1Q 2019 Results

May 7, 2019

Charles River Laboratories

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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 risks and uncertainties associated with the unauthorized access into our information systems reported on April 30, 2019, including the timing and effectiveness of adding enforced security features and monitoring procedures, the percentage of clients affected by the unauthorized access, and the potential revenue and financial impact related to the incident; our projected 2019 and other future financial performance whether reported, constant currency, organic, and/or factoring acquisitions 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, average diluted share count, global efficiency initiatives, cost increases including the impact of wage adjustments, pricing, foreign exchange 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 realignments; 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 clients 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 Citoxlab, on the Company, our service offerings, client perception, strategic relationships, revenue, revenue growth rates, and earnings; our expectations regarding Citoxlab’s financial performance; 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, products and geographies; 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 clients; 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; 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. 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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.

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Opening Remarks

- 1Q19 saw a continuation of the robust business trends that we experienced throughout 2H18
- Organic revenue growth for each of the three segments was at, or above, our long-term targets
  - Attributable to the success of our ongoing efforts to enhance our position as the leading, early-stage CRO
  - Strong industry fundamentals including biotech funding
- 1Q19 performance supports our solid outlook for the year
- By continuing to invest in our portfolio, our people, and our infrastructure, we believe that we are maintaining and enhancing our leading position among early-stage CROs in our ability to support our clients' diverse research needs
- Acquisition of Citoxlab on April 29th is another step forward in our strategy
  - Will enable us to deliver incremental value to clients
- Success of our strategy validated by the fact that we worked on 85% of the FDA-approved drugs in 2018 and have discovered 80 novel molecules for our clients

Cybersecurity Incident

- Notified clients on April 30th of unauthorized access into portions of our information systems after recently determining that some client data was copied
- This incident did not disrupt our day-to-day operations
  - It was not malware or ransomware
- Additional information can be found in the 8-K filing and on our dedicated web site at www.criver.com/cybersecurity
- Reached out to affected clients
  - Affected clients represent ~1% of our total number of clients
- Client response has been appropriately measured to-date, yet most were understanding
  - Many of our client interactions have been collaborative
  - In several cases, the client offered to lend their own expertise or assistance in our remediation efforts
  - Other clients have requested additional discussions with our teams
    - Often scientist-to-scientist or CIO-to-CIO
- We will continue to work closely with our clients to address their questions and concerns

Cybersecurity Incident, cont.

- It is too early to determine whether there will be any revenue impact
- Believe any revenue impact would be minimal
- Costs to fully remediate this matter are not expected to be material based on our preliminary estimates
- Believe potential revenue and cost impact can be accommodated within our current guidance ranges for 2019

1Q19 Revenue

($ in millions)	1Q19	1Q18	YOY Δ
Revenue, reported	$604.6	$494.0	22.4%
(Increase)/decrease due to FX			2.8%
Contribution from acquisitions			(14.4)%
Revenue growth, organic			10.8%

- Broad-based organic revenue growth across our portfolio
  - Above the 10% level for the third consecutive quarter
- Biotech clients were the primary contributors to 1Q19 revenue growth
  - Continued to benefit from a robust funding environment

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

1Q19 Operating Margin

	1Q19	1Q18	YOY Δ
GAAP OM%	11.5%	13.7%	(220) bps
Non-GAAP OM%	16.3%	16.8%	(50) bps

- Non-GAAP operating margin decline was primarily driven by the RMS and Manufacturing segments, as well as last year’s adjustment to our compensation structure (implemented in July 2018)

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

1Q19 EPS

From Continuing Operations	1Q19	1Q18	YOY Δ
GAAP EPS	$1.11	$1.08	2.8%
Non-GAAP EPS	$1.40	$1.29	8.5%

- 1Q19 non-GAAP EPS in line with our prior outlook
  - Strong revenue growth was partially offset by operating margin decline
- Venture capital (VC) investment gains are now excluded from non-GAAP results in both periods
  - Also excluded from future guidance

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

Reaffirming 2019 Guidance Including Citoxlab

	CURRENT	PRIOR
Revenue growth, reported	16%-18%	16%-18%
Contribution from acquisitions	(8%-9%)	(8%-9%)
(Increase)/decrease due to FX	~0.5%	~0.5%
Revenue growth, organic	8.0%-9.5%	8.0%-9.5%
GAAP EPS	$4.75-$4.90	--
Amortization of intangible assets	$1.42-1.52	--
Charges related to global efficiency initiatives	~$0.07	--
Acquisition-related adjustments	$0.25-$0.30	--
Venture capital investment (gains)/losses	(~$0.16)	--
Non-GAAP EPS	$6.40-$6.55	$6.40-$6.55

- 2019 YOY non-GAAP EPS growth expected to be in a range of 10%-13%

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

DSA Results – Revenue

($ in millions)	1Q19	1Q18	YOY Δ
Revenue, reported	$354.2	$260.0	36.2%
(Increase)/decrease due to FX			2.2%
Contribution from acquisitions			(27.2)%
Revenue growth, organic			11.2%

- Broad-based demand for both Safety Assessment (SA) and Discovery services
- SA business continued to perform exceptionally well in 1Q19 highlighted by strong demand from biotech clients and increased pricing
- SA bookings and proposal activity remained strong in 1Q19
  - Reinforces our outlook for high-single-digit organic revenue growth in the DSA segment in 2019

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

Citoxlab Acquisition

- Citoxlab acquisition helps extend our leadership position in the SA market by:
  - Enhancing our presence in continental Europe and North America
  - Strengthening existing capabilities in general and specialty toxicology, agrochemical testing, preclinical medical device testing, and discovery services
    - Niche discovery services include drug transporter and drug-drug interaction research
- Efforts to build our global scale and enhance our scientific capabilities through internal investments and the acquisitions of WIL, MPI, and now Citoxlab have enabled us to become our clients' partner of choice for early-stage drug research

Citoxlab Acquisition, cont.

- Pleased to welcome the exceptional team at Citoxlab to the Charles River family
- Look forward to working together to help our clients discover and develop new drugs for the patients who need them
- Citoxlab's complementary service offering and geographic footprint are an excellent strategic fit and will enable us to enhance the support we can provide our clients' early stage research efforts
- Addition of Citoxlab's talented staff, extensive scientific capabilities, and client centric approach solidifies our leading position in the outsourced SA market at a time when we believe there is, and will continue to be, significant client demand for these outsourced services

Citoxlab Acquisition, cont.

- Believe that the team at Citoxlab is enthusiastic about working with their CRL colleagues
- Collaboration of our respective scientific teams, the implementation of best practices, and the synergies between the early-stage services offered by CRL and Citoxlab will represent a significant growth opportunity for the combined organization
- Comprehensive integration plan was ready to implement on Day 1
  - Same as MPI and WIL acquisitions
- Assigned two senior operational leaders to manage the integration in Europe and North America to help ensure a smooth transition
- Expect to generate operational synergies of $8-$10M within two years through our integration efforts
  - Believe this will drive Citoxlab's non-GAAP operating margin above the 20% level, from its current mid-teens operating margin
- Expect Citoxlab will contribute $115-$130M to consolidated revenue and add ~$0.15 to non-GAAP EPS in 2019
  - Unchanged from outlook provided at the time of announcement

Safety Assessment (SA) – Client Mobility

- CRL’s global SA footprint has expanded and we are now at least 50% larger than the nearest competitor
- It has become increasingly important that we ensure a seamless client experience across all of our sites and encourage clients to work across multiple sites
- Offers clients access to much broader capabilities than they might have at a single site and reduces lead times to start studies
- Benefits our operating efficiency through shared resources and optimized capacity utilization
- Worked very hard to standardize and harmonize best practices and processes across our SA network
  - Intend to do the same with Citoxlab as the integration now begins in earnest
- Our initiatives to enhance client mobility will also drive Discovery clients with integrated programs to work broadly with us across the entire early-stage spectrum and into safety assessment

DSA Results – Discovery Services

- Discovery Services business had another good quarter
  - Led by strong demand for oncology and early discovery services
- Oncology: Our clients’ ability to work with a single-source partner to support the discovery of their novel cancer therapeutics is driving demand for our oncology capabilities
  - Coupled with the significant investment in this area of drug research
- Early Discovery: Demand continues to improve as clients partner with us for a single project or for their larger integrated discovery programs
- Our efforts to strengthen our portfolio by expanding our scale, our science, and our innovative technologies continue to resonate with clients, and they increasingly view CRL as a scientific partner who can support their efforts to identify new drug targets and discover novel therapeutics
- Intend to continue to build our Discovery portfolio so that clients can outsource complex discovery projects to us, rather than maintain or try to develop in-house capabilities
- Recent alliances are part of the expansion of our Discovery portfolio:
  - Distributed Bio enhances our large molecule discovery capabilities
  - Atomwise adds artificial intelligence (AI) drug discovery capabilities

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DSA Results – Operating Margin

	1Q19	1Q18	YOY Δ
DSA GAAP OM%	13.2%	15.7%	(250) bps
DSA Non-GAAP OM%	18.6%	18.6%	--

- Leverage from robust DSA revenue growth was primarily offset by the compensation structure adjustment
- Expect the DSA non-GAAP operating margin to rebound above the 20% level, starting in 2Q19

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

RMS Results – Revenue

($ in millions)	1Q19	1Q18	YOY Δ
Revenue, reported	$137.2	$134.0	2.4%
(Increase)/decrease due to FX			3.0%
Revenue growth, organic			5.4%

- Primary drivers of RMS revenue growth continued to be strong growth for Research Model Services and robust demand for research models in China
- RM Services: Insourcing Solutions contract with NIAID contributed slightly more than 300 bps to the RMS revenue increase
  - NIAID contract commenced in September 2018

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

RMS Results – Insourcing Solutions

- Aside from the NIAID contract, the Insourcing Solutions (IS) business continued to perform very well
- Clients took advantage of our flexible solutions for their vivarium management and related research needs
- Support clients through a variety of working arrangements:
  - Providing staff and expertise to manage the vivarium at a client’s site
  - Providing flexible vivarium space at a CRL site supported by our staff
    - CRADL (Charles River Accelerator and Development Labs) initiative
- CRADL has become an increasingly popular solution to provide both small and large biopharmaceutical clients with turnkey research capacity in the Boston/Cambridge biohub
- Utilizing CRADL allows clients to invest in their research programs instead of their infrastructure

RMS Results – GEMS

- GEMS business continues to benefit from our clients’ use of CRISPR and other technologies to create genetically modified models faster and more cost effectively
- Clients come to us because we have the expertise to help them derive and maintain their proprietary model colonies
  - Play an increasingly critical role as drug research becomes more complex with a shift to oncology, rare disease, and cell and gene therapies

RMS Results – RM Production

- Excluding the NIAID contribution, RMS organic revenue growth was consistent with our long-term target in the low-single digits
- Demand for our products and services is not linear, which was reflected in the research models businesses in North America, Europe, and Japan in 1Q19
- Research model sales to large biopharmaceutical clients started slowly in 1Q19, similar to last year
- Large biopharma's ongoing efforts to reduce internal infrastructure and externalize research also contributed
  - Outsourcing to CROs like CRL
  - Partnering with biotech companies and academic institutions
- 1Q19 demand for research models increased from both biotech and academia

RMS Results – RMS China

- RMS China continued to grow at double-digit rates in 1Q19
- China represents <10% of total RMS revenue, but offers a significant opportunity for growth
- Intend to continue to expand capacity in China to support robust client demand and drive future growth

RMS Results – Operating Margin

	1Q19	1Q18	YOY Δ
RMS GAAP OM%	27.6%	28.8%	(120) bps
RMS Non-GAAP OM%	28.1%	29.8%	(170) bps

- Most of the RMS operating margin decline was driven by three known headwinds:
  - Lower-margin NIAID contract
  - Compensation structure adjustment
  - MPI intercompany sales, for which the revenue and profitability are now recognized in the DSA segment
- YOY effect of these factors will be anniversaried during 2H19
- Remainder of 1Q19 operating margin decline primarily attributable to lower sales volume for research models outside of China
- As clients continue to reduce internal infrastructure and RMS business shifts toward services, it is vitally important that we remain focused on initiatives to enhance operating efficiency in order to sustain the RMS operating margin
- 1Q19 efficiency initiatives included the decision to consolidate a small RMS site in southern California by the end of this year and transition operations to an existing, larger California site

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

Manufacturing Results – Revenue

($ in millions)	1Q19	1Q18	YOY Δ
Revenue, reported	$113.2	$100.0	13.2%
(Increase)/decrease due to FX			4.3%
Contribution from acquisitions			(0.3%)
Revenue growth, organic			17.2%

- Manufacturing segment increase was driven by double-digit revenue growth in both the Microbial Solutions and Biologics Testing Solutions (Biologics) businesses

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

Manufacturing Results – Microbial Solutions

- Microbial Solutions had an excellent quarter
- Our advantage as the only provider who can offer a comprehensive solution for rapid quality control testing continues to resonate with clients
- Demonstrated by robust demand across our Endosafe® testing systems and cartridges, core reagents, Accugenix® microbial identification services, and Celsis® bioburden testing solutions
- Sales of Celsis® products benefited from a large stocking order from our strategic partner in certain non-pharma markets
- Excluding this order, Microbial Solutions' revenue growth was well above the 10% level

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Manufacturing Results – Biologics

- Biologics business reported strong revenue growth in 1Q19
- Rapid increase in demand for our services led by:
  - Increasing number of biologic drugs in development
  - Efforts that we have made to position the Biologics business as a premier provider for these critical services
- Adding capacity globally to accommodate this demand
- New Pennsylvania facility continues to progress well and the transition is expected to be completed by the end of the year
  - Largest Biologics expansion project
  - Operating two facilities as we transfer services to the new site, in order to ensure that the transition is seamless for our clients
  - Creates duplicate costs during the transition, which are expected to moderate over the course of the year

Manufacturing – Operating Margin

	1Q19	1Q18	YOY Δ
Manufacturing GAAP OM%	27.8%	28.5%	(70) bps
Manufacturing Non-GAAP OM%	31.0%	31.9%	(90) bps

- YOY operating margin decline due primarily to ongoing capacity expansions in Biologics business
  - Biologics expansion reduced the Manufacturing operating margin by 80 bps
- Q1 operating margin in the Manufacturing segment is typically the lowest point of the year, due to seasonal impact of lower sample volume in the Biologics business after the holidays

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

Enhancing Our Position as Leading, Early-Stage CRO

- Unwavering focus on our strategy has enabled us to enhance our position as the leading, early-stage CRO
- Differentiated ourselves from the competition through our science, our broad, early-stage portfolio, and the flexible relationships that we can offer clients
- With the acquisition of Citoxlab, we continued to expand our global scale and unique portfolio of essential products and services which support the discovery and early development of new therapies for the treatment of disease
- Acquisitions remain a vital component of our growth strategy, as we endeavor to further enhance the scientific expertise, global scale, and innovative technologies that we can offer clients across all three of our business segments
- Investing in our scientific capabilities and in necessary staff and resources will help us ensure we can meet the needs of our clients and support our current and future growth
- The investments that we continue to make have enhanced our position as the scientific partner of choice for the pharmaceutical and biotechnology companies, academic institutions, and government and non-government organizations worldwide
- The success of our efforts was evident in our 1Q19 performance, and is further demonstrated by the fact that we remain confident in our outlook for the year of:
  - Organic revenue growth of 8%-9.5%
  - Non-GAAP EPS of $6.40-$6.55

1Q19 Results

($ in millions)	1Q19	1Q18	YOY Δ	Organic Δ
Revenue	$604.6	$494.0	22.4%	10.8%
GAAP OM%	11.5%	13.7%	(220) bps	
Non-GAAP OM%	16.3%	16.8%	(50) bps	
GAAP EPS	$1.11	$1.08	2.8%	
Non-GAAP EPS	$1.40	$1.29	8.5%	

- Highlights of 1Q19 performance included:
  - Continued robust revenue growth above the 10% level on an organic basis
  - Non-GAAP EPS in line with February outlook
- Completed the $500 million acquisition of Citoxlab
  - Moving forward with the integration process
  - Already begun working with the talented team at Citoxlab to share best practices and drive operational synergies between our businesses
- Primary driver of 1Q19 non-GAAP EPS:
  - Better-than-expected organic revenue growth of 10.8%
  - Partially offset by a softer 1Q19 operating margin

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

Operating Margin

- 1Q19 non-GAAP operating margin declined 50 bps YOY
  - 1Q19 non-GAAP operating margin expected to be the lowest level of the year
    - Seasonality in the Biologics business
    - Higher fringe costs
  - 1Q19 operating margin reduced by ~60 bps due to:
    - Impact of large RMS government contract with NIAID
    - Headwind from the compensation structure adjustment
    - Capacity expansion in the Biologics business
- Expect each of these factors will either be anniversaried or become a much smaller headwind in 2H19
  - Gives us confidence 2H19 operating margin will improve YOY
  - Similar to gating last year, 2H19 operating margin will be significantly higher than 1H19 level
- Expect the 2019 non-GAAP operating margin to be similar to 2018 level after factoring in the slight dilution associated with Citoxlab's mid-teens operating margin

2019 Guidance (Including Citoxlab)

	Current
Revenue growth, reported	16%-18%
Revenue growth, organic	8.0%-9.5%
GAAP EPS	$4.75-$4.90
Non-GAAP EPS	$6.40-$6.55
Free Cash Flow	$310-$320 million

- 1Q19 results support our growth prospects and profitability targets for the full year
- Reaffirmed 2019 revenue and non-GAAP EPS guidance including Citoxlab and continue to be well positioned to deliver this outlook

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

Updated 2019 Segment Revenue Outlook (Including Citoxlab)

	2019 Reported Revenue Growth	2019 Organic Revenue Growth
RMS	Mid-single digits *(Low single digits + incremental NIAID benefit)*	Mid-single digits *(Low single digits + incremental NIAID benefit)*
DSA	Mid-20% range	High-single digits
Manufacturing	Low-double digits	Low-double digits
Consolidated CRL	16%-18%	8.0%-9.5%

- RMS and Manufacturing: Revenue growth guidance is unchanged from initial outlook, on both a reported and organic basis
  - RMS growth rate includes the incremental benefit from the NIAID contract this year
    - Continue to believe long-term RMS revenue growth will be in the low-single-digit range organically
- DSA: Continue to expect high-single-digit organic revenue growth
  - Reported revenue growth now expected to be in the mid-20% range including Citoxlab

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

Unallocated Corporate Expenses

($ in millions)	1Q19	4Q18	1Q18
GAAP	$46.2	$36.6	$40.1
Non-GAAP	$40.8	$36.0	$37.2

- Unallocated corporate costs are tracking to our expectations
  - 6.8% of total revenue in 1Q19, compared to 7.5% of total revenue in 1Q18 (non-GAAP)
  - Q1 is typically higher due to normal quarterly gating of fringe-related costs, which then normalize over the course of the year
- Expect 2019 GAAP unallocated corporate costs to be ~6.5% of total revenue
- Continue to expect 2019 non-GAAP unallocated corporate costs to be ~6% of total revenue
  - Citoxlab will not meaningfully add to corporate costs this year

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

Tax Rate

	1Q19	4Q18	1Q18
GAAP	16.0%	19.8%	15.5%
Non-GAAP	17.2%	22.5%	15.5%

- 1Q19 tax rate increased 170 bps YOY
  - Consistent with outlook in February, which called for a YOY increase due to discrete tax benefits in 2018 that were not expected to recur
- Q1 tax rate is typically at the lowest level for the year due to the impact of equity vesting and exercise activity on the excess tax benefit for stock compensation
  - Expect 2019 to be no different and the tax rate to be in the mid-20% range for the remaining quarters of the year
- Expect full-year 2019 tax rate will be in the range of 21%-22% (GAAP) and 23.5%-24.5% (non-GAAP) including Citoxlab
  - Unchanged from our initial guidance in February

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

Net Interest Expense

($ in millions)	1Q19	4Q18	1Q18
GAAP interest expense, net	$9.8	$16.6	$10.9
Non-GAAP interest expense, net	$9.8	$16.6	$7.6
Adjustments for foreign exchange forward contract and related interest expense(1)	($6.4)	–	–
Adjusted net interest expense	$16.2	$16.6	$7.6

- Total adjusted net interest expense is derived from interest expense, interest income, and a $6.4M FX loss recorded in Other Income associated with FX adjustments to our foreign debt
  - Entered into forward FX contracts to generate interest savings on our foreign debt
- For the year, we now expect total adjusted net interest expense in the range of $68-$71M (GAAP and non-GAAP)
  - Incorporates ~$5M of borrowing costs related to the Citoxlab acquisition

(1) Amounts reported in total adjusted interest expense include $8.9M gain on forward contract partially offset by $2.5M of additional interest expense.

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

Capital Priorities

- Capital priorities remain consistent with February outlook
- Leverage ratios at end of 1Q19:
  - Gross leverage ratio was 2.6x
  - Net leverage ratio was 2.4x
- As planned, we financed the Citoxlab acquisition under our existing Euro-denominated revolving credit facility
- On a pro forma basis following the completion of the Citoxlab acquisition:
  - Gross leverage ratio was 3.25x
  - Net leverage ratio was 3.0x
  - Total debt outstanding was $2.1B
- Capital priorities in 2019 will be focused on debt repayment
  - Absent any additional acquisitions, remain on track to drive gross leverage ratio below 3x within 12 months

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

Cash Flow

($ in millions)	1Q19	1Q18	2019 Outlook incl. Citoxlab
Free cash flow (FCF)	($1.9)	$32.3	$310-$320
Capex	$16.7	$27.7	~$170
Depreciation	$25.9	$22.9	~$115
Amortization	$19.4	$10.3	$95-$100

- Free cash flow decrease primarily driven by timing of certain working capital items related to an ERP systems implementation at MPI as part of the integration process
  - Effect on working capital expected to normalize over the course of the year
- Capex guidance increased by $10M to reflect the capital requirements of Citoxlab
- Free cash flow outlook decreased by $10M in 2019 when factoring in Citoxlab's capital requirements and the transaction and integration-related costs
  - Similarly reduced FCF outlook last year when adjusting for one-time deal costs associated with the MPI acquisition
- Beyond 2019, Citoxlab expected to be accretive to cash flow in 2020, when transaction and integration costs significantly decrease

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

2019 Guidance Summary (Including Citoxlab)

	GAAP	Non-GAAP
Revenue growth	16%-18% reported	8.0%-9.5% organic
Operating margin	Slightly below 2018 including Citoxlab transaction costs (14.6% in 2018)	Similar to 2018 including Citoxlab (18.8% in 2018)
Unallocated corporate	~6.5% of revenue including Citoxlab transaction costs	~6% of revenue
Net interest expense (total)	$68M-$71M	$68M-$71M
Tax rate	21%-22%	23.5%-24.5%
EPS	$4.75-$4.90	$6.40-$6.55
Cash flow	Operating cash flow: $480M-$490M	Free cash flow: $310M-$320M
Capital expenditures	~$170M	~$170M

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2Q19 Outlook (Including Citoxlab)

	2Q19 Outlook
Reported revenue growth YOY	Low-double-digit growth
Organic revenue growth YOY	In line with 2019 guidance range
Non-GAAP operating margin	Slight decrease vs. 2Q18
Non-GAAP EPS	Mid- to high-single-digit growth vs. $1.45 in 2Q18 (excluding VCs)

- Reported revenue growth includes a partial-quarter contribution from Citoxlab
- Non-GAAP operating margin reflects headwinds from NIAID contract, compensation structure adjustment, and Biologics capacity expansion
  - Expect to generate margin improvement in 2H19, as these headwinds abate
- Also expect the addition of Citoxlab and modest IT remediation costs to pressure the 2Q19 operating margin
- Expect sequential increase in interest expense due to the Citoxlab acquisition
- Expect non-GAAP tax rate in the mid-20% range

Concluding Remarks

- Pleased with our 1Q19 performance for both the top and bottom lines
  - 10.8% organic revenue growth
  - 8.5% earnings per share growth
- Remain on track with our financial and operational plan for the year

1Q19 Regulation G Financial Reconciliations

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]

(in thousands, except percentages)

	Three Months Ended	
	March 30, 2019	March 31, 2018
Research Models and Services		
Revenue	$ 137,172	$ 133,958
Operating income	37,832	38,527
Operating income as a % of revenue	27.6 %	28.8 %
Add back:		
Amortization related to acquisitions	352	409
Severance	160	523
Site consolidation costs, impairments and other items	181	515
Total non-GAAP adjustments to operating income	$ 693	$ 1,447
Operating income, excluding non-GAAP adjustments	$ 38,525	$ 39,974
Non-GAAP operating income as a % of revenue	28.1 %	29.8 %
Depreciation and amortization	$ 4,322	$ 4,853
Capital expenditures	$ 4,112	$ 4,625
Discovery and Safety Assessment		
Revenue	$ 354,197	$ 259,992
Operating income	46,705	40,859
Operating income as a % of revenue	13.2 %	15.7 %
Add back:		
Amortization related to acquisitions	16,735	7,541
Severance	13	(254)
Acquisition related adjustments [2]	2,254	430
Site consolidation costs, impairments and other items	—	(143)
Total non-GAAP adjustments to operating income	$ 19,002	$ 7,574
Operating income, excluding non-GAAP adjustments	$ 65,707	$ 48,433
Non-GAAP operating income as a % of revenue	18.6 %	18.6 %
Depreciation and amortization	$ 33,784	$ 20,787
Capital expenditures	$ 8,848	$ 12,802
Manufacturing Support		
Revenue	$ 113,200	$ 100,020
Operating income	31,499	28,523
Operating income as a % of revenue	27.8 %	28.5 %
Add back:		
Amortization related to acquisitions	2,324	2,318
Severance	227	870
Acquisition related adjustments [2]	50	—
Site consolidation costs, impairments and other items	1,008	159
Total non-GAAP adjustments to operating income	$ 3,609	$ 3,347
Operating income, excluding non-GAAP adjustments	$ 35,108	$ 31,870
Non-GAAP operating income as a % of revenue	31.0 %	31.9 %
Depreciation and amortization	$ 5,805	$ 5,736
Capital expenditures	$ 3,606	$ 6,834

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CONTINUED ON NEXT SLIDE

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]

(in thousands, except percentages)

CONTINUED FROM PREVIOUS SLIDE

	Three Months Ended	
	March 30, 2019	March 31, 2018
Unallocated Corporate Overhead	$ (46,244)	$ (40,080)
Add back:		
Acquisition related adjustments [2]	5,422	2,864
Total non-GAAP adjustments to operating expense	$ 5,422	$ 2,864
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (40,822)	$ (37,216)
Total		
Revenue	$ 604,569	$ 493,970
Operating income	$ 69,792	$ 67,829
Operating income as a % of revenue	11.5 %	13.7 %
Add back:		
Amortization related to acquisitions	19,411	10,268
Severance and executive transition costs	400	1,139
Acquisition related adjustments [2]	7,726	3,294
Site consolidation costs, impairments and other items	1,189	531
Total non-GAAP adjustments to operating income	$ 28,726	$ 15,232
Operating income, excluding non-GAAP adjustments	$ 98,518	$ 83,061
Non-GAAP operating income as a % of revenue	16.3 %	16.8 %
Depreciation and amortization	$ 45,358	$ 33,210
Capital expenditures	$ 16,731	$ 27,726

(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

(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.

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

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

(in thousands, except per share data)

	Three Months Ended			
	March 30, 2019		March 31, 2018	
Net income attributable to common shareholders	$	55,133	$	52,631
Less: Loss from discontinued operations, net of income taxes		—		(23)
Net income from continuing operations attributable to common		55,133		52,654
Add back:				
Non-GAAP adjustments to operating income (Refer to Schedule 3)		28,726		15,232
Write-off of deferred financing costs and fees related to debt		—		3,261
Venture capital (gains) losses		(10,575)		(6,451)
Tax effect of non-GAAP adjustments		(3,880)		(1,879)
Net income from continuing operations attributable to common	$	69,404	$	62,817
Weighted average shares outstanding - Basic		48,458		47,785
Effect of dilutive securities:				
Stock options, restricted stock units, performance share units and		1,004		1,043
Weighted average shares outstanding - Diluted		49,462		48,828
Earnings per share from continuing operations attributable to				
Basic	$	1.14	$	1.10
Diluted	$	1.11	$	1.08
Basic, excluding non-GAAP adjustments	$	1.43	$	1.31
Diluted, excluding non-GAAP adjustments	$	1.40	$	1.29

(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.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP REVENUE GROWTH

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

For the three months ended March 30, 2019	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	22.4 %	2.4 %	36.2 %	13.2 %
Decrease due to foreign exchange	2.8 %	3.0 %	2.2 %	4.3 %
Contribution from acquisitions [2]	(14.4)%	—%	(27.2)%	(0.3)%
Non-GAAP revenue growth, organic [3]	**10.8 %**	**5.4 %**	**11.2 %**	**17.2 %**

(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. Manufacturing Support includes an immaterial acquisition of an Australian Microbial Solutions business.

(3) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions 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, 2019E

2019 GUIDANCE INCLUDING CITOXLAB	CURRENT	PRIOR
Revenue growth, reported	16% - 18%	16% - 18%
Less: Contribution from acquisitions (1)	8% - 9%	8% - 9%
Add: Negative impact of foreign exchange	~0.5%	~0.5%
Revenue growth, organic (2)	8.0% - 9.5%	8.0% - 9.5%
GAAP EPS estimate	$4.75 - $4.90	—
Amortization of intangible assets (3)	$1.42 - $1.52	—
Charges related to global efficiency initiatives (4)	~$0.07	—
Acquisition-related adjustments (5)	$0.25 - $0.30	—
Venture capital investment (gains)/losses (6)	(~$0.16)	—
Non-GAAP EPS estimate	$6.40 - $6.55	$6.40 - $6.55
Free cash flow (7)	$310 - $320 million	—

Footnotes to Guidance Table:

(1) The contribution from acquisitions reflects only those acquisitions which have been completed.

(2) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions and foreign currency translation.

(3) Amortization of intangible assets includes an estimate of $0.30-$0.40 for the impact of the Citoxlab acquisition because the preliminary purchase price allocation has not been completed.

(4) These charges, which primarily include severance and other costs, relate primarily to the Company's planned efficiency initiatives. Other projects in support of 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, and primarily include transaction, advisory, and certain third-party integration costs, as well as certain costs associated with acquisition-related efficiency initiatives. These costs will be partially offset by an anticipated discrete tax benefit.

(6) Venture capital investment performance only includes recognized gains or losses. The Company does not forecast future venture capital investment gains or losses.

(7) The reconciliation of 2019 free cash flow guidance is as follows: Cash flow from operating activities of $480-$490 million, less capital expenditures of ~$170 million, equates to free cash flow of $310-$320 million.

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

	Three Months Ended		Fiscal Year Ended
	March 30, 2019	March 31, 2018	December 29, 2019E including Citoxlab
Net cash provided by operating activities	$ 14,859	$ 60,051	$480,000-$490,000
Less: Capital expenditures	(16,731)	(27,726)	(~170,000)
Free cash flow	$ (1,872)	$ 32,325	$310,000-$320,000

(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.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1][2]

(in thousands, except percentages)

		Three Months Ended December 29, 2018
Unallocated Corporate Overhead	$	(36,587)
Add back:		
Acquisition related adjustments [3]		618
Total non-GAAP adjustments to operating expense	$	618
Unallocated corporate overhead, excluding non-GAAP adjustments	$	(35,969)

(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) Effective in the first quarter of 2018, the Company adopted new accounting standard ASU 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." Prior-year income statement amounts were recast to reflect the retrospective adoption of the new pension accounting standard.

(3) 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.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TAX RATE TO NON-GAAP TAX RATE (UNAUDITED) (1)

(in thousands)

	Three Months Ended	
	March 30, 2019	**March 31, 2018**
Income from continuing operations before income taxes & noncontrolling interest	$ 66,290	$ 63,040
Add back:		
Amortization of intangible assets and inventory step-up related to acquisitions	19,411	10,268
Severance and executive transition costs	400	1,139
Acquisition related adjustments (2)	7,726	3,294
Site consolidation costs, impairments and other items	1,189	531
Write-off of deferred financing costs and fees related to debt refinancing	-	3,261
Venture capital (gains) losses	(10,575)	(6,451)
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	$ 84,441	$ 75,082
Provision for income taxes (GAAP)	$ 10,602	$ 9,772
Tax effect of non-GAAP adjustments	3,880	1,879
Provision for income taxes (Non-GAAP)	$ 14,482	$ 11,651
Total rate (GAAP)	16.0%	15.5%
Total rate, excluding specified charges (Non-GAAP)	17.2%	15.5%

(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.

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

		Three Months Ended December 29, 2018
Income from continuing operations before income taxes & noncontrolling interest	$	75,048
Add back:		
Amortization of intangible assets and inventory step-up related to acquisitions		17,017
Severance and executive transition costs		751
Acquisition related adjustments (2)		2,020
VC Gains Non-GAAP		6,832
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	$	101,668
Provision for income taxes (GAAP)	$	14,850
Tax effect from U.S. Tax Reform (3)	$	2,650
Tax effect of the remaining non-GAAP adjustments		5,344
Provision for income taxes (Non-GAAP)	$	22,844
Total rate (GAAP)		19.8%
Total rate, excluding specified charges (Non-GAAP)		22.5%

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(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 4Q18 and FY 2018 adjustment is related to the refinement of one-time charges associated with the enactment of U.S. Tax Reform related to the transition tax on unrepatriated earnings (also known as the toll tax), and the revaluation of U.S. federal net deferred tax liabilities.

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP TAX RATE GUIDANCE

	Fiscal Year Ended December 28, 2019E
GAAP Tax Rate	**21%-22%**
Amortization of intangible assets, acquisition related adjustments, and charges related to global efficiency initiatives	~2.5%
Non-GAAP Tax Rate	**23.5%-24.5%**

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 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.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INTEREST EXPENSE (1)
(dollars in thousands)

	Three Months Ended		
	March 30, 2019	December 29, 2018	March 31, 2018
GAAP Interest Expense, net	$ 9,808	$ 16,623	$ 10,909
Exclude:			
Write-off of deferred financing costs and fees related to debt refinancing	—	—	(3,261)
Non-GAAP Interest Expense, net	$ 9,808	$ 16,623	$ 7,648
Adjustments for foreign exchange forward contract and related interest expense (2)	6,422	—	—
Adjusted Net Interest Expense	$ 16,230	$ 16,623	$ 7,648

(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) Amounts reported in Other Income include an $8.9 million gain on a forward contract partially offset by a $2.5 million additional interest expense on non-functional denominated borrowing.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GROSS/NET LEVERAGE RATIO, INCLUDING GAAP NET INCOME TO ADJUSTED EBITDA (1)
(dollars in thousands, except for per share data)

DEBT (2):	Pro Forma for Citoxlab Close March 30, 2019	March 30, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
Total Debt & Capital Leases	$ 2,091,860	$ 1,571,488	$ 1,668,014	$ 1,145,104	$ 1,235,009	$ 863,031	$ 777,863	$ 663,789	$ 666,520
Plus: Other adjustments per credit agreement	$ 2,497	$ 2,497	$ 3,033	$ 298	$ 3,621	$ 1,370	$ 2,828	$ 9,787	$ 9,680
Total Indebtedness per credit agreement	$ 2,094,357	$ 1,573,985	$ 1,671,047	$ 1,145,402	$ 1,238,630	$ 864,401	$ 780,691	$ 673,576	$ 676,200
Less: Cash and cash equivalents	(163,433)	(126,316)	(195,442)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	$ 1,930,924	$ 1,447,669	$ 1,475,605	$ 981,608	$ 1,121,004	$ 746,454	$ 620,668	$ 517,649	$ 566,515

ADJUSTED EBITDA (2):	March 30, 2019	March 30, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
Net income attributable to common shareholders	$ 228,876	$ 228,876	$ 226,373	$ 123,355	$ 154,765	$ 149,313	$ 126,698	$ 102,828	$ 97,295
Adjustments:									
Less: Aggregate non-cash amount of nonrecurring gains	—	—	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	73,005	73,005	65,258	29,777	27,709	15,072	11,950	20,969	33,342
Plus: Provision for income taxes	55,826	55,826	54,996	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	173,926	173,926	161,779	131,159	126,658	94,881	96,445	96,636	81,275
Plus: Non-cash nonrecurring losses	168	168	559	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	49,703	49,703	47,346	44,003	43,642	40,122	31,035	24,542	21,855
Plus: Permitted acquisition-related costs	21,663	21,663	19,181	6,687	22,653	13,451	6,285	1,752	3,676
Plus: Pro forma EBITDA adjustments for permitted acquisitions	—	—	15,648	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 603,168	$ 603,168	$ 591,140	$ 524,756	$ 466,942	$ 365,978	$ 329,452	$ 283,071	$ 274,873
Adjusted EBITDA related to Citoxlabs	42,519								
Pro forma transaction Adjusted EBITDA (3)	$ 645,687								

LEVERAGE RATIO:	March 30, 2019	March 30, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
Gross leverage ratio per credit agreement (total debt divided by adjusted EBITDA)	3.24x	2.61x	2.83x	2.2x	2.7x	2.4x	2.4x	2.4x	2.5x
Net leverage ratio (net debt divided by adjusted EBITDA)	3.0x	2.4x	2.5x	1.9x	2.4x	2.0x	1.9x	1.8x	2.1x

(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) Pursuant to the definition in its credit agreement dated March 26, 2018, 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 Citoxlab. 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.

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