



Fourth Quarter and Fiscal Year 2014 Financial Results and Update

August 25, 2014



Forward-looking statements and Non-GAAP financial measures

Forward-looking statements—Certain statements made during this conference call and included in this presentation, including, but not limited to, those related to our financial and business outlook, strategy and growth drivers, acquisition activities and pipeline, revenue available under contract, and financial guidance and related assumptions, are “forward-looking statements.” Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause the actual results of Premier to be materially different from historical results or from any future results or projections expressed or implied by such forward-looking statements. Accordingly, readers should not place undue reliance on any forward looking statements. Readers are urged to consider statements in the conditional or future tenses or that include terms such as “believes,” “belief,” “expects,” “estimates,” “intends,” “anticipates” or “plans” to be uncertain and forward-looking. Forward-looking statements may include comments as to Premier’s beliefs and expectations as to future events and trends affecting its business and are necessarily subject to uncertainties, many of which are outside Premier’s control. More information on potential risks and other factors that could affect Premier’s financial results is included, and updated, from time to time, in Premier’s periodic and current filings with the SEC and available on Premier’s website. Forward looking statements speak only as of the date they are made. Premier undertakes no obligation to publicly update or revise any forward-looking statements.

Non-GAAP financial measures—This presentation includes certain “non-GAAP financial measures” as defined in Regulation G under the Securities Exchange Act of 1934. Schedules are attached that reconcile the non-GAAP financial measures included in the following presentation to the most directly comparable financial measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States. The press release attached as an Exhibit to our Form 8-K filed with the SEC in connection with our earnings call, as well as our Form 10-K for the year ended June 30, 2014 to be filed shortly hereafter, provides further explanation and disclosure regarding our use of non-GAAP financial measures and should be read in conjunction with these supplemental slides.





Financial Highlights and Year in Review

Susan DeVore, President & CEO

Fiscal 2014 highlights¹



Strong fourth quarter completes extraordinary year

Fourth-quarter net revenue up 17% and adjusted EBITDA up 19%, driven by strength in both segments

Full-year net revenue up 14% to \$869.3 million; Adjusted EBITDA up 12% to \$351.0 million

Strong cash position continues; over \$540 million of cash & marketable securities at FY end

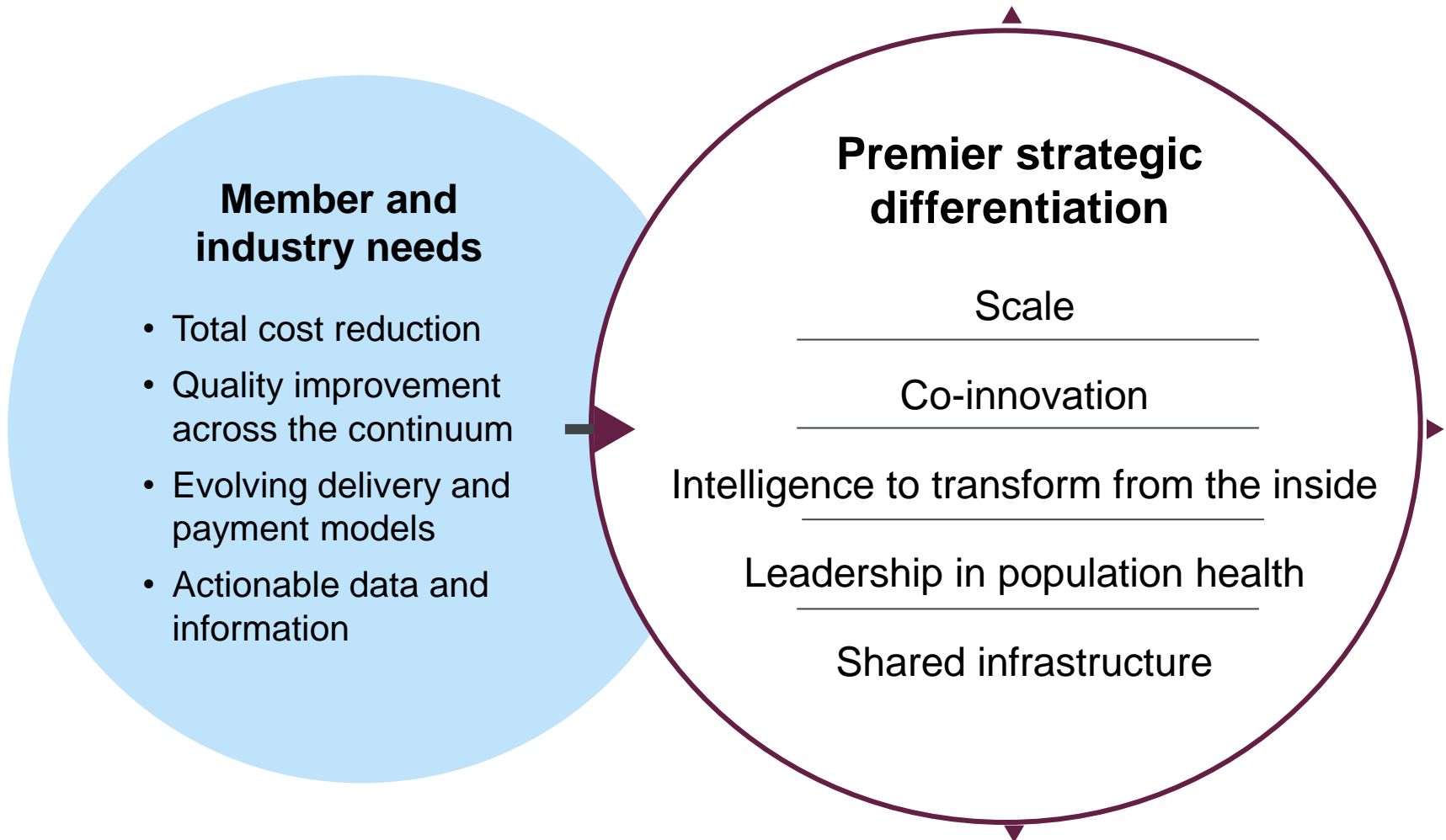
Expanded credit facility to \$750 million, increasing financial flexibility to support acquisition strategy

Executed focused and disciplined acquisition strategy

(1) Comparisons are pro forma. See Adjusted EBITDA, Segment Adjusted EBITDA and Adjusted Fully Distributed Net Income reconciliations to GAAP equivalents in Appendix; pro forma reflects the impact of the company's reorganization and initial public offering



Unique business model addresses industry challenges



Helping health systems manage challenges, optimize the transition, and build for the future....

...all at the same time



Changing the game to drive out costs, improve outcomes

With integrated data and analytics, collaboratives, supply chain solutions, and advisory and other services, we are enabling better care and outcomes at a lower cost.

SUPPLY CHAIN SERVICES

- Group purchasing, serving both acute and alternate site
- Direct sourcing
- Specialty pharmacy
- Physician preference items (PPI)
- Capital planning

PERFORMANCE SERVICES

- SaaS-based analytics products in cost, quality, safety and population health
- Enterprise data analytics platform
- Collaboratives
- Advisory services





Strategic acquisitions serve members and drive revenue growth opportunities

Fiscal 2014 | Q1 FY15

(July 2013)



Physician preference item (PPI) contract mgmt. and data services company

(October 2013)



Data acquisition and integration-as-a-service company

(April 2014)



Capital equipment planning, sourcing & analytics business

(August 2014)*



Provider of clinical surveillance software

(August 2014)*



Healthcare supply spend visibility & supply chain analytics firm

Member channel allows us to rapidly expand capabilities, enhances speed to market and augments Premier's unique technology platform

*Expected to close in Q1 FY15, subject to customary conditions; There can be no assurance regarding the timing or ultimate closing of these acquisitions.



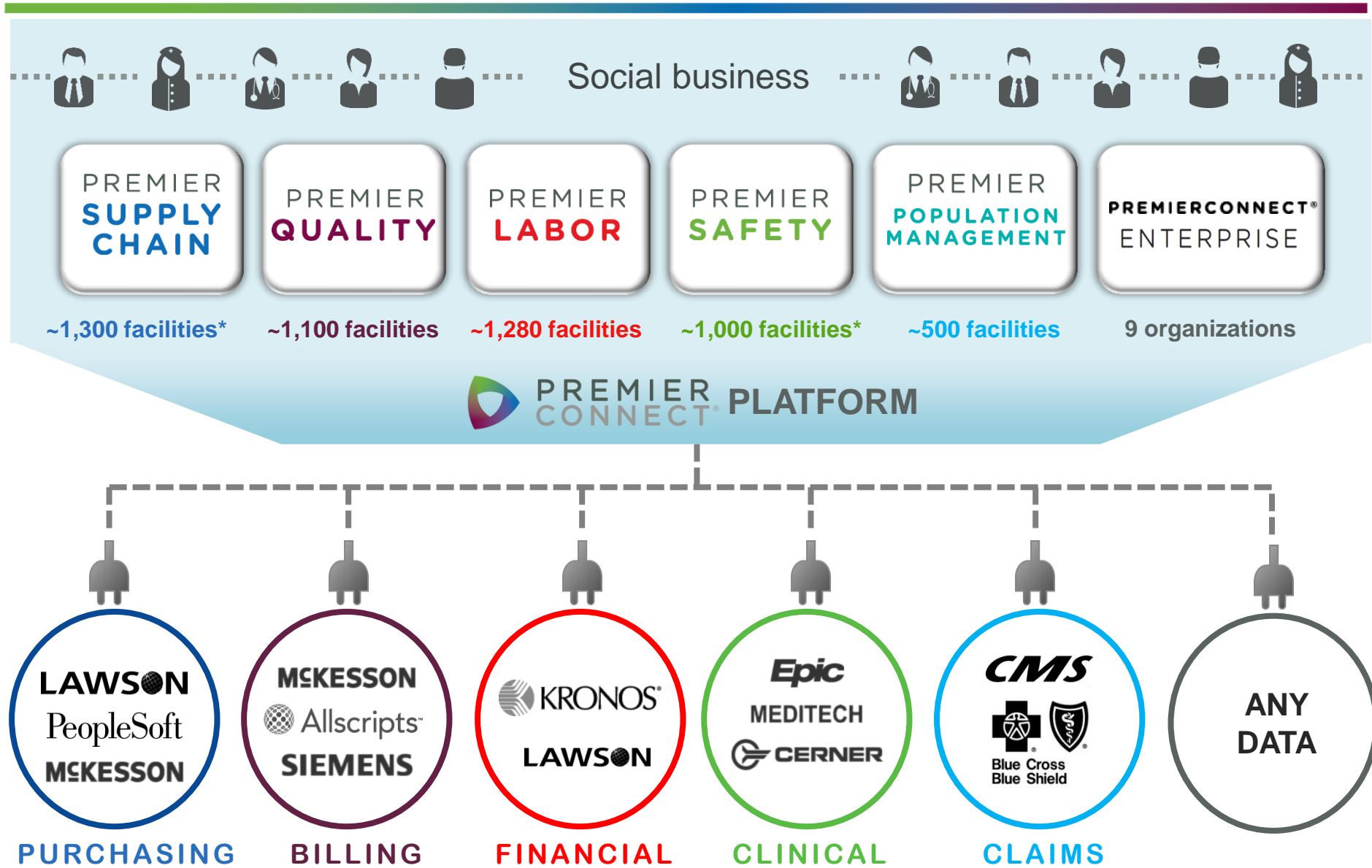
Aperek acquisition addresses supply chain workflow

aperek^x

- ▶ **Provider of leading real-time healthcare supply spend visibility and SaaS-based supply chain analytics**
- ▶ **Purchase price of \$48.5 million, subject to closing price adjustments**
- ▶ **Provides opportunity to further automate supply chain management processes**
- ▶ **Expected to close in first quarter of FY15, subject to customary closing conditions**



▶ Data-based analytics platform continues to grow



Number of facilities under contract as of 6/30/2014

*includes TheraDoc and Aperek transactions, expected to close in Q1 FY15, subject to customary conditions



Continued growth trajectory with acquisition of TheraDoc



- ▶ **Market leading provider of clinical surveillance software**
- ▶ **Purchase price of \$117 million, subject to closing price adjustments**
- ▶ **Future opportunity to create a next-generation safety solution built on PremierConnect[®]**
- ▶ **Expands clinical surveillance customer base to approximately 1,000 facilities**
- ▶ **Expected to close in first quarter of FY15, subject to customary closing conditions**



Industry leader in driving population health solutions

Subject Matter Expertise

PHYSICIAN NETWORK MANAGEMENT

Clinical Integration

Network Development

ACO Readiness

POPULATION ANALYTICS & RISK MANAGEMENT

Shared Savings

Bundled Payments

Value-based Contracting

POPULATION ENGAGEMENT

PCMH

Care Management

Transitions in Care

Collaboratives



PACT[™] POPULATION HEALTH COLLABORATIVE

Information Technology (SaaS- based Solutions)

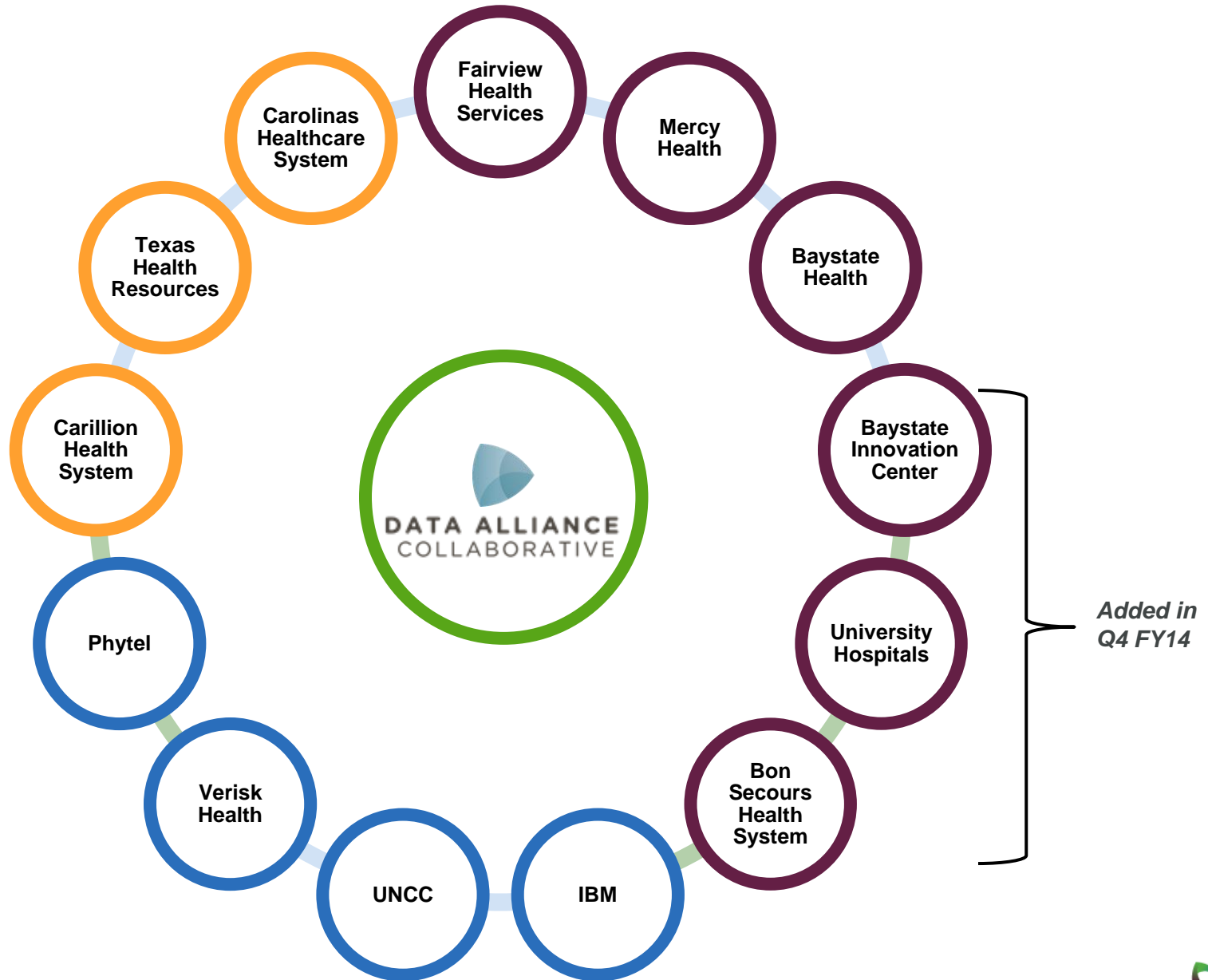
POPULATION FOCUS[™]
POWERED BY VERISK HEALTH

CARE FOCUS[™]
POWERED BY PHYTEL

PREMIERCONNECT[®] ENTERPRISE



PremierConnect® Enterprise & Data Alliance Collaborative



Well positioned for fiscal 2015



- ▶ **Unique customer alignment**
- ▶ **Data-driven, technology enabled**
- ▶ **Diversified growth engine**
- ▶ **Compelling financial profile**





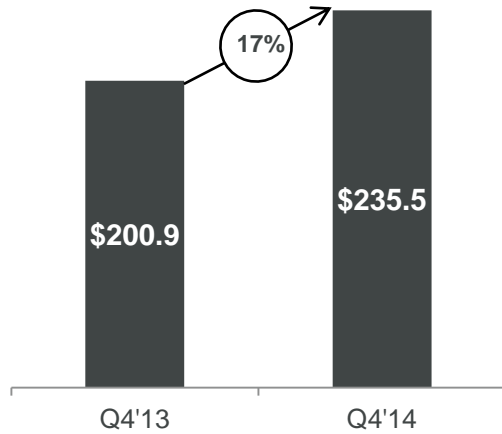
Financial Review

Craig McKasson, Chief Financial Officer

Fourth-quarter consolidated and segment highlights¹

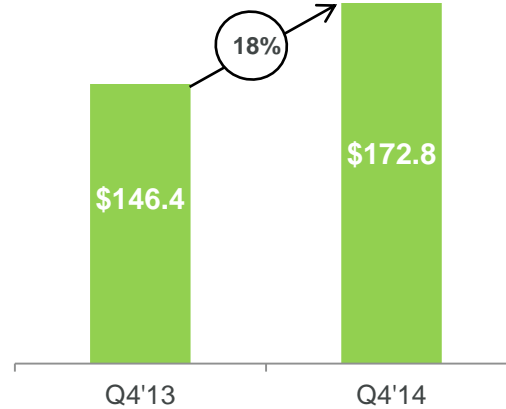
Consolidated

Net revenue (millions)



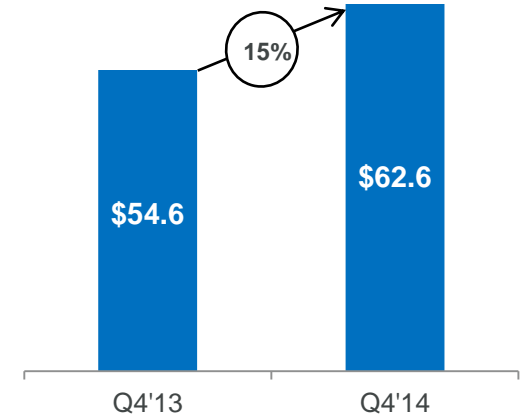
Supply Chain Services

Net revenue (millions)

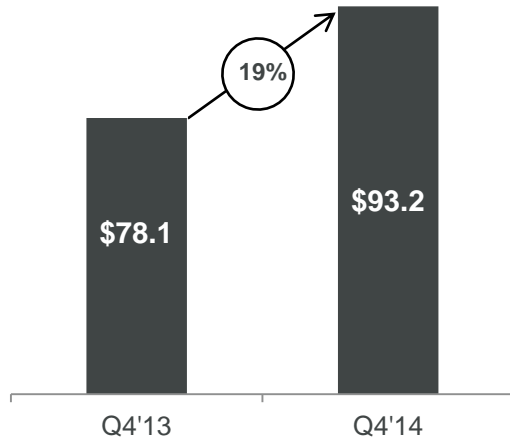


Performance Services

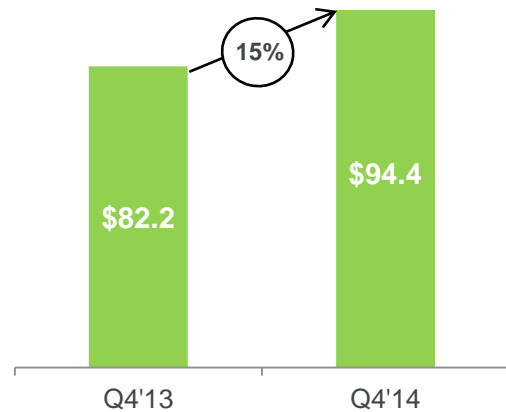
Net revenue (millions)



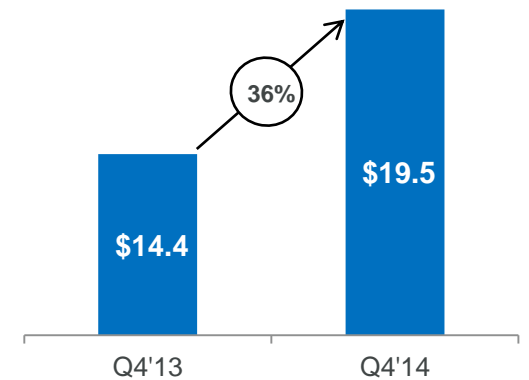
Adjusted EBITDA (millions)



Adjusted EBITDA (millions)



Adjusted EBITDA (millions)

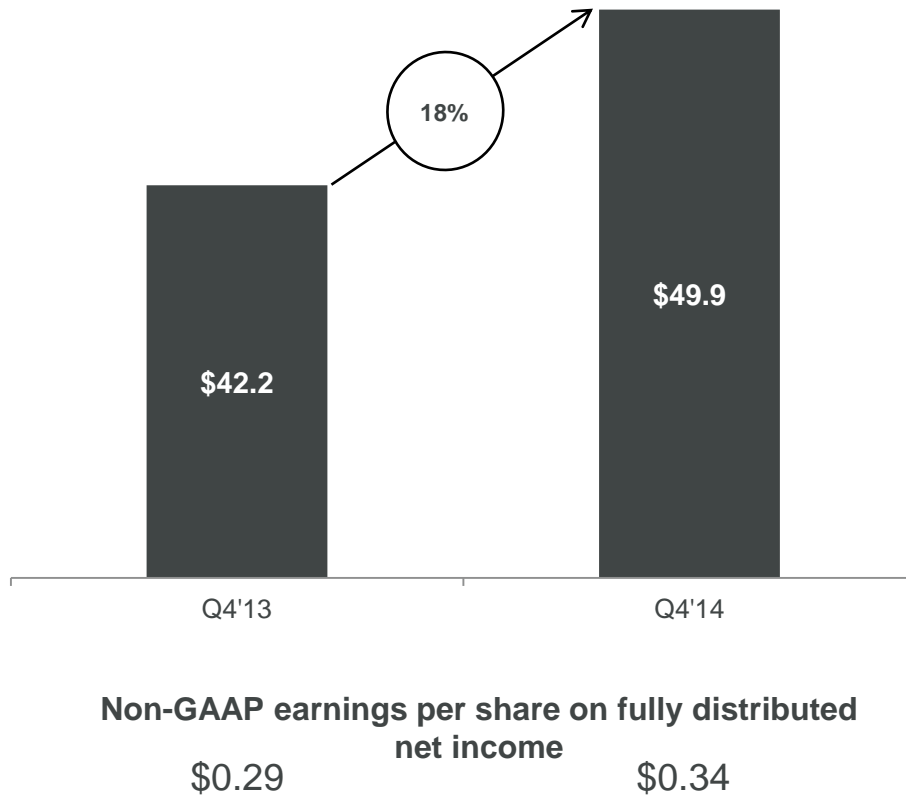


(1) See Adjusted EBITDA and Segment Adjusted EBITDA reconciliations to GAAP equivalents in Appendix; comparisons between fourth-quarter financial results ended June 30, 2014, and year-ago pro forma results have been adjusted to reflect the impact of the company's reorganization and initial public offering.



▶ Non-GAAP pro forma adjusted fully distributed net income¹

(in millions, except per share data)



- Calculates income taxes at 40% on pre-tax income, assuming taxable C corporate structure
- Calculates adjusted fully distributed earnings per share, assuming total Class A and B common shares held by public

(1) See pro forma adjusted fully distributed net income to GAAP equivalents in Appendix; comparisons between fourth-quarter financial results ended June 30, 2014, and year-ago pro forma results have been adjusted to reflect the impact of the company's reorganization and initial public offering.



Cash flow and capital structure at June 30, 2014



- ▶ **Cash, cash equivalents and marketable securities of \$540.4 million**
- ▶ **Cash flow from operations of \$368.1 million**
- ▶ **Capital expenditures of \$55.7 million, up 31% YOY primarily due to capitalized internally developed software**
- ▶ **\$750 million five-year unsecured revolving credit facility secured in June 2014**



Fiscal 2015 guidance¹

Premier, Inc. introduces full-year fiscal 2015 financial guidance:

(in millions, except per share data)

	FY 2015	YoY Change
Pro Forma Net Revenue:		
Supply Chain Services segment	\$688 - \$707	8% - 11%
Performance Services segment	\$281 - \$288	21% - 24%
Total Pro Forma Net Revenue	\$969 - \$995	11% - 14%
Non-GAAP pro forma adjusted EBITDA	\$379 - \$390	8 - 11%
Non-GAAP pro forma adjusted fully distributed EPS	\$1.39 - \$1.44	7- 11%

¹As of fiscal 2014 fourth-quarter conference call, 08/25/2014. For non-GAAP measures, see reconciliations to GAAP equivalents in Appendix. Pro forma guidance measures are “forward-looking statements.” For information regarding the use and limitations of non-GAAP financial measures and forward-looking statements, see “Forward-looking statements and Non-GAAP financial measures” at the front of this presentation.



Fiscal 2015 guidance assumptions



- ▶ **Steady growth in Supply Chain Services driven by:**
 - **Low to mid-single-digit growth in net administrative fees revenue, driven by increase in members and existing acute and alternate site member GPO penetration**
 - **Continuation of high GPO retention rates**
 - **Strong 15% - 20% growth of direct sourcing and specialty pharmacy**

- ▶ **Continued growth in Performance Services driven by:**
 - **Demand for integrated offerings of SaaS-based products, advisory services and collaboratives**
 - **Demand for offerings of recent acquisitions**
 - **Continuation of high SaaS institutional renewal rates**



Additional performance metrics

PERFORMANCE METRICS

	<u>FY 2015</u>	<u>FY 2014</u>	<u>3 Year Average</u>
Revenue available under contract	\$898M	---	---
GPO retention rate ⁽¹⁾	---	99%	97%
SaaS institutional renewal rate ⁽²⁾	---	94%	94%

- (1) The retention rate is calculated based upon the aggregate purchasing volume among all members participating in our GPO for such fiscal year less the annualized GPO purchasing volume for departed members for such fiscal year, divided by the aggregate purchasing volume among all members participating in our GPO for such fiscal year.
- (2) The renewal rate is calculated based upon the total number of members that have SaaS revenue in a given period that also have revenue in the corresponding prior year period divided by the total number of members that have SaaS revenue in the same period of the prior year.



Additional fiscal 2015 guidance assumptions



- ▶ **Capital expenditures of ~\$63M for the year**
- ▶ **Adjusted EBITDA margin approximating 40% of net revenue**
- ▶ **Effective tax rate of 40%**



Questions



Thank you

Contact Investor Relations

Jim Storey

Vice President, Investor Relations

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 PREMIER | **Appendix**

Premier, Inc. supplemental financial information

Supplemental Financial Information - Reporting of Pro Forma Adjusted EBITDA and Non-GAAP Adjusted Fully Distributed Net Income Reconciliation of Selected Non-GAAP Measures to GAAP Measures

<i>(Unaudited, in thousands)</i>	Three Months Ended		Year Ended	
	June 30,		June 30,	
	2014*	2013	2014	2013
Reconciliation of Pro Forma Net Revenue to Net Revenue:				
Pro Forma Net Revenue	\$ 235,466	\$ 200,938	\$ 869,286	\$ 764,278
Pro forma adjustment for revenue share post-IPO	—	39,663	41,263	105,012
Net Revenue	\$ 235,466	\$ 240,601	\$ 910,549	\$ 869,290
Reconciliation of Pro Forma Adjusted EBITDA and Segment Adjusted EBITDA to Net Income and Operating Income:				
Net income	\$ 66,632	\$ 103,496	\$ 332,617	\$ 375,086
Pro forma adjustment for revenue share post-IPO	—	(39,663)	(41,263)	(105,012)
Interest and investment income, net	(378)	(366)	(1,019)	(965)
Income tax expense	3,248	3,788	27,709	9,726
Depreciation and amortization	9,809	7,883	36,761	27,681
Amortization of purchased intangible assets	904	385	3,062	1,539
Pro Forma EBITDA	80,215	75,523	357,867	308,055
Stock-based compensation	6,358	—	19,476	—
Acquisition related expenses	711	—	2,014	—
Strategic and financial restructuring expenses	146	1,823	3,760	5,170
Adjustment to tax receivable agreement liability	6,215	—	6,215	—
Gain on sale of investment	(522)	—	(38,372)	—
Other (income) expense, net	121	783	65	788
Pro Forma Adjusted EBITDA	\$ 93,244	\$ 78,129	\$ 351,025	\$ 314,013
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Depreciation and amortization	(9,809)	(7,883)	(36,761)	(27,681)
Amortization of purchased intangible assets	(904)	(385)	(3,062)	(1,539)
Stock-based compensation	(6,358)	—	(19,476)	—
Acquisition related expenses	(711)	—	(2,014)	—
Strategic and financial restructuring expenses	(146)	(1,823)	(3,760)	(5,170)
Adjustment to tax receivable agreement liability	(6,215)	—	(6,215)	—
Equity in net income of unconsolidated affiliates	(4,805)	(3,636)	(16,976)	(11,968)
Deferred compensation plan expense	(1,972)	—	(1,972)	—
	62,324	64,402	260,789	267,655
Pro forma adjustment for revenue share post-IPO	—	39,663	41,263	105,012
Operating income	\$ 62,324	\$ 104,065	\$ 302,052	\$ 372,667

* Note that no pro forma adjustments were made for the three months ended June 30, 2014; as such, actual results are presented for the three months ended June 30, 2014.



Premier, Inc. supplemental financial information

Supplemental Financial Information - Reporting of Pro Forma Adjusted EBITDA and Non-GAAP Adjusted Fully Distributed Net Income Reconciliation of Selected Non-GAAP Measures to GAAP Measures

<i>(Unaudited, in thousands)</i>	Three Months Ended		Year Ended	
	June 30,		June 30,	
	2014*	2013	2014	2013
<i>Reconciliation of Non-GAAP Adjusted Fully Distributed Net Income:</i>				
Non-GAAP Adjusted Fully Distributed Net Income (pro forma):				
Net income (loss) attributable to shareholders	\$ 8,879	\$ (797)	\$ 28,332	\$ 7,376
Pro forma adjustment for revenue share post-IPO	—	(39,663)	(41,263)	(105,012)
Income tax expense	3,248	3,788	27,709	9,726
Stock-based compensation	6,358	—	19,476	—
Gain on sale of investment	(522)	—	(38,372)	—
Acquisition related expenses	711	—	2,014	—
Strategic and financial restructuring expenses	146	1,823	3,760	5,170
Adjustment to tax receivable agreement liability	6,215	—	6,215	—
Amortization of purchased intangible assets	904	385	3,062	1,539
Net income attributable to noncontrolling interest in Premier LP	57,281	104,726	303,336	369,189
Non-GAAP adjusted fully distributed income before income taxes	83,220	70,262	314,269	287,988
Income tax expense on fully distributed income before income taxes	33,288	28,105	125,708	115,195
Non-GAAP adjusted fully distributed net income (pro forma)	\$ 49,932	\$ 42,157	\$ 188,561	\$ 172,793

* Note that no pro forma adjustments were made for the three months ended June 30, 2014; as such, actual results are presented for the three months ended June 30, 2014.



Premier, Inc. supplemental financial information

Supplemental Financial Information - Reporting of Net Income and Earnings Per Share Reconciliation of Selected Non-GAAP Measures to GAAP Measures

<i>(Unaudited, in thousands)</i>	Three Months Ended		Year Ended	
	June 30,		June 30,	
	2014*	2013	2014	2013
Reconciliation of numerator for GAAP EPS to Adjusted Fully Distributed EPS				
Net income (loss) attributable to shareholders after adjustment of redeemable limited partners' capital to redemption amount	\$ 491,389	\$ (797)	\$ (2,713,256)	\$ 7,376
Adjustment of redeemable limited partners' capital to redemption amount	(482,510)	-	2,741,588	-
Net income (loss) attributable to shareholders	8,879	(797)	28,332	7,376
Pro forma adjustment for revenue share post-IPO	—	(39,663)	(41,263)	(105,012)
Income tax expense	3,248	3,788	27,709	9,726
Stock-based compensation	6,358	—	19,476	—
Gain on sale of investment	(522)	—	(38,372)	—
Acquisition related expenses	711	—	2,014	—
Strategic and financial restructuring expenses	146	1,823	3,760	5,170
Adjustment to tax receivable agreement liability	6,215	—	6,215	—
Amortization of purchased intangible assets	904	385	3,062	1,539
Net income attributable to noncontrolling interest in Premier LP	57,281	104,726	303,336	369,189
Non-GAAP adjusted fully distributed income before income taxes	83,220	70,262	314,269	287,988
Income tax expense on fully distributed income before income taxes	33,288	28,105	125,708	115,195
Non-GAAP adjusted fully distributed net income (pro forma)	\$ 49,932	\$ 42,157	\$ 188,561	\$ 172,793
Reconciliation of denominator for GAAP EPS to Adjusted Fully Distributed EPS				
Weighted Average:				
Common shares used for basic and diluted earnings per share	32,375	5,733	25,633	5,858
Potentially dilutive shares	194	-	124	-
Class A common shares outstanding	-	26,642	6,742	26,517
Conversion of Class B common units	112,511	112,608	112,584	112,608
Weighted average fully distributed shares outstanding - diluted	145,080	144,983	145,083	144,983
Reconciliation of GAAP EPS to Adjusted Fully Distributed EPS				
GAAP income (loss) per share	\$ 15.18	\$ (0.14)	\$ (105.85)	\$ 1.26
Impact of adjustment of redeemable limited partners' capital to redemption amount	\$ (14.90)	\$ -	\$ 106.96	\$ -
Impact of additions:				
Pro forma adjustment for revenue share post-IPO	\$ -	\$ (6.92)	\$ (1.61)	\$ (17.93)
Income tax expense	\$ 0.10	\$ 0.66	\$ 1.08	\$ 1.66
Stock-based compensation	\$ 0.20	\$ -	\$ 0.76	\$ -
Gain on sale of investment	\$ (0.02)	\$ -	\$ (1.50)	\$ -
Acquisition related expenses	\$ 0.02	\$ -	\$ 0.08	\$ -
Strategic and financial restructuring expenses	\$ 0.00	\$ 0.32	\$ 0.15	\$ 0.88
Adjustment to tax receivable agreement liability	\$ 0.19	\$ -	\$ 0.24	\$ -
Amortization of purchased intangible assets	\$ 0.03	\$ 0.07	\$ 0.12	\$ 0.26
Net income attributable to noncontrolling interest in Premier LP	\$ 1.77	\$ 18.27	\$ 11.83	\$ 63.02
Impact of corporation taxes	\$ (1.03)	\$ (4.90)	\$ (4.90)	\$ (19.66)
Impact of increased share count	\$ (1.20)	\$ (7.06)	\$ (6.06)	\$ (28.31)
Non-GAAP earnings per share on adjusted fully distributed net income - diluted	\$ 0.34	\$ 0.29	\$ 1.30	\$ 1.19

* Note that actual results are presented for the three months ended June 30, 2014.

