Arcos Dorados

# 4Q & Full Year 2024 Results

March 12, 2025


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This presentation contains forward-looking statements that represent our beliefs, projections and predictions about future events or our future performance. Forward-looking statements can be identified by terminology such as "may," "will," "would," "could," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" or the negative of these terms or other similar expressions or phrases. These forward-looking statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results to differ materially from any future results, performance or achievement described in or implied by such statements.

The forward-looking statements contained herein include statements about the Company's business prospects, its ability to attract customers, its affordable platform, its expectation for revenue generation and its outlook. These statements are subject to the general risks inherent in Arcos Dorados' business. These expectations may or may not be realized. Some of these expectations may be based upon assumptions or judgments that prove to be incorrect. In addition, Arcos Dorados' business and operations involve numerous risks and uncertainties, many of which are beyond the control of Arcos Dorados, which could result in Arcos Dorados' expectations not being realized or otherwise materially affect the financial condition, results of operations and cash flows of Arcos Dorados. Additional information relating to the uncertainties affecting Arcos Dorados' business is contained in its filings with the Securities and Exchange Commission. The forward-looking statements are made only as of the date hereof, and Arcos Dorados does not undertake any obligation to (and expressly disclaims any obligation to) update any forward-looking statements to reflect events or circumstances after the date such statements were made, or to reflect the occurrence of unanticipated events.

# Agenda

1. Key **Highlights**
2. Sales & **Profitability**
3. Digital, Delivery & **Drive Thru**
4. Balance Sheet **& Development**
5. Final **Thoughts**
6. Supplemental **Information**

1 Key
# Highlights

4th Quarter & Full Year 2024

# Fourth Quarter and Full Year 2024
## Key Highlights

## Fourth Quarter

| 4Q 2024 Total Revenue | Systemwide Comparable Sales |
|---|---|
| $1.1b | 21.5% |
| **4Q 2024 Adj. EBITDA** | **Digital Sales Contribution** |
| $147.4m | 58% |
| 12.9% margin | 25% Identified |
| **4Q 2024 Net Income** | **Restaurant Openings** |
| $58.4m | 29 |
| $0.28 per share | 26 Freestanding |

## Full Year

**Systemwide Comparable Sales grew 1.7x blended inflation, excluding Argentina**
- Up 1.8x inflation in Brazil, with positive guest traffic and average check growth.
- Up 2.2x blended inflation in NOLAD, driven by guest traffic growth.
- Up 1.4x blended inflation in SLAD, excluding Argentina, with balanced traffic and avg. check.
- Four consecutive years of comparable guest volume growth provides future strategic flexibility.

**Adjusted EBITDA in US dollars and EBITDA margin, highest in Arcos Dorados' history**
- Consolidated Adj. EBITDA rose 20.8% in constant currency, driven by Brazil and SLAD.
- Adj. EBITDA in US dollars reached $500 million, up 5.9% versus full year 2023.
- Generated growth despite depreciation of local currencies and softer economic conditions.

**Digital, Delivery and Drive-thru, building on the success of the last several years**
- Digital sales[1] grew 18% in US dollars versus 2023, with Mobile App sales up 25%
- Loyalty reached 15.8 million registered members, adding 12.6 million new members in 2024.
- Delivery sales were up 17% in US dollars, continuing to surpass expectations.
- Drive-thru and Delivery generated about 44% of total systemwide sales for the full year.

**Development moved ahead with its commitment to capture the region's full growth potential**
- 85 EOTF openings, including 79 freestanding units.
- 47 EOTF openings in Brazil, including 46 freestanding units.
- 67% EOTF restaurant penetration, with more than 150 modernizations completed in 2024.

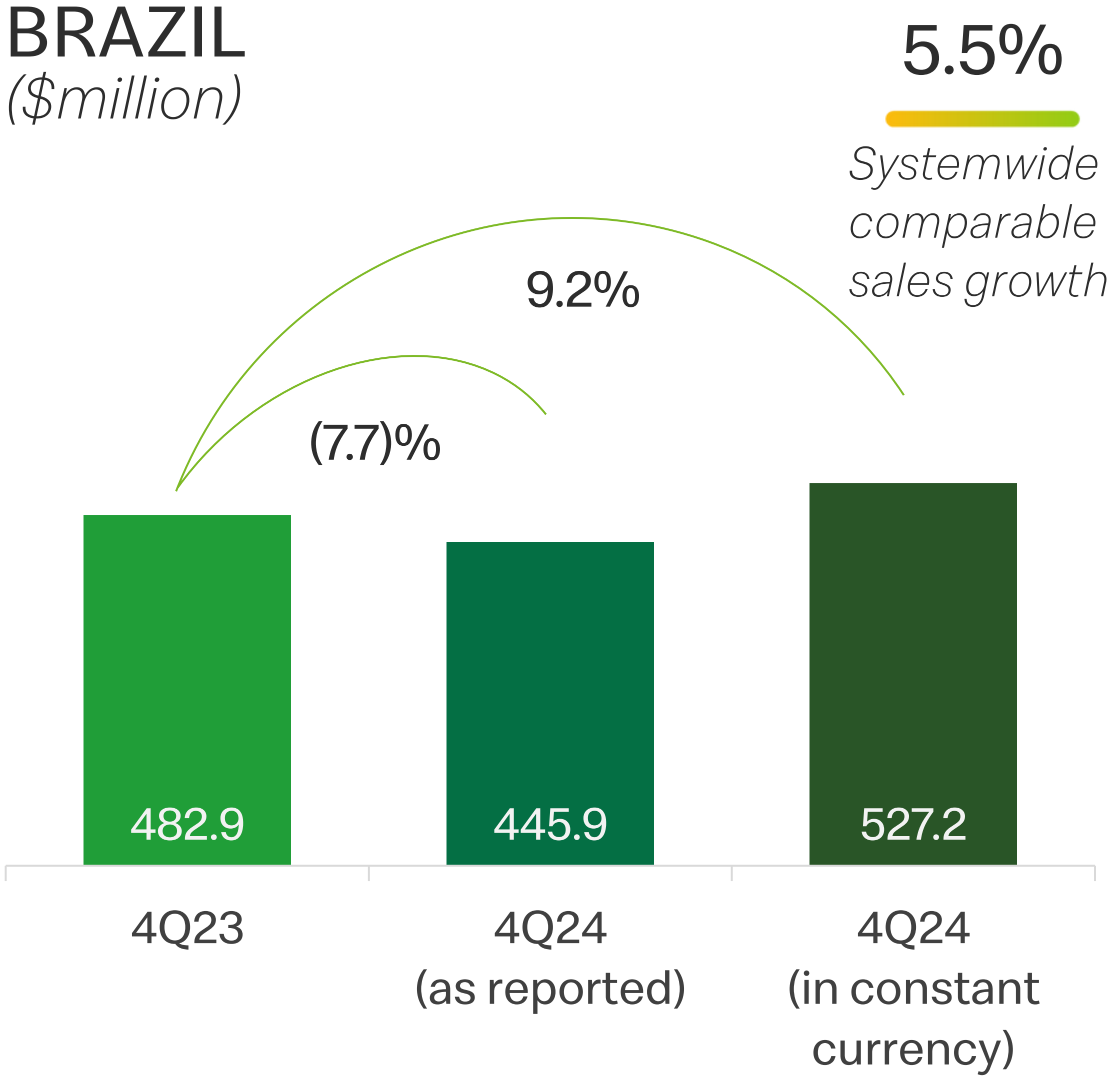
[1] *Mobile App, Delivery and Self-order Kiosks (systemwide)*

2

# Sales & Profitability

Divisional Sales Performance

# Fourth Quarter 2024
## Brazil Division
## Sales Performance


- Comparable sales grew 1.1x inflation in the fourth quarter and 1.8x inflation for the full year 2024.
- Digital sales penetration of nearly 70% drove sales all year, boosted by the growing Loyalty Program.
- Marketing in the 4Q24 focused on boosting digital sales, using iconic sandwiches and local favorites to connect with guests, driving family business sales and bringing excitement to the dessert category.

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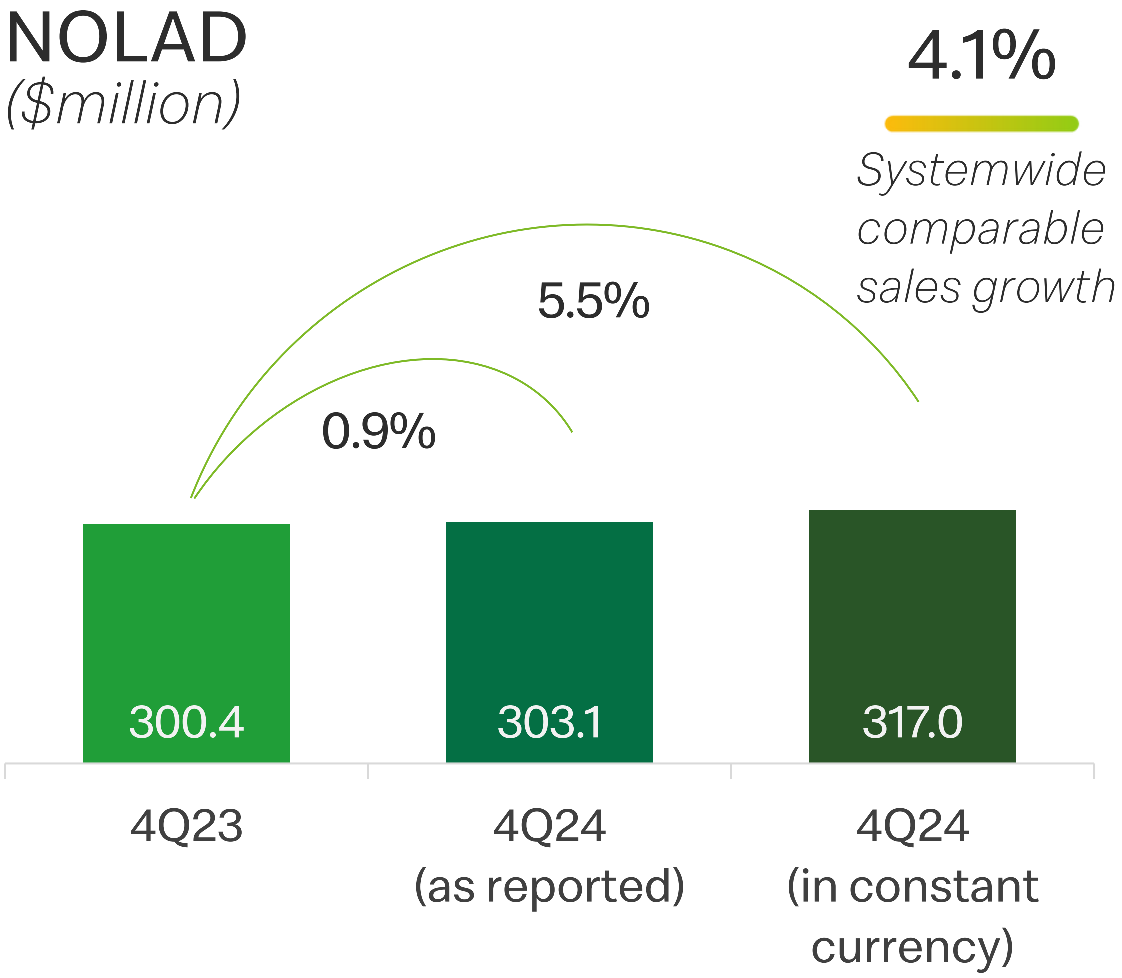
# Fourth Quarter 2024
## North Latin American Division Sales Performance





- Comparable sales up 1.7x blended inflation in the fourth quarter and 2.2x blended inflation for the full year 2024.
- NOLAD's digital channel sales generated almost 40% of total sales in the full year 2024, up from less than 30% in the prior year.
- Marketing highlights included Mexico's Formula One inspired value platform and Cheddar Jalapeño versions of popular beef and chicken sandwiches as well as breakfast and dessert innovations.

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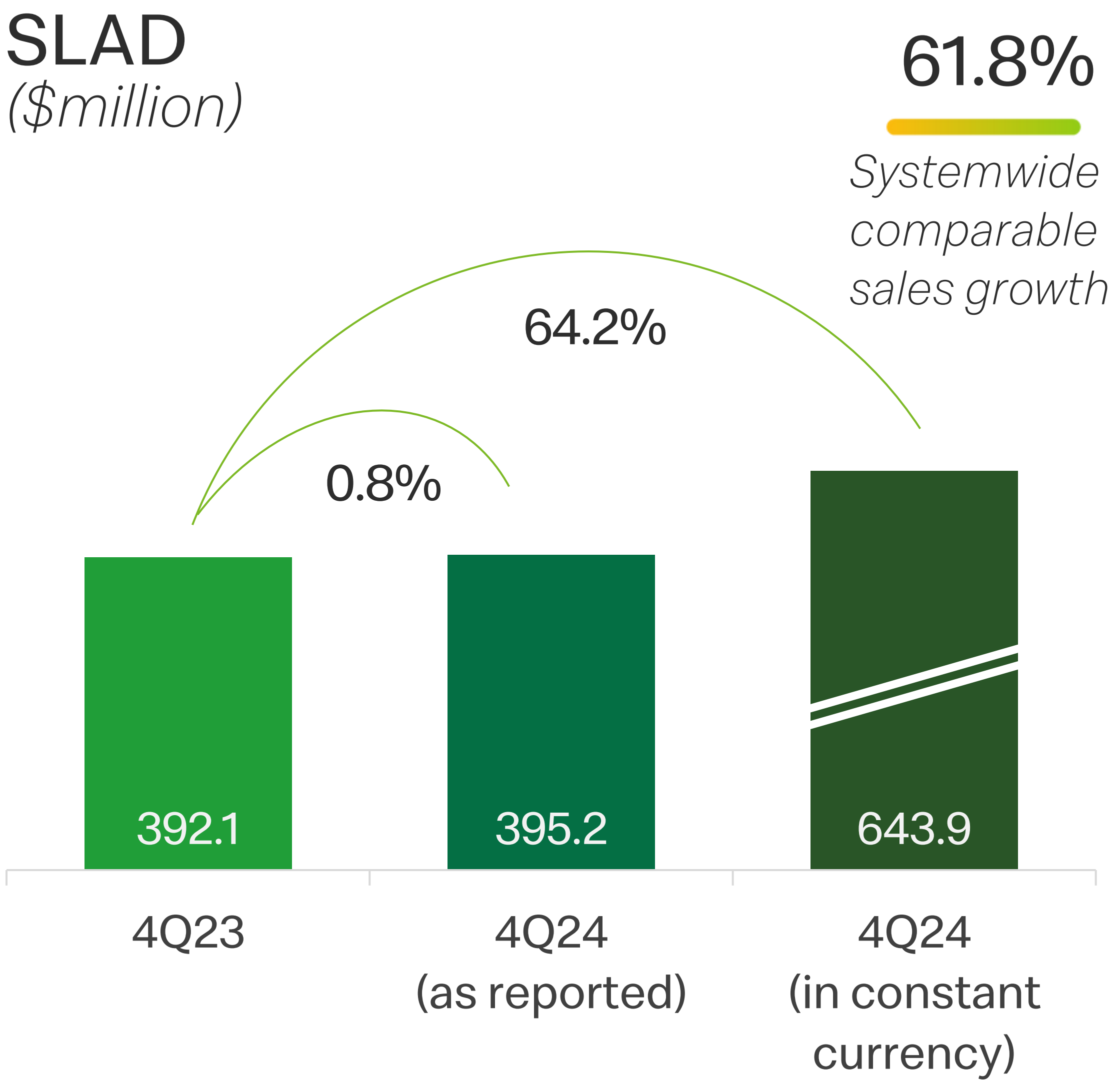
# Fourth Quarter 2024
## South Latin American Division Sales Performance


- Comparable sales grew 0.8x blended inflation in the fourth quarter and 1.4x blended inflation in full year 2024, ex-Argentina.
- Digital channels represented 56% of total sales in 2024, with the highest penetrations in Argentina, Chile and Uruguay.
- Marketing activities included menu extensions and innovations in both core and value platforms with campaigns across the burger, chicken and dessert categories.

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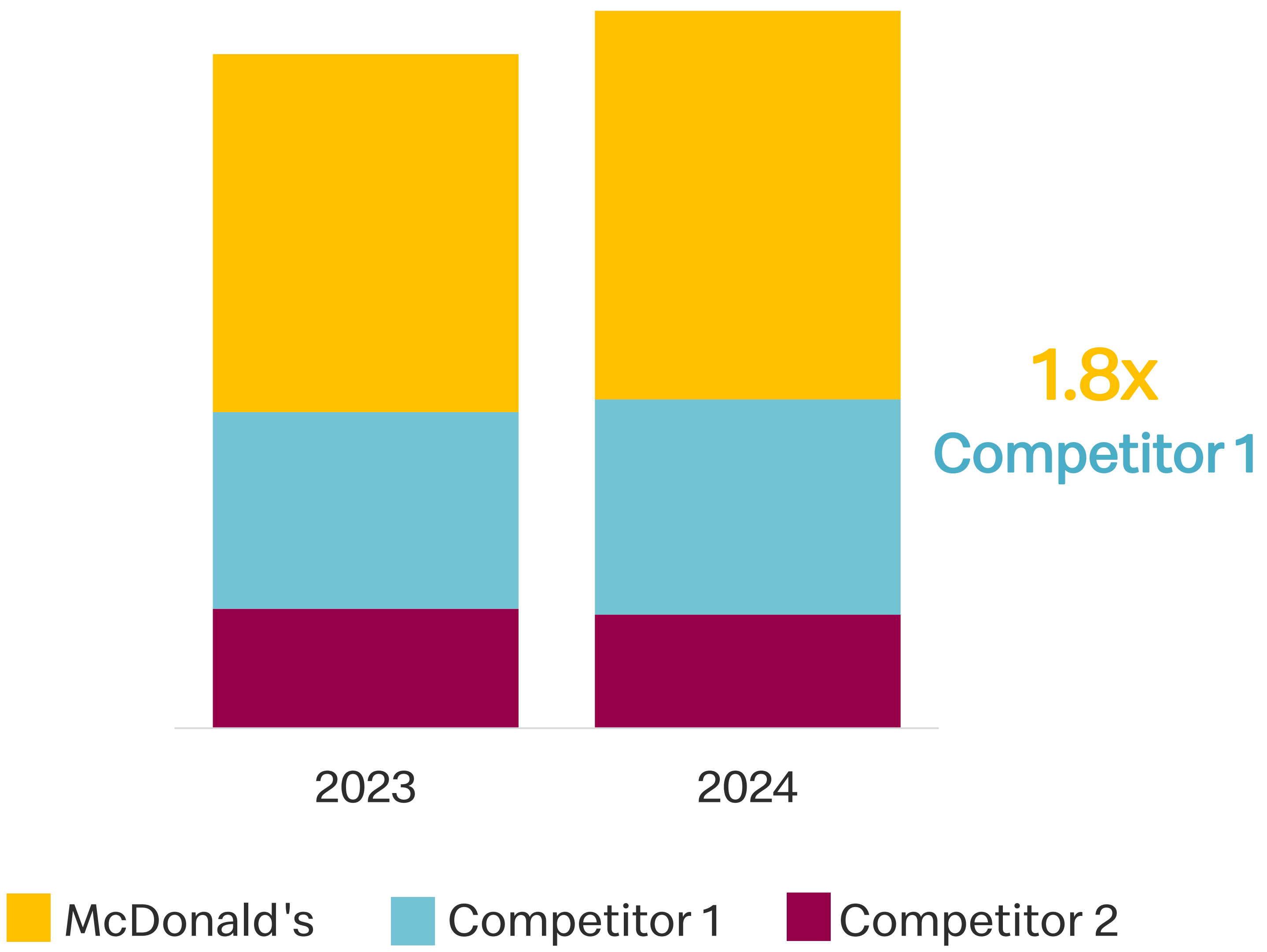
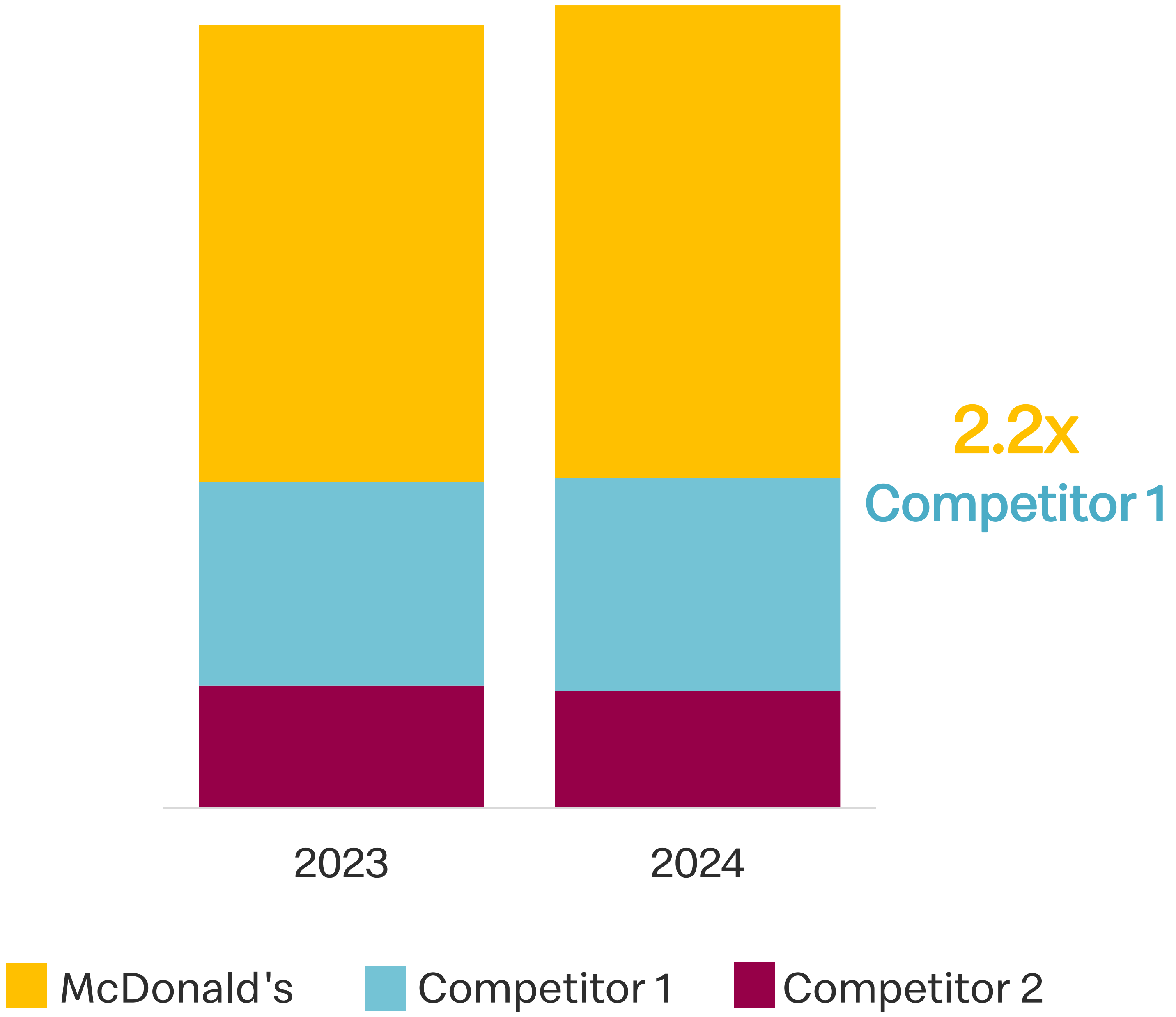
# Market Share Leadership Consolidation in 2024

## Arcos Dorados
Spend Share, year-to-date




Source: Proprietary research by IPSOS, market share within the Quick Service Restaurant industry.

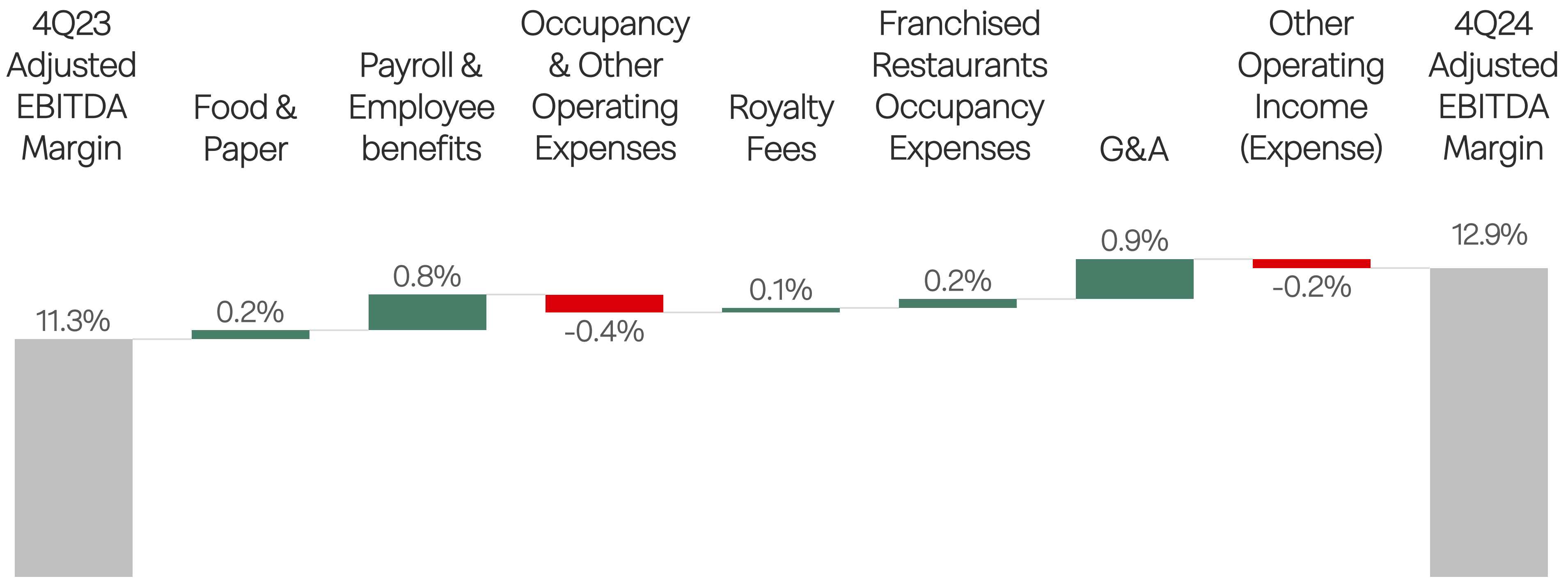
## Brazil Division
Spend Share, year-to-date




Source: CREST

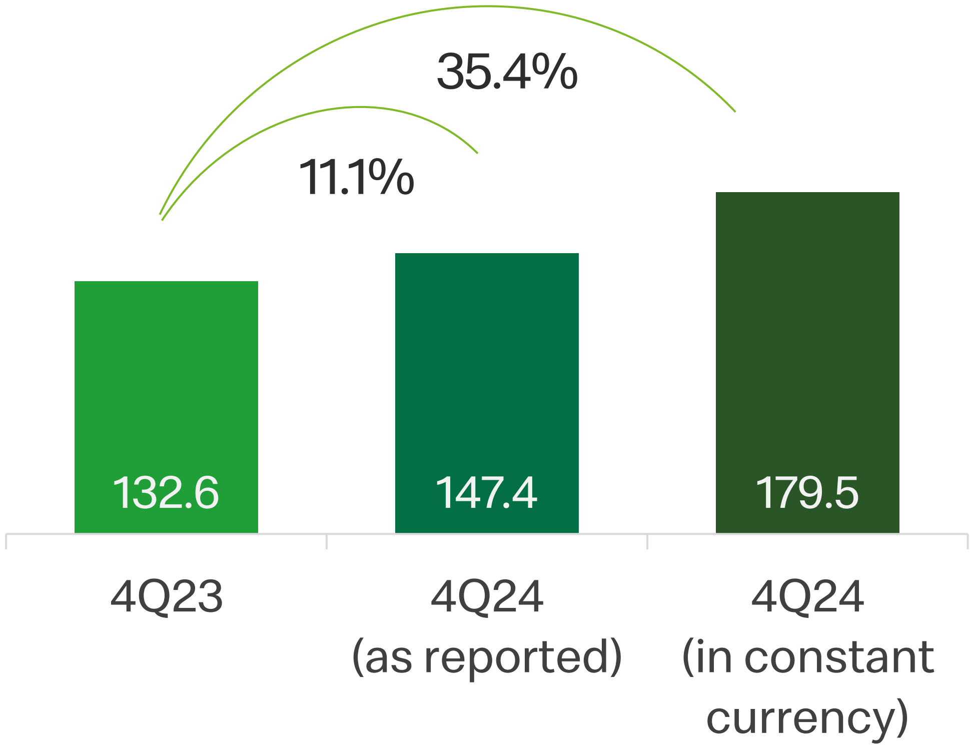
# Fourth Quarter 2024
## Consolidated Adjusted EBITDA Growth & Margin Bridge

### 4Q24 – Adj. EBITDA Margin Performance
*(% of total revenue)*




### 4Q24 – Consolidated Adj. EBITDA
*($million)*

12.9%
*margin*

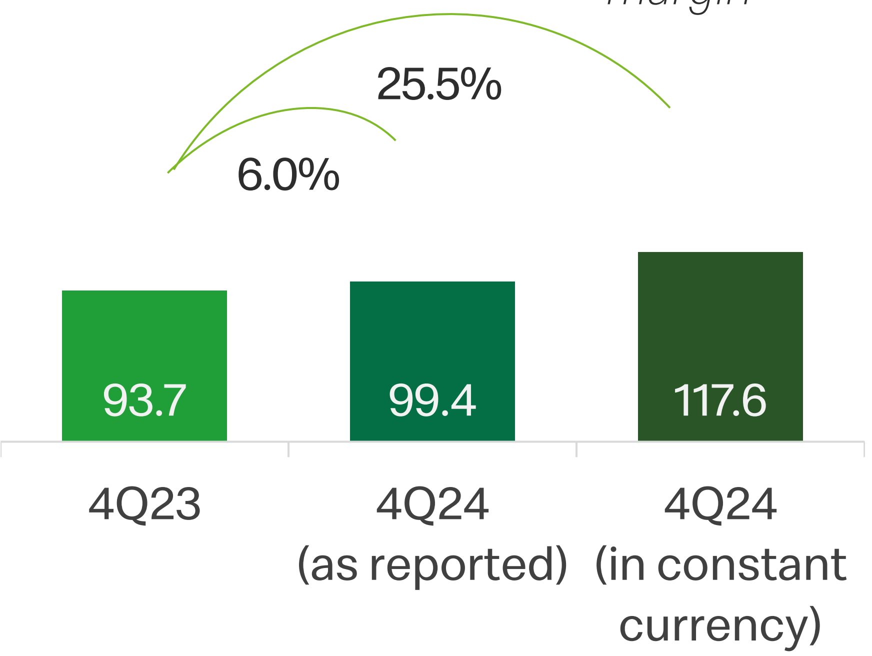



- Food & Paper declined as a percentage of revenue, with lower costs in NOLAD and SLAD offsetting an increase in Brazil.
- Payroll improved as a percentage of revenue, mostly due to payroll tax credits in Brazil.
- Occupancy and Other operating expenses were lower as a percentage of revenue in Brazil, offset by small increases in several of SLAD's other operating expenses.
- G&A in the quarter declined as a percentage of sales, partly due to the comparison with the 4Q23, which included a significant increase in share-based compensation due to the appreciated of the stock price in that quarter.
- Adjusted EBITDA in US dollars was the highest ever for a 4th quarter, despite weaker currencies and even excluding the payroll tax credits in Brazil.

# Fourth Quarter 2024
## Divisional Profitability – SLAD achieves US dollar growth

**BRAZIL**
*($million)*

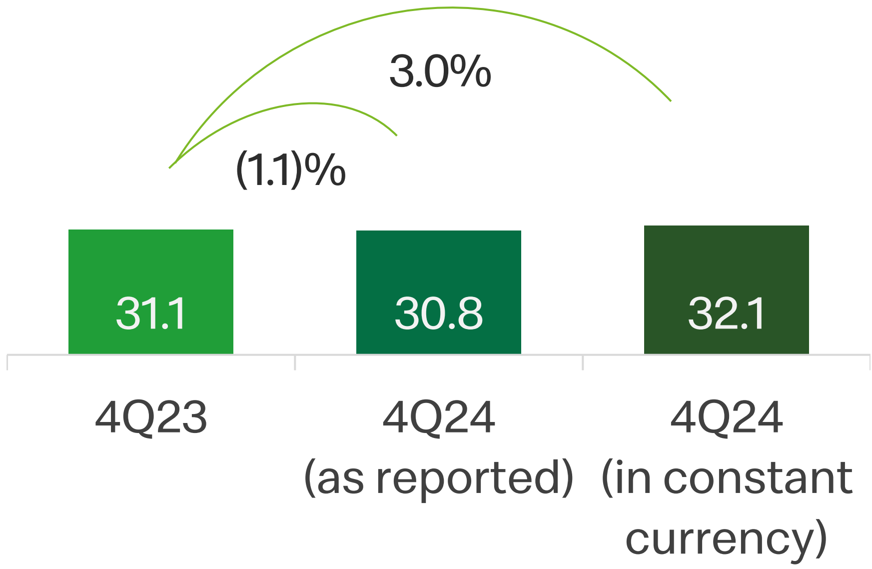
**22.3%**
*Adj. EBITDA margin*




- F&P costs higher as a percentage of revenue.
- All other expense line items were lower as a percentage of revenue.
- Adj. EBITDA margin expanded 290 basis points versus the prior year quarter.
- Margin was almost flat, excluding the aforementioned payroll tax credits.

**NOLAD**
*($million)*

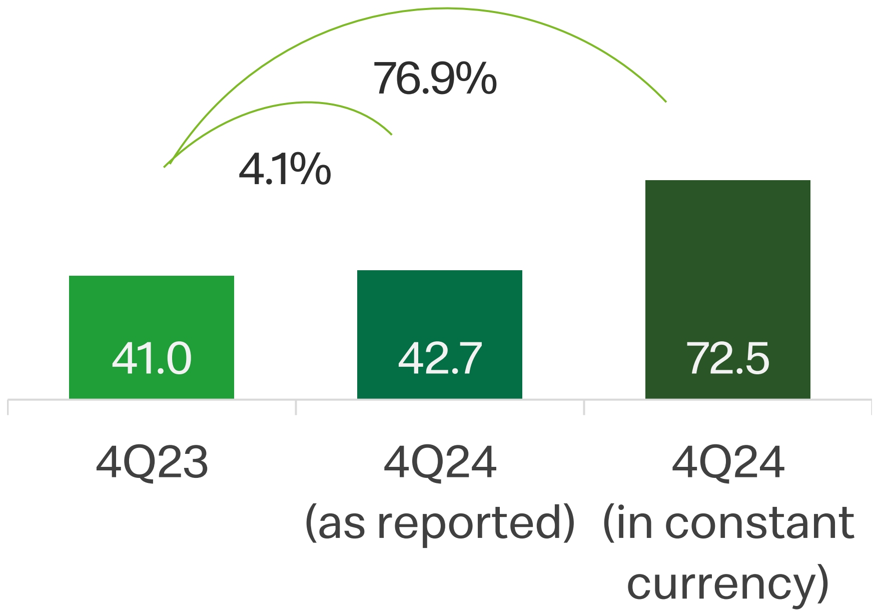
**10.2%**
*Adj. EBITDA margin*




- F&P costs and G&A expenses were lower as a percentage of revenue.
- Other operating expenses were the main offset due to lower income from non-recurring sources versus the 4Q23.
- Adj. EBITDA margin contracted 20 basis points versus the prior year quarter.

**SLAD**
*($million)*

**10.8%**
*Adj. EBITDA margin*




- F&P costs were lower versus the prior year.
- Occupancy & Other Operating expenses rose as a percentage of revenue.
- Adj. EBITDA margin expanded by 30 basis points versus the prior year quarter.
- First quarterly EBITDA growth of the year, in US dollars, including in Argentina.


# 3 Digital, Delivery & Drive-thru

Organic Sales Drivers

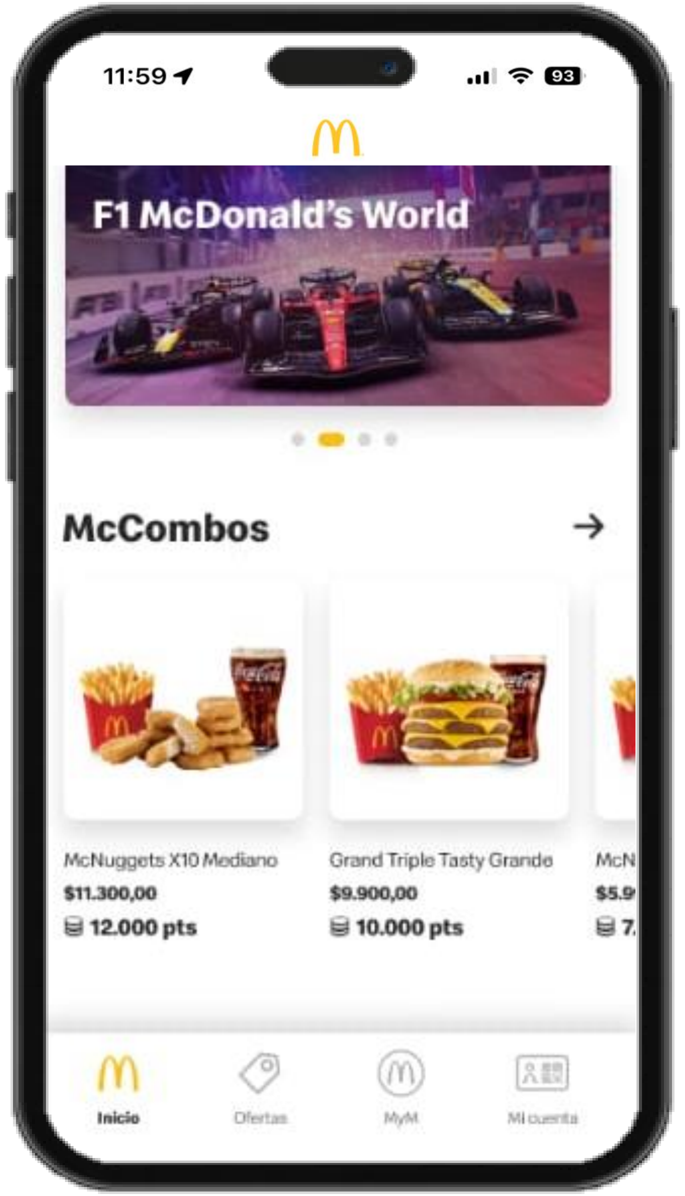
# Full Year Digital Sales[1] up about 18% in US dollars
## Driving Frequency with Data and Guest Experience

**Total Digital Sales Penetration**

| 4Q 2023 | 4Q 2024 |
|---|---|
| 53% | 58% |

**Identified Sales Penetration**

| 4Q 2023 | 4Q 2024 |
|---|---|
| 21% | 25% |




**~147 m** Mobile APP Downloads

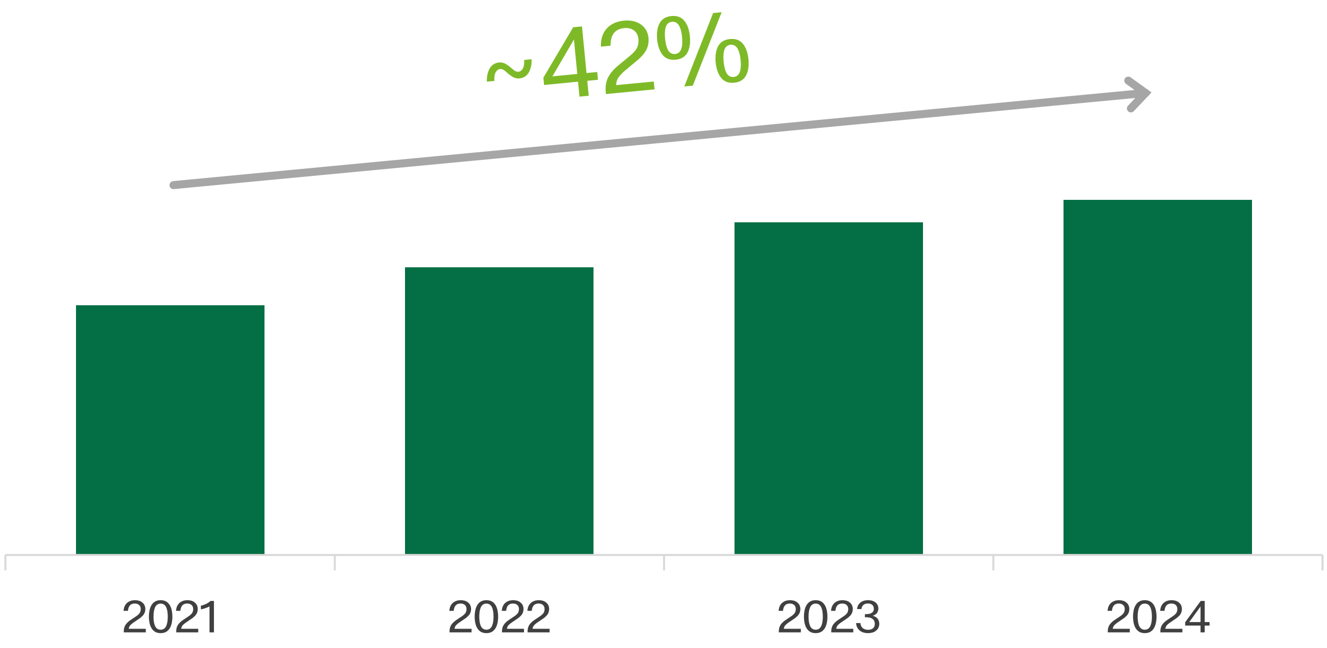
**~99 m** Unique Registered Users

**~20.8 m** Average Monthly Active Users

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

# Delivery & Drive-thru:
# Long-Term Growth Drivers

Systemwide Off-Premise Sales[1]
*(US dollars)*

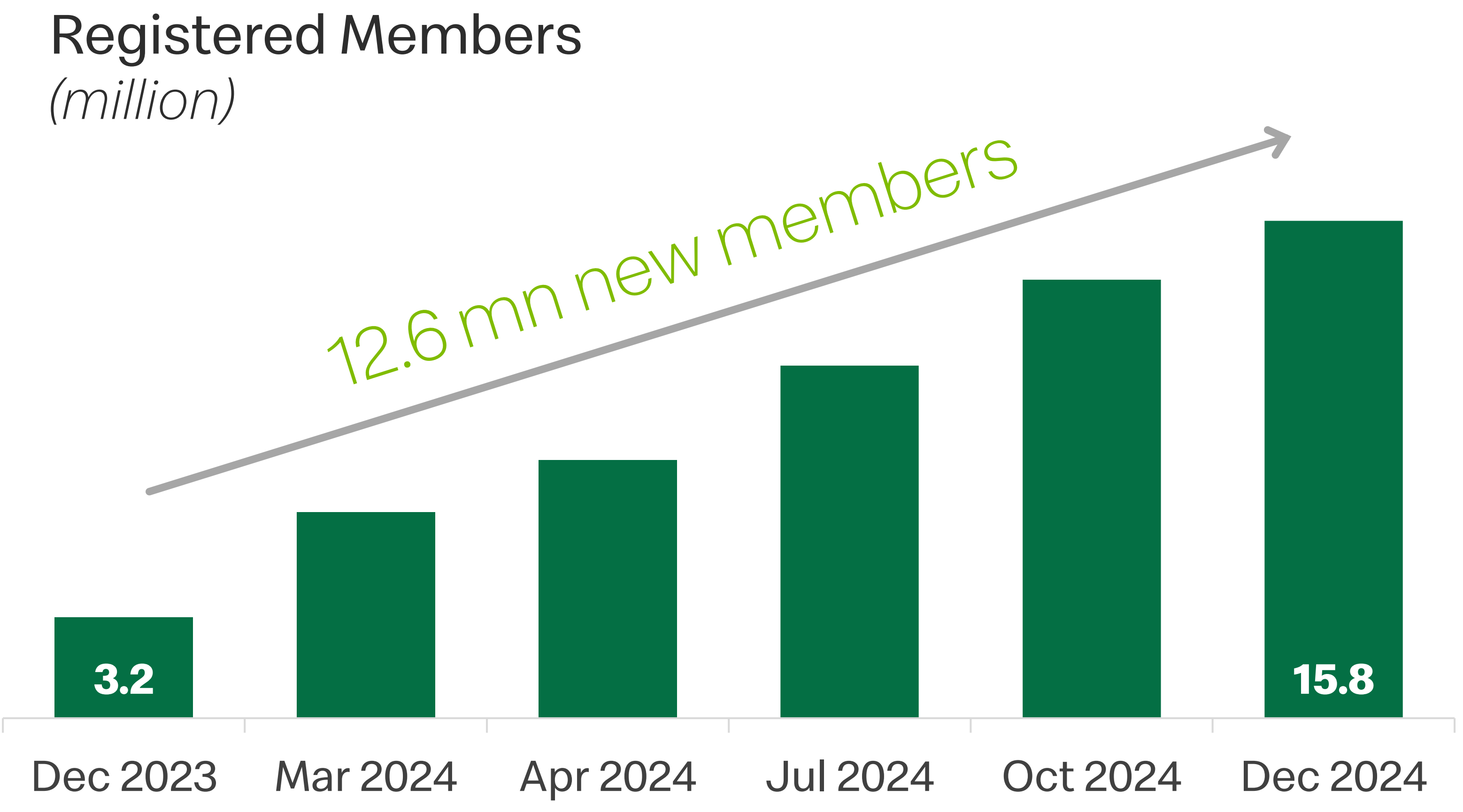



~19%
of systemwide sales

~25%
of systemwide sales

[1]*Delivery and Drive-thru*

# Loyalty Program
## 15.8 million members, and growing



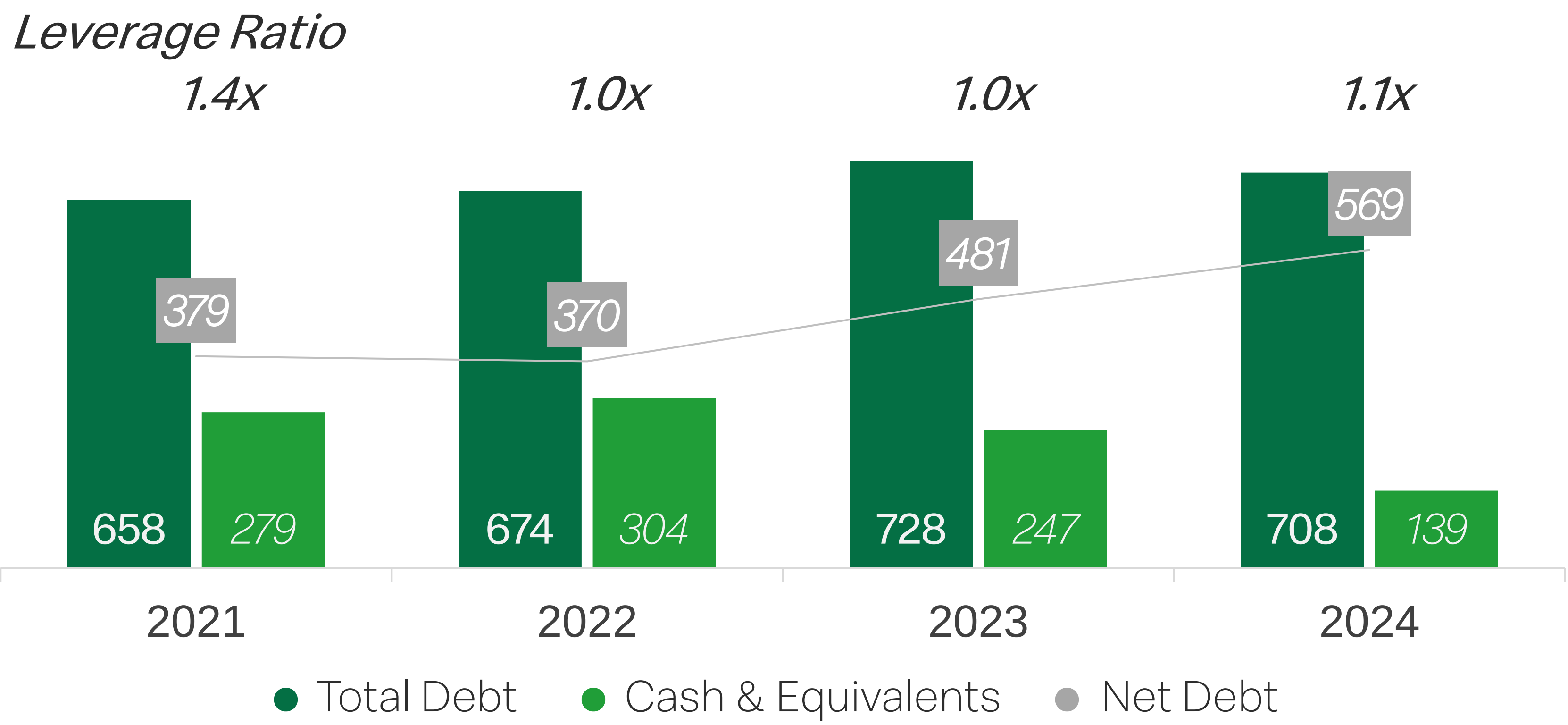

- Available in Brazil, Costa Rica and Uruguay in 2024, representing 18% of 4Q24 sales in these markets.
- Expanded to Argentina and Colombia in the 1st quarter of 2025.
- Rolling out to all of Arcos Dorados by late 2025 or early 2026.
- Driving higher guest frequency and average check growth.

# 4 Balance Sheet & Development

Capital Structure & Investments

# Strong Balance Sheet and Long-Term Debt Ratings
## Investment Grade Rated by Fitch

### Key Debt Metrics
*($million)*

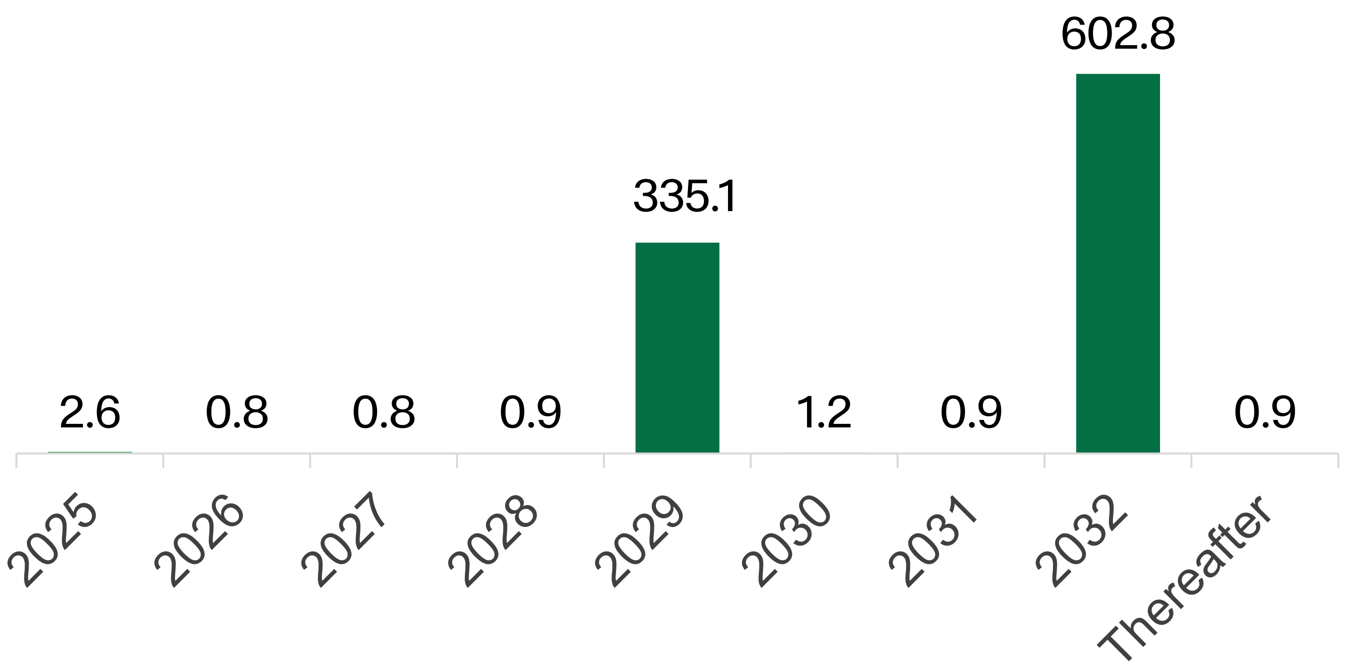



- *Total financial debt includes short-term debt, long-term debt, accrued interest payable and derivatives instruments*
- *Net Debt = Total financial debt less cash and cash equivalents*
- *Leverage ratio = Net financial debt / LTM adjusted EBITDA*

FitchRatings
**BBB-**
Stable

Moody's
**Ba1**
Stable

### Long-term Debt Profile – Pro Forma[1]
*($million)*




- The liability management exercise, initiated January 2025, is expected to result in an average maturity of 5.9 years on the Company's long-term debt, once completed in early April 2025.

[1]*Expected debt maturities after the announced redemption of the 2027 Notes is completed in early April 2025.*

# Development – Capturing the Region's Growth Potential
## Strengthening the Pipeline to Support Long-Term Expansion

### 4Q 2024 Quarter-end Restaurant Footprint

| Division | Store Type | | | Total Restaurants | McCafé | Dessert Centers |
|---|---|---|---|---|---|---|
| | Freestanding | In Store | MS & FC | | | |
| BRAZIL | 625 | 91 | 457 | 1,173 | 138 | 2,011 |
| NOLAD | 411 | 47 | 196 | 654 | 19 | 525 |
| SLAD | 260 | 124 | 217 | 601 | 220 | 732 |
| TOTAL | 1,296 | 262 | 870 | 2,428 | 377 | 3,268 |

### 4Q24 & FY24 Openings

- 29 restaurant openings in 4Q24 (85 in FY24).
- 15 restaurant openings in Brazil in 4Q24 (47 in FY24).
- 26 free-standing openings in 4Q24 (79 in FY24).

### 4Q24 & FY24 Capital Allocation

- $88.5 mm capital expenditures in 4Q24 ($327.6 mm in FY24).
- $12.6 mm dividend payment in 4Q24 ($50.6 mm in FY24).

### 2025 Guidance

- 90 to 100 EOTF restaurant openings.
- $300 to $350 million in total capital expenditures.





**67% EOTF**

Experience of the Future

# 5 Wrap Up

Final Thoughts

# Closing Remarks

## Position of Strength
- Market share leadership.
- Benchmark digital platform.
- Modernized restaurant portfolio.

## Strategic Flexibility
- Omnichannel approach.
- Accessible menu board.
- Complete guest experience.

## McDonald’s Partnership
- Long-term relationship.
- Shared vision for the future.
- Strategic alignment.

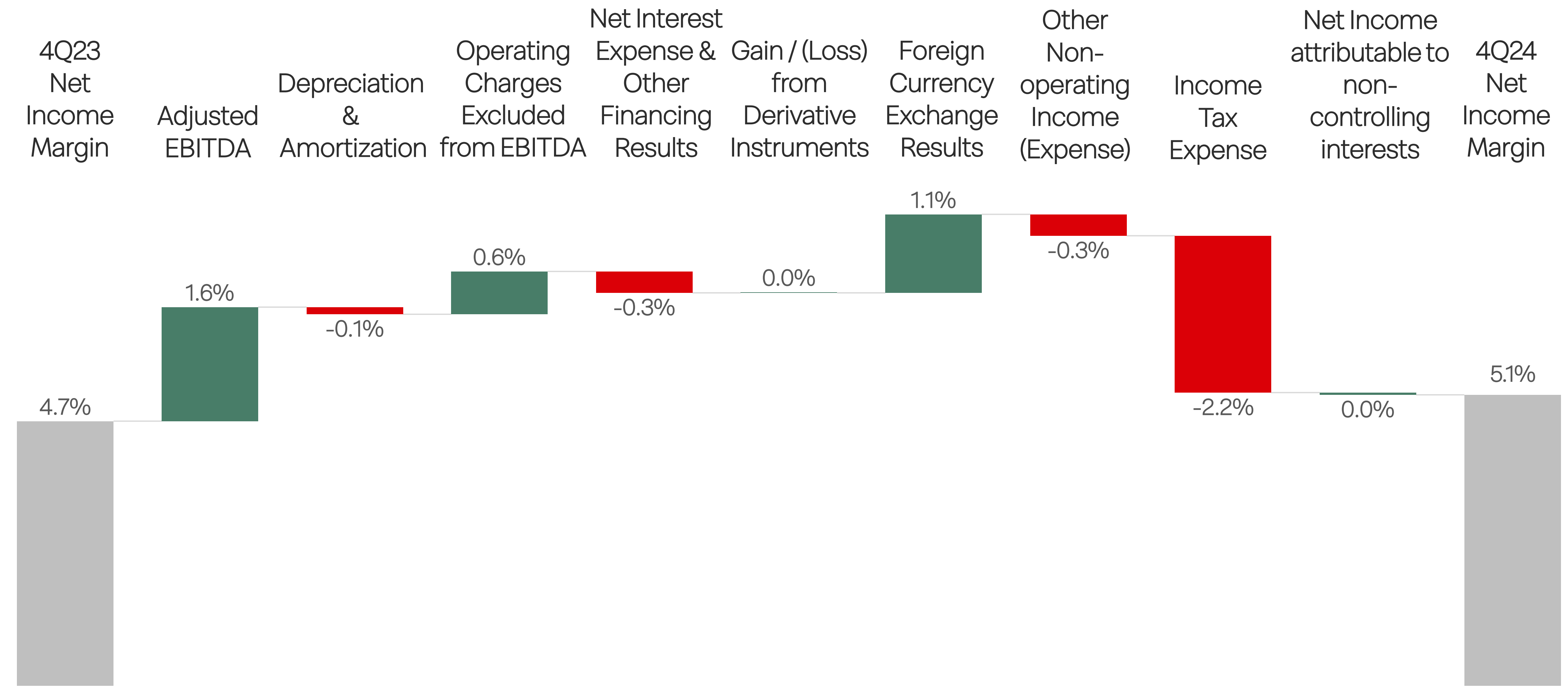
## Resilient Business Model
- Diversified operating footprint.
- Financial strength.
- Experienced management team.

# Questions
# & Answers

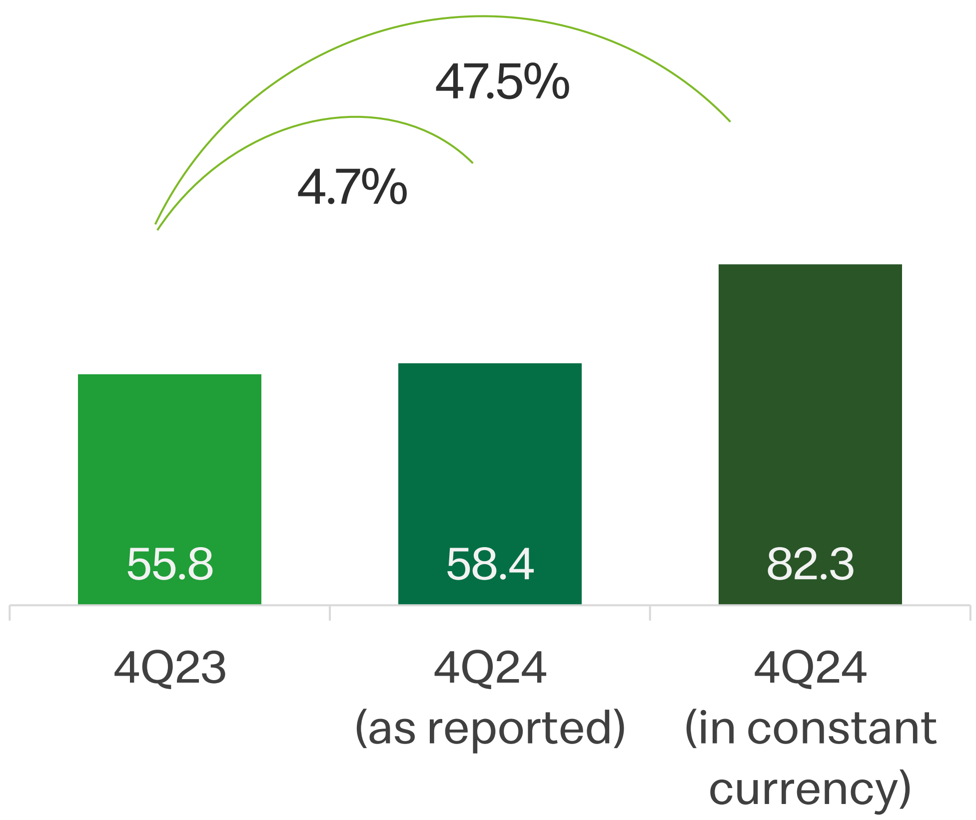

# 6 Supplemental Information

# Fourth Quarter 2024
## Consolidated Net Income Growth & Margin Bridge

### 4Q24 – Net Income Margin Performance
*(% of total revenue)*

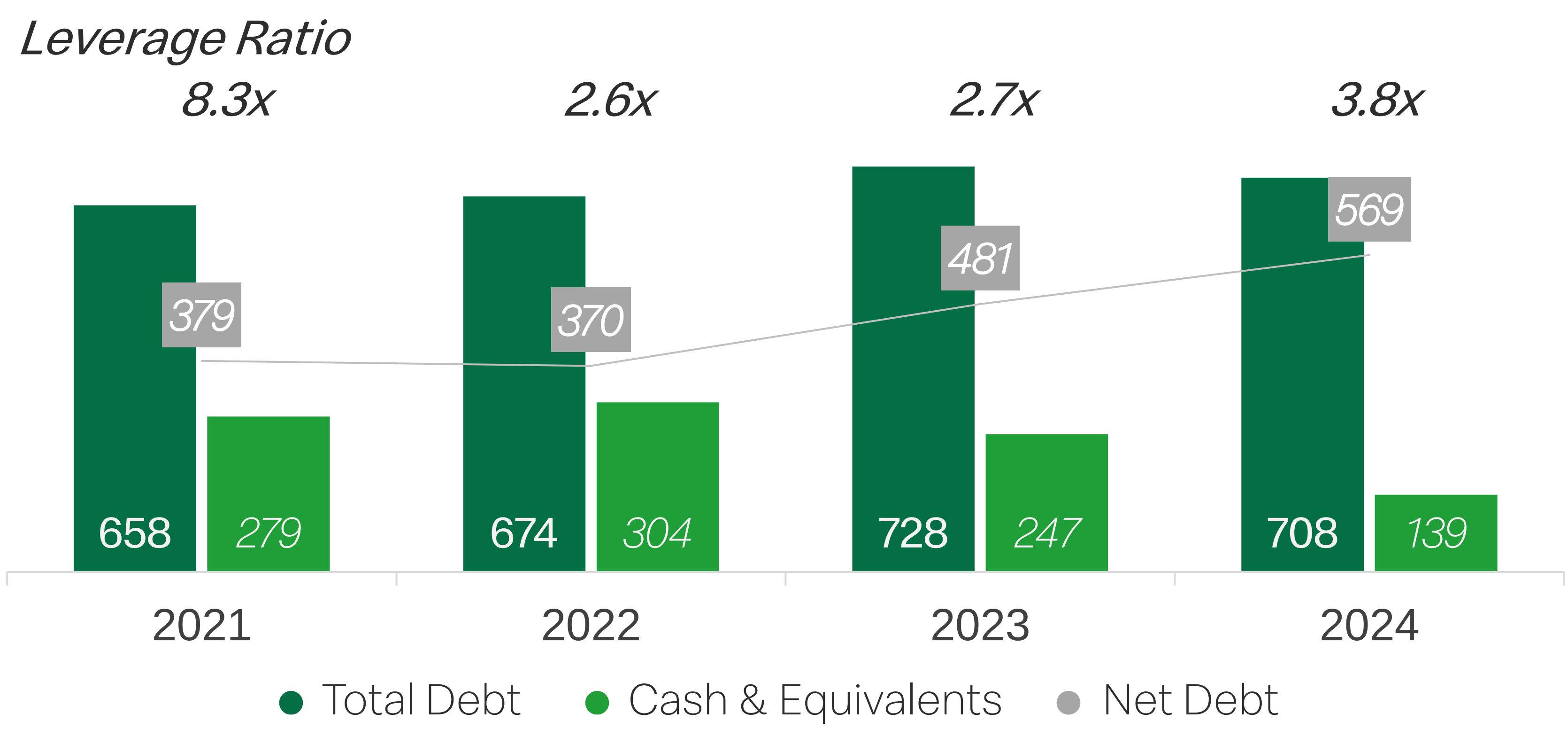



### 4Q24 – Net Income
*($million)*



# Net Debt to Net Income

**Key Debt Metrics**
*($million)*




- *Total financial debt includes short-term debt, long-term debt, accrued interest payable and derivatives instruments*
- *Net Debt = Total financial debt less cash and cash equivalents*
- *Leverage ratio = Net financial debt / Last Twelve-Month Net Income*

# Adjusted EBITDA Reconciliation

| *($million)* | For Three-Months ended December 31, | | For Twelve-Months ended December 31, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| **Adjusted EBITDA Reconciliation** | | | | |
| Net income attributable to Arcos Dorados Holdings Inc. | 58.4 | 55.8 | 148.8 | 181.3 |
| Net income attributable to non-controlling interests | 0.1 | 0.4 | 0.6 | 1.1 |
| Income tax expense, net | 33.2 | 7.8 | 109.9 | 95.7 |
| Other non-operating income (expenses), net | 4.0 | 1.1 | 3.9 | 1.2 |
| Foreign currency exchange results | (0.8) | 11.5 | 15.1 | (10.8) |
| (Loss) gain from derivative instruments | (0.2) | (0.0) | (0.9) | 13.2 |
| Net interest expense and other financing results | 8.2 | 5.3 | 47.2 | 32.3 |
| Depreciation and amortization | 43.7 | 43.5 | 177.4 | 149.3 |
| Operating charges excluded from EBITDA computation | 0.8 | 7.4 | (1.8) | 9.0 |
| **Adjusted EBITDA** | **147.4** | **132.6** | **500.1** | **472.3** |

# Definitions

In analyzing business trends, management considers a variety of performance and financial measures which are considered to be non-GAAP including: Adjusted EBITDA, Constant Currency basis, Systemwide sales, and Systemwide comparable sales growth.

**Adjusted EBITDA:** In addition to financial measures prepared in accordance with the general accepted accounting principles (GAAP), this press release and the accompanying tables use a non-GAAP financial measure titled 'Adjusted EBITDA'. Management uses Adjusted EBITDA to facilitate operating performance comparisons from period to period.
Adjusted EBITDA is defined as the Company's operating income plus depreciation and amortization plus/minus the following losses/gains included within other operating income (expenses), net, and within general and administrative expenses on the statement of income: gains from sale or insurance recovery of property and equipment, write-offs of long-lived assets, and impairment of long-lived assets.
Management believes Adjusted EBITDA facilitates company-to-company operating performance comparisons by backing out potential differences caused by variations such as capital structures (affecting net interest expense and other financing results), taxation (affecting income tax expense) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense), which may vary for different companies for reasons unrelated to operating performance. Figure 8 of this earnings release includes a reconciliation for Adjusted EBITDA. For more information, please see Adjusted EBITDA reconciliation in Note 9 – Segment and geographic information – of our financial statements (6-K Form) filed today with the S.E.C.

**Constant Currency basis:** refers to amounts calculated using the same exchange rate over the periods under comparison to remove the effects of currency fluctuations from this trend analysis. To better discern underlying business trends, this release uses non-GAAP financial measures that segregate year-over-year growth into two categories: (i) currency translation and (ii) constant currency growth. (i) Currency translation reflects the impact on growth of the appreciation or depreciation of the local currencies in which the Company conducts its business against the US dollar (the currency in which the Company's financial statements are prepared). (ii) Constant currency growth reflects the underlying growth of the business excluding the effect from currency translation. The Company also calculates variations as a percentage in constant currency, which are also considered to be non-GAAP measures, to provide a more meaningful analysis of its business by identifying the underlying business trends, without distortion from the effect of foreign currency fluctuations.

**Systemwide sales:** Systemwide sales represent measures for both Company-operated and sub-franchised restaurants. While sales by sub-franchisees are not recorded as revenues by the Company, management believes the information is important in understanding its financial performance because these sales are the basis on which it calculates and records sub-franchised restaurant revenues and are indicative of the financial health of its sub-franchisee base.

**Systemwide comparable sales growth:** this non-GAAP measure, refers to the change, on a constant currency basis, in Company-operated and sub-franchised restaurant sales in one period from a comparable period for restaurants that have been open for thirteen months or longer (year-over-year basis) including those temporarily closed. Management believes it is a key performance indicator used within the retail industry and is indicative of the success of the Company's initiatives as well as local economic, competitive and consumer trends. Sales by sub-franchisees are not recorded as revenues by the Company.

## IR Contacts

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