DiaSorin SpA

"First Quarter 2017 Results Conference Call"

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PIERGIORGIO PEDRON, CHIEF FINANCIAL OFFICER

OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the DiaSorin First Quarter 2017 Results Conference Call. After the presentation, there will be an opportunity to ask questions.

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

CARLO ROSA: Yes, thank you, operator. Ladies and gentlemen, good afternoon and welcome to our quarter one 2017 conference call. I will take a few comments as usual to go through the results of the business. And then I will turn the microphone to our CFO, Mr. Pedron that will take you through the numbers.

But before starting with my comments on the quarter, I would like to remind you that we will have…well, today actually the Board of Directors has approved our three-years plan and the plan is going to be presented to the investor community in Milan on June 26. Our Investor Relator office is going to reach all of you with the logistic details in the forthcoming weeks.

Now let's move to the Q1 results. First, I think we all need to remember that quarter one 2017 does not compare apple-to-apple to quarter one 2016, and this is because as we have discussed already in the last two quarters, we have DiaSorin Molecular component of the business now, that was not there in 2016. So I will make some reference to like-for-like situation where I deem it's necessary. Otherwise, all the other comments are going to be done again comparing 2017 to 2016.

As far as the revenues are concerned, in the first quarter of 2017, we grew by 24%, give or take, at constant exchange rate. And this is a result of a

good performance achieved in all the regions by CLIA, and I will get more specific into that, as well as the fact that again, we adopted the molecular products coming from the Focus acquisition. Just for your understanding, if we compare apple-to-apple like-for-like growth in quarter one of our traditional business, it's 6.7%. So it's in line with guidance that was provided last year vis-à-vis 2017 performance.

Now let's dig down into technology. Let's discuss first CLIA ex Vitamin D revenues. These products grew 11% at constant exchange rates, and this has been what we have seen historically with this product line. And again, I think main drivers in this case would be the adoption of certain panel of assays that we have launched and developed successfully in the previous quarters. And I would like to mention two.

One is the gastrointestinal panel, where now we are getting critical mass, we have over 200 customers in Europe and we are enjoying then the success of building this critical mass of assays on our installed base. Second one is our 1,25 Vitamin D assay, which now…this is the third year after launch, is getting maturity, notwithstanding the fact that we have penetrated we estimate, almost 90% of the total available market.

Now as far as Vitamin D is concerned, we have…Vitamin D this quarter is flat as compared to last year. But as I said before, we should not get worried if on a quarterly basis Vitamin D is down 5%. We should not get excited if it is flat, because a lot of this Vitamin D trending on a quarter-wise basis is a combination of declining prices, which we continue to see, however, fluctuating increasing volumes. And this is exactly what happened in this quarter, we have a favorable effect on volume that has compensated the decline in pricing, net-net, again, flat Vitamin D for us.

As far as a placement of LIAISON XL, this has been a very successful quarter; we had more than 180 systems installed throughout all the geographies. And now we have more than 3,000 LIAISON XL installed in the field. And part of this 185 units are the ones that have been installed and activated in the US in order to complete the layout of the very large accounts we have gained at the end of last year, that has started to test for our infectious disease products.

Now, if we go into the geographies first, before I comment on the DiaSorin Molecular business, if you look at the geographies and we start from Europe, Europe had a very good quarter, is double-digit growth compared to last year. And this is fundamentally driven by the fact that Germany continues to grow high single-digit.

I remind you that Germany is the single-largest European market for gastrointestinal, therefore our success in that space reflects into a good performance of this country. France is bouncing back after the debacle of Vitamin D, which happened last year. So France is back to growth again. It grew almost 8%, thanks to infectious disease and prenatal screening and Vitamin D 1,25 tests, so good in a consolidating market like France.

Last but not least, which was a surprise to us, Italy did very good this quarter. It grew 1%, whereas, as we have discussed, we were expecting negative growth coming from Italy. And this is the result of the fact that volumes stabilized and we started to see that also at the end of last year. And, therefore, we continue to be cautious about Italy. However, we believe that it could offer some positive surprise by year-end.

Now moving away from Europe into North America, clearly, if we look just at the numbers per se, as reported, there has been an incredible growth, 59% at constant exchange rate. However, I think for clarity, we

need to distinguish between the effects of molecular versus the traditional business. Our traditional business grew close to 3%, the immunoassay with the usual combination of some declining Vitamin D and growing Infectious Disease business.

As far as the rest of the growth clearly is fueled by the fact that now we have adopted the molecular diagnostic products and we enjoy full extent of the catalog in the US. I will comment separately about molecular overall. Asia-Pacific, good growth, 10%, China clearly is a good contributor, 22% growth in the quarter, again driven by CLIA.

As far as China is concerned, there have been some comments to the fact that the Chinese with the new double-invoicing policy are really pushing the market to change the way the current distribution is occurring. And, therefore, we expect that in the next quarters, we are going to see changes in the market, we are going to see consolidation of distributors and therefore, usually when these changes come, you expect unpredictability of this market.

So we are working in order to adopt a distribution network which is in line with what government expects to see by the end of this year. However, again China for us is a growth engine, 22% is there to demonstrate that is a very…the LIAISON XL is very well received and very successful platform in this geography.

Finally, Latin America where we grew 30% and this is fundamentally a consequence of the very strong performance of Brazil and Mexico. In Brazil, we grew almost 20%, in Mexico; we grew almost over 30%. So…and again, this is the result of the specific market that Brazil stabilized and we are doing very well in the private lab space, where we have refocused the business.

And in Mexico we enjoyed the fact that with a new distribution and logistics system and with the new rules regarding public tenders. We now have…what was open to us was the blood bank screening market which we are able to capture with LIAISON XL products, being that the Mexican market, very peculiar, there are the blood bank market now consolidated over 500 blood banks of smaller size where the LIAISON XL perfectly fit. So very good result when it comes to Latin America.

Now, let's turn to back and discuss the molecular. Again, we cannot…we are not able to provide a comparison year-on-year simply [ph] to last year, the business was not ours. In Q1, however, I have to report that as you have seen from other competitors, this was a very good flu season. And since we have a complete product line when it comes to flu, we also enjoy this very strong season, and certainly that was beneficial to the business.

We continue to grow with following the same strategy that Quest…the previous owner put in place which is a series of specialty products in the area of post…let's say testing on newborn and specialties. I remind you that one of the reasons, why we decided to buy this business is because of the connotation of being a specialty business, which fits very well with our specialty menu in the infectious disease immunoassay.

And last but not least, we have introduced C diff product, which has been a new addition to us. And we are starting to reap the benefit of the launch of this product. So in North America, the molecular line is growing double-digit as we have expected.

As far as ex-US is concerned, we have dedicated the first quarter for molecular to consolidate the distribution network that Focus had in place before was a distribution system made of small third-party distributors.

We have renegotiated our contracts and we have taken upon ourselves in Europe, in Australia, the direct distribution of the products within the DiaSorin subsidiaries. So I would say the engine now is ready in order for our organization to push this product line. We have hired a sales force in the European subsidiary. And we are starting promotion of these products in the European market.

Now, moving away from sales into product development i.e. there are two products that we have launched in this quarter. The first one is the FGF 23 which is a specialty assay in the area of kidney diseases. We are running a significant number of clinical studies on promoting this assay. This assay is today under discussion for obtaining a reimbursement in all the main European countries. And so far, the investment has been an investment related to again promoting the use of these products with current customer base, same customer base that is using PTH and all the other products we have for kidney diseases.

The second one, though, which…I would like to point your attention to is Zika…the Zika assay. We finally got from the FDA, the Emergency Use Authorization that allows the Company to start promoting the assay in the US, with US customers. Meanwhile, we are preparing to file a regular 510(k), expecting that the agency, sooner or later is going to ask the companies to move from the emergency use into again the regulatory approval system.

For your reference, we estimate today that there are 100,000 tests of Zika…for the Zika assay done in the US. It is very difficult to understand the pattern, we will see…we will understand better about where the test goes during the summer season because this you know, and this is related to the mosquitoes. You also know that there have been now several cases reported in the southern part of United States. However, it's very, very

difficult to understand what is going to be the testing guideline that medical associations and the CDC is going to recommend. For the time being, CDC recommendation is that after symptoms to test for the first 14 days with PCR, and after 14 days with an immunoassay.

Let me remind you that today we are the only automated assay that has granted approval in the US. And we are in discussion with all the major labs to move away from the current ELISA assay that they have into the LIAISON XL automated assay. So again, stay tuned, and I think we will have better visibility at the end of Q2 of what the potential for the assay can be.

Now, I will turn the microphone to Mr. Pedron, who will guide you through the numbers and then we will [technical difficulty] Q&A session.

PIERGIORGIO PEDRON: Thank you, Carlo. Ladies and gentlemen, good afternoon, in the next few minutes, I am going to walk you through the financial performance of DiaSorin during quarter one 2017. Before we start, let me please remind you again that we began reporting the Focus business since May 2016. And so, the perimeter of consolidation of Q1 2017 is different from the one of 2016. The comparison would be, let me say kind of normalized starting from Q3 2017.

Said that, I would like to start with what I believe are the main highlights of the period. As we just said…as Carlo just said, we closed quarter one revenues in line with our full-year guidance and with a material increase over 2016. This has been influenced by the mentioned different perimeter of consolidation and by the seasonality of molecular flu sales whose peak is usual in Q1 and Q4. Q1 revenues growth, like-for-like is solid and in line with the guidance just a touch above 6.5%...actually it is 6.7%.

The quarter closed with a very strong EBITDA which grew at constant exchange rate by 30% compared to last year. As just said, this increase is the result of the different scope of consolidation and the seasonality of flu sales, plus some positive phasing on operating expenses, and most important, of our capability to confirm a strong profitability of the like-for-like business. The performance of the first quarter places us in the upper range of the guidance.

Lastly, DiaSorin keeps confirming its ability to generate a very strong free cash flow, almost €44 million in the period with a growth of more than 50% compared to 2016 which allowed us to close quarter one with a positive net financial position of about €114 million.

Let's now go through the main elements of the P&L, quarter one revenue is at €157.5 million, grew by 26.5% compared to last year, and by 24% at constant exchange rate. In the quarter, we have had positive FX tailwind of about €3 million, mainly driven by the appreciation of the US dollar and Brazilian real, just partially offset by the depreciation of the Chinese yuan and the British pound.

As discussed during 2016 year-end call, let me please remind you that after the Focus acquisition, an appreciation of the US dollar of $0.01 against the euro means about €2 million more sales for the Group. And when we released the guidance for 2016, the exchange rate we used as a reference was $1.11 per euro.

Gross profit at almost €108 million, grew by 26% or €22.2 million compared to last year, closing the quarter with a ratio of the revenues at 68.5%, which is basically in line with quarter one 2016, the difference being 30 basis points, and with the previous quarters. This is the result mainly of higher sales of specialty products, Carlo just mentioned Vitamin

D 1.25 and stool testing on one side and some positive effects from manufacturing efficiencies on the other, which almost completely offset the price pressure on CLIA [indiscernible] products and the slightly dilutive effects of the Focus business.

Total operating expense is at about €56 million or 35.6% of revenues, have increased by about 24% compared to quarter one 2016, whereas, the growth at constant exchange rate was around 22%.

Let me please remind you that as we saw in Q4, and as we will see for the next few quarters, €3.3 million of the reported OPEX growth has being driven by the depreciation of intangible assets, mainly in our [ph] customer list coming from the Focus business acquisition.

Net of this depreciation, the reported OPEX would have grown by 17% and the ratio on revenues would have been 33.5%, against 36.2% of quarter one 2016. This improvement is the result, mainly of operating leverage, driven by tight cost control and some phasing in expenses, which is a lead to the following quarters.

Quarter one other operating expenses at €2 million are lower than 2016 by €0.5 million. Please, a reminder, 2016 was affected by some non-recurring expenses, mostly driven by the cost associated with the Focus business acquisition. Quarter one EBIT at €50 million, or 31.7% of revenues, has increased compared to 2016 by 31% or around €12 million.

The tax rate at 32% is 130 basis points better than 2016, as anticipated during Q4 call. This variance is in line with our expectations and is mainly driven by the contribution to the taxable profit of the Group of the different geographies in which we do business and by the reduction of the Italian corporate income tax rate from 27.5% to 24%, which took place

starting from 2017. Net result at almost €33 million or 20.9% of revenues is higher than the previous year by €8.2 million or 33.2%.

Lastly, quarter one EBITDA at €62.5 million is better than last year by €15.3 million, or 32.4%. The variance at constant exchange rate is positive 30%, which is in line with the upper range of our full-year guidance. Quarter one reported EBITDA ratio of revenues of 39.7% is 180 basis points better than Q1 2016. This increase has been driven mainly by the following three factors:

#1, our ability to offset some price pressure on mainstream products and slightly lower profitability of the Focus business, with as said, more sales of high value specialty products on one side and higher manufacturing efficiencies driven by increasing volumes of traditional excellence initiatives and tight cost control on the other side. As we said, all of these allowed us to close the quarter with a gross margin ratio pretty much in line with last year.

#2, our constant effort aimed at delivering operational leverage through a careful cost control, plus as said, some favorable phasing of operating expenses, which allowed us to close the quarter with an OPEX ratio of revenues excluding the Focus intangible depreciation, which is 270 basis points lower than 2016. #3, as we said, some positive effects coming from the operating expenses.

Let me now move to the net financial position and the free cash flow. DiaSorin closed the period with a positive net financial position of €114 million and almost €173 million in cash. This is the result of what we discussed so far and is confirming again the ability of DiaSorin to generate a strong free cash flow.

During the first quarter, the Group has generated almost €44 million free cash flow compared to €28.4 million of 2016, with an increase of about €15 million or 53%. It is fair to say though that Q1 free cash flow has also benefited from some positive phasing of working capital and tax payments on top of the mentioned positive phasing of OPEX.

Lastly, in view of the Group's operating performance, the management confirms the 2017 guidance for both revenues and EBITDA, with a growth of around 11% at constant exchange rate.

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

Q&A

OPERATOR: Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from Maja Pataki with Kepler Cheuvreux. Please go ahead.

MAJA PATAKI: Yes, good evening, gentlemen. Thanks for taking my questions. I will stick to three, if I may. The first one, Carlos, thank you very much for your update on Europe and Africa, as you were highlighting the regions where you were doing significantly better than the market, yet all those markets were still growing in the single digits. So I was wondering which of the regions were actually growing double-digit, was that in Africa? Then, my second question was with regards to organic growth, with regards to the Focus impact. You are really kind of giving us an impact on organic growth for the Group and also highlighting the impact of molecular. But I was wondering if you could give us an understanding of what the impact of ex-Focus was on the ELISA growth. And then lastly,

could you give us an update on the Italian Patent Box tax impact for 2017? Thank you.

PIERGIORGIO PEDRON: I will start taking the Patent Box question, Maja. So, as I believe I said during the quarter four call, we started talking to the Italian tax authorities. It's very difficult to provide an estimate of when we will be done with this talking and we will get the ruling. We are confident we will get the ruling, if as I hope that we will get it by the end of 2017, this year we will account for the benefit of 2015, 2016 and 2017, because we actually filed our ruling request in 2016. More than that, it's difficult to say. Just consider then, the tax rate that you see in our Q1 numbers do not take into account any positive effects on the Patent Box, because as long as we will not carry it, it's very difficult, it's impossible to book for it. Last information I can share with you is that if we will get it as we are hopeful, the impact on our numbers would be, give or take, around €1 million to €2 million per year of lower tax charges, which means that if we will get it by the end of 2017, you can account for a positive upside on our bottom line of anything from €3 million to €6 million.

CARLO ROSA: I would take the first two, Maja. First, when it comes to the Europe and Africa, I'm sorry; I understand I generated some confusion. So let me try to break down the numbers for you. If you take the like-for-like comparison for quarter one, you have, give or take, 6% growth for Europe, 6%, okay.

MAJA PATAKI: Okay. So the 10% is including Focus?

CARLO ROSA: The 10% is including the additional Focus business, okay. Then, when it comes to the Focus ELISA, okay, so this is quite complicated, but again, just to give you an understanding of what our…let me say existing ELISA is doing, the ELISA, what we call ELISA RIA in quarter one was down by

couple of millions, okay, which is give or take 10%. But this includes the fact that we have discontinued RIA. So this is the first clean quarter where we are not selling RIA any longer. And so, if you ask me, how is your ELISA business doing in absence of this RIA effect. I would say, the Murex business is flattish, maybe going up. The rest of the ELISA business is probably declining double-digit. The net-net effect of our ELISA business is probably that is declining, I would say, 3%-4% per year, give-or-take and again just for you to do some math, if you need. Anything we answer to, yes…

COMPANY REPRESENTATIVE: I think we do…

COMPANY REPRESENTATIVE: I think we answered to the three questions. Right?

MAJA PATAKI: Yes. Thank you very much. It's very helpful, Carlo. Just to double check, because we were looking at you know, the Focus numbers that you reported in Q4, they were closer to €19 million. And I was wondering whether we're just seeing a softer quarter for Focus which doesn't really make sense with the flu season over it's just been allocated not only to molecular, but also to another business basically. That was the question, whether you can concern that? Thanks.

CARLO ROSA: No, actually, the €19 million you are referring to is the overall business and not only the Molecular part. Q1 by definition is stronger also because, especially, I will tell you about the Focus overall is a combination of their ELISA and their molecular. It is stronger because of the fact that is the center of the flu season. So Q1 is always stronger than Q4.

COMPANY REPRESENTATIVE: Right.

PIERGIORGIO PEDRON: Just to make sure you get it right. If you look at [indiscernible] in the presentation we put on our website, the €18.2 million you see for Q1 is just molecular sales. So it does not take into account the so-called classic business which is mainly ELISA, right? So…

MAJA PATAKI: Could you just maybe give us an indication how much the total traditional Focus, or old Focus business would be, just with…so we get a bit of a…so we can track the quarters a bit?

PIERGIORGIO PEDRON: You know, it is…what we can tell you is that, overall the molecular business is growing double-digit as we said and as we were expecting. And then we are starting with some cannibalization of ELISA business to CLIA business. So I believe it does make a lot of sense to keep on tracking you know, the previous business, the current business is just confusing. So///

CARLO ROSA: If I may add something to this Maja. I think we are trying also our self to find a way to fairly represent the business. And starting from Q2, and more than anything starting in Q3 we are going to have a fair comparison because the perimeter is the same. And so, you don't have all this confusion. All said and done, wait until we have the investor meeting because at this point we will have decided how to represent the numbers, and we are going to give better visibility on molecular versus the rest of the business.

MAJA PATAKI: Okay, great. Thanks

PIERGIORGIO PEDRON: Thank you.

CARLO ROSA: Thank you.

OPERATOR: The next question is from Luigi De Bellis with Equita. Please go ahead.

LUIGI DE BELLIS: Yes, thank you for taking my question. Just two quick questions, the first one, could you give us more color about the strong performance of instruments in Q1? And secondly, you have registered a very good performance for Vitamin D in Q1; do you think flat like-for-like for full year is reasonable? Thank you.

CARLO ROSA: Well, let me start from the second one which I already covered during my comment. No, as I said many times you should not get excited, nor you should start to see negatives on a quarter results of Vitamin D. So we keep saying Vitamin D again is because of the net effect of pricing decrease and volume increase still should decline annually anything between 3% and 5%, okay, this is our view. This quarter has been a good quarter for Vitamin D, volume were very robust, but next quarter you can have a 6% drop just on the quarter. So I am telling you judging Vitamin D on a quarterly basis is suicidal. Now, when it comes to instruments, we made 185 [ph] very strong, keep in mind that some of it…20 some systems are related to the fact that we completed installations with this very large US labs that is at this point and started performing in [indiscernible] testing. Rest has been we had a very strong quarter in China, as well as in some other geography in Europe. So I would say is…I would not…there is not a single geography under the spot, is for us, as you have seen before, regular course of business.

LUIGI DE BELLIS: Thank you.

OPERATOR: The next question is from Alessandro Poggi with Banca Aletti. Please go ahead, sir.

ALESSANDRO POGGI: Yes, good afternoon. Thanks for taking my questions. Three, if I may. The first one is on Zika; you mentioned that the guidelines…the testing guidelines are not out yet. I would like to know if you have an idea or an expectation rather of timing maybe for that. Then China, you said there is a situation of adopting the network and your procedures and sales practice through new regulation. Added later about what you expect, so I would like to hear your view, expectation, on how you expect things to continue into 2017, and if you see major obstacles those to the performance of your sales network? I think, the third question is for the CFO, I would like to better understand what amount of OPEX has been shifted to the following quarters of 2017, if I may. I think that's all, thank you very much.

CARLO ROSA: Okay, thank you. I will take the first two questions. When I said the Zika guideline is not there, I am referring to the fact that there is a guideline vis-à-vis what…as I said what should be done when symptoms show up. And again, after symptoms in the first two weeks, you should use PCR to test the patient because antibodies are not necessarily present yet. After two weeks, you need to test for immunoassay because the window for the molecular test to work in this particular case is much shorter than other viruses. So the CDC made very clear what you should be testing for. The problem is how to implement testing.

So, for example, I'll give you an example, when it comes to prenatal testing for some of the prenatal infections like toxoplasmosis, cytomegalovirus, there is a guideline that says once the woman is pregnant, then after the second month then she has to be tested every 90 days for toxoplasmosis and that gives an indication to the physician to what should happen.

In this particular case, the situation is more complicated because this virus is borne via mosquito. Then in the mosquito population you have good

mosquitoes, regular mosquitoes and mosquitoes infected with the virus. So if you are…the big question in the table is, now I am pregnant, and I get bitten by a mosquito, what I am going to do, right, because I cannot determine if that mosquito was good, bad or ugly. So that is the uncertainty today that is on the market, and there is where today physician, I mean this is left to the local interpretation of physicians. So everybody is pretty much expecting an indication of how to behave and what to do. As said before, 100,000 tests is what we estimate to be the testing volume in the US today.

As far as China is concerned, as far as your question is concerned on China, China moves very rapidly. The double invoice policy again was...it has been intended to take a very fragmented situation, where you have a small…hundreds of small distributors covering provinces, cities and so forth, and then helping the government to consolidate this network of small distributors into few large operators that can be companies the government can talk to and try to regulate. How this is going to happen and who are going to be the companies that would be chosen to be the consolidators, rather than to be consolidated, still we don't know.

And so, today we have a good network of distributors of good size, we've been always quite selective. So we believe that eventually our distribution network is going to survive and so, we do not need to change too much. However, it can be that our own distributors, some of them within same provinces will consolidate. And therefore, we are just waiting to see how the government will drive this. And then as a result of that, we will understand who are going to be the companies we need to do business with. Very difficult to prehend [ph] any move. In China, we learn the hard way, you wait, see what happens and then you act.

PIERGIORGIO PEDRON: Yes, regarding the OPEX, what I can tell you is that if I look at our budget in terms of OPEX for Q1 2017, we were forecasting to be couple of million higher, €1.52 million higher compared to how we actually closed Q1 2017. So you can take that number as a ballpark number. Again, it's phasing more than anything else.

ALESSANDRO POGGI: Thank you.

OPERATOR: The next question is a follow-up from Maja Pataki with Kepler Cheuvreux. Please go ahead, madam.

MAJA PATAKI: I have another two questions. First, on the number of Zika tests that you have given us, Carlo, do you have any visibility on how the development was and when you take about the 100,000 tests, are we talking Q1, are we talking full-year, are we talking since last year summer, just to know what we are talking about? And then the second question relates to your partnerships that you have a settlement with Roche. Can you give us any qualitative statement on how revenues are proportioned [ph] in those partnerships? That's it.

CARLO ROSA: Okay. 100,000 test is what we have accounted for, if we…so what we expect to see. In 2017, if you take the major labs and if you take the public health labs, if you take current volumes, you annualize and you get to that magic number, okay. So, it's a Company projection starting from current rates of…again the major labs and public health, since that we are very heavily present in the big labs, and some of these public labs, this is the visibility that we are getting. How that volume will grow, as I said before, very difficult to predict. It can be affected certainly by the fact that is going to be a guideline issue. Your second question was on?

PIERGIORGIO PEDRON: Partnership.

CARLO ROSA: The partnership, yes. As far as the partnership with Beckman in China, today I'm going…okay going by memory here, there are I would say, I cannot give a precise number, because we've confidentiality with them, but I would like to say there are less than 50 systems that have been installed in co-operation with Beckman. And again, I cannot give you a precise number, because it's confidential, but there is a rollout with projects that we have with them. And I have to say that year-to-date; the impact on…because of the size of our Chinese business, the impact of the business in terms of revenues is not material. However, we see the increasing rollout of placements. So, if your question is what is in your current 22% growth, what's the impact of Beckman, still not material?

As far as Roche is concerned, again, I cannot give you the precise numbers. However, I can say that we have between 20 and 30 projects ongoing to be discussed and to be awarded, some of which are already awarded and where we have already installed our systems with Roche. But I can really not be more precise because of the confidentiality.

Overall, if I may I comment on this, I think that we see these two relationships have a complete different, let me say, connotation. We are seeing that the Roche relationship is defensive, more defensive than what we expected, meaning that certainly consolidation is happening in some of the large labs in Europe, where we already had business. And therefore, this relationship is allowing us to take the business that would have been at risk, to lose if another party would have won the business and then retain that portion of the business for many years, all these projects are five, seven years contracts.

The Beckman relationship is instead a completely different nature; it's more new business, because we're not present in these very large Chinese

hospitals. And therefore, the business they win is through business where we work with Beckman and we displace a competitor box. When Beckman is placing their power processor line, getting clinical chemistry and a regular immunoassay for oncology, thyro, then we get hepatitis.

MAJA PATAKI: Right, thank you very much. Can I just double-check, did you 50, like five zero, or 15, one-five for China?

CARLO ROSA: I said 50, five zero.

MAJA PATAKI: Thank you very much

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

CARLO ROSA: Thank you, operator. Bye.