

An Overview of Charles River Associates

Q4 FY2019

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, 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. 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actual results to differ materially from those contained in or implied by the forward-looking statements or by the historical references.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; 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; changes in tax law or 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. 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.



Positioning

Economic Litigation and Management Consulting Boutique with Leading Positions in Antitrust & Competition Economics, Valuation, Financial Markets, and Corporate Strategy



Two Lines of Business

Legal, Regulatory, and Financial Consulting
"Cutting Edge Approaches to High Stakes Cases"

Management Consulting
Sector Specialized Boutique



Sources of Distinctiveness

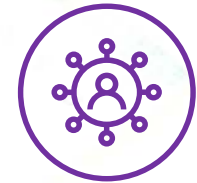
Leading Experts

Client-Tailored Model

Superior Analytics

Industry Insight

Senior-Led



Organization/Culture

Team-Based

Entrepreneurial

Efficient Infrastructure

Performance Driven by Highly Talented and Dedicated Colleagues



80% of senior staff have advanced degrees, with 43% holding PhDs



CRA accepts less than 2% of campus applicants



Less than 5% voluntary turnover among top revenue generators over past 5 years



Over 30 languages spoken



Our staff hail from over 50 countries across 6 continents



21 offices across 9 countries

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 83 of the Fortune 100

FORTUNE
100
Corporate



In the Past Two Years, We Have Partnered with 94 of the Top 100 Law Firms



Evergreen End Markets and Primary Demand Drivers



Legal Spend



Mergers & Acquisitions



Regulatory & Public Policy



Strategy & Operations Consulting

Delivering Growth in the Business While Returning Capital to Shareholders



**Revenue
Growth***



**Headcount
Growth**



**EPS
Growth***



**Stock
Repurchases**

Fiscal 2019

8%

13%

maintaining
utilization of 75%

9%

\$18M

average price of
\$42.94 per share

**Fiscal Years
2015-2019**

50%

73%

maintaining
utilization of 75%

113%

\$97M

average price of
\$35.06 per share

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

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



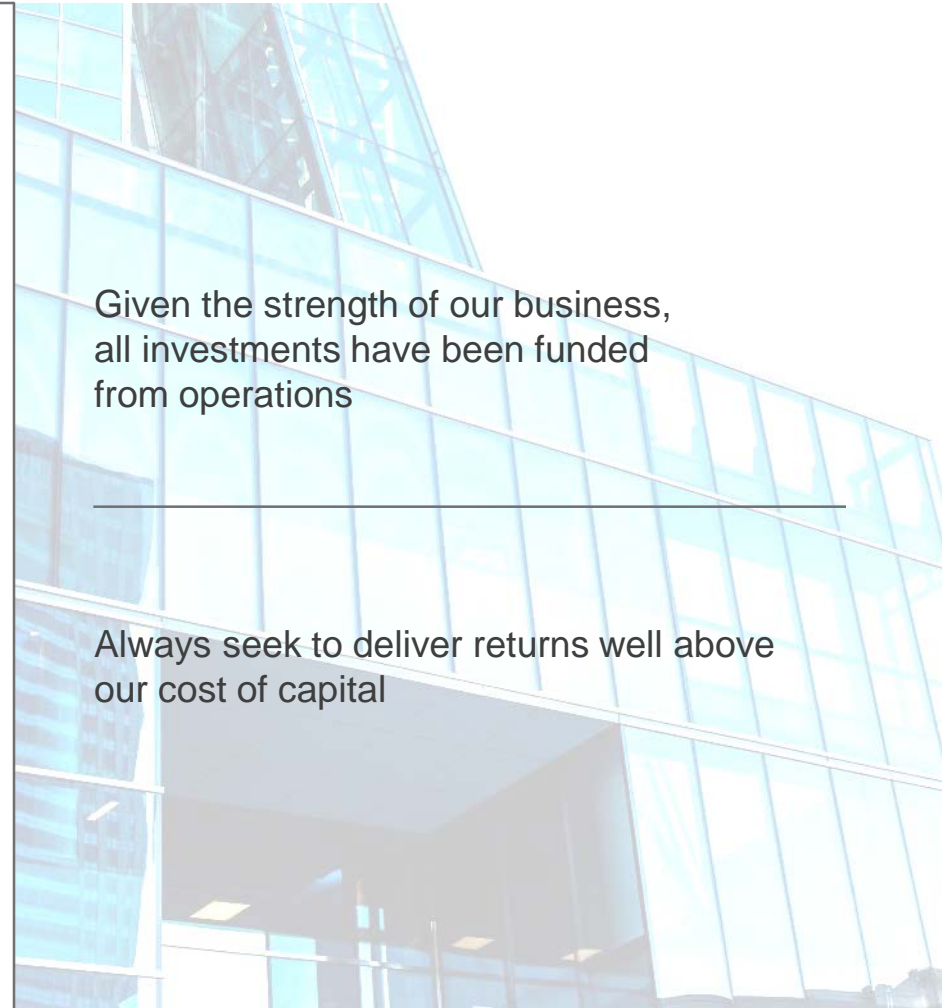
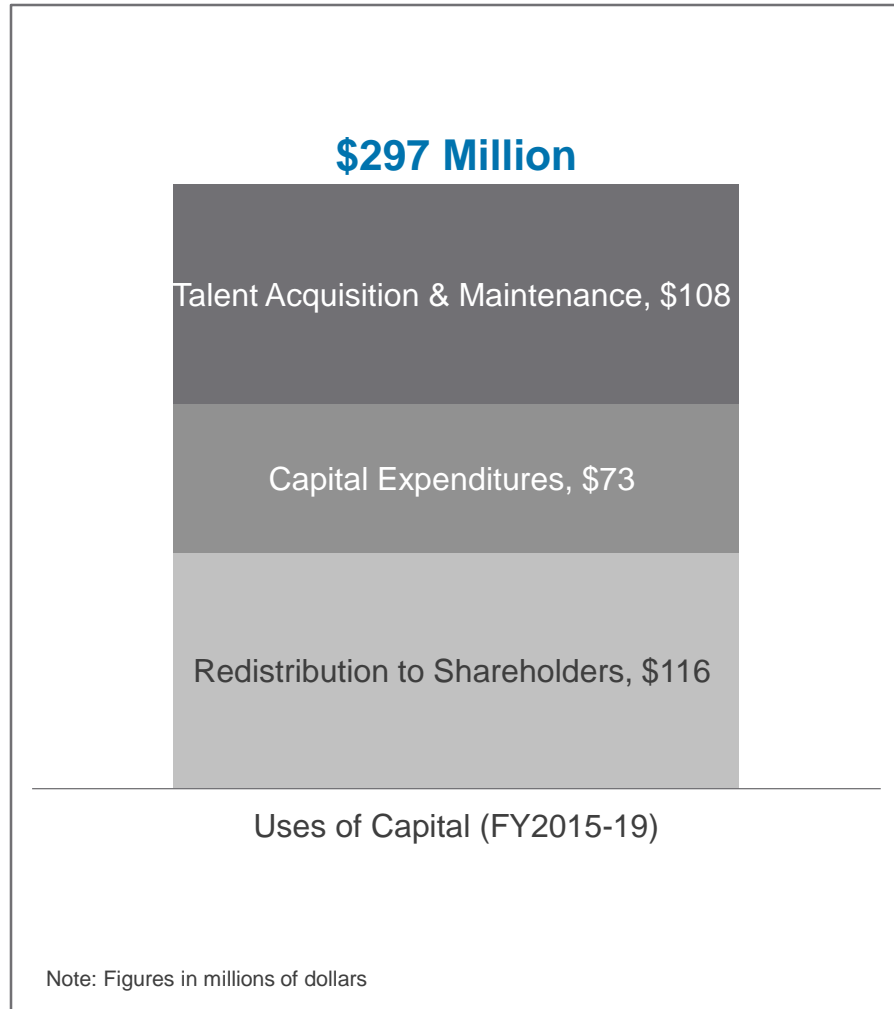
No long-term debt and history of strong cash flows



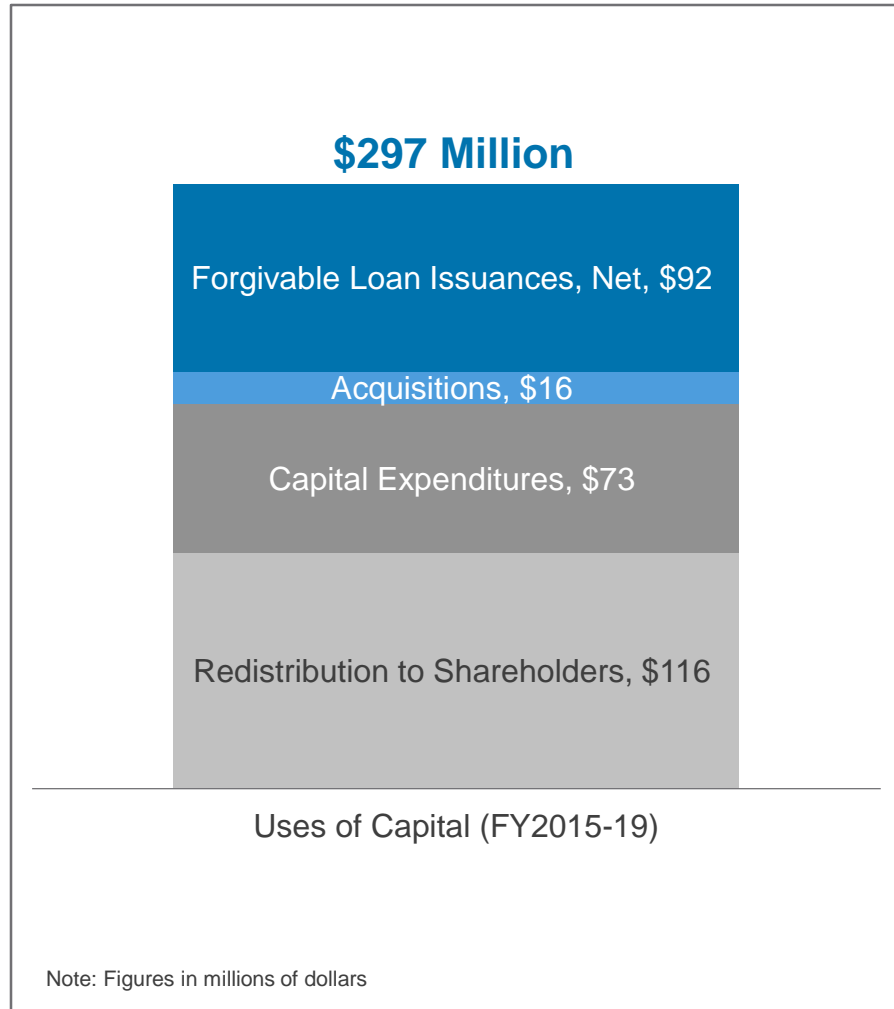
Value-based decision makers with disciplined capital allocation strategy

Objective is to maximize the long-term value per share

Capital Allocation Philosophy



Talent Acquisition and Maintenance Strategy



Over this period, revenue has increased by 50%, or \$150 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 to address gaps in our capabilities

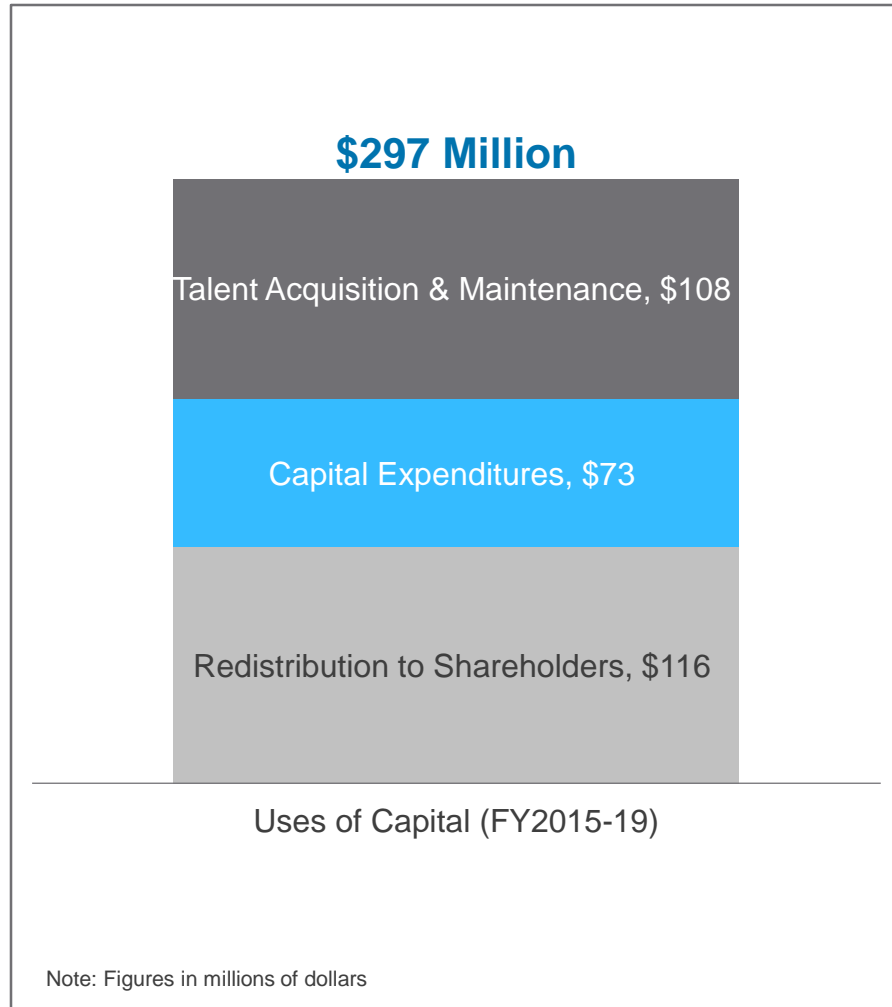
Talent investments will be focused on service offerings within our existing lines of business; recent investments have focused on expanding our offerings in the areas of forensic services and life sciences

Talent maintenance investments average approximately 2% of annual revenue, although actual outlays vary from year to year

When targeting individual revenue generators, forgivable loans are used at times as a form of talent acquisition capital

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

Capital Expenditures



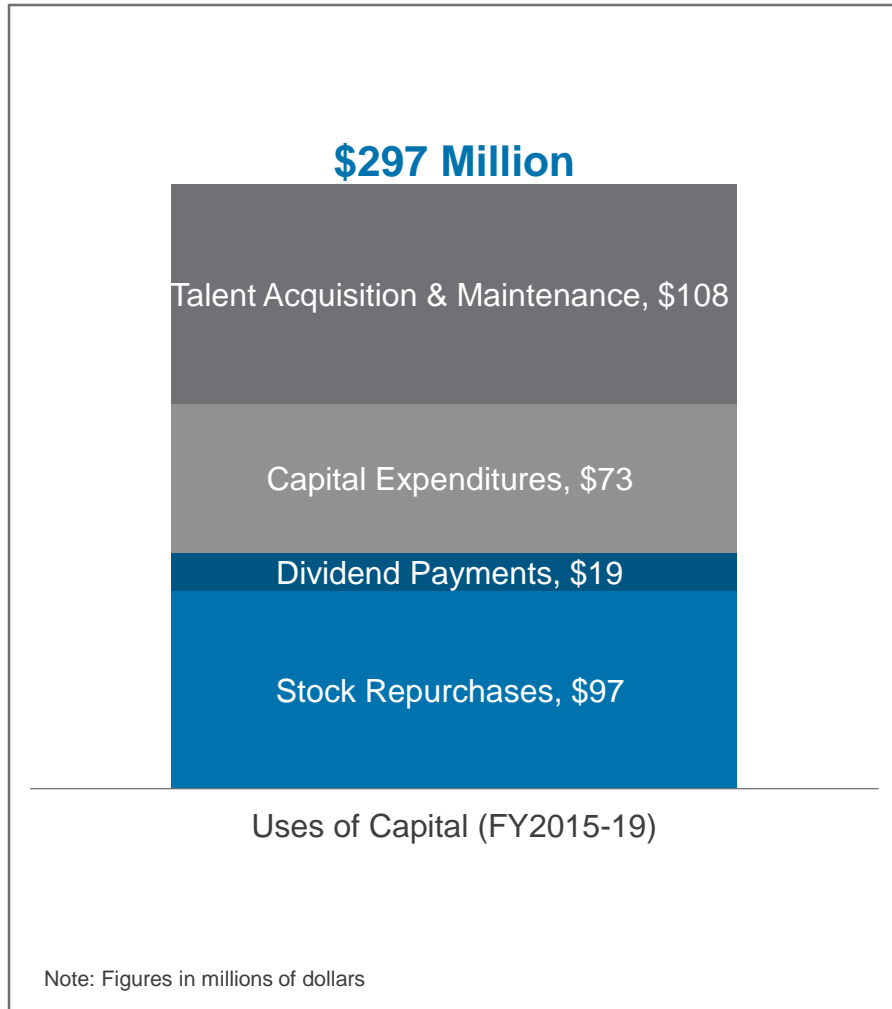
Outlays associated with lease expirations and office expansions to accommodate growth accounted for \$60 million of total capital expenditures

Our investments in office buildouts have focused on efficient space planning, reducing our footprint per employee

As a result, our real estate cost per employee has remained relatively flat over this time period

As a professional services business, our non-real estate capital expenditures are typically modest, having averaged approximately \$3 million per year

Redistribution of Capital to Shareholders



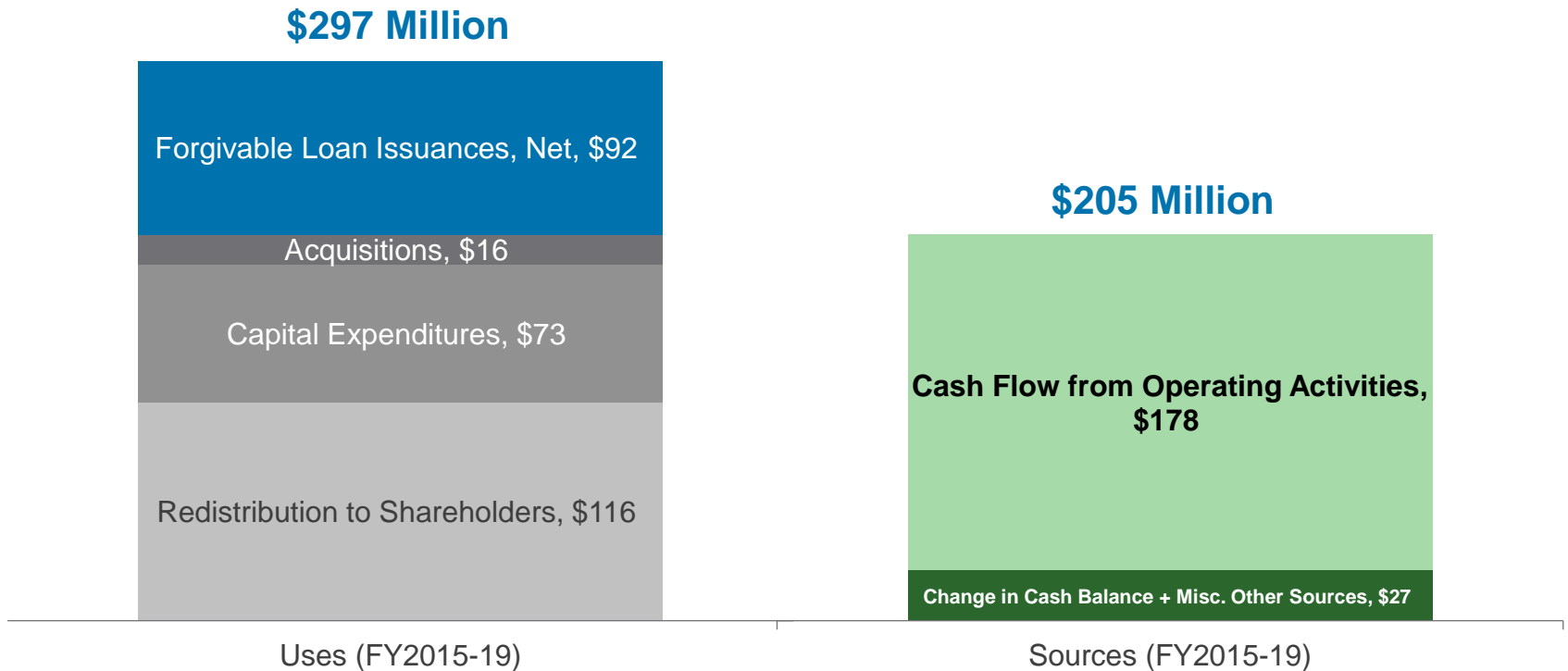
We have repurchased 2.8 million shares at an average cost of \$35.06 per share during 2015-2019

Repurchase activity has reduced net shares outstanding by 15%

Initiated quarterly dividend of \$0.14 per share in Q4 of 2016, with subsequent increases in 2017, 2018 and 2019 resulting in a current quarterly dividend of \$0.23 per share

During 2015-2019, stock repurchases and dividend payments have combined to deliver an average shareholder yield of approximately 7.5% relative to our average market capitalization

Without Relying on Debt, How Has CRA Funded Its Investments?

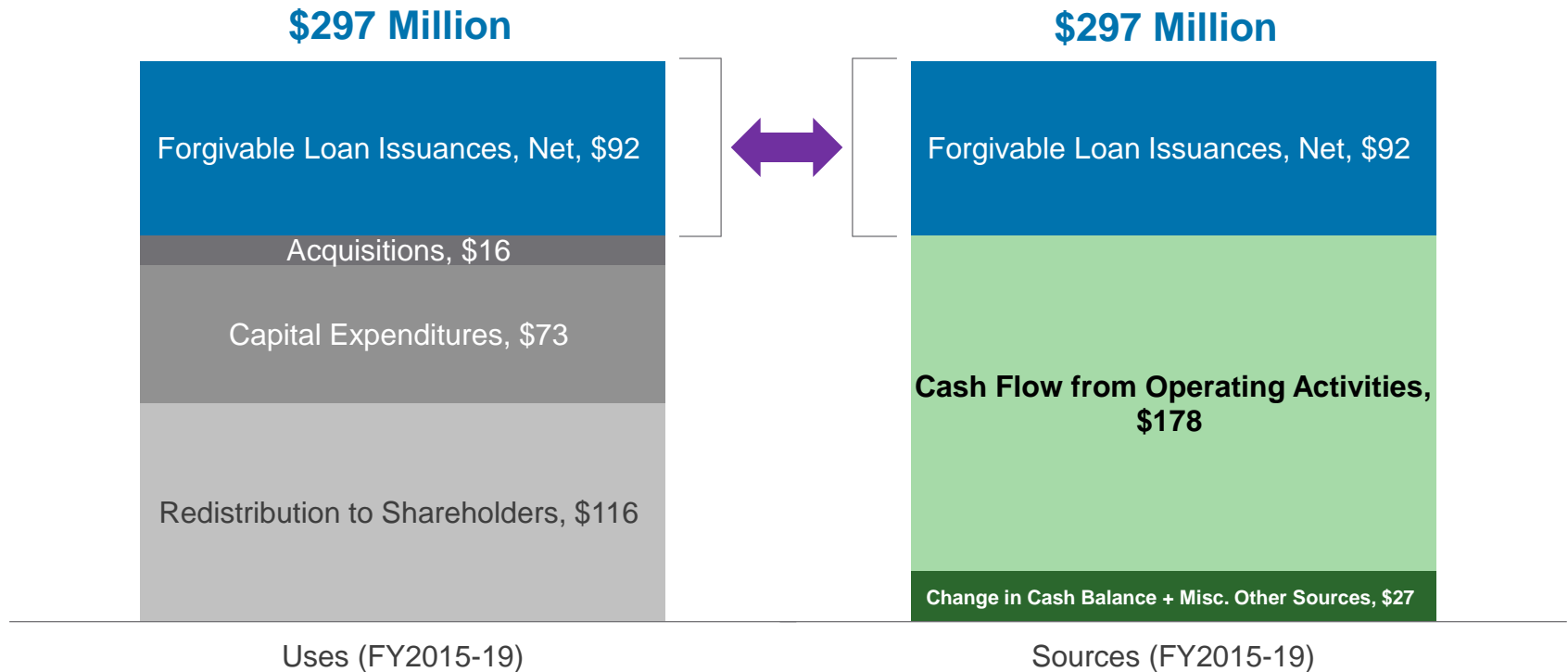


Note: Figures in millions of dollars

Forgivable Loans Add Complexity to the Interpretation of Our Financial Statements

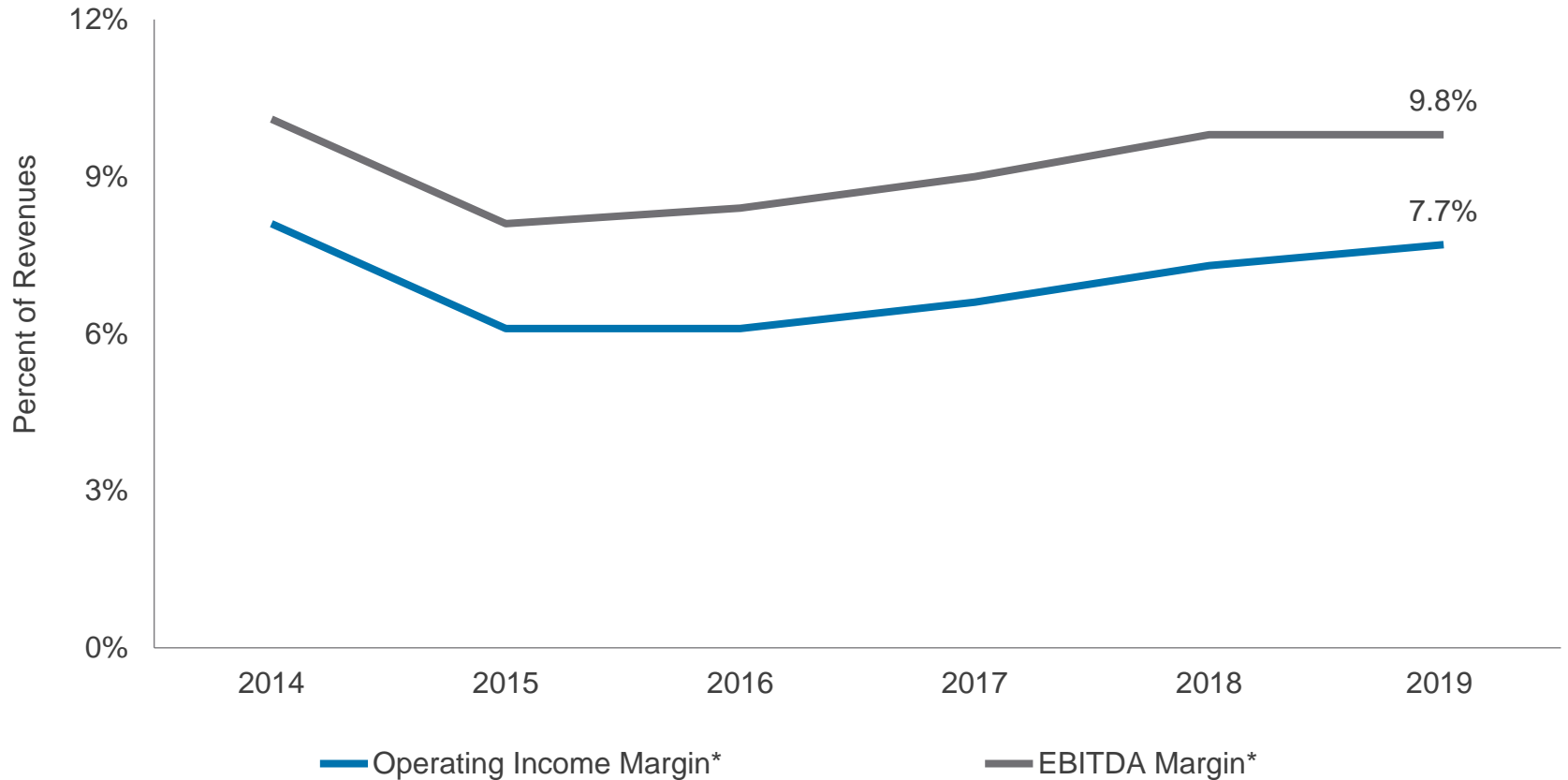
| | Talent Acquisition Approaches | |
|---|--|--|
| | Traditional M&A | Hire Revenue Generators |
| Objective | Acquire talent collectively | Acquire talent individually |
| Upfront payment | Yes | Yes |
| Form of transaction consideration | Purchase price to/for LLC, C-Corp, etc. | Forgivable loan(s) |
| Tax treatment | Slower amortization (up to 15 years) | Faster amortization (3–8 years) |
| Need to renew | Potentially, depending on individual circumstances | Potentially, depending on individual circumstances |
| Effects on Income Statement | Amortize only value of identified intangibles; amounts added back when computing EBITDA | Expense 100% of upfront payment over period of loan forgiveness, reflected as a non-cash charge to cost of services; amounts not added back when computing EBITDA |
| Effects on Statement of Cash Flows | Transaction consideration reflected in Cash Flow from Investing Activities | Transaction consideration reflected in Cash Flow from Operating Activities |

Forgivable Loan Issuance Is Already Captured as a Deduction when Computing Cash Flow from Operating Activities



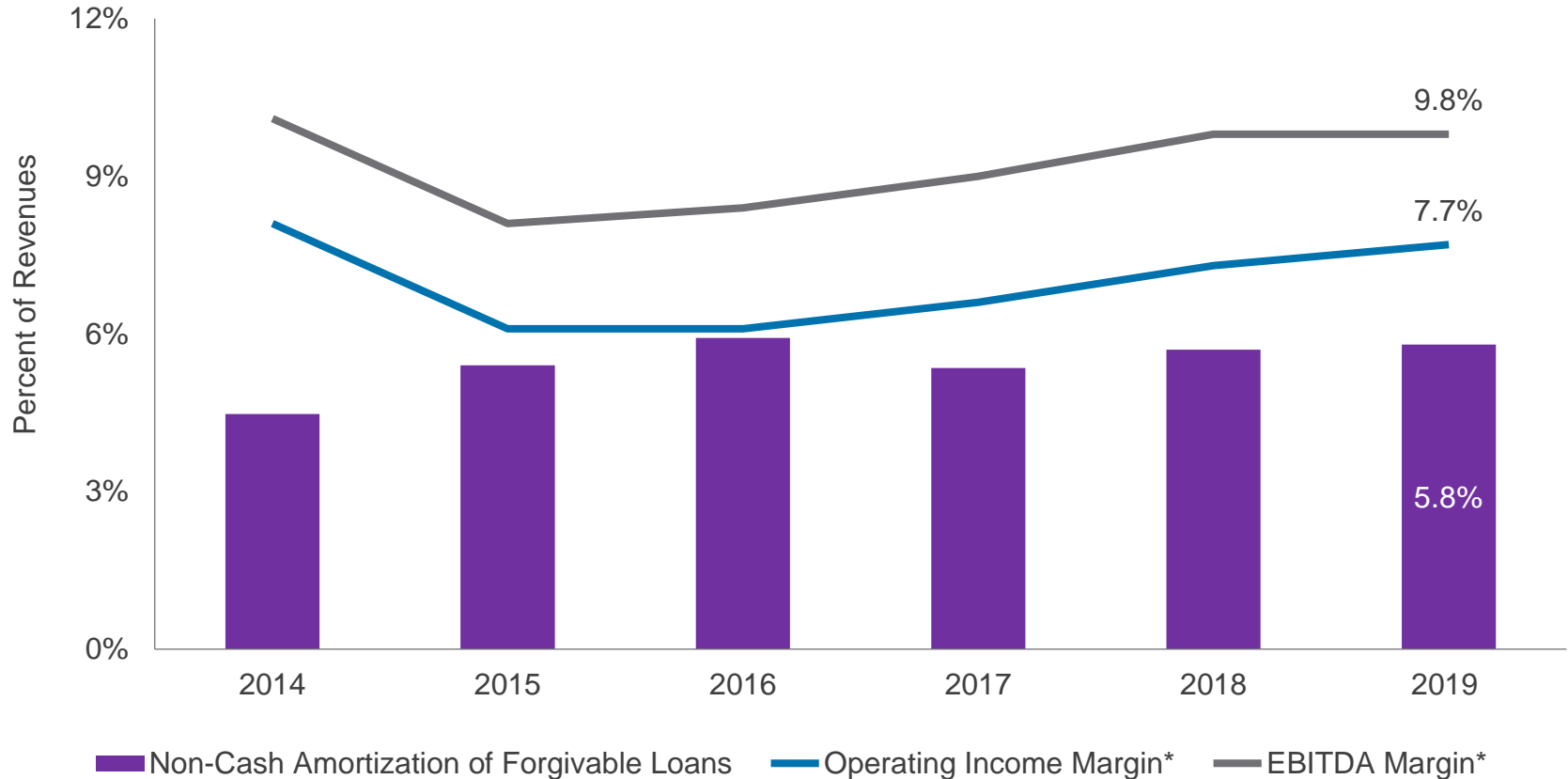
Note: Figures in millions of dollars

Forgivable Loans Also Complicate Measures of Profitability



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

Forgivable Loans Also Complicate Measures of Profitability



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Being Good Stewards of Our Capital Has Propelled CRA's Stock Performance

| Cumulative Total Stock Returns (as of 28 December 2019) | | | | |
|---|------------|------------|------------|------------|
| | 1 Year | 2 Years | 3 Years | 5 Years |
| CRA | 33% | 24% | 53% | 77% |
| S&P 500 | 33% | 25% | 53% | 72% |
| NASDAQ Composite | 38% | 32% | 71% | 98% |

Source: Capital IQ

CRA has been rewarded for its ability to support the business through prudent investments while at the same time returning capital to shareholders

Expectations for the Future



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



For FY2020, we have provided the following annual financial guidance on a constant currency basis

Revenue range of \$495 – \$510 million*

Non-GAAP EBITDA margin range of 9.2% – 10.2%*

*FY2020 guidance as of February 27, 2020. Guidance is presented on a constant currency basis relative to fiscal 2019; a description of how CRA calculates constant currency financial measures appears at the end of this presentation.

Evergreen End Markets and Primary Demand Drivers



Legal Spend



Mergers & Acquisitions



Regulatory & Public Policy



Strategy & Operations Consulting

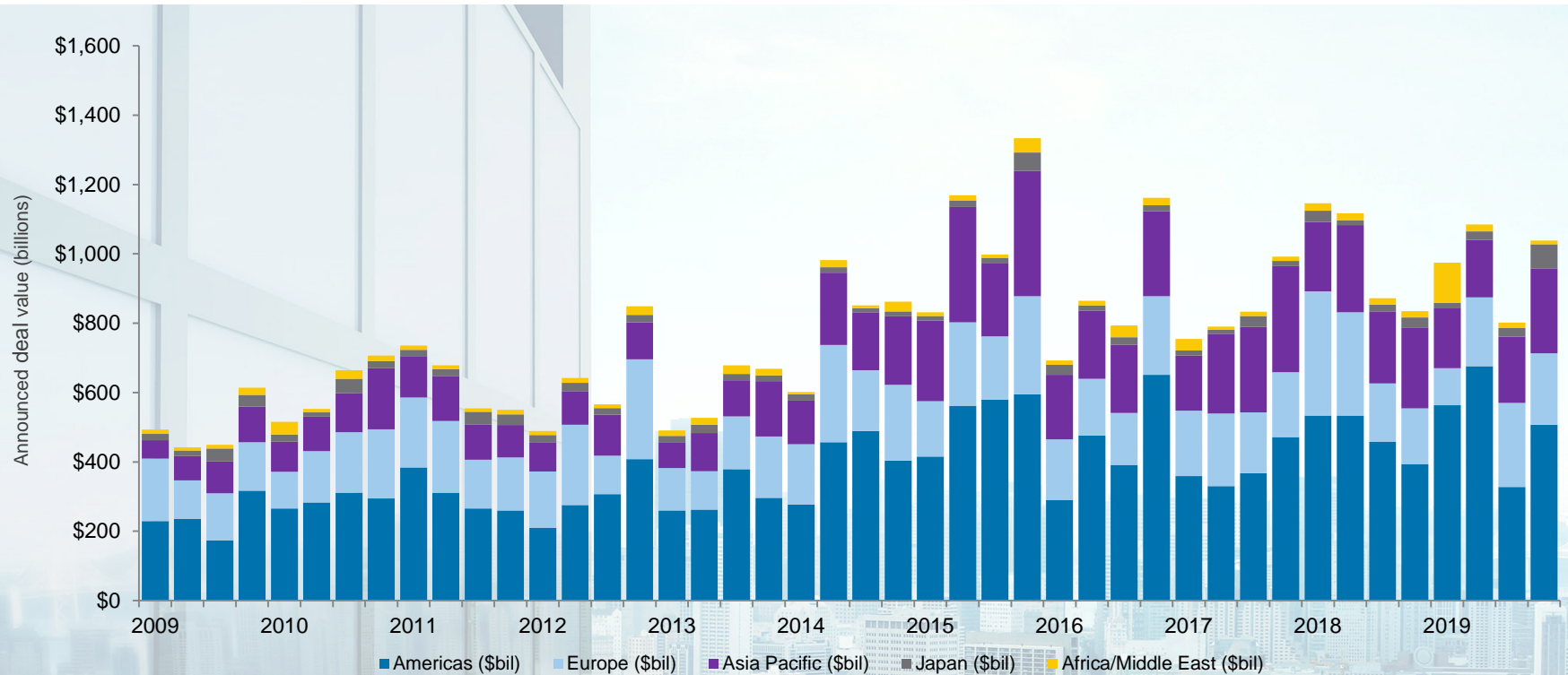
Strong Performance in Legal & Regulatory Services Despite Flat Legal Spending



Source: BTI Annual Survey of Legal Decision Makers 2009-2020

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

Business Performs Well through Fluctuations in Global M&A Activity



Source: Refinitiv Deals Intelligence and Breakingviews, March 2020

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

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



“

“For over 100 years, the FTC has worked to ensure that our nation’s markets are open, vibrant, and working for American consumers. We accomplish these goals through targeted yet vigorous enforcement of the nation’s antitrust and consumer protection laws, and by using our unique set of research and policy tools.”

FTC Chairman Joseph J. Simons

“Online Platforms and Market Power, Part 4: Perspectives of the Antitrust Agencies,” Washington, D.C. 13 November 2019



“

“My first recommendation begins with the premise that to strengthen the SEC’s enforcement program, the Commission should be on the lookout for rules that need to be written, eliminated, or rewritten. By modernizing our rules, we can focus our enforcement resources on violations that we believe to be harmful to investors and markets.”

SEC Commissioner Hester M. Peirce

Broken Windows: Remarks before the 51st Annual Institute on Securities Regulation, New York, NY, 4 November 2019

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

CRA Management Consulting Benefitting from Growing Demand in the Marketplace and Focus on Differentiated Offerings



Key Trends in Management Consulting

Consolidation from largest players expected to continue

Rapid IT developments across economy to drive development of new strategies/designs

More solutions to incorporate computer systems in order to keep pace with private sector investment in IT

Value of industry expertise remains important

Major investments in life sciences and healthcare to drive growth for M&A advisory services

In light of recent trends, increasing our sector focus and analytical capabilities position CRA for future growth

Representative Client Matters



Legal, Regulatory, and Financial Consulting



CRA economists advised counsel to CVS Health (CVS) and Aetna on CVS's acquisition of Aetna. The US Department of Justice approved the merger subject to the divestiture of Aetna's Medicare Part D prescription drug plan business for individuals and concluded the merger did not raise any other horizontal or vertical competitive concerns.

Legal, Regulatory, and Financial Consulting



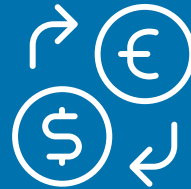
When a nationwide financial services company was hit by a targeted phishing email campaign, thousands of customers became victims of wire fraud. Our cyber response experts traced the unauthorized network intrusions and identified impacted customers for timely notification. We helped the company assess its disclosure and regulatory reporting obligations, and prepare an insurance claim to recover costs and damages.

Legal, Regulatory, and Financial Consulting



CRA consultants advised counsel to Credit Acceptance Corporation, a leading automobile financing firm that was involved in litigation regarding alleged monopolization. CRA provided expert reports and deposition testimony that addressed monopolization allegations and rebutted damages estimates. The case was ultimately dismissed on summary judgment.

Legal, Regulatory, and Financial Consulting



CRA was retained to testify in an action involving the trading of interest rate futures. Our expert submitted a declaration in US federal court describing issues of market impact and price discovery related to Eurodollar futures trades by the defendant in an action launched by the Commodity Futures Trading Commission.

Management Consulting



A manufacturer of a market-leading, multi-billion dollar oncology therapy was facing competition from a new entrant. CRA advised the company regarding potential competitor entry strategies, assessed the risks associated with each, developed options to mitigate competitive risk, and recommended a course of action to enable continued market growth and optimal share retention.

Management Consulting



When a leading provider of electronic payments needed assistance in evaluating its overall business strategy, the company turned to Marakon. We helped management assess their operating model and sales channel mix in an effort to build brand loyalty.

Management Consulting



Faced with low usage growth and rising retail rates, a large US utility retained CRA to help them develop a capital allocation strategy. Our team developed a first-of-its-kind rate benchmarking model that enabled the client to analyze their planned spending and rate growth against a peer set and optimize their strategic decisions.

Management Consulting



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\$26 billion.

Appendix

Supplemental Financial Disclosures

CRA Charles River
Associates

Reconciliation of non-GAAP financial measures

| | Fiscal Years Ended | | | | | | |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| (\$ in millions, except per share data) | | | | | | | |
| Revenues | \$ 278.4 | \$ 306.4 | \$ 303.6 | \$ 324.8 | \$ 370.1 | \$ 417.6 | \$ 451.4 |
| Income from operations | 18.5 | 24.0 | 12.4 | 18.9 | 15.8 | 28.9 | 29.3 |
| Operating margin (%) | 6.7% | 7.9% | 4.0% | 5.8% | 4.3% | 6.9% | 6.5% |
| Net income (loss) attributable to CRA International, Inc. | 11.4 | 13.6 | 7.7 | 12.9 | 7.6 | 22.5 | 20.7 |
| Net income (loss) attributable to noncontrolling interest, net of tax | (0.1) | (0.2) | (1.3) | 1.3 | 0.1 | - | - |
| Net income | \$ 11.2 | \$ 13.4 | \$ 6.3 | \$ 14.2 | \$ 7.7 | \$ 22.5 | \$ 20.7 |
| Net income margin (%) | <u>4.0%</u> | <u>4.5%</u> | <u>2.1%</u> | <u>4.4%</u> | <u>2.1%</u> | <u>5.4%</u> | <u>4.6%</u> |
| Interest expense (income), net | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.6 | 1.3 |
| Provision (benefit) for income taxes | 6.7 | 9.9 | 5.5 | 7.7 | 7.5 | 6.5 | 6.1 |
| Depreciation and amortization | 6.4 | 6.4 | 6.6 | 7.9 | 8.9 | 10.0 | 10.6 |
| EBITDA (\$) | \$ 24.7 | \$ 30.2 | \$ 18.9 | \$ 30.3 | \$ 24.6 | \$ 39.6 | \$ 38.7 |
| EBITDA (%) | 8.9% | 9.9% | 6.2% | 9.3% | 6.6% | 9.5% | 8.6% |
| Weighted average shares outstanding (diluted) | 10.2 | 9.9 | 9.2 | 8.6 | 8.5 | 8.6 | 8.2 |
| Diluted earnings per share | \$ 1.12 | \$ 1.38 | \$ 0.83 | \$ 1.49 | \$ 0.89 | \$ 2.61 | \$ 2.53 |
| Reconciliation of GAAP revenue to non-GAAP revenue: | | | | | | | |
| GAAP revenue | \$ 278.4 | \$ 306.4 | \$ 303.6 | \$ 324.8 | \$ 370.1 | \$ 417.6 | \$ 451.4 |
| Revenue from GNU | (5.1) | (4.8) | (3.8) | (0.8) | - | - | - |
| Non-GAAP revenue | \$ 273.4 | \$ 301.6 | \$ 299.8 | \$ 324.0 | \$ 370.1 | \$ 417.6 | \$ 451.4 |
| Reconciliation of GAAP net income to non-GAAP net income: | | | | | | | |
| GAAP net income | \$ 11.2 | \$ 13.4 | \$ 6.3 | \$ 14.2 | \$ 7.7 | \$ 22.5 | \$ 20.7 |
| Revenue from GNU | (5.1) | (4.8) | (3.8) | (0.8) | - | - | - |
| Other | 5.1 | 5.1 | 9.2 | (2.2) | 8.6 | 1.4 | 5.4 |
| Tax effect of non-GAAP adjustments | 0.2 | 0.2 | (1.6) | 0.3 | 0.1 | (0.2) | (1.5) |
| Non-GAAP adjustments, net of tax | 0.3 | 0.5 | 3.8 | (2.7) | 8.7 | 1.2 | 4.0 |
| Non GAAP net income | \$ 11.5 | \$ 13.9 | \$ 10.1 | \$ 11.5 | \$ 16.4 | \$ 23.7 | \$ 24.7 |
| Non-GAAP net income margin (%) | 4.2% | 4.7% | 3.3% | 3.6% | 4.4% | 5.7% | 5.5% |
| Non GAAP net income (loss) per diluted share outstanding | \$ 1.13 | \$ 1.41 | \$ 1.10 | \$ 1.33 | \$ 1.91 | \$ 2.75 | \$ 3.01 |

Reconciliation of non-GAAP financial measures (cont.)

| | Fiscal Years Ended | | | | | | |
|--|--------------------|-----------------|--|----------------|----------------|----------------|----------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Reconciliation of GAAP income from operations to non-GAAP income from operations: | | | | | | | |
| GAAP income from operations | \$ 18.5 | \$ 24.0 | \$ 12.4 | \$ 18.9 | \$ 15.8 | \$ 28.9 | \$ 29.3 |
| Revenue from GNU | (5.1) | (4.8) | (3.8) | (0.8) | - | - | - |
| Other | 5.1 | 5.1 | 9.7 | 1.6 | 8.8 | 1.7 | 5.4 |
| Non-GAAP adjustments | (0.1) | 0.3 | 5.9 | 0.8 | 8.8 | 1.7 | 5.4 |
| Non-GAAP income from operations | \$ 18.4 | \$ 24.3 | \$ 18.3 | \$ 19.7 | \$ 24.6 | \$ 30.6 | \$ 34.7 |
| Non-GAAP operating margin | 6.7% | 8.1% | 6.1% | 6.1% | 6.6% | 7.3% | 7.7% |
| Reconciliation of EBITDA to non-GAAP EBITDA: | | | | | | | |
| EBITDA | \$ 24.7 | \$ 30.2 | \$ 18.9 | \$ 30.3 | \$ 24.6 | \$ 39.6 | \$ 38.7 |
| Non-GAAP adjustments to net income | 0.2 | 0.5 | 3.8 | (2.8) | 8.8 | 1.2 | 4.0 |
| Provision (benefit) for income taxes | (0.2) | (0.2) | 1.6 | (0.3) | (0.1) | 0.2 | 1.5 |
| Non-GAAP adjustments | (0.0) | 0.3 | 5.3 | (3.0) | 8.5 | 1.4 | 5.4 |
| Non-GAAP EBITDA | \$ 24.7 | \$ 30.5 | \$ 24.2 | \$ 27.2 | \$ 33.1 | \$ 41.0 | \$ 44.1 |
| Non-GAAP EBITDA margin | 9.0% | 10.1% | 8.1% | 8.4% | 9.0% | 9.8% | 9.8% |
| | GAAP | Non-GAAP | Difference due to GNU and Other | | | | |
| Revenue growth (Fiscal Years 2015-2019) | 47% | 50% | 2% | | | | |
| Earnings per diluted share (EPS) growth (Fiscal Years 2015-2019) | 84% | 113% | 30% | | | | |
| Revenue growth (Fiscal Year 2019) | 8% | 8% | 0% | | | | |
| Earnings per diluted share (EPS) growth (Fiscal Year 2019) | (3%) | 9% | 13% | | | | |

Reconciliation of non-GAAP financial measures

Notes:

1) Adjustments for GNU and Other

These adjustments arise from activity related to GNU, CRA's majority owned subsidiary, formerly known as "NeuCo," in the Company's GAAP results. In April 2016, substantially all of GNU's assets were sold. Additional adjustments referred to as "Other" include goodwill and intangible impairment charges, restructuring charges, valuation changes in contingent consideration liabilities associated with prior acquisitions, consideration paid in connection with the IQVIA transaction, lease recapture and related tax effects, estimated impact of The Tax Cuts and Jobs Act ("Tax Act"), and certain other unusual charges.

2) Constant Currency Calculations

CRA believes that fluctuations in foreign currency exchange rates can significantly affect CRA's financial results. Therefore, CRA provides a constant currency presentation to supplement disclosures regarding its results of operations and performance. CRA calculates constant currency amounts by converting its applicable fiscal period local currency financial results using the prior fiscal year's corresponding period exchange rates.

3) Forgivable Loan Issuances, Net

Forgivable loan issuances represent amounts disbursed during the year, including current year advances as well as accrued advances from the prior year, net of repayments. For amounts denominated in foreign currencies, the issuances are translated at the spot rate on the date of disbursement.

Investor Relations



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