



MercadoLibre, Inc. Reports Financial Results for Fourth Quarter and Full Year 2007

, Mar 5, 2008 (PrimeNewswire via COMTEX News Network) -- Fourth quarter revenue increases 73.9 percent to \$26.9 million -- Fourth quarter operating income margin increases to 27.1 percent on Income from Operations of \$7.3 million -- Fourth quarter net income increases 188.5 percent to \$5.3 million

BUENOS AIRES, Argentina, March 5, 2008 (PRIME NEWSWIRE) -- MercadoLibre, Inc. (Nasdaq:MELI) (<http://www.mercadolibre.com>), host of the largest online trading and payments platform in Latin America, today reported financial results for the fourth quarter and full year ended December 31, 2007.

Marcos Galperin, President and Chief Executive Officer of MercadoLibre, Inc. commented, "2007 was a year of significant achievements and milestones for MercadoLibre, the highlight of which was our successful transition to a publicly-traded company listed on The Nasdaq Stock Market in the United States. Throughout the year, we further strengthened our leadership position in e-commerce delivering strong operational and financial performance. Our robust performance continued into the fourth quarter as we delivered revenue growth of 73.9% and operating income margins of 27.1%. Growth rates were strong across all of our business units as well as all of our key geographies. Clearly, we are continuing to benefit from the positive growth trends influencing internet, broadband and PC penetration rates in Latin America, and we believe this course will persist for many years to come."

Financial Results

Fourth Quarter Results

MercadoLibre reported consolidated net revenues for the three months ended December 31, 2007 of \$26.9 million, representing a quarterly year over year growth rate of 73.9%. Revenue growth was driven by strong results in both the marketplace and payments businesses. Marketplace revenues grew 61.5% to \$21.1 million while Payments revenues grew 141.1% to \$5.8 million.

Gross profit grew 75.6% over fourth quarter 2006 to \$20.7 million, representing gross profit margins, defined as gross profits as a percentage of revenues, of 77.1%. Income from operations grew 260.0% for the same period to \$7.3 million. Operating income margin, defined as income from operations as a percentage of revenues, for the fourth quarter was 27.1%.

Net income for the three-month period was \$5.3 million, an increase of 188.5% over the \$1.8 million of net income for same period of 2006.

Full Year Results

Revenue for the full year ended December 31, 2007 increased 63.5% to \$85.1 million compared with \$52.1 million for the full year ended December 31, 2006. Marketplace revenues for the full year 2007 grew 55.4% to \$69.5 million over 2006 while Payments revenues grew 112.9% to \$15.6 million.

Gross profit increased 65.4% to \$66.1 million from \$40.0 million from the prior year, representing a gross profit margin of 77.7% for 2007. Income from operations increased 287.8% to \$20.9 million from \$5.4 million for the year ended December 31, 2006. Operating income margin for the full year was up to 24.6% from 10.4% for the previous year.

Net income for the full year ended December 31, 2007 was \$9.7 million, compared to \$1.1 million during 2006, an increase of 804.1%.

Mr. Galperin concluded, "As we look forward to 2008, we expect to build on the momentum generated over the past year. Our progress in adapting to web 2.0, as well as our other efforts in enhancing our users' overall experience, positions us well for the long-term. Additionally, we intend to leverage our leadership position and the industry dynamics in Latin America to further drive top-line growth and sustain margins throughout the year. Our focus will remain on providing our users with a superior and highly-innovative e-commerce experience, while delivering value to our shareholders."

Key Performance Metrics

The following are highlights on certain key performance metrics for the quarter ended December 31, 2007.

Registered Users -- New confirmed registered users for the three-month period ended December 31, 2007 were 1.6 million. Total confirmed registered users increased to 24.9 million as of December 31, 2007, an increase of 37.1% over the 18.2 million users registered as of December 31, 2006.

Transaction volume -- Gross merchandise volume was \$461.0 million for the fourth quarter of 2007, a 40.2% increase from gross merchandise volume of \$328.8 million for the same period during 2006. Successful items sold through MercadoLibre totaled 4.8 million during the fourth quarter of 2007, up 17.9% from the 4.1 million successful items sold during the same quarter of 2006. Total payment volume was \$56.8 million during the three-month period ending December 31, 2007, a growth of 86.8% over total payment volume of \$30.4 million for the same period of 2006.

Conference Call and Webcast

MercadoLibre will host a conference call to discuss results for the quarter and year ending December 31, 2007 on Wednesday, March 5, 2008 at 4:30 p.m. Eastern Time. The conference call may be accessed by dialing (719) 325-4891. 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 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, adverse changes in the company's markets and other risks disclosed in the company filings with the Securities and Exchange Commission. Because of the risks, uncertainties and assumptions, investors should not place undue reliance on any forward-looking statements.

Financial Tables

All dollar amounts in this release are approximate after giving effect to rounding.

	December 31, 2007	December 31, 2006
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,677,407	\$ 7,143,027
Short-term investments	52,300,007	6,320,656
Accounts receivable	3,211,252	1,983,003
Funds receivable from customers	29,162,763	10,188,712
Prepaid expenses	283,477	333,570
Deferred tax assets	3,445,101	2,904,558
Other assets	894,163	246,352
	-----	-----
Total current assets	104,974,170	29,119,878
Non-current assets:		
Long-term investments	1,323,789	--
Property and equipment, net	4,143,204	2,931,470
Goodwill and intangible assets, net	23,428,646	21,342,315
Deferred tax assets	269,596	390,820
Other assets	353,395	28,089
	-----	-----
Total non-current assets	29,518,630	24,692,694
	-----	-----
Total assets	\$134,492,800	\$ 53,812,572
	=====	=====
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 9,278,138	\$ 5,708,682
Funds payable to customers	16,418,177	9,085,013
Social security payable	3,778,236	2,722,874
Taxes payable	2,493,749	1,735,975
Loans payable	9,713,227	97,527
Deferred tax liabilities	--	--
Other liabilities	--	--
Provisions	69,979	310,848
	-----	-----
Total current liabilities	41,751,506	19,660,919
Non-current liabilities:		
Loans payable	--	9,000,000
Deferred tax liabilities	--	--
Other liabilities	1,068,155	1,803,315
	-----	-----
Total non-current liabilities	1,068,155	10,803,315
	-----	-----
Total liabilities	42,819,661	30,464,234
	-----	-----

Commitments and contingencies

Mandatorily redeemable convertible preferred stock, \$0.001 par value, 40,000,000 shares authorized at December 31, 2007 and \$0.01, par value 45,600,000 shares authorized,

27,187,838 shares issued and
outstanding at December 31, 2006;
liquidation amount: \$78,334,161 at
December 31, 2006.

-- 64,076,545

Shareholders' equity (deficit):

Common stock, \$0.001 par value, 110,000,000 shares authorized, 44,226,563 shares issued and outstanding at December 31, 2007 and \$0.01 par value, 108,800,000 shares authorized, 13,166,982 shares issued and outstanding at December 31, 2006	44,227	131,670
Additional paid-in capital	121,890,138	2,694,404
Preferred stock warrants	--	--
Unearned stock-based compensation	--	--
Accumulated deficit	(34,363,917)	(44,054,817)
Accumulated other comprehensive income	4,102,691	500,536
Total shareholders' equity (deficit)	91,673,139	(40,728,207)

Total liabilities, mandatorily
redeemable convertible preferred
stock and shareholders'
equity (deficit)

\$134,492,800 \$ 53,812,572
=====

	Year Ended December 31,		Three Months Ended December 31,	
	2007	2006	2007	2006
Net revenues	\$ 85,126,341	\$ 52,058,890	\$ 26,893,585	\$ 15,462,398
Cost of net revenues	(19,001,060)	(12,085,648)	(6,161,044)	(3,653,165)
Gross profit	66,125,281	39,973,242	20,732,542	11,809,232
Operating expenses:				
Product and technology development	(4,369,376)	(3,066,304)	(1,212,344)	(814,537)
Sales and marketing	(27,598,683)	(23,358,510)	(7,969,681)	(6,711,368)
General and admini- strative	(13,223,522)	(8,150,499)	(4,253,290)	(2,256,045)
Total operating expenses	(45,191,581)	(34,575,313)	(13,435,315)	(9,781,949)
Income from operations	20,933,700	5,397,929	7,297,227	2,027,283
Other income (expenses):				

Interest income	1,609,403	520,508	737,196	342,690
Interest expense and other financial charges	(2,009,781)	(1,743,315)	(792,212)	(465,986)
Foreign currency loss	(3,106,515)	(391,981)	(1,299,995)	(273,501)
Other expenses, net	(3,006,416)	(1,468,220)	--	(126,173)

Net income before income / asset tax expense and cumulative effect of change in accounting principle	14,420,391	2,314,921	5,942,216	1,504,314

Income / asset tax (expense) benefit	(4,727,451)	(1,242,838)	(619,824)	340,773

Net income	\$ 9,692,940	\$ 1,072,083	\$ 5,322,392	\$ 1,845,086
=====				
Accretion of preferred stock	(309,299)	(494,878)	--	(123,720)

Net income available to common shareholders	\$ 9,383,641	\$ 577,205	\$ 5,322,392	\$ 1,721,366

Year Ended December 31,

2007

2006

Basic EPS

Basic net income available to common shareholder before cumulative effect of change in accounting principle per common

share	\$	0.22	\$	0.01
-------	----	------	----	------

Cumulative effect of change in accounting principle		--		--
		-----		-----

Basic net income available to common shareholder per common share	\$	0.22	\$	0.01
		=====		=====

Weighted average shares		25,149,405		13,149,139
		=====		=====

Diluted EPS

Diluted net income available to common shareholder before cumulative effect of change in accounting principle per common share	\$	0.22
--	----	------

Cumulative effect of change in accounting principle per common share		--

Diluted net income available to common shareholder per common share	\$	0.22
		=====

Weighted average shares		25,478,336
		=====

Cash flows from operations:		
Net income	\$ 9,692,940	\$ 1,072,083
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,307,649	2,016,939
Interest expense	--	96,833
Realized gains on investments	(845,398)	(184,094)
Unrealized gains on investments	(228,877)	(46,926)
Stock-based compensation expense - stock options	15,477	33,223
Stock-based compensation expense - restricted shares	15,966	--
Cumulative effect of change in accounting principle	--	--
Change in fair value of warrants	3,045,992	1,269,377
Deferred income taxes	(198,368)	(1,291,549)
Changes in assets and liabilities:		
Accounts receivable	(736,431)	403,075
Funds receivable from customers	(15,517,486)	(6,026,226)
Prepaid expenses	56,399	(207,130)
Other assets	(967,264)	167,593
Accounts payable and accrued expenses	4,282,955	4,651,264
Funds payable to customers	5,423,976	4,704,108
Provisions	(274,101)	(559,734)
Other liabilities	689,154	59,518
	-----	-----
Net cash provided by operating activities	6,762,583	6,158,354
	-----	-----
Cash flows from investing activities:		
Purchase of investments	(75,267,070)	(4,944,956)
Proceeds from sale of investments	29,765,780	2,184,822
Payment for purchase of DeRemate, net of cash acquired	--	--
Purchase of intangible assets	(28,748)	(346,365)
Purchases of property and equipment	(3,058,813)	(2,097,555)
	-----	-----
Net cash used in investing activities	(48,588,851)	(5,204,054)
	-----	-----
Cash flows from financing activities:		
Increase in short term debt	8,883,104	--
Decrease in short term debt	--	(2,058)
Loans received	--	--
Loans paid	(9,000,000)	(3,000,000)
Stock options exercised	38,576	7,107
Exercise of Warrants	749,991	--
Issuance of common stock	49,573,239	--
	-----	-----
Net cash provided by (used in) financing activities	50,244,910	(2,994,951)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	115,738	203,840
	-----	-----
Net increase (decrease) in cash and cash equivalents	8,534,380	(1,836,811)
Cash and cash equivalents, beginning of year	7,143,027	8,979,838
	-----	-----

Cash and cash equivalents, end of year	\$ 15,677,407	\$ 7,143,027
--	---------------	--------------

The following tables summarize the financial results of our reporting segments

Year Ended December 31, 2007

Marketplaces				
	Brazil	Argentina	Mexico	Other Countries
Net revenues	\$ 37,560,419	\$ 11,342,792	\$ 9,628,121	\$ 10,986,185
Direct costs	(24,079,798)	(5,657,006)	(6,339,762)	(6,147,572)
Direct contribution	13,480,621	5,685,786	3,288,359	4,838,613
		Total	Payments	Consolidated
Net revenues		\$ 69,517,517	\$ 15,608,824	\$ 85,126,341
Direct costs		(42,224,138)	(11,237,121)	(53,461,260)
Direct contribution		27,293,379	4,371,703	31,665,081
Operating expenses and indirect costs of net revenues				(10,731,381)
Income from operations				20,933,700
Other income (expenses):				
Interest income				1,609,403
Interest expense and other financial results				(2,009,781)
Foreign exchange				(3,106,515)
Other expenses, net				(3,006,416)
Net income before income / asset tax expense				\$ 14,420,391

Year Ended December 31, 2006

Marketplaces				
	Brazil	Argentina	Mexico	Other Countries
Net revenues	\$ 25,571,405	\$ 7,027,681	\$ 6,199,110	\$ 5,930,873
Direct costs	(18,193,271)	(4,553,777)	(5,040,322)	(4,448,878)
Direct				

contribution	7,378,134	2,473,904	1,158,788	1,481,995
--------------	-----------	-----------	-----------	-----------

	Total	Payments	Consolidated
	-----	-----	-----
Net revenues	\$ 44,729,069	\$ 7,329,821	\$ 52,058,890
Direct costs	(32,236,248)	(6,561,532)	(38,797,780)
	-----	-----	-----
Direct contribution	12,492,821	768,289	13,261,110
Operating expenses and indirect costs of net revenues			(7,863,181)

Income from operations			5,397,929

Other income (expenses):			
Interest income			520,508
Interest expense and other financial results			(1,743,315)
Foreign exchange			(391,981)
Other expenses, net			(1,468,220)

Net income before income / asset tax expense			\$ 2,314,921
			=====

This news release was distributed by PrimeNewswire, www.primenewswire.com

SOURCE: MercadoLibre, Inc.

MercadoLibre, Inc.

Investor Relations contact:

Pedro Arnt

+54 (11) 5352 8000

investor@mercadolibre.com

Media Relations contact:

Lorena Diaz Quijano

+54 (11) 5352 8026

lorena.diazquijano@mercadolibre.com

(C) Copyright 2008 PrimeNewswire, Inc. All rights reserved.

News Provided by COMTEX