Mills

Records in all divisions

Rio de Janeiro, November 10, 2010 - Mills Estruturas e Serviços de Engenharia S.A. (Mills) presented solid financial performance in the third quarter of 2010 (3Q10), with record revenues, EBITDA and net earnings, consistent with its growth plan.

Due to the strong demand in the markets that we serve, we have brought forward from 2012 to the end of 2010 our plan to double the number of branches. We will have 40 branches by the end of 2010, as against 20 at the end of 2009.

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Conference call

Portuguese / English (simultaneous translation)

Date: November 11, 2010
Time: 9 am (New York time)
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Code: Mills

Webcast

www.mills.com.br/ri

Main highlights of Mills’ 3Q10 performance:

- Record net revenues of R$ 148.9 million, 13.4% higher than 2Q10 and 45.0% above 3Q09.
- Record net revenues in all four divisions: Heavy Construction, with revenues of R$ 42.7 million; Jahu – Residential and Commercial Construction, with R$ 27.9 million; Industrial Services, with R$ 52.5 million and Rental, with R$ 25.8 million.
- Record EBITDA[(a)] of R$ 55.9 million, 10.8% above 2Q10, and 48.3% above 3Q09.
- EBITDA margin of 37.6%, *versus* 38.4% in 2Q10 and 36.7% in 3Q09.
- Record net earnings of R$ 28.5 million, 9.2% above 2Q10 and 71.8% above 3Q09.
- Acceleration of our investment plan due to strong demand - capex[(b)] reached R$ 121.0 million in 3Q10. Capex in the first nine months of 2010 (9M10) totaled R$ 270 million, equivalent to 80% of the 2010 capex budget.
- Annualized return on invested capital (ROIC)[(c)] of 20.3% in 3Q10, against 23.0% in 2Q10 and 23.3% in 3Q09.
- In this quarter, we opened four new branches: two branches for the Rental division and two branches for the Industrial Services division. Eleven new branches are planned for 4Q10, of which seven branches for the Jahu – Residential and Commercial Construction division and four branches for the Rental division.
- To meet the huge demand and to guarantee the expansion plan of the Rental division, we have signed contracts totaling US$ 80 million for supply of equipment up to the end of 2011.

About Mills

Mills (BM&FBOVESPA: MILS3) is one of the largest specialty engineering services company and the largest provider of temporary concrete formwork and tubular structures in the Brazilian market. Mills also serves the industrial services market (access, industrial painting and thermal insulation) and the motorized access equipment rental market, as one of the major players in each of these. In 2009, Mills’ gross revenues totaled R$ 460 million, while EBITDA reached R$ 158 million, with EBITDA margin equal to 39%. The company plans to invest R$ 1.1 billion over the next three years, in order to enable its geographic expansion in Brazil and to meet the growing demand from the Brazilian infrastructure sector, driven by the expansion in home loans, by the “PAC – Programa de Aceleração do Crescimento” and “Minha Casa, Minha Vida” programs, and by investments for the 2014 World Cup, the 2016 Olympics Games and in the oil & gas industry.

Table 1 – Main financial indicators

in R$ million	3Q09 (A)	2Q10 (B)	3Q10 (C)	(C)/(B) %	(C)/(A) %	9M09 (D)	9M10 (E)	(E)/(D) %
Net revenue	102.7	131.3	148.9	13.4%	45.0%	289.6	395.7	36.6%
EBITDA	37.7	50.5	55.9	10.8%	48.3%	112.1	149.2	33.1%
EBITDA margin (%)	36.7%	38.4%	37.6%			38.7%	37.7%	
Net earnings	16.6	26.1	28.5	9.2%	71.8%	48.5	73.2	50.9%
ROIC (%)	23.3%	23.0%	20.3%			24.6%	22.0%	
Capex	30.5	90.0	121.0	34.6%	297.5%	53.6	269.7	403.6%

The financial and operational information presented in this release, except when otherwise indicated, is based on consolidated figures in accordance with the Brazilian General Accepted Accounting Principles (BR GAAP).

Revenues

In 3Q10, net revenue reached R$ 148.9 million, a new quarterly record, up 13.4% from 2Q10 and 45.0% greater than 3Q09, when revenue amounted to R$ 131.3 million and R$ 102.7 million, respectively. In the first nine months of 2010 (9M10), net revenue totaled R$ 395.7 million, 36.6% above the 9M09 figure.

In 3Q10, the Industrial Services division delivered the highest net revenue, R$ 52.5 million, representing 35.2% of Mills' total revenues. The revenues for the Heavy Construction division were responsible for 28.7% of total revenues, Jahu – Residential and Commercial Construction for 18.7% and Rental for 17.4%.

The Jahu – Residential and Commercial Construction division showed the highest quarter-over-quarter (qoq) growth, a 27.9% rise, as a result of the new branches and the sales of the aluminum formwork for the "Minha Casa, Minha Vida" program.

In this quarter growth came from all types of service - rental, sales and technical support services -, of which the revenue from equipment sales presented the highest qoq growth rate. 61.6% of Mills' revenues was from equipment rental, 28.6% from technical support services, 5.8% from sales, and 4.0% from other revenues.

Rental revenue is recognized during the period that our equipment is with our clients, that is, from the date of the withdrawal of the equipment from our warehouse until the date of its return. At the end of each month, we send our clients a report with the volume of equipment rented during the month and an invoice for the rental payment. Hence, we are not exposed to project execution risks because our clients pay us on a monthly basis, regardless of the duration of the construction project or its stage of execution. Our average accounts receivable cycle time is around 45 days.

The client's decision whether to buy or rent the equipment for a particular project depends mainly on the duration and the design features of the project. Construction work that has a long duration, a horizontal nature and repeated use of the same equipment favors buying over renting as, for example, industrialized constructions with aluminum formwork for low income housing and construction of hydroelectric power plants. In the latter case, the contractors often buy the material that will be used throughout the period of the project and rent the specific equipment that will be needed at certain stages of the work.

Our client base is more concentrated in the Heavy Construction and Industrial Services divisions and more fragmented in the Jahu – Residential and Commercial Construction and Rental divisions. In 9M10, the top ten clients represented 24% of our gross revenue, Petrobras being the major client, contributing to less than 5% of Mills' gross revenue.

Table 2 – Net revenue per type

in R$ million	3Q09 (A)	2Q10 (B)	3Q10 (C)	(C)/(B) %	(C)/(A) %	9M09 (D)	9M10 (E)	(E)/(D) %
Rental	70.5	84.6	91.8	8.4%	30.1%	202.9	251.1	23.8%
Technical support services	27.1	35.6	42.6	19.5%	57.3%	75.3	107.8	43.2%
Sales	4.0	6.0	8.7	43.8%	113.7%	7.1	24.3	240.6%
Others	1.1	5.0	5.9	17.8%	459.7%	4.4	12.6	188.2%
Total net revenue	102.7	131.3	148.9	13.4%	45.0%	289.6	395.7	36.6%

Table 3 – Net revenue per division

in R$ million	3Q09	%	2Q10	%	3Q10	%	9M09	%	9M10	%
Heavy Construction	36.9	36.0%	41.7	31.8%	42.7	28.7%	106.8	36.9%	120.1	30.3%
Jahu - Residential and Commercial Construction	15.1	14.7%	21.8	16.6%	27.9	18.7%	43.9	15.2%	72.4	18.3%
Industrial Services	36.1	35.1%	46.5	35.4%	52.5	35.2%	100.2	34.6%	139.0	35.1%
Rental	14.6	14.2%	21.3	16.2%	25.8	17.4%	38.7	13.4%	64.3	16.2%
Total net revenue	102.7	100.0%	131.3	100.0%	148.9	100.0%	289.6	100.0%	395.7	100.0%

Costs and Expenses

In 3Q10, the cost of goods and services sold (COGS), excluding depreciation, totaled R$ 58.1 million, with an increase of R$ 10.0 million, or 20.7%, over the R$ 48.1 million realized in the previous quarter, mainly due to the significant increase in the cost of sales. Excluding the effect of cost of sales, the qoq increase of COGS was 16.6%.

In 9M10, COGS totaled R$ 147.3 million, versus R$ 98.0 million in 9M09, due to the growth of our business in the last twelve months.

In this quarter, the main COGS item, job execution cost, rose 15.3%, mainly impacted by the increase in labor costs in the Industrial Services division, which is labor intensive. This increase was partially compensated by lower cost of equipment rented from third-parties.

Cost of equipment rented from third-parties amounted to R$ 0.9 million, with a reduction of 29.8% against the previous quarter, when this cost item reached R$ 1.3 million.

Job execution cost includes, in addition to cost of equipment rented from third-parties, (a) labor costs for erection and dismantling of the equipment rented to our clients, when such tasks are carried out by the Mills' workforce; (b) equipment freight costs, when under Mills' responsibility; (c) cost of materials used in the execution of our services, such as individual safety equipment, paint, insulation material, wood, among others; and (d) cost of materials used in the maintenance of the equipment, when they return to our warehouse.

The cost of sales, which represents the costs from the sales of new equipment by Mills, was up 71.0%, as a consequence of the expansion of our sales revenue and the mix of equipment sold in the period.

The cost of asset write-offs, which is related to equipment damaged during rental which cannot be repaired and hence is removed from our asset base, totaled R$ 1.0 million in this quarter, against R$ 0.4 million in the previous quarter. It is worth mentioning that, in this case, Mills charges the clients an indemnity for the damaged equipment. Therefore, this cost item is directly related to revenues with indemnities, which are part of the other revenues item.

General, administrative and operating expenses (SG&A) totaled R$ 34.9 million in 3Q10, compared to R$ 32.7 million in 2Q10. In 9M10, SG&A was R$ 99.2 million, 24.8% higher than the R$ 79.5 million totaled in 9M09.

Between quarters, the SG&A increase of R$ 2.2 million was mainly due to higher expenses with contract coordination, responsible for a R$ 2.0 million increase, with administrative expenses responsible for R$ 1.4 million, and with equipment storage responsible for R$ 1.0 million, which were partially offset by a small drop in other operational and administrative expenses.

Expenses with contract coordination is the most important item of SG&A, representing 40% to 50% of total SG&A. It includes personnel expenses with our project teams and commercial engineers, who are responsible for the management and supervision of each of our contracts. This item had the highest growth rate in the Jahu - Residential and Commercial Construction and Rental divisions that deal with a more fragmented market and are expanding geographically with a substantial increase in the number of contracts.

Administrative expenses represent disbursements incurred with support functions, such as financial, human resources, supplies and information technology, which showed the highest qoq growth, driven by the opening of new branches and by the rise in the number of employees, from 3,934 at the end of 2Q10 to 4,426 at the end of 3Q10.

Equipment storage expenses include disbursements with personnel that work in our warehouses. The increase in this item is correlated to the increase in the number of warehouses in the Industrial Services and Rental divisions and the greater volume of equipment flows in the Jahu – Residential and Commercial Construction warehouse.

In 3Q10, SG&A was positively influenced by the non-recurring reversal of provisions for the payment of PIS and COFINS taxes and Job Accident Insurance (“Seguro de Acidente de Trabalho – SAT”) in the amount of R$ 2.9 million. This impact was reflected in the Heavy Construction (R$ 1.3 million) and Industrial Services (R$ 1.6 million) divisions.

Depreciation costs totalized R$ 13.0 million in 3Q10, with a qoq increase of 22.3% and a year-over-year (yoy) rise of 69.3%, reflecting the investments made by Mills in recent months. In 9M10, depreciation costs reached R$ 32.5 million, against the R$ 21.7 million incurred in the same period in the previous year.

Table 4 – Cost of goods and services sold (COGS) and the general, administrative and operating expenses (SG&A)

in R$ million	3Q09	%	2Q10	%	3Q10	%	9M09	%	9M10	%
Costs of job execution	33.8	52.0%	44.1	54.6%	50.9	54.7%	93.8	52.8%	130.7	53.0%
Costs of equipment sales	2.3	3.5%	3.6	4.5%	6.2	6.7%	4.0	2.3%	15.2	6.2%
Cost of asset write-off	0.1	0.1%	0.4	0.4%	1.0	1.0%	0.3	0.1%	1.4	0.6%
COGS, ex-depreciation	36.1	55.7%	48.1	59.5%	58.1	62.5%	98.0	55.2%	147.3	59.8%
SG&A	28.9	44.5%	32.7	40.5%	34.9	37.5%	79.5	44.8%	99.2	40.2%
Total COGS, ex-depreciation + SG&A	64.9	100.0%	80.8	100.0%	93.0	100.0%	177.5	100.0%	246.5	100.0%

EBITDA

Cash generation, as measured by the EBITDA, reached R$ 55.9 million in 3Q10, with an increase of 10.8% over the R$ 50.5 million realized in 2Q10 and a growth of 48.3% related to the 3Q09 figure, of R$ 37.7 million. In 9M10, EBITDA reached R$ 149.2 million, 33.1% above the R$ 112.1 million of 9M09.

Accumulated EBITDA in the last twelve-month period ended on September 30, 2010 (LTM EBITDA) totaled R$ 192.8 million.

In 3Q10, the qoq increase of R$ 5.4 million in the EBITDA is explained by the increase of R$ 17.6 million in net revenues, partially offset by the rise of R$ 10.0 million in COGS, excluding depreciation, and of R$ 2.2 million in SG&A.

The Heavy Construction division contributed 39.9% of Mills' EBITDA in this quarter. The Rental division was responsible for 26.2%, Jahu – Residential and Commercial Construction for 21.4% and Industrial Services for 12.6%. The division that presented the highest quarter-over-quarter EBITDA growth was the Rental division, with an expansion of 23.2%.

The EBITDA margin was 37.6% in 3Q10, versus 38.4% in 2Q10 and 36.7% in 3Q09.

Table 5 – EBITDA per division and EBITDA margin

in R$ million	3Q09	%	2Q10	%	3Q10	%	9M09	%	9M10	%
Heavy Construction	17.2	45.5%	21.6	42.9%	22.3	39.9%	53.3	47.6%	60.3	40.4%
Jahu - Residential and Commercial Construction	7.3	19.4%	10.0	19.8%	11.9	21.4%	22.1	19.7%	32.2	21.6%
Industrial Services	5.3	14.1%	6.9	13.8%	7.0	12.6%	14.5	12.9%	20.3	13.6%
Rental	7.9	21.0%	11.9	23.5%	14.6	26.2%	22.1	19.7%	36.3	24.3%
Total EBITDA	37.7	100.0%	50.5	100.0%	55.9	100.0%	112.1	100.0%	149.2	100.0%
EBITDA margin (%)	36.7%		38.4%		37.6%		38.7%		37.7%	

Net Earnings

In 3Q10, net earnings amounted to R$ 28.5 million, a new quarterly record, with an increase of 9.2% *vis-à-vis* the previous quarter. In 9M10, net earnings totaled R$ 73.2 million, with a rise of R$ 24.7 million, or 50.9%, compared to the same period of the previous year.

In 3Q10, the qoq increase of R$ 2.4 million in net earnings is explained by the rise of R$ 5.4 million in EBITDA and by the increase of R$ 0.2 million in the financial result, which was partially offset by the increase in depreciation (R$ 2.4 million) and income taxes (R$ 0.9 million).

In 3Q10, the financial result, excluding derivative transactions, was positive R$ 0.5 million, the same result as in 2Q10. Since we continue to have a net cash position in 3Q10, the financial revenues with interest on our low risk financial applications were higher than the disbursements with interest on our outstanding debt.

The dollar-CDI swap operations related to the purchase of imported equipment had a negative cash result of R$ 0.7 million in this quarter, while their mark-to-market result was R$ 0.1 million positive in the same period.

Debt indicators

As of September 30, 2010, Mills' total debt was R$ 142.5 million, against R$ 167.6 million as of June 30, 2010.

In the last three months, our cash holdings reduced R$ 105.1 million, from R$ 302.0 million on June 30, 2010 to R$ 196.9 million on September 30, 2010, mainly due to capex disbursements of R$ 121.0 million and the liquidation of R$ 25.1 million of higher cost debt, reducing the average cost of Mills' debt to CDI (Interbank Offering Rate) +2.3% against CDI+2.7% in the previous quarter.

We ended 3Q10 with a net cash position of R$ 54.4 million, against a net cash position of R$ 134.4 million at the end of 2Q10.

As of September 30, 2010, 32% of our total debt was short-term and 68% long-term, with an average maturity of 3.6 years. In terms of currency, 100% of Mills' total debt is in Brazilian *reais*.

Debt leverage, as measured by total debt/LTM EBITDA ratio, went down to 0.7x on September 30, 2010 from 1.0x on June 30, 2010, due to the combined effect of higher LTM EBITDA and lower total debt.

On September 30, 2010, the total debt/enterprise value[d] ratio was 7.0%, while the interest coverage, measured by the LTM EBITDA/LTM interest payment, was 9.42x.

Capex

Mills invested R$ 121.0 million in 3Q10, an increase of 34.6% over the R$ 90.0 million invested in the previous quarter and four times superior to the R$ 30.5 million invested in the same period of the previous year.

In 9M10, gross investment (capex) totaled R$ 269.7 million, against R$ 53.6 million in 9M09.

The Rental division was responsible for 43.4% of 3Q10 capex, Jahu – Residential and Commercial Construction for 27.8%, Heavy Construction 20.7%, and Industrial Services 5.6%.

This year, the Rental division has already invested R$ 105.7 million, above its budget of R$ 91.5 million, since the geographic expansion plan for this division was brought forward to meet the strong demand. We expected to open six new branches in 2010 for this division, and this was already accomplished by the end of 3Q10, thus we believe we will finish 2010 with ten new branches, that is, one year ahead of our schedule.

In this quarter, we signed contracts totaling US$ 80 million with suppliers of aerial work platforms and telescopic handlers to ensure the delivery of motorized access equipment by the end of next year to accommodate the Rental division expansion plan. The purchase was made in US dollars and the cash disbursement will occur as we receive the equipment, according to the established schedule. In order to eliminate the exchange rate risk in our cash flow, we have taken hedge positions to protect us from exchange rate fluctuations until the cash disbursement.

The Jahu – Residential and Commercial Construction division, which invested R$ 33.6 million in 3Q10, also intends to to bring its geographic expansion plan forwards by one year. We anticipate ending 2010 with 12 branches, i.e., we will double the number of branches initially planned. However, we expect that investments in this division, by the end of the year, will be in line with the budget of R$ 106.4 million, although we are opening more branches than initially planned. For the branches of this division there is a longer time period between their opening and the beginning of equipment rental, when compared to the branches of the Rental division. Therefore, the investment associated with the changed time frame will be realized only in the coming year.

For the Heavy Construction division, the investments amounted to R$ 25.0 million in 3Q10, against R$ 19.2 million in the previous quarter. There was a delay in the bidding process for large public construction works expected for this year and, consequently, they should only start in the first half of 2011. Hence, until the end of 2010, we will return to the same pace of investment as in the first half of 2010 and we will adapt our investment plan for this division according to the bidding schedule and estimates of the beginning of the construction of the infrastructure projects and the World Cup stadiums nationwide.

The Industrial Services division invested R$ 6.8 million in 3Q10, against R$ 7.3 million in 2Q10. The fact that this division is labor intensive, instead of capital intensive as in Mills' other divisions, explains the lower level of investment.

For the Heavy Construction, Jahu – Residential and Commercial Construction and Industrial Services divisions, we purchase the raw material needed to manufacture the shoring and scaffolding equipment and formwork, such as steel stabs and aluminum tubes and slabs, then we deliver these raw materials to manufacturers to produce our equipment. Usually, disbursements with raw materials represent approximately 80% of the investment, while the processing cost, 20%.

Table 6 – Investment per division

	Actual				Budget	
	3Q09	2Q10	3Q10	9M10	2010	(A)/(B)
in R$ million				(A)	(B)	%
Heavy Construction	9.3	19.2	25.0	65.8	97.6	67.4%
Jahu - Residential and Commercial Construction	6.6	24.7	33.6	69.5	106.4	65.3%
Industrial Services	1.5	7.3	6.8	21.4	30.2	70.8%
Rental	12.8	35.1	52.5	105.7	91.5	115.5%
Corporate	0.3	3.8	3.1	7.4	12.3	59.8%
Total Capex	30.5	90.0	121.0	269.7	338.0	79.8%

ROIC

In 3Q10, the return over invested capital (ROIC) reached 20.3%, as against 23.0% in 2Q10. In 9M10, ROIC was 22.0%, against 24.6% in 9M09.

The reduction in the ROIC between periods is explained by the high level of investment in recent months, seeking to seize market opportunities in all our divisions. Since we estimate a lag period of approximately three months between the acquisition of new equipment and this equipment being rented and starting to generate revenues, the investment made in a quarter adversely impacts the ROIC for this period, whilst having a positive affect on ROIC for the following quarters, when it begins to generate rental revenues.

It is important to emphasize that for the ROIC calculation, we considered only the productive capital, meaning that the IPO proceeds that are temporarily invested in low-risk short-term investments were not included in the calculation.

The Heavy Construction division delivered the highest ROIC in 3Q10, equal to 25.5%, against 28.5% in 2Q10 and 24.4% in 1Q10.

Performance of the business segments

In 3Q10, the net revenue of the Heavy Construction division totaled R$ 42.7 million, with a qoq increase of 2.4% and a yoy growth of 15.7%. In 9M10, net revenue amounted to R$ 120.1 million, 12.4% higher than the R$ 106.8 million realized in 9M09.

In 3Q10, 77% of net revenue (versus 78% in 2Q10) of this segment was related to equipment rental, while the remaining 23% (versus 22% in 2Q10) was related to technical support services, sales of equipment and others.

There was a qoq increase of R$ 0.3 million in the equipment rental revenues in this segment driven by the higher volume of equipment available, as a result of the investments made in 2Q10, partially offset by lower utilization rates and realized rental prices.

Due to the postponement in the bidding for strategic public construction jobs, such as the subway and *Rodoanel* in São Paulo, as well as delay in several important construction jobs, for instance *Arco Rodoviário* in Rio de Janeiro and Petrobras' refineries in Pernambuco and Rio de Janeiro, among others, which were scheduled to begin this year, we re-worked our schedules to allocate our equipment to smaller projects.

The volume of equipment necessary in these smaller jobs was less than the amount planned for the delayed construction jobs, resulting in the reduction of the utilization rate of the division to a level slightly below what is considered normal, which is 75%.

The bidding process for these construction projects has already begun, but since there were federal and state government elections this year, the construction jobs should start only next year, after the new governments are installed.

The construction work for the 2014 World Cup Event is also behind schedule. Of the twelve stadiums that will be used for the games, five will be built and seven refurbished, amounting to a total investment of R$ 5.5 billion. The few jobs that have already started are in the demolition stage. We have signed a contract for the first stadium work for the 2014 World Cup, the refurbishment of the Cuiabá arena, located in the city of Cuiabá, in the state of Mato Grosso do Sul, and which has an expected investment of R$ 342 million. We will continue to study the stadium projects and wait for the bidding processes.

Additionally the construction of the high speed train between Rio de Janeiro and São Paulo, which has an estimated total cost of R$ 33.1 billion, will have its bidding process finalized by the end of this year.

The number of existing contracts for the period was 240, with the largest project representing approximately 5% of the revenue of the division.

In 3Q10, the main projects served by the Heavy Construction division were:

- South and Southeastern regions: Sistema Viário Jacu-Pêssego (railroad) in São Paulo, and Porto do Açu (port), in Rio de Janeiro;
- Midwest, North and Northeast regions: Estreito hydroelectric power plant and Sistema de Abastecimento de Água PIRAPAMA (water supply).

In this quarter there was a COGS increase, driven by the increase in the cost of sales and job execution cost, partially offset by the decline in the cost of equipment rented from third-parties, which was down 40% qoq and 70% yoy.

The SG&A was lower than the previous quarter, contributing to the increase of the EBITDA margin. Higher contract coordination and administrative expenses were more than offset by the reduction of equipment storage expenses and the reversal of provisions previously mentioned.

In 3Q10, EBITDA reached R$ 22.3 million, with a 3.1% qoq increase and a 30.0% yoy growth. In 9M10, EBITDA reached R$ 60.3 million, against R$ 53.3 million in 9M09.

The EBITDA margin was 52.2% in 3Q10, versus 51.9% in 2Q10 and 46.5% in 3Q09.

We invested R$ 25.0 million in 3Q10 and R$ 65.8 million in 9M10. Despite the delays in the main constructions works contemplated for this year, the expectations for 2011 are very good, so we will continue investing in this division, but at a slower pace - similar to in 1H10.

This quarter we launched a new product, an aluminum shoring system called “High Load Capacity Props”. It should be very competitive in the Brazilian market and substitute our traditional steel shoring, Millstour, given the search for productivity improvement in the construction sites due to the reduced workforce. Currently we are importing the “High Load Capacity Props”, but we plan to manufacture them in Brazil as of next year.

ROIC was 25.5% in 3Q10, versus 28.5% in 2Q10, driven by the qoq expansion of the asset base.

Table 7 – Heavy Construction division's financial indicators

in R$ million	3Q09 (A)	2Q10 (B)	3Q10 (C)	(C)/(B) %	(C)/(A) %	9M09 (D)	9M10 (E)	(E)/(D) %
Net revenue								
Rental	31.4	32.4	32.7	0.9%	4.2%	91.8	95.0	3.5%
Technical support services, sales and others	5.5	9.4	9.9	5.3%	79.8%	15.0	25.1	66.8%
Total net revenue	36.9	41.7	42.7	2.4%	15.7%	106.8	120.1	12.4%
EBITDA	17.2	21.6	22.3	3.1%	30.0%	53.3	60.3	13.1%
EBITDA margin (%)	46.5%	51.9%	52.2%			49.9%	50.2%	
ROIC (%)	29.5%	28.5%	25.5%			32.5%	26.2%	
Capex	9.3	19.2	25.0	30.6%	169.9%	13.3	65.8	396.3%
Invested Capital[e]	126.5	162.2	184.4	13.7%	45.8%	120.0	162.0	35.0%
Depreciation	3.2	3.9	4.5	14.7%	42.5%	9.1	12.0	32.5%

Jahu Division

In 3Q10, the net revenue of the residential and commercial business, served by the Jahu division, reached R$ 27.9 million, presenting growth of 27.9% compared to the previous quarter, due to higher revenues with equipment sales, and with a 84.4% rise against 3Q09. In 9M10, net revenue reached R$ 72.4 million, 64.8% greater than the R$ 43.9 million realized in 9M09, and superior to the R$ 62.0 million achieved in the full year of 2009.

In 3Q10, 79% of the net revenue (vs. 90% in 2Q10) of this segment was related to equipment rental, while the remaining 21% (vs. 10% in 2Q10) was related to technical support services, sales of equipment and others.

There was an 11.8% qoq increase in the revenues related to equipment rental in this business, driven by the higher volume of equipment available, resulting from investments realized in 2Q10. The utilization rate has remained above the normal level, with a slight decrease when compared to previous quarters as a consequence of the investments in the period.

In this quarter, equipment sales contributed R$ 4.7 million to the net revenue, as against R$ 1.3 million in 2Q10 and R$ 5.4 million in 1Q10.

In this division, we sell mainly formwork to the builders involved in the low income housing program “Minha Casa, Minha Vida”. In this program, the trend is for our clients to buy the formwork instead of renting it, because they will build several identical houses, using the same formwork continuously. This aluminum formwork, with Canadian technology, was developed for emerging markets, like Brazil, Mexico, China and India, and enables the construction of the concrete structure of a low income house or a floor building in only 24 hours. In Mexico, where the popular housing program was very successful, 700 thousand houses per year are built using this equipment.

In this quarter there was a COGS increase, mainly driven by the rise in the cost of sales. The slight decline in job execution cost was completely offset by the cost of asset write-off. In this division, there is no equipment rental from third-parties.

SG&A expanded 16.0% when compared to last quarter, largely explained by our geographic expansion plan. This year, we opened one branch in Salvador, in Bahia, in January, and we already have the warehouses and the teams ready to open the Recife and Vitória branches in 4Q10.

Aiming to meet the strong market demand, we are anticipating the schedule for opening branches and we plan to launch five additional branches - Goiânia, Manaus, Fortaleza, Ribeirão Preto and Campinas - this year, which should impact the SG&A of this division in the next quarter. For these branches, we have already signed lease contracts for the warehouses and begun hiring the staff in order to start operations in 2010.

Usually, when we open a new branch, SG&A expenses start before generation of revenue, and it grows at a faster pace than revenue in the beginning of the operation, negatively affecting the result of the division. In general, it is estimated that it takes from six to twelve months for a new branch to become profitable.

In the residential and commercial segment, location is a critical factor for competitiveness in the equipment rental process, because, as the contracts have lower duration - average term is 4.5 months, the freight cost is more representative in the overall rental cost for the client, since the client pays the freight cost.

Although the Northeast region still represents a small portion of our revenues, it showed the largest qoq growth in revenue. The Southeast region was the largest contributor to the revenue of this division.

In 3Q10, EBITDA reached R$ 11.9 million, with a 19.2% qoq expansion and a yoy increase of 63.4%. In 9M10, EBITDA amounted to R$ 32.2 million, being 45.7% greater than the R$ 22.1 million reached in 9M09, and exceeded the full year EBITDA for 2009, of R$ 31.7 million.

The EBITDA margin was 42.8% in 3Q10, versus 46.0% in 2Q10 and 48.4% in 3Q09.

We invested R$ 33.6 million in 3Q10, totaling R$ 69.5 million in 9M10, against R$ 8.7 million in the same period of 2009. We will continue to invest in the purchase of new equipment for this business, in line with the annual budget, in order to meet the growing demand of this market and our geographic expansion needs.

This quarter we launched two new products: Mills Deck Light and Mast Climbing Platforms. Mills Deck Light is a system of flat slab formworks for the residential and commercial segment, while the Mast Climbing Platforms deliver more speed in the external coating of buildings during construction or refurbishing.

ROIC was 21.3% in 3Q10, versus 23.6% in 2Q10, as a consequence of the qoq expansion of our asset base and expenses associated with the new branches.

Table 8 – Jahu – Residential and Commercial Construction division's financial indicators

in R$ million	3Q09 (A)	2Q10 (B)	3Q10 (C)	(C)/(B) %	(C)/(A) %	9M09 (D)	9M10 (E)	(E)/(D) %
Net revenue								
Rental	14.6	19.6	21.9	11.8%	50.0%	42.8	58.0	35.5%
Technical support services, sales and others	0.5	2.1	6.0	186.1%	1093.6%	1.1	14.4	1176.5%
Total net revenue	15.1	21.8	27.9	27.9%	84.4%	43.9	72.4	64.8%
EBITDA	7.3	10.0	11.9	19.2%	63.4%	22.1	32.2	45.7%
EBITDA margin (%)	48.4%	46.0%	42.8%			50.4%	44.6%	
ROIC (%)	25.6%	23.6%	21.3%			27.0%	24.1%	
Capex	6.6	24.7	33.6	36.3%	412.7%	8.7	69.5	699.7%
Invested Capital	68.5	97.8	123.7	26.5%	80.7%	65.1	101.5	56.0%
Depreciation	0.7	1.4	1.9	38.9%	160.4%	2.2	4.4	103.4%

In 3Q10, the Industrial Services division generated revenues of R$ 52.5 million, with a qoq increase of 12.8% and a yoy growth of 45.4%. In 9M10, net revenue reached R$ 139.0 million, being 38.7% higher than the R$ 100.2 million realized in 9M09.

This division offers access equipment, industrial painting and thermal insulation during the assembly of new industrial plants (new plants) and the execution of maintenance services - preventive or corrective – in large industrial plants (maintenance).

In 3Q10, services to new plants contributed R$ 16.2 million, or 31% of total revenues, while services with maintenance contributed R$ 36.3 million, or 69% of total revenues.

The contribution from the oil & gas sector increased to 51.7% of division revenues in 3Q10, from 38.6% in the same period in the previous year and 43.8% in the last quarter, as a result of new contracts signed regarding the development of Petroquímica Suape (a petrochemical complex) and another for the maintenance of the platform Alaskan Star in the Brasfells shipyard.

We launched, in this quarter, two more branches: one in Recife, in the Brazilian state of Pernambuco, to meet the demand from the construction of the Petrobras' refinery (Renest), the Petroquímica Suape and the shipyard Atlantico Sul, and another in Rio Grande, in the Brazilian state of Rio Grande de Sul, for the construction of the metal structure of eight platforms in the dry dock of Petrobras and several platform modules.

Currently, Petrobras is the largest client of the division with five outstanding contracts, of which the main contract is the maintenance of the Landulpho Alves refinery (RLAM), located in São Francisco do Conde, in the Brazilian state of Bahia, due in 2012. In 9M10, Petrobras contributed approximately 14% to the Industrial Services division´s gross revenue, and about 5% to Mills' gross revenue.

Besides the oil & gas sector, in this division we serve several business segments, such as steel, mining, pulp & paper, among others.

In 3Q10, there was a COGS increase above revenue´s growth, mainly driven by demobilization in some sites, and freight and hiring costs to supply a new service contract for the construction of a thermal power plant in the Brazilian state of Maranhão.

Since we use our own labor force to execute the services, we incur the cost of layoffs at demobilization sites, as it is usually not economically viable to reallocate the workforce. For example, we are hiring in Maranhão and laying off in Rio de Janeiro, because of the distance (some 3,000 km) and regional differences in wages.

The number of employees in this division rose 12.9% between quarters, in line with revenue growth, since the Industrial Services division is labor intensive. At the end of 3Q10, this division had 3,065 employees, representing 69% of Mills' total employees.

In the SG&A, the increase in warehouse, contract coordination and administrative expenses was a result of the start-up of two new branches and the enlargement in the workforce. However, this increase was more than offset by the reversal of provisions in the amount of R$ 1.6 million mentioned earlier.

In 3Q10, EBITDA reached R$ 7.0 million, in line with the R$ 6.9 million achieved in the previous quarter, and 32.3% superior to the 3Q09 figure, of R$ 5.3 million. In 9M10, EBITDA amounted to R$ 20.3 million, 40.4% higher than the R$ 14.5 million realized in 9M09.

The EBITDA margin was 13.4% in 3Q10, against 14.9% in 2Q10 and 14.7% in 3Q09.

In 3Q10 we invested R$ 6.8 million, totaling investments of R$ 21.4 million in 9M10, compared to R$ 3.4 million in the same period of 2009.

ROIC was 14.9% in 3Q10, versus 17.3% in 2Q10 and 16.4% in 3Q09.

Table 9 – Industrial Services division's financial indicators

in R$ million	3Q09 (A)	2Q10 (B)	3Q10 (C)	(C)/(B) %	(C)/(A) %	9M09 (D)	9M10 (E)	(E)/(D) %
Net revenue								
New plants	12.3	14.7	16.2	10.4%	31.2%	37.4	43.3	15.6%
Maintenance	23.7	31.9	36.3	13.8%	52.8%	62.8	95.7	52.4%
Total net revenue	36.1	46.5	52.5	12.8%	45.4%	100.2	139.0	38.7%
EBITDA	5.3	6.9	7.0	1.4%	32.3%	14.5	20.3	40.0%
EBITDA margin (%)	14.7%	14.9%	13.4%			14.5%	14.6%	
ROIC (%)	16.4%	17.3%	14.9%			14.4%	16.5%	
Capex	1.5	7.3	6.8	-6.2%	366.8%	3.4	21.4	526.4%
Invested Capital	61.0	78.3	88.3	12.8%	44.9%	59.7	78.6	31.7%
Depreciation	1.6	1.8	2.1	11.7%	31.8%	4.7	5.6	17.7%

In 3Q10, the net revenue of the Rental division, which focuses on the rental and sales of motorized access equipment with technical support, totaled R$ 25.8 million, with a qoq increase of 21.5% and a yoy expansion of 77.1%. In 9M10, net revenue amounted to R$ 64.3 million, with a 66.1% yoy growth, and exceeded the full year revenue for 2009, of R$ 53.9 million.

In 3Q10, 93% (vs. 91% in 2Q10) of the net revenue of this segment was related to equipment rental, while the remaining 7% (vs. 9% in 2Q10) was related to sales of equipment and technical support services.

There was a 23.9% qoq increase in the revenues related to equipment rental in this business, driven by the higher volume of equipment available, as consequence of the investments realized in 2Q10. There is an estimated lag period of three months between the arrival of new equipment and the start of generation of rental revenue.

As we received many machines this quarter, there was a decrease in the utilization rate of the division to close to 75%, the standard utilization rate for rental business.

We continue with our geographic expansion, because, as with the residential and commercial construction segment, in this business location is also a critical factor for the competitiveness of the equipment rental process. As contracts have a lower duration – the average term is three months -, the freight cost is more representative in the overall rental cost for the client, since the client pays the freight cost.

In this quarter we launched two new branches, one in Uberlândia, in the state of Minas Gerais, and other in Vitória, in the state of Espírito Santo, totaling ten branches in the end of 3Q10.

Given the strong demand in this market, we plan to bring our expansion plan forward by a year, with the result that the four branches - Fortaleza (CE), São José dos Campos (SP), Ribeirão Preto (SP) e Paraopebas (PA) – expected for 2011, will be opened in 4Q10.

It is important to highlight that as we open new branches and more importantly, as the average distance between them increases, the higher freight cost will make equipment reallocation among the branches unfeasible. Thus, the strong geographic expansion on the one hand will result in increasing penetration in the domestic market, but, on the other hand, it will result in utilization rates between 70% and 75%, the normal level for allowing proper maintenance of machines and to avoid loss of business for lack of machinery available for rental.

We recently signed contracts for renting aerial work platforms and telescopic handlers with Vale, with maturities up to 36 months. These machines will be used in the Carajás iron ore mine, located in the state of Pará, and in three pelletizing plants in the Tubarão complex, located in the state of Espírito Santo.

To serve these contracts, we are importing from JLG the world's largest aerial platform, model 150HAX, which can reach up to 48 meters high.

It is important to mention that in this division, the potential for cross selling with all other Mills' divisions is a competitive advantage, since motorized access equipment can be used in all type of constructions – small, medium and large ones -, and in maintenance services in industrial plants. Currently the cross selling represents approximately 25% of the Rental division's revenue.

Regarding costs, there was a slight decline in COGS, since the higher costs of job execution and asset write-off were more than offset by the reduction in sales costs.

Freight costs related to the mobilization of new equipment to the branches is a relevant COGS item in the Rental division. As we understand that this cost is necessary to enable the utilization of the equipment, it will be classified from now on as fixed assets, that is, this disbursement will be allocated as an investment rather than a job execution cost.

There was a significant SG&A increase, mostly impacted by higher warehouse and contract coordination expenses related to the new branches.

In 3Q10, EBITDA reached R$ 14.6 million, with a qoq increase of 23.2% and a yoy growth of 85.1%. In 9M10, EBITDA totaled R$ 36.3 million, being 64.0% higher than the R$ 22.1 million achieved in 9M09.

The EBITDA margin was 56.6% in 3Q10, against 55.8% in 2Q10 and 54.2% in 3Q09.

Aiming to meet the growing demand in this market segment and our geographic expansion needs, we continue to invest in the purchase of new equipment for this business. In 3Q10, we invested R$ 52.5 million, totaling investments of R$ 105.7 million in 9M10, against R$ 26.7 million in the same period of 2009.

As a result of this strong investment plan, we have become market leader in only two years in the Brazilian motorized access equipment rental market, in terms of asset base.

To ensure the continuity of our expansion program, we have signed contracts amounting to US$ 80 million with Genie and JLG to supply aerial platforms and telescopic handlers up to the end of 2011.

ROIC was 17.3% in 3Q10, versus 19.6% in 2Q10 and 18.6% in 3Q09.

Table 10 – Rental division's financial indicators

in R$ million	3Q09 (A)	2Q10 (B)	3Q10 (C)	(C)/(B) %	(C)/(A) %	9M09 (D)	9M10 (E)	(E)/(D) %
Net revenue								
Rental	13.1	19.3	23.9	23.9%	82.4%	36.0	59.2	64.5%
Technical support services, sales and others	1.5	2.0	2.0	3.4%	36.8%	2.6	5.1	95.0%
Total net revenue	14.6	21.3	25.8	21.5%	77.1%	38.7	64.3	66.1%
EBITDA	7.9	11.9	14.6	23.2%	85.1%	22.1	36.3	64.0%
EBITDA margin (%)	54.2%	55.8%	56.6%			57.2%	56.5%	
ROIC (%)	18.6%	19.6%	17.3%			20.2%	19.3%	
Capex	12.8	35.1	52.5	49.8%	309.1%	26.7	105.7	295.9%
Invested Capital	81.5	114.0	154.5	35.5%	89.5%	71.4	117.1	64.2%
Depreciation	2.2	3.4	4.5	30.1%	103.5%	5.8	10.5	82.4%

Glossary

(a) **EBITDA** - EBITDA is a non-accounting measurement developed by us and shown on our financial statement reconciliation in accordance with CVM Instruction 01/2007, where applicable. We have calculated our EBITDA (usually defined as, earnings before interest, tax, depreciation and amortization) as net earnings before financial results, the effect of depreciation of assets and equipment used for rental, and the amortization of intangible assets. EBITDA is not a measure recognized under BR GAAP, IFRS or US GAAP, is not significantly standardized and cannot be compared to measurements with similar titles provided by other companies. We have reported EBITDA because we use it to measure our performance. EBITDA should not be considered in isolation or as a substitute for "net income" or "operating income", as indicators of operational performance or cash flow, or for the measurement of liquidity or debt repayment capacity.

(b) ***Capex*** (*Capital Expenditure)* – Acquisition of goods and intangibles for permanent assets.

(c) **ROIC** – (Return on Invested Capital), calculated as Operating Income before financial results and after the payment of income tax and social contribution on this income, divided by average capital invested, as defined below. ROIC is not a measure recognized under BR GAAP, and it is not significantly standardized and cannot be compared to measurements with similar titles provided by other companies.

(d) **Enterprise value** *(EV)* – Company value in the end of the period. It is calculated multiplying the number of outstanding shares by the closing price per share, and adding the net debt.

(e) **Invested Capital** – For the Company, invested capital is defined as the sum of its own capital (net equity or shareholders' equity) and capital from third parties (total loans and other liabilities that carry interest, from banks or not), both being average capital from the beginning to the end of the period considered. By division, it is the average of the capital invested by the company weighted by the average assets of each division (net liquid assets plus PPE – Property, Plant and Equipment).

Mills

INCOME STATEMENT

in R$ million	3Q09	3Q10	9M09	9M10
Gross revenue from sales and services	**116.6**	**169.4**	**330.4**	**456.2**
Cancellations and discounts	(3.9)	(6.2)	(12.6)	(21.2)
Taxes on sales and services	(10.0)	(14.3)	(28.2)	(39.4)
Net revenue from sales and services	**102.7**	**148.9**	**289.6**	**395.7**
Cost of products sold and services rendered	(43.4)	(70.5)	(118.7)	(178.3)
Gross profit	**59.3**	**78.4**	**171.0**	**217.3**
Operating expenses				
General and administrative	(29.3)	(35.5)	(80.6)	(100.7)
Operating profit before financial result	**30.0**	**42.9**	**90.4**	**116.6**
Financial result				
Financial expense	(5.7)	(7.2)	(18.8)	(20.0)
Financial income	0.2	7.1	0.7	13.9
Profit before taxation	**24.5**	**42.8**	**72.2**	**110.5**
For the year	(8.1)	(13.7)	(23.1)	(35.4)
Deferred taxes	0.1	(0.7)	(0.5)	(1.9)
Net income	**16.6**	**28.5**	**48.6**	**73.2**
Number of shares at the end of the period (in thousands)	87,220	124,661	87,220	124,661
Net income per thousand shares at the end of the period - R$	0.20	0.23	0.57	0.59

BALANCE SHEET

in R$ million	2Q10	3Q10
Assets		
Current assets		
Cash and cash equivalents	302.0	196.9
Accounts receivable	96.7	107.1
Inventories	2.4	3.9
Taxes recoverable	10.8	20.3
Prepaid expenses	1.2	0.9
Prepaid suppliers	4.5	8.3
Others assets	2.1	2.5
Total Current assets	419.8	339.9
Non-current assets		
Long-term assets		
Accounts receivable	4.1	4.0
Taxes recoverable	4.9	4.4
Deferred taxes	8.9	8.1
Judicial deposits	6.4	6.4
Total long-term assets	28.5	28.0
Investments		
Property and equipment	394.7	495.8
Intangible assets	39.3	39.6
Total investments	434.0	535.4
Total non-current assets	453.5	554.1
Total assets	**878.1**	**898.3**

in R$ million	2Q10	3Q10
Liabilities		
Current assets		
Suppliers	21.0	28.6
Loans and financing	47.4	46.0
Salaries and social charges	21.2	26.2
Income tax and social contribution	1.7	3.2
Tax recovery program (law 11,941/2009)	0.8	0.7
Taxes payable	4.1	4.4
Profit sharing payable	7.7	10.9
Proposed dividends	-	-
Other liabilities	2.2	7.4
Total current liabilities	106.2	127.3
Non-current assets		
Loans and financing	120.2	96.5
Provision for contingencies	9.6	9.1
Taxes payable	0.3	0.3
Deferred taxes	4.3	5.0
Tax recovery program (law 11,941/2009)	11.5	9.8
Accounts payable - stock option plan	-	-
Other liabilities	1.0	0.9
Total non-current liabilities	146.9	121.6
Total liabilities	253.0	248.9
Stockholders' equity		
Capital	523.5	523.5
Revenue reserves	70.0	70.0
Capital reserve	(8.4)	(8.1)
Carrying value adjustments	(0.5)	(4.2)
Accumulated results	44.8	73.2
Total stockholders' equity	629.3	654.4
Total liabilities and stockholders' equity	**882.4**	**903.3**

Mills

CASH FLOW

in R$ million	3Q09	3Q10	9M09	9M10
Cash flow from operating activities				
Net earnings	**16.6**	**28.5**	**48.6**	**73.2**
Adjustments				
Depreciation and amortization	9.0	13.0	23.1	32.5
Provision for expense with share options	1.7	0.5	3.7	0.3
Residual value of write-off property and equipment and intangible assets	0.3	1.1	0.8	1.5
Interest on loans	5.5	5.3	18.1	16.2
Income tax and social contribution paid	0.4	0.7	1.0	1.9
	16.8	**20.6**	**46.6**	**52.3**
Changes in assets and liabilities				
Accounts receivable	(8.2)	(10.3)	(18.7)	(35.2)
Inventories	0.1	(1.5)	(0.8)	(2.6)
Taxes recoverable	(0.4)	(9.0)	1.0	1.1
Prepaid expenses	0.3	0.3	0.6	(0.7)
Judicial deposits	0.6	2.0	0.6	(0.4)
Prepaid suppliers	(1.3)	(3.8)	(1.0)	(5.7)
Others assets	(0.3)	(0.4)	(1.2)	(1.0)
Suppliers	0.4	7.6	(1.0)	16.9
Salaries and social charges	2.4	4.9	4.8	11.4
Income tax and social contribution	0.2	1.5	2.0	3.1
Tax recovery program (law 11,941/2009)	(2.2)	(1.8)	(2.2)	(1.3)
Taxes payable	2.6	0.2	3.0	(0.5)
Profit sharing payable	2.7	3.2	0.7	(2.9)
Provision for contingencies	1.1	(2.4)	1.7	0.6
Other liabilities	0.1	1.2	0.3	2.0
	(1.8)	**(8.4)**	**(10.1)**	**(15.1)**
Cash from operations	**31.6**	**40.6**	**85.2**	**110.4**
Interest paid	(2.9)	(2.5)	(12.5)	(13.8)
Net cash provided by operating activities	**28.6**	**38.1**	**72.7**	**96.7**
Cash flow from investing activities and with subsidiaries				
Acquisition of property and equipment and intangible assets	(30.5)	(119.9)	(53.7)	(268.5)
PIS and COFINS tax credits from acquisition of rental equipments	(0.3)	4.5	(1.4)	14.4
Asset write-off	-	-	-	-
Cash from used in financing activities	**(30.8)**	**(115.4)**	**(55.0)**	**(254.1)**
Cash flow from investing activities				
Capital subscription	-	-	0.1	412.1
Dividend paid	-	-	(7.5)	(15.5)
Interest attributed to shareholders	-	-	-	-
Amortization of loans	(9.6)	(27.8)	(29.8)	(85.6)
New loans	17.5	-	26.1	41.8
Net cash provided (used in) financing activities	**7.9**	**(27.8)**	**(11.1)**	**352.8**
Increase in cash and cash equivalents	**5.7**	**(105.1)**	**6.6**	**195.4**

Cash and cash equivalents at the beginning of the period	2.6	302.0	1.8	1.6
Cash and cash equivalents at the end of the period	8.3	196.9	8.3	196.9

This press release may include declarations about Mills' expectations regarding future events or results. All declarations based upon future expectations, rather than historical facts, are subject to various risks and uncertainties. Mills cannot guarantee that such declarations will prove to be correct. These risks and uncertainties include factors related to the following: the Brazilian economy, capital markets, infrastructure, real estate and oil & gas sectors, among others, and governmental rules that are subject to change without previous notice. To obtain further information on factors that may give rise to results different from those forecasted by Mills, please consult the reports filed with the Brazilian Comissão de Valores Mobiliários (CVM).