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START-UP FUNDADA POR CHILENOS SE FUSIONA CON UNA PLATAFORMA DE E-COMMERCE HOLANDESA

Carey helps Chilean car sales start-up in international merger

Emily Darby

Carey has helped the two founders of Chilean car sales start-up Frontier Car Group merge its business with Dutch e-commerce platform OLX Group to form a used-car platform with a market valuation of US$1 billion.

Latin Lawyer could not identify other external counsel in the deal.

Through the transaction, Frontier and OLX have combined to form OLX Autos, which will operate as a used-car sales platform.

As a result of the merger, which took place on 22 September, the net worth of the new entity is understood to be above the US$1 billion mark.

Over the last two months, Latin America has seen several start-ups surpass the US$1 billion valuation mark, which categorises them as unicorns. Most recently, Mexican used-car start-up Kavak became a unicorn after receiving a US$225 million capital injection in October.

Frontier was founded in 2016 by Ignacio Detmer and Ricardo Donoso, with the aim of designing an innovative and easy-to-use platform for buying and selling used cars online, particularly in emerging markets, such as Latin America, Africa and Asia.

Newly formed OLX Autos is present in Argentina, Chile, Colombia, Ecuador, Peru and Mexico, while it will also operate outside Latin America in the US, Poland and India, among other locations worldwide.

The merger comes after OLX made a US$400 million investment in Frontier at the end of last year, bringing the company's valuation to US$700 million. The Dutch group is an online marketplace that sells furniture, electronic devices, cars and other goods with an average of

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around 8.5 million transactions per day.

OLX has extended its global presence to the Latin American car sales market through the transaction, while Frontier expects to continue to develop new technology and expand into new countries following the merger.

The platform will also capitalise on a drop in new car sales. Restrictions imposed due to the covid-19 pandemic and the impact of the global economic crisis have caused buyers to shop around for cheaper alternatives. New vehicle sales were down by 73% in April compared with the same month last year, according to Chile's automotive association (ANAC).

OLX is owned by Prosus, an Amsterdam-headquartered internet consumer group managed by South African conglomerate Naspers. The South African group's portfolio of e-commerce, fintech and social media platforms is worth some US$70 billion.

Digital marketplace and e-commerce start-ups in Latin America have been popular with investors recently. Brazilian e-commerce group VTEX became a unicorn in September after it received US$255 million in a funding round, while online payment fintech dLocal became Uruguay's first unicorn after an investment round that same month.

Counsel to Ricardo Donoso and Ignacio Detmer

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Partner Francisco Guzmán and associates Carlos Alcalde and Andrés Latorre