



Third-Quarter Fiscal Year 2017 Financial Results and Update

May 8, 2017



Forward-looking statements and Non-GAAP financial measures

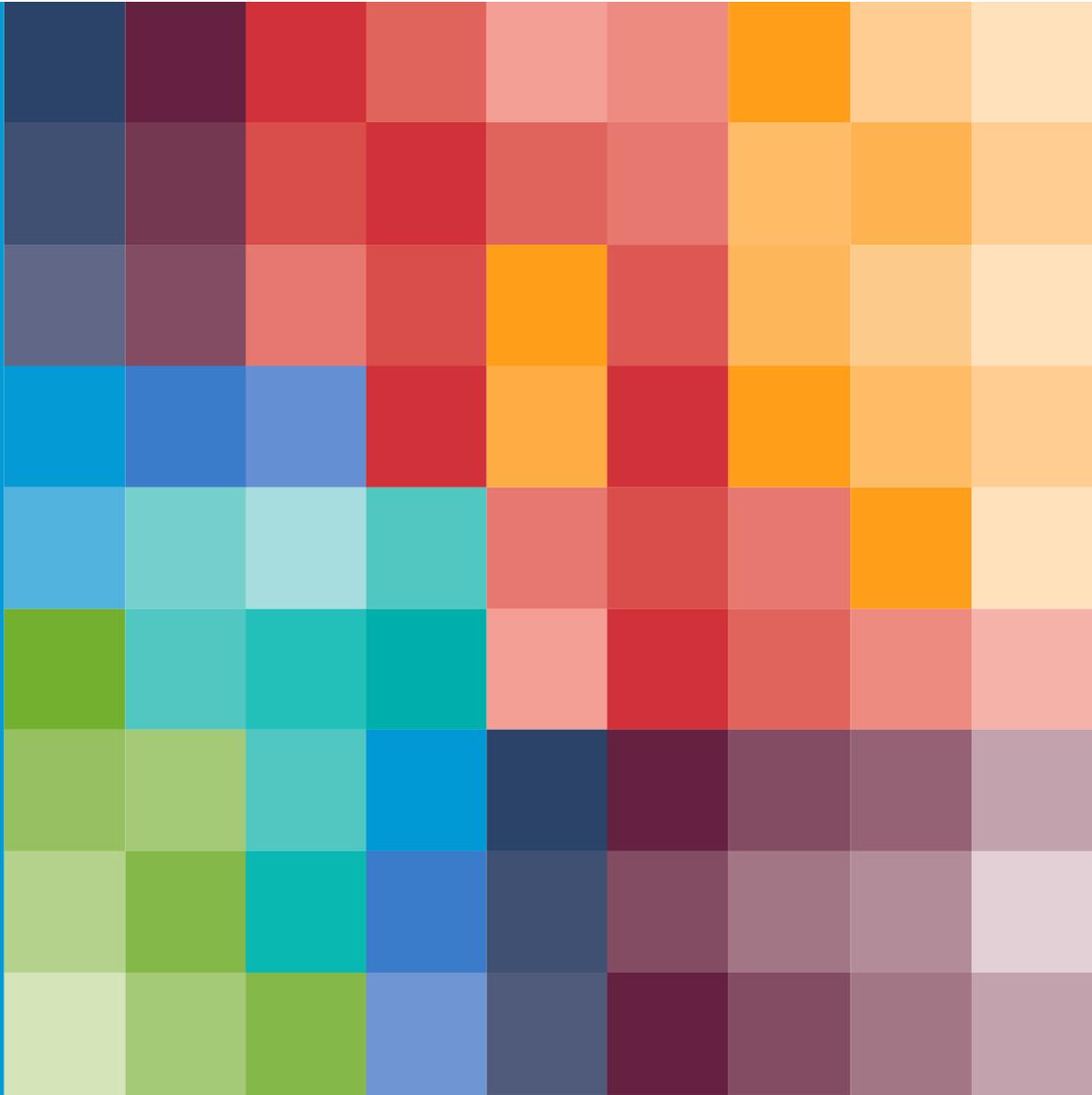
Forward-looking statements — Certain statements made during Premier’s webcast and included in this presentation, including, but not limited to, those related to our financial and business outlook, the impact of the evolving healthcare environment, strategy and growth drivers, member retention and renewal 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 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.



Overview and Business Update

**Susan DeVore
President & CEO**





Third-quarter fiscal 2017 financial highlights



Consolidated net revenue up 27% to \$379.8 million; GAAP net income up slightly to \$72.1 million, GAAP EPS reflects a loss of \$1.58 after non-cash adjustment

Supply Chain Services revenue up 34%

Performance Services revenue up 10%

Non-GAAP adjusted EBITDA* up 14% to \$136.7 million

Non-GAAP adjusted fully distributed earnings per share* up 18% to \$0.52

Reducing revenue guidance on headwinds in low-margin integrated pharmacy and market uncertainty, narrowing non-GAAP adjusted EBITDA*, increasing non-GAAP adjusted fully distributed EPS*

*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.



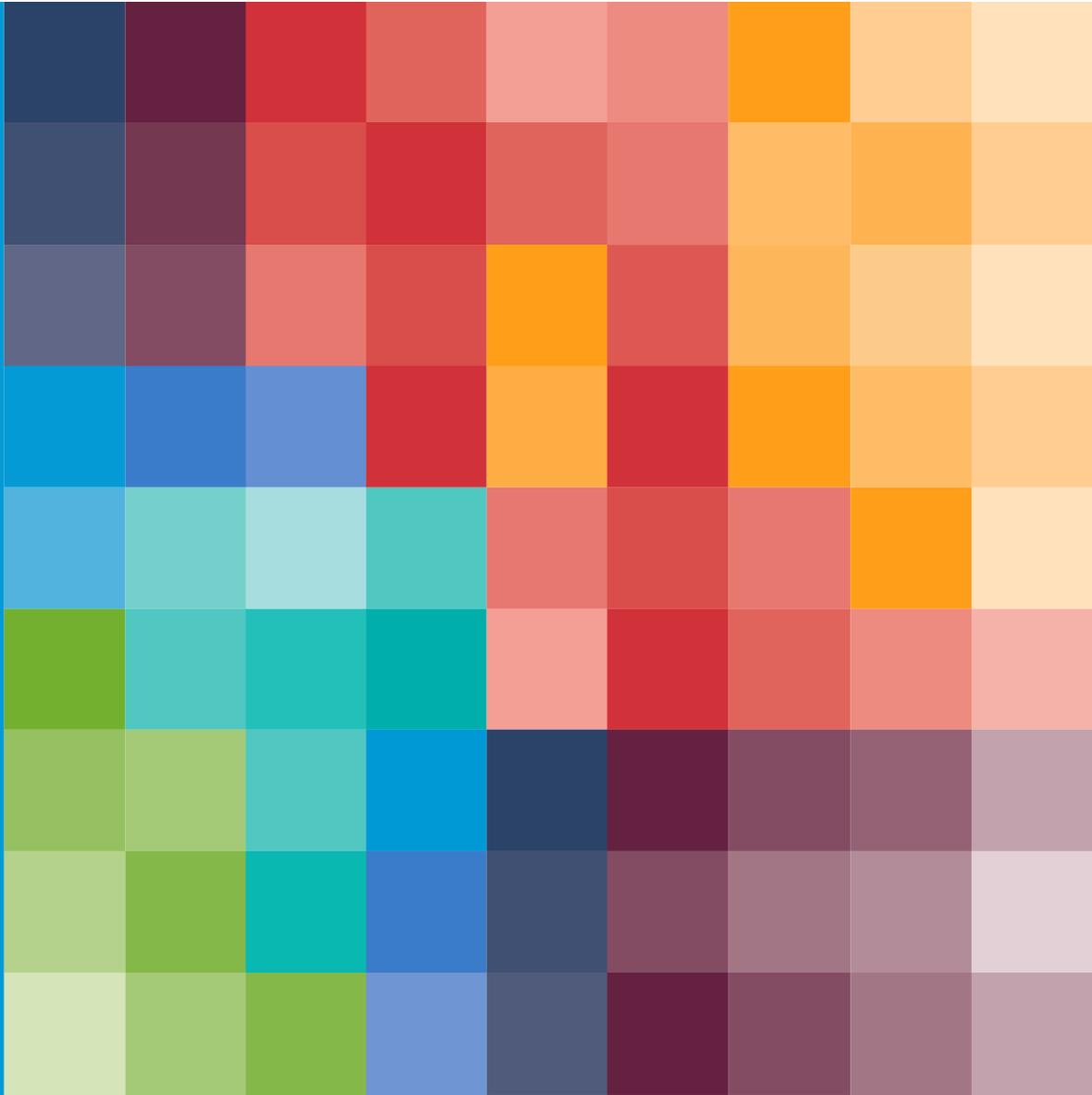
Well-positioned in an evolving healthcare landscape





Operations Update

Michael Alkire
Chief Operating Officer





Select examples highlighting the expansion and value of our offerings



**Supply Chain Analytics
Enterprise Resource Planning**

**ERP EXPANSION
ACROSS LARGE
HEALTH SYSTEM**

Large integrated health system expanding implementation of our ERP solution as part of a broader effort to implement a next-generation capability integrating system-wide supply chain and analytics to reduce costs and produce better outcomes and patient experiences.



**Data Warehousing
Business Intelligence**

**EXPANDING
ENTERPRISE
RELATIONSHIP**

Large mid-western health system expands relationship to include the PremierConnect Enterprise (PCE) cloud-based data warehouse and business intelligence platform.



**Clinical Protocols
Patient Outcomes**

**INNOVATIVE
RESEARCH
PROJECT**

Collaboration with Janssen Pharmaceuticals, Inc. on the first and largest study of its kind to address an unmet medical need for hospitalized patients with irregular heartbeats who are at risk for stroke. The study will evaluate the effect of a structured hospital quality improvement program on oral anticoagulant use in these patients.



Update on recent acquisitions

innovatix

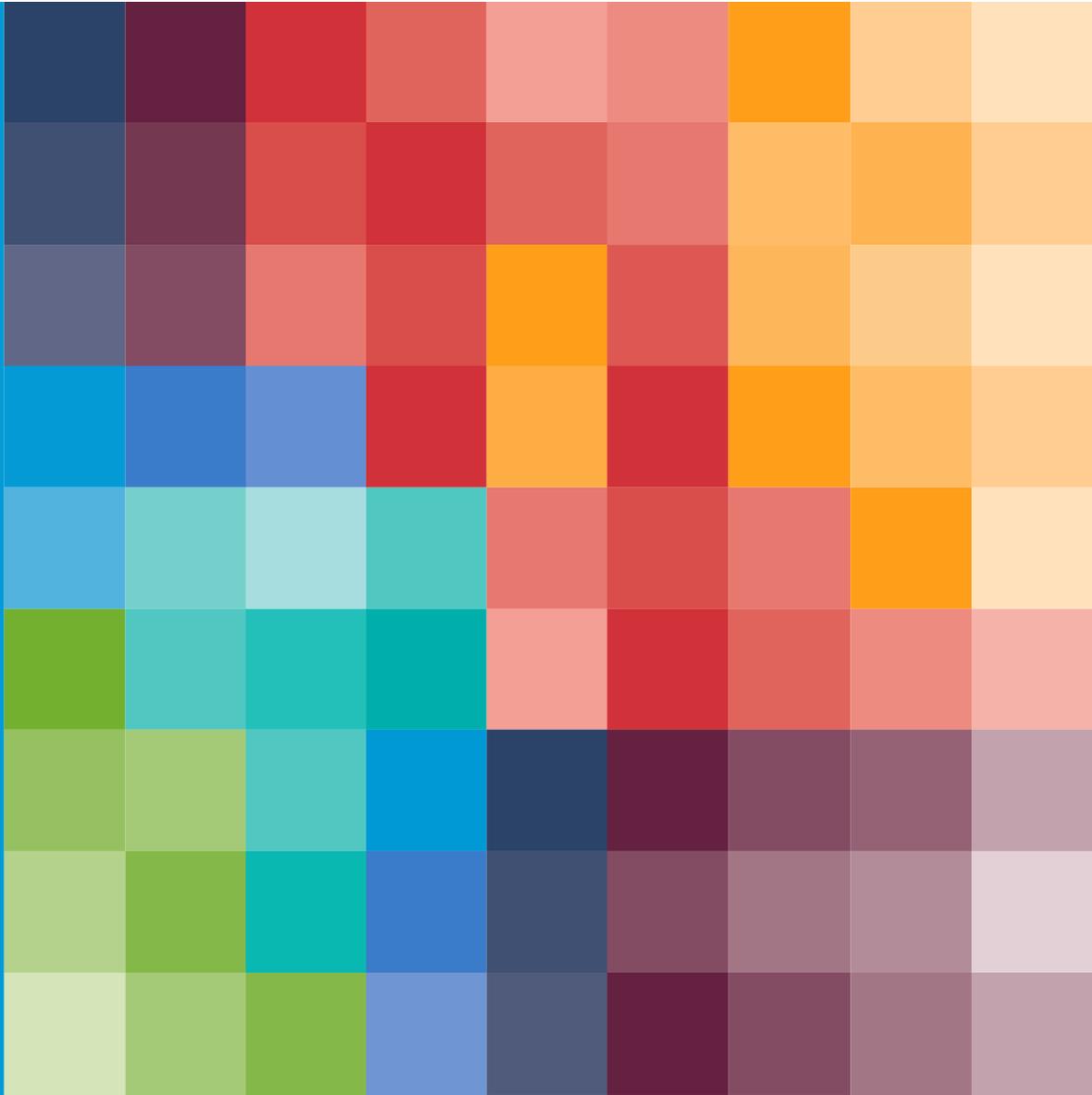
 **ESSENSA**

 **ACRO**
Pharmaceutical Services



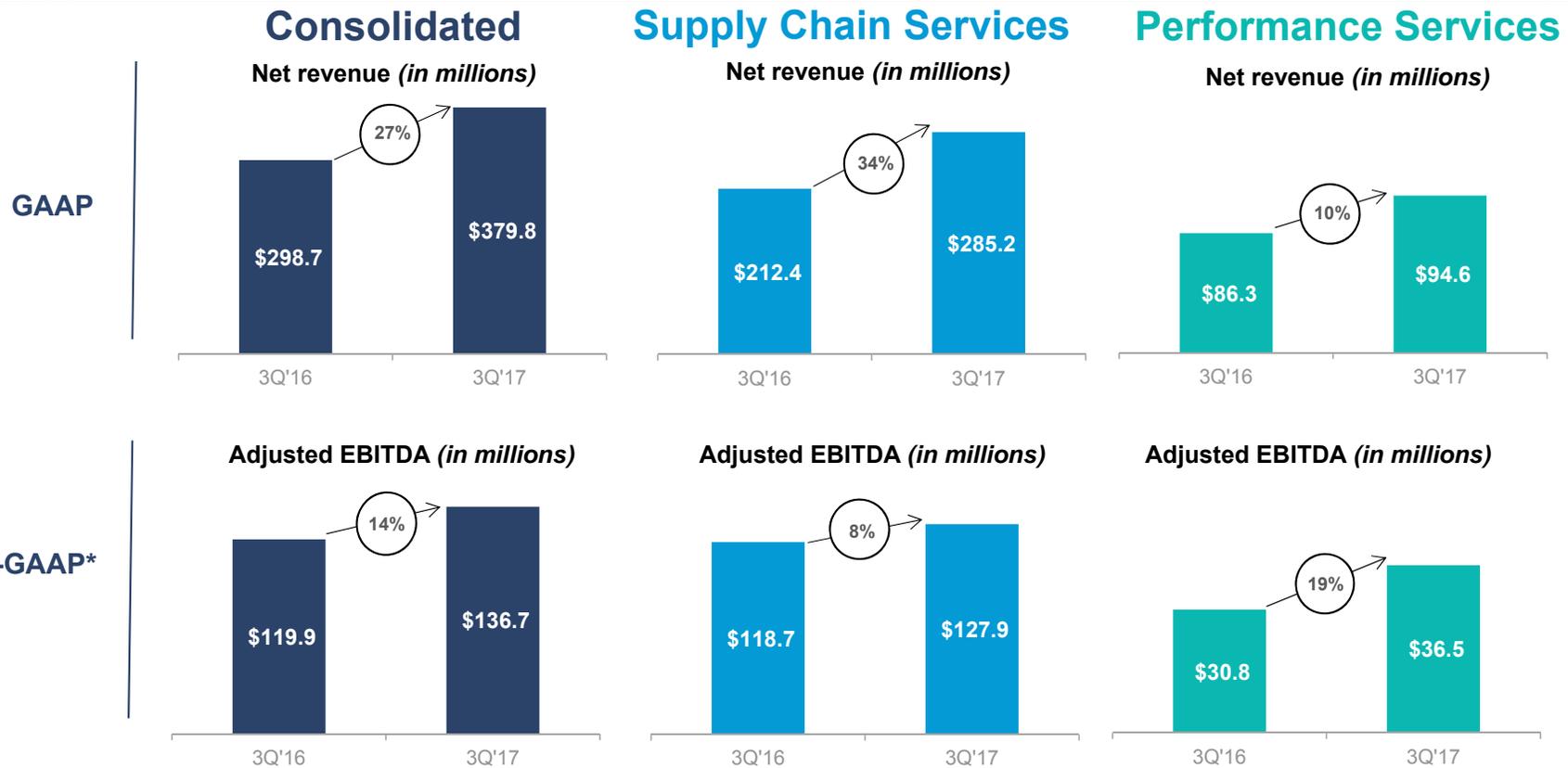
Financial Review

Craig McKasson
Chief Financial Officer





FY 2017 third-quarter consolidated and segment highlights

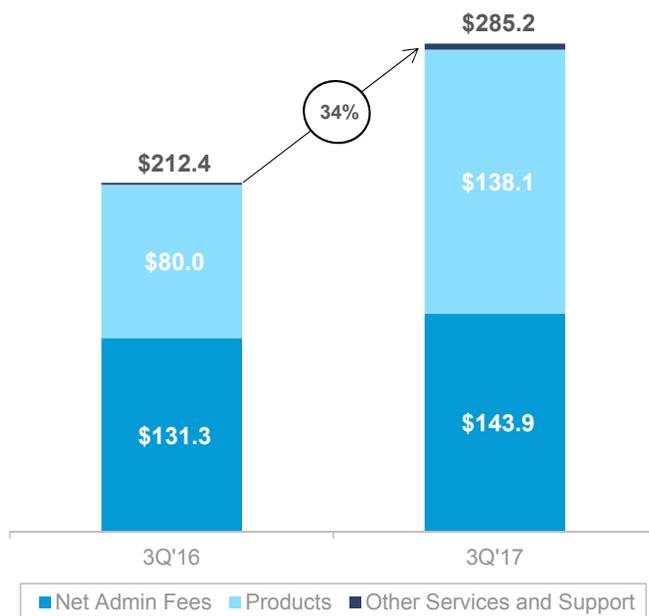


*See non-GAAP Adjusted EBITDA and non-GAAP Segment Adjusted EBITDA reconciliations to GAAP equivalents in Appendix.

FY 2017 third-quarter Supply Chain Services revenue

Supply Chain Services

Net revenue (in millions)



Supply Chain Services revenue increased 34%

- » **Net administrative fees revenue increased 10%**
 - » Including contribution from Innovatix and Essensa
- » **Products revenue increased 73%**
 - » Including contribution from Acro

FY 2017 third-quarter Performance Services revenue

Performance Services

Net revenue (in millions)



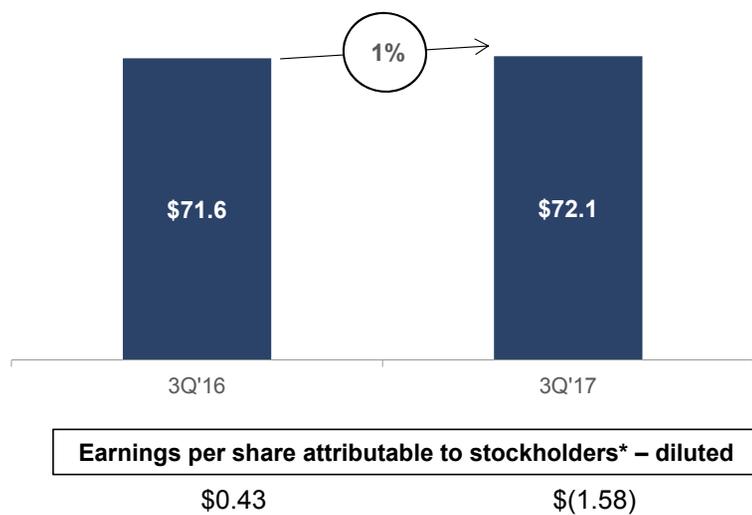
Performance Services revenue increased 10%

- » **Informatics and Technology Services revenue increased 9%**
- » **Advisory services revenue increased 11%**



FY 2017 third-quarter GAAP net income

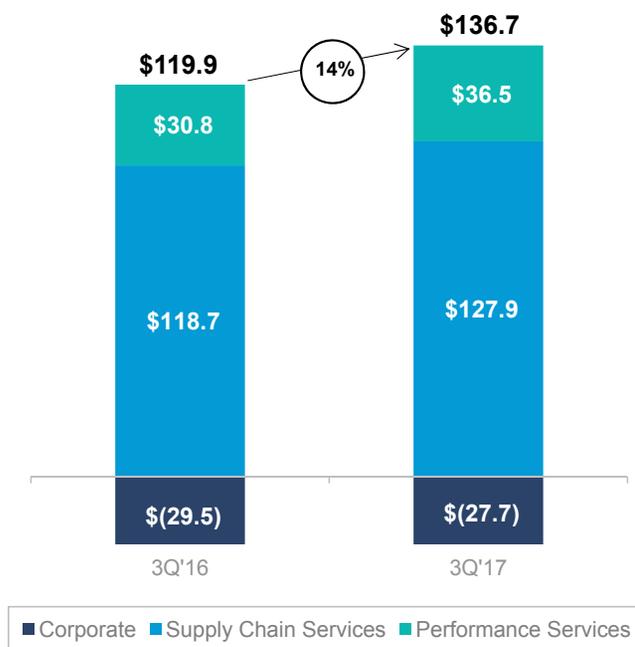
(in millions, except per share data)



GAAP net income increased 1%

*After non-cash adjustments to reflect the change in redemption amount of limited partners' Class B common unit ownership at the end of each period

FY 2017 third-quarter non-GAAP adjusted EBITDA*

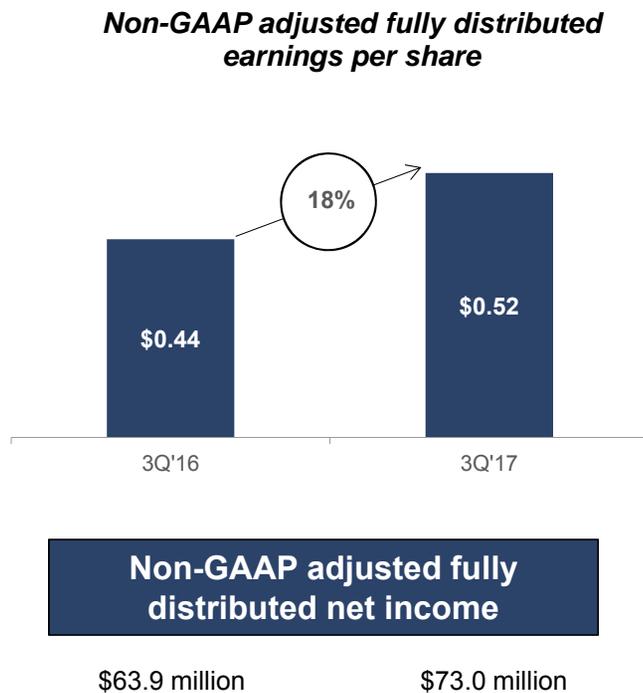


Consolidated adjusted EBITDA increased 14%

- » **Supply Chain Services adjusted EBITDA up 8%**
- » **Performance Services adjusted EBITDA up 19%**
- » **Corporate expenses down 6%**

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

FY 2017 third-quarter non-GAAP adjusted fully distributed net income and earnings per share*



- » Calculates income taxes at 39% for FY2017 third-quarter and at 40% for FY2016 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 March 31, 2017



- ▶ Cash flow from operations of \$274.2 million for the nine-month period
- ▶ Cash, cash equivalents & marketable securities of \$236.2 million
- ▶ Outstanding borrowings of \$367.5 million on \$750 million five-year unsecured revolving credit facility
- ▶ Subsequent to quarter end, the company repaid \$97.5 million on the credit facility, reducing the current outstanding balance to \$270.0 million

CONSIDERABLE CASH AND
DEBT CAPACITY
AVAILABLE

AMPLE CAPITAL
FLEXIBILITY FOR FUTURE
ACQUISITIONS AND
BUSINESS GROWTH



Fiscal 2017 full-year guidance *(for year ending June 30, 2017)*



- ▶ **Guidance range narrowed for consolidated non-GAAP adjusted EBITDA**
- ▶ **Guidance range increased for non-GAAP adjusted fully distributed earnings per share**
- ▶ **Guidance range revised down for:**
 - ✓ Supply Chain Services segment net revenue due to integrated pharmacy headwinds
 - ✓ Performance Services segment net revenue due to market uncertainty
 - ✓ Consolidated net revenue

Fiscal 2017 full-year guidance* (for year ending June 30, 2017)

Fiscal 2017 Financial Guidance ⁽¹⁾			
Premier, Inc. adjusts full-year fiscal 2017 financial guidance*, as follows:			
(in millions, except per share data)	Current* FY 2017	% YoY Increase	Previous FY 2017
Net Revenue:			
Supply Chain Services segment	\$1,084.0 - \$1,115.0	31% - 34%	\$1,129.0 - \$1,180.0
Performance Services segment	\$348.0 - \$357.0	4% - 7%	\$355.0 - \$375.0
Total Net Revenue	\$1,432.0 - \$1,472.0	23% - 27%	\$1,484.0 - \$1,555.0
Non-GAAP adjusted EBITDA	\$500.0 - \$510.0	13% - 16%	\$493.0 - \$521.0
Non-GAAP adjusted fully distributed EPS	\$1.89 - \$1.94	17% - 20%	\$1.80 - \$1.93
* Guidance adjustments as of May 8, 2017.			
<p>⁽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 because of two primary reasons:</p> <ul style="list-style-type: none"> • 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 company's 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. 			



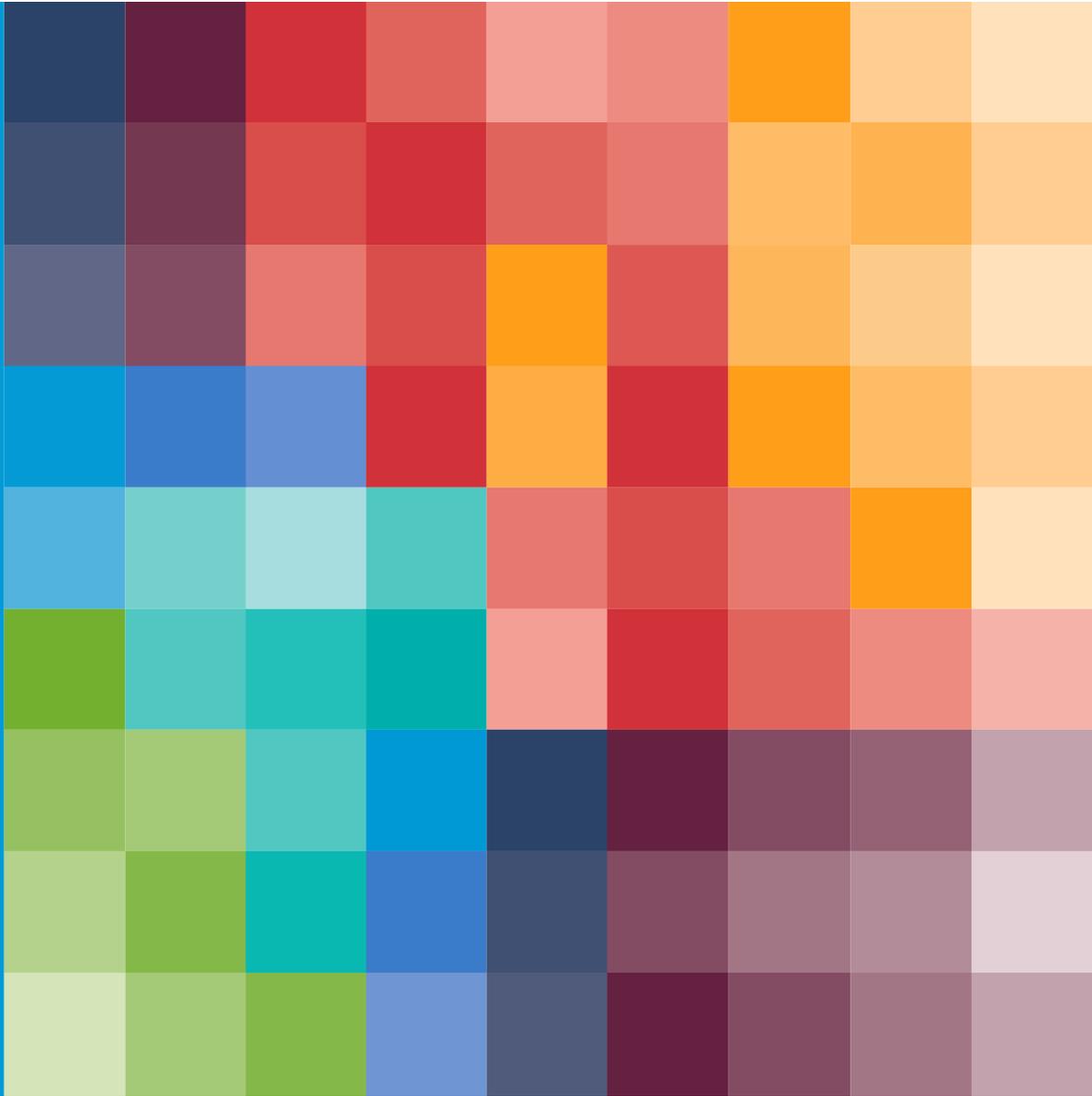
Exchange update



- ▶ **On May 1, 2017, 1.0 million Class B units were exchanged on a one-for-one basis for shares of Class A common stock; equal number of Class B shares were retired**

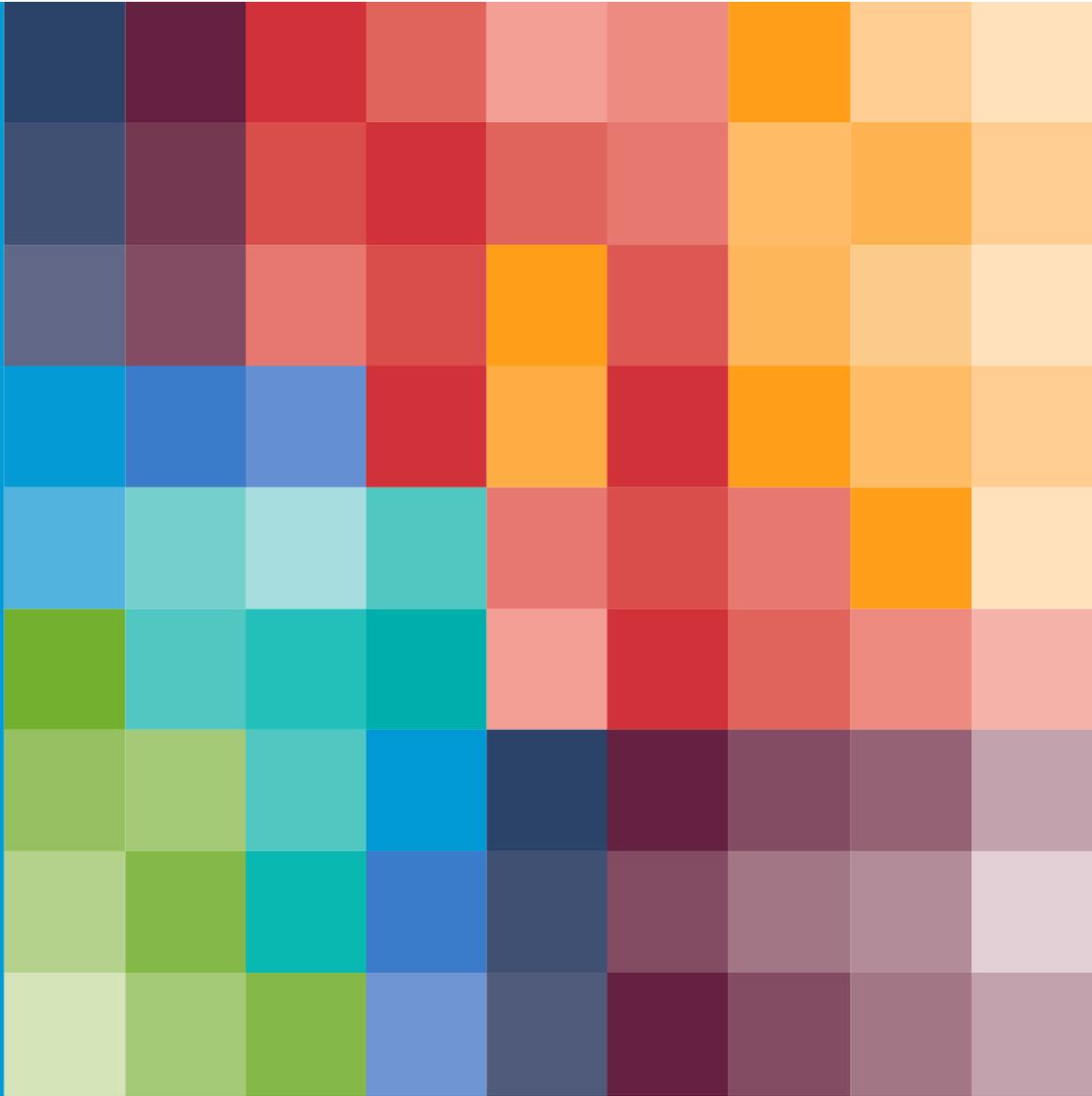


Questions





Appendix



Fiscal 2017 third-quarter and fiscal 2016 third-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 March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
<i>Reconciliation of Net Income to Adjusted EBITDA and Reconciliation of Operating Income to Segment Adjusted EBITDA:</i>				
Net income	\$ 72,139	\$ 71,557	\$ 308,909	\$ 184,805
Interest and investment loss, net	2,017	285	3,026	981
Income tax expense	6,514	9,543	134,788	41,257
Depreciation and amortization	15,102	13,110	43,318	37,174
Amortization of purchased intangible assets	14,080	8,740	34,440	24,058
EBITDA	109,852	103,235	524,481	288,275
Stock-based compensation	7,157	11,839	19,476	37,093
Acquisition related expenses	4,330	2,583	11,483	11,699
Strategic and financial restructuring expenses	-	33	-	268
Adjustment to tax receivable agreement liability	2,768	-	(2,954)	(4,818)
ERP implementation expenses	215	1,162	1,741	3,240
Acquisition related adjustment - revenue	11,765	1,077	17,729	5,216
Remeasurement gain attributable to acquisition of Innovatix, LLC	-	-	(204,833)	-
Loss on disposal of long-lived assets	725	-	2,243	-
Other expense (income), net	(88)	-	140	8
Adjusted EBITDA	\$ 136,724	\$ 119,929	\$ 369,506	\$ 340,981

Fiscal 2017 third-quarter and fiscal 2016 third-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 March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Income before income taxes	\$ 78,653	\$ 81,100	\$ 443,697	\$ 226,062
Remeasurement gain attributable to acquisition of Innovatix, LLC	-	-	(204,833)	-
Equity in net income of unconsolidated affiliates	(83)	(6,627)	(14,789)	(16,002)
Interest and investment loss, net	2,017	285	3,026	981
Loss on disposal of long-lived assets	725	-	2,243	-
Other expense (income), net	(2,260)	-	(3,135)	2,081
Operating income	79,052	74,758	226,209	213,122
Depreciation and amortization	15,102	13,110	43,318	37,174
Amortization of purchased intangible assets	14,080	8,740	34,440	24,058
Stock-based compensation	7,157	11,839	19,476	37,093
Acquisition related expenses	4,330	2,583	11,483	11,699
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ERP implementation expenses	215	1,162	1,741	3,240
Acquisition related adjustment - revenue	11,765	1,077	17,729	5,216
Equity in net income of unconsolidated affiliates	83	6,627	14,789	16,002
Deferred compensation plan income (expense)	1,675	-	2,778	(2,073)
Other income	497	-	497	-
Adjusted EBITDA	\$ 136,724	\$ 119,929	\$ 369,506	\$ 340,981
Segment Adjusted EBITDA:				
Supply Chain Services	\$ 127,898	\$ 118,704	\$ 364,224	\$ 329,642
Performance Services	36,535	30,771	87,449	90,158
Corporate	(27,709)	(29,546)	(82,167)	(78,819)
Adjusted EBITDA	\$ 136,724	\$ 119,929	\$ 369,506	\$ 340,981

Fiscal 2017 third-quarter and fiscal 2016 third-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		Nine Months Ended	
	March 31,		March 31,	
	2017	2016	2017	2016
<i>Reconciliation of Net Income (Loss) Attributable to Stockholders to Non-GAAP Adjusted Fully Distributed Net Income:</i>				
Net income (loss) attributable to stockholders	\$ (79,800)	\$ 299,948	\$ 323,268	\$ 716,719
Adjustment of redeemable partners' capital to redemption amount	99,974	(284,409)	(247,042)	(685,649)
Net income attributable to non-controlling interest in Premier LP	51,965	56,018	232,683	153,735
Income tax expense	6,514	9,543	134,788	41,257
Amortization of purchased intangible assets	14,080	8,740	34,440	24,058
Stock-based compensation	7,157	11,839	19,476	37,093
Acquisition related expenses	4,330	2,583	11,483	11,699
Strategic and financial restructuring expenses	-	33	-	268
Adjustment to tax receivable agreement liability	2,768	-	(2,954)	(4,818)
ERP implementation expenses	215	1,162	1,741	3,240
Acquisition related adjustment - revenue	11,765	1,077	17,729	5,216
Remeasurement gain attributable to acquisition of Innovatix, LLC	-	-	(204,833)	-
Loss on disposal of long-lived assets	725	-	2,243	-
Other expense (income), net	(88)	-	140	-
Non-GAAP adjusted fully distributed income before income taxes	119,605	106,534	323,162	302,818
Income tax expense on fully distributed income before income taxes	46,646	42,614	126,033	121,127
Non-GAAP Adjusted Fully Distributed Net Income	\$ 72,959	\$ 63,920	\$ 197,129	\$ 181,691

Fiscal 2017 third-quarter and fiscal 2016 third-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 March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
<i>Reconciliation of Net Cash Provided by Operating Activities to Non-GAAP Free Cash Flow:</i>				
Net cash provided by operating activities	\$ 135,847	\$ 136,210	\$ 274,211	\$ 270,937
Purchases of property and equipment	(17,567)	(15,802)	(51,892)	(54,684)
Distributions to limited partners of Premier LP	(22,733)	(22,504)	(67,363)	(67,965)
Non-GAAP Free Cash Flow	\$ 95,547	\$ 97,904	\$ 154,956	\$ 148,288

Fiscal 2017 third-quarter and fiscal 2016 third-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 March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
<i>Reconciliation of numerator for GAAP EPS to Non-GAAP EPS on Adjusted Fully Distributed Net Income:</i>				
Net income (loss) attributable to stockholders	\$ (79,800)	\$ 299,948	\$ 323,268	\$ 716,719
Adjustment of redeemable partners' capital to redemption amount	99,974	(284,409)	(247,042)	(685,649)
Net income attributable to non-controlling interest in Premier LP	51,965	56,018	232,683	153,735
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Acquisition related adjustment - revenue	11,765	1,077	17,729	5,216
Remeasurement gain attributable to acquisition of Innovatix, LLC	-	-	(204,833)	-
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Other expense (income), net	(88)	-	140	-
Non-GAAP adjusted fully distributed income before income taxes	119,605	106,534	323,162	302,818
Income tax expense on fully distributed income before income taxes	46,646	42,614	126,033	121,127
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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 March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Reconciliation of denominator for GAAP EPS to Non-GAAP Adjusted Fully Distributed Earnings per Share:				
Weighted Average:				
Common shares used for basic and diluted earnings (loss) per share	50,525	44,716	49,051	41,329
Potentially dilutive shares	465	2,465	446	2,172
Conversion of Class B common units	88,892	97,837	91,875	102,057
Weighted average fully distributed shares outstanding - diluted	139,882	145,018	141,372	145,558
Reconciliation of GAAP EPS to Non-GAAP Adjusted Fully Distributed EPS:				
GAAP earnings (loss) per share	\$ (1.58)	\$ 6.71	\$ 6.59	\$ 17.34
Adjustment of redeemable limited partners' capital to redemption amount	1.98	(6.36)	(5.04)	(16.59)
Impact of additions:				
Net income attributable to non-controlling interest in Premier LP	1.03	1.25	4.74	3.72
Income tax expense	0.13	0.21	2.75	1.00
Amortization of purchased intangible assets	0.28	0.20	0.70	0.58
Stock-based compensation	0.14	0.26	0.40	0.90
Acquisition related expenses	0.09	0.06	0.23	0.28
Strategic and financial restructuring expenses	-	-	-	0.01
Adjustment to tax receivable agreement liability	0.05	-	(0.06)	(0.12)
ERP implementation expenses	-	0.03	0.04	0.08
Acquisition related adjustment - revenue	0.23	0.02	0.36	0.13
Remeasurement gain attributable to acquisition of Innovatix, LLC	-	-	(4.18)	-
Loss on disposal of long-lived assets	0.01	-	0.05	-
Impact of corporation taxes	(0.92)	(0.95)	(2.57)	(2.93)
Impact of increased share count	(0.92)	(0.99)	(2.62)	(3.15)
Non-GAAP Adjusted Fully Distributed Earnings Per Share	\$ 0.52	\$ 0.44	\$ 1.39	\$ 1.25