



1T2020 Earnings Presentation



Disclaimer

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COVID-19 – Main impacts and actions adopted

COVID-19

MARCH/20 – beginning of impacts on Mills and the respective crisis response actions;
 APRIL/20 – reduction* of ~30% in equipment rental revenue in Rental and ~10% in Construction, without relevant impacts on the flow of receipts for the month

Differentials to face the crisis

- * Experienced team and more frequent Management meetings;
- * R\$ 260 million of free cash in April (R\$ 70 million of net cash);
- * Actions implemented on three major fronts, highlighted below;
- * Extended debt profile;
- * Diversified revenue base;
- * Internal Committee with a multidisciplinary profile;

Health and safety of employees, their families and society in general

- * Flexibility of working hours and places;
- * Availability of cotton masks for employees;
- * Reinforcement of internal communication;
- * Suspension of events with gatherings;
- * Intensification of cleaning procedures;
- * Vaccination campaigns;

Continuity of commercial and operational activities

- * Maintenance of activities in more than 95% of branches throughout Brazil, ensuring client service, notably those included in the so-called essential services.
- * Mapping new business opportunities;

Capital discipline, expense reduction and balance sheet performance

- * Issue in March of R\$ 100 million of Mills debentures;
- * Extension in April of R\$ 22 million of Solaris debentures;
- * Actions to reduce expenses and preserve working capital;
- * Suspension of investments;
- * Adoption, whenever possible, Federal Government measures.

*in relation to the monthly average of 1Q20

Introduction – Main Highlights of 1Q20



- Adjusted EBITDA: **R\$39.1 million**
- 29.5%** higher than that registered for 1Q19, in combined basis.



Rental:

- Equipment rental net revenue: increase of **15.0%** compared to 1Q19, in combined basis.
- Adjusted EBITDA: **17.8%** higher than that registered for 1Q19, in combined basis.



Construction:

- Equipment rental net revenue: increase of **23.7%** compared to 1Q19.
- Adjusted EBITDA: **negative R\$0.8 million.**



Debt:

- In March, the 4th issue of debentures in the amount of **R\$100 million.**
- In April, the payment term for the Solaris Debentures was extended by one year, in the amount of **R\$22 million.**



- Adjusted Operating Cash Flow of **R\$33 million.**

- Cash balance: **R\$248 million** and net cash of **R\$60 million.**

- In April, net cash of **R\$70 million.**

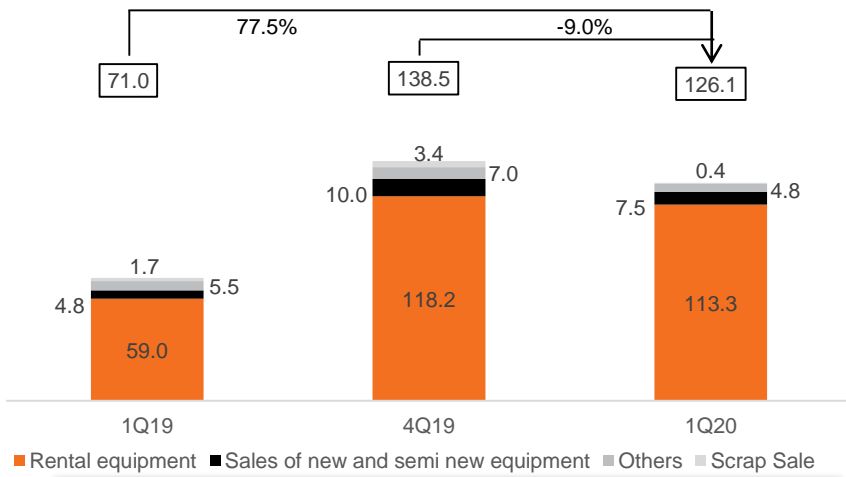


- Beginning, at the end of March, of the impacts caused by COVID-19 on the Company and respective actions to combat them.

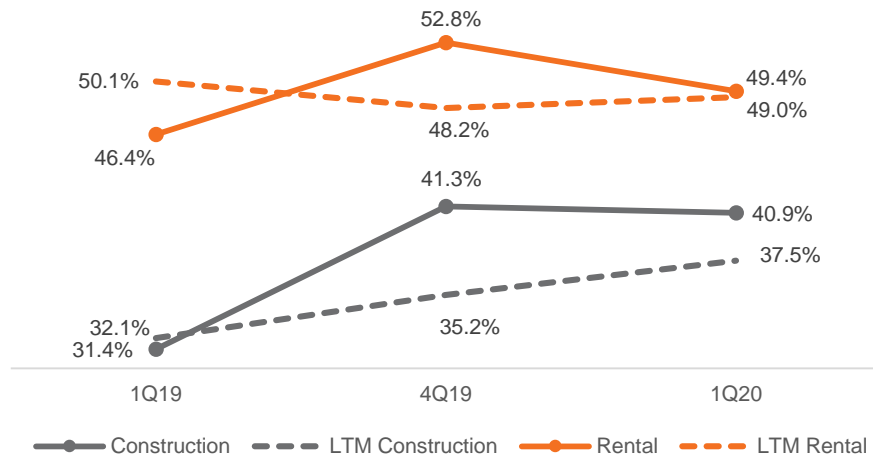
Consolidated – Revenue

In R\$ million

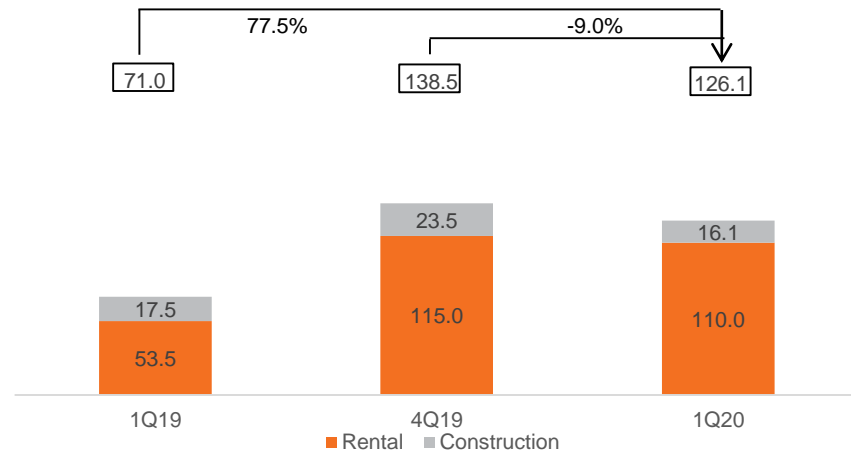
Net Revenue per Type



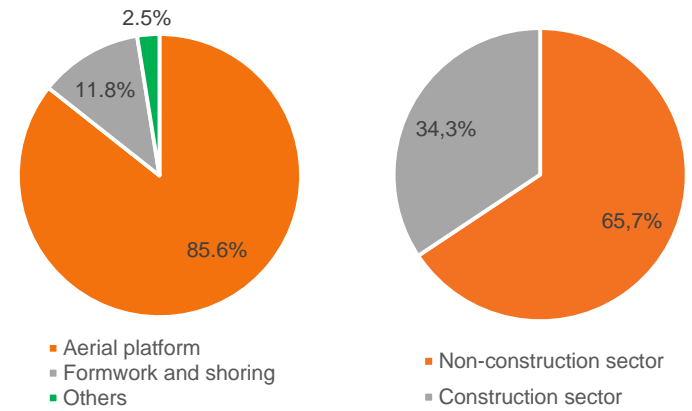
Utilization Rate (Volume)



Net Revenue per Segment

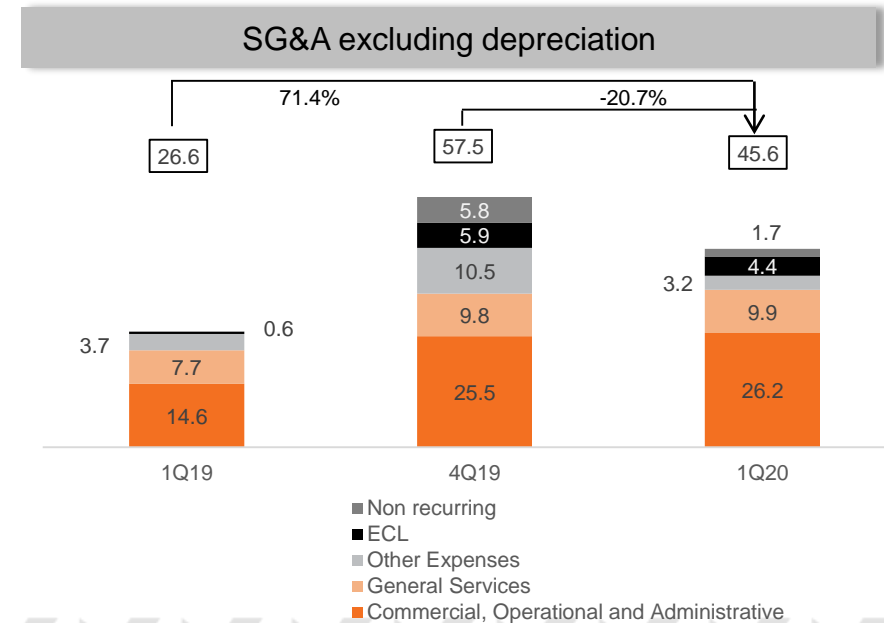
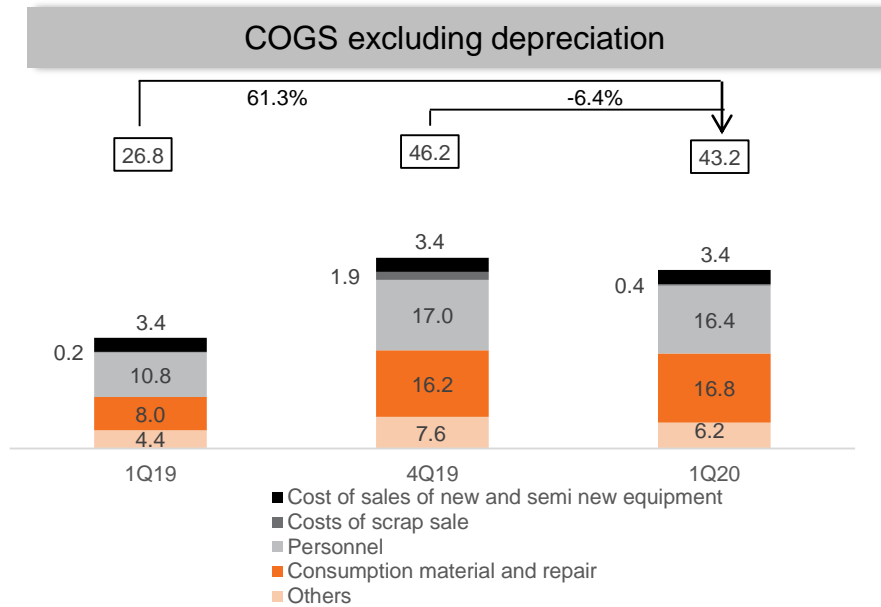
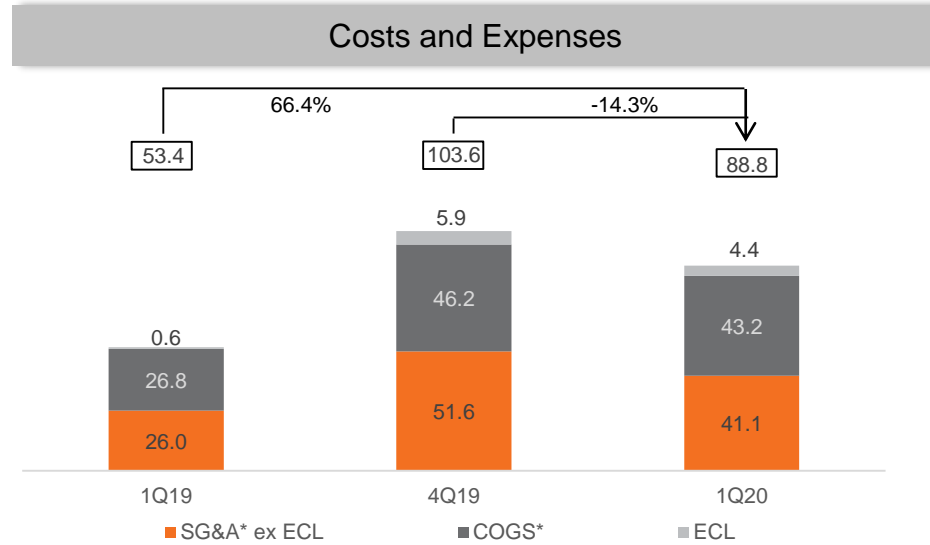


1Q20 Rental Net Revenue



Consolidated – Costs and Expenses*

In R\$ million



*Excluding IFRS16 effects.

Consolidated – Non-recurring items

In R\$ million

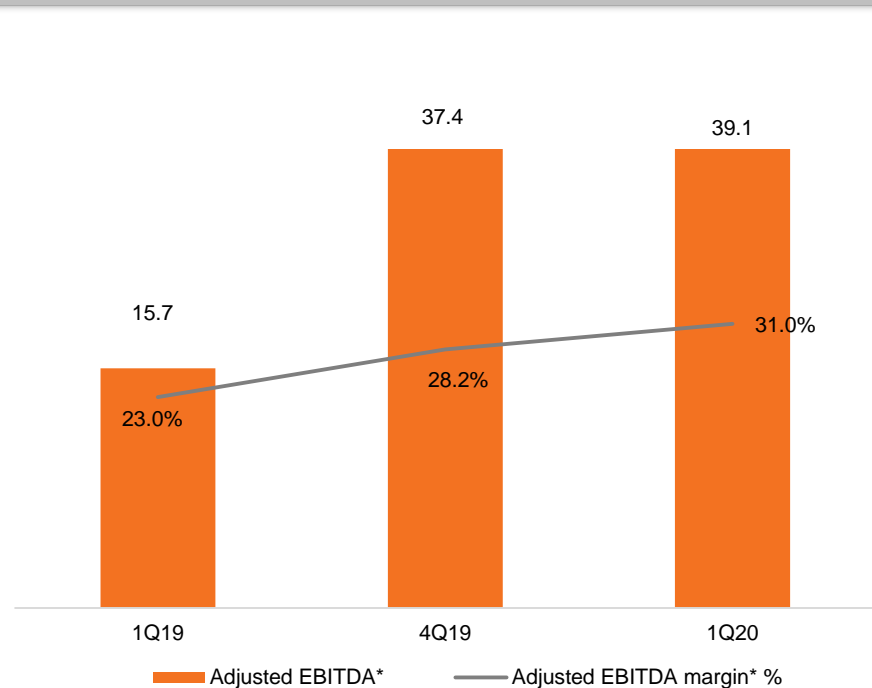
Non-recurring items breakdown					
Non-recurring items - in R\$ million	1Q19 (A)	4Q19 (B)	1Q20 (C)	(C)/(A)	(C)/(B)
Total non-recurring expenses	2.0	-2.5	-1.7	-187.1%	-29.4%
Resizing expenses	1.7	-0.1	-0.2	42.0%	42.0%
Branches demobilization	-0.3	-3.5	-0.2	-23.6%	-94.4%
Result of sale of semi new equipment	1.1	2.6	-	0.0%	0.0%
Cost of sale of semi new equipment	-0.7	-0.7	-	0.0%	0.0%
Revenue of scrap sale	1.7	3.4	-	0.0%	0.0%
Cost of scrap sale	-0.2	-1.9	-	0.0%	0.0%
Business combination between Mills and Solaris	-0.2	-2.0	-1.3		-35.4%
Expenses to capture synergies	-0.1	-1.8	-1.2	2229.1%	-33.7%
Other incorporation expenses	-0.1	-0.2	-0.1	-3.5%	-51.3%
Other non-recurring expenses	0.4	-0.4	-0.3	-166.8%	-23.7%
Mills SI Expenses	0.4	-0.4	-0.3	-166.8%	-23.7%

¹Sold in 2013.

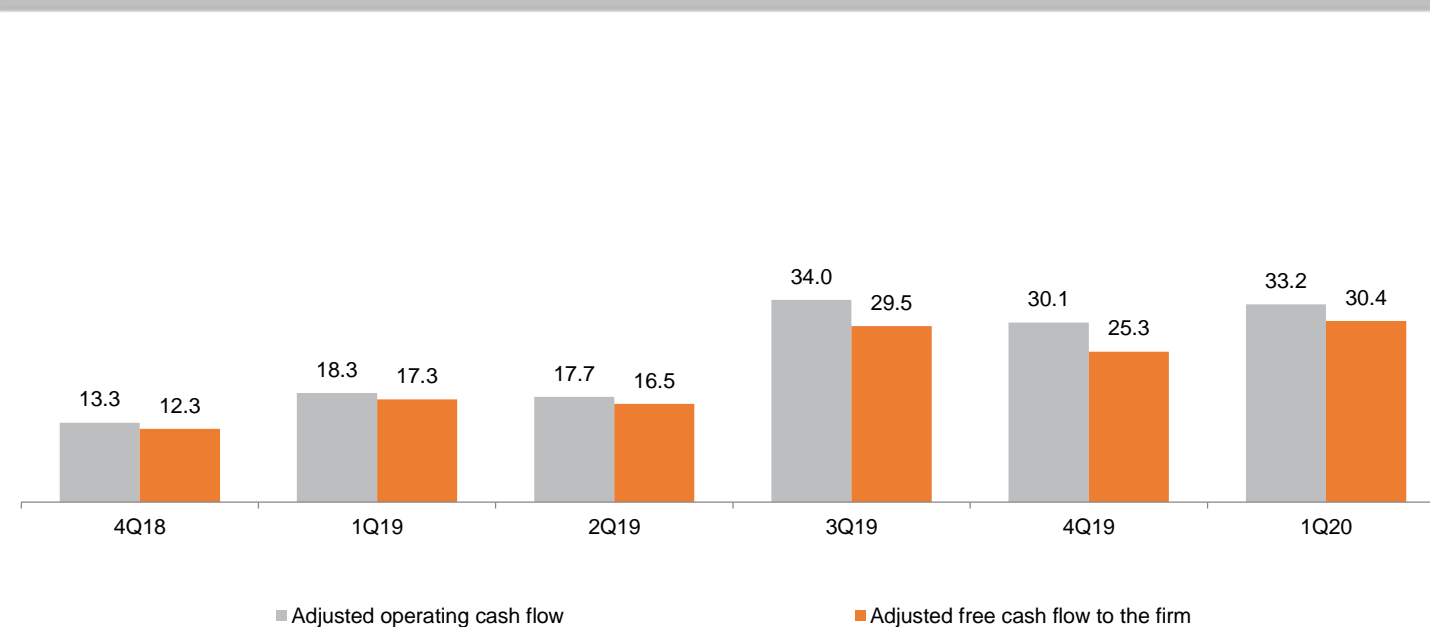
Consolidated – Adjusted Ebitda and Cash Flow

In R\$ million

Adjusted Ebitda²



Adjusted Cash Flow¹



¹ For the adjusted operating cash flow, interest related to debentures and Finame and investment in rental equipment and interest and net monetary and asset variations and IFRS16 leasing are excluded. For the free cash flow to the firm, the interest paid and the net monetary and asset variations are excluded.

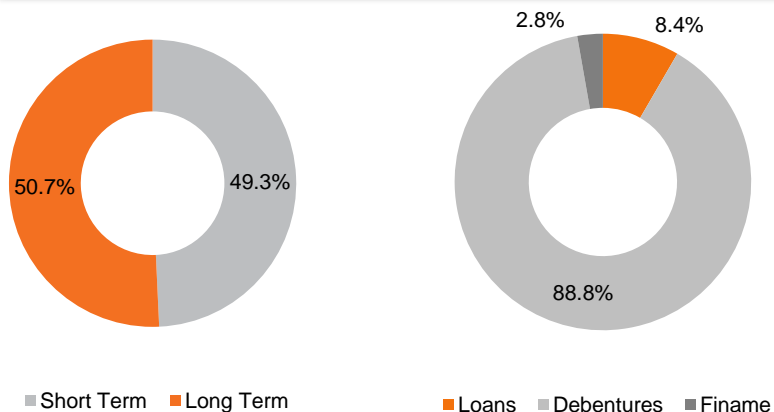
² Excluding IFRS 16 effect and non-recurring items (Construction unit restructuring expenses, liabilities from Industrial Services business unit and expenses related to Solaris business combination project)

Consolidated – Indebtedness

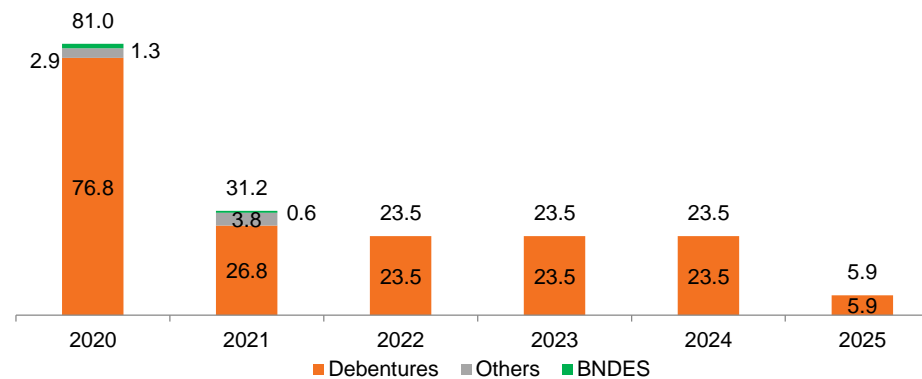
In R\$ million

❖ The weighted average maturity of our consolidated debt on March 31, 2020, was of 1.8 year at a cost of CDI + 3.50% per year.

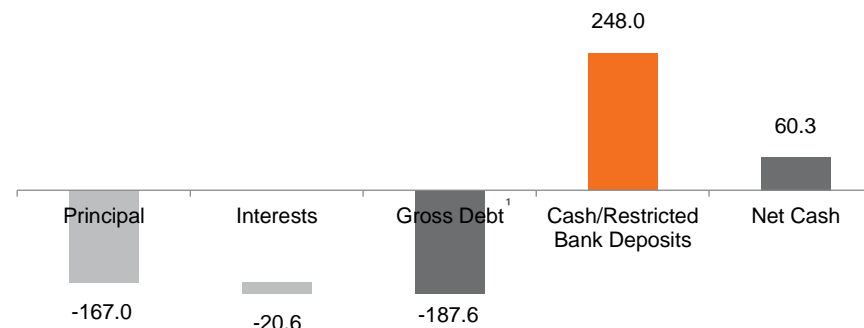
Gross Debt Profile



Debt Payment Schedule¹



Indebtedness on 03/31/2020

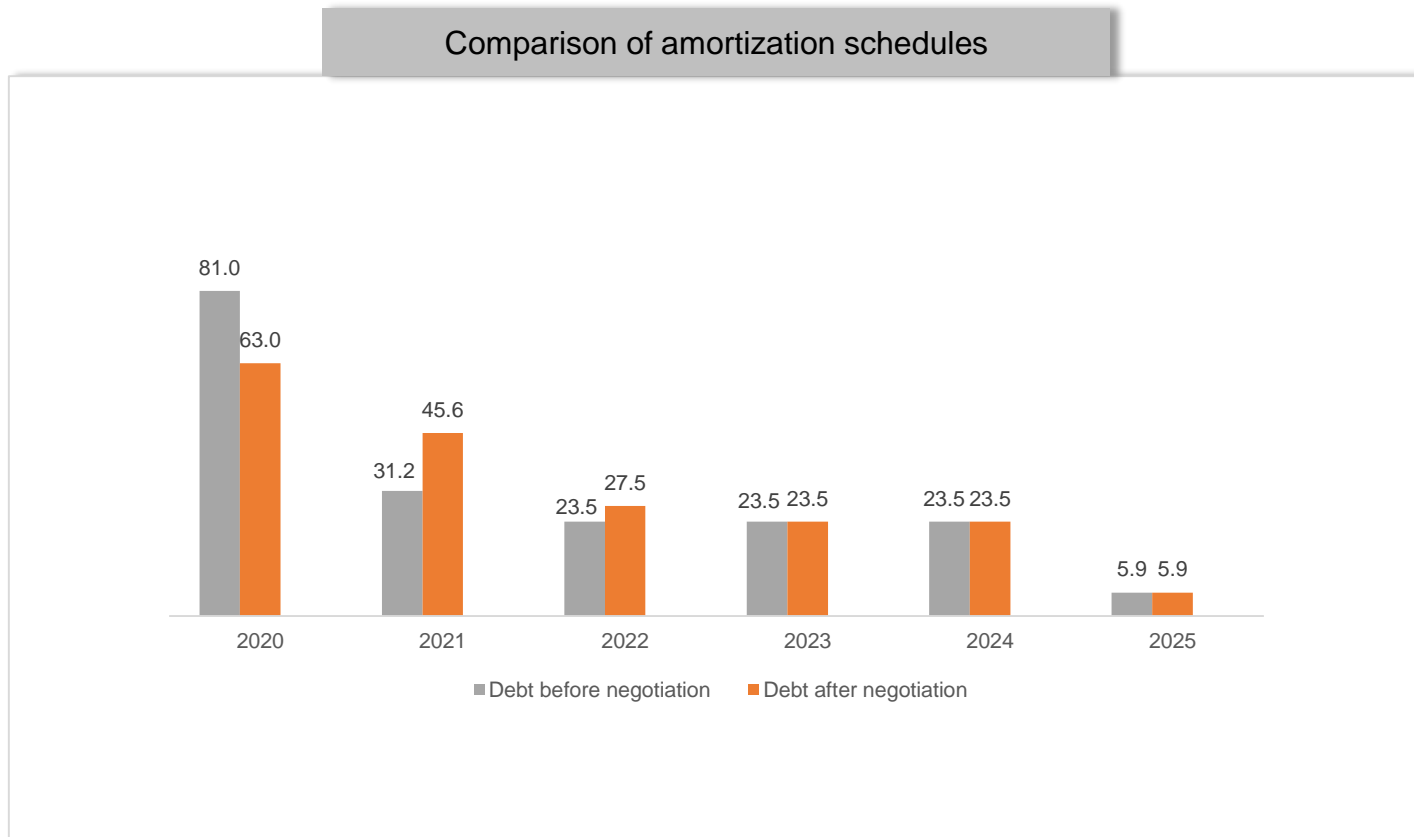


¹Considers accrued interests.

Consolidated – Indebtedness

In R\$ million

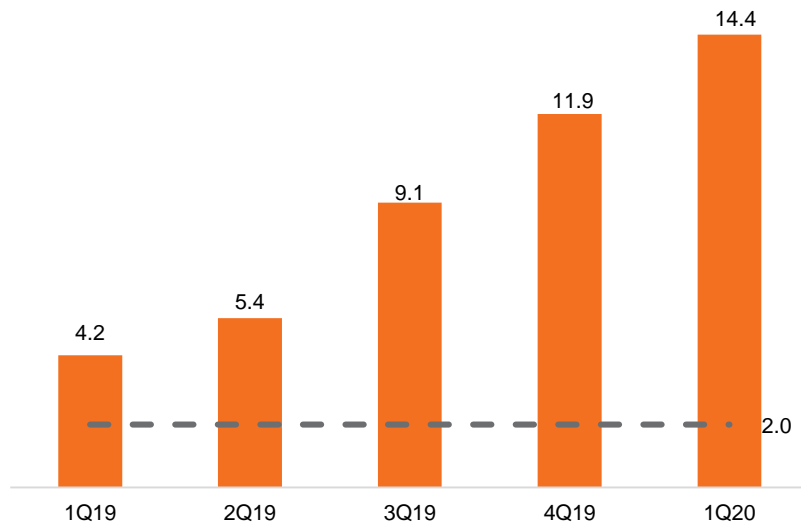
❖ On April 17, 2020, was approved by the debenture holders of Solaris the lengthening of payment for one year:



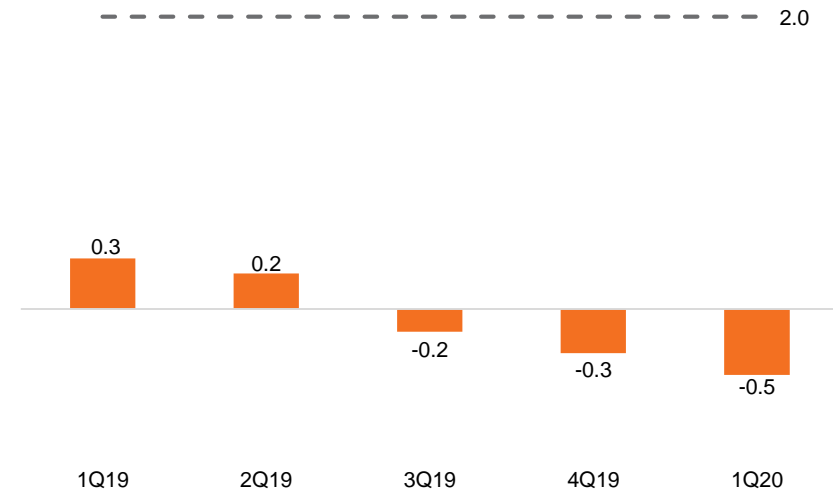
Consolidated – Debt Indicators

In R\$ million

Adjusted LTM EBITDA / Financial Result



Net Debt / Adjusted LTM EBITDA



❖ Covenants of Mills' debentures:

- (1) Adjusted LTM EBITDA/Financial Result ≥ 2.0 ; and
- (2) Net Debt/Adjusted LTM EBITDA ≤ 3.0 .

Consolidated – Financial Summary

In R\$ million

	2016	2017	2018	2019	LTM1Q20	% Part
Net Revenue						
Consolidated	396.6	296.3	304.2	439.5	494.5	100.0%
Construction	182.3	115.0	100.6	81.9	80.5	33.1%
Rental	214.3	181.3	203.6	357.5	414.0	66.9%
EBITDA						
EBITDA	40.9	-37.3	0.3	119.3	140.1	100.0%
Construction	-15.9	-69.5	-53.6	-6.1	-5.6	-5.1%
Rental	59.8	31.9	60.0	126.6	147.6	106.2%
Others	-3.1	0.4	-6.0	-1.2	-1.9	-1.0%
EBITDA Margin						
Consolidated	10.3%	-12.6%	0.1%	27.1%	28.3%	
Construction	-8.7%	-60.5%	-53.3%	-7.5%	-7.0%	
Rental	27.9%	17.6%	29.4%	35.4%	35.7%	
Gross Capex (accrual basis)						
Consolidated	5.5	29.5	4.6	11.5	13.3	100.0%
Leasing - Construction	1.8	8.0	0.4	0.1	0.2	1.1%
Leasing - Rental	0.1	9.5	1.3	6.0	6.1	51.7%
Own Use and intangible assets	3.6	12.0	2.9	5.4	7.0	47.2%
Utilization rate (volume)						
Construction	41.5%	37.5%	33.2%	35.2%	37.5%	
Rental	55.1%	55.8%	51.7%	48.2%	49.0%	
Cash Flow						
Adjusted Operational Cash Flow	157.0	50.2	63.3	100.1	115.0	
Adjusted Free Cash Flow to the Firm	172.7	49.2	59.8	88.6	101.7	

*For the adjusted operating cash flow, interest related to debentures and finance and investment in rental equipment and interest and monetary exchange gains and losses net and IFRS16 leasing are excluded. For the free cash flow to the firm the interest paid interest and monetary exchange gains and losses, net are excluded.

² Rohr impairment of R\$6.0 million in 2017 is not considered.

Combined* – Financial Summary

In R\$ million



Combined Mills Solaris* in R\$ million	1Q19 (A)	4Q19 (B)	1Q20 (C)	(C)/(A)	(C)/(B)
Total Net Revenue	115.5	138.5	126.1	9.2%	-9.0%
Rental	97.7	118.2	113.3	16.0%	-4.1%
Others	15.0	14.4	12.8	-14.8%	-11.6%
Non-recurring	2.8	5.9	0.0	-100.0%	-100.0%
COGS (ex. depreciation and IFRS16)	-41.3	-46.2	-43.2	4.6%	-6.4%
Rental costs (personnel, warehouse, etc.)	-35.6	-39.4	-39.4	10.9%	0.2%
Others	-4.9	-4.2	-3.8	-23.3%	-11.2%
Non-recurring items	-0.8	-2.6	0.0	-100.0%	-100.0%
SG&A (ex. depreciation, IFRS16 and ECL)	-40.9	-51.6	-41.1	0.6%	-20.3%
Commercial, Operational and Administrative	-25.1	-25.5	-26.2	4.5%	2.8%
General Services	-11.0	-9.8	-9.9	-10.0%	1.6%
Other expenses	-4.7	-10.5	-3.2	-32.1%	-69.3%
Non-recurring items	0.0	-5.8	-1.7	24932.2%	-70.3%
ECL	-1.1	-5.9	-4.4	291.0%	-24.1%
Non-recurring items	2.0	-2.5	-1.7	-187.2%	-29.4%
Depreciation	-38.9	-35.4	-36.0	-7.6%	1.6%
Adjusted EBITDA	30.2	37.4	39.1	29.5%	4.5%
Adjusted EBITDA margin (%)	26.8%	28.2%	31.0%		
Loss for the year	-6.8	-2.7	-1.0	85.1%	61.8%
Final Balance	174.0	124.9	248.0	42.5%	98.5%

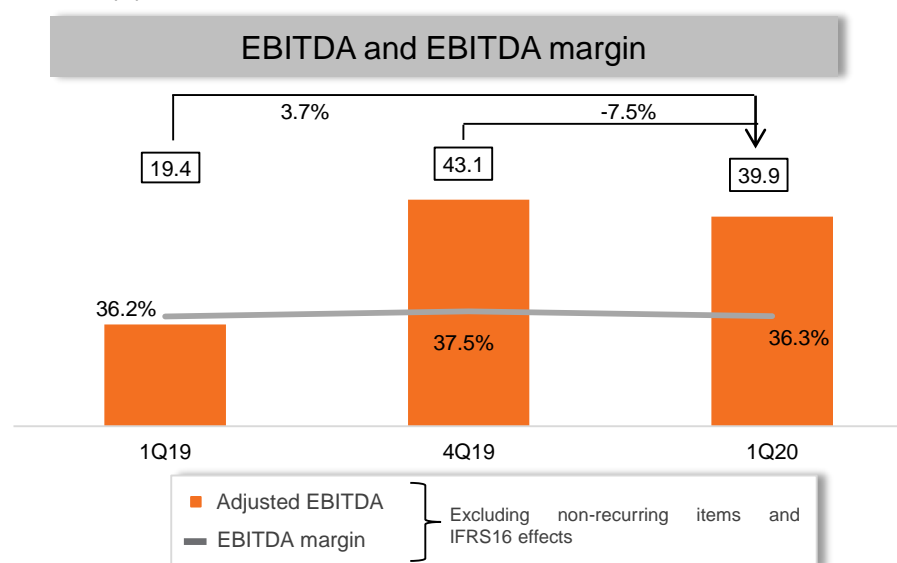
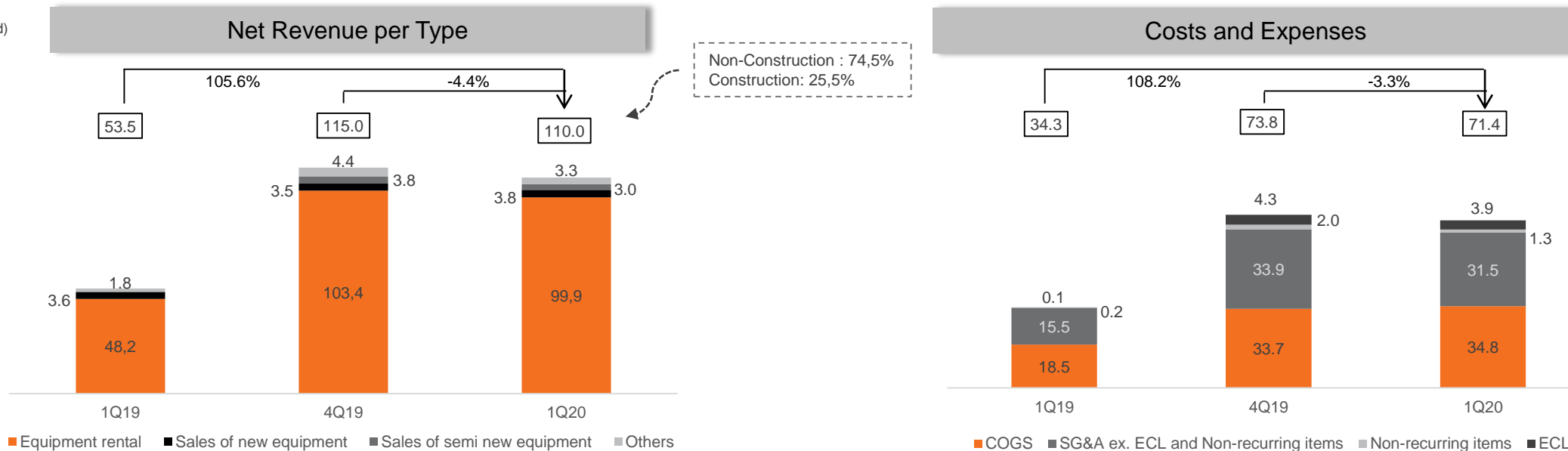
* "Combined" information refer to the sum of the result of Mills and Solaris for the specified period.



RENTAL

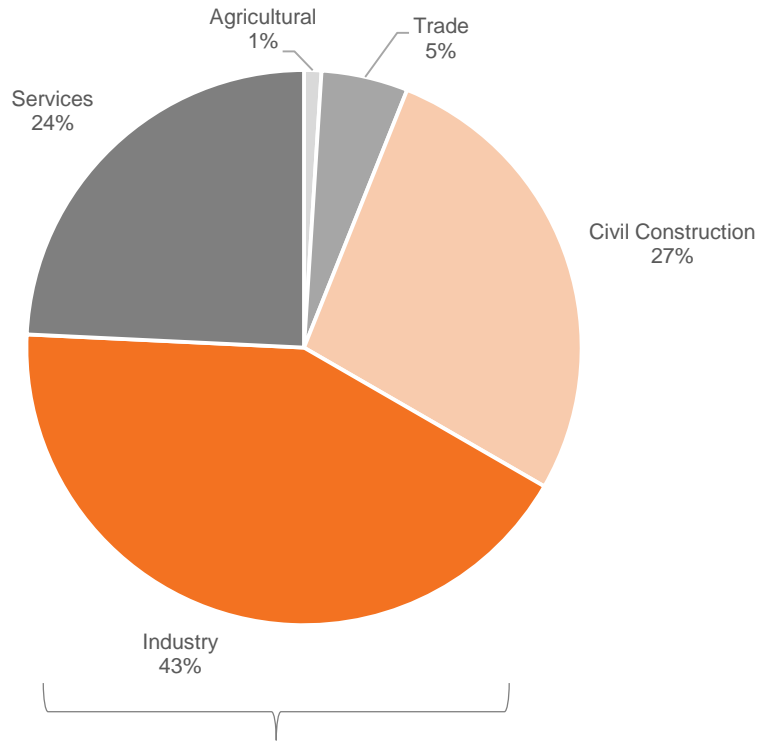
Rental – Consolidated Financial Performance

In R\$ million
(consolidated)

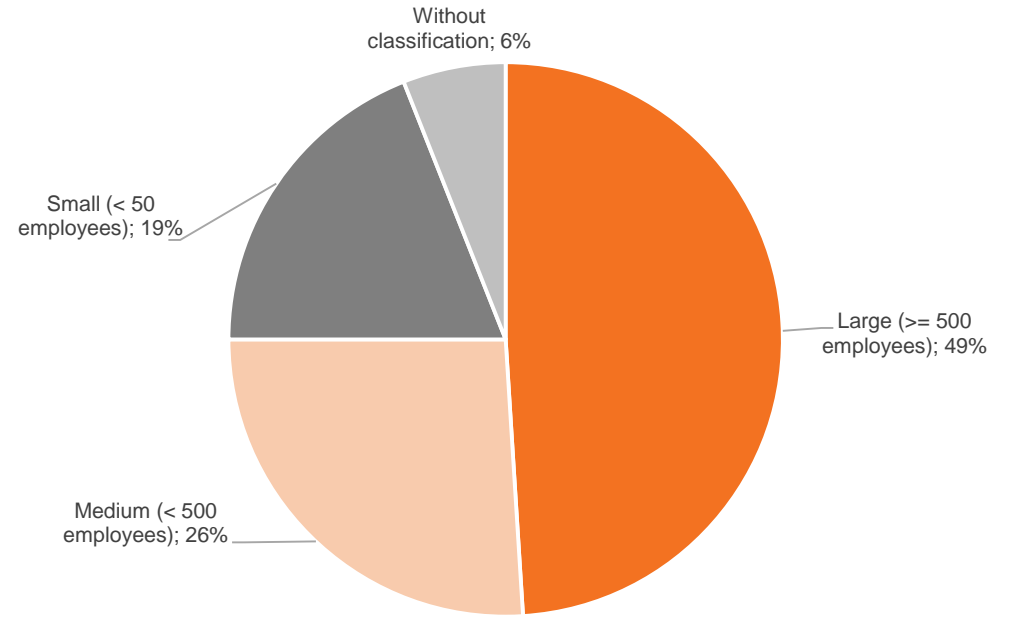


Rental – Mills Solaris has a diverse client base

Income per Type – 1Q20



Income per Size of Clients* – 1Q20



*approximately 6 thousand active clients

Combined* – Financial Summary

In R\$ million



Combined Rental business unit*	1Q19 (A)	4Q19 (B)	1Q20 (C)	(C)/(A)	(C)/(B)
Total Net Revenue	98,0	115,0	110,0	12,3%	-4,4%
Rental	86,9	103,4	99,9	15,0%	-3,3%
Others	11,1	11,6	10,1	-9,2%	-13,5%
COGS (ex. depreciation and IFRS16)	-33,0	-33,7	-34,8	5,3%	3,2%
Rental costs (personnel, warehouse, etc.)	-28,8	-31,1	-31,7	9,8%	1,9%
Others	-4,2	-2,6	-3,1	-25,6%	19,7%
SG&A (ex. depreciation, IFRS16 and ECL)	-30,6	-35,9	-32,7	7,1%	-8,8%
Commercial, Operational and Administrative	-19,6	-19,3	-21,3	8,8%	10,4%
General Services	-8,1	-6,9	-7,7	-4,8%	12,9%
Other expenses	-10,2	-7,8	-2,5	-75,9%	-68,5%
Non-recurring items	-0,2	-2,0	-1,3	726,3%	-35,4%
ECL	-0,7	-4,3	-3,9	466,4%	-9,5%
Non-recurring	-0,2	-2,0	-1,3	726,3%	-35,4%
Depreciation	-38,9	-35,4	-36,0	-7,6%	1,6%
EBITDA ex. non-recurring items	33,9	43,1	39,9	17,8%	-7,5%
Adjusted EBITDA margin (%)	34,6%	37,5%	36,3%		
Loss for the year	3,2	10,4	8,2	157,3%	-21,4%

* "Combined" information refer to the sum of the result of Mills and Solaris for the specified period.

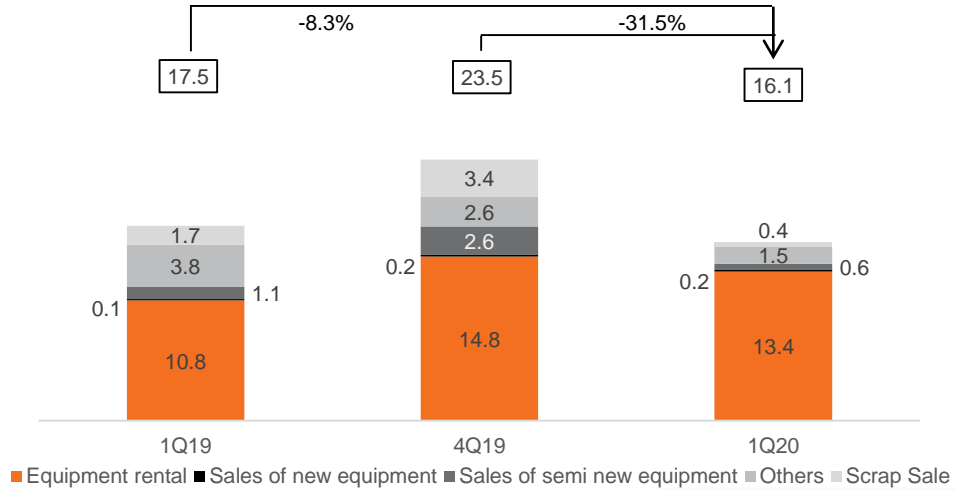


CONSTRUCTION

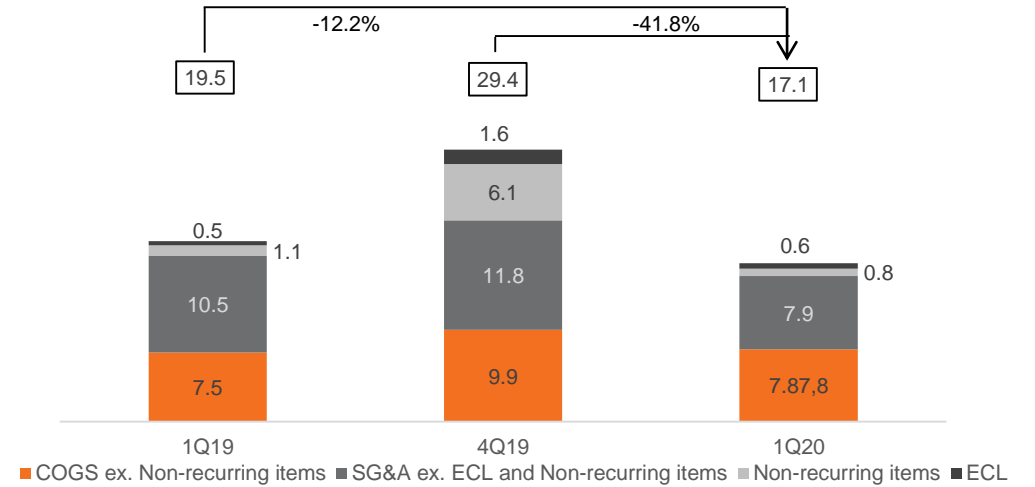
Construction – Financial Performance

In R\$ million

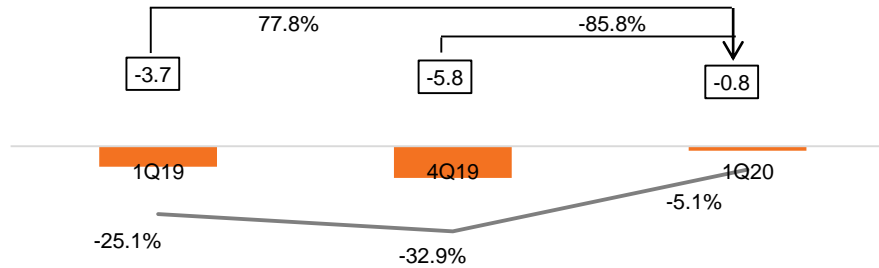
Net Revenue¹ per Type



Costs and Expenses



EBITDA and EBITDA margin



■ Adjusted EBITDA } Excluding non-recurring items, sales of semi new equipment and IFRS16 effects
■ EBITDA margin

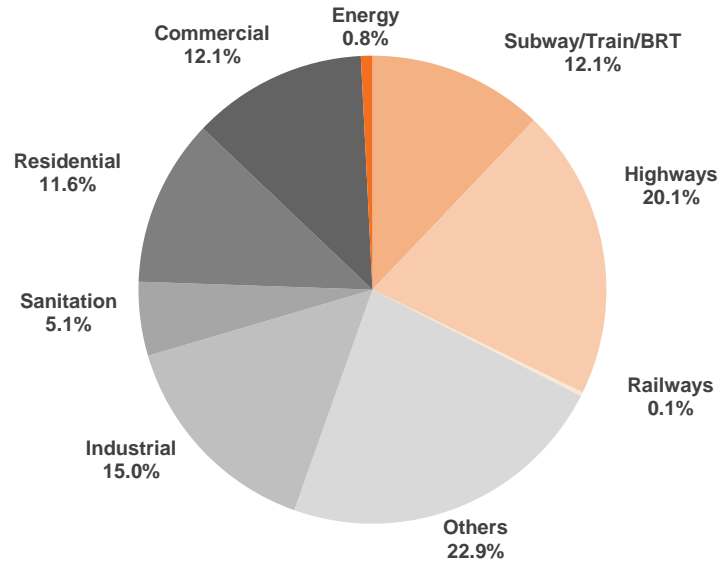
¹ Net revenue of scrap sale and semi new equipment, related to the capacity adjust of Construction business unit, is considered non-recurring item.

Construction – 1Q20 Equipment Rental Net Revenue Breakdown

In R\$ million

Per sector
R\$ 13.4 million

Main Works with Mills participation



North and Northeast

- Salvador's BRT (Stretch 01) – BA
- Acauã-Araçagi Canal – PB
- Salobo III – PA
- Beira Mar Complex – PE

Central-West and South

- Pontal Park – RS

Southeast

- São Paulo Hospital – SP
- Subway Line 4 – SP
- Santos New Entry – SP

50.9% in public works, resources coming from government.
 42.5% in private works, resources coming from private sector.
 6.6% in PPP works (public partnership, private), resources coming from government and from the private sector.

☐ Mills has national presence.



Mills – Investor Relations

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