GRIFOLS

Grifols' turnover increases by 23.8% in 2006 to reach 648 million euros

- **The net profit for 2006 was 45.4 million euros, representing an increase of 77.6% compared to 2005, while EBITDA grew 29.2% to reach 129.8 million euros**

- **The Bioscience division achieved growth of 21% driven by strong sales in IGIV, Factor VIII and albumin**

- **Sales outside Spain rose 30.3%, making up 74.4% of the total turnover of the group.**

Barcelona, February 26, 2007.- Grifols, a holding company specialized in the pharmaceutical-hospital sector and fourth in the world in the production of plasma derivatives, 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.

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 United States. Hospital logistics saw an increase of 19%

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 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 (EMEA) are expected to finalize the approval process for the new plant and for Flebogamma DIF..

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.

Main events at Grifols in 2006

- **Acquisition of 22 plasmapheresis centers in the United States: 14 from PlasmaCare Inc (March) and 8 from Baxter (April).**

- **Grifols is quoted on the Spanish Stock Market (May 17).**

- **Changes in the existing syndicated loan for a total of 225 million euros to comply with the IFRS (November)**

- **The FDA grants a licence to market the new generation IVIG, Flebogamma DIF 5%, in the United States (December).**

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Turnover and growth by division in 2006 (in millions of euros)

	Turnover in M€	% growth	% of turnover
Bioscience	**440.3**	**+ 20.9**	**67.9**
Hospital	**62.9**	**+ 7.9**	**9.7**
Diagnostic	**74.6**	**+ 7.1**	**11.5**
Raw Materials	**71.0**	**+ 120.8**	**10.9**

Main results from Grifols in 2006 (in millions of euros)

	Results 2006	% Variation 2005
INCOME	**648.8**	**+23.8**
EBITDA	**129.8**	**+29.2**
FINANCIAL EXP	**37.1***	**+13.1***
NET PROFIT	**45.4**	**+77.6**

**The financial expenses include the cancellation of the non-voting shares (EUR 21.9 M).*

About Grifols

Grifols is a holding company specialized in the pharmaceutical-hospital sector and is present in more than 90 countries in the world. In May 2006, it was quoted on the Spanish Stock Market and is part of the Spanish index of medium-sized capitalization companies (IBEX MEDIUM CAP). Currently it is the leading European company in the plasma derivatives sector and third in the world in production. In coming years, the company intends to strengthen its leadership in the industry as a vertically integrated company thanks to the investments it has made in ensuring the company's access to plasma, its raw material, from its 72 plasmapheresis centers in the United States. In terms of fractionation, the manufacturing facilities in Barcelona (Spain) and Los Angeles (United States) are equipped to respond to growing demands on the market.