

MERCADOLIBRE INC  
Form 10-Q  
August 04, 2017  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

-OR-

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from                      to

Commission file number 001-33647

MercadoLibre, Inc.

(Exact name of Registrant as specified in its Charter)

Delaware	98-0212790
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification Number)

Arias 3751, 7th Floor

Buenos Aires, C1430CRG, Argentina

(Address of registrant's principal executive offices)

(+5411) 4640-8000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

44,157,364 shares of the issuer's common stock, \$0.001 par value, outstanding as of August 1, 2017.

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Interim Condensed Consolidated Financial Statements

as of June 30, 2017 and December 31, 2016

and for the six and three-month periods

ended June 30, 2017 and 2016

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MercadoLibre, Inc.

Interim Condensed Consolidated Balance Sheets

As of June 30, 2017 and December 31, 2016

(In thousands of U.S. dollars, except par value)

(Unaudited)

	June 30, 2017		December 31, 2016
Assets			
Current assets:			
Cash and cash equivalents	\$ 382,791	\$	234,140
Short-term investments	206,165		253,321
Accounts receivable, net	24,733		25,435
Credit cards receivables, net	265,212		307,904
Loans receivable, net	25,290		6,283
Prepaid expenses	9,570		15,060
Inventory	1,034		1,103
Other assets	43,390		26,215
Total current assets	958,185		869,461
Non-current assets:			
Long-term investments	186,322		153,803
Property and equipment, net	130,594		124,261
Goodwill	94,118		91,797
Intangible assets, net	25,359		26,277
Deferred tax assets	58,065		45,017
Other assets	58,795		56,819
Total non-current assets	553,253		497,974
Total assets	\$ 1,511,438	\$	1,367,435
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 154,423	\$	105,106
Funds payable to customers	425,609		370,693
Salaries and social security payable	47,512		48,898
Taxes payable	22,084		27,338
Loans payable and other financial liabilities	18,240		11,583
Other liabilities	1,545		6,359

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Dividends payable	6,624		6,624	
Total current liabilities	676,037		576,601	
Non-current liabilities:				
Salaries and social security payable	19,179		16,173	
Loans payable and other financial liabilities	306,706		301,940	
Deferred tax liabilities	37,696		34,059	
Other liabilities	12,805		9,808	
Total non-current liabilities	376,386		361,980	
Total liabilities	\$	1,052,423	\$	938,581
Equity:				
Common stock, \$0.001 par value, 110,000,000 shares authorized, 44,157,364 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	\$	44	\$	44
Additional paid-in capital	137,982		137,982	
Retained earnings	591,227		550,641	
Accumulated other comprehensive loss	(270,238)		(259,813)	
Total Equity	459,015		428,854	
Total Liabilities and Equity	\$	1,511,438	\$	1,367,435

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

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MercadoLibre, Inc.

Interim Condensed Consolidated Statements of Income

For the six and three-month periods ended June 30, 2017 and 2016

(In thousands of U.S. dollars, except for share data)

(Unaudited)

	Six Months Ended June 30		Three Months Ended June 30,	
	2017	2016	2017	2016
Net revenues	\$ 590,455	\$ 357,274	\$ 316,529	\$ 199,644
Cost of net revenues	(250,045)	(128,794)	(144,975)	(73,346)
Gross profit	340,410	228,480	171,554	126,298
Operating expenses:				
Product and technology development	(60,639)	(46,157)	(30,338)	(24,216)
Sales and marketing	(123,786)	(68,020)	(76,856)	(35,337)
General and administrative	(59,808)	(37,910)	(31,498)	(20,841)
Impairment of Long-Lived Assets	(2,837)	(13,717)	(2,837)	(13,717)
Total operating expenses	(247,070)	(165,804)	(141,529)	(94,111)
Income from operations	93,340	62,676	30,025	32,187
Other income (expenses):				
Interest income and other financial gains	22,820	15,300	10,663	8,049
Interest expense and other financial losses	(12,977)	(12,315)	(6,506)	(6,631)
Foreign currency losses	(21,097)	(240)	(21,760)	(5,387)
Net income before income tax expense	82,086	65,421	12,422	28,218
Income tax expense	(28,252)	(19,316)	(7,106)	(12,360)
Net income	\$ 53,834	\$ 46,105	\$ 5,316	\$ 15,858

	Six Months Ended June 30		Three Months Ended June 30,	
	2017	2016	2017	2016
Basic EPS				
Basic net income				



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Available to shareholders per common share	\$	1.22	\$	1.04	\$	0.12	\$	0.36
Weighted average of outstanding common shares		44,157,364		44,157,151		44,157,364		44,157,341
Diluted EPS								
Diluted net income								
Available to shareholders per common share	\$	1.22	\$	1.04	\$	0.12	\$	0.36
Weighted average of outstanding common shares		44,157,364		44,157,151		44,157,364		44,157,341