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West Pharmaceutical Services, Inc. (WST)

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CORPORATE PARTICIPANTS

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MANAGEMENT DISCUSSION SECTION

David Howard Windley
Analyst, Jefferies LLC

And I think, we're ready to go. Good morning, everybody. Thanks for joining us here on Day 2 of our 2017 London Health Care Conference with Jefferies. I'm David Windley with Jefferies Equity Research based in the U.S. I cover contract research organizations as well as some other pharma services-related companies, including West Pharmaceutical Services.

So, we're very pleased and appreciative of their attendance at our conference in support of the event, as we are of your attendance as well. So, we're going to do a fireside chat here. But before we get into Q&A, I'm going to let Bill Federici, the company's Chief Financial Officer, give you a little intro to the company, and then we'll dig into some more specifics. So, Bill, thank you for being here. I'll let you take it away.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

Thanks, Dave, and thank you to Jefferies for the invite for Quintin and I to come out and talk with you today. We have a very busy schedule, so we're very happy about that. I wanted to give you a little bit of an overview about West and then we'll – certainly Dave and I can dive into Q&A. But for those who don't know us very well, West is a manufacturing company. I mean, we are one of the leaders in how drugs are contained and delivered, injectable drugs.

We've been a company that was established outside of Philadelphia in the 1920s. We've been around for a very, very long time. We are truly global. We have manufacturing – 28 manufacturing facilities, soon to be 29, but 28 manufacturing facilities all over the United States. We've got $1.5 billion of capital deployed around the globe, which allows us to do something very extraordinary, which is, we produce 41 billion things annually that are used in the healthcare of, in the delivery of injectable medicines globally. So, we are truly, truly global, and truly one of the driving forces in the delivery of injectable medicines.

We work with everybody, so if it's a – we have over 2,000 customers, but if it's a major pharmaceutical, major biopharmaceutical, major generics or even the device manufacturing companies, we are – they are all of our customers. The top 50 drugs by – biologic drugs, drugs of biologic origin, most of those are injectable obviously, all of those 50 are injectable. They all use either West or our Japanese affiliate Daikyo rubber on their primary drug containers.

So, we are very, very important there. We work for the top 75 companies that provide injectable drugs into the marketplace. And as I mentioned, we have – we manufacture 41 billion things.

The way our business is set out, we focus on market units. So we look at – we've segmented our business into customer groupings, we've got the biologics, the generics, the pharma market, and also we have a contract manufacturing business where we don't own the IP, but we provide a significant support in those customers' products. The big ones there are, you think about the pens that are used for injections of insulin. We manufacture a lot of the world's pen housings that are used for injections there. We also work with a lot of the companies in the continuous glucose monitoring space.

So, when we look at those market segments, just to give you a sense, our two segments are our proprietary business, which is where all those components are; that's – out of our 2016 sales of $1.5 billion, that's $1.1 billion of that and roughly the other $400 million is sitting in with our contract manufacturing business. Within that proprietary business, we have broken out that, pharmaceuticals is about 35% and the bios and generics are about 21%-22% and the contract manufacturing's about 20%.

So, there are important aspects of how we go to market. We look at the – as I said, we don't make the drugs, but we manufacture the primary drug containers. I don't know how familiar you are with that whole process, but one of the key attributes to West and one of the things that makes our business very sticky, our revenue streams are not annuities, but they're annuity-like because the primary drug container is regulated. So, it's part of the drug filings that are approved, both here in the EU and in the United States and elsewhere in developed markets, where once we are – we work closely with the customers when they're developing their drug formulations, very early-stage and usually in Phase 1 or even preclinical, and where they're establishing the drug and how to contain it. We'll work with them to establish the proper containment for that drug that will allow it to be safe and effective when stored either in a vial or in a prefilled syringe, whether it's with the patient or in the distribution channel, all the way through the pharmacy. So that is a very, very important key aspect of the way that this business is – has a nice regulatory moat around it. I mentioned the $1.5 billion of capital that we have deployed globally, manufacturing 41 billion things annually, that's a huge moat around our business as well. So what we find is that, as these drugs are developed, we coat – we work with our customers to develop the proper primary drug packaging, whether it'd be a cartridge, a prefilled syringe or a vial presentation of that drug.

And once that drug's approved, those are locked into the filing. So, if a customer is going to want a change from us to a competitor or to someone else – someone else's product, they would have to rerun all of that stability work and refile with the regulators to prove that the drug in that new presentation is just as effective and as safe as it was with the West containment system.

So that's a very, very high-level brief understanding of the construct of our business. When we look at our business and one of the great attributes we have is, we are a [ph] pool (00:07:06) business. Our customers and the regulators continue to work towards a cleaner product in the marketplace and that cleaner product results in our customers needing more and more of our services, not just in raw manufacturing of our components, but downstream processing including washing and sterilizing of the product, vision inspections of the product to reduce particulate loads, all the way down to bagging and packaging and clean environment.

All of those things provide additional revenue per unit for us and provide our customers with a cleaner, better performing product in the marketplace. So, when we look at our business, we believe that our business can grow in the 6% to 8% organically on an annual basis on average and that we can expand margins on the order of magnitude about 100 basis points per year on average based on that organic growth. The organic growth is broken out 1% price, so we don't have to rely a lot on price, we get 2% and 3% volume lift from the marketplace.

That is the number of injectable medicines coming into the market; they're growing at about 2% to 3% in the Western markets and in emerging markets. And then on top of that, we have what's called the mix shift and that's where we are taking standard product and converting it over through these high-value product attributes that I mentioned, whether it be washing, sterilizing, vision systems or cleaning and bag – clean environments. Those things add additional value per unit and allow us to continue to grow.

So, I'll stop there and I'll throw it over to Dave to ask some questions.

QUESTION AND ANSWER SECTION

David Howard Windley
Analyst, Jefferies LLC
Q

Yeah. That last part, you stole my thunder on my first question with that last part, but thinking about underlying market growth, let me back up a step. So I think as you've touched on right there, the 6% to 8% revenue growth and the durability of that is one of the really attractive attributes of West's business model.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.
A

Right.

David Howard Windley
Analyst, Jefferies LLC
Q

So, the 2% to 3% volume that you mentioned in injectable drugs, that's I think people [ph] maybe need (00:09:22) and just as a reminder that that does include small molecule, branded injectables, generic injectables, as well as biologics.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.
A

That's right.

David Howard Windley
Analyst, Jefferies LLC
Q

And so, as you think about that 2% to 3% volume, do you break down kind of what the contributions are from those end markets, like one might think about biologics and think there is an upward bias to that 2% to 3%. How does that play out?

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.
A

Yeah. Exactly Dave, that's a very good way to put it. So, it is an amalgamation of all of those things, all those market growth rates. And we know that those market growth rates aren't static depending on what region you're talking about too. If you look at that here in Europe, the small molecule growth is – volume-wise is very small. In the United States, it's also very small. We do have some good growth coming out of places like China and India again. But when you add all of that together with the strong growth that we're seeing in biologics, which is more like, say, 4% to 6% volume growth, we get to that 2% to 3% amalgamated across small molecule and then biologics as well in different markets.

David Howard Windley
Analyst, Jefferies LLC

Q

Okay. And then certainly one of the most important and interesting part of this is the mix shift.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Yeah.

David Howard Windley
Analyst, Jefferies LLC

Q

And I think 90% of your – or 90% of your sales to biologics are high-value products.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Right.

David Howard Windley
Analyst, Jefferies LLC

Q

And so as biologics grows faster, that naturally drives some mix shift. But what are some of the catalysts that prompts your customers to buy high-value products instead of standard?

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Yeah. So let's start with bio and then we'll also talk about generics as well, the small molecule space as well as pharma. So with biologics, the key there is, if you step back and you think about what drives, what are the economic motivations for these biologic medicines for the customers? The customers have a very extensive API. And what they're trying to do is figure out a way to get the most [ph] finished used (00:11:28) dosage forms out of that API if possible. So the way to do that is you try to create a – the underlying primary drug containers, the highest quality packaging that you can possibly have. So it's not just the components, the rubber components, but the glass and the other things that are coming into contact with the drug or the primary drug container.

So, what we'll see is, we'll see, at every stage of the manufacturing process, the customer wants to have the highest quality product. And if they're going to be rejects, they want to reject it early because they don't want to be rejecting medicine that's already been filled into the primary drug container. When they are rejecting at that point, if they're rejecting a whole lot, that's a very expensive thing.

If they can have us reject our primary drug packaging component, say a stopper for a vial or a plunger for a syringe, earlier, before the drug gets to the filler and it's actually filled into that primary drug container, okay, they may lose the $0.50 the stopper or the plunger cost them, but they're not losing the very extensive API. So what we're seeing is the movement by these customers towards higher value products, and that's where we get additional revenue per, per unit. So, let me give you an actual example.

So, if you have a customer today, who is going to be introducing a biologic, they're going to look at not only the washing and the sterilizing, which is required for any drug that's – any primary drug components that are coming into contact with the drug, because they don't want to denature the drug. But they're also going to want to use vision systems.

So, our Envision capability is where we can look at, we have up to 12 cameras that are trained on each individual unit, all 32 billion of those, if it was for all of them, it doesn't happen for all of them, but if that were the case. And we look at every single one of them for attributes like, is there an embedded particulate, either a piece of cellulose from somebody's gowning or a hair or other things and it's looked at such a very, very detailed level that it can see things that are not only visible to the human eye, but subvisible as well. And depending on the customer-specific accepted quality metrics, AQLs, we will work with the customer to develop those and that provides them with the best opportunity to get a clean package at the end of the line, where – when they're filling it with the very expensive API, they're not going to be rejecting it at that point.

So let's give you an example. If the reject – end-of-line reject rate, when they go to their filler, is 5% on a very, very expensive drug, and if by using these vision inspection systems, they can cut that down to 3% or even 4%, just a 1% or a 2% change – reduction in that end-of-line reject is worth way more than the cost of these individual components and our very, very highest level of component is somewhere between $0.50 to $1 per piece. So if you've got a dosage form that's a rare biologic, that's $1,000 a dose, it's certainly not – the economics are there to support that extra cost.

On the generics side, it's the same thing. But what happens there is, what we found is a lot of these – the molecule originator, the people who develop the molecule in the first place usually had all the washing and sterilizing capabilities themselves. And now, when you'd switch it over to a generic, a lot of these generic companies grew up doing the solid oral generics, so they don't have the same capabilities for washing and sterilizing injectable drug product. So they need a West to be able to help them do that washing and sterilizing. Some other situations are where the generic customer may have that kind of capacity, but either they're having issues keeping the GMP up to snuff or they may have had a [ph] 483 (00:15:59) and they'll ask us to help them in that regard. We can do things, we keep our manufacturing processes for Westar, which is the washing or Westar RU, which is the sterilizing, up to GMP standards.

David Howard Windley
Analyst, Jefferies LLC

Q

So on that last point, you mentioned 42 billion pieces that you make a year, maybe not all of those go through that process, but a lot of them do. Is there a scale advantage on the West end versus your individual clients expending that capital to put washing and sterilizing equipment in place.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

It's a great question. [indiscernible] (00:16:38) Right. So...

David Howard Windley
Analyst, Jefferies LLC

Q

Let me restate the question even more simply. Why don't they do it?

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

So, it gets to exactly that. So, if you have someone who has been doing it for decades, a lot of the larger, more staid innovator drug companies, big pharma companies have that capability in house. And so, they'll have manufacturing capacity for washing and sterilizing. A lot of the newer generics or generics that were mostly oil-based, dealing with injectable medicines, even small molecule injectable medicines, is not simple. It's very

complicated and there's a lot of GMP that has to be checked. So, our systems, our – I mean, we'd just give you an example that Quintin likes to use. In our Kinston, North Carolina facility, we just have completed a couple of years ago, you were down there Dave with us, the new water system down there, Westar water system, it's more than $10 million of CapEx associated just with the water system and it took one full year to validate it because you have to be able to show the regulators that the – what it does is it takes city water and converts it to something that's pure enough to be injected into the human body. It's called Water for Injection. So that Water for Injection, you have to be able to prove to the regulators to be able to validate it that in times of drought or times of excess of water or hurricanes, hot weather and cold weather that the city water can be transformed into this Water for Injection on – using any of those variables. So, it took us a full year to validate that process for our customers.

So, do our customers really want to spend in excess of $10 million, plus have to spend all of that time validating, just to have something that, for them, for us, maybe we charge them an extra $0.15 or $0.20 a unit to have [ph] a Westar (00:18:43) process. And so, we can do it on a scale that's bigger than them, and we can do it for what ends up on a net basis, we believe, to be less extensive for them than putting their own GMP facility.

David Howard Windley
Analyst, Jefferies LLC

Q

Right. So, I'll stick on this – on kind of top-line volume and mix shift for a second, and then we'll convert and why this matters so much. You talked about, I believe in your second quarter call or thereabouts a decision by one of your large pharma clients to make kind of an enterprise shift over to high-value products. And so that, that seems perhaps certainly opportune, but out of the ordinary. And maybe you could describe, I know you're not going to tell us the client, but the circumstances under which they decide to make an enterprise decision like that?

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Yeah, it's a great question, Dave. So, and everyone will be different, right. But it's along the same economic principles that we just discussed. So, this particular customer has a mandate – their own internal mandate to drive towards what's called zero defect. So, this is where they look at their manufacturing of injectable drugs and say how do we drive our entire portfolio of drugs, small molecule, large molecule, et cetera, to a – where we believe we can get to as close to zero, zero particulate, zero defects as possible. Obviously, there is no such thing as zero, it will never get there, but it's a principle that they have.

So, the way you do that is you can only be as good as the underlying systems that support the manufacture. We manufacture the components for those customers, the customers then do their – we ship those components to the customer or the customer's filler depending on the customer and that – whatever process that is of where the drug is actually filled and then internally sterilized before it gets to the – into the distribution system, all of those steps have to be reduced to a common amount of, we call it, the AQL, accepted quality level, so that the drug will be as pure as possible.

And the way you can do that is you either inspect that in at the end, as I said, and you reject lots or a filled product and throw it out or you worry about recalls at the backside which is even worse or you have the entire supply chain working off of that same AQL and trying to reduce the particulate and increase the quality levels as they go through the entire manufacturing process. That's what this customer decided to do. Now, it is a large pharmaceutical company and it will take years for us to convert their entire portfolio of injectable medicines from the standard product that we make for them today to one that has – that is both washed and sterilized. They will also, we believe, move towards vision inspection as well as they go through this process because they'll need it to get to a higher qual – acceptable quality level that they're expecting. So, bottom line is each individual customer is

different. The economic compulsion is based on the fact that we can do things on a scale in GMP, that is better, faster, cheaper than they can do it themselves.

David Howard Windley
Analyst, Jefferies LLC

Q

Okay. So let's – I'm sure the audience is wondering where I'm going. So let's convert this to the margin implications.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Yes.

David Howard Windley
Analyst, Jefferies LLC

Q

So, in some of our prior interactions and some work that we've done, we've triangulated and I think you've agreed that your standard product average pricing is in the low pennies...

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Absolutely.

David Howard Windley
Analyst, Jefferies LLC

Q

$0.02, $0.03, something like that.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Sure.

David Howard Windley
Analyst, Jefferies LLC

Q

The average pricing – pricing yield in this high-value products that you are currently selling, $0.10 to $0.15.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Absolutely.

David Howard Windley
Analyst, Jefferies LLC

Q

Broad range, we think $0.12 or $0.13. So – and with each step in the standard product – or excuse me, in higher value products, margin steps up.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Yes.

David Howard Windley
Analyst, Jefferies LLC

Q

Correct. So maybe talk a little bit about the margin differential as you move from standard to high value.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Excellent. Thanks. Good question, Dave. So in our standard product, as Dave said, and by the way of that 41 billion, about 9 billion of it is contract manufacture business. Take that away, [ph] so you're at (00:23:27) 32 billion of those little rubber stoppers and plungers that we manufacture on an annual basis, 83% of those, 83%, are standard product. Only 17% are high-value products. Of that – of the standard product, so, the margin on those – the gross margin is in the high 20s, somewhere in the 25%-27% range. As soon as you wash or sterilize, that becomes a high-value product. Again, we step down to 17% of the units, but the revenue per unit goes up and the margin per unit goes up. So for – if you think about it in terms of a value scale, standard product being the lowest $0.02 and the 25%-27% margin, the first step on that high-value curve is Westar. That's where we wash with Water for Injection to reduce particulate loads. That would get you maybe to the high single pennies per unit and the margin goes up into the 30s.

If we also then not only wash it, but we sterilize it, that would get us a few pennies more and the margin goes up another significant basis points, all the way up to where we're providing a floor polymer coating for a drug of biologic origin to prevent the drug from interacting with the materials doing the sterilizing, doing the washing, but we may even use Envision on that, our vision inspection system that I described earlier. Now you're getting into the $0.30-plus per piece range and the margin is north of 50%, all the way up to where – what we call NovaPure, which is our Quality by Design product, that's a product that's actually physically where the quality is designed into it and specifications are certified to at each step along the manufacturing process, that we can go from anywhere from $0.50 to $1 a piece. And the margins are north of 60% margins. So you get a sense of the margin capabilities and the [ph] hyperextension (00:25:43) that we have based on that.

When we do that 6% to 8% construct that I talked about of growing organically, the high-value product component of that is high singles to low doubles. When we get high-value products to grow high singles to low doubles, we can expand margins 50 basis points to 70 basis points on average per year. In addition to that, we have our operational efficiencies, we have a very well-established Lean program in our manufacturing facilities and elsewhere in our company that will – that plus some SG&A leverage will get us another somewhere close to 30 basis points to 40 basis points and we'll be somewhere around 100 basis points per year of operating margin expansion on an average-year basis.

David Howard Windley
Analyst, Jefferies LLC

Q

So, maybe the last topic to pursue and we'll let folks ask a few questions before we run out of time. You've deployed a lot of capital, you talked about the $1.5 billion, you talked about – you've got a kind of a pivot on your number of facilities in place, you've got one coming on line not too long. That's going to drive more activity through Ireland. Maybe you could talk about how you view your CapEx requirements for the next several years, how those have flattened out and then how over time the activity flowing through Ireland could have some beneficial effect on tax rate?

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Sure, yeah. And so, absolutely right, Dave. We are a capital-intensive business. I mentioned that that's a huge moat around the business. It's also something that prevents us from generating a whole lot of free cash flow in this business on a near-term basis. We put somewhere between $150 million and $175 million worth of CapEx we deploy each year. The breakout of that CapEx is about $60 million to $65 million of it is what we would call normal maintenance capital. That's where we're rebuilding or refurbishing the hardcore manufacturing process in our 28 facilities. There's about $20 million or so per year that we spend on information systems, making sure that our shop floor systems, our ERP and our CRM systems are all working well in terms of working with our suppliers and our customers and also being able to drive the information we need for decision making purposes within our facilities. And then the rest of it is true growth capital.

Dave mentioned Waterford, Ireland. We have a manufacturing facility coming online in Ireland. The first phase of that will be to manufacture a redundant supply of the world's sheeting that's used – influenced in insulin pens, in the 3ML cartridge for insulin pens. The second phase of that which will come online later in 2018, early 2019 is finishing – a center of excellence for finishing these high-value product components in Ireland where, as Dave said, we'd be able to capture a lot in the profits at a very low tax rate.

So right now, before you look at – if you look at our standard tax rate, effective tax rate, before the impact of the recent accounting change for option exercises that has a excess tax benefit, our tax rate is around 30%, very high, because a lot of these high-value products are manufactured in the U.S. and in Germany today. So as we migrate towards places like Ireland or Singapore which also has a very low tax rate for us, effective tax rate. We will have a natural adjunct of being able to reduce the amount of taxes that we pay on an effective tax basis.

David Howard Windley
Analyst, Jefferies LLC

Q

Excellent. What else can Bill answer for folks here? Yes, sir.

Q

[Question Inaudible] (00:29:50-00:30:06)

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Excellent question.

David Howard Windley
Analyst, Jefferies LLC

Q

Let me repeat the question. So, the question was basically on incoming biosimilar shift from biologics to biosimilars and how does that affect the business.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Sure. So, as I mentioned earlier, we are on just about all of the top biologics because of the very beneficial effects that we mentioned about being able to reduce particulate loads and the safety and efficacy of the drug using our products. What we've seen in the small molecule space and we believe we will also see in the large molecule as it moves from the innovator to the generics, or biosimilars in that case, is that they will still continue to use the same packaging that the innovator use, and there are couple reasons for that.

The first reason is that when you think about the regulatory process, what is the most important thing for these generic customers? Speed to market. They want to jump in and be able to get that exclusivity period. So, the last thing they want to do is introduce new packaging, primary packing materials that would require regulatory scrutiny. If they can go to the regulators and say, hey, we're using the same components that were used on the innovator drug, it's one less step in the process that they have to worry about.

The second thing is that when you think about the overall cost of our product to the products itself, we are, we say generally less than 1%, it's way less than 1% of the value of one of these very, very expensive drugs. So, we believe that that's the other economic compulsion is okay, if they figure they could save a little bit on the stopper, it's not worth it for the amount of work that they would have to go through to prove that that new innovative or new stopper or new plunger that's not the innovator's stopper or a plunger performs the drug performs the same way and has the same safety and efficacy.

Those are the two biggest reasons. The way that we look at it is, we've seen that in the past that these generic customers in the small molecule space do not have a – they don't want to run to a different way of looking at it than the innovator looked at it. And quite frankly, they're willing to pay us about the same as what the innovator paid us for our product. And we have about the same margin. So, from our perspective, not that it's irrelevant, it certainly is relevant. But we believe that we will continue to capture the lion's share of those biosimilars as they come – as they transition from the innovator.

David Howard Windley
Analyst, Jefferies LLC

Q

We've got time for one more question. Somebody else have one? Yes, sir.

Q

[Question Inaudible] (00:32:54-00:32:58)

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Sure.

David Howard Windley
Analyst, Jefferies LLC

Q

Competitive landscape question.

William J. Federici
Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

A

Great question. So I'll try to answer it quickly because we're running out of time. There are, in the primary drug container, on the rubber side, so the rubber stoppers and plungers and seals and septums, there are primarily three companies, West in the developed markets has about a 70% market share, 70%, that share has stayed relatively the same over time because as we said, if you're going to change the primary drug packaging, you have to redo stability testing generally and therefore, it doesn't happen. So, you're always competing for the next molecules, the next things that are coming through the pipeline.

The second competitor in this, or the first competitor, the second company in this space is a company called Datwyler. It's a Swiss holding company. And the third one is a small French company that was acquired by the large U.S. packaging conglomerate Aptar. So, Datwyler has rough numbers 20% market share and Aptar Stelmi still has about 10%. Thank you for your time.

David Howard Windley

Analyst, Jefferies LLC

I'm going to wrap it up. Thanks everybody.

William J. Federici

Chief Financial Officer & Senior Vice President, West Pharmaceutical Services, Inc.

Appreciate it.