

Arcos Dorados

2Q 2022 Earnings

August 10, 2022



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Discussion Topics

- ✓ Key Highlights
- ✓ Divisional Sales
- ✓ Divisional Profitability
- ✓ Capital Allocation & Growth
- ✓ Three D's Strategy
- ✓ Recipe for the Future
- ✓ Wrap Up





Key Highlights

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15 Years of Arcos Dorados & 2Q22 Results

15 Years of Arcos Dorados



- ✔ Committed to the long-term, sustainable growth strategy.
- ✔ Grew to almost 2,300 restaurants, with free-standing units now 50% of the total footprint.
- ✔ Generated consistent unit sales growth, navigated tough economies and improved results.
- ✔ Built the QSR industry's leading Digital platform.
- ✔ Favorite Brand and Top of Mind much higher vs. main competitors, especially in Brazil.
- ✔ Benefitting from structural competitive advantages to sustain current momentum.

Second Quarter 2022 Key Highlights



Total Revenue
\$883.9m

Systemwide Comparable Sales
+47.9%

Adjusted EBITDA
\$92.4m
10.5% margin

Digital¹ Sales Contribution
41.0%

Net Income
\$15.6m
\$0.07 per share

Restaurant Openings
14

Robust Revenue Growth

- Volume growth continues to drive topline expansion
- Offering good value without pressuring local inflation
- Market Share and Brand Preference remain strong

Three D's Strategy Driving Results

- Highest ever App-generated sales
- Highest ever Delivery sales
- Sustained Drive-thru sales growth

Four Record Quarters in a Row

- Record US dollar Adjusted EBITDA for a second quarter
- Sales growth above inflation leading to operating leverage
- 230 bps margin expansion versus 2Q 2021; or 430 bps excluding last year's tax credit in Brazil

Note: Financial results exclude Venezuela

¹Delivery, Mobile App and Self-order Kiosks

²Constant Currency



Sales Highlights

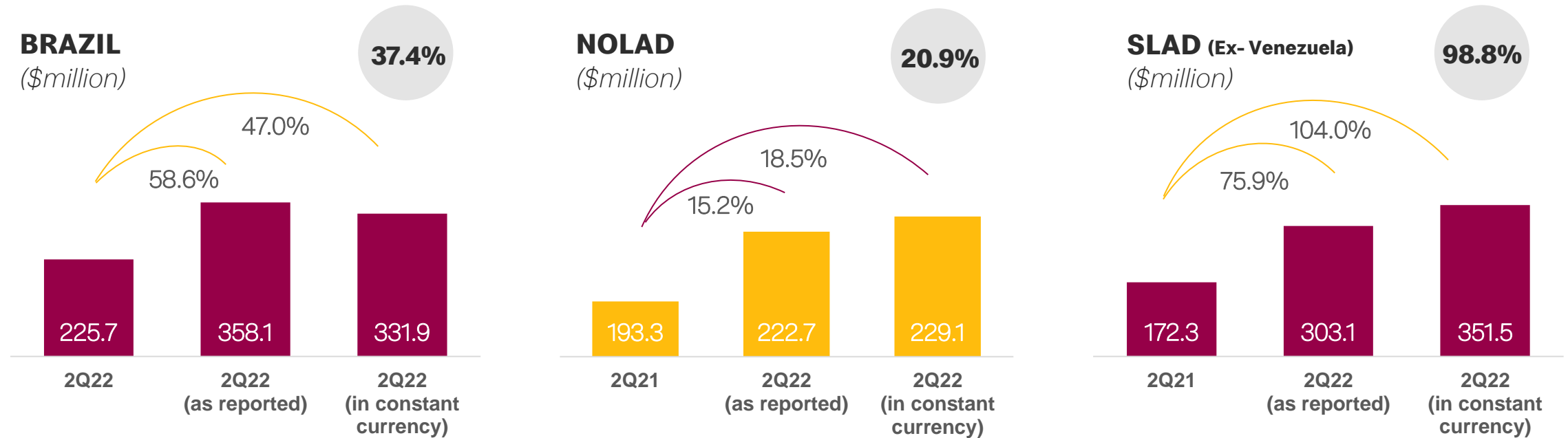
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Divisional Sales Performance



Comp sales grew over 3x inflation in all Divisions

● Systemwide comparable sales growth (%)



- ✓ Digital channels generated 52% of systemwide sales.
- ✓ Méquizices & McCrispy Chicken launch boosted Brand equity.

- ✓ Mexico, Costa Rica and FWI added highest comparable sales growth.
- ✓ Rolled-out Order Ahead to NOLAD markets, increasing Digital options.

- ✓ Argentina, Colombia and Chile were the most important contributors.
- ✓ Launched new premium sandwiches and craveable Spicy McNuggets.

¹Source: CREST, visit share



Profitability Highlights

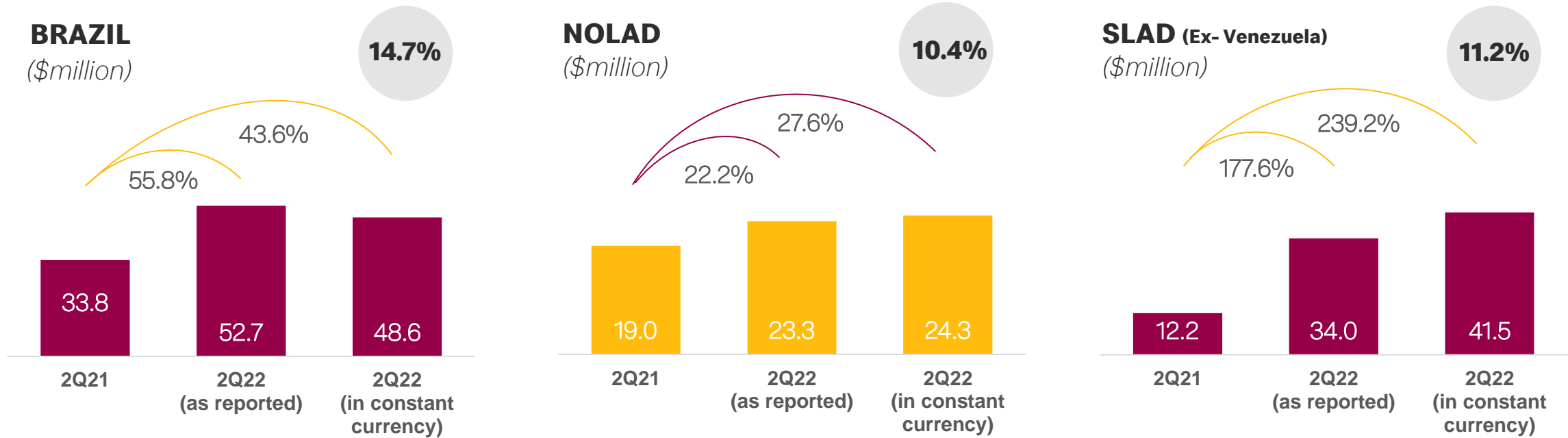
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Divisional Profitability

Adjusted EBITDA Performance, by Division



Adjusted EBITDA margin (%)

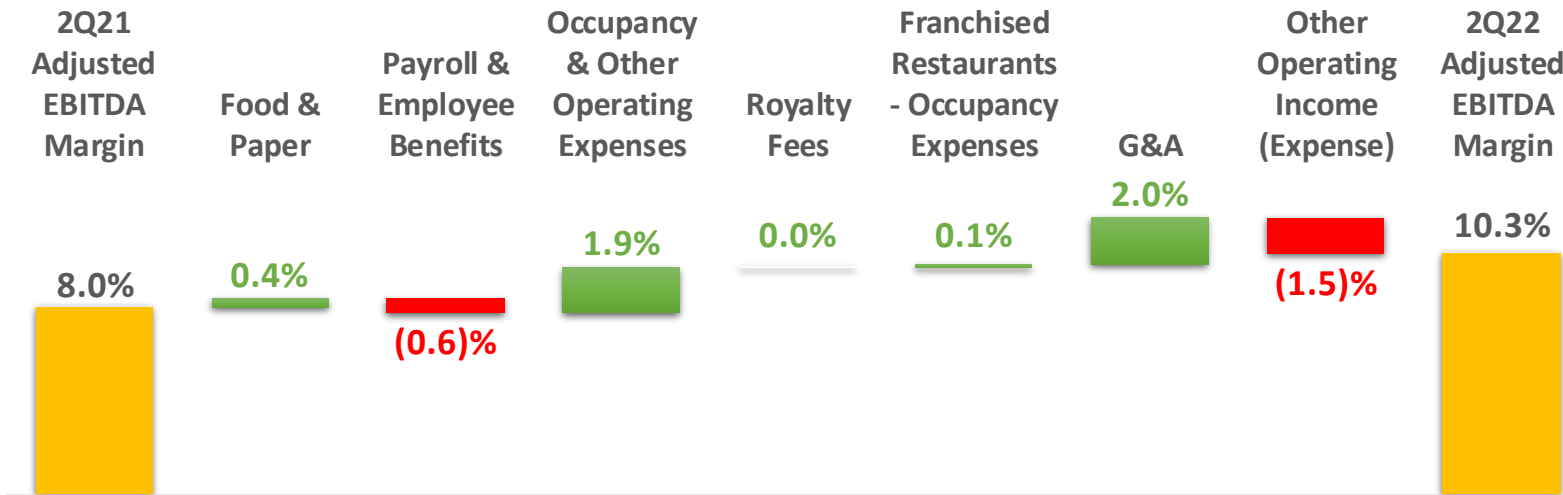


Operating leverage led to strong margin performance across all Divisions

Margins Benefitting from Revenue and Cost Management

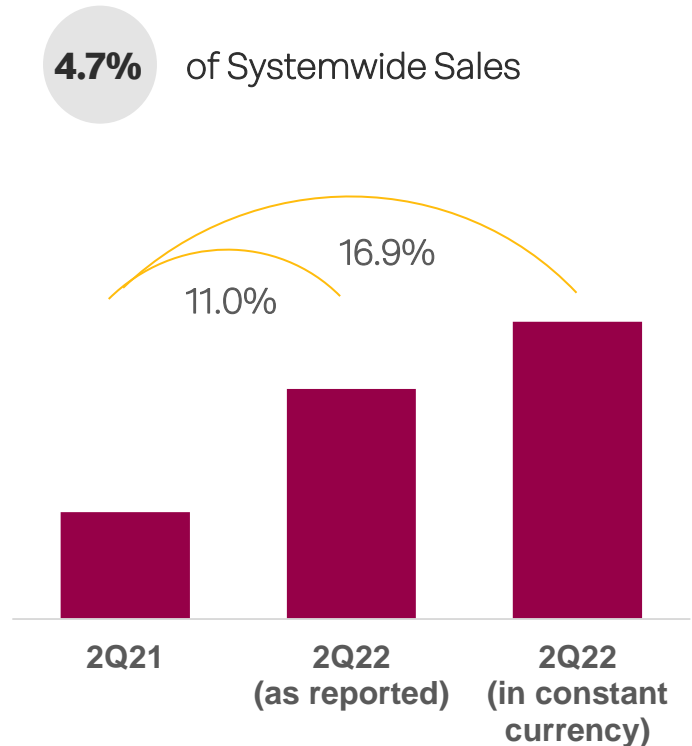


Consolidated Adjusted EBITDA Margin Bridge



- 230 bp consolidated Adj. EBITDA margin expansion vs. 2Q 2021 (430 bp better excluding last year's tax credit in Brazil).
- Gross Margin improved despite a tough cost environment.
- Payroll efficiencies offset by comparison with non-recurring government payroll support programs in the prior year.
- Occupancy & Other as well as G&A reflect strong operating leverage from topline growth of more than 3x blended inflation.

Total G&A Expenses vs. 2Q 2021 (\$ million)





Capital Allocation & Growth

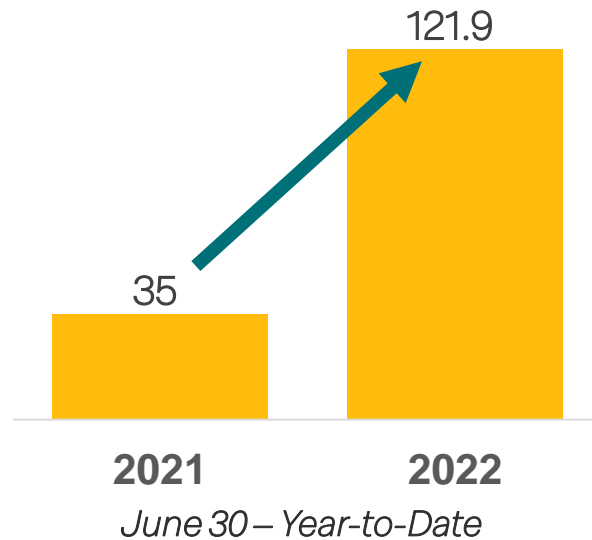
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Capital Structure & Investments

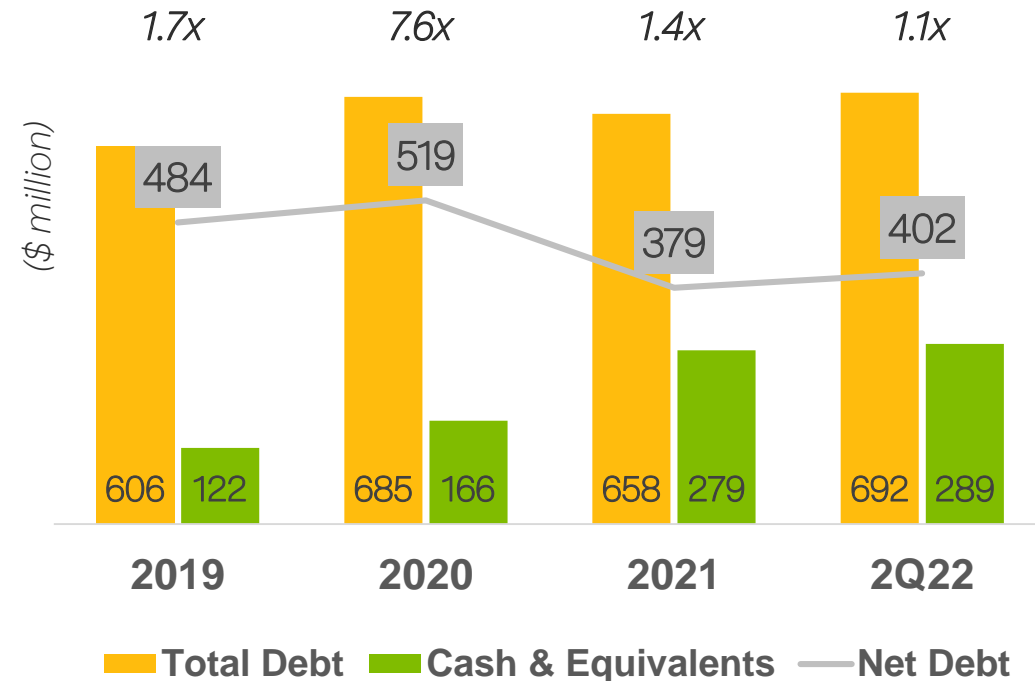
Cash Flow Generation & Strong Balance Sheet to Support Growth



Cash Flow from Operations*
(\$ million)



Key Debt Metrics*
Leverage Ratio



Notes:

1) Total financial debt includes short-term debt, long-term debt, accrued interest payable and derivatives instruments

2) Net Debt = Total financial debt less cash and cash equivalents

3) Leverage ratio = Net financial debt / LTM adjusted EBITDA

(* As reported, including Venezuela)

Growing with better Returns on Investment



2Q 2022 QUARTER-END RESTAURANT FOOTPRINT

DIVISION	STORE TYPE		TOTAL RESTAURANTS	MCCAFES	DESSERT CENTERS
	FS & IS	MS & FC			
BRAZIL	610	460	1,070	109	1,971
NOLAD	434	194	628	15	532
SLAD	365	223	588	163	703
TOTAL	1,409	877	2,286	287	3,206



2Q 2022 – A Steady Pace

- 14 restaurant openings.
- 12 free-standing units.
- 9 restaurants in Brazil (8 free-standing).

2022 YTD – On Pace to Exceed Guidance

- 30 restaurant openings.
- 26 free-standing units.
- 21 restaurants in Brazil (18 free-standing).



Three D's Strategy

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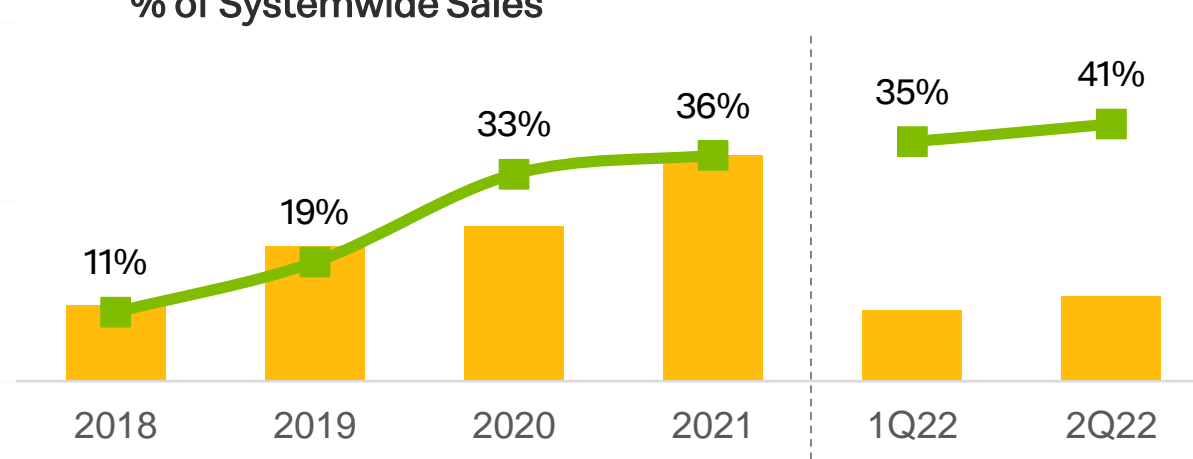
Digital, Delivery
& Drive-thru

Three D's: Sustained Growth Across Segments



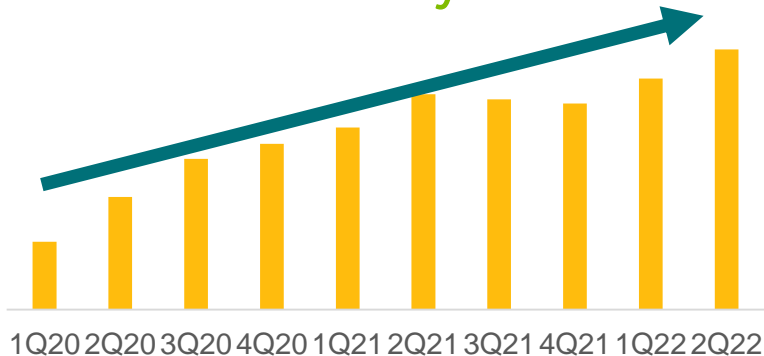
>23.0%
Delivery Sales
Growth¹

■ Digital Sales
% of Systemwide Sales

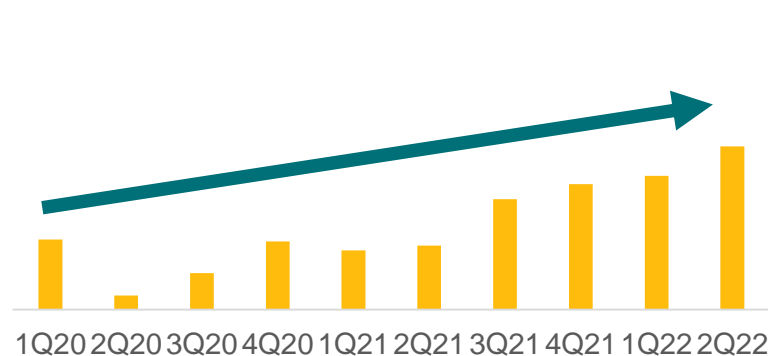


13.0%
Drive-thru Sales
Growth¹

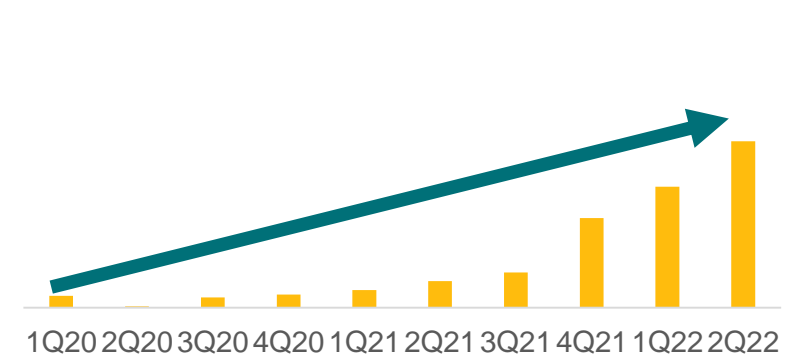
Delivery



Self-Order Kiosk



Order Ahead



¹in constant currency versus the 2Q 2021

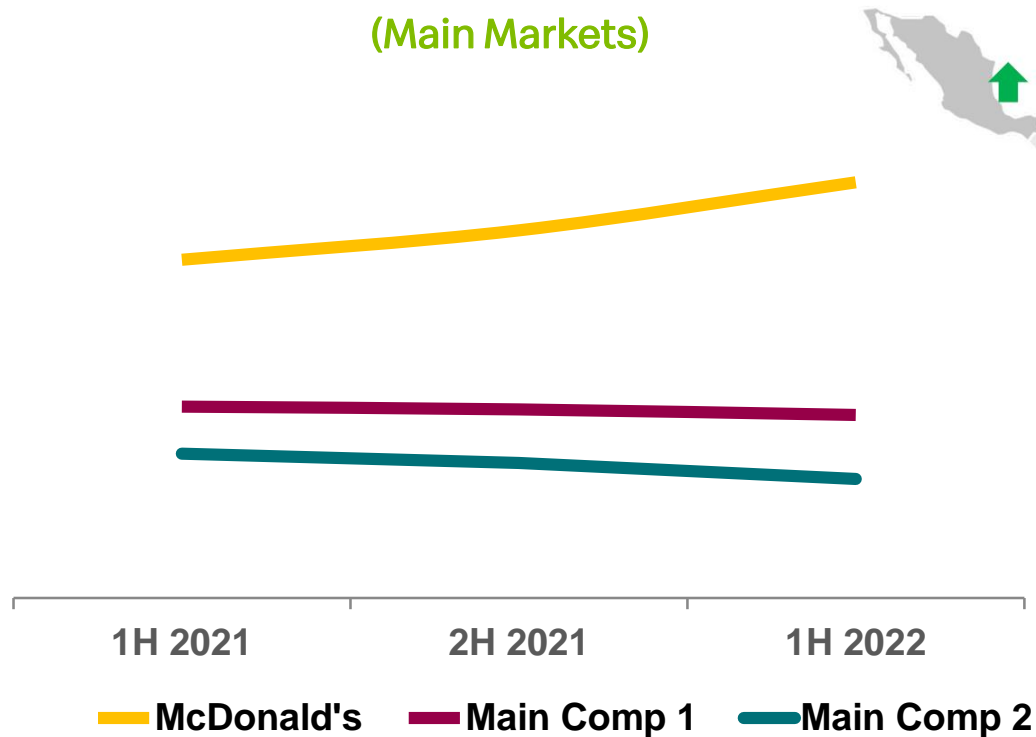
Strong Market Share Gains and Brand Equity



Market Share growth continues, as Informal Eating Out customers migrate to formal brand segment

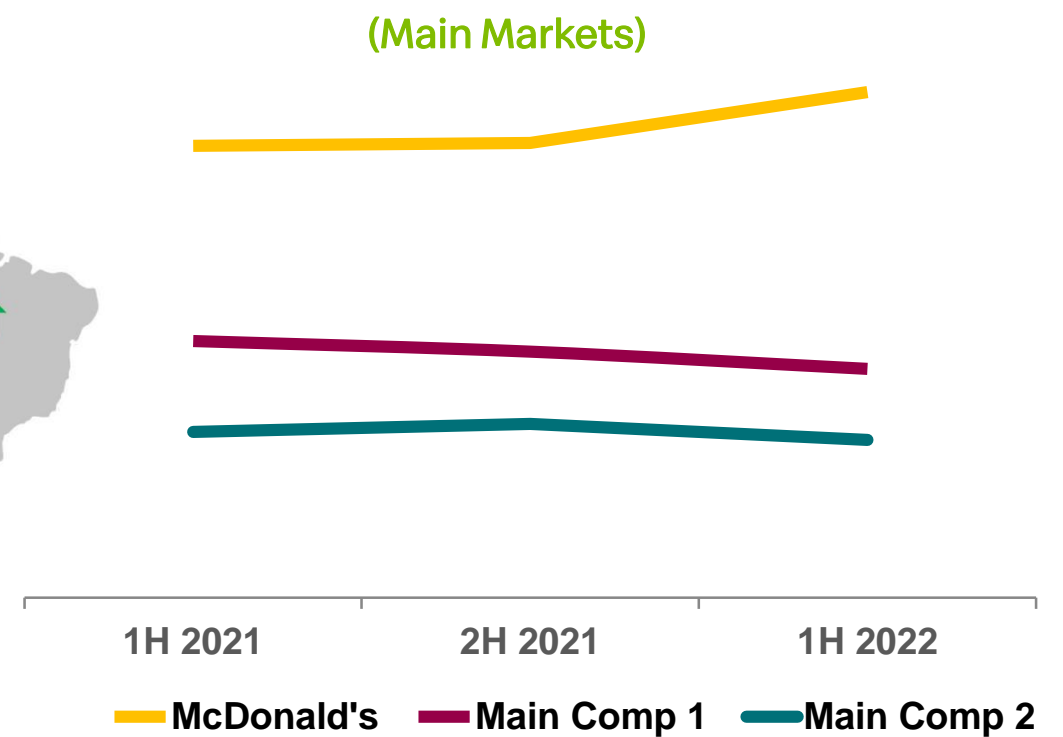
- McDonald's share grew throughout LatAm, leveraging Arcos Dorados' structural competitive advantages.
- The McDonald's Brand is also the region's Favorite QSR Brand, by far.

QSR Visit Share (Main Markets)



Source: Kantar

Favorite Brand (Main Markets)



Source: Kantar



Recipe for the Future

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ESG
Platform

Renewable Energy – Scope 2 GHG Reduction



New Renewable Energy Sources

- ✓ We have partnered with EDP to build three new solar power plants to serve as the exclusive power source for several of our restaurants and dessert centers in Brazil
- ✓ We are also actively speaking with other renewable energy providers in Argentina, Colombia and Mexico



Expanding the use of Renewable Energy Sources

- ✓ In 2020, only 4% of the energy we consumed came from renewable sources
- ✓ In 2021, this number tripled to 12%



Reducing Scope 1 and 2 greenhouse gas emissions versus the 2021 baseline

- ✓ 15.0% reduction by 2025, inline with our Sustainability Linked Bond SPT
- ✓ 36.0% reduction by 2030, inline with McDonald's global SBTi target

Social Commitment



Recipe for the Future
Arcos Dorados

»» Diversity and Inclusion

- ✓ Argentina – “Sello de Inclusión Social” for Barrio 31 restaurant

»» Gender Equality

- ✓ Ecuador and Uruguay - #1 Great Place to Work for Women
- ✓ Ecuador – “Buenas Prácticas de Equidad de Género” (Violeta Magazine)





Wrap Up



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Closing
Remarks

Closing Remarks



- » Execution is strong across markets
 - ✓ Highest Adjusted EBITDA in Company history
 - ✓ Many opportunities remain to improve operations moving forward
- » Three D's, Restaurants and Value are driving guest volume growth and market share gains
 - ✓ Guests are migrating to the McDonald's Brand experience more than any other
 - ✓ The industry is undergoing a permanent change and consolidation to trusted brands
- » Cash Flow and Balance Sheet strength will support future growth
 - ✓ Operating cash flow is strong and the balance sheet is as solid as ever
 - ✓ Investments in growth and digitalization will accelerate over the coming years



Questions & Answers

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