

# **SUPPLEMENT DOCUMENT TO ALFA LAVAL AB (PUBL)’S TENDER OFFER DOCUMENT DATED 12 AUGUST 2020 RELATING TO THE VOLUNTARY PUBLIC CASH TENDER OFFER FOR ALL ISSUED AND OUTSTANDING SHARES IN NELES CORPORATION**

1 October 2020

**THE TENDER OFFER IS NOT BEING MADE DIRECTLY OR INDIRECTLY IN ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW AND THE TENDER OFFER DOCUMENT AND RELATED ACCEPTANCE FORMS AND SUPPLEMENT DOCUMENTS ARE NOT AND MAY NOT BE DISTRIBUTED, FORWARDED OR TRANSMITTED INTO OR FROM ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW BY ANY MEANS WHATSOEVER INCLUDING, WITHOUT LIMITATION, MAIL, FACSIMILE TRANSMISSION, E-MAIL OR TELEPHONE. IN PARTICULAR, THE TENDER OFFER IS NOT MADE IN AND THE TENDER OFFER DOCUMENT AND THIS SUPPLEMENT DOCUMENT MUST UNDER NO CIRCUMSTANCES BE DISTRIBUTED INTO CANADA, JAPAN, AUSTRALIA, SOUTH AFRICA, HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE’S REPUBLIC OF CHINA OR NEW ZEALAND OR ANY OTHER JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW.**

Alfa Laval AB (publ) (the “**Offeror**” or “**Alfa Laval**”) supplements the tender offer document dated 12 August 2020 (the “**Tender Offer Document**”) in accordance with Chapter 11, Section 11, Subsection 4 of the Finnish Securities Market Act (746/2012, as amended) with the following information of this document (the “**Supplement Document**”):

Valmet Corporation (“**Valmet**”) announced on 29 September 2020 that it had approached the Board of Directors of Neles Corporation (“**Neles**”) with a proposal to start discussions on a potential statutory merger between the two companies (“**Valmet’s Stock Exchange Release**”). Pursuant to Valmet’s Stock Exchange Release, Valmet holds 29.5 percent of the shares in Neles. The Offeror supplements the Tender Offer Document with Valmet’s Stock Exchange Release, which is added as Appendix E to the Tender Offer Document.

Neles announced on 29 September 2020 that it confirms that it has received an unsolicited letter from Valmet proposing a merger between Neles and Valmet (“**Neles’ Stock Exchange Release**”). Pursuant to Neles’ Stock Exchange Release, the Board of Directors of Neles will assess the letter received from Valmet and consider potential further actions needed. The Offeror supplements the Tender Offer Document also with Neles’ Stock Exchange Release, which is added as Appendix F to the Tender Offer Document.

The Tender Offer Document and the Supplement Document will be available in Finnish and in English from 1 October 2020 onwards at the headquarters of Alfa Laval, Rudeboksvägen 1, SE-226 55 Lund, Sweden, at the offices of Skandinaviska Enskilda Banken AB (publ) Helsinki Branch, Eteläesplanadi 18, FI-00130 Helsinki, Finland and at Nasdaq Helsinki, Fabianinkatu 14, FI-00100 Helsinki, Finland. The electronic versions of the Tender Offer Document and the Supplement Document will be available in Finnish and in English from 1 October 2020 onwards online at <https://www.alfalaval.com/investors> and <https://sebgroupp.com/large-corporates-and-institutions/prospectuses-and-downloads/prospectuses>, as well as in Finnish from 1 October 2020 onwards online at [www.neles.com/ostotarjous-alfalaval](http://www.neles.com/ostotarjous-alfalaval) and in English from 1 October 2020 onwards online at [www.neles.com/offer-alfalaval](http://www.neles.com/offer-alfalaval).

The Finnish Financial Supervisory Authority (the “**FFSA**”) has approved the Finnish language version of this Supplement Document but the FFSA assumes no responsibility for the accuracy of the information presented therein. The decision number of such approval by the FFSA is FIVA 14/02.05.05/2020. The Supplement Document is also available as an English translation. In the event of any discrepancy between the two language versions of the Supplement Document, the Finnish language version shall prevail.

## **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 is 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 the Tender Offer Document and this Supplement Document 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 the Tender Offer Document and this Supplement Document,

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 Tender Offer Document or this Supplement Document. 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.

#### **Information for Shareholders in the United Kingdom**

THE TENDER OFFER DOCUMENT, THIS SUPPLEMENT DOCUMENT AND ANY OTHER DOCUMENTS OR MATERIALS RELATING TO THE TENDER OFFER ARE NOT BEING MADE AND HAVE NOT BEEN APPROVED BY AN AUTHORISED PERSON FOR THE PURPOSES OF SECTION 21 OF THE UK FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA"). ACCORDINGLY, THE TENDER OFFER DOCUMENT, THIS SUPPLEMENT DOCUMENT AND ANY OTHER DOCUMENTS OR MATERIALS RELATING TO THE TENDER OFFER ARE NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. THE COMMUNICATION OF THE TENDER OFFER DOCUMENT, THIS SUPPLEMENT DOCUMENT AND ANY OTHER DOCUMENTS OR MATERIALS RELATING TO THE TENDER OFFER IS EXEMPT FROM THE RESTRICTION ON FINANCIAL PROMOTIONS UNDER SECTION 21 OF THE FSMA ON THE BASIS THAT IT IS A COMMUNICATION BY OR ON BEHALF OF A BODY CORPORATE WHICH RELATES TO A TRANSACTION TO ACQUIRE DAY TO DAY CONTROL OF THE AFFAIRS OF A BODY CORPORATE; OR TO ACQUIRE 50 PER CENT. OR MORE OF THE VOTING SHARES IN A BODY CORPORATE, WITHIN ARTICLE 62 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005.

#### **Forward-looking Statements**

This Supplement Document 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 Supplement Document.

**APPENDIX E – VALMET'S STOCK EXCHANGE RELEASE PUBLISHED ON 29 SEPTEMBER 2020**



Valmet Corporation  
Inside information

## **Valmet has proposed a statutory merger between Valmet and Neles to the Board of Directors of Neles**

*Valmet Oyj's stock exchange release (inside information) on September 29, 2020 at 9:30 a.m. EET*

Valmet announced 14.88 percent share acquisition of Neles' shares from Solidium Oy on June 17, 2020 and has gradually increased its ownership further to 29.5%.

Valmet sees that a combination of the two companies in the long-term would create excellent value for Valmet's and Neles' shareholders. Valmet has today approached the Board of Directors of Neles with a proposal to start discussions on a potential statutory merger between the two companies.

The merger proposal is based on a strong underlying industrial logic and long-term shareholder value perspective. Both Valmet and Neles are leaders in their respective fields, the companies share a common heritage, serve to a large extent similar global customer industries and benefit from the same global megatrends. Valmet and Neles together would create a Nordic based globally leading company with a unique offering to process industries and a globally balanced expert organization of over 16,000 professionals around the world.

The combination would create excellent long-term value to the shareholders of both companies. It would form a strong platform for further business growth especially in automation systems and valves. Furthermore, the combination would be an exciting opportunity for Neles' and Valmet's employees, as well as customers of both companies who would benefit from the strength of the combined entity and offering. More specifically, the merger would create a global leader with:

- over 16,000 employees and over EUR 4 billion in net sales
- leading market positions in its respective segments
- a large share of recurring, stable business with good profitability consisting of services, automation systems and valves
- a strong confidence and reputation among its customers
- a globally balanced expert organization with a deep understanding of process industry customers and shared performance orientation
- unique capabilities for joint technology development and for leading industrial internet based remote services offering
- excellent potential to optimize its balance sheet
- synergy potential including but not limited to:
  - Revenue synergies from improved package sales, cross-selling to energy and process industry customers, and a more comprehensive service offering and an extended service network
  - Technology development synergies driven by improved potential for process automation technology development and a larger remote monitoring and predictive maintenance offering
  - Cost synergies from global and regional functions, common locations, listed company costs and more efficient supply chain and procurement

A statutory merger between the companies require negotiations between the two companies. Even if such negotiations are initiated, there is no certainty that they will result in a final agreement.

## Comment from Pasi Laine, President and CEO of Valmet

“Valmet and Neles share to a large extent similar customer base, have a common heritage and are supported by the long-term megatrends. We see that it would be highly beneficial for both Valmet’s and Neles’ shareholders if the two companies were combined. That would create a globally leading company with good potential for profitable growth and excellent shareholder value.

We have successfully taken Valmet forward since 2013. Today, Valmet is a strong, continuously developing company with a solid track record in creating value to its shareholders, customers and employees. Over the past years, we have made well considered and successfully integrated acquisitions with strong strategic fit with Valmet. We see that the strategic fit between Valmet and Neles would also be excellent. The continued success of our Automation business after integration into Valmet in 2015 shows that Valmet is skilled in sustaining the key competitive advantages of the businesses combined and in nurturing them into further success.”

### Invitation to conference call for analysts, investors and media

Valmet will arrange a conference call in English for analysts, investors, and media on Tuesday, September 29, 2020 at 12:30 p.m. Finnish time (EET).

Conference call participants are requested to dial in at least five minutes prior to the start of the conference, at +44 3333000804. The participants will be asked to provide the following conference PIN: 23483623#.

The conference call can be followed through a live audiocast at <https://valmet.videosync.fi/2020-0929-audiocast>.

### Further information, please contact:

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## VALMET

Kari Saarinen  
CFO

Pekka Rouhiainen  
Director, Investor Relations

*Valmet is the leading global developer and supplier of process technologies, automation and services for the pulp, paper and energy industries. We aim to become the global champion in serving our customers.*

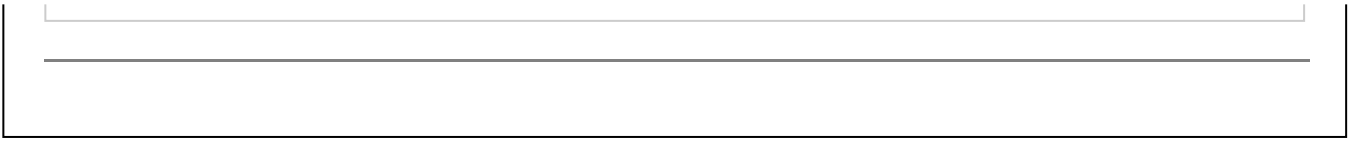
*Valmet’s strong technology offering includes pulp mills, tissue, board and paper production lines, as well as power plants for bioenergy production. Our advanced services and automation solutions improve the reliability and performance of our customers’ processes and enhance the effective utilization of raw materials and energy.*

*Valmet’s net sales in 2019 were approximately EUR 3.5 billion. Our more than 13,000 professionals around the world work close to our customers and are committed to moving our customers’ performance forward – every day. Valmet’s head office is in Espoo, Finland and its shares are listed on the Nasdaq Helsinki.*

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**APPENDIX F – NELES’ STOCK EXCHANGE RELEASE PUBLISHED ON 29 SEPTEMBER 2020**



**Neles Corporation has received a merger proposal from Valmet Corporation**

Neles Corporation Stock Exchange Release 29 September 2020 at 12.23 p.m. EEST

Neles Corporation ("Neles") refers to the stock exchange release published by Valmet Corporation ("Valmet") today regarding a merger proposal made to Neles' Board of Directors (appendix 1). Neles confirms that it has today received an unsolicited letter from Valmet proposing a merger between Neles and Valmet (the "Letter"). The Letter does not include a proposal for the specific terms of the merger, such as an exchange ratio.

The Board of Directors of Neles will assess the Letter and consider potential further actions needed.

NELES CORPORATION

Board of Directors

For further information, please contact:

Jukka Moisio, Chair of the Board of the Neles Corporation

Distribution:

Nasdaq Helsinki

Media

[www.neles.com](http://www.neles.com)

Neles is one of the leading providers of mission-critical flow control solutions and services for process industries. With our global team of experts and innovative solutions, we help our customers to improve their process performance and ensure safe flow of materials. Neles is listed on the Nasdaq Helsinki in Finland and had sales of about EUR 660 million in 2019. Neles employs about 2,900 people in around 40 countries. Neles was created in the partial demerger of Metso Corporation, and trading in Neles stock started on July 1, 2020.

Appendix 1: Stock exchange release by Valmet (<https://www.valmet.com/media/news/stock-exchange-releases/2020/valmet-has-proposed-a-statutory-merger-between-valmet-and-neles-to-the-board-of-directors-of-neles/>)