



## Lupatech has concluded two acquisitions in Argentina and will invest R\$ 120 million in the consolidation of the Latin American industrial valve market

**Caxias do Sul, RS, Brazil, December 19<sup>th</sup>, 2006** --- Lupatech S.A. (BOVESPA: LUPA3) announces that it has concluded the acquisition of the totality of the shares of two Argentinean companies, Válvulas Worcester de Argentina Sociedad Anonima, Industrial y Comercial ("**Válvulas Worcester**") and Esferomatic S.A. ("**Esferomatic**").



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**Válvulas Worcester** and **Esferomatic** lead the Argentine ball valve segment, with nearly 60% of the valve market for the industrial sector, especially oil and gas, and are equipped with high technology.

As a result of this transaction, Lupatech S.A. has consolidated its presence in the Argentine market. Argentina is South America's third largest oil and gas producer and activity there should undergo considerable expansion due to the need to invest in energy in order to sustain the country's strong economic growth.

Argentine operations will remain under the responsibility of Mr. Pablo Reim, the present CEO of the acquired companies, whose proven abilities make him a welcome addition to Lupatech's management.

**Válvulas Worcester** and **Esferomatic's** leading clients include Repsol YPF, Petrobras Argentina, British Petroleum, Total, Chevron, Tenaris, Exxon

and Shell.

As of the 1Q07, the financial information of **Válvulas Worcester** and **Esferomatic** will be consolidated by Lupatech S.A.

**Válvulas Worcester** and **Esferomatic** recorded joint sales of US\$26.3 million. Shareholder's equity is approximately US\$ 19.0 million and net working capital is estimated at US\$ 16.6 million. There is no financial indebtedness and the goodwill arising from the acquisitions, approximately US\$ 36.6 million, will be amortized over 5 years.

These acquisitions, effected with the Company's own funds, are in line with Lupatech's strategy of consolidating the industrial valve industry in the Latin America, and will provide synergies in the market, industrial and new product research and project areas, as well as reducing costs and supplies.



**LUPATECH S.A.®**  
TECNOLOGIA QUE FAZ SUA VIDA FICAR MELHOR.



**About Válvulas Worcester and Esferomatic** – Founded in 1967 and 1969, respectively, they lead the Argentine ball valve and special valve market, making use of the most advanced technology. Products are certified as being in line with international norms. Their product line consists mostly of automated and manual ball valves from ¼” to 12”. Both companies are located in Greater Buenos Aires, and they occupy a plant area of nearly 17,000m<sup>2</sup>, 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.

For further information, please access the website [www.lupatech.com.br/ri](http://www.lupatech.com.br/ri).