



Lund, Sweden – October 15, 2020

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**Alfa Laval amends its recommended offer for Neles: acceptance level condition lowered to >50% and acceptance period extended**

Alfa Laval AB (publ), 15 October 2020 at 7:30 a.m. CEST

As previously announced, Alfa Laval AB (publ) ("**Alfa Laval**" or the "**Offeror**") and Neles Corporation ("**Neles**") have on 13 July 2020 entered into a combination agreement pursuant to which Alfa Laval has made a voluntary recommended public cash tender offer for all issued and outstanding shares in Neles (the "**Tender Offer**"). Alfa Laval has published a tender offer document, dated 12 August 2020, concerning the Tender Offer (the "**Tender Offer Document**"). The acceptance period under the Tender Offer (the "**Offer Period**") commenced on 13 August 2020 at 9:30 a.m. (Finnish time) and was set to expire on 22 October 2020 at 4:00 p.m. (Finnish time).

Alfa Laval has decided to amend the minimum acceptance condition of the Tender Offer such that the completion of the Tender Offer is conditional on, among other conditions, the valid tender of shares representing, together with any other shares otherwise acquired by the Offeror prior to or during the Offer Period, more than fifty percent (50%) (prior to the amendment: more than two thirds (2/3)) of the issued and outstanding shares and voting rights in Neles.

In order to ensure that the shareholders of Neles have an appropriate amount of time to consider the amendment, as required under applicable laws, Alfa Laval has decided to extend the Offer Period to expire on 30 October 2020 at 4:00 p.m. (Finnish time), unless extended further in accordance with the terms and conditions of the Tender Offer and applicable laws and regulations.

**Tom Erixon, President and CEO of Alfa Laval:**

"I remain enthusiastic about the possibility to continue to support Neles' growth journey together with Alfa Laval as a strategic partner. As an owner, Alfa Laval would be committed to the strategy and industrial plan of Neles and continue to build on the competence among its employees and on its R&D platform. Our combined technology expertise and global network would enable an unparalleled product offering and market presence in the industrial flow control market.

Alfa Laval believes that it has presented a fair offer to all Neles' shareholders, supported by the Neles Board of Directors. The public tender offer, and the rationale behind it, is based on a clear industrial logic and a belief that the combined company will embark on a growth journey for many years to come."

The terms and conditions of the Tender Offer remain unchanged in all other respects, and there have been no changes to Alfa Laval's previously communicated strategic plans with respect to Neles. If the Tender Offer is completed, Alfa Laval would assess alternatives to acquire the remaining shares in Neles over time. However, no decisions concerning such transactions have been taken.

Alfa Laval will supplement the Tender Offer Document to reflect the amendment of the minimum acceptance condition of the Tender Offer as well as the extension of the Offer Period and will publish such supplement document once it has been approved by the Finnish Financial Supervisory Authority. In addition, the Board of Directors of Neles is expected to supplement its statement on the Tender Offer issued on 12 August 2020 due to the amendment of the minimum acceptance condition of the Tender Offer. Alfa Laval will supplement the Tender Offer Document with such supplemented statement of the Board of Directors of Neles, once published.

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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 financials are summarised below.

<b>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 innovation for more than 60 years. Currently the company has about 2,900 employees. Neles' key financials are summarised below.

<b>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 for 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, subject to exemptions provided by Rule 14d-1(d) under the Exchange Act for a “Tier II” tender offer, 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 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 cautioned not to place undue reliance on such forward-looking statements. Any forward-looking statements contained herein speak only as at the date of this stock exchange release.

#### **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 15 October 2020.