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HEXCEL CORP /DE/

FORM 10-Q
(Quarterly Report)

Filed 07/24/25 for the Period Ending 06/30/25

Address	TWO STAMFORD PLAZA 281 TRESSER BLVD., 16TH FLOOR STAMFORD, CT, 06901
Telephone	203-969-0666
CIK	0000717605
Symbol	HXL
SIC Code	2821 - Plastic Materials, Synthetic Resins and Nonvulcan Elastomers
Industry	Aerospace & Defense
Sector	Industrials
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2025

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission File Number 1-8472

Hexcel Corporation
(Exact name of registrant as specified in its charter)

Delaware	**94-1109521**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

Two Stamford Plaza
281 Tresser Boulevard
Stamford, Connecticut 06901-3238
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (203) 969-0666

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01	HXL	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 22, 2025
COMMON STOCK	**79,563,346**

HEXCEL CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements
Hexcel Corporation and Subsidiaries
Condensed Consolidated Balance Sheets

(In millions)	(Unaudited) June 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	**$ 77.2**	$ 125.4
Accounts receivable, net	**271.4**	212.0
Inventories, net	**375.4**	356.2
Contract assets	**40.7**	29.8
Prepaid expenses and other current assets	**75.2**	50.6
Assets held for sale	**7.5**	7.5
Total current assets	**847.4**	781.5
Property, plant and equipment	**3,298.1**	3,163.1
Less accumulated depreciation	**(1,669.1)**	(1,566.4)
Net property, plant and equipment	**1,629.0**	1,596.7
Goodwill and other intangible assets, net	**243.2**	237.0
Investments in affiliated companies	**5.0**	5.0
Other assets	**118.7**	105.4
Total assets	**$ 2,843.3**	$ 2,725.6
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings	**$ -**	$ 0.1
Accounts payable	**111.1**	142.3
Accrued compensation and benefits	**71.3**	99.7
Financial instruments	**2.1**	8.0
Accrued liabilities	**126.8**	99.2
Liabilities held for sale	**4.2**	4.2
Total current liabilities	**315.5**	353.5
Long-term debt	**827.7**	700.6
Retirement obligations	**31.0**	31.9
Deferred income taxes	**82.9**	81.2
Other non-current liabilities	**32.3**	30.5
Total liabilities	**1,289.4**	1,197.7
Stockholders' equity:		
Common stock, $0.01 par value, 200.0 shares authorized, 112.0 shares and 111.6 shares issued at June 30, 2025 and December 31, 2024, respectively	**1.1**	1.1
Additional paid-in capital	**985.4**	970.0
Retained earnings	**2,266.4**	2,251.5
Accumulated other comprehensive loss	**(13.6)**	(115.0)
	3,239.3	3,107.6
Less – Treasury stock, at cost, 32.4 shares at June 30, 2025 and 30.6 shares at December 31, 2024	**(1,685.4)**	(1,579.7)
Total stockholders' equity	**1,553.9**	1,527.9
Total liabilities and stockholders' equity	**$ 2,843.3**	$ 2,725.6

The accompanying notes are an integral part of these condensed consolidated financial statements.

Hexcel Corporation and Subsidiaries
Condensed Consolidated Statements of Operations

(In millions, except per share data)	(Unaudited) Quarter Ended June 30, 2025	2024	(Unaudited) Six Months Ended June 30, 2025	2024
Net sales	**$ 489.9**	$ 500.4	**$ 946.4**	$ 972.7
Cost of sales	**378.4**	373.8	**732.5**	727.9
Gross margin	**111.5**	126.6	**213.9**	244.8
Selling, general and administrative expenses	**43.0**	39.9	**86.3**	88.9
Research and technology expenses	**14.3**	14.7	**28.1**	29.8
Other operating expense	**24.2**	0.2	**25.3**	1.4
Operating income	**30.0**	71.8	**74.2**	124.7
Interest expense, net	**9.1**	8.1	**16.9**	14.6
Other income	**(0.9)**	—	**(0.5)**	—
Income before income taxes	**21.8**	63.7	**57.8**	110.1
Income tax expense	**8.3**	13.7	**15.4**	23.6
Net income	**$ 13.5**	$ 50.0	**$ 42.4**	$ 86.5
Basic net income per common share	**$ 0.17**	$ 0.61	**$ 0.53**	$ 1.04
Diluted net income per common share	**$ 0.17**	$ 0.60	**$ 0.52**	$ 1.03
Weighted-average common shares:				
Basic	**80.2**	82.5	**80.7**	83.2
Diluted	**80.6**	83.2	**81.1**	84.0

Hexcel Corporation and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income

(In millions)	(Unaudited) Quarter Ended June 30, 2025	2024	(Unaudited) Six Months Ended June 30, 2025	2024
Net income	**$ 13.5**	$ 50.0	**$ 42.4**	$ 86.5
Currency translation adjustments	**51.1**	(2.9)	**75.4**	(13.3)
Net unrealized pension and other benefit actuarial losses and prior service credits (net of tax)	**(0.8)**	—	**(0.8)**	(0.1)
Net unrealized gains (losses) on financial instruments (net of tax)	**17.4**	0.6	**26.8**	(3.8)
Total other comprehensive income (loss)	**67.7**	(2.3)	**101.4**	(17.2)
Comprehensive income	**$ 81.2**	$ 47.7	**$ 143.8**	$ 69.3

The accompanying notes are an integral part of these condensed consolidated financial statements.

Hexcel Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows

	(Unaudited)	
	Six Months Ended June 30,	
(In millions)	**2025**	**2024**
Cash flows from operating activities		
Net income	**$ 42.4**	$ 86.5
Reconciliation to net cash (used for) provided by operating activities:		
Depreciation and amortization	**60.6**	62.0
Amortization related to financing	**0.1**	0.2
Deferred income taxes	**(2.7)**	(3.0)
Stock-based compensation	**12.4**	16.4
Restructuring expenses, net of payments	**23.1**	0.2
Debt extinguishment costs	**0.4**	-
Loss on divestiture of assets	**1.1**	-
Changes in assets and liabilities:		
Increase in accounts receivable	**(44.2)**	(50.4)
Decrease (increase) in inventories	**7.2**	(21.8)
Increase in prepaid expenses and other current assets	**(19.5)**	(28.2)
Decrease in accounts payable/accrued liabilities	**(68.0)**	(17.9)
Other – net	**(18.1)**	(6.8)
Net cash (used for) provided by operating activities	**(5.2)**	37.2
Cash flows from investing activities		
Capital expenditures	**(41.4)**	(51.6)
Payments on divestiture of assets	**(1.1)**	-
Net cash used for investing activities	**(42.5)**	(51.6)
Cash flows from financing activities		
Borrowing from senior unsecured credit facility - 2028	**160.0**	95.0
Repayment of senior unsecured credit facility - 2028	**(30.0)**	-
Redemption of 4.7% senior notes due 2025	**(300.0)**	-
Proceeds from issuance of 5.875% senior notes due 2035	**300.0**	-
Repurchases of common stock	**(100.9)**	(201.8)
Repayment of finance lease obligation and other debt, net	**(3.9)**	0.1
Dividends paid	**(27.5)**	(25.0)
Activity under stock plans	**(1.8)**	(4.3)
Net cash used for financing activities	**(4.1)**	(136.0)
Effect of exchange rate changes on cash and cash equivalents	**3.6**	(1.2)
Net decrease in cash and cash equivalents	**(48.2)**	(151.6)
Cash and cash equivalents at beginning of period	**125.4**	227.0
Cash and cash equivalents at end of period	**$ 77.2**	$ 75.4
Supplemental data:		
Accrual basis additions to plant, property and equipment	**$ 31.8**	$ 41.1

The accompanying notes are an integral part of these condensed consolidated financial statements.

Hexcel Corporation and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
For the Quarters and Six Months ended June 30, 2025, and June 30, 2024

(In millions)	Par	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 2023	**$ 1.1**	**$ 936.8**	**$ 2,168.7**	**$ (74.1)**	**$ (1,316.0)**	**$ 1,716.5**
Net income	—	—	36.5	—	—	36.5
Dividends on common stock ($0.15 per share)	—	—	(12.6)	—	—	(12.6)
Repurchases of common stock	—	—	—	—	(100.7)	(100.7)
Change in other comprehensive loss– net of tax	—	—	—	(14.9)	—	(14.9)
Stock-based activity	—	17.8	—	—	(10.5)	7.3
Balance, March 31, 2024	**$ 1.1**	**$ 954.6**	**$ 2,192.6**	**$ (89.0)**	**$ (1,427.2)**	**$ 1,632.1**
Net income	—	—	50.0	—	—	50.0
Dividends on common stock ($0.15 per share)	—	—	(12.4)	—	—	(12.4)
Repurchases of common stock	—	—	—	—	(101.1)	(101.1)
Change in other comprehensive loss– net of tax	—	—	—	(2.3)	—	(2.3)
Stock-based activity	—	5.0	—	—	(0.1)	4.9
Balance, June 30, 2024	**$ 1.1**	**$ 959.6**	**$ 2,230.2**	**$ (91.3)**	**$ (1,528.4)**	**$ 1,571.2**

(In millions)	Par	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 2024	$ 1.1	$ 970.0	$ 2,251.5	$ (115.0)	$ (1,579.7)	$ 1,527.9
Net income	—	—	28.9	—	—	28.9
Dividends on common stock ($0.17 per share)	—	—	(13.8)	—	—	(13.8)
Repurchases of common stock	—	—	—	—	(50.4)	(50.4)
Change in other comprehensive loss– net of tax	—	—	—	33.7	—	33.7
Stock-based activity	—	11.0	—	—	(4.7)	6.3
Balance, March 31, 2025	**$ 1.1**	**$ 981.0**	**$ 2,266.6**	**$ (81.3)**	**$ (1,634.8)**	**$ 1,532.6**
Net income	**—**	**—**	**13.5**	**—**	**—**	**13.5**
Dividends on common stock ($0.17 per share)	**—**	**—**	**(13.7)**	**—**	**—**	**(13.7)**
Repurchases of common stock	**—**	**—**	**—**	**—**	**(50.5)**	**(50.5)**
Change in other comprehensive loss– net of tax	**—**	**—**	**—**	**67.7**	**—**	**67.7**
Stock-based activity	**—**	**4.4**	**—**	**—**	**(0.1)**	**4.3**
Balance, June 30, 2025	**$ 1.1**	**$ 985.4**	**$ 2,266.4**	**$ (13.6)**	**$ (1,685.4)**	**$ 1,553.9**

The accompanying notes are an integral part of these condensed consolidated financial statements.

HEXCEL CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — Significant Accounting Policies

In these notes, the terms “Hexcel,” “the Company,” “we,” “us,” or “our” mean Hexcel Corporation and subsidiary companies. The accompanying condensed consolidated financial statements are those of Hexcel Corporation. Refer to Note 1 to the consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2024 for a discussion of our significant accounting policies.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared from the unaudited accounting records of Hexcel pursuant to rules and regulations of the Securities and Exchange Commission (“SEC”) and in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. Certain information and footnote disclosures normally included in financial statements have been omitted pursuant to rules and regulations of the SEC. In the opinion of management, the condensed consolidated financial statements include all normal recurring adjustments as well as any non-recurring adjustments necessary to present fairly the statement of financial position, results of operations, cash flows and statement of stockholders’ equity for the interim periods presented. The Condensed Consolidated Balance Sheet as of December 31, 2024 was derived from the audited 2024 consolidated balance sheet. Interim results are not necessarily indicative of results expected for any other interim period or for the full year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2024 Annual Report on Form 10-K.

Assets and Liabilities Held for Sale

During the fourth quarter of 2024, the Company announced it was exploring strategic options for its operations in Austria and undergoing a process to find a suitable successor for the Neumarkt plant. The products produced at our Neumarkt, Austria plant include those for the wind market. However, over the last several years, the wind energy market has moved away from using Hexcel’s glass prepreg products, resulting in the low volumes we are selling today.

As of both June 30, 2025 and December 31, 2024, the assets and liabilities of the Austria operations have been classified as held for sale. The table below presents the carrying amounts of the assets and liabilities potentially included as part of the expected sale:

	(In millions)
Accounts receivable	$ 6.2
Inventories	1.3
Assets held for sale	$ 7.5
Accounts payable	$ 2.4
Accrued liabilities	0.9
Other non-current liabilities	0.9
Liabilities held for sale	$ 4.2

New Tax Legislation

On July 4, 2025, the U.S. President signed into law H.R.1, the legislation commonly known as the One Big Beautiful Bill (“OBBB”). This legislation extended, modified, or made permanent many of the tax provisions which were initially enacted as part of the Tax Cuts and Jobs Act (TCJA) of 2017. The OBBB contains a number of tax provisions including, but not limited to, immediate expensing of domestic research and experimental (R&E) expenditures, modifications to the limitation on business interest, bonus depreciation modifications, as well as international tax provision modifications. These tax provisions apply to either tax years beginning after December 31, 2024 or December 31, 2025. The Company is currently evaluating the tax impact of OBBB on its financial statements.

Note 2 — Net Income Per Common Share

(In millions, except per share data)	Quarter Ended June 30, 2025	Quarter Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Basic net income per common share:				
Net income	**$ 13.5**	$ 50.0	**$ 42.4**	$ 86.5
Weighted average common shares outstanding	**80.2**	82.5	**80.7**	83.2
Basic net income per common share	**$ 0.17**	$ 0.61	**$ 0.53**	$ 1.04
Diluted net income per common share:				
Net income	**$ 13.5**	$ 50.0	**42.4**	86.5
Weighted average common shares outstanding — Basic	**80.2**	82.5	**80.7**	83.2
Plus incremental shares from assumed conversions:				
Restricted stock units	**0.3**	0.4	**0.3**	0.4
Stock options	**0.1**	0.3	**0.2**	0.4
Weighted average common shares outstanding — Dilutive	**80.6**	83.2	**81.1**	84.0
Diluted net income per common share	**$ 0.17**	$ 0.60	**$ 0.52**	$ 1.03

Total common stock equivalents of 1.2 million and 0.5 million were excluded from the computation of diluted net income per share for the quarters ended June 30, 2025 and 2024, respectively, because to include would have been anti-dilutive. Total common stock equivalents of 1.1 million and 0.4 million were excluded from the computation of diluted net income per share for the six months ended June 30, 2025 and 2024, respectively, because to include would have been anti-dilutive.

Note 3 — Inventories

(In millions)	June 30, 2025	December 31, 2024
Raw materials	**$ 178.2**	$ 161.1
Work in progress	**46.1**	41.6
Finished goods	**151.1**	153.5
Total Inventory	**$ 375.4**	$ 356.2

Note 4 — Retirement and Other Postretirement Benefit Plans

We maintain qualified and nonqualified defined benefit retirement plans covering certain current and former U.S. and European employees, retirement savings plans covering eligible U.S. and U.K. employees and certain postretirement health care and life insurance benefit plans covering eligible U.S. retirees. We also participate in a union sponsored multi-employer pension plan covering certain U.S. employees with union affiliations.

<u>*Defined Benefit Retirement Plans*</u>

Net Periodic Benefit Costs

Net periodic benefit costs of our defined benefit retirement plans for the quarters and six months ended June 30, 2025 and 2024 were as follows:

(In millions)	Quarter Ended June 30, 2025	Quarter Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
U.S. Nonqualified Defined Benefit Retirement Plans				
Service cost	**$ —**	$ —	**$ —**	$ —
Interest cost	**0.2**	0.2	**0.4**	0.4
Net amortization	**—**	(0.1)	**—**	(0.2)
Net periodic benefit cost	**$ 0.2**	$ 0.1	**$ 0.4**	$ 0.2

The above amounts for the quarter and six months ended June 30, 2025 do not include a gain of $0.9 million related to a one-time lump-sum settlement.

(In millions)		June 30, 2025		December 31, 2024
Amounts recognized on the balance sheet for U.S. nonqualified defined benefit retirement plans:				
Accrued liabilities	**$**	**1.2**	$	16.2
Other non-current liabilities		**3.0**		3.9
Total accrued benefit	**$**	**4.2**	$	20.1

	Quarter Ended June 30,				Six Months Ended June 30,			
(In millions)		2025		2024		2025		2024
European Defined Benefit Retirement Plans								
Service cost	**$**	**0.2**	$	0.1	**$**	**0.3**	$	0.3
Interest cost		**0.1**		0.2		**0.2**		0.3
Expected return on plan assets		**—**		—		**—**		(0.1)
Net amortization and deferral		**—**		—		**0.1**		0.1
Net periodic benefit cost	**$**	**0.3**	$	0.3	**$**	**0.6**	$	0.6

(In millions)		June 30, 2025		December 31, 2024
Amounts recognized on the balance sheet for European defined benefit retirement plans:				
Accrued liabilities	**$**	**1.6**	$	1.0
Other non-current liabilities		**15.6**		11.9
Total accrued benefit	**$**	**17.2**	$	12.9

All costs related to our pensions are included as a component of operating income in our Condensed Consolidated Statements of Operations. For the quarters ended June 30, 2025 and 2024, amounts unrelated to service costs were a charge of $0.3 million and $0.3 million, respectively. For the six months ended June 30, 2025 and 2024, amounts unrelated to service costs were a charge of $0.8 million and $0.6 million, respectively.

Contributions

We generally fund our U.S. non-qualified defined benefit retirement plans when benefit payments are incurred. We contributed approximately $16.0 million in the first six months of 2025 to cover unfunded benefits, including approximately $15.9 million for a one-time lump sum payment. We expect to contribute a total of $16.5 million in 2025 to cover unfunded benefits.

Contributions to our European defined benefit retirement plans during the six months ended June 30, 2025 were not material. We plan to contribute approximately $1.3 million during 2025 to our European plans.

Postretirement Health Care and Life Insurance Benefit Plans

Net amortization gain deferral for both the quarters and six months ended June 30, 2025 and 2024 were not material. Net periodic benefit costs of our postretirement health care and life insurance benefit plans for both the quarters and six months ended June 30, 2025 and 2024 were immaterial.

(In millions)		June 30, 2025		December 31, 2024
Amounts recognized on the balance sheet:				
Accrued liabilities	**$**	**0.2**	$	0.2
Other non-current liabilities		**0.7**		0.6
Total accrued benefit	**$**	**0.9**	$	0.8

Amounts contributed in connection with our postretirement plans were immaterial for both the six months ended June 30, 2025 and 2024. We periodically fund our postretirement plans to pay covered expenses as they are incurred. We expect to contribute approximately $0.2 million in 2025 to cover unfunded benefits.

Note 5 — Debt

(In millions)	June 30, 2025	December 31, 2024
Current portion of finance lease	$ —	$ 0.1
Current portion of debt	—	0.1
Senior unsecured credit facility	**130.0**	-
4.7% senior notes --- due 2025	**-**	300.0
3.95% senior notes --- due 2027	**400.0**	400.0
5.875% senior notes --- due 2035	**300.0**	-
Senior notes --- original issue discount	**(0.3)**	(0.4)
Senior notes --- deferred financing costs	**(4.3)**	(0.9)
Non-current portion of finance lease and other debt	**2.3**	1.9
Long-term debt	**827.7**	700.6
Total debt	**$ 827.7**	$ 700.7

On April 25, 2023, the Company entered into a new credit agreement (the "Credit Agreement") to refinance its senior unsecured credit facility agreement (the "Facility"). Under the terms of the Credit Agreement the borrowing capacity remained at $750 million. The Facility matures in April 2028. In connection with the refinancing, the Company incurred approximately $2.5 million in financing costs which were deferred and are amortized over the life of the Facility.

Borrowings under the Facility bear interest for Secured Overnight Financing Rate ("SOFR") borrowings at (i) an Adjusted Term SOFR rate (subject to a 0.00% floor), where such "Adjusted Term SOFR" rate is equal to the Term SOFR rate for the applicable interest period plus 0.10%, plus the Applicable Margin or (ii) for base rate borrowings, the greatest of (a) the prime rate, (b) the federal funds rate plus 0.50% and (c) the Adjusted Term SOFR rate (subject to a 0.00% floor) for a one-month interest period plus 1.00%, in each case plus the Applicable Margin. The "Applicable Margin" initially was 1.125% for SOFR rate borrowings and 0.125% for base rate borrowings, and after September 30, 2023, can fluctuate, determined by reference to the more favorable to the Company of its (i) public debt rating and (ii) consolidated leverage ratio, as specified in the Credit Agreement. Up to $50 million of the Facility may be used for letters of credit. The Credit Agreement enables the Company, from time to time, to add term loans or to increase the revolving credit commitment in an aggregate amount not to exceed $500 million.

As of June 30, 2025, total borrowings under the Facility were $130.0 million which approximated fair value. Outstanding letters of credit reduce the amount available for borrowing under the Facility. As of June 30, 2025, there were no issued letters of credit under the Facility, resulting in undrawn availability under the Facility of $620 million. The weighted average interest rate for the Facility was 5.6% for the six months ended June 30, 2025. The Company was in compliance with all debt covenants as of June 30, 2025.

During the first quarter of 2025, the Company issued $300 million in aggregate principal amount of 5.875% Senior Unsecured Notes due in 2035. The interest rate on these senior notes may be increased by 0.25% each time a credit rating applicable to the notes is downgraded. The maximum rate is 7.875%. Interest on the notes will be payable semiannually in arrears on February 26 and August 26 of each year, beginning on August 26, 2025. The effective interest rate for the six months ended June 30, 2025 was 6.0% inclusive of an approximately 0.10% benefit of treasury locks. The issuance of these senior notes resulted in the Company incurring financing fees of $3.9 million that have been deferred and will be recognized over the term of the senior notes. Based on quoted prices, the fair value of the 5.875% Senior Unsecured Notes was $305.6 million at June 30, 2025.

In conjunction with the issuance of the 5.875% Senior Unsecured Notes, the Company redeemed the $300 million in aggregate principal amount of 4.7% Senior Unsecured Notes that were due in August 2025. The redemption of these senior notes resulted in debt extinguishment costs of $0.4 million which were recorded in Other expense on the Condensed Consolidated Statements of Operations for the six months ended June 30, 2025.

In 2017, the Company issued $400 million in aggregate principal amount of 3.95% Senior Unsecured Notes due in 2027. The interest rate on these senior notes may be increased by 0.25% each time a credit rating applicable to the notes is downgraded. The maximum rate is 5.95%. The effective interest rate for the six months ended June 30, 2025 was 4.0% inclusive of an approximately 0.25% benefit of treasury locks. Based on quoted prices, the fair value of the 3.95% Senior Unsecured Notes was $396.8 million at June 30, 2025.

Note 6 — Derivative Financial Instruments

The Company entered into treasury lock agreements to protect against unfavorable movements in the benchmark treasury rate related to the issuance of our 5.875% Senior Unsecured Notes. These hedges were designated as cash flow hedges, thus any change in fair value was recorded as a component of other comprehensive income (loss). As part of the issuance of our 5.875% Senior Unsecured Notes, we net settled these derivatives for $3.6 million in cash and the deferred gains recorded in other comprehensive income (loss) will be released to interest expense over the life of the senior notes. The remaining balance of deferred gains as of June 30, 2025 is approximately $3.5 million. The effect of the settled treasury locks reduces the effective interest rate of the senior notes by approximately 0.10%.

The Company also had treasury lock agreements to protect against unfavorable movements in the benchmark treasury rate related to the issuance of our 3.95% Senior Unsecured Notes due in 2027. These hedges were designated as cash flow hedges as well and upon issuance of our 3.95% Senior Unsecured Notes in 2017, we net settled these derivatives and the deferred gains recorded in other comprehensive income (loss) are being released to interest expense over the life of the senior notes. The remaining balance of deferred gains as of June 30, 2025 is approximately $1.6 million. The effect of these settled treasury locks reduces the effective interest rate of the 3.95% Senior Unsecured Notes due in 2027 by approximately 0.25%.

Cross Currency and Interest Rate Swap Agreements

In November 2020, we entered into a cross currency and interest rate swap, which is designated as a cash flow hedge of a €270 million, 5-year amortizing, intercompany loan between one of our European subsidiaries and the U.S. parent company. Changes in the spot exchange rates are recorded to the general ledger and offset the fair value re-measurement of the hedged item. The net difference in the interest rates coupons is recorded as a credit to interest expense. The derivative swaps €270 million bearing interest at a fixed rate of 0.30% for $319.9 million at a fixed rate interest of 1.115%. The interest coupons settle semi-annually. The principal will amortize each year on November 15, as follows: for years 1 through 4, beginning November 15, 2021, €50 million versus $59.2 million, and a final settlement on November 15, 2025 of €70 million versus $82.9 million.

Foreign Currency Forward Exchange Contracts

A number of our European subsidiaries are exposed to the impact of exchange rate volatility between the U.S. dollar and the subsidiaries' functional currencies, being either the Euro or the British pound sterling. We have entered into contracts to exchange U.S. dollars for Euros and British pound sterling through December 2027. The aggregate notional amount of these contracts was $378.4 million and $386.4 million at June 30, 2025 and December 31, 2024, respectively. The purpose of these contracts is to hedge a portion of the forecasted transactions of our European subsidiaries under long-term sales contracts with certain customers. These contracts are expected to provide us with a more balanced matching of future cash receipts and expenditures by currency, thereby reducing our exposure to fluctuations in currency exchange rates. The effective portion of the hedges, gains of $27.9 million and $39.8 million were recorded in other comprehensive (loss) income for the quarter and six months ended June 30, 2025, respectively, and losses of $1.9 million and $9.1 million were recorded for the quarter and six months ended June 30, 2024, respectively. We recognized gains of $3.4 million and $1.8 million in gross margin during the quarters and six months ended June 30, 2025, respectively, and losses of $1.3 million and $2.0 million for the quarter and six months ended June 30, 2024, respectively.

In addition, we enter into foreign exchange forward contracts which are not designated as hedges. These are used to provide an offset to transactional gains or losses arising from the remeasurement of non-functional monetary assets and liabilities such as accounts receivable. The change in the fair value of the derivatives is recorded in the statement of operations. There are no credit contingency features in these derivatives. During the quarter and six months ended June 30, 2025, we recognized net foreign exchange losses of $0.2 million and $0.3 million, respectively, in the Condensed Consolidated Statements of Operations. During the quarter and six months ended June 30, 2024, we recognized net foreign exchange gains of $0.4 million and $2.0 million, respectively. The net foreign exchange impact recognized from these hedges offset the translation exposure of these transactions.

The change in fair value of our foreign currency forward exchange contracts under hedge designations recorded net of tax within accumulated other comprehensive (loss) income for the quarters and six months ended June 30, 2025 and June 30, 2024 was as follows:

	Quarter Ended June 30,		Six Months Ended June 30,	
(In millions)	**2025**	**2024**	**2025**	**2024**
Unrealized gains (losses) at beginning of period, net of tax	**$ 2.1**	$ 0.5	**$ (7.9)**	$ 5.3
(Gains) losses reclassified to net sales	**(2.5)**	0.8	**(1.4)**	1.3
Increase (decrease) in fair value	**20.6**	(1.3)	**29.5**	(6.6)
Unrealized gains at end of period, net of tax	**$ 20.2**	$ —	**$ 20.2**	$ —

Unrealized gains of $17.9 million recorded in accumulated other comprehensive loss, less taxes of $4.6 million, as of June 30, 2025, are expected to be reclassified into earnings over the next twelve months as the hedged sales are recorded.

Commodity Swap Agreements

We use commodity swap agreements to hedge against price fluctuations of raw materials, including propylene (the principal component of acrylonitrile). As of June 30, 2025, we had commodity swap agreements with a notional value of $16.4 million. The swaps mature monthly through May 2027. The swaps are accounted for as a cash flow hedge of our forward raw material purchases. To ensure the swaps are highly effective, all of the critical terms of the swap matched the terms of the hedged items.

The fair values of outstanding derivative financial instruments as of June 30, 2025 and December 31, 2024 were as follows:

	Prepaid and Other Current Assets		Other Assets		Current Liabilities		Non-Current Liabilities	
(In millions)	**June 30, 2025**	**December 31, 2024**	**June 30, 2025**	**December 31, 2024**	**June 30, 2025**	**December 31, 2024**	**June 30, 2025**	**December 31, 2024**
Derivative Products								
Foreign currency forward exchange contracts	$ 17.9	$ 1.5	$ 9.7	$ 0.1	$ -	$ 6.8	$ —	$ 5.2
Undesignated hedges	—	—	—	—	0.2	0.1	—	-
Commodity swaps	—	—	—	—	1.9	1.1	0.2	0.3
Cross currency and interest rate swap	—	13.9	—	—	—	—	—	—
Total Derivative Products	$ 17.9	$ 15.4	$ 9.7	$ 0.1	$ 2.1	$ 8.0	$ 0.2	$ 5.5

Note 7 — Fair Value Measurements

The authoritative guidance for fair value measurements establishes a hierarchy for observable and unobservable inputs used to measure fair value, into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as consider our own and counterparty credit risk in our assessment of fair value.

We have no assets or liabilities that utilize Level 1 or Level 3 inputs. However, we have derivative instruments classified as liabilities and assets which utilize Level 2 inputs.

For derivative assets and liabilities that utilize Level 2 inputs, we prepare estimates of future cash flows of our derivatives, which are discounted to a net present value. The estimated cash flows and the discount factors used in the valuation model are based on observable inputs, and incorporate non-performance risk (the credit standing of the counterparty when the derivative is in a net asset position, and the credit standing of Hexcel when the derivative is in a net liability position). For further information on the fair value of our derivative financial instruments see Note 6, Derivative Financial Instruments. In addition, the fair value of these derivative contracts, which are subject to a master netting arrangement under certain circumstances, is presented on a gross basis in the Condensed Consolidated Balance Sheets.

Below is a summary of valuation techniques for all Level 2 financial assets and liabilities:

- Cross Currency and Interest Rate Swap Agreements — valued using the USD Secured Overnight Financing Rate curves and quoted forward foreign exchange prices at the reporting date.
- Foreign exchange derivative assets and liabilities — valued using quoted forward foreign exchange prices at the reporting date.
- Commodity swap agreements — valued using quoted forward commodity prices at the reporting date.

Counterparties to the above contracts are highly rated financial institutions, none of which experienced any significant downgrades in the quarter ended June 30, 2025 that would reduce the receivable amount owed, if any, to the Company.

Note 8 — Revenue

Our revenue is primarily derived from the sale of inventory under long-term contracts with our customers. We have determined that individual purchase orders (“PO”), the terms and conditions of which are taken with a master agreement, create the ASC 606 contracts, which are generally short-term in nature. For those sales that are not tied to a long-term agreement, we generate a PO that is subject to our standard terms and conditions. In instances where our customers acquire our goods related to government contracts, the contracts are typically subject to terms similar, or equal to, the Federal Acquisition Regulation Part 52.249-2. This regulation contains a termination for convenience clause (“T for C”), which requires that the customer pay for the cost of both the finished and unfinished goods at the time of cancellation plus a reasonable profit.

We recognize revenue over time for those agreements that have T for C, and where the products being produced have no alternative use. As our production cycle is typically nine months or less, it is expected that goods related to the revenue recognized over time will be shipped and billed within the next twelve months. Less than half of our agreements contain provisions which would require revenue to be recognized over time. All other revenue is recognized at a point in time.

We disaggregate our revenue based on market for analytical purposes. Beginning with the first quarter of 2025, sales are being reported for two markets, which are Commercial Aerospace, unchanged from past practice, and a new sales category titled Defense, Space & Other, which combines the previous Space & Defense market and Industrial market. Prior period sales amounts have been reclassified for comparative purposes.

The following table details our revenue by market for the quarters and six months ended June 30, 2025 and 2024:

	Quarter Ended June 30,		Six Months Ended June 30,	
(In millions)	**2025**	**2024**	**2025**	**2024**
Consolidated Net Sales	**$ 489.9**	$ 500.4	**$ 946.4**	$ 972.7
Commercial Aerospace	**293.1**	320.7	**573.2**	620.0
Defense, Space & Other	**196.8**	179.7	**373.2**	352.7

Revenue recognized over time gives rise to contract assets, which represent revenue recognized but unbilled. Contract assets are included in our Condensed Consolidated Balance Sheets as a component of current assets. The activity related to contract assets for the six months ended June 30, 2025 was as follows:

(In millions)	**Composite Material**	**Engineered Products**	**Total**
Balance at December 31, 2024	$ 9.1	$ 20.7	$ 29.8
Net revenue billed	0.4	5.5	5.9
Balance at March 31, 2025	9.5	26.2	35.7
Net revenue billed	1.7	3.3	5.0
Balance at June 30, 2025	**$ 11.2**	**$ 29.5**	**$ 40.7**

Accounts receivable, net, includes amounts billed to customers where the right to payment is unconditional.

Note 9 — Segment Information

The financial results for our operating segments are prepared using a management approach, which is consistent with the basis and manner in which we internally segregate financial information for the purpose of assisting in making internal operating decisions. We evaluate the performance of our operating segments based on operating income, and generally account for intersegment sales based on arm’s length prices. Corporate and certain other expenses are not allocated to the operating segments, except to the extent that the expense can be directly attributable to the business segment.

Financial information for our operating segments for the quarters and six months ended June 30, 2025 and 2024 were as follows:

(In millions)	Composite Materials	Engineered Products	Corporate & Other (a)	Total
Quarter Ended June 30, 2025				
Net sales to external customers	$ 393.2	$ 96.7	$ —	$ 489.9
Intersegment sales	19.4	0.4	(19.8)	—
Total sales	412.6	97.1	(19.8)	489.9
Cost of sales	315.7	81.5	(18.8)	378.4
Gross margin	96.9	15.6	(1.0)	111.5
Selling, general and administrative expenses	26.3	4.0	12.7	43.0
Research and technology expenses	12.3	1.0	1.0	14.3
Other operating expense	—	24.2	—	24.2
Operating income (loss)	58.3	(13.6)	(14.7)	30.0
Depreciation and amortization	26.9	2.7	—	29.6
Stock-based compensation	0.9	0.2	1.6	2.7
Accrual basis additions to capital expenditures	13.1	1.6	—	14.7
Quarter Ended June 30, 2024				
Net sales to external customers	$ 408.6	$ 91.8	$ —	$ 500.4
Intersegment sales	23.9	0.6	(24.5)	—
Total sales	432.5	92.4	(24.5)	500.4
Cost of sales	322.5	72.7	(21.4)	373.8
Gross margin	110.0	19.7	(3.1)	126.6
Selling, general and administrative expenses	23.2	5.3	11.4	39.9
Research and technology expenses	12.5	1.2	1.0	14.7
Other operating expense	—	0.2	—	0.2
Operating income (loss)	74.3	13.0	(15.5)	71.8
Depreciation and amortization	27.3	3.7	—	31.0
Stock-based compensation	1.1	0.3	1.9	3.3
Accrual basis additions to capital expenditures	18.6	3.9	—	22.5
Six Months Ended June 30, 2025				
Net sales to external customers	$ 758.5	$ 187.9	$ —	$ 946.4
Intersegment sales	39.5	0.7	(40.2)	—
Total sales	798.0	188.6	(40.2)	946.4
Cost of sales	609.2	161.4	(38.1)	732.5
Gross margin	188.8	27.2	(2.1)	213.9
Selling, general and administrative expenses	51.8	8.3	26.2	86.3
Research and technology expenses	24.1	2.1	1.9	28.1
Other operating expense	—	25.3	—	25.3
Operating income (loss)	112.9	(8.5)	(30.2)	74.2
Depreciation and amortization	54.1	6.5	—	60.6
Stock-based compensation	3.9	1.0	7.5	12.4
Accrual basis additions to capital expenditures	28.6	3.2	—	31.8
Six Months Ended June 30, 2024				
Net sales to external customers	$ 788.1	$ 184.6	$ —	$ 972.7
Intersegment sales	47.2	0.9	(48.1)	—
Total sales	$ 835.3	$ 185.5	$ (48.1)	$ 972.7
Cost of sales	622.8	146.0	(40.9)	727.9
Gross margin	212.5	39.5	(7.2)	244.8
Selling, general and administrative expenses	48.6	10.6	29.7	88.9
Research and technology expenses	25.1	2.4	2.3	29.8
Other operating expense	0.8	0.6	—	1.4
Operating income (loss)	138.0	25.9	(39.2)	124.7
Depreciation and amortization	54.5	7.5	—	62.0
Stock-based compensation	4.2	1.1	11.1	16.4
Accrual basis additions to capital expenditures	35.3	5.8	—	41.1

(a) We do not allocate corporate expenses to the operating segments.

Goodwill and Intangible Assets (In millions)	Composite Materials	Engineered Products	Total
Balance at December 31, 2024	$ 83.1	$ 153.9	$ 237.0
Amortization expense	(0.8)	(2.0)	(2.8)
Currency translation adjustments	8.9	0.1	9.0
Balance at June 30, 2025	**$ 91.2**	**$ 152.0**	**$ 243.2**

At June 30, 2025, the balance of goodwill and intangible assets was $192.0 million and $51.2 million, respectively.

(In millions)	Composite Materials	Engineered Products	Corporate & Other (a)	Total
Segment assets				
June 30, 2025	**$ 2,374.8**	**$ 593.0**	**$ (124.5)**	**$ 2,843.3**
December 31, 2024	2,147.6	541.4	36.6	2,725.6

Note 10 — Accumulated Other Comprehensive Loss

Comprehensive loss represents net loss and other gains and losses affecting stockholders' equity that are not reflected in the Condensed Consolidated Statements of Operations. The components of accumulated other comprehensive loss as of June 30, 2025 and December 31, 2024 were as follows:

(In millions)	Unrecognized Net Defined Benefit and Postretirement Plan Costs	Change in Fair Value of Derivatives Products (1)	Foreign Currency Translation	Total
Balance at December 31, 2024	**$ (0.7)**	**$ (4.4)**	**$ (109.9)**	**$ (115.0)**
Other comprehensive (loss) income before reclassifications	**(1.5)**	**5.3**	**75.4**	**79.2**
Amounts reclassified from accumulated other comprehensive loss	**0.7**	**21.5**	**-**	**22.2**
Other comprehensive (loss) income	**(0.8)**	**26.8**	**75.4**	**101.4**
Balance at June 30, 2025	**$ (1.5)**	**$ 22.4**	**$ (34.5)**	**$ (13.6)**

(1) Includes forward foreign exchange contracts, interest rate derivatives and commodity swaps.

The amount of net (gains) losses reclassified to earnings from the unrecognized net defined benefit and postretirement plan costs and derivative products components of accumulated other comprehensive loss for the quarters and six months ended June 30, 2025 and 2024 were as follows:

	Quarter Ended June 30, 2025		Quarter Ended June 30, 2024		Six Months Ended June 30, 2025		Six Months Ended June 30, 2024	
(In millions)	Pre-tax loss (gain)	Net of tax loss (gain)	Pre-tax (gain) loss	Net of tax (gain) loss	Pre-tax loss (gain)	Net of tax loss (gain)	Pre-tax (gain) loss	Net of tax (gain) loss
Defined Benefit and Postretirement Plan Costs	$ 0.9	$ 0.7	$ (0.1)	$ (0.1)	$ 0.9	$ 0.7	$ (0.2)	$ (0.2)
Derivative Products								
Foreign currency forward exchange contracts	(3.4)	(2.5)	1.3	0.9	(1.8)	(1.4)	2.0	1.3
Commodity swaps	(0.2)	(0.2)	0.3	0.2	(0.4)	(0.3)	—	(0.1)
Interest rate swaps	6.3	4.9	(1.5)	(1.1)	9.0	7.0	(5.1)	(3.8)
Total Derivative Products	$ 2.7	$ 2.2	$ 0.1	$ —	$ 6.8	$ 5.3	$ (3.1)	$ (2.6)

Note 11 — Commitments and Contingencies

We are involved in litigation, investigations and claims arising out of the normal conduct of our business, including those relating to commercial transactions, environmental, employment and health and safety matters. While it is impossible to predict the ultimate resolution of litigation, investigations and claims asserted against us, we believe, based upon our examination of currently available information, our experience to date, and advice from legal counsel, that, after taking into account our existing insurance coverage and amounts already provided for, the currently pending legal proceedings against us will not have a material adverse impact on our consolidated results of operations, financial position or cash flows.

Environmental Matters

We have been named as a potentially responsible party ("PRP") with respect to the below and other hazardous waste disposal sites that we do not own or possess, which are included on, or proposed to be included on, the Superfund National Priority List of the U.S. Environmental Protection Agency ("EPA") or on equivalent lists of various state governments. Because the Federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund") allows for joint and several liability in certain circumstances, we could be responsible for all remediation costs at such sites, even if we are one of many PRPs. We believe, based on the amount and nature of the hazardous waste at issue, and the number of other financially viable PRPs at each site, that our liability in connection with such environmental matters will not be material.

Lower Passaic River Study Area

Hexcel, together with approximately 48 other PRPs that comprise the Lower Passaic Cooperating Parties Group (the "CPG"), are subject to a May 2007 Administrative Order on Consent ("AOC") with the EPA requiring the CPG to perform a Remedial Investigation/Feasibility Study of environmental conditions of a 17-mile stretch of the Passaic River in New Jersey (the "Lower Passaic River"). We were included in the CPG based on our operations at our former manufacturing site in Lodi, New Jersey.

In March 2016, the EPA issued a Record of Decision ("ROD") setting forth the EPA's selected remedy for the lower eight miles of the Lower Passaic River at an expected cost ranging from $0.97 billion to $2.07 billion. In August 2017, the EPA appointed an independent third-party allocation expert to make recommendations on the relative liability of approximately 120 identified non-government PRPs for the lower eight miles of the Lower Passaic River. In December 2020, the allocator issued its non-binding report on PRP liability (including Hexcel's) to the EPA. In October 2021, the EPA released a ROD selecting an interim remedy for the upper nine miles of the Lower Passaic River at an expected additional cost ranging from $308.7 million to $661.5 million.

In October 2016, pursuant to a settlement agreement with the EPA, Occidental Chemical Corporation ("OCC"), one of the PRPs, commenced performance of the remedial design required by the ROD for the lower eight miles of the Lower Passaic River, reserving its right of cost contribution from all other PRPs. In June 2018, OCC filed suit against approximately 120 parties, including Hexcel, in the U.S. District Court of the District of New Jersey seeking cost recovery and contribution under CERCLA related to the Lower Passaic River. In July 2019, the court granted in part and denied in part the defendants' motion to dismiss. In August 2020, the court granted defendants' motion for summary judgement for certain claims. Discovery for the remaining claims has been stayed indefinitely based on agreement of the parties. On February 24, 2021, Hexcel and certain other defendants filed a third-party complaint against the Passaic Valley Sewerage Commission and certain New Jersey municipalities seeking recovery of Passaic-related cleanup costs incurred by defendants, as well as contribution for any cleanup costs incurred by OCC for which the court deems the defendants liable. In March 2024, the EPA issued a Unilateral Administrative Order ("UAO") to OCC ordering OCC to commence remedial design work for the interim remedy for the cleanup of the upper nine miles of the Lower Passaic River. On March 24, 2024, OCC filed suit against Hexcel and approximately 38 other parties claiming cost recovery under CERCLA for future costs related to its compliance with the UAO. On January 5, 2024, the U.S. District Court stayed the foregoing claim initiated by OCC until the completion of the Passaic-related Consent Decree process.

On December 16, 2022, the EPA lodged a Consent Decree with the U.S. District Court for the District of New Jersey requesting court approval of a $150 million settlement of the EPA's CERCLA claims against Hexcel and 83 other PRPs for costs related to alleged contamination of the upper and lower portions of the Lower Passaic River. The 84 PRPs have collectively placed $150 million in escrow, pending District Court approval of the Consent Decree. In December 2024, the District Court granted the issuance of the Consent Decree, however, this decision has been appealed.

Summary of Environmental Reserves

Our estimate of liability as a PRP and our remaining costs associated with our responsibility to remediate the Lower Passaic River and other sites are accrued in the Consolidated Balance Sheets. As of June 30, 2025 and December 31, 2024, our aggregate environmental related accruals were $0.4 million and $0.3 million, respectively. These amounts were included in non-current liabilities.

These accruals can change significantly from period to period due to such factors as additional information on the nature or extent of contamination, the methods of remediation required, changes in the apportionment of costs among responsible parties and other actions by governmental agencies or private parties, or the impact, if any, of being named in a new matter.

Product Warranty

We provide standard assurance-type warranties for our products, which cannot be purchased separately and do not meet the criteria to be considered a performance obligation. Warranty expense for the six months ended June 30, 2025, and accrued warranty cost, included in "accrued liabilities" in the Condensed Consolidated Balance Sheets at June 30, 2025 and December 31, 2024, were as follows:

(In millions)		Product Warranties
Balance as of December 31, 2024	**$**	**2.4**
Warranty expense		**0.5**
Deductions and other		**(0.1)**
Balance as of March 31, 2025	**$**	**2.8**
Warranty expense		**0.3**
Deductions and other		**(0.3)**
Balance as of June 30, 2025	**$**	**2.8**

Note 12 — Restructuring

We recognized restructuring charges of $24.2 million for both the quarter and six months ended June 30, 2025, respectively, primarily related to severance for the closure of our Welkenraedt facility in Belgium. Anticipated future cash payments as of June 30, 2025 were $25.3 million.

			Activity for the Quarter Ended June 30, 2025									
(In Millions)		March 31, 2025		Restructuring Charge		FX Impact		Cash Paid		Non-Cash		June 30, 2025
Employee termination	$	1.2	$	17.6	$	—	$	(0.1)	$	—	$	18.7
Impairment and other		—		6.6		—		—		—		6.6
Total	**$**	**1.2**	**$**	**24.2**	**$**	**—**	**$**	**(0.1)**	**$**	**—**	**$**	**25.3**

			Activity for the Six Months Ended June 30, 2025									
(In Millions)		December 31, 2024		Restructuring Charge		FX Impact		Cash Paid		Non-Cash		June 30, 2025
Employee termination	$	1.5	$	17.6	$	—	$	(0.4)	$	—	$	18.7
Impairment and other		—		6.6		—		—		—		6.6
Total	**$**	**1.5**	**$**	**24.2**	**$**	**—**	**$**	**(0.4)**	**$**	**—**	**$**	**25.3**

Note 13 — Capital Stock

Under the share repurchase plan adopted by the Board of Directors of the Company (the "Board") in May 2018 (the "2018 Repurchase Plan"), the Board authorized $500 million for the repurchase of the Company's common stock which was fully utilized as of June 30, 2024. Repurchase of the Company's common stock under the 2018 Repurchase Plan was all made in open market transactions. On February 19, 2024, the Board approved a $300 million share repurchase plan (the "2024 Share Repurchase Plan") which was in addition to the amount that remained available for repurchases under the 2018 Repurchase Plan. The repurchase of the Company's common stock under the 2024 Share Repurchase Plan are anticipated to be made in open market transactions, block transactions, privately negotiated purchase transactions or other purchase techniques at the discretion of management based upon consideration of market, business, legal, accounting, and other factors.

During the three months ended June 30, 2025, the Company repurchased 939,012 shares of common stock in open market transactions under the 2024 Share Repurchase Plan at an average price of $53.24 per share and at a cost of $50.5 million, including commissions and excise tax, leaving approximately $134.0 million available for additional repurchases under the 2024 Share Repurchase Plan. During the six months ended June 30, 2025, the Company repurchased a total of 1,774,174 shares at a total cost of $100.9 million. The acquisition of these shares was accounted for under the treasury stock method.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Business Overview

We are a global leader in advanced lightweight composites technology. We propel the future of flight and transportation through excellence in advanced material lightweighting solutions that 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, defense and space, and industrial applications.

We serve international markets through manufacturing facilities, sales offices and representatives located in the Americas, Europe, Asia Pacific, India, and Africa.

We are a manufacturer of products within a single industry: Advanced Composites. We have two reportable segments: Composite Materials and Engineered Products. The Composite Materials segment is comprised of our carbon fiber, specialty reinforcements, resin systems, prepregs and other fiber-reinforced matrix materials, and honeycomb core product lines and pultruded profiles. The Engineered Products segment is comprised of lightweight high strength composite structures, radio frequency/electromagnetic interference ("RF/EMI") and microwave absorbing materials, engineered core and specialty machined honeycomb products with added functionality.

Since 2022, the Commercial Aerospace market and our business has seen signs of recovery from the economic impacts of the COVID-19 pandemic, driven by growth in air travel and an increase in aircraft build rates. The post-recovery period continues to have many challenges across the markets Hexcel operates in, including delays in aircraft production rate ramps related to, among other impacts, global logistics, supply chain issues, economic conditions, inflationary pressures, and effects from geopolitical issues and conflicts. These challenges have had and may continue to have further negative impacts on our operations, supply chain, transportation networks and customers, all of which have and may continue to compress our financial results. The U.S. government's recently imposed tariffs, sanctions, and other restrictions on goods exported from or imported into the U.S. or countermeasures imposed in response to such governmental actions could increase the cost and availability of materials used to manufacture our products, reduce our ability to sell products globally or impact the margins on the products we sell. We do not yet know the impact of the recent government actions or the potential changes in global political conditions on our business due to uncertainties as the situation continues to evolve.

Financial Overview
Results of Operations

	Quarter Ended June 30,			Six Months Ended June 30,		
(In millions, except per share data)	**2025**	**2024**	**% Change**	**2025**	**2024**	**% Change**
Net sales	**$ 489.9**	$ 500.4	(2.1)%	**$ 946.4**	$ 972.7	(2.7)%
Operating income	**$ 30.0**	$ 71.8	(58.2)%	**$ 74.2**	$ 124.7	(40.5)%
As a percentage of net sales	***6.1%***	*14.3%*		***7.8%***	*12.8%*	
Net income	**$ 13.5**	$ 50.0	(73.0)%	**$ 42.4**	$ 86.5	(51.0)%
Diluted net income per common share	**$ 0.17**	$ 0.60	(71.7)%	**$ 0.52**	$ 1.03	(49.5)%

Net Sales

The following table summarizes net sales to third-party customers by segment and end market for the quarters and six months ended June 30, 2025 and 2024:

(In millions)	Quarter Ended June 30, 2025	Quarter Ended June 30, 2024	% Change	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024	% Change
Consolidated Net Sales	**$ 489.9**	**$ 500.4**	**(2.1)%**	**$ 946.4**	**$ 972.7**	**(2.7)%**
Commercial Aerospace	293.1	320.7	(8.6)%	573.2	620.0	(7.5)%
Defense, Space & Other	196.8	179.7	9.5 %	373.2	352.7	5.8 %
Composite Materials	**$ 393.2**	**$ 408.6**	**(3.8)%**	**$ 758.5**	**$ 788.1**	**(3.8)%**
Commercial Aerospace	249.9	272.6	(8.3)%	491.7	524.1	(6.2)%
Defense, Space & Other	143.3	136.0	5.4 %	266.8	264.0	1.1 %
Engineered Products	**$ 96.7**	**$ 91.8**	**5.3 %**	**$ 187.9**	**$ 184.6**	**1.8 %**
Commercial Aerospace	43.2	48.1	(10.2)%	81.5	95.9	(15.0)%
Defense, Space & Other	53.5	43.7	22.4 %	106.4	88.7	20.0 %

Sales by Segment

Composite Materials: Net sales of $393.2 million in the second quarter of 2025 decreased by $15.4 million or 3.8% from the prior year quarter. Commercial Aerospace sales decreased $22.7 million or 8.3% in the second quarter of 2025 as compared to the prior year quarter driven by declines in the major Airbus and Boeing programs. Defense, Space & Other net sales in the second quarter of 2025 increased $7.3 million or 5.4% primarily driven by military aircraft structures and launchers. Net sales for the segment in the first half of 2025 of $758.5 million decreased 3.8% compared to the same period last year.

Engineered Products: For the second quarter of 2025, net sales of $96.7 million increased $4.9 million or 5.3% as compared to the prior year quarter driven by growth in defense and space programs. Net sales of $187.9 million for the first six months of 2025 increased 1.8% compared to the same period last year.

Sales by Market

Beginning with the first quarter of 2025, sales are being reported for two markets, Commercial Aerospace, unchanged from past practice, and a new sales category titled Defense, Space & Other, which combines the previous Space & Defense market and the Industrial market. Prior period sales amounts have been reclassified for comparative purposes.

For the second quarter of 2025, Commercial Aerospace sales of $293.1 million decreased 8.6% as compared to the second quarter of 2024. Sales decreased year over year for each of the four major programs including the Airbus A350 and A320neo and the Boeing 787 and 737 MAX. Other Commercial Aerospace increased 5.1% for the second quarter of 2025 compared to the second quarter of 2024. Sales of $573.2 million decreased 7.5% for the first six months of 2025 compared to the first six months of 2024 as sales to all four major programs were lower, led by the 787 and A350. Other Commercial Aerospace increased 6.0% for the first six months of 2025 compared to the same period in 2024.

Defense, Space & Other sales of $196.8 million increased 9.5% in the second quarter of 2025 as compared to the second quarter of 2024. Growth was driven by the CH-53K, two international fighter programs and space programs including launchers, rocket motors and satellites. Sales of $373.2 million increased 5.8% for the first six months of 2025 as compared to the first six months of 2024. Growth was broad based including military helicopters, fighters and space programs.

Gross Margin

(In millions)	Quarter Ended June 30, 2025	Quarter Ended June 30, 2024	% Change	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024	% Change
Gross margin	**$ 111.5**	$ 126.6	(11.9)%	**$ 213.9**	$ 244.8	(12.6)%
Percentage of sales	**22.8%**	25.3%		**22.6%**	25.2%	

Gross margin for the second quarter of 2025 was 22.8% compared to 25.3% in the second quarter of 2024 and 22.6% and 25.2% for the first six months of 2025 and 2024, respectively. The lower margins for both the second quarter and six months of 2025 compared to the prior year periods was primarily due to lower sales and inventory reduction actions which drove unfavorable cost leverage.

Operating Expenses

(In millions)	Quarter Ended June 30, 2025	2024	% Change	Six Months Ended June 30, 2025	2024	% Change
SG&A expense	**$ 43.0**	$ 39.9	7.8 %	**$ 86.3**	$ 88.9	(2.9)%
Percentage of sales	**8.8%**	8.0%		**9.1%**	9.1%	
R&T expense	**$ 14.3**	$ 14.7	(2.7)%	**$ 28.1**	$ 29.8	(5.7)%
Percentage of sales	**2.9%**	2.9%		**3.0%**	3.1%	

Selling, general and administrative expenses were higher for the second quarter of 2025 as compared to the prior year period primarily due to higher professional fees. Selling, general and administrative expenses were lower for the first six months of 2025 as compared to the same period of 2024 as lower employee-related costs more than offset the increase in professional fees. Research and technology expenses for the second quarter and first six months of 2025 decreased $0.4 million and $1.7 million, respectively, compared to the same periods of 2024. The decreases in both periods were due primarily to lower material and supplies expenses.

Other operating expenses for the second quarter and first six months of 2025, included restructuring charges of $24.2 million related to the closure of our Welkenraedt facility in Belgium. The six months ended June 30, 2025 also included a loss of $1.1 million for the divestiture of the Hartford, Connecticut business.

Operating Income

(In millions)	Quarter Ended June 30, 2025	2024	% Change	Six Months Ended June 30, 2025	2024	% Change
Consolidated operating income	**$ 30.0**	$ 71.8	(58.2)%	**$ 74.2**	$ 124.7	(40.5)%
Operating margin	***6.1%***	*14.3 %*		***7.8%***	*12.8%*	
Composite Materials	**$ 58.3**	$ 74.3	(21.5)%	**$ 112.9**	$ 138.0	(18.2)%
Operating margin	***14.1%***	*17.2 %*		***14.1%***	*16.5%*	
Engineered Products	**$ (13.6)**	$ 13.0	(204.6)%	**$ (8.5)**	$ 25.9	(132.8)%
Operating margin	***(14.0)%***	*14.1 %*		***(4.5)%***	*14.0%*	
Corporate & Other	**$ (14.7)**	$ (15.5)	N/M	**$ (30.2)**	$ (39.2)	N/M

Operating income for the second quarters of 2025 and 2024 was $30.0 million and $71.8 million, respectively. Operating income for the first six months of 2025 was $74.2 million compared to $124.7 million for the same period last year. Overall, operating income for both the second quarter and six months of 2025 was negatively impacted by lower sales and margins as well as restructuring costs related to the Welkenraedt facility, as compared to the prior year periods.

Interest Expense, Net

(In millions)	Quarter Ended June 30, 2025	2024	% Change	Six Months Ended June 30, 2025	2024	% Change
Interest expense, net	**$ 9.1**	$ 8.1	12.3 %	**$ 16.9**	$ 14.6	15.8 %

Interest expense for both the quarter and six months ended June 30, 2025 was higher compared to the prior year periods due to higher average debt levels.

Provision for Income Taxes

(In millions)	Quarter Ended June 30, 2025	2024	Six Months Ended June 30, 2025	2024
Income tax expense	**$ 8.3**	$ 13.7	**$ 15.4**	$ 23.6
Effective tax rate	**38.3 %**	21.5 %	**26.6 %**	21.4 %

Tax expense for the quarter and six months ended June 30, 2025 was $8.3 million and $15.4 million, respectively, as compared to $13.7 million and $23.6 million for the comparative periods in 2024.

Financial Condition

Liquidity: Cash on hand at June 30, 2025 was $77.2 million as compared to $125.4 million at December 31, 2024. As of June 30, 2025, total debt was $827.7 million as compared to $700.7 million at December 31, 2024.

Under the Facility, total borrowings at June 30, 2025 were $130.0 million, which approximated fair value. The Credit agreement permits us to issue letters of credit up to an aggregate amount of $50.0 million. As of June 30, 2025, there were no issued letters of credit under the Facility, resulting in undrawn availability under the Facility of $620 million. The weighted average interest rate for the Facility was 5.6% for the six months ended June 30, 2025.

We expect to meet our short-term liquidity requirements (including capital expenditures) through net cash from operating activities, cash on hand and the Facility. As of June 30, 2025, long-term liquidity requirements consist primarily of obligations under our long-term debt obligations. We do not have any significant required debt repayments until February 2027 when our 3.95% Senior Unsecured Notes are due. For further information regarding debt, including our Facility, see Note 5, Debt, to the accompanying condensed consolidated financial statements of this Form 10-Q.

The remaining authorization under the 2024 Share Repurchase Plan at June 30, 2025 was $134.0 million. On July 24, 2025, our Board of Directors declared a quarterly dividend of $0.17 per share payable to stockholders of record as of August 8, 2025, with a payment date of August 15, 2025.

Operating Activities: Net cash used for operating activities for the first six months of 2025 was $5.2 million compared to cash provided of $37.2 million for the same period last year. Working capital was a cash use of $124.5 million for the first six months of 2025 as compared to a use of $118.3 million in the same period in 2024. The increased working capital use in 2025 was driven by higher payments of accounts payable.

Investing Activities: Net cash used for investing activities was $42.5 million and $51.6 million in the first six months of 2025 and 2024, respectively. Capital expenditures for the first six months of 2025 were $41.4 million as compared to $51.6 million for the same period last year. Payments related to the divestiture of the Hartford facility were $1.1 million in the first six months of 2025.

Financing Activities: Net cash used for financing activities was $4.1 million for first six months of 2025 compared to net cash used of $136.0 million in the same period in 2024. Borrowings under the Facility during the first six months of 2025 were $160.0 million compared to $95.0 million in the prior year period. Repayments during the first six months of 2025 were $30.0 million. Quarterly dividend payments to shareholders were $27.5 million during the first six months of 2025 compared to $25.0 million in the prior year period. During the six months ended June 30, 2025, repurchases of common stock totaled $100.9 million compared to $201.8 million in the same period in 2024.

Financial Obligations and Commitments: The next significant scheduled debt maturity will not occur until 2027, when the 3.95% Senior Unsecured Notes mature. Certain sales and administrative offices, data processing equipment and manufacturing facilities are leased under operating leases.

Critical Accounting Estimates

Our Condensed Consolidated Financial Statements are prepared in accordance with U.S. GAAP. In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect reported amounts of assets, liabilities, revenues, expenses and related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors management believes to be relevant at the time our Condensed Consolidated Financial Statements are prepared. On a regular basis, management reviews accounting policies, assumptions, estimates and judgments to ensure our financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results may differ from our assumptions and estimates, and such differences could be material.

We describe our significant accounting policies and critical accounting estimates in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Commitments and Contingencies

We are involved in litigation, investigations and claims arising out of the normal conduct of our business, including those relating to commercial transactions, environmental, employment and health and safety matters. We estimate and accrue our liabilities resulting from such matters based upon a variety of factors, including the stage of the proceeding; potential settlement value; assessments by internal and external counsel; and assessments by environmental engineers and consultants of potential environmental liabilities and remediation costs. We believe we have adequately accrued for these potential liabilities; however, facts and circumstances may change, such as new developments, or a change in approach, including a change in settlement strategy or in an environmental remediation plan, or in our existing insurance coverage, that could cause the actual liability to exceed the estimates, or may require adjustments to the recorded liability balances in the future. For further discussion, see Note 11, Commitments and Contingencies, to the accompanying Condensed Consolidated Financial Statements of this Form 10-Q.

Non-GAAP Financial Measures

The Company uses non-GAAP financial measures, including sales and expenses measured in constant dollars (prior year sales and expenses measured at current year exchange rates); operating income, net income and diluted earnings per share adjusted for items included in operating expense and non-operating expenses; and free cash flow. Management believes these non-GAAP measures are meaningful to investors because they provide a view of Hexcel with respect to ongoing operating results and comparisons to prior periods. These adjustments can represent significant charges or credits that we believe are important to an understanding of Hexcel's overall operating results in the periods presented. Such non-GAAP measures are not determined in accordance with generally accepted accounting principles and should not be viewed in isolation or as an alternative to or substitutes for GAAP measures of performance. Our calculation of these measures may not be comparable to similarly titled measures used by other companies, and the measures exclude financial information that some may consider important in evaluating our performance. Reconciliations to adjusted operating income, adjusted net income, adjusted diluted net income per share and free cash flow are provided below.

	Operating Income			
	Quarter Ended June 30,		Six Months Ended June 30,	
(In millions)	**2025**	**2024**	**2025**	**2024**
GAAP operating income	**$ 30.0**	$ 71.8	**$ 74.2**	$ 124.7
Other operating expense (a)	**24.2**	0.2	**25.3**	1.4
Adjusted operating income (non-GAAP)	**$ 54.2**	$ 72.0	**$ 99.5**	$ 126.1

	Quarter Ended June 30,				Six Months Ended June 30,			
	2025		2024		2025		2024	
(In millions, except per diluted share data)	**Net Income**	**Diluted Net Income Per Share**	**Net Income**	**Diluted Net Income Per Share**	**Net Income**	**Diluted Net Income Per Share**	**Net Income**	**Diluted Net Income Per Share**
GAAP net income	**$ 13.5**	**$ 0.17**	$ 50.0	$ 0.60	**$ 42.4**	**$ 0.52**	$ 86.5	$ 1.03
Other operating expense , net of tax (a)	**24.2**	**0.30**	0.2	—	**25.1**	**0.31**	1.1	0.01
Other income, net of tax (b)	**(0.7)**	**(0.01)**	—	—	**(0.4)**	—	—	—
Tax expense (c)	**3.4**	**0.04**	—	—	**3.4**	**0.04**	—	—
Adjusted net income (non-GAAP)	**$ 40.4**	**$ 0.50**	$ 50.2	$ 0.60	**$ 70.5**	**$ 0.87**	$ 87.6	$ 1.04

(a) The quarter and six months ended June 30, 2025 included restructuring charges of $24.2 million related to the closure of our Welkenraedt facility in Belgium. The six months ended June 30, 2025 also included a loss of $1.1 million for the divestiture of the Hartford, Connecticut business. Amounts for the quarter and six months ended 2024 included restructuring costs.

(b) The quarter and six months ended June 30, 2025 included a gain of $0.9 million related to a lump-sum pension settlement. The six months ended June 30, 2025 also included debt extinguishment costs.

(c) The quarter and six months ended June 30, 2025 include a tax charge for a valuation allowance related to the closure of our Welkenraedt facility in Belgium.

	Six Months Ended June 30,	
(In millions)	**2025**	**2024**
Net cash (used for) provided by operating activities	**$ (5.2)**	**$ 37.2**
Less: Capital expenditures	**(41.4)**	**(51.6)**
Free cash flow (non-GAAP)	**$ (46.6)**	**$ (14.4)**

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to future prospects, developments and business strategies. These forward-looking statements are identified by their use of terms and phrases such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “seek,” “target,” “would,” “will” and similar terms and phrases, including references to assumptions. Such statements are based on current expectations, are inherently uncertain and are subject to changing assumptions.

Such forward-looking statements include, but are not limited to: (a) the estimates and expectations based on aircraft production rates provided by Airbus, Boeing and others and the revenues we may generate from an aircraft model or program; (b) expectations with regard to the impact of regulatory activity related to the Boeing 737 MAX on our revenues; (c) expectations with regard to raw material cost and availability, including any impact associated with quotas, duties, tariffs, taxes or other similar restrictions upon the import or export of materials; (d) expectations of composite content on new commercial aircraft programs and our share of those requirements; (e) expectations regarding revenues from space and defense applications, including whether certain programs might be curtailed or discontinued; (f) expectations regarding sales for industrial applications; (g) expectations regarding cash generation, working capital trends, and inventory levels; (h) expectations as to the level of capital expenditures, capacity, including the timing of completion of capacity expansions, and qualification of new products; (i) expectations regarding our ability to improve or maintain margins; (j) expectations regarding our ability to attract, motivate, and retain the workforce necessary to execute our business strategy; (k) projections regarding our tax rate; (l) expectations with regard to the continued impact of macroeconomic factors or geopolitical issues or conflicts; (m) expectations regarding our strategic initiatives, including our sustainability goals; (n) expectations with regard to the effectiveness of cybersecurity measures; (o) expectations regarding the outcome of legal matters or the impact of changes in laws or regulations; and (p) our expectations of financial results for 2025 and beyond.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, that may cause actual results to be materially different. Such factors include, but are not limited to, the following: the extent of the impact of macroeconomic factors or geopolitical issues or conflicts, including retaliatory actions taken in response to U.S. trade policy; reductions in sales to any significant customers, particularly Airbus or Boeing, including related to regulatory activity or public scrutiny impacting the Boeing 737 MAX; our ability to effectively adjust production and inventory levels to align with customer demand; our ability to effectively motivate, retain and hire the necessary workforce; the availability and cost of raw materials, including the impact of supply disruptions, inflation, and tariffs; our ability to successfully implement or realize our strategic initiatives, including our sustainability goals and any restructuring or alignment activities in which we may engage; changes in sales mix; changes in current pricing due to cost levels; changes in aerospace delivery rates; changes in government defense procurement budgets; timely new product development or introduction; our ability 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; uncertainty related to governmental actions and changes in political, social and economic conditions, including the effect of change in global trade policies, tariff rates, economic sanctions and embargoes; 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 or other severe weather events, which may be worsened by the impact of climate change, and other severe catastrophic events, including any public health crisis; and the unexpected outcome of legal matters or impact of changes in laws or regulations.

Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. As a result, the foregoing factors should not be construed as exhaustive and should be read together with other cautionary statements included in this and other reports we file with the SEC. For additional information regarding certain factors that may cause our actual results to differ from those expected or anticipated, see the information under the caption “Risk Factors,” which is located in Item 1A of Part I of this report. We do not undertake any obligation to update our forward-looking statements or risk factors to reflect future events or circumstances, except as otherwise required by law.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in our market risk from the information provided in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures as of June 30, 2025, and with the participation of the Company's management have concluded that these disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

Our Chief Executive Officer and Chief Financial Officer have concluded that there have not been any changes in our internal control over financial reporting during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The information required by Item 1 is contained within Note 11 on pages 16 through 17 of this Form 10-Q and is incorporated herein by reference.

ITEM 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024, which could materially affect our business, financial condition or future results. There have been no material changes in the Company's risk factors from the aforementioned Form 10-K.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

On February 19, 2024, the Board approved a $300 million share repurchase plan (the "2024 Share Repurchase Plan") which was in addition to the amount that remained available for repurchases under the company's previous repurchase plan at such time.

During the three months ended June 30, 2025, we repurchased 939,012 shares of common stock in open market transactions under the share repurchase plans at an average price of $53.24 per share and at a cost of $50.5 million, including commissions and excise tax, leaving approximately $134.0 million available for additional repurchases under the 2024 Share Repurchase Plan. The acquisition of these shares was accounted for under the treasury method.

The following is a summary of share repurchase activity during the fiscal quarter ended June 30, 2025:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value (Millions) of Shares that May Yet Be Purchased Under the Plans or Programs
May 1 — May 31, 2025	939,012	$ 53.24	939,012	$ 134.0
Total	939,012	$ 53.24	939,012	$ 134.0

ITEMS 3,4 and 5 are not applicable, and therefore have been omitted.

TEM 6. Exhibits

EXHIBIT INDEX

Exhibit No.	Description
31.1	Certification of Chief Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statements of Stockholders' Equity, and (vi) Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File: the cover page XBRL tags are embedded within the Inline XBRL document and are contained within Exhibit 101.

* Indicates management contract or compensatory plan or arrangement

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Hexcel Corporation
July 24, 2025	/s/ Amy S. Evans
(Date)	Amy S. Evans Senior Vice President, Chief Accounting Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Thomas C. Gentile III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hexcel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 24, 2025	/s/ Thomas C. Gentile III
(Date)	Thomas C. Gentile III Chairman of the Board of Directors Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Patrick Winterlich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hexcel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

July 24, 2025	/s/ Patrick Winterlich
(Date)	Patrick Winterlich Executive Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATIONS OF
CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hexcel Corporation (the "Company") on Form 10-Q for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas C. Gentile III, Chief Executive Officer and President of the Company, and Patrick Winterlich, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 24, 2025	/s/ Thomas C. Gentile III
(Date)	Thomas C. Gentile III Chairman of the Board of Directors Chief Executive Officer and President
July 24, 2025	/s/ Patrick Winterlich
(Date)	Patrick Winterlich Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Hexcel Corporation and will be retained by Hexcel Corporation and furnished to the Securities and Exchange Commission or its staff upon request.