Mills: Revenue growth of 36% in 2010, with record profits

Rio de Janeiro, February 25, 2011 - Mills Estruturas e Serviços de Engenharia S.A. (Mills) recorded strong growth in 2010, with record revenues, EBITDA and net earnings, resulting from its investment plan, made possible by the capitalization of R$ 411 million from its IPO in April 2010.

www.mills.com.br

ri@mills.com.br

Investor Relations

Alessandra Gadelha – IR Officer
Camila Conrado – IR Specialist

Contact:
+55 21 2123 3700

Conference call

Portuguese / English (simultaneous translation)

Date: February 28, 2011
Time: 9 am (New York time)
Tel: 1 866 890 2584 (toll free)
+55 11 2188 0155
Code: Mills

Webcast

www.mills.com.br/ri

Main highlights of Mills 2010 performance:

- Record net revenues of R$ 549.9 million, 36.0% higher than 2009.
- Record net revenues in all four divisions: Industrial Services, with revenue of R$ 195.4 million; Heavy Construction, with R$ 154.3 million; Jahu – Residential and Commercial Construction, with R$ 105.1 million and Rental, with R$ 95.1 million.
- Record EBITDA[a] of R$ 194.5 million, 23.4% above 2009.
- EBITDA margin of 35.4%, *versus* 39.0% in 2009.
- Record net earnings of R$ 103.3 million, 51.0% above 2009.
- Capex[b] reached R$ 348.5 million in 2010, compared to R$ 76.3 million in 2009.
- Annualized return on invested capital (ROIC)[c] of 21.0% in 2010, against 25.0% in 2009.
- We have brought forward our geographic expansion plan, doubling the number of branches from 20 branches in 2009 to 40 by the end of 2010. We opened ten new branches for the Rental division, eight for the Jahu – Residential and Commercial Construction division and two for the Industrial Services division.
- Proposal for shareholder remuneration totaling R$ 25.4 million (gross amount), to be paid as interest on equity, subject to approval at Mills' shareholders meeting.
- In January 2011, we entered into a purchase and sales agreement to acquire 25% of the voting and total capital stock of Rohr S/A Estrutura Tubulares for R$ 90 million.

About Mills

Mills (BM&FBOVESPA: MILS3) is one of the largest specialty engineering services companies 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 2010, Mills' net revenues totaled R$ 549.9 million, while EBITDA reached R$ 194.5 million, with EBITDA margin equal to 35.4%. The company plans to invest R$ 1.1 billion over the 2010 - 2012 period, 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 government programs such as "*PAC – Programa de Aceleração do Crescimento*" and "*Minha Casa, Minha Vida*", and by investments in the oil & gas industry and for the 2014 World Cup and the 2016 Olympics Games.

Table 1 – Main financial indicators

in R$ million	4Q09 (A)	3Q10 (B)	4Q10 (C)	(C)/(B) %	(C)/(A) %	2009 (D)	2010 (E)	(E)/(D) %
Net revenue	114.6	148.9	154.2	3.6%	34.6%	404.2	549.9	36.0%
EBITDA	45.6	55.9	45.4	-18.9%	-0.4%	157.6	194.5	23.4%
EBITDA margin (%)	39.8%	37.6%	29.4%			39.0%	35.4%	
Net earnings	19.8	28.5	30.1	5.6%	52.2%	68.4	103.3	51.0%
ROIC (%)	26.0%	20.3%	18.8%			25.0%	21.0%	
Capex	22.7	121.0	78.8	-34.9%	247.9%	76.3	348.5	356.7%

The financial and operational information presented in this release, except when otherwise indicated, is based on consolidated figures in accordance with accounting policies adopted in Brazil, which are in accordance with international accounting standards (International Financial Reporting Standards - IFRS).

In previous years Mills prepared its financial statements in accordance with the accounting policies adopted in Brazil (BRGAAP). The 2009 financial statements encompass all the pronouncements issued until December 31, 2009. The application of the pronouncements and interpretations issued during 2010 has not affected our 2009 financial statements.

Business Perspective

In 2010, the government disbursed R$ 22.1 billion, or 0.60% of GDP, with the PAC program - Growth Acceleration Program, compared to R$ 17.9 billion, or 0.56% of GDP in 2009. In 2011 biddings are expected for infrastructure projects related to the PAC programs that involve investments of R$ 68 billion. Some of these bidding processes have already been scheduled, as with the case of the high speed train between Rio de Janeiro and São Paulo, while others have been waiting for more than a year, such as the third phase of highway concessions, for which a bidding process was expected for early 2009.

The main projects scheduled for bids this year are in the transport sector, including the bullet train between Rio de Janeiro and São Paulo with investments estimated at R$ 33 billion, the third phase of highway concessions (R$ 6.3 billion combined), the Beltway north of São Paulo (R$ 5.0 billion), the *Centro-Oeste* railroad (R$ 4.1 billion) and the *Leste-Oeste* railroad (R$ 1.8 billion).

Unfortunately, we are exposed to the risk of delays in the bidding processes and, consequently, the beginning of the construction work. Difficulties with environmental permits and intervention by the Court of Audit (TCU – Tribunal de Contas da União) are among the main obstacles to the bidding schedule. Although we are not exposed to risks related to the execution of work, since we receive monthly revenues from our equipment rental, regardless of the stage of execution, we are exposed to the risk of delay of beginning of the work, as occurred in the second half of 2010 (2H10) .

Given the schedule of the construction work that already went through the bidding process during the past year and changes in the federal and state governments, we expect a weak recovery in the heavy construction sector in the first half of 2011 (1H11), and also expect that in the second half of 2011 (2H11) there will be strong demand from the infrastructure sector.

According to research conducted by the National Confederation of Industry (CNI – Confederação Nacional da Indústria), the indicator of business expectations for the construction industry for the next six months shows optimism, with a value of 61.9 in January 2011, where values above 50 indicate a perspective of growth of activity in the industry.

The seasonally adjusted index of input production for the civil construction industry in November 2010 exceeded the May value, when it began to drop, reaching the minimum value of 149.93 in July. In the month of December there was a slight increase over the month of November, giving a total value of 155.37, indicating recovery of the sector.

The revenues in 2011 from our Heavy Construction division will benefit from new projects, such as the subway, the *Arco Rodoviário* (metropolitan ring road), the *Transoeste* highway and the *COMPERJ* refinery in Rio de Janeiro, the monorail and cable-stayed bridge over the Marginal Tiete river in São Paulo, stadiums for the 2014 World Cup in the host cities, and construction work for Vale (Brazil's largest mining company) in the North region, among others. At the same time, we will continue providing our equipment and services for major construction works such as the *Santo Antonio, Jirau* and *Estreito* hydroelectric powerplants, the *Transnordestina* railroad and the transposition of the São Francisco river.

The recent announcement to cut R$ 50 billion from the federal budget should not mean cancellation of PAC projects. However, we believe that disbursements for these projects will occur more slowly than expected, driven mainly by delays in the bidding process, delays in obtaining environmental permits and pace of execution of the work, as occurred with the projects of the PAC 1 program, whose investments totaled R$ 559.6 billion up to October 2010, equivalent to 85% of the total for the period 2007-2010, but with only 60.4% of work completed in this period.

The market for residential and commercial construction is still quite heated; PDG, Cyrela, MRV, Rossi, Brookfield, Even, CCDI and Inpar reported a total value of R$ 27.6 billion for new building announced in 2010, with a growth of 55.0% over 2009. From the total of new building for 2010, 39.5% is concentrated in the last quarter, meaning that these constructions will occur in 2011, since the time lag between launching and beginning of construction varies from six to nine months, depending on the success of sales.

The estimated balance of housing loans in late December, according to the Brazilian Central Bank (Bacen), was equal to R$ 131.4 billion, an increase of 50.4% over the balance at the end of 2009, a monthly growth rate of more than 4.0% last quarter, also favoring the growth of the sector.

Recently the Bacen increased interest rates in Brazil to keep inflation within the target range. However the high inflation rate in January, in which the IPCA indicator (Consumer Price Index) for the last twelve months reached 5.99% in January 2011 and 0.83% in the month, shows an upward trend for inflation, indicating possible future increases in interest rates to contain the pace of inflation.

We believe that the current level of interest rates or only a slight increase will not change the scenario of high demand in the housing market in the coming months, mainly because of the continuing expansion of credit availability. However, if there is a large increase in the interest rate and/or decrease in the availability of credit for the housing market, there could be a reduction in the number of launches of new buildings planned for 2011.

The government program "*Minha Casa, Minha Vida*" continues to be an important driver of revenue growth for the Jahu – Residential and Commercial Construction division. According to the *Caixa Economica Federal* (CEF), 660 thousand new contracts were signed in 2010 for the financing program "*Minha Casa, Minha Vida*", of which 57% was for families with an income of up to three minimum wages, and the remaining 43% for families with an income from three to ten minimum wages. Also according to the CEF, 236,100 properties were delivered in 2010 through the program and 429,700 new homes are expected for this year.

Recently there was an adjustment in the maximum value of the properties considered to fit the profile of this program and in March, the Brazilian Board of Trustees of the Guarantee Fund for Employees (FGTS) will define the new income limits and the maximum interest rate that can be charged for each income range in this program. We believe that these measures will contribute positively to the growth of demand for housing within the program, which aims to build two million units between 2011 and 2014.

Our aluminum Easy-set formwork, designed for building homes for the lower-income population, has had excellent penetration in this market, due to its ease of handling, assembling and dismantling and consequent productivity gains. This year, we will start manufacturing this product in Brazil, since it is currently being imported, and we plan to register it in the FINAME system of the BNDES, for better financing rates when purchasing our product. We believe these two factors combined will increase the competitiveness of our product.

In this market, there are risks of inflation and scarcity of civil construction labor and materials. In this scenario, productivity has a higher value for companies within the sector, since they will want to reduce the construction cycle to minimize inflation exposure to materials and manpower needs. In other words, the tendency is to apply industrialized building processes in these construction jobs. As our projects and equipment enable productivity gains during construction, they become more competitive in this context.

Thus, we have started to work together with some companies right from the planning phase of the project, analyzing the most appropriate concrete structures for industrializing the construction process and therefore reducing the need for manpower and the total cost of the construction work.

2011 has already started with a lot of activity for the Jahu – Residential and Commercial Construction division. Despite the significant increase in our capacity in recent months, the utilization rate has remained above levels considered normal. Given our estimated investment of R$ 136.4 million in 2011 for this division, we plan to receive a significant volume of equipment on a monthly basis. This will mostly serve the seven branches that were opened in the fourth quarter of 2010 (4Q10). We expect these new branches to become profitable during 2H11. In the first quarter of 2011 (1Q11), we will open a new branch and we plan to open two additional branches in 2H11.

In the Industrial Services division, estimated investments of R$ 378 billion in the oil and gas industry in Brazil between the years 2011 and 2014 are the main growth drivers. In 2010, the oil and gas segment contributed 47.7% of the revenues for the Industrial Services division, being responsible for 78% of the expansion in revenues from this division compared with 2009.

We recently signed new contracts that will affect our revenues as of 1H11, such as the contract for installation of the pipe blasting and painting cabin in the new Petrobras refinery in Rio de Janeiro, *COMPERJ*. The blasting is done to prepare the pipe surface, eliminating impurities and contributing to better application and durability of the paint. We believe this is the first in a series of contracts that may be signed during the construction of the *COMPERJ* refinery, which recently completed its groundbreaking phase and has an estimated deadline for completion of construction for the end of 2013.

Additionally, we signed maintenance contracts, which involve access services, painting and insulation, with the Angra 3 nuclear plant and the CSN port terminal, both in the state of Rio de Janeiro, with the Gabriel Passos Petrobras refinery and the Brennand cement plant, both in the state of Minas Gerais, and a Petrobras fertilizer plant, in the state of Bahia.

Our strategy for this division is to identify opportunities for additional services that we can offer to our clients, particularly in the oil and gas industry, and increase our differentiation from our competitors by introducing new technologies, contract management and safety policies.

The market for motorized access equipment is booming. The Brazilian fleet of aerial work platforms and telescopic handlers ended 2010 with 10,600 units (our estimates), as compared with 721,000 units in 2009 in the U.S., according to a report by Yengst Associates published in May 2010. There was growth of 32.5% in the size of the Brazilian fleet between 2009 and 2010.

We believe this market will continue growing at high rates in the coming years, given the underutilization of this type of equipment in Brazil, where utilization was recently stimulated by a ruling that requires the use of aerial platforms, thereby increasing safety in the workplace. Furthermore, the search for increased productivity, given the shortage of manpower, increases the need for the mechanization of construction sites, which also contributes to the growth of future demand for such equipment.

We finished 2010 with 14 branches in the Rental division and we plan to open five new branches in 2011, including three in 1Q11. In 2011, this division will require investments of R$ 128.9 million.

In order to contribute to the training of professionals for the aerial platform market in Brazil, in February 2011, we started training courses for operators, providing international certification from the International Powered Access Federation (IPAF), a nonprofit organization, which promotes safe and effective use of this equipment round the world.

Revenues

In 2010, net revenues reached a new annual record, R$ 549.9 million, 36.0% above 2009. In 4Q10, net revenue amounted to R$ 154.2 million, a new quarterly record, up 3.6% from the third quarter of 2010 (3Q10) and 34.6% higher than the fourth quarter of 2009 (4Q09), since the revenue decrease in the Heavy Construction division was offset by the revenue growth in other divisions.

In 2010, the Industrial Services division delivered the highest net revenue, R$ 195.4 million, representing 35.5% of Mills' total revenues. The revenues for the Heavy Construction division were responsible for 28.1% of total revenues, Jahu – Residential and Commercial Construction for 19.1% and Rental for 17.3%.

The Rental division showed the highest year-on-year (yoy) revenue growth, a 74.8% rise, as a result of the increase of our motorized access equipment fleet and our geographical expansion.

In 2010, 62.2% of Mills' revenue was from equipment rental, 27.5% was from technical support services, 6.7% from sales and 3.5% from other revenues. Sales revenues showed substantial growth compared to the previous year, driven by the sales of the Easy-set aluminum formworks for low-income housing, boosted by the program "*Minha Casa, Minha Vida*".

Mills' revenue breakdown by geographical area was: Southeast region 66.3%, Northeast region 22.2%, Midwest region 6.5%, and other regions 5.0%.

The new branches opened in 2010 were responsible for 29.0% of the R$ 145.7 million increase in the 2010 net revenue.

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 2010, our top ten clients represented 32% of our gross revenue, Petrobras being the major client, contributing 5% to Mills' gross revenues.

Table 2 – Net revenue per type

in R$ million	4T09 (A)	3T10 (B)	4T10 (C)	(C)/(B) %	(C)/(A) %	2009 (D)	2010 (E)	(E)/(D) %
Rental	80,0	91,8	91,1	-0,8%	13,8%	282,9	342,1	20,9%
Technical support services	28,6	42,6	43,6	2,5%	52,5%	103,9	151,4	45,8%
Sales	5,5	8,7	12,7	47,2%	132,6%	12,6	37,0	193,7%
Others	0,4	5,9	6,8	14,6%	1428,8%	4,8	19,4	302,1%
Total net revenue	14,6	148,9	154,2	3,6%	34,6%	404,2	549,9	36,0%

Table 3 – Net revenue per division

in R$ million	4Q09	%	3Q10	%	4Q10	%	2009	%	2010	%
Heavy Construction	39.4	34.4%	42.7	28.7%	34.2	22.2%	146.2	36.2%	154.3	28.1%
Jahu - Residential and Commercial	18.3	15.9%	27.9	18.7%	32.8	21.3%	62.2	15.4%	105.1	19.1%
Industrial Services	41.2	36.0%	52.5	35.2%	56.4	36.6%	141.4	35.0%	195.4	35.5%
Rental	15.7	13.7%	25.8	17.4%	30.8	20.0%	54.4	13.5%	95.1	17.3%
Total net revenue	114.6	100.0%	148.9	100.0%	154.2	100.0%	404.2	100.0%	549.9	100.0%

Costs and Expenses

The cost of goods and services sold (COGS), excluding depreciation, totaled R$ 209.9 million in 2010, with an increase of R$ 70.6 million, or 50.7%, over the R$ 139.3 million realized in the previous year, mainly due to the growth of our business in the last twelve months.

In 4Q10, COGS, excluding depreciation, totaled R$ 62.6 million, being R$ 4.5 million, or 7.8%, above the previous quarter's figure, of R$ 58.1 million, mainly impacted by higher cost of sales, influenced by the increase of sales revenues between the periods.

In 2010, the main COGS item, job execution costs, rose 38.9%, mainly impacted by the increase of labor costs in the Industrial Services division, which is labor intensive.

Cost of equipment rented from third-parties amounted to R$ 4.9 million, with a reduction of 64.3% against the previous year, when this cost item reached R$ 13.7 million.

Job execution costs include, 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 it is returned to our warehouse.

The higher costs for freight and materials used in construction and in the maintenance of our equipment, jointly contributed to 23.0% of the COGS yoy expansion.

The cost of sales, which represents the costs from the sales of new equipment by Mills, was up 211.4%, 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$ 4.0 million in 2010. 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 recorded under “other revenues”.

General, administrative and operating expenses (SG&A) totaled R$ 145.5 million in 2010, compared to the R$ 107.3 million in 2009. In 4Q10, SG&A was R$ 46.3 million, 32.6% higher than the R$ 34.9 million in 3Q10.

On a yearly basis, the SG&A increase of R$ 38.2 million was mainly due to higher expenses with contract coordination, responsible for R$ 20.0 million of the increase, with administrative expenses responsible for R$ 11 million, and with equipment storage responsible for R$ 5.5 million.

Expenses with contract coordination is the most relevant item for SG&A, representing 40% to 50% of the 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, which deal with more fragmented markets and are expanding geographically, resulting in an 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 yoy growth, driven by the opening of new branches and by the rise in the number of employees, from 3,470 at the end of 2009 to 4,359 at the end of 2010. This item represents 15% to 20% of the total SG&A.

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 and a higher volume of equipment flows in our warehouses. In 2010, we expanded the number of branches from 20 to 40 and extended our equipment inventory to meet the strong demand in the businesses in which we operate. This item represents 10% to 15% of the total SG&A.

Depreciation costs totalized R$ 47.1 million in 2010, with a 47.8% yoy increase, reflecting the investments made by Mills in 2010. In 4Q10, depreciation costs reached R$ 14.6 million, against R$ 13.0 million in 3Q10 and R$ 10.1 million in 4Q09.

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

in R$ million	4Q09	%	3Q10	%	4Q10	%	2009	%	2010	%
Costs of job execution	37.7	54.8%	50.9	54.7%	51.9	47.7%	131.5	53.3%	182.6	51.4%
Costs of equipment sales	3.4	5.0%	6.2	6.7%	8.0	7.4%	7.5	3.0%	23.2	6.5%
Costs of asset write-offs	0.1	0.1%	1.0	1.0%	2.6	2.4%	0.3	0.1%	4.0	1.1%
COGS, ex-depreciation	41.2	59.8%	58.1	62.5%	62.6	57.5%	139.3	56.5%	209.9	59.1%
SG&A	27.8	40.3%	34.9	37.5%	46.3	42.5%	107.3	43.5%	145.5	40.9%
Total COGS, ex-depreciation + SG&A	**68.9**	**100.0%**	**93.0**	**100.0%**	**108.8**	**100.0%**	**246.5**	**100.0%**	**355.4**	**100.0%**

EBITDA

In 2010, cash generation, as measured by EBITDA, reached R$ 194.5 million, a new annual record, with an increase of 23.4% compared to 2009. In 4Q10, EBITDA reached R$ 45.4 million, 18.9% below the R$ 55.9 million reached in 3Q10, the Company's current quarterly record. In this quarter, EBITDA was negatively influenced by the weaker demand in the heavy construction segment, served by the Heavy Construction Division, and by the increase in SG&A expenses from both the Jahu – Residential and Commercial Construction and the Rental divisions as a consequence of the new branches opened in this period.

In 2010, the yoy increase of R$ 36.9 million in EBITDA is explained by the increase of R$ 145.7 million in net revenue, partially offset by the rise of R$ 70.6 million in COGS, excluding depreciation, and of R$ 38.2 million in SG&A.

The Heavy Construction division was responsible for 37.8% of Mills' EBITDA in 2010. The Rental division was responsible for 26.2%, Jahu - Residential and Commercial Construction for 22.6% and Industrial Services for 13.4%. The division that presented the highest EBITDA yoy growth was Rental, with an expansion of 62.6%.

The EBITDA margin was 35.4% in 2010, versus 39.0% in 2009. In 4Q10, the EBITDA margin was 29.4%, versus 37.6% in 3Q10 and 39.8% in 4Q09.

Table 5 – EBITDA per division and EBITDA margin

in R$ million	4Q09	%	3Q10	%	4Q10	%	2009	%	2010	%
Heavy Construction	20.3	44.6%	22.3	39.9%	13.3	29.2%	73.7	46.7%	73.6	37.8%
Jahu - Residential and Commercial	9.7	21.3%	11.9	21.4%	11.6	25.6%	31.8	20.2%	43.9	22.6%
Industrial Services	6.3	13.8%	7.0	12.6%	5.8	12.8%	20.8	13.2%	26.1	13.4%
Rental	9.2	20.2%	14.6	26.2%	14.7	32.3%	31.3	19.9%	51.0	26.2%
Total EBITDA	45.6	100.0%	55.9	100.0%	45.4	100.0%	157.6	100.0%	194.5	100.0%
EBITDA margin (%)	39.8%		37.6%		29.4%		39.0%		35.4%	

Net Earnings

In 2010 net earnings amounted to R$ 103.3 million, a new annual record, with an increase of 51.0% *vis-à-vis* the previous year. In 4Q10, net earnings totaled R$ 30.1 million, a new quarterly record, with a rise of R$ 1.6 million, or 5.5%, compared to the previous quarter.

In 2010, the yoy increase of R$ 34.9 million in net earnings is explained by the rise of R$ 36.9 million in EBITDA and by the increase of R$ 18.7 million in the financial result, which was partially offset by the increase in depreciation (R$ 15.2 million) and income taxes (R$ 5.5 million).

In 2010, the financial result, excluding derivative transactions, was negative R$ 5.5 million, since, despite our cash position after the IPO, disbursements with interest on our outstanding debt was higher than the financial revenues with interest on our low risk financial applications. In 4Q10, the financial results were negative R$ 0.4 million, compared to a positive R$ 0.5 million in 3Q10, due to the use of some of our cash position to enable our investment plan.

The dollar-CDI swap operations related to the purchase of imported equipment had a negative cash result of R$ 0.5 million in 2010 and a positive cash result of R$ 0.8 million in 4Q10, while their mark-to-market result was R$ 0.4 million positive in the year and R$ 0.1 million positive in 4Q10.

In 4Q10, the 3Q10 swap transactions result was reversed. As of the second half of 2010, the swap transaction results started to be directly reflected in the assets, without passing through the results. These hedge operations aim to eliminate the exchange rate risk of the value of the motorized access equipment in Brazilian *reais* between the purchase and the financial disbursement dates. Therefore, its result should be reflected in their value in the assets account in the Balance Sheet. From 2011 onwards, there will be no effect from our swap transactions in the financial results.

Debt indicators

As of December 31, 2010, Mills' total debt was R$ 132.6 million, against R$ 142.5 million as of September 30, 2010, and R$ 183.9 million as of December 31, 2009.

In the last three months, our cash holdings fell by R$ 54.6 million, from R$ 196.9 million on September 30, 2010 to R$ 142.3 million on December 31, 2010, mainly due to capex disbursements of R$ 78.8 million in the period.

We ended the year 2010 with a net cash position of R$ 9.7 million, against a net cash position of R$ 54.4 million at the end of 3Q10, and a net debt position of R$ 182.4 million at the end of 2009.

As of December 31, 2010, 35% of our total debt was short-term and 65% long-term, with an average maturity of 3.4 years. In terms of currency, 100% of Mills' total debt is in Brazilian *reais*. The average cost of Mills' debt was CDI (Interbank Offering Rate) + 2.2% in 4Q10 against CDI + 2.3% in the previous quarter.

On December 31, 2010, the total debt/enterprise value[(d)] ratio was 5.1%, while the interest coverage, as measured by the LTM EBITDA/LTM interest payment, was 10.09x.

Capex

Mills invested R$ 348.5 million in 2010, four times more than the R$ 76.3 million invested in the previous year. In 4Q10, gross investments totaled R$ 78.8 million, compared to R$ 121.0 million in 3Q10.

The Rental division was responsible for 37.5% of 2010 capex, Jahu – Residential and Commercial Construction for 29.8%, Heavy Construction 21.3%, and Industrial Services 7.2%.

This year, the Rental division invested R$ 130.6 million, as against budget of R$ 91.5 million, since the geographic expansion plan for this division was brought forward by one year to meet the strong demand. We expected to open six new branches in 2010 for this division, but ended 2010 with ten new branches.

In 3Q10, we signed contracts with suppliers of aerial work platforms and telescopic handlers to ensure the delivery of motorized access equipment by the end of 2011 to accommodate the Rental division expansion plan. In 2011, the Rental division will need investments of R$ 128.9 million, with plans to open five new branches, of which three will be in 1Q11.

The Jahu – Residential and Commercial Construction division, which invested R$ 104.0 million in 2010, also brought forward its geographic expansion plan. We ended 2010 with 14 branches, that is, we doubled the number of branches initially planned. Since there is a time lag between the setting up of a new branch and the beginning of equipment rental, a major part of the investment in the new equipment related to these new branches will be made in 2011, when the expected investments for Jahu will amount to R$ 136.4 million. We plan to open three new branches for the Jahu - Residential and Commercial Construction division in 2011, one of which in 1Q11.

For the Heavy Construction division, the investments amounted to R$ 74.3 million in 2010, against R$ 22.1 million in the previous year. There was a delay in the bidding process for large public construction projects expected for 2H10 that, consequently, will only begin in 2011. Therefore, we reduced the pace of investments in this division as of 4Q10. We invested R$ 8.5 million in 4Q10 and plan to invest R$ 39.9 million in 2011.

We are ready to respond to the huge volume of new infrastructure projects that will begin in 2011, which includes, among others, the *BRT Transcarioca*, *Transoeste* and *Transolímpica* highways in Rio de Janeiro, the new subway lines in Rio de Janeiro and in São Paulo, the World Cup stadiums, the Petrobras refineries, mining, railway and steel projects for Brazil's largest miner, Vale, the *Monotrilho* (overground railway) and *Rodoanel* (ring road) in São Paulo, *Porto Maravilha* (residential and commercial port property development) in Rio de Janeiro and the *Oeste-Leste* railway.

It is important to highlight that, since we have several partners making our equipment, we have the flexibility to adjust our capex plan according to the bidding schedules and the expected start-ups of the infrastructure projects.

The Industrial Services division invested R$ 25.0 million in 2010, against R$ 5.4 million in 2009. In 2011, we will invest R$ 24.8 million in traditional equipment, such as tubular steel structures, to meet the growing market demand, and new aluminum equipment, which, although more expensive, enables productivity gains in the assembling and dismantling of the access structures and should result in personnel cost savings. This item currently represents approximately 80% of the costs of this division. Moreover, we plan to open a new branch of the Industrial Services division in 2011.

Finally, we invested R$ 14.6 million in corporate expenditures in 2010, of which R$ 7.3 million was in 4Q10, when we started the implementation of a company-wide SAP system (Enterprise Resource Planning – ERP – software) and refurbishing of the administrative office and the warehouse, both in Rio de Janeiro. The corporate investments expected for 2011 total R$ 7.2 million.

Table 6 – Investment per division

	Realized			
in R$ million	4Q09	3Q10	4Q10	2010
Heavy Construction	8.9	25.0	8.5	74.3
Jahu - Residential and Commercial	7.1	33.6	34.5	104.0
Industrial Services	2.0	6.8	3.6	25.0
Rental	3.4	52.5	25.0	130.6
Corporate	1.3	3.1	7.3	14.6
Total Capex	22.7	121.0	78.8	348.5

ROIC

In 2010, the return on invested capital (ROIC) reached 21.0%, against 25.0% in 2009. In 4Q10, ROIC was 18.8%, against 20.3% in 3Q10 and 26.0% in 4Q09.

The yoy reduction in ROIC is explained by the high level of investment in recent months, seeking to seize market opportunities in all our divisions. The qoq reduction in the ROIC is a result of low demand from the Heavy Construction division and consequently the weak operational result in the last quarter.

It is important to emphasize that for the ROIC calculation, we considered only 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 2010, equal to 24.1%, against 32.9% in 2009. The ROIC of the Jahu – Residential and Commercial Construction division was equal to 23.5% in 2010 (versus 26.9% in 2009), the Rental division 19.2% (versus 21.4% in 2009) and the Industrial Services division 16.0% (versus 15.0% in 2009).

Performance of the business segments

In 2010, the net revenue of the Heavy Construction division totaled R$ 154.3 million, with yoy growth of 5.5%. In 4Q10, net revenue amounted to R$ 34.2 million, 20.0% below the R$ 42.7 million achieved in 3Q10, and 13.2% below 4Q09, due to lower rental revenue driven by the weakening of heavy construction demand starting September of 2010.

In 2010, 79% of the net revenue (versus 86% in 2009) of this segment was related to equipment rental, while the remaining 21% (versus 14% in 2009) was related to technical support services, sales of equipment and others.

Between the years of 2009 and 2010, equipment rental revenue fell by R$ 3.5 million, or 2.8%, with an increase in rented volume contributing R$ 5.0 million, but with prices and mix of equipment reducing revenue by R$ 8.5 million.

Between quarters, there was a reduction of R$ 5.9 million, or 18.0%, in equipment rental revenue in the segment, since the higher volume of equipment available, as a result of the investments made in 3Q10, was more than offset by lower utilization rates and lower 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 the delay in several important construction jobs, for instance the *Arco Rodoviário* in Rio de Janeiro and Petrobras refineries in Pernambuco and Rio de Janeiro, among others, the demand for our equipment and services was less than initially estimated, resulting in a low utilization rate in the last quarter, since we purchased over the year part of the equipment necessary to supply them.

Hence, we lowered the investment level in this division in 4Q10, when R$ 8.5 million was invested, compared to the average of R$ 21.9 million per quarter in the first nine months in the year. We estimate investments of R$ 39.9 million in rental equipment in 2011, compared to R$ 74.3 million realized in 2010 and R$ 22.1 million in 2009.

Therefore, we are ready to respond to the huge volume of new infrastructure projects that will begin in 2011, which include the following constructions already contracted: *BRT Transoeste* highway, subway line 4, Petrobras refinery in Rio de Janeiro, five stadiums for the 2014 World Cup, Vale's projects in Pará, the *monotrilho* (overground railway) and the Marginal Tiete cable-stayed bridge in São Paulo and sanitation projects nationwide. Besides these constructions, we are negotiating our participation in the construction of the *BRT Transcarioca* and *Transolímpica* highways and *Porto Maravilha* in Rio de Janeiro, the subway and *rodoanel* (east bound beltway) in São Paulo, and the *Oeste-Leste* and *Norte-Sul* (southern stretch) railways, among others.

We expect a gradual improvement in the market in early 2011, with a strong recovery in 2H11. Since we have several partners making our equipment, we have the flexibility to adjust our capex plan according to the bidding schedules and the expected start-ups of the infrastructure constructions.

The number of existing contracts in the last quarter was 253, against an average of 238 in 2010, due to our efforts to rent our equipment to smaller construction jobs to minimize the effect of the delays of the large strategic constructions projects. Our top ten clients, through various consortiums and projects, represented 50.2% of the gross revenue from this division in 2010.

The main projects served by the Heavy Construction division in 2010 were:

- South and Southeastern regions: *Via Amarela* subway and *Cosipa* in São Paulo; new Petrobras research center (new *CENPES*) and *Porto do Açu* (port) in Rio de Janeiro; *Presidente Getúlio Vargas* refinery (REPAR) in Paraná.

- Midwest, North and Northeast regions: *Barro Alto* and *Salobo* mines; *Estreito, Jirau* and *Santo Antonio* hydroelectric power plants; *Sistema de Abastecimento de Água PIRAPAMA* (water supply); *Transnordestina* and *Norte-Sul* railways.

From the projects above, the *Estreito, Jirau* and *Santo Antonio* hydroelectric powerplants and the *Transnordestina* railway are going to continue generating revenues in 2011.

In 2010 there was a small COGS increase, excluding depreciation, driven by the increase in the cost of sales. There was a reduction in job execution costs, driven by the 62.2% decline in the cost of equipment rented from third parties. In 4Q10, COGS decreased in line with the retraction in revenue, that is, despite the decline in demand, we maintained the division's gross margin.

There was yoy expansion in SG&A, contributing to the reduction of the division's EBITDA margin. The SG&A items that most contributed to the expansion were: administrative, contract coordination and equipment storage expenses.

In 2010, EBITDA reached R$ 73.6 million, versus R$ 73.7 million in 2009. In 4Q10, EBITDA totaled R$ 13.3 million, versus R$ 22.3 million in 3Q10 and R$ 20.3 million in 4Q09.

The EBITDA margin was 47.7% in 2010 (versus 50.4% in 2009) and 38.8% in 4Q10 (versus 52.2% in 3Q10).

The ROIC was 24.1% in 2010, versus 32.9% in 2009, and 18.8% in 4Q10, versus 25.5% in 3Q10.

Table 7 – Heavy Construction division's financial indicators

in R$ million	4Q09 (A)	3Q10 (B)	4Q10 (C)	(C)/(B) %	(C)/(A) %	2009 (D)	2010 (E)	(E)/(D) %
Net Revenue								
Rental	33.5	32.7	26.8	-18.1%	-20.0%	125.3	121.8	-2.8%
Technical support services, sales and others	5.9	10.0	7.4	-27.7%	24.2%	20.9	32.4	55.3%
Total Net Revenue	39.4	42.7	34.2	-20.0%	-13.2%	146.2	154.3	5.5%
EBITDA	20.3	22.3	13.3	-40.6%	-34.8%	73.7	73.6	-0.1%
EBITDA Margin (%)	51.6%	52.2%	38.8%			50.4%	47.7%	
ROIC (%)	32.5%	25.5%	18.8%			32.9%	24.1%	
Capex	8.9	25.0	8.5	-65.8%	-3.5%	22.1	74.3	236.1%
Invested Capital[e]	130.7	184.4	200.6	8.7%	53.4%	121.1	171.1	41.3%
Depreciation	4.3	4.5	4.8	7.5%	13.5%	13.3	16.8	26.4%

Jahu Division

In 2010, the net revenue of the residential and commercial business, served by the Jahu division, reached R$ 105.1 million, presenting growth of 69.1% compared to 2009, due to the higher revenues related to equipment rental and sales, contributing 55% and 34% to the increase, respectively. In 4Q10, net revenue reached R$ 32.8 million, a new quarterly record, being 17.6% superior to 3Q10 and 79.5% superior to the same quarter in the previous year (4Q09).

In 2010, 78% of net revenue (vs. 93% in 2009) of this segment was related to equipment rental, while the remaining 22% (vs. 7% in 2009) was related to technical support services, sales of equipment and others.

Between the years of 2009 and 2010, revenues with equipment rental expanded by R$ 23.5 million, or 40.4%, of which the growth of the rented volume contributed R$ 28.8 million and prices and mix of equipment caused a reduction of R$ 5.3 million.

The Southeast region contributed 53% to net revenue growth in 2010 and the Midwest region contributed 29.0%.

The 7.7% qoq increase in the revenues with equipment rental in the Jahu – Residential and Commercial Construction division was driven by the higher volume of equipment available, resulting from investments carried out in 3Q10. The utilization rate has remained above the normal level, with a slight decrease when compared to the previous quarters as a result of the large volume of equipment received in the period.

The average number of existing contracts in 2010 was 3,716. Our top ten clients, through various construction jobs, represented 16.0% of the gross revenue from this division in 2010. This segment is very fragmented and the construction jobs have an average duration of 4.5 months.

In 2010 there was a significant COGS increase driven by the rise in the cost of sales, contributing 63%, and in job execution costs, contributing 23%, excluding depreciation. In 4Q10, the increase in COGS was driven by the increase in the volume of rented equipment and sales.

SG&A expanded 58.7% yoy, mainly explained by our geographic expansion. In 2010, we opened eight new branches: Salvador, Bahia; Recife, Pernambuco; Vitória, Espírito Santo; Goiânia, Goiás; Manaus, Amazonas; Fortaleza, Ceará; Ribeirão Preto and Campinas, both in São Paulo. Contract coordination was the SG&A item that most contributed to this rise.

In 4Q10, SG&A grew 22.9% qoq, mainly due to the opening of seven out of the eight branches opened in 2010.

Usually, when we open a new branch, SG&A expenses start before generation of revenue and grow 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 2010, EBITDA reached R$ 43.9 million, with a 37.8% yoy expansion. In 4Q10, EBITDA amounted to R$ 11.6 million, compared to R$ 11.9 million in 3Q10 and R$ 9.7 million in 4Q09.

The EBITDA margin was 41.7% in 2010 (versus 51.2% in 2009) and 35.5% in 4Q10 (versus 42.8% in 3Q10). Both in the year of 2010 as well as in 4Q10, the EBITDA margin was affected by the higher participation of sales in the revenue mix and by the SG&A expansion driven by the increase in the number of branches in the period.

We invested R$ 104.0 million in 2010, of which R$ 34.5 million in 4Q10, against R$ 15.8 million in 2009. In 2011, R$ 136.4 million will be invested in the Jahu - Residential and Commercial Construction division, most of which to purchase new equipment for the recently launched branches. In addition, we will open three more branches of the Jahu - Residential and Commercial Construction division in 2011, one of which in 1Q11.

In 2011 we aim to consolidate the market position of two products that were launched in 3Q10, Mills Deck Light and the Mast Climbing Platforms. Mills Deck Light is a system of flat slab formwork for the residential and commercial segment, while the Mast Climbing Platforms deliver more speed in the external coating of buildings during construction or refurbishing. Additionally, we plan to expand our revenues with formworks and suspended scaffold rental, as well as to begin to manufacture the aluminum Easy-set formworks in Brazil.

ROIC was 23.5% in 2010, versus 26.9% in 2009, and 22.3% in 4Q10, versus 21.3% in 3Q10.

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

in R$ million	4Q09 (A)	3Q10 (B)	4Q10 (C)	(C)/(B) %	(C)/(A) %	2009 (D)	2010 (E)	(E)/(D) %
Net revenue								
Rental	15.3	21.9	23.6	7.7%	53.9%	58.1	81.6	40.4%
Technical support services, sales and others	2.9	6.0	9.2	56.6%	214.6%	4.0	23.5	482.4%
Total net revenue	18.3	27.9	32.8	17.6%	79.5%	62.2	105.1	69.1%
EBITDA	9.7	11.9	11.6	-2.6%	19.6%	31.8	43.9	37.8%
EBITDA margin (%)	53.3%	42.8%	35.5%			51.2%	41.7%	
ROIC (%)	30.4%	21.3%	22.3%			26.9%	23.5%	
Capex	7.1	33.6	34.5	2.6%	385.9%	15.8	104.0	558.6%
Invested Capital	75.0	123.7	154.1	24.6%	105.5%	70.1	114.7	63.6%
Depreciation	1.1	1.9	2.5	26.5%	124.2%	3.3	6.8	110.4%

In 2010, the Industrial Services division generated revenues of R$ 195.4 million, with a yoy increase of 38.2%. In 4Q10, net revenue reached R$ 56.4 million, being 7.6% higher than 3Q10, positively impacted by the stoppage for preventive maintenance at Braskem, where we carried out maintenance services.

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 2010, services for new plants contributed R$ 56.9 million, or 29% of total revenue, while services with maintenance contributed R$ 138.5 million, or 71% of total revenues.

Between the years of 2009 and 2010, the revenue from equipment rental expanded by R$ 54.0 million, of which services for new plants contributed 13% to the increment and services with maintenance, 87%.

The contribution from the oil & gas sector increased to 47.7% of the division's revenue in 2010, versus 36.2% in 2009, as a result of the new contracts signed regarding the development of the *Petroquímica Suape* (a petrochemical complex) and another for the maintenance of the Alaskan Star platform in the Brasfells shipyard. The oil & gas sector was responsible for 78% of the yoy revenue expansion.

In 2010 we opened two new 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 *Atlantico Sul* shipyard, 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 Petrobras dry dock and several platform modules. In 2011, we will open one new branch for this division.

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 2010, Petrobras contributed approximately 14% to the Industrial Services division’s gross revenue.

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

The top 10 clients represented 56% of the gross revenue from the division in 2010.

In 2010, there was a COGS increase above revenue growth, mainly driven by mobilization and demobilization in some sites. Labor costs contributed 84% to the COGS increase, excluding depreciation, in 2010.

This division is labor intensive, since we use our own workforce to execute the services, as opposed to the Heavy Construction, Jahu – Residential and Commercial Construction, and Rental divisions, in which, in general, it is our clients’ labor force that deals with our rented equipment. At the end of 2010, there were 2,998 employees in this division, representing 69% of Mills’ total employees.

There was a qoq COGS increase below the rate of revenue growth, due to the fact that 3Q10 COGS includes demobilization costs of some projects, and freight and hiring costs to supply a new contract for the construction of a thermal power plant in the Brazilian state of Maranhão.

In 2010 the SG&A rise was driven by the start-up of two new branches. Contract coordination expenses was the SG&A item that presented the highest yoy increase, contributing 76% to the SG&A yoy expansion. Excluding the 3Q10 extraordinary item – a provision reversal of R$ 1.6 million -, the SG&A qoq expansion was small.

In 2010, EBITDA reached R$ 26.1 million, with a 25.5% yoy expansion. In 4Q10, EBITDA amounted to R$ 5.8 million, versus R$ 7.0 million in 3Q10 and R$ 6.3 million in 4Q09.

The EBITDA margin was 13.4% in 2010 (against 14.7% in 2009) and 10.3% in 4Q10 (against 13.4% in 3Q10).

In 2010, we invested R$ 25.0 million, of which R$ 3.6 million in 4Q10. In 2011, we plan to invest R$ 24.8 million in traditional equipment, such as tubular steel structures, to meet the growing market demand, and new aluminum equipment, which, although more expensive, enables productivity gains in the assembling and dismantling of the access structures and should result in personnel cost savings. This item currently represents approximately 80% the costs of this division.

ROIC was 16.0% in 2010, versus 15.0% in 2009, and 14.8% in 4Q10, versus 14.9% in 3Q10.

Table 9 – Industrial Services division's financial indicators

in R$ million	4Q09 (A)	3Q10 (B)	4Q10 (C)	(C)/(B) %	(C)/(A) %	2009 (D)	2010 (E)	(E)/(D) %
Net revenue								
New plants	12.5	16.2	13.6	-16.1%	8.6%	49.9	56.9	13.9%
Maintenance	28.7	36.3	42.8	18.1%	49.3%	91.5	138.5	51.4%
Total net revenue	41.2	52.5	56.4	7.6%	37.0%	141.4	195.4	38.2%
EBITDA	6.3	7.0	5.8	-17.6%	-7.9%	20.8	26.1	25.5%
EBITDA margin (%)	15.3%	13.4%	10.3%			14.7%	13.4%	
ROIC (%)	18.4%	14.9%	14.8%			15.0%	16.0%	
Capex	2.0	6.8	3.6	-47.5%	78.0%	5.4	25.0	360.2%
Invested Capital	62.2	88.3	97.3	10.2%	56.4%	62.0	83.3	34.4%
Depreciation	2.0	2.1	2.2	8.9%	13.9%	6.7	7.8	16.6%

In 2010, the net revenue of the Rental division, which focuses on the rental and sales of motorized access equipment with technical support, totaled R$ 95.1 million, with a yoy increase of 74.8%, due to the higher equipment rental and sales revenues that contributed 83% and 12% to this growth, respectively. In 4Q10, net revenue amounted to R$ 30.8 million, a new quarterly record, with a 19.3% qoq growth and a 96.0% growth compared to the same period in 2009 (4Q09).

As a result of our heavy investments and geographic expansion plan, we became market leader in motorized access equipment rental in Brazil in 2010.

In 2010, 89% (vs. 94% in 2009) of the net revenue of this segment was related to equipment rental, while the remaining 11% (vs. 6% in 2009) was related to sales of equipment and technical support services.

Between the years of 2009 and 2010, equipment rental revenues expanded by R$ 33.8 million, or 66.2%, to which a higher rented volume contributed R$ 42.5 million, while prices and mix of equipment caused a reduction of R$ 8.7 million.

The Southeast region contributed 52% to the yoy revenue increase and the Northeast region contributed 24%.

In 2010, we opened five new branches in the Southeast region – Campinas, São José dos Campos and Ribeirão Preto (in the state of São Paulo), Vitória (in the state of Espírito Santo) and Uberlândia (in the state of Minas Gerais); two in the Northeast region – Recife (in the state of Pernambuco) and Fortaleza (in the state of Ceará); two in the South region – Porto Alegre (in the state of Rio Grande do Sul) and Curitiba (in the state of Paraná); and one in the North region – Parauapebas (in the state of Pará).

Equipment rental revenues in this division had a qoq increase of R$ 1.8 million. The utilization rate remained at a normal level, with a slight increase over the previous quarter, despite the high number of returned machines in December due to vacation shutdown periods, mainly in the industrial sector. In 4Q10, sales were four times higher than the previous quarter.

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 types of constructions, small, medium and large, and in maintenance services in industrial plants.

In 2010, there was a significant COGS increase, due to the rise in job execution costs, responsible for 73%, and in cost of sales, contributing 25%, excluding depreciation. In 4Q10, there was a qoq COGS expansion, due to the cost of sales.

The SG&A increased 57.1% yoy, mostly impacted by our geographic expansion, since we opened ten new branches in 2010, ending the year with 14 branches. The SG&A item that most contributed to this increment was contract coordination. In 4Q10, SG&A grew 48.6% qoq, mainly due to the opening of four new branches in the period.

We will continue with our geographic expansion, because, in this business location is a critical factor for the competitiveness of the equipment rental process. As contracts have a lower duration, with an average term of three months, the freight cost is more representative in the overall rental cost for the client. We plan to open five new branches in 2011, three of which in 1Q11.

In 2010, EBITDA reached R$ 51.0 million, with a 62.6% yoy increase. In 4Q10, EBITDA totaled R$ 14.7 million, versus R$ 14.6 million in 3Q10 and R$ 9.2 million in 4Q09.

The EBITDA margin was 53.6% in 2010 (against 57.6% in 2009) and 47.6% in 4Q10 (versus 56.6% in the 3Q10). Both in 2010 and in 4Q10, the EBITDA margin was affected by higher sales participation in the revenue mix and by SG&A expansion, driven by the increase in the number of branches in the period.

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. We invested R$ 130.6 million in 2010, of which R$ 25.0 million in 4Q10, against R$ 30.1 million in 2009. In 2011, the Rental division will demand R$ 128.9 million in investments.

In 3Q10, we signed contracts to guarantee the supply of aerial platforms and telescopic handlers up to the end of 2011. The purchase was made in US dollars and the cash disbursements 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 disbursements. From 2011 onwards, the hedging result will be directly reflected in our asset base and will not carry forward to the income statement through the financial results.

ROIC was 19.2% in 2010, versus 21.4% in 2009, and 18.7% in 4Q10, versus 17.3% in 3Q10.

Table 10 – Rental division's financial indicators

in R$ million	4Q09 (A)	3Q10 (B)	4Q10 (C)	(C)/(B) %	(C)/(A) %	2009 (D)	2010 (E)	(E)/(D) %
Net revenue								
Rental	15.1	23.9	25.7	7.7%	70.0%	51.1	84.9	66.2%
Technical support services, sales and others	0.6	1.9	5.1	168.7%	797.7%	3.3	10.1	219.0%
Total net revenue	15.7	25.8	30.8	19.3%	96.0%	54.4	95.1	74.8%
EBITDA	9.2	14.6	14.7	0.3%	59.2%	31.3	51.0	62.6%
EBITDA margin (%)	58.6%	56.6%	47.6%			57.6%	53.6%	
ROIC (%)	20.5%	17.3%	18.7%			21.4%	19.2%	
Capex	3.4	52.5	25.0	-52.5%	641.2%	30.1	130.6	334.6%
Invested Capital	82.8	154.5	187.8	21.6%	126.8%	70.3	134.1	90.8%
Depreciation	2.8	4.5	5.0	12.4%	79.7%	8.6	15.6	81.6%

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, when 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. It 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 Invested Capital, 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 at the end of the period. It is calculated by 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).

INCOME STATEMENT

In R$ million	4Q09	3Q10	4Q10	2009	2010
Net revenue from sales and services	**114.6**	**148.9**	**154.2**	**404.2**	**549.9**
Cost of products sold and services rendered	(51.0)	(70.5)	(76.5)	(169.6)	(254.8)
Gross profit	**63.6**	**78.4**	**77.7**	**234.6**	**295.1**
Operating expenses					
General and administrative	(28.2)	(35.5)	(46.9)	(108.8)	(147.6)
Operating profit before financial result	**35.4**	**42.9**	**30.8**	**125.8**	**147.5**
Financial result					
Financial expense	(6.5)	(7.2)	(4.4)	(25.3)	(24.3)
Financial income	0.3	7.1	4.8	0.9	18.7
Profit before taxation	**29.2**	**42.8**	**31.3**	**101.4**	**141.8**
Income tax and social contribution expenses	(9.5)	(14.4)	(1.2)	(33.0)	(38.5)
Net income	**19.8**	**28.5**	**30.1**	**68.4**	**103.3**
Number of shares at the end of the period (in thousands)	87,421	124,611	125,495	87,421	125,495
Net income per thousand shares at the end of the period - R$	0.23	0.23	0.24	0.78	0.82

Mills

BALANCE SHEET

in R$ million	4Q09	3Q10	4Q10
Assets			
Current assets			
Cash and cash equivalents	1.6	196.9	6.2
Marketable securities	-	-	136.1
Accounts receivable	71.5	107.1	122.1
Inventories	1.4	3.9	5.6
Taxes recoverable	25.7	20.3	26.2
Prepaid expenses	0.2	0.9	0.3
Prepaid suppliers	-	8.3	-
Others assets	4.1	2.5	11.3
Total Current assets	104.5	339.9	307.9
Non-current assets			
Long-term assets			
Accounts receivable	4.4	4.0	3.8
Taxes recoverable	0.2	4.4	3.9
Deferred taxes	10.0	13.2	8.1
Judicial deposits	6.0	6.4	7.3
Total long-term assets	20.6	28.0	23.1
Permanent assets			
Property, plant and equipment	276.0	495.8	551.2
Intangible assets	39.3	39.6	41.9
Total permanent assets	315.3	535.4	593.1
Total non-current assets	335.8	563.4	616.2
Total assets	**440.3**	**903.3**	**924.1**

in R$ million	4Q09	3Q10	4Q10
Liabilities			
Current assets			
Suppliers	11.7	28.6	32.7
Loans and financing	56.8	46.0	46.7
Salaries and social charges	14.7	26.2	21.3
Income tax and social contribution	0.1	3.2	-
Tax recovery program (REFIS)	0.8	0.7	0.7
Taxes payable	4.0	4.4	4.4
Profit sharing payable	13.8	10.9	17.5
Proposed dividends	16.2	-	28.1
Other liabilities	1.3	7.4	9.4
Total current liabilities	119.4	127.3	160.8
Non-current assets			
Loans and financing	127.1	96.5	85.9
Provision for contingency	8.5	9.1	11.1
Taxes payable	0.4	0.3	-
Deferred taxes	-	5.0	-
Tax recovery program (REFIS)	11.0	9.8	10.0
Accounts payable - stock option plan	0.6	-	-
Other liabilities	0.6	0.9	1.0
Total non-current assets	148.2	121.6	108.2
Total liabilities	267.7	248.9	268.9
Stockholders' equity			
Capital	80.7	523.5	525.1
Revenue reserves	86.2	70.0	145.2
Capital reserves	-	(8.1)	(8.2)
Carrying value adjustments	5.7	(4.2)	(7.0)
Accumulated results	-	73.2	-
Total stockholders' equity	172.6	654.4	655.2
Total liabilities and stockholders' equity	**440.3**	**903.3**	**924.1**

Mills

CASH FLOW

in R$ million	4Q09	4Q10	2009	2010
Cash flow from operating activities				
Net earnings	**29.2**	**31.3**	**101.4**	**141.8**
Adjustments				
Depreciation and amortization	10.1	14.5	31.9	47.1
Provision for contingencies	0.2	0.8	1.3	1.4
Provision for expense with share options	1.1	0.3	4.1	0.6
Residual value of write-off property and equipment and intangible assets	-	(0.0)	-	-
Tax recovery program (law 11,941/2009)	-	0.3	-	(1.0)
Profit sharing	6.1	6.6	13.8	17.5
Marketable Securities income	-	(2.5)	-	(4.8)
Interest, monetary and exchange rate var on loans, contingencies and escrow deposits	2.9	5.9	21.0	22.0
Gain on disposal of non current assets and intangible write-off	(0.9)	(3.8)	(3.9)	(13.8)
Deffered Income tax and social contribution	-	(0.0)	-	-
	19.6	**22.1**	**68.1**	**68.9**
Changes in assets and liabilities				
Accounts receivable	(0.2)	(14.8)	(18.9)	(50.0)
Inventories	(0.1)	(1.7)	(0.9)	(4.2)
Taxes recoverable	(9.0)	4.1	(9.4)	10.6
Prepaid expenses	(0.0)	0.0	-	-
Judicial deposits	(0.7)	(1.0)	(0.2)	(1.4)
Prepaid suppliers	-	-	-	-
Others assets	(0.9)	(0.0)	(1.5)	(7.4)
Suppliers	(0.9)	4.1	(1.9)	21.0
Salaries and social charges	(3.3)	(4.9)	1.5	6.5
Income tax and social contribution	-	-	-	-
Tax recovery program (law 11,941/2009)	-	-	-	-
Taxes payable	(2.1)	(0.3)	0.8	(0.8)
Profit sharing payable	-	-	-	-
Provision for contingencies	-	-	-	-
Other liabilities	6.8	(0.5)	6.6	1.6
	(10.5)	**(14.9)**	**(23.8)**	**(24.1)**
Cash from operations	**38.3**	**38.5**	**145.7**	**186.7**
Profit sharing paid	(0.0)	-	(8.5)	(13.8)
Interest paid	(6.8)	(5.5)	(19.2)	(19.3)
Income tax and social contribution paid	(7.3)	(8.7)	(28.3)	(31.9)
Net cash provided by operating activities	**24.2**	**24.3**	**89.7**	**121.6**
Cash flow from investing activities				
Acquisition of property and equipment and intangible assets	(22.7)	(80.0)	(76.4)	(348.5)
PIS and COFINS tax credits from acquisition of rental equipments	-	(0.0)	-	-
Asset write-off	-	-	-	-
Marketable securities	-	58.5	-	(131.3)
Revenue from sale of non current and intangible assets	1.0	6.5	4.8	18.0
Cash from used in financing activities	**(21.7)**	**(14.9)**	**(71.5)**	**(461.8)**
Cash flow from investing activities				

Capital subscription	0.1	1.7	0.1	428.2
Dividend paid and Interest attributed to shareholders	-	-	(7.5)	(15.5)
Share issuance cost	-	(0.4)	-	(15.1)
Amortization of loans	(15.1)	(10.7)	(42.9)	(99.5)
New loans	5.8	1.5	31.9	46.6
Net cash provided (used in) financing activities	**(9.2)**	**(7.9)**	**(18.4)**	**344.8**
Increase in cash and cash equivalents	**(6.8)**	**1.4**	**(0.2)**	**4.6**
Cash and cash equivalents at the beginning of the period	**8.3**	**4.8**	**1.8**	**1.6**
Cash and cash equivalents at the end of the period	**1.6**	**6.2**	**1.6**	**6.2**

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).