



## MercadoLibre Announces Pricing of \$800 Million Convertible Senior Note Offering

August 22, 2018

BUENOS AIRES, Argentina, Aug. 22, 2018 (GLOBE NEWSWIRE) -- MercadoLibre, Inc. (Nasdaq:MELI) today announced the pricing of its previously announced offering of US\$800 million aggregate principal amount of 2.00% Convertible Senior Notes due 2028 (the "notes"). MercadoLibre has granted the initial purchasers a 13-day option to purchase up to an additional US\$120 million principal amount of notes. The offering is expected to close on August 24, 2018, subject to customary closing conditions.

Interest on the notes will be paid semiannually in arrears on February 15 and August 15 of each year at the rate of 2.00% per year, beginning on February 15, 2019. The notes will mature on August 15, 2028, unless earlier repurchased, redeemed or converted in accordance with their terms. Prior to February 15, 2028, the notes will be convertible at the option of holders of the notes only upon satisfaction of certain conditions and during certain periods, while after February 15, 2028 the notes will be convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, holders of the notes will receive shares of MercadoLibre's common stock, cash or a combination thereof, at MercadoLibre's election. The conversion rate for the notes will initially be 2.2553 shares of MercadoLibre's common stock per \$1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately \$443.40 per share, and is subject to adjustment under the terms of the notes. This represents a premium of approximately 35% over the last reported sale price of \$328.45 per share of MercadoLibre's common stock on The Nasdaq Global Select Market on August 21, 2018.

Holders of the notes may require MercadoLibre to repurchase their notes upon the occurrence of a fundamental change prior to maturity for cash at a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, if any. MercadoLibre will not have the right to redeem the notes prior to August 21, 2023. On or after August 21, 2023, if the last reported sale price of MercadoLibre's common stock has been at or above 130% of the conversion price during specified periods, MercadoLibre may (at its option) redeem all or any portion of the notes for cash equal to the notes' principal amount plus accrued and unpaid interest to, but excluding, the redemption date.

In connection with the pricing of the notes, MercadoLibre entered into privately negotiated capped call transactions with certain of the initial purchasers of the notes or their respective affiliates and other financial institutions (the "option counterparties") having an expiration date of August 21, 2023. The capped call transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the notes, the number of shares of MercadoLibre's common stock underlying the notes and are expected generally to reduce potential dilution to MercadoLibre's common stock upon any conversion of notes prior to the expiration date and/or offset any cash payments MercadoLibre is required to make in excess of the principal amount of any such converted notes, as the case may be, in the event that the market price per share of MercadoLibre's common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions (which initially corresponds to the initial conversion price of the notes and is subject to certain adjustments substantially similar to those contained in the notes). If, however, the market price per share of MercadoLibre's common stock, as measured under the terms of the capped call transactions, exceeds the cap price of the capped call transactions, there would nevertheless be dilution and/or there would not be an offset of such potential cash payments, in each case, upon exercise of the options that are a part of the capped call transactions to the extent that such market price exceeds the cap price of the capped call transactions. In addition, to the extent any observation period for any converted notes does not correspond to the period during which the market price of MercadoLibre's common stock is measured under the terms of the capped call transactions, there could also be dilution and/or a reduced offset of any such cash payments as a result of the different measurement periods. If the initial purchasers of the notes exercise their option to purchase additional notes, MercadoLibre expects to enter into additional capped call transactions with the option counterparties. In addition, to the extent the notes remain outstanding at the expiration of the capped call transactions, MercadoLibre may seek to extend the expiration of these capped call transactions or enter into new capped call transactions.

MercadoLibre has been advised that, in connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates have purchased shares of MercadoLibre's common stock and/or entered into various derivative transactions with respect to MercadoLibre's common stock concurrently with, or shortly after, the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of MercadoLibre's common stock or the notes at that time.

In addition, MercadoLibre has been advised that the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to MercadoLibre's common stock and/or purchasing or selling MercadoLibre's common stock or other securities of MercadoLibre in secondary market transactions following the pricing of the notes and prior to final settlement of the capped call transactions. This activity could also cause or avoid an increase or a decrease in the market price of MercadoLibre's common stock or the notes, which could affect the ability of holders of the notes to convert the notes and, to the extent the activity occurs during any observation period related to a conversion of notes, it could affect the number of shares and value of the consideration that holders of the notes will receive upon conversion of the notes.

The options MercadoLibre holds under the capped call transactions will be exercised on their expiration date, and in the event MercadoLibre repurchases, exchanges or redeems any notes or any notes are converted prior to the expiration of the capped call transactions, a corresponding portion of the capped call transactions may be terminated at MercadoLibre's option. MercadoLibre has been advised that the option counterparties or their respective affiliates, in order to unwind their hedge positions with respect to those exercised or terminated options, are likely to buy or sell shares of MercadoLibre's common stock or other securities or instruments of MercadoLibre, including the notes, in secondary market transactions or unwind various derivative transactions with respect to such common stock during the relevant valuation period under the capped call transactions, which may correspond to any observation period for any converted notes. These unwind activities could have the effect of increasing or decreasing the trading price of MercadoLibre's common stock and, to the extent the activity occurs during any observation period related to a conversion of notes, could have the effect of increasing or reducing the value of the consideration that holders of the notes will receive upon conversion of the notes.

MercadoLibre estimates that the net proceeds from the offering of the notes will be approximately \$785.1 million (or approximately \$903.0 million if the

initial purchasers of the notes exercise their option to purchase additional notes in full), after deducting fees and estimated expenses. MercadoLibre expects to use approximately \$83.4 million of the net proceeds from the offering of the notes to pay the cost of the capped call transactions. MercadoLibre intends to use a portion of the remainder of the net proceeds from the offering to enter into separate transactions to repurchase or exchange and retire approximately \$263.7 million principal amount of its outstanding 2.25% convertible senior notes due 2019 (the "2019 notes") concurrently with the offering of the notes. The related consideration is expected to consist of approximately \$348.1 million in cash and approximately 1.0 million shares of MercadoLibre's common stock. The terms of these separate transactions to repurchase or exchange and retire a portion of MercadoLibre's 2019 notes have been individually negotiated. These exchanges and repurchases of MercadoLibre's outstanding 2019 notes could affect the market price of its common stock. MercadoLibre also expects that holders of the 2019 notes that sell or exchange their 2019 notes in these separate transactions may purchase shares of its common stock in the market to hedge their exposure in connection with these transactions. This activity could affect the market price of MercadoLibre's common stock. The remaining net proceeds will be used for general corporate purposes.

In connection with the 2019 notes, MercadoLibre entered into capped call transactions (the "existing capped call transactions") with certain financial institutions (the "existing option counterparties") in each of June 2014, September 2017 and March 2018. In connection with MercadoLibre's intended repurchase and exchanges of 2019 notes, MercadoLibre expects to enter into agreements with the existing option counterparties to the existing capped call transactions entered into in June 2014 to terminate a portion of those transactions, in each case, in a notional amount corresponding to the amount of 2019 notes so repurchased and/or exchanged. MercadoLibre also expects to enter into agreements with certain of the existing option counterparties to the existing capped call transactions entered into in September 2017 to terminate such existing capped call transactions either in part or in full, in the aggregate in a notional amount corresponding to the amount of 2019 notes so repurchased and/or exchanged. In connection with any termination of existing capped call transactions and the related unwinding of the existing hedge position of the counterparties to such transactions with respect to such transactions, such counterparties and/or their respective affiliates may sell shares of MercadoLibre's common stock in secondary market transactions, and/or unwind various derivative transactions with respect to MercadoLibre's common stock. This activity could decrease (or reduce the size of any increase in) the market price of MercadoLibre's common stock at that time and it could decrease (or reduce the size of any increase in) the market value of the notes. In connection with these transactions, MercadoLibre expects to receive payments from the existing option counterparties in amounts that depend on the market price of MercadoLibre's common stock at such times as agreed with the relevant existing option counterparties.

The notes and the common stock, if any, deliverable upon conversion of the notes have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. They may be offered and sold only in a transaction not subject to, or exempt from, registration under the Securities Act and other applicable securities laws. Accordingly, the notes are being offered only to qualified institutional buyers in accordance with Rule 144A under the Securities Act.

This press release shall not constitute an offer to sell or purchase, or a solicitation of an offer to purchase or sell, any securities.

#### **About MercadoLibre**

MercadoLibre hosts the largest online commerce and payments ecosystem in Latin America. Its efforts are centered on enabling e-commerce and digital and mobile payments on behalf of its customers by delivering a suite of technology solutions across the complete value chain of commerce. The company is present in 18 countries including: Argentina, Brazil, Mexico, Colombia, Chile, Venezuela and Peru. Based on unique visitors and page views MercadoLibre is the market leader in each of the major countries where it is present.

#### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Any statements contained herein which do not describe historical facts, including but not limited to statements regarding: the potential effects of the capped call transactions or the exchanges and repurchases of MercadoLibre's outstanding 2019 notes, the terms and timing of the exchanges and repurchases of MercadoLibre's outstanding 2019 notes, the anticipated use of proceeds of the offering (including the amount, terms and timing of any exchanges or repurchases of 2019 notes and the composition of related consideration) and the completion of the offering (including related timing), are forward-looking statements which involve risks and uncertainties that could cause actual results to differ materially from those discussed in such forward-looking statements. 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.

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