

West Pharmaceutical Services, Inc.

Second Quarter 2016 Analyst Conference Call

9 a.m. Eastern Time, July 28, 2016



A webcast of today's call can be accessed in the "Investors" section of the Company's web site
www.westpharma.com

Speakers:

Eric M. Green
President and Chief Executive Officer

William J. Federici
Senior Vice President and Chief Financial Officer

To participate on the call please dial:
877-930-8295 (U.S.)
253-336-8738 (International).
The conference ID is 50076663

An online archive of the broadcast will be available at the site three hours after the live call and will be available through Thursday, August 4, 2016, by dialing:
855-859-2056 (U.S.)
404-537-3406 (International)
The conference ID 50076663

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

All trademarks and registered trademarks are the property of West Pharmaceutical Services, Inc., unless noted otherwise.

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-GAAP financial measures. Non-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-GAAP Measures” at the end of these materials for more information.

Trademarks

Registered trademarks used in this report are the property of West Pharmaceutical Services, Inc. or its subsidiaries, in the United States and other jurisdictions, unless noted otherwise. Repatha® is a registered trademark of Amgen, Inc.

Q2 2016 Highlights



- Net sales of \$388 million, organic sales growth* of 8.2%
 - Proprietary Products organic sales growth of 8.9%
 - Contract-Manufactured Products organic sales growth of 5.1%
- Increased operating profit margin
- Reported diluted EPS of \$0.60. Adjusted diluted EPS of \$0.59, an increase of 26% from prior year
- Global Operations – increased throughput, operational efficiencies and quality
- Innovation and Technology – new product launches and approvals

* Excluding the impact from changes in foreign exchange

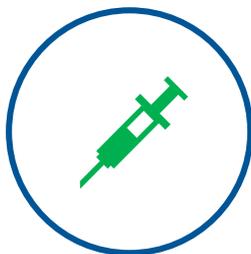
Q2 2016 Highlights

Proprietary Products, 80% of total sales



GENERICS

Double-digit organic sales growth



BIOLOGICS

High-single digit organic sales growth



PHARMA

High-single digit organic sales growth

20% of total



CONTRACT-MANUFACTURED PRODUCTS

Mid-single digit organic sales growth

High-Value Product Offerings +17% organic sales growth

- Gross margin +160 basis points
- Increased capacity utilization and efficiency levels, especially for High-Value Products
- Proprietary Products backlog at June 30, 2016 was \$417 million
 - +20% (constant currency) over prior-year quarter
- Waterford construction is on-track and on-budget



Waterford, Ireland construction site



SMARTDOSE®

- First commercial approval
 - Selected by Amgen for Repatha® monthly single dosing
 - FDA approval in July
- Multiple active programs in place with additional customers
- Next-generation technology in development

Launched 1-3mL NovaPure® Plunger

Engineered for
Multiple Injection
Modalities

Designed for
Biologics

Developed for
Quality Risk
Management



- Raising full-year 2016 net sales and lower-end of adjusted diluted EPS⁽¹⁾ guidance
- 2016 net sales: \$1.505 billion to \$1.520 billion
Represents 7% to 9% organic sales growth
- 2016 adjusted diluted EPS⁽¹⁾: \$2.15 to \$2.25
Represents 17% to 23% growth over 2015



⁽¹⁾ Please refer to “Notes to Non-GAAP Financial Measures” on slides 15-18, and “Non-GAAP Financial Measures” in today’s press release, for additional information regarding adjusted diluted EPS.

Second Quarter 2016 Summary Results

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



	Three Months Ended June 30,	
	2016	2015
Reported Net Sales	\$388.0	\$359.7
Net Sales at Constant Currency⁽¹⁾	\$389.2	\$359.7
Gross Profit Margin	34.4%	32.8%
Reported Operating Profit	\$61.2	\$39.1
Adjusted Operating Profit⁽¹⁾	\$59.7	\$50.0
Adjusted Operating Profit Margin⁽¹⁾	15.4%	13.9%
Diluted EPS	\$0.60	\$0.38
Adjusted Diluted EPS⁽¹⁾	\$0.59	\$0.47

- (1) "Net sales at constant currency", "adjusted operating profit", "adjusted operating profit margin", and "adjusted diluted EPS" are Non-GAAP measures. See slides 15-18 and the discussion under the heading "Non-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 Sales

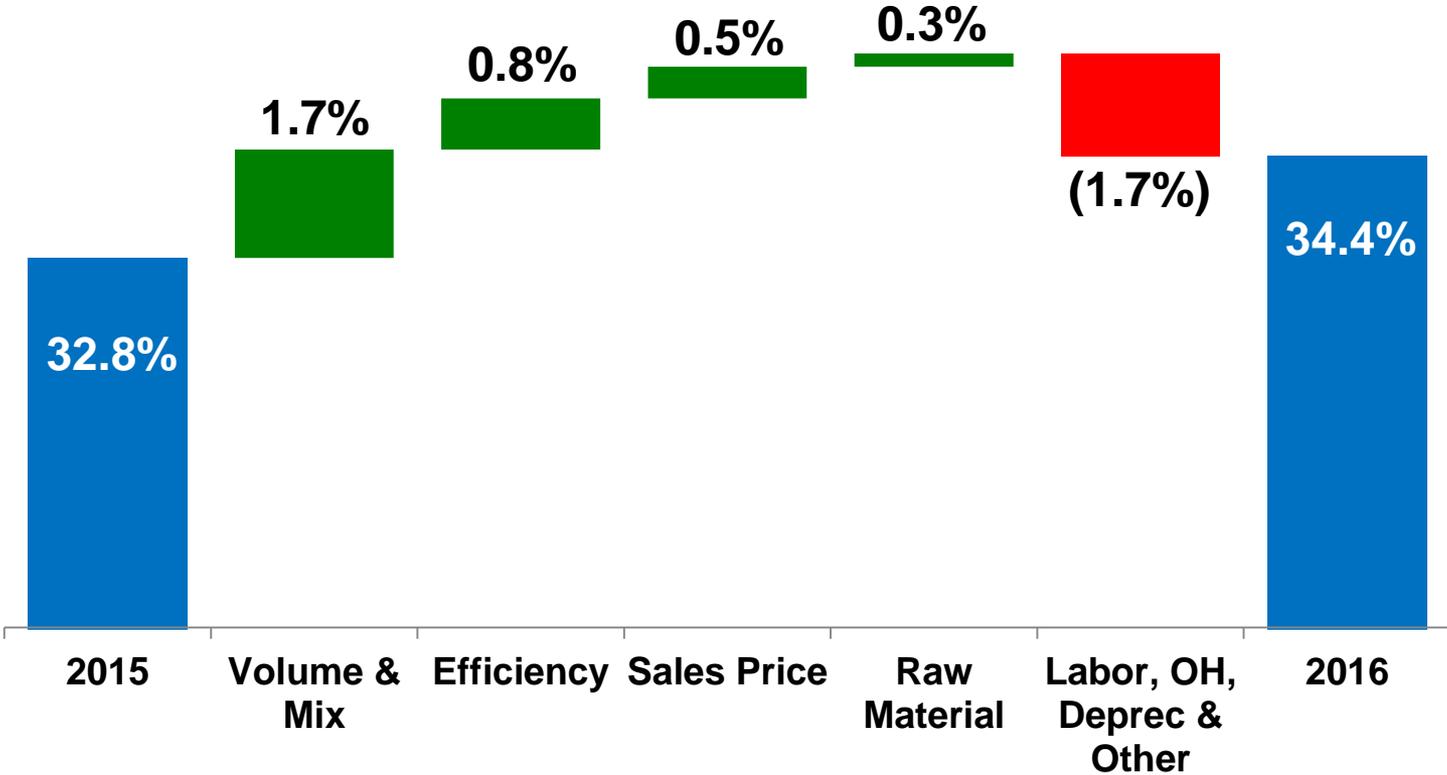
Second quarter 2015 to 2016

(\$ millions)



Change in Gross Profit Margin %

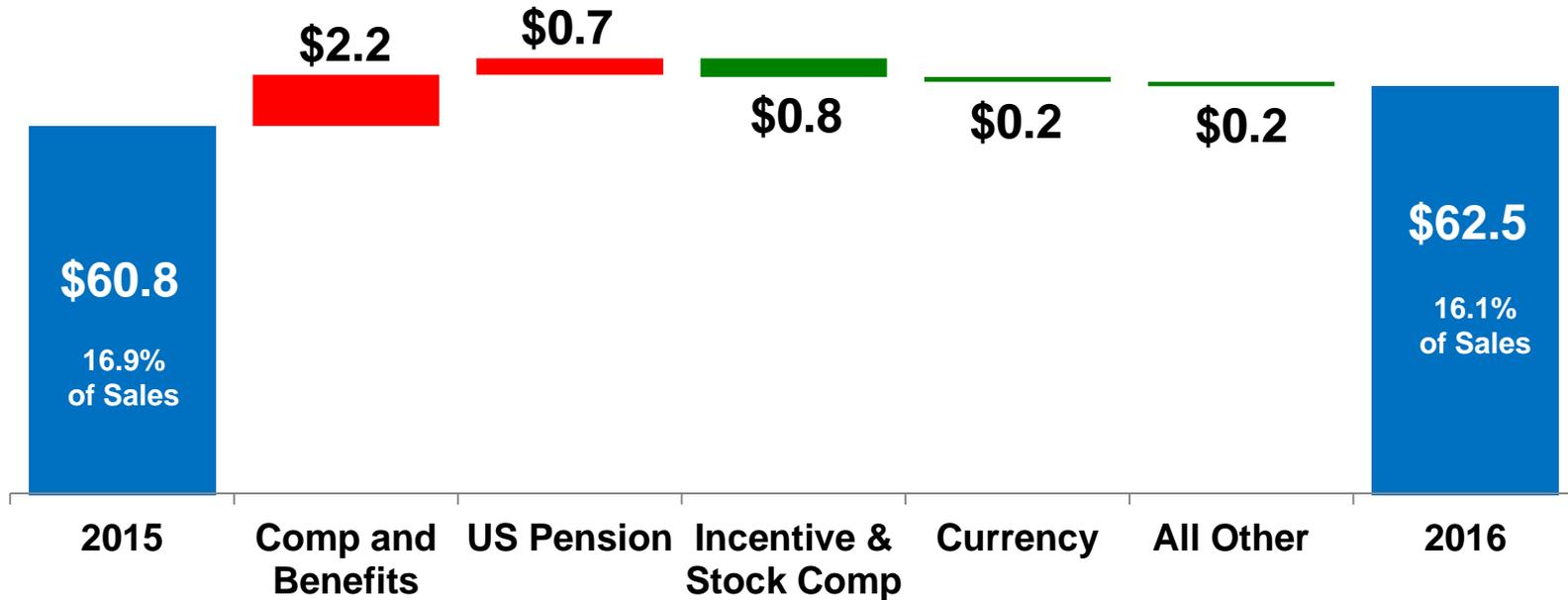
Second quarter 2015 to 2016



Change in SG&A Costs

Second quarter 2015 to 2016

(\$ millions)



Cash Flow and Balance Sheet Metrics

(\$ millions)



	CASH FLOW ITEMS (UNAUDITED) (in millions)	
	Six Months Ended June 30,	
	2016	2015
Depreciation and amortization	\$45.0	\$44.2
Operating cash flow	\$79.2	\$75.6
Capital expenditures	\$74.0	\$57.1

	BALANCE SHEET ITEMS (UNAUDITED) (in millions)	
	As of	As of
	June 30, 2016	December 31, 2015
Cash and cash equivalents	\$202.7	\$274.6
Debt	\$231.4	\$298.2
Equity	\$1,109.4	\$1,023.9
Net debt-to-total invested capital ⁽¹⁾	2.5%	2.3%
Working capital	\$419.8	\$359.4

⁽¹⁾ Net debt and total invested capital are Non-GAAP measures. Net debt is determined by reducing total debt by the amount of cash and cash equivalents, and for purpose of measuring net debt to invested capital, total invested capital is the sum of net debt and shareholders' equity. Please refer to "Notes to Non-GAAP Financial Measures" on slides 15-18 and "Non-GAAP Financial Measures" in today's press release for additional information regarding those measures.

Updated 2016 Full-Year Guidance

(\$ millions, except EPS - Non-GAAP) (1) (2)



	Estimated 2016 Revenue	Estimated Gross Profit %
Proprietary Products	\$1,195 - \$1,200	37.9% to 38.4%
Contract-Manufactured Products	\$310 - \$320	17.1% to 17.6%
Consolidated	\$1,505 - \$1,520	33.6% to 34.0 %
Est. Capital Spending	\$150 - \$175	
Est. Adjusted Diluted EPS ⁽¹⁾	\$2.15 to \$2.25 per share	
Est. Reported Diluted EPS ⁽¹⁾ (2)	\$1.79 to \$1.99 per share	

⁽¹⁾ Guidance includes various currency exchange rate assumptions, most significantly the euro at \$1.12 for the remainder of 2016.

Actual results will vary as a result of variability of exchange rates, among other items.

⁽²⁾ Estimated reported diluted EPS includes estimated restructuring charges of \$0.23 to \$0.28 per share and estimated Venezuela currency devaluation charge of \$0.03 to \$0.08 per share.

Notes to Non-GAAP Financial Measures

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



Today's press release, these presentation materials and associated presentation use the following financial measures that have not been calculated in accordance with generally accepted accounting principles (GAAP) accepted in the U.S., and therefore are referred to as non-GAAP financial measures:

- Net sales at constant currency (organic sales)
- Adjusted operating profit
- Adjusted operating profit margin
- Adjusted net income
- Adjusted income tax expense
- Adjusted diluted EPS
- Net debt
- Total invested capital
- Net debt to total invested capital

West believes that these non-GAAP measures of financial results provide useful information to management and investors regarding business trends, results of operations, and the Company's overall performance and financial position. Our executive management team uses these financial measures to evaluate the performance of the Company in terms of profitability and efficiency, to compare operating results to prior periods, to evaluate changes in the operating results of each segment, and to measure and allocate financial resources to our segments. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in comparing its financial measures with other companies.

Our executive management does not consider such non-GAAP measures in isolation or as an alternative to such measures determined in accordance with GAAP. The principal limitation of these financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which items are excluded. In order to compensate for these limitations, non-GAAP financial measures are presented in connection with GAAP results. We urge investors and potential investors to review the reconciliations of our non-GAAP financial measures to the comparable GAAP financial measures, and not to rely on any single financial measure to evaluate the Company's business.

Net sales at constant currency 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. In calculating adjusted operating profit, adjusted income tax expense, adjusted net income and adjusted diluted EPS, we exclude the impact of items that are not considered representative of ongoing operations. Such items generally include restructuring and related costs, certain asset impairments, other specifically identified gains or losses, and discrete income tax items.

Please see "Financial Guidance" and "Non-GAAP Financial Measures" in today's press release for further information concerning reconciling items.

Notes to Non-GAAP Financial Measures

RECONCILIATION OF NON-GAAP MEASURES (UNAUDITED)

See “Notes to Non-GAAP Financial Measures” (Slide 15-18), “Cautionary Statement” (Slide 2) and today’s press release for an explanation and reconciliation of these items.



(\$ million, except EPS data)

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

	Operating profit	Income tax expense	Net income	Diluted EPS
Three months ended June 30, 2016				
Reported (GAAP)	\$61.2	\$17.0	\$44.7	\$0.60
Restructuring and related charges	(1.5)	(0.5)	(1.0)	(0.01)
Venezuela currency devaluation	-	(0.2)	0.2	-
Adjusted (Non-GAAP)	\$59.7	\$16.3	\$43.9	\$0.59
Six months ended June 30, 2016				
Reported (GAAP)	\$91.2	\$23.9	\$66.9	\$0.90
Restructuring and related charges	21.4	7.4	14.0	0.19
Venezuela currency devaluation	2.7	-	2.7	0.03
Adjusted (Non-GAAP)	\$115.3	\$31.3	\$83.6	\$1.12

Notes to Non-GAAP Financial Measures

RECONCILIATION OF NON-GAAP MEASURES (UNAUDITED)

See “Notes to Non-GAAP Financial Measures” (Slide 15-18), “Cautionary Statement” (Slide 2) and today’s press release for an explanation and reconciliation of these items.



(\$ million, except EPS data)
Reconciliation of Net Sales to Net Sales at Constant Currency⁽¹⁾

Three months ended June 30, 2016	<u>Proprietary</u>	<u>CM</u>	<u>Eliminations</u>	<u>Total</u>
Reported net sales (GAAP)	\$311.0	\$77.2	\$(0.2)	\$388.0
Effect of changes in currency translation rates	1.5	(0.3)	-	1.2
Net sales at constant currency (Non-GAAP) ⁽¹⁾	<u>\$312.5</u>	<u>\$76.9</u>	<u>\$(0.2)</u>	<u>\$389.2</u>

Six months ended June 30, 2016	<u>Proprietary</u>	<u>CM</u>	<u>Eliminations</u>	<u>Total</u>
Reported net sales (GAAP)	\$601.8	\$148.8	\$(0.5)	\$750.1
Effect of changes in currency translation rates	10.4	(0.2)	-	10.2
Net sales at constant currency (Non-GAAP) ⁽¹⁾	<u>\$612.2</u>	<u>\$148.6</u>	<u>\$(0.5)</u>	<u>\$760.3</u>

⁽¹⁾ Net sales at constant currency 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.

RECONCILIATION OF NON-GAAP MEASURES (UNAUDITED)

See “Notes to Non-GAAP Financial Measures” (Slide 15-18), “Cautionary Statement” (Slide 2) and today’s press release for an explanation and reconciliation of these items.

Reconciliation of adjusted diluted EPS guidance to reported diluted EPS guidance

	Full Year 2016 Guidance ^{(1) (2)}
Adjusted diluted EPS guidance	\$2.15 to \$2.25
Estimated restructuring charges	(0.23 to 0.28)
Estimated currency devaluation (Venezuela)	(0.03 to 0.08)
Reported diluted EPS guidance	\$1.79 to \$1.99

⁽¹⁾ Please refer to “Notes to Non-GAAP Financial Measures” on slides 15 and 16, and “Non-GAAP Financial Measures” in today’s press release, for additional information regarding adjusted diluted EPS.

⁽²⁾ Guidance includes various currency exchange rate assumptions, most significantly the euro at \$1.12 for the remainder of 2016. Actual results will vary as a result of exchange rate variability.