

Valmet acquires 14.9% ownership in the future Neles

Valmet has agreed to acquire 14.9% of the shares in the future Neles

- Valmet has today agreed to acquire 22,374,869 shares in the future Neles Corporation from Solidium Oy
- The shares to be acquired represent 14.88% of all Neles' shares and votes
- Neles Corporation is planned to be created in the partial demerger of Metso
- The completion of the partial demerger is expected to take place on June 30, 2020 (pending final merger control approvals)
- The transaction between Valmet and Solidium is expected to take place on July 1, 2020

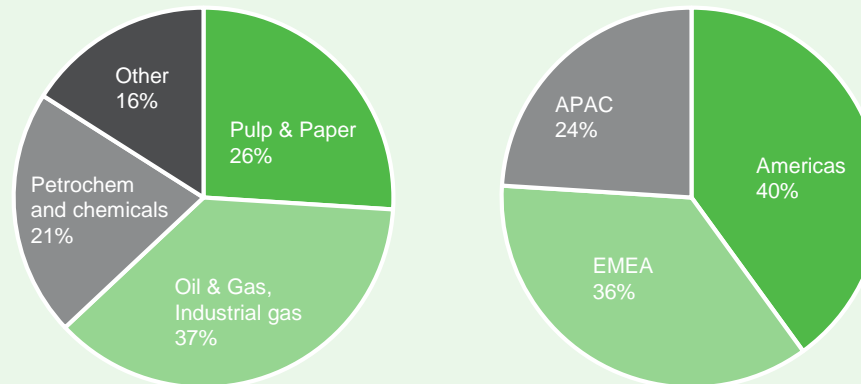
Neles in brief

- Neles is a globally leading valve, valve automation and service company with strong exposure to the pulp and paper industry
- Approximately 70% of Neles' net sales is recurring business
- Neles is a profitable company with good long-term growth prospects
- Neles' net sales in 2019 amounted to EUR 660 million and adjusted EBITA margin 14.6%
- Since 2011, Neles' orders received have grown by approximately 5% annually and the profitability has improved
- Headquarters in Finland and operations in over 40 countries globally with ~2,900 employees

Neles key figures 2019

| | |
|-----------------------|-----------------|
| Orders received | EUR 681 million |
| Net sales | EUR 660 million |
| Adjusted EBITA | EUR 97 million |
| Adjusted EBITA margin | 14.6% |
| Number of employees | ~2,900 |

Diversified across process industries and regions
Net sales mix in 2019



Source for financial figures: Neles CMD 2020

Valmet's strategic rationale for acquiring the shares

- Neles is a good quality global company with large share of recurring business
- Neles has a strong position in pulp and paper industry
- Neles has demonstrated good growth and has potential to grow further
- Valmet and Neles have common heritage, serve similar global industries and benefit from same global megatrends
- Valmet's goal is to have an active long-term role in the development of Neles
- Valmet's target is to increase ownership in Neles when Neles' share price supports additional purchases

Transaction price and timeline

- Agreed purchase price is EUR 8.00 per share and total transaction value EUR 179 million
- Transaction paid 100% in cash and includes following clauses:
 - The price will be adjusted based on Neles' share price development during certain limited time period after the completion of the partial demerger of Metso. The possible adjustment is paid or received by Valmet in cash. The adjustment agreed is customary and capped, and will not have a material impact on the transaction value
 - The agreement includes a one-year lock-up period, during which Valmet may not dispose its shares in Neles without Solidium's approval
 - Solidium retains the right of first refusal for a period of three years after the closing
 - In addition, the agreement includes an anti-embarrassment clause, according to which Solidium could be entitled to an additional cash payment in certain circumstances where Valmet would acquire or dispose shares in Neles at a higher price during a three year period after the closing.
- The transaction is expected to take place on 1 July, 2020
- Valmet will arrange the share acquisition with a new loan facility

