

■■■■ SECOND HALF REPORT

2009

GRIFOLS

NET PROFIT
INCREASED BY **21.6%**
TO **148.0** MM EUROS

SALES ROSE **12.1%**
TO **913.2** MM EUROS

EBITDA TOTALLED
266.1 MM EUROS,
UP 12.6% FROM
PRIOR YEAR

EARNINGS PERFORMANCE IN 2009

Grifols closed 2009 with total revenues of 913.2 MM euros, a 12.1% increase in comparison to 2008.

Geographical diversification consolidated during the year. International sales accounted for 75.3% of total revenues and totalled 687.4 MM euros. Growth was notable in Latin America (50.5%) and Asia (45.9%)

Net financial debt totalled 561.6 MM euros, 2.1 times EBITDA.

All the company's activity indicators continued to post double-digit growth, despite the current economic environment.

Sales performance was positive in all quarters, on an independent basis. Record turnover was achieved in the first three months of the year. In the fourth quarter of 2009, the dollar's performance against the euro slightly undermined the group's turnover. Nevertheless, Grifols has a natural currency hedge. It minimises exchange risk in its earnings, by offsetting the effect on dollar-denominated sales with the effect on plasma purchases, its main raw material, also in dollars. Revenue growth was 10.1%, excluding the effect of exchange rate fluctuations and the integration of sales from the Australian group acquired during 2009.

International expansion continued throughout the year, driving sales up. Grifols expanded its presence in geographical areas like Latin America and Asia where it recorded growths of 50.5% and 45.9%, respectively, compared to 2008. Diversification, one of the priorities of the company's growth strategy, will continue to be promoted in the next few years, in view of the potential offered by countries like Australia, Brazil and China, where the group already operates.

As regards business areas, all divisions had positive performances. Bioscience, which accounts for 76.1% of the group's revenues, generated 695.0 MM euros, a 12.5% growth from prior year. In a scenario of stable prices, volume increases on the main proteins were the growth driver in this division.

The Diagnostic division results, boosted by higher sales volume in reagents (DG Gel® cards), recorded revenues totalling 103.1 MM euros, up 20.2% from 2008.

The prolonged global economic deceleration which began in the last quarter of 2008 has translated into restrictions on public and private investment in hospital automation systems in Spain. This has had a moderate impact on areas of the Hospital division which, nevertheless, saw its turnover increase by 4.7% from prior year to 86.3 MM euros.

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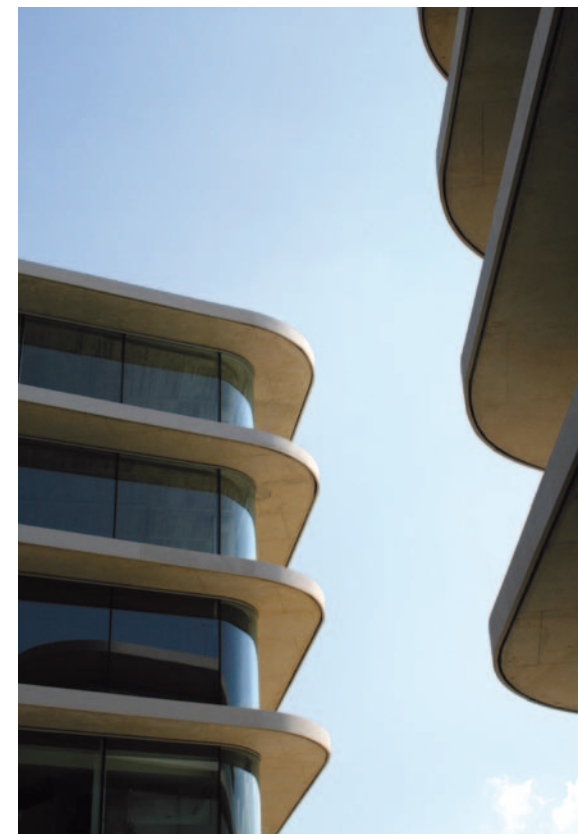
The cost of plasma, the main raw material, has remained stable. In 2009, Grifols obtained 3.2 million litres of plasma at its 80 plasmapheresis centres in the United States, a 12.0% increase over 2008, covering approximately 96% of its fractionation requirements.

The gross margin, at similar levels to 2008, was 48.7% of sales. Operating expenses totalled 218.0 MM euros, up 11.7% from prior year. Implementation throughout the year of cost control policies, coupled with a sound performance of sales, drove EBITDA margin to 29.1% over sales. EBITDA totalled 266.1 MM euros, a 12.6% year-on-year growth. Net profit totalled 148.0 MM euros, up 21.6% from 2008 and representing 16.2% of revenues, in comparison to 14.9% in 2008.

In 2009, financial expenses decreased significantly due to the ongoing cuts in interest rates. However, in 2010 the company foresees the return to 2008 levels if interest rates increase as expected and as a result of the new financial resources secured during the year. Nevertheless, net financial debt at close of 2009 was 561.6 MM euros, 2.1 times EBITDA, compared to 1.9 times recorded in 2008, comfortable levels for the group. Grifols' balance sheet remains solid, with net debt/equity ratio in 2009 at similar levels to 2008 (0.87 times).

Financial operations performed during 2009 enabled the group to modify its debt structure in terms of maturities, with over 68% of available financing linked to long-term maturities. This objective was set by the company to be able to respond in a stable manner to its working capital requirements and to undertake its investment plans. Furthermore, its current cash position would enable the group to undertake M&A transactions should the opportunity arise, and to increase the amount of resources invested into R&D, in particular to develop the studies linked to the possible use of Albumin in treating Alzheimer's Disease, as well as other projects relating to future biotechnological developments.

Grifols first corporate bond issue in the United States, totalling 600 MM dollars, it is among the most significant operations. The issuance was fully subscribed by qualified investors and was structured into three tranches: 200 MM dollars maturing in 12 years, 300 MM dollars in 10 years and 100 MM dollars in seven years, with spreads over the price of 10-year Treasury bills of 370 basis points (bps), 350bps and 335bps, respectively.



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Furthermore, it is worth noting the novation of the 350 MM euro syndicated facility arranged with 24 financial institutions in May 2008, aimed at bringing financial covenants in line with those of the corporate debt issued. This has entailed the replacement of the net financial debt/equity ratio by the minimum equity ratio, which more accurately reflects the company's equity growth and enterprise value.

Grifols has followed its projected Investment Plan, with approximately 104 MM euros invested in 2009.

This has enabled the group to break ground on a new analysis laboratory in Texas (US) and a new solutions factory in Murcia (Spain), among other projects, as well as undertaking several upgrades and refurbishments at plasma collection centres.

At the end of 2009, the construction of the new Flebogamma® DIF in Los Angeles, California, was almost completed. Its is expected that the valuation process to obtain FDA approval will start on the second half of 2010.

Investments in the year also include the refurbishment work conducted at the group's new headquarters, acquired in 2008. The relocation of the various departments was completed in the final quarter of 2009.



Flebogamma® DIF plant in Los Angeles, California.

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**GOOD PERFORMANCES
BY ALL DIVISIONS IN 2009**

¹ Since the first quarter of 2009, sales of albumin for non-therapeutic uses and intermediate products, previously recorded under the Raw Materials division, are accounted for as part of the Bioscience division's revenue. Due to this accounting change and for comparability purposes, 11.7 MM euros have been reclassified to the 2008 Bioscience division's revenue .

BREAKDOWN BY DIVISION

In 2009, the **Bioscience**¹ division, which manufactures speciality pharmaceuticals using human plasma derivatives, reported a turnover of 695.0 MM euros, up 12.5% from 2008 and representing 76.1% of the group's total revenues. Throughout 2009 sales volume in the main plasma derivatives increased, although prices remained stable. Growth was driven, among others, by the 2 contracts won to supply IVIG in Brazil, the commercial launch in Spain and Italy of Niuliva® 250 U.I./ml, the first anti-hepatitis B IVIG registered and marketed in Spain, and the sound results in Asia and Latin America.

Furthermore, in 2009, Grifols continued to foster long-term growth in the division by working on various clinical trials, among others, the possible use of Albumin to treat Alzheimer's Disease. Grifols has also promoted European research on liver cirrhosis

by financing and participating in the European Consortium for the Study of Chronic Liver Failure.

As planned, the facility known as "Minifrac", located at the plant in Los Angeles, received FDA approval at the end of 2009. This enables the maximum plasma fractionation capacity in the US to increase by 700,000 litres per year to 2.2 million litres per year. The FDA also approved the new sterile Albumin filing plant in the US. This approval is the culmination of a three years project to upgrade the entire process for obtaining, purifying and filling Albumin vials at the Los Angeles facility.

In October the construction of a new analysis laboratory in San Marcos (Texas) began. Completion is expected in 2010. The new lab will enable the group to absorb the progressive increase in plasma samples for analysis.

SUMMARY OF SALES BY DIVISION

IN THOUSANDS OF EUROS	2009	% ON SALES	2008	% ON SALES	% VAR.	%VAR CC
BIOSCIENCE DIVISION	694,969	76.1%	617,975	75.9%	12.5%	11.9%
HOSPITAL DIVISION	86,328	9.4%	82,440	10.1%	4.7%	5.0%
DIAGNOSTIC DIVISION	103,091	11.3%	85,775	10.5%	20.2%	20.9%
RAW MATERIALS DIVISION AND OTHERS	28,798	3.2%	28,121	3.5%	2.4%	-7.6%
TOTAL	913,186	100.0%	814,311	100.0%	12.1%	11.4%

2008 comparatives: 11,725 euro were transferred from Raw Materials to Bioscience for comparison purposes in 2008



Plasmaderivatives shipment to Barcelona from Brasil.

Sales at the **Hospital** division, which concentrates non-biological pharmaceutical products used in hospital pharmacy, such as parenteral and enteral nutrition products and solutions, increased by 4.7% year-on-year to 86.3 MM euros. Despite budget restrictions at hospitals in Spain, the Hospital Logistics area, where Grifols is a name of reference, has benefited from the renewal of commercial agreements such as the one signed with Kardex Remstar. It is also worth noting, sales in the Medical Instruments and Nutrition areas increased over 8% each, as well as manufacturing for third-parties.

With regards to investments, the company launched a production line of prediluted paracetamol in bags at its Barcelona plant, as well as automating the production lines at its Murcia facility to respond to growing demand. Furthermore, it started the construction of a new plant in the same location for the production of parenteral solutions in flexible packaging (polypropylene bags).

Diagnostic revenues were 103.1 MM euros in 2009, up 20.2% compared to 2008. It now accounts for 11.3% of the total business. This division includes manufacturing and development of equipment, instrumentation and reagents for clinical analysis laboratories. Turnover was boosted by higher sales of reagents (DG Gel® cards) in markets like China and Mexico, as well as stable instrument exports to the United States, Europe, China and Australia. In this market, sales were boosted by the acquisition of the Australian-Swiss group, which enabled Grifols to consolidate for first time revenues totalling 11.2 MM euros. Furthermore, as part of the expansion plan defined in Australia, the group has secured the purchase of a new building where it has installed the new DG Gel® immunohematology cards plant. Production commenced in early 2010.

The **Raw Materials & Others** division kept its revenues at 28.8 MM euros, as expected, since this division comprises raw material (plasma) sales to third parties and other services.

CONSOLIDATION
OF INTERNATIONAL
DIVERSIFICATION
IN AREAS LIKE
LATIN AMERICA AND ASIA

**PERFORMANCE BY
GEOGRAPHICAL REGION**

At 2009 close, Grifols' revenues from international markets accounted for 75.3% of the total. International sales grew by 14.4% to 687.4 MM euros.

As regards the pace of growth by geographical areas, 296.7 MM euros were generated in the United States, with a 2.1% increase year-on-year. 32.5% of Grifols' revenues in 2009 were generated in the US market, where the company maintains its pace

of penetration. Europe accounted for 46.5% of the group's turnover, which totalled 424.6 MM euros, up 5.1% year-on-year. Spain and Portugal contributed 233.5 MM euros to Grifols' total revenues, an increase of 5.6% from prior year.

The most relevant increases took place in new areas of growth for Grifols, such as Latin America (50.5%) and Asia (45.9%). In particular, countries like Brazil, Mexico, Argentina, China and Australia have reached a higher proportion within the sales mix, contributing to the group's growth strategy and its diversification.

SUMMARY OF SALES BY REGION

IN THOUSANDS OF EUROS	2009	% ON SALES	2008	% ON SALES	% VAR.
EUROPEAN UNION	424,591	46.5	404,099	49.6	5.1%
US	296,659	32.5	290,666	35.7	2.1%
ROW	191,936	21.0	119,546	14.7	60.6%
TOTAL	913,186	100.0	814,311	100.0	12.1%

PERFORMANCE IN THE FOURTH QUARTER OF 2009

Sales upward trend continues

Revenues in the fourth quarter were 4.4% higher than in the same period in 2008, totalling 223.6 MM euros.

During the quarter, sales in the US were affected by slow activity in Raw Materials and by the dollar's performance. Excluding both effects, the reduction in the quarter would have been a much lower 7.4%. The inventory reduction within the US distribution channel drove down real IVIG sales in comparison to previous quarters, although this has not meant a lower consumption by hospitals in the period.

Fourth quarter EBITDA totalled 59.2 MM euros. The dollar's performance against the euro in the last few months of the year pushed production costs higher, however, this was offset by the significant decline in financial expenses. Consequently, net profit totalled 30.9 MM euros. This represents 13.8% over sales and it is 7.1% higher than profit in the same period in 2008.

SUMMARY OF SALES BY DIVISION

IN THOUSANDS OF EUROS	4TH Q 2009	% ON SALES	4TH Q 2008	% ON SALES	% VAR.	% VAR CC
BIOSCIENCE DIVISION	170,639	76.3%	164,345	76.8%	3.8%	11.2%
HOSPITAL DIVISION	22,886	10.2%	20,425	9.5%	12.0%	13.0%
DIAGNOSTIC DIVISION	26,848	12.1%	22,131	10.3%	21.3%	25.3%
RAW MATERIALS DIVISION AND OTHERS	3,221	1.4%	7,218	3.4%	-55.4%	-55.1%
TOTAL	223,594	100.0%	214,119	100.0%	4.4%	10.6%

2008 comparatives: 3,374 euro were transferred from Raw Materials to Bioscience for comparison purposes in 2008

SUMMARY OF SALES BY REGION

IN THOUSANDS OF EUROS	4TH Q 2009	% ON SALES	4TH Q 2008	% ON SALES	% VAR.
EUROPEAN UNION	103,909	46.5	95,169	44.5	9.2%
US	65,148	29.1	83,994	39.2	-22.4%
ROW.	54,537	24.4	34,956	16.3	56.0%
TOTAL	223,594	100.0	214,119	100.0	4.4%

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2009 HIGHLIGHTS

These actions accomplished during 2009 enabled Grifols to continue to strengthen all its business areas, as well as its commitment to shareholders, employees and the environment:

Acquisition of the Australian-Swiss group

Grifols paid 25 MM euros to acquire a 49% stake of the economic rights and 99% of the voting rights of an Australian-Swiss holding company. The investment brings significant synergies to Grifols in the Diagnostic area.

Opening of Grifols Plasmapheresis Academy in the United States

Located in Arizona (US) this initiative evidences Grifols' firm commitment to employee training and standardisation of in-house knowledge, in line with the degree of specialisation required by the plasma derivatives industry. From its opening last January, over 500 hundred employees have participated in the 25 courses organized by the Academy. The training contents have ranged from operations to quality and medical knowledge.



Grifols shares start trading in the US via ADR's

The group initiated a Level 1 Sponsored American Depositary Receipts (ADR) issue programme. This formula makes the securities available to all US investors and facilitates the participation of US employees in the group. Grifols' ADR's are traded in dollars (USD) in the OTC (over-the-counter) market at a ratio of 1 Grifols share to every 2 ADRs.

Approval of a gross dividend of 0.23209 euros per share against 2008 earnings, at the General Shareholders' Meeting

40% of net profit was spend on dividend payments, totalling 48.69 MM euros. This amount is 40% higher than in the previous year. Furthermore, in December 2009 the first interim dividend on account of 2009 earnings was paid, totalling 0.15305 euros gross per share. The payment of interim dividends was approved at the last Ordinary General Shareholders' Meeting.

Grifols closed its 600 MM dollar corporate bond issue in the United States

The issue was subscribed by qualified investors mainly in dollars, with 10% in sterling and euros. The issue was heavily over-subscribed.

Launch of Niuliva®, and anti-hepatitis B intravenous immunoglobulin (IVIG) in Spain and Italy

Niuliva® 250 ui/ml es is the first anti-hepatitis B IVIG registered and marketed in Spain. It is scheduled to be progressively introduced into other countries where Grifols markets its plasma derivatives.



Grifols breaks ground on a new analysis laboratory in the United States

This is phase one of Grifols' investment plans in Texas, which also includes the construction of a new plasma derivatives production plant and warehouse facilities to respond to growing market demand. Once the projects are completed, both already included in the 2008-2012 Investment Plan, Grifols' investment in Texas will total 76 MM dollars. Construction of the new lab in San Marcos (Texas) is scheduled for completion in 2010, enabling the group to absorb the progressive increase in the number of donations and therefore the number of plasma samples for analysis.

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HUMAN RESOURCES

Grifols' sound performance in 2009 has enabled it to continue to create job opportunities. In 2009, the average workforce at Grifols stood at 5,984 employees, a 8.7% increase over the average in 2008. Employment creation took place in both, Spain and the US, where the group's production centres are located.

In line with previous years trends, Grifols has continued to promote health and safety policies at the workplace. In 2009, it established preventive measures against possible psycho-social risks, after evaluating 80% of the group Spanish subsidiaries (approximately 2,000 people).

As regards certifications, in 2009 Grifols obtained renewal of the Ohsas 18.001:2007 standard and it boosted training in the areas of quality, risk prevention and occupational health, as well as other aspects linked to technological development, improvement of processes and systems, as well as ongoing skills training. 15,369 courses have been launched, totalling 155,584 training hours.

ENVIRONMENT

Environmental spending in 2009 was 3 MM euros approximately, mainly related to waste management. Environmental investments were linked to savings in water consumption and improvement of the quality of waste water.

The main environmental indicators have risen by significantly less than the group's productive activity, and in some cases they have even decreased. In total, Grifols generated 16,000 tonnes of waste in all its business areas. Electricity consumption increased by 1% to 73 million kWh, less than the increase in production, while water consumption also increased by less than the rise in production (less than 5%). Better usage of useful heat at the cogeneration plant in the Bioscience division drove down total natural gas consumption by 5%. Finally, total direct and indirect CO₂ emissions were down 6% from the previous year.

With regard to the new cogeneration plant at the Bioscience division, it operated regularly for its first full year, producing 44.5 million kWh and recovering 33.5 million kWh as steam and hot water.



CORPORATE SOCIAL RESPONSIBILITY: COMMITMENT TO RESEARCH

Grifols' main commitment to society is through the implementation of a consistent R&D policy. This enables it to continue to make headway in finding therapies and solutions for those affected by diseases linked to the deficit of a particular plasma protein, as well as other pathologies in which plasma derivatives may also have therapeutic uses.

In this regard, in 2009 Grifols unveiled the intermediate results of its clinical trials on the treatment of Alzheimer's Disease. The results suggest the illness on patients treated have tended to stabilise. This line of research is based on the systematic practice of therapeutic plasmapheresis using Grifols Human Albumin in patients with AD.

The group is also involved in promoting European research on liver cirrhosis via the newly-created European Consortium for the Study of Chronic Liver Failure, which has 70 member centres throughout Europe, and is led by the Hospital Clínic de Barcelona.

Moreover, in 2009 this commitment translated into more than 35.4MM euros in R&D investment, a 24.2% increase in comparison to 2008.

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PROFIT AND LOSS ACCOUNT

IN THOUSANDS OF EUROS

	2009	2008	% VAR.
TOTAL REVENUE	913,186	814,311	12.1%
COST OF SALES	468,678	416,127	12.6%
GROSS PROFIT	444,508	398,184	11.6%
<i>% ON SALES</i>	<i>48.7%</i>	<i>48.9%</i>	
R&D	35,387	28,494	24.2%
SGA	182,593	166,729	9.5%
OPERATING EXPENSES	217,980	195,223	11.7%
OPERATING PROFIT	226,528	202,961	11.6%
<i>% ON SALES</i>	<i>24.8%</i>	<i>24.9%</i>	
FINANCIAL RESULT	22,585	30,716	-26.5%
SHARE OF RESULT OF ASSOCIATES	-51	-24	112.5%
PROFIT BEFORE TAXES	203,994	172,269	18.4%
<i>% ON SALES</i>	<i>22.3%</i>	<i>21.2%</i>	
TAX PROVISION	56,424	50,153	12.5%
NET PROFIT BEFORE MIN. INTERESTS.	147,570	122,116	20.8%
MINORITY INTERESTS	-402	388	-203.6%
GROUP NET PROFIT	147,972	121,728	21.6%
<i>% ON SALES</i>	<i>16.2%</i>	<i>14.9%</i>	
E B I T D A	266,082	236,217	12.6%
<i>% ON SALES</i>	<i>29.1%</i>	<i>29.0%</i>	

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CASH FLOW

IN THOUSANDS OF EUROS

	2009	2008
NET INCOME	147,972	121,728
DEPRECIATION/AMORTIZATION	39,554	33,256
NET PROVISIONS	53	1,994
OTHER ADJUSTMENTS-NET	20,310	14,063
CHANGES IN INVENTORIES	(113,104)	(98,520)
CHANGES IN ACCOUNTS RECEIVABLE	(20,841)	(13,678)
CHANGES IN ACCOUNTS PAYABLE	14,236	15,600
<i>CHANGE IN OPERATING WORKING CAPITAL</i>	<i>(119,709)</i>	<i>(96,598)</i>
NET CASH FLOW FROM OPERATING ACTIVITIES	88,180	74,443
CAPEX (PROPERTY.PLANT & EQUIP)	(110,115)	(124,313)
R&D/OTHER INTANGIBLE ASSETS	(8,655)	(5,887)
OTHER CASH INFLOW (OUTFLOW)	(17,183)	(566)
NET CASH FLOW FROM INVESTING ACTIVITIES	(135,953)	(130,766)
<i>FREE CASH FLOW</i>	<i>(47,773)</i>	<i>(56,323)</i>
ISSUE (PURCHASE) OF TREASURY STOCK	26,655	(4,211)
ISSUE (REPAYMENT) OF DEBT	344,413	96,348
DIVIDENDS	(80,913)	(34,792)
CONVERSIONS DIFFERENCES		741 -
NET CASH FLOW FROM FINANCING ACTIVITIES	290,896	57,345
TOTAL CASH FLOW	243,123	1,022
CASH OR CASH EQUIVALENTS AT THE START OF THE YEAR	6,368	5,690
EFFECT OF EXCHANGE RATE ON CASH	(119)	(344)
CASH OR CASH EQUIVALENTS AT THE END OF THE YEAR	249,372	6,368



BALANCE SHEET

IN THOUSANDS OF EUROS

ASSETS

NON-CURRENT ASSETS

FIXED ASSETS	371,705	301,009
GOODWILL AND OTHER INTANGIBLE	243,385	216,323
OTHER NON-CURRENT ASSETS	37,509	36,307

CURRENT ASSETS

INVENTORIES	484,462	373,098
TRADE AND OTHER RECEIVABLES	262,527	240,454
OTHER CURRENT ASSETS	8,217	6,680
CASH AND CASH EQUIVALENTS	249,372	6,368

TOTAL ASSETS

1.657,177 **1,180,239**

LIABILITIES

EQUITY

CAPITAL	106,532	106,532
RESERVES	436,705	369,471
TREASURY STOCKS	(677)	(33,087)
INTERIM DIVIDENDS	(31,960)	-
EARNINGS	147,972	121,728
MINORITY INTERESTS	12,157	1,250
ADJUSTMENTS BY VALUE CHANGES	(92,201)	(84,615)

NON-CURRENT LIABILITIES

FINANCIAL LIABILITIES	715,738	324,055
OTHER NON-CURRENT	63,868	57,367

CURRENT LIABILITIES

NON-CURRENT LIABILITIES	126,221	157,232
OTHER CURRENT LIABILITIES	172,822	160,306

TOTAL LIABILITIES

1,657,177 **1,180,239**



GRIFOLS' DAILY SHARE PRICE VS IBEX 35

(BASE 100, FROM JANUARY 1 2009 TO DECEMBER 31 2009)



(BASE 100, FROM MAY 17 2006 TO DECEMBER 31 2009)

