

# 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

16 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**") and Neles Corporation (the "**Company**" or "**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 (the "**Shares**" or, individually, a "**Share**") in Neles (the "**Tender Offer**"). The Offeror has published a tender offer document, dated 12 August 2020, concerning the Tender Offer (the "**Tender Offer Document**").

The Offeror supplements 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 included in this document (the "**Supplement Document**"):

Pursuant to the Tender Offer Document, 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 acceptance period under the Tender Offer (the "**Offer Period**"), more than two thirds of the issued and outstanding Shares and voting rights in the Company. As announced by the Offeror on 15 October 2020, the Offeror has decided to amend the said condition to completion of the Tender Offer such that the minimum acceptance level of the Tender Offer is more than fifty percent (50%) of the issued and outstanding Shares and voting rights in the Company. Consequently, the Offeror amends the following Sections of the Tender Offer Document as follows:

The second and third paragraph of Section 1.5 shall be amended to read as follows (amendments **bolded**):

"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%)** of the issued and outstanding Shares and voting rights in the Company.

Under Chapter 18, Section 1 of the Finnish Companies Act a shareholder holding more than ninety (90) percent of all shares and voting rights in a limited liability company shall have the right to acquire and, subject to demand by other shareholders, is also obligated to redeem the remainder of the issued and outstanding shares in the company. Should the Offeror obtain more than ninety (90) percent of the Shares and voting rights attaching to the Shares, calculated in accordance with Chapter 18, Section 1 of the Finnish Companies Act, the Offeror intends to initiate mandatory redemption proceedings in accordance with the Finnish Companies Act in order to acquire title to all the Shares. Should the Offeror obtain less than 90 percent but more than **50 percent** of the Shares and voting rights attaching to the Shares, the Offeror would assess alternatives to acquire the remaining Shares 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. As at the date of this **Supplement Document**, the Offeror has not taken any decisions on the timeline of any such possible transactions or whether any such transactions would be undertaken at all."

Subsection 1) of the first paragraph of Section 4.4 shall be amended to read as follows (amendments **bolded**):

"1) 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%)** of the issued and outstanding Shares and voting rights in the Company;"

In order to ensure that the shareholders of Neles have an appropriate amount of time to consider the aforementioned amendment of the terms and conditions of the Tender Offer, as required under applicable laws, the Offeror 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. Consequently, the Offeror amends the following Sections of the Tender Offer Document as follows:

The seventh paragraph of the cover page shall be amended to read as follows (amendments **bolded**):

“The acceptance period under the Tender Offer (the “**Offer Period**”) will commence on 13 August 2020 at 9:30 a.m. (Finnish time) and expire on **30 October 2020** at 4:00 p.m. (Finnish time), unless the Offer Period is extended. For details, please see “*Terms and Conditions of the Tender Offer*”.”

The Section entitled “*Important Information – Certain Key Dates*” shall be amended to read as follows (amendments **bolded**):

“Certain key dates relating to the Tender Offer are set forth below, provided that the Offer Period has not been extended or discontinued in accordance with the terms and conditions of the Tender Offer.

- 13 July 2020 Announcement of the Offeror’s decision to launch the Tender Offer
- 13 August 2020 Offer Period commences
- **30 October 2020** (preliminary) Offer Period expires
- **2 November 2020** (preliminary) Announcement of the preliminary result of the Tender Offer
- **4 November 2020** (preliminary) Announcement of the final result of the Tender Offer
- **11 November 2020** (preliminary) Payment of the Offer Price”

The first paragraph of Section 4.3 shall be amended to read as follows (amendments **bolded**):

“The acceptance period under the Tender Offer (the “**Offer Period**”) commences on 13 August 2020 at 9:30 a.m. (Finnish time) and expires on **30 October 2020** at 4:00 p.m. (Finnish time), unless the Offer Period is extended as set forth below.”

The third paragraph of Section 4.3 shall be amended to read as follows (amendments **bolded**):

“The Offeror will announce any extension of the Offer Period through a stock exchange release at the latest on the first (1st) Finnish banking day following the expiry of the Offer Period, i.e. on **2 November 2020**. The Offeror will announce any extension of an already extended Offer Period at the latest on the first (1st) Finnish banking day following the expiry of the extended Offer Period. The Offer Period may be extended for a specified period of time or until further notice. However, the duration of any possible extension of the Offer Period or an already extended Offer Period shall be at least two (2) weeks from the date of the announcement by the Offeror concerning such extension. If the Offeror extends the Offer Period, the Offer Period will expire on the date and at the time until which the Offeror extends the Offer Period unless the extended Offer Period is discontinued as set forth below or the Offer Period is extended until further notice, in which case the Offer Period will continue until discontinued as set forth below.”

In addition, the Offeror refers to the supplement to the Tender Offer Document published by the Offeror on 1 October 2020 concerning the stock exchange releases published by Neles and Valmet Corporation (“**Valmet**”) on 29 September 2020 regarding Valmet’s proposal to the Board of Directors of Neles to start discussions on a potential statutory merger between the two companies (“**Valmet’s Proposal**”). Neles announced on 12 October 2020 that Valmet’s approach does not enable a meaningful comparison of Valmet’s Proposal with the Tender Offer, and therefore the recommendation by the Board of Directors of Neles published on 12 August 2020 regarding the Tender Offer remains in place (“**Neles’ Stock Exchange Release**”). The Offeror supplements the Tender Offer Document also with Neles’ Stock Exchange Release, which is added as Appendix G to the Tender Offer Document.

The Tender Offer Document and the Supplement Document will be available in Finnish and in English from 16 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 16 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 16 October 2020 onwards online at [www.neles.com/ostotarjous-alfalaval](http://www.neles.com/ostotarjous-alfalaval) and in English from 16 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 16/02.05.05/2020. 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 G – NELES’ STOCK EXCHANGE RELEASE PUBLISHED ON 12 OCTOBER 2020**



Neles Oyj  
Other information disclosed according to the rules of the Exchange

## **Neles Corporation comments on Valmet Corporation's merger proposal**

Neles Corporation Stock Exchange Release 12 October 2020 at 9:30 a.m.

Neles Corporation ("Neles") refers to the stock exchange release published by it on 29 September 2020 regarding Valmet Corporation's ("Valmet") proposal to Neles' Board of Directors to start discussions on a potential merger (the "Proposal"). The Board of Directors of Neles has carefully assessed the Proposal and, taking into account that the public tender offer by Alfa Laval AB (publ) (the "Tender Offer") is expected to expire on 22 October 2020, has urgently sought clarifying information on the Proposal. However, as the Board of Directors of Neles has not received requisite information, it cannot confirm that Valmet's proposal could be in the best interest of shareholders when compared with the currently ongoing Tender Offer. Valmet has not provided e.g. an indicative proposal for an exchange ratio for the merger. As Valmet's approach does not enable a meaningful comparison of the Proposal with the Tender Offer made at attractive valuation fully in cash, the recommendation by the Board of Directors of Neles published on 12 August 2020 regarding the Tender Offer made by Alfa Laval remains in place.

Board members Niko Pakalén and Petter Söderström have not participated in the decision-making by the Board regarding Valmet's Proposal.

Jukka Moisio, Chair of the Board of Directors of Neles Corporation:

*"Neles' Board continues to recommend that the company's shareholders accept the public cash tender offer by Alfa Laval. At the end of September, Valmet made a proposal to Neles' Board on a merger between Valmet and Neles. Since then, we've worked tirelessly in accordance with our duty of care and duty of loyalty under the Companies Act to build a dialogue and to clarify Valmet's approach. Despite our efforts, there is no concrete proposal from Valmet's Board of Directors available to Neles which we could fairly assess from the perspective of Neles' shareholders. Naturally, the current situation has no impact on Neles' daily operations, which continue as usual in this fine company."*

NELES CORPORATION

Board of Directors

Further information:

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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.

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