

May  
2015



**mercado  
libre**

# First Quarter 2015 Results

*Investor Relations*



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. 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 10-K and other filings with the Securities and Exchange Commission, which are available on our investor relations website.

(<http://investor.mercadolibre.com>)

A reconciliation of Non-GAAP measures to the nearest comparable GAAP measures can be found in our first quarter 2015 earnings press release available on our investor relations website

All of the information included in this presentation is updated as of May 6th, 2015. Except as may be required by applicable law, we assume no obligation to publicly update or revise our statements.



# Q1 2015 Highlights



## Key Trends

- Items sold in the first quarter of 2015 increased 26.4% to 27.5 million.
- Gross Merchandise Volume was \$1,649.1 million, an 8.2% decrease in USD.
  - In local currencies, Gross Merchandise Volume grew 77.5%.
- MercadoPago's Total Payment Transactions grew 61.6% to 14.8 million, showing acceleration for the sixth consecutive quarter.
- Total Payment Volume was \$1,037.3 million, a year-over-year growth of 56.2% in USD
  - 102.2% year-over-year growth in local currencies.
- Net revenues for the first quarter were \$148.1 million, a year-over-year growth of 28.4%.
  - Excluding Venezuela, Net revenues grew 39.7% in USD and 64.5% in LC.
  - Brazil, our biggest market, grew revenues by 58.4% in local currencies.
- Income from operations was, \$25.6 million; a year-over-year decline of 24.7% in USD.
  - Excluding the one-time effects of the Venezuelan devaluation, Income from operations grew 23.0% year-over-year
  - Representing 28.2% of revenues (excluding effects of the Venezuelan devaluation)
- Net income for the quarter was \$1.7 million.
  - Excluding the one-time effects of the Venezuelan devaluation, net income would have been \$34.6 million
  - Representing 23.3% of revenues.



# Q1 2015 Highlights



## Continued progress on strategic initiatives

- Fast-paced adoption of enhanced services in payments and shipping.  
Brazil's on-platform payments increased penetration by 20 percentage points of GMV year over year, driven by high adoption of interest-free listings
- Solid growth of payments volume outside of our platform: 37% in USD and 65% in LC.
- Shipped over 40% of Brazil's sold items, nearly 20% in Argentina and close to 10% in Mexico in the quarter through our MercadoEnvios platform.
- Large brands increasingly adopting our platform, with >750 Official Stores live on our site by end of quarter
- 7th consecutive quarter of increases in NPS

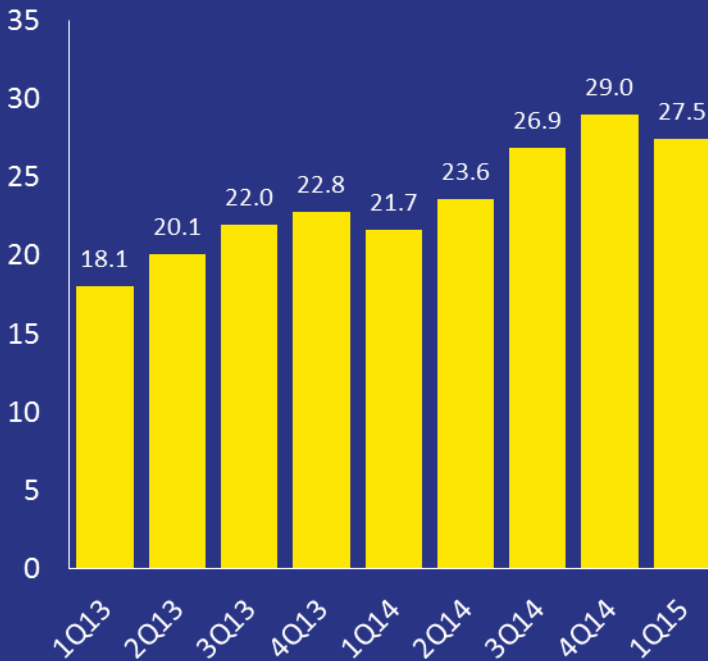


# Core Operating Metrics



## Items Sold

Millions

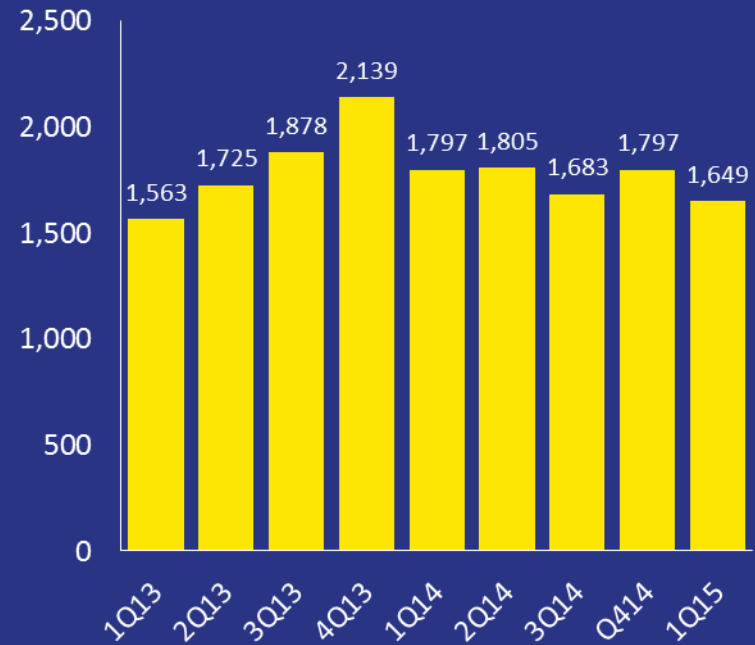


YoY Growth

20% 27% 25% 20% 20% 18% 22% 27% 26%

## Gross Merchandise Volume

U\$ Millions



YoY Reported USD growth

YoY Constant USD growth

18% 33% 31% 30% 15% 5% -10% -16% -8%

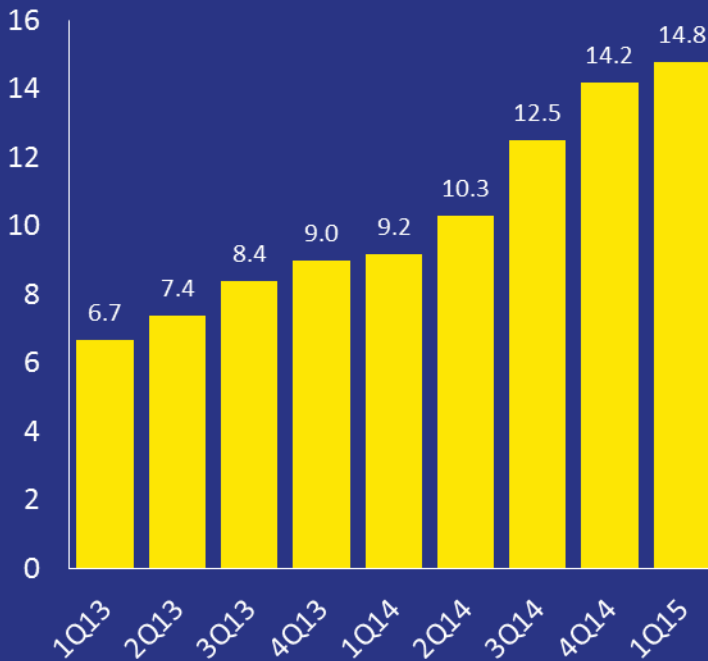
30% 45% 49% 49% 58% 67% 79% 85% 77%

# Payments Operating Metrics



## Total Payment Transactions

Millions

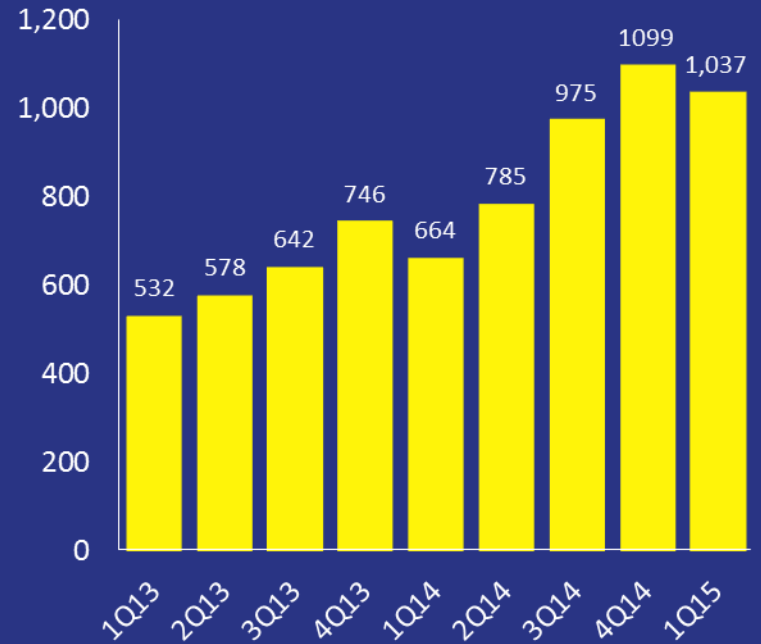


YoY Growth

38% 35% 32% 34% 36% 40% 49% 58% 62%

## Total Payment Volume

US\$ Millions



YoY Reported USD growth

44% 40% 34% 42% 25% 36% 52% 47% 56%

YoY Constant USD growth

62% 54% 55% 66% 64% 77% 99% 107% 104%

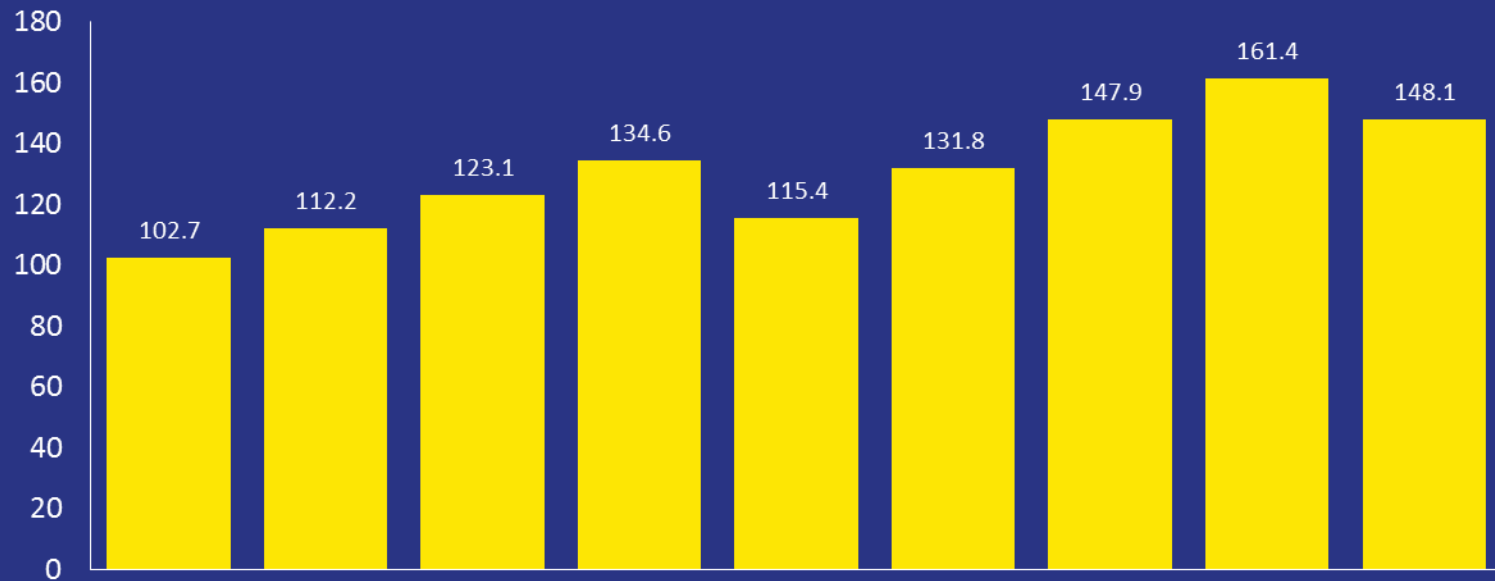


# Net Revenues



## Net Revenues

U\$ Millions



YoY Reported  
USD Growth

Quarter	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
YoY Reported USD Growth	23%	26%	27%	30%	12%	18%	20%	20%	28%

YoY Constant  
USD Growth

Quarter	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
YoY Constant USD Growth	36%	38%	45%	50%	50%	66%	89%	109%	100%

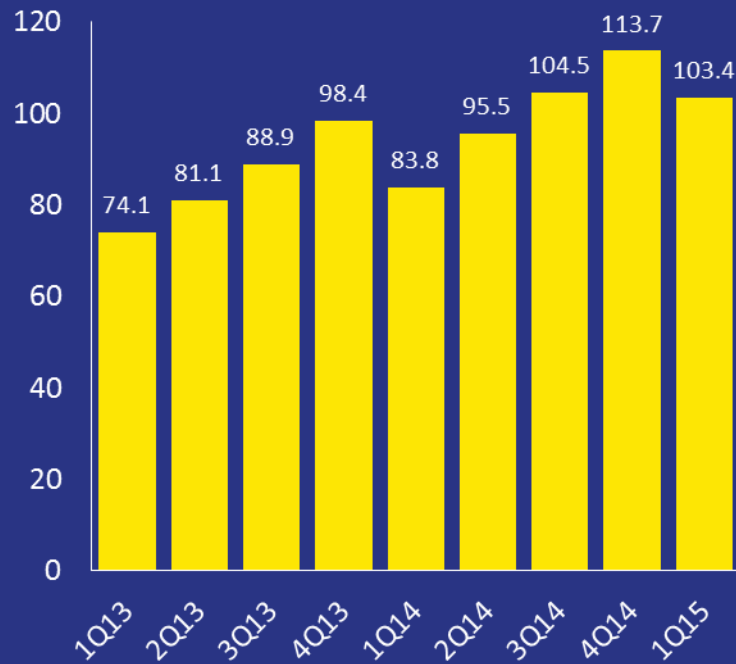


# Gross Profit & EBIT



## Gross Profit

U\$ Millions

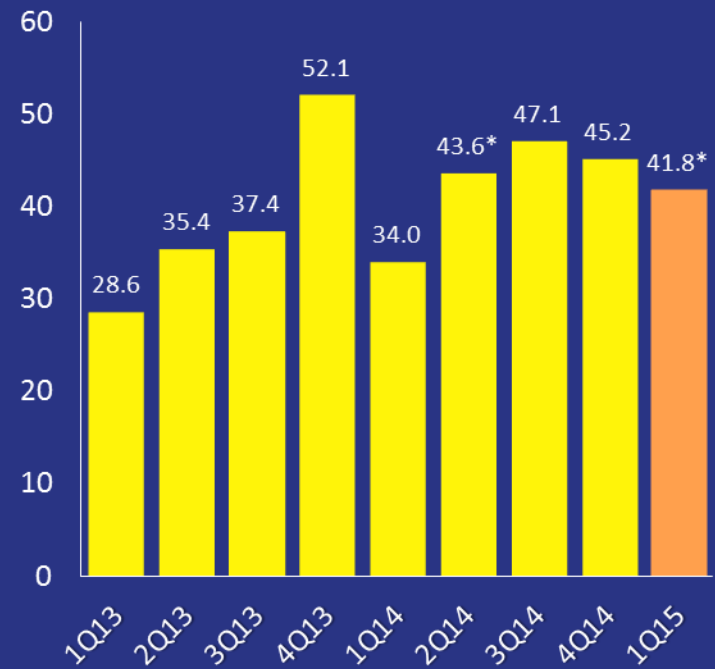


Gross Margin

72% 72% 72% 73% 73% 72% 71% 70% 70%

## EBIT

U\$ Millions



EBIT Margin

28% 32% 30% 39% 29% 33% 32%\* 28% 28%

\* Adjusted measures, excluding one time effects of Venezuela devaluation due to shift from SICAD I to SICAD II, in 2Q14, and from SICAD II to SIMADI in 1Q15

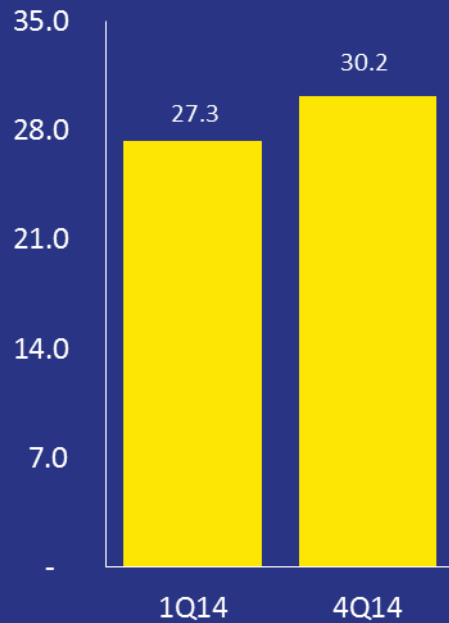


# COGS & OPEX



## COGS

% of Revenues

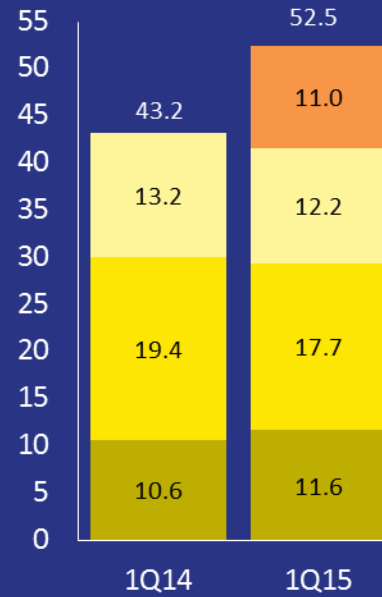


**YoY change:**

- +237 bps of collection fees for MP
- +104 bps of incremental sales taxes generated by our shipping and financing initiatives
- -35 bps of scale in customer support

## OPEX

% of Revenues



**YoY change:**

- \$16.2 M one-time Impairment
- +116 bps of increase in Salary & Wages
- -208 bps easy comp due to a 1Q14 write-off
- -83 bps in outside services
- +132 bps of Buyer Protection Program
- -312 bps of improvements in chargebacks and bad debt
- +131 bps from salaries

■ Product Development   ■ Sales & Marketing   ■ General & Administrative   ■ Impairment

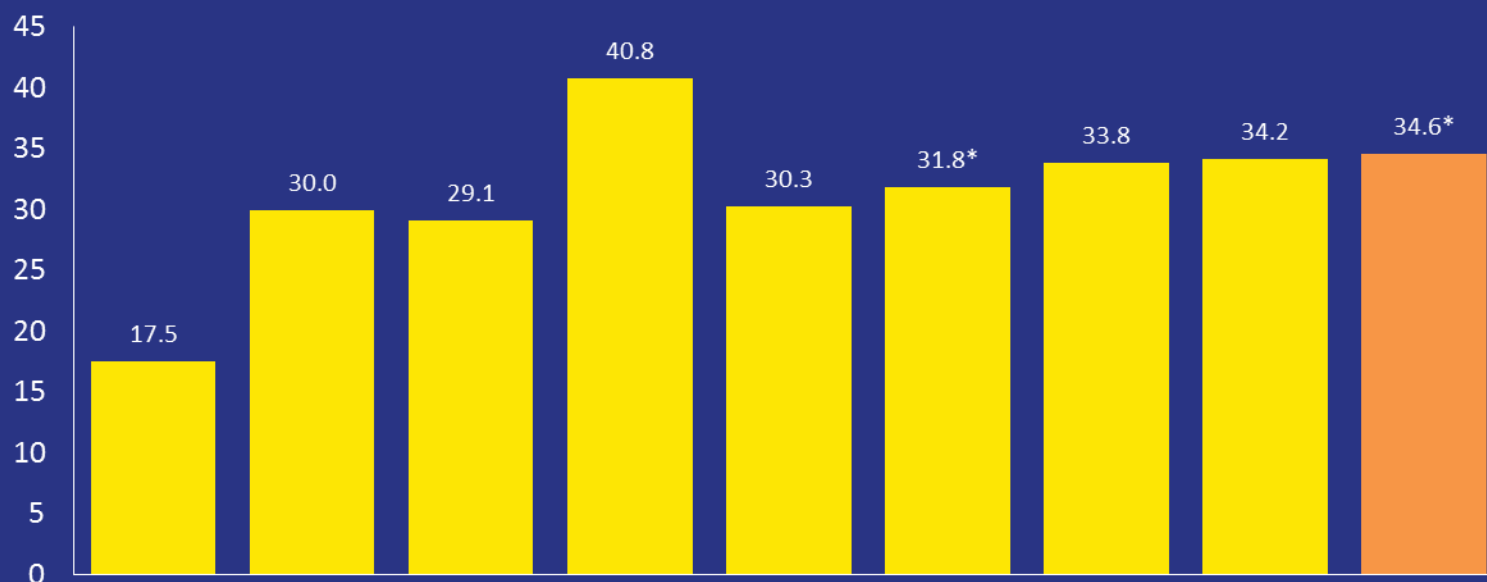


# Net Income & EPS



## Net Income

U\$ Millions



	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Net Income Margin	17%	27%	24%	30%	26%	24%*	23%	21%	23%**
Adj EPS	0.69	0.40	0.67	0.66	0.69	0.72*	0.76	0.76	0.78**

\* Adjusted measures, excluding one time effects of Venezuela devaluation due to shift from SICAD I to SICAD II, in 2Q14, and from SICAD II to SIMADI in 1Q15



# Non - GAAP Financial Measures



	Three-months periods ended (**)	
	March 31, 2015	March 31, 2014
Operating expenses (OPEX)	(77.8)	(49.8)
Impairment of long-lived assets	<u>16.2</u>	<u>-</u>
<b>Adjusted Operating expenses (OPEX)</b>	<b><u>(61.6)</u></b>	<b><u>(49.8)</u></b>
Income from operations (EBIT)	\$ 25.6	\$ 34.0
Impairment of long-lived assets	<u>16.2</u>	<u>-</u>
<b>Adjusted Income from operations</b>	<b><u>\$ 41.8</u></b>	<b><u>\$ 34.0</u></b>
Net Income	\$ 1.7	\$ 30.0
Devaluation loss in Venezuela	20.4	-
Impairment of long-lived assets	16.2	-
Income tax effect on devaluation loss in Venezuela	<u>(3.8)</u>	<u>-</u> (1)
<b>Adjusted Net Income</b>	<b><u>\$ 34.6</u></b>	<b><u>\$ 30.0</u></b>

(\*\*) Stated in millions of U.S. dollars

(1) Income tax charge related to the Venezuela devaluation under local tax norms.

