

Fourth Quarter 2016 Performance Summary

GRIFOLS

Operational and Financial Highlights - 2016

- Net profit rises by +2.5% to Euros 545.5 million
- Recurring sales (excluding Raw Materials and Others) rise by +4.5% (+4.6% cc*) to Euros 3,990.8 million, and net revenues total EUR 4,049.8 million, up by +2.9% (+3.1% cc)
- Bioscience leads sales growth by +6.5% (+6,6% cc) to Euros 3,228.3 million, consolidating an upward trend of organic growth in sales
- The Diagnostic Division pursues further operating efficiencies. Completed in record time the acquisition of Hologic's share of the NAT business (Nasdaq: HOLX)
- The Hospital Division strengthens the geographical expansion of its sales, especially in the United States
- EBITDA totals Euros 1,141.3 million, representing 28.2% of revenues, the EBIT margin represents 23.2% of net revenues at Euros 939.4 million

* Constant currency (cc) excludes exchange rate variations

Operational and Financial Highlights - 2016

- More than Euros 268 million allocated to capital investments (CAPEX), including those relating to industrial assets and new plasma donor centres, which increase to 171 at the close of the year
- Financial management contributes to maximizing the result
- The net debt to EBITDA ratio stands at 3.55x at December 2016 (3.45x cc). The liquidity position exceeds Euros 1,375 million
- The refinancing process concluded early 2017 enables the optimization of the financial structure and significantly improves all financing conditions
- The workforce increases by +1% to 14,900 employees

Key financial metrics - 2016

<i>In millions of euros except % and EPS</i>	2016	2015	% Var
NET REVENUE (NR)	4,049.8	3,934.6	2.9%
GROSS MARGIN	47.2%	49.1%	
R&D	197.6	224.2	(11.9%)
% NR	4.9%	5.7%	
EBITDA	1,141.3	1,162.6	(1.8%)
% NR	28.2%	29.5%	
EBIT	939.4	970.4	(3.2%)
% NR	23.2%	24.7%	
GROUP PROFIT	545.5	532.1	2.5%
% NR	13.5%	13.5%	
ADJUSTED⁽¹⁾ GROUP PROFIT	623.3	614.2	1.5%
% NR	15.4%	15.6%	
CAPEX	268.3	266.4	0.7%
EARNINGS PER SHARE (EPS)⁽²⁾	0.80	0.78	2.5%
	December 2016	December 2015	% Var
TOTAL ASSETS	10,129.8	9,601.7	5.5%
TOTAL EQUITY	3,728.0	3,301.4	12.9%
CASH & CASH EQUIVALENTS	895.0	1,142.5	(21.7%)
LEVERAGE RATIO	3.55/(3.45cc)⁽³⁾	3.19/(2.92cc)⁽³⁾	

⁽¹⁾ Excludes non-recurring costs and associated with recent acquisitions, amortization of deferred expenses associated to the refinancing and amortization of intangible assets related to acquisitions

⁽²⁾ EPS as of December 31, 2015 calculated taking into consideration the 2:1 split effective 4 January 2016

⁽³⁾ Constant currency (cc) excludes the impact of exchange rate movements

Net revenue by division - 2016

<i>In thousands of euros</i>	2016	% of Net Revenues	2015	% of Net Revenues	% Var	% Var cc*
BIOSCIENCE	3,228,275	79.7%	3,032,111	77.1%	6.5%	6.6%
DIAGNOSTIC	663,983	16.4%	691,452	17.6%	(4.0%)	(3.9%)
HOSPITAL	98,583	2.4%	96,245	2.4%	2.4%	4.5%
<i>SUBTOTAL</i>	3,990,841	98.5%	3,819,808	97.1%	4.5%	4.6%
RAW MATERIALS AND OTHERS	58,989	1.5%	114,755	2.9%	(48.6%)	(49.0%)
TOTAL	4,049,830	100.0%	3,934,563	100.0%	2.9%	3.1%

* Constant currency (cc) excludes the impact of exchange rate movements

Net revenue by region - 2016

<i>In thousands of euros</i>	2016	% of Net Revenues	2015	% of Net Revenues	% Var	% Var cc*
US + CANADA	2,663,197	65.8%	2,505,791	63.7%	6.3%	5.6%
EU	640,249	15.8%	662,917	16.8%	(3.4%)	(2.7%)
ROW	687,395	16.9%	651,100	16.6%	5.6%	8.4%
<i>SUBTOTAL</i>	3,990,841	98.5%	3,819,808	97.1%	4.5%	4.6%
RAW MATERIALS AND OTHERS	58,989	1.5%	114,755	2.9%	(48.6%)	(49.0%)
TOTAL	4,049,830	100.0%	3,934,563	100.0%	2.9%	3.1%

* Constant currency (cc) excludes the impact of exchange rate movements

Profit & Loss account - 2016

<i>In thousands of euros</i>	2016	2015	% Var
NET REVENUE (NR)	4,049,830	3,934,563	2.9%
COST OF SALES	(2,137,539)	(2,003,565)	6.7%
GROSS MARGIN	1,912,291	1,930,998	(1.0%)
% NR	47.2%	49.1%	
R&D	(197,617)	(224,193)	(11.9%)
SG&A	(775,266)	(736,435)	5.3%
<i>OPERATING EXPENSES</i>	<i>(972,883)</i>	<i>(960,628)</i>	1.3%
OPERATING RESULT (EBIT)	939,408	970,370	(3.2%)
% NR	23.2%	24.7%	
<i>FINANCIAL RESULT</i>	<i>(233,589)</i>	<i>(271,840)</i>	<i>(14.1%)</i>
SHARE OF RESULTS OF EQUITY ACCOUNTED INVESTEEES	6,933	(8,280)	(183.7%)
PROFIT BEFORE TAX	712,752	690,250	3.3%
% NR	17.6%	17.5%	
INCOME TAX EXPENSE	(168,209)	(158,809)	5.9%
<i>% OF PRE-TAX INCOME</i>	<i>23.6%</i>	<i>23.0%</i>	
CONSOLIDATED PROFIT FOR THE YEAR	544,543	531,441	2.5%
RESULT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(913)	(704)	29.6%
GROUP PROFIT FOR THE PERIOD	545,456	532,145	2.5%
% NR	13.5%	13.5%	

Balance sheet (Assets) - December 31, 2016

ASSETS

<i>In thousands of euros</i>	December 2016	December 2015
NON-CURRENT ASSETS	7,007,258	6,512,243
GOODWILL AND OTHER INTANGIBLE ASSETS	4,839,297	4,693,931
PROPERTY PLANT & EQUIPMENT	1,809,852	1,644,402
INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES	201,345	76,728
NON-CURRENT FINANCIAL ASSETS	89,545	30,388
OTHER NON-CURRENT ASSETS	67,219	66,794
CURRENT ASSETS	3,122,514	3,089,472
INVENTORIES	1,642,931	1,431,391
TRADE AND OTHER RECEIVABLES	533,668	483,196
OTHER CURRENT FINANCIAL ASSETS	2,582	1,294
OTHER CURRENT ASSETS	48,324	31,091
CASH AND CASH EQUIVALENTS	895,009	1,142,500
TOTAL ASSETS	10,129,772	9,601,715

Balance sheet (Equity & Liabilities) - December 31, 2016

EQUITY AND LIABILITIES

In thousands of euros

	December 2016	December 2015
EQUITY	3,727,978	3,301,390
CAPITAL	119,604	119,604
SHARE PREMIUM	910,728	910,728
RESERVES	1,694,245	1,371,061
TREASURY STOCK	(68,710)	(58,575)
INTERIM DIVIDENDS	(122,908)	(119,615)
CURRENT YEAR EARNINGS	545,456	532,145
OTHER COMPREHENSIVE INCOME	643,066	540,855
NON-CONTROLLING INTERESTS	6,497	5,187
NON-CURRENT LIABILITIES	5,330,031	5,247,319
NON-CURRENT FINANCIAL LIABILITIES	4,712,071	4,597,654
OTHER NON-CURRENT LIABILITIES	617,960	649,665
CURRENT LIABILITIES	1,071,763	1,053,006
CURRENT FINANCIAL LIABILITIES	230,065	262,497
OTHER CURRENT LIABILITIES	841,698	790,509
TOTAL EQUITY AND LIABILITIES	10,129,772	9,601,715

Cash flow - 2016

<i>In thousands of euros</i>	2016	2015
GROUP PROFIT	545,456	532,145
DEPRECIATION AND AMORTIZATION	201,869	189,755
NET PROVISIONS	(23,079)	(564)
OTHER ADJUSTMENTS AND OTHER CHANGES IN WORKING CAPITAL	13,753	43,771
CHANGES IN INVENTORIES	(173,003)	(120,641)
CHANGES IN TRADE RECEIVABLES	(43,331)	169,985
CHANGES IN TRADE PAYABLES	31,613	(71,673)
<i>CHANGE IN OPERATING WORKING CAPITAL</i>	<i>(184,721)</i>	<i>(22,329)</i>
NET CASH FLOW FROM OPERATING ACTIVITIES	553,278	742,778
BUSINESS COMBINATIONS AND INVESTMENTS IN GROUP COMPANIES	(202,727)	(58,609)
CAPEX	(268,335)	(266,416)
R&D/OTHER INTANGIBLE ASSETS	(24,355)	(24,147)
OTHER CASH INFLOW / (OUTFLOW)	(11,235)	(283,938)
NET CASH FLOW FROM INVESTING ACTIVITIES	(506,652)	(633,110)
FREE CASH FLOW	46,626	109,668
PROCEEDS FROM / (PAYMENTS) FOR EQUITY INSTRUMENTS	(11,766)	12,695
ISSUE / (REPAYMENT) OF DEBT	(80,149)	28,953
DIVIDENDS (PAID) / RECEIVED	(216,151)	(216,772)
OTHER CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(21,492)	17,086
NET CASH FLOW FROM FINANCING ACTIVITIES	(329,558)	(158,038)
TOTAL CASH FLOW	(282,932)	(48,370)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,142,500	1,079,146
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	35,441	111,724
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	895,009	1,142,500

Group profit reconciliation - 2016

<i>In millions of euros</i>	2016	2015	% Var
GROUP NET PROFIT	545.5	532.1	2.5%
% NR	13.5%	13.5%	
Amortization of deferred financial expenses	63.2	64.1	(1.4%)
Amortization of intangible assets acquired in business combinations	38.6	42.5	(9.1%)
Tax impacts of adjustments	(24.0)	(24.5)	(1.9%)
ADJUSTED⁽¹⁾ GROUP NET PROFIT	623.3	614.2	1.5%
% NR	15.4%	15.6%	

⁽¹⁾ Excludes non-recurring costs and associated with recent acquisitions, amortization of deferred expenses associated to the refinancing and amortization of intangible assets related to acquisitions

Net revenue by division - 4Q 2016

<i>In thousands of euros</i>	4Q 2016	% of Net Revenues	4Q 2015	% of Net Revenues	% Var	% Var cc*
BIOSCIENCE	871,923	79.4%	819,856	77.1%	6.4%	6.3%
DIAGNOSTIC	178,115	16.2%	181,946	17.1%	(2.1%)	(2.3%)
HOSPITAL	28,067	2.6%	24,242	2.3%	15.8%	18.7%
<i>SUBTOTAL</i>	1,078,105	98.2%	1,026,044	96.5%	5.1%	5.1%
RAW MATERIALS AND OTHERS	20,047	1.8%	36,757	3.5%	(45.5%)	(45.5%)
TOTAL	1,098,152	100.0%	1,062,801	100.0%	3.3%	3.3%

* Constant currency (cc) excludes the impact of exchange rate movements

Net revenue by region - 4Q 2016

<i>In thousands of euros</i>	4Q 2016	% of Net Revenues	4Q 2015	% of Net Revenues	% Var	% Var cc*
US + CANADA	719,127	65.5%	678,017	63.8%	6.1%	5.6%
EU	166,298	15.2%	166,662	15.7%	(0.2%)	1.1%
ROW	192,680	17.5%	181,365	17.0%	6.2%	6.7%
SUBTOTAL	1,078,105	98.2%	1,026,044	96.5%	5.1%	5.1%
RAW MATERIALS AND OTHERS	20,047	1.8%	36,757	3.5%	(45.5%)	(45.5%)
TOTAL	1,098,152	100.0%	1,062,801	100.0%	3.3%	3.3%

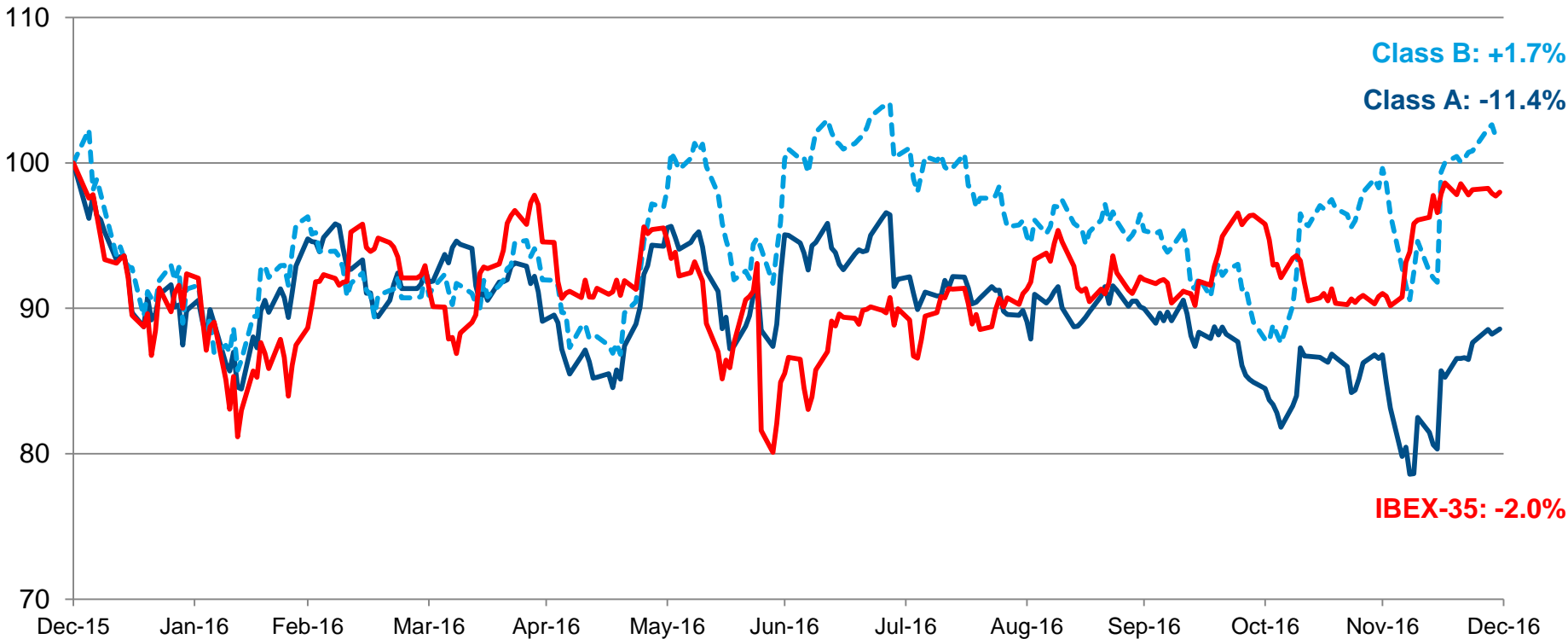
* Constant currency (cc) excludes the impact of exchange rate movements

Share performance - December 31, 2016

GRIFOLS' DAILY SHARE PRICE, CLASS A & CLASS B vs IBEX 35

BASE 100, from December 31, 2015 to December 31, 2016

Source: Infobolsa



Legal disclaimer

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. This document does not constitute an offer or invitation to buy or subscribe shares in accordance with the provisions of the following Spanish legislation: Royal Legislative Decree 4/2015, of 23 October, approving recast text of Securities Market Law; Royal Decree Law 5/2005, of 11 March and/or Royal Decree 1310/2005, of 4 November, and any regulations developing this legislation. In addition, this document does not constitute an offer of purchase, sale or exchange, or a request for an offer of purchase, sale or exchange of securities, or a request for any vote or approval in any other jurisdiction. The information included in this document has not been verified nor reviewed by the external auditors of the Grifols Group.