Raymond James 39th Annual Institutional Investors Conference

March 6, 2018

Charles River Laboratories

James C. Foster
Chairman & Chief Executive Officer

charles river

Safe Harbor Statement

Caution Concerning Forward-Looking Statements. This presentation 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,” “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 our projected 2018 and other future financial performance whether reported, constant currency, organic, and/or factoring acquisitions or the divestiture of the CDMO business, including, with respect to Charles River as a whole and/or any of our reporting or operating segments or business units, revenue and revenue growth rates, operating margin, earnings per share, capital expenditures, operating and free cash flow, specified costs (including unallocated corporate expenses), net interest expense, effective tax rate (including excess tax benefits associated with stock compensation due to the adoption of ASU 2016-09), average diluted share count, global efficiency initiatives, cost increases, pricing, foreign exchange rates, LIBOR rates, leverage ratios, days sales outstanding, and the operating results of our businesses; the expected performance of our venture capital investments; the future demand for drug discovery and development products and services, and our intentions to expand those businesses; the impact of our facility consolidations (including our Maryland research model production site); our expectations regarding stock repurchases and debt repayment; the development and performance of our services and products; market and industry conditions including industry consolidation, outsourcing of services and identification of spending trends by our customers and funding available to them; the potential outcome of and impact to our business and financial operations due to litigation and legal proceedings and tax law changes; the impact of US tax reform passed in the fourth quarter of 2017; our success in identifying, consummating, and integrating, and the impact of, our acquisitions including the attainment of synergies; our strategic agreements with our clients and opportunities for future similar arrangements; our ability to obtain new clients in targeted market segments and/or to predict which client segments will be future growth drivers; the impact of our investments in specified business lines and products; and Charles River’s future performance as otherwise delineated in our forward-looking 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 ability to successfully integrate businesses we acquire; the ability to execute our cost-savings actions and the steps to optimize returns to shareholders on an effective and timely basis; 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 customers; the ability to convert backlog to revenue; special interest groups; contaminations; industry trends; new displacement technologies; continued availability of products and supplies; loss of key personnel; interest rate and foreign currency exchange rate fluctuations; changes in regulations by the FDA, USDA, or other global regulatory agencies; changes in law (including Brexit and drug price control legislation); 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 13, 2018, 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 presentation except as required by law.

Regulation G

This presentation includes discussion of non-GAAP financial measures. We believe that the inclusion of these non-GAAP financial measures provides useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often one-time charges, consistent with the manner in which management measures and forecasts the Company’s performance. The non-GAAP financial measures included in this presentation are not meant to be considered superior to or a substitute for results of operations prepared 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. In accordance with Regulation G, you can find the comparable GAAP measures and reconciliations to those GAAP measures on our website at ir.criver.com.

Our Unique Role in Drug Research

Ability to work with clients to discover new drugs and move downstream with them throughout early-stage development

Only CRO with an integrated portfolio that spans the drug research process from target discovery through preclinical development

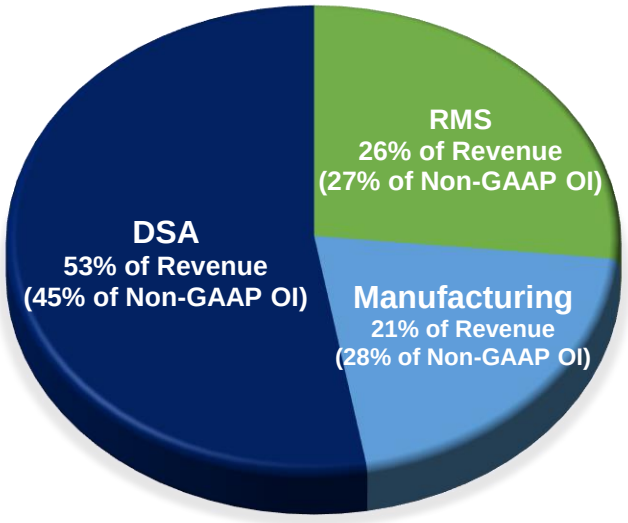
Charles River's scientists worked on 74% of all drugs approved by the FDA in 2017 and partnered with each of the 100 largest biopharmaceutical companies in the world

charles river

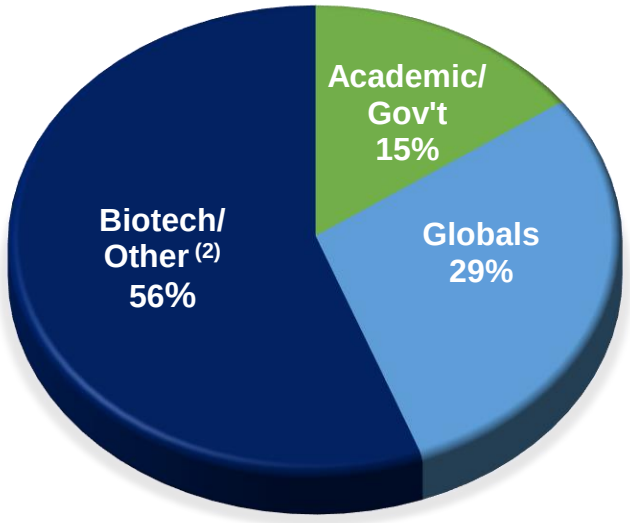
Charles River Overview

- A leading, full-service drug discovery and early-stage development company
  - Revenue of **~$1.86B** (FY 2017)
- A multinational company with **~12,000** employees worldwide
- ~80 facilities in 23 countries, strategically located near our major client base

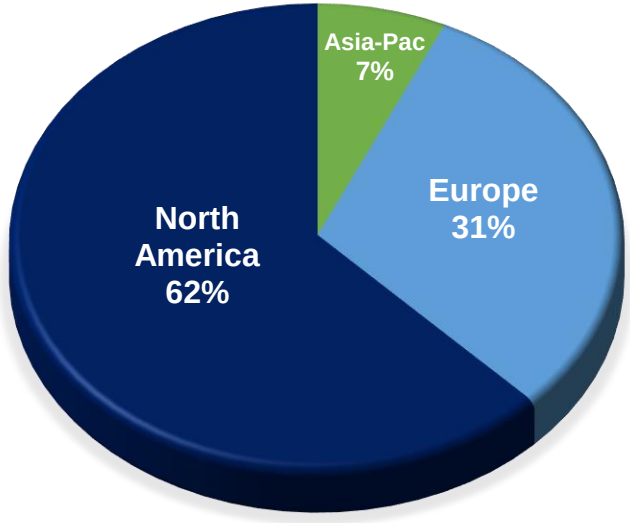
Business Segments(1)



Client Base(1)



Geographic Revenue(1)



See ir.criver.com for reconciliations of Non-GAAP to GAAP results.
(1) Based on CRL's FY 2017 revenue and non-GAAP operating income.
(2) Other clients include agricultural & industrial chemical, CRO, animal health, life science, CMO, consumer product, and medical device companies.

charles river

Research Models & Services

- Global leader in breeding and distribution of research models
  - Largest selection of the most widely used strains in the world
  - **~1 of every 2 models** sold anywhere in the world comes from Charles River
  - Expertise in **biosecurity** ensures animals are free of known contaminants, reducing risk to critical research
- Premier provider of services which support the use of research models in discovery/development of new molecules
  - Genetically Engineered Models and Services **(GEMS)**
  - Research Animal Diagnostic Services (RADS)
  - Insourcing Solutions (IS)
- **Global footprint** with facilities strategically located in close **proximity** to clients
- Increasing presence in high-growth **China** market

charles river

Discovery Services

- A **unique CRO**, offering clients a single source for services across the discovery spectrum
  - Engages with clients earlier in the discovery process
- Integrates **chemistry, *in vitro,* and *in vivo*** capabilities
  - **Oncology**
  - **CNS**
- Recognized for strong science, a collaborative approach to clients' needs, and operational excellence from target to clinically validated development candidate
- Early Discovery has originated **78 novel molecules** for clients since its founding in 1999

Safety Assessment Services

- **Global leader** in both non-regulated (non-GLP) and regulated (GLP) safety assessment services
- Providing clients with expertise for **integrated drug development**
  - **Non-GLP** efficacy studies
  - **Safety Assessment**
    - **General** toxicology
    - **Specialty** toxicology
      - Inhalation, infusion, developmental and reproductive, juvenile/ neonatal, ocular, bone, immunotoxicology, and phototoxicology
  - Comprehensive suite of **bioanalytical services**
  - Expert **pathology** services

Acquisition of MPI Research

- Signed a definitive agreement to acquire MPI for **$800M in cash** on February 13th
  - Expected to **close early in 2Q18**; subject to regulatory approvals and customary closing conditions
- A premier, non-clinical CRO providing comprehensive testing services to **biopharmaceutical and medical device companies worldwide**
- Adding MPI's capabilities **enhances our position** as a leading, early-stage CRO, and **drives profitable revenue growth and immediate non-GAAP EPS accretion**
  - Will meet or exceed our **ROIC hurdle** within 3-4 years
  - 2018 Outlook: Revenue contribution of **$170M-$190M; ~$0.25 non-GAAP EPS** accretion
  - 2019 Outlook: Revenue contribution of **$260M-$280M; ~$0.60 non-GAAP EPS** accretion
  - Cost synergies of **$13M-$16M** expected by **end of 2019**
    - MPI's operating margin is already **slightly above 20%**

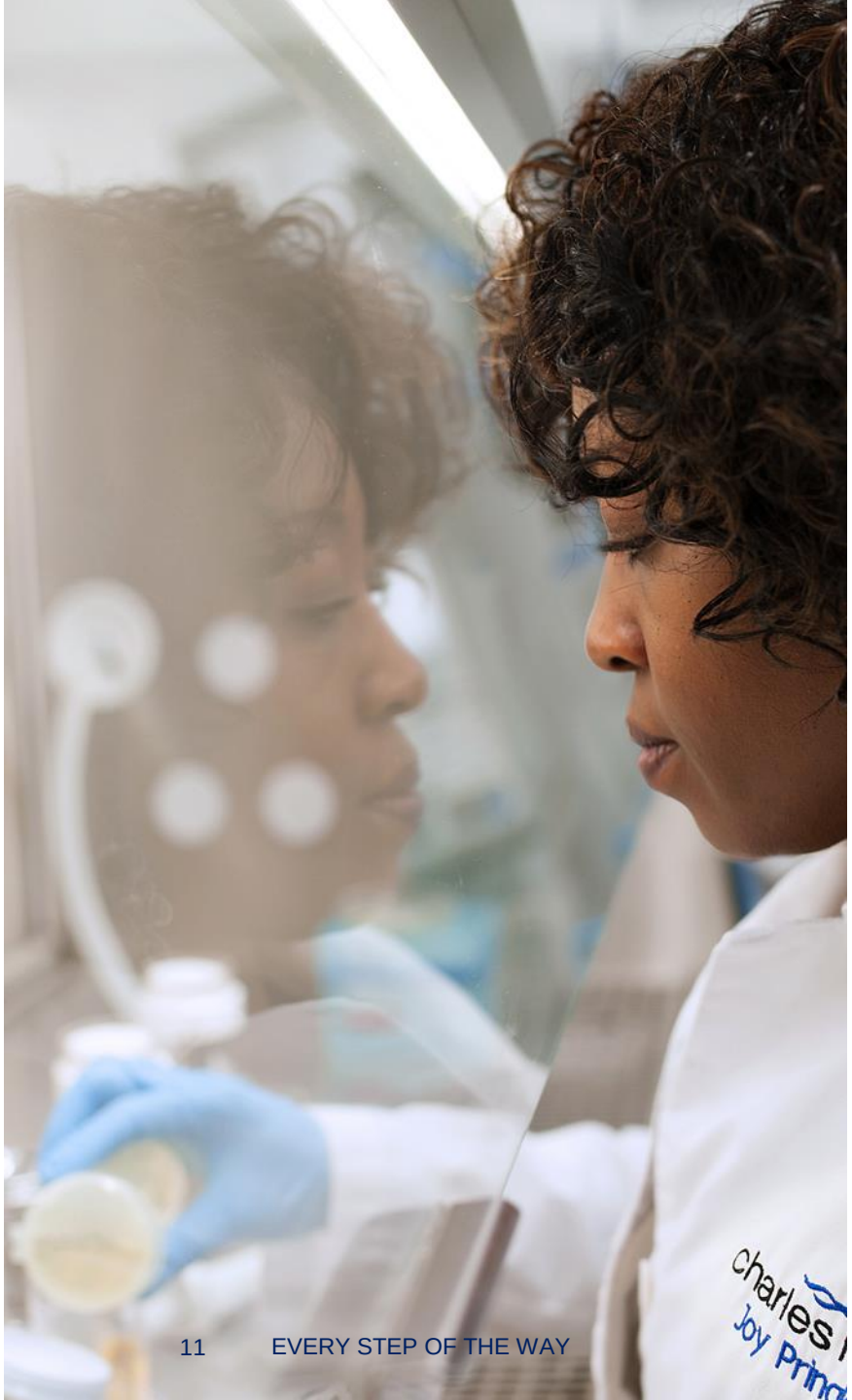
Microbial Solutions Overview

- Premier global provider of **quality control (QC) testing products** and **services** for **sterile and non-sterile applications**
  - **FDA-mandated** lot release testing for sterile biopharmaceutical products
  - Product release testing required by the FDA and other regulatory agencies for non-sterile products
- Product/Service lines:
  - Endosafe® **endotoxin** detection products and services
    - Conventional or rapid (PTS™ platform)
  - Celsis® **rapid microbial** detection
  - Accugenix® **microbial identification** products and services

charles river

Biologics Testing Solutions

- Premier global CRO providing services that support the manufacture of **biologics and biosimilars**, including process development and quality control
- Supports developers and manufacturers with their testing, characterization, and cell bank manufacturing needs
  - Providing **testing and assay development** throughout drug development, clinical and commercial manufacturing, and for final commercial drug product release
- Leveraging our scientific expertise, regulatory compliance, and extensive portfolio to provide **fast, reliable results**



Early-Stage Market Trends

Global Biopharma

- Increasing use of **outsourcing** for efficiency, productivity, and speed to market
  - **Sourcing molecules** from biotech, academia, and early discovery CROs
  - **Utilizing CROs** for flexibility, efficiency, and productivity
- Selective consolidation and pipeline re-prioritization

Biotech

- Successfully **leveraging new technologies** to discover drugs with the potential to mitigate and/or cure diseases
- **Collaborating** with a wide range of partners
- Range from **limited in-house infrastructure to virtual**
- Benefiting from **robust funding** from global biopharma, capital markets, and VCs

charles river

Early-Stage Market Trends, cont.

Academia

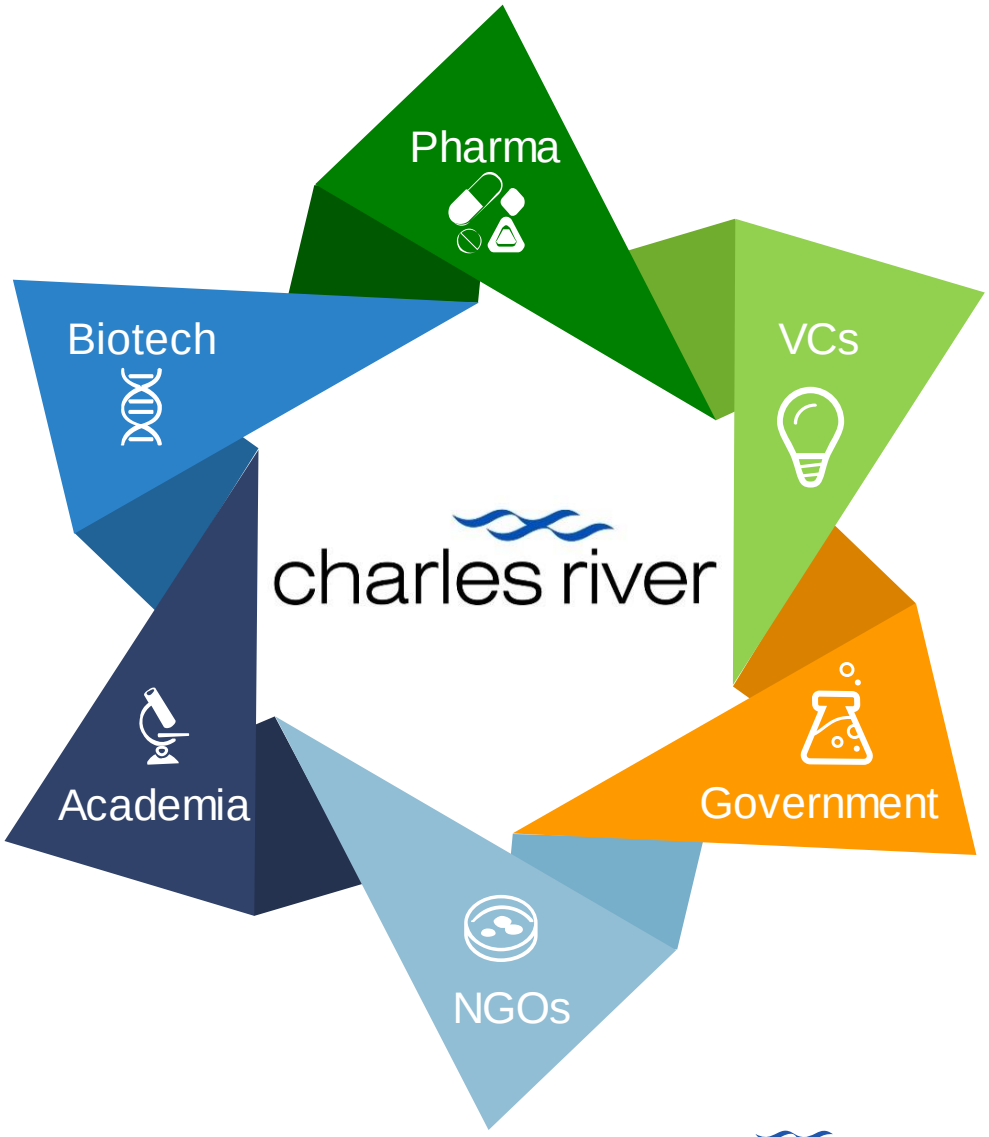
- **Academic institutions** globally are increasingly viewed as **discovery engines** by large biopharma
  - **Accessing more funding** from multiple sources including large biopharma
  - Require support to navigate the drug discovery and development process

Non-Governmental Organizations (NGOs)

- **NGOs** are virtual organizations, relying on partners for most research services
- Well funded; private; therapeutic-area focused

Trend Toward More Collaboration

- Clients are improving pipeline productivity by leveraging the value of **diverse sources of therapeutic innovation**
- CRL's goal is to facilitate early-stage research and collaboration by **combining our scientific expertise with clients and other thought leaders**
- Expanding our strategic relationships to include **multiple constituencies**



charles river

CRL Business Drivers

Research Models and Services:
26% of Revenue (1)
27% of Non-GAAP Operating Income (1)

- Increased demand in **China** for models and services
- Lower demand for research models in mature markets outside of China
- **Price** and **mix**
- **RM Services** to support use of models in research
- Use of **technology** to drive **efficiency**

(1) Based on CRL's FY 2017 results. See ir.criver.com for reconciliations of Non-GAAP to GAAP results.

charles river

CRL Business Drivers, cont.

Discovery and Safety Assessment:
53% of Revenue (1)
45% of Non-GAAP Operating Income (1)

- **Discovery**
  - Big Pharma use of outsourcing to enhance internal capabilities
  - Biotech use of outsourcing instead of building in-house capabilities
  - Emerging demand from large biopharma
- **Safety Assessment**
  - **Increased outsourcing** of safety assessment
    - Capacity remains **well utilized**
    - **Opening small amounts of capacity** to accommodate persistent demand
  - Importance of **global network** for clients working in multiple regions

(1) Based on CRL's FY 2017 results. See ir.criver.com for reconciliations of Non-GAAP to GAAP results.

CRL Business Drivers, cont.

Manufacturing Support:
21% of Revenue [(1)]
28% of Non-GAAP Operating Income [(1)]

- **Microbial Solutions**
  - Increased demand for **rapid microbial testing** and identification methods; accessing new markets in addition to core biopharmaceutical market
- **Biologics**
  - Increased number of **biologics/biosimilars** in development
  - Increased demand for outsourced services
- **Avian:** Stable demand for **SPF eggs**

(1) Based on CRL's FY 2017 results. See ir.criver.com for reconciliations of Non-GAAP to GAAP results.

2017 Year-over-Year Performance

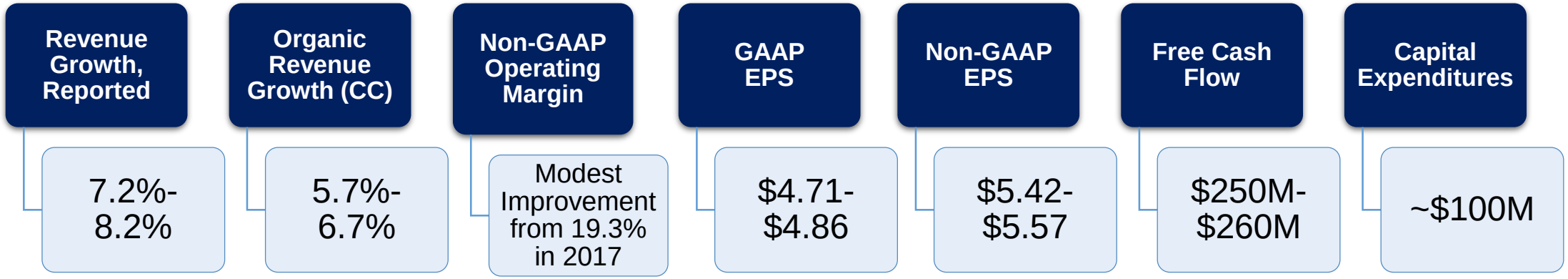
From Continuing Operations ($ in Millions)	2017	2016	%Δ	Organic CC %Δ
RMS	$493.6	$494.0	(0.1)%	1.2%
DSA	$980.0	$836.6	17.1%	7.5%
Manufacturing	$384.0	$350.8	9.5%	12.9%
Revenue	$1,857.6	$1,681.4	10.5%	6.7%
GAAP OM%	15.5%	14.1%	140 bps	
Non-GAAP OM%	19.3%	19.2%	10 bps	
GAAP EPS	$2.54	$3.22	(21.1)%	
Non-GAAP EPS	$5.27	$4.56	15.6%	
Free Cash Flow	$242.1(1)	$261.6(2)	(7.5%)	

(1) Free cash flow has been adjusted to exclude the cash tax impact of the CDMO divestiture of $6.5M in FY17 period, which was recorded in cash flows from operating activities.
(2) Effective in 1Q17, prior-year cash flow amounts were recast to reflect the retrospective adoption of new accounting standards (ASU 2016-09, ASU 2016-15, ASU 2016-18).

See ir.criver.com/Financial Information for reconciliations of Non-GAAP to GAAP results.

charles river

2018 Guidance Excluding MPI Research



- Investments have positioned CRL extremely well to address continued strong demand, which is the basis for our 2018 outlook
  - The underlying trends in our businesses are expected to be similar to those of last year
- Adjusting both 2017 and 2018 non-GAAP EPS for both venture capital (VC) investment gains and the excess tax benefit, non-GAAP EPS YOY growth would be 8%-11%
  - The projected EPS growth rate is in line with our goal of >200 basis points higher than the organic revenue growth rate

Including MPI Research, non-GAAP EPS guidance range for 2018 is $5.67-$5.82, a 13.5%-16.5% growth rate when adjusting for VC gains and the excess tax benefit

See ir.criver.com/Financial Information for reconciliations of Non-GAAP to GAAP results.

charles river

Long-Term Targets

	5-Year Targets	
	Organic Revenue Growth	**Non-GAAP Operating Margin**
Consolidated	High-single digits	>20%
Consolidated with acquisitions	Low-double digits	>20%

Continue to target at least low-double-digit non-GAAP EPS growth;
Goal to have EPS growth exceed revenue growth by at least 200 bps on an organic basis

See ir.criver.com/Financial Information for reconciliations of Non-GAAP to GAAP results.

charles river

Five Guiding Principles

- Experience with **thousands of molecules** across **every therapeutic and disease area**
- **~1,300** scientists with advanced degrees
- World-class laboratories around the globe
- **Regulatory** expertise
- **78 preclinical drug candidates** discovered and delivered to clients

charles river

Five Guiding Principles

- **~12,000** employees worldwide
- Culture of commitment and longevity
- Dedication to **flawless execution** and **client satisfaction**
- Initiatives to enhance **employee engagement**
- **Strategic hiring** and building broad bench strength
  - Supports significant growth in our business
  - Revenue increased by ~60% since 2013 (1)

(1) Through FY 2017.

charles river

Five Guiding Principles

- Broad portfolio is the **strongest** it has ever been, enabling clients to work with **one premier early-stage CRO** to support their drug research efforts
- Expanding our position as the premier early-stage CRO
  - Continuing to **strengthen our portfolio** through licensing of emerging technologies and partnering with biomedical thought leaders globally
  - Adding new products and services and **acquiring strategic assets** to enhance our ability to support clients

charles river

Recent Acquisitions

Event	Strategic Rationale
WIL Research April 2016	▪ Expands global footprint in **safety assessment** and exposure to biotech
Blue Stream June 2016	▪ Creates a comprehensive portfolio of both bioanalytical and biosafety testing services to support **biologic and biosimilar development**
Agilux Laboratories September 2016	▪ Establishes a more comprehensive suite of **integrated bioanalytical, DMPK, and pharmacology services**
Brains On-Line August 2017	▪ Establishes CRL as the premier single-source provider for a broad portfolio of **discovery CNS services**
KWS BioTest January 2018	▪ Establishes CRL as a premier source for **immuno-oncology discovery services**

- **Capitalizing on opportunities** to acquire strategic assets
- Managing acquisition and integration process to **achieve expected returns**
- **Dedicated integration team**
- Expect to continue to be acquisitive

charles river

Five Guiding Principles

- **Strategic relationships** where we work side-by-side with clients
- Tailored solutions for **small and mid-size biotech**
- Ability to create **flexible models** for partnering
- Customized project and program plans
- Supporting **critical go/no-go decisions**

charles river

Five Guiding Principles

- Investing in areas with the **greatest potential for growth**
- **Driving efficiencies** to enhance operations
  - Culture of continuous improvement
- **Disciplined capital deployment**
  - Strategic acquisitions remain **preferred use of capital**
  - Pro forma leverage ratio expected to increase to **<3.5x**(1) when MPI acquisition closes
    - Goal to drive leverage ratio below 3x
  - Focusing on **revenue, earnings, and cash flow growth**

(1) Pursuant to the definition in its credit agreement dated April 5, 2016, the Company has defined its pro forma leverage ratio as total debt divided by adjusted EBITDA for the trailing-twelve-month period following the close of, and pro forma for, the acquisition of MPI. Adjusted EBITDA represents net income, prepared in accordance with accounting principles generally accepted in the U.S. (GAAP), adjusted for interest, taxes, depreciation and amortization, and certain items that management believes are not reflective of the operational performance of the business. These adjustments include, but are not limited to, acquisition-related expenses including transaction and advisory costs; asset impairments; changes in fair value of contingent consideration obligations; employee stock compensation; historical EBITDA of companies acquired during the period; and other items identified by the company. We are not able to reconcile our pro forma leverage ratio (non-GAAP) to the ratio of total debt divided by net income (GAAP) without unreasonable efforts because we are unable to predict with a reasonable degree of certainty the actual impact of items impacting comparability, the exact timing of the completion of the MPI acquisition, or the acquisition-related expenses that may occur in future periods. The unavailable information could have a significant impact on our GAAP financial results for future periods.

charles river

Strategic Imperatives

Enhance our position as the leading full service, early-stage CRO with integrated drug discovery and early development capabilities

charles river

Appendix & Regulation G Financial Reconciliations

charles river

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]

(in thousands, except percentages)

	Three Months Ended		Twelve Months Ended	
	December 30, 2017	December 31, 2016	December 30, 2017	December 31, 2016
Research Models and Services				
Revenue	$ 120,432	$ 124,712	$ 493,615	$ 494,037
Operating income	12,696	33,310	114,712	136,365
Operating income as a % of revenue	10.5 %	26.7 %	23.2 %	27.6 %
Add back:				
Amortization related to acquisitions	438	577	1,676	2,353
Severance	429	139	429	757
Government billing adjustment and related expenses	—	—	150	634
Site consolidation costs, impairments and other items	17,716	—	17,716	207
Total non-GAAP adjustments to operating income	$ 18,583	$ 716	$ 19,971	$ 3,951
Operating income, excluding non-GAAP adjustments	$ 31,279	$ 34,026	$ 134,683	$ 140,316
Non-GAAP operating income as a % of revenue	26.0 %	27.3 %	27.3 %	28.4 %
Depreciation and amortization	$ 4,318	$ 5,240	$ 19,627	$ 20,853
Capital expenditures	$ 7,110	$ 5,676	$ 20,879	$ 11,642
Discovery and Safety Assessment				
Revenue	$ 253,226	$ 241,734	$ 980,022	$ 836,593
Operating income	47,097	43,643	184,063	138,157
Operating income as a % of revenue	18.6 %	18.1 %	18.8 %	16.5 %
Add back:				
Amortization related to acquisitions	7,775	8,675	29,882	27,743
Severance	—	197	356	7,684
Acquisition related adjustments [2]	630	872	2,933	5,189
Site consolidation costs, impairments and other items	94	4,062	929	11,341
Total non-GAAP adjustments to operating income	$ 8,499	$ 13,806	$ 34,100	$ 51,957
Operating income, excluding non-GAAP adjustments	$ 55,596	$ 57,449	$ 218,163	$ 190,114
Non-GAAP operating income as a % of revenue	22.0 %	23.8 %	22.3 %	22.7 %
Depreciation and amortization	$ 20,688	$ 20,588	$ 79,355	$ 71,816
Capital expenditures	$ 11,064	$ 13,633	$ 36,616	$ 27,493
Manufacturing Support				
Revenue	$ 104,819	$ 100,343	$ 383,964	$ 350,802
Operating income	36,338	31,096	123,903	104,543
Operating income as a % of revenue	34.7 %	31.0 %	32.3 %	29.8 %
Add back:				
Amortization related to acquisitions	2,244	3,283	9,812	12,650
Severance [3]	873	—	2,493	31
Acquisition related adjustments [2]	—	(55)	26	1,090
Site consolidation costs, impairments and other items	—	—	—	301
Total non-GAAP adjustments to operating income	$ 3,117	$ 3,228	$ 12,331	$ 14,072
Operating income, excluding non-GAAP adjustments	$ 39,455	$ 34,324	$ 136,234	$ 118,615
Non-GAAP operating income as a % of revenue	37.6 %	34.2 %	35.5 %	33.8 %
Depreciation and amortization	$ 5,572	$ 6,884	$ 22,893	$ 25,566
Capital expenditures	$ 8,077	$ 4,000	$ 15,188	$ 12,247

CONTINUED ON NEXT SLIDE

charles river

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]

(in thousands, except percentages)

	Three Months Ended		Twelve Months Ended	
	December 30, 2017	**December 31, 2016**	**December 30, 2017**	**December 31, 2016**
CONTINUED FROM PREVIOUS SLIDE				
Unallocated Corporate Overhead	$ (33,399)	$ (38,958)	$ (135,180)	$ (141,646)
Add back:				
Acquisition related adjustments [2]	1,189	2,552	$ 3,728	$ 15,608
Total non-GAAP adjustments to operating expense	$ 1,189	$ 2,552	$ 3,728	$ 15,608
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (32,210)	$ (36,406)	$ (131,452)	$ (126,038)
Total				
Revenue	$ 478,477	$ 466,789	$ 1,857,601	$ 1,681,432
Operating income	$ 62,732	$ 69,091	$ 287,498	$ 237,419
Operating income as a % of revenue	13.1 %	14.8 %	15.5 %	14.1 %
Add back:				
Amortization related to acquisitions	10,457	12,535	41,370	42,746
Severance	1,302	336	3,278	8,472
Acquisition related adjustments [2]	1,819	3,369	6,687	21,887
Government billing adjustment and related expenses	—	—	150	634
Site consolidation costs, impairments and other items	17,810	4,062	18,645	11,849
Total non-GAAP adjustments to operating income	$ 31,388	$ 20,302	$ 70,130	$ 85,588
Operating income, excluding non-GAAP adjustments	$ 94,120	$ 89,393	$ 357,628	$ 323,007
Non-GAAP operating income as a % of revenue	19.7 %	19.2 %	19.3 %	19.2 %
Depreciation and amortization	$ 33,484	$ 35,542	$ 131,159	$ 126,658
Capital expenditures	$ 28,503	$ 25,679	$ 82,431	$ 55,288

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often-one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

(3) The adjustment for FY 2017 includes transition costs associated with the February 2017 divestiture of the CDMO business.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED)[1]

(in thousands, except per share data)

	Three Months Ended		Twelve Months Ended	
	December 30, 2017	December 31, 2016	December 30, 2017	December 31, 2016
Net income (loss) attributable to common shareholders	$ (29,849)	$ 44,680	$ 123,355	$ 154,765
Less: Income (loss) from discontinued operations, net of income taxes	(23)	(48)	(137)	280
Net income (loss) from continuing operations attributable to common shareholders	(29,826)	44,728	123,492	154,485
Add back:				
Non-GAAP adjustments to operating income (Refer to Schedule 3)	31,388	20,302	70,130	85,588
Gain on divestiture of CDMO business	—	—	(10,577)	—
Write-off of deferred financing costs and fees related to debt financing	—	—	—	987
Acquisition related adjustments [2]	—	—	—	815
Reversal of an indemnification asset associated with acquisition and corresponding interest [3]	—	—	—	54
Gain on bargain purchase [4]	(277)	15	(277)	15
Debt forgiveness associated with a prior acquisition [5]	(1,863)	—	(1,863)	—
Tax effect of non-GAAP adjustments:				
Tax effect from U.S. Tax Reform [6]	78,537	—	78,537	—
Tax effect from divestiture of CDMO business	(300)	—	17,705	—
Tax effect of the remaining non-GAAP adjustments	(9,482)	(6,719)	(21,184)	(23,025)
Net income from continuing operations attributable to common shareholders, excluding non-GAAP adjustments	$ 68,177	$ 58,326	$ 255,963	$ 218,919
Weighted average shares outstanding - Basic	47,337	47,194	47,481	47,014
Effect of dilutive securities:				
Stock options, restricted stock units, performance share units and restricted stock	1,290	1,071	1,083	944
Weighted average shares outstanding - Diluted	48,627	48,265	48,564	47,958
Earnings (loss) per share from continuing operations attributable to common shareholders				
Basic	$ (0.63)	$ 0.95	$ 2.60	$ 3.28
Diluted	$ (0.63)	$ 0.93	$ 2.54	$ 3.22
Basic, excluding non-GAAP adjustments	$ 1.44	$ 1.24	$ 5.39	$ 4.66
Diluted, excluding non-GAAP adjustments	$ 1.40	$ 1.21	$ 5.27	$ 4.56

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often-one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) The amount represents a $1.5 million charge recorded in connection with the modification of the option to purchase the remaining 13% equity interest in Vital River, partially offset by a $0.7 million gain on remeasurement of previously held equity interest in an entity acquired in a step acquisition.

(3) These amounts represent the reversal of an uncertain tax position and an offsetting indemnification asset primarily related to the acquisition of BioFocus.

(4) The amounts in the current year relate to an immaterial acquisition that represents the excess of the estimated fair value of the net assets acquired over the purchase price.

(5) The amount represents the forgiveness of a liability related to the acquisition of Vital River.

(6) The amounts for 4Q17 and FY 2017 include a $78.5 million estimate for the impact of the enactment of U.S. Tax Reform legislation. The estimated impact of U.S. Tax Reform consists of the one-time transition tax on unrepatriated earnings (also known as the toll tax), withholding and state taxes related to the Company's withdrawal of its indefinite reinvestment assertion regarding unremitted earnings, and the revaluation of U.S. federal net deferred tax liabilities. The final impact of U.S. Tax Reform may differ from these estimates, due to, among other things, changes in interpretations, analysis, and assumptions made by the Company, additional guidance that may be issued by regulatory agencies, and any updated or changes to estimates the Company utilized to calculate the transition impact.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP REVENUE GROWTH

TO NON-GAAP REVENUE GROWTH, ORGANIC (UNAUDITED) [1]

For the three months ended December 30, 2017	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	2.5 %	(3.4)%	4.8 %	4.5 %
(Increase) Decrease due to foreign exchange	(2.4)%	(2.1)%	(2.1)%	(3.5)%
Contribution from acquisitions [2]	(0.7)%	—%	(1.4)%	—%
Impact of CDMO divestiture [3]	1.1 %	—%	—%	5.5 %
Effect of 53rd week in fiscal year 2016	5.1 %	4.1 %	5.5 %	5.3 %
Non-GAAP revenue growth, organic [4]	**5.6 %**	**(1.4)%**	**6.8 %**	**11.8 %**

For the twelve months ended December 30, 2017	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	10.5 %	(0.1)%	17.1 %	9.5 %
(Increase) Decrease due to foreign exchange	—%	0.2 %	0.2 %	(0.7)%
Contribution from acquisitions [2]	(6.0)%	—%	(11.5)%	(1.5)%
Impact of CDMO divestiture [3]	0.8 %	—%	—%	3.8 %
Effect of 53rd week in fiscal year 2016	1.4 %	1.1 %	1.7 %	1.8 %
Non-GAAP revenue growth, organic [4]	**6.7 %**	**1.2 %**	**7.5 %**	**12.9 %**

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often-one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) The contribution from acquisitions reflects only completed acquisitions.

(3) The CDMO business, which was acquired as part of WIL Research on April 4, 2016, was divested on February 10, 2017. This adjustment represents the revenue from the CDMO business for all applicable periods in 2017 and 2016.

(4) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, the divestiture of the CDMO business, the effect of the 53rd week in fiscal year 2016, and foreign exchange.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE AND EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 29, 2018E

2018 GUIDANCE EXCLUDING MPI (from continuing operations)	
Revenue growth, reported	7.2% - 8.2%
Less: Contribution from acquisitions (1)	(0.5% - 1.0%)
Less: Favorable impact from foreign exchange	(~1.0%)
Revenue growth, organic (2)	5.7% - 6.7%
GAAP EPS estimate (3)	$4.71 - $4.86
Amortization of intangible assets	~$0.58
Charges related to global efficiency initiatives (4)	~$0.08
Acquisition-related adjustments (5)	~$0.05
Non-GAAP EPS estimate	$5.42 - $5.57

Footnotes to Guidance Table excluding MPI:

(1) The contribution from acquisitions reflects only the completed acquisitions of Brains On-Line and KWS BioTest.
(2) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, the divestiture of the CDMO business, and foreign currency translation. Divestiture of the CDMO business is not expected to have a material impact on the revenue growth rate in 2018.
(3) GAAP EPS guidance and related adjustments do not include any acquisition-related costs and charges associated with the planned acquisition of MPI because the transaction has not been completed and estimates for these costs have not been finalized.
(4) These charges relate primarily to the Company's planned efficiency initiatives including the closure of the Maryland research model production site. These charges primarily include accelerated lease obligations and severance. Other projects in support of the global productivity and efficiency initiatives are expected, but these charges reflect only the decisions that have already been finalized.
(5) These adjustments are related to the evaluation and integration of acquisitions completed prior to February 2018, and do not include any costs related to the planned acquisition of MPI. These adjustments primarily include transaction, advisory, and certain third-party integration costs, as well as certain costs associated with acquisition-related efficiency initiatives.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF FREE CASH FLOW (NON-GAAP) (1)
(dollars in thousands)

	Three Months Ended		Twelve Months Ended		Fiscal Year Ended
	December 30, 2017	December 31, 2016 (3)	December 30, 2017	December 31, 2016 (3)	December 29, 2018E excluding MPI
Net cash provided by operating activities	$ 124,236	$ 118,647	$ 318,074	$ 316,899	$350,000-$360,000
Addback: Tax impact of CDMO divestiture (2)	--	--	6,500	--	--
Less: Capital expenditures	(28,503)	(25,679)	(82,431)	(55,288)	(~100,000)
Free cash flow	$ 95,733	$ 92,968	$ 242,143	$ 261,611	$250,000-$260,000

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of often one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) Free cash flow has been adjusted to exclude the cash tax impact related to the divestiture of the CDMO business, which is recorded in Cash Flows relating to Operating Activities, because divestitures are outside of our normal operations, the corresponding cash proceeds from the divestiture are reflected in Cash Flows relating to Investing Activities, and the impact of the CDMO divestiture is large, which can adversely affect the comparability of our results on a period-to-period basis.

(3) Prior-year cash flow amounts have been recast to reflect the retrospective adoption of new accounting standards in 1Q17 (ASU 2016-09, ASU 2016-15, ASU 2016-18).

CRL

LISTED

NYSE

charles river