



MercadoLibre's Q1'24 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 March 31st, 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 first 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.

With that, let's begin with a summary of our results.

PART II: Overview and Financial Results - Martin de los Santos, Chief Financial Officer

Hello everyone,

I'm pleased to report another quarter of solid results, with excellent operational and financial performance in Brazil and Mexico.

Both countries posted GMV growth of approximately 30% year on year as we carry over strong momentum from Q4.

This above-market growth is being driven by several factors, including:

- 1) improvements in the user experience, with MELI+ as a highlight;
- 2) our strategic investments in shipping infrastructure, which are driving faster growth in specific target regions;
- 3) AND a well-executed marketing campaign that is leveraging on the awareness we generated in Q4 around peak season.

In addition, our Advertising business continues to grow nicely and reached record levels of GMV penetration in all major markets.

Mercado Pago also had a solid performance in Mexico and Brazil, with some of the highlights being:

- 1) Acquiring TPV growth accelerating sequentially in both countries;
- 2) Solid credit growth, with the portfolio surpassing \$4.4bn by the end of Q1; and
- 3) A strong quarter for the Mercado Pago Credit Card, with over 1.5 mn new card issues and TPV reaching 1.9Bn and growing 173% from last year.

In summary, during Q1 we delivered a strong operational performance in Commerce and Fintech both in Brazil and Mexico, which has offset the negative impact of a weak macro in Argentina and the Peso devaluation.

Before turning to our financial performance in more detail, I'd like to highlight that there are a couple of reporting updates that have taken effect this quarter. Investors can find a summary of the impacts on our financials in this quarter's Shareholder Letter and a full reconciliation in our Earnings Presentation. My comments today will refer to numbers that are comparable with the figures we reported in Q1 last year.

Consolidated revenue grew at a fast pace on the back of the strong operational momentum I mentioned earlier. Brazil and Mexico had an outstanding quarter, and their revenue growth was sufficient to offset the impact of headwinds in Argentina.

Income from Operations grew strongly YoY once again, with margin expansion driven mainly by Brazil and Mexico.

This reflects the combination of growth, scale and cost efficiency that drives operating leverage. Our long-term ambition is to continue delivering both growth AND profit, and we are confident in our ability to achieve it.

Net income grew at a faster rate than income from operations as lower FX losses partially offset the decline in income from operations in Argentina.



Furthermore, the reporting updates I mentioned earlier have a broadly neutral impact on net income.

Overall, we are very pleased with the performance of the business in Q1'24 - despite the Argentina headwind - and this is a great way to kick off MercadoLibre's 25th anniversary year.

Now I'll pass over to Richard for more on the solid foundations we have built as we look forward to our next 25 years.

PART III: Business Highlights - Richard Cathcart, Investor Relations Officer

In 2024, Mercado Libre will celebrate its 25th anniversary, and we look back on the progress we have made in democratizing commerce and financial services in Latin America. Today, MELI is the leading technology company in Latin America, and a major tech company globally, and has been recognised for its innovation, growth and impact in the region.

In addition to business growth and impact, MercadoLibre has a consistent track record of generating shareholder value since our IPO in 2007.

We look forward to the next 25 years with great confidence and optimism as we still see plenty of opportunities to continue to grow and fulfill our mission in a region that provides us with a large addressable market.

In Latin America ecommerce is far from mature and financial services are ripe for disruption.

We are the leading ecommerce platform in the region, which has significant potential for growth from new buyers and higher frequency as engagement and penetration of retail rise.

By building the fastest and most extensive delivery network in the region, and by offering the widest assortment and the best UX, we have become a natural destination for buyers and sellers. This drives a uniquely powerful and self-reinforcing network effect as sellers invest to maximize their sales by capitalizing on our traffic, whilst buyers receive an ever-improving value prop., which drives more traffic and growth.

We are also building one of the largest Retail Media platforms

in the region, which leverages our extensive first-party data to offer advertisers unique audience targeting capabilities and a complete full funnel strategy.

We are challenging the status quo in Financial Services by offering a wide array of easy-to-use services for Individuals and Merchants in large markets underserved by incumbents, we have become one of the region's leading Fintechs.

Our ecosystem is our competitive advantage in Fintech Services; its data is uniquely rich and enables us to cross-sell. It also enables us to have a better view of credit risk, and operate a business which matches the lowest cost-to-serve in the region.

We have built a highly profitable Acquiring business on the back of the technology and know-how developed for our marketplace; we are one of the largest Fintechs in this market and are well-placed for market share gains across the region.

We are also building MELI+ with the ambition of being the largest and most valued loyalty program in the region by leveraging our ecosystem to offer unique benefits.

Technology is at the heart of everything we do, and having one of the largest teams of engineers in the region ensures non-stop innovation and product development.

We have a diversified mix of revenue with ample opportunities for growth and monetization, our scale, financial discipline and tech-first mentality mean we have low-cost structures with solid and sustainable profitability. Our Income from Operations surpassed \$2bn in 2023, with consistent margin expansion in the last few years

MercadoLibre's powerful intrinsic impact on the people we serve encourages entrepreneurship and promotes financial inclusion. We are proud of the achievements of the last 25 years, but our mission is far from complete. As the leader in an ecommerce market that is far from mature, and one of the leaders in a financial services market that is ripe for disruption, we are confident and optimistic in our future growth.

As we look forward to the next 25 years, we are confident that the best is yet to come.

Thank you



> **CONTACT:**

MercadoLibre, Inc.

Investor Relations

investor@mercadolibre.com

<http://investor.mercadolibre.com>
