Fostering the e-commerce ecosystem in LATAM

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Jacob Cohen Imach
General Counsel - Vicepresident of Legal & Public Affairs
Current e-commerce situation
eCommerce is still in very early stage in LATAM

Source: Comscore
The Latin American e-commerce market is still in early stages of growth relative to other major geographic regions.
Enormous opportunity: LATAM eCommerce market to double by 2018

Figures in US$ billions

<table>
<thead>
<tr>
<th>Year</th>
<th>Brazil</th>
<th>Mexico</th>
<th>Argentina</th>
<th>Rest of LatAm</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$23</td>
<td></td>
<td></td>
<td></td>
<td>$23</td>
</tr>
<tr>
<td>2014</td>
<td>$27</td>
<td></td>
<td></td>
<td></td>
<td>$27</td>
</tr>
<tr>
<td>2015</td>
<td>$31</td>
<td></td>
<td></td>
<td></td>
<td>$31</td>
</tr>
<tr>
<td>2016</td>
<td>$36</td>
<td></td>
<td></td>
<td></td>
<td>$36</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td>$41</td>
<td>$41</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td>$47</td>
<td>$47</td>
</tr>
</tbody>
</table>

CAGR: 15.5%

% of Total Retail
- Brazil: 2.1%
- Mexico: 2.4%
- Argentina: 2.7%
- Rest of LatAm: 3.0%

% of Total Retail (USA)
- Brazil: 7.4%
- Mexico: 8.2%
- Argentina: 9.0%
- Rest of LatAm: 9.9%

CAGR '13-'18
- Brazil: 20.2%
- Mexico: 9.5%
- Argentina: 17.3%
- Rest of LatAm: 14.1%

Source: Euromonitor International
Latin America has a Huge Opportunity

- Significant Consumer Base: +600 Million People
- Increase of internet adoption and fast growth of Internet User Base
  - 176.3 MM Of Online Users
- Expansion of mobile penetration
- High Level of Engagement of users
  - Latin Americans spend 21.7 Hours online per month
- Growing consumer trust of online retailers
But it has some challenges

- Varying consumer purchase behavior based on three key aspects of the online shopping process
  - Engagement measure by online usage
  - Product preferences
  - Purchase execution through different payment methods

- Underdeveloped infrastructure
  - Gap between online purchase and delivery
  - Rapid expansion of e-commerce was not matched by equivalent infrastructure growth

- Lack of or unfavorable regulations (Taxes, liability, etc.)
Democratization of commerce in LATAM

- YouTube
- Google
- Mercado Libre
- Twitter
- Facebook
The MercadoLibre e-Commerce Ecosystem

- Your own virtual store
- Logistics service
- Send & receive payments
- Advertise and grow your sales
MercadoLibre Overview
The Leading e-Commerce Company in Latin America

Leading the Latin America e-Commerce Revolution

<table>
<thead>
<tr>
<th></th>
<th>Gross Merchandise Volume¹</th>
<th>Total Payment Volume²</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$ 2.8bn</td>
<td>$ 383mm</td>
</tr>
<tr>
<td>2013</td>
<td>$ 7.3bn</td>
<td>$ 2.5bn</td>
</tr>
</tbody>
</table>

Net Revenues ($ in millions)

CAGR: 28.6 %
Growth: 12.3 %

1 Measure of the total US dollar sum of all transactions completed through the MercadoLibre Marketplace, excluding vehicles, vessels, aircraft and real estate
2 Measure of the total US dollar sum of all transactions paid for using MercadoPago
3 Take rate defined as Net Revenue divided by Gross Merchandise Volume
2.5 purchases and 2,000 searches per second

100 million registered users

7 millions of unique sellers in 2013

20 millions of unique buyers in 2013
21 millions of products available

83 millions of products sold for $7.3m in 2013

98% Fixed Price
89% New
70% B2C

Total Payment Volume of $2.5m in 2013
15% of our gross merchandise volume comes from mobile phones

+35m monthly unique visitors

Just launched MercadoPago app
A Major Player by World Standards as Well

Retail Worldwide Ranking (Millions of Unique Visitors)

#16

Source: ComScore April 2014
## Milestones and changes that boosted our growth

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auctions and used goods</td>
<td>Fixed priced and new products</td>
</tr>
<tr>
<td>C2C/Hobby sellers</td>
<td>SMB, brands, manufacturers, and large retail</td>
</tr>
<tr>
<td>Marketplace</td>
<td>E-commerce ecosystem</td>
</tr>
<tr>
<td>Closed technology</td>
<td>Open platform/APIs</td>
</tr>
</tbody>
</table>
Two years ago, we built and API, rewrote our properties on top of it, and then opened to 3rd parties.

And then, an entire ecosystem and economy was created on top of our Open Platform.
Multiple drivers to sustain growth

- Broadband and smartphone adoption
- Offline retail moving online
- Stable macro-economic outlook
- Access to credit

Secular Growth

- Marketplace
- Payments
- Advertisement / Mercado Shops
- Shipping and Fulfillment

Expanding Ecosystem

- Mobile
- Technology
- MELI Fund of $10m to invest in local startups
- M&A

Seed Future Investments
Public policies to help fostering the ecosystem

- Flexible and modern set of rules
- Multi-stakeholder effort and collaboration
- Public Policies
- Foster investment and development of the sector
- Increase adoption of ITCs, creation of local content and innovation
Conclusions

• E-commerce is still in very early stage in LATAM but it has a huge opportunity

• There are some challenges to be addressed

• Tremendous positive impact in the local economies and society

• Must create the environment and conditions to develop, foster and retain local talent, innovation, content and entrepreneurship

• Multi-stakeholder effort is needed
Thank You!

Jacobo Cohen Imach
General Counsel - Vicepresident of Legal & Public Affairs