1Q18 Regulation G Financial Reconciliations

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

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

(in thousands, except percentages)

	Three Months Ended	
	March 31, 2018	April 1, 2017
Research Models and Services		
Revenue	$ 133,958	$ 127,161
Operating income	38,527	37,690
Operating income as a % of revenue	28.8 %	29.6 %
Add back:		
Amortization related to acquisitions	409	436
Severance	523	—
Government billing adjustment and related expenses	—	93
Site consolidation costs, impairments and other items	515	—
Total non-GAAP adjustments to operating income	$ 1,447	$ 529
Operating income, excluding non-GAAP adjustments	$ 39,974	$ 38,219
Non-GAAP operating income as a % of revenue	29.8 %	30.1 %
Depreciation and amortization	$ 4,853	$ 5,092
Capital expenditures	$ 4,625	$ 2,603
Discovery and Safety Assessment		
Revenue	$ 259,992	$ 227,758
Operating income	40,859	38,335
Operating income as a % of revenue	15.7 %	16.8 %
Add back:		
Amortization related to acquisitions	7,541	7,600
Severance	(254)	196
Acquisition related adjustments (3)	430	703
Site consolidation costs, impairments and other items	(143)	409
Total non-GAAP adjustments to operating income	$ 7,574	$ 8,908
Operating income, excluding non-GAAP adjustments	$ 48,433	$ 47,243
Non-GAAP operating income as a % of revenue	18.6 %	20.7 %
Depreciation and amortization	$ 20,787	$ 19,369
Capital expenditures	$ 12,802	$ 8,323
Manufacturing Support		
Revenue	$ 100,020	$ 90,844
Operating income	28,523	26,600
Operating income as a % of revenue	28.5 %	29.3 %
Add back:		
Amortization related to acquisitions	2,318	2,702
Severance	870	821
Acquisition related adjustments (3)	—	26
Site consolidation costs, impairments and other items	159	—
Total non-GAAP adjustments to operating income	$ 3,347	$ 3,549
Operating income, excluding non-GAAP adjustments	$ 31,870	$ 30,149
Non-GAAP operating income as a % of revenue	31.9 %	33.2 %
Depreciation and amortization	$ 5,736	$ 5,962
Capital expenditures	$ 6,834	$ 2,292

CONTINUED ON NEXT SLIDE

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

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

(in thousands, except percentages)

CONTINUED FROM PREVIOUS SLIDE

	Three Months Ended			
	March 31, 2018		April 1, 2017	
Unallocated Corporate Overhead	$	(40,080)	$	(32,919)
Add back:				
Acquisition related adjustments [3]		2,864		21
Total non-GAAP adjustments to operating expense	$	2,864	$	21
Unallocated corporate overhead, excluding non-GAAP adjustments	$	(37,216)	$	(32,898)
Total				
Revenue	$	493,970	$	445,763
Operating income	$	67,829	$	69,706
Operating income as a % of revenue		13.7 %		15.6 %
Add back:				
Amortization related to acquisitions		10,268		10,738
Severance		1,139		1,017
Acquisition related adjustments [3]		3,294		750
Government billing adjustment and related expenses		—		93
Site consolidation costs, impairments and other items		531		409
Total non-GAAP adjustments to operating income	$	15,232	$	13,007
Operating income, excluding non-GAAP adjustments	$	83,061	$	82,713
Non-GAAP operating income as a % of revenue		16.8 %		18.6 %
Depreciation and amortization	$	33,210	$	32,411
Capital expenditures	$	27,726	$	15,920

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

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

(3) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

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

(in thousands, except per share data)

	Three Months Ended			
	March 31, 2018		April 1, 2017	
Net income attributable to common shareholders	$	52,631	$	46,778
Less: Loss from discontinued operations, net of income taxes		(23)		(4)
Net income from continuing operations attributable to common shareholders		52,654		46,782
Add back:				
Non-GAAP adjustments to operating income		15,232		13,007
Write-off of deferred financing costs and fees related to debt refinancing		3,261		—
Gain on divestiture of CDMO business		—		(10,577)
Tax effect of non-GAAP adjustments:				
Tax effect from divestiture of CDMO business		—		18,005
Tax effect of the remaining non-GAAP adjustments		(3,651)		(4,664)
Net income from continuing operations attributable to common shareholders, excluding non-GAAP adjustments	$	67,496	$	62,553
Weighted average shares outstanding - Basic		47,785		47,546
Effect of dilutive securities:				
Stock options, restricted stock units, performance share units and restricted stock		1,043		875
Weighted average shares outstanding - Diluted		48,828		48,421
Earnings per share from continuing operations attributable to common shareholders				
Basic	$	1.10	$	0.98
Diluted	$	1.08	$	0.97
Basic, excluding non-GAAP adjustments	$	1.41	$	1.32
Diluted, excluding non-GAAP adjustments	$	1.38	$	1.29

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP REVENUE GROWTH

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

For the three months ended March 31, 2018	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	10.8 %	5.3 %	14.2 %	10.1 %
Increase due to foreign exchange	(4.6)%	(5.1)%	(4.0)%	(5.9)%
Contribution from acquisitions (2)	(1.0)%	—%	(1.9)%	—%
Impact of CDMO divestiture (3)	0.4 %	—%	—%	2.1 %
Non-GAAP revenue growth, organic (4)	**5.6 %**	**0.2 %**	**8.3 %**	**6.3 %**

(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) The contribution from acquisitions reflects only completed acquisitions.

(3) The CDMO business, which was acquired as part of WIL Research on April 4, 2016, was divested on February 10, 2017. This adjustment represents the revenue from the CDMO business.

(4) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, the divestiture of the CDMO business, and foreign exchange.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE AND EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 29, 2018E

2018 GUIDANCE INCLUDING MPI RESEARCH (from continuing operations)	**REVISED**	**PRIOR**
Revenue growth, reported	18% - 20%	16% - 18%
Less: Contribution from acquisitions (1)	(9.5% - 10.5%)	(9.5% - 10.5%)
Less: Favorable impact of foreign exchange	(~3%)	(~1%)
Revenue growth, organic (2)	5.7% - 6.7%	5.7% - 6.7%
GAAP EPS estimate	$4.22-$4.37	---
Amortization of intangible assets (3)	$1.00-$1.10	---
Charges related to global efficiency initiatives (4)	$0.09	---
Acquisition-related adjustments (5)	$0.41	---
Non-GAAP EPS estimate	$5.77 - $5.92	$5.67 - $5.82

Footnotes to Guidance Table:

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

(2) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, the divestiture of the CDMO business, and foreign currency translation. Divestiture of the CDMO business did not have a material impact on the revenue growth rate in 2018.

(3) Amortization of intangible assets includes an estimate of $1.00-$1.10 for the impact of the MPI Research acquisition because the preliminary purchase price allocation has not been completed.

(4) These charges relate primarily to the Company's planned efficiency initiatives including the closure of the Maryland research model production site. These charges primarily include accelerated lease obligations and severance. Other projects in support of global productivity and efficiency initiatives are expected, but these charges reflect only the decisions that have already been finalized.

(5) These adjustments are related to the evaluation and integration of acquisitions, and primarily include transaction, advisory, and certain third-party integration costs, as well as certain costs associated with acquisition-related efficiency initiatives, and the write-off of deferred financing costs and fees related to debt financing.

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

	Three Months Ended		Fiscal Year Ended
	March 31, 2018	April 1, 2017	December 29, 2018E including MPI
Net cash provided by operating activities	$ 60,051	$ 34,029	$360,000-$370,000
Addback: Tax impact of CDMO divestiture (2)	--	700	--
Less: Capital expenditures	(27,726)	(15,920)	(~120,000)
Free cash flow	$ 32,325	$ 18,809	$240,000-$250,000

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

(2) Free cash flow has been adjusted to exclude the cash tax impact related to the divestiture of the CDMO business, which is recorded in Cash Flows relating to Operating Activities, because divestitures are outside of our normal operations, the corresponding cash proceeds from the divestiture are reflected in Cash Flows relating to Investing Activities, and the impact of the CDMO divestiture is large, which can adversely affect the comparability of our results on a period-to-period basis.

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

	Three Months Ended	
	March 31, 2018	April 1, 2017
Income from continuing operations before income taxes & noncontrolling interest	$ 63,040	$ 78,047
Add back:		
Amortization of intangible assets and inventory step-up related to acquisitions	10,268	10,738
Severance and executive transition costs	1,139	1,017
Acquisition related adjustments (2)	3,294	750
Government billing adjustment and related expenses	-	93
Site consolidation costs, impairments and other items	531	409
Write-off of deferred financing costs and fees related to debt refinancing	3,261	
Gain on CDMO divestiture	-	(10,577)
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	$ 81,533	$ 80,477
Provision for income taxes (GAAP)	$ 9,772	$ 31,084
Tax effect from CDMO divestiture	-	(18,005)
Tax effect of the remaining non-GAAP adjustments	3,651	4,664
Provision for income taxes (Non-GAAP)	$ 13,423	$ 17,743
Total rate (GAAP)	15.5%	39.8%
Total rate, excluding specified charges (Non-GAAP)	16.5%	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) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

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

	Three Months Ended March 31, 2018
GAAP Interest Expense, net	$ 10,909
Exclude:	
Write-off of deferred financing costs and fees related to debt refinancing	(3,261)
Non-GAAP Interest Expense, net	$ 7,648

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

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)

	Pro forma for MPI Close December 30, 2017	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
DEBT (2):							
Total Debt & Capital Leases	$ 1,975,104	$ 1,145,104	$ 1,235,009	$ 863,031	$ 777,863	$ 663,789	$ 666,520
Plus: Other adjustments per credit agreement	$ 298	$ 298	$ 3,621	$ 1,370	$ 2,828	$ 9,787	$ 9,680
Total Indebtedness per credit agreement	$ 1,975,402	$ 1,145,402	$ 1,238,630	$ 864,401	$ 780,691	$ 673,576	$ 676,200
Less: Cash and cash equivalents	(189,123)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	$ 1,786,279	$ 981,608	$ 1,121,004	$ 746,454	$ 620,668	$ 517,649	$ 566,515

		Twelve Months Ended					
	December 30, 2017	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	$ 123,355	$ 123,355	$ 154,765	$ 149,313	$ 126,698	$ 102,828	$ 97,295
Adjustments:							
Less: Aggregate non-cash amount of nonrecurring gains	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	29,777	29,777	27,709	15,072	11,950	20,969	33,342
Plus: Provision for income taxes	171,369	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	131,159	131,159	126,658	94,881	96,445	96,636	81,275
Plus: Non-cash nonrecurring losses	17,716	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	44,003	44,003	43,642	40,122	31,035	24,542	21,855
Plus: Permitted acquisition-related costs	6,687	6,687	22,653	13,451	6,285	1,752	3,676
MPI)	690	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 524,756	$ 524,756	$ 466,942	$ 365,978	$ 329,452	$ 283,071	$ 274,873
Adjusted EBITDA related to MPI (3)	66,329						
Pro forma transaction Adjusted EBITDA (3)	$ 591,085						

	Pro forma Leverage Ratio for MPI Close	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)	3.3x	2.2x	2.7x	2.4x	2.4x	2.4x	2.5x
Net leverage ratio (net debt divided by adjusted EBITDA)	3.0x	1.9x	2.4x	2.0x	1.9x	1.8x	2.1x

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

(2) Pursuant to the definition in its credit agreement dated March 26. 2018, the Company has defined its pro forma leverage ratio as total debt divided by adjusted EBITDA for the trailing-twelve-month period following the close of, and pro forma for, the acquisition of MPI. Adjusted EBITDA represents net income, prepared in accordance with accounting principles generally accepted in the U.S. (GAAP), adjusted for interest, taxes, depreciation and amortization, and certain items that management believes are not reflective of the operational performance of the business. These adjustments include, but are not limited to, acquisition-related expenses including transaction and advisory costs; asset impairments; changes in fair value of contingent consideration obligations; employee stock compensation; historical EBITDA of companies acquired during the period; and other items identified by the company.

(3) For fiscal year 2017, MPI Research is expected to have generated adjusted EBITDA between $58 million and $68 million. For purposes of this reconciliation, the Adjusted EBITDA related to MPI assumes the midpoint of this range. We have provided ranges, rather than specific amounts, for the preliminary adjusted EBITDA as MPI Research's final results remain subject to the completion of its closing procedures, final adjustments, developments that may arise between now and the time the financial results are finalized. Accordingly, you should not place undue reliance on this preliminary data, which may differ materially from final results.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

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

(in thousands, except percentages)

	Three Months Ended December 30, 2017	
Unallocated Corporate Overhead	$	(33,399)
Add back:		
Acquisition related adjustments [(2)]		1,189
Total non-GAAP adjustments to operating expense	$	1,189
Unallocated corporate overhead, excluding non-GAAP adjustments	$	(32,210)

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

(2) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

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

(in thousands)

	Three Months Ended December 30, 2017
Income from continuing operations before income taxes & noncontrolling interest	$ 69,053
Add back:	
Amortization related to acquisitions	10,457
Severance	1,302
Acquisition related adjustments (2)	1,819
Site consolidation costs, impairments and other items	17,810
Gain on Bargain Purchase (3)	(277)
Debt forgiveness associated with a prior acquisition (4)	(1,863)
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	$ 98,301
Provision for income taxes (GAAP)	$ 98,097
Tax effect from U.S. Tax Reform (5)	$ (78,537)
Tax effect from CDMO divestiture	$ 300
Tax effect of the remaining non-GAAP adjustments	$ 9,482
Provision for income taxes (Non-GAAP)	$ 29,342
Total rate (GAAP)	142.1%
Total rate, excluding specified charges (Non-GAAP)	29.8%

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

(2) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

(3) The amounts in the current year relate to an immaterial acquisition that represents the excess of the estimated fair value of the net assets acquired over the purchase price.

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

(5) The amounts for 4Q17 and FY 2017 include a $78.5 million estimate for the impact of the enactment of U.S. Tax Reform legislation. The estimated impact of U.S. Tax Reform consists of the one-time transition tax on unrepatriated earnings (also known as the toll tax), withholding and state taxes related to the Company’s withdrawal of its indefinite reinvestment assertion regarding unremitted earnings, and the revaluation of U.S. federal net deferred tax liabilities. The final impact of U.S. Tax Reform may differ from these estimates, due to, among other things, changes in interpretations, analysis, and assumptions made by the Company, additional guidance that may be issued by regulatory agencies, and any updated or changes to estimates the Company utilized to calculate the transition impact.

Supplemental Schedules

Prior Periods Recast for New Pension Accounting Standard (ASU 2017-07)

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR ASU 2017-07

RECONCILIATION OF GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)(1)

(in thousands, except percentages)

	Three Months Ended				Twelve Months Ended
	December 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 30, 2017
Research Models and Services					
Revenue	$ 120,432	$ 122,020	$ 124,002	$ 127,161	$ 493,615
Operating income	12,639	30,665	33,594	37,690	114,588
Operating income as a % of revenue	10.5 %	25.1 %	27.1 %	29.6 %	23.2 %
Add back:					
Amortization related to acquisitions	438	433	369	436	1,676
Severance	429	—	—	—	429
Government billing adjustment and related expenses	—	—	57	93	150
Site consolidation costs, impairments and other items	17,716	—	—	—	17,716
Total non-GAAP adjustments to operating income	$ 18,583	$ 433	$ 426	$ 529	$ 19,971
Operating income, excluding non-GAAP adjustments	$ 31,222	$ 31,098	$ 34,020	$ 38,219	$ 134,559
Non-GAAP operating income as a % of revenue	25.9 %	25.5 %	27.4 %	30.1 %	27.3 %
Depreciation and amortization	$ 4,318	$ 5,272	$ 4,945	$ 5,092	$ 19,627
Capital expenditures	$ 7,110	$ 6,762	$ 4,404	$ 2,603	$ 20,879
Discovery and Safety Assessment					
Revenue	$ 253,226	$ 246,946	$ 252,092	$ 227,758	$ 980,022
Operating income	46,802	46,324	51,335	38,335	182,796
Operating income as a % of revenue	18.5 %	18.8 %	20.4 %	16.8 %	18.7 %
Add back:					
Amortization related to acquisitions	7,775	7,602	6,905	7,600	29,882
Severance	—	84	76	196	356
Acquisition related adjustments (2)	630	776	824	703	2,933
Site consolidation costs, impairments and other items	94	276	150	409	929
Total non-GAAP adjustments to operating income	$ 8,499	$ 8,738	$ 7,955	$ 8,908	$ 34,100
Operating income, excluding non-GAAP adjustments	$ 55,301	$ 55,062	$ 59,290	$ 47,243	$ 216,896
Non-GAAP operating income as a % of revenue	21.8 %	22.3 %	23.5 %	20.7 %	22.1 %
Depreciation and amortization	$ 20,688	$ 20,333	$ 18,965	$ 19,369	$ 79,355
Capital expenditures	$ 11,064	$ 10,127	$ 7,102	$ 8,323	$ 36,616
Manufacturing Support					
Revenue	$ 104,819	$ 95,266	$ 93,035	$ 90,844	$ 383,964
Operating income	36,335	31,920	29,043	26,600	123,898
Operating income as a % of revenue	34.7 %	33.5 %	31.2 %	29.3 %	32.3 %
Add back:					
Amortization related to acquisitions and inventory step-up related to acquisitions	2,244	2,322	2,544	2,702	9,812
Severance (3)	873	552	247	821	2,493
Acquisition related adjustments (2)	—	—	—	26	26
Site consolidation costs, impairments and other items	—	—	—	—	—
Total non-GAAP adjustments to operating income	$ 3,117	$ 2,874	$ 2,791	$ 3,549	$ 12,331
Operating income, excluding non-GAAP adjustments	$ 39,452	$ 34,794	$ 31,834	$ 30,149	$ 136,229
Non-GAAP operating income as a % of revenue	37.6 %	36.5 %	34.2 %	33.2 %	35.5 %
Depreciation and amortization	$ 5,572	$ 5,572	$ 5,787	$ 5,962	$ 22,893
Capital expenditures	$ 8,077	$ 2,879	$ 1,939	$ 2,292	$ 15,187

CONTINUED ON NEXT SLIDE

charles river

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR ASU 2017-07

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 30, 2017	September 30, 2017	July 1, 2017	April 1, 2017	December 30, 2017
Unallocated Corporate Overhead	$ (32,948)	$ (34,846)	$ (32,287)	$ (32,919)	$ (133,000)
Add back:					
Acquisition related adjustments [(2)]	1,189	1,326	$ 1,192	$ 21	$ 3,728
Total non-GAAP adjustments to operating expense	$ 1,189	$ 1,326	$ 1,192	$ 21	$ 3,728
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (31,759)	$ (33,520)	$ (31,095)	$ (32,898)	$ (129,272)
Total					
Revenue	$ 478,477	$ 464,232	$ 469,129	$ 445,763	$ 1,857,601
Operating income	$ 62,827	$ 74,062	$ 81,686	$ 69,706	$ 288,281
Operating income as a % of revenue	13.1 %	16.0 %	17.4 %	15.6 %	15.5 %
Add back:					
Amortization related to acquisitions and inventory step-up related to acquisitions	10,457	10,357	9,818	10,738	41,370
Severance	1,302	636	323	1,017	3,278
Acquisition related adjustments [(2)]	1,819	2,102	2,016	750	6,687
Government billing adjustment and related expenses	—	—	57	93	150
Site consolidation costs, impairments and other items	17,810	276	150	409	18,645
Total non-GAAP adjustments to operating income	$ 31,388	$ 13,371	$ 12,364	$ 13,007	$ 70,130
Operating income, excluding non-GAAP adjustments	$ 94,215	$ 87,433	$ 94,050	$ 82,713	$ 358,411
Non-GAAP operating income as a % of revenue	19.7 %	18.8 %	20.0 %	18.6 %	19.3 %
Depreciation and amortization	$ 33,484	$ 33,465	$ 31,799	$ 32,411	$ 131,159
Capital expenditures	$ 28,503	$ 22,011	$ 15,997	$ 15,920	$ 82,431

(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 adjustment relates to transition costs associated with the divestiture of the CDMO business.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR ASU 2017-07

RECONCILIATION OF GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[1]

(in thousands, except percentages)

	Three Months Ended				Twelve Months Ended
	December 31, 2016	September 24, 2016	June 25, 2016	March 26, 2016	December 31, 2016
Research Models and Services					
Revenue	$ 124,712	$ 120,928	$ 125,058	$ 123,339	$ 494,037
Operating income	33,236	31,602	35,287	36,293	136,418
Operating income as a % of revenue	26.7 %	26.1 %	28.2 %	29.4 %	27.6 %
Add back:					
Amortization related to acquisitions	577	592	596	588	2,353
Severance	139	618	—	—	757
Government billing adjustment and related expenses	—	505	69	60	634
Site consolidation costs, impairments and other items	—	69	69	69	207
Total non-GAAP adjustments to operating income	$ 716	$ 1,784	$ 734	$ 717	$ 3,951
Operating income, excluding non-GAAP adjustments	$ 33,952	$ 33,386	$ 36,021	$ 37,010	$ 140,369
Non-GAAP operating income as a % of revenue	27.2 %	27.6 %	28.8 %	30.0 %	28.4 %
Depreciation and amortization	$ 5,240	$ 5,245	$ 5,118	$ 5,250	$ 20,853
Capital expenditures	$ 5,676	$ 2,532	$ 2,381	$ 1,053	$ 11,642
Discovery and Safety Assessment					
Revenue	$ 241,734	$ 215,817	$ 221,059	$ 157,983	$ 836,593
Operating income	43,150	29,764	32,082	30,383	135,379
Operating income as a % of revenue	17.9 %	13.8 %	14.5 %	19.2 %	16.2 %
Add back:					
Amortization related to acquisitions	8,675	8,583	7,390	3,095	27,743
Severance	197	3,367	4,099	21	7,684
Acquisition related adjustments [2]	872	677	2,838	802	5,189
Site consolidation costs, impairments and other items	4,062	5,125	121	2,033	11,341
Total non-GAAP adjustments to operating income	$ 13,806	$ 17,752	$ 14,448	$ 5,951	$ 51,957
Operating income, excluding non-GAAP adjustments	$ 56,956	$ 47,516	$ 46,530	$ 36,334	$ 187,336
Non-GAAP operating income as a % of revenue	23.6 %	22.0 %	21.0 %	23.0 %	22.4 %
Depreciation and amortization	$ 20,588	$ 20,671	$ 18,600	$ 11,957	$ 71,816
Capital expenditures	$ 13,633	$ 4,509	$ 4,644	$ 4,707	$ 27,493
Manufacturing Support					
Revenue	$ 100,343	$ 88,975	$ 87,938	$ 73,546	$ 350,802
Operating income	31,094	26,745	27,112	19,611	104,561
Operating income as a % of revenue	31.0 %	30.1 %	30.8 %	26.7 %	29.8 %
Add back:					
Amortization related to acquisitions and inventory step-up related to acquisitions	3,283	2,888	3,475	3,004	12,650
Severance	—	31	—	—	31
Acquisition related adjustments [2]	(55)	468	490	187	1,090
Site consolidation costs, impairments and other items	—	—	72	229	301
Total non-GAAP adjustments to operating income	$ 3,228	$ 3,387	$ 4,037	$ 3,420	$ 14,072
Operating income, excluding non-GAAP adjustments	$ 34,322	$ 30,132	$ 31,149	$ 23,031	$ 118,633
Non-GAAP operating income as a % of revenue	34.2 %	33.9 %	35.4 %	31.3 %	33.8 %
Depreciation and amortization	$ 6,884	$ 6,181	$ 6,525	$ 5,976	$ 25,566
Capital expenditures	$ 4,000	$ 1,862	$ 4,256	$ 2,129	$ 12,247

CONTINUED ON NEXT SLIDE

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR ASU 2017-07

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 31, 2016	September 24, 2016	June 25, 2016	March 26, 2016	December 31, 2016
Unallocated Corporate Overhead	$ (38,565)	$ (28,403)	$ (36,800)	$ (35,038)	$ (138,806)
Add back:					
Acquisition related adjustments (2)	$ 2,552	$ 2,033	$ 7,260	$ 3,763	$ 15,608
Total non-GAAP adjustments to operating expense	$ 2,552	$ 2,033	$ 7,260	$ 3,763	$ 15,608
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (36,013)	$ (26,370)	$ (29,540)	$ (31,275)	$ (123,198)
Total					
Revenue	$ 466,789	$ 425,720	$ 434,055	$ 354,868	$ 1,681,432
Operating income	$ 68,915	$ 59,708	$ 57,682	$ 51,248	$ 237,552
Operating income as a % of revenue	14.8 %	14.0 %	13.3 %	14.4 %	14.1 %
Add back:					
Amortization related to acquisitions and inventory step-up related to acquisitions	12,535	12,063	11,461	6,687	42,746
Severance	336	4,016	4,099	21	8,472
Acquisition related adjustments (2)	3,369	3,178	10,588	4,752	21,887
Government billing adjustment and related expenses	—	505	69	60	634
Site consolidation costs, impairments and other items	4,062	5,194	262	2,331	11,849
Total non-GAAP adjustments to operating income	$ 20,302	$ 24,956	$ 26,479	$ 13,851	$ 85,588
Operating income, excluding non-GAAP adjustments	$ 89,217	$ 84,664	$ 84,161	$ 65,099	$ 323,140
Non-GAAP operating income as a % of revenue	19.1 %	19.9 %	19.4 %	18.3 %	19.2 %
Depreciation and amortization	$ 35,542	$ 34,108	$ 32,353	$ 24,655	$ 126,658
Capital expenditures	$ 25,679	$ 9,568	$ 11,791	$ 8,250	$ 55,288

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

(2) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

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NYSE