



Charles River Laboratories to Acquire HemaCare Corporation

December 16, 2019

– Expands Charles River’s Scientific Capabilities in the High-Growth Cell Therapy Market –

– Establishes a Comprehensive Cell Therapy Solution from Discovery through Commercialization –

WILMINGTON, Mass. & NORTHRIDGE, Calif.--(BUSINESS WIRE)--Dec. 16, 2019-- Charles River Laboratories International, Inc. (NYSE: CRL) and HemaCare Corporation (OTCMKTS: HEMA) announced today a definitive agreement for Charles River to acquire HemaCare for approximately \$380 million in cash.

HemaCare is a leader in the production of human-derived cellular products for the cell therapy market. The business supplies critical biomaterials, including a wide range of human primary cell types, as well as cell processing services to support the discovery, development, and manufacture of cell therapies, including allogeneic (donor-derived cells) and autologous (patient-derived cells) programs. Combined with Charles River’s integrated, early-stage portfolio of discovery, safety assessment, and manufacturing support services, the acquisition will create a unique, comprehensive solution for cell therapy developers and manufacturers worldwide to help accelerate their critical programs from basic research and proof-of-concept to regulatory approval and commercialization.

James C. Foster, Chairman, President and Chief Executive Officer of Charles River Laboratories, commented, “Cell and gene therapies are important new modalities, with an estimated 10 to 20 new product approvals per year within five years. In order to continue to enhance our ability to support our clients’ research efforts, particularly in biologics discovery and development, we are expanding our scientific capabilities in this emerging, high-growth market with the acquisition of HemaCare. HemaCare advances the development of life-saving cell therapies through the use of its high-quality cellular products that represent critical inputs to these therapeutics. The addition of HemaCare’s innovative cell therapy products and services to our integrated, early-stage solutions will create a unique, go-to partner for clients to work with Charles River across a comprehensive cell therapy portfolio from idea to novel therapeutic.”

“We greatly respect HemaCare’s scientific capabilities, which have enabled it to become a premier provider of cutting-edge research tools used in the development of these advanced medicines. HemaCare’s expertise is well recognized, as evidenced by the fact that it has worked on all of the cell therapy drugs approved by the U.S. Food and Drug Administration to date. In addition to enhancing our value proposition for clients, we believe that the acquisition of HemaCare will drive profitable revenue and generate value for shareholders. We look forward to welcoming HemaCare and its valued employees to the Charles River family early next year,” Mr. Foster concluded.

Pete van der Wal, President and Chief Executive Officer of HemaCare, commented, “We are very pleased to be joining the Charles River team, which is widely recognized as the industry-leading, early-stage contract research organization. Partnering with Charles River will strengthen the value proposition for our clients, enabling them to work seamlessly with one scientific partner to enhance the speed and efficiency with which they can advance their cell therapies. The transaction will offer compelling value to our shareholders. This is an exciting day that will usher in a new era for HemaCare and my talented colleagues.”

Steven Gerber, M.D., Chairman of the Board of HemaCare, added, “I am immensely proud of the achievements of the entire HemaCare family, including the tireless efforts of our management team, which have led to this exciting new stage of growth.”

Strategic Rationale

The acquisition of HemaCare will expand Charles River’s scientific capabilities in the emerging, high-growth cell therapy sector; create a comprehensive cell therapy solution from discovery through commercialization, which will enhance client retention and accelerate biopharmaceutical clients’ speed-to-market; and provide a compelling value proposition for both clients and shareholders.

- **Enhances Scientific Capabilities in Cell Therapy:** The addition of HemaCare expands Charles River’s comprehensive portfolio of early-stage research and manufacturing support solutions to encompass the production and customization of high-quality, human-derived cellular products to better support clients’ cell therapy programs. HemaCare is differentiated in the industry by its broad cell therapy offering, ranging from customizable donor selection and upstream cell processing services to the supply of cGMP human primary cells. HemaCare has the ability to work with clients throughout the progression of their cell therapy programs and into commercial manufacturing, leveraging its cGMP-production capabilities.
- **Increases Exposure to a High-Growth Market Sector:** The addition of HemaCare increases Charles River’s platform of high-growth cell therapy solutions that currently represents approximately \$100 million of Charles River’s annual revenue. As a result of the scientific innovation that is expected to drive a rapid increase in cell therapy product approvals, the addressable market for HemaCare’s products is expected to increase from approximately \$200 million today to nearly \$2 billion in 10 years.
- **Creates a Comprehensive Cell Therapy Solution:** The addition of HemaCare’s critical biomaterials will enable Charles River to provide a comprehensive, cutting-edge solution, allowing it to work iteratively with cell therapy developers throughout the discovery, development, and manufacturing processes. Clients will be able to work with one scientific partner for a significant portion of their cell therapy programs, which will enhance the client value proposition by accelerating the speed and efficiency with which they can bring these critical therapies to market, while strengthening their relationship with Charles River.

- **Expected to drive profitable growth and shareholder value** – The acquisition is expected to generate attractive financial returns that are consistent with Charles River's disciplined investment criteria. HemaCare is expected to immediately drive profitable revenue growth, with estimated revenue growth of at least 30% annually over the next five years.

Additional Financial and Transaction Details

The proposed purchase price equates to \$25.40 per HemaCare share, which represents a 27% premium to HemaCare's closing price on December 13, 2019 and a 33% premium to HemaCare's volume-weighted average stock price over the last 60 trading days.

The transaction has been approved by the Board of Directors of both Charles River and HemaCare, and certain of HemaCare's directors, officers, and shareholders, which collectively hold more than 50 percent of HemaCare's outstanding shares, have approved the transaction by written consent. The acquisition is expected to close early in the first quarter of 2020, subject to receipt of certain regulatory approvals and other customary closing conditions. HemaCare is expected to be reported as part of Charles River's Research Models and Services segment.

Based on the anticipated closing date, the acquisition is expected to add at least \$50 million to Charles River's 2020 consolidated revenue, with estimated revenue growth of at least 30% annually over the next five years. The transaction is expected to be neutral to non-GAAP earnings per share in 2020, and increasingly accretive thereafter. Items excluded from non-GAAP earnings per share are expected to include all acquisition-related costs, which primarily include amortization of intangible assets, advisory fees, and certain third-party integration costs.

The acquisition and associated fees are expected to be financed through Charles River's existing credit facility and cash.

BofA Securities is acting as financial advisor to Charles River. Davis Polk & Wardwell LLP is acting as Charles River's transactional legal counsel, and Axinn, Veltrop & Harkrider LLP is acting as antitrust counsel. Jefferies LLC is acting as financial advisor to HemaCare. Greenberg Traurig, LLP is acting as HemaCare's transactional legal counsel.

Caution Concerning Forward-Looking Statements

This news release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "anticipate," "believe," "expect," "will," "may," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Forward-looking statements include statements in this news release regarding the acquisition of HemaCare, expectations regarding the timing of the closing of the acquisition, and Charles River's expectations with respect to the impact of HemaCare on the Company, its product and service offerings, client perception, revenue, revenue growth rates, and earnings per share; Charles River's projected future performance including revenue and earnings per share; as well as Charles River's future growth in the area of cell therapy products and services. Forward-looking statements are based on Charles River's current expectations and beliefs, and involve a number of risks and uncertainties that are difficult to predict and that could cause actual results to differ materially from those stated or implied by the forward-looking statements. Those risks and uncertainties include, but are not limited to, the ability to successfully complete the acquisition of HemaCare. A further description of these risks, uncertainties, and other matters can be found in the Risk Factors detailed in Charles River's Annual Report on Form 10-K as filed on February 13, 2019 and the Quarterly Report on Form 10-Q as filed on November 6, 2019, as well as other filings we make with the Securities and Exchange Commission. Because forward-looking statements involve risks and uncertainties, actual results and events may differ materially from results and events currently expected by Charles River, and Charles River assumes no obligation and expressly disclaims any duty to update information contained in this news release except as required by law.

About Charles River

Charles River provides essential products and services to help pharmaceutical and biotechnology companies, government agencies and leading academic institutions around the globe accelerate their research and drug development efforts. Our dedicated employees are focused on providing clients with exactly what they need to improve and expedite the discovery, early-stage development and safe manufacture of new therapies for the patients who need them. To learn more about our unique portfolio and breadth of services, visit www.criver.com.

About HemaCare

HemaCare is a global leader in the customization of human-derived biological products and services for biomedical research, drug discovery, and cellular therapy process development. The company's network of FDA-registered, GMP/GTP-compliant collection centers ensure fresh donor material is available to customers and for use within HemaCare's isolation laboratory. Human biological material including peripheral blood, bone marrow, and cord blood is isolated into various primary cells types for fresh and frozen distribution. For over 40 years, HemaCare has developed an extensive registry of repeat donors and provides human-derived primary blood cells and tissues for biomedical and drug discovery research and cell therapy clinical trials, and supports commercialization with apheresis collections, directly enabling customers to advance both autologous and allogeneic cellular therapies.

View source version on businesswire.com: <https://www.businesswire.com/news/home/20191216005321/en/>

Source: Charles River Laboratories International, Inc.

For Charles River:

Investor:

Todd Spencer

Corporate Vice President, Investor Relations

781.222.6455

todd.spencer@crl.com

Media:

Amy Cianciaruso

Corporate Vice President, Public Relations

781.222.6168

amy.cianciaruso@crl.com