



12 July 2019

LAA reports growth in 2Q19 cash inflows from Motorfy Mexico of +62% vs pcp, and +30% in Mexico dealer cash inflows. Launch of Motorfy pilot program with BBVA Mexico

Mexico City – 12 July 2019: LatAm Autos Limited (ASX: LAA), owner of Mexico's and Ecuador's leading dedicated auto classifieds and auto finance platforms, ("**LatAm Autos**" or the "**Company**") is pleased to announce its quarterly cash flow statement for the June 2019 quarter.

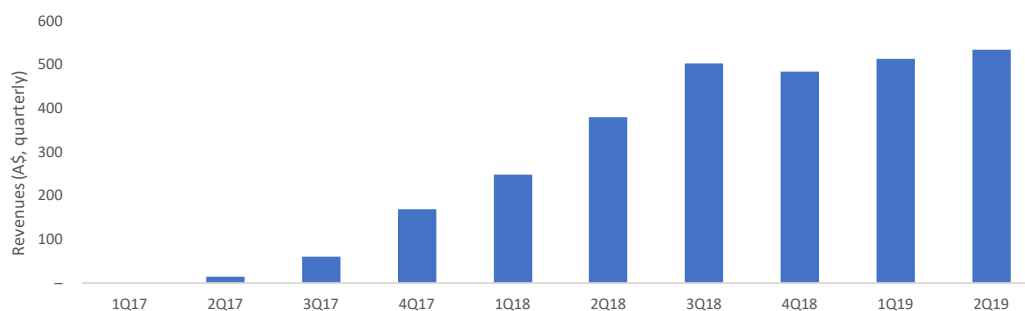
Highlights:

- **2Q19 cash inflows from Motorfy Mexico, the Company's core growth driver, increased +62% vs prior corresponding period (pcp), driven primarily by growth in loans and insurance¹**
- **Continuation of sequential and pcp growth trend in Motorfy product unit sales (15% vs 1Q19)**
- **2Q19 was the first full quarter of the new dealer lead management system, and saw a +158% increase in leads to classifieds clients in Mexico, and a corresponding 30% increase in cash inflows from car dealers vs pcp**
- **For the month of June, organic traffic² growth of 61% in Mexico and 66% in Ecuador versus pcp**
- **Continued development of new Motorfy loan products in conjunction with leading Mexican financial institutions, including a trial pilot program launched in June with BBVA Mexico³**
- **Overall, cash inflows growth in Motorfy Mexico during 2Q19 were offset by lower cash inflows from Ecuador and advertising inflows in Mexico. 1H19 cash inflows increased on pcp by 7%**
- **Overall, 2Q19 net operational cash outflows (excluding one-offs and including capex) were flat versus 1Q19**

Financial Overview

The Company reported cash inflows in the June 2019 quarter from its core markets of Mexico and Ecuador of \$2.2 million (\$2.3m including Peru), with inflows from Motorfy Mexico up 62%. Cash inflows from dealer classifieds in Mexico were also a highlight (+30% versus pcp), due to growth in total active dealers. Overall, growth in Motorfy Mexico during the quarter was offset by lower cash inflows from Ecuador and advertising revenues in Mexico.

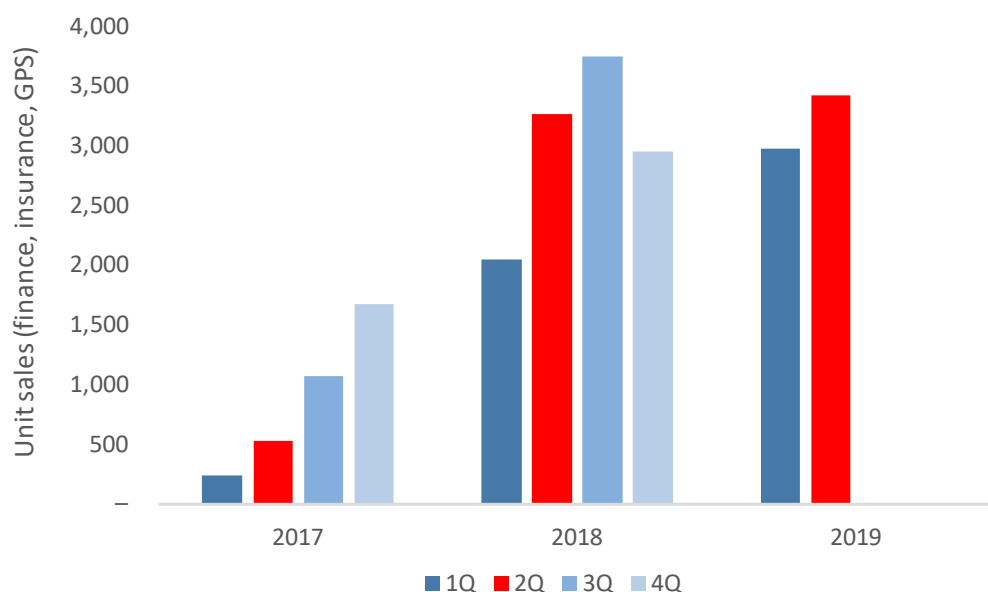
Chart 1: Motorfy Mexico revenues (Quarterly since launch, 2019 revenues unaudited)



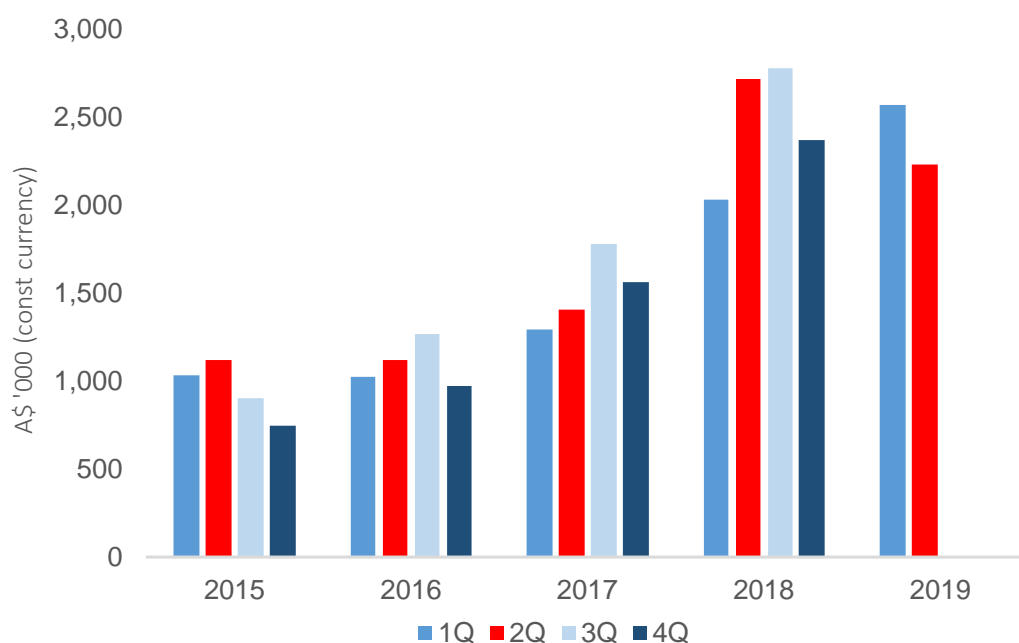
¹ Unaudited revenues grew 41% versus pcp

² SEO visits

³ If the pilot program is successful, this may lead to a contracted agreement

**Chart 2: Motorfy unit sales grew 15% during 2Q19 versus 1Q19 (Mexico and Ecuador)**

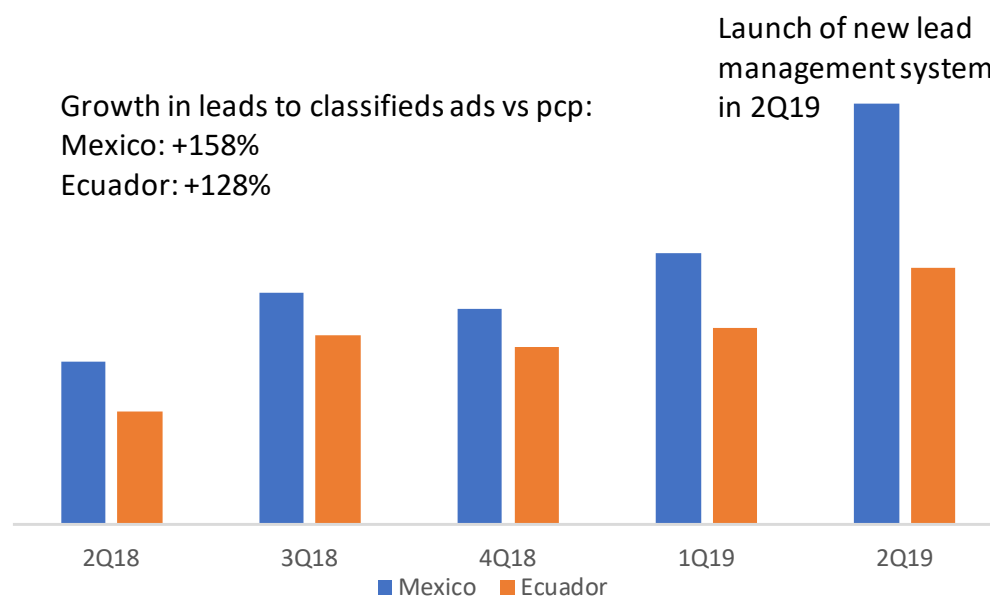
Motorfy unit sales highlights (2Q19 vs 1Q19) included an increase of 24% and 16% of Mexican loans and insurance respectively. Separately a pilot program⁴ has been launched with BBVA (Mexico's largest bank and auto lender), for online loan applications. In Ecuador, insurance increased 22% and the recently launched Motorfy Connect (the Company's new white labelled GPS tracking product) showed strong growth at the end 2Q19.

Chart 3: Cash receipts from customers (Mexico and Ecuador, constant currency⁵)

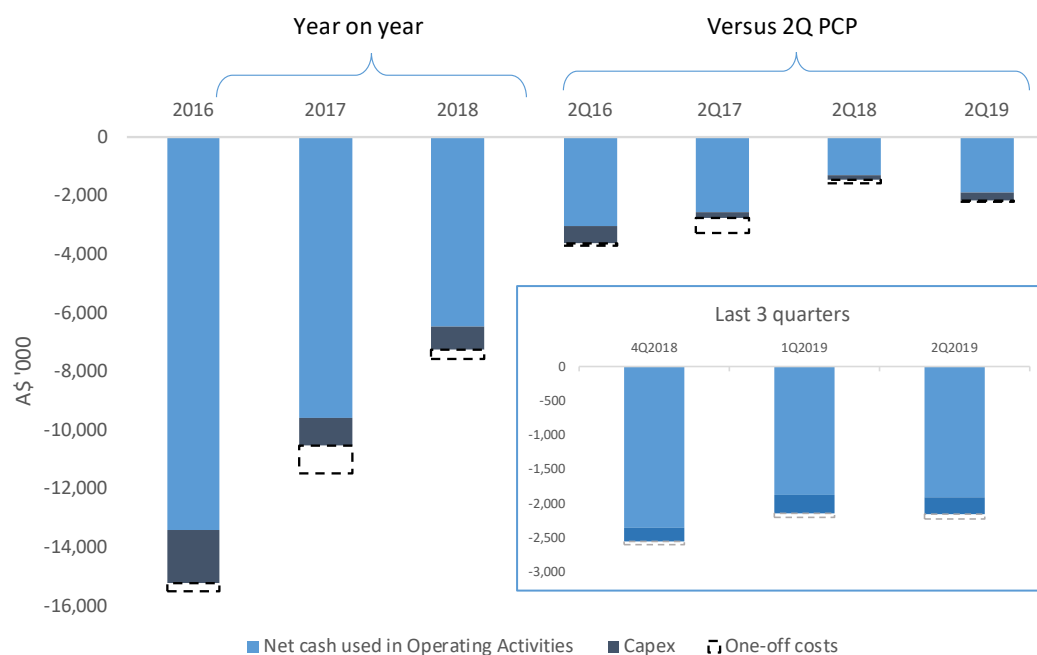
Cash inflows from the Motorfy Mexico, the Company's core growth driver grew 62%, but overall were offset by lower inflows in Ecuador and advertising in Mexico. Overall, 1H19 cash inflows increased by 7% versus pcp.

⁴ If the pilot program is successful, this may lead to a contracted agreement

⁵ The chart is depicted in constant currency terms using AUDMXN 13.50 and AUDUSD 0.7022 which are applied retrospectively to illustrate the impact of cash inflow growth without any currency conversion impacts.

**Chart 4: Leads to classifieds car listings grew 158% and 128% versus pcg (Mexico and Ecuador)**

During 2Q19, the Company launched a new lead management system for its dealer customers that allows users to choose how they receive leads from multiple sources. Several on site changes, combined with multiple ways for car buyers to send enquiries, resulted in a significant increase in leads sent to classifieds listings and growth (and lower churn) in paid dealer customers.

Chart 5: Net operational cash outflows (excluding one-offs and including capex)

Since the Company first launched its Motorfy products in 1Q17, quarterly net cash outflows have reduced by 36%. In 2Q19, quarterly net operating cash outflows (excluding one-offs and including capex) were flat compared to the previous quarter, though increased 46%



compared to 2Q18 due to additional outflows relating to Mexico based personnel and administration costs and lower advertising inflows.

The Company had \$5.2m in cash balances at the end of June 2019 after raising \$3.2m through placement to sophisticated and institutional investors⁶. The Company is currently undertaking a rights issue to raise up to an additional \$6.6m which is scheduled to close on 17th July 2019. See the announcement on 14th June 2019 for further details.

Ecuador Update

LAA's Ecuadorean business is the dominant auto vertical classified in Ecuador and continues to perform strongly in operating metrics versus pcp with organic traffic (+61%) and leads to classified ads (+128%). The Company has launched its own white label GPS tracking product Patiotuerca Connect, in partnership with Ecuador's leading vehicle tracking provider Hunter⁷ with unit sales beginning to increase at the end of 2Q19.

Additionally, the Company intends to launch a new consumer auto loan product in conjunction with Banco Pichincha (Ecuador's largest bank) during 3Q19, which has been identified as having higher potential for scalability compared to the existing secured loan product. The Company is continuing to enhance its lead generation sophistication for OEMs, in order to yield higher quality leads and revenues.

In Ecuador, 2Q19 cash inflows were lower due mainly to a softer outlook for the Ecuadorean economy, which impacted advertising spending by OEMs, dealers and consumers.

Motorfy Update

The Company continues to focus on distribution of loans through its dealer channel for an upfront fee from its product partners whilst not taking any credit or underwriting risk. Following the addition of prime and sub-prime loan products in the first half of 2019 to the Motorfy platform, Motorfy now has products for all types of loan applicant credit quality. Revenues from these new products are still in ramp-up phase as the Company focused on substantial technological integrations with each current financial partner in 1H19 to create a solid foundation for scaling unit sales in the second half of 2019 and beyond. The sophistication of integrations, time and resources invested to date, combined with the Company's leading positions in online classifieds markets represents a substantial barrier to entry to competitors.

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.

Management Commentary

CEO and Executive Director of LatAm Autos Jorge Mejia Ribadeneira commented:

"We are pleased to see continued growth in our largest market Mexico, and in our core growth driver, cross-sell unit sales. Also, we are pleased to see that motor vehicle dealers, our core customer, is generating higher revenues from both classifieds and cross sell unit sales. We

⁶ Excludes \$0.3m Director placement subject to shareholder approval

⁷ <http://www.hunter.com.ec/>



have provided our dealers with an expanded Motorfy product range combined with increased lead referrals, both of which have been historically shown to be leading indicators of future revenue growth.

During 1H19, our Motorfy business completed several important integrations and continuous improvement initiatives with our financial partners in both Mexico and Ecuador. We also continue to develop new Motorfy loan products and distribution capabilities in conjunction with leading Mexican financial institutions, an example of which is the launch of a pilot program with BBVA. In addition, our classifieds business continues to go from strength to strength, with important metrics such as organic traffic and lead generation improving substantially. Separately, we continue to explore a number of options to unlock the latent value which we believe exists for shareholders."

Addition of new Non-Executive Directors

During the quarter, the Company announced that two new Directors have agreed to join the Board of Directors, Donald Cahill and Joe Hanna.

Donald Cahill is a Canadian national with over 22 years' experience in the technology sector working for Brightstar (founding member, sold to SoftBank in 2014) and BBSS (a Softbank company). Mr Cahill currently works as an executive advisory role with BBSS, but also works identifying opportunities for Softbank's investment funds in the Americas. Mr Cahill is based in Silicon Valley and has a substantial understanding of the South American and Mexican markets.

Mr Cahill commented *"Latin America is experiencing significant innovation and disruption and I first hand am seeing the shift of new funds moving to the region. LatAm Autos is clearly one of the transformative companies leading this disruption and I'm excited to join the team."*

Joe Hanna is Australian with significant business experience in Latin America, most notably with Mitula. He has over 23 years digital product and technology experience and over 20 years in online classifieds and search experience. Mr Hanna founded 'Modern Search' which merged with 'Mitula Classifieds' in 2010. Mr Hanna was instrumental in the IPO of Mitula Group Limited on the ASX (ASX:MUA) in 2015 where he served as Non-Executive Director until it was sold in 2019 to Lifull (TSE:2120). Mr Hanna holds a Bachelor of Business (Hons), Computing major from the University of Victoria. Mr Hanna also serves as an Executive Director of ASX listed Real Estate Investar Group Limited (ASX:REV), a real-estate investment platform.

Mr Hanna commented *"Through my previous experience at Mitula, which has a significant presence in Mexico, I've seen the potential of the Mexican market from an online classifieds and fintech perspective, and LatAm Autos has developed a market leading business combining both. In Latin America, offering finance options to car buyers has been a key to success in classifieds business models"*

In addition to these changes, Tim Handley will transition to a Non-Executive Director role and Mike Fitzpatrick will assume role of interim Chairman until the Board appoints an independent Chairman.

-Ends-

For more information, please contact:

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+61 3 9692 7222
investors@latamautos.com

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' 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 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 Jun 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,306	4,913
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(769)	(1,842)
(c) advertising and marketing	(589)	(1,120)
(d) leased assets	-	-
(e) staff costs	(1,630)	(3,321)
(f) administration and corporate costs	(1,233)	(2,419)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	9
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	(54)	(87)
- One-off payments related with Argentina	(10)	(34)
1.9 Net cash from / (used in) operating activities	(1,975)	(3,901)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(23)	(47)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	(223)	(476)
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)	-	-
2.6	Net cash from / (used in) investing activities	(246)	(523)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	3,199	3,199
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	(177)	(177)
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)	-	-
3.10	Net cash from / (used in) financing activities	3,022	3,022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,400	6,600
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,975)	(3,901)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(246)	(523)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,022	3,022
4.5	Effect of movement in exchange rates on cash held	4	7
4.6	Cash and cash equivalents at end of quarter	5,205	5,205

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,205	4,400
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,205	4,400

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter
\$A'000

178

-

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

7. Payments to related entities of the entity and their associates	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. Financing facilities available <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. Estimated cash outflows for next quarter*	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs**	(1,244)
9.3 Advertising and marketing	(450)
9.4 Leased assets	-
9.5 Staff costs	(1,989)
9.6 Administration and corporate costs	(1,094)
9.7 Other – (Capital outflows related to the Capital Raise)	(385)
9.8 Total estimated cash outflows	(5,162)


* 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.

** Please note that “Product manufacturing and operating costs” are directly related to an increase sales

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: 12 July 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.