DiaSorin S.p.A.

"Investor Day 2019"

Videowebcast

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MODERATORS: CARLO ROSA, CHIEF EXECUTIVE OFFICER

CARLO ROSA: Welcome to everybody, there are almost 200 people connected to this event through the web. So I welcome who is here and who is not here and we are going to be spending the next hour or so talking about the next 4 years of DiaSorin, but really also talking about the following 4 years because all the investments that we are planning to make in the next 4 years will fuel growth also for the foreseeable future.

So let's start quickly about who are we? And we say that we are a specialist, and…but what does a specialist means? It certainly means we are not Roche, that's simple, but special…the specialist means that we are a company committed to develop products that require complex technology and higher risk research spending, so there is always an investment in research and development and technologies that has been paying off over the last 19 years, and we believe we will continue to pay off for the following 10 years and our customer base has always recognized this connotation of the company.

We are really global, we have 7 manufacturing sites, 2 research sites and we operate in over 26 countries directly with our subsidiaries all the main geographies and then over 60 countries with distributors, so we do have a global reach at this point, it took many years to get there, but we are there, so we cover all the main markets.

Now, we got here with certainly internal development and strenuous effort by our research and development people, but we also got here because we have never been shy of partnership. So we do not consider the big guys that play in this space as competitors. We always see them as an opportunity and I just listed some of those Roche we announced in 2013, and we continue to collaborate on the market, Beckman very exciting program, we discussed this already few times where we are going to go

together to the U.S., with HIV and Hepatitis products. And then recently QIAGEN which has been phenomenal for us with the ability to expand into the T-cell compartment [ph] immunology, but on top of that as the Chairman said, we also have invested over €400 in acquisition and we started in 2008-2009 and the last acquisition was done in 2018.

We've always been very speculative about the acquisition, so unfortunately we are not great clients to the big banks, because most of the targets they have are not DiaSorin natural targets. But because of the relationships and because of the reputation of the company quite often they call us and we have been fast and we have been buying assets that are interest of DiaSorin and we will continue to do so for the following years, and as you will see our cash flow certainly allow us to continue to pursue this strategy.

Now, let's understand what…so the achievement. The achievement means as we did in 2016 when we presented the 3 years plan. We would like to go by what we said to the financial community in 2016 about the following 3 years, and let's understand what we promised, and let's understand what we achieved.

As far as product development, we said we will continue to develop 5-6 new products per year, and on top of that we are also engaging into the development of molecular products and that was done, thus the list of products that we have developed and launched over the last 3 years. Then we said we are going to pursue business development. Partnerships and acquisitions done we have signed a very important partnership with Beckman, Meridian and QIAGEN and then we bought the Siemens business of ELISA in Europe. We also said we would engage in development of a new platform following the great success of the LIAISON XL and we name it LIASON XS and we said we are going to

launch it in 2019, done. It has been launched actually officially 3 weeks ago in a big event in Torino, with a 1,000 customers coming from all across the globe to see this new platform.

And last but not least, we said, as Mr. Denegri said well there is price pressure in our business, and we will see why. And we are going to put together measure to safeguard our EBITDA, and we did it. It is called operational excellence. That brought us to streamline manufacturing processes, shut down plant, consolidate but as a result of that plus more, we were able to maintain a profitability which is unique in our business.

Now, I would like to start this presentation talking about healthcare because companies clearly have to be measured and understood based on the environment they need to…they live in and they do business with. And when we talk about challenges and challenges for the healthcare industry, I think 4 main challenges came to me.

The first one is that there is a tremendous pressure by society on us, us as diagnostic companies, as hospital providers, as medical technology companies to deliver services and products that help people live longer, if not trivial we don't make cell phones, we make products that affects everybody's life. I think that we have a safe screen…a screensaver in the company that says that every second 4 patients in the world are attached by a DiaSorin product, okay. So there is lots of pressure on the industry. But by the same talk there is also pressure of coming from increased cost and I'll show you some numbers, and this cost increase is the result of more expensive technologies, broader access to the welfare system. There are hundreds of millions literally of people in…in certain countries that want access and are gaining access annually to better services, that is more cost.

The third element is certainly as a result of this increased cost, is there is…there is a strong pressure in increasing efficiency in the way we all conduct business. So hospitals being more efficient, suppliers being more efficient, so cost, cost, cost, efficiency, efficiency, efficiency.

The fourth one is very interesting and is shared among all the players in this business. There is a tough competition out there because of this, because of the cost pressure and you cannot miss any decision because once you miss a decision and you miss a technology, then you are out of the market. So it's a phenomenal business community, but it's a very tough business community to be in as well.

Now, let's talk about cost. This slide shows what percentage of GDP is spent in healthcare. Now, we are going to look at the U.S., U.S., is an outlier but then if you look at all the other geographies on average between 8% and 12% of GDP goes into fueling healthcare. And it's the second ticket item after patient and social security right. So certainly is under the strict observation by the government and the insurance how to reduce this cost.

If you look at the U.S., it's terrible. If nothing happens by 2026, almost 20% of GDP is going to go to fuel healthcare, we see it every year. We see it every year because we employ over 700 people in the U.S. We contribute to their insurance programs, and I think that today on average an insurance program for an employee in the U.S., is costing between €11,000 to €12,000 to the company right, and it's going up, is growing 3%, 4% every year. And if nothing happens by 2027 it's going to be 6 trillion in the U.S., spent on healthcare, unsustainable.

Now, what's the second trend that is actually affecting cost is the demographic and here you see Italy, but you can see…you could have the

same picture in any country. So we are growing older and Italy in 2018 22% of the population is over 60 but by 2050 it's going to be 34% of the population over 50. So what's bad about this? What's bad about this is that, if you look at the way money is spent during the lifespan of an individual, [indiscernible] of the cost of health is actually spent in the last 7 to 10 years of an individual life. And if you look at how this is changing year-after-year it is getting worst. Okay, so we are growing older, and we are spending more and society will have to spend more to guarantee what we all have an aspiration for which is better health.

So what's the conclusion? So you're a diagnostic company, you have all these trends, what you need to do? The conclusion is that, we need to adaptive to changes, and today you will see that we talk about changing again DiaSorin because we like it or not, we are all moving to a new concept which is called Value Based Care. Now Value Based Care is not something I invented is a definition that was brought up in the U.S., almost 10 years ago. And the concept is that Value Based Care is a model in which providers including hospitals and physicians and suppliers are paid based on patient health outcome.

So I don't pay for a test, I pay if you tell me that your test is helping this patient I can measure the economic impact and the impact on the health of the patient and if it works and it says what you said is going to do, you're going to get paid. If you don't, you're going to give me a discount. So there's going to be lots of pressure on us on our industry overall, to follow this concept. And for the diagnostic companies, what does it mean? It means that you're going to be forced for new products to sell an algorithm, not a test. What's an algorithm? An algorithm is information that you provide to the clinician, to the hospital, to the insurer that has a positive outcome for the patient, but also a positive outcome for the economics of the hospital. And that's very new for our industry.

Okay, so now we saw the general trends, right? We saw increase of cost, which brings to Value Based Care. What's happening specifically in diagnostic? In diagnostic, what's happening and I'm talking diagnostic means hospital…labs…laboratories. What's happening in diagnostic is that there are two forces that are active and are becoming stronger in the industry and one is called consolidation and the other one is called decentralization. It seems an oxymoron [ph] right, but they go both they are working in the same direction which is efficiency, the consolidation drive efficiency through routine laboratory services all across the globe, I'm going to show you some numbers, but you hear about hospitals shutting down labs. So 10 hospitals getting together you close 10 labs, you leave clinics, in each hospital and then a centralized lab properly located to serve all the labs. And in that lab, you don't hire people, you are going to put machines, complex machines that and engineers managing these machines. And through that you're getting efficiency.

But by the same talk in decentralization is happening. And decentralization is happening because that decentralization of diagnostic testing drives efficiency, through management of the patient. I'll show you again, some examples but all of us they leave the nightmare of going to the hospital and getting their blood drawn and then coming back get the result, weeks later, and that's not working and it has to change. So decentralization is a trend that tries to change that…change to trend that habit that we have today, but it's very complex, we'll see and requires lots of technologies.

Now, let's talk about consolidations, just examples. In the U.S., there are 9,000 hospitals and 100,000, physician office labs. In 2014, this mass of clinics and hospitals, there were 1,400 of those running as independent, right? So single hospital, doing its business and the rest was pretty much

in the hand of 487 multihospital health systems. So they started to buy each other out to get efficiencies. And by 2024, single hospitals will disappear, none. They are all going to be all be consolidated into multihospital health systems. And what's interesting for us is that you don't sell anymore to the lab. You go and sell to the administration or the GPO or the IDN that is taking care of running these multihospital systems.

But look at France very close to us. In France, there used to be 4,000 private labs, 900 university hospitals and general hospital labs and 14 blood banks. And then that was very inefficient and they you know, the French way, they passed a new law it was called the Ballereau law that through some tax incentives and disincentives forced consolidation. What's France today, the 4,000 private labs became 562, the 900 labs in hospitals became a third 295, the 14 blood banks became 4. And I just…I've chosen two examples but Italy is the same every country is going through this dramatic consolidation.

Now, let's talk about decentralization, why decentralization makes sense. Decentralization makes sense for a lot of different reasons. It makes sense because when you have pandemic like SARS, you don't want to have all the patients running through hospitals. So you want for certain diseases you want people manage outside the hospitals. Otherwise you get more people, infected. Decentralization makes sense because it reduced time from diagnosis to treatment, and certainly can provide more precise treatment. Decentralization makes sense because it's more efficient, right? Again, in the U.S., for example, they do flu testing now not in the core lab they do in a clinic or emergency room. You get in, you have symptom to get tested for flu and you get positive so you get a Tamiflu, good for Roche or you get antibiotics, right. Right there, you don't get inside, in and out.

So decentralization also is happening. But what's decentralization today and this is very…is key to understand because we are going to go for decentralization, but first we need to find technologies. Now, let's understand what decentralization mean, and let's look at what happened in the last 50 years in the way patients have done blood testing, so it all started in hospitals, all of us used to go to an hospital get the blood taken and then get the result there and eventually get an answer to your physician. But then what happened and in…to the extreme in certain countries like the U.S., the collection, so not the diagnostic test per se, but the collection was decentralized. And if you go to Quest, LabCorp or in France, you go to [indiscernible], so wherever you have very large private operators, right?

What happens in the U.S.? Quest and LabCorp have 15,000 collection centers. And you go to Walgreen, you go to any pharmacy today there is a box one for LabCorp one for Quest you go in, there is a phlebotomist that takes the blood out. And then a very complex logistic takes the blood from the pharmacy to 13 hubs in the U.S., and if you talk to Quest and LabCorp, funny enough, they define themselves also a super duper logistic providers. Because they're flying million tubes from all across the nation into hubs overnight, they get the test done and send the result back to the physician wherever the physician is, but that has nothing to do with our industry. What our industry did for this is not much and it is a lot to do with improved logistic, okay. So it's decentralization of collection but not of testing.

Now, in order to get to the true decentralization of testing, you need new technologies, some, as I'll show you are already there, some have to be invented. And when that happens, then you get tested in your house, then you get tested in the pharmacy. And then eventually the, you know, the Holy Grail is going to be the wearable. And for certain conditions like

diabetes now continuous monitoring of glucose would be very appreciated by the patient and by the physician, right?

Next, but is not for us, it's going to be a lot to do, and I use Star Trek [ph] as an example. You're not going to use the blood you're going to use a lot of imaging, but that's so futuristic, that is not even worth talking about, but this is the trend, okay, in decentralization.

Today, our industry provided very limited technology to follow decentralization. And a lot of these has been on the market for 20 years. Glucose monitoring as it does…it was the most successful example of point-of-care testing in our industry. The market is worth €4 billion. And now it's widely available. My father had it, my mother has it, and people do glucose monitoring at home.

Fertility and Pregnancy. Now for 10…for over 20 years, you could go to the pharmacy, buy the strip and get ACG done and then professional testing. Yes, there are few examples, cardiac markers, when you go into the emergency room, you can get tested right there for cardiac.

Respiratory, we talk about flu and hospital-acquired infections, especially for GI some examples…few examples. But what the problem is about these technologies is that it takes too long because you can manage the patient in a decentralized setting only if you can provide a result short enough that the patient stays; otherwise, the patient goes, you are losing the efficiency, okay. So keep that in mind, there is an issue today with the technology that allow decentralized testing. So what does this all mean for DiaSorin?

So let's talk about consolidation. How do we support consolidation? We have done it through platforms and alliances, and so we develop high-

volume automation, the XL, we connect it to everybody's high throughput system, Roche, Siemens, Abbott, you name it, Beckman. We did it with specifically with Beckman in the U.S. to allow to enter the very large commercial labs.

And we also have developed for consolidation, smaller platform, LIAISON XS, whenever the consolidated labs want to dedicate for specialty testing just a small piece of equipment, so this is how we did it. And by the way, nothing new, everybody else did pretty much the same.

Now, how did we support decentralization? The traditional decentralization, we support it. And the XS has been a platform developed for that, so the hub and spoke model, the one I was talking before, 10 hospitals, closed 10 labs, they opened one and they leave clinics and emergency in the periphery.

We now will have the ability to place in the core lab the XL, in the clinics the XS, and the give the benefit to the hospital of using the same test to follow hub and spoke, so fine. With the Focus program that now is called DiaSorin Molecular, a very simple machine using the 3M technology, very successful, we put it in decentralized testing in the core lab in some specialty areas and we started developing specialty products, done.

But what is the strategic focus? The strategic focus for us now is to buy a technology that truly allows the decentralization that is going to happen in the future.

And if you want to understand what's happening in the space…in this space of these technologies, it’s enough that in the first week of January, you go to San Francisco and you go to the JP Morgan conference. You go to the JP Morgan conference as John and myself did and you meet

everybody, you meet Stanford graduate kids, you don't even know if they have a driving license, but they are all there. They've been told, everybody has been giving them lots of money, hundreds of millions of dollars that they've spent in order to find the Holy Grail.

So what is the technology that we allow to do point-of-care testing in 15 minutes to go behind the glucose, behind what I showed you before and truly allow decentralization? And sooner or later it's going to happen. So for DiaSorin you're going to see it later in terms of how do we deploy our cash, certainly this is an area of interest. We want to find a technology that will allow us to follow the trend of decentralization and point-of-care testing.

Now let's talk about…so we talk about decentralization and consolidation, how do we follow it? Let's understand about Value Based Care, so what do we do about Value Based Care and it means also what does DiaSorin do with being…with it being a specialist.

And this is I think the most important slide of this presentation, which…this shows that there is a DiaSorin of today. And the DiaSorin of today is the very successful company we have today. Unique in terms of margins, unique in terms of positioning of the products that will continue, and will continue for a long-time and will continue to develop specialty products and I'll show you what we intend to do. But there is also a new DiaSorin that we want to create. We really started to create this concept following the great success of QIAGEN with TB. What really sparked our interest was that example and I will talk about it.

So again, two trajectories, the existing trajectory that we will continue to fortify [ph] and the new trajectory. So what's the existing trajectory? This existing trajectory for whoever that's already invested in DiaSorin,

there are many of you with us today and interestingly enough a lot of investors have been for DiaSorin for over 5 years. This is DiaSorin, you know, and this is the DiaSorin that has been successful. So we'll continue to be a specialist. This is what I showed you 3 years ago and we said, now we have 120 products under LIASON and we are buckets, we have me-too's, what as the Chairman said, everybody has it, but you need to have it because financially to make a placement of a system you also need these products. And then we have specialties, high-volume specialties, differentiated specialties, and innovative specialties. This is how we now look at our product portfolio.

Now what did we do in the last 3 years? We actually spent more time developing the differentiated specialties. So we had 24 in 2016 and we have 32 today. So the DiaSorin way will continue to develop this business and this is just an example of products that either have been just released on the market like elastase or calprotectin just approved in the U.S. or we'll be actually approved within the next 3 years.

And when it comes to focus in molecular, we do exactly the same. We do focus and we transform focusing into a DiaSorin molecular strategy being a specialist.

And we are developing products, niche products, interesting products that other people don't do, but we can do as a combination of the very nice technology we bought from 3M and Quest, and the ability of our research centers in California and in Italy, near Milan, to develop new products. So this again is a specialty strategy.

But now there is the new DiaSorin and a new DiaSorin is a DiaSorin that has decided to identify certain areas where Value Based Care is applicable for us. There are many areas where Value Based Care is applicable.

If you listen to some of the players in oncology, they're going to tell you that they're going to do…they're doing this in oncology. But we are not an oncology company; we are a company that has a tradition in infectious disease and in gastrointestinal infections.

And so we decided that we're going to stick to Value Based Care, and our genes, our genes again are in these 2 areas. And we have identified Lyme disease, Calprotectin, H.pylori stool antigen as examples with latent tuberculosis as examples where we want to play.

I used the example of latent tuberculosis with QIAGEN because latent tuberculosis, the product that QIAGEN has developed and to their own, I think it's a public information…it is a public information. They're going to get to €300 million of revenues by 2020. I think they closed last year at €200 million. These products did not exist 20 years ago. Latent tuberculosis was done through a skin test. And by the way, it's interesting, a couple of days ago, the CDC issued an alert saying that there is not enough antigen to do skin testing any longer, so there's going be a worldwide backorder of skin testing for the next 6 months.

Now QIAGEN developed a different concept, T cell response to TB and I'm now going to get into details. But what happened? It happened that they went out and explains to the physicians and explains to the insurance and explains to the hospitals that you can pay a $1.50 for a skin test, but you don't get…you get nothing out of it, you get false positives. You get the fact that if all your doctors in the hospitals and nurses have to be tested regularly for TB, if you get a false positive in it's a surgeon, the first thing you have to do is take him out and then do the testing to understand if truly it's latent TB is not to be, there's a lot of cost. And QIAGEN were

able to say and get the reimbursement for an essay that today is sold over €30, €40 and reimbursed in the U.S. close to $150, right.

There's a clear…it took time, it took a lot of work, but eventually they made it, Value Based Care, they've convinced the industry and the hospital and the physician that it makes more sense to spend more because you save money. And we were very fortunate because they made us part of that algorithm to an alliance that you know it's public, it's known and we signed 2 years ago and we are very excited with this because we launched the product in Europe last year and in the U.S. it should be approved in the next 2, 3 weeks.

Now, let's look at our initiatives. The 3 initiatives I want to talk about, Lyme disease, calprotectin, and H pylori antigen testing. Now, the first thing you need to notice is that these are very complex programs, so we intend to use partnerships. Lyme disease, we just issued a press release, we're going to do it with QIAGEN and I'll show you what it is. H pylori stool antigen, we're doing it with Meridian. And then we're going to do by our self calprotectin. Calprotectin and H. pylori go exactly to the same physician, he is the gastroenterologist.

Now let's talk about Lyme disease. I'm not going to go too much into the details. But Lyme disease is a concern, it's a regional disease. It's very well spread in the U.S. and in Central Europe, Germany, Austria, Slovenia, and when it comes to Italy, it's close to the Alps, the Northeast. And it's a very nasty disease because it's very difficult to diagnose. We own today 50% of the existing market share for Lyme disease, it gets through a tick, so you get hit by a tick, and if the tick carries the bacteria you get infected.

Today we sell a product, which is a good product, measures IgG and IgM against the disease, against the bacteria, but we miss 60% of the positives. And so there has been meetings, emergency meetings called by the CDC, the FDA, the NIH, the patient in the U.S. There is a Borreliosis Patient Organization, which is extremely powerful. That said, we need better diagnostic tooling, because otherwise we will miss half of the positives.

And this is what we are trying to do with QIAGEN. We developed QuantiFERON test, so that measure T-cell response against the bacteria. We are doing clinical study as we speak in Germany and in Italy. And we believe we're going to bring this to the market next year or the following year, depending…it's a seasonal disease, so it depends how many patients we can enroll in a clinical study.

What's the opportunity? It's vast. The opportunity now is the following: There are 35,000 cases in Europe confirmed and 30,000 cases in the U.S. But to the CDC admission, there are 300,000 real cases because 90% are missed. And today we know because again, we play in this market with a product that is good, but not good enough, there are almost 20 million tests done annually between U.S. and Europe. Now if you do the math, and you think about the QuantiFERON TB experience and pricing in that range, you're talking about a market between €400 million and €600 million, so it's a significant market that you can attack.

Let's look at the second example. The second example is to do with the GI, it's not an infection, it's a real issue, and it's a concern today, because of stressed conditions and autoimmune and inflammatory situations. Lots of people more and more in our society develop this disease. And it is very complicated because you need to…the physician has to diagnose whether it is just an inflammatory bowel disease. If it is inflammatory

bowel disease, or is something more benign, how do they do it? They do it with colonoscopy.

Now, what's the problem with colonoscopy? It's very expensive and it's painful. Now, you could do actually without colonoscopy, because there is a test that you can do install that we sell. Today, we have it approved in Europe and just got approved in the U.S., that would allow with a very simple test to understand where to differentiate between a relatively benign situation or a severe inflammation. But today, only 10% of the patients have tested with this product, 90% are still doing colonoscopy.

Now once you're diagnosed, then you are treated and you are treated with steroids and very expensive biological drugs. And now we need to follow-up the treatment. How do they do it? Colonoscopy. How could you do it? You can do it again with a simple stool test. And today, only 2% of the patients are followed with a stool antigen test. Everything else is colonoscopy.

Last but not least, now you've been treated, you have no symptoms. But unfortunately, 20% of the patient have gone on to flare up and redevelop and develop the inflammation. How is it tested, through a colonoscopy? 98% of the cases. How could you do it? You can actually monitor it simply with a stool test. So that's another example of a situation where you need to gather clinical evidence, relatively easy economic data and then you need to go to the gastroenterologist and then you need to go to the insurers and get them convinced that they should adopt this verses the colonoscopy, it's a different ballgame. But if you do it the market is $200 million to $300 million. Okay, so again, a sizable market.

Last but not least, is the Helicobacter pylori infection. This is a tricky situation because again, every time a lot of people suffer from reflux, I

suffered from reflux myself and the first thing that they do when you go in, then they check whether you have Helicobacter pylori infection or not, it's very tricky to understand if you have it, because if you have it and you don't eradicate the bacteria, it continues to replicate. And then eventually you get stomach cancer many years later, right?

The treatment once it's done, once it is…the bacteria is identified it's relatively simple, it's antibiotic. However, guess what, continuous use of antibiotic has done…has forced the bacteria to change, mutate. So now 20% of the patients are resistance…are resistant to the treatment. And it's a problem because you get the treatment, you think you're done and over with but you're not done and over with. The bacteria is still there replicating. So how is it done today?

Today 70% of Helicobacter testing is done through urea breath test, it's a simple procedure, you drink some radioactive carbon and then it get taken up by the bacteria and then it is actually…you breathe it out as radioactive CO2. And then, this radioactive CO2 is taken into a small bag and sent to a lab where they do a test, right. 70% of Helicobacter testing today is done this way. You go to LabCorp and Quest; you find every night like 3 meters worth of these bags that they collect throughout the U.S. and they ship throughout the U.S. to do this test. What is the problem? You can be positive, fantastic, but then you don't have the bacteria there. And so, you cannot tell whether you are a positive but then the bacteria is resistant or not to the clarithromycin antibiotic, you can do it much simpler. You can do it with an antigen test that we sell, that we have. If you're positive from the stool, we can take the bacteria into a molecular test and understand whether this bacteria, it is or it is not of the species which is resistant to the clarithromycin. So we can go back to the doctor and say "Hey, not only your patient is positive, but also is resistant to clarithromycin."

What's the market? You do the math; the market is worth $400 million if everybody moves, and I'm just talking about U.S. and Europe because then this is a big issue in China as well. You just move…you move to this algorithm from the previous one, the potential is $400 million. So we selected areas as QIAGEN did 10 years ago, where if you make it, you make it big, but certainly there is complexity. The complexity is the education part and investment part.

So now that we understand what we do for consolidation, decentralization and what we do for Value Based Care. Let's try to understand how this plays into geographies, because lots of investors and analysts are used to look at DiaSorin, what do you do in the U.S., what do you in China, what do you do in Europe.

Let's start from the…my favorite one, what do we do in the U.S.? And the U.S., is not my favorite one because for any specific reason but is my favorite one because the US represent by itself 40% of the worldwide diagnostic market. So 5% of the population in the world is consuming 40% of the diagnostic products. Now, in the U.S., we sell to the commercial laps. As you know, the vast majority of our revenues we have in the U.S., are roughly $200 million of business are with big labs, small labs, relatively small privately labs, but we have never been able to really penetrate the hospital market, right very successful Quest, LabCorp and all the big labs and also successful with the hospitals.

So what do we want to do? We want to actually and we develop the LIAISON XS and we develop specialties. We will now expand our business into the physician office labs and the hospital network. How do we do this? Well, we will certainly continue to sell to the commercial labs, no problem, and we have new products, we continue to sell specialties there. We have this alliance with Beckman, where Beckman is

going to take hepatitis and HIV and bring it to the big labs. So this side of the business is well covered and well planned. But, then we said, we are going to go to the Physician Office Labs. In the U.S., there are over 100,000 Physician Office Labs, 20 some thousand of this Physician Office Labs are big enough that they are CLIA-certified. CLIA-certified means that they can actually perform complex procedures like using on XL or an XS.

Of this 20,000 we ask a consultant to map, how many would fit for LIAISON XS, how many have the size of LIAISON XS. And the number is over 2,000. So over 2,000 labs in the U.S., today we don't serve in the POL have the size for a LIAISON XS. So we developed LIAISON XS for this who followed…if you follow DiaSorin, we already talked about this five years ago. But now it's the time because the instrument has been launched. And we are going to pursue this side of the market as a combination of adding certainly footprint, so more commercial paper, but also using the distribution that's largely available in the US.

The good thing about this market is that is completely neglected by the big companies. And so, you walk in some of these labs and you find very old pieces of equipment, right, and we are coming with the brand new system which has been designed for this market. And then, we have the hospital market. The hospital market is very interesting, we mapped today 1,100 hospitals in the U.S., that today are doing QuantiFERON-TB, they are doing GI, gastroenteric testing and they are doing PCT, which are the S05 Assays [ph], that today are unique in the DiaSorin catalogue certainly TB is very unique. And all these labs, and all these hospitals are doing this…this testing.

And so, the idea is now that we have the product approved and the last one to be approved is the TB which again is coming in few weeks. Then we

are going to be able to unleash the program where we are going to go and hit on this 1,100 hospitals in the U.S., certainly it requires more footprint. Certainly, it requires to add more commercial people, but by the same token we know by name all the accounts that today QIAGEN is serving with TB. And through this alliance with QIAGEN it is a common interest to go and hit this market with our products, okay. So, this is how we intend to reach the hospital market in the next four years.

Let's talk about Europe, Europe it's relatively simple we have an…Europe we have a footprint which is certainly very different from the U.S., we are very well entrenched. We have over 4,000 system installed between LIAISON and LIAISON XL in the…in all the main markets and all the main customers. So what do we need to do in Europe? We need to sell to the existing customer base and then we need to continue to covert business from ELISA and to our chemiluminescence.

When it comes to the existing customer base, again we are developing new products is the existing DiaSorin, developing new products, new specialties and we continue to fuel the customer base with these new products and the LIAISON XS that will allow us to also hit on the mid-size segment. Same thing with Molecular, Focus was our U.S., based company now, we took that business and we brought it to Europe. And using our relationship with the hospital market in Europe and we are placing systems in Europe as well.

The conversion from ELISA, it has to do with two programs that we discussed already many times, the Siemens conversion and the conversion from QIAGEN TB user from ELISA to the U.S., to the LIAISON and LIAISON XS. So this strategy, as far as, Europe is concerned, is the DiaSorin…the usual DiaSorin strategy nothing new about this.

Let's talk about China, China is the market…is Class III, Class II hospital again we discussed this many times. And where is DiaSorin? DiaSorin today is 70% of our business which is growing 15% per year is in Class III, we are very well in entrenched, there are over 2,000 hospital in Class III that we continue to serve, what we noticed recently is that this market is getting saturated. So only 2% to 3% gross per year in volume.

And so, what we have to do here, certainly we need to continue to sell more products to the installed based, we have almost a 1,000 systems installed in China a lot of it in this account. So continue to register new products and bring new products to China. But by the same talk and what we started to do we started to attack the Class II, and the Class II is a different beast. Class II you have almost 8,000 hospitals.

And since a couple of years ago we redirected our effort to bring together a commercial structure that allow us to hit on the Class II, we changed distributors very successfully. And the beauty about this market is that the Chinese government to de-saturate Class III is pushing patients into Class II. And so, the growth in volume in this segment is over 10%, and was very interesting about this hospital strategy is starting from 2020, we are going to have with QIAGEN, now the QuantiFERON approved in China as well, that certainly is a product that goes into, because tuberculosis is a health concern in China, goes into the hospital market and is decentralized from Class III to Class II. So it follows our strategy of bringing new products to Class II hospitals.

Last but not least, I think that I can summarize this slide saying we got the memo loud and clear. So the government has initiated a program in China, whereby by 2025 they want to have a high percentage…high percentage of products used by doctors and hospitals which are made in China. And, you know, we play in China through a joint venture with

Chinese government and there has been a strong indication to find a way to bring some of the manufacturing technology to China which is something were in process to do.

We are going to be announcing soon the fact that we found a partner through the government and we are going to set up a manufacturing site in China to start serving directly from China the local market. This is very important is not manufacturing site that will make specialties is a manufacturing site that we make me-too products that currently are used in very high volume in the Chinese market, mainly for Oncology and thyroid disorders and fertility. So all the specialty, all these technologies will continue to stay in Europe and in the U.S., and we are going to move to China the mainstream products.

Okay, so let's talk about the guidance. What do we plan to do? We said we will continue…we feel comfortable that is a combination of all I said before we will continue to sustain growth of the top line between mid to high single-digits. We continue to feel comfortable with the fact that we will preserve the EBITDA margin, and today we have an EBITDA margin which is north of 38%, I don't recall any diagnostic player with that EBITDA margin.

And we feel comfortable with the fact that notwithstanding price pressure, notwithstanding the fact the reimbursement is getting…is getting cheaper, notwithstanding the OPEX, so the expenses…additional expenses that we need to incur for some of these programs, we believe that we are going to be able to maintain the profitability. And that translates into a generation in the '19, '22 time frame of over €700 million of free cash flow, and as the Chairman said, there is a commitment to continue to look at the market and see if there are assets that, as we discussed, about point of care

molecular diagnostic or with disrupting technology and/or for the Value Based Care programs that can help us out to speed up these programs.

Okay, so what are the main takeaways. The main takeaways, as I said is that there is phenomenal DiaSorin that continues the business model is the proven one, the one that we have delivered for 19 years today and we will continue to be perceived as a specialty supplier, but Value Based Care in some of these initiatives are going to kick-in and what's very interesting is that when you meet a lot of our customers today, we met a thousand of those 3 weeks ago. We met in Torino and we announced this strategy and many came back and said this is exactly what DiaSorin should do because the day DiaSorin becomes a mini Roche, we are going to go to Roche and that would be the big mistake.

So we see that being a specialty supplier means get early into these Value Based Care initiatives and continue to be in the head of our customers as the ones that bring innovation and innovative products. Thank you.

Now, I believe we are going to take questions and again there are lots of people connected through the web, so questions are coming through the web as well.

Q&A

COMPANY REPRESENTATIVE: Okay. We are going to read these live questions for you. Could you please give us more color on Value Based Care strategy?

CARLO ROSA: Okay. I spent an hour on this. I don't know what I can say more about Value Based Care if not the concept that it is a new challenge. It requires new talent. As we did when we brought in Molecular Diagnostic product which was far away from what we did in the past with immunoassay, we

will need to create a dedicated team of people that is going to be focused in developing some of this concept and one concept that I want to make sure is clear to everybody, this has nothing to do to with R&D.

R&D in this side is simple. We already have all these products because we invested in the product development of these products in the last 5 years. The problem now is running clinical studies and then go and work in developing guidelines and working with physicians, so that is what I believe is the challenge for DiaSorin with Value Based Care.

COMPANY REPRESENTATIVE: Awaiting for more questions. Your M&A strategy and POC solutions.

CARLO ROSA: POC Solutions, yes…yes, as we said before, today there are platforms out there for point-of-care molecular diagnostic. Undeniably, Roche has a successful platform. Other companies have successful platform but there is a caveat. If you want to go behind what's today testing market, you need to go from 30 minutes which is what takes on average to run a molecular test to 15 because what is very clear is that only if you have a result in 15 minutes you are going to be able to attract patients to do testing outside the usual circle of structures. And therefore, what we are looking for, again we are not the only one, what's the industry looking for is a breakthrough that allows to bring molecular from 30 to 15. And I said San Francisco for me was very educational because there are lots of different ways to try to tackle the program but there are few that I believe have cracked the formula. And so the ability of DiaSorin in this case to find the right partner and possibly acquire the technology that has cracked the formula.

COMPANY REPRESENTATIVE: Okay.

CARLO ROSA: And there are questions in the room.

ANDREA BALLONI: Good afternoon. Thanks for taking my question. Balloni from Mediobanca. My first one is about LIAISON XS. Following your recent presentation, if you can help us modeling this new business, you usually have installed around 500 new equipments per year. If you can give us an idea about which would be the penetration for LIAISON XS in term of number of equipments and which could be the dilution in terms of average pricing per machine installed, that I would assume being lower compared to the average of a group.

And my second question is about capital allocation. You have distributed a pretty material dividend last year without any new M&A. What should we expect over the next 4 years assuming no deal, no M&A and no acquisition? And my very last question is about EBITDA margin. You have guided a level of around 38% in line with last year which is not including IFRS 16 I guess, so should we model assuming around 100% basis point as guided during the last conference call? Thank you.

CARLO ROSA: Okay. So you will get me in trouble. There is the concept. So let me start from the first one which is the LIAISON XS. Clearly, I cannot provide you with a number because we decided not to do it, but I think that traditionally this company has been able to place from 500 to over 600 systems, okay. So I believe that the LIAISON XS because…and we never push for more installations by the way, because we saw that it was an optimal number and we had surreal discussions with some of the analysts saying why don't you put more. We don't put more because then there is situation where you have a cost structure that all of sudden becomes not optimum. So 500 to 600 has always been very good for DiaSorin. Now, if you will install more without hiring engineers which is an expensive bunch of people, especially in the U.S, you have to make the system more

solid, right, which is exactly what we did with LIAISON XS. LIAISON XS has been designed to have no more than 2 service calls per year, okay. So I believe that overall this would allow us to increase our rate of placements overall by roughly 20%. The allocation of it I leave it to your imagination.

Now, let's talk about revenues per box. We I think stopped giving revenues per box long time ago because it became a nightmare. The analysts were doing calculations that have nothing to do with the reality of business, but just as an indication as we discussed before, I think that LIAISON XS has been designed to be installed with revenues that are 50% of the what the XL is doing, so half, okay. So again in your model, you put the box…you put…but I strongly recommend not to model the business any longer with installed base because the dynamic is too complicated. You have a cannibalization of LIAISON. You have add-on because now you have an install base of 8,000 systems. You develop new products. You sell on the installed base. If you simply go by calculating number of systems times revenue per box, it becomes science fiction, okay.

The last…then you have a question on what happens if we don't do…don't make an acquisition. I think we become a bank and there is nothing more I can say. You know we have a dividend policy, the dividend policy allocate a certain percentage of the cash generated to a regular dividend and then it's the Board of Director that makes any recommendation in terms of extraordinary dividend. Sorry, remind me the last question was about EBITDA. Can you take it?

COMPANY REPRESENTATIVE: IFRS 16, yes. IFRS 16 is including the guidance, for us it is not very material. 50 to 70 basis points [inaudible] we close the 2018 with a 38.2% of EBITDA over revenues, what the guidance is basically telling

you is that we confirm we will be in the range of 38%, 39%, it depends on you know, how the revenues will behave, but eventually I believe what is very important to remember is that in the meantime we will be able to fuel and to sustain the investments, at the base of the Value Based Care initiatives. We will have to deal with some more price pressure and especially in Vitamin D, and on top of that we will have to expense in our P&L royalties coming with the latent tuberculosis sales. So all-in-all, I believe maintaining an EBITDA margin between 38% and 39% considering all the initiatives that we have discussed is…it is a very good EBITDA margin.

MASSIMO VECCHIO: Good afternoon to everybody. Massimo Vecchio from UBI. You correctly said Value Based Care it's…seems to me that you will have to interact with [inaudible] say in a different manner. So the question is, do you plan to do it by yourself or you will look for co-operations. And if yes, in which areas, I am thinking in particular about physicians education which is a challenge by itself. Some of your competitors are pharmaceutical companies so they will probably have better access, so I would like to understand how you will tackle these transformation?

CARLO ROSA: Okay, so the question is, how do we plan to do the…carry on the Value Based Care initiatives? If you notice, we have…the Lyme initiative is with QIAGEN. And so, combination of the 2 companies and QIAGEN has developed sales force which has been hitting on the infectious disease specialist to develop the TB, okay. So the idea is that we are going to put together channels that allows…is a combination of us to reach the infectious disease specialist. Keep in mind that the Lyme disease is a great opportunity but is also geographically a very well located so in the U.S., in Central Europe and so forth. But the answer is we are going to do with QIAGEN.

When it comes to GI, the other two programs, they both go to the same doctors is the GI specialist. And the gastroenterologist, we have chosen this clinical area because we have been playing there for many years. We are under clinical studies with the gastroenterologist, but the gastroenterologist have a very strong scientific society. And one of the ways that you actually disseminate the practice or the use of the test is first through guidelines that the scientific society has to put together right, so we selected an area where there is strong leadership. There are other disciplines in medicine that are very difficult because you have gazillion societies saying all and more right.

So in this specific case, it is simpler to access physicians and the right guidelines because of this characteristics. And certainly GI is an area where we need to invest, and when I was saying…answering to the questions, so where…how about the M&A. In my opinion, M&A today has to go into 2 areas, one is technological point-of-care, but the other one certainly is in the GI, because we need to find an asset that is giving us access to that and more let me say exposure to that segment of the business.

So combination of alliance with Meridian in the U.S., was very…was working very well…is working very well, and possibly some M&A in that area. That's the answer.

MASSIMO VECCHIO: Follow up, do you plan also to go to insurances or did QIAGEN went to speak to insurances?

CARLO ROSA: You have to…you have to go to the insurances. For these products that we have today the reimbursement is already set also in the U.S. So calprotectin there is reimbursement in the U.S., for example, the H.Pylori, its already reimbursed. So you don't need to go and get a code. But you

need to go and convince the insurance to reimburse because the fact that there is a code doesn't mean that they are reimbursed. Today, calprotectin in the U.S., 50% of the testing that today is done in the U.S., is not reimbursed by the physician is paid by the insurance, is paid directly by the patient. Okay, so you have the code, you have the reimbursement, you need to go and sell your diagnostic algorithm to the insurance.

MASSIMO VECCHIO: Thank you very much.

LUIGI DE BELLIS: Good afternoon, Luigi de Bellis from Equita. The first question is on the QuantiFERON-TB. Can you give us more details about the economic suspected for the TB and the risk of competitions? And the second question, generally speaking, you are looking at your partnership with QIAGEN and new pipeline, do you expect overall pricing pressure for the group to decline going forward and compared to the previous plan? And if you can elaborate between pricing pressure expected for Vitamin D and ex-Vitamin D? The third question is on the Value Based Care, what is your expected market share for the Lyme test considering your global view on this market. Thank you.

CARLO ROSA: Okay, so, the first….

LUIGI DE BELLIS: First one, tuberculosis economics in the plan.

CARLO ROSA: Okay. I cannot give you the economics, otherwise, you know, I would give you the casual numbers. But I would…what I would say is that look at the margins in the last quarter or so, is not dilutive. So what I can tell you is that the way we are splitting profit between us and QIAGEN does not dilute current DiaSorin profitability. Okay, fair enough. I cannot give you more details on that, inclusive of all royalties, by the way, so the net

without including royalties is not margin dilutive for us at the EBITDA level.

LUIGI DE BELLIS: On the risk of competition for business?

CARLO ROSA: On the risk of competition, look QIAGEN and DiaSorin we always…both of us, the first time we met, we look at each other and they said Vitamin D and we said HPV, so we had exactly the same problem, the one-trick pony that eventually was taken by competition. So we learned the lesson. And this is why we want to build a franchise on TB. So it's not QuantiFERON TB, its QuantiFERON TB Lyme and there is a pipeline of products that we want to develop. So customers are going to be hooked up to use the platform on the DiaSorin platform for many different applications. And this is why Lyme became so relevant for both of us to develop launch and get customers hooked in the….is a franchise. But competition will come for TB in my opinion there is going to be competition, there is going to be price effect. It is in the…in a way business is conducted. I think it's going to take some years though; it is not going to come tomorrow because it's very complex as we said before QIAGEN has done a very good job in branding actually the test directly with the physician.

And we have seen examples in the past, where for example in allergy, Phadia was always able to keep everybody out because eventually they sold their products directly to the physician and not to the lab. So in this case, yes, competition will come, are we too much concerned, not really to be honest with you. And the second question was?

LUIGI DE BELLIS: Pricing pressure, if it's different compared to the previous plan. And if you quantify pricing pressure expected in the plan?

CARLO ROSA: Look, we have, I think we said it's an information we have discussed already that we have price pressure equivalent to 1% of revenues, okay? So €6 million, €7 million per year. And that's all in, that's all in including Vitamin D and everything else. The reason why we then…but why you don't see it on the margin is a combination of 2 things. One is you continue to develop specialty high margin. So you have a mixed effect toward margins, not really geography because if you…this plan, actually at the end of the plan, you're going to have a fairly balanced situation between Europe, U.S., so the geographical split does not necessarily help you out, it's more the mix.

And then last but not least is what we call operational efficiencies, which today are in place. We started 4 years ago with [indiscernible] and they are in place in Europe and now we are extending those in the U.S., so combination of mix and inefficiencies actually take care of the price pressure. Third question?

LUIGI DE BELLIS: Lyme test market share?

CARLO ROSA: Next.

LUIGI DE BELLIS: Thank you.

CARLO ROSA: Thank you

COMPANY REPRESENTATIVE: We have other questions over here. So why does your plan assume light revenues from your Value Based Care portfolio when Calprotectin and H. pylori is already approved in the U.S. and Lyme could be on the U.S. market in the first half of 2021?

CARLO ROSA: Okay. Exactly for better reason…exactly for that reason because Lyme is going to be on the market in 2021 and therefore you only ever one-year, which is 2022. So the effect on the plan is relatively small. The Calprotectin and everything else is…today is a sole product. They are in our numbers today. What we believe is that it's going to take time to switch from the traditional use to the use in Value Based Care. And this is why, we believe that for the next 2 or 3 years, we will certainly enjoy the growth of the sale of these products, but we're not going to fully enjoy the potential because we are going to be spending money to create the market.

COMPANY REPRESENTATIVE: Well, you have a high track record in taking a conservative approach in your acquisition strategy. Would you be willing to be a bit more aggressive with regards to point-of care?

CARLO ROSA: I don't know to define conservative, conservative means that we always look at the return of the investment and we have done so very efficiently over the last few years. So we never bring to the attention of the board any acquisition that would break the piggy bank. And I see that is very healthy for the organization. I will not be available to pay crazy prices and multiple for just a technology because I believe it's…there are many example of situations where that has failed miserably. I think that there is a way to buy wisely. But then the problem is not necessarily how much you pay for, it's how much…how many resources you're going to dedicate to then grow the business and…but that's an internal story, it's more people more talented men and women that that work on the project, and we have the financial resources to do it. So I think that the answer is we're going to pay the right price for the technology. We're not going to do anything crazy, but we're going to invest internally whatever is necessary, then to take that technology and bring it to the market.

COMPANY REPRESENTATIVE: Regarding future and/or potential acquisitions, mainly about point-of-care technology, are you looking to startups or looking at already well-established companies? Or no matter the company profile for potential acquisition, but how it fits in with the medium long-term plan?

CARLO ROSA: I don't believe that today there are established companies that have that kind of technology that we are talking about. There are companies that have a technology that allows point-of-care in 30 minutes, but nothing that allows a point-of-care molecular testing within the 10, 15 minutes that will be the breakthrough. So by definition, you're buying a startup. So the answer is we're looking at buying startups and technology and then develop it internally as a product.

COMPANY REPRESENTATIVE: Thank you.

COMPANY REPRESENTATIVE: Could you please elaborate a little bit, why you think this breakthrough coming down to that amount of minutes is changing the behavior of the patients or the consumers? What is the critical time frame? Why do you narrow down to that specific amount of minutes?

CARLO ROSA: Because there is a difference. Today, as said, the decentralization has happened has been very successful when you are able to bring the test to the end-user, right? So pregnancy testing, glucose monitoring, a few examples where you went all the way through. For professional use, minutes for a cardiac test. Patient gets admitted; you want…you want the answer right there. I think that when it comes to, again molecular and infectious diseases, you're going to be very successful in decentralizing and break the habit, if you can have a combination of 2 things, test there, and then prescription and then treatment, right. And you can actually even in geographies like the U.S. where for a prescription, you can have now a doctor on the web, right? The new concept it's going to be because you

cannot have an antibiotic right there. You need to have somebody to prescribe it.

So there are services today where the doc is web-based. The problem is, he doesn't have the result. He or she doesn't have the test result. So think about the future where for again, certain diseases…I'm not saying everything is migrating into point-of-care. But for certain applications, like flu testing, respiratory, you can go there, you can go decentralize to Walgreen or a pharmacy over here. Get tested in 15…you stay there 15 minutes. There are studies saying no more than 15, otherwise people just don't stay, right? In 15 minutes, you have the result, if the result is…whatever the result is then transmitted real time to the doctor, the doctor sees it validates, and you get your prescription there is the break through. Think about it. There is a beautiful example which is…if you read the book Bad Blood, Bad Blood is the story of the biggest scam in the U.S., history in our industry. But that tells you how fatally attracted to that concept the society is, right, because everybody is sick and tired or having to go to an hospital for a minor disease, right. What…the big lie there was a drop of blood, I do it all, that's impossible. So you need to be selective and identify for which diseases that can happen, and today its infection diseases, right. So infectious disease 15 minutes treatment home is going to work.

COMPANY REPRESENTATIVE: I have another question live, what assumptions are you making with respect to Vitamin D, and contract negotiations with Sonic and Quest over three years?

CARLO ROSA: The contract with Sonic or Quest are still valid until December of 2019, and then there are formulas for renewal. I cannot actually make a specific reference to these contracts because they are under negotiations, so whatever I say is going to be used against the company. But, let me say

that, as far as, Vitamin D is concerned we believe that there is going to be a continuous trend in the next 4 years to decline. And again, I think as we have discussed few times with analysts you can take the historical trend, don't take one year because one good year, one bad year don't necessarily represent the truth, they can take the historical trend that we always comment in our financial results and use that trend for the next four years.

COMPANY REPRESENTATIVE: Thank you.

BRUNO PERMUTTI: Good afternoon. Bruno Permutti from Banca IMI. A question related to the CAPEX, you factor in your plan related to the Value Based Care project. So…and also on the OPEX, if you believe that you will see something already in the 2019 and 2022 period or so you have to build up your structure for the future and how much OPEX you have factor in the plan for these? And the last one is on the possible cannibalization with the existing sales if there could be some or if it is something completely new in terms of volumes?

COMPANY REPRESENTATIVE I will take the CAPEX and the OPEX one. So in terms of OPEX, our plan is not assuming any material OPEX operating level actually. So in spite of the growth of revenues mid to high single-digit we are not assuming a material reduction of OPEX as a percentage of revenues, specifically because we need to sustain the Value Based Care project Carlo was discussing about. And that's why again I believe the EBITDA margin around the 38%-39% is a very good healthy EBITDA margin.

In terms of CAPEX, the CAPEX extension [ph] is pretty consistent, we are forecasting to have anything between €60 million and €75 million CAPEX per year over the period of the plan including also the initiatives that Carlo described in China. I am talking about setting up a local

manufacturing facility with a local partner and I don't remember if you had a last question or if that was it.

BRUNO PERMUTTI: Was only related to the possible cannibalization with existing sales from the setting up of and the launch of the new products related to the Value Based Care initiative.

COMPANY REPRESENTATIVE: No, there is no cannibalization because it's a different use or more usage of the current products, so there is no cannibalization.

BRUNO PERMUTTI: Thank you.

COMPANY REPRESENTATIVE: What is the guidance for the next 10 years, not 3 years but really 10? Where you do you see the company in the very long term?

CARLO ROSA: The revenue?

COMPANY REPRESENTATIVE: The guidance for the next 10 years.

CARLO ROSA: Okay. Well, the next 10 years, I hope I see myself alive but in the next…the guidance to me is simple. We will continue to be a specialist and we cannot make the mistake of becoming a generalist because once you step into the generalist field, you are dead because then you face immediately the issue of size, €11 billion of Roche versus €700 million DiaSorin, and so whatever we do we are going to continue to work and develop technologies and products that keep us very far away from the path of the very large companies. And what is interesting about this is that the initiatives that we have announced today, the Value Based Care which is an initiative for this product that will take time to develop and get to fruition and the strategy of disrupting technology following the disrupting technology for molecular in certain areas, fundamentally are laying the

fundamentals of what the company is going to be in the next 10 years. And so I wish that this company 10 years from now is going to be pretty much the same company it is today, bigger certainly because there is growth through acquisition and organic growth, but still a specialist focused on specialty products and then following these trends that we talk about because I am strong believer that decentralization will happen, it's a matter of luck and the technology. Anymore?

COMPANY REPRESENTATIVE: We have another one. What do you see the critical success factors for achieving DiaSorin's goals, the old and the new ones?

CARLO ROSA: In my opinion, the critical factor has to do with the people because you do strategy once every 10 years and then the problem as we always discussed with Chen and with Mr. Denegri is the implementation of the strategy. And so it's certainly true that we have talented people that help the company to develop where we are today, but we will need to make…we have to bring to the company talent in areas where we don't have or talents in areas that don't exist today. And this is why I am saying when we came to the understanding that point-of-care and decentralization is important, we decided that that cannot be developed internally but we need to acquire talent and technology from the outside. But again, I think now that the course is set, now the challenge is let's find the people that will help us out to develop this new DiaSorin.

COMPANY REPRESENTATIVE: Okay.

CARLO ROSA: That's it?

COMPANY REPRESENTATIVE: Yes.

CARLO ROSA: Okay. Thank you.