



28 February 2019

## **LAA reports constant currency AUD revenue growth of +38% in core markets (+63% in Mexico and +17% in Ecuador). Cross Sell revenues grow 145%**

**28 February 2019, Mexico City:** LatAm Autos Limited (ASX: LAA) (“LatAm Autos” or the “Company”) is pleased to announce its financial statements and Appendix 4E for the year ending 31 December 2018.

2018 was a pivotal year for the Company as it continues its transformation to becoming a complete vehicle transaction marketplace (“VTMP”), where revenues from Cross Sell revenues grew 145% versus 2017, and 32% of Group revenues were generated from Cross Sell revenues in 2018 compared to 17% in 2017.

### **Highlights (year on year comparison):**

- In LAA’s core markets of Mexico and Ecuador revenue grew +38% in AUD constant currency terms, 63% and 17% respectively in each country
- Overall revenues (from continuing operations) were \$7.6 million (+36%), with Cross Sell revenues growing 145% and comprising 32% overall revenues
- At a group level, overall improvement in adjusted EBITDA of 13<sup>1</sup>%
- Reduction in annual net operational cash outflows (including capex and excluding one-off outflows) of 31%, highlighting continued progress to reaching operational cashflow positive target
- In Mexico, strong operational metrics<sup>2</sup> with total leads increasing +31%, and organic traffic growing 13%
- Revenue compound annual growth rate (CAGR) 32% per annum from FY15 to FY18 (Mexico CAGR 45%)

### **Financial Overview**

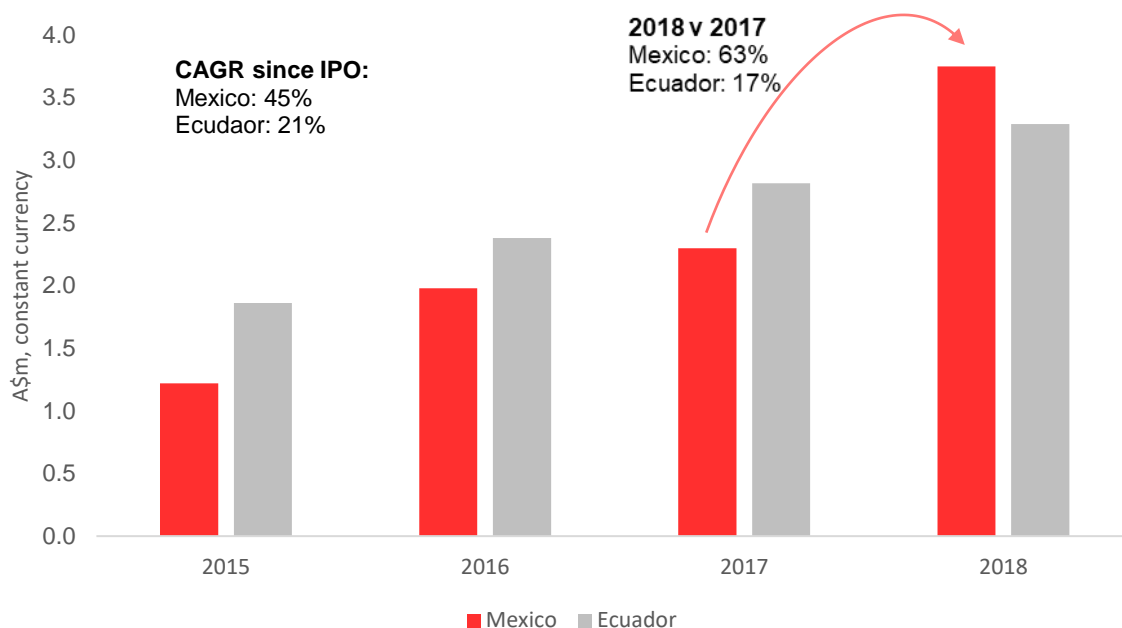
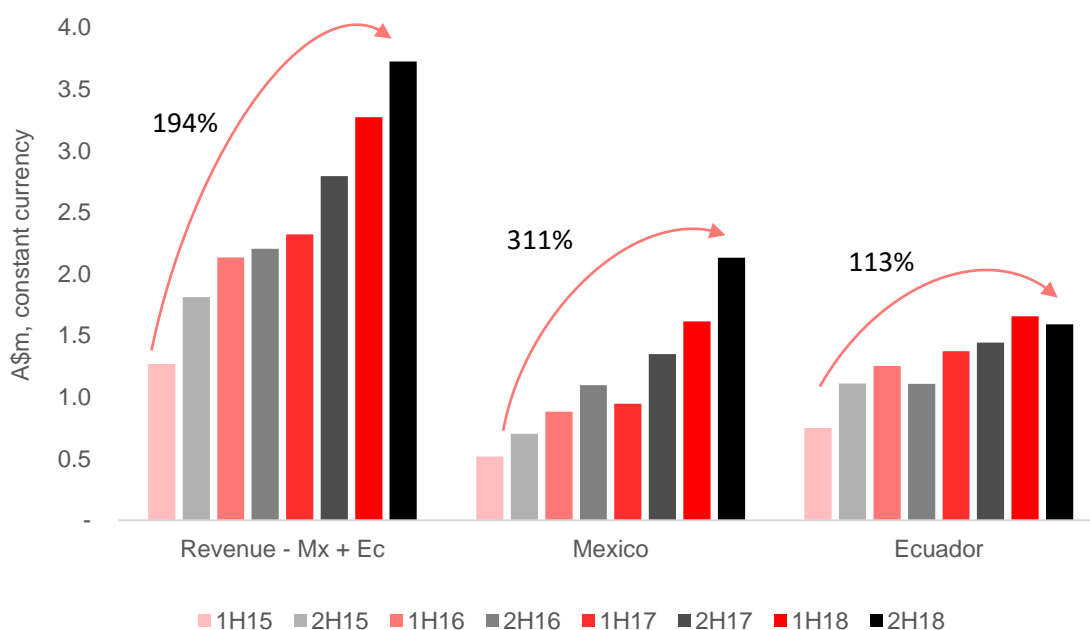
For the 2018 year, the Company achieved sales of \$7.6m (2017: \$5.9m) and adjusted EBITDA amounted to -\$7.9m (2017: -9.1m). This was the result of 63% revenue growth in Mexico and 17% in Ecuador (A\$ constant currency), combined with a slight increase in operating expenses (excludes share based payments under the STI and LTI employee incentive program).

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 revenue growth and improved payment terms, net cash outflows (net operating cash outflows plus capex and excluding one off outflows) reduced by 31% versus pcp.

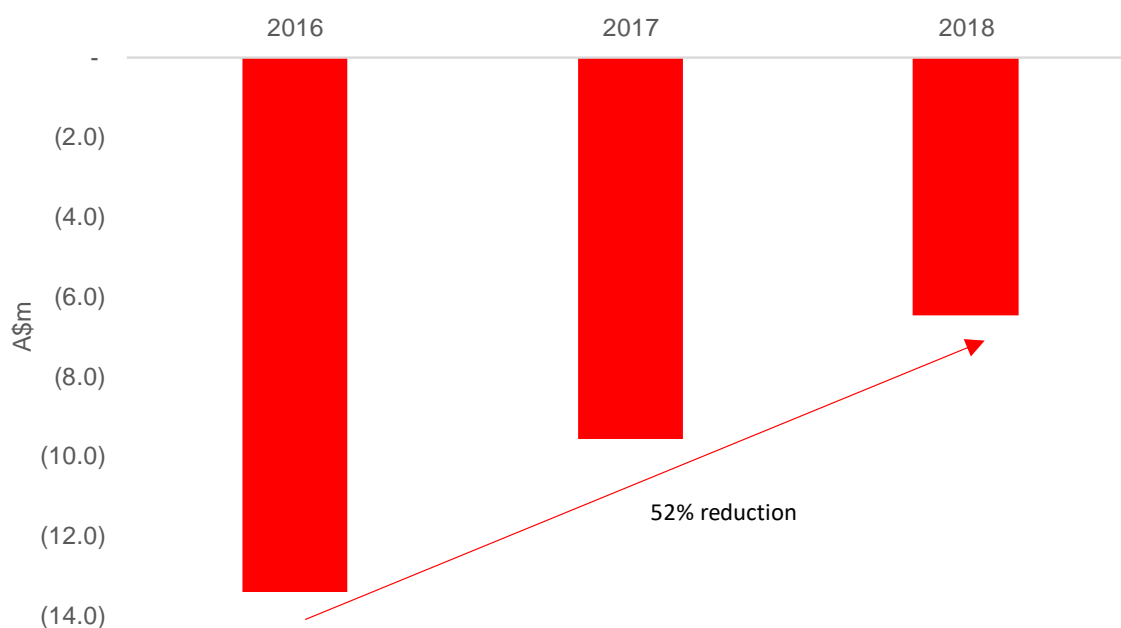
The Company remains committed to achieving a sustainable cash flow positive position with the key drivers being further growth in loan product sales through Motorfy platform, combined with continued growth in users on the Motorfy platform.

<sup>1</sup> Excludes share based payments under the STI and LTI employee incentive program

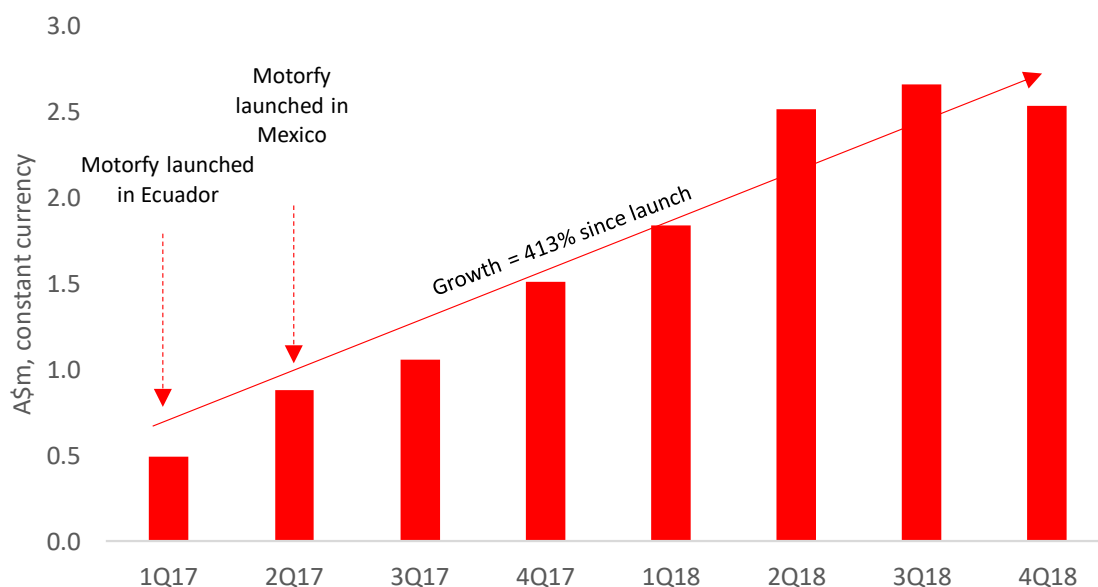
<sup>2</sup> Total leads includes all enquiries generated through classifieds portals including click to reveal seller details, and leads for Cross Sell products. Organic traffic refers to SEO.

**Chart 1: Annual revenues of core markets since IPO (A\$m, constant currency)****Chart 2: Half yearly revenues of core markets since IPO (A\$m, constant currency)**

Note: The charts above are depicted in constant currency terms. This means that the relevant exchange rates during 2018 of AUDMXN 14.60 and AUDUSD 0.7427 are applied retrospectively to illustrate the impact of growth without any currency conversion impacts.

**Chart 3: Annual net operating cash outflows (incl. capex and excl. one-off outflows, A\$m)**

Note: 2016 and 1H17 includes impacts from operating net cash outflows related to discontinued operations

**Chart 4: Annualised quarterly revenues of Cross Sell Products (only) (A\$m, constant currency)**

### Organic traffic growth

Growth in organic website traffic in 2018 was +13% in Mexico and +5% in Ecuador. In Mexico, January recorded the highest ever organic unique users (and second highest ever sessions) and Ecuador recorded its highest ever organic unique users and sessions.<sup>3</sup>

<sup>3</sup> SEO traffic



## **Motorfy Product Launches**

Each quarter, LAA is transforming itself to being a complete Vehicle Transaction Marketplace, providing a range of Cross Sell products to vehicle buyers. As announced at the end of January, the Company has launched a prime loan product in partnership with FinBe, a subsidiary of Grupo Bepensa ([www.bepensa.com](http://www.bepensa.com)), a large Mexican conglomerate. FinBe provides the Motorfy platform with its first prime loans, enabling the servicing of new car and prime used car loans, distributed through branded new car agencies.

As per the Company's practice with all finance and underwriting products it distributes across its platform on behalf of third-party providers, the Company does not assume any underwriting or credit risk.

Until now, LAA has focused on used car cross-sell products only, with the goal of offering finance products across the entire credit quality spectrum (prime, near-prime and non-conforming) and used car value add products (GPS tracking, insurance etc).

New loan products are a new Cross Sell product growth category and are expected to increase conversion rates of existing motor vehicle finance loan applications.

## **Management Commentary**

CEO and Executive Director of LatAm Autos Jorge Mejia commented,

*"The launch of our first prime loan product during 1Q19 is a great milestone for the company as we expand our product suite for the Motorfy platform. Integration of the new product is on track and initial customer feedback has been encouraging. We look forward to growing new car loan products as a new Cross Sell product category in 2019"*

-Ends-

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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).

## **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' FY19 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



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