Complementary Summary of Q1 2018 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 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, and then cover our results for the first quarter of 2018 and our guidance for the year. Our first 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 excited to provide an update on the Company's performance for the first quarter of 2018 as the business continued to progress with great momentum in innovation, customer acquisitions, and financial results.

Innovation

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

In December last year we announced the XR2 Automated Central Pharmacy System. The leading edge robotic XR2 is a significant step towards the fully automated central pharmacy across the full range of customer environments. Beyond upgrade potential, the XR2 represents significant greenfield opportunities.

Also in December of last year we announced the IVX Workflow powered by IVX Cloud. IVX is a significant technological advancement for IV workflow processes, enabling pharmacies to safely and efficiently compound and prepare IV treatments.

We entered into additional non-cancellable commercial agreements for both the XR2 and the IVX Workflow products in the first quarter and continue to see a healthy build in the pipeline. As we communicated previously, the general availability for customer installs of the IVX Workflow and XR2 products are in the second and third quarters of this year, respectively, contributing to second half 2018 revenue.

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

- It is clear that we are winning in the marketplace. During the first quarter of 2018 we had a strong New and Competitive conversions rate of 27% of total company bookings. This is a good indicator of the strength of the business. Around 80% were competitive conversions and the remainder were from greenfield customers who have never automated before. For the 12 months ended March 31, 2018 our New and Competitive conversions rate was 28%.
- Omnicell XT Series continues to be very well received and accepted by customers as we see continued fast growth in the shipped and live XT frames throughout 2018.

- Our industry-leading platform across the continuum of care strongly aligns with the current healthcare trends we see, where hospital systems are reducing the number of vendors and instead seeking strategic partnerships.
- We believe that our platform strategy also aligns well with the recent business combinations trends in healthcare of providers, payers, retail pharmacies, as well as the formation of non-traditional healthcare entrants. As consolidation continues and non-traditional healthcare entrants grow, we are best positioned to partner with them in the area of medication management automation in a variety of care settings.

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

1) Growth through the <u>Differentiated Omnicell Platform</u>, and that has deepened and broadened with our large product lines. Our products create digital streams of data, which then constitutes a place for Performance Center to do an analysis of our customers' performance, enabling them to operate at the highest levels.
2) Growth in <u>New Markets</u>
3) Growth via <u>Acquisitions</u>

In the first quarter of 2018, we continued to experience considerable wins and have added notable accounts to our customer base under our <u>first</u> strategic growth pillar of <u>Differentiated Platform</u>. With numerous large competitive conversions during the quarter, we believe that we gained further market share, a continuation of the trend of market share gain and momentum we have experienced for many years. We also cultivated strong wins with prominent <u>new</u> customers, as well as significant strategic deals with <u>existing</u> customers.

Increasingly we are seeing the power of the Omnicell Platform with over 75% of our multi-million dollar bookings in the quarter adopting multiple products on the Omnicell Platform. Strategic platform wins this quarter are:

- **Carle Foundation** in Urbana, Illinois. Carle will be leveraging Omnicell's full platform of solutions, including the XT Series, the XR2 automated robotic system, and IV solutions.
- **North Kansas City Hospital,** a new Omnicell customer located in Kansas City, Missouri that chose Omnicell and is adopting the Omnicell Platform, including XT, IVX, and the Performance Center.
- **LifeBridge Health**, located in northwest Baltimore, has also chosen to leverage Omnicell's differentiated platform to support their conversion to a full cartless pharmacy model.

We are pleased to see increased momentum in the adoption of the real-time **Performance Center** on the cloud. Several customers, including **Wake Forest Baptist Medical Center** in Winston Salem, North Carolina and **Brigham and Woman's Hospital** in Boston, have all chosen our Performance Center offering to drive improved performance and reduce costs through real-time enterprise-wide management of their pharmacy operations. In the first quarter we have signed contracts that will more than double the number of facilities using the Performance Center.

We also continue to see good growth for our **IV automation solutions** as a growing number of hospitals and healthcare systems across North America have chosen our robotic sterile compounding technology to help enhance safety, improve therapy, reduce cost, and facilitate compliance in their IV operations. These customers include:

- **Eskenazi Health** in Indianapolis, Indiana. **Eskenazi** had previously considered a competitive solution, but chose Omnicell because the all-in-one approach supports greater efficiency in the IV room.
- **Methodist LeBonheur Healthcare**, a six-hospital system in Memphis, Tennessee is adopting Omnicell's solution to support patient safety initiatives, eliminating outsourced production of IVs which will significantly contribute to their goal of achieving an annual savings of over $1 million.

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

Aneurin Bevan University Health Board, a large health board in Wales, United Kingdom, has chosen to adopt Omnicell automated dispensing systems throughout the theatre suites in their hospitals for supply control.

Expansion outside the U.S. also includes products designed specifically to support the workflows used in those regions. Demonstrating our commitment to markets outside the U.S., we recently began accepting orders for our new **RDX Essential**, a new robot specifically designed for the European retail pharmacy market.

Our third strategic pillar of expanding our presence and relevance through Acquisitions has also continued to deliver great 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.

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

Financial Performance

Our first quarter 2018 GAAP revenue of $183 million was up 23% year over year.

The first quarter Earnings per share in accordance with GAAP was $0.07 and is up from a loss per share of $0.28 in the first quarter of 2017.

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, one-time acquisition-related expenses, the acquisition accounting impacts related to deferred revenue and inventory fair value adjustments, and 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 acquisition amortization 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 first quarter earnings press release and is posted on our website.

For the first quarter, non-GAAP revenue was $183 million, which is above the guidance range of $174 to $179 million provided in our fourth quarter results earnings call. This was mostly driven by earlier timing of completion of implementations in North America as well as general momentum in the business.

Revenue strength and strong cost management resulted in non-GAAP EPS for the first quarter of $0.29 per share, which is above our guidance range of $0.22 to $0.28 and above consensus.

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 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 packages 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 $151 million in GAAP revenue in the first quarter of 2018, up from $122 million in the first quarter of 2017. GAAP operating income of $25 million in the first quarter of 2018 compares to $5 million of GAAP operating income in the same quarter last year. Non-GAAP operating income of $32 million for the first quarter 2018 compares to $15 million of Non-GAAP operating income in the same quarter last year.

The Medication Adherence segment contributed $31 million in GAAP revenue in the first quarter of 2018, up from $26 million in the first quarter of 2017. GAAP operating loss of $1 million in the first quarter of 2018 compares to $2 million of GAAP operating loss in the same quarter last year. Non-GAAP operating income in the first quarter of 2018 and 2017 was $1 million.

Non-GAAP Common expenses were $19 million in the first quarter of 2018, flat from the fourth quarter of 2017.

Non-GAAP Other income and expense for the first quarter was a net loss of approximately $2 million, primarily consisting of interest expense on the outstanding loan balance.

Next we will review the balance sheet and cash flow.

The first quarter 2018 cash flow from operations was $19 million and included a use of cash for a build in inventory for current and future implementations, which was more than offset by an increase in deferred revenue.

Inventories at March 31, 2018 were $102 million, up $6 million from last quarter, primarily driven by an XT and VBM Series inventory build for future quarter installs as well as the first XR2 and IVX units for Beta 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 over the years: first in bookings, then backlog, and then converting to revenue.

Accounts receivable days sales outstanding for the first quarter were 97, up 7 days from the fourth quarter in 2017. The increase in accounts receivable days sales outstanding was mostly driven by lower sequential sales. It's good to remember that based on our customer agreements we largely invoice upon shipment.

In the first quarter of 2018 our cash balance increased from $32 million at December 31, 2017 to $44 million at March 31, 2018 after paying down $2.5 million on our loan facility. During the quarter we did not sell shares of common stock under our At The Market offering.

As of March 31, 2018 we had $215 million of outstanding funded debt, and our loan leverage measured as outstanding total funded loan balance over the last 12 months of bank EBITDA was approximately 2.2.

Our headcount was 2,365 at March 31, 2018, up 18 from December 31, 2017.

Guidance

The specific guidance for 2Q18 is as follows:

- We expect 2Q18 Non-GAAP Revenue to be between $185 and $190 million. Based on the committed implementation schedules of bookings in the March 31, 2018 backlog, including the record number of multi-million dollar fourth quarter deals, and to a lesser extent revenue from the new products XR2 and IVX, we anticipate a steady quarterly revenue ramp throughout the full year of 2018.

- We expect the second quarter 2018 Non-GAAP EPS to be between $0.36 and $0.42 per share, consistent with our year-to-date plan.

Our full year 2018 guidance is unchanged:

- We expect 2018 Product Bookings to be between $625 and $660 million, representing a 13% organic growth rate when taking the mid-point of the guidance range.
- We expect 2018 Non-GAAP Revenue to be between $780 and $800 million. This represents a slightly greater than 10% organic growth rate when taking the mid-point of the guidance range.
- In the first quarter we adopted ASC606 "Revenue from contracts with customers," which resulted in a reclassification of GPO fees from Operating expenses to a reduction of net revenue of around $2 million in both 1Q17 and 1Q18. As discussed previously, our 2018 Guidance, which is unchanged from the fourth quarter earnings call, includes the impact of the adoption of ASC606. The net impact of the retroactive adoption was an increase of $0.01 in Non-GAAP EPS in the first quarter of 2017.
- We expect 2018 Non-GAAP EPS to be between $1.85 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 $4 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 $7 million or equivalent to a Non-GAAP EPS headwind of around $0.14.

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

Conclusion

In summary, we had a great first quarter.

1) We are definitely winning in the marketplace with our broader product line that's now connected to the Performance Center.
2) We continue to have great success in the competitive conversion arena. We also have momentum in replacement sales to current customers, and we predict the 2018 replacement XT bookings to more than double versus 2017.
3) And we've been developing and beginning to deploy a lot of new product lines like XR2, IVX, and a new small retail robot in Europe as well.
4) We are really proud of the Company's financial performance and continued execution of our strategy.
5) We're witnessing fast adoption of the latest developments on the Omnicell Platform, leveraging the cloud and our Performance Center, starting to use some artificial intelligence for predictive analysis, and really partnering with our customers to meet their KPIs together. There have been a lot of moving pieces and a lot of effort over the past 12 to 24 months with great execution from the Omnicell team, which is lining us up to be successful moving forward.

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

	Three Months Ended						
	March 31, 2018	December 31, 2017			March 31, 2017		
		As Adjusted*	As Reported	Change	As Adjusted*	As Reported	Change
Revenues:							
Product	$ 130,104	$ 144,109	$ 144,120	$ (11)	$ 98,702	$ 98,930	$ (228)
Services and other revenues	52,515	52,262	53,824	(1,562)	49,851	51,624	(1,773)
Total revenues	182,619	196,371	197,944	(1,573)	148,553	150,554	(2,001)
Cost of revenues:							
Cost of product revenues	75,417	79,791	79,791	—	63,588	63,588	—
Cost of services and other revenues	24,747	23,085	23,085	—	22,774	22,774	—
Total cost of revenues	100,164	102,876	102,876	—	86,362	86,362	—
Gross profit	82,455	93,495	95,068	(1,573)	62,191	64,192	(2,001)
Operating expenses:							
Research and development	16,537	15,894	15,894	—	16,803	16,803	—
Selling, general and administrative	65,285	61,401	63,494	(2,093)	61,940	64,625	(2,685)
Total operating expenses	81,822	77,295	79,388	(2,093)	78,743	81,428	(2,685)
Income (loss) from operations	633	16,200	15,680	520	(16,552)	(17,236)	684
Interest and other income (expense), net	(2,729)	(1,641)	(1,641)	—	(2,456)	(2,456)	—
Income (loss) before provision for income taxes	(2,096)	14,559	14,039	520	(19,008)	(19,692)	684
Provision for (benefit from) income taxes	(4,816)	(16,665)	(10,252)	(6,413)	(8,673)	(8,938)	265
Net income (loss)	$ 2,720	$ 31,224	$ 24,291	$ 6,933	$ (10,335)	$ (10,754)	$ 419
Net income (loss) per share:							
Basic	$ 0.07	$ 0.82	$ 0.64	$ 0.18	$ (0.28)	$ (0.29)	$ 0.01
Diluted	$ 0.07	$ 0.79	$ 0.62	$ 0.17	$ (0.28)	$ (0.29)	$ 0.01
Weighted average shares outstanding:							
Basic	38,635	38,127	38,127		36,840	36,840	
Diluted	39,691	39,482	39,482		36,840	36,840	

* As adjusted for full retrospective adoption of Accounting Standard Codification ("ASC") 606, "Revenue from Contracts with Customers".

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

	March 31, 2018	December 31, 2017		
		As Adjusted*	As Reported	Change
ASSETS				
Current assets:				
Cash and cash equivalents	$ 43,773	$ 32,424	$ 32,424	$ —
Accounts receivable and unbilled, net	190,678	190,046	189,227	819
Inventories	101,868	96,137	96,137	—
Prepaid expenses	21,161	20,392	36,060	(15,668)
Other current assets	14,751	13,273	13,273	—
Total current assets	372,231	352,272	367,121	(14,849)
Property and equipment, net	48,290	42,595	42,595	—
Long-term investment in sales-type leases, net	16,444	15,435	15,435	—
Goodwill	338,948	337,751	337,751	—
Intangible assets, net	162,458	168,107	168,107	—
Long-term deferred tax assets	9,456	9,454	9,454	—
Prepaid commissions	39,636	41,432	—	41,432
Other long-term assets	53,492	49,316	39,841	9,475
Total assets	$ 1,040,955	$ 1,016,362	$ 980,304	$ 36,058
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 37,859	$ 48,290	$ 48,290	$ —
Accrued compensation	29,632	27,241	27,241	—
Accrued liabilities	40,519	35,693	35,693	—
Long-term debt, current portion, net	17,708	15,208	15,208	—
Deferred revenue, net	95,709	78,774	86,104	(7,330)
Total current liabilities	221,427	205,206	212,536	(7,330)
Long-term, deferred revenue	8,806	10,623	17,244	(6,621)
Long-term deferred tax liabilities	36,320	41,446	28,579	12,867
Other long-term liabilities	9,410	9,829	9,829	—
Long-term debt, net	190,490	194,917	194,917	—
Total liabilities	466,453	462,021	463,105	(1,084)
Total stockholders' equity	574,502	554,341	517,199	37,142
Total liabilities and stockholders' equity	$ 1,040,955	$ 1,016,362	$ 980,304	$ 36,058

* As adjusted for full retrospective adoption of Accounting Standard Codification ("ASC") 606, "Revenue from Contracts with Customers".

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

	Three months ended March 31,	
	2018	2017*
Operating Activities		
Net income (loss)	$ 2,720	$ (10,335)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,310	12,448
Share-based compensation expense	6,528	5,511
Income tax benefits from employee stock plans	—	11
Deferred income taxes	(5,128)	(8,826)
Amortization of debt financing fees	573	397
Changes in operating assets and liabilities:		
Accounts receivable	(632)	21,642
Inventories	(6,881)	(6,933)
Prepaid expenses	(769)	79
Other current assets	(997)	374
Investment in sales-type leases	(1,491)	1,120
Prepaid commissions	1,796	208
Other long-term assets	(1,673)	(9,435)
Accounts payable	(9,416)	11,104
Accrued compensation	2,391	1,955
Accrued liabilities	4,276	(115)
Deferred revenue	15,118	8,471
Other long-term liabilities	131	506
Net cash provided by operating activities	18,856	28,182
Investing Activities		
Purchases of intangible assets, intellectual property and patents	—	(160)
Software development for external use	(5,272)	(4,225)
Purchases of property and equipment	(9,268)	(2,452)
Net cash used in investing activities	(14,540)	(6,837)
Financing Activities		
Repayment of debt and revolving credit facility	(2,500)	(40,000)
Proceeds from issuances under stock-based compensation plans	9,541	10,916
Employees' taxes paid related to restricted stock units	(1,300)	(1,052)
Net cash provided by (used in) financing activities	5,741	(30,136)
Effect of exchange rate changes on cash and cash equivalents	1,292	651
Net increase (decrease) in cash and cash equivalents	11,349	(8,140)
Cash and cash equivalents at beginning of period	32,424	54,488
Cash and cash equivalents at end of period	$ 43,773	$ 46,348

* As adjusted for full retrospective adoption of Accounting Standard Codification ("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		
	March 31, 2018	December 31, 2017*	March 31, 2017*
Reconciliation of GAAP revenue to non-GAAP revenue:			
GAAP revenue	$ 182,619	$ 196,371	$ 148,553
Acquisition accounting impact related to deferred revenue	—	313	313
Non-GAAP revenue	$ 182,619	$ 196,684	$ 148,866
Reconciliation of GAAP gross profit to non-GAAP gross profit:			
GAAP gross profit	$ 82,455	$ 93,495	$ 62,191
GAAP gross margin	*45.2%*	*47.6%*	*41.9%*
Share-based compensation expense	1,019	834	982
Amortization of acquired intangibles	2,791	2,818	2,837
Acquisition accounting impact related to deferred revenue	—	313	313
Severance and other expenses	—	234	1,697
Non-GAAP gross profit	$ 86,265	$ 97,694	$ 68,020
Non-GAAP gross margin	*47.2%*	*49.7%*	*45.7%*
Reconciliation of GAAP operating expenses to non-GAAP operating expenses:			
GAAP operating expenses	$ 81,822	$ 77,295	$ 78,743
GAAP operating expenses % to total revenue	*44.8%*	*39.4%*	*53.0%*
Share-based compensation expense	(5,509)	(4,708)	(4,529)
Amortization of acquired intangibles	(3,238)	(3,348)	(3,653)
Acquisitions related expenses	—	—	(126)
Severance and other expenses	(1,512)	(233)	(2,332)
Non-GAAP operating expenses	$ 71,563	$ 69,006	$ 68,103
Non-GAAP operating expenses % to total revenue	*39.2%*	*35.1%*	*45.7%*

* As adjusted for full retrospective adoption of Accounting Standard Codification ("ASC") 606, "Revenue from Contracts with Customers".

	Three Months Ended		
	March 31, 2018	December 31, 2017*	March 31, 2017*
Reconciliation of GAAP income (loss) from operations to non-GAAP income (loss) from operations:			
GAAP income (loss) from operations	$ 633	$ 16,200	$ (16,552)
GAAP operating income (loss) % to total revenue	*0.3%*	*8.2%*	*(11.1)%*
Share-based compensation expense	6,528	5,542	5,511
Amortization of acquired intangibles	6,029	6,166	6,490
Acquisition accounting impact related to deferred revenue	—	313	313
Acquisitions related expenses	—	—	126
Severance and other expenses	1,512	467	4,029
Non-GAAP income (loss) from operations	$ 14,702	$ 28,688	$ (83)
Non-GAAP operating income (loss) % to total Non-GAAP revenue	*8.1%*	*14.6%*	*(0.1)%*
Reconciliation of GAAP net income (loss) to non-GAAP net income:			
GAAP net income (loss)	$ 2,720	$ 31,224	$ (10,335)
Tax reform benefit impact	—	(20,005)	—
Tax benefit for restructuring activity	(4,205)	—	—
Share-based compensation expense	6,528	5,542	5,511
Amortization of acquired intangibles	6,029	6,166	6,490
Acquisition accounting impact related to deferred revenue	—	313	313
Acquisitions related expenses[c]	397	397	523
Severance and other expenses	1,688	467	4,029
Tax effect of the adjustments above[a]	(1,703)	(2,570)	(4,019)
Non-GAAP net income	$ 11,454	$ 21,534	$ 2,512
Reconciliation of GAAP net income (loss) per share - diluted to non-GAAP net income per share - diluted:			
Shares - diluted GAAP	39,691	39,482	36,840
Shares - diluted Non-GAAP	39,691	39,482	37,782
GAAP net income (loss) per share - diluted	$ 0.07	$ 0.79	$ (0.28)
Tax reform benefit impact	—	(0.50)	—
Tax benefit for restructuring activity	(0.10)	—	—
Share-based compensation expense	0.16	0.14	0.15
Amortization of acquired intangibles	0.15	0.16	0.17
Acquisition accounting impact related to deferred revenue	—	0.01	0.01
Acquisition related expenses	0.01	0.01	0.01
Severance and other expenses	0.04	0.01	0.11
Tax effect of the adjustments above[a]	(0.04)	(0.07)	(0.10)
Non-GAAP net income per share - diluted	$ 0.29	$ 0.55	$ 0.07
Reconciliation of GAAP net income (loss) to non-GAAP Adjusted EBITDA[b]:			
GAAP net income (loss)	$ 2,720	$ 31,224	$ (10,335)
Share-based compensation expense	6,528	5,542	5,511
Interest (income) and expense, net	1,772	1,202	1,432
Depreciation and amortization expense	12,310	12,969	12,448
Acquisition accounting impact related to deferred revenue	—	313	313
Acquisitions related expenses	397	397	523
Severance expense	1,688	213	3,765
Income tax expense	(4,816)	(16,665)	(8,673)
Non-GAAP Adjusted EBITDA	$ 20,599	$ 35,195	$ 4,984

[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 March 31, 2018			Three Months Ended March 31, 2017		
	Automation and Analytics	Medication Adherence	Total	Automation and Analytics *	Medication Adherence	Total*
Revenues	$ 151,406	$ 31,213	$ 182,619	$ 122,170	$ 26,383	$ 148,553
Cost of revenues	78,242	21,922	100,164	68,761	17,601	86,362
Gross profit	73,164	9,291	82,455	53,409	8,782	62,191
Gross margin %	*48.3%*	*29.8%*	*45.2%*	*43.7%*	*33.3%*	*41.9%*
Operating expenses	48,390	10,199	58,589	48,062	11,196	59,258
Income (loss) from segment operations	$ 24,774	$ (908)	$ 23,866	$ 5,347	$ (2,414)	$ 2,933
Operating margin %	*16.4%*	*(2.9)%*	*13.1%*	*4.4%*	*(9.1)%*	*2.0%*
Corporate costs			23,233			19,485
Income (loss) from operations			$ 633			$ (16,552)

* As adjusted for full retrospective adoption of Accounting Standard Codification ("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 March 31, 2018								
	Automation and Analytics			Medication Adherence			Total		
	Amount	% of GAAP Revenue	% of Non-GAAP Revenue	Amount	% of GAAP Revenue	% of Non-GAAP Revenue	Amount	% of GAAP Revenue	% of Non-GAAP Revenue
Revenues	$ 151,406			$ 31,213			$ 182,619		
Non-GAAP Revenues	$ 151,406			$ 31,213			$ 182,619		
GAAP Gross profit	$ 73,164	*48.3%*		$ 9,291	*29.8 %*		$ 82,455	*45.2 %*	
Share-based compensation expense	873	*0.6%*	*0.6%*	146	*0.5 %*	*0.5%*	1,019	*0.6 %*	*0.6 %*
Amortization expense of acquired intangible assets	2,247	*1.5%*	*1.5%*	544	*1.7 %*	*1.7%*	2,791	*1.5 %*	*1.5 %*
Non-GAAP Gross profit	$ 76,284		*50.4%*	$ 9,981		*32.0%*	$ 86,265		*47.2 %*
GAAP Operating income (loss)	$ 24,774	*16.4%*		$ (908)	*(2.9)%*		$ 23,866	*13.1 %*	
Share-based compensation expense	2,730	*1.8%*	*1.8%*	446	*1.4 %*	*1.4%*	3,176	*1.7 %*	*1.7 %*
Amortization expense of acquired intangible assets	4,302	*2.8%*	*2.8%*	1,727	*5.5 %*	*5.5%*	6,029	*3.3 %*	*3.3 %*
Severance and other expenses	375	*0.2%*	*0.2%*	71	*0.2 %*	*0.2%*	446	*0.2 %*	*0.2 %*
Non-GAAP Operating income	$ 32,181		21.3%	$ 1,336		4.3%	$ 33,517		18.4 %
GAAP Corporate costs							$ 23,233	*12.7 %*	
Share-based compensation expense							(3,352)	*(1.8)%*	*(1.8)%*
Severance and other expenses							(1,066)	*(0.6)%*	*(0.6)%*
Non-GAAP Corporate costs							$ 18,815		*10.3 %*
Non-GAAP Income from operations							$ 14,702		*8.1 %*

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

	Three Months Ended March 31, 2017								
	Automation and Analytics*			Medication Adherence			Total*		
	Amount	**% of GAAP Revenue**	**% of Non-GAAP Revenue**	**Amount**	**% of GAAP Revenue**	**% of Non-GAAP Revenue**	**Amount**	**% of GAAP Revenue**	**% of Non-GAAP Revenue**
Revenues	$ 122,170			$ 26,383			$ 148,553		
Acquisition accounting impact related to deferred revenue	—	*—%*	*—%*	313	*1.2 %*	*1.2%*	313	*0.2 %*	*0.2 %*
Non-GAAP Revenues	$ 122,170			$ 26,696			$ 148,866		
GAAP Gross profit	$ 53,409	*43.7%*		$ 8,782	*33.3 %*		$ 62,191	*41.9 %*	
Stock-based compensation expense	863	*0.7%*	*0.7%*	119	*0.5 %*	*0.4%*	982	*0.7 %*	*0.7 %*
Amortization expense of acquired intangible assets	2,187	*1.8%*	*1.8%*	650	*2.5 %*	*2.4%*	2,837	*1.9 %*	*1.9 %*
Acquisition accounting impact related to deferred revenue	—	*—%*	*—%*	313	*1.2 %*	*1.2%*	313	*0.2 %*	*0.2 %*
Severance and other expenses	1,266	*1.0%*	*1.0%*	431	*1.6 %*	*1.6%*	1,697	*1.1 %*	*1.1 %*
Non-GAAP Gross profit	$ 57,725		*47.2%*	$ 10,295		*38.6%*	$ 68,020		*45.7 %*
GAAP Operating income (loss)	$ 5,347	*4.4%*		$ (2,414)	*(9.1)%*		$ 2,933	*2.0 %*	
Stock-based compensation expense	2,500	*2.0%*	*2.0%*	366	*1.4 %*	*1.4%*	2,866	*1.9 %*	*1.9 %*
Amortization expense of acquired intangible assets	4,506	*3.7%*	*3.7%*	1,984	*7.5 %*	*7.4%*	6,490	*4.4 %*	*4.4 %*
Acquisition accounting impact related to deferred revenue	—	*—%*	*—%*	313	*1.2 %*	*1.2%*	313	*0.2 %*	*0.2 %*
Acquisitions related expenses	18	*—%*	*—%*	—	*— %*	*—%*	18	*— %*	*— %*
Severance and other expenses	2,752	*2.3%*	*2.3%*	596	*2.3 %*	*2.2%*	3,348	*2.3 %*	*2.2 %*
Non-GAAP Operating income	$ 15,123		12.4%	$ 845		3.2%	$ 15,968		10.7 %
GAAP Corporate costs							$ 19,485	*13.1 %*	
Stock-based compensation expense							(2,645)	*(1.8)%*	*(1.8)%*
Acquisition related expenses							(108)	*(0.1)%*	*(0.1)%*
Severance and other expenses							(681)	*(0.5)%*	*(0.5)%*
Non-GAAP Corporate costs							$ 16,051		*10.8 %*
Non-GAAP loss from operations							$ (83)		*(0.1)%*

* As adjusted for full retrospective adoption of Accounting Standard Codification ("ASC") 606, "Revenue from Contracts with Customers".