

## Omniceil Inc.

## FY24 challenging, but there are green shoots into FY25

Reiterate Rating: BUY | PO: 38.00 USD | Price: 29.10 USD

## Strategic review/console upgrade are positives for 2025

Omniceil's first time 2024 guidance was mixed with revenue generally in-line, but EPS below expectations. The bookings guide was below expectations but embeds items that are mostly known (moderation of XT, caution in the end-market). Importantly, the company is taking steps to right-size the operating structure and update the product pipeline. Meanwhile, 4Q results were solid outside of gross margin pressure as the product mix shifted away from high-margin XT sales, a trend that will also challenge FY24 margins. The introduction of the XT console upgrade should stabilize product bookings, a key investor concern and could help support gross margin expansion in FY25. While we have some caution on the steep ramp implied in the FY24 guide, we remain optimistic given our [CapEx survey](#) (see report) points to the end-market stabilizing. Execution through the back-half of FY24 will be key, but we like the potential long-term benefits of a strategic review focused on the product pipeline and leaning out the cost structure. We reiterate our Buy rating with PO to \$38 (\$42 prior) on c.16.5x CY24 EV/EBITDA (14x prior). The increase in our multiple reflects lower FY24 EBITDA, but we expect FY24 to be a trough year. Our target multiple is 12x a more normalized CY25 EV/EBITDA.

## FY24 guide in-line on revs, below on bookings/EBITDA

Omniceil introduced FY24 revenue guidance of \$1,045MM- \$1,120MM, bracketing VA consensus estimates of \$1,085.8MM and BofA's estimate of \$1,078.3MM. OMCL expects FY24 bookings of \$750MM-\$875MM, below VA consensus estimates of \$918.1MM. The company expects FY24 EBITDA of \$90MM-\$120MM, below VA consensus estimates of \$129.3MM and BofA's estimate of \$141.9MM. For 1Q'24, OMCL expects revenue of \$232MM-\$242MM and EBITDA of (\$2)MM-\$4MM, vs. consensus of \$264.6MM and \$28.2MM.

## Adjusting revenue and EBITDA estimates

Following results, we adjust our 2024 revenue estimates from \$1,078.3MM to \$1,080.9MM and our 2025 revenue estimates from \$1,146.5MM to \$1,154.9MM with the increase to 2024 and 2025 driven by higher product revenue. We are reducing our 2024 adjusted EBITDA estimates from \$141.9MM to \$107.4MM and reducing our 2025 adjusted EBITDA from \$173.1MM to \$142.5MM, with the reduction to 2024/25 EBITDA driven by lower gross margins, less than offset by better Opex control.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	3.00	1.91	1.16	1.68	1.85
GAAP EPS	0.12	(0.45)	(0.50)	0.02	0.19
EPS Change (YoY)	-21.3%	-36.3%	-39.3%	44.8%	10.1%
Consensus EPS (Bloomberg)			1.67	1.68	1.74
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	9.7x	15.2x	25.0x	17.3x	15.7x
GAAP P/E	241.6x	NM	NM	1,449.5x	152.6x
EV / EBITDA*	7.4x	10.3x	13.2x	10.0x	9.0x
Free Cash Flow Yield*	2.4%	10.9%	5.3%	6.3%	8.0%

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Refer to important disclosures on page 11 to 13. Analyst Certification on page 9. Price Objective Basis/Risk on page 9.

12657394

Timestamp: 08 February 2024 04:05PM EST

08 February 2024

## Equity

## Key Changes

(US\$)	Previous	Current
Price Obj.	42.00	38.00
2024E EPS	1.80	1.16
2025E EPS	2.35	1.68
2026E EPS	2.67	1.85
2024E EBITDA (m)	141.9	107.4
2025E EBITDA (m)	173.1	142.5
2026E EBITDA (m)	194.5	157.7

## Allen Lutz, CFA

Research Analyst  
BofAS  
+1 646 855 4380  
[allen.lutz@bofa.com](mailto:allen.lutz@bofa.com)

## Dev Weerasuriya

Research Analyst  
BofAS  
+1 646 855 5707  
[dev.weerasuriya@bofa.com](mailto:dev.weerasuriya@bofa.com)

## Hanna Lee

Research Analyst  
BofAS  
+1 646 855 3682  
[hanna.y.lee@bofa.com](mailto:hanna.y.lee@bofa.com)

## Stock Data

Price	29.10 USD
Price Objective	38.00 USD
Date Established	8-Feb-2024
Investment Opinion	C-1-9
52-Week Range	28.72 USD - 77.14 USD
Mrkt Val (mn) / Shares Out (mn)	1,280 USD / 44.0
Free Float	98.0%
Average Daily Value (mn)	13.61 USD
BofA Ticker / Exchange	OMCL / NAS
Bloomberg / Reuters	OMCL US / OMCLOQ
ROE (2024E)	4.3%
Net Dbt to Eqty (Dec-2023A)	8.6%
ESGMeter™	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 10.

# iQprofile<sup>SM</sup> Omnicell Inc.

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	4.0%	4.8%	2.2%	3.8%	4.6%
Return on Equity	12.0%	7.5%	4.3%	6.0%	6.2%
Operating Margin	10.9%	7.1%	3.9%	6.2%	6.7%
Free Cash Flow	30	140	67	80	102

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	0.6x	2.1x	2.0x	1.6x	1.7x
Asset Replacement Ratio	0.5x	0.5x	0.8x	0.7x	0.7x
Tax Rate	330.2%	NM	20.0%	20.0%	20.0%
Net Debt-to-Equity Ratio	20.9%	8.6%	3.9%	-1.4%	-7.6%
Interest Cover	NM	NA	NA	NA	NA

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	1,296	1,147	1,081	1,155	1,228
% Change	14.5%	-11.5%	-5.8%	6.9%	6.3%
Gross Profit	620	519	460	500	537
% Change	7.9%	-16.3%	-11.4%	8.6%	7.4%
EBITDA	193	138	107	143	158
% Change	-16.0%	-28.5%	-22.1%	32.7%	10.7%
Net Interest & Other Income	0	15	10	10	10
<b>Net Income (Adjusted)</b>	<b>136</b>	<b>87</b>	<b>53</b>	<b>76</b>	<b>84</b>
<b>% Change</b>	<b>-22.2%</b>	<b>-36.4%</b>	<b>-39.2%</b>	<b>44.9%</b>	<b>10.2%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	6	(20)	(23)	1	9
Depreciation & Amortization	87	87	51	56	62
Change in Working Capital	(98)	55	2	(5)	(4)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	83	59	76	69	80
Capital Expenditure	(48)	(41)	(39)	(42)	(44)
<b>Free Cash Flow</b>	<b>30</b>	<b>140</b>	<b>67</b>	<b>80</b>	<b>102</b>
<b>% Change</b>	<b>-85.1%</b>	<b>361.6%</b>	<b>-51.8%</b>	<b>18.9%</b>	<b>27.3%</b>
Share / Issue Repurchase	(26)	23	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	0	(3)	0	(420)	0

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	330	468	522	168	257
Trade Receivables	299	252	237	254	270
Other Current Assets	252	208	198	209	219
Property, Plant & Equipment	94	109	133	158	181
Other Non-Current Assets	1,235	1,191	1,154	1,140	1,123
<b>Total Assets</b>	<b>2,211</b>	<b>2,227</b>	<b>2,244</b>	<b>1,928</b>	<b>2,050</b>
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	428	368	346	368	391
Long-Term Debt	567	570	570	150	150
Other Non-Current Liabilities	86	100	97	101	105
<b>Total Liabilities</b>	<b>1,081</b>	<b>1,038</b>	<b>1,012</b>	<b>619</b>	<b>646</b>
<b>Total Equity</b>	<b>1,130</b>	<b>1,189</b>	<b>1,232</b>	<b>1,309</b>	<b>1,404</b>
<b>Total Equity &amp; Liabilities</b>	<b>2,211</b>	<b>2,227</b>	<b>2,244</b>	<b>1,928</b>	<b>2,050</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 10.

## Company Sector

Healthcare Technology & Distribution

## Company Description

Omnicell provides pharmacy and medication management solutions for healthcare professionals and healthcare systems pursuing the autonomous pharmacy. As of 2022, Omnicell's customers include 150 of the top 300 health systems in the country. Its primary products include hardware and software to support efficient inventory management of prescriptions, dosage compliance, and patient engagement.

## Investment Rationale

Our Buy rating is driven by OMCL's leadership position in the autonomous pharmacy market and the opportunity for both double digit revenue growth and operating leverage over the intermediate term. We believe OMCL has a long runway for growth given the ongoing industry shift to autonomous pharmacy.

## Stock Data

Average Daily Volume 467,863

## Quarterly Earnings Estimates

	2023	2024
Q1	0.39A	-0.08E
Q2	0.57A	0.37E
Q3	0.62A	0.39E
Q4	0.33A	0.47E



# 4Q'23 Call Takeaways

## Prepared Remarks

- Bookings for full year were down 19% and missed original guidance
- Have taken various action to improve performance
- Over the past few years launched Advanced Services that have gained traction and is beginning to scale
- Heightened focus on managing costs (including workforce reductions)
  - \$50MM in savings on an annual basis by the end of 2024
- Need for thoughtful evaluation to improve operations and product portfolio
- Decided to undertake a holistic review to determine how to best optimize operations/investments
- Industry wide headwinds persist in 2024, but moving in 2024 seeing signs of stabilization
- Taking cautious approach to managing business
- Uniquely positioned to capture incremental market share as macro environment improves
- Lower y/y bookings create challenges for 2024 and expect revenue and EBITDA to decline from 2023
- Total addressable market for medication management remains large
- Recently launched the XT console upgrade (part of broader strategy towards a product refresh)
  - XT fleet of products are focused on delivering outcomes for and related to patient safety and efficiencies
- Beginning to see signs of stabilization in 2024
- Initiatives to amplify what customers have already purchased
- Customer wins in the quarter:
  - Two multi-year sole source agreements

## Financials

- Undertaking a comprehensive review in the businesses and engaged a consultant for growth opportunities and operational improvements
- Intend to re-evaluate key financial metrics including bookings and backlog
- 4Q revenue of \$259MM, down 13% y/y
- FY23 revenues of \$1.147Bn, down 11% y/y
- Decrease in revenues reflects lower Point of Care revenues primarily as a result of ongoing healthcare systems' capital budget and labor constraints

- 4Q adj. net income for both 4Q'23 and 4Q'22 was \$15MM, or \$0.33 per diluted share
- FY23 adj. net income was \$87MM, or \$1.91 per diluted share vs. \$136MM, or \$3.00 per diluted share in the prior year period
- 4Q adj. EBITDA of \$24MM vs. \$26MM in prior year period
- FY23 adj. EBITDA of \$138MM vs. adj. EBITDA of \$193MM in prior year period
- Total bookings for FY23 was \$854MM vs. \$1.054Bn in prior year period (down 19% y/y)
  - Decrease primarily driven by lower-than-expected orders for Advanced Services, particularly OMCL's technology-enabled services, which include Central Pharmacy Dispensing Service and IV Compounding Service
- As of end of 2023, balance sheet cash of \$468MM, total debt of \$570MM, and total assets of \$2.23Bn
- 4Q cash flow from operations of \$38MM vs. \$82MM in prior year period
- FY24 guidance
  - FY24 bookings to be \$750-\$875MM
  - FY24 total revenues of \$1.045-\$1.120Bn
    - Product revenues of \$605-\$650MM
    - Service revenues of \$440-\$470MM
    - Technical services revenues of \$220-\$235MM
    - Advanced Services revenues of \$220-\$235MM
  - FY24 adj. EBITDA of \$90-\$120MM
  - FY24 adj. EPS of \$0.90-\$1.40
- Continue to expect \$50MM of annualized cost savings in 2024 with 75% in operating expenses
- Cost actions expected to be partially offset by inflation and lower products revenue
- FY1Q'24 guidance
  - 1Q total revenues of \$232-\$242MM
    - Product revenues of \$128-\$133MM
    - Service revenues of \$104-\$109MM
  - 1Q adj. EBITDA of (\$2)-\$4MM
  - 1Q adj. EPS of (\$0.10)-breakeven per share

## Q&A



- Drivers of bookings guidance for the year
  - Continuing to see customers cautious around implementing new projects
  - Still expect moderation of sales of XT cabinets
  - Seeing strong interest in Advanced Services, excited about innovation within the XT platform
  - Continue to see customers navigated a complex regulatory environment within IV robotics
  - On a net basis, product bookings overall expected to be slightly positive in 2024 which would imply negative Advanced Services bookings
- Factors to consider for guidance range
  - Reasonable guidance that is achievable for the year
  - As OMCL introduces new innovations throughout the year, the uptake/adoption by customers will help lift product bookings
  - At the beginning of the first phase of the XT upgrade cycle
- Industry backdrop demand
  - Interest in demand for IV
  - Regulatory environment is by state
  - Customers are looking about where to deploy robotics, not ready to dive into innovations
  - In discussions, but are moving very slow
- Timeline of converting bookings into revenue and timing of improvement in macro to translate to revenues
  - Look at product – typically 12-18 months (shorter than 12 months in many cases)
  - Bookings in Advanced Services are a multitude of different monetization streams over several years (can be confusing when backlog dollars are recognized), typically longer than 12 months
- Product guidance for revenue and bookings – revenue contribution expectations for XT?
  - Advanced Services for IV is certainly a larger impact
  - Assumes small amount of contribution for XT in the back-half of the year
- Strategic review focus and potential timing
  - Holistic operational and go-to-market review
  - Time to do a review on products

- Makes sense to do the review
  - Need for a significant and thoughtful review of where to make changes
- Drivers around expectations for higher bookings growth on the Product side
  - Macro environment
  - XT product line (point of care product line) is a big contributor of what is in product
  - Upgrading the XT cycle is a natural thing for customers to do – more willingness for customers to invest
  - Something that will help not only pharmacy but also nursing
- New console upgrade
  - Allows access to the latest operating system (more secure)
  - Efficiency enhancement for nurses, will be a platform that OMCL will continue to innovate on
  - Will need new console to access the newest innovations
  - If you made an investment in XT, you want to lengthen the life of the frame (so you will need a console upgrade)
- Sales cycle or implementation cycle for the upgrade
  - It is a hardware console
  - Interaction screen and keyboard
  - Fairly simple exchange (less than an hour)
  - Simple to make the sale/more simple to revenue
- Cost inflation trends along the lines of steel/freight
  - Continue to monitor supply chain risk and geopolitical environment for the impact to OMCL
  - Inflation has normalized in recent quarters
- Pricing for the XT console upgrade
  - Expanded portfolio to be announced throughout the year
  - It's about 1/3 of the price of the unit (for the upgrade)
- Guidance for 1Q revenue guide and potential conservatism
  - Remain optimistic about innovation of the XT platform (which includes a console upgrade)
  - Expect most improvements in Product moving throughout the year
- Long-term targets



- Advanced Services is key, but OMCL will always have products as part of the business model
  - To get the model back in balance, need to have product revenues particularly from point of care start to drive growth and increase earnings
  - Products don't need to be product sales alone, need product sales to have solutions/services around them
  - Moving towards managing customer businesses day-to-day with enhanced services
  - Revenues can be in the form of traditional product revenues and adding on advanced services
- Any incremental end-markets that could be more compelling to pursue?
  - Clinics, outpatient
- Capital priorities
  - Likely won't look at acquisitions until debt is addressed
  - Continue to be mindful of the maturity of the 2025 senior notes
  - Considering various options to move the strategy forward and minimize potential dilution to shareholders
- Quarterly cadence on earnings
  - Back half loaded to a certain extent
- Regulatory headwinds around IVX
  - 2025 expected to be a much better year for IVX
- Enhancement of the XT cycle
  - This has been the tradition and brand
  - If you buy a frame from OMCL it's good for 10 years, but requires an upgrade in ~5 years (expected from customers, extends the life of the asset, keeps customers engaged)
  - Half of customers in the last 3 years have installed the XT, so it's not the timing to come up on a new piece of hardware
  - Some XT cabinet sales pulled in from the pandemic, but now should even out on a more consistent basis
  - XT base is quite large, this is a sale into the captured customer base



## Price objective basis & risk

### Omniceil Inc. (OMCL)

Our \$38 price objective for Omnicell Holdings (OMCL) is based on 16.5x CY24E EV/EBITDA (in-line with OMCL's historical average), but on a trough year in CY24. We believe OMCL has a long runway for growth given the ongoing industry shift to autonomous pharmacy, somewhat offset by a weak macro environment that is temporarily impacting pharmacy IT spending.

Downside risks are a greater-than-expected or longer-than-expected slowdown in capital spending from health systems due to macro conditions, weaker upsell of its new subscription/software solutions, a more limited replacement market for cabinets, and greater competitive pressure from peers.

## Analyst Certification

I, Allen Lutz, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### US - Healthcare Technology & Distribution Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Accolade	ACCD	ACCD US	Allen Lutz, CFA
	American Well Corp	AMWL	AMWL US	Allen Lutz, CFA
	Cencora Inc	COR	COR US	Allen Lutz, CFA
	CVS Health	CVS	CVS US	Allen Lutz, CFA
	Definitive Healthcare Corp	DH	DH US	Allen Lutz, CFA
	dentalcorp	YDNTL	DNTL CN	Allen Lutz, CFA
	Envista	NVST	NVST US	Allen Lutz, CFA
	HealthEquity Inc	HQY	HQY US	Allen Lutz, CFA
	Hims & Hers	HIMS	HIMS US	Allen Lutz, CFA
	McKesson	MCK	MCK US	Allen Lutz, CFA
	Omniceil Inc.	OMCL	OMCL US	Allen Lutz, CFA
	Patterson Companies	PDCO	PDCO US	Allen Lutz, CFA
	Progyny	PGNY	PGNY US	Allen Lutz, CFA
	R1 RCM	RCM	RCM US	Allen Lutz, CFA
<b>NEUTRAL</b>				
	Cardinal Health	CAH	CAH US	Allen Lutz, CFA
	Dentsply Sirona, Inc.	XRAY	XRAY US	Allen Lutz, CFA
	Doximity Inc	DOCS	DOCS US	Allen Lutz, CFA
	Teladoc Health	TDOC	TDOC US	Allen Lutz, CFA
<b>UNDERPERFORM</b>				
	GoodRx	GDRX	GDRX US	Allen Lutz, CFA
	Henry Schein	HSIC	HSIC US	Allen Lutz, CFA
	Owens & Minor	OMI	OMI US	Allen Lutz, CFA
	Premier, Inc.	PINC	PINC US	Allen Lutz, CFA
	Walgreens Boots Alliance	WBA	WBA US	Allen Lutz, CFA



## iQmethod<sup>SM</sup> Measures Definitions

### Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

### Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

### Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

### Numerator

$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) \times (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

### Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

### Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

$\text{EV} = \text{Current Share Price} \times \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} +$

Other LT Liabilities

Enterprise Value

### Denominator

$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill}$

Amortization

Shareholders' Equity

Sales

N/A

N/A

### Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

### Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

$\text{Market Cap} = \text{Current Share Price} \times \text{Current Basic Shares}$

Sales

Basic EBIT + Depreciation + Amortization

iQmethod<sup>SM</sup> is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

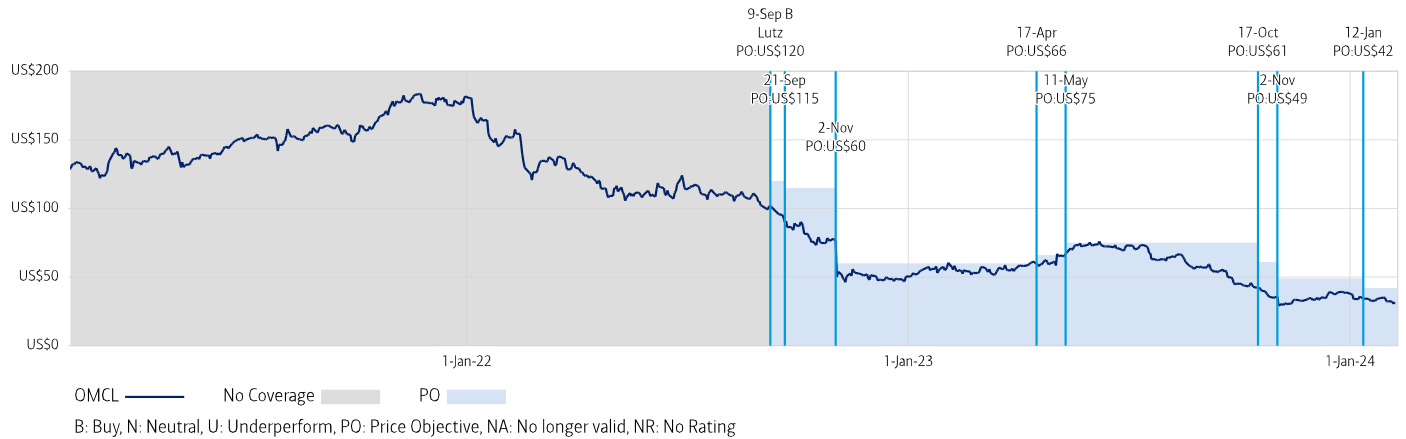
iQdatabase<sup>®</sup> is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

iQprofile<sup>SM</sup>, iQmethod<sup>SM</sup> are service marks of Bank of America Corporation. iQdatabase<sup>®</sup> is a registered service mark of Bank of America Corporation.

# Disclosures

## Important Disclosures

### Omnicell Inc. (OMCL) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

**INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: Omnicell Inc.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: Omnicell Inc.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

## Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel



expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofA or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

**"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.**

#### Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at [www.bofam.com/BofASEdisclaimer](http://www.bofam.com/BofASEdisclaimer); BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSCF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofA Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSCF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

#### General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may

be more or less positive than a stock's fundamental equity rating.

BoFA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BoFA or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BoFA or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BoFA Securities, through business units other than BoFA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BoFA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information. In the event that the recipient received this information pursuant to a contract between the recipient and BoFA for the provision of research services for a separate fee, and in connection therewith BoFA may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BoFA has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BoFA). If such recipient uses the services of BoFA in connection with the sale or purchase of a security referred to herein, BoFA may act as principal for its own account or as agent for another person. BoFA is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

#### **BoFA ESGMeter Methodology:**

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BoFA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of the BoFA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

#### **Copyright and General Information:**

Copyright 2024 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BoFA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BoFA Securities. BoFA Global Research information is distributed simultaneously to internal and client websites and other portals by BoFA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BoFA Securities.

Materials prepared by BoFA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BoFA Securities, including investment banking personnel. BoFA Securities has established information barriers between BoFA Global Research and certain business groups. As a result, BoFA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BoFA Global Research personnel's knowledge of legal proceedings in which any BoFA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BoFA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BoFA or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BoFA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BoFA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BoFA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BoFA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BoFA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BoFA Securities is under no obligation to update this information and BoFA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BoFA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BoFA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BoFA or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BoFA Securities nor any officer or employee of BoFA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.