

West Pharmaceutical Services, Inc.

First-Quarter 2019 Analyst Conference Call

9 a.m. Eastern Time, April 25, 2019

Speakers:

Eric M. Green
President and Chief Executive Officer

Bernard J. Birkett
Senior Vice President, Chief Financial Officer
and Treasurer

- A webcast of today's call can be accessed in the "Investors" section of the Company's website: www.westpharma.com
- To participate on the call, please dial:
 - 877-930-8295 (U.S.)
 - 253-336-8738 (International)
 - The conference ID is 7794502
- An online archive of the broadcast will be available at the site three hours after the live call and will be available through Thursday, May 2, 2019, by dialing:
 - 855-859-2056 (U.S.)
 - 404-537-3406 (International)
 - The conference ID is 7794502

These presentation materials are intended to accompany today's press release announcing the Company's results for the first-quarter 2019 and management's discussion of those results during today's conference call.

Safe Harbor Statement

Cautionary Statement Under the Private Securities Litigation Reform Act of 1995

This presentation and any accompanying management commentary contain “forward-looking statements” as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about product development and operational performance. Each of these statements is based on preliminary information, and actual results could differ from any preliminary estimates. We caution investors that the risk factors listed under “Cautionary Statement” in our press releases, as well as those set forth under the caption “Risk Factors” in our most recent Annual Report on Form 10-K as filed with the Securities and Exchange Commission and as revised or supplemented by our quarterly reports on Form 10-Q, could cause our actual results to differ materially from those estimated or predicted in the forward-looking statements. You should evaluate any statement in light of these important factors. Except as required by law or regulation, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Non-U.S. GAAP Financial Measures

Certain financial measures included in these presentation materials, or which may be referred to in management’s discussion of the Company’s results and outlook, have not been calculated in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), and therefore are referred to as non-U.S. GAAP financial measures. Non-U.S. GAAP financial measures should not be considered in isolation or as an alternative to such measures determined in accordance with GAAP. Please refer to “Reconciliation of Non-U.S. GAAP Measures” at the end of these materials for more information.

Trademarks

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First-Quarter Earnings Highlights



- Net sales of \$443.5 million grew 7%, organic sales growth was 11%
- Reported-diluted EPS of \$0.73 increased 26% ⁽¹⁾
- Adjusted-diluted EPS of \$0.74 increased 19% ⁽¹⁾
- Repurchased 800,000 shares of common stock for \$83.1 million
- Company reaffirms full-year 2019 net sales guidance and raises full-year 2019 adjusted-diluted EPS guidance to a new range between \$2.80 and \$2.90, compared to a prior range between \$2.77 and \$2.89 ⁽¹⁾

(1) Please refer to “Notes to Non-GAAP Financial Measures” on slides 11-14, and “Non-U.S. GAAP Financial Measures” in today’s press release, for additional information regarding adjusted-diluted EPS.

Organic Sales Growth

Q1 2019

	Overall Organic Sales Growth	11%	Proprietary organic sales growth of 9.4%, led by sales of high value products, which grew double digits
	Biologics	DD	Sales led by high value products including NovaPure [®] and Westar [®] RU components
	Generics	HSD	Sales led by standard components as well as high-value Envision [®] components, and increased delivery device development agreements
	Pharma	LSD	Sales from high value products, including Daikyo [®] and Envision [®] components, offset the impact of the decline in Vial2Bag [®] sales due to voluntary recall
	Contract Manufacturing	DD	Organic sales growth of 18.9%, led by strong sales of healthcare-related injection and diagnostic devices

Abbreviations: LSD – low-single digit; MSD – mid-single digit; HSD – high-single digit; DD – double digit

Executing Market-led Strategy



Customer Reach

Operational Excellence

Scientific Innovation

- Digital Technology Center launched in Bengaluru, India
- Sales office in S. Korea opened on April 1, 2019 following GIS Korea Asset Acquisition
- 80 basis points of profit margin expansion, led by 180 points from Proprietary Products
- Restructuring plan on track
- Improvements in safety, quality and service metrics
- Hosted 150 customers from 45 companies at West HQ with the Parenteral Drug Association for Combination Product Workshop
- Published 60 pieces of scientific and technical content to our West Knowledge Center & website

First-Quarter 2019 Summary Results

(\$ millions, except earnings-per-share (EPS) data)

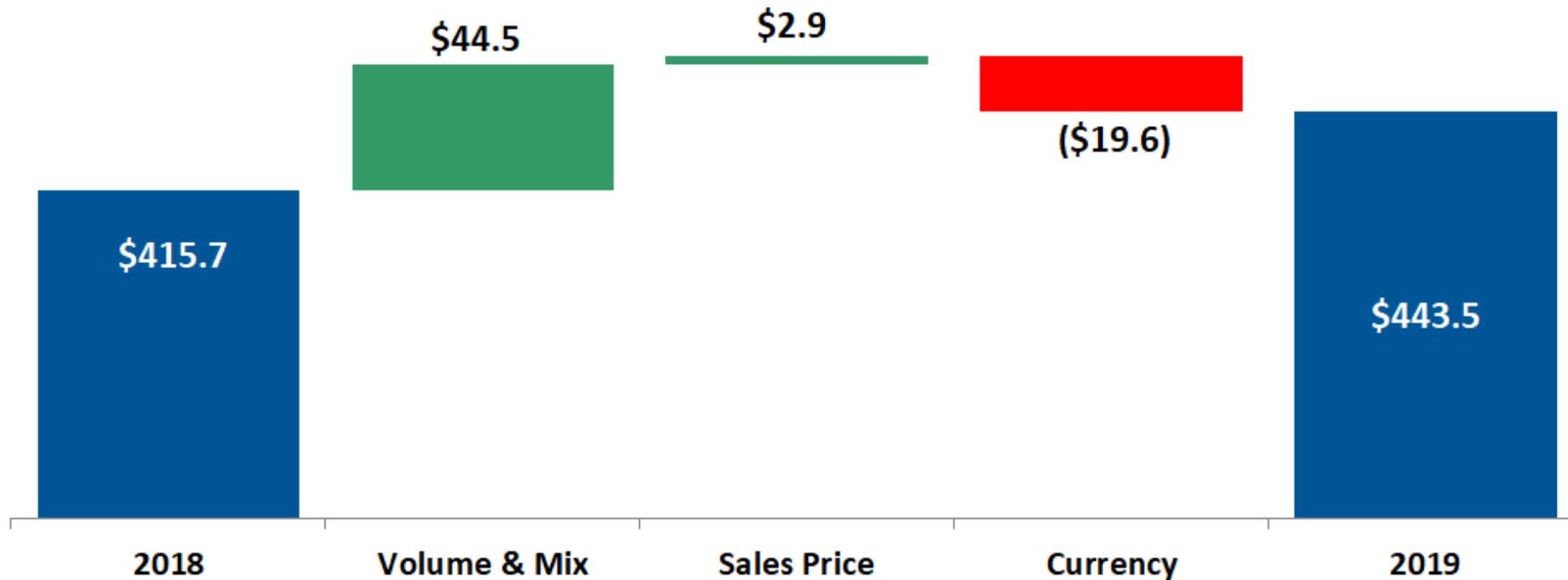
	Three Months Ended March 31,	
	2019	2018
Reported Net Sales	\$443.5	\$415.7
Net Sales at Constant Currency	\$463.1	\$415.7
Gross Profit Margin	33.1%	32.3%
Reported Operating Profit	\$70.7	\$53.4
Adjusted Operating Profit	\$71.3	\$56.7
Reported-Diluted EPS	\$0.73	\$0.58
Adjusted-Diluted EPS⁽¹⁾	\$0.74	\$0.62

(1) “Net sales at constant currency” and “adjusted-diluted EPS” are Non-U.S. GAAP measures. See slides 11-14 and the discussion under the heading “Non-U.S. GAAP Financial Measures” in today’s press release for an explanation and reconciliation of these items. Except as noted, statements in these slides concerning comparative sales are measured on a constant-currency basis.

Change in Consolidated Net Sales

First-quarter 2018 to 2019

(\$ millions)



Gross Profit Update

(\$ millions)

	Three Months Ended March 31,	
	2019	2018
Proprietary Products Gross Profit	\$132.3	\$121.2
Proprietary Products Gross Profit Margin	38.9%	37.1%
Contract-Manufactured Products Gross Profit	\$14.5	\$13.2
Contract-Manufactured Products Gross Profit Margin	14.0%	14.8%
Consolidated Gross Profit	\$146.8	\$134.4
Consolidated Gross Profit Margin	33.1%	32.3%

Cash Flow and Balance Sheet Metrics (\$ millions)

Cash Flow Items

	Q1 19	Q1 18
Depreciation and Amortization	\$25.5	\$26.4
Operating Cash Flow	\$47.6	\$45.0
Capital Expenditures	\$28.8	\$28.0

Financial Condition

	March 31, 2019	December 31, 2018
Cash and Cash Equivalents	\$265.5	\$337.4
Debt	\$195.5	\$196.1
Equity	\$1,372.9	\$1,396.3
Working Capital	\$562.9	\$610.7

2019 Full-Year Guidance

2019 Full-Year Guidance^(1,2)

Consolidated Net Sales	\$1.795 - \$1.820 billion
Operating Margin Improvement	+100 bps
Adjusted-Diluted EPS	\$2.80 - \$2.90
Capital Spending	\$120 - \$130 million

- (1) Please refer to “Notes to Non-U.S. GAAP Financial Measures” on slides 11-14, and “Non-U.S. GAAP Financial Measures” in today’s press release, for additional information regarding adjusted-diluted EPS.
- (2) Guidance excludes possible cost and benefits from the announced 2018 Global Operations restructuring plan. It does not include potential future tax benefits from stock-based compensation.

Notes to Non-U.S. GAAP Financial Measures

For additional details, please see today's press release & Safe Harbor Statement

- For the purpose of aiding the comparison of our year-over-year results, we may refer to net sales and other financial results excluding the effects of changes in foreign currency exchange rates.
- Organic net sales exclude the impact from acquisitions and/or divestitures and translates the current-period reported sales of subsidiaries whose functional currency is other than the U.S. Dollar at the applicable foreign exchange rates in effect during the comparable prior-year period.
- We may also refer to financial results excluding the effects of unallocated items.
- The re-measured results excluding effects from currency translation and excluding the effects of unallocated items are not in conformity with U.S. GAAP and should not be used as a substitute for the comparable U.S. GAAP financial measures.
- The non-U.S. GAAP financial measures are incorporated into our discussion and analysis as management uses them in evaluating our results of operations and believes that this information provides users a valuable insight into our overall performance and financial position.
- A reconciliation of these adjusted Non-U.S. GAAP measures to the comparable U.S. GAAP financial measures is included in the accompanying tables.

Notes to Non-U.S. GAAP Financial Measures

RECONCILIATION OF NON-U.S. GAAP MEASURES (UNAUDITED)

See “Notes to Non-U.S. GAAP Financial Measures” (Slides 11-14), “Cautionary Statement” (Slide 2) and today’s press release for an explanation and reconciliation of these items.

Reconciliation of Reported and Adjusted Operating Profit, Net Income and Diluted EPS

(\$ million, except EPS data)

	Operating profit	Income tax expense	Net income	Diluted EPS
Three months ended March 31, 2019				
Reported (U.S. GAAP)	\$70.7	\$16.1	\$55.4	\$0.73
Restructuring and related charges	0.6	0.2	0.4	0.01
Adjusted (Non-U.S. GAAP)	\$71.3	\$16.3	\$55.8	\$0.74

	Operating profit	Income tax expense	Net income	Diluted EPS
Three months ended March 31, 2018				
Reported (U.S. GAAP)	\$53.4	\$12.5	\$43.6	\$0.58
Restructuring and related charges	3.3	0.6	2.7	0.03
Tax law changes	-	(0.3)	0.3	0.01
Adjusted (Non-U.S. GAAP)	\$56.7	\$12.8	\$46.6	\$0.62

Notes to Non-U.S. GAAP Financial Measures

RECONCILIATION OF NON-U.S. GAAP MEASURES (UNAUDITED)

See “Notes to Non-U.S. GAAP Financial Measures” (Slides 11-14), “Cautionary Statement” (Slide 2) and today’s press release for an explanation and reconciliation of these items.

Reconciliation of Net Sales to Organic Net Sales ⁽¹⁾ (\$ million)

Three months ended March 31, 2019	Proprietary	CM	Eliminations	Total
Reported net sales (U.S. GAAP)	\$340.4	\$103.1	\$ -	\$443.5
Effect of acquisitions and/or divestitures	-	-	-	-
Effect of changes in currency translation rates	16.3	3.3	-	19.6
Organic net sales (Non-U.S. GAAP) ⁽¹⁾	\$356.7	\$106.4	\$ -	\$463.1

⁽¹⁾ Organic net sales exclude the impact from acquisitions and/or divestitures and translates the current-period reported sales of subsidiaries whose functional currency is other than the U.S. dollar at the applicable foreign exchange rates in effect during the comparable prior-year period.

Notes to Non-U.S. GAAP Financial Measures

RECONCILIATION OF NON-U.S. GAAP MEASURES (UNAUDITED)

See “Notes to Non-U.S. GAAP Financial Measures” (Slides 11-14), “Cautionary Statement” (Slide 2) and today’s press release for an explanation and reconciliation of these items.

Reconciliation of Reported-Diluted EPS Guidance to Adjusted-Diluted EPS Guidance

	2018 Actual	2019 Guidance	% Change
Reported-diluted EPS (U.S. GAAP)	\$2.74	\$2.73 to \$2.83	(0.4%) to 3.3%
Restructuring and related charges	0.08	0.07	
Argentina devaluation	0.02	-	
Tax law changes	(0.03)	-	
Adjusted-diluted EPS (Non-U.S. GAAP) ⁽¹⁾	\$2.81	\$2.80 to \$2.90	(0.4%) to 3.2%

See “Full-Year 2019 Financial Guidance” and “Non-U.S. GAAP Financial Measures” in today’s press release for additional information regarding adjusted diluted EPS.

(1) In 2018, tax benefits associated with stock-based compensation increased adjusted-diluted EPS by \$0.19. We have opted not to forecast 2019 tax benefits from stock based-compensation in upcoming quarters, as they are out of the Company’s control. Instead, we recognize the benefits as they occur. In the first-quarter 2019, tax benefits associated with stock-based compensation increased adjusted-diluted EPS by \$0.02. Any future tax benefits associated with stock-based compensation that we receive in 2019 would provide a positive adjustment to our full-year EPS guidance.