



Omnicell Announces Fourth Quarter and Full-Year 2009 Results

MOUNTAIN VIEW, Calif., Jan 28, 2010 /PRNewswire via COMTEX News Network/ -- Omnicell, Inc. (Nasdaq: OMCL), a leading provider of system solutions to acute healthcare facilities, today announced results for its fourth quarter and year ended December 31, 2009.

GAAP results: Revenue for the fourth quarter of 2009 was \$54.7 million, up \$0.7 million or 1.3% from the third quarter of 2009, and down \$7.4 million or 11.9% from the fourth quarter of 2008. Revenue for the year ended December 31, 2009 was \$213.5 million, down \$38.4 million or 15.2% from the year ended December 31, 2008.

Fourth quarter 2009 net income as reported in accordance with U.S. generally accepted accounting principles (GAAP) was \$0.6 million, or \$0.02 per diluted share. This compares to net income of \$0.9 million, or \$0.03 per diluted share in the third quarter of 2009 and net income of \$3.3 million, or \$0.10 per diluted share in the fourth quarter of 2008. For the year ended December 31, 2009, net income was \$0.4 million, or \$0.01 per diluted share. This compares to net income of \$12.7 million, or \$0.38 per diluted share for the year ended December 31, 2008.

Non-GAAP results: Excluding the impact on our results of recording \$2.5 million in stock-based compensation expense related to ASC 718, "Stock Compensation" (formerly referred to as SFAS No. 123R) and \$0.4 million in income tax expense related to prior year research and development tax credits, non-GAAP net income was \$3.4 million for the fourth quarter of 2009, or \$0.11 per diluted share. This compares to non-GAAP net income of \$3.3 million, or \$0.10 per diluted share for the third quarter of 2009, which excluded \$2.4 million in stock-based compensation expense, and non-GAAP net income of \$5.5 million, or \$0.17 per diluted share for the fourth quarter of 2008, which excluded \$2.4 million of stock-based compensation expense and \$0.2 million of income tax benefits related to prior year research and development tax credits. Excluding \$9.7 million in stock-based compensation expense, \$2.5 million non-recurring costs (\$1.5 million, net of tax) from our first quarter of 2009 restructuring activities and \$0.4 million in income tax expense related to prior years research and development tax credits, non-GAAP net income was \$12.1 million for the year ended December 31, 2009, or \$0.38 per diluted share. Excluding \$11.2 million in stock-based compensation expense and \$0.2 million in income tax benefits related to prior years research and development tax credits, non-GAAP net income was \$23.6 million for the year ended December 31, 2008, or \$0.71 per diluted share.

Product backlog as of December 31, 2009 totaled \$114 million, up \$4 million or 4% from December 31, 2008.

"The 2009 fourth quarter saw Omnicell secure first orders from some of the most prestigious hospital networks in the United States including Carolinas Health System, CoxHealth and NewYork-Presbyterian," said Randall Lipps, president and CEO of Omnicell. "We remain confident that customers are recognizing our solution's unique benefits and are committed to improving the efficiencies and safety in their facilities. It has been a rewarding quarter, and we expect continued growth in 2010."

Omnicell Conference Call Information

Omnicell will hold a conference call today at 1:30 p.m. PST to discuss fourth quarter and 2009 year-end 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 52186247. 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. PST and will be available until 8:59 p.m. PST on February 26. The replay access numbers are 1-800-642-1687 within the U.S. and 1-706-645-9291 for all other locations, conference code # 52186247.

About Omnicell

Omnicell, Inc. (NASDAQ: OMCL) is a leading provider of systems that enable healthcare facilities to increase operational efficiency, enhance patient safety and allow clinicians to spend more time with their patients.

Founded in 1992, Omnicell's medication-use solutions include complete automation systems for the central pharmacy, anesthesia workstations for the operating room, dispensing cabinet systems for nursing units, and safe, secure medication transportation and verification systems to the patient bedside. From a medication's arrival at the receiving dock to its dosing to the patient, 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 comprehensive supply chain solutions that result in 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.

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 and decreased demand for capital equipment, the lack of available credit opportunities, 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 ASC 718.* We recognize equity plan-related compensation expenses, which represents the fair value of all stock-based payments to employees, including grants of employee stock options, as required under ASC 718, "Stock Compensation".
- 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.
- c) *Income tax adjustments.* To provide transparency into the Company's trends and performance, we consider non-recurring research and development tax credit adjustments, to be non-GAAP adjustments.

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 stock-based compensation expense related to ASC 718 is excluded from our non-GAAP financial measures:

i) While stock-based compensation calculated in accordance with ASC 718 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 ASC 718 stock-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 stock-based compensation, under ASC 718, 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 stock-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 ASC 718.
- 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.

OMCL-E

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

	Three Months Ended			Year Ended	
	December 31, 2009 (unaudited)	September 30, 2009 (unaudited)	December 31, 2008 (1)(2)	December 31, 2009 (unaudited)	December 31, 2008 (1)(2)
Revenues:					
Product	\$42,936	\$42,854	\$51,316	\$170,068	\$211,461
Services and other revenues	11,717	11,103	10,739	43,389	40,404
	-----	-----	-----	-----	-----
Total revenue	54,653	53,957	62,055	213,457	251,865
	-----	-----	-----	-----	-----
Cost of revenues:					
Cost of product					

revenues	20,474	20,087	24,202	80,016	97,461
Cost of services and other revenues	6,956	6,621	6,687	27,011	25,770
Restructuring charges	-	-	-	1,209	-
	-----	-----	-----	-----	-----
Total cost of revenues	27,430	26,708	30,889	108,236	123,231
	-----	-----	-----	-----	-----
Gross profit	27,223	27,249	31,166	105,221	128,634
Operating expenses:					
Research and development	4,037	4,981	4,256	17,569	18,196
Selling, general, and administrative	21,807	21,324	23,152	85,668	93,098
Restructuring charges	-	-	-	1,315	-
	-----	-----	-----	-----	-----
Total operating expenses	25,844	26,305	27,408	104,552	111,294
	-----	-----	-----	-----	-----
Income from operations	1,379	944	3,758	669	17,340
Other income and expense, net	91	56	578	523	3,382
	-----	-----	-----	-----	-----
Income before provision for income taxes	1,470	1,000	4,336	1,192	20,722
Provision for income taxes	913	146	1,013	748	7,998
	-----	-----	-----	-----	-----
Net income	\$557	\$854	\$3,323	\$444	\$12,724
	=====	=====	=====	=====	=====
Net income per share:					
Basic	\$0.02	\$0.03	\$0.11	\$0.01	\$0.40
Diluted	\$0.02	\$0.03	\$0.10	\$0.01	\$0.38
Weighted average shares outstanding:					
Basic	31,927	31,704	31,265	31,691	32,076
Diluted	32,513	32,380	31,849	32,063	33,108

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

(2) Certain amounts which are not material have been reclassified to conform with our current presentation in both product revenue and service revenue.

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

December 31, December 31,

	2009	2008
	----- (unaudited)	----- (1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$169,230	\$120,439
Accounts receivable, net	42,511	57,976
Inventories	9,582	12,957
Prepaid expenses	8,779	9,310
Deferred tax assets	15,247	14,871
Other current assets	5,870	9,434
Total current assets	----- 251,219	----- 224,987
Property and equipment, net	13,209	16,180
Non-current net investment in sales-type leases	8,709	10,896
Goodwill	24,982	24,982
Other intangible assets	4,232	6,706
Non-current deferred tax assets	9,666	15,889
Other assets	9,322	8,902
Total assets	----- \$321,339 =====	----- \$308,542 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$10,313	\$9,377
Accrued compensation	8,095	8,889
Accrued liabilities	11,997	10,357
Deferred service revenue	14,457	12,084
Deferred gross profit	12,768	16,648
Total current liabilities	----- 57,630	----- 57,355
Long-term deferred service revenue	20,810	16,782
Other long-term liabilities	595	848
Total liabilities	----- 79,035	----- 74,985
Stockholders' equity:		

Total stockholders' equity	242,304	233,557
	-----	-----
Total liabilities and stockholders' equity	\$321,339	\$308,542
	=====	=====

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

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

	Three months ended					
	December 31, 2009		September 30, 2009		December 31, 2008	
	Net income	Earnings per share- diluted	Net income	Earnings per share- diluted	Net income	Earnings per share- diluted
	-----	-----	-----	-----	-----	-----
GAAP	\$557	\$0.02	\$854	\$0.03	\$3,323	\$0.10
Non-GAAP						
Adjustments:						
ASC 718						
adjustment (a)						
Gross						
Margin	453		360		283	
Operating						
Expenses	2,001		2,053		2,113	
Non-recurring						
tax						
adjustment (c)	422				(246)	
	-----		-----		-----	
	2,876	0.09	2,413	0.07	2,150	0.07
Non-GAAP	\$3,433	\$0.11	\$3,267	\$0.10	\$5,473	\$0.17
	=====	=====	=====	=====	=====	=====

	Year ended			
	December 31, 2009		December 31, 2008	
	Net income	Earnings per share - diluted	Net income	Earnings per share- diluted
	-----	-----	-----	-----
GAAP	\$444	\$0.01	\$12,724	\$0.38
Non-GAAP				
Adjustments:				
ASC 718				
adjustment (a)				
Gross Margin	1,478		1,610	
Operating				
Expenses	8,247		9,555	

Restructuring cost (net of tax) (b)				
Gross profit	735			
Operating expenses	799			
Non-recurring tax adjustment (c)	422		(246)	
	-----	-----	-----	-----
	11,681	0.37	10,919	0.33
Non-GAAP	\$12,125	\$0.38	\$23,643	\$0.71
	=====	=====	=====	=====

(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 is the net of tax impact of the restructuring activities commenced during the first quarter of 2009.

(c) This adjustment reflects the impact on the Company's income tax provision (benefit) from non-recurring liability adjustments primarily related to research and development tax credits.

SOURCE Omnicell, Inc.

Copyright (C) 2010 PR Newswire. All rights reserved