Mills: Revenue growth of 23.2% in 2011, with record EBITDA

Rio de Janeiro, February 13, 2012 - Mills Estruturas e Serviços de Engenharia S.A. (Mills) presented in 2011 record net revenue and EBITDA, 23.2% and 22.4% higher, respectively, than in 2010. In the fourth quarter of 2011 (4Q11), there were record quarterly revenue, EBITDA and operational earnings, as well as a significant increase in the EBITDA margin, which reached 39.5%, being the highest quarterly EBITDA margin in the last two years, positively affected by the recovery of the Heavy Construction division and maturation of the branches of the Jahu and Rental divisions opened in 2010.

"In 2011 Mills maintained its strong annual growth trend with rates above 20%, showing the strength of the sectors that it operates. The solid basis of investments already built encourages us to seek, in 2012, the improvement of profitability in our businesses.", stated Ramon Vazquez, Mills' president and CEO.

Main highlights of Mills 2011 performance:

- Record net revenue of R$ 677.6 million, 23.2% higher than 2010.
- Record EBITDA[(a)] of R$ 238.1 million, 22.4% above 2010.
- EBITDA margin of 35.1%, *versus* 35.4% in 2010.
- Record operational earnings of R$ 162.0 million, 9.8% above 2010.
- Net earnings of R$ 92.2 million, against R$ 103.3 million in 2010, influenced by the increase in financial expenses to enable our investment plan.
- Capex[(b)] reached R$ 525.9 million in 2011, of which R$ 430.4 million in organic growth and R$ 95.5 million in acquisitions.
- Annualized return on invested capital (ROIC)[(c)] of 12.3%, against 21.0% in 2010, which was negatively impacted by the weakening of heavy construction demand from the end 2010 until mid 2011 and by the high level of investments made since the IPO, which, on the other hand, allowed Mills to be very well positioned to benefit from the strong demand in its markets in the subsequent years.
- Proposal for shareholder remuneration totaling R$ 25.3 million (gross amount), to be paid as interest on equity (R$ 24.4 million) and dividends (R$ 0.9 million) , subject to approval at Mills' Shareholders Meeting.

Table 1 – Main financial indicators

in R$ millions	4Q10 (A)	3Q11 (B)	3Q11* (C)	4Q11 (D)	(D)/(B) %	(D)/(C) %	(D)/(A) %	2010 (E)	2011 (F)	(F)/(E) %
Net revenue	154.2	175.1	175.1	193.5	10.6%	10.6%	25.5%	549.9	677.6	23.2%
EBITDA	45.4	50.8	59.9	76.4	50.4%	27.6%	68.5%	194.5	238.1	22.4%
EBITDA margin (%)	29.4%	29.0%	34.2%	39.5%				35.4%	35.1%	
Net earnings	30.1	17.8	23.8	29.5	65.8%	24.1%	-1.7%	103.3	92.2	-10.8%
ROIC (%)	18.8%	8.6%	11.1%	14.2%				21.0%	12.3%	
Capex	78.8	121.6	121.6	114.4	-6.0%	-6.0%	45.1%	348.5	525.9	50.9%

*Excluding the effect of allowance for doubtful debts.

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

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Business Perspective

The demand for the heavy construction market should be heated in the coming years, driven by investments (i) in infrastructure, (ii) in Brazilian industry, especially in the oil and gas sector and (iii) related to the sports events to be held in Brazil.

The investments in Brazil should reach R$ 3.3 trillion in the 2011-2014 period, of which R$ 1.0 trillion in industry and R$ 401 billion in infrastructure, according to the Brazilian National Development Bank (BNDES). The direct investment planned for the 2014 World Cup and 2016 Olympics Games total R$ 47 billion up to 2014, of which R$ 11.5 billion for urban transport, R$ 5.6 billion for stadiums and R$ 4.8 billion for airports, according to the Ministry of Sports.

Several important construction projects are in progress, such as the stadiums for the 2014 World Cup, subway lines in Rio de Janeiro and in São Paulo, highways and beltway in Rio de Janeiro, expansion of *Jacu Pêssego* highway complex and the Eastern section of the beltway in São Paulo, the *Igarapé* highway complex in Manaus, the refineries *Abreu e Lima* and *Comperj*, *Jirau*, *Santo Antônio* and *Colider* hydroelectric power plants, the *Porto Maravilha*, *Sudeste* and *Açu* ports, projects from Vale, and the *Transnordestina* and *Norte Sul* railroads, among others, which will benefit our revenues during 2012. This month, the auctions for concession of the *Guarulhos* and *Viracopos* airports in São Paulo, and the *Juscelino Kubitschek* airport in Brasília took place, with estimated investments of R$ 4.5 billion up to the 2014 World Cup.

Of the major construction projects in progress in the Heavy Construction division, 57% comes from private capital, 24% from public capital – of which 60% are related to the 2014 World Cup stadiums - and 19% from public-private partnership.

As for the market for residential and commercial construction, the demand for residential properties remains influenced by (i) the large housing deficit in Brazil, estimated at, at least, 7.2 million houses, (ii) the expansion in housing credit availability, estimated balance of which increased by 42.0% between December 2010 and December 2011, according to the Brazilian Central Bank (Bacen), and (iii) increase in the purchasing power of the population.

We expect sales of *Easy-Set* aluminum formworks from the Jahu division to increase as new launches of the government housing program "*Minha Casa, Minha Vida*" (MCMV) occur and the use of the concrete wall technology in such construction jobs expands. Currently, concrete wall represents 20% of the low income residential market, with a projection to double to 40% in the next two years.

The growth of launches in real estate continues, but at a more moderate pace. 13 real estate companies[1] reported a total value of R$ 40.6 billion for new building announced in 2011, with a 10% year-over-year (yoy) growth, versus 60% between 2009 and 2010.

The civil construction market is currently experiencing greater risk of cost inflation and shortage of labor. As our projects and equipment enable productivity gains in the construction projects, with the reduction of the length of the construction cycle and the number of workers involved, they become more competitive in this context, enabling the Jahu division business to expand above real estate sector growth.

In the Industrial Services segment, the estimated investment of R$ 378 billion in the oil and gas sector in Brazil between 2011 and 2014 is the main driver of growth. Our strategy for this division is to expand its profitability by identifying opportunities for complementary services with higher added value and, therefore, more profitable to offer to our clients, mainly in the offshore market. Recently, we signed a cooperation contract with a Norwegian company to manufacture, commercialize and implement their insulation and fire protection products, with wide application in the Brazilian offshore market.

The motorized access equipment market is booming. The Brazilian fleet of aerial work platform and telescopic handlers grew 46.2%, ending 2011 with 15,777 units, against 10,795 units in late 2010, according to our estimates. We believe this market will continue growing at high rates in the coming years, given the current underutilization of this type of equipment in Brazil, where its use was recently stimulated by a ruling making aerial work platforms obligatory for lifting people, thereby increasing safety and productivity in the workplace.

[1] PDG, Cyrela, MRV,Rossi, Brookfield, Even, Helbor, Eztec, Tecnisa, Direcional, Trisul, Rodobens e Gafisa.

Revenues

Net revenues reached a new annual record, R$ 677.6 million, in 2011, with the branches opened in the last two years contributing 28.3% of this amount. In 4Q11, net revenues amounted to R$ 193.5 million, a new quarterly record, 10.6% higher than in the third quarter of 2011 (3Q11).

67.0% of Mills' revenues in 2011 was from equipment rental, while 23.6% was from technical support services, 6.0% from sales and 3.4% from other activities. There was a large volume of sales in the last quarter of the year, amounting to R$ 19.2 million, representing 126.7% quarter-over-quarter (qoq) growth, concentrated in Jahu and Rental divisions.

Costs and Expenses

The cost of goods and services sold (COGS), excluding depreciation, totaled R$ 267.4 million in 2011. Excluding the effect of the reclassification of deposits expenditure[2], COGS yoy growth would be 16.0%, which is lower than revenue yoy growth.

The main COGS item, job execution costs[(d)], amounted to R$ 210.0 million in 2011, with a yoy increment of 15.0%. The main items that contributed to this rise were personnel (66%), mainly influenced by the Industrial Services division, and material (29%), mostly affected by the Rental division.

In 4Q11, COGS, excluding depreciation, remained steady compared to 3Q11, despite revenue growth, because the increase in cost of sales in the Jahu and Rental divisions was offset by the reduction in job execution costs, mainly in the Industrial Services and Heavy Construction divisions, due to the termination of two contracts and lower maintenance activity, respectively.

General, administrative and operating expenses (G&A) totaled R$ 172.1 million in 2011, with 37.9% yoy expansion, excluding the effect of the reclassification of deposits expenditure. This increase largely reflects higher expenses with contract coordination[(e)] (61%), for which the highest growth was in the Jahu and Rental divisions, due to the setup of technical and commercial teams for the new branches. In 4Q11, G&A reached R$ 43.4 million, in line with the 3Q11 amount, excluding the effect of the *Allowance for Doubtful Debts* (ADD)[3].

EBITDA

Cash generation, as measured by EBITDA, reached R$ 238.1 million in 2011, an annual record with 22.4% yoy growth. The EBITDA margin was 35.1% in 2011, against 35.4% in 2010.

In 4Q11, EBITDA amounted to R$ 76.4 million, a new quarterly record, positively influenced by the recovery of the Heavy Construction division and the maturation of the new branches of the Jahu and Rental divisions. The EBITDA margin was 39.5%, the highest quarterly EBITDA margin in the last two years.

The qoq increase of R$ 16.5 million in EBITDA, excluding the ADD[3] effect, is explained by the increase of R$ 18.4 million in net revenues, partially offset by the additional R$ 2.0 million in COGS and G&A, both excluding depreciation. In this quarter, there was a reversal of R$ 1.1 million in ADD, of which R$ 0.9 million in the Heavy Construction division and R$ 0.2 million in the Rental division.

Net Earnings

Net earnings totaled R$ 92.2 million in 2011, against R$ 103.3 million in the previous year, and R$ 29.5 million in 4Q11. The yoy reduction of net earnings is explained by the increase in the amount of depreciation (R$ 29.1 million) and negative net financial result (R$ 26.2 million), which outperformed the rise in EBITDA (R$ 43.6 million). The net financial result was a negative R$ 31.8 million in 2011, versus negative R$ 5.6 million in 2010, affected by the increase of the net debt in the period.

Rohr

[2] Deposits expenditure began to be classified as COGS from 2011 onwards instead of G&A.
[3] For further information, refer to the Allowance for Doubtful Debts section in Mills' 3Q11 results.

Mills received R$ 3.9 million as shareholder remuneration from Rohr, of which R$ 2.6 million related to previous fiscal years and R$ 1.3 million related to the 2011 fiscal year. The last amount positively impacted Mills' financial result in 2011, while the first amount was recorded as a reduction of the acquisition investment for accounting purposes.

Rohr's 2011 results will be disclosed in the future, with March 30, 2012 as the limit date.

Debt Indicators

As of December 31, 2011, Mills' total debt was R$ 410.9 million, against R$ 402.3 million as of September 30, 2011. At the end of 2011 our net debt[f] position was R$ 375.8 million, *versus* a net debt position of R$ 330.0 million at the end of 3Q11.

Our debt is 17% short-term and 83% long-term, with an average maturity of 3.0 years, at the average cost of CDI+1.3%. In terms of currency, 100% of Mills' debt is in Brazilian *reais*.

We ended the year with leverage, as measured by the net debt/LTM EBITDA, of 1.6x. The total debt/enterprise value[g] was 18.6%, while interest coverage, as measured by the LTM EBITDA/LTM interest payments, was 7.4x.

Capex

Mills invested R$ 525.9 million in 2011, of which R$ 430.4 million in organic growth and R$ 95.5 million in acquisitions. In 4Q11, gross investments amounted to R$ 114.4 million.

The Jahu – Residential and Commercial Construction division was responsible for 43.0% of the organic growth capex of 2011, Rental for 37.8%, Heavy Construction for 11.0% and Industrial Services for 4.0%. In 2011, we acquired a 25% stake in Rohr S/A Estruturas Tubulares (Rohr) for R$ 90 million and a 100% stake in GP Andaimes Sul Locadora Ltda for R$ 5.5 million.

The 2012 budget includes investments of R$ 127 million, below our medium-term sustainable capex, in order to return our leverage to the target of 1.0x. It is worth noting that, if the scenario is positive, we could expand our investments during 2012. For further information, refer to press release "Mills to invest R$ 127 million in 2012", released on November 29, 2011.

ROIC

The return on invested capital (ROIC) reached 12.3%, against 21.0% in 2010. There was an improvement in ROIC in 4Q11 over the previous two quarters, being equal to 14.2%, *versus* 8.6% (11.1% excluding ADD) in 3Q11 and 12.7% in 2Q11.

The yoy ROIC reduction is explained by the weak demand in the heavy construction sector and the high level of investment in the last twelve months, mainly in the Jahu and Rental divisions, in order to take advantage of market opportunities and the geographic expansion process in these divisions. The qoq ROIC expansion is a result of the demand recovery in the heavy construction market and the maturation of the branches opened in the Jahu and Rental divisions.

Performance of the business segments

Heavy Construction Division

The net revenue of the Heavy Construction division totaled R$ 131.6 million in 2011, with a yoy decline of 14.7%, due to the weakening of demand in the Heavy Construction segment from the end of 2010 to mid-2011. Rental revenue reduced by R$ 12.6 million yoy, or 10.4%, in which prices and mix of equipment caused a decrease of R$ 14.4 million.

As a result of the recent market recovery, net revenue reached R$ 36.1 million in 4Q11, the highest quarterly revenue in the last twelve months, influenced by the qoq increase of R$ 5.2 million, or 19.0%, in rental revenue, already reflecting higher rented volume (contribution of R$ 3.2 million) and better prices and mix of equipment (R$ 2.0 million).

The significant increase in rented volume also contributed to our utilization rate returning to above normal levels in the last quarter. Given the great demand for this segment, we expect to work with utilization rates above normal levels in the coming quarters due to the development of the already signed construction project contracts as well as new contracts. In the previous quarter we signed several important construction contracts, such as *Porto Maravilha*, BRT *Transcarioca* highway and the *Alvorada* station for the BRT system, in Rio de Janeiro, stretches of subway line 5 in São Paulo, the expansion of the Suape Port, the *Recife-Suape* highway and the Recife stadium for the 2014 World Cup, in the state of Pernambuco.

We have already been practicing better prices for the recently signed contracts and the recovery of our average price will occur as these contracts begin to demand significant equipment volume.

The main projects in 4Q11, in terms of revenues, were:

- South and Southeastern regions: the *Comperj* refinery, Maracanã stadium and CSN steel plant in Rio de Janeiro, the datacenter of Banco Santander and the monorail line 2 in São Paulo, the *Conceição-Itabiritos* and *Vargem Grande* mines in Minas Gerais and the *Grêmio* stadium in Rio Grande do Sul;
- Midwest, North and Northeast regions: the *Jirau* hydroelectric power plant, *Transnordestina* railway, Petroquímica Suape, *Abreu e Lima* refinery, in Pernambuco, the *Ponta da Madeira* maritime terminal, in Maranhão, stadiums for the 2014 World Cup - *Fonte Nova*, in Bahia, *Mané Garrincha*, in Brasília, and *Verdão*, in Mato Grosso.

There was a qoq reduction in all COGS items, excluding depreciation, due to lower sales volume and the normalization of maintenance activity; with the utilization rate above normal, maintenance is once again being carried out as equipment is returned.

All of the G&A items, except for the ADD and provision for variable remuneration, remained stable between quarters. Regarding ADD, there was an increase of R$ 5.8 million[3] in 3Q11, while there was a reversal of R$ 0.9 million in 4Q11, as a result of the client's payments of R$ 0.5 million in October and R$ 0.4 million in December. Despite the payments made, we have not finalized the negotiation with this client and therefore R$ 4.9 million continues to be recorded as ADD, for which the reversal will be made as payments are received.

EBITDA reached R$ 19.5 million in 4Q11, 35.4% above the previous quarter, excluding the ADD effect, and the highest registered in the last 15 months, due to the demand recovery in this division. In 2011, EBITDA totaled R$ 57.8 million, *versus* R$ 73.6 million in 2010.

The EBITDA margin was 54.0% in 4Q11, being the highest EBITDA margin since 2009, with 43.9% average in 2011 (*vs.* 47.7% in 2010). There was also ROIC recovery, which was equal to 17.5% in the last quarter, compared to an average of 12.1% in the year (*vs.* 24.1% in 2010).

Jahu Division

The net revenue of the Jahu division totaled R$ 155.8 million in 2011, 48.1% higher than 2010, including an increase of 61.9% in rental revenue, as a result of the investments made and the success of the geographic expansion. The nine branches which have opened since November 2009 contributed 39% of the revenue for the division in the last year and 45% in this quarter.

In 4Q11, net revenues reached R$ 52.5 million, a new quarterly record, with qoq growth of 33.3%, due to higher equipment rental and sales revenues that contributed 56% and 41% of the increase, respectively. Between quarters, rental revenues expanded by R$ 5.4 million, or 15.5%, of which the increase in rented volume represented R$ 3.6 million. The utilization rate remained above the normal level.

There was a significant increase in revenues from sales of aluminum forms for the MCMV program in the last quarter and we already have a strong sales backlog for 2012. In 4Q11, 77% (vs. 89% in 3Q11) of net revenues from this division were related to rental of equipment, while 23% (vs. 11% in 3Q11) were related to sales, technical assistance and other revenues.

There was a qoq increase in COGS, ex-depreciation, due to higher costs of sales in line with the expansion of sales revenue in the period, while G&A remained steady.

EBITDA amounted to R$ 23.9 million in 4Q11, a new quarterly record, with 45.8% qoq growth, positively impacted by the high volume of sales. In 2011, EBITDA totaled R$ 66.0 million, a yoy increase of 50.4%, as a result of the maturation of the branches opened in 4Q10 and the investments of the last twelve months.

The EBITDA margin was 45.5% in 4Q11, being the highest quarterly EBITDA margin in the last 18 months, with an average of 42.4% in 2011 (*vs.* 41.7% in 2010). Excluding sales, which have lower margin than rental, the EBITDA margin would be 47.6% in the last quarter. There was also improvement in ROIC in 4Q11, affected by sales, equal to 16.3%, compared to the average of 14.3% in 2011 (*vs.* 23.5% in 2010).

Industrial Services Division

Net revenues for the Industrial Services division amounted to R$ 214.8 million in 2011, with a 9.9% yoy increase, primarily in maintenance services. In 4Q11, net revenues totaled R$ 50.2 million, with a 11.8% qoq decrease, as a result of the termination of two contracts with operational losses during the last two quarters of 2011. As a result, maintenance services, which are long term contracts and present recurring and less volatile revenues, contributed 79% of total revenue in 4Q11, against 72% in 3Q11.

There was a qoq reduction in COGS and G&A, ex-depreciation, but at a lower rate than the revenue, negatively impacting the EBITDA margin, because of layoff costs due to demobilization in the terminated contracts. The EBITDA margin was 4.7% in 4Q11, with an average of 9.7% this year (*vs.* 13.4% in 2010).

EBITDA amounted to R$ 2.3 million in 4Q11, reaching R$ 20.7 million in 2011, representing a yoy decrease of 20.6%. ROIC was equal to negative 1.2% in the last quarter and 5.9% in 2011 (*vs.* 16.0% in 2010).

We are currently reorganizing in this division to prepare it for growth in higher value-added services and in profitability, which includes the following actions: (i) partnership with the Norwegian company Beerenberg, (ii) centralization of the operations, (iii) creation of a new business prospection and development area, and (iv) optimization of some existing contracts, which incur additional costs and will probably impact the result of the first quarter of 2012.

Rental Division

The net revenue of the Rental division totaled R$ 175.4 million in 2011, 84.5% higher yoy. The twelve branches opened since 2010 have contributed 58% of the revenue for the division during the last year and 64% in this quarter.

In 4Q11, net revenues reached R$ 54.9 million, a new quarterly record, with qoq growth of 20.2%, due to higher equipment rental and sales revenues that contributed 53% and 47% of the increase, respectively. Equipment rental revenues expanded qoq by R$ 4.8 million, or 11.4%, with a higher rented volume contributing R$ 2.1 million and prices and mix of equipment contributing R$ 2.7 million. The utilization rate remained at normal level. With a high volume of sales in 4Q11, the revenues of equipment sales, technical support services and other revenues represented 14% (*versus* 7% in 3Q11) of the total revenue of the division.

There was a qoq increase in COGS, ex-depreciation, due to higher costs of sales in line with the qoq expansion of sales revenue, while G&A remained steady, excluding the ADD[3] effect. Regarding ADD, there was an increase of R$ 3.3 million in 3Q11, while there was a reversal of R$ 0.2 million in 4Q11, as a result of the client's payments in December, when we concluded the negotiation with this client. The remaining amount will be paid in installments as from the second quarter of 2012 and the reversal of the ADD will be recorded as and when payments are received by Mills.

EBITDA amounted to R$ 30.7 million in 4Q11, a new quarterly record, with 41.6% qoq growth. In 2011, EBITDA totaled R$ 93.6 million, with an 83.8% yoy increase, due to the maturation of the branches opened in 4Q10 and the investments of the last twelve months.

The EBITDA margin was 56.0% in 4Q11, with an average of 53.4% in 2011 (*vs.* 53.6% in 2010). Excluding sales, which have lower margin than equipment rental, the EBITDA margin would be 59.1% in the last quarter. There was also improvement in ROIC in 4Q11, affected by sales, which was equal to 18.5%, compared to the average of 16.5% in 2011 (*vs.* 19.2% in 2010).

Teleconference and *Webcast*

Date: February 14th, 2012, Tuesday
Time: 09:00 (New York time), 12:00 (Rio de Janeiro time) and 14:00 (London time)
Teleconference: +1 516 300 1066 or +1 866 866 2673 (toll free), code: Mills Engenharia
Replay: +55 11 3127 4999 / code: 78117369
Webcast: www.mills.com.br/ri

Tables

Table 3 – Net revenue per type

in R$ millions	4Q10 (A)	3Q11 (B)	4Q11 (C)	(C)/(B) %	(C)/(A) %	2010 (D)	2011 (E)	(E)/(D) %
Rental	91.1	119.3	132.4	11.0%	45.4%	342.1	453.9	32.7%
Technical support services	43.6	41.3	37.6	-8.8%	-13.8%	151.4	159.8	5.5%
Sales	12.7	8.5	19.2	126.7%	50.6%	37.0	40.6	9.7%
Others	6.8	6.0	4.3	-28.5%	-36.4%	19.4	23.3	20.3%
Total net revenue	154.2	175.1	193.5	10.6%	25.5%	549.9	677.6	23.2%

Table 4 – Net revenue per division

in R$ millions	4Q10	%	3Q11	%	4Q11	%	2010	%	2011	%
Heavy Construction	34.2	22.2%	33.2	19.0%	36.1	18.6%	154.3	28.1%	131.6	19.4%
Jahu - Residential and Commercial Construction	32.8	21.3%	39.4	22.5%	52.5	27.1%	105.1	19.1%	155.8	23.0%
Industrial Services	56.4	36.6%	56.9	32.5%	50.2	25.9%	195.4	35.5%	214.8	31.7%
Rental	30.8	20.0%	45.6	26.1%	54.9	28.3%	95.1	17.3%	175.4	25.9%
Total net revenue	154.2	100.0%	175.1	100.0%	193.5	100.0%	549.9	100.0%	677.6	100.0%

Table 5 – Cost of goods and services sold (COGS) and general, administrative and operating expenses (G&A)

in R$ millions	4Q10	%	3Q11	%	3Q11*	%	4Q11	%	2010	%	2011	%
Costs of job execution	51.9	47.7%	58.5	47.1%	58.5	50.8%	53.3	45.5%	182.6	51.4%	210.0	47.8%
Costs of sale of equipment	8.0	7.4%	5.6	4.5%	5.6	4.9%	11.8	10.1%	23.2	6.5%	25.5	5.8%
Costs of asset write-offs	2.6	2.4%	0.6	0.5%	0.6	0.5%	1.4	1.2%	4.0	1.1%	4.6	1.0%
Equipment storage[1]			8.1	7.5%	8.1	7.1%	7.1	6.6%			27.3	6.2%
COGS, ex-depreciation	62.6	57.5%	72.9	58.7%	72.9	63.3%	73.7	63.0%	209.9	59.1%	267.4	60.8%
G&A	46.3	42.5%	51.3	41.3%	42.2	36.7%	43.4	37.0%	145.5	40.9%	172.1	39.2%
Total COGS,ex-depreciation+G&A	108.8	100.0%	124.2	100.0%	115.1	100.0%	117.1	100.0%	355.4	100.0%	439.5	100.0%

[1]Until December 31 of 2010, the equipment storage expenses were recorded as G&A. Starting 2011, equipment storage started to be recorded as COGS. Equipment storage costs amounted to R$ 6.0 million in 4Q10, R$ 20.7 million in 2010.

* Excluding the ADD effect of R$ 9.1 million

Table 6 – EBITDA per division and EBITDA margin

in R$ millions	4Q10	%	3Q11	%	3Q11*	%	4Q11	%	2010	%	2011	%
Heavy Construction	13.3	29.2%	8.6	17.0%	14.4	24.1%	19.5	25.5%	73.6	37.8%	57.8	24.3%
Jahu - Residential and Commercial Construction	11.6	25.6%	16.4	32.2%	16.4	27.3%	23.9	31.2%	43.9	22.6%	66.0	27.7%
Industrial Services	5.8	12.8%	4.1	8.1%	4.1	6.9%	2.3	3.1%	26.1	13.4%	20.7	8.7%
Rental	14.7	32.3%	21.7	42.7%	25.0	41.7%	30.7	40.2%	51.0	26.2%	93.6	39.3%
Total EBITDA	45.4	100.0%	50.8	100.0%	59.9	100.0%	76.4	100.0%	194.5	100.0%	238.1	100.0%
EBITDA margin (%)	29.4%		29.0%		34.2%		39.5%		35.4%		35.1%	

* Excluding the ADD effect of R$ 9.1 million, of which R$ 5.8 million in the Heavy Construction division and R$ 3.3 million in the Rental division.

Table 7 – Investment per division

in R$ millions	4Q10	3Q11	Actual 4Q11	2010	2011
Heavy Construction	8.5	13.8	16.9	74.3	47.3
Jahu - Residential and Commercial Construction	34.5	50.6	56.6	104.0	185.0
Industrial Services	3.6	6.9	4.1	25.0	17.3
Rental	25.0	43.9	33.4	130.6	162.8
Corporate	7.3	6.4	3.4	14.6	18.0
Organic Growth	78.8	121.6	114.4	348.5	430.4
Acquisition	-	-	-	-	95.5
Total Capex	78.8	121.6	114.4	348.5	525.9

Table 8 – Heavy Construction division financial indicators

in R$ millions	4Q10 (A)	3Q11 (B)	3Q11* (C)	4Q11 (D)	(D)/(B) %	(D)/(C) %	(D)/(A) %	2010 (E)	2011 (F)	(F)/(E) %
Net Revenue										
Rental	26.8	27.3	27.3	32.5	19.0%	19.0%	21.3%	121.8	109.2	-10.4%
Technical support services, sales and others	7.4	5.9	5.9	3.5	-39.6%	-39.6%	-52.1%	32.4	22.5	-30.8%
Total net revenue	34.2	33.2	33.2	36.1	8.6%	8.6%	5.5%	154.3	131.6	-14.7%
EBITDA	13.3	8.6	14.4	19.5	125.6%	35.0%	46.9%	73.6	57.8	-21.4%
EBITDA margin (%)	38.8%	26.0%	43.5%	54.0%				47.7%	43.9%	
ROIC[1] (%)	18.8%	4.5%	12.0%	17.5%				24.1%	12.1%	
Capex	8.5	13.8	13.8	16.9	22.0%	22.0%	97.5%	74.3	47.3	-36.4%
Invested Capital[(h)]	200.6	215.8	215.8	222.0	2.9%	2.9%	10.7%	171.1	213.3	24.6%
Depreciation	4.8	5.2	5.2	5.6	7.7%	7.7%	15.5%	16.8	20.9	24.4%

[1] In 4Q10 and in 2010, ROIC was calculated considering the effective income tax rate for the period, while in 2Q11, 3Q11, 4Q11 and 2011, ROIC was calculated considering a theoretical 30% income tax rate. Further details are available in the ROIC section in the press release of 1Q11 results.

* Excluding the ADD effect of R$ 5.8 million

Table 9 – Jahu – Residential and Commercial Construction division financial indicators

in R$ millions	4Q10 (A)	3Q11 (B)	4Q11 (C)	(C)/(B) %	(C)/(A) %	2010 (D)	2011 (E)	(E)/(D) %
Net revenue								
Rental	23.6	34.9	40.3	15.5%	70.9%	81.6	132.2	61.9%
Technical support services, sales and others	9.2	4.4	12.1	172.3%	32.0%	23.5	23.6	0.3%
Total net revenue	32.8	39.4	52.5	33.3%	60.0%	105.1	155.8	48.1%
EBITDA	11.6	16.4	23.9	45.8%	105.3%	43.9	66.0	50.4%
EBITDA margin (%)	35.5%	41.6%	45.5%			41.7%	42.4%	
ROIC[1] (%)	22.3%	12.5%	16.3%			23.5%	14.3%	
Capex	34.5	50.6	56.6	11.9%	64.3%	104.0	190.5	83.3%
Invested Capital	154.1	262.0	310.8	18.6%	101.7%	114.7	241.4	110.5%
Depreciation	2.5	4.7	5.8	22.8%	137.7%	6.8	16.5	140.9%

[1] In 4Q10 and in 2010, ROIC was calculated considering the effective income tax rate for the period, while in 2Q11, 3Q11, 4Q11 and 2011, ROIC was calculated considering a theoretical 30% income tax rate. Further details are available in the ROIC section in the press release of 1Q11 results.

Table 10 – Industrial Services division financial indicators

in R$ millions	4Q10 (A)	3Q11 (B)	4Q11 (C)	(C)/(B) %	(C)/(A) %	2010 (D)	2011 (E)	(E)/(D) %
Net revenue								
Maintenance	42.8	41.1	39.5	-3.8%	-7.8%	138.5	158.3	14.3%
New plants	13.6	15.8	10.7	-32.5%	-21.4%	56.9	56.5	-0.7%
Total net revenue	56.4	56.9	50.2	-11.8%	-11.1%	195.4	214.8	9.9%
EBITDA	5.8	4.1	2.3	-43.0%	-59.6%	26.1	20.7	-20.6%
EBITDA margin (%)	10.3%	7.2%	4.7%			13.4%	9.7%	
ROIC[1] (%)	14.8%	3.2%	-1.2%			16.0%	5.9%	
Capex	3.6	6.9	4.1	-40.8%	13.6%	25.0	17.3	-30.8%
Invested Capital	97.3	123.2	133.3	8.2%	36.9%	83.3	119.7	43.7%
Depreciation	2.2	2.7	2.9	7.9%	30.1%	7.8	10.5	34.4%

[1] In 4Q10 and in 2010, ROIC was calculated considering the effective income tax rate for the period, while in 2Q11, 3Q11, 4Q11 and 2011, ROIC was calculated considering a theoretical 30% income tax rate. Further details are available in the ROIC section in the press release of 1Q11 results.

Table 11 – Rental division financial indicators

in R$ millions	4Q10 (A)	3Q11 (B)	3Q11* (C)	4Q11 (D)	(D)/(B) %	(D)/(C) %	(D)/(A) %	2010 (E)	2011 (F)	(F)/(E) %
Net revenue										
Rental	25.7	42.3	42.3	47.2	11.4%	11.4%	83.2%	84.9	157.0	84.9%
Technical support services, sales and others	5.1	3.3	3.3	7.7	134.8%	134.8%	52.1%	10.1	18.4	81.4%
Total net revenue	30.8	45.6	45.6	54.9	20.2%	20.2%	78.1%	95.1	175.4	84.5%
EBITDA	14.7	21.7	25.0	30.7	41.6%	22.9%	109.5%	51.0	93.6	83.8%
EBITDA margin (%)	47.6%	47.6%	54.8%	56.0%				53.6%	53.4%	
ROIC[1] (%)	18.7%	12.9%	16.0%	18.6%				19.2%	16.5%	
Capex	25.0	43.9	43.9	33.4	-23.9%	-23.9%	33.7%	130.6	162.8	24.6%
Invested Capital	187.8	306.3	306.3	334.8	9.3%	9.3%	78.2%	134.1	277.8	107.1%
Depreciation	5.0	7.6	7.6	8.5	11.9%	11.9%	68.1%	15.6	28.2	81.4%

[1] In 4Q10 and in 2010, ROIC was calculated considering the effective income tax rate for the period, while in 2Q11, 3Q11, 4Q11 and 2011, ROIC was calculated considering a theoretical 30% income tax rate. Further details are available in the ROIC section in the press release of 1Q11 results.
*Excluding the ADD effect of R$ 3.3 million.

Glossary

(a) EBITDA - EBITDA is a non-accounting measurement which we prepare and which is reconciled with our financial statement 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 names 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 tangible and intangible goods for non-current assets.

(c) ROIC – (Return on Invested Capital) - Calculated as Operating Income before financial results and after the payment of income tax and social contribution (theoretical 30% income tax rate) on this income, include remuneration from affiliates, 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 names provided by other companies.

Quarterly ROIC: ((Quarterly Operational Income – (30% Income Tax Rate) + remuneration from affiliates) / Average Invested Capital of the last four months) * 4

Annual ROIC: (Annual Operational Income – (30% Income Tax Rate) + remuneration from affiliates) / Average Invested Capital of the last thirteen months

(d) Job execution costs - Job execution costs include: (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 (EPIs), 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; and (e) cost of equipment rented from third-parties.

(e) Expenses with contract coordination - Expenses with contract coordination include personnel expenses with our project teams and commercial engineers, who are responsible for the management and supervision of each of our contracts.

(f) Net debt - Gross debt less cash holdings.

(g) 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.

(h) 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). The quarter asset base is calculated as the average of the asset base of the last four months and the annual asset base is calculated as the average of the last thirteen months.

INCOME STATEMENT

in R$ millions	4Q10	3Q11	4Q11	2010	2011
Net revenue from sales and services	**154.2**	**175.1**	**193.5**	**549.9**	**677.6**
Cost of products sold and services rendered	(76.5)	(92.3)	(95.6)	(254.8)	(340.4)
Gross profit	**77.7**	**82.8**	**97.9**	**295.1**	**337.2**
General and administrative expenses	(46.9)	(52.1)	(44.2)	(147.6)	(175.2)
Operating profit before financial result	**30.8**	**30.7**	**53.7**	**147.5**	**162.0**
Financial expense	(4.4)	(16.6)	(12.5)	(24.3)	(46.6)
Financial income	4.8	4.6	2.7	18.7	14.7
Financial result	**0.5**	**(12.0)**	**(9.9)**	**(5.6)**	**(31.8)**
Profit before taxation	**31.3**	**18.8**	**43.8**	**141.8**	**130.1**
Income tax and social contribution expenses	(1.2)	(0.9)	(14.3)	(38.5)	(38.0)
Net income	**30.1**	**17.9**	**29.5**	**103.3**	**92.2**
Number of shares at the end of the period (in thousands)	125,495	125,591	125,657	125,495	125,657
Net income per thousand shares at the end of the period - R$	0.24	0.14	0.24	0.82	0.73

BALANCE SHEET

in R$ millions	4Q10	3Q11	4Q11
Assets			
Current Assets			
Cash and cash equivalents	6.2	72.2	35.2
Marketable securities	136.1	-	-
Trade receivables	122.1	126.5	139.1
Inventories	5.6	11.8	11.2
Recoverable taxes	26.2	21.2	22.1
Advances to suppliers	7.3	9.6	11.5
Derivative financial instruments	-	-	2.8
Other current assets	4.4	4.1	3.0
Total Current Assets	307.9	245.4	224.9
Non-Current Assets			
Trade receivables	3.8	3.2	2.6
Recoverable taxes	3.9	28.5	31.6
Deferred taxes	8.1	22.0	16.1
Deposits in court	7.3	7.8	7.7
	23.1	61.4	58.0
Investment	-	88.0	87.4
Property, plant and equipment	551.2	788.6	872.9
Intangible assets	41.9	44.7	45.5
	593.1	921.2	1,005.8
Total Non-Current Assets	616.2	982.7	1,063.7
Total Assets	**924.1**	**1,228.1**	**1,288.6**

Mills

in R$ millions	4Q10	3Q11	4Q11
Liabilities			
Current Liabilities			
Suppliers	32.7	12.1	35.9
Borrowings and financings	46.7	41.0	65.3
Debentures	-	15.8	6.1
Salaries and payroll charges	21.3	33.3	25.0
Income tax and social contribution	-	-	2.7
Tax refinancing program (REFIS)	0.7	0.7	0.4
Taxes payable	7.9	9.9	8.1
Profit sharing payable	17.5	4.7	7.9
Dividends payable	24.5	18.9	21.9
Derivative financial instruments	7.0	5.0	-
Other current liabilities	2.4	5.1	4.4
Total Current Liabilities	160.8	146.5	177.7
Non-Current Liabilities			
Borrowings and financings	85.9	77.1	71.1
Debentures	-	268.3	268.4
Provision for tax, civil and labor risks	11.1	12.7	12.8
Deferred taxes	-	9.4	11.2
Tax refinancing program (REFIS)	10.0	10.4	10.5
Other non-current liabilities	1.0	0.6	0.6
Total Non-Current Liabilities	108.2	378.6	374.7
Total Liabilities	268.9	525.1	552.5
Stockholders' Equity			
Capital	525.1	526.8	527.6
Earnings reserves	145.2	144.1	212.0
Capital reserves	(8.2)	(6.5)	(5.6)
Valuation adjustments to equity	(7.0)	(3.1)	2.1
Retained earnings	-	41.8	-
Total Stockholders' Equity	655.2	703.1	736.1
Total Liabilities and Stockholders' Equity	**924.1**	**1,228.1**	**1,288.6**

Mills

CASH FLOW

in R$ millions	4Q10	4Q11	2010	2011
Cash flow from operating activities				
Net income before taxation	**31.3**	**43.8**	**141.8**	**130.1**
Adjustments				
Depreciation and amortization	14.5	22.8	47.1	76.2
Provision for tax, civil and labor risks	0.8	0.2	1.4	1.7
Expense on stock options	0.3	0.9	0.6	3.1
Profit sharing payable	6.6	3.2	17.5	7.9
Gain on sale of fixed and intangible assets	(3.8)	(4.3)	(13.8)	(19.3)
Marketable securities income	8.0	-	(4.8)	(1.5)
Interest, monetary and exchange rate variation on loans, contingencies and deposits in court	5.9	9.9	22.0	38.9
Tax refinancing program (REFIS)	0.3	0.9	(1.0)	1.2
	32.6	**33.5**	**68.9**	**108.3**
Changes in assets and liabilities				
Trade receivables	(15.6)	(11.8)	(51.5)	(27.2)
Allowance for doubtful debts	0.8	(0.3)	1.5	11.4
Inventories	(1.7)	0.6	(4.2)	(5.6)
Recoverable taxes	4.1	4.2	10.6	(6.0)
Deposits in court	(1.0)	0.1	(1.4)	(0.3)
Other assets	(0.0)	(3.7)	(7.4)	(5.7)
Suppliers	4.1	6.0	21.0	1.1
Salaries and payroll charges	(4.9)	(8.3)	6.5	3.7
Taxes payable	(0.3)	(5.3)	(0.8)	(2.9)
Other liabilities	(0.5)	(0.5)	1.6	3.7
	(14.9)	**(18.8)**	**(24.1)**	**(27.8)**
Cash from operations	**49.0**	**58.6**	**186.7**	**210.6**
Interest paid	(5.5)	(22.2)	(19.3)	(32.2)
Income tax and social contribution paid	(8.7)	(2.7)	(31.9)	(20.3)
Profit sharing paid	-	-	(13.8)	(17.5)
Net cash provided by operating activities	**34.8**	**33.6**	**121.6**	**140.6**
Cash flow from investment activities				
Marketable securities	48.0	-	(131.3)	137.7
Acquisitions of investments	-	0.6	-	(92.9)
Acquisitions of fixed and intangible assets	(80.0)	(102.1)	(348.5)	(430.3)
Revenue from sale of non current and intangible assets	6.5	6.6	18.0	26.1
Cash used in investing activities	**(25.5)**	**(94.9)**	**(461.8)**	**(359.4)**
Cash flow from financing activities				
Capital subscription	1.7	0.8	428.2	2.5
Shares in treasury	-	-	-	(0.5)
Costs of issues of shares	(0.4)	-	(15.1)	-
Dividends and interest on capital invested paid	-	3.6	(15.5)	(24.5)
Amortization of borrowings	(10.7)	(8.0)	(99.5)	(86.3)
New borrowings / debentures	1.5	27.8	46.6	356.7
Net cash provided by (used in) financing activities	**(7.9)**	**24.2**	**344.8**	**247.8**
Increase in cash and cash equivalents	**1.4**	**(37.1)**	**4.6**	**29.0**
Cash and cash equivalents at the beginning of the period	**4.8**	**72.2**	**1.6**	**6.2**
Cash and cash equivalents at the end of the period	**6.2**	**35.2**	**6.2**	**35.2**