

28 July 2017

June 2017 Quarterly Report

- **Path to breakeven on track:**
 - ✓ operational cash burn¹ reduction of 46% vs PCP
 - ✓ Record 2Q cash receipts and revenue in Mexico and Ecuador
- **Successful launch of MotorCredit in Mexico – strong uptake in the first months**
- **Landmark alliance and contract with global insurance provider MAPFRE**
- **Fully underwritten (by NEDs Mike Fitzpatrick and Simon Clausen) convertible note of A\$10m approved by over 99% of voting shareholders**
- **Market leadership consolidation in Mexico with:**
 - ✓ organic traffic² growth of +70% vs PCP in Mexico
 - ✓ signing of two of the largest national dealer associations in Mexico as customers
- **Successful restructure of operations complete**
- **C-Level remuneration: reduction of salaries by 25%, zero STIs awarded for 2016**

Mexico City, Mexico – 28 July 2017: LatAm Autos Limited (ASX: LAA) (“LatAm Autos” or the “Company”) is pleased to release its cash flow report for the period ended 30 June 2017.

Despite the implementation of a comprehensive restructure process, the June quarter saw strong operational progress made across our key markets of Mexico and Ecuador with an average of 15% increase in cash receipts on pcip in local currency (22% 1H17 vs 1H16) as well as achieving some milestone agreements with key partners related to depth revenue streams. Total cash receipts for the quarter were A\$1.7m, down from A\$1.9m versus pcip, largely due to the closure of our Argentinian operation.

Excluding non-recurring cash outflows (related to the restructure of the business and capital raising) and all cash flows related to Argentina, negative Net Operating Cash Flows in 2Q 2017 decreased by 46% and 47% on 2Q 2016 and 1Q 2017 respectively. This highlights the success of the Company’s restructure program to focus on profitability, and objective to reach breakeven in the second half of 2018. Total costs relating to the restructure were A\$625k across severances, legal and capital raising fees.

Operations Update

Operational metrics versus pcip continued to increase across key markets, including significant increases in organic traffic in our core markets Mexico (+70%) and Ecuador (+34%). An increased focus on monetisation of existing dealer customers and listings via Depth Products/transactional revenue streams were a key driver of record cash receipts, contributing more than 10% in 2Q 2017. As reported previously, the Company has recently signed up a global top 5 OEM network of dealerships to its customer base, and

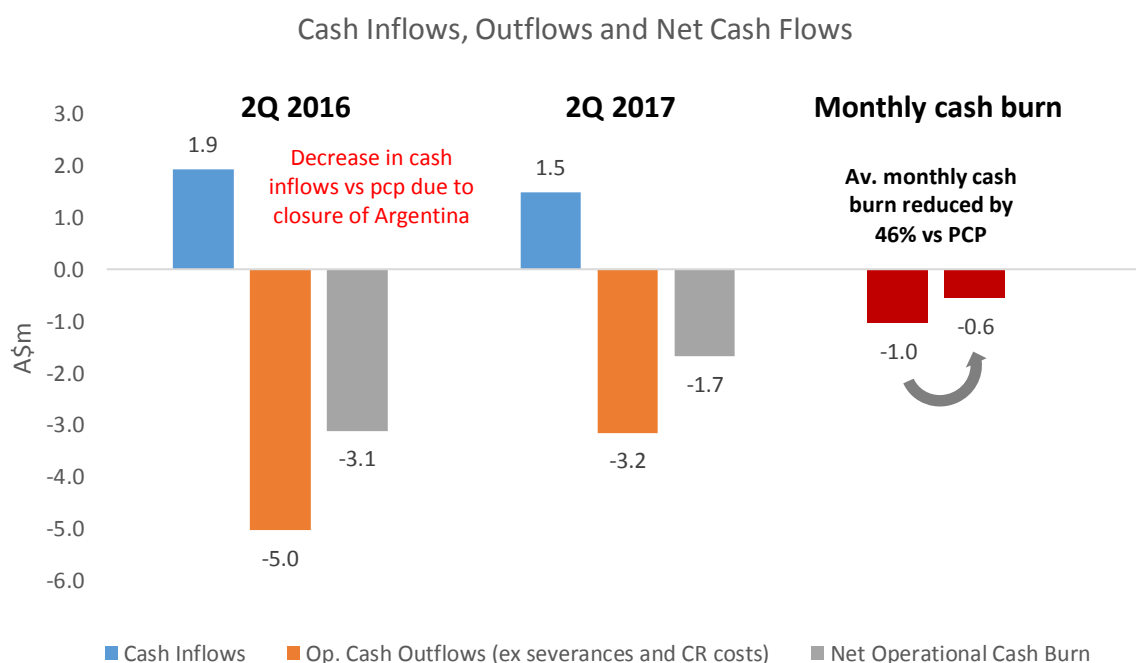
¹ In A\$ excluding restructuring costs

² SEO & Direct traffic

recently has agreed terms with a national dealer association with over 450 car dealer members, further information to be provided once the contract is signed.

LatAm Autos' Mexican website, www.seminuevos.com, continues to be one the Company's strongest performers with 35% pcg growth in cash collections in 1H 2017, and 10% pcg growth in cash collections in 2Q 2017.

Significant reduction in operating net cash outflows versus PCP



Depth Products - Mexico

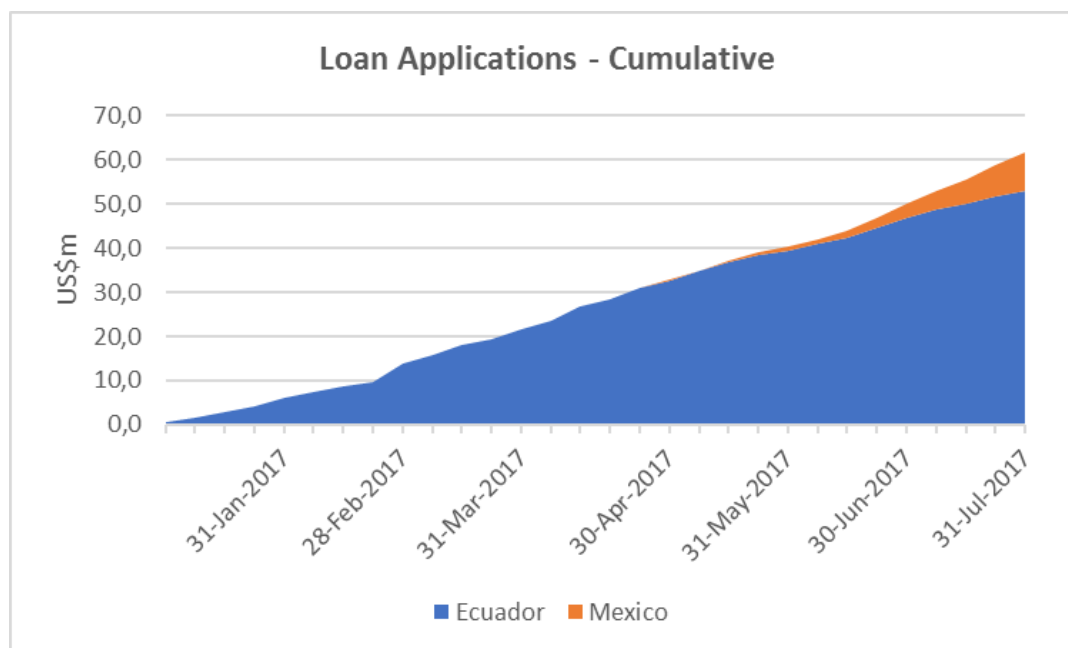
MotorCredit, the Company's proprietary auto finance product for used cars, was launched in Mexico in 2Q 2017. The ramp up of unit sales has been consistent with internal budget estimates, with conversion rates in Mexican dealer channel particularly pleasing. In the Mexican used car market alone, management estimates are that MotorCredit has revenue potential of up to ~A\$60m p.a. at a gross margin of 63-83%, depending the distribution channel. On 21st July, the Company formed an exclusive partnership with leading financial institution Credito Real (Mexican stock exchange ticker: BMV:CREAL), for the MotorCredit product. Initially, the partnership is focused on used car financing, with other products to follow in the future. Other Depth Products such as general and mechanical insurance as well as GPS tracking/telematics are to be rolled out during 3Q 2017.

Depth Products - Ecuador

During 2Q2017 two new depth products were launched in Ecuador, being insurance and the mechanical guarantee were launched in Ecuador both with leading insurance provider MAPFRE. MAPFRE is a multinational company engaged mainly in insurance and reinsurance activities, operating in 45 countries through 232 companies, and is listed on the Madrid and Barcelona stock exchanges with a market capitalisation of EUR 9.9 billion.

- MotorCredit: Over 2,500 completed applications until 30-Jun-17 representing value of over US\$52m, and representing 104% q-on-q growth in unit sales

- CarSync: 67% q-on-q growth in unit sales of CarSync and 129% improvement in conversion efficiency
- MAPFRE products: recently launched, details to be provided in the 3Q 2017 update



*Actuals until 30-Jun-17, estimated for 31-Jul-17

Jorge Mejia Ribadeneira, Executive Director and Chief Executive Officer, commented *“The June quarter was a period of significant operational change for LatAm Autos as we successfully completed our restructure process focusing our resources on our best performing markets; Mexico, Ecuador and Peru. Transaction related revenues streams continue to traction. Given the continued growth in these products we remain highly optimistic for continued growth in 2017.”*

Update on convertible note issuance

As announced on 24 July 2017, the Company is currently in the process of arranging and finalising registration of the security. The Company sought and was granted a waiver of Listing Rule 14.7, to allow the issue of the Notes to take place at a later date than stated in the Notice of General Meeting and approved by shareholders.

Until now, the Company has received a total of \$6.75million in subscription funds for the Convertible Notes to be issued. The remaining \$3.25m of Tranche 2, will be received upon finalisation of the security documents.

Executive Remuneration

As previously announced during the recent restructure process, the Executive Chairman, CEO, CFO, and CTO have agreed to reduce their base salaries by 25% and have also foregone any STI rewards under the 2016 STI program. This commitment to cash burn reduction is consistent with reaching the company's objective of being cashflow breakeven by 2H 2018.

For more information, please contact:

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About LatAm Autos (ASX: LAA)

LatAm Autos is a leading dedicated online auto classifieds and content platform with operations in three countries in Latin America – Mexico, Ecuador, Peru and Panama. As early movers in the region's online auto classifieds industry, LatAm Autos is capitalising on the shift of auto classifieds advertising from traditional media sources to online channels. LatAm Autos is a leader and first mover in its markets to assist car buyers through the car purchasing transaction, as well as providing a marketplace for car buyers and sellers. Apart from its core marketplace offering, the Company provides finance, insurance and car tracking technology to customers providing a complete suite of products for car buyers across the region. For more information on LatAm Autos, please visit its website: www.latamautos.com.

Caution Regarding Forward-Looking Information

This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance, including LatAm Autos' FY17 outlook, are also forward looking statements, as are statements regarding LatAm Autos' plans and strategies and the development of the market. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of LatAm Autos, which may cause actual results to differ materially from those expressed or implied in such statements. LatAm Autos cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive beyond the date of its making, or that LatAm Autos' business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this announcement and LatAm Autos assumes no obligation to update such information. The release, publication or distribution of this presentation in jurisdictions outside Australia may be restricted by law. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

LATAM AUTOS LIMITED

ABN

12 169 063 414

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,715	3,469
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(351)	(627)
(c) advertising and marketing	(839)	(2,257)
(d) leased assets	-	-
(e) staff costs	(1,747)	(3,423)
(f) administration and corporate costs	(1,080)	(2,508)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
- Net Sales tax recovered/(paid)	(152)	(171)
- Severances	(315)	(426)
- Argentina shut down legal costs	(40)	(40)
1.9 Net cash from / (used in) operating activities	(2,808)	(5,978)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(5)	(14)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	(170)	(487)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(175)	(501)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	3,250	3,250
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Capital raising costs)	(270)	(285)
3.10	Net cash from / (used in) financing activities	2,980	2,965

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,638	4,915
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,808)	(5,978)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(175)	(501)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,980	2,965
4.5	Effect of movement in exchange rates on cash held	(291)	(57)
4.6	Cash and cash equivalents at end of quarter	1,344	1,344

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,344	1,638
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,344	1,638

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter
\$A'000

276

-

Director's fees and salaries paid to directors during the June 2017 quarter.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
Nil	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
Nil		


9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(787)
9.3 Advertising and marketing	(937)
9.4 Leased assets	-
9.5 Staff costs	(1,232)
9.6 Administration and corporate costs	(1,081)
9.7 Other (provide details if material)	(296)
9.8 Total estimated cash outflows	(4,333)

* Please note that the above estimated cash outflows for the next quarter do not include inflows of receipts from customers. The cash outflows are estimates only and variable outflows are calculated on forecast revenue for the quarter. Variable outflows will change if actual revenue differs from forecast revenue.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 28 July 2017

Print name:MELANIE LEYDIN.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.