

OMNICELL, Inc
Form 10-Q
November 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended September 30, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

Commission File Number 000-33043

Omnicell, Inc.

(Exact name of registrant as specified in its charter)

Delaware

94-3166458

(State or other jurisdiction

(I.R.S. Employer

of incorporation or organization)

Identification No.)

1201 Charleston Road

Mountain View, CA 94043

(650) 251-6100

(Address, including zip code, of registrant's principal executive
offices and registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of Registrant's common stock (par value \$0.001) outstanding as of November 1, 2012 was 33,179,043.

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PART 1 — FINANCIAL INFORMATION

Item 1. Financial Statements

OMNICELL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	September 30, 2012 (unaudited)	December 31, 2011 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$54,818	\$191,762
Short-term investments	—	8,107
Accounts receivable, net of allowances of \$417 and \$443 at September 30, 2012 and December 31, 2011, respectively	53,109	38,661
Inventories	26,400	18,107
Prepaid expenses	13,948	10,495
Deferred tax assets	11,197	10,352
Other current assets	7,046	6,107
Total current assets	166,518	283,591
Property and equipment, net	32,185	17,306
Non-current net investment in sales-type leases	10,628	8,785
Goodwill	112,683	28,543
Other intangible assets	86,234	4,231
Non-current deferred tax assets	—	11,677
Other assets	13,754	9,716
Total assets	\$422,002	\$363,849
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$18,635	\$11,000
Accrued compensation	8,130	7,328
Accrued liabilities	12,206	8,901
Deferred service revenue	19,994	19,191
Deferred gross profit	19,587	14,210
Total current liabilities	78,552	60,630
Non-current deferred service revenue	19,649	18,966
Non-current deferred tax liabilities	21,575	—
Other long-term liabilities	5,713	1,339
Total liabilities	125,489	80,935
Stockholders' equity:		
Total stockholders' equity	296,513	282,914
Total liabilities and stockholders' equity	\$422,002	\$363,849

(1) Information derived from our December 31, 2011 audited Consolidated Financial Statements.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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OMNICELL, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Product revenues	\$67,446	\$49,790	\$175,239	\$138,583
Services and other revenues	16,885	14,649	48,619	44,021
Total revenues	84,331	64,439	223,858	182,604
Cost of revenues:				
Cost of product revenues	30,636	22,429	79,532	59,995
Cost of services and other revenues	7,608	7,562	23,114	22,704
Total cost of revenues	38,244	29,991	102,646	82,699
Gross profit	46,087	34,448	121,212	99,905
Operating expenses:				
Research and development	5,545	6,019	17,538	16,139
Selling, general and administrative	29,316	23,635	86,382	73,713
Total operating expenses	34,861	29,654	103,920	89,852
Income from operations	11,226	4,794	17,292	10,053
Interest and other income (expense), net	34	(191) 57	(66
Income before provision for income taxes	11,260	4,603	17,349	9,987
Provision for income taxes	4,340	1,609	6,703	3,736
Net income	\$6,920	\$2,994	\$10,646	\$6,251
Net income per share-basic	\$0.21	\$0.09	\$0.32	\$0.19
Net income per share-diluted	\$0.20	\$0.09	\$0.31	\$0.18
Weighted average shares outstanding:				
Basic	33,193	33,209	33,316	33,132
Diluted	34,068	34,219	34,241	34,100

The accompanying notes are an integral part of these condensed consolidated financial statements.

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OMNICELL, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Net income	\$6,920	\$2,994	\$10,646	\$6,251
Other comprehensive income, net of tax and reclassification adjustments:				
Unrealized loss on securities:				
Unrealized holding (losses) gains arising during the period	—	2	(1) 2
Changes in fair value of foreign currency forward hedges	—	—	65	—
Foreign currency translation adjustment	70	—	54	—
Other comprehensive income	70	2	118	2
Comprehensive income	\$6,990	\$2,996	\$10,764	\$6,253

The accompanying notes are an integral part of these condensed consolidated financial statements

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OMNICELL, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Nine Months Ended September 30,	
	2012	2011
Cash flows from operating activities:		
Net income	\$ 10,646	\$ 6,251
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,247	5,820
Loss on disposal of fixed assets	28	—
Provision for (recovery of) receivable allowance	410	(527)
Share-based compensation expense	6,781	7,254
Income tax benefits from employee stock plans	1,638	3,208
Excess tax benefits from employee stock plans	(2,336)	(3,553)
Provision for excess and obsolete inventories	509	564
Foreign currency remeasurement loss	—	140
Deferred income taxes	(1,084)	(270)
Changes in operating assets and liabilities:		
Accounts receivable, net	(7,103)	(3,286)
Inventories	2,924	(7,835)
Prepaid expenses	(3,453)	1,316
Other current assets	921	(953)
Net investment in sales-type leases	(1,493)	917
Other assets	(13)	759
Accounts payable	2,131	1,180
Accrued compensation	802	(669)
Accrued liabilities	(1,719)	308
Deferred service revenue	2,117	3,224
Deferred gross profit	5,377	442
Other long-term liabilities	1,147	339
Net cash provided by operating activities	27,477	14,629
Cash flows from investing activities:		
Purchases of short-term investments	—	(8,097)
Maturities of short-term investments	8,122	8,143
Acquisition of intangible assets and intellectual property	(303)	(136)
Software development for external use	(3,118)	(3,523)
Purchases of property and equipment	(9,560)	(6,808)
Business acquisition, net of cash acquired	(156,312)	—
Net cash used in investing activities	(161,171)	(10,421)
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee stock purchase and stock option plans	6,777	6,607
Stock repurchases	(12,363)	(10,560)
Excess tax benefits from employee stock plans	2,336	3,553
Net cash used in financing activities	(3,250)	(400)
Effect of exchange rate changes on cash and cash equivalents	—	(140)
Net (decrease) increase in cash and cash equivalents	(136,944)	3,668

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Cash and cash equivalents at beginning of period	191,762	175,635
Cash and cash equivalents at end of period	\$54,818	\$179,303
Supplemental disclosure of non-cash operating activity:		
Acquisition consideration accrued but not paid	\$(1,482) \$—
Satisfaction of acquired legal contingency with indemnification asset	—	