

# Second-Quarter 2021



## Second Quarter Overall Net Sales

\$723.6M | ↑ 37.3%

Diluted Earnings Per Share: \$2.47 | ↑ 104%

Adjusted Diluted Earnings Per Share: \$2.46 | ↑ 97%



“Our strong second quarter performance was driven by continued momentum in organic sales growth in both our base business as well as increased demand for our products associated with COVID-19 vaccines. Guided by our mission, our dedicated team members remain focused on meeting the increased demand for our high-value product (HVP) components. Given the strong first half of the year, we are raising our full-year financial guidance.”

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

## OVERALL ORGANIC SALES GROWTH

Proprietary Products Q2 2021 organic sales growth of 39.3%, led by sales of high-value products, which grew double digits

Q2  
30.6%



BIOLOGICS

DD



GENERIC

LSD



PHARMA

DD



CONTRACT MANUFACTURING

LSD

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.

**Eric M. Green**

President & CEO

**Bernard J. Birkett**

Senior Vice President & CFO

Second-Quarter Results 2021 Analyst Conference Call  
9 a.m. Eastern Time | July 29, 2021



# West Analyst Conference Call

9 a.m. Eastern Time

July 29, 2021

**A webcast of today's call can be accessed in the "Investors" section of the Company's website: [www.westpharma.com](http://www.westpharma.com)**

**To participate on the call, please dial:**

**877-930-8295 (U.S.)  
253-336-8738 (International)  
The conference ID is 3089097**

*An online archive of the broadcast will be available at the website three hours after the live call and will be available through Thursday, August 5, 2021 by dialing:*

**855-859-2056 (U.S.)  
404-537-3406 (International)  
The conference ID is 3089097**

These presentation materials are intended to accompany today's press release announcing the Company's results for the second quarter 2021 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 Crystal Zenith® and Daikyo® are registered trademarks of Daikyo Seiko, Ltd.

# Q2 Highlights



## FINANCIALS

- Second quarter 2021 net sales of \$723.6 million grew 37.3%; organic sales growth was 30.6%
- Second quarter 2021 reported-diluted EPS of \$2.47 increased 104%; adjusted-diluted EPS of \$2.46 increased 97%
- Raising sales and adjusted-diluted EPS guidance for full-year 2021



MARKET-LED STRATEGY



OUR PLEDGE TO  
SUSTAINABLE BUSINESS  
PRACTICES



GLOBALIZATION OF  
MANUFACTURING NETWORK



COVID-19 PANDEMIC  
EFFORTS



CORPORATE RESPONSIBILITY REPORT 2020

JUST PUBLISHED @ WESTPHARMA.COM

# Q2 Drivers of Growth in our High-Value Product (HVP) portfolio



**Westar RS**  
Ready-to-Sterilize Components

**WestFluroTec**

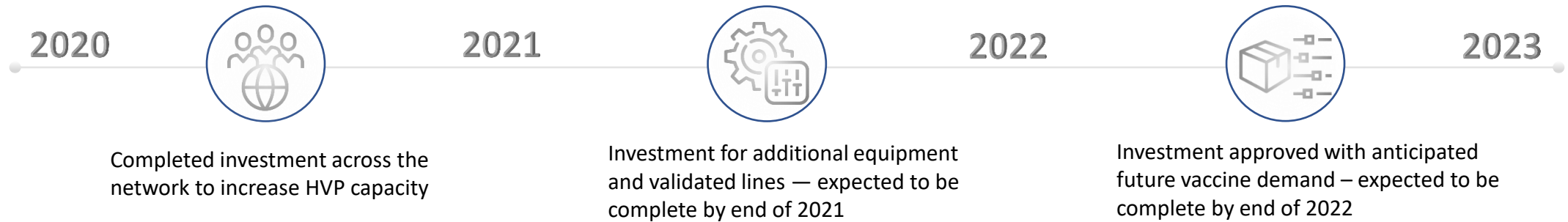
**NOVAPURE**  
Unrivalled quality...by design

**Westar RU**  
**STERILE**  
Ready-to-Use Components

**大協精工**  
**DAIKYO**

**WEST** *Envision*

# Accelerating multi-phased investments to meet HVP demand



# Second-Quarter 2021 Summary Results

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



	Three Months Ended June 30	
	2021	2020
<b>Reported Net Sales</b>	<b>\$723.6</b>	<b>\$527.2</b>
<b>Gross Profit Margin</b>	<b>43.5%</b>	<b>37.0%</b>
<b>Reported Operating Profit</b>	<b>\$211.3</b>	<b>\$103.6</b>
<b>Adjusted Operating Profit <sup>(1)</sup></b>	<b>\$211.2</b>	<b>\$106.0</b>
<b>Reported Operating Profit Margin</b>	<b>29.2%</b>	<b>19.7%</b>
<b>Adjusted Operating Profit Margin <sup>(1)</sup></b>	<b>29.2%</b>	<b>20.1%</b>
<b>Reported-Diluted EPS</b>	<b>\$2.47</b>	<b>\$1.21</b>
<b>Adjusted-Diluted EPS <sup>(1)</sup></b>	<b>\$2.46</b>	<b>\$1.25</b>

(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.

# Second-Quarter 2021 Organic Sales Growth



**Overall Organic Sales Growth – 30.6% (Q2 2021)**

*Proprietary Products Q2 2021 organic sales growth of 39.3% led by sales of high-value products, which grew double digits*

## **BIOLOGICS**

Double-Digit

Sales led by high-value products, including Flurotec<sup>®</sup>, Daikyo<sup>®</sup>, NovaPure<sup>®</sup> and Westar<sup>®</sup> components

## **GENERIC**

Low-Single Digit

Sales led by high-value products, including Flurotec<sup>®</sup> components

## **PHARMA**

Double-Digit

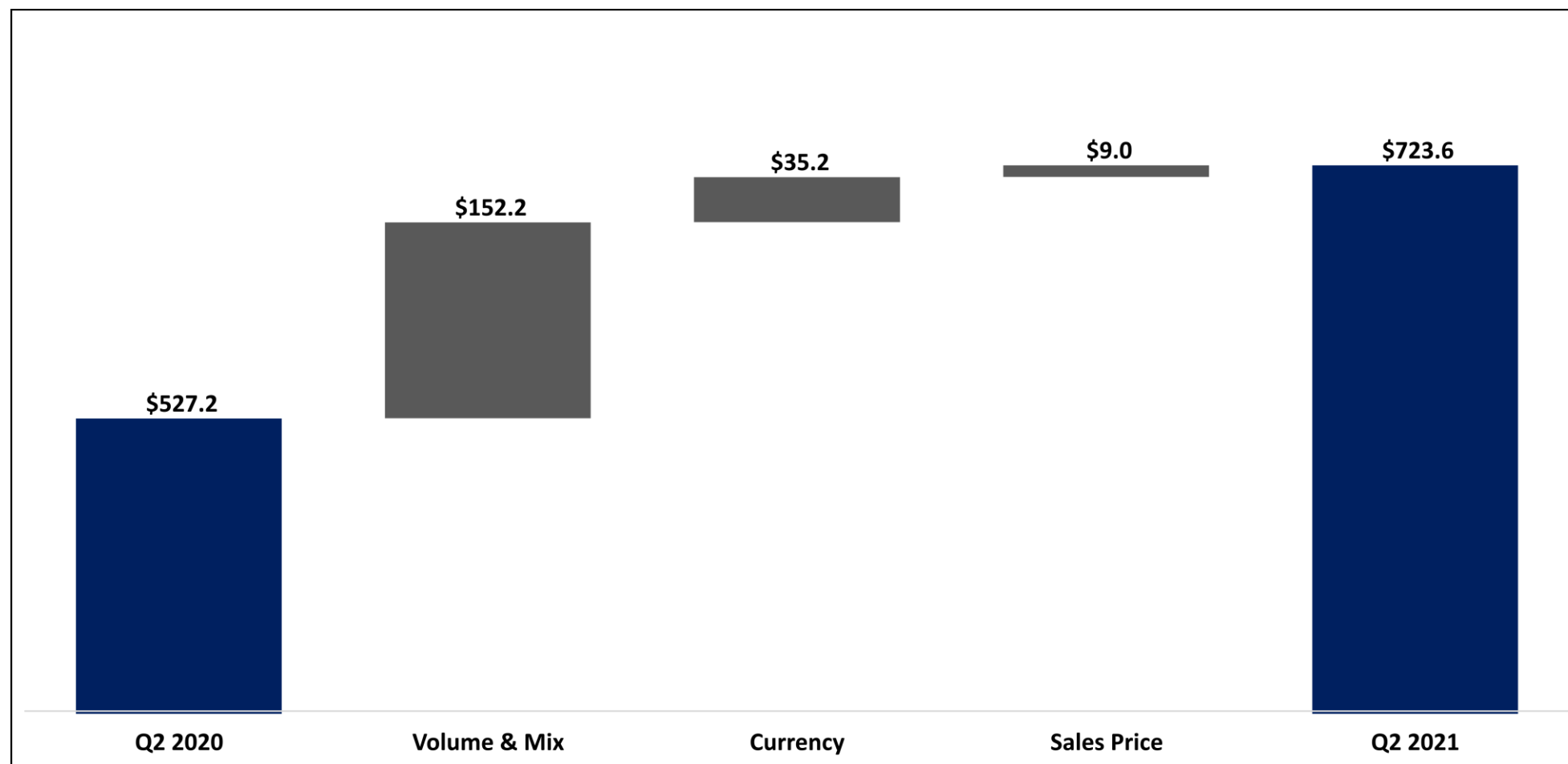
Sales led by high-value products, including Westar<sup>®</sup> and NovaPure<sup>®</sup> components

## **CONTRACT MANUFACTURING**

Low-Single Digit

Organic sales growth of 3.2%, led by sales of diagnostic and healthcare-related injection devices

# Change in Consolidated Net Sales Second-quarter 2020 to 2021 (\$ millions)



# Gross Profit Update

(\$ millions)



	Three Months Ended June 30,	
	2021	2020
<b>Proprietary Products Gross Profit</b>	<b>\$292.3</b>	<b>\$170.8</b>
<b>Proprietary Products Gross Profit Margin</b>	<b>49.8%</b>	<b>42.8%</b>
<b>Contract-Manufactured Products Gross Profit</b>	<b>\$22.8</b>	<b>\$24.3</b>
<b>Contract-Manufactured Products Gross Profit Margin</b>	<b>16.7%</b>	<b>19.0%</b>
<b>Consolidated Gross Profit</b>	<b>\$315.1</b>	<b>\$195.1</b>
<b>Consolidated Gross Profit Margin</b>	<b>43.5%</b>	<b>37.0%</b>

# Cash Flow and Balance Sheet Metrics

(\$ millions)



<b>Cash Flow Items</b>		
	<b>YTD Q2 2021</b>	<b>YTD Q2 2020</b>
<b>Depreciation and Amortization</b>	\$57.9	\$52.2
<b>Operating Cash Flow</b>	\$233.1	\$205.2
<b>Capital Expenditures</b>	\$111.6	\$69.2

<b>Financial Condition</b>		
	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>Cash and Cash Equivalents</b>	\$576.2	\$615.5
<b>Debt</b>	\$254.1	\$255.2
<b>Equity</b>	\$2,032.6	\$1,854.5
<b>Working Capital</b>	\$1,004.4	\$870.3

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## 2021 Full-Year Guidance

<b>Consolidated Net Sales</b>	<b>\$2.760 - \$2.785 billion</b>
<b>Adjusted-Diluted EPS</b>	<b>\$8.05 - \$8.20</b>



*We are proud to be the trusted partner for our customers across the globe and ensure the safe delivery of vaccines and treatments for patients.*

**Strong Base Business**

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**Global Operational Effectiveness**

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**Accelerating Investments for the Future**



**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 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 4) 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)

	Operating profit	Income tax expense	Net income	Diluted EPS
<b>Three months ended June 30, 2021</b>				
Reported (U.S. GAAP)	\$211.3	\$32.3	\$187.3	\$2.47
Restructuring and related charges	1.0	0.3	0.7	0.01
Pension Settlement	-	-	0.1	-
Amortization of Acquisition-related Intangible Assets	0.2	-	0.7	0.01
Cost investment activity	(1.3)	(0.3)	(1.0)	(0.01)
Tax law changes	-	1.4	(1.4)	(0.02)
Adjusted (Non-U.S. GAAP)	\$211.2	\$33.7	\$186.4	\$2.46
<b>Six months ended June 30, 2021</b>				
Reported (U.S. GAAP)	\$386.9	\$61.0	\$338.5	\$4.47
Restructuring and related charges	2.2	0.5	1.7	0.02
Pension Settlement	-	0.2	0.6	0.01
Amortization of Acquisition-related Intangible Assets	0.4	0.1	1.4	0.02
Cost investment activity	0.9	(0.3)	1.2	0.01
Tax law changes	-	1.4	(1.4)	(0.02)
Adjusted (Non-U.S. GAAP)	\$390.4	\$62.9	\$342.0	\$4.51

# Notes to Non-U.S. GAAP Financial Measures



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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
<b>Three months ended June 30, 2020</b>				
Reported (U.S. GAAP)	\$103.6	\$16.0	\$91.2	\$1.21
Pension Settlement	-	0.2	0.7	0.01
Severance related costs	2.2	0.6	1.6	0.02
Amortization of Acquisition-related Intangible Assets	0.2	-	1.1	0.01
Adjusted (Non-U.S. GAAP)	\$106.0	\$16.8	\$94.6	\$1.25
<b>Six months ended June 30, 2020</b>				
Reported (U.S. GAAP)	\$191.6	\$31.0	\$165.5	\$2.19
Pension Settlement	-	0.5	1.8	0.02
Severance related costs	2.2	0.6	1.6	0.02
Amortization of Acquisition-related Intangible Assets	0.2	-	2.1	0.03
Adjusted (Non-U.S. GAAP)	\$194.0	\$32.1	\$171.0	\$2.26

# 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 4) and today’s press release for an explanation and reconciliation of these items.

### Reconciliation of Net Sales to Organic Net Sales <sup>(1)</sup>

(\$ millions)

<b>Three months ended June 30, 2021</b>	<b>Proprietary</b>	<b>CM</b>	<b>Eliminations</b>	<b>Total</b>
Reported net sales (U.S. GAAP)	\$587.3	\$136.4	\$(0.1)	\$723.6
Effect of changes in currency translation rates	(30.6)	(4.6)	-	(35.2)
<b>Organic net sales (Non-U.S. GAAP) <sup>(1)</sup></b>	<b>\$556.7</b>	<b>\$131.8</b>	<b>\$(0.1)</b>	<b>\$688.4</b>

<b>Six months ended June 30, 2021</b>	<b>Proprietary</b>	<b>CM</b>	<b>Eliminations</b>	<b>Total</b>
Reported net sales (U.S. GAAP)	\$1,131.0	\$263.5	\$(0.2)	\$1,394.3
Effect of changes in currency translation rates	(52.9)	(8.9)	-	(61.8)
<b>Organic net sales (Non-U.S. GAAP) <sup>(1)</sup></b>	<b>\$1,078.1</b>	<b>\$254.6</b>	<b>\$(0.2)</b>	<b>\$1,332.5</b>

(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)

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

	2020 Actual	2021 Guidance	% Change
Reported-diluted EPS (U.S. GAAP)	\$4.57	\$7.99 to \$8.14	74.8% to 78.1%
Restructuring and related charges	0.07	0.02	
Pension Settlement	0.04	0.01	
Amortization of acquisition-related intangible assets	0.05	0.04	
Cost investment activity	0.03	0.01	
Tax law change	-	(0.02)	
Adjusted-diluted EPS (Non-U.S. GAAP) <sup>(1)</sup>	\$4.76	\$8.05 to \$8.20	69.1% to 72.3%

(1) See “Full-year 2021 Financial Guidance” and “Non-U.S. GAAP Financial Measures” in today’s press release for additional information regarding adjusted-diluted EPS.

We have opted not to forecast 2021 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-half 2021, tax benefits associated with stock-based compensation increased adjusted-diluted EPS by \$0.24. Any future tax benefits associated with stock-based compensation that we receive in 2021 would provide a positive adjustment to our full-year EPS guidance. In 2020, tax benefits associated with stock-based compensation increased adjusted-diluted EPS by \$0.27.