

An Overview of Charles River Associates

Q3 FY2020



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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actual results to differ materially from those contained in or implied by the forward-looking statements or by the historical references.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; the extent and duration of the impact of the COVID-19 pandemic on our operations and results, including the effects on the financial health of our clients, and the impact of the imposition of public health measures and travel, health-related, business and other restrictions; 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

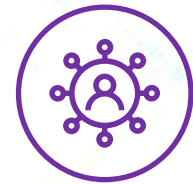
Leading Experts

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



WLRK
WACHTELL, LIPTON, ROSEN & KATZ

SIDLEY

**JONES
DAY**

Simpson
Thacher

GT GreenbergTraurig

KIRKLAND & ELLIS LLP

DLA PIPER

BAKER BOTTS

orrick

Dechert
LLP

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ROPES & GRAY

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**Baker
McKenzie.**

Akin Gump
STRAUSS HAUER & FELD LLP

SULLIVAN & CROMWELL LLP

Cooley

Proskauer»

VENABLE LLP

MAYER • BROWN

Skadden
Skadden, Arns, Slate, Mougher & Pion LLP
& Affiliates

WILMERHALE **WH**

ALSTON & BIRD

W&R Wilson Sonsini Goodrich & Rosati
PROFESSIONAL CORPORATION

CRAVATH, SWAINE & MOORE LLP

Weil

Delivering Growth in the Business While Returning Capital to Shareholders



**Revenue
Growth***



**Headcount
Growth**



**EPS
Growth***



**Stock
Repurchases**



**Cash
Dividends**

**Fiscal 2020
Q3 YTD**

12%

11%

maintaining
utilization of 69%

7%

\$9M

average price of
\$45.72 per share

\$5M

Fiscal 2019

8%

13%

maintaining
utilization of 75%

9%

\$18M

average price of
\$42.94 per share

\$7M

**Fiscal Years
2015-2019**

50%

73%

maintaining
utilization of 75%

113%

\$97M

average price of
\$35.06 per share

\$19M

*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



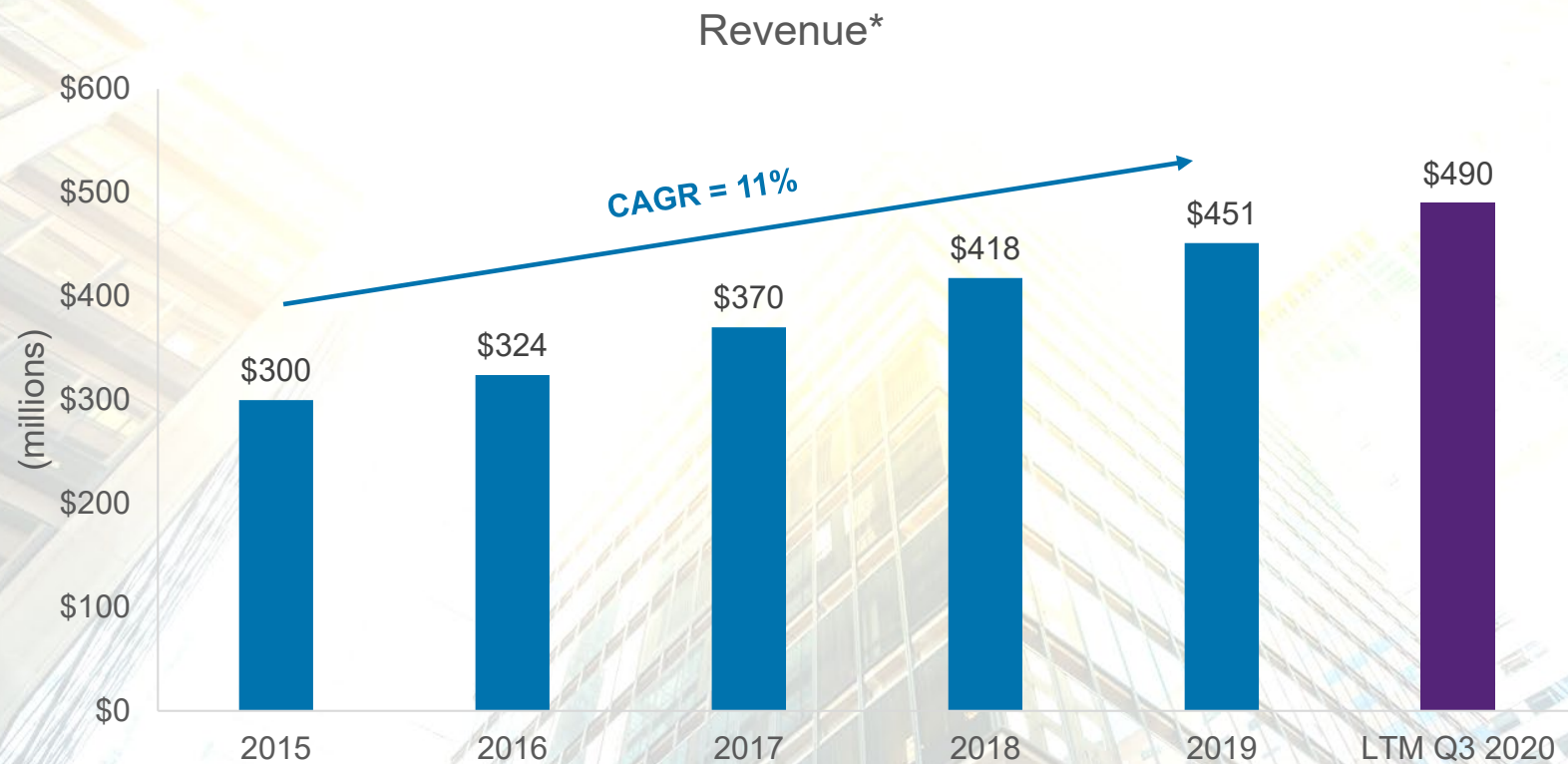
History of strong cash flows and no long-term debt



Value-based decision makers with disciplined capital allocation strategy

Objective is to maximize the long-term value per share

Consistent Strong Performance Reflects the Quality of Portfolio and Breadth of Contributors



Highlighting the resiliency of the business, CRA delivered year-over-year revenue growth for the 19th consecutive quarter in Q3 2020

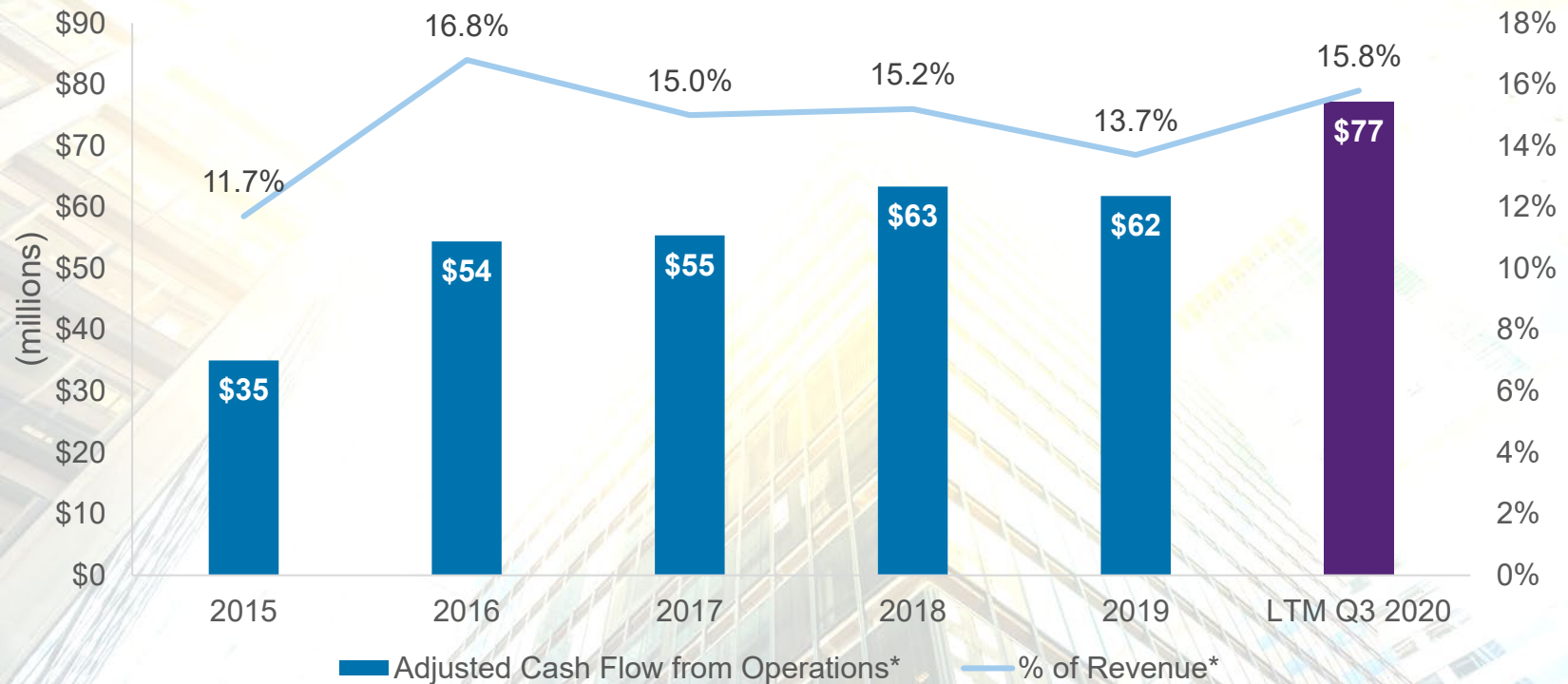
*Presented on a non-GAAP basis. A presentation of and reconciliation to the comparable GAAP financial measures appears at the end of this presentation.

EBITDA Margin Growth Despite Inclusion of Non-Cash Amortization of Forgivable Loans

	2015	2016	2017	2018	2019	LTM Q3 2020
Revenue*	\$300	\$324	\$370	\$418	\$451	\$490
EBITDA*	\$24	\$27	\$33	\$41	\$44	\$48
% of Revenue*	8.1%	8.4%	9.0%	9.8%	9.8%	9.8%
Non-Cash Amortization of Forgivable Loans	\$16	\$19	\$20	\$24	\$27	\$30
% of Revenue*	5.4%	5.9%	5.3%	5.7%	5.9%	6.0%

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

Significant Cash Flow Generation Funds Value-Creating Growth

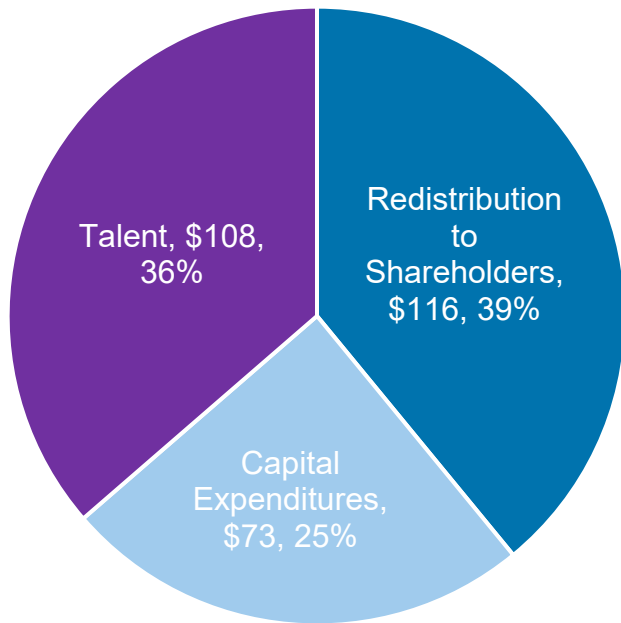


Adjusted cash flow from operations has more than doubled since 2015

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Capital Allocation Philosophy: Uses of Capital

Uses of Capital (FY2015-19)



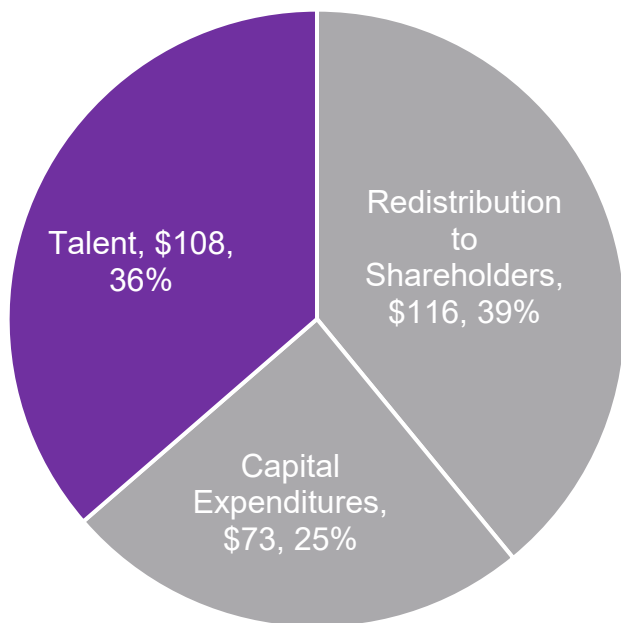
Note: Dollar figures in millions

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

Always seek to deliver returns well above
our cost of capital

Capital Allocation Philosophy: Talent Strategy

Uses of Capital (FY2015-19)



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 50%, or \$150 million*

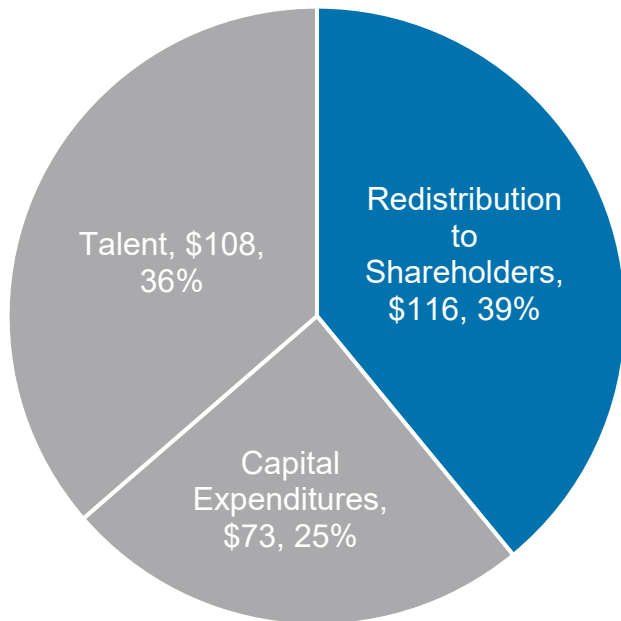
Historically, our revenue growth has been balanced between organic and inorganic opportunities; our goal is to have a growth engine tilted toward organic initiatives and supplemented by inorganic pursuits

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

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Capital Allocation Philosophy: Redistribution to Shareholders

Uses of Capital (FY2015-19)



Note: Dollar figures in millions

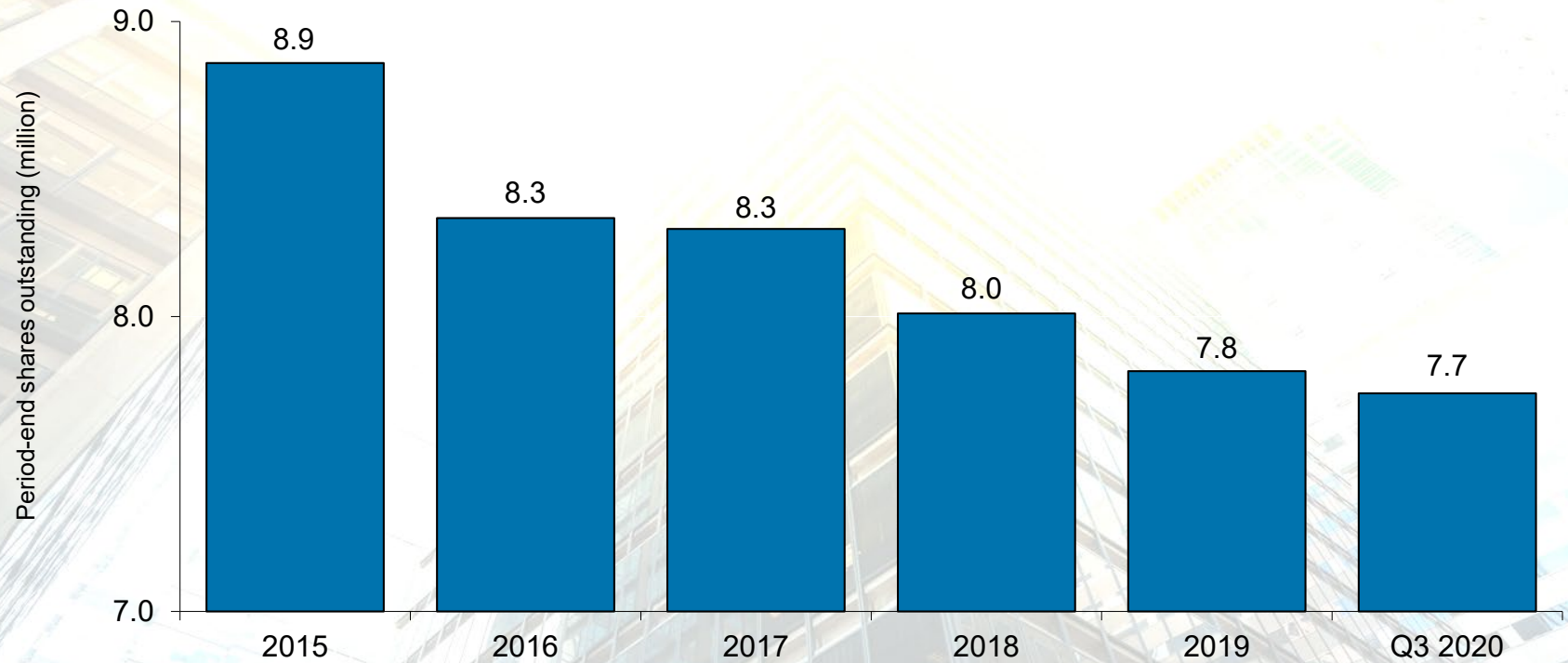
Redistributions to shareholders have consisted of \$97 million of share repurchases and \$19 million of dividend payments

CRA has repurchased 2.8 million shares at an average cost of \$35.06 per share during 2015-2019, reducing net shares outstanding by 15%

Initiated quarterly dividend of \$0.14 per share in Q4 of 2016, with subsequent increases in each year 2017-2020 resulting in a current quarterly dividend of \$0.26 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

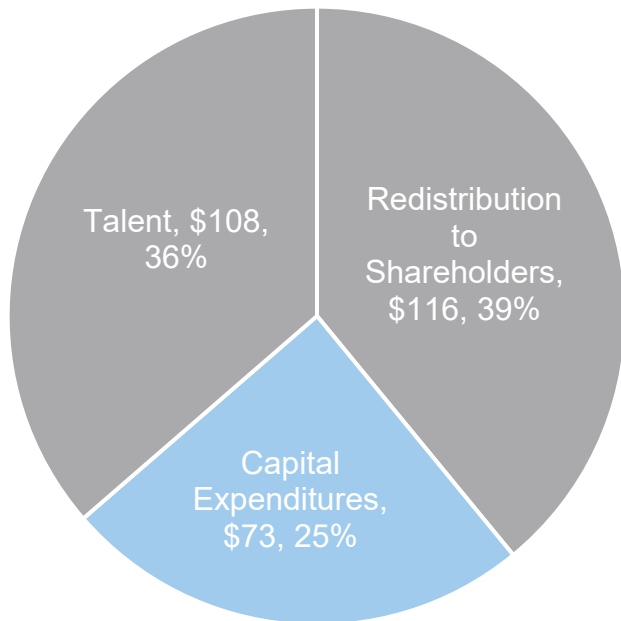
Shareholder Distributions Significantly Reduced Shares Outstanding, Magnifying Per Share Value Gains



Over the past decade, shares outstanding have shrunk by more than 25%

Capital Allocation Philosophy: Capital Expenditures

Uses of Capital (FY2015-19)



Note: Dollar figures in millions

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 while at the same time offering an attractive destination for top talent

Approximately 80% occupancy across our offices provides for future expansion without significant capital outlays

Non-real estate capital expenditures are typically modest, having averaged approximately \$3 million per year

Evergreen End Markets and Primary Demand Drivers



Legal Spend



Mergers & Acquisitions

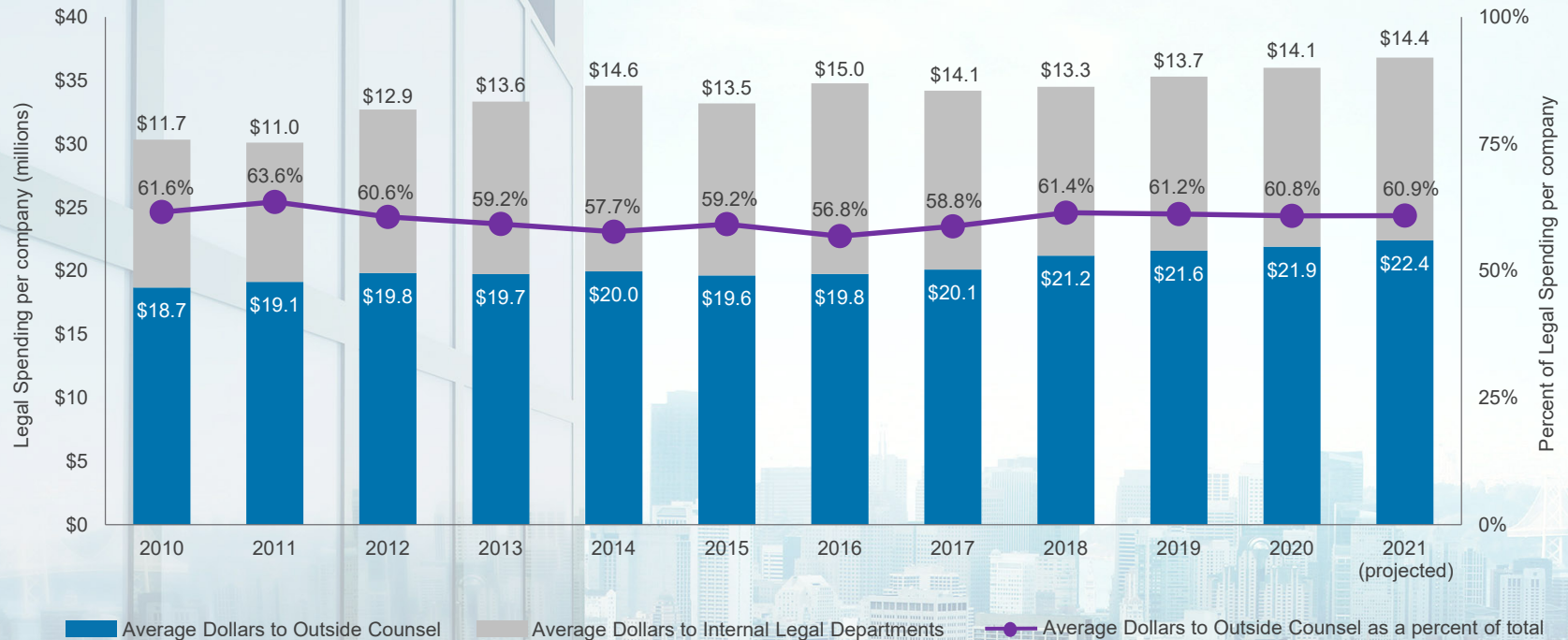


Regulatory
& Public Policy



Strategy & Operations
Consulting

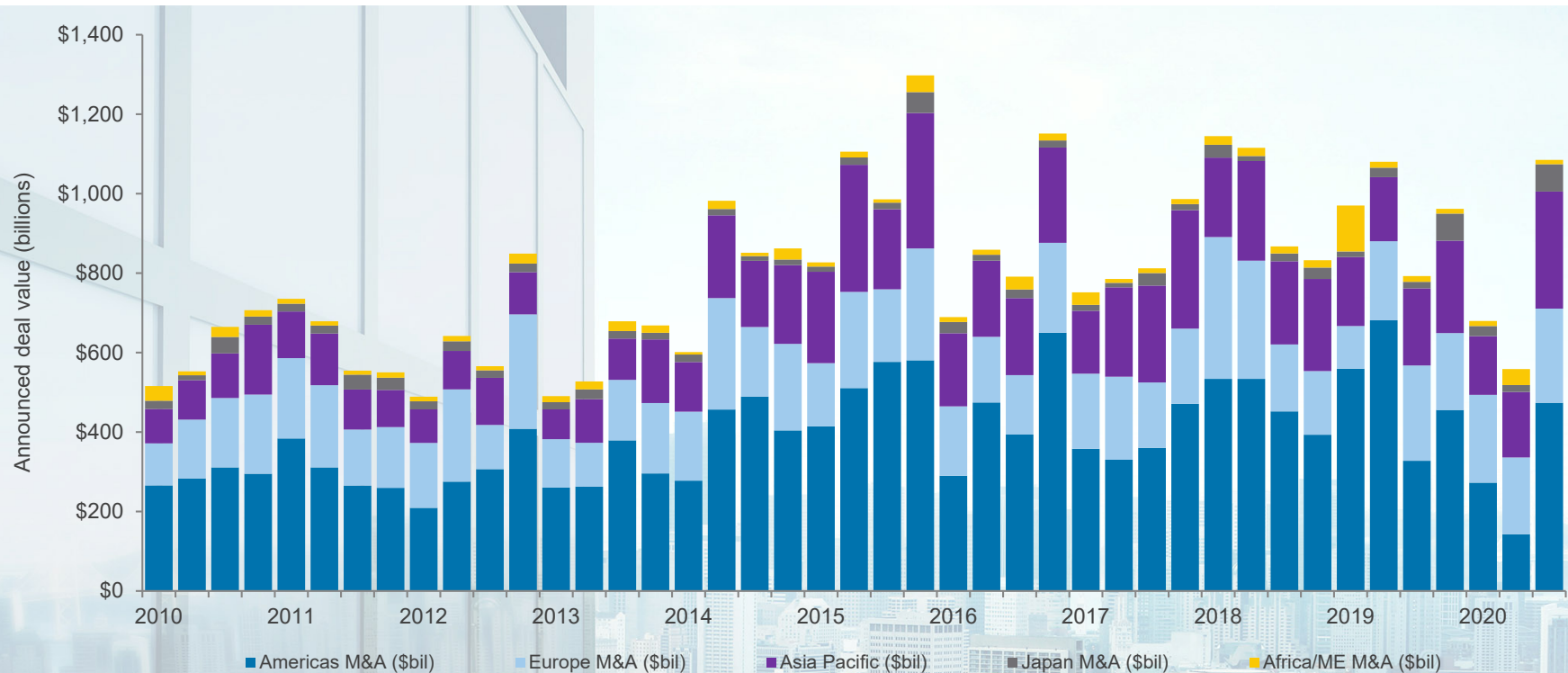
Strong Performance in Legal & Regulatory Services Despite Flat Legal Spending



Source: BTI Annual Survey of Legal Decision Makers 2010-2021, November 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, October 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

A blue circular icon containing two white quotation marks, indicating a quote.

“So we are also consulting on a new competition tool. In a digital age, where the very structure of a market can create problems for competition, we need the power to do more than investigate individual cases. The new tool would let us investigate markets instead, to prevent them from tipping.”

Margrethe Vestager, Executive Vice-President, Commissioner for Competition, European Commission
Speech at the Forum Europe Conference on the Digital Services Act, 3 July 2020

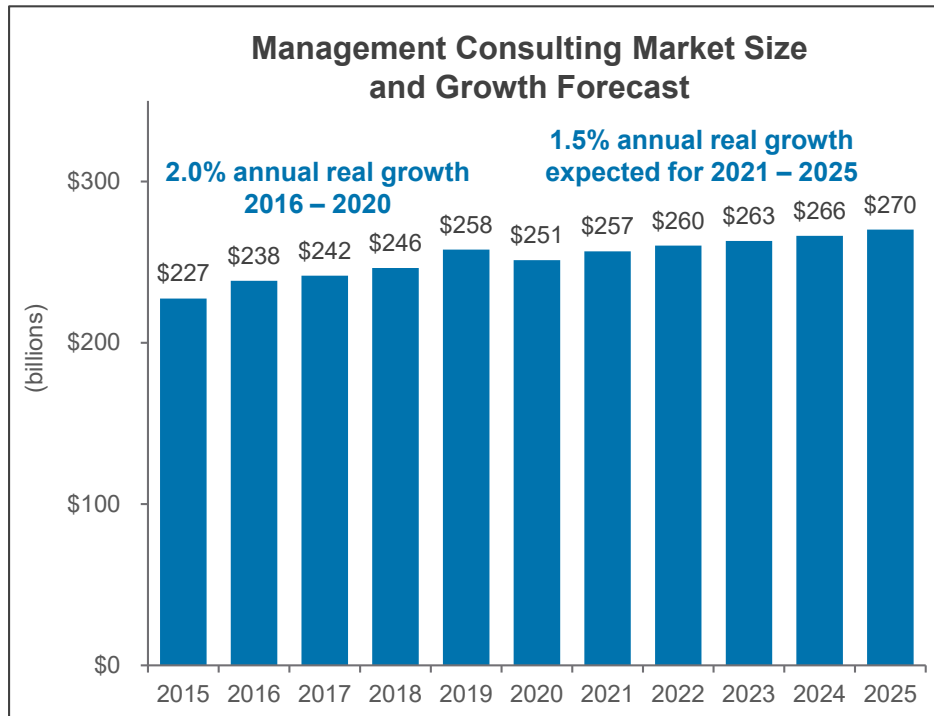
A purple circular icon containing two white quotation marks, indicating a quote.

“Our markets are ever changing, and the financial markets of today are substantially different from those of the early 2000s. This dynamic requires us to retrospectively review and update the implementation of our regulatory framework.”

Jay Clayton, SEC Chairman
Investor-Focused, Nimble and Vigorous Enforcement at the SEC, 17 September 2020

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

Following COVID-related Contraction in 2020, the Outlook for Management Consulting Remains Positive



Key Trends in Management Consulting

Improving business conditions have supported industry revenue growth

The management consulting industry benefits from having a diverse customer portfolio

Larger industry players have continued to acquire smaller firms with interests in high-growth services

Business conditions are expected to continue to advance, bolstering revenue growth

Strong demand conditions for management consultants are expected to continue to lure new entrants into the industry

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



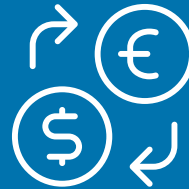
When a nationwide financial services company was hit by a targeted phishing email campaign, thousands of customers became victims of wire fraud. Our cyber response experts traced the unauthorized network intrusions and identified impacted customers for timely notification. We helped the company assess 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\$27 billion.

Appendix

Supplemental Financial Disclosures

CRA Charles River
Associates

Reconciliation of Non-GAAP Financial Measures

	Fiscal Years						Fiscal YTD		LTM
	2014	2015	2016	2017	2018	2019	Q3 2020	Q3 2019	Q3 2020
(\$ in millions, except per share data)									
Revenues	\$ 306.4	\$ 303.6	\$ 324.8	\$ 370.1	\$ 417.6	\$ 451.4	\$ 371.0	\$ 332.1	
Income from operations	24.0	12.4	18.9	15.8	28.9	29.3	24.5	22.1	
Operating margin (%)	7.9%	4.0%	5.8%	4.3%	6.9%	6.5%	6.6%	6.6%	
Net income (loss) attributable to CRA International, Inc.	13.6	7.7	12.9	7.6	22.5	20.7	17.8	16.0	
Net income (loss) attributable to noncontrolling interest, net of tax	(0.2)	(1.3)	1.3	0.1	-	-	-	-	
Net income	<u>\$ 13.4</u>	<u>\$ 6.3</u>	<u>\$ 14.2</u>	<u>\$ 7.7</u>	<u>\$ 22.5</u>	<u>\$ 20.7</u>	<u>\$ 17.8</u>	<u>\$ 16.0</u>	
Net income margin (%)	<u>4.5%</u>	<u>2.1%</u>	<u>4.4%</u>	<u>2.1%</u>	<u>5.4%</u>	<u>4.6%</u>	<u>4.8%</u>	<u>4.8%</u>	
Weighted average shares outstanding (diluted)	9.9	9.2	8.6	8.5	8.6	8.2	8.0	8.2	
Diluted earnings per share	<u>\$ 1.38</u>	<u>\$ 0.83</u>	<u>\$ 1.49</u>	<u>\$ 0.89</u>	<u>\$ 2.61</u>	<u>\$ 2.53</u>	<u>\$ 2.23</u>	<u>\$ 1.94</u>	
Reconciliation of GAAP revenue to non-GAAP revenue:									
GAAP revenue	\$ 306.4	\$ 303.6	\$ 324.8	\$ 370.1	\$ 417.6	\$ 451.4	\$ 371.0	\$ 332.1	\$ 490.2
Revenue from GNU	(4.8)	(3.8)	(0.8)	-	-	-	-	-	-
Non-GAAP revenue	<u>\$ 301.6</u>	<u>\$ 299.8</u>	<u>\$ 324.0</u>	<u>\$ 370.1</u>	<u>\$ 417.6</u>	<u>\$ 451.4</u>	<u>\$ 371.0</u>	<u>\$ 332.1</u>	<u>\$ 490.2</u>
Reconciliation of GAAP net income to non-GAAP net income:									
GAAP net income	\$ 13.4	\$ 6.3	\$ 14.2	\$ 7.7	\$ 22.5	\$ 20.7	\$ 17.8	\$ 16.0	
Revenue from GNU	(4.8)	(3.8)	(0.8)	-	-	-	-	-	
Other	5.1	9.2	(2.2)	8.6	1.4	5.4	1.9	3.4	
Tax effect of non-GAAP adjustments	0.2	(1.6)	0.3	0.1	(0.2)	(1.5)	(0.5)	(0.9)	
Non-GAAP adjustments, net of tax	0.5	3.8	(2.7)	8.7	1.2	4.0	1.4	2.5	
Non-GAAP net income	<u>\$ 13.9</u>	<u>\$ 10.1</u>	<u>\$ 11.5</u>	<u>\$ 16.4</u>	<u>\$ 23.7</u>	<u>\$ 24.7</u>	<u>\$ 19.2</u>	<u>\$ 18.5</u>	
Non-GAAP net income margin (%)	<u>4.7%</u>	<u>3.3%</u>	<u>3.6%</u>	<u>4.4%</u>	<u>5.7%</u>	<u>5.5%</u>	<u>5.2%</u>	<u>5.6%</u>	
Non-GAAP net income per diluted share outstanding	<u>\$ 1.41</u>	<u>\$ 1.10</u>	<u>\$ 1.33</u>	<u>\$ 1.91</u>	<u>\$ 2.75</u>	<u>\$ 3.01</u>	<u>\$ 2.40</u>	<u>\$ 2.25</u>	

Reconciliation of Non-GAAP Financial Measures (cont.)

(\$ in millions)	Fiscal Years ended						Fiscal YTD		LTM
	2014	2015	2016	2017	2018	2019	Q3 2020	Q3 2019	Q3 2020
Reconciliation of net income to non-GAAP EBITDA:									
Net Income	\$ 13.4	\$ 6.3	\$ 14.2	\$ 7.7	\$ 22.5	\$ 20.7	\$ 17.8	\$ 16.0	\$ 22.6
Adjustments needed to reconcile GAAP net income to non-GAAP net income:	0.5	3.8	(2.7)	8.7	1.2	4.0	1.4	2.5	2.8
Non GAAP net income	\$ 13.9	\$ 10.1	\$ 11.5	\$ 16.4	\$ 23.7	\$ 24.7	\$ 19.2	\$ 18.5	\$ 25.4
Interest expense (income), net	0.7	0.5	0.5	0.5	0.6	1.3	1.0	1.0	1.3
Provision (benefit) for income taxes	9.7	7.1	7.4	7.3	6.6	7.5	7.3	5.7	9.1
Depreciation and amortization	6.4	6.5	7.9	8.9	10.0	10.6	9.3	7.7	12.2
Non-GAAP EBITDA	\$ 30.8	\$ 24.2	\$ 27.3	\$ 33.1	\$ 41.0	\$ 44.1	\$ 36.8	\$ 32.8	\$ 48.0
Non-GAAP EBITDA margin	<u>10.2%</u>	<u>8.1%</u>	<u>8.4%</u>	<u>9.0%</u>	<u>9.8%</u>	<u>9.8%</u>	<u>9.9%</u>	<u>9.9%</u>	<u>9.8%</u>

	GAAP	Non-GAAP	Difference due to GNU and Other
Revenue growth (Fiscal Years 2015-2019)	47%	50%	3%
Earnings per diluted share (EPS) growth (Fiscal Years 2015-2019)	84%	113%	29%
Revenue growth (Fiscal Year 2019)	8%	8%	0%
Earnings per diluted share (EPS) growth (Fiscal Year 2019)	-3%	9%	12%
Revenue growth (Fiscal YTD 2020)	12%	12%	0%
Earnings per diluted share (EPS) growth (Fiscal YTD 2020)	15%	7%	-8%

Reconciliation of Non-GAAP Financial Measures (cont.)

Adjusted Net Cash Flows from Operations	Fiscal Years					LTM
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Q3 2020</u>
GAAP net cash provided by (used in) operating activities	\$ 20,424	\$ 48,163	\$ 45,858	\$ 36,189	\$ 27,832	\$ 37,087
Forgivable loan advances	14,531	6,949	11,672	30,572	35,166	40,240
Forgivable loan repayments	-	(709)	(2,135)	(3,396)	(1,173)	(67)
Adjusted net cash provided by (used in) operating activities	<u>\$ 34,955</u>	<u>\$ 54,403</u>	<u>\$ 55,395</u>	<u>\$ 63,365</u>	<u>\$ 61,825</u>	<u>\$ 77,260</u>
Net Revenue (Non-GAAP)	<u>\$ 299,794</u>	<u>\$ 323,953</u>	<u>\$ 370,075</u>	<u>\$ 417,648</u>	<u>\$ 451,370</u>	<u>\$ 490,213</u>
GAAP net cash provided by (used in) operating activities as a percentage of net revenue	<u>6.8%</u>	<u>14.9%</u>	<u>12.4%</u>	<u>8.7%</u>	<u>6.2%</u>	<u>7.6%</u>
Adjusted net cash provided by (used in) operating activities as a percentage of net revenue	<u>11.7%</u>	<u>16.8%</u>	<u>15.0%</u>	<u>15.2%</u>	<u>13.7%</u>	<u>15.8%</u>

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) 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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