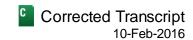


10-Feb-2016

West Pharmaceutical Services, Inc. (WST)

Leerink Partners Global Health Care Conference



CORPORATE PARTICIPANTS

Michael A. Anderson

Vice President & Treasurer

Quintin John Lai

Vice President of Corporate Development, Strategy & Investor Relations

OTHER PARTICIPANTS

John L. Sullivan Leerink Partners LLC

MANAGEMENT DISCUSSION SECTION

John L. Sullivan

Leerink Partners LLC

And then I'll switch with you.

Hey, guys. Good morning, and welcome back. I'm John Sullivan, Director of Research at Leerink. And I'm pleased to welcome the Management Team of West Pharmaceutical Services to the room. We're joined by Financial and Strategic Management, and we are starting with a – we're starting with you guys going over...

Michael A. Anderson

Vice President & Treasurer

Yeah.

John L. Sullivan

Leerink Partners LLC

...some slides and taking us through the story. Please do. Thank you.

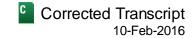
Michael A. Anderson

Vice President & Treasurer

Good morning. Thanks. I'm Mike Anderson, Treasurer at West; Quintin Lai is with me today. Quintin has joined West recently, is responsible for Strategy and Corporate Development, as well as IR. I'm happy to hand that off to him after about 15 years. So, introducing West, first I'll give you our Safe Harbor statement. There won't too many forward-looking statements today, I hope, because we're in a quiet period.

So, turning to who West is, we are historically the largest provider of components for containing injectable drugs in the world. We've been doing this for a quite a long time, 90 years. I'm going to skip through this pretty quickly, but that's the really the heart and soul of business is we've been containing injectable drugs for 90 years for

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primarily in the Western markets for virtual any company that carries a name. In terms of the size of the business, historically, so \$1.1 billion of our products are around drug containment and delivery proprietary products. We've got a smaller contract manufacturing business, that's been useful on its own, successful on its own, right. But, also has been a source of technological development supporting the development of our own proprietary products after, again, years of making other peoples products for them.

So, to give you a sense of proportion, we make 40 billion components manufactured annually, 110 million or so consumed every day, there's a lot of ins and outs here, I'm not sure what that is. We again work with most, if not all of the top pharmaceutical companies in the world, and have for quite some time, and key to our success in recent years has been our dominance of certain of our products in the biologic space, where 35 drugs of the top 35 drugs use components produced either by West or by Daikyo, who is our Japanese affiliate, which I can go into in a few minutes, what our relationship with them is.

In terms of things driving our growing, most of these, if you're following healthcare, you know most of these, I won't repeat them. But some of the more particular ones for us are the increase in the use of biologics, driving those high-value products, that we've — I've mentioned. And the increase in quality standards demanding across the pharmaceutical and healthcare spectrum. So, we focus on it as a total cost of ownership perspective for our customers. But certainly, from the regulators' and from our customers' perspective eliminating defects early is a far more efficient way to do that than trying to inspect them out of the end of their production lines.

At a glance, we are predominantly international in terms of our revenue sources, for that reason we're quite sensitive to currency, particularly the euro, and that is shown itself unfortunately through 2015, we're hoping for better in 2016.

In terms of categories, the high-value components is now approaching a catching up with the standard products in terms of size of revenue, in terms of units it's a relatively small percentage of total units, that 35% slices represent that historic business built over 90 years serving the small molecule pharmaceuticals business.

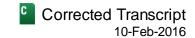
And am I missing there? The contract manufacturing business is again a fairly recent – too recent – in my tenure, it's about a 10-year-old business for us. We've had enjoyed a nice run over the last five years by almost any metric including increasing our sales at a compound rate of 6% constant currency, No, I'm sorry this is actual, not at constant currency, constant currency is a little higher than that. Diluted EPS has grown nicely with a little flat spot there in 2011 and 2012, but recovering nicely in the last two years and ROIC is something where we've been focused on and I would say we're probably more focused on today than we have been in recent years.

Cash allocation priorities, our priority has clearly been, if you look at our history, investing in our business. We've been investing fairly heavily, kind of, 10% to 15% of revenue for quite some time and that's shown itself in the growth, it's shown itself in the expansion of margins and we're happy to having things to invest in and we'll continue to do that.

We've maintained the dividend, we're I think a year away from joining the Dividend Aristocrats club, we've increased it every year for the last 24 years. We certainly have been – we've made some nice acquisitions, mostly small in the last 10 years, that is something that we're probably paying modestly more attention to today than we have in the past. However, we're still very much focused on staying close to the injectable drug supply chain, and we'll not, I don't think, wander too far from that.

Certainly, we're trying to stay current with our debt, which isn't much of an issue. There's not much of it left, and we have recently announced a modest stock repurchase program largely focused on containing dilution associated with stock compensation plans.

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This is the slide that actually –we usually spend the most time with investors and it breaks the –that same pie chart we showed before down into relative size of revenue in 2014, which is on the left axis, the growth rates of the various categories of the business, and there in the lower axis, their gross margins.

So, the high-value components part of the slide, the circle on the far right has been really the driver of both our growth in sales and our growth in margin. Margin expansion has largely been a function in the change in the mix of the products we're selling, which has in turn, been a function of the change in the markets we're serving and that these are products – jump ahead to – this slide.

High-value products primarily serving the biologics industry. The lower left shows West Fluro Tec and these are scaled there by age rather than by significance. West Fluro Tec is in the contact surface material. It's a coating that goes on rubber components, and is in contact with the drug on the shelf and it is the material that has become the standard drug contact surface for biologic drugs and it's why we are on 35 drugs of the top 35 drugs.

The other quality drivers here Westar RS. Westar RS is simply a washing process. Its bringing in to West the process that historically was performed by our customers, washing their components in water for injection. Significant capital investment, but one we can leverage a lot better than our customers can at their individual production sites. Westar RU is the same idea, taking the processing to the next level of sterilization. Relatively modest sales in that category now, but one that's gaining share and interest as customers, again, d on't want to maintain that process or make the investment in the infrastructure they need to do sterilization.

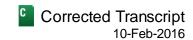
Envision is vision inspection. Many if not most of our customers have introduced vision inspection at the end of their production line, this goes to what I said earlier about if we can inspect it out of our components in our facility and never ship it to them, it's a lot better than them putting that piece of the material on to a drug and having to dispose of a finished unit.

And NovaPure is a quality by design product, where the entire dossier of the development and production of the process of this components is compliant with the FDA's requirements around quality by design. And again, much easier for us to do than customers try to backfill that dossier at the end of the their – when they've selected the product.

Very nice growth rates for Envision, NovaPure very nascent, nice growth rates, very small base. FluroTec is probably the – FluroTec and Westar are the two most important projects on this list. I'm going to back up again. Here.

Our long-term strategy, we've recently announced a change in realignment of the organization to one better focused on customers by the nature of their business rather than the geography of their headquarters or operations as we've historically been managed. We recognize that the needs of biologic customers are particularly different from those of generic makers and traditional pharma companies and some other lesser, smaller categories.

So, from a commercial organization, we will be reorganized that way. From a operational perspective, we're bringing – again, eliminating some of the regional barriers around how we run the business and bringing them under a single head who will report directly to Eric, our CEO. And we believe there is a great opportunity to better utilize our footprint, that capital that we've spent so much money on over the last decade to get more out of that, and to provide better service to our customers across the globe by bringing those under a central control. In terms of – the other thing this will drive is product development. So, not only our commercial organization is going to be aligned to the customers, our product development will align up behind those.



QUESTION AND ANSWER SECTION

John L. Sullivan Leerink Partners LLC	Q						
That's great. Should we may be jump in for a second? I have a couple of questions.							
Michael A. Anderson Vice President & Treasurer	A						
Have I already gone too far?							
John L. Sullivan Leerink Partners LLC	Q						
No, no. Its great. Let's – folks, feel free to raise your hands if you do yo we could help investors understand a little bit better some of the revenincremental revenue growth, Quinton and Michael, to what extent is a particular revenue driver for the firm?	ue drivers that are important. So,						
Michael A. Anderson Vice President & Treasurer	A						
I would say, in the near term, biosimilars have – recent past in near te driver over time to the extent they enhance total utilization, total units that's an opportunity for us. Our historic performance, whether its bio drug, they also copy the package and we're part of that. I don't know if	in the downstream markets. Obviously, similars or generics, when someone copies a						
John L. Sullivan Leerink Partners LLC	Q						
Understood.							
Quintin John Lai Vice President of Corporate Development, Strategy & Investor Relations	A						

I agree with Mike with – if you look at generics, you look at – and you couple that with the other macro drivers like aging population, going into emerging markets, I think, all of those things, we're seeing good unit growth and good runway for unit growth in the amount of injectables that are going out there. And that means more components, opportunities – component sale opportunities for West.

The other driver that we're seeing is that we're seeing many of our pharma and biotech customers wanting higher quality. They want higher assurance levels to make sure that they don't have any contamination or particulate risk and they are looking to West to provide solutions, to help assure that they can get the best packaging containment and administration possibilities out there. And that's driving this underlying conversion of our standard products to our higher end, high-value products. And so, I think we're also in the early stages of that. And so, whereas that is not just a unit volume growth but that's just a migration to a higher price point and higher margin opportunities for West.

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John L. Sullivan

Leerink Partners LLC

Q

Okay. And have you to that end – to that point, have you talked about, as your clients migrate to these higher value products, what sort of margin benefits can be expected?

Michael A. Anderson

А

Vice President & Treasurer

Yeah. We have. I mean, again, most of the margin expansion you've seen in the last five years or 10 years has been entirely attributable – more significantly attributable to that change. I think the combination of the continuing shift in products toward higher value and proprietary devices, along with the efficiencies we think we can get out of the organization, we think 100 bps a year is a goal. Historically, we've spoken of 50 bps which was up from an operating perspective, we think we can do that and more.

John L. Sullivan

Q

Leerink Partners LLC

Thinking about capital allocation, you talked about one of the potential uses for the company's cash flow is in organic growth. What's the environment like for and what sort of – what's the opportunity set relative to what you've seen in the past? Can you just characterize that for us?

Quintin John Lai

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Vice President of Corporate Development, Strategy & Investor Relations

Sure. I think, John, the – thank you for the question. I think, first of all, as we look at the long-term strategy of West, we feel like that we've got great runway with just the organic opportunities that we have for both good organic sales growth and margin expansion opportunity. With our position in injectables, I think that we're looking to expand on adding to that. And with that, there are opportunities out there that are available. Obviously, we don't talk about any individual fields, but I think that we're always looking to be opportunistic on things that would help complement that long-term strategy that we have. And pricing is something that is always influx, and with the volatility in the market today, obviously things change. But I mean, the reality is that a lot of t hese – the

properties are out there don't look at just the day-to-day fluctuations of the market, they have their own intrinsic value. And so, I think that – that we haven't seen any major changes in that.

John L. Sullivan

Leerink Partners LLC

That's helpful. Also thinking about margins, can you just talk a little bit about pricing power in your product portfolio, and I think of your products as pretty – your products and your customers as pretty sticky, but can you just talk about pricing power?

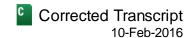
Michael A. Anderson

А

Vice President & Treasurer

Certainly. Our ability to change prices is significant in a raw sense. So, we could double our prices tomorrow, our customers couldn't go anywhere, most of them for at least two years, it would probably take them for four years or five years, but then it would be over. So, we have the ability and certainly have been able to maintain margins, and deal in fair price increases, but our goal is to be good partners with our customers [ph] to U.S. (17:02). as a partner, they want to continue to work with whether it's on a new drug or a new device, far more important in the long term then taking undue advantage of our pricing power at the moment.

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Vice President of Corporate Development, Strategy & Investor Relations

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Right. I echo what Mike says. I think that if you look at the growth that's being driven, especially on the high value, [ph] it shifts (17:24) that incremental value.

Michael A. Anderson

Vice President & Treasurer

А

Right.

Quintin John Lai

Vice President of Corporate Development, Strategy & Investor Relations

A

We are putting a lot more effort, and we're taking – we're putting in clean room assembly, which is obviously a lot of cost to us. But then, and a lot of capital expenditure on our side, but on – for that effort, for that increased value, increased assurance, we are giving higher prices for that.

John L. Sullivan

Leerink Partners LLC



That's great. And then, help us, and help investors think about the, what the contract —adding the contact manufacturing business over the last several years has mean to your entire business portfolio. And how has it enabled the firm?

Michael A. Anderson

Vice President & Treasurer



Well, most importantly, Tech Group, the company we acquired in 2005, had a portfolio that was about 70% medical, and 30% consumer industrial, our portfolio in that space at the time was the reverse, much smaller, and much smaller medical pharma component. So, they brought with them the ability to do some more sophisticated injection molding, automated assembly, things that have allowed them to become important players in making pen assemblies for Novo and Lily, and a significant player in the glucose monitoring space, probably approaching all in – insulin's probably \$150 million business for us. They're a big part of that.

But the ability to make those devices to do design for, and design for production for customers, and to manage those projects in a regulated environment, demonstrating that, and then bringing that expertise to products like SmartDose, our proprietary wearable device, is a huge amount – gives us a huge amount of credibility when we're talking to a customer, as opposed to if we showed up with a nice design, and a prototype, we can do this. We've done it on a large scale for some significant products, and customers for a long time.

John L. Sullivan

Leerink Partners LLC



Very helpful. We are just about out of time, last chance, audience questions? Quickly...



Hey, you mentioned earlier the pricing power and then you went to the revenue drops. [indiscernible] (19:44)

West Pharmaceutical Services, Inc. (WST) Corrected Transcript Leerink Partners Global Health Care Conference Michael A. Anderson Vice President & Treasurer So, steady state organic growth from pricing and unit volume growth? The two combined...

John L. Sullivan Leerink Partners LLC Right.

...Just, what would be your ...?

Michael A. Anderson Vice President & Treasurer

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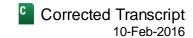
Yeah, our steady state growth, we believe is in the mid single-digits and up, so 6% to 8% we think is sustainable for a long period of time in terms of how much of that is price and volume - price and volume together are probably less than 2%. It's really the product mix, it's selling people higher - not selling - providing people with higher value products that they're willing to pay for because we're delivering more to them without gouging prices. Frankly, it's been the way we've grown the last five years and the way we would expect to grow going forward.

John L. Sullivan

Leerink Partners LLC

Very helpful. Thank you to West Pharmaceutical Services and thank you all for joining us. We will - we'll reconvene in a few minutes in this room with Exelixis. Thank you.

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