



S E C O N D H A L F R E S U L T S 2 0 0 6

GRIFOLS



Flebogamma DIF had been approved by the FDA in December 2006. The product has several presentations.

General evolution of the year 2006

Grifols has closed out the fiscal year 2006 with sales of 648.8 million euros, representing an increase of 23.8% compared to 2005.

The increase in sales of plasma derivatives, mainly in the United States, and the improvement in prices for some plasma derivatives such as albumin, Factor VIII and intravenous immunoglobulin (IVIG), were the driving force behind the group's rising turnover. The operating expenses accounted for 24.3% of sales, a reduction of 2.1% compared to the previous year. EBITDA was 129.8 million euros in 2006, 29.2% higher than in 2005.

Financial expenses have evolved favorably as a result of the reduction in the group's financial debt. Excluding the impact of the cancellation of non-voting shares in May 2006, financial costs fell 23.4% to 15.2 million euros compared to 19.8 million euros recorded in the previous year. The company's net profit reached 45.4 million euros, growing 78%.

The positive trends in results and the improvement in working capital flows allowed Grifols to reduce its debt ratio (net financial debt/EBITDA) to 2.3 in 2006 compared to a ratio of 2.7 in 2005.



Grifols headquarters in the United States. Los Angeles, California.

SUMMARY OF SALES BY REGION

In thousands of Euros	2006	% on Sales	2005	% var.
European Union	335,111	51.7	314,146	6.7
US	242,978	37.5	149,365	62.7
ROW	70,708	10.9	60,766	16.4
TOTAL	648,797	100.0	524,277	23.8

International expansion: the main engine of growth.

74.4% of sales were generated outside of Spain in 2006

Grifols' turnover in markets outside of Spain represented 74.4% of the total sales figure. In 2006, international sales grew 30.3% to reach 482.6 million euros.

The company's strategy to give priority to the US market, especially in Bioscience, was a proven success: in the United States, the reference market for plasma derivatives, turnover rose 62.7% to reach 242.9 million euros. In 2006 sales generated from the US market represented 37.5% of the total company turnover.

In Europe, sales rose to 340.3 million euros, generating 52.4% of the group's income and increasing 6.4%. The moderate rise in this region is a result of the previously mentioned strategy to create a stronger presence in the US market.

In Latin America, Grifols business grew 23.1% and in Asia, another continent on which the company has focused its strategy of expansion, business grew 21.2%. In 2006 Asia accounted for 3.5% of sales and the company sees a promising future for growth. In the same vein, in the third quarter of 2006, a representation office was opened in Japan, where Grifols currently markets diagnostics instruments.

Bioscience grew 21% in 2006 and gained momentum in the US

The year 2006 was one in which significant growth occurred in all the group's lines of business. The Bioscience division, which brings together all the products and activities related to plasma for therapeutic use (plasma derivatives production), generated 68% of the total turnover of the group. Sales grew to 440.3 million euros, an increase of 20.9% compared to 2005.

The growth in revenue for Bioscience is due in part to the increased demand for plasma derived factor VIII in the United States and in the increases in the price of albumin in that same market. In the case of intravenous immunoglobulin (IVIG), both factors – increased demand and higher prices – played a role. Both of these trends have remained steady throughout the year.

Among the milestones achieved in 2006 was the granting of the FDA licence in December for the marketing of Flebogamma DIF 5% in the United States. This new generation IVIG is the result of technological advances achieved by Grifols' R&D team over the course of 10 years and which involved a total investment of more than 30 million euros distributed between the construction of the new plant and clinical trials necessary for its approval.

The new plant, located in Barcelona, was designed and built by Grifols Engineering and has also been certified by the FDA. In 2007, European authorities (EMA) are expected to finalize the approval process for the new plant and for Flebogamma DIF 5%.

SUMMARY OF SALES BY DIVISION

In thousands of Euros	2006	2005	% var.
BIOSCIENCE Division	440,334	364,200	20.9
HOSPITAL Division	62,901	58,281	7.9
DIAGNOSTIC Division	74,564	69,646	7.1
RAW MATERIALS + Others Division	70,998 *	32,150	120.8
TOTAL	648,797	524,277	23.8

(*) PlasmaCare sales 31.157

Hospital logistics saw an increase of 19%

The Hospital division includes non-biological products intended for the hospital pharmacy such as parenteral solutions and products for parenteral and enteral nutrition. This division is also responsible for the distribution of products related to hospital logistics.

In 2006 sales for this business line increased 8% compared to the prior year to reach 62.9 million euros. This division currently accounts for 9.7% of the total income. The year 2006 saw the launch of the new 3-liter irrigation bags and the Fleboflex polypropylene bags, a new format which will eventually substitute PVC bags over the course of the next few years.

In the Hospital division, Hospital Logistics projects enjoyed growth of 19%. These logistics and control systems for hospital pharmacies have been well received in a wide range of hospitals, both public and private.

The Diagnostic division includes the manufacture and development of devices, instruments and reagents for clinical testing laboratories. In 2006 income from sales for this division were 74.6 million euros. Compared to 2005, this represents a 7% increase and accounts for 11.5% of the company's total business.

The sales of both Triturus, a testing instrument for ELISA techniques, and of DG Gel cards, used in Wadiana autoanalyzers to identify blood groups, made a positive contribution to the results from this division.

Finally the Raw Materials & Others division, which covers the sales of excess intermediate products and the sale of special albumin for industrial use and as a culture medium, generated more than 70 million euros, an increase of 120.8% compared to the previous year and representing 10.9% of the total turnover of the group.

However in 2006, 31 million euros of the turnover of this division came from the sale of plasma to Talecris after the purchase of the US company PlasmaCare Inc. Existing contract obligations end in February 28, 2007, after which all the plasma from PlasmaCare will be sent to Grifols companies for production.

With the purchase of these 14 plasmapheresis centers and 8 more acquired from Baxter in April of the same year, Grifols has ensured the vertical integration of its business and its supply of raw materials and, in the process, has become the second largest plasma collection company in the world.



Plasma Center in Orange, California

PROFIT AND LOSS ACCOUNT

In thousands of Euros	2006	2005	% var.
Net Sales	644,724	520,994	23.7
Other Operating Income	4,073	3,283	24.1
TOTAL OPERATING INCOME	648,797	524,277	23.8
Cost of Sales	391,923	310,889	26.1
GROSS PROFIT	256,874	213,388	20.4
<i>% on Sales</i>	39.6	40.7	
R&D	25,675	23,046	11.4
SG&A	132,284	115,815	14.2
OPERATING EXPENSES	157,959	138,861	13.8
OTHER OPERATING EXPENSES (INCOME)	-1,575	939	-267.7
OPERATING PROFIT	100,490	73,588	36.6
<i>% on Sales</i>	15.6	14.1	
Financial Expenses	15,180	19,815	-23.4
Financial Expenses related to Non Voting Shares	21,877	12,942	69.0
FINANCIAL RESULT	37,057	32,757	13.1
Interest in Associates	-76	10	-860.0
PROFIT BEFORE TAXES	63,509	40,821	55.6
<i>% on Sales</i>	9.8	7.8	
Tax Provision	17,824	15,315	16.4
NET PROFIT BEFORE MINORITY INTERES	45,685	25,506	79.1
Minority Interest	291	-51	-670.6
NET PROFIT	45,394	25,557	77.6
E B I T D A	129,847	100,486	29.2
<i>% on Sales</i>	20.0	19.2	

CASH-FLOW

In thousands of Euros	2006
Net Income	45,394
D&A	29,357
Net Provisions	101
Non-Cash Adjustments / Other	2,615
Change in Inventory	7,456
Change in Accounts Receivable	(40,832)
Change in Accounts Payable	4,984
<i>Change in Working Capital</i>	<i>(28,393)</i>
Cash Flow from Operations	49,075
Capex	(26,070)
R&D / Other Intangible Assets	(8,883)
Acquisition PlasmaCare	(50,495)
Acquisition Baxter Plasma Centers	(9,962)
Other	117
Cash flow from Investing Activities	(95,293)
Capital Increase	312,400
Non Voting Shares Amortization	(260,000)
IPO Expenses	(11,604)
Financial Debt Increase / (Decrease)	52,694
Other Payables Increase / (Decrease)	(17,313)
Dividends Paid	(7,000)
Dividends Paid Non Voting Shares	(19,803)
Foreign Exchange Differences	1,037
Cash Flow from Financing Activities	50,411
Total Cash Flow	4,194
Cash, Beginning Balance	22,855
FX Rate Effect in Cash	(169)
Cash, Ending Balance	26,880

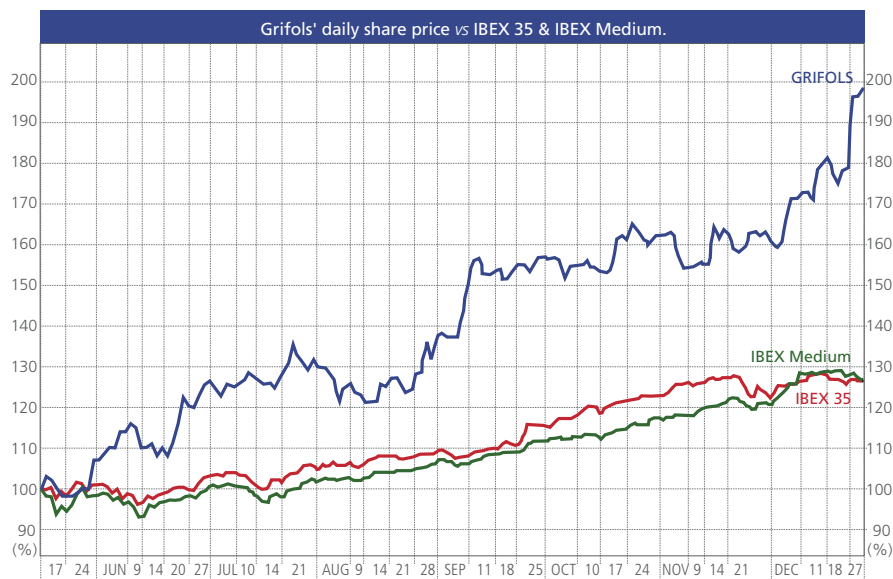
BALANCE SHEET

ASSETS

In thousands of Euros	2006	2005
Total Non Current Assets	440,380	385,389
Rest of Current Assets	473,294	436,294
TOTAL ASSETS	913,674	821,683

LIABILITIES

In thousands of Euros	2006	2005
Total Stockholders Equity	368,352	55,947
Total Non Current Liabilities	262,558	513,331
Total Current Liabilities	282,764	252,405
TOTAL LIABILITIES	913,674	821,683



(Base 100, from May 17 to December 31, 2006)

General developments in the fourth quarter of 2006

In the fourth quarter, the business figures continued the positive trend recorded over the first three quarters of the year. Turnover reached 166 million euros, representing growth of 23.5% compared to the same period from the previous year.

Sales in the United States saw an increase of 59% with a turnover of 65.7 million euros. Sales of plasma to third parties resulting from commitments inherited from PlasmaCare before its acquisition were 11.4 million euros.

Turnover was 111 million euros for Bioscience, 18.6% more than the fourth quarter in 2005. Raw Materials recorded revenues of 19.8 million euros including the sales from plasma.

SUMMARY OF SALES. FOURTH QUARTER 2006

BY REGION

In thousands of Euros	4th Q. 2006	% on sales	4th Q. 2005	% var.
European Union	83,956	50.5	79,096	6.1
US	65,792 (*)	39.6	41,267	59.4
ROW	16,426	9.9	14,208	15.6
TOTAL	166,174	100.0	134,571	23.5

BY DIVISION

In thousands of Euros	4th Q. 2006		4th Q. 2005	% var.
BIOSCIENCE Division	111,025		93,605	18.6
HOSPITAL Division	16,690		15,722	6.2
DIAGNOSTIC Division	18,671		18,293	2.1
RAW MATERIALS + Others Division	19,789 (*)		6,951	184.7
TOTAL	166,174		134,571	23.5

(*) Ventas PlasmaCare 11,425



May 17 2006. GRIFOLS IPO in the Barcelona Stock Exchange

GRIFOLS