

WEST PHARMACEUTICAL SERVICES INC
Form 10-Q
November 05, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended September 30, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission File Number 1-8036
WEST PHARMACEUTICAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania 23-1210010
(State or other jurisdiction of (I.R.S. Employer Identification Number)
incorporation or organization)

101 Gordon Drive, PO Box 645, 19341-0645
Lionville, PA (Zip Code)
(Address of principal executive offices)

Registrant's telephone number, including area code: 610-594-2900

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 31, 2012, there were 34,122,645 shares of the Registrant's common stock outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

West Pharmaceutical Services, Inc. and Subsidiaries

(In millions, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Net sales	\$303.8	\$293.6	\$944.9	\$896.9
Cost of goods and services sold	213.4	212.2	654.7	642.9
Gross profit	90.4	81.4	290.2	254.0
Research and development	8.2	7.7	24.6	21.9
Selling, general and administrative expenses	53.7	45.7	159.5	142.7
Restructuring and other items (Note 2)	2.2	1.9	2.5	6.8
Operating profit	26.3	26.1	103.6	82.6
Loss on debt extinguishment	—	—	11.6	—
Interest expense	4.4	4.5	13.2	13.8
Interest income	0.5	0.4	1.5	0.9
Income before income taxes	22.4	22.0	80.3	69.7
Income tax expense	9.0	6.6	25.5	17.9
Equity in net income of affiliated companies	1.4	1.5	4.8	4.9
Net income	\$14.8	\$16.9	\$59.6	\$56.7
Net income per share:				
Basic	\$0.43	\$0.50	\$1.75	\$1.69
Diluted	\$0.43	\$0.49	\$1.70	\$1.62
Weighted average shares outstanding:				
Basic	34.1	33.8	34.0	33.6
Diluted	34.7	37.0	36.2	37.0
Dividends declared per share	\$—	\$—	\$0.36	\$0.34

See accompanying notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

West Pharmaceutical Services, Inc. and Subsidiaries

(In millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Net income	\$ 14.8	\$ 16.9	\$ 59.6	\$ 56.7
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	16.8	(25.1) (0.5) 6.4
Defined benefit pension and other postretirement plan adjustments, net of tax of \$0.5, \$0.8, \$1.9 and \$1.2, respectively	0.5	1.6	2.8	2.1
Net losses on derivatives, net of tax of \$(0.1), \$(0.5), \$(1.7) and \$(1.1), respectively	(0.3) (0.4) (2.6)