Complementary Summary of Omnicell Q4 2013 Results: February 4, 2014

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

We are very proud of our performance in the fourth quarter, in all of 2013, and over the past four years. Exceeding our guidance, Omnicell recorded record revenues in Q4. We also recorded record orders, culminating in full year bookings performance of $328 million, $13 million over the upper end of our guidance. Our full year 2013 was also a record in both revenues and earnings. But we think the most compelling statistics are the ones that measure our performance over time. In the past four years we have increased revenue over 75% and more than tripled our non-GAAP net profit. We have expanded our market share and taken new thought leader customers every quarter for nine consecutive years. We have changed our revenue mix from 15% recurring to 45% recurring. We've broadened our product line, expanded into new markets, and moved with our customers to address medication management across the continuum of care.

We want to assure you, while we are proud of what we've accomplished, we are not standing still. We believe Omnicell has more expansion opportunities now than we have ever had before and that we are positioned well to take advantage of them.

Of our three growth strategies, our first strategy of differentiated products continues to attract new customers who adopt our award winning G4 platform. Customers such as Mobile Infirmary, a 689 bed hospital system in Mobile Alabama, have adopted our G4 medication dispensing systems, anesthesia workstations, and central pharmacy automation. Mobile Infirmary selected Omnicell to replace two competing systems and standardize their medication management approach across the entire enterprise with a goal of improving nursing efficiency and patient care. Every year we win new academic medical centers, government installations, and smaller community hospitals. We've announced new advanced interoperability, such as the ability to operate an automated dispensing system from Cerner PowerChart, and interoperability between our non acute medication packaging systems and leading non-acute pharmacy information systems such as SoftWriters. And we continue to bring new differentiated products to the market, such as our expanded Pandora Analytics product line that now aggregates information from not only medication dispensing systems, but also supply systems, operating room systems, and central pharmacy systems. In addition, our systems are now stage 2 meaningful use certified.

Our second strategy of expanding into new markets also fueled growth, particularly in 2013. Examples include our expanding business of placing automated dispensing systems into non-acute care settings and our continued international expansion. In addition, our Multi-Med medication adherence solutions continue to do well in Europe with over 500,000 patients receiving their prescriptions through our medication adherence solutions every week. And part of our record revenue performance in Q4 was driven by the recording of revenue from the Sidra Medical Center in Qatar, an order we took in late 2012.

Our third strategy, of expanding our presence and relevance through acquisition, has also delivered results. Augmenting our non-acute care medication adherence solutions, in Q4 we announced an agreement to purchase Surgichem Limited from Bupa Home Care in the United Kingdom. Surgichem provides medication adherence solutions popular with community pharmacies, which is an excellent complement to our existing business in the UK that has predominately served larger chain pharmacies. The acquisition is going through regulatory review now in the UK. Pending regulatory approval, the acquisition is expected to be immediately accretive.

We believe our hard work over the years and the execution of our three leg strategy laid the foundation for our successes last year, and sets us up for continued future growth. In today's changing and tumultuous healthcare environment, we remain focused on our mission to change the practice of healthcare with solutions that improve patient and provider outcomes. Our solutions provide clinicians greater assurance that medications and supplies are administered correctly, are not misused, and are handled in a cost effective manner. We now count over 6000 customers using one or more of our solutions. Every day our products serve the caregivers of thousands of patients around the globe, saving money, and improving patient safety. We will never stop in our pursuit of a better outcome in healthcare. It is what drives us to continue to deliver differentiated products, drives us into new markets where our solutions make a difference, and drives us to use our cash flows to expand our product lines to meet the changing needs of the healthcare industry. And it is what drives the results that we saw in Q4 and in 2013 overall.

2013 Full Year and Q4 Results

The fourth quarter and full year results for 2013 exceeded our expectations in nearly every way, and set us up for another great year in 2014. First of all, orders were very strong in the quarter, topping off a year of growth and resulting in record order volumes. Our product backlog ended the year at $180 million, exceeding our guidance range of $160 to $165 million and up 16% from the ending backlog in 2012 of $155 million. Overall product bookings finished the year at $328 million, above our guidance of $305 to $315 million. Those bookings are up from $265 million in 2012, when we had a partial year of contribution from MTS. The year over year growth of 24% is made up of about 10% from a full year of MTS contribution and about 14% from organic growth. Contributing to the quarter were a significant number of new customer wins both in our acute care segment, where we saw large orders from academic medical centers, and strong performance in the non-acute care market. We have also seen continued expansion of demand for our G4 upgrades to existing automated dispensing system installations. We've now taken orders to upgrade 37% of our existing customers to G4, so while we are happy with our progress, we still have a large portion of our installed base to upgrade. Historically, we've discussed the percentage of our new product orders that have come from new or competitive conversion accounts. This measure encompasses all our products except the MTS products. All of these products are marketed under the Omnicell brand. Orders from new and competitive conversion customers were 47% of Q4 bookings for Omnicell branded products, with the bulk of the orders coming from Competitive Conversions and a smaller number of orders from Greenfield customers who had never purchased automation before. For the full year of 2013, thirty-eight percent of our orders for Omnicell branded systems came from new or competitive conversion customers. Every year since 2005, nine years in a row, our orders from new and competitive conversion customers have been over one third of this portion of our business.

Our 2013 financial performance was very strong. Our revenues of $381 million were a record. Non-GAAP net income of $1.08 per share, also a record, was consistent with our increased guidance and well above the upper end of the guidance range we set at the beginning of the year. We exited the year with Non-GAAP operating margins of 14.6% for Q4.

Revenue for Q4 2013 of $105.8 million was above our expectations, driven by strong demand for G4 upgrades which often ship shortly after they are ordered. Revenue was up 17% from Q4 2012 and up 12% from Q3 2013. Q4 2013 profit on a GAAP basis was $0.19 per share, up from $0.16 per share one year ago. For the full year of 2013, revenue of $381 million was up 21% from 2012. GAAP earnings per share of $0.67 was up $0.20 from $0.47 in 2012. We also report our results on a Non-GAAP basis, which excludes stock compensation expense, amortization of intangible assets associated with acquisitions, and any non-recurring 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. A full reconciliation of our GAAP to Non-GAAP results is included in our fourth quarter earnings press release and is posted on our web site. This quarter a non-recurring charge of $0.6 million associated with the pending acquisition of Surgichem was excluded from our Non-GAAP results.

On a Non-GAAP basis, earnings per share were $0.29 in Q4, one cent higher than analyst expectations. Non-GAAP EPS was down sequentially from $0.31 in Q3 2013 as expected. In Q3, we had tax benefits associated with employee stock plans totaling $0.03 which we did not expect to repeat in Q4. Non-GAAP earnings per share were up from $0.25 in Q4 of 2012.

For the full year of 2013 our Non-GAAP profits increased from $0.87 per share to $1.08 per share, an increase of 24%.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization, which also excludes stock compensation amortization and the amortization of acquisition related costs, was $18.9 million for the fourth quarter of 2013, up 17% from $16.2 million a year ago. For the full year of 2013, adjusted EBITDA was $66 million, an increase of 21% from $54.4 million in 2012.

Our Acute Care segment, which includes everything we sell to hospitals, contributed $79.9 million in revenue and $12.4 million of operating income in Q4 2013, or roughly 80% of the total operating income of the company.

Our Non-Acute Care business consists of solutions sold outside the hospital setting, including equipment and consumables that manage medication through adherence packages and dispensing systems sold to institutions serving long term care needs. The Non-Acute segment contributed $25.8 million of revenue to the quarter and contributed $3.1 million of Non-GAAP operating income, or 20% of the total operating income of the company.

For the full year of 2013, our Acute Care segment contributed $285 million of revenue and $41 million of operating income, or approximately 79% of the total. The Non-Acute care segment contributed $96 million of revenue and $11 million of operating income, or approximately 21% of the total company.

During Q4 we completed share repurchases totaling $21 million. We bought back approximately 885,000 shares at an average price of $23.67. Consequently, cash decreased from $116 million at the end of Q3 2013 to $105 million at the end of Q4 2013. Excluding the buy back, cash was up $10 million. The majority of the shares were repurchased late in the quarter and had minimal impact on earnings per share in Q4. We have authorization to repurchase up to another $29 million of our stock. For the full year of 2013 our free cash flow was over $43 million, up from $33 million in 2012. Accounts Receivable days sales outstanding were 51, down 12 days from last quarter. We had very favorable collections at the end of the year and strong revenue. Going forward, we expect our DSO to be between 55 and 65 days. Inventories were $31 million, roughly flat to last quarter. Our headcount was 1134, up from 1089 at the end of 2012 as we continue to invest in our growth initiatives and add headcount to handle increased production and installations.

Looking forward, we know our customers will continue to face unprecedented change over the upcoming years. We believe we can help them meet regulatory and cost challenges, and we're optimistic about new emerging opportunities for medication adherence. We believe our solutions will play an increasingly integral role in making healthcare organizations more efficient and to improve patient outcomes.

For 2014, we expect revenue to be between $415 and $425 million, an increase of 9-12%. We expect Non-GAAP earnings to be between $1.17 and $1.23 per share, growth of 8-14%. We expect steady revenue and earnings growth through the year, but we expect Q1 2014 to be $96 to $98 million of revenue and approximately $0.23 Non-GAAP EPS. We typically experience higher expense levels in Q1 due to several seasonal factors in our business.

Our business has evolved to include much more consumable revenue and the backlog number has become a less meaningful number. We are going to focus more now on the annual product bookings as a measure of our new business. Product bookings are firm orders for installation of our automation solutions or for delivery of consumable products. Product bookings do not include service contracts. We will provide updates to the annual bookings expectations each quarter as we go through the year. We expect product bookings to be between $340 and $350 million in 2014.

We have steadily improved our operating margins over time and are now operating near our goal of 15%. We expect our results to fluctuate from quarter to quarter but to average near the 15% objective for the year.

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

	Three Months Ended			Year Ended	
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Revenues:					
Product	$ 86,864	$ 75,508	$ 72,415	$ 307,189	$ 247,654
Services and other revenues	18,886	18,531	17,754	73,396	66,373
Total revenue	105,750	94,039	90,169	380,585	314,027
Cost of revenues:					
Cost of product revenues	41,187	33,977	32,837	144,997	112,369
Cost of services and other revenues	7,939	8,022	7,956	32,189	31,070
Total cost of revenues	49,126	41,999	40,793	177,186	143,439
Gross profit	56,624	52,040	49,376	203,399	170,588
Operating expenses:					
Research and development	7,440	6,561	6,188	29,105	23,726
Selling, general and administrative	38,129	34,762	33,354	138,995	119,736
Total operating expenses	45,569	41,323	39,542	168,100	143,462
Income from operations	11,055	10,717	9,834	35,299	27,126
Other income and (expense), net	(136)	25	(108)	(270)	(51)
Income before provision for income taxes	10,919	10,742	9,726	35,029	27,075
Provision for income taxes	4,096	2,987	4,194	11,050	10,897
Net income	$ 6,823	$ 7,755	$ 5,532	$ 23,979	$ 16,178
Net income per share:					
Basic	$ 0.19	$ 0.22	$ 0.17	$ 0.69	$ 0.49
Diluted	$ 0.19	$ 0.21	$ 0.16	$ 0.67	$ 0.47
Weighted average shares outstanding:					
Basic	35,495	35,133	33,282	34,736	33,307
Diluted	36,610	36,190	34,128	35,774	34,213

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

	December 31, 2013 (unaudited)	December 31, 2012 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 104,531	$ 62,313
Accounts receivable, net	58,597	55,116
Inventories	31,457	26,903
Prepaid expenses	18,883	15,392
Deferred tax assets	12,635	11,860
Other current assets	7,674	9,172
Total current assets	233,777	180,756
Property and equipment, net	35,254	34,107
Non-current net investment in sales-type leases	11,485	13,228
Goodwill	111,343	111,407
Other intangible assets	81,602	85,550
Non-current deferred tax assets	1,102	993
Other assets	17,938	15,778
Total assets	$ 492,501	$ 441,819
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 16,471	$ 18,255
Accrued compensation	20,266	11,613
Accrued liabilities	13,746	11,988
Deferred service revenue	22,626	20,449
Deferred gross profit	19,957	20,772
Total current liabilities	93,066	83,077
Non-current deferred service revenue	17,763	19,892
Non-current deferred tax liabilities	28,162	26,491
Other long-term liabilities	5,176	4,809
Total liabilities	144,167	134,269
Stockholders' equity:		
Total stockholders' equity	348,334	307,550
Total liabilities and stockholders' equity	$ 492,501	$ 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					
	December 31, 2013		September 30, 2013		December 31, 2012	
	Net income	Net income per share-diluted	Net income	Net income per share-diluted	Net income	Net income per share-diluted
GAAP	$ 6,823	$ 0.19	$ 7,755	$ 0.21	$ 5,532	$ 0.16
Non-GAAP adjustments:						
Pre-acquisition, transaction and integration costs for acquisitions	605		—		—	
Amortization of intangible assets acquired by acquisition	1,049		1,060		1,057	
Subtotal pretax adjustments	1,654		1,060		1,057	
Income tax effect of non-GAAP adjustments (a)	(662)		(295)		(423)	
Subtotal after-tax adjustments	992		765		634	
ASC 718 share-based compensation adjustment (b)						
Gross profit	287		325		236	
Operating expenses	2,442		2,485		2,197	
Total after-tax adjustments	3,721	0.10	3,575	0.10	3,067	0.09
Non-GAAP	$ 10,544	$ 0.29	$ 11,330	$ 0.31	$ 8,599	$ 0.25

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

(b) 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)

	Year Ended			
	December 31, 2013		December 31, 2012	
	Net income	Net income per share-diluted	Net income	Net income per share-diluted
GAAP	$ 23,979	$ 0.67	$ 16,161	$ 0.47
Non-GAAP adjustments:				
Business acquisition costs				
Reorganization costs (a)	732		—	
Pre-acquisition, transaction and integration costs for acquisitions (b)	605		4,855	
Amortization of intangible assets acquired by acquisition (c)	4,229		2,672	
Subtotal pretax adjustments	5,566		7,527	
Income tax effect of non-GAAP adjustments (d)	(2,057)		(3,086)	
Subtotal after-tax adjustments	3,509		4,441	
ASC 718 share-based compensation adjustment (e)				
Gross profit	1,241		1,012	
Operating expenses	9,911		8,202	
Total after tax adjustments	14,661	0.41	13,655	0.40
Non-GAAP	$ 38,640	$ 1.08	$ 29,816	$ 0.87

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

(b) This adjustment is for the incurrence of pre-acquisition costs related to our previously announced agreement to acquire Surgichem Limited in December 2013 and 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 certain 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			Year ended	
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012
GAAP net income	$ 6,823	$ 7,755	$ 5,532	$ 23,979	$ 16,161
Add back:					
ASC 718 stock compensation expense	2,729	2,810	2,433	11,152	9,214
Reorganization costs	—	—	—	732	—
Transaction and integration costs for acquisitions, pre-tax	605	—	—	605	4,855
Interest	7	(14)	(2)	92	(48)
Depreciation and amortization expense	4,633	4,488	4,077	18,365	13,323
Income tax expense	4,096	2,987	4,168	11,050	10,871
Non-GAAP adjusted EBITDA (1)	$ 18,893	$ 18,025	$ 16,208	$ 65,975	$ 54,376

(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 as excluding certain non-GAAP adjustments. The non-GAAP adjustments for the twelve months ended December 31, 2013 and 2012 exclude transaction and integration costs for MTS, acquired in May 2012.