



# Virbac to divest U.S. Rights to SENTINEL<sup>®</sup> brands to MSD Animal Health

*Carros, France, public release dated May 13, 2020*

**Virbac announces that it has entered into an agreement with MSD Animal Health, a division of Merck & Co., Inc., Kenilworth, N.J., USA (NYSE:MRK), to divest veterinary products currently marketed in the United States under the SENTINEL<sup>®</sup> brands by Virbac, for US \$400 million in an all-cash deal subject to customary post-closing adjustments. These assets were acquired in early 2015 from Eli Lilly.**

Under the terms of this agreement, Virbac will divest a combination of titles and rights for the United States on trademarks, marketing authorizations, patents, know-how, and other assets, related to two parasiticides for dogs: SENTINEL<sup>®</sup> FLAVOR TABS<sup>®</sup> and SENTINEL<sup>®</sup> SPECTRUM<sup>®</sup>. In relation with the transaction, Virbac will keep its commercial structure substantially unchanged, and will continue to manufacture SENTINEL<sup>®</sup> SPECTRUM<sup>®</sup> at its Bridgeton, Missouri site for the next ten years.

In the United States, SENTINEL<sup>®</sup> FLAVOR TABS<sup>®</sup> and SENTINEL<sup>®</sup> SPECTRUM<sup>®</sup> have reached total revenues of around US \$70 million in 2019. At the time of the acquisition, Virbac was expecting a high leverage from the synergies on the historical ranges through the access to new large veterinary clinics and the more than doubling of the sales force. These synergies on historical products have not materialized due to the Bridgeton manufacturing site temporary interruption, while the number of brands in the parasiticide segment has grown over the recent years. Divesting these brands is an opportunity for Virbac to significantly deleverage the Group. It also permits us to refocus on our existing portfolio of products offered to veterinary clinics and pet owners in the United States, and maximize our growth potential, either organically through future launches, or through acquisitions.

The financial impacts of this divestment, to Virbac's revenue and operating profit before depreciation of intangible assets arising from acquisitions ("Ebita"), are estimated (on a full year pro forma basis) to be a decrease in revenue of approximately US \$55 million and around 3 points in the ratio of Ebita to revenue.

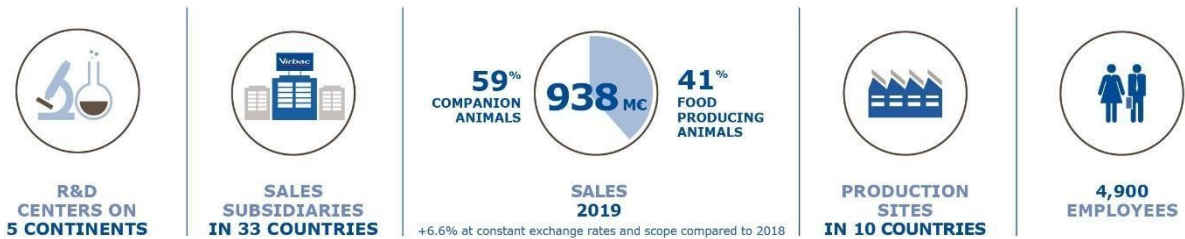
The completion of this transaction is subject to approval by the Federal trade commission and to satisfaction of customary closing conditions. The deal is expected to close by mid-year 2020.



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### Focusing on animal health from the beginning

Virbac offers veterinarians, farmers and pet owners in more than 100 countries a practical range of products and services for diagnosing, preventing and treating the majority of diseases while improving quality of life for animals. With these innovative solutions covering more than 50 species, Virbac contributes day after day to shaping the future of animal health.



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### About MSD Animal Health

For more than a century, MSD, a leading global biopharmaceutical company, has been inventing for life, bringing forward medicines and vaccines for many of the world's most challenging diseases. MSD Animal Health, a division of Merck & Co., Inc., Kenilworth, N.J., USA, is the global animal health business unit of MSD. Through its commitment to The Science of Healthier Animals®, MSD Animal Health offers veterinarians, farmers, pet owners and governments one of the widest ranges of veterinary pharmaceuticals, vaccines and health management solutions and services as well as an extensive suite of digitally connected identification, traceability and monitoring products. MSD Animal Health is dedicated to preserving and improving the health, well-being and performance of animals and the people who care for them. It invests extensively in dynamic and comprehensive R&D resources and a modern, global supply chain. MSD Animal Health is present in more than 50 countries, while its products are available in some 150 markets. For more information, visit [www.msd-animal-health.com/](http://www.msd-animal-health.com/) or connect with us on [LinkedIn](#) and [Twitter](#).