3Q 2020 Results

October 29, 2020

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 about the impact of the COVID-19 pandemic for our business, financial condition and results of operations, including the long-term growth prospects and as compared to other companies, and the prospects for recovery therefrom; the effectiveness of our capital deployment strategy, including the pace of our M&A activity and re-evaluation of capital projects, in light of the COVID-19 pandemic and our ability to reduce capex, preserve jobs, support client research programs and sustain our financial position; our compliance with the maintenance covenants under our credit agreement; our projected 2020 and other future financial performance whether reported, organic, and/or factoring acquisitions, with respect to Charles River as a whole and/or any of our reporting or operating segments or business units; our annual guidance and two-year targets; the assumptions surrounding the COVID-19 pandemic that form the basis for our revised annual guidance; the expected performance of our venture capital and other strategic investments; the future demand for drug discovery and development products and services, and our intentions to expand those businesses, including our investments in our portfolio; the impact of foreign exchange; 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; our business strategy, including with respect to capital deployment and leverage; our success in identifying, consummating, and integrating, and the impact of, our acquisitions, on the Company, our service offerings, client perception, strategic relationships, revenue, revenue growth rates, earnings, and synergies; our expectations regarding HemaCare’s and Cellero’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, sites 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 COVID-19 pandemic, its duration, its impact on our business, results of operations, financial condition, liquidity, business practices, operations, suppliers, third party service providers, customers, employees, industry, ability to meet future performance obligations, ability to efficiently implement advisable safety precautions, and internal controls over financial reporting; the COVID-19 pandemic’s impact on demand, the global economy and financial markets; 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. A further description of these risks, uncertainties, and other matters can be found in the Risk Factors detailed in Charles River's Annual Report on Form 10-K as filed on February 11, 2020 and the Quarterly Report on Form 10-Q as filed on August 5, 2020, as well as other filings we make with the Securities and Exchange Commission. Because forward-looking statements involve risks and uncertainties, actual results and events may differ materially from results and events currently expected by Charles River, and Charles River assumes no obligation and expressly disclaims any duty to update information contained in this presentation except as required by law.

Regulation G

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

Estimates of COVID-19 Impact

The Company has provided its estimates for the impact from the COVID-19 pandemic, including on the Company's revenue. These estimates were determined using methodologies and assumptions that vary depending on the specific reporting segment and situation. For the Research Models and Services segment, estimates were primarily based on comparisons to daily historical research model sales volumes prior to the COVID-19 pandemic and the subsequent reduction in research model order activity associated with our clients' COVID-19 pandemic-related site closures and/or their reduced on-site activity, as well as our discussions with clients, particularly of our research model services and HemaCare businesses, with regard to revenue expectations and operational impacts from the COVID-19 pandemic. For the Discovery and Safety Assessment segment, estimates were based on multiple factors including, but not limited to, discussions with clients with regard to the cause of delays to discovery projects and safety assessment studies, location-specific actions to ensure employee safety in our facilities, the impact of remote versus in-person activities and services, and supply chain delays and other resource constraints. For the Manufacturing Support segment, estimates were based on multiple factors including, but not limited to, analysis of the sales impact due to the COVID-19 pandemic, assessments of idle instruments and the related revenue stream due to the inability to access clients' sites, as well as discussions with clients with regard to their revenue expectations and operations. Further, we assumed for the purposes of formulating these estimates that (1) restrictions on economic activity, including stay-in-place orders and other similar government actions, will largely not be re-imposed for the remainder of the fiscal year; (2) the global economy, as it relates to demand for Charles River's products and services, will gradually improve through the remainder of 2020; and (3) most of the Company's essential personnel will be able to work on-site and that it will have the adequate supplies and resources to support its businesses. In addition, the estimated revenue loss related to COVID-19 is expected to be partially offset by incremental work on clients' COVID-19 programs. Because these estimates and assumptions involve risks and uncertainties, actual events and results may differ materially from these estimates and assumptions, and Charles River assumes no obligation and expressly disclaims any duty to update them.

Response to Global COVID-19 Pandemic

- Global pandemic is continuing to adversely affect our world
- Biopharmaceutical industry is distinguishing itself, leading the way in scientific innovation that will be vital to finding a cure for COVID-19
- At Charles River, we have never been so essential to our diverse and growing client base, as we remain fully operational and continue to enable biopharma clients to move their programs forward across a wide range of therapeutic areas, including COVID-19
- Our resilience through the pandemic has enhanced our position as the partner of choice for our clients' early-stage research needs, as we continue to differentiate ourselves through our broad portfolio, scientific expertise, and superb client service

Factors Driving Robust 3Q20 Results

- Research model clients began recommencing scientific research more quickly than expected in 2Q20
- Favorable trend continued in 3Q20, with a “V-shaped” recovery as clients across North America, Europe, and Asia resumed more normalized research activities
- Accelerated RMS recovery was a key component of robust 3Q20results, which exceeded our expectations
- COVID-19 had a very limited impact on our other businesses in 3Q20, aside from Microbial Solutions, which continued to work through its backlog of delayed instrument installations
- Continued to generate new business opportunities through share gains, particularly with Academic clients
- In addition, winning incremental work as clients increasingly choose to outsource in order to utilize our more flexible and efficient drug development solutions
  - Benefiting Biologics, Discovery, Safety Assessment, and GEMS
- These factors contributed to robust 3Q20 performance, including record revenue, non-GAAP EPS, and free cash flow

3Q20 Revenue

($ in millions)	3Q20	3Q19	YOY Δ
Revenue, reported	$743.3	$668.0	11.3%
(Increase)/Decrease due to FX			(1.3)%
Contribution from acquisitions			(2.2)%
Revenue growth, organic			7.8%

- Organic revenue growth driven primarily by strong performance of DSA and Manufacturing segments
  - Both segments had improved organic growth rates compared to 2Q20 and were consistent with our long-term targets in the high-single and low-double-digits, respectively
- RMS also contributed to organic revenue growth, returning to growth just one quarter after reporting an 18% organic YOY decline in 2Q20 at the height of COVID-19-related client disruptions and Academic site closures

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

3Q20 Operating Margin

	3Q20	3Q19	YOY Δ
GAAP OM%	17.9%	13.9%	400 bps
Non-GAAP OM%	22.7%	19.4%	330 bps

- Meaningful operating margin improvement across all 3 business segments
- Primarily the result of leverage from:
  - Strong top-line performance;
  - Continued focus on operating efficiency; and
  - Cost controls associated with COVID-19
- Extremely pleased with strong operating performance, which reflected underlying margin potential across our businesses
- Also benefited from lower discretionary costs due to COVID-19-related restrictions, including travel

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

3Q20 EPS

	3Q20	3Q19	YOY Δ
GAAP EPS	$2.03	$1.46	39.0%
Non-GAAP EPS	$2.33	$1.69	37.9%

- Non-GAAP EPS exceeded our expectation of high-single-digit improvement
- Record EPS was driven by exceptionally strong operating performance, as we emerged from 2Q20, which we believe will be the worst of the COVID-19 financial impact
- Lower tax rate also contributed

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

Increasing 2020 Guidance

	CURRENT	PRIOR
Revenue growth, reported	9.5%-10.5%	7.5%-9.0%
Contribution from acquisitions	(4.0)-(4.5)%	~(4.0)%
(Increase)/Decrease due to FX	0.0-(0.5)%	~0.5%
Revenue growth, organic	5.0%-6.0%	4.0%-5.5%
GAAP EPS	$5.80-$5.90	$4.70-$5.00
Acquisition-related amortization	$1.75-$1.80	~$1.75
Charges related to global efficiency initiatives	~$0.15	$0.25-$0.30
Acquisition-related adjustments	$0.25-$0.30	$0.20-$0.25
Other items	~$0.25	$0.25-$0.32
Venture capital & other strategic investment losses/(gains)	($0.49)	($0.20)
Non-GAAP EPS	$7.75-$7.85	$7.05-$7.35

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

COVID-19 Impact on 2020 Guidance

- Revenue headwind from COVID-19 is now expected to be ~$70M
  - Below our prior estimate of $100M
- Most of the revenue loss occurred in 2Q20; expect to exit the year with the revenue impact of COVID-19 essentially behind us
- Guidance assumes no new stay-at-home orders or wide-scale disruptions to our operations or our clients' research activities through at least the end of the year
- Should this change, will be ready to take action to mitigate the impact as we did earlier this year

RMS Results – Revenue

($ in millions)	3Q20	3Q19	YOY Δ
Revenue, reported	$151.9	$132.5	14.6%
(Increase)/Decrease due to FX			(1.5)%
Contribution from acquisitions			(11.1)%
Revenue growth, organic			2.0%

- Organic revenue growth driven by strong demand for research services and research models in China
- Recent acquisitions, HemaCare and Cellero, had an excellent 3Q20, contributing 11.1% to the reported RMS revenue growth rate

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

RMS Results – Revenue, cont.

- COVID-19 had only a modest impact on our research models business in 3Q20
- Revenue growth in China rebounded and is approaching historical trend for this business
- As expected, China recovered earlier that other geographies, as clients resumed more normalized research activities after returning to their sites in the middle of 2Q20
- Despite a slight lag in Western markets, demand for research models in North America and Europe also improved significantly on a sequential basis, as clients resumed normalized research activities during 3Q20
  - Particularly in Europe, we benefited from some "stock-up" orders as clients returned to their sites
- In 3Q20, client ordering trends for research models in Western markets moved closer to pre-COVID levels, and were only moderately below prior-year levels
- As we exit the year, expect ordering trends in North America to fully recover

RMS Results – Revenue, cont.

- Very pleased with the "V-shaped" recovery in the RMS business to date and see other favorable trends that are also encouraging
- Believe that we will continue to benefit from market share gains, including from Academic clients
  - Gained business from new academic principal investigators, or PIs, when they reopened their sites
- Academia has been a strategic focus to drive enhanced RMS growth, with tailored initiatives targeted for the unique needs of this client base
- Always have contended that our global scale, superior client service, and biosecurity initiatives differentiate our research models business in the marketplace, leading clients to choose Charles River for their early-stage research needs
- We believe our resilience and ability to remain operational during the pandemic underscores these attributes and have led to new business opportunities and market share gains due in part to competitive dislocation

RMS Results – RM Services

- RM Services, specifically GEMS and Insourcing Solutions (IS) continued to benefit from the long-term trend of clients externalizing more work
- Trend has been reinforced during COVID-19, as clients increasingly seek the flexibility and efficiency of utilizing our sites and staff instead of their own
- GEMS had another strong quarter, benefiting from incremental outsourcing opportunities with clients who previously managed their model colonies in-house
  - Opted to outsource to CRL due to COVID-19 restrictions at their sites and saw the benefit of outsourcing
  - Expect that many will have CRL retain this work

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RMS Results – HemaCare

- HemaCare rebounded nicely in 3Q20
- As mentioned in August, HemaCare's donor clinic reopened in May and demand from cell therapy clients improved meaningfully at the end of 2Q20
- Coupled with the acquisition of Cellero, cell therapy revenue increased >20% in 3Q20 on a pro forma basis, reaccelerating towards our 5-year, >30% target for these businesses
- Cellero has enhanced our access to high-quality, human-derived cellular products, both from healthy donors and patient populations
- Also expanded our geographic reach, with donor sites in both the eastern and western US
- Firmly believe that our ability to supply cell therapy developers and manufacturers with these critical biomaterials will lead them to remain with CRL through discovery, early-stage development, and manufacturing support process
- Continue to view the cell and gene therapy space as a high-growth market in which we need to continue to strengthen our capabilities in order to meet clients' increasing needs and further enhance our growth profile

RMS Results – Operating Margin

	3Q20	3Q19	YOY Δ
RMS GAAP OM%	24.4%	25.9%	(150) bps
RMS Non-GAAP OM%	27.7%	26.5%	120 bps

- YOY operating margin increase principally driven by benefit from operating efficiency initiatives, including cost controls implemented in response to COVID-19 pandemic

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

DSA Results – Revenue

($ in millions)	3Q20	3Q19	YOY Δ
Revenue, reported	$461.2	$420.1	9.8%
(Increase)/Decrease due to FX			(1.2)%
Contribution from acquisitions			---
Revenue growth, organic			8.6%

- Pleased that DSA performance was in line with long-term, high-single-digit growth target
- Discovery and SA businesses experienced a negligible impact from COVID-19 in 3Q20
- Growth driven by both biotech and global biopharma clients, although biotech was the primary driver
- Broad-based client spending across the entire biopharma industry is reflective of global focus on scientific innovation and the need for our clients to utilize more flexible and efficient early-stage outsourcing solutions

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

DSA Results – Discovery Services

- Discovery Services business had another excellent quarter, with broad-based growth across early discovery, CNS, and oncology services
- Winning incremental business as clients outsource programs that have historically been kept in house, as well as some COVID-19-related projects
- Believe our integrated discovery portfolio, scientific expertise, and flexible working arrangements have encouraged more clients to partner with us to counteract the challenges of COVID-19
- Believe our continued success, and our clients' willingness to outsource more of their discovery programs, will be predicated on our ability to continue to add innovative discovery capabilities to meet our clients' critical research needs, which we are actively accomplishing through our strategic partnerships, as well as our ability to forge collaborative relationships that enable clients to work with us in a flexible manner

DSA Results – Discovery Services, cont.

- As a result of one of these relationships, received a milestone payment from an integrated drug discovery partner in 3Q20
- Milestone-based client relationships represent only a small portion of the Discovery business, but believe that our ability to structure working arrangements to meet our clients' needs and to deliver targets or molecules they seek to develop will lead to more discovery outsourcing opportunities in the future
- Pleased to have discovered >80 novel molecules for clients since the inception of the Early Discovery business

DSA Results - Safety Assessment (SA)

- SA continued to perform well, with sustained growth in study volume
- Bookings and backlog activity remained robust, with strength in specialty toxicology, and GLP bioanalysis, as well as cell and gene therapies
  - These areas differentiates CRL from smaller competitors
- Also seeing increased demand for infectious disease programs, including COVID-19, and are not seeing corresponding spending reductions in other therapeutic areas
- Believe this demonstrates both strength of the early-stage funding environment and clients' increasing use of outsourcing to ensure continuity of their research

DSA Results – Operating Margin

	3Q20	3Q19	YOY Δ
DSA GAAP OM%	19.6%	15.5%	410 bps
DSA Non-GAAP OM%	25.2%	22.1%	310 bps

- Both Discovery Services and SA contributed meaningfully to DSA operating margin increase
- Driven by operating leverage on strong, top-line growth, continued focus on operating efficiencies, and cost controls associated with COVID-19
- Discovery milestone payment in 3Q20 contributed ~50 bps to margin improvement

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

Manufacturing Results – Revenue

($ in millions)	3Q20	3Q19	YOY Δ
Revenue, reported	$130.2	$115.3	12.9%
(Increase)/Decrease due to FX			(1.4)%
Revenue growth, organic			11.5%

- Biologics Testing Solutions (Biologics) had another excellent quarter
- Revenue growth for Microbial Solutions improved from 2Q20, as anticipated

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

Manufacturing Results – Microbial Solutions

- Last quarter, commented that Microbial Solutions was affected by delayed instrument installations as certain client sites were inaccessible due to COVID-19
- As expected, backlog of instrument installations was gradually reduced in 3Q20
- Gained access to additional client sites and conducted some virtual installations, but other sites remain inaccessible as certain clients maintain their COVID-19-related visitor restrictions
- Believe Microbial revenue growth will continue to gradually improve as we complete additional installations
  - Rate of improvement will be contingent upon our ability to access client sites

Manufacturing Results – Biologics

- Biologics reported another exceptional quarter of strong, double-digit revenue growth, principally driven by:
  - Robust market trends
  - Increasing utilization of our new capacity
- In 2019, opened and transitioned into new Biologics site in Pennsylvania, which more than doubled capacity in the region
- New capacity has been filling in 2020, due in part to robust client demand for testing of cell and gene therapies and COVID-19 therapeutics
- Believe cell and gene therapy and our core Biologics testing work will continue to be significant growth drivers for years to come
- CRL will benefit from these trends and take market share because clients see the value in our extensive portfolio of services to support the safe manufacture of their biologics programs, and because we have available capacity to accommodate client demand

Manufacturing – Operating Margin

	3Q20	3Q19	YOY Δ
Manufacturing GAAP OM%	37.1%	34.0%	310 bps
Manufacturing Non-GAAP OM%	39.1%	36.4%	270 bps

- Significant operating margin improvement driven primarily by:
  - Robust Biologics growth
  - Higher utilization of new Pennsylvania site
  - Elimination of duplicate costs from last year's transition to new site
- Avian business also contributed
- Continue to be pleased with benefits from enhanced operating efficiency in Microbial Solutions business as a result of process improvements

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

Factors Driving CRL Strength

- 3Q20 performance is indicative of several important factors:
  - Our leading portfolio of early-stage and manufacturing support solutions continues to resonate with clients more today than ever before
  - Early-stage market trends are strong
  - Clients' appetite for outsourcing has become increasingly robust
  - We have the vision and experience to manage through challenging periods
- Believe clients outsourced more work to us in 2020 because they trusted:
  - The resilience of our business model
  - Our ability to remain fully operational
  - Our ability to partner with them to advance their programs when they faced significant COVID-19-related disruptions

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Outsourcing & Funding Environment

- As clients resume more normalized research activities, believe they are actively reevaluating their longer-term outsourcing strategies
- COVID-19 has proven the ease and flexibility of partnering with a large, stable CRO like CRL, as well as enhanced reliability as clients seek greater research efficiency and continuity
- Therefore, believe biopharma clients are already committing to outsource more than they did prior to the pandemic
- Biotech funding levels were particularly strong in 3Q20, surpassing $100B YTD
- Biotech IPO activity is accelerating, and YTD funding through September has already exceeded 2019’s total
- Believe that biotech funding is particularly significant for our clients because many of them are emerging or smaller biotechs with programs in the discovery and preclinical development stages
- We see evidence from clients, including global biopharmas, that they are emphasizing greater investment in preclinical pipelines

Operating Margin Outlook

- Favorable market environment aids us in driving top-line growth, but is only one of the factors that we believe will continue to drive strong financial performance
- Operating margin expansion is also a key component of our strategy
- Believe exceptional 3Q20 margin improvement of 330 bps, and ability to expand operating margins in 3 of the last 4 quarters, demonstrate the underlying operating leverage in our business and continued focus on driving efficiency
- Expect to be near our 20% margin target this year, essentially 1 year ahead of expectations

Acquisition Strategy

- In order to continue to enhance value to clients and our growth potential, it is imperative that we continue to expand our unique portfolio of essential products and services to more comprehensively support our clients' research needs
- Strategic acquisitions have always been our preferred use of capital
- Continuing to evaluate new opportunities after a pause in 2Q20
- Continues to be an abundance of M&A candidates available
- Will also increasingly employ our strategic partnering strategy to stay current with new technologies and modalities and to add innovative capabilities and cutting-edge technologies with limited upfront risk

New Appointment/Promotion

- Earlier this month, appointed George Llado to Board of Directors
  - Currently Senior Vice President and Chief Information Officer at Alexion Pharmaceuticals after having spent 25 years at Merck
  - George's unique view from the client perspective and his technological expertise will be invaluable
  - A dynamic thought leader in the technology field
  - We look forward to leveraging his insights as we continue to invest in information technology
- Promoted Vicky Creamer to Executive Vice President and Chief People Officer
  - Joined CRL in 2019 to lead the Human Resources (HR) function as a Senior VP
  - Since joining, has developed and executed a strategic HR plan that includes identifying and implementing world-class HR processes, developing and rewarding talent, and optimizing organizational design
  - Has been instrumental in CRL's COVID-19 strategy, ensuring our people are receiving support and resources necessary to navigate this challenging time

Conclusion

- Through the COVID-19 crisis, believe the strength and resilience of our business model and unwavering focus on the client experience have enabled us to enhance our position as the leading, early-stage CRO
- Success would not be possible without collective efforts of the dedicated CRL staff
- Express my sincere appreciation to them for their hard work and unwavering commitment that allows CRL to continue to fulfill its mission every day
- Thanks to our clients and shareholders for their continued support

3Q20 Results

($ in millions)	3Q20	3Q19	YOY Δ	Organic Δ
Revenue	$743.3	$668.0	11.3%	7.8%
GAAP OM%	17.9%	13.9%	400 bps	
Non-GAAP OM%	22.7%	19.4%	330 bps	
GAAP EPS	$2.03	$1.46	39.0%	
Non-GAAP EPS	$2.33	$1.69	37.9%	

- Very pleased with our strong 3Q20 results
  - High-single-digit organic revenue growth
  - Meaningful operating margin improvement
  - Resulted in 38% YOY increase in non-GAAP EPS, as did a lower tax rate
- 3Q20 results reflected improved organic revenue growth across all three business segments vs. 2Q20, and non-GAAP operating margin expansion on both a sequential and YOY basis

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

Operating Margin

- 3Q20 non-GAAP operating margin of 22.7% was one of the highest levels in the Company’s history
  - Underlying operating leverage in our business is the primary driver of the improvement, benefiting from greater operating efficiencies and cost controls
  - COVID-19 cost controls, including travel restrictions and lower discretionary costs, contributed to 3Q20 operating margin performance
- Expected FY 2020 savings of ~$40M from COVID-19 related cost reduction initiatives and cost controls is unchanged from our prior estimate
- Experiencing the benefit from the scalable investments that we have made in staff, capacity, and infrastructure
  - Profitability of acquired businesses has also improved as the synergies from recent acquisitions gained traction
- Coupled with these initiatives, our continuing focus on operational excellence and cost management are the primary drivers of operating margin expansion

Operating Margin (cont'd.)

- For FY 2020, expect to be near our two-year operating target of 20%, effectively one year ahead of schedule

Unallocated Corporate Expenses

($ in millions)	3Q20	2Q20	3Q19
GAAP	$42.9	$42.2	$45.8
Non-GAAP	$40.7	$41.8	$40.2

- 3Q20 non-GAAP operating margin improvement was also driven by leveraging of corporate costs
- Unallocated corporate costs (non-GAAP) for 3Q20 were 5.5% of total revenue, a 50-bps decline from 6.0% last year
- At 5.7% YTD, continue to expect unallocated corporate costs (non-GAAP) to be ~5.5% of total revenue for FY 2020

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

Net Interest Expense

($ in millions)	3Q20	2Q20	3Q19
GAAP interest expense, net	$18.7	$19.1	$5.3
Non-GAAP interest expense, net	$18.7	$19.1	$5.3
Adjustments for foreign exchange forward contract and related interest expense(1)	$ —	$ —	$12.1
Adjusted net interest expense	$18.7	$19.1	$17.4

- 3Q20 adjusted net interest expense increased $1.3M YOY, reflecting higher debt balances and a higher interest rate in 2020
- Expect adjusted net interest expense for FY 2020 to be in a range of $75-$77M, which is $1M lower than our prior guidance

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

Solid Financial Position

- Repaid ~$245M debt during 3Q20, reducing total debt balance to $2.0B at end of 3Q20
- Resulted in a reduction in gross leverage ratio to 2.6x and net leverage ratio to 2.3x
  - Sub-3x leverage ratio generates interest savings on our variable-rate debt, reducing the rate by 25 bps to LIBOR plus 125 bps
- Pleased that we were able to quickly repay debt to bring leverage to our targeted level below 3x after borrowing for the HemaCare acquisition earlier in the year
- Strategic acquisitions remain our top priority for capital allocation and support our long-term growth strategy
- Absent any acquisitions in the near term, we intend to repay debt

Tax Rate

	3Q20	2Q20	3Q19
GAAP	24.1%	19.4%	(0.4)%
Non-GAAP	21.9%	21.0%	23.6%

- 3Q20 non-GAAP tax rate represented a 170 bps decrease from 3Q19
- Lower tax rate was due primarily to:
  - Discrete tax benefits associated with foreign tax credits
  - Higher-than-expected excess tax benefit associated with stock-based compensation, which occurred because a higher stock price in 3Q20 generated more equity exercise activity
- Reducing FY 2020 non-GAAP tax rate outlook by 225 bps at midpoint to a range of 19.0%-19.5%, compared to our prior outlook of 21%-22%
  - Based on the favorable 3Q20 tax rate and expectation of additional discrete tax benefits in 4Q20
- 2020 tax outlook includes substantial benefits from stock compensation and other discrete tax items that are expected to lower this year's tax rate
- Over the longer-term, we continue to expect non-GAAP tax rate will be in the range of low- to mid-20% target

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

Cash Flow

($ in millions)	3Q20	3Q19	2020 Outlook
Free cash flow (FCF)	$151.1	$120.7	~$415
Capex	$26.2	$35.2	~$130
Depreciation	$31.4	$28.0	~$125
Amortization (1)	$28.2	$23.8	$110-$115

- Free cash flow was substantially increased YOY, reflecting the strong underlying operating performance of our businesses and working capital improvements
  - Increased FCF outlook for FY 2020 to ~$415M, from prior guidance of $350-$365M
- Capex in 3Q20 decreased $9M YOY
  - Capex outlook remains at ~$130M for FY 2020

(1) Amortization of intangible assets only. Excludes amortization of inventory fair value adjustments included in cost of products sold or costs of services provided.

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

Increasing 2020 Guidance

	Current	Prior
Revenue growth, reported	9.5% - 10.5%	7.5% - 9.0%
Revenue growth, organic	5.0% - 6.0%	4.0% - 5.5%
GAAP EPS	$5.80 - $5.90	$4.70 - $5.00
Non-GAAP EPS	$7.75 - $7.85	$7.05 - $7.35

- Increasing revenue growth and EPS guidance for 2020
- Meaningful margin improvement and a lower tax rate expected to drive higher FY 2020 non-GAAP EPS outlook to a range of $7.75-$7.85

Updated 2020 Segment Revenue Outlook

	2020 Reported Revenue Growth	2020 Organic Revenue Growth
RMS	Mid-single-digit growth	Mid-single-digit decline
DSA	Low-double-digit growth	High-single-digit growth
Manufacturing	High-single-digit growth	High-single-digit growth
Consolidated CRL	9.5%-10.5%	5.0%-6.0%

- FY2020 outlook for segment revenue growth is also more favorable, particularly for RMS

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

Updated 2020 Guidance Summary

	GAAP	Non-GAAP
Revenue growth	9.5%-10.5% reported	5.0%-6.0% organic
Unallocated corporate	~6.0% of revenue	~5.5% of revenue
Net interest expense (total)	$71M-$73M	$75M-$77M (adjusted)
Tax rate	19.0%-19.5%	19.0%-19.5%
EPS	$5.80 - $5.90	$7.75-$7.85
Cash flow	Operating cash flow: $530M-$545M	Free cash flow: $400M-$415M
Capital expenditures	~$130M	~$130M

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

4Q20 Outlook

	4Q20 Outlook
Reported revenue growth YOY	High-single-digit growth
Organic revenue growth YOY	Mid- to-high-single-digit growth
Non-GAAP EPS growth YOY	Low- to mid-single-growth vs. 4Q19

- Extremely pleased with operating margin expansion through first 3 quarters of 2020, particularly amidst the COVID-19 crisis
- Q4 has represented higher quarterly operating margin over the last 2 years
- Tempered our expectations for 4Q20 non-GAAP operating margin because:
  - COVID-19 revenue impact will not be behind us until we exit the year
  - COVID-19 cost control benefits will further moderate from 3Q20 level
- Believe we are well positioned to finish the year strong and excited for the prospects as we look ahead into 2021 and beyond
  - Including the achievement of a FY 2020 non-GAAP operating margin near our 20% target

3Q20 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		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Research Models and Services				
Revenue	$ 151,910	$ 132,546	$ 414,455	$ 405,772
Operating income	37,108	34,385	68,325	103,729
Operating income as a % of revenue	24.4 %	25.9 %	16.5 %	25.6 %
Add back:				
Amortization related to acquisitions	4,010	341	15,581	1,042
Severance	27	381	527	1,106
Acquisition related adjustments [2][3]	922	-	1,499	2,201
Site consolidation costs, impairments and other items	(59)	-	200	257
Total non-GAAP adjustments to operating income	$ 4,900	$ 722	$ 17,807	$ 4,606
Operating income, excluding non-GAAP adjustments	$ 42,008	$ 35,107	$ 86,132	$ 108,335
Non-GAAP operating income as a % of revenue	27.7 %	26.5 %	20.8 %	26.7 %
Depreciation and amortization	$ 9,455	$ 4,895	$ 27,333	$ 14,198
Capital expenditures	$ 3,552	$ 5,818	$ 15,585	$ 14,979
Discovery and Safety Assessment				
Revenue	$ 461,177	$ 420,079	$ 1,342,424	$ 1,179,793
Operating income	90,348	64,995	234,872	175,214
Operating income as a % of revenue	19.6 %	15.5 %	17.5 %	14.9 %
Add back:				
Amortization related to acquisitions	22,191	21,560	68,326	58,067
Severance	423	1,848	3,987	2,533
Acquisition related adjustments [3]	461	4,524	2,845	8,516
Site consolidation costs, impairments and other items	2,938	(207)	5,872	(207)
Total non-GAAP adjustments to operating income	$ 26,013	$ 27,725	$ 81,030	$ 68,909
Operating income, excluding non-GAAP adjustments	$ 116,361	$ 92,720	$ 315,902	$ 244,123
Non-GAAP operating income as a % of revenue	25.2 %	22.1 %	23.5 %	20.7 %
Depreciation and amortization	$ 42,707	$ 39,898	$ 125,138	$ 111,231
Capital expenditures	$ 15,532	$ 21,141	$ 46,436	$ 45,130
Manufacturing Support				
Revenue	$ 130,213	$ 115,326	$ 376,064	$ 344,523
Operating income	48,246	39,253	132,288	103,893
Operating income as a % of revenue	37.1 %	34.0 %	35.2 %	30.2 %
Add back:				
Amortization related to acquisitions	2,150	2,204	6,614	6,802
Severance	333	248	1,985	549
Acquisition related adjustments [3]	-	62	(421)	218
Site consolidation costs, impairments and other items	169	180	169	1,485
Total non-GAAP adjustments to operating income	$ 2,652	$ 2,694	$ 8,347	$ 9,054
Operating income, excluding non-GAAP adjustments	$ 50,898	$ 41,947	$ 140,635	$ 112,947
Non-GAAP operating income as a % of revenue	39.1 %	36.4 %	37.4 %	32.8 %
Depreciation and amortization	$ 6,655	$ 5,990	$ 19,257	$ 17,577
Capital expenditures	$ 5,787	$ 6,421	$ 13,985	$ 14,299

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 September 26, 2020	Three Months Ended September 28, 2019	Nine Months Ended September 26, 2020	Nine Months Ended September 28, 2019
Unallocated Corporate Overhead	$ (42,949)	$ (45,831)	$ (131,683)	$ (140,474)
Add back:				
Severance	36	-	36	-
Acquisition related adjustments [3]	2,124	5,296	9,976	23,188
Other items [4]	89	379	(661)	1,408
Total non-GAAP adjustments to operating expense	$ 2,249	$ 5,675	$ 9,351	$ 24,596
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (40,700)	$ (40,156)	$ (122,332)	$ (115,878)
Total				
Revenue	$ 743,300	$ 667,951	$ 2,132,943	$ 1,930,088
Operating income	132,753	92,802	303,802	242,362
Operating income as a % of revenue	17.9 %	13.9 %	14.2 %	12.6 %
Add back:				
Amortization related to acquisitions	28,351	24,105	90,521	65,911
Severance	819	2,477	6,535	4,188
Acquisition related adjustments [2][3]	3,507	9,882	13,899	34,123
Site consolidation costs, impairments and other items [4]	3,137	352	5,580	2,943
Total non-GAAP adjustments to operating income	$ 35,814	$ 36,816	$ 116,535	$ 107,165
Operating income, excluding non-GAAP adjustments	$ 168,567	$ 129,618	$ 420,337	$ 349,527
Non-GAAP operating income as a % of revenue	22.7 %	19.4 %	19.7 %	18.1 %
Depreciation and amortization	$ 59,580	$ 51,758	$ 174,048	$ 146,262
Capital expenditures	$ 26,185	$ 35,163	$ 78,706	$ 76,675

(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) This amount represents a $2.2 million charge recorded in connection with the modification of the option to purchase the remaining 8% equity interest in Vital River in the nine months ended September 28, 2019.

(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.

(4) This amount relates to third-party costs, net of insurance reimbursements, associated with the remediation of the unauthorized access into the Company's information systems which was detected in March 2019.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

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

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Net income attributable to common shareholders	$ 102,909	$ 72,810	$ 221,113	$ 171,671
Add back:				
Non-GAAP adjustments to operating income (Refer to previous schedule)	35,814	36,816	116,535	107,165
Venture capital and strategic equity investment (gains) losses, net	(20,350)	598	(32,226)	(5,724)
Tax effect of non-GAAP adjustments:				
Non-cash tax provision (benefit) related to international financing structure [2]	804	(20,368)	2,990	(20,368)
Tax effect of the remaining non-GAAP adjustments	(1,216)	(6,073)	(19,040)	(18,443)
Net income attributable to common shareholders, excluding non-GAAP adjustments	$ 117,961	$ 83,783	$ 289,372	$ 234,301
Weighted average shares outstanding - Basic	49,703	48,818	49,482	48,682
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	999	897	889	945
Weighted average shares outstanding - Diluted	50,702	49,715	50,371	49,627
Earnings per share attributable to common shareholders:				
Basic	$ 2.07	$ 1.49	$ 4.47	$ 3.53
Diluted	$ 2.03	$ 1.46	$ 4.39	$ 3.46
Basic, excluding non-GAAP adjustments	$ 2.37	$ 1.72	$ 5.85	$ 4.81
Diluted, excluding non-GAAP adjustments	$ 2.33	$ 1.69	$ 5.74	$ 4.72

(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) This adjustment relates to the recognition of deferred tax assets expected to be utilized as a result of changes to the Company's international financing structure.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP REVENUE GROWTH
TO NON-GAAP REVENUE GROWTH, ORGANIC (UNAUDITED) (1)

Three Months Ended September 26, 2020	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	11.3 %	14.6 %	9.8 %	12.9 %
Increase due to foreign exchange	(1.3)%	(1.5)%	(1.2)%	(1.4)%
Contribution from acquisitions (2)	(2.2)%	(11.1)%	- %	- %
Non-GAAP revenue growth, organic (3)	**7.8 %**	**2.0 %**	**8.6 %**	**11.5 %**

Nine Months Ended September 26, 2020	**Total CRL**	**RMS Segment**	**DSA Segment**	**MS Segment**
Revenue growth, reported	10.5 %	2.1 %	13.8 %	9.2 %
Decrease due to foreign exchange	- %	- %	- %	0.5 %
Contribution from acquisitions (2)	(4.8)%	(8.2)%	(5.1)%	- %
Non-GAAP revenue growth, organic (3)	**5.7 %**	**(6.1)%**	**8.7 %**	**9.7 %**

(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) 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 26, 2020E

2020 GUIDANCE	CURRENT	PRIOR
Revenue growth, reported	9.5% – 10.5%	7.5% – 9.0%
Less: Contribution from acquisitions (1)	(4.0%) – (4.5%)	~(4.0%)
Unfavorable/(favorable) impact of foreign exchange	0.0% – (0.5%)	~0.5%
Revenue growth, organic (2)	5.0% – 6.0%	4.0% – 5.5%
GAAP EPS estimate	[$5.80 – $5.90]	$4.70 – $5.00
Acquisition-related amortization	$1.75 – $1.80	~$1.75
Charges related to global efficiency initiatives (3)	[~$0.15]	$0.25 – $0.30
Acquisition-related adjustments (4)	$0.25 – $0.30	$0.20 – $0.25
Other items (5)	~$0.25	$0.25 – $0.32
Venture capital and other strategic investment losses/(gains), net (6)	($0.49)	($0.20)
Non-GAAP EPS estimate	$7.75 – $7.85	$7.05 – $7.35
Free cash flow (7)	~$415 million	$350 – $365 million

Footnotes to Guidance Table:

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

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

(3) 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.

(4) 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.

(5) These items primarily relate to charges of approximately $0.15 associated with the planned termination of the Company's U.S. pension plan in the second half of 2020, as well as charges of approximately $0.10 primarily associated with U.S. and international tax legislation that necessitated changes to the Company's international financing structure.

(6) Venture capital and other strategic investment performance only includes recognized gains or losses. The Company does not forecast the future performance of these investments.

(7) The reconciliation of the current 2020 free cash flow guidance is as follows: Cash flow from operating activities of approximately $545 million, less capital expenditures of approximately $130 million, results in free cash flow of approximately $415 million.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]

(in thousands, except percentages)

	Three Months Ended June 27, 2020
Unallocated Corporate Overhead	$ (42,247)
Add back:	
Acquisition related adjustments [2]	869
Other items [3]	(463)
Total non-GAAP adjustments to operating expense	$ 406
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (41,841)

(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) This amount relates to third-party costs, net of insurance reimbursements, associated with the remediation of the unauthorized access into the Company's information systems which was detected in March 2019.

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

	Three Months Ended			Fiscal Year Ended
	September 26, 2020	June 27, 2020	September 28, 2019	December 26, 2020E
GAAP Interest expense, net	$ 18,688	$ 19,076	$ 5,313	$71,000-$73,000
Non-GAAP Interest expense, net	$ 18,688	$ 19,076	$ 5,313	$71,000-$73,000
Adjustments for foreign exchange forward contract and related interest expense [2]	-	-	12,087	~4,000
Adjusted Interest expense, net	$ 18,688	$ 19,076	$ 17,400	$75,000-$77,000

[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] Amounts reported in total adjusted interest expense include a $14.3 million gain on a forward contract and $1.8 million of additional interest expense for the three months ended September 28, 2019.

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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)

	September 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
DEBT (2):									
Total Debt & Finance Leases	$ 2,016,107	$ 1,888,211	$ 1,668,014	$ 1,145,104	$ 1,235,009	$ 863,031	$ 777,863	$ 663,789	$ 666,520
Plus: Other adjustments per credit agreement	$ 2,220	$ 712	$ 3,033	$ 298	$ 3,621	$ 1,370	$ 2,828	$ 9,787	$ 9,680
Total Indebtedness per credit agreement	$ 2,018,328	$ 1,888,924	$ 1,671,047	$ 1,145,402	$ 1,238,630	$ 864,401	$ 780,691	$ 673,576	$ 676,200
Less: Cash and cash equivalents	(242,879)	(238,014)	(195,442)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	$ 1,775,449	$ 1,650,910	$ 1,475,605	$ 981,608	$ 1,121,004	$ 746,454	$ 620,668	$ 517,649	$ 566,515

	September 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
ADJUSTED EBITDA (2):									
Net income attributable to common shareholders	$ 301,462	$ 252,019	$ 226,373	$ 123,355	$ 154,765	$ 149,313	$ 126,698	$ 102,828	$ 97,295
Adjustments:									
Less: Aggregate non-cash amount of nonrecurring gains	(1,091)	(310)	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	80,488	79,586	65,258	29,777	27,709	15,072	11,950	20,969	33,342
Plus: Provision for income taxes	78,623	50,023	54,996	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	225,882	198,095	161,779	131,159	126,658	94,881	96,445	96,636	81,275
Plus: Non-cash nonrecurring losses	6,098	427	559	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	54,815	57,271	47,346	44,003	43,642	40,122	31,035	24,542	21,855
Plus: Permitted acquisition-related costs	18,862	34,827	19,181	6,687	22,653	13,451	6,285	1,752	3,676
Plus: Pro forma EBITDA adjustments for permitted acquisitions	2,673	12,320	15,648	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 767,812	$ 684,259	$ 591,140	$ 524,756	$ 466,942	$ 365,978	$ 329,452	$ 283,071	$ 274,873

	September 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
LEVERAGE RATIO:									
Gross leverage ratio per credit agreement (total debt divided by adjusted EBITDA)	2.63x	2.76x	2.83x	2.2x	2.7x	2.4x	2.4x	2.4x	2.5x
Net leverage ratio (net debt divided by adjusted EBITDA)	2.3x	2.4x	2.5x	1.9x	2.4x	2.0x	1.9x	1.8x	2.1x

	September 26, 2020
INTEREST COVERAGE RATIO:	
Capital Expenditures	143,089
Cash Interest Expense	80,885
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	7.72x

(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 CTL International and HemaCare Corporation. The Company has defined interest coverage ratio as adjusted EBITDA for the trailing-twelve-month period less the aggregate amount of capital expenditures for the trailing-twelve-period; divided by the consolidated interest expense for the period of four consecutive fiscal quarters. 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.

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

	Three Months Ended			Nine Months Ended	
	September 26, 2020	June 27, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Income from operations before income taxes & noncontrolling interests	$ 135,276	$ 83,952	$ 73,235	$ 274,687	$ 198,519
Add back:					
Amortization related to acquisitions	28,351	31,264	24,105	90,521	65,911
Severance	819	5,386	2,477	6,535	4,188
Acquisition related adjustments [2][3]	3,507	1,833	9,882	13,899	34,123
Site consolidation costs, impairments and other items [4]	3,137	2,501	352	5,580	2,943
Venture capital and strategic equity investment (gains) losses, net	(20,350)	(23,911)	598	(32,226)	(5,724)
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	$ 150,740	$ 101,025	$ 110,649	$ 358,996	$ 299,960
Provision (benefit) for income taxes (GAAP)	$ 32,665	$ 16,284	$ (317)	$ 53,571	$ 24,970
Non-cash tax provision (benefit) related to international financing structure [5]	(804)	(1,113)	20,368	(2,990)	20,368
Tax effect of the remaining non-GAAP adjustments	1,216	6,020	6,073	19,040	18,443
Provision for income taxes (Non-GAAP)	$ 33,077	$ 21,191	$ 26,124	$ 69,621	$ 63,781
Total rate (GAAP)	24.1 %	19.4 %	(0.4)%	19.5 %	12.6 %
Total rate, excluding specified charges (Non-GAAP)	21.9 %	21.0 %	23.6 %	19.4 %	21.3 %

(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) This amount includes a $2.2 million charge recorded in the nine months ended September 28, 2019 in connection with the modification of the option to purchase the remaining 8% equity interest in Vital River.

(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.

(4) This amount relates to third-party costs, net of insurance reimbursements, associated with the remediation of the unauthorized access into the Company's information systems which was detected in March 2019.

(5) This adjustment relates to the recognition of deferred tax assets expected to be utilized as a result of changes to the Company's international financing structure.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF FREE CASH FLOW (NON-GAAP) [(1)]

(in thousands)

	Three Months Ended		Nine Months Ended		Fiscal Year Ended
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019	December 26, 2020E
Net cash provided by operating activities	$ 177,300	$ 155,847	$ 408,196	$ 300,259	~$545,000
Less: Capital expenditures	(26,185)	(35.163)	(78,706)	(76,675)	(~130,000)
Free cash flow	$ 151,115	$ 120,684	$ 329,490	$ 223,584	~$415,000

(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.

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