

Grifols' net profit increases by 26.9% to 339 million euros in the nine months to September 2014

- *Revenues rose by 19.1% reaching 2,438.1 million euros to september 2014. Grifols' growth accelerates 24.5% (cc) during the third quarter for all 3 divisions*
- *The EU regains its dynamism, with sales increasing by 4.5%(cc) while the US and Canada grow by 4.9% (cc) on a comparable basis with the third quarter of 2013*
- *The adjusted¹ EBITDA grows 14.7% to 791.6 million euros. Adjusted EBITDA margin remains stable at 32.5% of revenues, and Grifols makes progress towards the increased flexibility and standardization of its manufacturing processes*
- *Net financial debt in US dollars fell by 248 million at the end of the third quarter and net financial debt ratio is 3 times adjusted EBITDA*
- *Grifols' internal reorganization on a global scale gives a greater role to the group's business units*
- *Announcement of 0.25 euro dividend per share on account of 2014 earnings, placing the target dividend pay-out ratio at 40% of consolidated profit*

Barcelona, 4 November 2014.- Grifols' (MCE:GRF, MCE:GRF.P and NASDAQ:GRFS) revenues for the nine months to September 2014 were 2,438.1 million euros, including the transfusion diagnostics business acquired from Novartis in January 2014. Compared to revenues of 2,046.6 million euros for the same period of 2013, this represents an increase in turnover of 19.1% or 23.4% excluding the exchange rate impact (cc).

In terms of performance by business area, the three main divisions of Grifols all grew in the third quarter of the year.

From July to September 2014 the sales of the Bioscience division rose by 2.4% (4.5% cc) and growth in the first nine months of the year was 0.1% (3.7% cc) with year to date sales of 1,823.3 million euros. The sales volume of IVIG and alpha 1-antitrypsin to September outperformed the market average. The company is focused on improving the diagnosis of alpha-1-antitrypsin deficiency (AAT) in the United States and Europe. The Alpha-1 Foundation estimates that up to 3% of all people diagnosed with COPD may have undetected AAT deficiency. Grifols will also consolidate production of its alpha 1-

¹ *Excludes non-recurring costs and costs associated with recent acquisitions.*

antitrypsin (Prolastin®-C) with the construction of a new plant at Parets del Vallés (Barcelona, Spain) to meet future demand growth.

Sales of albumin remain stable, and consumption of this protein in China and other emerging countries continues to rise as a result of the growth of the middle classes with greater access to treatment and an ageing population. The fall in sales (units) of factor VIII has moderated, although the global market for this plasma protein, with 56% of the market linked to tenders, remains weak. Grifols continues to work hard to differentiate its products and to offer significant benefits to hemophiliac patients and there have been two major achievements. Firstly the FDA authorization for factor VIII/von Willebrand factor (Alphanate® 2000 IU). It reduces administration time by up to 30% for people with hemophilia A who need a higher dose than the established one in order to prevent bleeding episodes. Secondly, the launch of an electronic platform that uses mobile phones to provide information about medication, medical appointments, etc. to patients with clotting disorders.

The Diagnostic division accounts for 18.6% of revenues, with turnover of 452.8 million euros, an increase of 362.7% (379.2% cc) to September 2014. Since the acquisition of the new transfusion diagnostic unit, Grifols has been working intensively to redefine the division and establish a new growth strategy focusing on a broader and more specialized portfolio of products, new commercial strategies to facilitate its gradual entrance into strategic markets and the search for opportunities with other group divisions. Currently the division is focused on three key areas of specialization: transfusion medicine, a sector in which the division is a leading player, clinical analysis, and hemostasis. The integration process of the diagnostic unit progresses according to plan.

As a result of this progress, the company presented in the US during the third quarter a new catalog of immunohematology products using DG® Gel technology based on the Erytra® processor, which reduces analysis times and errors in hospital transfusion centers. This system is the first genuine innovation in the automation of immunohematology in the United States market in five years. In terms of international expansion, the NAT technology (Procleix®) has been introduced in Vietnam and the Philippines, key countries to boost the penetration in the Asia-Pacific region, a region with great potential for growth in this activity area.

The Hospital division increased its sales revenue by 0.6% (2.4% cc) in the third quarter of the year. Sales from January to September 2014 were 71.0 million euros, a decline of 4.5% (-1.6% cc). Grifols remains committed to promoting the internationalization of this division to reduce the impact of measures to rationalize health spending in Spain. The acquisition of 50% of the capital of Kiro Robotics, a spin-off of La Corporación Mondragón's strategic health unit, will contribute to the achievement of this goal, with Grifols' Hospital division to distribute the Kiro Oncology robot in international markets including the United States. Kiro is one of the most advanced technologies in the world for the automated preparation of intravenous medication for use in chemotherapy treatments. Direct marketing of the product will begin in Spain, Portugal and Latin America in January 2016.

Finally, Grifols' non-recurring revenues, included within the Raw Materials & Others division, rose to 91.0 million euros, representing 3.7% of turnover. These include, among others, all income deriving from manufacturing agreements with Kedrion, which is gradually tailing off, third-party engineering projects performed by Grifols Engineering, and royalties income from the Bioscience and Diagnostic divisions, including royalties acquired with the new transfusion diagnostics unit, which will phase-out as planned.

Revenues by division: first 9 months of 2014

(In thousands of euros)	9M 2014	%sales	9M 2013	%sales	% Var	% var CC*
BIOSCIENCE DIVISION	1,823,306	74.8%	1,821,390	89.0%	0.1%	3.7%
HOSPITAL DIVISION	70,975	2.9%	74,338	3.6%	-4.5%	-1.6%
DIAGNOSTIC DIVISION**	452,805	18.6%	97,868	4.8%	362.7%	379.2%
SUBTOTAL	2,347,086	96.3%	1,993,596	97.4%	17.7%	21.9%
RAW MATERIALS & OTHERS	91,004	3.7%	52,967	2.6%	71.8%	77.4%
TOTAL	2,438,090	100.0%	2,046,563	100.0%	19.1%	23.4%

* Constant currency

** Excluding 15.8 million euros of intercompany sales (6.5 million euros on the third quarter)

Revenues by division: third quarter of 2014

(In thousands of euros)	3Q 2014	%sales	3Q 2013	%sales	% Var	% var CC*
BIOSCIENCE DIVISION	615,070	74.3%	600,443	90.2%	2.4%	4.5%
HOSPITAL DIVISION	21,424	2.6%	21,298	3.2%	0.6%	2.4%
DIAGNOSTIC DIVISION***	159,259	19.3%	31,141	4.7%	411.4%	424.5%
SUBTOTAL	795,753	96.2%	652,882	98.1%	21.9%	24.5%
RAW MATERIALS & OTHERS	31,557	3.8%	12,840	1.9%	145.8%	149.9%
TOTAL	827,310	100.0%	665,722	100.0%	24.3%	26.9%

*Constant currency

*** Excluding 6.5 million euros of intercompany sales

- **Sales in the European Union rise by 4.5% (cc) in the third quarter and by 4.9%(cc) in the United States and Canada**

Grifols' income in international markets, excluding sales generated by the newly acquired diagnostic business and non-recurring revenues (Raw Materials & Others) was stable in the first nine months of the year, at 1,839.7 million euros.

The company is still working on the exact attribution of the new business by geographic region, and its sales have therefore not been allocated by region for this year. It is also important to note that since January 2014 the heading "Others" (Raw Materials & Others) has not been broken down by geographic region, and that the figures for 2013 have been amended to facilitate comparison on the same basis.

On a comparable basis² with 2013, sales in the European Union recovered significantly, with growth rising to 4.9% (4.5% cc) in the third quarter. Total sales year to date were 415.1 million euros, a fall of 1.6%. Revenues from Spain rose by 14% during the quarter as a result of higher demand for plasma proteins and a recovery in the sales of the Diagnostic and Hospital divisions. As a result, sales in Spain from January to September rose by 4% exceeding 156 million euros.

The United States and Canada sustained its upward trend. Together, sales in the USA and Canada were 1,280.1 million euros to September, growing 1.7% (5.5% cc) for the nine-month period and 2.8% (4.9% cc) for the third quarter.

Exchange rate volatility in 2014 has had a significant impact on sales in the rest of the world (ROW). ROW sales totaled 300.5 million euros to September 2014, growing 4.1% at constant currency (cc) but decreasing 4.2% in reported term. In quarterly terms, this decline was only 1.2%, reflecting growth at constant currency of 4.5%.

Revenues by geographic region: first 9 months of 2014

(In thousands of euros)	9M 2014	%sales	9M 2013	%sales	% Var	% var CC*
EU	415,167	17.0%	421,706	20.6%	-1.6%	-1.6%
USA and CANADA	1,280,060	52.6%	1,258,273	61.5%	1.7%	5.5%
ROW (Rest of the World)	300,510	12.3%	313,617	15.3%	-4.2%	4.1%
SUBTOTAL	1,995,737	81.9%	1,993,596	97.4%	0.1%	3.8%
RAW MATERIALS AND OTHERS	91,004	3.7%	52,967	2.6%	71.8%	77.4%
DIAGNOSTIC SOLUTIONS**	351,349	14.4%	-	-	-	-
TOTAL	2,438,090	100.0%	2,046,563	100.0%	19.1%	23.4%

* Constant currency

** Sales from the new transfusion diagnostics unit not allocated by geographic region.

² Excluding the sales of the new transfusion diagnostic unit and non-recurring sales (Raw Materials & Others),

Revenues by geographic region: third quarter of 2014

(In thousands of euros)	3Q 2014	%sales	3Q 2013	%sales	% Var	% var CC*
EU	136,663	16.5%	130,273	19.6%	4.9%	4.5%
USA and CANADA	441,389	53.4%	429,452	64.5%	2.8%	4.9%
ROW (Rest of the World)	92,035	11.1%	93,157	14.0%	-1.2%	4.5%
SUBTOTAL	670,087	81.0%	652,882	98.1%	2.6%	4.8%
RAW MATERIALS AND OTHERS	31,557	3.8%	12,840	1.9%	145.8%	149.9%
DIAGNOSTIC SOLUTIONS**	125,666	15.2%	-	-	-	-
TOTAL	827,310	100.0%	665,722	100.0%	24.3%	26.9%

** Sales from the new transfusion diagnostics unit not allocated by geographic region.

- **EBITDA grows 16.1% to 769.8 million euros**

Grifols' EBITDA was 769.8 million euros in the first nine months of 2014, an increase of 16.1% compared to 663.0 million euros reported for the same period of the preceding year. Adjusted EBITDA³ rose by 14.7% to 791.6 million euros.

Operating margins have remained stable. EBITDA to September was 31.6% of revenues, and adjusted EBITDA was 32.5%. In this line, the albumin manufacturing process was standardized during the third quarter, and the FDA approval for the acetone-free production at the Clayton plant (North Carolina, United States) means that the manufacturing process for this plasma protein will be the same at all of the plants of the group. This standardization will give the manufacturing facilities greater flexibility to meet production requirements. Progress has also been made towards improving the efficiency of the supply chain for plasma for fractionation with the possibility of direct shipments from each plasma logistics center in the US to any manufacturing plant. This measure reduces shipping distances and creates opportunities to manage inventory more efficiently and to reduce risks. The first trans-oceanic plasma container was dispatched from the Clayton logistic centre to Barcelona in September.

The company continues to work to obtain FDA and EMA permits and licenses with the objective of performing all the different manufacturing stages at any of its manufacturing plants, a measure designed to improve process flexibility, optimize manufacturing efficiencies, and reduce costs.

The policy of containing overhead costs remains in place and the company will continue to strive to optimize these. Similarly, the company has maintained its objective to allocate resources up to 6% of revenues to R&D over the medium term. The forecast organic growth partially involves research projects that are currently under way, such as those relating to the treatment of Alzheimer's disease and some liver diseases with plasma proteins. In addition, the increased size of the Diagnostic division will require greater investment to ensure innovation in the fields of clinical diagnostics and transfusion medicine.

³ Adjusted EBITDA excludes non-recurring costs and costs associated with recent acquisitions.

The company continues to work in the validation of the new plant in Clayton. The objective is to obtain the relevant regulatory approvals for the new capacity to be operational according to the defined calendar.

- **Net profit rises by 26.9% to 339.0 million euros**

Grifols' net profit rose by 26.9% to 339.0 million euros, a figure that represents 13.9% of the group's revenues, compared to the figure of 13.0% for the same period of 2013. Adjusted net profit⁴, which excludes non-recurring costs and costs associated with acquisitions, the amortization of deferred financial costs associated with refinancing, and the amortization of intangible assets associated with acquisitions, was 435.2 million euros, 17.8% of revenues.

At constant currency, the company reduced its financial costs during the third quarter of the year in line with forecasts. However, the impact of exchange rate movements mainly in inter-company loans impacted by approximately 18 million euros the financial result, which totaled 202.3 million euros in the first nine months of the year. This result includes interest expense, that take into account the financing obtained to acquire the new transfusion diagnostics unit, and the amortization of deferred expenses.

The effective tax rate continued to be lower than in the previous year due to changes in the contribution to profits from different geographical regions.

Key profit and loss indicators: first 9 months of 2014

	9M2014	9M2013	% VAR.
NET REVENUE (NR)	2,438.1	2,046.6	19.1%
EBITDA	769.8	663.0	16.1%
<i>% OF NR</i>	<i>31.6%</i>	<i>32.4%</i>	
ADJUSTED EBITDA*	791.6	690.4	14.7%
<i>% OF NR</i>	<i>32.5%</i>	<i>33.7%</i>	
NET PROFIT	339.0	267.0	26.9%
<i>% OF NR</i>	<i>13.9%</i>	<i>13.0%</i>	
NET ADJUSTED PROFIT**	435.2	336.4	29.4%
<i>% OF NR</i>	<i>17.8%</i>	<i>16.4%</i>	

* Excludes non-recurring costs and costs associated with recent acquisitions.

** Excludes non-recurring costs and costs associated with recent acquisitions, the amortization of deferred financial costs associated with refinancing, and the amortization of intangible assets associated with acquisitions.

- **Strong operating cashflow generation reaching 655.9 million euros**

During the first nine months of 2014 cash rose to 917.7 million euros, well above the 708.7 million euros reported in December 2013. The group generated 655.9 million euros of operating cash, compared to 365.7 million euros generated during the nine months period to September 2013.

⁴ Excludes non-recurring costs and costs associated with recent acquisitions, the amortization of deferred financial costs associated with refinancing, and the amortization of intangible assets associated with acquisitions.

Changes to working capital were in line with business growth and the incorporation of the new diagnostic business. Stock turnover and payment periods of customers and suppliers remained stable.

- ***Net financial debt ratio is 3 times adjusted EBITDA***

Grifols' net financial debt at the end of the third quarter of 2014 was 3,266.1 million euros, slightly higher than the figure of 3,163.3 reported in the first half due to the strengthening of the dollar against the euro, as most of the company's financial debt is denominated in dollars. Net financial debt in US dollars has fallen by 248 million compared to the 4,696 million dollars reported in June, totaling 4,448 million dollars in September.

The net debt/adjusted EBITDA ratio⁵ was 3.04 or 2.78 excluding exchange rate effects.

Following the recent acquisitions, Grifols remains firmly committed to the reduction of debt levels. The forecast cash flows generation and the reduction in the average cost of debt negotiated during the first quarter will contribute to this gradual deleveraging.

INVESTMENTS

- ***Capital Expenditure (CAPEX)***

The majority of capital expenditure (CAPEX) currently under way is part of the plan for the period 2014–2016. From January to September 2014, the company continued with its existing investment plans, allocating over 180.1 million euros to its own manufacturing facilities, including facilities designed to strengthen the Diagnostic division following the expansion of the group's presence in the transfusion diagnostics sector.

- ***Acquisition of 50% of Kiro Robotics from Corporación Mondragón***

Grifols acquired 50% of the capital of Kiro Robotics, a spin-off from the health unit of Corporación Mondragón, by subscribing in cash an equity offering of 21 million euros.

Kiro Robotics is a technology company specializing in the automation of equipment for the hospital sector and it has developed one of the most sophisticated pieces of hospital pharmacy technology in the world: the Kiro Oncology robot, which automates the preparation of intravenous medication for chemotherapy treatment.

This strategic alliance and Grifols' participation in the company's ownership will ensure the viability and continuity of its projects and will open international markets to the Kiro Oncology robot through Grifols' Hospital division.

⁵ Excludes non-recurring costs and costs associated with recent acquisitions.

- ***Grifols allocates 138 million euros of cash to R&D***

Grifols' financial solvency and liquidity provide the platform for its continuing commitment to research. From January to September 2014 Grifols allocated 138 million euros to R&D, representing 5.7% of revenues. The company plans to progressively increase the resources allocated to R&D with the aim of achieving a level of 6% in the medium term. This commitment to research is also expressed by supporting the activities of its investee companies.

In 2014, Grifols was once again ranked as one of the 100 most innovative companies in the world by Forbes magazine, placed 64 in the overall ranking. The company's commitment to innovation focuses on the search for therapeutic alternatives that contribute to both scientific and social development. For the 12th consecutive year, Grifols was rated "excellent" by the *Profarma* Program of Spain's Ministry for Industry, Energy and Tourism, which assesses a range of scientific, economic and industrial criteria. Special recognition was given to Grifols' research activity and its manufacturing and R&D facilities.

As part of its research, development and innovation activities, and in partnership with the *Research Triangle Institute*, since 2013 Grifols has been promoting a prospective, observational study to extend understanding of the development of factor VIII inhibitors, one of the most frequent complications in treatments of hemophilia in the present day. The study, which will last for 10 years, has recruited its first patient.

KEY CORPORATE EVENTS DURING THE QUARTER

- ***Grifols undertakes a global restructuring of its internal organization as part of its strategic plan***

Grifols has established a new, internal organizational structure for the group across the world with the aim of anticipating new health scenarios and enabling the company to offer a more competitive, effective and integrated response to the needs of customers and patients.

The new organizational structure is designed to optimize the group's corporate structure, strengthening the business units in order to speed up the commercial decision-making process and to optimize the supply of products.

The increased operational importance of the divisions is reflected in the creation of head quarters (HQ) for each one. Grifols' corporate HQ will continue to be located in Sant Cugat (Barcelona, Spain) while the Bioscience division HQ will be located in Raleigh, Research Triangle Park (North Carolina, United States), the Diagnostic division HQ will be in Emeryville (California, United States) and the Hospital division HQ will be in Barcelona (Spain).

The divisions will strengthen operationally, and will have its own independent structure. They will be led by a senior manager and will have specific sales and marketing teams, facilitating the implementation of specific commercial strategies on the basis of knowledge areas, and working across geographic and functional units. As part of this move, geographical functions are strengthened, with management at regional level and not just at country level, as it has been historically.

As part of the reorganization, two new units have been created – *Grifols Operations Network* and *Grifols NA Shared Services* – which will provide all the support services needed by the subsidiaries and by the companies in North America, respectively.

Grifols' global internal restructuring is part of its strategic plan and supports the commercial initiatives designed to strengthen the group's global presence following the acquisition and incorporation of Talecris (2011) and of the transfusion diagnostics unit of Novartis (2014), as a result of which the company has experienced strong growth and international expansion.

In this context, and part of its strategic plan, the company has already announced its plans to optimize its operating and distribution infrastructure, based around the construction of a new global operations center in Ireland.

About Grifols

Grifols is a global healthcare company with a 70-year legacy of improving people's health and well being through the development of life-saving plasma medicines, diagnostics systems, and hospital pharmacy products.

The company is present in more than 100 countries worldwide and is headquartered in Barcelona, Spain. Grifols is a leader in plasma collection with a network of 150 plasma donor centers in the U.S., and a leading producer of plasma-derived biological medicines. The company also provides a comprehensive range of transfusion medicine, hemostasis, and immunoassay solutions for clinical laboratories, blood banks and transfusion centers, and is a recognized leader in transfusion medicine.

In 2013, sales exceeded 2,740 million euros with a headcount of 13,200 employees. Grifols demonstrates its commitment to advancing healthcare 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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