4Q 2017 Results and 2018 Guidance

February 13, 2018

Charles River Laboratories

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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.

Opening Remarks

- Operating in a robust business environment that gives us excellent growth potential
- Total addressable market is ~$15B, growing at a mid-single digit rate
- Biotech funding remains strong, with 2017 the 2nd-strongest year ever
  - Funding rose 37% from 2016 levels
- FDA approved 46 drugs in 2017, more than twice the number in 2016
- Because of our unique portfolio and extensive scientific expertise, CRL worked on 74% of the approved drugs
- Demonstrated the value we can provide to clients, and fully intend to continue to enhance our value proposition through internal initiatives and strategic acquisitions

Long-term Targets Update

- CRL is on a path to nearly double its size in the next five years due to strong market opportunities and CRL's premier reputation with clients
- Maintaining our consolidated long-term targets over the life of our 5-year strategic plan
  - Organic revenue growth at a high-single-digit rate
  - Reported revenue growth at a low-double-digit rate, including acquisitions
  - Consolidated non-GAAP operating margin >20%, even including acquisitions
    - Profitable revenue growth is key to our long-term goals
  - Continue to target at least low-double-digit non-GAAP EPS growth, exceeding organic revenue growth by at least 200 basis points

Acquisition of MPI Research

- Signed a definitive agreement to acquire MPI Research for $800M in cash
- A leading non-clinical CRO providing comprehensive testing services to biopharmaceutical and medical device companies worldwide
- Acquiring MPI will strengthen our ability to partner with clients across the drug discovery and development continuum
- Adding MPI's capabilities enhances our position as a leading, early-stage CRO, and drives profitable revenue growth and immediate non-GAAP EPS accretion

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Executive Management Appointments

- Our commitment to growth, including through strategic acquisitions, requires organizational infrastructure that is both broad and deep, with highly experienced leadership at the top
- Dr. Davide Molho appointed to President and Chief Operating Officer of CRL
- Responsible for RMS, DSA, Biologics, and Avian businesses
- Proven track record of outstanding performance, leading many of our businesses through important strategic initiatives
- Extensive operations management experience in both the U.S. and Europe
- Uniquely qualified to provide leadership as CRL continues to grow
  - Trained as a veterinarian
  - Nearly 20 years with CRL

Executive Management Appointments, cont.

- Birgit Girshick appointed to Corporate Executive Vice President, Discovery and Safety Assessment
- Enables us to manage two businesses as one cohesive unit, leverage the synergies between them, and enhance the extensive services we provide to clients
- Established an exceptional record of operations management during more than 25 years with CRL
  - Most recently leading our global Discovery business
  - Successfully executed the WIL Research integration
- Enhanced organization structure enables us to continue to advance our strategic objectives and support our growth
- Complete confidence in Davide's and Birgit's capabilities, and believe that CRL will benefit greatly as a result of their new roles
- Look forward to continuing to work with Davide, Birgit, and the entire team as we drive CRL's growth over the coming years
- Plan to nearly double in size over 5-year plan generates significant earnings growth and delivers value to shareholders

4Q17 and FY17 Revenue

From Continuing Operations ($ in millions)	4Q17	4Q16	YOY Δ	2017	2016	YOY Δ
Net revenue, reported	$478.5	$466.8	2.5%	$1,858	$1,681	10.5%
(Increase) Decrease due to FX			(2.4)%			--
Contribution from acquisitions			(0.7)%			(6.0)%
Impact of CDMO divestiture			1.1%			0.8%
Effect of 53rd Week			5.1%			1.4%
Net revenue, organic			5.6%			6.7%

- Biotech clients were our fastest-growing client segment in both 4Q17 and FY17

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

4Q17 and FY17 Operating Margin

From Continuing Operations	4Q17	4Q16	YOY Δ	2017	2016	YOY Δ
GAAP OM%	13.1%	14.8%	(170) bps	15.5%	14.1%	140 bps
Non-GAAP OM%	19.7%	19.2%	50 bps	19.3%	19.2%	10 bps

- 4Q17
  - Margin improvement in Manufacturing segment drove the increase
  - Lower corporate costs also contributed
- FY17
  - Slightly higher than 2016, due primarily to a 170-basis-point improvement in Manufacturing, offset in part by a lower RMS margin

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4Q17 and FY17 EPS

From Continuing Operations	4Q17	4Q16	YOY Δ	2017	2016	YOY Δ
GAAP EPS	$(0.63)	$0.93	(167.7)%	$2.54	$3.22	(21.1)%
Non-GAAP EPS	$1.40	$1.21	15.7%	$5.27	$4.56	15.6%

- 4Q17 EPS driven primarily by venture capital investment gains
- FY17 EPS driven by higher revenue and operating income, as well as contributions from venture capital investments and excess tax benefits associated with stock compensation
- Adjusting both years for VC gains and excess tax benefits, the YOY EPS growth rate was 7.2%

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

2017 Results

From Continuing Operations ($ in millions, except EPS amounts)	2017	2016	YOY Δ
Revenue, reported	$1,858	$1,681	10.5%
(Increase) Decrease due to FX			--
Contribution from acquisitions			(6.0)%
Impact of CDMO divestiture			0.8%
Effect of 53rd Week			1.4%
Net revenue, organic			6.7%
GAAP OI margin	15.5%	14.1%	140 bps
Non-GAAP OI margin	19.3%	19.2%	10 bps
GAAP EPS	$2.54	$3.22	(21.1)%
Non-GAAP EPS	$5.27	$4.56	15.6%

- Strong performance reflects robust client demand cross our broad portfolio and the disciplined investments in staffing and infrastructure we are making to support our continuing growth

See website for reconciliations of Non-GAAP to GAAP results.

2018 Guidance Excluding MPI

(from Continuing Operations)

From Continuing Operations	
Revenue growth, reported	7.2%-8.2%
Contribution from acquisitions	(0.5%-1.0%)
(Increase) Decrease due to FX	(~1.0%)
Revenue growth, organic	5.7%-6.7%
GAAP EPS	$4.71-$4.86
Amortization of intangible assets	~$0.58
Charges related to global efficiency initiatives	~$0.58
Acquisition/divestiture-related adjustments	~$0.05
Non-GAAP EPS	$5.42-$5.57

See website for reconciliations of Non-GAAP to GAAP results.

2018 Guidance – Non-GAAP EPS
(from Continuing Operations)

- Investments have positioned CRL extremely well to address continued strong demand, which is the basis for our 2018 outlook
- Non-GAAP EPS guidance includes a $0.14 gain on venture capital investments and $0.14 for excess tax benefits associated with stock compensation
- Adjusting both 2017 and 2018 non-GAAP EPS for both VC gains and the excess tax benefit, non-GAAP EPS YOY growth would be 8%-11%
- Including MPI, non-GAAP EPS range is $5.67-$5.82, a 13.5%-16.5% growth rate on the same adjusted basis
- In both cases, the projected EPS growth rates are in line with our goal of >200 basis points higher than the organic revenue growth rate

RMS Results – Revenue and Operating Margin

($ in millions)	4Q17	4Q16	YOY Δ	2017	2016	YOY Δ
Revenue, reported	$120.4	$124.7	(3.4)%	$493.6	$494.0	(0.1)%
(Increase) Decrease due to FX			(2.1)%			0.2%
Effect of 53rd Week			4.1%			1.1%
Revenue, organic			(1.4)%			1.2%

	4Q17	4Q16	YOY Δ	2017	2016	YOY Δ
RMS GAAP OM%	10.5%	26.7%	(1,620) bps	23.2%	27.6%	(440) bps
RMS Non-GAAP OM%	26.0%	27.3%	(130) bps	27.3%	28.4%	(110) bps

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

RMS Results, cont.

- CRL's DSA segment is, and will continue to be, the largest client of the RM business
- Research models remain an essential, regulatory required, scientific tool for early-stage research, and a vital component of our portfolio
- Researchers view our broad portfolio of high-quality, scientifically defined research models and exceptional client service as the foundation from which they derive precise scientific data about their molecules
- In both 4Q17 and FY17, biotech clients increased purchases of research models
- Global biopharma continued to reduce their purchases
  - Likely the result of increased use of CROs, biotech partnering, and consolidation in the biopharma industry
- As the leading supplier to global biopharma, the impact largely offsets growth from biotech clients and China

RMS Results – China

- Growth opportunities in China are significant
- Our business has been growing at double-digit rates since we acquired it in 2013
- Revenue growth rate moderated to low-double digits in 2H17 due to capacity constraints
- New production facility in Shanghai area was completed in 4Q17 and we began commercial shipments early this year
- New production capacity and plans to continue to expand in China are among the factors that give us confidence in our long-term growth target for RMS

RMS Long-Term Revenue Target

- In addition to China, long-term RMS growth will be supported by modest price increases and growth in the service businesses
- GEMS and Insourcing Solutions performed well in 4Q17, and RADS should improve in 2018 now that we have anniversaried the one-time, single-client project in 2016 that depressed the 2017 revenue growth rate
- Expect these trends will continue:
  - Declining demand for large biopharma
  - Increasing demand from biotechs
  - Strong growth in China
  - Modest price increases
  - Demand for services
- Reaffirming our long-term target of low-single-digit revenue growth for RMS

RMS Long-Term Margin Target

- Because of importance of our models to drug research, and to our Discovery and Safety Assessment businesses, must continue to provide high-quality research models for which CRL is known and respected as efficiently as possible
- Periodically taken actions over the last five years to enhance productivity and streamline capacity in the RMS business
  - Includes the recently announced planned closure of our production site in Maryland
- Goal of these actions and our continuing efficiency initiatives is to sustain the robust RMS operating margin at our long-term target in the high-20% range

DSA Results – Revenue

From Continuing Operations ($ in millions)	4Q17	4Q16	YOY Δ	2017	2016	YOY Δ
Net revenue, reported	$253.2	$241.7	4.8%	$980.0	$836.6	17.1%
(Increase) Decrease due to FX			(2.1)%			0.2%
Contribution from acquisitions			(1.4)%			(11.5)%
Effect of 53rd Week			5.5%			1.7%
Net revenue, organic			6.8%			7.5%

- 4Q17
  - Growth driven by both Discovery and Safety Assessment (SA)
  - SA growth slightly below 3Q17, due primarily to less favorable study mix, which can fluctuate from quarter to quarter
- FY17
  - SA growth was in the high-single digits, offset slightly by lower growth for Discovery
- Expect Discovery to generate higher revenue growth in 2018 and beyond, as we continue to expand our services and demand for outsourced services trends higher

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

KWS BioTest Acquisition.

- Continuing to enhance our position as the premier, single-source provider for a broad portfolio of discovery services
- Built exceptional capabilities in oncology, the largest and fastest-growing area of drug research
- Strengthened our oncology capabilities by acquiring KWS BioTest in January 2018
- KWS is a leading discovery oncology CRO, based in the U.K.
- Specializes in immuno-oncology, an area of significant scientific breakthroughs
  - Researchers harness the human immune system
- Adding KWS to our portfolio enables us to increase support for clients' oncology drugs
- Client reaction was immediate and positive

DSA Results – Early Discovery

- Recently delivered a 78th development candidate to a client
- Early Discovery's scientific reputation and innovative sales strategies are creating new opportunities for CRL to work with clients at the earliest stages of drug research
- Three clients recently renewed existing agreements or selected us to provide integrated programs
- These opportunities, combined with increasing demand from small- and mid-sized biotech clients, position the business for improved revenue growth in 2018

DSA Results – Safety Assessment

- SA continued to attract new business on the basis of our strong portfolio, scientific expertise, and flexible and customized working relationships
- Capacity remained well utilized
  - Opened a modest number of study rooms to accommodate growth in 2017
- Pricing increased at a rate of 2% in 2017
  - As previously noted, will not provide future updates on pricing
- 4Q17 revenue increase reflected continued client demand and pricing, partially offset by study mix
- Proposal volume and bookings were very strong in 4Q17, increasing both YOY and sequentially
- Positions us for continued SA growth in 2018

Acquisition of MPI Research

- Believe there will continue to be significant demand for outsourced services from both biotech and pharma companies and we intend to maintain and expand our position as their partner of choice
- As biotechs proliferate and pharmas increasingly rely on outsourced services, we need additional capacity to accommodate demand
- Acquisition of MPI will add ototoxicity and abuse liability capabilities, and expand our existing capabilities in general toxicology and specialty toxicology, including ophthalmology, juvenile toxicity, molecular biology, and surgery, as well as medical device testing
- MPI also provides a 1M-sq-ft, single-site facility with available capacity
- Biotech companies represent the largest portion of MPI's diversified client base, which will expand our exposure to the most significant growth driver of demand for outsourced services

MPI Financial Metrics

- MPI delivers compelling financial benefits, which will generate value for shareholders, and which we consider fundamental to any acquisition we do
- Immediately accretive to non-GAAP EPS
- Will meet or exceed our ROIC hurdle within 3-4 years
- Enhances our opportunities for organic growth
- Subject to regulatory approvals and customary closing conditions, expect to close early in 2Q18
- 2018: Revenue contribution of $170M-$190M; ~$0.25 non-GAAP EPS accretion
- 2019: Revenue contribution of $260M-$280M; ~$0.60 non-GAAP EPS accretion
- Cost synergies of $13M-$16M, somewhat less than WIL because MPI's operating margin is already slightly above 20%

MPI Integration

- Already initiated a comprehensive integration planning process
- Andy Vick, Corporate Vice President, Safety Assessment Ohio, will manage the operational integration on a full-time basis
  - Joined CRL with the WIL acquisition
  - Has been instrumental in its successful integration
- Will work side-by-side with both MPI and CRL personnel to ensure that the integration proceeds smoothly

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DSA Results – Operating Margin

From Continuing Operations	4Q17	4Q16	YOY Δ	2017	2016	YOY Δ
DSA GAAP OM%	18.6%	18.1%	50 bps	18.8%	16.5%	230 bps
DSA Non-GAAP OM%	22.0%	23.8%	(180) bps	22.3%	22.7%	(40) bps

- 4Q17
  - Lower operating margin was due to SA study mix and higher staffing costs to support future growth, particularly in the Early Discovery business
  - Operating factors accounted for 100 basis points, and the negative impact of FX reduced the margin by an additional 80 basis points
- FY17
  - 40-basis-point operating margin decline was due primarily to lower-than-expected revenue and higher staffing costs
- Long-term target increases to the mid-20% range, from >20% previously
  - Driven by higher revenue growth and continuing efficiency initiatives

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

Manufacturing Results – Revenue

($ in millions)	4Q17	4Q16	YOY Δ	2017	2016	YOY Δ
Net revenue, reported	$104.8	$100.3	4.5%	$384.0	$350.8	9.5%
(Increase) Decrease due to FX			(3.5)%			(0.7)%
Contribution from acquisitions			--			(1.5)%
Impact of CDMO divestiture			5.5%			3.8%
Effect of 53rd Week			5.3%			1.8%
Net revenue, organic			11.8%			12.9%

- Strong organic growth in 4Q17 and FY17 driven by both Microbial Solutions and Biologics Testing Solutions
- Robust market trends in both businesses, our continuing efforts to enhance product and service offerings, and our best-in-class client service
- Believe trends will continue, so reaffirming our long-term target of low-double-digit organic revenue growth

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

Mfg. Results – Microbial Solutions

- Microbial Solutions generated low-double-digit revenue growth for 4Q17 and FY17
  - Robust sales of PTS™ family of products, core reagents, and microbial identification services
  - Installed base of rapid detection systems continued to expand, driving higher cartridge sales
- As the only provider who can offer a comprehensive solution for rapid quality control testing of both sterile and non-sterile biopharma and consumer products, we are leveraging client relationships to market our microbial identification solutions
  - For clients who have used our products in only one area, we are introducing them to our comprehensive solutions and selling across a broader portion of the Microbial portfolio
- In a unique position to support clients' rapid testing needs and win new business, which is why we believe the Microbial business will be able to continue to deliver low-double-digit organic revenue growth for the foreseeable future

Manufacturing Results – Biologics

- Biologics reported another exceptional performance in 4Q17, as well as FY17; delivering robust double-digit organic revenue growth for both periods
- Number of biologics and biosimilars in development has led to a rapid increase in demand for our services in the last several years
- Many biologics are being developed by biotech companies that do not have internal infrastructure to support their manufacture
- Because of exceptional growth in FY17 and belief in continued growth for the foreseeable future, plan to expand into a new facility near our existing Pennsylvania site, which is larger and provides significantly more capacity for growth in FY18 and beyond
- Additional capacity and continued expansion of the Biologics service portfolio will further enhance our ability to support clients' development efforts from discovery through clinical phases and commercial manufacturing

Manufacturing – Operating Margin

	4Q17	4Q16	YOY Δ	2017	2016	YOY Δ
Manufacturing GAAP OM%	34.7%	31.0%	370 bps	32.3%	29.8%	250 bps
Manufacturing Non-GAAP OM%	37.6%	34.2%	340 bps	35.5%	33.8%	170 bps

- Strong growth and focus on continuous improvement have resulted in greater operating efficiency
- Based on our outlook for low-double-digit revenue growth and continued efficiency initiatives, increasing the Manufacturing operating margin target to the mid-30% range, from >30% previously
- Increased margin target for Manufacturing is one of the reasons we believe we will achieve our consolidated margin target of >20%

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

CRL Differentiating Factors

- As mentioned, we are operating in a robust business environment with excellent growth potential
- Realizing that potential because of four factors that distinguish CRL from the competition:
  - Unique, early-stage portfolio, which we continue to expand through internal development and strategic acquisition
  - Scientific expertise, which is unmatched in the CRO industry and enables clients to rely on us instead of maintaining in-house capabilities
  - Focus on continuous improvement, which enables us to operate more efficiently and effectively, even as we grow through acquisition
  - Best-in-class service, through which we ensure that our products and services are precisely tailored to each client's individual needs

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Updated Long-Term Targets

	5-Year Targets	
	Organic Revenue Growth	**Non-GAAP Operating Margin**
RMS	Low-single digits	High-20% range
DSA	High-single digits	Mid-20% range
Manufacturing	Low-double digits	Mid-30% range
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

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Conclusion

- Investments we have made have enhanced our position as a trusted scientific partner by pharma and biotech companies, academic institutions, and government and non-governmental organizations worldwide
- We have demonstrated the value we can provide to clients
- Believe that our long-term targets demonstrate our goal to deliver value to shareholders

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2018 EPS Guidance Excluding MPI

From Continuing Operations	Excluding MPI
GAAP EPS	$4.71-$4.86
Non-GAAP EPS	$5.42-$5.57

- 2018 non-GAAP EPS growth rate compressed by the YOY comparison of venture capital investment gains and excess tax benefit associated with stock compensation
  - Create a combined headwind of $0.24 per share
- Adjusting for these headwinds, YOY non-GAAP EPS growth is expected to be ~8%-11%
  - Primarily driven by higher revenue and modest operating margin improvement

See website for reconciliations of Non-GAAP to GAAP results.

Venture Capital (VC) Investment Gains

- Forecast venture capital (VC) investment gains of $0.14 in 2018, compared to a $0.29 gain in 2017
  - Increased estimate included in our initial guidance in 2018, from a level of $0.04 in prior years because of the strong historical performance
  - Believe higher estimate more closely aligns with historical performance because in each of the last five years, we have outperformed the initial $0.04 outlook
    - VC gains ranging from $0.05 in 2015 to $0.29 last year
- Intend to closely monitor the actual performance of these investments over the course of the year, compared to our initial forecast
- We will evaluate eliminating these gains from for guidance beginning in 2019, given the inherent difficulty of forecasting VC investment gains or potential losses

Excess Tax Benefit From Stock Compensation

- Estimating excess tax benefit associated with stock compensation of $0.14 in 2018, compared with $0.23 in 2017
- $0.23 last year was nearly double our original estimate due to the stock price appreciation and subsequent option exercise activity
- VC investment gains and excess tax benefit create a significant $0.24 headwind in 2018
- Important to note that our YOY EPS growth rate would be 8%-11% when adjusting for this headwind

2018 Segment Revenue Outlook Excluding MPI

From Continuing Operations	2018 Reported Revenue Growth	2018 Organic Revenue Growth(1)
RMS	Low-single digits	Low-single digits
DSA	High-single digits	Same range as 2017
Manufacturing	Above 10% growth	Above 10% growth
Consolidated CRL	7.2%-8.2%	5.7%-6.7%

- The underlying trends in each of our business segments are expected to be similar to those of last year

See website for reconciliations of Non-GAAP to GAAP results.

(1) 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.

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2018 Segment Revenue Outlook Excl. MPI, cont.

- RMS growth expected to improve from second-half 2017 levels to a low-single-digit growth rate in 2018
  - Continue to be pressured by lower sales volume in mature markets
  - Expected to benefit from continued growth in the Services business, and new production capacity to support robust demand for research models in China
- Expect the DSA segment will deliver organic growth in the same range as 2017
  - Safety Assessment organic growth within the same range as the segment
  - Improved growth in our Discovery Services business.
- Manufacturing segment is expected to generate organic growth above 10%
  - The Microbial Solutions and Biologics businesses are expected to continue to grow at low-double-digit rates in 2018
  - Biologics growth is expected to moderate in 1H18 until we bring additional capacity online to support the increase in demand

Foreign Exchange (FX) Impact

- 2018 guidance estimates the impact of foreign exchange (FX) based on bank forecasts of forward FX rates
- ~1% FX benefit expected in 2018 is less favorable than if using current rates
- Not considered prudent to include a higher benefit from FX in our guidance
  - Due to volatility and weakening of the U.S. dollar since the beginning of the year
  - FX rates could fluctuate over the balance of the year

(% of total revenue)	2017 Revenue	2018E FX Rates
U.S. Dollar	63%	--
Canadian Dollar	3%	0.74
Euro	20%	1.18
British Pound	7%	1.23
Japanese Yen	2%	8.70
Chinese Yuan (renminbi)	3%	0.15
Other currencies	2%	--

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2018 Operating Margin Outlook

- Expect modest non-GAAP operating margin improvement will drive earnings growth
  - Manufacturing segment will be the primary contributor
    - Benefits from manufacturing efficiencies and volume leverage in our Microbial Solutions business
- Will continue to add staff to support growth across many of our businesses to keep pace with demand
- Believe that we are well positioned to gradually improve the consolidated non-GAAP operating margin to reach our long-term goal of >20%
- Efficiency savings are also expected to continue to be a driver of operating margin improvement
  - 2017: Achieved incremental efficiency savings of >$65M
  - 2018: Expect to generate efficiency savings of $60-$65M before the benefit of expected MPI synergies
  - Benefits from our efficiency initiatives help offset annual cost increases

Unallocated Corporate Overhead

($ in millions)	4Q17	4Q16	2017	2016
GAAP	$33.4	$39.0	$135.2	$141.6
Non-GAAP	$32.2	$36.4	$131.5	$126.0

- Unallocated corporate expenses in 2018 are expected to be slightly below 7% of revenue
  - Compared to 7.1% of revenue in 2017
- Outlook demonstrates that the investments in our people, processes, and systems over the last several years are beginning to generate the intended goal of greater efficiency and productivity

See website for reconciliations of Non-GAAP to GAAP results.

Net Interest Expense

($ in millions)	4Q17	4Q16	2017	2016
GAAP interest expense, net	$7.5	$7.2	$29.1	$26.4
Non-GAAP interest expense, net	$7.5	$7.2	$29.1	$25.4

- Before factoring in the incremental interest expense associated with the intended MPI transaction, net interest expense is expected to be in a range of $29-$31M in 2018
  - Outlook assumes that higher interest rates in 2018 will be largely offset by debt repayment
- In process of evaluating our financing options for the MPI acquisition
  - Planned expansion of our credit facility
  - Actively evaluating fixed-rate debt financing alternatives
  - MPI accretion outlook includes an estimate for incremental interest expense related to this financing activity

See website for reconciliations of Non-GAAP to GAAP results.

Tax Rate

	4Q17	4Q16	2017	2016
GAAP	142.1%	29.0%	57.7%	30.0%
Non-GAAP	29.8%	29.9%	27.2%	29.0%

- 2018 GAAP and non-GAAP tax rate expected to be in a range of 25% to 26% excluding MPI
  - Favorable to the 27.2% rate last year, primarily because the benefit of operational efficiency initiatives
  - Partially offset by the $0.09-per-share headwind associated with the excess tax benefit from stock compensation
  - Excess tax benefit reduced the non-GAAP tax rate by 310 bps in 2017 and 180 bps in 2018
- As we disclosed last month, we expect the impact of U.S. tax reform will be effectively neutral to both GAAP and non-GAAP EPS in 2018
  - Additional opportunities may be identified as new guidance is released and we continue to refine our understanding of this legislation
  - In 4Q17, the one-time charges related to the transition or toll tax, the revaluation of deferred liabilities, and the withdrawal of the indefinite reinvestment assertion reduced GAAP earnings by $78.5M, or $1.66 per share
    - This amount was excluded from non-GAAP results
  - U.S. tax reform did not have an impact on our non-GAAP results in 2017

See website for reconciliations of Non-GAAP to GAAP results.

Cash Flow

($ in millions)	2017	2016	2018 Outlook excl. MPI
Free cash flow	$242.1 (1)	$261.6 (2)	$250-$260
Capex	$82.4	$55.3	~$100
Depreciation	$89.8	$85.0	~$92
Amortization	$41.4	$41.7(3)	~$40
	4Q17	**4Q16**	**DSOs**
Free cash flow	$95.7	$93.0 (2)	4Q17: 60 days
Capex	$28.5	$25.7	3Q17: 61 days
Depreciation	$23.0	$23.2	4Q16: 52 days
Amortization	$10.5	$12.3 (3)	

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

(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).

(3) Amortization excludes inventory purchase accounting adjustment.

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Cash Flow, cont.

- Free cash flow below our November outlook of $265M-$275M because of two primary factors:
  - Timing of capital projects
  - Timing of working capital, specifically DSOs
- Capital expenditures were $27M higher than in 2016 and $7M above our prior outlook
- DSOs at 60 days for YE 2017, which was higher than our expectation
  - Believe this was largely a timing issue and expect DSO will improve in 2018
- Toll tax is expected to reduce 2018 free cash flow by ~$15M
  - Excluding toll tax, free cash flow would increase by 9.5%-13.5% over 2017 level
- Capital expenditures are expected to be ~$100M in 2018 before factoring in MPI capital requirements
  - Increase from 2017 will be driven primarily by additional projects to support growth, including continuing to add capacity in RMS China, Biologics, and Safety Assessment, and modest investments in our information systems

2018 Guidance Summary Excluding MPI

From Continuing Operations	GAAP	Non-GAAP
Revenue growth	7.2%-8.2% reported	5.7%-6.7% organic(1)
Operating margin	Improvement from 15.1% in 2017	Modest Improvement from 19.3% in 2017
Unallocated corporate	Slightly below ~7% of revenue	Slightly below 7% of revenue
Net interest expense	$29M-$31M	$29M-$31M
Tax rate	25%-26%	25%-26%
EPS	$4.71-$4.86	$5.42-$5.57
Cash flow	Operating cash flow: $350M-$360M	Free cash flow: $250M-$260M
Capital expenditures	~$100M	~$100M

See website for reconciliations of Non-GAAP to GAAP results.

(1) 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.

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MPI Impact on 2018 and Beyond

- Reported revenue growth of 16%-18% and non-GAAP EPS of $5.67-$5.82
  - Assumes an early 2Q18 close
- From a financial perspective, we believe this acquisition delivers compelling financial benefits, which will generate value for shareholders
  - Attractive contribution to revenue growth and immediately accretive to earnings
  - Will meet or exceed our ROIC hurdle rate within 3-4 years
  - Presents an opportunity to enhance MPI's operating margin with synergies of $13-$16M by the end of 2019
- Capital priorities will be focused on debt repayment following MPI acquisition
  - Pro forma leverage ratio at closing is expected to be <3.5x(1), which is similar to our post-WIL debt level
  - At this time, do not intend to repurchase any shares in 2018
  - Absent any M&A activity, our goal will be to drive the leverage ratio <3x

(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.

1Q18 Outlook

	1Q18 Outlook
Reported revenue growth YOY	High-single-digit growth vs. 1Q17
Organic revenue growth YOY	Mid-single-digit growth vs. 1Q17
Non-GAAP operating margin	Below 1Q17 due primarily to RMS
Non-GAAP EPS	Moderately below vs. 1Q17

- Organic growth affected by slower growth in the Manufacturing segment
  - Biologics growth rate will be lower due to capacity constraints until we open new Pennsylvania facility later this year
  - RMS segment also faces a difficult prior-year comparison due to strong 1Q17
- Meaningful headwinds from VC investment gains and the excess tax benefit from stock compensation affect 1Q18 EPS growth rate
  - Totaled $0.05 and $0.15, respectively in 1Q17
  - In 1Q18, forecasting VC investment gains of $0.03-$0.04 and an excess tax benefit of ~$0.10, creating a YOY headwind of $0.06-$0.07
  - When adjusting for these items, EPS growth is expected to be in the low-single digits in 1Q18
  - Primarily as a result of the YOY operating margin decline in the RMS segment

Concluding Remarks

- Pleased with our financial performance in 2017
- Believe that 2018 is positioned to be an excellent year, particularly with the expected completion of the MPI acquisition early in 2Q18, and the associated benefits this acquisition provides to our clients and shareholders
- Optimistic about our outlook for non-GAAP EPS growth in 2018
  - 13.5%-16.5% growth including MPI when adjusting for VC gain and excess tax benefit headwinds
  - 8%-11% growth excluding MPI when adjusting for VC gain and excess tax benefit headwinds
- Confident in our ability to achieve our long-term targets of high-single-digit organic revenue growth and an operating margin >20% because of our ongoing focus on:
  - Disciplined investing to support the growth of our businesses
  - Efforts to drive global efficiency
  - The speed and responsiveness with which we operate
  - Our goal to enhance the relationships with our clients

4Q17/FY17 Regulation G Financial Reconciliations

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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

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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).

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TAX RATE TO NON-GAAP TAX RATE (UNAUDITED)[1]
(in thousands)

	Three Months Ended		Twelve Months Ended	
	December 30, 2017	December 31, 2016	December 30, 2017	December 31, 2016
Income from continuing operations before income taxes & noncontrolling interest	$ 69,053	$ 63,725	$ 296,955	$ 222,921
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
Gain on CDMO divestiture	-	-	(10,577)	-
Write-off of deferred financing costs and fees related to debt financing	-	-		987
Acquisition related adjustments (3)	-			815
Reversal of an indemnification asset associated with acquisition and corresponding interest (4)				54
Gain on Bargain Purchase (5)	(277)	15	(277)	15
Debt forgiveness associated with a prior acquisition (6)	(1,863)	-	(1,863)	-
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	$ 98,301	$ 84,042	$ 354,368	$ 310,380
Provision for income taxes (GAAP)	$ 98,097	$ 18,450	$ 171,369	$ 66,835
Tax effect from U.S. Tax Reform (7)	$ (78,537)	$ —	$ (78,537)	$ —
Tax effect from CDMO divestiture	$ 300	$ —	$ (17,705)	$ —
Tax effect of the remaining non-GAAP adjustments	$ 9,482	$ 6,719	$ 21,184	$ 23,025
Provision for income taxes (Non-GAAP)	$ 29,342	$ 25,169	$ 96,311	$ 89,860
Total rate (GAAP)	142.1%	29.0%	57.7%	30.0%
Total rate, excluding specified charges (Non-GAAP)	29.8%	29.9%	27.2%	29.0%

(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 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.

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

(5) 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.

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

(7) 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 TO NON-GAAP NET INTEREST EXPENSE
(dollars in thousands)

	Twelve Months Ended December 31, 2016
GAAP Interest Expense, net	$ 26,395
Exclude:	
Reversal of an indemnification asset associated with an acquisition and corresponding interest	(987)
Non-GAAP Interest Expense, net	$ 25,408

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 GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

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NYSE

charles river