

03 February 2020

Appendix 4C Operational and Strategic Update

Melbourne and Mexico City – 03 February 2020: LatAm Autos Limited (ASX:LAA) (“LatAm Autos” or “the Company”) has released its Appendix 4C for the December 2019 quarter (“4Q19”).

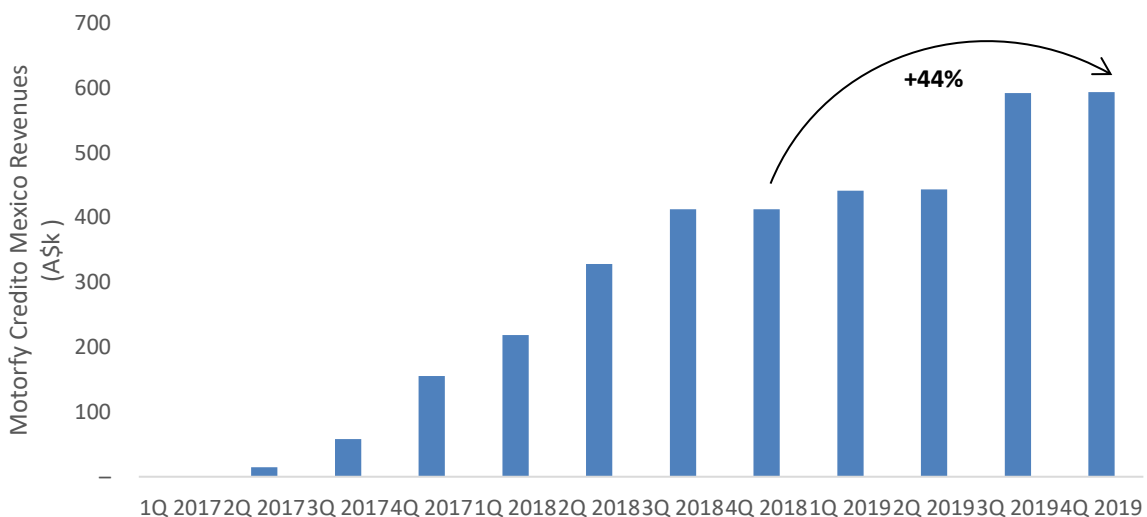
Key Points:

- **Record revenue from Motorfy Credit Mexico in 4Q19**
- **Continued growth of Leads to Dealers for classifieds listings, up 93% and 21% versus pcp in Mexico and Ecuador respectively**
- **Strong growth in SEO traffic to the Company’s Mexican classified site, seminuevos.com, up 25% versus pcp in 4Q19 with a strong record in January 2020 expected**
- **Cash balance at the end 4Q19 was \$3.1m**
- **Cost reduction initiatives implemented in 4Q19 will flow through in 1Q20**

Operational Performance:

The Company continued to invest in its FinTech products with growth in unit sales of Motorfy Mexico reaching record levels in 2019, 4Q19 and forecast unit sales in January 2020. Motorfy Credit Mexico unit sales grew 37% in 4Q19 versus pcp the the company expects to achieve 100% year on year growth in Jan 2020. The chart below illustrates the continuous growth of demand since inception.

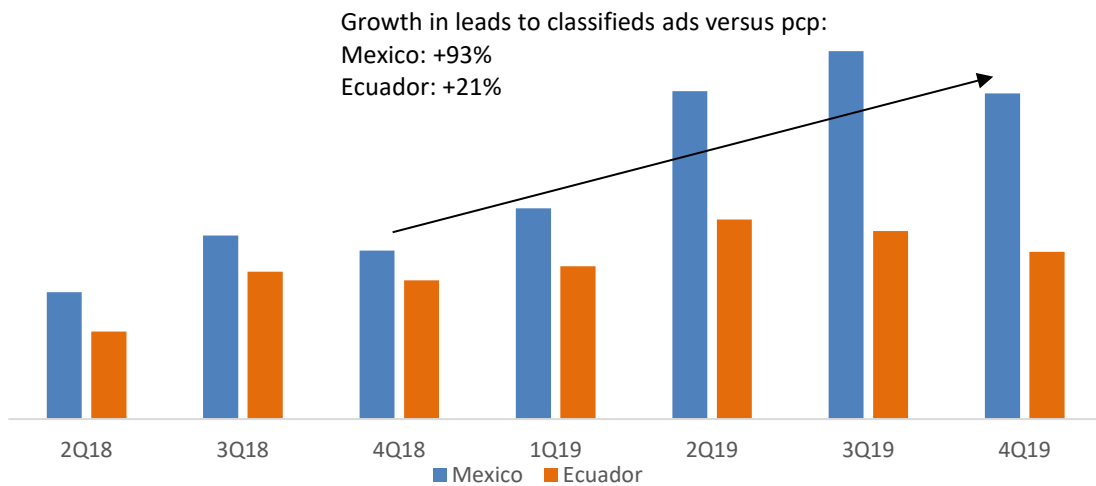
Chart 1: Motorfy Credit Mexico revenues (Quarterly since launch, revenues unaudited in 4Q19)¹



¹ This does not include any revenues from Insurance, GPS or Warranty products

An improved Leads program launched by the Company earlier in 2019 for its paying dealer network in both Ecuador and Mexico has helped the Company to reduce the churn in paid dealers. Resulting in 93% growth in Leads in Mexico in 4Q19 versus pcp. There was a dip in Leads in 4Q19 due to the seasonally low month of December.

Chart 2: Leads to classifieds car listings grew 93% and 21% in 4Q19 versus pcp in Mexico and Ecuador respectively

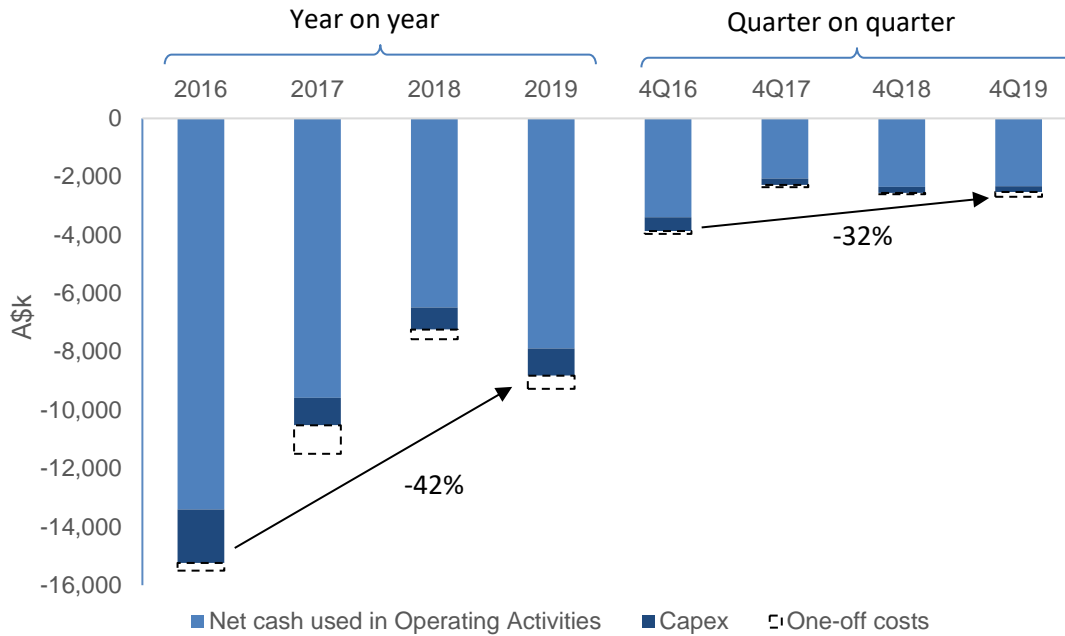


Financial Overview:

Receipts from customers of \$2.5m in 4Q19 was driven by strong growth from Motorfy products in Mexico, which grew 51% in revenue in 2019 compared to 2018. Ecuador had a lower contribution overall due to lower collections.

In 4Q19 quarterly net operating cash outflows (excluding one-offs and including capex) decreased slightly compared to 4Q18 as the Company continues its strong investment in Motorfy Mexico. As at 31 December 2019, the Company had cash balances of \$3.1m.

Chart 3: Year on year and Quarter on quarter changes in cash flows



Strategic Review of Operations:

The Directors believe that the market is not currently valuing the Company appropriately and as previously advised, continues to work with Grant Samuel in assessing a range of strategic options to maximise value for shareholders over the medium term.

CEO and Managing Director Jorge Mejia commented:

“The Company was pleased with Motorfy Mexico’s strong end to 2019 in addition to a promising start to 2020. The Board and Management continue to be very enthusiastic about the opportunity that FinTech Motorfy products have in the vast and underserved Mexican market. Additionally LatAm Autos continues to perform strongly in its Classifieds business in Mexico in terms of both Leads, SEO traffic and number of Dealers all being their highest in history in 4Q19. LAA is continuing with its aggressive cost restructure with the results to be seen in early 2020. The Company continues to have Motorfy Mexico as its focus for revenue growth while recognising the importance of strong Classifieds businesses in both countries.”

-Ends-

This announcement is authorised for release by the Board of Directors of LatAm Autos Limited.

For more information, please contact:

Joe Hanna, Non-Executive Director Gareth Bannan, CFO
+61 3 9692 7222 +61 3 9692 7222
investors@latamautos.com 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' 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")

31 Dec 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,548	10,427
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,235)	(4,489)
(c) advertising and marketing	(460)	(2,102)
(d) leased assets	-	-
(e) staff costs	(1,901)	(6,812)
(f) administration and corporate costs	(1,277)	(4,933)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	17
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	(137)	(377)
- One-off payments related with Argentina	(24)	(72)
1.9 Net cash from / (used in) operating activities	(2,483)	(8,341)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(12)	(63)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(191)	(868)
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	(203)	(931)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	253	6,223
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	(60)	(448)
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	193	5,775

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	5,603	6,600
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,483)	(8,341)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(203)	(931)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	193	5,775
4.5	Effect of movement in exchange rates on cash held	(6)	1
4.6	Cash and cash equivalents at end of quarter	3,104	3,104

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	3,104	5,603
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)	3,104	5,603

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	305
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 December 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	(1,200)
9.3 Advertising and marketing	(400)
9.4 Leased assets	-
9.5 Staff costs	(1,960)
9.6 Administration and corporate costs	(1,200)
9.7 Other - Capital raising costs (mainly)	(90)
9.8 Total estimated cash outflows	(4,850)

* 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: 31 January 2020

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.