Mercadolibre

Fintech-Led Growth Fuels Profitability and Market Leadership

20 April 2026

Company Overview

Mercado Libre, Inc. (MELI) is a leading Latin American e-commerce, fintech, and logistics platform with market shares of 27% in Brazil, 68% in Argentina, and 14% in Mexico. Brazil remains the largest and most competitive market, while Mexico and Argentina scaling steadily.

Investment Overview

Fintech ecosystem accelerates as the primary earnings catalyst. Mercado Pago now contributes 45% of total revenue in 4Q25, with take rates remaining strong at 4.6% backed by record wallet engagement and credit scaling. The credit portfolio, surging 90% y/y to USD12.5bn, remains the dominant profit engine; risk-adjusted profitability is robust as NIMAL expanded to 23% (21% in 3Q25), supported by historic low NPLs of 4.4%. Dominant off-platform volume growth continues to outpace regional peers, solidifying MELI's position as the leading digital financial super-app.

MercadoLibre continues to demonstrate strong profitability while investing in scale to reinforce market leadership. In 4Q25, operating margins held at 10.1% despite aggressive spending on logistics and lower free-shipping thresholds, which drove user growth (+24% y/y to over 80 million buyers). Scale advantages are evident, with 75% of deliveries completed within 48 hours, strengthening its competitive moat. Margin pressures are being offset by high-margin segments, including 67% y/y growth in Advertising and 90% expansion in Credit. With low NPLs (4.4%) and strong customer satisfaction, MELI is effectively trading near-term costs for long-term engagement, positioning the platform for operating leverage and sustained growth into FY26.

Upgrade to BUY with TP of USD2,550. The new TP implies a 12-month forward EV/EBITDA of 24x, ~50% above peers' 16x, reflecting a stronger EBITDA CAGR of 28% vs peers' 20% over FY25–27F. Premium valuation is supported by sustained investments translating into stronger revenue drivers, underpinned by management's consistent execution and proven long-term track record in capturing growth opportunities.

Risks

Upside risk stems from a stronger fintech focus amid e-commerce competition. However, high inflation and elevated credit risk across Latin America remain key downside risks.

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Key Financial Data

Bloomberg Ticker	MELI US
Sector	Consumer Discretionary
Share Price (USD)	1,822.13
DBS Rating	BUY
12-mth Target Price (USD)	2,550.0
Market Cap (USDb)	92.4
Volume (m shares)	0.4
Free float (%)	99.8
Dividend yield (%)	-
Net Debt to Equity (%)	75.5
Fwd. P/E (x)	36.1
P/Book (x)	13.6
ROE (%)	36.0

Closing Price as of 16 Apr2026
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance

Source: Bloomberg

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Financial Summary (USDmn)

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	15,107	20,777	28,893	38,914	48,423
% y/y	*43.4*	*37.5*	*39.1*	*34.7*	*24.4*
Gross Profit	7,679	9,577	12,792	16,947	21,378
% y/y	*43.2*	*29.6*	*33.6*	*31.8*	*26.1*
EBITDA	2,731	3,248	4,019	4,756	6,353
% y/y	*90.1*	*18.9*	*23.7*	*18.8*	*33.7*
Net Profit	987.0	1,911	1,997	2,468	3,489
% y/y	*104.8*	*93.6*	*4.5*	*24.5*	*41.4*
FCF	4,631	7,058	10,773	8,864	11,375
% y/y	*86.4*	*52.4*	*52.6*	*(17.9)*	*24.8*
CAPEX	509.0	860.0	1,343	1,595	1,953
% y/y	*12.1*	*69.0*	*56.2*	*21.9*	*19.7*
EBITDA Margin (%)	18.1	15.6	13.9	12.2	13.1
Net Margin (%)	6.5	9.2	6.9	6.3	7.2
ROA (%)	6.3	8.9	5.9	5.2	6.0
ROE (%)	40.3	51.5	36.0	30.3	31.6
Tax Rate (%)	34.8	21.4	30.0	28.6	28.9

Source: Company, DBS

Valuation Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
P/E (x)	94.5	49.2	47.1	37.4	26.6
P/B (x)	30.8	21.6	13.9	10.1	7.3
Dividend Yield (%)	0.00	0.00	0.00	0.00	0.00
EV/EBITDA (x)	32.1	27.0	21.8	18.4	13.8
FCF Yield (%)	4.9	7.5	11.5	9.4	12.1
Dividend Per Share (DPS)	0.00	0.00	0.00	0.00	0.00

Source: Company, DBS

Credit & Cashflow Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (%)	173.7	157.4	168.8	134.5	118.4
Net Debt / Equity (x)	(0.6)	(0.5)	(0.7)	(0.7)	(0.7)
Debt / Assets (%)	30.2	27.2	26.7	24.1	22.6
Net Debt / Assets (x)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
EBITDA / Int Exp (%)	15.7	19.7	25.1	25.5	33.9
ST Debt / Total Debt (x)	0.5	0.4	0.4	0.5	0.5
Debt / EBITDA (x)	2.0	2.1	2.8	2.8	2.5
[Cash + CFO] / ST Debt (%)	5.1	5.6	5.6	5.0	5.1
Receivables Days	91.5	97.4	91.7	84.0	83.9
Inventory Days	5.8	5.2	7.2	6.8	6.8

Source: Company, DBS

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Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	19 May'25	2,585	2,800	BUY
2	21 May'25	2,579	3,000	BUY

Source: DBS
Analyst: Sachin Mittal

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HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
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**Share price appreciation + dividends*

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