

26 October 2016

## Company Update

LatAm Autos Limited (ASX: LAA) (“LatAm Autos” or the “Company”), the leading online auto classifieds business in Latin America, is pleased to release a new investor presentation attached to this announcement following the release of MotorCredit today. The presentation outlines a compelling investment case which will be presented today at the Wholesale Investor conference in Melbourne, Australia.

### INVESTMENT HIGHLIGHTS

- The leading **dedicated online auto-classifieds and content platform in Latin America (ex Brazil)** with operations in six countries
- **Accelerating path to profitability** with near term visibility of A\$30m p.a. revenue from both core auto-classifieds and related revenue streams
- **Highly credentialed and well aligned Board and management team** (shareholding of c. 42%)
- **Investment has been made in scalable technology platform** so marginal revenue expected to be increasingly profitable
- **Increasing internet penetration and regional GDP per capita growth** underpin rapid growth of the Latin American auto-classifieds industry
- Management team has **unrivalled experience in founding, developing and monetising online classifieds businesses** in Latin America

Jorge Mejía Ribadeneira, Executive Director and Chief Executive Officer, commented *“LatAm Autos has consolidated its position as the leading online auto-classifieds business in Latin America over the last 18 months. Our scalable software platform and expanding revenue streams are driving strong growth, with Ecuador now profitable and our other key markets trailing closely behind.”*

Tim Handley, Executive Chairman, commented *“LatAm Autos has completed significant investment in the development of an integrated software platform. We are well positioned for rapid revenue growth. Our core focus is to expand both our core and related revenue streams to capitalise on our strong market position.”*

### ABOUT LATAM AUTOS (ASX: LAA):

LatAm Autos is a leading dedicated online auto classifieds and content platform with operations in six countries in Latin America – Mexico, Argentina, Ecuador, Peru, Panama and Bolivia. As early movers in the region’s online auto classifieds industry, LatAm Autos is positioned to capitalise on the shift of auto classifieds advertising from traditional print media sources to online channels. For more information on LatAm Autos, please visit its website:

[www.latamautos.com](http://www.latamautos.com).



**Company Presentation**  
**LatAm Autos (ASX: LAA)**  
October 2016

# Investment highlights



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**THE LEADING LATIN AMERICAN-BASED ONLINE AUTO-CLASSIFIEDS AND CONTENT PLATFORM WITH A **STRONG PIPELINE OF EXCITING GROWTH INITIATIVES****

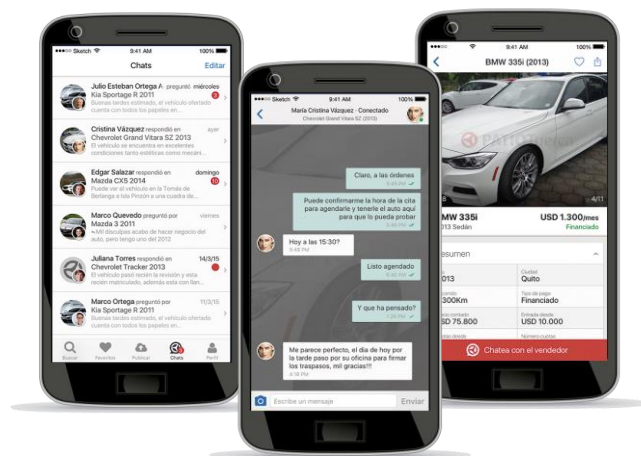
# Corporate snapshot



**LatAm Autos is the leading dedicated online auto-classifieds and content platform with operations in six countries in Latin America – Mexico, Argentina, Ecuador, Peru, Panama and Bolivia**

## Clean capital structure

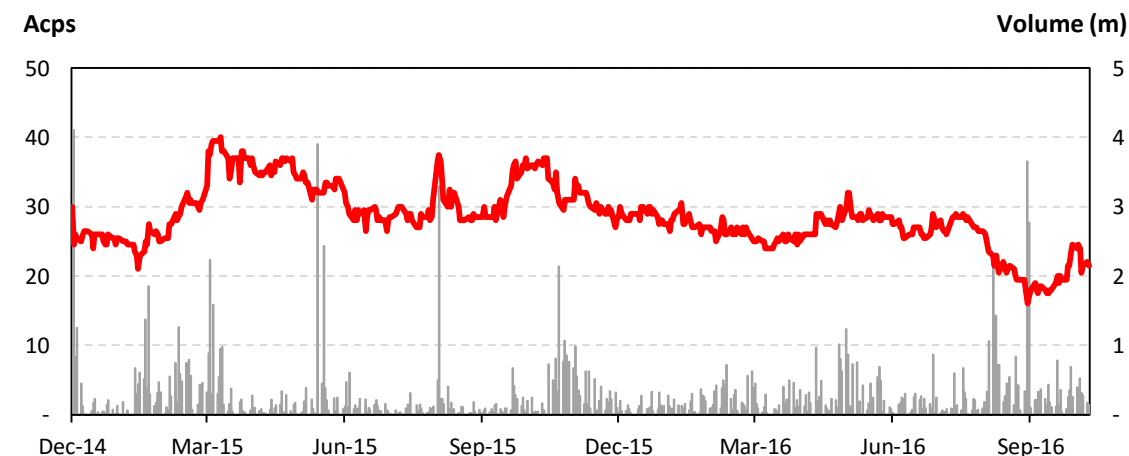
|                               |                 |
|-------------------------------|-----------------|
| Share price (25-Oct-16)       | A\$0.215        |
| Number of shares <sup>1</sup> | 310.3m          |
| <b>Market capitalisation</b>  | <b>A\$66.7m</b> |
| Cash (30-Jun-16)              | A\$12.7m        |
| Debt (30-Jun-16)              | Nil             |
| <b>Enterprise value</b>       | <b>A\$54.0m</b> |



## Strong alignment

|   |              |
|---|--------------|
| <b>Timothy Handley, Gareth Bannan</b> - Founders & Executive Chairman and CFO | 15.4%        |
| <b>Michael Fitzpatrick</b> - Non-Executive Director                           | 12.1%        |
| <b>Simon Clausen</b> - Non-Executive Director                                 | 8.5%         |
| <b>Jorge Mejía Ribadeneira</b> - Co-Founder and Chief Executive Officer       | 4.3%         |
| <b>Jacobo Moreno</b> - Chief Technology Officer                               | 2.0%         |
| <b>Total Board and management</b>   | <b>c.42%</b> |

## Share price opportunity



Source: IRESS

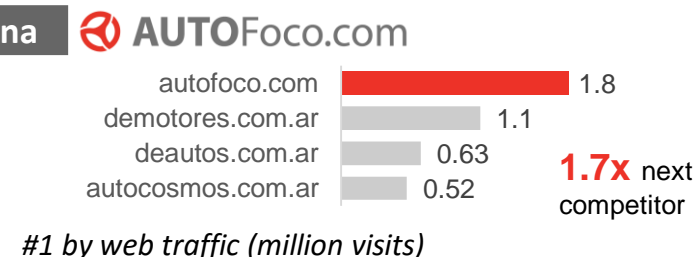
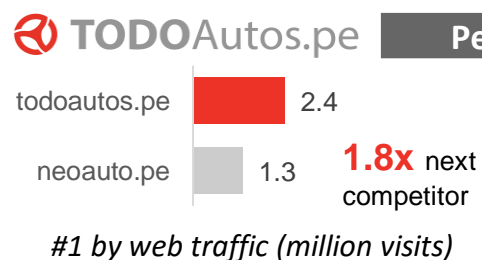
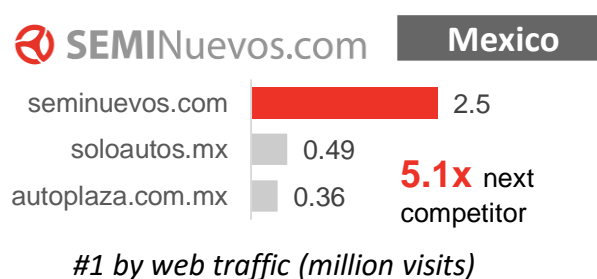
Note:

1 Includes 77.9m escrowed securities

# Product and market overview

LatAm Autos is the leading dedicated online auto-classifieds and content platform (ex Brazil) with operations in six countries across Latin America

- Strong competitive advantage as the first mover in consolidating incumbent #1 positions in Spanish-speaking countries
- Opportunity to capitalise on under-saturated car ownership markets



- Regional auto content webpage
- Provides reviews and research
- Generates advertising sales

# Board of Directors



Exciting growth potential of LatAm Autos is reflected by a highly credentialed Board of Directors

Board experienced with some of Australia's largest and most successful companies

RioTinto

CommonwealthBank



HASTINGS



## Tim Handley

*Executive Chairman*

- Co-Founder and Executive Chairman
- 14 years entrepreneurial, M&A (Gresham Partners & UBS Investment Bank), equity and debt capital markets experience (including 7 years in Latin America)



## Michael Fitzpatrick

*Non-Executive Director*

- Founded Hastings Funds Management
- Director of Carnegie Wave Energy (ASX: CWE), Infrastructure Capital Group, Chairman Pacific Current Group (ASX: PAC), Commissioner and Chairman of the Australian Football League
- Former Director of Rio Tinto (ASX: RIO)



## Colin Galbraith

*Non-Executive Director*

- Special Advisor to Gresham Partners
- Chairman of CARE Australia
- Previously a Director of Commonwealth Bank of Australia (ASX: CBA)



## Simon Clausen

*Non-Executive Director*

- Over 17 years experience in high growth technology businesses in both Australia and the United States
- Founder and CEO of PC Tools
- Founding investor and NED of freelancer.com (ASX: FLN)



## Jorge Mejía Ribadeneira

*Executive Director and CEO*

- Co-Founder of LatAm Autos
- Founder of multitrabajos.com, Ecuador's foremost jobs search engine
- Founded Evaluar.com (Latin America's leading HR evaluation company) and Seguros123.com



# Company evolution

LatAm Autos has progressed rapidly since inception with an integrated software platform currently servicing over 3,000 dealers



## PRE-2014

- Consolidation of the online real estate and jobs classifieds portals in Latin America
- Auto-classifieds vertical identified as prime consolidation opportunity



## DEC 2014: IPO

- Listing on the Australian Stock Exchange at a market capitalization of A\$72m and A\$0.30/sh



## 2014: SEED CAPITAL RAISED TO ACQUIRE ASSETS

- Participation included current team of Non-Executive Directors
- Use of funds to acquire leading online auto-classified businesses in Latin America including:



**AUTOFOCO.com**  
El medio de mayor ofertas de vehículos

- Founded 1999
- Top #3 in Argentina

**todoautos.pe**  
La comunidad sobre autos más grande del Perú

- Founded 2005
- #1 in Peru

**PATIOtuerca.com**  
PASIÓN POR LOS MOTORES

- Founded 2004
- #1 in Ecuador, Panama, Bolivia

**DEMOTORES.com**

- Founded 2010
- #1 in Mexico

**seminuevos.com**





- Founded 2000
- #1 in Guadalajara



## 2015: INTEGRATION OF PRODUCT PLATFORM

- Investment made to integrate regional websites under a consistent platform and brand



 **AUTO**Foco  
 **PATIO**Tuerca  
 **SEMI**Nuevos  
 **TODO**Autos

## 2016: MONETISATION

Increase market share

Expand related revenue streams

Further monetise dealer network

# Latin American specialist management team



**In-country management team with a significant track record of building top tier online businesses in Latin America**

**Jorge Mejía Ribadeneira**

*Co-Founder and CEO*

*Based in Ecuador*



*Founded*



*Ecuador's foremost jobs search engine*

*Founded*



*Latin America's leading HR evaluation company*

*Founded*



*Ecuador's largest online insurance comparison business*

**Jacobo Moreno**

*CTO*

*Based in Ecuador*



*Founded*



*Largest car classified portal in Ecuador, Bolivia and Panama*

*Founded*



*Ecuador's leading real estate portal*

**Gareth Bannan**

*Co-Founder and CFO*

*Based in Ecuador*



*Head of  
Corporate  
Finance*

**Oxygen Empreendimentos e  
Participações S.A.**

*Investor in online real estate businesses in Latin America*

*Director*

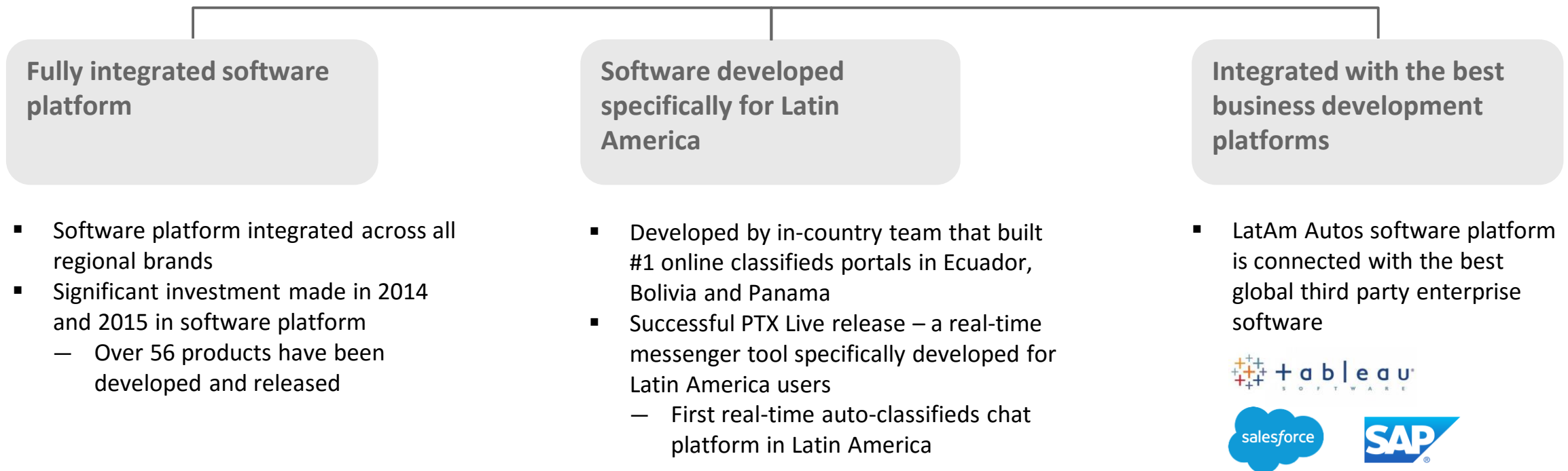


*Brazilian-based boutique corporate advisory firm*



# Software platform built to scale

Purpose built proprietary software platform designed specifically for the Latin American online classifieds market



INVESTMENT IN PLATFORM HAS BEEN MADE SO **MARGINAL REVENUE EXPECTED TO BE INCREASINGLY PROFITABLE**

# Expanding revenue model

Multiple revenue streams to bolster cash flows through traditional and related products

Traditional online classifieds revenue streams

## Advertising

- Display banners
- Content and premium content generation
- Communication tools

## Dealers

- Subscription services
  - Gold
  - Silver
  - Bronze
- Advertising
- Lead generation
- Add-on services (i.e. search result ranking, photos)

## Private listings

- OEM manufacturers
- Car dealers
- Finance and insurance companies
- Users pay listing fees
- Depth products

Related revenue streams

## Finance and transaction services

- Release of MotorCredit
- Payments systems (i.e. escrow services)

## Connected car / data analytics

- Data aggregation

## Car certification

- Car certifications for purchasers and financial institutions
- Provision of guarantee on used cars

## Insurance

- Data aggregation and provision for insurers

# MotorCredit product release

MotorCredit has been custom designed for Latin American customers and provides an opportunity for LatAm Autos to capitalise on the rapid growth of car financings in the region

## Overview

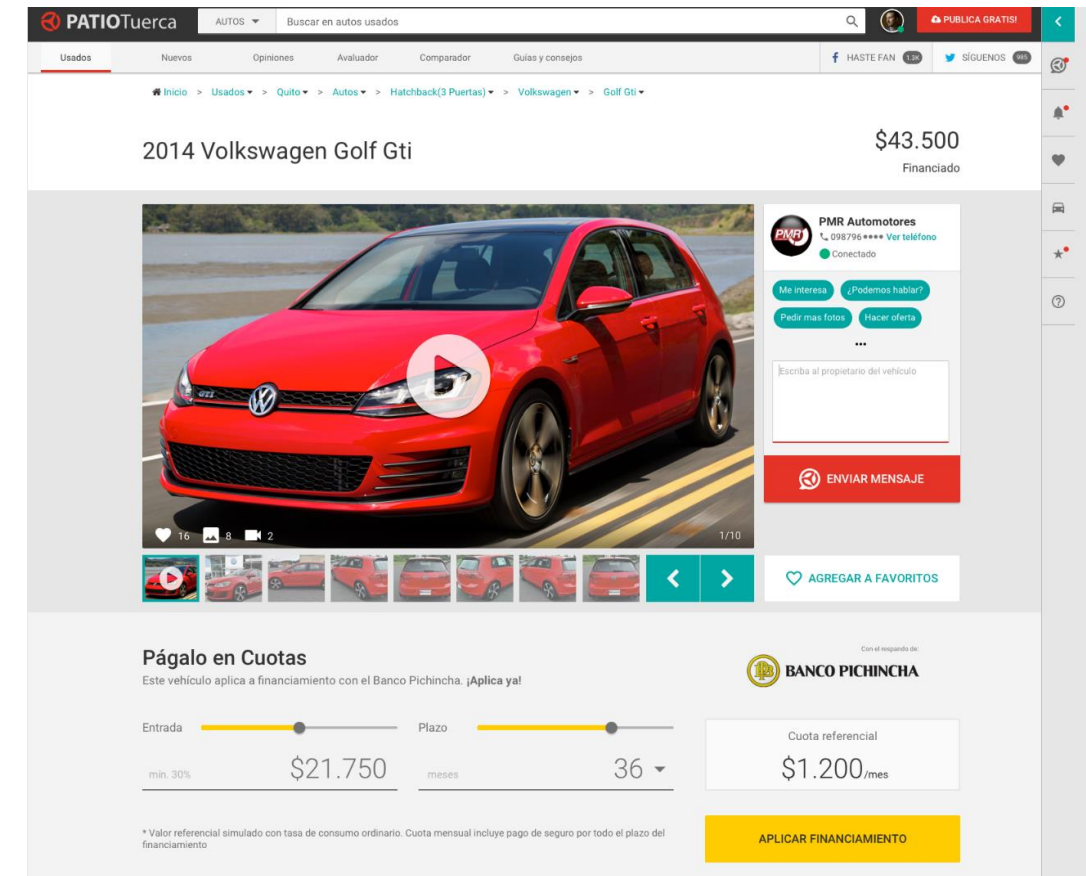
- MotorCredit is a new auto finance product that LatAm Autos has launched in conjunction with Ecuador's largest financial institution, Banco Pichincha
- MotorCredit has been developed specifically for Latin America and is fully integrated across mobile and desktop devices
  - Product will also launch in Mexico in partnership with Crédito Real
  - Advanced discussions also underway with other major financial institutions

Launching in three phases



- There is a significant potential market for MotorCredit with currently c. A\$150m worth of cars being sold through the websites of LatAm Autos<sup>1</sup>
  - Product will generate US\$ revenue starting this quarter
  - Market for MotorCredit will grow as the dealer base and inventory of LatAm Autos continues to increase
- Expected to provide LatAm Autos immediate access to between 100-200 used car financings per month with Banco Pichincha alone with an average loan size of approximately US\$14,000
  - Additional loan processing capacity could increase this up to c.650 Ecuadorean monthly car financings based on the current listings and conversion factors

## MotorCredit user interface



Note:

1 Management estimates based on total leads, average car listing value and a conservative conversion factor

# Strong growth in core operating metrics

Recent results highlight LatAm Autos successfully growing market share with strong increases in dealers on platform, inventory and consolidated revenues

Monthly sessions

**10.0 million**

1H15: 7.5 million **up 33%**

Monthly unique visits

**5.6 million**

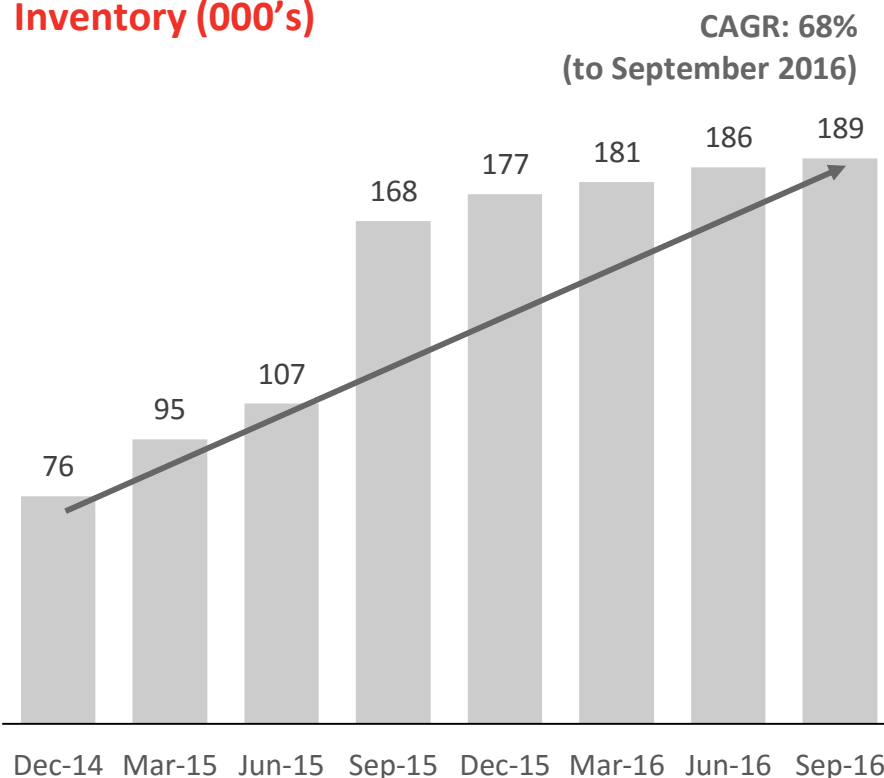
1H15: 4.9 million **up 15%**

Dealers on platform

**3,028** (30 June 2016)

1H15: 1,569 **up 93%**

Inventory (000's)



Core operating metric performance

- Strong operational growth continued in 1H16 underpinned by:
  - Increased brand recognition
  - The rapid uptake of the PTX Live chat platform
  - Strong marketing investment made in the important Mexico market
- The rapid growth in inventory and dealers using the LatAm Autos platform increases the monetisation potential as new products are released

# 1H16 financial performance

Record revenues were achieved in 1H16 across all markets, with a scalable platform now established across technology, operations, marketing and personnel

## Summary

- Increased focus on regional expansion in Mexico with a physical presence in six Mexican cities (the largest market position)
- Strong growth in local currency revenues in 1H16 compared to 1H15
  - Mexico: 70% in Mexican Pesos
  - Argentina: 60% in Argentinian Pesos
  - Peru: 24% in Peruvian Soles
  - Panama: 64% in US Dollars
  - Ecuador: 67% in US Dollars
- Increased investment made to marketing expenses of A\$3.7m in 1H16 (up from A\$1.2m in 1H15)
- Increased revenues expected in 2H 2016 due to seasonality of earnings profile (i.e. more car releases and no public holidays in 2H)

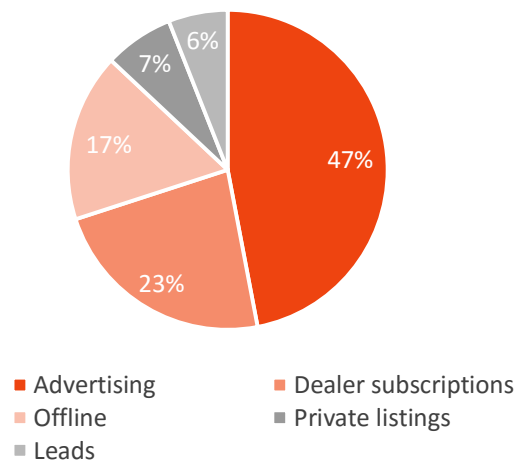
## Revenues

| Revenue (A\$m)       | 1H 2014    | 2H 2014    | 1H 2015    | 2H 2015    | 1H 2016    | Δ% 1H '16 vs. '15 |
|----------------------|------------|------------|------------|------------|------------|-------------------|
| Mexico               | 0.8        | 0.8        | 0.6        | 0.9        | 1.0        | 55%               |
| Argentina            | 1.3        | 1.1        | 1.1        | 1.3        | 1.2        | 16%               |
| Ecuador <sup>1</sup> | 0.7        | 1.0        | 0.7        | 1.3        | 1.3        | 80%               |
| Peru                 | 0.2        | 0.2        | 0.2        | 0.4        | 0.2        | 24%               |
| <b>Total</b>         | <b>2.9</b> | <b>3.2</b> | <b>2.7</b> | <b>4.0</b> | <b>3.9</b> | <b>45%</b>        |

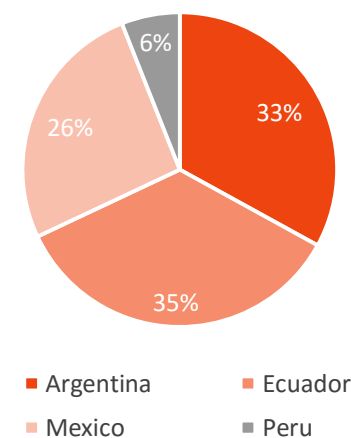
Note:

1 Ecuador reporting includes regional Bolivia and Panama

## 1H16 revenue by product



## 1H16 revenue by geography



# Macro growth drivers

Increasing internet penetration and regional GDP per capita growth underpin long term growth of the Latin American auto-classifieds industry



## Expanding population and increasing GDP per capita

- The 6 geographies LatAm Autos currently operates in contains a population **10x** larger than Australia
- One of the fastest growth rates globally



## Increasing internet connectivity

- LatAm Autos key markets already host a large population of internet users, c.**6x** that of Australia
- Smartphone and internet penetration are at an early stage in Latin America



## Expanding used car market in Latin America

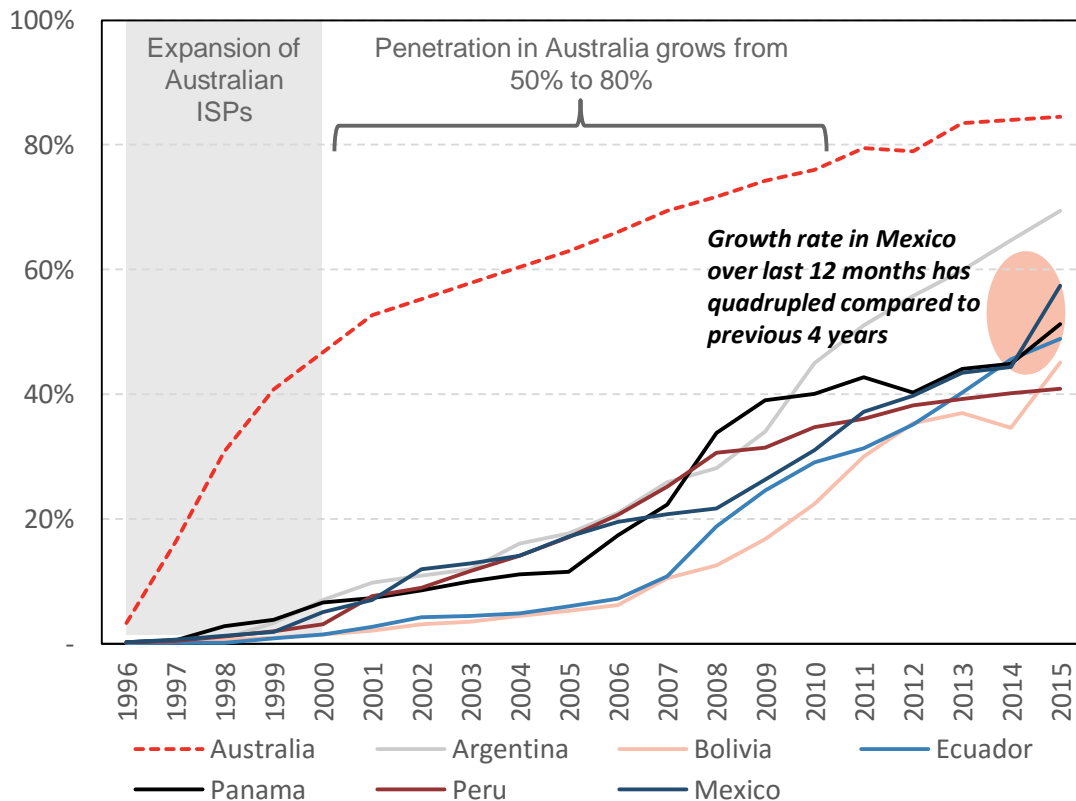
- In 2015, LatAm Autos estimated total used car market size reached **A\$13.1bn**



# Internet penetration in Latin America

The average internet penetration in LatAm Autos key markets is c. 40% and growing rapidly toward Australia's internet penetration of 85% of the population

## Internet penetration (% of population)



Source: World Bank (2015)

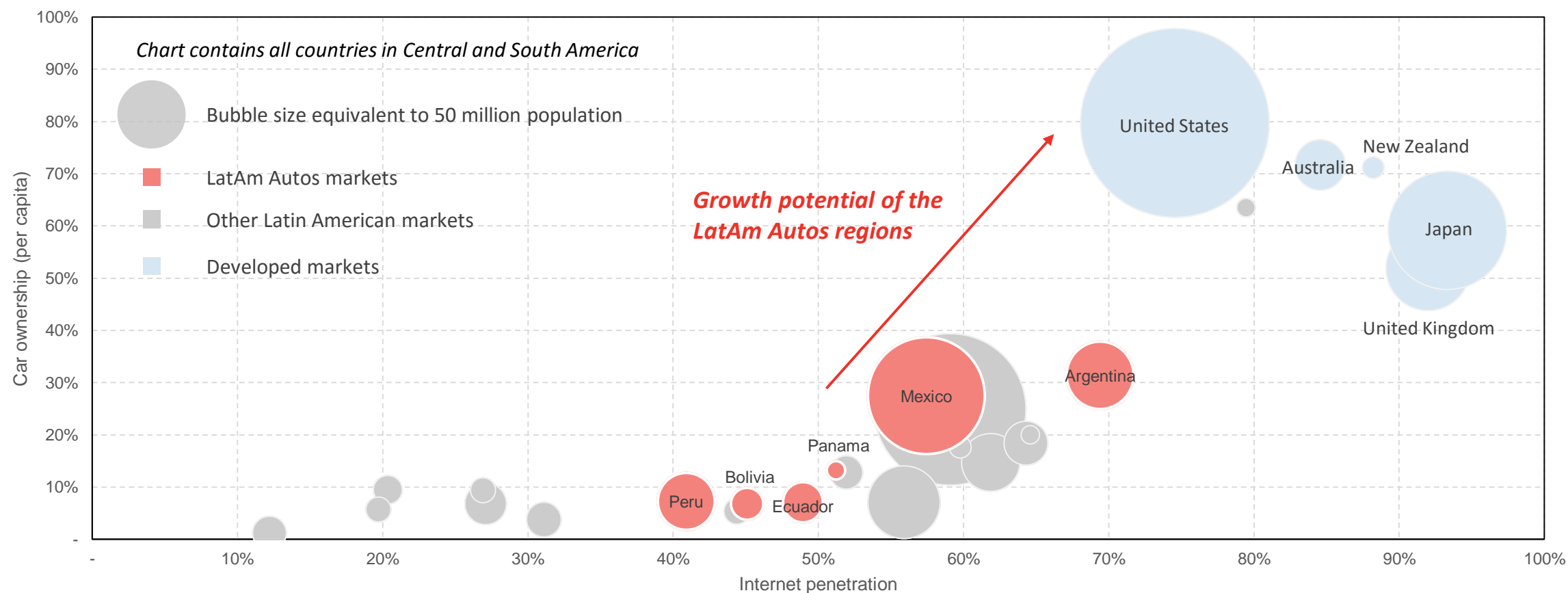
## Industry overview

- Internet penetration in Latin America expected to **accelerate from 40% toward 80% faster than the comparable Australian period**
  - Invention of smartphones will accelerate penetration due to lower cost barriers to entry
  - Latin American government policies are focused on increasing internet penetration
  - Global technologies supporting internet roll-out (satellite, fibre optics) have greatly improved and been made more efficient
  - An increasingly digitised global economy will force uptake for expanding Latin American businesses
- Smartphone contract costs in Mexico have reduced by c.50% over the last 12 months due to deregulation and competition from the incoming AT&T

# Positioning of key Latin American markets





LatAm Autos is exposed to the most advanced of the emerging geographies in Latin America with current internet penetration of 40-70% and growing car ownership

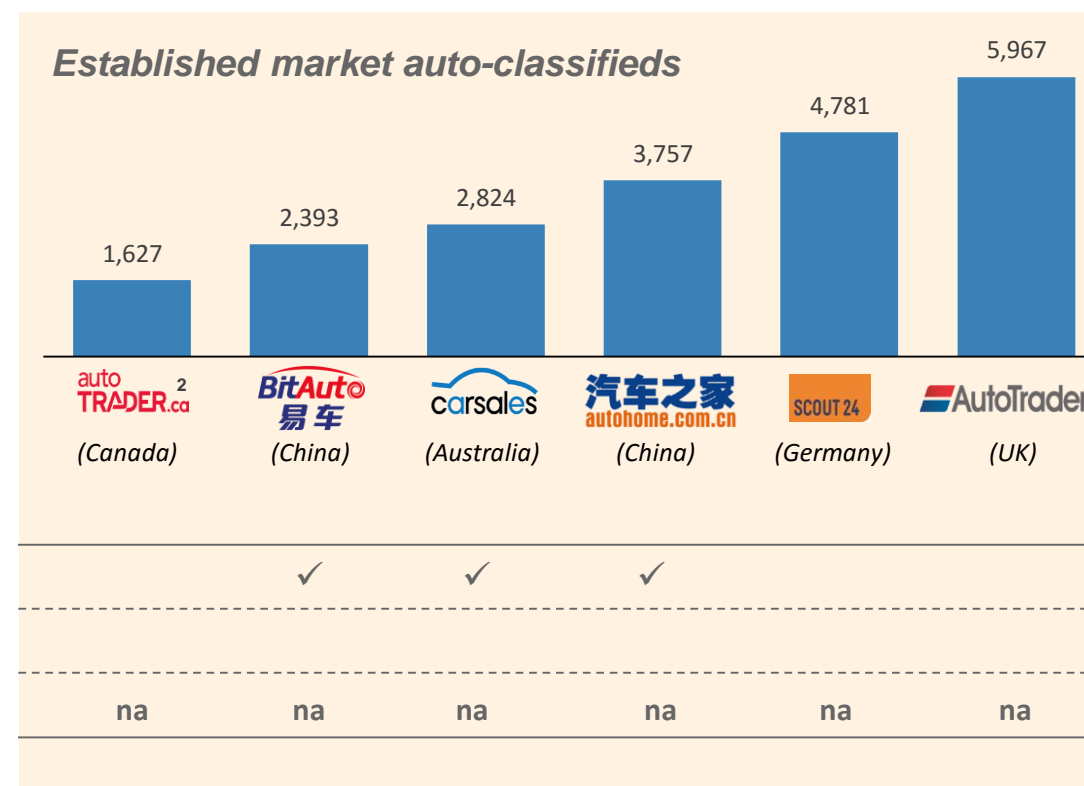
## Auto-classified demographics in Latin America



# Auto-classifieds listed universe

Limited exposure within peers to emerging markets – in addition the scale of the established market peers highlights the potential upside if LatAm Autos can build market share in Latin America

|                              |  |  |  |  |
|------------------------------|--|--|--|--|
|                              | Emerging markets peers   |  |  |  |
|                              | Potential for re-rating  |  |  |  |
| Market capitalisation (A\$m) | 67   | 91   | 108  | 423  |
|                              | <br>(Latin America) | <br>(Malaysia, Thailand, Indonesia) | <br>(Several emerging markets <sup>3</sup> ) |  <sup>1</sup><br>(Brazil) |
| Emerging market exposure     | ✓  | ✓  | ✓  | ✓  |
| Emerging markets-based team  | ✓  | ✓  |  | ✓  |
| EV/Revenue (2016)            | 5.7x   | 10.5x  | 20.1x  | na   |



Source: Management estimates, Bloomberg as at 25 October 2016

Notes:

1 Based on an average of broker valuations grossed up to 100% value (Ord Minnett, Deutsche Bank, Morgan Stanley, Commsec). (USD/AUD 0.69)







2 Based on the acquisition value of Trader Corporation (autoTrader.ca) by Thoma Bravo for C\$1.575bn announced 1 July 2016 (CAD/AUD 0.968)

3 Frontier Digital Ventures have interests in online classified businesses in Morocco, Mozambique, Ghana, DR Congo, Angola, Nigeria, Myanmar, Sri Lanka, Pakistan, Tanzania and Central America

# Recent auto-sector investment rounds

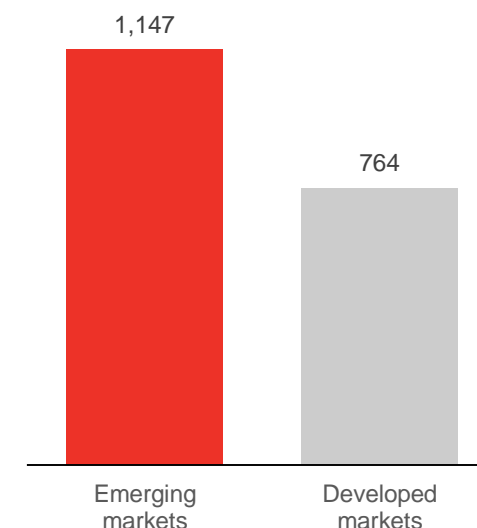
## Recent fundraising activity highlights the significant investor interest in the auto-classifieds start-up sector

- Over US\$1.9bn in private capital has been raised by automotive ecommerce companies across both emerging and developed markets
  - Volume of capital raised highlights the growing investor attention from the world's largest Silicon Valley venture capitalists
- LatAm Autos is implementing similar disruptive technology in the high growth Latin American automotive market

| Companies   | Funds raised   | Selected participating investors   |
|---|--|--|
|    | September 2016: <b>US\$50m</b><br>with US\$254m in total raised to date      | T. Rowe Price, Catterton Partners, General Catalyst Partners, Adams Street Partners, Allen & Company |
|    | August 2016: <b>US\$160m</b><br>with US\$300m in total raised to date        | na   |
|   | September 2015: <b>US\$50m</b><br>with US\$74m in total raised to date       | DST Global, Flight Ventures, Foundational Capital, AngelList, Capital Invent                         |
|  | August 2015: <b>US\$70m</b><br>with US\$149m in total raised to date         | Goldman Sachs, Draper Fisher Jurvetson, Highland Capital Partners, DCM Ventures                      |
|  | July 2016: <b>undisclosed amount</b><br>with US\$65m in total raised to date | Google Capital, HDFC Bank, Hillhouse Capital Group, RNT Associates, Sequoia Capital, Tybourne        |
|  | July 2016: <b>US\$24m</b><br>with US\$45m in total raised to date            | Basset Investments, Ford Smart Mobility, Microsoft Accelerator, Nokia, Sequoia Capital               |

### Total seed capital raised (US\$m)

*Automotive ecommerce companies that have raised capital in the last 12 months*

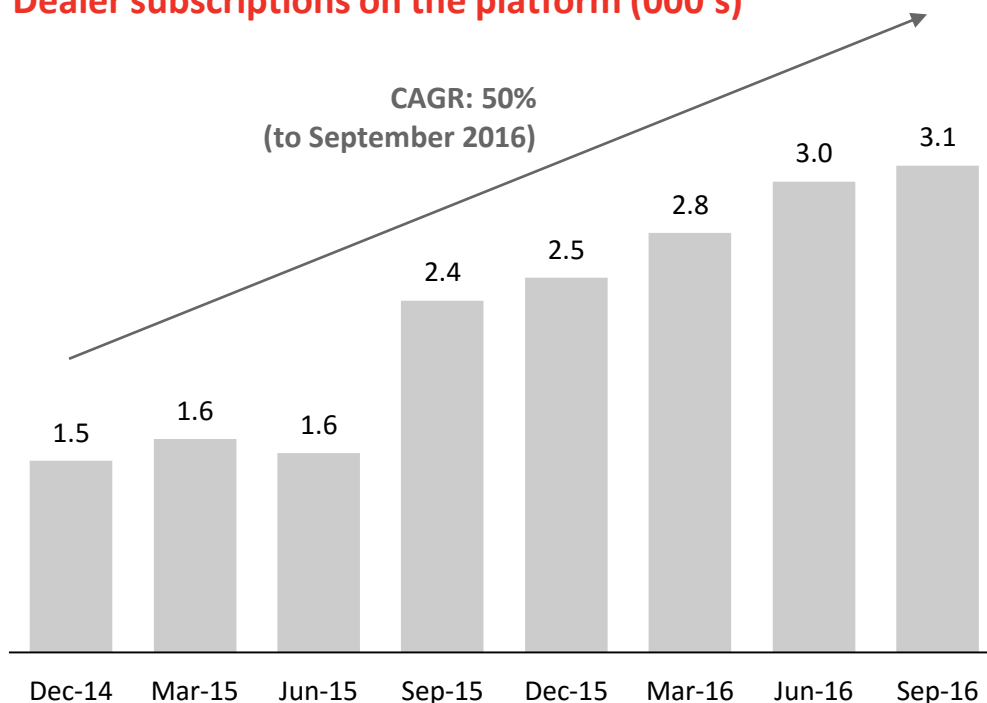


# Recent share price performance disconnect

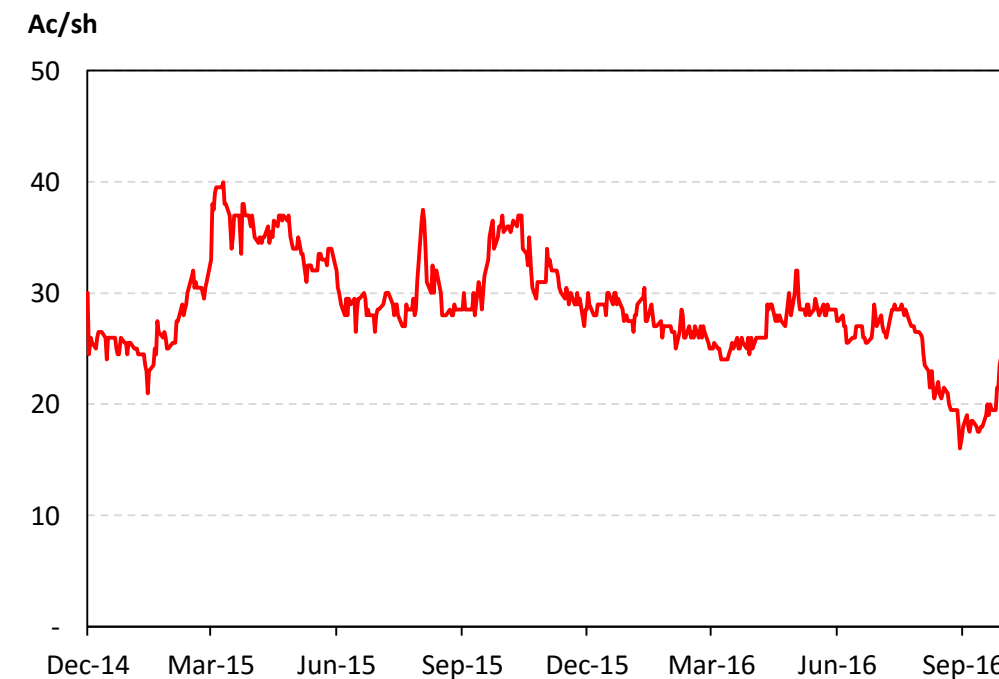
## Recent share price movements have not reflected continued operational achievements

- The LatAm Autos executive team have delivered strong growth in key operational metrics
  - Dealers on LatAm Autos platforms have grown by a CAGR of 50% since IPO
  - Inventory has grown at a CAGR of 68% since IPO
- Current revenue growth largely driven by the increase in dealer subscriptions

### Dealer subscriptions on the platform (000's)



### Share price disconnect



# Share price catalysts

**Monetisation of growing dealer user base and establishing new revenue streams the key focus for 2017**

## New revenue streams

- Unlock additional revenue streams including auto finance, insurance, payments, CRM, certification, valuation
- Strategic partner discussions underway to extract valuable ecosystem opportunities

## Leadership position

- Continue marketing in key geographies to consolidate #1 position

## Continued monetisation

- Focused on increased product depth and usage by growing dealer network

## Growth towards profitability

- Accelerate revenue growth by strengthening the LatAm Autos market position and reaching cash flow break-even

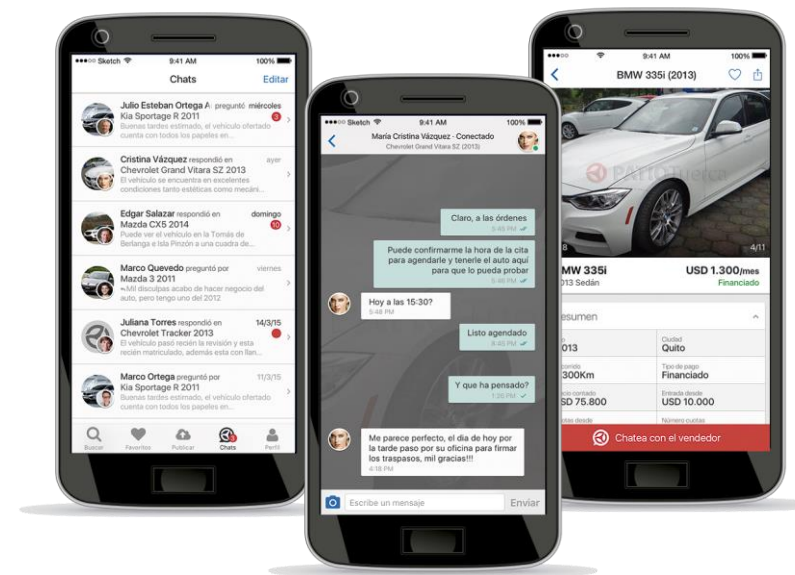
## Strategic partnerships

- Consolidate and progress strategic partnerships with leading online businesses



# Conclusion

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- **Accelerating path to profitability** with near term visibility of A\$30m p.a. revenue from both core auto-classifieds and related revenue streams
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For investor and media enquiries, please contact:

**Tim Handley**  
Executive Chairman  
P: +61 3 9692 7222  
E: [investors@latamautos.com](mailto:investors@latamautos.com)

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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' FY16 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.

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