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Testo del comunicato

Vedi allegato.

RECORD FREE CASH FLOW GENERATION ALONG WITH GROWTH IN REVENUES AND PROFITABILITY FOR DIASORIN IN THE FIRST 9 MONTHS OF 2019

FIRST 9 MONTHS 2019 RESULTS

- ➔ **REVENUES: € 525.1 million, +6.3% (+4.2% at CER).**
Solid sales performance of immunodiagnostic tests driven by both the upward trend in sales of CLIA tests, net of Vitamin D (+11.4%), and molecular diagnostics (+14.6%). Positive impact of foreign exchange rates on sales amounting to about € 10.3 million.
Net of sales in countries where the Group operates through local distributors, revenues growth would be of 9.1% (+6.8% at CER).
- ➔ **EBITDA: € 208.9 million, +11.7% (+9.2% at CER), equal to 39.8% of Group revenues (39.7% at CER).**
Result driven by the upward trend in the Gross Profit, following robust sales of specialty tests and the favorable channel mix, with strong revenues in countries where the Group has a direct presence, more than compensating the negative sales' trend in the countries where the Group operates through third-party distributors.
- ➔ **EBIT: € 165.6 million, +10.9%, equal to 31.5% of Group revenues.**
- ➔ **NET PROFIT: € 126.7 million, +8.5%, equal to 24.1% of Group revenues.**
- ➔ **NET FINANCIAL POSITION: +€ 132.8 million** at September 30, 2019 (+€ 75.3 million at December 31, 2018). Net of the negative impact resulting from the adoption of IFRS 16 (€ 29.5 million), NFP would be positive by € 162.3 million.
- ➔ **FREE CASH FLOW: € 138.3 million** in the first 9 months of 2019 (€ 100.6 million in the first 9 months of 2018).
- ➔ **LIAISON/LIAISON XL: net placements of +307 units** (+363 LIAISON XL and -56 LIAISON) in the first 9 months of 2019, for an overall total of **8,156 units** at September 30, 2019.
- ➔ **2019 GUIDANCE AT CER CONFIRMED:**
 - **REVENUES:** growth between 5.0% and 8.0%.
 - **EBITDA MARGIN:** incidence on Group revenues comparable to 2018 EBITDA margin result.

Saluggia (Italy), November 6, 2019 - The Board of Directors of DiaSorin S.p.A. (FTSE MIB: DIA), a global leader in the production of diagnostic tests, met today in Saluggia under the Chairmanship of Mr. Gustavo Denegri, and examined and approved 9M 2019 consolidated economic and financial results.

Amounts in million of euros	9M		change		
	2018	2019	amount	% @ current	% @ CER
Revenues	494.0	525.1	+31.1	+6.3%	+4.2%
CLIA tests	325.4	354.1	+28.6	+8.8%	+7.0%
ELISA tests	69.8	72.3	+2.5	+3.6%	+1.7%
Molecular tests	40.3	46.2	+5.9	+14.6%	+8.6%
Instruments sales and other revenues	58.4	52.5	-5.9	-10.2%	-11.3%
EBITDA	187.1	208.9	+21.8	+11.7%	+9.2%
EBITDA margin	37.9%	39.8%	+191 bps		
EBIT	149.3	165.6	+16.3	+10.9%	
EBIT margin	30.2%	31.5%	+131 bps		
Net profit	116.8	126.7	+9.9	+8.5%	

Amounts in million of euros	Q3		change		
	2018	2019	amount	% @ current	% @ CER
Revenues	162.8	174.8	+12.0	+7.4%	+5.3%
CLIA tests	108.3	117.4	+9.2	+8.5%	+6.8%
ELISA tests	23.7	24.1	+0.4	+1.7%	-0.3%
Molecular tests	11.0	15.4	+4.4	+39.8%	+33.9%
Instruments sales and other revenues	19.8	17.9	-1.9	-9.7%	-11.8%
EBITDA	58.9	69.7	+10.8	+18.3%	+16.2%
EBITDA margin	36.2%	39.9%	+366 bps		
EBIT	46.3	55.4	+9.1	+19.7%	
EBIT margin	28.4%	31.7%	+327 bps		
Net profit	35.9	42.7	+6.8	+18.9%	

Q3 2019 HIGHLIGHTS



PRODUCT DEVELOPMENT

• IMMUNODIAGNOSTICS:

- launch of **HCV** test for **hepatitis C diagnosis** in the U.S. market; the test, already available on DiaSorin CLIA menu across all markets except the U.S, is the **first me-too test to be launched as part of the strategic agreement with Beckman Coulter** to serve the U.S. market by 2020 with a complete panel of hepatitis and retrovirus tests.
- launch in the U.S. market of **ZIKA Capture IgM II** test for **Zika virus infection** detection; the test, already authorized for emergency use-only since April 2017, received the commercial clearance, confirming the increasing DiaSorin role in the U.S. market as a relevant infectious diseases player.

• MOLECULAR DIAGNOSTICS:

- launch of **VZV Direct Kit** in Europe for the detection of Varicella-Zoster Virus (VZV) from both **cutaneous and mucocutaneous swab specimens**.

COMMENT ON RESULTS

The foreign exchange market trend in the first **9 months of 2019** highlighted a depreciation of *the Euro* against *the U.S. Dollar and Mexican Peso* when compared with the first 9 months of 2018. Conversely, *the Euro* appreciated vis-à-vis the *Brazilian Real and Australian Dollar*.

Chinese Yuan and British Pound were essentially stable vs. *the Euro*.

	U.S. Dollar	Brazilian Real	Chinese Yuan	Australian Dollar	Mexican Peso	British Pound
Euro	-5.9%	+1.6%	-0.8%	+2.0%	-4.9%	-0.1%

Source: Banca d'Italia

**CONSOLIDATED
REVENUES**

Revenues: € 525.1 million in the first **9 months of 2019**, +6.3% (+4.2% at CER) compared to the first 9 months of 2018, on the back of solid CLIA sales, net of Vitamin D, and molecular diagnostic sales.

It should be noted that sales increased by 9.1% (+6.8% at CER) when excluding the negative trend recorded in countries where the Group operates through local distributors.

In the first 9 months of 2019, foreign exchange rates had a positive impact of about € 10.3 million on Group revenues.

Sales trend as follows:

- **CLIA tests, net of Vitamin D:** +11.4% (+10.2% at CER)
- **Vitamin D (CLIA test):** +1.1% (-2.3% at CER)
- **ELISA tests:** +3.6% (+1.7% at CER)
- **Molecular tests:** +14.6% (+8.6% at CER)
- **Instruments sales and other revenues:** -10.2% (-11.3% at CER)

In the first **9 months of 2019**, the net balance of units installed amounted to +307, increasing the total number of installed instruments to **8,156 units**. LIAISON XL confirmed its successful trend with 363 instruments installed for an overall total of 4,364 units, equal to ca. 53% of the total installed base.

In **Q3'19**, revenues increased to **€ 174.8 million**, +7.4% (+5.3% at CER) compared to Q3'18.

The positive CLIA sales performance, registered in the first two quarters of the year, was also confirmed in Q3 as a result of the upward trend both in CLIA sales, net of Vitamin D, and in molecular diagnostics.

In Q3'19, foreign exchange rates had a positive impact of about € 3.4 million on Group revenues.

When excluding the negative trend recorded in countries where the Group operates through local distributors, sales increased by 11.0% (+8.9% at CER).

Sales trend as follows:

- **CLIA tests, net of Vitamin D:** +10.8% (+9.4% at CER)
- **Vitamin D (CLIA test):** +1.3% (-1.5% at CER)
- **ELISA tests:** +1.7% (-0.3% at CER)
- **Molecular tests:** +39.8% (+33.9% at CER)
- **Instruments sales and other revenues:** -9.7% (-11.8% at CER)

REVENUES BY
GEOGRAPHY

The following provides the breakdown of the Group consolidated revenues by geographic area.

Amounts in millions of euros	9M		amount	Change	
	2018	2019		%	
				@ current	@ CER
Europe and Africa	227.6	242.5	+14.8	+6.5%	+6.3%
% on total revenues	46.1%	46.2%			
USA and Canada	139.3	154.5	+15.2	+10.9%	+4.5%
% on total revenues	28.2%	29.4%			
Asia Pacific	95.5	97.9	+2.4	+2.5%	+2.0%
% on total revenues	19.3%	18.6%			
Latin America	31.5	30.3	-1.3	-4.0%	-4.9%
% on total revenues	6.4%	5.8%			
Total	494.0	525.1	+31.1	+6.3%	+4.2%

Amounts in million of euros	Q3		amount	Change	
	2018	2019		%	
				@ current	@ CER
Europe and Africa	71.5	78.1	+6.7	+9.3%	+8.8%
% on total revenues	43.9%	44.7%			
USA and Canada	46.1	53.3	+7.2	+15.5%	+10.4%
% on total revenues	28.3%	30.5%			
Asia Pacific	34.9	33.2	-1.6	-4.7%	-5.7%
% on total revenues	21.4%	19.0%			
Latin America	10.4	10.2	-0.2	-1.5%	-4.4%
% on total revenues	6.4%	5.8%			
Total	162.8	174.8	+12.0	+7.4%	+5.3%

Europe and Africa

Revenues in the first 9 months of 2019 were € 242.5 million, +6.5% (+6.3% at CER) compared to the first 9 months of 2018, primarily on the back of solid CLIA sales.

In Q3'19, revenues were € 78.1 million, +9.3% (+8.8% at CER), with a positive contribution from all geographies in the area.

▪ Italy:

- 9M'19: +20.2% (local market: +2.3%)¹; upward trend in Vitamin D and CLIA sales, primarily Gastrointestinal Infections, PCT and Latent Tuberculosis.
- Q3'19: +17.2%.

▪ Germany:

- 9M'19: +2.3% (local market: -3.1%)¹; growth of CLIA sales, primarily Gastrointestinal Infections, Infectious Diseases and Hepatitis, partially offset by lower ELISA sales.
- Q3'19: +5.6%.

▪ France:

- 9M'19: -3.6% (local market: -1.5%)¹, mainly due to the introduction of new policies that limit the public reimbursement of some specialty tests and to lower ELISA sales.
- Q3'19: -4.2%.

▪ Export:

- 9M'19: -14.4% at CER, mainly due to seasonality of some tenders and lower instruments sales.
- Q3'19: +8.5% at CER.

¹ Source: latest EDMA data available

USA and Canada

Revenues in the first 9 months of 2019 were € 154.5 million, +10.9% (+4.5% at CER) compared to the first 9 months of 2018.

Continued growth in immunodiagnostic sales, equal to +9.2% (+2.9% at CER). It is worth to highlight the outstanding CLIA performance, net of Vitamin D (+14.4% at CER), partly offset by the decline in Vitamin D sales.

Positive contribution from molecular diagnostics, +16.3% (+9.4% at CER).

In Q3'19, revenues were € 53.3 million, +15.5% compared to Q3'18 (+10.4% at CER).

Strong performance of both CLIA panel, net of Vitamin D (+15.6% at CER), and molecular tests (+38.1%, no longer affected by the negative impact deriving from flu tests seasonality).

Asia Pacific

Revenues in the first 9 months of 2019 were € 97.9 million, +2.5% (+2.0% at CER), on the back of the steady growth of CLIA sales in China and positive sales trend in the Australian market.

In Q3'19, revenues were € 33.2 million, -4.7% compared to Q3'18 (-5.7% at CER); this trend was fully attributable to the negative Export market performance in the Region.

▪ **China:**

- 9M'19: +9.2% in local currency; growth in revenues from CLIA tests, primarily Hepatitis, Prenatal Screening and Infectious Diseases panels along with the positive performance of Thyroid test.
- Q3'19: +6.6% in local currency; CLIA business continuously growing low double-digits, along with lower instruments sales and slowdown in ELISA tests.

▪ **Australia:**

- 9M'19: +9.0% in local currency; growth driven by positive trend in CLIA sales, particularly Gastrointestinal Infections, Prenatal Screening and Infectious Diseases. Molecular kits and instruments sales confirmed an upward trend.
- Q3'19: +5.7% in local currency.

▪ **Export:**

- 9M'19: -11.0% at CER, mainly due to seasonality of some tenders and lower instruments sales.
- Q3'19: -26.3% at CER.

Latin America

Revenues in the first 9 months of 2019 were € 30.3 million, -4.0% (-4.9% at CER), due to the Brazilian market performance and reduced instruments sales in countries served through third-party distributors.

Revenues in Q3'19 were € 10.2 million, -1.5% (-4.4% at CER) compared to Q3'18.

▪ **Brazil:**

- 9M'19: -3.5% in local currency; the result was negatively affected by the decline in Vitamin D and ELISA Murex sales.
- Q3'19: +7.1% in local currency.

▪ **Mexico:**

- 9M'19: +8.6% in local currency; positive contribution from CLIA sales, mainly Infectious Diseases, Hepatitis and Autoimmunity.
- Q3'19: +4.6% in local currency.

▪ **Export:**

- 9M'19: -12.6% at CER; mainly due to reduced Murex ELISA sales and lower instruments sales.
- 3Q'19: -19.8% at CER.

REVENUES BY
TECHNOLOGY

The following provides a breakdown of Group revenues by technology.

% of revenues contributed	9M		Change
	2018	2019	
CLIA tests	65.9%	67.4%	+155 bps
ELISA tests	14.1%	13.8%	-36 bps
Molecular tests	8.2%	8.8%	+64 bps
Instruments sales and other revenues	11.8%	10.0%	-183 bps

% of revenues contributed	Q3		Change
	2018	2019	
CLIA tests	66.5%	67.2%	+67 bps
ELISA tests	14.6%	13.8%	-77 bps
Molecular tests	6.8%	8.8%	+204 bps
Instruments sales and other revenues	12.1%	10.2%	-184 bps

CLIA sales in the first 9 months of 2019 accounted for 67.4% of total Group revenues.

The increase versus 2018 (+1.6%) is the net result of:

- The growing percentage of revenues represented by Infectious Diseases, Gastrointestinal Infections and Latent Tuberculosis sales;
- Lower contribution provided by instrument sales and other revenues.

The percentage of total revenues represented by ELISA sales (13.8% in 9M'19 versus 14.1% in 9M'18) and molecular sales (8.8% in 9M'19 versus 8.2% in 9M'18) was substantially stable.

OPERATING
PERFORMANCE

Details of the Group's operating performance in i) the first 9 months of 2019 and ii) Q3'19 are provided below.

GROSS
PROFIT**GROSS PROFIT:**

i) € 363.1 million, +8.1%, equal to 69.1% of revenues (68.0% in first 9 months of 2018). Growth driven both by the upward trend in sales of specialty tests and the favorable channel mix, with higher revenues in countries where the Group has a direct presence compared to the negative trend in those countries where the Group operates through third-party distributors.

It should also be noted the positive impact deriving from a more efficient supply chain, as a result of the efficiency initiatives rolled out in the last 2 years;

ii) € 119.8 million, +9.8%, equal to 68.5% of revenues, same as Q3'18.

EBITDA

EBITDA:

i) € 208.9 million, +11.7% (+9.2% at CER), equal to 39.8% of revenues (37.9% in the first 9 months of 2018).

The result is primarily due to the increase in the Gross Profit. It should be noted the positive contribution from the adoption of IFRS 16 accounting standard (lease accounting).

ii) € 69.7 million, +18.3% (+16.2% at CER), equal to 39.9% of revenues (36.2% in Q3'18).

EBIT

EBIT:

i) € 165.6 million, +10.9%, equal to 31.5% of revenues.

ii) € 55.4 million, +19.7%, equal to 31.7% of revenues.

FINANCIAL
PERFORMANCE**FINANCIAL PERFORMANCE:**

i) **Net financial expenses** were **€ 1.1 million**, as against net financial income of € 0.8 million in the first 9 months of 2018, following the fair value revaluation of the shares held in the Indian subsidiary, after the purchase of its full control.

ii) **Net financial expenses** were **€ 0.0 million**.

INCOME TAXES

Income taxes were **€ 37.8 million**, with a 23.0% tax rate, in line with the same period of last year.

NET PROFIT

CONSOLIDATED NET PROFIT

i) **€ 126.7 million**, +8.5%, equal to 24.1% of revenues.

ii) **€ 42.7 million**, +18.9%, equal to 24.4% of revenues.

NET FINANCIAL
POSITION

Consolidated Net Financial Position at September 30, 2019 was positive at € 132.8 million, an increase of € 57.5 million compared to the balance at December 31, 2018 (equal to € 75.3 million), mainly following the IFRS 16 accounting standard adoption. Net of this effect, NFP would be positive at € 162.3 million.

FCF

Group **Free Cash Flow** in the **first 9 months of 2019** was **€ 138.3 million** (€ 100.6 million in the first 9 months of 2018). It is worth to highlight the one-off exit tax impact on Q2'19 (around € 6.0 million) following the divestment of the Irish business activities.

BUSINESS
OUTLOOK

Management confirms the guidance already announced for 2019 at CER compared to 2018:

- **Revenues:** growth between 5.0% and 8.0%.
- **EBITDA margin:** incidence on Group revenues comparable to 2018 EBITDA margin result.

In 2018, the euro/dollar exchange rate was equal to 1.18.

Mr. Piergiorgio Pedron, the officer in charge of preparing the corporate accounting documents of DiaSorin S.p.A. declares that, pursuant to paragraph 2, Art. 154 bis of the Consolidated Law on Finance, to the best of his knowledge, the accounting information contained in this Press Release corresponds to the documental results, accounting books and records.

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CONSOLIDATED INCOME STATEMENT

(Amounts in million of euros)	9M		Change	
	2018	2019	amount	%
Net Revenues	494.0	525.1	+31.1	+6.3%
Cost of sales	(158.0)	(162.0)	-4.0	+2.6%
Gross profit	336.0	363.1	+27.1	+8.1%
	68.0%	69.1%	+1.1%	
Sales and marketing expenses	(97.2)	(105.8)	-8.6	+8.8%
Research and development costs	(33.4)	(34.4)	-1.0	+3.0%
General and administrative expenses	(49.2)	(51.7)	-2.5	+5.1%
Total operating expenses	(179.8)	(191.9)	-12.1	+6.7%
	36.4%	36.5%	+0.1%	
Other operating income (expense)	(6.9)	(5.6)	+1.3	-19.1%
<i>non recurring amount</i>	(1.3)	(1.2)	+0.1	-10.7%
EBIT	149.3	165.6	+16.3	+10.9%
	30.2%	31.5%	+1.3%	
Net financial income (expense)	0.8	(1.1)	-1.9	<i>n.m.</i>
Profit before taxes	150.1	164.5	+14.4	+9.6%
Income taxes	(33.4)	(37.8)	-4.5	+13.4%
Net result	116.8	126.7	+9.9	+8.5%
EBITDA ⁽¹⁾	187.1	208.9	+21.8	+11.7%
	37.9%	39.8%	+1.9%	

(Amounts in million of euros)	Q3		Change	
	2018	2019	amount	%
Net Revenues	162.8	174.8	+12.0	+7.4%
Cost of sales	(53.6)	(55.0)	-1.4	+2.6%
Gross profit	109.2	119.8	+10.7	+9.8%
	67.1%	68.5%	+1.5%	
Sales and marketing expenses	(32.2)	(35.4)	-3.2	+9.8%
Research and development costs	(11.2)	(11.1)	+0.1	-0.5%
General and administrative expenses	(17.2)	(17.3)	-0.1	+0.6%
Total operating expenses	(60.7)	(63.9)	-3.2	+5.3%
	37.3%	36.5%	-0.7%	
Other operating income (expense)	(2.2)	(0.6)	+1.7	-75.3%
<i>non recurring amount</i>	(0.3)	(0.2)	+0.1	-24.4%
EBIT	46.3	55.4	+9.1	+19.7%
	28.4%	31.7%	+3.3%	
Net financial income (expense)	(0.5)	0.0	+0.5	<i>n.m.</i>
Profit before taxes	45.8	55.4	+9.6	+21.0%
Income taxes	(9.9)	(12.7)	-2.9	+28.9%
Net result	35.9	42.7	+6.8	+18.9%
EBITDA ⁽¹⁾	58.9	69.7	+10.8	+18.3%
	36.2%	39.9%	+3.7%	

(1) EBITDA is defined as the "Operating Result", gross of amortization and depreciation of intangible and tangible assets. EBITDA is a measure used by the Company to monitor and evaluate the Group's operating performance and is not defined as an accounting measure in IFRS and therefore shall not be considered an alternative measure for assessing the Group's operating result performance.

Since the composition of EBITDA is not regulated by the reference accounting standards, the criterion of determination applied by the Group may not be homogeneous with that adopted by other operators and/or groups and therefore may not be comparable.

CONSOLIDATED BALANCE SHEET

<i>(Amounts in million of euros)</i>	12/31/2018	09/30/2019	Change
Goodwill and intangibles assets	373.1	379.9	+6.8
Property, plant and equipment	95.0	125.7	+30.8
Other non-current assets	23.0	27.9	+4.9
Net working capital	201.0	205.8	+4.7
Other non-current liabilities	(62.7)	(61.3)	+1.4
Net Invested Capital	629.4	678.0	+48.6
Net Financial Position	75.3	132.8	+57.5
Total shareholders' equity	704.7	810.8	+106.0

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(Amounts in million of euros)</i>	9M	
	2018	2019
Cash and cash equivalents at the beginning of the period	159.3	73.1
Cash provided by operating activities	133.4	171.1
Cash used in investing activities	(35.1)	(34.6)
Cash provided/(used) in financing activities	(125.3)	(47.6)
Acquisitions of companies and business operations	(5.1)	(4.4)
Net change in cash and cash equivalents before investments in financial assets	(32.1)	84.5
Divestment/(Investment) in financial assets	14.0	(16.4)
Net change in cash and cash equivalents	(18.1)	68.1
Cash and cash equivalents at the end of the period	141.2	141.2

<i>(Amounts in million of euros)</i>	Q3	
	2018	2019
Cash and cash equivalents at the beginning of the period	104.6	90.1
Cash provided by operating activities	45.0	81.8
Cash used in investing activities	(14.1)	(10.2)
Cash provided/(used) in financing activities	(6.7)	(24.4)
Acquisitions of companies and business operations	(0.6)	-
Net change in cash and cash equivalents before investments in financial assets	23.5	47.1
Divestment/(Investment) in financial assets	13.1	4.0
Net change in cash and cash equivalents	36.6	51.1
Cash and cash equivalents at the end of the period	141.2	141.2

Fine Comunicato n.0957-60

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