



F I R S T H A L F R E S U L T S 2 0 0 7

GRIFOLS



General Shareholders Meeting 2006. Barcelona, 20 June 2007

General development during first half of 2007

Grifols achieved turnover of 358 million euros in the first half of the year, representing an increase of 11.4% in comparison with the same period of 2006. Excluding sales of plasma made by PlasmaCare during the first months of the period and which were not made during the first half of the previous year, the increase in turnover would have been 12.8%

During the first six months of the year, most noticeable feature was the significant improvement in the gross margin, which has risen from 41.1% of sales in 2006 to 44.1% in 2007, due both to the increase in prices of the main plasma products sold by the group through its Bioscience division, and to the evolution of the production costs. The strategy undertaken by Grifols during recent years to create a vertically integrated business structure in which plasma comes mainly from its own plasmapheresis centers, not only allows the company to control the principal cost, but also gives it access to raw materials with high levels of safety, assurance and quality.

From this perspective, increasing the number of liters of plasma by bringing in new collection centers and by expanding existing centers in the United States emerges as one of the group's main short and medium-term priorities. During the first half of 2007, this strategy was reflected by the inclusion of four new centers. Grifols currently has 77 plasmapheresis centers in the United States, with a capacity of around 2 million liters of plasma a year.

New Flebogamma Dif marketed in the United States

During the first half of the year, two events occurred which affect the production and distribution strategy for two key products. In the case of IVIG, sale of the new Flebogamma DIF in the United States has now started. The FDA approved the new plant and issued the product license at the end of December 2006, and after the start of production in January the first batches for North American clients were distributed in June 2007. At the end of August the European Medicines Agency (EMA) has also granted Grifols a license for marketing this product in the European Union.

The production process by which Flebogamma DIF is obtained is more efficient and contributes to improving the yield per liter of plasma, allowing the plasma to be used more efficiently. Flebogamma DIF, which incorporates two specific inactivation stages and is the only product on the market to include nanofiltration at 20 nanometers, will gradually replace the old Flebogamma among US users in a process which will go on until the end of the year. Gradual distribution of Flebogammadif® in EU countries will begin in 2008.

At the same time, in January 2007 plasma Factor VIII manufactured at the California plant (Alphanate) obtained the approval of the FDA for treating von Willebrand disease, a hereditary condition. This new indication will enable the continued growth of the potential market for this protein, ensuring expansion of the existing market. Demand for Factor VIII continues to grow, exceeding 138 million units sold up to June 2007.

Rising gross global margin

The gross global margin for the different divisions was 44.1% in June 2007, compared to 41.1% for the preceding year. The improvement in margins is due not only to higher average prices but also to the favorable development of manufacturing costs. This effect was also seen in operating costs, which fell to 23.3% of turnover, compared to a figure of 23.9% for the preceding year, despite the increased costs related to the launch of Flebogamma DIF.

The increase in the gross margin and the lower increase in operating costs gave the company EBITDA of 90.6 million euros, an increase of 29.6% in comparison to the first six months of 2006. This improvement means that the EBITDA margin now represents more than 25% of sales.

At the same time, accumulated net profit to June 2007 rose to 45.4 million euros, an increase of 183.5% over the previous year. However, this increase does not include the non-recurring costs as a result of paying dividends on non-voting shares, included as financial costs, which had a net effect of 17.6 million euros on the profit for the first half of 2006. In comparable terms, the profit for 2006 would have been 33.6 million euros and the increase for the first half of 2007 in comparison to the same period of 2006 would have been 35.5%.

Grifols has also reduced its leverage level: while the net financial debt to EBITDA ratio stood at 2.3 in December 2006, during the first half of 2007 it fell to 2.1.

Among the investments planned for the year, the construction of the new sterile filling zone for albumin in California is progressing, and the new production plant for coagulation factors is at the validation stage.

PROFIT AND LOSS ACCOUNT

In thousands of Euros	1st. Half 2007	1st. Half 2006	% var.
Net Sales	355,730	319,814	11.2
Other Operating Income	2,367	1,765	34.1
TOTAL OPERATING INCOME	358,097	321,579	11.4
Cost of Sales	200,144	189,413	5.7
GROSS PROFIT	157,953	132,166	19.5
<i>% on Sales</i>	<i>44.1</i>	<i>41.1</i>	
R&D	14,521	12,699	14.3
SG&A	69,008	64,160	7.6
OPERATING EXPENSES	83,529	76,859	8.7
OTHER OPERATING EXPENSES (INCOME)	-198	-314	-36.9
OPERATING PROFIT	74,622	55,621	34.2
<i>% on Sales</i>	<i>20.8</i>	<i>17.3</i>	
Financial Expenses	8,460	6,120	38.2
Financial Expenses related to Non Voting Shares	0	21,877	-100.0
FINANCIAL RESULT	8,460	27,997	-69.8
Interest in Associates	2	-45	-104.4
PROFIT BEFORE TAXES	66,160	27,669	139.1
<i>% on Sales</i>	<i>18.5</i>	<i>8.6</i>	
Tax Provision	20,373	11,471	77.6
NET PROFIT BEFORE MINORITY INTERES	45,787	16,198	182.7
Minority Interest	341	164	107.9
NET PROFIT	45,446	16,034	183.4
E B I T D A	90,558	69,900	29.6
<i>% on Sales</i>	<i>25.3</i>	<i>21.7</i>	

SUMMARY OF SALES BY DIVISION

In thousands of Euros		% on sales	1st. Half 2006	% var.
División BIOSCIENCE	245.231	68,5	219.039	12,0
División HOSPITAL	38.394	10,7	31.722	21,0
División DIAGNOSTIC	41.595	11,6	38.994	6,7
División RAW MATERIALS + Others	32.528 *	9,1	31.653	2,8
TOTAL	357.748	100.0	321.408	11,3

* PlasmaCare Sales 8.099 (thousands of Euros) in US

Sales trends by division:

Bioscience continues to dominate, with turnover of 245.2 million euros until June 2007 and growth of 12% compared to the same period of 2006. These results reflect the increase both in volume and in price of Albumin, Factor VIII and Intravenous Immunoglobulin (IGIV), the main plasma products sold by the group.

Overall, the upward trend in the plasma products market, in which Grifols occupies fourth position, has continued. Sales of Factor VIII have risen by over 16% in comparison to the first half of 2006, with significant growth in all markets but particularly in the United States, Germany and Spain. By volume, sales exceeded 138 million units.

There was an average price increase of 15.7% for Albumin, with 9.2% more units sold, and sales of IVIG were 7.6% higher.

Diagnostic increased its growth rate in the hemostasis, immunology and immunoematology areas. Total turnover for the division rose to 41.6 million euros, an increase of 6.6% in comparison with the first six months of the previous year. The number of reagent cards sold was 26% higher than during the first half of 2006. By the end of the period construction of the new card manufacturing line had been completed, tripling the production capacity from 6 to 18 million cards per year.

Hospital is the division which recorded the highest growth rate to June 2007, thanks to the development of the Hospital Logistics area of the Spanish, Portuguese and Latin American market, with an increase of 126.7%, generating sales of almost 8.5 million euros. The division's income rose to 38.4 million euros, an increase of 21.1% in comparison with the same period of 2006.

SUMMARY OF SALES BY REGION

In thousands of Euros	1st. Half 2007	% on sales	1st. Half 2006	% var.
Europa	191.075	53,4	167.811	13,9
Estados Unidos	122.105 *	34,1	116.822	4,5
ROW	44.568	12,5	36.775	21,2
TOTAL	357.748	100,0	321.408	11,3

* PlasmaCare Sales 8.099 (thousands of Euros) in US

Raw Materials & Others, with turnover of 32.8 million euros, achieved growth of 3.14% compared to the same period of 2006. This division brings together the sales of intermediate products and raw materials (plasma) to third parties, with 8 million euros worth of this representing sales commitments already entered into by PlasmaCare before its purchase by Grifols in 2006.

With regard to growth rates by geographical region, 122.1 million euros were generated in the United States, where turnover grew by 4.5% in comparison with the first six months of 2006. Spain and Portugal contributed 103.2 million euros to Grifols' total income during the first half (+18.1%) and Asia accounted for 12.8 million euros (+14.5%). Latin America contributed 25.5 million euros (+44.9%) thanks to the dynamism of the Hospital Logistics sales (Hospital division) and the increase in prices recorded for Bioscience products in this region.

The Bioscience division saw increased sales in Germany and the United Kingdom, with a significant part of the increase coming from higher prices. In particular, the average price of IVIG in Germany now exceeds levels in the United States.

CASH-FLOW

In thousands of Euros	1st. Half 2007	1st. Half 2006
Net Income	45,446	16,034
D&A	15,936	14,281
Net Provisions	79	237
Non-Cash Adjustments / Other	10,303	10,450
Change in Inventory	(15,199)	(10,980)
Change in Accounts Receivable	(29,042)	(32,474)
Change in Accounts Payable	5,062	22,815
<i>Change in Working Capital</i>	<i>(39,179)</i>	<i>(20,639)</i>
Cash Flow from Operations	32,585	20,363
Capex	(21,828)	(10,273)
R&D / Other Intangible Assets	(2,799)	(1,696)
<i>Free Cash Flow</i>	<i>(2,424)</i>	<i>(2,293)</i>
Acquisition Plasma Centers (Baxter)	0	(9,962)
Acquisition PlasmaCare	0	(50,495)
Other	25	96
Cash flow from Investing Activities	(24,062)	(72,330)
Purchase / Sale of Treasury Shares	(7,970)	(279,803)
Capital Increase	0	300,728
Debt Increase / (Decrease)	5,527	49,273
Other Payables Capex Increase / (Decrease)	(13,018)	(15,001)
Dividends Paid	0	(7,000)
Foreign Exchange Differences	419	637
Cash Flow from Financing Activities	(15,042)	48,834
Total Cash Flow	(7,059)	(3,133)
Cash, Beginning Balance	26,883	22,856
FX Rate Effect in Cash	(172)	101
Cash, Ending Balance	19,652	19,824

BALANCE SHEET

ASSETS

In thousands of Euros	June 2007	June 2006	December 2006
Total Non Current Assets	434,491	437,006	440,380
Rest of Current Assets	519,049	480,342	473,292
TOTAL ASSETS	953,540	917,348	913,672

LIABILITIES

In thousands of Euros	June 2007	June 2006	December 2006
Total Stockholders Equity	386,664	346,919	368,352
Total Non Current Liabilities	248,355	276,185	262,557
Total Current Liabilities	318,521	294,244	282,763
TOTAL LIABILITIES	953,540	917,348	913,672

Grifols' daily share price vs IBEX 35 & IBEX Medium
(Base 100, from May 17 2006 to June 30 2007)



General development in the second quarter of 2007

With regard to this particular quarter, and in comparable terms, Grifols sales from April to June 2007 stood at 176 million euros, representing an increase of 10.7% in comparison with the same quarter of 2006 and an improvement of 8 percentage points in comparison with the first quarter of 2007.

Omitted from the analysis of the second quarter are the non-recurring effects recorded in 2006 (for a total of 11.3 million euros) derived from plasma sales to third parties agreed by PlasmaCare, Inc before its purchase by Grifols in March 2006. The existing contractual obligation ended on 28 February 2007, from which point onwards all PlasmaCare's plasma has been allocated to group consumption.

In the Bioscience division (+13.8%) growth was driven by the increase in sales of albumin (+45.7%), while in the Hospital division the increase comes above all from the hospital logistics area.

SUMMARY OF SALES. SECOND QUARTER 2007

BY DIVISION

In thousands of Euros	2nd. Q 2007	% on sales	2nd. Q 2006	% var.
BIOSCIENCE Division	123,795	70.4	108,808	13.8
HOSPITAL Division	20,376	11.6	15,529	31.2
DIAGNOSTIC Division	20,434	11.6	18,971	7.7
RAW MATERIALS + Others Division	11,306	6.4	26,950	-58.0
TOTAL	175,911	100.0	170,528	3.3

BY REGION

In thousands of Euros	2nd. Q 2007	% on sales	2nd. Q 2006	% var.
Europe	96,711	55.0	82,819	16.8
US	54,806	31.2	67,442	-18.7
ROW	24,394	13.9	19,997	22.0
TOTAL	175,911	100.0	170,528	3.3

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