

Arcos Dorados

3rd Quarter 2023 Earnings

November 16, 2023



ARCO
LISTED
NYSE



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Agenda



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





Key Highlights

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3rd Quarter
2023

Third Quarter 2023 Key Highlights



3Q 2023
Total Revenue
\$1.1b

Systemwide
Comparable Sales
+37.3%

Systemwide Comparable Sales – 1.4x Blended Inflation

- All main markets grew comps well above inflation in the quarter.
- Guest volume growth remained strong throughout the ARCO footprint.
- Visit share gap expanded versus closest competitors in main markets.¹

3Q 2023
Adj. EBITDA
\$129.1m
11.5% margin

Digital Sales
Contribution
50%
20% identified

Three D's Strategy

- Digital sales² of US\$731.5 m, up 47% versus the prior year quarter.
- Delivery sales rose 34% in USD and 48% in constant currency.
- Drive-thru sales rose 11% in USD and 17% in constant currency.

Adjusted EBITDA – Sales Growth Driving Cost Leverage

- 25.8% higher Adj. EBITDA in US dollars with higher sales and margins.
- 40 bp margin expansion with strong operating leverage.

3Q 2023
Net Income
\$59.7m
\$0.28 per share

Restaurant
Openings
27
25 Freestanding

Development – Growing Profitably

- 27 EOTF restaurants opened, including 25 freestanding.
- New restaurant Return on Investment remains above historical average.
- Expect to deliver 75 to 80 openings guidance for full year 2023.

¹Based on company research versus 3Q22

²Delivery, Mobile App and Self-order Kiosks (systemwide)



Sales & Profitability

2

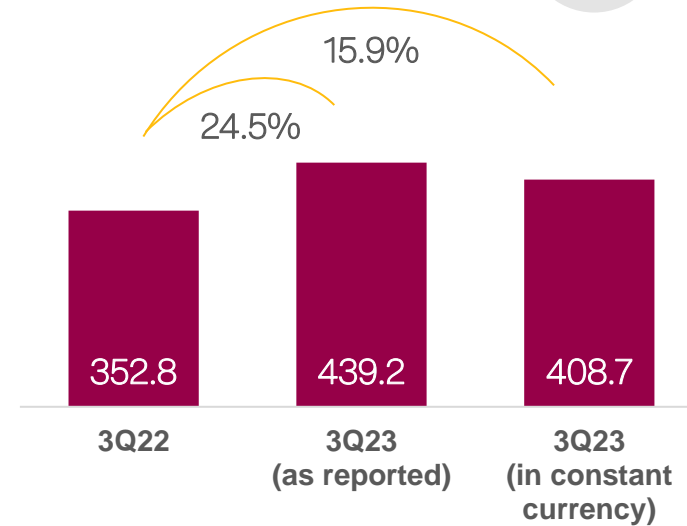
Divisional Sales Performance

3Q23 – Brazil Division Sales Performance



BRAZIL
(\$million)

10.8%



- ✓ Comps up 2.3x inflation, about evenly split between guest volume and average check.
- ✓ Digital channels generated 61% of sales, with 25% identified sales.
- ✓ 32% Delivery sales growth in constant currency.
- ✓ The Town music festival sponsorship.

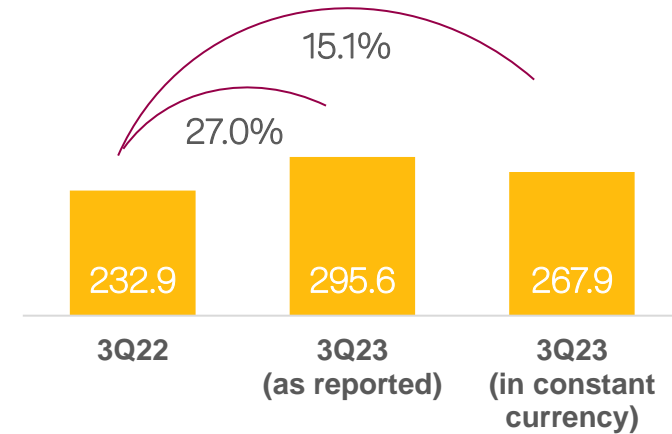
● Systemwide comparable sales growth (%)

3Q23 – North Latin American Division Sales Performance



NOLAD
(\$million)

11.5%



- ✓ Comps up 4.0x blended inflation.
- ✓ All markets grew comps by at least high single digits to mid teens.
- ✓ Around 2/3 of NOLAD's comp sales growth driven by guest volume.
- ✓ Strong Brand campaigns across NOLAD.

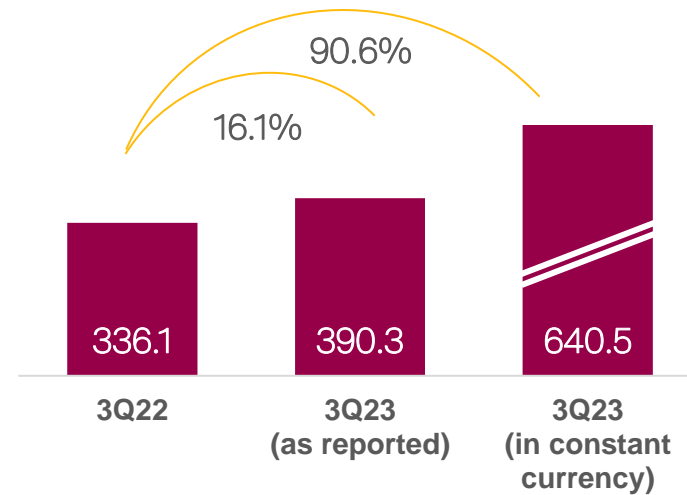
● Systemwide comparable sales growth (%)

3Q23 – South Latin American Division Sales Performance



SLAD
(\$million)

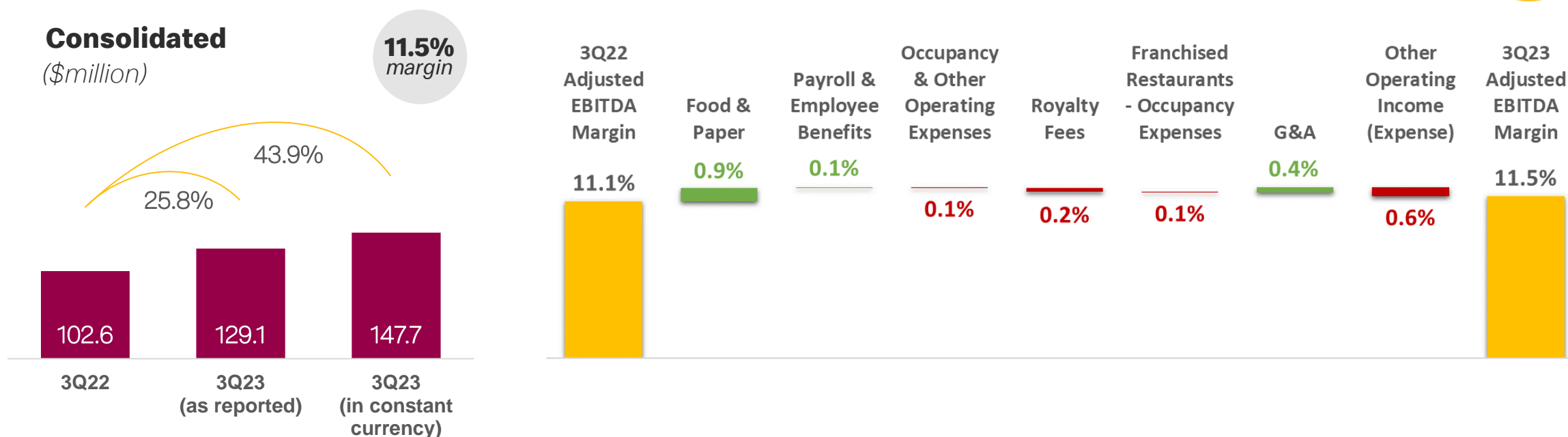
93.8%



- ✓ Comps up 1.3x SLAD's blended inflation.
- ✓ Chile, Ecuador and Uruguay comps up 2.0 to 3.5x local inflation.
- ✓ Strong Digital sales channel growth.
- ✓ Openings pace accelerating.

● Systemwide comparable sales growth (%)

3Q23 – Consolidated Adjusted EBITDA Growth & Margin Bridge



- Consolidated Adj. EBITDA margin expanded by 40 basis points, driven by gross margin expansion and G&A leverage.
- Food & Paper (F&P) improved in all three divisions, benefitting from a lower cost environment.
- G&A was lower as a percentage of revenue due mainly to strong sales growth.
- Other operating income / (expense) partially offset margin gains due mainly to variations within SLAD.
- Royalty fees rose with the final step-up in the Company's royalty rate, which became effective August 3, 2022.

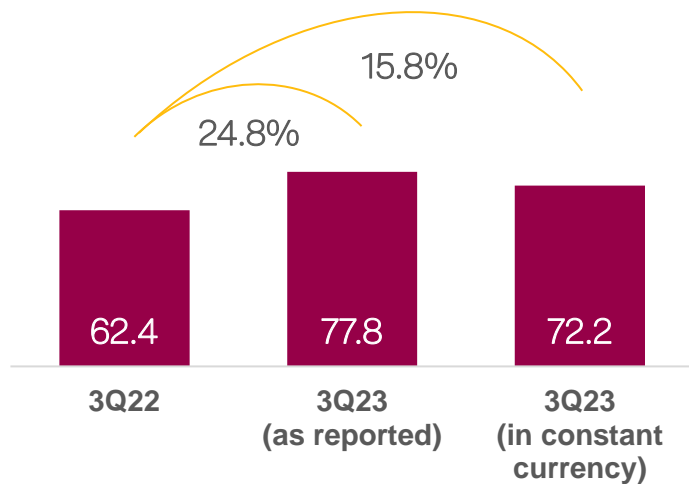
3Q23 – Adj. EBITDA Growth by Division



● Adjusted EBITDA margin (%)

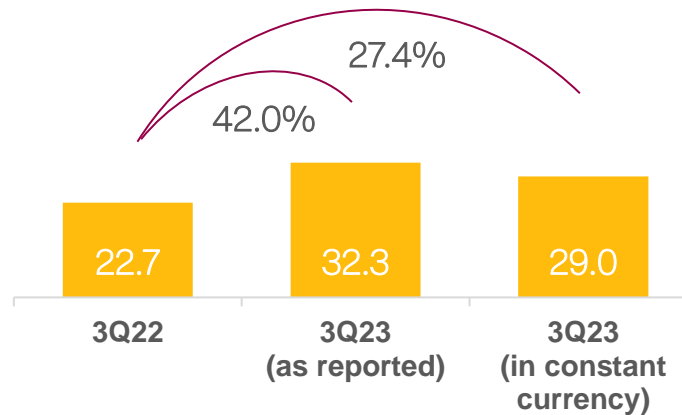
BRAZIL (\$million)

17.7%



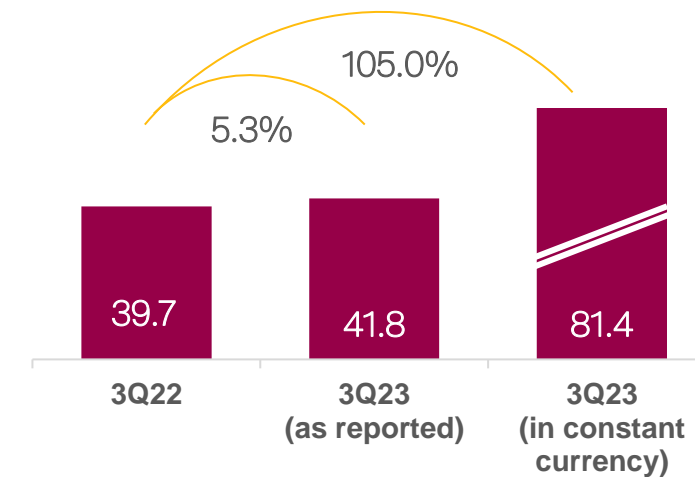
NOLAD (\$million)

10.9%



SLAD (\$million)

10.7%



- ✓ Higher sales driving EBITDA growth.
- ✓ Better F&P, Payroll and G&A as a percentage of total revenue.
- ✓ Offset by higher Occupancy & other operating expenses and Royalties.

- ✓ 110 b.p. margin expansion.
- ✓ Margin expansion driven by better F&P and Occupancy & other operating expenses.
- ✓ Partly offset by higher Payroll, Royalties and G&A.

- ✓ Higher restaurant margins.
- ✓ Better F&P, Payroll and Occupancy and other operating expenses offset higher Royalties.
- ✓ Other operating income / (expenses) variance and higher G&A offset higher restaurant margins.



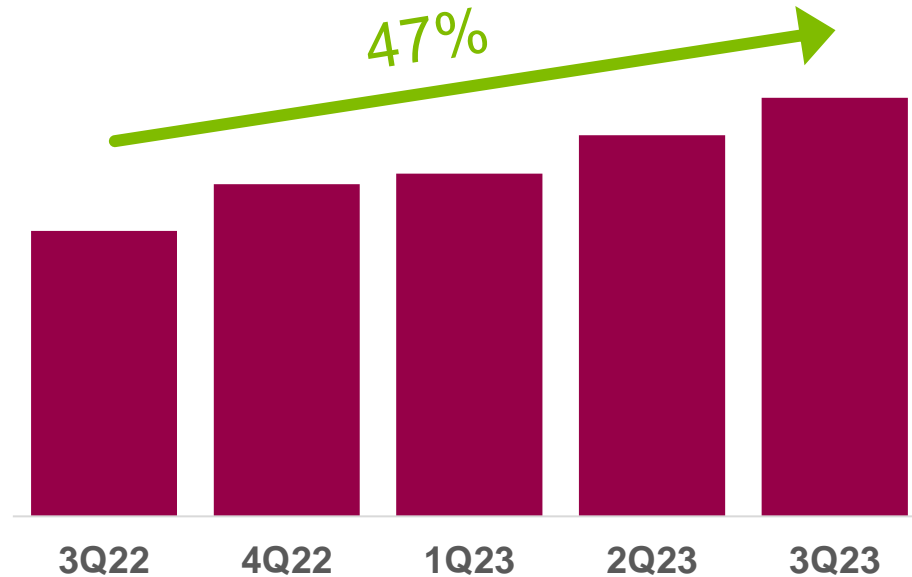
Digital, Delivery & Drive-thru

3D's

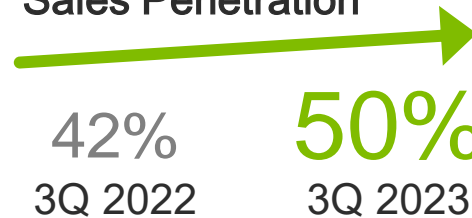
Total Digital Sales¹ – Driving Consistent Topline Growth



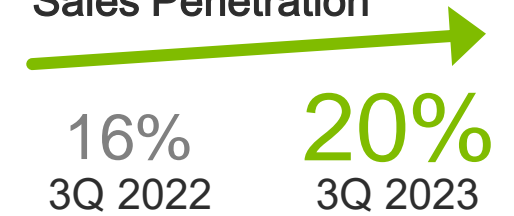
Systemwide Digital Sales
(\$USD)



Total Digital Sales Penetration



Identified Sales Penetration



75 m

Unique Registered Users

17 m

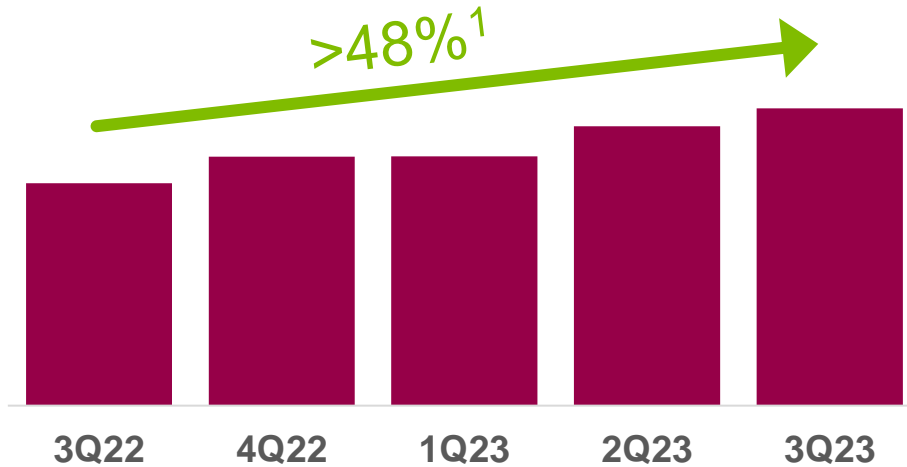
Average Monthly Active Users

¹Delivery, Mobile App and Self-order Kiosks (systemwide)

Delivery & Drive-thru: Strong Despite Front Counter Normalization

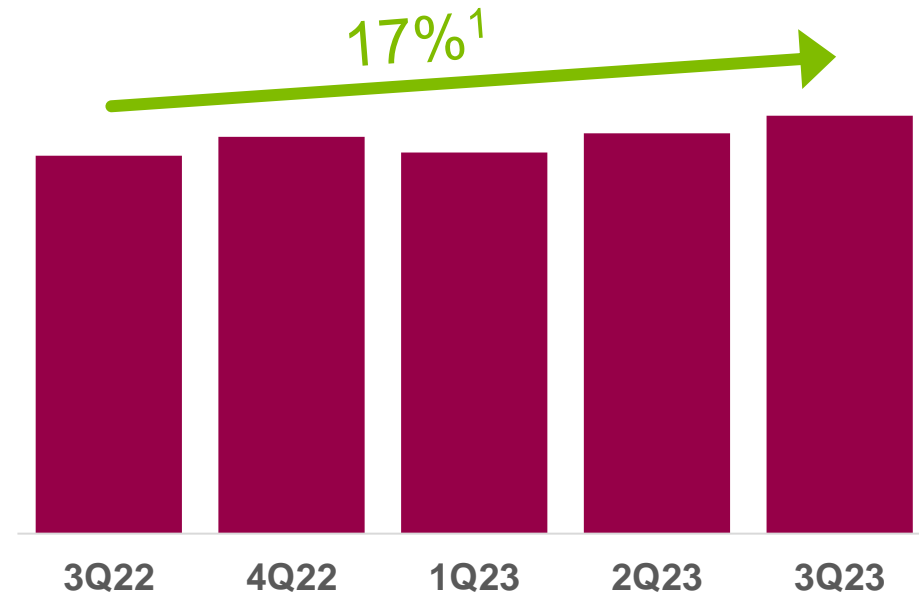


McDelivery Sales



17.0%
of systemwide sales

Drive-thru Sales



25.0%
of systemwide sales

¹in constant currency versus 3Q 2022

Loyalty Program: 1.8 million members and growing fast





Balance Sheet & Growth

4

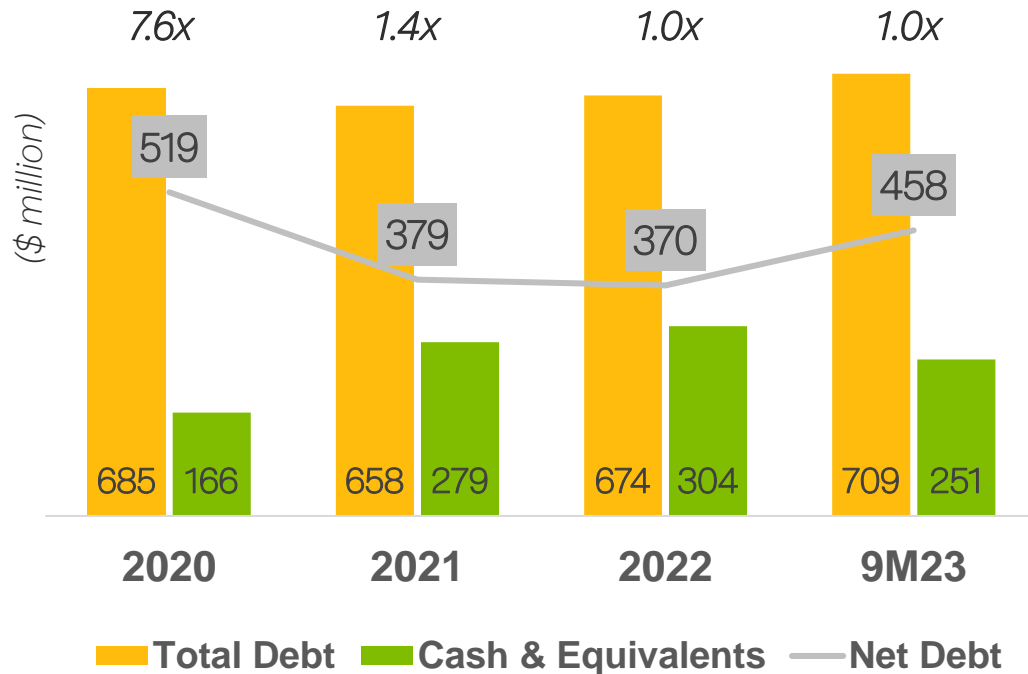
Capital Structure & Investments

Cash Flow from Operations & Net Leverage



Key Debt Metrics

Leverage Ratio



Fitch Ratings

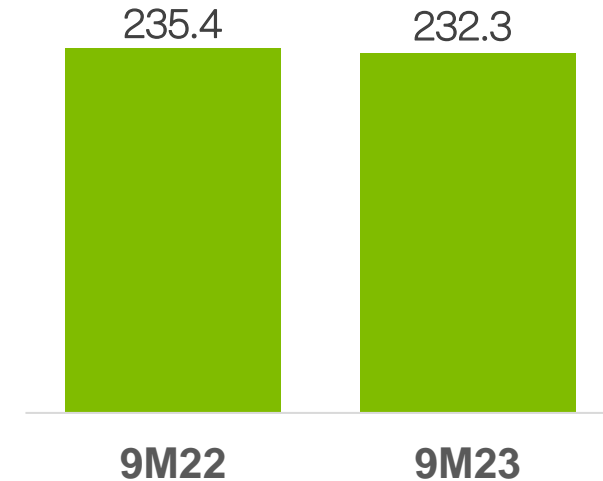
BB+
Stable

MOODY'S

Ba2
Stable

Cash Flow from Operating Activities

(\$ million)



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

- ✓ Higher net income and seasonal working capital improvement in the 3Q23.
- ✓ Cash conversion in 9M23 approaching expected range for full year 2023.

Restaurant Portfolio – A Major Competitive Advantage

3Q 2023 QUARTER-END RESTAURANT FOOTPRINT

DIVISION	STORE TYPE			TOTAL RESTAURANTS	McCAFÉ	DESSERT CENTERS
	Freestanding	In Store	MS & FC			
BRAZIL	564	92	457	1,113	137	1,993
NOLAD	392	51	195	638	13	519
SLAD	237	128	223	580	166	710
TOTAL	1,193	271	875	2,339	316	3,222



3Q23 & 9M23 Openings

- 27 restaurant openings in 3Q23 (45 in 9M23).
- 16 restaurant openings in Brazil in 3Q23 (32 in 9M23).
- 25 freestanding openings in 3Q23 (41 in 9M23).
- 30 of 45 new restaurants in 9M23 already in Restaurant 2.0 concept.



3Q23 & 9M23 Capital Allocation

- \$104.6 mn capital expenditures in 3Q23 (\$227.8 mn in 9M23).
- \$10.5 mn dividend in 3Q23 (\$31.6 mn in 9M23).



Recipe for the Future

5

ESG
Platform

Recipe for the Future – ESG Platform



- » Youth Opportunity & Commitment to Families
 - ✓ Brazil – #8 Overall among Large Companies.
 - ✓ Argentina - #1 for Young Talent & #1 Companies that Care.
 - ✓ Chile - #11 for People under 35 / #1 University Talent.
 - ✓ Uruguay – #1 for Young People.



- » Diversity & Inclusion and Sustainability
 - ✓ Costa Rica - #1 Best Company Reputation.
 - ✓ Mexico – for Best Companies for LGBTQ+ Equality.
 - ✓ Panama - #15 Most Sustainable Companies.



- » Sustainable Sourcing – Cage-Free Eggs
 - ✓ Brazil, Costa Rica, Colombia and Peru – 100% cage-free eggs.
 - ✓ All of Arcos Dorados – 100% cage-free by year-end 2025.



- » Circular Economy – Cooking Oil Recycling Program
 - ✓ Mexico – Premios Goula 2023.





Wrap Up



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Closing
Remarks

Closing Remarks



- » Consistent, long-term, strategic approach to delivering value and convenience.
- » Sustainable topline growth to drive higher profitability.
- » Strengthening structural competitive advantages for the QSR industry's favorite Brand.
- » Operating from a position of strength to capture growth opportunities.



Questions & Answers

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