Complementary Summary of Omnicell Q2 2013 Results: August 1, 2013

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 11, 2013, 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

Omnicell second quarter results can be found in the earnings press release posted in the "Investor Relations" section of www.omnicell.com.

Q2 was a great quarter for Omnicell. The company had record revenues that are growing faster than the industry, earnings higher than expectations, and continued momentum with new customers that keep us right on plan. Topping all this off, we were recognized as the best overall pharmacy automation vendor by KLAS.

Our three-leg strategy continues to drive our success. Those strategies are market expansion through the delivery of differentiated, innovative solutions, expansion into new markets primarily outside the US, and expansion through strategic partnerships and acquisition of new technologies. We continue to make investments in all three of these areas, and we believe these investments are paying off by distinguishing Omnicell with our customers.

Our first leg of delivering differentiated, innovative solutions is bringing us into great new opportunities such as medication adherence solutions. International adoption of multi-med adherence packages, which is more advanced than in the US, continues to grow by double digits and we now count the top three retail pharmacy chains in the UK as customers. In addition, we are beginning to see early adoption of multi-med adherence solutions in the US in both retail and in assisted living facilities. While our second leg of expanding into new markets is still primarily focused on International, we are also seeing increasing demand for our automated dispensing solutions in the non acute care setting. In the acquisition and partnership leg of our strategy, development with the Cerner iBus continues, and we signed an expanded agreement with Codonics to resell an important specialized barcode safety solution for the operating room that anesthesiologists utilize to help assure they have the right medication.

In the acute care market, we announced some exciting new accounts including Baptist Memorial Healthcare of Memphis and ProHealth Care, both competitive conversions. Baptist Memorial Healthcare of Memphis is a 14-hospital network with over 2300 beds in and around Memphis, Tennessee. Baptist currently utilizes products from two of our competitors to run both centralized and decentralized medication distribution processes. They chose Omnicell because of our flexibility in supporting both medication distribution models and our interoperability with their Epic electronic healthcare record system. They are implementing our OmniRX automated dispensing systems, our controlled substance management system, our anesthesia workstations for the operating room, and our Pandora analytics solution.

ProHealth Care is a regional integrated health network with more than 30 sites across Southeast Wisconsin, which is anchored by two acute care hospitals with 400 beds. The health network offers a full range of services including home and hospice care, rehabilitation care, primary care and specialty care. ProHealth chose to replace their existing systems because of the Omnicell G4 Unity platform’s ease of use, low cost of ownership and capabilities across the continuum of care. They were impressed with the greater control of medication distribution that the G4 platform gives clinicians, which is particularly important in facilities without an on-site pharmacy, such as their inpatient hospice. ProHealth is implementing a wide selection of Omnicell solutions.

At the heart of all these new customer decisions is our OmniRx Automated Medication Control solution, which we are proud to say has just won the top award from the prestigious third party rating firm KLAS for the eighth consecutive year. Omnicell also won top honors for our Central Pharmacy Carousel, our unit dose packager and for our controlled substance management system. Capping it all off, this year KLAS added recognition for the top vendors in broad categories. Omnicell won the honor of top Overall Pharmacy Automation Equipment Vendor, which encompasses not just automated dispensing, but a wide range of equipment and software solutions used by hospital pharmacists.

We continue to innovate on our G4 Unity platform, which now includes Omnicell Cloud Connect, software that allows health systems to connect Omnicell automated dispensing solutions located at remote locations to the Omnicenter server through the cloud. The solution makes it easier to deploy into non-acute care facilities. We also have enhanced our award winning Controlled Substance Management system to handle a wider variety of healthcare settings. Since we announced and began installing the G4 platform two years ago, over 1000 healthcare facilities have ordered the system including both our current customers upgrading their equipment and hundreds of competitive conversion and greenfield new customers.

All of this continues to generate good business results. A great measure is EBITDA, which is up 36% from 2012.

Omnicell's customers are going through unprecedented change, and we coordinate many forums to assure we are aligned with their concerns and priorities. Our solutions help to improve clinical outcomes, maintain regulatory compliance, and save money, all critical measures for our customers as healthcare reform continues the planned adoption cycle. With the benefits our systems provide, we believe we are well positioned for continued success.

Q2 Results

We are very happy with our results in Q2, and we are well on track to our annual guidance. Revenues of $93.7 million were up 24% from Q2 2012 primarily due to the acquisition of MTS. Omnicell branded products, or the products we sold prior to the acquisition of MTS, grew 11% YTY. Sequentially, total revenue was up 8% from Q1 2013.

30% of our automated dispensing system orders were from new and competitive conversion customers in Q2, with the bulk of that coming from Competitive Conversions and a small amount this quarter from Greenfield customers who had never purchased automation before.

Rounding out the highlights of the quarter our Q2 non-GAAP EPS exceeded analyst expectations by $0.02 and cash grew $17 million during the quarter to $87 million, one of our largest single quarter increases.

GAAP earnings per share were $0.17, significantly up from $0.04 in Q2 2012 when we posted several one-time expenses associated with the acquisition of MTS. Our Q2 results this year contain no unusual charges or benefits.

In addition to GAAP financial results, we report our results on a Non-GAAP basis which excludes stock compensation expense, amortization of intangible assets associated with acquisitions, and any one-time costs or benefits. We use Non-GAAP financial statements in addition to GAAP financial statements, because we believe it is useful for investors to understand acquisition related costs and non-cash stock compensation expenses that are a component of our reported results and the results from on-going operations excluding one-time events. A full reconciliation of our GAAP to non-GAAP results is included in our second quarter earnings press release and is posted on our web site.

On a Non-GAAP basis, earnings per share was $0.27 in Q2, up 35% from $0.20 in Q2 2012 and $0.02 over analyst expectations. Non-GAAP EPS was up sequentially 29% from $0.21 in Q1 2013. Non-GAAP operating margins were 14%, consistent with our expectations.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization, which also excludes stock compensation amortization and the amortization of acquisition related costs, was $16.9 million for the second quarter of 2013, up 36% from Q2 last year and up 39% from Q1 2013.

Our Acute Care segment, which includes everything we sell to hospitals, contributed $68.1 million in revenue and $9.6 million of non-GAAP operating income in Q2 2013, or roughly 75% of the total non-GAAP operating income of the company. Operating margin in the Acute Care segment was 14.1%

Our Non-Acute Care business consists of solutions sold outside the hospital setting, including equipment and consumables that manage medications through adherence packages and dispensing systems sold to institutions serving long term care needs. About 80% of the Non-Acute 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 segment contributed $25.6 million of revenue to the quarter and $3.5 million of non-GAAP operating income, or 25% of the total non-GAAP operating income of the company. Operating margin in the Non-Acute Care segment was 13.6%. We continue to refine these segments and you will notice in our financial statements that we made an YTD adjustment to allocate approximately $0.7M of costs and expenses from Acute to Non-Acute.

We had outstanding balance sheet performance this quarter. Cash was $87 million, up $17 million from Q1 2013 driven by strong profitability, collections, and the exercise of employee stock options. Accounts Receivable days sales outstanding were 63, down from 69 days last quarter. Inventories were $26 million and headcount was 1093, both roughly flat with last quarter.

Looking forward, we believe we are right on track to the growth guidance we gave in January and the increased EPS guidance we gave last quarter. We expect revenue to be between $370 and $380 million, an increase of 18-21%. We expect revenue growth for the Acute Care segment, which is all organic, to be up 10-12% from 2012 to 2013. Revenue for the Non-Acute segment is expected to be up 60-70%, primarily reflecting the full year of the MTS product line. We expect non-GAAP earnings to be $0.99 to $1.07 per share, up 14-22% year to year. EPS estimates assume an annual tax rate of 37% on GAAP earnings. We expect steady revenue and earnings growth through the year and to finish with an average annual non-GAAP operating income in the 14-16% range. We expect 2013 year-end product backlog to be between $160 and $165 million and product bookings to be between $305 and $315 million. This guidance is consistent with our expectations that we continue to grow faster than the industry and is the same as we provided previously.

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

	Three Months Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Revenues:					
Product	$ 75,581	$ 69,236	$ 59,269	$ 144,817	$ 107,793
Services and other revenues	18,105	17,874	16,115	35,979	31,734
Total revenue	93,686	87,110	75,384	180,796	139,527
Cost of revenues:					
Cost of product revenues	36,286	33,547	28,600	69,833	48,896
Cost of services and other revenues	8,032	8,196	7,408	16,228	15,506
Total cost of revenues	44,318	41,743	36,008	86,061	64,402
Gross profit	49,368	45,367	39,376	94,735	75,125
Operating expenses:					
Research and development	7,150	7,954	5,499	15,104	11,993
Selling, general, and administrative	32,859	33,244	31,446	66,104	57,066
Total operating expenses	40,009	41,198	36,945	81,208	69,059
Income from operations	9,359	4,169	2,431	13,527	6,066
Other income and (expense), net	63	(223)	(73)	(159)	23
Income before provision for income taxes	9,422	3,946	2,358	13,368	6,089
Provision for income taxes	3,406	561	983	3,967	2,363
Net income	$ 6,016	$ 3,385	$ 1,375	$ 9,401	$ 3,726
Net income per share:					
Basic	$ 0.17	$ 0.10	$ 0.04	$ 0.28	$ 0.11
Diluted	$ 0.17	$ 0.10	$ 0.04	$ 0.27	$ 0.11
Weighted average shares outstanding:					
Basic	34,450	33,900	33,390	34,177	33,377
Diluted	35,374	34,820	34,316	35,099	34,329

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

	June 30, 2013 (unaudited)	December 31, 2012 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 87,334	$ 62,313
Short-term investments	—	—
Accounts receivable, net	63,840	55,116
Inventories	26,360	26,903
Prepaid expenses	15,928	15,392
Deferred tax assets	11,860	11,860
Other current assets	7,899	9,172
Total current assets	213,221	180,756
Property and equipment, net	34,114	34,107
Non-current net investment in sales-type leases	13,222	13,228
Goodwill	111,343	111,407
Other intangible assets	83,468	85,550
Non-current deferred tax assets	985	993
Other assets	15,775	15,778
Total assets	$ 472,128	$ 441,819
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 17,459	$ 18,255
Accrued compensation	11,239	11,613
Accrued liabilities	14,053	11,988
Deferred service revenue	20,434	20,449
Deferred gross profit	25,350	20,772
Total current liabilities	88,535	83,077
Non-current deferred service revenue	18,598	19,892
Non-current deferred tax liabilities	26,225	26,491
Other long-term liabilities	5,039	4,809
Total liabilities	138,397	134,269
Stockholders' equity:		
Total stockholders' equity	333,731	307,550
Total liabilities and stockholders' equity	$ 472,128	$ 441,819

(1) Information derived from our December 31, 2012 audited Consolidated Financial Statements.

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

	Three months ended					
	June 30, 2013		March 31, 2013		June 30, 2012	
	Net income	Net income per share-diluted	Net income	Net income per share-diluted	Net income	Net income per share-diluted
GAAP	$ 6,016	$ 0.17	$ 3,385	$ 0.10	$ 1,375	$ 0.04
Non-GAAP adjustments:						
Business acquisition costs						
Reorganization costs (a)	—		732		—	
Transaction and integration costs for acquisitions (b)	—		—		4,855	
Amortization of intangible assets acquired by acquisition (c)	1,060		1,060		558	
Subtotal pretax adjustments	1,060		1,792		5,413	
Income tax effect of non-GAAP adjustments (d)	(382)		(716)		(2,256)	
Subtotal after-tax adjustments	678		1,076		3,157	
ASC 718 share-based compensation adjustment (e)						
Gross profit	325		305		233	
Operating expenses	2,362		2,621		1,980	
Total after-tax adjustments	3,365	0.10	4,002	0.11	5,370	0.16
Non-GAAP	$ 9,381	$ 0.27	$ 7,387	$ 0.21	$ 6,745	$ 0.20

(a) This adjustment is for reorganization costs related to our Non-Acute Care segment for the three months ended March 31, 2013.

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

(c) 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.

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

	Six months ended			
	June 30, 2013		June 30, 2012	
	Net income	Net income per share-diluted	Net income	Net income per share-diluted
GAAP	$ 9,401	$ 0.27	$ 3,726	$ 0.11
Non-GAAP adjustments:				
Business acquisition costs				
Reorganization costs (a)	732		—	
Transaction and integration costs for acquisitions (b)	—		4,855	
Amortization of intangible assets acquired by acquisition (c)	2,120		558	
Subtotal pretax adjustments	2,852		5,413	
Income tax effect of non-GAAP adjustments (d)	(1,099)		(2,256)	
Subtotal after-tax adjustments	1,753		3,157	
ASC 718 share-based compensation adjustment (e)				
Gross profit	629		501	
Operating expenses	4,984		3,919	
Total after tax adjustments	7,366	0.21	7,577	0.22
Non-GAAP	$ 16,767	$ 0.48	$ 11,303	$ 0.33

(a) This adjustment is for reorganization costs related to our Non-Acute Care segment for the six months ended June 30, 2013.

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

(c) 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.

(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			Six months ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
GAAP net income	$ 6,016	$ 3,385	$ 1,375	$ 9,401	$ 3,726
Add back:					
ASC 718 stock compensation expense	2,687	2,926	2,213	5,613	4,420
Reorganization costs		732		732	
Transaction and integration costs for acquisitions, pre-tax	—	—	4,855	—	4,885
Interest	(7)	106	(24)	99	(55)
Depreciation and amortization expense	4,773	4,471	2,998	9,244	5,333
Income tax expense	3,406	561	983	3,967	2,363
Non-GAAP adjusted EBITDA (1)	$ 16,875	$ 12,181	$ 12,400	$ 29,056	$ 20,672

(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 quarter ended March 31, 2013 and six months ended June 30, 2013 exclude transaction and integration costs for MTS, acquired in May 2012. The non-GAAP adjustments for the three and six months ended June 30, 2012 also exclude transaction and integration costs for MTS, acquired in May 2012.