



Timeline on Brazilian construction

— 1997/98 *Construction reality in Brazil*

— 2007 *MRV IPO in July*

— **2008** *Credit crisis intensifies*

“Natural Selection”/M&A

— 2009 *High risk of investing: Crisis hit real economy*

— 2010 *Opportunities in sector if MRV survives*

Crisis risk

Short Term risks

Unemployment rate is rising on short-term

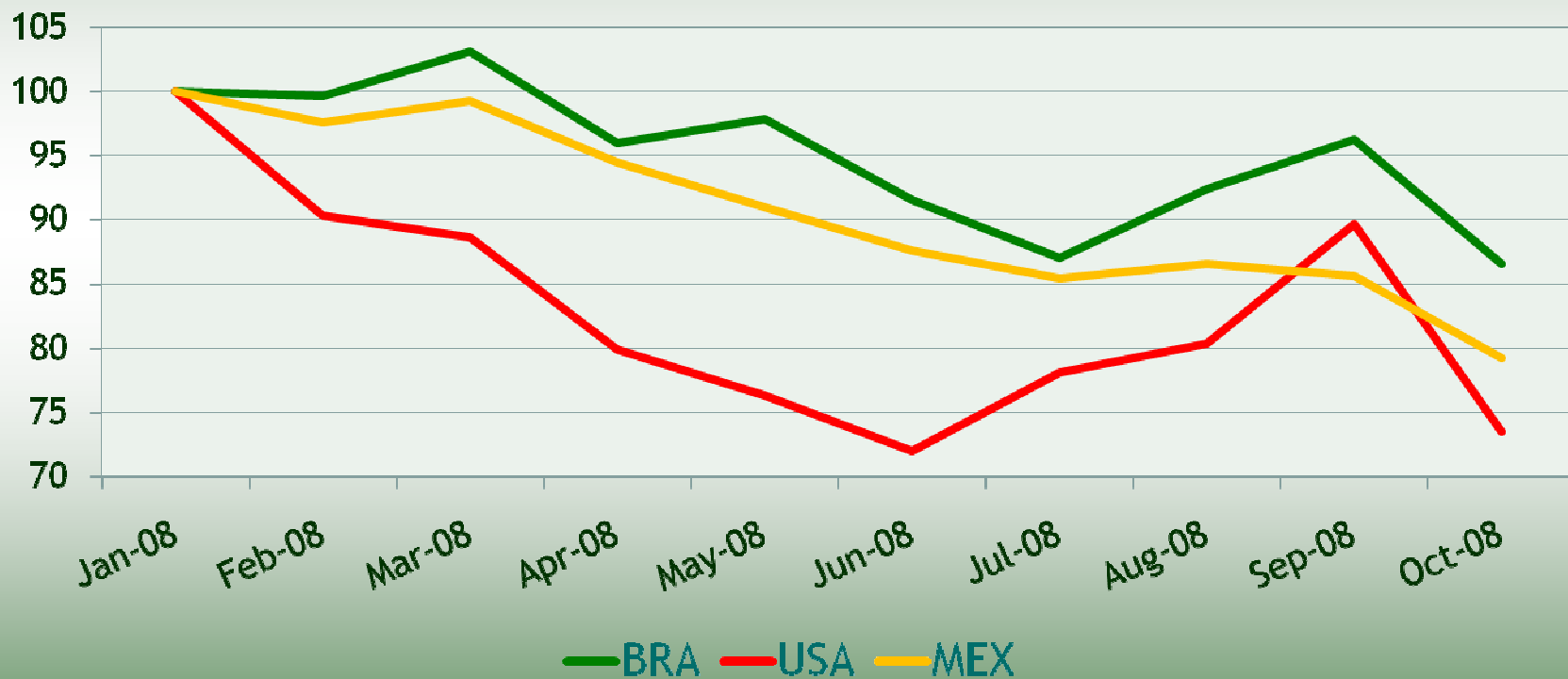


Source: Bloomberg

Short Term risks

Consumer confidence decline

Consumer Confidence index (Base 100 = Jan/08)



Source: Bloomberg

Short Term risks

Lack of working capital availability

Cash Flow (BRL Millions)	2006	2007	2008	2009E	2010E	2011E	2012E	2013E
EBITDA	22,5	32	243,7	614,3	559,4	872,5	1.187,44	1.463,35
(-) Change in Working Capital	77,4	664	819,9	625,8	351,8	327	393,54	394,83
(-) Investments	0,2	1,5	9,05	13,57	14,25	14,96	15,71	16,49
(-) Taxes	3,3	23,9	38,98	98,29	89,5	139,6	189,99	234,14
(-) Interest Revenue	2	-36,7	-21,6	44,8	78,5	78,5	78,5	78,5
(-) Minorities			-14	-15	-20	-21	-22	-22
(+) Financing	62,8	-42,5	298,2	-				
(+) Others	-1,3	29,4	17,06	43	39,16	61,07	83,12	102,43
FCF To Equity	1,1	-633,8	-287,5	-125,1	64,53	373,5	592,82	841,83
(+) Subscription (IPO)		1.231,20						
(-) Ordinary Dividend			-10,6	-59,8	-119	-114	-178,2	-147,5
Year-begin Cash Position	8,5	9,6	607	309	124,1	69,8	328,86	743,48
Year-end Cash Position	9,6	607	309	124,1	69,8	328,9	743,48	1.437,81

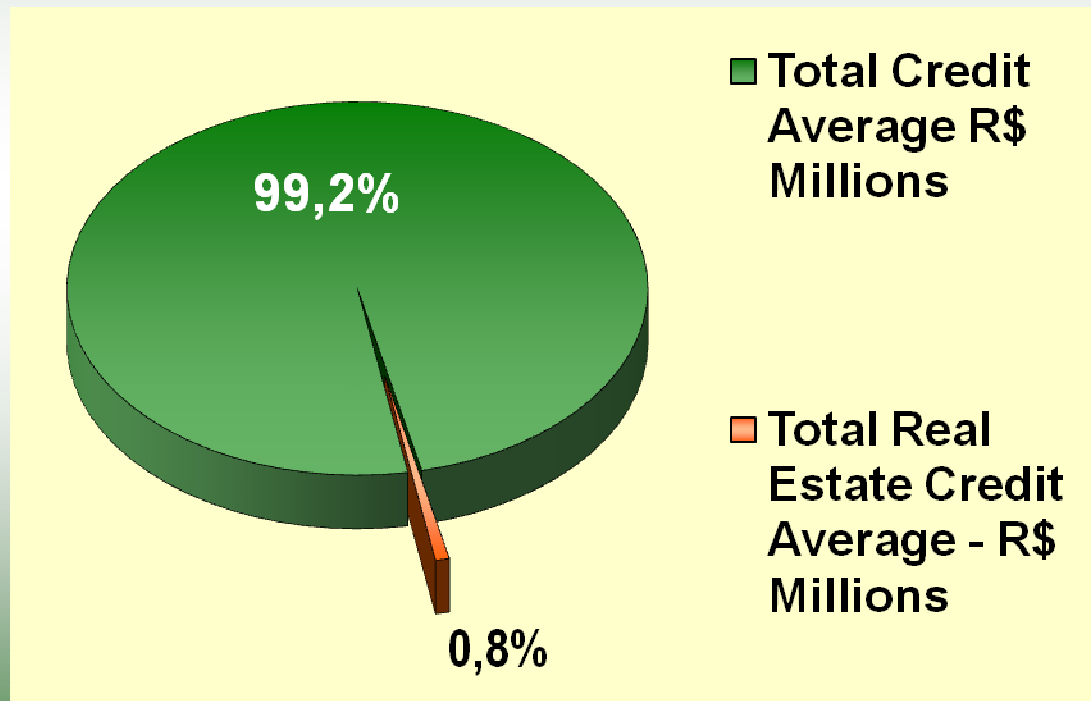
Source: MRV and Team Estimate



A value look

Long term opportunities

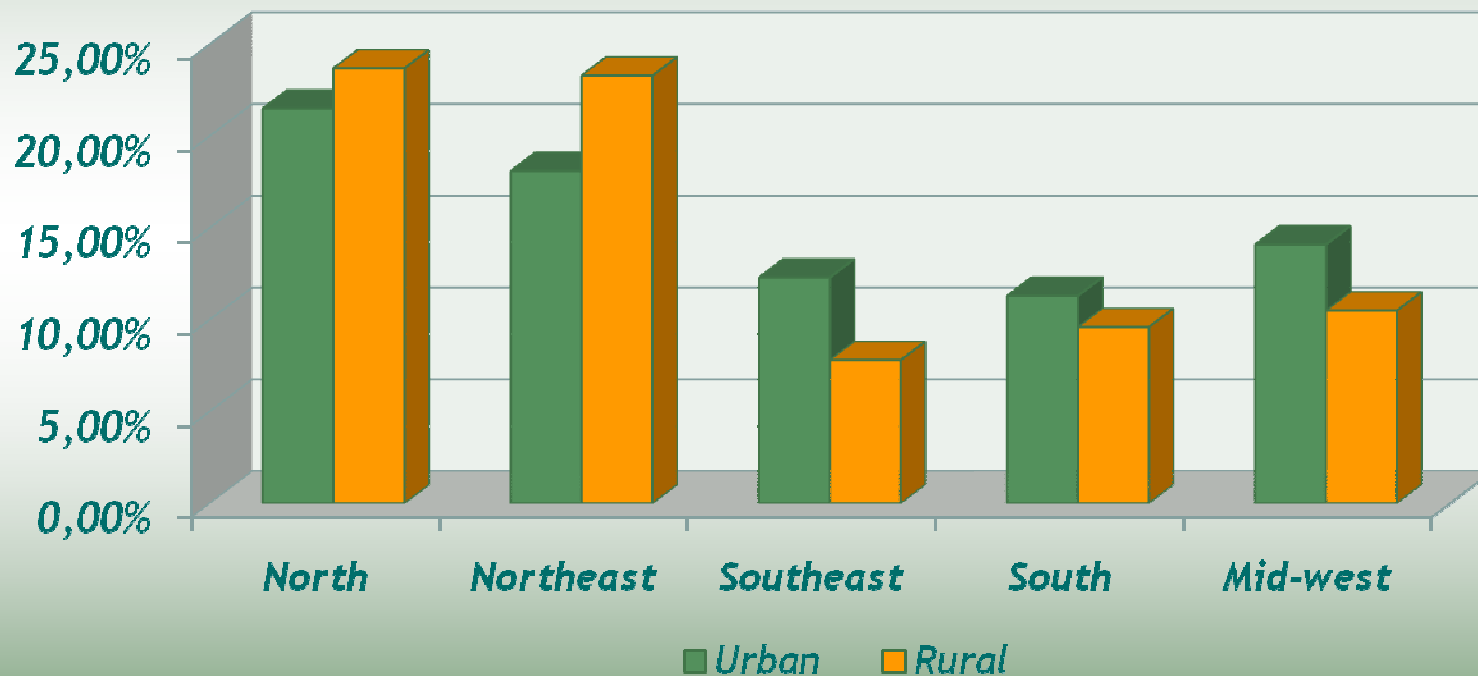
Less than 1% of total credit market corresponds to real estate financing



Source: Bloomberg

Long term opportunities

Low-income population living-deficit



Source: IBGE / PNAD

Long term opportunities

Real term wage uptrend

Average Income (R\$)



Source: Bloomberg

Long term opportunities

Unemployment rate downtrend



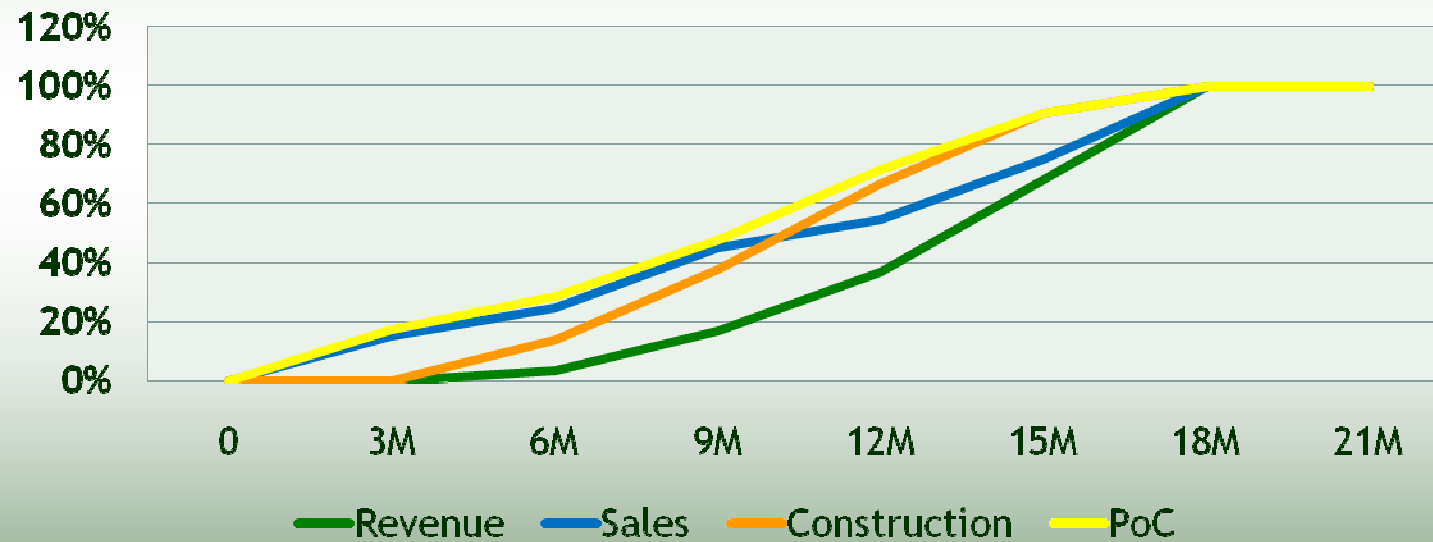
Source: Bloomberg

Valuation

Valuation

The Real State Valuation Model

Recognition flow

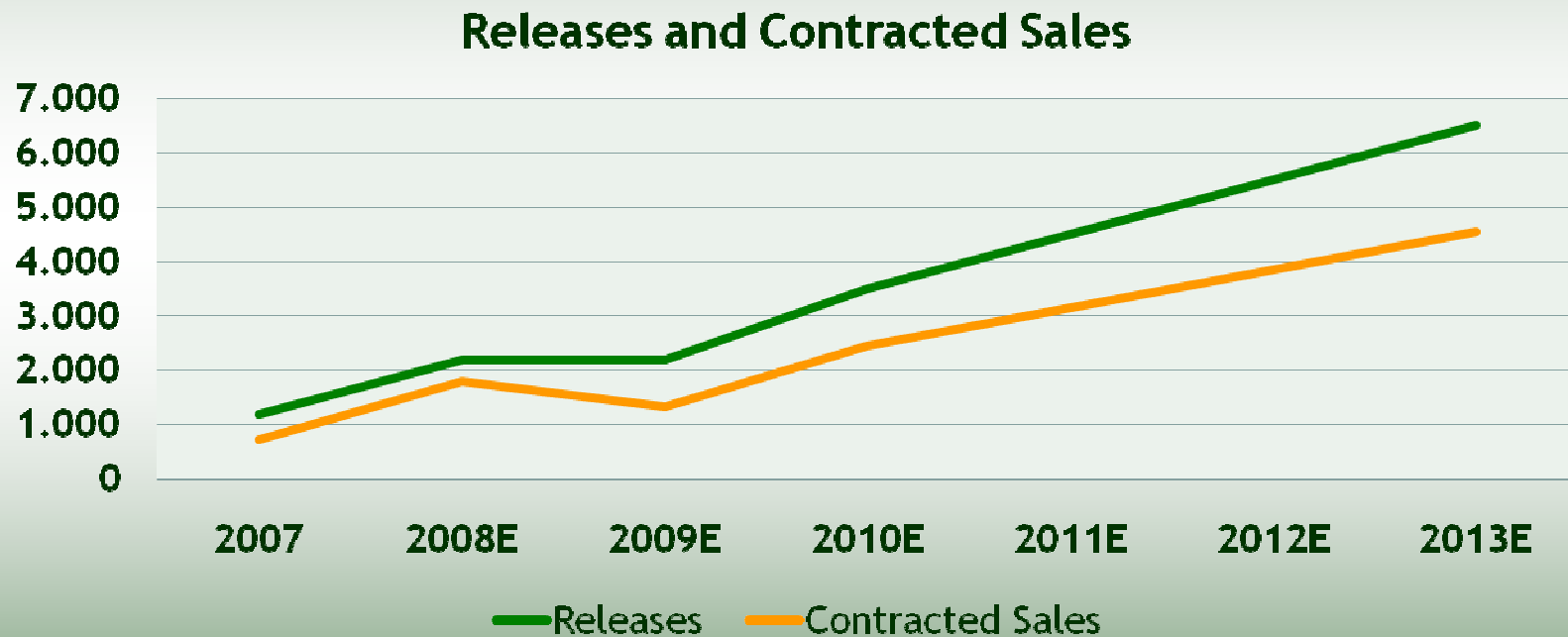


Source: MRV and Team Estimate



Valuation

Key Assumptions - Releases and Contracted Sales

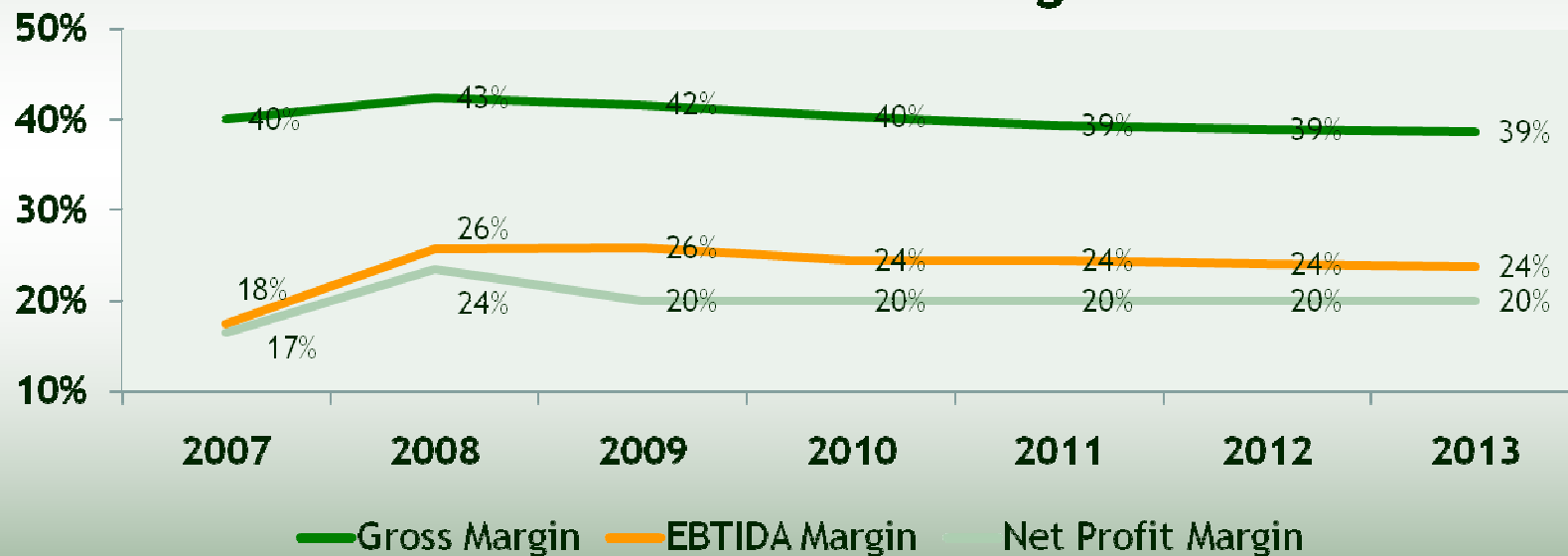


Source: MRV and Team Estimate

Valuation

Key Assumptions - Margins

MRV 2007-2013 Margins



Source: MRV and Team Estimate

Valuation

Key Assumptions - Costs

	2008	2009E	2010E	2011E	2012E	2013E
Repossessions	-6%	-6%	-6%	-7%	-7%	-7%
Costs (Land)	-7%	-6,50%	-6,20%	-5,90%	-5,90%	-5,90%
Construction costs	-44,50%	-45,80%	-46,50%	-46,80%	-47,20%	-47,50%
Administrative expenses	-9%	-8%	-8%	-7%	-7%	-7%
Advertisement expenses	-6%	-6%	-7%	-8%	-8%	-8%
Income tax expenses	-3,10%	-3,10%	-3,10%	-3,10%	-3,10%	-3,10%
Other taxes (Pis/Cofins)	-7%	-7%	-7%	-7%	-7%	-7%

Source: Team Estimate

Valuation

Key Assumptions - Discount Rate

Discount rate	
Re	19.13%
Risk Free	4.22%
Beta	1.3
Market Premium	7.70%
Sovereign risk	4.46%
Rd	10.92%
Rating	1.80%
Sovereign risk	4.46%
Tax Rate	34.00%
D/EV	57.09%
E/EV	42.91%
Wacc (US\$)	12.32%
Braz. inflation	6.50%
US inflation	3.00%
Wacc (R\$)	16.14%

Source: Bloomberg and Team Estimate

Valuation

Discounted Cash-Flow

Discounted cash flow (BRL millions)	
Free cash flow present value	626.46
Perpetuity value	2,880.36
Enterprise gross value	3,506.82
Net debt	(173.98)
Shareholders' cash flow present value	3,680.80
Shares outstanding	135,993
Share price - 12-month target price	R\$27.07
Current price	R\$10.25
Upside	164.06%
Dividend Yield	2.50%
Total yield	166.56%

Source: Team Estimate

Conclusion

*Before the company returns its value to investors,
it should endure the crisis test.*

We were unable to identify short-term triggers that would quickly drive the price towards our target price.

Therefore, by balancing both current market conditions and company value we rate MRV:

a **HOLD**

Thank you

Q&A

Slides index

1 Timeline

2 Credit in Brazil

3 Low-income living-deficit

4 Real term wage uptrend

5 Unemployment down on long-term

6 Unemployment rising on short-term

7 Consumer confidence decline

8 Working capital availability

9 Valuation model

10 Releases and contracted sales

11 Margins

12 Costs

13 Discount rate

14 Cashflow

15 Conclusion