

**CHARLES RIVER LABORATORIES TO ACQUIRE  
CELSIS INTERNATIONAL LTD.**

**–Enhances Charles River Endotoxin and Microbial Detection’s Position as the  
Most Comprehensive Solution for Rapid Quality Control Testing –**

**– Transaction Expected to be Accretive  
to Non-GAAP EPS by Approximately \$0.05 in 2015 and \$0.15-\$0.20 in 2016 –**

**WILMINGTON, MA, July 9, 2015** – Charles River Laboratories International, Inc. (NYSE: CRL) announced today that it has entered into a definitive agreement to acquire Celsis International Ltd. for \$212 million in cash, subject to customary closing adjustments. Celsis is a leading provider of rapid bacterial detection systems for quality control testing in the biopharmaceutical and consumer products industries. Celsis’s systems are principally used for product-release testing to help ensure the safe manufacture of drugs and consumer products. The acquisition complements Charles River Endotoxin and Microbial Detection’s (EMD) position as a leading provider of rapid endotoxin testing and bacterial identification for biopharmaceutical manufacturing, and creates the most comprehensive solution for rapid quality control testing of biopharmaceutical and consumer products.

The addition of Celsis, with its Advance II™, Accel™, and Innovate™ systems for non-sterile applications, will complement EMD’s recently introduced PTS-Micro™, a rapid bacterial (bioburden) detection system for sterile biopharmaceutical applications. The comprehensive EMD and Celsis portfolio is expected to drive increased adoption of EMD’s quality control testing solutions across both sterile and non-sterile applications, as clients seek a single provider for their rapid product-release testing needs.

James C. Foster, Chairman, President, and Chief Executive Officer of Charles River Laboratories, commented, “The acquisition of Celsis combines leading providers of endotoxin and bacterial testing and bacterial identification to establish EMD as a comprehensive provider of rapid quality control testing solutions across multiple industries. The acquisition nearly doubles the market opportunity for EMD testing products and services, offering access to the consumer products market in addition to our core biopharmaceutical market. Celsis’s robust financial profile enhances the EMD business, which is our highest-growth and one of our highest-margin businesses. We expect Celsis to be immediately accretive to non-GAAP earnings per share in 2015, with a more significant contribution in 2016 and beyond.”

## **Additional Financial and Transaction Details**

The revenue growth rate for Celsis is expected to be in the low-double digits for the foreseeable future, with a non-GAAP operating margin higher than the Manufacturing Support segment. The purchase price implies a multiple of approximately 14x adjusted EBITDA for the last twelve months through March 31, 2015.

The transaction is expected to close in the third quarter of 2015, subject to customary closing conditions. Based on the anticipated timing of the close, the acquisition is expected to represent approximately 1% of Charles River's 2015 consolidated revenue, and approximately 2.5% of 2016 consolidated revenue. It is also expected to be accretive to non-GAAP earnings per share by approximately \$0.05 in 2015 and \$0.15 to \$0.20 in 2016. The Company expects to generate modest operational synergies as a result of the acquisition, with benefits totaling at least \$2 million in 2016. Items excluded from non-GAAP earnings per share are expected to include all transaction-related costs, which primarily include amortization of intangible assets and certain third-party integration costs.

The acquisition and associated fees are expected to be financed through a combination of borrowings under Charles River's revolving credit facility and cash. Charles River will not assume any of Celsis's debt or cash balances as part of this transaction. Celsis will be reported as part of the EMD business in Charles River's Manufacturing Support segment.

## **Webcast**

Charles River Laboratories has scheduled a live webcast on Thursday, July 9, at 8:30 a.m. ET to discuss matters relating to this press release. To participate, please go to [ir.criver.com](http://ir.criver.com) and select the webcast link. You can also find the associated slide presentation on the website.

## **Use of Non-GAAP Financial Measures**

This press release contains non-GAAP financial measures, such as non-GAAP earnings per diluted share, which exclude the amortization of intangible assets and other charges related to our acquisitions and expenses associated with evaluating acquisitions. We exclude these items from the non-GAAP financial measures because they are outside our normal operations. This press release also refers to our revenue in both a GAAP and non-GAAP (constant currency) basis. There are limitations in using non-GAAP financial measures, as they are not prepared in accordance with generally accepted accounting principles, and may be different than non-GAAP financial measures used by other companies. In particular, we believe that the inclusion of supplementary non-GAAP financial measures in this press release helps investors to gain a meaningful understanding of our core operating results and future prospects without the effect of these often-one-time charges, and is consistent with how management measures and forecasts the Company's performance, especially when comparing such results to prior periods or forecasts. We believe that the financial impact of our acquisitions (and in certain cases, the evaluation of such acquisitions, whether or not ultimately consummated) is often large relative to our overall financial performance, which can adversely affect the comparability of our results on a period-to-period basis. In addition,

certain activities, such as business acquisitions, happen infrequently and the underlying costs associated with such activities do not recur on a regular basis. Presenting revenue on a constant currency basis allows investors to measure our revenue growth exclusive of foreign currency exchange fluctuations more clearly. Non-GAAP results also allow investors to compare the Company's operations against the financial results of other companies in the industry who similarly provide non-GAAP results. The non-GAAP financial measures included in this press release 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. A reconciliation of non-GAAP earnings per share for 2015 and 2016 to the most directly comparable GAAP financial measure has not been included because it is impracticable to determine the allocation of the purchase price and other necessary adjustments at this time.

### **Caution Concerning Forward-Looking Statements**

This news release 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,” “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. Forward-looking statements include statements in this press release regarding the acquisition of Celsis International Ltd. (Celsis), expectations regarding the timing of the closing of the acquisition, and Charles River's expectations with respect to the impact of Celsis on the Company, its service offerings, revenue, revenue growth rates and earnings; Charles River's projected future performance including revenue and earnings per share; as well as Charles River's future growth in the area of endotoxin and microbial detection products and services. 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 complete the acquisition of Celsis. 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 17, 2015, 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 news release except as required by law.

### **About Charles River**

Charles River provides essential products and services to help pharmaceutical and biotechnology companies, government agencies and leading academic institutions around the globe accelerate their research and drug development efforts. Our dedicated employees are focused on providing clients with exactly what they need to improve and expedite the

discovery, early-stage development and safe manufacture of new therapies for the patients who need them. To learn more about our unique portfolio and breadth of services, visit [www.criver.com](http://www.criver.com).

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