

MERCADOLIBRE INC
Form 10-Q
November 05, 2012
Table of Contents

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 September 30, 2012

-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)

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Delaware
(State or other jurisdiction of
incorporation or organization)

98-0212790
(I.R.S. Employer
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 Web site, 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, or smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
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.

44,150,920 shares of the issuer's common stock, \$0.001 par value, outstanding as of October 31, 2012.

Table of Contents

MERCADOLIBRE, INC.

INDEX TO FORM 10-Q

PART I. FINANCIAL INFORMATION

Item 1 Unaudited Condensed Consolidated Financial Statements

Condensed Consolidated Balance Sheets as of September 30, 2012 and December 31, 2011 4

Condensed Consolidated Statements of Income for the three and nine-month periods ended September 30, 2012 and 2011 5

Condensed Consolidated Statements of Comprehensive Income for the three and nine-month periods ended September 30, 2012 and 2011 6

Condensed Consolidated Statements of Cash Flows for the three and nine-month periods ended September 30, 2012 and 2011 7

Notes to Condensed Consolidated Financial Statements 8

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations 26

Item 3 Qualitative and Quantitative Disclosures About Market Risk 42

Item 4 Controls and Procedures 45

PART II. OTHER INFORMATION

Item 1 Legal Proceedings 45

Item 1A Risk Factors 47

Item 4 Mine safety disclosure 47

Item 6 Exhibits 47

INDEX TO EXHIBITS 49

Exhibit 3.1

Exhibit 3.2

Exhibit 10.1

Exhibit 10.17

Exhibit 31.1

Exhibit 31.2

Exhibit 32.1

Exhibit 32.2

EX-101 INSTANCE DOCUMENT

EX-101 SCHEMA DOCUMENT

EX-101 CALCULATION LINKBASE DOCUMENT

EX-101 LABELS LINKBASE DOCUMENT

EX-101 PRESENTATION LINKBASE DOCUMENT

EX-101 DEFINITION LINKBASE DOCUMENT

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

MercadoLibre, Inc.

Condensed Consolidated Financial Statements

as of September 30, 2012 and December 31, 2011

and for the three and nine-month periods

ended September 30, 2012 and 2011

Table of Contents**MercadoLibre, Inc.****Condensed Consolidated Balance Sheets**

As of September 30, 2012 and December 31, 2011

	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 98,171,852	\$ 67,381,677
Short-term investments	79,390,492	74,928,620
Accounts receivable, net	16,447,126	16,815,087
Credits Cards Receivables	39,799,359	23,855,689
Prepaid expenses	2,232,034	1,269,594
Deferred tax assets	10,655,188	9,131,638
Other assets	8,215,671	6,863,250
Total current assets	254,911,722	200,245,555
Non-current assets:		
Long-term investments	59,418,012	43,933,316
Property and equipment, net	35,217,386	30,877,719
Goodwill, net	61,357,722	62,093,948
Intangible assets, net	7,535,276	6,494,857
Deferred tax assets	6,137,545	6,491,646
Other assets	6,046,889	5,794,395
Total non-current assets	175,712,830	155,685,881
Total assets	\$ 430,624,552	\$ 355,931,436
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 24,298,361	\$ 20,251,313
Funds payable to customers	83,559,610	69,216,185
Salaries and social security payable	18,022,393	13,525,293
Taxes payable	12,598,869	11,633,178
Loans payable and other financial liabilities	124,753	146,194
Dividends payable	4,812,036	3,531,362
Total current liabilities	143,416,022	118,303,525
Non-current liabilities:		
Salaries and social security payable	4,139,830	3,844,172
Loans payable and other financial liabilities	74,937	136,227
Deferred tax liabilities	8,367,423	8,670,606
Other liabilities	2,520,584	1,797,890
Total non-current liabilities	15,102,774	14,448,895
Total liabilities	\$ 158,518,796	\$ 132,752,420

Commitments and contingencies (Note 7)

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Redeemable noncontrolling interest	\$ 4,000,000	\$ 4,000,000
Equity:		
Common stock, \$0.001 par value, 110,000,000 shares authorized, 44,150,920 and 44,142,020 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively	\$ 44,151	\$ 44,142
Additional paid-in capital	120,468,759	120,452,032
Retained earnings	192,668,273	135,726,188
Accumulated other comprehensive loss	(45,075,427)	(37,043,346)
Total Equity	268,105,756	219,179,016
 Total liabilities, redeemable noncontrolling interest and equity	 \$ 430,624,552	 \$ 355,931,436

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

Table of Contents**MercadoLibre, Inc.****Condensed Consolidated Statements of Income****For the three and nine-month periods ended September 30, 2012 and 2011**

	Nine Months Ended September 30, 2012		Three Months Ended September 30, 2011	
	(Unaudited)		(Unaudited)	
Net revenues	\$ 269,846,848	\$ 212,465,972	\$ 97,266,784	\$ 81,628,144
Cost of net revenues	(70,682,782)	(51,331,295)	(25,693,605)	(20,060,474)
Gross profit	199,164,066	161,134,677	71,573,179	61,567,670
Operating expenses:				
Product and technology development	(21,703,194)	(16,600,802)	(7,983,301)	(5,925,019)
Sales and marketing	(52,820,525)	(45,567,338)	(18,587,486)	(16,701,982)
General and administrative	(34,110,996)	(28,160,262)	(11,288,705)	(8,976,946)
Total operating expenses	(108,634,715)	(90,328,402)	(37,859,492)	(31,603,947)
Income from operations	90,529,351	70,806,275	33,713,687	29,963,723
Other income (expenses):				
Interest income and other financial gains	8,996,775	7,037,264	2,925,913	2,913,596
Interest expense and other financial losses	(864,477)	(2,562,633)	(312,860)	(1,052,865)
Foreign currency (loss)/gain	(477,499)	2,080,822	(193,529)	3,284,190
Other (loss) / income, net	(190,968)	253,148	(179,707)	(7,292)
Net income before income / asset tax expense	97,993,182	77,614,876	35,953,504	35,101,352
Income / asset tax expense	(26,893,425)	(22,439,967)	(9,885,607)	(8,804,905)
Net income	\$ 71,099,757	\$ 55,174,909	\$ 26,067,897	\$ 26,296,447
Less: Net Income attributable to Noncontrolling Interest	42,864	522	24,804	522
Net income attributable to MercadoLibre, Inc.	\$ 71,056,893	\$ 55,174,387	\$ 26,043,093	\$ 26,295,925

	Nine Months Ended September 30, 2012		Three Months Ended September 30, 2011	
	(Unaudited)		(Unaudited)	
Basic EPS				
Basic net income attributable to MercadoLibre, Inc. per common share	\$ 1.62	\$ 1.25	\$ 0.59	\$ 0.60
Weighted average shares	44,146,834	44,137,176	44,150,387	44,141,925
Diluted EPS				
Diluted net income attributable to MercadoLibre, Inc. per common share	\$ 1.62	\$ 1.25	\$ 0.59	\$ 0.60

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Weighted average shares	44,153,778	44,150,872	44,157,321	44,151,218
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The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

MercadoLibre, Inc.

Condensed Consolidated Statements of Comprehensive Income

For the three and nine-month periods ended September 30, 2012 and 2011

Nine Months Ended September 30, Three Months Ended September 30,