



Lupatech acquires industrial Argentine group leader in the valve industry and strengthens its process of internationalization and consolidation of the valve industry in Latin America

Caxias do Sul, RS, Brazil, October 30th, 2006 --- Lupatech S.A. (BOVESPA: LUPA3) announces it has acquired 100% of Válvulas Worcester de Argentina Sociedad Anonima, Industrial y Comercial ("**Válvulas Worcester**") and Esferomatic S.A. ("**Esferomatic**") through the execution of "Letter of Intent" with Kvarnstig Aktiebolag and Worcester Corporation Bahamas ("Sellers").



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Válvulas Worcester and **Esferomatic** lead the ball valve Argentine market with nearly 60% of the valve market for the industrial sector, especially oil and gas, with high technological compound businesses.

With such transaction, Lupatech S.A. definitely enters the Argentine market, which is South America's third largest oil and gas producer, whose activities should show great expansion resulting from the energy investment needs in order to sustain the strong economic growth verified in Argentina.

The operations in Argentina will continue under the responsibility of Mr. Pablo Reim, the present CEO of the acquired companies, contributing with his high competence to compose Lupatech's Management.

Among the main clients of **Válvulas Worcester** and **Esferomatic**, we may point out: Repsol YPF, Petrobras Argentina, British Petroleum, Total, Chevron, Tenaris, Exxon and Shell.

The Transaction amounts to US\$55.6 million, which will be paid on the occasion the transaction is closed, the conclusion of which is subject to usual diligences and it is expected for 4Q06.

Válvulas Worcester and **Esferomatic** have joint sales estimated in US\$26.2 million for 2006, and EBITDA estimated in US\$11.3 million for 2006. Shareholder's equity is approximately US\$15 million, networking capital is estimated in US\$15million, and there is no financial indebtedness.

This transaction is aligned to Lupatech's strategy of consolidation of the industrial valve industry in the Latin-American market, performed with own funds, providing significant synergy in the fields of market, industry, new product research and project, supply and cost rationalization.



About Válvulas Worcester and Esferomatic – Founded in 1967 and 1969, respectively, they are leaders in Argentina in the manufacturing of ball valves for special applications with the most advanced technology. The products are certified by international rules. The manufactured product line comprises specially automated and manual ball valves from 1/4" to 12". Both companies are located in the Great Buenos Aires Area, and they occupy a plant area of nearly 17,000m², with 250 employees.

Lupatech S.A. Profile - Lupatech S.A. has two lines of businesses. The **Flow Segment**, in which it is a nationwide leader in the production and trading of industrial valves, mainly for the oil, gas, chemical, pharmaceutical, pulp and paper, and building industries through brands such as "MNA", "Valmicro" and "Mipel"; and the **Metal Segment**, in which it holds an outstanding position in the international market in the development and production of parts, complex parts and sub-assemblies mainly destined to the worldwide automotive industry through steel injection and precision casting processes, being a pioneer in Latin America. It also operates in the casting of carcasses in metal alloys with high resistance to corrosion, focused on the industrial valve and pump industries, mainly for applications in the processes for the oil and gas industry. As soon as the transaction announced on September 18, 2006 is concluded, Lupatech will start to operate in the manufacturing and trading of cables for platform mooring, through off-shore businesses of Cordoaria São Leopoldo.

For further information, please access the website www.lupatech.com.br/ri.