
Metso and Tamfelt enter combination agreement

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Metso and Tamfelt one of the world's leading suppliers of technical textiles on November 5th 2009 agreed to combine their operations under the combination agreement entered into. As a result Metso will make a public tender offer to purchase all of the issued and outstanding shares in Tamfelt. The combination will strengthen Metso's services business especially in the pulp and paper industry. For Tamfelt, the combination creates new growth opportunities especially outside Europe, where Metso has an extensive installed base and wide sales and services network.

The public tender offer will be carried out in the form of a share exchange. Metso offers Tamfelt's shareholders 3 new shares issued by Metso for each 10 Tamfelt's shares. Metso offers EUR 0.35 for each stock option issued by Tamfelt.

The Board of Directors of Tamfelt unanimously recommends that Tamfelt's shareholders and holders of Stock Options accept Metso's offer. Major shareholders, Ilmarinen Mutual Pension Insurance Company, Varma Mutual Pension Insurance Company, Tapiola Mutual Pension Insurance Company, Mandatum Life Insurance Company Limited, Kaleva Mutual Insurance Company as well as certain foundations and private shareholders, whose aggregated ownership in Tamfelt is 35.58% of Shares including 2.82% ownership of Tamfelt held by Metso have irrevocably and unconditionally undertaken to accept the Share Exchange Offer.

The offer period under the Share Exchange Offer is expected to commence on or about November 23rd 2009 and to expire on or about December 18th 2009.

Metso estimates that the combination will be closed in the first quarter of 2010 at the latest. The combination is subject to competition authority approvals in Finland and some other countries.

Mr Jorma Eloranta president and CEO of Metso said that "We highly value the competencies and long history of Tamfelt and welcome Tamfelt shareholders to continue the tradition as Metso shareholders. The focus of the markets is shifting increasingly outside Europe. We believe that Metso's global network and strong position also in the emerging markets will further strengthen Tamfelt's competitiveness also in these areas. The combination is a continuation to our long-term and successful co-operation. As both companies are technology leaders in their respective areas, we believe it will accelerate technological development in the future."

Benefits of the combination

1. The combination is estimated to increase Metso's services business by approximately EUR 140 million annually. At the same time, the services share of Metso's Paper and Fiber Technology segment increases from 41% to approximately 50% of net sales.
2. Tamfelt's PMC products ie forming fabrics, felts and belts complement Metso's product and services offering, thus enabling the offering of more competitive and comprehensive solutions for the companies' shared customer base. Metso does not currently have paper and board machine clothing products in its own product offering.
3. Metso's extensive installed base and global sales and services network provide Tamfelt's products and services new growth potential especially outside Europe.
4. Tamfelt's filter fabrics complement Metso's wear product offering not only in the pulp and paper industry but also, for example, in the mining and energy industries.
5. After the combination, development of technical textiles can be integrated into Metso's fiber and paper technology research and development. Tighter co-operation is expected to, for example, speed up new paper and board machine start-ups, thus supporting also Metso's new project sales.
6. According to Metso's preliminary estimates, the global combination of operations is expected to result in total synergies of EUR 7-10 million annually. The non-recurring costs arising from the combination (including costs related to the transaction) are expected to be approximately EUR 4 million and be phased over 2009-2011.

