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# West Pharmaceutical Services, Inc. (WST)

Morgan Stanley Global Health Care Conference

## CORPORATE PARTICIPANTS

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## MANAGEMENT DISCUSSION SECTION

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Hello, everyone. Thank you very much for joining us today. My name is Varun Kuchibhatla, and I work on the medical devices equity research team here in Morgan Stanley. Today, we're pleased to have West Pharmaceutical Services with us, and we're welcoming Eric Green, President and CEO; and Bernard Birkett, Senior Vice President and CFO.

And just before we get started, I am obligated to mention that all important disclosures including personal holdings disclosures and Morgan Stanley disclosures can be found online at the Morgan Stanley website at [www.morganstanley.com/researchdisclosures](http://www.morganstanley.com/researchdisclosures). You can also get a copy at the registration desk.

And so with that out of the way, let's get started.

## QUESTION AND ANSWER SECTION

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

And so first off, I just wanted to touch base here given the hurricanes and the situation in North Carolina, could you give us an update on and how you see that impacting your business.

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Great. Well, first of all, Varun, I want to say thank you to inviting us, West, to be part of your healthcare conference here today. It's been a very productive day and we look forward to having a conversation. Yeah, more importantly, turning our attention towards short-term and towards North Carolina, we do have a manufacturing facility in Kinston, North Carolina. It's one of 28 manufacturing facilities around the world. We've taken this situation very seriously.

We have put in contingency plans for our facility and we actually have our employees out with their families and away from the area. So we anticipate some type of impact. We don't know if it will be wind and rain or one or the other, but we're well prepared. And I can assure you, our mindset is around making sure that we have contact with each and every one of the employees that works out of that facility, so we can interact with them as the storm goes through the area and then the aftermath. So we are prepared.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

Okay. Good. That's all great to hear. And then I wanted to kind of move to the second quarter. So, just in terms of the second quarter, revenue and EPS both came in above, I think, investor expectation. You saw a sequential improvement in all your businesses. So maybe just recap for those of us that aren't as familiar, just what went right in the second quarter?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Well, I'd like to say everything went right and it continues to – the businesses do continue to do well. I would say, if you split it between the two different business segments, the proprietary business unit had a little bit stronger growth than anticipated particularly around the high value products. And as you know, in some of the cases, we are launching with our customers from one quarter to the next, so there was a little more anticipation probably around the pharma segment than we were anticipating. But, overall, I would say it was in line with our expectations and for the full year. The contract manufacturing business has been accelerating faster than we anticipated and that's because of certain projects that we have initiated with our customers last year that we're ramping up throughout 2018.

While the top line is very attractive, in contract manufacturing we had some margin pressures and that particularly was around the ramp-up process, bringing a number of colleagues onboard to train, to be certified and ready to scale up the manufacturing at these sites, particularly in Ireland and also down in Arizona. So we're pleased with the progress we're making. It was a solid quarter in Q2.

I think one of the areas that I was extremely pleased with was our margin expansion around proprietary business, and that really does – there's two key drivers of that, Varun. One is the shift towards standard to high-value products as we talked about the growth was there in the top line, but it translates into margin expansion. And the balance is really around lean operations where the One West process that we put in place with our global operations is gaining traction. And so that is key drivers of the success in Q2.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

Great. And then so just moving over to guidance, you maintained your top line guidance 6% to 8%. That kind of implies, I think you said high-single-digit growth into the back half. Can you just talk to us more about how you see growth going into the next two quarters of this year?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Well, we knew that going into the year we were pretty open externally that we had some challenges in the first half. We had some comps that we had to overcome. One in particular was the Venezuela in the first quarter of 2017 to the big consolidation that we didn't have in 2018. However, we're confident in the progress we've been making throughout 2018 to get us the growth levels that we expect at West when we start to talk about mid to high-single-digit type growth rates

Now, you're right, the guidance that we gave a couple of months ago, we're not updating guidance today. We did alter the FX at that point of time we were really marking around €120. I think in the last conversation we had was about €115, and if you look at that in the context, that's roughly \$7 million to \$8 million of revenue per quarter. So that's the rationale why we kept our guidance intact from Q1 to Q2.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

Okay. And then just moving to the bottom line, you also reaffirmed your EPS guidance despite the lower FX benefit like you're saying. But it's also kind of implies that, on an underlying basis, your EPS guidance went up when you adjust out for that FX. Can you just help reconcile that with maintaining your top line guidance, is there something else moving the P&L there?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

No. I would say when we started thinking about the growth of other proprietary business, and we sort of thinking about 170-basis-point margin expansion in Q2. As we go forward in Q3 and Q4, we believe we will still continue to see margin expansion in those particular areas. In contract manufacturing, we had pressure as I mentioned in Q2 really due to ramp-up, we anticipated some of that pressure going into the quarter, and we'll see sequential improvement throughout the balance of the year still, and all that really does translate into within the guidance that we gave a couple of months ago.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

Understood. And so you've mentioned a little bit about your different business segments, but I want to start to go through them in a little bit more detail. And let's just start out with generics. Just talk to us about the trends you're seeing here in the markets?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Yeah. The generic marketplace as you know we mentioned really our top four or five customers make up of close to about 40% of our revenues in that particular business and very important that we're close to them. What we're seeing is that we're passed last year's inventory stocking activity with our customers, and we started thinking about the performance we have this year. We started thinking about mid- to high-single-digit-type growth for the whole year. That really is above the market.

We believe the market is somewhere from a unit perspective is roughly around 3%, approximately based on the data that we have. And so, the rationale why we're able to grow faster than that really comes down to the fundamental thesis of moving more of our customers towards the high value product portfolio. What's interesting in the generics space is that we recently launched a new program called AccelTRA, and this program is really targeted around the generics market space and it was designed by the team that's just focused on that in that market and what's driving the number of samples and interests and requests curve for our customers is actually exceeding our expectations at this point in time. True that we're not going to see revenues in the short term, as you know, in this industry, it does take time to get written and to get approved and get on to the next commercial drug. Well, it's encouraging is I think we identified a value proposition that will enable us to continue to grow market plus in the generic space.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

And so you mentioned there is one new big product of yours. There are also several products I think on your recent call that you mentioned healthier second quarter. Can you just talk to other than a little bit more detail about how you see the product cycle helping you out or developing to the back half?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Right. As we develop these new programs particularly around the generic space, we are identifying ways to help our customers make that decision to transition into the high value product portfolio, but it's allowing us to do the washing technology or the envision inspection technology on behalf of our customers. Because of that we're actually seeing a better improvement in our economics around that business with generics. So we are continuing to see in the elastomer portfolio with high value products, but we're also seeing an increased interest around more of our self-injection systems. I think we announced recently one of our devices that we received an award was self-dose and again this is a solution, a delivery device for our customers that they can combine with the drug molecule, which allows easier use for the patients. So the growth that we're seeing is not just in the elastomers, but the interest in the areas of self-injection is on the increase in that particular market.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

And then moving on to pharma, so I think you said recently that you expect trends here to become more normalized. Can you just talk about what you're seeing here, and just to give us more details about how you see the second half?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Yeah. The underlying core business of pharma, as you know, our position in the small molecules is actually quite strong. We are – when you start thinking about – again, you look at the market consumption from a unit perspective is really low-single digits. Our performance from a core base business of pharma is really around the mid-single. And again, the transfer into low-to-mid single is really driving, again, up the value curve for customers of the high value products.

We experienced, I'd say towards the tail-end of 2017 and the first part of 2018, again, same – similar phenomenon what you experienced in generics of customers reducing inventory stocking, really driven by our improvements in our supply chain. When you hear me talk about improvements in supply chain, we're talking about a make to order operations moving from 30 to 40 weeks of lead times to our customer to sub-10 weeks.

That significant decline has given our customers confidence that we can deliver in more timely fashion and allow them to pull back on some of their inventory management. It's been a constant theme through generics, constant theme through the pharma and, frankly speaking, it's given us a very strong strategic position.

The additional growth that we're seeing in pharma is really around our administration systems. And this is an area where we acquired a firm number of years ago, but we integrated into our pharma business for the go-to-market, and what we're seeing this is products like vial to bag that are – there's a pull effect in the marketplace that we're seeing and that's giving us incremental growth.

Because of that we had to add capacity, and we put the capacity in Puerto Rico, which is coming online this month, has been validated and we'll be doing commercial revenues out of that facility back half of this year which will allow us to continue to have healthy growth of that portfolio into the pharma sector.

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Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

Got it. And then so just in terms of high-value products, you've mentioned customers are switching more towards high-value products and maybe that was a little bit stronger than you anticipated. Can you talk to us about how you see that curve going forward later into this year or maybe even over the next couple of years, how investors should see that, right?

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Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Particularly, in the pharma sector, it's more of a platform play, so it's the decision on our customers to actually start transferring from standard packaging that we provide into high-value products. And so that's a journey that takes two or three years with our customers. And you can imagine it's not the entire industry. So it's very targeted, very selective. We've gone through that journey with one particular customer over the last three years and we're replicating that with a few others.

It does take time and we'll see the benefit, our customers definitely see the benefit. We started thinking about their fundamental mission is to drive to zero particulates and zero defects. And so that's where we're bringing that value with a high quality product. So we believe, in the pharma business, we will still see conversion from standard to high value products not just near term, but for a number of years in front of us.

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Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

Great. And then I wanted to move to biologics. Just talk to us about the trends and expectations for this business.

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

I'm excited about biologics. This is a marketplace where we have a very strong participation rate of molecules that are not just in the marketplace, but it's in the pipeline. Just to remind ourselves that we're in Phase 1 and Phase 2 in a lot of discussions with our customers, so we have good visibility on what's being worked on in the marketplace.

While the biologic marketplace is very attractive, it still is small from a unit perspective compared to the generics and the pharma. And I believe it'll take some time to get a more consistent type of a growth pattern in that particular business or a customer segment over the number of years ahead of us. But we're very well-positioned to experience the growth today, but more importantly, the long-term growth in the biologic space.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

And then, so now pivoting to, I guess, the last segment, contract manufacturing. You are still confident, I guess, including a tough fourth quarter comp that this can be a high-single digit business this year. So can you talk to us there about some of the drivers?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

This is an interesting business. Couple of years ago there was a clear focus on transitioning a portfolio that was focused on the healthcare and markets and consumer products. Just to remind ourselves when we acquired Tech Group a little over 10 years ago, more than half of the business was consumer products. While we want to support those customers, we'll continue to support those customers, the regulatory barrier simply does not exist in that particular space. So we made an effort that we want to put more of our investments around the healthcare area and deemphasize consumer products. Today, well less than 10% of our revenues in contract manufacturing is now in the consumer products.

So if we take a look at the healthcare space, we are very well-positioned in auto injectors and other type of products used in diagnostic – diabetes markets and that's where the growth that we're seeing currently today. And to the point where we're in the ramp-up mode, so it's probably more cost than the efficiencies than we had last quarter and but we'll start working through that through the balance of this year to get the margins to, we have historically been and if not improved over time because again the focus on the portfolio mix that we have.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

And then specifically within contract manufacturer I think your fourth quarter had a significant amount of tooling sales that generated some strong recurring sales this year. How should we think about that in terms of how that affects the visibility of this business, and also how sustainable you see the growth rate?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Yeah. I think the tooling sales will be somewhat lumpy, when you start thinking about investments our customers are making with us. We are very clear that in Ireland we built a facility to prepare ourselves to build support a launch with a major customer, and that tooling effect happened in Q4. So there will be a tough comp in Q4, but again it doesn't move us away from what you mentioned earlier about our confidence in high-single digits in that



business for the balance of the year. But the underlying growth rate from product out the door in the healthcare space continues to grow. I would say again over and above the market, and we believe this business is mid- to high-single-digit-type of growth rates for West.

**Varun Kuchibhatla**

*Analyst, Morgan Stanley & Co. LLC*

Q

And then so you mentioned the Ireland facility, so I wanted to ask about that. You recently opened this. I think you're expecting to make commercial deliveries later this year, right? So how should we expect that to manifest in results later this year. But I guess in addition to that, how should we think about the ramp as we look to 2019 and beyond? Is it going to be gradual, lumpy?

**Eric Mark Green**

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Yeah. Let me turn it over to Bernard here.

**Bernard J. Birkett**

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

A

So, Waterford facility is the largest CapEx investment that West has made, it's about \$125 million. We opened the facility in July of this year. We've had some customers validate the processes there and we're going to be doing insulin sheeting will be produced there and our high-value products will also be produced there. So it was a headwind in Q2 of about \$4 million. We expect to see that headwind decline as we go through the balance of 2018. And then there will be some throughout 2019 as we ramp up our production there

We're going to start to see some production there probably at the end of Q3 early Q4, and we'll start to get some sales out by the end of this year, but it's still going to remain a headwind over 2019. And then in 2020 we start to expect to see that to be coming to breakeven.

So in this industry, it does take -- there is a lead time in getting plant utilization up as you get customers on board and they have to validate the facility and validate the processes. So we're well on track, and so we were excited about the opportunity and what it's going to deliver to our business in the future.

**Varun Kuchibhatla**

*Analyst, Morgan Stanley & Co. LLC*

Q

Great. And so we're at about 10 minutes less, so I just want to check if there's any questions from the audience. All right. And so I think there's some overlap between the cuts versus some of your different product areas. Can you talk about if you see any cross-selling synergies across your business?

**Eric Mark Green**

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

It's a very good question because historically we kept our contract manufacturing separate from our proprietary business, and stay focused on that particular opportunity. When we're talking to our customers in the contract manufacturing area, there are several products, delivery products like auto injectors as an example that require elastomers for in the primary containment of the drug molecule and, again, that's our proprietary side of the business.

So when we're having conversations more and more today, we're having at the enterprise level with our customers and bring the full capabilities of West to fruition for our customers and allows us to innovate and create



new solutions that we didn't think about in the past for our customers. So, I believe there are cross-selling opportunities. The other example I want to throw out there is that administration systems going through our pharma business has given us – opened our eyes to new opportunities to really leverage that asset base to actually have more meaningful revenues with our customers and complete solutions.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

Great. And then just kind of pivoting to the pharma pipeline or, I guess, more so about the market backdrop, can you just talk about how the backdrop in terms of pharma or biotech innovation looks right now and how you see that influencing your business?

Bernard J. Birkett

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

A

I think, overall, when we think about the backdrop of the injectable medicine space, again, we purely look at it from a unit perspective, we do believe it's about 2% to 3% I mentioned earlier. Obviously, the biologics is a little bit faster movement in the number of units consumed versus the small molecules in the pharma space. But, again, we're very well-positioned in both. And then you obviously have the elements of the generics, which is another lever and position that we probably haven't focused on enough historically. But with a dedicated team around generics, we've seen that capture of new opportunities.

Now, what I would say is that when you look at the pipeline, you're absolutely correct, more of the pipelines are on the biologics, tend to be small, novel, unique therapy classes that West is well-positioned to both support our customers, and that tends to be the lion's share of the types of products being approved through the regulatory filings.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

And then how do you see headlines and stories of price deflation in pharma impacting your business?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

I'll take that, Bernie. So, absolutely, some of our customers are faced with price pressures. What I am convinced on is that if you think about West and how we position our products in the marketplace, we are about a net price contribution about 1% per annum and it's been pretty consistent for a number of years plus or minus a few tenths of a percentage.

And when you started thinking about our conversations, especially with customers who are under pressure on costs, two elements I'll respond. One is, just to remind ourselves, we tend to be a very small percentage of the cost of that molecule that's in the marketplace. So, if you look at a portfolio of sales, it was very diverse, the number of molecules, number of customers, number of geographies, number of products. So, we're not heavily reliant on one molecule or one product in the marketplace.

And secondly is that this whole concept that's been developed a number of years ago is really a very powerful flywheel when you start thinking about talking – having a conversation with the customer about additional capabilities and services we provide which is our high value product portfolio which is taking cost out of our customers' system.

So we've gotten to the point where we can sit with our customers and identify total cost of ownership and show that we can help them alleviate any capital investments in their facilities and or investments and that's on our shoulders. But, again, we get a little bit better ASP and a little bit better margin on the product, but it's a strong win for our customers. So there is price pressure in the marketplace. We're pretty comfortable where we are within our pricing capabilities, but we're also more comfortable with the value we can bring with high-value products.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

And then you mentioned margins, one thing I actually wanted to touch upon earlier was the One West management system. Can you just discuss how you see that helping margins and kind of where we are with that?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

I'll start with the systems and, Bernie, you want to talk about...

Bernard J. Birkett

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

A

Yeah, sure.

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

So, about a little over two years ago, what we have done is we have taken a really well functioning global operations of 28 sites who somewhat worked by region or independent into one global formal operations, and we did bring some leadership in from the outside who has actually done this on a large scale. And because of that, what we're finding is that by putting in a One West, we call it One West, that allows us to look at the network across all geographies and all capabilities. And we're finding ways to drive more lean principals, level order operations, look at how we apply our capital throughout the organization and create more centers of excellence.

So the One West is a platform that we rolled out, we're starting to see the impacts, which will impact safety, will impact quality, it's going to impact delivery of service to our customers, and it's going to impact cost. So that does translate nicely into our margins. You want to...

Bernard J. Birkett

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

A

And so what and what it also does it helps us with our lead time improvements. Our lead times have dropped considerably in some areas of our business from approximately 30 weeks to 40 weeks down to 10 weeks as Eric mentioned earlier. But it creates a number of different opportunity for us, particularly around margin expansion, so you have better utilization of our facilities and our assets. You have a lot of lean initiatives driving cost reduction, and then all of that flows into better free cash flow management and into ROIC. And you can also see the impact it's having on our CapEx forecast. As we're actually utilizing the assets that we have in a better way, we were able to drop our CapEx forecast down from approximately \$150 million down to \$120 million to \$130 million for 2018. Again, that feeds into free cash flow management. And what we're also seeing is that it's also having positive impacts on working capital. So this affects a number of different aspects of our business and it's helping us achieve a lot of the goals we've set for ourselves.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

And so you mentioned CapEx, I think you walked through the reduction of the CapEx guidance this year. And just to follow up on that, after CapEx, what in general can you talk to us about your future plans for capital deployment?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Well, let me touch on real quick. You are absolutely correct when you say about CapEx reduction. And I just want to be very clear as when we look at growth initiatives, we're still going to have a tremendous amount of opportunities to invest in growth. Where our whole focus is to get away from bricks and mortar and get more into more in technology automation and doing modular approach. The infrastructure we put in place for the last number of years is actually very critical, it give us a phenomenal platform to grow over the next several years into the future. But the investments we're going to make, now you can see a shorter payback, it's going to help us with the return on invested capital and obviously the free cash flow. I think on the other uses of cash you know obviously we are continuously looking for new technologies that we can bolt on into West that allows us to do really differentiate when you think about from primary containment to delivery devices for the injectable medicine space. We don't have all the gaps filled at this time. So we do have opportunities to think about inorganic or probably small bolt-on opportunities of technology and/or accelerate some investments through our R&D group to get us to fill those gaps.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

And then so we only have two minutes left here. So I want to just come back to what do you see as the profile of your business. So we talked a lot about or you talked a lot about the market growth rates and growing above market. When you put that all together, what do you see your overall weighted average market growth rate at and I'm guessing to sort of follow this, how do you see yourself growing in relation to this, but I think based on everything we discuss you expect to outgrow it. But could you just benchmark that for investors?

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Great. And when we go back to -- I do strongly feel based on our data, market, unit, volume what we call market with unit volume growth is about 2% to 3%, and you can throw a price on that, you can also throw a mix shift that we are able to capture with our growth. Mid to high single digits growth is long-term perspective for West and we still believe in that thesis and we believe we are the runway giving example on our high-value product portfolio it still less about 20% of the units that we manufactured today are in high-value products. That means the other 80% of the products we produced are core standard products. So there's still an opportunity for more conversion and especially the new molecules that are going to the pipeline, that's the clear focus around high value products, but that should give us a market-plus-type growth going into the future.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

And then I guess last question based on the time. So if you're able to achieve that above market growth what do you see that doing to your profitability and EPS.

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

A

Well, again I think as long as we can drive HVP growth we've always said that if we can get high-single low double digit growth HVP, which we've proven over the last 5 years, over the last 10 years and again we have a runway ahead of us that's attractive. We do believe there is a natural mix shift margin expansion between 50 basis points to 70 basis points. Our future growth and margin expansion on an operating level we consistently say about 100 basis points. So leveraging mostly around the gross margin a little bit in the SG&A, but mostly out of the operations in the mix shift.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Q

So and full disclosure, I don't have, I guess, a West Pharma model in front of me, but if I take that mid-single and high-single-digit top line the 100 basis points of margin expansion. Is it fair to say I'd have to guess that's double-digit EPS growth that's what you're expecting in your profile?

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

A

Yes, if you look over the last five years, the CAGR on revenue, the constant currency basis is about 6.4% and adjusted EPS over that same period of time, the CAGR is about 14.3%.

Varun Kuchibhatla

*Analyst, Morgan Stanley & Co. LLC*

Perfect. And with that, I think we'll stop it there. Thank you very much for your time today.

Eric Mark Green

*President, Chief Executive Officer & Director, West Pharmaceutical Services, Inc.*

Varun, thank you.

Bernard J. Birkett

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

Thank you.

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