

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **June 30, 2020**

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 **1-8036**

**WEST PHARMACEUTICAL SERVICES, INC.**  
**(Exact name of registrant as specified in its charter)**

**Pennsylvania**

(State or other jurisdiction of incorporation or organization)

**23-1210010**

(I.R.S. Employer Identification Number)

**530 Herman O. West Drive, Exton, PA**

(Address of principal executive offices)

**19341-0645**

(Zip Code)

Registrant's telephone number, including area code: **610-594-2900**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.25 per share	WST	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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

As of July 17, 2020, there were 73,840,686 shares of the registrant's common stock outstanding.

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**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

West Pharmaceutical Services, Inc. and Subsidiaries

(in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	\$ 527.2	\$ 469.7	\$ 1,018.7	\$ 913.2
Cost of goods and services sold	332.1	311.8	656.6	608.5
Gross profit	195.1	157.9	362.1	304.7
Research and development	10.8	9.6	21.5	19.4
Selling, general and administrative expenses	77.7	70.3	149.5	138.9
Other expense (income) (Note 15)	3.0	(2.5)	(0.5)	(4.8)
Operating profit	103.6	80.5	191.6	151.2
Interest expense	2.0	2.0	4.0	4.3
Interest income	(0.2)	(0.6)	(1.0)	(1.5)
Other nonoperating (income) expense	(0.2)	(0.5)	0.1	(1.1)
Income before income taxes	102.0	79.6	188.5	149.5
Income tax expense	16.0	15.5	31.0	31.6
Equity in net income of affiliated companies	(5.2)	(2.0)	(8.0)	(3.6)
Net income	\$ 91.2	\$ 66.1	\$ 165.5	\$ 121.5
Net income per share:				
Basic	\$ 1.24	\$ 0.90	\$ 2.24	\$ 1.64
Diluted	\$ 1.21	\$ 0.88	\$ 2.19	\$ 1.61
Weighted average shares outstanding:				
Basic	73.8	73.7	73.8	73.9
Diluted	75.5	75.1	75.5	75.3

See accompanying notes to condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

West Pharmaceutical Services, Inc. and Subsidiaries

(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	\$ 91.2	\$ 66.1	\$ 165.5	\$ 121.5
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	13.0	(0.7)	(34.3)	3.7
Defined benefit pension and other postretirement plan adjustments, net of tax of \$(1.7), \$0, \$(1.1), and \$0, respectively	(5.8)	0.1	(3.8)	(0.2)
Net (loss) gain on derivatives, net of tax of \$(1.5), \$0.8, \$(0.2) and \$(0.8), respectively	(2.7)	1.8	(0.1)	(1.5)
Other comprehensive income (loss), net of tax	4.5	1.2	(38.2)	2.0
Comprehensive income	\$ 95.7	\$ 67.3	\$ 127.3	\$ 123.5

See accompanying notes to condensed consolidated financial statements.

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

West Pharmaceutical Services, Inc. and Subsidiaries

(in millions, except per share data)

	June 30, 2020	December 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 445.9	\$ 439.1
Accounts receivable, net	340.6	319.3
Inventories	274.8	235.7
Other current assets	49.3	64.6
<b>Total current assets</b>	<b>1,110.6</b>	<b>1,058.7</b>
Property, plant and equipment	1,858.1	1,820.1
Less: accumulated depreciation and amortization	1,018.3	980.8
Property, plant and equipment, net	839.8	839.3
Operating lease right-of-use assets	68.5	70.1
Investments in affiliated companies	199.6	192.7
Goodwill	107.6	107.8
Intangible assets, net	31.2	29.8
Deferred income taxes	13.7	14.0
Pension and other postretirement benefits	—	4.3
Other noncurrent assets	21.3	24.7
<b>Total Assets</b>	<b>\$ 2,392.3</b>	<b>\$ 2,341.4</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Notes payable and other current debt	\$ 2.3	\$ 2.3
Accounts payable	162.3	156.8
Pension and other postretirement benefits	2.2	2.2
Accrued salaries, wages and benefits	69.7	73.0
Income taxes payable	29.2	6.4
Operating lease liabilities	9.8	9.6
Other current liabilities	99.7	91.3
<b>Total current liabilities</b>	<b>375.2</b>	<b>341.6</b>
Long-term debt	253.9	255.0
Deferred income taxes	—	15.5
Pension and other postretirement benefits	52.6	52.5
Operating lease liabilities	60.9	62.4
Other long-term liabilities	43.4	41.2
<b>Total Liabilities</b>	<b>786.0</b>	<b>768.2</b>
Commitments and contingencies (Note 17)		
Equity:		
Preferred stock, 3.0 million shares authorized; 0 shares issued and outstanding	—	—
Common stock, par value \$0.25 per share; 200.0 million and 100.0 million shares authorized; shares issued: 75.3 million and 75.3 million; shares outstanding: 73.8 million and 74.1 million	18.8	18.8
Capital in excess of par value	263.1	272.7
Retained earnings	1,703.0	1,549.4
Accumulated other comprehensive loss	(187.8)	(149.6)
Treasury stock, at cost (1.5 million and 1.2 million shares)	(190.8)	(118.1)
<b>Total Equity</b>	<b>1,606.3</b>	<b>1,573.2</b>
<b>Total Liabilities and Equity</b>	<b>\$ 2,392.3</b>	<b>\$ 2,341.4</b>

See accompanying notes to condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

West Pharmaceutical Services, Inc. and Subsidiaries

(in millions)

	Six Months Ended June 30,	
	2020	2019
<b>Cash flows from operating activities:</b>		
Net income	\$ 165.5	\$ 121.5
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	50.1	50.2
Amortization	2.1	1.6
Stock-based compensation	17.7	13.4
Non-cash restructuring charges	—	0.4
Pension settlement charge	2.3	—
Contingent consideration payments in excess of acquisition-date liability	(0.3)	(0.3)
Other non-cash items, net	(4.9)	(1.3)
Changes in assets and liabilities	(27.3)	(32.8)
<b>Net cash provided by operating activities</b>	<b>205.2</b>	<b>152.7</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(69.2)	(57.1)
Acquisition of business	—	(18.9)
Purchase of intangibles	(3.8)	—
Other, net	0.2	0.2
<b>Net cash used in investing activities</b>	<b>(72.8)</b>	<b>(75.8)</b>
<b>Cash flows from financing activities:</b>		
Borrowings under revolving credit agreements	—	28.0
Repayments under revolving credit agreements	—	(28.0)
Repayments of long-term debt	(1.1)	—
Debt issuance costs	—	(0.9)
Dividend payments	(23.6)	(22.2)
Proceeds from stock-based compensation awards	16.1	16.2
Employee stock purchase plan contributions	2.9	2.6
Shares purchased under share repurchase programs	(115.5)	(83.1)
<b>Net cash used in financing activities</b>	<b>(121.2)</b>	<b>(87.4)</b>
Effect of exchange rates on cash	(4.4)	(0.2)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6.8</b>	<b>(10.7)</b>
Cash, including cash equivalents at beginning of period	439.1	337.4
<b>Cash, including cash equivalents at end of period</b>	<b>\$ 445.9</b>	<b>\$ 326.7</b>

See accompanying notes to condensed consolidated financial statements.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### Note 1: Basis of Presentation and Summary of Significant Accounting Policies

**Basis of Presentation:** The condensed consolidated financial statements included in this report are unaudited and have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“U.S. GAAP”) for interim financial reporting and U.S. Securities and Exchange Commission (“SEC”) regulations. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. In the opinion of management, these financial statements include all adjustments, which are of a normal recurring nature, necessary for a fair statement of the financial position, results of operations, cash flows and the change in equity for the periods presented. The condensed consolidated financial statements for the three and six months ended June 30, 2020, should be read in conjunction with the consolidated financial statements and notes thereto of West Pharmaceutical Services, Inc. and its majority-owned subsidiaries (which may be referred to as “West”, the “Company”, “we”, “us” or “our”) appearing in our Annual Report on Form 10-K for the year ended December 31, 2019 (the “[2019 Annual Report](#)”). The results of operations for any interim period are not necessarily indicative of results for the full year.

West has been actively monitoring the novel coronavirus (“COVID-19”) situation and its impact globally. Our production facilities continued to operate during the year as they had prior to the COVID-19 pandemic with minimal change, other than for enhanced safety measures intended to prevent the spread of the virus. The remote working arrangements and travel restrictions imposed by various governments had limited impact on our ability to maintain operations during the year, as our manufacturing operations have generally been exempted from stay-at-home orders.

In April 2019, we acquired the business of our distributor in South Korea for \$18.9 million. As a result of the acquisition, we recorded inventories, property, plant and equipment, goodwill and a customer relationships intangible asset of \$4.5 million, \$0.6 million, \$2.6 million and \$11.2 million, respectively. The goodwill was recorded within our Proprietary Products reportable segment. The results of this acquisition have been included in our condensed consolidated financial statements since the acquisition date.

### Note 2: New Accounting Standards

#### Recently Adopted Standards

In April 2019, the Financial Accounting Standards Board (“FASB”) issued guidance which clarifies and improves areas related to the new credit losses, hedging, and recognition and measurement standards. This guidance is effective for the same fiscal years in which the original standards are effective or, if already implemented, annual periods beginning after the issuance of this guidance. We adopted this guidance as of January 1, 2020, on a prospective basis. The adoption did not have a material impact on our financial statements.

In August 2018, the FASB issued guidance to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by this update. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. We adopted this guidance as of January 1, 2020, on a prospective basis. The adoption did not have a material impact on our financial statements.

In August 2018, the FASB issued guidance which modifies the disclosure requirements on fair value measurements by removing, modifying, or adding certain disclosures. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. We adopted this guidance as of January 1, 2020. The adoption did not have a material impact on our financial statements. Please refer to Note 10, [Fair Value Measurements](#), for additional details.

In June 2016, the FASB issued guidance which provides financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments held by a reporting entity, including accounts receivable, at each reporting date. Under the previous guidance, an entity reflected credit losses on financial assets measured on an amortized cost basis only when it was probable that losses had incurred, generally considering only past events and current conditions when determining incurred loss. The new guidance requires the recognition of an allowance that reflects the current estimate of credit losses expected to be incurred over the life of the financial asset, based not only on historical experience and current conditions, but also on reasonable and supportable forecasts. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. We adopted this guidance as of January 1, 2020, on a modified retrospective basis, to the accounts receivable and contract asset balances as of January 1, 2020. Under the current expected credit loss model, we have adopted a provision matrix approach, utilizing historical loss rates based on the number of days past due, adjusted to reflect current economic conditions and forecasts of future economic conditions. The effect of the adoption on the financial statement line items of accounts receivable and contract assets was not material as of January 1, 2020. As a result of our adoption, we recorded a cumulative-effect adjustment of \$0.1 million within retained earnings in our condensed consolidated balance sheet as of January 1, 2020, to reflect the incremental estimated lifetime expected credit losses on the accounts receivable balance as of January 1, 2020. We have not presented the amortized cost basis within each credit quality indicator by year of origination as all of our accounts receivable are due within one year or less.

### **Standards Issued Not Yet Adopted**

In March 2020, the FASB issued guidance which provides optional expedients and exceptions to address the impact of reference rate reform where contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate (“LIBOR”) or another reference rate need to be discontinued. This guidance was effective upon issuance and generally can be applied through December 31, 2022. We are currently evaluating the impact to our financial statements, the transition, and disclosure requirements of this guidance.

In December 2019, the FASB issued guidance which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Accounting Standards Codification (“ASC”) Topic 740 and by clarifying and amending existing ASC Topic 740 guidance. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2020. Early adoption is permitted. We are currently evaluating our adoption timing and the impact that this guidance may have on our financial statements.

In August 2018, the FASB issued guidance which modifies the disclosure requirements for defined benefit pension plans and other postretirement plans. The guidance removes disclosures that no longer are considered cost beneficial, clarifies the specific requirements of disclosures, and adds disclosure requirements identified as relevant. This guidance is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. We believe that the adoption of this guidance will not have a material impact on our financial statements.

### **Note 3: Revenue**

Our revenue results from the sale of goods or services and reflects the consideration to which we expect to be entitled in exchange for those goods or services. We record revenue based on a five-step model, in accordance with ASC Topic 606. Following the identification of a contract with a customer, we identify the performance obligations (goods or services) in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize the revenue when (or as) we satisfy the performance obligations by transferring the promised goods or services to our customers. A good or service is transferred when (or as) the customer obtains control of that good or service.



The following table presents the approximate percentage of our net sales by market group:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Biologics	28 %	25 %	28 %	25 %
Generics	21 %	21 %	20 %	21 %
Pharma	27 %	31 %	28 %	31 %
Contract-Manufactured Products	24 %	23 %	24 %	23 %
	100 %	100 %	100 %	100 %

The following table presents the approximate percentage of our net sales by product category:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
High-Value Components	44 %	44 %	44 %	43 %
Standard Packaging	26 %	29 %	27 %	30 %
Delivery Devices	6 %	4 %	5 %	4 %
Contract-Manufactured Products	24 %	23 %	24 %	23 %
	100 %	100 %	100 %	100 %

The following table presents the approximate percentage of our net sales by geographic location:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Americas	50 %	49 %	49 %	48 %
Europe, Middle East, Africa	42 %	43 %	43 %	45 %
Asia Pacific	8 %	8 %	8 %	7 %
	100 %	100 %	100 %	100 %

### Contract Assets and Liabilities

The following table summarizes our contract assets and liabilities, excluding contract assets included in accounts receivable, net:

	(\$ in millions)
Contract assets, December 31, 2019	\$ 9.8
Contract assets, June 30, 2020	16.8
Change in contract assets - increase (decrease)	\$ 7.0
Deferred income, December 31, 2019	\$ (34.9)
Deferred income, June 30, 2020	(40.4)
Change in deferred income - decrease (increase)	\$ (5.5)

During the six months ended June 30, 2020, \$19.8 million of revenue was recognized that was included in deferred income at the beginning of the year.

The majority of the performance obligations within our contracts are satisfied within one year or less. Performance obligations satisfied beyond one year include those relating to a nonrefundable customer payment of \$20.0 million received in June 2013 in return for the exclusive use of the SmartDose® technology platform within a specific therapeutic area. As of June 30, 2020, there was \$5.2 million of unearned income related to this payment, of which \$0.9 million was included in other current liabilities and \$4.3 million was included in other long-term liabilities. The unearned income is being recognized as income on a straight-line basis over the remaining term of the agreement. The agreement does not include a future minimum purchase commitment from the customer.

### Supply Chain Financing

We have entered into supply chain financing agreements with certain banks, pursuant to which we offer for sale certain accounts receivable to such banks from time to time, subject to the terms of the applicable agreements. These transactions result in a reduction in accounts receivable, as the agreements transfer effective control over, and credit risk related to, the receivables to the banks. These agreements do not allow for recourse in the event of uncollectibility, and we do not retain any interest in the underlying accounts receivable once sold. As of June 30, 2020 and 2019, we derecognized accounts receivable of \$4.9 million and \$5.5 million, respectively, under these agreements. Discount fees related to the sale of such accounts receivable on our condensed consolidated income statements for the six months ended June 30, 2020 and 2019 were not material.

### Voluntary Recall

On January 24, 2019, we issued a voluntary recall of our Vial2Bag® product line due to reports of potential unpredictable or variable dosing under certain conditions. Our fourth quarter 2018 results included an \$11.3 million provision for product returns, recorded as a reduction of sales, partially offset by a reduction in cost of goods sold, reflecting our inventory balance for these devices at December 31, 2018. During three and six months ended June 30, 2019, we recorded a provision of \$1.3 million and \$5.8 million, respectively, for inventory returns from our customers and related in-house inventory, partially offset by a reduction in our provision for product returns. We continue to work to get the product back on the market.

### Note 4: Net Income Per Share

The following table reconciles the shares used in the calculation of basic net income per share to those used for diluted net income per share:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	\$ 91.2	\$ 66.1	\$ 165.5	\$ 121.5
Weighted average common shares outstanding	73.8	73.7	73.8	73.9
Dilutive effect of equity awards, based on the treasury stock method	1.7	1.4	1.7	1.4
Weighted average shares assuming dilution	75.5	75.1	75.5	75.3

During the three months ended June 30, 2020 and 2019, there were 0.2 million and 0.4 million shares, respectively, from stock-based compensation plans not included in the computation of diluted net income per share because their impact was antidilutive. There were 0.2 million and 0.3 million antidilutive shares outstanding during the six months ended June 30, 2020 and 2019, respectively.

In December 2019, we announced a share repurchase program for calendar-year 2020 authorizing the repurchase of up to 848,000 shares of our common stock from time to time on the open market or in privately-negotiated transactions as permitted under the Securities Exchange Act of 1934 Rule 10b-18. The number of shares

repurchased and the timing of such transactions will depend on a variety of factors, including market conditions. There were no shares purchased during the three months ended June 30, 2020. During the six months ended June 30, 2020, we purchased 761,500 shares of our common stock under the program at a cost of \$115.5 million, or an average price of \$151.65 per share.

#### Note 5: Inventories

Inventories are valued at the lower of cost (on a first-in, first-out basis) and net realizable value. Inventory balances were as follows:

(\$ in millions)	June 30, 2020	December 31, 2019
Raw materials	\$ 112.7	\$ 100.9
Work in process	49.0	37.4
Finished goods	113.1	97.4
	<u>\$ 274.8</u>	<u>\$ 235.7</u>

#### Note 6: Leases

A lease exists when a contract conveys to the customer the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The definition of a lease embodies two conditions: 1) there is an identified asset in the contract that is land or a depreciable asset (i.e., property, plant, and equipment); and 2) the customer has the right to control the use of the identified asset. Lease payments included in the measurement of the operating lease right-of-use assets and lease liabilities are comprised of fixed payments (including in-substance fixed payments), variable payments that depend on an index or rate, and the exercise price of a lessee option to purchase the underlying asset if the lessee is reasonably certain to exercise.

The components of lease expense were as follows:

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Operating lease cost	\$ 3.1	\$ 3.1	\$ 6.2	\$ 6.3
Short-term lease cost	0.1	0.2	0.3	0.4
Variable lease cost	0.8	0.9	1.6	1.5
Total lease cost	<u>\$ 4.0</u>	<u>\$ 4.2</u>	<u>\$ 8.1</u>	<u>\$ 8.2</u>

Supplemental cash flow information related to leases were as follows:

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 3.2	\$ 3.1	\$ 6.4	\$ 6.2
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 1.8	\$ 1.3	\$ 4.3	\$ 8.1

As of June 30, 2020 and December 31, 2019, the weighted average remaining lease term for operating leases was 11.3 and 11.7 years, respectively.

As of June 30, 2020 and December 31, 2019, the weighted average discount rate was 3.75% and 3.76%, respectively.

Maturities of operating lease liabilities were as follows:

(\$ in millions) Year	June 30, 2020	December 31, 2019
2020 (remaining six months)	\$ 6.3	\$ 12.1
2021	11.5	10.4
2022	9.6	8.6
2023	8.6	7.8
2024	8.1	7.3
Thereafter	41.6	41.8
	<u>85.7</u>	<u>88.0</u>
Less: imputed lease interest	(15.0)	(16.0)
Total lease liabilities	<u>\$ 70.7</u>	<u>\$ 72.0</u>

#### Note 7: Affiliated Companies

At June 30, 2020 and December 31, 2019, the aggregate carrying amount of our investment in affiliated companies that are accounted for under the equity method was \$186.2 million and \$179.3 million, respectively, and the aggregate carrying amount of our investment in affiliated companies that are not accounted for under the equity method was \$13.4 million at both period-ends. We have elected to record these investments, for which fair value was not readily determinable, at cost, less impairment, adjusted for subsequent observable price changes. We test these investments for impairment whenever circumstances indicate that the carrying value of the investments may not be recoverable.

On November 1, 2019, in connection with the amendment of certain commercial agreements with Daikyo Seiko, Ltd. (“Daikyo”), we increased our ownership interest from 25% to 49% in Daikyo in exchange for \$85.1 million in cash and \$4.9 million in shares of our treasury stock to certain stockholders of Daikyo. We believe that the increase in ownership interest will not have a material impact on our financial statements.

Our purchases from, and royalty payments made to, affiliates totaled \$27.9 million and \$60.4 million, respectively, for the three and six months ended June 30, 2020, as compared to \$27.6 million and \$52.2 million, respectively, for the same period in 2019. As of June 30, 2020 and December 31, 2019, the payable balance due to affiliates was \$18.1 million and \$20.8 million, respectively. The majority of these transactions related to a distributorship agreement with Daikyo that allows us to purchase and re-sell Daikyo products.

Sales to affiliates were \$2.8 million and \$5.0 million, respectively, for the three and six months ended June 30, 2020, as compared to \$2.5 million and \$4.7 million, respectively, for the same periods in 2019. As of June 30, 2020 and December 31, 2019, the receivable balance due from affiliates was \$1.8 million and \$1.9 million, respectively.

Please refer to Note 7, [Affiliated Companies](#), to the consolidated financial statements in our [2019 Annual Report](#) for additional details.

**Note 8: Debt**

The following table summarizes our long-term debt obligations, net of unamortized debt issuance costs and current maturities. The interest rates shown in parentheses are as of June 30, 2020.

(\$ in millions)	June 30, 2020	December 31, 2019
Term Loan, due December 31, 2024 (1.18%)	\$ 88.9	\$ 90.0
Series A notes, due July 5, 2022 (3.67%)	42.0	42.0
Series B notes, due July 5, 2024 (3.82%)	53.0	53.0
Series C notes, due July 5, 2027 (4.02%)	73.0	73.0
	<u>256.9</u>	<u>258.0</u>
Less: unamortized debt issuance costs	0.7	0.7
Total debt	<u>256.2</u>	<u>257.3</u>
Less: current portion of long-term debt	2.3	2.3
Long-term debt, net	<u>\$ 253.9</u>	<u>\$ 255.0</u>

Please refer to Note 8, [Debt](#), to the consolidated financial statements in our [2019 Annual Report](#) for additional details regarding our debt agreements.

**Credit Agreement - Credit Facility**

At June 30, 2020, the borrowing capacity available under our \$300.0 million multi-currency revolving credit facility (the “Credit Facility”), including outstanding letters of credit of \$2.5 million, was \$297.5 million.

**Credit Agreement Amendment - Term Loan**

At June 30, 2020, we had \$88.9 million in borrowings under the Term Loan, of which \$2.3 million was classified as current and \$86.6 million was classified as long-term. Please refer to Note 9, [Derivative Financial Instruments](#), for a discussion of the foreign currency hedge associated with the Term Loan.

**Note 9: Derivative Financial Instruments**

Our ongoing business operations expose us to various risks, such as fluctuating interest rates, foreign currency exchange rates and increasing commodity prices. To manage these market risks, we periodically enter into derivative financial instruments, such as interest rate swaps, options and foreign exchange contracts for periods consistent with, and for notional amounts equal to or less than, the related underlying exposures. We do not purchase or hold any derivative financial instruments for investment or trading purposes. All derivatives are recorded in our condensed consolidated balance sheet at fair value.

**Foreign Exchange Rate Risk**

We have entered into forward exchange contracts, designated as fair value hedges, to manage our exposure to fluctuating foreign exchange rates on cross-currency intercompany loans. As of both June 30, 2020 and December 31, 2019, the total amount of these forward exchange contracts was Singapore Dollar (“SGD”) 601.5 million and \$13.4 million.

In addition, we have entered into several foreign currency contracts, designated as cash flow hedges, for periods of up to eighteen months, intended to hedge the currency risk associated with a portion of our forecasted transactions

denominated in foreign currencies. As of June 30, 2020, we had outstanding foreign currency contracts to purchase and sell certain pairs of currencies, as follows:

(in millions) Currency	Purchase	Sell	
		USD	Euro
USD	39.2	—	35.0
Yen	6,856.4	33.8	27.1
SGD	44.4	25.9	5.1

In December 2019, we entered into the cross-currency swap for \$90 million, which we designated as a hedge of our net investment in Daikyo. The notional amount of the cross-currency swap is ¥9.8 billion (\$90 million) and the swap termination date is December 31, 2024. Under the cross-currency swap, we receive floating interest rate payments based on three-month U.S. Dollar (“USD”) LIBOR plus a margin, in return for paying floating interest rate payments based on three-month Japanese Yen (“Yen”) LIBOR plus a margin.

### Commodity Price Risk

Many of our proprietary products are made from synthetic elastomers, which are derived from the petroleum refining process. We purchase the majority of our elastomers via long-term supply contracts, some of which contain clauses that provide for surcharges related to fluctuations in crude oil prices. The following economic hedges did not qualify for hedge accounting treatment since they did not meet the highly effective requirement at inception.

From November 2017 through June 2020, we purchased several series of call options for a total of 374,380 barrels of crude oil to mitigate our exposure to such oil-based surcharges and protect operating cash flows with regards to a portion of our forecasted elastomer purchases.

As of June 30, 2020, we had outstanding contracts to purchase 99,909 barrels of crude oil from July 2020 to September 2021, at a weighted-average strike price of \$67.29 per barrel.

### Effects of Derivative Instruments on Financial Position and Results of Operations

Please refer to Note 10, [Fair Value Measurements](#), for the balance sheet location and fair values of our derivative instruments as of June 30, 2020 and December 31, 2019.

The following table summarizes the effects of derivative instruments designated as fair value hedges on the condensed consolidated statements of income:

(\$ in millions)	Amount of (Gain) Loss Recognized in Income for the Three Months Ended June 30,		Amount of (Gain) Loss Recognized in Income for the Six Months Ended June 30,		Location on Statement of Income
	2020	2019	2020	2019	
	<b>Fair Value Hedges:</b>				
Hedged item (intercompany loan)	\$ (1.2)	\$ 5.5	\$ 15.9	\$ (5.6)	Other expense (income)
Derivative designated as hedging instrument	\$ 1.2	\$ (5.5)	\$ (15.9)	\$ 5.6	Other expense (income)
Amount excluded from effectiveness testing	\$ (2.0)	\$ (4.5)	\$ (3.9)	\$ (9.3)	Other expense (income)
<b>Total</b>	<b>\$ (2.0)</b>	<b>\$ (4.5)</b>	<b>\$ (3.9)</b>	<b>\$ (9.3)</b>	

We recognize in earnings the initial value of forward point components on a straight-line basis over the life of the fair value hedge. The amounts recognized in earnings, pre-tax, for forward point components for the three and six months ended June 30, 2020 and 2019 were \$1.7 million, \$3.7 million, and \$4.5 million, \$9.3 million, respectively.

The following tables summarize the effects of derivative instruments designated as fair value, cash flow, and net investment hedges on other comprehensive income (“OCI”) and earnings, net of tax:

(\$ in millions)	Amount of Gain (Loss) Recognized in OCI for the Three Months Ended June 30,		Amount of (Gain) Loss Reclassified from Accumulated OCI into Income for the Three Months Ended June 30,		Location of (Gain) Loss Reclassified from Accumulated OCI into Income
	2020	2019	2020	2019	
<b>Fair Value Hedges</b>					
Foreign currency hedge contracts	\$ (0.7)	\$ 4.7	\$ (1.3)	\$ (3.0)	Other expense (income)
Total	\$ (0.7)	\$ 4.7	\$ (1.3)	\$ (3.0)	
<b>Cash Flow Hedges:</b>					
Foreign currency hedge contracts	\$ 0.4	\$ (0.2)	\$ (0.3)	\$ (0.2)	Net sales
Foreign currency hedge contracts	(0.7)	0.6	(0.2)	(0.2)	Cost of goods and services sold
Forward treasury locks	—	—	0.1	0.1	Interest expense
Total	\$ (0.3)	\$ 0.4	\$ (0.4)	\$ (0.3)	
<b>Net Investment Hedges:</b>					
Foreign currency-denominated debt	\$ —	\$ (0.3)	\$ —	\$ —	Other expense (income)
Cross-currency swap	0.6	—	—	—	Other expense (income)
Total	\$ 0.6	\$ (0.3)	\$ —	\$ —	

(\$ in millions)	Amount of Gain (Loss) Recognized in OCI for the Six Months Ended June 30,		Amount of (Gain) Loss Reclassified from Accumulated OCI into Income for the Six Months Ended June 30,		Location of (Gain) Loss Reclassified from Accumulated OCI into Income
	2020	2019	2020	2019	
<b>Fair Value Hedges</b>					
Foreign currency hedge contracts	\$ 2.9	\$ 4.6	\$ (2.6)	\$ (6.3)	Other expense (income)
Total	\$ 2.9	\$ 4.6	\$ (2.6)	\$ (6.3)	
<b>Cash Flow Hedges:</b>					
Foreign currency hedge contracts	\$ 0.5	\$ 0.3	\$ (0.5)	\$ (0.4)	Net sales
Foreign currency hedge contracts	(0.3)	0.5	(0.2)	(0.3)	Cost of goods and services sold
Forward treasury locks	—	—	0.1	0.1	Interest expense
Total	\$ 0.2	\$ 0.8	\$ (0.6)	\$ (0.6)	
<b>Net Investment Hedges:</b>					
Foreign currency-denominated debt	\$ —	\$ (0.2)	\$ —	\$ —	Other (income)
Cross-currency swap	(0.6)	—	—	—	Other (income)
Total	\$ (0.6)	\$ (0.2)	\$ —	\$ —	

The following table summarizes the effects of derivative instruments designated as fair value, cash flow, and net investment hedges by line item in our condensed consolidated statements of income:

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	\$ (0.3)	\$ (0.2)	\$ (0.5)	\$ (0.4)
Cost of goods and services sold	(0.2)	(0.2)	(0.2)	(0.3)
Interest expense	0.1	0.1	0.1	0.1
Other (income)	(1.3)	(3.0)	(2.6)	(6.3)

The following table summarizes the effects of derivative instruments not designated as hedges on the condensed consolidated statements of income:

(\$ in millions)	Amount of Loss Recognized in Income for the Three Months Ended June 30,		Amount of Loss Recognized in Income for the Six Months Ended June 30,		Location on Statement of Income
	2020	2019	2020	2019	
Commodity call options	\$ —	\$ 0.2	\$ 0.2	\$ 0.2	Cost of goods and services sold
Total	\$ —	\$ 0.2	\$ 0.2	\$ 0.2	

For the three and six months ended June 30, 2020 and 2019, there was no material ineffectiveness related to our hedges.



**Note 10: Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The following fair value hierarchy classifies the inputs to valuation techniques used to measure fair value into one of three levels:

- **Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- **Level 3:** Unobservable inputs that reflect the reporting entity's own assumptions.

The following tables present the assets and liabilities recorded at fair value on a recurring basis:

(\$ in millions)	Balance at June 30, 2020	Basis of Fair Value Measurements		
		Level 1	Level 2	Level 3
<b>Assets:</b>				
Deferred compensation assets	\$ 11.0	\$ 11.0	\$ —	\$ —
Foreign currency contracts	0.1	—	0.1	—
Commodity call options	0.1	—	0.1	—
	<u>\$ 11.2</u>	<u>\$ 11.0</u>	<u>\$ 0.2</u>	<u>\$ —</u>
<b>Liabilities:</b>				
Contingent consideration	\$ 3.1	\$ —	\$ —	\$ 3.1
Deferred compensation liabilities	10.6	10.6	—	—
Cross-currency swap	2.2	—	2.2	—
Foreign currency contracts	7.6	—	7.6	—
	<u>\$ 23.5</u>	<u>\$ 10.6</u>	<u>\$ 9.8</u>	<u>\$ 3.1</u>

(\$ in millions)	Balance at December 31, 2019	Basis of Fair Value Measurements		
		Level 1	Level 2	Level 3
<b>Assets:</b>				
Deferred compensation assets	\$ 11.3	\$ 11.3	\$ —	\$ —
Foreign currency contracts	7.7	—	7.7	—
Commodity call options	0.1	—	0.1	—
	<u>\$ 19.1</u>	<u>\$ 11.3</u>	<u>\$ 7.8</u>	<u>\$ —</u>
<b>Liabilities:</b>				
Contingent consideration	\$ 3.3	\$ —	\$ —	\$ 3.3
Deferred compensation liabilities	12.8	12.8	—	—
Cross-currency swap	1.4	—	1.4	—
Foreign currency contracts	0.3	—	0.3	—
	<u>\$ 17.8</u>	<u>\$ 12.8</u>	<u>\$ 1.7</u>	<u>\$ 3.3</u>

Deferred compensation assets are included within other noncurrent assets and are valued using a market approach based on quoted market prices in an active market. The fair value of our foreign currency contracts, included within

other current and other noncurrent assets, as well as other current and other long-term liabilities, is valued using an income approach based on quoted forward foreign exchange rates and spot rates at the reporting date. The fair value of our commodity call options, included within other current and other noncurrent assets, is valued using a market approach. The fair value of our contingent consideration, included within other current and other long-term liabilities, is discussed further in the section related to Level 3 fair value measurements. The fair value of deferred compensation liabilities is based on quoted prices of the underlying employees' investment selections and is included within other long-term liabilities. The fair value of the cross-currency swap, included within other long-term liabilities, is valued using a market approach. Please refer to Note 9, [Derivative Financial Instruments](#), for further discussion of our derivatives.

### Level 3 Fair Value Measurements

The fair value of the contingent consideration liability related to the SmartDose technology platform (the "SmartDose contingent consideration") was initially determined using a probability-weighted income approach, and is revalued at each reporting date or more frequently if circumstances dictate. Changes in the fair value of this obligation are recorded as income or expense within other expense (income) in our condensed consolidated statements of income. The significant unobservable inputs used in the fair value measurement of the SmartDose contingent consideration are the sales projections, the probability of success factors, and the discount rate. Significant increases or decreases in any of those inputs in isolation would result in a significantly lower or higher fair value measurement. Sales projections were derived using upside, base and downside forecasted cases for each partnership and applying probability-weighted scenarios of 10%, 50% and 40% to the three cases, respectively, to reflect the likelihood of West meeting the estimated sales projection targets. The probability of success factors included the probabilities of successful FDA approval for each partnership drug, which was estimated in a range of 13% to 100% based on the development phase of each respective drug, and the probability of the successful execution of supply agreements with each partnership, which was estimated in the range of 15% to 100% based on historical, current, and future supply agreements with the respective partnerships. The fair value of this liability utilized a risk-adjusted discount rate of 19% to present value the cash flows. The discount rate is calculated by determining the after-tax required returns on debt and equity and weighting each return by the respective percent of debt and equity to total capital. Key inputs for the discount rate include the risk-free rate on the 20-Year United States Treasury maturity, equity risk premium, company-specific risk premium, pre-tax cost of debt, and U.S. tax rate, among others. As development and commercialization of the SmartDose technology platform progresses, we may need to update the sales projections, the probability of success factors, and the discount rate used. This could result in a material increase or decrease to the SmartDose contingent consideration.

The following table provides a summary of changes in our Level 3 fair value measurements:

	(\$ in millions)
Balance, December 31, 2018	\$ 1.7
Increase in fair value recorded in earnings	2.1
Payments	(0.5)
Balance, December 31, 2019	3.3
Increase in fair value recorded in earnings	0.1
Payments	(0.3)
Balance, June 30, 2020	\$ 3.1

### Other Financial Instruments

We believe that the carrying amounts of our cash and cash equivalents and accounts receivable approximate their fair values due to their near-term maturities.

The estimated fair value of long-term debt is based on quoted market prices for debt issuances with similar terms and maturities and is classified as Level 2 within the fair value hierarchy. At June 30, 2020, the estimated fair value

of long-term debt was \$267.2 million compared to a carrying amount of \$253.9 million. At December 31, 2019, the estimated fair value of long-term debt was \$263.3 million and the carrying amount was \$255.0 million.

**Note 11: Accumulated Other Comprehensive Loss**

The following table presents the changes in the components of accumulated other comprehensive income ("AOCI") (loss), net of tax, for the six months ended June 30, 2020:

(\$ in millions)	(Losses) gains on derivatives	Change in equity affiliate investment AOCI	Defined benefit pension and other postretirement plans	Foreign currency translation	Total
Balance, December 31, 2019	\$ (0.8)	\$ 0.4	\$ (40.3)	\$ (108.9)	\$ (149.6)
Other comprehensive income (loss) before reclassifications	3.1	—	(5.4)	(34.3)	(36.6)
Amounts reclassified out from accumulated other comprehensive income (loss)	(3.2)	—	1.6	—	(1.6)
Other comprehensive income (loss), net of tax	(0.1)	—	(3.8)	(34.3)	(38.2)
Balance, June 30, 2020	\$ (0.9)	\$ 0.4	\$ (44.1)	\$ (143.2)	\$ (187.8)

A summary of the reclassifications out of accumulated other comprehensive loss is presented in the following table:

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,		Location on Statement of Income
	2020	2019	2020	2019	
Gains (losses) on derivatives:					
Foreign currency contracts	\$ 0.3	\$ 0.3	\$ 0.6	\$ 0.5	Net sales
Foreign currency contracts	0.3	0.3	0.4	0.5	Cost of goods and services sold
Foreign currency contracts	2.0	4.6	4.0	9.3	Other expense (income)
Forward treasury locks	(0.1)	(0.1)	(0.2)	(0.2)	Interest expense
Total before tax	2.5	5.1	4.8	10.1	
Tax benefit (expense)	(0.8)	(1.8)	(1.6)	(3.2)	
Net of tax	\$ 1.7	\$ 3.3	\$ 3.2	\$ 6.9	
Amortization of defined benefit pension and other postretirement plans:					
Prior service credit	\$ 0.1	\$ 0.1	\$ 0.3	\$ 0.3	(a)
Actuarial losses	(0.1)	—	(0.2)	—	(a)
Settlements	(0.9)	—	(2.3)	—	(a)
Total before tax	(0.9)	0.1	(2.2)	0.3	
Tax benefit (expense)	0.3	—	0.6	(0.1)	
Net of tax	\$ (0.6)	\$ 0.1	\$ (1.6)	\$ 0.2	
Total reclassifications for the period, net of tax	\$ 1.1	\$ 3.4	\$ 1.6	\$ 7.1	

(a) These components are included in the computation of net periodic benefit cost. Please refer to Note 14, [Benefit Plans](#), for additional details.

**Note 12: Shareholders' Equity**

The following table presents the changes in shareholders' equity for the six months ended June 30, 2020:

(in millions)	Common Shares Issued	Common Stock	Capital in Excess of Par Value	Number of Treasury Shares	Treasury Stock	Retained earnings	Accumulated other comprehensive loss	Total
Balance, December 31, 2019	75.3	\$ 18.8	\$ 272.7	1.2	\$ (118.1)	\$ 1,549.4	\$ (149.6)	\$ 1,573.2
Effect of modified retrospective application of a new accounting standard (see Note 2)	—	—	—	—	—	(0.1)	—	(0.1)
Net income	—	—	—	—	—	74.3	—	74.3
Activity related to stock-based compensation	—	—	(5.1)	(0.3)	17.9	—	—	12.8
Shares purchased under share repurchase program	—	—	—	0.8	(115.5)	—	—	(115.5)
Dividends declared (\$0.16 per share)	—	—	—	—	—	(11.8)	—	(11.8)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(42.7)	(42.7)
Balance, March 31, 2020	<u>75.3</u>	<u>\$ 18.8</u>	<u>\$ 267.6</u>	<u>1.7</u>	<u>\$ (215.7)</u>	<u>\$ 1,611.8</u>	<u>\$ (192.3)</u>	<u>\$ 1,490.2</u>
Net income	—	—	—	—	—	91.2	—	91.2
Activity related to stock-based compensation	—	—	(4.5)	(0.2)	24.9	—	—	20.4
Other comprehensive income, net of tax	—	—	—	—	—	—	4.5	4.5
Balance, June 30, 2020	<u>75.3</u>	<u>\$ 18.8</u>	<u>\$ 263.1</u>	<u>1.5</u>	<u>\$ (190.8)</u>	<u>\$ 1,703.0</u>	<u>\$ (187.8)</u>	<u>\$ 1,606.3</u>

The following table presents the changes in shareholders' equity for the six months ended June 30, 2019:

(in millions)	Common Shares Issued	Common Stock	Capital in Excess of Par Value	Number of Treasury Shares	Treasury Stock	Retained earnings	Accumulated other comprehensive loss	Total
Balance, December 31, 2018	75.3	\$ 18.8	\$ 282.0	1.2	\$ (103.7)	\$ 1,353.4	\$ (154.2)	\$ 1,396.3
Net income	—	—	—	—	—	55.4	—	55.4
Activity related to stock-based compensation	—	—	(3.5)	(0.2)	14.2	—	—	10.7
Shares purchased under share repurchase program	—	—	—	0.8	(83.1)	—	—	(83.1)
Dividends declared (\$0.15 per share)	—	—	—	—	—	(10.6)	—	(10.6)
Other comprehensive income, net of tax	—	—	—	—	—	—	0.8	0.8
Balance, March 31, 2019	<u>75.3</u>	<u>\$ 18.8</u>	<u>\$ 278.5</u>	<u>1.8</u>	<u>\$ (172.6)</u>	<u>\$ 1,398.2</u>	<u>\$ (153.4)</u>	<u>\$ 1,369.5</u>
Net income	—	—	—	—	—	66.1	—	66.1
Activity related to stock-based compensation	—	—	(5.1)	(0.2)	24.8	—	—	19.7
Dividends declared (\$0.15 per share)	—	—	—	—	—	(11.4)	—	(11.4)
Other comprehensive income, net of tax	—	—	—	—	—	—	1.2	1.2
Balance, June 30, 2019	<u>75.3</u>	<u>\$ 18.8</u>	<u>\$ 273.4</u>	<u>1.6</u>	<u>\$ (147.8)</u>	<u>\$ 1,452.9</u>	<u>\$ (152.2)</u>	<u>\$ 1,445.1</u>

### **Note 13: Stock-Based Compensation**

The West Pharmaceutical Services, Inc. 2016 Omnibus Incentive Compensation Plan (the “2016 Plan”) provides for the granting of stock options, stock appreciation rights, restricted stock awards and performance awards to employees and non-employee directors. A committee of the Board of Directors determines the terms and conditions of awards to be granted. Vesting requirements vary by award. At June 30, 2020, there were 2,718,591 shares remaining in the 2016 Plan for future grants.

During the six months ended June 30, 2020, we granted 226,756 stock options at a weighted average exercise price of \$173.68 per share based on the grant-date fair value of our stock to employees under the 2016 Plan. The weighted average grant date fair value of options granted was \$39.24 per share as determined by the Black-Scholes option valuation model using the following weighted average assumptions: a risk-free interest rate of 1.4%; expected life of 5.7 years based on prior experience; stock volatility of 22.3% based on historical data; and a dividend yield of 0.4%. Stock option expense is recognized over the vesting period, net of forfeitures.

During the six months ended June 30, 2020, we granted 51,327 stock-settled performance share unit (“PSU”) awards at a weighted average grant-date fair value of \$173.64 per share to eligible employees. These awards are earned based on the Company’s performance against pre-established targets, including annual growth rate of revenue and return on invested capital, over a specified performance period. Depending on the achievement of the targets, recipients of stock-settled PSU awards are entitled to receive a certain number of shares of common stock. Shares earned under PSU awards may vary from 0% to 200% of an employee’s targeted award. The fair value of stock-settled PSU awards is based on the market price of our stock at the grant date and is recognized as expense over the performance period, adjusted for estimated target outcomes and net of forfeitures.

During the six months ended June 30, 2020, we granted 6,561 stock-settled restricted share unit (“RSU”) awards at a weighted average grant-date fair value of \$177.44 per share to eligible employees. These awards are earned over a specified performance period. The fair value of stock-settled RSU awards is based on the market price of our stock at the grant date and is recognized as expense over the vesting period, net of forfeitures.

Stock-based compensation expense was \$12.2 million and \$17.7 million for the three and six months ended June 30, 2020, respectively. For the three and six months ended June 30, 2019, stock-based compensation expense was \$7.2 million and \$13.4 million, respectively.

**Note 14: Benefit Plans**

The components of net periodic benefit cost for the three months ended June 30 were as follows:

(\$ in millions)	Pension benefits		Other retirement benefits		Total	
	2020	2019	2020	2019	2020	2019
Service cost	\$ 0.3	\$ 0.3	\$ —	\$ —	\$ 0.3	\$ 0.3
Interest cost	1.9	2.5	—	—	1.9	2.5
Expected return on assets	(3.0)	(2.9)	—	—	(3.0)	(2.9)
Amortization of prior service credit	—	—	(0.1)	(0.1)	(0.1)	(0.1)
Recognized actuarial losses (gains)	0.5	0.6	(0.4)	(0.6)	0.1	—
Settlements	0.9	—	—	—	0.9	—
Net periodic benefit cost	\$ 0.6	\$ 0.5	\$ (0.5)	\$ (0.7)	\$ 0.1	\$ (0.2)

(\$ in millions)	Pension benefits		Other retirement benefits		Total	
	2020	2019	2020	2019	2020	2019
U.S. plans	\$ 0.2	\$ —	\$ (0.5)	\$ (0.7)	\$ (0.3)	\$ (0.7)
International plans	0.4	0.5	—	—	0.4	0.5
Net periodic benefit cost	\$ 0.6	\$ 0.5	\$ (0.5)	\$ (0.7)	\$ 0.1	\$ (0.2)

The components of net periodic benefit cost for the six months ended June 30 were as follows:

(\$ in millions)	Pension benefits		Other retirement benefits		Total	
	2020	2019	2020	2019	2020	2019
Service cost	\$ 0.6	\$ 0.7	\$ —	\$ —	\$ 0.6	\$ 0.7
Interest cost	3.9	4.9	0.1	0.1	4.0	5.0
Expected return on assets	(6.0)	(5.8)	—	—	(6.0)	(5.8)
Amortization of prior service credit	—	—	(0.3)	(0.3)	(0.3)	(0.3)
Recognized actuarial losses (gains)	1.0	1.1	(0.8)	(1.1)	0.2	—
Settlements	2.3	—	—	—	2.3	—
Net periodic benefit cost	\$ 1.8	\$ 0.9	\$ (1.0)	\$ (1.3)	\$ 0.8	\$ (0.4)

(\$ in millions)	Pension benefits		Other retirement benefits		Total	
	2020	2019	2020	2019	2020	2019
U.S. plans	\$ 1.1	\$ (0.1)	\$ (1.0)	\$ (1.3)	\$ 0.1	\$ (1.4)
International plans	0.7	1.0	—	—	0.7	1.0
Net periodic benefit cost	\$ 1.8	\$ 0.9	\$ (1.0)	\$ (1.3)	\$ 0.8	\$ (0.4)

During the three and six months ended June 30, 2020, we recorded a \$0.9 million and \$2.3 million pension settlement charge, respectively, within other nonoperating (income) expense, as we determined that normal-course lump-sum payments for our U.S. qualified defined benefit pension plan exceeded the threshold for settlement accounting under U.S. GAAP for the year.

**Note 15: Other Expense (Income)**

Other expense (income) consists of:

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Restructuring and related charges:</b>				
Severance and post-employment benefits	\$ —	\$ 1.3	\$ —	\$ 1.6
Other charges	—	0.1	—	0.4
Total restructuring and related charges	—	1.4	—	2.0
Fixed asset impairments	6.3	1.2	6.5	1.6
Development and licensing income	(0.2)	(0.2)	(0.4)	(0.4)
Contingent consideration	0.1	0.1	0.1	0.3
Foreign exchange transaction gains	(2.0)	(4.8)	(5.5)	(8.6)
Other items	(1.2)	(0.2)	(1.2)	0.3
Total other expense (income)	\$ 3.0	\$ (2.5)	\$ (0.5)	\$ (4.8)

**Restructuring and Related Charges**

In February 2018, our Board of Directors approved a restructuring plan designed to realign our manufacturing capacity with demand. These changes were expected to be implemented over a period of up to twenty-four months from the date of approval. The plan was expected to require restructuring and related charges of approximately \$16 million. Since its approval, we have recorded \$13.7 million in restructuring and related charges associated with this plan. The plan was considered complete as of December 31, 2019.

During the three months ended June 30, 2019, we recorded \$1.4 million in restructuring and related charges associated with this plan, consisting of \$1.3 million for severance charges, \$0.1 million for non-cash asset write-downs associated with the discontinued use of certain equipment.

During the six months ended June 30, 2019, we recorded \$2.0 million in restructuring and related charges associated with this plan, consisting of \$1.6 million for severance charges, \$0.4 million for other charges.

The following table presents activity related to our restructuring obligations related to our 2018 restructuring plan:

(\$ in millions)	Severance and benefits	Asset-related charges	Other charges	Total
Balance, December 31, 2019	\$ 1.4	\$ —	\$ —	\$ 1.4
Cash payments	(1.0)	—	—	(1.0)
Balance, June 30, 2020	\$ 0.4	\$ —	\$ —	\$ 0.4

On February 15, 2016, our Board of Directors approved a restructuring plan designed to repurpose several of our production facilities in support of growing high-value proprietary products and to realign operational and commercial activities to meet the needs of our new market-focused commercial organization. As of June 30, 2020, we completed our remaining restructuring obligations related to the 2016 restructuring plan.



## Other Items

During both the three and six months ended June 30, 2020 and 2019, we recorded development income of \$0.2 million and \$0.4 million, respectively, related to a nonrefundable customer payment of \$20.0 million received in June 2013 in return for the exclusive use of the SmartDose technology platform within a specific therapeutic area. Please refer to Note 3, [Revenue](#), for additional information.

Contingent consideration represents changes in the fair value of the SmartDose contingent consideration. Please refer to Note 10, [Fair Value Measurements](#), for additional details.

Other items consist of gains and losses on the sale of fixed assets and miscellaneous income and charges.

### Note 16: Income Taxes

The tax provision for interim periods is determined using the estimated annual effective consolidated tax rate, based on the current estimate of full-year earnings before taxes, adjusted for the impact of discrete quarterly items.

The provision for income taxes was \$16.0 million and \$15.5 million for the three months ended June 30, 2020 and 2019, respectively, and the effective tax rate was 15.6% and 19.4%, respectively. The provision for income taxes was \$31.0 million and \$31.6 million for the six months ended June 30, 2020 and 2019, respectively, and the effective tax rate was 16.4% and 21.1%, respectively.

### Note 17: Commitments and Contingencies

From time to time, we are involved in product liability matters and other legal proceedings and claims generally incidental to our normal business activities. We accrue for loss contingencies when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. While the outcome of current proceedings cannot be accurately predicted, we believe their ultimate resolution should not have a material adverse effect on our business, financial condition, results of operations or liquidity.

There have been no significant changes to the commitments and contingencies included in our [2019 Annual Report](#).

### Note 18: Segment Information

Our business operations are organized into two reportable segments, Proprietary Products and Contract-Manufactured Products. Our Proprietary Products reportable segment offers proprietary packaging, containment and drug delivery products, along with analytical lab and other services, to biologic, generic and pharmaceutical drug customers. Our Contract-Manufactured Products reportable segment serves as a fully integrated business, focused on the design, manufacture, and automated assembly of complex devices, primarily for pharmaceutical, diagnostic, and medical device customers.

The Chief Operating Decision Maker (“CODM”) evaluates the performance of our segments based upon, among other things, segment net sales and operating profit. Segment operating profit excludes general corporate costs, which include executive and director compensation, stock-based compensation, adjustments to annual incentive plan expense for over- or under-attainment of targets, certain pension and other retirement benefit costs, and other corporate facilities and administrative expenses not allocated to the segments. Also excluded are items that the CODM considers not representative of ongoing operations. Such items are referred to as other unallocated items and generally include restructuring and related charges, certain asset impairments and other specifically-identified income or expense items.

The following table presents information about our reportable segments, reconciled to consolidated totals:

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Net sales:</b>				
Proprietary Products	\$ 399.5	\$ 360.3	\$ 773.0	\$ 700.7
Contract-Manufactured Products	127.8	109.4	245.9	212.5
Intersegment sales elimination	(0.1)	—	(0.2)	—
<b>Consolidated net sales</b>	<b>\$ 527.2</b>	<b>\$ 469.7</b>	<b>\$ 1,018.7</b>	<b>\$ 913.2</b>
<b>Operating profit (loss):</b>				
Proprietary Products	\$ 112.2	\$ 88.8	\$ 205.4	\$ 165.8
Contract-Manufactured Products	20.5	11.4	33.3	21.9
Corporate	(26.7)	(18.3)	(44.7)	(34.5)
Other unallocated items	(2.4)	(1.4)	(2.4)	(2.0)
<b>Total operating profit</b>	<b>\$ 103.6</b>	<b>\$ 80.5</b>	<b>\$ 191.6</b>	<b>\$ 151.2</b>
Interest expense	2.0	2.0	4.0	4.3
Interest income	(0.2)	(0.6)	(1.0)	(1.5)
Other nonoperating (income) expense	(0.2)	(0.5)	0.1	(1.1)
<b>Income before income taxes</b>	<b>\$ 102.0</b>	<b>\$ 79.6</b>	<b>\$ 188.5</b>	<b>\$ 149.5</b>

The intersegment sales elimination, which is required for the presentation of consolidated net sales, represents the elimination of components sold between our segments.

Other unallocated items during the three and six months ended June 30, 2020 consisted of \$2.2 million in severance related costs and \$0.2 million of amortization expense associated with an acquisition of an intangible asset during the second quarter of 2020.

Other unallocated items during the three and six months ended June 30, 2019 consisted of \$1.4 million and \$2.0 million, respectively, in restructuring and related charges. Please refer to Note 15, [Other Expense \(Income\)](#), for further discussion of these items.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### OVERVIEW

The following discussion is intended to further the reader's understanding of the consolidated financial condition and results of operations of our Company. It should be read in conjunction with our condensed consolidated financial statements and accompanying notes elsewhere in this Quarterly Report on Form 10-Q ("Form 10-Q") as well as Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and accompanying notes included in our 2019 Annual Report. Our historical financial statements may not be indicative of our future performance. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks discussed in Part I, Item 1A of our 2019 Annual Report and in Part II, Item 1A of this Form 10-Q.

Throughout this section, references to “Notes” refer to the notes to our condensed consolidated financial statements (unaudited) in Part I, Item 1 of this Form 10-Q, unless otherwise indicated.

### **Non-U.S. GAAP Financial Measures**

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 translate the current-period reported sales of subsidiaries whose functional currency is other than USD 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, the impact from acquisitions and/or divestitures, and 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.

### **Our Operations**

We are a leading global manufacturer in the design and production of technologically advanced, high-quality, integrated containment and delivery systems for injectable drugs and healthcare products. Our products include a variety of primary packaging, containment solutions, reconstitution and transfer systems, and drug delivery systems, as well as contract manufacturing, analytical lab and other services and integrated solutions. Our customers include the leading biologic, generic, pharmaceutical, diagnostic, and additional medical device companies in the world. Our top priority is delivering quality products that meet the exact product specifications and quality standards customers require and expect. This focus on quality includes excellence in manufacturing, scientific and technical expertise and management, and enables us to partner with our customers in order to deliver safe, effective drug products to patients quickly and efficiently. The Company was incorporated under the laws of the Commonwealth of Pennsylvania on July 27, 1923.

Our business operations are organized into two reportable segments, Proprietary Products and Contract-Manufactured Products. Our Proprietary Products reportable segment offers proprietary packaging, containment and drug delivery products, along with analytical lab services and integrated solutions, primarily to biologic, generic and pharmaceutical drug customers. Our Contract-Manufactured Products reportable segment serves as a fully integrated business, focused on the design, manufacture, and automated assembly of complex devices, primarily for pharmaceutical, diagnostic, and medical device customers. We also maintain partnerships to share technologies and market products with affiliates in Japan and Mexico.

### **Impact of COVID-19**

West has been actively monitoring the COVID-19 situation and its impact globally. Our primary objectives have remained the same throughout the pandemic: to support the safety of our team members and their families and continue to support patients around the world. Our production facilities continued to operate during the year as they had prior to the COVID-19 pandemic with very little change, other than for enhanced safety measures intended to prevent the spread of the virus. Our capital and financial resources, including overall liquidity, remain strong. The remote working arrangements and travel restrictions imposed by various governments had limited impact on our ability to maintain operations during the year, as our manufacturing operations have generally been exempted from stay-at-home orders. However, we cannot predict the impact of the progression of the COVID-19 pandemic on future results due to a variety of factors, including the continued good health of our employees, the ability of suppliers to continue to operate and deliver, the ability of West and its customers to maintain operations, continued access to transportation resources, the changing needs and priorities of customers, any further government and/or public actions taken in response to the pandemic and ultimately the length of the pandemic. We will continue to closely monitor the COVID-19 pandemic in order to ensure the safety of our people and our ability to serve our customers and patients worldwide.

## 2020 Financial Performance Summary

Consolidated net sales increased by \$57.5 million, or 12.2%, for the three months ended June 30, 2020, as compared to the same period in 2019. Excluding foreign currency translation effects, consolidated net sales for the three months ended June 30, 2020 increased by \$67.1 million, or 14.3%, as compared to the same period in 2019. The increase in net sales was primarily driven by the performance of our Proprietary Products segment, which delivered 13.3% organic growth compared to the same period in 2019. Contributing to this increase in sales were volumes related to COVID-19 antiviral treatments and treatment of underlying COVID-19 symptoms.

Consolidated net sales increased by \$105.5 million, or 11.6%, for the six months ended June 30, 2020, as compared to the same period in 2019. Excluding foreign currency translation effects as well as incremental sales of \$1.2 million from our 2019 acquisition, consolidated net sales for the six months ended June 30, 2020 increased by \$123.7 million, or 13.5%, as compared to the same period in 2019. The increase in net sales was primarily driven by the performance of our Proprietary Products segment, which delivered 12.6% organic growth compared to the same period in 2019. Contributing to this increase in sales were volumes related to COVID-19 antiviral treatments and treatment of underlying COVID-19 symptoms.

Net income for the three months ended June 30, 2020 was \$91.2 million, or \$1.21 per diluted share, as compared to \$66.1 million, or \$0.88 per diluted share, for the same period in 2019. Net income improvement of \$25.1 million was largely driven by the \$23.4 million improvement in our operating profit from growth in our Proprietary Products segment. Additionally, our results include a tax benefit of \$6.9 million, or \$0.09 per diluted share, associated with stock-based compensation compared to a tax benefit of \$3.8 million, or \$0.05 per diluted share, associated with stock-based compensation for the three months ended June 30, 2019.

Net income for the six months ended June 30, 2020 was \$165.5 million, or \$2.19 per diluted share, as compared to \$121.5 million, or \$1.61 per diluted share, for the same period in 2019. Net income improvement of \$44.0 million was largely driven by the \$39.6 million improvement in our operating profit from growth in our Proprietary Products segment. Additionally, our results include a tax benefit of \$12.0 million, or \$0.16 per diluted share, associated with stock-based compensation compared to a tax benefit of \$5.2 million, or \$0.07 per diluted share, associated with stock-based compensation for the six months ended June 30, 2019.

## RESULTS OF OPERATIONS

We evaluate the performance of our segments based upon, among other things, segment net sales and operating profit. Segment operating profit excludes general corporate costs, which include executive and director compensation, stock-based compensation, adjustments to annual incentive plan expense for over- or under-attainment of targets, certain pension and other retirement benefit costs, and other corporate facilities and administrative expenses not allocated to the segments. Also excluded are items that we consider not representative of ongoing operations. Such items are referred to as other unallocated items and generally include restructuring and related charges, certain asset impairments and other specifically-identified income or expense items.

Percentages in the following tables and throughout the *Results of Operations* section may reflect rounding adjustments.

## Net Sales

The following table presents net sales, consolidated and by reportable segment, for the three months ended June 30, 2020 and 2019:

(\$ in millions)	Three Months Ended June 30,		Percentage Change	
	2020	2019	As-Reported	Organic
Proprietary Products	\$ 399.5	\$ 360.3	10.9 %	13.3 %
Contract-Manufactured Products	127.8	109.4	16.8 %	17.8 %
Intersegment sales elimination	(0.1)	—	—	—
Consolidated net sales	\$ 527.2	\$ 469.7	12.2 %	14.3 %

Consolidated net sales increased by \$57.5 million, or 12.2%, for the three months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$9.6 million. Excluding foreign currency translation effects, consolidated net sales for the three months ended June 30, 2020 increased by \$67.1 million, or 14.3%, as compared to the same period in 2019.

**Proprietary Products** – Proprietary Products net sales increased by \$39.2 million, or 10.9%, for the three months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$8.6 million. Excluding foreign currency translation effects, net sales for the three months ended June 30, 2020 increased by \$47.8 million, or 13.3%, as compared to the same period in 2019, primarily due to growth in our high-value product offerings, including our Westar<sup>®</sup> components, Daikyo<sup>®</sup> components, and FluroTec<sup>®</sup>-coated components, Daikyo Crystal Zenith<sup>®</sup> products and our self-injection delivery platforms, which included approximately \$19 million in COVID-19 related activity for antiviral treatments and treatment of underlying COVID-19 symptoms.

**Contract-Manufactured Products** – Contract-Manufactured Products net sales increased by \$18.4 million, or 16.8%, for the three months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$1.0 million. Excluding foreign currency translation effects, net sales for the three months ended June 30, 2020 increased by \$19.5 million, or 17.8%, as compared to the same period in 2019, due to an increase in the sale of healthcare-related injection and diagnostic devices.

The intersegment sales elimination, which is required for the presentation of consolidated net sales, represents the elimination of components sold between our segments.

The following table presents net sales, consolidated and by reportable segment, for the six months ended June 30, 2020 and 2019:

(\$ in millions)	Six Months Ended June 30,		Percentage Change	
	2020	2019	As-Reported	Organic
Proprietary Products	\$ 773.0	\$ 700.7	10.3 %	12.6 %
Contract-Manufactured Products	245.9	212.5	15.7 %	16.9 %
Intersegment sales elimination	(0.2)	—	—	—
Consolidated net sales	\$ 1,018.7	\$ 913.2	11.6 %	13.5 %

Consolidated net sales increased by \$105.5 million, or 11.6%, for the six months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$19.4 million. Excluding foreign currency translation effects, as well as incremental sales of \$1.2 million from our 2019 acquisition, consolidated net sales for the six months ended June 30, 2020 increased by \$123.7 million, or 13.5%, as compared to the same period in 2019.

**Proprietary Products** – Proprietary Products net sales increased by \$72.3 million, or 10.3%, for the six months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$17.0 million. Excluding foreign currency translation effects, as well as incremental sales of \$1.2 million from our 2019 acquisition, net sales for the six months ended June 30, 2020 increased by \$88.1 million, or 12.6%, as compared to the same period in 2019, primarily due to growth in our high-value product offerings, including our ready-to-use seals, stoppers, and plungers, as well as NovaPure, Westar and FluroTec-coated components and our CZ products, which included approximately \$19 million in COVID-19 related activity for antiviral treatments and treatment of underlying COVID-19 symptoms.

**Contract-Manufactured Products** – Contract-Manufactured Products net sales increased by \$33.4 million, or 15.7%, for the six months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$2.4 million. Excluding foreign currency translation effects, net sales for the six months ended June 30, 2020 increased by \$35.9 million, or 16.9%, as compared to the same period in 2019, due to an increase in the sale of healthcare-related injection and diagnostic devices.

### Gross Profit

The following table presents gross profit and related gross profit margins, consolidated and by reportable segment:

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Proprietary Products:</b>				
Gross profit	\$ 170.8	\$ 142.2	\$ 320.9	\$ 274.5
Gross profit margin	42.8 %	39.5 %	41.5 %	39.2 %
<b>Contract-Manufactured Products:</b>				
Gross profit	\$ 24.3	\$ 15.7	\$ 41.2	\$ 30.2
Gross profit margin	19.0 %	14.3 %	16.8 %	14.2 %
<b>Consolidated gross profit</b>	<b>\$ 195.1</b>	<b>\$ 157.9</b>	<b>\$ 362.1</b>	<b>\$ 304.7</b>
<b>Consolidated gross profit margin</b>	<b>37.0 %</b>	<b>33.6 %</b>	<b>35.5 %</b>	<b>33.4 %</b>

Consolidated gross profit increased by \$37.2 million, or 23.6%, for the three months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$3.3 million for the three months ended June 30, 2020, as compared to the same period in 2019. Consolidated gross profit margin increased by 3.4 margin points for the three months ended June 30, 2020, as compared to the same period in 2019.

Consolidated gross profit margin increased by \$57.4 million, or 18.8% for the six months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$6.7 million for the six months ended June 30, 2020, as compared to the same period in 2019. Consolidated gross profit margin increased by 2.1 margin points for the six months ended June 30, 2020, as compared to the same period in 2019.

**Proprietary Products** - Proprietary Products gross profit increased by \$28.6 million, or 20.1%, for the three months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$3.1 million. Proprietary Products gross profit margin increased by 3.3 margin points for the three months

ended June 30, 2020, as compared to the same periods in 2019, due to a favorable mix of products sold, sales price increases and production efficiencies, partially offset by increased overhead costs including compensation costs.

Proprietary Products gross profit increased by \$46.4 million, or 16.9%, for the six months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$6.3 million. Proprietary Products gross profit margin increased by 2.3 margin points for the six months ended June 30, 2020, as compared to the same period in 2019, due to favorable mix of products sold, sales price increases and production efficiencies, partially offset by increased overhead costs including compensation costs.

**Contract-Manufactured Products** - Contract-Manufactured Products gross profit increased by \$8.6 million, or 54.8%, for the three months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$0.2 million. Contract-Manufactured Products gross profit margin increased by 4.7 margin points for the three months ended June 30, 2020, as compared to the same period in 2019, due to a favorable mix of products sold and production efficiencies, partially offset by increased overhead costs including compensation costs.

Contract-Manufactured Products gross profit increased by \$11.0 million, or 36.4%, for the six months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$0.4 million. Contract-Manufactured Products gross profit margin increased by 2.6 margin points for the six months ended June 30, 2020, as compared to the same period in 2019, due to a favorable mix of products sold and production efficiencies, partially offset by increased overhead costs including compensation costs.

### Research and Development (“R&D”) Costs

The following table presents R&D costs, consolidated and by reportable segment:

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Proprietary Products	\$ 10.8	\$ 9.6	\$ 21.5	\$ 19.4
Contract-Manufactured Products	—	—	—	—
Consolidated R&D costs	\$ 10.8	\$ 9.6	\$ 21.5	\$ 19.4

Consolidated R&D costs increased by \$1.2 million, or 12.5%, and \$2.1 million, or 10.8% for the three and six months ended June 30, 2020, respectively, as compared to the same period in 2019. Efforts remain focused on the continued investment in self-injection systems development, fluid transfer admixture devices, elastomeric packaging components, and formulation development.

All of the R&D costs incurred during the three and six months ended June 30, 2020 related to Proprietary Products.

## Selling, General and Administrative (“SG&A”) Costs

The following table presents SG&A costs, consolidated and by reportable segment and corporate:

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Proprietary Products	\$ 44.2	\$ 47.2	\$ 94.1	\$ 96.0
Contract-Manufactured Products	3.7	4.4	7.7	8.4
Corporate	29.8	18.7	47.7	34.5
Consolidated SG&A costs	\$ 77.7	\$ 70.3	\$ 149.5	\$ 138.9
<i>SG&amp;A as a % of net sales</i>	<i>14.7 %</i>	<i>15.0 %</i>	<i>14.7 %</i>	<i>15.2 %</i>

Consolidated SG&A costs increased by \$7.4 million, or 10.5%, for the three months ended June 30, 2020, respectively, as compared to the same period in 2019, due to an increase in compensation costs, partially offset by incremental costs incurred in 2019 associated with our voluntary recall and a favorable foreign currency translation impact of \$0.8 million.

Consolidated SG&A costs increased by \$10.6 million, or 7.6%, for the six months ended June 30, 2020, respectively, as compared to the same period in 2019, due to an increase in compensation costs, partially offset by incremental cost incurred in 2019 associated with our voluntary recall and a favorable foreign currency translation impact of \$1.6 million.

**Proprietary Products** - Proprietary Products SG&A costs decreased by \$3.0 million, or 6.4%, for the three months ended June 30, 2020, respectively, as compared to the same period in 2019. Proprietary Products SG&A costs decreased primarily due to incremental costs incurred in 2019 associated with our voluntary recall, reduction in costs relating to professional services, and a favorable foreign currency translation impact of \$0.8 million, partially offset by an increase in compensation costs.

Proprietary Products SG&A costs decreased by \$1.9 million, or 2.0%, for the six months ended June 30, 2020, respectively, as compared to the same period in 2019. Proprietary Products SG&A costs decreased primarily due to incremental costs incurred in 2019 associated with our voluntary recall and favorable foreign currency translation impact of \$1.6 million, partially offset by an increase in compensation costs.

**Contract-Manufactured Products** - Contract-Manufactured Products SG&A costs decreased by \$0.7 million, or 15.9% for the three months ended June 30, 2020, as compared to the same period in 2019. Contract-Manufactured Products SG&A costs decreased primarily due to a reduction in compensation costs.

Contract-Manufactured Products SG&A costs decreased by \$0.7 million, or 8.3% for the six months ended June 30, 2020, as compared to the same period in 2019. Contract-Manufactured Products SG&A costs decreased primarily due to a reduction in compensation costs.

**Corporate** - Corporate SG&A costs increased by \$11.1 million, or 59.4%, for the three months ended June 30, 2020, respectively, as compared to the same period in 2019, primarily due to an increase in stock-based compensation costs.

Corporate SG&A costs increased by \$13.2 million, or 38.3%, for the six months ended June 30, 2020, respectively, as compared to the same period in 2019, primarily due to an increase in stock-based compensation costs.



## Other Expense (Income)

The following table presents other income and expense items, consolidated and by reportable segment, corporate and unallocated items:

Expense (Income) (\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Proprietary Products	\$ 3.6	\$ (3.4)	\$ (0.1)	\$ (6.7)
Contract-Manufactured Products	0.1	(0.1)	0.2	(0.1)
Corporate	(0.7)	(0.4)	(0.6)	—
Unallocated items	—	1.4	—	2.0
Consolidated other expense (income)	\$ 3.0	\$ (2.5)	\$ (0.5)	\$ (4.8)

Other income and expense items, consisting of foreign exchange transaction gains and losses, gains and losses on the sale of fixed assets, development and licensing income, contingent consideration, fixed asset impairments and miscellaneous income and charges, are generally recorded within segment results.

Consolidated other expense (income) changed by \$5.5 million or 220.0% for the three months ended June 30, 2020, respectively, as compared to the same period in 2019, due to an increase in the fixed asset impairments recorded within the Propriety Products segment and a reduction in the foreign exchange gain recognized.

Consolidated other expense (income) changed by \$4.3 million or 89.6% for the six months ended June 30, 2020, respectively, as compared to the same period in 2019, due to an increase in the fixed asset impairments recorded within the Propriety Products segment and a reduction in the foreign exchange gain recognized.

## Operating Profit

The following table presents adjusted operating profit, consolidated and by reportable segment, corporate and unallocated items:

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Proprietary Products	\$ 112.2	\$ 88.8	\$ 205.4	\$ 165.8
Contract-Manufactured Products	20.5	11.4	33.3	21.9
Corporate	(26.7)	(18.3)	(44.7)	(34.5)
Adjusted consolidated operating profit	\$ 106.0	\$ 81.9	\$ 194.0	\$ 153.2
Adjusted consolidated operating profit margin	20.1 %	17.4 %	19.0 %	16.8 %
Unallocated items	(2.4)	(1.4)	(2.4)	(2.0)
Consolidated operating profit	\$ 103.6	\$ 80.5	\$ 191.6	\$ 151.2
Consolidated operating profit margin	19.7 %	17.1 %	18.8 %	16.6 %

Consolidated operating profit increased by \$23.1 million, or 28.7%, for the three months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$2.5 million for the three months ended June 30, 2020, as compared to the same period in 2019.

Consolidated operating profit increased by \$40.4 million, or 26.7%, for the six months ended June 30, 2020, respectively, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$5.1 million for the six months ended June 30, 2020, as compared to the same period in 2019.

**Proprietary Products** - Proprietary Products operating profit increased by \$23.4 million, or 26.4%, for the three months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$2.3 million, due to the factors described above.

Proprietary Products operating profit increased by \$39.6 million, or 23.9%, for the six months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$4.7 million, due to the factors described above.

**Contract-Manufactured Products** - Contract-Manufactured Products operating profit increased by \$9.1 million, or 79.8%, for the three months ended June 30, 2020, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$0.2 million, due to the factors described above.

Contract-Manufactured Products operating profit increased by \$11.4 million, or 52.1%, for the six months ended June 30, 2020, respectively, as compared to the same period in 2019, including an unfavorable foreign currency translation impact of \$0.4 million, due to the factors described above.

**Corporate**- Corporate costs increased by \$8.4 million, or 45.9%, for the three months ended June 30, 2020, as compared to the same period in 2019, due to the factors described above.

Corporate costs increased by \$10.2 million, or 29.6%, for the six months ended June 30, 2020, respectively, as compared to the same period in 2019, due to the factors described above.

**Unallocated items** – Other unallocated items during the three and six months ended June 30, 2020 consisted of \$2.2 million in severance related costs and \$0.2 million of amortization expense associated with an acquisition of an intangible asset during the second quarter of 2020.

Other unallocated items during the three and six months ended June 30, 2019 consisted of \$1.4 million and \$2.0 million, respectively, in restructuring and related charges. Please refer to Note 15, [Other Expense \(Income\)](#), for further discussion of these items.

#### Interest Expense, Net

The following table presents interest expense, net, by significant component:

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Interest expense	\$ 2.3	\$ 2.3	\$ 4.7	\$ 4.8
Capitalized interest	(0.3)	(0.3)	(0.7)	(0.5)
Interest income	(0.2)	(0.6)	(1.0)	(1.5)
Interest expense, net	\$ 1.8	\$ 1.4	\$ 3.0	\$ 2.8

Interest expense, net, increased by \$0.4 million, or 28.6%, for the three months ended June 30, 2020, respectively, as compared to the same periods in 2019, primarily due to a decrease in interest income during the three months ended June 30, 2020.

Interest expense, net, increased by \$0.2 million, or 7.1%, for the six months ended June 30, 2020, respectively, as compared to the same periods in 2019, primarily due to a decrease in interest income during the six months ended June 30, 2020.

### Other Nonoperating (Income) Expense

Other nonoperating (income) expense changed by \$0.3 million or 60.0% for the three months ended June 30, 2020, as compared to the same period in 2019, primarily due to a \$0.9 million pension settlement charge, as we determined that normal-course lump-sum payments for our U.S. qualified defined benefit pension plan exceeded the threshold for settlement accounting under U.S. GAAP for the year, partially offset by a decrease in U.S. pension interest cost.

Other nonoperating (income) expense changed by \$1.2 million or 109.1% for the six months ended June 30, 2020, as compared to the same period in 2019, primarily due to a \$2.3 million pension settlement charge, as we determined that normal-course lump-sum payments for our U.S. qualified defined benefit pension plan exceeded the threshold for settlement accounting under U.S. GAAP for the year, partially offset by a decrease in U.S. pension interest cost.

### Income Tax Expense

The provision for income taxes was \$16.0 million and \$15.5 million for the three months ended June 30, 2020 and 2019, respectively, and the effective tax rate was 15.6% and 19.4%, respectively. The decrease in the effective tax rate is primarily due to an increase in stock-based compensation deductions for the three months ended June 30, 2020 as compared to the same period in 2019.

The provision for income taxes was \$31.0 million and \$31.6 million for the six months ended June 30, 2020 and 2019, respectively, and the effective tax rate was 16.4% and 21.1%, respectively. The decrease in the effective tax rate is primarily due to an increase in stock-based compensation deductions for the six months ended June 30, 2020 as compared to the same period in 2019.

### Equity in Net Income of Affiliated Companies

Equity in net income of affiliated companies represents the contribution to earnings from our 25% ownership interest in Daikyo, which increased to 49% during the fourth quarter of 2019, and our 49% ownership interest in five companies majority-owned by a long-time partner located in Mexico. Please refer to Note 7, [Affiliated Companies](#), for further discussion. Equity in net income of affiliated companies increased by \$3.2 million for the three months ended June 30, 2020, as compared to the same period in 2019, due to favorable operating results at Daikyo and the Mexico affiliates, partially offset by amortization expense related to our increase in ownership interest in Daikyo of \$1.0 million.

Equity in net income of affiliated companies increased by \$4.4 million for the six months ended June 30, 2020, as compared to the same period in 2019, due to favorable operating results at Daikyo and the Mexico affiliates, partially offset by amortization expense related to our increase in ownership interest in Daikyo of \$2.0 million.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

### Cash Flows

The following table presents cash flow data for the six months ended June 30:

(\$ in millions)	2020	2019
Net cash provided by operating activities	\$ 205.2	\$ 152.7
Net cash used in investing activities	\$ (72.8)	\$ (75.8)
Net cash used in financing activities	\$ (121.2)	\$ (87.4)

**Net Cash Provided by Operating Activities** – Net cash provided by operating activities increased by \$52.5 million for the six months ended June 30, 2020, as compared to the same period in 2019, primarily due to improved operating results.

**Net Cash Used in Investing Activities** – Net cash used in investing activities decreased by \$3.0 million for the six months ended June 30, 2020, as compared to the same period in 2019, due to the business acquisition in 2019, offset by the increase in capital expenditures in 2020.

**Net Cash Used in Financing Activities** – Net cash used in financing activities increased by \$33.8 million for the six months ended June 30, 2020, as compared to the same period in 2019, primarily due to increases in purchases under our share repurchases programs.

### Liquidity and Capital Resources

The table below presents selected liquidity and capital measures:

(\$ in millions)	June 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 445.9	\$ 439.1
Accounts receivable, net	\$ 340.6	\$ 319.3
Inventories	\$ 274.8	\$ 235.7
Accounts payable	\$ 162.3	\$ 156.8
Debt	\$ 256.2	\$ 257.3
Equity	\$ 1,606.3	\$ 1,573.2
Working capital	\$ 735.4	\$ 717.1

Cash and cash equivalents include all instruments that have maturities of ninety days or less when purchased. Working capital is defined as current assets less current liabilities.

**Cash and cash equivalents** – Our cash and cash equivalents balance at June 30, 2020 consisted of cash held in depository accounts with banks around the world and cash invested in high-quality, short-term investments. The cash and cash equivalents balance at June 30, 2020 included \$161.2 million of cash held by subsidiaries within the U.S., and \$284.7 million of cash held by subsidiaries outside of the U.S. During the six months ended June 30, 2020, we purchased 761,500 shares of our common stock under our calendar-year 2020 share repurchase program at a cost of \$115.5 million, or an average price of \$151.65 per share.

**Working capital** – Working capital at June 30, 2020 increased by \$18.3 million, or 2.6%, as compared to December 31, 2019, offset by a decrease of \$27.2 million due to foreign currency translation. Excluding the impact of currency exchange rates, cash and cash equivalents, accounts receivable, inventories and total current liabilities increased by \$11.2 million, \$24.2 million, \$41.5 million and \$33.3 million, respectively. The increase in accounts receivable was due to increased sales activity. The increase in inventories that occurred in the period was to ensure we have sufficient inventory on hand to support the needs of our customers. The increase in total current liabilities was primarily due to an increase in income taxes payable.

**Debt and credit facilities** – The \$1.1 million decrease in total debt at June 30, 2020, as compared to December 31, 2019, resulted from debt repayments under our Term Loan.

Our sources of liquidity include our Credit Facility. At June 30, 2020, we had no outstanding borrowings under the Credit Facility. At June 30, 2020, the borrowing capacity available under the Credit Facility, including outstanding

letters of credit of \$2.5 million, was \$297.5 million. We do not expect any significant limitations on our ability to access this source of funds.

Pursuant to the financial covenants in our debt agreements, we are required to maintain established interest coverage ratios and to not exceed established leverage ratios. In addition, the agreements contain other customary covenants, none of which we consider restrictive to our operations. At June 30, 2020, we were in compliance with all of our debt covenants.

We believe that cash on hand and cash generated from operations, together with availability under our Credit Facility, will be adequate to address our foreseeable liquidity needs based on our current expectations of our business operations, capital expenditures and scheduled payments of debt obligations.

### **Commitments and Contractual Obligations**

A table summarizing the amounts and estimated timing of future cash payments resulting from commitments and contractual obligations was provided in our 2019 Annual Report. During the three months ended June 30, 2020, there were no material changes outside of the ordinary course of business to our commitments and contractual obligations.

### **OFF-BALANCE SHEET ARRANGEMENTS**

At June 30, 2020, we had no off-balance sheet financing arrangements other than unconditional purchase obligations incurred in the ordinary course of business and outstanding letters of credit related to various insurance programs, as noted in our 2019 Annual Report.

### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

There have been no changes to the Critical Accounting Policies and Estimates disclosed in Part II, Item 7 of our 2019 Annual Report.

### **NEW ACCOUNTING STANDARDS**

For information on new accounting standards that were adopted, and those issued but not yet adopted, during the three months ended June 30, 2020, and the impact, if any, on our financial position or results of operations, see Note 2, *New Accounting Standards*.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Our disclosure and analysis in this Form 10-Q contains some forward-looking statements that are based on management's beliefs and assumptions, current expectations, estimates and forecasts. We also provide forward-looking statements in other materials we release to the public, as well as oral forward-looking statements. Such statements provide our current expectations or forecasts of future events. They do not relate strictly to historical or current facts. We have attempted, wherever possible, to identify forward-looking statements by using words such as "plan," "expect," "believe," "intend," "will," "estimate," "continue" and other words of similar meaning in conjunction with, among other things, discussions of future operations and financial performance, as well as our strategy for growth, product development, market position and expenditures. All statements that address operating performance or events or developments that we expect or anticipate will occur in the future - including statements relating to sales and earnings per share growth, cash flows or uses, and statements expressing views about future operating results - are forward-looking statements.

Forward-looking statements are based on current expectations of future events. The forward-looking statements are, and will be, based on management's then-current views and assumptions regarding future events and operating performance, and speak only as of their dates. Investors should realize that, if underlying assumptions prove

inaccurate or unknown risks or uncertainties materialize, actual results could vary materially from our expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements.

The following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements:

- sales demand and our ability to meet that demand;
- competition from other providers in our businesses, including customers' in-house operations, and from lower-cost producers in emerging markets, which can impact unit volume, price and profitability;
- customers' changing inventory requirements and manufacturing plans that alter existing orders or ordering patterns for the products we supply to them;
- interruptions or weaknesses in our supply chain, including from reasons beyond our control such as extreme weather, longer-term climate changes, natural disasters, pandemic, war, accidental damage, or unauthorized access to our or our customers' information and systems, which could cause delivery delays or restrict the availability of raw materials, key purchased components and finished products;
- the timing, regulatory approval and commercial success of customer products that incorporate our products and systems;
- whether customers agree to incorporate our products and delivery systems with their new and existing drug products, the ultimate timing and successful commercialization of those products and systems, which involves substantial evaluations of the functional, operational, clinical and economic viability of our products, and the rate, timing and success of regulatory approval for the drug products that incorporate our components and systems;
- the timely and adequate availability of filling capacity, which is essential to conducting definitive stability trials and the timing of first commercialization of customers' products in Crystal Zenith prefilled syringes;
- average profitability, or mix, of the products sold in any reporting period, including lower-than-expected sales growth of our high-value proprietary product offerings;
- maintaining or improving production efficiencies and overhead absorption;
- dependence on third-party suppliers and partners, some of which are single-source suppliers of critical materials and products, including our Japanese partner and affiliate, Daikyo;
- the loss of key personnel or highly-skilled employees;
- the availability and cost of skilled employees required to meet increased production, managerial, research and other needs, including professional employees and persons employed under collective bargaining agreements;
- the successful and timely implementation of price increases necessary to offset rising production costs, including raw material prices, particularly petroleum-based raw materials;
- the cost and progress of development, regulatory approval and marketing of new products;
- our ability to obtain and maintain licenses in any jurisdiction in which we do business;
- the relative strength of USD in relation to other currencies, particularly the Euro, SGD, the Danish Krone, Yen, Colombian Peso, Brazilian Real, and the South Korean Won; and
- the potential adverse effects of global healthcare legislation on customer demand, product pricing and profitability.

This list sets forth many, but not all, of the factors that could affect our ability to achieve results described in any forward-looking statements. Investors should understand that it is not possible to predict or identify all of the factors and should not consider this list to be a complete statement of all potential risks and uncertainties. For further discussion of these and other factors, see the risk factors disclosed in Part I, Item 1A of our 2019 Annual Report. Except as required by law or regulation, we do not intend to update any forward-looking statements.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in our exposure to market risk or the information provided in Part II, Item 7A of our 2019 Annual Report.

### **ITEM 4. CONTROLS AND PROCEDURES**

Disclosure controls are controls and procedures designed to reasonably ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this quarterly report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Our disclosure controls include some, but not all, components of our internal control over financial reporting.

#### **Evaluation of Disclosure Controls and Procedures**

An evaluation was performed under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934), as of the end of the period covered by this quarterly report on Form 10-Q. Based on this evaluation, our CEO and CFO have concluded that, as of June 30, 2020, our disclosure controls and procedures are effective.

#### **Changes in Internal Controls**

During the quarter ended June 30, 2020, there have been no changes to our internal control over financial reporting 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**

None.

### **ITEM 1A. RISK FACTORS**

We are providing the disclosure below and supplementing the risk factors described in Part I, Item 1A of our 2019 Annual Report with the following risk factor. The additional risk factor identified should be read in conjunction with the risk factors described in the 2019 Annual Report and the information under the "Forward Looking Statements" in the 2019 Annual Report.

***Our results of operations and financial condition may be adversely affected by the novel coronavirus (COVID-19) pandemic and other public health epidemics.***

Our results of operations and financial condition may be adversely affected if the progression of the COVID-19 pandemic interferes with our ability, or that of our employees, contractors, suppliers, customers and other business partners, to carry out and deliver on business obligations.

COVID-19 may have an adverse effect on our operations, supply chains and distribution systems. Known potential impacts are illness in our workforce as well as a reduction in access to raw materials for production and access to transportation of product. There could be other unknown and unforeseeable impacts. These impacts may also increase our expenses, including costs associated with preventive and precautionary measures that we, companies with which we conduct business and governments are taking. Government measures include actions that restrict or prohibit travel, which in turn may impact our operations by limiting our employees' ability to come to work, or the employees of companies upon which our supply chain depends. The impacts of the pandemic and the aforesaid measures taken by other companies and governments may cause us to experience significant and unpredictable reductions or increases in demand for certain of our products. This is especially possible in the event customers re-prioritize their needs due to the changing environment.

Despite our efforts to manage these COVID-19 related risks, their ultimate impact on the Company will be determined by factors beyond our knowledge or control, including the duration of COVID-19 and further actions taken to control its spread and mitigate its public health effects.

## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

During the three months ended June 30, 2020, there were no purchases of our common stock made by us or any of our "affiliated purchasers" as defined in Rule 10b-18(a)(3) under the Exchange Act.

In December 2019, we announced a share repurchase program for calendar-year 2020 authorizing the repurchase of up to 848,000 shares of our common stock from time to time on the open market or in privately-negotiated transactions as permitted under the Securities Exchange Act of 1934 Rule 10b-18. The number of shares repurchased and the timing of such transactions will depend on a variety of factors, including market conditions. There were no shares purchased during the three months ended June 30, 2020. During the six months ended June 30, 2020, we purchased 761,500 shares of our common stock under the program at a cost of \$115.5 million, or an average price of \$151.65 per share.

## **ITEM 6. EXHIBITS**

The list of exhibits in the Exhibit Index to this report is incorporated herein by reference.



**SIGNATURE**

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

WEST PHARMACEUTICAL SERVICES, INC.  
(Registrant)

By: /s/ Bernard J. Birkett  
Bernard J. Birkett  
Senior Vice President and Chief Financial Officer

July 24, 2020

## EXHIBIT INDEX

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
3.1	<a href="#">Our Amended and Restated Articles of Incorporation</a>
3.2	<a href="#">Our Bylaws, as amended through May 5, 2015, are incorporated by reference from our Form 10-Q report for the quarter ended March 31, 2015.</a>
4.1	<a href="#">Form of stock certificate for common stock is incorporated by reference from our annual report on Form 10-K dated May 6, 1999.</a>
4.2	<a href="#">Article 5, 6, 8(c) and 9 of our Amended and Restated Articles of Incorporation</a>
4.3	<a href="#">Article I and V of our Bylaws, as amended through May 5, 2015, are incorporated by reference from our Form 10-Q report for the quarter ended March 31, 2015.</a>
4.4 <sup>(1)</sup>	Instruments defining the rights of holders of long-term debt securities of West and its subsidiaries have been omitted.
31.1	<a href="#">Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.

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<sup>(1)</sup> We agree to furnish to the SEC, upon request, a copy of each instrument with respect to issuances of long-term debt of the Company and its subsidiaries.

\* Furnished, not filed.

**AMENDED AND RESTATED ARTICLES OF INCORPORATION  
OF WEST PHARMACEUTICAL SERVICES, INC.  
(Effective as of May 5, 2020)**

1. The name of the Corporation is West Pharmaceutical Services, Inc.
2. The location and post office address of the Corporation's registered office in Pennsylvania is c/o Corporation Service Company, 2595 Interstate Drive, Suite 103, Harrisburg, PA 17110.
3. The Corporation is incorporated under the Pennsylvania Business Corporation Law and shall have unlimited power to engage in and to do any lawful act concerning any or all lawful business, including manufacturing, processing, research and development, for which corporations may be incorporated under the Pennsylvania Business Corporation Law.
4. The term for which the Corporation is to exist is perpetual.
5. Capital Stock. The aggregate number of shares of capital stock which the Corporation shall have authority to issue is 203,000,000 shares, consisting of (i) 3,000,000 shares of Preferred Stock, par value \$.25 per share ("Preferred Stock") and (ii) 200,000,000 shares of Common Stock, par value \$.25 per share ("Common Stock").

The following is a statement of the designations, preferences qualifications, limitations, restrictions and the special or relative rights granted to or imposed upon the shares of each such class:

Preferred Stock

- (a) Issue in Series. Preferred Stock may be issued from time to time in one or more series, each such series to have the terms stated herein and in the resolution of the board of directors providing for its issue. All shares of any one series of Preferred Stock shall be identical, but shares of different series of Preferred Stock need not rank equally or be identical except insofar as provided by law or hereunder.
- (b) Creation of Series. The board of directors shall have authority by resolution to cause to be created one or more series of Preferred Stock, and to determine and fix with respect to each series, prior to the issuance of any shares of the series to which such resolution relates:
  - (i) The distinctive designation of the series and the number of shares which shall constitute the series, which number may be increased or decreased (but not below the number of shares then outstanding) from time to time by action of the board of directors;
  - (ii) The dividend rate and the times of payment of dividends on the shares of the series, whether dividends shall be cumulative, and, if so, from what date or dates;
  - (iii) The price or prices at which, and the terms and conditions on which, the shares of the series may be redeemed at the option of the Corporation;
  - (iv) Whether or not the shares of the series shall be entitled to the benefit of a retirement or sinking fund to be applied to the purchase or redemption of such shares and, if so entitled, the annual amount of such fund and the terms and provisions relative to the operation thereof;
  - (v) Whether or not the shares of the series shall be convertible into, or exchangeable for, shares of any other series of the same or any other class or classes of stock of the Corporation, and if so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and any adjustments

thereof, if any, at which such conversion or exchange may be made, and any other terms and conditions of such conversion or exchange;

(vi) The rights of the shares of the series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation;

(vii) Whether or not the shares of the series shall have priority over or parity with or be junior to the shares of any other series or class in any respect or shall be entitled to the benefit of limitations restricting the issuance of shares of any other series or class having priority over or being on a parity with the shares of such series in any respect, or restricting the payment of dividends on, or the making of other distributions in respect of shares of any other series or class ranking junior to the shares of the series as to dividends or assets, or restricting the purchase or redemption of the shares of any such junior series or class, and the terms of any such restrictions;

(viii) Whether the series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights; and

(ix) Any other preferences qualifications, privileges and other relative or special rights and limitations of that series.

(c) Dividends. Holders of Preferred Stock shall be entitled to receive, when and as declared by the board of directors, out of funds legally available for the payment thereof, dividends at the rates fixed by the board of directors for the respective series, and no more, before any dividends shall be declared and paid, or set apart for payment, on Common Stock with respect to the same dividend period.

(d) Preference on Liquidation. In the event of the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of each series of Preferred Stock shall be entitled to receive the amount fixed for such series plus, in the case of any series on which dividends shall have been determined by the board of directors to be cumulative, an amount equal to all dividends accumulated and unpaid thereon to the date of final distribution whether or not earned or declared. If the assets of the Corporation are not sufficient to pay such amounts in full, holders of all shares of Preferred Stock shall participate ratably in the distribution of assets in proportion to the full amounts to which they are entitled or in such order or priority, if any, as shall have been fixed in the resolution or resolutions providing for the issuance of the series of Preferred Stock. Neither the merger nor consolidation of the Corporation into or with any other corporation, nor a sale, transfer or lease of all or part of its assets, shall be deemed a liquidation of the Corporation within the meaning of this paragraph.

(e) Redemption. The Corporation at the option of the board of directors may redeem all or part of the shares of any series of Preferred Stock on the terms and conditions fixed for such series. In case of the redemption of less than all outstanding shares of any series of Preferred Stock, the shares to be redeemed shall be selected by lot or in such other manner as the board of directors determines.

(f) Voting Rights. Except as otherwise required by law or as otherwise provided in any certificate creating any series of Preferred Stock, the holders of such of the series of Preferred Stock, if any, as shall have been granted such power pursuant to any certificate creating any series of Preferred Stock shall, together with the holders of Common Stock, exclusively possess voting power in the election of directors and for all other purposes, and the holders of the other series of Preferred Stock shall have no voting power and shall not be entitled to any notice of any meeting of shareholders.

#### Series A Junior Participating Preferred Stock

(a) Designation and Amount. There shall be a series of Preferred Stock designated as "Series A Junior Participating Preferred Stock" and the aggregate number of shares constituting such series shall be 50,000.

(b) Dividends and Distributions.

(i) Subject to the prior and superior rights of the holders of any series of Preferred Stock ranking prior and superior to the shares of Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A Junior Participating Preferred Stock shall be entitled to receive, when, as and if declared by the board of directors out of funds legally available for the purpose, quarterly dividends payable in cash on March 31, June 30, September 30 and December 31 in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$10 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time after January 16, 1990 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(ii) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in paragraph (I) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$10 per share on the Series A Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(iii) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

(c) Voting Rights. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (a) declare any dividend on Common Stock payable in shares of Common Stock, (b) subdivide the outstanding Common Stock, or (c) combine the~ outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the

numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(ii) Except as otherwise provided herein or by law, the holders of shares of Series A Junior Participating Preferred Stock and the holders of shares of common Stock shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(iii) (A) If at any time dividends on any Series A Junior Participating Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Junior Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Junior Participating Preferred Stock) with dividends in arrears in an amount equal to six (6) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) directors.

(B) During any default period, such voting right of the holders of Series A Junior Participating Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (C) of this paragraph (c)(iii) or at any annual meeting of shareholders, and thereafter at annual meetings of shareholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of directors shall be exercised unless the holders of ten percent (10)% in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect directors to fill such vacancies, if any, in the board of directors as may then exist up to two (2) directors or, if such right is exercised at an annual meeting, to elect two (2) directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect directors in any default period and during the continuance of such period, the number of directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Junior Participating Preferred Stock.

(C) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect directors, the board of directors may order, or any shareholder or shareholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the President, a Vice-President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this subparagraph (C) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any shareholder or shareholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this subparagraph (C), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the shareholders.

(D) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of directors until the holders of Preferred Stock shall have exercised their right to elect two (2) directors voting as a class, after the exercise of which right (x) the directors so elected by the holders of Preferred Stock shall continue in office until

their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the board of directors may (except as provided in subparagraph (B) of this paragraph (c)(iii) be filled by vote of a majority of the remaining directors theretofore elected by the holders of the class of stock which elected the director whose office shall have become vacant. References in this subparagraph (D) to directors elected by the holders of a particular class of stock shall include directors elected by such directors to fill vacancies as provided in clause (y) of the preceding sentence.

(E) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect directors shall cease, (y) the term of any directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of directors shall be such number as may be provided for in the Articles of Incorporation or Bylaws irrespective of any increase made pursuant to the provisions of subparagraph (B) of this paragraph (c)(iii) (such number being subject, however, to change thereafter in any manner provided by law or in the Articles of Incorporation or Bylaws). Any vacancies in the board of directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining directors.

(iv) Except as set forth herein, holders of Series A Junior participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

(d) Certain Restrictions

(i) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in paragraph (b) are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not

(A) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock;

(B) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(C) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Junior Participating Preferred Stock; or

(D) purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the board of directors) to all holders of such shares upon such terms as the board of directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(ii) the Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (d)(i), purchase or otherwise acquire such shares at such time and in such manner.

(e) Reacquired Shares. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the board of directors, subject to the conditions and restrictions on issuance set forth herein.

(f) Liquidation, Dissolution or Winding Up.

(i) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received \$10 per share, plus an amount equal to accrued and unpaid dividends any distribution thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (a) the Series A Liquidation Preference by (b) 1,000 (as appropriately adjusted as set forth in paragraph (iii) below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (b), the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Junior participating Preferred Stock and common Stock, respectively, holders of Series A Junior Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Preferred Stock and common Stock, on a per share basis, respectively.

(ii) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Series A Junior Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(iii) In the event the Corporation shall at any time after the Rights Declaration Date (a) declare any dividend on Common Stock payable in shares of Common Stock, (b) subdivide the outstanding Common Stock, or (c) combine the outstanding common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(g) Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then



in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(h) No Redemption. The shares of Series A Junior Participating Preferred Stock shall not be redeemable.

(i) Ranking. The Series A Junior Participating Preferred Stock shall rank junior to all other series of Preferred Stock as to the payment of dividends and the distribution of assets unless the terms of any such series shall provide otherwise.

(j) Amendment. The Articles of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

(k) Fractional Shares. Series A Junior Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

#### Common Stock

(a) Dividends. Holders of Common Stock shall be entitled to receive such dividends as may be declared by the board of directors, except that the Corporation will not declare, pay or set apart for payment any dividend on shares of Common Stock (other than dividends payable in Common Stock), or directly or indirectly make any distribution on, redeem, purchase or otherwise acquire any such shares, if at the time of such action the Corporation is in default with respect to any dividend due and payable on, or any sinking or purchase fund requirement relating to, any shares of Preferred Stock.

(b) Distribution of Assets. In the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of Common Stock shall be entitled to receive pro rate all of the remaining assets of the Corporation available for distribution to its shareholders after all amounts to which the holders of Preferred Stock are entitled have been paid or set aside in cash for payment.

(c) Voting Rights. Except as otherwise required by law or provided in any certificate creating any series of Preferred Stock, the holders of Common Stock shall have the exclusive right to vote in the election of directors and for all other purposes, each such holder being entitled to one vote for each share thereof held.

#### 6. Vote Required for Certain Significant Transactions

(a) Higher Vote for Certain Significant Transactions. In addition to any affirmative vote required by law or these Articles of Incorporation, and except as otherwise expressly provided in paragraph (b) of this Article 6:

(i) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (a) any Related Person (as hereinafter defined), or (b) any other corporation (whether or not itself a Related Person) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of a Related Person; or

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Related Person or any Affiliate of any Related Person of any assets of the Corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) of \$1,000,000 or more; or

(iii) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary to any Related Person or any Affiliate of any Related Person in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of \$1,000,000 or more; or

(iv) the purchase by the Corporation or any Subsidiary (in one transaction or a series of transactions within a two year period) of any outstanding shares of capital stock of the Corporation which entitles the holder thereof to vote generally in the election of directors (the "Voting Stock") in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of \$1,000,000 or more; or

(v) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of a Related Person or any Affiliate of any Related Person; or

(vi) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving a Related Person) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Related Person or any Affiliate of any Related Person;

shall require the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of voting Stock, voting together as a single class. (For purposes of this Article 6, each share of the Voting Stock shall have the number of votes granted to it pursuant to Article 5 of these Articles of Incorporation). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

The term "Significant Transaction" as used in this Article 6 shall mean any transaction which is referred to in any one or more of paragraphs (i) through (vi) of paragraph (a) of this Article 6.

(b) When Higher Vote is Not Required. The provisions of paragraph (a) of this Article 6 shall not be applicable to any particular Significant Transaction, and such Significant Transaction shall require only such action as is required by law, the Bylaws of the Corporation, and any other provision of these Articles of Incorporation, if all of the conditions specified in either of the following paragraphs (i) and (ii) are met:

(i) The Significant Transaction shall have been approved by a majority of the continuing Directors (as hereinafter defined) or

(ii) All of the following conditions shall have been met:

(A) The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Significant Transaction of consideration other than cash to be received per share by holders of Common Stock in such Significant Transaction shall be at least equal to the highest of the following:

(1) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Related Person for any shares of Common Stock acquired by it (a) within the two-year period immediately prior to the first public announcement of the proposal of

the significant Transaction (the “Announcement Date”), or (b) in the transaction in which it became a Related Person, whichever is higher; and

(2) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Related Person became a Related Person, whichever is higher; and

(3) the earnings per share of Common Stock for the four full consecutive fiscal quarters immediately preceding the Announcement Date as to which financial results have been published by the Corporation, multiplied by the then highest price/earnings multiple (if any) of such Related Person or any of its Affiliates as customarily computed and reported in the financial community; and

(4) the price per share equal to the Fair Market Value per share of Common Stock determined pursuant to subparagraph (A)(2) of this paragraph (b)(ii), multiplied by a fraction the numerator of which is the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers’ fees) paid by the Related Person for any shares of Common Stock acquired by it within the two-year period immediately prior to the Announcement Date and the denominator of which is the Fair Market Value per share of Common Stock on the first day in such two-year period upon which the Related Person acquired any shares of Common Stock.

(B) The consideration to be received by the holders of Common Stock in such Significant Transaction shall be either cash or the same type of consideration used by the Related Person in acquiring the largest portion of its holdings of Common Stock prior to the first public announcement of the proposed Significant Transaction.

(C) After such Related Person has become a Related Person and prior to the consummation of such Significant Transaction: (1) there shall have been (a) no failure to pay nor reduction in the annual rate of dividends paid on the Common Stock (as such rate may be adjusted from time to time to reflect changes in the Corporation’s capitalization) unless such failure to pay or reduction is approved by a majority of the continuing Directors; and (2) such Related Person shall not have become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Related Person becoming a Related Person.

(D) After such Related Person has become a Related Person, such Related Person shall not have received the benefit, directly or indirectly (except proportionately as a shareholder of the Corporation), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with such Significant Transaction or otherwise.

(E) A proxy or information statement describing the proposed Significant Transaction and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public shareholders of the Corporation at least 30 days prior to the consummation of such Significant Transaction (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

(c) Certain Definitions. For the purposes of this Article 6:

(i) A “person” shall mean any individual, firm, corporation or other entity.

(ii) “Related Person” shall mean any person (other than the Corporation or any Subsidiary) who or which:

(A) is the beneficial owner, directly or indirectly, of more than 10% of the voting power of the outstanding Voting Stock; or

(B) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then-outstanding Voting Stock; or

(C) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Related Person, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

If two or more person shall at any time be "Related Persons," each Related Person whose involvement in a transaction causes it to be a Significant Transaction shall be treated as: (a) "the Related Person" for purposes of the application of the requirements of paragraph (b) of this Article 6 to such transaction, and (b) "the Related Person in question" for purposes of determining whether a person is a "Continuing Director" with respect to such transaction.

(iii) A person shall be a "beneficial owner" of any Voting Stock:

(A) which such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly; or

(B) which such person or any of its Affiliates or Associates has (1) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (2) the right to vote pursuant to any agreement, arrangement or understanding; or

(C) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

(iv) For the purposes of determining whether a person is a Related Person pursuant to paragraph (c)(ii), the number of share of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph (c)(iii) but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(v) "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulation under the Securities Exchange Act of 1934, as in effect on May 5, 1983.

(vi) "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Related Person set forth in paragraph (c)(ii), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(vii) "Continuing Director" means any member of the board of directors of the Corporation (the "Board") who (a) was a member of the Board as of May 5, 1983, or (b) is not affiliated with the Related Person and was a member of the Board prior to the time that the Related Person became a Related Person, or (c) is a successor of a Continuing Director who is unaffiliated with the Related Person and is recommended to succeed a Continuing Director by a majority of Continuing Directors then on the Board.

(viii) "Fair Market Value" means: (a) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the

New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by the Board in good faith; and (b) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by the Board in good faith.

(ix) In the event of any Significant Transaction in which the Corporation survives, the phrase “consideration other than cash to be received” as used in subparagraph (A) of paragraph (b)(ii) of this Article 6 shall include the shares of Common Stock, and/or the shares of any other class of outstanding Voting Stock retained by the holders of such shares.

(x) The Continuing Directors of the Corporation shall have the power and duty to determine for the purposes of this Article 6, on the basis of information known to them after reasonable inquiry, (a) whether a person is a Related Person, (b) the number of shares of Voting Stock beneficially owned by any person, (c) whether a person is an Affiliate or Associate of another, and (d) whether the assets which are the subject of any Significant Transaction have, or the consideration to be received for the issuance or transfer of securities by the Corporation or any Subsidiary in any Significant Transaction has an aggregate Fair Market Value of \$1,000,000 or more.

(d) No Effect on Fiduciary Obligations of Related Persons. Nothing contained in this Article 6 shall be construed to relieve any Related Person from any fiduciary obligation imposed by law.

7. Evaluation of Certain Proposals by the Board of Directors. The board of directors of the Corporation, when evaluating any proposal from another party to (a) make a tender offer for securities of the Corporation, (b) merge or consolidate the Corporation with another corporation, (c) purchase or otherwise acquire substantially all of the properties or assets of the Corporation, (d) engage in any transaction of the sort specified in paragraph (a) of Article 6 of these Articles of Incorporation, or (e) engage in any other transaction having a similar effect upon the properties, operations or control of the Corporation, shall, in connection with the exercise of its judgment in determining what is the best interests of the Corporation and its shareholders, give due consideration to the following:

(i) the character, integrity, business philosophy and financial status of the other party or parties to the transaction;

(ii) the consideration to be received by the Corporation or its shareholders in connection with such transaction, as compared to: (a) the current market price or value of the Corporation’s properties or securities; (b) the estimated future value of the Corporation, its properties or securities; and (c) such other measures of the value of the Corporation, its properties or securities as the directors may deem appropriate.

(iii) the projected social, legal and economic effects of the proposed action or transaction upon the Corporation, its employees, suppliers and customers and the communities in which the Corporation does business;

(iv) the general desirability of the Corporation’s continuing as an independent entity; and

(v) such other factors as the board of directors may deem relevant.

## 8. Directors

(a) Number, Election and Term. Except as otherwise fixed by or pursuant to the provisions of Article 5 hereof relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or in the event of and during a default period to elect directors under specified circumstances, the number of the directors of the Corporation shall be fixed from time to time pursuant to the Bylaws of the Corporation. At the annual meeting of shareholders held in 2012, and at each succeeding annual meeting of the shareholders of the Corporation, the directors shall not be classified, and the directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or in the event of and during a default period, shall be elected and shall hold office until the next annual meeting of shareholders and until their respective successors are elected and qualified, or until the earlier of his or her death, resignation, retirement, disqualification or removal from office. Subject to paragraph (c) of this Article 8, at each meeting of the stockholders for the election of directors at which a quorum is present, the persons receiving a majority of the votes cast at such election shall be elected; provided, however, that at any meeting of the stockholders for which the Secretary of the Corporation determines that the number of nominees for director exceeds the number of directors to be elected, directors shall be elected by a plurality of the votes of the shares represented in person or represented by proxy at such meeting and entitled to vote on the election of directors. For purposes of this paragraph (a), a majority of the votes cast means that the number of shares voted "for" a director must exceed the number of votes cast "against" that director. Votes cast shall include "for" and "against" a nominee, but shall exclude "abstentions" and "broker non-votes" with respect to that nominee's election. If a director is not elected, the director shall tender his or her resignation to the Board of Directors. The Board of Directors will publicly disclose its decision with respect to whether to accept or reject the resignation, or whether other action should be taken and the rationale behind it within ninety (90) days from the date of the certification of the election results. The Board of Directors shall have the authority to adopt and amend appropriate Bylaws to implement this paragraph (a).

(b) Vacancies. Vacancies in the board of directors, including vacancies resulting from an increase in the number of directors, shall be filled only by a majority of the directors then in office, though less than a quorum, and each person so elected shall be a director to serve for the balance of the unexpired term and until his successor is duly elected and qualified.

(c) Cumulative Voting in Certain Circumstances

(i) Except as and to the extent otherwise provided in this paragraph (c) shareholders of the Corporation shall not be entitled to cumulative voting rights in any election of directors of the Corporation.

(ii) There shall be cumulative voting in any election of directors of the Corporation on or after the occurrence of both of the following events:

(A) the public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 13(d) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by the Corporation or a 40% Shareholder that a 40% Shareholder has become such.

and

(B) such 40% Shareholder makes, or in any way participates in, directly or indirectly, any "solicitation" of "proxies" (as such terms are defined or used in Regulation 14A under the Exchange Act) or becomes a "participant" in any "election contest" (as such terms are defined or used in Rule 14a-11 of the Exchange Act) with respect to the Corporation; seeks to advise or influence any person (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to the voting of any securities of the Corporation; or executes any written consent in lieu of a meeting of holders of the Voting Stock.

"40% Shareholder" shall mean any Person who or which, together with all Affiliates and Associate of such Person, shall be the Beneficial Owner of 40% or more of the Voting Stock but shall not include (i)

the Corporation, (ii) any wholly owned Subsidiary, (iii) any employee benefit plan of the Corporation or of any Subsidiary, or (iv) any Person holding securities of the Corporation for or pursuant to the terms of any such plan.

Notwithstanding the foregoing, no Person shall become a “40% Shareholder” as the result of an acquisition of Common Stock by the Corporation which, by reducing the number of shares outstanding, increases the proportionate number of shares beneficially owned by such Person to 40% or more of the Voting Stock; provided, however, that if a Person who would otherwise be a 40% Shareholder but for the provisions of this sentence shall, after such share purchases by the Corporation, become the Beneficial Owner of any additional Voting Stock then such Person shall be deemed to be a “40% Shareholder.”

(iii) Certain Definitions. For purposes of this Article 8:

“Affiliate” and “Associate” shall have the respective meanings ascribed to such terms in rule 12b-2 of the General Rules and Regulations under the Exchange Act as in effect on May 3, 1990.

A Person shall be deemed the “Beneficial Owner” of and shall be deemed to “beneficially own” any securities:

(A) which such Person or any such Person’s affiliates or Associates beneficially owns, directly or indirectly:

(B) which such Person or any of such Person’s Affiliates or Associates has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing), or upon the exercise of conversion rights, exchange rights, rights (other than the Rights granted pursuant to the Flip-In Rights Agreement and Flip-Over-Rights Agreement between the Corporation and American Stock Transfer & Trust Company, dated as of January 16, 1990), warrants or options, or otherwise or (B) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person’s Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or

(C) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person’s Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any securities of the Corporation.

“Person” shall mean any individual, firm, corporation or other entity, and shall include any successor (by merger or otherwise) of such entity.

“Subsidiary” shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by the Corporation.

“Voting Stock” means Common Stock and any other securities of the Corporation entitled to vote generally for the election of directors or any security convertible into or exchangeable for or exercisable for the purchase of Common Stock or other securities of the Corporation entitled to vote generally for the election of directors.

9. Uncertificated Shares. Any and all classes or series of shares of capital stock of the Corporation, or any part thereof, may be represented by uncertificated shares to the extent determined by the board of directors, except as required by applicable law, including that shares represented by a certificate that is issued and outstanding shall continue to be represented thereby until the certificate is surrendered to the Corporation. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof a written notice containing the information required by applicable law to be set forth or stated on certificates. Except as otherwise expressly provided by law, the rights and obligations of the holders of shares represented by certificates and the rights and obligations of the holders of uncertificated shares of the same class and series shall be identical.

10. Vote Required for Amendment of Articles 6, 7, 8 or 10. Any provision in these Articles of Incorporation or in the Bylaws of the Corporation to the contrary notwithstanding, no provisions of Articles 6, 7, 8 or 10 of these Articles shall be altered, amended, supplemented or repealed by the shareholders of the Corporation, and no provision of the Bylaws or of these Articles of Incorporation inconsistent with such provisions shall be adopted by the shareholders of the Corporation, except by the affirmative vote of the holders of at least 80% of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for this purpose as one class.



**CERTIFICATION**

I, Eric M. Green, certify that:

1. I have reviewed this quarterly report on Form 10-Q of West Pharmaceutical Services, Inc.;
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(s) 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(s) 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.

/s/ Eric M. Green

Eric M. Green

President and Chief Executive Officer

Date: July 24, 2020

**CERTIFICATION**

I, Bernard J. Birkett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of West Pharmaceutical Services, Inc.;
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(s) 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(s) 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.

/s/ Bernard J. Birkett

Bernard J. Birkett

Senior Vice President and Chief Financial Officer

Date: July 24, 2020

**CERTIFICATION 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 on Form 10-Q of West Pharmaceutical Services, Inc. (the "Company") for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric M. Green, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Eric M. Green

Eric M. Green  
President and Chief Executive Officer

Date: July 24, 2020

**CERTIFICATION 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 on Form 10-Q of West Pharmaceutical Services, Inc. (the "Company") for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bernard J. Birkett, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bernard J. Birkett

Bernard J. Birkett  
Senior Vice President and Chief Financial Officer

Date: July 24, 2020