



Charles River Laboratories Announces Chief Financial Officer Retirement and Transition Plan

January 11, 2022

David R. Smith, Corporate Executive Vice President & Chief Financial Officer, to Transition Role by End of 2022

Charles River Issues 2022 Financial Guidance in Conjunction with J.P. Morgan Healthcare Conference

WILMINGTON, Mass.--(BUSINESS WIRE)--Jan. 11, 2022-- Charles River Laboratories International, Inc. (NYSE: CRL) today announced a retirement and transition plan for its Chief Financial Officer.

David R. Smith, Corporate Executive Vice President and Chief Financial Officer, has announced that following a transition period, he will retire from Charles River after a distinguished career in healthcare and finance leadership roles. Mr. Smith will remain with the Company in his current position until a successor has been named and the transition has been completed, which is expected to occur before the end of 2022. Charles River is commencing a global search to identify its next Chief Financial Officer.

Mr. Smith joined Charles River in 2014 through the Discovery Services acquisition of Argenta and BioFocus. Following the acquisition, he assumed the role of Corporate Vice President, Early Discovery Services, and was subsequently named Corporate Senior Vice President, Global Discovery Services. In 2015, leveraging his extensive business, finance, and leadership experience, Charles River promoted Mr. Smith to his current role. As Chief Financial Officer, Mr. Smith leads the Company's global Finance organization and is responsible for overseeing Accounting, Tax, Treasury, Investor Relations, Internal Audit, Risk Management, and Procurement.

James C. Foster, Chairman, President and Chief Executive Officer, commented, "David has been instrumental in Charles River's growth and success, by providing strategic financial counsel and direction to our global organization. Under David's leadership, the Company has built a best-in-class finance organization with a deep bench of talented professionals. David has been a trusted advisor to me, his colleagues, and the Board of Directors, and I look forward to continuing to work with him until his retirement as we plan for a seamless transition of his responsibilities. We thank David for his many contributions to Charles River, are grateful for his dedicated efforts to advance the Company's mission and congratulate him on a remarkable career."

David R. Smith, Corporate Executive Vice President and Chief Financial Officer, commented, "Today, I have announced my intention to retire from Charles River prior to the end of 2022, and embark on the next chapter of my life. I would like to sincerely thank Jim, the Board, and all of my colleagues for their support and collaboration during my journey at Charles River, and for the successes that we have all shared together. It has been a privilege and I firmly believe that I am leaving Charles River at an ideal time, with unprecedented demand, an industry-leading portfolio, a highly experienced leadership team, and low-teens revenue growth expected in 2022. I am committed to remaining at Charles River until my successor has been named and the transition is complete, after which I will look forward to spending more time with my family."

Issues 2022 Financial Guidance

In conjunction with the 40th Annual J.P. Morgan Healthcare Conference, Charles River is issuing 2022 financial guidance. The Company expects to benefit from a continuation of the robust client demand environment that it experienced last year and price increases, which will drive low-teens revenue growth in 2022. Due to its sustained growth and focus on operating efficiency, Charles River also expects to generate modest operating margin improvement in 2022, despite headwinds from higher compensation costs, as well as the impact of the 53rd week. Management will provide additional details related to its 2022 financial guidance in its conference presentation.

The Company's 2022 guidance for revenue growth, earnings per share, and cash flow is as follows:

2022 GUIDANCE

Revenue growth, reported	13.0% – 15.0%
Contribution from acquisitions/divestitures, net (1) --	
Impact of 53rd week in 2022	~(1.5%)
Unfavorable/(favorable) impact of foreign exchange	~1.0%
Revenue growth, organic (2)	12.5% – 14.5%
GAAP EPS estimate	\$9.20 – \$9.45
Acquisition-related amortization	\$1.90 – \$2.10

Acquisition and integration-related adjustments (3)	~\$0.10
Other items (4)	~\$0.10
Non-GAAP EPS estimate	\$11.50 – \$11.75
Cash flow from operating activities	~\$810 million
Capital expenditures	~\$360 million
Free cash flow	~\$450 million

Footnotes to Guidance Table:

(1) The contribution from acquisitions/divestitures (net) reflects only those transactions that were completed in 2021. The partial-year revenue impact from acquisitions, principally Cognate BioServices, Retrogenix, and Vigene Biosciences, is expected to be offset by the impact from the divestitures of RMS Japan and CDMO Sweden.

(2) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, divestitures, the 53rd week in 2022, and foreign currency translation.

(3) These adjustments are related to the evaluation and integration of acquisitions and divestitures, and primarily include transaction, advisory, and certain third-party integration costs, as well as certain costs associated with acquisition-related efficiency initiatives.

(4) These items primarily relate to charges of approximately \$0.10 associated with U.S. and international tax legislation that necessitated changes to the Company's international financing structure.

J.P. Morgan Healthcare Conference Presentation

Charles River will virtually present at the 40th Annual J.P. Morgan Healthcare Conference, on Tuesday, January 11th, at 10:30 a.m. ET. Management will provide an overview of Charles River's strategic focus, business developments, and recent trends, as well as the Company's 2022 financial guidance.

A live webcast of the presentation will be available through a link that will be posted on ir.criver.com. A webcast replay will be accessible through the same website shortly after the presentation and will remain available for approximately two weeks.

Use of Non-GAAP Financial Measures

This press release contains non-GAAP financial measures, such as non-GAAP earnings per diluted share, which exclude the amortization of intangible assets, and other charges related to our acquisitions and divestitures; expenses associated with evaluating and integrating acquisitions and divestitures, as well as fair value adjustments associated with contingent consideration; charges, gains, and losses attributable to businesses or properties we plan to close, consolidate, or divest; severance and other costs associated with our efficiency initiatives; the impact of the termination of the Company's U.S. pension plan; the write-off of deferred financing costs and fees related to debt financing; third-party costs associated with the remediation of unauthorized access into our information systems detected in March 2019; investment gains or losses associated with our venture capital and other strategic equity investments; certain costs in our Microbial Solutions business related to environmental litigation; and adjustments related to the recognition of deferred tax assets expected to be utilized as a result of changes to the our international financing structure and the revaluation of deferred tax liabilities as a result of foreign tax legislation. This press release also refers to our revenue in both a GAAP and non-GAAP basis: "organic revenue growth," which we define as reported revenue growth adjusted for foreign currency translation, acquisitions, divestitures, and the impact of the 53rd week in 2022. We exclude these items from the non-GAAP financial measures because they are outside our normal operations. There are limitations in using non-GAAP financial measures, as they are not presented in accordance with generally accepted accounting principles, and may be different than non-GAAP financial measures used by other companies. In particular, we believe that the inclusion of supplementary non-GAAP financial measures in this press release helps investors to gain a meaningful understanding of our core operating results and future prospects without the effect of these often-one-time charges, and is consistent with how management measures and forecasts the Company's performance, especially when comparing such results to prior periods or forecasts. We believe that the financial impact of our acquisitions and divestitures (and in certain cases, the evaluation of such acquisitions and divestitures, whether or not ultimately consummated) is often large relative to our overall financial performance, which can adversely affect the comparability of our results on a period-to-period basis. In addition, certain activities and their underlying associated costs, such as business acquisitions, generally occur periodically but on an unpredictable basis. We calculate non-GAAP integration costs to include third-party integration costs incurred post-acquisition. Presenting revenue on an organic basis allows investors to measure our revenue growth exclusive of acquisitions, divestitures, and foreign currency exchange fluctuations more clearly. Non-GAAP results also allow investors to compare the Company's operations against the financial results of other companies in the industry who similarly provide non-GAAP results. The non-GAAP financial measures included in this press release are not meant to be considered superior to or a substitute for results of operations presented in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations. Reconciliations of the non-GAAP financial measures used in this press release to the most directly comparable GAAP financial measures are set forth in this press release, and can also be found on the Company's website at ir.criver.com.

Caution Concerning Forward-Looking Statements

This press 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," "intend," "will," "would," "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. These statements also include statements regarding the planned retirement of the Company's Chief Financial Officer; impact of the COVID-19 pandemic; the projected future financial performance of Charles River and our specific businesses (including the impact of the 53rd week in fiscal year 2022); the future demand for drug discovery and development products and services, including our expectations for future revenue trends; our expectations with respect to the impact of acquisitions and divestitures on the Company, our service offerings, client perception, strategic relationships, revenue, revenue growth rates, and earnings; the development and performance of our services and products, including our investments in our portfolio; market and industry conditions including the outsourcing of services and spending trends by our clients; and Charles River's future performance as delineated in our revised forward-looking guidance, and particularly our expectations with respect to revenue, the impact of foreign exchange, enhanced efficiency initiatives, and the assumptions surrounding the COVID-19 pandemic that form the basis for our annual guidance. 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 COVID-19 pandemic, its duration, its impact on our business, results of operations, financial condition, liquidity, business practices, operations, suppliers, third party service providers, clients, employees, industry, ability to meet future performance obligations, ability to efficiently implement advisable safety precautions, and internal controls over financial reporting; the COVID-19 pandemic's impact on client demand, the global economy and financial markets; the ability to successfully integrate businesses we acquire (including Cognate BioServices and Vigene Biosciences, and risks and uncertainties associated with Cognate's and Vigene's products and services, which are in areas that the Company did not previously operate); the timing and magnitude of our share repurchases; negative trends in research and development spending, negative trends in the level of outsourced services, or other cost reduction actions by our clients; the ability to convert backlog to revenue; special interest groups; contaminations; industry trends; new displacement technologies; USDA and FDA regulations; changes in law; the impact of Brexit; continued availability of products and supplies; loss of key personnel; interest rate and foreign currency exchange rate fluctuations; changes in tax regulation and laws; changes in generally accepted accounting principles; and any changes in business, political, or economic conditions due to the threat of future terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas. 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 17, 2021 and the Quarterly Report on Form 10-Q as filed on November 3, 2021, 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 press 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.

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