



## MercadoLibre, Inc. Reports Financial Results for Second Quarter and First Half 2007

- Second Quarter Revenue Increases 53% to Record \$19 Million
- Second Quarter Operating Income Grows 229% to \$4.7 Million -- Net Cash Provided by Operating Activities for First Half Grows 210% to \$5.4 Million

BUENOS AIRES, Argentina, Sept. 14, 2007 (PRIME NEWSWIRE) -- MercadoLibre, Inc. (Nasdaq:MELI) (<http://www.mercadolibre.com>), host of the largest online trading platform in Latin America, today reported financial results for its second fiscal quarter and six months ended June 30, 2007.

Marcos Galperin, President and Chief Executive Officer of MercadoLibre, Inc. commented, "We are very pleased with our strong results, driven by robust growth in both our marketplace trading service and online payments solutions. We continue to benefit from the success of our business model, which emphasizes fixed-price as well as auction-based pricing formats, and are optimistic about our long-term growth potential in Latin America, which has one of the world's fastest-growing internet penetration rates."

### Financial Results

#### Second Quarter Results

MercadoLibre reported consolidated net revenues for the three months ended June 30, 2007 of \$18.97 million, representing a quarterly year over year growth rate of 53.2%. Revenue growth was driven primarily by continued growth in confirmed registered users, gross merchandise volume, successful items, and total payment volume, as well as improvements in the monetization of transactions on the Company's platforms. Second quarter marketplace revenues grew 49.1% to \$16.09 million from \$10.79 million for the prior year period. Payments revenues for the same period grew to \$2.89 million for the second quarter, up 81.5% from \$1.59 million during 2006. MercadoLibre's take rate, as measured by revenues as a percentage of gross merchandise volume, improved to 5.5% during the second quarter of 2006 when compared to 5.1% for the same period during 2006.

Gross profit grew 55.2% to \$14.9 million from \$9.6 million in the prior period, representing gross profit margins of 78.5%, primarily due to improved leverage on cost of goods sold that offset the higher rate of growth in the Payments segment, which has lower gross profit margins, as compared to the Marketplace segment.

Income from operations grew 229.1% to \$4.73 million, representing a 24.9% operating margin, up from 11.6% operating margin for the quarter ending June 30, 2006 as the business continues to show significant economies of scale.

Net income for the three month period was \$0.59 million, compared with a loss of \$0.92 million during the same period of 2006.

#### First Half Results

Revenue for the first six months ended June 30, 2007 increased 51.4% to \$35.43 million compared with \$23.4 million for the first half ended June 30, 2006. Gross profit increased 53.6% to \$27.8 million from \$18.1 million from the prior year period. Income from operations increased 243.9% to \$7.7 million from \$2.2 million for the year-ago period.

Net income for the six month period was \$1.6 million, compared with a loss of \$0.81 million during the same period of 2006.

Net cash provided by operating activities for the six month periods ended June 30, 2007 and 2006 was \$5.39 million and \$1.74 million respectively, representing a year over year growth of 210.1%.

Purchases of property and equipment totaled \$1.94 million for the first half of 2007, an increase of 39.6% from \$1.39 million for the same period one year earlier. As of June 30, 2007 MercadoLibre's cash, cash equivalents, short term investments and long term investments totaled a record \$17.68 million.

### Key Performance Metrics

Following are highlights on certain key performance metrics for the second quarter ended June 30, 2007.

Registered Users -- New confirmed registered users for the three month period ended June 30, 2007 were 1.57 million, 18.6% higher than the number of new confirmed registered users for the second quarter of 2006. Cumulative confirmed registered users increased to 21.55 million as of June 30, 2007, an increase of 44.4% over the 14.93 million users registered as of June 30, 2006.

Transaction volume -- Gross merchandise volume was \$343.04 million for the second quarter of 2007, a 40.1% growth from gross merchandise volume of \$244.82 for the same period during 2006. MercadoLibre totaled 3.92 million successful items during the second quarter of 2007, 35.8% more than the 2.89 million successful items sold during the same quarter of 2006. Total payment volume was \$30.99 million during the three month period ending June 30, 2007, a growth of 62.6% over total payment volume of \$19.06 million for the same period of 2006.

#### Recent Material Developments

On August 15, 2007 MercadoLibre completed its initial public offering of 18,488,762 shares of common stock, including 3,000,000 shares sold by the Company for net proceeds of approximately \$51 million, and 15,488,762 shares sold by certain selling shareholders.

On September 12, 2007 MercadoLibre launched a beta version of its revamped payments solution, MercadoPago 3.0, in Chile. The new payments platform adds multiple new product features aimed at enhancing ease of use and transaction efficiency for both buyers and sellers, and will be available for use both on the MercadoLibre marketplace as well as on other sites that opt to incorporate it as a means of payment.

#### Conference Call and Webcast

MercadoLibre will host a conference call to discuss results for the second quarter ending June 30, 2007 today at 4:30 p.m. Eastern Time. The conference call may be accessed by dialing (913) 981-5559. A live webcast of the conference call can be accessed at the company's investor relations website at <http://investor.mercadolibre.com/>. An archive will be available for one week following the conclusion of the conference call.

#### Definition of Selected Operational Metrics

New confirmed registered users -- Measure of the number of new users who have registered on the MercadoLibre marketplace and confirmed their registration.

Total confirmed registered users -- Measure of the cumulative number of users who have registered on the MercadoLibre marketplace and confirmed their registration.

Gross merchandise volume -- Measure of the total U.S. dollar sum of all transactions completed through the MercadoLibre marketplace, excluding motor vehicles, vessels, aircraft, real estate, and services.

Successful items -- Measure of the number of items that were sold/purchased through the MercadoLibre marketplace.

Total payment volume -- Measure of total U.S. dollar sum of all transactions paid for using MercadoPago.

Take rate -- Total net revenues as a percentage of gross merchandise volume.

#### About MercadoLibre

MercadoLibre is the largest online trading platform in Latin America. We are market leaders in e-commerce in each of Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay and Venezuela, based on unique visitors and page views during 2006. Additionally, we have recently launched online trading platforms in Costa Rica, the Dominican Republic and Panama. With a market of over 550 million people and a region with one of the world's fastest-growing Internet penetration rates, we provide buyers and sellers a robust online trading environment that fosters the development of a large and growing e-commerce community. We offer a technological and commercial solution that addresses the distinctive cultural and geographic challenges of operating an online trading platform in Latin America.

The MercadoLibre, Inc. logo is available at <http://www.primenewswire.com/newsroom/prs/?pkgid=4193>

#### Forward-Looking Statements

Any statements contained in this press release that are not statements of historical fact, including statements about the company's beliefs and expectations, are forward-looking statements and should be evaluated as such. Such forward-looking statements reflect, among other things, the company's current expectations, plans, projections and strategies, anticipated financial results, future events and financial trends affecting the company's business, all of which are subject to known or unknown risk and uncertainties that may cause the company's actual results to differ materially from those expressed or implied by these forward-looking statements, including general market conditions, the failure of customary closing conditions, adverse changes in the company's markets and other risks disclosed in the prospectus. Because of the risks, uncertainties and assumptions, investors should not place undue reliance on any forward-looking statements.

#### MELI-F

|  | Six Months Ended June 30, |               | Three Months Ended June 30, |               |
|--|---------------------------|---------------|-----------------------------|---------------|
|  | 2007                      | 2006          | 2007                        | 2006          |
|  | (Unaudited)               |               |                             |               |
| Net revenues                                 | \$ 35,432,625             | \$ 23,371,883 | \$ 18,973,288               | \$ 12,382,750 |
| Cost of net revenues                         | (7,647,366)               | (5,265,924)   | (4,071,831)                 | (2,749,628)   |
| Gross profit                                 | 27,785,259                | 18,105,959    | 14,901,457                  | 9,633,122     |
| Operating expenses:                          |                           |               |                             |               |
| Product and technology development           | (2,002,716)               | (1,469,670)   | (1,029,096)                 | (764,166)     |
| Sales and marketing                          | (12,646,525)              | (10,589,166)  | (6,330,128)                 | (5,532,192)   |
| General and administrative                   | (5,486,314)               | (3,822,481)   | (2,811,198)                 | (1,899,219)   |
| Total operating expenses                     | (20,135,555)              | (15,881,317)  | (10,170,422)                | (8,195,577)   |
| Income from operations                       | 7,649,704                 | 2,224,642     | 4,731,035                   | 1,437,545     |
| Other income (expenses):                     |                           |               |                             |               |
| Interest income                              | 519,239                   | 95,289        | 421,522                     | 53,524        |
| Interest expense and other financial charges | (827,540)                 | (807,794)     | (379,874)                   | (411,815)     |
| Foreign currency                             |                           |               |                             |               |

|   |              |                |             |                |
|---|--------------|----------------|-------------|----------------|
| loss  | (1,004,172)  | (63,688)       | (599,398)   | (171,806)      |
| Other expenses, net                                   | (2,046,058)  | (1,104,366)    | (1,761,421) | (1,024,280)    |
| Net income (loss) before income / asset tax expense   | 4,291,173    | 344,083        | 2,411,864   | (116,832)      |
| Income / asset tax expense                            | (2,706,100)  | (1,154,627)    | (1,820,978) | (804,054)      |
| Net income (loss)                                     | \$ 1,585,073 | \$ (810,544)   | \$ 590,886  | \$ (920,886)   |
| Accretion of preferred stock                          | (247,439)    | (247,439)      | (123,720)   | (123,720)      |
| Net income / (loss) available to common share-holders | \$ 1,337,634 | \$ (1,057,983) | \$ 467,166  | \$ (1,044,606) |

|  |                           |      |                             |      |
|--|---------------------------|------|-----------------------------|------|
|  | Six Months Ended June 30, |      | Three Months Ended June 30, |      |
|  | 2007                      | 2006 | 2007                        | 2006 |

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Basic EPS   |            |            |            |            |
| Basic net income / (loss) available to common shareholders per common share | \$ 0.03    | \$ (0.08)  | \$ 0.01    | \$ (0.08)  |
| Weighted average shares   | 13,475,873 | 13,127,408 | 13,575,158 | 13,140,100 |
| Diluted EPS   |            |            |            |            |
| Diluted net income per common share   | \$ 0.03    |            | \$ 0.01    |            |
| Weighted average shares   | 13,986,707 |            | 13,987,128 |            |

June 30,                      December 31,

|  | 2007          | 2006          |
|--|---------------|---------------|
| Assets   | (Unaudited)   | (Audited)     |
| Current assets:  |               |               |
| Cash and cash equivalents  | \$ 9,094,930  | \$ 7,143,027  |
| Short-term investments   | 7,141,477     | 6,320,656     |
| Accounts receivable  | 2,164,743     | 1,983,003     |
| Funds receivable from customers  | 11,189,050    | 10,188,712    |
| Prepaid expenses   | 1,232,682     | 333,570       |
| Deferred tax assets  | 2,197,022     | 2,904,558     |
| Other current assets   | 386,502       | 246,352       |
|  | -----         | -----         |
| Total current assets   | 33,406,406    | 29,119,878    |
| Non-current assets:  |               |               |
| Long-term investments  | 1,447,859     | --            |
| Property and equipment, net  | 4,017,032     | 2,931,470     |
| Goodwill and intangible assets, net  | 22,645,835    | 21,342,315    |
| Deferred tax assets  | 558,884       | 390,820       |
| Other assets   | 147,302       | 28,089        |
|  | -----         | -----         |
| Total non-current assets   | 28,816,912    | 24,692,694    |
|  | -----         | -----         |
| Total assets   | \$ 62,223,318 | \$ 53,812,572 |
|  | -----         | -----         |
| Liabilities and Shareholders' Deficit  |               |               |
| Current liabilities:   |               |               |
| Accounts payable and accrued expenses  | \$ 6,260,734  | \$ 5,708,682  |
| Funds payable to customers   | 10,002,576    | 9,085,013     |
| Social security payable  | 2,954,455     | 2,722,874     |
| Taxes payable  | 2,302,043     | 1,735,975     |
| Loans payable  | 415,647       | 97,527        |
| Other liabilities  | 3,678,423     | --            |
| Provisions   | 18,230        | 310,848       |
|  | -----         | -----         |
| Total current liabilities  | 25,632,108    | 19,660,919    |
| Non-current liabilities:   |               |               |
| Loans payable  | 9,000,000     | 9,000,000     |
| Other liabilities  | 723,764       | 1,803,315     |
|  | -----         | -----         |
| Total non-current liabilities  | 9,723,764     | 10,803,315    |
| Total liabilities  | 35,355,872    | 30,464,234    |
|  | -----         | -----         |
| Commitments and contingencies  |               |               |
| Mandatorily redeemable convertible preferred stock, \$0.01 par value, 45,600,000 shares authorized, 27,187,838 shares issued and outstanding at June 30, 2007 and December 31, 2006; liquidation amount: \$78,334,161 at June 30, 2007 and December 31, 2006 |               |               |
|  | 64,323,984    | 64,076,545    |
|  | -----         | -----         |
| Shareholders' deficit:   |               |               |
| Common stock, \$0.01 par value, 108,800,000 shares authorized, 13,822,752 and 13,166,982 shares issued and outstanding at June 30, 2007 and December 31, 2006  | 138,228       | 131,670       |

|   |               |               |
|---|---------------|---------------|
| Additional paid-in capital  | 2,478,883     | 2,694,404     |
| Accumulated deficit   | (42,471,784)  | (44,054,817)  |
| Accumulated other comprehensive income  | 2,398,135     | 500,536       |
|   | -----         | -----         |
| Total shareholders' deficit   | (37,456,538)  | (40,728,207)  |
|   | -----         | -----         |
| Total liabilities, mandatorily<br>redeemable convertible preferred<br>stock and shareholders' deficit | \$ 62,223,318 | \$ 53,812,572 |
|   | -----         | -----         |

Six Months Ended June 30,

-----  
2007                      2006  
-----

(Unaudited)

Cash flows from operations:

|   |              |              |
|---|--------------|--------------|
| Net income (loss)   | \$ 1,585,073 | \$ (810,544) |
| Adjustments to reconcile net income to<br>net cash provided by (used in)<br>operating activities: |              |              |
| Depreciation and amortization   | 1,101,050    | 977,015      |
| Interest expense  | 316,750      | 422,333      |
| Realized gains on investments   | (306,853)    | --           |
| Unrealized gains on investments   | (83,118)     | --           |
| Stock-based compensation expense  | 13,548       | 15,021       |
| Change in fair value of warrants  | 2,087,960    | 909,996      |
| Deferred income taxes   | 531,966      | 20,913       |
| Changes in assets and liabilities:  |              |              |
| Accounts receivable   | (181,740)    | 135,813      |
| Funds receivable from customers   | (1,000,338)  | (1,685,426)  |
| Prepaid expenses  | (899,112)    | (81,139)     |
| Other assets  | (259,363)    | (362,303)    |
| Accounts payable  | 1,349,700    | 1,732,046    |
| Funds payable to customers  | 917,563      | 1,057,400    |
| Provisions  | (292,618)    | (743,156)    |
| Other liabilities   | 510,912      | 150,884      |
|   | -----        | -----        |
| Net cash provided by operating<br>activities  | 5,391,380    | 1,738,853    |
|   | -----        | -----        |
| Cash flows from investing activities:   |              |              |
| Purchase of investments   | (7,378,220)  | (462,321)    |
| Proceeds from sale of investments   | 5,295,681    | --           |
| Purchase of intangible assets   | (20,178)     | (91,677)     |
| Purchases of property and equipment   | (1,942,189)  | (1,391,152)  |
|   | -----        | -----        |
| Net cash used in investing activities   | (4,044,906)  | (1,945,150)  |
|   | -----        | -----        |
| Cash flows from financing activities:   |              |              |
| Increase in short term debt   | 1,370        | --           |
| Decrease in short term debt   | --           | (143)        |
| Stock options exercised   | 22,888       | 6,398        |
|   | -----        | -----        |
| Net cash provided by financing<br>activities  | 24,258       | 6,255        |
|   | -----        | -----        |
| Effect of exchange rate changes on<br>cash and cash equivalents                                   | 581,171      | 194,370      |

|  |              |              |
|--|--------------|--------------|
| Net increase (decrease) in cash and cash equivalents | 1,951,903    | (5,672)      |
| Cash and cash equivalents, beginning of year         | 7,143,027    | 8,979,838    |
| Cash and cash equivalents, end of period             | \$ 9,094,930 | \$ 8,974,166 |
| Supplemental cash flow information:                  |              |              |
| Cash paid for income taxes                           | \$ 1,864,120 | \$ 944,950   |
| Non-cash financing activities:                       |              |              |
| Accretion of preferred stock - dividends             | \$ 247,439   | \$ 247,439   |

Three Months Ended June 30, 2007

|                     | Marketplaces |              |              |                 |
|---------------------|--------------|--------------|--------------|-----------------|
|                     | Brazil       | Argentina    | Mexico       | Other Countries |
| Net revenues        | \$ 8,872,163 | \$ 2,534,266 | \$ 2,255,789 | \$ 2,424,392    |
| Direct costs        | (5,755,064)  | (1,273,008)  | (1,430,435)  | (1,534,891)     |
| Direct contribution | 3,117,099    | 1,261,258    | 825,354      | 889,501         |
| Net revenues        | \$ 8,872,163 | \$ 2,534,266 | \$ 2,255,789 | \$ 2,424,392    |
| Direct costs        | (5,755,064)  | (1,273,008)  | (1,430,435)  | (1,534,891)     |
| Direct contribution | 3,117,099    | 1,261,258    | 825,354      | 889,501         |

|   | Total        | Payments     | Consolidated |
|---|--------------|--------------|--------------|
| Net revenues  | \$16,086,610 | \$ 2,886,678 | \$18,973,288 |
| Direct costs  | (9,993,398)  | (2,260,796)  | (12,254,194) |
| Direct contribution                                   | 6,093,212    | 625,882      | 6,719,094    |
| Operating expenses and indirect costs of net revenues |              |              | (1,988,059)  |
| Income from operations                                |              |              | 4,731,035    |
| Other income (expenses):                              |              |              |              |
| Interest income                                       |              |              | 421,522      |

|  |              |
|--|--------------|
| Interest expense and other financial results | (379,874)    |
| Foreign exchange                             | (599,398)    |
| Other expenses, net                          | (1,761,421)  |
|  | -----        |
| Net income before income / asset tax expense | \$ 2,411,864 |
|  | =====        |

Three Months Ended June 30, 2006

|                     | Marketplaces |              |              |                 |
|---------------------|--------------|--------------|--------------|-----------------|
|                     | Brazil       | Argentina    | Mexico       | Other Countries |
|                     | -----        | -----        | -----        | -----           |
| Net revenues        | \$ 6,492,169 | \$ 1,602,541 | \$ 1,402,475 | \$ 1,295,015    |
| Direct costs        | (4,328,918)  | (1,121,893)  | (1,195,359)  | (1,084,852)     |
|                     | -----        | -----        | -----        | -----           |
| Direct contribution | 2,163,251    | 480,648      | 207,116      | 210,163         |

|   | Total        | Payments     | Consolidated |
|---|--------------|--------------|--------------|
|   | -----        | -----        | -----        |
| Net revenues  | \$10,792,200 | \$ 1,590,550 | \$12,382,750 |
| Direct costs  | (7,731,022)  | (1,472,804)  | (9,203,826)  |
|   | -----        | -----        | -----        |
| Direct contribution                                   | 3,061,178    | 117,746      | 3,178,924    |
| Operating expenses and indirect costs of net revenues |              |              | (1,741,379)  |
|   |              |              | -----        |
| Income from operations                                |              |              | 1,437,545    |
|   |              |              | -----        |
| Other income (expenses):                              |              |              |              |
| Interest income                                       |              |              | 53,524       |
| Interest expense and other financial results          |              |              | (411,815)    |
| Foreign exchange                                      |              |              | (171,806)    |
| Other expenses, net                                   |              |              | (1,024,280)  |
|   |              |              | -----        |
| Net loss before income / asset tax expense            |              |              | \$ (116,832) |
|   |              |              | =====        |

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