

Fiscal 2021 Fourth Quarter Earnings Conference Call

August 17, 2021





Forward-looking Statements and Non-GAAP Financial Measures

Forward-looking statements – Statements made in this presentation and the accompanying webcast that are not statements of historical or current facts, such as those related to the timing and continuing impact of COVID-19, the ability to execute our strategy in both of our business segments and drive long-term, sustainable growth and value to all our stakeholders, our ability to develop and incorporate artificial intelligence into our solutions, the payment of dividends at current levels, or at all, the timing and number of shares repurchased, if any, under our share repurchase approval, and the statements under the heading “Fiscal 2022 Outlook and Guidance” and the assumptions underlying fiscal 2022 guidance are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements 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. In addition to statements that explicitly describe such risks and uncertainties, 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 factors that could affect Premier’s financial results is included from time to time in the “Cautionary Note Regarding Forward-Looking Statements,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of Premier’s periodic and current filings with the SEC, including those discussed under the “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” section of Premier’s Form 10-K for the year ended June 30, 2021, expected to be filed with the SEC shortly after the date of this presentation, and also available on Premier’s website at investors.premierinc.com. Forward-looking statements speak only as of the date they are made, and Premier undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events that occur after that date, or otherwise.

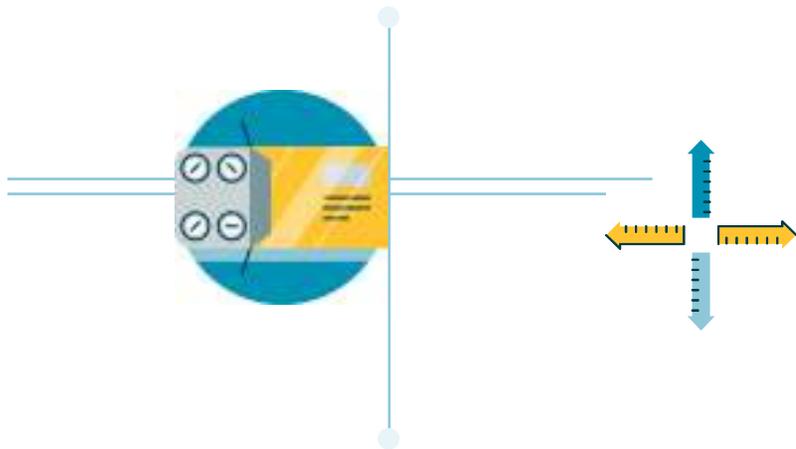
Non-GAAP financial measures – This presentation and accompanying webcast includes certain “adjusted” or “non-GAAP” financial measures as defined in Regulation G under the Securities Exchange Act of 1934. Schedules are attached that reconcile the non-GAAP financial measures included in this presentation 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 periodic and current 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 Review

Michael J. Alkire
President and CEO

Executive Summary



Total net revenue grew by 40%, driven by growth in both Supply Chain Services and Performance Services segments*

Profitability in-line with company expectations

Playing integral role in supporting GPO members through COVID-19 pandemic

Continued to advance strategy in fiscal 2021 to create more resilient healthcare supply chain in the United States

**Comparisons reflect fiscal 2021 fourth quarter results vs. fiscal 2020 fourth quarter results*

Supply Chain Services

Focused on building technology-enabled, end-to-end supply chain with unique capabilities spanning from front-end e-commerce to back-end e-invoicing and e-payables solutions

- ❖ Continued evolution of supply chain, direct sourcing and analytics capabilities helping to advance strategy to build a more resilient healthcare supply chain in U.S.
 - Co-investing with members in unique initiatives to protect healthcare workers, drive supply chain innovation and increase domestic and near-shore manufacturing of critical products
 - Announced collaboration with Honeywell in August 2021 to expand U.S. production of nitrile exam gloves
- ❖ Achieved critical step in advancing strategy through acquisition of Invoice Delivery Services (IDS) assets in March 2021
 - Branded e-invoicing and e-payables capabilities, including IDS, “Remitra”
 - Expected to further diversify revenue, increase visibility into total member spend and increase member retention and recruitment

Performance Services

Focused on further penetrating provider market through AI-enablement and expanding into adjacent payor, life science and employer markets

- ❖ Launched PINC AI, a new brand for Premier's comprehensive technology and consulting services platform
 - Performance Services segment now consists of three sub-brands: PINC AI, Remitra and Contigo Health
 - Realignment better reflects current product offerings and strategy to expand and incorporate artificial intelligence throughout portfolio
 - Enables more than 300,000 physicians to deliver high quality care and safely reduce waste and other inefficiencies
 - Believe platform can scale to advance patient-centric innovation and help drive growth in adjacent markets
- ❖ Making progress in driving growth and diversifying revenue streams through deeper penetration of provider market and further expansion into adjacent markets
 - Life Sciences – expanded business capabilities in fiscal 2021 to include new data sources, natural language processing, solutions for improved clinical trial recruitment and increased member partnerships
 - Contigo Health – completed integration of Health Design Plus, grew managed lives by more than 20% and achieved 100% retention rate in fiscal 2021



Financial Review

Craig McKasson

Chief Administrative and
Chief Financial Officer

Fiscal 2021 Fourth Quarter Financial Highlights

(Compared with fiscal 2020 fourth quarter)

Total net revenue increased 40% to \$481.5 million;
GAAP net income of \$50.7 million, or \$0.41 per fully diluted share

Supply Chain Services segment net revenue increased 51% to \$389.7 million;
net administrative fees revenue decreased 3%; products revenue increased 127%

Performance Services segment net revenue increased 9% to \$91.8 million

Adjusted EBITDA* decreased 3% to \$116.5 million

Adjusted net income* increased 4% to \$74.0 million

Adjusted earnings per share* increased 3% to \$0.60



**Refer to Appendix for adjusted EBITDA, adjusted net income, adjusted earnings per share reconciliations to GAAP equivalents.*

Strong Financial Position with Flexible Balance Sheet

(As of June 30, 2021)



- ▶ Cash flow from operations of \$407.4 million
- ▶ Free cash flow* of \$240.3 million, representing 51% of fiscal 2021 adjusted EBITDA
- ▶ Cash and cash equivalents of \$129.1 million
- ▶ Outstanding borrowings of \$75.0 million on \$1.0 billion, five-year unsecured, revolving credit facility; repaid remaining balance during first quarter of fiscal 2022

*See free cash flow reconciliation to GAAP equivalent in Appendix.

**Payable September 15, 2021 to stockholders as of record of September 1, 2021.

**Balanced approach
to capital deployment
priorities**

- Reinvestment in organic growth
- Disciplined acquisitions and investments to support strategic goals
- Increased quarterly cash dividend payment by 5.3% to \$0.20 per share**
- Announced \$250 million share repurchase program for fiscal 2022

Fiscal 2022 guidance

Guidance Metric	Fiscal 2022 Guidance Range* (as of August 17, 2021)
Segment Net Revenue:	
Supply Chain Services	\$925 million to \$1.01 billion
Performance Services	\$395 million to \$420 million
Total Net Revenue	\$1.32 billion to \$1.43 billion
Adjusted EBITDA*	\$483 million to \$500 million
Adjusted EPS*	\$2.50 to \$2.60
<p>Fiscal 2022 guidance assumes realization of the following assumptions:</p> <ul style="list-style-type: none"> • Net administrative fees revenue of \$570 million to \$590 million • Direct sourcing products revenue of \$350 million to \$390 million • Net revenue available under contract that represents approximately 86% to 93% of fiscal 2022 guidance range • Capital expenditures of \$100 million to \$110 million • Effective tax rate (ETR) of 23% (ETR increased from 22% in fiscal 2021) • Free cash flow approximating 35% to 50% of adjusted EBITDA • Per-share guidance does not include the impact of share repurchases under the previously authorized \$250 million stock repurchase plan. The timing and amount of any share repurchases will be determined by management based on market conditions, share price and other factors • Does not include the effect of any potential future significant acquisitions 	

**Premier does not provide a reconciliation of non-GAAP forward-looking guidance as certain financial information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. Refer to "Use of Forward-Looking Non-GAAP Measures" on slide 11 for additional explanation.*



Use of Forward-looking non-GAAP financial measures

The company does not believe it can meaningfully reconcile guidance for non-GAAP adjusted EBITDA and non-GAAP adjusted earnings per share to net income attributable to stockholders or earnings per share attributable to stockholders because the company cannot provide guidance for the 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 earnings per share without unreasonable effort. This is due to the fact that future period non-GAAP guidance includes adjustments for items not indicative of our core operations, which may include, without limitation, items included in the supplemental financial information for reconciliation of reported GAAP results to non-GAAP results. Such items may, from time to time, include strategic and acquisition related expenses for professional fees; mark to market adjustments for put options and contingent liabilities; gains and losses on stock-based performance shares; adjustments to its income tax provision (such as valuation allowance adjustments and settlements of income tax claims); items related to corporate and facility restructurings; and certain other items the company believes to be non-indicative of its ongoing operations. Such adjustments may be affected by changes in ongoing assumptions, judgements, as well as nonrecurring, unusual or unanticipated charges, expenses or gains/losses or other items that may not directly correlate to the underlying performance of our business operations. The exact amount of these adjustments are not currently determinable but may be significant.

Appendix

Fiscal 2021 and 2020 non-GAAP reconciliations

Supplemental Financial Information
Reconciliation of Net Income from Continuing Operations to Adjusted EBITDA
Reconciliation of Operating Income to Segment Adjusted EBITDA
Reconciliation of Net Income Attributable to Stockholders to Adjusted Net Income
(Unaudited)
(In thousands)

	Three Months Ended June 30,		Year Ended June 30,	
	2021	2020	2021	2020
Net income from continuing operations	\$ 50,708	\$ 55,400	\$ 304,584	\$ 291,126
Interest and investment loss, net	3,222	1,464	11,964	11,313
Income tax expense	10,937	14,225	(53,943)	92,561
Depreciation and amortization	20,405	21,607	76,309	97,297
Amortization of purchased intangible assets	10,889	16,582	44,753	55,530
EBITDA	96,161	109,278	383,667	547,827
Stock-based compensation	7,945	1,774	35,915	21,132
Acquisition and disposition related expenses	3,206	3,056	18,095	19,319
Remeasurement of tax receivable agreement liabilities	-	-	-	(24,584)
Loss (gain) on FFF put and call rights	5,731	3,787	27,352	(4,690)
Other expense, net	3,419	1,595	8,201	5,036
Adjusted EBITDA	\$ 116,462	\$ 119,490	\$ 473,230	\$ 564,040

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(Unaudited)
(In thousands)

	Three Months Ended June 30,		Year Ended June 30,	
	2021	2020	2021	2020
Income before income taxes	\$ 61,645	\$ 69,625	\$ 250,641	\$ 383,687
Equity in net income of unconsolidated affiliates	(5,050)	(1,499)	(21,073)	(12,537)
Interest and investment loss, net	3,222	1,464	11,964	11,313
Loss on disposal of long-lived assets	-	-	-	-
Loss (gain) on FFF put and call rights	5,731	3,787	27,352	(4,690)
Other income	(1,800)	(6,148)	(11,967)	(4,153)
Operating income	63,748	67,229	256,917	373,620
Depreciation and amortization	20,405	21,607	76,309	97,297
Amortization of purchased intangible assets	10,889	16,582	44,753	55,530
Stock-based compensation	7,945	1,774	35,915	21,132
Acquisition and disposition related expenses	3,206	3,056	18,095	19,319
Remeasurement of tax receivable agreement liabilities	-	-	-	(24,584)
Equity in net income of unconsolidated affiliates	5,050	1,499	21,073	12,537
Deferred compensation plan income	3,514	6,388	12,745	3,904
Other expense, net	1,705	1,355	7,423	5,285
Adjusted EBITDA	\$ 116,462	\$ 119,490	\$ 473,230	\$ 564,040
SEGMENT ADJUSTED EBITDA				
Supply Chain Services	\$ 128,330	\$ 123,216	\$ 467,868	\$ 570,298
Performance Services	22,550	26,305	132,225	111,282
Corporate	(34,418)	(30,031)	(126,863)	(117,540)
Adjusted EBITDA	\$ 116,462	\$ 119,490	\$ 473,230	\$ 564,040

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Reconciliation of Net Income Attributable to Stockholders to Adjusted Net Income
(Unaudited)
(In thousands)

	Three Months Ended June 30,		Year Ended June 30,	
	2021	2020	2021	2020
Net income (loss) attributable to stockholders	\$ 49,549	\$ (22,116)	\$ 260,837	\$ 598,675
Adjustment of redeemable limited partners' capital to redemption amount	-	48,414	26,685	(468,311)
Net income attributable to non-controlling interest	1,159	29,147	17,062	161,816
Income from discontinued operations, net of tax	-	(45)	-	(1,054)
Income tax expense (benefit)	10,937	14,225	(53,943)	92,561
Amortization of purchased intangible assets	10,889	16,582	44,753	55,530
Stock-based compensation	7,945	1,774	35,915	21,132
Acquisition and disposition related expenses	3,206	3,056	18,095	19,319
Remeasurement of tax receivable agreement liabilities	-	-	-	(24,584)
Loss (gain) on FFF put and call rights	5,731	3,787	27,352	(4,690)
Other expense	5,393	1,595	15,519	5,036
Adjusted income before income taxes	94,809	96,419	392,275	455,430
Income tax expense on adjusted income before income taxes	20,858	25,069	86,301	118,412
Adjusted Net Income	\$ 73,951	\$ 71,350	\$ 305,974	\$ 337,018

Fiscal 2021 and 2020 non-GAAP reconciliations

Supplemental Financial Information
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow
(Unaudited)
(In thousands)

	Year Ended June 30,	
	2021	2020
Net cash provided by operating activities from continuing operations ^(a)	\$ 407,402	\$ 427,183
Purchases of property and equipment	(88,876)	(94,397)
Distributions to limited partners of Premier LP	(9,949)	(48,904)
Payments to limited partners of Premier LP related to tax receivable agreements	(24,218)	(17,425)
Early termination payments to certain former limited partners that elected to execute a Unit Exchange Agreement ^(b)	(44,024)	-
Free Cash Flow	\$ 240,335	\$ 266,457

(a) Net cash provided by operating activities from continuing operations excludes the impact of the prepaid contract administrative fee share for one-time rebates to certain Acurity, Inc. members, as agreed to by Acurity, Inc. prior to entering into the Purchase Agreement, which was excluded from the purchase price of the Acurity and Nexera asset acquisition.

(b) Early termination payments to certain former limited partners that elected to execute a Unit Exchange Agreement in connection with our August 2020 restructuring are presented in our Consolidated Statement of Cash Flows under "Payments made on notes payable". We paid \$51.3 million to members including imputed interest of \$7.3 million which is included in net cash provided by operating activities from continuing operations.

Fiscal 2021 and 2020 non-GAAP reconciliations

Supplemental Financial Information
Reconciliation of GAAP EPS to Adjusted EPS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended June 30,		Year Ended June 30,	
	2021	2020	2021	2020
Net income (loss) attributable to stockholders	\$ 49,549	\$ (22,116)	\$ 260,837	\$ 598,675
Adjustment of redeemable limited partners' capital to redemption amount	-	48,414	26,685	(468,311)
Net income attributable to non-controlling interest	1,159	29,147	17,062	161,816
Income from discontinued operations, net of tax	-	(45)	-	(1,054)
Income tax expense (benefit)	10,937	14,225	(53,943)	92,561
Amortization of purchased intangible assets	10,889	16,582	44,753	55,530
Stock-based compensation	7,945	1,774	35,915	21,132
Acquisition and disposition related expenses	3,206	3,056	18,095	19,319
Remeasurement of tax receivable agreement liabilities	-	-	-	(24,584)
Loss (gain) on FFF put and call rights	5,731	3,787	27,352	(4,690)
Other expense, net	5,393	1,595	15,519	5,036
Adjusted income before income taxes	94,809	96,419	392,275	455,430
Income tax expense on adjusted income before income taxes	20,858	25,069	86,301	118,412
Adjusted Net Income	\$ 73,951	\$ 71,350	\$ 305,974	\$ 337,018

Fiscal 2021 and 2020 non-GAAP reconciliations

Supplemental Financial Information
Reconciliation of GAAP EPS to Adjusted EPS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended June 30,		Year Ended June 30,	
	2021	2020	2021	2020
Weighted average:				
Common shares used for basic and diluted earnings per share	122,341	71,425	116,527	67,035
Potentially dilutive shares	1,714	-	1,005	644
Conversion of Class B common units	-	-	-	55,935
GAAP weighted average shares outstanding - diluted	124,055	71,425	117,532	123,614
Conversion of potentially dilutive shares	-	594	-	-
Conversion of Class B common units	-	50,380	5,638	-
Weighted average shares outstanding - diluted	124,055	122,399	123,170	123,614
GAAP earnings (loss) per share	\$ 0.41	\$ (0.31)	\$ 2.24	\$ 8.93
Adjustment of redeemable limited partners' capital to redemption amount	-	0.68	0.23	(6.99)
Net income attributable to non-controlling interest	0.01	0.41	0.15	2.41
Income from discontinued operations, net of tax	-	-	-	(0.02)
Income tax expense (benefit)	0.09	0.20	(0.46)	1.38
Amortization of purchased intangible assets	0.09	0.23	0.38	0.83
Stock-based compensation	0.06	0.02	0.31	0.32
Acquisition and disposition related expenses	0.03	0.04	0.16	0.29
Remeasurement of tax receivable agreement liabilities	-	-	-	(0.37)
Loss (gain) on FFF put and call rights	0.05	0.05	0.23	(0.07)
Other expense, net	0.04	0.02	0.13	0.08
Impact of corporation taxes	(0.17)	(0.35)	(0.74)	(1.77)
Impact of dilutive shares	(0.01)	(0.41)	(0.15)	(2.29)
Adjusted EPS	\$ 0.60	\$ 0.58	\$ 2.48	\$ 2.73