Stocks / United States / Healthcare

West Pharmaceutical Services

WST

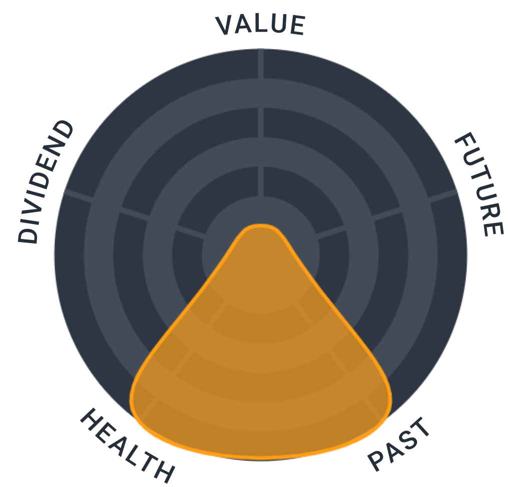
NYSE:WST Stock Report

MARKET CAP US$33.5b | 7D -1.9% | 1Y 64.6%

UPDATED 16 Sep, 2021

WST Overview

West Pharmaceutical Services, Inc. designs and produces containment and delivery systems for injectable drugs and healthcare products in the Americas, Europe, the Middle East, Africa, and the Asia Pacific.



Snowflake Analysis
Outstanding track record with flawless balance sheet.

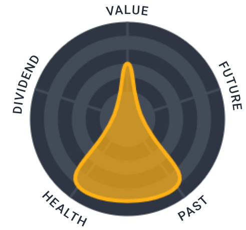
REWARDS

★ Earnings grew by 81.7% over the past year ▸

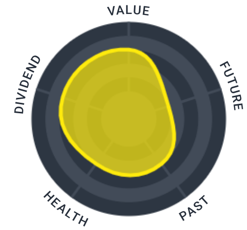
RISK ANALYSIS

No risks detected for WST from our risk checks.

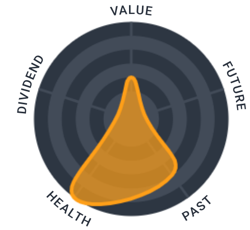
West Pharmaceutical Services Competitors



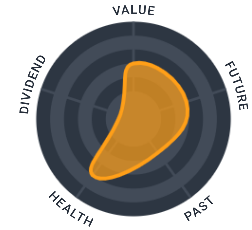
Cooper Companies
NYSE:COO
US$21.9b



DENTSPLY SIRONA
NASDAQGS:XRAY
US$13.6b

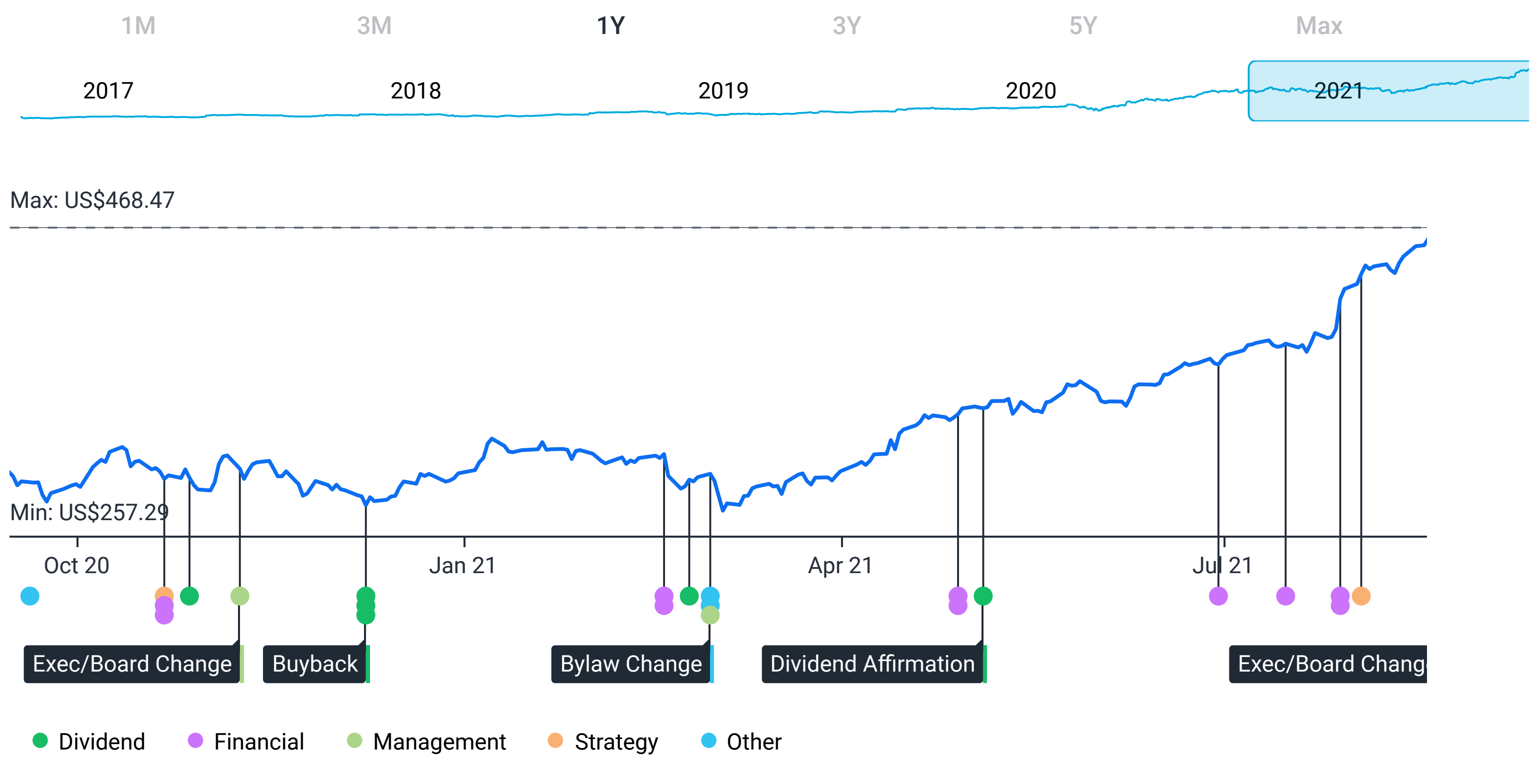


ICU Medical
NASDAQGS:ICUI
US$5.2b



Avanos Medical
NYSE:AVNS
US$1.5b

Price History & Performance



Recent News & Updates

Sep 15

Vice President of Corporate Development exercised options and sold US$3.9m worth of stock

On the 10th of September, Quintin Lai exercised 10k options at a strike price of around US$59.64 and sold these shares for an average price of US$459 per share. This trade did not impact their existing...

Sep 13

West Pharmaceutical Services (NYSE:WST) Seems To Use Debt Rather Sparingly

Howard Marks put it nicely when he said that, rather than worrying about share price volatility, 'The possibility of...

Aug 06

Consensus EPS estimates increase to US$8.41

The consensus outlook for earnings per share (EPS) in 2021 has improved. 2021 revenue forecast increased from US$2.68b to US$2.80b. EPS estimate increased from US$7.02 to US$8.41 per share...

Aug 02

What Does West Pharmaceutical Services, Inc.'s (NYSE:WST) Share Price Indicate?

Today we're going to take a look at the well-established West Pharmaceutical Services, Inc. (NYSE:WST). The company's...

Jul 30

Price target increased to US$379

Up from US$329, the current price target is an average from 7 analysts. New target price is 7.9% below last closing price of US$412. Stock is up 53% over the past year.

Jul 30

Second quarter 2021 earnings released: EPS US$2.53 (vs US$1.24 in 2Q 2020)

The company reported a strong second quarter result with improved earnings, revenues and profit margins. Second quarter 2021 results: Revenue: US$723.6m (up 37% from 2Q 2020). Net income:...

Shareholder Returns

	WST	US Medical Equipment	US Market
7D	-1.9%	-1.0%	-0.6%
1Y	64.6%	34.4%	33.7%

Return vs Industry: WST exceeded the US Medical Equipment industry which returned 33% over the past year.

Return vs Market: WST exceeded the US Market which returned 30.7% over the past year.

Price Volatility

WST volatility	
WST Beta	1
Industry Beta	0.87
Market Beta	1

Is WST's price volatile compared to industry and market?

Stable Share Price: WST is less volatile than 75% of US stocks over the past 3 months, typically moving +/- 3% a week.

Volatility Over Time: WST's weekly volatility (3%) has been stable over the past year.

About the Company

Founded	Employees	CEO	Website
1923	9,200	Eric Green	https://www.westpharma.com

West Pharmaceutical Services, Inc. designs and produces containment and delivery systems for injectable drugs and healthcare products in the Americas, Europe, the Middle East, Africa, and the Asia Pacific.

West Pharmaceutical Services Fundamentals Summary

WST fundamental statistics	
Market Cap	US$33.47b
Earnings (TTM)	US$519.20m
Revenue (TTM)	US$2.52b

64.5x
P/E Ratio

13.3x
P/S Ratio

How do West Pharmaceutical Services's earnings and revenue compare to its market cap?

Earnings & Revenue

Last Reported Earnings
Jun 29, 2021

Next Earnings Date
n/a

WST income statement (TTM)	
Revenue	US$2.52b
Cost of Revenue	US$1.53b
Gross Profit	US$992.70m
Expenses	US$473.50m
Earnings	US$519.20m

Earnings per share (EPS)	7.02
Gross Margin	39.35%
Net Profit Margin	20.58%
Debt/Equity Ratio	12.5%

Key profitability statistics from the latest earnings report

Dividends

0.2%
Current Dividend Yield

10%
Payout Ratio

1 Valuation

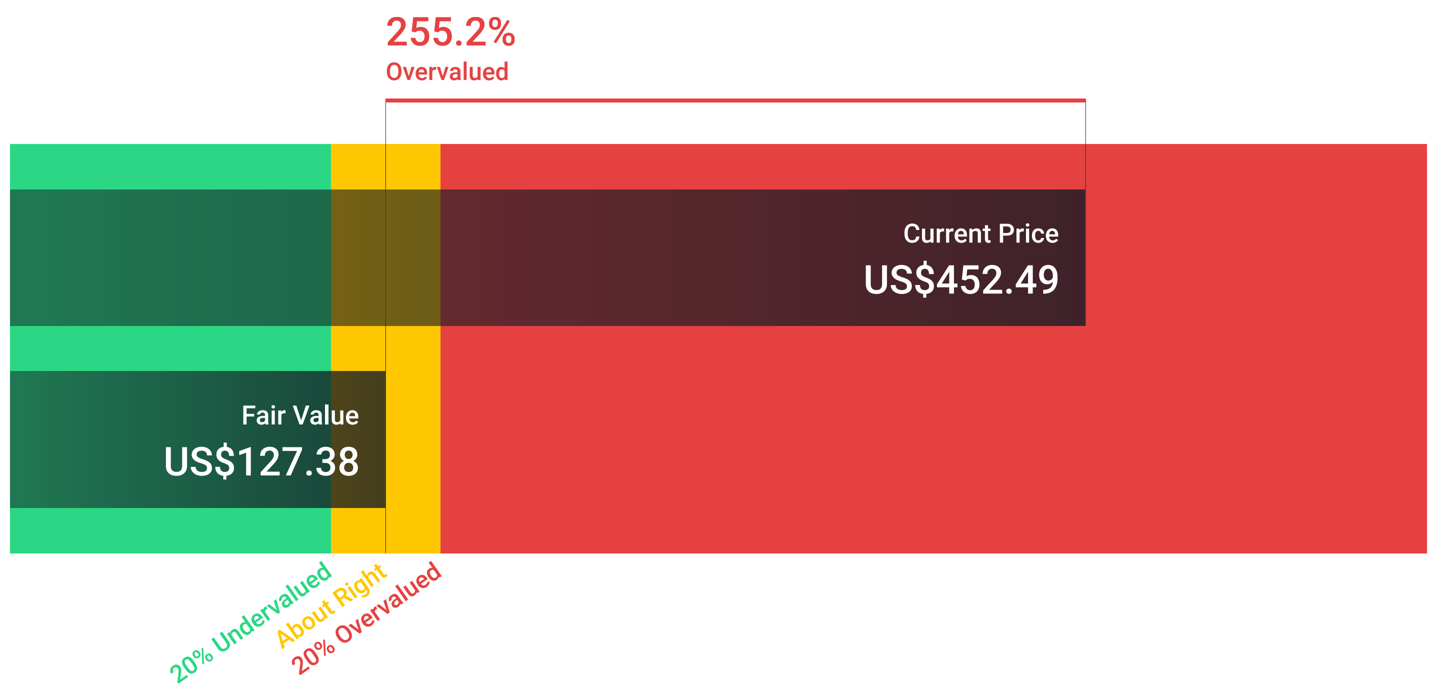
Analysis Checks 0/6

Is West Pharmaceutical Services undervalued compared to its fair value and its price relative to the market?

64.47x

Price to Earnings (PE) ratio

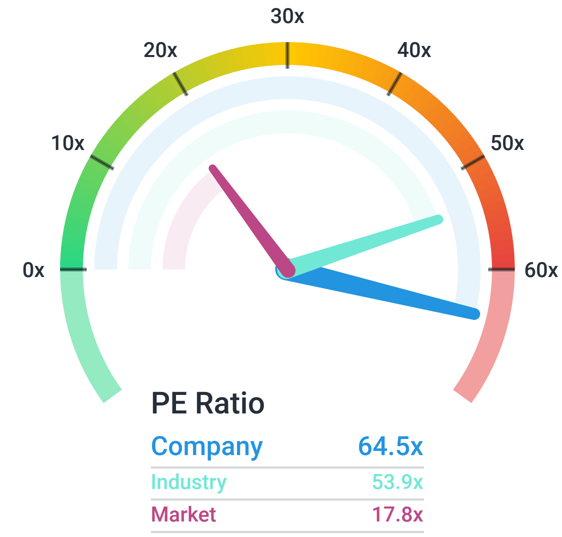
1.1 Share Price vs. Fair Value



Below Fair Value: WST ($452.49) is trading above our estimate of fair value ($127.38)

Significantly Below Fair Value: WST is trading above our estimate of fair value.

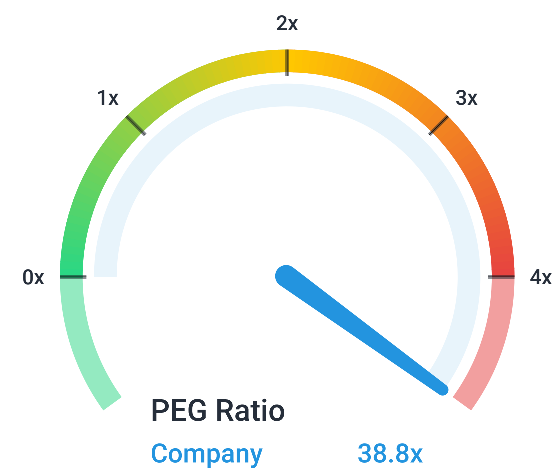
1.2 Price To Earnings Ratio



PE vs Industry: WST is poor value based on its PE Ratio (64.5x) compared to the US Medical Equipment industry average (53.7x).

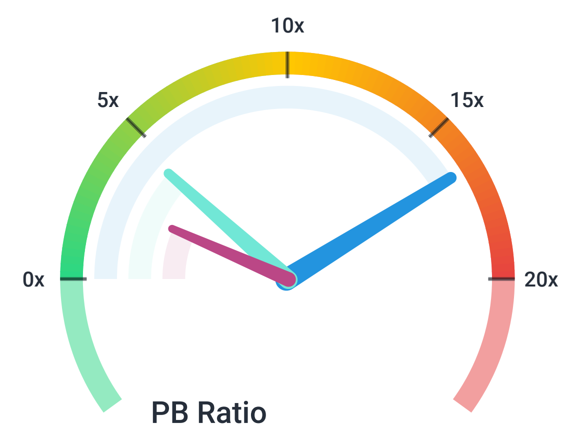
PE vs Market: WST is poor value based on its PE Ratio (64.5x) compared to the US market (17.1x).

1.3 Price to Earnings Growth Ratio



PEG Ratio: WST is poor value based on its PEG Ratio (38.8x)

1.4 Price to Book Ratio



PB Ratio

Company	16.5x
Industry	4.6x
Market	2.6x

PB vs Industry: WST is overvalued based on its PB Ratio (16.5x) compared to the US Medical Equipment industry average (4.6x).

2 Future Growth

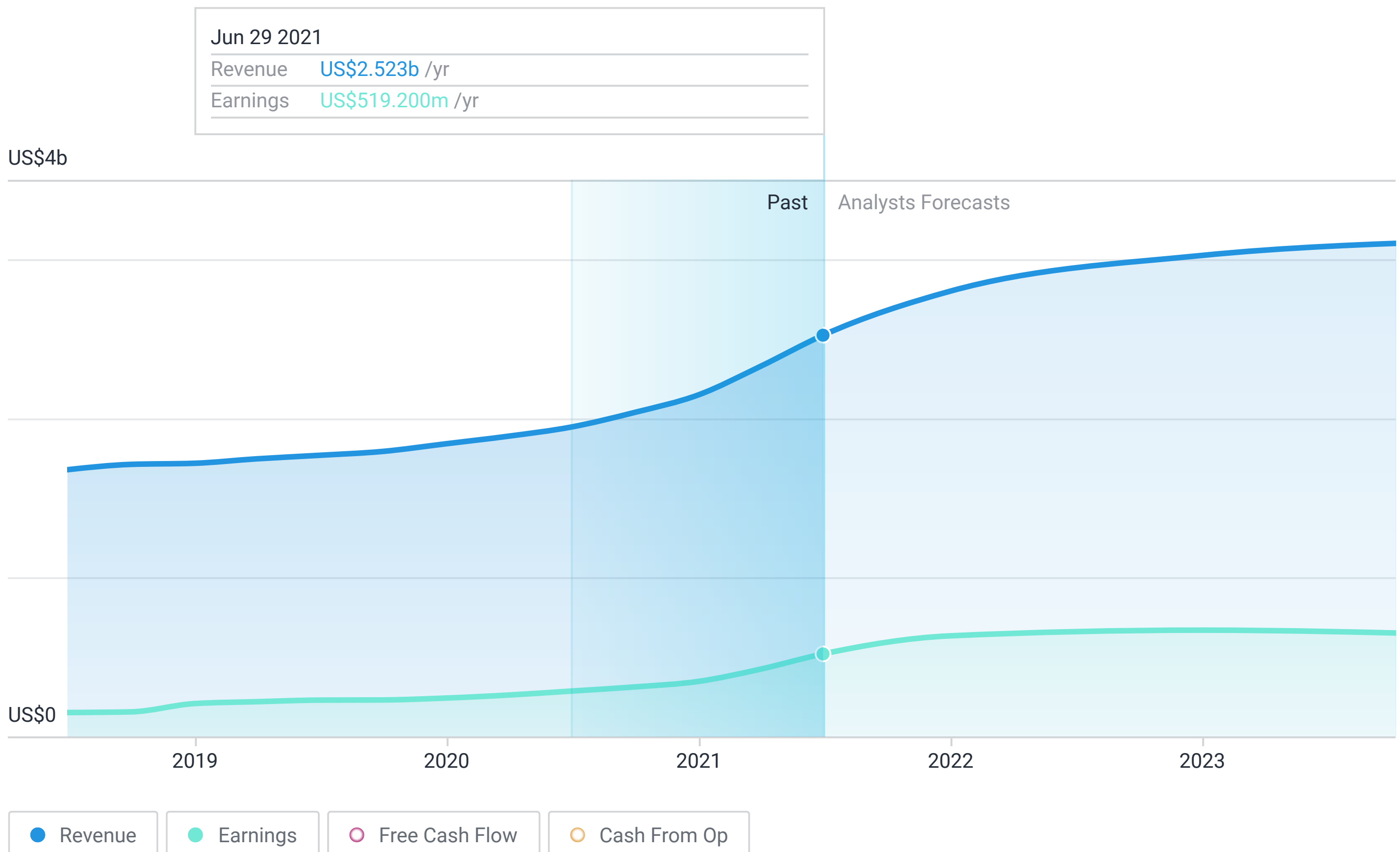
Analysis Checks 0/6

How is West Pharmaceutical Services forecast to perform in the next 1 to 3 years based on estimates from 7 analysts?

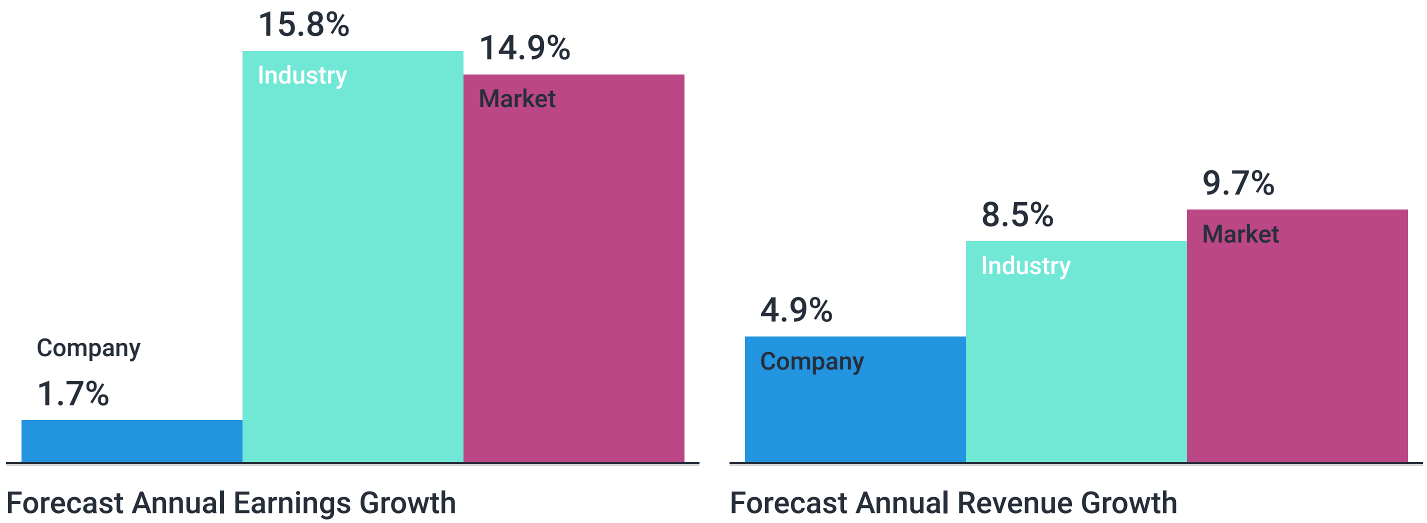
1.7%

Forecasted annual earnings growth

2.1 Earnings and Revenue Growth Forecasts

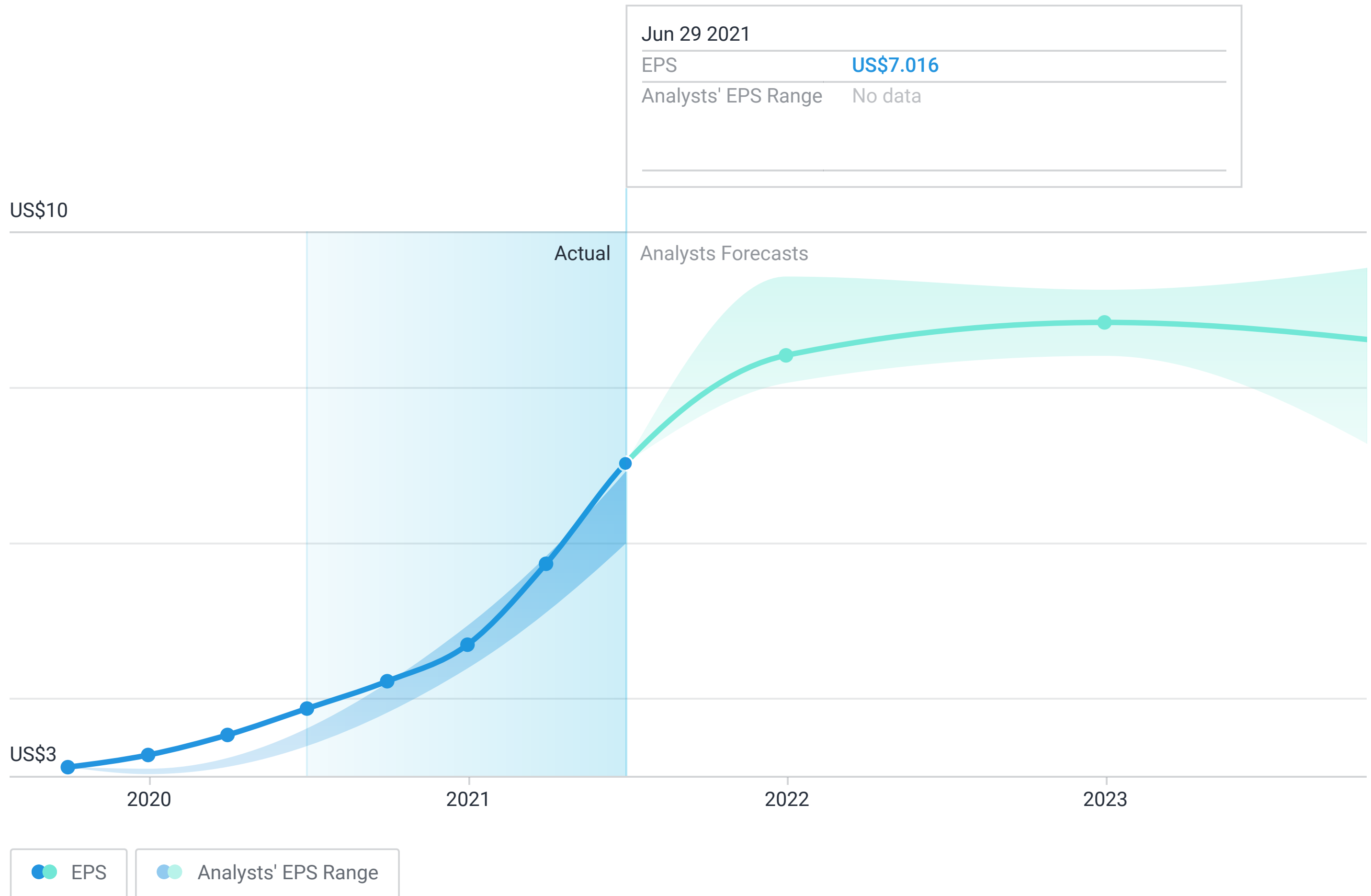


2.2 Analyst Future Growth Forecasts

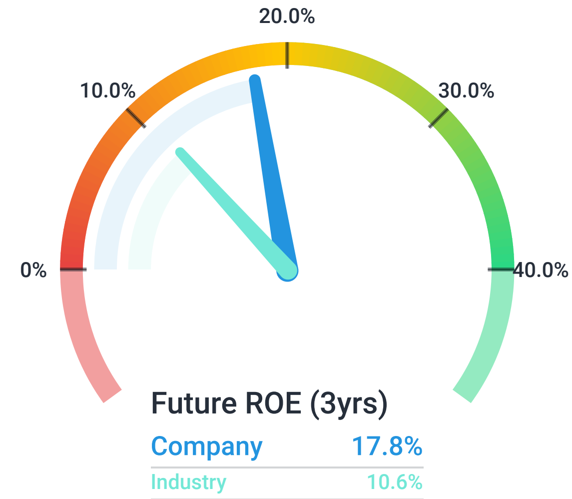


- Earnings vs Savings Rate: WST's forecast earnings growth (1.7% per year) is below the savings rate (2%).
- Earnings vs Market: WST's earnings (1.7% per year) are forecast to grow slower than the US market (14.8% per year).
- High Growth Earnings: WST's earnings are forecast to grow, but not significantly.
- Revenue vs Market: WST's revenue (4.9% per year) is forecast to grow slower than the US market (9.5% per year).
- High Growth Revenue: WST's revenue (4.9% per year) is forecast to grow slower than 20% per year.

2.3 Earnings per Share Growth Forecasts



2.4 | Future Return on Equity



Future ROE: WST's Return on Equity is forecast to be low in 3 years time (17.8%).

3 | Past Performance

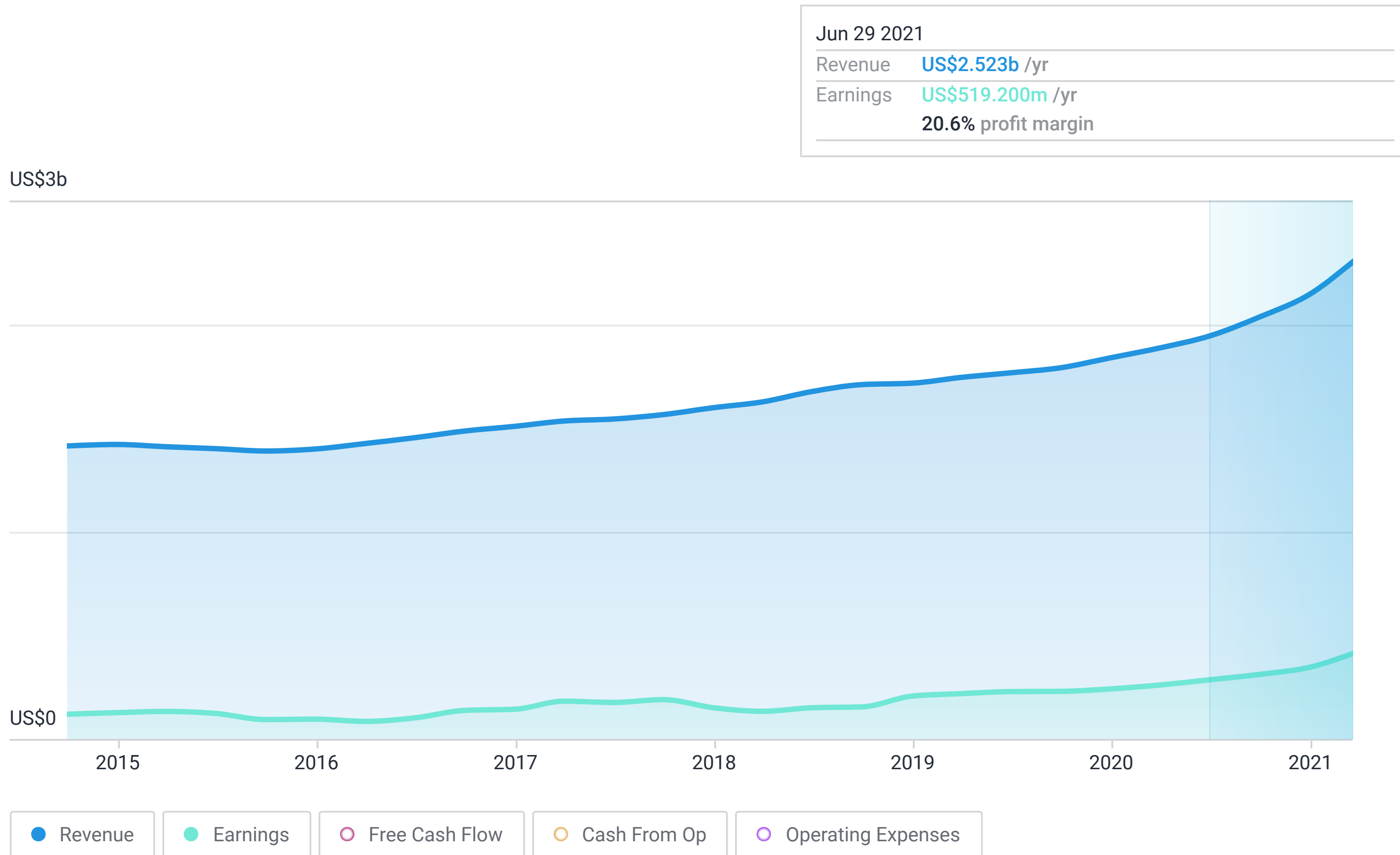
Analysis Checks 6/6

How has West Pharmaceutical Services performed over the past 5 years?

25.4%

Historical annual earnings growth

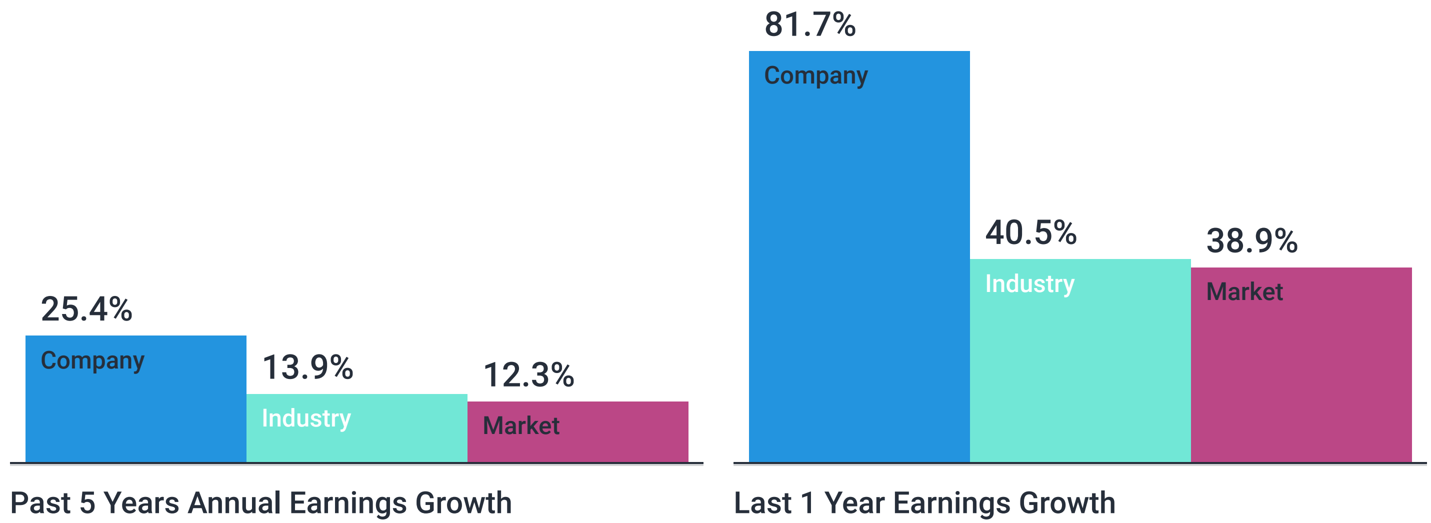
3.1 Earnings and Revenue History



Quality Earnings: WST has high quality earnings.

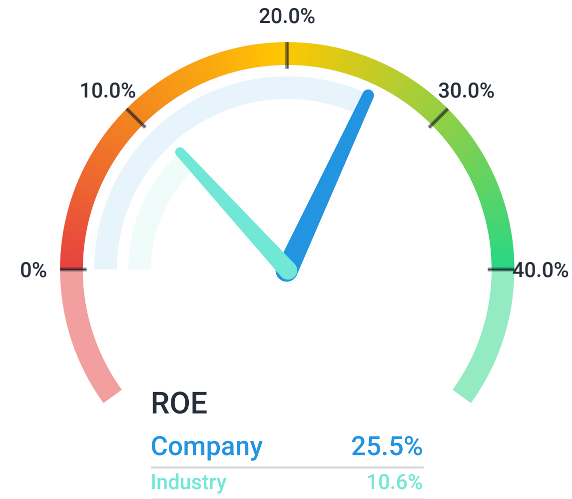
Growing Profit Margin: WST's current net profit margins (20.6%) are higher than last year (14.7%).

3.2 Past Earnings Growth Analysis



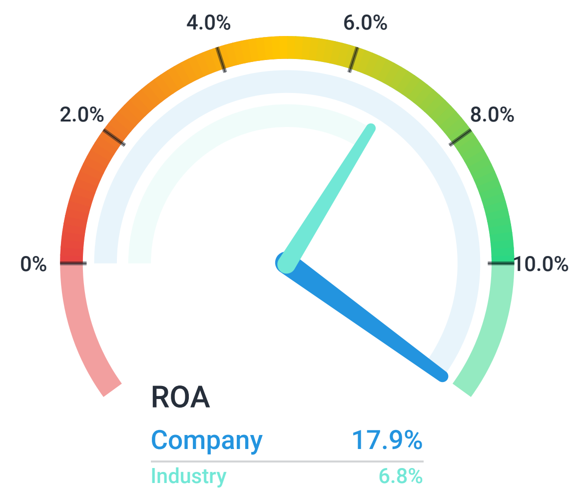
- Earnings Trend: WST's earnings have grown significantly by 25.4% per year over the past 5 years.
- Accelerating Growth: WST's earnings growth over the past year (81.7%) exceeds its 5-year average (25.4% per year).
- Earnings vs Industry: WST earnings growth over the past year (81.7%) exceeded the Medical Equipment industry 31.7%.

3.3 Return on Equity

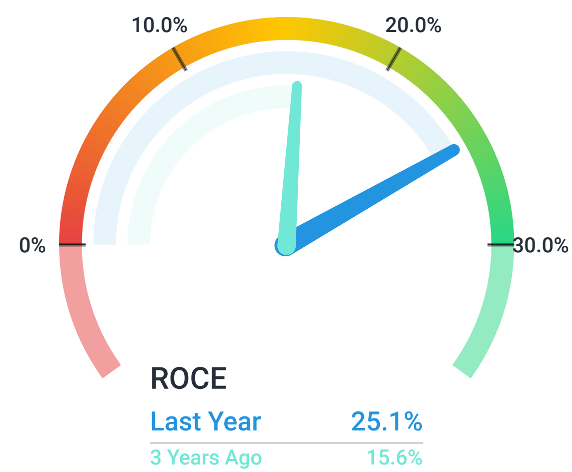


High ROE: WST's Return on Equity (25.5%) is considered high.

3.4 Return on Assets



3.5 Return on Capital Employed

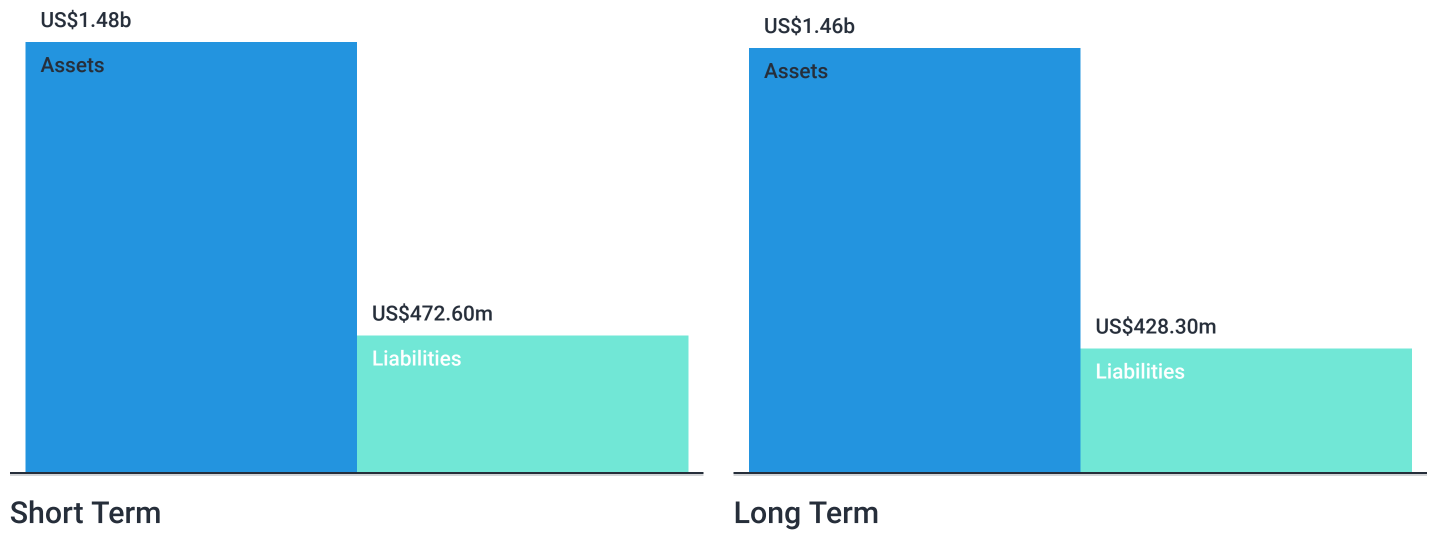


4 Financial Health

Analysis Checks 6/6

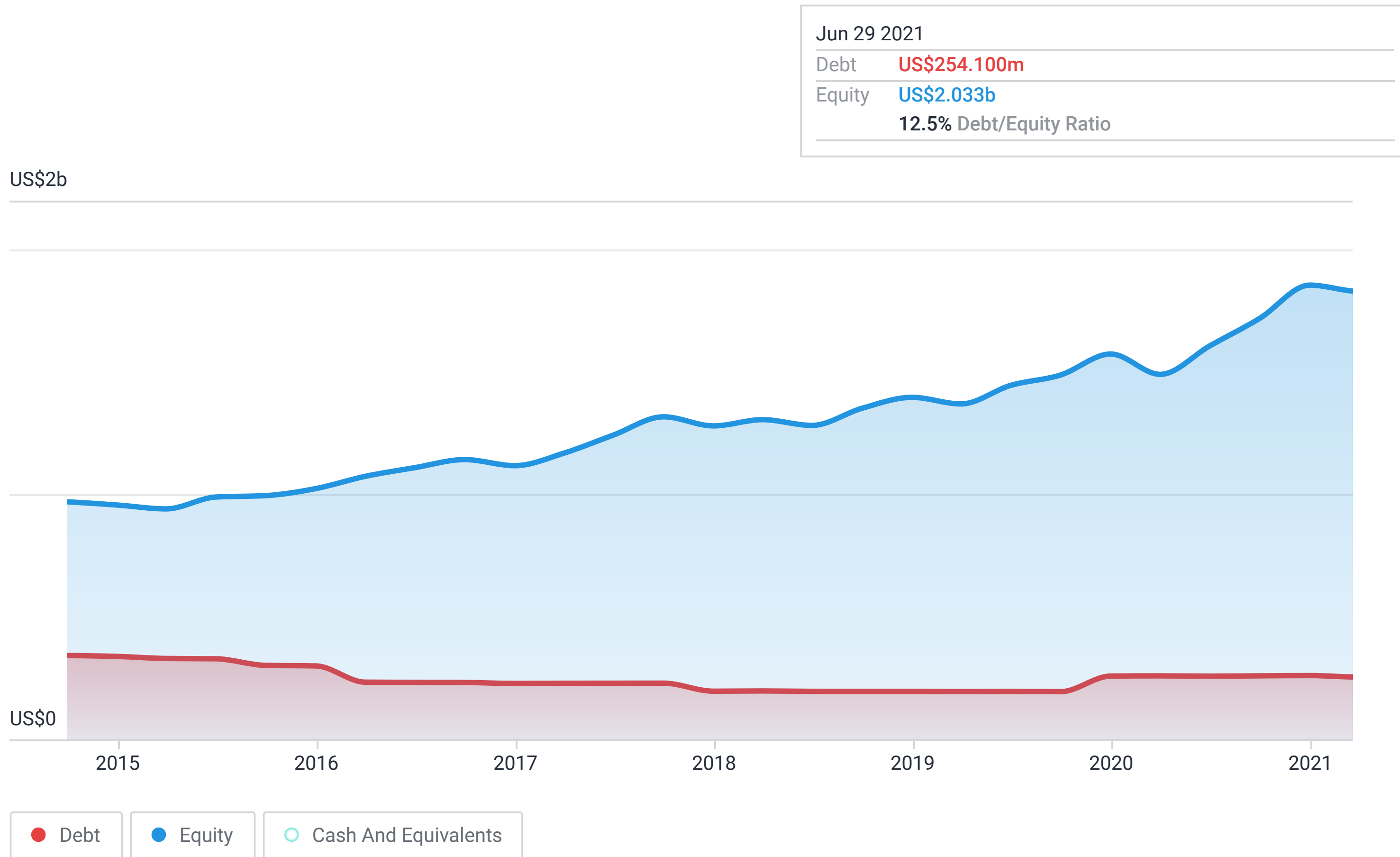
How is West Pharmaceutical Services's financial position?

4.1 Financial Position Analysis



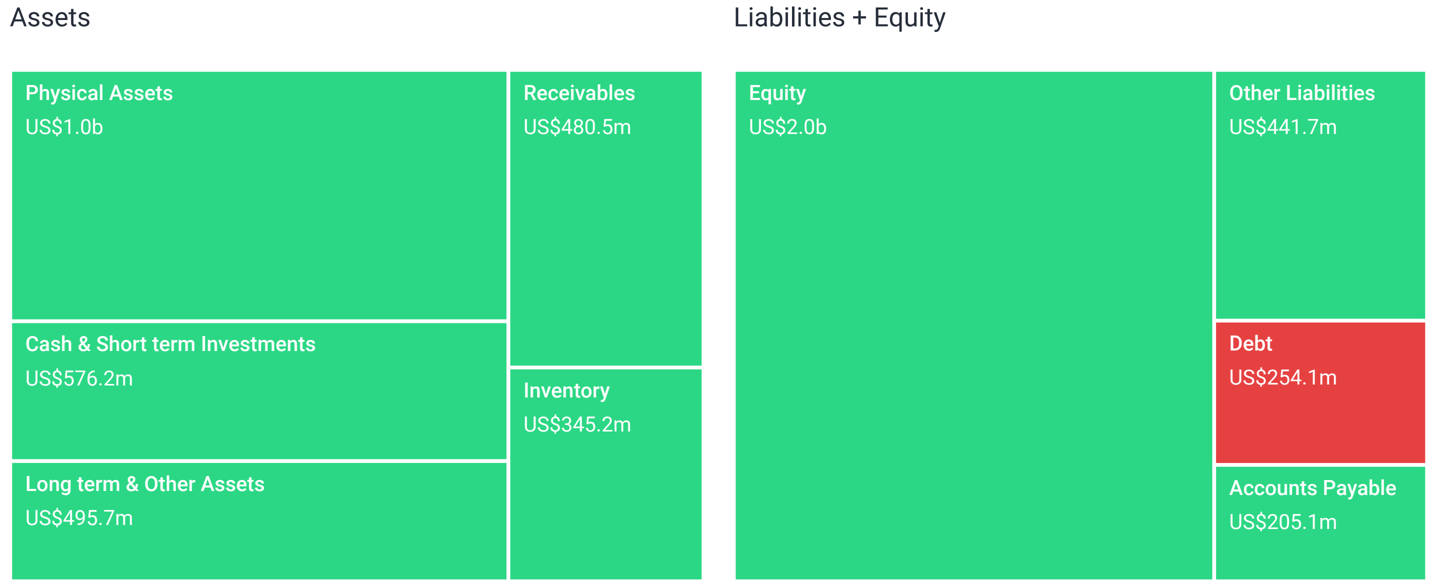
- Short Term Liabilities: WST's short term assets ($1.5B) exceed its short term liabilities ($472.6M).
- Long Term Liabilities: WST's short term assets ($1.5B) exceed its long term liabilities ($428.3M).

4.2 Debt to Equity History and Analysis



- **Debt Level:** WST's debt to equity ratio (12.5%) is considered satisfactory.
- **Reducing Debt:** WST's debt to equity ratio has reduced from 18.6% to 12.5% over the past 5 years.
- **Debt Coverage:** WST's debt is well covered by operating cash flow (196.9%).
- **Interest Coverage:** WST's interest payments on its debt are well covered by EBIT (84.6x coverage).

4.3 Balance Sheet



5 Dividend

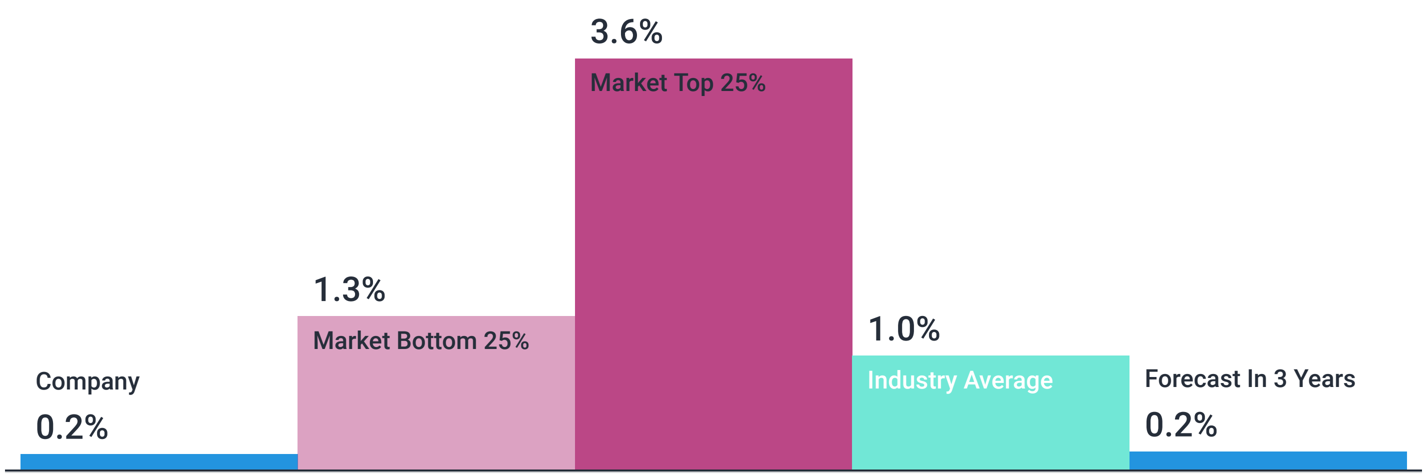
Analysis Checks 0/6

What is West Pharmaceutical Services's current dividend yield, its reliability and sustainability?

0.15%

Current Dividend Yield

5.1 Dividend Yield vs Market

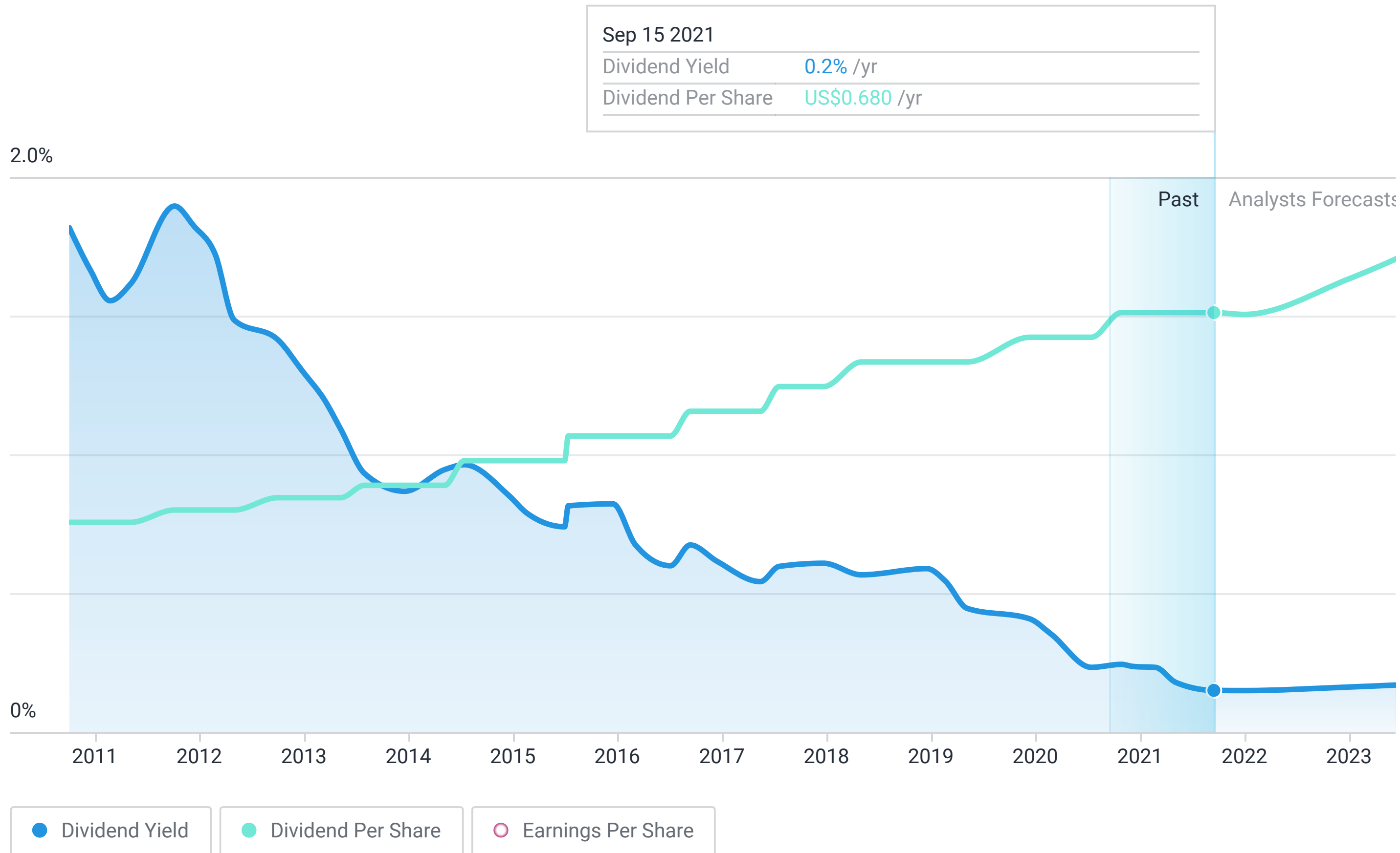


Current Dividend Yield Vs Market & Industry

Notable Dividend: WST's dividend (0.15%) isn't notable compared to the bottom 25% of dividend payers in the US market (1.36%).

High Dividend: WST's dividend (0.15%) is low compared to the top 25% of dividend payers in the US market (3.6%).

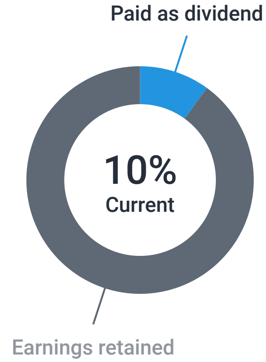
5.2 Stability and Growth of Payments



Stable Dividend: WST is not paying a notable dividend for the US market, therefore no need to check if payments are stable.

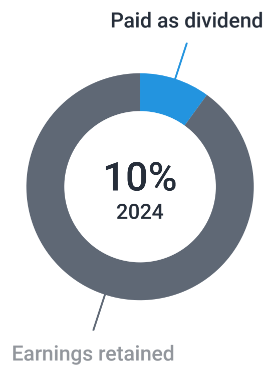
Growing Dividend: WST is not paying a notable dividend for the US market, therefore no need to check if payments are increasing.

5.3 Current Payout to Shareholders



Dividend Coverage: WST is not paying a notable dividend for the US market.

5.4 Future Payout to Shareholders



Future Dividend Coverage: No need to calculate the sustainability of WST's dividend in 3 years as they are not forecast to pay a notable one for the US market.

6 | Management

How experienced are the management team and are they aligned to shareholders interests?

3.3yrs

Average management tenure

6.1 | CEO

Eric Green (51 yo)

6.42yrs

Tenure

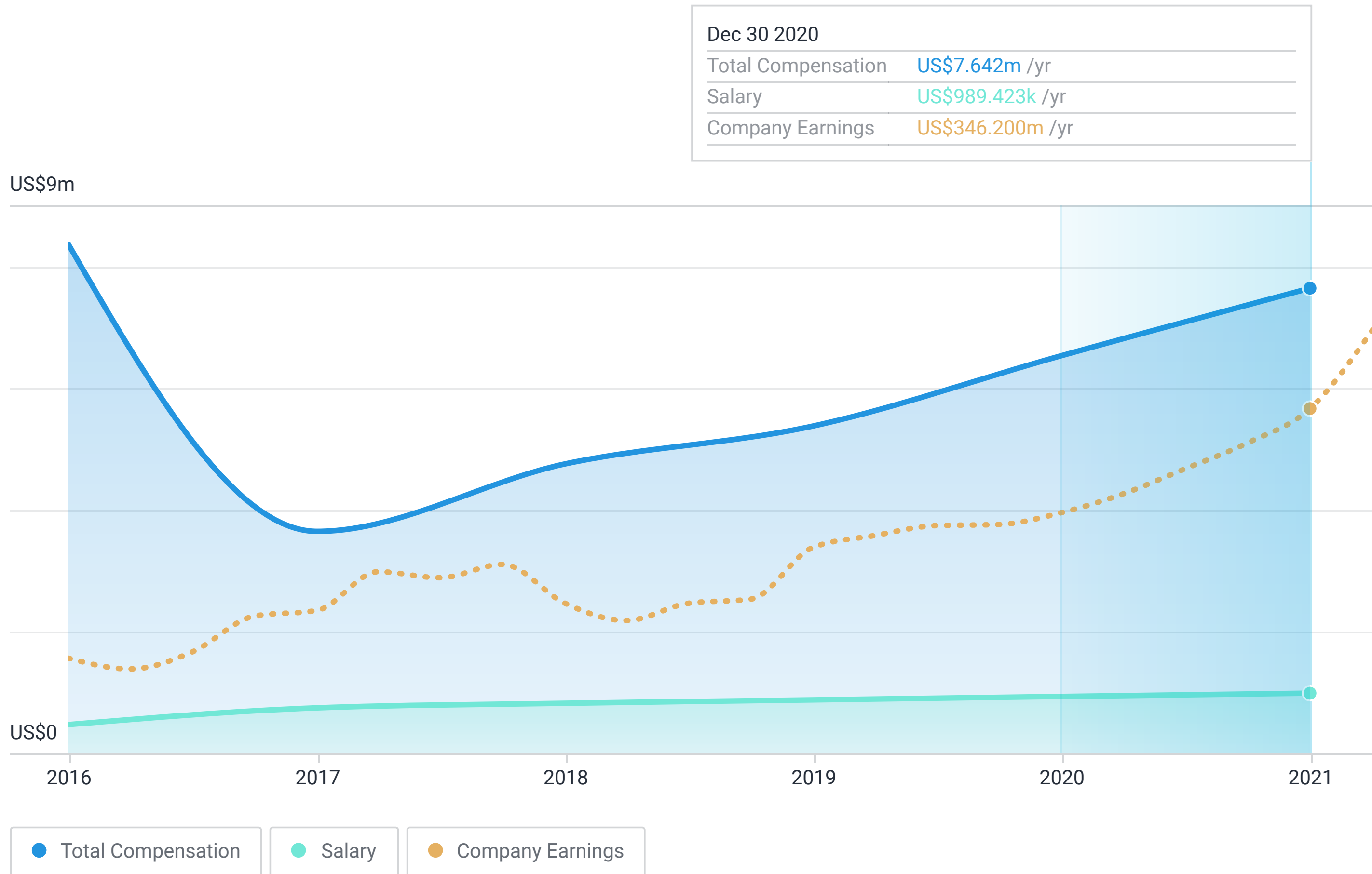
US$7,642,296

Compensation

Mr. Eric M. Green has been the Chief Executive Officer of West Pharmaceutical Services, Inc. since April 24, 2015 and its President since December 2015. Mr. Green served as Executive Vice President and President of Research at Sigma-Aldrich Company Limited from 2013 to April 23, 2015. He served as the President of The Research Business Unit and Executive Vice President at Sigma-Aldrich Corporation from January 2013 to April 23, 2015.

He served as President of The Structured Research Markets Business Unit at Sigma-Aldrich Corporation since January 01, 2013 until 2015. Mr. Green served as Managing Director of International at Sigma-Aldrich Corporation since October 2009 and served as its Vice President from October 2009 to January 2013m where he was responsible for Asia Pacific and Latin America, and prior thereto, held various commercial and operational roles. He has been a Director of West Pharmaceutical Services, Inc. since May 2015.

6.2 CEO Compensation Analysis



- Compensation vs Market: Eric's total compensation ($USD7.64M) is below average for companies of similar size in the US market ($USD11.26M).
- Compensation vs Earnings: Eric's compensation has been consistent with company performance over the past year.

6.3 Leadership Team

Name	Position	Tenure	Compensation	Ownership
Eric Green	President	6.42yrs	US$7.64m	0.12% $ 41.6m
Bernard Birkett	Senior VP & CFO	3.25yrs	US$2.46m	0.016% $ 5.2m
David Montecalvo	Senior VP and Chief Operations & Supply Chain Officer	5yrs	US$1.55m	0.015% $ 5.1m
Silji Abraham	Senior VP & Chief Technology Officer	0.75yr	US$1.83m	0.0082% $ 2.7m
Chad Winters	VP, Chief Accounting Officer & Corporate Controller	1.33yrs	no data	0.00095% $ 318.0k
Quintin Lai	Vice President of Corporate Development	5.67yrs	no data	0.0030% $ 1.0m
Kimberly MacKay	Senior VP	0.75yr	no data	no data
Michele Pelkowski	Vice President of Global Communications	no data	no data	no data
Annette Favorite	Chief Human Resources Officer & Senior VP	5.92yrs	US$1.14m	0.014% $ 4.8m
Richard Luzzi	Senior Vice President of Human Resources	19.25yrs	no data	no data
Christopher Ryan	Senior VP of Commercial Products & Emerging Markets	1.83yrs	no data	no data
Cindy Reiss-Clark	Senior VP of Global Market Units & Commercial Solutions	1.83yrs	no data	no data

3.3yrs

54.5yo

Average Tenure Average Age

Experienced Management: WST's management team is considered experienced (3.3 years average tenure).

6.4 Board Members

Name	Position	Tenure	Compensation	Ownership
Eric Green	President	6.42yrs	US$7.64m	0.12% $ 41.6m
Myla Lai-Goldman	Independent Director	7.58yrs	US$302.92k	0.022% $ 7.5m
Robert Friel	Independent Director	1.58yrs	US$322.66k	0.0024% $ 813.4k
Thomas Hofmann	Independent Director	13.92yrs	US$334.52k	0.059% $ 19.7m
Patrick Zenner	Independent Chairman of the Board	6.67yrs	US$453.21k	0.075% $ 25.2m
Mark Buthman	Independent Director	10.58yrs	US$312.66k	0.054% $ 18.1m
Douglas Michels	Independent Director	10.58yrs	US$334.68k	0.057% $ 19.1m
Paolo Pucci	Independent Director	5yrs	US$295.76k	0.011% $ 3.6m
William Feehery	Independent Director	9.58yrs	US$313.01k	0.038% $ 12.9m
Deborah L. Keller	Independent Director	4.25yrs	US$285.51k	no data
Morihiro Sudo	Honorary Director	no data	no data	no data
Molly Joseph	Director	0.083yr	no data	0.00042% $ 140.6k

6.7yrs **60yo**

Average Tenure

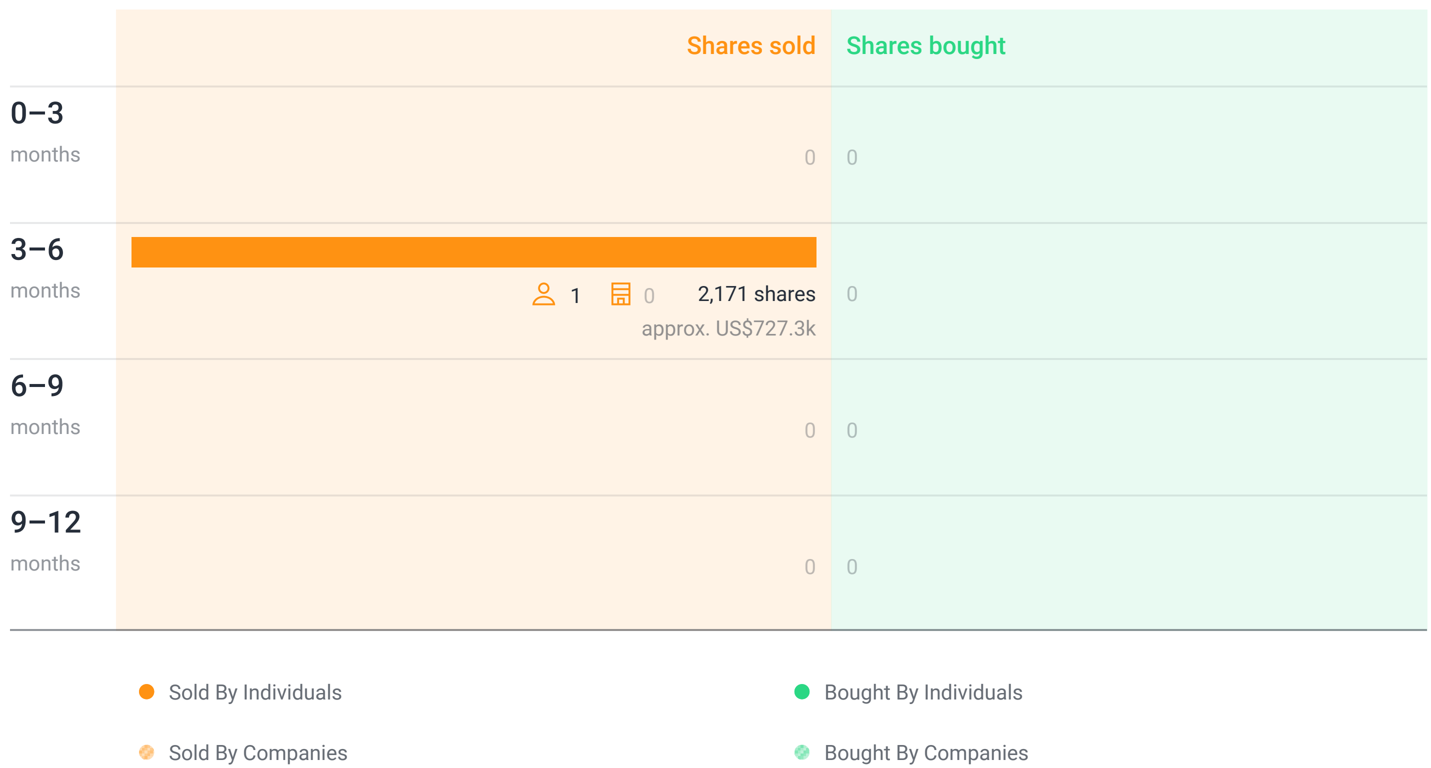
Average Age

Experienced Board: WST's board of directors are considered experienced (6.7 years average tenure).

7 Ownership

Who are the major shareholders and have insiders been buying or selling?

7.1 Insider Trading Volume



Insider Buying: Insufficient data to determine if insiders have bought more shares than they have sold in the past 3 months.

7.2 Recent Insider Transactions

Date	Value	Name	Entity	Role	Shares	Max Price
09 May 21	Sell US$727,285	Silji Abraham	Individual		2,171	US$335.00

NYSE:WST Recent Insider Transactions by Companies or Individuals

7.3 Ownership Breakdown

State or Government 0.04%
26,668 shares

Individual Insiders 0.6%
459,724 shares

General Public 4.0%
2,942,562 shares

Institutions 95.4%
70,550,133 shares

Dilution of Shares: Shareholders have not been meaningfully diluted in the past year.

7.4 Top Shareholders

Top 25 shareholders own 65.4% of the company

Ownership	Name	Shares	Current Value	Change %	Portfolio %
11.34%	The Vanguard Group, Inc.	8,388,535	$3.8b	-0.9%	0.07%
10.28%	BlackRock, Inc.	7,604,412	$3.4b	1.83%	0.07%
7.22%	T. Rowe Price Group, Inc.	5,338,372	$2.4b	6.49%	0.19%
4.61%	State Street Global Advisors, Inc.	3,410,935	$1.5b	3.52%	0.03%
4.53%	Franklin Resources, Inc.	3,351,118	$1.5b	-8.21%	0.44%
3.42%	Stichting Pensioenfonds ABP	2,531,368	$1.1b	8.16%	0.98%
2.27%	WCM Investment Management	1,680,273	$760.3m	0.45%	1.12%
1.76%	Geode Capital Management, LLC	1,299,088	$587.8m	0.04%	0.07%
1.74%	Neuberger Berman BD LLC	1,285,181	$581.5m	-4.56%	0.46%
1.71%	Baron Capital Group, Inc.	1,264,323	$572.1m	-0.11%	1.06%
1.64%	FMR LLC	1,211,616	$548.2m	40.9%	0.04%
1.43%	Brown Advisory Incorporated	1,061,011	$480.1m	-15.42%	0.66%
1.34%	Artisan Partners Limited Partnership	991,194	$448.5m	-20.72%	0.3%
1.29%	Durable Capital Partners, LP	951,263	$430.4m	-1.79%	2.93%
1.24%	Northern Trust Global Investments	916,926	$414.9m	-0.72%	0.06%
1.07%	Teachers Insurance and Annuity Association of America - College Retirement Equities Fund	792,105	$358.4m	-8.51%	0.09%
1.01%	Invesco Ltd.	747,969	$338.4m	-13.83%	0.06%

Ownership	Name	Shares	Current Value	Change %	Portfolio %	
1.01%	Norges Bank Investment Management	745,959	$337.5m	0%	0.03%	
1%	MFS Investment Management, Inc.	738,547	$334.2m	0.35%	0.06%	
0.99%	Goldman Sachs Asset Management, L.P.	734,427	$332.3m	-31.62%	0.12%	
0.97%	BNY Mellon Asset Management	721,219	$326.3m	15.45%	0.06%	
0.96%	Legal & General Investment Management Limited	706,955	$319.9m	11.21%	0.08%	
0.89%	Capital Research and Management Company	661,659	$299.4m	0.12%	0.01%	
0.86%	Victory Capital Management Inc.	633,172	$286.5m	43.85%	0.26%	
0.83%	Riverbridge Partners, LLC	616,752	$279.1m	4.16%	2.57%	

8 Company Information

West Pharmaceutical Services, Inc.'s employee growth, exchange listings and data sources

8.1 Key Information

Name: **West Pharmaceutical Services, Inc.**

Ticker: **WST**

Exchange: **NYSE**

Founded: **1923**

Industry: **Health Care Supplies**

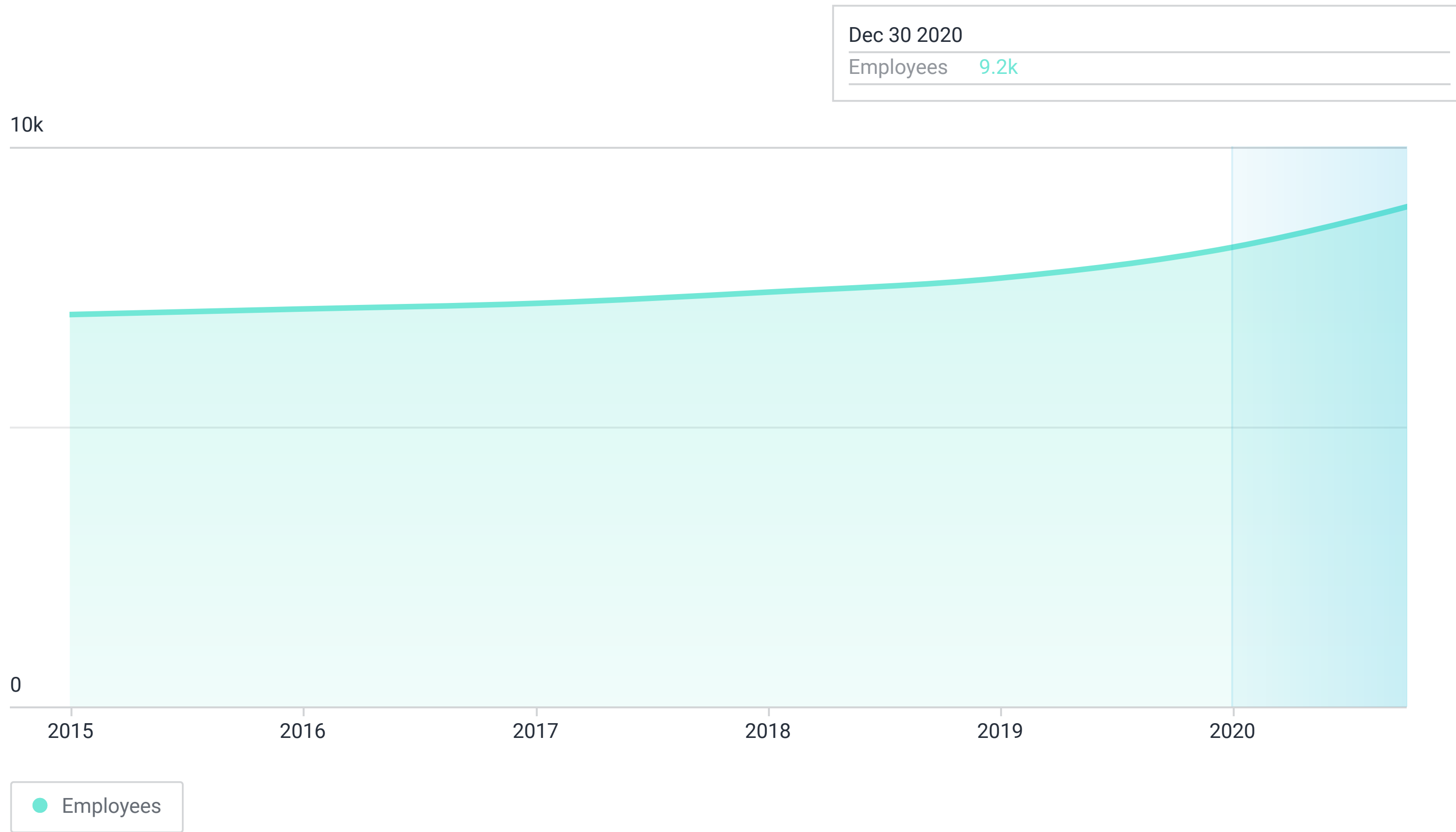
Sector: **Healthcare**

Market Cap: US$33.475b

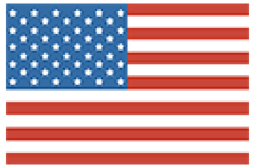
Shares outstanding: 73.98m

Website: https://www.westpharma.com

8.2 Number of Employees



8.3 Location



West Pharmaceutical Services, Inc.
530 Herman O. West Drive
Exton
Pennsylvania
19341-0645
United States

8.4 Listings

Ticker	Exchange	Primary Security	Security Type	Country	Currency	Listed on
WST	NYSE (New York Stock Exchange)	Yes	Common Stock	US	USD	Dec 1972
WPS	DB (Deutsche Boerse AG)	Yes	Common Stock	DE	EUR	Dec 1972
WPS	XTRA (XETRA Trading Platform)	Yes	Common Stock	DE	EUR	Dec 1972
WST *	BMV (Bolsa Mexicana de Valores)	Yes	Common Stock	MX	MXN	Dec 1972
W2ST34	BOVESPA (Bolsa de Valores de Sao Paulo)		BDR EACH 35 REPR 1 COM USD0.25	BR	BRL	Aug 2021

8.5 Company Analysis and Financial Data Status

Data	Last Updated (UTC time)
Company Analysis	2021/09/16 05:03
End of Day Share Price	2021/09/15 00:00
Earnings	2021/06/30
Annual Earnings	2020/12/31

All financial data provided by Standard & Poor's Capital IQ.