

The company consolidates a leading position of its Diagnostic Division enhancing its integration

Grifols agrees to acquire Hologic's share of NAT donor screening unit for USD 1,850 million

- Grifols entered into an agreement to acquire Hologic's (Nasdaq: HOLX) interest in their existing joint-business under which Grifols owns all customer facing activities
- The agreement encompasses the acquisition of the Hologic unit engaged in research, development and manufacture of assays and instruments based on NAT (Nucleic Acid Testing) technology for transfusion and transplantation screening
- Hologic's share of NAT donor screening unit delivers high margins and substantial cash flows: its EBITDA¹ is above USD 160 million. The pro forma EBITDA margin² of the Grifols Diagnostic Division increases to 40% as a result of this vertical integration
- The assets acquired comprise a plant in San Diego, CA (United States) as well as development rights, licenses to patents and access to product manufacturers
- This transaction is part of the consolidation and growth strategy envisaged for the Diagnostic Division and enables Grifols to continue strengthening its leading position in transfusion medicine
- This acquisition strengthens cash flows and positively impacts the group's margins: Grifols' pro forma EBITDA margin² increases by more than 350 basis points
- Grifols will finance the acquisition with USD 1,700 million term loan and existing cash on the balance sheet
- The transaction, subject to customary closing and regulatory approvals, is expected to close in the first quarter of 2017
- Grifols consolidates itself as one of the only vertically integrated providers capable of offering comprehensive solutions to blood and plasma donation centers

Barcelona, December 14, 2016.- Grifols (MCE: GRF, MCE: GRF.P and NASDAQ: GRFS), a global healthcare company with a track-record of more than 75 years improving people's health and well-being, has entered into an agreement to acquire the NAT (Nucleic Acid Testing) donor screening unit from the U.S. company Hologic for a purchase price of USD 1,850 million (EUR 1,750 million).

¹ Figures from the last 12 months to September 2016

² Pro forma figures from the last 12 months to September 2016

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This agreement encompasses research, development and manufacture of assays and instruments activities using NAT technology that makes possible to detect the presence of infectious agents in blood and plasma donations, contributing to greater transfusion safety.

Until now, based on the existing agreement with Hologic, Grifols is marketing the aforementioned assays and instruments worldwide.

The assets acquired comprise a production plant in San Diego (United States) as well as development rights, licenses to patents and access to product manufacturers.

This transaction is part of the growth strategy envisaged for the Diagnostic Division and enables Grifols to strengthen its leading position in transfusion medicine through NAT technology, the manufacture of antigens for immunoassay and the supply of blood-typing products.

According to Victor Grifols Sr, Chairman and CEO of Grifols: *“This acquisition is part of the growth strategy foreseen for the Diagnostic Division. It is an obvious step that allows us to strengthen a leading position that we first achieved in 2014 in transfusion diagnostics with the acquisition of assets from Novartis, which, among other things, included the rights to market transfusion medicine assays and instruments using NAT technology. The transaction enabled us to enhance our capabilities to be one of the only companies capable of offering comprehensive solutions to blood and plasma donation centers, from donation to transfusion. Now, with this new transaction, we have contributed our vertical integration process as we also have control over the production and R&D phases”.*

In addition, Grifols' CEO commented that *“this is the last acquisition that I announce as CEO. This agreement caters to the interests of both companies and is the result of a path of joint collaboration with the CEOs that will succeed me in office from January 2017, the result of a dedicated management team and of Hologic, a strategic partner of Grifols since 2014. With this transaction Grifols remains as the largest Spanish investor in the U.S.”.*

Financial aspects and conditions for the closing of the transaction

Grifols has agreed to acquire Hologic's share of NAT donor screening unit for USD 1,850 million (EUR 1,750 million).

Hologic's share of NAT donor screening unit is a high margin, highly generative business with an EBITDA³ above USD 160 million.

The acquisition is structured through Grifols Diagnostic Solutions, a U.S. incorporated, wholly-owned subsidiary of Grifols, S.A.

Grifols expects the transaction will positively impact group margins and bolster generation of operating cash flows. The revenues of the Diagnostic Division will not change as a result of this acquisition due to the existing joint-business between Grifols and Hologic in place since 2014. Under the existing arrangement, Grifols owns customer facing activities and records all revenues.

³ Figures from the last 12 months to September 2016

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In this respect, the Diagnostic Division's sales will continue to represent around 16% of Grifols' total revenue.

Expected impact:

- Strengthening of the position of the Grifols Diagnostic Division in transfusion medicine
- Significantly increasing profitability of Grifols Diagnostic boosting the EBITDA margin to 40%⁴
- Direct impact on the group's EBITDA margin, with an expected increase above 350 basis points⁴
- By streamlining and integrating the NAT business, operational efficiency will be increased in terms of production, R&D, overheads and administrative expenses

In addition, Hologic will transfer the professionals in this area of activity to Grifols' workforce, which will increase by 175 employees.

Grifols will finance the acquisition with USD 1,700 million term loan and existing cash on the balance sheet. The term loan has been arranged and fully underwritten by Nomura.

The agreement does not include any financial restrictions relating to Grifols' dividend or investment policies. The acquisition has been unanimously approved by the boards of directors of both companies.

This transaction moderately increases the leverage of Grifols. The net financial debt to EBITDA ratio will increase from 3.3x (as of September 30, 2016) to 4.3x (pro forma at September 30, 2016).

At the end of September 2016, Grifols' net financial debt was EUR 3,809.2 million, including EUR 900.5 million in cash. The company maintained its liquidity above EUR 1.3 billion, taking into account undrawn credit lines for an amount above EUR 400 million.

Grifols is committed to rapidly reducing its leverage level. The company plans to absorb this increase through a greater capability to generate cash flows. Historically, Grifols has demonstrated a track record of deleveraging ability post acquisitions.

The transaction, subject to customary closing and regulatory approvals, is expected to close in the first quarter of 2017.

Advisors

Grifols retained Osborne Clarke, S.L.P and Proskauer Rose, L.L.P as legal advisors and Nomura as a financial advisor.

⁴ Pro forma figures from the last 12 months to September 2016

Additional information

NAT technology and transfusion safety

In recent years, tests based on nucleic acid analysis (NAT) have been considered as the most advanced technology for the detection of infectious agents in blood and plasma donations because they are much more sensitive in detecting viral infections and reducing the so-called window period, interval between donor exposure to a virus and production of antibodies against the virus. In terms of diagnostic, NAT tests reduce this window period, increasing the diagnostics transfusion safety.

Given the positive impact that NAT assays have on reducing the risk of infection transmission during transfusion, many countries use the NAT technology to fully optimize transfusion safety.

They can be used to examine whole blood, only plasma or other blood-derived products. NAT assays are commonly used for detection of critical infectious diseases such as human immunodeficiency virus (HIV), hepatitis C virus (HCV), West Nile virus, Parvo/ hepatitis A virus (HAV) and hepatitis B virus (HBV) and Zika.

The leadership and commitment shown by Grifols in the field of diagnostics

Grifols' Diagnostic Division focuses on advancing patient care through innovative diagnostic solutions designed to simplify laboratory operations and enhance disease detection and treatment. The company manufactures and develops assays and instruments in three specialty areas: transfusion medicine, immunology and hemostasis.

Currently, Grifols has consolidated itself as a global leader in transfusion medicine, being one of the main providers of diagnostic tests for transfusion safety through NAT technology, manufacture of antigens for immunoassay, blood typing products and blood collection bags.

Grifols is a leading company in the NAT technology business (Procleix® NAT Solutions) with a global market share of 55%; in the United States, its market share reaches 79% and in the Asia-Pacific area it stands at 68%. It is worth highlighting the expansion of NAT technology in countries of the Asia-Pacific and Middle-East regions. In addition, Grifols is increasing its presence in Europe and Latin America and continues to make strides in the U.S. market, which is both relevant and very much a consolidated market.

About Grifols

Grifols is a global healthcare company with a track-record of more than 75 years improving people's health and well-being through the development of plasma protein therapies, hospital pharmacy products and diagnostic technology for clinical use.

The company is present in more than 100 countries worldwide and its headquarters are located in Barcelona, Spain. Grifols is a leader in plasma collection with a network of 160 plasma donation centers in the U.S., and is a leading producer of plasma-derived medicines. As a recognized leader in transfusion medicine, Grifols offers a comprehensive range of transfusion medicine, hemostasis, and immunoassay solutions for clinical laboratories, blood banks, and transfusion centers.

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In 2015, sales exceeded EUR 3,930 million with a headcount close to 14,700 employees. Grifols demonstrates its commitment to scientific progress by allocating a significant portion of its annual income to R&D.

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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