

Omnicell, Inc. (OMCL)

\$45.78 (Stock Price as of 12/25/2025)

Price Target (6-12 Months): **\$46.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 12/09/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

1-Strong Buy

Zacks Style Scores:

VGM: D

Value: C

Growth: F

Momentum: A

Summary

Omnicell is positioning itself for long-term growth by addressing the healthcare challenges with enhanced medication management solutions. The introduction of the XT Amplify program is advancing the company's goal of delivering outcome-centric innovations, having gained market traction with its initial offerings. Such efforts are bringing Omnicell closer to achieving the industry vision of the autonomous pharmacy. We expect the company's revenues to witness a 2.8% CAGR during 2025-2027. Also, Omnicell's restructuring and cost-saving measures are likely to drive major operational improvements. However, the company is currently facing headwinds from macroeconomic issues and fierce competition, raising concerns over its operations. Further, hospital spending trends add to the revenue pressure.

Data Overview

52 Week High-Low	\$47.69 - \$22.66
20 Day Average Volume (sh)	638,162
Market Cap	\$2.1 B
YTD Price Change	2.8%
Beta	0.83
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical Info Systems
Zacks Industry Rank	Top 40% (98 out of 243)

Last EPS Surprise	41.7%
Last Sales Surprise	5.6%
EPS F1 Est- 4 week change	3.2%
Expected Report Date	02/05/2026
Earnings ESP	-5.3%

P/E TTM	25.2
P/E F1	27.4
PEG F1	-23.2
P/S TTM	1.7

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	276 E	284 E	307 E	317 E	1,184 E
2025	270 A	291 A	311 A	314 E	1,185 E
2024	246 A	277 A	282 A	307 A	1,112 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	0.26 E	0.37 E	0.50 E	0.54 E	1.67 E
2025	0.26 A	0.45 A	0.51 A	0.45 E	1.67 E
2024	0.03 A	0.51 A	0.56 A	0.60 A	1.71 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/25/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/11/2025.

Overview

Headquartered in Mountain View, CA, Omnicell Inc., develops and markets end-to-end automation solutions for the medication-use process. These automation solutions contain medication and supply dispensing systems, central pharmacy storage, retrieval and packaging solutions, a bedside automation solution, a physician order management solution, a decision support application, and a Web-based procurement application.

The products offered by the company enable care providers to improve patient safety and increase efficiency by lowering costs. The company also adheres to regulatory compliances and addresses issues related to population health.

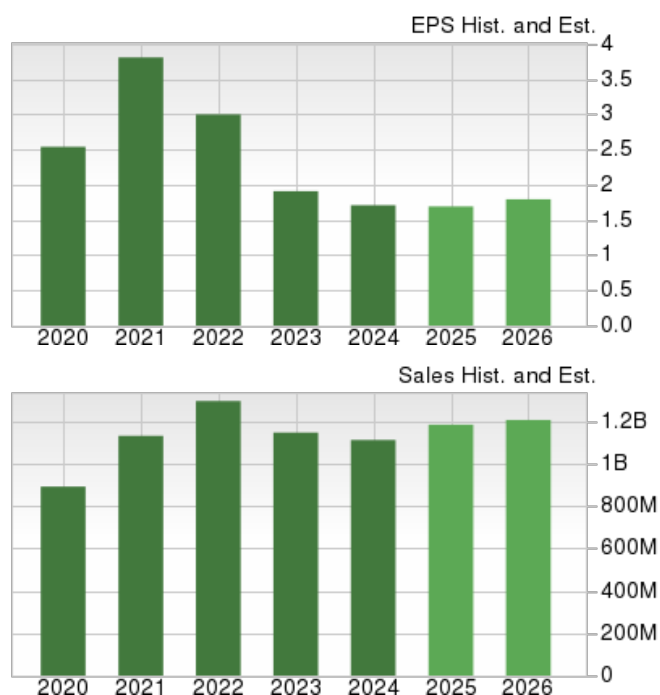
Omnicell previously had two reporting segments, namely Automation and Analytics, and Medication Adherence. In an effort to deliver on the vision of the autonomous pharmacy and address industry changes (including the ongoing consolidation of healthcare systems, rising pharmaceutical costs and increased scrutiny on controlled substances), Omnicell initiated a company-wide organizational realignment in 2018. It was done to centrally manage business operations, including the development and marketing of all of its products, sales and distribution, supply chain and inventory management, and regulatory and quality functions.

As a result of the organizational realignment, all significant operating decisions are based upon an analysis of Omnicell as one operating segment. Thus, effective Jan 1, 2019, Omnicell reports as only one operating segment, which is the same as the reporting segment.

The company categorizes its offerings under Product and Service and other.

Product Revenues: Comprised 57% of 2024 revenues, down 8.1% from the 2023 figure. This includes software-enabled connected devices, software licenses, packaging equipment and other supplies. It also includes consumables such as medication adherence packaging, labeling and other one-time-use packaging.

Service and Other Revenues (43% of 2024 revenues, up 13.2%): This includes post-installation technical support and other related services and Advanced Services.He



As of 12/11/2025



As of 12/25/2025

Reasons To Buy:

▲ **Strategic Imperatives to Drive Growth:** Prescription drug costs in the United States are increasing, while pharmacy challenges, including budget constraints, labor shortages and complex compliance requirements, are leading to poor medication management outcomes. Omnicell believes these challenges, in a way, will drive increased demand for automation, visibility, insights and improved medication management. By offering differentiated, innovative solutions, expanding into new markets, strategic partnerships and acquiring new technologies, the company is positioning its solutions to support the evolving needs of healthcare institutions and create opportunities for long-term growth.

Omnicell strongly executes its long-term strategy to transform the pharmacy care delivery model. A prudent cost management approach will help shield macro headwinds.

As part of its refreshed strategy, validated through a holistic review of the business, Omnicell is increasingly investing in next-generation upgrades and outcomes-based solutions for the XT fleet of automated medication dispensing systems. In 2024, the company introduced a multiyear innovation program called XT Amplify to maximize value for hospitals, health systems and post-acute care facilities using the XT automated dispensing system. Early feedback on the program has been positive, significantly backing Omnicell's efforts to deliver enhanced clinical and operational outcomes at the point-of-care market and within pharmacies. Leading health systems in New Jersey, Pennsylvania and West Virginia have invested in these solutions to increase pharmacy and nursing efficiency and improve patient safety. For instance, a leading healthcare organization in Illinois has chosen Omnicell XT automated dispensing cabinets to support point-of-care dispensing across numerous sites of care.

XTEnd is part of several larger portfolio deals, including a significant win at a large Northeast health organization with seven locations across New Jersey, along with other wins at health care entities in Nebraska, Northern Pennsylvania and Southern and Central New York and government health care facilities.

Meanwhile, Omnicell's Advanced Services offering, including Central Pharmacy Dispensing Services, IV Compounding Service ("IVCS"), EnlivenHealth and Specialty Pharmacy Services, is gaining recognition from health systems across the country. Specialty Pharmacy Services continues to gain market traction. In line with this, a leading hospital on Oregon's southern coast has selected Omnicell to support its efforts to expand access to high-acuity therapies across rural communities, and a not-for-profit health system in the southeastern United States is launching its first specialty pharmacy with Omnicell's support.

Its Central Pharmacy footprint continues to grow with a large non-for-profit academic medical system in Illinois and a Mississippi-based Catholic health system selecting Central Pharmacy Dispensing Services to enhance safety and efficiency in central pharmacy inventory management and dispensing. Meanwhile, IV automation solutions continue to gain traction in the market, with a leading Southern California health system selecting Omnicell to provide IV automation solutions to support safety and accuracy for their sterile compounding operations. Additionally, a leading acute care regional hospital in Northern Georgia has selected Omnicell Specialty Pharmacy services to launch a specialty pharmacy designed to extend its advanced inpatient and outpatient services. EnlivenHealth solutions foster sustainable growth by helping retail pharmacies and health systems optimize patient care.

Omnicell has been strategically enhancing its market position through a robust focus on research and development. Per our model, the company's R&D expenses are expected to grow 13.7% year over year in the fourth quarter of 2025, further growing 5.9% in full-year 2025.

▲ **2025 Roadmap Looks Impressive:** In terms of its financial roadmap, Omnicell is targeting to reach \$1.9 billion-\$2 billion of revenue by 2025, representing a CAGR of 14%-15% in the 2021-2025 period. Additional targets include a non-GAAP gross margin of 52%-53% and a non-GAAP EBITDA margin of approximately 23%. The company is well-positioned to deliver on the 2025 total revenue growth targets, driven by factors like growing its tech services revenue, benefits from long-term sole source customer partnerships, multi-year co-development plans, and increased average deal sizes.

As an update on the progress, in the third quarter, the company delivered non-GAAP earnings per share of 51 cents, which exceeded the pre-announced guidance of 30-37 cents due to robust revenue execution and strong cost and operating expense management.

▲ **Autonomous Pharmacy Model Holds Potential:** The industry-defined vision of Autonomous pharmacy is a roadmap to improving operational efficiencies and ultimately targeting zero-error medication management. In this regard, Omnicell's medication management infrastructure provides a critical foundation for customers to realize the industry vision. By delivering automation, intelligence and advanced services through a single, cloud-based platform, they are empowering healthcare and pharmacy providers to increase healthcare value and improve patient outcomes. The company is significantly investing in R&D efforts to help drive positive medication management outcomes while ensuring exceptional customer experience through a mature channel in four market categories.

During the second quarter, the company introduced new products designed to streamline workflows and enhance inventory visibility and management in perioperative and clinic settings. These products leverage RFID tracking and intelligent software workflows to expand Omnicell's connected platform, which is intended to automate medication management processes and deliver intelligent insights to drive clinical and operational outcomes across all settings of care. These new products seek to create visibility and provide actionable insights throughout the health system and reach the outcomes laid out in the Autonomous Pharmacy framework.

Within the Point of Care product market, Omnicell expects further expansion as customers increase the use of its dispensing systems in more areas within their hospitals and ambulatory care settings. In line with this, leading healthcare providers across the United States and Canada, including the Department of Veterans Affairs, continued adopting Omnicell solutions to support medication dispensing needs. Notably, one of the largest health systems in the Southern United States selected Omnicell's point-of-care solutions, along with its premier inventory optimization intelligence service and additional central pharmacy offerings.

Omniceil's advanced automation solutions include robotics designed to automate work, streamline workflows, and reduce human error. Its central pharmacy automation solutions cater to both medication dispensing and IV compounding. It also provides patient engagement solutions to help improve adherence to prescriptions.

In addition, Omnicell sees a vast opportunity in the Retail, Institutional, and Payer markets as the healthcare landscape evolves. New technologies and increased scope of practice for pharmacists are spurring innovation and leading to more clinical services being offered by retail pharmacies. This, along with value-based care, is expected to drive the adoption of Omnicell's patient engagement solutions, such as their EnlivenHealth platform.

▲ **Robust Pipeline for SaaS and Expert Services Portfolio:** In 2024, the company renamed its Advanced Services arm as SaaS and Expert Services. Omnicell's suite of SaaS and Expert Services includes a combination of robotics, smart devices, intelligent software, and expert services. These subscription-based offerings are a key part of the company's medication management infrastructure to help drive improved clinical, operational, and financial outcomes across all care settings. In recent years, Omnicell made key acquisitions such as Specialty Pharmacy Services (formerly ReCept), FDS Amplicare, and MarkeTouch Media, LL to broaden their advanced services offerings. In the third quarter of 2025, SaaS and Expert Services revenues increased year over year. With the rising consolidation among health systems through mergers and acquisitions, the need for standardized medication management care across a growing enterprise has become increasingly vital.

In late 2024, Omnicell announced OmniSphere, a next-generation, cloud native, software workflow engine and data platform that is intended to seamlessly integrate enterprise-wide robotics and smart devices to support more secure, data-driven, medication management across the continuum of care. OmniSphere recently became HITRUST CSF (Common Security Framework) i1 certified. Additionally, the company introduced Central Med Automation Service, a subscription-based solution designed to help health systems establish and continuously optimize centralized medication management for consolidated pharmacy services centers (CPSCs) and similar operations.

Within SaaS and Expert Services, the EnlivenHealth brand is gaining momentum with cross-selling and upselling communication solutions to existing customers. Further, Central Pharmacy Dispensing Services continue to gain market traction, with several health systems choosing to automate their central pharmacy inventory and dispensing operations.

Per our model, SaaS and Expert Services segment's sales are expected to grow 5.4% year over year in the fourth quarter of 2025, further growing 6.7% in full-year 2025.

Omniceil also offers 340B solutions, which are related to the federal 340B Drug Pricing Program, requiring pharmaceutical manufacturers participating in Medicaid to sell covered outpatient drugs at discounted prices to specified healthcare organizations (called 340B covered entities). By combining its 340B TPA (third-party administrator) services with Specialty Pharmacy Services, the company is creating growth opportunities for its customers.

▲ **Planned Geographic Expansion Another Upside:** Outside the United States, healthcare providers are becoming increasingly aware of the benefits of automation. Additionally, there is a substantial demand for adherence packaging equipment outside the domestic market. Many government and private entities are aware of the progress made over the last several years in the United States and are investing significantly in information technology and automation.

The company's international operations include its sales efforts centered in Canada, Europe, the Middle East, and the Asia-Pacific regions and supply chain efforts in Asia. Given the fact that the international market is less than 1% penetrated with very few hospitals adopting medication control systems, Omnicell intends to expand into new markets, which it views as strategic.

Per our model, sales outside the United States are expected to grow 33.1% year over year in the fourth quarter of 2025, further growing 14.9% in full-year 2025.

▲ **Anticipated Benefits of Cost-Containment Measures:** In 2022, Omnicell introduced restructuring initiatives to enhance and streamline certain engineering functions for its domestic operations and realign its international sales organization to better serve its customers in various international markets. Additionally, as part of the cost-containment efforts, the company also announced a plan to reduce the global workforce across a majority of its functions. In 2023, the company placed a heightened focus on managing costs, including an approximate 7% reduction in its workforce and annualized savings of \$50 million from operating expenses by the end of 2024. In April, Omnicell committed to winding down its Medimat Robotic Dispensing System ("RDS") product line, which is expected to boost its annual net operating profit next year.

In the third quarter of 2025, Omnicell's non-GAAP earnings per share exceeded expectations, led by strong cost and operating expense management, as well as revenue execution and timing.

▲ **Strong Liquidity and Capital Structure:** Omnicell exited the third quarter of 2025 with cash and cash equivalents of \$180 million, higher than \$167 million total debt on its balance sheet. This is indicative of a sound solvency position. Total debt to capital ratio was 12.1% in the third quarter, down from 21.3% in the previous quarter.

Reasons To Sell:

▼ **Macroeconomic Challenges:** The broader U.S. and global economies are facing elevated inflationary pressures, continued supply chain disruptions, labor shortages, and geopolitical instability. Economic downturns have historically reduced government spending, rising inflation, and higher interest rates and lowered demand for Omnicell's goods and services, among others. All these factors can lead to higher costs for the company's raw materials and other components, which it may not be able to offset from customers through higher prices. In the third quarter, the cost of revenues increased 10% year over year. Although health system budgets are starting to improve, it may take some time for them to be allocated, converted into bookings and reflected in Omnicell's revenues upon implementation. Based on this challenging environment, our model expects the company to register a GAAP operating loss of \$1.8 million in the fourth quarter of 2025.

In the third quarter, tariffs impacted profitability by approximately \$6 million net of mitigation efforts. Additionally, the company expects a net impact of approximately \$15 million in 2025 (after reflecting benefits from supply-chain management and pricing mitigation efforts).

▼ **Competitive Landscape:** Omnicell faces intense competition in the medication management and supply chain solutions market. Even though the company continues to gain market share from other traditional providers of medication management and supply chain solutions, major players such as Becton Dickinson/CareFusion Corporation, ARxIUM, Cerner Corporation, Talyst, Inc., Emerson Electronic Co., WaveMark Inc. Major direct competitors in the medication packaging solutions market like Drug Package, Inc., AutoMed Technologies, Inc. (a subsidiary of ARxIUM), ManchacTechnologies, LLC (through its Dosis product line) and RX Systems, Inc. still pose threats as they spearhead several expansion programs. This increased competition could result in pricing pressure and a reduced margin, negatively affecting the company's performance.

▼ **Tough Hospital Spending Trends:** Hospital purchases continue to remain a challenge for the small community hospitals compared with the bigger ones owing to financial constraints. Implementation of Omnicell's medication management solutions and complex automated packaging systems often requires a significant initial capital expenditure, as well as time and effort. Any shifts in the healthcare budgets, the timing of spending, and labor shortages, can greatly impact the demand for these systems. Additionally, in recent times, factors such as declining investment income, increased operational and financing costs, macroeconomic conditions, are further reducing the spending on the company's products and related services, affecting its overall revenues. Moreover, the reimbursement mix has also affected the endowment's income, further affecting hospital spending capabilities. While Omnicell has won some new deals in larger hospitals, the market is still susceptible to the economy and credit conditions.

Persistent inflationary pressures pose a threat to Omnicell's operations. Weak hospital spending trends and tough competition are additional headwinds.

Last Earnings Report

Omnicell Q3 Earnings & Revenues Beat Estimates

Omnicell, Inc. (OMCL) reported third-quarter 2025 adjusted earnings per share (EPS) of 51 cents compared with 56 cents in the year-ago period. The metric beat the Zacks Consensus Estimate by 41.7%.

Adjustments include one-time expenses like share-based compensations, the amortization of acquired intangibles, acquisition-related expenses and RDS restructuring.

GAAP EPS was 12 cents compared with 19 cents in the year-ago period.

OMCL's Q3 Revenues

Revenues totaled \$310.6 million, up 10% year over year. The figure beat the Zacks Consensus Estimate by 5.6%.

Omnicell Updates 2025 EPS Outlook

For the full year, the company now expects total revenues to be in the range of \$1.18-\$1.19 billion (up from \$1.13-\$1.160 billion). The Zacks Consensus Estimate for total revenues is pegged at \$1.19 billion.

The adjusted EPS for the year is now expected to be in the range of \$1.63-\$1.73 (up from \$1.40 -\$1.65). The Zacks Consensus Estimate is pegged at \$1.57.

For the fourth quarter of 2025, Omnicell expects revenues to be in the band of \$306-\$316 million. The adjusted EPS for the fourth quarter is expected to be in the \$0.40-\$0.50 range.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Oct 30, 2025
Sales Surprise	5.64%
EPS Surprise	41.67%
Quarterly EPS	0.51
Annual EPS (TTM)	1.82

Recent News

Omniceil Announces Omnicell Titan XT: Dec. 8, 2025

Omniceil announced the launch of Omnicell Titan XT, a transformational, enterprise version of automated dispensing systems (ADS).

Valuation

Omniceil shares are down 1.3% in the year-to-date period and down 21.1% in the trailing 12-month periods. Stocks in the Zacks sub-industry are up 7.8% while the Zacks Medical sector is up 5.8% in the year-to-date period. Over the past year, the Zacks sub-industry is down 3.4% and the sector is down 1.8%.

The S&P 500 index is up 14.3% in the year-to-date period and up 12.9% in the past year.

The stock is currently trading at 1.6X Forward 12-months sales, which compares to 4.9X for the Zacks sub-industry, 2.2X for the Zacks sector, and 5.3X for the S&P 500 index.

Over the past five years, the stock has traded as high as 7.0X and as low as 1.0X, with a 5-year median of 2.0X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$46 price target reflects 1.7X forward 12-months sales.

The table below shows a summary valuation data for OMCL.

Valuation Multiples - OMCL					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	1.65	4.96	2.15	5.30
	5-Year High	7.01	15.43	3.41	5.50
	5-Year Low	1.01	3.60	2.01	3.83
	5-Year Median	2.00	5.80	2.64	5.05
P/B TTM	Current	1.62	7.47	3.87	8.51
	5-Year High	7.26	17.46	6.08	9.16
	5-Year Low	0.92	5.99	3.57	6.60
	5-Year Median	2.13	8.13	4.53	8.05
EV/S F12M	Current	1.37	4.62	2.62	5.22
	5-Year High	6.31	15.19	3.90	5.67
	5-Year Low	0.61	2.89	2.33	3.67
	5-Year Median	1.82	5.42	2.91	4.91

As of 12/10/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 40% (98 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Alphatec Holdings, I...(ATEC)	Neutral	3
Becton, Dickinson an...(BDX)	Neutral	3
Cardinal Health, Inc...(CAH)	Neutral	2
Fulgent Genetics, In...(FLGT)	Neutral	3
Inspire Medical Syst...(INSP)	Neutral	3
McKesson Corporation (MCK)	Neutral	3
Azenta, Inc. (AZTA)	Underperform	4
Molina Healthcare, I...(MOH)	Underperform	5

Industry Comparison⁽¹⁾ Industry: Medical Info Systems

	OMCL	X Industry	S&P 500	ATEC	FLGT	MCK
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	1	-	-	3	3	3
VGM Score	D	-	-	B	F	A
Market Cap	2.05 B	104.73 M	39.21 B	3.09 B	834.94 M	102.00 B
# of Analysts	4	2	22	4	2	6
Dividend Yield	0.00%	0.00%	1.39%	0.00%	0.00%	0.40%
Value Score	C	-	-	D	D	A
Cash/Price	0.09	0.16	0.04	0.05	0.44	0.04
EV/EBITDA	17.14	-2.49	14.70	-69.31	-14.02	20.74
PEG Ratio	-23.23	3.46	2.24	NA	NA	1.36
Price/Book (P/B)	1.68	2.74	3.34	268.15	0.74	NA
Price/Cash Flow (P/CF)	14.96	11.51	15.40	NA	NA	21.27
P/E (F1)	27.41	46.27	19.90	1,661.60	100.04	21.40
Price/Sales (P/S)	1.74	2.42	3.12	4.24	2.65	0.26
Earnings Yield	3.69%	-0.99%	5.01%	0.05%	1.00%	4.67%
Debt/Equity	0.14	0.00	0.56	43.02	0.00	-8.20
Cash Flow (\$/share)	3.06	-0.57	8.98	-0.52	-0.02	38.86
Growth Score	F	-	-	A	F	A
Hist. EPS Growth (3-5 yrs)	-23.00%	-18.42%	8.16%	NA	NA	14.22%
Proj. EPS Growth (F1/F0)	-2.34%	31.03%	8.50%	NA	-44.90%	16.82%
Curr. Cash Flow Growth	-0.81%	-29.76%	6.86%	-39.72%	-100.76%	12.89%
Hist. Cash Flow Growth (3-5 yrs)	-2.41%	6.65%	7.48%	-14.13%	NA	5.21%
Current Ratio	1.44	1.91	1.18	1.99	7.01	0.88
Debt/Capital	12.05%	0.00%	38.01%	97.83%	0.00%	NA
Net Margin	1.69%	-28.28%	12.78%	-21.29%	-13.62%	1.04%
Return on Equity	4.10%	-39.80%	17.00%	NA	-2.55%	-248.14%
Sales/Assets	0.56	0.66	0.53	0.93	0.26	4.97
Proj. Sales Growth (F1/F0)	6.60%	3.79%	5.84%	24.30%	14.50%	13.70%
Momentum Score	A	-	-	C	A	F
Daily Price Chg	0.46%	0.00%	0.00%	-1.10%	-0.55%	0.08%
1 Week Price Chg	6.79%	-0.84%	2.32%	0.25%	1.73%	0.79%
4 Week Price Chg	24.88%	-3.67%	1.75%	-8.06%	-10.42%	-6.48%
12 Week Price Chg	52.80%	-7.76%	3.23%	48.68%	14.94%	8.02%
52 Week Price Chg	5.97%	-24.87%	14.81%	125.03%	45.92%	42.70%
20 Day Average Volume	660,617	219,330	2,745,060	2,075,089	205,806	786,859
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	3.19%	0.00%	0.00%	2.46%	0.00%	-0.13%
(F1) EPS Est 12 week change	31.97%	1.70%	0.64%	-1.42%	38.11%	0.79%
(Q1) EPS Est Mthly Chg	0.61%	0.00%	0.00%	15.56%	0.00%	-0.85%

Analyst Earnings Model⁽²⁾

Omniceil, Inc. (OMCL)

In \$MM, except per share data

	2022A	2023A	2024A	2025E					2026E					2027E
	FY	FY	FY	1QA	2QA	3QA	4QE	FY	1QE	2QE	3QE	4QE	FY	FY
FY Ends December 31st	Dec-22	Dec-23	Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	31-Dec-25	Dec-25	31-Mar-26	30-Jun-26	30-Sep-26	31-Dec-26	Dec-26	Dec-27
Income Statement														
Product Revenue	\$903.2	\$708.6	\$630.5	\$145.2	\$163.2	\$177.5	\$178.4	\$664.2	\$153.0	\$150.7	\$156.3	\$168.8	\$628.8	\$709.4
Services and Other Revenue	\$392.7	\$438.6	\$481.7	\$124.5	\$127.4	\$133.1	\$135.8	\$520.8	\$123.1	\$133.1	\$150.6	\$148.1	\$555.0	\$547.3
Total Revenue, Non-GAAP	\$1,296.9	\$1,147.1	\$1,112.2	\$269.7	\$290.6	\$310.6	\$314.2	\$1,185.1	\$276.2	\$283.9	\$307.0	\$316.9	\$1,183.8	\$1,256.7
Total Revenue, GAAP	\$1,295.9	\$1,147.1	\$1,112.2	\$269.7	\$290.6	\$310.6	\$314.2	\$1,185.1	\$276.2	\$283.9	\$307.0	\$316.9	\$1,183.8	\$1,256.7
Cost of Product Revenues	\$493.6	\$414.1	\$383.0	\$85.6	\$91.9	\$96.7	\$102.5	\$376.7	\$91.3	\$88.5	\$87.7	\$94.1	\$361.5	\$409.3
Cost of Services and Other Revenues	\$213.3	\$236.2	\$258.2	\$73.1	\$71.0	\$79.4	\$74.2	\$297.7	\$59.0	\$62.9	\$73.5	\$76.6	\$272.1	\$287.7
Cost of Revenue, Non-GAAP	\$676.4	\$627.7	\$620.8	\$156.0	\$160.7	\$173.3	\$171.8	\$661.8	\$146.5	\$148.1	\$157.8	\$166.5	\$619.0	\$681.9
Cost of Revenue, GAAP	\$707.0	\$650.3	\$641.2	\$158.7	\$162.9	\$176.1	\$176.7	\$674.4	\$150.3	\$151.4	\$161.2	\$170.7	\$633.6	\$697.0
Gross Profit, Non-GAAP	\$620.5	\$519.4	\$491.4	\$113.7	\$129.9	\$137.4	\$142.4	\$523.3	\$129.6	\$135.7	\$149.2	\$150.3	\$564.8	\$574.8
Gross Profit, GAAP	\$589.0	\$496.8	\$471.0	\$110.9	\$127.7	\$134.5	\$137.6	\$510.7	\$125.8	\$132.4	\$145.8	\$146.1	\$550.2	\$559.7
Research and Development	\$105.0	\$97.1	\$90.4	\$20.5	\$21.6	\$24.0	\$29.6	\$95.7	\$24.3	\$27.0	\$25.7	\$28.4	\$105.4	\$106.4
Selling, General and Administrative	\$486.3	\$434.6	\$380.3	\$102.0	\$98.0	\$102.2	\$109.4	\$411.7	\$107.4	\$101.1	\$108.0	\$103.4	\$419.9	\$427.0
Total Operating Expenses, Non-GAAP	\$479.8	\$437.9	\$413.3	\$104.4	\$105.7	\$109.9	\$121.7	\$441.7	\$116.1	\$112.9	\$116.9	\$115.9	\$461.8	\$465.7
Total Operating Expenses, GAAP	\$591.3	\$531.7	\$470.7	\$122.6	\$119.6	\$126.3	\$139.0	\$507.4	\$131.7	\$128.2	\$133.7	\$131.8	\$525.4	\$533.4
Adjusted EBITDA	\$192.9	\$137.9	\$135.8	\$23.6	\$38.4	\$41.1	\$38.4	\$141.5	\$27.2	\$35.3	\$45.1	\$48.0	\$155.6	\$164.5
Depreciation & Amortization	\$86.9	\$87.3	\$82.2	\$20.0	\$19.6	\$19.4	\$23.4	\$82.4	\$22.2	\$20.3	\$20.6	\$22.1	\$85.1	\$88.9
Operating Income, Non-GAAP	\$140.7	\$81.5	\$78.1	\$9.3	\$24.1	\$27.4	\$20.7	\$81.6	\$13.6	\$22.8	\$32.3	\$34.4	\$103.1	\$109.1
Operating Income, GAAP	(\$2.3)	(\$34.9)	\$0.3	(\$11.6)	\$8.1	\$8.2	(\$1.5)	\$3.3	(\$5.8)	\$4.3	\$12.1	\$14.3	\$24.8	\$26.3
Interest and Other Income (Expense), Net	(\$0.1)	\$14.8	\$25.3	\$2.1	\$2.3	\$1.5	\$4.5	\$10.4	\$2.4	\$2.5	\$2.8	\$3.2	\$11.0	\$11.8
Pre-Tax Income	(\$2.5)	(\$20.1)	\$25.6	(\$9.5)	\$10.5	\$9.7	\$3.0	\$13.6	(\$3.4)	\$6.8	\$14.9	\$17.5	\$35.8	\$38.1
Income Tax	(\$8.1)	\$0.3	\$13.1	(\$2.5)	\$4.8	\$4.2	\$1.3	\$7.9	(\$1.5)	\$3.0	\$6.5	\$7.7	\$15.7	\$16.7
Tax Rate	330.2%	(1.3%)	51.0%	26.3%	46.1%	43.7%	43.7%	57.7%	43.7%	43.7%	43.7%	43.7%	43.7%	43.7%
Net Income, Non-GAAP	\$136.3	\$86.7	\$79.3	\$12.4	\$21.1	\$23.5	\$20.4	\$77.4	\$11.9	\$17.0	\$22.9	\$24.3	\$76.2	\$81.3
Net Income, GAAP	\$5.6	(\$20.4)	\$12.5	(\$7.0)	\$5.6	\$5.5	\$1.7	\$5.8	(\$1.9)	\$3.8	\$8.4	\$9.9	\$20.2	\$21.5
Diluted Shares Outstanding, Non-GAAP	45.4	45.4	46.3	47.0	47.0	45.9	45.8	46.4	45.7	45.6	45.5	45.4	45.6	45.2
Diluted Shares Outstanding, GAAP	45.9	45.2	46.3	46.6	47.0	45.9	45.8	46.3	45.7	45.6	45.5	45.4	45.6	45.2
Diluted EPS, Non-GAAP	\$3.00	\$1.91	\$1.71	\$0.26	\$0.45	\$0.51	\$0.45	\$1.67	\$0.26	\$0.37	\$0.50	\$0.54	\$1.67	\$1.80
Diluted EPS, GAAP	\$0.12	(\$0.45)	\$0.27	(\$0.15)	\$0.12	\$0.12	\$0.04	\$0.13	(\$0.04)	\$0.08	\$0.18	\$0.22	\$0.44	\$0.48

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	F
Momentum Score	A
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.