



Omnicell Announces Second Quarter 2009 Results

MOUNTAIN VIEW, Calif., July 23, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- Omnicell, Inc. (Nasdaq: OMCL), a leading provider of system solutions to acute healthcare facilities, today announced results for its second quarter ended June 30, 2009.

GAAP results: Revenue for the second quarter of 2009 was \$52.6 million, up \$0.4 million or 0.8% from the first quarter of 2009, and down \$10.7 million or 16.9% from the second quarter of 2008.

Second quarter 2009 net income as reported in accordance with U.S. generally accepted accounting principles (GAAP) was \$0.9 million, or \$0.03 per diluted share. This compares to net loss of \$1.9 million, or (\$0.06) per diluted share in the first quarter of 2009 and net income of \$2.8 million, or \$0.08 per diluted share in the second quarter of 2008.

Non-GAAP results: Excluding the impact on our results of recording \$2.4 million in share-based compensation expense related to SFAS No. 123R, non-GAAP net income was \$3.3 million for the second quarter of 2009, or \$0.10 per diluted share. This compares to non-GAAP net income of \$2.1 million, or \$0.07 per diluted share for the first quarter of 2009, which as well as excluding \$2.5 million in stock compensation expense, also excludes a charge of \$1.5 million (net of tax) relating to a reduction in force. Second quarter 2009 results compare to non-GAAP net income of \$5.7 million, or \$0.17 per diluted share for the second quarter of 2008.

"I am pleased with our performance in Q2 2009," said Randall Lipps, Omnicell President, Chairman and CEO. "We continuously hear from our customers that our medication and supply automation solutions are enabling physicians and nurses to spend more time delivering care, rather than time consuming manual processes. Our solutions continue to attract new customers who are committed to having the safest and most effective automation capabilities in their hospitals."

Omnicell Conference Call Information

Omnicell will hold a conference call today at 1:30 p.m. PDT to discuss second quarter financial results. The conference call can be monitored by dialing 1-800-696-5518 within the U.S. or 1-706-758-4883 for all other locations. The Conference ID # is 20153924. Internet users can access the conference call at <http://ir.omnicell.com/events.cfm>. A replay of the call will be available today at approximately 2:30 p.m. PDT and will be available until 8:59 p.m. PDT on July 30. The replay access numbers are 1-800-642-1687 within the U.S. and 1-706-645-9291 for all other locations, conference code # 20153924.

About Omnicell

Omnicell, Inc. (NASDAQ: OMCL) is a leading provider of systems and software solutions targeting patient safety and operational efficiency in healthcare facilities. Since 1992, Omnicell has worked to enhance patient safety and allow clinicians to spend more time with their patients.

Omnicell medication-use product lines include solutions for the central pharmacy, nursing unit, operating room, and patient bedside. Solutions range from large central pharmacy "smart inventory" carousels to small handheld devices. From the point at which a medication arrives at the receiving dock to the time it is administered, Omnicell systems store it, package it, bar code it, order it, issue it, and provide information and controls on its use and reorder.

Omnicell supply product lines provide a healthcare institution with fast, effective control of costs, capture of charges for payer reimbursement, and timely reorder of supplies. Products range from high-security closed-cabinet systems and software to open-shelf and combination solutions in the nursing unit, cath lab and operating room.

Omnicell's mission is to provide the best customer experience in healthcare, helping hospitals reduce medication errors, operate more efficiently, and decrease costs. For more information, visit www.omnicell.com.

Forward-Looking Statements

To the extent any statements contained in this release deal with information that is not historical, these statements are necessarily forward-looking. As such, they are subject to the occurrence of many events outside Omnicell's control and are subject to various risk factors that could cause actual results to differ materially from those expressed or implied in any forward-

looking statement. The risk factors are described in the Company's Securities and Exchange Commission (SEC) filings and include, without limitation, the unfavorable general economic and market conditions, the tightening in the credit market, the continued growth and acceptance of our products and services and the continued growth of the clinical automation and workflow automation market generally, the potential of increasing competition, the ability of the company to grow product backlog, retain key personnel, cut expenses, manage future changes in revenue levels, develop new products and integrate acquired products or intellectual property in a timely and cost-effective manner, and improve sales productivity. Prospective investors are cautioned not to place undue reliance on forward-looking statements.

Use of Non-GAAP Financial Information

This press release contains financial measures that are not calculated in accordance with U.S. generally accepted accounting principles (GAAP). Our management evaluates and makes operating decisions using various performance measures. In addition to Omnicell's GAAP results, we also consider non-GAAP gross profit, non-GAAP operating expenses, non-GAAP net income, and non-GAAP earnings per diluted share. These non-GAAP results should not be considered as an alternative to gross profit, operating expenses, net income, earnings per diluted share, or any other performance measure derived in accordance with GAAP. We present these non-GAAP results because we consider them to be important supplemental measures of Omnicell's performance.

Our non-GAAP gross profit, non-GAAP operating expenses, non-GAAP net income, and non-GAAP earnings per diluted share are exclusive of certain items to facilitate management's review of the comparability of Omnicell's core operating results on a period to period basis because such items are not related to Omnicell's ongoing core operating results as viewed by management. We define our "core operating results" as those revenues recorded in a particular period and the expenses incurred within that period that directly drive operating income in that period. Management uses these non-GAAP financial measures in making operating decisions because, in addition to meaningful supplemental information regarding operating performance, the measures give us a better understanding of how we should invest in research and development, fund infrastructure growth and evaluate the effectiveness of marketing strategies. In calculating the above non-GAAP results, management specifically adjusted for the following excluded items:

- a) Stock-based compensation expense impact of SFAS No. 123R. We recognize equity plan-related compensation expenses, which represents the fair value of all share-based payments to employees, including grants of employee stock options, as required under SFAS No. 123 (revised 2004), "Share-Based Payment" (SFAS No.123R).
- b) Restructuring charges (net of tax). We incurred charges for employee severance in connection with a reduction in force in the first quarter of 2009, which was designed to align our cost structure with current business expectations. These charges are not expected to be recurring and, as a non-recurring event, the financial impact is excluded from our non-GAAP results.

Management adjusts for the above items because management believes that, in general, these items possess one or more of the following characteristics: their magnitude and timing is largely outside of Omnicell's control; they are unrelated to the ongoing operation of the business in the ordinary course; they are unusual and we do not expect them to occur in the ordinary course of business; or they are non-operational, or non-cash expenses involving stock option grants.

We believe that the presentation of these non-GAAP financial measures is warranted for several reasons:

- 1) Such non-GAAP financial measures provide an additional analytical tool for understanding Omnicell's financial performance by excluding the impact of items which may obscure trends in the core operating results of the business;
- 2) Since we have historically reported non-GAAP results to the investment community, we believe the inclusion of non-GAAP numbers provides consistency and enhances investors' ability to compare our performance across financial reporting periods;
- 3) These non-GAAP financial measures are employed by Omnicell's management in its own evaluation of performance and are utilized in financial and operational decision making processes, such as budget planning and forecasting; and
- 4) These non-GAAP financial measures facilitate comparisons to the operating results of other companies in our industry, which use similar financial measures to supplement their GAAP results, thus enhancing the perspective of investors who wish to utilize such comparisons in their analysis of our performance.

Set forth below are additional reasons why share-based compensation expense related to SFAS No. 123R is excluded from our non-GAAP financial measures:

- i) While share-based compensation calculated in accordance with SFAS No.123R constitutes an ongoing and recurring expense of Omnicell, it is not an expense that requires cash settlement by Omnicell. We therefore exclude these charges for purposes of evaluating core operating results. Thus, our non-GAAP measurements are presented exclusive of stock-based compensation expense to assist management and investors in evaluating our core operating results.

ii) We present SFAS No.123R share-based payment compensation expense in our reconciliation of non-GAAP financial measures on a pre-tax basis because the exact tax differences related to the timing and deductibility of share-based compensation, under SFAS No.123R, are dependent upon the trading price of Omnicell's common stock and the timing and exercise by employees of their stock options. As a result of these timing and market uncertainties the tax effect related to share-based compensation expense would be inconsistent in amount and frequency and is therefore excluded from our non-GAAP results.

As stated above, we present non-GAAP financial measures because we consider them to be important supplemental measures of performance. However, non-GAAP financial measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for Omnicell's GAAP results. In the future, we expect to incur expenses similar to certain of the non-GAAP adjustments described above and expect to continue reporting non-GAAP financial measures excluding such items. Some of the limitations in relying on non-GAAP financial measures are:

-- Omnicell's stock option and stock purchase plans are important components of incentive compensation arrangements and will be reflected as expenses in Omnicell's GAAP results for the foreseeable future under SFAS No.123R.

-- Other companies, including other companies in Omnicell's industry, may calculate non-GAAP financial measures differently than Omnicell, limiting their usefulness as a comparative measure.

Pursuant to the requirements of SEC Regulation G, a detailed reconciliation between Omnicell's non-GAAP and GAAP financial results is set forth in the financial tables at the end of this press release. Investors are advised to carefully review and consider this information strictly as a supplement to the GAAP results that are contained in this press release and in Omnicell's SEC filings.

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

	June 30, 2009 ---- (unaudited)	December 31, 2008 ---- (1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$126,426	\$120,439
Accounts receivable, net	67,655	56,472
Inventories	9,624	12,957
Prepaid expenses	9,787	9,310
Deferred tax assets	14,871	14,871
Other current assets	7,040	10,938
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Total current assets	235,403	224,987
Property and equipment, net	14,326	16,180
Non-current net investment in sales-type leases	9,531	10,896
Goodwill	24,982	24,982
Other intangible assets	5,362	6,706
Non-current deferred tax assets	15,704	15,889
Other assets	9,298	8,902
	-----	-----
Total assets	\$314,606 =====	\$308,542 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$10,584	\$9,377
Accrued compensation	8,574	8,889
Accrued liabilities	14,249	10,187
Deferred service revenue	12,830	12,084

Deferred gross profit	12,334	16,648
Obligation resulting from sale of receivables	87	170
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Total current liabilities	58,658	57,355
Long-term deferred service revenue	15,971	16,782
Other long-term liabilities	776	848
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Total liabilities	75,405	74,985
Stockholders' equity:		
Total stockholders' equity	239,201	233,557
	-----	-----
Total liabilities and stockholders' equity	\$314,606	\$308,542
	=====	=====

(1) Information derived from our December 31, 2008 audited Consolidated Financial Statements.

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

	Three Months Ended			Six Months Ended	
	June 30, 2009	March 31, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	-----	-----	-----	-----	-----
Revenues:					
Product	\$41,983	\$42,295	\$52,870	\$84,278	\$105,286
Services and other revenues	10,660	9,909	10,504	20,569	20,179
	-----	-----	-----	-----	-----
Total revenue	52,643	52,204	63,374	104,847	125,465
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Cost of revenues:					
Cost of product revenues	19,175	20,280	24,349	39,455	48,319
Cost of services and other revenues	6,539	6,895	6,665	13,434	12,440
Restructuring charges	-	1,209	-	1,209	-
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Total cost of revenues	25,714	28,384	31,014	54,098	60,759
	-----	-----	-----	-----	-----
Gross profit	26,929	23,820	32,360	50,749	64,706
Operating expenses:					
Research and					

development	4,574	3,977	4,978	8,551	9,255
Selling, general, and administrative	21,038	21,499	22,878	42,537	46,085
Restructuring charges	-	1,315	-	1,315	-
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Total operating expenses	25,612	26,791	27,856	52,403	55,340
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Income (loss) from operations	1,317	(2,971)	4,504	(1,654)	9,366
Other income and expense, net	194	182	722	376	2,131
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Income (loss) before provision for (benefit from) income taxes	1,511	(2,789)	5,226	(1,278)	11,497
Provision for (benefit from) income taxes	607	(918)	2,473	(311)	5,011
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Net income (loss)	\$904	\$(1,871)	\$2,753	\$(967)	\$6,486
	====	=====	=====	=====	=====
Net income (loss) per share:					
Basic	\$0.03	\$(0.06)	\$0.09	\$(0.03)	\$0.20
Diluted	\$0.03	\$(0.06)	\$0.08	\$(0.03)	\$0.19
Weighted average shares outstanding:					
Basic	31,578	31,453	31,716	31,516	32,954
Diluted	31,961	31,453	32,549	31,516	34,065

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

	Three months ended					
	June 30, 2009		March 31, 2009		June 30, 2008	
	Earnings		Earnings		Earnings	
	per		(loss)		per	
	share-		per		share-	
	diluted		share-		diluted	
	Net		Net		Net	
	income		income		income	
	(loss)		(loss)		(loss)	
	(loss)		(loss)		(loss)	
GAAP	\$904	\$0.03	\$(1,871)	\$(0.06)	\$2,753	\$0.08
Non-GAAP Adjustments:						

SFAS No. 123(R) adjustment (a)						
Gross Margin	287		379		416	
Operating Expenses	2,087		2,105		2,517	
Restructuring cost (net of tax) (b)						
Gross profit			735			
Operating expenses			799			

	2,374	0.07	4,018	0.13	2,933	0.09
Non-GAAP	\$3,278	\$0.10	\$2,147	\$0.07	\$5,686	\$0.17
	=====	=====	=====	=====	=====	=====

	Six months ended			
	-----		-----	
	June 30, 2009		June 30, 2008	
	-----		-----	
		Earnings (loss)		Earnings per
	Net	per	Net	per
	income	share-	income	share-
	(loss)	diluted	(loss)	diluted
	-----	-----	-----	-----
GAAP	\$(967)	\$(0.03)	\$6,486	\$0.19
Non-GAAP				
Adjustments:				
SFAS No. 123(R) adjustment (a)				
Gross Margin	665		926	
Operating Expenses	4,193		5,074	
Restructuring cost (net of tax) (b)				
Gross profit	735			
Operating expenses	799			

	6,392	0.20	6,000	0.18
Non-GAAP	\$5,425	\$0.17	\$12,486	\$0.37
	=====	=====	=====	=====

(a) This adjustment reflects the accounting impact of non-cash share-based compensation expense related to the impact of FAS123R for the periods shown.

(b) This is the net of tax impact of the restructuring activities executed during the first quarter of 2009.

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