



Fourth-Quarter and Full-Year Fiscal 2017 Financial Results and Update

August 21, 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, 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



Fiscal 2017 financial highlights

Consolidated net revenue up 25% to \$1.45 billion; GAAP net income of \$449.5 million, GAAP EPS of \$1.51 after required GAAP non-cash adjustment

Supply Chain Services segment revenue up 33% to \$1.10 billion

Performance Services segment revenue up 6% to \$353.4 million

Non-GAAP adjusted EBITDA* up 14% to \$501.6 million

Non-GAAP adjusted fully distributed earnings per share* up 17% to \$1.89

Cash flow from operations of \$392.2 million; non-GAAP free cash flow* up 13% to \$216.5 million, representing 43% of non-GAAP adjusted EBITDA*

*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.



Fiscal 2017 operational highlights



Expanded member base, ending year with ~3,900 hospitals and health systems, ~150,000 other providers and organizations

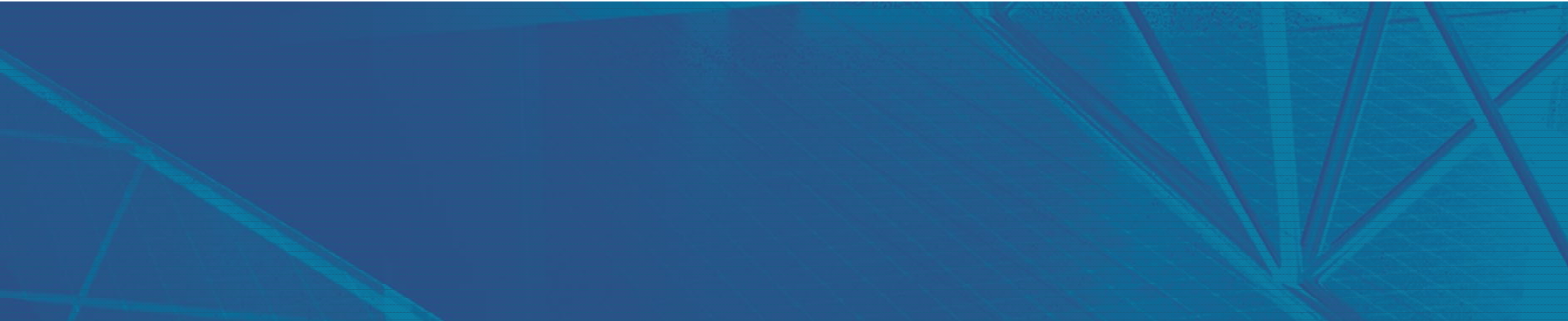
Achieved 99% GPO retention rate and 95% SaaS institutional renewal rate

Supply chain spend through GPO contracts increased to \$56+ billion

Developed new capabilities with PremierConnect™ Service Line Analytics and our Clinician Performance Management solution suite

Completed acquisitions of Acro Pharmaceuticals and Innovatix and Essensa

Launched national opioid safety program through our hospital improvement innovation network



Mike Alkire

Chief Operating Officer
Premier Inc.

OPERATIONS REVIEW

PRIORITIES

Increasing Pressure to Manage Costs



SOLUTION: TOTAL COST REDUCTION

- Technology Offerings and Advisory Expertise
- Comprehensive Analytics
- Data-driven Purchasing
- Integrated Pharmacy Shared Services



Physician Alignment Strategies

SOLUTION: CLINICIAN PERFORMANCE MGMT

- Technology Offerings and Advisory Expertise
- Alternative Payment Models
- Performance Measurement
- Specialty Pharmacy for Chronic Populations

Drug & Device Market Consolidation



SOLUTION: COMPREHENSIVE PROGRAM

- Integrated Pharmacy Infrastructure
- Comparative Effectiveness Research
- Strategic Aggregated Purchasing
- Accelerated Push to Generics and Biosimilars



Value-Based Care & Payment Models

SOLUTION: COMPREHENSIVE PROGRAM

- Robust Enterprise Data Warehousing
- Clinical and Financial Analytics / Advisory Expertise
- High Quality Outcomes Collaboratives
- Value-Based Care Collaboratives






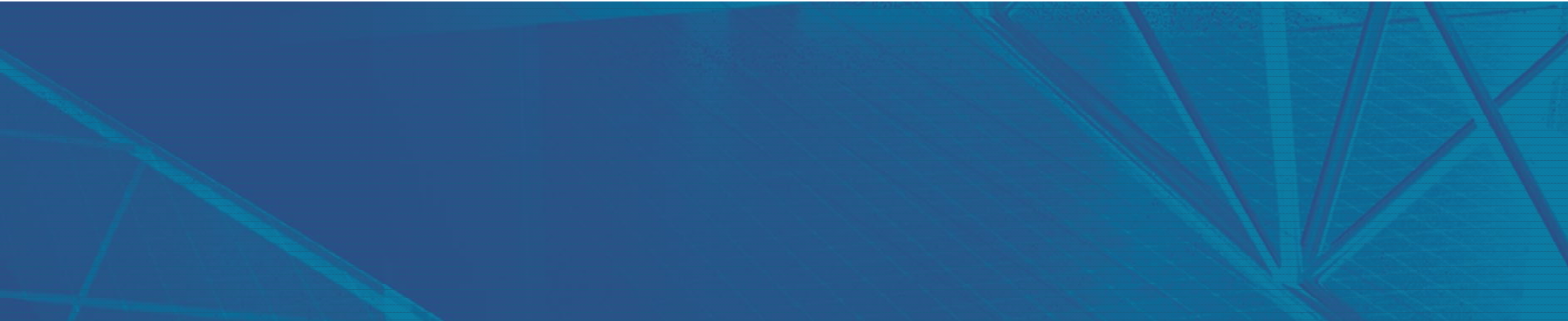
New comprehensive engagements with academics





Select examples highlighting the expansion and value of our offerings

	Comprehensive Engagement	TARGETING AN ADDITIONAL \$50M IN INCREMENTAL SAVINGS	Expanded long-term relationship with a major regional non-profit health system, in which we are partnering to optimize clinical and operational performance using a comprehensive package of Premier's clinical, financial and operational solutions.
	Comprehensive Engagement	TARGETING \$20M IN SAVINGS AND A 20% REDUCTION IN LENGTH OF STAY	Further engaged with a five-hospital integrated health system to operationally transform the organization in the areas of patient flow improvement, strategic sourcing, purchased services, and pharmacy formulary, among others.
	Pharmacy Program Optimization	TARGETING \$8M IN SAVINGS OVER 18 MONTHS	Expanded partnership with a large integrated health system to optimize its pharmacy program.

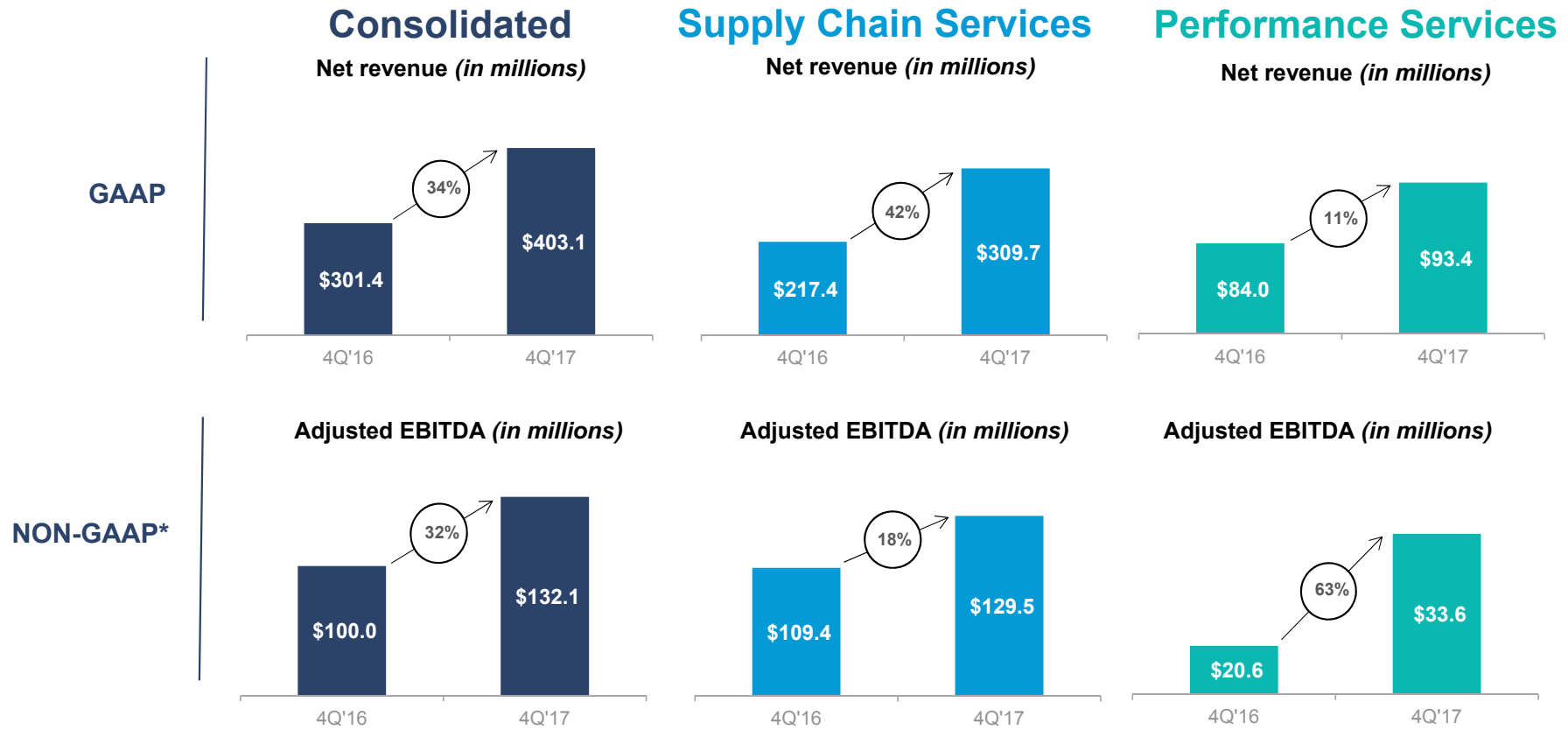


Craig McKasson
Chief Financial Officer
Premier Inc.

FINANCIAL REVIEW



Fiscal 2017 fourth-quarter consolidated and segment highlights



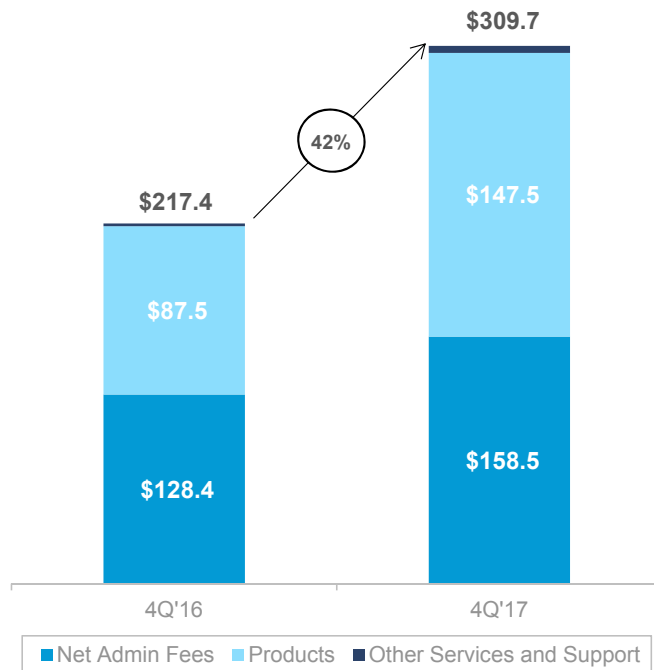
*See non-GAAP Adjusted EBITDA and non-GAAP Segment Adjusted EBITDA reconciliations to GAAP equivalents in Appendix.



Fiscal 2017 fourth-quarter Supply Chain Services revenue

Supply Chain Services

Net revenue (in millions)



Supply Chain Services revenue increased 42%

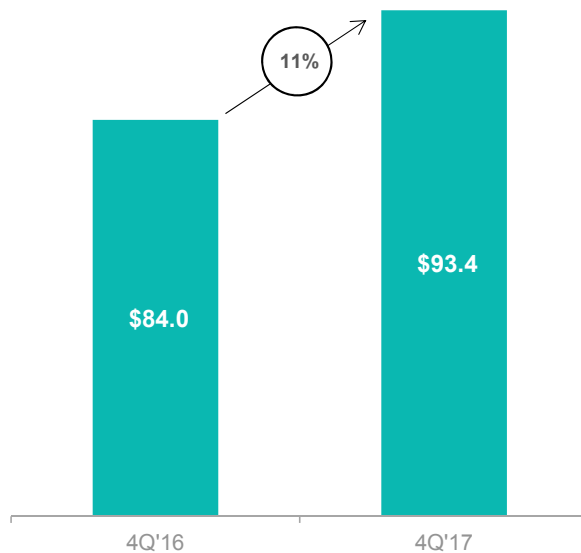
- » **Net administrative fees revenue increased 23%**
 - » Including contribution from Innovatix and Essensa
- » **Products revenue increased 68%**
 - » Including contribution from Acro



Fiscal 2017 fourth-quarter Performance Services revenue

Performance Services

Net revenue (in millions)

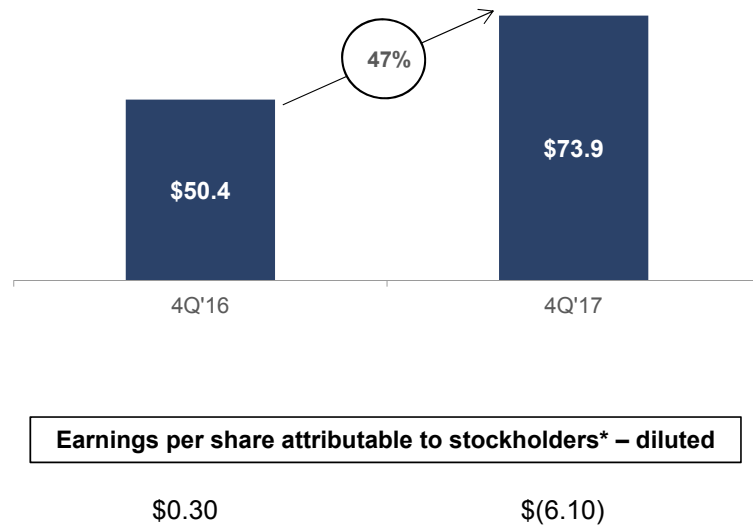


Performance Services revenue increased 11%

- » Informatics and Technology Services revenue increased 5%
- » Advisory services revenue increased 26%

Fiscal 2017 fourth-quarter GAAP net income

(in millions, except per share data)

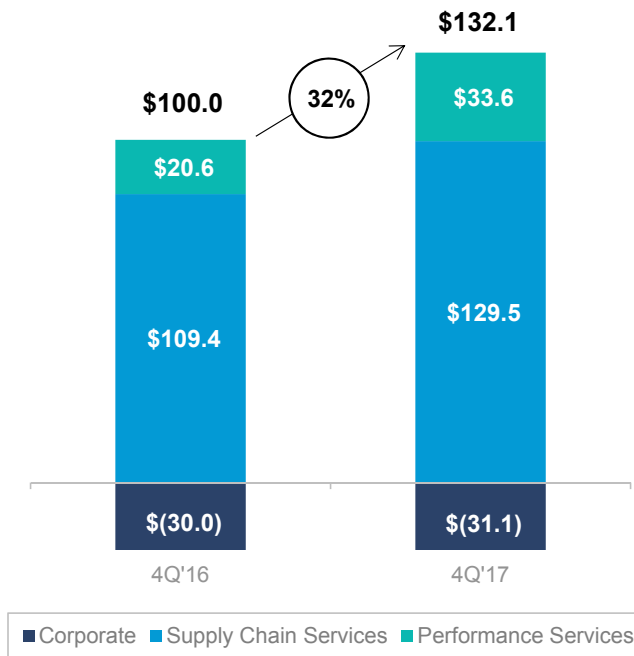


GAAP net income increased 47%

*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 2017 fourth-quarter non-GAAP adjusted EBITDA*



Non-GAAP adjusted EBITDA:

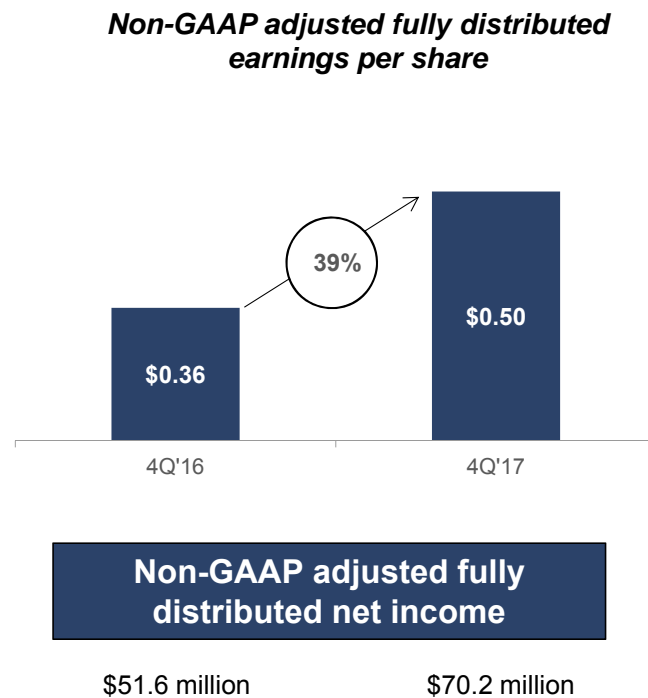
- » Consolidated up 32%
- » Supply Chain Services up 18%
- » Performance Services up 63%

Corporate expenses up 4%

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



Fiscal 2017 fourth-quarter non-GAAP adjusted fully distributed net income and earnings per share*



- » Calculates income taxes at 39% for fiscal 2017 third-quarter and at 40% for fiscal 2016 third-quarter 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 earnings per share on fully distributed net income reconciliations to GAAP equivalents in Appendix

Cash flow and capital flexibility at June 30, 2017



- ▶ **Cash flow from operations of \$392.2 million for fiscal 2017**
- ▶ **Non-GAAP free cash flow* of \$216.5 million for fiscal 2017, which represented 43% of non-GAAP adjusted EBITDA***
- ▶ **Cash, cash equivalents & marketable securities of \$156.7 million**
- ▶ **Outstanding borrowings of \$220.0 million on \$750.0 million five-year unsecured revolving credit facility**
- ▶ **Cash taxes of \$26.1 million paid in fiscal 2017 compared with \$24.9 million in fiscal 2016**

**CONSIDERABLE CASH AND
DEBT CAPACITY
AVAILABLE**

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

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



Fiscal 2018 annual guidance (for year ending June 30, 2018)

Fiscal 2018 Financial Guidance ⁽¹⁾

Premier, Inc. introduces full-year fiscal 2018 financial guidance, as follows:

(in millions, except per share data)	FY 2018	% YoY Increase
Net Revenue:		
Supply Chain Services segment	\$1,200.0 - \$1,266.0	9% - 15%
Performance Services segment	\$364.0 - \$382.0	3% - 8%
Total Net Revenue	\$1,564.0 - \$1,648.0	8% - 13%
Non-GAAP adjusted EBITDA	\$532.0 - \$557.0	6% - 11%
Non-GAAP adjusted fully distributed EPS	\$1.98 - \$2.09	5% - 10%

⁽¹⁾ 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 shares of Class B stock 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 stock and corresponding Class B units 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 shares on a quarterly basis, and the company has the discretion to settle any exchanged shares for Class A common stock, cash, or a combination thereof, neither of which can be predicted, controlled or reasonably estimated at this time.



Fiscal 2018 annual guidance *(for year ending June 30, 2018)*

Key Assumptions:

Supply Chain Services assumptions:

- » Net administrative fee revenue growth of 13% to 17%
 - » Mid-single digit growth in legacy group purchasing business augmented by contributions from the Innovatix and Essensa businesses
- » Continued high GPO retention rates
- » 9-13% products revenue growth

Performance Services assumptions:

- » Continued demand for integrated offerings of SaaS-based subscription and licensed products, advisory services and collaboratives
- » Continued high SaaS institutional renewal rates

Other assumptions:

- » Estimated revenue available under contract of \$1.47 billion, which represents approximately 89% to 94% of our consolidated revenue guidance range
- » Non-GAAP free cash flow will approximate 40% or more of non-GAAP adjusted EBITDA
- » Capital expenditures of approximately \$85 million to \$90 million, representing 5% to 6% of consolidated net revenue
- » Consolidated non-GAAP adjusted EBITDA margin in the range of 33% to 34%
- » Adjusted fully distributed net income calculation continues to reflect an effective tax rate of 39 percent
- » Additional assumptions and detail as provided in the earnings release



Exchange update



- ▶ **On July 31, 2017, approximately 1.2 million Class B units were exchanged for Class A common shares on 1-for-1 basis; equal number of Class B common shares retired**
- ▶ **The upcoming October 31, 2017 exchange process is underway**
 - » Maximum of 3.9 million shares indicated for exchange
 - » Indicated shares remain subject to retraction and purchase by other member owners under right-of-first-refusal process



QUESTIONS



APPENDIX



Fiscal 2017 and fiscal 2016 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 (Loss) Attributable to Stockholders to Non-GAAP Adjusted Fully Distributed Net Income
(Unaudited)
(In thousands)

	Three Months Ended		Twelve Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net income	\$ 73,860	\$ 50,356	\$ 449,477	\$ 235,161
Interest and investment loss, net	1,486	40	4,512	1,021
Income tax expense	13,734	8,464	81,814	49,721
Depreciation and amortization	15,566	13,928	58,884	51,102
Amortization of purchased intangible assets	13,887	8,996	48,327	33,054
EBITDA	118,533	81,784	643,014	370,059
Stock-based compensation	7,384	11,988	26,860	49,081
Acquisition related expenses	4,307	4,105	15,790	15,804
Strategic and financial restructuring expenses	31	-	31	268
Adjustment to tax receivable agreement liabilities	(2,493)	-	(5,447)	(4,818)
ERP implementation expenses	287	1,630	2,028	4,870
Acquisition related adjustment - revenue	320	408	18,049	5,624
Remeasurement gain attributable to acquisition of Innovatix	(313)	-	(205,146)	-
Loss on disposal of long-lived assets	179	-	2,422	-
Loss on FFF put and call rights	3,849	-	3,935	-
Other expense (income), net	1	79	55	87
Adjusted EBITDA	\$ 132,085	\$ 99,994	\$ 501,591	\$ 440,975



Fiscal 2017 and fiscal 2016 non-GAAP reconciliations

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

	Three Months Ended		Twelve Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Income before income taxes	\$ 87,594	\$ 58,820	\$ 531,291	\$ 284,882
Remeasurement gain attributable to acquisition of Innovativx	(313)	-	(205,146)	-
Equity in net income of unconsolidated affiliates	44	(5,645)	(14,745)	(21,647)
Interest and investment loss, net	1,486	40	4,512	1,021
Loss (gain) on disposal of assets	179	-	2,422	-
Other expense (income), net	2,521	(389)	(614)	1,692
Operating income	91,511	52,826	317,720	265,948
Depreciation and amortization	15,566	13,928	58,884	51,102
Amortization of purchased intangible assets	13,887	8,996	48,327	33,054
Stock-based compensation	7,384	11,988	26,860	49,081
Acquisition related expenses	4,307	4,105	15,790	15,804
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Adjustment to tax receivable agreement liabilities	(2,493)	-	(5,447)	(4,818)
ERP implementation expenses	287	1,630	2,028	4,870
Acquisition related adjustment - revenue	320	408	18,049	5,624
Equity in net income of unconsolidated affiliates	(44)	5,645	14,745	21,647
Deferred compensation plan income (expense)	1,242	468	4,020	(1,605)
Other income	87	-	584	-
Adjusted EBITDA	\$ 132,085	\$ 99,994	\$ 501,591	\$ 440,975



Fiscal 2017 and fiscal 2016 non-GAAP reconciliations

Supplemental Financial Information
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Reconciliation of Operating Income to Segment Adjusted EBITDA
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(Unaudited)
(In thousands)

	Three Months Ended		Twelve Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Segment Adjusted EBITDA:				
Supply Chain Services	\$ 129,539	\$ 109,371	\$ 493,763	\$ 439,013
Performance Services	33,641	20,629	121,090	110,787
Corporate	(31,095)	(30,006)	(113,262)	(108,825)
Adjusted EBITDA	\$ 132,085	\$ 99,994	\$ 501,591	\$ 440,975
Net income (loss) attributable to stockholders	\$ (313,727)	\$ 101,645	\$ 76,249	\$ 818,364
Adjustment of redeemable partners' capital to redemption amount	333,742	(91,101)	37,176	(776,750)
Net income attributable to non-controlling interest in Premier LP	53,845	39,812	336,052	193,547
Income tax expense	13,734	8,464	81,814	49,721
Amortization of purchased intangible assets	13,887	8,996	48,327	33,054
Stock-based compensation	7,384	11,988	26,860	49,081
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Loss on disposal of long-lived assets	179	-	2,422	-
Loss on FFF put and call rights	3,849	-	3,935	-
Other expense (income), net	1	-	55	-
Non-GAAP adjusted fully distributed income before income taxes	115,033	85,947	438,195	388,765
Income tax expense on fully distributed income before income taxes	44,863	34,379	170,896	155,506
Non-GAAP Adjusted Fully Distributed Net Income	\$ 70,170	\$ 51,568	\$ 267,299	\$ 233,259



Fiscal 2017 and fiscal 2016 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		Twelve Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net cash provided by operating activities	\$ 118,036	\$ 100,533	\$ 392,247	\$ 371,470
Purchases of property and equipment	(19,480)	(22,306)	(71,372)	(76,990)
Distributions to limited partners of Premier LP	(23,071)	(24,742)	(90,434)	(92,707)
Payments to limited partners under tax receivable agreements	(13,959)	(10,805)	(13,959)	(10,805)
Non-GAAP Free Cash Flow	\$ 61,526	\$ 42,680	\$ 216,482	\$ 190,968



Fiscal 2017 and fiscal 2016 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		Twelve Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net income (loss) attributable to stockholders	\$ (313,727)	\$ 101,645	\$ 76,249	\$ 818,364
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Strategic and financial restructuring expenses	31	-	31	268
Adjustment to tax receivable agreement liabilities	(2,493)	-	(5,447)	(4,818)
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Other expense (income), net	1	-	55	-
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Non-GAAP Adjusted Fully Distributed Net Income	\$ 70,170	\$ 51,568	\$ 267,299	\$ 233,259



Fiscal 2017 and fiscal 2016 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		Twelve Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Weighted Average:				
Common shares used for basic and diluted earnings (loss) per share	51,470	45,506	49,654	42,368
Potentially dilutive shares	1,545	2,911	720	2,366
Conversion of Class B common units	87,638	96,204	90,816	100,574
Weighted average fully distributed shares outstanding - diluted	140,653	144,621	141,190	145,308
GAAP earnings (loss) per share	\$ (6.10)	\$ 2.23	\$ 1.54	\$ 19.32
Adjustment of redeemable limited partners' capital to redemption amount	6.48	(2.00)	0.75	(18.33)
Net income attributable to non-controlling interest in Premier LP	1.05	0.87	6.77	4.57
Income tax expense	0.27	0.19	1.65	1.17
Amortization of purchased intangible assets	0.27	0.20	0.97	0.78
Stock-based compensation	0.14	0.26	0.54	1.16
Acquisition related expenses	0.08	0.09	0.32	0.37
Strategic and financial restructuring expenses	-	-	-	0.01
Adjustment to tax receivable agreement liabilities	(0.05)	-	(0.11)	(0.11)
ERP implementation expenses	0.01	0.04	0.04	0.11
Acquisition related adjustment - revenue	0.01	0.01	0.36	0.13
Remeasurement gain attributable to acquisition of Innovativ	(0.01)	-	(4.13)	-
Loss on disposal of long-lived assets	-	-	0.05	-
Loss on FFF put and call rights	0.07	-	0.08	-
Other expense (income), net	-	-	-	-
Impact of corporation taxes	(0.86)	(0.76)	(3.45)	(3.67)
Impact of dilutive shares	(0.86)	(0.77)	(3.49)	(3.90)
Non-GAAP EPS on Adjusted Fully Distributed Net Income	\$ 0.50	\$ 0.36	\$ 1.89	\$ 1.61