

3 August 2018

## LAA launches new Cross Sell product – “Motorfy Garantias”, an extended warranty for new and used vehicles

**Mexico City – 3 August 2018:** LatAm Autos Limited (ASX: LAA) (“LatAm Autos” or the “Company”) is pleased to announce it has launched its own mechanical guarantee product in the Mexican market.

### Highlights:

- LAA has partnered exclusively with SNG Group to offer “Motorfy Garantias” used vehicle extended warranties as part of the Motorfy Cross Sell product suite
- Distribution is through the LAA dealer network as part of Motorfy Cross Sell product platform
- The addressable market is significant, with ~6.4 million used car sales per annum in Mexico
- Vehicle quality concerns are a common issue in the Mexican used car market
- Net revenue to LAA of the sale of one extended warranty product increases total loan ARPU by 23% as a result
- This new extended warranty product release expands Latam’s Vehicle Transaction Marketplace product offering

### Overview

LAA continues its transition to becoming an online vehicle transaction marketplace, involving the offer of a wide range of Cross Sell products to vehicle buyers and sellers.

LAA is pleased to announce a new Cross Sell product in partnership with SNG Group, a leading provider of mechanical warranties for new and used cars. Through the white label Motorfy Extended Warranties product, car dealer customers will be able to offer extended warranties to car buyers and sellers alike. The product is integrated directly to the Company’s payment gateway and internal CRM and will automatically form part of any financed vehicle through Motorfy, unless customers choose to opt out.

### Distribution

LAA will distribute its Extended Warranty through two channels:

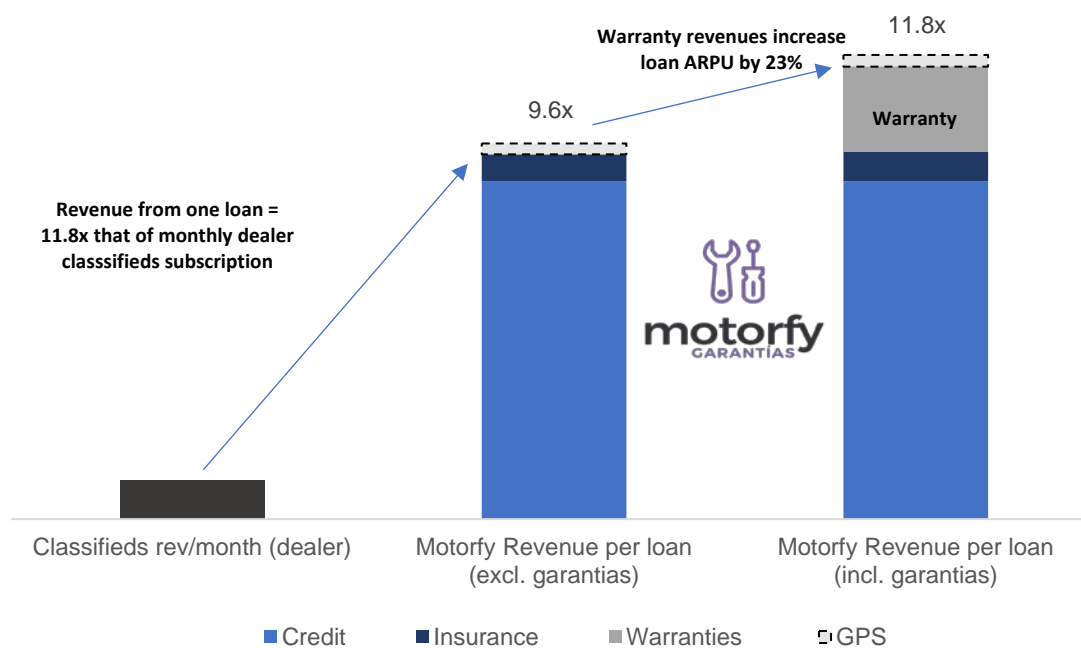
1. As a stand alone product (~6.4m used car sales in Mexico annually)
2. In conjunction with auto loans sold through Motorfy (increasing ARPU to LAA by 23%<sup>1</sup>)

### Cross Sell earnings leverage

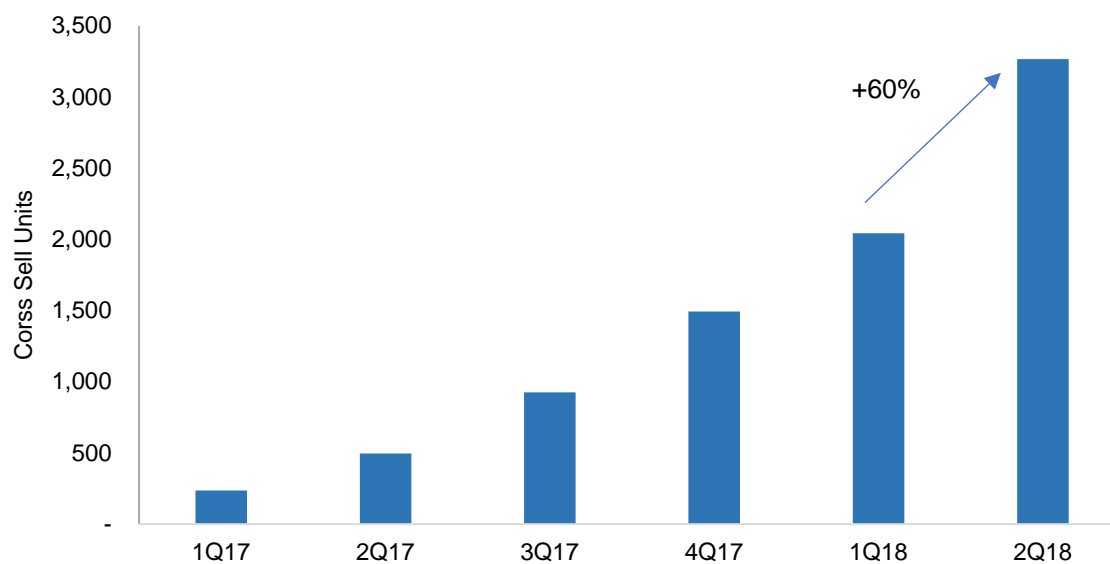
Cross Sell products provide high potential revenues relative to the revenue generated by traditional online classifieds. The chart below summarises the multiple of revenue available to LAA for the Motorfy Warranty Product relative to the average monthly revenues per dealer in the Mexican market.

<sup>1</sup> Notes 1: ARPU calculated as sum of all revenues to LAA related to Motorfy Credit including loan, insurance, GPS tracking and extended warranty commissions. ARPU in A\$ varies according to average loan size and currency translations.

**Chart 1: Revenue per Cross Sell product unit sale to LAA, versus dealer ARPU (classifieds only)**



**Chart 2: Cross Sell product sales volumes increased 60% compared to 1Q18**



## Car transaction marketplace

As evidenced in the chart above released in the 2Q18 cashflow update, LAA is transforming itself to being a complete vehicle transaction marketplace, providing a range of Cross Sell products to vehicle buyers.

Consequently, LAA expects that Cross Sell revenues will continue to grow both in absolute terms and as a proportion of total group revenues. Cross Sell revenues have grown rapidly in Mexico from formal launch in Jul-17 to 40% of total revenues in Jun-18 (in Ecuador they are 29% of total revenues since launch in Jan-17).

## Management commentary

CEO and Executive Director of LatAm Autos Jorge Mejia commented,

*"The Motorfy extended warranty product has been tailored to meet the requirements of the Mexican market and our customer's needs. Our objective is to allow car buyers to have further piece of mind when purchasing a vehicle (new or used).*

*We are excited about its potential, given early feedback from our dealer customers and the number of used car transactions in the Mexican market".*

-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' FY18 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.