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## **Alfa Laval announces a recommended public cash tender offer for all shares in Neles**

Alfa Laval AB (publ), 13 July 2020

Alfa Laval AB (publ) ("**Alfa Laval**" or the "**Offeror**"), a Swedish public limited liability company, and Neles Corporation ("**Neles**" or the "**Company**") have on 13 July 2020 entered into a combination agreement (the "**Combination Agreement**") pursuant to which Alfa Laval will make a voluntary recommended public cash tender offer for all issued and outstanding shares in Neles that are not held by Neles or any of its subsidiaries (the "**Tender Offer**"). In the Tender Offer, Neles' shareholders will be offered a cash consideration of EUR 11.50 for each issued and outstanding share in Neles (the "**Offer Price**"), valuing Neles' total equity at approximately EUR 1,727 million. The members of the Board of Directors of Neles who participated in the decision-making have unanimously decided to recommend that the shareholders of Neles accept the Tender Offer.

Alfa Laval has identified the industrial flow control market as a key growth area. The transaction enables Alfa Laval to considerably strengthen its presence in the large industrial flow control space where the company currently offers mainly energy efficiency solutions. On the other hand, Alfa Laval believes there are several areas where being part of the Alfa Laval Group can make a significant contribution to the future development of Neles, such as leveraging Alfa Laval's existing global platform. Alfa Laval has a proud history of preserving and investing in the Nordic region, evidenced by its 5,400 strong work force of employees. Alfa Laval has a proven track record of entering adjacent markets through platform investments in quality companies and, after having built a significant industrial presence in Sweden, Denmark, and Norway, Neles' Finnish footprint will be completing Alfa Laval's Nordic platform.

Neles is a global leader in flow control solutions and services. The Company's valves and valve automation technologies are known for quality, reliability and highest safety. Neles started trading as an independent company on 1 July 2020 following the partial demerger of Metso Corporation ("**Metso**") (the "**Demerger**"), but the business has a long track record with a history of more than 60 years of innovation.

The transaction is expected to result in significant benefits for stakeholders, including creation of shareholder value for both Neles and Alfa Laval shareholders. Alfa Laval believes that there is a strong strategic and cultural fit in the transaction.

### **KEY HIGHLIGHTS AND SUMMARY OF THE TENDER OFFER**

- The Offer Price is EUR 11.50 in cash for each issued and outstanding share in Neles.
- The Offer Price represents a premium of approximately:

- 32.8 percent compared to the closing price of the Neles share (EUR 8.658) on the official list of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") on 10 July 2020, the last trading day before the announcement of the Tender Offer; and
  - 29.6 percent compared to the volume-weighted average trading price of the Neles share on Nasdaq Helsinki during the period from 1 July 2020, the first trading day after the date of registration of the Demerger, up until and including 10 July 2020, the last trading day before the announcement of the Tender Offer, and excluding the impact of Valmet Corporation's ("**Valmet**") acquisition of shares representing 14.88 percent of all shares in Neles from Solidium Oy ("**Solidium**"), which was announced by Valmet on 17 June 2020 and completed on 1 July 2020; and
  - 35.8 percent compared to the volume-weighted average trading price of the Neles share on Nasdaq Helsinki during the period from 1 July 2020, the first trading day after the date of registration of the Demerger, up until and including 10 July 2020, the last trading day before the announcement of the Tender Offer.
- The members of the Board of Directors of Neles who participated in the decision-making have unanimously decided to recommend that the shareholders of Neles accept the Tender Offer.
  - Cevian Capital, who holds approximately 10.9 percent of the issued and outstanding shares in Neles, has on customary conditions irrevocably undertaken to accept the Tender Offer.
  - The completion of the Tender Offer is subject to certain customary conditions being fulfilled or waived by Alfa Laval on or by the date of Alfa Laval's announcement of the final result of the Tender Offer. These include, among others, the obtaining of all necessary regulatory approvals and that the Tender Offer has been accepted with respect to shares representing, together with shares otherwise acquired by Alfa Laval prior to or during the offer period, more than two-thirds (2/3) of the issued and outstanding shares and votes in Neles.
  - Should Alfa Laval obtain more than 90% of the issued and outstanding shares and votes in Neles, Alfa Laval intends to initiate mandatory redemption proceedings in accordance with the Finnish Companies Act to acquire the remaining shares in Neles, and thereafter to cause Neles' shares to be delisted from Nasdaq Helsinki as soon as reasonably practicable. Should Alfa Laval obtain less than 90% but more than two-thirds (2/3) of the issued and outstanding shares and votes in Neles, Alfa Laval would assess alternatives to acquire the remaining shares in Neles over time, and it is possible that Neles could become subject to certain corporate transactions, including for example purchases of further shares in Neles after completion of the Tender Offer, or a statutory cross-border merger with and into Alfa Laval. Alfa Laval has not taken any decisions on the timeline of any such possible transactions or whether any such transactions would be undertaken at all.
  - The Tender Offer will be financed through a combination of Alfa Laval's own funds and debt facilities from Skandinaviska Enskilda Banken AB (publ) ("**SEB**"). Alfa Laval has secured fully committed debt financing from SEB on a customary certain funds basis, and the availability of the debt financing is subject only to the completion of the Tender Offer and certain conditions that are customary for a certain funds financing arrangement of this kind. The Offeror's obligation to complete the Tender Offer is not conditional upon availability of financing.
  - Alfa Laval and Neles have undertaken to comply with the recommendation on procedures to be followed in Finnish public tender offers issued by the Finnish Securities Market Association (the "**Helsinki Takeover Code**").

- Alfa Laval will on or about 13 August 2020 publish a tender offer document (the "**Tender Offer Document**") with detailed information about the Tender Offer and information on how to accept the Tender Offer.
- The offer period under the Tender Offer is expected to commence on or about 13 August 2020 and to expire on or about 22 October 2020, unless the offer period is extended by Alfa Laval in accordance with the terms and conditions of the Tender Offer and applicable laws. The Tender Offer is currently expected to be completed during the fourth quarter of 2020.

#### **OVERVIEW OF THE COMBINED COMPANY**

Neles and Alfa Laval would create a larger and stronger global player in the flow control market. As a combined company, Neles would become an integral part of Alfa Laval's organization structure while largely retaining its operational structure and strong identity within the Alfa Laval network. The combined company's combined revenue for the twelve months ended 31 March 2020 was approximately SEK 53.8 billion (Alfa Laval: SEK 47.0 billion; Neles: EUR 642 million (converted using the European Central Bank's average EUR/SEK exchange rate of 10.651 between 1 April 2019 and 31 March 2020)) and it had a combined total of approximately 20,300 employees globally on 31 March 2020. The transaction is expected to be EPS accretive for Alfa Laval beginning from the first year following the completion of the Tender Offer.

#### **BACKGROUND AND ALFA LAVAL'S STRATEGIC RATIONALE**

Alfa Laval is a leading global provider of products and solutions based on its key technologies of heat transfer, separation and fluid handling. The company plays a vital role in areas that are crucial for society, such as energy efficiency, environmental protection and food production. Alfa Laval's products are used in the manufacturing of food, chemicals, pharmaceuticals, starch, sugar and ethanol as well as in nuclear power, onboard vessels; and in the engineering sector, mining industry and refinery sector, treating wastewater and in creating a comfortable indoor climate. Alfa Laval's worldwide organization helps customers in nearly 100 countries to optimize their processes. The company has 42 major production units (22 in Europe, 10 in Asia, 8 in the US and 2 in Latin America) and over 17,000 employees, the majority of whom are located in Sweden, Denmark, India, China, the US and France.

Neles is a global leader in flow control solutions and services. The Company's valves and valve automation technologies are known for quality, reliability and highest safety. The customers of Neles operate in oil and gas refining, pulp, paper and bioproducts industry, chemicals and other process industries. Currently the Company has about 2,900 employees in over 40 countries.

In recent years, Alfa Laval has acquired Aalborg Industries in Denmark (2011) and Frank Mohn (Framo) in Norway (2014) and, since then, continued to invest in their market position and growth. After having built a significant industrial presence in Sweden, Denmark, and Norway, Neles' Finnish footprint will be completing Alfa Laval's Nordic platform.

Alfa Laval has identified the industrial flow control market as a key growth area. The company has historically had a strong presence in the food and water business as well as in the marine and offshore business. The transaction enables Alfa Laval to considerably strengthen its presence in the large industrial flow control space where the company currently offers mainly energy efficiency solutions.

In line with the above, Alfa Laval considers Neles an attractive platform for continued growth. The companies operate in parallel end-markets with different product specifications in the valve business and very little overlap between their current operations. However, Alfa Laval sees much in common between the industrial end-markets and the separate hygienic end-markets. In addition, Alfa Laval is highly engaged in the same industrial end-markets as Neles with advanced solutions for heat transfer and separation technology. The strategic fit is further enhanced by both companies having an

advanced technology profile. Moreover, there are several areas where being part of the Alfa Laval Group can make a significant contribution to the future development of Neles, with certain strategic opportunities including:

- Leveraging Alfa Laval's well invested service network infrastructure of around 100 service centers globally.
- Leveraging Alfa Laval's highly efficient, automated warehouse presence in North America, Europe, and Asia in Neles' global parts distribution. The set-up is well suited to Neles' product range and can provide a world-class solution in the industrial flow market.
- Acquisition growth: Alfa Laval has a long history of successful M&A transactions and the financial strength to support a meaningful acquisition program in the industrial flow market.

Following completion of the Tender Offer, the operations of Neles will continue as a part of the Alfa Laval Group. The completion of the Tender Offer is not expected to have any major immediate effects on Neles' operations or assets, the position of its management or employees, or its business locations. However, as is customary, Alfa Laval intends to change the composition of the Board of Directors of Neles as soon as practically possible after the completion of the Tender Offer to reflect the new ownership structure of Neles.

**Commenting on the Tender Offer, Tom Erixon, President and CEO of Alfa Laval:**

*"We have a great respect for Neles and the company's employees and leadership. The proposed deal offers a strong industrial logic: Our businesses complement each other well with very little overlapping operations. Alfa Laval has the resources to invest in and support the development of Neles for years to come while our global service network offers Neles a "plug and play" -kind of platform. As an owner, Alfa Laval would be committed to the strategy and industrial plan of Neles while offering a powerful platform to enable future growth. The match is nearly perfect."*

**Commenting on the Tender Offer, Olli Isotalo, President and CEO of Neles:**

*"We see this offer as clear evidence of the good, strong work done throughout the years. It means that Alfa Laval believes in and appreciates our strategy, products and most of all, know-how of our people. We continue to be serving our customers and executing our strategy, and are delighted to hear that Alfa Laval would support our endeavours."*

**Commenting on the Tender Offer, Dennis Jönsson, Chairman of Alfa Laval's Board of Directors:**

*"Our commitment and belief in Neles and the strength of our joint journey is reflected in our attractive offer to current shareholders of Neles. This can become another successful partnership between Finnish and Swedish companies. Our industrial heritage and resources combined with Neles' market leading capabilities is a formula for future growth. In recent years, deploying the same logic of combining the Alfa Laval platform with the acquired company's strengths, similar acquisitions have been made in Denmark and Norway with good results."*

**Commenting on the Tender Offer, Jukka Moisio, Chairman of Neles' Board of Directors:**

*"Neles and Alfa Laval represent the best of Nordic engineering – both companies are experts in their fields and reach out to global customers. Neles will benefit from Alfa Laval's wide industry expertise and global presence in further growing its market coverage, and Alfa Laval's experience and success in major Nordic acquisitions supports Neles future and its team's excellence in engineering."*

**THE TENDER OFFER IN BRIEF**

Alfa Laval and Neles have on 13 July 2020 entered into the Combination Agreement pursuant to which Alfa Laval will make a voluntary recommended public cash tender offer for all issued and outstanding shares in Neles that are not held by Neles or any of its subsidiaries. A summary of the main terms of the Combination Agreement is provided under "The Combination Agreement" below.

Alfa Laval and Neles have undertaken to comply with the Helsinki Takeover Code. On the date of this announcement, Neles has 150,348,256 issued shares, of which 150,197,895 are outstanding, and neither Alfa Laval nor any of its group companies hold any shares or voting rights in Neles. Alfa Laval reserves the right to acquire shares in Neles before, during and/or after the offer period (including any extension thereof and any subsequent offer period) in public trading on Nasdaq Helsinki or otherwise.

### **The Offer Price**

The Offer Price is EUR 11.50 in cash for each issued and outstanding share in Neles. Assuming that all issued and outstanding shares in Neles would be tendered in the Tender Offer, the total aggregate consideration payable by Alfa Laval would equal EUR 1,727 million.

The Offer Price represents a premium of approximately:

- 32.8 percent compared to the closing price of the Neles share (EUR 8.658) on the official list of Nasdaq Helsinki on 10 July 2020, the last trading day before the announcement of the Tender Offer;
- 29.6 percent compared to the volume-weighted average trading price of the Neles share on Nasdaq Helsinki during the period from 1 July 2020, the first trading day after the date of registration of the Demerger, up until and including 10 July 2020, the last trading day before the announcement of the Tender Offer, and excluding the impact of Valmet's acquisition of shares representing 14.88 percent of all shares in Neles from Solidium, which was announced by Valmet on 17 June 2020 and completed on 1 July 2020; and
- 35.8 percent compared to the volume-weighted average trading price of the Neles share on Nasdaq Helsinki during the period from 1 July 2020, the first trading day after the date of registration of the Demerger, up until and including 10 July 2020, the last trading day before the announcement of the Tender Offer.

Should the number of issued and outstanding shares in Neles on the date hereof change as a result of a new share issue, reclassification, stock split or any other similar transaction, or should Neles distribute a dividend or otherwise distribute funds or any other assets to its shareholders, or should a record date with respect to any of the foregoing occur prior to the completion of the Tender Offer, the Offer Price will be reduced accordingly on a euro-for-euro basis.

### **The offer period**

The offer period under the Tender Offer is expected to commence on or about 13 August 2020 and to expire on or about 22 October 2020. Alfa Laval reserves the right to extend the offer period from time to time in accordance with the terms and conditions of the Tender Offer and applicable laws and regulations. The Tender Offer is currently expected to be completed during the fourth quarter of 2020.

The detailed terms and conditions of the Tender Offer as well as instructions on how to accept the Tender Offer will be included in the Tender Offer Document, which Alfa Laval expects to publish on or about 13 August 2020.

### **Recommendation by the Board of Directors of Neles**

The members of the Board of Directors of Neles who participated in the decision-making have unanimously decided to recommend that the shareholders of Neles accept the Tender Offer. The Board

of Directors will issue its complete statement on the Tender Offer in accordance with the Finnish Securities Markets Act (746/2012, as amended) before the commencement of the offer period. The Board of Directors of Neles has received a fairness opinion from Neles' financial advisor Morgan Stanley & Co. International plc, according to which the Offer Price is fair from a financial point of view from the perspective of the shareholders of Neles. The complete fairness opinion will be attached to the statement of the Board of Directors of Neles.

The Board of Directors of Neles has decided to recommend that the shareholders of Neles accept the Tender Offer by considering, amongst others, the following factors:

- The Board of Directors is confident in Neles' standalone strategy and prospects, which have been laid out by the management of the Company during its capital markets day on 27 May 2020;
- Following the acquisition of shares representing 14.88 percent of all shares in Neles by Valmet, there is no guarantee that Neles will over time be able to continue operating as a fully independent company, particularly given Valmet's stated intention to seek a seat on the Board of Directors of Neles and to increase its shareholding over time;
- The Offeror is supported by Neles' second largest shareholder Cevian Capital with an irrevocable undertaking to tender its shares subject to customary conditions;
- The Offer Price implies a premium of approximately 29.6 percent compared to the volume-weighted average trading price of the Neles share on Nasdaq Helsinki during the period from 1 July 2020, the first trading day after the date of registration of the Demerger, up until and including 10 July 2020, the last trading day before the announcement of the Tender Offer, and excluding the impact of Valmet's acquisition of shares representing 14.88 percent of all shares in Neles from Solidium, which was announced by Valmet on 17 June 2020 and completed on 1 July 2020;
- Based on customary financial metrics, the Offer Price implies transaction multiples which the Board of Directors views as attractive when compared to the trading multiples of comparable listed companies and precedent transactions in the same sector as that in which Neles operates;
- Given the relatively short trading history of Neles as a standalone company, the Board of Directors has in particular analyzed in detail the intrinsic value of the Company under a range of scenarios, as well as evaluated the Offer Price against a range of valuation methodologies;
- On this basis, the Board of Directors has concluded that the Offer Price is reflective of the value of the Company in the medium to long term, including when considering the potential execution risks related to the realization of Neles' strategy;
- The Offer Price will be paid fully in cash and the Offeror has secured financing for the payment of the Offer Price as required under applicable laws and regulation and the Helsinki Takeover Code, and the Offeror has informed Neles that it believes that necessary merger control clearances for the Tender Offer may be obtained prior to the expiry of the initial offer period;
- The Tender Offer is conditional on the Offeror reaching an acceptance threshold of only two-thirds of the shares, thus increasing the execution certainty of the Tender Offer for those shareholders who will choose to tender their shares;
- If the Tender Offer is successful, it would be likely to result in reduced liquidity for the Neles shares and enable Alfa Laval to make resolutions at the General Meetings of shareholders,

which require a qualified majority of two-thirds of the shares and votes represented at a General Meeting; and

- The Board of Directors has further taken into account its ability to respond to possible third-party proposals in line with the Board's fiduciary duties.

The complete statement of the Board of Directors regarding the Tender Offer will be published prior to the commencement of the offer period and appended to the Tender Offer Document.

#### **Support by major shareholders of Neles**

Cevian Capital, who holds approximately 10,9 percent of the issued and outstanding shares in Neles, has on customary conditions irrevocably undertaken to accept the Tender Offer.

#### **Conditions to completion of the Tender Offer**

The obligation of Alfa Laval to complete the Tender Offer will be conditional upon the satisfaction or, if permitted by applicable laws and regulations, waiver by Alfa Laval of the following conditions (the "**Closing Conditions**") on or prior to the date of Alfa Laval's announcement of the final result of the Tender Offer:

- i. the valid tender of shares representing, together with any other shares otherwise acquired by Alfa Laval prior to or during the offer period, more than two thirds of the issued and outstanding shares and voting rights in Neles;
- ii. the receipt of all necessary regulatory approvals, permits and consents, including merger control clearances, Alfa Laval being obliged to propose and take any such actions, including fulfilling any conditions set or remedies or commitments required under such approvals, permits, consents or clearances, including any requirements to divest or hold separate any assets or operations, or to reorganize the business of Alfa Laval, Alfa Laval's affiliates, Neles or Neles' affiliates, in order to ensure that the condition under this section ii. is satisfied;
- iii. no material adverse change having occurred after the signing date of the Combination Agreement;
- iv. Alfa Laval not, after the signing date of the Combination Agreement, having received information previously undisclosed to it that constitutes a material adverse change;
- v. no information made public by Neles being materially inaccurate, incomplete, or misleading, and Neles not having failed to make public any information that should have been made public by it under applicable laws and regulations or the rules of Nasdaq Helsinki, provided that, in each case, the information made public, or the failure to make information public, constitutes a material adverse change;
- vi. no court or regulatory authority of competent jurisdiction having given an order or issued any regulatory action preventing, postponing or materially challenging the completion of the Tender Offer in accordance with its terms;
- vii. the Board of Directors of Neles having issued the recommendation and the recommendation remaining in full force and effect and not having been withdrawn, modified or changed to the detriment of the Tender Offer;
- viii. the Combination Agreement not having been terminated and remaining in force and no event having occurred that would give Alfa Laval the right to terminate the Combination Agreement; and

- ix. the undertaking issued by Cevian Capital to accept the Tender Offer remaining in force in accordance with its terms.

Alfa Laval has the right to cause the Tender Offer not to proceed, to lapse or to be withdrawn if any of the Closing Conditions becomes, in the reasonable opinion of Alfa Laval, incapable of satisfaction, provided that the circumstances which give rise to the right to invoke the relevant Closing Condition have material significance to Alfa Laval in view of the Tender Offer, as referred to in the Regulations and Guidelines 9/2013 of the Finnish Financial Supervisory Authority. Alfa Laval reserves the right to waive, to the extent permitted by applicable laws and regulations, any of the Closing Conditions that have not been fulfilled.

#### **Authority approvals**

Alfa Laval will, as soon as reasonably practicable, make all submissions, notifications and filings required to obtain all necessary regulatory approvals from relevant authorities in all jurisdictions where required under applicable laws and regulations. Based on currently available information, Alfa Laval expects the Tender Offer to be subject to merger control clearances in certain jurisdictions, including Finland, Germany, Russia, South Korea, Turkey and the United States, and estimates that the necessary regulatory approvals will be obtained prior to the expiry of the initial offer period. If all necessary regulatory approvals have not been obtained prior to the expiry of the initial offer period, Alfa Laval will extend the offer period in accordance with, and subject to, the terms and conditions of the Tender Offer and applicable laws, in order to satisfy the Closing Conditions, including obtaining merger control clearances.

#### **Financing**

As required under applicable laws, Alfa Laval has, and will have at the completion of the Tender Offer, access to debt and equity funding in sufficient amounts to finance the payment of the aggregate Offer Price for all of the issued and outstanding shares in Neles in connection with the Tender Offer (including in any mandatory redemption proceedings in accordance with the Finnish Companies Act). The Tender Offer will be financed through a combination of Alfa Laval's own funds and debt facilities from SEB. Alfa Laval has secured fully committed debt financing from SEB on a customary certain funds basis, and the availability of the debt financing is subject only to the completion of the Tender Offer and certain conditions that are customary for a certain funds financing arrangement of this kind. The Offeror's obligation to complete the Tender Offer is not conditional upon availability of financing.

#### **Future plans concerning the shares**

Should Alfa Laval obtain more than 90% of the issued and outstanding shares and votes in Neles, Alfa Laval intends to initiate mandatory redemption proceedings in accordance with the Finnish Companies Act (624/2006, as amended) to acquire the remaining shares in Neles, and thereafter to cause Neles' shares to be delisted from Nasdaq Helsinki as soon as reasonably practicable under applicable laws and regulations. Should Alfa Laval obtain less than 90% but more than two-thirds (2/3) of the issued and outstanding shares and votes in Neles, Alfa Laval would assess alternatives to acquire the remaining shares in Neles over time, and it is possible that Neles could become subject to certain corporate transactions, including for example purchases of further shares in Neles after completion of the Tender Offer, or a statutory cross-border merger with and into Alfa Laval. Alfa Laval has not taken

any decisions on the timeline of any such possible transactions or whether any such transactions would be undertaken at all.

### **The Combination Agreement**

The Combination Agreement between Neles and Alfa Laval sets forth the principal terms under which Alfa Laval will make the Tender Offer.

Under the Combination Agreement, the Board of Directors of Neles has, in the event of materially changed circumstances or a possible superior competing offer or proposal, undertaken not to withdraw, modify or change its recommendation for the Tender Offer unless, after taking advice from external legal counsel and financial advisor, the Board of Directors of Neles, on the basis of its mandatory fiduciary duties, determines in good faith that the acceptance of the Tender Offer would no longer be in the interest of the shareholders of Neles. The Board of Directors of Neles may withdraw, modify or change its recommendation for the Tender Offer in accordance with the above only if the Board of Directors has complied with certain agreed procedures allowing Alfa Laval to negotiate with the Board of Directors and to enhance the Tender Offer. If Alfa Laval enhances its offer such that the enhanced offer, in the reasonable opinion of the Board of Directors, is in the interest of the shareholders of Neles, the Board of Directors of Neles shall confirm and uphold its recommendation (as amended based on the enhanced Tender Offer) for the Tender Offer, as enhanced.

Neles has undertaken, and shall cause its subsidiaries and their respective officers, directors, employees and representatives to undertake, not to, directly or indirectly, solicit or knowingly encourage any person to launch or make a competing offer or proposal.

The Combination Agreement further includes certain customary warranties and undertakings by both parties, such as conduct of business by Neles in the ordinary course of business before the completion of the Tender Offer, and cooperation by the parties in making the necessary regulatory filings.

The Combination Agreement may be terminated by Neles or Alfa Laval under certain circumstances, including, among others, if the Board of Directors of Neles withdraws or changes its recommendation for the Tender Offer, or if a court or authority issues an order, which is in effect and makes illegal or prohibits the consummation of the Tender Offer, or if the Tender Offer has not been completed by the agreed long-stop date being 31 January 2021, or upon a material breach of any of Neles' or Alfa Laval's warranties or undertakings under the Combination Agreement.

### **ADVISORS**

SEB Corporate Finance, Skandinaviska Enskilda Banken AB (publ) acts as financial advisor to Alfa Laval and as arranger in connection with the Tender Offer. Avance Attorneys Ltd, Advokatfirman Vinge KB and Cleary Gottlieb Steen & Hamilton LLP act as legal advisors to Alfa Laval in connection with the Tender Offer.

Morgan Stanley & Co. International plc acts as financial advisor to Neles in connection with the Tender Offer. Roschier, Attorneys Ltd. acts as legal advisor to Neles in connection with the Tender Offer.

### **ALFA LAVAL'S TELEPHONE CONFERENCES**

Alfa Laval will host two telephone conferences on 13 July 2020:

#### A press conference dedicated to media at 10:00 a.m. CET

To join the telephone conference - hosted by Alfa Laval's President and CEO, Tom Erixon, and CFO, Jan Allde - sign up in advance via the link below. Once registered, you will receive a phone number, a participant pin and a conference pin. Please dial in 10 minutes prior to the scheduled start of the event.

<http://emea.directeventreg.com/registration/3126328>

If you want to listen to the replay, call +44 (0)3333 0097 85, conference ID 3126328.

The recording will be available until 15 July 2020 at 10:00 a.m. CET. After that, you can go to [www.alfalaval.com/investors](http://www.alfalaval.com/investors) to read the transcript.

A telephone conference dedicated to the capital market at 2:00 p.m. CET

To join the telephone conference - hosted by Alfa Laval's President and CEO, Tom Erixon, and CFO, Jan Allde - sign up in advance via the link below. Once registered, you will receive a phone number, a participant pin and a conference pin. Please dial in 10 minutes prior to the scheduled start of the event.

<http://emea.directeventreg.com/registration/8308398>

If you want to listen to the replay, call +44 (0)3333 0097 85, conference ID 8308398.

The recording will be available until 15 July 2020 at 02:00 p.m. CET. After that, you can go to [www.alfalaval.com/investors](http://www.alfalaval.com/investors) to read the transcript.

#### **Related material**

You find a letter to all shareholders of Neles Corporation and Alfa Laval AB from Tom Erixon, President and CEO of the Alfa Laval Group, including a photo at [www.alfalaval.com/investors](http://www.alfalaval.com/investors), as material related to the news release.

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#### **About Alfa Laval**

Alfa Laval is active in the areas of Energy, Marine, and Food & Water, offering its expertise, products, and service to a wide range of industries in some 100 countries. The company is committed to optimizing processes, creating responsible growth, and driving progress – always going the extra mile to support customers in achieving their business goals and sustainability targets.

Alfa Laval's innovative technologies are dedicated to purifying, refining, and reusing materials, promoting more responsible use of natural resources. They contribute to improved energy efficiency and heat recovery, better water treatment, and reduced emissions. Thereby, Alfa Laval is not only

accelerating success for its customers, but also for people and the planet. Making the world better, every day. It's all about Advancing better™.

Alfa Laval has 17,500 employees. Annual sales in 2019 were SEK 46.5 billion (approx. EUR 4.4 billion). The company is listed on Nasdaq OMX.

Alfa Laval's key standalone financials are summarised below.

<b>Standalone financials (2019, SEK million)<sup>1</sup></b>	
Net sales	46,517
Operating profit (EBIT)	7,198
Adjusted EBITA <sup>2</sup>	7,989
Total assets (as per 31 December 2019)	64,396

<sup>1</sup> As per Alfa Laval Group's 2019 annual report.

<sup>2</sup> Defined as operating income before amortization of step-up values, adjusted for items affecting comparability.

#### **About Neles**

Neles a global leader in flow control solutions and services. The company's valves and valve automation technologies are known for quality, reliability and highest safety. The customers of Neles operate in oil and gas refining, pulp, paper and bioproducts industry, chemicals and other process industries.

Neles started trading as an independent company on 1 July 2020 following the partial demerger of Metso Corporation, but the business has a long track record with a history of more than 60 years of innovation. Currently the company has about 2,900 employees. Neles' key standalone financials are summarised below.

<b>Standalone financials (2019, EUR million)<sup>1</sup></b>	
Net sales	660
Operating profit (EBIT)	93
Adjusted EBITA <sup>2</sup>	96
Total assets (as per 31 December 2019) <sup>3</sup>	582

<sup>1</sup> As per Metso's 2019 annual report.

<sup>2</sup> Defined as operating profit before amortization of intangible assets.

<sup>3</sup> Calculated as group total assets less total assets of discontinued operations.

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#### **Information to shareholders in the United States**

Shareholders in the United States are advised that the shares in Neles are not listed on a U.S. securities exchange and that Neles is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the "**SEC**") thereunder.

The Tender Offer will be made for the issued and outstanding shares in Neles, which is domiciled in Finland, and is subject to Finnish disclosure and procedural requirements. The Tender Offer is made in the United States pursuant to Section 14(e) and Regulation 14E under the Exchange Act, and otherwise in accordance with the disclosure and procedural requirements of Finnish law, including with respect to the Tender Offer timetable, settlement procedures, withdrawal, waiver of conditions and timing of payments, which are different from those of the United States. In particular, the financial information included in this stock exchange release has been prepared in accordance with applicable

accounting standards in Finland, which may not be comparable to the financial statements or financial information of U.S. companies. The Tender Offer is made to Neles' shareholders resident in the United States on the same terms and conditions as those made to all other shareholders of Neles to whom an offer is made. Any information documents, including this stock exchange release, are being disseminated to U.S. shareholders on a basis comparable to the method that such documents are provided to Neles' other shareholders.

To the extent permissible under applicable law or regulations, Alfa Laval and its affiliates or its brokers and its brokers' affiliates (acting as agents for Alfa Laval or its affiliates, as applicable) may from time to time after the date of this stock exchange release and during the pendency of the Tender Offer, and other than pursuant to the Tender Offer and combination, directly or indirectly, purchase or arrange to purchase, the shares in Neles or any securities that are convertible into, exchangeable for or exercisable for such shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. To the extent information about such purchases or arrangements to purchase is made public in Finland, such information will be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders of Neles of such information. In addition, the financial advisers to Alfa Laval may also engage in ordinary course trading activities in securities of Neles, which may include purchases or arrangements to purchase such securities. To the extent required in Finland, any information about such purchases will be made public in Finland in the manner required by Finnish law.

Neither the SEC nor any U.S. state securities commission has approved or disapproved the Tender Offer, passed upon the merits or fairness of the Tender Offer, or passed any comment upon the adequacy, accuracy or completeness of the disclosure in this stock exchange release. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash pursuant to the Tender Offer by a U.S. holder of shares in Neles may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each holder of shares in Neles is urged to consult its independent professional adviser immediately regarding the tax consequences of accepting the Tender Offer.

It may be difficult for Neles' shareholders to enforce their rights and any claims they may have arising under the U.S. federal securities laws, since Alfa Laval and Neles are located in non-U.S. jurisdictions, and some or all of their respective officers and directors may be residents of non-U.S. jurisdictions. Neles' shareholders may not be able to sue Alfa Laval or Neles or their respective officers or directors in a non-U.S. court for violations of the U.S. federal securities laws. It may be difficult to compel Alfa Laval and Neles and their respective affiliates to subject themselves to a U.S. court's judgment.

#### **Forward-looking statements**

This stock exchange release contains statements that, to the extent they are not historical facts, constitute "forward-looking statements". Forward-looking statements include statements concerning plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position, future operations and development, business strategy and the trends in the industries and the political and legal environment and other information that is not historical information. In some instances, they can be identified by the use of forward-looking terminology, including the terms "believes", "intends", "may", "will" or "should" or, in each case, their negative or variations on comparable terminology. By their very nature, forward-looking statements involve inherent risks, uncertainties and assumptions, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Given these risks, uncertainties and assumptions, investors are

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**Disclaimer**

Skandinaviska Enskilda Banken AB (publ), which is under the supervision of the Swedish Financial Supervisory Authority (Finansinspektionen), is acting as lead financial adviser to Alfa Laval and no one else in connection with the Tender Offer and arranger in relation to the Tender Offer, will not regard any other person than Alfa Laval as its client in relation to the Tender Offer and will not be responsible to anyone other than Alfa Laval for providing the protection afforded to clients of Skandinaviska Enskilda Banken AB (publ) nor for providing advice in relation to the Tender Offer.

**Inside information notice**

The information in this announcement is information that Alfa Laval AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the Alfa Laval Investor Relations contact person set out above, at 7.30 a.m. CEST on 13 July 2020.