

News conferences for the press and analysts:

- at 1.00 p.m. Finnish time today at Metso Corporation headquarters,
address: Fabianinkatu 9 A, Helsinki
- at 12.00 a.m. Swedish time today at Berns Salonger & Co, Kilsalen,
address: Berzelii Park, Stockholm

METSO AND SVEDALA CREATE A WORLD LEADER IN ROCK AND MINERAL PROCESSING TECHNOLOGY

Metso Corporation is making a recommended cash offer to acquire the entire stock of Svedala (listed on the OM Stockholm Stock Exchange), a global supplier of products and services for rock and mineral processes with annual net sales of EUR 1.6 billion. Metso's plan is to combine its rock and mineral processing business group Nordberg with Svedala. The acquisition is subject to Metso obtaining acceptances from Svedala shareholders representing 90 per cent of Svedala's share capital and approval by relevant competition authorities.

- Metso Corporation ("Metso") is making a recommended cash offer to the shareholders of Svedala Industri AB ("Svedala") of SEK 185 per share whereas holders of convertible debentures are offered SEK 245 per convertible debenture with a nominal amount of SEK 234 (the "Offer"). The Offer represents a total value of SEK 9,118 million (EUR 1,105 million). Including Svedala's net debt as of March 31, 2000, the transaction is valued at SEK 13,708 million (EUR 1,660 million).
- The Offer for the shares represents a premium of approximately 54% to the closing share price on June 20, 2000 and 29 % based on the average for the last 12 months prior to announcement of the Offer.
- Metso will combine Nordberg, its rock and mineral processing business, with Svedala to create one of the global market leaders in the supply and service of processes and related equipment for the civil engineering, construction and mineral processing industries.
- The combination of Svedala and Metso will result in synergy benefits which Metso expects to amount to more than EUR 70 million when fully implemented and Metso estimates that the transaction will enhance earnings per share in the first full year of consolidation. The combined 1999 net sales of Metso (adjusted for the sale of Timberjack and acquisition of Beloit) and Svedala totaled EUR 4.8 billion with rock and mineral processing contributing 42%, fiber and paper technology 40%, automation and control technology 12% and others 6%.

- After having made a carefully considered assessment of the Offer and with the support of the fairness opinions from Lehman Brothers and Enskilda Securities, the Svedala Board of Directors appointed by the shareholders has unanimously concluded that the Offer is fair and consequently recommends the shareholders to accept it.
- Metso has received irrevocable undertakings from AB Custos and has obtained commitments to receive such undertakings from members of the board to accept the Offer in respect of their shares. These undertakings represent in total approximately 13% of the issued share capital of Svedala.
- Prior to the announcement Metso owned and controlled 0.51% of the shares and votes of Svedala.

Background to and reasons for the offer

Combining the operations of Nordberg and Svedala will create one of the global market leaders in the supply and service of processes and related equipment for the civil engineering, construction and mineral processing industries.

The large combined installed machine base together with the strength and wide geographical reach of the combined distribution and service network will significantly enhance Metso's growth prospects in rock and mineral processing and as a whole.

"The acquisition of Svedala represents a further step in Metso's outlined strategy and it further increases the service element of Metso's business mix in line with our strategic intent and Future Care concept. Metso's business portfolio will be better balanced and less cyclical after the acquisition", says **Pertti Voutilainen**, the Chairman of the Board of Metso Corporation.

"Combining the businesses allows Nordberg and Svedala to develop service and other customer support activities further and thereby better address the rapidly evolving needs of increasingly global customers in a consolidating but growing industry," says **Heikki Hakala**, the President and CEO of Metso Corporation. "Our customers are increasingly asking us for a service presence closer to the installed base all over the world, broader service and parts offerings and continuous process engineering support as well as for new, more efficient products to improve the efficiency of their production processes. The considerable process automation expertise of Metso's automation business offers very interesting opportunities to embed intelligence into machines and processes and thereby offer totally new value adding control, monitoring and process optimization options to our customers. By combining our resources, we will be in much better position to do all this."

The Chairman of Svedala, **Rune Andersson**, comments: "Svedala has been built to a global company over the past 12 years from SEK 500 million (EUR 60 million) to SEK 14 billion (EUR 1.6 billion) in sales through organic growth and acquisitions. The combination of Metso and Svedala has compelling industrial logic and we consider it

to be positive for our customers and employees. I view Metso as a logical and long-term industrial owner".

Plans after the completion of the transaction

Svedala's culture, basic strategies and strong focus on after-market services are all well in line with Metso's strategies and integration of the rock and mineral processing activities is expected to take place smoothly. Metso plans to review immediately after the completion of the acquisition the manufacturing, service, distribution and other operations of Svedala and Nordberg and integrate them. Svedala's existing rationalization program will be continued and implemented as planned.

The plan is to maintain the main brand names of both companies.

Employee benefits are expected to stay in line with current practices. Key members of the top management team of Svedala have agreed to remain with the new company.

UBS Warburg is acting as financial advisor to Metso and Lehman Brothers as financial advisor to Svedala in connection with this offer.

Metso is a global supplier of process industry machinery and systems. Rock and mineral processing group Nordberg operates within Metso's machinery business area. Metso's other business areas are fiber and paper technology and automation and control technology. The net sales of Metso were EUR 3.4 billion in 1999 and personnel totaled approximately 23,000. Metso is listed on the Helsinki Exchanges and New York Stock Exchange.

Svedala is a global supplier of equipment, services and parts to the construction and mineral processing industries. Through its range of equipment for the recovery, handling and processing of minerals, Svedala offers its customers total solutions. Net sales of Svedala were SEK 14 billion in 1999 and personnel totaled approximately 11,000. Svedala is listed on the OM Stockholm Exchange.

For additional information, please contact:

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APPENDIX

Terms of the Offer by Metso Corporation to the shareholders of Svedala
Brief information on Metso and Svedala

APPENDIX 1

**TERMS OF THE OFFER BY METSO CORPORATION
TO THE SHAREHOLDERS OF SVEDALA**

- Metso is offering the shareholders of Svedala SEK 185 per share in cash.
- Metso is offering the holders of convertible debentures issued under Svedala's 1998/2003 convertible debenture loan SEK 245 in cash per convertible debenture with a nominal value of SEK 234. The convertible debenture holders are further offered an amount corresponding to accrued interest in accordance with the convertible terms until the settlement of the Offer.
- Prior to the Offer Metso owned and controlled 0.51% of Svedala's share capital and votes as of June 20, 2000.

Conditions for implementation of the Offer

The offer is conditional upon:

- The Offer being accepted to such an extent that Metso becomes the owner of more than 90% of the shares and voting rights in Svedala. However, Metso reserves the right to implement the Offer at a lower level of acceptance;
- Necessary consents or clearances being obtained from the relevant competition authorities pursuant to conditions reasonably acceptable to Metso;
- The acquisition, prior to a public announcement that the Offer is being completed, in Metso's opinion, not being rendered partly or wholly impossible or significantly impeded as a result of legislation, court ruling, decision of a public authority, or a comparable circumstance, in Sweden or in another country, which has occurred or is highly to occur at the same time such judgement is made, or any other circumstance beyond Metso's control.

Value of the Offer

- Based on the closing price on June 20, 2000, the Offer represents a premium of approximately 54%.
- Based on the average closing share prices during the period May 8, 2000 – June 20, 2000, representing the last 30 full trading days before announcement, the Offer represents a premium of approximately 55%.

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- Based on the average closing share prices during the period June 21, 1999 – June 20, 2000, representing the last 12 months trading before announcement, the Offer represents a premium of approximately 29%.
- The total value of the Offer to the shareholders and the convertible debenture holders in Svedala amounts to approximately SEK 9,118 million.
- Svedala's shares are listed on the A-list of the OM Stockholm Stock Exchange. The convertible debentures are not listed or traded on any stock exchange or marketplace.

Financing

Metso will initially finance the acquisition by way of an acquisition finance facility, which is fully committed by Citigroup.

Metso intends to refinance a significant proportion of this debt facility with the intention of reducing net gearing to normal levels by end 2001 through an equity issue to be undertaken following the completion of the acquisition together with continued asset disposals.

Recommendation of the board at Svedala

After having made a carefully considered assessment of the Offer and with the support of the fairness opinions from Lehman Brothers and Enskilda Securities, the Svedala Board of Directors appointed by the shareholders has unanimously concluded that the Offer is fair and consequently recommends the shareholders to accept it.

Financial impact on Metso

It is expected that the acquisition of Svedala will be accretive to earnings per share in the first full year following the acquisition.

Metso estimates that considerable synergies can be obtained in the areas of manufacturing, distribution, service, R & D and administration between the relevant areas of Nordberg and Svedala. Combined sales of the areas eligible for synergies are estimated to be about EUR 1,200 million and total synergies are expected to be more than EUR 70 million per annum by 2002. Total non-recurring costs to achieve these synergies are assumed to be EUR 60 million, planned to be spent over the next two years.

APPENDIX 1

Preliminary timetable

The offer document is expected to be distributed to shareholders and convertible debenture holders in Svedala during the 2nd week of July 2000. The acceptance period will begin shortly thereafter and remain open until mid-September. Provided that the conditions stated above have been met and that Metso announces its intention to complete the Offer during the 3rd week of September 2000, settlement is expected to be made during the 4th week of September 2000.

Metso reserves the right to extend the acceptance period as well as to postpone the date for settlement.

APPENDIX 2

BRIEF INFORMATION ON METSO AND SVEDALA

Income statement 1-12/1998	Metso	Svedala	Combined
Pro forma, EUR million			
Net sales	3,695	1,629	5,324
Profit before nonrecurring expenses	246	119	365
Nonrecurring operating expenses	-	-	-
Operating profit	246	119	365
Income statement 1-12/1999	Metso	Svedala	Combined
Pro forma, EUR million			
Net sales	3,387	1,607	4,994
Profit before nonrecurring expenses	57	98	155
Nonrecurring operating expenses	- 67	-5	- 72
Operating profit	-10	93	83
Income statement 1-3/2000	Metso	Svedala	Combined
Pro forma, EUR million			
Net sales	860	364	1,224
Profit before nonrecurring expenses	17	14	31
Nonrecurring operating expenses	-	- 9	- 9
Operating profit	17	5	22