West Pharmaceutical Services (WST)

Updated August 20th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$353	**5 Year CAGR Estimate:**	-0.2%	**Market Cap:**	$25B
Fair Value Price:	$224	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	10/29/26[1]
% Fair Value:	158%	**5 Year Valuation Multiple Estimate:**	-8.7%	**Dividend Payment Date:**	11/06/26[2]
Dividend Yield:	0.2%	**5 Year Price Target**	$344	**Years Of Dividend Growth:**	33
Dividend Risk Score:	A	**Sector:**	Health Care	**Rating:**	Hold

Overview & Current Events

West Pharmaceutical Services manufactures packaging and components involved in the distribution and application of pharmaceuticals. The company's products include *Zenith Crystal*, a medical glass alternative, and *SmartDose*, an automatic medication delivery system. West Pharmaceutical was founded in 1923 and is headquartered in Exton, PA. The company has increased its dividend for 33 consecutive years, which qualifies it to be a Dividend Champion.

In West Pharmaceutical Services' fiscal second quarter, the company's revenues totaled $872 million, which was up 14% compared to the prior year's quarter. West Pharmaceutical Services' revenues were higher than what the analyst community had expected, like during the previous quarter, when it beat the consensus estimate as well. Revenues were positively impacted by currency rate changes during the period, as organic sales, up 13%, were up slightly less than the company's reported revenue growth rate.

West Pharmaceutical Services generated adjusted earnings-per-share of $2.37 during the second quarter, which represents a compelling increase of 29% compared to the prior year's quarter. West Pharmaceutical Services is now forecasting revenues of $3.35 billion to $3.38 billion for fiscal 2026. The company also increased its guidance for its earnings-per-share, now forecasting a range of $8.85 to $9.05, implying 2026 will be a new record year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.91	$2.78	$2.81	$3.24	$4.76	$8.56	$8.58	$8.08	$6.75	$7.29	***$8.95***	***$13.77***
DPS	$0.50	$0.54	$0.57	$0.61	$0.65	$0.69	$0.73	$0.77	$0.81	$0.85	***$0.88***	***$1.18***
Shares[3]	73	74	74	75	76	75	75	74	73	72	***71***	***68***

West Pharmaceutical grew its earnings-per-share at an attractive pace over the last decade. There were some ups and downs in between, however, earnings-per-share growth has thus not been overly consistent on a year-to-year basis. During the Great Recession, West Pharmaceutical Services' earnings-per-share declined by roughly 15%, which was a very solid performance versus most other companies.

West Pharmaceutical projects a long-term organic sales growth rate in a range of 6% to 8%. West Pharmaceutical Services' organic revenue growth rate accelerated in recent years, thus the company could be able to achieve this goal, although it is worth noting that West Pharmaceutical Services has also experienced sales declines from time to time.

Tailwinds for the industry, such as rising healthcare spending, will help West Pharmaceutical in achieving solid revenue growth in the future. Revenue growth will be one source for higher earnings, but a more favorable product mix will positively impact West Pharmaceutical's earnings growth as well. The company seeks to increase its revenues in the Proprietary Products segment, which has significantly higher margins than the Contract-Manufactured Products business. Earnings-per-share growth could also see a boost from the company's future share repurchases.

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[1] Estimated date

[2] Estimated date

[3] In Millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	38.1	36.0	34.9	46.3	59.5	54.7	27.4	41.4	48.6	37.9	***39.4***	***25.0***
Avg. Yld.	0.7%	0.6%	0.6%	0.4%	0.2%	0.1%	0.3%	0.2%	0.2%	0.3%	***0.2%***	***0.3%***

West Pharmaceutical Services has never been valued at a low valuation in the past. Over the last decade, the company's valuation rose to very high levels of as much as 60x net profits. Today, West Pharmaceutical Services' valuation is lower than it was, on average, in recent years, but shares still trade at around 39x net profits. We see multiple compression as an ongoing headwind in the future, as our fair value target is in the mid-20s.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	26%	19%	20%	19%	14%	8%	9%	10%	12%	12%	***10%***	***9%***

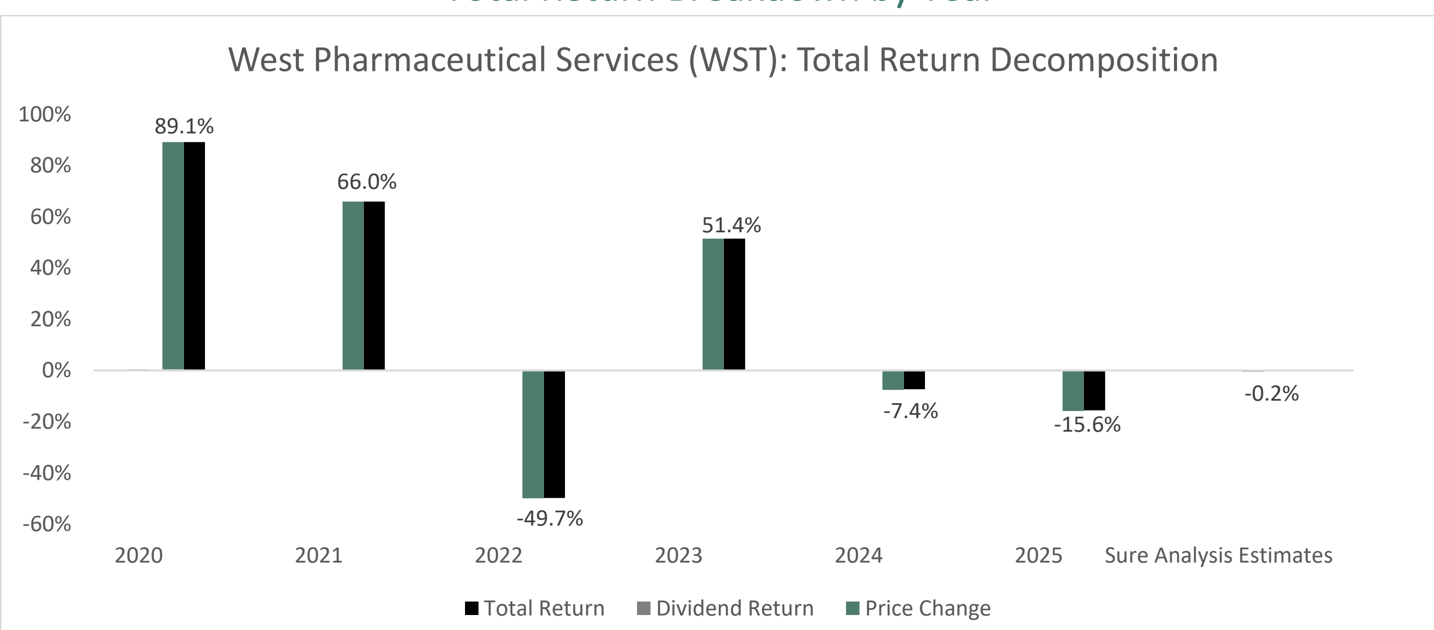
West Pharmaceutical Services' dividend payout ratio has never been high – the company has paid one-third or less of its net profits in the form of dividends during each year of the last decade. Coupled with the fact that the company continued to raise its dividend during the past crises, including the Great Recession, the payout appears to be very safe. At well below 1%, the yield is so low that the stock is uninteresting for income investors, however.

West Pharmaceutical is not active in a cyclical industry, as demand for medical items and pharmacologic products is not very dependent upon economic conditions. This explains why West Pharmaceutical was not impacted by the last financial crisis to a large degree, showcased by the fact that earnings-per-share declined by just 15% peak-to-trough.

Final Thoughts & Recommendation

West Pharmaceutical Services is active in an industry that is poised to generate solid growth rates over the coming years, and which is also not very vulnerable to recessions or other macro headwinds. West Pharmaceutical Services also has a solid dividend growth track record. We still do not think that the company is attractive for income investors right here, mainly due to its minimal dividend yield. West Pharmaceutical Services' valuation also is far from low at current prices. Since forecasted total returns are not compelling, we rate the stock a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,509	1,599	1,717	1,840	2,147	2,832	2,887	2,950	2,893	3,074
Gross Profit	501	513	545	606	768	1,176	1,136	1,129	999	1,104
Gross Margin	33.2%	32.1%	31.8%	32.9%	35.8%	41.5%	39.4%	38.3%	34.5%	35.9%
SG&A Exp.	240	246	263	273	302	363	317	353	339	394
D&A Exp.	91	97	104	103	109	122	121	137	155	171
Operating Profit	225	228	242	299	419	760	761	707	591	636
Op. Margin	14.9%	14.2%	14.1%	16.2%	19.5%	26.8%	26.4%	24.0%	20.4%	20.7%
Net Profit	144	151	207	242	346	662	586	593	493	494
Net Margin	9.5%	9.4%	12.0%	13.1%	16.1%	23.4%	20.3%	20.1%	17.0%	16.1%
Free Cash Flow	49	133	184	241	298	331	439	415	276	469
Income Taxes	54	81	41	59	73	107	115	122	108	122

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,717	1,863	1,979	2,341	2,794	3,314	3,617	3,830	3,643	4,270
Cash & Equivalents	203	236	337	439	616	763	894	854	485	791
Accounts Receivable	201	253	288	319	385	489	507	512	553	574
Inventories	199	215	215	236	321	378	415	435	377	444
Goodwill & Int.	126	129	126	138	142	133	126	124	117	118
Total Liabilities	599	583	583	768	939	978	932	949	961	1,094
Accounts Payable	122	138	130	157	213	232	215	242	239	254
Long-Term Debt	229	197	196	257	255	253	209	207	203	203
Shareholder's Equity	1,118	1,280	1,396	1,573	1,855	2,335	2,685	2,881	2,682	3,176
LTD/E Ratio	0.20	0.15	0.14	0.16	0.14	0.11	0.08	0.07	0.08	0.10

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	8.4%	8.4%	10.8%	11.2%	13.5%	21.7%	16.9%	15.9%	13.2%	12.5%
Return on Equity	13.4%	12.6%	15.5%	16.3%	20.2%	31.6%	23.3%	21.3%	17.7%	16.9%
ROIC	10.8%	10.7%	13.5%	14.1%	17.6%	28.2%	21.4%	19.8%	16.5%	17.8%
Shares Out.	73	74	74	75	76	75	75	74	73	73
Revenue/Share	20.12	21.21	22.78	24.40	28.32	37.11	38.09	39.17	39.26	42.28
FCF/Share	0.66	1.76	2.44	3.19	3.93	4.33	5.80	5.50	3.75	6.45

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.