

***Sales grow by 4.4% (6.6% cc) to 2,046.6 million euros***

## **Grifols' net profit rose by 35.3% to 267 million euros in the nine months to September 2013**

- ***Revenues from the USA grew by 14.3% (CC) in the third quarter, and Grifols achieved record sales of 432.2 million euros in North America***
- ***11.2% (CC) growth of the Bioscience Division during the quarter due to the strong demand of plasma derivatives***
- ***Adjusted<sup>1</sup> EBITDA increases by 9.1% reaching 690.4 million euros. Adjusted<sup>1</sup> EBITDA margin rises by 140 basis points to 33.7 of sales***
- ***Net debt fell by 38.7 million Euros to 2.64 times adjusted<sup>1</sup> EBITDA***

***Barcelona, November 5, 2013.-*** Grifols (MCE:GRF, MCE:GRF.P and NASDAQ:GRFS), one of the world's leading producers of plasma-derived medicines today announced its financial results for the third quarter of 2013. Grifols' accumulated sales to September 2013 were 2,046.6 million euros, an increase of 4.4% compared to the same period of 2012. In comparable terms, income rose by 6.6% at constant exchange rate (cc), as geographical diversification of sales mitigated exchange rate impacts.

Sales outside Spain grew by 5.4% (7.8% cc) to reach 1,891.2 million euros, accounting for 92.4% of the company's income sustaining the strategy of achieving growth in foreign markets. The opening of a representative office in Dubai will foster the activity in the Middle East.

The fastest growth occurred in regions other than North America and the European Union. Overall, ROW sales (Rest of World excluding Raw Materials) increased by 16.8% (20.3% cc) to 313.7 million euros. These represent approximately 15.4% of total income, compared to 13.8% for the first nine months of 2012.

During the third quarter, income from the United States grew by 14.3% (cc), enabling Grifols to achieve record sales revenue in North America of 432.2 million euros. During

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the first nine months of the year, combined sales in the United States and Canada (excluding Raw Materials) grew by 2.3% (4.8% cc) to 1,267.4 million euros.

In the European Union, sales confirmed the forecasted recovery, and recurring sales excluding Spain rose by 5.4% to 276.5 million euros. The decline in Iberian sales decelerated. During the third quarter of 2013 these were down by 1.3% compared to the same period of 2012, while for the nine months period to September 2013 sales in Spain decreased by 5.9% to 155.3 million euros.

- **Sales of plasma proteins, Grifols principal business line, grew by 5%**

The Bioscience Division accounts for 89.0% of sales revenue, and its sales to September 2013 grew by 5.0% (7.3% cc), representing a total of 1,821.4 million euros. Prices of plasma-derived medicines remained stable, and increase in sales volumes of the main plasma proteins was the principal driver of growth for the division. Albumin performed particularly strongly, with growth of over 24%, driven among other factors by demand in China, and alpha-1-antitrypsin grew approximately 10% due to improved diagnosis of alpha-1-antitrypsin deficiency, a rare illness that is linked to pulmonary emphysema. The sales of clotting factors rose as a result of the increased presence in different regions and the treatment of inhibitors, as did sales of IVIG, the leading immunoglobulin.

The Hospital Division generates most of its sales in Spain and is thus the division most directly affected by the measures to rationalize health spending implemented by the Government. Despite this, the division's income grew by 0.3% (1.1% cc) to 74.3 million euros as a result of efforts to promote the internationalization of business lines such as hospital logistics and its third-party manufacturing service. Key milestones included the implementation of the first automated carousel for drugs and health supplies in the United States, at Emory University Hospital (Atlanta, USA), and the agreement with Cumberland Pharmaceuticals to market ibuprofen for intravenous perfusion.

Sales of the Diagnostic Division, which account for 4.8% of the company's total turnover, were 97.9 million euros to September 2013. The 4.3% (2.9% cc) decrease compared to the same period of the previous year, is explained by the termination of some distribution agreements, although this trend, recurrent during the first three quarters of the year, will reverse when all the FDA approvals are obtained, enabling sales of several immunohematology products and services in the United States.

Sales of the Raw Materials & Others division, which represent approximately 2.6% of the total, rose to 52.9 million euros. This division includes, among other items, royalties' income, income deriving from the manufacturing agreements with Kedrion, and third-party engineering projects executed by Grifols Engineering.

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- **Adjusted<sup>1</sup> EBITDA margin continues to improve rising by 140 basis points to 33.7% of sales**

Grifols operating margins continued to improve during the first nine months of 2013, with the EBITDA margin increasing by 140 bps to 32.4% of sales, compared to 31.0% for the same period of 2012. In absolute terms, EBITDA was 663.0 million euros, increasing 9.1%.

Grifols' adjusted EBITDA<sup>1</sup> rose by 9.1% to 690.4 million euros, representing an EBITDA to sales margin of 33.7%.

This positive performance confirms the group's improved productivity, primarily focused on the optimization of raw materials and the greater flexibility of manufacturing processes. The aim is to maximize the profitability of each liter of plasma, obtaining more products and achieving a balanced market share growth for each plasma protein taking into account industrial efficiency. The sales' geographic mix was positive during the quarter, while the policy of containing operating costs continued to be successful.

- **Net profit rises by 35.3% to 267.0 million Euros**

The company reduced its financial costs during the third quarter of the year, and the financial result to September 2013 fell by 13.9%, representing savings of 28.9 million euros. The effective tax rate has benefited from the R&D deductions relating to 2012 received in the first quarter of this year and as a result of including all group companies in North Carolina in a single corporation tax return (State Corporate Tax declaration). Both developments have contributed to a 35.3% increase in the group's net profit to 267.0 million euros, representing 13.0% of the group's sales.

### **Key profit and loss indicators: first 9 months of 2013**

<i>In millions of Euros</i>	<b>9M - 2013</b>	<b>9M - 2012</b>	<b>% VAR.</b>	<b>% VAR. CC</b>
<b>SALES</b>	<b>2,046.6</b>	<b>1,959.5</b>	<b>4.4%</b>	<b>6.6%</b>
<i>Bioscience Division</i>	1,821.4	1,734.8	5.0%	7.3%
<i>% of sales</i>	89.0%	88.5%		
<i>Hospital Division</i>	74.3	74.1	0.3%	1.1%
<i>% of sales</i>	3.6%	3.8%		
<i>Diagnostic Division</i>	97.9	102.3	-4.3%	-2.9%
<i>% of sales</i>	4.8%	5.2%		
<i>Raw Materials &amp; Others Division</i>	53.0	48.3	9.7%	11.4%
<i>% of sales</i>	2.6%	2.5%		
<b>EBITDA</b>	<b>663.0</b>	<b>607.8</b>	<b>9.1%</b>	
<i>% of sales</i>	32.4%	31.0%		

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<b>ADJUSTED EBITDA<sup>1</sup></b>	<b>690.4</b>	<b>632.7</b>	<b>9.1%</b>	
<i>% of sales</i>	<i>33.7%</i>	<i>32.3%</i>		
<b>NET PROFIT</b>	<b>267.0</b>	<b>197.3</b>	<b>35.3%</b>	
<i>% of sales</i>	<i>13.0%</i>	<i>10.1%</i>		
<b>NET ADJUSTED PROFIT<sup>2</sup></b>	<b>336.4</b>	<b>273.1</b>	<b>23.2%</b>	
<i>% of sales</i>	<i>16.4%</i>	<i>13.9%</i>		

## MAIN INDICATORS FOR THE THIRD QUARTER OF 2013

Grifols reported sales of 665.7 million euros from July to September 2013, an increase of 3.6% (9.3% cc) compared to the same period of 2012. Grifols' recurring business, excluding Raw Materials & Others, rose by 4.2% (10.0% cc), reflecting the growth of income from the Bioscience division, which rose by 5.1% (11.2% CC) as a result of the solid demand for plasma protein therapies.

By geographic region, sales in the United States rose by 14.3% (cc) in the third quarter, and Grifols achieved record sales of 432.2 million euros in North America. Combined sales in the United States and Canada grew by 3.8% (10.4% cc) representing 64.9% of total turnover.

Despite the ongoing economic situation in countries such as Spain and Portugal, income in the European Union rose by 1.9% (2.6% cc) to 132.7 million euros.

Sales in other regions (ROW) rose by 6.0% (14.7% cc), with a total value of 93.2 million euros from July to September. Its good performance continues and its share within total sales has increased to 14.1%. Grifols international expansion remains a keystone of growth. The opening of a representative office in Dubai to foster its activity in the Middle East together with the opportunity of direct sales in China through its commercial office in this country will boost the company's presence in these emerging markets.

## BALANCE SHEET MAIN INDICATORS

Total consolidated assets at September 2013 were 5,711.1 million euros, with no significant changes with respect to the 5,627.5 million euros reported in December 2012. The difference primarily reflects investments made during the period, in particular the holdings acquired in Progenika and Aradigm.

During the first nine months of 2013, the cash balance has risen to 488.3 million euros well above the 400.6 million euros reported for the same period of 2012. The strong generation of operating cash flows resulted in 365.7 million euros to September 2013.

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Working capital changes are in line with the business expansion and stock turnover and debtors and creditors days outstanding remained at previous levels.

Higher profits and better control of funding activities have significantly reduced financial cash flow requirements and increased the flows allocated to the investment activities that ensure long-term organic growth.

As well as continuing with the CAPEX plan, the most significant investment activities were the acquisition of Progenika Biopharma in the first quarter of 2013 and a 35% stake in Aradigm Corporation completed in August 2013.

- **Net financial debt falls to 2.64 times Adjusted EBITDA<sup>1</sup>**

Grifols' net financial debt at the end of the third quarter of 2013 stood at 2,357.4 million euros, a significant reduction with respect to the 2,396.1 million euros reported in December 2012. As a result, the net debt ratio fell to 2.64 times adjusted EBITDA<sup>1</sup>, lower than the rate of 2.77 times for the second quarter of the year, or the 2.87 times in December 2012.

During the first nine months of the year, Grifols net debt has decreased by 38.7 million euros enabling the group to strengthen its balance sheet as a result both of the strength of its results and the positive cash flow trend.

- **Net Equity**

The net equity of Grifols to September 2013 rose to 1,969.2 million euros, primarily as a result of profits earned during the period, as there were no significant changes compared to the first half of the year.

The company's share capital totaled 119.6 million euros at September 2013, 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) each with a nominal value of 0.10 euros.

## INVESTMENTS

- **Capital Expenditure (CAPEX)**

Grifols has completed its key capital expenditure (CAPEX) plans for the period 2012–2015 and the plan is on schedule. From January to September 2013 the company

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allocated over 100 million euros to improve its manufacturing facilities in Spain and the United States, and to optimize and relocate some plasma donor centers.

Grifols is also investing in some of the companies in which it has a holding, such as concentrating the activity of Araclon Biotech on a single site at Zaragoza (Spain), with the aim of establishing a basis for future growth.

- **Closing of the acquisition of a 35% stake in Aradigm Corporation**

The acquisition of a 35% holding in Aradigm Corporation announced during the second quarter of 2013, was successfully completed in August 2013 and Grifols has designated two board members to Aradigm's board.

Grifols paid USD 26 million for the stake and it has been granted an exclusive worldwide license to market and develop an inhaled ciprofloxacin formulation (Pulmaquin<sup>TM</sup>) to treat severe respiratory diseases. Grifols will contribute a maximum of USD 65 million towards the R&D expenses of the product.

- **Grifols allocates more than 90 million Euros to R&D**

Grifols' financial solvency and liquidity enables its continuing commitment to research. From January to September 2013 Grifols allocated a total of 90.2 million euros to R&D, representing 4.4% of sales.

Grifols also strengthens its R&D activity through investments in companies where it holds a stake such as Aradigm.

Grifols has been ranked 25 in Forbes magazine's list of the 100 most innovative companies in the world. The company's commitment to innovation focuses on the search for therapeutic alternatives that contribute to both scientific and social development. This commitment is expressed both through a solid investment policy and the acquisition of holdings in companies and R&D projects in fields of medicine other than Grifols' main activity, in order to ensure the continuity of such initiatives.

During the third quarter of the year, the Spanish Agency for Medicines and Health Products (AEMPS) authorized phase 1 of the clinical trial of the Alzheimer's vaccine that Grifols is developing through its company Araclon Biotech. This phase, which will evaluate tolerability and safety in humans but not effectiveness, is the first significant milestone for the project.

In addition, Grifols has announced the start of the SPIRIT study (*Study of Plasma-derived factor VIII/VWF in Immune tolerance Induction Therapy*) in the United States to compare the efficacy and safety of treatment with Grifols plasma derived factor VIII/von Willebrand in patients with hemophilia A. The results will help to improve

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immune tolerance induction therapy (ITI) in patients who develop factor VIII inhibitors.

As a pioneer in research, development and innovation, Grifols sponsored the international meeting “*Hemophilia A and inhibitors: advances in prevention and ITI treatment optimization*”, organized jointly by the Spanish Society for Thrombosis and Hemostasis (SETH) and the British Society for Haemostasis and Thrombosis. Held in Barcelona in September, the meeting was attended by a broad panel of experts who addressed new approaches to the management of patients with hemophilia and inhibitors.

Grifols also promotes research through its annual program of international awards and grants. In the alpha-1 protein field, the company sponsors the *European Alpha 1 Antitrypsin Laurell (eALTA)* research program, supporting work that contributes to understanding and improving the treatment of alpha-1 antitrypsin (AAT) deficiency. The prizewinning research projects were announced at the annual conference of the European Respiratory Society, held in Barcelona in September.

The Martín Villar Research Prizes sponsored by Grifols, now in their 6th year, have also been awarded. The prizes aim to support research in the field of hemostasis.

Grifols’ commitment to promoting young talent is behind the sponsorship of two Fulbright grants, one of the world’s most prestigious grant programs. The program provides funds for students to pursue postgraduate studies in the United States. Grifols’ support will fund two Grifols/Fulbright grants for two years, with priority being given to those candidates who, in addition to satisfying the admission criteria, submit projects in research fields related to the activities of Grifols.

## **ANALYSIS BY BUSINESS AREA. KEY EVENTS OF THE QUARTER**

- **BIOSCIENCE DIVISION: 89.0% OF INCOME**

### **Double digit growth in the United States**

Demand for plasma proteins in the United States continued to rise, confirming the trend seen in previous quarters.

Grifols consolidates its leadership in the United States market, recording high sales volumes for its principal plasma proteins, with growth of 16.5% (cc) for the quarter and 9.9% (cc) for the first nine months of the year.

### **FDA approves fraction II+III from Barcelona to be used in North Carolina**

The FDA, approved the utilization of fraction II+III obtained in Parets del Vallès (Barcelona-Spain), for the production of Gamunex-C® immunoglobulin in Clayton (North Carolina-United States) at the end of the quarter.

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Achieving flexibility in the use of intermediate pastes (fractions) obtained from fractionated plasma, is fundamental in order to optimize production processes and capacity utilization so they can be purified and dosed at any of the Grifols' plants.

## **10<sup>th</sup> Anniversary of Grifols Immunoglobulin Gamunex®**

In August 2003 the FDA granted an immunoglobulin license to Gamunex®. From that day, scientific and technological developments have been implemented to continuously enhance the product's safety and increase its indications. Gamunex-C® was the first immunoglobulin approved for the treatment of a neurological indication (CIDP). After a decade, Gamunex® is among the best immunoglobulin options.

## **The region of Murcia (Spain) trust Grifols the manufacture of plasma protein products**

The regional government of Murcia (Spain) has appointed Grifols to manufacture plasma-derived medicines from excess plasma from its Regional Blood Donation Center. This contract will enable the processing of 55,000 units of plasma per year, with the finished plasma products to be used by hospitals throughout the region.

- **HOSPITAL DIVISION: 3.6% OF TURNOVER**

## **Agreement with Cumberland to market ibuprofen for intravenous administration**

Grifols has signed an agreement with US pharmaceutical company Cumberland Pharmaceuticals to market the first ibuprofen for intravenous perfusion in a flexible container, indicated for the treatment of mild to moderate post-operative pain and fever. Grifols holds exclusive distribution rights in Spain, Portugal, Argentina, Chile, Brazil, Ecuador, Peru and Uruguay. This agreement will further strengthen the internationalization strategy of the Hospital division, optimizing use of the sales network and extending the portfolio of ready-to-use intravenous solutions.

- **DIAGNOSTIC DIVISION: 4.8% OF SALES**

## **FDA approves DG® Gel 8 System**

The FDA has approved the DG® Gel 8 system developed by Grifols for antigen blood typing and pre-transfusion compatibility tests. The authorization affects several erythrocyte reagents and gel cards.

## **Grifols presents AlphaKit® QuickScreen, a new device for screening Alpha -1-antitrypsin deficiency**

Within a few minutes and requiring only a few drops of blood, this new device is able to detect whether an individual is a carrier of the Z mutation, responsible for over 95% of severe cases of alpha-1-antitrypsin deficiency. In adults, this rare illness usually coincides with chronic obstructive pulmonary disease (COPD), and if not treated

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appropriately may cause pulmonary emphysema. Improving diagnosis is a major challenge for Grifols, as 90% of sufferers are undiagnosed.

**Mexican Health Authorities approve marketing of INTERCEPT BLOOD SYSTEM®**  
Mexico's Federal Commission for Protection against Health Risks (COFEPRIS) has granted marketing approval to the Intercept Blood System® for the inactivation of pathogens in the components of platelets and plasma. This device will reduce the risk of disease transmission in blood transfusions. Grifols is the exclusive distributor in Mexico of this device, developed by US company Cerus.

## About Grifols

Grifols is a global company with over 70 years of experience of contributing to improving people's health and well-being by promoting plasma protein therapies, clinical diagnosis technology and pharmaceutical preparations for hospital use.

It is currently the world's third-largest producer of plasma-based biological medicines, with a presence in over 100 countries, and is the leading supplier of plasma, with 150 donor centers in the United States. Grifols is committed to improving access to plasma protein therapies through the continuous improvement and expansion of its manufacturing facilities and exploring new therapeutic potential for plasma proteins. The company, which has its head office in Barcelona, Spain, employs over 11,000 members of staff.

In 2012, its sales exceeded 2,620 million euros. Ordinary Grifols shares (Class A) are listed on the Spanish Continuous Market, where they form part of the Ibex-35 (GRF), while its non-voting shares (Class B) are also listed on the Continuous Market (GRF.P) and on the NASDAQ (GRFS) via ADRs (American Depositary Receipts). For more information visit [www.grifols.com](http://www.grifols.com)

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The facts and figures contained in this report that do not refer to historical data are "future projections and assumptions". Words and expressions such as "believe", "hope", "anticipate", "predict", "expect", "intend", "should", "will seek to achieve", "it is estimated", "future" and similar expressions, in so far as they relate to the Grifols group, are used to identify future projections and assumptions. These expressions reflect the assumptions, hypotheses, expectations and predictions of the management team at the time of writing this report, and these are subject to a number of factors that mean that the actual results may be materially different. The future results of the Grifols group could be affected by events relating to its own activities, such as a shortage of supplies of raw materials for the manufacture of its products, the appearance of competitor products on the market, or changes to the regulatory framework of the markets in which it operates, among others. At the date of compiling this report, the Grifols group has adopted the necessary measures to mitigate the potential impact of these events. Grifols, S.A. does not accept any obligation to publicly report, revise or update future projections or assumptions to adapt them to events or circumstances subsequent to the date of writing this report, except where expressly required by the applicable legislation. The information, opinions and statements in this document with regard to figures have not been audited or verified by independent third parties, and the company therefore in no way guarantees the impartiality, precision, integrity or accuracy of this information or these figures, opinion and statements. This document does not constitute an offer or invitation to buy or subscribe shares in accordance with the provisions of the following Spanish legislation: Act 24/1988, of 28 July, on Stock Exchanges; Royal Decree Law 5/2005, of 11 March and/or Royal Decree 1310/2005, of 4 November, and any regulations developing this legislation.

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