Complementary Summary of Q2 2018 Financial Results

This complementary summary of financial results will include 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 27, 2018, 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 provide an update on our business, then cover our results for the second quarter of 2018 and our guidance for the year. Our second 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're very pleased to update you on the Company's performance for the second quarter of 2018 as the business continued to gain further great momentum in innovation, customer acquisitions, and financial results.

Innovation

We are excited about our advancements in innovation as we continue to build and expand our industry-leading medication management platform with the goal of achieving the fully digitized and automated pharmacy.

In December last year we announced the XR2 Automated Central Pharmacy System and the IVX Workflow powered by IVX Cloud. The leading-edge robotic XR2 is a significant step towards the fully automated pharmacy across the full range of customer environments. Beyond upgrade potential, the XR2 represents significant greenfield opportunities. IVX is a significant technological advancement for IV workflow processes, enabling pharmacies to safely and efficiently compound and prepare IV treatments.

We are pleased to communicate that the general availability for both XR2 and IVX Workflow was achieved ahead of schedule in June, a little earlier than expected, and both of these products are accepted and live at our first customers.

During the second quarter, we entered into additional non-cancellable commercial agreements for both the XR2 and the IVX Workflow products, and we continue to see a healthy build in the commercial pipeline.

As we have stated before, the expected revenue contribution from the XR2 and the IVX Workflow products to 2018 revenue is modest given the timing of the flow, from Bookings, to Backlog, to Revenue.

Next we will discuss the momentum in **Customer Acquisitions**. In summary:

- It is clear that we are continuing to <u>win in the marketplace</u>. During the second quarter of 2018 our New and Competitive conversions were strong at 27% of total company bookings. This is one indicator of the strength of the business. Over 75% were competitive conversions and the remainder were from greenfield customers who have never automated before. For the 12 months ended June 30, 2018, our New and Competitive conversions rate was a strong 29%.
- The Omnicell XT Series continues to be very well received and accepted by customers. Throughout 2018 and future years, we expect to see continued fast growth in the pipeline, bookings, and live XT frames.

- We believe that the following trends increase the importance of medication management:
    - First, healthcare systems continue to consolidate and vertically integrate, and they need medication management automation solutions on one platform to improve patient and financial outcomes for both inpatient and outpatient settings.
    - Secondly, pharmacy spend is the fastest growing spend category in healthcare, and as healthcare organizations increasingly manage the total cost of care, medication management becomes a very strategic imperative.

  - Lastly, we expect that the formation of non-traditional healthcare entrants will drive the need for increased integrated medication management from a competitive perspective.
- We believe that our industry-leading medication management platform across the continuum of care very strongly aligns with these healthcare trends.

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

1) Growth through the <u>Differentiated Omnicell Platform</u>
2) Growth in <u>New Markets</u>
3) Growth via <u>Acquisitions</u>

In the second quarter of 2018, we continued to experience considerable wins and we have added notable accounts to our customer base under our <u>first</u> strategic growth pillar of <u>Differentiated Platform</u>. With a number of large competitive conversions during the quarter, we believe that we gained further market share, a continuation of the trend of market share gain that we have experienced for many years. We also signed long-term partnership deals with <u>existing</u> customers.

Increasingly we are seeing the strategic and market power of the Omnicell platform, with over 80% of our multi-million dollar bookings in the quarter adopting multiple products on the Omnicell platform. Selected strategic wins this quarter include:

- **Beaumont Health**, the largest health system in Michigan, has selected Omnicell's medication management platform to support eight facilities across their system. This new long-term partnership includes the XT Series, Central Pharmacy automation, and the Performance Center^{TM} cloud-based predictive intelligence platform and optimization services to improve business and patient outcomes.
- **Brigham and Women's Hospital** in Boston, another strategic technology partner and long-term Omnicell customer, has further expanded the existing partnership with Omnicell

and will be leveraging Omnicell's platform of solutions including the XT Series, Analytics, and Central Pharmacy solutions to upgrade existing automation.

- **Cleveland Clinic**, one of the largest and most respected hospital systems in the country, ranked #2 by US News and World Report, has chosen Omnicell's M5000 robot and SureMed® packaging solutions to support patient medication adherence. The M5000 is the first pharmacy automation system that fully automates the fulfillment of multimed blister cards, and Cleveland Clinic has chosen this important technology to support improved patient outcomes.

Our <u>second</u> strategic pillar of <u>expanding into new markets</u> also was a significant growth driver in the last several years, which we believe sets us up well for the years to come.

We are seeing increased growth in medication management automation market needs outside the acute care settings. For example, **Advanced Pharmaceutical Consultants**, Inc. (APC), a leader in customized pharmacy management services for behavioral health facilities, drug treatment centers, and forensic prisons, will provide Omnicell® XT Automated Dispensing Cabinets as an option to over 100 facilities across the United States. Incorporating the XT Series into these facilities allows medications to be securely stored at the facility and enables care providers to safely monitor medication dispensing.

In our International markets, **King Faisal** Specialist Hospital & Research Centre in the Kingdom of Saudi Arabia will expand their Omnicell platform to include new XT Supply Series and RFID solutions. King Faisal has recognized great success leveraging Omnicell's supply platform of solutions, and this expansion will continue to drive efficiencies, improve patient safety, and enhance clinical care.

Carilion Clinic has chosen Omnicell IV solutions to support their sterile compounding needs. Carilion will be implementing Omnicell's Robotic IV Insourcing Solution, known as RIIS™, that includes Omnicell's IV robots, technical data, and support staff to manage IV preparations. By bringing IV preparation in-house, Carilion expects to create safer, more accurate, and more cost-effective sterile compounding operations.

Our third strategic pillar, of expanding our presence and relevance through Acquisitions, has also continued to deliver strategic results. We are seeing notable cross-selling momentum within the total product platform and combined customer base, specifically for our IV and Performance Center solutions. As mentioned, increasingly we are seeing the power of the Omnicell platform, with over 80% of our multimillion dollar bookings in the quarter adopting multiple products on the Omnicell platform.

We believe that our three pillar strategy created the foundation for our success and continues to drive future growth and scaling of the business.

Financial Performance

Our second quarter 2018 GAAP revenue of $189 million was up 4% year over year. Our first half 2018 GAAP revenue of $371 million was up 12.7% year over year.

The second quarter Earnings per share in accordance with GAAP was $0.16, up from $0.05 per share in the second quarter of 2017. Our first half of 2018 Earnings per share in accordance with GAAP was $0.21, up from a loss of $0.23 per share in the first half of 2017.

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, one-time acquisition and restructuring-related expenses, the acquisition accounting impacts related to deferred revenue fair value adjustments, and the tax reform benefit impact from the Tax Cuts and Jobs Act of 2017. We use non-GAAP financial statements in addition to GAAP financial statements because we believe it is useful for investors to understand the amortization of acquisition-related costs and non-cash stock compensation expenses that are a component of our reported results, as well as one-time events and one-time acquisition and restructuring-related expenses. A full reconciliation of our GAAP to non-GAAP results is included in our second quarter earnings press release and is posted on our website.

For the second quarter, non-GAAP revenue was $189 million, which is towards the high end of the guidance range of $185 to $190 million provided in our first quarter results earnings call and at consensus. Our first half 2018 non-GAAP revenue of $371 million was up 12.4% year over year.

Platform pricing strength, and strong cost management resulted in non-GAAP EPS for the second quarter of $0.46, which is above our guidance range of $0.36 to $0.42 and above consensus. Our first half of 2018 non-GAAP EPS was $0.75 per share and is up 88% compared to the first half of 2017.

Our business is also reported in segments, consisting of Automation and Analytics and Medication Adherence. Automation and Analytics consists of our XT and OmniRx Automated Dispensing Cabinets, Anesthesia Workstations, Central Pharmacy, Omnicell Supply, Omnicell Analytics, Performance Center, and MACH4 Robotic Dispensing Systems. Our acquisitions of Avantec, MACH4, Aesynt, and inPharmics are also included in this segment. The Medication Adherence segment consists of a broad platform of subscription software, medication packaging, and equipment used by pharmacists to create adherence offerings that assist retail pharmacies in helping patients stay adherent to their medication regimens. Our acquisitions of MTS Medication Technologies, Surgichem Ltd, and Ateb Inc are included in the Medication Adherence segment. We report certain corporate expenses that cannot be easily applied to either segment separately.

On a segment basis, our Automation and Analytics segment contributed $158 million in GAAP revenue in the second quarter of 2018, up from $149 million in the second quarter of 2017. GAAP operating income of $32 million in the second quarter of 2018 compares to $20 million of GAAP operating income in the same quarter last year. Non-GAAP operating income of $40 million for the second quarter 2018 compares to $28 million of Non-GAAP operating income in the same quarter last year. On a year-to-date basis, GAAP Revenue for the first half of 2018 was $310 million, up from $271 million in the prior year. GAAP operating income for the first half of 2018 was $56 million compared to $26 million in the prior year.

The Medication Adherence segment contributed $30 million in GAAP revenue in the second quarter of 2018, down from $32 million in the second quarter of 2017 mostly driven by timing of large robot sales. A GAAP operating loss of $1 million in the second quarter of 2018 compares to $0.2 million of GAAP operating profit in the same quarter last year. Non-GAAP operating income of $1 million for the second quarter 2018 compares to $3 million of non-GAAP operating income in the same quarter last year. On a year-to-date basis, GAAP revenue for the first half of 2018 was $62 million, up from $59 million in the prior year. GAAP operating loss for both the first half of 2018 and 2017 was $2 million.

Non-GAAP Common expenses were $19 million in the second quarter of 2018, up from $18 million in the same quarter last year.

Non-GAAP Other income and expense for the second quarter was a net loss of approximately $2.8 million, primarily consisting of interest expense on the outstanding loan balance and the impact of Fx re-measurement.

Next we will review the balance sheet and cash flow.

The second quarter 2018 cash flow from operations was $22 million, mostly driven from cash flow from accounts receivables and prepaid expenses.

Inventories at June 30, 2018 were $104 million, up $2 million from last quarter, primarily driven by an XT Series and VBM Series inventory build for future quarter installs, as well as the XR2 and IVX units for post first launch customers. With the market introductions of the XT Series, the XR2 pharmacy robot and the IVX Workflow powered by IVX Cloud, we now have three concurrent product introductions that we see ramping up over the years. First in bookings, then in backlog, and then converting to revenue.

Accounts receivable days sales outstanding for the second quarter were 86, down 11 days from the first quarter in 2018. The decrease in accounts receivable days sales outstanding was mostly driven by more linear timing of billing during the quarter. Based on our customer agreements, we largely invoice upon shipment.

In the second quarter of 2018 our cash balance increased from $44 million at March 31, 2018 to $46 million at June 30, 2018.

As of June 30, 2018 we had $205 million of outstanding funded debt and our loan leverage measured as outstanding total funded [A1]loan balance over last 12 months of bank EBITDA was approximately 1.8, down from 2.2 as of March 31, 2018. We paid down $10 million on our loan and revolver facility during the quarter. During the quarter we did not sell shares of common stock under our At The Market offering.

Our headcount was 2,424 at June 30, 2018, up 59 from March 31, 2018.

Revenue and Profit Guidance

The specific guidance for third quarter 2018 is as follows:

- We expect third quarter Non-GAAP Revenue to be between $200 and $206 million
- We expect the third quarter 2018 Non-GAAP EPS to be between $0.52 and $0.57

Our full year 2018 guidance is as follows:

- We are moving the Product Bookings guidance range up by increasing both the low end and the high end of the guidance range and now expect 2018 Product Bookings to be between $630 and $665 million, representing a 14% organic growth rate when taking the mid-point of the updated guidance range.
- We expect 2018 Non-GAAP Revenue to be between $780 and $800 million. This represents a greater than 10% organic growth rate when taking the mid-point of the guidance range.
- As of January 1, 2018 we adopted ASC606 “Revenue from contracts with customers.” The largest impact of this adoption was the reclassification of GPO fees from operating expenses to a reduction of net revenue of around $8 million annually. The net impact of

the ASC606 on the timing of recognition of revenue is minimal in any given quarter in 2017. The net impact of the retroactive adoption was an increase of $0.03 in Non-GAAP EPS in the second quarter of 2017. As discussed previously, our 2018 Guidance includes the impact of the adoption of ASC606.

- We are narrowing the Non-GAAP EPS range by increasing the bottom end of the previously provided guidance range, and we now expect total year 2018 Non-GAAP EPS to be between $1.90 and $2.05.

When reviewing 2018 guidance it is important to note a couple of items that are included:

1) For 2018, our non-GAAP results include approximately $3 million of integration expenses for Aesynt and Ateb 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 IT expenses for CRM, ERP, and HR systems consolidations.
2) Lastly, for 2018 we expect interest expense related to the Senior Secured Credit Facility to be around $8 million, or equivalent to a Non-GAAP EPS headwind of around $0.16 per share.

Finally, for 2018 we are assuming an annual average tax rate of 21% to adjust GAAP tax expenses to non-GAAP tax expenses.

Conclusion[A2]

Omnicell had a great solid half of the year. We have two great data points of continued momentum and the business really looking strong for the second half of the year. Again, the Omnicell platform is winning. Our new product introductions speak to new markets with new growth. People want solutions that drive improvement in and outside of the hospitals. Whether it's new entrants into the market, new kinds of pharmacies and new entities, medication management is becoming central to their success, and it is satisfying to know that Omnicell has aligned our strategies and our technologies and our investments. We have been heavy over the last two to three years in acquisitions to get to this point, but it really has positioned us quite well for the future. The Omnicell team has again launched two new successful products, got them into the marketplace, and is making a difference in healthcare—improving healthcare for everyone.

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

	Three Months Ended			
	June 30, 2018	June 30, 2017		
		As Adjusted*	As Reported	Change
Revenues:				
Product revenues	$ 134,636	$ 130,205	$ 128,056	$ 2,149
Services and other revenues	54,037	50,837	52,829	(1,992)
Total revenues	188,673	181,042	180,885	157
Cost of revenues:				
Cost of product revenues	75,076	81,738	81,738	—
Cost of services and other revenues	24,814	21,172	21,172	—
Total cost of revenues	99,890	102,910	102,910	—
Gross profit	88,783	78,132	77,975	157
Operating expenses:				
Research and development	15,512	16,911	16,911	—
Selling, general, and administrative	65,937	61,922	63,468	(1,546)
Total operating expenses	81,449	78,833	80,379	(1,546)
Income (loss) from operations	7,334	(701)	(2,404)	1,703
Interest and other income (expense), net	(896)	196	196	—
Income (loss) before provision for income taxes	6,438	(505)	(2,208)	1,703
Provision for (benefit from) income taxes	(150)	(2,385)	(3,045)	660
Net income (loss)	$ 6,588	$ 1,880	$ 837	$ 1,043
Net income (loss) per share:				
Basic	$ 0.17	$ 0.05	$ 0.02	$ 0.03
Diluted	$ 0.16	$ 0.05	$ 0.02	$ 0.03
Weighted average shares outstanding:				
Basic	38,970	37,250	37,250	
Diluted	40,000	38,370	38,370	

* As adjusted for full retrospective adoption of Accounting Standard Codification ("ASC") 606, "Revenue from Contracts with Customers." The adjustment also includes a $0.2 million reclassification from services and other revenues to product revenues to conform with current-period presentation.

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

	Six Months Ended			
	June 30, 2018	June 30, 2017		
		As Adjusted*	As Reported	Change
Revenues:				
Product revenues	$ 265,295	$ 228,996	$ 226,986	$ 2,010
Services and other revenues	105,997	100,599	104,453	(3,854)
Total revenues	371,292	329,595	331,439	(1,844)
Cost of revenues:				
Cost of product revenues	150,493	145,326	145,326	—
Cost of services and other revenues	49,561	43,946	43,946	—
Total cost of revenues	200,054	189,272	189,272	—
Gross profit	171,238	140,323	142,167	(1,844)
Operating expenses:				
Research and development	32,049	33,714	33,714	—
Selling, general, and administrative	131,222	123,862	128,093	(4,231)
Total operating expenses	163,271	157,576	161,807	(4,231)
Income (loss) from operations	7,967	(17,253)	(19,640)	2,387
Interest and other income (expense), net	(3,625)	(2,260)	(2,260)	—
Income (loss) before provision for income taxes	4,342	(19,513)	(21,900)	2,387
Provision for (benefit from) income taxes	(4,966)	(11,058)	(11,983)	925
Net income (loss)	$ 9,308	$ (8,455)	$ (9,917)	$ 1,462
Net income (loss) per share:				
Basic	$ 0.24	$ (0.23)	$ (0.27)	$ 0.04
Diluted	$ 0.23	$ (0.23)	$ (0.27)	$ 0.04
Weighted average shares outstanding:				
Basic	38,804	37,046	37,046	
Diluted	39,854	37,046	37,046	

* As adjusted for full retrospective adoption of ASC 606, "Revenue from Contracts with Customers." The adjustment also includes a $0.3 million reclassification from services and other revenues to product revenues to conform with current-period presentation.

Omnicell, Inc.
Condensed Consolidated Balance Sheets
(Unaudited, in thousands)

	June 30, 2018	December 31, 2017 As Adjusted*	December 31, 2017 As Reported	December 31, 2017 Change
ASSETS				
Current assets:				
Cash and cash equivalents	$ 46,168	$ 32,424	$ 32,424	$ —
Accounts receivable and unbilled, net	174,570	190,046	189,227	819
Inventories, net	103,732	96,137	96,137	—
Prepaid expenses	18,266	20,392	36,060	(15,668)
Other current assets	16,122	13,273	13,273	—
Total current assets	358,858	352,272	367,121	(14,849)
Property and equipment, net	50,884	42,595	42,595	—
Long-term investment in sales-type leases, net	16,707	15,435	15,435	—
Goodwill	336,550	337,751	337,751	—
Intangible assets, net	155,750	168,107	168,107	—
Long-term deferred tax assets	9,451	9,454	9,454	—
Prepaid commissions	38,620	41,432	—	41,432
Other long-term assets	59,655	49,316	39,841	9,475
Total assets	$ 1,026,475	$ 1,016,362	$ 980,304	$ 36,058
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 35,261	$ 48,290	$ 48,290	$ —
Accrued compensation	31,168	27,241	27,241	—
Accrued liabilities	31,721	35,693	35,693	—
Long-term debt, current portion, net	17,708	15,208	15,208	—
Deferred revenues, net	85,776	78,774	86,104	(7,330)
Total current liabilities	201,634	205,206	212,536	(7,330)
Long-term, deferred revenues	8,957	10,623	17,244	(6,621)
Long-term deferred tax liabilities	34,788	41,446	28,579	12,867
Other long-term liabilities	11,394	9,829	9,829	—
Long-term debt, net	181,062	194,917	194,917	—
Total liabilities	437,835	462,021	463,105	(1,084)
Total stockholders' equity	588,640	554,341	517,199	37,142
Total liabilities and stockholders' equity	$ 1,026,475	$ 1,016,362	$ 980,304	$ 36,058

* As adjusted for full retrospective adoption of ASC 606, "Revenue from Contracts with Customers."

Omnicell, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

	Six months ended June 30,	
	2018	2017*
Operating Activities		
Net income (loss)	$ 9,308	$ (8,455)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	24,829	25,942
Loss on disposal of fixed assets	—	79
Share-based compensation expense	13,766	11,056
Income tax benefits from employee stock plans	—	11
Deferred income taxes	(6,655)	(11,722)
Amortization of debt financing fees	1,145	795
Changes in operating assets and liabilities:		
Accounts receivable and unbilled	15,476	(1,058)
Inventories	(9,789)	(12,226)
Prepaid expenses	2,126	128
Other current assets	(2,283)	202
Investment in sales-type leases	(1,838)	5,482
Prepaid commissions	2,812	1,554
Other long-term assets	(2,797)	(622)
Accounts payable	(12,229)	23,357
Accrued compensation	3,927	4,529
Accrued liabilities	(2,574)	2,165
Deferred revenues	5,336	(3,412)
Other long-term liabilities	167	1,119
Net cash provided by operating activities	40,727	38,924
Investing Activities		
Purchases of intangible assets, intellectual property, and patents	—	(160)
Software development for external use	(13,091)	(6,748)
Purchases of property and equipment	(14,985)	(6,493)
Business acquisition, net of cash acquired	—	(4,446)
Net cash used in investing activities	(28,076)	(17,847)
Financing Activities		
Proceeds from debt	—	10,000
Repayment of debt and revolving credit facility	(12,500)	(70,500)
Proceeds from issuances under stock-based compensation plans	16,117	15,783
Employees' taxes paid related to restricted stock units	(3,062)	(2,638)
Net cash provided by (used in) financing activities	555	(47,355)
Effect of exchange rate changes on cash and cash equivalents	538	(1,274)
Net increase (decrease) in cash and cash equivalents	13,744	(27,552)
Cash and cash equivalents at beginning of period	32,424	54,488
Cash and cash equivalents at end of period	$ 46,168	$ 26,936

* As adjusted for full retrospective adoption of ASC 606, "Revenue from Contracts with Customers."

Omnicell, Inc.

Reconciliation of GAAP to Non-GAAP

(Unaudited, in thousands, except per share data and percentage)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017*	June 30, 2018	June 30, 2017*
Reconciliation of GAAP revenues to non-GAAP revenues:				
GAAP revenues	$ 188,673	$ 181,042	$ 371,292	$ 329,595
Acquisition accounting impact related to deferred	—	313	—	626
Non-GAAP revenues	$ 188,673	$ 181,355	$ 371,292	$ 330,221
Reconciliation of GAAP gross profit to non-GAAP gross profit:				
GAAP gross profit	$ 88,783	$ 78,132	$ 171,238	$ 140,323
GAAP gross margin	*47.1%*	*43.2 %*	*46.1%*	*42.6%*
Share-based compensation expense	1,177	864	2,196	1,846
Amortization of acquired intangibles	2,756	2,848	5,547	5,685
Acquisition accounting impact related to deferred	—	313	—	626
Severance and other expenses	—	—	—	1,697
Non-GAAP gross profit	$ 92,716	$ 82,157	$ 178,981	$ 150,177
Non-GAAP gross margin	*49.1%*	*45.3 %*	*48.2%*	*45.5%*
Reconciliation of GAAP operating expenses to non-GAAP operating expenses:				
GAAP operating expenses	$ 81,449	$ 78,833	$ 163,271	$ 157,576
GAAP operating expenses % to total revenues	*43.2%*	*43.5 %*	*44.0%*	*47.8%*
Share-based compensation expense	(6,061)	(4,681)	(11,570)	(9,210)
Amortization of acquired intangibles	(3,126)	(3,626)	(6,364)	(7,279)
Acquisition-related expenses	—	—	—	(126)
Severance and other expenses	(1,735)	(970)	(3,247)	(3,302)
Non-GAAP operating expenses	$ 70,527	$ 69,556	$ 142,090	$ 137,659
Non-GAAP operating expenses % to total revenues	*37.4%*	*38.4 %*	*38.3%*	*41.7%*

* As adjusted for full retrospective adoption of ASC 606, "Revenue from Contracts with Customers."

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017*	June 30, 2018	June 30, 2017*
Reconciliation of GAAP income (loss) from operations to non-GAAP income (loss) from operations:				
GAAP income (loss) from operations	$ 7,334	$ (701)	$ 7,967	$ (17,253)
GAAP operating income (loss) % to total revenues	*3.9%*	*(0.4)%*	*2.1%*	*(5.2)%*
Share-based compensation expense	7,238	5,545	13,766	11,056
Amortization of acquired intangibles	5,882	6,474	11,911	12,964
Acquisition accounting impact related to deferred	—	313	—	626
Acquisition-related expenses	—	—	—	126
Severance and other expenses	1,735	970	3,247	4,999
Non-GAAP income (loss) from operations	$ 22,189	$ 12,601	$ 36,891	$ 12,518
Non-GAAP operating income (loss) % to total Non-GAAP revenues	*11.8%*	*6.9 %*	*9.9%*	*3.8 %*
Reconciliation of GAAP net income (loss) to non-GAAP net income:				
GAAP net income (loss)	$ 6,588	$ 1,880	$ 9,308	$ (8,455)
Tax benefit for restructuring activity	—	—	(4,205)	—
Share-based compensation expense	7,238	5,545	13,766	11,056
Amortization of acquired intangibles	5,882	6,474	11,911	12,964
Acquisition accounting impact related to deferred	—	313	—	626
Acquisition-related expenses[(c)]	397	397	794	920
Severance and other expenses	1,911	970	3,599	4,999
Contingent gain	(2,456)	—	(2,456)	—
Tax effect of the adjustments above[(a)]	(1,204)	(2,817)	(2,907)	(6,836)
Non-GAAP net income	$ 18,356	$ 12,762	$ 29,810	$ 15,274
Reconciliation of GAAP net income (loss) per share - diluted to non-GAAP net income per share - diluted:				
Shares - diluted GAAP	40,000	38,370	39,854	37,046
Shares - diluted Non-GAAP	40,000	38,370	39,854	38,103
GAAP net income (loss) per share - diluted	$ 0.16	$ 0.05	$ 0.23	$ (0.23)
Tax benefit for restructuring activity	—	—	(0.11)	—
Share-based compensation expense	0.18	0.14	0.35	0.29
Amortization of acquired intangibles	0.15	0.17	0.30	0.34
Acquisition accounting impact related to deferred	—	0.01	—	0.02
Acquisition-related expenses	0.01	0.01	0.02	0.03
Severance and other expenses	0.05	0.02	0.09	0.13
Contingent gain	(0.06)	—	(0.06)	—
Tax effect of the adjustments above[(a)]	(0.03)	(0.07)	(0.07)	(0.18)
Non-GAAP net income per share - diluted	$ 0.46	$ 0.33	$ 0.75	$ 0.40
Reconciliation of GAAP net income (loss) to non-GAAP Adjusted EBITDA[(b)]:				
GAAP net income (loss)	$ 6,588	$ 1,880	$ 9,308	$ (8,455)
Share-based compensation expense	7,238	5,545	13,766	11,056
Interest (income) and expense, net	1,615	1,311	3,387	2,743
Depreciation and amortization expense	12,519	13,494	24,829	25,942

Acquisition accounting impact related to deferred	—	313	—	626
Acquisition-related expenses	397	397	794	920
Severance and other expenses	1,911	728	3,599	4,493
Contingent gain	(2,456)	—	(2,456)	—
Income tax expense (benefit)	(150)	(2,385)	(4,966)	(11,058)
Non-GAAP Adjusted EBITDA	$ 27,662	$ 21,283	$ 48,261	$ 26,267

(a) Tax effects calculated for all adjustments except tax benefits and share-based compensation expense, using an estimated annual effective tax rate of 21% for fiscal year 2018 and 35% for fiscal year 2017.

(b) Defined as earnings before interest income and expense, taxes, depreciation and amortization, as well as excluding certain non-GAAP adjustments.

(c) Includes amortization of debt financing fees associated with our debt facilities.

Omnicell, Inc.
Segmented Information
(Unaudited, in thousands, except for percentages)

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Automation and Analytics	Medication Adherence	Total	Automation and Analytics*	Medication Adherence	Total*
Revenues	$ 158,365	$ 30,308	$ 188,673	$ 148,584	$ 32,458	$ 181,042
Cost of revenues	78,686	21,204	99,890	80,716	22,194	102,910
Gross profit	79,679	9,104	88,783	67,868	10,264	78,132
Gross margin %	*50.3%*	*30.0 %*	*47.1%*	*45.7%*	*31.6%*	*43.2%*
Operating expenses	48,167	10,296	58,463	47,508	10,099	57,607
Income (loss) from segment operations	$ 31,512	$ (1,192)	$ 30,320	$ 20,360	$ 165	$ 20,525
Operating margin %	*19.9%*	*(3.9)%*	*16.1%*	*13.7%*	*0.5%*	*11.3%*
Corporate costs			22,986			21,226
Income (loss) from operations			$ 7,334			$ (701)

* As adjusted for full retrospective adoption of ASC 606, “Revenue from Contracts with Customers.”

Omnicell, Inc.
Segmented Information
(Unaudited, in thousands, except for percentages)

	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Automation and Analytics	Medication Adherence	Total	Automation and Analytics*	Medication Adherence	Total*
Revenues	$ 309,771	$ 61,521	$ 371,292	$ 270,754	$ 58,841	$ 329,595
Cost of revenues	156,928	43,126	200,054	149,477	39,795	189,272
Gross profit	152,843	18,395	171,238	121,277	19,046	140,323
Gross margin %	*49.3%*	*29.9 %*	*46.1%*	*44.8%*	*32.4 %*	*42.6%*
Operating expenses	96,558	20,495	117,053	95,570	21,295	116,865
Income (loss) from segment operations	$ 56,285	$ (2,100)	$ 54,185	$ 25,707	$ (2,249)	$ 23,458
Operating margin %	*18.2%*	*(3.4)%*	*14.6%*	*9.5%*	*(3.8)%*	*7.1%*
Corporate costs			46,218			40,711
Income (loss) from operations			$ 7,967			$ (17,253)

* As adjusted for full retrospective adoption of ASC 606, “Revenue from Contracts with Customers.”

Omnicell, Inc.
Segment Information - Non-GAAP Gross Profit and Non-GAAP Operating Margin
(Unaudited, in thousands, except for percentages)

	Three Months Ended June 30, 2018								
	Automation and Analytics			Medication Adherence			Total		
	Amount	% of GAAP Revenues	% of Non-GAAP Revenues	Amount	% of GAAP Revenues	% of Non-GAAP Revenues	Amount	% of GAAP Revenues	% of Non-GAAP Revenues
Revenues	$ 158,365			$ 30,308			$ 188,673		
Non-GAAP Revenues	$ 158,365			$ 30,308			$ 188,673		
GAAP Gross profit	$ 79,679	*50.3%*		$ 9,104	*30.0 %*		$ 88,783	*47.1 %*	
Share-based compensation expense	1,004	*0.6%*	*0.6%*	173	*0.6 %*	*0.6 %*	1,177	*0.6 %*	*0.6 %*
Amortization expense of acquired intangible assets	2,232	*1.4%*	*1.4%*	524	*1.7 %*	*1.7 %*	2,756	*1.5 %*	*1.5 %*
Non-GAAP Gross profit	$ 82,915		*52.4%*	$ 9,801		*32.3 %*	$ 92,716		*49.1 %*
GAAP Operating income (loss)	$ 31,512	*19.9%*		$ (1,192)	*(3.9)%*		$ 30,320	*16.1 %*	
Share-based compensation expense	3,148	*2.0%*	*2.0%*	489	*1.6 %*	*1.6 %*	3,637	*1.9 %*	*1.9 %*
Amortization expense of acquired intangible assets	4,204	*2.7%*	*2.7%*	1,678	*5.5 %*	*5.5 %*	5,882	*3.1 %*	*3.1 %*
Severance and other expenses	996	*0.6%*	*0.6%*	(25)	*(0.1)%*	*(0.1)%*	971	*0.5 %*	*0.5 %*
Non-GAAP Operating income	$ 39,860		25.2%	$ 950		3.1 %	$ 40,810		21.6 %
GAAP Corporate costs							$ 22,986	*12.2 %*	
Share-based compensation expense							(3,601)	*(1.9)%*	*(1.9)%*
Severance and other expenses							(764)	*(0.4)%*	*(0.4)%*
Non-GAAP Corporate costs							$ 18,621		*9.9 %*
Non-GAAP Income from operations							$ 22,189		*11.8 %*

Omnicell, Inc.
Segment Information - Non-GAAP Gross Profit and Non-GAAP Operating Margin
(Unaudited, in thousands, except for percentages)

	Three Months Ended June 30, 2017								
	Automation and Analytics*			Medication Adherence			Total*		
	Amount	% of GAAP Revenues	% of Non-GAAP Revenues	Amount	% of GAAP Revenues	% of Non-GAAP Revenues	Amount	% of GAAP Revenues	% of Non-GAAP Revenues
Revenues	$ 148,584			$ 32,458			$ 181,042		
Acquisition accounting impact related to deferred revenues	—	*—%*	*—%*	313	*1.0%*	*1.0%*	313	*0.2 %*	*0.2 %*
Non-GAAP Revenues	$ 148,584			$ 32,771			$ 181,355		
GAAP Gross profit	$ 67,868	*45.7%*		$ 10,264	*31.6%*		$ 78,132	*43.2 %*	
Share-based compensation expense	736	*0.5%*	*0.5%*	128	*0.4%*	*0.4%*	864	*0.5 %*	*0.5 %*
Amortization expense of acquired intangible assets	2,228	*1.5%*	*1.5%*	620	*1.9%*	*1.9%*	2,848	*1.6 %*	*1.6 %*
Acquisition accounting impact related to deferred revenues	—	*—%*	*—%*	313	*1.0%*	*1.0%*	313	*0.2 %*	*0.2 %*
Non-GAAP Gross profit	$ 70,832		*47.7%*	$ 11,325		*34.6%*	$ 82,157		*45.3 %*
GAAP Operating income (loss)	$ 20,360	*13.7%*		$ 165	*0.5%*		$ 20,525	*11.3 %*	
Share-based compensation expense	2,275	*1.5%*	*1.5%*	354	*1.1%*	*1.1%*	2,629	*1.5 %*	*1.4 %*
Amortization expense of acquired intangible assets	4,545	*3.1%*	*3.1%*	1,929	*5.9%*	*5.9%*	6,474	*3.6 %*	*3.6 %*
Acquisition accounting impact related to deferred revenues	—	*—%*	*—%*	313	*1.0%*	*1.0%*	313	*0.2 %*	*0.2 %*
Severance and other expenses	610	*0.4%*	*0.4%*	—	*—%*	*—%*	610	*0.3 %*	*0.3 %*
Non-GAAP Operating income	$ 27,790		18.7%	$ 2,761		8.4%	$ 30,551		16.8 %
GAAP Corporate costs							$ 21,226	*11.7 %*	
Share-based compensation expense							(2,916)	*(1.6)%*	*(1.6)%*
Severance and other expenses							(360)	*(0.2)%*	*(0.2)%*
Non-GAAP Corporate costs							$ 17,950		*9.9 %*
Non-GAAP Income from operations							$ 12,601		*6.9 %*

* As adjusted for full retrospective adoption of ASC 606, "Revenue from Contracts with Customers."