



Fiscal 2022 Second Quarter Earnings Conference Call

//// February 1, 2022

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 multi-year compound annual growth targets for total net revenue, adjusted EBITDA and adjusted EPS, our continued ability to address the evolving healthcare trends in supply chain, staffing, technology-enablement and artificial intelligence, the impact of a shift to enterprise-level analytics agreements and our ability to replace converted SaaS-based revenue from existing members, the impact of our investments in adjacent markets businesses, our future organic growth and acquisition strategies, the impact of our subsidiary reorganization on our expected effective income tax rate, the payment of dividends at current levels, or at all, the timing and number of shares repurchased under our share repurchase program, 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 December 31, 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

Michael J. Alkire

*President and
Chief Executive Officer*



Financial and Operational Review

Craig McKasson

*Chief Administrative and
Chief Financial Officer*



Advancing strategy to achieve long-term growth goals

Fiscal 2Q22 performance in line with company's expectations

- Reflects focus on operational execution and growth in underlying businesses
-

Continue to generate strong free cash flow and maintain flexible balance sheet

Returning capital to stockholders through share repurchases and cash dividends

Updated fiscal 2022 guidance*

Remain committed to achieving multi-year CAGR targets, adjusted for impact of COVID-19 pandemic, of mid-to-high single digits for total net revenue, adjusted EBITDA and adjusted EPS*

*See "Fiscal 2022 Guidance" on page 8 and "Forward-looking Statements and Non-GAAP Financial Measures" on page 1 for details.

Well-Positioned for Evolving Healthcare Trends

1

Continued focus on creating more geographically diverse and transparent healthcare supply chain

2

Increased focus on better managing staff and optimizing labor productivity

3

Further technology-enablement to address manual processes and other inefficiencies

4

Artificial intelligence will continue to make major inroads in healthcare

Progress in Advancing Adjacent Markets Growth Strategies



New partnership leveraging Contigo Health's third-party administrator (TPA) services



Applied Sciences

Partnering with multiple life science organizations to help expedite time to market for important therapies




New partnership to offer additional AI-based solutions within PINC AI's broader set of capabilities



Fiscal 2Q22 Financial Highlights

(Compared with fiscal 2021 second quarter)

- 
- Total net revenue decreased 10% to \$379.2 million given the impact of the COVID-19 pandemic on a quarter over quarter basis
 - GAAP net income of \$77.2 million, or \$0.62 per fully diluted share
 - Supply Chain Services segment net revenue decreased 18% to \$271.5 million; products revenue decreased 38% given the impact of the COVID-19 pandemic; net administrative fees revenue increased 3%
 - Performance Services segment net revenue increased 15% to \$107.7 million
 - Adjusted EBITDA* increased 14% to \$142.0 million
 - Adjusted net income* increased 13% to \$90.0 million
 - Adjusted earnings per share* increased 12% to \$0.73

**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 December 31, 2021)



- ▶ Cash flow from operations of \$197.5 million
- ▶ Free cash flow* of \$107.1 million
- ▶ Cash and cash equivalents of \$86.2 million
- ▶ Outstanding borrowings of \$125.0 million on \$1.0 billion, five-year unsecured, revolving credit facility

*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 \$176.0 million in Class A common stock and paid quarterly dividends to stockholders totaling \$49.0 million during the first half of fiscal 2022
 - Board of Directors declared quarterly cash dividend of \$0.20 per share payable on March 15, 2022, to stockholders of record as of March 1, 2022

Guidance Metric	Fiscal 2022 Guidance Range <i>(as of February 1, 2022)</i>	Fiscal 2022 Guidance Range <i>(as of November 2, 2021)</i>
Segment Net Revenue:		
Supply Chain Services	\$1.0 billion to \$1.02 billion	\$925 million to \$1.01 billion
Performance Services	\$395 million to \$420 million	\$395 million to \$420 million
Total Net Revenue	\$1.40 billion to \$1.44 billion	\$1.32 billion to \$1.43 billion
Adjusted EBITDA*	\$483 million to \$500 million	\$483 million to \$500 million
Adjusted EPS*	\$2.45 to \$2.55	\$2.56 to \$2.66
<p>Fiscal 2022 guidance assumes realization of the following key assumptions:</p> <ul style="list-style-type: none"> • Net administrative fees revenue of \$580 million to \$600 million (previously: \$570 million to \$590 million) • Direct sourcing products revenue of \$370 million to \$390 million (previously: \$350 million to \$390 million) • Net revenue available under contract that represents approximately 86% to 93% of the fiscal 2022 guidance range (as provided on August 17, 2021) • Capital expenditures of \$90 million to \$95 million (previously: \$100 million to \$110 million) • Effective income tax rate in the range of 24% to 26% (previously: 21%) • 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 share repurchase program made after December 31, 2021 • 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 9 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 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)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Net income	\$ 77,232	\$ 44,904	\$ 198,538	\$ 202,432
Interest expense, net	2,873	3,398	5,661	5,517
Income tax expense (benefit)	6,367	16,657	25,400	(78,324)
Depreciation and amortization	20,870	19,093	41,466	36,567
Amortization of purchased intangible assets	10,850	10,260	21,739	23,464
EBITDA	118,192	94,312	292,804	189,656
Stock-based compensation	16,330	7,415	24,081	14,790
Acquisition & disposition related expenses	3,746	7,918	7,167	10,763
Loss (gain) on FFF put and call rights	-	14,507	(64,110)	16,426
Other expense, net	3,748	666	3,777	3,926
Adjusted EBITDA	\$ 142,016	\$ 124,818	\$ 263,719	\$ 235,561



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)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Income before income taxes	\$ 83,599	\$ 61,561	\$ 223,938	\$ 124,108
Equity in net income of unconsolidated affiliates	(6,116)	(4,572)	(13,174)	(10,499)
Interest expense, net	2,873	3,398	5,661	5,517
Loss (gain) on FFF put and call rights	-	14,507	(64,110)	16,426
Other income, net	(2,392)	(4,890)	(2,072)	(8,573)
Operating income	77,964	70,004	150,243	126,979
Depreciation and amortization	20,870	19,093	41,466	36,567
Amortization of purchased intangible assets	10,850	10,260	21,739	23,464
Stock-based compensation	16,330	7,415	24,081	14,790
Acquisition & disposition related expenses	3,746	7,918	7,167	10,763
Equity in net income of unconsolidated affiliates	6,116	4,572	13,174	10,499
Deferred compensation plan income	2,389	4,803	2,071	7,710
Other expense, net	3,751	753	3,778	4,789
Adjusted EBITDA	\$ 142,016	\$ 124,818	\$ 263,719	\$ 235,561
SEGMENT ADJUSTED EBITDA				
Supply Chain Services	\$ 134,280	\$ 118,939	\$ 263,549	\$ 221,590
Performance Services	39,010	36,609	62,725	73,724
Corporate	(31,274)	(30,730)	(62,555)	(59,753)
Adjusted EBITDA	\$ 142,016	\$ 124,818	\$ 263,719	\$ 235,561

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)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Net income attributable to stockholders	\$ 75,545	\$ 43,969	\$ 197,549	\$ 162,967
Adjustment of redeemable limited partners' capital to redemption amount	-	-	-	26,685
Net income attributable to non-controlling interest	1,687	935	989	12,780
Income tax expense (benefit)	6,367	16,657	25,400	(78,324)
Amortization of purchased intangible assets	10,850	10,260	21,739	23,464
Stock-based compensation	16,330	7,415	24,081	14,790
Acquisition & disposition related expenses	3,746	7,918	7,167	10,763
Loss (gain) on FFF put and call rights	-	14,507	(64,110)	16,426
Other expense, net	5,490	2,805	7,378	7,229
Adjusted income before income taxes	120,015	104,466	220,193	196,780
Income tax expense on adjusted income before income taxes	30,004	25,072	55,048	47,227
Adjusted Net Income	\$ 90,011	\$ 79,394	\$ 165,145	\$ 149,553

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

	Six Months Ended December 31,	
	2021	2020
Net cash provided by operating activities	\$ 197,527	\$ 116,177
Purchases of property and equipment	(42,660)	(44,864)
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	(47,741)	-
Free Cash Flow	\$ 107,126	\$ 37,146

Fiscal 2022 and 2021 Non-GAAP Reconciliations

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Net income attributable to stockholders	\$ 75,545	\$ 43,969	\$ 197,549	\$ 162,967
Adjustment of redeemable limited partners' capital to redemption amount	-	-	-	26,685
Net income attributable to non-controlling interest	1,687	935	989	12,780
Income tax expense (benefit)	6,367	16,657	25,400	(78,324)
Amortization of purchased intangible assets	10,850	10,260	21,739	23,464
Stock-based compensation	16,330	7,415	24,081	14,790
Acquisition & disposition related expenses	3,746	7,918	7,167	10,763
Loss (gain) on FFF put and call rights	-	14,507	(64,110)	16,426
Other expense, net	5,490	2,805	7,378	7,229
Adjusted income before income taxes	120,015	104,466	220,193	196,780
Income tax expense on adjusted income before income taxes	30,004	25,072	55,048	47,227
Adjusted Net Income	\$ 90,011	\$ 79,394	\$ 165,145	\$ 149,553

Fiscal 2022 and 2021 Non-GAAP Reconciliations

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Weighted average:				
Common shares used for basic and diluted earnings per share	121,181	122,127	122,063	110,851
Potentially dilutive shares	1,292	792	1,460	722
GAAP weighted average shares outstanding - diluted	122,473	122,919	123,523	111,573
Conversion of Class B common units	-	-	-	11,185
Weighted average shares outstanding - diluted	122,473	122,919	123,523	122,758
GAAP earnings per share	\$ 0.62	\$ 0.36	\$ 1.62	\$ 1.47
Adjustment of redeemable limited partners' capital to redemption amount	-	-	-	0.24
Net income attributable to non-controlling interest	0.01	0.01	0.01	0.12
Income tax expense (benefit)	0.05	0.14	0.21	(0.71)
Amortization of purchased intangible assets	0.09	0.08	0.18	0.21
Stock-based compensation	0.13	0.06	0.20	0.13
Acquisition & disposition related expenses	0.03	0.06	0.06	0.10
Loss (gain) on FFF put and call rights	-	0.12	(0.53)	0.15
Other expense, net	0.06	0.02	0.06	0.07
Impact of corporation taxes	(0.25)	(0.20)	(0.45)	(0.43)
Impact of dilutive shares	(0.01)	-	(0.02)	(0.13)
Adjusted EPS	\$ 0.73	\$ 0.65	\$ 1.34	\$ 1.22