



MercadoLibre, Inc. Reports First Quarter 2019 Financial Results

May 2, 2019

Net Revenues of \$473.8 million, up 92.9% on an FX neutral basis

\$5.6 billion Total Payment Volume, up 82.5% on an FX neutral basis

\$3.1 billion Gross Merchandise Volume, up 26.6% on an FX neutral basis

BUENOS AIRES, Argentina, May 02, 2019 (GLOBE NEWSWIRE) -- MercadoLibre, Inc. (Nasdaq: MELI) (<http://www.mercadolibre.com>), Latin America's leading e-commerce technology company, today reported financial results for the quarter ended March 31, 2019.

Pedro Arnt, Chief Financial Officer of MercadoLibre, Inc., commented, "I am very pleased with the results we delivered this quarter. It is encouraging to enter the new year with continued momentum in our business and to see our strategy delivering on multiple fronts in a sustainable manner. Our Marketplace business showed great resiliency, our Payments business is gaining traction in its online to offline efforts, and our Shipping efforts continue growing the size of our managed network. From a financial perspective, the 1Q'19 was a very strong quarter, as net revenues accelerated to 92.9% YoY growth on an FX neutral basis."

First Quarter 2019 Business Highlights¹

- Total payment volume through MercadoPago surpassed the \$5.5 billion mark for the first time, reaching \$5.6 billion, a year-over-year increase of 35.1% in USD and 82.5% on an FX neutral basis. Total payment transactions increased 93.7% year-over-year, totaling 143.9 million transactions for the quarter.
- MercadoPago experienced continued success in execution of off-platform payments (online and offline) through merchant services, mobile point-of-sale ("MPOS") devices, and the mobile wallet business. On a consolidated basis, off-platform total payment volume grew 118.8% year-over-year in USD and 194.2% on an FX neutral basis.
- For the first time ever, off-platform payments processed over \$2.5 billion in transactions, surpassing 80 million payment transactions in a single quarter with 88.2 million payment transactions.
- MPOS business is still one of the fastest growing non-marketplace business units, representing 43.9% of total off-platform payment volume for the quarter. On a consolidated basis, MPOS total payment volume grew 260.4% year-over-year on an FX neutral basis.
- Our mobile wallet again reached four times the number of active payers during the quarter as compared to the same period in 2018, and total payment volume from mobile wallet in Argentina, Brazil and Mexico continued to reflect triple digits growth year-over-year.
- Our asset management product, Mercado Fondo, is now available in Argentina and Brazil, where we offer our entire suite of FinTech solutions: MPOS devices, QR code in-store payments, mobile wallet and asset management.
- Gross merchandise volume ("GMV") reaccelerated surpassing the \$3 billion mark, reaching \$3.1 billion, a 1.7% year-over-year decrease in USD, and a 26.6% year-over-year increase on an FX neutral basis, following a decrease of 10.6% in USD and growth of 17.6% on an FX neutral basis in the fourth quarter of 2018.
- Items sold reached 82.8 million, growing 3.3% year-over-year, compared to a growth of 50.8% in the first quarter of 2018. The decline in the year-over-year growth rate is attributable to Brazil, where in July of last year we launched the R\$5 flat listing fee on items below R\$ 120 and removed listings below R\$ 6 as we shift towards incentivizing buyers to purchase higher-ticket items.
- Unique buyers also reaccelerated increasing 10.8% year-over-year versus 7.5% during the fourth quarter of 2018.
- Live listings offered on MercadoLibre's marketplace surpassed for the first time the 200 million mark reaching 200.6 million in the first quarter of 2019, a 57.9% year-over-year increase.
- Mobile gross merchandise volume grew 10.9% year-over-year on an FX neutral basis reaching 62.9% of GMV.
- Items shipped through MercadoEnvios reached 62.9 million, an 18.6% year-over-year increase, driven primarily by the expansion of our free shipping program. The number of items shipped in Argentina, Mexico, Chile and Colombia were highlights of the quarter, growing 110.8%, 74.9%, 29.8% and 44.0%, respectively, year-over-year.

¹ Percentages have been calculated using whole amounts rather than rounded amounts.

The tables below present our gross billing and amounts paid by us in connection with our free shipping service.

The Company presents net revenue net of amounts paid in connection with the Company's free shipping initiative, when the Company acts as an agent, rather than including these amounts in the cost of net sales, as previously recorded. For the three-month period ended March 31, 2019 the Company incurred \$74.0 million of shipping subsidies that have been netted from revenues.

| | | In Millions (*) | |
|----------------|--------------|-----------------|-----------------|
| | | Q1 2019 | Q1 2018 |
| Gross Billings | Brazil | \$ 358.6 | \$ 276.3 |
| | Argentina | \$ 103.0 | \$ 106.1 |
| | Mexico | \$ 61.2 | \$ 29.4 |
| | Others | \$ 25.0 | \$ 21.8 |
| | Total | \$ 547.8 | \$ 433.5 |

| | | In Millions (*) | | | |
|----------------------------|--------------|-----------------|----------|------------------|----------|
| | | Q1 2019 | | Q1 2018 | |
| Free Shipping service cost | Brazil | \$ (56.2 |) | \$ (92.1 |) |
| | Argentina | \$ (9.2 |) | \$ (4.1 |) |
| | Mexico | \$ (6.6 |) | \$ (12.3 |) |
| | Others | \$ (2.0 |) | \$ (3.9 |) |
| | Total | \$ (74.0 |) | \$ (112.5 |) |

| | | In Millions (*) | | | |
|--------------|--------------|-----------------|--|-----------------|--|
| | | Q1 2019 | | Q4 2018 | |
| Net Revenues | Brazil | \$ 302.4 | | \$ 184.2 | |
| | Argentina | \$ 93.8 | | \$ 101.9 | |
| | Mexico | \$ 54.6 | | \$ 17.1 | |
| | Others | \$ 23.0 | | \$ 17.8 | |
| | Total | \$ 473.8 | | \$ 321.0 | |

*The table above may not total due to rounding.

First Quarter 2019 Financial Highlights

- Net revenues for the first quarter grew to \$473.8 million, a year-over-year increase of 47.6% in USD and 92.9% on an FX neutral basis.
- Enhanced marketplace revenues increased 79.8% year-over-year in USD, and increased 128.4% on an FX neutral basis, while non-marketplace revenues increased 22.4% year-over-year in USD and 65.2% on an FX neutral basis.
- Gross profit was \$237.0 million with a margin of 50.0%, compared to 50.7% in the first quarter of 2018. Most of the gross margin compression is attributable to shipping carrier and operating costs.
- Total operating expenses were \$226.9 million, an increase of 18.1% year-over-year in USD. As a percentage of revenues, operating expenses were 47.9%, as compared to 59.9% during the first quarter of 2018.
- Income from operations was \$10.1 million, as compared to a loss of \$0.8 million last quarter and a loss of \$29.4 million during the first quarter 2018. As a percentage of revenues, income from operations was 2.1%.
- Interest income was \$24.4 million, a 165.9% increase year-over-year, mainly attributable to a higher float in Argentina and Brazil, as well as the proceeds from the convertible note issued in August 2018.
- The company incurred \$15.6 million in financial expenses in the first quarter of 2019, attributed to interest paid on the 2028 convertible notes.
- The foreign exchange loss for the first quarter of 2019 was \$3.7 million, mainly as a consequence of the U.S. Dollar revaluation over our Argentine Peso net asset position in Argentina.
- Net income before taxes was \$15.4 million, up from a loss of \$25.4 million during the first quarter 2018.
- Income tax loss was \$3.5 million, yielding a blended tax rate for the period of 22.7%.
- Net income was \$11.9 million, resulting in basic net income per share of \$0.13.
- Operating cash flow was \$138.4 million. Net increase in cash, cash equivalents, restricted cash and cash equivalents was \$841.6 million.

The following table summarizes certain key performance metrics for the three months ended March 31, 2019 and 2018.

| (in millions) | Three-month Periods Ended March 31, (*) | |
|-------------------------------------------------------|--------------------------------------------|-------|
| | 2019 | 2018 |
| Number of confirmed registered users at end of period | 280.1 | 223.1 |

| | | |
|--------------------------------------------------------|------------|------------|
| Number of confirmed new registered users during period | 12.3 | 11.2 |
| Gross merchandise volume | \$ 3,087.8 | \$ 3,126.4 |
| Number of successful items sold | 82.8 | 80.1 |
| Number of successful items shipped | 62.4 | 52.5 |
| Total payment volume | \$ 5,639.1 | \$ 4,175.3 |
| Total volume of payments on Marketplace | \$ 2,896.1 | \$ 2,809.5 |
| Total payment transactions | 143.9 | 74.3 |
| Unique buyers | 18.8 | 17.0 |
| Unique sellers | 4.2 | 5.0 |
| Capital expenditures | \$ 33.0 | \$ 23.0 |
| Depreciation and amortization | \$ 15.7 | \$ 11.1 |

(*) Figures have been expressed using rounding amounts. Growth calculations using this table may not total due to rounding.

Table of Year-over-year USD Revenue Growth Rates by Quarter

| Consolidated Net Revenues | Q1'18 | Q2'18 | Q3'18 | Q4'18 | Q1'19 |
|---------------------------|-------|-------|-------|-------|-------|
| Brazil | 15% | 25% | 25% | 34% | 64 % |
| Argentina | 43% | 14% | (8)% | (16)% | (8)% |
| Mexico | 51% | 62% | 152% | 157 % | 220% |

Table of Year-over-year Local Currency Revenue Growth Rates by Quarter

| Consolidated Net Revenues | Q1'18 | Q2'18 | Q3'18 | Q4'18 | Q1'19 |
|---------------------------|-------|-------|-------|-------|-------|
| Brazil | 19% | 40% | 56% | 58% | 91% |
| Argentina | 80% | 68% | 68% | 77% | 83% |
| Mexico | 39% | 71% | 168% | 170% | 227% |

Conference Call and Webcast

The Company will host a conference call and audio webcast on May 2nd, 2019 at 4:30 p.m. Eastern Time. The conference call may be accessed by dialing (877) 303-7209 / (970) 315-0420 (Conference ID 2466479) and requesting inclusion in the call for MercadoLibre. The live conference call can be accessed via audio webcast at the investor relations section of the Company's website, at <http://investor.mercadolibre.com>. An archive of the webcast will be available for one week following the conclusion of the conference call.

Definition of Selected Operational Metrics

Gross Billings – Total accrued fees, commissions, interest, and other sales received from users.

Foreign Exchange ("FX") Neutral – Calculated by using the average monthly exchange rate of each month of 2018 and applying it to the corresponding months in the current year, so as to calculate what the results would have been had exchange rates remained constant. Intercompany allocations are excluded from this calculation. These calculations do not include any other macroeconomic effect such as local currency inflation effects or any price adjustment to compensate local currency inflation or devaluations.

Gross merchandise volume – Measure of the total U.S. dollar sum of all transactions completed through the MercadoLibre Marketplace, excluding Classifieds transactions.

Total payment transactions – Measure of the number of all transactions paid for using MercadoPago.

Total volume of payments on marketplace – Measure of the total U.S. dollar sum of all marketplace transactions paid for using MercadoPago, excluding shipping and financing fees.

Total payment volume – Measure of total U.S. dollar sum of all transactions paid for using MercadoPago, including marketplace and non-marketplace transactions.

Enhanced Marketplace – Revenues from the Enhanced Marketplace service, include the final value fees and shipping fees charged to the Company's customers.

Items sold – Measure of the number of items that were sold/purchased through the MercadoLibre Marketplace, excluding Classifieds items.

Items shipped – Measure of the number of items that were shipped through our shipping service.

Local Currency Growth Rates – Refer to FX Neutral definition.

Net income margin – Defined as net income as a percentage of net revenues.

New confirmed registered users – Measure of the number of new users who have registered on the MercadoLibre Marketplace and confirmed their registration, excluding Classifieds users.

Operating margin – Defined as income from operations as a percentage of net revenues.

Total confirmed registered users – Measure of the cumulative number of users who have registered on the MercadoLibre Marketplace and confirmed their registration, excluding Classifieds users.

Unique Buyers – New or existing users with at least one purchase made in the period, including Classifieds users.

Unique Sellers – New or existing users with at least one new listing in the period, including Classifieds users.

About Mercado Libre

Founded in 1999, Mercado Libre is the largest online commerce ecosystem in Latin America, serving as an integrated regional platform and as a provider of the necessary online and technology-based tools that allow businesses and individuals to trade products and services in the region. The Company enables commerce through its marketplace platform (including online classifieds for motor vehicles, vessels, aircraft, services and real estate), which allows users to buy and sell in most of Latin America.

The Company is listed on NASDAQ (Nasdaq: MELI) following its initial public offering in 2007.

For more information about the Company visit: <http://investor.mercadolibre.com>.

The MercadoLibre, Inc. logo is available at <https://resource.globenewswire.com/Resource/Download/6ab227b7-693f-4b17-b80c-552ae45c76bf?size=0>

Forward-Looking Statements

Any statements herein regarding MercadoLibre, Inc. that are not historical or current facts are forward-looking statements. These forward-looking statements convey MercadoLibre, Inc.'s current expectations or forecasts of future events. Forward-looking statements regarding MercadoLibre, Inc. involve known and unknown risks, uncertainties and other factors that may cause MercadoLibre, Inc.'s actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Certain of these risks and uncertainties are described in the "Risk Factors," "Forward-Looking Statements" and "Cautionary Note Regarding Forward-Looking Statements" sections of MercadoLibre, Inc.'s annual report on Form 10-K for the year ended December 31, 2018, and any of MercadoLibre, Inc.'s other applicable filings with the Securities and Exchange Commission. Unless required by law, MercadoLibre, Inc. undertakes no obligation to publicly update or revise any forward-looking statements to reflect circumstances or events after the date hereof.

MercadoLibre, Inc.

Consolidated Balance Sheets

(In thousands of U.S. dollars, except par value)

| | March 31, 2019 | December 31, 2018 |
|----------------------------------------------------------------|-------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,295,886 | \$ 440,332 |
| Restricted cash and cash equivalents | 10,375 | 24,363 |
| Short-term investments (238,029 and 284,317 held in guarantee) | 1,648,457 | 461,541 |
| Accounts receivable, net | 34,524 | 35,153 |
| Credit cards receivable, net | 308,468 | 360,298 |
| Loans receivable, net | 134,640 | 95,778 |
| Prepaid expenses | 24,132 | 27,477 |
| Inventory | 3,003 | 4,612 |
| Other assets | 60,968 | 61,569 |
| Total current assets | 3,520,453 | 1,511,123 |
| Non-current assets: | | |
| Long-term investments | 275,432 | 276,136 |
| Property and equipment, net | 188,956 | 165,614 |
| Operating lease right-of-use assets | 153,499 | — |
| Goodwill | 89,827 | 88,883 |
| Intangible assets, net | 17,683 | 18,581 |
| Deferred tax assets | 160,846 | 141,438 |
| Other assets | 41,464 | 37,744 |
| Total non-current assets | 927,707 | 728,396 |
| Total assets | \$ 4,448,160 | \$ 2,239,519 |
| Liabilities | | |

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 246,767 | \$ 266,759 |
| Funds payable to customers | 680,746 | 640,954 |
| Salaries and social security payable | 76,123 | 60,406 |
| Taxes payable | 34,414 | 31,058 |
| Loans payable and other financial liabilities | 141,162 | 132,949 |
| Operating lease liabilities | 12,585 | — |
| Other liabilities | 56,418 | 34,098 |
| Total current liabilities | 1,248,215 | 1,166,224 |
| Non-current liabilities: | | |
| Salaries and social security payable | 31,827 | 23,161 |
| Loans payable and other financial liabilities | 602,061 | 602,228 |
| Operating lease liabilities | 143,047 | — |
| Deferred tax liabilities | 97,006 | 91,698 |
| Other liabilities | 13,258 | 19,508 |
| Total non-current liabilities | 887,199 | 736,595 |
| Total liabilities | \$ 2,135,414 | \$ 1,902,819 |
| Redeemable convertible preferred stock, \$0.001 par value, 40,000,000 shares authorized, 100,000 shares issued and outstanding at March 31, 2019 (Note 10) | \$ 98,688 | \$ — |

Equity

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Common stock, \$0.001 par value, 110,000,000 shares authorized, 49,318,498 and 45,202,859 shares issued and outstanding at March 31, 2019 and December 31, 2018 | \$ 49 | \$ 45 |
| Additional paid-in capital | 2,097,142 | 224,800 |
| Retained earnings | 509,455 | 503,432 |
| Accumulated other comprehensive loss | (392,588 |) (391,577 |
| Total Equity | 2,214,058 | 336,700 |
| Total Liabilities, Redeemable convertible preferred stock and Equity | \$ 4,448,160 | \$ 2,239,519 |

MercadoLibre, Inc.

Consolidated Statements of Income

For the three months ended March 31, 2019 and 2018

(In thousands of U.S. dollars, except for share data)

| | Three Months Ended March 31, | |
|----------------------------------------------------|------------------------------|------------|
| | 2019 | 2018 |
| Net revenues | \$ 473,770 | \$ 320,976 |
| Cost of net revenues | (236,766 |) (158,218 |
| Gross profit | 237,004 | 162,758 |
| Operating expenses: | | |
| Product and technology development | (52,369 |) (38,396 |
| Sales and marketing | (130,676 |) (110,723 |
| General and administrative | (43,820 |) (43,058 |
| Total operating expenses | (226,865 |) (192,177 |
| Income (loss) from operations | 10,139 | (29,419 |
| Other income (expenses): | | |
| Interest income and other financial gains | 24,444 | 9,195 |
| Interest expense and other financial losses | (15,559 |) (10,734 |
| Foreign currency (losses) gains | (3,669 |) 5,601 |
| Net income (loss) before income tax (expense) gain | 15,355 | (25,357 |
| Income tax (expense) gain | (3,491 |) 12,438 |
| Net income (loss) | \$ 11,864 | \$ (12,919 |

Three Months Ended March 31,
2019 2018

Basic EPS

| | | | |
|-----------------------------------------------|------------|------------|---|
| Basic net income (loss) | | | |
| Available to shareholders per common share | \$ 0.13 | \$ (0.29 |) |
| Weighted average of outstanding common shares | 45,980,255 | 44,157,364 | |

Diluted EPS

| | | | |
|-----------------------------------------------|------------|------------|---|
| Diluted net income (loss) | | | |
| Available to shareholders per common share | \$ 0.13 | \$ (0.29 |) |
| Weighted average of outstanding common shares | 45,980,255 | 44,157,364 | |

MercadoLibre, Inc.**Consolidated Statement of Cash Flows****For the three months ended March 31, 2019 and 2018**

| | Three Months Ended March 31, | | |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------|---|
| | 2019 | 2018 | |
| Cash flows from operations: | | | |
| Net income (loss) | \$ 11,864 | \$ (12,919 |) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | |
| Unrealized devaluation loss, net | 1,886 | — | |
| Depreciation and amortization | 15,694 | 11,084 | |
| Accrued interest | (8,699 |) (4,447 |) |
| Non cash interest and convertible notes amortization of debt discount and amortization of debt issuance costs | 3,018 | 7,063 | |
| LTRP accrued compensation | 13,441 | 15,737 | |
| Deferred income taxes | (14,456 |) (30,601 |) |
| Changes in assets and liabilities: | | | |
| Accounts receivable | 337 | (9,347 |) |
| Credit card receivables | 35,893 | (33,870 |) |
| Prepaid expenses | 3,316 | (16,164 |) |
| Inventory | 1,652 | (872 |) |
| Other assets | (5,085 |) (13,009 |) |
| Accounts payable and accrued expenses | (491 |) 22,773 | |
| Funds payable to customers | 63,730 | 20,613 | |
| Other liabilities | 12,735 | 3,041 | |
| Interest received from investments | 3,536 | 3,912 | |
| Net cash provided by (used in) operating activities | 138,371 | (37,006 |) |
| Cash flows from investing activities: | | | |
| Purchase of investments | (1,624,226 |) (632,734 |) |
| Proceeds from sale and maturity of investments | 439,712 | 683,909 | |
| Purchases of intangible assets | (34 |) (97 |) |
| Advance for property and equipment | — | (3,390 |) |
| Changes in principal of loans receivable, net | (42,609 |) (52,243 |) |
| Purchases of property and equipment | (32,928 |) (19,542 |) |
| Net cash used in investing activities | (1,260,085 |) (24,097 |) |
| Cash flows from financing activities: | | | |
| Purchase of convertible note capped call | — | (45,692 |) |
| Proceeds from loans payable and other financial liabilities | 33,977 | 80,925 | |
| Payments on loans payable and other financing liabilities | (23,816 |) (4,583 |) |
| Payment of finance lease obligations | (662 |) — | |
| Dividends paid | — | (6,624 |) |
| Proceeds from issuance of convertible redeemable preferred stock, net | 98,688 | — | |
| Proceeds from issuance of common stock, net | 1,866,500 | — | |
| Net cash provided by financing activities | 1,974,687 | 24,026 | |
| Effect of exchange rate changes on cash, cash equivalents, restricted cash and cash equivalents | (11,407 |) (772 |) |
| Net increase (decrease) in cash, cash equivalents, restricted cash and cash equivalents | 841,566 | (37,849 |) |
| Cash, cash equivalents, restricted cash and cash equivalents, beginning of the period | \$ 464,695 | \$ 388,260 | |
| Cash, cash equivalents, restricted cash and cash equivalents, end of the period | \$ 1,306,261 | \$ 350,411 | |

Financial results of reporting segments

| | Three Months Ended March 31, 2019 | | | | |
|-------------------------------------------------------|------------------------------------------|------------------|---------------|------------------------|--------------|
| | Brazil | Argentina | Mexico | Other Countries | Total |
| | (In thousands) | | | | |
| Net revenues | \$ 302,384 | \$ 93,776 | \$ 54,561 | \$ 23,049 | \$ 473,770 |
| Direct costs | (225,343) | (67,492) | (65,585) | (20,447) | (378,867) |
| Direct contribution | 77,041 | 26,284 | (11,024) | 2,602 | 94,903 |
| Operating expenses and indirect costs of net revenues | | | | | (84,764) |
| Income from operations | | | | | 10,139 |
| Other income (expenses): | | | | | |
| Interest income and other financial gains | | | | | 24,444 |
| Interest expense and other financial losses | | | | | (15,559) |
| Foreign currency losses | | | | | (3,669) |
| Net income before income tax expense | | | | | \$ 15,355 |

| | Three Months Ended March 31, 2018 | | | | |
|-------------------------------------------------------|------------------------------------------|------------------|---------------|------------------------|--------------|
| | Brazil | Argentina | Mexico | Other Countries | Total |
| | (In thousands) | | | | |
| Net revenues | \$ 184,155 | \$ 101,939 | \$ 17,065 | \$ 17,817 | \$ 320,976 |
| Direct costs | (176,980) | (57,295) | (26,323) | (17,272) | (277,870) |
| Direct contribution | 7,175 | 44,644 | (9,258) | 545 | 43,106 |
| Operating expenses and indirect costs of net revenues | | | | | (72,525) |
| Loss from operations | | | | | (29,419) |
| Other income (expenses): | | | | | |
| Interest income and other financial gains | | | | | 9,195 |
| Interest expense and other financial losses | | | | | (10,734) |
| Foreign currency gains | | | | | 5,601 |
| Net loss before income tax gains | | | | | \$ (25,357) |

Non-GAAP Financial Measures

To supplement our consolidated financial statements presented in accordance with U.S. GAAP, we use foreign exchange ("FX") neutral measures.

This non-GAAP measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with U.S. GAAP and may be different from non-GAAP measures used by other companies. In addition, this non-GAAP measure is not based on any comprehensive set of accounting rules or principles. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with U.S. GAAP. This non-GAAP financial measure should only be used to evaluate our results of operations in conjunction with the most comparable U.S. GAAP financial measures.

Reconciliation of this non-GAAP financial measure to the most comparable U.S. GAAP financial measures can be found in the tables included in this quarterly report.

The Company believes that reconciliation of FX neutral measures to the most directly comparable GAAP measure provides investors an overall understanding of our current financial performance and its prospects for the future. Specifically, we believe this non-GAAP measure provide useful information to both management and investors by excluding the foreign currency exchange rate impact that may not be indicative of our core operating results and business outlook.

The FX neutral measures were calculated by using the average monthly exchange rates for each month during 2018 and applying them to the corresponding months in 2019, so as to calculate what our results would have been had exchange rates remained stable from one year to the next. The table below excludes intercompany allocation FX effects. Finally, this measure does not include any other macroeconomic effect such as local currency inflation effects, the impact on impairment calculations or any price adjustment to compensate local currency inflation or devaluations.

The following table sets forth the FX neutral measures related to our reported results of the operations for the three-month period ended March 31, 2019:

**Three-month Periods Ended
March 31, (*)
As reported**

FX Neutral Measures As reported

| (In millions, except percentages) | 2019 | | | 2018 | | |
|-----------------------------------------|-------------|----------|----------------------|-------------|----------|----------------------|
| | (Unaudited) | | Percentage Change | (Unaudited) | | Percentage Change |
| Net revenues | \$ 473.8 | \$ 321.0 | 47.6 % | \$ 619.2 | \$ 321.0 | 92.9 % |
| Cost of net revenues | (236.8 |) (158.2 |) 49.6 % | (317.1 |) (158.2 |) 100.4 % |
| Gross profit | 237.0 | 162.8 | 45.6 % | 302.2 | 162.8 | 85.7 % |
| Operating expenses | (226.9 |) (192.2 |) 18.1 % | (332.9 |) (192.2 |) 73.3 % |
| Income (Loss) from operations | 10.1 | (29.4 |) -134.5 % | (30.8 |) (29.4 |) 4.6 % |

(*) The table above may not total due to rounding.

CONTACT: MercadoLibre, Inc.

Investor Relations

investor@mercadolibre.com

<http://investor.mercadolibre.com>



Source: MercadoLibre, Inc.