DiaSorin Inc

"Third Quarter 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, Third Quarter 2013 Results Conference Call. After the presentation, there will be an opportunity to ask the 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. Good morning, ladies and gentlemen and welcome to the DiaSorin quarter three results conference call. I will make few introductory comments to the main elements of the business and then Pier Luigi De Angelis, our CFO will go through the financials.

First of all, due to the heavy impact of Forex on this quarter results, I will comment revenues at constant exchange rate so that we can better appreciate how business is going. Revenues in quarter three grew 3.6% accelerating versus previous quarters. This is the result of a strong growth of our CLIA ex-Vitamin D business which recorded a 21% growth versus last year. Also, we have seen a slowdown of the decline of the Vitamin D business and we have seen...we got these results despite a deterioration of the Murex business in the quarter which is due to certain events that I will comment later on during the presentation.

Now, let start from the CLIA ex-Vitamin D business. We continue to see the success of our traditional product lines mainly in the infections disease and hepatitis clinical areas where we have launched several new products last year and now we start to reap the benefit in this quarter and going forward. However, it is worth mentioning that also in the new clinical areas like hypertension and stool testing, where we have launched new products, more recently, we are now seeing sales starting to materialize. This is very promising because these product lines will be the one that will continue to fuel growth in the coming months and quarters.

As far as Vitamin D is concerned, we continue to see year-on-year overall volume growth. In fact, in the nine months year-to-date, volumes have grown around 5%. Price erosion has affected us strongly in the previous quarters, but as expected, it is softening out. In fact, if you recall at constant exchange rate, Vitamin D has declined 15% in Q1, 9% in Q2, and now 6% in quarter three. As far as LIAISON placement is concerned, we continue to see the same positive trend as before with more than 140 systems placed in the quarters. And this has been achieved in all the main geographies. It is noteworthy that in July, we got all the donor screening assays approved in Brazil and by year-end we expect to have been also approved in China.

Again, these are strategic markets for us where the market size for hepatitis and HIV assay is substantial and we expect that because of the approval in the next quarter, we will start seeing significant LIAISON XL placement coming also from these two markets, on top of what we already see in the more established traditional geographies like Europe and the US.

I would like to briefly comment on the revenues associated with the Murex business. Murex has been pivotal to allow DiaSorin to enter the hepatitis and HIV market with LIAISON XL. In fact, part of the knowhow, raw material as we go through this acquisition was used to develop our full hepatitis menu on the XL and we already discussed previously that current and future success of the CLIA ex-Vitamin D business is strongly associated to this product lines.

Along with Murex, we bought also an established customer base of ELISA products some of which based in strategic countries like China and Brazil, some in secondary markets like Africa and Middle East. Contrary to previous expectation, we have not retained some of this business due to a

combination of local political events and Egypt is a very good example where we had substantial business before and because of the current turmoil, the opportunity is not there any longer, or we lost business because of margins consideration. So far this has affected company revenues by €4 million in this year. It means that the sales of Murex products for the first nine months is €4 million below what it was last year. We expect now, that the Murex business will be more stable going forward since the vast majority of the remaining business is based on solid markets and on top of this, the company was also awarded recently with a major vendor to supply all blood banks in Malaysia and this will compensate in the next quarter's business that was lost in 2013.

Now, let's go back and comment revenues from a geographical point of view. Now, from a geographical point of view, we continue to see good growth in Europe, notwithstanding the difficult economic conditions and budget restrictions and this is clearly linked to the growing installed base of LIAISON XL and their success of this platform in Europe. In Asia and South America, we continue to experience double-digit growth and the future looks even more promising due the recent registration of new products as previously discussed and I am referring to the LIAISON XL hepatitis and HIV products.

In the US, Vitamin D business deterioration is slowing down as expected and as we have discussed before, even if Vitamin D testing volume is slightly decreasing in the big central labs where DiaSorin traditionally operate and this is due to the viability now of more instruments of small footprint in the smaller account and I'm referring to the 12,000 POLs that are present in the US. In the US, the rest of the LIAISON business continues to grow rapidly I believe in the quarter, the growth was over 25% versus last year and this is, thanks to viability of all the new products which were recently approved by the FDA.

Let's now switch to Molecular, we continue the effort to develop and launch new products. In quarter three, we launched the Toxoplasma molecular product on the LIAISON IAM platform. We expect by year end to see around 50 systems installed with customer evaluating our technology.

Now, last before moving to the financials, I would like to make a brief comment to the press release about the collaboration with Roche. Consolidation of labs has been accelerating over the last two years mainly driven by the necessity to increase efficiency in the way lab work is done. This is specifically true for all those countries when the lack of a strong private sector has allowed hospital to build and manage a variety of mid-size labs. This is very typical of certain European countries like Spain, like Italy, like France and some in the Nordic. The new trend we have seen is that quite often consolidation of labs demands also redesign of space and introduction of sophisticated track system plus software solutions to obtain the operative savings labs are demanding. In this respect, more often now labs wants to select a unique vendor able to design and supply the vast majority of products rather than consolidating themselves offering from different vendors. It means that, if before it was common practice for the big labs to go to the big vendor first and then themselves they would go to the other vendors putting together an offering made of mainstream and specialties, today, we see a trend where the big labs want to have one company to talk to and they are asking that company then to put together consortia to provide mainstream as well as specialties.

In this respect, and only to supply the very large customers, we have agreed to cooperate with Roche Diagnostics putting together their platform which is the cobas 8100 and our LIAISON XL platform. In this

way, we will be able to provide customers the most complete product offering for immunoassay, spanning from the mainstream Roche products to all the specialties that we offer on LIAISON XL. We believe this will be a very attractive proposition for our customers difficult to match by all the other competitors. Without getting into specifics and details of the agreement, which are of confidential in nature, let me clarify one point that is very important. DiaSorin will continue to sell directly to those customers that will choose to connect the LIAISON XL to the Roche system.

In DiaSorin, we will be responsible for servicing its instrument. It means that, we would put together an offer along with Roche Diagnostics but once the offer has been accepted by the customer, we will be the one then selling products to the customer and servicing our instrument. To conclude, this deal provides an optimal solution to serve the consolidated market and will allow DiaSorin to focus on the remaining market where the need of a full automation solution is not there.

Now, Pier Luigi will take you through all the financials and then we are going to open up the Q&A session. Pier Luigi.

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, the third quarter and the first nine month of the year were particularly affected by foreign exchange rate which influenced negatively all the income statement. In particular, amongst the currency, we are exposed to the Australian dollar, the Brazilian reais and South Africa rand. All these currencies registered a wide fluctuation against the euro. We've arranged that goal from 20% to 28% in the last quarter and from 10% to 20% in the first nine months of the year as shown in this line number 4. This had the negative effect on the third quarter revenues of €4 million

and €6.5 million in the first nine months of 2013. As far as revenues are concerned, we reported in the third quarter €104.2 million. Without the negative effect, exchange rate effect, revenues would have totaled €108.2 million, representing an increase of 3.6% at constant exchange rate versus the third quarter of last year. Molecular business in the third quarter contributed €0.7 million to the total turnover. In the first nine months, we reported €323.9 million of revenues net without the negative effect of exchange rate would have been €350.4 million representing an increase of 1.6% at constant exchange rate compared with the first nine months of last year. Molecular business in the first nine months of this year contributed €2.4 million to the total turnover. The growth of our revenue both in company (Ph) and in the first nine months of this year at constant exchange rate has been driven by the strong revenues of all our CLIA products as Carlo mentioned, net of Vitamin D and over our instrument and consumable sales.

Now, let's go to...give a look to gross margin of the group that in the third quarter summarized to €70.7 million with an incidence on revenue of 67.8% likely down comparing the last year to the difference geographical and product mix.

If compared to the previous quarters of this year, our marginality is stable. In the first nine months of this year, gross margin was equal to €222.6 million as a result, again of the important growth of our CLIA products. If we look at the operating expenses, they appear almost flat in the third quarter and likely increasing in the first nine months mainly as a result of the cost incurred to support the launch of our new molecular business as already discussed in the previous conference call of this year.

Within 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 related to reais to Brazilian subsidiary and that was equal to...close to €800,000 in the quarter and almost €1.4 million in the nine months. As a result of all that said, our reported EBITDA summarized to €38.6 million in the third quarter and €122.5 million in the first nine months of this year. The negative impact of the exchange rate was of €2.1 million in the third quarter and €3.4 million in the first nine months. The operating expense related to R&D and to the creation of a dedicated sales force for the molecular business influence the EBITDA for €1.10 million in the third quarter and €5.4 million in the nine months. As a consequence of this, the statutory EBITDA margin in the third quarter was equal to 37.1% but 39% when excluding the molecular business and in the nine months 37.8%, as reported about 39.8% when excluding the molecular business.

Let me also remind you that in the nine months an additional negative impact of €0.7 million was due to the introduction of the Medical Device taxes in the states market. As far as the taxation is concerned in the third quarter, we registered a lower tax rate due to difference scheduling of dividend received by the Group's current company. The tax rate in the nine months is almost flat when compared to last year. The net profit has been affected by the negative impact of unfavorable exchange rates on the income statement line item as already commented, totalizing €20 million in the third quarter and €61.1 million in the first nine months of the year.

Now, moving to the balance sheet items at September 30, the net capital employed amounted to €311.4 million, with a decrease of €6.4 million when compared to the beginning of the year mainly due to the decrease of the networking capital and of the fixed asset. At September the 30, once again DiaSorin registered a very solid net financial position equal to €84.2 million with an improvement of €37 million from the beginning of the year. Last but not least, we have been able to generate free cash flow

equal to €28.5 million in the third quarter and €65.9 million in the first nine months. In view of our operating performance after September 30, 2015 and taking into account that our strategy is working across all the products menu and geographic areas, we confirm if our 2015 full year guidance also, revenue, growth rate between 2% and 4% at constant exchange rate. EBITDA in line with the absolute value of 2012 at constant exchange rate, increase of our installed base about 500 LIAISON and LIAISON XL system. Thank you very much for your attention. And if Carlo has nothing more to add, I would open the Q&A section.

CARLO ROSA: Yes, Operator, we can go ahead with the Q&A.

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 Romain Zana of Exane. Please go ahead sir.

ROMAIN ZANA: Yes. Good afternoon and thanks for taking my question. If I may, the first one on the CLIA on the LIAISON ex Vitamin D. Given the ongoing pipeline can we fairly expect a sustainable similar double-digit growth on this franchise over, let's say the next two years? This one question will be on the EBITDA guidance, could you please give us an idea of the full year negative impact we should expect on the EBITDA from the Forex for the full year that would be helpful. And maybe the third one, if I may, just regarding the partnership with Roche, should we expect the LIAISON that will be connected to their workflow to generate lower margin, or should be similar to what's your alternative setting to labs? Thank you.

CARLO ROSA: Yes, Romain. Listen, I will take the questions. Let me start from very simple one. On the EBITDA level, we expect the negative impact to be

between €5 million and €6 million give or take. But now you have seen it's quite difficult to predict because the dollar all of a sudden in few days is really swinging from 137 to 133 and it does have an impact for us. But €5 million to €6 million is what we should see by year end on the EBITDA level. As far as the sustainability or ex-Vitamin D what I think I keep saying since many, many months is that you should look at the sustainability of growth over the story from the output of the R&D. And I think now for six, seven years in a row, we have been evolving as a swift clock to launch between six and eight products on average year-on-year on our LIAISON platforms, and this will continue. So what we see today is a determination during my initial introductory speech is that we see growth which is driven by products that has been introduced in the previous 12 months and the growth is coming from the hepatitis, the growth is coming from the HIV. And still to come, because as I said as far as hepatitis and HIV we just got approval in two very key strategic markets, China and Brazil. So next year, these product lines will contribute to the growth even more because of availability of this very large market.

Now, as far as then future growth you need to look at products that are being launched now in 2013 and as you know we have now completed the stool panel, we now have five out of six products, which are needed to be a player there, but we launched the hypertension product. So everything that we continue to launch is the one that fuel growth because it goes into an existing growing installed base from one side, so quick adoption. But also allow us to continue to install regularly between 400 and 500 systems, which is again, what I said is this company is a very...is able to do year-on-year and this has been through for many years now. So I am optimistic about the future of this...of all the products on the LIAISON XL.

On top of that and let me then move to the Roche deal. As I did comment before, I think that they going ahead to face a challenge going forward

because of this consolidation and because of the fact that we would not be able to talk directly to the customer without finding the right partner because this...very large, large consolidating they don't want to talk to small players. And we had two views, one was to decide not to partner with anybody and then go a la carte, as we say depending on the tender, we would select one partner. That would have been extremely complicated because you cannot be a friend with somebody in one tender and then be the enemy on the next time. So we decided to try to work with the company that we thought was best for us and Roche is a very good company because on one side, even if it is behemoth in size, it is quality driven and this is not necessarily through product quality driven and this is not necessarily through for some of their large players as we have discussed in the past and as we have seen for Vitamin D.

Second, Roche has a very larger footprint in business. They have a very significant market share today and we believe that they will continue to be the primary choice over lot of these labs going forward. Now, going back now to your question about margins, you should not be seeing effect on margins because as I said as far as the Roche deal is concerned, we will sell through Roche to the end user customers, our specialty products and by definition of specialty products are the one where that where we get a the very high margin. Second is not this deal without again getting into the specifics of it but it doesn't mean that Roche becomes an agent or distributor simply once the deal is locked by Roche, we will then entertain the commercial discussion with the customer and we will sell directly to the customer, so there is not going to be any effect on margins at all. I think I answered to all your questions.

ROMAIN ZANA: Yes, that's clear. Thank you very much.

OPERATOR: The next question is from Martin Wales of UBS. Please go ahead.

MARTIN WALES: Thanks for taking my questions. Firstly, does the Roche deal free up any resource the sort of vote to smaller customers or do you believe you require the same number of resource to focus on them? Secondly, it sounds like it's very small business molecular, but it looks like it declined little year-on-year, just wondering what's going on there, where there is something to €5 million this year or not and also its looking bit more challenging than it did. Maybe just tell us bit more about what's going on the in terms of the pick of your new tests. Thirdly, question I usually ask about where are you in terms of launching a new specialty CLIA test in the United States, I think you have 35, yes, was it better at Q2?

CARLO ROSA: Okay. Let me start from the last one, I don't think we are at 35, we are at 40...over 40…

MARTIN WALES: Over 40…

CARLO ROSA: Around 40 I think...we got approval of the last one and again our task going forward, as I said is to get to around 50. Okay? If I just make a comment, a key decision for us as far as the US is concerned is to decide whether we are going to register with the FDA all the hepatitis and the HIV product, today we don't have that approved, it's a very large market. But we believe that in order...and we are talking about probably 12 additional products between hepatitis, HIV and hepatitis C. It is relatively expensive; it would take two years to do it. But because of the success we are seeing with LIAISON XL elsewhere and hepatitis, we may decide to get there if we find the right partner to work with. It is not the matter of the investment, which is necessary..., which when we clearly sustain is to guarantee that we can disseminate fast enough these products in the US market. So we will work on that and make a final decision in the next couple of quarters.

Now as far as Roche's and small account, yes, that was exactly the purpose of the deal, it is very clear today that we enjoy a lot of success with our LIAISON XL in the mid size accounts and we get distracted, we go distracted by this very large deals before where we were forced to participate either because we are in some of this consolidated labs, not because that the opportunity was best, so going forward we are going to leave these opportunities to the partner, which is much more equipped to do so and then we all focusing all our people into the mid size accounts, where today, we believe there is a void and there is an opportunity by the XL.

As far as the Molecular is concerned, I don't think it's necessarily a matter of decline is the fact that we have been cleaning some of the business that we've inherited with acquisition which was not strategic, honestly, to us. And I don't think that today we can...we should be judging this business in terms of revenue but we should judge this business in terms of placements and in terms of positive feedback that we get vis-à-vis the technology. So this why I mentioned that we would like to see 50 systems installed by year end, in the hands of customers and evaluating and working with our products because what is vey irrelevant about this Molecular field as we speak is to get acceptance of the technology. Keep in mind, everybody knows PCR, and I am sorry if I get too technical, but nobody knows LAMP and this is key, we have some of the very important users are adopting LAMP and promoting LAMP and this is the initial effort that we are focusing our sales forces.

MARTIN WALES: Okay. And two quick follow-ups. Firstly only Roche, what happens in terms of the US Mega Labs in the short terms, I don't believe their systems approved there yet. Well, I guess that was the first…

CARLO ROSA: Well, listen, just to understand ourselves as far the physicians are concerned, we believe that the TREK Systems is a solution for labs, are good in laboratories that are doing anything between, let me say 5 million to 12 million tests per year, that's the sweet spot for these TREK Systems and this is where the majority of the TREK Systems and are intended to go. When you talk about LabCorp and Quest you are talking about a different case. Then quite often because of that they are not able to...there is no automation today available to sustain the tens of millions of test that come through their size every day, to a point that's surprisingly enough and today you walk as we did a month ago into LabCorp, you would find a series of [indiscernible] systems I saw in front me over 20 LIAISON XL in one side just doing Vitamin D. So at that point with these labs, there is no automation that can really fit their analytical need. So here we are talking about midsize customer consolidating into...again into 5 to 12 million to test per year which is a different case from the Omega Labs in the US.

MARTIN WALES: So, those labs are exclude or the LabCorp is excluded from this deal presumably then from what you're saying?

CARLO ROSA: Yes. I don't think that LabCorp, LabCorp would never be able to sustain their volumes with any of this kind of automation.

MARTIN WALES: Yes.

CARLO ROSA: That is two or four in that, if you take Sonic, for example, which is a good example, Sonic in Australia they have...they come to a point that they build their own automation systems, custom made and this is also true for Japan, for example. So this very unique large lab has their own solutions. And quite often, like in Sonic, for example, they buy companies, engineering companies that design specifically for them automation.

MARTIN WALES: Okay. My last question was this time last year, I think you had about just over €90 million of cash in the balance sheet and you announced a special dividend. This year you've had just about €90 million of cash in the balance sheet. What do you think you are doing with it?

CARLO ROSA: I think, listen, as you know, we believe and we share these with the Board of Directors that we would like to invest to grow the business. But as we always done in the past, we are savvy investors and so we want to buy target that make sense for DiaSorin and add value without really wasting money of the shareholders. So...and we were continuously looking into opportunities. If we were not going to find opportunities then I think the Board of Directors is going to make a decision on how to distribute some of the excess cash as we have done in the last two years.

MARTIN WALES: So why...have you reach out decision this year yet given that you have paid to reach at this time last year?

CARLO ROSA: Martin that I cannot answer to this question. And by the way, it's not a question that should be addressed to me. It's more Board of Directions and then the General Assembly.

MARTIN WALES: Okay. I will go back in the queue. Thank you.

CARLO ROSA: Thank you, Martin.

OPERATOR: The next question is from Massimo Vecchio of Mediobanca. Please go ahead. Mr. Vecchio your line is open.

MASSIMO VECCHIO: Yes, good afternoon. Two questions from my side. The first one if you can expand a little bit more on the Roche agreement, in particular, about

the timing of the phase when you believe you are going to start to book sales and which kind of ramp up do you expect and also if you can give an idea of how many machines you believe you are going to place? Second question is on the Forex, if I can quantify the full year impact on revenues? Thanks.

CARLO ROSA: Listen; let's start from the Forex, which is a simple one. I think that year-to-date...well September, nine months is €6.5 million and I think that now in the every month will count because of the swing in the dollar between last year and this year. So if I had to get, I would say anything between €8 million to €9 million, but let's stay tuned and see what the dollar does, we know what the reais is doing, let see what the dollar does.

As far as Roche timing, I am not sure that I can really comment much because of the confidential nature of the agreement, however, what I can say that today we are starting...we will start with the research and development activities which are necessary to validate connection...the connectivity of the LIAISON XL to the Roche platform and that will take some time. So I expect that the full program should be set in place after the summer of next year give or take. But stay tuned because this is in the ends of us and but there is also Roche on the other side, so we are working together to setup all the timelines.

As far as the opportunity and quantify the opportunity, I don't think that I can go there. I can give you some numbers which are public; I think everybody expects that by five years from now there will be roughly a 1,000 to 1,200 so called labs which are the right size for this...for our offering. And I believe that there could be an opportunity to reach a significant portion of these labs with Roche as a partner, but everything else really at this stage I cannot comment on.

MASSIMO VECCHIO: Thank you very much, Carlo, very clear.

OPERATOR: The next question is from Mathieu Chabert of Bryan Garnier. Please go ahead.

MATHIEU CHABERT: Yes, good afternoon. Two question, if I may. First one maybe to follow-up on the pipeline, any chance you could give up...give us some further details on the test you intend to launch next year especially in CLIA ex-Vitamin D. And second one on XL, could you maybe give us some color on the geographic splits of the placement and the latest trends for this year for example? Thank you.

CARLO ROSA: Listen, as far as the pipeline is concerned for next year, I think that there is key product for us which is 125 Vitamin D. When it is a very unique assay, there is nobody...there is an assay available like the one that we have designed. We expect launch to happen in April of 2014. The reason that it is a very key is that today 125 Vitamin D is done in the same labs that are doing Vitamin D. It's done with a very, very cumbersome RIA, radioactive methodology and that represents generally between 10% and 15% of the total Vitamin D volume. So for us, it's key because we have a very...first, we have an accessible customer base today, all Vitamin D customers that can adopt these immediately, but it is also very important to lock that base in for the same reason.

So 125 Vitamin D for me is a key product and notwithstanding and also their investment for this product is very high. Just to give you some numbers, some colors to this, in the US reimbursement, its $56. Their reimbursement for Vitamin D is $41. So, it means that this product not only will be strategic for us, but also will be sold at a very high price. Then, we have, as a follow-up, we will complete our stool assays with a couple of products, one is a virus that we are still missing, the retrovirus. And then, we have a good product which we is called calprotectin, which

again is done in stool and it would be unique in the space and we, again is a hook that we intend to use in order to sell all the rest of the menu.

Now, if we go to...now, your XL, the XL installed base, today we have 53% of the installed base in Europe. We have North America. North America is, let me see around 10%, 15% of the installed base, then the rest is spread over different geographies where the number today is very limited, because it's been just launched is China where I think we have no more than 10 systems, because we just got the approval of the system and different menu. And Brazil, will again, we have no more than 20 systems. So we believe that on top of what we've been traditionally being able to place in the past, big wave of placements will come starting next year from this two emerging markets, Brazil and China.

MATHIEU CHABERT: Thank you very much.

OPERATOR: The next question from Peter Welford of Jefferies. Please go ahead.

PETER WELFORD: Hi, yes, thank you for taking my question. Just a couple on the Roche deal and then one on molecular diagnostic. First, just coming back to the Roche deal, I wondered, all the terms within the contract with regards to what new tests each company is able to put on to their platforms as part of the deal. So all their certain restrictions just to what you could supply to the customer on your XL through the Roche collaboration. And also, could you give us an update. I think you said there were 5,000 labs that you think meet the criteria for the collaboration of the moment. I think I may have got that number wrong. Could you just, I guess, describe how that numbers changed over the last year, I guess, to give some sort of idea...or I guess, of the sort of growth rate for those numbers of laps that meet the criteria of the Roche collaboration? And then secondly, on molecular diagnostics as I said. And I guess, while the launch is on the...of

the CLIA of being very impressive during the course of the year, I think I'm right in saying there is only two, molecular diagnostics that occurred and they approved with a few more planned by year end. I guess, can you give us an update on perhaps what has been the limiting factor in euro that perhaps slowed the roll out of molecular diagnostics relative to your...the initial plans you presented, I guess 18 months or so. Thank you.

CARLO ROSA: Okay. Let me start with Roche. I don't think I can answer to the question, because again we get into the confidential nature of the agreement, but I think that if you just check menu availability on the cobas 8100, current availability and you check what's available on the XL, you see immediately which are the assays that are different between the two platform which is quite significant number. And these are going to be the assays that become, let me say, will become unique in terms of allowing us and the partner Roche to be different from competition. In terms of labs, no, it's not 5,000. I think also in the press release we specified is around l,000 labs...that consolidated labs that will...believe that we believe will be created in the next five years. Just to give you a number, each lab probably would represent anything between €1.5 million to €2.5 million per year of turnover that is open up, is a combination of all the product offered by us and Roche. So it's a fairly significant market opportunity when one of these labs is created and they tender...they tender the business.

Now, let's talk about molecular. We have four products which have been released so far. And I think that the difference between the initial expectations and what we have seen is that manufacturing...the manufacturing cycle and the validation for some of these products is longer than we expected, which means that if traditionally we know very well what it takes to complete all the validation procedure for an immuno acid. We are learning what it takes to do it with the molecular product.

Allow me to say that we have been...we are new to this place and we are learning what it means to play in the molecular through this product, so I think that we adjusted from the initial experience we had and now the rollout is more predictable vis-à-vis availability of the new products.

PETER WELFORD: That's great. Thank you very much.

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

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