



News Release

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Hexcel Provides Financial Guidance for a Record Year in 2015, Initiates Dividend and Provides 2020 Vision

- **Expects 2015 diluted EPS of \$2.26 - \$2.38 on sales of \$1.9 - \$2.0 billion**
- **Initiates quarterly dividend of \$0.10 per share**
- **Provides 2020 Vision:**
 - **\$3 billion of sales by 2020**
 - **Double EPS to \$4.50 per share by 2020**
 - **25% Operating Income leverage on incremental sales – starting 2015**
 - **\$1 billion of free cash flow over next 5 years**
- **Estimates 2014 sales of \$1,855 million and adjusted diluted EPS of \$2.16 (unaudited)**

STAMFORD, CT. January 12, 2015 – Hexcel Corporation (NYSE: HXL), today provided its guidance for 2015, issued preliminary unaudited estimates for 2014 sales and adjusted EPS, initiated a quarterly dividend and provided its 2020 vision.

2015 Guidance

In summarizing the Company's outlook for 2015, Hexcel's Chief Executive Officer, Nick Stanage, said, "We expect another record year of sales and earnings, continued operating income margin expansion, and generation of free cash flow while continuing to fund capital expenditures to meet future customer demands. The company's focus in 2015 will be driving manufacturing throughput, capacity expansion and superior execution to prepare for the substantial production ramp up that begins this year and accelerates significantly in 2016 and 2017."

Hexcel's overall 2015 revenue guidance is in the range of \$1.9 billion to \$2.0 billion, at current exchange rates, with Commercial Aerospace again leading the Company's sales growth. The mid-point of the range is approximately 5% higher than the 2014 estimated revenues of \$1.855 billion. The Company expects 2015 diluted earnings per share to be in the \$2.26 to \$2.38 range.

Markets

In 2015, the Company expects sales growth of 8-10% in Commercial Aerospace, which comprises about 66% of the Company's sales. For Hexcel, this growth will come primarily from the A350 XWB program, which has Hexcel content of \$5 million per aircraft and had its successful first customer delivery in December, 2014. In addition, regional and business aircraft – which account for about 15% of Commercial Aerospace sales -- are expected to increase slightly in 2015.

Hexcel expects the Space & Defense market (comprising 20% of the Company's sales) to remain relatively stable over 2015. For the year, growth is expected from the A400M military transport and the Joint Strike Fighter programs, largely offsetting the end of the C-17 program. Overall rotorcraft sales also are expected to remain stable at just less than 60% of Space & Defense sales. In the Industrial markets (comprising 14% of total Hexcel sales), the Company anticipates single-digit growth in 2015, as wind energy sales are expected to be stable combined with mid single-digit growth in other industrial sub-markets.

Cash and Other

Hexcel expects to achieve 25% incremental operating income leverage in 2015, even with a \$12 million increase in depreciation expense as it expands capacity to support future growth.

Capital expenditures for 2015 are targeted to be \$260-\$290 million. The Company expects accrual basis capital expenditures for 2014 to be approximately \$270 million. The Company also expects to exceed the high end of its 2014 free cash flow range of \$25-\$50 million.

Hexcel's 2015 effective tax rate is estimated at 30.5%. The Company expects a \$40-\$50 million increase in cash taxes due to higher income, the reduced availability of tax carryforwards and payment of previously deferred amounts. Hexcel expects free cash flow to be in the range of \$10-\$60 million for the year, with the typical use of cash in the first half of the year.

Diluted earnings per share is based on the current share count of about 98 million shares as Hexcel expects to repurchase sufficient shares to offset dilution from equity programs.

2020 Vision

Hexcel is targeting sales of \$3 billion by 2020. Mr. Stanage said, "Through 2020, we expect continued average annual growth rates of 8-12% in Commercial Aerospace, led by the A350 XWB, A320neo and B737 MAX entering production, and the continued strength in aircraft production rates." He said that while the Space & Defense markets are forecasted to be stable in 2015, "We expect to average mid single-digit growth rates over the period, led by military aircraft and helicopters. Also, we expect Industrial markets to have average annual growth rates of 8-12% as we continue our efforts to focus on selected markets where we can use our technology and innovation to develop a long-term sustainable competitive advantage."

Supporting the Company's 2020 sales target, the Company forecasts capital expenditures over the next five years of about \$1.1 billion to meet forecasted customer requirements based on announced build rates. "We continue to do an excellent job of managing our expansions and funding them from operations. We also have an enviable track record of being on time and on budget while continuously improving productivity and quality", Mr. Stanage added. Based on the forecasted capital expenditures, Hexcel expects to generate about \$1 billion of free cash flow over the next five years.

The Company also increased its operating income leverage target on incremental sales from 23% to 25%. This reflects the ongoing focus on productivity and efforts to maximize utilization of existing and new capacity and infrastructure.

Initiates Dividend

With the forecasted strong free cash flow over the next five years, the Board of Directors has declared a \$0.10 quarterly dividend. This is the first dividend paid by the Company since 1992. The dividend will

be payable to stockholders of record as of February 3, 2015, with a payment date of February 17, 2015.

2014 Estimates (unaudited)

Hexcel will release 2014 results after the market closes on January 22, 2015. 2014 sales are expected to be \$1,855 million with adjusted diluted EPS of \$2.16. For the year, the GAAP diluted EPS is estimated at \$2.12, as in the second quarter of 2014 the Company had four cents of adjustments from GAAP to non-GAAP earnings per share. The Company expects to meet its 2014 incremental operating income leverage target of 23%. Amounts are subject to completion and audit. More details on 2014 results will be provided in the earnings release.

Hexcel Corporation is a leading advanced composites company. It develops, manufactures and markets lightweight, high-performance structural materials, including carbon fibers, reinforcements, prepregs, honeycomb, matrix systems, adhesives and composite structures, used in commercial aerospace, space and defense and industrial applications such as wind turbine blades.

Disclaimer on Forward Looking Statements

This press release contains statements that are forward looking, including statements relating to anticipated trends in constant currency for the markets we serve (including changes in commercial aerospace revenues, the estimates and expectations based on aircraft production rates provided or publicly available by Airbus, Boeing and others, the revenues we may generate from an aircraft model or program, the impact of delays in new aircraft programs, the outlook for space & defense revenues and the trend in wind energy and other industrial applications); our ability to maintain and improve margins in light of the current economic environment; the success of particular applications as well as the general overall economy; our ability to manage cash from operating activities and capital spending in relation to future sales levels such that the company funds its capital spending plans from cash flows from operating activities, but, if necessary, maintains adequate borrowings under its credit facilities to cover any shortfalls; and the impact of the above factors on our expectations of all financial results for 2014, 2015 and beyond. The loss of, or significant reduction in purchases by, Airbus, Boeing and Vestas, or any of our other significant customers could materially impair our business, operating results, prospects and financial condition. 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 changes in currency exchange rates, changing market conditions, increased competition, inability to install, staff and qualify necessary capacity or achievement of planned manufacturing improvements, conditions in the financial markets, product mix, achieving expected pricing and manufacturing costs, availability and cost of raw materials, supply chain disruptions, work stoppages or other labor disruptions and changes in or unexpected issues related to environmental regulations, legal matters, interest rates and tax codes. Additional risk factors are described in our filings with the SEC. We do not undertake an obligation to update our forward-looking statements to reflect future events.

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