DIASORIN SpA

"FULL YEAR 2013 RESULTS CONFERENCE CALL"

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OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the DiaSorin Full Year 2013 Results Conference Call. After the presentation, there will be an opportunity to ask questions.

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

CARLO ROSA: Thank you, operator. Ladies and gentlemen, good morning and welcome to the year end results conference call. As usual, I will comment the main elements of the business, focusing on sales trends, placements and business development activities that happened in the last quarter of 2013. Following, Mr. De Angelis will guide you through the financials, and the guidance for 2014.

Let me remind you that Q4 results are just a managerial outlook since we are reporting just the full year results. Also, due to the strong impact of exchange rate on different lines of our P&L, I will discuss revenues at both constant and current exchange rate where necessary.

So let’s start from an overall picture. Overall, Q4 revenues were strong in all geographies; in fact in Q4 sales grew over 5% at constant exchange rate, allowing us to close 2013, 2.5% higher than previous year. As you know in previous quarters, the main growth driver had been the CLIA ex-Vitamin D products that grew over 25…22% in Q4 and 17% on annual basis at constant exchange rate.

We will see that in all geographies, products introduced in the last year or so, and I am referring to the new devices for diagnosis of infectious disease in stool and the full blood viral hepatitis line, these have been the products that supported growth.

Vitamin D as seen in the previous quarters, declined at a slower rate, but remains very strategic for DiaSorin to allow us to expand the CLIA ex-Vitamin D business in a certain market segment. I will provide more color to this statement when I will comment on LabCorp agreement.

Let me now focus on the main geographies. In Europe we enjoyed a strong Q4 with a growth of over 5% which allowed us to close the year 4.5% over the previous year. Let me remind you that in 2013, the main European market were flat at best or declined according to the European Diagnostic Manufacturers' Association's statistics.

As far as DiaSorin in Germany and Italy, we grew respectively 21% and 6.4% in Q4. And these were the drivers; the two geographies have been the driver for the good results of Europe, overall.

In Germany specifically, two things are working very well for DiaSorin. First, Germany is the largest market in Europe for stool testing. We estimate in fact that this market is valued between €30 million and €40 million. The availability now of five products in the Liaison instrument for the stool testing allow us then to start winning sizable business which today is in the hands of smaller, domestic German companies.

Second, for Germany the launch of Aldosterone completed the "hypertension panel" allowing us to get lucrative business in the very large private labs.

As far as Italy is concerned, we continue to win businesses throughout all the different product line either directly ourself or partnering with different companies that are operating [technical difficulty] territory.

Now, let's move to Asia Pacific. In Asia Pacific, the business grew 25% in the quarter and 17% full year. Clearly, China had a very good year, with a 33% growth over previous year just for quarter 4. The acceleration of our sale has started to peak after the recent approval of the full hepatitis line and is expected to continue in the next quarters.

In China, we have now reached a total installed base of more than 500 systems and we see the Liaison XL as the perfect fit for growing in mid sized hospital market.

Now, let's move to Latin America. In Latin America, we saw strong growth in Q4, especially in Brazil, where at constant exchange rate; the business grew 30% over previous year.

I would like to focus though on Mexico where after few slow quarters, with single-digit growth, we have now seen sales growing and we expect to see stronger sales going forward. This is because this market is particularly fit for our blood virus hepatitis products, due to the presence of almost 400 small sized blood banks which were perfect size for the Liaison XL.

Let me remind you in fact that in Mexico with the registration of the last product for blood banking which is the chagas product, we have now the full assay panel necessary to compete in this market segment.

Last, let's discuss about the US. Let me start with the LabCorp agreement. For the ones who are not familiar with this deal, let me summarize the main terms of the deal. LabCorp is our main customer worldwide and our historical partner for Vitamin D. Last year, as discussed during the last quarter results, we have swapped all our Liaison installed base at LabCorp with the new Liaison XL, which benefit with the high volume testing needed by labs of this size. This was pivotal to discuss, we discussed with the opportunity to adopt the Liaison XL for other products, so products other than Vitamin D, and more specifically for all the infectious disease products for which we are leader worldwide and this has been a recently made available on the Liaison XL in the US.

As we speak, 15 new products have been validated at LabCorp, and will soon get in the routine. We expect to go fully in routine at the end of Q1 or beginning of quarter 2, 2014.

Also the current agreement has been extended until 2018 with mutual benefit and satisfaction, providing longevity to our very relevant Vitamin D business that we hold with this account.

I like this deal because it proves that in the US even if we had suffered clearly for the suicidal pricing strategy of some of our large competitor, our Vitamin D franchise is helping us to diversify the business and make it stronger, especially in the big labs where we still hold a strong position with Vitamin D. This is clearly demonstrated by the growth rate of the CLIA ex-Vitamin D business which in the US grew 22% at constant exchange rates in 2013, and will continue to deliver strong growth in the next quarters.

As far as margins are concerned, before we move to the financials, if we look at the immunoassay business, carving out the cost to support the molecular business at constant exchange rate and the EBITDA has been relatively stable, around 39% over the last few quarters proving, if still needed, that this Company can deliver high margins even with a reduced contribution from Vitamin D.

At this point, I will leave the floor to Mr. De Angelis who will drive you through the financial and then we are going to open the Q&A session.

PIER LUIGI DE ANGELIS: Thank you, Carlo, ladies and gentlemen, good afternoon. Let's start having a look at the income statement. As already commented by Carlo, all the income statement lines in 2013 have been particularly affected by the negative foreign exchange rate, in particular amongst the currency we are exposed to the United States dollar, the Australian dollar, and also to the Brazilian reals and the South African rand, which all register a wide depreciation against the euro. Having said that let me remind you that in 2013, DiaSorin continued its hedging policy versus the United States dollar.

Comment on revenues, when we look at the Group revenues, we reported for the full year €454.8 (Ph) million with a negative incident of €9.8 million versus last year driven by the fluctuation of the currency. At constant exchange rate, revenues increased by 2.5% versus 2012, and this result is in line with the guidance for 2013 that we provided last year.

Molecular business in 2013 contributed for €3.3 million to the total turnover. Our revenue growth at constant exchange rate has been driven by the strong revenues of all our CLIA products, Meta Vitamin D equal to 17.6% and of our instrument and consumer role sales equal to plus 11.8%.

Vitamin D negatively affected the turnover with a decrease of 9.8% at constant exchange rate, however, with a negative contribution slowing down in the second part of the year. Gross profit of the Group in 2013 totaled €299.7 million with an incidence on revenue of 68.9%, which increase of 40 basis points comparing with last year, thanks to the stability of the margins of all our CLIA products.

The operating expenses increased comparing to 2012, mainly as a result of the cost to support the launch of the molecular business and the increase of sales and marketing and technical assistance people (Ph) to support the Immunodiagnostic business following the strong increase of our Liaison, and Liaison XL installed base worldwide.

With the other operating expense, we register a negative impact coming from the exchange rate fluctuation that was related to the intercompany commercial balance and that was equal to €2.3 million. As a result of all that said, our statutory EBITDA totaled €163.1 million in 2013 with a negative impact coming from the exchange rate equal to €5.3 million.

The operating expenses related to R&D and to the creation of a dedicated sales force for the molecular business influenced the Group's EBITDA for €6.9 million on the entire year of 2013.

As a consequence of this, the statutory EBITDA margins was equal to 37.5%. However, if we include the molecular business and the negative exchange effect, the EBITDA margin would have been equal to 39.7% inline with what we have shown through all the 2013.

As far as the taxation is concerned, in 2013 we registered a tax rate of 55.7%, slightly lower than 2012. Net profit as…the consequence of the unfavorable exchange rate effect on all the income statement line, the net profit totaled €83.1 million in 2013 with an incidence on the total revenue equal to 19.1%.

Let me now drive you through the most relevant effects occurred on the balance sheet. During 2013, the net working capital increased by €4.1 million as a consequence of the growth of our inventory and receivable only partially offset by the decrease of our liabilities. More in details, trade receivables increased by €3.7 million primarily due to the increase of the turnover in the last quarter, and the trend of our receivable in Spain.

As far as Spain is concerned, it is worth mentioning that in 2012, we benefited from a significant cashing of receivable coming from the past position to the public sector which did not occur again in the last part of 2013, but that we cash in the month of February of this year and we cashed €5 million.

Inventories increased by €2.5 million, to higher stocks and of strategic raw material and semi-finished products. This is normal in our business whenever we have in pipeline new products ready for the launch in the following months. We need to provide our manufacturing sites with the necessary inventory to grant the supply of finished products for at least six months after the commercial launch of the new product.

Let me remind you on this point that DiaSorin is able to launch between six and eight new products every year with a run rate of one new product every one month…one month and half. Other assets and current liability increase of €2.7 million mainly due to the balance of tax debits.

At December 31st, once again DiaSorin registered a very solid net financial position equal to €98 (Ph) million with an improvement of €50.8 million from 31st December 2012. Last but not least, in 2013, we have been able to generate a free cash flow equal to close €80 million.

As a consequence of the results achieved in 2013, the Board of Directors of DiaSorin SpA this morning approved the motion for the allocation of the net profit, including the payment of a gross dividend of €29.9 million equal to all €0.55 on each share outstanding with the exception of treasury share with May 19, 2014 coupon date and May 21, 2014 record date and May 22, 2014 payment date.

The Board of Directors of DiaSorin SpA furthermore resolved to call a shareholder meeting on April 23rd, 2014 on the first calling and, if it's necessary on April 28th, 2014 on second calling.

Guidance let me conclude by providing you the guidance of the Group for 2014. In view of our operating performance after December 31st, 2013 and taking into account that our strategy is working across all the products venue and geographies, we expect to see our revenues growing between 3% and 5% at constant exchange rate, our Group EBITDA growing around 3% always at constant exchange rate, our installed base of Liaison and Liaison XL growing with around 500 new units.

At this point, I thank you very much for your attention. And if Carlo has nothing more to add, I will open the Q&A session.

CARLO ROSA: All right. So, operator, let's open the Q&A session. Thank you.

Q&A

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

MARTIN WALES: Hello, good afternoon. I guess the fairly obvious question is, you are talking about 3% to 5% sales growth with only 3% EBITDA growth, which implies you are investing your money somewhere, or you are [indiscernible] for other reasons. Could you perhaps elaborate on how you see the profit development at that level across 2014?

CARLO ROSA: Martin sorry, we cannot hear the question, can you just repeat it?

MARTIN WALES: Sorry, let me try again.

CARLO ROSA: Yes. Thank you.

MARTIN WALES: You are talking about 3% to 5% sales growth, but only 3% EBITDA growth, I guess the question is why?

CARLO ROSA: Well, the answer is relatively simple. We see that we will retain…from a margin perspective, we see sustainability of current margin. From an operating expense perspective, we believe that we are going to increase to a certain degree the OPEX, on one side it does come with a natural growth of OPEX coming from increase of cost of labor and so forth. But by the same token, we have some strategic research and development project which we start in 2014, that huge increase of our research and development cost expected, is starting from 2014, not significantly but enough to erode one, two percentage points from revenue growth.

MARTIN WALES: Okay. And coming back to that 3% to 5% revenue growth guidance of 2014, I guess given that Vitamin D pricing pressure is increasing and the rest of 10 million invested is doing very well, what's holding it back to 3% to 5%, say mid to high single-digit?

CARLO ROSA: On one side I think pragmatism because I think that today there is uncertainty in a lot of different markets and you know, this Company, we have always been very careful to provide guidance that are realistic and explainable. And I refer you specifically to the fact that as you know, in the US today, the US as a result of the reform, it's very difficult to predict where the market goes. And as far as certain events which are happening in certain strategic countries, and China is a good example, where they've been talking about cutting the reimbursement for certain products, they do it regularly, but this time because of the strong growth of the market there are strong rumors that some reimbursement maybe cut. And therefore, we decided to take a pragmatic outlook vis-à-vis what this Company can deliver under the current circumstances. We will know better after quarter 1 and quarter 2 if some of this impact will happen or not.

MARTIN WALES: Okay. And how seriously are you thinking about the Roche deal and the LabCorp deal in terms of 2014?

CARLO ROSA: As we have discussed already, the Roche deal will not necessarily affect 2014 because it starts only in the last quarter, and so does not have an effect on this year, on 2014. As far as LabCorp is concerned, we will start to see effect in the US numbers starting from initially Q1, but then full effect on quarter 2 and we will see two affects here from the LabCorp deal, one side reduced revenues from the Vitamin D because the contract has been renegotiated down but extended and by the same token more than compensated by increased revenues of CLIA ex-Vitamin D with all the infectious disease products.

MARTIN WALES: And these aren't going to be the effective Vitamin D impacting but only in Q2, but that's not reversing across the year as the new products are developed going to sales, or is that going to be a net [inaudible] do you think?

CARLO ROSA: No, they go pretty much in line because, with an increase…with increase of adoption of certain products, then certain pricing goes into affect and I cannot get into the terms and condition, but the net-net result will be that we will enjoy additional incremental revenue with this very relevant customer, compared to previous year on one side. And by the same token, we have diffused the potential risk, because LabCorp does represent a significant portion of our US business. And this business has been secured and diffused along with 15 other products for the next three years…three to five years.

MARTIN WALES: Just very quickly, before I get back in the queue, just going back to the Roche deal, there's no cost implication the first three quarters?

CARLO ROSA: No, not really…well I am saying the research and development are not inferring that there is any additional cost into the Roche deal.

MARTIN WALES: Okay, sounds great. I'll get back in the queue, thanks Carlo.

CARLO ROSA: Thank you.

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

SCOTT BARDO: Thank you very much for taking my questions. So Vitamin has sort of a clear franchise, net of Vitamin D looks to be doing incredibly well. On the flip side, Vitamin D does not...it seems to be falling around 10% in CER, which is…it is a little bit higher than, I think you initially anticipated this year. I think, if I understood correctly. You were anticipating some degree of stabilization in that franchise, and also going forward. But now it sounds like there is an expectation that Vitamin D is also going to contract further into 2014. So can I…you explained a little bit about LabCorp, but can you perhaps just give a little bit more detail as to why Vitamin D has declined at a more rapid rate than you thought a couple of months or quarters ago, that would be helpful. Thank you.

CARLO ROSA: Yes, if you remember, we said that Vitamin D negative contribution in 2013 should have been around €10 million. And the €10 million Vitamin D decline was net of €1 million business we were expecting to get from Japan, so that was the calculation.

SCOTT BARDO: Yes.

CARLO ROSA: Compared to that, in 2013, the decline of Vitamin D was not that far off. In fact, it was a couple million higher than what expected that in the grander (Ph) scheme of our Vitamin D revenues is a drop in the ocean. So I think that as far as 2013 what we got was pretty much spot on. Now, what I said about going forward on Vitamin D, I said that every time we renegotiate contracts, especially with large customers and this is a very good example, the LabCorp deal, what happens is that, you do provide discount on one product in order to get more business with different products. One of the problems that we typically had in the US was that, when we got the wrong call about discounting Vitamin D, we had nothing to offset the discount. And so, it was a negative loss due to the fact that, we are just losing Vitamin D revenues. No, the LabCorp example provides a clue of what happens in the future with Vitamin D. So yes, the franchise will continue to go down because it's too big for us in some of these deals that we have in the large labs. But if this…but when we will provide a discount on Vitamin D, which is not too the extent that we have seen in the past, because that was more driven by competition showing up and this is instead driven by negotiation with the customer about extension. We are going to get additional business for CLIA EX Vitamin D business, okay. This is very clear to me. So I don't expect Vitamin D in 2014 going forward to decline as an effective competition to the same level that we have seen before. I expect it to decline as a result of a negotiation that brings over more revenues of CLIA EX Vitamin D.

SCOTT BARDO: Very clear, and seems very sensible as well. But in terms of magnitude, I mean should we be expecting a similar sort of magnitude decline going forward, or would that even accelerate given this new sort of pricing structure that you implement?

CARLO ROSA: No, I don't think that we'll accelerate, and I don't think it will be to the same extent that, we have seen in 2013. Keep in mind, that net off a one-off deal which we cut with LabCorp that is very sizable portion of our US business, that one has been clearly renegotiating, we took an impact on Vitamin D, and we generating more business as profitable with the other 15 products. But to make a long story short, the impact…overall impact is not going to be to the extent that, which I keep saying it's fairly limited considering the amount of business we have to the extent that we have seen in 2013.

SCOTT BARDO: Understood, can I just touch upon the molecular business, because obviously, you've been growing out that business from a pretty small base, and still investing that platform. It feels a little bit like this business is requiring slightly higher investment and taking a little bit longer than was perhaps initially anticipated at the outline of the Capital Markets day a few years ago. Is that a correct interpretation, can you help…give a little bit more flavor as to how long it will take to get this business profitable, you know, when…how sort of…how many for the investment needs to be, and what really is limiting this business from moving forward?

CARLO ROSA: What is…let me just use an example of a company that is…that has been working with the same technology as we have the LAMP and has started from scratch developing business. This company which had a very strong franchise on a specific product which is C Difficile has developed a lab product very successfully and launch it with I think more than a thousand systems in place in a very small amount of time. But the result of this success is that, they pretty much went to the existing business…existing customers, and enjoyed a conversion of business from one technology to another, because the market was going away from traditional immunoassay into more molecular, okay.

Our business model was different, meaning that we don't intend to…so we are not replacing existing technology, because the market is not shifting, we are simply adding to existing customers more products. As I think, I discussed already in the previous quarters, we have been optimistic in the past in terms of customer adoption rate. Meaning that, we saw that the evaluation of these technologies would have been much faster in the adoption, much faster whereas we see that it takes longer today to evaluate. So going back to the example of the other company that's playing in this field, LAMP is the right technology, yes. Can we set-up an installed base of a thousand systems in the 24 to 36 months. No, because we are not cannibalizing existing products with different technology. And it takes…and it's going to be…it's going to take longer to develop, yes. Are we going to spend more than we expected in terms of adding additional resource, no. This is in line with what we expected. Clearly, there is a negative contribution to the EBITDA which will last longer than what we expected, but net-net if you think about it, in 2013, with the total EBITDA of €163 million, we dedicated not more than 4% of that EBITDA to a futuristic technology.

So, am I worried about molecular? No, I'm not; because I consider it as an opportunity to innovate going forward. Am I comfortable with the technology, yes, absolutely? I am comfort with the technology. Keep in mind, that some companies that were not present in molecular diagnostic field, and decided to get into this field for just to buy a position with a technology have spent hundreds of million of euro, and I'm referring to a very recent transaction which has been conducted by European company that got in the space through acquisition. So I think the small ticket item in order to be there for the future, but as I said many times and also at the beginning, the DiaSorin future doesn't depend on molecular, it does depend on the ability to continue to deliver new product, the success of the XL (Ph) and the success of the sale in certain technologies.

SCOTT BARDO: That's very clear and just one last follow-up if possible. Obviously, you know, cash flow dynamics have been very attractive for the business, historically we have seen periods of excess liquidity, and we are already with the special dividend. And I just wonder whether, you know, that the fact that you have announced a healthy, but a more normalized dividend this year. And is indicative of, you know, your appetite to commit to M&A, perhaps even in molecular given that it's running a little bit slower than perhaps you would initial like?

CARLO ROSA: I think that, as far as dividend and dividend policy is concerned; this is the matter that is handled by the Board of Directors. We decided to improve the dividend 10%, and I think we did this consistently over the last few years. As far as M&A, I said before, yes, absolutely we are looking…we have been constantly looking into opportunities. However, I think we enjoy the fact that that we don't need…necessary to buy companies, we buy a company when it makes sense to buy and evaluation is right for DiaSorin because we do have all the assets to guarantee internally development of the business over the long-term. So as said, we continue to explore, we bought assets in the past, I believe we are going to get to buying assets in the future, but I am not obsessed about M&A unless it really makes sense for DiaSorin. I am more inclined to spend money internally for research and development in order to guarantee that products will get to the market as promised.

SCOTT BARDO: Thank you very much. I'll jump back in the queue.

OPERATOR: The next question is from Daniel Baldini of Oberon Asset Management. Please go ahead.

DANIEL BALDINI: Hello, thanks very much for taking my call. I am wondering if you've heard of a company in Silicon Valley called Theranos which I've been reading about recently. And I am wondering if you do…if you are familiar with this company, whether you have an opinion about their technology and their business plan and whether it might seriously disrupt the diagnostic testing market here in the US?

CARLO ROSA: Yes, I've heard about it and it would be very difficult not to hear about it because just look at the Board of Directors, I think everybody with the exception of the current president, inside. But if you talk about the technology, I have no idea because I've seen it today. We have not really seen the company in the market. If you think about the point of care, a lot of discussion about it, lots of yapping about it, but we have not seen much out there. As far as…if you want to comment on the point of care market on my side, I think that it's a lucrative market going forward because I believe that is going to be especially certain in market like the US a polarization between very large account or physician office labs which we will try to compete getting together against the outsourcing benefiting from in-house testing and the rewards provided by the current reimbursement system. So is it a way to go, yes, do we have an idea about what this company will do, I think any…your guess is as good as mine.

DANIEL BALDINI: Okay, thank you.

OPERATOR: The next question is a follow-up from Scott Bardo of Berenberg. Please go ahead.

SCOTT BARDO: Yeah, thank you very much. Just a question on the financial guidance, I think you are indicating then about 3% EBITDA growth on a constant currency basis, and I think, if my numbers are correct, then we are factoring in something like a 2% currency headwind for you into 2014, which would broadly imply a flattish year-on-year EBITDA growth for you, maybe up 1% or something. Is that how you see it, or are there other effects, hedging effects we need to consider?

CARLO ROSA: Well, listen I wish I had that visibility on every time we try to build a budget with an exchange rate I think we always missed it. So we going to say our budgets are built at constant exchange rate and then we consider, and I think we have hedging policies and then we consider the exchange rate is something that we take as it comes. So I have no idea.

SCOTT BARDO: Okay. But at the moment, as you see it, there is a headwind at least to consider on top of that guidance?

CARLO ROSA: Really listen; as far as we are concerned as a Group, we are exposed to three currencies, dollar, Australian dollars…

SCOTT BARDO: Yes.

CARLO ROSA: And Brazilian Reais, you tell me how the three currencies will go and I think we can make money in a different business.

SCOTT BARDO: Okay. More generally then, you know, DiaSorin has come an awful long way, and sort of coming through the precious…the Vitamin D franchise off to phenomenal period of growth. Your placements in Liaison XL are truly impressive, and the CLIA growth looks exciting. I guess the question is, here we have a year of moderate top line growth, flattish earnings development. Could…I mean, can you help us understand whether you think that this changes at all? Do you see an inflection point where your growth will start to accelerate, and even whether your margins can expand, or do you think margins are at a satisfactory level, and that this sort of 3% to 5% top line growth is a sensible sort of growth for a business such as DiaSorin?

CARLO ROSA: Listen, I think that in today's environment providing precise outlooks going forward and very aggressive would be difficult because a lot of different things are really changing. And therefore, being a pragmatic, I think that we should tell…we should tell ourselves what we can deliver under the current scenario and then wait and see and try to beat those estimates if the markets allow us to do so. In 2013, if you think about it, when everybody else really suffered in Europe, we had a phenomenal year in Europe because I consider Europe…over 5% growth with a growth of 13% in Germany, 6% in Italy a good, good year. Keep in mind that the Europe…the European system is changing rapidly, we don't know where it will go and everybody has to try to get more money from the healthcare system, okay. So I think that as far as 2014 is concerned, and all the…and the visibility we have and what, we expect to see a growth of 3% to 5% for this Company which means that we will continue to deliver over 15% growth rate on the CLIA ex Vitamin D, it's a good place to be. And we will see going forward if some of the…of our assumptions are right or wrong.

SCOTT BARDO: Thanks very much indeed.

CARLO ROSA: You're welcome.

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

ANASTASIA KARPOVA: Thank you for taking my questions. I actually have two. Regarding the negotiation of the contract, when do you expect most of the contract in the US, or in total, to be renegotiated? When we'd expect to have the full impact…to see the full impact of your negotiations? And secondly, do you see the room for improvement in free cash flow generation?

CARLO ROSA: No, I don't see a room for improvement on free cash flow, I think as this is good enough, it's a combination of top line development, margin and investment necessary to sustain the business. As far as contract, but this has nothing to do with Vitamin D, it has to do with contracts in general. We have tenders which usually last between 3 to 5 years. And so, mathematically if you think about it, you are going to see a renegotiation of pretty much 20%-25% of your current base on an annual basis.

ANASTASIA KARPOVA: Thank you.

CARLO ROSA: But this is part…this is part of the business…

ANASTASIA KARPOVA: But there is no like extraordinary renegotiation above 25%, so there is no urge to renegotiate just on a usual run?

CARLO ROSA: No, the…let me say the elephant in the room clearly was LabCorp because of the size of the business that we had and this is why we were very keen in working with them and renegotiating the contract that is done is a long-term contract, that was an outlier because of the size, all other contracts we have are I think were across our business.

ANASTASIA KARPOVA: Okay.

CARLO ROSA: So from a size perspective and from ability to extend.

ANASTASIA KARPOVA: Thank you.

CARLO ROSA: You're welcome.

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

LUIGI DE BELLIS: Yes good afternoon, just a follow-up on the outlook for 2014. If you may, can you elaborate a little bit more about your assumption behind the 2014 guidance for Vitamin D, CLIA EX Vitamin D and molecular diagnostic business in terms of top-line like-for-like trend. Thank you.

CARLO ROSA: As far as CLIA EX Vitamin D, as I said, we expect growth to continue around 15%. As far as Vitamin D, we…again it is difficult to give you a number, because without really providing terms and condition of the LabCorp agreement. So net of LabCorp, so taking the effect of LabCorp out, we expect the Vitamin D decline to be less than what we had in 2013. As far as molecular growth is concerned, we expect to get in the range of €5 million to €6 million worth of business. And then you need to take into account though, the fact that we still have ELISA, RIA and the Murex (Ph) business, which is the underlying business which still represents 20% of our overall franchise.

LUIGI DE BELLIS: Okay, thank you very much.

CARLO ROSA: You're welcome.

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

CARLO ROSA: Thank you, operator. Thank you all.