



Omnicell Announces Third Quarter 2002 Financial Results

Company Also Announces Plan to Refocus and Restructure Organization for Return to Profitability

PALO ALTO, Calif. — Oct. 24, 2002 — Omnicell, Inc. (NASDAQ: OMCL), a provider of solutions that improve patient care by enhancing the operational efficiency of healthcare organizations, today announced financial results for the third quarter ended Sept. 30, 2002.

For the third quarter of 2002, total revenues were \$19.1 million compared to \$22.7 million for the comparable period in 2001. For the nine months ended Sept. 30, 2002, total revenues were \$68.4 million compared to \$62.5 million in 2001.

Total operating expenses decreased to \$13.3 million in the third quarter of 2002 from \$13.9 million in the third quarter of 2001. The operating loss for the third quarter of 2002 was \$2.7 million, compared to operating income of \$0.5 million in the third quarter of 2001. The net loss for the third quarter of 2002 was \$2.6 million or (\$0.12) per share compared to net income of \$0.5 million or \$0.02 per share on a fully diluted basis in the same quarter a year ago.

For the nine months ended Sept. 30, 2002, total operating expenses decreased slightly to \$40.2 million from \$40.5 million in the same period of 2001. For the nine months ended Sept. 30, 2002, operating income was \$0.3 million, compared to an operating loss of \$1.7 million in the same period last year. For the nine months ended Sept. 30, 2002, net income was \$0.8 million or \$0.04 per share on a fully diluted basis, compared to a loss of \$2.6 million or \$(0.59) per share in the same period last year.

Omnicell's cash balances at the end of the third quarter were \$21.3 million, unchanged from June 30, 2002.

"While we faced significant challenges in the third quarter, we remain well-positioned to leverage and grow our installed base of over 23,000 automation systems at more than 1,300 healthcare facilities," said Omnicell's Chairman, President and CEO Randall A. Lipps. "We have identified and assessed the major opportunities and challenges facing our business and we are proactively addressing these by strengthening the management team, improving our organizational structure and sales focus, and developing an achievable plan to build market presence and accomplish consistent growth.

"This plan includes reducing expenses, improving operational efficiencies and accelerating new product development," Lipps continued. "We believe that through this plan we will be able to concentrate our efforts on our customer base and on pharmacy automation solutions, growing our business and returning to profitability by the end of the first half of 2003."

As part of its efforts to streamline the organization and improve cost management, Omnicell plans to make a reduction in headcount of approximately 10 percent for which the company will take a \$2.5 million to \$3.5 million restructuring charge in the fourth quarter of 2002. In addition, Omnicell announced the following:

- Lipps was named President and CEO in addition to his duties as Chairman, replacing Shelly Asher, who stepped down as President and CEO
- Gary Wright, the sales executive who led Omnicell's rise in revenues from \$1 million in 1994 to \$48 million in 1998, was named Vice President of Sales and Field Operations. Wright was Vice President of International before assuming his new duties.
- As of Sept. 30, 2002, 23,817 pharmacy and supply automation systems had been installed or released for customer installation in 1,357 healthcare facilities.
- In Sept. 2002, Omnicell completed the acquisition of APRS Inc., a company that develops, markets, and supports integrated system solutions for health system pharmacies. The APRS solution was renamed Omnicell PharmacyCentral.
- Bothwell Regional Health Center, a 180-bed hospital in Sedalia, Missouri, chose Omnicell for the installation of new pharmacy and supply automation systems
- Omnicell launched a new open inventory system, OmniScanner, to complement its established OmniSupplier® closed system to allow healthcare organizations to manage both open and closed inventory.

Management will discuss third quarter results and provide a detailed outlook for business going forward today at 5 p.m. ET. Interested parties may listen to the conference call by logging on to www.omnicell.com or by dialing 800-257-1836 (domestic) or 303-262-2075 (international) approximately 10 minutes prior to the scheduled start. A replay of the call will be available from 7 p.m. ET on Oct. 24, 2002 through 11:59 p.m. ET on Oct. 31, 2002. Dialing 800-405-2236 (domestic) or 303-590-3000 (international) and entering the passcode 501604# for both numbers will access the call replay.

About Omnicell

Established in 1992, Omnicell (NASDAQ: OMCL) provides solutions that improve patient care by enhancing the operational efficiency of healthcare organizations. Addressing the medication management and supply chain areas, Omnicell's medication and supply dispensing systems and decision support tools enable healthcare facilities to decrease costs, operate more efficiently, and reduce medication errors. For more information, visit www.omnicell.com.

To the extent any statements contained in this release deal with information that is not historical, these statements are

necessarily forward-looking. As such, they are subject to the occurrence of many events outside Omnicell's control and are subject to various risk factors that could cause actual results to differ materially from those expressed or implied in any forward-looking statement. The risk factors are described in the Company's Securities and Exchange Commission filings and include, without limitation, continued growth and acceptance of our products and services and continued growth of the clinical automation and workflow automation market generally, increasing competition, the ability of the company to achieve break-even by the end of the first half of 2003, grow product backlog, retain key personnel, cut expenses, develop and integrate products in a timely and cost-effective manner, and improve sales productivity. Prospective investors are cautioned not to place undue reliance on forward-looking statements.

OMNICELL, INC.
SELECTED FINANCIAL INFORMATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	(unaudited)		(unaudited)	
Revenues:				
Product revenues	\$15,378	\$19,308	\$57,620	\$54,583
Service and other revenues	3,695	3,371	10,814	7,923
Total revenues	19,073	22,679	68,434	62,506
Costs and expenses:				
Cost of product revenues	7,134	6,970	23,132	18,983
Cost of service and other revenues	1,393	1,389	4,804	4,777
Total cost of revenues	8,527	8,359	27,936	23,760
Gross margin	10,546	14,320	40,498	38,746
Operating expenses:				
Research and development	2,410	2,897	7,289	8,478
Selling, general and administrative	10,878	10,966	32,865	31,980
Total operating expenses	13,288	13,863	40,154	40,458
Operating income (loss)	(2,742)	457	344	(1,712)
Other income and expense, net	183	59	490	(778)
Income (loss) before provision for income taxes	(2,559)	516	834	(2,490)
Provision (benefit) for income taxes	25	25	(10)	75
Net income (loss)	<u>(\$2,584)</u>	<u>\$491</u>	<u>\$844</u>	<u>(\$2,565)</u>
Net income (loss) per share - basic	<u>(\$0.12)</u>	<u>\$0.04</u>	<u>\$0.04</u>	<u>(\$0.59)</u>
Net income (loss) per share - diluted	<u>(\$0.12)</u>	<u>\$0.02</u>	<u>\$0.04</u>	<u>(\$0.59)</u>
Shares used in computing net income (loss)	<u>21,830</u>	<u>13,971</u>	<u>21,674</u>	<u>4,314</u>
per share - basic				
Shares used in computing net income (loss)	<u>21,830</u>	<u>20,052</u>	<u>23,078</u>	<u>4,314</u>
per share - diluted				

SUMMARY BALANCE SHEET

September 30, December 31,
2002 2001

(Note 1)

Cash, cash equivalents and short-term marketable securities	21,277	23,839
Trade receivables, net	14,712	18,167
Inventory, net	12,602	12,702
Other current assets	4,623	4,803
Property and equipment, net	5,062	5,384
Other assets	11,850	7,219
Total assets	70,126	72,114
Deferred service revenue	11,651	8,009
Deferred gross profit	19,313	24,790
Other current liabilities	16,672	19,351
Long-term obligations	723	363
Stockholders' equity	21,767	19,601
Total liabilities and stockholders' equity	70,126	72,114

(Note 1 – Derived from audited financial statements at December 31, 2001. Certain amounts have been reclassified to conform to current period presentation.)