



**2008** FIRST QUARTER REPORT

**GRIFOLS**

- Net profit totalled **31.1 million** euros, up **+33%** on the previous year
- Revenue rose **+10.9%** to **201.7 million** euros
- **EBITDA**, with the sales margin widening to **29.5%**, climbed **+30%** to **59.5 million** euros

## First quarter results 2008

Total revenue for the first three months of 2008 was boosted by the increase in the volume of plasma derivative sales. As well as the surge in the Bioscience division's sales, which underscores the performance of a non-cyclical industry where demand is growing constantly, the Hospital division also posted significant levels of revenue growth.

Grifols earned revenue of 201.7 million euros in the first quarter of 2008, an increase of 10.9% from the same period a year earlier. Continued positive performance, in both sales volume and prices, of some of the leading plasma derivatives sold by the group, such as albumin and intravenous immunoglobulin, along with a good showing at the Hospital Division, drove the earnings increase. Stripping out the exchange rate effect, revenue would have climbed 17.1%. Nevertheless, Grifols' natural hedge against exchange rate risk largely allows it to offset negative exchange rate effects from dollar-denominated sales with purchases of plasma, the company's main raw material, which are also in dollars.

On a like-for-like basis, i.e. stripping out plasma derivative sales arising from the PlasmaCare acquisition and using a constant exchange rate, the revenue increase for the first quarter 2008 would have been 22%

**Grifols has a natural hedge against currency risk. Negative exchange rate effects from dollar-denominated sales are offset by purchases of plasma, its main raw material, which are also in dollars.**

Operating expenses amounted to 24% of total sales, similar to a year earlier. EBITDA rose 30% to 59.5 million euros vs. 45.8 million euros in the same period a year earlier, far exceeding the increase in sales.

**FIRST QUARTER**

In thousands of Euros	2008	2007	% var.
Net Profit	31,114	23,392	33.0
<i>% on sales</i>	<i>15.4</i>	<i>12.8</i>	
EBITDA	59,506	45,762	30.0
<i>% on sales</i>	<i>29.5</i>	<i>25.1</i>	

Net profit in the first quarter of 2008 climbed 33% on the previous year to 31.1 million euros.

These earnings 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, which the company will continue to expand in coming years.

Grifols’ debt stood at 380.1 million euros to March 2008, or 2 times EBITDA, compared with 2.2 times EBITDA a year earlier.



## Revenue performance by division

**Bioscience** remains the standout division in terms of growth, posting revenue of 149.2 million euros, a 22.9% increase compared to 2007. A highlight here was the increase in the volume of sales of plasma derivatives such as albumin (up 15%) and IVIG (up 30%), compared to the same period in 2007. Prices also rose, albeit not as sharply.

**Diagnostic** earned revenue of over 20 million euros. This represents a 4% decrease from a year earlier, although the trend began to change at the end of the quarter. This fall is due to the monthly distribution of some transactions, an effect which will be offset on a cumulative basis in later quarters.

### SUMMARY OF SALES BY DIVISION

In thousands of Euros	1st. Q 2008	1st. Q 2007	% var.
BIOSCIENCE Division	149,221	121,437	22.9
HOSPITAL Division	21,018	18,018	16.6
DIAGNOSTIC Division	20,318	21,161	-4.0
RAW MATERIALS+Others Division	11,119	21,222 *	-47.6
<b>TOTAL</b>	<b>201,676</b>	<b>181,838</b>	<b>10.9</b>

\* *Plasmacare sales 7,775 (000 EUR) in US*

Turnover at the **Hospital** division rose 16.6% on 2007 to 21 million euros. Hospital Logistics drove sales at this division, with an increase of 55.9%. This underlines the development potential for this business area, which is contributing to the international expansion of this division, whose sales until now were predominantly confined to the domestic market.

Turnover at the **Raw Materials & Others** division dropped to 11.1 million euros, in line with company forecasts. This division includes sales of intermediate products and raw material (plasma) to third parties. Following its cancellation in the first quarter of 2007 of a contract it had acquired with the PlasmaCare purchase, it no longer sells plasma directly to competitors.

## Performance by region

The regions posting most revenue growth were the US, Latin America and Asia, with a more balanced growth in Europe and the US. When measured at constant exchange rates, sales in the North American market increased by 10.3% compared to the first quarter of 2007. Stripping out the non-recurrent sales of plasma in 2007, the increase is 24.8%. Turnover was up too in Spain and Portugal, driven by the increase in sales of IVIG and the positive reception from hospitals in the Iberian peninsula for services offered by Grifols' Hospital Logistics area.

### SUMMARY OF SALES BY REGION

Miles de euros	1st. Q 2008	% on sales	1st. Q 2007	% var.
European Union	108,194	53.6	94,364	14.7
US	65,526	32.5	59,524	10.1
<i>Plasmacare</i>			7,775	--
ROW	27,957	13.9	20,175	38.6
<b>TOTAL</b>	<b>201,676</b>	<b>100.0</b>	<b>181,838</b>	<b>10.9</b>



Aerial view of Grifols' Headquarters in Los Angeles.



## Main events in the quarter

The main initiatives carried out in the first quarter show that Grifols is properly rolling out its 400 million euro investment plan, whose targets focus both on raising plasma collection capacity and continually increasing plasma derivative production capacity at the company's manufacturing plants:

- Grifols' inclusion in the IBEX-35. From 2 January 2008, Grifols forms part of the Spanish stock exchange's benchmark index.
- Purchase of Novartis' former industrial complex of 31,000 square meters in Parets del Vallès, Barcelona (photo at the bottom of the page), where the company plans, among other things, to locate the group's logistics area.
- Agreement with Stough Development Corporation to open 10 new plasma collection centres in the US over the next 18 months. The deal will be fully financed by Stough Development Corporation as the owner and lessor of these centres, which will be operated under lease by Grifols. When they come on stream, they will give the group access to an additional 400,000 litres of plasma for fractionation, without having to use its own funds.



**Grifols' daily share price vs IBEX 35**  
(Base 100, from January 1 2007 to March 31 2008)



**GRIFOLS**