



## LUPATECH acquires ITASA and reinforces its presence in the high added-value valve industry.

**Caxias do Sul, RS, Brazil, June 14<sup>th</sup>, 2006** --- Lupatech S.A. (BOVESPA: LUPA3), through its subsidiary, Metalúrgica Nova Americana Ltda. (MNA), entered on June 14<sup>th</sup>, 2006 into an Agreement for the Purchase of Shares with ITASA's controlling shareholders (Industria y Tecnología en Aceros S.A.). The agreement provides for the acquisition of all ITASA's shares.

ITASA has production capacity of 1.0 thousand tons/year of cast steel (finished parts) and adds steel production leading edge technologies with high level of resistance to corrosion, including Duplex and Superduplex. It relies on a total area exceeding 22,000m<sup>2</sup> and built-up area of 5,000m<sup>2</sup>. ITASA's gross sales in 2005 was approximately US\$ 5 million, 21% of which were represented by exports. ITASA supplies major companies producing valves and pumps for oil and gas, petrochemical, chemical industries, among others and has approximately US\$ 2.5 million in assets.

This acquisition is aligned to what was informed by Lupatech during the Initial Public Offering process and it integrates the strategic development Lupatech intends to endeavor, ratifying its positioning in the Brazilian and Latin American markets of industrial valves and shows Lupatech's ability to be a consolidating company of such industry in Latin America.

Lupatech with such acquisition besides strengthening MNA leadership position in the demanding valve industry with high resistance to corrosion and with high added-value, intends to access the casting technology, which will allow Lupatech to implement a casting unit in Brazil within 2 years, by using same technologies currently employed at ITASA.

The amount to be invested in the next 3 years is approximately US\$ 9.0 milion. In addition, ITASA's current controlling shareholders will also be entitled to a 30% interest in the company's net income in the first year; 20%, in the second year; and 10%, in the third year. This payment system ensures the alignment of interests between Lupatech and ITASA's current controlling shareholders, who will continue serving as ITASA's officers.

Lupatech and ITASA maintain business relations over the past 13 years, period when ITASA was an important supplier of Esferomatic, an Argentine oil valve company, which between 1993 and 1998 was owned by Lupatech in Argentina. Over the past years, ITASA provided high quality casting products to MNA.

After the acquisition, ITASA will continue to supply its high quality standards casting products respecting the long-term relationship with its traditional clients in Argentina and abroad.



**About ITASA** – ITASA was founded over 20 years ago by Mr. Tomás Novillo and Mr. Nestor Novillo and is one of the most respected casting companies of bodies and components for valves and pump cases for oil in Latin America. The company is headquartered in the city of Paraná, in the Province of Entre Rios, Argentina and employs 70 people.

The production is certified with strict analysis of chemical quality, physical essays, resistance and its expertise are cast parts, such as bodies and components for valves, pumps, rotors. ITASA has been awarded ISO 9001/2000 certification.

### **Lupatech S.A. Profile**

Lupatech S.A. has two lines of businesses. The **Flow Segment**, where it is nation-wide leader in the production and trading of industrial valves, mainly for the oil, gas, chemical, pharmaceutical, pulp and paper and home-building industries through brands, such as “MNA”, “Valmicro” and “Mipel” and **Metal Segment** where it holds an outstanding position in the international market in development and production of parts, complex parts and sub-assemblies mainly destined to the world’s automotive industry through steel injection and precision casting processes, where it is pioneer in Latin America.

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