Complementary Summary of Omnicell Q1 2015 Results: July 30, 2015

This complementary summary of Omnicell's July 30, 2015 conference call 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 dated July 30, 2015, in the Omnicell annual report on Form 10-K filed with the SEC on March 30, 2015, and in other more recent reports filed with the SEC. You should not place undue reliance on any forward-looking statements made here. All forward-looking statements made here 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.

The news release for Omnicell's second quarter 2015 financial results is posted in the Investor Relations section of www.omnicell.com.

On today's call, Omnicell CFO and Executive Vice President of Finance, International and Manufacturing Rob Seim provided a brief overview of the results for the second quarter of 2015; Chairman, CEO and President Randall Lipps then covered an update on the Omnicell business; and Rob Seim followed with more detail on the Q2 financial results and guidance for the remainder of 2015.

CFO Rob Seim's opening remarks:

In summarizing the results of Q2 I'd like to comment on the three aspects of our financial results that are most important and the ones for which we give annual guidance: Orders, Revenue, and Non-GAAP Earnings Per Share. Order intake is ahead of our own internal expectations so far in 2015 and our pipeline of sales in the late stage of the selling process is strong for the remainder of the year. The competitiveness of our solutions, and the propensity of the market to adopt our solutions, have continued at the same pace as we expected and are consistent with our previous annual growth guidance. So we see no change in our position in the market or customers' willingness to acquire our solutions.

There were some trends in our historical bookings that had a more significant impact on Q2 than we anticipated. In the three quarters leading up to Q2 we had an average of 47% of our orders from New and Competitive Conversion customers making first time installations, which is much higher than our 10 year historical range of 33-40%.

We also booked considerably larger deals over those past three quarters than we have historically. These business dynamics provided us with a healthy backlog in our Automation and Analytics product segment, but drove a change in the composition of the backlog that we did not fully appreciate going into Q2. Competitive conversion orders and larger orders often take longer to install and with more of them in the backlog, the backlog will take longer to turn into revenue. The result is that, in Q2, we found our customers were not ready to complete installations at the rate we had originally estimated and as a consequence, our revenue is lighter than we had planned and Wall Street analysts had predicted.

In Q2 our orders for first time installations were back to a more normal mix of new customers, and therefore, our forecast for the rest of the year indicates we will return to a more normal mix of customers installing our solutions. While revenue was lower than expected, the third measure I wanted to highlight, Non-GAAP Earnings Per Share, is meeting our internal expectations due to the strong product margin mix we had in Q1 and our internal management of costs and expenses. Here too, we expect earnings for the balance of the year to be consistent with our previous annual growth guidance.

Oftentimes we're asked about external forces affecting our customers' propensity to install, such as distraction with other IT projects, or customers' efforts to conserve cash. We have not detected any external forces affecting our customers. We simply have more very large competitive conversions and those customers are planning their projects very carefully, which takes time. While we do help customers actively manage projects to completion, we mostly try to install at our customers' own pace. If our customers' pace is slower, as it was in Q2, then the installations take longer. We also get asked if there are any actions by competitors that slow the installation cycle. The deals in our backlog are fully contracted with us and the competitive part of the sales cycle is over. The installation cycle is driven by our customers' organizational capacity, not by our competitors.

We often talk about the backlog giving us very good visibility. Having seven to nine months of forward revenue in backlog for our Automation and Analytics segment does give very good visibility, but the last two quarters have demonstrated that even with that visibility, we cannot always accurately forecast when large, multi-hospital systems will complete their installation cycles.

Randy and I will both discuss this more in our prepared remarks, so let me turn the call over to Randy now to cover more about the business.

CEO Randall Lipps' update on the business:

While Q2 revenue was lighter than expected, the fundamentals of our business have not changed. The best indicator of that is that we continue to close a solid mix of competitive wins and our existing customers continue to expand their implementations. 31% of our second quarter orders in the Automation and Analytics segment were from customers making first-time installations of Omnicell systems, underscoring the competitiveness of our solutions. Over three-fourths of those were competitive conversions and the remainder was from greenfield customers who have never automated before. These new customers are often attracted to us because of our differentiated solutions, which comprise the first leg of our growth strategy.

For example, we announced the LCMC system had selected Omnicell for the new University Medical Center New Orleans Hospital. Working collaboratively, LCMC Health and Omnicell seek to bring industry-leading levels of quality and safety to medication management in the new facility through Omnicell's medication automation and analytics offerings that help improve workflow in the central pharmacy and clinical units. The University Medical Center stands as the state's largest teaching hospital and training facility for doctors, nurses and allied health professionals, and we're happy to be their partner of choice.

We also booked orders from The Hospital for Sick Children, Canada's leading center dedicated to advancing children's health through the integration of patient care, research and education, which is located in downtown Toronto. The Hospital selected Omnicell automated dispensing systems after an extensive and multidisciplinary vendor selection process.

The initial installation spans the nursing areas, operating rooms, and central pharmacy, all running on our Unity platform. With the Unity platform, the various modules of our solution interoperate easily, saving valuable time and resources for our customers. The Unity platform also allows our customers to more tightly interoperate with their electronic health record systems such as Cerner and Epic. The differentiation of our solutions in the market is a huge reason why our order intake is ahead of our plan and our revenue is up 11% year-to-date from last year and 8% organically.

The other two legs of our growth strategy are expansion into new markets and growth through acquisition. In Q2 we completed the acquisitions of MACH4 Pharma Systems and Avantec Healthcare LTD, both adding to our expanding business in Europe. MACH4 produces Robotic Dispensing Systems used in the hospital central pharmacy and in retail pharmacies to automate the handling of medications in original manufacture's packaging, which is the workflow used in many countries outside the US. Avantec has been our longstanding reseller in the UK, where they have gained a strong presence with the National Health System over the past 10 years. In addition to Omnicell systems, Avantec designs and provides country-specific products for the UK market. With the acquisition, Omnicell now interacts directly with customers in the UK on all our product lines including medication adherence, robotic dispensing systems, and automated dispensing cabinets.

To wrap up, despite slower completion of installations than expected this quarter, overall the business is doing well. We believe the continued investment in our three-leg strategy of differentiated products, expansion into new markets, and acquisitions and partnerships is driving profitable growth. We are executing our growth strategy well, delivering state-of-the-art medication management and workflow efficiency to our customers, results for investors, and better healthcare for everyone. I believe we have all the ingredients for continued long-term success.

CFO Rob Seim followed with a detailed summary of Omnicell's financial results in Q2 and guidance for 2015:

I'll finish up with a brief summary of the financial results and our guidance for 2015. Our revenues of $112.8 million in Q2 were up 7% from the same quarter last year. Earnings Per Share in accordance with GAAP were $0.24 in Q2 2015, which was up from $0.21 in Q2 2014. GAAP earnings include a $3.4 million gain on our original investment in Avantec from several years ago. That gain is unusual and not reflective of our ongoing operating performance, so we have excluded it from our non-GAAP reporting. Our gross margins were 51%. The sequential drop in margins is reflective of MACH4 and Avantec now being included in our results and the purchase price accounting for those acquisitions. The acquisitions do lower our gross margins, but we expect the impact to be less after the purchase accounting adjustments to inventory and deferred revenue completely flow through the income statement over the next couple of quarters. Service gross margins were very strong at 61%.

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. This quarter we also excluded the one-time gain on our original investment in Avantec. There are no other one-time acquisition related expenses associated with MACH4 or Avantec which we are excluding from the Non-GAAP measures.

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 such as the gain on the Avantec investment. A full reconciliation of our GAAP to Non-GAAP results is included in our second quarter earnings press release and is posted on our web site. You'll find additional GAAP to Non-GAAP reconciliations in the press release this quarter that we intend to provide regularly in the future.

On a Non-GAAP basis, earnings per share were $0.28 in Q2. The acquisitions contributed approximately $4 million of revenue and were dilutive approximately 1 cent to Non-GAAP EPS in Q2.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization, which also excludes stock compensation amortization, the amortization of acquisition related costs, and the one-time gain on the investment in Avantec, was $18.5 million for the second quarter of 2015, down from $20.0 million a year ago.

Our business is also reported in segments, consisting of Automation and Analytics and Medication Adherence. Automation and Analytics consists of our OmniRX automated dispensing cabinets, Anesthesia Workstations, Central Pharmacy, Omnicell Supply, Pandora Analytics and MACH4 robotic dispensing systems. Our acquisition of Avantec is 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. Our acquisitions of MTS Medication Technologies and Surgichem Ltd are included in the Medication Adherence segment. As a reminder, we now report certain corporate expenses that cannot be easily applied to either segment separately.

On a segment basis, our Automation and Analytics segment contributed $88.7 million in revenue, up from $84.7 million in Q2 2014, or an increase of 5%. $23.3 million GAAP operating income this quarter compares to $22.7 million GAAP operating income last year. $21.8 million of Non-GAAP operating income in Q2 2015 compares to $23.8 million last year.

The Medication Adherence segment contributed $24.1 million of revenue to the quarter, compared to $20.4 million in Q2 2014. GAAP operating income of $2.3 million compares to $2.5 million a year ago. $3.7 million of Non-GAAP operating income compares to $3.6 million of Non-GAAP operating income in Q2 a year ago.

Non-GAAP Common expenses were $11.1 million, the same as they were in Q2 2014.

In Q2 our cash decreased from $140 million to $88 million. During the quarter we expended $24 million on the acquisitions of Avantec and MACH4, net of cash balances acquired. Those acquisitions may cause an additional $9 million of future expenditures for unpaid consideration held in escrow and potential earn outs on the Avantec acquisition. During the quarter we also repurchased approximately 680,000 shares of our stock for $25 million at an average price of $36.74 per share. We have approximately $29 million of stock repurchase authorization left.

Accounts receivable days sales outstanding (DSO) were 95, up 25 days from last quarter. Several factors are driving the DSO this quarter. We had substantially higher shipments than normal at the end of Q2 in preparation for the installations scheduled in Q3, which drove half the increase. We also had receivables added from the acquisitions and a higher mix of international distribution customers who generally have contractual payment terms of 90 days. We review the collectability of our receivables regularly and we do not feel this increase in DSO indicates any potential increase in the rate of bad debt. This quarter is an anomaly and we generally expect DSO in the 65-75 day range.

Inventories were $46 million, up $13 million from last quarter. We added $7 million of inventory with the acquisitions and the remaining $6 million represents increases in inventory in preparation for our installation schedule in the second half of 2015. Our headcount was 1418, following the addition of 160 MACH4 and Avantec staff members.

For the rest of 2015, we are reaffirming our guidance ranges. We expect Non-GAAP earnings to be between $1.31 and $1.36 per share, consistent with our previous guidance. We expect product bookings to be between $400 and $420 million in 2015, also consistent with our previous guidance. We previously expected revenue to be between $495 and $510 million. We expect the first time installations and the size of the deals in our installation backlog to return to a more normal mix in the second half of 2015, but we don’t believe that we will make up the entire revenue shortfall from Q2 as our installation teams have spent more time on these new customers. We now expect to be in the lower part of the revenue guidance range.

We still expect Non-GAAP operating margins to be approximately 14% after absorbing the cost to integrate the acquisitions. We expect to return to 15% operating margins in 2016, when both acquisitions become accretive to earnings. Finally, we are assuming an annual average effective tax rate of 38% on G AAP earnings.

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

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenues:					
Product	**$ 89,154**	$ 94,109	$ 85,244	**$ 183,263**	$ 167,824
Services and other revenues	**23,634**	22,112	19,808	**45,746**	38,992
Total revenues	**112,788**	116,221	105,052	**229,009**	206,816
Cost of revenues:					
Cost of product revenues	**46,203**	45,416	41,003	**91,619**	79,903
Cost of services and other revenues	**9,123**	9,120	8,009	**18,243**	16,378
Total cost of revenues	**55,326**	54,536	49,012	**109,862**	96,281
Gross profit	**57,462**	61,685	56,040	**119,147**	110,535
Operating expenses:					
Research and development	**8,746**	8,019	6,471	**16,765**	12,592
Selling, general and administrative	**39,735**	43,287	37,011	**83,022**	75,431
Gain on business combination	**(3,443)**	—	—	**(3,443)**	—
Total operating expenses	**45,038**	51,306	43,482	**96,344**	88,023
Income from operations	**12,424**	10,379	12,558	**22,803**	22,512
Interest and other income (expense), net	**(472)**	(517)	(40)	**(989)**	(296)
Income before provision for income taxes	**11,952**	9,862	12,518	**21,814**	22,216
Provision for income taxes	**3,201**	3,544	4,729	**6,745**	8,233
Net income	**$ 8,751**	$ 6,318	$ 7,789	**$ 15,069**	$ 13,983
Net income per share:					
Basic	**$ 0.24**	$ 0.18	$ 0.22	**$ 0.42**	$ 0.39
Diluted	**$ 0.24**	$ 0.17	$ 0.21	**$ 0.41**	$ 0.38
Weighted average shares outstanding:					
Basic	**36,120**	36,024	35,661	**36,072**	35,451
Diluted	**37,030**	36,914	36,618	**36,987**	36,478

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

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 88,028**	$ 125,888
Accounts receivable, net	**117,307**	82,763
Inventories	**46,027**	31,554
Prepaid expenses	**15,401**	23,518
Deferred tax assets	**12,490**	12,446
Other current assets	**6,071**	7,215
Total current assets	**285,324**	283,384
Property and equipment, net	**34,772**	36,178
Long-term net investment in sales-type leases	**10,208**	10,848
Goodwill	**149,654**	122,720
Intangible assets, net	**94,285**	82,667
Long-term deferred tax assets	**1,397**	1,144
Other long-term assets	**25,382**	23,273
Total assets	**$ 601,022**	$ 560,214
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 26,085**	$ 19,432
Accrued compensation	**18,573**	19,874
Accrued liabilities	**33,419**	19,299
Deferred service revenue	**23,527**	25,167
Deferred gross profit	**36,671**	28,558
Total current liabilities	**138,275**	112,330
Non-current deferred service revenue	**19,056**	20,308
Non-current deferred tax liabilities	**32,723**	30,454
Other long-term liabilities	**11,620**	7,024
Total liabilities	**201,674**	170,116
Stockholders' equity:		
Total stockholders' equity	**399,348**	390,098
Total liabilities and stockholders' equity	**$ 601,022**	$ 560,214

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

	Six months ended June 30,	
	2015	**2014**
Operating Activities		
Net income	**$ 15,069**	$ 13,983
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**11,977**	9,391
Gain (loss) on disposal of fixed assets	**(5)**	202
Gain on business combination	**(3,443)**	—
Provision for receivable allowance	**480**	436
Share-based compensation expense	**7,301**	5,449
Income tax benefits from employee stock plans	**3,087**	3,058
Excess tax benefits from employee stock plans	**(3,159)**	(3,326)
Provision for excess and obsolete inventories	**168**	250
Deferred income taxes	**(1,717)**	860
Changes in operating assets and liabilities:		
Accounts receivable, net	**(27,676)**	(24,408)
Inventories	**(9,633)**	(335)
Prepaid expenses	**8,234**	2,144
Other current assets	**1,507**	1,602
Net investment in sales-type leases	**353**	622
Other long-term assets	**64**	228
Accounts payable	**1,364**	2,494
Accrued compensation	**(1,654)**	(3,910)
Accrued liabilities	**5,752**	2,424
Deferred service revenue	**(2,892)**	2,640
Deferred gross profit	**6,008**	10,788
Other long-term liabilities	**(995)**	829
Net cash provided by operating activities	**10,190**	25,421
Investing Activities		
Acquisition of intangible assets, intellectual property and patents	**(225)**	(191)
Software development for external use	**(6,127)**	(5,507)
Purchases of property and equipment	**(3,764)**	(7,335)
Business acquisition, net of cash acquired	**(23,625)**	—
Net cash used in investing activities	**(33,741)**	(13,033)
Financing Activities		
Proceeds from issuances under stock-based compensation plans	**9,432**	11,813
Employees' taxes paid related to restricted stock units	**(2,046)**	(1,729)
Common stock repurchases	**(25,021)**	(4,069)
Excess tax benefits from employee stock plans	**3,159**	3,326
Net cash (used) provided by financing activities	**(14,476)**	9,341
Effect of exchange rate changes on cash and cash equivalents	**167**	119
Net (decrease) increase in cash and cash equivalents	**(37,860)**	21,848
Cash and cash equivalents at beginning of period	**125,888**	104,531
Cash and cash equivalents at end of period	**$ 88,028**	$ 126,379

Omnicell, Inc.

Reconciliation of GAAP to Non-GAAP

(Unaudited, in thousands, except per share data)

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Reconciliation of GAAP net income to non-GAAP net income:					
GAAP net income	**$ 8,751**	$ 6,318	$ 7,789	**$ 15,069**	$ 13,983
Adjustments:					
Share-based compensation expense:					
Cost of revenues	**532**	517	264	**1,049**	532
Operating expenses	**3,104**	3,148	2,456	**6,252**	4,917
Total share-based compensation expense [(a)]	**3,636**	3,665	2,720	**7,301**	5,449
Amortization of acquired intangibles:					
Cost of revenues	**531**	368	368	**899**	736
Operating expenses	**1,279**	863	680	**2,142**	1,360
Total Amortization of acquired intangibles:	**1,810**	1,231	1,048	**3,041**	2,096
Income tax effect of non-GAAP adjustments [(b)]	**(485)**	(443)	(395)	**(928)**	(774)
Total Amortization of acquired intangibles, net:	**1,325**	788	653	**2,113**	1,322
Gain on business combination	**(3,443)**	—	—	**(3,443)**	—
Non-GAAP net income	**$ 10,269**	$ 10,771	$ 11,162	**$ 21,040**	$ 20,754
Reconciliation of GAAP gross profit to non-GAAP gross profit:					
Revenues	**$ 112,788**	$ 116,221	$ 105,052	**$ 229,009**	$ 206,816
GAAP gross profit	**57,462**	61,685	56,040	**119,147**	110,535
GAAP gross margin	***50.9%***	*53.1%*	*53.3%*	***52.0%***	*53.4%*
Share-based compensation expense	**532**	517	264	**1,049**	532
Amortization of acquired intangibles	**531**	368	368	**899**	736
Non-GAAP gross profit	**$ 58,525**	$ 62,570	$ 56,672	**$ 121,095**	$ 111,803
Non-GAAP gross margin	***51.9%***	*53.8%*	*53.9%*	***52.9%***	*54.1%*
Reconciliation of GAAP operating expenses to non-GAAP operating expenses:					
GAAP operating expenses	**$ 45,038**	$ 51,306	$ 43,482	**$ 96,344**	$ 88,023
GAAP operating expenses % to total revenue	***39.9%***	*44.1%*	*41.4%*	***42.1%***	*42.6%*
Share-based compensation expense	**(3,104)**	(3,148)	(2,456)	**(6,252)**	(4,917)
Amortization of acquired intangibles	**(1,279)**	(863)	(680)	**(2,142)**	(1,360)
Gain on business combination	**$ 3,443**	$ —	$ —	**$ 3,443**	$ —
Non-GAAP operating expenses	**$ 44,098**	$ 47,295	$ 40,346	**$ 91,393**	$ 81,746
Non-GAAP operating expenses % to total revenue	***39.1%***	*40.7%*	*38.4%*	***39.9%***	*39.5%*
Reconciliation of GAAP income from operations to non-GAAP income from operations:					
GAAP income (loss) from operations	**$ 12,424**	$ 10,379	$ 12,558	**$ 22,803**	$ 22,512
GAAP operating income % to total revenue	***11.0%***	*8.9%*	*12.0%*	***10.0%***	*10.9%*
Share-based compensation expense	**3,636**	3,665	2,720	**7,301**	5,449
Amortization of acquired intangibles	**1,810**	1,231	1,048	**3,041**	2,096
Gain on business combination	**(3,443)**	—	—	**(3,443)**	—
Non-GAAP income from operations	**$ 14,427**	$ 15,275	$ 16,326	**$ 29,702**	$ 30,057

Non-GAAP operating income % to total revenue	***12.8%***	*13.1%*	*15.5%*	***13.0%***	*14.5%*

	Three Months Ended			Six Months Ended	
	June 30, 2015	**March 31, 2015**	**June 30, 2014**	**June 30, 2015**	**June 30, 2014**
GAAP shares - diluted	**37,030**	36,914	36,618	**36,987**	36,478
GAAP net income per share - diluted	**$ 0.24**	$ 0.17	$ 0.21	**$ 0.41**	$ 0.38
Adjustments:					
Share-based compensation expense	**0.10**	0.10	0.07	**0.20**	0.15
Amortization of acquired intangibles	**0.04**	0.02	0.02	**0.06**	0.04
Gain on business combination	**(0.10)**	—	—	**(0.10)**	—
Non-GAAP net income per share - diluted	**$ 0.28**	$ 0.29	$ 0.30	**$ 0.57**	$ 0.57
Reconciliation of GAAP EBITDA to non-GAAP EBITDA:					
GAAP net income	**$ 8,751**	$ 6,318	$ 7,789	**$ 15,069**	$ 13,983
Add back:					
Share-based compensation expense	**3,636**	3,665	2,720	**7,301**	5,449
Interest (income) and expense, net	**84**	99	(32)	**183**	(35)
Depreciation and amortization expense	**6,264**	5,711	4,779	**11,975**	9,391
Income tax expense	**3,201**	3,544	4,729	**6,745**	8,233
Gain on business combination	**$ (3,443)**	$ —	$ —	**$ (3,443)**	$ —
Non-GAAP adjusted EBITDA [c]	**$ 18,493**	$ 19,337	$ 19,985	**$ 37,830**	$ 37,021

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[a] This adjustment reflects the accounting impact of non-cash stock-based compensation expense for the periods presented.

[b] Tax effects are calculated using the effective tax rates for the respective periods presented.

[c] Defined as earnings before interest income and expense, taxes, depreciation and amortization, and non-cash expenses, including stock compensation expense, per ASC 718, as well as excluding certain non-GAAP adjustments.

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

	Three Months Ended June 30, 2015			Three Months Ended June 30, 2014		
	Automation and Analytics	Medication Adherence	Total	Automation and Analytics	Medication Adherence	Total
Revenues	**$ 88,701**	**$ 24,087**	**$ 112,788**	$ 84,702	$ 20,350	$ 105,052
Cost of revenues	**39,403**	**15,923**	**55,326**	35,992	13,020	49,012
Gross profit	**49,298**	**8,164**	**57,462**	48,710	7,330	56,040
Gross margin %	***55.6%***	***33.9%***	***50.9%***	*57.5%*	*36.0%*	*53.3%*
Operating expenses	**25,978**	**5,910**	**31,888**	26,044	4,800	30,844
Income from segment operations	**$ 23,320**	**$ 2,254**	**25,574**	$ 22,666	$ 2,530	25,196
Operating margin %	***26.3%***	***9.4%***	***22.7%***	*26.8%*	*12.4%*	*24.0%*
Corporate costs			**13,150**			12,638
Income from operations			**$ 12,424**			$ 12,558

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

	Six Months Ended June 30, 2015			Six Months Ended June 30, 2014		
	Automation and Analytics	Medication Adherence	Total	Automation and Analytics	Medication Adherence	Total
Revenues	**$ 181,480**	**$ 47,529**	**$ 229,009**	$ 166,201	$ 40,615	$ 206,816
Cost of revenues	**78,255**	**31,607**	**109,862**	70,932	25,349	96,281
Gross profit	**103,225**	**15,922**	**119,147**	95,269	15,266	110,535
Gross margin %	***56.9%***	***33.5%***	***52.0%***	*57.3%*	*37.6%*	*53.4%*
Operating expenses	**54,567**	**12,251**	**66,818**	51,146	9,451	60,597
Income from segment operations	**$ 48,658**	**$ 3,671**	**52,329**	$ 44,123	$ 5,815	49,938
Operating margin %	***26.8%***	***7.7%***	***22.9%***	*26.5%*	*14.3%*	*24.1%*
Corporate costs			**29,526**			27,426
Income from operations			**$ 22,803**			$ 22,512

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

	Three Months Ended June 30, 2015					
	Automation and Analytics		Medication Adherence		Total	
Revenues	$ 88,701		$ 24,087		$ 112,788	
GAAP Gross profit	$ 49,298	55.6%	$ 8,164	33.9%	$ 57,462	50.9%
Plus:						
a) Stock-based compensation expense	370	0.4%	$ 162	0.7%	532	0.5%
b) Amortization expense of acquired intangible assets and other acquisition-related expenses	199	0.2%	$ 332	1.4%	531	0.5%
Non-GAAP Gross profit	$ 49,867	56.2%	$ 8,658	35.9%	$ 58,525	51.9%
GAAP Operating income	$ 23,320	26.3%	$ 2,254	9.4%	$ 25,574	22.7%
Plus:						
a) Stock-based compensation expense	1,207	1.4%	377	1.6%	1,584	1.4%
b) Amortization expense of acquired intangible assets and other acquisition-related expenses	724	0.8%	1,086	4.5%	1,810	1.6%
c) Gain on business combination	(3,443)	(3.9)%	$ 0	—%	(3,443)	(3.1)%
Non-GAAP Operating income	$ 21,808	24.6%	$ 3,717	15.4%	$ 25,525	22.6%
GAAP Corporate costs					$ 13,150	11.7%
Less: Stock-based compensation expense					2,052	1.8%
Non-GAAP Corporate costs					$ 11,098	9.8%
Non-GAAP Income from operations					$ 14,427	12.8%

	Three Months Ended June 30, 2014								
	Automation and Analytics			Medication Adherence			Total		
Revenues	$	84,702		$	20,350		$	105,052	
GAAP Gross profit	$	48,710	*57.5%*	$	7,330	*36.0%*	$	56,040	*53.3%*
Plus:									
a) Stock-based compensation expense		226	*0.3%*	$	38	*0.2%*		264	*0.3%*
b) Amortization expense of acquired intangible assets and other acquisition-related expenses		35	*0.0%*	$	333	*1.6%*		368	*0.4%*
Non-GAAP Gross profit	$	48,971	*57.8%*	$	7,701	*37.8%*	$	56,672	*53.9%*
GAAP Operating income	$	22,666	*26.8%*	$	2,530	*12.4%*	$	25,196	*24.0%*
Plus:									
a) Stock-based compensation expense		1,020	*1.2%*		168	*0.8%*		1,188	*1.1%*
b) Amortization expense of acquired intangible assets and other acquisition-related expenses		147	*0.2%*		901	*4.4%*		1,048	*1.0%*
Non-GAAP Operating income	$	23,833	*28.1%*	$	3,599	*17.7%*	$	27,432	*26.1%*
GAAP Corporate costs							$	12,638	*12.0%*
Less: Stock-based compensation expense								1,532	*1.5%*
Non-GAAP Corporate costs							$	11,106	*10.6%*
Non-GAAP Income from operations							$	16,326	*15.5%*

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