

Third-Quarter 2020 Results

Overall Net Sales
\$548M | ↑ 20.1%

Diluted Earnings Per Share: \$1.09 | ↑ 45%
Adjusted Diluted Earnings Per Share: \$1.15 | ↑ 46%



“Third-quarter results were robust across the entire business, led by High-Value Products and Biologics. Additionally, we benefited from incremental sales related to the COVID-19 pandemic including components with treatments and supporting therapies as well as potential vaccines currently in clinical trials. I am proud of our team members for their relentless passion and sense of urgency to help our customers and the patients we jointly serve. Continued excellence in executing our market-led strategy and our global operations positions us well for the remainder of the year and into 2021.”

Eric M. Green
President and Chief Executive Officer
West Pharmaceutical Services, Inc.

OVERALL ORGANIC SALES GROWTH

Proprietary Products Q3 2020 organic sales growth of 20.3%, led by sales of high-value products, which grew double digits



BIOLOGICS



GENERICS



PHARMA



CONTRACT MANUFACTURING



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

Cautionary Statement Under the Private Securities Litigation Reform Act of 1995

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

Non-U.S. GAAP Financial Measures

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



West Pharmaceutical Services, Inc.

Third-Quarter 2020 Analyst Conference Call

9 a.m. Eastern Time, October 22, 2020



Eric M. Green

*President and
Chief Executive Officer*



Bernard J. Birkett

*Senior Vice President and
Chief Financial Officer*

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

To participate on the call, please dial:

877-930-8295 (U.S.)
253-336-8738 (International)
The conference ID is **7564183**

An online archive of the broadcast will be available at the website three hours after the live call and will be available through Thursday, October 29, 2020, by dialing:

855-859-2056 (U.S.)
404-537-3406 (International)
The conference ID is **7564183**

These presentation materials are intended to accompany today's press release announcing the Company's results for the third quarter 2020 and management's discussion of those results during today's conference call.

Safe Harbor Statement

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Trademarks

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

We are in the business of helping our customers bring new medicines and treatments that improve the lives of patients.



PASSION FOR CUSTOMERS

LEADERSHIP IN QUALITY

ONE WEST TEAM

COVID-19 has Introduced New Demands



1 Speed of development

2 Localization vs Globalization

3 Increased home treatment and diagnostics

West is Well Positioned for Growing Requirements



Scientific & Technical Expertise



Automation



Digital Acceleration

Third-Quarter 2020 Results



- Q3 2020 net sales of \$548 million grew 20.1%; organic sales growth was 18.2%
- Q3 2020 reported-diluted EPS of \$1.09 increased 45%; adjusted-diluted EPS of \$1.15 increased 46%
- Company is raising full-year 2020 net sales guidance to a new range of between \$2.10 billion and \$2.11 billion and is raising full-year 2020 adjusted-diluted EPS guidance to a new range of between \$4.50 and \$4.55 ⁽¹⁾

(1) Please refer to “Notes to Non-U.S. GAAP Financial Measures” on slides 16-20 and the discussion under the heading “Non-U.S. GAAP Financial Measures” in today’s press release, for additional information regarding adjusted-diluted EPS.

Third-Quarter 2020 Summary Results

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

	Three Months Ended September 30	
	2020	2019
Reported Net Sales	\$548.0	\$456.1
Gross Profit Margin	35.5%	32.4%
Reported Operating Profit	\$99.2	\$67.3
Adjusted Operating Profit ⁽¹⁾	\$103.9	\$70.1
Reported Operating Profit Margin	18.1%	14.8%
Adjusted Operating Profit Margin ⁽¹⁾	19.0%	15.4%
Reported-Diluted EPS	\$1.09	\$0.75
Adjusted-Diluted EPS ⁽¹⁾	\$1.15	\$0.79

(1) “Adjusted Operating Profit,” “Adjusted Operating Profit Margin” and “Adjusted-Diluted EPS” are Non-U.S. GAAP financial measures. See slides 16-20 and the discussion under the heading “Non-U.S. GAAP Financial Measures” in today’s press release for an explanation and reconciliation of these items.

Third-Quarter 2020 Organic Sales Growth

Q3
18.2%

OVERALL ORGANIC SALES GROWTH

Proprietary Products Q3 2020 organic sales growth of 20.3%, led by sales of high-value products, which grew double digits



BIOLOGICS

Sales led by high-value products, including Flurotec[®] coated components, Daikyo[®] and Novapure[®] film-components, Westar[®] components and Envision[®] components

DD



GENERICS

Sales led by high-value products, including Flurotec[®] and Teflon[®] components

HSD



PHARMA

Sales led by high-value products, including Flurotec[®], Westar[®] and Envision[®] components

MSD



CONTRACT MANUFACTURING

Organic sales growth of 11.7%, led by sales of diagnostic and healthcare-related injection devices

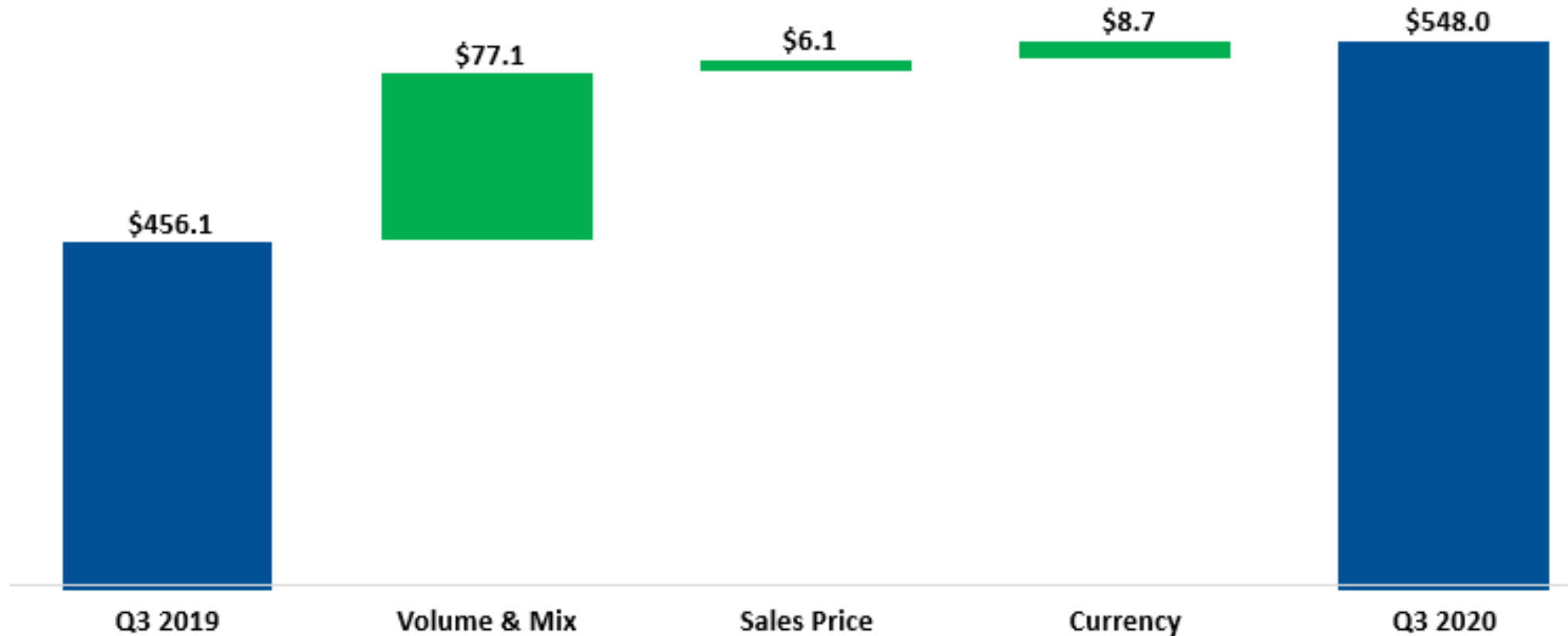
DD

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

Change in Consolidated Net Sales

Third-quarter 2019 to 2020

(\$ millions)



Gross Profit Update

(\$ millions)

	Three Months Ended September 30,	
	2020	2019
Proprietary Products Gross Profit	\$171.9	\$131.8
Proprietary Products Gross Profit Margin	40.8%	38.2%
Contract-Manufactured Products Gross Profit	\$22.7	\$16.0
Contract-Manufactured Products Gross Profit Margin	17.9%	14.4%
Consolidated Gross Profit	\$194.6	\$147.8
Consolidated Gross Profit Margin	35.5%	32.4%

Cash Flow and Balance Sheet Metrics

(\$ millions)

Cash Flow Items

	YTD Q3 2020	YTD Q3 2019
Depreciation and Amortization	\$80.6	\$77.1
Operating Cash Flow	\$323.8	\$260.8
Capital Expenditures	\$116.7	\$88.8

Financial Condition

	September 30, 2020	December 31, 2019
Cash and Cash Equivalents	\$519.4	\$439.1
Debt	\$255.7	\$257.3
Equity	\$1,718.9	\$1,573.2
Working Capital	\$790.6	\$717.1

2020 Full-Year Guidance

2020 Full-Year Guidance ^(1,2)

Consolidated Net Sales	\$2.10 - \$2.11 billion
Adjusted-Diluted EPS	\$4.50 - \$4.55

- (1) Please refer to “Notes to Non-U.S. GAAP Financial Measures” on slides 16-20 and the discussion under the heading “Non-U.S. GAAP Financial Measures” in today’s press release, for additional information regarding adjusted-diluted EPS.
- (2) The adjusted-diluted EPS guidance range does not include potential tax benefits from stock-based compensation beyond those incurred in the first nine months of 2020. Any additional tax benefits associated with stock-based compensation received in 2020 would provide a positive adjustment to this guidance range.

WE
Remain
Resolute in
Our
Commitment

Our
People

Our
Purpose





Eric M. Green
*President and
Chief Executive Officer*



Bernard J. Birkett
*Senior Vice President and
Chief Financial Officer*



Quintin Lai
*VP, Corporate Development,
Strategy & Investor Relations*

Q & A

Notes to Non-U.S. GAAP Financial Measures

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

- For the purpose of aiding the comparison of our year-over-year results, we may refer to net sales and other financial results excluding the effects of changes in foreign currency exchange rates.
- Organic net sales exclude the impact from acquisitions and/or divestitures and translate the current-period reported sales of subsidiaries whose functional currency is other than the U.S. Dollar at the applicable foreign exchange rates in effect during the comparable prior-year period.
- We may also refer to financial results excluding the effects of unallocated items.
- The re-measured results excluding effects from currency translation, 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.
- A reconciliation of these adjusted Non-U.S. GAAP financial measures to the comparable U.S. GAAP financial measures is included in the accompanying tables.

Notes to Non-U.S. GAAP Financial Measures

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

See “Notes to Non-U.S. GAAP Financial Measures”, “Safe Harbor Statement”

(Slide 3) and today’s press release for an explanation and reconciliation of these items.

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

(\$ millions, except EPS data)

Three months ended September 30, 2020	Operating profit	Income tax expense	Net income	Diluted EPS
Reported (U.S. GAAP)	\$99.2	\$21.1	\$82.3	\$1.09
Pension Settlement	-	0.3	0.8	0.01
Restructuring and severance related charges	4.5	1.1	3.4	0.04
Amortization of Acquisition-related Intangible Assets	0.2	-	0.7	0.01
Adjusted (Non-U.S. GAAP)	\$103.9	\$22.5	\$87.2	\$1.15

Nine months ended September 30, 2020	Operating profit	Income tax expense	Net income	Diluted EPS
Reported (U.S. GAAP)	\$290.8	\$52.1	\$247.8	\$3.28
Pension Settlement	-	0.8	2.6	0.03
Restructuring and severance related charges	6.7	1.7	5.0	0.06
Amortization of Acquisition-related Intangible Assets	0.4	0.1	2.9	0.04
Adjusted (Non-U.S. GAAP)	\$297.9	\$54.7	\$258.3	\$3.41

Notes to Non-U.S. GAAP Financial Measures

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

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

(\$ millions, except EPS data)

	Operating profit	Income tax expense	Net income	Diluted EPS
Three months ended September 30, 2019				
Reported (U.S. GAAP)	\$67.3	\$10.9	\$56.3	\$0.75
Restructuring and related charges	1.8	0.4	1.4	0.01
Pension Settlement	-	0.6	2.1	0.03
Argentina currency devaluation	1.0	0.3	0.7	0.01
Tax law changes	-	1.0	(1.0)	(0.01)
Adjusted (Non-U.S. GAAP)	\$70.1	\$13.2	\$59.5	\$0.79
Nine months ended September 30, 2019				
Reported (U.S. GAAP)	\$218.5	\$42.5	\$177.8	\$2.36
Restructuring and related charges	3.8	0.9	2.9	0.03
Pension Settlement	-	0.6	2.1	0.03
Argentina currency devaluation	1.0	0.3	0.7	0.01
Tax law changes	-	1.0	(1.0)	(0.01)
Adjusted (Non-U.S. GAAP)	\$223.3	\$45.3	\$182.5	\$2.42

Notes to Non-U.S. GAAP Financial Measures

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

See “Notes to Non-U.S. GAAP Financial Measures”, “Safe Harbor Statement” (Slide 3) and today’s press release for an explanation and reconciliation of these items.

Reconciliation of Net Sales to Organic Net Sales ⁽¹⁾

(\$ millions)

Three months ended September 30, 2020	Proprietary	CM	Eliminations	Total
Reported net sales (U.S. GAAP)	\$421.5	\$126.6	\$(0.1)	\$548.0
Effect of acquisitions and/or divestitures	-	-	-	-
Effect of changes in currency translation rates	(6.3)	(2.4)	-	(8.7)
Organic net sales (Non-U.S. GAAP) ⁽¹⁾	\$415.2	\$124.2	\$(0.1)	\$539.3
Nine months ended September 30, 2020				
Reported net sales (U.S. GAAP)	\$1,194.5	\$372.5	\$(0.3)	\$1,566.7
Effect of acquisitions and/or divestitures	(1.2)	-	-	(1.2)
Effect of changes in currency translation rates	10.7	-	-	10.7
Organic net sales (Non-U.S. GAAP) ⁽¹⁾	\$1,204.0	\$372.5	\$(0.3)	\$1,576.2

(1) 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 the U.S. Dollar at the applicable foreign exchange rates in effect during the comparable prior-year period.

Notes to Non-U.S. GAAP Financial Measures

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

See “Notes to Non-U.S. GAAP Financial Measures”, “Safe Harbor Statement” (Slide 3) and today’s press release for an explanation and reconciliation of these items.

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

	2019 Actual	2020 Guidance	% Change
Reported-diluted EPS (U.S. GAAP)	\$3.21	\$4.36 to \$4.41	35.8% to 37.4%
Restructuring and severance related charges	0.04	0.06	-
Gain on restructuring-related sales of assets	(0.02)	-	-
Pension settlement	0.04	0.03	
Amortization of acquisition-related intangible assets	-	0.05	
Argentina devaluation	0.01	-	-
Tax recovery	(0.04)	-	-
Adjusted-diluted EPS (Non-U.S. GAAP) ⁽¹⁾	\$3.24	\$4.50 to \$4.55	38.9% to 40.4%

(1) See “Full-year 2020 Financial Guidance” and “Non-U.S. GAAP Financial Measures” in today’s press release for additional information regarding adjusted-diluted EPS.

In 2019, tax benefits associated with stock-based compensation increased adjusted-diluted EPS by \$0.14. We have opted not to forecast 2020 tax benefits from stock-based compensation in upcoming quarters, as they are out of the Company’s control. Instead, we recognize the benefits as they occur. In the First-Quarter, Second-Quarter and Third-Quarter 2020, tax benefits associated with stock-based compensation increased adjusted-diluted EPS by \$0.07, \$0.09, and \$0.02, respectively. Any future tax benefits associated with stock-based compensation that we receive in 2020 would provide a positive adjustment to our full-year EPS guidance.