



2016 ANNUAL REPORT



GRIFOLS
pioneering spirit

PRI
SAF
EFFC
COMMI
EXCEL
TEAMV
INNOV
AND IMPRO

Dear Friends,

In 2016, we reached the objectives outlined in our corporate plan, which guide the company's course of action and strategic vision. In this regard, we have further consolidated a business model that aspires to meet the needs of patients and health professionals worldwide.

This year, for the first time ever, our revenues exceeded Euros 4,000 million, with a noteworthy 6.5% increase in sales of plasma therapies (Bioscience Division), and our net profit increased by 2.5% to reach more than Euros 545 million. Over the last six years, our employee base has doubled as the company continues to widen its global reach. In 2016, the number of employees grew by more than 5.3% in Spain, where our corporate headquarters are based and where we continue to make investments that ensure state of the art manufacturing facilities. The new 2016-2020 Capital Investment Plan, bestowed with Euros 1,200 million, of which approximately 25% are allocated to Spain, includes important investments in the United States and Ireland. The plan aims to expand our industrial plants and it also contains an ambitious project to significantly enlarge our network of plasma donation centers to 225 centers in the United States in the near future.

As part of our continuous efforts to boost our growth potential, we strengthened our financial position by improving our debt financing conditions, and finalized the acquisition of Hologic's NAT donor screening unit. This strategic operation will reinforce our Diagnostic Division and advance our commitment to building a vertically integrated model that creates synergies and allows us to control every phase of the value chain.

Within the context of these economic parameters, I would also like to highlight our staunch commitment to the environment and society. We have allocated more than Euros 24 million toward community contributions including the Ebola project and made important inroads to promote R&D&I. Overall, approximately Euros 220 million in net investments have been targeted toward research initiatives, spearheaded both in-house and in our investee companies. These resources support a cross-disciplinary approach to R&D&I that aims to develop differentiated products and services, continuously improve our productive processes, and identify opportunities that will further develop our business areas in benefit of patients and health professional. As testament to these combined efforts, Grifols has been recognized among the world's most innovative companies for the fourth consecutive year by Forbes magazine.

Behind this sustained growth are nearly 15,000 dedicated employees in 30 countries who are firmly committed to Grifols' solid corporate values and the inalienable principle that everything we do — our on-going initiatives and corporate management — supports our overriding mission of improving the health and well-being of people around the world.

Our approach to understanding and developing our business has enabled us to become a company of reference in the global healthcare industry and one of the three largest global manufacturers of plasma therapies. Pride, safety, effort, commitment, excellence, teamwork, and innovation and improvement are the principles that guide us every day. Passed down from the company's founding members, they represent a commitment, a legacy and the cornerstone that safeguard our growth and long-term sustainability.

This is the last time that I will address you as the president and CEO of Grifols. As of January 1, 2017, my brother Raimon Grifols Roura and my son Víctor Grifols Deu have assumed my executive duties as co-CEOs, although I will continue to play a role as a non-executive chairman of the Board. With this we conclude an orderly and transparent succession plan.

To everyone who has placed their trust in Grifols, my heartfelt thanks.

Sincerely yours,

Victor Grifols Roura
Chairman of the Board



**PRIDE, SAFETY,
EFFORT, COMMITMENT,
EXCELLENCE,
TEAMWORK, AND
INNOVATION AND
IMPROVEMENT
ARE THE VALUES
THAT DEFINE OUR
APPROACH TO
BUSINESS AND HAVE
GUIDED OUR ACTIVITY
THROUGHOUT OUR
75-YEAR HISTORY.
THESE PRINCIPLES
REPRESENT A
COMMITMENT, A
LEGACY AND THE
CORNERSTONE THAT
GUARANTEE OUR
GROWTH.**

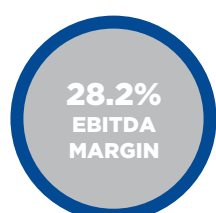
MAIN INDICATORS



€4,050 million
Revenues



225 plasma donation
centers planned by 2021
Global leader in plasma centers



€1,141 million
EBITDA



Strengthening the
Leadership
of the Diagnostic Division



€546 million
Net profit



€1,375 million
Liquidity position



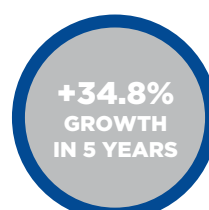
TOP 100
world's most innovative
companies



40% pay-out
of consolidated net profits



€1,200 million
New 2016-2020 INVESTMENT
PLAN



14,900
employees worldwide:
71% USA / 23% Spain / 6% ROW



+€4,000 million
value created. 90% distributed to
society



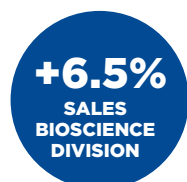
Contributions including
€5.4 million
in educational projects
and scientific awards

CLOSING SHARE PRICES (31/12/2016)



REVENUE PERFORMANCE

CONSOLIDATED GROWTH



GLOBAL PRESENCE



GLOBAL COMPANY



In thousands of euros	2016	% of Net Revenues	2015	% of Net Revenues	% Var	% Var cc*	2014	% of Net Revenues
BIOSCIENCE	3,228,275	79.7%	3,032,111	77.1%	6.5%	6.6%	2,513,510	74.9%
DIAGNOSTIC	663,983	16.4%	691,452	17.6%	(4.0%)	(3.9%)	620,022	18.5%
HOSPITAL	98,583	2.4%	96,245	2.4%	2.4%	4.5%	94,800	2.8%
SUBTOTAL	3,990,841	98.5%	3,819,808	97.1%	4.5%	4.6%	3,228,332	96.2%
RAW MATERIALS AND OTHERS	58,989	1.5%	114,755	2.9%	(48.6%)	(49.0%)	127,052	3.8%
TOTAL	4,049,830	100.0%	3,934,563	100.0%	2.9%	3.1%	3,355,384	100.0%

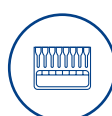
In thousands of euros	2016	% of Net Revenues	2015	% of Net Revenues	% Var	% Var cc*	2014	% of Net Revenues
US + CANADA	2,663,197	65.8%	2,505,791	63.7%	6.3%	5.6%	2,042,700	60.9%
UE	640,249	15.8%	662,917	16.8%	(3.4%)	(2.7%)	662,802	19.8%
ROW	687,395	16.9%	651,100	16.6%	5.6%	8.4%	522,830	15.5%
SUBTOTAL	3,990,841	98.5%	3,819,808	97.1%	4.5%	4.6%	3,228,332	96.2%
RAW MATERIALS AND OTHERS	58,989	1.5%	114,755	2.9%	(48.6%)	(49.0%)	127,052	3.8%
TOTAL	4,049,830	100.0%	3,934,563	100.0%	2.9%	3.1%	3,355,384	100.0%

CONSOLIDATED AND COMPLEMENTARY BUSINESS UNITS



BIOSCIENCE

- Leading company in plasma therapies, with an 18% market share**.
- Impetus from increased sales volume of main plasma proteins in all markets amid a positive price environment.
- Leadership capacity:
 - Expansion of plasma-donation center network to 171. 21 new centers since 2015.
 - Euros 300 million investment allocated to collection centers (2016-2020)
 - Increased fractionation and purification capacity, more than Euros 500 million allocated in the new capital investment plan (2016-2020).
- Opportunities for growth focused on:
 - Greater product segmentation to boost penetration in mature markets.
 - Business optimization by improving the diagnosis of diseases related to plasma proteins.
 - Commercial consolidation in China, India and other emerging markets.
 - Innovation of products and services.



DIAGNOSTIC

- The only company that offers integrated solutions to blood and plasma donation centers.
- The division with the greatest geographical reach.
- Global expansion in key markets: U.S., Asia Pacific and the Middle East.
- Leaders in transfusion medicine.
- Zika virus blood screening tests: positive revenue impact in the second half of 2016.
- Potential for growth in the U.S. blood-typing market.
- Leadership capacity:
 - Increased production while maintaining high levels of operational efficiency.
 - Construction of a new plant in Emeryville, (California, U.S.) to modernize the production of antigens.
 - More than Euros 140 million in the new capital investment plan (2016-2020) will be allocated to improve production facilities.



HOSPITAL

- 30% of revenues generated outside Spain.
- Progressive internationalization with presence in the U.S., Portugal, Chile and several Asia-Pacific countries.
- Intravenous Solutions/Fluid Therapy and Pharmatech that encompasses Hospital Logistics and intravenous therapy devices were the main engines of growth.
- Uplift of third-party manufacturing contracts
- Development of specialty products for the Bioscience Division in alignment with Grifols complementarity strategy.
- Strengthening of the Kiro Oncology system in the U.S. through its implementation in two hospitals.

OUR VALUES ARE THE CORNERSTONE OF OUR BUSINESS

OUR STRATEGY: FIVE PILLARS OF GROWTH

LEADERSHIP CAPACITY
Anticipate investments and productive infrastructures to meet market demand

GLOBAL EXPANSION
Build our presence in existing markets with new products and services, and promote access to new markets

ACCELERATE INNOVATION
Develop a portfolio of competitive R&D products, innovate in quality and safety, and increase our presence in other medical fields by acquiring stakes in research companies

OPTIMIZATION
Enhance competitiveness to optimize costs and improve operating margins

BUSINESS DIVERSIFICATION
Boost three divisions and explore synergies that foster the development of integrated products and services for the treatment of diseases

OUR APPROACH: HOW WE HAVE CREATED VALUE

R&D&I
A solid investment policy: comprehensive and long-term oriented
Ranked among the TOP 100 most innovative companies in the world
€220 million in net investments in in-house and investee projects
5.4% of total 2016 revenue

CAPITAL INVESTMENTS
€268 million allocated to expand and improve the production facilities of the three divisions
€1,200 million New 2016-2020 CAPEX investment plan

START OF THE DEBT REFINANCING PROCESS

\$7,300 million

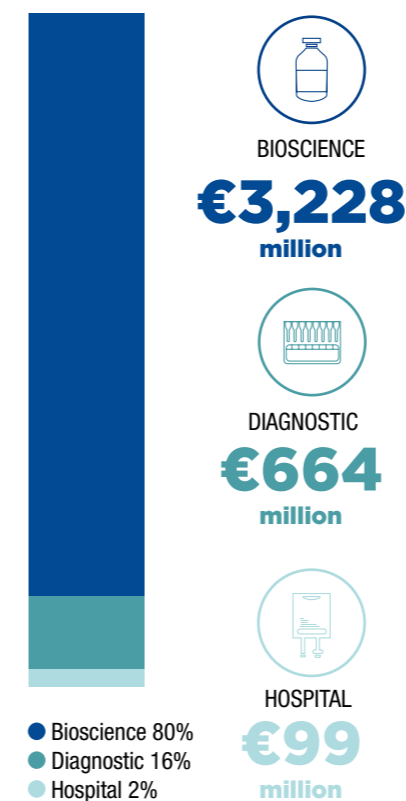
Average cost decreases by 120 basis points and falls below 3.0%. The average maturity exceeds 7 years.

ORDERLY AND TRANSPARENT SUCCESSION PLAN

Raimon Grifols Roura and Víctor Grifols Deu appointed as joint CEOs as of January 1, 2017.

Víctor Grifols Roura continues as non-executive chairman of the Board of Directors.

NET INCOME BY DIVISION



OUR RESULTS: VALUE CREATED IN 2016

FOR SHAREHOLDERS
€12,020 million Market capitalization
+€216 M in dividends

FOR PATIENTS
On-going efforts to improve access to medicines and treatments through programs, collaborations and product donations
Supporting the PatientCare program in the U.S. since 2006

FOR SOCIETY
€11.5 million over two years to a non-profit initiative to treat Ebola in Liberia
+€24 M community contributions

FOR THE ENVIRONMENT
ISO 14001
More than half of total production manufactured in ISO14001-certified facilities
80% compliance 2014-2016 Environmental Program

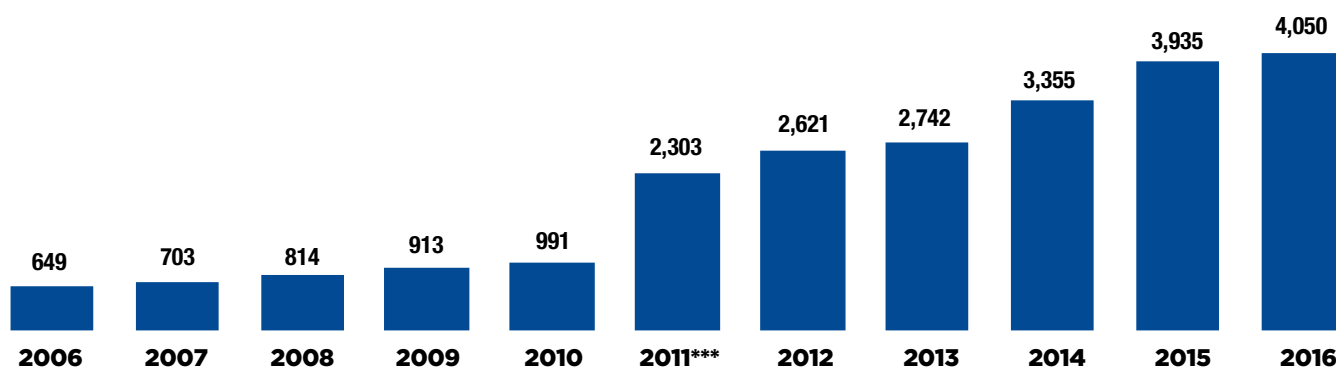
FOR EMPLOYEES
14,900 employees in 2016. The number of jobs doubled over the last six years
500,000 hours of on-going training

OUR COMMITMENT: SOLID CORPORATE VALUES THAT DEFINE AND GUIDE OUR BUSINESS

PRIDE SAFETY EFFORT COMMITMENT EXCELLENCE TEAMWORK INNOVATION & IMPROVEMENT

SOLID FOUNDATIONS FOR GROWTH

20.1% REVENUE COMPOUND ANNUAL GROWTH RATE FOR THE PAST 10 YEARS



millions of euros

CORPORATE OPERATIONS THAT COMPLEMENT OUR ORGANIC GROWTH

AGREEMENT TO ACQUIRE THE NAT DONOR-SCREENING UNIT

On December 14, 2016, Grifols entered into an agreement to acquire Hologic's share of NAT (Nucleic Acid Testing) donor screening unit for USD 1,850 million.

The agreement encompasses activities related to the research, development and production of reagents and instruments using NAT technology, which fosters greater transfusion safety by facilitating the detection of infectious agents in blood and plasma donations.

Based on the existing agreement with Hologic, Grifols was already marketing the reagents and instruments globally. The assets acquired include the production plant in San Diego, California and development rights, patent licenses and access to product manufacturers.

The transaction forms part of the Diagnostic Division growth strategy and enables Grifols to strengthen its leading position in the transfusion medicine business. Moreover, it will positively impact the group's margins and cash flow generation. The acquisition became effective in January 2017.

OTHER ACQUISITIONS

- **Interstate Blood Bank Inc. (IBBI):** Acquisition of 49% minority stake for USD 100 million. IBBI is one of the main private and independent plasma suppliers in the United States. The agreement includes an option to acquire the remaining 51% of the share capital in 2019.
- **Singulex:** Acquisition of 20% minority stake for USD 50 million. Privately owned U.S. diagnostics company based in Alameda, California that has developed and patented an innovative ultrasensitive technology with broad applications in the clinical diagnosis and research domains.
- **Progenika Biopharma:** stake Increase to 90%. Grifols exercised the option to acquire 33% of Progenika's shares for a total of Euros 25 million.
- **Access Biologicals:** Acquisition of a 49% minority stake for USD 51 million after the close of the 2016 financial year. This industry leader specializes in the manufacture of biological products used by other companies in the diagnostics field. The agreement includes an option to acquire the remaining 51% of the share capital within five years. As part of the transaction, Grifols also signed a supply contract to sell Grifols biological products for non-therapeutic use.
- **Acquisition of six Kedrion plasma centers.** Grifols reached an agreement in December 2016 to acquire six plasma centers for USD 47 million. The delivery of these centers became effective in February 2017.

* cc: at constant currency rates

**Source: Internal data and Market reports 2015

*** 2011 figures are pro forma for Talecris acquisition

OTHER INFORMATION OF INTEREST

The company's annual accounts, directors' report and annual corporate governance report for 2016 are available online on the Grifols website and the National Securities Market Commission (Comisión Nacional del Mercado de Valores) website.

Also available for download on www.grifols.com is the latest Corporate Responsibility Report, which will allow readers to learn more about Grifols' performance and actions carried out in 2016.

Additional information on the activities of the Grifols foundations and academies is available on the Grifols website.

DE
ETY
ORT
TMENT
LENCE
WORK
ATION
OVEMENT

GRIFOLS
pioneering spirit