GRIFOLS

All the company's activity indicators continued to post double-digit growth, despite the current economic environment

Grifols' net profit increased by 21.6% in 2009 to 148 MM euros

- **Sales rose 12.1% to 913.2 MM euros.**
- **EBITDA totalled 266.1 MM euros, up 12.6% from prior year**
- **Geographical diversification consolidated during the year. International sales accounted for 75.3% of total revenues and totalled 687.4 MM euros. Growth was notable in Latin America (50.5%) and Asia (45.9%)**
- **Net financial debt totalled 561.6 MM euros, 2.1 times EBITDA**

Barcelona, February 25, 2010.- Grifols, a holding company specialized in the pharmaceutical-hospital sector and one of the world's leading producers of plasma derivatives closed out the year 2009 with **total sales of 913.2 MM euros**, a 12.1% increase in comparison to 2008.

Sales performance was positive in all quarters, on an independent basis. Record turnover was achieved in the first three months of the year. In the fourth quarter of 2009, the dollar's performance against the euro slightly undermined the group's turnover. Nevertheless, Grifols has a natural currency hedge. It minimises exchange risk in its earnings by offsetting the effect on dollar-denominated sales with the effect on plasma purchases, its main raw material, also in dollars. Revenue growth was 10.1%, excluding the effect of exchange rate fluctuations and the integration of sales from the Australian group acquired during 2009.

International expansion continued throughout the year, driving sales up. Grifols expanded its presence in geographical areas like Latin America and Asia where it recorded growths of 50.5% and 45.9%, respectively, compared to 2008. Diversification, one of the priorities of the company's growth strategy, will continue to be promoted in the next few years, in view of the potential offered by countries like Australia, Brazil and China, where the group already operates.

As regards business areas, **all divisions had positive performances**. **Bioscience**, which accounts for 76.1% of the group's revenues, **generated 695.0 MM euros, a 12.5% growth** from prior year. In a scenario of stable prices, volume increases on the main proteins were the growth driver in this division.

The Diagnostic division results, boosted by higher sales volume in reagents (DG Gel® cards), recorded revenues totalling **103.1 MM euros**, **up 20.2%** from 2008.

The prolonged global economic deceleration which began in the last quarter of 2008 has translated into restrictions on public and private investment in hospital automation systems in Spain. This has had a moderate impact on areas of the Hospital division which, nevertheless, saw its turnover increase by **4.7%** from prior year to **86.3 MM** euros.

The cost of plasma, the main raw material, has remained stable. In 2009, Grifols obtained 3.2 million litres of plasma at its 80 plasmapheresis centres in the United States, a 12.0% increase over 2008, covering approximately 96% of its fractionation requirements.

The gross margin, at similar levels to 2008, was **48.7% of sales**. **Operating expenses** totalled 218.0 MM euros, up 11.7% from prior year. Implementation throughout the year of cost control policies, coupled with a sound performance of sales, drove **EBITDA** margin to **29.1% over sales**. EBITDA totalled **266.1 MM euros**, a **12.6%** year-on-year growth. **Net profit totalled 148.0 MM euros**, **up 21.6%** from 2008 and representing **16.2% of revenues** in comparison to 14.9% in 2008.

In 2009, financial expenses decreased significantly due to the ongoing cuts in interest rates. However, in 2010 the company foresees the return to 2008 levels if interest rates increase as expected and as a result of the new financial resources secured during the year. Nevertheless, **net financial debt** at close of 2009 **was 561.6 MM euros**, **2.1 times EBITDA, compared to 1.9 times** recorded in 2008, comfortable levels for the group. Grifols' balance sheet remains solid, with net debt/equity ratio in 2009 at similar levels to 2008 (0.87 times).

Financial operations performed during 2009 enabled the group to modify its debt structure in terms of maturities, with over 68% of available financing linked to long-term maturities. This objective was set by the company to be able to respond in a stable manner to its working capital requirements and to undertake its investment plans. Furthermore, its current cash position would enable the group to undertake M&A transactions should the opportunity arise, and to increases the amount of resources invested into R&D, in particular to develop the studies linked to the possible use of Albumin in treating Alzheimer's Disease, as well as other projects relating to future biotechnological developments.

Grifols first corporate bond issue in the United States, totalling 600 MM dollars, it is among the most significant operations. The issuance was fully subscribed by qualified investors and was structured into three tranches: 200 MM dollars maturing in 12 years, 300 MM dollars in 10 years and 100 MM dollars in seven years, with spreads over the price of 10-year Treasury bills of 370 basis points (bps), 350bps and 335bps, respectively.

Furthermore, it is worth noting the novation of the 350 MM euro syndicated facility arranged with 24 financial institutions in May 2008, aimed at bringing financial covenants in line with those of the corporate debt issued. This has entailed the replacement of the net financial debt/equity ratio by the minimum equity ratio, which more accurately reflects the company's equity growth and enterprise value.

Grifols has followed its projected **Investment Plan**, with approximately **104 MM euros invested in 2009**. This has enabled the group to break ground on a new analysis laboratory in Texas (US) and a new solutions factory in Murcia (Spain), among other projects, as well as undertaking several upgrades and refurbishments at plasma collection centres.

At the end of 2009, the construction of the new Flebogamma ® DIF in Los Angeles, California, was almost completed. It is expected that the valuation process to obtain FDA approval will start on the second half of 2010.

Grifols' sound performance in 2009 has enabled it to continue to create job opportunities. In 2009, the average workforce at Grifols stood **at 5,984 employees**, a **8.7%** increase over the average in 2008. Employment creation took place in both, Spain and the US, where the group's production centres are located.

Grifols' main results in 2009 *(Figures in millions of euros)*

	2009	2008	% change
Income	**913.2**	**814.3**	**+12.1%**
EBITDA	**266.1**	**236.2**	**+12.6%**
% on sales	**29.1%**	**29.0%**	
Net Profit	**148.0**	**121.7**	**+21.6%**
% on sales	**16.2%**	**14.9%**	

Breakdown by division

Good performances by all divisions in 2009

In 2009, the **Bioscience division**[1], which manufactures speciality pharmaceuticals using human plasma derivatives, reported a turnover of **695.0 MM euros**, up **12.5%** from 2008 and representing 76.1% of the group's total revenues. Throughout 2009 sales volume in the main plasma derivatives increased, although prices remained stable. Growth was driven, among others, by the 2 contracts won to supply IVIG in Brazil, the commercial launch in Spain and Italy of Niuliva® 250 U.I./ml, the first anti-hepatitis B IVIG registered and marketed in Spain, and the sound results in Asia and Latin America.

Furthermore, in 2009, Grifols continued to foster long-term growth in the division by working on various clinical trials, among others, the possible use of Albumin to treat Alzheimer's disease. Grifols has also promoted European research on liver cirrhosis by financing and participating in the European Consortium for the Study of Chronic Liver Failure.

[1] Since the first quarter of 2009, sales of albumin for non-therapeutic uses and intermediate products, previously recorded under the Raw Materials division, are accounted for as part of the Bioscience division's revenue. Due to this accounting change and for comparability purposes, 11.7 MM euros have been reclassed to the 2008 Bioscience division's revenue .

As planned, the facility known as “Minifrac” located at the plant in Los Angeles, received FDA approval at the end of 2009. This enables the maximum plasma fractionation capacity in the US to increase by 700,000 litres per year to 2.2 million litres per year. The FDA also approved the new sterile Albumin filing plant in the US. This approval is the culmination of a three years project to upgrade the entire process for obtaining, purifying and filling Albumin vials at the Los Angeles facility.

In October the construction of a new analysis laboratory in San Marcos (Texas) began. Completion is expected in 2010. The new lab will enable the group to absorb the progressive increase in plasma samples for analysis.

Sales at the **Hospital division**, which concentrates non-biological pharmaceutical products used in hospital pharmacy, such as parenteral and enteral nutrition products and solutions, increased by 4.7% year-on-year to 86.3 MM euros. Despite budget restrictions at hospitals in Spain, the Hospital Logistics area, where Grifols is a name of reference, has benefited from the renewal of commercial agreements such as the one signed with Kardex Remstar. It is also worth noting, sales in the Medical Instruments and Nutrition areas increased over 8% each, as well as manufacturing for third-parties.
With regards to investments, the company launched a production line of prediluted paracetamol in bags at its Barcelona plant, as well as automating the production lines at its Murcia facility to respond to growing demand. Furthermore, it started the construction of a new plant in the same location for the production of parenteral solutions in flexible packaging (polypropylene bags).

Diagnostic revenues were **103.1 MM euros** in 2009, up **20.2%** compared to 2008. The division now accounts for **11.3%** of the total business. It includes manufacturing and development of equipment, instrumentation, and reagents for clinical analysis laboratories. Turnover was boosted by higher sales of reagents (DG Gel® cards) in markets like China and Mexico, as well as stable instrument exports to the United States, Europe, China and Australia. In this market, sales were boosted by the acquisition of the Australian-Swiss group, which enabled Grifols to consolidate for first time revenues totalling 11.2 MM euros, Furthermore, as part of the expansion plan defined in Australia, the group has secured the purchase of a new building where it has installed the new DG Gel® immunohematology cards plant. Production commenced in early 2010.

The Raw Materials & Others division kept its revenues at 28.8 MM euros, as expected, since this division comprises raw material (plasma) sales to third parties and other services.

Turnover and growth by division in 2009 *(Figures in millions of euros)*

	Turnover in M€	**% growth**	**% of turnover**
Bioscience	**695.0**	**+12.5%**	**76.1%**
Hospital	**86.3**	**+4.7%**	**9.4%**
Diagnostic	**103.1**	**+20.2%**	**11.3%**
Raw Materials	**28.8**	**+2.4%**	**3.2%**

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Performance by geographical region
Consolidation of international diversification in areas like Latin America and Asia

At 2009 close, Grifols' revenues from international markets accounted for 75.3% of the total. **International sales grew by 14.4%** to 687.4 MM euros.

As regards the pace of growth by geographical areas, 296.7 MM euros were generated in the United States, a 2.1% increase year-on-year. 32.5% of Grifols' revenues in 2009 were generated in the US market, where the company maintains its pace of penetration. Europe accounted for 46.5% of the group's turnover, which totalled 424.6 MM euros, up 5.1% year-on-year. Spain and Portugal contributed 233.5 MM euros to Grifols' total revenues, an increase of 5.6% from prior year.

The most relevant increases took place in new areas of growth for Grifols, such as Latin America (50.5%) and Asia (45.9%). In particular, countries like Brazil, Mexico, Argentina, China and Australia have reached a higher proportion within the sales mix, contributing to the group's growth strategy and its diversification.

Performance in the fourth quarter of 2009
Sales upward trend continues

Revenues in the forth quarter were 4.4% higher than in the same period in 2008, totalling 223.6 MM euros.

During the quarter, sales in the US were affected by slow activity in Raw Materials and by the dollar's performance. Excluding both effects, the reduction in the quarter would have been a much lower 7.4%. The inventory reduction within the US distribution channel drove down real IVIG sales in comparison to previous quarters, although this has not meant a lower consumption by hospitals in the period.

Forth quarter EBITDA totaled 59.2 MM euros. The dollar's performance against the euro in the last few months of the year pushed production costs higher, however, this was offset by the significant decline in financial expenses. Consequently, net profit totalled 30.9 MM euros. This represents 13.8% over sales and it is 7.1% higher than profit in the same period in 2008.

2009 HIGHLIGHTS

These actions accomplished during 2009 enabled Grifols to continue to strengthen all its business areas, as well as its commitment to shareholders, employees and the environment:

- **Acquisition of the Australian-Swiss group:** Grifols paid 25 MM euros to acquire a 49% stake of the economic rights and 99% of the voting rights of an Australian-Swiss holding company. The investment brings significant synergies to Grifols in the Diagnostic area.

- **Opening of *Grifols Plasmapheresis Academy in the United States*:** Located in Arizona (US) this initiative evidences Grifols' firm commitment to employee training and standardisation of in-house knowledge, in line with the degree of specialisation required by

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the plasma derivatives industry. From its opening last January, over 500 hundred employees have participated in the 25 courses organized by the Academy. The training contents have ranged from operations to quality assurance and medical knowledge.

- **Grifols shares start trading in the US via ADR's**: The group initiated a Level 1 Sponsored American Depositary Receipts (ADR) issue programme. This formula makes the securities available to all US investors and facilitates the participation of US employees in the group. Grifols' ADR's are traded in dollars (USD) in the OTC (over-the-counter) market at a ratio of 1 Grifols share to every 2 ADRs.

- **Approval of a gross dividend of 0.23209 euros per share against 2008 earnings, at the General Shareholders' Meeting:** 40% of net profit was spend on dividend payments, totalling 48.69 MM euros. This amount is 40% higher than in the previous year. Furthermore, in December 2009 the first interim dividend on account of 2009 earnings was paid, totalling 0.15305 euros gross per share. The payment of interim dividends was approved at the last Ordinary General Shareholders' Meeting.

- **Grifols closed its 600 MM dollar corporate bond issue in the United States:** the issue was subscribed by qualified investors mainly in dollars, with 10% in sterling and euros. The issue was heavily over-subscribed.

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- **Grifols breaks ground on a new analysis laboratory in the United States:** This is phase one of Grifols' investment plans in Texas, which also includes the construction of a new plasma derivatives production plant and warehouse facilities to respond to growing market demand. Once the projects are completed, both already included in the 2008-2012 Investment Plan, Grifols' investment in Texas will total 76 MM dollars. Construction of the new lab in San Marcos (Texas) is scheduled for completion in 2010, enabling the group to absorb the progressive increase in the number of donations and therefore the number of plasma samples for analysis.

About Grifols

Grifols is a Spanish holding company specialized in the pharmaceutical-hospital sector and is present in more than 90 countries. Since May 2006, the company has been listed on the Spanish Stock Exchange ("Mercado Continuo") and is 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. 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.