

# An Overview of Charles River Associates

Q2 FY2024

**CRA** Charles River  
Associates

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# Safe Harbor Disclaimer

Statements included in this presentation which are not historical in nature, including those concerning the company's future business, operating and financial condition, are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements may include statements concerning our plans, objectives, goals, strategies, and future events, including, but not limited to, future revenues, results, growth, profitability, performance, as well as our expectations regarding revenue and non-GAAP EBITDA margin, the declaration of future quarterly dividends and capital allocation strategies. These statements that are not historical may be reflected in words, graphs or diagrams. When used in this presentation, words such as "believe," "seek," "aim," "going forward," "achieve," "committed," "pursuits," "target," "continue," "expect," "estimate," "should," and variations of such words or similar expressions are intended to identify forward-looking statements. These statements are based upon management's current expectations and speak only as of the date of this presentation. CRA International, Inc. d/b/a Charles River Associates ("CRA") cautions readers that there may be events in the future that CRA is not able to accurately predict or control, and the information contained in the forward-looking statements is inherently uncertain and subject to a number of risks that could cause actual results to differ materially from those contained in or implied by the forward-looking statements or by the historical references. These risks include, but are not limited to: the possibility that the demand for our services may decline as a result of changes in general and industry specific economic conditions; the timing of engagements for our services; clients' ability and willingness to pay CRA's invoices; the effects of competitive services and pricing; our ability to attract and retain key employee or non-employee experts; the inability to integrate and utilize existing consultants and personnel; the decline or reduction in project work or activity; global economic conditions including less stable political and economic environments; foreign exchange rate fluctuations; unanticipated expenses and liabilities; risks inherent in international operations; information or technology systems failures, including cybersecurity attacks; new or changes to laws and regulations, including U.S. and foreign tax laws, as well as accounting standards, rules, and regulations; our ability to collect on forgivable loans should any become due; and professional and other legal liability settlements. Further information on various potential factors and risks that could affect CRA's financial results are included under the heading "Risk Factors" in the annual and quarterly reports we file with the Securities and Exchange Commission (SEC), as well as in the other documents we file with the SEC, which are available on the SEC's website or in the Investor Relations section of CRA's website at [www.crai.com](http://www.crai.com). The inclusion of such forward-looking information should not be regarded as our representation that the future events, plans, or expectations contemplated will be achieved. CRA cannot guarantee any future results, levels of activity, performance, or achievement and undertakes no obligation to update any of its forward-looking statements, nor does it assume any liability for any investment decisions made or not made as a result of this presentation.

# A Leading Global Consulting Firm



For over 50 years, Charles River Associates (CRA) has been a premier consulting firm. In 1965, our founders envisioned a company that would bring the developing technology of academia, especially in the then-burgeoning area of quantitative methods in economics, to the real world. This vision continues to resonate strongly today as we apply university-quality quantitative tools and microeconomic analysis to our clients' most important challenges.



## Two Lines of Business

Legal & Regulatory Consulting  
"Cutting Edge Approaches to High Stakes Cases" (~80% of Revenue)

Management Consulting  
Sector Specialized Boutique (~20% of Revenue)



## Client Base

Multinational Corporations

Law Firms

Government Regulators



## Sources of Distinctiveness

Leading Experts

Client-Tailored Model

Superior Analytics

Industry Insight

Senior-Led



## Geographic Footprint

More than 20 Offices  
Across 10 Countries

Revenue split ~80% North  
America and ~20%  
International

# Performance Driven by Highly Talented and Dedicated Colleagues



75% of senior staff have advanced degrees, with 41% of the advanced degrees being PhDs



CRA accepts less than 2% of campus applicants



Less than 10% voluntary turnover among top revenue generating employees over past 5 years



50% of senior staff have been at CRA more than 5 years, with 25% of senior staff exceeding 10 years



Our staff hail from over 65 countries across 6 continents



Over 35 languages spoken

Note: Figures as of year-end fiscal 2023.

# Solving Complex Problems with High Value-Added Expertise

Each of our practices is *highly regarded*, and our consultants are recognized for their creative and *multidisciplinary* approach to solving clients' complex problems in the *US and throughout the world*



Antitrust & Competition



Labor & Employment



Financial Economics



Auctions & Competitive Bidding



Life Sciences



Forensic Services



Energy



Marakon



Intellectual Property



Finance



Risk, Investigations, & Analytics

# In the Past Two Years, We Have Worked with 82 of the Fortune 100

**FORTUNE**  
**100**  
Corporate



Note: Figures as of year-end fiscal 2023.

# In the Past Two Years, We Have Partnered with 97 of the Top 100 Law Firms



WACHTELL  
LIPTON  
ROSEN &  
KATZ

SIDLEY

JONES  
DAY

Simpson  
Thacher

GT GreenbergTraurig

WHITE  
& CASE

orrick

ROPES & GRAY

Dechert  
LLP

BAKER BOTTS

WILSON  
SONSINI

BRYAN  
CAVE  
LEIGHTON  
PAISNER  
BLP

Baker  
McKenzie.

Akin Gump  
STRAUSS HAUER & FELD LLP

Cooley

Skadden  
Skadden, Arps, Slate, Meagher & Flom LLP  
& Affiliates

Proskauer >>

VENABLE LLP

Weil

WILMERHALE® WH

DLA PIPER

MAYER | BROWN

KIRKLAND & ELLIS LLP

ALSTON & BIRD

CRAVATH, SWAINE & MOORE LLP

SULLIVAN & CROMWELL LLP

Note: Figures as of year-end fiscal 2023.

# We Are Delivering Growth While Returning Capital to Shareholders



**Revenue  
Growth**



**Headcount  
Growth**



**EPS  
Growth\***



**Stock  
Repurchases**



**Cash  
Dividends**

**Fiscal 2024  
Q2 YTD\*\***

**9%**

**0%**

utilization of 74%

**41%**

**\$33M**

average price of  
\$162 per share

**\$6M**

**Fiscal 2023**

**6%**

**7%**

utilization of 70%

**-5%**

**\$31M**

average price of  
\$106 per share

**\$11M**

**Fiscal Years  
2019-2023**

**49%**

**46%**

utilization of 72%

**101%**

**\$135M**

average price of  
\$70 per share

**\$43M**

\*Presented on a non-GAAP basis. A reconciliation to the comparable GAAP financial measures appears at the end of this presentation.

\*\*Growth rates are calculated on a year-over-year basis.



# Investment Thesis

We are committed to being the firm of choice for our clients as they address their most important litigation, regulatory, and strategic challenges, as well as for our employees as they seek a fulfilling and exciting place to work



Leading experts in their respective fields



Management team with strong track record of operating performance



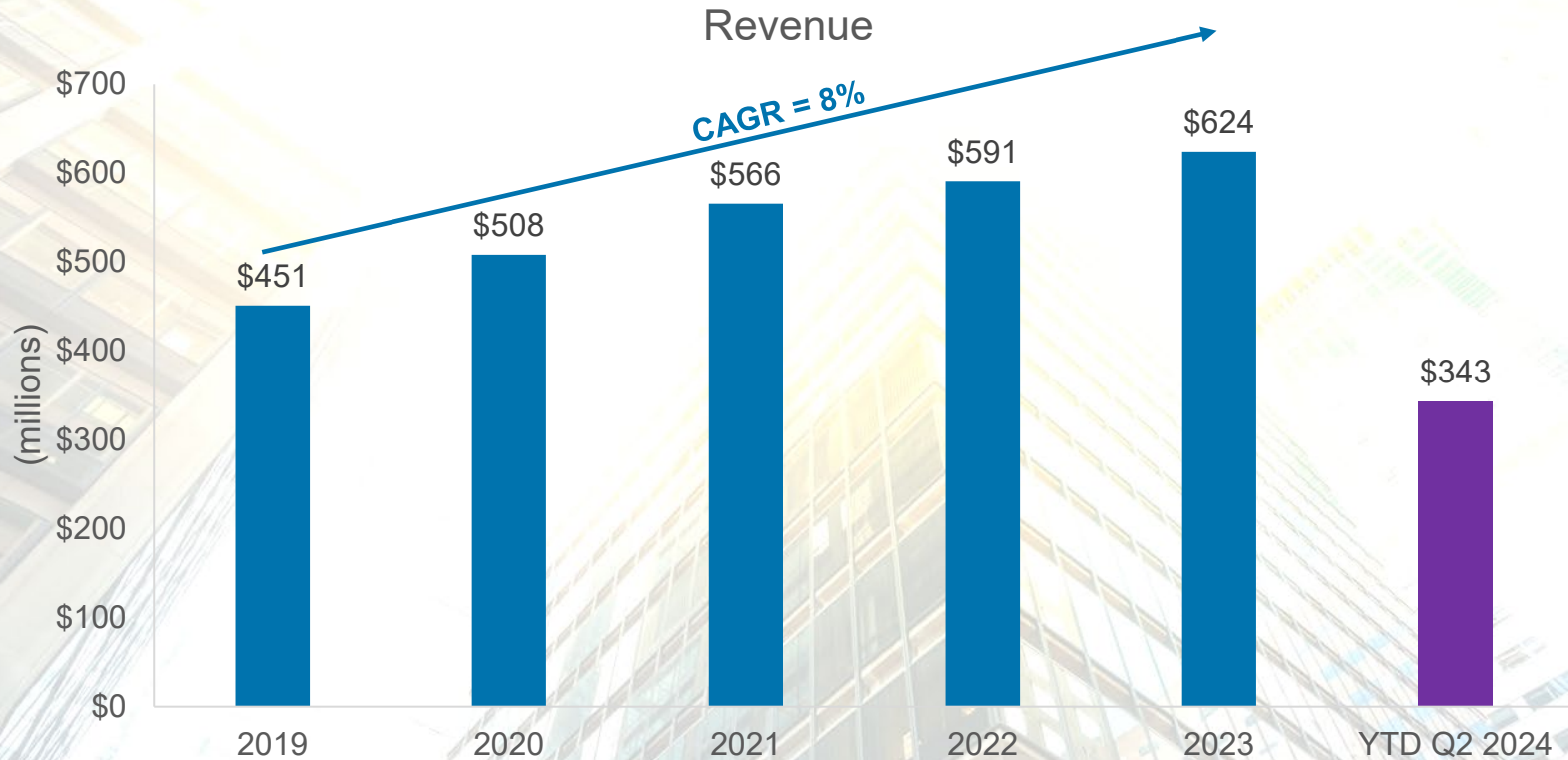
History of strong cash flows and no long-term debt



Value-based decision makers with disciplined capital allocation strategy

**Our objective is to maximize CRA's long-term value per share**

# Consistently Strong Performance Reflects the Quality of Portfolio and the Breadth of Contributors



**Against challenging comparisons, CRA has achieved record-breaking revenue in each of the past six fiscal years**

# Healthy EBITDA Margin Despite Inclusion of Non-Cash Amortization of Forgivable Loans

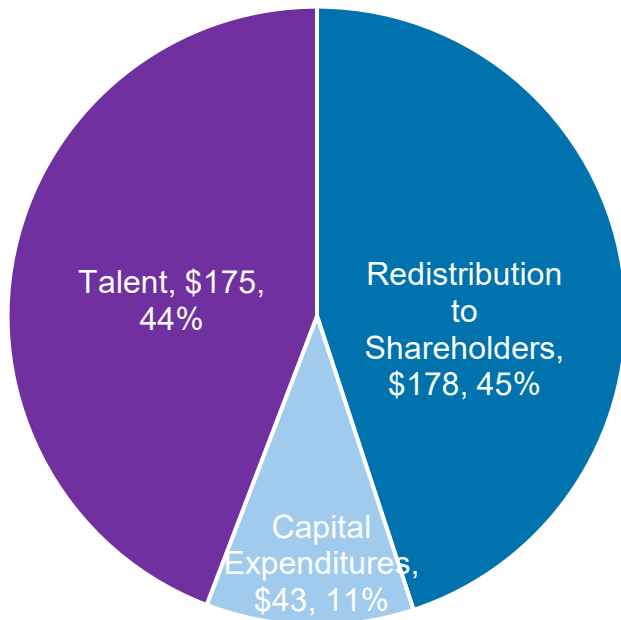
(\$ in millions)	2019	2020	2021	2022	2023	YTD Q2 2024
Revenue	\$451	\$508	\$566	\$591	\$624	\$343
EBITDA*	\$45	\$51	\$69	\$71	\$68	\$45
% of Revenue	10.1%	10.0%	12.2%	12.0%	10.9%	13.0%
Non-Cash Amortization of Forgivable Loans**	\$27	\$31	\$33	\$35	\$37	\$17
% of Revenue	5.9%	6.1%	5.8%	5.9%	6.0%	5.1%

\*Presented on a non-GAAP basis. A reconciliation to the comparable GAAP financial measures appears at the end of this presentation.

\*\*YTD Q2 2024 excludes \$5.7 million associated with portfolio optimization actions.

# Capital Allocation Philosophy: Uses of Capital

## Uses of Capital (FY2019-23)



Note: Dollar figures in millions

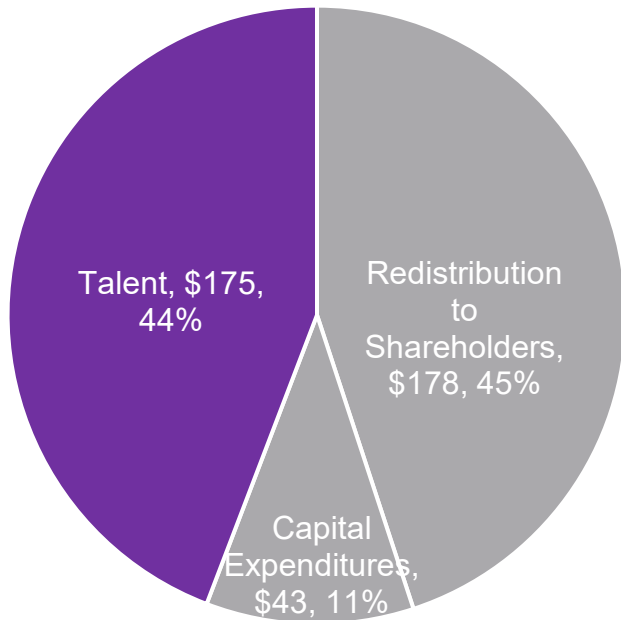
Given the strength of our business, all of our investments have been funded from operations

We always seek to deliver returns well above our cost of capital

Looking forward, we aim to return half of our adjusted net cash flows from operations to shareholders

# Capital Allocation Philosophy: Talent Strategy

## Uses of Capital (FY2019-23)



Note: Dollar figures in millions

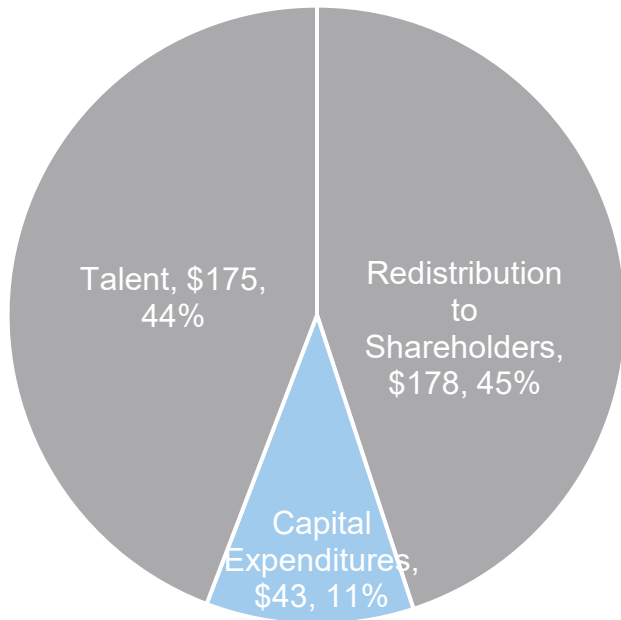
We use capital to drive growth, both in support of organic initiatives and inorganic pursuits; over this period, revenue has increased by nearly 50%, or more than \$200 million

Historically, our revenue growth has been balanced between organic and inorganic opportunities; our goal is to have a growth engine tilted toward organic initiatives and supplemented by inorganic pursuits

Our talent investments will be focused on service offerings within our existing lines of business and related adjacencies

# Capital Allocation Philosophy: Capital Expenditures

## Uses of Capital (FY2019-23)



Note: Dollar figures in millions

Outlays associated with lease expirations and office expansions to accommodate growth accounted for \$28 million of total capital expenditures

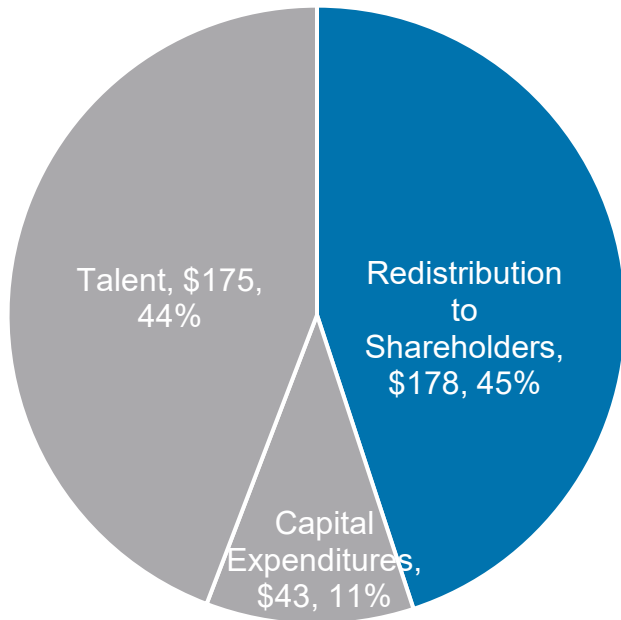
Our investments in office buildouts have focused on efficient space planning, reducing our footprint per employee while at the same time offering an attractive destination for top talent

Occupancy of approximately 80% across our offices provides for future expansion without the need for significant capital outlays

Our non-real estate capital expenditures are typically modest, averaging approximately \$3 million per year

# Capital Allocation Philosophy: Redistribution to Shareholders

## Uses of Capital (FY2019-23)



Note: Dollar figures in millions

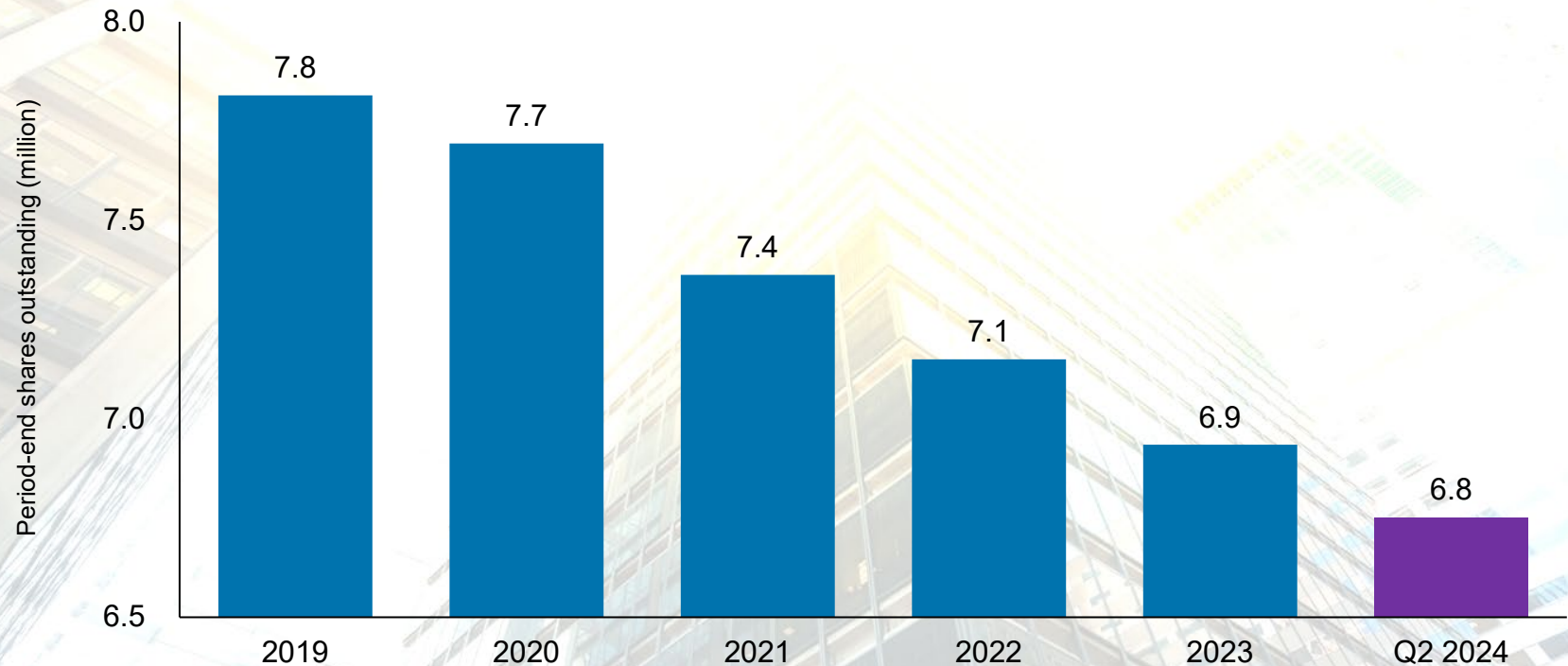
Redistributions to shareholders have consisted of \$135 million of share repurchases and \$43 million of dividend payments

CRA has repurchased 1.9 million shares at an average cost of \$70 per share during 2019-2023, reducing net shares outstanding by 13%

We initiated a quarterly dividend of \$0.14 per share in Q4 of 2016, with subsequent increases in each year 2017-2023, resulting in a current quarterly dividend of \$0.42 per share

During 2019-2023, stock repurchases and dividend payments have combined to deliver an average shareholder yield of approximately 7% relative to our average market capitalization

# Shareholder Distributions Significantly Reduced Shares Outstanding, Magnifying Per Share Value Gains



**Over the past decade, shares outstanding have shrunk by more than 30%**



# Expectations for the Future



For FY2024, we have provided the following annual financial guidance on a constant currency basis

Revenue range of  
\$670 – \$685 million\*

Non-GAAP EBITDA margin range  
of 12.2% – 13.0%\*



Over the next several years and consistent with past performance, we intend to continue targeting the following metrics

Average annual revenue growth  
in the mid-single digits driven  
primarily from organic pursuits

Utilization in the mid-70s

Return approximately 50% of  
adjusted cash flows from  
operations to shareholders

\*FY2024 guidance as of August 1, 2024. Guidance is presented on a constant currency basis relative to fiscal 2023. Constant currency measures are determined by recalculating the current fiscal period local currency financial measure using the specified corresponding prior fiscal period's foreign exchange rates.

# Evergreen End Markets and Primary Demand Drivers



Legal Spend



Mergers & Acquisitions



Regulatory & Public Policy



Strategy & Operations Consulting

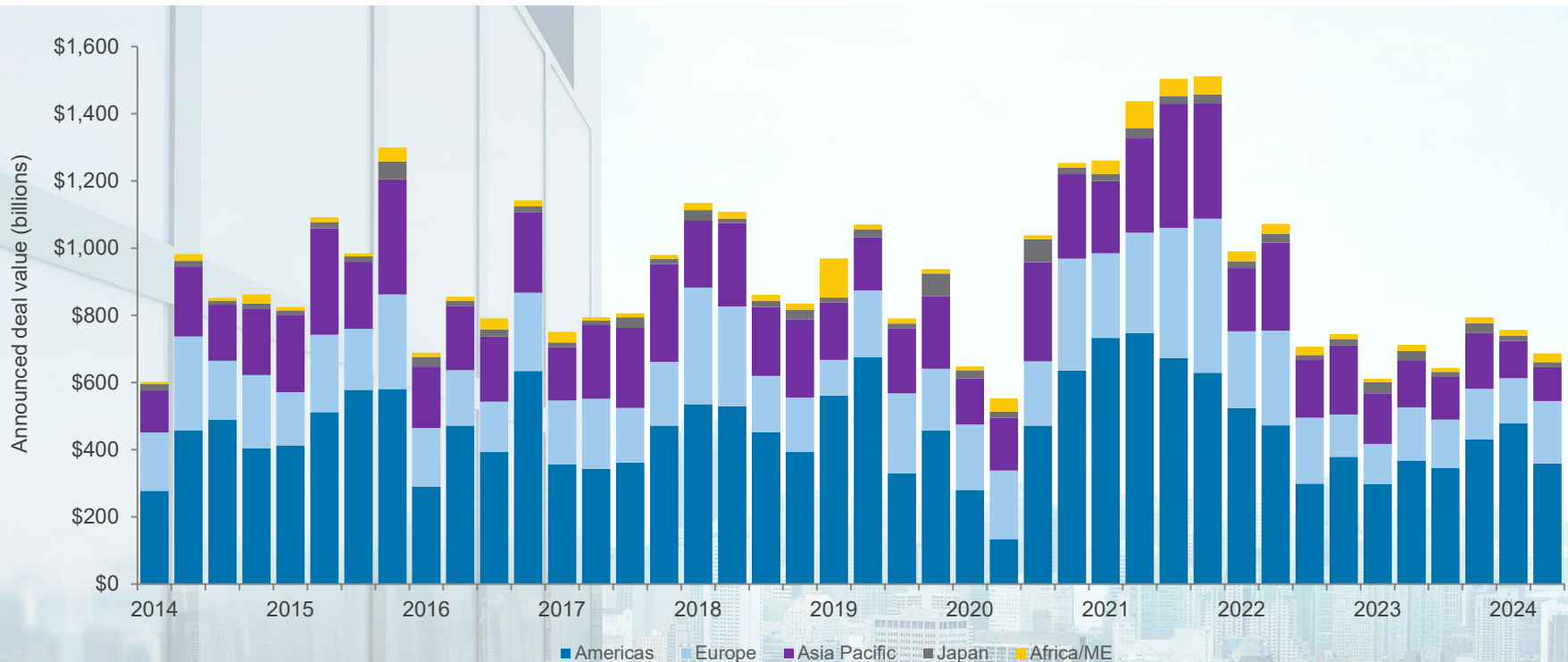
# Strong Performance in Legal & Regulatory Services Despite Modest Growth in Legal Spending



Source: BTI 21<sup>st</sup> Annual Survey of Top Legal Decision Makers, February 2024

**CRA's litigation growth has come from taking market share and successfully targeting faster growing segments**

# Our Business Has Performed Well Through Fluctuations in Global M&A Activity



Source: Refinitiv Deals Intelligence and Breakingviews, July 2024

**Both lines of business benefit from M&A activity as it causes companies to face the realities of a changing competitive landscape**

# Growing Complexity in Regulatory Markets Benefit Our Legal & Regulatory and Management Consulting Businesses



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“Strong competition enforcement is always needed at times of big industrial and tech changes. It is then that markets can tip, that monopolies can be formed, and that innovation can be snuffed out. When competition enforcement steps in, it allows different business models and new ideas to develop. So we must get ready. AI and the metaverse are developing at breakneck speed. We cannot just sit back and see how things pan out.”

Margrethe Vestager, Executive Vice President, European Commission  
Remarks at the European Commission Workshop on “Competition in Virtual Worlds and Generative AI”, 28 June 2024



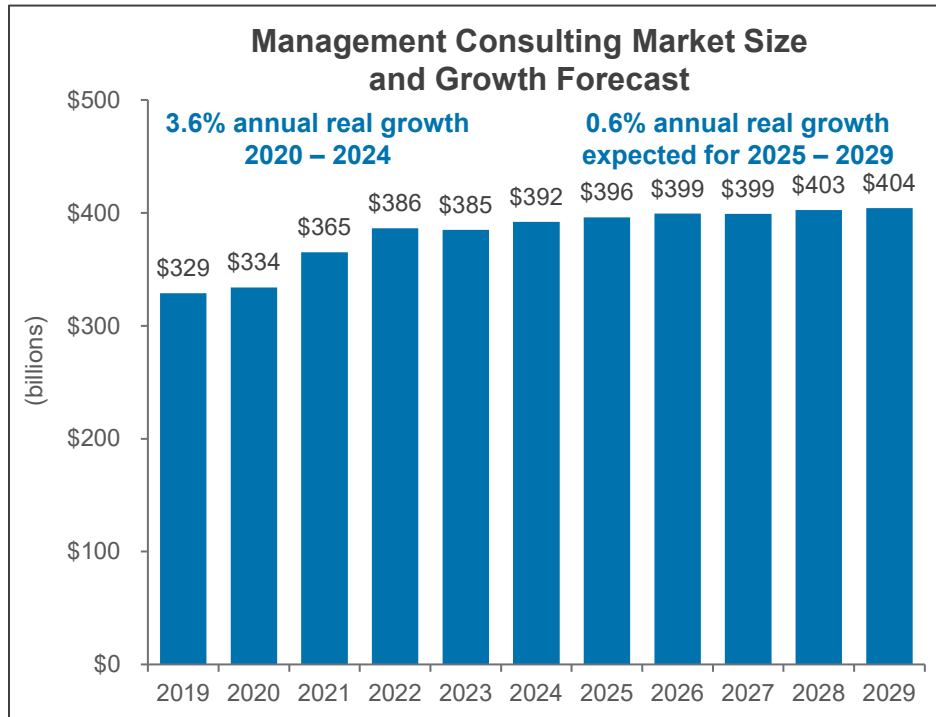
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“Such a fast-moving system means that more economic analysis is needed, not less. Economic analysis must also be conducted on a continual basis because the likelihood of changing conditions altering the findings is high. Given that the Commission is trying to understand policy decisions across a complex ecosystem in a relatively short order — often meaning less than a year or so, not over a period of years — that makes the contribution of economists to the Commission’s decision-making process more vital.”

Mark T. Uyeda, Commissioner, U.S. Securities and Exchange Commission  
Remarks at the Conference on Financial Market Regulation: The Analytical Challenges of Regulating Today’s Financial Markets, 10 May 2024

**CRA’s clients benefit from our ability to keep pace with the evolving focus of legal and regulatory proceedings around the world**

# Consulting Services Remain in Demand During Both Positive and Challenging Economic Environments



## Key Trends in Management Consulting

Disruptive technology spurs demand from healthcare, life sciences, media, telecommunications and financial services companies

Ease of entry allows consultants to meet and benefit from external shocks

Provision of diverse services for a variety in downstream clients reduces volatility

Few new establishments lead to increased market concentration

**Given recent trends, we are maintaining our sector focus and increasing our analytical capabilities to position CRA for future growth**

# Representative Client Matters



# Legal & Regulatory Consulting



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On behalf of Microsoft's and Activision Blizzard's recently completed merger, a CRA expert provided testimony and economic analysis to address concerns raised by the Federal Trade Commission (FTC) regarding vertical foreclosure and the potential impact on competition across multiple relevant product markets. Citing testimony from CRA's expert numerous times, the U.S. District Court denied the FTC's motion for a preliminary injunction, ruling in favor of Microsoft and Activision Blizzard.

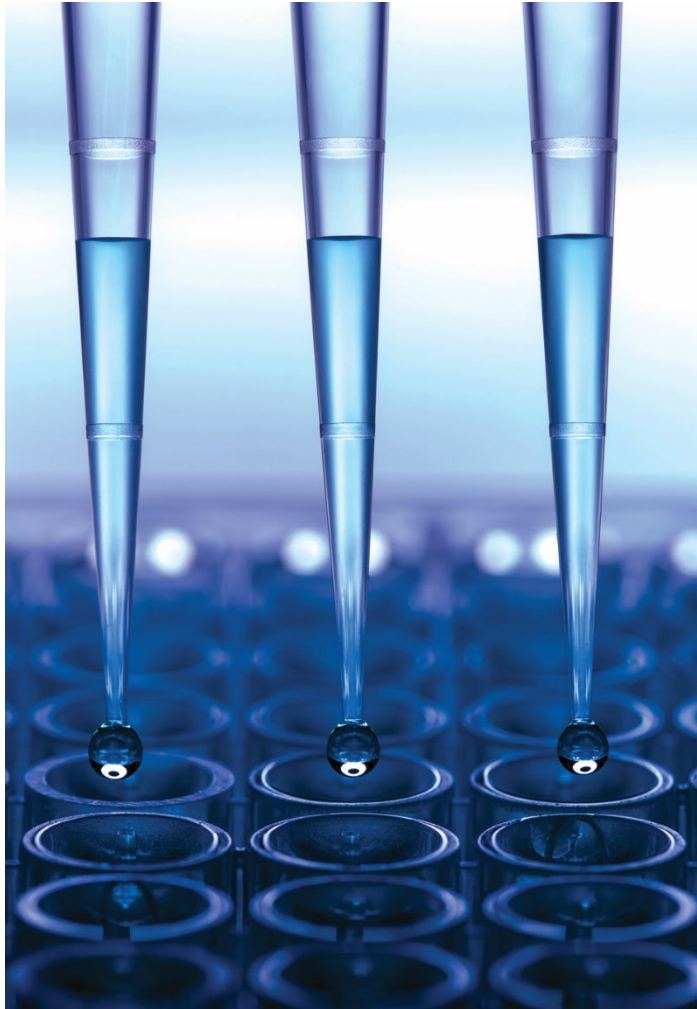


# Legal & Regulatory Consulting



A global technology corporation experienced a large-scale business email compromise event that impacted global operations in 27 countries. In response, CRA worked closely with US and UK counsel to organize, collect and preserved the individuals' data by jurisdiction. For each country's dataset, CRA leveraged language detection and machine translation solutions in conjunction with pattern searching and search term analysis to assist the client in notifying both impacted individuals and data protection authorities.

# Legal & Regulatory Consulting



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CRA economists assisted Roche and its counsel Dechert overturn a €444 million fine levied against Novartis, Roche and Genentech by the French Competition Authority. The CRA team conducted empirical analyses of the off-label use of Avastin in ophthalmology. They also analyzed the definition of the relevant market and Roche and Novartis' alleged collective dominance.

# Legal & Regulatory Consulting



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A CRA expert was retained by the US Securities and Exchange Commission to testify in a matter involving two private equity managers accused of inflating the value of certain investments and misleading investors. The CRA expert's assessment of the fair market value on various dates demonstrated that the actual fund value was less than the value reported by the fund managers, leading a jury to find the managers liable for securities fraud.

# Legal & Regulatory Consulting



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CRA consultants led a complex internal investigation for a global airline logistics and cargo company in support of an inquiry into conflicts of interest and improper payments to company management by the company's customers and vendors. The team collected and analyzed over 10 years of accounting and financial data to quantify amounts misappropriated by management and conducted detailed transaction testing to identify additional improper activity.

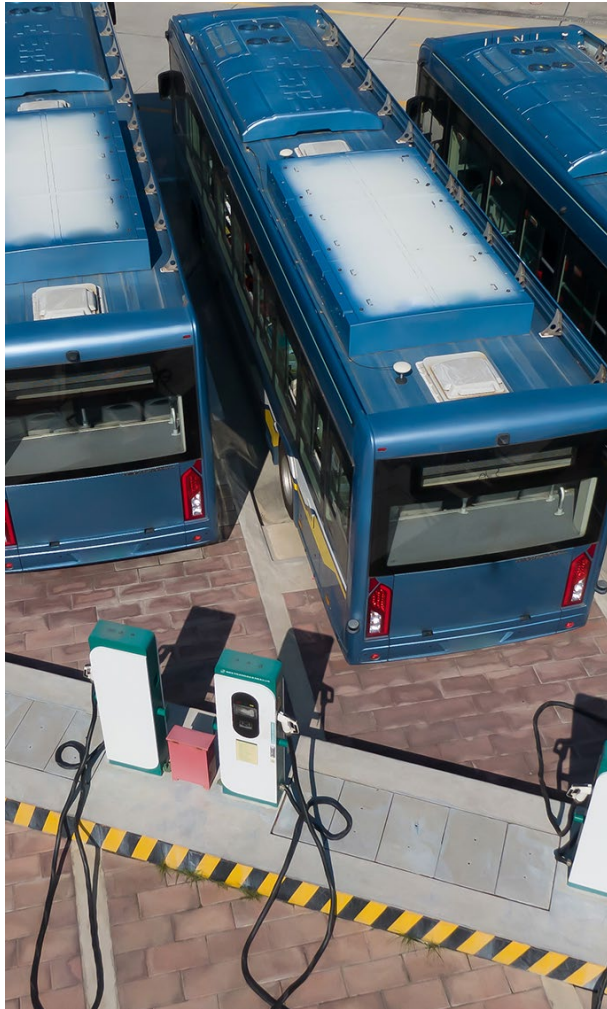
# Management Consulting



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CRA advised a large international pharmaceutical company regarding the pricing and access strategy of its gene therapy portfolio that addresses rare disease indications. Using primary research, secondary research and analogue analysis, CRA delivered recommendations on optimization and risk mitigation for gene therapy pricing strategy implementation and the likely impact of the changing policy environment and competitive landscape in key markets.

# Management Consulting



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A global equity investor retained CRA to conduct due diligence of a North American bus transportation company. The CRA team developed fleet electrification options and sustainability upsides that produced a significantly higher internal rate of return for the transaction, resulting in CRA's client eventually winning the bid for the asset.

# Management Consulting



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When Fonterra Co-operative Group, the world's leading dairy exporter, wanted to enhance price transparency, price risk management, and forward price information, they turned to CRA. We pioneered an Internet-based trading platform for commodity dairy products, and we independently manage the trading events. Cumulative sales of dairy products traded on this platform—now with multiple sellers and buyers—have surpassed US\$35 billion.

# Appendix

## Supplemental Financial Disclosures

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# Reconciliation of Non-GAAP Financial Measures

	Fiscal Years						Fiscal YTD	
	2018	2019	2020	2021	2022	2023	Q2 2024	Q2 2023
(\$ in millions, except per share data)								
<b>Revenues</b>	\$ 417.6	\$ 451.4	\$ 508.4	\$ 565.9	\$ 590.9	\$ 624.0	\$ 343.2	\$ 314.8
Income from operations	28.9	29.3	34.8	55.7	58.7	57.5	30.9	29.6
<b>Operating margin (%)</b>	<b>6.9 %</b>	<b>6.5 %</b>	<b>6.8 %</b>	<b>9.8 %</b>	<b>9.9 %</b>	<b>9.2 %</b>	<b>9.0 %</b>	<b>9.4 %</b>
<b>Net income</b>	<b>\$ 22.5</b>	<b>\$ 20.7</b>	<b>\$ 24.5</b>	<b>\$ 41.7</b>	<b>\$ 43.6</b>	<b>\$ 38.5</b>	<b>\$ 20.2</b>	<b>\$ 18.4</b>
<b>Net income margin (%)</b>	<b>5.4 %</b>	<b>4.6 %</b>	<b>4.8 %</b>	<b>7.4 %</b>	<b>7.4 %</b>	<b>6.2 %</b>	<b>5.9 %</b>	<b>5.9 %</b>
Weighted average shares outstanding (diluted) in millions	8.6	8.2	7.9	7.6	7.4	7.1	7.0	7.2
<b>Diluted earnings per share</b>	<b>\$ 2.61</b>	<b>\$ 2.53</b>	<b>\$ 3.07</b>	<b>\$ 5.45</b>	<b>\$ 5.91</b>	<b>\$ 5.39</b>	<b>\$ 2.90</b>	<b>\$ 2.56</b>
<b>Reconciliation of GAAP net income to non-GAAP net income:</b>								
<b>GAAP net income</b>	\$ 22.5	\$ 20.7	\$ 24.5	\$ 41.7	\$ 43.6	\$ 38.5	\$ 20.2	\$ 18.4
Other	1.4	5.4	3.0	0.4	0.3	(0.8)	8.2	0.1
Foreign currency (gains) losses, net	(0.4)	1.3	-	0.5	(1.9)	1.4	0.3	1.2
Tax effect of non-GAAP adjustments	(0.1)	(1.7)	(0.8)	(0.2)	0.3	(0.1)	(2.2)	(0.3)
Non-GAAP adjustments, net of tax	0.9	5.0	2.2	0.7	(1.3)	0.5	6.3	1.0
<b>Non-GAAP net income</b>	<b>\$ 23.4</b>	<b>\$ 25.7</b>	<b>\$ 26.7</b>	<b>\$ 42.4</b>	<b>\$ 42.3</b>	<b>\$ 39.0</b>	<b>\$ 26.5</b>	<b>\$ 19.4</b>
<b>Non-GAAP net income margin (%)</b>	<b>5.6 %</b>	<b>5.7 %</b>	<b>5.2 %</b>	<b>7.5 %</b>	<b>7.2 %</b>	<b>6.2 %</b>	<b>7.7 %</b>	<b>6.2 %</b>
<b>Non-GAAP net income per diluted share outstanding</b>	<b>\$ 2.72</b>	<b>\$ 3.14</b>	<b>\$ 3.35</b>	<b>\$ 5.54</b>	<b>\$ 5.74</b>	<b>\$ 5.46</b>	<b>\$ 3.80</b>	<b>\$ 2.70</b>

## Note:

Adjustments referred to as "Other" include goodwill and intangible impairment charges, valuation changes in contingent consideration liabilities associated with prior acquisitions, restructuring costs, consideration paid in connection with the IQVIA transaction, activity from GNU123 Liquidating Corporation, acquisition-related costs, lease recapture, and estimated impact of The Tax Cuts and Jobs Act.

# Reconciliation of Non-GAAP Financial Measures (cont.)

(\$ in millions)	Fiscal Years						Fiscal YTD	
	2018	2019	2020	2021	2022	2023	Q2 2024	Q2 2023
<b>Reconciliation of net income to non-GAAP EBITDA:</b>								
<b>Net Income</b>	\$ 22.5	\$ 20.7	\$ 24.5	\$ 41.7	\$ 43.6	\$ 38.5	\$ 20.2	\$ 18.4
Adjustments needed to reconcile GAAP net income to non-GAAP net income:	0.9	5.0	2.2	0.7	(1.3)	0.5	6.3	1.0
<b>Non-GAAP net income</b>	\$ 23.4	\$ 25.7	\$ 26.7	\$ 42.4	\$ 42.3	\$ 39.0	\$ 26.5	\$ 19.4
Interest expense (income), net	0.6	1.3	1.2	1.0	1.8	3.8	1.9	2.2
Provision (benefit) for income taxes	6.6	7.8	10.0	12.8	14.9	13.9	10.6	8.1
Depreciation and amortization	10.0	10.6	12.8	12.8	12.0	11.6	5.6	5.8
<b>Non-GAAP EBITDA</b>	\$ 40.6	\$ 45.4	\$ 50.7	\$ 68.9	\$ 71.0	\$ 68.3	\$ 44.7	\$ 35.5
<b>Non-GAAP EBITDA margin</b>	9.7 %	10.1 %	10.0 %	12.2 %	12.0 %	10.9 %	13.0 %	11.3 %

	GAAP	Non-GAAP	Difference due to Other
Revenue growth (Fiscal Years 2019-2023)	49 %	49 %	— %
Earnings per diluted share (EPS) growth (Fiscal Years 2019-2023)	107 %	101 %	(6)%
Revenue growth (Fiscal Year 2023)	6 %	6 %	— %
Earnings per diluted share (EPS) growth (Fiscal Year 2023)	(9)%	(5)%	4 %
Revenue growth (Fiscal YTD 2024)	9 %	9 %	— %
Earnings per diluted share (EPS) growth (Fiscal YTD 2024)	13 %	41 %	28 %

# Investor Relations



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