4Q 2020 Results and 2021 Guidance

February 17, 2021

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 2021 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 completed or in-progress acquisitions, on the Company, our service offerings, client perception, strategic relationships, revenue, revenue growth rates, earnings, and synergies; our expectations regarding HemaCare, Cellero, Distributed Bio, and Cognate BioServices’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 October 29, 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. 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.

Opening Remarks

- 2020 was an unprecedented year
- COVID-19 pandemic challenged us in many ways
- Successfully navigated it and reinforced our position as the leading non-clinical CRO
- Our success in 2020 was due to:
  - Resilience of our business model
  - Comprehensive business continuity plans that enabled us to keep our worldwide operating sites open and adequately staffed
  - Broad scientific capabilities and flexible outsourcing solutions that supported client needs
  - Our employees around the world who met client needs through their commitment and dedication
- As a result, we have now become even more integral to our valued clients and more differentiated from the competition

Opening Remarks, cont.

- Despite the short-term impact of COVID-related client disruptions, we benefited from robust, underlying demand across most of our businesses
- Largely driven by clients' intensified use of strategic outsourcing to overcome challenges at their own sites
- Partnered with us to move their early-stage research programs forward during the pandemic
- Record biotech funding, which eclipsed $130B last year, is allowing clients to place greater emphasis on R&D investments, particularly their early-stage pipelines
- Believe these factors drove our exceptional financial results in 4Q20 and FY 2020

Opening Remarks, cont.

- Extremely pleased to report organic revenue growth above 10% in 4Q20, and 7% for FY 2020
- Both metrics are in line with or above our high-single-digit organic growth target, despite challenges associated with COVID-19 last year
- Also achieved our 2-year operating margin target of 20% for FY 2020, one year ahead of schedule
- Closely monitoring COVID-19, but believe strong performance in 2020 and continuation of robust demand trends—including record booking and proposal activity in the Safety Assessment business—position us well to get off to a strong start in 2021
- Pandemic has also enhanced global focus on scientific innovation, which is generating biomedical breakthroughs across multiple therapeutic areas, including COVID-19 vaccines
- Innovation has fueled continued investment in, and the proliferation of, more complex research techniques involving advanced drug modalities, such as cell and gene therapies (C&GT)
- Complexity of new modalities is increasing clients' reliance on a high-science outsourcing partner like CRL

Cognate BioServices Acquisition

- Expanding our portfolio and scientific expertise through a combination of acquisitions, strategic partnerships, and internal investments
  - Enhance our ability to meet clients' needs in emerging scientific areas and take advantage of significant growth opportunity that advanced drug modalities present
- On February 17th, announced intent to acquire Cognate BioServices, Inc., a premier CDMO partner for clients' comprehensive C&GT development and manufacturing needs
- Believe Cognate is an excellent opportunity to enter the CDMO market because it allows us to participate in a niche, value-added sector with a high-growth profile that adds to our existing, non-clinical development and manufacturing support capabilities
  - Will become part of our Manufacturing Support reportable segment

Cognate Strategic Rationale

- Three key aspects of the strategic rationale are:

1. **Scientific Expertise:** Cognate has solutions across the major CDMO platforms for C&GT

2. **Synergistic Fit:** Integrating manufacturing and required analytical testing is critical to drive efficiency

3. **High Growth:** C&GT sector offers exceptional growth potential

Cognate's Scientific Expertise

- Cognate's scientific expertise makes this a particularly attractive transaction
- Provides CDMO services across both C&GT
  - Primary area of expertise is CGMP cell therapy manufacturing
  - Also has capabilities in the production of plasmid DNA
    - A foundational tool for the development of gene-modified cell therapies and gene therapies
  - Offers other inputs in the CDMO value chain
- C&GT are emerging drug modalities and the science will continue to evolve
  - Cognate's broad capabilities should enable it to better adapt to shifts in the marketplace
- Cognate has a track record of producing various cell types and technologies used in cellular immunotherapy and immuno-oncology, regenerative medicine, and advanced cell therapy

Cognate's Synergistic Fit

- Cognate will be highly complementary to our existing, non-clinical capabilities
- Establishes CRL as a premier scientific partner for C&GT development, testing, and manufacturing
  - Provides clients with an integrated solution from basic research through CGMP production
- Biopharmaceutical clients are seeking to drive greater efficiency and leverage scientific benefits by working with fewer trusted partners who have broad, integrated capabilities
  - CRL is already a provider of extensive, non-clinical services for C&GT
  - Cognate acquisition enables us to produce drugs in these advanced modalities

Cognate's Synergistic Fit, cont.

- Strategic expansion with Cognate is particularly synergistic with our Biologics Testing Solutions (Biologics) business
- Ideal for clients to be able to seamlessly conduct analytical testing, process development, and manufacturing for advance modalities with the same scientific partner
  - Enables clients to achieve their goal of driving greater efficiency
- Our Biologics business is a premier provider of quality-control testing for C&GT, including assay development, analytical testing, and cell banking
  - All critical steps in the manufacturing scale-up and commercial production processes
- Clients also have access to our cellular products as the starting point for their cell therapy programs
- Able to work with CRL through every step of the research and early-stage development process before moving into CGMP production with Cognate
  - Accelerates our clients' speed to market for advanced drug modalities
- Expect CRL + Cognate to effectively double revenue base of CRL's comprehensive C&GT capabilities to ~10% of total revenue

CRL's Comprehensive Discovery & Non-Clinical Development Portfolio in All Drug Modalities

Modality	Spectrum of CRL Capabilities	CRL's Broad Capabilities Accelerate Discovery to Clinical Candidate & Beyond	Acquisition
Small Molecule	*Discovery* → *Non-Clinical Development*	• **Comprehensive small molecule platform** of early discovery and disease biology capabilities that enables CRL to work with clients from the **earliest stages of discovery** across major therapeutic areas and **develop innovative small molecule** candidates	argenta™ BioFocus
Large Molecule / Antibodies	*Discovery* → *Non-Clinical Development + Biologics QC Testing*	• **Large molecule discovery capabilities** leveraging Distributed Bio's antibody libraries and integrated antibody optimization technologies to provide **fully integrated antibody drug discovery** services	distributed bio algorithms for life
Cell and Gene Therapy	*Discovery* → *Non-Clinical Development + Biologics QC Testing + Clinical/Commercial Production*	• Cognate expands CRL's capabilities in the **high-growth CDMO area of cell and gene therapies**, enabling CRL to support clients at the earliest stages of their programs with our cellular products and provide the industry's **most comprehensive C&GT** efficacy and safety testing, process development, and analytical testing solutions to support clients through **commercial production of these advanced drug modalities**	COGNATE BIOSERVICES

All Species | ***All Modalities*** | ***All Biopharma***

Cognate & C&GT Growth Potential

- Cognate is expected to immediately enhance our growth potential by expanding capabilities into the complementary, high-growth C&GT sector
- Addressable market for Cognate's CDMO services currently estimated at ~$1.5B
  - Expected to grow ≥25% annually over the next 5 years
- Growth is being driven by the robust biotech funding environment
  - ~$20 billion was invested in C&GT companies in 2020
  - Fueling the rapid rise of C&GT in the R&D pipeline
    - Now total over 2,000 programs
- Believe demand for Cognate's services will intensify as more C&GT programs progress into late-stage development and commercialization
- Companies that are successful in the C&GT CDMO sector will be able to provide the science, the space, and the integrated solutions to broadly support clients' C&GT programs
  - CRL intends to be one of these successful companies

Cognate Financial Details

- Cognate purchase price expected to be ~$875M in cash
  - Valuation will be consistent with comparable high-growth, high-science transactions in the C&GT CDMO sector
- Cognate is expected to generate annual revenue of ~$140M in 2021
  - Revenue projected to grow at or above the estimated market rate of ≥25% CAGR over next 5 years
- Believe Cognate will meaningfully enhance our revenue and earnings growth potential and achieve our hurdle rates for investment returns
  - Driven by market growth potential and emerging role of C&GT as treatments for oncology and rare disease, in particular
- Look forward to welcoming Cognate's dedicated employees to the CRL family

4Q20 and 2020 Revenue

From Continuing Operations ($ in millions)	4Q20	4Q19	YOY Δ	2020	2019	YOY Δ
Revenue, reported	$791.0	$691.1	14.4%	$2,924	$2,621	11.5%
(Increase) Decrease due to FX			(2.0)%			(0.4)%
Contribution from acquisitions			(2.1)%			(4.1)%
Revenue, organic			10.3%			7.0%

- Robust client demand across all 3 business segments drove organic revenue growth
- DSA and Manufacturing segments reported low-double-digit organic growth
- RMS segment growth rebounded to a mid-single-digit rate, recovering from COVID-related client disruptions principally in 2Q20
- Very pleased with FY 2020 revenue growth rate, particularly in light of revenue headwinds from COVID-19

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

4Q20 and 2020 Operating Margin

From Continuing Operations	4Q20	4Q19	YOY Δ	2020	2019	YOY Δ
GAAP OM%	16.3%	15.7%	60 bps	14.8%	13.4%	140 bps
Non-GAAP OM%	20.8%	21.4%	(60) bps	20.0%	19.0%	100 bps

- 4Q20 non-GAAP operating margin improvement in both RMS and Manufacturing was offset by DSA
- At 20%, FY 2020 operating margin achieved our target 1 year ahead of schedule
- Exceptional performance resulted primarily from:
  - Inherent operating leverage in our business
  - Continued efforts to drive operating efficiency and build a more scalable infrastructure
  - Benefits of temporary cost reduction initiatives related to COVID-19
- Despite having achieved our 20% target, believe we are well positioned to achieve modest operating margin improvement in 2021

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

4Q20 and 2020 EPS

From Continuing Operations	4Q20	4Q19	YOY Δ	2020	2019	YOY Δ
GAAP EPS	$2.81	$1.61	74.5%	$7.20	$5.07	42.0%
Non-GAAP EPS	$2.39	$2.01	18.9%	$8.13	$6.73	20.8%

- Exceeded prior non-GAAP EPS guidance range of $7.75-$7.85 due primarily to robust, low-double-digit organic revenue growth and favorable below-the-line items, including a lower tax rate

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

Outlook for 2021

- Very enthusiastic about the outlook for 2021
- Believe we are positioned extremely well for the year ahead due to:
  - Exceptional market position
  - Strategic expansion of unique portfolio
  - Focus on operational excellence
  - Continuing robust client demand

2021 Guidance (Excluding Cognate)

	2021 Guidance
Revenue growth, reported	12.0%-14.0%
Contribution from acquisitions	(0.5%)-(1.0%)
(Increase)/Decrease due to FX	(2.0%)-(2.5%)
Revenue growth, organic	9.0%-11.0%
GAAP EPS	$7.10-$7.35
Acquisition-related amortization	$1.65-$1.70
Acquisition-related adjustments	$0.10-$0.15
Other items	~$0.10
Non-GAAP EPS	$9.00-$9.25

- 2021 YOY non-GAAP EPS growth expected to be in a range of 11%-14%
- Acquisition of Cognate expected to be neutral to non-GAAP EPS in 2021
- Expected to add ~400 bps to reported revenue growth rate; equates to reported revenue growth outlook of 16% to 18%

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

DSA Results – Revenue

($ in millions)	4Q20	4Q19	YOY Δ	2020	2019	YOY Δ
Revenue, reported	$495.0	$439.2	12.7%	$1,837.4	$1,619.0	13.5%
(Increase) Decrease due to FX			(1.4)%			(0.4)%
Contribution from acquisitions			---			(3.7)%
Revenue, organic			11.3%			9.4%

- 4Q20 growth driven by robust demand from global biopharma and biotech clients in both Discovery and Safety Assessment (SA)
- Expect the DSA organic revenue growth rate in 2021 will approach 10% because clients, both large and small, increasingly choose to partner with a large, reliable CRO like CRL
- Clients know that utilizing our science, our broad, early-stage portfolio, and our flexible outsourcing solutions will propel their research efforts faster and more efficiently than they could alone
- Amply demonstrated during pandemic, when clients faced challenges at their own sites
- Robust biotech funding also continues to fuel a healthy demand environment

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

DSA Results – Safety Assessment (SA)

- SA business performed extremely well, driven by higher study volume and 4Q20 price increases
- Bookings and proposal volume reached record levels in 4Q20, across all regions and major service areas
- Believe this positions SA favorably for a strong 1H21
- Pleased with the extensive depth and breadth of our SA portfolio and remain intently focused on enhancing the value we provide to clients

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Cell and Gene Therapy Opportunity

- Seeing greater opportunities to conduct safety and efficacy testing on C&GT
- Believe there is meaningful growth potential inherent in more than 2,000 programs currently in the C&GT pipeline, ~two-thirds of which are in preclinical phase
- Testing requirements for C&GT vary by molecule, from complex combination pharmacology-safety studies for certain cell therapies, to safety programs similar to traditional, large molecule drugs for gene therapies
- Have already built one of the largest, early-stage testing platforms to support this emerging, high-growth sector and intend to continue to adapt and enhance our capabilities to meet specific needs of these emerging drug modalities

Partnership Strategy

- Continuing to add new capabilities across many of our businesses, including through strategic partnerships
- Strategy has proven very successful to stay current with cutting-edge technologies and add innovative capabilities with limited up-front risk
- In last several months, have added new partnerships or expanded existing ones:
  - Cypre for 3D tumor modeling and screening immuno-oncological compounds in Discovery
  - PathoQuest and JADE Biomedical in Biologics
- Acquired Distributed Bio, formerly a strategic partner, through which we established our integrated large molecule discovery platform
- Platform filled a gap in our portfolio and expanded early discovery expertise in a complex drug modality few CROs can successfully offer
- Believe our clients' willingness to outsource more of their discovery programs will be predicated on our ability to continue to add innovative capabilities to meet their critical research needs

DSA Results – Discovery Services

- Believe the combination of strategic outsourcing trend, our deep scientific expertise, and our willingness to forge flexible relationships with clients led to tremendous performance by the Discovery business, which had another exceptional quarter and year
- Broad-based demand for our suite of early discovery, oncology, and CNS services drove 4Q20 performance
- To achieve goals in 2021 and beyond, will continue to strengthen our portfolio by expanding scale, science, and innovative technologies
- By doing so, are enabling our clients to remain with one scientific partner from target identification through IND filing
- Solidifying our position as the leading, early-stage CRO

DSA Results – Operating Margin

	4Q20	4Q19	YOY Δ	2020	2019	YOY Δ
DSA GAAP OM%	18.4%	19.1%	(70) bps	17.7%	16.0%	170 bps
DSA Non-GAAP OM%	23.2%	25.6%	(240) bps	23.4%	22.0%	140 bps

- 4Q20 non-GAAP operating margin decrease driven by increased costs, due in part to performance-based bonuses, and slightly less favorable study mix in the SA business
- Pleased with the FY 2020 non-GAAP operating margin expansion and believe there will be incremental opportunities for improvement

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

RMS Results – Revenue

($ in millions)	4Q20	4Q19	YOY Δ	2020	2019	YOY Δ
Revenue, reported	$156.7	$131.3	19.3%	$571.2	$537.1	6.3%
(Increase) Decrease due to FX			(2.9)%			(0.6)%
Contribution from acquisitions			(11.2)%			(9.0)%
Revenue, organic			5.2%			(3.3)%

- FY 2020 organic revenue decline reflected impact of ~7% from COVID-19, principally in 2Q20
- Outlook for RMS organic revenue growth in FY 2021 will be in the high teens, as a result of recovery from 2020 COVID-19 headwinds and the incremental benefit from adding the high-growth cell supply business to the organic revenue base following the respective anniversaries of HemaCare and Cellero acquisitions

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

RMS Results – Research Models

- Global demand for research models improved in 4Q20, both YOY and sequentially, as clients normalized order activity in all geographic regions following COVID-19 disruptions earlier in 2020
- Demand accelerated nicely in 4Q20, particularly in China
- Believe we benefited from market share gains in 2020, especially with Academic clients, as research sites reopened and not all suppliers could meet clients' needs
- Will continue to monitor the evolving COVID-19 situation globally, but at this point, appears that most academic and biopharma clients have adapted their protocols to continue working during pandemic

RMS Results – Services

- RM Services businesses continued to perform well
- GEMS is benefiting from renewed outsourcing demand due to:
  - Challenges at our clients' sites earlier in 2020
  - Use of more complex research models
- We are a natural partner for GEMS clients since we have extensive animal husbandry expertise
- Enables us to manage their proprietary models safely and efficiently
- Continuing to generate interest for Insourcing Solutions, through both the CRADL initiative, where we provide turnkey research capacity to clients, as well as through more traditional, insourced staffing arrangements

RMS Results – Cell Supply

- Revenue for our cell supply business, which includes HemaCare and Cellero, increased in 4Q20 on a comparative basis, but remained at a growth rate below the targeted 30% level
- Anticipate that growth rate will accelerate as COVID-19 constraints ease and expect to achieve growth target in 2021
- Continue to work diligently to expand donor base in the US and add more comprehensive capabilities at all of our sites to accommodate robust demand in the cell therapy market
- Acquisition of Cognate positions CRL as a trusted partner that can move a cell therapy program forward using the same cellular products through each step of the research and early-stage development phases, and into CGMP production at Cognate

RMS Results – Operating Margin

	4Q20	4Q19	YOY Δ	2020	2019	YOY Δ
RMS GAAP OM%	21.9%	23.0%	(110) bps	18.0%	24.9%	(690) bps
RMS Non-GAAP OM%	25.1%	24.6%	50 bps	22.0%	26.2%	(420) bps

- 4Q20 non-GAAP operating margin increase driven by operating leverage from higher sales volume in the research models business, as well as benefit of operating efficiency initiatives
- FY 2020 operating margin decline was due almost entirely to COVID-19 impact
- With financial impact of COVID-19 believed to be largely behind us, expect the RMS operating margin will rebound well above the 25% level in 2021

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

Manufacturing Results – Revenue

($ in millions)	4Q20	4Q19	YOY Δ	2020	2019	YOY Δ
Revenue, reported	$139.3	$120.6	15.5%	$515.4	$465.1	10.8%
(Increase) Decrease due to FX			(3.1)%			(0.4)%
Revenue, organic			12.4%			10.4%

- 4Q20 organic revenue growth driven primarily by Biologics
- Microbial Solutions and Avian Vaccine were also meaningful contributors to 4Q20

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

Manufacturing Results – Microbial Solutions

- Microbial Solutions revenue growth rate improved again in 4Q20, due in part to year-end ordering trends for Endosafe® testing cartridges
- Continue to have delayed instrument installations resulting from COVID-19 restrictions at certain client sites
- Expect this will constrain Microbial Solutions revenue growth well into 2021, primarily because the incremental revenue stream associated with the corresponding sale of consumables (cartridges, reagents, and Accugenix® microbial identification services) that generally follow the installation of our high-throughput systems will be delayed
  - Primary factor expected to cause the segment's organic growth rate to be slightly below 10% in 2021
- Beyond the COVID-related impact, continue to firmly believe that our ability to provide clients with a comprehensive, rapid, and efficient microbial testing solution, as well as a high-quality and accurate testing platform, are key differentiators from the competition
- Will lead clients to continue to choose CRL for their critical quality-control testing requirements

Manufacturing Results – Biologics

- Biologics reported an exceptional 4Q20 and FY 2020, with strong, double-digit revenue growth
- Believe that robust market demand will continue to support Biologics revenue growth in 2021, due largely to demand for testing of cell and gene therapies (C&GT)
- Developed a comprehensive suite of new assays required to support unique needs of C&GT and will continue to add assays in 2021 to accommodate robust demand
- Acquisition of Cognate expected to be highly synergistic to our Biologics business, as clients will now be able to outsource CGMP C&GT production and required analytical testing to one scientific partner, reducing bottlenecks and inefficiencies of utilizing multiple outsourced providers
- Expect to derive a benefit from COVID-19 testing
- Believe Biologics will be providing required production testing as many vaccines move on to commercial production phase and some early-stage testing activity subsides
- Given the strength of demand, continuing to build upon extensive portfolio of services to support the safe manufacture of biologics and ensure we have available capacity to accommodate client demand
- As part of this strategy, pleased to recently announce our expanded partnership with PathoQuest to build a next-generation sequencing lab at our Pennsylvania site, and partnership with JADE Biomedical to enhance our biologics testing capabilities and geographic reach in China

Manufacturing – Operating Margin

	4Q20	4Q19	YOY Δ	2020	2019	YOY Δ
Manufacturing GAAP OM%	35.3%	34.4%	90 bps	35.2%	31.3%	390 bps
Manufacturing Non-GAAP OM%	37.3%	37.2%	10 bps	37.4%	33.9%	350 bps

- Non-GAAP operating margin increase was due to leverage from strong revenue growth
- Margin was above our mid-30% target in FY 2020 and is consistent with expectations for FY 2021 excluding Cognate

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

CRL's Trusted Role with Clients

- Believe that COVID-19 pandemic has demonstrated that we are even more integral to our clients now
- Intently focused on accommodating their evolving needs during these challenging times, and many clients have told us that they couldn't move their research forward without us
- Clients have outsourced incremental work to us across multiple therapeutic areas because of our deep scientific expertise and the ease and flexibility of working with an integrated, early-stage CRO like CRL
- As a result, generated ~$60M of revenue in FY 2020 from our work on COVID-19 vaccines and related therapeutics
- Proud to have worked on all of the COVID-19 vaccines that have been approved for emergency use by the FDA and in the UK to date, including the AstraZeneca and Moderna vaccines

AstraZeneca and Moderna

- CRL has worked closely with AstraZeneca and Moderna, two leading biopharma companies, under our multi-year strategic relationships
- AstraZeneca and Moderna have embraced the benefits of outsourcing and driving efficiency throughout their R&D organizations
- Our relationships demonstrate how we can work together towards a common mission to bring breakthrough treatments to market to save lives
- Particularly critical now, as we strive to find a solution to the pandemic

Concluding Remarks

- As 2020 demonstrated, we are operating in a robust business environment with excellent growth potential
- To continue to successfully execute our strategy, maintain and enhance CRL's position as the leading, early-stage CRO, and expand our manufacturing support and CDMO capabilities, will continue to:
  - Make investments in our scientific capabilities through M&A, strategic partnerships, and internal development
  - Expand capacity and staff to accommodate demand
  - Exploit our digital enterprise to provide critical data for internal use and to enhance connectivity with clients
- Continuing to evaluate acquisition opportunities across our businesses and across drug modalities and scientific capabilities

Concluding Remarks, cont.

- Investing in a disciplined manner, strengthening our portfolio and focusing on speed and responsiveness as we meet our clients' individual needs, promoting a more efficient drug development model
- Our goal is to enhance our position as a trusted scientific partner for pharma and biotech companies, academic institutions, and government and non-governmental organizations worldwide
- By providing exceptional value to our clients, believe we will continue to deliver greater value to our shareholders

2021 Guidance (Excluding Cognate)

	2021 Guidance
Revenue growth, reported	12% - 14%
Revenue growth, organic	9% - 11%
GAAP EPS	$7.10 - $7.35
Non-GAAP EPS	$9.00 - $9.25

- 2021 revenue growth includes a benefit of favorable YOY comparison to 2020 COVID-19 revenue impact
- Sustained client demand, including record 4Q20 bookings and proposal volume in Safety Assessment, and a robust biotech funding environment support growth outlook for 2021
- Based on strong revenue growth and modest operating margin expansion, believe CRL will be well positioned to deliver non-GAAP EPS between $9.00-$9.25
  - Equates to YOY EPS growth of 11%-14%, similar to top-line growth outlook as higher revenue and margin improvement will be partially offset by a higher tax rate

Foreign Exchange (FX) Impact

- FX is expected to provide 200-250 bps benefit to 2021 reported revenue growth guidance, as a result of the weakening U.S. dollar
- FX rate estimates based on bank forecasts of forward rates for the year
  - Currently very close to spot FX rates
- Will continue to monitor fluctuations in currency markets as we progress through 2021

(% of total revenue)	2020 Revenue	2021E FX Rates
U.S. Dollar	67%	--
Euro	18%	1.22
British Pound	6%	1.35
Canadian Dollar	2%	0.79
Chinese Yuan (renminbi)	2%	0.15
Japanese Yen	2%	9.64
Other currencies	3%	--

2021 Segment Revenue Outlook (Excluding Cognate)

	2021 Reported Revenue Growth	2021 Organic Revenue Growth(1)
RMS	Low-20% range	High teens
DSA	Low-double digits	Approaching 10%
Manufacturing	Low-double digits	Slightly below 10%
Consolidated CRL	12% - 14%	9% - 11%

- Outlook reflects the strong business environment and the fact that most of our businesses have recovered from COVID-related disruptions in 2020
  - **RMS:** Client order activity for research models rebounds from COVID-19
  - **RMS:** Growth rate of HemaCare and Cellero cell supply businesses accelerates to targeted levels
  - **Manufacturing:** Robust Biologics demand partially offset by continuing impact of COVID on Microbial Solutions

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

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

2021 Operating Margin Outlook (Excluding Cognate)

- Very pleased 2020 operating margin improved by 100 bps to 20.0%, and we achieved our targeted full-year operating margin of 20% one year ahead of plan
- Building upon this performance, believe CRL will be well positioned to drive additional margin improvement for FY 2021, despite modest pressures on Manufacturing due to Cognate
  - Continue to leverage strong revenue growth
  - Maintain focus on operational excellence
- RMS segment expected to be a primary contributor to margin improvement in 2021, increasing from COVID-suppressed levels to well above 25%
- DSA operating margin expected to continue to make progress toward the mid-20% target
- Manufacturing operating margin expected to be similar to 2020 level before Cognate

Unallocated Corporate Expenses

($ in millions)	4Q20	4Q19	2020	2019
GAAP	$45.7	$46.6	$177.4	$187.1
Non-GAAP	$41.3	$41.9	$163.7	$157.8

- Expect unallocated corporate expenses in FY 2021 to be in the mid-5% range as a percent of revenue (GAAP and non-GAAP)
  - Similar to 5.6% of revenue in FY 2020 (non-GAAP)
- Scalable infrastructure enables us to drive to greater efficiency, even as we periodically reinvest to meet our goals and needs of our clients

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

Net Interest Expense

($ in millions)	4Q20	4Q19	2020	2019
GAAP interest expense, net	$33.1	$23.7	$85.6	$59.4
Non-GAAP interest expense, net	$33.1	$22.1	$85.6	$57.8
Adjustments for foreign exchange forward contract and related interest expense(1)	($16.1)	($5.3)	($11.9)	$9.6
Adjusted net interest expense	$17.0	$16.8	$73.7	$67.4

- Net interest expense expected to decrease to a range of $66-$68M excluding Cognate (GAAP and non-GAAP)
- Expect 2021 YOY decrease to be driven by:
  - Lower average debt balances
  - Lower variable interest rates

(1) Amounts reported in total adjusted net interest expense include $15.4M loss on a forward contract and $0.1M of additional interest expense in 4Q20, and $9.3M loss on forward contracts and $1.4M of additional interest expense in FY20.

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

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Tax Rate

	4Q20	4Q19	2020	2019
GAAP	16.4%	23.7%	18.3%	16.5%
Non-GAAP	17.8%	23.5%	18.9%	22.0%

- 2021 tax rate is expected to be in the low-20% range (GAAP and non-GAAP)
- 2021 YOY increase principally an issue of comparison to 2020, because last year's tax rate was mainly reduced by discrete tax benefits associated with state tax returns and foreign tax credits
- Q1 tax rate has been meaningfully lower in recent years, due primarily to excess tax benefit related to stock compensation
  - Given current stock price, expect this to be true in 2021
  - 1Q21 non-GAAP tax rate expected to be in the mid-teens

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

Cash Flow

($ in millions)	2020	2019	2021 Outlook (excluding Cognate)
Free cash flow	$380.0	$340.4	$415-$435
Capex	$166.6	$140.5	~$180
Depreciation	$123.0	$108.5	~$145
Amortization (1)	$111.9	$89.6	~$110
	4Q20	**4Q19**	
Free cash flow	$50.5	$116.8	
Capex	$87.8	$63.8	
Depreciation	$32.9	$27.9	
Amortization (1)	$28.0	$24.0	

(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 Non-GAAP to GAAP results.

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Capital Priorities

- Remain intently focused on driving strong FCF as a key measure of financial performance
- 2020 FCF increased 12% from 2019, but below prior guidance resulting primarily from higher 4Q20 capex due to:
  - Paying capital invoices ahead of schedule to secure discounts
  - Timing of capital projects: slowed due to COVID-related challenges, resumed with re-acceleration of growth and business activity
- Total debt balance at end of 4Q20 was unchanged sequentially at $1.9B
- Gross leverage ratio(1) decreased to 2.3x primarily because of strong 4Q20 performance
  - Will benefit from interest savings on variable-rate debt, reducing the rate by 12.5 bps to LIBOR plus 112.5 basis points

(1) Pursuant to the definition in its credit agreement dated March 26. 2018, the Company has defined its pro forma leverage r atio as total debt divided by adjusted EBITDA for the trailing-twelve-month and pro forma for acquisitions. 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.

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

Capital Priorities, cont.

- Expect 2021 FCF to be in a range of $415-$435M, based on
  - Anticipated strong operating performance of our businesses
  - Continued focus on working capital management
- Capex in 2021 expected to total ~$180M, excluding Cognate
- Currently, do not intend to repurchase shares in 2021
  - Expect to exit the year with a diluted share count slightly more than 51M shares
  - FX benefit to EPS in 2021 expected to largely offset EPS dilution from a higher share count

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

2021 Guidance Summary (Excluding Cognate)

	GAAP	Non-GAAP
Revenue growth	12%-14% reported	9%-11% organic(1)
Operating margin	Improvement from 14.8% in 2020	Modest improvement from 20.0% in 2020
Unallocated corporate	Mid-5% range as a % of revenue	Mid-5% range as a % of revenue
Net interest expense	$66M-$68M	$66M-$68M
Tax rate	Low-20% range	Low-20% range
EPS	$7.10-$7.35	$9.00-$9.25
Cash flow	Operating cash flow $595M-$615M	Free cash flow $415M-$435M
Capital expenditures	~$180M	~$180M

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

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

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1Q21 Outlook (Excluding Cognate)

	1Q21 Outlook (excluding Cognate)
Reported revenue growth YOY	Low-double-digit growth vs. 1Q20
Organic revenue growth YOY	Approaching 10% growth vs. 1Q20
Non-GAAP EPS growth YOY	High-teens growth vs. $1.84 in 1Q20

- 1Q20 non-GAAP tax rate expected to be in mid teens, primarily due to the excess tax benefit from stock-based compensation

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Cognate Financial Outlook

- Assuming acquisition closes by end of 1Q21, Cognate is expected to:
  - Add ~$110M to 2021 revenue (partial year)
    - Resulting in reported revenue growth guidance of 16%-18%
  - Be neutral to non-GAAP EPS in 2021
    - Not expected to have a meaningful impact on current non-GAAP EPS guidance
  - Not expected to have a meaningful impact to consolidated operating margin in 2021
    - CRL expects to continue to expect to generate modest margin improvement with Cognate
- Believe there will be opportunities to improve Cognate's operating margin over the next few years, as we deliver acquisition synergies, enhance the scale of the business, and drive operating efficiency
- Intend to update 2021 guidance and other financial metrics to reflect Cognate next quarter, once the acquisition closes

Cognate Financial Outlook, cont.

- From both strategic and financial perspectives, believe the acquisition will deliver compelling benefits that will generate value for shareholders
- As a premier, C&GT CDMO, expect Cognate to:
  - Boost the growth potential of our business
  - Be increasingly accretive to non-GAAP EPS after Year 1
- Expect to pay 23x NTM(1) adjusted EBITDA due to the high-growth nature of the emerging C&GT sector
- Expect transaction will achieve our ROIC hurdle rate to meet or exceed cost of capital (WACC) by Year 3 or 4

(1) NTM = next twelve months after completion of the acquisition.

Cognate Transaction Financing

- Plan to finance the Cognate acquisition through current revolving credit facility
  - Will evaluate opportunities to further optimize our capital structure given the attractive interest-rate environment
- Pro forma gross leverage ratio at closing expected to increase into the low-3x range
  - Consistent with levels after other recent transactions
- Intend to focus on repaying debt in a timely manner following the acquisition
  - Goal to reduce leverage to targeted level below 3x

Concluding Remarks

- Very pleased with our 2020 financial performance and are positioned to have another strong year in 2021
- Over the past five years, we have achieved compound annual growth (CAGR) of:
  - 15% Revenue
  - 16% Non-GAAP EPS
  - 15% Operating Cash Flow
  - 10% Free Cash Flow
- With Cognate and future acquisitions, as well as continued robust underlying demand environment, we believe we will achieve similar growth metrics over the next five years
  - Intend to provide a business update and details on longer-term outlook, including updated financial targets, at a virtual Investor Day in the spring

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4Q20/FY20 Regulation G Financial Reconciliations

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]
(in thousands, except percentages)

	Three Months Ended		Twelve Months Ended	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
Research Models and Services				
Revenue	$ 156,697	$ 131,317	$ 571,152	$ 537,089
Operating income	34,381	30,183	102,706	133,912
Operating income as a % of revenue	21.9 %	23.0 %	18.0 %	24.9 %
Add back:				
Amortization related to acquisitions	3,975	339	19,556	1,381
Severance	118	1,000	645	2,106
Acquisition related adjustments [2][3]	876	-	2,375	2,201
Site consolidation costs, impairments and other items	-	786	200	1,043
Total non-GAAP adjustments to operating income	$ 4,969	$ 2,125	$ 22,776	$ 6,731
Operating income, excluding non-GAAP adjustments	$ 39,350	$ 32,308	$ 125,482	$ 140,643
Non-GAAP operating income as a % of revenue	25.1 %	24.6 %	22.0 %	26.2 %
Depreciation and amortization	$ 9,747	$ 4,999	$ 37,080	$ 19,197
Capital expenditures	$ 13,902	$ 12,010	$ 29,487	$ 26,989
Discovery and Safety Assessment				
Revenue	$ 495,004	$ 439,202	$ 1,837,428	$ 1,618,995
Operating income	91,087	83,689	325,959	258,903
Operating income as a % of revenue	18.4 %	19.1 %	17.7 %	16.0 %
Add back:				
Amortization related to acquisitions	21,978	22,357	90,304	80,424
Severance	130	4,778	4,117	7,311
Acquisition related adjustments [3]	828	1,614	3,673	10,130
Site consolidation costs, impairments and other items	726	-	6,598	(207)
Total non-GAAP adjustments to operating income	$ 23,662	$ 28,749	$ 104,692	$ 97,658
Operating income, excluding non-GAAP adjustments	$ 114,749	$ 112,438	$ 430,651	$ 356,561
Non-GAAP operating income as a % of revenue	23.2 %	25.6 %	23.4 %	22.0 %
Depreciation and amortization	$ 43,784	$ 39,908	$ 168,922	$ 151,139
Capital expenditures	$ 59,217	$ 41,713	$ 105,653	$ 86,843
Manufacturing Support				
Revenue	$ 139,289	$ 120,619	$ 515,353	$ 465,142
Operating income	49,206	41,527	181,494	145,420
Operating income as a % of revenue	35.3 %	34.4 %	35.2 %	31.3 %
Add back:				
Amortization related to acquisitions	2,144	2,260	8,758	9,062
Severance	428	1,102	2,413	1,651
Acquisition related adjustments [3]	-	68	(421)	286
Site consolidation costs, impairments and other items	151	(103)	320	1,382
Total non-GAAP adjustments to operating income	$ 2,723	$ 3,327	$ 11,070	$ 12,381
Operating income, excluding non-GAAP adjustments	$ 51,929	$ 44,854	$ 192,564	$ 157,801
Non-GAAP operating income as a % of revenue	37.3 %	37.2 %	37.4 %	33.9 %
Depreciation and amortization	$ 6,647	$ 6,007	$ 25,904	$ 23,584
Capital expenditures	$ 12,302	$ 9,318	$ 26,287	$ 23,617

CONTINUED ON NEXT SLIDE

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]
(in thousands, except percentages)

CONTINUED FROM PREVIOUS SLIDE

	Three Months Ended		Twelve Months Ended	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
Unallocated Corporate Overhead	$ (45,747)	$ (46,610)	$ (177,430)	$ (187,084)
Add back:				
Severance and executive transition costs	375	390	411	390
Acquisition related adjustments [3]	4,020	3,634	13,996	26,822
Other items [4]	-	657	(661)	2,065
Total non-GAAP adjustments to operating expense	$ 4,395	$ 4,681	$ 13,746	$ 29,277
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (41,352)	$ (41,929)	$ (163,684)	$ (157,807)
Total				
Revenue	$ 790,990	$ 691,138	$ 2,923,933	$ 2,621,226
Operating income	128,927	108,789	432,729	351,151
Operating income as a % of revenue	16.3 %	15.7 %	14.8 %	13.4 %
Add back:				
Amortization related to acquisitions	28,097	24,956	118,618	90,867
Severance and executive transition costs	1,051	7,270	7,586	11,458
Acquisition related adjustments [2][3]	5,724	5,316	19,623	39,439
Site consolidation costs, impairments and other items [4]	877	1,340	6,457	4,283
Total non-GAAP adjustments to operating income	$ 35,749	$ 38,882	$ 152,284	$ 146,047
Operating income, excluding non-GAAP adjustments	$ 164,676	$ 147,671	$ 585,013	$ 497,198
Non-GAAP operating income as a % of revenue	20.8 %	21.4 %	20.0 %	19.0 %
Depreciation and amortization	$ 60,876	$ 51,833	$ 234,924	$ 198,095
Capital expenditures	$ 87,854	$ 63,839	$ 166,560	$ 140,514

(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 during fiscal 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.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED)[1]
(in thousands, except per share data)

	Three Months Ended		Twelve Months Ended	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
Net income attributable to common shareholders	$ 143,191	$ 80,348	$ 364,304	$ 252,019
Add back:				
Non-GAAP adjustments to operating income (Refer to previous schedule)	35,749	38,882	152,284	146,047
Write-off of deferred financing costs and fees related to debt financing	-	1,605	-	1,605
Venture capital and strategic equity investment (gains) losses, net	(68,635)	(14,983)	(100,861)	(20,707)
Loss due to U.S. Pension termination	10,283	-	10,283	-
Tax effect of non-GAAP adjustments:				
Non-cash tax provision (benefit) related to international financing structure [2]	1,454	581	4,444	(19,787)
Tax effect of the remaining non-GAAP adjustments	87	(6,368)	(18,953)	(24,811)
Net income attributable to common shareholders, excluding non-GAAP adjustments	$ 122,129	$ 100,065	$ 411,501	$ 334,366
Weighted average shares outstanding - Basic	49,754	48,875	49,550	48,730
Effect of dilutive securities:				
Stock options, restricted stock units and performance share units	1,274	992	1,061	963
Weighted average shares outstanding - Diluted	51,028	49,867	50,611	49,693
Earnings per share attributable to common shareholders:				
Basic	$ 2.88	$ 1.64	$ 7.35	$ 5.17
Diluted	$ 2.81	$ 1.61	$ 7.20	$ 5.07
Basic, excluding non-GAAP adjustments	$ 2.45	$ 2.05	$ 8.30	$ 6.86
Diluted, excluding non-GAAP adjustments	$ 2.39	$ 2.01	$ 8.13	$ 6.73

(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]

For the three months ended December 26, 2020	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	14.4 %	19.3 %	12.7 %	15.5 %
Decrease (increase) due to foreign exchange	(2.0)%	(2.9)%	(1.4)%	(3.1)%
Contribution from acquisitions [2]	(2.1)%	(11.2)%	- %	- %
Non-GAAP revenue growth, organic [3]	**10.3 %**	**5.2 %**	**11.3 %**	**12.4 %**

For the twelve months ended December 26, 2020	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	11.5 %	6.3 %	13.5 %	10.8 %
Decrease (increase) due to foreign exchange	(0.4)%	(0.6)%	(0.4)%	(0.4)%
Contribution from acquisitions [2]	(4.1)%	(9.0)%	(3.7)%	- %
Non-GAAP revenue growth, organic [3]	**7.0 %**	**(3.3)%**	**9.4 %**	**10.4 %**

(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.

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE AND EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 25, 2021E

2021 GUIDANCE EXCLUDING COGNATE	
Revenue growth, reported	12% – 14%
Less: Contribution from acquisitions (1)	(0.5%) – (1.0%)
Unfavorable/(favorable) impact of foreign exchange	(2.0%) – (2.5%)
Revenue growth, organic (2)	9% – 11%
GAAP EPS estimate (3)	$7.10 – $7.35
Acquisition-related amortization	$1.65 – $1.70
Acquisition-related adjustments (4)	$0.10 – $0.15
Other items (5)	~$0.10
Non-GAAP EPS estimate	$9.00 – $9.25
Free cash flow (6)	$415 – $435 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) GAAP EPS guidance does not include an estimate for future gains or losses from venture capital and other strategic investments. Potential gains or losses are expected in 2021, but the Company does not forecast the future performance of these investments. Any future gains or losses would be excluded from non-GAAP results.

(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 $0.10 associated with U.S. and international tax legislation that necessitated changes to the Company's international financing structure.

(6) Reconciliation of the current 2021 free cash flow guidance is as follows: Cash flow from operating activities of $595-$615 million, less capital expenditures of approximately $180 million, equates to free cash flow of $415-$435 million.

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

	Three Months Ended		Twelve Months Ended		Fiscal Year Ended
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019	December 25, 2021E excluding Cognate
GAAP Interest expense, net	$ 33,084	$ 23,678	$ 85,599	$ 59,360	$66,000-$68,000
Exclude:					
Write-off of deferred financing costs and fees related to debt financing	-	(1,605)	-	(1,605)	-
Non-GAAP Interest expense, net	33,084	22,073	85,599	57,755	66,000-68,000
Adjustments for foreign exchange forward contract and related interest expense, net [2]	(16,068)	(5,292)	(11,855)	9,611	-
Adjusted Interest expense, net	$ 17,016	$ 16,781	$ 73,744	$ 67,366	$66,000-$68,000

[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, net include a $15.4 million loss on a forward contract and $0.1 million of additional interest expense for the three months ended December 26, 2020; a $9.3 million loss on forward contracts and $1.4 million of additional interest expense for the twelve months ended December 26, 2020; a $3.0 million loss on a forward contract and $1.6 million of additional interest expense for the three months ended December 28, 2019; and an $18.7 million gain on forward contracts and $7.4 million of additional interest expense for the twelve months ended December 28, 2019.

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)

	December 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	$ 1,979,784	$ 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	$ 2,328	$ 712	$ 3,033	$ 298	$ 3,621	$ 1,370	$ 2,828	$ 9,787	$ 9,680
Total Indebtedness per credit agreement	$ 1,982,112	$ 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	(228,424)	(238,014)	(195,442)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	$ 1,753,688	$ 1,650,910	$ 1,475,605	$ 981,608	$ 1,121,004	$ 746,454	$ 620,668	$ 517,649	$ 566,515

	December 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	$ 364,304	$ 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	(1,361)	(310)	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	76,825	79,586	65,258	29,777	27,709	15,072	11,950	20,969	33,342
Plus: Provision for income taxes	81,808	50,023	54,996	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	234,924	198,095	161,779	131,159	126,658	94,881	96,445	96,636	81,275
Plus: Non-cash nonrecurring losses	16,810	427	559	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	56,341	57,271	47,346	44,003	43,642	40,122	31,035	24,542	21,855
Plus: Permitted acquisition-related costs	18,750	34,827	19,181	6,687	22,653	13,451	6,285	1,752	3,676
Plus: Pro forma EBITDA adjustments for permitted acquisitions	8	12,320	15,648	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 848,408	$ 684,259	$ 591,140	$ 524,756	$ 466,942	$ 365,978	$ 329,452	$ 283,071	$ 274,873

	December 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)	2.34x	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)	2.1x	2.4x	2.5x	1.9x	2.4x	2.0x	1.9x	1.8x	2.1x

	December 26, 2020
INTEREST COVERAGE RATIO:	
Capital Expenditures	166,560
Cash Interest Expense	77,145
Interest Coverage ratio per the credit agreement (Adjusted EBITDA minus Capital Expenditures divided by cash interest expense)	8.84x

(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		Twelve Months Ended	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
Income from operations before income taxes & noncontrolling interests	$ 172,427	$ 105,565	$ 447,114	$ 304,084
Add back:				
Amortization related to acquisitions	28,097	24,956	118,618	90,867
Severance and executive transition costs	1,051	7,270	7,586	11,458
Acquisition related adjustments [2][3]	5,724	5,316	19,623	39,439
Site consolidation costs, impairments and other items [4]	877	1,340	6,457	4,283
Write-off of deferred financing costs and fees related to debt refinancing	-	1,605	-	1,605
Venture capital and strategic equity investment (gains) losses, net	(68,635)	(14,983)	(100,861)	(20,707)
Loss due to U.S. Pension termination	10,283	-	10,283	-
Income before income taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	$ 149,824	$ 131,069	$ 508,820	$ 431,029
Provision for income taxes (GAAP)	$ 28,237	$ 25,053	$ 81,808	$ 50,023
Non-cash tax (benefit) provision related to international financing structure [5]	(1,454)	(581)	(4,444)	19,787
Tax effect of the remaining non-GAAP adjustments	(87)	6,368	18,953	24,811
Provision for income taxes (Non-GAAP)	$ 26,696	$ 30,840	$ 96,317	$ 94,621
Total rate (GAAP)	16.4 %	23.7 %	18.3 %	16.5 %
Total rate, excluding specified charges (Non-GAAP)	17.8 %	23.5 %	18.9 %	22.0 %

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

(2) This amount includes a $2.2 million charge recorded in the twelve months ended December 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 includes 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		Twelve Months Ended		Fiscal Year Ended
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019	December 25, 2021E excluding Cognate
Net cash provided by operating activities	$ 138,379	$ 180,677	$ 546,575	$ 480,936	$595,000-$615,000
Less: Capital expenditures	(87,854)	(63,839)	(166,560)	(140,514)	(~180,000)
Free cash flow	$ 50,525	$ 116,838	$ 380,015	$ 340,422	$415,000-$435,000

[(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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