

Fourth-Quarter 2023 and Full Year Results



Fourth Quarter Overall Net Sales

\$732.0M | ↑ 3.3%

Diluted Earnings Per Share: \$1.83

Adjusted Diluted Earnings Per Share: \$1.83



“We had strong 2023 base organic sales growth, excluding the headwinds from lower pandemic-related sales, led by high-value product (HVP) components and devices and contract manufacturing. Our continued investments in both HVP as well as contract manufacturing capacity to support customer demand will fuel our long-range financial construct of future organic sales growth and operating profit margin expansion.”

Eric M. Green

President and Chief Executive Officer

Chair of the Board

West Pharmaceutical Services, Inc.

Full Year Overall Net Sales

\$2.950B | ↑ 2.2%

Diluted Earnings Per Share: \$7.88

Adjusted Diluted Earnings Per Share: \$8.08



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, Chair of the Board

Bernard J. Birkett

Senior VP & Chief Financial and Operations Officer

Fourth-Quarter and Full Year Results 2023 Analyst Conference Call
9 a.m. Eastern Time | February 15, 2024



West Analyst Conference Call

9 a.m. Eastern Time

February 15, 2024

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 by asking questions to Management, please register in advance at:

<https://register.vevent.com/register/BI4d8cc694e21547499e5c9a873ac28675>

Upon registration, all telephone participants will receive the dial-in number along with a unique PIN number that will be used to access the call.

A replay of the conference call and webcast will be available on the Company's website for 30 days.

Safe Harbor Statement

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We caution investors that the risk factors listed under our “Forward Looking Statements” 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.

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Trademarks

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Daikyo Crystal Zenith® and Daikyo CZ® are registered trademarks of Daikyo Seiko, Ltd. Daikyo Crystal Zenith technologies are licensed from Daikyo Seiko, Ltd.

2023 Business Highlights



Celebrated a remarkable
100-year
history of
Growth & Innovation



Shipped over
48+ billion components
touching billions of patients



Marked 50-year
partnership with
Daikyo



Introduced
Vial2Bag Advanced®
13mm Admixture Device
filling critical need of drug
preparation and delivery



More than
\$2.75M
donated to communities
in need and
4,700 hours
volunteered by team members



Opened **new**
Maker Space
enhancing digital and
research capabilities in
Bangalore, India



Opened **new**
R&D Lab
with capability enhancements
in Radnor, PA



Launched
West Ready Pack™ with
Corning Valor® RTU
building the next generation of
integrated packaging and
delivery system solutions



Introduced Corning®
Viridian Vials™ for
sustainable drug delivery

Financial Highlights



- Fourth quarter 2023 net sales of \$732.0 million increased 3.3%; organic net sales growth was 1.4%
- Fourth quarter 2023 reported-diluted EPS of \$1.83 grew 34.6%; adjusted-diluted EPS of \$1.83 grew 3.4%
- Full year 2023 net sales of \$2.950 billion grew 2.2%; organic net sales growth was 1.6%
- Full year 2023 reported-diluted EPS of \$7.88 grew 1.9%; adjusted-diluted EPS of \$8.08 decreased 5.8%



2024 Full-Year Guidance

Consolidated Net Sales	\$3.000 - \$3.025 billion
Adjusted-Diluted EPS	\$7.50 to \$7.75

Growth Drivers and Future Demand



Our continued commitment and focus to deliver superior value to our customers and patients



HVP Components



HVP Devices



Contract Manufacturing
Expansion at Grand Rapids, Michigan

Fourth-Quarter 2023 Summary Results

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



	Three Months Ended December 31	
	2023	2022
Reported Net Sales	\$732.0	\$708.7
Gross Profit Margin	38.0%	37.0%
Reported Operating Profit	\$160.9	\$129.7
Adjusted Operating Profit ⁽¹⁾	\$159.9	\$158.7
Reported Operating Profit Margin	22.0%	18.3%
Adjusted Operating Profit Margin ⁽¹⁾	21.8%	22.4%
Reported-Diluted EPS	\$1.83	\$1.36
Adjusted-Diluted EPS ⁽¹⁾	\$1.83	\$1.77

(1) “Adjusted Operating Profit,” “Adjusted Operating Profit Margin” and “Adjusted-Diluted EPS” are Non-U.S. GAAP financial measures. See accompanying slides 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.

Fourth-Quarter 2023 Organic Net Sales Growth



Overall Organic Net Sales Growth: 1.4% (Q4 2023)

Proprietary Products Q4 2023 organic net sales decrease of 0.3% with sales of high-value products generating low-single digit organic net sales growth

BIOLOGICS

(Low-Single Digit)

Sales decline due to reduction in sales related to COVID-19 vaccines, partially offset by an increase in high-value components

GENERIC

(Mid- Single Digit)

Sales decline due to reduction in sales related to COVID-19 vaccines

PHARMA

Low-Single Digit

Sales led by high-value products, including Daikyo® and NovaPure® components, partially offset by a reduction in sales related to COVID-19 vaccines

CONTRACT MANUFACTURING

High-Single Digit

Organic sales growth of 9.4%, led by increase in sales of medical device and diagnostic products

Change in Consolidated Net Sales Fourth-quarter 2022 to 2023 (\$ millions)



Gross Profit Update

(\$ millions)



	Three Months Ended December 31,	
	2023	2022
Proprietary Products Gross Profit	\$253.4	\$243.0
Proprietary Products Gross Profit Margin	42.7%	41.6%
Contract-Manufactured Products Gross Profit	\$24.7	\$19.1
Contract-Manufactured Products Gross Profit Margin	17.9%	15.4%
Consolidated Gross Profit	\$278.2	\$262.1
Consolidated Gross Profit Margin	38.0%	37.0%

Cash Flow and Balance Sheet Metrics

(\$ millions)



Cash Flow Items

	YTD Q4 2023	YTD Q4 2022
Depreciation and Amortization	\$137.3	\$120.6
Operating Cash Flow	\$776.5	\$724.0
Capital Expenditures	\$362.0	\$284.6
Free Cash Flow	\$414.5	\$439.4

Financial Condition

	December 31, 2023	December 31, 2022
Cash and Cash Equivalents	\$853.9	\$894.3
Debt	\$206.8	\$208.9
Equity	\$2,881.0	\$2,684.9
Working Capital	\$1,264.6	\$1,400.5

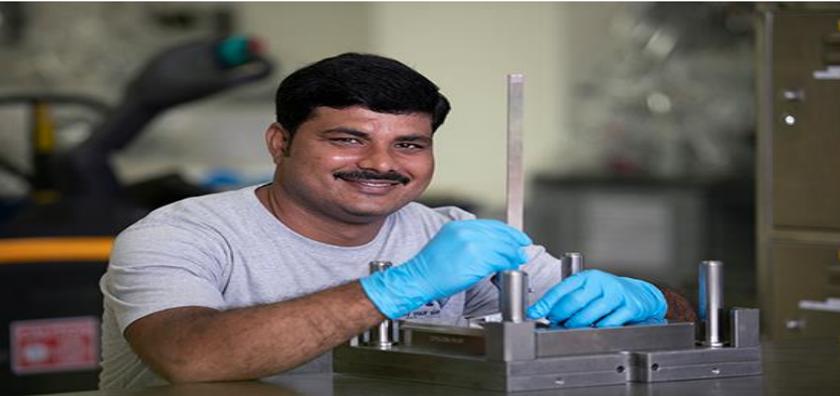
Committed to our collective purpose to improve patient health



Unique Value to Customers and Patients

Global Operational Effectiveness Across the Network

Capital Investments for Future Growth





Eric M. Green

*President and
Chief Executive Officer,
Chair of the Board*



Bernard J. Birkett

*Senior VP and Chief Financial
and Operations Officer*



Quintin Lai

VP, 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
Three months ended December 31, 2023				
Reported (U.S. GAAP)	\$160.9	\$34.5	\$137.0	\$1.83
Cost investment activity	1.0	-	1.0	0.01
Restructuring and other charges	(2.1)	(0.6)	(1.5)	(0.02)
Amortization of acquisition-related intangible assets	0.1	-	0.7	0.01
Adjusted (Non-U.S. GAAP)	\$159.9	\$33.9	\$137.2	\$1.83

	Operating profit	Income tax expense	Net income	Diluted EPS
Twelve months ended December 31, 2023				
Reported (U.S. GAAP)	\$676.0	\$122.3	\$593.4	\$7.88
Loss on disposal of plant	11.6	(0.7)	12.3	0.16
Cost investment activity	4.3	-	4.3	0.06
Restructuring and other charges	(2.0)	(0.9)	(1.1)	(0.02)
Amortization of acquisition-related intangible assets	0.7	0.1	2.8	0.04
Legal settlement	-	(0.9)	(2.9)	(0.04)
Adjusted (Non-U.S. GAAP)	\$690.6	\$119.9	\$608.8	\$8.08

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 December 31, 2022				
Reported (U.S. GAAP)	\$129.7	\$28.9	\$103.0	\$1.36
Cost investment activity	3.5	-	3.5	0.05
Restructuring and other charges	25.4	2.4	23.0	0.30
Amortization of acquisition-related intangible assets	0.1	-	0.7	0.01
Pension settlement	-	0.3	0.9	0.02
Tax law changes	-	(2.5)	2.5	0.03
Adjusted (Non-U.S. GAAP)	\$158.7	\$29.1	\$133.6	\$1.77
Twelve months ended December 31, 2022				
Reported (U.S. GAAP)	\$734.0	\$114.7	\$585.9	\$7.73
Cost investment activity	3.5	-	3.5	0.05
Restructuring and other charges	23.8	2.0	21.8	0.29
Amortization of acquisition-related intangible assets	0.7	0.1	2.8	0.04
Pension settlement	-	20.6	31.6	0.42
Royalty acceleration	-	1.3	(1.3)	(0.02)
Tax law changes	-	(5.7)	5.7	0.07
Adjusted (Non-U.S. GAAP)	\$762.0	\$133.0	\$650.0	\$8.58

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 ⁽¹⁾

(\$ millions)

Three months ended December 31, 2023	Proprietary	CM	Eliminations	Total
Reported net sales (U.S. GAAP)	\$593.7	\$138.3	-	\$732.0
Effect of changes in currency translation rates	(15.7)	(2.8)	-	(18.5)
Organic net sales (Non-U.S. GAAP) ⁽¹⁾	\$578.0	\$135.5	-	\$713.5

Twelve months ended December 31, 2023	Proprietary	CM	Eliminations	Total
Reported net sales (U.S. GAAP)	\$2,397.3	\$552.5	-	\$2,949.8
Effect of changes in currency translation rates	(22.1)	(5.8)	-	(27.9)
Organic net sales (Non-U.S. GAAP) ⁽¹⁾	\$2,375.2	\$546.7	-	\$2,921.9

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

Reconciliation of Net Sales to Organic Net Sales ^(1 and 2) (\$ millions)

Three months ended December 31, 2022	Proprietary	CM	Eliminations	Total
Reported net sales (U.S. GAAP)	\$584.8	\$123.9	-	\$708.7
Effect of divestitures and/or acquisitions	(4.9)	-	-	(4.9)
Net sales excluding divestiture(Non-U.S. GAAP) ⁽²⁾	\$579.9	\$123.9	-	\$703.8

Twelve months ended December 31, 2022	Proprietary	CM	Eliminations	Total
Reported net sales (U.S. GAAP)	\$2,406.8	\$480.4	\$(0.3)	\$2,886.9
Effect of divestitures and/or acquisitions	(11.5)	-	-	(11.5)
Net sales excluding divestiture(Non-U.S. GAAP) ⁽²⁾	\$2,395.3	\$480.4	\$(0.3)	\$2,875.4

(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.

(2) Net sales excluding divestitures represents the 2022 comparative sales figure used in our organic sales growth calculation to eliminate the impact of our 2023 divestiture.

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-Diluted EPS Guidance to Adjusted-Diluted EPS Guidance

	2023 Actual	2024 Guidance	% Change
Reported-diluted EPS (U.S. GAAP)	\$7.88	\$7.46 to \$7.71	(5.3%) to (2.2%)
Loss on disposal of plant	0.16	-	
Cost investment activity	0.06	-	
Restructuring and other charges	(0.02)	-	
Amortization of acquisition-related intangible assets	0.04	0.04	
Legal settlement	(0.04)	-	
Adjusted-diluted EPS (Non-U.S. GAAP) ⁽¹⁾	\$8.08	\$7.50 to \$7.75	(7.2%) to (4.1%)

(1) See “Full-year 2024 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 2024 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 2023, tax benefits associated with stock-based compensation increased adjusted-diluted EPS by \$0.42. Any future tax benefits associated with stock-based compensation that we receive in 2024 would provide a positive adjustment to our full-year EPS guidance.