4Q16 and 2016 Earnings Release

BM&FBOVESPA: MILS3

Teleconference and Webcast

Date: March 15, 2017, Wednesday

Time: 12:00 (Brasilia time)

Teleconference:

+55 11 3193-1001 or
+55 11 2820-4001,
Code: Mills

Replay: +55 11 3193-1012 or +55 11 2820-4012, code: 4694806# or www.mills.com.br/ri

Webcast:
www.mills.com.br/ri

The financial and operational information contained in this press release, except as otherwise indicated, is in accordance with the accounting policies adopted in Brazil, which are in compliance with the International Financial Reporting Standards - IFRS.

Mills

4Q16 and 2016 Earnings Release

Rio de Janeiro, March 14, 2017- Mills Estruturas e Serviços de Engenharia S.A. (Mills) announces its results for the fourth quarter (4Q16) and the year of 2016.

The performance of the fourth quarter and the year of 2016 illustrates that the Brazilian recession continued to negatively impact our results. In 2016, the Company carried out several initiatives to reduce costs and expenses to adapt its structure to this new reality. In 2017, we will implement structuring initiatives in the top line, with implementation of the new commercial strategy and, in the bottom line, through the strengthening of our management model and rationalization of branches and equipment, seeking the resumption of profitability.

The main highlights were:

- Search for cash preservation: in 4Q16, Mills recorded an increase of R$8.1 million in cash. Adjusted free cash flow to the firm[2] was positive in R$10.0 million in 4Q16, accumulating R$146.4 million in 2016.
- Net revenue of R$75.0 million in 4Q16, 12.9% lower than the previous quarter. In 2016, total net revenue was R$396.6 million, rental revenue accounted for 78.7% of the total.
- EBITDA, excluding non-recurring items[1], was negative R$3.5 million in the quarter. In 2016, EBITDA, excluding non-recurring items[1], totaled R$57.8 million with an EBITDA margin of 14.6%.
- Total investment in 2016 was R$5.5 million, of which R$1.9 million was in rental equipment and R$3.6 million in use goods.

In R$ million	4Q15 (A)	3Q16 (B)	4Q16 (C)	2015 (D)	2016 (E)	(C)/(A)	(C)/(B)	(E)/(D)
Net Revenue	127.9	86.1	75.0	576.1	396.6	-41.3%	-12.9%	-31.2%
EBITDA CVM	-30.1	11.2	-12.9	104.1	40.9	-56.9%	-215.5%	-60.7%
EBITDA CVM margin (%)	-23.5%	13.0%	-17.3%	18.1%	10.3%			
EBITDA ex. non-recurring items	33.1	11.4	-3.5	186.7	57.8	-110.7%	-131.1%	-69.0%
EBITDA margin ex. non-recurring items (%)	25.9%	13.2%	-4.7%	32.4%	14.6%			
Net (Loss) Earnings	-57.9	-22.2	-38.5	-97.8	-99.4	-33.6%	73.3%	1.6%
ROIC LTM (%) ex.impairment	-0.3%	-4.2%	-6,6%	-0.3%	-6,6%			
Adjusted Operational Cash Flow[2]	41.2	28.8	12.3	202.1	130.7	-70.0%	-57.2%	-35.3%
Adjusted Free Cash Flow to the Firm[2]	38.5	49.6	10.0	195.7	146.4	-74.1%	-79.8%	-25.2%
Capex (Accural regime)	2.6	0.4	2.4	28.2	5.5	-10.7%	445.8%	-80.4%

[1]Restructuring expenses, such as closing branches and liabilities of Industrial Services business unit, sold in 2013.
[2] For the adjusted operating cash flow, the interest related to debentures and Finame, investment in rental equipment and interest and monetary variations in net assets and liabilities are not included. For the adjusted free cash flow to the firm, the interest related to debentures and Finame, and interest and monetary variations in net assets and liabilities are not included.

Message from the CEO

As a result of the economic slowdown and the political uncertainties, we already expected that 2016 would be a challenging year with several obstacles, directly impacting our prices and rented volume.

Searching for opportunities in times of crisis presented some accomplishnments over the year. Some of which can be highlighted bellow:

- ✓ Capital increase, in April, with subscription and payment at its maximum value of R$125 million, positively impacting the cash balance and strengthening the Company's capital structure and its levels of liquidity;
- ✓ Strengthening of our management with the hiring of Gustavo Zeno as the Financial Administrative and Investor Relations Officer of the Company in April and of Fernanda Copeman as People and Management Executive;
- ✓ Implementation of the project internally referred to as *MAPA* in the Construction business unit, focused on improving our productivity in operations and equipment maintenance;
- ✓ We are introducing a new management model, focused on processes, management rituals and meritocracy;
- ✓ Better allocation of invested capital, through the reduction of our PP&E and consequent rationalization of branches;
- ✓ With the objective of reducing delinquency, in November, a new credit and collection policy was approved;
- ✓ Development our multi annual strategic planning, which brought several important developments to Mills, such as using a consultative approach, focused on solutions and less based on our product portfolio;

In January, 2017 we hired Daniel Brugioni as the Commercial and Marketing executive and created the *Business* Intelligence department, important measures for the deployment of the new commercial strategy.

For 2017, we will focus on our commercial strategy, with increased coverage and recovery of prices among other actions. Cash preservation and the resumption of profitability will continue being priorities for the Company. With these measures we believe we are more ready to face the year of 2017.

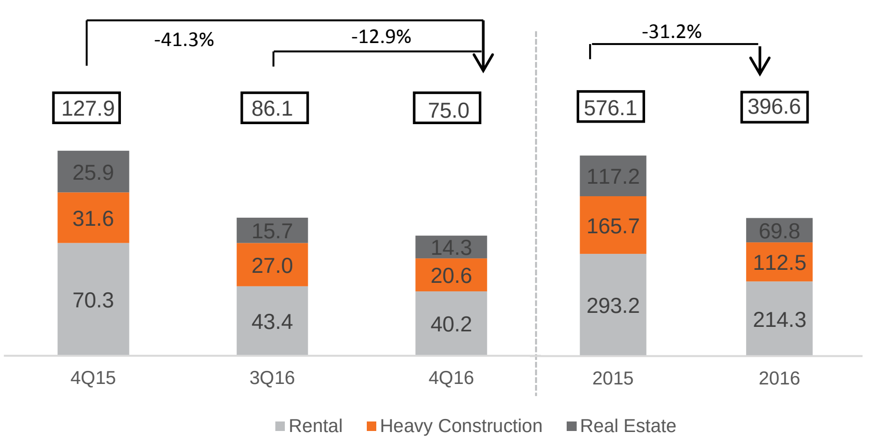
Finally, we thank our employees for the dedication and commitment, the support of our customers, suppliers, shareholders, board members and other publics and partners.

Sergio Kariya, Mills' CEO

Revenue

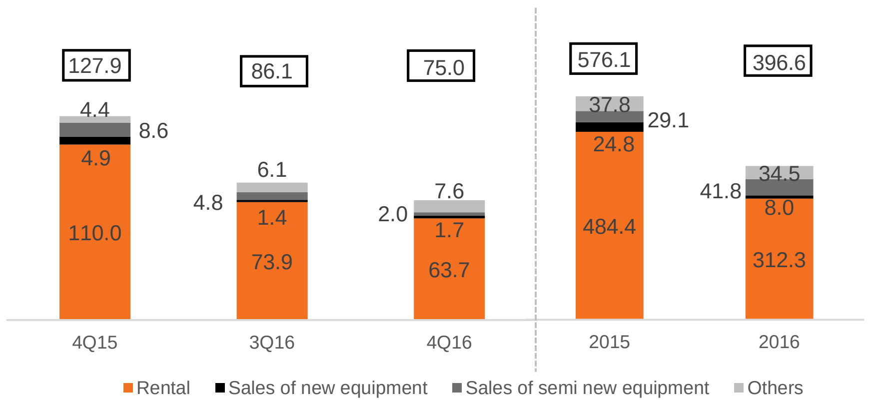
In 4Q16, net revenue was R$75.0 million compared to R$86.1 million registered in 3Q16. The decrease between quarters was mainly due to rental revenue, which fell 13.7% in the period. In 2016, Mills' net revenue reached R$396.6 million, a decrease of 31.2% compared to the previous year. The decrease in rental revenue was a reflection of the lower utilization rate and lower price practiced in both business units. The decrease in rental volume accounted for 53.9% of the reduction in rental revenue, while the price/mix of equipment accounted for 46.1%.

Per Business Unit
R$ million



- 54.0% of the Company's net revenue in 2016 derived from Rental business unit.
- We are implementing structuring initiatives in Rental focused on the non-construction market and the greater penetration of this segment. Therefore, we believe that this business unit will be the first to present better revenues.

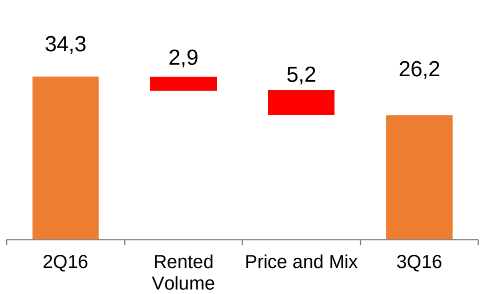
Per Type
R$ million



- Revenue from sales of semi new equipment had an annual increase of 43.8%.
- In 2016, due to liquidity, 227 Rental equipments were sold, of which 209 went to a specific contract closed in the second half of 2015 before the capital increase.

Evolution of the Revenue
R$ million

Construction

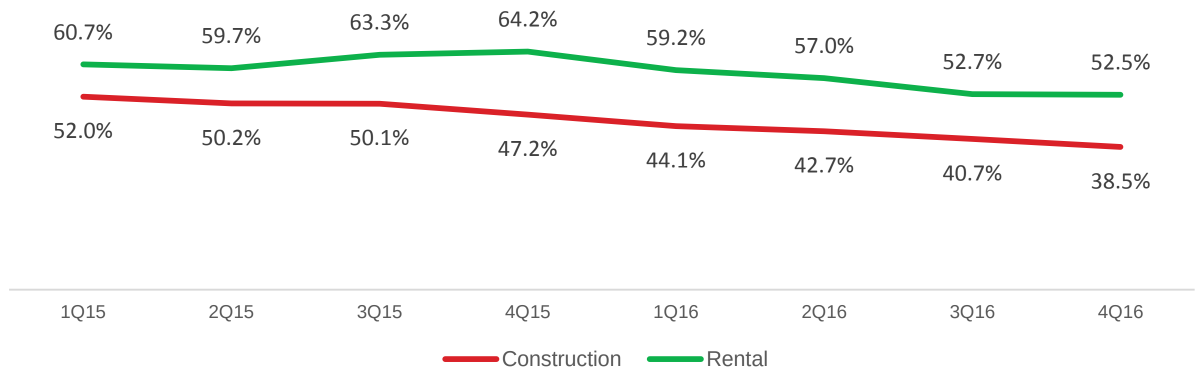


Rental

Revenue (continuation)

The utilization rate (UR), the ratio between the amount of rented equipment and the amount of equipment in the last twelve months (LTM), was equal to 41.5% in Construction and 55.1% in Rental. In this quarter, UR was 38.5% in Construction and 52.5% in Rental.

Quarterly Evolution of the Utilization Rate (volume)



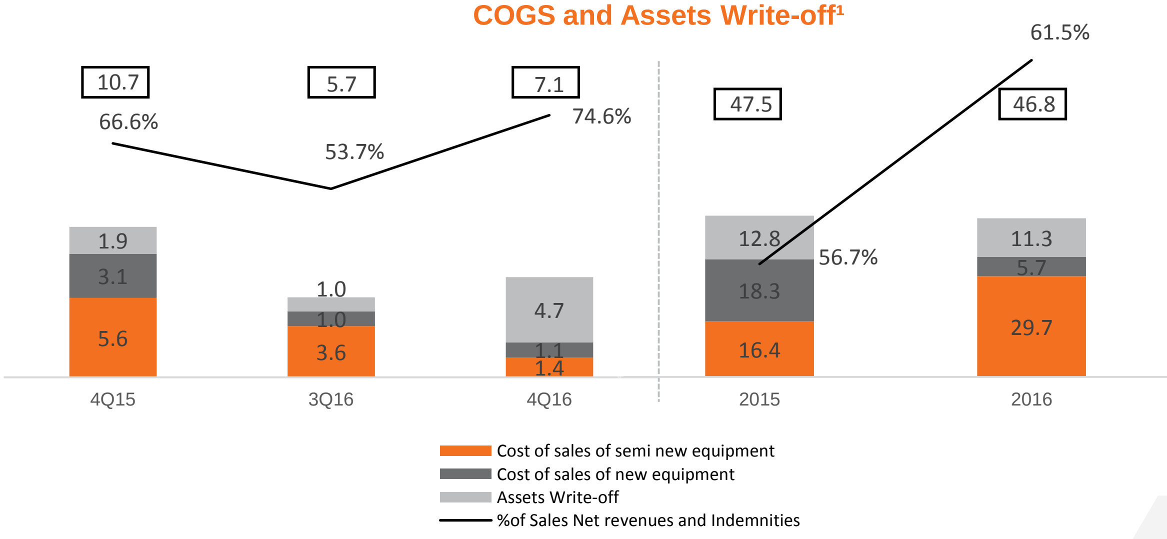
Costs

Cost of Goods Sold (COGS), excluding depreciation, totaled R$38.8 milion in 4Q16. In 2016, COGS totaled R$171.4 million, a decrease of 10.7% compared to the previous year. This reduction was due to lower construction and warehousing costs, with lower personnel and material costs, reflecting the fall in activity and job reduction in the operating area. In December of 2016, we had 842 employees allocated to these items, 32.2% fewer employees than in the same period of the previous year. The Company is constantly seeking to increase productivity and efficiency in its operations, and through the *MAPA* project, it can already see an increase in the quality of the maintenance of the Construction equipment, with a consumption of the most efficient inputs and better monitoring of the indicators. The *MAPA* project will be finalized in the Construction business unit at the end of February of this year, and in the course of 2017 we will extend this initiative to the Rental unit.

COGS Opening

R$ million

COGS and Assets Write-off[1]

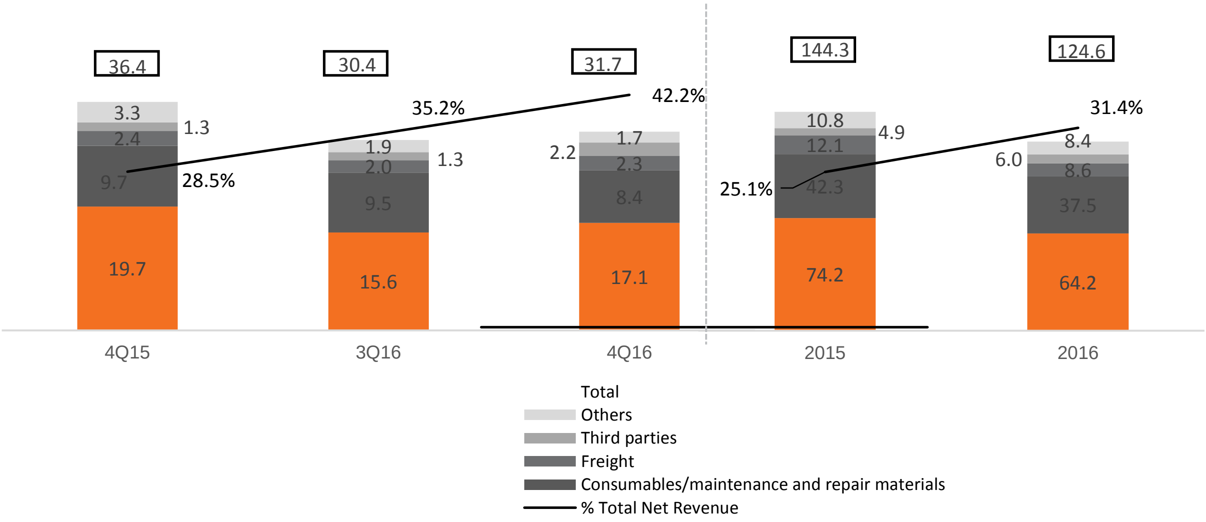


[1] The cost of sale of new equipment is tied to the sale of new equipment revenue. The cost of sale of semi new equipment is tied to the sales revenue of semi new equipment and is equivalent to the write-off of these assets (residual cost) .The cost the asset write-off is linked to Indemnities revenue, this value is the cost of the asset we write off.

Costs (continuation)

COGS Opening
R$ million

Job Execution and Warehouse

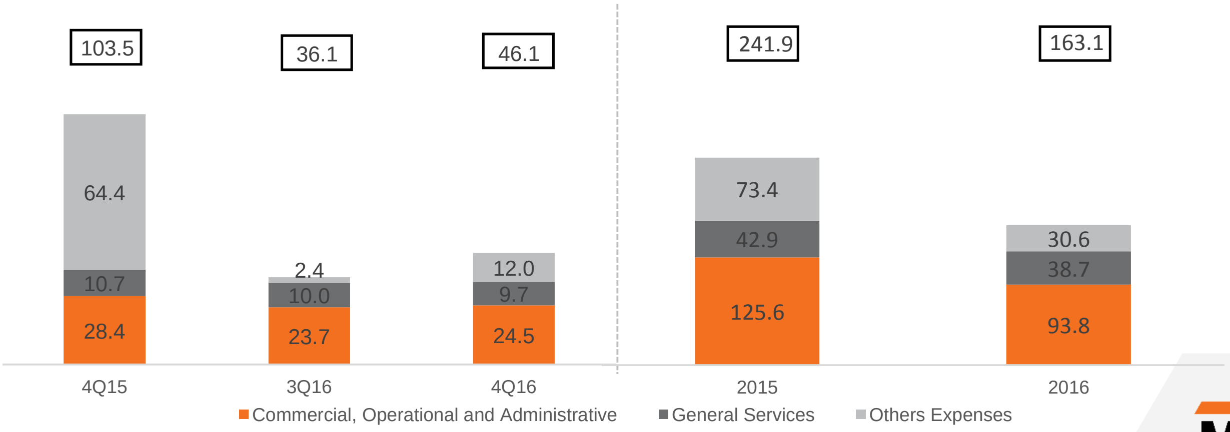


Expenses

General and administrative expenses, excluding the ADD, increased by R$10 million related to the previous quarter (3Q16). The most significant points for this variation were the non-recurring and restructuring expenses that are occurring due to the demobilization of some branches and the change of the branch in Osasco.

Due to the actions taken to reduce our SG&A expenses, mainly in the second half of 2015 (2H15), we had a reduction of R$36.0 million between years, disregarding allocated to other expenses such as impairment, stock option plan, labor provisions of both years. The consolidation of some directories with the consequent reduction of our executive, commercial and administrative body, positively impacted the result by R$26.6 million. Expenses allocated to the General Services group, which mainly relate to leasing, fees, security and cleaning expenses, decreased by R$ 4.2 million between years, due to the closing of the branches and the renegotiation of some contracts.

SG&A excluding ADD
R$ million



Non-recurring items

During 2016, we registered R$16.9 million in non-recurring expenses. These expenses were due to the demobilization of some branches and liabilities of the Industrial Services business unit, sold in 2013. In this quarter, we registered R$9.4 million, of which: (i) R$3.7 million related to the sale of scrap, equivalent to 2,3 thousand tons of equipment; (ii) R$1.4 million related to the restructuring and demobilization of branches; (iii) R$3.9 million related to the impairment of improvements in Osasco, Campinas and Ribeirão Preto; and (iv) R$0.4 million related to expenses of the Industrial Services business unit sold in 2013.

In 2015, an impairment of R$57.1 million was registered, in which R$30.9 million in Construction and R$26.2 million in the investment in Rohr. In 2016, the Company performed all necessary tests, but it was not necessary to establish impairment in any of the cash generating units. In 2015, R$25.6 million of non-recurring expenses were recorded, of which R$6.0 million in 4Q15.

In 2016, the Company began to classify the investment in Rohr as a financial asset available for sale, submitted, therefore, to the fair value valuation. The adjustment to fair value is recognized as equity valuation adjustment within shareholders' equity and the net effect shown in the Comprehensive Income Statement, in the financial statements.

During 2016, the Company reviewed the fair value of the financial instrument related to investment in Rohr through an internal study. The fair value of this asset was determined based on economic projections, through the income approach, through the projection of discounted cash flow for a period of ten years for the purpose of rationalizing the book value, bearing in mind the long maturity of investments in infrastructure and civil construction. The respective flows are discounted by the average discount rate, obtained through a methodology usually applied by the market, taking into account the weighted average cost of capital (WACC). Based on this study, administration estimates that the fair value of the investment in Rohr on December 31, 2016 is R$75.1 million (R$61.2 million on December 31, 2015). The fair value variation, of R$13.9 million, less deferred income tax and social contribution of R$4.8 million, was registered in the Company's Shareholders' Equity as an asset valuation adjustment (R$9.1 million).

Delinquency and Allowance for Doubtful Debts (ADD)

In 4Q16, ADD totaled R$3.1 million, equivalent to 4.1% of net revenue. In 2016, the expense of acumulated ADD totaled R$21.2 million, 5.3% of net revenue, against 6.6% of net revenue registered in the previous year. An adverse economic scenario impacts entire construction market, inclusive our clients. In December 2016, has been implanted the new credit and billing politics, where a rating of the clients was elaborated based on their payment behavior and their profile in credit bureau. Customer credit is stipulated based on this rating, with this we expect to gradually reduce the Company's default. One of the other initiatives to reduce the risk of delinquency is the use of credit cards for some transactions. It is already in the test phase and we hope to launch in March of this year for the sale of parts and services in the Rental business unit. In 2017 we will intensify our initiatives to recover credits, update customer records and identify the causes of delinquency.

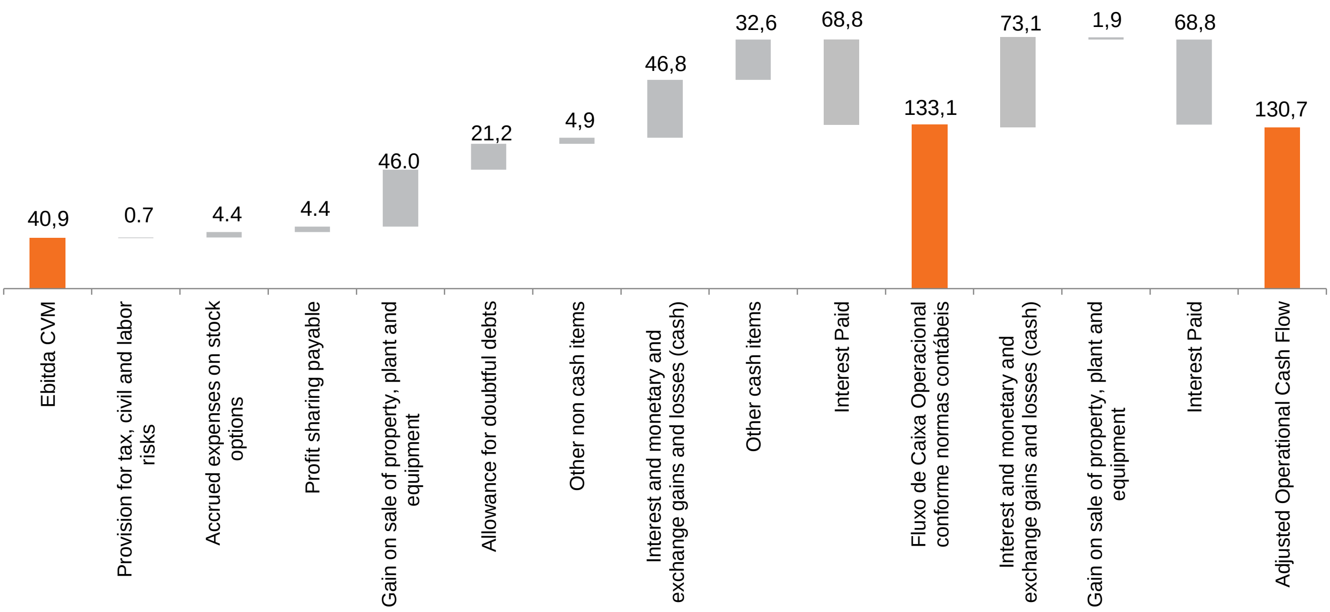
Delinquency and Allowance for Doubtful Debts (ADD) (continuation)

in R$ million	4Q15 (A)	3Q16 (B)	4Q16 (C)	2015 (D)	2016 (E)	(C)/(A)	(C)/(B)	(E)/(D)
ADD								
Total ADD	**7.4**	**2.8**	**3.1**	**38.2**	**21.2**	**-58.7%**	**9.9%**	-44.5%
% Net Revenue	**5.8%**	**3.2%**	**4.1%**	**6.6%**	**5.3%**			
Heavy Construction	5.1	-1.0	2.3	19.7	8.7	-55.5%	-333.2%	-56.1%
% Net Revenue	16.1%	-3.6%	11.0%	11.9%	7.7%			
Real Estate	1,5	-0.5	-0.7	5.9	1.1	-147.4%	41.1%	-81.9%
% Net Revenue	5.8%	-3.2%	-5.0%	5.0%	1.5%			
Rental	0.8	4.3	1.5	12.8	11.6	86.3%	-63.9%	-9.5%
% Net Revenue	1.2%	9.9%	3.8%	4.4%	5.4%			
Others	0.0	0.0	0.0	- 0.2	- 0.1			
Default								
Total Past Due	**155.4**	**157.0**	**156.1**	**155.4**	**156.1**	**0.5%**	**-0.6%**	**0.5%**
Past due between 1 and 60 days	28.5	21.4	16.9	28.5	16.9	-40.9%	-21.3%	-40.9%
Past due between 61 and 120 days	12.9	10.8	11.7	12.9	11.7	-9.1%	8.4%	-9.1%
Past due above 120 days	113.9	124.7	127.5	113.9	127.5	11.9%	2.2%	11.9%
Write-off	0.6	7.2	0.7	1.5	10.9	14.0%	-90.3%	627.2%

EBITDA

The operation cash generation, measured by EBITDA, totaled R$40.9 million with a margin of 10.3% on the year accumulated. In 4Q16, EBITDA was negative in R$12.9 million. Excluding non-recurring items of R$16.9 million during the year and R$9.4 in 4Q16, adjusted EBITDA would be of R$57.8 with a margin of 14.6% and -R$3.5 million with a margin of -4.7%, respectively.

EBITDA Reconciliation with the Operational Cash Flow[1]
R$ million



[1] For the adjusted operational cash flow, the interest related to debentures and Finame, investment in rental equipment and interest and monetary variations in net assets and liabilities are not included.

Financial Result

The financial result was negative in R$1.6 million, na improvement of 67.5% compared to 3Q16. In 2016, the financial result was negative in R$26.3 million, an decrease of R$36.8 million related to the previous year. In 2016, we amortized R$174.0 million of principal and the Company's financial revenue was higher than the previous year due to the greater cash on hand according to the capital increase.

In R$ million	4Q15 (A)	3Q16 (B)	4Q16 (C)	2015 (D)	2016 (E)	(C)/(A)	(C)/(B)	(E)/(D)
Net Financial Result	**-13.5**	**-4.8**	**-1.6**	**-63,1**	**-26,3**	**-88,3%**	**-67,5%**	**-58,4%**
Financial Revenue	13.5	14.1	14.4	36,9	55,5	6,8%	2,1%	50,5%
Financial Expenses	-26.9	-18.9	-15.9	-100,1	-81,8	-40,8%	-15,7%	-18,2%

Net Earnings

In this quarter, the Company recorded a loss of R$38.5 million against a loss of R$22.2 million in 3Q16. In 2016, the net loss was of R$99.4 million.

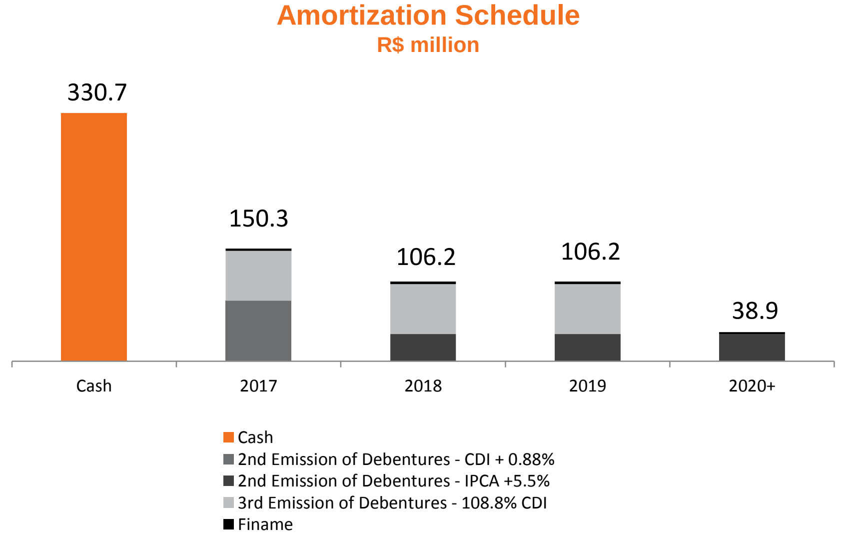
Debt and Indebtedness Indicators

Mills' total debt in 2016 was of R$ 450.1 million.

The Company remains generating cash (before payment of interests and principal), ending 4Q16 with R$ 330.7 million in cash and financial applications. We ended this quarter with a net debt of R$119.4 million.

Therefore, net debt/LTM adjusted EBITDA was of 2.1x at the end of December, 2016. The LTM adjusted EBITDA / financial result was equal to 2.2x.

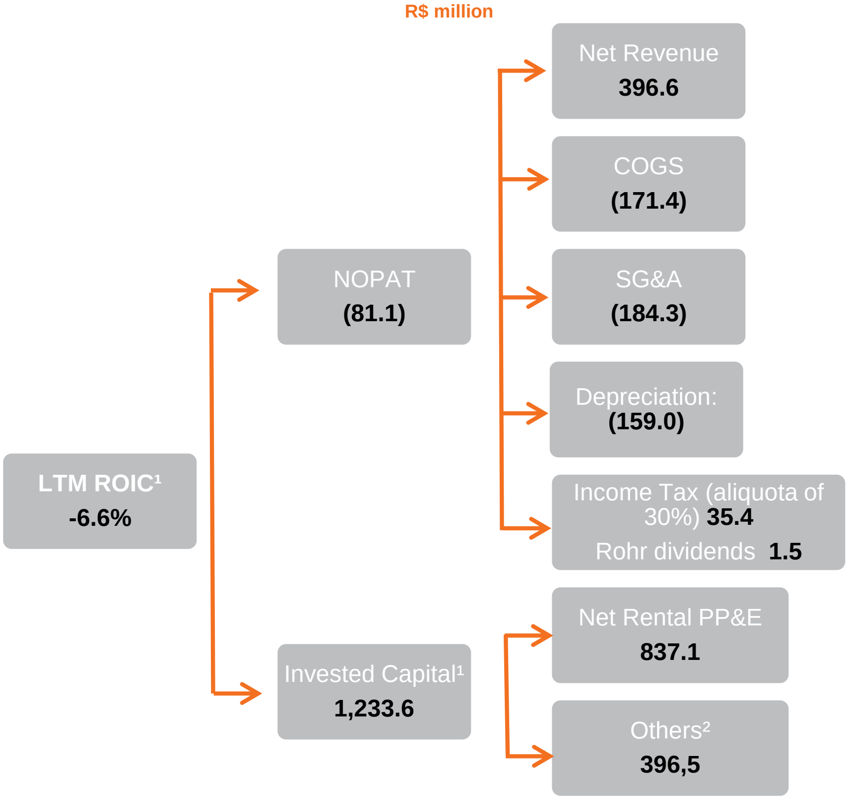
The Company has no foreign currency debt and average maturity of 2.5 years. Short-term debt at the end of the quarter amounted 35.5% of the total amount. The total average cost of debt was of CDI+0.28%. The chart below shows the amortization schedule for the principal debt.



ROIC

ROIC LTM, was negative in 6.6% in 4Q16, compared to 2.9% negative in 4Q15. Between years, the average invested capital reduced 18.1% and NOPAT in 182.9%.

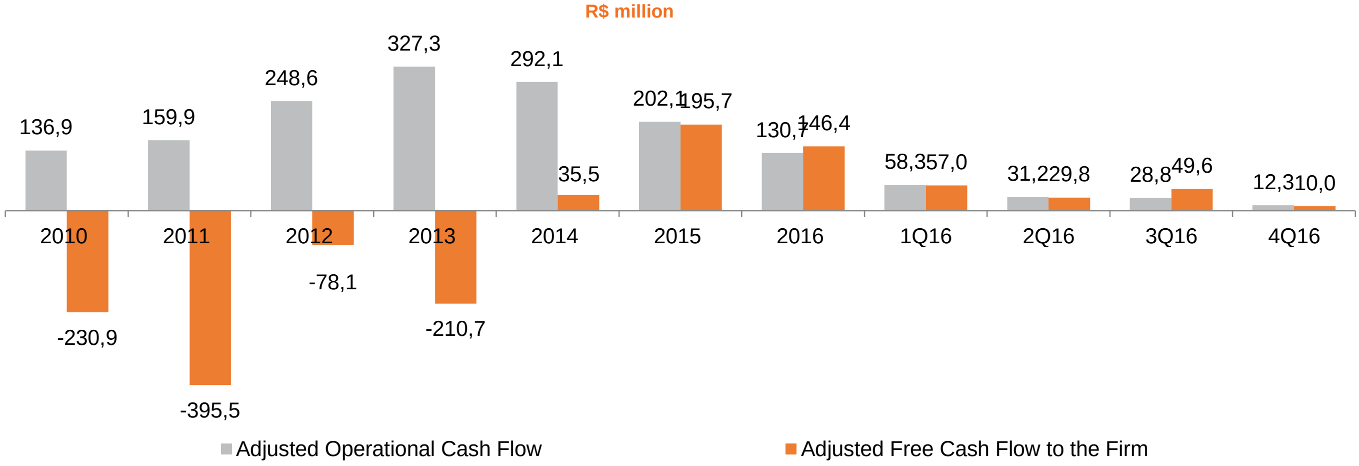
ROIC Decomposition
R$ million



Indirect Cash Flow

Cash flow from operating activities, before interest paid,, investment in rental equipment and interest and monetary variations in net assets and liabilities, continues to be positive in R$12.3 million this quarter, a decrease of 42.7% between quarters. On the year of 2016 accumulated, the Company generated R$146.4 million of free cash flow before interests and monetary variations in net assets and liabilities.

Adjusted Free Cash Flow³
R$ million



¹It is considered the last thirteen months to the average invested capital calculation.
² Current and non-current liabilities unpaid and fixed assets in use, intangible assets and investments,
³ For the adjusted operating cash flow to disregard them interest on debentures and Finame, investment in rental equipment and monetary variations in net assets and liabilities. For the free cash flow to the firm excludes the interest paid and monetary variations in net assets and liabilities

Tables

In R$ million

Table 1 – Net revenue per type

	4Q15 (A)	3Q16 (B)	4Q16 (C)	2015 (D)	2016 (E)	(C)/(A)	(C)/(B)	(E)/(D)
Total Net Revenue	**127.9**	**86.1**	**75.0**	**576.1**	**396.6**	**-41.3%**	**-12.9%**	**-31.2%**
Rental	110.0	73.9	63.7	484.4	312.3	-42.0%	-13.7%	-35.5%
Sales of new equipment	4.9	1.4	1.7	24.8	8.0	-65.8%	21.6%	-67.7%
Sales of semi new equipment	8.6	4.8	2.0	29.1	41.8	-76.4%	-57.7%	43.8%
Technical Assistance	1.8	1.7	1.7	7.9	8.2	-5.7%	4.0%	4.4%
Indemnity and Expenses Recovery	2.5	4.4	5.8	29.9	26.3	130.1%	33.0%	-12.3%

Table 2 – Net revenue per segment

	4Q15	%	3Q16	%	4Q16	%	2015	%	2016	%
Total Net Revenue	**127.9**		**86.1**		**75.0**		**576.1**	**100.0%**	**396.6**	
Heavy Construction	31.6	24.7%	27.0	31.4%	20.6	27.4%	165.7	28.8%	112.5	28.4%
Real Estate	25.9	20.3%	15.7	18.3%	14.3	19.0%	117.2	20.3%	69.8	17.6%
Rental	70.3	55.0%	43.4	50.4%	40.2	53.6%	293.2	50.9%	214.3	54.0%

Table 3 – Cost of goods and services sold (COGS) and general, administrative and operating expenses (SG&A), ex-depreciation

	4Q15	%	3Q16	%	4Q16	%	2015	%	2016	%
COGS total, ex-depreciation	**47.1**	**29.8%**	**36.0**	**48.1%**	**38.8**	**44.1%**	**191.9**	**40.6%**	**171.4**	**48.2%**
Costs of Job execution/Warehouse	36.4	23.0%	30.4	40.5%	31.7	36.0%	144.3	30.6%	124.6	35.0%
Cost of sales of new equipment	3.1	2.0%	1.0	1.4%	1.1	1.2%	18.3	3.9%	5.7	1.6%
Cost of sales of semi new equipment	5.6	3.6%	3.6	4.8%	1.4	1.6%	16.4	3.5%	29.7	8.4%
Costs of assets write-offs	1.9	1.2%	1.0	1.3%	4.7	5.3%	12.8	2.7%	11.3	3.2%
SG&A, ex-ADD	**103.5**	**65.5%**	**36.1**	**48.2%**	**46.1**	**52.4%**	**241.9**	**51.3%**	**163.1**	**45.8%**
Commercial, Operational e Administrative	28.4	18.0%	23.7	31.6%	24.5	27.8%	125.6	26.6%	93.8	26.4%
General Services	10.7	6.8%	10.0	13.4%	9.7	11.0%	42.9	9.1%	38.7	10.9%
Other expenses	64.4	40.8%	2.4	3.2%	12.0	13.6%	73.4	15.6%	30.6	8.6%
ADD	**7.4**	**4.7%**	**2.8**	**3.7%**	**3.1**	**3.5%**	**38.2**	**8.1%**	**21.2**	**6.0%**
COGS + SG&A Total	**157.9**		**74.9**		**88.0**		**472.0**		**355.7**	

Table 4 – EBITDA per business unit and EBITDA margin

	4Q15	%	3Q16	%	4Q16	%	2015	%	2016	%
EBITDA Total	**-30.1**		**11.2**		**-12.9**	**100.0%**	**104.1**		**40.9**	
Construction	-33.0	109.9%	0.1	1.2%	-20.1	155.2%	1.3	1.3%	-15.9	-38.8%
Rental	32.3	-107.5%	10.5	93.8%	7.5	-58.0%	132.6	127.4%	59.8	146.3%
Others*	-29.3	97.6%	0.6	5.0%	-0.4	2.9%	-29.8	-28.7%	-3.1	-7.6%
EBITDA Margin (%)	**-23.5%**		**13.0%**		**-17.3%**		**18.1%**		**10.3%**	
EBITDA excluding sales of semi new equipment	-33.0		8.6		-13.6		91.4		28.8	
EBITDA excluding non-recurring items	33.1		11.4		-3.5		186.7		57.8	
EBITDA excluding sales of semi new equipment and non-recurring items	30.1		8.8		-4.2		174.1		45.7	

* Expenses with Industrial Services business unit, sold in 2013.

Continuation Tables

In R$ million

Table 5 – EBITDA Reconciliation[1]

	4Q15 (A)	3Q16 (B)	4Q16 (C)	2015 (D)	2016 (E)	(C)/(A)	(C)/(B)	(E)/(D)
Operations Result	**-57.9**	**-22.2**	**-38.5**	**-97.8**	**-99.4**	**-33.6%**	**73.3%**	**1.6%**
Financial Result	-13.5	-4.8	-1.6	-63.1	-26.3	-88.3%	-67.5%	-58.4%
Income tax and social contribution expenses	26.6	10.8	15.5	30.9	45.0	-41.8%	43.0%	45.5%
Net (Loss) Earnings before Financial Result	**-71.1**	**-28.2**	**-52.4**	**-65.6**	**-118.1**	**-26.3%**	**85.8%**	**80.1%**
Depreciation	-41.0	-39.4	-39.4	-169.6	-159.0	-3.9%	0.1%	-6.3%
EBITDA CVM	**-30.1**	**11.2**	**-12.9**	**104.1**	**40.9**	**-56.9%**	**-215.5%**	**-60.7%**
Non-recurring - Expenses related to SI Business Unit	-3.1	0.6	-0.4	-3.7	-3.1	-88.2%	-166.5%	-15.5%
Non-recurring - Restructuring Expenses	-2.9	-0.7	-9.0	-21.9	-13.8	210.0%	1138.0%	-37.0%
Impairment	-57.1			-57.1				
EBITDA ex. non-recurring items	**33.1**	**11.4**	**-3.5**	**186.7**	**57.8**	**-110.7%**	**-131.1%**	**-69.0%**
Result of sales of semi new equipment	3.0	1.2	0.6	12.7	12.1	-78.7%	-46.5%	-4.7%
Provision for sales net revenue	0.0	1.4	0.0	0.0	0.0		-100.0%	
EBITDA ex. Result of sales os semi new equipment, non-recurring items, provisions for sales net revenue	**30.1**	**8.8**	**-4.2**	**174.1**	**45.7**	**-113.8%**	**-147.6%**	**-73.7%**

[1] CVM 527 Instruction

Table 6 – EBITDA Reconciliation with Operational Cash Flow

	4T16	2015	2016
Ebitda	-13.0	53.9	40.9
Non Cash Items	17.1	64.5	81.6
Provision for tax, civil and labor risks	-0.1	0.8	0.7
Accrued expenses on stock options	0.9	3.5	4.4
Profit sharing payable	-1.2	1.2	0.0
Gain on sale of property, plant and equipment	6.3	39.6	46.0
ADD	3.1	18.2	21.2
Provision to the net realizable value of inventories	3.9	0.0	3.9
Provision for slow-moving inventories	1.6	0.7	2.3
Provision for rental inventories	2.2	0.0	2.2
Others	0.4	0.5	1.0
Ebitda ex. non cash	4.1	118.4	122.5
Cash	21.8	57.5	79.4
Interest and monetary and Exchange gains and losses (cash)	12.7	34.1	46.8
Trade receivables	3.9	8.8	12.7
Purchases of rental equipment	-0.6	-1.3	-1.9
Inventories	0.6	1.7	2.2
Taxes recoverable	4.0	14.6	18.6
IRPJ e CSLL a compensar	4.3	-0.1	4.2
Judicial deposits	-0.1	0.8	0.7
Other assets	-1.8	-2.9	-4.8
Trade payables	3.7	1.6	5.2
Payroll and related taxes	-3.8	3.3	-0.5
Taxes payable	0.0	-1.7	-1.7
Other liabilities	-0.5	0.8	0.3
Law suits settled	-0.4	-2.0	-2.4
Interest paid	-15.3	-53.5	-68.8
Net cash generated by operating activities	10.6	122.5	133.1

Continuation Tables

In R$ million

Table 7 – ROIC LTM Mills

	4Q15 (A)	3Q16 (B)	4Q16 (C)	(C)/(A)	(C)/(B)
Invested	1.506	1.302,7	1.233,6	-18,1%	-5,3%
Rental Net PP&E	1.021	878,8	837,1	-18,0%	-4,7%
Others	485,1	423,9	396,5	-18,3%	-6,5%
NOPAT	-44,4	-94,2	-81,1	82,9%	-13,9%
ROIC	-2,9%	-7,2%	-6,6%		

Table 8 – Investment per business unit (accural regime)

	4Q15 (A)	3Q16 (B)	4Q16 (C)	2015 (D)	2016 (E)	(C)/(A)	(C)/(B)	(E)/(D)
Capex Total	**2.6**	**0.4**	**2.4**	**28.2**	**5.5**	**-10.7%**	**445.8%**	**-80.4%**
Rental equipment	**1.1**	**0.2**	**0.6**	**11.7**	**1.9**	**-42.1%**	**259.4%**	**-83.5%**
Construction	1.1	0.1	0.6	11.6	1.8	-46.1%	469.7%	-84.3%
Rental	0.0	0.1	0.0	0.0	0.1		-37.7%	695.2%
Corporate and use goods	**1.5**	**0.3**	**1.7**	**16.4**	**3.6**	**12.0%**	**577.4%**	**-78.1%**

Table 9 – Construction Business Unit

	4Q15 (A)	3Q16 (B)	4Q16 (C)	2015 (D)	2016 (E)	(C)/(A)	(C)/(B)	(E)/(D)
Total Net Revenue	**57.5**	**42.8**	**34.8**	**283.0**	**182.3**	**-39.5%**	**-18.5%**	**-35.6%**
Heavy Construction	31.6	27.0	20.6	165.7	112.5	-35.0%	-23.9%	-32.1%
Real Estate	25.9	15.7	14.3	117.2	69.8	-44.9%	-9.3%	-40.4%
Rental	**50.3**	**34.3**	**26.2**	**230.3**	**138.0**	**-48.0%**	**-23.8%**	**-40.1%**
Heavy Construction	29.1	22.5	15.4	134.6	85.2	-47.3%	-31.8%	-36.7%
Real Estate	21.1	11.8	10.8	95.6	52.8	-48.9%	-8.4%	-44.7%
Sales of new equipment	**2.6**	**0.2**	**0.5**	**14.5**	**1.3**	**-81.4%**	**201.2%**	**-91.3%**
Heavy Construction	0.3	0.1	0.1	6.4	0.6	-75.8%	-43.6%	-90.0%
Real Estate	2.3	0.0	0.4	8.1	0.6	-82.1%	919.7%	-92.4%
Sales of semi new quipment	**2.5**	**4.0**	**2.0**	**9.1**	**15.6**	**-17.2%**	**-48.7%**	**71.2%**
Heavy Construction	1.0	1.5	0.3	2.8	6.7	-71.8%	-81.2%	136.7%
Real Estate	1.5	2.5	1.8	6.3	8.9	18.6%	-29.7%	41.5%
Others	**2.3**	**4.3**	**6.2**	**29.0**	**27.4**	**174.3%**	**42.6%**	**-5.6%**
Heavy Construction	1.2	2.9	4.9	21.8	19.9	297.5%	66.8%	-8.6%
Real Estate	1.0	1.4	1.3	7.2	7.5	27.5%	-7.3%	3.2%
COGS Total, ex-depreciation	**25.3**	**21.0**	**24.4**	**106.8**	**89.4**	**-3.4%**	**16.2%**	**-16.3%**
Cost of job execution/warehouse	21.0	17.4	18.7	80.6	70.1	-11.0%	7.8%	-13.0%
Cost of sales of new equipment	1.6	0.3	0.4	10.9	1.0	-75.6%	30.4%	-90.7%
Cost of sales of semi new equipment	1.3	2.3	1.4	3.4	7.8	7.2%	-39.6%	132.8%
Cost of assets write-offs	1.3	1.0	3.9	12.0	10.5	203.5%	286.3%	-12.4%
G&A, ex-depreciation and ADD	**58.7**	**23.1**	**29.0**	**149.2**	**99.0**	**-50.7%**	**25.5%**	**-33.6%**
ADD	**6.6**	**-1.5**	**1.6**	**25.6**	**9.7**	**-76.4%**	**-205.3%**	**-62.0%**
Heavy Construction	5.1	-1.0	2.3	19.7	8.7	-55.5%	-333.2%	-56.1%
Real Estate	1.5	-0.5	-0.7	5.9	1.1	-147.4%	41.1%	-81.9%
EBITDA	**-33.0**	**0.1**	**-20.1**	**1.3**	**-15.9**	**-39.2%**	**-14778.7%**	**-1291.3%**
EBITDA Margin (%)	-57.4%	0.3%	-57.7%	0.5%	-8.7%			
ROIC (%)	-8.6%	-13.0%	-12.1%	-8.6%	-12.1%			
Depreciation	22.0	21.0	20.7	88.9	84.8	-6.1%	-1.6%	-4.6%
Capex	1.1	0.1	0.6	11.6	1.8	-46.1%	469.7%	-84.3%
Invested Capital	716.6	617.5	580.6	716.6	580.6	-19.0%	-6.0%	-19.0%
Rental Net PP&E	502.4	437.2	413.7	502.4	413.7	-17.7%	-5.4%	-17.7%
Others	214.2	180.3	167.0	214.2	167.0	-22.1%	-7.4%	-22.1%
Rental PP&E	860.7	814.3	797.2	860.7	797.2	-7.4%	-2.1%	-7.4%
Utilization Rate Quarter	47.2%	40.7%	38.5%	NA	NA			
Utilization Rate LTM	49.9%	43.7%	41.5%	49.9%	41.5%			

Continuation Tables

In R$ million

Table 9 – Rental Business Unit

	4Q15 (A)	3Q16 (B)	4Q16 (C)	2015 (D)	2016 (E)	(C)/(A)	(C)/(B)	(E)/(D)
Total Net Revenue	**70.3**	**43.4**	**40.2**	**293.2**	**214.3**	**-42.9%**	**-7.3%**	**-26.9%**
Rental	59.7	39.6	37.6	254.1	174.3	-37.1%	-5.0%	-31.4%
Sales of new equipment	2.3	1.2	1.2	10.3	6.8	-48.7%	-1.7%	-34.4%
Sales of semi new equipment	6.2	0.8	0.0	19.9	26.2	-100.0%	-100.0%	31.3%
Others	2.1	1.7	1.4	8.8	7.1	-34.1%	-18.9%	-19.3%
COGS Total, ex-depreciation	**21.8**	**15.0**	**14.4**	**85.0**	**82.0**	**-34.0%**	**-4.2%**	**-3.6%**
Cost of job execution/warehouse	15.3	13.0	12.9	63.8	54.6	**-15.6%**	**-0.2%**	**-14.5%**
Cost of sales of new equipment	1.5	0.7	0.7	7.4	4.7	-55.4%	-9.4%	-36.5%
Cost of sales of semi new equipment	4.3	1.3	0.0	13.0	21.9	-100.0%	-100.0%	67.9%
Cost of assets write-offs	0.6	0.0	0.8	0.8	0.8	23.5%	#########	-1.1%
G&A, ex-depreciation and ADD	**15.4**	**13.6**	**16.7**	**62.8**	**60.9**	**8.8%**	**23.5%**	**-3.0%**
ADD	**0.8**	**4.3**	**1.5**	**12.8**	**11.6**	**86.3%**	**-63.9%**	**-9.5%**
EBITDA	**32.3**	**10.5**	**7.5**	**132.6**	**59.8**	**-76.7%**	**-28.5%**	**-54.9%**
EBITDA Margin (%)	45.9%	24.2%	18.7%	45.2%	27.9%			
ROIC (%)	5.5%	1.2%	-1.8%	5.5%	-1.8%			
Depreciation	19.0	18.4	18.7	80.7	74.2	-1.2%	2.0%	-8.1%
Capex	0.0	0.1	0.0	0.0	0.1		-37.7%	695.2%
Invested Capital	654.7	580.4	557.1	654.7	557.1	-14.9%	-4.0%	-14.9%
Rental Net PP&E	518.3	441.6	423.5	518.3	423.5	-18.3%	-4.1%	-18.3%
Others	136.4	138.8	133.6	136.4	133.6	-2.0%	-3.7%	-2.0%
Rental PP&E	750.3	739.9	739.1	750.3	739.1	-1.5%	-0.1%	-1.5%
% Construction Revenue	57.0%	51.6%	45.9%	65.3%	51.1%			
% Non-Construction Revenue	31.0%	34.3%	39.1%	20.0%	35.4%			
% Spot Revenue	12.0%	14.1%	15.0%	14.7%	13.5%			
Utilization Rate Quarter	64.2%	52.7%	52.5%	NA	NA			
Utilization Rate LTM	61.9%	58.1%	55.1%	61.9%	55.1%			

Income Statement

	4Q15 (A)	3Q16 (B)	4Q16 (C)	2015 (D)	2016 (E)	(C)/(A)	(C)/(B)	(E)/(D)
Net revenue from sales and services	127.9	86.1	75.0	576.1	396.6	-41.3%	-12.9%	-31.2%
Cost of products sold and services rendered	(83.6)	(71.3)	(74.2)	(343.8)	(313.6)	-11.3%	4.1%	-8.8%
Gross profit	**44.3**	**14.9**	**0.9**	**232.3**	**83.0**	**-98.0%**	**-94.0%**	**-64.3%**
General and administrative expenses	(58.2)	(43.1)	(49.3)	(240.8)	(197.2)	-15.3%	14.6%	-18.1%
Impairment	(57.1)		(3.9)	(57.1)	(3.9)			
Net (Loss) Earnings before Financial Result	**(71.1)**	**(28.2)**	**(52.4)**	**(65.6)**	**(118.1)**	**-26.3%**	**85.8%**	**80.1%**
Financial Expenses	(26.9)	(18.9)	(15.9)	(100.1)	(81.8)	-40.8%	-15.7%	-18.2%
Financial Revenue	13.5	14.1	14.4	36.9	55.5	6.8%	2.1%	50.5%
Financial Result	**(13.5)**	**(4.8)**	**(1.6)**	**(63.1)**	**(26.3)**	**-88.3%**	**-67.5%**	**-58.4%**
Profit before taxation	**(84.6)**	**(33.0)**	**(53.9)**	**(128.7)**	**(144.4)**	**-36.2%**	**63.3%**	**12.2%**
Income tax and social contribution expenses	26.6	10.8	15.5	30.9	45.0	-41.8%	43.0%	45.5%
Net profit of the period	**(57.9)**	**(22.2)**	**(38.5)**	**(97.8)**	**(99.4)**	**-33.6%**	**73.3%**	**1.6%**

Balance Sheet

In R$ million	4Q15	3Q16	4Q16
Asset			
Current			
Cash and cash equivalents	232.0	322.6	330.7
Bills to receive	99.7	72.8	65.8
Stocks	18.4	16.1	13.9
Stocks - Other assets held for sale	20.7		-
IRPJ and CSLL to compensate	16.4	16.5	12.4
Taxes to recover	23.0	19.6	16.6
Advance to suppliers	0.2	0.1	2.2
Derivate financial instruments	-	0.0	-
Other receivables - investee sales	19.8	21.8	22.6
Goods for sale	-		-
Other assets	5.3	8.4	8.1
Total Current asset	435.5	477.8	472.3
Non-current			
IRJP and CSLL to compensate	0.2	0.2	-
Taxes to recover	12.2	1.1	-
Deferred taxes	-		-
Deferred IRPJ and CSLL	47.2	76.9	88.0
Judicial deposits	11.0	10.7	10.8
Other receivables - investee sales	19.8		-
Other assets			
	90.4	88.8	98.8
Investment	61.2	61.2	75.1
Stationary	1,004.1	871.0	821.2
Intangible	46.8	43.5	43.4
	1,112.0	975.8	939.7
Total Non-Current Asset	1,202.4	1,064.6	1,038.5
Asset Total	**1,638.0**	**1,542.4**	**1,510.7**
	4Q15	**3Q16**	**4Q16**
Passive			
Current			
Providers	6.8	9.0	13.1
Salaries and social charges	18.2	21.5	17.7
Loan and financing	3.2	3.2	3.2
Debentures	186.6	159.5	156.6
Tax Recovery Program (REFIS)	1.2	1.2	1.3
Income tax and social contribution	-		-
Payable Taxes	2.7	1.3	1.7
Participation on payable results	-	1.2	-
Dividends and interest on payable capital	-	0.0	0.0
Derivative financial instruments	-		-
Other passive	0.2	0.7	0.3
Total Current Passive	218.9	197.6	193.8
Non-Current			
Loan and financing	11.9	9.6	8.8
Debentures	419.1	280.6	281.6
Tax Recovery Program (REFIS)	9.2	8.8	8.4
Provision for tax, civil and labor risks	16.6	19.2	20.1
Other passive	-	0.2	0.2
Total Current Passive	456.8	318.4	319.0
Total Passive	675.7	516.0	512.8
Net Worth			
Subscribed Capital	563.3	688.3	688.3
Advance for future capital increase	30.0	30.1	30.9
Capital Reserves	389.2	389.2	289.8
Profit Reserves	(20.3)	(20.3)	(20.3)
Adjustment os asset valuation	-	-	9.1
Accumulated losses	-	(60.9)	-
Total Net Worth	962.2	1,026.4	997.9
Total Passive and Net Worth	**1,638.0**	**1,542.4**	**1,510.7**

Mills

Indirect Cash Flow

In R$ million	4Q15	3Q16	4Q16	2015	2016
Cash Flow of the operational activities					
Net (Loss) Earnings of the period before taxes and social contribution	**(57.9)**	**(22.2)**	**(38.5)**	**(97.8)**	**(99.4)**
Adjustments:					
Depreciation and amortization	41.0	39.4	39.4	169.6	159.0
Income tax and social contribution expense	(26.6)	(10.8)	(15.5)	(30.9)	(45.0)
Provision for tax, civil and labor risks	3.7	(1.7)	(0.1)	3.6	0.7
Accrued expenses on stock options	3.7	0.9	0.9	9.6	4.4
Profit sharing payable	-	0.7	(1.2)	-	-
Residual value of property, plant and equipment and intangible assets sold and written off	8.2	5.7	6.3	30.4	46.0
Interest and monetary exchange gains and losses, net	23.0	17.5	14.2	86.1	73.1
Allowance for doubtful debts	7.4	2.8	3.1	38.2	21.2
Provision (reversal) for slow-moving inventories	(5.0)	(1.1)	1.6	57.1	3.9
Provision for impairment	57.1	-	3.9	(2.3)	2.3
Provision for rental equipment inventory adjustment	-	-	2.2		2.2
Others	1.5	(0.0)	0.4	2.0	1.0
Changes in assets and passive					
Trade receivables	7.7	11.2	3.9	17.0	12.7
Acquisition of rental equipment	(1.1)	(0.2)	(0.6)	(8.5)	(1.9)
Inventories	7.1	1.3	0.6	5.7	2.2
Taxes recoverable	6.0	4.7	4.1	25.0	18.6
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Profit)	1.1	(2.6)	4.2	(3.7)	4.2
Judicial deposits	1.1	0.2	(0.1)	(0.5)	0.7
Other assets	(4.6)	(0.1)	(1.8)	0.2	(4.8)
Trade payables	(5.0)	(0.8)	3.7	(10.8)	5.2
Payroll and related taxes	(5.0)	2.6	(3.8)	(1.2)	(0.5)
Taxes payable	0.6	(0.7)	0.0	(1.0)	(1.7)
Other liabilities	(0.4)	0.8	(0.5)	(0.8)	0.3
Lawsuits settled	(0.4)	(1.2)	(0.4)	(1.1)	(2.4)
Interest paid	(21.3)	(20.1)	(15.3)	(79.4)	(68.8)
Income tax and social contribution paid	-	-	-	(6.3)	-
Net cash provided by operating activities	**41.8**	**26.1**	**10.6**	**200.3**	**133.1**
Cash flow from investing activities:					
Fixed and intangible assets acquisitions and intangible (*)	(1.6)	(0.3)	(1.7)	(16.5)	(3.6)
Value received by the sale of SI business unit	-	21.2	-	18.6	21.2
Net cash applied in investment activities	**(1.6)**	**20.9**	**(1.7)**	**2.1**	**17.6**
Cash flow from financing activities					
Capital Integralization	-	-	-	-	125.0
Cost into shares	-	-	-	-	(3.4)
Acquisition of shares in treasury	-	-	-	(8.7)	-
Dividends and interest on equity paid	-	-	-	(21.8)	-
Repayment amortization	(0.8)	(81.3)	(0.8)	(133.5)	(173.6)
Net cash applied in financing activities	**(0.8)**	**(81.3)**	**(0.8)**	**(164.1)**	**(52.0)**
Increase (decrease) in cash and cash equivalents	**39.5**	**(34.3)**	**8.1**	**38.4**	**98.7**
Cash and cash equivalents at the begining of the period	192.5	356.8	322.6	193.7	232.0
Cash and cash equivalents at the end of the period	232.0	322.6	330.7	232.0	330.7
Increase (decrease) in cash and cash equivalents	39.5	(34.3)	8.1	38.4	98.7

Glossary

(a) Asset Write-off - is linked to Indemnities revenue, this value is the cost of the asset write off.

(b) Capex (Capital Expenditure) - Acquisition of tangible and intangible assets to non-current assets.

(c) Invested capital - For the company, invested capital is defined as the sum of shareholders' equity (net assets) and third-party capital (including all costly, bank and non-bank debt), both being the average values for the period. By business unit, is the average amount of capital invested by the company by weighted average assets of each business unit (assets plus net fixed assets). The asset base in the year is calculated as the average asset base of the last thirteen months.

(d) Net Cash Flow - Net cash provided by operating activities less net cash used in investing activities.

(e) Job execution costs - Job execution cost include: (i) labor costs from construction jobs supervision and technical assistance; (ii) labor costs for erection and dismantling of the equipment rented to our clients, when such tasks are carried out by the Mills workforce; (iii) equipment freight costs, when under Mills' responsibility; (iv) cost of materials used in the maintenance of the equipment, when it is returned to our warehouse; and (v) cost of equipment rented from third-parties.

(f) Warehouse costs - This cost includes the costs directly related to administration of the deposit, storage, handling and maintenance of rental assets and resale, covering costs with hand labor, IPE used in the activities of deposit (drive, storage and maintenance), inputs (forklift gas, gas welding, plywood, paints, wood battens, among others) and maintenance of machinery and equipment (forklifts, welding machines, water-blasting hoists and tools in general).

(g) Cost of sales - Cost of sales of new equipment is linked to sales of new equipment revenue. The sales of semi-new equipment cost is tied to sales of semi new equipment revenue and is equivalent to the cost of the assets write-off (residual cost).

(h) General and administrative expenses - (i) The SG&A Commercial, Operational and Administrative includes current expenses such as salaries, benefits, travel, representation of the various departments including Sales, Marketing, Engineering, Projects and administrative back office departments, as HR and Finance; (ii) General Services includes the equity costs of head officer and several branches (rents, fees, security and cleaning, mainly); and (iii) Other expenses are items largely non-cash, as provisions for stock option programs, provisions for contingencies, provisions for slow-moving inventories and some non-permanent disbursements.

(i) Net debt - Gross debt less financial resources.

(j) EBITDA - EBITDA is a non-accounting measure prepared by the Company, reconciled with our financial statements in compliance with the provisions of CVM Circular No. 01/2007, where applicable. We calculate EBITDA as our operating income before financial results, the effects of depreciation of use of property and rental equipment and amortization of intangible assets. EBITDA is not a measure recognized by GAAP in Brazil, IFRS or US GAAP, does not have a standard meaning and may not be comparable to measures with similar titles provided by other companies. We reported EBITDA because we use to measure our performance. EBITDA should not be considered in isolation or as a substitute for net income or operating income as measures of operating performance or cash flows or to measure liquidity or debt payment capacity.

Continuation Glossary

(k) ROIC - Return on Invested Capital, calculated as Operating Income before financial results and after income tax and social contribution (theoretical rate of 30%) on this income, plus the remuneration companies in which it has a minority interest, divided by the average capital invested. ROIC is not a measure recognized by the accounting practices adopted in Brazil, does not have a standard meaning and may not be comparable to measures with similar titles provided by other companies.

LTM ROIC: ((Operating profit in the last twelve months - (30% IR) + compensation of companies in which it has a minority interest) / Capital invested average of the last thirteen months).

(l) Adjusted Operational Cash Flow - Based on the Company's Consolidated Financial Statements, net cash provided by operating activities excluding interest and monetary changes in assets and liabilities, acquisitions of leasing fixed assets and interest paid.