Complementary Summary of Omnicell Q3 2012 Results: October 25, 1012

This complementary summary of Omnicell financial results includes forward-looking statements subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied. For a more detailed description of the risks that impact these forward-looking statements, please refer to the information under the heading "Risk Factors" and under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Omnicell annual report on Form 10-K filed with the SEC on March 8, 2012, as well as more recent reports filed with the SEC. Please be aware that undue reliance should not be placed on any forward-looking statements made herein.

All forward-looking statements are based on the beliefs of Omnicell as of this date only. Future events or simply the passage of time may cause these beliefs to change.

Omnicell Business Update

Q3 2012 was a record quarter for Omnicell, with record orders, record revenues and record profits. Non-GAAP earnings per share exceeded analyst consensus by seven cents. And we achieved a significant company goal by posting non-GAAP operating margins above 15% in Q3, a quarter ahead of projections. Both the Acute Care and Non-Acute Care segments of our business are contributing ahead of the expectations we shared in June following the acquisition of MTS Medication Technologies. Most importantly, our three-part growth strategy of market expansion in the U.S., focused international growth, and acquisition and partnership, is working.

Our strategy to expand our market presence in the U.S. by providing the most extensive medication and supply management solutions is being validated through continued equipment expansion and upgrades among some of our largest accounts. This past quarter we announced that Partners Health, which includes world-renowned hospitals such as Massachusetts General and Brigham and Women's, has renewed an exclusive contract with us and will be upgrading their cabinet and anesthesia solutions to our G4 platform, which we believe to be the most advanced automated dispensing technology in the market. We also announced that Erie County Medical Center, a 550-bed teaching facility for the University of Buffalo, will become our largest user of Savvy mobile medication systems. Savvy extends both physical and electronic control of medications from the automated dispensing cabinet to the bedside and is a platform to run hospital information systems. Erie County chose Omnicell because of our demonstrated commitment to constantly improving technology and our superiority to other systems. Adding Savvy builds on Erie County's already extensive commitment to Omnicell automation which includes our OmniRX G4 automated Dispensing Cabinets, Anesthesia Work Stations, and several of our advanced workflow software solutions.

Focused international expansion, both in Acute Care and Non-Acute Care, is the second part of our growth strategy. We have entered the medication adherence business in two new international markets and we are expanding our multi-medication adherence business in Australia. In the Acute Care segment, we recently won a preferred supplier status award for dispensing automation with Assistance Publique - Hopitaux de Paris, or AP-HP, a significant health care organization in France, and an affiliated Group Purchasing Organization. AP-HP is the largest university health system in Europe, with 44 hospitals. The affiliated GPO has more than 120 members serving 42,000 hospital beds in France. The preferred supplier status gives all members of AP-HP and the GPO the ability to purchase from Omnicell without going through the lengthy tender process to secure competitive bids. Finally, we continue to make progress in China and in the Middle East.

The last part of our strategy for growth is through acquisitions and partnerships. We've now completed the first full quarter following the acquisition of MTS Medication Technologies. Our sales pipeline for medication dispensing cabinets in long-term care facilities continues to grow and our multi-medication adherence packaging is gaining momentum in new markets outside the US. We're pleased that the additional profit generated by the non-acute care business is higher than the guidance we had provided in June.

We also recently announced a partnership with Cerner to bring a new model of interoperability to the industry. Using Cerner's CareAware iBus, the resulting turnkey solution for connectivity between our G4 suite of products and Cerner's Electronic Medical Record should provide our shared customers with seamless access to information previously unavailable with standard interface connections. This level of integration between our products is also expected to enable transformative workflows for hospitals, cutting down their IT department costs and time needed to implement and maintain the system. The relationship is particularly significant because it brings together two recognized leaders in healthcare: Omnicell, with our technology advances that have been recognized seven years in a row by KLAS, and Cerner, ranked 14th on Forbes Magazine's list of most innovative companies. Earlier this month, we participated in the Cerner Health Conference and have since experienced a great deal of excitement and support from existing and potential customers.

Overall, we are very excited about our momentum in the marketplace and the reception to our new products. We believe that we are on track to deliver continued improvements in healthcare economics and patient safety. Now I'll turn the call over to Rob for some of the financial highlights.

Q3 2012 Results

Omnicell had an outstanding quarter in Q3 that exceeded expectations across the board. The company's record order volume included 34% of Acute Care equipment orders coming from from new and competitive conversion customers. Of those orders, we continued to see a strong contribution from competitive conversions with more than three-fourths of those orders again being competitive conversions and the rest from new Greenfield customers who have never purchased automation before. These measures do fluctuate quarter-to-quarter, but year-to-date 32% of orders have come from new and competitive conversion customers, of which about two-thirds are competitive conversions. We are very happy with these results and believe they continue to demonstrate the competitiveness of Omnicell solutions.

Revenue for Q3 2012 was $84.3 million, up 31% from Q3 2011 and up 12% from last quarter. Q3 2012 earnings per share on a GAAP basis was $0.20. We report our results on a Non-GAAP basis also, which excludes stock compensation expense, amortization of intangible assets associated with acquisitions, and any one-time costs or benefits. All of the transaction costs associated with the acquisition of MTS Medication Technologies were recorded in Q2 2012 and were excluded from Non-GAAP earnings that we reported that quarter. For Q3 there were no one-time transaction costs recorded. We use Non-GAAP financial statements in addition to GAAP financial statements, and we feel it is useful for investors to understand acquisition related costs and non-cash stock compensation expenses that are a component of our reported results. A full reconciliation of our GAAP to non-GAAP results is included in our third quarter earnings press release and is posted at www.omnicell.com.

On a Non-GAAP basis, EPS was $0.29 in Q3 2012, up from $0.16 in Q3 2011 and up from $0.20 in Q2 of 2012. Our Non-GAAP operating margin was 17.4% in the quarter, which is a new record. Non-GAAP operating margin is up from 11.2% a year ago and 13.3% last quarter. Our expectations had been to achieve Non-GAAP operating margins close to our goal of 15% by the end of the year. We're happy to have achieved the goal early, capping a steady process of profit improvement while continuing to invest in our product line and market strategies. As a part of the profit improvements we achieved in Q3, we saw some benefits in both product cost and operating expense that we do not expect to repeat. Those benefits drove 100 basis points of favorable gross margin and 150 basis points of favorable operating expense. On a go-forward basis we expect our operating margin to hover in the mid-teens and will have some fluctuation with the product mix of our sales.

Our blended non-GAAP gross margin was 55.4% for the quarter, which is very strong considering we now have a full quarter of Non-Acute Care products that carry lower gross margins. Our Acute Care gross margins tend to be in the mid to high 50% range and our Non-Acute Care gross margins are in the low to mid 40% range.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization, which also excludes stock compensation amortization and the amortization of acquisition related costs, was $17.5 million for the third quarter of 2012, up 94% from $9.0 million a year ago.

Our Acute Care segment, which includes everything we sell to hospitals, contributed $64.4 million in revenue. Our Acute Care business contributed $0.22 of non-GAAP EPS in Q3. The Acute Care business had non-GAAP gross margin of 59.8% on products and 55.1% on service in Q3 2012, averaging 58.6% for the quarter. Acute Care gross margins are up over 200 basis points from Q2 2012 and about half of that result reflects sustained improvements. The Acute Care segment achieved 16.5% Non-GAAP operating margins in Q3 and is exceeding our expectations set earlier in the year.

Our Non-Acute Care business consists of solutions sold outside the hospital setting, including equipment and consumables that manage medication adherence packages and dispensing systems sold to institutions serving long-term care needs. Over 80% of Non-Acute Care segment revenue is comprised of consumables used by pharmacists to make blister cards that are at the center of medication control in most non-acute care facilities. The Non-Acute Care segment contributed $19.9 million of revenue to the quarter and contributed $0.07 of non-GAAP EPS.   The rate of earnings contribution is higher than original expected. Non-GAAP gross margin for Q3 Non-Acute Care business was 45.1% and our Non-GAAP operating margin was 20%.

Omnicell balance sheet metrics remain strong. Cash and cash equivalents were $55 million, up slightly from Q2 2012. During the quarter we repurchased $5.6 million of stock, which was fully offset by cash generated from the rest of our operations in Q3. Our accounts receivable Days Sales Outstanding was 58, up 6 days from last quarter. We expect our DSO to be in the range of 50 to 60 days and we view the increase as normal fluctuation. Our inventory was $26 million and our regular headcount is 1084, both relatively unchanged from Q2 2012.

Guidance

Regarding the full year of 2012, we are tightening our expected range for revenue from the $307 to $315 million previously forecasted, to a range of $310 to $312 million. This forecast is consistent with guidance that we gave at the beginning of the year for revenue growth in the range of 7-8% in the Acute Care business. Our guidance for product backlog at the end of 2012, which is the value of firm orders that have not yet completed installation, remains in the range of $138 to $142 million. Product backlog is comprised primarily of automated dispensing cabinets, central pharmacy systems, and supply management products. Non-GAAP earnings per share were expected to be between $0.75 and $0.81. Both of our segments are achieving better results than expected, so we are raising our expectations for Non-GAAP EPS to be between $0.86 and $0.88 per share.

Omnicell, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share data, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Revenues:					
Product	$ 67,446	$ 59,269	$ 49,790	$ 175,239	$ 138,583
Services and other revenues	16,885	16,115	14,649	48,619	44,021
Total revenue	84,331	75,384	64,439	223,858	182,604
Cost of revenues:					
Cost of product revenues	30,636	28,600	22,429	79,532	59,995
Cost of services and other revenues	7,608	7,408	7,562	23,114	22,704
Total cost of revenues	38,244	36,008	29,991	102,646	82,699
Gross profit	46,087	39,376	34,448	121,212	99,905
Operating expenses:					
Research and development	5,545	5,499	6,019	17,538	16,139
Selling, general, and administrative	29,316	31,446	23,635	86,382	73,713
Total operating expenses	34,861	36,945	29,654	103,920	89,852
Income from operations	11,226	2,431	4,794	17,292	10,053
Other income and (expense), net	34	(73)	(191)	57	(66)
Income before provision for income taxes	11,260	2,358	4,603	17,349	9,987
Provision for income taxes	4,340	983	1,609	6,703	3,736
Net income	$ 6,920	$ 1,375	$ 2,994	$ 10,646	$ 6,251
Net income per share:					
Basic	$ 0.21	$ 0.04	$ 0.09	$ 0.32	$ 0.19
Diluted	$ 0.20	$ 0.04	$ 0.09	$ 0.31	$ 0.18
Weighted average shares outstanding:					
Basic	33,193	33,390	33,209	33,316	33,132
Diluted	34,068	34,316	34,219	34,241	34,100

Omnicell, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

	September 30, 2012 (unaudited)	December 31, 2011 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 54,818	$ 191,762
Short-term investments	—	8,107
Accounts receivable, net	53,109	38,661
Inventories	26,400	18,107
Prepaid expenses	13,948	10,495
Deferred tax assets	11,197	10,352
Other current assets	7,046	6,107
Total current assets	166,518	283,591
Property and equipment, net	32,185	17,306
Non-current net investment in sales-type leases	10,628	8,785
Goodwill	112,683	28,543
Other intangible assets	86,234	4,231
Non-current deferred tax assets	—	11,677
Other assets	13,754	9,716
Total assets	$ 422,002	$ 363,849
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 18,635	$ 11,000
Accrued compensation	8,130	7,328
Accrued liabilities	12,206	8,901
Deferred service revenue	19,994	19,191
Deferred gross profit	19,587	14,210
Total current liabilities	78,552	60,630
Non-current deferred service revenue	19,649	18,966
Non-current deferred tax liabilities	21,575	—
Other long-term liabilities	5,713	1,339
Total liabilities	125,489	80,935
Stockholders' equity:		
Total stockholders' equity	296,513	282,914
Total liabilities and stockholders' equity	$ 422,002	$ 363,849

(1) Information derived from our December 31, 2011 audited Consolidated Financial Statements.

Omnicell, Inc.
Reconciliation of GAAP to Non-GAAP
(In thousands, except per share data, unaudited)

	Three Months Ended					
	September 30, 2012		June 30, 2012		September 30, 2011	
	Net income	Net income per share-diluted	Net income	Net income per share-diluted	Net income	Net income per share-diluted
GAAP	$ 6,920	$ 0.20	$ 1,375	$ 0.04	$ 2,994	$ 0.09
Non-GAAP adjustments:						
Business acquisition costs						
Transaction and integration costs for acquisitions (a)	—		4,855		—	
Amortization of intangible assets acquired by acquisition (b)	1,057		558		—	
Subtotal pretax adjustments	1,057		5,413		—	
Income tax effect of non-GAAP adjustments (c)	(407)		(2,256)		—	
Subtotal after-tax adjustments	650		3,157		—	
ASC 718 share-based compensation adjustment (d)						
Gross profit	275		233		358	
Operating expenses	2,086		1,980		2,053	
Total after-tax adjustments	3,011	0.09	5,370	0.16	2,411	0.07
Non-GAAP	$ 9,931	$ 0.29	$ 6,745	$ 0.20	$ 5,405	$ 0.16

(a) This adjustment is for the incurrence of transaction and integration costs related to our acquisition of MTS in May 2012.

(b) Beginning with the second quarter of 2012, we are recognizing the amortization expense resulting from all intangible assets recorded from business acquisitions as a non-GAAP adjustment, including MTS and prior acquisitions.

(c) Tax effects are calculated using the effective tax rates for the respective periods presented.

(d) This adjustment reflects the accounting impact of non-cash stock-based compensation expense related to the impact of ASC 718 for the periods shown.

Omnicell, Inc.
Reconciliation of GAAP to Non-GAAP
(In thousands, except per share data, unaudited)

	Nine Months Ended			
	September 30, 2012		September 30, 2011	
	Net income	Net income per share-diluted	Net income	Net income per share-diluted
GAAP	$ 10,646	$ 0.31	$ 6,251	$ 0.18
Non-GAAP adjustments:				
Business acquisition costs				
Transaction and integration costs for acquisitions (a)	4,855			
Amortization of intangible assets acquired by acquisition (b)	1,615			
Litigation settlement (c)	—		1,000	
Subtotal pretax adjustments	6,470		1,000	
Income tax effect of non-GAAP adjustments (d)	(2,663)		(380)	
Subtotal after-tax adjustments	3,807		620	
ASC 718 share-based compensation adjustment (e)				
Gross profit	776		1,108	
Operating expenses	6,005		6,146	
Total after tax adjustments	10,588	0.31	7,874	0.23
Non-GAAP	$ 21,234	$ 0.62	$ 14,125	$ 0.41

(a) This adjustment is for the incurrence of transaction and integration costs related to our acquisition of MTS in May 2012.

(b) Beginning with the second quarter of 2012, we are recognizing the amortization expense resulting from all intangible assets recorded from business acquisitions as a non-GAAP adjustment, including MTS and prior acquisitions.

(c) This adjustment is for the accrual of a $1.0 million pre-tax settlement in operating expenses ($0.6 million, net of tax effect of $0.4 million) in the first quarter of 2011.

(d) Tax effects are calculated using the effective tax rates for the respective periods presented.

(e) This adjustment reflects the accounting impact of non-cash stock-based compensation expense related to the impact of ASC 718 for the periods shown.

Omnicell, Inc.
Calculation of Adjusted EBITDA (1)
(In thousands, unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
GAAP net income	$ 6,920	$ 1,375	$ 2,994	$ 10,646	$ 6,251
Add back:					
ASC 718 stock compensation expense	2,361	2,213	2,411	6,781	7,254
Transaction and integration costs for acquisitions, pre-tax	—	4,855	—	4,855	—
Litigation settlement, pre-tax	—	—	—	—	1,000
Interest	9	(24)	(34)	(46)	(184)
Depreciation and amortization expense	3,913	2,998	2,027	9,246	5,821
Income tax expense	4,340	983	1,609	6,703	3,736
Non-GAAP adjusted EBITDA (1)	$ 17,543	$ 12,400	$ 9,007	$ 38,185	$ 23,878

(1) Defined as earnings before interest income and expense, taxes, depreciation and amortization, and non-cash expenses, including stock compensation expense, per ASC 718, as well excluding certain non-GAAP adjustments. The non-GAAP adjustments for the three months ended June 30, 2012 and the nine months ended September 30, 2012 also exclude transaction and integration costs for MTS, acquired in May 2012. The non-GAAP adjustments for the three months ended June 30, 2012 and the nine months ended September 30, 2012 also exclude transaction and integration costs for MTS, acquired in May 2012. The non-GAAP adjustments for the nine months ended September 30, 2011 also exclude first quarter 2011 expense for a pre-tax litigation settlement.