

ACTION Buy

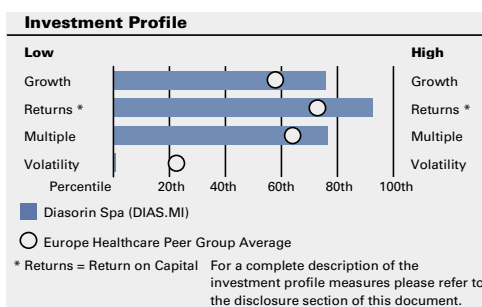
Diasorin Spa (DIAS.MI)

Return Potential: 33%

Vitamin-D boom continues: onto Conviction Buy List

Source of opportunity

We add DiaSorin to our Conviction Buy List (Buy rated) with a new 6-month, multiples-based target price of €18.9 (from €16.51), implying 33% upside potential from current levels. We believe strong, stable expansion of the installed base and increases in revenue per installation will drive top-line growth and further margin improvement. The company currently trades at a discount to sub-sector peers, despite superior profitability and strong growth prospects.



Catalyst

The enduring boom in vitamin-D testing, along with ongoing expansion of DiaSorin's product menu and the coming launch of the LIAISON XL analyzer, should drive demand for the company's assays. We believe the resulting mix shift towards CLIA will lead to further margin improvement. The company reports 4Q2008 results on February 13.

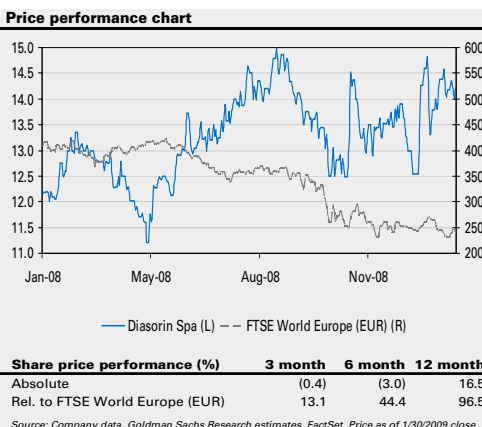
Valuation

Our 6-month price target of €18.9 is based on a peer group 2010E EV/EBITDA multiple as the company's short trading history precludes us from using historical multiples. The company currently trades on 5.9x 2010E EV/EBITDA.

Key risks

Downside risks to our view and price target include a significant fall in esoteric testing in the United States, the development and FDA approval of a comparable vitamin-D immunoassay by a competitor, moderation of enthusiasm for vitamin-D, and delays or technical problems surrounding the launch of the LIAISON XL analyzer.

Key data	Current			
Price (€)	14.20			
6 month price target (€)	18.90			
Upside/(downside) (%)	33			
Market cap (€ mn)	781.0			
Enterprise value (€ mn)	813.7			
	12/07	12/08E	12/09E	12/10E
Revenue (€ mn) New	202.3	238.4	289.3	329.7
Revenue revision (%)	0.0	0.0	4.2	7.3
EBIT (€ mn) New	50.6	69.6	88.1	103.7
EBIT revision (%)	0.0	0.0	5.5	8.7
EPS (€) New	0.57	0.78	0.99	1.19
EPS (€) Old	0.57	0.78	0.94	1.09
EV/EBITDA (X)	10.7	9.7	7.4	5.9
P/E (X)	22.1	18.1	14.3	12.0
Dividend yield (%)	0.0	0.7	1.0	1.2
FCF yield (%)	2.3	2.9	4.8	6.9
CROCI (%)	15.9	17.9	20.6	21.7



INVESTMENT LIST MEMBERSHIP

Pan-Europe Buy List
Pan-Europe Conviction Buy List
Coverage View: Neutral

Italy:
Medical Products

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Diasorin Spa: Summary financials

Profit model (€ mn)	12/07	12/08E	12/09E	12/10E	Balance sheet (€ mn)	12/07	12/08E	12/09E	12/10E
Total revenue	202.3	238.4	289.3	329.7	Cash & equivalents	8.4	31.4	64.6	110.9
Operating costs	(122.4)	(136.5)	(161.3)	(180.6)	Accounts receivable	52.2	58.8	71.3	81.3
R&D	(11.2)	(13.1)	(15.9)	(18.2)	Inventory	35.5	39.6	47.1	52.9
Lease payments	(4.3)	(5.0)	(6.1)	(6.9)	Other current assets	0.0	0.0	0.0	0.0
Other operating profit/(expense)	(4.3)	(5.0)	(6.1)	(6.9)	Total current assets	96.0	129.8	183.1	245.0
EBITDA	64.5	83.7	105.9	124.0	Net PP&E	33.9	40.1	42.8	44.1
Depreciation & amortisation	(13.9)	(14.1)	(17.8)	(20.3)	Net intangibles	65.4	88.9	86.9	84.7
EBIT	50.6	69.6	88.1	103.7	Total investments	13.0	13.0	13.0	13.0
Net interest income/(expense)	(4.7)	(2.3)	(2.5)	(1.5)	Other long-term assets	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	Total assets	208.3	271.8	325.8	386.8
Profit/(loss) on disposals	0.0	0.0	0.0	0.0	Accounts payable	27.7	27.3	32.4	36.4
Others (recurring)	1.5	(4.3)	1.5	1.5	Short-term debt	5.1	2.1	2.1	2.1
Pretax profits	47.3	63.0	87.0	103.6	Other current liabilities	16.1	16.1	16.1	16.1
Income tax	(17.6)	(23.6)	(32.6)	(38.9)	Total current liabilities	48.9	45.5	50.6	54.5
Tax rate (%)	37.2	37.5	37.5	37.5	Long-term debt	15.4	42.9	42.9	42.9
Minorities	0.0	0.0	0.0	0.0	Other long-term liabilities	23.8	23.8	23.8	23.8
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	39.2	66.7	66.7	66.7
Net income (pre-exceptionals)	29.7	39.4	54.4	64.8	Total liabilities	88.1	112.1	117.2	121.2
Other non-recurring items post tax	(4.5)	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	25.2	39.4	54.4	64.8	Total common equity	120.3	159.6	208.5	265.6
EPS (underlying) (€)	0.57	0.72	0.99	1.18	Minority interest	0.0	0.0	0.0	0.0
EPS (basic, reported) (€)	0.49	0.72	0.99	1.18	Total liabilities & equity	208.3	271.8	325.8	386.8
Weighted shares outstanding (mn)	51.8	55.0	55.0	55.0	Capitalised leases	34.1	40.2	48.7	55.5
Common dividends declared	0.0	5.5	7.7	9.4	Capital employed	140.8	204.6	253.5	310.6
DPS (€)	0.00	0.10	0.14	0.17	Adj for unfunded pensions & GW	(84.4)	(107.9)	(106.0)	(103.7)
Dividend payout ratio (%)	0.0	14.0	14.2	14.4	Adj capital employed	56.4	96.7	147.6	206.9
Dividend cover (X)	NM	7.2	7.1	6.9	Gross cash invested	294.0	355.1	397.1	435.1
Growth & margins (%)	12/07	12/08E	12/09E	12/10E	Ratios	12/07	12/08E	12/09E	12/10E
Revenue growth	12.6	17.8	21.4	14.0	CROCI (%)	15.9	17.9	20.6	21.7
EBITDA growth	22.7	29.8	26.5	17.1	CROCI/WACC (X)	1.8	2.1	2.3	2.5
EBIT growth	32.0	37.6	26.5	17.7	ROIC (%)	43.4	40.1	35.1	30.2
Net income growth	13.1	56.1	38.1	19.1	ROIC/WACC (X)	5.0	4.7	4.0	3.4
EPS growth	40.6	24.9	38.1	19.1	ROA (%)	14.8	16.4	18.2	18.2
DPS growth	--	--	40.0	21.4	WACC (%)	8.6	8.6	8.8	8.8
EBITDA margin	31.9	35.1	36.6	37.6	Inventory days	64.0	60.7	59.4	58.5
EBIT margin	25.0	29.2	30.5	31.5	Asset turnover (X)	6.0	5.9	6.8	7.5
Cash flow statement (€ mn)	12/07	12/08E	12/09E	12/10E	Net debt/equity (%)	10.1	8.5	(9.4)	(24.8)
Net income	29.7	39.4	54.4	64.8	EBITDA interest cover (X)	13.6	36.6	41.6	80.1
D&A add-back (incl. ESO)	13.9	14.1	17.8	20.3	Valuation	12/07	12/08E	12/09E	12/10E
Minority interest add-back	0.0	0.0	0.0	0.0	EV/sales (X)	3.4	3.4	2.7	2.2
Net (inc)/dec working capital	(8.2)	(11.2)	(14.9)	(11.8)	EV/EBITDAR (X)	10.5	9.6	7.4	6.0
Other operating cash flow	(5.1)	0.0	0.0	0.0	EV/EBITDA (X)	10.7	9.7	7.4	5.9
Cash flow from operations	30.3	42.3	57.4	73.3	EV/EBIT (X)	13.2	11.4	8.8	7.1
Capital expenditures	(12.0)	(18.1)	(17.9)	(18.6)	P/E (X)	22.1	19.8	14.4	12.1
Acquisitions	(3.6)	(25.7)	(0.7)	(0.8)	Dividend yield (%)	0.0	0.7	1.0	1.2
Divestitures	0.0	0.0	0.0	0.0	FCF yield (%)	2.3	2.9	4.8	6.9
Others	0.0	0.0	0.0	0.0	EV/GCI (X)	2.5	2.4	2.1	1.8
Cash flow from investing	(15.6)	(43.7)	(18.6)	(19.4)	EV/adj. capital employed (X)	15.0	13.1	10.0	8.2
Dividends paid (common & pref)	0.0	0.0	(5.5)	(7.7)	Price/book (X)	6.0	4.9	3.7	2.9
Inc/(dec) in debt	(23.0)	24.5	0.0	0.0	Note: Ratios are adjusted for leases where appropriate. Only separately disclosed where significant and ongoing.				
Other financing cash flows	6.5	0.0	0.0	0.0	Note: Last actual year may include reported and estimated data.				
Cash flow from financing	(16.5)	24.5	(5.5)	(7.7)	Source: Company data, Goldman Sachs Research estimates.				
Total cash flow	(0.4)	23.0	33.3	46.2					
Capex/D&A (%)	86.1	128.0	100.3	91.6					
Reinvestment rate (%)	31.1	33.8	24.8	21.9					
Cash flow cover of dividends (X)	NM	9.7	9.4	9.1					
Free cash flow cover of dividends (X)	NM	4.1	4.9	5.7					

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Increasing estimates following detailed examination of vitamin-D

We are updating our estimates and price target and placing DiaSorin on the Conviction Buy List given the following investment thesis:

- **DiaSorin experiencing high, sustainable growth in installed base due in part to possession of the only FDA-approved vitamin-D immunoassay on the market.**
- **Installed base growth set to continue as company launches higher throughput analyzer later this year.**
- **Expect revenue per machine will increase on expanded assay menu and higher throughput.**
- **Mix shift to higher-margin CLIA business to cause further margin expansion.**
- **26% discount to peers, despite superior operating margin and CROCI.**

We believe DiaSorin's strong growth and margin improvement will continue. Vitamin-D and the launch of the LIAISON XL machine will likely increase CLIA analyzer installations, while the menu expansion and higher machine throughput should drive increased CLIA revenues per installation. The growth in CLIA should coincide with organic declines in the RIA and ELISA businesses, which would translate to a favorable mix shift towards higher-margin business and therefore further margin expansion. In our view, the valuation is undemanding, with shares trading at a 26% discount to peers on 2010E EV/EBITDA.

Vitamin-D, assay menu and machine upgrade to generate growth

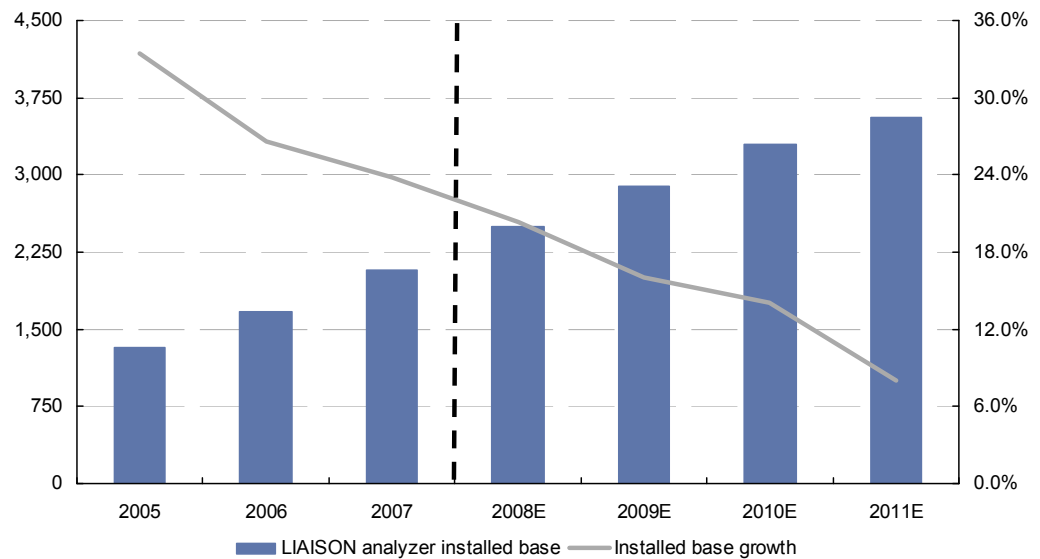
DiaSorin estimates that vitamin-D diagnostic testing is a €60 mn global market. Mainly focused in the United States, this market has experienced tremendous growth in the last three years. ARUP, one of the four largest laboratories in the United States, reported doubling vitamin-D testing volumes over 2007. Following interviews with physicians, chemists, and pathologists in the vitamin-D industry, we believe this reflects growth in the entire industry, and that a high rate of growth will continue. As the sole provider of an FDA-approved vitamin-D immunoassay, we estimate that DiaSorin has a 70% share of the global vitamin-D immunoassay market, and a 53% share of the total vitamin-D testing market overall (with 25% of testing being conducted by mass-spectrometry, an alternative to immunoassay).

Installed base growth propelled by vitamin-D and LIAISON XL launch

Labs in the United States that want to run vitamin-D on an automated immunoassay are required to install a LIAISON machine. In addition, DiaSorin is preparing to launch an upgraded analyzer system, the LIAISON XL. This machine will be introduced in July 2009, and be commercially available in Europe at the end of the year. We believe that these two critical factors will allow DiaSorin to continue to place 30-35 machines per month through 2010.

Exhibit 1: Growing LIAISON and LIAISON XL installed base

LIAISON installed base, 2005-11E, # of machines (left axis) and growth rate (right axis)



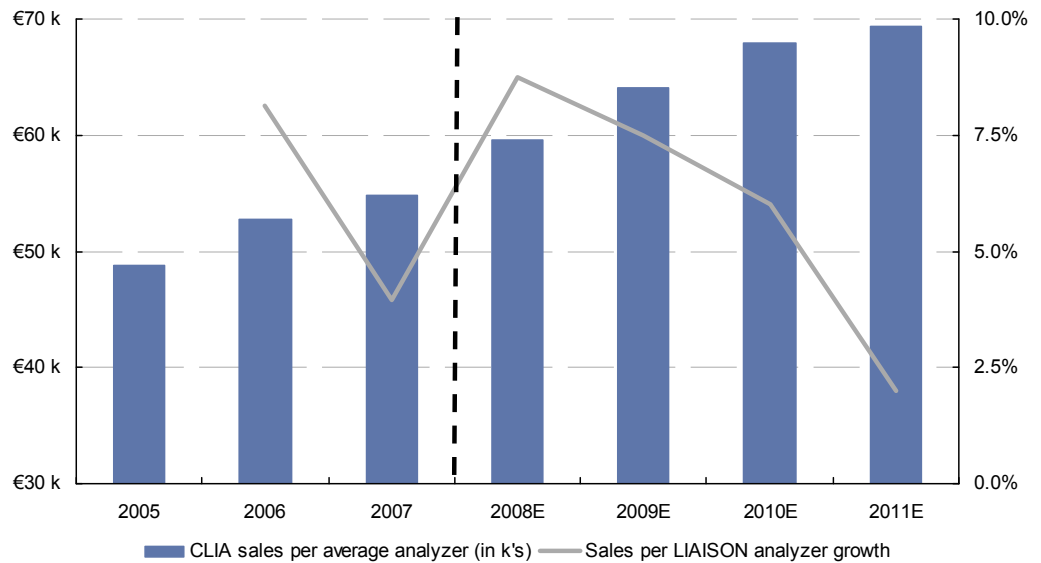
Source: Company data, Goldman Sachs Research estimates.

Assay menu and increased throughput to drive higher CLIA revenue per machine

Concurrent to the growing installed base, we believe that the revenue generated by each machine will also grow. The company is planning to increase its CLIA assay menu from 82 tests at the end of 2007 to over 90 tests by the end of 2010. In addition, the new LIAISON XL machine has 30% higher throughput, meaning that significantly more tests can be run on the machine. We believe that these factors will drive CLIA sales per machine up 7.5% in 2009E and 6.0% in 2010E. Our forecast for the CLIA revenue per installed LIAISON machine appears in Exhibit 2.

Exhibit 2: CLIA revenues per installed LIAISON machine should also grow

CLIA revenue per average LIAISON machine, 2005-11E, €000's (left axis); growth rate (right axis)

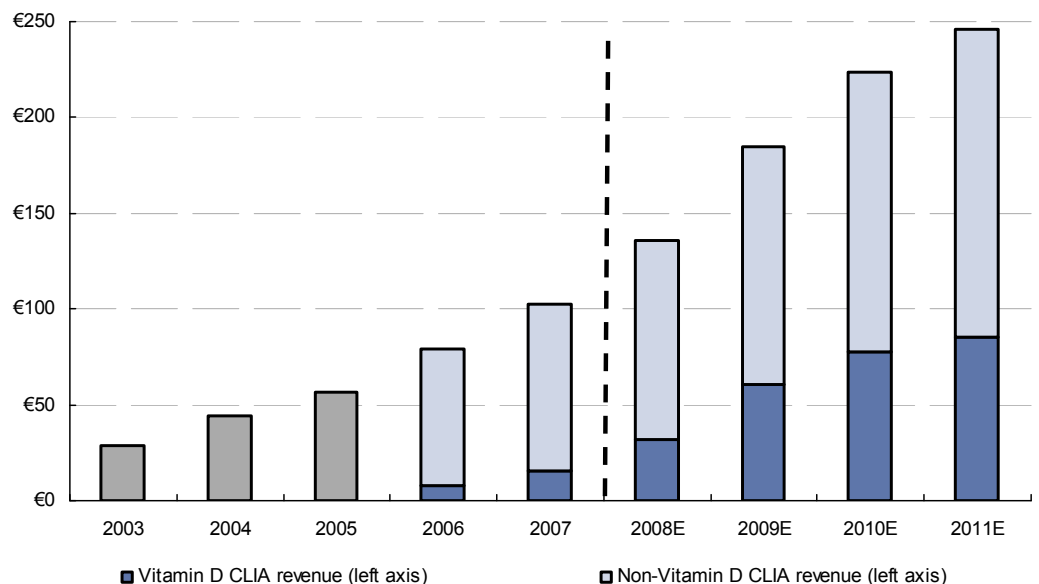


Source: Company data, Goldman Sachs Research estimates.

On our estimates, the vitamin-D immunoassay accounted for 23% of DiaSorin's 2008E CLIA revenue and 13% of revenue for the company as a whole. While we expect the vitamin-D business to experience relatively outsized growth, we expect the remaining CLIA business to continue to grow (at 23% and 19% in 2008E and 2009E, respectively). We expect non-vitamin-D growth will be driven by the increased installed base and expanded LIAISON menu, particularly the FDA-approved infectious disease panel.

Exhibit 3: We expect vitamin-D to continue rapid growth and increase share of CLIA

Estimated vitamin-D and other CLIA revenue, 2006-11E; € mn.

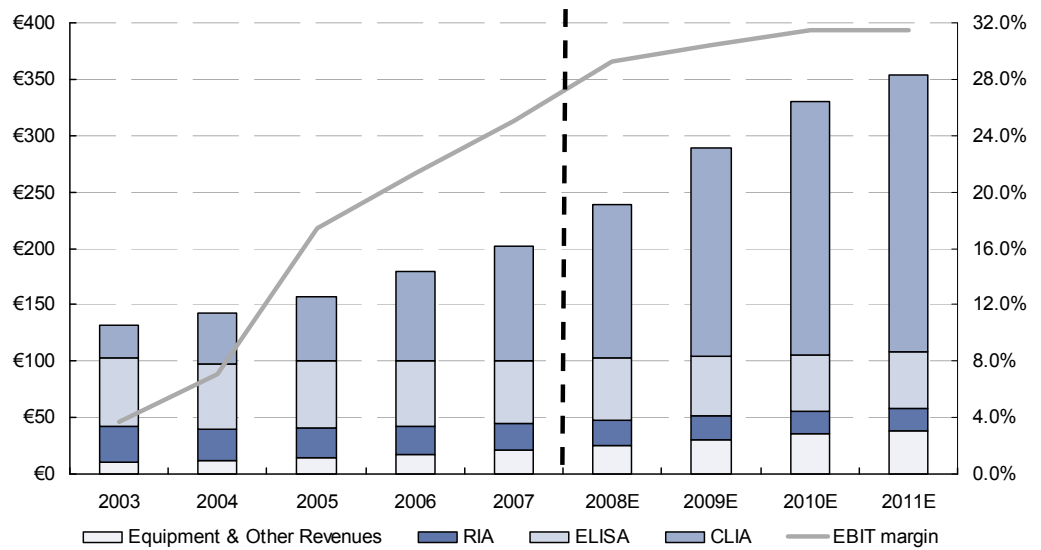


Source: Company data, Goldman Sachs Research estimates.

Mix shift to CLIA to generate further margin expansion

Importantly, the CLIA business is higher margin than the older RIA and ELISA technologies. The pricing is more favorable due to the higher throughput and lower saturation in the US market. While the CLIA business is growing quickly, the RIA and ELISA businesses are shrinking organically (ex-acquisitions such as Biotrin in 2008). This has driven significant margin improvement in recent years. We believe margins will continue to expand; by 125 bp in 2009E and another 100 bp in 2010E, on 21% and 14% top-line growth, respectively. Our forecasts for revenue mix and EBIT margin appear in Exhibit 4.

Exhibit 4: Continued margin improvement on shift to CLIA, increased volumes
 DiaSorin revenue composition (€ mn; left axis) and EBIT margin (right axis), 2003-11E



Source: Company data, Goldman Sachs Research estimates.

The company has given no specific guidance for 2009. However, at the beginning of 2008 management said that it expected double-digit revenue growth and 100 bp margin improvement for two to three years, with any growth of vitamin-D above the run rate of the other CLIA business providing further upside. Following significant outperformance in the first nine months of 2008 (318 bp EBIT margin improvement vs. first nine months of 2007), we are comfortable that our 2009 estimates are slightly ahead of this general guidance.

DiaSorin looks undervalued versus reagent peers

Compared to European reagent manufacturer peers (bioMerieux, Qiagen and Axis-Shield), DiaSorin trades at a discount on key 2009-11E valuation metrics such as P/E and EV/EBITDA. DiaSorin currently trades on 5.9x 2010E EV/EBITDA, while the peer group trades on 8.0x.

Exhibit 5: DiaSorin trading at discount to reagent peers

Company name	Price	Target price	Target price period	Potential upside	Rating	Market cap (bn)	EV (bn) ¹	P/E			EV/EBITDA ²		
								2009E	2010E	2011E	2009E	2010E	2011E
Axis-Shield	GBP 320	GBP 358	6 mo	12%	Buy	\$ 0.23	€ 0.16	20.5x	15.9x	13.8x	9.8x	7.6x	6.4x
DiaSorin Spa	€ 14.20	€ 18.90	6 mo	33%	Buy *	\$ 1.00	€ 0.81	14.3x	12.0x	11.0x	7.4x	5.9x	5.1x
bioMerieux ³	€ 60.96	€ 60.50	12 mo	-1%	Neutral	\$ 3.08	€ 2.53	17.8x	16.2x	14.7x	8.8x	8.1x	7.3x
Qiagen, N.V. ⁴	\$ 17.15	\$ 22.00	12 mo	28%	Neutral	\$ 3.35	\$ 3.94	18.5x	15.0x	NM	9.4x	8.3x	NM
European reagent manufacturer coverage simple average								17.8x	14.8x	13.2x	8.8x	7.5x	6.2x

Notes:

* Also on our Conviction List

¹ EV is here defined as average market cap plus net debt plus market value of minorities plus pension deficit plus leases.

² For EV/EBITDA, EV is defined as average market cap plus net debt plus market value of minorities plus pension deficit less market value of associates.

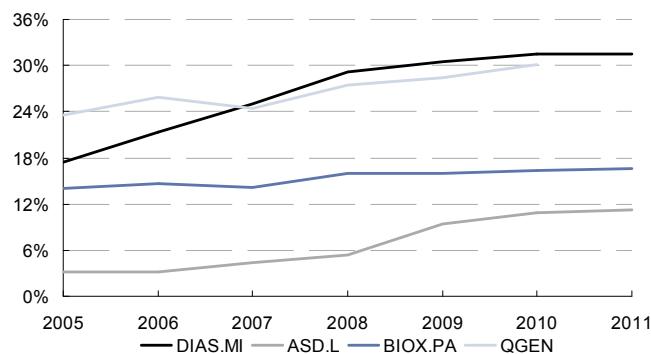
³ bioMerieux is covered by the European Medical Technology team. Target price is based on DCF and an M&A premium.

⁴ Qiagen is covered by the Americas Biotechnology team. Target price is based on PEG

Source: Goldman Sachs Research estimates. For important disclosures, please go to <http://www.gs.com/research/hedge.html>. For methodology and risks associated with our price targets, please see our previously published research.

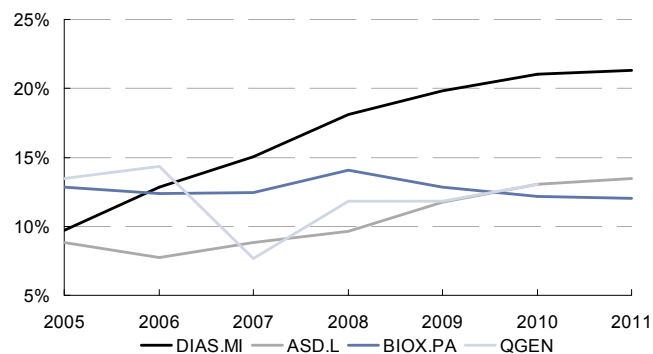
DiaSorin shares trade at a discount despite superior profitability – it leads the other reagent manufacturers on both operating margin and CROCI (Exhibits 6 and 7).

Exhibit 6: DiaSorin has superior EBIT margin vs. peers...
DiaSorin, bioMerieux, Qiagen and Axis-Shield EBIT margins, 2005-11E



Source: Company data, Goldman Sachs Research estimates.

Exhibit 7: ...as well as CROCI
DiaSorin, bioMerieux, Qiagen and Axis-Shield CROCI, 2005-11E



Source: Company data, Goldman Sachs Research estimates.

Valuation: €18.9 6-month price target

Due to the company's short trading history (having gone through an IPO in 2007) we do not believe that its historical multiples provide a reliable basis for valuation. As a result, we are basing our valuation on the average EV/EBITDA of its peer group.

The vitamin-D boom in detail

DiaSorin estimates that the global market for vitamin-D diagnostic testing is c.€60 mn. After extensive conversations with pathologists, doctors, chemists, and representatives from the major US testing laboratories, we believe the market has roughly doubled in the last year. Furthermore, we believe that a high level of growth could continue for a couple of years, given the low penetration of tests (three tests per year per 100 people in the US) and the increase in the number of diseases that are being linked to vitamin-D deficiency. While we are aware that there is a constant cycle of hype involved in nutritional supplements, we believe that vitamin-D presents a unique case.

Vitamin-D not a vitamin

Vitamin-D is actually not a vitamin, but a steroid hormone (technically, a seco-steroid hormone). Vitamins are substances that cannot be synthesized in sufficient quantities by the human body, and therefore must be consumed. Vitamin-D, however, is synthesized by human skin exposed to sunlight, and is generated in quantities that vastly exceed the amount available in food (even fortified products, such as milk and cereals) and even commercially available supplements.

Most supplement fads are predicated on a theory that through a normal diet humans are not receiving enough of a vital dietary substance required by the body. In the case of vitamin-D, however, this substance is not naturally acquired through diet. Vitamin-D is a hormone your body generates through exposure to the sun, but as humans in the western world are spending considerably less time outside, vitamin-D is not being sufficiently generated in the body.

Disregarding differences in latitude and individual genetics, a light-skinned person in a bathing suit can produce over 10,000 IU of vitamin-D by spending half an hour in the sun. This is compared to over-the-counter supplementary pills, which typically contain only 200-600 IU¹.

Recent studies have linked vitamin-D deficiency to a wide variety of disorders

Vitamin-D has long been associated with bone disorders, and the widespread fortification of various foods with vitamin-D has led to the near-eradication of rickets in the western world. However, recent studies have shown vitamin-D levels to be involved in the occurrence of many other disorders, including heart disease, cancer, and diabetes. Vitamin-D researchers we talked with believed that up to a third of the US population was vitamin-D deficient, despite food product fortification.

Different vitamin-D forms, and why they matter for DiaSorin

The two major forms of vitamin-D are D3 (generated naturally by the human body) and D2 (a synthetic form generated from fungus for vitamin-D supplements). Virtually 100% of vitamin-D supplements in the United States are in the form of D2. The two substances are both metabolized in the liver to create the pre-hormone 25-OH D (calcifediol), which is stored in the body. When needed, this pre-hormone is further metabolized in the kidneys into 1,25-OH₂ D (calcitriol), which is the active form of vitamin-D.

¹ American Journal of Clinical Nutrition. <http://www.ajcn.org/cgi/content/full/69/5/842>

DiaSorin's Vitamin-D TOTAL only FDA-approved vitamin-D immunoassay

There is a very important difference between the D2 and D3 steroids. Though D3 is four times more efficiently metabolized into 25-OH D, once the two substances reach their respective 25-OH D form they are biologically comparable. In the United States, a test that measures only the D3 would not properly identify the level of vitamin-D in the body, as it would exclude all vitamin-D coming from supplements. The FDA has refrained from approving diagnostic assays that only measure D3, as these tests would not provide clinically meaningful data with regard to vitamin-D deficiency. Thus far, with its Vitamin-D TOTAL test, DiaSorin is the only company to receive FDA approval for a 25-OH D immunoassay.

Developing a 25-OH D assay satisfying the FDA's requirements will not be easy for competitors

Roche offers a D3 assay in Europe on its Elecsys and Cobas platforms. In Europe, D3 tests are more functional as D3 supplements are more widely available. However, in our view, Roche will not receive approval for its 25-OH D test in the US unless it is able to develop an accurate and commercially viable antibody for D2 to include in the assay. The only such antibody developed to date was discovered over twenty years ago, and it is exclusively licensed to DiaSorin for automated immunoassay testing.

While any of the major IVD companies may ultimately develop a viable D2 antibody, we do not believe that they will be able to do so in the near term, and without significant expense. In the meantime, DiaSorin will continue to increase its installed base and further expand its assay menu with additional tests.

25-OH D testing vs. 1,25-OH₂ D testing

When measuring for vitamin-D deficiency, doctors should be measuring the pre-hormone, 25-OH D (calcifediol)². Though 1,25-OH₂ D (calcitriol) is the active form, and 1,25-OH₂ D tests exist, levels of this substance fluctuate significantly through the day, and it is therefore a poor measure for vitamin-D deficiency. Despite this, according to the Vitamin D Council, up to 20% of US doctors order the 1,25-OH₂ D test to measure vitamin-D deficiency. We believe that this will diminish over time, as physicians become better educated about vitamin-D, creating an increase in the demand for 25-OH D tests.

Mass spectrometry and the Quest Diagnostics retest/recall

Since the end of 2006, Quest Diagnostics, the largest clinical laboratories in the United States, has employed a process called mass spectrometry to conduct their vitamin-D testing. Unlike immunoassay testing, "home-brew" mass spectrometry does not require FDA approval. Furthermore, mass spectrometry can provide information on the level of both D2 and D3.

Though mass spectrometry can be conducted in very high volumes, it is a more manual process than the automated immunoassay procedure. The testing involves highly trained PhDs, and results are susceptible to small variations in environment and minor deviations from protocol. A number of doctors around the country began to notice high levels of variation in vitamin-D tests conducted by Quest³.

Problems confirmed. Potential regulation positive for DiaSorin

Problems with this method were confirmed at the end of 2008, when Quest sent a letter to thousands of doctors in the United States. In this letter, Quest acknowledged irregularities

² Merck Manual 2008. <http://www.merck.com/mmpe/sec01/ch004/ch004k.html>

³ New York Times. <http://www.nytimes.com/2009/01/08/business/08labtest.html>

in vitamin-D tests conducted in the previous two years and offered to retest any patients affected. Pathologists we talked with believe that because the mass spectrometry process demands highly trained operators, Quest had difficulty dealing with the extreme and unexpected increase in demand for vitamin-D tests. While Quest has said that there was a problem with their protocol which has been corrected, we believe that the reputation of mass spectrometry for testing vitamin-D has been damaged.

Furthermore, even when conducted properly, a mass spectrometry vitamin-D test provides a result that is consistently c.40% higher than the result given by the established DiaSorin assay. The Mayo Clinic also conducts mass spectrometry vitamin-D tests, but adjusts its results to match results of the DiaSorin assay. Quest makes no adjustment, and therefore consistently reports a significantly higher figure, potentially leading to the risk of false-negatives if not properly interpreted. We believe that the confusion generated by these two separate ranges and the variations experienced in mass spectrometry testing will put pressure on the FDA to regulate the mass spectrometry industry, which would make it less economically viable for vitamin-D testing and potentially create more demand for the immunoassay tests.

Key risks to growth

- As a provider of esoteric diagnostic tests, DiaSorin would suffer if the growth of esoteric testing slowed. This is a larger risk in the US market, where healthcare is privatized, the number of uninsured patients is increasing, and physician's office visits are falling. However, thus far the slowdown in office visits has only affected the routine testing market, which we believe is currently experiencing flat growth. Because DiaSorin has limited its US CLIA menu to esoteric testing, the company has not been directly affected by the slowdown in routine testing. We estimate that esoteric testing continues to grow at mid-single digits, as these tests are less discretionary in nature.
- We believe that at some point, another company will develop a 25-OH D assay that meets the FDA's requirements. While we have estimated that DiaSorin loses share in the vitamin-D market starting in 2010, this could come faster and be of greater magnitude than we have estimated.
- The enthusiasm for vitamin-D, generated by recent studies linking it to heart disease, cancer and diabetes, could be moderated by additional research reversing earlier findings, leading to slowing or falling vitamin-D testing volumes.
- The Liaison XL machine, which the company is planning to launch in July and begin placing by the end of the year, could be delayed. Furthermore, the machine could suffer from technical problems after launch.

EXPECTED NEWS FLOW/EVENTS		
DATE	EVENT	COMMENT
February 13, 2009	4Q / FY results	Expect continuation of strong growth in LIAISON installed base and CLIA revenue per machine seen in first nine months of 2008.

Source: Company data, Goldman Sachs Research estimates.

Reg AC

I, Fitzhugh Peters, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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The precise calculation of each metric may vary depending on the fiscal year, industry and region but the standard approach is as follows:

Growth is a composite of next year's estimate over current year's estimate, e.g. EPS, EBITDA, Revenue. **Return** is a year one prospective aggregate of various return on capital measures, e.g. CROCI, ROACE, and ROE. **Multiple** is a composite of one-year forward valuation ratios, e.g. P/E, dividend yield, EV/FCF, EV/EBITDA, EV/DACF, Price/Book. **Volatility** is measured as trailing twelve-month volatility adjusted for dividends.

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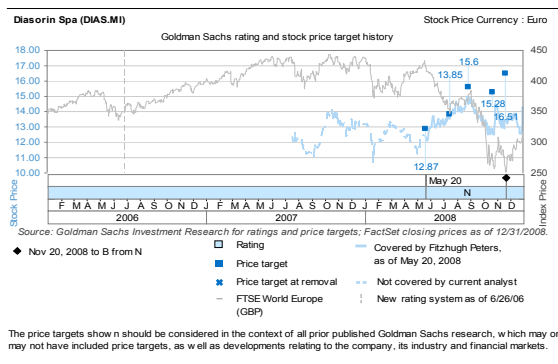
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