

## Grifols achieves a record net profit of 470.3 million euros with growth of 36.1% in 2014

- *Grifols' net revenues rose by 22.4% to 3,355.4 million euros*
- *EBITDA exceeds 1 billion euros for the first time: 21.1% increase to 1,047.2 million euros*
- *Stability of EBITDA margin at 31.2% of revenues. Resources allocated to R&D rise over 46%*
- *During 2014, Grifols' management strategy focused on the acquisition and integration of the new diagnostic unit; the refinancing of the group's debt resulting in a reduction of the average cost of debt by more than 200 basis points (bps); and the completion of the major projects to expand productive capacity*
- *Net financial debt increases to acquire the transfusion diagnostics unit and reaches 3,235.7 million euros at December 2014. Debt ratio of 3.0 times adjusted<sup>1</sup> EBITDA (2.7 times cc)*
- *Workforce rose by 11% to 13,980 employees*

*Barcelona (Spain), 26 February 2015.-* Grifols' (MCE:GRF, MCE:GRF.P and NASDAQ:GRFS) closed 2014 with business net revenue of 3,355.4 million euros, including the transfusion diagnostics business acquired from Novartis in January 2014. Compared to the figure of 2,741.7 million euros for 2013, this represents an increase of 22.4% and 24.1% excluding exchange rate impact (cc).

The acquisition of the transfusion diagnostics unit has changed the relative weight of the divisions of Grifols. As planned, the Bioscience division is now 74.9% of revenues, while the Diagnostic division increased to 18.5% and the Hospital division accounted for 2.8%. This operation was part of a growth strategy that has contributed to the diversification of the plasma protein business while also boosting a complementary area.

In 2014 the revenue of the Bioscience division was 2,513.5 million euros, growing 2.6% (4.0% cc) compared with 2013. Grifols remains one of the leading companies in the manufacture of plasma-based medicines with a global market share of approximately 19%<sup>2</sup>. The price of plasma-derived medicines remained globally stable and revenues were driven by the positive performance of sales volumes of the company's main plasma proteins.

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<sup>1</sup> Excludes non-recurring costs and costs associated with recent acquisitions.

<sup>2</sup> Source: Marketing Research Bureau (MRB) and internal information, 2013.

Net revenues of the Diagnostic division were 620.0 million euros in 2014. Organic growth was positive, and the overall division increased revenues by 375.7% (383.9% cc) taking into account the incorporation of the transfusion diagnostics unit. Following this acquisition, the company has redefined its Diagnostic division and it is positioned to compete and lead in the area of transfusion diagnostic with its blood typing product line, NAT (Procleix® NAT Solutions) blood testing technology and production of antigens.

The Hospital division has maintained its leadership in Spain as a supplier of intravenous solutions, and is gradually expanding its international presence. It generated 94.8 million euros of net revenue, decreasing by 2.4% (-0.2% cc) compared to the figure of 97.1 million euros in 2013. 73% of the division's net revenue is generated in Spain where, despite recent cuts in health spending, net revenue rose by 2.8% due to an increase in sales of the nutrition and hospital pharmacy area.

Finally, Grifols' non-recurring net revenue, reported in the Raw Materials and Others division, rose to 127.1 million euros, representing 3.8% of revenues. These include, among others: third-party engineering projects performed by Grifols Engineering as well as royalties.

- ***Solid results: EBITDA exceeds 1 billion euros for the first time and net profit rises by 36.1% to 470.3 million euros***

In absolute terms, Grifols' EBITDA exceeds 1,000 million euros for the first time, totaling 1,047.2 million euros, an increase of 21.1%, while adjusted<sup>3</sup> EBITDA increased 17.1% to 1,074.2 million euros. EBITDA margin is 31.2% of net revenue and the adjusted<sup>3</sup> EBITDA margin is 32.0%.

The resources allocated to R&D increased substantially, growing 46.6%<sup>4</sup> in 2014, aiming to accelerate current projects, as announced by the company.

Grifols continues to obtain FDA and EMA licenses to perform all of the different manufacturing stages at any of its manufacturing plants, allowing it to flexibly combine processes, optimize manufacturing efficiencies. The company expects to receive these licenses and maximize the flexibility and scalability of processes in 2016.

The company also maintains its strategic objective of maximizing the utilization of each liter of plasma and thus optimizing income per liter. This means delivering balanced growth in market share of the principal plasma proteins sold, in a way that achieves industrial efficiency. The policy of optimizing overheads has been maintained, although sales and marketing costs have increased as a result of the stronger commercial activity.

Grifols' net profit rose by 36.1% to 470.3 million euros, a figure that represents 14.0% of the group's net revenue, an improvement of 140 bps compared to the figure of 12.6% for 2013. Adjusted net profit<sup>5</sup> was 597.9 million euros, a figure that represents 17.8% of net revenue and growth of 32.8% compared to the previous year.

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<sup>3</sup> Excludes non-recurring costs and costs associated with recent acquisitions.

<sup>4</sup> Excludes the resources that the company allocates to R&D through its investee companies.

<sup>5</sup> 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.

In 2014, the improved funding conditions negotiated in the first quarter of the year enabled Grifols to keep its financial costs stable despite the increase in the debt in absolute terms by 1,500 million dollars due to the acquisition of the transfusion diagnostic unit. At constant currency, the company reduced its financial costs during the year in line with forecasts. However, exchange rate differences affected the financial result by 18.5 million euros, resulting in financial result of 261.4 million euros, compared to 237.4 million euros in 2013. This figure includes the interest on the debt incorporating the funding to acquire the diagnostic business and the amortization of deferred refinancing costs, including cancellation costs of bonds and debt as part of the refinancing process carried out to reduce funding costs and extend maturity dates, in addition to exchange differences.

Key financial figures 2014:

<i>(in millions of euros)</i>	2014	2013	% var	% var cc*
<b>TOTAL NET REVENUE</b>	<b>3,355.4</b>	<b>2,741.7</b>	<b>22.4%</b>	<b>24.1%</b>
<b>BIOSCIENCE</b>	<b>2,513.5</b>	<b>2,448.8</b>	<b>2.6%</b>	<b>4.0%</b>
<i>% of Net Revenue</i>	<i>74.9%</i>	<i>89.3%</i>		
<b>DIAGNOSTIC</b>	<b>620.0</b>	<b>130.3</b>	<b>375.7%</b>	<b>383.9%</b>
<i>% of Net Revenue</i>	<i>18.5%</i>	<i>4.8%</i>		
<b>HOSPITAL</b>	<b>94.8</b>	<b>97.1</b>	<b>-2.4%</b>	<b>-0.2%</b>
<i>% of Net Revenue</i>	<i>2.8%</i>	<i>3.5%</i>		
<b>RAW MATERIALS AND OTHERS<sup>6</sup></b>	<b>127.0</b>	<b>65.4</b>	<b>94.2%</b>	<b>95.3%</b>
<i>% of Net Revenue</i>	<i>3.8%</i>	<i>2.4%</i>		
<b>EBITDA</b>	<b>1,047.2</b>	<b>864.6</b>	<b>21.1%</b>	
<i>% of Net Revenue</i>	<i>31.2%</i>	<i>31.5%</i>		
<b>ADJUSTED EBITDA<sup>3</sup></b>	<b>1,074.2</b>	<b>917.4</b>	<b>17.1%</b>	
<i>% of Net Revenue</i>	<i>32.0%</i>	<i>33.5%</i>		
<b>REPORTED GROUP NET PROFIT</b>	<b>470.3</b>	<b>345.6</b>	<b>36.1%</b>	
<i>% of Net Revenue</i>	<i>14.0%</i>	<i>12.6%</i>		
<b>ADJUSTED<sup>5</sup> GROUP NET PROFIT</b>	<b>597.9</b>	<b>450.0</b>	<b>32.8%</b>	
<i>% of Net Revenue</i>	<i>17.8%</i>	<i>16.4%</i>		

\*cc: constant currency

- **Net revenues increase across all regions and Grifols generates over 93% of its revenues on international markets**

In 2014 Grifols continued to focus heavily on international activity, generating 93.4% of its net revenue outside Spain. The company's recurring net revenue (excluding Raw Materials and Others) in foreign markets rose by 21.7% (23.6% cc) compared to 2013, and amounted to 3,013.8 million euros, including international revenues from the newly acquired diagnostic business.

<sup>6</sup> Since January 2014, "Others" (Raw Materials & Others) is not broken down by geographic region. The figures for 2013 have been modified to facilitate comparison.

2014 Net revenue by region:

<i>(in thousands of euros)</i>	2014	% of Net Revenue	2013	% of Net Revenue	% var	% var cc*
USA+CANADA	2,042,700	60.9%	1,694,361	61.8%	20.6%	21.7%
EU	662,802	19.8%	556,325	20.3%	19.1%	19.0%
ROW (Rest of the World)	522,830	15.5%	425,608	15.5%	22.8%	29.2%
<b>SUBTOTAL</b>	<b>3,228,332</b>	<b>96.2%</b>	<b>2,676,294</b>	<b>97.6%</b>	<b>20.6%</b>	<b>22.4%</b>
RAW MATERIALS AND OTHERS <sup>6</sup>	127,052	3.8%	65,438	2.4%	94.2%	95.3%
<b>TOTAL</b>	<b>3,355,384</b>	<b>100.0%</b>	<b>2,741,732</b>	<b>100.0%</b>	<b>22.4%</b>	<b>24.1%</b>

\*cc: constant currency

In the United States and Canada net revenue rose by 20.6% (21.7% cc) to 2,042.7 million euros. This represents 60.9% of the group's total net revenue, including net revenue from the diagnostic unit. The acquisition has not only helped to strengthen the net revenue of the Diagnostic division in these markets but has also consolidated its commercial network.

The plasma proteins market in the United States was one of the most competitive in 2014. In this context, the sales effort in the United States and the expansion of the sales network in Canada have significantly strengthened Grifols' pulmonary line in both countries, delivering increased sales of alpha-1 antitrypsin and improved access to treatment for new patients.

In the European Union, sales performance in the third and fourth quarters confirmed the forecast recovery of revenues on a comparable basis. Net revenue was 662.8 million euros, growing 19.1% (19.0% cc) compared to 2013.

Recurring income<sup>7</sup> in the European Union excluding Spain grew by 25.8% to 448.2 million euros. This increase was due primarily to increased sales of plasma proteins and the positive impact of incorporating the new NAT technology projects of the diagnostic unit.

The greater dynamism seen in different regions of the European Union and North America has been maintained, although shifts in exchange rates, which were particularly volatile in 2014, have had an impact on net revenue generated in the rest of the world (ROW). Overall, ROW net revenue excluding Raw Materials and Others grew by 22.8% (29.2% cc) to 522.8 million euros.

Geographical expansion to promote organic growth focuses on two areas:

1: Supporting the products and services of the three divisions in the principal markets in which the company operates. A strategy of commercial integration has been designed, in which the company's range of plasma proteins is complemented by other products and services related to diagnostics (Diagnostic division) and hospital logistics (Hospital division).

2: Expanding the presence in new geographic regions with potential for growth. Some emerging regions offer significant growth potential, and Grifols is strengthening its presence in markets such as China and the Middle East, where the company has begun its penetration of this market by opening

<sup>7</sup> Excluding Raw Materials & Others.

a representative office in Dubai. In China, the company's efforts have focused both on plasma proteins and on transfusion medicine.

Other countries such as India, Indonesia and Taiwan also offer new opportunities for the geographical expansion of diagnostic products. Since the beginning of 2015, the company has direct commercial presence in India and Taiwan.

## PERFORMANCE BY BUSINESS AREA: DIVISIONAL ANALYSIS

Grifols' principal business units (Bioscience division, Diagnostic division and Hospital division) are solid, firmly established and complementary. The global reorganization undertaken in 2014 as part of the Strategic Plan 2013–2017 means that these business units will have greater operational scope, with its own industrial and commercial responsibilities. The new internal organizational structure is designed to anticipate the changing realities of the health sector, enabling the company to offer a more competitive, effective and integrated response to the specific needs of customers and patients. The new organization will benefit from a more streamlined structure, strengthening operations based on business units in order to speed up commercial decision-making and optimize the supply of products.

- ***Bioscience division: 74.9% of Grifols net revenue***

The Bioscience division generated 74.9% of Grifols turnover, with net revenue of 2,513.5 million euros. Over 95% of the division's revenue was generated in international markets. This included strong performances in the United States, ROW and the recovery in Spain, where net revenue rose by 7.4%. The main engine of growth continues to be rising sales volumes of IVIG and alpha-1 antitrypsin. Albumin has maintained a positive trend and sales of coagulation factor VIII have been improved in the last quarter.

Major initiatives to generate opportunities for growth and increase the commercial profile of the division include:

1.- Improving the diagnosis of alpha-1 antitrypsin deficiency (AAT) in North America and Europe. *The Alpha-1 Foundation* estimates that around 3% of patients diagnosed with COPD (chronic obstructive pulmonary disease) actually suffer from undetected AAT deficiency. To address this issue, Grifols, is working on the development of new products to identify AAT deficiency and has begun construction of a new purification plant in Parets del Vallés (Barcelona, Spain) to reinforce and concentrate the production of this product for the European market, and to meet future growth in demand.

2.- Consolidation of commercial presence in China and other emerging countries where the consumption of plasma proteins such as albumin is growing strongly as a result of a growing middle class with greater access to treatment and longer life expectancy. In 2013 the representative office in Shanghai became a commercial subsidiary. The group also has a direct commercial presence in Hong Kong and Dubai.

3.- Innovation and product differentiation: part of R&D spending is allocated to improving existing products to adapt them to the specific needs of patients. In 2014, United States approved the new 400 ml version of IVIG Gamunex®-C. This product is now available in six presentations, meaning that the dose can be more closely matched to individual patient prescriptions. There have also been

significant improvements for hemophiliac patients. A major achievement has been FDA authorization for a new, more concentrated factor VIII-von Willebrand factor (Alphanate® 2000 IU), reducing 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.

With regard to raw material,, the volume of plasma collected in 2014, was around 7.5 million liters, an increase of 6.9% compared to the previous year. Over the course of the year, Grifols' network of donor centers received approximately 25,000 donations per day.

- ***Diagnostic division: 18.5% of Grifols net revenue***

Total net revenue of the Diagnostic division was 620.0 million euros in 2014, of which over 90% was generated outside Spain. This business has increased its share of the company's total net revenue to 18.5%, primarily as a result of the incorporation of the acquired transfusion diagnostics unit. Major initiatives to generate opportunities for growth and increase the commercial profile of the division include:

1.- Internationalization in strategic markets. Winning the seven year contract to supply NAT technology (Procleix® NAT Solutions) to the Japanese Red Cross for the analysis of blood donations in Japan was one of the year's key achievements. In addition, NAT technology has been introduced in Vietnam and the Philippines, key countries in the bid to penetrate the Asia-Pacific region, one of the most promising regions for this line. A further development saw the renewal of the agreement with the Red Cross Society of China (Beijing, China) for the supply of immunoreagents, instrumentation, tests and other services using NAT blood testing technology.

In Latin America, the Promonitor® product range has been launched in Chile. This commercial brand covers the ELISA device line in the laboratory reagents sector (immunoassays). The Intercept Blood System® is now being marketed in Mexico. This system, is used to inactivate pathogens in platelets and plasma during blood transfusions.

2.- New products. A key development was the presentation in the United States of a new catalog of immunohematology products using DG® Gel technology based on the Erytra® analyzer, which reduces analysis times for blood banks and hospital transfusion services. This system is the first genuine innovation in immunohematology laboratory automation in the United States market in five years.

The company has also improved its transfusion medicine range with the launch of the next generation of BLOODchip® products, and aims to lead the expansion of the blood genotyping segment with this DNA-based technology for determining patient and donor blood groups. In addition, new approvals have also been obtained for the Procleix® NAT Solutions range of transfusion safety products.

- ***Hospital division: 2.8% of Grifols net revenue***

The net revenue of the Hospital division in 2014 was 94.8 million euros, decreasing by 2.4% (-0.2% cc) as a result of the termination of a parenteral solutions third party manufacturing contract. Net revenue in Spain rose slightly, while there was no significant change in international markets. Around 30% of the division's turnover is currently generated in foreign markets.

Major initiatives to generate opportunities for growth and increase the commercial profile of the division include:

- 1.- Supporting the internationalization of the products and services of the Hospital logistics and Intravenous therapies lines in the United States and Latin America.
- 2.- Creation of Contract Manufacturing department as part of the reorganization to promote third-party manufacturing services, one of the business lines with the greatest potential for growth within this division.
- 3.- Renewal and expansion of third-party product distribution. The following contracts have been renewed: with German firm Panjunk for the distribution of anesthesia cannulas in Spain; with Woo Jong Medical for the sale of its Accufuser® elastomeric subcutaneous infusion pumps; and the distribution of the Pyxis® system for the Iberian Peninsula and Latin America.
- 4: New products. The *Spanish Agency for Consumption, Food Safety and Nutrition (AECOSAN)* has authorized two new enteral nutrition products specifically for diabetics, and approvals have also been granted to pre-diluted potassium solutions and for other fluid therapy products.

## KEY BALANCE SHEET ITEMS

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The solid results and improved cash flow helped strengthen the balance sheet in 2014. Total consolidated assets at December 2014 were 8,449.8 million euros, a significant increase compared to the figure of 5,841.0 million euros reported in December 2013. The differences primarily reflect the acquisition of the assets of Novartis' transfusion diagnostic unit.

- ***Debt levels and credit ratings***

Grifols' net financial debt at December 2014 stood at 3,235.7 million euros, including an additional 1,500 million dollars corresponding to the acquisition of the transfusion diagnostic unit.

The rise of the dollar against the euro during the year affected the reported figures, because most of the company's financial debt is denominated in dollars. The net debt/adjusted<sup>8</sup> EBITDA ratio was 3.01 compared to the figure of 2.28 reported in December 2013, although this falls to 2.71 when exchange rate impacts are excluded.

Significant cash generation and ongoing debt reduction enabled the company to successfully refinance its entire debt for a value of 5,500 million dollars (4,075 million euros) in the first quarter of the year. In 2014, the group's cash position was 1,079.2 million euros, well above the figure of 708.8 million euros reported in 2013, after payment of dividends, debt and interest. The group generated 978.9 million euros of operating cash, compared to the figure of 592.0 million euros for 2013.

Following the completion of this process in March 2014, the average cost of Grifols' debt fell by over 200 bps to 3.5%, and the average term was extended to 7 years. Both factors have helped the company to stabilize its financial costs despite an increase in absolute debt levels.

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<sup>8</sup> Excludes non-recurring costs and costs associated with recent acquisitions.

Debt reduction remains a priority for the company, whose high and sustainable levels of operating activity and cash generation mean that it is able to meet this objective, as reflected by the fact that Moody's and Standard & Poor's have maintained Grifols' corporate rating at the levels prior to the acquisition.

Credit ratings at December 2014 are as follows:

	Moody's	Standard & Poor's
Senior secured debt	Ba1	BB
Corporate rating	Ba2	BB
Senior unsecured debt	B1	B+
Outlook	Negative	Stable

- **Net equity**

Grifols' net equity in 2014 rose to 2,662.9 million euros, primarily as a result of profits earned during the period. The company made two dividend payments totaling 156.0 million euros, after resuming cash dividends to remunerate all the group's shareholders (Class A and Class B shares) in 2013.

In the second quarter of 2014 the company paid out the final dividend for 2013 and in December 2014 it paid out an interim dividend on account of 2014 results. Grifols remains committed to rewarding its shareholders through dividend payments, with a target payout of 40% of the group's consolidated profit.

At December 31, 2014, Grifols had share capital of 119.6 million euros, represented by 213,064,899 ordinary shares (Class A) with a nominal value of 0.50 euros per share, and 130,712,555 non-voting shares (Class B) with a nominal value of 0.10 euros per share.

## KEY INDICATORS FOR THE FOURTH QUARTER OF 2014

Grifols' reported net revenue from October to December 2014 was 917.3 million euros. In comparison with the figure of 695.2 million euros for the same period of the preceding year, this is a rise of 32.0% (26.1% cc). The Bioscience division contributed 75.3% to net revenue, with growth of 10.0% (4.8% cc), and total net revenue of 690.2 million euros. The Diagnostic division generated 167.2 million euros, while the Hospital division accounted for 23.8 million euros. These figures represent 18.2% and 2.6% of the group's total income, respectively.

By geographic region, the United States and Canada led growth in sales, with recurring sales (excluding Raw Materials and Others) of 558.9 million euros, equivalent to 60.9% of net revenue. The European Union, with 175.2 million euros, and other regions (ROW), with 147.2 million euros, accounted for 19.1% and 16.1% of total net revenue, respectively.

Recurring sales increased in all divisions and in all geographic regions in which the company operates.

## INVESTMENT ACTIVITIES IN 2014: R&D, CAPEX, ACQUISITIONS

During 2014 Grifols continued to make significant investments to ensure its position as a leading innovator based both on technological development and improving and expanding its productive capacity, to which it allocates capital expenditure (CAPEX), and on the search for differentiating factors that contribute added value. To achieve this, the company has an ambitious R&D program, reinforced by strategic acquisitions.

- ***Broad R&D projects portfolio: one of the most innovative companies in the world***

Once again, Grifols' commitment to research has been recognized both, in Spain and internationally. For the second year running, Grifols has been ranked one of the 100 most innovative companies in the world by Forbes magazine.

Grifols' commitment to research and development takes the form of a solid investment policy, and in 2014 the group increased its allocation by 46.6%<sup>4</sup> to 180.8 million euros, a figure that represents 5.4% of net revenue. The policy is also supported by investing in companies and R&D projects in fields of medicine lying outside the scope of Grifols' main activities, an approach that has helped to ensure the continuity of projects whose aim is to improve the quality of health care.

The company has a flexible, cross-disciplinary research strategy, designed to promote the exchange of information and knowledge between the different research areas of the group. As part of this approach, the creation of multidisciplinary groups has been encouraged, with the joint aims of detecting new opportunities for Grifols products and improving industrial productivity.

The main R&D lines in the Bioscience division include new indications for Alpha-1 and immunoglobulins plasma products, a fibrin biological sealant for biosurgery and the development of new plasma proteins such as plasmin. Main projects in the Diagnostic division include the development of new analyzers and reagents to expand and improve the existing product range. Finally, in the Hospital division are under way several fluid therapy projects.

- ***Capital Expenditure (CAPEX): 600 million euros from 2014 to 2016***

In 2014, the company completed its 2014 CAPEX plan allocating a total of 251.8 million euros to expanding and improving its manufacturing facilities both in Spain and the United States, including investments to strengthen the Diagnostic division following the expansion of the group's presence in the transfusional diagnostic sector, and those aimed at the Hospital division. From a corporate perspective, major developments include the modernization of Grifols' offices and facilities in Madrid (Spain), Shanghai (China), Pisa (Italy) and Raleigh (North Carolina, United States).

The Bioscience division has been the beneficiary of a major portion of the investment plan, with the aim of gradually expanding the group's manufacturing facilities and improving the plasma collection center structure in the United States. Projects completed and validated during the year include: Completion and FDA license for the new plasma fractionation plants at Parets del Vallés and Clayton; and the FDA approval for new IVIG purification plant in Los Angeles. When both of these plants are operational, Grifols will have an installed plasma fractionation capacity of 12.5 million liters of plasma per year.

In addition, Grifols has allocated more than 30 million euros at expanding and relocating plasma donor centers; improving infrastructure related to the classification, preparation and storage of raw materials; and developing and implementing new IT technology to improve monitoring and efficiency.

Finally, the majority of current investments are part of the capital expenditure plan for the period 2014–2016, with a budget of approximately 600 million euros. The projects scheduled to be completed during this period include:

## Bioscience division

1. New plant for the purification, dosing and sterile filling of alpha-1 antitrypsin (Prolastina®) for the European market at the Parets del Vallès industrial complex. The total investment will be approximately 31 million euros. The plant is scheduled to come on stream in 2017.
2. Expansion of the fraction V purification plant to produce albumin at the Clayton industrial complex. The total investment will be 22 million euros.
3. New facilities at the Clayton industrial complex for dosing and filling product vials under sterile conditions. The total investment will be 29.7 million euros.
4. New logistics center and raw materials warehouse at the Clayton industrial complex. It has storage capacity for 3 million liters of plasma, at low temperatures (-30°C). The planned investment is 25 million euros.
5. Expansion of the albumin purification, dosing and sterile filling plant at Los Angeles. The total investment will be 21 million euros.

## Diagnostic division

6. New plant at Emeryville to modernize the production of antigens for immunological diagnostics. Planned investment of 59 million euros.
7. Construction of a new plant in Brazil to manufacture bags for the extraction and conservation of blood components. The project will benefit from a planned investment of 9.5 million euros. Once the plant comes on stream it will enable Grifols to strengthen its manufacturing capacity and consolidate its direct commercial presence in Latin America.

## Hospital division

8. Expansion (phase IV) of the plant at the industrial complex in Murcia, adding two new lines to concentrate all production at a single complex. Investment of 6.7 million euros.
9. Construction work to expand offices, laboratories and warehouse at Murcia.

## Corporate

10. Construction of a new logistics center in Ireland, with a planned investment of 45 million euros. It will enable plasma warehousing to be centralized, and it will facilitate the rapid distribution of goods between manufacturing plants and the company's subsidiaries. The project is part of the Strategic Plan 2013–2017 to optimize operating and distribution infrastructure in response to the increasing globalization of Grifols' activities.

- *Acquisitions in 2014*

Acquisition of a new transfusion diagnostic unit

On January 9, 2014 the purchase of the transfusional diagnostics and immunology unit from Novartis (Novartis International AG) was completed for a total of 1,653 million dollars (1,215 million euros). The transaction was completed under the terms and conditions announced on November 11, 2013, following the necessary legal and regulatory approvals.

This operation has enabled the company to accelerate the implementation of a new growth strategy based on promoting complementary activity areas, raising the profile of the Diagnostic division and adding approximately 550 members of staff to the Grifols workforce, with the incorporation of Novartis' employees.

Acquisition of 50% of Kiro Robotics

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

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.

## HUMAN RESOURCES

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The Grifols workforce in 2014 consisted of 13,980 employees, an increase of 11% compared to the preceding year. Much of this increase is due to the incorporation of the staff of the Novartis diagnostic unit, acquired in January 2014. However, the number of staff has risen in all regions in which the company has a presence. In the United States, the workforce rose by 10%, in the rest of the world (ROW) by 30%, and in Spain it rose by 9% to 2,981 employees.

Average length of service of Grifols staff was 6.3 years, and the average age was 38, although almost 60% of the workforce are below 40 years of age. The workforce is balanced by gender (45% men and 55% women), confirming once again the company's commitment to gender equality.

The three key concerns of Human Resources have been to safeguard jobs, to promote professional development, and to optimize the incorporation of new employees. In 2014, technical and scientific training, and business and personal skills development training were increased, addressing issues such as quality, good manufacturing practice, prevention, safety and the environment, among others.

## ENVIRONMENTAL MANAGEMENT

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With respect to the environment, 2014 saw the start of the new environmental program for the period 2014–2016, establishing targets for energy efficiency, the management of water resources, and waste management. It sets out actions designed to deliver annual reductions of 3.2 million kWh in electricity consumption, 10 million kWh of natural gas, 63,000 m<sup>3</sup> of water consumption, and the reuse of 120,000 m<sup>3</sup> of clean water each year. Waste management measures emphasize recycling, with the aim of increasing the current figure of 6,000 tons of waste recycled per year. These actions will be implemented both at new and existing manufacturing and administrative premises.

## About Grifols, 75th Anniversary of improving people's health

Grifols is a global healthcare company founded in 1940. In 2015 Grifols celebrates its 75th Anniversary 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 2014, sales exceeded 3,350 million euros with a headcount close to 14,000 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](http://www.grifols.com)

### **DISCLAIMER**

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