MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining DiaSorin's Fourth Quarter 2010 Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. [Operator Instructions]

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

Carlo Rosa, Chief Executive Officer

Yes, thank you, operator. Good morning and welcome to the quarter four conference call for DiaSorin. I will give a usual introduction and then Andrea Senaldi, the Group Chief Financial Officer, will guide you through the numbers for quarter four.

Let me start first with a few comments on revenues and the LIAISON placements. Like-for-like, the business has grown over 20% compared to quarter four of 2009 and all geographies are the contributors to the performance of the group. If we start from Europe, the growth has been almost 13%, which is still a growth compared to what other competitors did in 2010, in Europe.

In other countries, we have seen a very strong push of LIAISON placements, driven by two things; on one side, the continued success of LIAISON as an instrument for midsize hospitals with a very rich infectious disease menu; on the other side, we have filled certain gaps that have been left by Roche after the withdrawal of their Vitamin-D product and we were able to capture a certain amount of customers with Vitamin D along with other assays that we provide in the bone and mineral sector.

Latin America, a growth of 56.5%, with a very strong contribution coming both from the LIAISON strategy in this area, which is working very well, especially in Brazil where we were awarded a very large tender for hospitals with LIAISON; as well as the fact that as we have commented in the previous calls, we were finally awarded our very large LIAISON tender in Brazil that we started shipping in quarter three and in quarter four, and now we see the contribution of that.

At the same time in Latin America, in certain other geographies where we operate through distribution – a critical mass which have been – which has reached with the approval of LIAISONs as well as ELISA, as they created a very positive momentum on the LIAISON placements throughout all South America.

Asia Pacific, 60% growth over the last year, mainly driven by China and Australia. In China, we are close now to 250 LIAISONs installed. Again, as I said before, the LIAISON is a perfect system for China where built into those new hospitals have been built and are built by continuously every year. The LIAISON, which was earlier designed as a system to hit that market clearly is providing a very positive answer to the requests that we received from distributors in the area.

In Australia, the business also is trailing along with expectations. We have opened our subsidiary in middle 2010. We have secured all the major accounts. You have seen in the last months, we have press release the fact that we've signed an agreement with Sonic, which is one of the rising stars in the laboratory business. They are based in Australia and they are acquiring labs throughout the world, including Europe, and we have signed with them a long-term agreement that covers several products, including our Vitamin D. And clearly this is putting the company in a position to be able to fend off attacks from competition, and now resurfacing on Vitamin D with Siemens and Abbott having their latest approvals in March.

North America, like-for-like at comparable ForEx, the growth was over 23%, which again is driven by a strong growth of the LIAISON installed base and a continuous demand for Vitamin D and infectious disease products. We are continuing to work to extend contracts with all the major U.S. customers. We have secured over 75% of the business, including our largest customer in the U.S. where we have recently signed an agreement to secure the business for the next 25 years.

In quarter four, we achieved a record placement of LIAISON system, over 190 systems were placed worldwide, of which 70% in Europe and Latin America where we have benefited from a strong request of ID products and we have secured several customers who were purchasing Vitamin D, as I said, from Roche before.

So, lots of the LIAISONs that were installed in quarter three and quarter four were in countries where we either had a strategy be emerging in fast-growing countries like Latin America or Europe where our traditional businesses and our infectious disease business is historically very strong.

Now, as far as the LIAISON XL is concerned, as you know, we have launched the LIAISON XL in late November. The soft launch of LIAISON XL continues as planned, first in Italy, and in Israel where we have played the first initial support very large Vitamin D accounts. In fact LIAISON XL, as I told you before, increases the Vitamin D throughput from the current 90 to 175. So, it is the perfect fit for those large accounts that are using our Vitamin D. Let me remind you that we plan to conclude the soft launch by the end of Q1, in spite of the installation of the XL in Europe in quarter two and in the U.S. from the end of quarter two, beginning of quarter three.

As I already commented few weeks ago, the XL has been approved by the FDA for commercialization in the U.S. and we have particularly proud of that. Nearly it took only 60 days from the time we have submitted the request to the final approval by the FDA.

Now, let me just touch on competition and Vitamin D, which I understand is an area of concern of some analysts. I've seen some reports, which personally I don't necessarily support for share review. Some reports came up in the last week or so highlighting risks on Vitamin D. As both first, and Siemens right after, we have announced the viability of the Vitamin D in Europe. It seems from what we see that the strategy is to leverage on their large installed base is to capture send-out maintaining the price at current levels.

Our projection for 2011, that will be commented by Andrea in the next section. In this projection, we have factored in competition outside the U.S. and we estimate that 50% of the market growth of Vitamin D will be now captured by these competitors. For this reason, I do not really understand some of the Vitamin D projection that some analysts have put out in the last weeks or so which apparently were supporting the concept that the company was not there for long term from 2011 to 2015 to stand in front of competition for Vitamin D. I believe, as I said before, that the LIAISON XL and the viability of the LIAISON XL to very large customers will allow DiaSorin to be – to continue to be competitive on Vitamin D.

And I also believe that the LIAISON XL along with all the blood screening products, Hepatitis C, HIV and Hepatitis B will allow this company to grow in the next three to five years and notwithstanding the appearance of competitors, but apparently this fact has been completely discounted in some of the recent reports.

Last but not least, let me talk about the integration of the Murex business. We have announced and completed the restructuring of the UK Dartford site. Let me remind you that with the purchase of the Murex business, we acquired two manufacturing sites, one in England and one in South Africa. The one in England under our supervision showed inefficiencies and we have trimmed down employees from 180 people that we inherited from Abbott to maybe over 90, which we believe are sufficient to support the business. We continue the transition of the business from Abbott being our distributor to

our own direct subsidiaries and distributors with the exception of some geographies where we may like to continue to work with Abbott.

Let me say that the collaboration with Abbott so far has been very positive and Abbott has been supporting this transmission for the benefit of their customers. In our financial statements for for quarter four, you will see the financial cost of the restructuring, which is around €4.4 million and we expect to see the benefits from this restructuring right from January 2011.

At this point, I would leave the podium to Andrea and then we will take – we will be ready for the Q&A session.

Andrea Senaldi, Senior Corporate Vice President and Chief Financial Officer

Thank you, Carlo. Good morning and good afternoon, ladies and gentlemen. I think that Carlo has already touched on all the key highlights of the quarter that we summarized on slide number one, so I would invite you to move to slide number two where the revenues per quarter are pictured. And one demand from my side, please bear with me with patience because there are some factors which are affecting on a one-off basis quarter four that will require some additional explanation.

So as you move to slide number two, you can see that the net revenues in the quarter closed €109 million, so up 38% versus the same quarter of the previous year. As Carlo already mentioned, contribution to the growth came from both the Murex acquisition for about 7 percentage point and the uplift of the exchange rate of the major exchange rate of the Group versus the euro and all in all, the organic growth of the company is about 21% at constant exchange rates.

And if you now move to the remaining part of the P&L on slide number three, you can see that the gross profit has been growing substantially in line with the revenue development. We moved up, the growth was 37% versus the similar quarter of previous year, a slight dilution on margin percentage, simply due to the consolidation of the Murex business that as I believe you are aware has a margin which is slightly below what the average of the DiaSorin traditional business is.

As far as operating expenses is concerned, in the quarter, we spent €37 million, which represent as percentage of our turnover of our sales of around 34%, which means that the incidence of a turnover of the structural cost of the company had gone down vis-à-vis the similar quarter of the previous year by more than 3 percentage points of 37.3% to 34 points – to 34%.

And the other operating expenses which includes the one-off restructuring items that were incurred for the restructuring of the Dartford facilitates and for the rationalization of the full portfolio which amount to €4.1 million in the quarter and has affected the EBIT. So as reported, you will see an unit margin which is 32.8%, slightly down from previous year, but on a like-for-like basis, so excluding the non-recurring item, you would see an EBIT with a ratio to sales of 36.6% which means a growth versus the previous year of 53.1% and an EBITDA of 42.2% versus the margin as reported of 38.5% which again means a growth of above 50% versus the previous-year performance. So all in all, the one-off the items account for about 4 percentage point at operational margin level.

As you move down the P&L, we have reported net financial expenses in the quarter for €1.5 million. We have accounted for tax in the range of €11 million and all in all, the net result is €23 million above – up 43% versus the last quarter of the 2009.

Now, again, if you adjust the net results of the quarter for the one-off events that I just mentioned, and if you adjust the similar indicator of quarter four, so the difference in the accounting principle that we use for hedge accounting last year, you will see that the net results has gone up by 57% versus the previous year.

Now, if we move to the each individual items in the P&L and if we start with sales, CLIA or LIAISON portfolio continue to be the driver of the growth. The technology is up 36% in quarter four 2010 versus quarter four 2009. This is clearly boosted by the exceptional rate of placement that we had incurred in the full-year 2010 but also by the continuous boost from Vitamin D alongside the rest of the portfolio.

The net effect of this is that the chemiluminescence in the quarter accounts for about 71% or more than 71% of the total portfolio, if you exclude Murex. And on a cumulative basis, account now for just shy of 70%. If you look at the different geographies where the group is present, I think Carlo has already mentioned Europe is growing close to 13%. Very strong growth in the emerging regions like Latin America, up 56% versus previous year and Asia Pacific were up 60%, whereas North America is continuing its growth rate of about 30%, boosted by a favorable exchange rate effect.

If you go into individual geographies, in Europe, we have highlighted France and Germany. France is up almost 50% versus previous year, Germany is up double digit, around 16%. North America, on a comparable FX basis, is up 23% versus quarter four of last year. Latin America, we already mentioned – Carlo already mentioned the strong results in Mexico and Brazil. There is a net – a favorable FX in both countries, but if you look at the constant exchange rate, Mexico is growing at close to 20% and Brazil is growing up above 30% versus previous year.

Asia Pacific, their strong growth is fueled by the most recent initiatives. The Chinese market, which we address the market as of the beginning of 2010, is growing 56% versus previous year. And Australia, where we started our branch operation as of August last year, is significantly provided to their additional growth.

Now, as we move to the margins on slide number eight, I already commented of some of the items which are temporary diluting the profitability in the margins of the company. As we saw before, EBITDA on a comparable basis, so excluding the effect of the non-recurring item of €4.1 million is moving up from 38.8% in the quarter four last year to 42.2% in quarter four of 2010. EBIT is up by more than 3 percentage points from 33% to 36.6% and the net result, taking into account all the exceptional items, net of tax and the different accounting for the hedging policies, is moving up 57%, almost 3 percentage point as a ratio to turnover, so from 21% to almost 24%.

If we now leave the quarter and move to the preliminary results and if you look at the revenue growth, you have about – the closing of the year at €404.5 million versus €304 million, so up more than €100 million year-on-year clearly, also thanks to the contribution of new assets accounted for almost – just more than €20 million in the year, that equates a growth of 33% versus the previous year, slightly inflated by exchange rate for about 4 percentage points and a slight contribution from Murex as we clearly anticipated.

The gross margin is growing again more than proportionally. It went up from 70.2% to 70.5% as a ratio to sales with a growth of 33.5%. And operational expenses are up in absolute value, but clearly down in – as a ratio to sales by more than 2 percentage points. And this is having already discounted the inclusion of the Murex facility is within the consolidation area.

Now, other operating expenses were €11.3 million, again let me remind you that here is included not only the restructuring cost incurred in quarter four but also the one-off cost incurred for the due diligence and the assistance to the pre-acquisition of the pre-closing phase of the Murex business. So all-in-all, you have one-off events for about €5.7 million.

And the net result again is up 29% as the Bourse moving up more than €20 million from the €70 million of last year, but if you make again comparable the two elements in 2010 and in 2009, and if you remember that in 2009, we had not only the difference in accounting policies, but also a benefit

from the tax expense line, on a like-for-like basis, the net results have moved up by almost 50% again.

On slide number 11, you have the recap of the effects of the one-off factors I just mentioned. So the non-recurring items account for about 2 percentage points on the overall performance of the company. So EBITDA on a like-for-like basis is growing at 38%, EBIT on a like-for-like basis growing at 41%. And as I just mentioned, the net profit is moving up by 45.5%, with a ratio to sales that has achieved on a full-year basis almost more than 23%.

If we now move to the major components of the balance sheet, we had closed the year with a net capital employed of €283 million, which means our capital employed has moved up versus previous year by almost €80 million. Clearly, this – the vast majority of this growth is driven by the consolidation of the Murex assets and the growth of receivables related to the new business. So, if you look, we had increased not only tangible/intangible assets, but the net working capital, and this is a consequence of the inclusion and of the inventories that we bought at the time of the acquisition and the receivables which are Murex-related.

If you look at the financial position of the company, we closed the year with €33 million positive financial position, which compares with last year €11 million, again positive financial position; and this is influenced by a net cash and cash equivalents at the end of 2010 of €62 million. Now, this has been generated by an operational cash flow, which has been in the range of €24 million in the quarter, before capital expenditures of €6 million, which compares with almost €18 million in the previous year before CapEx of €6.6 million.

And I have to remind you that the positive financial position at the end of December is occurring after the payment for the Murex acquisition of €45.6 million, which was entirely self-financed by the company, and a layout to the acquisition of the distribution rights from our Australian distributors in the range of A$3 million or US$3 million. Having reimbursed €8.5 million of the financial loans, having paid out €11 million in dividend and having raised €8.5 million towards share capital increase, which is servicing the stock option plan that was vested in September of 2010.

Last but not least, let me just close with what is our expectation for 2011. On the basis of the initial evidence and on our planning, we believe that the company revenues should be expected in 2011 in the range between €465 million and €475 million on a consolidated basis, which equates to a growth in excess of 15%, with an installed base which will increase by more than 600 units on – in 2011 and a growth of the operational margins which should allow the company to record an EBITDA in the range of €200 million in the full-year 2011.

Now, this is all I wanted to say on the basis of presentation. I would now leave the floor to your Q&A.

Thank you very much.

QUESTION AND ANSWER SECTION

Operator: Excuse me. This is the Chorus Call conference operator. We will now begin the question and answer session. [Operator Instructions] The first question is from Ms. Philippa Gardner of Jefferies. Please go ahead, ma'am.

<Q – Philippa Gardner>: Oh, thank you. I have a couple of questions if I could. Firstly, I was wondering if you could tell us what roughly proportion of your revenues in 2010 actually came from Vitamin D tests? And then, my second question is just on your guidance to the 600 units installed base for 2011. Could you just tell us what your assumptions for within that for the LIAISON XL placements in 2011? Thank you.

<A – Carlo Rosa>: Great. I think that I go back. As far as Vitamin D, Vitamin D represents roughly 30% of the overall business. And in terms of placements, we decided for 2011 that we are not going to disclose separate numbers for LIAISON and LIAISON XL. So, we are only going to provide one number, total LIAISONs sold, the reason being that especially in the beginning of this program, we do not intend to provide the competition made up on where LIAISON XL program goes. We may decide then from 2012 going forward, then to provide the detail of the installed base.

<Q – Philippa Gardner>: Okay. Great. Thank you.

Operator: Next question is from Romain Zana of Exane. Please go ahead.

<Q – Romain Zana>: Yeah, good afternoon and thanks for taking my questions. I have a couple of questions, actually, the first one regarding the Murex acquisition. If you can just remind us the operating margin for the full year for this business, if you can just given us an idea? Secondly, when do you expect to achieve the full takeover of Murex distribution licenses in the different countries?

And the second part of my question is regarding Vitamin D. Firstly, as regards to Europe, I am just wondering if it would be fair to assume that the new design Vitamin D test that Roche will be launch – or is likely to launch in H1 will have only a limited impact, if you already placed instruments, as you mentioned that you probably grew up market share following the withdrawal of Biotest. And lastly, if I may, if you have experienced any change in prescription habits in the U.S. regarding the Vitamin D Test following the new recommendation of the Institute of Medicine? Thank you.

<A – Carlo Rosa>: Yeah, let me take the question on Vitamin D and then Andrea will address the rest. When Roche withdrew the current product from the market, they left their customers without a solution for Vitamin D. So, the majority of customers that transitioned their Vitamin D testing from Roche to us signed up agreements that brought to LIAISON placements, which were for at least 24 months, and we refused to place LIAISONs to customers that were not available to sign up with our supply agreements for less than 24 months. It's a policy.

<Q – Romain Zana>: Okay.

<A – Carlo Rosa>: So, I – the fact that Roche is going to reintroduce their test, I think will not have an impact – significant – material impact on those accounts.

The second question has to do with the prescription, the IOM report, funny enough, has generated more positive discussion than drawbacks in Vitamin D prescription. Keep in mind that the IOM report is covering the problem of supplementation more than testing.

<Q – Romain Zana>: Yeah.

<A – Carlo Rosa>: Okay. And fundamentally, it's taking a position in terms of supplementation, which says, well, we're going to increase the recommendation but we are not supporting a level of supplementation that goes up to 1,000 or 2,000 units. Okay?

As far as testing is concerned, I think a big debate has started and there have been already some papers which have been published by even members of the IOM report stating that when it comes to vitamin D, the level of vitamin D that is present in circulation is a lot – has a lot to do with the body mass, has a lot – is age dependent, has a lot to do with metabolism and therefore testing of vitamin D is necessary in order to understand the regiment for supplementation and the effectiveness of supplementation.

So to make a long story short, in the U.S., we have not seen a slowdown of vitamin D request. We have seen from our existing accounts an increase in volume and we foresee that in 2011, the vitamin D volume in the U.S. should increase by 15% to 20%.

<A – Andrea Senaldi>: Okay, Romain. And as I go – as we go back to Murex, I think that it would make sense to look at the Murex operating margins excluding the non-recurring expenses that we incurred and if you do this, you find that 2010 has closed with an EBITDA which is around 17%, 18% of turnover on a half-year and with a current cost structure, which is exactly in line with what we anticipated and what we communicated just six months ago. As far as 2011 is concerned, as you know, it is not our policy to provide a precise indication, but let me tell you that the same indicators or the EBITDA would be very much in line to what is the average EBITDA of DiaSorin, so anywhere between around the 35%.

<Q – Romain Zana>: Okay. And just regarding the licensees and the distribution licensees from Abbott...

<A – Andrea Senaldi>: Sorry, yes. With the exception of one geography, we anticipate to have all the distribution contracts under our own control by mid of this year, so by June 2011.

<Q – Romain Zana>: Okay. Thank you very much. That's helpful.

<A – Andrea Senaldi>: Thank you.

Operator: The next question is from Mr. Massimo Vecchio of Mediobanca. Please go ahead, sir.

<Q – Massimo Vecchio>: Hi, good afternoon. I come back to the 600 placement target for 2011. Will the share on XL be so significant that we should expect an impact on revenues per box or will it still be marginal and we can project to the usual revenues per box growth rate? That is my first question.

The second one is again on the XL commercial strategy, can you just refresh me – I know you've said already, but can you just refresh me? Is this the only machine on which you sell also HIV and HCV? Do you require higher committed revenues if when takes the services of this standard is on? as his own; and are you and when in case are you planning a U.S. launch? Thank you.

<A – Carlo Rosa>: Okay. I think that the first question in terms of revenue per box and the effect of it on XL, as we said in the past that we estimate the LIAISON XL to carry more assays than the LIAISON. However, if you just do a mathematical calculation, you have an installed base of 3,600 systems going to 4,000 and therefore, the LIAISON XL for the next few years will not necessarily mathematically impact the average revenue per box, as you can imagine, because the weight of the XL vis-à-vis the total installed base is clearly small. So you will see the effect going forward that I think is going to take two to three years to see that, and notwithstanding the amount of XL that we would place next year and the year forward.

And regarding the HIV and HCV, there are in fact already two systems, which carry the full menu, one is from Abbott and the other one is ARCHITECT, which I think, is dominating in this field. And the other one is from Siemens that has launched these products not in everywhere but the United States if I am correct. The launch of the LIAISON XL in the U.S. is foreseen for end of quarter two and beginning of quarter three of 2011.

First, the placements will be directed to those very large accounts that today are under pressure because of the volume of Vitamin D testing. As I said before, the XL doubles our volumes and so customers would be able to afford the same volume with half the number of machines, which is very helpful for this very large account and is the reason why we were able to extend our contracts with very large U.S. customers for the next three to five years.

And last but not least, as we anticipated, we don't intend to bring HIV or HCV to the U.S. That for us would be a decision to get into a mainstream in the U.S. where we want to stay away from the mainstream but also we would require to have our manufacturing site in Italy licensed and the receiver and is a burden of cost that we don't think is justifiable for the U.S.

<Q – Massimo Vecchio>: Thank you very much.

Operator: The next question is from Mr. Jackemo Picketo of Arcos. Please go ahead, sir.

<Q>: Hi, good afternoon. Just a couple of trivial questions, the first is on competition. I'm not an expert, but just to have an idea, if you could give us some color on, I guess, that you have competition on most of your products. So just – because the fear from the market was the Siemens and Abbott, big players comes into Vitamin D, okay, the game is over. They're going to start to make a big competition.

But from my experience or knowledge of DiaSorin, you have competition on the other products. So you are already, let's say, trained to fight against these big players. So if you could give me some color on that point on the other products? And second, if you are foreseeing in the next 12, 18 months the potential for further acquisitions, if there is any target interesting for you in the market? Thank you.

<A – Carlo Rosa>: Yes. Yes, in fact you're right. I think that we launched the first LIAISON in beginning of 2000. I think it was launched actually by BIGOOD and we started commercializing it in 2003 and since then, we have been fighting competition with our products. Vitamin D, even if everybody tends to forget it in the U.S., since the beginning, we had the big competition of the home brew as well as mass spec. To a point that today, we enjoy a 50% market share, but the remaining 50% is solidly in the hands of mass spectrometry, which was elected as a technology from laboratories like Quest, which is the single largest lab in the U.S. or Mayo Clinic which is from a clinical and from a technology point of overview is a powerhouse in the U.S. market.

So I'm not – we always, in the past that we thought that what we had done on Vitamin D could have been reproduced by others; some did first like Roche but eventually they failed to read what customer wanted; others are trying like Abbott and Siemens, as I keep saying that there is a fundamental difference in that positioning of the company. DiaSorin offers to customers a series of products, which tend to resolve the issue of those customers with these products that other companies does not offer including Vitamin D.

But by the fact that – sorry, and the weak point of DiaSorin was not necessarily the menu but was the LIAISON box per se because the LIAISON, notwithstanding the fact that is a very successful system, was a system that was not designed for very large throughput and so we offer all our accounts now the possibility to transition high volumes to the LIAISON XL. So we resolved that issue which honestly was worrying me more than competition appealing on Vitamin D.

Last but not least, and this is why I got fairly surprised when I saw an analyst recently coming up with comments on the future of the company. Last but not least, I believe that HIV and HCV is an untapped opportunity for a company that I keep saying has a reputation of being an infectious disease company, 70% of our business is non-Vitamin D and is in the area of infectious disease. So we would be able with LIAISON XL to tap into that – into those accounts into a market that is over €1 billion and is a rich market, is a growing market. And where we will compete with formidable competitors but we have our name and reputation there.

So as I keep saying to everybody, if you – as that analyst has pointed out, if you believe that DiaSorin is a one-trick pony, offering just Vitamin D, I think that the risk is very high but personally as a manager of this company, as a shareholder, I believe that we have wisely invested on the revenues and profit coming from Vitamin D in order to create the opportunity with other product lines and with new system to continue to be effective on this market.

Let me then comment on your question on acquisitions. Yes, I think that we have a proven track record of a company that can invest the profit generated by the current business to make it stronger. We are clearly looking into different directions. I honestly also believe that some effort should be done in preparation of the launch of our molecular products that, as I anticipated, will happen in 2012. So I think that there is a commitment by the management and by the major shareholders to continue to support M&A activity which will be done as we did in the past wisely, so paying the right price for the right assets and then those are – buying assets that as we did with Murex again can be integrated within our existing structure and bring value to this organization.

<Q>: Thanks very much.

Operator: The next question is from Mr. Martin Wales of UBS. Please go ahead, sir.

<Q – Martin Wales>: Yeah, thank you. If I look at your average revenues per machine for 2010, they appear to be slightly lower than in 2009. My assumption that in part reflects the fact that you placed so many machines in the second half of the year. How should we be thinking about the evaluation of revenue per machine going forward?

<A – Andrea Senaldi>: Martin, I do believe that if you take into account several factors including just in the fact that a significant number of machine placements in 2010 were directed to third-party distributors where, as you know, the revenue per machine is significantly lower so that is – on a like-for-like basis actually is about 50% over this advanced placement. I believe that you are going to see a slight increase in the revenue per box but certainly nothing comparable to what we have seen in the past. So I believe that for modeling purposes, it is a fair assumption to assume that the revenue per machine will remain fairly in line with what we have reported in 2010 which is around €81,000 per machine.

<Q – Martin Wales>: Okay. In terms of Murex, when you've bought all of the distribution rivers in-house, in what timeframe can you start to look to sell DiaSorin products directly in markets where you're currently going through third-party distributors in Murex territories, presumably you'll now have critical mass in some territories that you didn't have in the past?

<A – Andrea Senaldi>: I think that if you look at the Murex business today, there is – 40% of the business is done in South America and mainly is Brazil where we have the right and we are transitioning – or the licensees to import and sell from Abbott to DiaSorin, part of it is done, part is going to be accomplished in the next few months. And so that business is going to be direct.

When it comes to Asia Pacific, there are two geographies there that account for a significant portion of the business. One is Taiwan and the other one is China. In Taiwan, we operate with Abbott, and through Abbott is a very large account and there is a common interest in the two parties to continue to operate that way.

And in China, we picked up the business that, as you know, for us in China is a distribution business. We have our own subsidiary in China that is controlling a network of over 20 distributors, okay. So, I would say that at the end of this integration process, you will see that 50% of the business is going to be probably direct and the remaining 50% is going to be through – and will continue to be through distribution.

<Q – Martin Wales>: Okay. Thank you very much.

Operator: The next question is from Ms. Luigi de Bellis of Equita SIM. Please go ahead, sir.

<Q – Luigi de Bellis>: Yes. Good afternoon to everybody. Two quick questions. The first one on what's still the contribution of Murex in 2011 guidance? And the second question is on Vitamin D market. What is your market expectation for a Vitamin D market in Europe for 2011? Thank you.

<A – Carlo Rosa>: I will say the one on Vitamin D. In Europe, we expect that the market will increase by around 50% next year, because it's fairly under – still underpenetrated in most geographies with only few exceptions. However, the way we model, as I said it before, is that half of that growth on Internet captured by the installed base of Siemens and they're all that are going after standouts. So, the net-net growth of the Vitamin D project business in Europe is going to be around 25% in our opinion in Vitamin D.

<A – Andrea Senaldi>: Okay. As far as Murex is concerned, if you take into account that excluding the initial sale of the inventories to Abbott acting as a distributor of sales in 2010 were around €20 million over the sales of six months, six full months. You can expect to double that number in 2011 with a growth, which is around 10%, so around €22 million from top of the 2010 results.

<Q – Luigi de Bellis>: Thank you very much.

<A – Carlo Rosa>: Thank you.

Operator: The next question is from Mr. Patrick Hughes of RCM. Please go ahead, sir. Mr. Hughes, your line is open, sir.

<Q>: Thank you. Just a question regarding the profitability of the Murex business. I didn't get it. You mentioned that it was around 17% to 18% EBITDA, and what is the plan there, where to get to the group? I didn't get that. If you could tell me that? And then the second questions are around Vitamin D. Just an explanation for me in this Vitamin D testing in the last – other LIAISONs that dedicated machines for Vitamin D or the biggest part of the revenues they have done with Vitamin D, do you have dedicated machines for this testing?

Second point is, did the renewal of the contract, the long-term contract that you mentioned in the U.S., did it come at a cost in terms of more pricing flexibility from your side? And the last question on that is, I mean, mass spec in the past was discussed to be a method that is home brew and not FDA cleared and so on. With more competitors entering the U.S. market probably, would you expect the FDA get more – should again look at homebrew methods like mass spec for Vitamin D or is that unaffected? Thanks.

<A – Carlo Rosa>: Okay. Let me take the Vitamin D questions.

<Q>: Yeah.

<A – Carlo Rosa>: Let me start from the last if I remember. Mass spec, I don't think that the situation will change with when it comes to new competition and the way the FDA looks into it. It

has to do with the figure that is allowed in the U.S., which has been there for 30 years, allowing clients to develop their own homebrew testing, and that is not going to change.

What I think is noteworthy is the fact that, as you know, there has been a patent on mass spec extraction, which has been granted to Mayo Clinic, and Mayo Clinic now is going around asking to mass spec users to pay a royalty, which has been estimated to be around $5 to $6 per test. These I don't think will have an impact on current users of mass spec, I think, because they elect – they made very large investments to buy equipment to do mass spec. I think going forward though is going inhibit some of the hospitals they may have elected to grow mass spec to consider that as a viable technology. Now the second question Vitamin D is...

<Q>: Renewal of contract.

<A – Carlo Rosa>: Renewal of contract. Yes, as we did comment on previous calls, we already started the beginning of 2010 to negotiate and expand contracts in the U.S. for on average three years, up to five years. We have secured a very large portion of our existing U.S. business. However, clearly, we had to make certain price concessions in the range of between 5% and 15% depending on the size of the account. That clearly, however, was very relevant for us because it put the business solidly in our hands in light of the fact that we are expecting, we expected and we are expecting probably beginning of 2012 somebody else to appear in the U.S. with a Vitamin D Test.

Last question was the current shipments for Vitamin D. I think you need to carve out U.S. from the rest of the world. As we always stated, because of the strategy we follow in the U.S., we do have some very large accounts which have machines, LIAISON machines, dedicated to Vitamin D and these are the accounts that's starting from quarter – end of quarter two, beginning of quarter three, we will start to convert over to the LIAISON XL. In Europe, the situation is very different. A very small portion of the Vitamin D of the LIAISON installed base is Vitamin D-only. However, business in Europe is mostly spread over many different products and infectious disease.

<A – Andrea Senaldi>: Okay. Going back to Murex, I think what we said about the next year margin evolution is that the EBITDA would be much more in line with the traditional EBITDA coming from the DiaSorin business, I think we mentioned in the range of 35% versus as a ratio to sales. And this is a consequence of two things. Basically, one is the restructuring that we just performed in the last quarter of the year. And then the leveraging of the existing structure with additional volumes and the growth rate provided by Murex.

<Q>: Okay. Thanks a lot.

Operator: The next question is from Mr. Paolo Mortarotti of Theorema. Please go ahead, sir.

<Q – Paolo Mortarotti>: Yes. Good afternoon, gentlemen. Just a quick question on the comments that the Chief Executive made on molecular diagnostics with regards to potentially developing throughout of 2012? That's it. Thanks.

<A – Carlo Rosa>: So the question is you want me to comment on that?

<Q – Paolo Mortarotti>: Yeah. Just in terms of whether it's – what type of – because I think that the last time one of the crucial aspects of these was to find manufacturers for machines and there was a technological aspect of that and you commented that it was a very tough nut to crack because there was an ingrained issue with business models that were thinking about low volumes, high price and if needed to change. So what has changed in this respect either from a technological side or from a marketplace standpoint and so on?

<A – Carlo Rosa>: Listen, I think that you gave a very comprehensive answer to your question. I think that the situation did not necessarily change. I think that we are continuing discussion with our

supplier. I think that we have decided to pick up the project. So, we have a short-term strategy where we are going to launch a smaller system and then a mid long-term strategy, which will include high throughput machine. I think that very shortly we are going to announce the fact that we have formed an alliance with a very relevant partner as far as the mole system is concerned. And this makes me comfortable with a projection of launching the first molecular products starting from mid of next year. Let me remind you that initial effort will be in the area of infectious disease, and so we will have six to eight products that we will launch in Europe on these platforms.

<Q – Paolo Mortarotti>: Thank you.

Operator: [Operator Instructions] Mr. Rosa, gentlemen, there are no more questions registered at this time.

Carlo Rosa, Chief Executive Officer

Okay. Thanks a lot, operator.

Andrea Senaldi, Senior Corporate Vice President and Chief Financial Officer

Thank you everybody.

Carlo Rosa, Chief Executive Officer

Bye-bye.

Operator: Ladies and gentlemen, thank you for joining. The conference is now over, and you may disconnect your telephones.

corrected transcript