

**Complementary Summary of Omnicell Q1 2011 Results: July 28, 2011**

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, 2011, 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.

In early May Omnicell announced the new product platform consisting of next generation software and hardware that we call G4. G4 was designed to make it easier than ever for hospitals to reduce costs, comply with increasingly stringent regulatory pressures, and safeguard the patient. This platform will be the backbone of all our products. The new G4 platform reduces the administrative effort required to operate our systems and increases the intra-operability of our software through the introduction of a new architecture. The announcement covered eleven new products, including the first automated dispensing system powered by Windows 7, our new Savvy mobile medication system, a redesigned Anesthesia Workstation and a redesigned Controlled Substance Management system. G4 was the most extensive product announcement in the history of Omnicell, and our company is passionately focused on this successful release and implementation. We made a production transition to G4, trained our field staff on the new product set, and engaged in new demand generation activities to build the sales pipeline during the quarter, all while simultaneously increasing our profit margins.

Customer reaction to the G4 platform has been very positive. By making G4 compatible with previous versions of our products, we have made it easy for our

customers to take advantage of the new G4 capabilities, while protecting the investments they have already made in Omnicell systems. Athens Regional Medical Center in Georgia is an existing account that is one of the first customers to upgrade their Omnicell system to G4, extending the value of their investment in our equipment that was initially installed in 2007. New accounts, such as Royal Victoria Hospital, a 300-bed facility in Ontario, Canada, who is one of the first new customers outside the United States to order G4 systems, get all the advantages of state of the art technology on their initial decision to automate their medication distribution and control process. Looking forward we expect a steady stream of existing customers to upgrade to G4 and for new customers to be attracted to this next generation platform for the efficiency, security, and safety improvements it offers.

On the heels of this large product launch, in late June we announced that the new G4 platform has also achieved certification as a Modular Electronic Health Record. Omnicell is the first stand-alone automated medication system to receive this certification. Hospitals can use our system to meet a portion of the requirements in achieving meaningful use objectives to qualify for federal funding incentives from the American Recovery and Reinvestment Act. This is an important certification for our customers, who are facing unprecedented regulatory and economic pressures in a complex healthcare environment. We are proud to be the leader in our product segments and support our customer's efforts to achieve financial stability while also increasing clinician efficiency and improving the quality of patient care.

During the past quarter Omnicell products were again recognized by winning the highest awards from the leading independent research firm, KLAS. The OmniRx has won the category leader award for automated dispensing cabinets for six years in a row, and for the past two years, has won the Best in KLAS award, an award given to products of particularly high distinction. The Omnicell WorkflowRx carousel was awarded the highest available ranking of Category Leader for the second consecutive year and our Anesthesia Workstation was awarded category leader in a new classification for operating room anesthesia cabinets.

With our new G4 platform, we believe we have the best products in the industry and the KLAS awards not only reinforce this belief but also demonstrate we have the best customer experience as well.

## **Results**

The second quarter was a very good quarter for Omnicell with revenue and profit exceeding expectations and excellent profit growth sequentially from the first quarter. The order growth we saw in 2010 is now completing the installation cycle and we are seeing the resulting increase in product revenue. Omnicell service revenues also remain strong. We continued winning new customers during the second quarter with orders from new or competitive conversion accounts totaling 28% of our total orders this quarter. During the second quarter about three-fourths of the new accounts were from greenfield accounts buying medication automation for the first time and one quarter from competitive conversions. Year to date, orders from new and competitive conversions are 34% of our total orders, in line with expectations.

Revenue for the second quarter of 2011 was \$61.0 million, up 7% from the past quarter and up 12% from the second quarter of a year ago. Net earnings after taxes for the second quarter were \$2.6 million, or \$0.08 per share, which is an increase of \$0.06 per share from the past quarter and up \$0.02 per share from the second quarter of 2010.

Our headcount at the end of the quarter was 771, up 9 from the past quarter. The company's gross margins continued to be strong during second quarter, reflecting changes we have made in our product costs and a continued strong mix. Expenses this quarter shifted back to more normal rates without some of the anomalies that we saw the past quarter. R&D capitalization rates returned to rates we experienced prior to the G4 launch and we had a reduction in SG&A following the nonrecurring charge we took for the settlement of our lawsuit with Medacis in the first quarter.

## **Non-GAAP Results**

The adjustments to GAAP results are the exclusion of stock compensation expenses in the current quarter and the exclusion of both stock compensation expenses and the

one time litigation settlement fee in the first quarter. Stock compensation expense includes the estimated future value of employee stock options, restricted stock, and our employee stock purchase plan. Since stock compensation expense is a non-cash expense, we use financial statements internally that exclude stock compensation expense in order to measure some of our operating results. We use these adjusted statements in addition to GAAP financial statements, and we feel it is useful for investors to understand the non-cash stock compensation expenses that are a component of our reported results. We also measure our business excluding infrequent events such as the litigation settlement charge. A full reconciliation of our GAAP to non-GAAP results is included in our press release and will be posted at [www.omnicell.com](http://www.omnicell.com).

Omnicell's second quarter 2011 non-GAAP net income was \$5.0 million, or \$0.15 per share, which is two cents higher than analyst consensus. Our second quarter 2011 non-GAAP net income increased from the first quarter of 2011 non-GAAP income of \$3.7 million, or \$0.11 per share. We are also up from the second quarter of 2010 non-GAAP income of \$4.1 million, or \$0.12 per share.

Adjusted earnings before Interest, Taxes, Depreciation and Amortization, which also excludes stock compensation amortization, were \$8.6 million for the second quarter of 2011, up from \$6.3 million the past quarter and \$7.7 million a year ago.

Our cash and short-term investments were \$181 million at the end of the second quarter of 2011, roughly equal to the past quarter. During the quarter we continued a program to repurchase our stock that we began last quarter. With the addition of \$3.5 million of stock repurchased in this quarter, we have repurchased \$8.0 million year to date at an average share price of \$14.28. We have \$17 million more share repurchase authorization outstanding. In addition to using cash for the buy back, we added to our inventories by \$2 million to cover the transition to our G4 platform. Initial supply of our new computer console for the G4 platform was produced in our factory in California to assure a smooth transition and quick correction of any initial production issues. Consequently, we carried inventories of components and finished goods normally carried by our suppliers. During third quarter we are transitioning the

production of the computer module to our suppliers in China and we expect our Inventories of \$17 million to decrease through the year. Accounts Receivable days sales outstanding were 65, up one day from the past quarter but still on the low end of our expected range of DSO.

### **2011 Revenue and Profit Guidance**

For the rest of 2011, we expect to continue growing the business towards the guidance we gave in February. We continue to expect product backlog at the end of 2011 to be between \$138 and \$144 million. As discussed in previous calls, our sales mix has shifted more towards larger transactions and the timing of closing larger transactions is more difficult to predict. The customer's decision process can easily slip from one quarter to the next. Our backlog guidance is dependent upon several larger transactions closing in the second half of 2011. The orders we currently have in our backlog give us good visibility to the revenue to be installed in the next two quarters and beyond. We continue to expect 2011 revenue to be between \$240 and \$245 million. We previously gave guidance for 2011 non-GAAP earnings excluding stock compensation and litigation settlement expenses of between \$0.51 and \$0.56 per share. We now expect to be at the high end of that range. These profit expectations assume an effective tax rate of 40% on GAAP earnings and no material change in interest rates.

### **Summary**

With the addition of modular E.H.R certification to our G4 product line and our very encouraging results just 3 months after the new platform launch, we are very happy with Omnicell's strategic position in the industry. The recognition from KLAS underscores our customer satisfaction. We have a strong base for revenue expansion, and healthy improvements to profitability to be proud of.

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

	Three Months Ended			Six Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
<b>Revenues:</b>					
Product	\$ 46,218	\$ 42,575	\$ 42,023	\$ 88,793	\$ 84,318
Services and other revenues	14,787	14,585	12,670	29,372	24,535
<b>Total revenue</b>	<b>61,005</b>	<b>57,160</b>	<b>54,693</b>	<b>118,165</b>	<b>108,853</b>
<b>Cost of revenues:</b>					
Cost of product revenues	19,730	17,836	19,009	37,566	38,274
Cost of services and other revenues	7,468	7,674	6,816	15,142	14,125
<b>Total cost of revenues</b>	<b>27,198</b>	<b>25,510</b>	<b>25,825</b>	<b>52,708</b>	<b>52,399</b>
<b>Gross profit</b>	<b>33,807</b>	<b>31,650</b>	<b>28,868</b>	<b>65,457</b>	<b>56,454</b>
<b>Operating expenses:</b>					
Research and development	5,280	4,840	4,950	10,120	9,515
Selling, general, and administrative	24,297	25,781	20,426	50,078	41,938
<b>Total operating expenses</b>	<b>29,577</b>	<b>30,621</b>	<b>25,376</b>	<b>60,198</b>	<b>51,453</b>
<b>Income from operations</b>	<b>4,230</b>	<b>1,029</b>	<b>3,492</b>	<b>5,259</b>	<b>5,001</b>
<b>Other income and (expense), net</b>	<b>71</b>	<b>54</b>	<b>53</b>	<b>125</b>	<b>127</b>
<b>Income before provision for income taxes</b>	<b>4,301</b>	<b>1,083</b>	<b>3,545</b>	<b>5,384</b>	<b>5,128</b>
<b>Provision for income taxes</b>	<b>1,714</b>	<b>413</b>	<b>1,580</b>	<b>2,127</b>	<b>2,184</b>
<b>Net income</b>	<b>\$ 2,587</b>	<b>\$ 670</b>	<b>\$ 1,965</b>	<b>\$ 3,257</b>	<b>\$ 2,944</b>
<b>Net income per share:</b>					
Basic	\$ 0.08	\$ 0.02	\$ 0.06	\$ 0.10	\$ 0.09
Diluted	\$ 0.08	\$ 0.02	\$ 0.06	\$ 0.10	\$ 0.09
<b>Weighted average shares outstanding:</b>					
Basic	33,003	33,184	32,567	33,093	32,388
Diluted	33,981	34,098	33,452	34,039	33,303

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

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
	(unaudited)	(1)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 181,258	\$ 175,635
Short-term investments	—	8,074
Accounts receivable, net	43,105	42,732
Inventories	17,382	9,785
Prepaid expenses	10,568	11,959
Deferred tax assets	13,052	13,052
Other current assets	5,940	7,266
Total current assets	<u>271,305</u>	<u>268,503</u>
Property and equipment, net	16,320	14,351
Non-current net investment in sales-type leases	8,913	9,224
Goodwill	28,543	28,543
Other intangible assets	4,414	4,672
Non-current deferred tax assets	10,057	9,566
Other assets	9,901	8,365
Total assets	<u>\$ 349,453</u>	<u>\$ 343,224</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 14,380	\$ 13,242
Accrued compensation	8,122	7,731
Accrued liabilities	6,224	8,684
Deferred service revenue	18,717	16,788
Deferred gross profit	11,300	11,719
Total current liabilities	<u>58,743</u>	<u>58,164</u>
Long-term deferred service revenue	18,855	19,171
Other long-term liabilities	625	675
Total liabilities	<u>78,223</u>	<u>78,010</u>
Stockholders' equity:		
Total stockholders' equity	<u>271,230</u>	<u>265,214</u>
Total liabilities and stockholders' equity	<u>\$ 349,453</u>	<u>\$ 343,224</u>

(1) Information derived from our December 31, 2010 audited Consolidated Financial Statements.

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

	Three months ended					
	June 30, 2011		March 31, 2011		June 30, 2010	
	Net income	Net income per share- diluted	Net income	Net income per share- diluted	Net income	Net income per share- diluted
<b>GAAP</b>	\$ 2,587	\$ 0.08	\$ 670	\$ 0.02	\$ 1,965	\$ 0.06
Non-GAAP adjustments:						
ASC 718 share-based compensation adjustment (a)						
Gross profit	383		367		363	
Operating expenses	2,068		2,025		1,734	
Litigation settlement, net of tax (b)	—		620		—	
Total after-tax adjustments	2,451	0.07	3,012	0.09	2,097	0.06
<b>Non-GAAP</b>	<u>\$ 5,038</u>	<u>\$ 0.15</u>	<u>\$ 3,682</u>	<u>\$ 0.11</u>	<u>\$ 4,062</u>	<u>\$ 0.12</u>

(a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense related to the impact of ASC 718 (formerly referred to as SFAS No. 123R) for the periods shown.

(b) 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.



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

	Six months ended			
	June 30, 2011		June 30, 2010	
	Net income	Net income per share- diluted	Net income	Net income per share- diluted
<b>GAAP</b>	\$ 3,257	\$ 0.10	\$ 2,944	\$ 0.09
Non-GAAP adjustments:				
ASC 718 share-based compensation adjustment (a)				
Gross profit	750		684	
Operating expenses	4,093		3,569	
Litigation settlement, net of tax (b)	620		—	
Total after tax adjustments	5,463	0.16	4,253	0.13
<b>Non-GAAP</b>	<u>\$ 8,720</u>	<u>\$ 0.26</u>	<u>\$ 7,197</u>	<u>\$ 0.22</u>

(a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense related to the impact of ASC 718 (formerly referred to as SFAS No. 123R) for the periods shown.

(b) 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.

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

	Three Months Ended			Six months ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
GAAP net income	\$ 2,587	\$ 670	\$ 1,965	\$ 3,257	\$ 2,944
Add back:					
ASC 718 stock compensation expense	2,451	2,392	2,097	4,843	4,253
Litigation settlement, pre-tax	—	1,000	—	1,000	—
Interest	(75)	(75)	(88)	(150)	(160)
Depreciation and amortization expense	1,942	1,852	2,178	3,794	4,301
Income tax expense	1,714	413	1,580	2,127	2,184
Non-GAAP adjusted EBITDA (1)	<u>\$ 8,619</u>	<u>\$ 6,252</u>	<u>\$ 7,732</u>	<u>\$ 14,871</u>	<u>\$ 13,522</u>

(1) Defined as earnings before interest income and expense, taxes, depreciation and amortization, and non-cash expenses, including stock compensation expense, per ASC 718, formerly FAS 123R. Also excludes first quarter 2011 non-GAAP adjustment for pre-tax litigation settlement.