

Merck buys Brazilian Animal Health Company Vallée S.A.

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Merck Animal Health (known as MSD Animal Health outside the United States and Canada) announced it has executed an agreement to acquire a controlling interest in Vallée S.A., a leading privately-held producer of animal health products in Brazil.

Vallée has an extensive portfolio of more than 100 products spanning parasiticides, anti-infectives and vaccines. The company's portfolio includes products for livestock, horses, and companion animals. Vallée was founded with the mission of producing a Foot and Mouth Disease (FMD) vaccine for Brazil and has expanded significantly, with distribution centers in Brazil and operations in Paraguay, Venezuela, Mexico and Bolivia.

"Merck Animal Health has a broad portfolio of products to protect against some of the most important pathogens affecting livestock," said Rick DeLuca, president, Merck Animal Health. "We are pleased to complement our portfolio with products from Vallée, which will further strengthen our presence in Latin America and help us respond even more quickly and effectively to the region's needs."

The agriculture industry is an important driver of the economy in Latin America. This region contributes 11% of the value of the world food production and a significant number of the cattle in the region are vaccinated with Vallée S.A. vaccines.

"As one of the largest producers of protein in the world, Brazil is an important market for us," explains Ralph Cabezas, vice president, Latin America region, Merck Animal Health. "Vallée has been a trusted manufacturing partner in this region for a number of years and we are pleased to offer their products to our customers to help protect animals from diseases."

Under terms of the agreement, Merck Animal Health, through a subsidiary, will acquire approximately 93% of the shares of

Vallée S.A. at closing, in exchange for a payment of \$400 million, based on current exchange rates. This agreement is subject to regulatory review and certain closing conditions.