Sanofi-aventis to Acquire Merck's Interest in Merial

03.08.2009 - Sanofi-aventis and Merck & Co., Inc. announced that the companies have signed a definitive agreement under which Merck will sell its 50 percent interest in the companies' current animal health joint venture, Merial Limited, to sanofi-aventis for $4 billion (US) in cash. Formed in 1997, Merial is a leading animal health company that is a 50/50 joint venture between Merck and sanofi-aventis. Following the close of the transaction, sanofi-aventis will own 100 percent of Merial.

Sanofi-aventis said the acquisition price values Merial on the basis of 3.0 x 2008 sales and 10.2 x 2008 earnings before interest and taxes (EBIT). The acquisition is expected to be accretive to sanofi-aventis' adjusted net income from the first year.

In addition to the Merial agreement, Merck, sanofi-aventis and Schering-Plough announced the signing of a call option agreement. Under the terms of the call option agreement, following the closing of the Merck/Schering-Plough merger, sanofi-aventis would have an option to combine the Intervet/Schering-Plough Animal Health business with Merial to form an animal health joint venture that would be owned equally by the new Merck and sanofi-aventis.