DiaSorin Inc.

ñFull Year 2014 Results Conference Callò

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OPERATOR: Good afternoon, this is the Chorus Call conference operator. Welcome and thank you for joining the DiaSorin Full Year 2014 Results Conference Call. After the presentation, there will be an opportunity to ask questions.

At this time, I would like to turn the conference over to Mr. Carlo Rosa, CEO of DiaSorin. Please go ahead, sir.

CARLO ROSA: Thank you, operator. Ladies and gentlemen, good afternoon and welcome to our full year 2014 conference call. As usual, I will make my comments about the main events that characterize 2014 at constant exchange rate, to allow a better comparison with the previous year. Then we'll turn the microphone to Mr. De Angelis, who will take you through the financials of 2014.

2014 was a year of important challenges where our Group achieved relevant financial results. We closed with increasing revenues of almost 3% at constant exchange rate, keeping our profitability at an EBITDA level of 36.1% that allowed us to generate a strong free cash flow equal to ú91.3 million as of December 2014. And that brought our net financial position up to ú166 million.

As far as the revenues are concerned, let me focus on their breakdown in terms of technology first, and then we will discuss about geography. Let me start with CLIA ex-Vitamin D sales. In 2014, as we did in the previous years, we did well on all our CLIA ex-Vitamin D products, with a growth of 17% as a result of the positive performance of the new products launched during the year, the CLIA menu expansion and the contribution of the new agreement with LabCorp that took almost full effect in 2014.

At year end, we had around 1,700 LIAISION XL installed worldwide and almost 6,000 total instruments in the field, of which 600 were installed n 2014, so 2014 was also a record year for instrument placements. LIAISION XL proved to be once again the right instrument to address the needs of medium and large labs.

In quarter four, CLIA ex-Vitamin D continues to do very well with a growth of 15.7% as weôve been experiencing in the previous quarters. As far as the success of this platform, I think that the growth continue to be driven by launch of products last year, especially I would like to mention the stool program where we have pretty much completed all the assays necessary for the successé market penetration with these products, and last but not least, the Vitamin D 1.25 which was launched very successfully in Europe. And we just got the FDA approval at year end to start the launch in the US starting from Quarter 1 of 2015.

Let me now move to Vitamin D. As we discussed in the past, wherever we renegotiate a contract with big accounts in the industry, we need to concede a discount which varies around 3% to 5%, and this means that under the ordinary course of business, we expect Vitamin D to the client, so Vitamin D is an important franchise for us. However, because of the disproportionate that weé market share we have, we are exposed to competition. Last year, the decline of Vitamin D was equal to 5.8%. And this is excluding the price reduction that we granted to LabCorp in order to access more business as far as infectious disease is concerned. And so, what we saw in 2014 is pretty much in line to what we were expecting.

However, I think that there is a very important news about this. As far as Vitamin D is concerned, I also want to mention that in Quarter 4 2014, we finalized in the US a multi-year agreement to supply our Vitamin D to the largest US private laboratory chain. I am very proud of this because this

lab had chosen in the past to use mass spectrometry, but it has finally come to the conclusion that our assay is not only of equivalent performer, buté of mass spectrometry, but it dramatically improved the turnaround time for Vitamin D testing and this is clearly an opportunity that this lab sees in competing for the growing Vitamin D market.

We are currently installing our LIAISION XL system in their facilities and we expect to go live sometimes by the end of Quarter 2, 2015. This deal will help stabilizing our Vitamin D business in the US, as well as provide a strong indication to our customers that DiaSorin Vitamin D has no rivals as far as quality is concerned and that LIAISION XL is the perfect solution as a platform for large labs to automate high volume routines, so congratulation to our American team, it has been a great result.

Now, letôs go to comment sales by geography and letôs start from North America. In the quarter, revenues are up 3.7% in the US versus prior year and only down fraction, 0.9% in the full year. So we have beené what we have seen throughout 2014 has been an inversion of the trends, going from decline, itôs stabilizing to growing again, and this is very important because this is the first time we see this in few years because of the Vitamin D.

The positive trend in fourth quarter was driven by the success of the CLIA ex-Vitamin D revenues which rose 77.1% in the US, also thanks to the fact that the new tests were introduced in LabCorp through the agreement that we already discussed several times last year. In the entire 2014, the CLIA ex-Vitamin D sales are up almost 80% in the US. So the strategy today is working, and we are positioning our Company not only as a Vitamin D shop, but also as a reliable supplier of infectious disease products. Clearly, Vitamin D in the US continues to decline as we have discussed. Again, this is an effect of price reduction, but we need to

consider going forward that the effect of this new contract signed will help stabilizing this business, that we've discussed before.

Now, let's move to Europe. Europe continues to show a good growth and revenues were up 4.5% in the quarter and almost 5% in the year. As usual, let me touch on the main geographies.

Let's start from Italy, our home base, where we increase our installed base reaching the number of 1,000 systems installed in the country. As for the different tests, the success for Italy was mainly driven by the CLIA products, which grew 5%, and by Vitamin D which increased 13.7% in the quarter. This is due to the fact that Italy and Germany is one of the few countries where the Vitamin D penetration is still very low. So there is a growing demand on Vitamin D testing.

Now, let's move to Germany, in Germany we registered a significant growth on all our CLIA products, almost 14% in Q4 and 14.4% in the year, and this has been mainly driven by the stool testing panel. Germany is the #1 market for stool testing in Europe, second in the world after the US, and also the newly launched Vitamin D 1.25 assay that has been rapidly adopted by all the big commercial labs that we serve in Germany.

Then let's discuss France. France, as you know, is where we were overly exposed to Vitamin D, so historically in the last couple of years, we have been going down in France because of price competition. However, as you know, there has been a recent national healthcare reform that has cut the number of claims approved for Vitamin D and this has dramatically reduced the size of the market. We've been investing and developing our CLIA ex-Vitamin D franchise, which has risen by 20.3% in Q4 and 22% in the year and this has been helping to offset the decline of Vitamin D and we expect starting with 2015 that France would be stabilized.

Now, letôs move east to Asia Pacific. The region showed a growth of 11% in the quarter and 9.3% in 2014. China clearly has the lions share for us in this region and grew 12.4% in the quarter and 11% in the year, following an increase of our CLIA test. We installed in 2014, 99 LIASION XL system, reaching a total installed base in the country of 124 instruments, confirming the strong interest of that particular market for our platform. Overall to-date between LIASION and XL we have more than 600 systems installed growing as we see yearly. So China continues to be a market where because of the high prevalence of mid-sized hospital, LIASION XL perfectly fits the size of this market.

Australia grew in Q4 by 0.5%, so itôs relatively flat and 2.5 in the year, and again this is a combination of some Vitamin D loss. This was mainly due to some volume loss in the country, which was experienced from the beginning of last year due to the market situation in Australia. By the same token, there has been a very strong increase of CLIA ex-D, 37.6% in the quarter and 36% in the year. So again, we continue to grow nicely in Australia in the CLIA ex-D portfolio.

Now, letôs discuss Latin America that as we have seen in the past quarters has been quite disappointing for us in 2014. In fact, Latin America has been decreasing 8.3%, mainly driven by Brazil and Venezuela, and despite the strong growth that we registered in Mexico. As far as Venezuela, I think, we have already discussed this previously due to the political situation. We had developed a very nice business that pretty much managed in 2014. And today we donôt see anything improving. So we are pretty much discounting our efforts in Venezuela, but it was a relevant market for us in previous years, and we took almost a total loss in 2014.

On top of this in Brazil, we declined 14.2% in 2014, and 21% in Q4, and this is due to the effect of the change in distribution model that happened for the Murex line. And this is notwithstanding the good performance of our CLIA business, which grew double-digit in 2014.

Now, let me comment briefly about the launch of some of the new products. In June again, as I said, we launched 1.25, is the only fully-automated test available in the world for this product in CLIA technology. And we received FDA approval in December, therefore, full launch, in the US is expected to happen starting from Q1 this year.

As far as, GI tract stool assays, we have launched our fifth and sixth product, the ADEN and Rotavirus, and then we are pretty much almost completed the panel, there are two more products that we expect to launch in 2015.

As far as molecular, in quarter 4 finally, we launched our first onco-haematology molecular diagnostic product, the BCR-ABL for chronic myeloid leukemia, and acute lymphoblastic leukemia. And this is the beginning of a stream of products, and we intend to launch in the onco-haematology sector that we believe, as discussed is going to be the area of focus for the Company, molecular program for the years to come.

As far as product development plan for 2015. And again, it is mainly focused on completing our GI tract infection. We are going to be launching the campylobacter, which is very important for the German market. We are going to be focusing on infectious disease with the new Bordetella Pertussis assay, which will fit very nicely our infectious disease product portfolio, especially in markets like Australia, where this essay is overly done. And also, we launched our second generation PCT for sepsis that we developed in collaboration with BRAHMS.

And then finally, we will launch the first two very innovative assays for chronic kidney disease Sclerostin and FGF-23. We will have time to discuss this when the year progresses, but chronic kidney disease is a clinical area where the Company decided to invest a lot, and we have a loté starting with the 1.25 Vitamin D, and we have a lot of expectation coming from this area.

As far as molecular diagnostic, we will launch our second onco-haematology test in 2015é in the first half of 2015 that said is a sequel of products that we come to market and we will help in positioning our molecular into the onco-haematology field.

Let me now move to profitability. As far as profitability profile of the Group, the EBITDA margin was equal to 36.1% in the year, 35.8% in Q4. However, we need to be careful looking at this number because we had to take into account two effects, if we compare year-on-year, one is, euro appreciation. And especially, the non-recurring cost, which are related to the reorganization in Norway and France, and especially the Italian branch iné which happening in quarter 4.

In quarter 4, in Italy, there was a window of opportunity for certain number of employee to retire. And therefore, we incur into a one-off cost ofé in excess of ú1 million to allow retirement by December 2014. This will pretty much correspond to an equal amount of saving that we expect to see in 2015 and forward. However, clearly the quarter was hit by one-off charge iné again in Q4 of 2014.

Now, let me move to cash flow. The cash flow is equal to ú91 million which is a record for this Company. And this achievement in 2014 was pretty much the consequence of a more efficient management of working

capital. And in particular, we have been able to reduce our DSO in countries where we are exposed, especially in Italy and Spain. Spain, thanks to the development to the payment by the Spanish government of past dues, as far as the public sector is concerned. And Italy come from the fact that, and again, the government is improving in the payment terms, and the fact that we were able to collect some receivables which were dating back 2007-2008.

Now, before turning the microphone to Mr. De Angelis, and opening the Q&A session later. Let me invite you to our ôInvestor Dayô that will be held on May 12, 2015, where the Company will present and discuss our three-year plan. The location of the event will be in Milan, there is going to be a live webinar for all the participants not able to be present on the venue. And our Investor Relation team will provide you soon with more details about this event. Please, Pier Luigi, go ahead.

PIER LUIGI DE ANGELIS: Thank you, Carlo. Ladies and gentlemen, good afternoon. Today, I would like to focus your attention on few key indicators. As far as our financial statement is concerned, I would like to highlight that. In 2014, our net financial expenses totalé have a total of ú1.8 million, while in 2013, they were equal to ú5.4 million. The result is mainly due to a more efficient financial management related in particular to the following factors.

First, better condition on the fees of our factoring transaction that summarized in 2014 ú1.2 million, while in 2013 were equal to ú1.9 million. The commission rate decreased from 4.30% to 2.75%. And the secondé a better accounts receivable management, as also Carlo was saying before, that has permitted the increase of interest income as the consequence of the interest accrued on the collection of past-due positions

owned by public entities. In particular, Italy and Spain, equal to plus ú1.6 million in 2014, that amount in 2013 was equal to ú08 million.

Now, let me focus your attention on the lower impact on the tax rate of the Group level that we registered in 2014 equal to 34.4% compared with the 35.7% on 2013 (ph), absolute value ú2.2 million decrease. The difference is due to the following items, the result of the competition of the Groupôs taxable profit across the different geographies. The decrease in tax withheld on lower amounts of dividends received equal to ú1.3 million in 2014 versus ú2 million in 2013. And the lower tax rate in Italy, following the regulatory amendments put in place by the Italian government in 2014 to help the economy recovery. As far the consolidated net profit, the Group totalized ú84.1 million in 2014, up 1.2% when compared to the ú83.1 million in 2013.

Let me now give you an overlook also on the net profit of the parent Company that summarizes ú56.6 million. The lower result is determined by the management decision of keeping the United States dollar liquidity in the States. This decision was based on the will to protect the value generated in United States dollar having considered the last and the latest fluctuation of the currency. In particular, with reference to euro against United States dollar exchange rate, at year end, this decision determined an increase of 10 or more than ú10 million in the equity of the consolidated balance sheet.

Last but not least, the Group has been able to increase the proposal of the dividend to be paid equal to all ú0.60 per outstanding shares, net of the treasury shares owned by DiaSorin S.p.A.

Let me conclude by providing you the guidance of the Group for 2015. In view of our operating performance after December 31, 2014, and taking

into account that our strategy is working across all the product lines and geography. We expect to see our guidance in terms of revenue growing between 4% and 5% at constant exchange rate versus 2014 revenues. EBITDA is growing between 4% and 5% at constant exchange rate versus 2014 EBITDA, around 550 LIAISON and LIAISON XL systems to be installed. Thank you.

COMPANY REPRESENTATIVE: Thank you, Pier Luigi. So operator, we move to the Q&A session.

Q&A

OPERATOR: Excuse me; this is the Chorus Call conference operator. We will now begin the question and answer session. The first question is from Massimo Vecchio of Mediobanca. Please go ahead.

MASSIMO VECCHIO: Hi, good afternoon to everybody. Two questions from my side. The first one is, if you can give some more color to the limit that is possible, of course, in helping quantifying the impact of the new customer in the Vitamin D in US? And the second question is on your guidance, if you can help us elaborate the impact of the currency. In 2014, of course, the currency was negative. I'm assuming that this year it should add to your guidance. At today's exchange rate, what could the impact be on the revenues and EBITDA? Thanks.

CARLO ROSA: Thank you, Massimo. I am going to answer first to your second question. Now, if we just focus on the dollar, remember we have also other currency that do affect the business, but if we just stick to the dollar where there is clearly the difference between 2014 and possibly 2015 is significant. Any appreciation of US$0.01 is equal to an increasing revenues of ú1 million and give or take an increase in EBITDA level of between ú400,000 and ú450,000. So you can do the math. Keep in mind, we have some relative

exposure as well to the one and to the Brazilian real, but the main contributor is the US dollar.

Vis-à-vis, the comment we made, I don't think at this stage because of confidentiality we can quantify this effect, we took– we clearly took some assumptions in our guidance. We expect that this business is going to be up and running in quarter two. We have difficulties today to properly quantify because this very large lab is going to be transitioning their customers away from current technology to the existing technology. And we don't know, how long this is going to take. But certainly, we are talking about a significant volume. Certainly, we are talking about a lot of exposure because I think finally the market came to the conclusion that when it comes to Vitamin D, a) DiaSorin is #1, and 2 Mass Spectrometry is a very nice technology for research and development, but it's not a technology that can threaten our business for routine use, c) LIAISON XL has been now accepted in the top two largest labs in the US, and I would say in the world maybe excluding one in Japan. And this proves the fact that LIAISON XL is a very nice platform on which we can build not only Vitamin D in this big LIAISON, but also other products as it happened with LabCorp in the past. So I'm particularly proud of this, and I think that you should look at this, yes, from a financial point of view for sure, because it's a good contribution to our business, but also prospectively to the fact that we can compete in this big labs not only with other companies, but also in alliance with other companies as we announced with Roche, but also standalone when a customer wants to see DiaSorin as a sole supplier for certain specialties.

MASSIMO VECCHIO: Okay, thank you very much, very clear and congratulations for your new customer. And I know how important it is having covered the stock since the beginning, so congratulations.

CARLO ROSA: Thank you.

OPERATOR: The next question is from Maja Pataki of Kepler Cheuvreux. Please go ahead.

MAJA PATAKI: Yes, good day, gentlemen. And thanks for taking my question. I actually have just one question with regards to your guidance, and I was hoping that you can help us understand a bit. And your revenue guidance of 4% to 5% in constant currency for 2015 that seems a bit on the cautious side, looking at the numerous positive events that are happening with new contract in the US, with the Roche deal that will be coming through in new tests and the very strong number of installments in 2014. What is it on the negative side that is actuallyé could represent a drag to all those positive factors?

CARLO ROSA: I think that, as far as the new contract is concerned, the effect in 2015 is not going to be a full effect. So it will have a contribution, but pragmatically in our projections since we donôt know how the implementation is going to take, we took some precautions. I think that today growth of 4% to 5% of the business with an underlying Vitamin D business that we said continues we think to decline at around 5%, is a number that realistically we believe it, it makes sense. And again, I think that we should then look at this implementation of this contract throughout the year, and then see what if our projections has been too conservative as far as this particular contribution is concerned. Overall, as you know, we haveé we are doing very well with CLIA ex-Vitamin D and with the CLIA in general. By the same token we have suffered some losses on the Murex line, especially as discussed in Brazil these losses happen in 2014, and we are going to see the full effect in 2015. So I would say that, as I said before, growth of 4% to 5% is a combination of some pragmatism and some effects in non-CLIA products that happen in 2014.

MAJA PATAKI: Thank you.

OPERATOR: The next question is from Scott Bardo of Berenberg. Please go ahead.

SCOTT BARDO: Yes, thanks very much for taking my questions. First one, please, just on the new customer that you announced. I appreciate relatively limited disclosure. But I think, it's been well characterized that Quest have used mass spectrometry for some time in Vitamin D. So it sounds like, potentially exciting new venture for you guys. Just to help understand, how this new contract you struck with them also adds to any potential pricing revision or consideration for your ex Vitamin D products. I understand to that customer you have ex Vitamin D products. And I wonder whether in aggregate this is an expansion of your business opportunity or more of a neutral one, were one to consider those effects? So that's question #1, please? Secondly, just a point of clarification on the guidance, please, I think youôve refer to several one-off effects that burdened your EBITDA over the course of 2014 and even in the fourth quarter. When you refer to growth of 4% to 5% on EBITDA, are you referring to the adjusted EBITDA that you provide or the reported one, please? And just lastly, again, a bit of housekeeping, please. Very helpfully you give us some sort of sensitivity analysis on revenues and on profitability. If I understand correctly, given the framework that you've just provided, you do have some transactional benefits from the US dollar, such that the incremental EBITDA margin being then 40% to 50%, if I understand, so ú400,000 to ú500,000 per ú1 million of revenue move, if you just help make sure my logic is correct there. Thank you very much.

CARLO ROSA: Okay. Let me go in reverse order. As far as your logic is concerned, I think that we have indicatedé weôve given some good indication vis-à-vis the dollar effect and the appreciation. So without getting into disclosure

of numbers that we don't comment, I think you can do—I you can use your own logic and do your own calculation. As far as the EBITDA is reported, and or adjusted, as far as your first comment, I cannot comment about names and customers. When you said about revision of price, I honestly don't understand what they are talking about, because we never disclosed that we had business with the exception of LabCorp with all the other US customers. So we don't give visibility for obvious confidentiality reasons. As far as the opportunity to build more business, I would be, let me say, one thing I know is that when labs, big labs especially converted to the LIAISON XL, they do like the flexibility that this system provides. And we have been experiencing this throughout the world. And so, I am positive with the fact that the instrument is going be well received. And then, it's going to be left to DiaSorin to be able to build on these quality and relationship and build new business. So—I but this is not in the plan—I it's not in the numbers, certainly it is in the plans.

SCOTT BARDO: Okay. Thank you very much. If I could just have a quick follow-up and again, just a point of clarification, so I understood that your EBITDA was burdened by a few things, then so the Italian industrial site, the Norwegian and French branches costing you around 2 millions or so. And so if I understand correctly, if these are one-off items and as you are now basing guidance on a reported basis, these are suggesting then an underlying EBITDA growth ex currencies is more like you know, a few percent, so that the point being the margins actually normally would contract were it not for these one-off effects that disappear. And very lastly on that, I think we still have a 2015 guidance framework for DiaSorin some time ago. Should we expect at your Capital Markets Day in March a revised mid-term outlook right from revenue and EBITDA level? Thank you.

CARLO ROSA: I think that when it comes to again, let's go one-by-one. First question as I said, in 2015 EBITA indication is reported. And so, we will benefit

somehow from certain effects, for certain investments that we made in 2015. As far as theé so, your second question wasé

SCOTT BARDO: Just related toé there is an existing mid-term or 2015 target framework out there, do we get to the Capital Markets Day on the 12th of May and you provide a longer term top-line and bottom-line aspiration for the Group?

CARLO ROSA: No, in the Mayé in the May meeting, we are going to provide three years guidance for the Group. So we are going to go through the next three years in great details vis-à-vis our expectation on market development, different geographies and also technologies.

SCOTT BARDO: Great.

CARLO ROSA: So itôs going to be 2015 through 2017 guidance.

SCOTT BARDO: Excellent. Okay. Thanks very much indeed.

CARLO ROSA: Youôre welcome.

OPERATOR: The next question is from Patrick Wood of Morgan Stanley. Please go ahead.

PATRICK WOOD: Perfect, and thank you very much for taking my questions. I've got two, if I may. The first is, thank you very much for giving us the EDMA data that you guys normally give for growth by market. I guess what I'm interested in knowing is in particularly Europe, but the regions in general, do you think the market growth there is a fair reflection of what the labs themselves are seeing? I mean, how do you feel your actual customers, the end labs and particularly the private labs, are they in a healthy state?

How are their margins, that sort of thing? And then the second is obviously, you know, we always ask this question, but given the large buildup of cash on the balance sheet, have you found, given the ramp-up in the equities markets over the last few years, have you found that the valuations being asked for by other companies, if you're looking to buy anybody, have reached a point where it's very difficult to find anything that's attractive enough to acquire, given the pricing? Those are my two.

CARLO ROSA: If we talk about the M&A side, as we have discussed few times, we believe that today DiaSorin does have all assets and technologies as proven necessary to sustain the long mid-term growth. By the same token, itôs very clear that we are interested in expanding in certain markets and we doé we are always interested in looking into content, so Company that do provide contents that we can add to the existing installed base of almost 6,000 LIAISONs we have out there.

So as far as valuation is concerned, I mean you know, the market today is not a cheap market and therefore, we are very cautious about the different targets that we look at and we try on one side to pay the right price and by the same token to value the prospectiveé to prospectively value the content that these companies offer. As said, there is an intention of the Company to grow and continue to invest, but it has to be the right target and valuation and make sense for us. What was your first question?

PATRICK WOOD: The first question is really about the actual health to your end customers, the clinical labs themselves and whether you think that they are in a healthy state though itôs not a leading question, I'm generally curious.

CARLO ROSA: As for what we see in Europe, is that there has been a consolidation going on mainly driven by non-European players coming into Europe and buying left and right. Itôs very clear to me that the system is under

pressure because reimbursement is under pressure and therefore, for private labs there is a caution and need to continue to consolidate. As far as, let me say price pressure on us as suppliers, I think that has been there pretty much for the last three, four years and that continues. And I don't see that any change in that trend in the last year and I don't expect anything to change in the future years.

PATRICK WOOD: That's very helpful. Thank you.

OPERATOR: Next question is from Anastasia Karpova of Kempen. Please go ahead.

ANASTASIA KARPOVA: Good afternoon, gentlemen. Two questions, if I may. First, do you expect to increase your investments in molecular diagnostics related to the launch of new tests? And when shall we expect molecular diagnostic division becoming operationally positive or cash flow positive? And second, the question is more of a general one, but FDA has recently collected feedbacks for the laboratory-developed test regulations. So when this market becomes more regulated, do you see tailwinds for your test menu in the US?

CARLO ROSA: Okay. As far as the LDT I think that sooner or later the FDA will take a position on this. And I think that this will push some of the labs to move away from homebrew testing to commercially available products. And yes, I think that this will have a positive impact overall on us, because we offer specialty products and mass spectrometry for some of these products has been thisé a choice that labs had especially the very large laboratory chains. But what I think this story is telling about is big lab moving away from mass spec is that mass spec for low volume test is good and precise and it does offer certain advantages, especially operationally, clearly you need to spend more, you need to invest more because you need to provide the CAPEX, by the same token your running cost of reagents is less.

However, it is not a recommended platform when it comes to high volume testing. So I think that the move of leaving mass spec is more driven by the fact that operationally it doesn't make sense for high volume than from any other consideration. In general, LDT will become much more challenged and I think that the industry is going to move away from that in commercially available products, yes.

As far as molecular, listen, I think I did comment on this before. We have actually been able to obtain certain synergies as far as our molecular franchise is concerned. We have reduced our footprint, closing down Norway and consolidating everything into Ireland, and we got savings in that area. The business has been marginally growing and therefore comparing 2014 and to the previous year, we have been absorbing less resources by this franchise than before. But at the end of the story, it's fairly marginal because we are talking about 5 million EBITDA's negative contribution to the Group. And I continue to believe that it is an area where strategically a Company that looks forward, that looks let me say into the future of this business has to be with a sound technology. And therefore, if we continue to invest ú4 million, ú5 million of our EBITDA into this, it's not a worry for us. As said, we are very focused away from infectious disease which became very competitive into the more exotic/specialty like filled of onco-hematology, and again we just launched the same the first product, the second will come in 2015, and what is veryé what is key in that clinical area is that the competition is under testing, and the pricing level is much higher then what you experience today into a larger, but much more consolidated market like infection disease.

ANASTASIA KARPOVA: A follow-up question on pricing level, do you see the pricing for your molecular test or visible pipeline going down, especially in reimbursement, because I believe that's a usual topic for US molecular

diagnostics and as well as in Europe or do you think that the pricing levels you see now will be sustained for two, three years going forward?

CARLO ROSA: I think that when it comes to in general, molecular high routine testing. I think that more than reimbursement is the competition that is pushing prices really down. And in the infection disease area that already happened also because pretty much PCR now is a technology that is available to a lot of different players. And therefore, they pretty much compete they are left in competing with price. I think that as we have seen in immunoassay, you need to move away from the mainstream into the more specialty area. And there, I donôt think thatôs necessarily the dynamic of pricing or reimbursement are too aggressive.

ANASTASIA KARPOVA: Thank you for taking my questions.

OPERATOR: The next question is from Peter Welford of Jefferies. Please go ahead.

PETER WELFORD: Hi, yes, thanks for taking my questions. Just a couple left. Firstly, just on the new US product contract that you've won. Just to be clear, maybe I missed this, is this going live in 2Q, is this purely for Vitamin D or will these XL placements, do they also like LabCorp have access to the whole menu of assays as well? Secondly, just on the tax rate, for 2015 should we be assuming a tax rate like we exited 2014 or will some of those factors rebalance, I guess, during the course of this year? And then finally, just returning to the revenue outlook, just wondering there, you mentioned Vitamin D franchise would beé overall would be down 5%, you assume. I just want to check if that's US or whether that's globally Vitamin D? And also then, with regards to molecular diagnostics, I just wondered if you could perhaps provide any sort of outlook for how you think Vitaminé molecular diagnostics could grow during 2015? Thank you.

CARLO ROSA: Okay. So you have four questions. As far as, the US contract is concerned, today, we are discussing about Vitamin D. So itôs only related to Vitamin D, and we expect these installations of all this equipment and validation to be completed in quarter 2. So at that point, transition away from the current technology to our technology will start. We areé today we have no visibility of how long this will take, and we will know better once our products will beé started to be offered by the Lab. As far as the tax rate, we expect the tax rate to be a little bit lower and simply because there are new rules in Italy, thanks to the new government, and we believe that the tax rate should be reduced by 1%. So you see compared to the average, compared to the average of 2014, it's going to be 1% lower.

As far as Vitamin D, as we said that ex, this new contract, we continue to expect the Vitamin D global franchise to be down 5% and again this is ex the positive impact of this contract. And last but not least, molecular diagnostics, we believe that in 2015, it will grow marginally because we are waiting for the launch of the rest of the products, the second product for onco-hematology will happen in the second half of 2015. So it will grow, yes, but still it is going to be marginal versus especially compared to the DiaSorin overall business.

PETER WELFORD: Thatôs great. Thank you.

CARLO ROSA: You are welcome.

OPERATOR: The next question is from Luigi de Bellis of Equita SIM. Please go ahead.

LUIGI DE BELLIS: Yes, good afternoon. Three questions for me. And the first one is on the Vitamin D 1.25. Looking at 2015, could you quantify the expected incremental contribution from this test in terms of sales? And looking at the medium term, could you quantify the size of Vitamin D 1.25 market,

which market share do you think you reach for this market? The second question is on the Vitamin D, in US, what is the current market share of mass spectrometry on total Vitamin D market in US? And the last question is, just a clarification on the new agreement. Is it correct, that do you expect flattish Vitamin D sales in US in 2015, thanks to the new agreement? Thank you.

CARLO ROSA: As far as 2015 because of the lack of visibilities on the full deployment, the full effect, we still no contract. We expect Vitamin D in the US overall to be slightly down versus previous year, because again, we will benefit only partially from the new contract. As far as the Mass Spec market share in the US. For me, it's quite difficult to qualify, because there are no official statistics in the US in diagnostics funny enough, it's not like Europe where the EDMA is providing very precise data. But I suspect that Mass Spec is probably 20%-25% market share to-date in the US market for Vitamin D. There are handful of labs using it, and some research institutions is still using Mass Spec. As far as 1.25, we reaffirm our guidance that I think we already discussed we expect that 1.25 could represent for us 10 million. I believe in 2015, itôs a combination of what we already have in Europe, and what we will develop in the US. But to me, what is very material is not necessarily the current market for Vitamin D overall. But is the fact that, we believe Vitamin D does have theé is a very innovative market that can be used much broadly in a certain community for assessing the kidney, kidney status. And as we have discussed, and as we will discuss during our three years presentation in May, chronic kidney disease is a clinical area, we are starting from 1.25 and then the new products come in the pipeline, we want to focus because we see that as an emergencyé emergent opportunity. And the 1.25 is the first of the assays we are launching here. We have filedé is a very innovative product, it's the only automated one available in the market, and last but not least we have filed a patent in both, US and Europe to

protect this time this technology. And therefore, I am very positive about 1.25 contribution to the growth of the Group, not only 2015 but going forward.

LUIGI DE BELLIS: Okay, thank you. Just a follow-up, the 20%-25% market share, is it controlled by only one player in US or there are more players?

CARLO ROSA: No, as I said, this is an estimate of what I believe today is Mass Spec market, there are, as said, a handful of labs and a certain number of smaller hospitals that areé that have adopted Mass Spec. So itôs not only one customer.

LUIGI DE BELLIS: Thank you very much.

OPERATOR: As a reminder, if you wish to register for a question, please press ñ*ò and ñ1ò on your telephone. The next question is a follow-up from Scott Bardo of Berenberg. Please go ahead.

SCOTT BARDO: Yes, thanks very much. Just have a follow-up question. I think you've just made some comments about the molecular diagnostics business and if you like, the point of care opportunity there. And it sounds like you are sticking with your investments there to the level of breakeven. I wonder if you could just comment a little bit about what you see in the point of care opportunity for CLIA, is this something that we should expect the Group to expand into in the coming years. And any comments about potential opportunity there and the investment required to service segment? Thank you.

CARLO ROSA: I think that today we donôt have the technologies that are necessary to get into the pointé traditional point of care segment. However, I believe that the market is polarizing todayé obviously polarizing between very, very

large central labs that are making of logistic and control of logisticé logistic meaning, shipping samples throughout the world, and getting testing done very efficiently in few location. They are making logistic their compelling reason, and their competitive reason to beé to stay in this space. And by the same token, the different model which is developing in the US is the fact that rather than shipping samples throughout 50 states why not trying to test more closer to the patient. And that will happen, I think that you have heard about this Theranos Company that in the US, which nobody really knows what it is, but certainly there has been a lot of noise associated with that. There are other companies that are moving in that direction. So I believe that mid long-term if you want to be a player in this market, you need to have some sort of opposition in the point of care. So at DiaSorin, clearly, we will continue to invest in the central lab, and we are going to expand our reach into smaller labs with the launch of the LIAISON XS, which is the next generation platform we are working on. But clearly, we are carefully evaluating opportunity also long-term into the traditional point of care space.

SCOTT BARDO: Great answer. Thank you. And do you think you can service this marketé presumably there is multiple (ph) more call points. But you think you could service this market with your existing sales infrastructure without material additional investments? Perhaps you could just comment on that.

CARLO ROSA: No I donôt, to be honest with you, I donôt think, so. I think, that, however, as you know, especially in the US very recently there has been a consolidation of suppliers of logistic, dedicated to this lab, to this market. And so, I believe that on one side you are going to have a content provider, and on the other side you are going to have a distributioné a very efficient distribution business that will serve this market. It would be

impossible if you consider for example, just looking at the existing physician office labs in the US there are over 110,000 labs.

SCOTT BARDO: Yes.

CARLO ROSA: So it has to be done through partnership, yes.

SCOTT BARDO: Got it. Very helpful. Thank you very much indeed.

CARLO ROSA: You're welcome.

OPERATOR: Gentlemen, there are no more questions registered at this time.

CARLO ROSA: Okay, thank you very much operator. Bye-bye.