



1Q10 Earnings Release

Mills delivers first quarter results with strong growth in all lines and posts net income of R\$ 18.7 million up by 56%

Rio de Janeiro, May 13, 2010 - Mills Estruturas e Serviços de Engenharia S.A. (BM&FBovespa: MILS3), one of the largest providers of specialist engineering services in Brazil, hereby announces its results for the first quarter of 2010 (1Q10).

Frederico Átila Silva Neves,
CFO and IRO

Rodrigo Torres
Financial Manager
ri@mills.com.br

Conference Calls

English/Portuguese

May 14, 2010
Time: 12:30 p.m.
11:30 a.m. (U.S. EDT)
Tel: +1 (866) 890 2584
Password: 777010

Webcast

www.mills.com.br/ir



Highlights:

- Net revenue of R\$ 115.5 million in the first quarter of 2010, with growth in all divisions and overall growth of 40.2% compared to the same period a year earlier.
- Annualized return on invested capital (ROIC) of 23.1% in the quarter, compared with 21.6 % in the same period a year ago.
- Net income of R\$ 18.7 million in the quarter, up 55.9% from the same period in 2009.
- EBITDA of R\$ 42.8 million, an increase of 35.1% from the same period a year earlier.
- Strong increase of investment in equipment for rental, amounting to a total gross amount of R\$ 58.7 million in the quarter, compared with R\$ 9 million in the same period the previous year.
- Opening of 3 new branches of the Rental Division (Porto Alegre, Recife and Campinas), and a new branch of the Jahu Division (Salvador) for a total of 7 branches for each division.
- Performance of the initial public offering of Mills' shares in April 2010 in the BM&FBovespa's Novo Mercado segment, raising approximately R\$ 400 million geared towards investments to attend to the growing demand in our markets.

ONGOING PRIMARY AND SECONDARY PUBLIC OFFERING OF COMMON SHARES ("SHARES") ISSUED BY MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A. ("COMPANY" AND "OFFERING" RESPECTIVELY). THIS DOCUMENT SHOULD UNDER NO CIRCUMSTANCES BE CONSIDERED AS A RECOMMENDATION TO INVEST IN THE SHARES OF THE COMPANY. BEFORE INVESTING IN SHARES, POTENTIAL INVESTORS SHOULD CARRY OUT THEIR OWN ANALYSIS AND EVALUATION OF THE COMPANY, ITS BUSINESSES AND ACTIVITIES, ITS FINANCIAL CONDITION, AND THE RISKS ASSOCIATED WITH INVESTMENT IN THE SHARES. **INVESTORS SHOULD READ THE OFFERING PROSPECTUS CAREFULLY, PARTICULARLY THE SECTION ON "RISK FACTORS"**.

Management Comments

We are very pleased to report that we have had the best first quarter in our history.

Our revenue grew by 40% compared with the first quarter of 2009, which was mainly the result of a substantial increase in revenue in the Jahu, Rental and Industrial Services divisions, with net income increasing by 56% over the same period last year.

This growth was mainly achieved as a result of the expected increase in demand, as well as the reflection of investments made in the second half of 2009, of sales within the federal government's *Minha Casa Minha Vida* program, of the recovery in maintenance revenues, and of the growth in revenue from the Oil & Gas sector in the company's Industrial Services division.

In this quarter we increased our investment in equipment, investing approximately R\$ 59 million, compared with R\$ 9 million in the same period of 2009.

In accordance with our business plan, we opened 3 new branches in the Rental Division: Campinas, Recife and Porto Alegre, and one new branch in the Jahu Division: Salvador, with the purpose of expanding the company's geographic reach and furthering organic growth.

Demand remains buoyant in our 4 business segments. The announcement of the government economic stimulus program (PAC 2), the expansion of the *Minha Casa Minha Vida* program from 1 million to 3 million homes, and investments related to the World Cup in 2014 and the 2016 Olympics, all helped to boost prospects in our business segments.

Petrobras' move to order the construction of 8 hulls for new oil exploration platforms was also very positive, as was the start of construction on Petrobras' new refinery in Pernambuco (Renest) and the tender bid for the Belo Monte hydroelectric plant.

In our Construction division, the first quarter saw the completion of major contracts such as the Linha Amarela (Yellow Line) for the São Paulo metro system, the São Paulo Beltway (Rodoanel) and the Atlântico Sul shipyard in Pernambuco. With the return of the equipment used on these projects, we made a special effort to re-condition that equipment for new projects. We have put special emphasis on this work and also on the acquisition of new equipment, to meet the strong level of demand in the heavy construction market. During the quarter we signed new contracts for the Santo Antonio and Jirau hydroelectric plants.

In the Jahu Division, the market continued very buoyant and the new branches in Brasilia (set up at the end of 2009) and in Salvador (set up in January 2010) posted excellent results. We have signed a number of contracts with Bairro Novo, which is part of the Odebrecht Group, for the supply of formwork for the *Minha Casa Minha Vida* projects, and have a number of other proposals that are ongoing in this segment.

The Industrial Services Division showed a strong recovery vis à vis a difficult quarter of a year earlier, during the peak of the world financial crisis, when there was a severe drop in demand for maintenance services in mining, pulp and paper, and steel.

During the quarter we signed contracts with Petrobrás for the supply of access equipment to four offshore platforms in the Campos Basin and for the supply of industrial painting services at the Capuava-Mauá Refinery (Recap), also with Petrobrás.

The Rental Division began the year by setting up half of the new branch offices planned for the entire 2010. In 2009 we had 4 branch offices and in the first quarter we had already set up 3 of the 6 new branch offices scheduled for 2010 and are working towards opening the remaining 3 by the middle of the year. To this end we have already hired a large number of professional staff who will guarantee services to our clients in these new locations. Demand continued very high and we made concerted efforts to attend to all the business that we received.

It is important to emphasize that in this period we have been successful in expanding our team and management structure to provide support for the future growth of Mills. We have invested in the improvement and expansion of our operational structure, focusing on: human resources and HR management, financial and administrative management, sales, sourcing, supplies, logistics and safety, health and environmental controls, as well as opening the new branches mentioned above.

A large part of these investments to structure the company with the hiring of qualified personnel was carried out in this quarter. As a result, we are ensuring that we have a satisfactory structure to support the future growth of our businesses and provide quality service to our clients.

With the successful execution of our IPO, we are well prepared to continue to expand the company rapidly in our four business segments, and benefit from the major investments that are being made in Brazil in the areas of infrastructure, residential and commercial civil construction, and industrial expansion, especially in the oil & gas industry.

We are extremely enthusiastic about the new prospects opening up for the company, its employees, shareholders, suppliers and clients over the coming years.

Financial Results

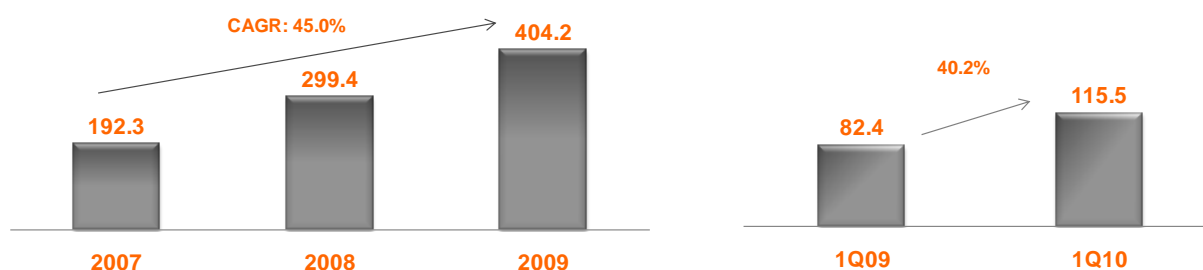
The table below shows a summary of our results for 1Q10 and 1Q09:

	1Q10	1Q09	Chg%
Net revenue	115.5	82.4	40.2%
Cost of products sold and services rendered	(41.1)	(26.3)	-56.7%
General and administrative expenses	(27.4)	(19.1)	-43.3%
Other general and administrative expenses	(4.2)	(5.4)	21.0%
EBITDA	42.8	31.6	35.1%
Depreciation	(8.9)	(6.9)	-29.2%
Operational profit	33.8	24.7	36.8%
Financial result	(5.8)	(6.8)	15.3%
Profit before taxation	28.1	17.9	56.5%
Income taxes	(9.4)	(6.0)	-57.8%
Net income	18.7	12.0	55.9%
EBITDA Margin	37.0%	38.4%	-1.4%
Net Margin	16.2%	14.6%	1.6%
ROIC	23.1%	21.6%	1.4%
Capex (gross)	58.7	9.0	551.5%

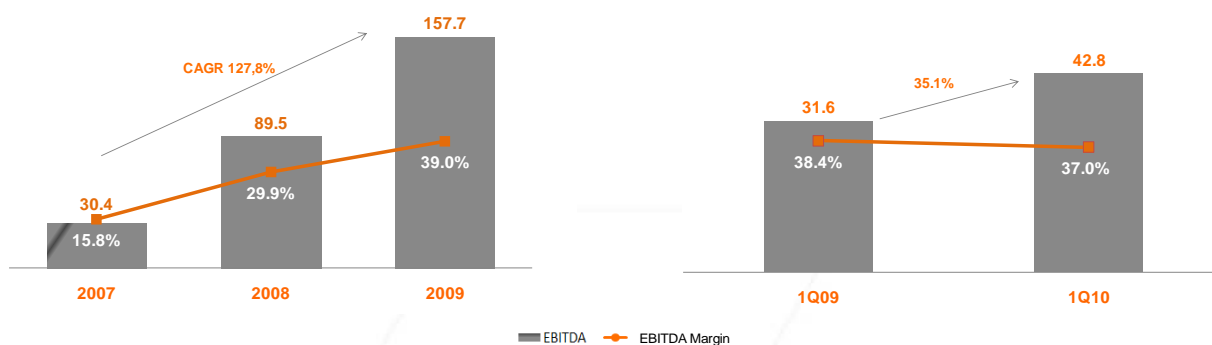
R\$ million

In the quarter just ended, our net revenue amounted to R\$ 115.5 million, up 40.2% from R\$ 82.4 million in the same period of 2009. EBITDA totaled R\$ 42.8 million, compared with R\$ 31.6 million in 2009, for an increase of 35.1%.

Net Revenue Evolution (R\$ million)



EBITDA and EBITDA Margin Evolution
(R\$ million)



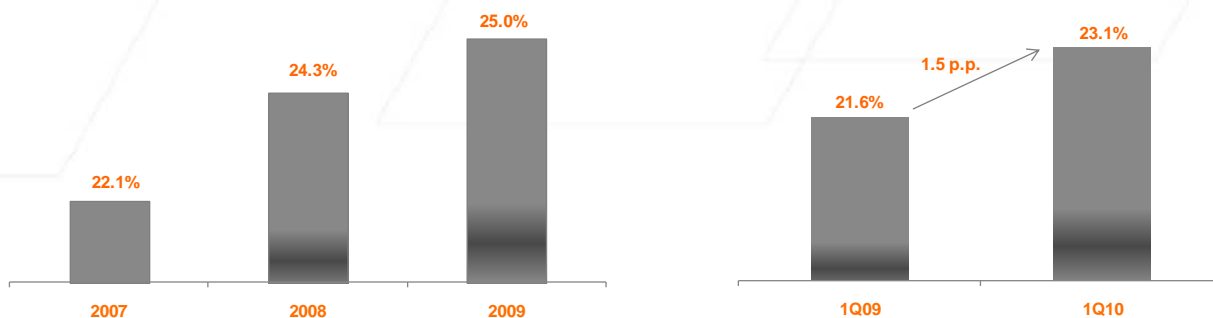
These increases in net revenues and Ebitda were principally in the Industrial Services, Jahu and Rental divisions, which all showed strong growth. EBITDA margin remained steady and amounted to 37% in the quarter, compared with 38.4% in the first quarter of 2009. The slight decrease in margin was due to:

- the higher contributions to our revenue from the Industrial Services division and from equipment sales, which have lower margins;
- the increase in idle capacity (already expected) in the Construction division, and;
- the higher general and administrative expenses, which include expenses with deposits, selling and technical expenses, and administrative expenses.

These expenses together increased by 43.3%, partly due to legal salary increase, which was an average of 7%, and for the most part due to investment in new staff to support the company's growth over the next few years, as well due to the opening of new branches.

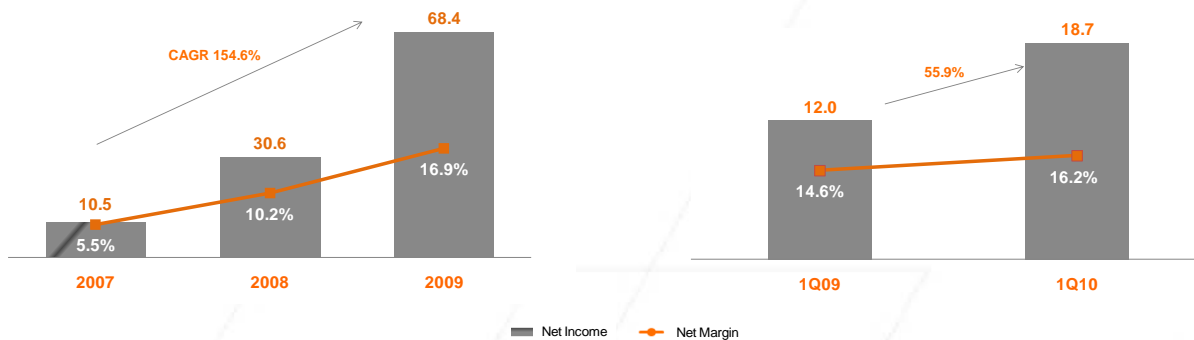
Return on invested capital (ROIC) stood at an annualized figure of 23.1% in the first quarter of 2010, compared with 21.6% in the same quarter of 2009. This improvement was due to the higher net income, principally in the Industrial Services Division, which has a lower invested capital base, and the sale of equipment, which generates additional income based on existing assets, without affecting other revenues.

ROIC



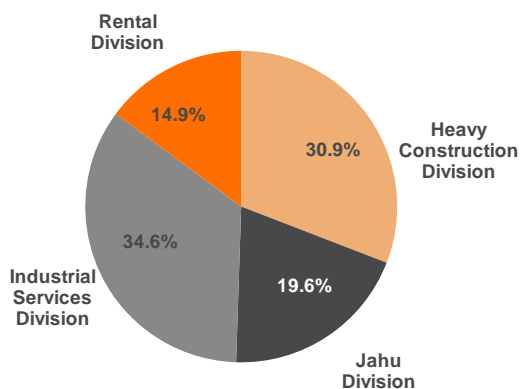
Net earnings amounted to R\$ 18.7 million, up 55.9% compared with R\$ 12 million in the first quarter of 2009. As a result, net margin widened from 14.6% to 16.2%. Contributing to this increase in earnings was the drop in net financial expenses, which were 15.3% lower, basically due to the reduction in basic interest rates, since the average level of net debt between the quarters increased by a modest 2.4% as a result of higher investment.

Net income and net margin evolution
(R\$ million)

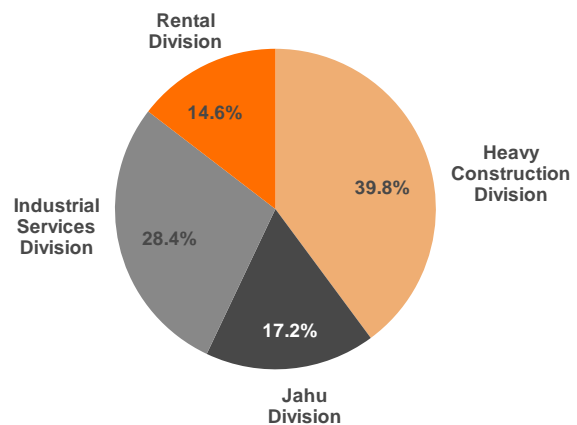


It is also interesting to observe, as shown in the charts below, the more balanced distribution of revenue and EBITDA between the four divisions in the first quarter of 2010 compared with the same quarter of 2009, demonstrating the growth of Mills' newer divisions (Jahu and Rental) and the recovery in the Industrial Services division.

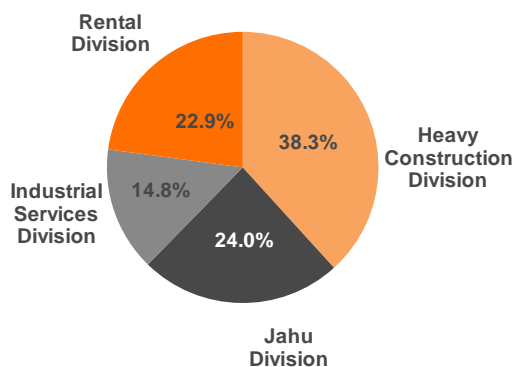
Net Revenues Breakdown 1Q10



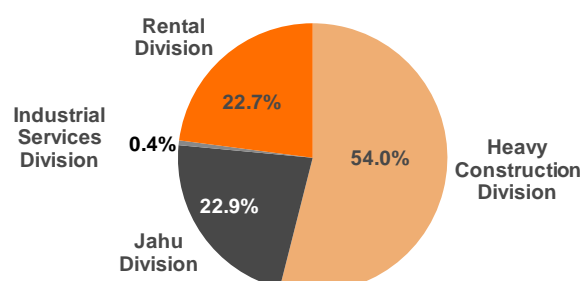
Net Revenues Breakdown 1Q09



EBITDA Breakdown 1Q10



EBITDA Breakdown 1Q09



Heavy Construction Division



Heavy Construction Division	1Q10	1Q09	Chg%
Net Revenue	35.7	32.8	8.6%
Operating Profit	12.8	14.2	-9.8%
EBITDA	16.4	17.1	-4.1%
EBITDA Margin	45.9%	52.0%	-6.1%
Capex	21.6	2.6	718.4%

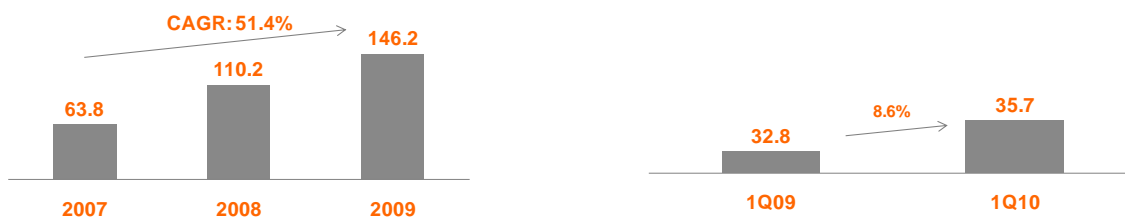
R\$ million

- Net revenue increased by 8.6%, with a higher percentage of equipment sales in the revenue mix.
- Net revenue from rental activities rose by 3.3%, less than the 13% increase in the volume of equipment, as idle capacity returned to slightly higher and more normal levels. At the beginning of 2009 investment had practically been brought to a halt and with buoyant demand, idle capacity dropped to extremely low levels compared to what had historically been normal.
- EBITDA had a slightly drop of 4.1%, close to the level posted in 1Q09, with an EBITDA margin of 45.9%, versus 52% in the first quarter of 2009 and 50.4% in 2009 as a whole. Higher idle capacity and the increased percentage of equipment sales, which carry lower margins than equipment rental, affected our EBITDA margin. Both impacts are normal and consistent with our forecasts for the division. Similarly there was an increase in maintenance expenses with the return of equipment used on major works at the end of 2009 and

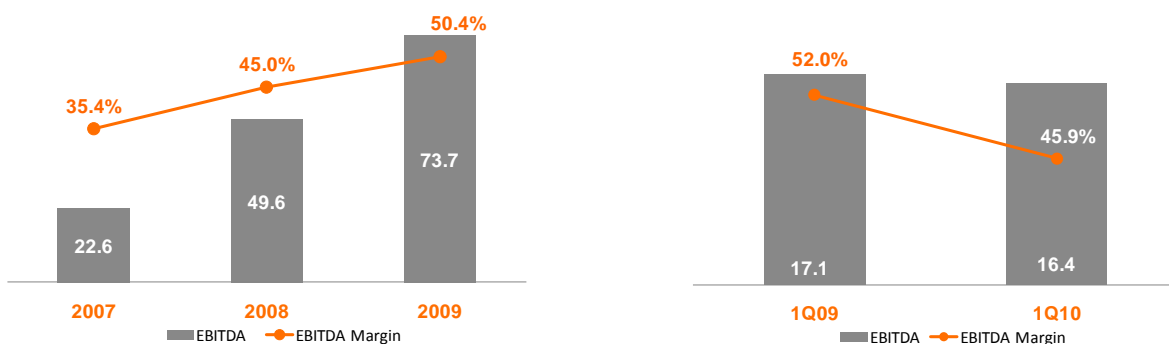
beginning of 2010, as equipment was overhauled before being sent to new job sites, thus adversely impacting EBITDA margin in the first quarter of 2010, by 1.2 p.p.

- Investment in strengthening the sales, technical, administrative, logistics, supply and safety, health and environment areas of the company, together with legal salary increases, resulted in a 34% rise in sales, general and administrative expenses, which also contributed to lower margins.
- Third party equipment rental expenses decreased to 4.9% of net revenues, compared to 5.9% in 2009.
- Capex resumed an upward trend, reaching R\$ 21.6 million this first quarter, in line with the outlook for growing markets. At the beginning of 2009 investments were practically brought to a standstill, posting only R\$ 2.6 million, as a precaution in view of the world financial crisis.

Net Revenue Evolution
(R\$ million)



EBITDA and EBITDA Margin
(R\$ million)



Jahu Division



Jahu Division	1Q10	1Q09	Chg%
Net Revenue	22.7	14.1	60.4%
Operating Profit	9.2	6.4	43.3%
EBITDA	10.3	7.1	44.1%
EBITDA Margin	45.3%	50.5%	-5.2%
Capex	11.2	0.3	3,620.5%

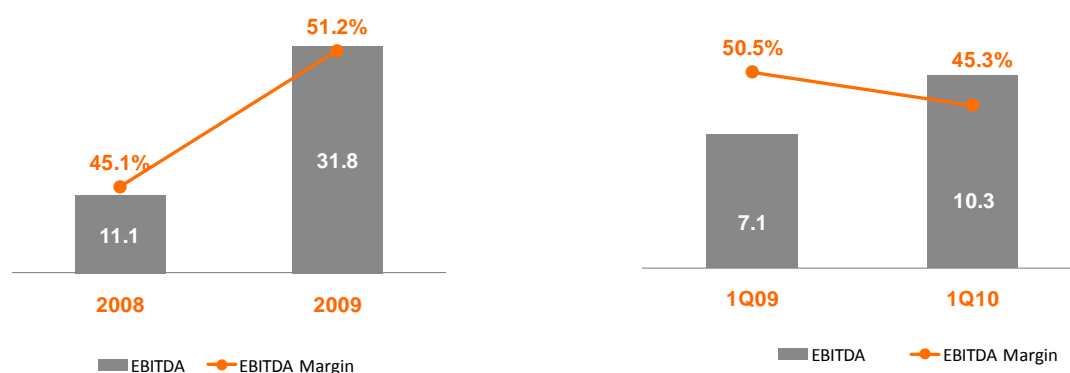
R\$ million

- Net revenue rose 60.4%, boosted by sales primarily to the *Minha Casa Minha Vida* program, of R\$ 5.4 million.
- Idle capacity remained low due to continued strong demand.
- EBITDA increased by 44.1%, while the EBITDA margin was 45.3%, compared with 50.5% during the first quarter of 2009.
- Investment in staff, including the hiring of an officer, as well as the opening of new branches with related expenses for mobilizing equipment and start-up costs, together with legal salary increases, led expenses in the sales, technical, administrative and logistics areas to increase by 51.2%, which reduced margins.
- Capex totaled R\$ 11.2 million, due to high market demand, against the R\$ 0.3 million recorded in 1Q09, when our investments were interrupted as a precaution in light of the global financial crisis.

Net Revenue Evolution (R\$ million)



EBITDA and EBITDA Margin (R\$ million)



Industrial Services Division



Industrial Services Division	1Q10	1Q09	Chg%
Net Revenue	40.0	23.4	71.1%
Operating Profit	4.7	(1.4)	329.0%
EBITDA	6.3	0.2	3,402.1%
EBITDA Margin	15.8%	0.8%	15.1%
Capex	7.3	1.5	387.3%

R\$ million

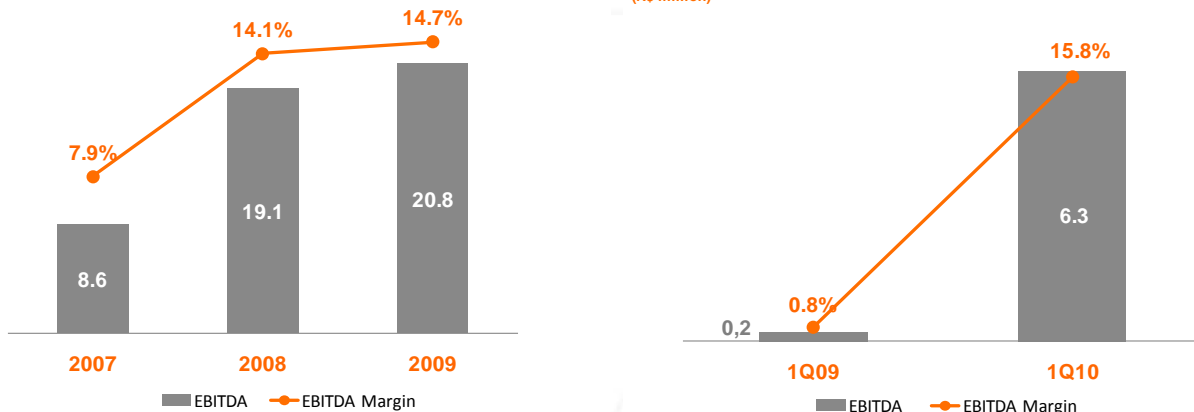
- Net revenue rose 71.1%, with a strong recovery in maintenance services, where revenues rose by 96.9%. Services for the construction of new plants also saw a substantial increase of 32.4% of net revenue.
- The contribution from the Oil & Gas sector increased from 23% to 47% of revenues.
- EBITDA was R\$ 6.3 million, with EBITDA margin of 15.8%, as a result of the dilution of expenses due to the higher revenue base.
- The reduction in equipment rental expenses, which represented just 1.2% of revenues in the quarter, compared with 4.9% in the first quarter of 2009, contributed to the improvement in margin.

Capex amounted to R\$ 7.3 million, as a result of stronger demand for our services, against R\$ 1.5 million in 1Q09.

Net Revenue Evolution (R\$ million)



EBITDA and EBITDA Margin (R\$ million)



Rental Division



Rental Division	1Q10	1Q09	Chg%
Net Revenue	17.2	12.0	43.0%
Operating Profit	7.2	5.5	29.4%
EBITDA	9.8	7.3	34.8%
EBITDA Margin	57.0%	60.4%	-3.4%
Capex	18.1	3.8	374.5%

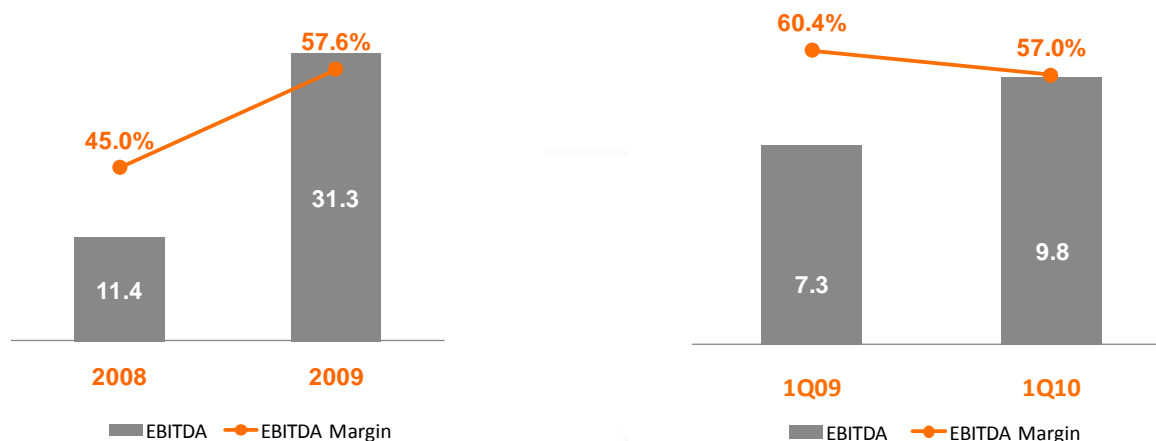
R\$ million

- Net revenue rose 43%, with idle capacity remaining low as a result of the strong demand for our services.
- EBITDA increased by 34.8%, but with a slight reduction in EBITDA margin, from 60.4% in 2009 to 57% in 2010.
- Investment to strengthen the sales and administrative areas and to open three new branches, with the associated expenses of equipment mobilization and start-up costs, together with legal salary increases, led Sales, General and Administrative expenses to increase 58.4%, producing an adverse impact on margins.
- Capex totaled R\$ 18.1 million, also due to strong demand, against the R\$ 3.8 million in 1Q09.

Net Revenue Evolution (R\$ million)



EBITDA and EBITDA Margin (R\$ million)



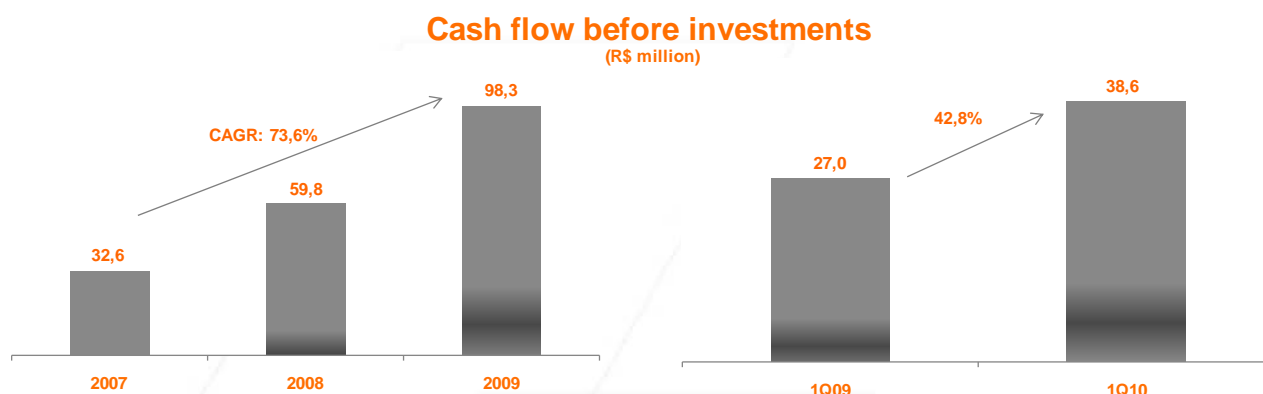
Cash Flow and Investment

	1Q10	1Q09	Chg%
Cash flow			
EBITDA	42.8	31.6	35.1%
Changes in working capital and payment of taxes	(4.2)	(4.6)	9.3%
Cash flow before investments	38.6	27.0	42.8%
Gross investments	(58.7)	(9.0)	551.5%
Net investments	(55.3)	(7.7)	616.5%
Cash flow	(16.7)	19.3	
Interest paid	(3.8)	(3.4)	
Capital subscription	0.6	0.0	
Amortization of loans	20.1	(4.6)	
Increase in cash and cash equivalents	0.2	11.2	

R\$ million

Our cash flow before capex amounted to R\$ 38.6 million in the quarter, up 42.8% from the same period of 2009. This improvement was basically due to higher EBITDA, but we had, as well, a 9.3% reduction in working capital and payment of taxes, basically due to tax deductions. Our gross investment in the quarter, to purchase equipment for all four divisions, was R\$ 58.7 million, compared with R\$ 9 million in the first quarter of 2009. After tax credits and the corresponding write-downs, these investments represented a net disbursement of R\$ 55.3 million in the first

quarter of 2010, compared with R\$ 7.7 million in the same period of 2009. Due to the higher level of investment, our free cash flow was negative R\$ 16.7 million, compared with positive cash flow of R\$ 19.3 million in the first quarter of 2009. This amount, plus the interest paid, was financed by net funding of R\$ 20.1 million, basically in the form of a 5-year loan from a commercial bank with a 1-year grace period for repayment.



Debt

As shown in the table below, our net debt increased from R\$ 182.4 million as at December 31, 2009, to R\$ 204.4 million as at March 31, 2010, as a result of the funding mentioned above, with the short-term debt accounting for 28% of total net debt, compared with 30% on Dec. 31, 2009.

Our Net Debt/EBITDA ratio was 1.21x on Dec. 31, 2010, compared with 1.16x on Dec. 31, 2009. Our Net Debt/Net Equity ratio was 1.06x on Mar. 31, 2010 and Dec. 31, 2009, as shown in the table below.

Debt	03/31/2010	12/31/2009
Short-term bank debt	59.0	56.8
Long-term bank debt	147.2	127.1
Total bank debt	206.2	183.9
Cash and Cash equivalents	1.8	1.6
Net Debt	204.4	182.4
Net Debt/ EBITDA*	1.2	1.2
Net Debt / Equity	1.06	1.06
Net Short-term Debt/ Total Net Debt	28.0%	30.0%

R\$ million

* EBITDA accumulated from the last 12 months

Glossary

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.

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. Invested capital is defined as the company's own capital (net equity or shareholders' equity) plus capital from third parties (loans and other liabilities that carry interest, in the case of Mills being tax installments, less cash and equivalents). Average invested capital is defined as the average Invested Capital from the beginning to the end of the period considered. 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.

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

Income Statement

in thousand of reais	<u>1Q10</u>	<u>1Q09</u>
Gross revenue from sales and services	135,361	94,164
Cancellations and discounts	(7,755)	(4,021)
Taxes on sales and services	<u>(12,103)</u>	<u>(7,787)</u>
Net revenue from sales and services	115,503	82,356
Cost of products sold and services rendered	<u>(49,621)</u>	<u>(32,808)</u>
Gross profit	<u>65,882</u>	<u>49,548</u>
Operating expenses		
General and administrative	<u>(32,055)</u>	<u>(24,824)</u>
Operating profit before financial result	<u>33,827</u>	<u>24,724</u>
Financial result		
Financial expense	(6,221)	(6,955)
Financial income	<u>469</u>	<u>165</u>
Profit before taxation	<u>28,075</u>	<u>17,934</u>
Income tax and social contribution		
For the year	(8,888)	(5,775)
Deferred taxes	(505)	(176)
Net income	<u>18,682</u>	<u>11,983</u>
Number of shares at the end of the period (in thousands)	<u>87,574</u>	<u>87,221</u>
Net income per thousand shares at the end of the period - R\$	<u>0.21</u>	<u>0.14</u>

Balance Sheet

Assets		03/31/2010	12/31/2009
in thousand of reais		<u> </u>	<u> </u>
Current Assets			
Cash and cash equivalents		1,796	1,575
Accounts receivable		84,600	71,504
Inventories		2,049	1,382
Taxes recoverable		14,764	25,727
Prepaid expenses		1,960	218
Other assets		4,211	4,051
		<u>109,380</u>	<u>104,457</u>
Non-current assets			
Accounts receivable		4,294	4,413
Taxes recoverable		173	173
Deferred taxes		9,534	10,038
Judicial deposits		6,081	5,960
		<u>20,082</u>	<u>20,584</u>
Investments			
Property and equipment		322,302	275,988
Intangible assets		39,304	39,265
		<u>381,688</u>	<u>335,837</u>
Total assets		<u>491,068</u>	<u>440,294</u>

Liabilities

in thousand of reais

	<u>03/31/2010</u>	<u>12/31/2009</u>
Current liabilities		
Suppliers	23,313	11,713
Loans and financing	58,992	56,811
Salaries and social charges	20,180	14,716
Income tax and social contribution	3,263	74
Tax recovery program (law 11.941/2009)	801	786
Taxes payable	2,748	4,737
Profit sharing payable	3,734	13,824
Proposed dividends	15,528	15,527
Other liabilities	<u>1,283</u>	<u>1,252</u>
	<u>129,842</u>	<u>119,440</u>
Non-current liabilities		
Loans and financing	147,198	127,127
Provision for contingencies	8,782	8,527
Taxes payable	337	375
Tax recovery program (law 11.941/2009)	11,229	11,008
Accounts payable - stock option plans	583	583
Other liabilities	<u>1,042</u>	<u>593</u>
	<u>169,171</u>	<u>148,213</u>
Stockholders' equity		
Capital	97,527	80,681
Revenue reserves	70,031	86,232
Carrying value adjustments	5,815	5,728
Accumulated results	<u>18,682</u>	<u></u>
	<u>192,055</u>	<u>172,641</u>
Total liabilities and stockholders' equity	<u>491,068</u>	<u>440,294</u>

Cash Flow Statement

in thousand of reais	<u>1Q10</u>	<u>1Q09</u>
Cash flows from operating activities		
Net income before taxation	<u>28.075</u>	<u>17.934</u>
Adjustments		
Depreciation and amortization	8.939	7.358
Profit sharing	3.761	3.528
Provision for expense with share option	87	1.013
Interest, monetary and exchange variations on loans, contingencies and judicial deposits	<u>6.048</u>	<u>7.295</u>
	18.835	19.194
Changes in assets and liabilities		
Accounts receivable	(12.977)	6.499
Inventories	(667)	(264)
Taxes recoverable	10.963	(491)
Judicial deposits	26	(30)
Other assets	(1.902)	(472)
Suppliers	11.600	(7.931)
Salaries and social charges	5.464	(514)
Taxes payable	(1.791)	(948)
Other liabilities	<u>(13.371)</u>	<u>42</u>
	(2.655)	(4.109)
Cash from operations	44.255	33.019
Interest paid	(3.781)	(3.447)
Income tax and social contribution paid	<u>(5.699)</u>	<u>(6.016)</u>
Net cash provided by operating activities	<u>34.775</u>	<u>23.556</u>
Cash flows from investing activities and with subsidiaries		
Acquisition of property and equipment and intangible assets	(58.741)	(9.016)
PIS and COFINS tax credits from acquisitions of rental equipment	3.388	937
Residual value of property, equipment and intangible assets written-off	60	362
	<u>(55.293)</u>	<u>(7.717)</u>
Cash flow used in investing activities	<u>(55.293)</u>	<u>(7.717)</u>
Cash flow from investing activities		
Capital subscription	645	(8.465)
Amortization of loans	(10.949)	(8.465)
New loans	<u>31.043</u>	<u>3.824</u>
Net cash provided by (used in) financing activities	<u>20.739</u>	<u>(4.641)</u>
Increase in cash and cash equivalents	221	11.198
Cash and cash equivalents at the beginning of the period	<u>1.575</u>	<u>1.758</u>
Cash and cash equivalents at the end of the period	<u>1.796</u>	<u>12.956</u>