

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Revenue	\$496.4M	\$501.9M	-1.1%
Net Income	\$38.6M	\$37.4M	+3.2%
Adjusted EPS	\$0.50	\$0.49	+2.0%
Gross Margin	23.3%	24.6%	-1.3 pp
SEGMENT RESULTS			
Commercial Aerospace	\$330.3M	\$316.1M	+4.5%
Defense, Space & Other	\$166.1M	\$180.1M	-7.8%
Composite Materials (vs. Year Ago)	\$390.3M	\$363.2M	+7.5%
Composite Materials Adj. Margin (vs. Year Ago)	14.6%	11.2%	+3.4 pp
Engineered Products Adj. Operating Income (vs. Year Ago)	\$12.7M	\$14.6M	-13.0%
Engineered Products Adj. Margin (vs. Year Ago)	11.8%	15.5%	-3.7 pp

2 | GUIDANCE AND OUTLOOK

2026 guidance is unchanged and reaffirmed: sales of \$2.025 billion to \$2.125 billion, adjusted EPS of \$2.30 to \$2.40, free cash flow above \$195 million, and capital expenditures below \$100 million. Management targets at least the midpoint of the ranges and possibly slightly above. The support shifted: the expected Q4 tax rate is now 17% to 18%, down from the 20% modeled in July. Beyond 2026, capital spending is expected at about \$100 million to \$125 million annually, above the sub-\$100 million September outlook.

3 | EARNINGS ANALYSIS

A TAX-SUPPORTED EPS BEAT. Adjusted EPS of \$0.50 beat the \$0.49 consensus by a cent, but the adjusted effective tax rate was about 9.7%, far below the 20% previously modeled for the second half; at the 17% to 18% rate now expected for Q4, Q3 EPS would have been about \$0.45 to \$0.46. Revenue of \$496.4 million rose 8.8% but missed the \$501.9 million consensus, and tax plus an about 4.5% lower share count supplied a substantial share of the EPS increase. Adjusted net income rose 28.2% to \$38.2 million, while GAAP net income rose 87.4% against a prior-year quarter containing material excluded charges.

COMMERCIAL STRENGTH, DEFENSE SOFTNESS. Commercial aerospace revenue rose 20.5% to \$330.3 million, beating consensus by 4.5% on A350, 787, A320 and 737 MAX demand. Defense, Space & Other fell 8.7% to \$166.1 million, missing consensus by 7.8% on F-35 and fighter timing, launcher and rocket-motor softness, and the Austrian divestiture and Leicester closure. The recovery is real but concentrated in the principal commercial platforms, not broad-based across the portfolio.

MARGINS LAGGED THE RECOVERY. Gross margin improved 140 basis points year over year to 23.3% but missed the 24.6% consensus by 130 basis points, and adjusted operating margin reached only 11.0% as the sequential decremental margin ran near 58%. Composite Materials margin rose to 14.6%, but Engineered Products margin fell to 11.8% despite 14.1% revenue growth, corporate expense rose about \$6.5 million, and accelerated hiring pressures profitability into the first half of 2027.

CONSTRUCTIVE, NOT YET AN UPGRADE. Year-to-date free cash flow doubled to \$102.5 million, net debt fell to \$857.1 million, about 2.1 times trailing adjusted EBITDA, and the repurchase authorization rose to \$750 million, though no shares were bought in Q3. The roughly 100 A350 shipsets expected in 2027, against at least 80 in 2026, anchor the medium-term case. The stance is hold: volume must still convert into margin and cash without tax support.

4 | KEY READ-THROUGHS

A350 AEROSTRUCTURE SUPPLIERS RECEIVE A STRONGER DEMAND SIGNAL THAN THE HEXCEL HEADLINE IMPLIES
FACC (FACC), Melrose Industries (MRO) | Positive | Meaningful for relevant widebody work packages; moderate at consolidated group level
Hexcel expects A350 shipsets to rise about 25% in 2027, from at least 80 in 2026 to approximately 100, backed by Airbus schedules, surveys of about 15 sites, and initial orders. FACC supplies A350 winglets, spoilers and cabin components; GKN Aerospace supplies widebody structures. Higher production lifts recurring demand.

ROLLS-ROYCE HAS THE CLEANEST A350 TRANSMISSION, WHILE GE AND SAFRAN BENEFIT FROM THE BROADER RAMP
Rolls-Royce Holdings (RR.), GE Aerospace (GE), Safran (SAF) | Positive | Strongest direct program linkage for Rolls-Royce; moderate for GE Aerospace and Safran
The A350 uses Rolls-Royce's Trent XWB engines, so 20 additional aircraft require about 40 installed engines, excluding spares, and expand the base behind service demand. GE Aerospace and Safran gain corroboration from 787 pull near 10 per month, 737 pull around 41, and A320 production around 55 per month.

AIRBUS PRODUCTION VISIBILITY DOES NOT VALIDATE AGGRESSIVE DELIVERY OR CASH-FLOW ASSUMPTIONS
Airbus (AIR) | Negative | Potentially material for quarterly cash-flow timing; smaller for consolidated annual revenue
Hexcel shipped about 60 to 65 A350 shipset equivalents while Airbus delivered 38 aircraft; material delivered today is not for deliveries today. Interiors and seats remain constraints while structures are produced, so Airbus incurs production costs while delivery payments wait. Supplier orders confirm production, not near-term cash conversion.

THE PRODUCTION RAMP CAN SUPPORT REVENUE WHILE DISAPPOINTING MARGIN AND CASH EXPECTATIONS
FACC (FACC), Melrose Industries (MRO) | Negative | Potentially material to earnings conversion at lower-margin manufacturing businesses
Hexcel hired about 525 by September against a 400-hire plan and expects 200 more by year-end, with first-half 2027 onboarding inefficiency. Engineered Products grew revenue about 14% while margin fell to 11.8% from 15.5%. Hiring and training costs arrive before output, so component makers post revenue while earnings conversion disappoints.