

3T2017

Earnings Presentation



Disclaimer

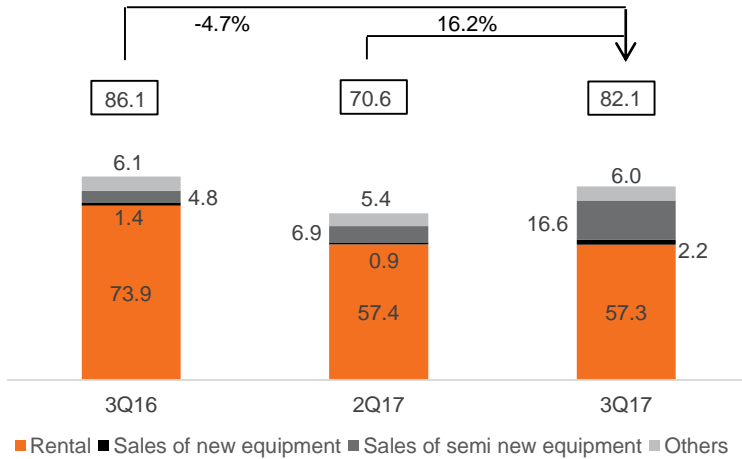


This presentation may contain statements that present expectations of the Management of Mills Estruturas e Serviços de Engenharia S/A (“Mills”) about future events or results. Such statements are based on beliefs and assumptions of our Management taken with our best knowledge and information to which Mills currently has access. All statements, when based on future expectations, and not on historical facts, involve various risks and uncertainties, and are not performance guarantees. Mills and employees cannot guarantee that such statements will prove to be correct. Such risks and uncertainties include factors relating to the Brazilian economy, the capital markets, the infrastructure, real estate, and oil and gas sectors, competitive pressures, among others, and governmental rules that are subject to change without notice. For additional information on the factors that may give rise to results different from those estimated by Mills, please consult the reports filed with the Comissão de Valores Mobiliários – CVM.

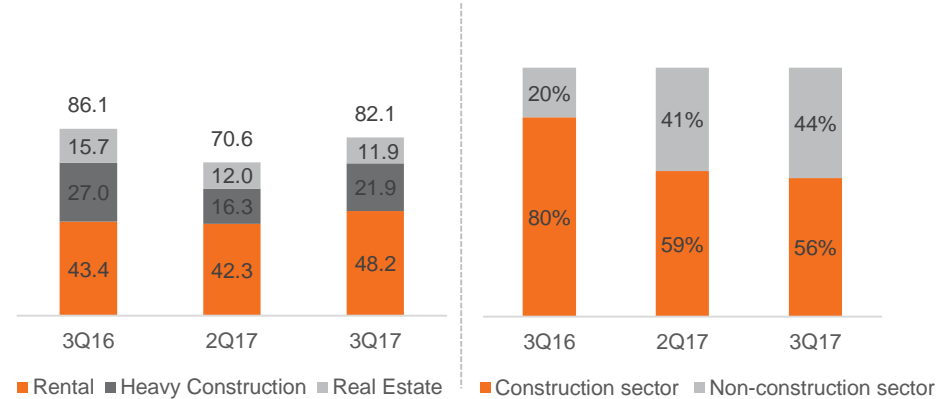
Consolidated – Highlights

In R\$ million

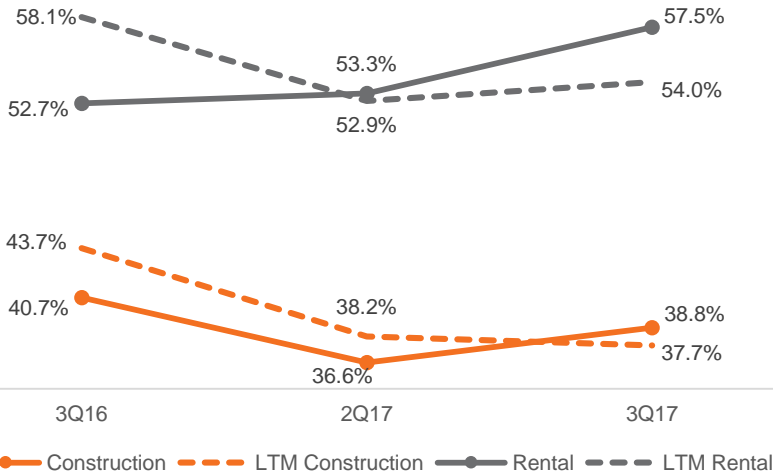
Net Revenue per Type



Net Revenue per Segment



Utilization Rate (Volume)

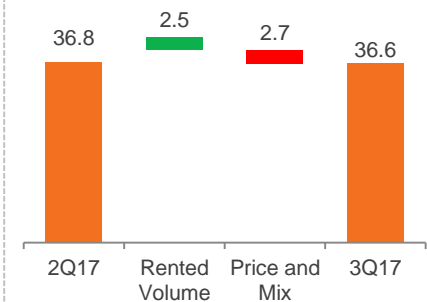


Changes in Rental Revenue

Construction



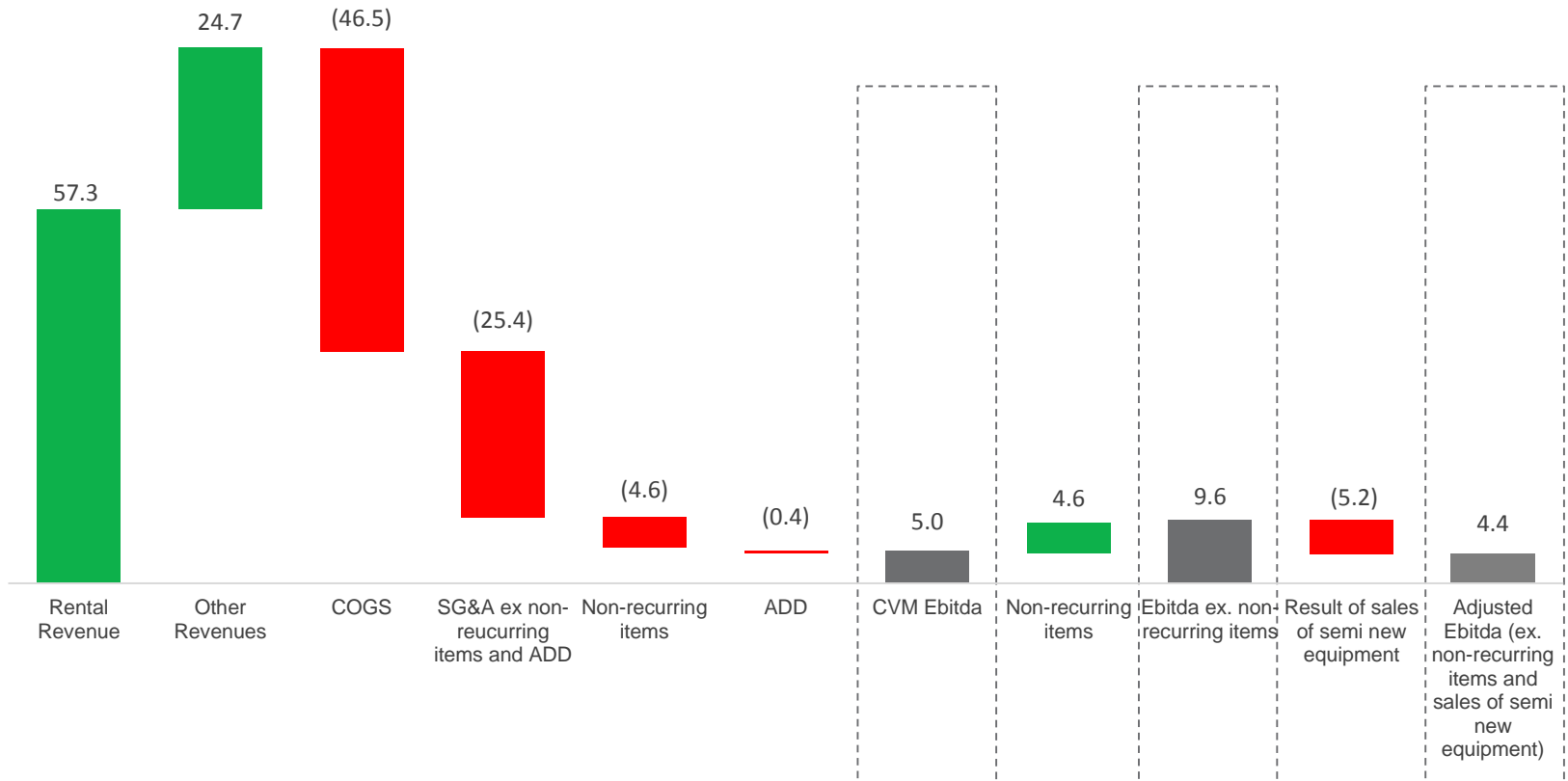
Rental



Consolidated – Adjusted EBITDA totaled R\$ 5.0 million

In R\$ million

Revenue Reconciliation with Ebitda – 3Q17



Consolidated – Restructuring expenses

Non-recurring items =

Restructuring Expenses



Expenses related to Mills Industrial Services¹ business unit

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

Restructuring expenses(R\$ million)	2015	2016	3Q17	9M17
Closing of branches and organizational changes	(9.0)	(10.1)	(3.7)	(11.5)
Result of scrap sale (resizing of equipment focused on the light real estate market)	0.0	(3.7)	(0.9)	(17.6)
Total	(9.0)	(13.8)	(4.7)	(29.2)
Cash Effect	(9.0)	(4.3)	(0.5)	(2.3)
Non Cash Effect	-	(9.6)	(4.2)	(26.9)

EBITDA Evolution excluding non-recurring items

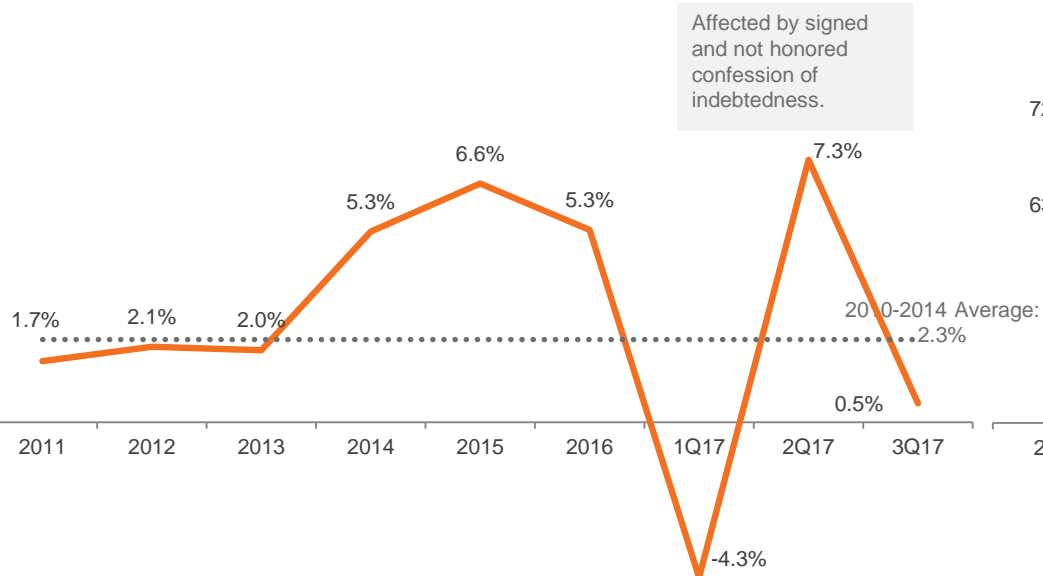
EBITDA Evolution – in R\$ million	2015	2016	9M17	1Q17	2Q17	3Q17
CVM EBITDA	104.1	40.9	(23.0)	(16.2)	(11.8)	5.0
Non-recurring items	(82.7)	(16.9)	(29.4)	(19.0)	(5.8)	(4.6)
Restructuring expenses	(9.0)	(13.8)	(29.2)	(19.2)	(5.3)	(4.7)
Closing of branches and organizational changes	(9.0)	(10.1)	(11.5)	(3.7)	(4.1)	(3.7)
Result of scrap sale	-	(3.7)	(17.6)	(15.5)	(1.2)	(0.9)
Other non-recurring expenses	(73.7)	(3.1)	(0.2)	0.2	(0.4)	0.1
Impairment	(57.1)	-	-	-	-	-
Clients credit reclassification for ADD	(12.9)	-	-	-	-	-
Expenses Industrial Services Business Unit	(3.7)	(3.1)	(0.2)	0.2	(0.4)	0.1
EBITDA ex non-recurring items	186.7	57.8	6.3	2.8	(6.1)	9.6

¹Sold in 2013

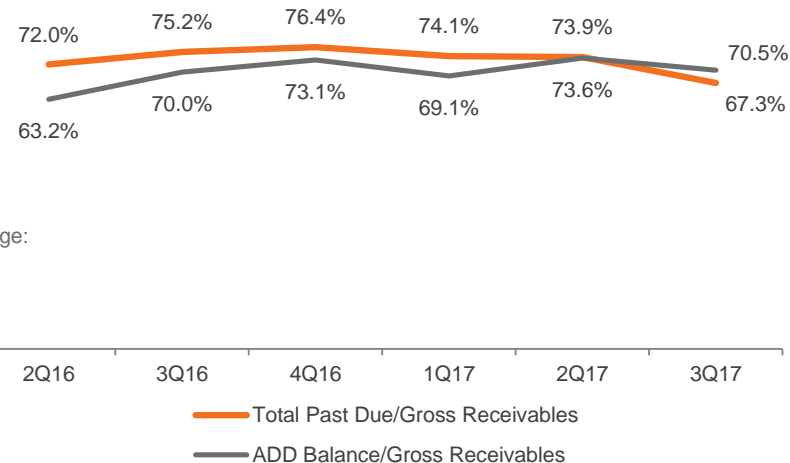
We remain vulnerable to the macroeconomic scenario and to the financial situation of our clients.



Allowance for Doubtful Debts (ADD) Evolution
In % of total net revenue



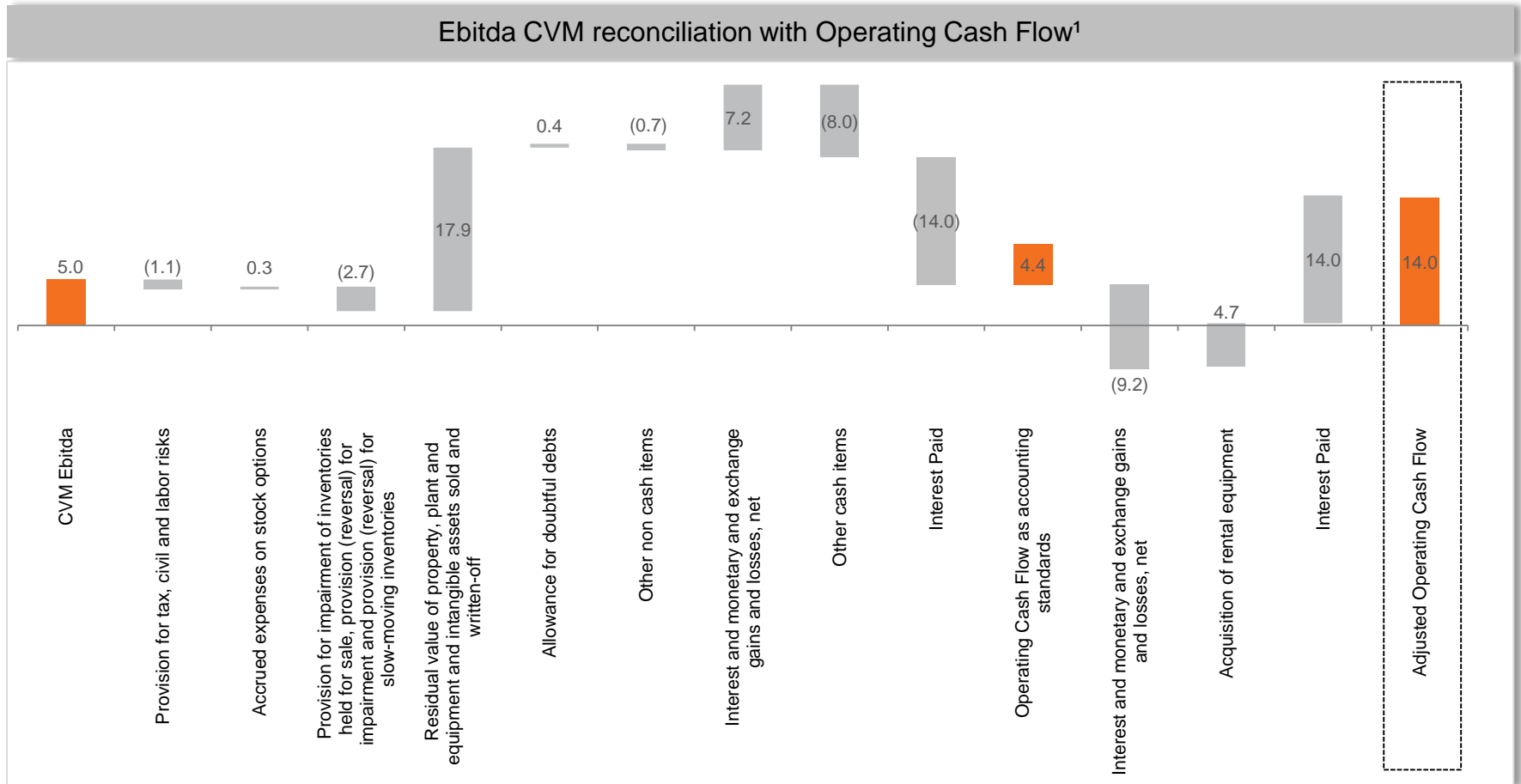
Delinquency Evolution



In R\$ million	3Q16 (A)	2Q17 (B)	3Q17 (C)	(C)/(A)	(C)/(B)
Gross Receivables	208.9	191.3	200.3	-4.1%	4.7%
ADD Balance	(136.1)	(132.6)	(129.4)	-4.9%	-2.4%
Net Receivables	72.8	58.7	70.8	-2.6%	20.7%
Total delinquency					
Total Past Due	157.0	141.3	134.8	-14.1%	-4.6%
Past due between 1 and 60 days	21.4	10.3	7.5	-64.9%	-26.7%
Past due between 61 and 120 days	10.8	9.5	4.7	-56.8%	-50.8%
Past due over 120 days	124.7	121.5	122.6	-1.7%	0.9%
Write-off	(10.2)	(8.2)	(11.8)	15.8%	43.5%

Consolidated – EBITDA CVM and Operating Cash Flow

In R\$ million



¹ 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.

Consolidated - Divestments

Fleet Reduction

- ❖ Divestments of telescopic handlers: 1 contract signed in 1Q17 for the sale of 170 telescopic handlers. Schedule delivery date for all equipment is until the end of this year in a total amount of US\$3.2 million. Our fleet of handlers will be reduced by approximately 70%.
- ❖ Sale of several equipment with more than 7 years of utilization and high rate of idleness: 1 contract signed in 3Q17 for the sale of 60 aerial platforms until the end of this year. in a total amount of US\$ 1.4 million.

Adjustment of the fleet mix of the Rental business unit in order to better serve the non-construction market

- ❖ 2 contracts signed in 2Q17 for the sale of 108 aerial platforms until the end of this year. The proceeds will be used to purchase smaller aerial platforms.

Impact in the quarter

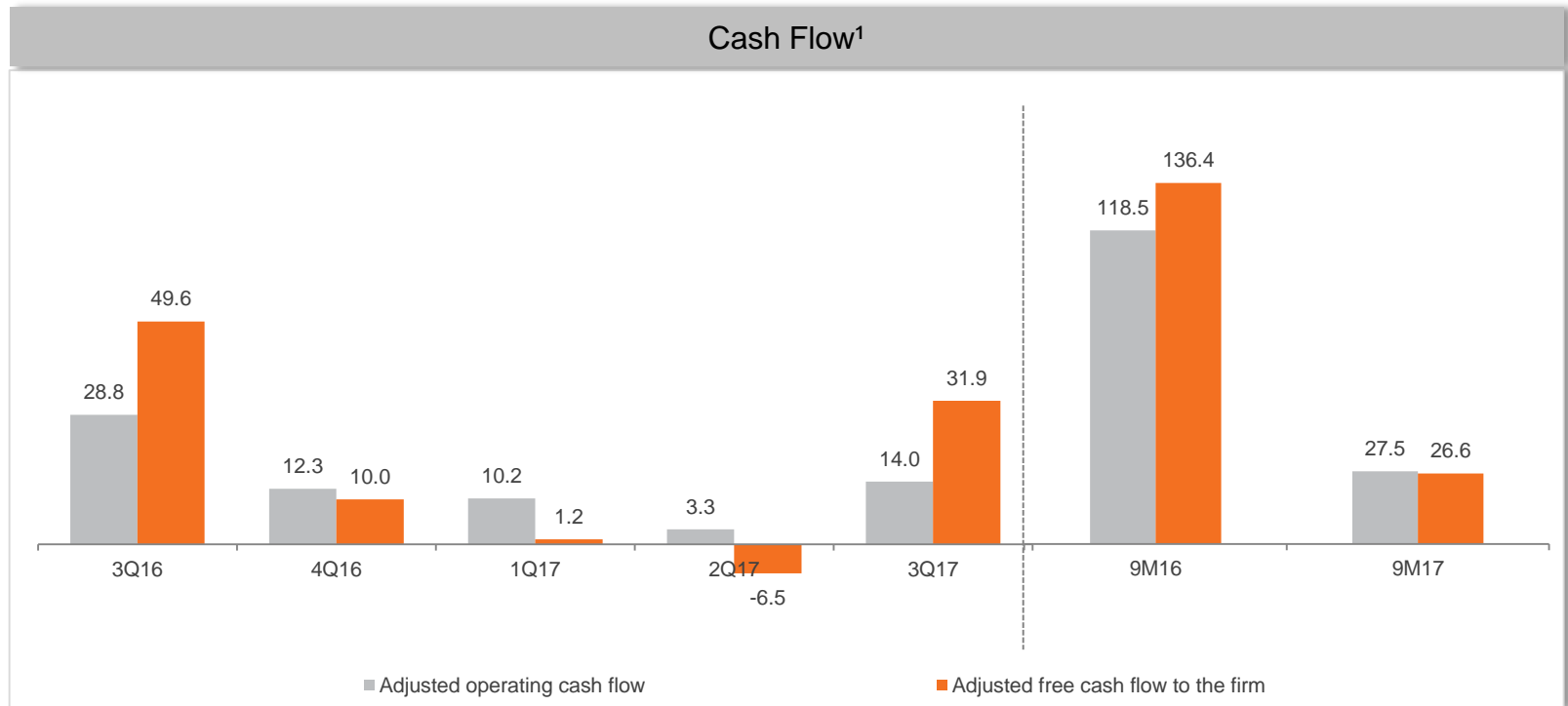
EBITDA¹: R\$ 0.4 million

Cash: R\$ 8.8 million

¹ Impact EBITDA: Revenue – asset write-off (acquisition cost – accumulated depreciation). The maintenance expenses for sales and freight of equipment transfer are not being considered.

Consolidated – Cash Flow

In R\$ million



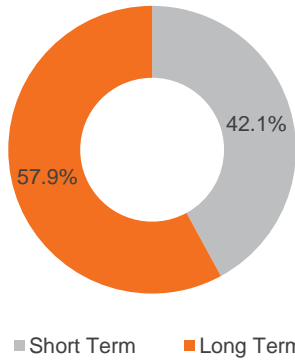
¹ For the adjusted operating cash flow, interest related to debentures and Finame and investment in rental equipment and interest and net monetary and asset variations are excluded. For the free cash flow to the firm the interest paid and the net monetary and asset variations are excluded.

Consolidated – Indebtedness

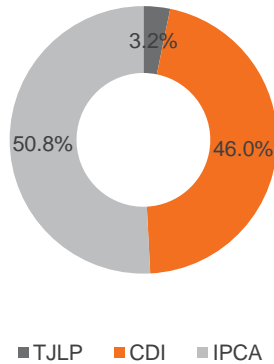
In R\$ million

❖ The weighted average maturity of our debt is 2.3 years at a cost of CDI+1.99% on September 30, 2017.

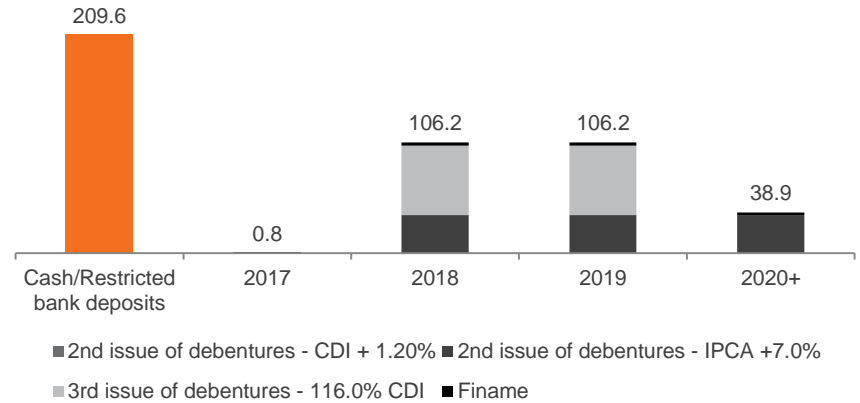
Gross Debt Profile



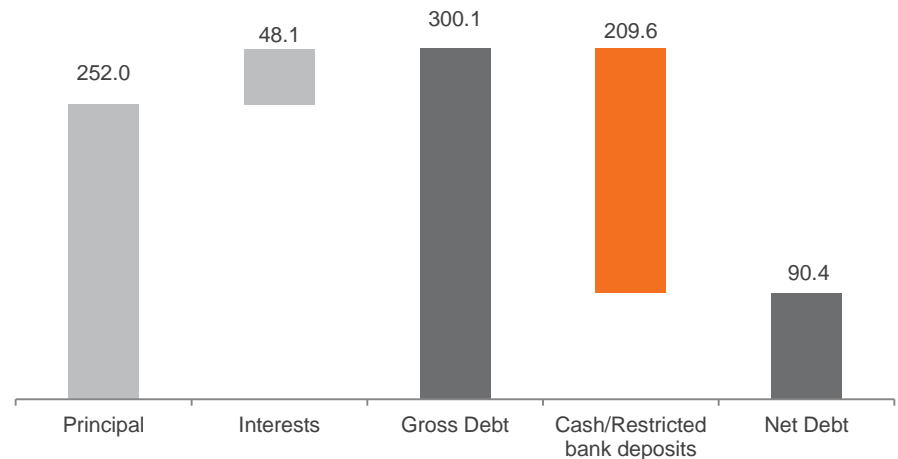
❖ We do not have foreign currency exposure.



Principal Amortization Schedule



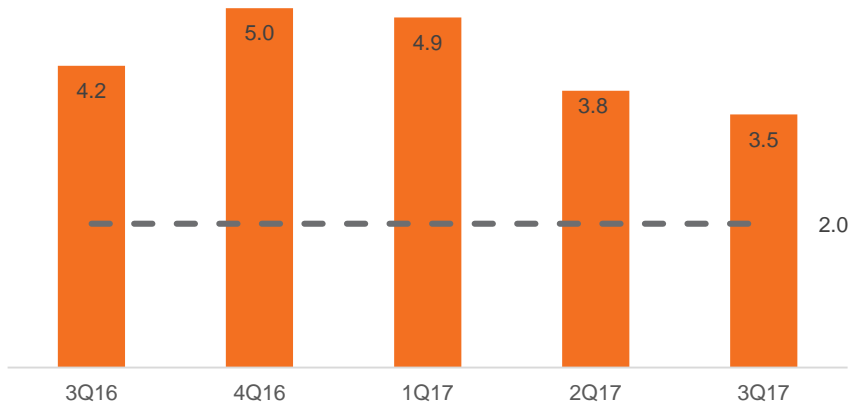
Indebtedness on 09/30/2017



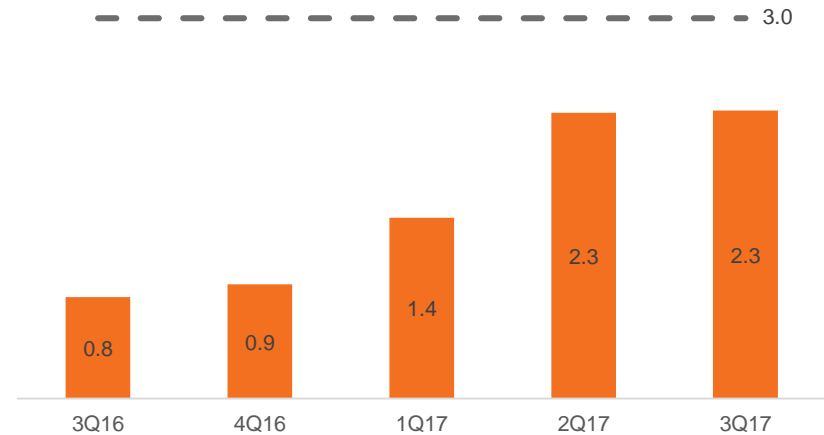
Consolidated – Debt Indicators

In R\$ million

Adjusted LTM Operating Cash Flow* / Financial Result



Net Debt / Adjusted LTM Operating Cash Flow*



❖ Debentures Covenants:

- (1) LTM Adjusted Operating Cash Flow*/Financial result ≥ 2.0 ; and
- (2) Net Debt/LTM Adjusted Operating Cash Flow* ≤ 3.0 .

* For the adjusted operating cash flow, interest related to debentures and finance 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

	2010 ¹	2011 ¹	2012 ¹	2013 ¹	2014 ²	2015 ³	2016	LTM3Q17	% Part
Net Revenue									
Consolidated	354.5	462.8	665.5	832.3	794.2	576.1	396.6	293.9	100.0%
Construction	259.4	287.4	412.0	474.9	423.4	283.0	182.3	122.3	41.6%
Rental	95.1	175.4	253.5	357.3	370.8	293.2	214.3	171.5	58.4%
Adjusted Ebitda									
Ebitda	168.4	217.4	339.0	419.3	340.7	161.2	40.9	-36.0	100.0%
Construction	117.4	123.8	197.8	212.3	153.5	32.2	-15.9	-68.1	189.1%
Rental	51.0	93.6	141.2	207.0	196.7	132.6	59.8	32.6	-90.7%
Others					-9.5	-3.7	-3.1	-0.6	1.5%
Ebitda Margin									
Consolidated	47.5%	47.0%	50.9%	50.4%	42.9%	28.0%	10.3%	-12.2%	
Construction	45.3%	43.1%	48.0%	44.7%	36.3%	11.4%	-8.7%	-55.6%	
Rental	53.6%	53.4%	55.7%	57.9%	53.0%	45.2%	27.9%	19.0%	
Capex (accrual basis)									
Consolidated	322.8	508.1	292.5	499.3	199.1	28.2	5.5	28.4	100.0%
Rental – Construction business unit	178.3	232.3	110.3	196.4	62.4	11.6	1.8	8.5	29.9%
Rental – Rental business unit	130.6	162.8	160.9	267.2	104.2	0.0	0.1	7.0	24.6%
Own use and intangible assets	13.9	113.1	21.3	35.7	32.6	16.6	3.6	12.9	45.5%
Utilization Rate (Volume)									
Construction	76.5%	73.6%	75.4%	72.3%	63.0%	49.9%	41.5%	37.7%	
Rental	77.9%	77.8%	72.5%	73.0%	63.2%	61.9%	55.1%	54.0%	
Cash Flow									
Adjusted Operating Cash Flow	136.9	159.9	248.6	327.3	292.1	202.1	130.7	39.8	
Adjusted Free Cash Flow to the Firm	-211.6	-363.3	-31.0	-161.9	105.2	195.7	146.4	36.6	

(1) Excluding Industrial Services business unit. sold in 2013

(2) Excluding easy set formwork cost adjustments of R\$14.6 million in 2014

(3) Excluding Construction impairment of R\$30.9 million and Rohr impairment of R\$26.2 million in 2015
For the adjusted operating cash flow. interest related to debentures and finame 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.

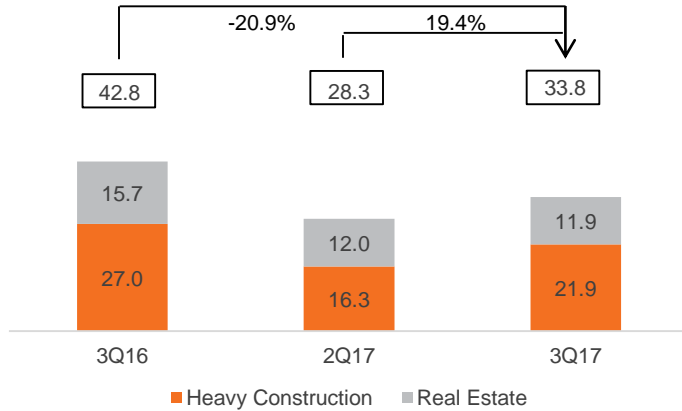


CONSTRUCTION

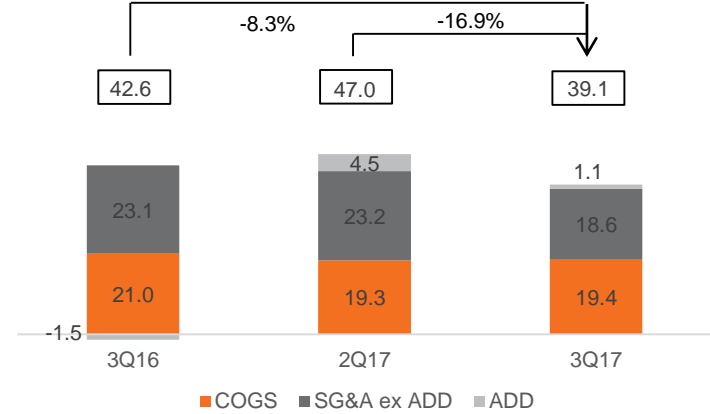
Construction – Financial Performance

In R\$ million

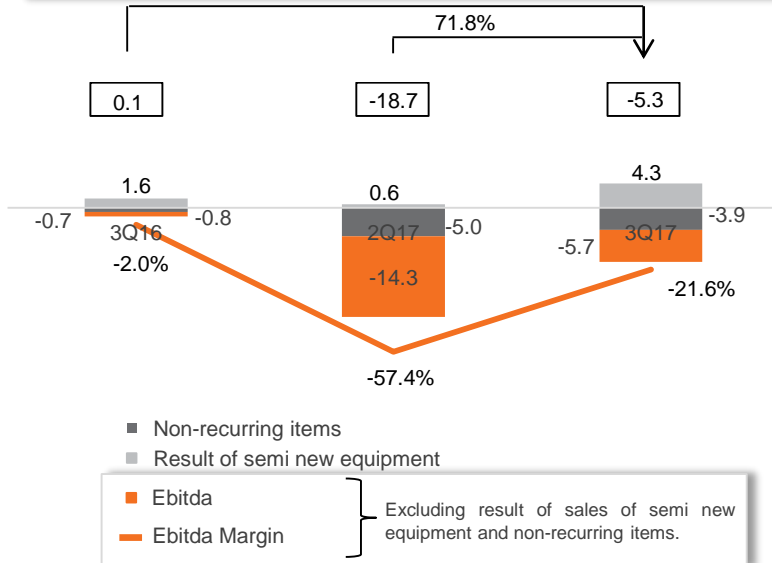
Net Revenue per Segment



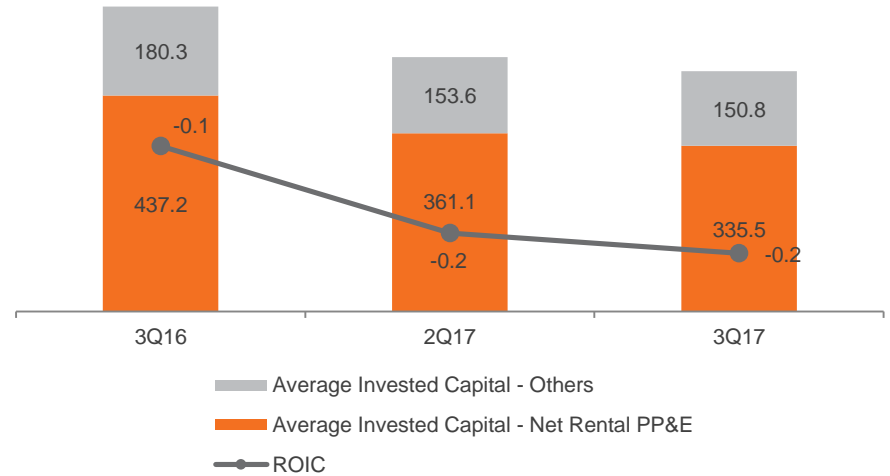
Costs and Expenses



Ebitda and Ebitda margin



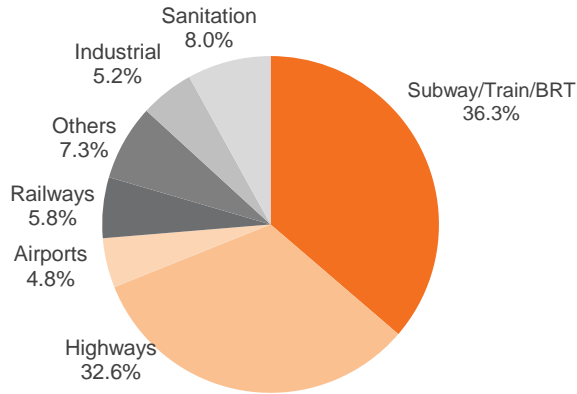
ROIC (LTM)



Construction – Rental Revenue Breakdown

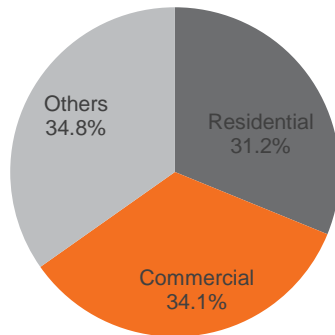
In R\$ million

Heavy Construction – Per sector R\$ 13.7 million



74.1% in public works. resources coming from government.
 12.9% in private works. resources coming from private sector.
 13.0% in PPP works (public partnership. private). resources coming from government and from the private sector.

Real Estate – Per sector R\$ 7.1 million



Main Works with Mills participation



Mills has national presence.



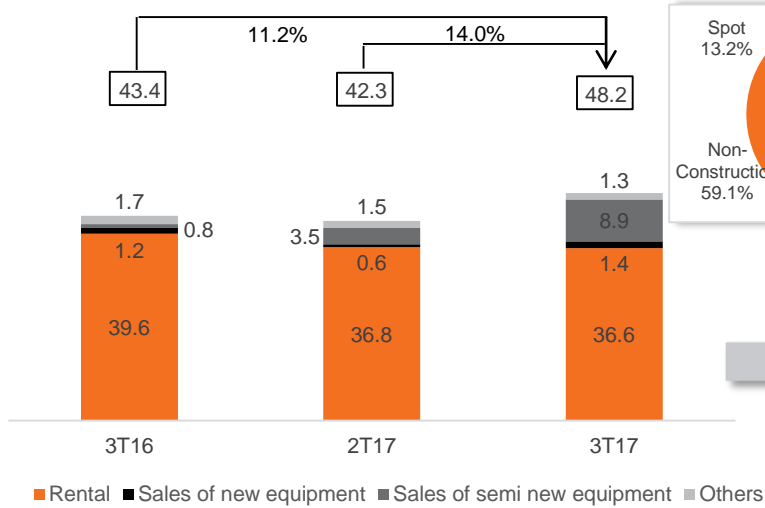
RENTAL



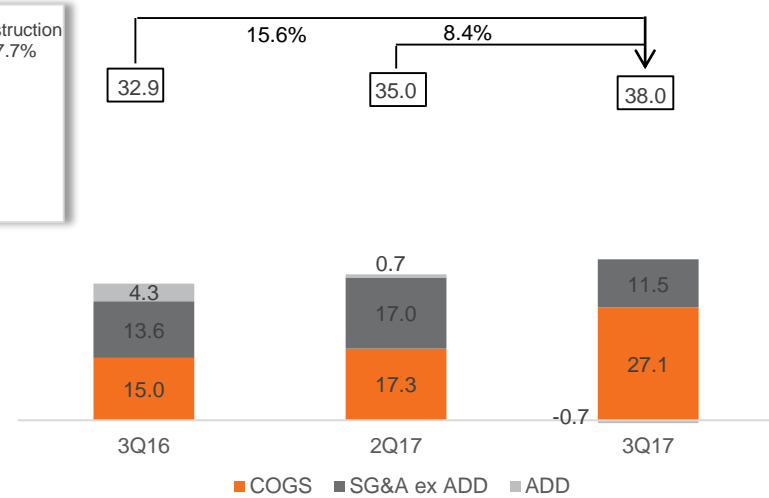
Rental – Financial Performance

In R\$ million

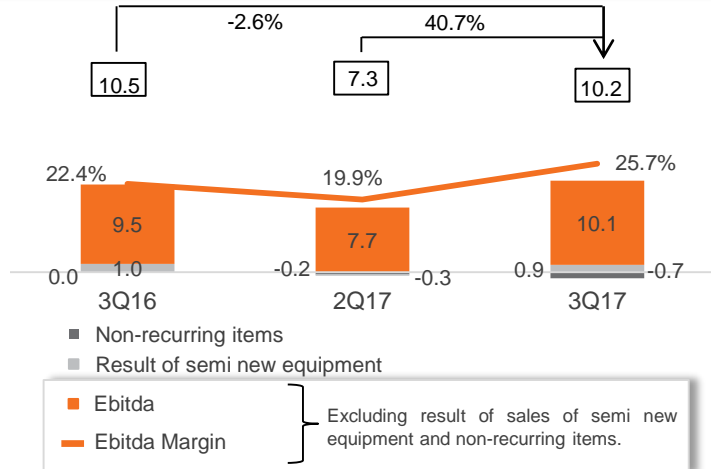
Net Revenue per Type



Costs and Expenses



Ebitda and Ebitda margin



ROIC (LTM)

