West Pharmaceutical Services – HVP Portfolio Deep Dive, Capacity Ramp & End Market Demand Outlook

21 November 2024

Key Insights

- West captures c70% share in elastomer components market vs Aptar's 20% and Datwyler's high-single digits percentage due to advantages of Flurotec/B2-coating technology. West's share increases to 100% in biologics, but decreases to c60% for GLP-1s due to increased vs decreased need for FluroTec, respectively. Specialist doesn't see Aptar's PremiumCoat as a threat given limited differentiators, customer switching costs and limited track record
- 70-80% of HVP components revenue from NovaPure, which carries an ASP of USD 0.25-0.50 per unit and c70% gross margins. However, GLP-1s do not need FluroTec technology and thus use NovaChoice elastomers, which carry a lower ASP of USD0.15-0.30 per unit and 50-60% gross margins. NovaChoice elastomers used in syringes are higher margin than those use in cartridges, in turn higher than those used in vials. Thus, GLP-1 volume shift across formats will impact group margins
- Reasonable to assume 40-45% – 20% EBITDA – for contract manufacturing of drug delivery devices used in GLP-1s. Expanding into handling drug products in Dublin may increase gross margins to 50%, but not much more.
- Ex-GLP-1s, specialist believes the industry-level de-stocking narrative has been a "get-out-of-jail-free card". Expects recovery in 2025 with West Pharma serving as leading indicator to primary packaging demand recovery. 10-20% price increases upon contract renewals is reasonable going forward
- Specialist expects de-minimis growth for West's proprietary device business, which likely carries "negative" margins. Doesn't see integrated solutions with primary packaging players as a key area of focus given lower margins and ROIC vs adding another elastomer line, the latter of which carries three-year-ROIC of high-teens-to-low-20s%

Specialist Robert Segura (RS), Former VP, Corporate Development at West Pharmaceutical Services Inc

Moderator Sebastian Skeet (SS), Third Bridge Sector Analyst

Agenda

- West Pharma's (NYSE: WST) HVP (high-value product) portfolio across devices and components, key competitors and sources of differentiation
- HVP order book visibility, destocking cycle dynamics and customer inventory management
- HVP and CMO (contract manufacturing organisation) capacity ramp, expected utilisation rates and output growth
- Performance outlook, including margin sustainability

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Transcription begins at 00:00:07 of the recorded material

SS: Welcome to Third Bridge Forum's Interview entitled West Pharmaceutical Services – HVP Portfolio Deep Dive, Capacity Ramp & End Market Demand Outlook. My name is Seb Skeet, and I'm delighted to have with us today Mr Robert Segura, former VP of Corporate Development at West Pharmaceutical Services.

Robert, before we start today's Interview, please state I agree or I disagree to the following statement: You understand the definition of material non-public information and agree not to disclose any such information, or any other information which is confidential, during this Interview.

RS: I agree.

SS: Could you kick us off with a brief introduction of your background relevant to today's Interview?

RS: I've been in medical technology really my entire career, for a little over 20 years. I really started off on the OEM side in devices, in the wound care and surgical spaces. I eventually moved over to 3M Medical, where we had a drug delivery and a contract manufacturing business as a part of our overall offering. Then, from 3M, made the move to West, where I spent about two years there as the Head of Corporate Development, working primarily on strategic initiatives, M&A, partnerships and licensing opportunities and, in that time, did quite a bit of work around assessing the overall drug delivery and containment space as well as logical adjacencies that would make sense for West. Since leaving West, I've joined now as the Chief Development Officer for SteriPack Group, which is an outsourcing partner that does pharma services, drug delivery, assembly and packaging, as well as medtech manufacturing and post-manufacturing services. I've seen a gradual move from B2C OEM into more B2B outsourcing partner businesses.

[00:02:23]

Q: I'd like to break out West Pharmaceutical Services' HVP [high-value product] components portfolio. Can you walk us through their differences in characteristics, functionalities and applications across the NovaBrand – including the NovaPure and NovaChoice – Daikyo, Westar and the Envision brands?

RS: I think one way to think about West's portfolio, at the highest level, is there's a proprietary business that's made up of elastomer components, which is the broadest category, and I'll come back to that in just a second. There are some primary packaging components that are not elastomer, like COC/COP polymer type vials and syringes. The branding of that is Crystal Zenith. Then there are devices, which are primarily your SmartDose and SelfDose devices. Then the fourth leg of the stool, if you will, would be the contract manufacturing business, which I think we'll come to at some point. Those are the broad categories. Then within each of those, you have a high-value segment where you're generally going to

enjoy better premiums, you're offering some sort of an enhancement or differentiator or even service across that portfolio that makes it a bit more premium and better-margin business. Then, of course, you can segment down into more basic, less differentiated, call it more commoditised products, with most of that segmentation and differentiation happening in the elastomer components business. The brands that you've just laid out, NovaPure, Westar, LyoTec, those are all designations and branding associated with the level of high-value differentiation that you're seeing there. I think maybe if you start with NovaPure, these are going to be an elastomer formulation that's optimised for reducing denaturing of biologic drugs. The formulation is going to be optimised for reducing extraction and leeching really of any sort of liquid substance but, in the specific case here, biologic drugs. They're going to be coated or sealed to enhance even further their ability to reduce denaturing, leeching, extraction.

Also, with the NovaPure stoppers, they will have been washed and, in many cases, sterilised. When a company chooses NovaPure for their product, it's essentially turnkey from a washing and sterilisation standpoint, so the drug company or the CDMO is not going to have to do any of that post-procurement. In addition, they're choosing NovaPure because of the coating as well, meaning they have a large-molecule biologic drug that is more susceptible to either light or temperature or shelf-life, ensuring that the drug's interaction with that material is going to maintain stability at the highest level. I'll pause there for a second, but that's essentially what you're getting with a NovaPure-type product. The NovaPure brand is used across stoppers, which are used in vials, and plungers, which are used in syringes and injectable devices like pens and autoinjectors.

[00:07:31]

Q: I understand that NovaPure is part of the broader NovaBrand umbrella, but fundamentally, what is the difference across the Daikyo, Westar and Envision nomenclature?

RS: It really comes down to the level of treatment that's taken place with the product. Westar is going to be more of a basic component. It will have gone through the similar formulation and stamping process as the NovaPure or the FluroTec, but it may not be ready to use or ready to sterilise. If you're buying that product and you're not choosing to have West wash that product or sterilise that product, you're choosing really the core Daikyo technology but without some of West's value-added services like the washing and sterilising or the coating.

SS: The core difference among the Daikyo, Westar, Envision and the Nova brands is the level of additional services that West Pharma adds on top of the elastomer IP? Washing, sterilisation, FluroTec or B2-coating?

RS: Correct.

[00:09:23]

Q: West Pharma has a segment described as standard packaging, which drives around 21-22% of revenue. What exactly falls into the standard packaging segment? Is it Westar?

RS: That's going to be, Westar is a good example of that, your basic components without some of the value-added services. Some of the other bits may fit into that, like LyoSeal, for instance, smaller product segment, but I think the delineation between a high-value product and standard containment product really is the value-added services, the addition of the FluroTec technology.

[00:10:34]

Q: Within the HVP components segment, which is roughly 50% of West Pharma's 2023 revenue, is there any particular revenue concentration around one particular brand or service level? Do the Nova brand, stoppers, plungers or seals with the FluroTec barrier film represent a disproportionate amount of revenue, or is it fairly well-diversified across the spectrum of quality that the company offers?

RS: There's concentration from the standpoint that there are a finite number of value-added solutions that West offers, but there are many SKUs covered due to size and use case. In some cases, where West is brought in early into the design process for a particular syringe size or type, a particular volume and viscosity for certain drugs, particular autoinjector or pen, there might be specific tooling that's used in the manufacturing process for that particular device or containment solution and so then a SKU will have been created for a particular customer's device. In some cases, there's enough volume for that particular drug where it makes sense for West to do that, so it becomes, early in the drug development and containment discussion, one in which there may be a specification for a particular drug or device where West is bringing in tooling just for that, and then a SKU gets created for that particular component, but still using the same core formulation, the washing and sterilisation service, the FluroTec coating.

[00:12:59]

Q: Is it fair to say that the more services – whether sterilisation, coating or visual inspection – West Pharma offers, the higher the value and margin those particular SKUs would have?

RS: Yes.

[00:13:25]

Q: Which SKUs would typically have the highest margin?

RS: It would be the NovaPure plungers and stoppers.

[00:13:39]

Q: Do you know what proportion of the HVP components segment revenue stems from NovaPure vs Daikyo, Westar, Envision, etc?

RS: It's going to be the majority of it, yes, I'm just going to say 70-80%.

SS: 70-80% comes from NovaPure?

RS: Yes.

SS: Not the NovaBrand more broadly?

RS: Yes, it comes from NovaPure. Just to back up, West is essentially on every biologic drug that's injectable in the marketplace, and the majority of those biologic drugs need either a plunger or a

stopper, and they choose NovaPure.

SS: Because of the FluroTec and B2-coating?

RS: Exactly. There's less sensitivity to price on a component that, in the grand scheme of things, is de minimis in their drug P&L, so they'll pay an extra USD 0.10-0.20 per component to ensure that there are no complications with the drug.

SS: So a NovaPure plunger, which includes the FluroTec or B2-coat, is USD 0.10-0.20 more than the NovaChoice, which does not?

RS: Right. There's certainly tiered pricing, and every contract is different, but, generally, that's the case.

SS: To confirm, the NovaPure is higher-margin because of the number of additional value-add coating and services that West Pharma is layering on that SKU vs a Westar plunger or stopper, and it's reasonable to assume that 70-80% of the HVP components segment revenue comes from NovaPure, as pretty much every biologic drug uses these stoppers or plungers due to the advantages of FluroTec technology. Therefore, the biologics market is higher-margin than the pharma or generics market would be, because in those two segments, customers don't need that FluroTec tech.

RS: Correct.

[00:16:11]

Q: It seems West Pharma is very reliant on FluroTec or B2-coating technology for the majority of its higher-margin sales, which in turn stems from the Daikyo partnership. My understanding is that the licensing agreements between the two are expiring in 2027. What's the risk of this partnership not being renewed?

RS: I think it's a very low risk. West has a significant stake in Daikyo, I think 49%, and I think, at some point, would likely own Daikyo, but the partnership is tremendously beneficial to Daikyo as well. If you just step back and think who else could be a better partner to Daikyo, there's really no one else. West has a significant ownership stake, a 40-year history, so I don't see that, there being risk there, even with the expiration in '27.

SS: You noted that West Pharma and Daikyo have a 40-year history, and West Pharma owns a 49% stake in Daikyo. Why hasn't West Pharma acquired Daikyo?

RS: Daikyo is still owned by a family, it's the second generation now. All I can say is there have been discussions, and I think it's imminent at some point, but there just wasn't a readiness level at the moment. It's a Japanese family, Japanese business culture, again, family-owned, second-generation, so I think there are still previous-generation ties to the business, and the current generation is respectful of that legacy.

[00:18:42]

Q: When the new contract cycle starts in 2027, what's the risk that the licensing or agreements are amended such that West Pharma may have to pay higher royalties, milestones or any other such

financial commitments to Daikyo?

RS: Again, I would say it's low, and that comes from just insight into the previous interactions and relationship that exists between West and Daikyo. Daikyo is not tremendously sophisticated and, in many cases, takes direction from West on the arrangement.

[00:19:28]

Q: Do you know if and when the FluroTec or B2-coating IP is set to expire?

RS: There are several elements of IP and some element of IP or some new differentiation that gets renewed on occasion, so the roll-off, I think, has already started, but I think there are newer elements of IP related to that technology that are in place for longer. I don't have as much insight into the freedom to operate or defensibility work that might have been done more recently. You're already seeing some competitive entrants with Aptar and perhaps others that are selling a coating that they say is similar to West's coating. I think IP is important, but it's less relevant in defending West's market share than other elements of the operation.

SS: Such as what?

RS: I think inertia, for one. Some of the know-how, the regulatory guidance, the analytical testing services, the relationships that West has with all of the different pharma companies that are using product today. West is fairly entrenched. I don't think it's impossible to see someone like an Aptar taking some share, but West probably has 70% or so of the elastomer component space, so a bit of a unique market share situation, and I don't necessarily see that changing tremendously. West has 26 or 27 manufacturing sites, many of them geared towards stamping out elastomer components with tremendous efficiency and throughput effectiveness. That's hard to replicate, it's a network that requires significant capital investment.

[00:21:57]

Q: Would you say the FluroTec and B2-coating represents West Pharma's key differentiating IP, or does it have specific IP estates around its elastomeric formulations, for example?

RS: There's IP around the formulation as well. There are three buckets. There's one around elastomer formulation, there's one around the coating, and then there's another bucket of IP around the devices and a fourth one around the Crystal Zenith polymer that's used in some of the primary containment, which we've not really talked about just yet.

SS: When it comes to the HVP components segment, the IP really stems from the elastomeric formulations and the coating. The coating IP is starting to roll off, and we are seeing copycats such as Aptar Pharma with its PremiumCoat, but in your view, West Pharma has a sustainable first-mover and competitive advantage by virtue of its pedigree in this space and the switching costs for its customers.

RS: Yes, I think that's well said.

[00:23:31]

Q: Is there anything unique in terms of functionality or application to Aptar Pharma's PremiumCoat stopper, or is it essentially a copycat coating?

RS: I am sure in a lab you could find some molecular differences, and I'm sure that you could, on a benchtop, find some performance differences, but what drives uptake, I think, is more the relationship, the marketing. There's enough proven and demonstrated performance from West's product to where if an Aptar's solution performs as well, it's not going to shake a customer off West. It would need to perform significantly better, not as well as or 10%, it would need to perform significantly better, and I don't necessarily know if you're going to see that because the innovation is somewhat marginal. It's not like other spaces where there's a completely different approach or innovation that revolutionises or transforms the space.

[00:25:04]

Q: Aptar has launched its PremiumCoat stopper, plungers and so on with BD [Becton, Dickinson and Co], the latter of which has that pedigree and customer relationships when it comes to primary packaging, specifically syringes. I believe BD is one of the largest syringes players. With this PremiumCoat partnership, it now seems that BD alongside Aptar represent a one-stop shop for syringes, to the extent that you can buy your glass primary packaging that is ready-to-use, as well as all the ancillary components. How strong a value proposition do you think that integrated solution represents vs West Pharma, which doesn't have any such integrated solution for syringes? I understand the company does have partnerships with Corning and Schott for vials, but not for syringes.

RS: I think, in theory, it's a powerful relationship. There's this end-to-end idea, one-neck-to-choke kind of thing, where the drug companies have to deal with fewer outsourcing partners, but the reality is that BD is also a big customer for West, and while there's exclusivity in the BD-Aptar relationship, it's one-way exclusivity. Aptar, I think, really accommodated BD in that arrangement, but BD still sees West as a valuable partner as well. This space, this drug delivery, containment and packaging space, is pretty incestuous, there are a lot of peer/competitor/partner-type relationships across the space. You'll see that with the recent RTU alliance that's been announced between several of the containment and delivery packagers in the space. I think it's important, but it's not as game-changing as one might think.

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Q: We'll circle back to these RTU alliances. Aptar and BD certainly seem to be the emerging competition, coming in with a late-mover disadvantage, but I understand there are some more legacy competitors in the market, such as Datwyler. How does market share split across the incumbents? Secondly, is there anything that differentiates Datwyler?

RS: Put Asia aside for a second, I'll come back to that. For the North American and European markets, West probably owns 70% or so of the elastomer components market, Aptar probably about 20%, and then Datwyler, let's call it, 8% or 9% with maybe some very fringe competitor taking up the other 1% or 2%. Datwyler is not a pure-play pharma services medtech company in the way that West is and then, to a lesser extent, Aptar is. They make tyres and other industrial rubber solutions. While they offer a similar solution in the marketplace, they just don't have the standing, the reputation, really the gravitas in the space to really win the kind of business that you want that lends itself to high-value solutions and growth. I think the last time I checked, Datwyler had about USD 200m of elastomer revenue, but their other businesses are orders of magnitude larger than that, so I don't know if that business is ever going

to get the kind of attention from Datwyler that their other businesses get, if that makes sense.

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Q: Have we seen any significant movement in the market share mix you discussed – 70% for West, 20% for Aptar and high-single-digit for Datwyler?

RS: It's been pretty consistent and steady. If anything, Aptar has really announced a significant investment and focus on their injectables delivery and containment business. They've been primarily inhalation drug delivery business, and their elastomer components and injectables business was a bit of a sideline, but in the last two years or so, they've really put more focus there. I could see them getting some traction, but it hasn't happened at scale.

SS: Why is that? Is it simply because of the high switching costs? Is that because up until recently, Aptar didn't have an equivalent to the FluroTec?

RS: I think, in part, it's because it's a long-cycle business, and there's inertia. Many of these elastomer components get specced in to the regulatory process, which, as you probably know, in the pharma space, takes a long, long time. There are drugs that are in late clinical phase or even just recently commercialised where the decision to use West's component or Aptar's component was made two or three years ago, so these things, they take time.

SS: At what point do the components typically get specced in? Is that at phase 2 or phase 3?

RS: I would say phase 2 at the earliest, but that's still well in advance of commercialisation.

SS: Technically, Aptar could start eating into West's share within the phase 2 and earlier pipeline, but any clincal programmes in phase 3 and beyond that is defensible for West Pharma?

RS: Yes.

[00:32:09]

Q: Could you walk us through the dynamics among West Pharma's APAC competitors?

RS: West still has a significant share in Asia, but there are some other competitors that are more regional and localised that win business. Wego would be one in China, Sumitomo would be one. Then it would be hard for me to name, there are smaller local, regionalised players that, frankly, if you go to trade shows, have something that looks exactly like West's plungers and stoppers and are winning dogs and cats kinds of drug business in Asia, mostly small-molecule or vaccine-type business but still enough for them to build a decent business for themselves.

[00:33:15]

Q: According to West Pharma's 2023 annual report, the APAC region only represents 9% of its revenues. Why is that? What percentage share does the company have in the biologics pipeline relative to the 70% it has in the west?

RS: The reason is because most of the innovation is taking place in the US, in North America and Europe. Most of the large-molecule biologic drugs are coming out of North American and European drug companies. The investment in shifting the mix towards higher-value products leads you to a more western-hemisphere-focused effort.

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Q: I understand we're going through somewhat of a funding winter, as some have put it, especially in China, but as we emerge from these trough levels of R&D funding in China and the broader APAC region, how well-positioned do you think West Pharma is to serve that demand? Or do you think the demand will ultimately be serviced by local players such as Wego Medical and Sumitomo Pharma?

RS: I think it's addressable upon West's volition. There are some commercial challenges that exist in China, for instance, that make it a bit harder to do business, like value-based procurement or volume-based procurement and those types of processes, where USD 1 spent in China doesn't provide the same ROI as USD 1 spent in North America and Europe. There's still enough of a biologic pipeline to go after in western developed markets to where you choose what you resource. I don't necessarily think it's just is there an opportunity there, it's is it such that the ROI is there for you in Asia.

[00:35:37]

Q: Do you see China and Asia broadly representing a needle-moving growth driver for West Pharma, or not really, given the local competition?

RS: Could the 9% go to 11%? Perhaps. 9% on a USD 3bn business is significant business, but I don't think you would see enormous shifts. If you look at many med device or medtech pharma partnership type businesses, they tend to break out.

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Q: I know this is an apples-to-oranges comparison, but if you look at some of the bioprocessing players such as Sartorius, they have a far higher revenue exposure to regions such as China. Again, I appreciate it's a poor proxy, but there seem to be different philosophies across management teams on how much they want to invest and grow in China, as opposed to focusing more on western markets. I appreciate West Pharma has a different product and service mix vs bioprocessing players, but is this a missed opportunity for West Pharma?

RS: Let me first speak to the Lonza/Sartorius comparison. Those are bioprocessing consumable businesses, there's a lot of drug product that's made in Asia, especially small-molecule generic-type drugs, and the type of products and services sold by Sartorius or Lonza or some parts of Thermo or Danaher are more the tools needed to manufacturer drugs and the bioprocessing part of the value chain. Whether it's a large-molecule biologic drug or a small-molecule or a vaccine, that tooling is still required, and a lot of that manufacturing takes place in Asia. Their mix is naturally going to skew more towards Asia than a company like West, who's not involved in the upstream manufacturing process but involved more downstream in containment and delivery.

SS: Drug substance manufacturing is more indexed to Asia, whereas drug product, so primary packaging

and fill-finish, is typically more nearshore?

RS: Right.

[00:38:30]

Q: Coming back to the RTU [ready-to-use] partnerships, West Pharma counts the primary packaging players – such as Schott, Stevanato, Gerresheimer and BD – as customers. West Pharma has publicly disclosed partnerships with Corning and Schott to distribute their vials alongside its stoppers and seals. That's only for vials as it stands today. How large of a growth opportunity is it for West to move in a meaningful way into offering a comprehensive and broad integrated systems portfolio across primary packaging formats – including syringes and cartridges – with a player such as Stevanato, who is one of the leaders in the syringe market?

RS: I think, in theory, it's a real opportunity to own more of the primary packaging portfolio. If you think about the components that go into the primary route to the administration, whether it's a vial, a prefilled syringe, a pen or an autoinjector, it's pretty finite. The fact that West has such a captive audience, being on every biologic drug, essentially, you would think there are opportunities to expand wallet by selling other components. I think one of the struggles, because I was in the seat and looking at those opportunities, is a lot of what's offered in those other component spaces becomes dilutive to West's margin.

[00:40:25]

Q: Are the Corning and Schott integrated vial solutions margin-dilutive to West Pharma?

RS: Right. Where West can sell a NovaPure stopper at a 70% or even higher gross margin, that's not as achievable with pharmaceutical glass or polymer containment solutions, just fundamentally not. It's a different product category, different unit economics.

SS: While it sounds compelling in theory, the economics for West Pharma don't make sense, so it's unlikely we'll see a meaningful movement towards these integrated solutions.

RS: Not until West believes that a dollar isn't better spent on laying down another elastomer line in Jersey Shore or Kinston. If I have a growth CAPEX strategy and I look at my balance sheet and I say, "What's the best way to deploy capital?" historically, it's been, "Just put down another elastomer stamping line and sell more NovaPure," because the ROIC is unbeatable anywhere else. Strategically, I think it makes a lot of sense to either own or have a significant partnership in the other primary packaging components spaces, and eventually that may be something that West has to do, but they trade at such a premium to peers in the packaging space, and their margins are in a bit of a different category or tier as certainly the Gerresheimers of the world but even Stevanatos and Schotts that the financial analysis tends to lead you back towards being exclusively or mostly a components player.

[00:42:36]

Q: Could you put any numbers around West Pharma's ROIC for a new elastomer stamping line?

RS: It's going to always exceed hurdle rates, even in a high cost of capital environment, you're talking about three-year ROICs in the high teens and even low 20s, so it's always an easy decision.

SS: How does that ROIC in the high-teens or low-20s for an elastomer stamping line compare to a contract manufacturing facility, which West Pharma is building in Grand Rapids or Dublin?

RS: Let me qualify by saying the contract manufacturing situation has changed significantly in the last 18 months with GLP-1s and some of the macro that's evolving there.

SS: Let me specify – GLP-1-specific [glucagon-like peptide-1-specific] contracts manufacturing for the autoinjector devices?

RS: I'm sure that's looking better now than it has in the past because you have huge volume that's predictable and so the economies of scale on that kind of business look better than some of what West would have been bidding for in the past, but it's still probably not where elastomer components are.

[00:44:10]

Q: HVP devices are roughly 12% of revenue in the first nine months of 2024, so certainly not a large portfolio in terms of revenue for West Pharma. The SelfDose autoinjector doesn't seem to be differentiated vs the YpsoMate Molly. There seems to be limited – albeit potentially growing – demand for the SmartDose on-body delivery system. The Daikyo Crystal Zenith appears to be an innovative polymer RTU syringe, but there doesn't seem to be much demand for polymer-based primary packaging at the moment based on previous Forum Interviews. In short, do you see any near-term inflection in terms of demand and revenue growth for any of the constituents of the HVP device portfolio?

RS: No, the short answer. I think the devices business has been a challenge for West.

SS: Why is that? Why is it that West Pharma has developed an autoinjector and an on-body delivery system when there exist established incumbents in the form of Ypsomed, SHL, Nemera and Gerresheimer?

RS: West made an acquisition in the early 2010s of an Israeli-based company called Tech Group that had a lot of that device manufacturing, device design capability, and that really was the genesis of their devices, particularly SmartDose. Really, West was out in front with actual customers approved to use the SmartDose wearable, four in particular, but the ability to actually execute the device design, manufacture, commercialisation, the entire device value chain at scale, from what I saw inside the company, was a real challenge. I think a company that's built to stamp out elastomer components, innovate, manufacture, commercialise, does not translate to one that has to sell devices. It's a bit of a different value proposition and, therefore, a different skillset, corporate skillset, required to do it. While SmartDose is a fairly slick device and they were able to get four customers before anybody else in the space was able to get one, what I saw were some early missteps with how those devices were contracted and then the ability to manufacture efficiently a somewhat challenging product to manufacture has made it a bit more difficult for West to really get traction. Since then, you've had, really, all of the others bring their own on-body wearable to market and, quite frankly, have been able to leapfrog a bit the technology that West has in SmartDose.

[00:49:24]

Q: Do you think West Pharma can right the ship? I understand that there's more and more demand for on-body delivery systems as biologics become increasingly viscous and thus becomes increasingly hard to put into an autoinjector platform, as drug delivery is compromised. Sometimes, you can't concentrate a formulation to the point that you can fit it into a standardised prefilled syringe or cartridge, and based on previous Forum Interviews, it seems as if there's demand for on-body delivery systems. Do you think West Pharma has the drive, resources and expertise to address its historical shortcomings and piggyback on that demand, or do you think it has missed the boat?

RS: I think it would be more the latter. I think, without saying too much, my thesis was that we would need to buy in that capability and reverse integrate a lot of the necessary capabilities to be a competitor in that space, both the technology, the portfolio as well as the know-how. I think the one thing that West could do or that, theoretically, should be able to do is leverage the contract manufacturing capability they have because West is a large pen and autoinjector manufacture, they spec in a lot of that business, but that's very different than owning the IP and having that as a proprietary solution where you own the entire value chain.

[00:51:20]

Q: Do you think West Pharma's lack of traction with the SelfDose autoinjector comes down to manufacturing snafus or the IP itself and its performance or functionalities of its device relative to YpsoMate or Molly?

RS: I don't know.

SS: We know West Pharma is investing in expanding its contract manufacturing capacities for autoinjectors used in obesity and diabetes. Presumably for platforms such as the YpsoMate or Molly, both of which we know CagriSema [cagrilintide and semaglutide] and semaglutide use, respectively. If West Pharma solves the manufacturing-at-scale issue, could it then theoretically drive the adoption of the SelfDose as one of the go-to device platforms for GLP-1, or any other blockbuster therapy? Or can the device simply not compete vs peers from a functionality perspective?

RS: I do think it's a bit of the latter. YpsoMate or SHL's or even BD's pens and autoinjectors are just a better-quality product, they're iterating and innovating on those devices in a way that West hasn't. The SelfDose product hasn't really changed much and really was designed around self-administration but a bit more to accommodate human factors challenges like arthritic patients and that sort of thing and less so to handle more viscous, higher-volume drugs. SHL and Ypsomed have just been innovators, and you've seen Ypsomed business grow like crazy because of that, because they've become the injection device of choice for a lot of the biologic and GLP-1 drugs.

[00:53:41]

Q: Do you ever see West Pharma's Daikyo Crystal Zenith polymer syringe or vial business becoming a growth driver? Or not really, given how allergic to change the pharmaceutical industry seems to be, and thus it is going to take a while before there's larger-scale adoption of polymer-based primary packaging?

RS: It's such a niche. People have been talking about COP and COC containment solutions for a decade, and you've seen it a bit in ophthalmic use cases, which is where West tends to get some of that business with the Crystal Zenith product. Even if things moved in that direction, Schott, for instance, has their Toppac product, which is superior, so I think much of the uptake, if it took place, would happen with a product like that before the Crystal Zenith product.

[00:54:48]

Q: According to West Pharma's Q3 2024 earnings, specifically within the HVP segment, it seems there was some margin contraction because of a mix shift effect. I understand that the HVP component profitability is greater than the HVP devices segment profitability, but can you help us understand the magnitude of the margin delta between the two?

RS: These are two different planets and two different solar systems. The HVP components are going to be more profitable and better margin profile than anything else that West can do in the near term.

SS: Earlier, you mentioned the vast majority of the HVP components comes from NovaPure, which – because of all the services that West Pharma layers on top of that – you can assume has a roughly 70% gross margin. What can we assume the gross margin looks like for the HVP devices once you factor in their competitive positioning and the economics of selling a device vs a high-value component?

RS: Lower. It might be negative.

SS: So there's a dramatic effect in the event of a mix shift towards devices.

RS: That's proprietary devices. On the contract manufacturing side of the business, if they're speccing in the manufacturer of a pen or an autoinjector for Lilly or someone else, then that's profitable business. Otherwise, they wouldn't do it, and that probably comes in more in the 40-45% gross margin, call it, 20% EBITDA on the higher end of their contract manufacturing business, but they don't own the IP, they don't have to sell it, they're purely speccing it in, manufacturing it, and that's it.

[00:57:11]

Q: When trying to understand the HVP segment's performance, which includes components and devices, should we be thinking about 70% gross margins for components vs a negative gross margin for devices, hence any small mix shift will have a dramatic impact on the overall HVP segment's profitability. Then for the contract manufacturing – which is reported as a separate line item – of devices used for players like Novo Nordisk or Eli Lilly, can we assume roughly 40% gross margins?

RS: Correct.

[00:57:45]

Q: It seems a proportion of the mix shift seems to be driven by the de-stocking cycle, which has impacted every player in the pharmaceutical packaging and bioprocessing spaces over the past couple of years. It seems as if the timing of the end of the de-stocking cycle differs by end market, with West Pharma's management – in its Q3 2024 earnings call – alluding to the fact that pharma customers, so

small molecules and GLP-1 players, were seeing a return to more normalised purchasing patterns. However, biologics and generics were likely to remain in overhang into 2025. Why do you think there is that difference in timing? Is the pharma segment demand entirely supported by GLP-1s, or are there other dynamics at play?

RS: Let me start by saying I think the de-stocking narrative has been a bit of a get-out-of-jail-free card for a lot of the players in this space, the publicly traded players in this space. Some of it's real, for sure, but it's become such an accepted reason for missing guidance that some of it's noise too. It's a bit counter-intuitive because much of the stockpiling, I would say, around COVID was for vaccines, which are primarily vials, to a lesser extent, pre-filled syringes, but that was a time when anybody who could get containment product and fill-finish capacity was doing so speculatively because of the amount of vaccine production that was taking place. As some of that product works itself through the system, then, obviously, the sell-in dynamic slows down until the sell-out dynamic starts to normalise, but what wasn't really being stockpiled was characterised cartridges for biologic drugs and, maybe to a lesser extent, pre-filled syringes that are used for biologic drugs because most of that marketplace was still fairly normal. It was really the vaccines and the small molecule-type primary packaging components that were over-stocked, if you will. If anything, the runway would have been longer for non-HVP-type product, simple multi-use vials and that sort of thing, as opposed to the kind of primary packaging that's needed for biologic drugs.

[01:01:03]

Q: To that point on the de-stocking cycle being a rug under which you can sweep some of your underlying operational issues, what proportion of the de-stocking effect that West Pharma alludes to in its Q3 2024 earnings is actually due to de-stocking?

RS: It's hard to say. I think one thing that is real is West sells into a lot of clinical-phase emerging bios and small bios that, in the past, were receiving very healthy funding to do their work, and it's a significant tail as you think about West's customer base, but West has so many customers that it's still pretty meaningful. To the extent that biotech funding has seen a bit of a pause, less of those orders are coming in, but that's not necessarily de-stocking. I think that's more, "We have less of a need for product because we're not as active because our funding is paused," or has been reduced.

SS: West Pharma notes a low-single-digit percent decline in Q3 biologics revenues due to the de-stocking of FluroTec and NovaPure products. To your point, the majority of the de-stocking is happening in the lower-value bulk vial market. However, the R&D funding environment is leading to a broad pause or delay in biotech pipeline progression, leading to declines in demand for all packaging formats.

RS: Right.

SS: Do you think this de-stocking or depressed demand environment is impacting all of the different products and SKUs to a similar degree? Or are the higher-margin NovaPure SKUs being disproportionately impacted relative to the others?

RS: Yes, I couldn't say that empirically anyway.

[01:03:49]

Q: When do you think we will see a structural recovery in the de-stocking cycle across the biologics, pharma and generics end markets? Is that likely to happen early in 2025, or is that more of an H2 2025 phenomenon?

RS: First, I'll give you my cynical answer, which is you'll see the de-stocking narrative go away when people start hitting their guidance, but I think it's going to depend on your presence in the value chain and the mix of business that you have. Some have already said it's behind them and others say, "It's end of 2024 and 2025, we'll get back to a velocity that we're used to," so I don't know. It's anybody's guess, but I think it's got to be around the corner at some point because if you think about just what's possible from an inventory standpoint, customers have to be towards the end of elongated DSOs or outstanding inventory. At some point, they'll have to start buying. You can only warehouse so much product for such a period of time.

[01:05:12]

Q: Do you think the recovery in demand for West Pharma's HVP components will lead or lag a recovery in demand for primary packaging such as vials?

RS: West being the overwhelming share leader in the space would suggest that they're probably the best bellwether for what's happening in the pharma space, so I'd imagine that their beta is closer to one than anybody else's.

SS: I understand the de-stocking phenomenon is predominantly constrained to the vial market and the associated components, whereas there's far less of a de-stocking phenomenon for syringes in part because of the magnitude of GLP-1 demand. As and when large pharmaceutical customers that are sitting on vial inventory eventually burn through that inventory and need to start reordering vials, at what point do they start ordering the NovaPure stoppers? Is that going to be at the same time as when they decide to get those RTU or bulk vials, or is that going to be before or after?

RS: I think it will be before, and I only say that because you're just hearing more discussion from the Pfizers in particular, who now have activists in saying, "You need to be doing more M&A." Pfizer said, "We're going to focus on oncology," which means a lot of the pipeline drugs that maybe have been on pause are going to become acquisition targets for a company like Pfizer who is trying to figure out what the next strategy for themselves is and so that will lead to more speculative funding from the investor community, knowing that there's an appetite now for M&A of early-stage biologic drugs. Does that...

[01:07:30]

Q: From a timeline perspective, if we take Pfizer as an example, it orders NovaPure stoppers before it orders Schott vials? Or would Pfizer order the Schott vials at the same time as the West Pharma stoppers? Essentially, is West Pharma likely to see a recovery in demand for its components before primary packaging players see a recovery in demand or vice versa?

RS: There is a way to think about the lag. Earlier in the clinical phase, there's less complex primary containment used. You might see vials used or, maybe mid-phase, a syringe, but you're always going to need a stopper or a plunger, regardless of the containment format. Eventually, a lot of those drugs will move to a pen or an autoinjector as you get later into the clinical phase or even approaching commercialisation, but, no matter what, you're going to need an elastomer component. West would be a

bit of a leading indicator, whereas some of these other like a Schott or a BD, who are more focused on higher-value solutions for their product categories like a pre-filled syringe or a pen, will see that uptake happen later in the clinical phase.

[01:08:59]

Q: Coming back to West Pharma's Q3 2024 earnings, there was a USD 38m volume and product mix headwind on sales, but that was largely offset by a USD 34m price tailwind. It essence it seems as if recent earnings have been supported by price increases. Could you offer any insights as to what we can assume the magnitude of the price increase to be for NovaPure and customer price elasticity of demand?

RS: When I was at West, there was a push to take price because it was something that West had not historically done, proactively, anyway. The price adjustment or the shifting of the price corridor that was being discussed was anywhere from 10% to 20%, so not insignificant. A lot of times, you see these contracts, they're set up for 4% or CPI, whichever is greater, whichever is less, that sort of thing, but these were, "The moment a contract rolls off, we're taking 10-20%." Harder to do in the middle of a contract life, those are tougher discussions, but as something starts to roll off, there was a real significant discussion around meaningful price increases. These take time though because of the lives of these contracts and when they're coming up for renewal or the inception of these new contracts as drugs are commercialised. I think you could expect to see meaningful price increases if the discussions are consistent with what I've seen in the past, but they will take time to implement. You can't just, in one fell swoop, say, "Our price-volume dynamic is going to look favourable because next quarter, we're increasing price by X." There's a blended dynamic to that.

SS: Presumably, it's not as if there was one large contract cliff that happened recently. Is that correct? I'm assuming contracts are rolling off on a fairly consistent basis.

RS: Right.

SS: Which means it's reasonable to assume that West Pharma can probably implement similar price increases for additional contracts rolling off over the coming quarters to years.

RS: Correct.

SS: It's not as if this is a one-and-done, 10-20% increase.

RS: Right, that's just impossible. That has to happen over time.

SS: The point is that in subsequent quarters, we can expect a similar magnitude of 10-20% price increases?

RS: Correct.

[01:12:49]

Q: Digging into the GLP-1 opportunity, I understand that West Pharma plays into the market in two ways – selling the elastomers and contract manufacturing. In terms of elastomers, management's

commentary in its Q3 2024 earnings call indicated that NovaPure – which uses the FluroTec barrier film technology – is primarily used in biologics. In contrast, GLP-1s use the NovaChoice plunger, which does not include FluroTec, because the GLP-1s – by virtue of not being a biologic – do not need lamination technology. Is that correct?

RS: Yes. That's correct. Imagine this gold rush of a drug that's revolutionary and once-in-a-generation, but the unfortunate piece of it is it doesn't require your high-value product.

SS: According to management, the NovaChoice has an ASP of USD 0.15-0.30 per unit and a 50-60% gross margin. That compares to USD 0.25-0.50 and a 70% gross margin for NovaPure, according to your commentary so far.

RS: Yes, that's pretty spot on.

SS: There's a 10pp difference in gross margin.

RS: Right.

[01:14:40]

Q: Is there any difference in the gross margin of a NovaChoice plunger for a syringe vs a stopper for vials or any other elastomer for a cartridge?

RS: Yes. The plunger is going to be on the higher end of that range, whereas a stopper would be the lower end of that range, so to the extent your mix skews towards pre-filled syringes or pens or autoinjectors, it's favourable.

SS: What about cartridges?

RS: Characterised cartridges also higher end of the spectrum than a vial stopper.

[01:15:30]

Q: Would the elastomer gross margins be higher for a cartridge vs a syringe, vice versa or are they broadly in line?

RS: Think of the spectrum as stoppers on the lower end, cartridges next and then pre-filled syringe plungers the higher end.

SS: Hypothetically, if the global mix of GLP-1s moves away from syringes and autoinjectors towards pens or even vials, that would have a negative impact on gross margins for West Pharma's NovaChoice revenues.

RS: Yes, theoretically.

[01:16:25]

Q: Novo Nordisk's next-generation GLP-1 CagriSema [cagrilintide and semaglutide] uses dual-chamber technology. Conceptually speaking, how does the value of the elastomers that West Pharma is selling into this dual-chamber device compare to what it's selling into the Molly autoinjector?

RS: I'm not sure, it's a good question. I think there are so few dual-chamber delivery devices that if the level of volume and scale that you see from a GLP-1 Novo product comes to fruition, it might look very different than it does today at the lower volumes that you're seeing for dual-chamber product. Lyo drug has a little bit of a different requirement than a liquid injectable and so you tend to see better pricing because it's a niche, lower-volume, more bespoke, specced-in type product, but if it gets to the level of volume that it would for a Novo GLP-1 drug, that might change things.

SS: If we put the volume-based agreements aside, is it as simple as a dual-chamber device...

RS: Needs two products and...

SS: Using two products, or is it actually maybe only 1.5x as many SKUs from West Pharma, or is it 2.5x because of the complexity of the device?

RS: I think you get better pricing because there is more device complexity and you're selling two products as opposed to one in these dual-chamber devices.

SS: So it's as simple as you're selling 2x the number of plungers as you would do for a semaglutide autoinjector?

RS: I hate to say it depends, but if some of these dual-chamber devices require a very specialised plunger, and it would be two SKUs, the one plunger is entirely serving the same purpose as a traditional plunger, but the second plunger might require a bit more specialisation because it has to allow for drug mixing. Without getting too technical, and I'll exhaust my depth really quickly in this conversation, but the second plunger would need to be designed so that the drug mixing is possible, and that might require a bit of a different design, if that makes sense. It wouldn't be two identical SKUs going into some of these dual-chamber delivery devices, it would be one SKU, which would be, for lack of a better term, the top plunger, and then a second SKU for the bottom plunger that's interacting with both drug products. Can you visualise that?

SS: Yes, just about. Is it reasonable to assume that this specialised, almost bespoke SKU or plunger is going to be developed and sold by West Pharma?

RS: Yes, it would need to be designed specifically for the dual-chamber device that's chosen.

[01:20:16]

Q: We know CagriSema is using a Ypsomed device. Would it be reasonable to assume that West Pharma will be selling those components into the CagriSema device, or has Aptar muscled its way in?

RS: I think it'd most likely be West, if it's an Ypsomed device.

[01:20:43]

Q: West Pharma's management says it has a very high market share in the GLP-1 world with its NovoChoice and other components. Is it reasonable to assume the company has that very high market share not only for Novo Nordisk and Eli Lilly, but also the long tail of fast followers, including Amgen, Roche, Zealand Pharma, Altimmune, etc?

RS: Yes. I think it's safe to assume that, given their share in the market place and their, essentially, 100% participation in biologic drugs. They're the first call that's being made for the elastomer component.

[01:21:31]

Q: You mentioned that West Pharma has 70% of the market for biologics. What percentage of the GLP-1 market do you think the company has captured?

RS: No, West has 70% of the whole market. They probably have an even higher percentage of share for biologics market.

SS: Relative to the share West Pharma has in biologics, how much do you think it has in GLP-1s?

RS: Lower because, as you mentioned, there's less of a need for the specialised elastomer, but still high, maybe 60%. It's just a guess but probably not quite their overall market share but still very healthy.

SS: Would the remaining 40% be players such as Aptar?

RS: Correct.

[01:22:22]

Q: As we discussed, it seems there are only two players in the market – West Pharma with a dominant market share and Aptar with a smaller piece of the pie. Pharmaceutical companies are notoriously risk-averse and want as diversified a supply chain as possible. We certainly see that with the autoinjectors, as the GLP-1 pharmaceutical companies are working with multiple contract manufacturers. What's the likelihood that the GLP incumbents – Novo Nordisk, Eli Lilly and all the fast followers – will look to increasingly diversify their supply chain for stoppers, plungers and all the other components? What's the risk that West Pharma loses a majority of its 60% market share as additional suppliers come online?

RS: I think West Pharma is in a unique situation. I think, logically, what you've laid out makes sense where, "We want to multi-source, diversify risk," etc, but West is such an established, entrenched partner that I think there would be less of that dynamic than you might see in other elements in the value chain.

SS: Such as the autoinjector platforms themselves?

RS: Right.

SS: To confirm, you see the supply chain for the components, such as the stoppers and the plungers, being far more concentrated – remaining a duopoly between West and Aptar – vs the autoinjector platforms? While there is a lot of concentration around IP, there are many contract manufacturers

manufacturing the latter.

RS: Right. The landscape is broader, therefore, more likely that you would see diversified sourcing than in the elastomer space.

[01:24:38]

Q: Shifting gears to discuss West Pharma's contract manufacturing business, there's been a fairly significant ramp-up in CAPEX. It increased by 2.7x in 2023 vs 2022, although that only represents USD 90m invested in the contract manufacturing business in 2023. How much of that CAPEX do you think is dedicated to just manufacturing and assembling GLP-1 autoinjectors vs any other activity?

RS: All of it.

[01:25:24]

Q: What proportion of West Pharma's contract manufacturing business today stems from GLP-1-related activities, given the timelines of the CAPEX projects and associated ramp up, etc?

RS: Less than you would think because West has a USD 500m-550m contract manufacturing business, and it's been that size pre-GLP-1, so look at the last several quarters of growth, attribute that to GLP-1 uptake, and then future growth would likely be driven almost entirely by GLP-1. I think that's the only way to think about it. When I was there, there was no initiative to build or grow the contract manufacturing business, it was 16% of the business, and we wanted to keep it 16% of the business because it was dilutive to margins and, again, back to the where do you get better return on investment. Because of GLP-1 and the likely inbound demand for contract manufacturing, West has moved in that direction, and it's saved the last few quarters because it's been the one part of the business that's growing top line. I think West has likely done it begrudgingly because, in the past, there was really no push behind growing the contract manufacturing business.

[01:26:56]

Q: The contract manufacturing business for GLP-1 autoinjectors is highly competitive and very capital-intensive. You can look at the public filings from Ypsomed, Gerresheimer, etc, to see how much they're investing. Relatively speaking, in terms of dollars, it seems as if West Pharma is certainly lagging behind its peers. How competitive do you think the company can ultimately be in the GLP-1 contract manufacturing business given the magnitude of allocated CAPEX?

RS: The volumes are enormous, and if things continue down the path towards USD 100bn market for GLP-1s, if more indications come online, it's going to be even more enormous.

SS: Is West Pharma investing enough?

RS: Enough for them and their shareholders because a business like a PCI that just announced a USD 365m investment entirely to accommodate GLP-1 device assembly and packaging, they're happy with a 20% EBITDA margin on their business or low 20s. If West starts to see the complexion of their business change so much that now they're a different investment for their shareholders, it's debatable whether

that's the right direction for the business to move, so I...

SS: The contract manufacturing of these GLP-1 devices is around 40% gross margin and 20% EBITDA, and you don't want that dilution. Is that correct?

RS: Right.

[01:28:51]

Q: West Pharma's Grand Rapids Michigan CAPEX project is for manufacturing the autoinjector device. However, the company's new Dublin facility – which is due to come online in 2025 – will not only allow it to manufacture the device, but will also – for the first time – enable it to handle the finished drug product and assemble that into the device. How do you think that's going to change the calculus, from a profitability perspective, vs the margins we discussed for just the autoinjector manufacturing?

RS: They'll be a new reality for West, which is continued... so West's growth construct is 7-9%, that's what they've communicated to the market. It's just as important to hit the top-line growth construct as it is to deliver on margin guidance. I think what West is seeing is in order to increase the confidence level of the probability of hitting the top-line growth construct, they're going to have to take on more of the device assembly and the device packaging that the GLP-1 market is creating. They'll have to do so at a lower margin. You're having to balance which of these is more of a driver of share price, top-line growth or margin profile?

SS: Are you saying that the assembly of the GLP-1 – so the handling of the finished drug product and putting that into the device – is going to be higher revenue but lower margin?

RS: Than the high-value product, like the high-value elastomer components, yes.

SS: To clarify, I was was asking about the margins relative to the pure-play autoinjector manufacturing without handling the finished drug product.

RS: It's probably slightly higher margin, that element of it. My guess is it's being contracted as one service.

SS: Hypothetically, today, West Pharma is contract manufacturing the autoinjector platforms at a 40% gross and 20% EBITDA margin. In 2025, with the new Dublin facility, the company can also handle the finished drug product and assemble that into the device for the first time, but that's not really going to change the calculus of the margins that it can achieve on GLP-1 contract manufacturing, except maybe by a couple of percentage points, but nothing material. Did I understand you correctly?

RS: Yes, it might be slightly better.

SS: It's not a step change?

RS: No. Think of a Jabil or a Flex, they only really do the manufacturing, and they're a low-margin business vs a PCI or a Sharp, which I know are not public companies but tend to operate at much better margins than a Jabil or a Flex because they're doing the drug handling, the assembly and the packaging.

SS: If we're talking about 40% gross margins for just the autoinjector platform manufacturing, what do

you think that gross margin looks like once we factor in the assembly? Is that going to go up to 50%?

RS: Yes, I would call it 50%.

SS: What's the dollar value that West Pharma gets for manufacturing just the device? What's the dollar the company would get for the assembly and handling per unit?

RS: It's probably close to 2x for the drug handling, assembly, labelling, packaging element of it than it is for the stamping out of the plastic component and housing, if you were to break that into two different activities.

SS: Would you be able to put a dollar number around that?

RS: Not really, it'd be a tough one.

[01:33:43]

Q: I understand that West Pharma will be doing the assembly in Dublin. Is the company doing the secondary packaging and labelling as well?

RS: I don't know. I would think for if you're going to do the assembly, the other bits are part and parcel to that next- to last-mile service that's being provided, but maybe they're not taking that on, I don't know.

[01:34:18]

Q: For the Grand Rapids facility, which is just the stamping of the autoinjector device, West Pharma says that it expects a 3-5-quarter ramp-up period to run rate production levels. Do you think that 3-5-quarter ramp-up can be applied to the Dublin facility, which is doing the assembly and the finished drug product handling, or do you think the ramp-up period is likely to be more extended there? If so, by how much?

RS: In order to do the stamping and manufacturing, you have to qualify lines, you have to order tooling and all of that stuff, so that tends to take some time just to qualify your equipment. To do the assembly, it's typically a shorter time frame, unless it's a very automated process. My guess is it would be around the same time, if not maybe slightly less time required to ramp in Dublin.

SS: I've taken up far too much of your time already, and I think I'd be pushing my luck if I went any further, so I'll end there. Thank you very much for your input.

RS: Thanks, enjoyed it.

Transcription ends at 01:35:57 of the recorded material.

If you'd like to speak to Robert Segura in a private call or meeting, please let your relationship manager know.