

30 October 2019

## Record quarter for cash inflows and Motorfy Credit Mexico sales

**Melbourne and Mexico City - 30 October 2019:** LatAm Autos Limited (ASX:LAA) (“LatAm Autos” or “the Company”) has released its Appendix 4C for the September 2019 quarter (“3Q19”).

### Highlights:

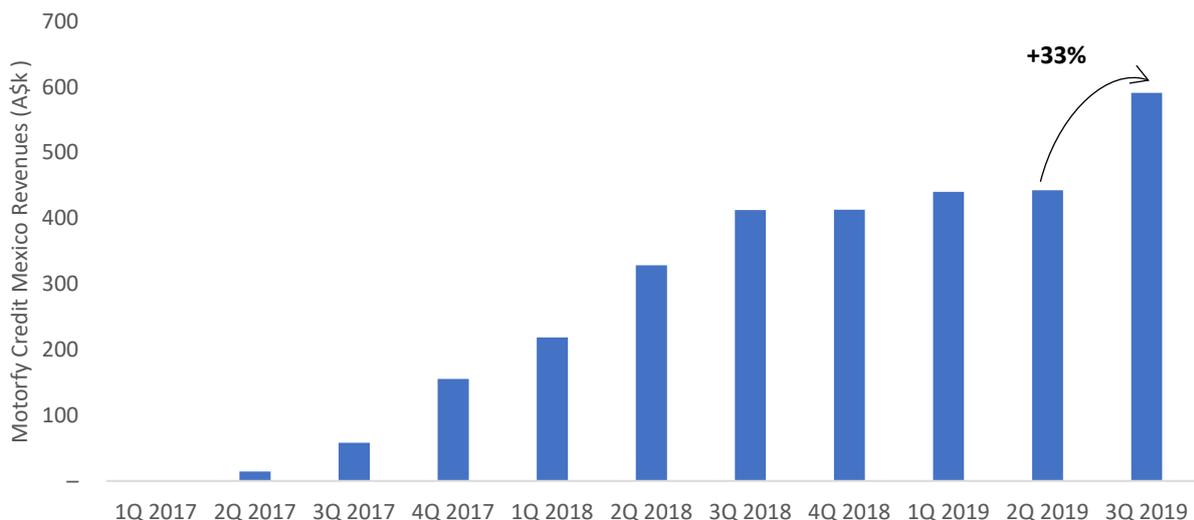
- **Receipts from customers grew to \$3.0m, up 29% on previous quarter (2Q19)**
  - Record inflows in Mexico (57% up 3Q18 “pcp”) were offset by soft inflows in Ecuador (28% down pcp)
- **Record sales of Motorfy Credit Mexico, up 33% on 2Q19**
- **Continued growth of leads to dealers from classifieds listings, up 100% on pcp in Mexico**
- **Excluding one-off net operational cash burn decreased by 8% on the previous quarter (2Q19)<sup>1</sup>**
- **Accelerated operational cost reduction initiatives will mostly be implemented in 4Q19 following strategic and operational review completed by the Board and Management**

### Financial Overview:

Cash inflows of \$3.0 million for 3Q19 was driven by strong growth from both Classifieds and FinTech products in Mexico, which grew 56% (FinTech grew 70% , Classifieds grew over 30%) on the previous quarter and 57% on pcp. Overall growth was offset by a soft quarter in Ecuador due to lower collections in the FinTech products as a result of prioritising more profitable products over top line growth.

The Company continued to invest in its FinTech products with growth in unit sales of Motorfy Mexico reaching record levels.

### Motorfy Credit Mexico revenues (Quarterly since launch, revenues unaudited in 3Q19)<sup>2</sup>

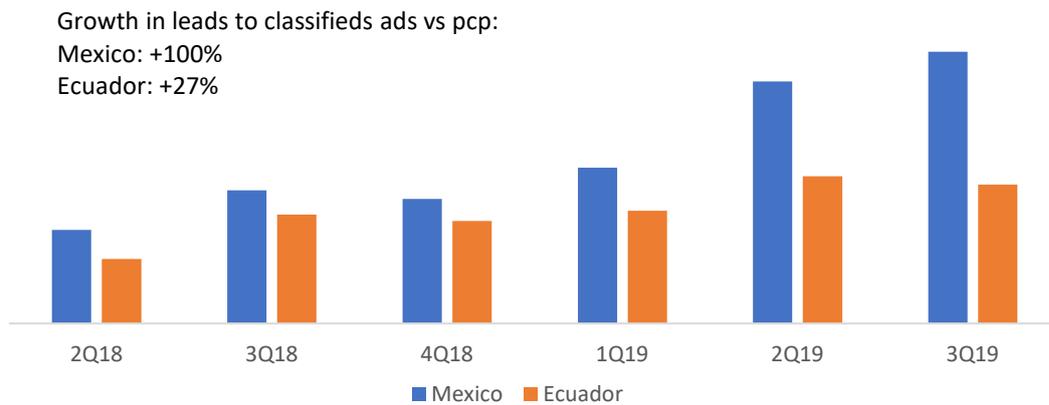


<sup>1</sup> Excludes one-off costs of severances and Argentina shut-down costs of \$0.2m

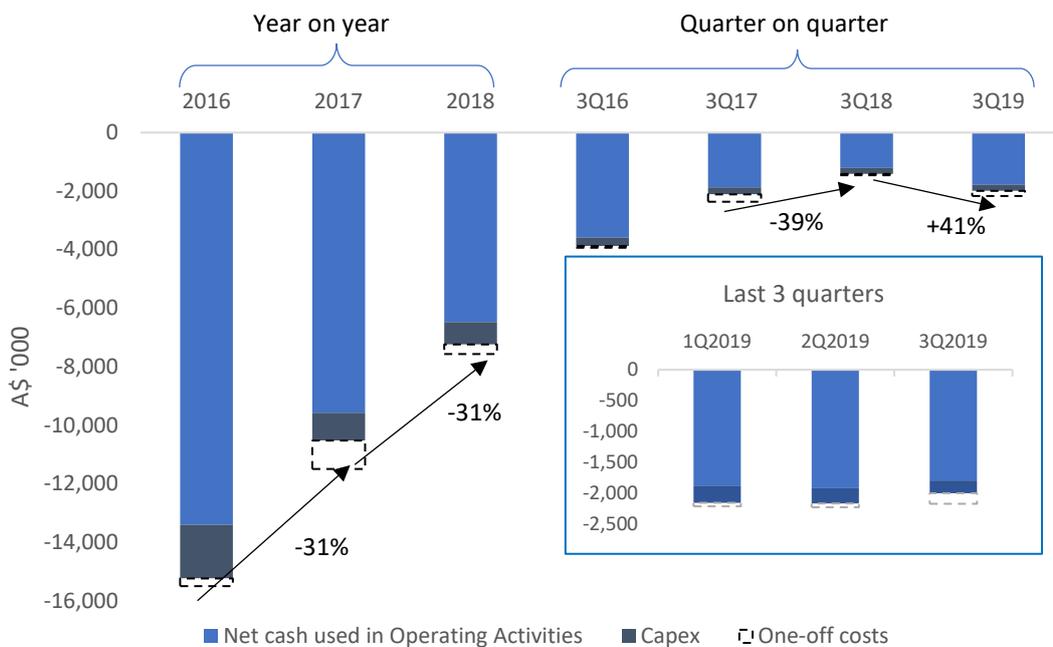
<sup>2</sup> This does not include any revenues from Insurance, GPS or Warranty products

Earlier this year the Company launched an innovative new product designed to streamline and improve the way dealers manage leads from multiple sources. Available exclusively to the Company's paying dealer network, the leads management system not only saves dealers time, by optimising their internal workflow, but maximises the potential returns from their classifieds listings on LAA's sites. The product has been positively embraced by the Company's dealers resulting in reduced churn and paid dealer growth.

**Chart 2: Leads to classifieds car listings grew 100% and 27% versus pcp (Mexico and Ecuador)**



In 3Q19, quarterly net operating cash outflows (excluding one-offs and including capex) were 8% lower compared to the previous quarter but increased 41% compared to 3Q18 due to additional outflows resulting from increased investment in Motorfy Mexico coupled with lower advertising inflows.



The Company had \$5.6m in cash balances at the end of September 2019 after raising \$2.7m in 3Q19 (which is in addition to raising \$3.2m in 2Q19)<sup>3</sup>.

### **Board and Management Strategic Review**

A strategic and operational review was conducted by the Board and Management in Mexico during 3Q19. The key outcomes of the review can be summarised into:

- Pursue rapid growth of FinTech products with primary focus on Motorfy Credit Mexico;
- Restructure of operational cost base overall;
- Target standalone cashflow break even in Classifieds business units.

The Company is beginning to roll out a number of cost reduction initiatives to support these key outcomes including continued strong growth in revenues particularly within Motorfy Mexico. The Company also continues to assess strategic opportunities in conjunction with its financial advisor Grant Samuel, in the context of maximising value for shareholders.

CEO and Managing Director Jorge Mejia commented:

“The Company was pleased with Motorfy Mexico’s record revenues in 3Q19 which was propelled by two record months of Motorfy Credit Mexico sales in 3Q19. This momentum has continued into 4Q19 and the Board and Management continue to be very enthusiastic about the opportunity that FinTech Motorfy products have in the vast and underserved Mexican market.

LAA is in the process of undergoing a cost restructure which is aimed to have minimal impact on revenues, achieve break-even of the Classifieds businesses on a standalone basis and continue strong growth in the Motorfy Mexico business.

Due to a number of structural reasons Motorfy has been scaled back in Ecuador, and the Company will focus on its dominant Classifieds business in that country.”

-Ends-

### **For more information, please contact:**

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

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<sup>3</sup> Excludes \$0.3m Director placement subject to shareholder approval



**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' FY20 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 Sep 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,966	7,879
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,412)	(3,254)
(c) advertising and marketing	(522)	(1,642)
(d) leased assets	-	-
(e) staff costs	(1,590)	(4,911)
(f) administration and corporate costs	(1,237)	(3,656)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	14
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)	-	-
- Severances	(153)	(240)
- One-off payments related with Argentina	(14)	(48)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,957)</b>	<b>(5,858)</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(51)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(201)	(677)
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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(205)</b>	<b>(728)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	2,771	5,970
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(211)	(388)
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 (Convertible notes repayments)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>2,560</b>	<b>5,582</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,205	6,600
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,957)	(5,858)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(205)	(728)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,560	5,582
4.5	Effect of movement in exchange rates on cash held		7
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>5,603</b>	<b>5,603</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	5,603	5,205
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,603</b>	<b>5,205</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	182
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	

Director's fees and salaries paid to directors during the September 2019 quarter.

7. <b>Payments to related entities of the entity and their associates</b>	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. <b>Financing facilities available</b> <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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(1,380)
9.3 Advertising and marketing	(381)
9.4 Leased assets	-
9.5 Staff costs	(2,108)
9.6 Administration and corporate costs	(1,184)
9.7 Other – (Capital raising costs and other employment outflows)	(293)
<b>9.8 Total estimated cash outflows</b>	<b>(5,346)</b>

\* 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: 30 October 2019

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.