



First-Quarter 2018 Financial Results and Update

November 6, 2017



Forward-looking statements and non-GAAP financial measures

Forward-looking statements — Certain statements made during Premier’s webcast and included in this presentation, including, but not limited to, those related to our financial and business outlook, the impact of the evolving healthcare environment, strategy and growth drivers, member retention, renewal rates and revenue visibility, cross and upsell opportunities, acquisition contributions, activities and pipeline, revenue available under contract, 2018 financial guidance and related assumptions, implementation of and purchases under our share repurchase program, and target growth rate are “forward-looking statements” within the meaning of the federal securities laws. 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. You should carefully read Premier’s current and future filings with the SEC for more information on potential risks and other factors that could affect Premier’s financial results. 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 federal securities laws. Schedules are attached that reconcile the non-GAAP financial measures included in this presentation to the most directly comparable financial measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States. You should carefully read Premier’s current and future filings with the SEC for definitions and further explanation and disclosure regarding our use of non-GAAP financial measures and such filings should be read in conjunction with this presentation.



Susan DeVore

President and Chief Executive Officer
Premier Inc.

OVERVIEW AND BUSINESS UPDATE



During the fiscal first quarter,



We achieved a highly successful outcome regarding the renewal of our group purchasing agreements.



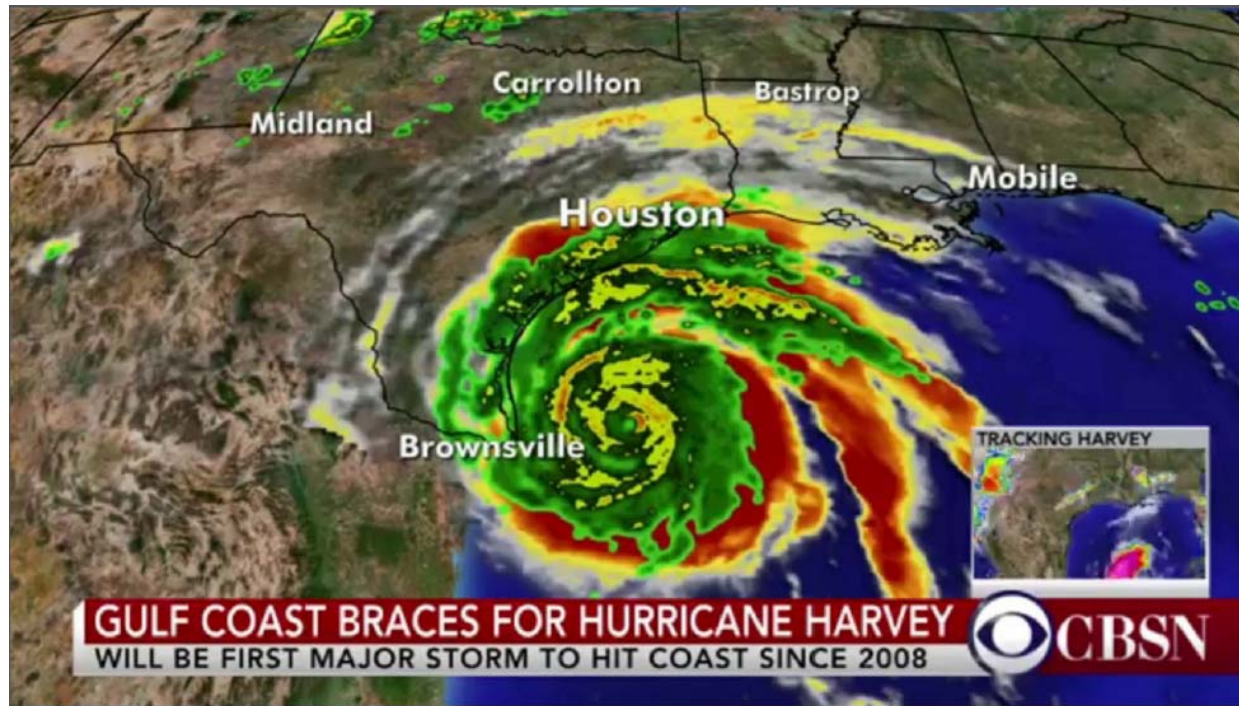
We continued to grow, achieving our first-quarter sales targets as we cultivated new partnerships and introduced innovative technologies and integrated solutions.



We ended the quarter financially sound, with strong cash flow and a flexible balance sheet, which enables us to continue to execute our long-term, strategic acquisition and growth strategy, while also returning value to our stockholders.


Response to the impact of recent hurricanes

Close collaboration with our providers and suppliers ensured life-saving services continued to be delivered to individuals impacted by natural disasters.





First-quarter fiscal 2018 financial highlights



Consolidated net revenue up 25% to \$390.6 million; GAAP net income of \$60.6 million, GAAP EPS of \$0.36 after required GAAP non-cash adjustment

Supply Chain Services segment revenue up 31% to \$305.8 million

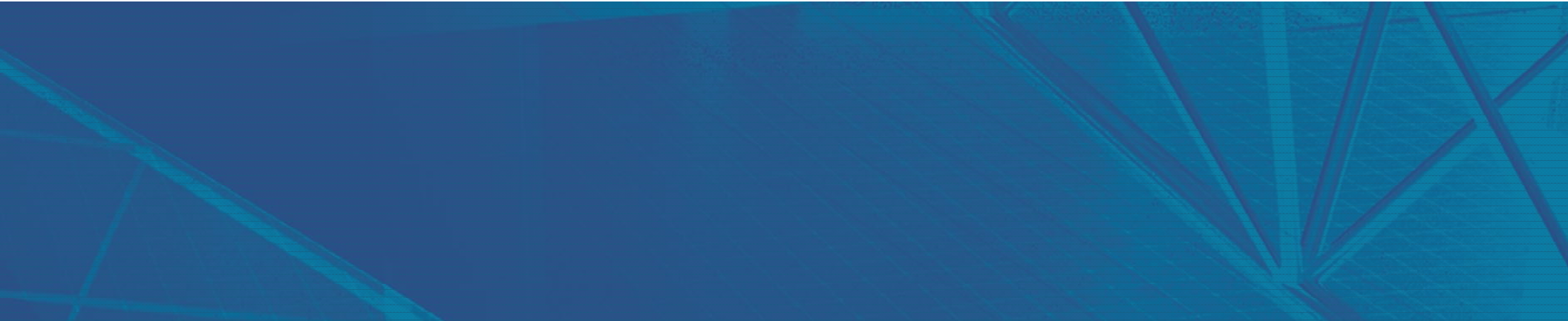
Performance Services segment revenue up 7% to \$84.8 million

Non-GAAP adjusted EBITDA* up 8% to \$119.2 million

Non-GAAP adjusted fully distributed earnings per share* up 7% to \$0.44

Cash flow from operations of \$75.0 million; non-GAAP free cash flow* of \$33.4 million

*See non-GAAP Adjusted EBITDA, non-GAAP Adjusted Fully Distributed Earnings Per Share and non-GAAP Free Cash Flow reconciliations to GAAP equivalents in Appendix.



Mike Alkire

Chief Operating Officer
Premier Inc.

OPERATIONS REVIEW



New engagements with academic health systems





Select examples highlighting the expansion and value of our offerings



PremierConnect Capital Analytics

NEW PRODUCT LAUNCH

Cloud-based, on-demand application driven by an analytics engine that can read and benchmark an equipment proposal automatically within seconds. It also includes repository, spend management, and team-collaboration capabilities designed to empower members to better control their capital expenditures.



PremierConnect Safety

CONTINUED EXPANSION WITH VA MEDICAL CENTERS

Recently expanded relationship with the Veteran's Administration, securing a contract for all seven of the V.A. medical centers serving North Carolina and Virginia.



Applied Sciences

SIGNIFICANT NEW AGREEMENTS

One is a collaboration to develop a multi-phase initiative focused on improving the quality of cancer patient care. The other involves co-developing a protocol to help prevent certain infections that can lead to hospital readmissions.

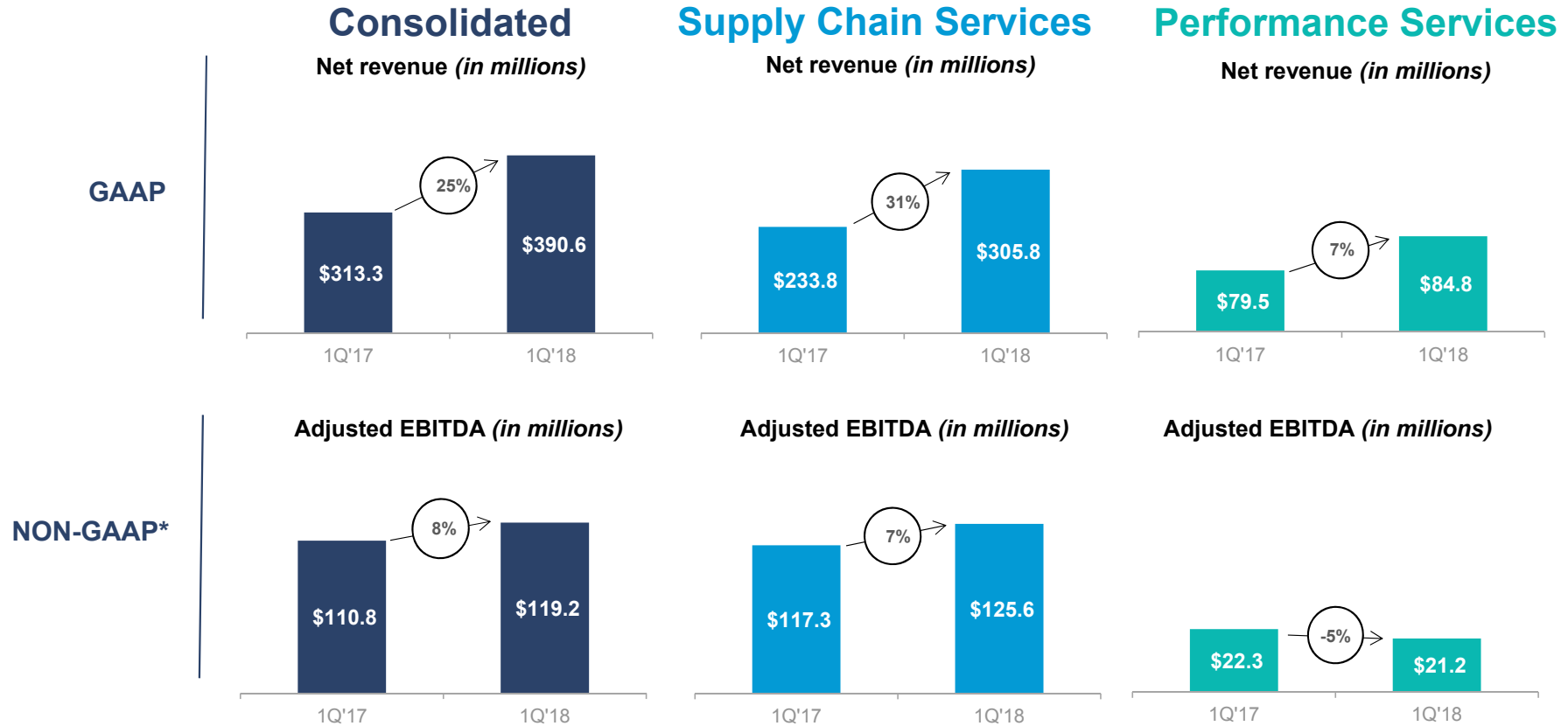


Craig McKasson
Chief Financial Officer
Premier Inc.

FINANCIAL REVIEW



Fiscal 2018 first-quarter consolidated and segment highlights



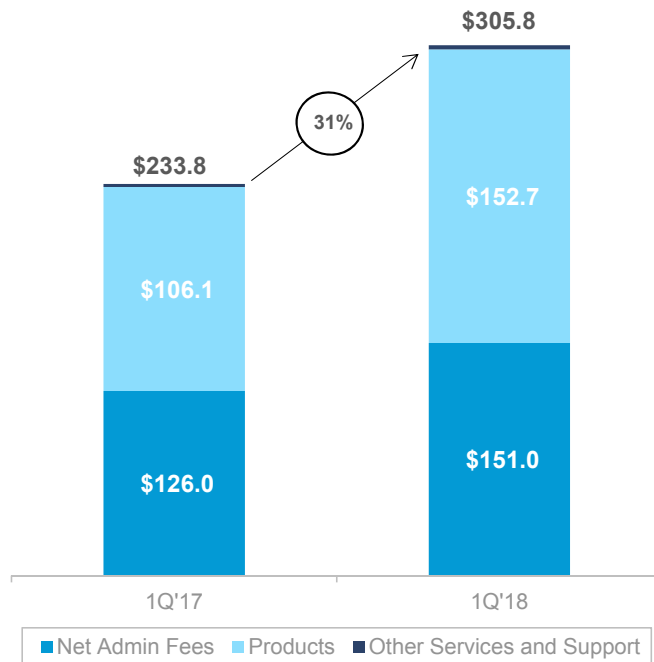
*See non-GAAP Adjusted EBITDA and non-GAAP Segment Adjusted EBITDA reconciliations to GAAP equivalents in Appendix.



Fiscal 2018 first-quarter Supply Chain Services revenue

Supply Chain Services

Net revenue (in millions)



Supply Chain Services revenue increased 31%

- » **Net administrative fees revenue increased 20%**
 - » Including contribution from Innovatix and Essensa
- » **Products revenue increased 44%**
 - » Including contribution from Acro
 - » Double-digit growth in direct sourcing business



Fiscal 2018 first-quarter Performance Services revenue

Performance Services

Net revenue (in millions)



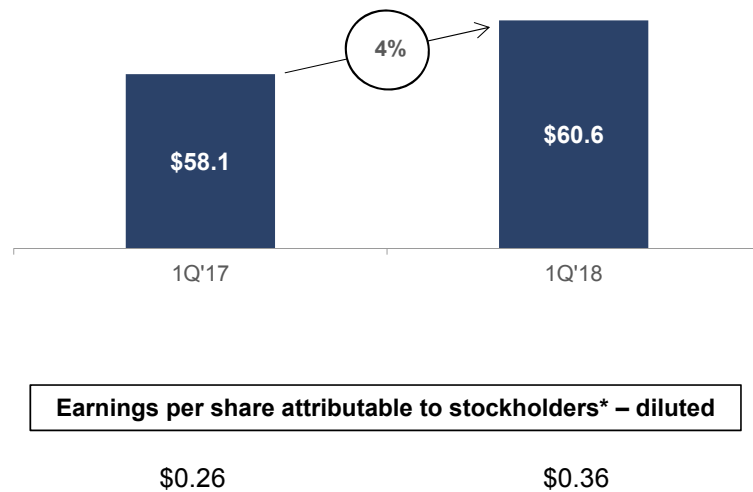
Performance Services revenue increased 7%

» **Continued growth in both advisory services and informatics and technology services businesses**



Fiscal 2018 first-quarter GAAP net income

(in millions, except per share data)

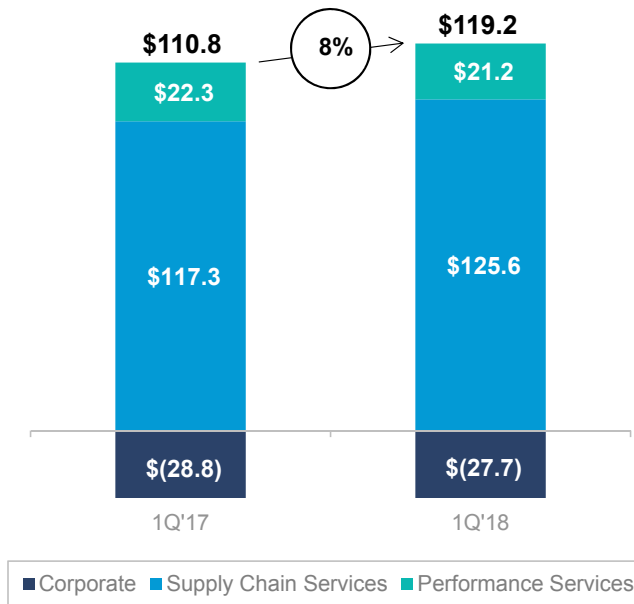


GAAP net income increased 4%

*After required GAAP non-cash adjustments to reflect the change in redemption amount of limited partners' Class B common unit ownership at the end of each period



Fiscal 2018 first-quarter non-GAAP adjusted EBITDA*

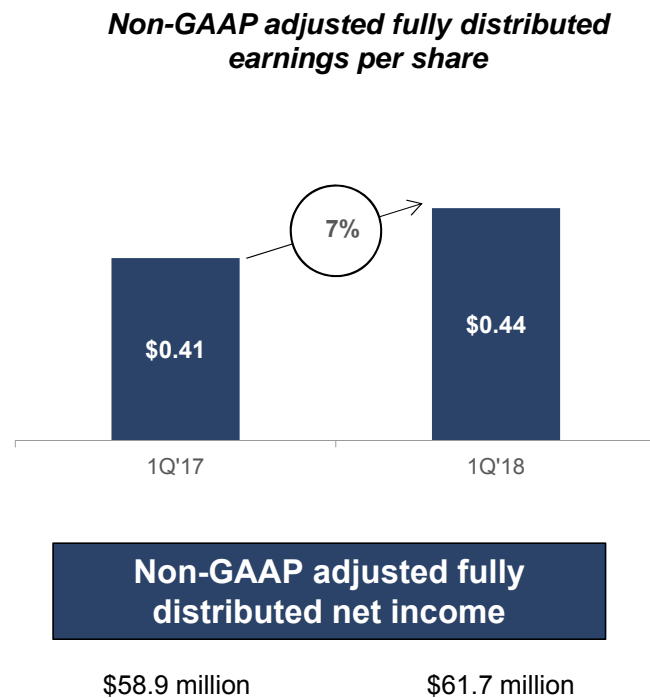


Consolidated non-GAAP adjusted EBITDA up 8%

* See non-GAAP Adjusted EBITDA and non-GAAP Segment Adjusted EBITDA reconciliations to GAAP equivalents in Appendix.



Fiscal 2018 first-quarter non-GAAP adjusted fully distributed net income and earnings per share*



- » **Calculates income taxes at 39% on pre-tax income, assuming taxable C corporate structure**
- » **Calculates adjusted fully distributed earnings per share, assuming all Class A and B common shares are held by the public**

* See non-GAAP adjusted fully distributed net income and non-GAAP adjusted fully distributed earnings per share to GAAP equivalents in Appendix



Cash flow and capital flexibility at September 30, 2017



- ▶ **Cash flow from operations of \$75.0 million and non-GAAP free cash flow* of \$33.4 million for first-quarter fiscal 2018**
- ▶ **Cash and cash equivalents of \$132.1 million**
- ▶ **Outstanding borrowings of \$170.0 million on \$750.0 million five-year unsecured revolving credit facility; repaid \$50.0 million during first-quarter fiscal 2018**

**CONSIDERABLE CASH AND
DEBT CAPACITY
AVAILABLE**

**AMPLE CAPITAL
FLEXIBILITY FOR FUTURE
ACQUISITIONS AND
STOCKHOLDER RETURN**

*See non-GAAP Adjusted EBITDA, non-GAAP Segment Adjusted EBITDA, and non-GAAP Free Cash Flow reconciliations to GAAP equivalents in Appendix.



Exchange update



- ▶ **On October 31, 2017, approximately 3.7 million Class B units were exchanged for Class A common shares on 1-for-1 basis; equal number of Class B common shares retired.**
- ▶ **Expect to launch a \$200.0 million share repurchase program on or about November 9, 2017 for Class A common shares during the remainder of fiscal 2018.**



QUESTIONS



APPENDIX



Fiscal 2018 and fiscal 2017 non-GAAP reconciliations

Supplemental Financial Information
Reconciliation of Net Income to Adjusted EBITDA
Reconciliation of Operating Income to Segment Adjusted EBITDA
Reconciliation of Net Income Attributable to Stockholders to Non-GAAP Adjusted Fully Distributed Net Income
(Unaudited)
(In thousands)

	Three Months Ended	
	September 30,	
	2017	2016
Net income	\$ 60,616	\$ 58,095
Interest and investment loss, net	1,495	152
Income tax expense	12,764	23,336
Depreciation and amortization	16,507	14,018
Amortization of purchased intangible assets	13,898	9,209
EBITDA	105,280	104,810
Stock-based compensation	8,957	5,896
Acquisition related expenses	3,099	2,937
Adjustment to tax receivable agreement liabilities	-	(5,722)
ERP implementation expenses	335	1,094
Acquisition related adjustment - revenue	105	151
Loss on disposal of long-lived assets	1,320	1,518
Loss on FFF put and call rights	20	-
Other expense	55	89
Adjusted EBITDA	\$ 119,171	\$ 110,773



Fiscal 2018 and fiscal 2017 non-GAAP reconciliations

Supplemental Financial Information
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Reconciliation of Operating Income to Segment Adjusted EBITDA
Reconciliation of Net Income Attributable to Stockholders to Non-GAAP Adjusted Fully Distributed Net Income
(Unaudited)
(In thousands)

	Three Months Ended	
	September 30,	
	2017	2016
Income before income taxes	\$ 73,380	\$ 81,431
Equity in net income of unconsolidated affiliates	(4,252)	(9,579)
Interest and investment loss, net	1,495	152
Loss on disposal of long-lived assets	1,320	1,518
Other income	(1,463)	(1,006)
Operating income	70,480	72,516
Depreciation and amortization	16,507	14,018
Amortization of purchased intangible assets	13,898	9,209
Stock-based compensation	8,957	5,896
Acquisition related expenses	3,099	2,937
Adjustment to tax receivable agreement liabilities	-	(5,722)
ERP implementation expenses	335	1,094
Acquisition related adjustment - revenue	105	151
Equity in net income of unconsolidated affiliates	4,252	9,579
Deferred compensation plan income	1,539	1,095
Other expense	(1)	-
Adjusted EBITDA	\$ 119,171	\$ 110,773
Segment Adjusted EBITDA:		
Supply Chain Services	\$ 125,620	\$ 117,304
Performance Services	21,221	22,311
Corporate	(27,670)	(28,842)
Adjusted EBITDA	\$ 119,171	\$ 110,773



Fiscal 2018 and fiscal 2017 non-GAAP reconciliations

Supplemental Financial Information
Reconciliation of Net Income to Adjusted EBITDA
Reconciliation of Operating Income to Segment Adjusted EBITDA
Reconciliation of Net Income Attributable to Stockholders to Non-GAAP Adjusted Fully Distributed Net Income
(Unaudited)
(In thousands)

	Three Months Ended	
	September 30,	
	2017	2016
Net income attributable to stockholders	\$ 336,430	\$ 70,302
Adjustment of redeemable partners' capital to redemption amount	(320,424)	(61,808)
Net income attributable to non-controlling interest in Premier LP	44,610	49,601
Income tax expense	12,764	23,336
Amortization of purchased intangible assets	13,898	9,209
Stock-based compensation	8,957	5,896
Acquisition related expenses	3,099	2,937
Adjustment to tax receivable agreement liabilities	-	(5,722)
ERP implementation expenses	335	1,094
Acquisition related adjustment - revenue	105	151
Loss on disposal of long-lived assets	1,320	1,518
Loss on FFF put and call rights	20	-
Other expense	55	89
Non-GAAP adjusted fully distributed income before income taxes	101,169	96,603
Income tax expense on fully distributed income before income taxes	39,456	37,675
Non-GAAP Adjusted Fully Distributed Net Income	\$ 61,713	\$ 58,928



Fiscal 2018 and fiscal 2017 non-GAAP reconciliations

Supplemental Financial Information
Reconciliation of Net Cash Provided by Operating Activities to Non-GAAP Free Cash Flow
(Unaudited)
(In thousands)

	Three Months Ended	
	September 30,	
	2017	2016
Net cash provided by operating activities	\$ 75,033	\$ 41,827
Purchases of property and equipment	(16,647)	(16,966)
Distributions to limited partners of Premier LP	(24,951)	(22,493)
Non-GAAP Free Cash Flow	\$ 33,435	\$ 2,368



Fiscal 2018 and fiscal 2017 non-GAAP reconciliations

Supplemental Financial Information
Reconciliation of GAAP EPS to Non-GAAP EPS on Adjusted Fully Distributed Net Income
(Unaudited)
(In thousands, except per share data)

	Three Months Ended	
	September 30,	
	2017	2016
Net income attributable to stockholders	\$ 336,430	\$ 70,302
Adjustment of redeemable partners' capital to redemption amount	(320,424)	(61,808)
Net income attributable to non-controlling interest in Premier LP	44,610	49,601
Income tax expense	12,764	23,336
Amortization of purchased intangible assets	13,898	9,209
Stock-based compensation	8,957	5,896
Acquisition related expenses	3,099	2,937
Adjustment to tax receivable agreement liabilities	-	(5,722)
ERP implementation expenses	335	1,094
Acquisition related adjustment - revenue	105	151
Loss on disposal of long-lived assets	1,320	1,518
Loss on FFF put and call rights	20	-
Other expense	55	89
Non-GAAP adjusted fully distributed income before income taxes	101,169	96,603
Income tax expense on fully distributed income before income taxes	39,456	37,675
Non-GAAP Adjusted Fully Distributed Net Income	\$ 61,713	\$ 58,928



Fiscal 2018 and fiscal 2017 non-GAAP reconciliations

Supplemental Financial Information
Reconciliation of GAAP EPS to Non-GAAP EPS on Adjusted Fully Distributed Net Income
(Unaudited)
(In thousands, except per share data)

	Three Months Ended	
	September 30,	
	2017	2016
Weighted Average:		
Common shares used for basic and diluted earnings per share	52,909	47,214
Potentially dilutive shares	655	939
Conversion of Class B common units	86,482	94,809
Weighted average fully distributed shares outstanding - diluted	140,046	142,962
GAAP earnings (loss) per share	\$ 6.36	\$ 1.49
Adjustment of redeemable limited partners' capital to redemption amount	(6.05)	(1.31)
Net income attributable to non-controlling interest in Premier LP	0.84	1.05
Income tax expense	0.24	0.49
Amortization of purchased intangible assets	0.26	0.20
Stock-based compensation	0.17	0.13
Acquisition related expenses	0.06	0.06
Adjustment to tax receivable agreement liabilities	-	(0.12)
ERP implementation expenses	0.01	0.02
Loss on disposal of long-lived assets	0.02	0.03
Impact of corporation taxes	(0.74)	(0.80)
Impact of dilutive shares	(0.73)	(0.83)
Non-GAAP EPS on Adjusted Fully Distributed Net Income	\$ 0.44	\$ 0.41