



**2008** F I R S T H A L F R E S U L T S

**GRIFOLS**

- **Net profit** totalled **62.2 million** euros, up **36.8 %** on the previous year
- **Revenue** rose **13.8%** to **407.2 million** euros
- **EBITDA** advanced **30.4%** to **118.1 million** euros, with an EBITDA margin of **29.0%**

## First half results 2008

Sales rose in all markets, led by the US and Latin America, with increases of 21% and 55%, respectively.

Net financial debt stood at 2x EBITDA.

Grifols reported revenue of 407.2 million euros in the first half of 2008, an increase of 13.8% from the same period last year.

Stripping out the exchange rate effect, revenue would have climbed 20.8%. With regard to margins, Grifols' natural hedge against foreign currency risk largely allows it to offset the impact of sales in dollars with purchases of plasma, the company's main raw material, which are also in dollars.

Up to June, the company collected 21.9% more plasma than in the first half of 2007, through its 79 plasmapheresis centers in the US. As a result, raw material costs have benefited from the current exchange rate and driven the improvement in gross margin: 49.5% of sales in 2008 vs. 44.1% in 2007. Grifols' long-standing business strategy relies on collecting raw material (plasma) from its own plasmapheresis centers which has a two-pronged objective: to control costs and to provide a raw material with the maximum levels of safety, guarantee and quality. In the first six months of this year, Grifols also increased the volume of fractionated plasma obtained from its network of centres by 21.9%. This allows the Company, mid term, to have more final product to respond to market demand.

## FIRST HALF

In thousands of Euros	2008	2007	% var.
Net Profit	62,161	45,446	36.8
<i>% on sales</i>	<i>15.3</i>	<i>12.8</i>	
EBITDA	118,078	90,558	30.4
<i>% on sales</i>	<i>29.0</i>	<i>25.3</i>	

The higher gross margin was also due to an increase, both in volume and prices, of the main plasma derivatives the Group provides through its Bioscience division: albumin, intravenous immunoglobulin (IVIg) and coagulation factors VIII and IX, which have contributed to the 22.6% rise in revenues in this division.

A higher gross margin and lower operating costs have driven the Company's EBITDA up to 118.1 million euros, an increase of 30.4% on the first half of 2007. The gross margin represented 29.0% of sales compared to 25.3% the previous year. Net profit in the first half of 2008 climbed 36.8% year-on-year to 62.2 million euros.



Grifols' net financial debt stood at 406.4 million euros in the first half of 2008, giving a gearing ratio of 2x EBITDA versus 2.1x EBITDA a year earlier.

These results reflect the performance of a non-cyclical industry in which demand is continually on the increase and in which Grifols has significant competitive advantages thanks to its plasma collection and fractionation capacity.

### Revenue performance by division:

The Bioscience division had revenue of 300.6 million euros, a 22.6% rise on the first six months of 2007. The upward trend, both in volume and price, of Grifols' main plasma derivatives, continued with increased sales in all geographical areas, especially in the US and Latin America.

The "fractionation for third parties" contracts, through which Grifols fractionates and purifies plasma from hospitals in Spain and the Czech and Slovak Republics

### SUMMARY OF SALES BY DIVISION

In thousands of Euros	1 Half 2008	1 Half 2007	% var.
BIOSCIENCE Division	300,642	245,231	22.6
HOSPITAL Division	42,480	38,394	10.6
DIAGNOSTIC Division	43,478	41,595	4.5
RAW MATERIALS+Others Division	20,598	24,429	-36.7
<i>PlasmaCare</i>		8,099	--
<b>TOTAL</b>	<b>407,198</b>	<b>357,748</b>	<b>13.8</b>

and returns them the finished product (plasma derivatives), have contributed over 16 million euros to this division's revenue. This type of contract also allows the Company to optimise the use of its industrial facilities and increase the profitability of the investments made, thanks to which, today, Grifols has two of the most modern, safe and efficient industrial complexes for plasma derivatives production in the world.

The performance of the Diagnostic division in the second quarter reflects the recovery of the Immunohaematology business, in particular sales of reagents, which was in line with Group forecasts. This division obtained revenue of 43.5 million euros, a 4.5% year-on-year rise on the same period in 2007.

Sales in the Hospital division increased 10.6%, totalling 42.5 million euros. The Hospital Logistics division is experiencing rapid growth and posted sales of 9.6 million euros, up 14% on 2007, thereby making Grifols the leader in specific solutions to improve the efficiency and quality of hospital pharmacy services in various countries.

The Raw Materials & Others division, recorded revenue of 20.6 million euros, a fall of 36.7% on the same period in 2007. This was due to the end of existing direct plasma sales agreements to third parties and the exclusive use of raw material by the Group.

## Revenue performance by regions:

Turning to the rate of growth in different geographical regions: the US generated revenue of 137.9 million euros, where there was 21% growth (ex-PlasmaCare) on the first half of 2007, Spain and Portugal contributed 118.9 million euros (+15.2%) and Asia 14.1 million euros (+14.1%). Latin America contributed 37 million euros (+55%), thanks to the growth in Hospital Logistics (Hospital division) sales and the combination of increases in price and turnover recorded by Bioscience products in this region.

## SUMMARY OF SALES BY REGION

In thousands of Euros	1st. Half 2008	% on sales	1st. Half 2007	% var.
European Union	214,001	52.5	191,076	12.0
US	137,904	33.9	114,005	12.9
<i>PlasmaCare</i>			8,099	--
ROW	55,293	13.6	44,568	24.1
<b>TOTAL</b>	<b>407,198</b>	<b>100.0</b>	<b>357,748</b>	<b>13.8</b>

## Environment

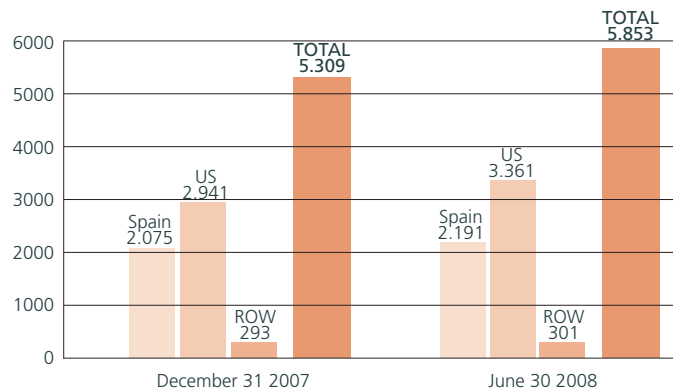
The first half of 2008 saw the approval of the 2008-2010 Environmental Programme, which includes the objectives and resources aimed at improving the Company's environmental performance. The main areas of activity are reducing consumption of energy, water and raw materials, improving waste management and wastewater quality, and the reduction of CO2 emissions.

In the first six months of 2008, a new cogeneration plant, with 2 new natural gas-fired turbines and capacity of 6.1 MW, came on stream. This new facility quadruples the productive capacity of the previous plant, guarantees supply and uses the thermal energy generated by the production of steam and hot and cold water in manufacturing facilities.

## Human Resources

At 30 June 2008, Grifols employed a total of 5,853 people, 10% more than at the end of 2007. All departments grew as a consequence of the group's excellent business performance. Growth in particular was seen in the R&D department's workforce, in line with Grifols' strategy of bolstering its research and development area, and in the production department's workforce.

### Key workforce indicators



As a result of the agreement made with the Catalan Regional Government's Department of Education, manufacturing staff in Catalonia can obtain professional accreditation. This, together with the development of Professional Training programmes, will see an increase in the level of staff qualifications.

## Main events in the first half of 2008:

The main initiatives carried out in the first half of 2008 clearly show the Company's solvency and its commitment to its shareholders, the environment and its employees:

- The obtaining of a 350 million euros syndicated loan, which will be used to repay the outstanding balance of the 225 million euros syndicated loan granted in 2005, refinance the short-term lines of credit and partially finance the group's 2008-2012 investment plan. The five-year loan has been signed with 24 financial institutions and is also partially available in US dollars. The amount, originally for 300 million euros, was extremely well received by the financial institutions involved and so the amount was pro-rated.
- Start up of activities at the two new plasmapheresis centers in the United States. With these new additions to the scheduled expansion, there are now 79 centres in operation.
- Obtained the new FDA license for the new coagulation factor sterile dosage activity in the plasma derivatives plant in Los Angeles. Construction of Building 325 began in January 2004 and approval was obtained in only four months. Production has begun in these facilities, although the definitive closure of the sterile filling zones used previously (South Filling) will not be completed until the third quarter.
- General Shareholders' Meeting  
Approval of a gross dividend of 0.165 euros per share, which amounts to a total dividend of 34.8 million euros and a pay-out of close to 40% of net profit.  
  
Grifols agreed to give 0.7% of pre-tax profit to social and humanitarian projects. The objective is to contribute to the improvement of healthcare in those regions which lack sufficient health resources and expertise.
- The start up of the new 6.1 Mw cogeneration facility at the plasma derivatives plant in Barcelona, which, as well as quadrupling energy capacity and guaranteeing electricity supply for this plant, will also reduce CO<sub>2</sub> emissions by over 5,000 tonnes a year.



## General performance in the second quarter of 2008

In the second quarter of 2008 Grifols' sales rose 16.8% to 205.5 million euros.

### SUMMARY OF SALES BY DIVISION

In thousands of Euros	2nd. Q 2008	2nd. Q 2007	% var.
División BIOSCIENCE	151,421	123,795	22.3
División HOSPITAL	21,462	20,376	5.3
División DIAGNOSTIC	23,160	20,434	13.3
División RAW MATERIALS+Others	9,479	10,982	-16.2
<i>PlasmaCare</i>		324	--
<b>TOTAL</b>	<b>205,522</b>	<b>175,911</b>	<b>16.8</b>

### SUMMARY OF SALES BY REGION

In thousands of Euros	2nd. Q 2008	% on sales	2nd. Q 2007	% var.
European Union	105,807	51.5	96,712	9.4
US	72,379	35.2	54,482	32.1
<i>PlasmaCare</i>			324	--
ROW	27,336	13.3	24,394	12.1
<b>TOTAL</b>	<b>205,522</b>	<b>100.0</b>	<b>175,911</b>	<b>16.8</b>

The Group's future results could be affected by events related to its own activities, such as a shortage in the supply of raw materials for its products, the entry of competitors into the market, legislative changes regulating the markets in which it operates, etc. However, no significant changes are expected in these areas in the short term.



## PROFIT AND LOSS ACCOUNT

In thousands of Euros	1st. Half 2008	1st. Half 2007	% var.
Net Sales	407,198	355,730	14.5
Other Operating Income	0	2,367	-100.0
<b>TOTAL OPERATING INCOME</b>	<b>407,198</b>	<b>358,097</b>	<b>13.8</b>
Cost of Sales	205,672	200,144	2.8
GROSS PROFIT	201,526	157,953	27.6
<i>% on Sales</i>	<i>49.5</i>	<i>44.1</i>	
R&D	15,537	14,521	7.0
SG&A	83,809	69,008	21.4
OPERATING EXPENSES	99,346	83,529	18.9
OTHER OPERATING EXPENSES (INCOME)	0	-198	-100
<b>OPERATING PROFIT</b>	<b>102,180</b>	<b>74,622</b>	<b>36,9</b>
<i>% on Sales</i>	<i>25.1</i>	<i>20.8</i>	
FINANCIAL RESULT	13,285	8,460	57.0
Interest in Associates	-11	2	-650
<b>PROFIT BEFORE TAXES</b>	<b>88,906</b>	<b>66,160</b>	<b>34.4</b>
<i>% on Sales</i>	<i>21.8</i>	<i>18.5</i>	
Tax Provision	26,559	20,373	30.4
<b>NET PROFIT BEFORE MINORITY INTEREST</b>	<b>62,347</b>	<b>45,787</b>	<b>36.2</b>
Minority Interest	186	341	-45.5
<b>NET PROFIT</b>	<b>62,161</b>	<b>45,446</b>	<b>36.8</b>
<b>E B I T D A</b>	<b>118,078</b>	<b>90,558</b>	<b>30.4</b>
<i>% on Sales</i>	<i>29,0</i>	<i>25.3</i>	

## CASH FLOW

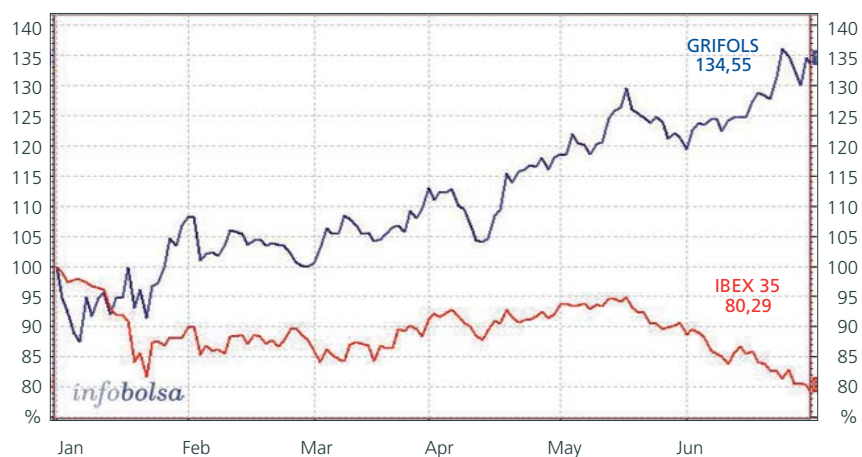
In thousands of Euros	1st. Half 2008	1st. Half 2007
<b>Net Income</b>	<b>62,161</b>	<b>45,446</b>
D&A	15,898	15,936
Net Provisions	90	79
Non-Cash Adjustments / Other	21,758	10,303
Change in Inventory	(37,723)	(15,199)
Change in Accounts Receivable	(40,795)	(29,042)
Change in Accounts Payable	7,179	5,062
<i>Change in Working Capital</i>	<i>(71,339)</i>	<i>(39,179)</i>
<b>Cash Flow from Operations</b>	<b>28,568</b>	<b>32,585</b>
Capex	(49,651)	(21,828)
R&D / Other Intangible Assets	(2,290)	(2,799)
<i>Free Cash Flow</i>	<i>(45,221)</i>	<i>(2,424)</i>
Acquisition Plasma Centers	(2,375)	0
Other	1,130	25
<b>Cash flow from Investing Activities</b>	<b>(53,186)</b>	<b>(24,602)</b>
Purchase / Sale of Treasury Shares	(3,553)	(7,970)
Capital Increase	0	0
Debt Increase / (Decrease)	61,371	5,527
Other Payables Capex Increase / (Decrease)	(1,429)	(13,018)
Dividends Paid	(34,792)	0
Foreign Exchange Differences	3,492	419
<b>Cash Flow from Financing Activities</b>	<b>25,089</b>	<b>(15,042)</b>
<b>Total Cash Flow</b>	<b>471</b>	<b>(7,059)</b>
<b>Cash, Beginning Balance</b>	<b>5,690</b>	<b>26,883</b>
<b>FX Rate Effect in Cash</b>	<b>111</b>	<b>(172)</b>
<b>Cash, Ending Balance</b>	<b>6,272</b>	<b>19,652</b>

## BALANCE SHEET

In thousands of Euros	June 2008	June 2007
<b>ASSETS</b>		
Total Non Current Assets	468,141	434,491
Total Current Assets	565,383	519,049
<b>TOTAL ASSETS</b>	<b>1,033,524</b>	<b>953,540</b>
<b>LIABILITIES</b>		
Total Stockholders Equity	388,518	386,664
Total Non Current Liabilities	348,054	248,355
Total Current Liabilities	296,952	318,521
<b>TOTAL LIABILITIES</b>	<b>1,033,524</b>	<b>953,540</b>

### Grifols' daily share price vs IBEX 35

(Base 100, from January 1 2008 to June 30 2008)



**GRIFOLS**