Complementary Summary of Omnicell Q1 2011 Results

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 today.

The date of this conference call is May 2, 2011, and all forward-looking statements made on this call are made 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.

Today's discussion includes several product announcements made today, as well as the Omnicell Q1 earnings report. Randy Lipps (chairman, president and CEO) and Marga Ortigas-Wedekind (vice president, global marketing and product development) will begin the discussion today with an update on the product introductions and the market. Rob Seim (CFO) will then cover the results for the quarter, followed by guidance for 2011.

Randy Lipps:

Today Omnicell announced a broad array of new product solutions and general availability of products announced last December. At the heart of today's announcement is a new platform consisting of next generation software and hardware that we call G4. G4 features a single database that powers our automated dispensing cabinet systems, our new Savvy mobile medication system, and our redesigned Anesthesia Workstation and Controlled Substance Management systems. This platform will be the backbone of all our products, making medication management less prone to administrative errors and inefficiencies that can harm patients. We're excited about the new platform, but we're especially proud that we've designed it to be

modular, keeping in the tradition of protecting our customers' investments in our products. Our customers are facing unprecedented regulatory and economic pressures in a complex healthcare environment. In this era of accountable care, hospitals struggle to achieve financial stability while also increasing clinician efficiency and raising the quality of patient care. Hospitals are responding to these pressures by redesigning operations and decision support structures to maximize productivity and enhance coordination across the entire organization. Our new platform supports these efforts.

Marga Ortigas-Wedekind will next describe these new products.

Marga Ortigas-Wedekind:

We are very excited about this launch and the unique value it brings to both our existing customers and the market as a whole. We've been working on the new G4 platform for some time, augmenting our traditional product development methods with a combination of in depth market research, facilitated brainstorming, clinician involvement in the design and development process, and analysis of workflows in the healthcare setting. We've done extensive testing for several months at multiple customer sites running live patient data. We then incorporated all our learning into the establishment of a platform for the future.

One of the most salient things we learned is that data management problems are among the most daunting issues for pharmacists who manage medication workflows. Each automation product used in that workflow typically requires its own database for housing all system-related data, such as medications, users, patients, and other hospital related data. In direct response to what we've heard in the marketplace, we have dedicated our product development efforts to achieving a high level of intra-operability that will help eliminate the inherent workload duplication and errors that come from maintaining multiple databases.

With our new G4 platform, pharmacists can have confidence in the integrity of a single medication cabinet database, no longer defined by the time-wasting and risky steps of repetitively entering formularies and rules in multiple locations. Combined with an

intuitive, consistent user interface across all the medication dispensing solutions, the G4 Platform creates a secure closed-loop of medication management all the way from the controlled substance vault to patient care areas -- including the bedside, operating rooms, and procedural areas of the hospital.

We're focused not only on improving the pharmacist's interactions with our products, but also on nursing workflow and satisfaction. Continuing historically strong user ratings for Omnicell cabinets, as evidenced by 5 years of KLAS awards, we were thrilled that in the recent tests of the G4 console, we saw a five-fold increase among nurses rating it at the highest possible level. Nurses attributed this to its innovative intuitive user-focused interface, improved interactive high-resolution display and other innovations. We've also incorporated new safety features. We believe G4 will be the only product in the marketplace to include an integrated medication label printer to meet recent new regulatory standards that today are addressed by manual work-arounds. And the new G4 Console is also the first medication and supply automation product to leverage Windows 7® for the latest in reliability, security and performance bolstered by Microsoft's long-term commitment to this operating system.

Today's launch is consistent with our unique business model which allows customers to upgrade software at their own pace and as part of normal maintenance costs. This, coupled with Omnicell's modular hardware design philosophy, means that customers can easily and cost effectively keep their automation assets updated over time. In other words, we allow them to be on the cutting edge of technology without the hassle and expense of whole product replacement.

Today we've also announced the general availability of our Savvy Mobile Medication System. Savvy extends the control offered by our automated dispensing cabinets to a mobile system, which then safely and securely transports medications to the bedside. With Savvy, we have created a brand new product category in the automated medication management continuum. Savvy is integrated with Omnicell dispensing systems and the hospital's other information systems. The unique workflow that Savvy provides specifically addresses key regulatory concerns for hospitals, namely the Institute for Safe Medication Practice's Core Process 10 for safe transport of medication as well as the CMS rule for 30-minute medication

administration. Savvy is a new concept that we have now run for several months in live user testing. Nurses have told us they love Savvy for making med administration safer and more efficient. We believe Savvy plays a critical closing role in comprehensive dock-to-bedside medication management. We think it will become a standard of care.

Our new Controlled Substance Management system, or CSM, is a solution designed from the ground up based on customer insight and analysis of existing and future changes in regulatory compliance and patient care. CSM provides extensive functions that allow for precise perpetual inventory management and regulatory compliance of heavily controlled narcotics in the hospital.

And the last of today's product announcements that I'd like to highlight is a completely redesigned Anesthesia Workstation for the operating room that incorporates the G4 design but also includes a number of substantial workflow enhancements for the perioperative areas of the hospital. I'd like to emphasize that our shared database between pharmacy, operating room, nursing cabinets and mobile medication solutions tracks and monitors medication movement throughout the hospital, and is unmatched in the industry. We believe this capability will become necessary in a closed loop medication process.

Randy Lipps:

Thanks Marga for describing the new products and for your leadership and the team's hard work in bringing these new solutions to market. In summary, the Omnicell G4 Platform was designed to make it easier than ever for hospitals to reduce costs, comply with increasingly stringent regulatory pressures, and safeguard the patient. G4 consoles, anesthesia workstations, Savvy and a number of the 11 products we launched are shipping now. Many of our new customers, such as St. Francis Health System of Oklahoma, which we announced earlier this quarter, and Sentara Healthcare of Virginia, announced in Q3 last year, are installing on the new G4 platform. Existing customers, such as the Lifespan Health System in Rhode Island and Denver Children's Hospital are also expanding on the G4 platform.

The substantial opportunity for Omnicell to upgrade existing customers and expand their installations with new technologies for patient safety and medication control is one of the reasons we invested to increase our sales force late last year. Since Microsoft has announced the end of life for Windows XP, we believe customers will need to upgrade to a more current operating system and G4 will support their needs.

In addition, Omnicell was featured in the Interoperability Showcase at the Healthcare Information Management Systems Society or HIMSS annual tradeshow in February. We also announced our support for the emerging healthcare industry adoption of GS1 standards. GS1 is the most widely used supply chain standards system in the world, facilitating improved business processes, product tracking, and patient safety across a health network. Charter members, Geisinger Health System and Sisters of Mercy Health System, use Omnicell solutions to implement the GS1 standards.

With our announcement today, we have further extended our technology differentiation and further strengthened our ability to provide the safest systems available to our customers. Next, Rob will cover the Q1 results and our guidance for 2011.

Rob Seim: Results

The first quarter 2011 financial results met and in many areas exceeded our expectations. Orders from new or competitive conversion customers were 41% of our total orders this quarter, a continuation of the strong presence we have with new customers. About half of the new accounts were from competitive conversions and the remainder was from Greenfield accounts buying medication automation for the first time. Revenue was $57.2 million, about the same as the fourth quarter of 2010, and up 6% from the first quarter of a year ago. Net earnings after taxes for the first quarter were $0.7 million, or $0.02 per share, which is the same as net earnings for Q4 2010 and compares to net earnings of $1.0 million, or $0.03 per share in Q1 2010.

During Q1 we booked a contingent liability for the settlement of our litigation with Medacist corporation, to recognize the pending agreement with Medacist for a one time $1.0 million cash payment in exchange for a perpetual license to one of their patents.

Our headcount at the end of the quarter was 762, up 9 from last quarter. Our gross margins were strong during Q1, and in expenses you will see some shifts due to preparation for the launch of our new products. R&D is down quarter to quarter because more of our engineering costs were capitalized for amortization in future periods since so much of the software, including G4, was well into customer testing. SG&A was up from last quarter as we incurred additional expenses for the launch and legal fees to settle the Medacist lawsuit.

Non-GAAP Results

Now I'd like to cover our non-GAAP results. The adjustments to GAAP results are the exclusion of stock compensation expenses and the exclusion of the one time litigation settlement fee. 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 to our web site.

Our Q1 2011 non-GAAP net income was $3.7 million, or $0.11 per share, which is one cent higher than analyst consensus. Our Q1 2011 non-GAAP net income was flat to Q4 2010 and up from $3.1 million in Q1 2010. Earnings per share for the quarter were equal to Q4 last year and up from $0.09 in Q1 2010.

Adjusted earnings before Interest, Taxes, Depreciation and Amortization, which also excludes stock compensation amortization and the litigation settlement, were $6.3 million for the first quarter of 2011, up from $5.8M a year ago.

During the quarter we began to repurchase our stock against the $25 million authorization that is outstanding. We repurchased $4.5 million at an average price of $13.79 per share. Our cash and short term investments were $182 million at the end of Q1 2011, down $2 million quarter to quarter. In addition to using cash for the buy back, we added to our inventories by $5 million to cover the transition to our G4 platform. Our Inventories were $15 million, but we expect this increase to be temporary. The stock buyback and inventory increase was partially offset by $6 million of EBITDA and a $3 million decrease in receivables. We continue to earmark our cash reserves primarily for acquisition, but have taken advantage of the buy back authorization to partially offset the dilutive effect of employee stock programs in 2011. Accounts Receivable days sales outstanding were 64, down 5 days from last quarter and 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 previously gave in February. We expect product backlog at the end of 2011 to be between $138 and $144 million. Our backlog gives us good visibility to the revenue to be installed in the next two quarters and beyond. We expect 2011 revenue to be between $240 and $245 million. Achievement of our revenue goal is dependent upon the volume of our order rates in the first half of 2011 that can be installed within the year. We intend to ship the new G4 platform products to most of our customers that are in backlog today planning their installations. We believe existing customers will increment their next capital budget to upgrade to G4 and we have anticipated orders beginning in the second half of 2011. Our guidance for non-GAAP earnings excluding stock compensation and litigation

settlement expenses in 2011 is between $0.51 and $0.56 per share. These profit expectations assume an effective tax rate of 40% on GAAP earnings and no material change in interest rates.

We expect non-GAAP earnings to increase as the year progresses and expect Q2 non-GAAP earnings per share to be $0.12 to $0.13.

Randy Lipps: Closing Remarks

We're happy to be moving to a solution on a single database from the central pharmacy to the nursing unit to the bedside, in the same tradition of technological leadership that we demonstrated by being the first to market with single dose dispensing and the first to market with SinglePointe. We've got a lot of positive momentum at Omnicell today, supported by the outside verification of 5 years of Best in KLAS Awards presented by the KLAS institute. We've demonstrated our continued product leadership and I look forward to the rest of 2011. Thank you for joining us today.

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

	Three Months Ended		
	March 31, 2011	December 31, 2010	March 31, 2010
Revenues:			
Product	$ 42,575	$ 43,541	$ 42,295
Services and other revenues	14,585	13,727	11,865
Total revenue	57,160	57,268	54,160
Cost of revenues:			
Cost of product revenues	17,836	18,649	19,265
Cost of services and other revenues	7,674	7,256	7,309
Total cost of revenues	25,510	25,905	26,574
Gross profit	31,650	31,363	27,586
Operating expenses:			
Research and development	4,840	5,403	4,565
Selling, general, and administrative	25,781	24,438	21,512
Total operating expenses	30,621	29,841	26,077
Income (loss) from operations	1,029	1,522	1,509
Other income and expense, net	54	145	74
Income (loss) before provision for (benefit from) income taxes	1,083	1,667	1,583
Provision for (benefit from) income taxes	413	995	604
Net income (loss)	$ 670	$ 672	$ 979
Net income (loss) per share:			
Basic	$ 0.02	$ 0.02	$ 0.03
Diluted	$ 0.02	$ 0.02	$ 0.03
Weighted average shares outstanding:			
Basic	33,184	32,997	32,207
Diluted	34,098	33,900	33,153

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

	March 31, 2011 (unaudited)	December 31, 2010 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 173,669	$ 175,635
Short-term investments	8,109	8,074
Accounts receivable, net	39,795	42,732
Inventories	15,399	9,785
Prepaid expenses	11,776	11,959
Deferred tax assets	13,052	13,052
Other current assets	6,337	7,266
Total current assets	268,137	268,503
Property and equipment, net	15,344	14,351
Non-current net investment in sales-type leases	9,251	9,224
Goodwill	28,543	28,543
Other intangible assets	4,533	4,672
Non-current deferred tax assets	10,103	9,566
Other assets	9,501	8,365
Total assets	$ 345,412	$ 343,224
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 13,870	$ 13,242
Accrued compensation	6,382	7,731
Accrued liabilities	8,734	8,684
Deferred service revenue	18,524	16,788
Deferred gross profit	11,009	11,719
Total current liabilities	58,519	58,164
Long-term deferred service revenue	18,897	19,171
Other long-term liabilities	650	675
Total liabilities	78,066	78,010
Stockholders' equity:		
Total stockholders' equity	267,346	265,214
Total liabilities and stockholders' equity	$ 345,412	$ 343,224

(1) Information derived from our December 31, 2010 audited consolidated financial statements.

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

	Three months ended					
	March 31, 2011		December 31, 2010		March 31, 2010	
	Net income	Earnings per share-diluted	Net income	Earnings per share-diluted	Net income (loss)	Earnings (loss) per share-diluted
GAAP	$ 670	$ 0.02	$ 672	$ 0.02	$ 979	$ 0.03
Non-GAAP Adjustments:						
ASC 718 adjustment (a)						
Gross Margin	367		356		321	
Operating Expenses	2,025		2,208		1,835	
Litigation settlement, net of tax (b)	620					
Taxes on repatriated foreign earnings			383			
Total after-tax adjustments	3,012	0.09	2,947	0.09	2,156	0.06
Non-GAAP	$ 3,682	$ 0.11	$ 3,619	$ 0.11	$ 3,135	$ 0.09

(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, net of tax effect of $0.4 million.

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

	Three Months Ended		
	March 31, 2011	December 31, 2010	March 31, 2010
GAAP net income	$ 670	$ 672	$ 979
Add back:			
ASC 718 stock compensation expense	2,392	2,564	2,156
Litigation settlement, pre-tax	1,000	—	—
Interest	(75)	(79)	(72)
Depreciation and amortization expense	1,852	2,130	2,123
Income tax expense	413	995	604
Non-GAAP adjusted EBITDA (1)	$ 6,252	$ 6,282	5,790

(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 the first quarter 2011 non-GAAP adjustment for pre-tax litigation settlement.