

BOSTON BUSINESS JOURNAL

Charles River Labs quietly grows, one acquisition at a time

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Think life sciences in the Boston area and a lot of the big names come to mind: Takeda, Sanofi, Biogen, Vertex. Then there's the young guns like Moderna, known for its Covid-19 vaccine, or Foundation Medicine, which is building a new office building in the Seaport.

Charles River Laboratories, a Wilmington contract research firm founded in 1947, isn't in the headlines often as a behind-the-scenes drug development lab for hire. It doesn't put its name on any products. Yet Charles River has made roughly \$1.7 billion worth of acquisitions since the start of 2020, has doubled in revenue in the past five years, and plans to double again in the next five.

Much of its success has been thanks to a pivot toward cell therapy and a concerted effort to acquire companies that have focus, said President and CEO James Foster.

"We have an opportunity to be the main player," Foster said of Charles River's role in cell therapy, a type of drug in which cells are injected into a patient to help fight cancer or simply replace damaged cells.

Charles River's list of recent acquisitions includes Cognate BioServices, a cell and gene therapy contract development and manufacturing organization that it bought in February for \$875 million; and HemaCare, which creates critical biomaterials, including a wide range of human primary cell types. Charles River paid \$380 million for HemaCare in early 2020. Distributed



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Bio and Retrogenix also fit into Charles River's emphasis on cell therapy growth.

Of his company's recent acquisitions, Foster said, "I kind of look at those as R&D investments."

In total, Charles River's six new acquisitions are growing by about 25% a year, according to the company. They're complementing what Charles River says will be 13% to 15% organic growth apart from those new firms.

The company's market cap now exceeds \$22 billion and its workforce is approaching 20,000 at 120 locations.

Charles River is also prioritizing speed-to-market for drugs, particularly for Covid-19 vaccines, working with clients, many Boston-area pharmaceutical and life

science firms, on drug and other therapy manufacturing processes.

Foster sees a tight labor market offering a continuing challenge, particularly for lower-skilled work, as the company moves through growth plans. Charles River has increased compensation and has worked to improve its company culture and better distinguish itself by its lifesaving work, he said.

Cell therapy is hoped to be a nascent technology that Charles River can utilize for growth in the years ahead.

"There are very few cell therapies that have actually gone to market, but opportunities, especially around cancers, have been shown to be especially promising," Foster said. "And we need to go where the clients and the client demand are."