Complementary Summary of Q3 2016 Financial Results

This complementary summary of 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 in our press release today, in the Omnicell annual report on Form 10-K filed with the SEC on February 26, 2016, and in other more recent reports filed with the SEC. Please be aware that you should not place undue reliance on any forward-looking statements made today.

We will first cover an update on our business, and then cover our results for the third quarter of 2016. Our third quarter financial results are included in our earnings announcement which was released earlier today and is posted in the "Investor Relations" section of our website at omnicell.com.

We are pleased to review our third quarter results. We are very proud of our performance, which continues our consistent track record over the past several years.

We have reported record quarterly non-GAAP revenue of $179 million for the third quarter of 2016, representing 2% sequential and a 43% year over year growth. Our topline results are in the middle of the revenue guidance that we provided for the quarter. Together with good gross margin, operating expense, and integration execution this revenue strength resulted in non-GAAP EPS of $0.40 for the quarter.

Bookings momentum from New and Competitive conversions continues to be strong, driven by our award-winning differentiated products. As mentioned on our prior earnings calls with the acquisition of Aesynt, Omnicell has gained an additional 10% of the Automation and Analytics market. On a combined basis, New and Competitive conversions accounted for approximately 34% of year to date quarter Automation and Analytics bookings. We believe that the year-to-date new account strength and our strong combined installed customer base gives us a robust platform for future growth driven by expansion, replacement, and upgrade sales as well as cross selling opportunities across our product portfolio.

Our integration of Aesynt has been progressing very well. In the second quarter we integrated the Sales and Field teams in North America to provide one face and contact to the customer and later in that quarter we realigned other functions. As part of this integration we had a modest reduction in headcount in early April. We have now moved our integration efforts to focus on process integration, as well as the development of a combined product roadmap. We are confident that the combined product development teams will continue to bring industry-leading and award-winning products to market to best serve our customers.

In the last number of years we have successfully grown the business by implementing three scalable growth strategies:

1) Growth through Differentiated Products
2) Growth in New Markets
3) Growth via Acquisitions

In the third quarter we continued to experience great wins and added notable customers to our Omnicell family under our first strategic pillar of differentiated products. With several large competitive conversions we estimate that we have gained further market share in the first nine months of 2016, a continuation of the market share gain trend and momentum as we have experienced for many years. This quarter we had some great wins with prominent new customers, as well as significant deals with existing customers including Wellforce and University of Florida Health Shands Hospital.

Wellforce, a new health system in Massachusetts which was founded by Tufts Medical Center and includes Lowell General Hospital, has selected Omnicell's medication management and analytics solutions to ensure medication security and safety at its hospitals. Both facilities will be replacing and updating their medication distribution systems on the hospital floors. Wellforce also purchased Omnicell Analytics to help proactively identify and prevent drug diversion.

Wellforce continues our success with leading academic medical centers. Earlier this year, as highlighted in yesterday's press release, we announced partnerships with both Dartmouth-Hitchcock and Stanford Health Care to enhance clinical staff workflows and foster improved patient care. During Q3, long-time customer Shands Hospital substantially added to their portfolio of Omnicell products for both their main campus in Gainesville, Florida and new Health Heart & Vascular Hospital, currently under construction. With approximately 1,000 beds in their main campus and 216 rooms in the new facility, the UF Health Shands Hospital chose Omnicell for our broad range of products that can best meet the needs of their growing health system.

Our second strategic pillar of expanding into new markets also fueled growth in the last several years and we believe sets us up well for the coming years.

Internationally, we had our first installation of a Robotic Dispensing System in Australia. Wattle Park, a community pharmacy near Melbourne, is automating their facility to allow pharmacists to spend more time with customers, provide better stock control, and improve efficiency. The installation demonstrates our commitment to expansion into new geographies as well as expansion into the retail pharmacy market space.

Our third strategic pillar, of expanding our presence and relevance through acquisitions, has also delivered great results with the acquisition of the Aesynt business that was announced in 2015 and closed in the first week of January this year. One of the areas where Aesynt allows us to expand our business is in the automation of fluid medication management. The IV Solutions product line, which includes both automated and semi-automated solutions, is the market-leading solution to automate both sterile IV and oncology medication preparations. The solutions provide customers cost reduction, higher quality IV preparations, and improved safety for clinicians working with cytotoxic drugs.

Also over the next few weeks, we will be introducing our new corporate brand theme – "Inspired by Care." We view this as the foundation for our company and our vision to improve healthcare for everyone. It is what inspired Randall in the earliest days to create a better way to support nurses. Today, we now offer a wide range of solutions to ensure patients are safely and accurately receiving the medications and medical supplies needed for treatment across all care settings. At Omnicell, every employee is inspired by our customers and their commitment to care. This inspiration flows through the solutions we develop, build, and support, all in the name of keeping caregivers focused on what's most important – the best outcomes for patients.

Every day we are focused on and dedicated to our mission to change the practice of healthcare with solutions that improve patient and provider outcomes. We know our health system partners are challenged by a dynamic and complex environment, impacted by consolidation, shifts toward value-based care, and escalating regulatory requirements. The data generated by our solutions often serve as a key for customers pursuing transformative change. To further unlock this potential, I am pleased to announce the launch of Omnicell's Performance Center.

The Performance Center represents a paradigm shift in our approach to customer engagement. This new, real-time services offering will help our customers optimize their pharmacy operations not only from using advanced technology, but also from surrounding themselves with a team of Omnicell experts who will work with them to constantly monitor their operations and recommend improvements. We believe the Performance Center provides a unique approach that will deliver tremendous value to our customers. Our long-term vision for the Performance Center is to be continuously engaged in our customers' success by advancing more efficient operations, helping them meet regulatory compliance, and ultimately improving patient outcomes. Our newly launched Performance Center has already helped initial customers adopting this approach to save over $6.2 million just this year. More Performance Center product launch details will be made available in the coming weeks.

This new offering and our third quarter results again demonstrate the strength of the broadened product portfolio that bolsters our role as a strategic partner to health systems all around the world.

Financial Performance

We will now review a summary of our third quarter financial results and our guidance for the full year.

Our third quarter 2016 GAAP revenue of $177 million was up 41% from the same quarter last year and up 2% sequentially.

The strength in revenue was driven by both expansion and upgrades at existing customers, as well as by new and competitive conversion customers. We continue to see particular strength of the combined product portfolio to enable strategic, tailored and scalable solutions for customers.

Earnings per share in accordance with GAAP were $0.05, which is down from $0.22 of earnings per share in the third quarter of 2015. GAAP Gross margin was at 46% for the quarter.

In addition to GAAP financial results, we report our results on a non-GAAP basis which excludes stock compensation expense and amortization of intangible assets associated with acquisitions. It also includes one-time acquisition-related expenses, and the acquisition accounting impacts related to deferred revenue and inventory fair value adjustments. We use Non-GAAP financial statements in addition to GAAP financial statements because we believe it is useful for investors to understand acquisition amortization related costs and non-cash stock compensation expenses that are a component of our reported results, as well as one-time events such as the gain on the Avantec investment in 2015 and one-time acquisition-related expenses. A full reconciliation of our GAAP to non-GAAP results is included in our third quarter earnings press release and is posted on our website.

Our third quarter 2016 non-GAAP revenues of $179 million were up 43% from the same quarter last year and up 2% sequentially.

On a Non-GAAP basis, earnings per share were $0.40 in the third quarter of 2016, up $0.04 or up 12% from the same quarter last year, and up $0.02 sequentially.

Non-GAAP gross margin was 50.7% in the third quarter, up 80 basis points from the second quarter this year. Non-GAAP Adjusted EBITDA was $27.5 million for the third quarter of 2016, up 15% from $23.8 million a year ago, and up 5% sequentially.

Our business is also reported in segments, consisting of Automation and Analytics and Medication Adherence. Automation and Analytics consists of our OmniRx automated dispensing cabinets, Anesthesia Workstations, Central Pharmacy, Omnicell Supply, Omnicell Analytics and MACH4 robotic dispensing systems. Our acquisitions of Avantec, MACH4, and Aesynt are also included in this segment. The Medication Adherence segment consists of all adherence package consumables, which are now branded SureMed, and equipment used by pharmacists to create adherence packages. Our acquisitions of MTS Medication Technologies and Surgichem Ltd are included in the Medication Adherence segment. As a reminder, we now report certain corporate expenses that cannot be easily applied to either segment separately.

On a segment basis, our Automation and Analytics segment contributed $152 million in GAAP revenue in the third quarter of 2016, up from $103 million in the third quarter of 2015, or an increase of 48% driven by the acquisition of Aesynt and organic growth. $25.5 million of GAAP operating income this quarter compares to $26.7 million for the same quarter last year. $38.8 million of non-GAAP operating income in the third quarter of 2016 compares to $29.1 million last year.

The Medication Adherence segment contributed $24.3 million of GAAP revenue to the quarter, compared to $22.3 million in the third quarter of 2015. The weakening of the Great Britain Pound resulted in a $0.4 million foreign exchange headwind on revenue compared to the second quarter of this year. Most of this impact fell through to margin as COGS is mostly US Dollar based. GAAP operating income for Medication Adherence of $0.8 million compares to $0.3 million a year ago. Non-GAAP operating income was $2.3 million in the third quarter compared to $1.7 million of Non-GAAP operating income in the third quarter a year ago.

Non-GAAP Common expenses were $18.6 million compared to $11.1 million in the third quarter of 2015. The increase is mostly driven by the Aesynt acquisition.

Non-GAAP operating margin was 12.5% for the third quarter and year-to-date Non-GAAP Operating Margin is ahead of Plan driven by the strength in revenue and cost under-runs.

In the third quarter of 2016 our cash balance increased from $41 million to $47 million, primarily driven by cash flow from operations. Year-to-date cash flow from operations is $24 million. Our strong cash flow in the first quarter enabled us to repay $20 million of the outstanding balance on our credit revolver in March. In addition, we have repaid $5 million of principal on our term loan since the inception of the loan. As of September 30, 2016 we had $230 million of outstanding debt and our loan leverage measured as outstanding total loan balance over the last 12 months of EBITDA was slightly below 2.0.

Accounts receivable days sales outstanding for the combined business were 91, up 6 days from the second quarter. The increase in DSO was entirely billing timing driven as we exceeded cash collection goals. Compared to the second quarter we had an additional $20 million in invoicing related to shipments of equipment. Our customer agreements specify that for equipment sales the company invoices 100% of the contract value at shipment date. We review the collectability of our receivables regularly and we do not believe the fluctuations in DSO are indicative of a change in our rate of bad debt.

Inventories at September 30 were $74 million and flat from last quarter. Our headcount was 2,246, also flat from last quarter.

Revenue and Profit Guidance

We are reconfirming our 2016 total year Bookings guidance. For 2016 we expect Product Bookings to be between $540 and $560 million.

It's important to note that from time to time installation completion timing on specifically bigger projects can impact revenue and earnings in a given quarter, but we don't expect such quarterly fluctuations to impact the growth rate measured over multiple rolling quarters.

We now expect 2016 Non-GAAP Revenue to be between of $700 to $710 million depending mostly upon the timing of installation completion sign off. We expect 2016 Non-GAAP earnings to be in the middle of the range that we previously guided to of $1.50 to $1.60 per share. We are assuming an annual average effective tax rate of 38% on GAAP earnings on a combined basis. This assumption includes the benefit of the R&D tax credit impact as it has been permanently approved by the government.

We consider 2016 to be a transitional and transformative year as we integrate Aesynt and gain momentum from our expanded product portfolio, and develop an integrated product roadmap.

When comparing 2016 to 2015 it is important to note a couple of items that are new for 2016:

1) For 2016 our non-GAAP expected results include approximately $10 million of integration expenses that we do not adjust for based on our non-GAAP Policy. These integration costs directly impacting non-GAAP Operating margins and non-GAAP EPS mostly consist of:
    a. retention cost,
    b. integration-related IT expenses,
    c. cost related to the implementation of Sarbanes Oxley controls,
    d. cost related to tax restructuring,
    e. cost related to accelerated product development integration cost, and
    f. cost related to integration team and project cost
2) We are expecting modest first-year cost synergies in 2016 between $5 and $10 million. As we have demonstrated in the past we have confidence in our ability to achieve our 15% Non-GAAP Operating Margin target over time, and after integrating the acquired business and getting full benefit of the scale of the combined business. With the Sales and Field related re-org that we executed in early April, as well as other cost actions we

are on track for the first-year cost synergies between $5 million and $10 million and are tracking more towards the upper end of this cost synergies range.

3) Lastly, for 2016 we expect interest expense related to the Senior Secured Credit Facility used to finance the Aesynt acquisition to be around $6 million. Compared to 2015 this is a headwind to Non-GAAP EPS of around $0.10.