2012 SECOND HALF REPORT

GRIFOLS

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The facts and figures contained in this report which do not refer to historical data are "projections and forward-looking statements". The words and expressions like "believe", "hope", "anticipate", "predict", "expect", "intend", "should", "try to achieve", "estimate", "future" and similar expressions, insofar as they are related to Grifols Group, are used to identify projections and forward-looking statements. These expressions reflect the assumptions, hypothesis, expectations and anticipations of the management team at the date of preparation of this report, which are subject to a number of factors that could make the real results differ considerably. The future results of Grifols Group could be affected by events related to its own activity, such as shortages of raw materials for the manufacture of its products, the launch of competitive products or changes in the regulations of markets in which it operates, among others. At the date of preparation of this report Grifols Group has adopted the measures it considers necessary to offset the possible effects of these events. Grifols, S.A. does not assume any obligation to publicly inform, review or update any projections and forward-looking statements to adapt them to facts or circumstances following the preparation of this report, except as specifically required by law. This document does not constitute an offer or invitation to purchase or subscribe shares, in accordance with the provisions of the Spanish Securities Market Law 24/1988, of July 28, the Royal Decree-Law 5/2005, of March 11, and/or Royal Decree 1310/2005, of November 4, and its implementing regulations.

2012 KEY ACHIEVEMENTS

NET PROFIT[2]
GROWS OVER 5 TIMES
COMPARED TO
DECEMBER 2011,
REACHING
256.7 MILLION EUROS

92% OF INCOME
GENERATED OUTSIDE SPAIN,
WITH A SIGNIFICANT
PRESENCE IN
THE UNITED STATES

POSITIVE
PERFORMANCE OF SALES
OF ALL DIVISIONS
DUE TO INCREASED
VOLUME

NET FINANCIAL DEBT
RATIO FALLS TO 2.87 TIMES
ADJUSTED EBITDA[3], DOWN
FROM A RATIO OF 4.34 TIMES AT
DECEMBER 2011

NEW FUNDING CONDITIONS
NEGOTIATED AT THE START
OF 2012 HAVE CONTRIBUTED
TO GROUP PROFITS AND TO
A CONTROLLED BORROWING
POLICY

IMPROVEMENT IN MARGINS AS
A RESULT OF THE ACHIEVEMENT
OF SYNERGIES LINKED TO THE
OPTIMIZATION OF COSTS
AND OPERATING EXPENSES

2012: A NEW DIMENSION. THE SAME PIONEERING SPIRIT

Grifols is a global healthcare company with a 70-year legacy of improving people's health and well-being through the development of lifesaving plasma medicines, hospital pharmacy products and diagnostic technology for clinical use.

In 2012, Grifols ushered in a new era, one that has seen the company become the world's third-largest producer of plasma-derived medicines as it builds a new future on the basis of the group's expansion following the acquisition and integration of Talecris in 2011.

Its financial results and its achievements in manufacturing, sales, R&D, Human Resources and the environment confirm the strategy implemented in 2012, and are proof of the added value generated by the company throughout the year. In 2012, Grifols ordinary shares (Class A) have been the highest performers on the IBEX-35, rising by over 100% during the course of the year.

1 Unaudited proforma figures to May 2011, provided for guidance purposes only, as the purchase of Talecris took place in June 2011.

2 Reported figures: does not include sales by Talecris from January to May 2011, as the purchase of Talecris took place in June 2011. Includes 7 months of consolidation in 2011, for comparative purposes.

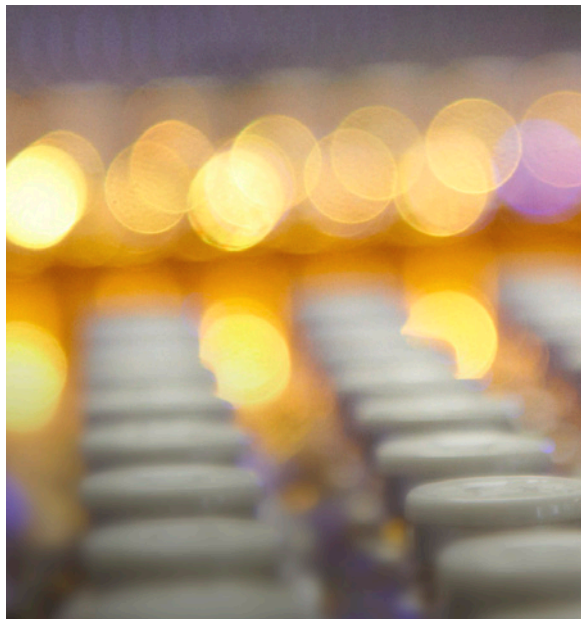
3 Excludes costs associated with the purchase of Talecris and other non-recurring costs.

2012 RESULTS

Adjusted EBITDA[3] of 836.1 million euros: an increase of 76.8%[2], representing a margin of 31.9% of sales

Sales have risen by 46.0%[2] exceeding 2,620 million euros

Main investments, according to the capital expenditure (CAPEX) Plan 2012-2015 implemented



1. INCOME STATEMENT: PRINCIPAL INDICATORS

SALES PERFORMANCE: INCOME EXCEEDS 2,620 MILLION EUROS

Grifols closed 2012 with turnover of 2,620.9 million euros, an increase of 46.0%[2] compared to the preceding year. For the purposes of comparison, the figures for 2011 do not include sales by Talecris from January to May 2011, as the purchase by Grifols took place in June 2011. Growth at constant currency exchange rate (cc) was 37.9%.

Grifols total sales income during 2012 represents an increase of 13.8% (7.6% CC) compared to proforma results[1] for 2011. Estimated on the basis of the consolidated financial statements of both companies and provided for guidance purposes in the previous financial year.

The positive sales performance recorded in all divisions has been driven by increased units sold in a general context of austerity as a consequence of measures to contain public expenditure implemented in various countries. In addition, the organic growth experienced by Grifols during the year has been helped by rising sales in geographic regions with better economic outlooks. In this respect, the internationalization strategy pursued by Grifols since the 1980s has enabled the company to face new challenges and weather the current economic situation.

By activity area, the sales of the Bioscience division were 2,325.1 million euros, representing growth in reported terms[2] of 51.8% (42.9% CC) and 14.5% (7.7% CC) in proforma terms[1]. At the year end, this division accounted for 88.7% of the total business revenue of Grifols. The sales revenue of the Diagnostic division rose by 14.5% (11.9% CC) to 134.3 million euros, while the Hospital division, the area most strongly affected by cuts in Spanish health expenditure, grew by 0.5% (0.1% CC) to 95.9 million euros. Both divisions have reduced their share of the group's total sales revenue, to 5.1% and 3.7% respectively. Finally, the sales of the Raw Materials & Others division, which represent approximately 2.5% of the total, rose to 65.6 million euros. This figure includes, among other items, royalties, income that Talecris included in Bioscience, income deriving from manufacturing agreements with Kedrion, and third-party engineering projects performed by Grifols Engineering.

DYNAMISM OF INTERNATIONAL SALES, PARTICULARLY IN THE UNITED STATES

The ongoing internationalization of Grifols has helped its sales performance. This has seen a gradual reduction of the proportion of sales accounted for by Spain, falling to 8% in 2012, against 10% in proforma terms[1] for 2011. The company's strategy over the past year has focused on increasing sales in regions less affected by austerity measures, with shorter payment periods and better margins.

Sales to foreign markets now account for 92% of the company's sales revenue, worth over 2,407 million euros, with the United States and Canada accounting for the lion's share of this. Sales in these markets totalled 1,658.5 million euros (excluding Raw Materials), a figure that represents growth of 74.8% (61.9% CC) compared to 2011[2] and 63.3% of Grifols' income. In proforma terms[1], this represents an increase of 21.6% (12.6% CC).

In the **United States and Canada** the performance by volume of the main plasma proteins has been particularly impressive, with double-digit growth for albumin, and figures close to these levels for Grifols immunoglobulins and alpha 1-antitrypsin. The sale of the rights to Koate® to Kedrion for the United States impacted the sales of factor VIII in that country.

REPORTED SALES BY REGION[2]

IN THOUSANDS OF EUROS	2012	% Sales	2011	% Sales	% VAR	% VAR CC
EU	559,327	21.3	526,625	29.3	6.2	5.8
US+CANADA	1,658,548	63.3	948,730	52.9	74.8	61.9
R.O.W.	371,619	14.2	289,732	16.1	28.3	22.3
SUBTOTAL	2,589,494	98.8	1,765,087	98.3	46.7	38.7
RAW MATERIALS	31,450	1.2	30,526	1.7	3.0	-4.7
TOTAL	2,620,944	100.0	1,795,613	100.0	46.0	37.9

REPORTED SALES BY DIVISION[2]

IN THOUSANDS OF EUROS	2012	% Sales	2011	% Sales	% VAR	% VAR CC
BIOSCIENCE	2,325,088	88.7	1,531,199	85.3	51.8	42.9
HOSPITAL	95,870	3.7	95,365	5.3	0.5	0.1
DIAGNOSTIC	134,342	5.1	117,358	6.5	14.5	11.9
RAW MATERIALS AND OTHERS	65,644	2.5	51,691	2.9	27.0	18.7
TOTAL	2,620,944	100.0	1,795,613	100.0	46.0	37.9

Constant currency (CC) excludes the impact of exchange rate movements.

The growing dynamism in the United States, and the reorganization of the marketing and sales force following the acquisition of Talecris have been key contributors to the objective of increasing the penetration of treatments with plasma proteins in this region.

The Diagnostic division has continued to expand in the North American market, delivering sales growth in 2012 of 6.1% (CC) in the United States. In addition, Grifols has consolidated its internal procedures relating to the process of obtaining new licenses and approvals from the United States health authorities (FDA), with the aim of expanding the presence of the Diagnostic and Hospital divisions in the United States.

21.3% of recurring sales (excluding Raw Materials) were generated in **Europe,** with growth of 6.2% (5.8% CC) compared to 2011 in reported terms[2] to reach a figure of 559.3 million euros. Compared with proforma income[1] obtained in 2011, this represents a fall of 5%. Excluding Spain, which has been very heavily affected by budgetary constrains in the health sector, accumulated growth was 17.1%[2], a fall of 3% in proforma terms[1]. However, these percentages are consistent with the strategy of concentrating growth in countries less affected by austerity measures and with shorter payment periods, and this means controlling the company's exposure to Spain and other countries in southern Europe.

Finally, in **other geographic regions such as the Asian Pacific region and Latin America**, recurrent sales continued their upward trend. These regions currently generate 14.2% of income, worth 371.6 million euros, a figure that represents growth of 28.3%[2] (22.3% CC) in reported terms[2], and 16.3% (10.9% CC) in proforma terms[1]. Particularly noteworthy has been the growth of turnover in countries such as Brazil, thanks to new distribution agreements covering the supply of bags for the extraction of blood components. On the commercial front, another significant development has been the growth recorded in China, where the rise in sales has been driven primarily by sales of albumin and by the inmunohematology activity.

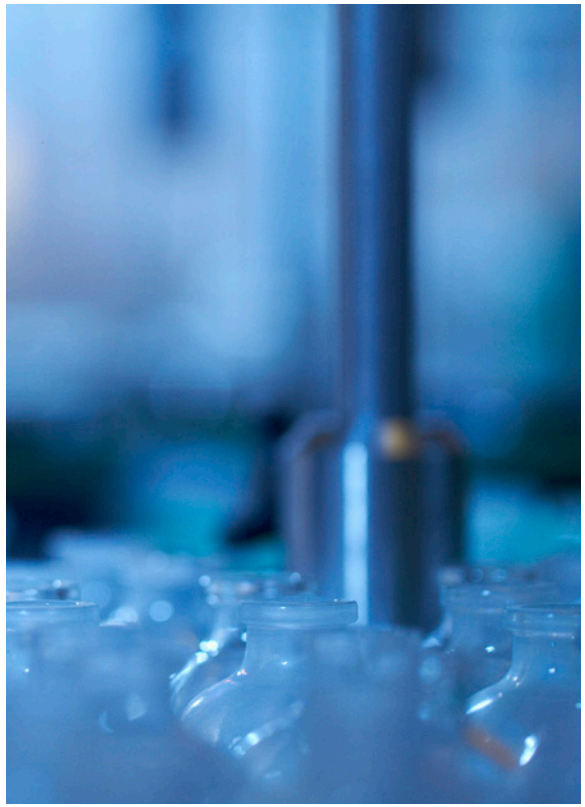
PROFORMA SALES BY REGION[1]

IN THOUSANDS OF EUROS	2012	% Sales	2011	% Sales	% VAR	% VAR CC
EU	559,327	21.3	588,610	25.6	-5.0	-5.3
US+CANADA	1,658,548	63.3	1,363,961	59.2	21.6	12.6
R.O.W.	371,619	14.2	319,557	13.9	16.3	10.9
SUBTOTAL	2,589,494	98.8	2,272,128	98.7	14.0	7.7
RAW MATERIALS	31,450	1.2	30,526	1.3	3.0	-4.7
TOTAL	2,620,944	100.0	2,302,654	100.0	13.8	7.6

PROFORMA SALES BY DIVISION[1]

IN THOUSANDS OF EUROS	2012	%Sales	2011	%Sales	% VAR	% VAR CC
BIOSCIENCE	2,325,088	88.7	2,031,306	88.3	14.5	7.7
HOSPITAL	95,870	3.7	95,365	4.1	0.5	0.1
DIAGNOSTIC	134,342	5.1	117,358	5.1	14.5	11.9
RAW MATERIALS AND OTHERS	65,644	2.5	58,625	2.5	12.0	4.6
TOTAL	2,620,944	100.0	2,302,654	100.0	13.8	7.6

Constant currency (CC) excludes the impact of exchange rate movements.



SOLID RESULTS: MARGINS AND PROFITS CONTINUE TO IMPROVE

The year has been marked by an ongoing commitment to containing operating costs, in particular those relating to administration and general services, which have fallen to 20.8% of sales (compared to 25.4%[1] in 2011). In addition, significant synergies have been generated by optimizing costs relating to raw material collection (plasma) and manufacturing. This has resulted in a fall in the cost per liter of plasma and an improvement in the gross margin among other improvements.

With respect to the manufacture of plasma derivatives, a lot of work went into optimizing manufacturing processes and improving capacity utilization during 2012. This depends on achieving flexibility in the use of the intermediate products obtained from fractionated plasma, as the aim is to be able to purify and package the fractions (intermediate products) generated during the first stage of the manufacturing process at any of the group's three plants. This flexibility is fundamental to optimizing the manufacturing processes, but it requires Grifols to hold FDA and European health authority (EMA) licenses, among others. To date, the company has obtained FDA approval to use Fraction II+III (intermediate product) obtained at the Los Angeles plant in the production (purification and filling) of IVIG at the Clayton plant (Gamunex®) and has also applied for authorization to use product from the Parets del Vallès plant (Barcelona, Spain).

Approval has also recently been obtained to use the Fraction V obtained at the Clayton plant (North Carolina, USA) in the production of albumin at Los Angeles (California, USA). And a license has been granted to use the Fraction IV-I obtained at Los Angeles in the manufacture of alpha 1-antitrypsin (Prolastin®) with the Clayton purification method, and for the cryoprecipitate (intermediate product) obtained at the Melville plant (New York, USA) to produce Koate® factor VIII at Clayton. In addition, Grifols continues to work to obtain an FDA license to use the cryoprecipitate obtained at Clayton at the factor VIII purification plant at Los Angeles.

The result of these efficiencies and synergies is that reported EBITDA for the year rose to 789.2 million euros. This represents a margin of 30.1% of sales, and an improvement of 950 basis points (bps) in comparison to the figure of 20.6% of sales for 2011[2].

The adjusted EBITDA[3], excluding costs associated with the purchase of Talecris and other non-recurring costs, was 836.1 million euros, growth of 76.8%[2]. This represents 31.9% of sales, and is an improvement of 560[2] bps compared to the margin obtained in 2011. In proforma terms[1] the adjusted EBITDA[3] is 32.6% higher than the figure for 2011.

The group's net profit stood at 256.7 million euros at the close of 2012, representing 9.8% of sales. If we exclude the costs associated with the purchase of Talecris and other non-recurring costs, the adjusted net benefit rises to 307.8 million euros. In reported terms[2] this represents growth of 112.6%, while in proforma terms[1] it represents an increase of 31.8% with respect to the previous year.

The improved funding conditions negotiated at the start of 2012 contributed to the results obtained, and its positive impact will continue throughout 2013. Specifically, the new funding conditions have led to:

- Lower rates of interest.
- The removal of covenants relating to restrictions on investment in fixed assets and the debt service coverage ratio.
- Modification of the leverage ratio that limited the distribution of dividends, which has improved to 4.5 times Net Financial Debt/EBITDA.
- Reduction debt through the voluntary early repayment of 240 million dollars.

PROFORMA[1] FIGURES

IN MILLIONS OF EUROS	2012	2011	% VAR.
REVENUES	**2,620.9**	**2,302.7**	***13.8***
ADJUSTED EBITDA[3]	**836.1**	**630.8**	***32.6***
% ON SALES	*31.9*	*27.4*	
ADJUSTED NET PROFIT[3]	**307.8**	**233.6**	***31.8***
% ON SALES	*11.7*	*10.1*	

REPORTED[2] FIGURES

IN MILLIONS OF EUROS	2012	2011	% VAR.
REVENUES	**2,620.9**	**1,795.6**	***46.0***
EBITDA	**789.2**	**369.5**	***113.6***
% ON SALES	*30.1*	*20.6*	
ADJUSTED EBITDA[3]	**836.1**	**472.8**	***76.8***
% ON SALES	*31.9*	*26.3*	
NET PROFIT	**256.7**	**50.3**	***410.2***
% ON SALES	*9.8*	*2.8*	
ADJUSTED NET PROFIT[3]	**307.8**	**144.7**	***112.6***
% ON SALES	*11.7*	*8.1*	

2. MAIN INDICATORS FOR THE FOURTH QUARTER OF 2012

Grifols' reported sales from October to December 2012 were 661.4 million euros rising 12.1% compared to 590.1 million euros obtained during the same period of the preceding year. The Bioscience division contributed 89.2% of sales revenue, with growth of 14.9%, representing a total of 590.3 million euros. The Diagnostic division generated 32.0 million euros, while Hospital accounted for 21.7 million euros. These figures represent 4.8% and 3.4% of the group's total income, respectively.

By geographical region, the United States and Canada led growth in sales, with recurring sales (excluding Raw Materials) of 419.3 million euros, equivalent to 63.4% of income. Europe with 132.1 million euros and other regions with 102.7 million euros accounted for 20% and 15.5% of total income, respectively.

FOURTH QUARTER SALES BY REGION

IN THOUSANDS OF EUROS	4Q12	% Sales	4Q11	% Sales	% VAR	% VAR CC
EU	132,158	20.0	141,249	23.9	-6.4	-7.1
US+CANADA	419,308	63.4	352,238	59.7	19.0	12.1
R.O.W.	102,752	15.5	83,214	14.1	23.5	17.5
SUBTOTAL	654,218	98.9	576,701	97.7	13.4	8.2
RAW MATERIALS	7,210	1.1	13,373	2.3	-46.1	-49.2
TOTAL	661,428	100.0	590,074	100.0	12.1	6.9

FOURTH QUARTER SALES BY DIVISION

IN THOUSANDS OF EUROS	4Q12	% Sales	4Q11	% Sales	% VAR	% VAR CC
BIOSCIENCE	590,288	89.2	513,918	87.1	14.9	9.3
HOSPITAL	21,728	3.4	24,622	4.2	-11.8	-12.3
DIAGNOSTIC	32,058	4.8	29,878	5.1	7.3	4.5
RAW MATERIALS AND OTHERS	17,354	2.6	21,656	3.6	-19.9	-24.2
TOTAL	661,428	100.0	590,074	100.0	12.1	6.9

Constant currency (CC) excludes the impact of exchange rate movements.

3. BALANCE SHEET: MAIN INDICATORS

The change in fixed assets reflects a range of acquisitions and capital expenditure (CAPEX). Specifically, tangible fixed assets have risen to 810.1 million euros, compared to the figure of 775.9 million euros reported in December 2011. In addition, taking into account the latest changes and exchange rate variations, goodwill stood at 1,869.9 million euros.

REDUCED INVENTORY LEVELS AND SHORTER AVERAGE PAYMENT TERMS IMPROVE CASH FLOW GENERATION

Improvements in inventory management and more efficient handling of emergency stocks have enabled the reduction of stock levels in line with forecasts. In addition stock turnover has decreased from 319 days in December 2011 to 281 days at the close of 2012.

The group's cash positions have risen to 473.3 million euros, after debt and interest payments, confirming strong cash generation and cash flows. The introduction by the Spanish Government of the Suppliers Payment Plan is reflected both in the final cash balance and in a reduction in the trade receivables balance.

The working capital position has improved as a result of the group's increased exposure to countries with lower payment periods and a reduction in sales in southern European countries (Spain, Italy, Portugal and Greece) that jointly account for around 13% of total sales revenue.

Overall, Grifols' average payment period fell by 13 days, to stand at 52 days in December 2012.

DEBT REDUCTION AND IMPROVED CREDIT RATINGS

Grifols' net financial debt at December 2012 stood at 2,396.1 million euros, a ratio of 2.87 times adjusted EBITDA[3], down from a ratio of 4.34 at December 2011.

Cash flow generation excluding interest payments (unlevered free cash flow) exceeded 600 million euros. During the year, the company paid off debt with a net value of 255.6 million euros, including early repayment and confirms Grifols' forecast that it will return to the debt levels prior to the purchase of Talecris once projected synergies have been achieved.

At the same time, the ongoing reduction in debt levels, impressive results, and improved cash flow have all helped strengthen the balance sheet.

This in turn, has been an important factor to the improvement in the credit ratings issued by Standard & Poor's and Moody's in their most recent revisions. In August, Standard & Poor's increased Grifols' global corporate rating to BB, with a stable outlook, assigning a rating of BB+ to its secured senior debt and B+ to unsecured debt.

Moody's also improved its credit rating, issuing a global corporate rating of Ba3, with Ba2 for secured senior debt and B2 for unsecured senior debt, with positive outlooks in all cases. The decision not to pay a dividend in 2012, as approved by shareholders at the Ordinary General Meeting, was one of the decisive factors, among others, in Moody's decision to improve its ratings.

EQUITY PERFORMANCE

The net equity of Grifols in 2012 rose to 1,880.7 million euros, primarily as a result of profits earned during the period.

At December 2012, Grifols' share capital amounted to 117.9 million euros, represented by 213,064,899 ordinary shares (Class A), and 113,499,346 non-voting shares (Class B).

Ordinary Grifols shares (Class A) are listed on the Spanish Continuous Market, and a component of the Ibex-35 index (GRF), while its non-voting shares (Class B) are also listed on the Continuous Market (GRF.P) and on the NASDAQ (GRFS) via ADRs (American Depositary Receipts). In 2012, following modification of the exchange ratio for ADRs listed on the NASDAQ, one Grifols ADR represents one Class B share.

At the Extraordinary General Meeting held on December 4, the company's shareholders approved an issue of fully paid up shares as an alternative to the payment of cash dividends, in the proportion of one new Class B share for every 20 old shares, irrespective of whether these were Class A or Class B.

Following the close of the financial year, share capital increased by a nominal value of 1.63 million euros, through the issue and release of 16,328,212 new non-voting shares (Class B) with a nominal value of 0.10 euros each, with no issue premium and charged to voluntary reserves. These newly issued B shares have been trading on the stock exchange since January 2013. As a result, at January 2013 the share capital of Grifols stands at 119.5 million euros, represented by 213,064,899 ordinary shares (Class A) with a nominal value of 0.50 euros per share, and 129,827,558 non-voting shares (Class B) with a nominal value of 0.10 euros.

Corporate Headquarters. Sant cugat del Vallès, Spain

4. IMPLEMENTATION OF CAPITAL EXPENDITURE (CAPEX) AND R&D

THE MAJORITY OF PLANNED CAPITAL INVESTMENTS TO 2015 HAVE NOW BEEN IMPLEMENTED

By the close of 2012, Grifols had implemented a large portion of its investment plans (CAPEX) up to 2015. During the year, the company maintained its plans, allocating a total of 156.1 million euros to expanding and improving its manufacturing facilities both in Spain and the United States. Between 2012 and 2015 the group will invest over 400 million euros, of which approximately 30% will be allocated to investments in Spain.

The Bioscience division has been the beneficiary of a major portion of the investment plan, with the aim of improving the structure of plasma collection centers in the United States and of gradually expanding the group's manufacturing facilities.

Key achievements include the completion of construction work for the new plasma fractionation plant at Parets del Vallès, with the capacity to fractionate 2 million liters/year, that will come on stream by 2014. The expansion of the Clayton facilities, where the first tests with plasma have already begun continue although the full validation process will not be completed before 2015. Once they are operational in 2014 and 2015, these two plants will give Grifols an installed plasma fractionation capacity of 12.5 million liters/year.

There have also been ongoing investments in the purification of plasma proteins. 2012 saw completion of the validation works at the Los Angeles plant for clotting factors VIII and IX, with FDA and EMA approval granted. Expansion of the Clayton albumin plant has also been completed, while the project to convert the Los Angeles manufacturing plant for the production of Gamunex® intravenous immunoglobulin (IVIG) continues to progress.

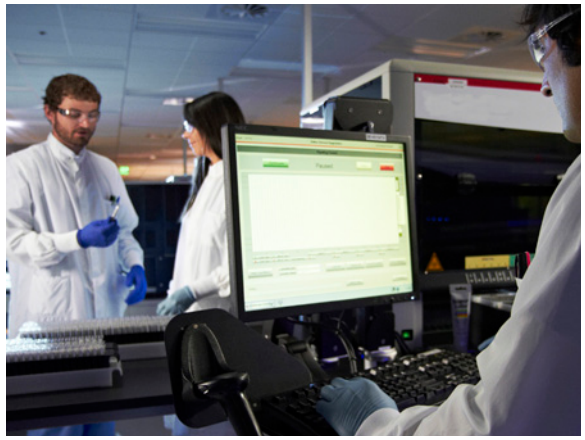
Other important validation processes under way include the new facilities and equipment for the new filling zones for liquid and lyophilized products at Parets del Vallès, expected to be completed during 2013.

Grifols main objective continues to be the gradual capacity expansion of its manufacturing facilities in Spain and the United States. Achieving this means simultaneously increasing both its plasma fractionation capacity and its capacity to purify proteins to obtain a range of plasma products.

A portion of the investments have been allocated to expanding and relocating plasma donor centers; improving infrastructure related to the classification, preparation and storage of raw materials; and logistics centers and testing laboratories. As part of these changes, the samples testing laboratory at Raleigh (North Carolina, USA) has been closed, and the two laboratories in Austin and San Marcos (Texas, USA) have been consolidated. At the San Marcos laboratory opened during the first half of 2012, each plasma unit undergoes a minimum of eight tests.

The Diagnostic and Hospital divisions, whose manufacturing facilities are located primarily in Spain, have seen completion of the expansion work and start-up of phase III of the Las Torres de Cotillas industrial complex (Murcia, Spain). At this plant, the company produces intravenous solutions in flexible containers, and bags for the extraction and storage of blood components. Following the expansion, which benefited from an investment of approximately 18 million euros, Grifols' two industrial complexes in Murcia have a total area of 13,000 m^2. In addition, the company plans to invest an additional 5 million euros for phase IV, with the aim of integrating all the manufacturing on a single site.

Another major project is the construction of a new factory in Brazil for the production of bags for the extraction and storage of blood components. The project will benefit from a planned investment of 5 million euros and has been implemented by a new company named Gri-Cei, in which Grifols has a 60% share, with Brazilian firm Comércio Exportação e Importação de Materiais Médicos Ltda (CEI) owning the remaining 40%. Construction is scheduled to take two years. Once the plant comes on stream it will enable Grifols to strengthen its manufacturing capacity and consolidate its direct commercial presence in Latin America.



Central Analysis Laboratory. San Marcos, TX, USA

EXPANSION OF R&D PROJECT PORTFOLIO

Grifols' commitment to research is clearly reflected in the annual results. Investment in R&D was up on 2011, and the portfolio of projects in development following the integration of Talecris is the largest in the company's history.

In total, Grifols has invested 124.4 million euros, or 4.7% of sales revenue, confirming its leadership in the research and development of therapeutic alternatives designed to contribute to both scientific and social development. In 2012, Grifols had twelve clinical trials under way for new products and new indications.

Indeed, research activity has been one of the key engines of the growth achieved by the company over recent decades, underpinning the introduction of new plasma proteins, new generations of existing proteins, and new therapeutic indications.

The incorporation of Talecris also reflects the implementation of Grifols' integrated research strategy, one based on a flexible, cross-disciplinary approach, which has helped generate new projects over the medium and long term.

Grifols' principal research lines are:

Integrated Alzheimer's research strategy

Grifols' global Alzheimer's research strategy aims to provide an integrated approach to this degenerative disease, including: treatment with plasma derivatives, early diagnosis, and prevention and protection through the use of vaccines.

2012 saw the start of the AMBAR study (Alzheimer Management by Albumin Replacement). This multi-center trial, building on two previous studies, involves combining hemapheresis treatment with the administration of albumin and intravenous immunoglobulin (IVIG), two of the main plasma derivatives, at different intervals and in varying doses. It involves approximately 350 participants, from both Spain and the United States.

AMBAR was presented at the open forum for neurology experts, within the framework of the Annual Meeting of the Spanish Society for Neurology (SEN) held in November. In addition, the company has signed an agreement with Fenwal for the manufacture of plasmapheresis machines and disposable material for centers participating in this clinical study.

This strategy is also pursued through Araclon Biotech, a Grifols group company. Araclon's research activity focuses on seeking solutions to promote new diagnostic and therapeutic approaches to Alzheimer's disease. Specifically, the company is working on the validation of a diagnosis kit and on the development of a vaccine against Alzheimer's disease that would make it possible to combat the disease during the asymtomatic/pre-clinical stages. The vaccine has passed the animal experimentation stage and is pending approval by the Spanish Medicines Agency for the start of clinical trials in humans.

Albumin in hepatology

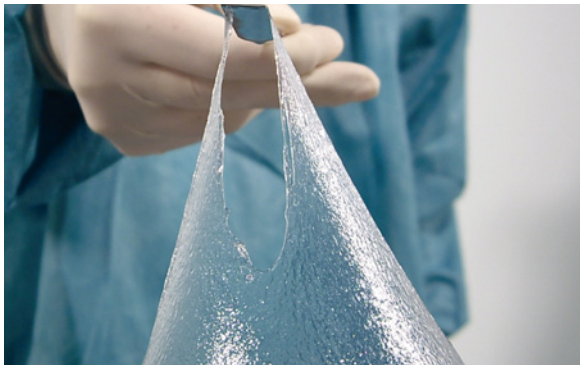
A clinical study is currently under way to evaluate the effects of the prolonged administration of human albumin on cardiovascular and renal function in patients with advanced cirrhosis and ascites. Once the clinical results have been obtained and evaluated, a decision will be made regarding the launch of a large-scale phase IV study.

Anti-thrombin in cardiac surgery

Clinical study to demonstrate the clinical efficacy of Anbinex® anti-thrombin (AT) in patients undergoing heart surgery. In 2012, the latest progress in this research was presented at the congress of the European Association of Cardiothoracic Anaesthesiologists (EACTA).

Fibrin biological glue

Biosurgery represents a new specialist research line, pursued as an interdisciplinary R&D project. Research is focusing on the development of a biological adhesive designed to aid healing or as a sealant for vascular, organ and soft tissue surgery. This involves developing new uses for plasma proteins that go beyond traditional replacement therapies. There are currently 4 clinical trials under way: 2 in vascular surgery and 2 in non-vascular surgery (organ and soft tissue surgery), being conducted in Europe, Canada and the United States. The European clinical trial, focusing on vascular surgery, is scheduled for completion in the first quarter of 2014. In addition, in 2012 the company obtained FDA authorization to start 3 clinical trials in the United States.



Fibrin film

Other important activities include:

A study to obtain efficacy data for IVIG Flebogamma® 5% DIF in the pediatric population, due for completion at the end of 2013.

Several projects considering the use of plasmin in cases of acute, peripheral arterial occlusion.

Start of phase II of the clinical trial to evaluate the safety and tolerance of the treatment of cystic fibrosis with a new inhaled formulation of alpha1-antitrypsin

Once again, Grifols' R&D activity was rated "excellent" by the Plan Profarma. The plan is a joint program of the Spanish government, the Department of Industry, Tourism and Trade, the Department of Health and Social Policy, and the Department of Science and Innovation, designed to promote scientific research, development and technological innovation in the pharmaceutical industry.

PATENTS

Successful R&D projects are reflected in the number of patents and trademarks obtained by Grifols each year. At the end of the year, the group held 1,153 patents certificates and applications, of which 337 are currently at the final approval stage. All of these are protected for 20 years, although approximately 374 are due to expire within the next 10 years. In 2012, a new patent was obtained for albumin with increased substance capture capacity, and 5 new patents were issued to protect Grifols' plasma derivatives and recombinant plasmin franchises. All of these patents were obtained in the United States.

Grifols holds approximately 2,402 trademarks 'certificates, of which 198 are at the final approval stage.

5. GROWTH VIA ACQUISITION

Grifols' commitment is expressed through a solid investment policy and by the acqusition of shares in R&D companies and projects in fields of medicine other than Grifols' main activity, such as advanced therapies, with the aim of securing the funding required to continue such initiatives.

2012 saw the acquisition of 51% of the capital of Araclon Biotech to guarantee the viability of this biotechnology firm, and the purchase of a 40% holding in VCN Bioscience.

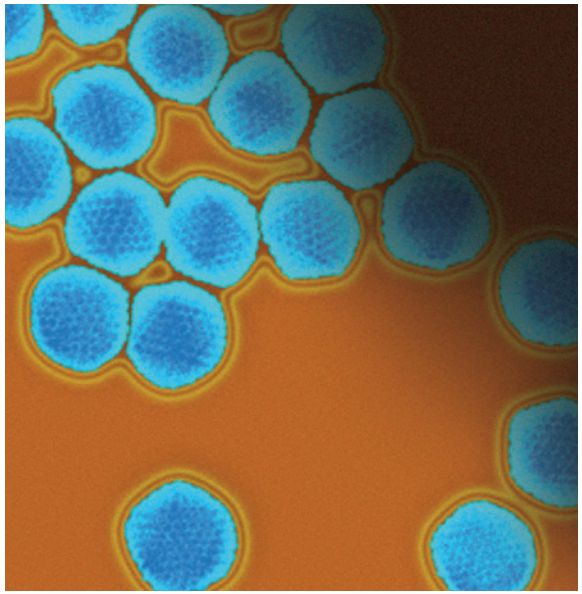
51% OF ARACLON BIOTECH

Araclon Biotech is a spin-off from the University of Zaragoza (Spain), established in 2004. Its principal research areas focus on the validation and sale of a blood diagnostic kit for Alzheimer's disease, and the development of an effective immunotherapy (vaccine) for this disease.

Grifols completed the operation by acquiring a share in the company through Gri-Cel S.A., an investment vehicle created in 2010 to promote the group's presence in fields of medicine that lie outside the scope of its main activities. Grifols has become Araclon Biotech's largest shareholder, with a 51% holding, while other founding partners retain 49% of the capital.

40% OF VCN BIOSCIENCE

In 2012 Grifols acquired 40% of the capital of biotechnology firm VCN Bioscience, dedicated to the research and development of new therapeutic approaches to tumors for which there is currently no effective treatment. The firm's most advanced project focuses on the treatment of pancreatic cancer and Grifols' participation in the firm's equity will enable it to continue to develop this new therapeutic approach, currently at the preclinical phase and scheduled to enter the clinical phase in 2013.



6. PERFORMANCE BY BUSINESS AREA: DIVISIONAL ANALYSIS

BIOSCIENCE DIVISION: 88.7% OF GRIFOLS' INCOME, AND SALES WORTH OVER 2,325 MILLION EUROS

95% of income generated in international markets

There was impressive growth in the United States, where commercial teams used a variety of approaches to build relationships with different groups, to identify their requirements, and to improve the response to their needs. These include doctors, general purchasing organizations, and hospital pharmacy services. Sales also grew in countries such as China, in which albumin continues to perform well.

New products and therapeutic applications contribute to increased sales volume of the key plasma proteins

By product, the increase in the volume of sales of the main proteins was the division's main engine of growth. The consolidation of Alphanate® factor VIII following divestment of Koate® in the United States to comply with the FTC agreements made a significant contribution. Other factors included the introduction of new products in some markets. At the end of 2012, Grifols started to market Prolastina® in Spain. This is an alpha 1-antitrypsin, manufactured using the method at the Clayton plant. This protein has been designated an orphan drug for the treatment of cystic fibrosis by the FDA, enabling the start of a clinical trial to develop a new, inhaled formulation of this treatment.

Sales growth in the medium term will also benefit from new licenses being obtained. In this respect, a major achievement has been the success in obtaining an FDA license for the new anti-thrombin manufacturing plant at Clayton, and production of the first batches. This product was already being manufactured under a contract with Bayer at Berkeley, and is the only anti-thrombin approved by the FDA in the United States.

5.8 million liters of plasma collected from 150 centers in the United States

The volume of plasma collected by Grifols centers in the United States in 2012 was 5.8 million liters, in line with the company's optimization strategy in this area. In this regard, the purchase of three new plasma donor centers in the United States from Canadian biopharmaceutical firm Cangene Corporation will enable Grifols to consolidate its global leadership in plasma collection, contributing to the vertical integration of its business. At the end of the year, Grifols owned 150 centers in the United States. In addition, the second sample testing laboratory at San Marcos has now come on stream, complementing the company's existing facility in Austin.

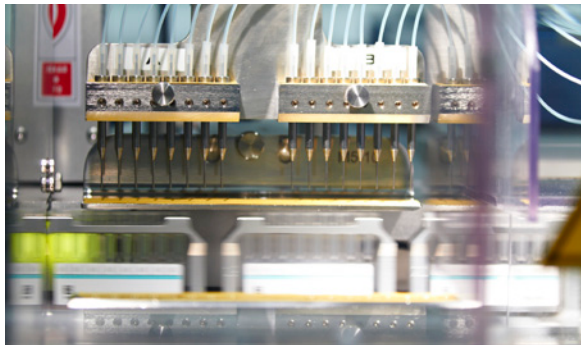
Implementation of additional process safety measures

The safety of processes and products is paramount for Grifols. Improvements implemented during the past year include: the incorporation of the Plasma Bags Open (PBO) automatic module for emptying and cutting plasma bags at the Parets del Vallès fractionation plant, and validation of a new analysis platform for joint testing of the B19 parvovirus and hepatitis A (HAV NAT), and new serology kits for viral markers. The application of radiofrequency identification technology (RFID) as a technique for the identification of plasma bottles is still being studied.

DIAGNOSTIC DIVISION: 5.1% OF INCOME, AND SALES WORTH OVER 134 MILLION EUROS

Blood group typing cards continue to be the main driver of growth

Approximately 80% of income was generated outside Spain, driven primarily by sales of DG Gel® blood group typing cards. The number of units sold has increased in all of the markets where Grifols has a presence, with a particularly strong performance in emerging countries such as Mexico, Turkey, China and Brazil. In the instrumentation field, there have been strong sales of the Erytra® analyzer in Switzerland, Denmark, Sweden and Norway, and the first analyzer has been installed in Mexico. The Q® hemostasis analyzer continues to expand in new markets such as Brazil and Turkey.



Manufacturing of DG Gel® cards

Optimization of the growth potential of gel technology

In 2012 the gel reagent facilities, procedures and quality systems at Parets del Vallès passed the FDA inspection, the step prior to obtaining marketing authorization for the DG Gel® system in the United States. The Canadian authorities have already given their approval.

In order to ensure the manufacture of reagents and satisfy strong market demand, a new gel card filling line has been installed at the Parets del Vallès plant.

Continuing internationalization through agreements such as the one reached with the Shanghai Blood Bank

The Shanghai Blood Bank, one of China's largest blood transfusion institutions, will use the latest technology sold by Grifols for testing blood compatibility: the BLOODchip® genetic test. The Shanghai Blood Bank serves over 20 million people and receives more than 300,000 donations every year.

Transfusion safety at Spanish blood banks

In a context of budget restraints in Spain, the commitment of the Castilla-La Mancha and Aragón regions to transfusion safety is particularly impressive. Both regions have implemented platelet pathogen inactivation processes using products distributed by Grifols. This brings to nine the total number of Spanish regions using these systems.

Activity sustained in all specialist areas

In immunohematology, new techniques have been planned, verified and validated, permitting the automation of specific reagents in the WADiana® analyzer and the DG® Reader. In immunology, in addition to ongoing maintenance of installed Triturus® analyzers, a special version has been developed for the exclusive use of Araclon Biotech, which will make it possible to automate ABTests® kits designed for early diagnosis of Alzheimer's. At the same time, the hemostasis line has continued to expand its range of reagents.

HOSPITAL DIVISION: 3.7% OF INCOME, AND SALES CLOSE TO 100 MILLION EUROS

Sales affected by health spending reductions in Spain

This division generates most of its sales in the Spanish market, and some of its products were therefore affected by the various austerity measures in the health sector. However, the group is currently reorganizing its commercial structure in Spain. This reorganization towards a more commercial and transversal model, in both geographical and functional terms, is designed to enable the division to address the challenges posed by the new situation in the Spanish health sector.

Commercial and distribution agreements to promote the internationalization of the division

Grifols continues to promote the internationalization of this division, primarily through the Hospital Logistics area, and through commercial and distribution agreements.

One key development has been the start of distribution in Spain of probiotic VSL#3®, produced by Actial Farmacéutica. This is a nutritional complement that helps to maintain the balance of the intestinal bacterial flora, and strengthens the immune system. This agreement has enabled the Nutrition area to grown by 6.6%. Furthermore, the distribution agreement signed in 2011 with CareFusion has enabled this company to start sales of the BlisPack® system, designed and manufactured by Grifols, in a number of countries in Latin America, the Middle East and Asia. In 2012, version 1.2 of this product, with upgraded processing capacities, was launched.

Increase in third-party drug manufacturing agreements

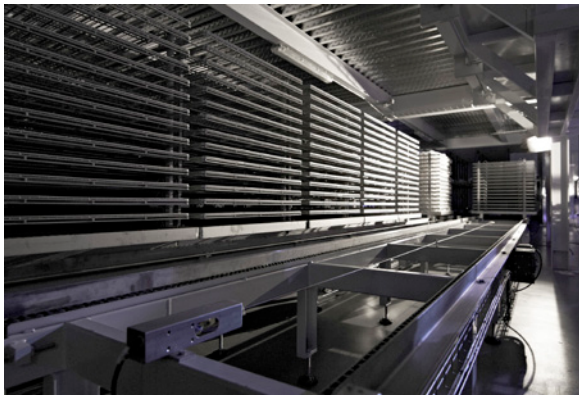
The strategy of manufacturing prediluted drugs for third parties is contributing to the geographical diversification of the division, and is helping to maximize use of the manufacturing facilities at Parets del Vallès. This service is undertaken by Grifols Partnership, and the agreements reached during 2012 include one in the United States with Mylan Institutional, that will enable both companies to expand their position in the hospital market, and an agreement signed with Eurospital, for the manufacture of intravenous solution in glass bottles for this Italian company. A major achievement for the fluid therapy third-party manufacturing area has been the approval of two formulations for the treatment of osteoporosis for Europe, North America and Australia, with the product scheduled to reach the market in 2013.

In addition, the Spanish Medicines Agency has approved prediluted potassium solutions in various formats, and five new projects have been launched, including an analgesic in saline solution for the North American market. In the nutrition area, work is now in progress on the manufacture of a parenteral lipid solution, and two new enteral diets have been finalized: a hyperprotein diet and a diabetic one.

FDA inspects Barcelona site in 2012

The manufacturing facilities at Parets del Vallés were successfully inspected by the FDA in 2012. This is one of the requirements for the ongoing internationalization of the division, a plan that involves obtaining approval from the United States authorities for the Barcelona plant and for Murcia at a later stage.

The Murcia plant has a total production capacity of up to 40 million units of intravenous solutions (serum) in polypropylene bags. It holds FDA and EC accreditation for health products, and has been approved by the Spanish Medicines Agency (AEM) for the manufacture of medicines. In addition, the group has already obtained authorization from the Spanish Department of Health to sell products manufactured on the extended Murcia site (phase III), making it possible to expand production of intravenous solutions in flexible containers.



Parenteral solutions production plant. Murcia, Spain

7. ENVIRONMENTAL MANAGEMENT

In the environmental arena, the results obtained in 2012 confirm the effectiveness of the measures adopted with regard to energy efficiency and the reduction of emissions, identified as the main priorities in the Corporate Plan for strategic actions on energy 2010–2012.

Good progress has been made in the implementation at a global level of the SAP tool SuPM (Sustainability Performance Management), making it possible to systematize the monitoring of all environmental indicators and to obtain better information as a basis for setting new targets.

The successful implementation of Grifols' environmental management policy and targets has meant that increased production of plasma derivatives, the group's main business area, covered by the Bioscience division, has not led to a corresponding increase in environmental indicators such as the generation of waste material.

The construction of the ethanol distillation tower at the Los Angeles plant is almost completed. When it comes on stream, it will be able to recover 1.4 million liters of this compound each year, currently treated as waste.

At the Clayton plant over 160 tonnes (t) of plastic have been reused by recycling empty plasma bottles, and the amount of general waste has been reduced by over 900 tonnes as a result of better waste separation.

At the manufacturing facility at Parets del Vallès a new waste zone has been constructed in order to centralize waste separation and recycling equipment, while 100% of polyethylene glycol waste was recycled. The 4000 tones of this substance were converted into a by-product for the manufacture of additives for the cement industry and to produce biogas, a step that has also had the effect of avoiding the emission into the atmosphere of 2300 tonnes of CO_2.

The company has also run a number of awareness-raising programs, including the Go Green Campaign, with the aim of promoting recycling at the 150 plasma donor centers in the United States. As in previous years, Grifols participated in the Carbon Disclosure Project (CDP), an initiative designed to recognize the measures adopted by various participating companies to reduce emissions and mitigate the risks of climate change. In 2012, the company obtained a score of 88 out of 100, making Grifols the fourteenth highest placed company of the 125 largest companies in Spain and Portugal, and the leading company in the health sector.

New fractionation plant. Clayton, NC, USA

8. HUMAN RESOURCES

The two key commitments of the Human Resources area have been to safeguard people's jobs and to maintain the professional development of the company's staff.

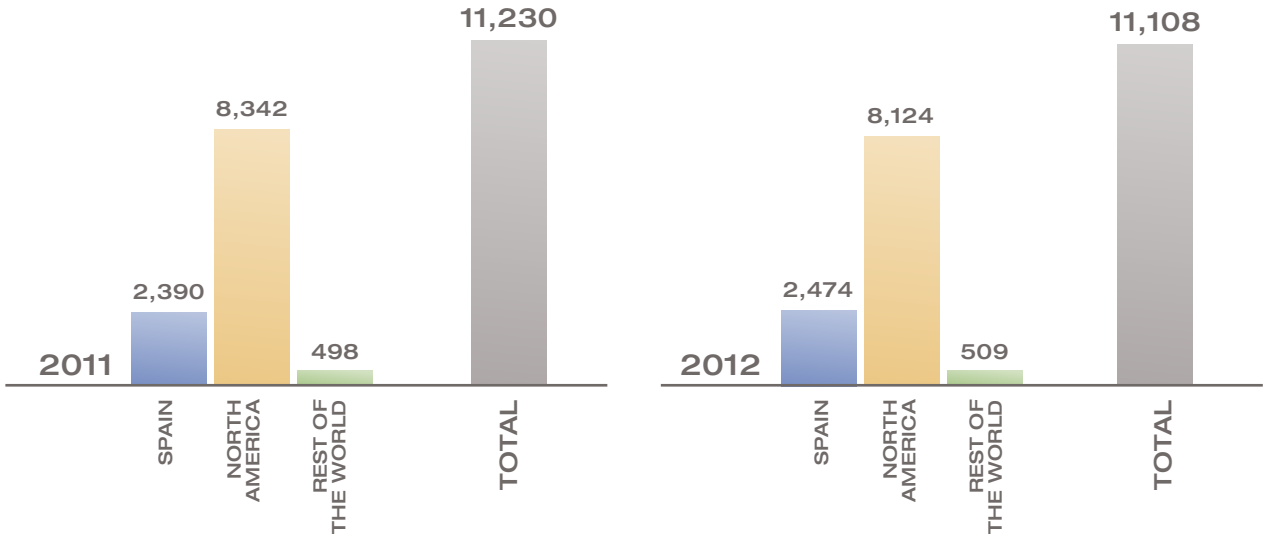
Grifols employed an average of 11,108 members of staff, remaining at levels broadly similar to the previous year on a proforma basis, while increasing by 3.5% in Spain to a total of 2,474.

In 2012 Grifols continued to be a model employer, with average length of service of 6 years. The figures also confirm gender equality at the company, with the workforce consisting of 46% men and 54% women, and an average age of 38.

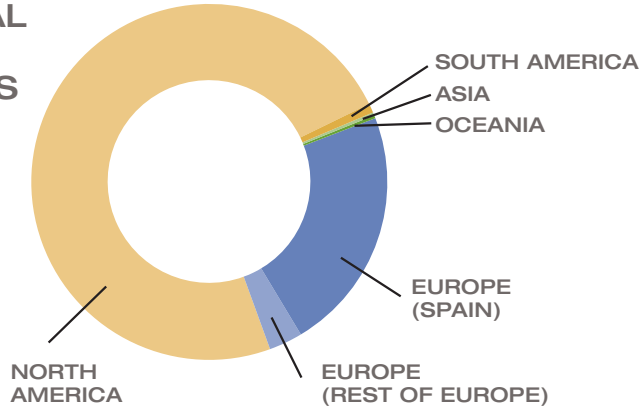
With respect to training, total hours, the number of courses, and the number of participants all rose significantly with respect to 2011, with a focus on technical training, scientific and business and personal skills development.

Key training indicators 2012:	
No. of courses	**40,035**
Total hours	**330,771**
Hours / Employee	**30.12**

AVERAGE NUMBER OF EMPLOYEES



GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES



The main strategic focus has been to ensure continuity and to consolidate working processes in all the training areas across the organization at a corporate and international level, especially in the United States. As part of this, a number of key projects are being implemented, including the gradual introduction of the SAP Training module for the whole group, improving Campus Grifols (online training platform) and standardizing and implementing a global performance evaluation system.

During 2012 the group's two academies have both run an extensive program of activities: the Grifols Academy of Plasmapheresis in the United States and the Grifols Academy in Spain, which in its first full year of operation organized 254 courses, delivered over 40,000 hours of training, and supported over 2,000 participants.

Protecting the health and safety of staff has been a major focus of HR activity. The most effective way to do this is by correctly identifying all risks when designing the facilities, so that risks are prevented and properly managed.

We also promote the investigation of any incidents, and the identification and analysis of the causes as a key element of proactive safety management. Identifying the underlying causes and implementing corrective measures is essential in order to prevent accidents from occurring across the company's various sites.

Internationally, the project to standardize the workplace health and safety system continues to progress. This began in 2010 and consists of 3 phases: identification of the health and safety management situation at international subsidiaries; updating the documentation for each subsidiary; and the standardization and establishment of a system that is both adapted to the specific characteristics of each subsidiary, and consistent with the certified corporate system in Spain.

Under this plan, the actions taken in 2012 have focused on consolidating the management system at subsidiaries, including monitoring objectives and establishing global indicators (KPIs). In addition, a health and safety guide has been drawn up for subsidiaries, to go hand-in-hand with detailed monitoring of the project. As part of the process of verifying the effectiveness of the management system implemented, regular audits will be conducted during 2013, and the results of these will be used to identify new actions and deadlines.

For the United States subsidiaries, the US Health and Safety Committee has been created, coordinated by the head office in Barcelona and with its members drawn from the management of the various group companies in the USA. In addition, subcommittees have been established to consider specific issues and share good practice between the different Grifols companies operating in the United States.

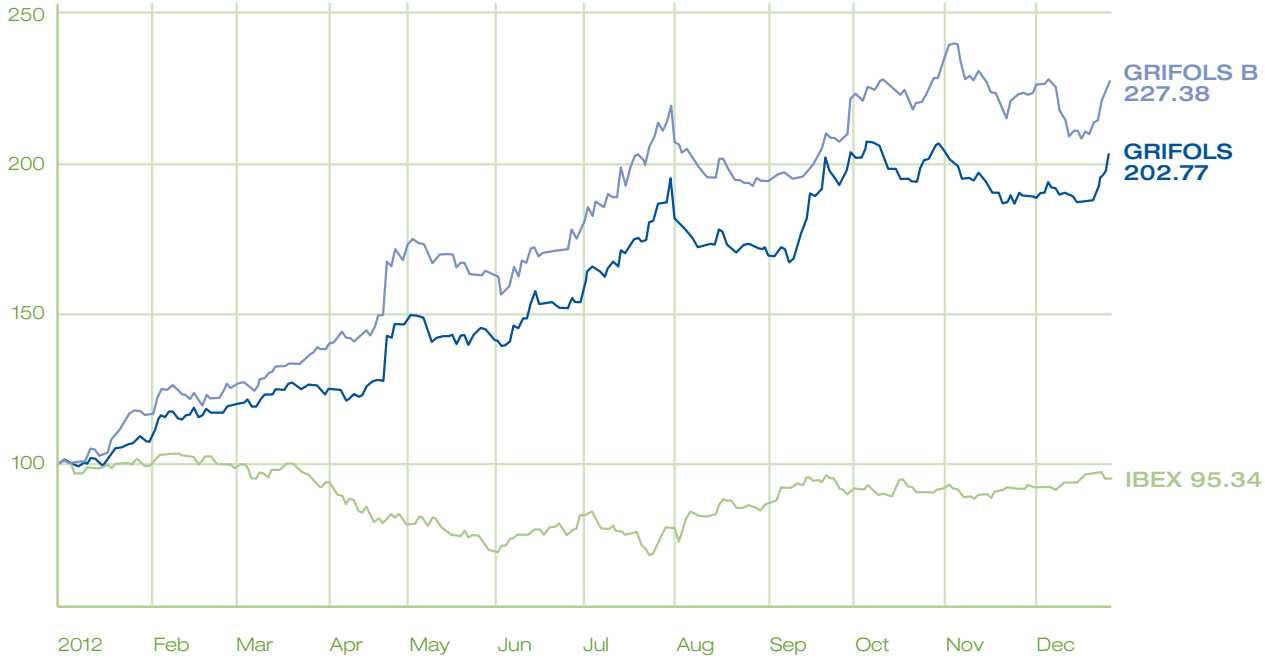
9. SHARE PRICE PERFORMANCE

Having risen by over 100% in 2012, Grifols ordinary shares (Class A) have been the highest performers on the IBEX-35, the main reference index for the Stock Exchange in Spain. The company's shares opened the year at 13.00 euros each, and closed on 31 December at 26.36 euros per share.

This performance is particularly impressive given the very challenging conditions of the last year, during which the Spanish Stock Exchange was hit hard by investors.
In addition to the ordinary shares (Class A) listed on the Spanish Continuous Market, where they form part of the Ibex-35 (GRF), Grifols has non-voting shares (Class B) also listed on the Continuous Market (GRF.P) and on the NASDAQ (GRFS) via ADRs (American Depositary Receipts). These non-voting shares (Class B) have also risen significantly in value. They began 2012 at a price of 8.40 euros per share, and closed at 19.10 euros, an increase of over 127%.

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

(BASE 100, FROM JANUARY 1 TO DECEMBER 31 2012)



REPORTED[2] PROFIT AND LOSS ACCOUNT

(IN THOUSAND OF EUROS)	2012	2011	% VAR.
NET REVENUE	**2,620,944**	**1,795,613**	*46.0*
COST OF SALES	(1,291,345)	(968,133)	*33.4*
GROSS PROFIT	**1,329,599**	**827,480**	*60.7*
% ON SALES	*50.7*	*46.1*	
R&D	(124,443)	(89,360)	*39.3*
SGA	(545,072)	(459,259)	*18.7*
OPERATING EXPENSES	(669,515)	(548,619)	*22.0*
OPERATING PROFIT	**660,084**	**278,861**	*136.7*
% ON SALES	*25.2*	*15.5*	
FINANCIAL RESULT	(270,729)	(197,774)	*36.9*
SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES	(1,407)	(1,064)	*32.2*
PROFIT BEFORE TAX	**387,948**	**80,023**	*384.8*
% ON SALES	*14.8*	*4.5*	
INCOME TAX EXPENSE	(132,571)	(29,795)	*344.9*
NET PROFIT FOR THE YEAR	255,377	50,228	*408.4*
RESULTS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1,309	79	*1,557.0*
GROUP NET PROFIT	**256,686**	**50,307**	*410.2*
% ON SALES	*9.8*	*2.8*	
EBITDA	**789,209**	**369,501**	*113.6*
% ON SALES	*30.1*	*20.6*	
ADJUSTED EBITDA[3]	**836,117**	**472,810**	*76.8*
% ON SALES	*31.9*	*26.3*	

BALANCE SHEET

IN THOUSANDS OF EUROS	2012	2011
ASSETS		
NON-CURRENT ASSETS	**3,692,910**	**3,710,785**
GOODWILL AND OTHER INTANGIBLE ASSETS	2,838,994	2,903,408
PROPERTY PLANT & EQUIPMENT	810,107	775,869
OTHER NON-CURRENT ASSETS	43,809	31,508
CURRENT ASSETS	**1,934,564**	**1,929,215**
INVENTORIES	998,644	1,030,341
TRADE AND OTHER RECEIVABLES	447,173	531,989
OTHER CURRENT FINANCIAL ASSETS	460	16,904
OTHER CURRENT ASSETS	14,960	9,395
CASH AND CASH EQUIVALENTS	473,327	340,586
TOTAL ASSETS	**5,627,474**	**5,640,000**
EQUITY AND LIABILITIES		
EQUITY	**1,880,741**	**1,664,994**
CAPITAL	117,882	117,882
SHARE PREMIUM RESERVE	890,355	890,355
RESERVES	620,144	568,274
TREASURY STOCK	(3,060)	(1,927)
EARNINGS FOR THE PERIOD	256,686	50,307
NON-CONTROLLING INTEREST	3,973	2,487
OTHER COMPREHENSIVE INCOME	(5,239)	37,616
NON-CURRENT LIABILITIES	**3,153,868**	**3,328,929**
FINANCIAL LIABILITIES	2,690,819	2,945,788
OTHER NON-CURRENT LIABILITIES	463,049	383,141
CURRENT LIABILITIES	**592,865**	**646,077**
FINANCIAL LIABILITIES	195,578	162,296
OTHER CURRENT LIABILITIES	397,287	483,781
TOTAL EQUITY AND LIABILITIES	**5,627,474**	**5,640,000**

CASH FLOW[2]

IN THOUSANDS OF EUROS	2012	2011
NET INCOME	256,686	50,307
DEPRECIATION AND AMORTITZATION	129,126	90,639
NET PROVISIONS	8,104	23,806
OTHER ADJUSTMENTS-NET	119,006	136,503
CHANGES IN INVENTORIES	14,509	6,909
CHANGES IN TRADE RECEIVABLES	34,421	(60,716)
CHANGES IN TRADE PAYABLES	(54,734)	(27,220)
CHANGE IN OPERATING WORKING CAPITAL	*(5,804)*	*(81,027)*
NET CASH FLOW FROM OPERATING ACTIVITIES	**507,118**	**220,228**
BUSINESS COMBINATIONS AND INVESTMENTS IN GROUP COMPANIES	(11,067)	(1,624,869)
CAPEX	(156,061)	(151,577)
R&D/OTHER INTANGIBLE ASSETS	(10,067)	(8,322)
OTHER CASH INFLOW /(OUTFLOW)	112,760	166,042
NET CASH FLOW FROM INVESTING ACTIVITIES	**(64,435)**	**(1,618,726)**
FREE CASH FLOW	*442,683*	*(1,398,498)*
ISSUE (PURCHASE) OF EQUITY	(9)	(2,830)
ISSUE (REPAYMENT) OF DEBT	(255,569)	1,762,550
OTHER CASH FLOWS FROM FINANCING ACTIVITIES	(49,752)	(284,748)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(305,330)**	**1,474,972**
TOTAL CASH FLOW	137,353	76,474
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	340,586	239,649
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	(4,612)	24,463
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**473,327**	**340,586**