



First-Quarter Fiscal Year 2017 Financial Results and Update

November 7, 2016



Forward-looking statements and Non-GAAP financial measures

Forward-looking statements — Certain statements included in this presentation, including, but not limited to, those related to our financial and business outlook, strategy and growth drivers, member retention and renewal rates and revenue visibility, cross and upsell opportunities, acquisition activities and pipeline, revenue available under contract, 2017 financial guidance and related assumptions, 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 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 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.




Overview and Business Update

Susan DeVore
President & CEO





First-quarter fiscal 2017 financial highlights



16% growth in consolidated net revenue to \$313.3 million

Supply Chain Services revenue increased 19%, Performance Services revenue increased 7%

GAAP net income increased 11% to \$58.1 million, Non-GAAP adjusted EBITDA* increased 6% to \$110.8 million

GAAP diluted earnings per share increased 8% to \$0.26, Non-GAAP adjusted fully distributed earnings per share* increased 8% to \$0.41

Affirm full-year fiscal 2017 revenue and adjusted EBITDA financial guidance

Increasing full-year fiscal 2017 adjusted fully distributed earnings per share financial guidance

*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.

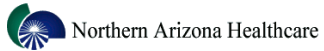


Operations Update

Michael Alkire
Chief Operating Officer



Select business wins



▶ **Northern Arizona Healthcare** contracts for broad cost-reduction, quality-improvement engagement, including Premier’s group purchasing services, SaaS-based supply chain analytics and advisory services.



▶ **Verity Health System** engages Premier for “all-in” total cost-reduction project, including technology and a large advisory services component focusing on improving supply expense, pharmacy, physician preference, and overall purchasing practices.



▶ Premier develops “High Reliable Care” dashboard for progressive, **academic health system**, allowing system’s executive team to measure and reduce total cost while improving quality and outcomes.



Integrated Pharmacy opportunities

**Drive down
costs**

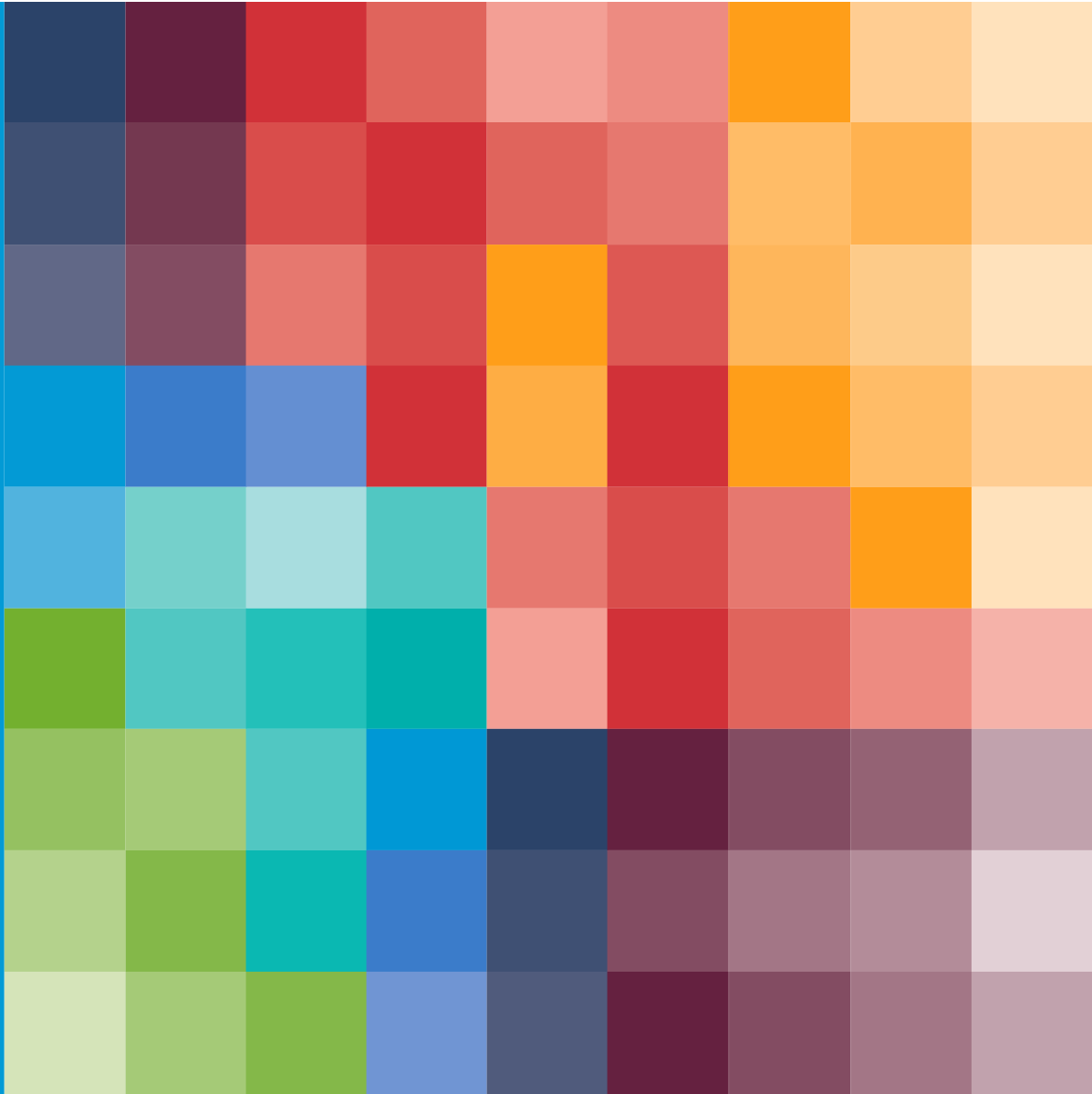
**Create
pricing
transparency**

**Drive
competitive
friction**



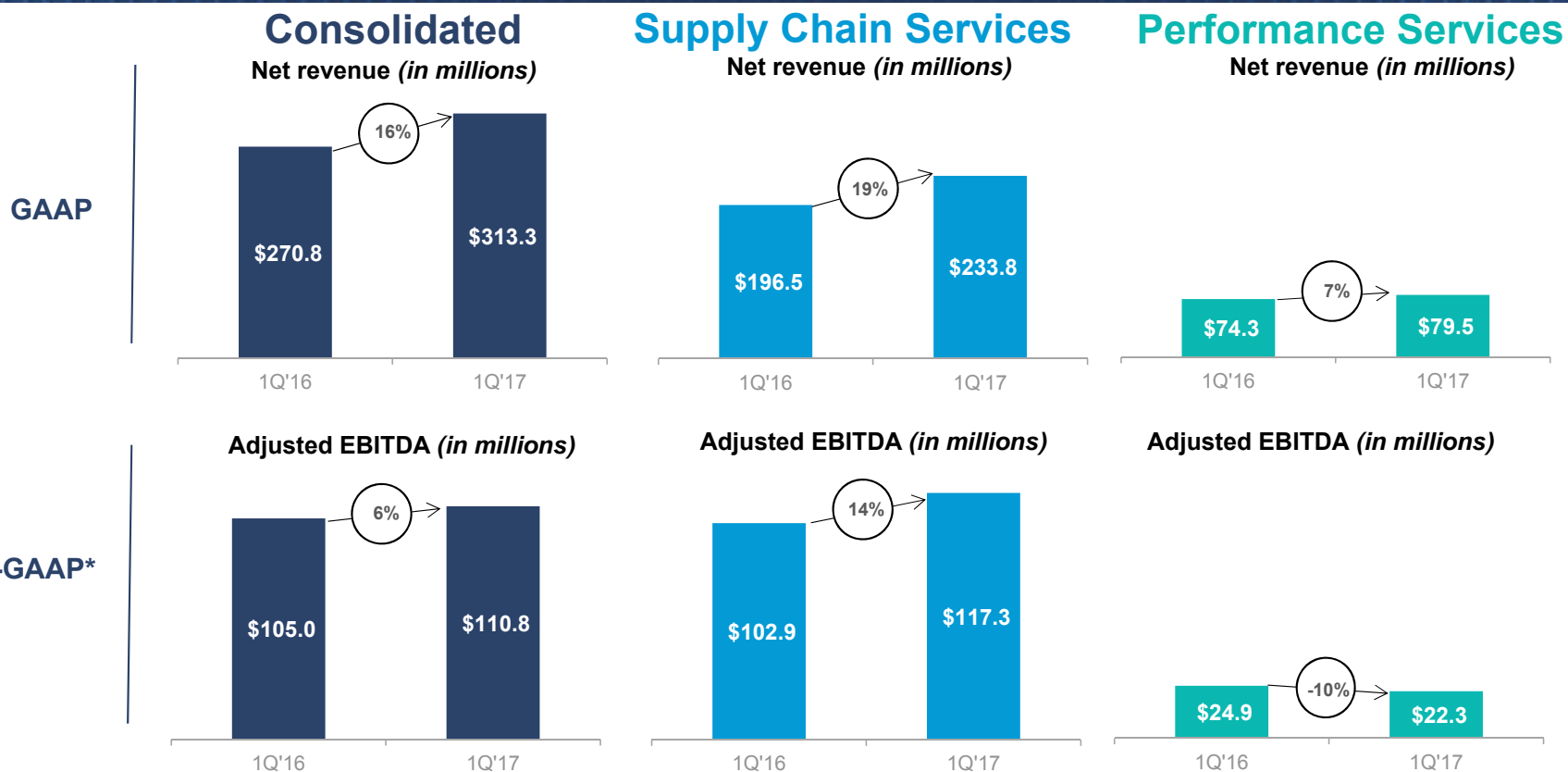
Financial Review

Craig McKasson
Chief Financial Officer





FY 2017 first-quarter consolidated and segment highlights

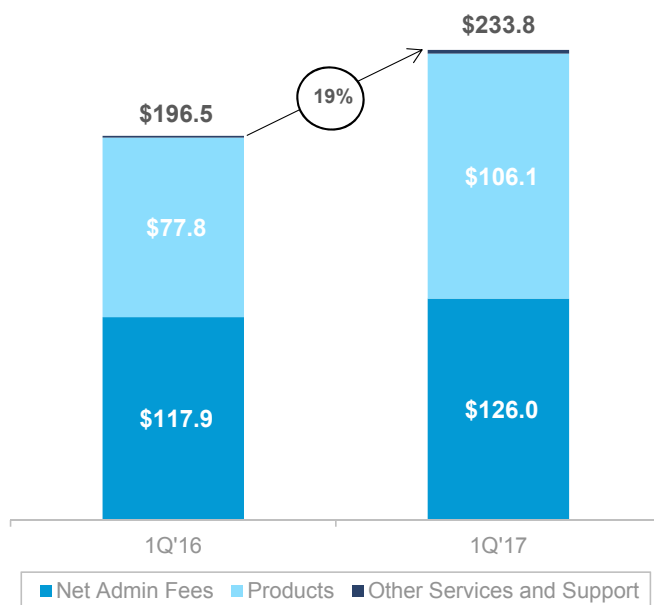


*See non-GAAP Adjusted EBITDA and non-GAAP Segment Adjusted EBITDA reconciliations to GAAP equivalents in Appendix.

FY 2017 first-quarter Supply Chain Services revenue

Supply Chain Services

Net revenue (in millions)



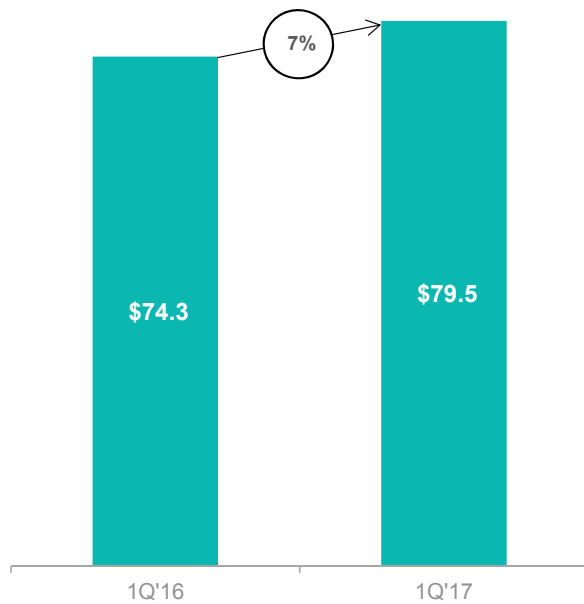
Supply Chain Services revenue increased 19%

- » **GPO net admin fees revenue increased 7%**
 - » Contract penetration of existing members
 - » Ongoing conversion of newer members.
- » **Products revenue increased 36%**
 - » Ongoing expansion of member support
 - » \$23.4 million from Acro acquisition
 - » Year-over-year products revenue increased 17%, excluding impacts of Acro and Hepatitis C revenue

FY 2017 first-quarter Performance Services revenue

Performance Services

Net revenue (in millions)

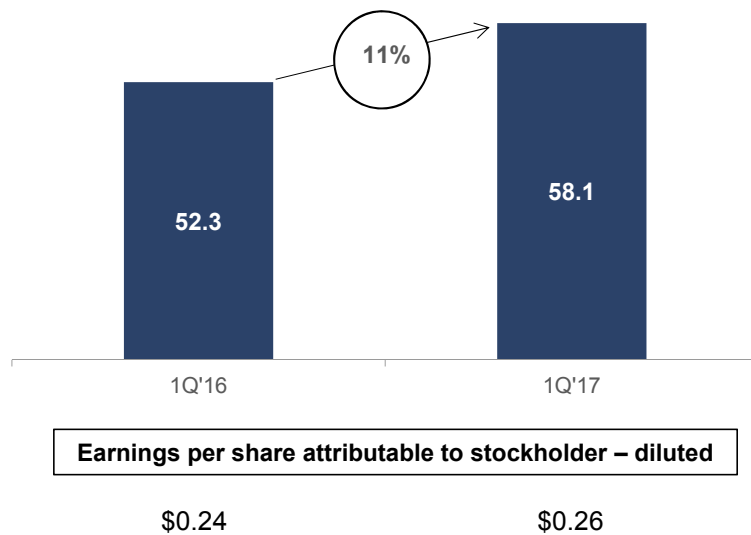


Performance Services revenue increased 7%

- » **Driven by SaaS-based information technology business**
- » **Incremental revenue from acquisitions**

FY 2017 first-quarter GAAP net income

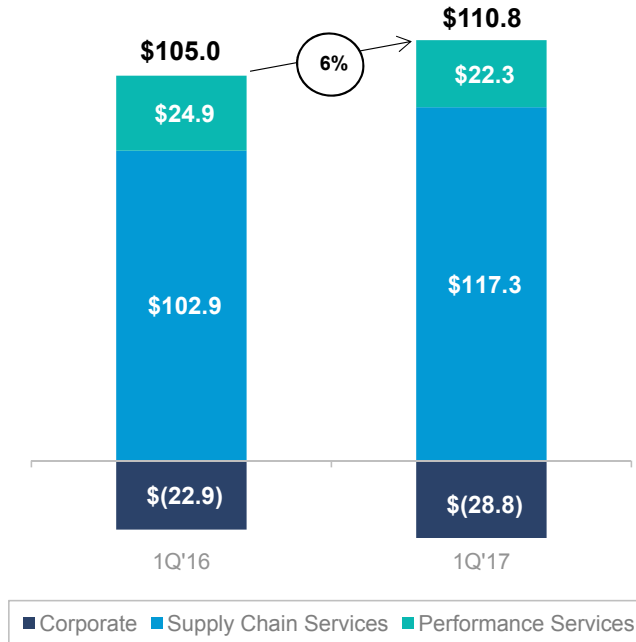
(in millions, except per share data)



GAAP net income increased 11%

» **Driven primarily by growth in net revenue**

FY 2017 first-quarter non-GAAP adjusted EBITDA*



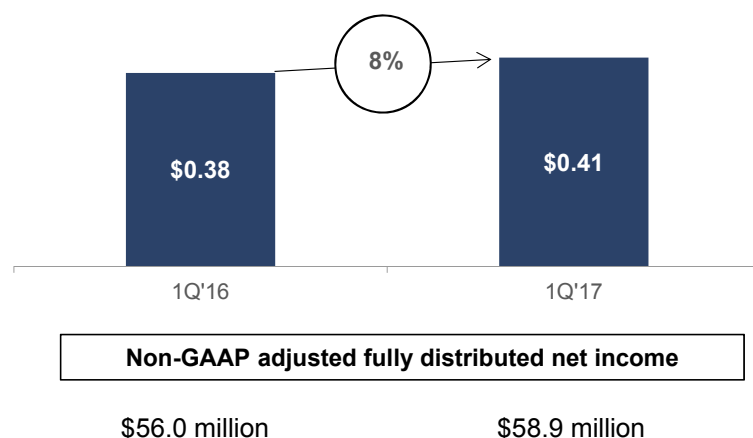
Consolidated adjusted EBITDA increased 6%

- » Supply Chain Services adjusted EBITDA up 14%
- » Performance Services adjusted EBITDA down 10%
- » Corporate adjusted EBITDA reflects 26% expense increase
 - » Fiscal full-year corporate expense expected to reflect 5% - 7% rise from prior year

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

FY 2017 first-quarter non-GAAP earnings per share on adjusted fully distributed net income - diluted*

(in millions, except per share data)



- » Calculates income taxes at 39% for FY2017 first-quarter and at 40% for FY2016 first-quarter 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

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



Cash flow and capital flexibility at September 30, 2016



- ▶ **Fiscal 2017 first-quarter cash flow from operations of \$41.8 million**
- ▶ **Cash, cash equivalents & marketable securities of \$156.0 million at September 30, 2016**
- ▶ **No outstanding borrowings on \$750 million five-year unsecured revolving credit facility at September 30, 2016; \$50 million borrowed November 1, 2016**

**CONSIDERABLE CASH AND
DEBT CAPACITY
AVAILABLE**

**AMPLE CAPITAL
FLEXIBILITY FOR FUTURE
ACQUISITIONS AND
BUSINESS GROWTH**

*Company defines free cash flow as cash provided by operating activities less distributions to limited partners, tax receivable agreement payments to limited partners and purchases of property and equipment. See non-GAAP free cash flow reconciliation to GAAP equivalent in Appendix.



Fiscal 2017 affirmed and updated guidance *(for year ending June 30, 2017)*



- ▶ **Full-year fiscal 2017 revenue and adjusted EBITDA financial guidance affirmed.**
- ▶ **Increasing full year fiscal 2017 guidance range for non-GAAP adjusted fully distributed earnings per share by five cents to \$1.76 to \$1.87, from the previous range of \$1.71 to \$1.82.**
- ▶ **New range reflects a 9% to 16% increase from the prior year.**
- ▶ **\$0.05 increase in guidance range due to:**
 - **Retirement of approximately 3 million Class B common shares in connection with partial cash settlement of October 31, 2016 member share exchange.**
 - **Impact of statutory 1% reduction in the North Carolina corporate income tax rate.**
- ▶ **Affirm assumptions underlying initial guidance issued August 22, 2016.**



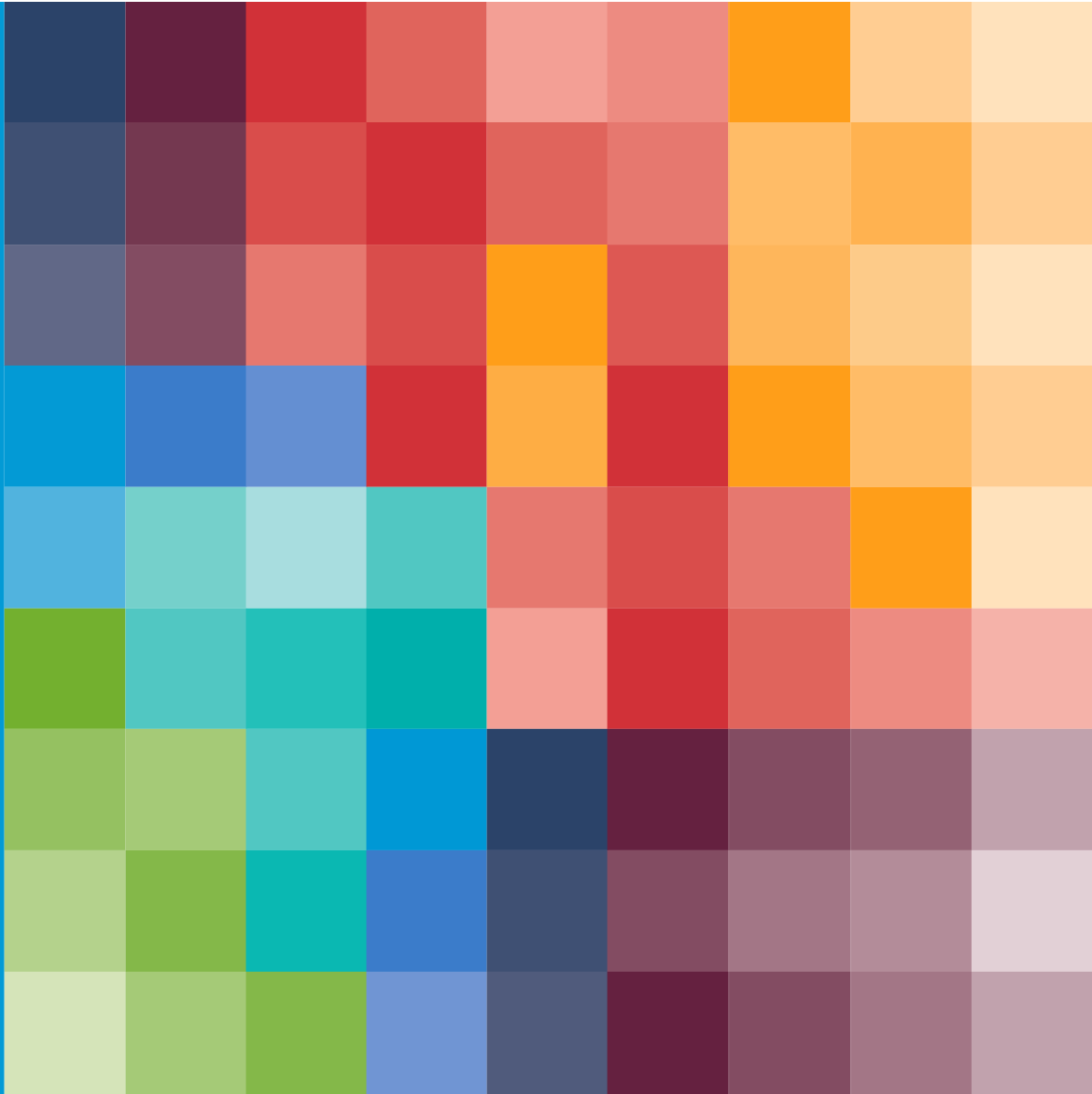
Exchange update



- ▶ **On October 31, 2016, approximately 5.0 million Class B units were exchanged in the most recent Class B unit exchange.**
- ▶ **Approximately 3.0 million Class B units were exchanged for an aggregate of \$100.0 million**
- ▶ **Approximately 2.0 million Class B units were exchanged for a like number of Class A shares.**
- ▶ **Approximately 5.0 million Class B shares were retired and approximately 2.0 million Class A shares were issued, which reduced our overall outstanding share count.**



Questions





Appendix



Fiscal 2017 first-quarter and fiscal 2016 first-quarter non-GAAP reconciliations

**Supplemental Financial Information - Reporting of Adjusted EBITDA
and Non-GAAP Adjusted Fully Distributed Net Income
Reconciliation of Selected Non-GAAP Measures to GAAP Measures
(Unaudited)
(in thousands)**

	Three months ended September 30,	
	2016	2015
<i>Reconciliation of Net Income to Adjusted EBITDA and Reconciliation of Segment Adjusted EBITDA to Income Before Income Taxes:</i>		
Net income	\$ 58,095	\$ 52,253
Interest and investment loss (income), net	152	(241)
Income tax expense	23,336	19,040
Depreciation and amortization	14,018	11,865
Amortization of purchased intangible assets	9,209	6,047
EBITDA	104,810	88,964
Stock-based compensation ^(a)	5,896	13,700
Acquisition related expenses	2,937	3,472
Strategic and financial restructuring expenses	—	27
Adjustment to tax receivable agreement liability	(5,722)	(4,818)
ERP implementation expenses	1,094	560
Acquisition related adjustment - deferred revenue	151	3,092
Loss on disposal of long-lived assets	1,518	—
Other expense	89	—
Adjusted EBITDA	\$ 110,773	\$ 104,997

Fiscal 2017 first-quarter and fiscal 2016 first-quarter non-GAAP reconciliations

**Supplemental Financial Information - Reporting of Adjusted EBITDA
and Non-GAAP Adjusted Fully Distributed Net Income
Reconciliation of Selected Non-GAAP Measures to GAAP Measures
(Unaudited)
(in thousands)**

	Three months ended September 30,	
	2016	2015
Segment Adjusted EBITDA:		
Supply Chain Services	\$ 117,304	\$ 102,949
Performance Services	22,311	24,925
Corporate	(28,842)	(22,877)
Adjusted EBITDA	\$ 110,773	\$ 104,997
Depreciation and amortization	(14,018)	(11,865)
Amortization of purchased intangible assets	(9,209)	(6,047)
Stock-based compensation ^(a)	(5,896)	(13,700)
Acquisition related expenses	(2,937)	(3,472)
Strategic and financial restructuring expenses	—	(27)
Adjustment to tax receivable agreement liability	5,722	4,818
ERP implementation expenses	(1,094)	(560)
Acquisition related adjustment - deferred revenue	(151)	(3,092)
Equity in net income of unconsolidated affiliates	(9,579)	(4,590)
Deferred compensation plan (income) expense	(1,095)	1,809
Operating income	\$ 72,516	\$ 68,271
Equity in net income of unconsolidated affiliates	9,579	4,590
Interest and investment (loss) income, net	(152)	241
Loss on disposal of long-lived asset	(1,518)	—
Other income (expense), net	1,006	(1,809)
Income before income taxes	\$ 81,431	\$ 71,293

Fiscal 2017 first-quarter and fiscal 2016 first-quarter non-GAAP reconciliations

**Supplemental Financial Information - Reporting of Adjusted EBITDA
and Non-GAAP Adjusted Fully Distributed Net Income
Reconciliation of Selected Non-GAAP Measures to GAAP Measures
(Unaudited)
(in thousands)**

	Three months ended September 30,	
	2016	2015
<i>Reconciliation of Net Income Attributable to Stockholders to Non-GAAP Adjusted Fully Distributed Net Income:</i>		
Net income attributable to stockholders	\$ 70,302	\$ 471,154
Adjustment of redeemable partners' capital to redemption amount	(61,808)	(466,801)
Net income attributable to non-controlling interest in Premier LP	49,601	47,900
Income tax expense	23,336	19,040
Amortization of purchased intangible assets	9,209	6,047
Stock-based compensation ^(a)	5,896	13,700
Acquisition related expenses	2,937	3,472
Strategic and financial restructuring expenses	—	27
Adjustment to tax receivable agreement liability	(5,722)	(4,818)
ERP implementation expenses	1,094	560
Acquisition related adjustment - deferred revenue	151	3,092
Loss on disposal of long-lived assets	1,518	—
Other expense	89	—
Non-GAAP adjusted fully distributed income before income taxes	96,603	93,373
Income tax expense on fully distributed income before income taxes	37,675	37,349
Non-GAAP Adjusted Fully Distributed Net Income	\$ 58,928	\$ 56,024

(a) Represents non-cash employee stock-based compensation expense, and \$0.1 million and \$0.2 million stock purchase plan expense in the three months ended September 30, 2016, and 2015 respectively.

Fiscal 2017 first-quarter and fiscal 2016 first-quarter non-GAAP reconciliations

**Supplemental Financial Information - Reporting of Non-GAAP Free Cash Flow
Reconciliation of Selected Non-GAAP Measures to GAAP Measures
(Unaudited)
(in thousands)**

Three months ended September 30,

2016	2015
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Reconciliation of Net Cash Provided by Operating Activities to Non-GAAP Free Cash Flow:

Net cash provided by operating activities	\$	41,827	\$	22,719
Purchases of property and equipment		(16,966)		(17,141)
Distributions to limited partners of Premier LP		(22,493)		(22,432)
Non-GAAP Free Cash Flow	\$	2,368	\$	(16,854)

Fiscal 2017 first-quarter and fiscal 2016 first-quarter non-GAAP reconciliations

Supplemental Financial Information - Reporting of Net Income and Earnings Per Share
 Reconciliation of Selected Non-GAAP Measures to GAAP Measures
 (Unaudited)
 (in thousands, except per share data)

	Three months ended September 30,	
	2016	2015
<i>Reconciliation of numerator for GAAP EPS to Non-GAAP EPS on Adjusted Fully Distributed Net Income</i>		
Net income attributable to stockholders	\$ 70,302	\$ 471,154
Adjustment of redeemable partners' capital to redemption amount	(61,808)	(466,801)
Net income attributable to non-controlling interest in Premier LP	49,601	47,900
Income tax expense	23,336	19,040
Amortization of purchased intangible assets	9,209	6,047
Stock-based compensation ^(a)	5,896	13,700
Acquisition related expenses	2,937	3,472
Strategic and financial restructuring expenses	—	27
Adjustment to tax receivable agreement liability	(5,722)	(4,818)
ERP implementation expenses	1,094	560
Acquisition related adjustment - deferred revenue	151	3,092
Loss on disposal of long-lived assets	1,518	—
Other expense	89	—
Non-GAAP adjusted fully distributed income before income taxes	96,603	93,373
Income tax expense on fully distributed income before income taxes	37,675	37,349
Non-GAAP Adjusted Fully Distributed Net Income	\$ 58,928	\$ 56,024
<i>Reconciliation of denominator for GAAP EPS to Non-GAAP Adjusted Fully Distributed Earnings per Share</i>		
Weighted Average:		
Common shares used for basic and diluted earnings per share	47,214	37,735
Potentially dilutive shares	939	1,747
Conversion of Class B common units	94,809	106,078
Weighted average fully distributed shares outstanding - diluted	142,962	145,560

Fiscal 2017 first-quarter and fiscal 2016 first-quarter non-GAAP reconciliations

Supplemental Financial Information - Reporting of Net Income and Earnings Per Share
Reconciliation of Selected Non-GAAP Measures to GAAP Measures
(Unaudited)
(in thousands, except per share data)

	Three months ended September 30,	
	2016	2015
<i>Reconciliation of GAAP EPS to Non-GAAP Adjusted Fully Distributed EPS</i>		
GAAP earnings per share	\$ 1.49	\$ 12.49
Adjustment of redeemable limited partners' capital to redemption amount	(1.31)	(12.37)
Impact of additions:		
Net income attributable to non-controlling interest in Premier LP	1.05	1.27
Income tax expense	0.49	0.50
Amortization of purchased intangible assets	0.20	0.16
Stock-based compensation ^(a)	0.13	0.36
Acquisition related expenses	0.06	0.09
Adjustment to tax receivable agreement liability	(0.12)	(0.13)
ERP implementation expenses	0.02	0.02
Acquisition related adjustment - deferred revenue	—	0.08
Loss on disposal of long-lived assets	0.03	—
Impact of corporation taxes	(0.80)	(0.99)
Impact of increased share count	(0.83)	(1.10)
Non-GAAP Adjusted Fully Distributed Earnings Per Share	\$ 0.41	\$ 0.38

(a) Represents non-cash employee stock-based compensation expense, and \$0.1 million and \$0.2 million stock purchase plan expense in the three months ended September 30, 2016, and 2015 respectively.