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# Baird 2019 Global Healthcare Conference

*September 4, 2019*

# Forward-looking statements and non-GAAP financial measures

**Forward-looking statements –** Statements made in this presentation that are not statements of historical or current facts, such as those related to the current market environment and uncertainties, expected financial performance and fiscal 2020 revenue visibility, non-GAAP free cash flow generation, out ability to invest in future growth and return capital to stockholders, share repurchases, if any, under our current and future stock repurchase program, the success of our incremental investments in growth opportunities, the financial and strategic impact of our decision to exit the specialty pharmacy business and the statements related to fiscal 2020 outlook and guidance and the assumptions underlying such guidance, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements 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. In addition to statements that explicitly describe such risks and uncertainties, 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 factors that could affect Premier's financial results is included from time to time in the "Cautionary Note Regarding Forward-Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of Premier's periodic and current filings with the SEC, including those discussed under the "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" section of Premier's Form 10-K for the year ended June 30, 2019, filed with the SEC and also made available on Premier's website at investors.premierinc.com. Forward-looking statements speak only as of the date they are made, and Premier undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events that occur after that date, or otherwise.

**Non-GAAP financial measures –** This presentation and accompanying webcast 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 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 periodic and current 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.

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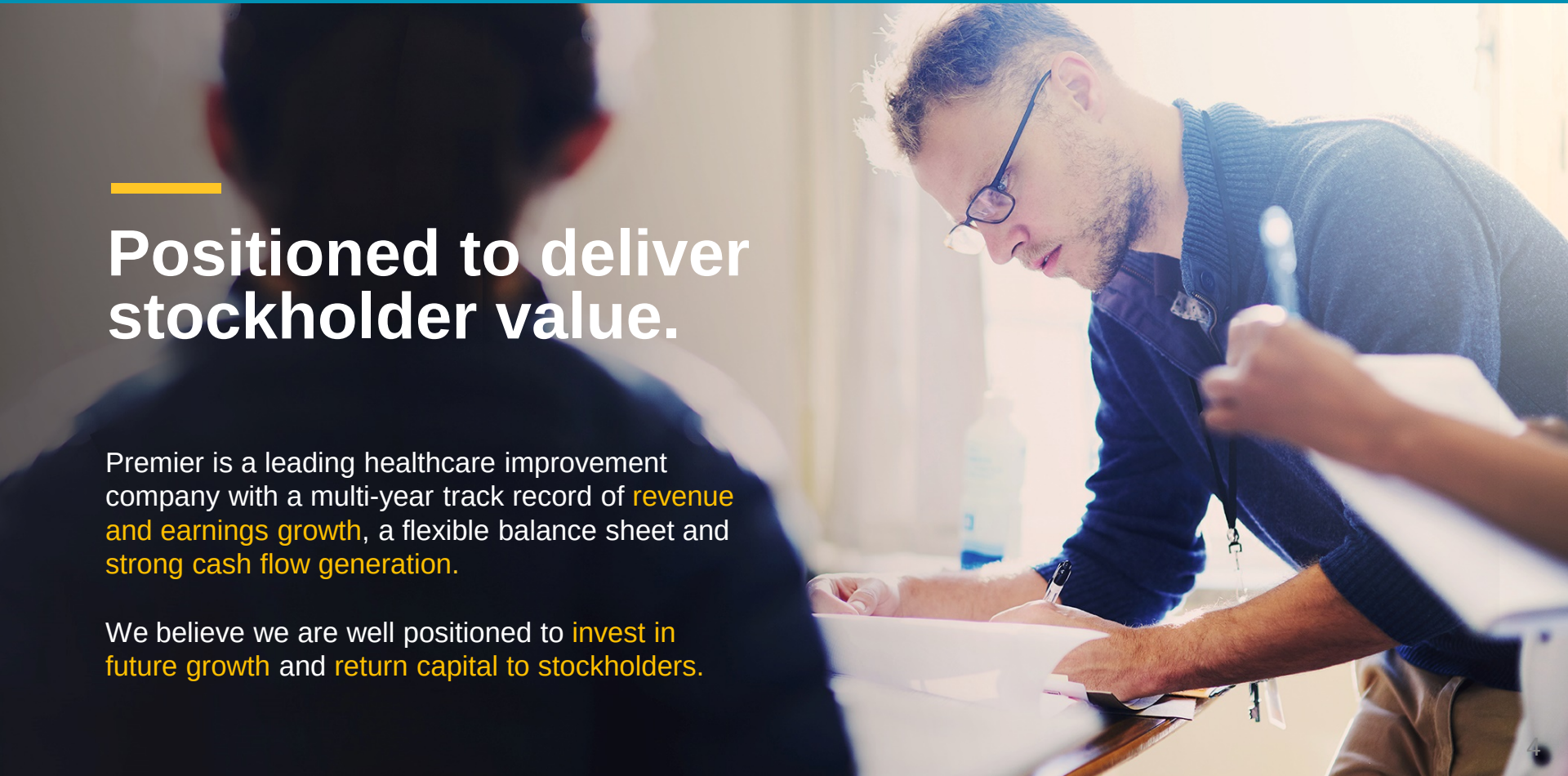
# Company Overview



# Positioned to deliver stockholder value.

Premier is a leading healthcare improvement company with a multi-year track record of revenue and earnings growth, a flexible balance sheet and strong cash flow generation.

We believe we are well positioned to invest in future growth and return capital to stockholders.

# Premier's role in the future of healthcare

Providers face increasing financial pressure, market consolidation, data integration challenges, disruption and increasing competition.

Providers must **reduce costs**, **improve quality** and **safety outcomes** and **assume risk**.

By integrating Premier's core **supply chain** and **clinical solutions** with **technology** and wrap-around **consulting services**, we believe **Premier is uniquely positioned** to help healthcare providers achieve these critical objectives.

# It's all about the data insights

**100B** [1]
**DATA POINTS**

Market leading enterprise analytics enable Premier to deliver highly differentiated and significant value for its members.

## Powers Our Capabilities

- Supply Chain
- Cost Management
- Quality & Regulatory
- Safety
- Pharmacy
- Value-Based Care

## Benefits Our Customers

- Providers and their Health Plans
- Employers
- Pharma
- Device Manufacturers

[1] As of December 31, 2018, based on Premier's proprietary database known as the Premier Healthcare Database and other data points available to Premier members and subscribers.

# Premier's significant footprint and scale

**4K+**
U.S. hospitals and health systems
**ARE PREMIER MEMBERS**

Data on more than
**45%**
U.S. hospital discharges

MORE THAN **175K**
alternate sites/other provider organizations

**~2,800** CONTRACTS

**~1,300** SUPPLIERS

**$61B** group purchasing volume

Note: Data as of fiscal year ended June 30, 2019.

# Premier's unique member alignment

## ALIGNMENT

Significant health system member ownership

Strategic board alignment

Premier field force embedded in member health systems

## LONG-TERM EXPERIENCE

Member owner tenure averages **~20 years**

## CO-INNOVATION

Co-develop solutions with members

Committees composed of **~400** individuals, representing **~130** member hospitals

**More than 1,500** hospitals in performance improvement collaboratives


Note: Data as of fiscal year ended June 30, 2019.

# Integrated platform provides comprehensive solutions

## Supply Chain Services

~70% of FY19 Consolidated Net Revenue [1]

~81% of FY19 Non-GAAP Pre-Corporate Segment Adjusted EBITDA [1]

Group Purchasing

Direct Sourcing

## Performance Services

~30% of FY19 Consolidated Net Revenue [1]

~19% of FY19 Non-GAAP Pre-Corporate Segment Adjusted EBITDA [1]

Healthcare Informatics and Data Analytics

Consulting Services

Performance Improvement Collaboratives

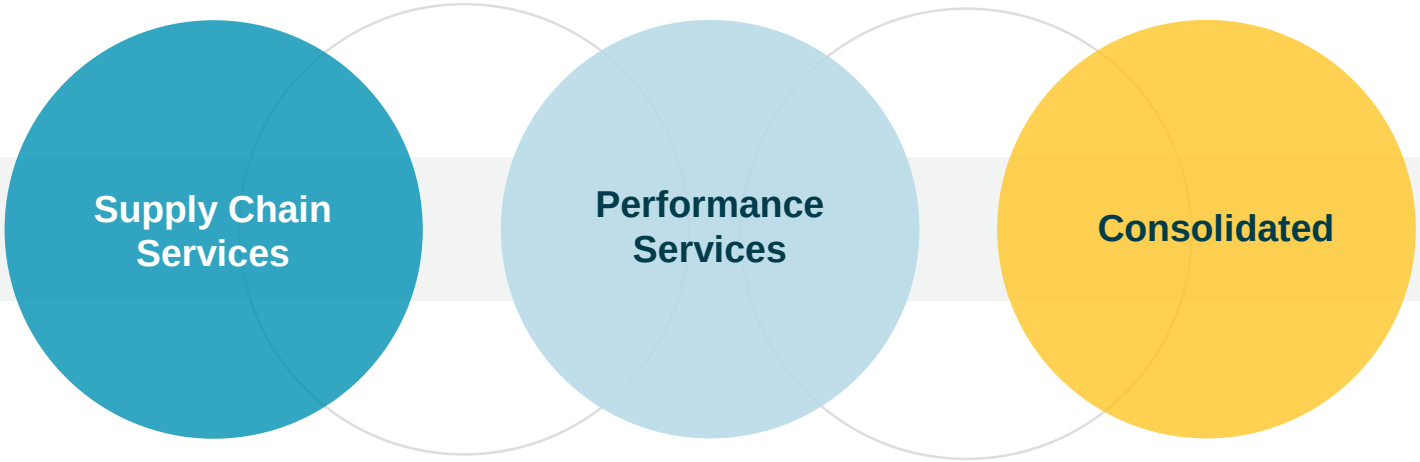
Embedded Field Force

eCommerce, Technology and Enterprise Analytics

[1] Based on results from continuing operations.

# The Premier model at a glance

**Business**




## Multiple Revenue Drivers

Supplier paid administrative fees

Contract manufactured product sales

SaaS-based subscriptions / license fees

Fee-for-service

Service subscriptions

**Significant revenue visibility***

- 88% - 93% of FY2020 revenue guidance range available under contract

**High 5-year average retention/renewal rates****

- **98%** GPO retention
- **95%** SaaS institutional renewal rate

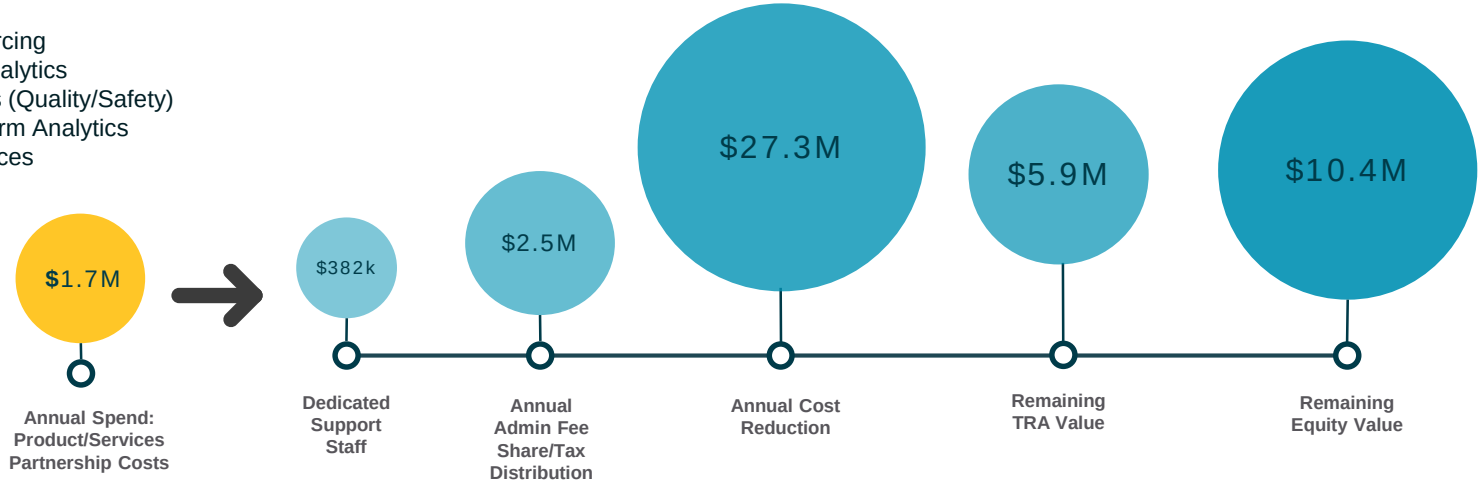
*As provided on August 20, 2019.
** Five-year average as of fiscal year-end June 30, 2019.

# Delivering annual ROI for our member health systems*

2018 ROI exclusive of TRA and equity value = 17:1

## An all-in enterprise relationship spanning 28 years of products/services partnership:

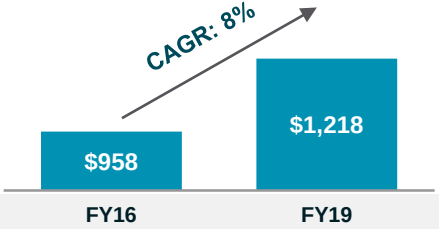
- GPO/Direct Sourcing
- Supply Chain Analytics
- Clinical Analytics (Quality/Safety)
- Integrated Platform Analytics
- Consulting Services



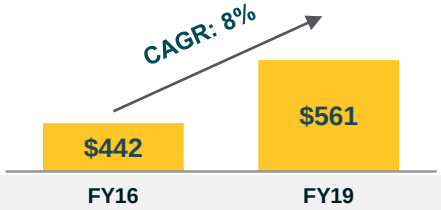

* Solely for illustrative purposes based on one member's actual experience in fiscal 2018 and the Remaining TRA Value and Remaining Equity Value are current through the October 31, 2018 member owner Class B unit quarterly exchange. Each member's total value varies by scope of relationship with Premier, investment size, and utilization of Premier products and services.

# Premier's diversified model has delivered consistent growth

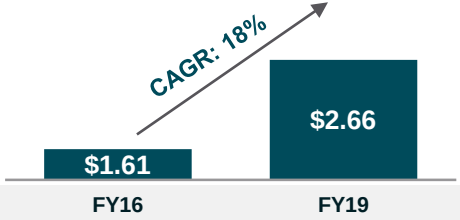
- Multiple growth drivers
- Core "chassis" built
- Recurring and visible revenue
- Strong balance sheet
- High customer retention rates
- Free cash flow generation




**Consolidated Net Revenue***
*(in millions)*




**Non-GAAP Adjusted EBITDA***
*(in millions)*



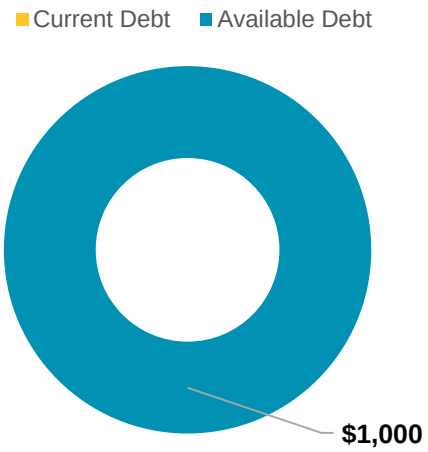

**Non-GAAP Adjusted Fully Distributed EPS***

**Results reflect those of continuing operations. See non-GAAP reconciliations to GAAP equivalents in Appendix.*

# Flexible balance sheet and strong non-GAAP free cash flow generation

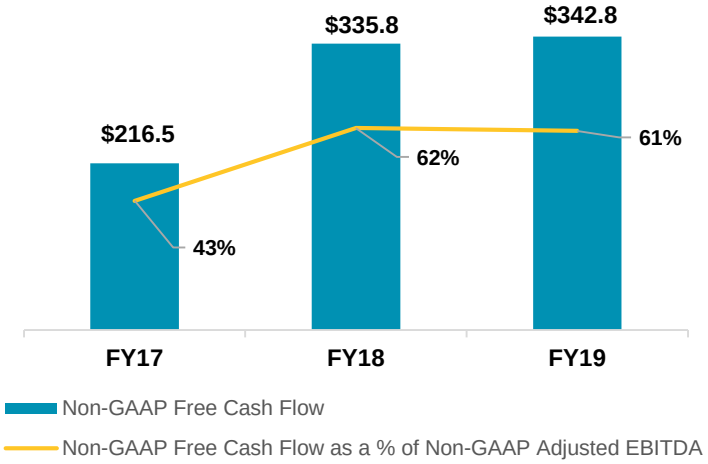
## Current and Available Debt*

*(in millions)*




## Non-GAAP Free Cash Flow*

*(in millions)*




**Non-GAAP free cash flow expected to approximate 55% to 65% of non-GAAP adjusted EBITDA for fiscal 2020**

** As of June 30, 2019 outstanding balance was $25 million; repaid $25 million in July 2019.*
***Non-GAAP adjusted EBITDA and free cash flow figures are for fiscal year ended June 30, 2019.*

# Capital allocation priorities

**continue growth and expansion**

**maintain flexible balance sheet**

**return of capital to stockholders**

# Fiscal 2020 financial guidance (1)

| Fiscal 2020 Financial Guidance (in millions, except per share data) | FY 2020 | % YoY Increase |
|---|---|---|
| Net Revenue: | | |
| Supply Chain Services segment | $872.0 - $907.0 | 2% - 6% |
| Performance Services segment | $359.0 - $373.0 | (1)% - 3% |
| Total Net Revenue | $1,231.0 - $1,280.0 | 1% - 5% |
| | | |
| Non-GAAP adjusted EBITDA | $566.0 - $589.0 | 1% - 5% |
| | | |
| Non-GAAP adjusted fully distributed EPS | $2.76 - $2.89 | 4% - 9% |

UPDATE: Hospital Improvement Innovation Network contract with CMS has been extended through March 2020 with an expected contribution of approximately $6 million to fiscal 2020 revenue

*(1) For the year ending June 30, 2020. **As of August 20, 2019**. See accompanying page for fiscal 2020 notes and assumptions to guidance.*

# Fiscal 2020 financial guidance footnotes and key assumptions
*(for year ending June 30, 2020)**

## Guidance Footnotes:

* The company does not meaningfully reconcile guidance for non-GAAP adjusted EBITDA and non-GAAP adjusted fully distributed earnings per share to net income attributable to stockholders or earnings per share attributable to stockholders because the company cannot provide guidance for more significant reconciling items between net income attributable to stockholders and adjusted EBITDA and between earnings per share attributable to stockholders and non-GAAP adjusted fully distributed earnings per share without unreasonable effort. This is due to two primary reasons:

- Reasonable guidance cannot be provided for reconciling the adjustment of redeemable limited partners' capital to redemption amount – historically the largest adjustment in the reconciliation from non-GAAP to GAAP amounts – due to the fact that the increase or decrease in this item is based on the change in the number of Class B common units outstanding and change in stock price between quarters, which the company cannot predict, control or reasonably estimate.

- Reasonable guidance cannot be provided for earnings per share attributable to stockholders because the ongoing quarterly member-owner exchange of Class B common units and corresponding Class B common stock into shares of Class A common stock impacts the number of shares of Class A common stock outstanding each quarter, which the company cannot predict, control or reasonably estimate. Member owners have the right, but not the obligation, to exchange class B common units on a quarterly basis, and the company has the discretion to settle any exchanged units for Class A common stock, cash, or a combination thereof, neither of which can be predicted, controlled or reasonably estimated at this time.

## Key Assumptions*:

**Supply Chain Services assumptions:**

» Net administrative fees revenue growth of 1% to 5%
» Products revenue growth of 5% to 9%
» Continued high GPO retention rates

**Performance Services assumptions:**

» Continued high SaaS institutional renewal rates
» Continued challenge of hesitant demand in some areas, including quality and safety technology, and cost management and value-based care consulting related to political and regulatory uncertainty
» Hospital Improvement Innovation Network contract with CMS has been extended through March 2020 with an expected contribution of approximately $6 million to fiscal 2020 revenue

**Other assumptions:**

» Estimated revenue available under contract of approximately $1.1 billion, which represents approximately 88% to 93% of our consolidated net revenue guidance range
» Non-GAAP free cash flow expected to approximate 55% to 65% of non-GAAP adjusted EBITDA
» Capital expenditures of $95 million to $100 million, representing 7% to 8% of consolidated net revenue
» Consolidated non-GAAP adjusted EBITDA margin of 43% to 47%
» Stock-based compensation of $28 million to $32 million
» Non-GAAP adjusted fully distributed net income and earnings per share calculations to reflect an effective tax rate of 26%
» Amortization of purchased intangible assets of approximately $50 million
» Guidance does not contemplate any share repurchases or significant acquisitions

**As of August 20, 2019.*

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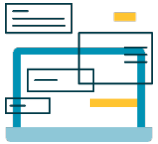
# Final Thoughts

# Premier's key differentiators

Compelling financial model reflecting multi-year revenue and earnings growth, flexible balance sheet and strong free cash flow



Integrated technology platform and differentiated data assets

Disciplined growth strategy

Unique member alignment and long-term relationships

Well-positioned to capitalize on industry trends

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# Non-GAAP Reconciliation Tables

# Fiscal 2019, fiscal 2018 and fiscal 2017 non-GAAP reconciliations

The following table provides the reconciliation of net income from continuing operations to Adjusted EBITDA and the reconciliation of income before income taxes to Segment Adjusted EBITDA (in thousands). Refer to "Our Use of Non-GAAP Financial Measures" in our most recently filed 10-K for further information regarding items excluded in our calculation of Adjusted EBITDA and Segment Adjusted EBITDA. **(Slide 1 of 3)**

| | Year Ended June 30, | | | |
|---|---|---|---|---|
| | 2019 | 2019 | 2018 | 2017 |
| | As presented | Previous revenue standard | | |
| **Net income from continuing operations** | $ 334,677 | $ 299,195 | $ 258,007 | $ 449,604 |
| Interest and investment loss, net | 2,471 | 2,471 | 5,300 | 4,512 |
| Income tax expense | 33,462 | 31,590 | 259,526 | 81,924 |
| Depreciation and amortization | 86,879 | 86,879 | 70,264 | 57,878 |
| Amortization of purchased intangible assets | 53,285 | 53,285 | 52,801 | 46,122 |
| **EBITDA** | 510,774 | 473,420 | 645,898 | 640,040 |
| Stock-based compensation | 29,396 | 29,396 | 29,235 | 26,487 |
| Acquisition and disposition related expenses | 13,154 | 13,154 | 8,335 | 15,790 |
| Strategic and financial restructuring expenses | 7 | 7 | 2,512 | 31 |
| Remeasurement of tax receivable agreement liabilities | — | — | (177,174) | (5,447) |
| ERP implementation expenses | 872 | 872 | 1,000 | 2,028 |
| Acquisition related adjustment - revenue | 141 | 141 | 300 | 18,049 |
| Remeasurement gain attributable to acquisition of Innovatix, LLC | — | — | — | (205,146) |
| Loss on disposal of long-lived assets | 6,681 | 6,681 | 2,376 | 2,422 |
| Loss on FFF put and call rights | 17 | 17 | 22,036 | 3,935 |
| Impairment on investments | — | — | 5,002 | — |
| Other expense | — | — | — | 55 |
| **Adjusted EBITDA** | **$ 561,042** | **$ 523,688** | **$ 539,520** | **$ 498,244** |

# Fiscal 2019, fiscal 2018 and fiscal 2017 non-GAAP reconciliations

The following table provides the reconciliation of net income from continuing operations to Adjusted EBITDA and the reconciliation of income before income taxes to Segment Adjusted EBITDA (in thousands). Refer to "Our Use of Non-GAAP Financial Measures" in our most recently filed 10-K for further information regarding items excluded in our calculation of Adjusted EBITDA and Segment Adjusted EBITDA. **(Slide 2 of 3)**

| | Year Ended June 30, | | | |
|---|---|---|---|---|
| | 2019 | 2019 | 2018 | 2017 |
| | As presented | Previous revenue standard | | |
| **Income before income taxes** | **$ 368,139** | **$ 330,785** | **$ 517,533** | **$ 531,528** |
| Remeasurement gain attributable to acquisition of Innovatix, LLC | — | — | — | (205,146) |
| Equity in net income of unconsolidated affiliates | (5,658) | (5,658) | (1,174) | (14,745) |
| Interest and investment loss, net | 2,471 | 2,471 | 5,300 | 4,512 |
| Loss on disposal of long-lived assets | 6,681 | 6,681 | 2,376 | 2,422 |
| Other (income) expense | (3,119) | (3,119) | 16,324 | (614) |
| **Operating income** | **368,514** | **331,160** | **540,359** | **317,957** |
| Depreciation and amortization | 86,879 | 86,879 | 70,264 | 57,878 |
| Amortization of purchased intangible assets | 53,285 | 53,285 | 52,801 | 46,122 |
| Stock-based compensation | 29,396 | 29,396 | 29,235 | 26,487 |
| Acquisition and disposition related expenses | 13,154 | 13,154 | 8,335 | 15,790 |
| Strategic and financial restructuring expenses | 7 | 7 | 2,512 | 31 |
| Remeasurement of tax receivable agreement liabilities | — | — | (177,174) | (5,447) |
| ERP implementation expenses | 872 | 872 | 1,000 | 2,028 |
| Acquisition related adjustment - revenue | 141 | 141 | 300 | 18,049 |
| Equity in net income of unconsolidated affiliates | 5,658 | 5,658 | 1,174 | 14,745 |
| Impairment on investments | — | — | 5,002 | — |
| Deferred compensation plan income | 2,546 | 2,546 | 3,960 | 4,020 |
| Other income | 590 | 590 | 1,752 | 584 |
| **Adjusted EBITDA** | **$ 561,042** | **$ 523,688** | **$ 539,520** | **$ 498,244** |

# Fiscal 2019, fiscal 2018 and fiscal 2017 non-GAAP reconciliations

The following table provides the reconciliation of net income from continuing operations to Adjusted EBITDA and the reconciliation of income before income taxes to Segment Adjusted EBITDA (in thousands). Refer to "Our Use of Non-GAAP Financial Measures" in our most recently filed 10-K for further information regarding items excluded in our calculation of Adjusted EBITDA and Segment Adjusted EBITDA. **(Slide 3 of 3)**

| | Year Ended June 30, | | | |
|---|---|---|---|---|
| | 2019 | 2019 | 2018 | 2017 |
| | As presented | Previous revenue standard | | |
| **Segment Adjusted EBITDA:** | | | | |
| Supply Chain Services | $ 548,029 | $ 538,537 | $ 531,851 | $ 490,416 |
| Performance Services | 129,147 | 101,285 | 123,429 | 121,090 |
| Corporate | (116,134) | (116,134) | (115,760) | (113,262) |
| **Adjusted EBITDA** | **$ 561,042** | **$ 523,688** | **$ 539,520** | **$ 498,244** |

# Fiscal 2019, fiscal 2018 and fiscal 2017 non-GAAP reconciliations

The following table provides the reconciliation of net (loss) income attributable to stockholders to Non-GAAP Adjusted Fully Distributed Net Income and the reconciliation of the numerator and denominator for earnings per share attributable to stockholders to Non-GAAP Adjusted Fully Distributed Earnings per Share for the periods presented (in thousands). Refer to "Our Use of Non-GAAP Financial Measures" in our most recently filed 10-K for further information regarding items excluded in our calculation of Non-GAAP Adjusted Fully Distributed Net Income and Non-GAAP Adjusted Fully Distributed Earnings per Share. **(Slide 1 of 1)**

| | Year Ended June 30, | | | |
|---|---|---|---|---|
| | 2019 | 2019 | 2018 | 2017 |
| | As presented | Previous revenue standard | | |
| **Net (loss) income attributable to stockholders** | **$ (8,944)** | **$ (38,034)** | **$ 190,882** | **$ 76,249** |
| Adjustment of redeemable limited partners' capital to redemption amount | 118,064 | 134,109 | (157,581) | 37,176 |
| Net income attributable to non-controlling interest in Premier LP | 174,959 | 152,522 | 224,269 | 336,052 |
| Loss from discontinued operations, net of tax | 50,598 | 50,598 | 437 | 127 |
| Income tax expense | 33,462 | 31,590 | 259,526 | 81,924 |
| Amortization of purchased intangible assets | 53,285 | 53,285 | 52,801 | 46,122 |
| Stock-based compensation | 29,396 | 29,396 | 29,235 | 26,487 |
| Acquisition and disposition related expenses | 13,154 | 13,154 | 8,335 | 15,790 |
| Strategic and financial restructuring expenses | 7 | 7 | 2,512 | 31 |
| Remeasurement of tax receivable agreement liabilities | — | — | (177,174) | (5,447) |
| ERP implementation expenses | 872 | 872 | 1,000 | 2,028 |
| Acquisition related adjustment - revenue | 141 | 141 | 300 | 18,049 |
| Remeasurement gain attributable to acquisition of Innovatix, LLC | — | — | — | (205,146) |
| Loss on disposal of long-lived assets | 6,681 | 6,681 | 2,376 | 2,422 |
| Loss on FFF put and call rights | 17 | 17 | 22,036 | 3,935 |
| Impairment on investments | — | — | 5,002 | — |
| Other expense | — | — | — | 55 |
| **Non-GAAP adjusted fully distributed income before income taxes** | 471,692 | 434,338 | 463,956 | 435,854 |
| Income tax expense on fully distributed income before income taxes [a] | 122,640 | 112,928 | 148,545 | 169,983 |
| **Non-GAAP Adjusted Fully Distributed Net Income** | **$ 349,052** | **$ 321,410** | **$ 315,411** | **$ 265,871** |
| | | | | |
| **Reconciliation of denominator for earnings (loss) per share attributable to stockholders to Non-GAAP Adjusted Fully Distributed Earnings per Share** | | | | |
| Weighted average: | | | | |
| Common shares used for basic earnings per share and diluted earnings (loss) per share | 59,188 | 59,188 | 53,518 | 49,654 |
| Potentially dilutive shares | 1,081 | 1,081 | 822 | 720 |
| Conversion of Class B common units | 70,827 | 70,827 | 83,000 | 90,816 |
| **Weighted average fully distributed shares outstanding - diluted** | **131,096** | **131,096** | **137,340** | **141,190** |

(a) Reflects income tax expense at an estimated effective income tax rate of 26% of Non-GAAP adjusted fully distributed net income before income taxes for the year ended June 30, 2019, 32% of Non-GAAP adjusted fully distributed income before income taxes for the year ended June 30, 2018, and 39% of Non-GAAP adjusted fully distributed income before income taxes for the year ended June 30, 2017.

# Fiscal 2019, fiscal 2018 and fiscal 2017 non-GAAP reconciliations

The following table provides the reconciliation of earnings per share attributable to stockholders to Non-GAAP Adjusted Fully Distributed Earnings per Share for the periods presented. Refer to "Our Use of Non-GAAP Financial Measures" in our most recently filed 10-K for further information regarding items excluded in our calculation of Non-GAAP Adjusted Fully Distributed Earnings per Share. **(Slide 1 of 1)**

| | Year Ended June 30, | | | |
|---|---|---|---|---|
| | 2019 | 2019 | 2018 | 2017 |
| | As presented | Previous revenue standard | | |
| (Loss) earnings per share attributable to stockholders | $ (0.15) | $ (0.64) | $ 3.57 | $ 1.54 |
| Adjustment of redeemable limited partners' capital to redemption amount | 1.99 | 2.27 | (2.94) | 0.75 |
| Net income attributable to non-controlling interest in Premier LP | 2.96 | 2.58 | 4.19 | 6.77 |
| Loss from discontinued operations, net of tax | 0.85 | 0.85 | 0.01 | — |
| Income tax expense | 0.57 | 0.53 | 4.85 | 1.65 |
| Amortization of purchased intangible assets | 0.90 | 0.90 | 0.99 | 0.93 |
| Stock-based compensation | 0.50 | 0.50 | 0.55 | 0.53 |
| Acquisition and disposition related expenses | 0.22 | 0.22 | 0.16 | 0.32 |
| Strategic and financial restructuring expenses | — | — | 0.05 | — |
| Remeasurement of tax receivable agreement liabilities | — | — | (3.31) | (0.11) |
| ERP implementation expenses | 0.01 | 0.01 | 0.02 | 0.04 |
| Acquisition related adjustment - revenue | — | — | 0.01 | 0.36 |
| Remeasurement gain attributable to acquisition of Innovatix, LLC | — | — | — | (4.13) |
| Loss on disposal of long-lived assets | 0.11 | 0.11 | 0.04 | 0.05 |
| Loss on FFF put and call rights | — | — | 0.41 | 0.08 |
| Impairment on investments | — | — | 0.09 | — |
| Impact of corporation taxes [a] | (2.07) | (1.90) | (2.78) | (3.43) |
| Impact of dilutive shares [b] | (3.23) | (2.98) | (3.61) | (3.47) |
| **Non-GAAP Adjusted Fully Distributed Earnings Per Share** | **$ 2.66** | **$ 2.45** | **$ 2.30** | **$ 1.88** |

(a) Reflects income tax expense at an estimated effective income tax rate of 26% of Non-GAAP adjusted fully distributed net income before income taxes for the year ended June 30, 2019, 32% of Non-GAAP adjusted fully distributed income before income taxes for the year ended June 30, 2018, and 39% of Non-GAAP adjusted fully distributed income before income taxes for the year ended June 30, 2017.

(b) Reflects impact of dilutive shares, primarily attributable to the assumed conversion of all Class B common units for Class A common stock.

# Fiscal 2019, fiscal 2018 and fiscal 2017 non-GAAP reconciliations

We define Non-GAAP Free Cash Flow as net cash provided by operating activities less distributions and TRA payments to limited partners and purchases of property and equipment. Free cash flow does not represent discretionary cash available for spending as it excludes certain contractual obligations such as debt repayments. A summary of Non-GAAP Free Cash Flow and reconciliation to net cash provided by operating activities for the periods presented follows (in thousands): **(Slide 1 of 1)**

| | Year Ended June 30, | |
|---|---|---|
| | 2019 | 2018 |
| **Net cash provided by operating activities from continuing operations** | $ 511,938 | $ 505,258 |
| Purchases of property and equipment | (93,385) | (92,425) |
| Distributions to limited partners of Premier LP | (57,825) | (79,255) |
| Payments to limited partners of Premier LP related to tax receivable agreements [(a)] | (17,975) | — |
| **Non-GAAP Free Cash Flow** | **$ 342,753** | **$ 333,578** |

(a) The timing of TRA payments shifted to July from June due to the change in our federal tax filing deadline, which was extended one month to April from March. As such, we did not make a TRA payment in fiscal year 2018.

# Fiscal 2016 results from continuing operations

| Results from continuing operations for the year ended June 30, 2016 | | |
|---|---|---|
| Net revenue: | | |
| Net administrative fees | $ | 498,394 |
| Other services and support | | 337,305 |
| Services | | 835,699 |
| Products | | 122,733 |
| Net revenue | $ | 958,432 |

| Supply Chain Services segment | | |
|---|---|---|
| Net revenue: | | |
| Net administrative fees | | 498,394 |
| Other services and support | | 4,136 |
| Services | | 502,530 |
| Products | | 122,733 |
| Net revenue | | 625,263 |
| Adjusted EBITDA | $ | 439,849 |

# Fiscal 2016 non-GAAP reconciliations for results from continuing operations

| Results from continuing operations for the year ended June 30, 2016 | | |
|---|---|---|
| **Net income from continuing operations** | $ | 236,558 |
| Interest and investment loss, net | | 1,021 |
| Income tax expense (benefit) | | 50,901 |
| Depreciation and amortization | | 50,064 |
| Amortization of purchased intangible assets | | 32,706 |
| **EBITDA** | | 371,250 |
| Stock-based compensation | | 48,726 |
| Acquisition related expenses | | 15,804 |
| Strategic and financial restructuring | | 268 |
| Remeasurement of tax receivable agreement liabilities | | (4,818) |
| ERP implementation expenses | | 4,870 |
| Acquisition related adjustment - deferred revenue | | 5,624 |
| Other expense | | 87 |
| **Adjusted EBITDA** | $ | 441,811 |
| | | |
| **Income before income taxes** | $ | 287,459 |
| Equity in net income of unconsolidated affiliates | | (21,647) |
| Interest and investment loss, net | | 1,021 |
| Other (income) expense | | 1,692 |
| **Operating income** | | 268,525 |
| Depreciation and amortization | | 50,064 |
| Amortization of purchased intangible assets | | 32,706 |
| Stock-based compensation | | 48,726 |
| Acquisition related expenses | | 15,804 |
| Strategic and financial restructuring | | 268 |
| Remeasurement of tax receivable agreement liabilities | | (4,818) |
| ERP implementation expenses | | 4,870 |
| Acquisition related adjustment - deferred revenue | | 5,624 |
| Equity in net income of unconsolidated affiliates | | 21,647 |
| Deferred compensation plan (income) expense | | (1,605) |
| **Adjusted EBITDA** | $ | 441,811 |

# Fiscal 2016 non-GAAP reconciliations for results from continuing operations

| Results from continuing operations for the year ended June 30, 2016 | | |
|---|---|---|
| **NON-GAAP ADJUSTED FULLY DISTRIBUTED NET INCOME** | | |
| **Net income (loss) from attributable to stockholders** | $ | 818,364 |
| Adjustment of redeemable limited partners' capital to redemption amount | | (776,750) |
| Net income attributable to non-controlling interest in Premier LP | | 193,547 |
| Net income loss from discontinued operations | | 1,397 |
| Income tax expense | | 50,901 |
| Amortization of purchased intangible assets | | 32,706 |
| Stock-based compensation | | 48,726 |
| Acquisition related expenses | | 15,804 |
| Strategic and financial restructuring | | 268 |
| Adjustment to tax receivable agreement liability | | (4,818) |
| ERP implementation expenses | | 4,870 |
| Acquisition related adjustment - deferred revenue | | 5,624 |
| **Non-GAAP adjusted fully distributed income before income taxes** | | 390,639 |
| Income tax expense on fully distributed income before income taxes | | 156,256 |
| **Non-GAAP Adjusted Fully Distributed Net Income** | $ | 234,383 |
| | | |
| Dilutive shares outstanding | | 145,308 |
| Non-GAAP Adjusted Fully Distributed EPS | $ | 1.61 |