Complementary Summary of Q3 2017 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 28, 2017, 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 third quarter of 2017 and our guidance for the year. Our third quarter financial results are as usual 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 are excited to review our third quarter results as well as our continued progress of the scaling of the XT Series market introduction that is gaining momentum every day.

We are pleased with our progress in continuous innovation to build and expand the industry-leading platform for pharmacy automation.

Specifically so far this year we have:

- Launched our new XT Series in January, which received great responses and we experience continued momentum from both existing and new customers.
- In April we announced the launch of AcuDose-Rx® software on XT hardware which allows our Aesynt customers to take full advantage of the XT Series.
- Last quarter we announced the launch of the XT Series Automated Supply Dispensing Cabinet and the Controlled Substance Dispenser module, providing innovative, efficient, and secure workflow for dispensing and administration of controlled substances.

- We provided greater flexibility through new mobile capabilities in Central Pharmacy Manager to integrate automated inventory management more naturally into pharmacy workflows.
- We expanded the medication adherence ecosystem on the Omnicell platform with the addition of the new VBM 200F advanced automated packaging solution, which adds to the market-leading Time My Meds® medication synchronization Cloud-based software and the proprietary SureMed® Multimed Blister Cards.
- We expanded Performance Center's core capabilities of operational improvements into clinical outcomes and regulatory compliance through internal development and the acquisition of InPharmics, positioning Omnicell as the partner of choice for health systems looking to drive improvement across all facets of medication management.

Earlier this week we announced our annual Innovation Day for investors and analysts, which will be held at the American Society of Health System Pharmacists (ASHP) Mid-Year meeting on December 4 in Orlando, Florida. At that time we will showcase Omnicell's innovation and industry-leading differentiated platform of solutions. As a technology leader we regularly broaden and refresh our product lines, and we expect to have innovation announcements with an annual frequency. We expect that this cadence of annual product announcements and launches will drive multiple simultaneous product Bookings and Revenue ramp-ups within a given year.

From a business perspective it's clear that we are winning in the marketplace. During the third quarter of 2017 we had a strong New and Competitive conversions rate of 31% of bookings. This is a great indicator of the strength of the business. Around two thirds of those were competitive conversions and the remainder were from greenfield customers who have never automated before. For the 12 months ended September 30, 2017 our New and Competitive conversions rate was 28%.

We believe that the new account strength and our installed customer base gives us a robust platform for future growth driven by expansion, replacement, and upgrade sales as well as cross-selling opportunities across our product portfolio.

Second, the XT Series is very well received and accepted by customers. As of last week we have delivered XT to approximately 600 sites, which is up from 320 sites at the end of April. The XT Series is now live at over 330 sites, which is up from 170 sites at the end of April. Both numbers are growing every day.

Third, the scaling of the XT Series revenue is progressing well. Specifically, the percentage of third quarter frame revenue that was from the XT Series came in about 90% versus our earlier expectation of about 80%. We now expect this percentage to increase to above 95% in the fourth quarter. We have also announced to customers the end of shipment of G4 and AcuDose-Rx by December this year. This will allow us to consolidate and reduce the number of ADC frame assembly lines from three to one.

For the third quarter, non-GAAP revenue was $187 million, which was slightly below the guidance range provided in our second quarter results earnings call. Non-GAAP revenue came in slightly below our guidance because of a number of smaller drivers:

- Timing of one large install account.
- Some impact from the Harvey and Irma hurricanes, which resulted in delays in specific hospital implementations in Texas and Florida. This is revenue timing as our agreements are non-cancellable and these implementations are being completed in the fourth quarter.
- A minor delay in annual service contract renewals, which is also timing only as we expect a catch up of service revenue in the fourth quarter.

Despite this revenue timing headwind for the quarter, strong gross margin improvements and good operating cost control resulted in non-GAAP EPS for the third quarter of $0.42, which is in the middle of our guidance range and at consensus.

In the last number of years we have successfully grown the business by implementing 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>

For 11 consecutive years we have received the top honors from KLAS, the prestigious third party rating organization. For 12 consecutive years we have increased our market share and gained new thought leader customers every quarter. Increasingly we are becoming a strategic business partner for our customers developing multiyear plans to consistently deliver integrated solutions with state-of-the-art medication management automation and workflow efficiency across the Omnicell platform for caregivers and better healthcare outcomes for patients.

In 2017 to date, we have continued to experience great wins and have added notable customers to our Omnicell family under our first strategic pillar of differentiated platform. With numerous large competitive conversions we believe that we gained further market share in 2017, a continuation of the market share gain trend and momentum we have experienced for many years. In the third quarter we had some great wins with prominent new customers as well as significant deals with existing customers, including:

- Hackensack Meridian Health
- NYU Langone Health
- Riverside Medical Center

Current Omnicell customer **Hackensack Meridian Health** has chosen to implement Omnicell's automated medication management solutions and enterprise services in its five recently acquired facilities. Hackensack Meridian Health*,* a nationally accredited health network and the first in the nation to receive Magnet nursing recognition, is further standardizing its medication management technology across its growing healthcare system in order to improve clinical operations, specifically by promoting patient safety and supply chain efficiencies.

NYU Langone Health, one of the premier academic medical centers in the United States and named the #19 Hospital in the nation on the 2017-2018 "Best Hospitals" Honor Roll, will be implementing Omnicell's XT automated dispensing system, including unique technology developed specifically for its state-of-the-art Helen L. and Martin S. Kimmel Pavilion, scheduled to open in 2018.

Riverside Medical Center, a Top 100 Hospital® performing within the top five percent of hospitals nationwide and current Omnicell supply chain solution customer, has chosen to implement Omnicell's XT automated medication dispensing solutions in the facility's main hospital. Additionally, Riverside will be outfitting its newly constructed central pharmacy with automation and software solutions that will provide enhanced safety, security, tracking, and improved pharmacy workflow.

Additionally this month **Texas Children's Hospital**, located in Houston, has chosen Omnicell® Performance Center™ to improve inventory optimization of the medication process across their health system. Consistently ranked among the top children's hospitals in the nation, Texas Children's is also implementing Omnicell technology for its automated dispensing system.

These strategic wins in the marketplace are based on the strength of the solutions in our portfolio with the differentiated Omnicell platform.

We are also proud of the recently received industry awards:

- The Omnicell IV compounding solutions and XT Series Automated Dispensing Cabinet were awarded a 2017 Innovative Technology designation from **Vizient,** the largest member-driven healthcare performance improvement company in the country. We are especially excited to receive this designation, as it is the result of direct feedback from healthcare experts who interacted with the products and understand the value this technology brings to the industry.
- We are also excited that **Frost and Sullivan** recently named Omnicell as the 2017 Global Smart Hospitals' Pharmacy Automation Vendor Company of the Year. The analysts recognized Omnicell for our excellence in growth, innovation, and leadership with superior performance in demand generation, brand development, and competitive positioning.

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

We are pleased to receive very positive customer feedback and are experiencing strong commercial momentum for the Omnicell VBM 200F Multimed Automation solution and customer adoption globally including in the U.S., U.K, Germany, and China.

The Omnicell VBM 200F has been adopted into a variety of pharmacy settings serving different patient communities, including chain and independent closed-door pharmacies, retail pharmacies, and specialty pharmacies. It is the only small footprint automated pharmacy solution that efficiently and accurately fills and verifies SureMed by Omnicell Multimed Blister Cards.

Recognizing the opportunity to gain control of their sterile compounding costs, Florida-based **Tampa General Hospital** has chosen Omnicell IV solutions to support in-house production of IV admixtures. A combination of IV automation technology and Omnicell's Robotic IV Insourcing Service, or RIIS™, will help Tampa General Hospital create a safer, more accurate, and more cost-effective compounding operation for the hospital.

Our third strategic pillar, of expanding our presence and relevance through acquisitions, has also continued to deliver great results. The Aesynt integration is progressing well, and we are seeing good cross-selling momentum within the total product portfolio and combined customer base, specifically for our IV and Performance Center solutions.

We believe that the execution of our three-leg strategy laid the foundation for our success historically, and sets us up for continued future growth and scale. In today's evolving healthcare environment, we remain focused on our mission to change the practice of healthcare with solutions that improve patient and provider outcomes.

Financial Performance

Our third quarter 2017 GAAP revenue of $187 million was up $6 million or up 3% sequentially driven by the product transition and related ramp-up of the XT Series launch.

Earnings per share in accordance with GAAP were $0.16, which is up from a GAAP EPS of $0.05 in the third quarter of 2016. GAAP Gross margin was 45.4% for the quarter or up 230 basis points from the second quarter this year.

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, and the acquisition accounting impacts related to deferred revenue and inventory fair value adjustments. 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 third quarter earnings press release and is posted on our website.

Our third quarter 2017 non-GAAP revenues of $187 million were up 3% from the prior quarter driven by the continued ramp-up of the XT Series market introduction.

On a Non-GAAP basis, earnings per share were $0.42 in the third quarter of 2017 which is at consensus, and up $0.11 sequentially.

We are seeing good Gross Margin expansion as Non-GAAP gross margin was 47.6% in the third quarter or up 230 basis points from the prior quarter. We expect gross margin to further increase in the fourth quarter as the XT Series rollout continues to ramp up and we gain further scale and efficiencies in manufacturing and installation.

Non-GAAP Adjusted EBITDA was $28 million for the third quarter of 2017, or up $8 million sequentially.

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 all adherence package consumables, which are now branded SureMed, and equipment used by pharmacists to create adherence packages as well as software solutions that aid retail pharmacies in medication synchronization and other appointment-based model software solutions. Our acquisitions of MTS Medication Technologies, Surgichem Ltd, and Ateb Inc are included in the Medication Adherence segment. As a reminder, we report certain corporate expenses that cannot be easily applied to either segment separately.

On a segment basis, our Automation and Analytics segment contributed $155 million in GAAP revenue in the third quarter of 2017, up from $152 million in the third quarter of 2016. GAAP operating income of $28 million this quarter compares to $19 million GAAP operating income in the second quarter this year, and $25 million of GAAP operating income for the same quarter last year. Non-GAAP operating profit of $35 million for the third quarter compares to $39 million for the same period last year.

The Medication Adherence segment contributed $32 million of GAAP revenue to the quarter, compared to $24 million in the third quarter of 2016. GAAP operating profit was $0 for the quarter similar to last quarter, compared to a $0.8 million GAAP operating profit a year ago. Non-GAAP operating income was $2.5 million in the third quarter compared to $2.3 million of Non-GAAP operating income a year ago.

Non-GAAP Common expenses were $16 million compared to $19 million in the third quarter of 2016.

Non-GAAP operating margin including Aesynt and Ateb integration cost was 11.7% in the third quarter, up from around 6% in the second quarter. Excluding the Aesynt integration costs of approximately $1.5 million the Non-GAAP operating margin was around 12.5% for the third quarter.

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

Finally, we are assuming an annual average tax rate of 35% to adjust GAAP tax expenses to non-GAAP tax expenses.

In the third quarter of 2017 our cash balance decreased from $27 million to $7 million after paying down our outstanding debt by $2.5 million in the quarter.

The third quarter 2017 cash flow used in operations of $18 million was driven by an $11 million build in inventory for current and future implementations and by higher accounts receivables. The average implementation period from the time of shipment to completion varies between a couple of weeks to 2-3 months for the larger implementations.

Inventories at September 30, 2017 were $92 million, up $10 million from last quarter, primarily driven by an XT Series inventory build for future quarter installs.

Accounts receivable days sales outstanding were 86, up 8 days from the second quarter, and down 5 days from the third quarter last year. The increase in accounts receivable days sales outstanding from prior quarter was mostly driven by invoiced shipments towards the end of the third quarter for fourth quarter revenue. Based on our customer agreements we largely invoice upon shipment.

As of September 30, 2017 we had $197.5 million of outstanding funded debt, and our loan leverage measured as outstanding total funded loan balance over LTM of bank EBITDA was approximately 2.7.

Our headcount was 2,336 at September 30, 2017, down from 2,348 at June 30 this year.

During the third quarter we executed well on a number of drivers underpinning the dynamics of the XT Series product introduction:

- As of last week we have delivered XT Series to approximately 600 customer sites and the XT Series is live at over 300 sites. Both numbers are growing every day.
- As part of the next phase of the integration of the acquisition of Aesynt we are progressing well on the creation of the Centers of Excellence ("COEs") for product development, engineering, and manufacturing, which we expect to substantially complete in the fourth quarter.

During the remainder of 2017 we continue to focus on the following areas:

- Accelerating bookings momentum
- Laying the foundations for XT COGS reductions as revenue ramps and we consolidate three Automated Dispensing Cabinet assembly lines into one to drive further gross margin expansion
- Continued cost management

For the fourth quarter of 2017 we expect GAAP and Non-GAAP revenue to be between $201 million and $207 million. We expect the 4Q17 Non-GAAP earnings to be between $0.49 and $0.55 per share.

As discussed in previous earnings calls, it's important to note that from time to time installation completion timing on larger projects can impact revenue and earnings in a given quarter, but we don't expect such quarterly fluctuations to impact the growth rate measured over multiple (rolling) quarters.

Following is total year 2017 guidance:

- We expect 2017 Product Bookings to be between $570 and $590 million.
- We are narrowing the 2017 Revenue range to our visibility into our customers' expected implementation timelines and schedules. We now expect both GAAP and non-GAAP revenue to be between $720 and $726 million in 2017.
- Despite lowering the top end of the 2017 revenue guidance we are raising the mid-point of our 2017 Non-GAAP EPS Guidance range and we now expect 2017 Non-GAAP earnings to be between $1.27 and $1.33 per share.

Given the ramp-up of XT Series revenue and related gross margin the Company's profitability has increased through the year in 2017, and we expect the non-GAAP operating margin including integration cost for Aesynt, Ateb, and inPharmics to be around 14.5% in the fourth quarter using the mid-points of guidance and hereby demonstrating an increase every quarter this year from around break even in the first quarter to 6% in the second quarter, and around 12% in the third quarter.

Excluding the Integration cost for the Aesynt, Ateb, and inPharmics acquisitions we expect non-GAAP operating margin for the fourth quarter to be slightly above 15%, in line with our long-term financial model.

When reviewing 2017 it is important to note a couple of items included in the 2017 guidance:

1) For 2017 our non-GAAP expected results include approximately $8 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:
    a. integration related IT expenses
    b. integration team and project cost
    c. cost related to the implementation of Sarbanes Oxley
    d. accelerated product development integration cost
2) In 2017 we are expecting and are tracking to second year cost synergies from these acquisitions of around $10 million annually. As we have demonstrated in the past we are

confident that we will achieve our 15% Non-GAAP Operating Margin target over time after integrating the acquired businesses and getting full benefit of the scale of the combined business.

3) Lastly, for 2017 we expect interest expense related to the Senior Secured Credit Facility used to finance the Aesynt and Ateb acquisitions to be around $7 million or equivalent to a Non-GAAP EPS headwind year to year of around $0.11.

The 2017 financial results are characterized by 2 distinct phases as revenue and profitability are impacted by the XT Series product introduction and manufacturing ramp-up.

The first half of 2017 covered the market introduction of XT and ramp-up of manufacturing for the XT Series, and included:

- Conversion of the AcuDose-Rx and G4 product backlog and sales quotes to XT Series
- XT Series manufacturing ramp-up
- Implementation of the XT product at launch and first adoption customers
- Suboptimal overhead cost absorption given the ramp-up
- Cost management

The second half of 2017 encompasses the acceleration of XT implementations and conversion and includes:

- Improvement of overhead cost absorption as production ramps
- Return to 8%-12% growth range for bookings and revenue
- XT Series cost of sales reductions as revenue ramps up
- Implementing Centers of Excellence ("COEs")

Our long-term financial framework remains unchanged:

- 8%-12% annual Organic Revenue Growth
- 5% Inorganic Revenue Growth on average over the long term
- 15% Non-GAAP Operating Margin

For 2018 onwards we expect to be in the Long Term 8%-12% organic growth range.

Our preliminary view of Product Bookings growth for 2018 is at the high end and potentially above the long-term 8%-12% range.

Our preliminary view of Revenue growth for 2018 is also in the long-term 8%-12% range; however, at this point we have visibility to the middle of the 8%-12% range with potential upside toward the higher end of the range.

The Company will provide more specific 2018 guidance during the 2017 fourth quarter earnings call.

Conclusion

In summary, we are pleased with our execution in the third quarter and continual ramp-up of XT, and are excited about some new product introductions we'll be talking about and demonstrating at ASHP at our Innovation Day. An important change we're seeing in the marketplace is the adoption of a more systematic approach to medication management across all the venues—both in hospitals and across the post-acute and non-acute areas. As a company, we're grabbing hold of our mission to really impact healthcare in a significant way. To contribute to things like bending the cost curve and improving outcomes is very satisfying for all of us at Omnicell.

We are proud of the Company's performance and our strategic execution aimed at supporting health systems in achieving their patient safety, operational, and financial goals.

Please come and see us at the ASHP Mid-Year Meeting on December 4th for the annual Omnicell Innovation Day for Analysts and Investors.

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

	Three Months Ended			Nine Months Ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenues:					
Product	$ 135,103	$ 128,056	$ 133,621	$ 362,089	$ 392,190
Services and other revenues	51,679	52,829	43,116	156,132	128,458
Total revenues	186,782	180,885	176,737	518,221	520,648
Cost of revenues:					
Cost of product revenues	79,725	81,738	76,188	225,051	224,412
Cost of services and other revenues	22,204	21,172	19,041	66,150	56,766
Total cost of revenues	101,929	102,910	95,229	291,201	281,178
Gross profit	84,853	77,975	81,508	227,020	239,470
Operating expenses:					
Research and development	16,414	16,911	15,264	50,128	42,896
Selling, general and administrative	58,725	63,468	61,316	186,818	189,912
Total operating expenses	75,139	80,379	76,580	236,946	232,808
Income (loss) from operations	9,714	(2,404)	4,928	(9,926)	6,662
Interest and other income (expense), net	(2,732)	196	(2,721)	(4,992)	(6,773)
Income (loss) before provision for income taxes	6,982	(2,208)	2,207	(14,918)	(111)
Expense (benefit) for income taxes	751	(3,045)	224	(11,232)	(557)
Net income (loss)	$ 6,231	$ 837	$ 1,983	$ (3,686)	$ 446
Net income (loss) per share:					
Basic	$ 0.17	$ 0.02	$ 0.05	$ (0.10)	$ 0.01
Diluted	$ 0.16	$ 0.02	$ 0.05	$ (0.10)	$ 0.01
Weighted average shares outstanding:					
Basic	37,698	37,250	36,332	37,266	36,020
Diluted	38,973	38,370	37,079	37,266	36,695

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

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,466	$ 54,488
Accounts receivable, net	171,869	150,303
Inventories	92,239	69,297
Prepaid expenses	28,044	28,646
Other current assets	15,763	12,674
Total current assets	315,381	315,408
Property and equipment, net	40,219	42,011
Long-term investment in sales-type leases, net	15,986	20,585
Goodwill	334,780	327,724
Intangible assets, net	174,227	190,283
Long-term deferred tax assets	5,629	4,041
Other long-term assets	37,596	35,051
Total assets	$ 923,818	$ 935,103
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 51,182	$ 27,069
Accrued compensation	27,380	26,722
Accrued liabilities	33,061	31,195
Long-term debt, current portion, net	13,410	8,410
Deferred revenue, net	80,837	87,516
Total current liabilities	205,870	180,912
Long-term, deferred revenue	16,376	17,051
Long-term deferred tax liabilities	40,527	51,592
Other long-term liabilities	9,625	8,210
Long-term debt, net	178,923	245,731
Total liabilities	451,321	503,496
Total stockholders' equity	472,497	431,607
Total liabilities and stockholders' equity	$ 923,818	$ 935,103

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

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Operating Activities		
Net income (loss)	$ (3,686)	$ 446
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	38,542	43,905
(Gain) loss on disposal of fixed assets	128	(9)
Share-based compensation expense	16,315	14,063
Income tax benefits from employee stock plans	11	1,256
Deferred income taxes	(11,071)	(4,767)
Amortization of debt financing fees	1,192	1,192
Changes in operating assets and liabilities:		
Accounts receivable	(21,710)	(25,802)
Inventories	(22,942)	(7,745)
Prepaid expenses	602	(5,782)
Other current assets	(5,133)	(89)
Investment in sales-type leases	6,643	(5,296)
Other long-term assets	(150)	1,153
Accounts payable	23,717	5,573
Accrued compensation	658	(687)
Accrued liabilities	4,021	(1,901)
Deferred revenue	(7,354)	12,819
Other long-term liabilities	865	(2,299)
Net cash provided by operating activities	20,648	26,030
Investing Activities		
Purchases of intangible assets, intellectual property and patents	(160)	(1,311)
Software development for external use	(10,121)	(10,569)
Purchases of property and equipment	(9,374)	(10,005)
Business acquisition, net of cash acquired	(4,446)	(271,458)
Net cash used in investing activities	(24,101)	(293,343)
Financing Activities		
Proceeds from debt	37,000	247,051
Repayment of debt and revolving credit facility	(100,000)	(25,000)
Payment for contingent consideration	(2,400)	(3,000)
Proceeds from issuances under stock-based compensation plans	26,468	16,516
Employees' taxes paid related to restricted stock units	(3,133)	(1,917)
Net cash provided by (used in) financing activities	(42,065)	233,650
Effect of exchange rate changes on cash and cash equivalents	(1,504)	(1,267)
Net decrease in cash and cash equivalents	(47,022)	(34,930)
Cash and cash equivalents at beginning of period	54,488	82,217
Cash and cash equivalents at end of period	$ 7,466	$ 47,287

Omnicell, Inc.

Reconciliation of GAAP to Non-GAAP

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

	Three Months Ended			Nine Months Ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Reconciliation of GAAP revenue to non-GAAP revenue:					
GAAP revenue	$ 186,782	$ 180,885	$ 176,737	$ 518,221	$ 520,648
Acquisition accounting impact related to deferred revenue	313	313	2,663	939	7,989
Non-GAAP revenue	$ 187,095	$ 181,198	$ 179,400	$ 519,160	$ 528,637
Reconciliation of GAAP gross profit to non-GAAP gross profit:					
GAAP gross profit	$ 84,853	$ 77,975	$ 81,508	$ 227,020	$ 239,470
GAAP gross margin	*45.4%*	*43.1%*	*46.1%*	*43.8%*	*46.0%*
Share-based compensation expense	882	864	628	2,728	1,821
Amortization of acquired intangibles	2,985	2,848	5,199	8,670	15,624
Acquisition accounting impact related to deferred revenue	313	313	2,663	939	7,989
Inventory fair value adjustments	—	—	920	—	2,761
Acquisitions related expenses	—	—	44	—	72
Severance and other expenses*	70	—	—	1,767	199
Non-GAAP gross profit	$ 89,103	$ 82,000	$ 90,962	$ 241,124	$ 267,936
Non-GAAP gross margin	*47.6%*	*45.3%*	*50.7%*	*46.4%*	*50.7%*
Reconciliation of GAAP operating expenses to non-GAAP operating expenses:					
GAAP operating expenses	$ 75,139	$ 80,379	$ 76,580	$ 236,946	$ 232,808
GAAP operating expenses % to total revenue	*40.2%*	*44.4%*	*43.3%*	*45.7%*	*44.7%*
Share-based compensation expense	(4,377)	(4,681)	(4,049)	(13,587)	(12,242)
Amortization of acquired intangibles	(3,381)	(3,626)	(3,714)	(10,660)	(11,500)
Acquisitions related expenses	—	—	(342)	(126)	(3,420)
Severance and other expenses*	(229)	(970)	—	(3,531)	(1,504)
Non-GAAP operating expenses	$ 67,152	$ 71,102	$ 68,475	$ 209,042	$ 204,142
Non-GAAP operating expenses % to total revenue	*35.9%*	*39.2%*	*38.2%*	*40.3%*	*38.6%*

* Other expenses include depreciation adjustment related to purchase price allocation from acquisition of $253, integration consulting of $30, restructuring rent expense of $14 and an adjustment to relocation and severance charges of ($68) for the three months ended September 30, 2017. Other expenses include relocation charge of $320, restructuring rent expense of $499, integration consulting of $156 and depreciation adjustment related to purchase price allocation from acquisition of $759 for the nine months ended September 30, 2017.

	Three Months Ended			Nine Months Ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Reconciliation of GAAP income (loss) from operations to non-GAAP income (loss) from operations:					
GAAP income (loss) from operations	$ 9,714	$ (2,404)	$ 4,928	$ (9,926)	$ 6,662
GAAP operating income (loss) % to total revenue	*5.2%*	*(1.3)%*	*2.8%*	*(1.9)%*	*1.3%*
Share-based compensation expense	5,259	5,545	4,677	16,315	14,063
Amortization of acquired intangibles	6,366	6,474	8,913	19,330	27,124
Acquisition accounting impact related to deferred revenue	313	313	2,663	939	7,989
Inventory fair value adjustments	—	—	920	—	2,761
Acquisitions related expenses	—	—	386	126	3,492
Severance and other expenses	299	970	—	5,298	1,703
Non-GAAP income from operations	$ 21,951	$ 10,898	$ 22,487	$ 32,082	$ 63,794
Non-GAAP operating income % to total Non-GAAP revenue	*11.7%*	*6.0%*	*12.5%*	*6.2%*	*12.1%*
Reconciliation of GAAP net income (loss) to non-GAAP net income:					
GAAP net income (loss)	$ 6,231	$ 837	$ 1,983	$ (3,686)	$ 446
Share-based compensation expense	5,259	5,545	4,677	16,315	14,063
Amortization of acquired intangibles	6,366	6,474	8,913	19,330	27,124
Acquisition accounting impact related to deferred revenue	313	313	2,663	939	7,989
Inventory fair value adjustments	—	—	920	—	2,761
Acquisitions related expenses	397	397	783	1,317	4,684
Severance and other expenses	299	970	—	5,298	1,703
Tax effect of the adjustments above[a]	(2,579)	(2,817)	(5,047)	(9,415)	(16,820)
Non-GAAP net income	$ 16,286	$ 11,719	$ 14,892	$ 30,098	$ 41,950
Reconciliation of GAAP net income (loss) per share - diluted to non-GAAP net income per share - diluted:					
Shares - diluted GAAP	38,973	38,370	37,079	37,266	36,695
Shares - diluted Non-GAAP	38,973	38,370	37,079	38,418	36,695
GAAP net income (loss) per share - diluted	$ 0.16	$ 0.02	$ 0.05	$ (0.10)	$ 0.01
Share-based compensation expense	0.14	0.14	0.13	0.43	0.38
Amortization of acquired intangibles	0.16	0.17	0.24	0.50	0.74
Acquisition accounting impact related to deferred revenue	0.01	0.01	0.07	0.02	0.22
Inventory fair value adjustments	—	—	0.02	—	0.08
Acquisitions related expenses	0.01	0.01	0.02	0.03	0.13
Severance and other expenses	0.01	0.02	—	0.14	0.04
Tax effect of the adjustments above[a]	(0.07)	(0.06)	(0.13)	(0.24)	(0.46)
Non-GAAP net income per share - diluted	$ 0.42	$ 0.31	$ 0.40	$ 0.78	$ 1.14
Reconciliation of GAAP net income (loss) to non-GAAP Adjusted EBITDA[b]:					
GAAP net income (loss)	$ 6,231	$ 837	$ 1,983	$ (3,686)	$ 446
Share-based compensation expense	5,259	5,545	4,677	16,315	14,063
Interest (income) and expense, net	2,127	1,311	1,523	4,870	4,618
Depreciation and amortization expense	12,600	13,494	14,702	38,542	43,899
Acquisition accounting impact related to deferred revenue	313	313	2,663	939	7,989
Inventory fair value adjustments	—	—	920	—	2,761
Acquisitions related expenses	397	397	783	1,317	4,684
Severance expense	46	728	—	4,539	1,703
Income tax expense	751	(3,045)	224	(11,232)	(557)
Non-GAAP Adjusted EBITDA	$ 27,724	$ 19,580	$ 27,475	$ 51,604	$ 79,606

[a] Tax effects calculated for all adjustments except share-based compensation expense, using an estimated annual effective tax rate of 35% for fiscal year 2017 and 38% for fiscal year 2016.

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

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

	Three Months Ended September 30, 2017			Three Months Ended September 30, 2016		
	Automation and Analytics	Medication Adherence	Total	Automation and Analytics	Medication Adherence	Total
Revenues	$ 154,651	$ 32,131	$ 186,782	$ 152,437	$ 24,300	$ 176,737
Cost of revenues	79,740	22,189	101,929	77,828	17,401	95,229
Gross profit	74,911	9,942	84,853	74,609	6,899	81,508
Gross margin %	*48.4%*	*30.9%*	*45.4%*	*48.9%*	*28.4%*	*46.1%*
Operating expenses	46,849	9,901	56,750	49,123	6,137	55,260
Income from segment operations	$ 28,062	$ 41	$ 28,103	$ 25,486	$ 762	$ 26,248
Operating margin %	*18.1%*	*0.1%*	*15.0%*	*16.7%*	*3.1%*	*14.9%*
Corporate costs			18,389			21,320
Loss from operations			$ 9,714			$ 4,928

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

	Nine Months Ended September 30, 2017			Nine Months Ended September 30, 2016		
	Automation and Analytics	Medication Adherence	Total	Automation and Analytics	Medication Adherence	Total
Revenues	$ 427,250	$ 90,971	$ 518,221	$ 450,043	$ 70,605	$ 520,648
Cost of revenues	229,218	61,983	291,201	233,401	47,777	281,178
Gross profit	198,032	28,988	227,020	216,642	22,828	239,470
Gross margin %	*46.4%*	*31.9%*	*43.8%*	*48.1%*	*32.3%*	*46.0%*
Operating expenses	146,651	31,196	177,847	151,108	17,518	168,626
Income (loss) from segment operations	$ 51,381	$ (2,208)	$ 49,173	$ 65,534	$ 5,310	$ 70,844
Operating margin %	*12.0%*	*(2.4)%*	*9.5%*	*14.6%*	*7.5%*	*13.6%*
Corporate costs			59,099			64,182
Income (loss) from operations			$ (9,926)			$ 6,662

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

	Three Months Ended September 30, 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	$ 154,651			$ 32,131			$ 186,782		
Acquisition accounting impact related to deferred revenue	—	*—%*	*—%*	313	*1.0%*	*1.0%*	313	*0.2%*	*0.2%*
Non-GAAP Revenues	$ 154,651			$ 32,444			$ 187,095		
GAAP Gross profit	$ 74,911	*48.4%*		$ 9,942	*30.9%*		$ 84,853	*45.4%*	
Share-based compensation expense	739	*0.5%*	*0.5%*	143	*0.4%*	*0.4%*	882	*0.5%*	*0.5%*
Amortization expense of acquired intangible assets	2,393	*1.5%*	*1.5%*	592	*1.8%*	*1.8%*	2,985	*1.6%*	*1.6%*
Acquisition accounting impact related to deferred revenue	—	*—%*	*—%*	313	*1.0%*	*1.0%*	313	*0.2%*	*0.2%*
Severance and other expenses	119	*0.1%*	*0.1%*	(49)	*(0.2)%*	*(0.2)%*	70	*—%*	*—%*
Non-GAAP Gross profit	$ 78,162		*50.5%*	$ 10,941		*33.7%*	$ 89,103		*47.6%*
GAAP Operating income	$ 28,062	*18.1%*		$ 41	*0.1%*		$ 28,103	*15.0%*	
Share-based compensation expense	2,365	*1.5%*	*1.5%*	368	*1.1%*	*1.1%*	2,733	*1.5%*	*1.5%*
Amortization expense of acquired intangible assets	4,485	*2.9%*	*2.9%*	1,881	*5.9%*	*5.8%*	6,366	*3.4%*	*3.4%*
Acquisition accounting impact related to deferred revenue	—	*—%*	*—%*	313	*1.0%*	*1.0%*	313	*0.2%*	*0.2%*
Severance and other expenses	96	*0.1%*	*0.1%*	(61)	*(0.2)%*	*(0.2)%*	35	*—%*	*—%*
Non-GAAP Operating income	$ 35,008		22.6%	$ 2,542		7.8%	$ 37,550		20.1%
GAAP Corporate costs							$ 18,389	*9.8%*	
Share-based compensation expense							(2,526)	*(1.4)%*	*(1.4)%*
Acquisition-related expenses							—	*—%*	*—%*
Severance and other expenses							(264)	*(0.1)%*	*(0.1)%*
Non-GAAP Corporate costs							$ 15,599		*8.3%*
Non-GAAP Income from operations							$ 21,951		*11.7%*

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

	Three Months Ended September 30, 2016								
	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	$ 152,437			$ 24,300			$ 176,737		
Acquisition accounting impact related to deferred revenue	2,663	1.7%	1.7%	—	—%	—%	2,663	1.5 %	1.5 %
Non-GAAP Revenues	$ 155,100			$ 24,300			$ 179,400		
GAAP Gross profit	$ 74,609	48.9%		$ 6,899	28.4%		$ 81,508	46.1 %	
Stock-based compensation expense	511	0.3%	0.3%	117	0.5%	0.5%	628	0.4 %	0.4 %
Amortization expense of acquired intangible assets	4,867	3.2%	3.1%	332	1.4%	1.4%	5,199	2.9 %	2.9 %
Acquisition accounting impact related to deferred revenue	2,663	1.7%	1.7%	—	—%	—%	2,663	1.5 %	1.5 %
Inventory fair value adjustments	920	0.6%	0.6%	—	—%	—%	920	0.5 %	0.5 %
Acquisitions related expenses	44	—%	—%	—	—%	—%	44	— %	— %
Non-GAAP Gross profit	$ 83,614		53.9%	$ 7,348		30.2%	$ 90,962		50.7 %
GAAP Operating income	$ 25,486	16.7%		$ 762	3.1%		$ 26,248	14.9 %	
Stock-based compensation expense	1,952	1.3%	1.3%	264	1.1%	1.1%	2,216	1.3 %	1.2 %
Amortization expense of acquired intangible assets	7,623	5.0%	4.9%	1,290	5.3%	5.3%	8,913	5.0 %	5.0 %
Acquisition accounting impact related to deferred revenue	2,663	1.7%	1.7%	—	—%	—%	2,663	1.5 %	1.5 %
Inventory fair value adjustments	920	0.6%	0.6%	—	—%	—%	920	0.5 %	0.5 %
Acquisitions related expenses	133	0.1%	0.1%	—	—%	—%	133	0.1 %	0.1 %
Non-GAAP Operating income	$ 38,777		25.0%	$ 2,316		9.5%	$ 41,093		22.9 %
GAAP Corporate costs							$ 21,320	12.1 %	
Stock-based compensation expense							(2,461)	(1.4)%	(1.4)%
Acquisition related expenses							(253)	(0.1)%	(0.1)%
Non-GAAP Corporate costs							$ 18,606		10.4 %
Non-GAAP Income from operations							$ 22,487		12.5 %