

1Q2019

Earnings Presentation



Disclaimer

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1Q19 Main initiatives and highlights

Advance in the strategy to breakeven EBITDA proxy cash in 2019 of the business unit Construction, with an Adjusted EBITDA¹ 46% better than in 4Q18.



Rental equipment revenue of the Rental business unit in line with the previous quarter.



Debenture holders aprovement of the Incorporation Agreement between Mills and Solaris.



Compliance with the original covenants of the debentures, linked to Adjusted Ebitda for the second consecutive quarter.



Adjusted Operating Cash Flow of R\$22.1 million in 1Q19, 66% superior than the 4Q18.



Adjusted EBITDA¹ of R\$15.7 million in 1Q19, 36% higher than the previous quarter.

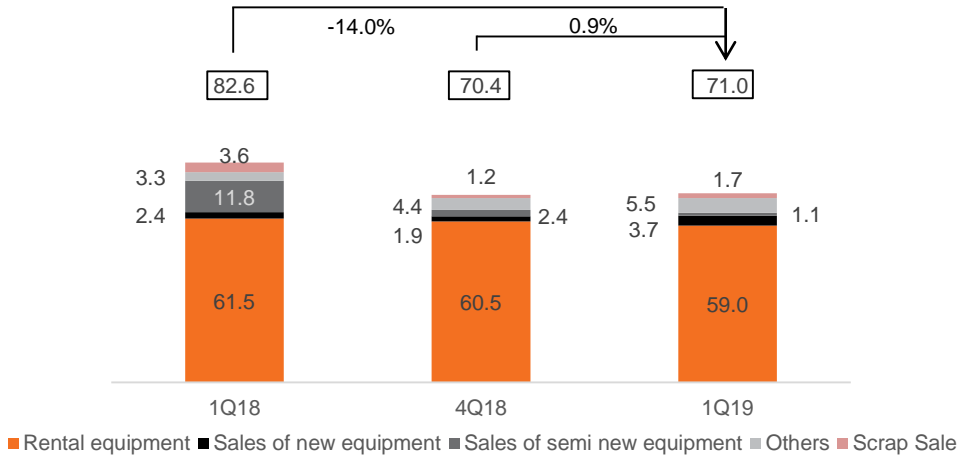
Net debt of R\$16.3 million in 1Q19.

¹Excluding IFRS 16 effect and non-recurring items.

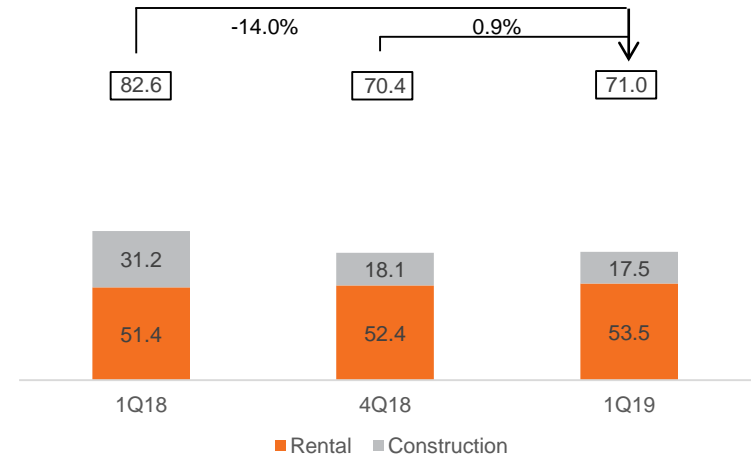
Consolidated – Revenue

In R\$ million

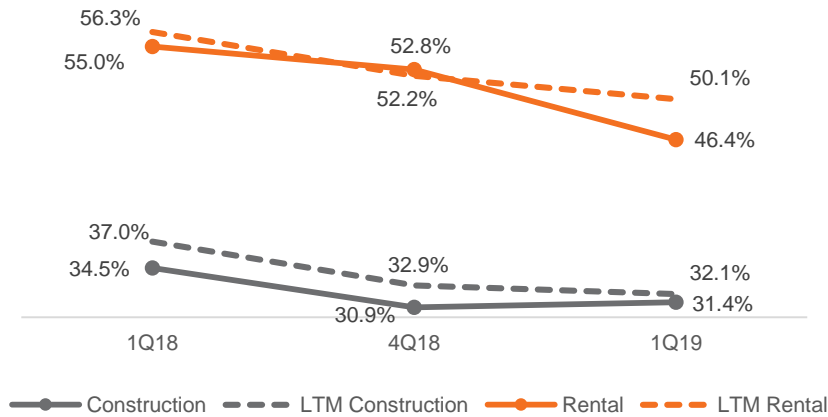
Net Revenue per Type



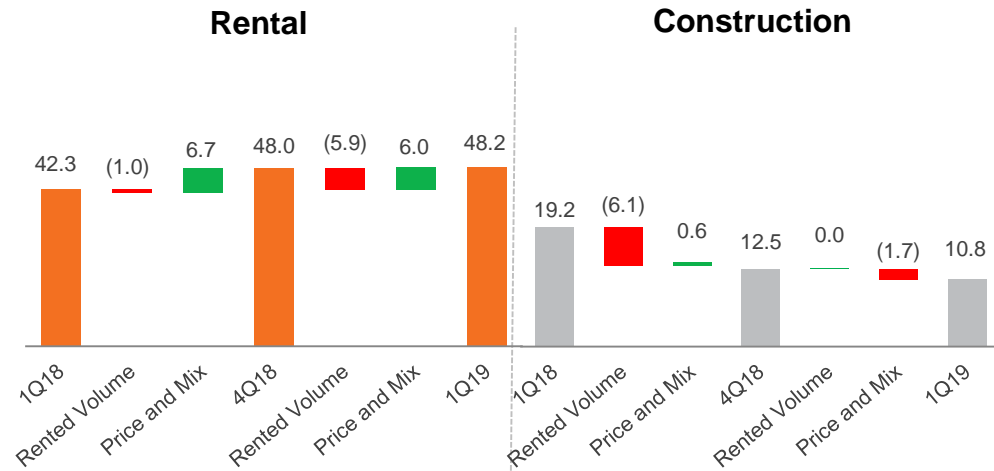
Net Revenue per Segment



Utilization Rate (Volume)

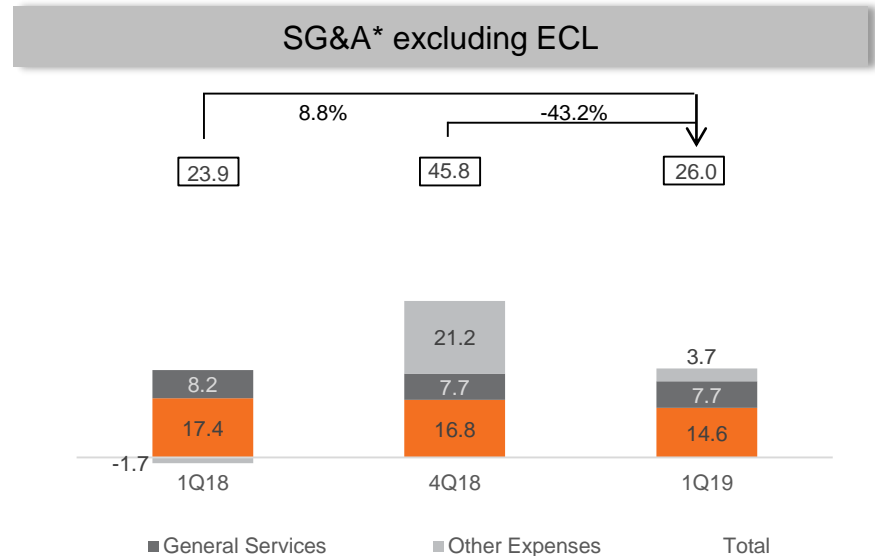
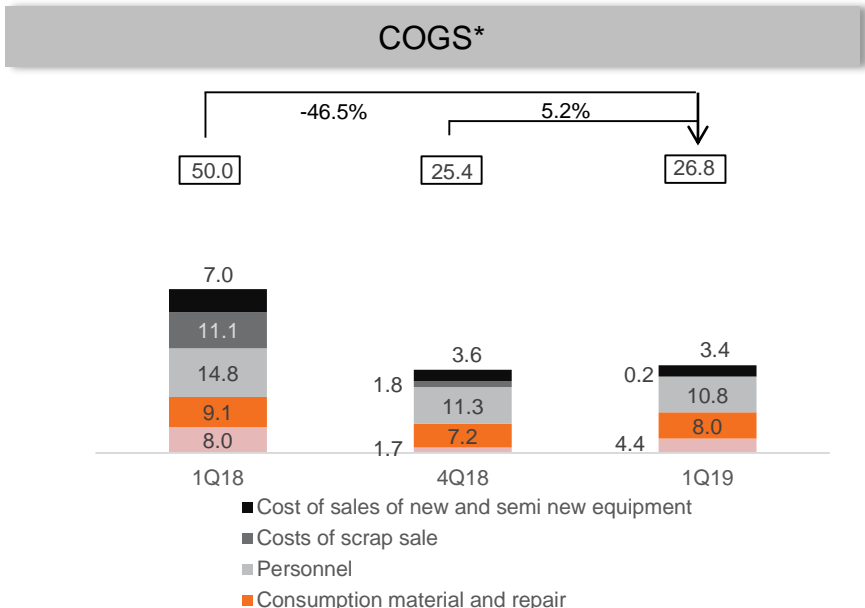
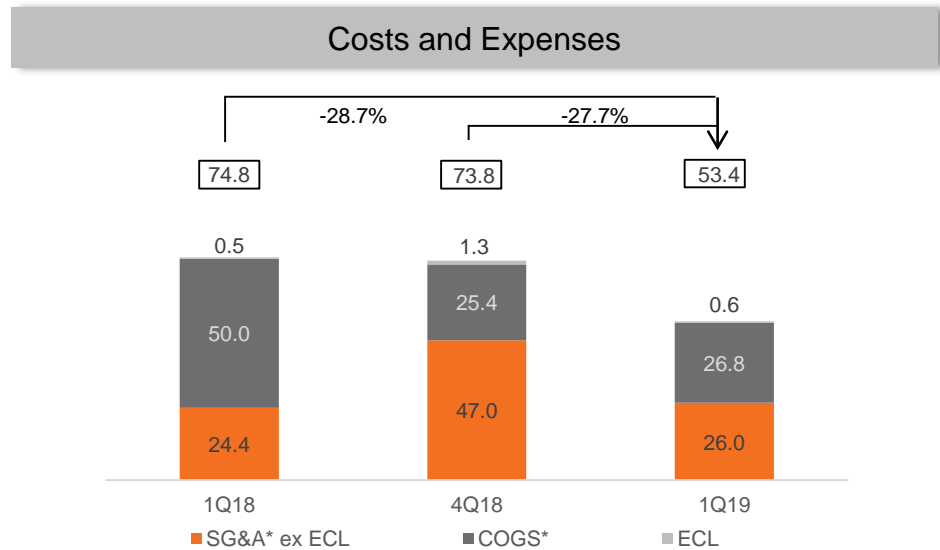


Changes in Rental Revenue



Consolidated – Costs and Expenses

In R\$ million



*Excluding IFRS16 effect.

Consolidated – Non-recurring items

In R\$ million

Non-recurring items =



- Expenses with closing and demobilization of branches
- Resizing of equipment focused on the light real estate market (scrap result).
- Organizational changes
- Business combination between Mills and Solaris

Non-recurring items - Breakdown

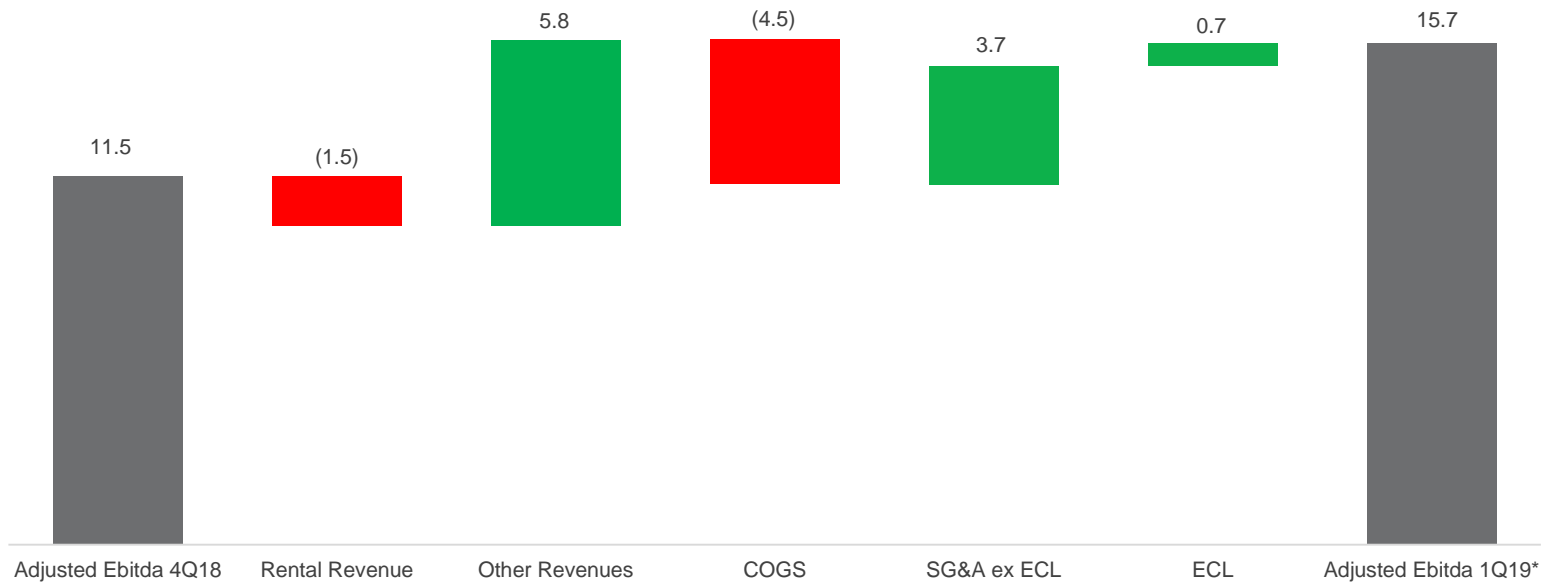
IFRS 16 and non-recurring items - in R\$ million	1Q18 (A)	4Q18 (B)	1Q19 (C)	(C)/(A)	(C)/(B)
Total	-3.1	-13.6	6.1	-299.8%	-145.0%
IFRS 16	0.0	0.0	4.1		
Total non-recurring expenses	-3.1	-13.6	2.0	-165.2%	-114.7%
Resizing expenses	-3.5	-2.9	1.7	-159.5%	-159.5%
Branches demobilization	-0.1	-3.4	-0.3	217.5%	-92.4%
Result of sale of semi new equipment	5.9	2.5	1.1	-81.0%	-55.1%
Cost of sale of semi new equipment	-1.8	-1.4	-0.7	-63.2%	-52.9%
Revenue of scrap sale	3.6	1.2	1.7	-52.3%	49.2%
Cost of scrap sale	-11.1	-1.8	-0.2	-98.5%	-90.3%
Business combination between Mills and Solaris	0.0	-5.3	-0.2		-97.1%
Other non-recurring expenses	0.4	-5.4	0.4	-3.2%	-107.6%
Impairment Rohr	0.0	0.0	0.0		
Mills SI Expenses	0.4	-5.4	0.4	-3.2%	-107.6%

Restructuring expenses (R\$ million)	1Q18	4Q18	1Q19
Total	(3.5)	(2.9)	1.7
Efeito Caixa	9.4	0.9	2.6
Efeito Não Caixa	(12.9)	(3.8)	(0.8)

Consolidated – Adjusted EBITDA

In R\$ million

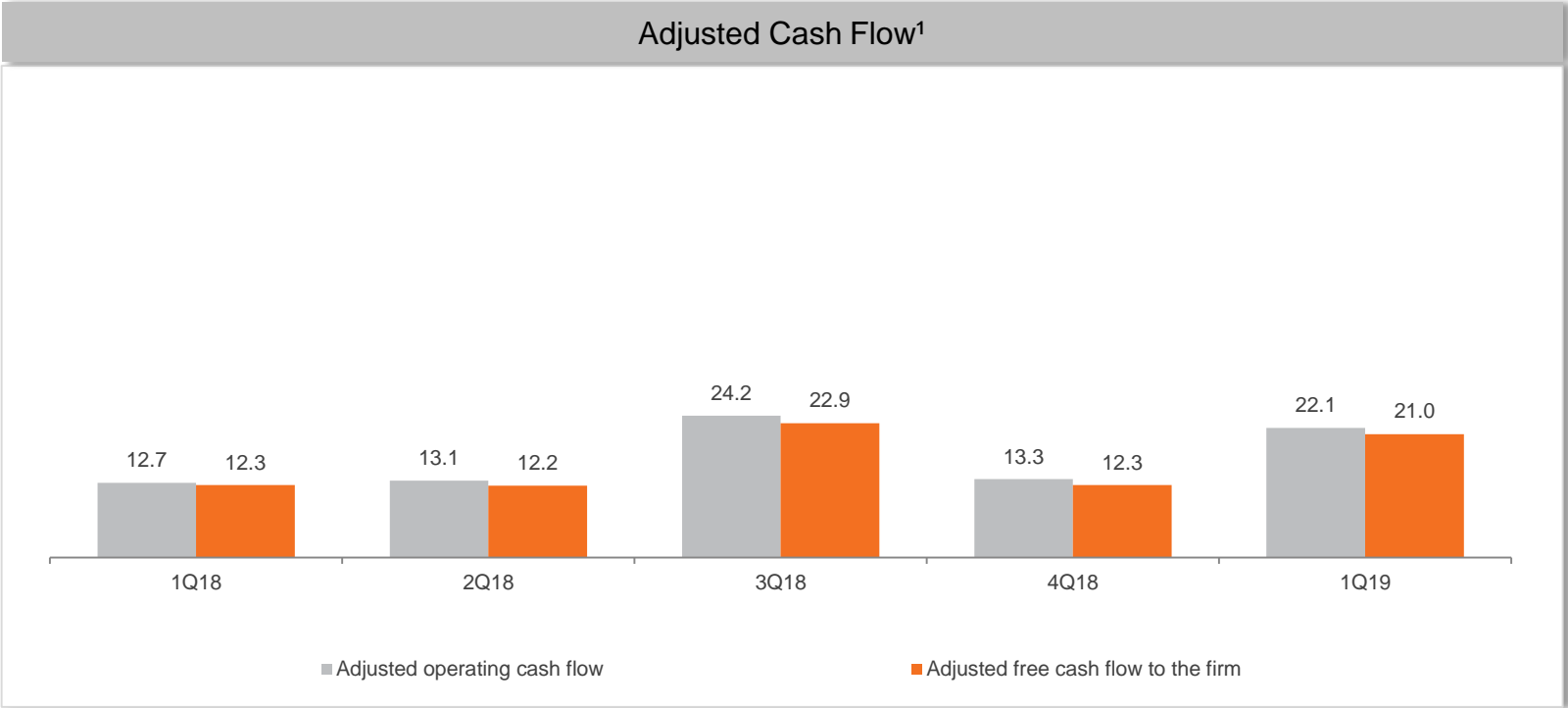
Reconciliation of Adjusted EBITDA – 1Q19



*Excluding IFRS16 effect and non-recurring items (restructuring expenses of the Construction business unit, liabilities of the Industrial Services business unit and expenses related to the business combination with Solaris).

Consolidated – Adjusted Cash Flow

In R\$ million



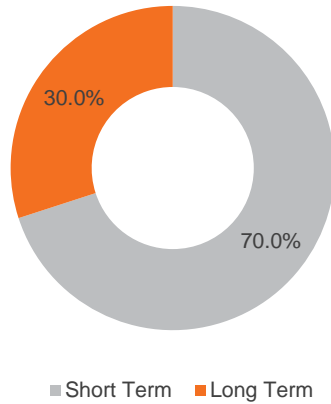
¹ For the adjusted operating cash flow, interest related to debentures and Finame and investment in rental equipment and interest and net monetary and asset variations are excluded. For the free cash flow to the firm, the interest paid and the net monetary and asset variations are excluded.

Consolidated – Indebtedness

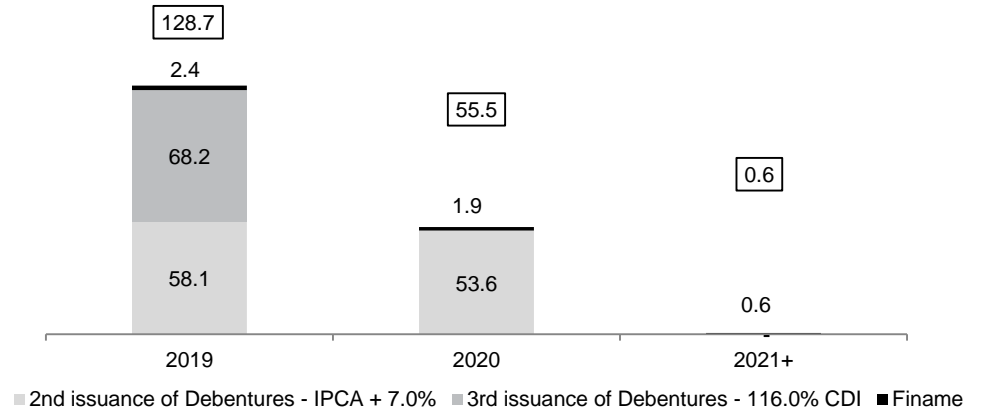
In R\$ million

❖ The weighted average maturity of our debt on March 31, 2019, was of 0.6 year at a cost of CDI+3.52% per year.

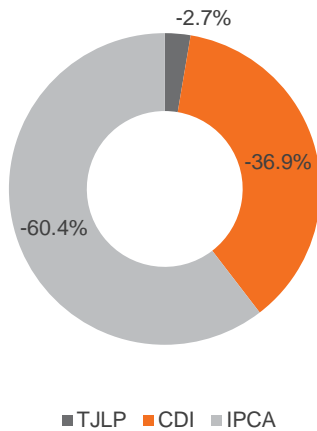
Gross Debt Profile



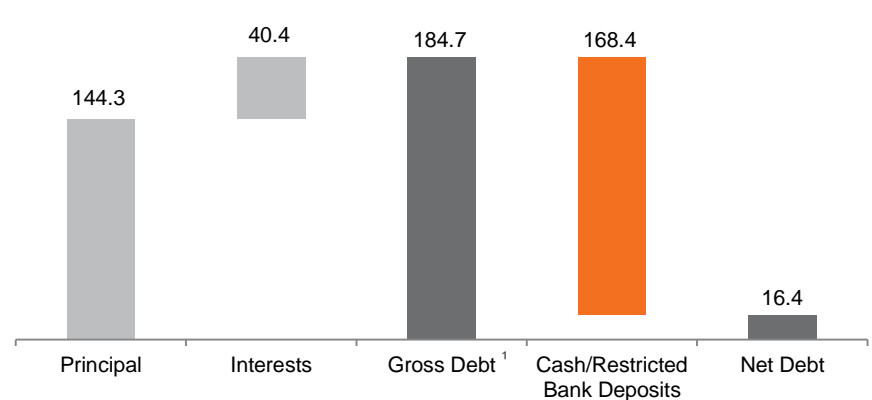
Debt Payment Schedule



❖ We do not have foreign currency exposure.



Indebtedness on 03/31/2019

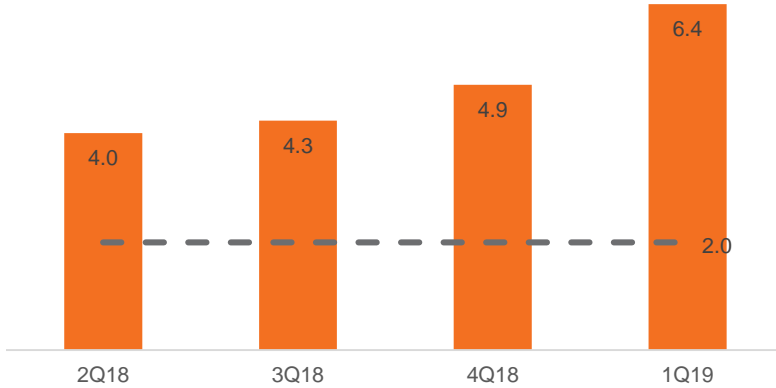


¹Considers accrued interests

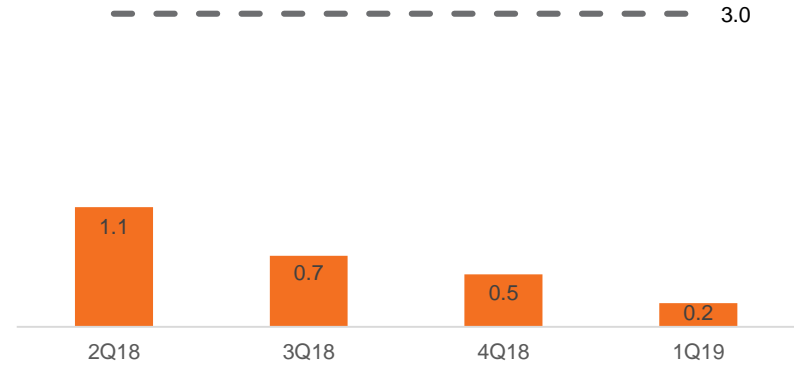
Consolidated – Debt Indicators

In R\$ million

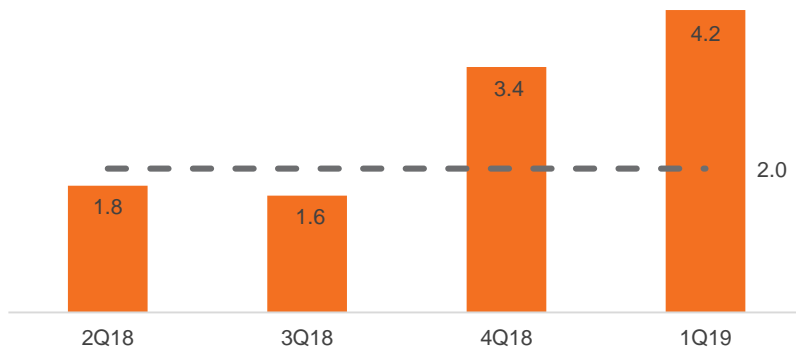
Adjusted LTM Operating Cash Flow* / Financial Result



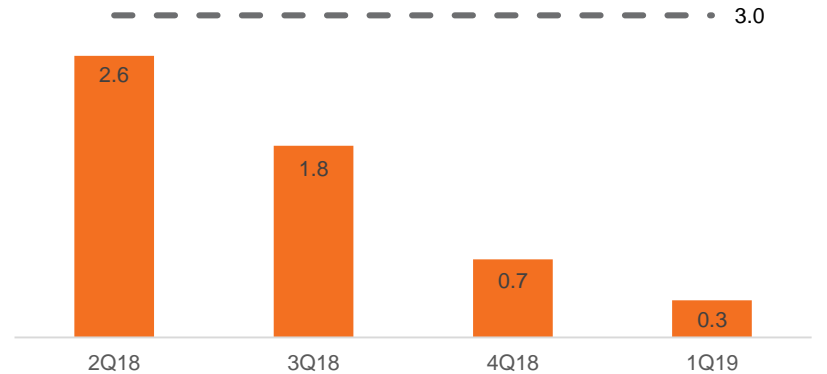
Net Debt / Adjusted LTM Operating Cash Flow*



Adjusted LTM EBITDA / Financial Result (original covenants)



Net Debt / Adjusted LTM EBITDA (original covenants)



❖ Covenants :

- (1) Adjusted OCF LTM*/Financial Result \geq 2.0; and
- (2) Net Debt/Adjusted OCF LTM* \leq 3.0.

* For the adjusted operating cash flow, interest related to debentures and finame and investment in rental equipment and interest and net monetary and asset variations are excluded. For the free cash flow to the firm, the interest paid is disregarded and the net monetary and asset variations are excluded.

Financial Summary

In R\$ million

	2016	2017 ⁴	2018	LTM1Q19	% Part
Net Revenue					
Consolidated	396.6	296.3	304.2	296.2	100.0%
Construction	182.3	115.0	100.6	90.5	33.1%
Rental	214.3	181.3	203.6	205.7	66.9%
EBITDA					
EBITDA	40.9	-37.3	0.3	13.9	100.0%
Construction	-15.9	-69.5	-53.6	-47.2	-16930.6%
Rental	59.8	31.9	60.0	67.2	18938.0%
Others	-3.1	0.4	-6.0	-6.1	-1907.4%
EBITDA Margin					
Consolidated	10.3%	-12.6%	0.1%	4.7%	
Construction	-8.7%	-60.5%	-53.3%	-52.2%	
Rental	27.9%	17.6%	29.4%	32.7%	
Gross Capex (accrual basis)					
Consolidated	5.5	29.5	4.6	4.2	100.0%
Leasing - Construction	1.8	8.0	0.4	0.4	8.5%
Leasing - Rental	0.1	9.5	1.3	0.0	0.4%
Own Use and intangible assets	3.6	12.0	2.9	3.8	91.1%
Utilization rate (volume)					
Construction	41.5%	37.5%	33.2%	32.1%	
Rental	55.1%	55.8%	51.7%	50.1%	
Cash Flow					
Adjusted Operational Cash Flow	157.0	50.2	63.3	72.6	
Adjusted Free Cash Flow to the Firm	172.7	49.2	59.8	68.5	

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



RENTAL



Rental - Financial Performance

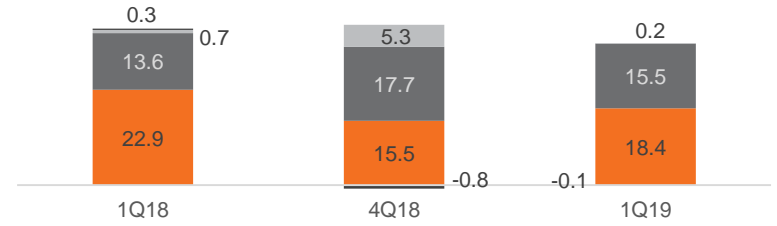
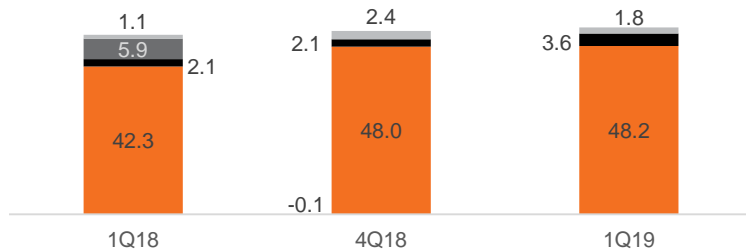
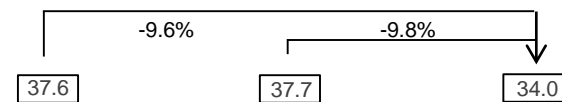
In R\$ million

Non-construction: 63.6%
Construction: 18.4%
Spot: 18.0%

Net Revenue per Type

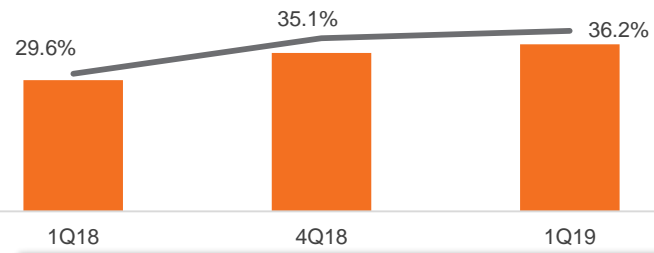


Costs and Expenses



■ Equipment rental
 ■ Sales of new equipment
 ■ Sales of semi new equipment
 ■ Others
 ■ COGS
 ■ SG&A ex. ECL and Non-recurring items
 ■ Non-recurring items
 ■ ECL

Ebitda and Ebitda Margin



■ Ebitda
■ Ebitda margin
 Excluding non-recurring items and IFRS16 effect.

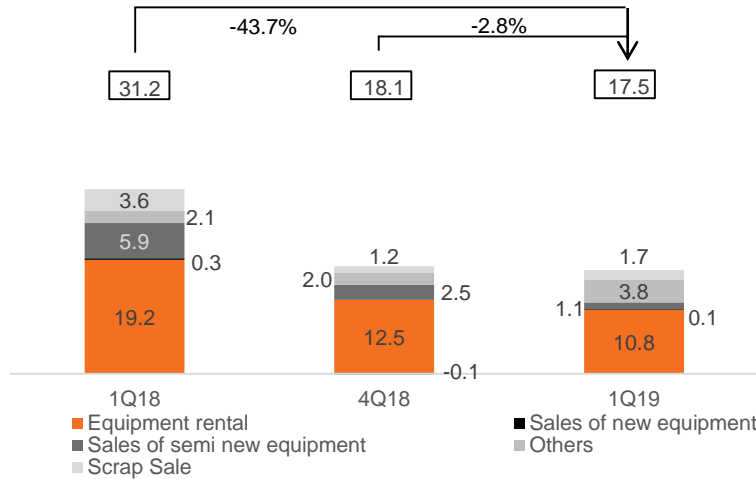


CONSTRUCTION

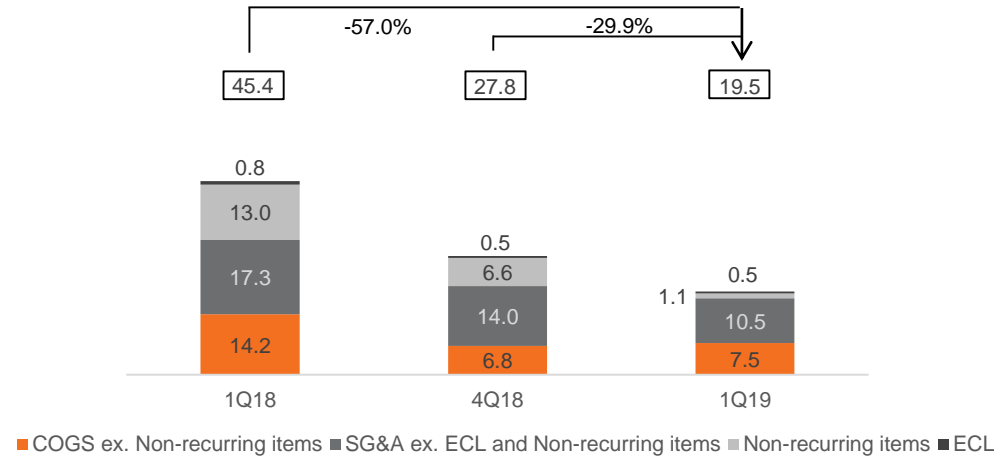
Construction – Financial Performance

In R\$ million

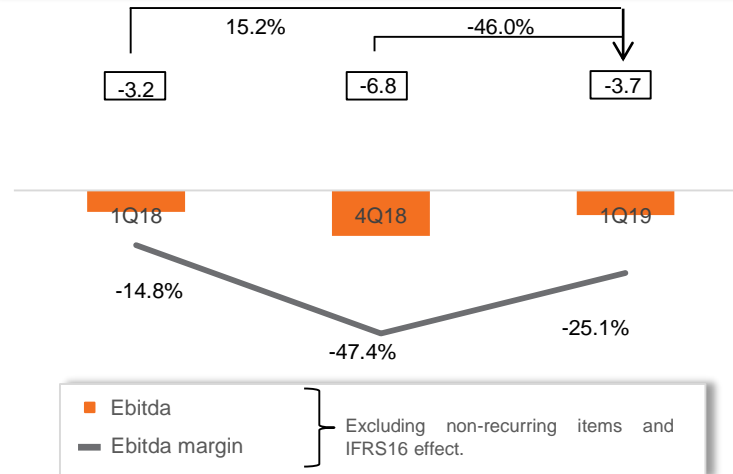
Net Revenue¹ per Type



Costs and Expenses



Ebitda and Ebitda Margin



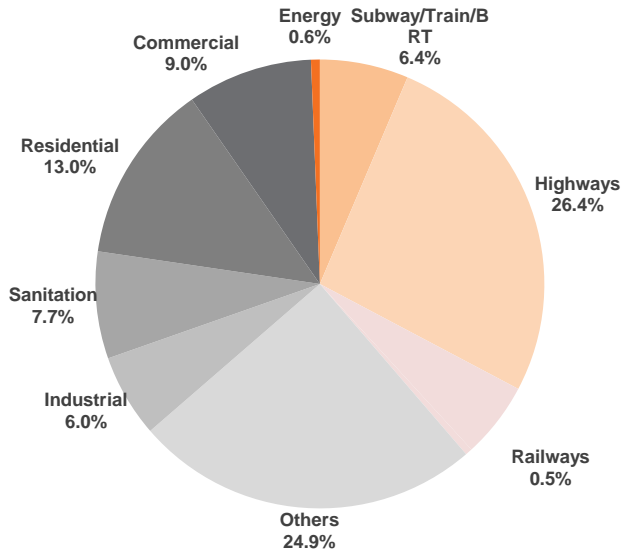
¹ Net revenue of scrap sale and semi new equipment is considered as non-recurring.

Construction – 1Q19 Rental Net Revenue Breakdown

In R\$ million

Per sector
R\$ 10,8 milhões

Main Works with Mills participation



40.7% in public works, resources coming from government.
 50.1% in private works, resources coming from private sector.
 9.2% in PPP works (public partnership, private), resources coming from government and from the private sector.



Mills has national presence.

Thank you

Mills – Investor Relations

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