

Diasorin S.p.A.

"Full Year 2024 Results Conference Call"

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MODERATORS: CARLO ROSA, CHIEF EXECUTIVE OFFICER
PIERGIORGIO PEDRON, CHIEF FINANCIAL OFFICER

OPERATOR:

Good afternoon. This is the Chorus Call conference operator. Welcome, and thank you for joining the Diasorin Full Year 2024 Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

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. Good afternoon and welcome to the full year conference call. We're going to make first some comments on the full year results and then I move to the quarter 4.

In 2024, revenue and profitability are in line with the planned budget and the guidance despite geopolitical tensions and macroeconomic headwinds. Specifically, when it comes to the immunoassay business, we performed very well in the main geography, US and Europe, whereas, as we will see later, we continue to experience difficult situations in China, although that represents a very small portion of our revenues.

When it comes to molecular, molecular overall in the year performed better than the initial assumptions. Clearly, this for us has been a transition year because we launched successfully the LIAISON PLEX with the respiratory panel. And this better result of molecular over the year clearly compensated the LTG softer performance compared to expectations because of the life science situations, as we've been discussing over the last quarters.

And overall, from a pricing perspective, which is something that we did discuss a few times in the last quarters, we've implemented a pricing program, and that was in place and overcompensate the inflationary effects

that we...I mean, as an industry, we registered in 2024. So overall, I believe that 2024 was a very good year. And we...to the point that I remind everybody, we raised our guidance twice upward clearly in 2024.

Just a couple of comments on the different legs. If we go back to Immuno, clearly, our US hospital strategy is working well and delivering according to expectations. Let me remind you that our idea was to get to 400 hospitals served by year-end, which was achieved with...so we are perfectly in plan with the LTP. The LTP calls for 600 systems installed...600 hospitals by the end of 2027.

When it comes to MeMed, we had the first active 20 customer...hospital systems. I need to be very careful here because when it comes to MeMed, we need to talk about the hospital system because placements do follow the concept of hub and spoke, right, so, multiple installations between key daily and LIAISON XL. And as we discussed, we do have as a target 75 hospital system by the end of 2025.

When it comes to Europe, 2024 has been a very strong year with double-digit growth, the combination of successful placements, increasing volumes and outbreaks in certain areas of Europe.

And then last but not least, we finally started to get regulatory approval for the first products manufactured in China. And we expect that by 2026, we are going to have the menu approved in the Chinese market.

If we go to molecular, as everyone knows, we launched in...in September our LIAISON PLEX with the respiratory panel. We got the second panel approved shortly thereafter. And we submitted 2 blood culture panels, expecting approval in 2025.

In November, I made a comment, I said we had a funnel in the US, clearly with 100 customers with...equivalent to 500 placements. We are well on track, and we'll discuss later about that. We're well on track to hit our target. LIAISON PLEX has been received extremely positively by the customers, and I'm going to give more color later when I talk about the quarter. LIAISON XL, we are wrapping up the clinical study as expected, and we're going to be filing within the next quarter or so. So also it's on track.

And finally, let me just comment on the LTG. We certainly had a good performance of the LTG business better than expected, notwithstanding the unfavorable environment in life science. In fact, at the end of the year, LTG grew by 3% compared to previous year, clearly driven by a very good performance of our diagnostic partners that totally compensated weaknesses in the life science that we have seen at the beginning until middle of 2024. So, from a 2021 perspective, a very satisfactory result.

Now let's go to quarter 4. As usual, I'm going to comment on the quarter 4 at constant exchange rate. We had an excellent quarter. Total revenues, €310 million in the quarter, with a growth of 5% year-on-year in quarter 4 excluding COVID, in line with expectations and in line with guidance of 2024 full year. When it comes to COVID, clearly, there is a softening of testing. In the quarter, we had €6 million of revenues, €26 million in full year 2024. So, we see that testing continues to decrease.

If now we go to...I would like to comment each individual segment of the business, starting from Immunodiagnostic. Immunodiagnostic ex-COVID, 6% in the quarter with good performance in US and Europe. You notice a deterioration versus previous quarters, but that is due to a tough comp versus Q4 '23, because in Q4 '23, we had exceptional instrument revenues.

Indeed, if we go down and look at clear reagent in the quarter and not Immuno, CLIA reagent grew 9% in the quarter. This is net of a clearly negative VBP impact in China. In the US, in North America, CLIA grew 14%, and this is related to the hospital strategy that...where we keep, again, I said before, expanding our presence in US hospitals. In Europe in Q4, 8% growth, for Immuno and CLIA, 9%. So, we continue to see a very strong growth for our Immuno franchise in Europe as well.

Export in quarter 4 was negative, but this is mainly due to the Iran market where, in Q4 last year, we had, again, shipments that did not materialize in Q4. So, it's a phasing issue. China, we continue to experience headwinds as we have been experiencing since many quarters, double-digit decrease in Q4 as a result of VBP in certain provinces and the fact that we continue to see overall tough competition coming from local competitors.

Clearly, for Diasorin China is a very now small percentage of our business moving forward. So long story short, Q4 Immunodiagnostics, very strong in North America and very strong in Europe. Tough comparison to last quarter of last year due to some phasing and the fact that we had instrument sales last year related to certain tenders.

Now let's look at Molecular Diagnostics. Molecular Diagnostics in Q4 ex-COVID is pretty much flat, so plus 1% in the quarter. But again, we need to look at the different components of the business separately.

We've come through our targeted Molecular business, which is the Diasorin business, the original Diasorin business, so the business we bought from Focus, there is a double-digit growth, above 20%, and this is thanks to the introduction to the US market of Candida auris product, where we continue to see a tremendous traction and success also in 2025.

In Q4, I need to remind you that we have discontinued the ARIES platform as part of the plan that was...the synergy plan that was presented to the market after the Luminex acquisition. So, we are missing in Q4 the ARIES revenues. And we had in Q4 2023 last-buy orders for ARIES. So again, there is a delta which was expected in this quarter due to the discontinuation of the ARIES.

And then last but not least and not surprisingly, as everybody else has reported, mild start to flu season in Q4. But from Q1, and so, you will see that in Q1 there will be a recovery of the respiratory revenues.

Now let's focus a bit more on PLEX, okay? As I said before, launch started in September 2024. We launched it in the US, our respiratory. We got first blood culture approved, second, and then the 2 additional blood culture panels, blood...sorry, blood panels submitted to the FDA in September and November 2024. And we expect them to be approved by midyear '25.

GI clinical study ongoing and submission in 2025. This means that as per our long-term plan, by 2026, we're going to have the full multiplex panel approved of LIAISON PLEX. In order to guide or explain the way that our business is performing, we decided that, moving forward, we are not going to talk about placements, customers, but we're going to talk about total revenues.

And this is because we look at multiplexing as a franchise, a combination of the VERIGENE 1, which is a business...historical business where we are building on, and here, the LIAISON PLEX, which is the increment...the new platform that where we are going to be building on our installed base and adding certainly new customers.

So, the launch has been extremely successful. And our ambition for 2025 is that we are going to grow the overall franchise. So VERIGENE 1 plus the PLEX to €75 million, so a growth of 25% over prior year as a combination of new accounts and conversion of some respiratory accounts with price increases from the VERIGENE 1 to the LIAISON PLEX.

This corresponds pretty much to the addition of around 150 customers, PLEX customers, by year-end. Again, I'm not going to comment any longer from now on in terms of how many customers we add per quarter. I'm just indicating what is the...what the budget of Diasorin today is going to be for PLEX, and I will continue to update the market in total multiplexing revenue growth versus 2024.

What's very interesting is that when it comes to the existing customers that are using now the LIAISON PLEX in the US, my last comment was that 50%, which I think was November, 50% were PLEX and 50% were actually fixed. Clearly, moving on, now the situation is that we have more PLEX than fixed, right? And so, we see that the adoption of our customer base of the flex concept is really providing an advantage versus current solutions that only provide either fixed or mini-panels.

Last but not least, which is a very interesting, I think, point strategy for Diasorin, if I look at the current PLEX customer base, 20% are commercial labs and 80% hospitals. Why is this strategic? Because, as you know, this goes hand in hand with the Immuno strategy, where we intend to continue to develop the hospital business, combination of Immuno and Molecular solutions. Just one comment overall, the VERIGENE other panels, which is non-respiratory, are relatively flat.

Now finally, a final comment, Q4 on LTG. The LTG in Q4 did better than expected. So, we have a growth of 4% in the quarter. And this is a

combination of diagnostic growing, but also, we are seeing that the life science is recovering, and we saw also life science slowly growing back in Q4 as well. And we actually continue to see a very favorable LTG trend in the first months of 2025.

Again, you need to understand that, for us, this business is not purely life science, but a combination of partnership with diagnostics and life science and biopharma. So, we actually serve with this technology three different segments in the market.

One more update, which is more on the clinical side of MeMed, which I think is very interesting. There have been a slew of publications that came to the market as a result of independent clinical study that have been run by MeMed. I think they are available on the MeMed website. And I would like to point to specific to three studies we're interested in.

The first one has been published on 4,000 patients through...across 10 different urgent care centers. And the key finding of the study is that there is a 63% reduction in unnecessary antibiotic prescription. And 70% of previously potentially missed bacterial infection have been now correctly identified. So, this is a very, very, very important data point to support the adoption of MeMed.

The second study on 1,000 patients in 17 centers in the US and Europe, and which is very interesting where they were comparing MeMed to procalcitonin. And the conclusion is that MeMed outperformed standard care calcitonin, distinguishing between bacterial and viral infection. Quite often, we get questions from investors about what's different between PCT and BV. And this study clearly shows that BV is much...MeMed is much better in classifying bacteria versus virus.

The third study, which goes more on the pharmacoeconomic side, is demonstrating that there is a significant cost saving, up to 250 pounds per patient in case of co-infection if you adopt...if you adopt the MeMed testing prior to administering the antibody. So not only you do have a clinical impact, you also have an economic impact to the hospital budget.

All said and done, I'm going to now leave the microphone to Mr. Pedron, our CFO, who is going to drive you through the numbers, and then we're going to go to Q&A.

PIERGIORGIO PEDRON: Thank you, Carlo, and good morning, good afternoon, everybody. Thank you for joining Diasorin Q4 '24 earnings call and for the interest you are showing in our company. In the next few minutes, I'm going to walk you through 2024 financial performance, and then I will turn the line to the operator for the usual Q&A session.

Full year total revenues at €1,185 million are above the previous year by 3% or €37 million, despite the expected decrease in COVID sales which are down by €33 million and the carve-out of the first cytometry franchise back in Q1 '23.

The business ex-COVID is growing at constant exchange rate by 7%, as we heard, therefore, in line with the full year guidance. 2024 COVID sales accounted for €26 million vis-à-vis €60 million in 2023. That's broadly in line with our outlook, which was calling for €30 million. The FX impact in the year is negligible.

Let's now turn to Q4 revenues ex-COVID at constant exchange rate, which grew by 5% as a result of a solid performance of the Immuno franchise, up by 6% as we heard, with Clea revenues up by 9%, despite what we heard

once again happened last year in Q4, actually in 2023 Q4, for the reasons that Carlo just discussed about.

We had a good performance of the LTG franchise, up by 4%, thanks to mainly a recovery in instrument sales, which brings 2024 for full year performance of the whole LTG business to 2%, positive 2%.

And the flattish performance of the Molecular franchise plus one, where once again, the very good start of the LIAISON PLEX RSP panel and the strong growth of the targeted specialty product lines have been offset by the mild beginning of the flu seasons as you see there and the tough comp with Q4 when we had some last time buy orders of the ARIES reagents as discussed, a couple of minutes ago.

2024 full year adjusted gross profit at €782 million is better than last year by €33 million or 4%, with a ratio of revenues of 66%, which is better than 2023 which closed at 65%. All the initiatives aimed at improving the operational processes and containing costs allowed us to preserve margins, despite as we know some inflationary pressure and the manufacturing costs we're incurring in our new plant in Shanghai, which has not reached its full capacity production yet.

As I said last quarter, I do really believe this is a remarkable indicator of the success of the efforts we put in place to safeguard our profitability. Q4 '24 shows a similar dynamic, both in terms of margins at 66% vis-a-vis 65% of 2023, and growth versus previous year.

2024 adjusted operating expenses at €469 million are basically in line with 2023, with a ratio of revenues of 40% vis-a-vis 41% of last year, confirming the trend we discussed during previous quarter's call. Q4 adjusted OPEX at €125 million are in line with previous year as well.

As expected, Q4 is recording an increase in the operating expenses rate compared to the beginning of the year, as we saw last year, by the way, mainly because of the phasing of some projects and true-up of some costs, mainly insurance...health insurance costs in the US. This means, to be clear, that Q4 '24 is higher than the average quarterly rate we should expect for our OPEX during 2025.

2024 other adjusted operating expenses were negative €10 million, therefore, recording an increase of €11 million compared to the previous year. This variance is mainly due to a tough comp with 2023, which closed with an income of €1 million, as a result of some material one-off positive elements recorded in the previous fiscal year.

Additionally, in 2024, there were several one-off expenses which made this variance even wider. I do really believe it is important to consider this substantial swing between 23% and 24%, driven largely by non-recurring items to fully appreciate our journey to increasing margins. I will further explore this when I discuss the adjusted EBITDA evolution.

As a result of what was just described, full year adjusted EBIT at €303 million or 26% of revenues is higher than '23 by €20 million or 7%. 2024 adjusted interest income at €4 million is €1 million short compared to 2023, because of the lower yield on our cash balance coming mainly from a reduction on interest rate in the second part of 2024, with the adjusted tax rate at 23% is a touch higher than 2023, which closed at 22%. '24 adjusted net results at €236 million or 20% of revenues is better than 2023 by €12 million or 5%.

Lastly, full year 2024 adjusted EBITDA stands at €394 million or 33% of revenues, which is €19 million better than 2023 and aligns with the full year

guidance. Q4 profitability at 33% is better than the 32% achieved the previous year. As mentioned earlier, to better appreciate the base business EBITDA margin expansion from '23 to '24, it's important to consider that, in '23, we had material and nonrecurring earning elements in other adjusted operating income.

Excluding this, the path to EBITDA margin increase would have been even more apparent. As we would see in a minute, this is confirmed by the 2025 EBITDA guidance, which represents another step forward towards the 2027 margin expansion journey set during the last Capital Markets Day.

Let me now move to the net financial position. We closed 2024 with a net debt of €618 million, therefore, recording an improvement of €159 million compared to the end of 2023, mainly as a result of the very sound free cash flow generated during the year, €241 million vis-à-vis €209 million in 2023. As a result, our net debt-to-EBITDA ratio is down to 1.6% from the 2.1% we saw at the end of 2023, continuing the deleveraging trajectory shared during the last Capital Markets Day.

Let me now finish my remarks moving to 2025 guidance, as always, expressed at previous year exchange rate. So, we expect revenues ex-COVID to grow by about 8%, with COVID sales around €20 million, and therefore, total revenues of the company to grow by about 7%. We also expect an increase in our adjusted EBITDA margin, which in our guidance will be moving from the 33% we had in 2024 to about 34%, which we are guiding for in 2025.

Please note that this guidance includes the very recent tariffs, which have been introduced and are now in force between US, Canada, Mexico, and China. Before concluding, let me please remember that, Diasorin financials are highly exposed to the US dollar. As a rule of thumb, consider that for

every one cent movement of the dollar against the euro, Diasorin revenues move by about €6 million to €8 million on a yearly basis, and the adjusted EBITDA moves by €2 million to €3 million.

With that said, let me please turn the line to the operator to open the Q&A session. Thank you.

Q&A

OPERATOR: Thank you. This is the Chorus Call conference operator. We will now begin the question and answer session. Anyone who wishes to ask a question may press "*" and "1" on their touch-tone telephone, to remove yourself from the question queue, please press "*" and "2." We kindly ask to pick up your phone when asking questions. Anyone who has a question may press "*" and "1" at this time.

The first question is from Kavya Deshpande of UBS. Please go ahead.

KAVYA DESHPANDE: Hi, Carlo, how do you do, thank you for taking my questions. The first one was just on the guidance for 2025, so you've obviously had a very strong 2024? But just thinking about some of the headwinds last year, such as the tough kind of European immunodiagnostics comparator, China, maybe, when you exclude these, is it fair to say your guide actually probably implies like 9% to 10% underlying growth on the top line? And are there any other factors in that 2024, comparator that we should be thinking about when modeling?

And then my second question was just on immunodiagnostics, so your target is 600 hospitals in the US by the end of 2027. When we think about the LIAISON XXL, does that potentially expand that addressable market?

Is that how to think about the opportunity going forward from here? Thank you.

CARLO ROSA:

Hi, Kavya. Yes, look, I will...I'm trying to resonate on how to answer here. Let's start from the second one, which is easier. The XXL is...you know, one of the biggest mistakes that companies can make in diagnostic is to...when you have a very, very extensive installed base, is to launch a system that is not going to also protect your install base. Because then, clearly, your installed base is aging, and then your system is not protecting, and then it's a full recipe for a disaster. So long story short, the XXL, as we've indicated, is providing 30% to 35% with several features, right? But 30% to 35% increased throughput to the existing XL.

And that is fundamentally allowing us, on a cost base that is comparable. And this is fundamentally allowing us to do two things. For the next 10 years, right, we can expand into the hospital market, laboratory market. And also, since everybody is expecting consolidation, increased volume, will allow us to follow the trend. By the same token, it will allow us to go back to the base, our existing 7,000 system installed base, and protect that. When that is going to be aging, we will substitute with a new system that fundamentally has the same footprint and better throughput.

So long story short, I believe that we will continue to be a specialist into the same segment, which is pretty much the whole market, because we are today in very large commercial labs. Think about Quest and LabCorp as a specialist with the current XL. And so, the XXL will continue to grow there. And by the same token, we can also serve the mid-segment and high-segment of the hospital market.

Now, if I go back to the first question you said, yes, if I could cancel China from the map and just look at the other market outside China, we expect

that we continue to grow double-digit in the main market. So US will continue to be a double-digit market for us, and Europe is going to be a high single-digit market. Australia, Brazil, I mean, everywhere where we are direct, we will continue to see double-digit growth in 2025.

When it comes to other geographies where we got export, it clearly is a touch-and-go situation there, because as we saw in Iran, I mean, where we do have presence in certain markets, it goes and it goes, right? I mean, it's a flight-by-night operation in certain situations. However, our expectation for the overall export market, right, ex-Iran, is that that should deliver a growth in immuno around 7%...6% to 7%, right? So it's not going to be so diluted vis-à-vis the rest of the geographies.

KAVYA DESHPANDE: Thank you, very much.

CARLO ROSA: Thank you.

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

MAJA PATAKI: Hi, good evening, Carlo, PG, everyone. A couple of questions from my side, please. I would like to start with a bigger-picture question, Carlo, on the US, on the mess that we're seeing in the US. It's great news that you're not going to have any impact from the tariffs? You're solidly positioned from your manufacturing standpoint. There are a couple of things that are, you know, moving targets, I understand still, it could have a potential impact, like vaccination hesitancy, you know, stop of the US aid funds? Generally speaking, I guess, a positive for the diagnostic market. And then on the other hand, discussions on the NIH budget cuts and headcount reductions at the FDA? How do you navigate through the news flow mess? And what kind of push and pulls do you expect to have from everything that is happening in the US? That would be my first question.

My second question on China. So, you're going to have a broader product portfolio manufactured in China as of 2026. How shall we think about China from then on? Is it going to be a growth market for you? Or what is it in your plan that is going to happen with China?

And my last question is, I was trying to take notes, I'm not sure I got it right. My understanding was that in the beginning, you said that you're well on track to have 100 customers with LIAISON PLEX by the end of 2025, representing roughly 500 placements. And then throughout the call, I thought that you said 150 PLEX customers. Maybe I misunderstood, but I just want to make sure that I know which number to take. Thank you.

CARLO ROSA: Hey, Maja. Actually, both numbers are correct, but I will go back.

MAJA PATAKI: Okay.

CARLO ROSA: You know that I'm a magician, right? I will explain to you why they're correct. So, let's start from the first question, which is the big picture about the US. Look, I'm going to say a terrible thing, but actually, if you decrease vaccination, you have outbreaks. You saw the one now in Texas with measles.

MAJA PATAKI: Yes, yes.

CARLO ROSA: And so, unfortunately, every time vaccination goes down, infection goes up. And we are the kings, Diasorin of measles, mumps, varicella, herpes, name it. All these kinds of bugs, we do have a very high market share. And so, unfortunately, if Americans decide to vaccinate less, we're going to benefit from it. When it comes to the NIH, I mean, your guess is as good as my guess. So far, we don't...very clearly, we don't serve the NIH

directly, but our partners, Thermo Fisher and Bio-Rad, obviously all do serve the NIH.

I don't think that today there is any visibility, to be honest with you. So, I would wait until dust settles. And for the time being, as you know, what they've been cutting is budget related to expenses, right? Funding, so far, has not been cut. But I think they're not allowing other universities to take more than 15% as overhead, right? Because they say everything else has to be spent in the lab. So, how that is going to turn, I think we don't know. Also, because every day is a new day in the US, right, these days. So, let's see.

MAJA PATAKI: True.

CARLO ROSA: FDA, for the time being, we have not seen delays, although we don't know.

MAJA PATAKI: Okay.

CARLO ROSA: FDA Honestly, I mean, every day you read and you hear something different about what's happening in the US. For the time being, the FDA has not been an issue for us, in terms of vacancies, I will update you a quarter from now.

MAJA PATAKI: Okay.

CARLO ROSA: But the overall hospital business, private lab business, I mean, commercial lab business, we have not seen any impact. And we don't expect to see any impact from at least what we know today. Okay. China. China, I think we've been very honest, because we were one of the first ones to say that China is going the wrong way. And I continue to say China will continue to go the wrong way. And this is why, for us, it's not strategic any longer.

However, as said, we are well positioned if something is going to change, because now we're going to have our products made there. We're going to have the ideas on XL. We expect that by the end of Q2, we're going to have a China-made ideas on XL approved.

We submit it, and that clearly will allow us to participate to certain tenders. But on the short term, don't hold your breath on China. I mean, it's no good, I think, but it's not big damage for Diasorin. Now, let's go to the MAGIC 100 to 150. Two different time horizons, I refer to the comment I made in November, right? And I said, we have a funnel of 100 customers, which corresponds to 500 systems. Okay? That's the funnel we're working on.

What I said now is that in 2025, our ambition in the US is to have 150 customers running our platforms, right. And that will allow us to increase our multiplexing franchise. Because what's not obvious is that we do have a few tens of millions as we speak of VERIGENE revenues. And so, now we look at this franchise as a combination of VERIGENE plus PLEX. So, our ambition is to get to €75 million in multiplexing business in the US, which does represent a 25% growth versus 2024.

MAJA PATAKI: Brilliant. Carlo, just one add up. One of the things that I've forgotten to ask you specifically, if there were any cuts introduced to Medicaid, which I believe is in debate and feared and everything, my understanding is that Medicaid covered patients are roughly 20% of overall covered patients or insured patients in the US? Do you think this is a fair assumption for the overall diagnostic space as well?

CARLO ROSA: I thought it was more than 30%, to be honest with you, okay. So, it's slightly higher. But don't forget that in the past, it started with Obamacare and

Obama, right. There was actually a program to reduce reimbursement over 5 years, and it was 30%. So, it was a significant number.

And eventually, that program was actually stopped by Trump 1, right? And then the discussion has been lingering there. Back then, I keep saying, to be honest with you, Maja, that my concern in the US, generally speaking, except for any draconian measure, right. But my concern when it comes to pricing has to do more with competition rather than the government reimbursement really driving pricing down significantly, okay. So my concern, not that much.

MAJA PATAKI: Okay. Thank you very much.

OPERATOR: The next question is from Aisyah Noor of Morgan Stanley. Please go ahead.

AISYAH NOOR: Hi, good afternoon, Carlo and Piergiorgio. Thanks for taking my question. My first one is on LIAISON PLEX. So, thank you for the sales guidance of €75 million for 2025. My question is, what portion of this do you expect to be from the VERIGENE converted accounts versus new placements?

My second question is on China. Apologies if I missed it. But did you provide an update to this €5 million to €6 million impact you anticipate from VBP in 2025? And if so, could you just provide some color around the timing of this VBP, what regions are affected or any impact you anticipate on a more broader scope of targets?

And then my last question is on your outlook for the Immuno business. Just trying to understand the mix of the growth drivers in that portfolio between QuantiFERON, MeMed Lyme. What are the biggest components that could drive the...move the needle the most for Immuno growth this year? Thank you.

CARLO ROSA:

Okay. So let me start with the first question. I'm not...okay, I decided that what's very relevant for Diasorin is, when it comes to multiplexing, is at the end of the story it's combination of technologies, where is that we want to be at the end of 2028, right? And we said we want to have 10% market share. And pretty much it's €200 million, give or take, right? And so, this is the way we drive the business, and this is the way I want to explain the business to the investors. Otherwise, if I get into how many...how much are you converting? What's the price increase? Believe me, each analyst and every investor is going to do a different calculation, and I will spend more time trying to correct mistakes rather than look at what's relevant for the business. So, track it, the €75 million this year will become €200 million, and this is what we are targeting, okay?

Second question, China VBP, is a very short answer. Now, €5 million, €6 million already started in Q1 because VBP now has been extended from the original panel and now they went also to...they included more assays, right? So overall effect for Diasorin yearly is around €5 million to €6 million in 2025.

Third question is Immuno. I keep saying that the beauty of Diasorin is that we are not a one-trick pony, as we...I learned that expression in 2015 when Vitamin D was 44% of our revenues. So we are far off the one-trick pony story. We win and we retain customers because we have an offering of specialties that go across many different segments. Okay.

Certainly, QuantiFERON is a door-opener and is a relevant assay to have in the hospital market because hospitals are doing QuantiFERON. And actually, as we discussed a few times, hospitals are sending out QuantiFERON, and now they have the ability with better technology to do it in-house.

Stool is a tremendous opportunities because IBD/IBS is exploring as a market, and we are very well-positioned today to allow this growing volume to be done effectively on our platform. And we have a lot to say when it comes to Calprotectin 3.0 that is going to be, in my opinion, a revolution in the ability to properly diagnose IBD and IBS.

Then you have all the infectious disease panel that follow suit. Let me just give you an example, which is not trivial. Take Hepatitis HIV. Hepatitis HIV is one of the most commoditized menu you can imagine because Abbott, Siemens, Roche, you name it, they all have it. Our revenues...our hepatitis franchise in the US as a result of revenue, we are expanding the installed base in hospitals and every hospital is doing hepatitis. Today, that business is close to €60 million, €70 million and is growing more than double-digit. Okay?

So, you're saying what's driving the Diasorin success, is a combination of certain specialties and all the me-too products, very good quality we have in infectious disease that follow suit as long as you start with the conversation with stool, with TB and now with MeMed. I made a comment already, as you know, that MeMed today is not many dollars, but a ton of interest by customers who talk to Diasorin and drive placements of existing menu waiting for validation of MeMed to be completed.

AISYAH NOOR: Understood. Thank you very much.

OPERATOR: The next question is from Dylan van Haaften of Stifel. Please go ahead.

DYLAN VAN HAAFTEN: Yes. This is Dylan. Good afternoon. So just 2 for me. So firstly, just on Molecular, and we spoke about the respiratory season, and I think...I mean, we knew there was going to be delayed season. I was just wondering,

maybe we were expecting slightly stronger visibility just on PLEX, maybe with more prebuying happening in the 4Q relative to the 1Q. Any commentary there on, I guess, the purchasing patterns?

And I guess then secondly, just to check, just on the numbers of VERIGENE, I think you said it was a double-digit number underlying. And then if we think about the €75 million number, then essentially, is it fair to say about PLEX is like low single-digit, maybe even slightly higher incremental growth, let's say, onto your year-on-year growth. Is that kind of the way we should kind of think about it?

And is there anything outside of the China weakness and dollar weakness that you want to flag that gets you closer to sort of that 8% that you're guiding right now? Is there anything you haven't spoken about in this call so far?

CARLO ROSA: Dylan, I'm not very sure I understood the second question. I'm going to answer the first question and third. So when it comes to purchasing pattern, it's actually the opposite. Hospitals do not tend to buy in-season because they don't have time to validate. And so, this...so this is very interesting because, notwithstanding that pattern that hospitals don't want to switch during the season, and we launched the system fundamentally during the season. We are having strong success, notwithstanding the fact that hospitals have...don't have a lot of time to validate, right? So, the data that you're seeing is not that we up-fronted revenues because they bought a lot during the season. It's the opposite, okay?

Your third question, which is 8%, is there anything...any headwind that we didn't take into account. Is that what you're interested to discuss?

DYLAN VAN HAAFTEN: Sorry, I'll rephrase. It's just that, I think if I understand correctly what you're saying about PLEX being incremental, I think it looks like something like 3% incremental growth year-on-year. And then basically everything else looks like business as usual, so that would point to something like, on an underlying level, that actually feels like it's accelerating even excluding the China business. And I think you said already that much with saying that US and Europe are kind of like Europe is high single-digit, US is double-digit. I was just wondering how we get to that 8% and whether that's maybe, I mean, obviously, we'd ask if that's conservative, but I'm just wondering if that's conservative given just the PLEX number even being incremental.

PIERGIORGIO PEDRON: Dylan, this is PG speaking. I will try to take it. I'm not sure I completely understood your question but I will do my best. So, I believe Carlo comments when he was saying double-digit and so on and so forth, he was specifically talking about the Immuno business, because as you might know, you know, our presence, Molecular presence in Europe, is not as big in the US, even though we are on the process of launching the PLEX in Europe as well. But it's not as big as in the US, right.

So, if I can try to broadly, right, to dissect for you where this 8% guidance for 2025 is coming from, if I look at our 3 franchises: Immuno, Molecular and LTG, what I think you should imagine is a Molecular business to grow at a faster pace than the 8%, because you will see the impact of what Carlo has been discussing about. And this is, by the way, in line with our long-term plan when we guided the Molecular franchise to grow low double-digit increase, right. You should expect the Immuno franchise to grow more or less at the same pace with our full year guidance, right, which is once again in line with our long-term plan when we said high single-digit. That was how we guided the market.

And then LTG, and don't look at LTG every quarter because, you know, we have some bulk shipments which can skew one quarter up and the following quarter down. But for the LTG franchise, you should expect a growth in 2025, which is below the 8% for the full Diasorin business, right. So as a combination of these 3 franchises, you see the 8% we are guiding for.

DYLAN VAN HAAFTEN: Awesome. Thank you so much PG.

PIERGIORGIO PEDRON: Thank you.

OPERATOR: The next question is from Odysseas Manesiotis of BNP Paribas. Please go ahead.

ODYSSEAS MANESIOTIS: Hi, thanks for taking my questions. Just a couple of modelling ones. So on the Q4 immunoassay weakness, just to think about how to model this for this year. Factoring in the little bit of weakness, is it fair to expect this one to grow higher than Q4 in the coming quarters, a touch lower than what you grew last year in the first 9 months?

Secondly, I wanted to get a feeling of how your business is performing in North America ex-QuantIFERON TB, I would say around 8% to 9% CI growth to be a decent estimate for full year 2024 or is it not much of a difference in the 10% you do in the region last year?

And a quick one for PG as well, I remember you're saying around €40 million to €50 million in capitalized R&D for 2023, how did that look in 2024 and what should we expect for this year? Thank you.

PIERGIORGIO PEDRON: Hey, Odysseas. I'm going to take some but not all of them. So, for the Immuno franchise, you know, what I believe we were hinting when we discussed for China and the tough comp, I believe was very clearly captured

by Carlo, when he said, if you look at clear growth in quarter, you have 9%, which is in line with what we saw in Q1, which resonate with what we saw in Q3, which was 10%. If I look at the growth without China, obviously, the growth is even better. And I believe that for the whole of 2025, you will see that €4 million, €5 million VBP impact as a headwind, meaning that the underlying business obviously is doing better, and meaning once again that once that VBP effect is...let me say, under the belt, you are not going to see that headwind any longer.

For the growth in North America without the QuantiFERON business, I'm not going to comment there. I believe, as Carlo said, I refer to what Carlo said, meaning that we're not a one-trick pony. We have several business lines which are doing very very well in our Immuno franchise in the US. QuantiFERON is definitely one of those, but we have much, much more.

I'm sorry, this is...don't remember...yes, the CAPEX R&D. I believe the right way to think about it is that in '24 you see the peak in terms of R&D CAPEX because we are at the...let me say, at the highest point of our effort of bringing new platform and new products to the market. Think about the PLEX, which has been launched now. Think about the NES, think about all the clinical studies to support the different panels and products that we're going to launch. I'm expecting a deceleration, and that's budgeted for, by the way, in 2025 of that R&D CAPEX, and even a farther and steeper deceleration in '26 and in '27, right, simply because we will go back to, let me say, normal business, if I can use that word, because now we are working with several different platforms at the same time and several different panels.

So, if overall, you know, you think about our CAPEX in 2024, which is around €130 million as a combination of R&D instruments we are placing in customer premises, which are staying in our books, I'm expecting that

number, and that's also included in our long-term plan to decrease materially, not so much in 2025, where we will see anyway a deceleration, but even more so in '26 and in '27.

OPERATOR: The next question is from Natalia Webster of RBC Capital Markets. Please go ahead.

NATALIA WEBSTER: Hi, thanks for taking my questions. Just following up on some of the previous ones around the expectations into 2025. I wanted to check if you're still confident in your midterm guidance for the high single-digit to low double-digit sales CAGR to 2027 and the specific segmental guidance you provided within this, particularly on Licensed Technologies. You said you're expecting this to be lower than the group 8% in 2025. But are you expecting this to reach the sort of mid-to-high single-digit level that you guided for the midterm now that you're seeing some recovery from life sciences? Thank you.

PIERGIORGIO PEDRON: Natalia, hi, this is PG speaking. Yes, I mean, absolutely, we feel very comfortable with the midterm guidance we gave. And I believe the fact that we grew already in 2024, the business ex-COVID by 7% is very clear, and we are guiding for '25 at 8%. It's very clear without the impact of the PLEX. Then, as you know, all of those programs, which are coming our way, I believe we feel very very comfortable with the high single-to-low double-digit guidance we gave for the midterm, absolutely very very comfortable with that. You can obviously have some, let me say, little movement amongst the 3 different technologies.

So, very difficult to say what's going to happen for the Licensed Technology? What we saw is that we closed '24 with a plus 2%, but as Carlo was saying, if you look at the performance of the Diagnostics business, there is high single...mid-to-high single. It's actually 7%, right?

And we've had the headwind for the life science business that everybody has discussed about.

How long is that going to last? Very difficult to say, but I believe we are kind of shielded there compared to pure life science company for the reasons we have discussed. So, the mid...let me say, the mid of the mid-to-high single-digit number we gave for the...during the Capital Market Day, I believe it's absolutely at reach, barring the fact that, once again, these days, it's very difficult to make predictions about what's going to happen in the US, but that's how we see it.

NATALIA WEBSTER: Thank you. That's helpful. And I guess just the same question on the margin. I mean you're guiding to expand to 34% in 2025, but you're still confident on that 36% to 37% target for '27. And also just following up, apologies if I missed it, but did you quantify the impact you're assuming from tariffs as well?

PIERGIORGIO PEDRON: Also for margin, we do feel very very comfortable with the midterm guidance. We closed 2024 with 33%. And by the way, the guidance was upgraded, reviewed upward during the year. The budget for...the guidance for '25 is 34%. So, we are absolutely in the trajectory. I was telling you the 36%, 37%, and no doubt there. For the tariffs, you know, the impact of what has already been approved by the Trump administration and the counter tariffs put in place by Mexico, China and Canada is negligible. It's embedded in our guidance. But it's negligible because, as you know, most of the products we sell in the US are manufactured in the US. We have a very big manufacturing footprint there. And so, we...as things are today, we don't see issues.

NATALIA WEBSTER: Great, thank you.

OPERATOR: The next question is from Jan Koch of Deutsche Bank. Please go ahead.

JAN KOCH: Good afternoon. Thanks for taking my questions. I have 3, if I may. I can try my luck on PLEX again. So, the €75 million you mentioned as a target for multiplex, does that assume negative growth of your VERIGENE business in 2025?

And secondly, of the customers that have already received a PLEX system, how many slots do they activate on average?

And then finally, coming to the tariff question again, thanks for providing the comments on the potential impact. In case the situation escalates further, how easy is it for you to pass on additional costs to your customers? Are there any differences between your segments in terms of pricing power?

CARLO ROSA: Again, sorry, I don't want to annoy anybody. But I have no intention whatsoever to enter into detail of cannibalization, price increase and so forth because it's very confusing when it comes to PLEX. So, I kept saying we have a target to get to €200 million in the plan. And next year, the €200 million is talks to the €75 million target, which is a combination of new accounts, conversion of existing accounts, price increase and so forth, okay? When it comes to...the second question is to do with tariffs.

PIERGIORGIO PEDRON: Yes, it was the third. The second was about PLEX customers, but I'm not sure I completely understood what the question was. I understood the third one. So, I can start taking the third one about tariffs.

So what I said is the current guidance for 2025 does include the new tariffs, which have already been, let me say...which became a reality, right, because of what the Trump administration did, and the counter tariffs from China, from...in Canada and from Mexico. What's going to happen in the

future, man, it's very difficult to say...very very difficult to say. Yes, and then I believe the question was...would you have pricing power to offset those tariffs? And how can you allocate a different pricing power by segment, I guess that was the question, right, Jan?

JAN KOCH: Yes.

CARLO ROSA: Listen, if I may take one. During the inflation, I think our industry, as everybody else learned that if there is a rationale behind, you are allowed to increase your pricing, which we did very successfully. So, if there is an increase due to tariff, the whole industry is going to go back and put pressure on the customers for price increases, right? And this is what exactly everybody is saying. Eventually, all these tariffs will bring more inflation, because of price increases. So, we will do all we can by contract to achieve that.

JAN KOCH: Okay. Understood. And maybe in terms of the second question, let me rephrase that one. Given that the PLEX has 6 slots, how many slots are being used by an average customer so far?

PIERGIORGIO PEDRON: What we are seeing so far is that many customers are asking to have most of the slots filled. Let me put it in that way, meaning that most of the chasses, that's how we call the frame, right, that our customers are installing are filled with all of the slots...all of the available slots.

JAN KOCH: Understood, thank you.

PIERGIORGIO PEDRON: Thank you.

OPERATOR: The next question is from Shubhangi Gupta of HSBC. Please go ahead.

SHUBHANGI GUPTA: Hi, thanks for taking my questions. So my first question is on the LTG business. So, it's more of a clarification. So, you mentioned you're seeing some improvement in the life science as well as the biopharma segment. So, could you give some colour on what portion is life science and what portion is biopharma?

Second, on the Molecular Diagnostic business. So, in Q4 sequentially, could you give some color on the growth of instruments versus reagents for Q4 versus Q3?

PIERGIORGIO PEDRON: Hey, hi. This is PG. I will take it. So, broadly speaking, when you think about our LTG business, 50% half of it is represented by diagnostic companies, right? And 50% is what we call life science, biopharma, academia, research, all the rest, right? And what we said is on the 50%, which is diagnostics, you know we are very protected because you don't see the headwind that you see on the life science. We are not sharing numbers of exactly how much we saw increase or decrease in instruments or royalties or bids. But the main message is where we suffered the most in 2024 is on instrument sales like most of the industry CAPEX, let me say. Whereas we didn't see such, let me say, a headwind on bids and royalties because of the installed base, obviously, which keeps pulling bids.

SHUBHANGI GUPTA: Thank you. Just a quick follow-up on the LTG business. So, you have some exposure to the academic customers. So is that direct exposure? And I know this has been covered earlier, but do you have any direct exposure to NIH because you have exposure to academic customers?

CARLO ROSA: No, we...well, first you need to understand is B2B. So, we don't know where these instruments are going to because we sell it to Thermo Fisher, we sell it to Bio-Rad, we sell it Bio-Techne and they go and they sell themselves, right? So, we don't know if there is a big exposure with the

NIH. What I know, what we see is that there is a good chunk of these systems that are actually going outside the US, first. And second, because we sell to our partner in the US and they distribute worldwide, the second thing that we see is that there is a growing biopharma business for them. Okay?

When it comes to the NIH exposure, as I said, I think before, we need to wait for their comments in Q1. So, we will learn from them how they see the NIH situation.

OPERATOR: Mr. Rosa, Mr. Pedron, there are no more questions registered at this time.

CARLO ROSA: Thank you, operator. Bye-bye.

PIERGIORGIO PEDRON: Thank you. Bye.