Grifols Performance Review

November 2014
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Agenda

1. Grifols Current Performance
2. Industry Outlook
3. Grifols Future Performance
4. 2014 YTD September Performance
1. Grifols Current Performance
Grifols Current Performance - Highlights

• Core business fundamentals remain solid

• Strong cash generation capability: positive operating CF

• Investing in the future
  – R&D in line with target significant growth
  – Capex expansion according to schedule

• Refinancing & average cost of debt reduction

• M&A: Diagnostic unit, diversified portfolio

• FX tailwind from Q4

• Shareholder value creation:
  – EPS accretion year 1 after acquisition
  – Dividend policy at 40% pay-out
Grifols Current Performance – Net Revenue

- **Bioscience**
  - Healthy protein growth in core business: high single digit for IVIG and albumin and double digit in Alpha 1
  - Bumpy pdFVIII tenders, contract manufacturing and intermediates

- **Diagnostic**
  - Blood typing solutions: robust growth
  - NAT continuous growth (Japanese Red Cross / China Blood Bank agreement)
  - Hologic agreement: joint business distribution, commercial role, profit sharing
  - Immunoassay worldwide leader. Ortho agreement, manufacturing role, profit sharing

- **Hospital**
  - Lower Hospital Logistics revenues due to budget restrictions in LATAM.
  - Internationalization continues.
  - Kiro Robotics acquisition

- **Raw Materials & Others**
  - Lower Royalty income & phasing out as planned
  - Kedrion income lower than previous year as planned

- Harder comps in 2H2014: annual mid single digit growth
• Grifols products hold leading share positions globally

• Excluding the impact of pdFVIII tenders, all major proteins growing at expected rates

• Grifols has capacity to grow with market
Grifols Bioscience: global market shares

**IVIG**
- 24% Market share

**Alpha1**
- 64% Market share

**pdFactor VIII**
- 23% Market share

**Albumin**
- 17% Market Share

- New Gamunex (IVIG) facility ready to ensure future growth from 2015
- Construction of a new facility in Barcelona, to be ready in 2017
- High growth in no-tender sales
- Barcelona method has already been approved in Clayton (NC)

Source: MRB & Internal Data
Immunoglobulins

- Grifols holds leading global IG share
- Opportunity for treatment growth continues
- Capacity expansion will support growth globally
- NA growth in mid single digits – lower than historical growth
- Dual branding market strategy

Growth Rate in Grifols IG Pull through Sales in value (US)

Source: Internal customer reported data
• Grifols leads Alpha 1 market
• Strong Alpha 1 growth continues in NA and Europe
• Significant opportunity remains to increase diagnosis and treatment
• Strong growth for Albumin continues led by China
• IG growth rate will determine Albumin. Balanced growth requirement
• Grifols is continuing to develop new indications

Source: MRB & Internal Data
• Grifols holds leading market share
• Growth continues in the US and commercial markets
• Large tender markets key to growth
• Long-term growth expected in emerging markets

Source: Calculated MRB & Internal Data
Grifols Current Performance – Gross Margin

- Stable cost of plasma: neutral impact on margins
- Positive Bioscience product mix and higher plasma utilization
- Manufacturing cost increases due to new plants start-up
- Stable price environment
- % GM stability in Bioscience, other divisions slightly improving
Significant R&D growth in 2014 (+31%) vs spend decline in 2013 (-1%), as a result of project phasing acceleration.

Main R&D projects spend focus to reinforce Bioscience core products with new indications and formulations:

- **IVIG**
  - Next generation
  - ITP in US / EU for Flebo
  - 20% SubQ
  - Gamunex nanofiltration
  - Myasthenia Gravis
  - Post-polio

- **Alpha1**
  - Liquid formulation
  - Diabetes
  - Cystic Fibrosis
  - Chronic Fatigue Syndrome
  - Neonatal ischemia
  - Prolastin C

- **Albumin**
  - Alzheimer
  - Cirrhosis and liver related diseases

- New products: Fibrin Sealant and Pulmaquin
- Diagnostic: - New immunohematology technologies. Genotyping and personalized medicine
  - New generation donor screening assays
Grifols Current Performance – SG&A

• New cost items, non-recurring:
  – Validation of new facilities
  – Diagnostic unit integration

• Completion of integration process will contribute to future growth

• Bioscience commercial HQ moved to Raleigh, NC and Diagnostic commercial HQ moved to Emeryville, CA

• Additional sales force in Alpha1 in US and Europe

• SG&A flat (as % NR) in 2014
• Diagnostic Division higher revenue weight (with lower margin)

• Significant R&D growth

• FX headwind up to Q3

• % EBITDA margin c. 32%
### YTD September 2014 vs 2013 Operating Profit Breakdown by Divisions

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Bioscience</th>
<th>Diagnostic (1)</th>
<th>Hospital</th>
<th>Raw Material &amp; Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenue</strong></td>
<td>2,438,1</td>
<td>2,046,6</td>
<td>1,823,3</td>
<td>1,821,4</td>
<td>468,6</td>
</tr>
<tr>
<td>YoY increase c.c. %</td>
<td>23,4%</td>
<td>3,9%</td>
<td>395,9%</td>
<td>-1,6%</td>
<td>41,9%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>631,2</td>
<td>566,4</td>
<td>710,4</td>
<td>736,6</td>
<td>97,7</td>
</tr>
<tr>
<td>% of NR</td>
<td>25,9%</td>
<td>27,7%</td>
<td>39,0%</td>
<td>40,4%</td>
<td>20,8%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>791,6</td>
<td>690,4</td>
<td>39,0%</td>
<td>40,4%</td>
<td>20,8%</td>
</tr>
<tr>
<td>Adj. EBITDA margin</td>
<td>32,5%</td>
<td>33,7%</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Adjusted EBITDA margin excluding R&amp;D</td>
<td>37,3%</td>
<td>37,6%</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

- Operating Profit margins in Raw Mat approx 66%; for Royalties, included in Other, close to 100%
- Diagnostic margin Q1 vs Q2 not comparable, H1 margins to be sustainable in H2

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(1) Including intersegment revenue and Operating Profit
NAT makes most of the Revenue …
but IA and Licensing carry a significantly higher impact on EBIT

- NAT: distribution business
- Immunoassay: manufacturing activity / business
Grifols Current Performance – Below the line

- Financial Result: moderate growth besides additional $1,5 Bn. debt
  - Financial Expenses (cash) reduction from Q2 and onwards
  - Amortization of deferred fees (non cash) declining
  - Derivatives, FX negative impact
- Tax rate: 20%-22%
- Significant Net Profit increase
- EPS accretion year 1 after acquisition
2. Industry Outlook
Industry Outlook - Highlights

• Sector growth
  – Bioscience: 6-7% volume growth
  – Diagnostic: 3-4% market growth

• Stable Prices: on average all proteins
  – ROW prices may be lower than US/EU for some proteins
  – Impact of geographical mix in global revenues

• The supply / demand balance and the general plasma market dynamics continue to be positive

• Diagnostic: new markets & new tests

• Hospital: continuous internationalization
<table>
<thead>
<tr>
<th>% Product Demand growth</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>% IG Demand growth</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>% Albumin Demand growth</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>% pdFVIII Demand growth</td>
<td>6%</td>
<td>5%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3.5%</td>
</tr>
<tr>
<td>% A1PI Demand growth</td>
<td>7%</td>
<td>7%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>7%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

Source: JB Capital Markets, MRB
Global IVIG balanced supply demand

Source: UBS
3. Grifols Future Performance
• Ready to meet future growth - 12.5 million liters total capacity from 2015
• State of the art facilities fully cross-licensed – Production flexibility
• Additional access to Plasma
  • New collection centers: ~20 relocations & openings in 2015
  • Third-party contracts
• 2 very strong franchises – Bioscience & Diagnostic
• Low financing costs
• Low effective tax rates
• Continuous focus on shareholder value creation
Grifols Future Performance – New organization

- Geographical expansion and portfolio strengthening as key growth drivers
- Corporate HQ in Barcelona
- Organization more focused on sales performance with new commercial HQs:
  - Raleigh, NC for Bioscience
  - Emeryville, CA for Diagnostic Division
- All industrial HQ in Barcelona
- Global Operations center in Ireland, to improve inventory management and flexibility of supply
• Sustainable long-term market growth in Bioscience.

• Additional expansion in ROW markets

• Expected pdFVIII tenders positive phasing impact

• Alpha1 opportunities in Europe and South America

• Building stronger US diagnostic franchise with blood typing solutions
Grifols Future Performance – Margins

+ 

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- New plants: Significant depreciation increase & start-up costs (2015-2016)
- Divisional EBIT mix - Diagnostic EBIT
- Lower royalties – significant revenue decline
- Temporary higher cost of plasma – ongoing network expansion
- Lower revenue per liter because of lower FVIII

- Product cross licenses
- Revenue per liter:
  - Additional Ig
  - Additional Alpha1
- Capacity expansion
- International expansion - Geo mix
- Manufacturing cost efficiencies – NFF automation & larger batches
Grifols Future Performance – Operating expenses

- Cash-out R&D as % of NR: 5% - 6% mid term
- Strengthening Alpha 1 sales force to roll-out this business model
- Stronger Diagnostic sales platform (Immunohematology)
- After business integration, operational leverage – progressive reduction expected in SG&A as % of sales
• Opportunities to improve margins in the Bioscience division in the medium term after new plants ramp-up
• Higher plasma collections will support plasma cost improvements
• R&D spend stabilized after 2014 pick-up
• Estimated FX tailwind in 2015
• Medium-term % EBITDA margin target 31-33% (royalties impact)
### Strategic Pillars

<table>
<thead>
<tr>
<th><strong>CORE BUSINESS OPTIMIZATION</strong></th>
<th><strong>GLOBAL EXPANSION</strong></th>
<th><strong>CAPACITY LEADERSHIP</strong></th>
<th><strong>INNOVATION ACCELERATION</strong></th>
<th><strong>MULTI-BUSINESS BUILD</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Plasma Liter Economics</td>
<td>India</td>
<td>Current capacity upgrades</td>
<td>R&amp;D, portfolio, pipeline</td>
<td>Leverage existing business capabilities/ product portfolios</td>
</tr>
<tr>
<td>Product franchise development &amp; expansion</td>
<td>Turkey</td>
<td>Increase capacity to support future growth</td>
<td>AD Program</td>
<td>Accelerated Diagnostic Expansion / acquisitions</td>
</tr>
<tr>
<td>IG franchise power</td>
<td>China</td>
<td>Expand collection platform</td>
<td>Donor to patient Quality continuum</td>
<td>Hospital international growth</td>
</tr>
<tr>
<td>Differentiate on Quality and Safety</td>
<td>LATAM</td>
<td>New Technologies</td>
<td>Donor population opportunities</td>
<td>Across the board opportunities</td>
</tr>
<tr>
<td>Pulmonary Bolt-on</td>
<td>Japan</td>
<td>Alpha1 capacity increase</td>
<td>Next generation medicine</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Globalize Alpha 1</td>
<td>Manufacturing plants cross-licensed</td>
<td>Global academic, clinical networks</td>
<td></td>
</tr>
</tbody>
</table>

### GLOBAL WORLD CLASS ORGANIZATION

Globalize Workforce · Leverage Best Practices · Build Market Access Competency

### FINANCIAL EXCELLENCE

Financial Discipline · Operational Leverage · Capital & Tax Optimization
• Financing: long-term debt maturities, quasi bullet and low financing costs
• Effective Tax rate: 20% - 22% range
• Sustainable growth in EPS
• Continuous shareholders reward through dividends:
  - 40% pay-out
  - Two payments (interim / final)
• Sensitivity to strong USD:
  - Moderate on EBITDA (+)
  - Moderate on financial expenses (-)
  - Slightly positive on Net Profit
4. 2014 YTD September Performance
<table>
<thead>
<tr>
<th>Division</th>
<th>9M 2014 (€ Million)</th>
<th>% of Sales</th>
<th>9M 2013 (€ Million)</th>
<th>% of Sales</th>
<th>% Variance</th>
<th>% Variance at constant rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bioscience</td>
<td>1,823.3</td>
<td>74.8%</td>
<td>1,821.4</td>
<td>89.0%</td>
<td>0.1%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Hospital</td>
<td>71.0</td>
<td>2.9%</td>
<td>74.3</td>
<td>3.6%</td>
<td>-4.5%</td>
<td>-1.6</td>
</tr>
<tr>
<td>Diagnostic (*)</td>
<td>452.8</td>
<td>18.6%</td>
<td>97.9</td>
<td>4.8%</td>
<td>362.7%</td>
<td>379.2%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>2,347.1</td>
<td>96.3%</td>
<td>1,993.6</td>
<td>97.4%</td>
<td>17.7%</td>
<td>21.9%</td>
</tr>
<tr>
<td>Raw Materials &amp; Others</td>
<td>91.0</td>
<td>3.7%</td>
<td>53.0</td>
<td>2.6%</td>
<td>71.8%</td>
<td>77.4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,438.1</td>
<td>100.0%</td>
<td>2,046.6</td>
<td>100.0%</td>
<td>19.1%</td>
<td>23.4%</td>
</tr>
</tbody>
</table>

(*) €15.8 Million of intersegment sales not included
<table>
<thead>
<tr>
<th>Region</th>
<th>9M 2014 (€ Million)</th>
<th>% of Sales</th>
<th>9M 2013 (€ Million)</th>
<th>% of Sales</th>
<th>% Variance</th>
<th>% Variance at constant rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>415.2</td>
<td>17.0%</td>
<td>421.7</td>
<td>20.6%</td>
<td>-1.6%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>US+CANADA</td>
<td>1,280.1</td>
<td>52.6%</td>
<td>1,258.3</td>
<td>61.5%</td>
<td>1.7%</td>
<td><strong>5.5%</strong></td>
</tr>
<tr>
<td>ROW</td>
<td>300.5</td>
<td>12.3%</td>
<td>313.6</td>
<td>15.3%</td>
<td>-4.2%</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>1,995.8</strong></td>
<td><strong>81.9%</strong></td>
<td><strong>1,993.6</strong></td>
<td><strong>97.4%</strong></td>
<td><strong>0.1%</strong></td>
<td><strong>3.8%</strong></td>
</tr>
<tr>
<td>Raw Materials &amp; Others</td>
<td>91.0</td>
<td>3.7%</td>
<td>53.0</td>
<td>2.6%</td>
<td>71.8%</td>
<td>77.4%</td>
</tr>
<tr>
<td>Diagnostic Solutions (**)</td>
<td>351.3</td>
<td>14.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,438.1</strong></td>
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<td><strong>23.4%</strong></td>
</tr>
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</table>

(*) Sales from the transfusion diagnostic unit acquired from Novartis not allocated to any geographical area
(***) €15.8 Million of intersegment sales not included
Solid Performance supported by organic and non-organic contribution

**Net Revenues**

2013 YTD Sept.: 2,046.6

2014 YTD Sept.: 2,438.1

+19.1%

+23.4% c.c.

**Adjusted EBITDA**

2013 YTD Sept.: 690.4

2014 YTD Sept.: 791.6

33.7%

+14.7%

**Financial Result**

2013 YTD Sept.: -179.2

2014 YTD Sept.: -202.4

-12.9%

+3% excl. FX

**Net Profit**

2013 YTD Sept.: 13.0%

2014 YTD Sept.: 13.9%

267.0

339.0

+26.9%
Continuous operational improvement:
- Manufacturing and plasma cost efficiencies
- Yield improvements
- Higher plasma cost utilization and income per liter increase
- SG&A leverage
- Significant R&D investment in 2014
<table>
<thead>
<tr>
<th></th>
<th>YTD Sept. 2013</th>
<th>YTD Sept. 2014</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interests</td>
<td>119.6</td>
<td>121.3</td>
<td>1.5%</td>
</tr>
<tr>
<td>Financing deferred cost</td>
<td>59.1</td>
<td>43.9</td>
<td>-25.6%</td>
</tr>
<tr>
<td>Other financial expense / income</td>
<td>-3.2</td>
<td>4.0</td>
<td>NM</td>
</tr>
<tr>
<td>Derivatives valuation</td>
<td>2.9</td>
<td>14.8</td>
<td>NM</td>
</tr>
<tr>
<td>FX variance Loss</td>
<td>0.8</td>
<td>18.4</td>
<td>UNREALIZED LOSS -17.3</td>
</tr>
<tr>
<td><strong>Total Financial Result</strong></td>
<td><strong>179.2</strong></td>
<td><strong>202.4</strong></td>
<td><strong>12.9%</strong></td>
</tr>
</tbody>
</table>

**Financial Result – Interest expense declining**

(€ Million)

Possible additional note: +3% excl. FX loss.
Strong operating Cash Flow generation – 2014 YTD September

(€ Million)

**Sources**

- Operating Cash Flow 787,0
  - Working Capital Increase -8,9
- Net Operating Cash Flow 778,1
- Gross Debt Increase 1.243,8
- Others 13,6
  - Cash Beginning Balance 708,8
  - Cash Ending Balance 917,7
- Cash Increase -208,9

Total 1.826,5

**Uses**

- Interest -122,2
- Financing & Transaction costs -183,3
- CAPEX+Intangible -208,0
- Business acquisitions -1.232,8
- Purchase of treasury shares -61,3
- Dividends Paid -70,1
- FX and Others 51,0

Total 1.826,5
Net Bank Debt increases after Diagnostic Unit acquisition

(USD Million)
Moderate Leverage Ratio level

- Dec. 2011: 4.34
- Dec. 2012: 2.87
- Dec. 2013: 2.28
- PF Dec. 2013: 3.0
- PF March 2014: 2.83
- PF June 2014: 2.92
- PF Sept. 2014: 3.04

Covenant Level: 5.0

2.78x at c.c.
Shareholders Return
Dividends distribution (1): Improving return to shareholders

- **2009**: Interim 2009 + Final 2008
  - Interim 2009 + Final 2008
  - €0.38

- **2010**: Interim 2010
  - Interim 2010
  - €0.13

- **2011**: Interim 2011
  - Interim 2011
  - Script Dividend 1B: 10 A or B

- **2012**: Interim 2012
  - Interim 2012
  - Final 2009
  - Final 2009
  - Script Dividend 1B: 20 A or B

- **2013**: Interim 2013
  - Interim 2013
  - Final 2013
  - Final 2013
  - €0.20

- **2014**: Interim 2014
  - Interim 2014
  - Final 2014
  - Final 2014
  - €0.25

- **2015**: Final 2015
  - Final 2015
  - €?

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(1) Payment years

(2) In addition to the 2013 interim dividend, the 2012 preferred dividend of €0.01 was paid

(3) In addition to the 2013 final dividend, the 2013 preferred dividend of €0.01 was paid

(4) In addition to the 2014 final dividend, the 2014 preferred dividend of €0.01 will be paid
YTD September Performance - Highlights

✓ Quarterly ramp-up performance, with solid growth in the 4 core proteins (+5.7% c.c.), excluding FVIII tenders

✓ Robust growth in Diagnostic (w/o acquisition) +8.5%, due to Blood typing solutions acceleration, while Hospital declined by 1.2%

✓ Adjusted EBITDA margin (32.5% of NR) in line with H1, including significant R&D investment and acquisition.

✓ Strong FX headwind is over and significant tailwinds for Q4 2014 and 2015 are expected

✓ Financial Result increases by 12.9% mainly due to negative FX impact, interest expense declines

✓ Net Profit reaches €339 Million (+26.9%) as a result of the contribution of Diagnostic unit acquisition and lower tax rate

✓ Strong Net Operating Cash Flow generation (€778 Million), supporting moderate leverage (PF 3.0x)