

31 August 2017

LatAm Autos increases its lead as #1 dedicated auto classifieds portal in Mexico, reports 1H17 financial results

1H17 Highlights:

- **Market leadership consolidation in Mexico with:**
 - ✓ organic traffic¹ growth of +70% in Mexico, 34% in Ecuador, 70% in Peru
 - ✓ signing of two of the largest national dealer associations in Mexico as customers (combined potential of ~450 car dealers)
- **38% compound monthly growth rate, YTD, in unit sales of high margin Depth Products (Financing, Telematics, Insurance and Mechanical Guarantee)**
- **Funded via a \$10m convertible note that was underwritten by Non Executive Directors**
- **Reduction in 1H17 proforma operating expenses² of 29% from an average revenue growth of 10%² vs pcp in constant currency terms (1H16 vs 1H17)**
- **Launch of MotorCredit product in Mexico, exclusively with bank Credito Real, with strong initial traction**

Mexico City and Melbourne – 31 August 2017: LatAm Autos Limited (ASX: LAA) (“LatAm Autos” or the “Company”) is pleased to announce its financial results for first half 2017 period.

Extends leading position in Mexico

Seminuevos.com extends its lead as #1 dedicated auto classifieds platform in Mexico, in key core operating metrics and revenue growth (see below).



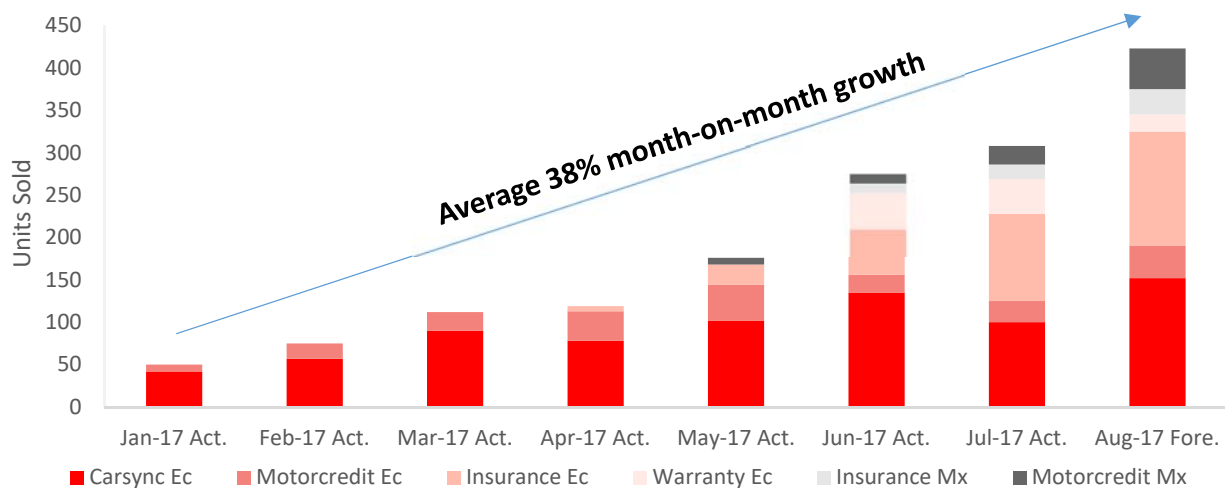
¹ SEO & Direct traffic as at 30-Jun-17 compared to 30-Jun-16

² Proforma operating expenses exclude Argentina and severances. Average local currency revenue growth of 8% (Mexico) and 12% (Ecuador)

38% compound monthly growth since Jan-17 in Depth Product unit sales (until 31-Aug-17)

Through the first half of 2017, the Company reached several key milestones, particularly in relation to new depth revenue streams that position the Company's revenue model to capture substantial revenues that are associated with the car purchasing transaction itself (such as finance, insurance, telematics) as opposed to solely providing a marketplace solution.

The addition of these new revenue streams is a core component of growth going forward, with the increased average revenue per customer expected to accelerate the Company's path to profitability. Not only do the depth revenue streams have much more attractive unit economics than traditional advertising revenue streams, they all strongly leverage off LatAm Autos' existing dealership network and millions of visitors per month to its classifieds websites.

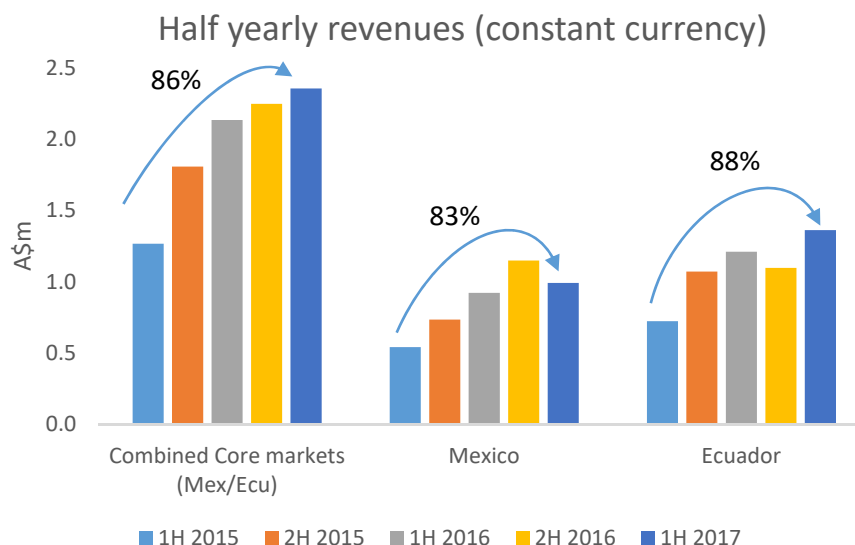


Additionally, Offline revenues also decreased by almost 70% as a result of the closure of the Argentinian operations which had a significant percentage of its revenues from print sources. Assisting with the underlying EBITDA improvement, marketing expenses decreased by almost 50% due to significant optimization of marketing expenses and the closure of the Argentinian operations.

Financial results

The Company achieved sales of \$3.0m for 1H17 (1H16: \$3.9m) and a loss after providing for income tax amounted to \$7.3m (1H16: \$6.6m). The decrease in overall revenue versus pcp was the result of the Company's restructure that resulted in the closure of its Argentinian operations (1H17 contribution of \$0.3m compared to \$1.3m in 1H16). Additionally, the Company incurred \$0.7m in one-off restructuring costs in 1H17.

Core market revenue growth

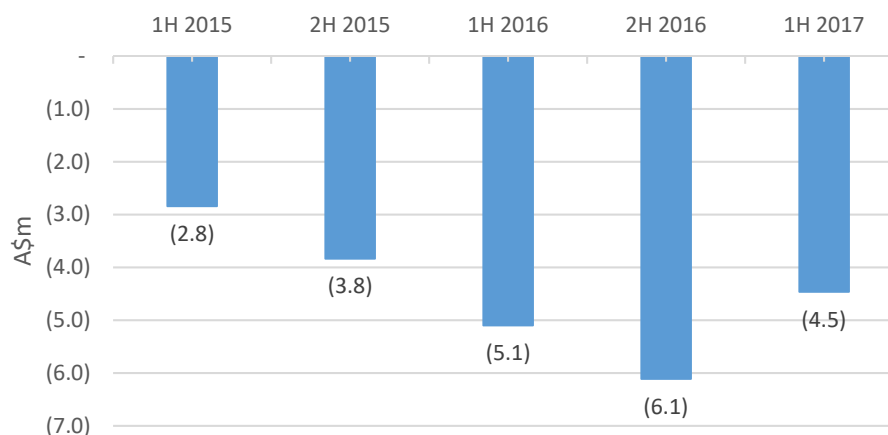


Despite the implementation of the restructure, on a proforma consolidated basis (excluding Argentina and share based payments), revenue grew 4% and EBITDA loss decreased by 12% between 1H16 and 1H17 (in A\$). Depth products contributed a material proportion of the revenues in 1H17 and management is excited by their growth and expects them to be a substantial contributor in 2H17.

Growth in revenues, in local currency terms, for the Company's core markets of Mexico and Ecuador (1H17 compared to 1H16) were due to:

- Introduction of Depth Products (being MotorCredit, CarSync, General Insurance and Mechanical Guarantee) to the Company's revenue model contributed around \$0.4 million for the period, largely in Ecuador which accounted for approximately 95% of revenues from Depth Products for the half year to 30 June 2017
- Mexico is expected to contribute a substantially larger proportion of revenues from Depth Products in 2H17 given that MotorCredit was launched in May 2017 which is evidenced by the chart below showing unit sales of each product until end of August
- Revenue growth in Mexico was largely driven by growth from Dealers and Advertising, which increased by 9% and 7% respectively in 1H17, which is testament to the site's increasing engagement and relevance

Statutory EBITDA excl. Argentina & Share based payments



Organic Traffic Growth

Organic traffic (or free traffic) is fundamental to the profitable growth of any online classifieds business. Pleasingly, the Company recorded very strong growth in both its core markets with Mexico +70% and Ecuador +34% versus pcp³

Restructure

As previously reported, during the period the Company undertook a substantial restructure of its business that has now been fully implemented. The rationale behind restructure was to:

- Identify key markets in which LAA has strong market leadership and upside potential
- Maximise return on investment by focusing on these markets
- Exit any operations regarded as either non-core or not viewed as being able to achieve profitability in an acceptable time frame
- Decrease cash burn in order to accelerate the path to profitability
- Raise sufficient capital to optimise the chances of achieving all the objectives above

As a result, the Company took the decision to focus on its core markets of Mexico and Ecuador, whilst Peru has been placed on break-even and the Company exited the Argentinian market. As a result the following actions were implemented:

- Successful capital raising of \$10m through the issue of a secured convertible note underwritten by Non-Executive Directors Mike Fitzpatrick and Simon Clausen (with \$3.25m received in 1H17 and the remaining \$6.75m to be received in 2H17)
- Reduction in average monthly operational cash burn of 39% versus pcp and 40% vs 1Q17 to \$0.6m¹
- Salary reduction of 25% and zero Short Term Incentives payable for the 2016 financial year, for senior management
- Ceased operations in the Argentinian market, providing an estimated cost saving of \$5.0m p.a., as well as other combined savings of \$3.4m for a total forecast saving of \$8.0m for 2017

Overall operating expense reduction, with the total costs of the restructure being \$0.7m

³ June 2017 compared to June 2016

Co-founder and Executive Chairman of LatAm Autos Tim Handley commented *“it’s pleasing to see that we have already generated positive results due to the Company’s new strategy and focus on our core markets where we continued to grow and extend our lead over competitors. Growth in depth revenue streams have had a significant step change increase in August, consistent with our goal to reach breakeven by 2H18.”*

-Ends-

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About LatAm Autos (ASX: LAA)

LatAm Autos is a leading dedicated online auto classifieds and content platform with operations in four 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 strategy to also 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.