

24 August 2018

LAA 1H18 results continue path to operating cash positive driven by strong Cross Sell revenues

Mexico City – 24 August 2018: LatAm Autos Limited (ASX: LAA) (“LatAm Autos” or the “Company”) is pleased to announce its financial results for the first half 2018.

1H18 Highlights:

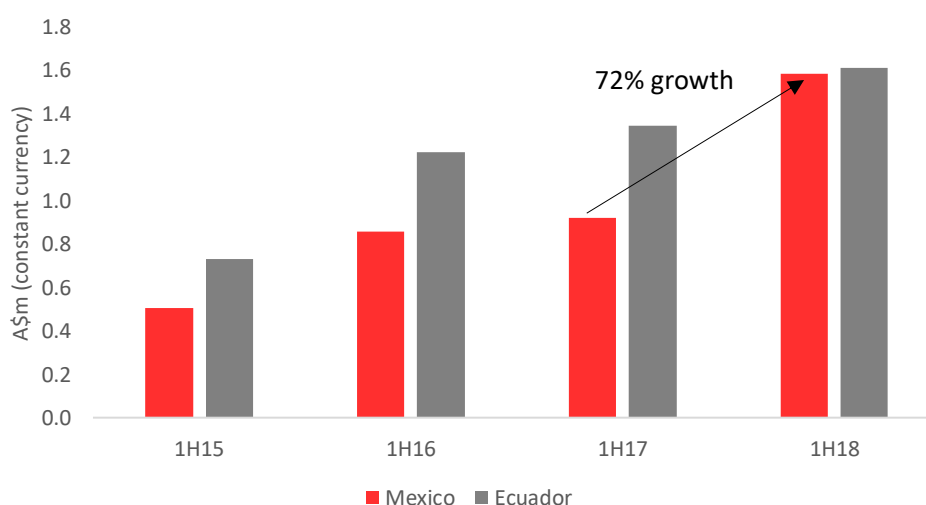
- AUD constant currency revenue grows +41% in key markets of Mexico and Ecuador, +72% in Mexico and +20% in Ecuador
- Cross Sell products revenue reaches \$3.4m run rate after only 18 months since launch, now comprising ~30% of overall first half Group revenues
- Loan applications up over 74% vs pcip, with applications in Mexico increasing by over 650%
- Reductions in net operational cash outflows (incl. capex) of 47% vs pcip, and 25% vs 2H17
- Organic traffic (SEO & Direct) grew 40% vs pcip in Mexico
- Company reaffirms expectation of operational cash positive towards the end of calendar year 2018

Financial Overview

For the first half 2018 period, the Company achieved sales of \$3.4m for 1H18 (1H17: \$2.7m) and EBITDA amounted to -\$4.2m (1H17: -\$4.8m). This represents 72% revenue growth in Mexico and 20% in Ecuador (A\$ constant currency), combined with a 14% improvement in EBITDA.

During the period, the Company also materially improved its working capital efficiency as Cross Sell products became a more significant proportion of overall revenues. As a result of strong revenue growth and improved payment terms, net cash outflows (net operating cash outflows plus capex and excluding one off outflows) reduced by 47% versus pcip.

Chart 1: First half revenues of Mexico and Ecuador since IPO (A\$m, constant currency)



Note: The chart above is depicted in constant currency terms. This means that the relevant exchange rates during 1H18 of AUDMXN 15.05 and AUDUSD 0.7605 are applied retrospectively to illustrate the impact of growth without any currency conversion impacts.

Chart 2: Half yearly revenues since IPO (A\$m, constant currency)

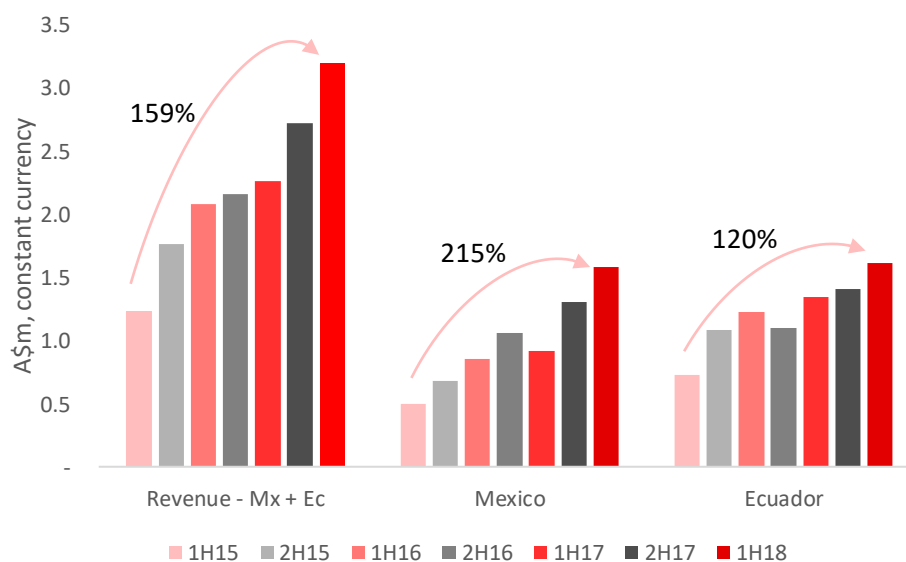
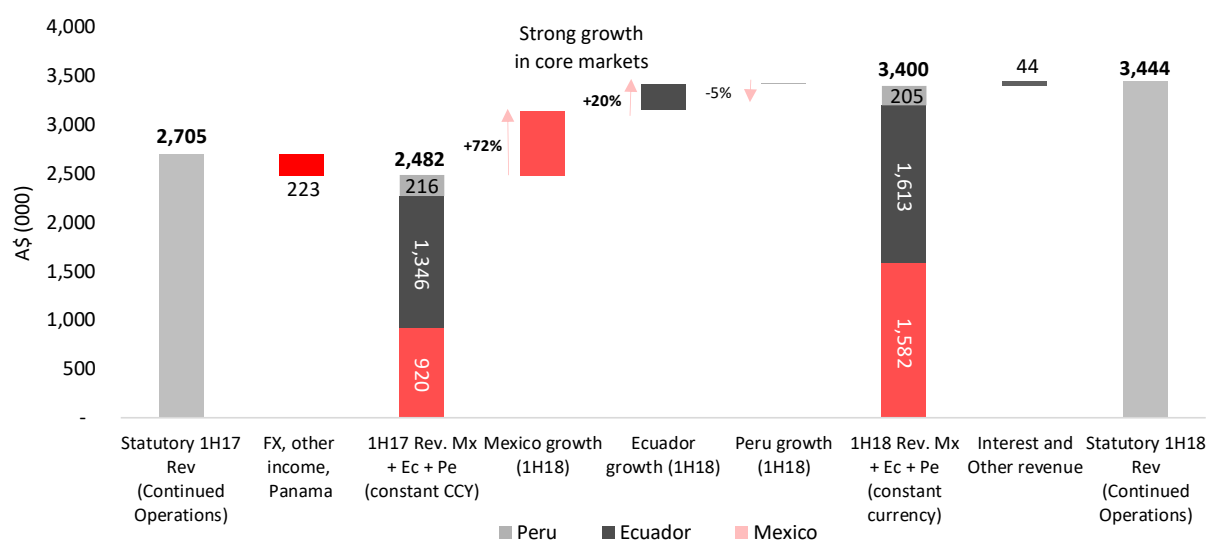


Chart 3: Reconciliation of growth rates in A\$ constant currency



In April 2017, LAA restructured its business model to accelerate its path to operating cash positive. This involved closure of Argentina and Panama offices and launch of Vehicle Transaction Marketplaces in Mexico and Ecuador. Consequently, revenue growth trends focus on the Continuing Operations of Mexico and Ecuador.

Chart 3: Half year net operating cash outflows

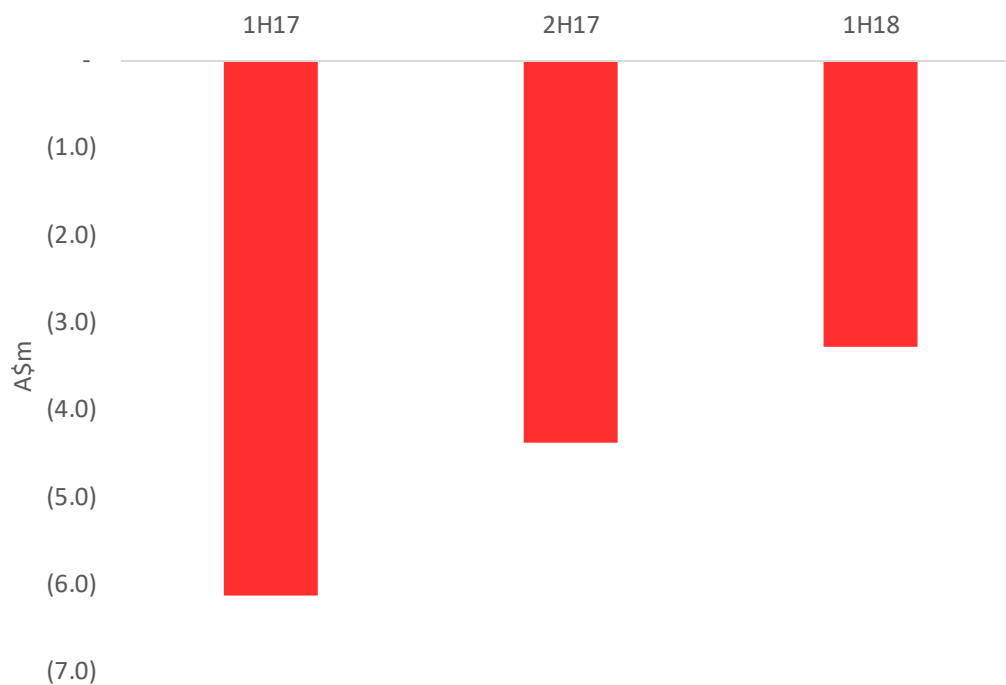
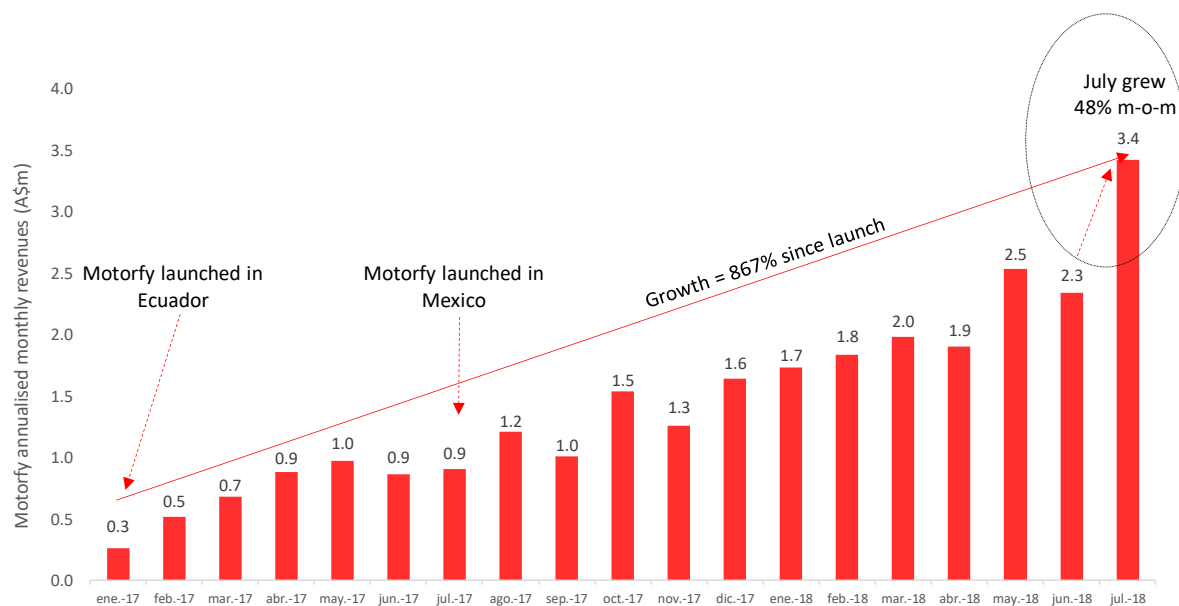


Chart 4: Annualised monthly revenues of Cross Sell Products (only) since launch



Organic traffic growth

Organic traffic, defined as total SEO and Direct traffic sources for the Company's Mexican website seminuevos.com grew +40% compared to first half 2017, whilst Ecuador was marginally down (-3%). As announced in the second quarter cash flow statement, organic traffic growth had slowed in the second quarter, however recovered in the first weeks of July, and this trend has continued up to the date of this announcement. As the Ecuadorean site has been dominant for many years, organic traffic growth is a less important metric for that company.

Outlook

Visible path to cash positive

The Company reiterates it remains on track to reach cash flow break even by the end of calendar 2018, expected to be driven predominantly by continued strong growth in existing cross-sell products, plus the addition of new loan products to the Motorfy platform, expecting to substantially increase conversion rates of existing applications.

New product launches

The Company expects to add several Cross Sell products to the LAA Vehicle Transaction Marketplace App, called "Motorfy", including new loan products and vehicle value-add products. New loan products are expected to substantially increase conversion rates of existing motor vehicle finance loan applications.

Consistent with its existing offerings, the Company will not assume any credit or underwriting risk in any of its new products and will generate upfront introduction fees.

The Company will update the market as each new product is launched.

Vehicle Transaction Marketplace Each quarter, LAA is transforming itself to being a complete Vehicle Transaction Marketplace, providing a range of Cross Sell products to vehicle buyers.

Consequently, LAA expects that Cross Sell revenues will continue to grow both in absolute terms and as a proportion of total group revenues. Cross sell revenues have grown rapidly in Mexico from formal launch in Jul-17 to 40% of total revenues in Jun-18 (in Ecuador they are currently approximately 30% of total revenues, since launch in Jan-17).

Management Commentary

CEO and Executive Director of LatAm Autos Jorge Mejia commented,

"The growth of our Cross Sell products has substantially improved our cashflow management and combined with continued growth, we expect to reach run rate cashflow breakeven by year end."

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About LatAm Autos (ASX: LAA)

LatAm Autos is a leading online car transaction market place with operations in Mexico, Ecuador and Peru. LatAm Autos is capitalising on the shift of automotive classifieds advertising to online channels, whilst providing ancillary services to car buyers such as finance, insurance and car tracking technology through its Motorfy brand. 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' FY18 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.