

Mercadolibre

5 themes, and over \$6bn in incremental earnings

Reiterate Rating: BUY | PO: 2,000.00 USD | Price: 1,598.16 USD

MELI has considerable earnings power, in our view

We see large and easily identifiable opportunities across advertising, logistics, bad debt, wallet funding, and other markets. We also suggest scale, rising delivery densities, 1P (first-party) offers, and artificial intelligence are likely to fuel earnings power. The 5 themes explored in this note suggest a cumulative \$9.5bn EBIT and \$6.4bn net income opportunity for MercadoLibre (MELI) over the next 5 years (Exhibit 1). While we look for some reinvestment, we also look for a substantial portion to drive earnings growth. We fine-tune our estimates and reiterate our Buy rating.

Advertising could grow by over 5ppts of GMV

In 3Q23, MELI's advertising revenue was just 1.7% of GMV (gross merchandise volume) vs. 7.2% for Amazon. Every point of penetration represents more than \$400mln in EBIT on a 2023E GMV base, and we look for MELI to close its ad gap within 4-5 years, implying an incremental \$2.9bn in net income by 2028E (Exhibit 4).

Logistics currently a \$1.4bn EBIT drag

Infrastructure investment and free and expedited shipping generate best-in-class service levels and higher conversion for MELI merchants. MELI, however has yet to fully pass through these costs. As merchant value perceptions and market dynamics evolve, we look for MELI to transform a \$1.4bn cost to a modest profit center (Exhibit 5).

Bad debt runs a high 8% of originations

MELI's 8% bad debt on 3-month duration credits is highly likely to decline, in our view. We point to the purging of riskier cohorts, more measured client acquisition, improving principalty, and more efficient algorithms. A 2.8ppt bad debt reduction equates to about \$1.6bn in EBIT and \$1.0bn in net income by 2028E (Exhibit 6).

More efficient wallet funding

More than half of GMV and a third of off-platform TPV (total payments volume) is funded with costly, third-party credit cards. We suggest MELI capable of migrating half of existing credit card funding to in-ecosystem sources over the coming 5 years by improving its product stack, and adding loyalty incentives (Exhibit 7). We estimate third-party credit cards fees at \$1.4bn in 2023.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	1.67	9.58	19.86	31.84	45.30
EPS Change (YoY)	NM	473.7%	107.3%	60.3%	42.3%
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	957.0x	166.8x	80.5x	50.2x	35.3x
EV / EBITDA*	122.5x	54.9x	28.6x	26.5x	19.6x
Free Cash Flow Yield*	-1.2%	1.0%	1.7%	2.1%	2.7%

* For full definitions of *IQmethod*SM measures, see page 8.

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Refer to important disclosures on page 9 to 11. Analyst Certification on page 7. Price Objective Basis/Risk on page 7.

12644586

Timestamp: 11 January 2024 05:00AM EST

11 January 2024

Equity

Key Changes

(US\$)	Previous	Current
2023E Rev (m)	14,284.7	14,404.1
2024E Rev (m)	16,881.0	16,632.9
2025E Rev (m)	21,627.5	21,692.8
2023E EPS	19.76	19.86
2024E EPS	31.79	31.84
2025E EPS	45.02	45.30

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Stock Data

Price	1,598.16 USD
Price Objective	2,000.00 USD
Date Established	27-Nov-2023
Investment Opinion	C-1-9
52-Week Range	896.31 USD - 1,660.00 USD
Mkt Val (mn) / Shares Out (mn)	80,701 USD / 50.5
Free Float	95.8%
Average Daily Value (mn)	577.20 USD
BofA Ticker / Exchange	MELI / NAS
Bloomberg / Reuters	MELI US / MELI.OQ
ROE (2023E)	42.1%
Net Dbt to Eqty (Dec-2022A)	-51.7%
ESGMeter TM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "[BofA ESGMeter Methodology](#)".

iQprofileSM Mercadolibre

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	6.4%	12.5%	20.1%	19.8%	20.5%
Return on Equity	5.2%	28.7%	42.1%	43.2%	40.4%
Operating Margin	6.2%	9.8%	15.5%	14.4%	15.7%
Free Cash Flow	(1,006)	787	1,342	1,677	2,157

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	-4.6x	2.6x	1.9x	1.4x	1.2x
Asset Replacement Ratio	3.1x	1.1x	1.0x	0.9x	0.9x
Tax Rate	61.8%	38.2%	45.8%	37.1%	34.8%
Net Debt-to-Equity Ratio	-61.3%	-51.7%	-70.1%	-82.2%	-86.3%
Interest Cover	1.9x	3.2x	5.5x	7.2x	11.0x

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	7,069	10,537	14,404	16,633	21,693
% Change	77.9%	49.1%	36.7%	15.5%	30.4%
Gross Profit	3,005	5,163	7,329	8,484	11,133
% Change	75.8%	71.8%	42.0%	15.8%	31.2%
EBITDA	645	1,437	2,756	2,984	4,030
% Change	177.0%	122.9%	91.8%	8.3%	35.0%
Net Interest & Other Income	(200)	(254)	(393)	161	96
Net Income (Adjusted)	83	482	998	1,608	2,288
% Change	NM	478.8%	107.0%	61.1%	42.3%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	92	482	998	1,608	2,288
Depreciation & Amortization	204	403	527	591	616
Change in Working Capital	(1,657)	(1,418)	(1,323)	15	(246)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	979	1,773	1,665	(11)	73
Capital Expenditure	(624)	(453)	(526)	(525)	(574)
Free Cash Flow	-1,006	787	1,342	1,677	2,157
% Change	NM	NM	70.5%	25.0%	28.6%
Share / Issue Repurchase	1,034	(148)	(356)	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	595	1,064	335	610	1,243

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	4,457	5,702	6,818	9,106	12,505
Trade Receivables	3,137	4,780	6,903	8,523	11,724
Other Current Assets	581	471	768	925	1,216
Property, Plant & Equipment	807	993	1,140	1,074	1,032
Other Non-Current Assets	1,119	1,790	2,754	3,037	3,352
Total Assets	10,101	13,736	18,383	22,665	29,830
Short-Term Debt	1,285	2,131	2,591	3,201	4,445
Other Current Liabilities	4,551	6,430	9,791	11,802	15,344
Long-Term Debt	2,233	2,627	2,183	2,184	2,185
Other Non-Current Liabilities	128	206	288	339	430
Total Liabilities	8,569	11,908	15,467	18,142	23,018
Total Equity	1,532	1,827	2,916	4,524	6,811
Total Equity & Liabilities	10,101	13,735	18,383	22,665	29,830

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

Internet/e-Commerce

Company Description

MercadoLibre is Latin America's eCommerce leader, with a presence in 20 countries, including Brazil, Argentina, Mexico, Colombia, Chile and Peru. Its marketplace accounts for about 97% of GMV. The company also operates online classifieds with listings for real estate, vehicles, and services, and a shipping solution (MercadoEnvios). Its fintech arm includes online and offline payments processing and digital accounts (MercadoPago), and credit business (MercadoCredito). The shares trade on Nasdaq.

Investment Rationale

MELI is Latin America's eCommerce leader. Regional penetration rates remain low, and we see potential for growth. MELI is improving service levels and reducing frictions, and we see opportunities across verticals, including both marketplace and first-party commerce, advertising, loyalty, payments and fintech. Cross-border eCommerce threats appear to be fading quickly as political opposition to Brazil's \$50 de minimis for cross-border eCommerce escalates.

Stock Data

Average Daily Volume

361,166

Exhibit 1: We see 5 opportunities with the potential to generate an incremental \$9.5bn in EBIT and \$6.4bn in net income by 2028E

USD mn

	EBIT	Net Income
Advertising	4,174	2,863
Logistics	1,311	899
Credit	1,620	997
Wallet Funding	1,622	1,112
Other Markets	784	549
Total	9,511	6,420

Source: BofA Global Research

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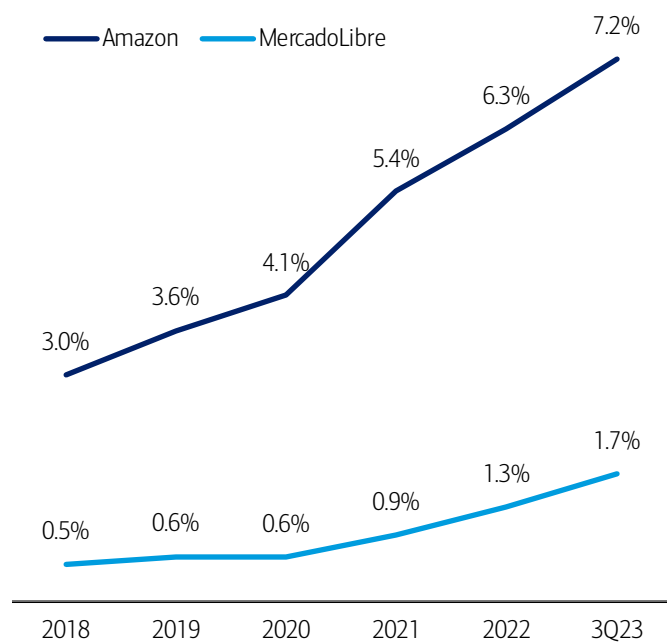
Ads: 75% margins, poised to accelerate?

Mercado Ads at 1.7% of GMV vs Amazon at 7.2%

MELI advertising penetration remains low, but is an exceptional, longer-term opportunity in our view. We attribute MELI's Ad Revenue/GMV gap vs. Amazon (Exhibit 2) to MELI's greater historical focus on optimizing GMV and user experience. Despite first launching advertising in 2009, sponsored listings were only introduced in 2015. Display ads with modest behavioral targeting algorithms were launched in 2016, and with no user interface. Key words were also historically assigned by conversion, reputation and seller handling time metrics, and did not include an auction mechanism.

Exhibit 2: MELI's 1.7% of GMV ad monetization lags AMZN by 5.5ppts

Advertising revenue, % of GMV

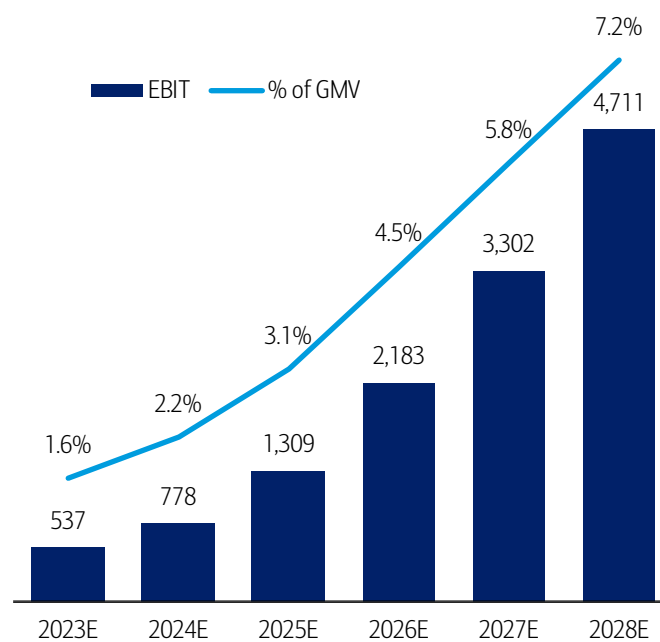


Source: Company filings, BofA Global Research

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Exhibit 3: Advertising could generate \$4.6bn in EBIT by 2028E

MELI advertising revenue, % of GMV, and EBIT, USD mn



Source: BofA Global Research

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Focus, product stack, attribution, buying mindset

While we look for MELI to retain its emphasis on user experience, we also believe its improved product stack, interface and analytics, greater focus on brands, and rapidly growing 1P (first-party) offerings likely to close MELI's 5.5ppt ad gap over the coming 4-5 years. Dominant marketplaces enjoy a rich traffic of consumers in a "buying mindset",

with unambiguous, closed loop attribution, high rates of conversion, and clear returns on advertising spend vs. alternatives. See [our deep dive into MELI's advertising opportunity](#).

Ads high margin, poised to accelerate, cookie deprecation

We currently estimate MELI's ad EBIT margins at about 75%. As a result, its 1.7% of GMV penetration suggests ads represented 5.1% of 3Q23 revenue and 21.1% of EBIT. While a build out of key account capabilities or a move to segment agency pricing could introduce some margin pressure, we believe Mercado Ads will likely continue to deliver one of the highest contribution margins across MELI verticals. MELI may also have some relatively low hanging fruit in 2024/25 as 2023 marketing efforts targeting major advertisers led ad allocation decisions, and MELI's interface, functionality and ease of use continue to improve. Google also began deprecating 3rd party cookies on January 4th, and is expected to eliminate all 3rd party cookies in 3Q24. About 80% of regional handsets are estimated to operate on Android. As a result, we look for alternative ad performance to suffer, potentially benefiting MELI and other marketplaces.

Exhibit 4: MELI's advertising business could generate an incremental \$4.2bn in EBIT and \$2.9bn in net income over the next 4 years

Mercado Ads, USD mn

	2023E	2028E	Increase	'28E/'23E
GMV	43,685	87,241		
Revenue	716	6,281	5,565	8.8x
% of GMV	1.6%	7.2%	5.6ppts	
EBIT	537	4,711	4,174	8.8x
EBIT Margin	75%	75%		
Net Income	368	3,232	2,863	8.8x

Source: BofA Global Research

BofA GLOBAL RESEARCH

Logistics: from cost to profit center?

Logistics an estimated \$1.3bn EBIT drag in 2023E

MELI has invested heavily in logistics over the last several years, adding new distribution infrastructure, and expanding free and expedited shipping. Investments have driven best-in-class service levels and higher conversion rates, accelerating market share gains. MELI shares the cost of free shipping with sellers, offers paid delivery options to consumers, and selectively uses fees to drive greater compliance. However, it has yet to monetize logistics, instead seeking to minimize frictions and accelerate fulfillment adoption while optimizing centralized inventory. We estimate net logistics costs at about 3% of GMV, implying a \$1.3bn EBIT drag in 2023E.

Monetization: costs, merchant perception, competition

We believe fulfillment monetization realizable, and an intermediate to longer-term opportunity. Keys to MELI monetization could prove to be further cost reductions, improved merchant perception of the value of fulfillment, and a competitive environment enabling easy pass-through. As fulfillment continues to scale, and MELI further grows and optimizes centralized inventory, we look for frequency, items per order and delivery densities to improve, lowering costs. Moreover, buyer adoption of MELI delivery days appears to be well above plan, promising to further lower last mile costs. Revenue from fulfillment and shipping services is estimated to represent more than half of Amazon's marketplace (3P) take rate, or 15%+ of 3P GMV. We estimate taking MELI from a loss to breakeven would generate an incremental \$1.3bn in EBIT, and \$1bn in net income.

Exhibit 5: Taking logistics from a loss to breakeven could add \$1bn to net income

2023E, USD mn

GMV	43,685
Logistics Costs, Net	(1,311)
<i>% of GMV</i>	<i>3.0%</i>
Net Income (Loss)	(899)

Source: BofA Global Research

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Considerable room to cut credit losses

Delinquency rates high, despite recent improvement

MELI's currently provisions close to 8% of total credit card transactions and loan originations for bad debt, a particularly high number in the context of an exceptionally short, ~3 month duration. We attribute historically high losses to MELI's relative short history of lending, rapid growth, and adverse selection. We also suggest MELI's exceptionally rapid Brazil growth was incentivized by a need to scale, build out data sets and improve lending algorithms in an attempt to more rapidly narrow competitive gaps with market leaders. Moving forward, we expect the purging of riskier cohorts, learnings and improved algorithms, loyalty efforts, product stack enhancements, a marketplace halo effect, growing principalty, and other factors to drive material reductions in bad debt.

MELI card launched w/ higher systemic risk, tough macro

In 2021 MELI moved aggressively to scale its credit card in Brazil, at more elevated adverse selection rates. Brazilian law is highly protective of consumers, contributing to higher systemic risk. MELI's move was also simultaneous to spikes in food inflation, sluggish job growth and high levels of existing and bad debt. And while we look for MELI to accelerate its Mexico card issuance from existing rates, we suggest a stronger economy, reduced indebtedness, reduced systemic risk, stronger algorithms and a higher existing data base of installment borrowers from which to grow.

Each 1ppt cut in provisions would add \$134mn to EBIT

Given the size of MELI's credit business (originations of \$13.4bn, gross portfolio of close to \$4bn in 2023E), every percentage point reduction in bad debt provisions in terms of of originations would add an estimated \$134mn to EBIT. A decline from about 7.8% to 5% of originations, which we believe to be very achievable, could add about \$1.6bn to EBIT and \$1.0bn to net income by 2028E. Luizacred, Magazine Luiza's JV with Itau, and Banco Carrefour provision about 4% of credit transactions, despite longer average durations. Lower bad debt would enable MELI to reprice credit, and increase originations. As a result, we do not model credit margin expansion.

Exhibit 6: A 2.8ppt reduction in provisions as a % of originations could add \$1.6bn to EBIT and \$1.0bn to net income by 2028E

USD mn

	2023E*	2028E	Difference
Originations, 2028E	57,179	57,179	
Provisions	(4,479)	(2,859)	1,620
<i>% of Originations</i>	<i>7.8%</i>	<i>5.0%</i>	<i>-2.8ppts</i>
After-Tax Provisions	(2,755)	(1,758)	997

*2023E provision levels as a % of 2028E originations

Source: BofA Global Research

BofA GLOBAL RESEARCH

Inefficient wallet funding may cost \$1.4bn

Product stack & loyalty could accelerate shift

More than half of all marketplace GMV and one-third of off-platform TPV is believed to be funded with third-party credit cards, implying credit card fees of about \$1.4bn in 2023E. We look for MELI's credit card introductions to gradually displace alternatives. We also suggest that the increased functionality of MELI's own fintech stack will



organically drive increased principality with users and the further replacement of costly third-party credit cards. Moreover, we suggest MELI increasingly well positioned to incentivize more efficient transaction funding with points, tokens or other economic or other loyalty-based incentives.

Exhibit 7: A shift away from third-party credit cards could save MELI \$1.6bn in processing fees by 2028E

USD mn

	2023E*	2028E	Difference
TPV, 2028E	667,284	667,284	
% Credit Card*	26%	13%	
Processing Fees	(3,243)	(1,622)	1,622
MDR (%)	1.9%	1.9%	
After-Tax Fees	(2,225)	(1,112)	1,112

*2023E credit card funding levels as a % of 2028E TPV; adjusted for TPV mix

Source: BofA Global Research

BofA GLOBAL RESEARCH

Another Mexico?

14 countries generate just 1% of direct contribution

MELI operates in 18 countries. Its 3 largest, Brazil, Mexico and Argentina, are individually disclosed, and Venezuela has been deconsolidated since the end of 2017. The remaining 14 countries generate almost no economic contribution. These markets, including Chile, Colombia, Peru and Uruguay, as well as several Caribbean, Central and South American countries, have a combined GDP comparable to Mexico. To date, MELI has largely limited its resource allocation to its “other” markets, however, we expect this to change as MELI developers leverage artificial intelligence over the intermediate term. We also suggest that generally less developed and less competitive markets position MELI to over-index in terms of its marketplace and other business verticals. “Other” markets are currently about one-third the size of Mexico in terms of GMV, with significantly lower take rates and margins. Should they reach Mexico’s current contribution levels, we estimate an incremental \$784mn in potential EBIT and \$549mn in net income.

Exhibit 8: “Other” markets could generate an incremental \$784mn in EBIT and \$549mn in net income by 2028E

USD mn

	2023E	2028E	Increase	28E/23E
Revenue	650	3,960	3,309	6.1x
Direct Contribution	52	837	784	16.0x
Contribution Margin	8.1%	21.1%	13.1ppts	
Net Income	37	586	549	16.0x

Source: BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk

Mercadolibre (MELI)

Our price objective of \$2,000 is based on a sum-of-the-parts exercise valuing commerce contributions at 0.9x 2025E gross merchandise value (GMV) and fintech revenue streams at 0.2x 2025E off-platform total payments value (TPV). Our benchmarks are at the higher-end of global peers (commerce 0.2-0.9x, fintech 0.1-0.2x), due to MELI's leadership and growth potential.

Risks to our price objective are slower economic growth, an erosion in investor sentiment, macroeconomic sluggishness, currency weakness or devaluation, political turmoil, competition or new market entrants, execution challenges, greater-than-anticipated margin investment, higher delinquencies, higher funding costs, rising working capital needs, technological problems, cost increases, regulatory difficulties, and tax changes.

Analyst Certification

We, Robert E. Ford Aguilar, CFA, Vinicius Pretto and Wellington Santana, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Latin America - Consumer Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alsea	ALSSF	ALSEA* MM	Robert E. Ford Aguilar, CFA
	Arcos Dorados	ARCO	ARCO US	Robert E. Ford Aguilar, CFA
	Arezzo & Co	XARZF	ARZZ3 BZ	Robert E. Ford Aguilar, CFA
	Assaí Atacadista	XFCXF	ASAI3 BZ	Robert E. Ford Aguilar, CFA
	Assaí Atacadista	ASAI	ASAI US	Robert E. Ford Aguilar, CFA
	Chedraui	GCHF	CHDRAUIB MM	Robert E. Ford Aguilar, CFA
	CVC	CVCBF	CVCB3 BZ	Robert E. Ford Aguilar, CFA
	FEMSA	FMX	FMX US	Robert E. Ford Aguilar, CFA
	FEMSA	FMXUF	FEMSAUBD MM	Robert E. Ford Aguilar, CFA
	Grupo SOMA	XNASF	SOMA3 BZ	Robert E. Ford Aguilar, CFA
	Hypera Pharma	XHPYF	HYPE3 BZ	Robert E. Ford Aguilar, CFA
	Kimberly-Clark de México	KCDMF	KIMBERA MM	Robert E. Ford Aguilar, CFA
	Lojas Quero-Quero	XZUXF	LJQQ3 BZ	Robert E. Ford Aguilar, CFA
	Mercadolibre	MELI	MELI US	Robert E. Ford Aguilar, CFA
	Natura &Co Holding SA	XZVAF	NTCO3 BZ	Robert E. Ford Aguilar, CFA
	Natura &Co Holding SA	NTCO	NTCO US	Robert E. Ford Aguilar, CFA
	RaiaDrogasil S.A.	RAIAF	RADL3 BZ	Robert E. Ford Aguilar, CFA
	Smartfit	XSMRF	SMFT3 BZ	Robert E. Ford Aguilar, CFA
	Track & Field	XWZRF	TFCO4 BZ	Robert E. Ford Aguilar, CFA
	Vivara	XUVZF	VIVA3 BZ	Robert E. Ford Aguilar, CFA
	Zamp S.A	XZMPF	ZAMP3 BZ	Robert E. Ford Aguilar, CFA
NEUTRAL				
	Alpargatas S.A.	SRDDF	ALPA4 BZ	Robert E. Ford Aguilar, CFA
	Cencosud	XCSCF	CENCOSUD CI	Robert E. Ford Aguilar, CFA
	Falabella	XDIYF	FALAB CI	Robert E. Ford Aguilar, CFA
	Grupo Carrefour Brasil	XLDPF	CRFB3 BZ	Robert E. Ford Aguilar, CFA
	Magazine Luiza	MGZZF	MGLU3 BZ	Robert E. Ford Aguilar, CFA
	Multilaser	XMTLF	MLAS3 BZ	Robert E. Ford Aguilar, CFA
	Petz	XUXUF	PETZ3 BZ	Robert E. Ford Aguilar, CFA
UNDERPERFORM				
	CBD	CBD	CBD US	Robert E. Ford Aguilar, CFA
	CBD	GPSAF	PCAR3 BZ	Robert E. Ford Aguilar, CFA
	El Puerto de Liverpool	ELPQF	LIVEPOLC MM	Robert E. Ford Aguilar, CFA
	Grupo Casas Bahia SA	GBXPF	BHIA3 BZ	Robert E. Ford Aguilar, CFA



Latin America - Consumer Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Lojas Renner SA	LORPF	LREN3 BZ	Robert E. Ford Aguilar, CFA
	Soriana	ONZBF	SORIANAB MM	Robert E. Ford Aguilar, CFA
	Walmex	WMMVF	WALMEX* MM	Robert E. Ford Aguilar, CFA
	Walmex	WMMVY	WMMVY US	Robert E. Ford Aguilar, CFA

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

EV / EBITDA

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of *iQmethod* are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

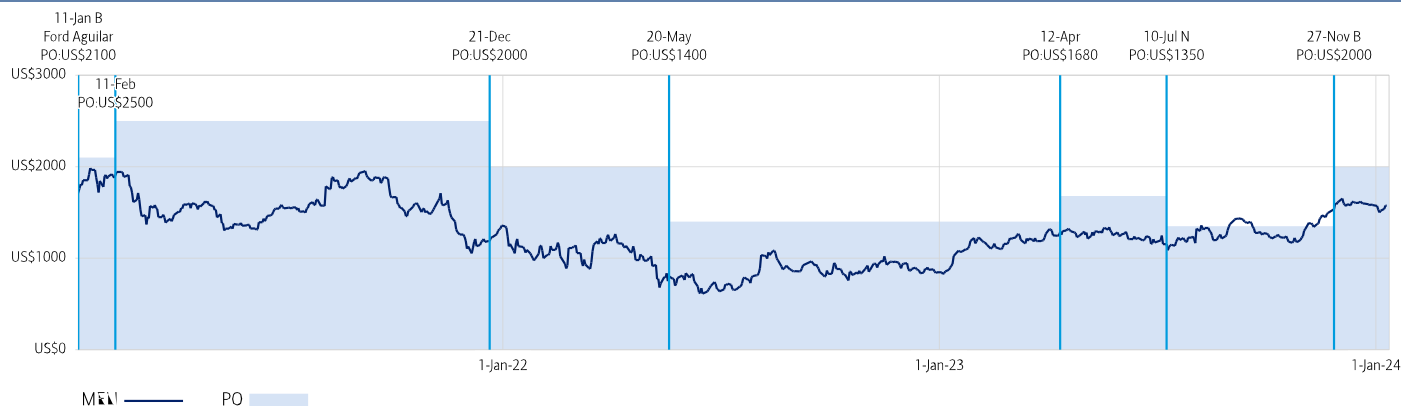
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Mercadolibre (MELI) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Financial Services Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	156	53.79%	Buy	94	60.26%
Hold	72	24.83%	Hold	48	66.67%
Sell	62	21.38%	Sell	35	56.45%

Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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