



Charles River Laboratories Announces Strong Fourth-Quarter and Full-Year 2002 Results and Provides Positive Outlook for 2003

February 3, 2003

WILMINGTON, Mass., Feb 3, 2003 (BUSINESS WIRE) -- Charles River Laboratories International, Inc. (NYSE:CRL) today reported fourth-quarter 2002 income before extraordinary item of \$17.5 million, a 58.3% increase over the \$11.1 million reported in the fourth quarter of 2001. Earnings per share before extraordinary item rose 50.0% to \$0.36 per diluted share from \$0.24 per diluted share reported last year. Net income for the fourth quarter was \$17.5 million, or \$0.36 per diluted share, compared to \$8.9 million, or \$0.19 per diluted share, in the fourth quarter of 2001. Last year's fourth quarter included an extraordinary loss, net of tax benefit, of \$2.1 million for early retirement of debt. Net sales in the fourth quarter were \$142.9 million compared to \$126.1 million reported in 2001, an increase of 13.4%.

Operating income in the fourth quarter of 2002 rose 38.2% to \$31.0 million from \$22.4 million in the same period in 2001. The Company's operating margin rose to 21.7% compared to 17.8% achieved in the fourth quarter of last year, reflecting higher sales in both the Research Models and Biomedical Products and Services segments and operating efficiencies resulting from the increased volume.

For 2002, net sales increased 19.1% to \$554.6 million from \$465.6 million in 2001. Significantly higher sales yielded a gross margin of 37.7% compared to 35.9% last year. Higher sales, operating efficiencies, and the January 1, 2002, implementation of SFAS 142, "Goodwill and Other Intangible Assets," resulted in operating income of \$122.3 million, a 35.4% increase over the \$90.3 million reported in 2001 and a 22.0% operating margin compared to 19.4% in 2001. Income before extraordinary items was \$68.4 million, a 68.2% increase over the \$40.7 million reported in 2001 and diluted earnings per share before extraordinary item were \$1.42, a gain of 54.3% from the \$0.92 per diluted share in 2001.

James C. Foster, Chairman, President and Chief Executive Officer said, "For the fourth quarter and full year 2002, Charles River has again delivered substantial growth in sales, margins, and earnings per share. Our solid and consistent financial performance reflects the leading share position we hold in a number of attractive markets and the strength of the growing drug discovery and development market."

Mr. Foster continued, "We view 2002 as a very positive year, one which has further strengthened the Company and positioned us for continued growth on many fronts. The April 2002 opening of our new Transgenic Services building in Wilmington, Massachusetts, reinforced our position as the world's largest provider of these services, and the building is 50% utilized. Our acquisitions of BioLabs in June and Springborn Laboratories in October added both geographic and customer depth to our drug discovery and development services offerings, and both acquisitions have performed well and in line with our expectations. The proteomics joint venture begun in October added a novel service to our growing portfolio of businesses. The platform is now in place and we expect to begin generating sales in the second quarter of 2003."

Fourth-quarter 2002 net sales for the Research Models segment of the business were \$53.6 million compared to \$49.4 million last year. The 8.5% gain reflected increased customer demand for animal research models and higher sales of specialty models for pre-clinical drug discovery and development work. Higher sales yielded a gross margin of 39.9% compared to 36.6% in the fourth quarter of last year. The sales increase also generated operating efficiencies which resulted in a 32.0% increase in operating income, to \$13.8 million in the fourth quarter with an operating margin of 25.8%, compared to last year's \$10.5 million and 21.2%.

Net sales for the Biomedical Products and Services segment rose 16.5% in the fourth quarter, to \$89.4 million from \$76.7 million in the same period last year. The Company's discovery services business, which includes transgenic, laboratory testing, and contract staffing services, had significant sales growth in the quarter, led by transgenic services. Sales for the development services business, which includes the entire range of pre-clinical drug testing services, also increased due principally to the acquisitions of BioLabs and Springborn Laboratories. Both in vitro products and vaccine support services also reported robust sales growth.

The fourth-quarter 2002 gross margin for the Biomedical Products and Services segment was 35.6% compared to 33.3% achieved in last year's fourth quarter. Operating income for this segment rose 49.4% to \$18.4 million from \$12.3 million last year and the operating margin increased to 20.5% from 16.0%.

Net interest expense for the fourth quarter was \$1.6 million compared to \$3.9 million in the fourth quarter of 2001.

Effective January 1, 2002, the Company adopted SFAS 142, the effect of which amounted to \$0.02 per diluted share on the Company's fourth-quarter 2002 results and \$0.09 per diluted share for the full year.

2002 Results

For 2002, net sales for the Research Models segment of the business were \$223.8 million compared to \$197.5 million last year. The 13.3% gain reflected increased customer demand for animal research models and higher sales of specialty models for pre-clinical drug discovery and development work. Higher sales yielded a gross margin of 44.2% compared to 40.5% last year. The sales increase also generated operating efficiencies which resulted in a 39.4% increase in operating income to \$70.9 million with an operating margin of 31.7%, compared to last year's \$50.9 million and 25.8%.

Net sales for the Biomedical Products and Services segment rose 23.4% for the year, to \$330.9 million from \$268.1 million last year. The Company's discovery services business had significant sales growth, led by transgenic services and contract staffing. Sales for the development services business also increased due principally to the acquisitions of BioLabs and Springborn Laboratories and growth of in vitro products and vaccine support services.

The 2002 gross margin for the Biomedical Products and Services segment was 33.3% compared to 32.5% achieved last year. Segment operating income rose 41.3% to \$65.9 million from \$46.6 million last year and the operating margin increased to 19.9% from 17.4%.

2003 Outlook

The following forward-looking guidance may be affected by an uncertain economic and political environment in 2003. Guidance is based on current exchange rates and is exclusive of any acquisitions which may occur in 2003.

The Company anticipates that for 2003, net sales will increase by 15% to 17%, due to continued growth in both the Research Models and Biomedical Products and Services segments. The Research Model segment is expected to grow between 12% and 14 % and the Biomedical Products and Services segment is expected to grow between 17% and 19%.

Diluted earnings per share are expected to be in a range of \$1.67 to \$1.70, reflecting higher sales and operating efficiencies.

For the first quarter of 2003, the Company expects net sales to increase between 13% and 16% due to higher sales in both the Research Models and Biomedical Products and Services business segments. Based on higher net sales and operating efficiencies, consolidated earnings per diluted share are expected to be in a range of \$0.39 to \$0.41.

Julia D. Palm to Retire

Charles River Laboratories also announces that Julia D. Palm, Senior Vice President, Biomedical Products and Services, will retire from the Company at the end of 2003. To facilitate the management transition, the Company has already realigned the majority of Ms. Palm's responsibilities under two senior executives. Mr. Foster said, "We appreciate Julie's many contributions to Charles River and are very pleased that our executives will be able to work together throughout this year to ensure a seamless transition of responsibilities."

Webcast

Charles River Laboratories has scheduled a live webcast on Tuesday, February 4, at 8:30 a.m. EST to discuss matters relating to this press release. To participate, please go to www.criver.com, Investor Relations, and select the webcast link. The webcast will be available until 5:00 p.m. EST on February 11, 2003.

Charles River Laboratories, based in Wilmington, Massachusetts, is a leading provider of critical research tools and integrated support services that enable innovative and efficient drug discovery and development. The Company is the global leader in providing the animal research models required in research and development for new drugs, devices and therapies. The Company also offers a broad and growing portfolio of biomedical products and services that enable customers to reduce cost, increase speed, and enhance productivity and effectiveness in drug discovery and development. Charles River's customer base spans over 50 countries, and includes all of the major pharmaceutical and biotechnology companies, as well as many leading hospitals and academic institutions. The Company operates 76 facilities in 16 countries worldwide.

Caution Concerning Forward-Looking Statements. This document 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," "estimate," "plan," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These statements are based on management's current expectations, and involve a number of risks and uncertainties that could cause actual results to differ materially from those stated or implied by the forward-looking statements, and the company expressly does not undertake any duty to update forward-looking statements, which speak only as of the date of this document. Those risks and uncertainties include, but are not limited to: acquisition integration risks; special interest groups; contaminations; industry trends; new displacement technologies; outsourcing trends; USDA and FDA regulation; changes in law; continued availability of products and supplies; loss of key personnel; interest rate and foreign currency exchange rate fluctuations; 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 the Company's registration statement on Form S-3 as filed on April 9, 2002, with the Securities and Exchange Commission.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(dollars in thousands except for per share data)

	Three Months Ended		Twelve Months Ended	
	Dec. 28, 2002	Dec. 29, 2001	Dec. 28, 2002	Dec. 29, 2001
Net sales	\$142,944	\$126,094	\$554,629	\$465,630
Cost of products sold and services provided	89,795	82,486	345,646	298,379
Gross margin	53,149	43,608	208,983	167,251
Selling, general and administrative	20,974	18,554	83,303	68,315
Amortization of goodwill and intangibles	1,220	2,649	3,414	8,653
Operating income	30,955	22,405	122,266	90,283
Interest income (expense)	(1,570)	(3,909)	(9,085)	(21,304)
Other income (expense)	193	(16)	1,222	500
Income before taxes, minority interests, earnings from equity investments and				

extraordinary item	29,578	18,480	114,403	69,479
Provision for income taxes	11,387	7,204	43,572	27,095
Income before minority interests, earnings from equity investments and extraordinary item	18,191	11,276	70,831	42,384
Minority interests	(686)	(347)	(2,784)	(2,206)
Earnings from equity investments	-	127	316	472
Net income before extraordinary item	17,505	11,056	68,363	40,650
Extraordinary loss, net of tax benefit	-	(2,139)	(18,231)	(5,243)
Net income	\$17,505	\$8,917	\$50,132	\$35,407
Earnings per common share before extraordinary item				
Basic	\$0.39	\$0.25	\$1.53	\$0.99
Diluted	\$0.36	\$0.24	\$1.42	\$0.92
Earnings per common share after extraordinary item				
Basic	\$0.39	\$0.20	\$1.12	\$0.86
Diluted	\$0.36	\$0.19	\$1.06	\$0.80
Weighted average number of common shares outstanding before and after extraordinary item				
Basic	45,077,506	44,133,268	44,681,601	40,998,558
Diluted	51,518,643	46,398,266	50,856,723	44,215,383

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(dollars in thousands)

	Dec. 28, 2002	Dec. 29, 2001
Assets		
Current assets		
Cash and cash equivalents	\$127,509	\$58,271
Trade receivables	94,245	98,478
Inventories	43,892	39,056
Other current assets	12,446	14,349
Total current assets	278,092	210,154
Property, plant and equipment, net	187,875	155,919
Goodwill, net	96,532	52,087
Other intangibles, net	34,204	38,287
Deferred tax asset	80,884	87,781
Other assets	23,757	27,134
Total assets	\$701,344	\$571,362
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$13,084	\$13,868
Accrued compensation	31,825	25,736
Other current liabilities	68,460	58,928
Total current liabilities	113,369	98,532
Long-term debt	192,420	155,506
Other long-term liabilities	19,612	14,826
Total liabilities	325,401	268,864
Minority interests	18,583	12,988
Total shareholders' equity	357,360	289,510
Total liabilities and shareholders' equity	\$701,344	\$571,362

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)
(dollars in thousands)

	Three Months Ended		Twelve Months Ended	
	Dec. 28, 2002	Dec. 29, 2001	Dec. 28, 2002	Dec. 29, 2001

Research Models				
Net sales	\$53,552	\$49,360	\$223,766	\$197,494
Gross margin	21,343	18,085	98,877	80,060
Gross margin as a				
% of sales	39.9%	36.6%	44.2%	40.5%
Operating income	13,796	10,450	70,917	50,878
Operating income as a % of				
sales	25.8%	21.2%	31.7%	25.8%
Depreciation amortization	2,385	2,768	9,398	9,978
Capital expenditures	4,916	3,718	14,409	10,419
Biomedical Products and Services				
Net sales	\$89,392	\$76,734	\$330,863	\$268,136
Gross margin	31,806	25,523	110,106	87,191
Gross margin as a % of sales	35.6%	33.3%	33.3%	32.5%
Operating income	18,367	12,293	65,898	46,643
Operating income as a % of				
sales	20.5%	16.0%	19.9%	17.4%
Depreciation amortization	4,220	5,166	14,588	17,197
Capital expenditures	11,013	12,158	23,134	25,987
Unallocated Corporate Overhead	\$(1,208)	\$(338)	\$(14,549)	\$(7,238)
Total				
Net sales	\$142,944	\$126,094	\$554,629	\$465,630
Gross margin	53,149	43,608	208,983	167,251
Gross margin as a				
% of sales	37.2%	34.6%	37.7%	35.9%
Operating income	30,955	22,405	122,266	90,283
Operating income as a				
% of sales	21.7%	17.8%	22.0%	19.4%
Depreciation amortization	6,605	7,934	23,986	27,175
Capital expenditures	15,929	15,876	37,543	36,406

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