GRIFOLS

In the stand-alone fourth quarter sales increased 19.5% and net profits jumped 26.2%

Grifols' net profit advanced 38.7% in 2008 to 121.7 million euros.

- **Total revenue amounted to 814.3 MM euros, up 15.8% on the year ago figure. Stripping out the exchange rate effect this increase would have been 19.9%.**
- **EBITDA advanced 32.8% to 236.2 MM euros, with an EBITDA margin of 29%**
- **Net financial debt totalled 446 million euros, giving the company a gearing ratio of 1.9x EBITDA, the same as what was registered in 2007.**
- **Grifols' revenue in international markets (excluding Spain and Portugal) accounted for 72.8% of total turnover. International sales totalled 593.2 MM euros, up 18.2% on the previous year.**

Barcelona, February 26, 2009- Grifols, a holding company specialized in the pharmaceutical-hospital sector and fourth in the world in the production of plasma derivatives closed out the year 2008 with a business figure of 814.3 million euros, representing an increase of 15.8% with respect to 2007. Excluding the effect from variation in exchange rates, the increase was 19.9%. With regard to margins, Grifols´ natural hedge against foreign currency risk largely allows it to offset the impact of sales in dollars with purchases of plasma, the company´s main raw material, which are also in dollars.

Sales were strong throughout the year. To March 2008 turnover increased 10.9% compared with the previous year, while in the second quarter this increase was 16.8%. The third and fourth quarters saw turnover increase 16.1% and 19.5%, respectively. The global economic slowdown has failed to impact the company's sales, with annual turnover boosted by growth in all divisions. Turnover in the Diagnostic division advanced 7.5% to 85.7 MM euros, while the Hospital division recorded a 10.6% rise over the previous year to 82.6 MM euros.

Sales at the Bioscience division, which represent 74.4% of Grifols' total turnover, soared nearly 23% to 606.2 MM euros with the group's main plasma derivatives performing well on price as well as volume: Albumin, intravenous immunoglobulin (IVIG) and factor VIII.

This year the company fulfilled its investment plan for 2008-2012. It opened new plasmapheresis centers in the US, bringing the total to 80 and enabling Grifols to obtain 2.7 MM litres of plasma. This is approximately 21.8% more than in 2007.

The reason for Grifols' long-standing vertical integration strategy in its business is twofold: it enables the company to control costs and ensures that its plasma meets the highest quality and safety standards. At present, the volume of plasma which Grifols obtains from its own centers meets practically all the fractionating requirements of the group (98%).

These needs, which are rising in line with the amount of plasma obtained, mean greater availability of the finished product to meet the market's demands.

The **gross margin** improved notably, up from 44.9% of sales in 2007 to **48.9% in 2008**. Operating expenses totalled 195.2 MM euros, 23.9% of sales. **EBITDA rose 32.8%** year on year to **236.2 MM euros**, **representing 29% of sales**, whilenet profit climbed 38.7% to 121.7 MM euros.

Despite rising interest rates in the first nine months of the year, financial expenses performed well. Interest rate cuts at the end of the year should have a positive effect from 2009 onwards. In fact, **net financial debt** closed 2008 at **446 MM euros**, giving an **EBITDA ratio of 1.9x,** the same as in 2007. As an indication of the strong balance sheet, the net debt/equity ratio fell to 0.86x in 2008, compared with 0.89x in 2007.

Two-thirds of Grifols' total debt is long-term, of which 350 MM euros correspond to the five-year syndicated loan signed in May 2008. The resources obtained from this loan have been used to pay off the outstanding balance of the 225 MM euro syndicated loan signed in 2005 as well as to refinance the short-term dollar lines of credit and partially finance the group's investment plan.

Grifols also received a 10.7 MM dollar loan from COFIDES (a public-private lender for Spanish investments in developing and emerging markets), with repayment over nine years and a two-year grace period. This loan will be used to partially finance the acquisition of plasma centers in the US.

Grifols has since also acquired an office block in Sant Cugat del Vallès (Barcelona) to house its new corporate headquarters, enabling it to centralise the group's common business units. This deal was financed via a long-term (15-year) mortgage loan worth 45 MM euros signed in the fourth quarter of 2008.

Grifols' main results in 2008 *(Figures in millions of euros)*

	Results 2008	% change from 2007
INCOME	**814.3**	**+15.8%**
EBITDA	**236.2**	**+32.8%**
NET PROFIT	**121.7**	**+38.7%**

Breakdown by division

The **Bioscience** division, which manufactures specialist pharmaceuticals using human plasma derivatives, reported a turnover of 606.2 MM euros, up 22.9% from 2007 and 74.4% of the group's total turnover. During the year both volume and prices of the main plasma derivatives it sells, IVIG, albumin and factor VIII, increased. These results reflect the performance of a non-cyclical industry where demand is constantly increasing and in which Grifols has significant competitive advantages thanks to its plasma collection and fractionation capacity.

Nevertheless, in 2008 Grifols continued to pursue its long-term growth strategy for the division. In addition to the licence obtained to market Flebogamma® DIF, the latest-generation IVIG, in Australia, of particular note was the start of construction work on the new plant for this plasma derivative in the US. These facilities, identical to those in Barcelona, are due to come on stream in 2012-13. Grifols will then have two plants manufacturing Flebogamma® DIF to meet the demands of a market which has risen steadily in the US, Europe and elsewhere over the past 10 years. Demand for this product will also be boosted by Grifols' presence in Australia, a market with one of the highest per capita consumption levels of IVIG. This type of IVIG is only manufactured at the Barcelona plant at present.

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The company's new coagulation factor purification and sterile dosage plant was brought on line in Los Angeles in 2008 after being granted the FDA licence in just four months. In 2008 work also began on construction of the Barcelona fibrin glue plant. And finally, both the Spanish and Italian health authorities granted licences to market the Niuliva® perfusion solution.

Sales in the **Hospital** division which specialises in non-biological pharmaceutical products for the hospital pharmacy sector, such as parenteral and enteral nutrition solutions, totalled 82.6 MM euros in 2008, up 10.6% compared to the previous year. The division currently contributes 10.1% of total revenue.

It enjoyed across-the-board increases although the Hospital Logistics projects performed outstandingly, generating revenue of 18.1 MM euros (+12.3%). Implementing these logistics and control systems has helped the company become a leader in specific solutions to improve the efficiency and quality of private and public hospital pharmacy services in Spain, Portugal and Latin America, The company also supports new projects that enable it to bolster this activity. A result of the research carried out by a multidisciplinary team, including professionals from the Hospital division and engineers from Grifols Engineering, was the presentation of BlisPack® in the last quarter of the year. This is an automated system which cuts, repackages and identifies medication blisters for hospital use helping reduce dosage errors; it is unique in Spain.

The **Diagnostic** division posted 85.7.7MM euros in sales revenues in 2008, up 7.5% on 2007. In revenue terms, this division currently represents 10.5% of the business. It encompasses the manufacturing and development of equipment, instrumentation and reagents designed for clinical analysis laboratories.

In 2008 the division entered the French market to sell its WaDiana® automated analyser and made further inroads into China and Mexico, all of which helped drive growth. It will also benefit in the near future from the expected growth in sales of reagents for diagnostics (DG Gel®) to be used with the instruments from the immunohaematology line. Reagents sales in 2008 expanded steadily throughout the year. This year also saw the first cards sold in France following the expiry of the European patent preventing their sale in certain European markets.

Turnover at the **Raw Materials & Others** business dropped to 39.7 MM euros, in line with company forecasts. This division includes sales of intermediate products and raw material (plasma) to third parties.

Turnover and growth by division in 2008 *(Figures in millions of euros)*

	Turnover in M€	% growth	% of turnover
Bioscience	**606.2**	**22.9%**	**74.4%**
Hospital	**82.5**	**10.6%**	**10.1%**
Diagnostic	**85.7**	**+7.5%**	**10.5%**
Raw Materials	**39.7**	**-28.7%**	**6.5%**

Performance by region

At the end of 2008, Grifols' revenue in international markets (excluding Spain and Portugal) accounted for 72.8% of total turnover. International sales totalled 593.2 MM euros, up 18.2% on the previous year.

Turning to the rate of growth in different regions: the US generated revenue of 290.7 MM euros, where there was 23.2% growth in the first half of 2007; Spain and Portugal contributed 221.1 MM euros (+9.7%) and Asia 33.9 MM euros (+20.9%). Latin America contributed 75.8 MM euros (+49.5%), thanks to the growth in Hospital Logistics (Hospital division) sales and the combination of increases in price and turnover recorded by Bioscience products in this region.

By region, the US generated 35.6% of group revenue, Europe 49.6%, Latin America 9.2% and Asia 4.1% in 2008. In line with the company's strategic plan, international diversification is becoming increasingly more important as it lays the foundation for future growth in new markets.

Performance in the fourth quarter of 2008

Revenue in the fourth quarter totalled 214.1 MM euros, 19.8% higher than the same period the year before.

Turnover at the Bioscience division totalled 161.0 MM euros, an increase of 27%, while the Hospital and Diagnostic divisions saw turnover rise 8.6% and 7.3% to 20.5 MM and 21.1 MM euros, respectively. EBITDA for the quarter amounted to 62.1 MM euros, 34.9% more than the same quarter the previous year.

Net profit totalled 28.8 MM euros or 13.5% of sales, an improvement of 26.2% over the rate achieved a year previously.

Main events in 2008

- The company was granted a licence to sell next generation IVIG, Flebogamma DIF®, in Australia.
- Construction was started on the new plant for the production of Flebogamma® DIF in the United States.
- Start up of the new coagulation factor sterile dosage activity in the plasma derivatives plant in Los Angeles.
- Acquisition of 31,000m2 industrial facilities in Parets del Vallès (Barcelona) which will house the group's logistics organisation, among others.
- The opening and expansion of plasmapheresis centers in the US, bringing the total to 80.
- Completion of a new preparation area to increase production of DG Gel® cards (Diagnostic division).
- Increase of Grifols' pay-out to 40% over net profit compared to 28% the previous year.
- Grifols joins the IBEX-35
- Acquisition of an office complex in Sant Cugat del Vallès (Barcelona) which will house the group's new corporate headquarters.

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About Grifols

Grifols is a Spanish holding company specialized in the pharmaceutical-hospital sector and is present in more than 90 countries. Since 2006, the company has been listed on the Spanish Continuous Market and forms part of the Ibex-35. Currently it is the first company in the European sector in plasma derivatives and the fourth in production worldwide. In upcoming years, the company will strengthen its leadership in the industry as a vertically integrated company, thanks to recent investments and those which will be carried out in 2008-2012, representing 400 million euros. In terms of raw materials, Grifols has ensured its plasma supply with 80 plasmapheresis centers in the United States and in terms of fractionation, its plants in Barcelona (Spain) and Los Angeles (United States) will allow the company to respond to the growing market demand. Nevertheless, the company is preparing for sustained growth in the following 8-10 years and has launched an ambitious investment plan.