



NEWS RELEASE

Premier and 34 Leading Health Systems Partner with DeRoyal to Expand Domestic Production of Isolation Gowns

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- New joint venture will produce isolation gowns in Tennessee, primarily using domestically produced raw materials.
- Venture is Premier's second effort to co-invest with health systems in domestic and geographically diverse manufacturers and help ensure that critical healthcare products are insulated from shortages.

CHARLOTTE, N.C.--(BUSINESS WIRE)-- **Premier Inc.** (NASDAQ: PINC), a leading healthcare improvement company, and 34 member health systems partnered with DeRoyal Industries Inc., a global medical manufacturer, to create a new joint venture dedicated to the domestic production of isolation gowns.

A new entrant in the market, the joint venture will produce isolation gowns in an existing facility just outside Knoxville, TN. Raw materials will primarily be sourced from U.S.-based manufacturers, with backup capacity from Mexico and South America. In this unique collaboration, gowns are designed to specifications considering the hospital systems' care delivery requirements, while also allowing for fully automated production that can scale over time. To support the venture long-term, health system co-investors also signed multi-year commitments to purchase a portion of the isolation gowns used each year from the joint venture.

Medical products critical to the daily operations of health systems are overwhelmingly sourced overseas, with approximately 80 percent of PPE coming from Southeast Asia. The risks of this overreliance came into sharp focus as COVID-19 swept across the globe and many nations closed borders and prevented U.S. access to supplies, triggering shortages of PPE needed to protect healthcare workers and the patients they care for. In addition, sourcing from overseas makes replenishment difficult, as it can take 90-120 days for foreign products to reach U.S.



shores, depending on country of origin, weather, mode of transportation and customs processes. As a result, approximately 74 percent of U.S. hospitals reported they were unable to source adequate quantities of isolation gowns in the month of April, a problem that has continued as COVID-19 continues to spread.

“Together with our members, Premier has created a proven, replicable co-investment model for generating new sources of supply,” said Premier President Michael J. Alkire. “We rely on a data-driven approach to build more supply chain resiliency, prioritizing investments that will quickly satisfy the greatest needs, at scale. In following this approach, we are protecting providers from shortages, injecting more competition into the market and expanding the GPO portfolio with new domestic and geographically diverse options.”

“Domestic manufacturers face tremendous handicaps against foreign competitors, many of whom draw from among the cheapest labor and supply markets on the planet,” said Brian DeBusk, DeRoyal CEO. “One way we can restore diverse, on-shore and near-shore manufacturing is by investing in automation combined with assurances of long-term purchasing volume at globally competitive prices. With this added certainty, we are now able to move into an entirely new product category, create new American jobs and offer a domestic option for providers where one didn’t exist previously. Our intent is to leverage automation to remain price competitive for the long term.”

The arrangement with DeRoyal is part of Premier’s strategy to create more resiliency in the supply chain. Through this effort, Premier has worked with members to pursue targeted **investment opportunities** in critical supply categories that lack adequate competition, geographic diversity or stable sources of contingency supply. The first such investment was in **Prestige Ameritech**, one of the nation’s only domestic producers of face masks and other personal protective equipment (PPE). As a result of the joint investment and a long-term commitment to purchase products from Prestige Ameritech, the company is now making 3.5 million additional N95 masks per month for U.S. healthcare providers. Moving forward, Premier plans to address critical supply needs through similar partnerships with members in other product categories, including gloves and disinfecting wipes.

Premier members participating in the initial investment include, among others: AdventHealth (Altamonte Springs, FL), Atrium Health (Charlotte, NC), Baptist Health (Louisville, KY), Beebe Healthcare (Lewes, DE), CHAMPS GPO (Cleveland, OH), Chesapeake Regional Healthcare (Chesapeake, VA), Med Center Health (Bowling Green, KY), Community Medical Centers (Fresno, CA), East Alabama Medical Center (Opelika, AL), First Health of the Carolinas (Pinehurst, NC), Health Enterprise Cooperative (Cedar Rapids, IA), Henry Ford Health System (Detroit, MI), Hospital for Special Surgery (New York, NY), McLaren Health Care (Grand Blanc, MI), Methodist Health System (Dallas, TX), Mon Health System (Morgantown, WV), Monument Health (Rapid City, SD), Norton Healthcare (Louisville, KY), OSF HealthCare (Peoria, IL), Riverside Health System (Newport News, VA), SBH Health System (New York, NY), St. Elizabeth Healthcare (Edgewood, KY), St. Luke’s University Health Network, (Bethlehem, PA), The University of Tennessee Medical Center (Knoxville, TN), Texas Health Resources (Arlington, TX) and University of Virginia Medical



Center (Charlottesville, VA).

Revenues from the investment in the joint venture are not expected to materially impact Premier FY 2021 results.

Gowns produced by the new joint venture are expected to be available in mid-2021.

About Premier Inc.

Premier Inc. (NASDAQ: PINC) is a leading healthcare improvement company, uniting an alliance of more than 4,100 U.S. hospitals and health systems and approximately 200,000 other providers and organizations to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, and consulting and other services, Premier enables better care and outcomes at a lower cost. Premier plays a critical role in the rapidly evolving healthcare industry, collaborating with members to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, N.C., Premier is passionate about transforming American healthcare. Please visit Premier's news and investor sites on www.premierinc.com; as well as **Twitter**, **Facebook**, **LinkedIn**, **YouTube**, **Instagram** and **Premier's blog** for more information about the company.

About DeRoyal Industries, Inc.

DeRoyal is a 47-year old family-owned business with over 25,000 products including orthopedic devices, surgical accessories, and wound care supplies. The company has approximately 2,000 employees in 21 locations on three different continents, with the majority of its production capacity residing inside the continental United States. DeRoyal has been a pioneer in the reshoring of medical devices beginning with its plastics division in 1985 and expanding into other manufacturing disciplines throughout the following decades. Please visit www.deroyal.com for more information.

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