

# Planned Acquisition of Focus Diagnostics' Product Business

30 March 2016

DiaSorin

The acquisition is of the Focus Diagnostics products business; it does not include certain clinical laboratories operating under that brand name which will continue to operate as part of Quest.

# Disclaimer

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These statements are related, among others, to the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company.

Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those expressed in or implied by these forward-looking statements as a result of various factors, many of which are beyond the ability of DiaSorin S.p.A. to control or estimate precisely.

The Company does not undertake to update or otherwise revise any forecasts or objectives presented herein, except in compliance with the disclosure obligations applicable to companies whose shares are listed on a stock exchange.

Luigi De Angelis, the Officer Responsible for the preparation of corporate financial reports of DiaSorin S.p.A., in accordance with the second subsection of art. 154-bis, part IV, title III, second paragraph, section V-bis, of Legislative Decree February 24, 1998, no. 58, declares that, to the best of his knowledge, the financial information included in the present document corresponds to book of accounts and book-keeping entries.

Focus: business description

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# Focus' Product Business at a glance

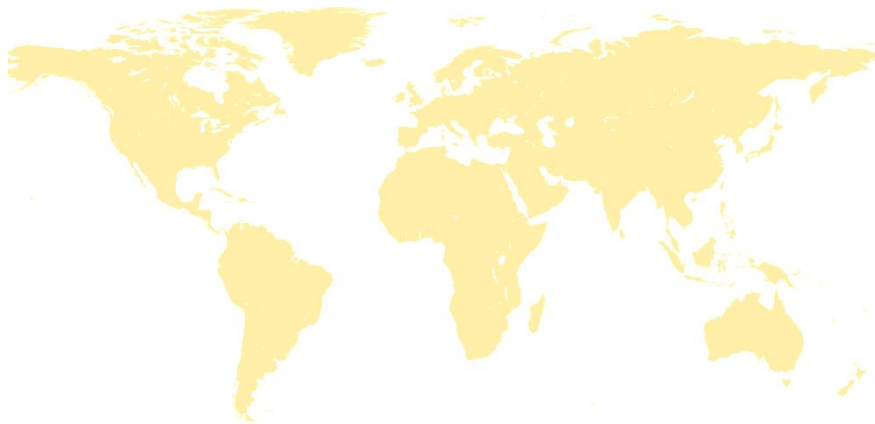
## Who is Focus Diagnostics

- ▶ Focus Diagnostics manufactures and distributes best-in-class:

- ▶ molecular products
- ▶ classic (serology) tests
- ▶ diagnostic solutions

for emerging infectious diseases for hospitals and commercial labs worldwide

- ▶ Founded in 1978 and acquired by Quest Diagnostics in 2006
- ▶ Headquartered in Cypress, CA with approximately 180 employees



◀ ~ 80% of revenues in the US


◀ ~ 20% of international revenues, out of the US





# Focus' Product Business at a glance

## What Focus Diagnostics offers

### Molecular Diagnostics

- ▶  <sup>TM</sup> Real-time PCR assays for quantitative, qualitative and multi-analyte detection
- ▶ *ASRs* Analyte Specific Reagents (ASR)

### Immunoassay ELISA + IFA

- ▶  Type specific classic tests aid in presumptive diagnosis of HSV-1 and HSV-2
- ▶  <sup>TM</sup> ELISA and IFA/IHA kits for emerging infectious diseases

## Integrated Cycler: *SIMPLEXA*



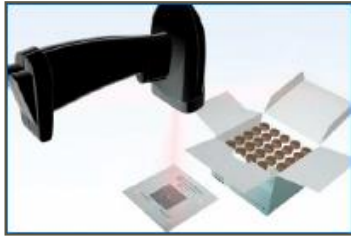
- ▶ Technology originally developed by 3M, PCR-based, enabling easy handling of molecular diagnostic testing in the labs
- ▶ The Integrated Cycler is:
  - ▶ a versatile, practical laboratory instrument
  - ▶ scalable, flexible, small and fast
  - ▶ easily integrated into a lab's daily operations

# Functioning of the Integrated Cyclor

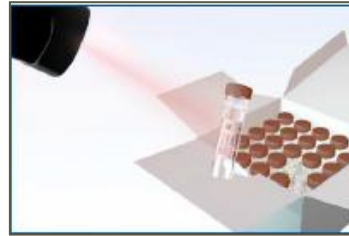
## Ease of use

Set up

1



1. Scan Assay Barcode



2. Scan Reagent Lot



3. Scan DAD ID



4. Scan Patient ID

Load

2



1. Lift foil from wells



2. Pipette REACTION  
Mix into «R» well



3. Pipette specimen into  
«SAMPLE» well



4. Re-seal wells with foil.  
Tear off perforated edge

Run

3

Place Direct Amplification Disc in the instrument and close lid.  
Click «Save» and then click «Run»




























# Molecular Diagnostic tests portfolio

















simplexa™ / ASRs











## Respiratory

-   H1N1 (2009)
-   B. pertussis
-   B. paraptussis
-   B. holmesii
-   Influenza A
-   Influenza B
-   RSV
-   Flu A/B & RSV
-   Group A Streptococcus
-   C. pneumoniae
-   Adenovirus
-   hMPV
-   L. pneumophila
-   M. pneumoniae
-   Parainfluenza 1,2,3









## Immuno-compromised

-   BKV
-   HHV-6
-   JCV
-   CMV
-   EBV
-   Toxoplasma gondii
-   VZV







## Infectious Disease

-   HSV-1
-   HSV-2
-   Enterovirus
-   Parechovirus
-   Parvovirus







## Healthcare Associated Infections

-   C. difficile
-   KPC
-   Norovirus GI
-   Norovirus GII


## Genetics



-   Factor II
-   Factor V
-   MTHFR

## Vector-Borne

-   Borrelia
-   Chikungunya
-   Dengue 1,2,3,4

Molecular Diagnostic tests currently approved for distribution in the US or CE marked  
A vast portfolio of ASRs

 International Catalog

 US Catalog 





# Immunoassay ELISA tests portfolio



HerpeSelect®

DxSelect™

## Infectious Disease

- West Nile Virus
- HSV-1
- HSV-2
- Histoplasma
- Parvovirus


## Vector-Borne

- Dengue 1,2,3,4
- Hantavirus

## Immuno-compromised

- JCV

A specialized menu of ELISA tests

- International Catalog
- US Catalog 



# Rationale and financing of the planned acquisition

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# The rationale of the planned acquisition

## A perfect fit with the business expectations

### ▶ MOLECULAR DIAGNOSTICS: Infectious disease menu expansion

It will allow DiaSorin to compete in the Molecular Diagnostics segment with a set of specialty products, a market which is experiencing rapid growth in the United States and in Europe

### ▶ ELISA IMMUNOASSAY: Broadening menu on specialties

Focus products also include a competitive catalogue of specialty ELISA assays that can be added to the DiaSorin product line and effectively distributed on DiaSorin's ELISA instrumentation in all countries where these products have a large potential (*e.g. Asia and South America*)

### ▶ US: DiaSorin market presence strengthened

It is an acquisition in the US market in line with DiaSorin strategy to strengthen its presence in this market in the years to come, with the aim of making the US 50% of the total Company turnover in the near future.

Cypress, the current headquarter of Focus, will become the global headquarter for the DiaSorin's Molecular Diagnostic business.

### ▶ US MARKET SHARE: Access to >200 hospitals

This acquisition brings along access to a qualified customer base in the US made up by approx. 200 large hospitals. Leveraging on the Focus relationship with these customers, DiaSorin wants to increase its penetration in this segment with its current LIAISON products

# Sales expansion of Focus products

Sales expansion of the Focus Diagnostics products leveraging the current DiaSorin global presence



# New DiaSorin positioning in the US market

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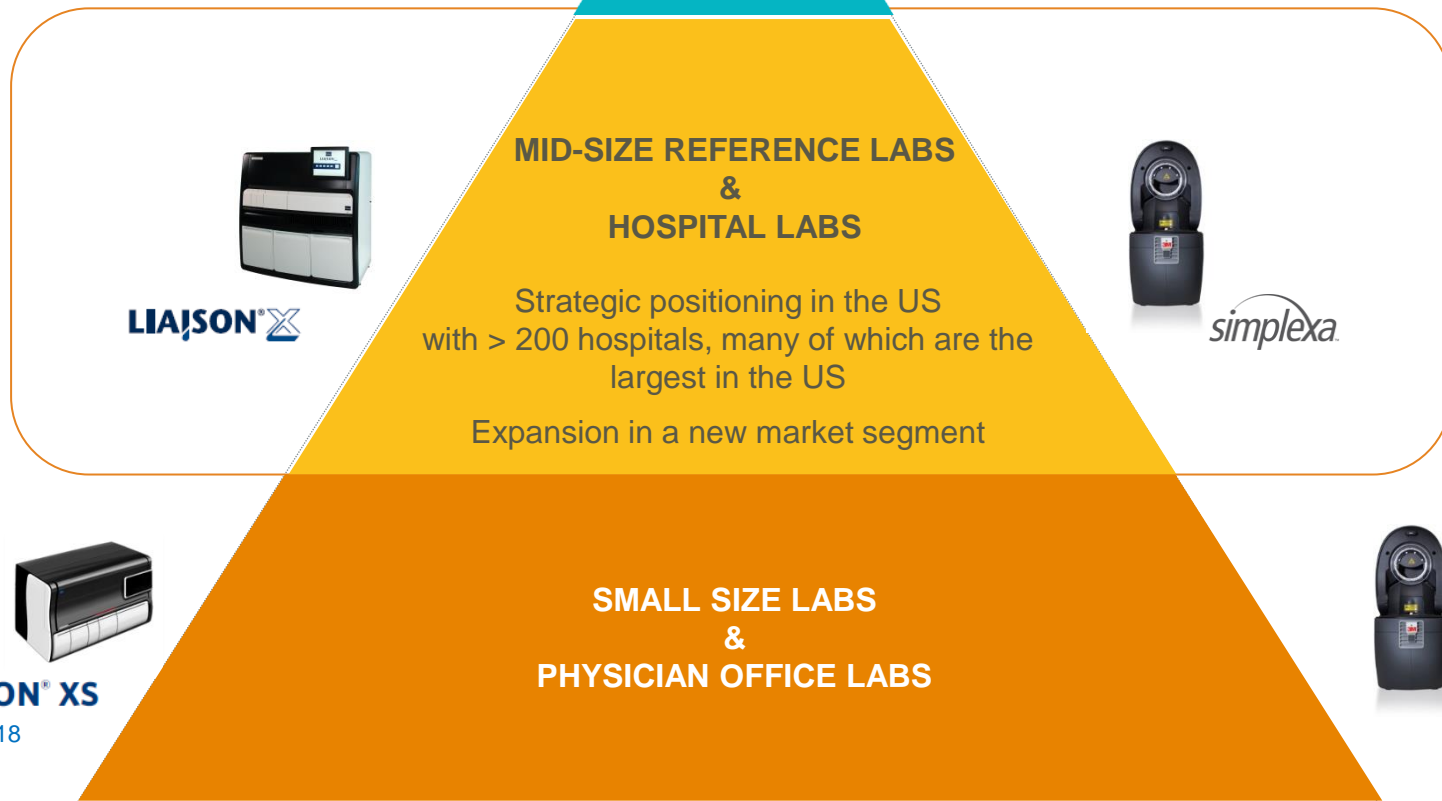
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LIAISON<sup>®</sup> X

MEGA  
LABS

ELISA tests



LIAISON<sup>®</sup> X



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LIAISON<sup>®</sup> XS

from 2018



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# Financing of the planned acquisition

## Financing

### ▶ Price of the transaction

The price for the transaction is \$ 300 million on a debt free cash free basis, with an agreed normalized level of trade receivables and payables

### ▶ Funding

The cash transaction will be funded through available cash and a line of credit available to the company

### ▶ Scope of the acquisition

All the employees of the Company (approx. 180), together with the tangible and intangible assets of Focus used by the Company in developing, manufacturing and distributing its molecular diagnostic products and its traditional immunoassay ELISA products, including among other the relevant IP, contracts and customer list

### ▶ Accretion to DiaSorin EPS

The transaction is expected to be immediately accretive to DiaSorin's ongoing earnings per share upon close


# Focus: Financials

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# Focus Products' Financials 2015\*



## 2015A Financials\*

<b>Revenues *</b>	<b>~ 80 \$/mln</b>
 % of US Revenues	~ 80%
% of International Revenues	~ 20%
<b>EBITDA Margin *</b>	<b>estimated in the range of 30%</b>

\* financial data is unaudited







The Diagnostic Specialist