \$ 218.9 | \$ 147.6 | 48.3 | \$ (0.5) | \$ 147.1 | 48.8 |
| Space & Defense | 118.2 | 111.7 | 5.8 | (1.2) | 110.5 | 7.0 |
| Industrial | 53.5 | 51.0 | 4.9 | (2.1) | 48.9 | 9.4 |
| Consolidated Total | \$ 390.6 | \$ 310.3 | 25.9 | \$ (3.8) | \$ 306.5 | 27.4 |

Consolidated % of Net Sales

| | 2022 | 2021 | 2021 |
|---------------------------|--------------|--------------|--------------|
| | % | % | % |
| Commercial Aerospace | 56.0 | 47.6 | 48.0 |
| Space & Defense | 30.3 | 36.0 | 36.1 |
| Industrial | 13.7 | 16.4 | 15.9 |
| Consolidated Total | 100.0 | 100.0 | 100.0 |

- (a) To assist in the analysis of the Company's net sales trend, total net sales and sales by market for the quarter ended March 31, 2021 have been estimated using the same U.S. dollar, British pound and Euro exchange rates as applied for the respective period in 2022 and are referred to as "constant currency" sales.
- (b) FX effect is the estimated impact on "as reported" net sales due to changes in foreign currency exchange rates.

Hexcel Corporation and Subsidiaries
Segment Information

| <i>(In millions)</i> | Unaudited | | | Table B | |
|---|------------------------|------------------------|--------------------------|----------|--|
| | Composite Materials | Engineered Products | Corporate & Other (a) | Total | |
| First Quarter 2022 | | | | | |
| Net sales to external customers | \$ 313.8 | \$ 76.8 | \$ - | \$ 390.6 | |
| Intersegment sales | 16.5 | 0.3 | (16.8) | - | |
| Total sales | 330.3 | 77.1 | (16.8) | 390.6 | |
| Other operating expense | 0.9 | 0.1 | - | 1.0 | |
| Operating income (loss) | 42.6 | 10.6 | (23.1) | 30.1 | |
| <i>% Operating margin</i> | 12.9% | 13.7% | | 7.7% | |
| Depreciation and amortization | 28.6 | 3.6 | - | 32.2 | |
| Stock-based compensation expense | 2.6 | 0.7 | 7.1 | 10.4 | |
| Accrual based additions to capital expenditures | 10.1 | 1.0 | - | 11.1 | |
| First Quarter 2021 | | | | | |
| Net sales to external customers | \$ 237.2 | \$ 73.1 | \$ - | \$ 310.3 | |
| Intersegment sales | 13.2 | 0.6 | (13.8) | - | |
| Total sales | 250.4 | 73.7 | (13.8) | 310.3 | |
| Other operating expense | 12.7 | (0.7) | 0.1 | 12.1 | |
| Operating income (loss) | 7.4 | 4.7 | (22.3) | (10.2) | |
| <i>% Operating margin</i> | 3.0% | 6.4% | | (3.3)% | |
| Depreciation and amortization | 30.8 | 3.7 | - | 34.5 | |
| Stock-based compensation expense | 0.6 | 0.2 | 8.2 | 9.0 | |
| Accrual based additions to capital expenditures | 3.6 | 0.4 | - | 4.0 | |

- (a) Hexcel does not allocate corporate expenses to the operating segments.

Hexcel Corporation and Subsidiaries
Reconciliation of GAAP to Non-GAAP Operating Income (Loss), Net Income (Loss), EPS and Operating Cash Flow to Free Cash Flow **Table C**

| <i>(In millions)</i> | <i>Unaudited</i> | |
|------------------------------|-----------------------|-----------|
| | <i>Quarters Ended</i> | |
| | March 31, | |
| | 2022 | 2021 |
| GAAP operating income (loss) | \$ 30.1 | \$ (10.2) |
| Other operating expense (a) | 1.0 | 12.1 |
| Non-GAAP operating income | \$ 31.1 | \$ 1.9 |

| <i>(In millions, except per diluted share data)</i> | <i>Unaudited</i> | | | |
|---|---------------------------------|----------------|-----------|-----------|
| | <i>Quarters Ended March 31,</i> | | | |
| | 2022 | | 2021 | |
| | Net | EPS | Net Loss | EPS |
| | Income | | | |
| GAAP | \$ 17.8 | \$ 0.21 | \$ (14.0) | \$ (0.17) |
| Other operating expense, net of tax (a) | 0.8 | 0.01 | 8.8 | 0.11 |
| Tax benefit (b) | - | - | (3.2) | (0.04) |
| Non-GAAP | \$ 18.6 | \$ 0.22 | \$ (8.4) | \$ (0.10) |

| <i>(In millions)</i> | <i>Unaudited</i> | |
|--|---------------------------------|----------|
| | <i>Quarters Ended March 31,</i> | |
| | 2022 | 2021 |
| Net cash used for operating activities | \$ (19.0) | \$ (1.2) |
| Less: Capital expenditures | (20.9) | (4.9) |
| Free cash flow (non-GAAP) | \$ (39.9) | \$ (6.1) |

- (a) The quarters ended March 31, 2022 and 2021 included restructuring costs.
(b) The quarter ended March 31, 2021 included a discrete tax benefit from the revaluation of deferred tax liabilities related to a favorable U.S. tax law change.

NOTE: Management believes that adjusted operating income (loss), adjusted net income (loss), adjusted diluted net income (loss) per share, the adjusted tax rate, and free cash flow, which are non-GAAP measures, are meaningful to investors because they provide a view of Hexcel with respect to the underlying operating results excluding special items. Special items represent significant charges or credits that are important to an understanding of Hexcel's overall operating results in the periods presented. Non-GAAP measurements are not recognized in accordance with generally accepted accounting principles and should not be viewed as an alternative to GAAP measures of performance.

Hexcel Corporation and Subsidiaries
Schedule of Total Debt, Net of Cash

Table D

| <i>(In millions)</i> | <i>Unaudited</i> | | |
|---------------------------------------|---------------------------|----------------------|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
| Current portion finance lease | \$ 0.7 | \$ 0.9 | \$ 0.3 |
| Total current debt | 0.7 | 0.9 | 0.3 |
| Senior unsecured credit facility | 160.0 | 125.0 | 214.0 |
| 4.7% senior notes due 2025 | 300.0 | 300.0 | 300.0 |
| 3.95% senior notes due 2027 | 400.0 | 400.0 | 400.0 |
| Senior notes original issue discounts | (1.1) | (1.2) | (1.4) |
| Senior notes deferred financing costs | (2.7) | (2.9) | (3.4) |
| Other debt | 1.3 | 1.5 | 2.8 |
| Total long-term debt | 857.5 | 822.4 | 912.0 |
| Total Debt | 858.2 | 823.3 | 912.3 |
| Less: Cash and cash equivalents | (112.8) | (127.7) | (82.0) |
| Total debt, net of cash | \$ 745.4 | \$ 695.6 | \$ 830.3 |