



Third-Quarter Fiscal 2014 Financial Results and Update

May 12, 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 those related to our financial and business outlook, strategy and growth drivers, acquisition activities and pipeline, 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, as well as those discussed in Premier’s IPO Prospectus filed 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-Q for the quarter ended March 31, 2014 to be filed on or about May 13, 2014, provides further explanation and disclosure regarding our use of non-GAAP financial measures and should be read in conjunction with these supplemental slides.





Overview and Business Update

Susan DeVore, President & CEO

Third-quarter 2014 highlights¹



Outstanding quarter results

Double-digit revenue and adjusted EBITDA growth

Multiple business channels drive growth

Strong cash flow continues

Actively pursuing capital deployment opportunities

Well-positioned for FY2015

(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



Leveraging the member channel to drive value

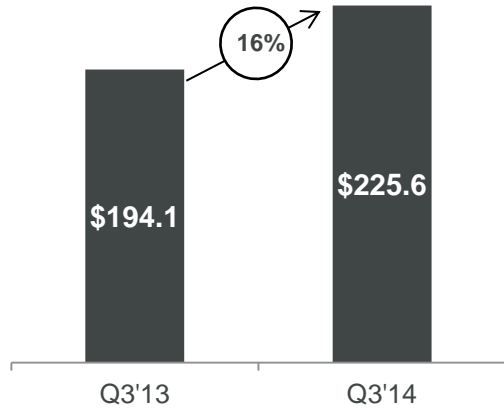


- ▶ **Comprised of approximately 3,000 U.S. hospitals**
- ▶ **Focused on cost, safety, quality and population health**
- ▶ **Co-innovates to develop, test , scale solutions**
- ▶ **Drives business growth and shareholder value**



Third-quarter consolidated and segment highlights¹

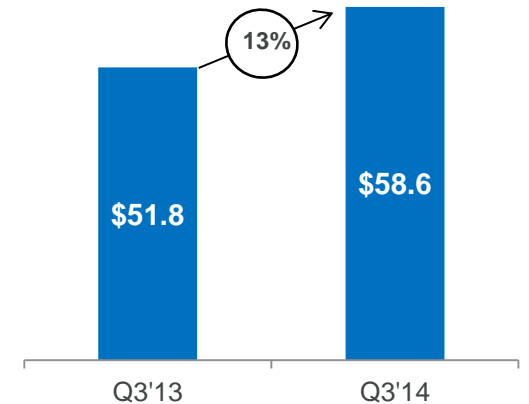
Consolidated Net revenue (millions)



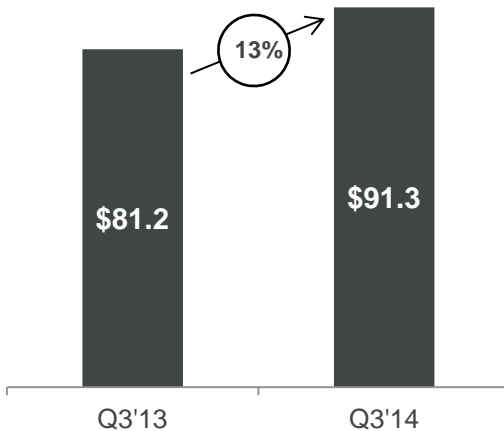
Supply Chain Services Net revenue (millions)



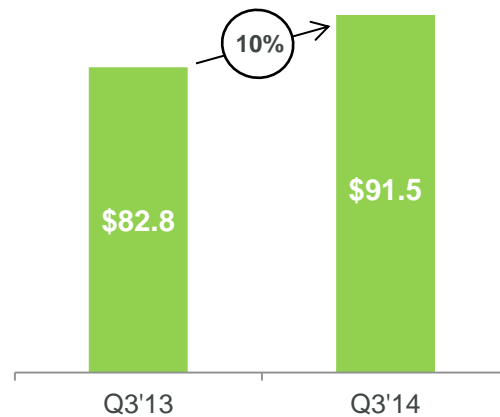
Performance Services Net revenue (millions)



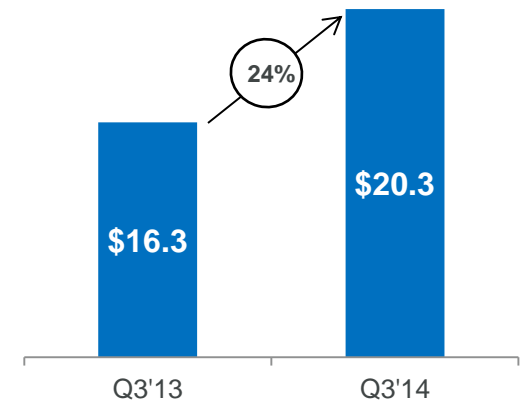
Adjusted EBITDA (millions)



Adjusted EBITDA (millions)



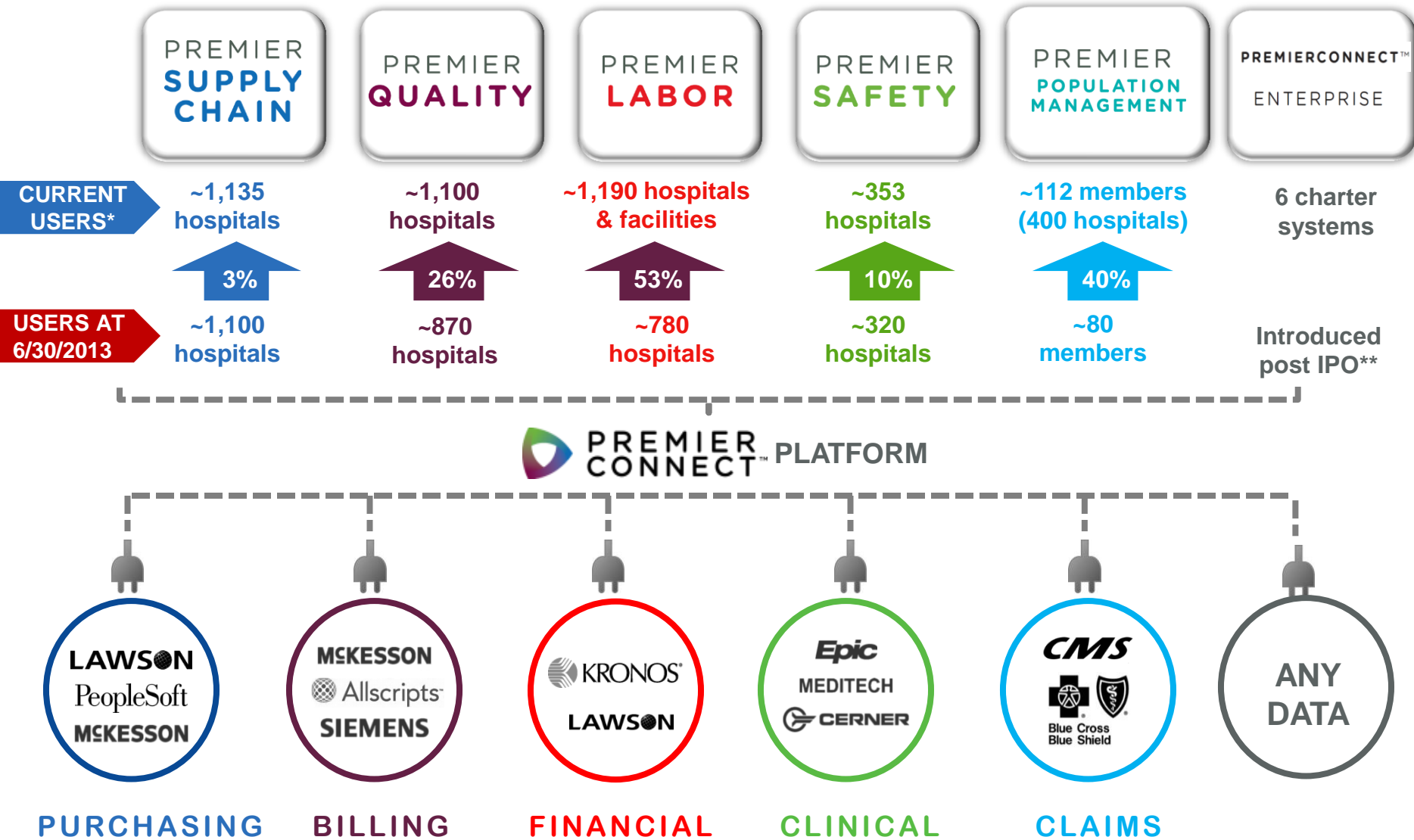
Adjusted EBITDA (millions)



(1) See Adjusted EBITDA and Segment Adjusted EBITDA reconciliations to GAAP equivalents in Appendix; comparisons between third-quarter financial results ended March 31, 2014, and year-ago pro forma results have been adjusted to reflect the impact of the company's reorganization and initial public offering.



Expanding depth of data-based analytics



*Installed and under contract as of 4/30/2014; ** IPO completed on 10/1/2013.



Integrated approach attracts “all-in” engagements



- ▶ **Doctor’s Hospital at Renaissance – Edinburg, TX
Goes ‘all-in’ with 16 technology, consulting,
collaborative solutions**
- ▶ **Carolina’s Healthcare System – Charlotte, NC
Goes ‘all-in’ with expansion of SafetyAdvisor
and OperationsAdvisor Ambulatory**
- ▶ **Riverside – Newport News, VA
Goes ‘all-in’ with technology, consulting,
collaborative solutions**
- ▶ **Princeton Healthcare System – Princeton, NJ
New member goes ‘all-in’ with Performance
Services solutions and Supply Chain Services,
including outsourced supply chain leadership**

▶ Strategic acquisitions drive growth opportunities



Member/customer base has more than doubled to 50+ since acquisition last July, and continues to grow



Capital equipment planning, sourcing & analytics business receiving strong member interest

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



Acquisition pipeline update



- ▶ **Capital available for acquisitions that address member needs**
- ▶ **Three acquisitions since IPO**
- ▶ **Pipeline of potential acquisitions is very active**
- ▶ **Committed to deploy capital to deliver compelling value to shareholders and long-term growth for Premier**



Financial Review

Craig McKasson, Chief Financial Officer

Third-quarter fiscal 2014 highlights¹



Diverse revenue drivers propel 16% YoY gain to \$225.6 million

Adjusted EBITDA up 13% to \$91.3 million

Adjusted fully distributed net income up 9% to \$47.8 million

Supply Chain Services net revenue up 17% and adjusted EBITDA up 10%

Performance Services net revenue up 13% and adjusted EBITDA up 24%

GPO was 48% of total revenue, compared with year-ago 54%

(1) 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



Premier's integrated approach

Premier's integrated approach leverages resources and member channel to simultaneously address cost, quality, safety and population health management challenges facing care providers.

SUPPLY CHAIN SERVICES

- Group purchasing, serving both acute and alternate site
- Direct sourcing
- Specialty pharmacy

PERFORMANCE SERVICES

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



Supply Chain Services revenue growth drivers



- ▶ **58% growth in product revenue from direct sourcing and specialty pharmacy businesses**
- ▶ **3% net administrative fee growth due to ramp-up of member contract conversions**
- ▶ **Continued penetration of existing acute and alternate site GPO members**



Performance Services revenue growth drivers



- ▶ **Ongoing demand for SaaS-based products and solutions**
- ▶ **Increased revenue from advisory services**
- ▶ **Increased revenue from performance improvement collaboratives**
- ▶ **Contributions from SYMMEDRx and Meddius**



Nine-month cash position and cash flow at March 31, 2014



- ▶ **Cash, cash equivalents and marketable securities of \$507.3M**
- ▶ **Cash flow from operations of \$285.9M increased 9% from last year**
- ▶ **Capital expenditures of \$39.8M for 9 months, up 43% YOY primarily due to increase in projects under development**



▶ Updated fiscal 2014 guidance assumptions



- ▶ **Steady growth in Supply Chain Services driven by:**
 - **growth of direct sourcing / specialty pharmacy**
 - **growth in net administrative fees revenue**
 - **new member conversion**
 - **increase in existing acute and alternate site member GPO penetration**

- ▶ **Continued growth in Performance Services driven by demand for:**
 - **SaaS-based products**
 - **advisory services**
 - **collaboratives**



Updated fiscal 2014 guidance¹

Premier, Inc. tightens full-year fiscal 2014 financial guidance:

| (in millions, except per share data) | Updated FY 2014 | YoY Change | Previous FY2014 |
|--|----------------------------|-------------------|----------------------------|
| Pro Forma Net Revenue: | | | |
| Supply Chain Services segment | \$628 - \$635 | 12% - 14% | \$614 - \$631 |
| Performance Services segment | \$231 - \$234 | 13% - 14% | \$231 - \$238 |
| Total Pro Forma Net Revenue | \$859 - \$869 | 12% - 14% | \$845 - \$869 |
| | | | |
| Non-GAAP pro forma adjusted EBITDA | \$342 - \$350 | 9 - 11% | \$335 - \$355 |
| | | | |
| Non-GAAP pro forma adjusted fully distributed EPS | \$1.23 - \$1.27 | NA* | \$1.20 - 1.29 |

* Not applicable

¹As of fiscal 2014 third-quarter conference call, 05/12/2014. 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.





Questions



Thank you

Contact Investor Relations

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Appendix

Premier, Inc. supplemental financial information

| (Unaudited, in thousands) | Three Months Ended | | Nine Months Ended | |
|--|--------------------|-------------------|-------------------|-------------------|
| | March 31, | | March 31, | |
| | 2014* | 2013 | 2014 | 2013 |
| Reconciliation of Pro Forma Net Revenue to Net Revenue: | | | | |
| Pro Forma Net Revenue | \$ 225,598 | \$ 194,125 | \$ 633,820 | \$ 563,340 |
| Pro forma adjustment for revenue share post-IPO | — | 29,573 | 41,263 | 65,349 |
| Net Revenue | \$ 225,598 | \$ 223,698 | \$ 675,083 | \$ 628,689 |
| Reconciliation of Pro Forma Adjusted EBITDA and Segment Adjusted EBITDA to Net Income and Operating Income: | | | | |
| Net income | \$ 101,980 | \$ 101,142 | \$ 265,985 | \$ 271,590 |
| Pro forma adjustment for revenue share post-IPO | — | (29,573) | (41,263) | (65,349) |
| Interest and investment income, net | (400) | (281) | (641) | (599) |
| Income tax expense | 9,413 | 1,255 | 24,461 | 5,938 |
| Depreciation and amortization | 9,396 | 6,789 | 26,952 | 19,798 |
| Amortization of purchased intangible assets | 802 | 385 | 2,158 | 1,154 |
| Pro Forma EBITDA | 121,191 | 79,717 | 277,652 | 232,532 |
| Stock-based compensation | 6,299 | — | 13,118 | — |
| Acquisition related expenses | 984 | — | 1,303 | — |
| Strategic and financial restructuring expenses | 733 | 1,429 | 3,614 | 3,347 |
| Gain on sale of investment | (37,850) | — | (37,850) | — |
| Other (income) expense, net | (52) | 5 | (56) | 5 |
| Pro Forma Adjusted EBITDA | \$ 91,305 | \$ 81,151 | \$ 257,781 | \$ 235,884 |
| Pro Forma Adjusted EBITDA | \$ 91,305 | \$ 81,151 | \$ 257,781 | \$ 235,884 |
| Depreciation and amortization | (9,396) | (6,789) | (26,952) | (19,798) |
| Amortization of purchased intangible assets | (802) | (385) | (2,158) | (1,154) |
| Stock-based compensation | (6,299) | — | (13,118) | — |
| Acquisition related expenses | (984) | — | (1,303) | — |
| Strategic and financial restructuring expenses | (733) | (1,429) | (3,614) | (3,347) |
| Equity in net income of unconsolidated affiliates | (3,566) | (2,155) | (12,171) | (8,332) |
| | 69,525 | 70,393 | 198,465 | 203,253 |
| Pro forma adjustment for revenue share post-IPO | — | 29,573 | 41,263 | 65,349 |
| Operating income | \$ 69,525 | \$ 99,966 | \$ 239,728 | \$ 268,602 |

* Note that actual results are presented for the three months ended March 31, 2014



Premier, Inc. supplemental financial information

| (Unaudited, in thousands) | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|--|---------------------------------|------------------|--------------------------------|-------------------|
| | 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 attributable to shareholders | \$ 13,525 | \$ 4,229 | \$ 19,453 | \$ 8,173 |
| Pro forma adjustment for revenue share post-IPO | — | (29,573) | (41,263) | (65,349) |
| Income tax expense | 9,413 | 1,255 | 24,461 | 5,938 |
| Stock-based compensation | 6,299 | — | 13,118 | — |
| Gain on sale of investment | (37,850) | — | (37,850) | — |
| Acquisition related expenses | 984 | — | 1,303 | — |
| Strategic and financial restructuring expenses | 733 | 1,429 | 3,614 | 3,347 |
| Net income attributable to noncontrolling interest in Premier LP | 87,925 | 97,260 | 246,055 | 264,463 |
| Non-GAAP adjusted fully distributed income before income taxes | 81,029 | 74,600 | 228,891 | 216,572 |
| Income tax expense on fully distributed income before income taxes | 33,222 | 30,586 | 93,845 | 88,795 |
| Non-GAAP adjusted fully distributed net income (pro forma) | \$ 47,807 | \$ 44,014 | \$ 135,046 | \$ 127,777 |

* Note that actual results are presented for the three months ended March 31, 2014

