

Grifols to acquire a Novartis diagnostics business unit for US\$1,675 million

- The assets acquired include *in vitro* diagnostic products and technology for transfusion medicine and immunology, a manufacturing plant in the USA and commercial offices in United States, Switzerland and Hong Kong
- Following the acquisition, Grifols' Diagnostic Division will account for over 20% of the company's sales, with an estimated turnover close to US\$ 1.0 billion
- This acquisition will significantly increase sales and EBITDA with earnings accretion in year 1
- This transaction will accelerate a growth strategy based on reinforcing other business areas that complement its plasma derivative activity
- Grifols will strengthen its footprint worldwide providing integrated solutions for blood and plasma donor centers from donation to transfusion
- The transaction's financing is fully underwritten, in the form of a US\$1.5 billion bridge loan fully subscribed in equal parts by Nomura, BBVA and Morgan Stanley

Barcelona, November 11, 2013: Grifols (MCE:GRF, MCE:GRF.P and NASDAQ:GRFS), a global healthcare company and leading producer of plasma therapies, and Novartis (NOVN:VX, NVS:NYSE), today announced that they have signed a definitive agreement whereby Grifols will acquire the transfusion diagnostics unit of Novartis for a total amount of US\$1,675 million (€1,240 million).

The transaction is part of Grifols' growth strategy of complementing its range of plasma protein therapies with other diagnostic products and services (Diagnostic Division).

Grifols will expand its portfolio by including Novartis' diagnostic products for transfusion medicine and immunology, including its highly innovative, market-leading NAT technology (Nucleic Acid Amplification Techniques), instrumentation and equipment for blood screening, specific software and reagents. The assets acquired include patents, brands, licenses and royalties, together with the production plant at Emeryville (California, United States) and commercial offices in United States, Switzerland and Hong Kong (for the Asia-Pacific region) among others.

This strategic operation will strengthen Grifols' Diagnostic Division, particularly in United States with a very strong and specialized commercial organization. It also diversifies Grifols' business by promoting an activity area that complements the Bioscience Division (plasma proteins). Novartis' diagnostic business, which focuses on guaranteeing the safety of blood donations for transfusion or to be used in the plasma fractionating industry,

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complements and extends Grifols' existing product range. Grifols will become a vertically integrated company able to provide solutions for blood and plasma donor centers, with the most complete product portfolio in the immunohematology field: gel cards, multiscard and the new genotyping technology from Progenika.

Grifols will also benefit from the creation of a more efficient platform to market a wider range of diagnostic products and services in the United States and other countries, and will also optimize its after-sales resources.

According to Victor Grifols, President and CEO of Grifols: *"The acquisition of Novartis' diagnostic business is a step further into our vision to become a world leader also in the diagnostics field. To achieve this we knew we needed a significant presence in United States. We initiated the process in the Bioscience area in 2003 with the acquisition of the ATC assets and continued with the Talecris transaction in 2011. During the last two years the Diagnostic Division has been preparing for this step, especially in the immunohematology activities"*

FINANCIAL DETAILS AND CLOSING CONDITIONS

Grifols will acquire Novartis' transfusion diagnostics unit for US\$1,675 million (€1,240 million). The transaction will be structured through Grifols' Diagnostic Division and a newly created 100% Grifols-owned subsidiary.

Grifols estimates pro-forma total annual revenues to approach US\$1.0 billion (€740 million) (including royalties) for its Diagnostic Division after the closing of the operation.

As a result, the Diagnostic Division of Grifols would represent more than 20% of the group's total income, compared to the current 4%, and the company would accelerate its implementation of a new growth strategy based on promoting complementary activity areas. As former Novartis employees are to be retained, the transaction will also increase Grifols' workforce by approximately 550 employees.

The transaction's financing is fully underwritten. A bridge loan for US\$1.5 billion, has been fully subscribed in equal parts by Nomura, BBVA and Morgan Stanley. The loan agreement does not include any financial restrictions with respect to Grifols' dividends policy or investments. The acquisition has been unanimously approved by the board of directors of both companies.

This acquisition will moderately increase leverage, which will be quickly absorbed by resilient cash flow generation.

Grifols' net financial debt at the end of the third quarter of 2013 stood at €2.4 billion, a successful deleverage track record from the Talecris acquisition. This reflects strong results during the course of the year and positive cash flows. As a result, the debt ratio fell to 2.6 times adjusted¹ EBITDA at the end of the third quarter.

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The transaction, requiring customary regulatory approvals, is expected to close in the first half of 2014.

NOVARTIS' DIAGNOSTIC AREA COMPLEMENTS AND EXPANDS GRIFOLS' BUSINESS

Grifols' Diagnostic Division manufactures and develops instrumentation and reagents in three fields: transfusion medicine, immunology and hemostasis. Grifols also produces and distributes blood collection bags. The company is one of the leading suppliers of diagnostic tests for transfusion such as blood typing tests or donor-patient pre-transfusion compatibility tests. Its products are used by hospital blood banks, transfusion centers and clinical immunohematology laboratories.

Novartis Diagnostic business is focused on creating innovative solutions to increase transfusion safety and improve medical outcomes, including preventive screening and the prediction of health outcomes. Novartis Diagnostic products, including instruments and assays, are based on the most innovative NAT methods and used to test millions of blood donations around the world each year for pathogens such as HIV (the AIDS virus,) hepatitis B and hepatitis C, and West Nile Virus. More than 80 percent of the U.S. blood supply is tested on Novartis Diagnostic systems to make sure they are safe for transfusion or use in other blood products.

Advisors

Grifols' legal advisors were Osborne Clarke S.L.P. and Proskauer Rose LLP. Nomura acted as financial advisor to Grifols.

About Grifols

Grifols is a global healthcare company with a 70-year legacy of improving people's health and well being through the development of life-saving plasma medicines, hospital pharmacy products and diagnostic technology for clinical use.

As a leading producer of plasma medicines, Grifols has a presence in more than 100 countries and is the world leader in plasma collection, with 150 plasma donation centers across the U.S. Grifols is committed to increasing patient access to its life-saving plasma medicines through significant manufacturing expansions and the development of new therapeutic applications of plasma proteins. The company is headquartered in Barcelona, Spain and employs more than 11,000 people worldwide.

In 2012, Grifols' sales exceeded €2,620 billion. The company's class A shares are listed on the Spanish Stock Exchange, where they are part of the Ibex-35 (MCE:GRF). Its non-voting class B shares are listed on the Mercado Continuo (MCE:GRF.P) and on the U.S. NASDAQ via ADRs (NASDAQ: GRFS). For more information visit www.grifols.com

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About Novartis

Novartis provides innovative healthcare solutions that address the evolving needs of patients and societies. Headquartered in Basel, Switzerland, Novartis offers a diversified portfolio to best meet these needs: innovative medicines, eye care, cost-saving generic pharmaceuticals, preventive vaccines and diagnostic tools, over-the-counter and animal health products. Novartis is the only global company with leading positions in these areas. In 2012, the Group achieved net sales of USD 56.7 billion, while R&D throughout the Group amounted to approximately USD 9.3 billion (USD 9.1 billion excluding impairment and amortization charges). Novartis Group companies employ approximately 133,000 full-time-equivalent associates and operate in more than 140 countries around the world. For more information, please visit <http://www.novartis.com>.

Disclaimer

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