



Investor presentation

Second Quarter 2020 Results



mercado
libre

August 10th, 2020

SAFE HARBOR

This presentation may make forward-looking statements relating to such matters as continued growth prospects for the Company, industry trends and product and technology initiatives.

These statements are based on currently available information and our current assumptions, expectations and projections about future events. While we believe that our assumptions, expectations and projections are reasonable in view of currently available information, you are cautioned not to place undue reliance on these forward-looking statements.

A reconciliation of Non-GAAP measures can be found in our second quarter 2020 earnings press release available on our investor relations website.

All of the information included in this presentation is updated as of June 30th, 2020. Except as may be required by applicable law, we assume no obligation to publicly update or revise our statements.

Numbers have been calculated using whole amounts rather than rounded amounts. This might cause some figures not to total due to rounding.

Our actual results may differ materially from those included in this presentation, for a variety of reasons, including those described in the forward-looking statements and risk factor sections of our Form 10-K for the year ended December 31, 2019, “Item 1A-Risk Factors” in Part II of our Form 10-Q for the quarter ended March 31, 2020, and any of MercadoLibre, Inc.’s other applicable filings with the Securities and Exchange Commission, which are available on our investor relations website. (<http://investor.mercadolibre.com>)



Second quarter 2020

Operational & Financial Highlights

US\$5.0BN

+102%LC YoY

GMV

76.3%

+122%LC YoY

GMV SHIPPED

178.5MM

+101% YoY

ITEMS SOLD

US\$878.4MM

+123%LC YoY

NET REVENUES

US\$11.2BN

+142%LC YoY

TPV

US\$5.2BN

+111%LC YoY

TPV ON

US\$6.1BN

+175%LC YoY

TPV OFF

404.8MM

+123% YoY

TPN

Second quarter 2020 Overview

- ① COVID-19 Update
- ② Quarterly Highlights
- ③ Financial Metrics
- ④ Margin Structures



Second quarter 2020 Quarterly Highlights

COVID-19: Actions Taken



Commerce

- Launched comprehensive support and training platforms for thousands of SMEs and entrepreneurs in the region, facilitating the onboarding of merchants that are starting to operate in the online world as well as generating alliances with the main e-commerce platforms that operate in this segment



Shipping

- Continued to manage the operation of our commerce and shipping solutions without significant interruptions throughout the quarter, helping new and existing sellers to continue their operations, and buyers to get their products on a timely and proper basis



Workforce Protection

- Kept remote work arrangements for the teams except logistics operators in our logistics centers, where we've implemented strict measures regarding health and hygiene
- Added temporarily to our payroll employees from Le Pain Quotidien in Argentina, while in July we signed agreements with the master franchisees of brands such as McDonalds and Starbucks. In this manner, and together with the agreement that we have already implemented with Le Pain Quotidien, we will total 350 contracts under this collaborative labor initiative in Argentina. We are working towards extending this offering into Latin America
- Continued our donation campaigns, helping NGOs in Argentina, Brazil, Mexico, Chile, Colombia, Peru and Uruguay through the Elbow to Elbow Challenge, among others



Fintech

- Continued to strengthen our presence and offer in the longtail and midtail segments by enabling merchants to process food aid cards in Argentina and Brazil. The more than 40 thousand new merchants accepting these emergency payments already represents 10% of our MPOS TPV in Argentina
- Promoted Mercado Pago's Payment Link feature to help prevent crowds of people at physical points, allowing small and medium-sized companies to continue to operate. We improved the product experience and enhanced the communication plan, positioning the Payment Link as an excellent solution for distance sales in the current environment, without needing to have an e-commerce site

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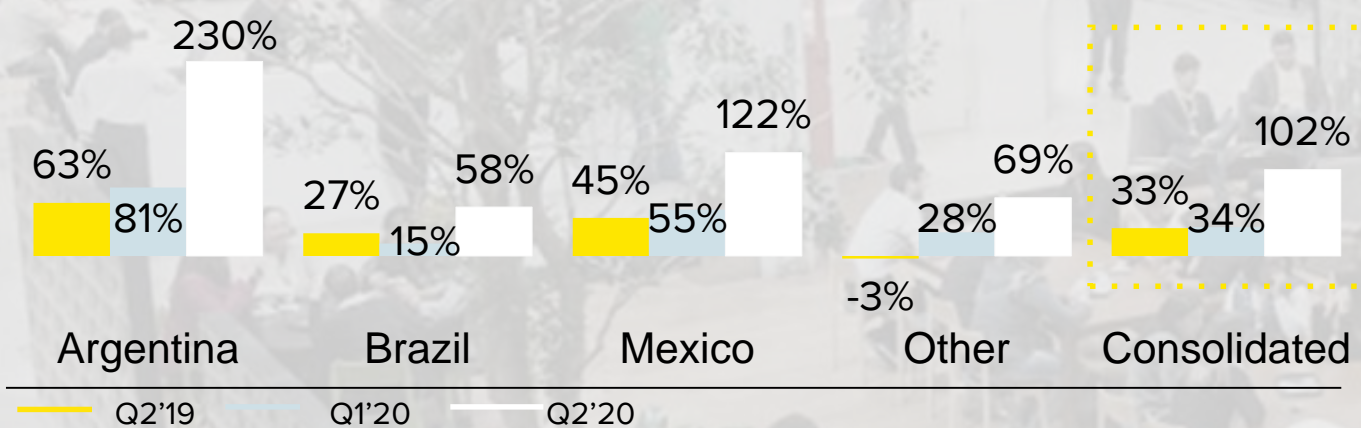


Second quarter 2020 Quarterly Highlights

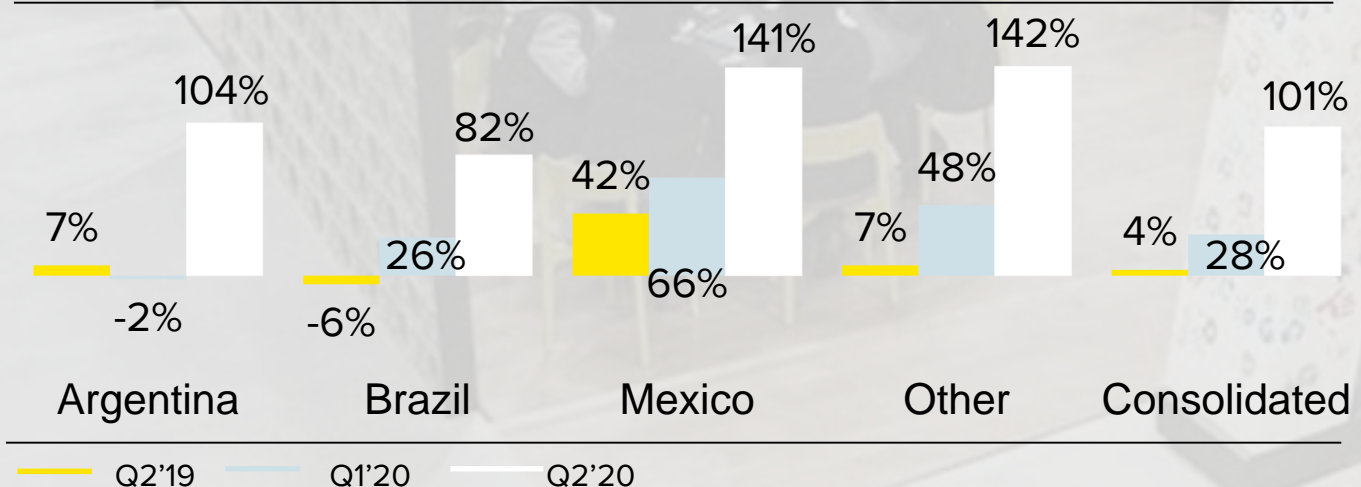


Marketplace – Mercado Libre

Gross Merchandise Volume (FX Neutral YoY Growth)



Items Sold (YoY Growth)



General Performance

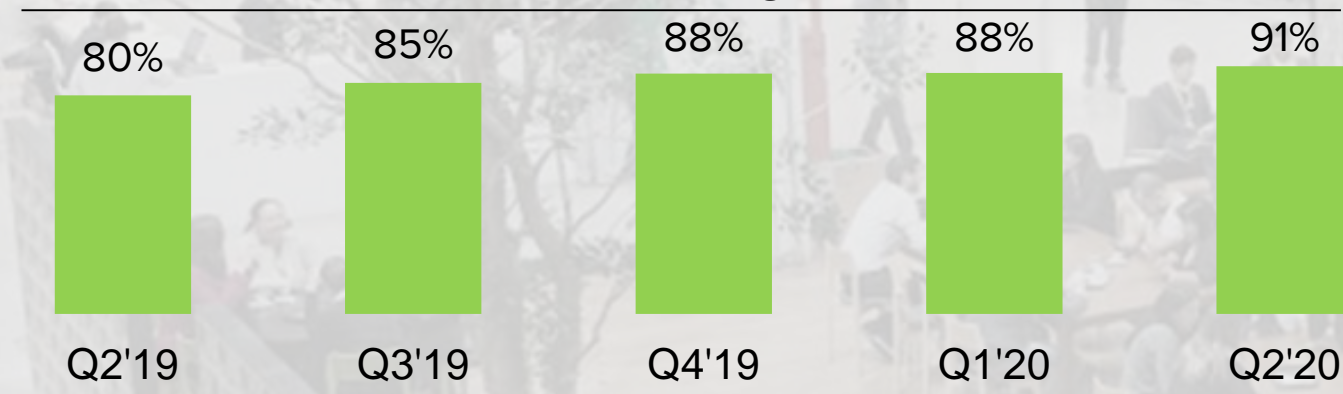
- Sessions grew 48% YoY, which represents an increase of 28 percentage points growth versus last quarter
- Buyers on our marketplace surpassed the 30 million mark, reaching 31.5 million during the quarter
- Engagement rate in terms of frequency of purchase increased from 4.3 items per unique buyer last year to 5.7, representing a 30% improvement YoY on a consolidated basis
- New Buyers acquired in the second quarter reached a record 75% YoY growth
- Consolidated GMV grew 102% YoY on a FX neutral basis, with all countries accelerating sequentially
- Consumer electronics recovered during May and June. In Brazil we exited the quarter with an almost 40% growth acceleration throughout the period, indicating that many of our efforts are beginning to pay off
- CPG continued to see improvements in terms of adoption and growth, while we continued verticalizing the experience in this increasingly important category
- Launched the supermarket navigation in Brazil and Argentina, as we continued enhancing the navigation experience through our shopping cart
- Progressed on our Cross Border Trade initiative to deepen assortment and selection, especially in Mexico
- Launched pricing per category in Mexico and Chile, which was launched in Colombia during the first quarter

Second quarter 2020 Quarterly Highlights

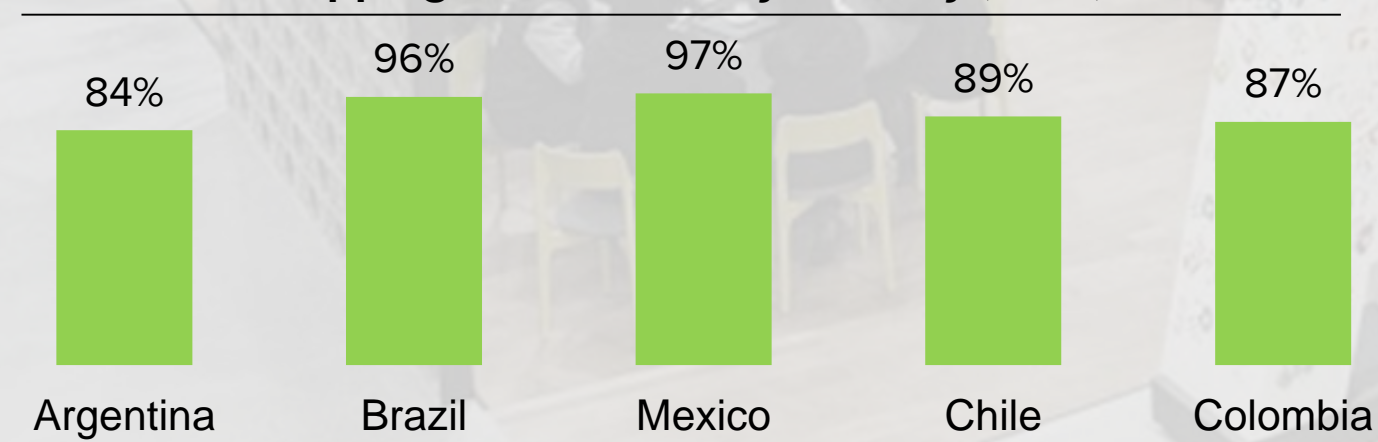


Logistics - Mercado Envios

Consolidated Shipping Penetration*



Shipping Penetration by Country (Q2'20)



General Performance

- Mercado Envios was able to ship without any significant disruptions 157 million items during the quarter, a 124% YoY increase
- Managed network has been central to growing our ecommerce business and being able to handle the increased demand resulting from the pandemic
- Delivered on-time and cost-efficiently across the region while our consolidated Net Promoter Score continues to improve
- Managed network NPS reached an all time high in Brazil, with users highlighting speed of delivery and merchants the quality of our shipping services

Launches

- Opened our first fulfilment centers in Chile and Colombia
- Opened 18 sortation centers in Brazil, totaling more than 35
- Opened 30 sortation centers in Mexico
- Launched Flex in Colombia and Uruguay

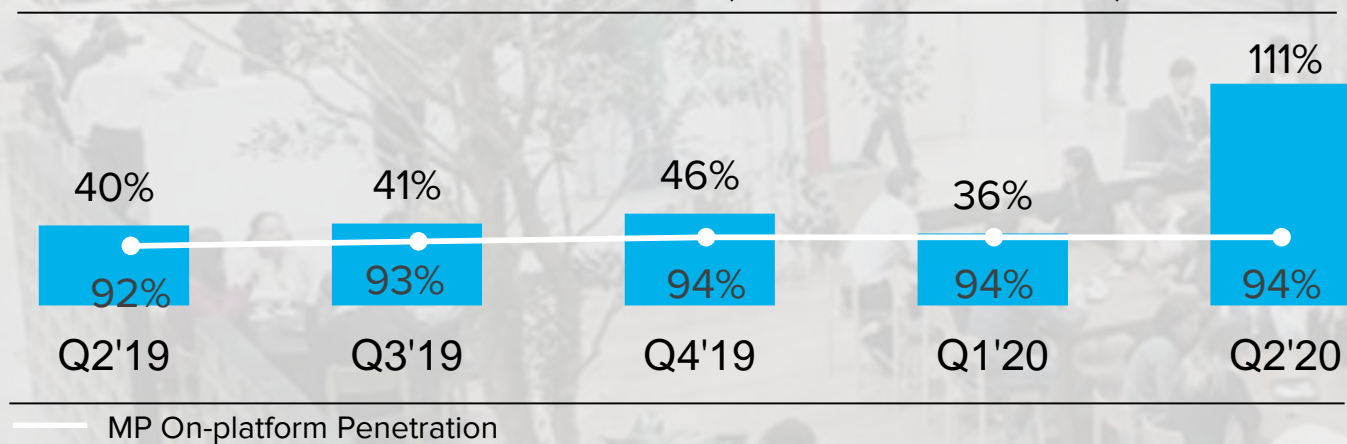
* Shipments paid with Mercado Envios / Items Sold

Second quarter 2020 Quarterly Highlights

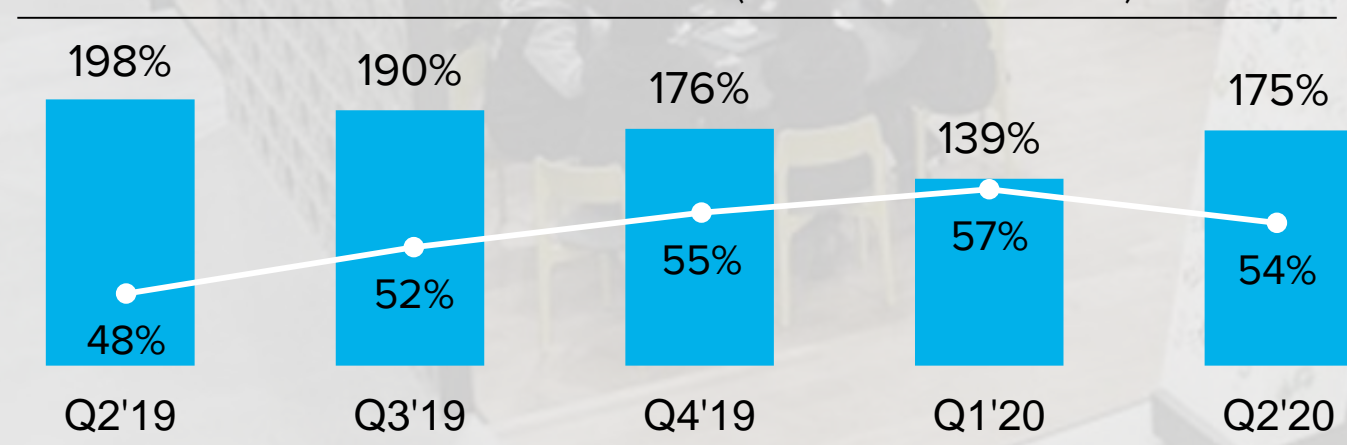


Payments - Mercado Pago

Consolidated TPV ON (FX Neutral YoY Growth)



Consolidated TPV OFF (FX Neutral YoY Growth)



TPV Off-platform Share**

** TPV Off-platform as a percentage of Total TPV

General Performance

- Reached 52M payers, with 8 transactions per quarter per unique payer in average
- Strong performance of online payments and resiliency of our physical solutions: mPOS and QR

Merchant Services

- Historical growth rate, reaching 164% YoY growth on a FX neutral basis

Wallet

- TPV growth reached 373% on a FX neutral basis, with Argentina growing at 564% YoY
- Onboarded new payers from our utilities and peer to peer solutions

Point

- TPV grew 80% YoY on a FX neutral basis, with performance impacted by the lower physical footprint
- At the end of the quarter, growth almost reached pre-COVID-19 levels

We are pleased to announce that PayPal is now available for cross-border transactions on MercadoLibre, and PayPal is now available as a payment option in the Mercado Pago online checkout for foreign shoppers in Brazil and Mexico.

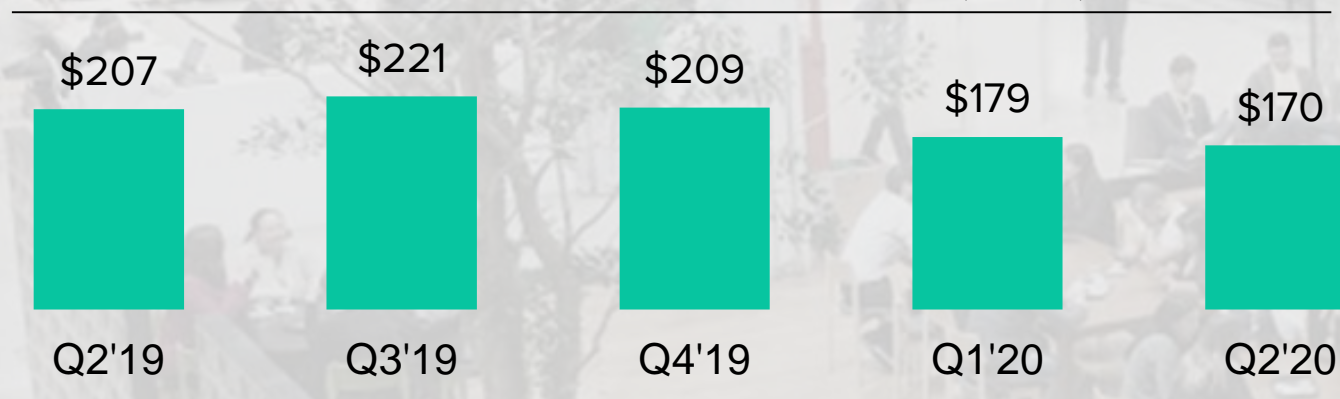


Second quarter 2020 Quarterly Highlights

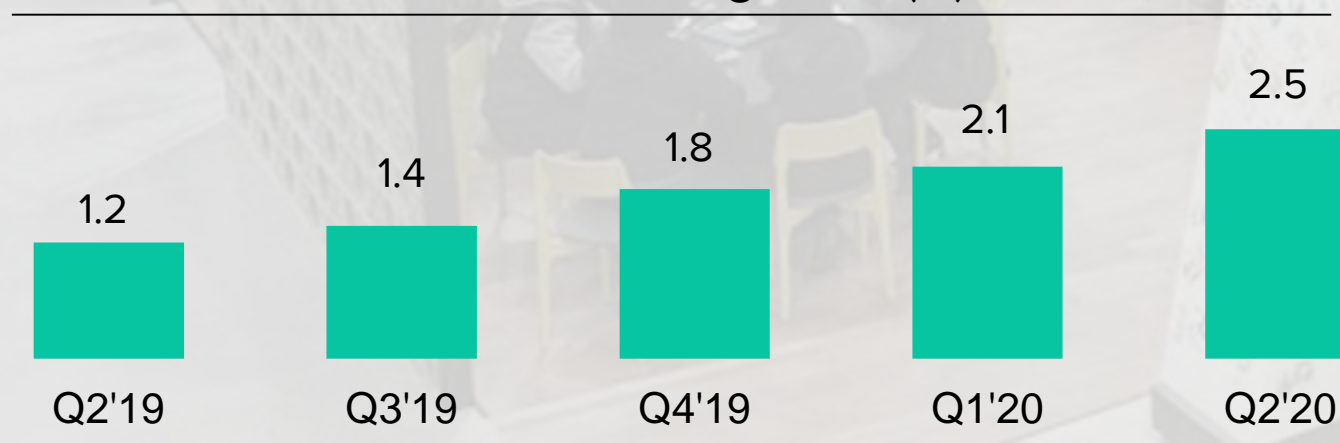


Credits - Mercado Crédito

Consolidated Credits Portfolio* (US\$ M)



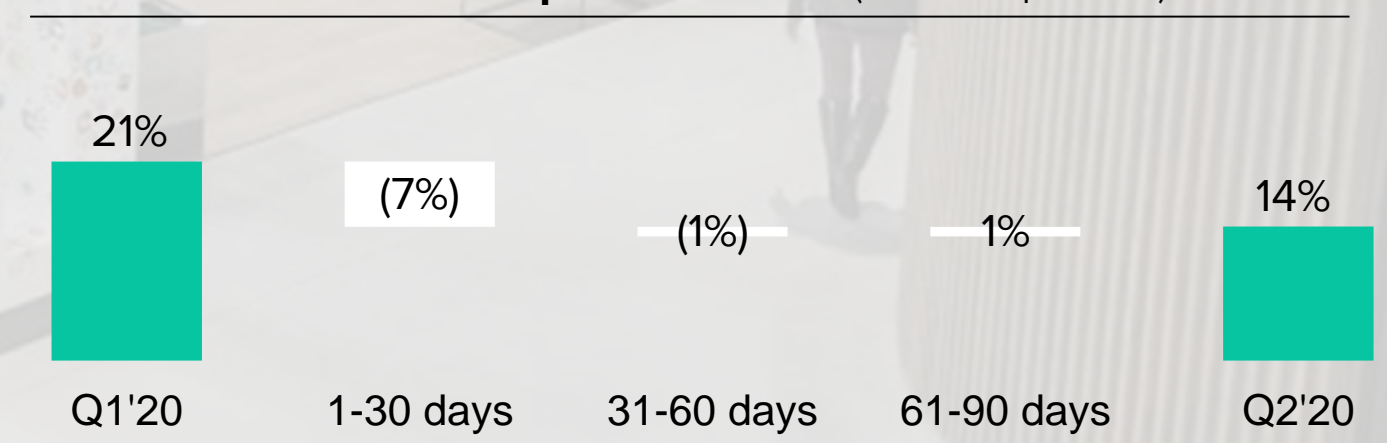
of Credits Originated (M)



Merchant & Consumer Credits

- Slowed our pace of originations in the second quarter in order to manage our exposure to merchant and consumer credit risk
- Mitigated default rate impact due to the swift preventative measures taken by our credits teams
- Enhanced collections mechanisms and processes
- As we entered into May and June and we had more data in our models, enabling us to ramp up originations again
- Non-performing loans improved QoQ. Lower bad debt plus higher active interest rates resulted in better profitability

Portfolio past due QoQ (% of total portfolio)

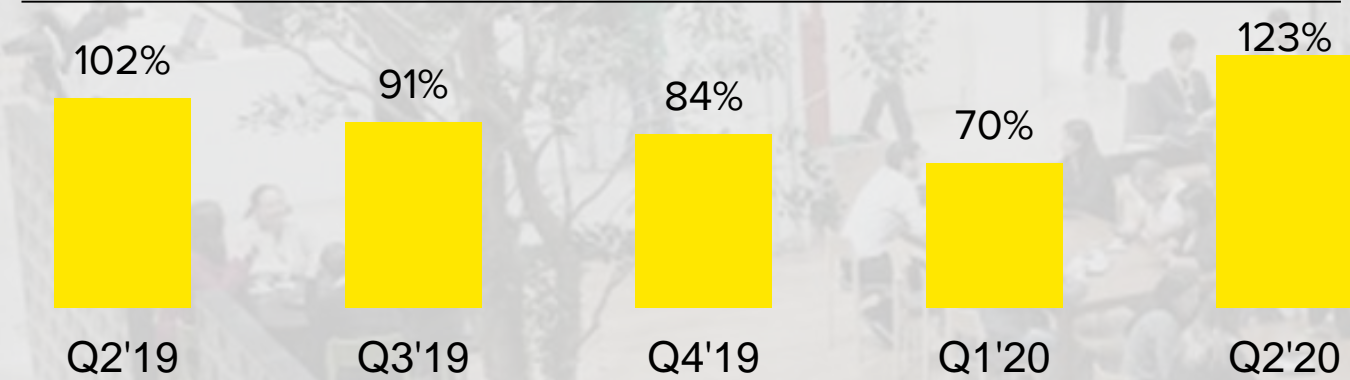


*Loans receivable net of past due 90 days

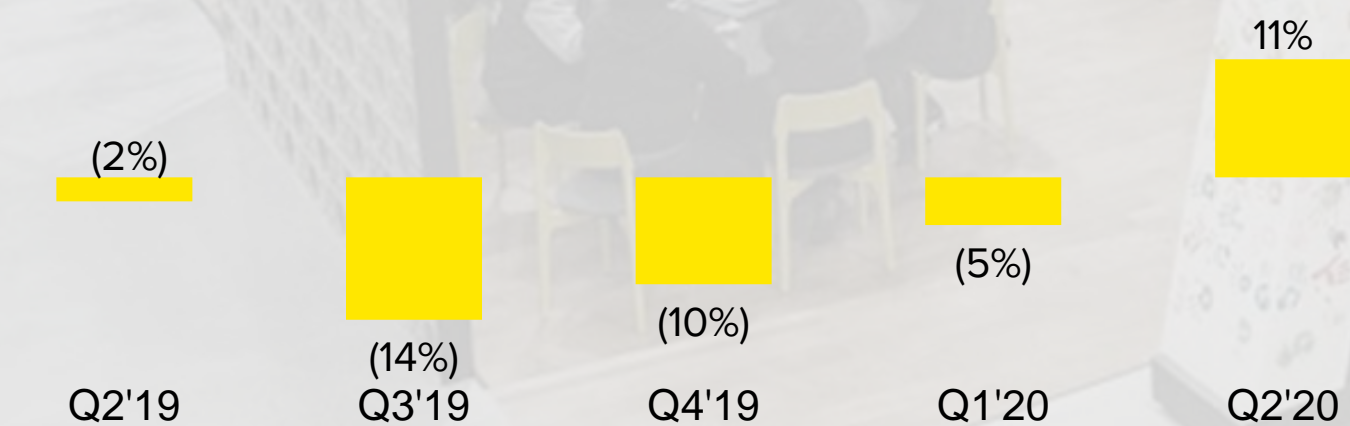
Second quarter 2020 Quarterly Highlights

Financial Results

Net Revenues (FX Neutral YoY)



EBIT (Margin)



Financial Performance

- Net revenues for the second quarter were \$878.4 million, a year-over-year increase of 61% in USD and 123% on an FX neutral basis
- Gross profit was \$427.2 million with a margin of 48.6%, compared to 50.0% in the second quarter of 2019.
- Total operating expenses were \$327.7 million, an increase of 15% year-over-year in USD
- Income from operations was \$99.4 million, compared to a loss of \$29.7 million during the prior quarter
- Net income before taxes was \$89.3 million, up from a loss of \$16.7 million during last quarter
- Net income was \$55.9 million, resulting in net earnings per share of \$1.11

Second quarter 2020 Overview

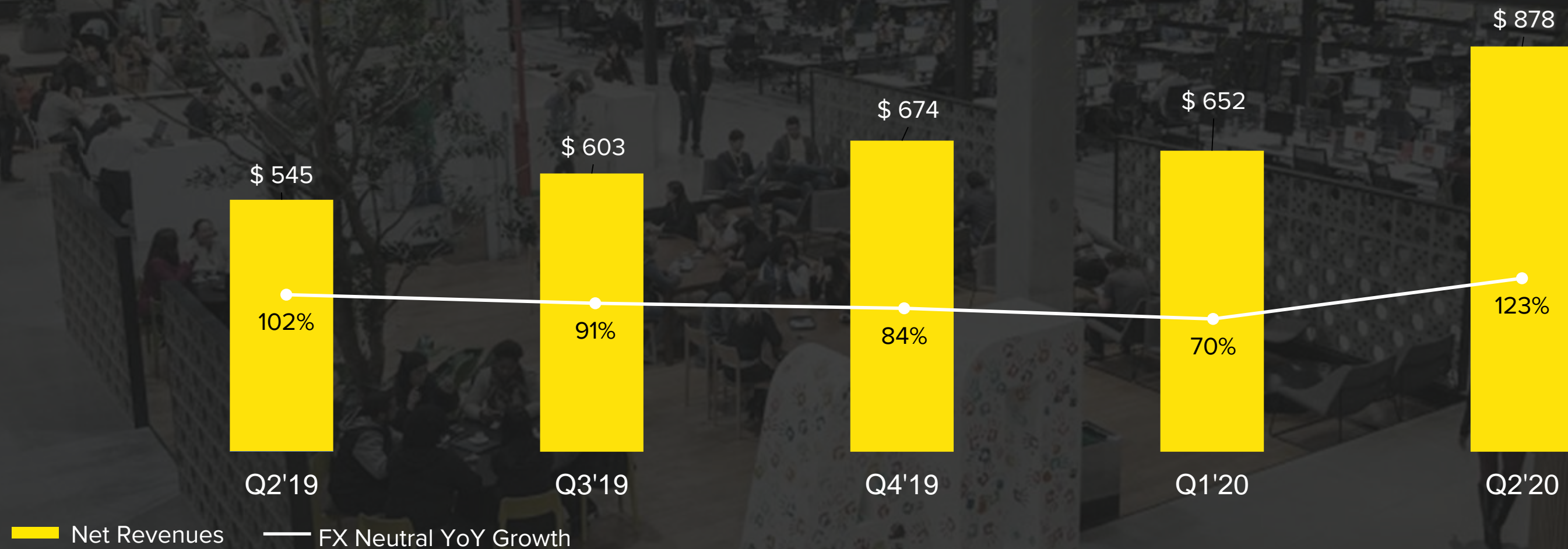
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Net Revenues boosted by marketplace and online payments

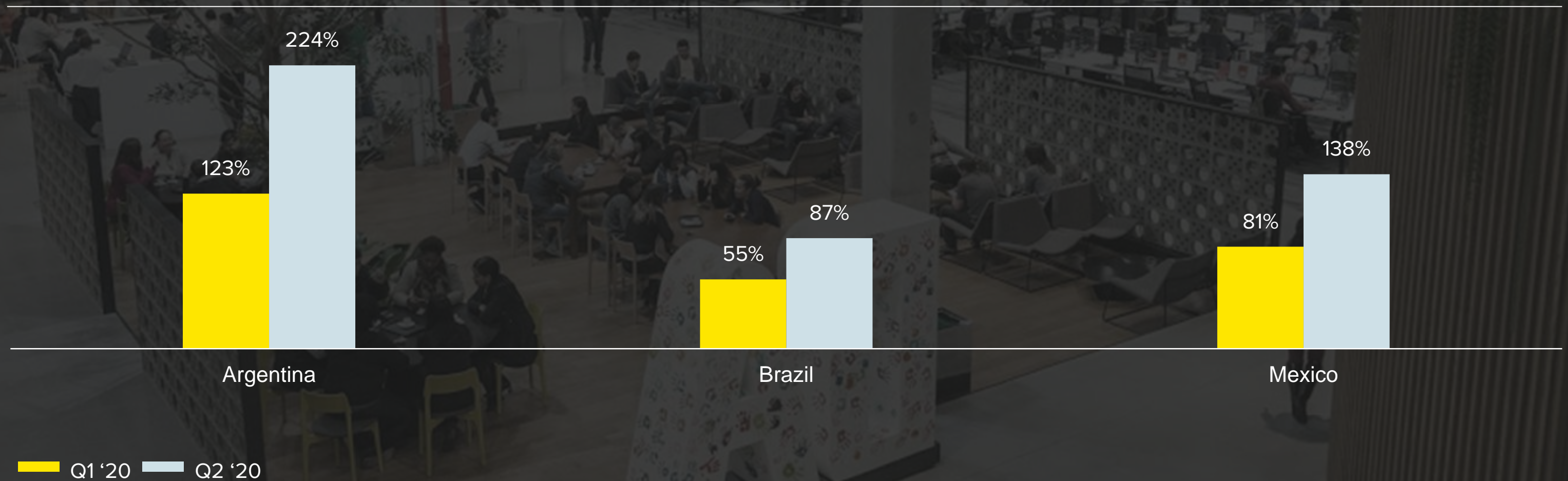
Net Revenues per Quarter

(US\$ M)



Net Revenues with commerce and online payments profitability improving

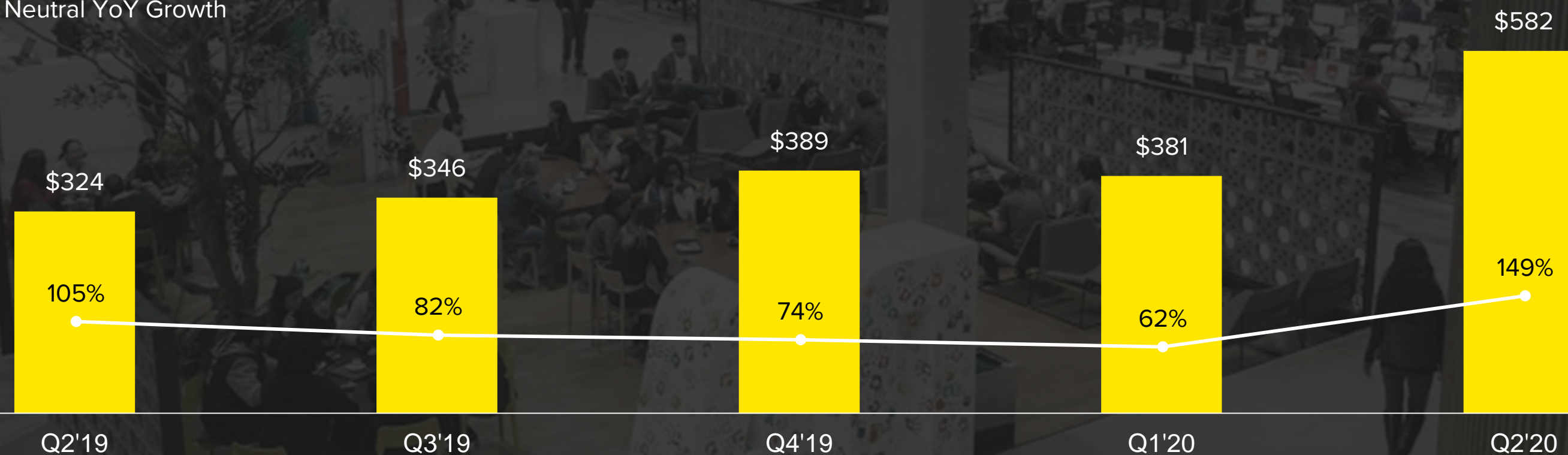
Net Revenues (FX neutral YoY Growth)



Commerce Net Revenues growth mainly driven by a higher share in sales of low ASP items (essentials), which include flat fee in Argentina, Brazil and Mexico

Commerce Net Revenues per Quarter (US\$ M)

— FX Neutral YoY Growth

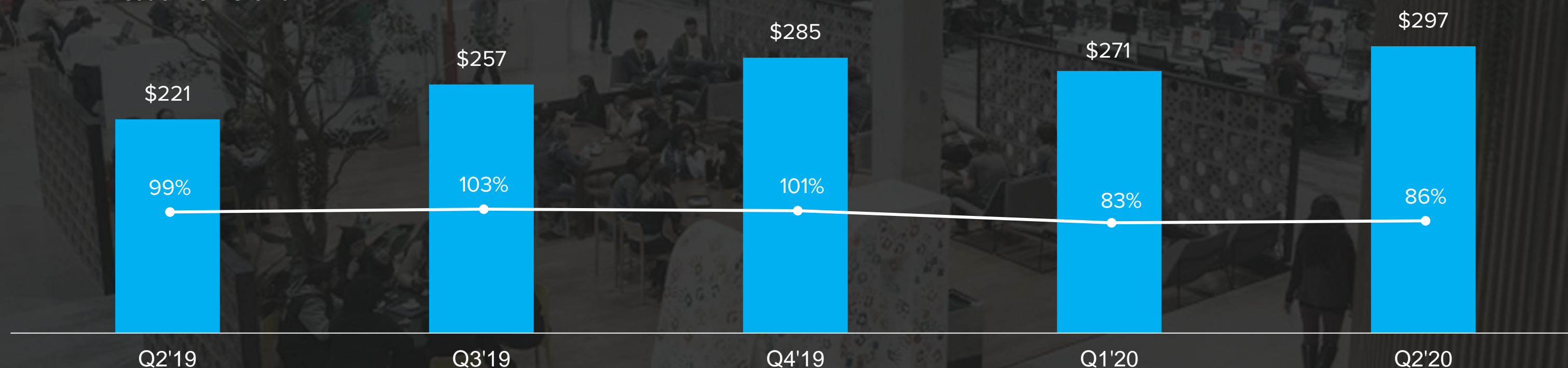


Revenues from Commerce transactions are mainly generated from: marketplace fees that includes final value fees and flat fees for transactions below a certain merchandise value; shipping fees net of the third-party carrier costs; classifieds fees; ad sales up-front fees; sales of goods; and fees from other ancillary businesses.

Fintech Net Revenues continues to grow driven by further monetization of the wallet and cash advances offering, partially offset by more aggressive discounting on our MPOS devices and a diminished Credit revenues as we shrink the portfolio

Fintech Net Revenues per Quarter (US\$ M)

■ FX Neutral YoY Growth



Fintech revenues are generated from payments fees. With respect to our Mercado Pago service, we generate payment fees attributable to: commissions representing a percentage of the payment volume processed that are charged to sellers in connection with off Marketplace-platform transactions; commissions from additional fees we charge when a buyer elects to pay in installments through our Mercado Pago platform, for transactions that occur either on or off our Marketplace platform; commissions from additional fees we charge when our sellers elect to withdraw cash; interest, cash advances and fees from merchant and consumer credits granted under our Mercado Credito solution; and revenues from the sale of mobile points of sale products.

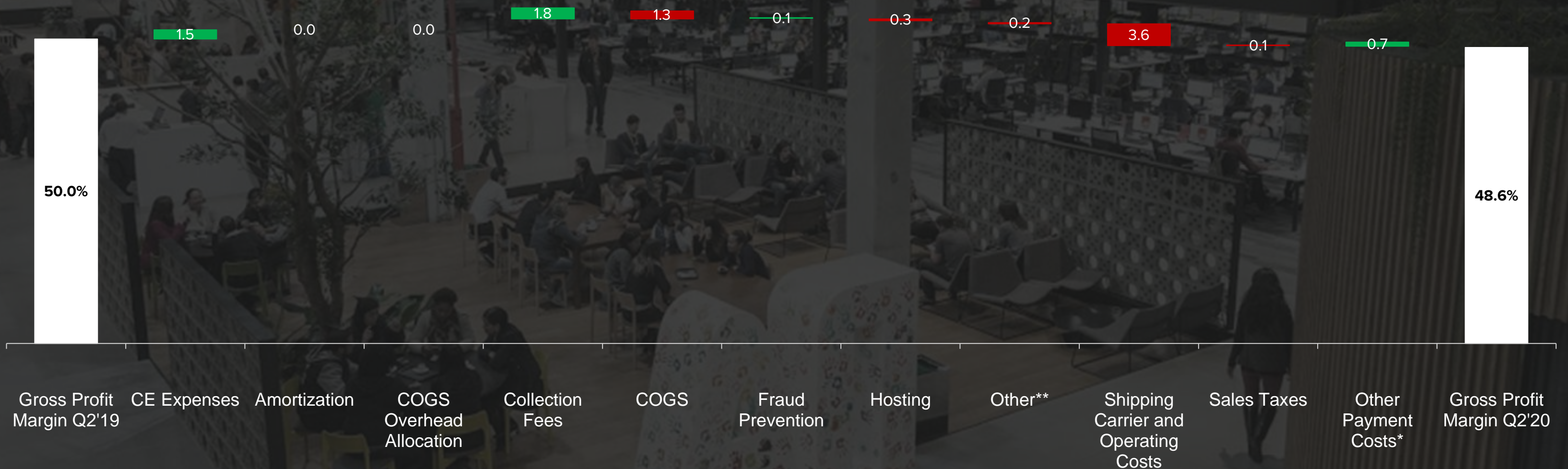
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Gross Profit

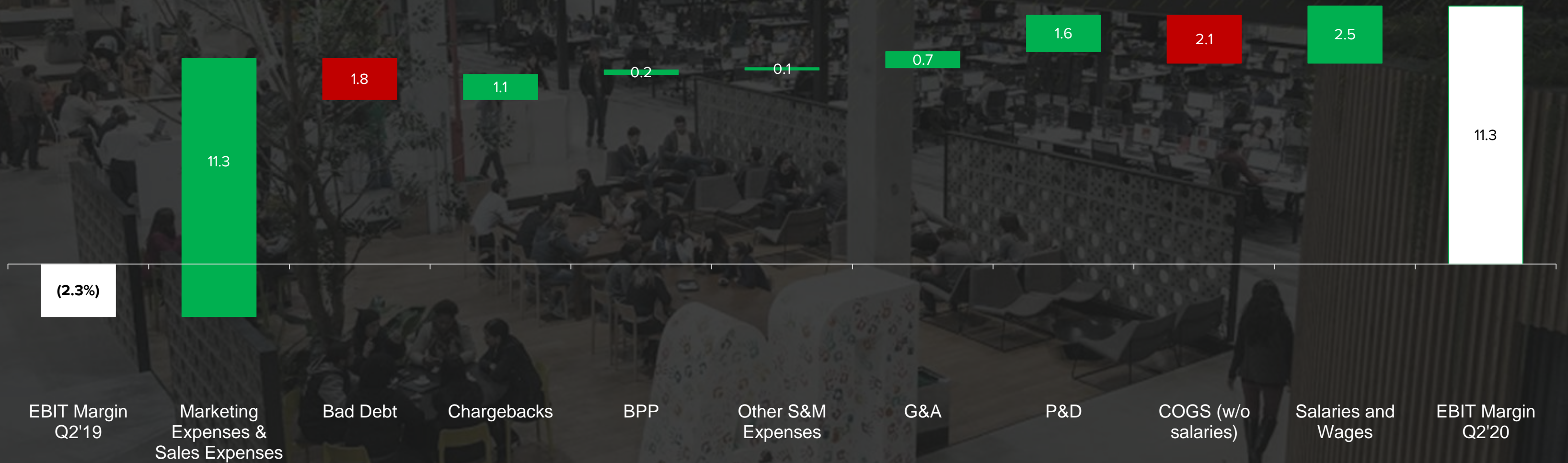
Margin compression mainly attributable to higher shipping operating costs



*Other Payment Costs includes Mercado Pago financing cost and Prepaid Card expenses

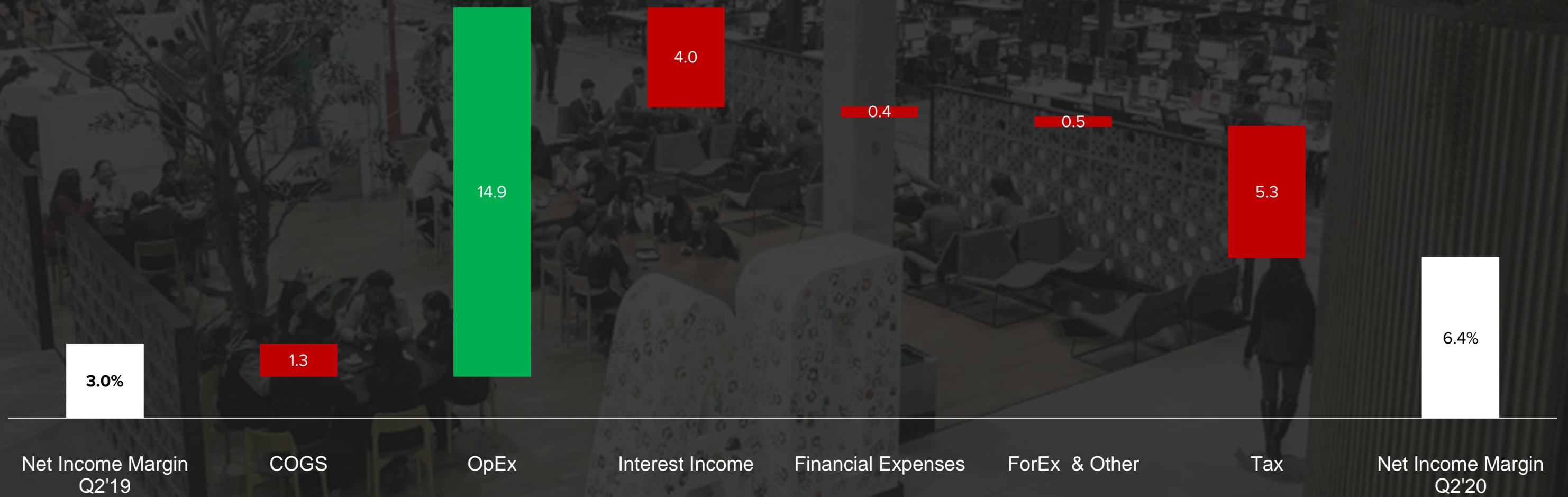
**Other includes certain taxes and withholdings

EBIT Margin improvements were mostly due to lower marketing expenditure



Net Income

Margin improvement mostly due to lower marketing expenditure, partially offset by shipping operational costs



A multi-level office space with people working at desks, a central tree, and a yellow banner. The office has a modern, open-plan design with multiple levels connected by walkways. There are many people working at desks, and a large tree is in the center. A yellow banner with the text "Thank You" is overlaid on the image.

Thank You

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