



> August 1<sup>st</sup>, 2024

Q2'24 Results

## MercadoLibre's Q2'24 Earnings Video Transcript

### PART I: Introduction and Disclaimer - Richard Cathcart, Investor Relations Officer

Hello everyone, and welcome to the Mercado Libre earnings conference call for the quarter ended June 30, 2024. Thank you for joining us. I am Richard Cathcart, Mercado Libre's Investor Relations Officer.

Today we will share our quarterly highlights on video, after which we will begin our live Q&A session with our management team. Before we go on to discuss our results of the second quarter of 2024, I remind you that management may make or refer to, and this presentation may contain, forward-looking statements and non-GAAP measures, so please refer to the disclaimer on screen, which will also be available in our earnings materials on our investor relations website.

### PART II: Introduction - Marcos Galperín, Chief Executive Officer

Tomorrow, August 2, 2024, marks 25 years since we founded Mercado Libre with the mission of democratizing commerce and financial services in Latin America.

Over those 25 years, we have built a sustainable company that provides millions of small and medium-sized businesses with the tools they need to compete with larger players; we have enabled the shift to online retail by providing tens of millions of consumers with world-class levels of service; and we have included millions of people into the financial system across the region for the first time.

These are notable achievements, but they are also just a baseline from which we think about our even bigger ambitions to deliver on our mission at an even greater scale.

We are as optimistic as ever about the opportunities that are ahead of us and we are excited to pursue them with the culture of entrepreneurship, excellence and innovation that has served us well for the last 25 years.

This is therefore a great moment to reaffirm our belief that the **best is yet to come**. Now, I will pass it on to Martín for more information on the second quarter of 2024.

### PART III: Overview and Financial Results - Martín de los Santos, Chief Financial Officer

Thank you Marcos,  
Hello everyone,

I am pleased to highlight Mercado Libre's outstanding performance in the second quarter of 2024, with strong growth across our key business segments as well as solid bottom line financial results.

In Commerce, we saw the highest growth in sold items and unique buyers since 2021, with both metrics accelerating sequentially. GMV performed well across geographies, particularly in Brazil where the 36% growth marks the highest level since 2021. Mexico maintained its momentum with a successful Hot Sale once again. In Argentina, we saw positive growth in sold items reverting the negative growth rate we saw in Q1. This growth is a result of our commitment to improving the user experience through innovation and technology and the investments we continue to make in our key strategic initiatives such as fulfillment and MELI+.

In Fintech Services, strong growth in monthly active users which surpassed the 50 million MAU and solid engagement metrics demonstrate the traction of Mercado Pago. We continue to see positive adoption of our remunerated account in all of our major markets resulting in strong growth of AUM.

Our consumer and merchant credit books continue to scale while delivering strong profitability. During the quarter, we issued 1.6 million new credit cards and TPV grew by 3x from last year. The credit card is a critical component of our fintech value proposition, and we feel confident about scaling this product as a result of the improving accuracy of our underwriting models.



Acquiring TPV growth was also strong in Brazil, Mexico and Argentina in Q2'24. This was a result of our move up market strategy, in order to serve larger merchants and the continuous innovation in the Online Payment segment.

Our Consolidated Financial Results for the second quarter reflect the solid performance of our Commerce and Fintech operations with revenue of \$5.1 Billion dollars growing above 40%. We delivered Income from Operations of \$726 million dollars and Net Income of 531 million dollars, resulting in a Net Income margin of 10.5%, the highest in the last eight years.

For more information on our results, please refer to our shareholder letter. Now, I will pass it on to Richard for business news.

## **PART IV: Business Highlights - Richard Cathcart, Investor Relations Officer**

Our logistics network plays a major role in enabling ecommerce in the region and driving more offline retail online. It has become a key competitive advantage for Mercado Libre. Innovation is a foundation of the success of our logistics network, and we are pleased to share some of our most recent innovations today.

During the second quarter of 2024, Mercado Libre launched a fulfillment center in Texas, USA. This is the first FC outside of Latin America and it was opened to expand the assortment of products we offer to Mexican consumers by plugging US sellers into our ecosystem. This is complementary to our existing cross-border business from China into Mexico.

We are offering a great shipping service for our US-based assortment. Buyers are receiving their packages from the USA within a couple of days in the north of Mexico, and within approximately three days in Mexico City. Shipping is free and we also offer interest-free installments.

In June 2024, we took another major step in our innovation journey with the launch of robotics in our distribution center in Cajamar, just outside the city of Sao Paulo. A total of more than 300 robots will have arrived by the end of the year, with 100 of those already up & running.

These robots will collaborate with the human workforce and will handle tasks such as transporting shelves containing products from storage areas. This optimizes processing time by 20%. This enables us to automate repetitive tasks like product sorting, whilst reducing the distance that our workforce has to walk around the distribution center. It also increases total storage capacity by up to 15% per square meter.

These robots operate autonomously, handling up to 20,000 items and 2,500 shelves per day, returning to charge stations when their batteries are low. This ongoing investment in technology and innovation reflects our commitment to creating an increasingly efficient logistics network.

By building greater flexibility into our logistics operations, we have developed SLOW shipments which offer additional shipping options for buyers and efficiencies for Mercado Libre. SLOW shipments occur when a buyer chooses a slower shipping option than would be otherwise available to them because it may be more convenient or in some circumstances it may come with a lower shipping cost.

This enables us to take advantage of moments of idle capacity in two key cost areas of our networks: 1) processing in our FCs; and 2) the line haul trucks that travel between cities.

With SLOW shipments, the shipping window becomes larger and more flexible for MELI, which means we can choose the moments of greatest idleness to process products in our FCs and ship them between cities in line hauls to maximize network capacity utilization.

MELI Delivery Day is another innovation, which has slightly different benefits to SLOW shipping. The main efficiency built into the MDD model is in the last mile, where several deliveries at a single address on a single drop means that last mile vans can drop more packages at fewer addresses. This helps us to dilute our last mile costs.

Innovation and efficiency will continue to be key to the success of our shipping operations. For a more detailed discussion, check out the podcast on our IR website with the Head of Mercado Envios.

From cross-border in Texas to robotics in Sao Paulo and MDD across Brazil, Mexico and Chile, we continue to innovate and will continue to do so because as always at MELI, the best is yet to come.

**Thank you**



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