

9 January 2020

## **All-time record sales for the Company's core FinTech product, Motorfy Credit Mexico, and update on implementation of cost reduction program**

**Melbourne and Mexico City – 9 January 2020:** LatAm Autos Limited (ASX: LAA) (“LatAm Autos” or the “Company”) is pleased to announce that an all-time sales record in its Mexican credit FinTech business (“Motorfy”) was achieved again in November 2019 and Motorfy Mexico had a record for December in the Company’s history.

### **Highlights:**

- **4Q2019 was an all-time record for revenue for both Motorfy Credit Mexico and all Motorfy products combined in Mexico. Unit sales in 4Q2019 for the Motorfy Credit Mexico product increased 33% year-on-year (“YOY”) compared to 4Q2018**
- **December 2019 was also a record month in terms of unit sales for Motorfy Credit Mexico in a December:**
  - **17% growth YOY for the Motorfy Credit Mexico product over December 2018;**
  - **111% growth for the Motorfy Credit Mexico product over December 2017.**
- **All-time record unit sales for Motorfy Credit Mexico in November 2019:**
  - **71% growth YOY compared to November 2018;**
  - **16% growth month-on-month (“MOM”) compared to October 2019.**
- **Strong macro tailwinds with the number of used cars financed (by all banks and OEM financiers) in Mexico at an all-time high for the year-to-date to October, being 12% higher than the previous record in 2018<sup>1</sup>**
- **The operational cost reduction initiatives, announced on 30 October 2019, started to be implemented in November 2019, with total costs 10% lower in November 2019 than in October 2019. All major costs items contributed to the consolidated cost reduction**
- **As previously announced the Company is working with Grant Samuel Corporate Finance as its corporate advisor to assist the Board in considering a range of strategic initiatives aimed at maximising value for shareholders**

### **Commentary:**

Record Motorfy Credit sales continue in 4Q2019:

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<sup>1</sup> Source: Mexican Association of Auto Distributors ([www.amda.mx](http://www.amda.mx))

- 4Q2019 marked a record for revenues of Motorfy Credit Mexico and all the Motorfy FinTech products in Mexico. With November 2019 being a record month for revenues of the Motorfy Credit Mexico product. Additionally unit sales in 4Q2019 for the Motorfy Credit Mexico product increased 33% YOY compared to 4Q2018;
- Record unit sales of the Company's core FinTech product - Motorfy Credit Mexico - were achieved again in November 2019. Unit sales grew by 16% MOM from October 2019, and 71% compared to November 2018 units. The continued growth in sales highlights the impact of ongoing optimisations along with increased number of Dealers using Motorfy;
- Revenue from the Motorfy FinTech products contributed approximately 60% of LatAm Autos' total Mexican revenues in 2019, compared to approximately 10% in 2017, showing the rapid growth of the product and the Company's success in evolving a successful FinTech division;
- If LatAm Autos were a bank, it would be the fifth largest originator of used car loans in Mexico in terms of the number of credits it is responsible for disbursing<sup>2</sup>.

Cost restructure program yielding tangible benefits:

- LatAm Autos' cost reduction program, as announced to the ASX in late October 2019, started to yield benefits in November 2019, with consolidated costs declining 10% on the previous months. These costs savings were across all major expense lines

CEO and Executive Director Jorge Mejia commented:

"LAA achieved record unit sale numbers in November 2019 and for a December, in December 2019. It is especially pleasing to achieve record unit sales for Motorfy Credit Mexico in November 2019 when the total costs of the Company decrease by 10% in the same month.

Motorfy Credit Mexico continues to record strong growth, with unit sales in 2019 up 647% and 34% compared to the full years of 2017 and 2018 respectively. Even with this strong growth in 2019, Motorfy Credit Mexico – both in B2B and B2C forms - remains an extremely large market with very little penetration by banks and OEM financiers.

The Company continues to work with Grant Samuel Corporate Finance pursuing several interesting opportunities to maximise shareholder value.

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<sup>2</sup> Source: Mexican Association of Auto Distributors (www.amda.mx)

**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 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.