



# Fiscal 2022 First Quarter Earnings Conference Call

////// November 2, 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 our ability to advance our long-term strategies, our ability to achieve fiscal 2022 guidance and deliver long-term, sustainable growth, our ability to deliver value through technology-based solutions and GPO and supply chain offerings, advancing ESG efforts to achieve long-term goals, the payment of dividends at current levels, or at all, the timing and number of shares repurchased under our share repurchase approval, our expected lower effective tax rate, and the statements under the heading “Fiscal 2022 Guidance” and the key 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 and Form 10-Q for the quarter ended September 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](https://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

/////// Michael J. Alkire  
*President and CEO*

*All comparisons reflect fiscal 2022 first quarter results vs. fiscal 2021 first quarter results*

Continued to advance strategies to help members and other customers deliver higher-quality, more cost-effective healthcare

---

Total net revenue increased 5%

- Supply Chain Services segment revenue grew by 9%
  - Performance Services segment revenue decreased 5%
- 

Adjusted EBITDA grew 10% and adjusted EPS increased 12%

---

Believe we remain on track to achieve fiscal 2022 guidance and deliver long-term, sustainable growth



# Delivering Value through Technology-based Solutions and GPO and Supply Chain Offerings

## Performance Services Segment

PINC AI supporting members and customers stabilize businesses in current environment

- Ability to predict disruptions and shortages to enable better preparedness through artificial intelligence (AI) and other technology-based capabilities
- Leverages machine learning to predict and warn of at-risk, near-term labor shortages
- Provides benchmarks to identify opportunities to adjust staffing
- Consulting services help manage and implement effective labor management solutions
- Automates manual processes such as prior authorization and invoicing and payables, saving providers time and expense

## Supply Chain Services Segment

- Focused on creating more resilient healthcare supply chain
  - Co-investing alongside 11 GPO member health systems in Exela Pharma Sciences to enhance and support U.S.-based pharmaceutical supply and manufacturing
- Offers national and local contracts to help members control costs
- Co-management of health system supply chain operations

## Making a Premier Impact

2021 Sustainability Report



*“We have long understood the importance and value of environmental, social and governance (ESG) practices and incorporated them into how we conduct ourselves and our business to achieve our longer-term goals and deliver on our mission to improve the health of communities.”*

### Recently published inaugural Sustainability Report

– Highlights practices and initiatives aimed at improving healthcare, building trust, operating responsibility and positively impacting communities

### ESG oversight elevated to Board of Directors

– Delegated dedicated responsibilities to Board’s Nominating and Governance Committee

**Incorporating ESG practices into business remains a priority**



# Financial Review


/////// Craig McKasson

*Chief Administrative and  
Chief Financial Officer*



# Fiscal 2022 First Quarter Financial Highlights

*(Compared with fiscal 2021 first quarter)*



Total net revenue increased 5% to \$365.1 million;  
GAAP net income of \$121.3 million, or \$0.97 per fully diluted share

Supply Chain Services segment net revenue increased 9% to \$276.8 million;  
net administrative fees revenue increased 13%; products revenue increased 3%

Performance Services segment net revenue decreased 5% to \$88.3 million

Adjusted EBITDA\* increased 10% to \$121.7 million

Adjusted net income\* increased 13% to \$79.1 million

Adjusted earnings per share\* increased 12% to \$0.64

*\*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 September 30, 2021)



- ▶ Cash flow from operations of \$55.2 million
- ▶ Free cash flow\* of \$10.3 million
- ▶ Cash and cash equivalents of \$184.4 million
- ▶ Outstanding borrowings of \$175.0 million on \$1.0 billion, five-year unsecured, revolving credit facility; repaid \$50 million in October 2021

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

## Balanced approach to capital deployment priorities

- Reinvestment in organic growth
- Disciplined acquisitions and investments to support strategic goals
- Repurchased \$42.6 million in Class A common stock and paid quarterly dividends to stockholders totaling \$24.9 million during the first quarter of fiscal 2022

Guidance Metric	Fiscal 2022 Guidance Range <i>(as of November 2, 2021)</i>	Fiscal 2022 Guidance Range <i>(as of August 17, 2021)</i>
<b>Segment Net Revenue:</b>		
<b>Supply Chain Services</b>	<b>\$925 million to \$1.01 billion</b>	<b>\$925 million to \$1.01 billion</b>
<b>Performance Services</b>	<b>\$395 million to \$420 million</b>	<b>\$395 million to \$420 million</b>
<b>Total Net Revenue</b>	<b>\$1.32 billion to \$1.43 billion</b>	<b>\$1.32 billion to \$1.43 billion</b>
<b>Adjusted EBITDA*</b>	<b>\$483 million to \$500 million</b>	<b>\$483 million to \$500 million</b>
<b>Adjusted EPS*</b>	<b>\$2.56 to \$2.66</b>	<b>\$2.50 to \$2.60</b>
<p>Fiscal 2022 guidance assumes realization of the following assumptions and except for effective tax rate, which is updated as of November 2, 2021, all other assumptions remain unchanged from August 17, 2021.</p> <ul style="list-style-type: none"> <li>• Net administrative fees revenue of \$570 million to \$590 million</li> <li>• Direct sourcing products revenue of \$350 million to \$390 million</li> <li>• Net revenue available under contract that represents approximately 86% to 93% of the fiscal 2022 guidance range</li> <li>• Capital expenditures of \$100 million to \$110 million</li> <li>• Effective tax rate of 21% (previously: 23%)</li> <li>• Free cash flow approximating 35% to 50% of adjusted EBITDA</li> <li>• Per-share guidance does not include the impact of share repurchases under the previously authorized \$250 million stock repurchase plan made after September 30, 2021</li> <li>• Does not include the effect of any potential future significant acquisitions</li> </ul>		

*\*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 10 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

**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)

	<b>Three Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Net income</b>	\$ 121,306	\$ 157,528
Interest expense, net	2,788	2,119
Income tax expense (benefit)	19,033	(94,981)
Depreciation and amortization	20,596	17,474
Amortization of purchased intangible assets	10,889	13,204
<b>EBITDA</b>	174,612	95,344
Stock-based compensation	7,751	7,375
Acquisition & disposition related expenses	3,421	2,845
(Gain) loss on FFF put and call rights	(64,110)	1,919
Other expense, net	29	3,260
<b>Adjusted EBITDA</b>	\$ 121,703	\$ 110,743

# Fiscal 2022 and 2021 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)**

	<b>Three Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Income before income taxes</b>	\$ 140,339	\$ 62,547
Equity in net income of unconsolidated affiliates	(7,058)	(5,927)
Interest expense, net	2,788	2,119
(Gain) loss on FFF put and call rights	(64,110)	1,919
Other expense (income), net	320	(3,683)
<b>Operating income</b>	<b>72,279</b>	<b>56,975</b>
Depreciation and amortization	20,596	17,474
Amortization of purchased intangible assets	10,889	13,204
Stock-based compensation	7,751	7,375
Acquisition & disposition related expenses	3,421	2,845
Equity in net income of unconsolidated affiliates	7,058	5,927
Deferred compensation plan (expense) income	(318)	2,907
Other expense, net	27	4,036
<b>Adjusted EBITDA</b>	<b>\$ 121,703</b>	<b>\$ 110,743</b>
<b>SEGMENT ADJUSTED EBITDA</b>		
Supply Chain Services	\$ 129,269	\$ 102,649
Performance Services	23,715	37,116
Corporate	(31,281)	(29,022)
<b>Adjusted EBITDA</b>	<b>\$ 121,703</b>	<b>\$ 110,743</b>

**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)

	<b>Three Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Net income attributable to stockholders</b>	\$ 122,004	\$ 118,998
Adjustment of redeemable limited partners' capital to redemption amount	-	26,685
Net (loss) income attributable to non-controlling interest	(698)	11,845
Income tax expense (benefit)	19,033	(94,981)
Amortization of purchased intangible assets	10,889	13,204
Stock-based compensation	7,751	7,375
Acquisition & disposition related expenses	3,421	2,845
(Gain) loss on FFF put and call rights	(64,110)	1,919
Other expense, net	1,888	4,424
Adjusted income before income taxes	100,178	92,314
Income tax expense on adjusted income before income taxes	21,037	22,155
<b>Adjusted Net Income</b>	<b>\$ 79,141</b>	<b>\$ 70,159</b>

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

	<b>Three Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Net cash provided by operating activities	\$ 55,187	\$ 30,782
Purchases of property and equipment	(21,050)	(24,982)
Distributions to limited partners of Premier LP	-	(9,949)
Payments to limited partners of Premier LP related to tax receivable agreements	-	(24,218)
Early termination payments to certain former limited partners that elected to execute a Unit Exchange Agreement	(23,813)	-
<b>Free Cash Flow</b>	<b>\$ 10,324</b>	<b>\$ (28,367)</b>



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

	<b>Three Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Net income attributable to stockholders</b>	<b>\$ 122,004</b>	<b>\$ 118,998</b>
Adjustment of redeemable limited partners' capital to redemption amount	-	26,685
Net (loss) income attributable to non-controlling interest	(698)	11,845
Income tax expense (benefit)	19,033	(94,981)
Amortization of purchased intangible assets	10,889	13,204
Stock-based compensation	7,751	7,375
Acquisition & disposition related expenses	3,421	2,845
(Gain) loss on FFF put and call rights	(64,110)	1,919
Other expense, net	1,888	4,424
Adjusted income before income taxes	100,178	92,314
Income tax expense on adjusted income before income taxes	21,037	22,155
<b>Adjusted Net Income</b>	<b>\$ 79,141</b>	<b>\$ 70,159</b>

# Fiscal 2022 and 2021 Non-GAAP Reconciliations

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

	<b>Three Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Weighted average:		
Common shares used for basic and diluted earnings per share	122,945	99,575
Potentially dilutive shares	1,628	555
<b>GAAP weighted average shares outstanding - diluted</b>	<b>124,573</b>	<b>100,130</b>
Conversion of Class B common units	-	22,369
<b>Weighted average shares outstanding - diluted</b>	<b>124,573</b>	<b>122,499</b>
<b>GAAP earnings per share</b>	<b>\$ 0.99</b>	<b>\$ 1.20</b>
Adjustment of redeemable limited partners' capital to redemption amount	-	0.27
Net (loss) income attributable to non-controlling interest	(0.01)	0.12
Income tax expense (benefit)	0.15	(0.96)
Amortization of purchased intangible assets	0.09	0.13
Stock-based compensation	0.06	0.07
Acquisition & disposition related expenses	0.03	0.03
(Gain) loss on FFF put and call rights	(0.52)	0.02
Other expense, net	0.02	0.04
Impact of corporation taxes	(0.17)	(0.22)
Impact of dilutive shares	-	(0.13)
<b>Adjusted EPS</b>	<b>\$ 0.64</b>	<b>\$ 0.57</b>