

Arcos Dorados

3Q 2022 Earnings

November 16, 2022



ARCO
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NYSE



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Discussion Topics

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





Key Highlights

1

3rd Quarter
2022

Third Quarter 2022 Key Highlights



Total
Revenue
\$916.3m

Systemwide
Comparable Sales
+34.2%

Strong Sales Growth

- Systemwide sales grew 2.0x the rate of blended inflation.
- Guest traffic growth drove comparable sales higher.
- Market Share continued expanding throughout the region.

Adjusted
EBITDA
\$103.0m
11.2% margin

Digital Sales¹
Contribution
42.0%
17% identified

Three D's Leveraged Structural Competitive Advantages

- Digital sales¹ of almost US\$500 m, a new quarterly record.
- Delivery sales² rose 34%, even with normalizing on-premise sales.
- Drive-thru sales² were up 11% - positive in all divisions.

Net
Income
\$47.7m
\$0.23 per share

Restaurant
Openings
15
14 free-standing

Strong Adjusted EBITDA Growth

- Adjusted EBITDA was up 15.0% in US dollars and 27.0% in constant currency compared with the prior year.
- Margin remained solid, thanks to operating leverage.
- Earnings per share almost doubled the prior year result.

Note: Financial results exclude Venezuela

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

²in constant currency



Sales Highlights

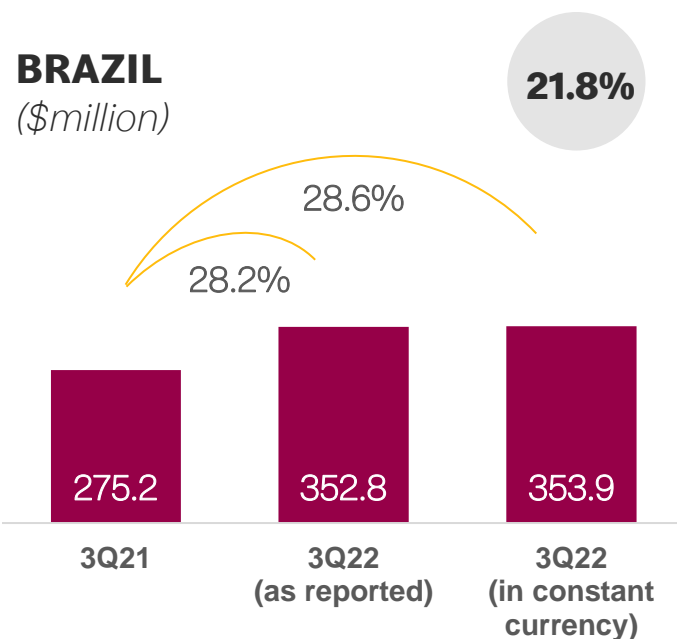
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Divisional Sales Performance

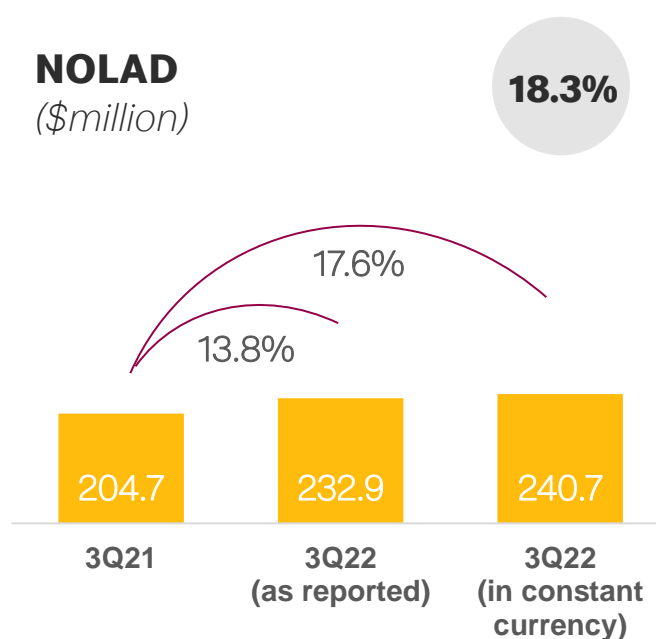
Systemwide Comparable Sales grew 2.0x blended inflation



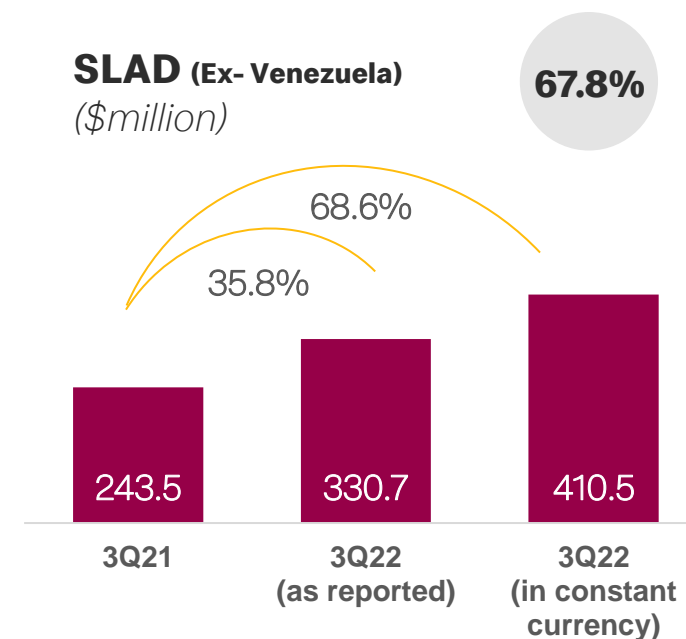
● Systemwide comparable sales growth (%)



- ✓ Comps up 2.5x inflation.
- ✓ Digital channels generated 52% of systemwide sales.
- ✓ 1.8 p.p. Market Share¹ gain vs. prior year quarter.



- ✓ Comps up 2.6x blended inflation.
- ✓ Mexico, Costa Rica and French West Indies grew the strongest.
- ✓ 1.6 p.p. Market Share¹ gain vs. prior year quarter.



- ✓ Comps up 1.8x blended inflation.
- ✓ All main markets in the division delivered strong topline growth.
- ✓ 4.6 p.p. Market Share¹ gain vs. prior year quarter.

¹Source: Ipsos



Profitability Highlights

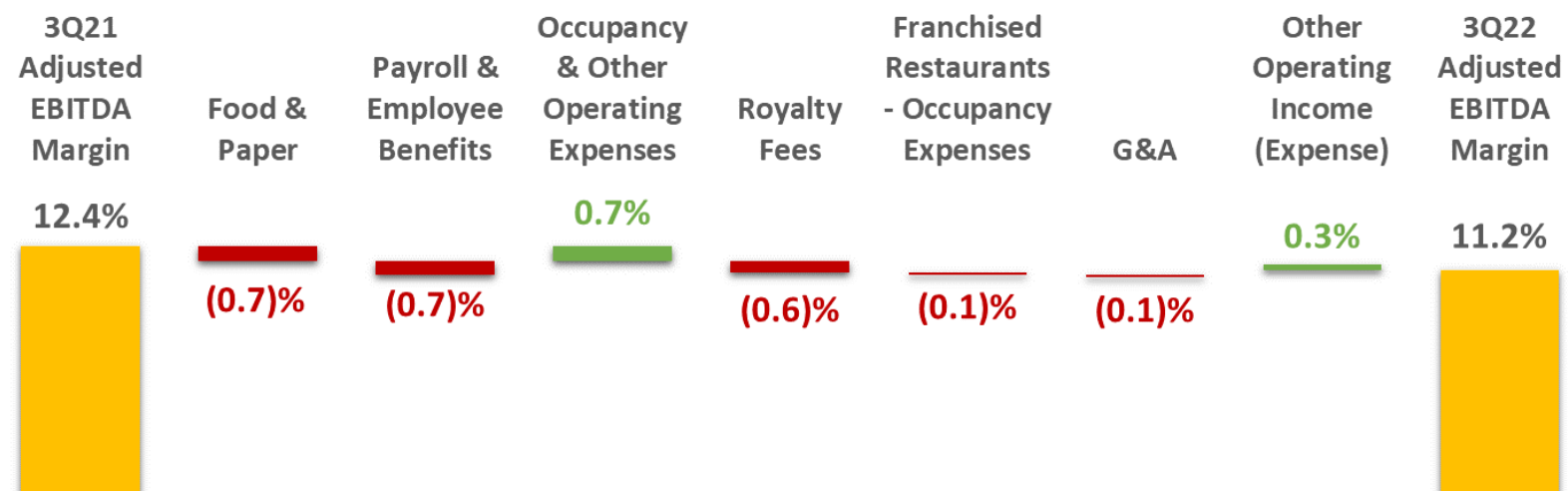
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Divisional Profitability

Operating Leverage Offsetting Headwinds and Tough Comparison



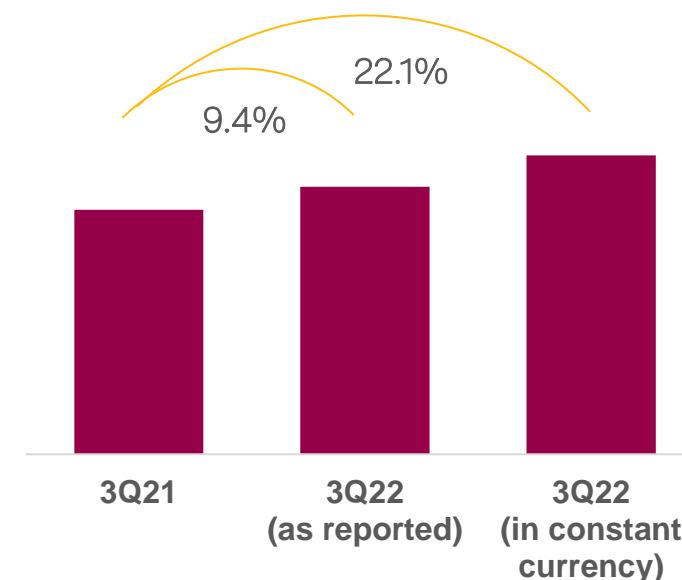
Consolidated Adjusted EBITDA Margin Bridge



- Operating leverage in fixed expenses offset F&P cost pressure in NOLAD and SLAD.
- Brazil's gross margin expanded in the 3rd quarter.
- Payroll expense improved as a percentage of revenue, excluding the government support program benefit from the 3Q21 result.
- Royalty fees reflect the impact of the final step-up in the MFA royalty rate, which took effect on August 3, 2022.

Total G&A Expenses

(\$ million)



22.4%

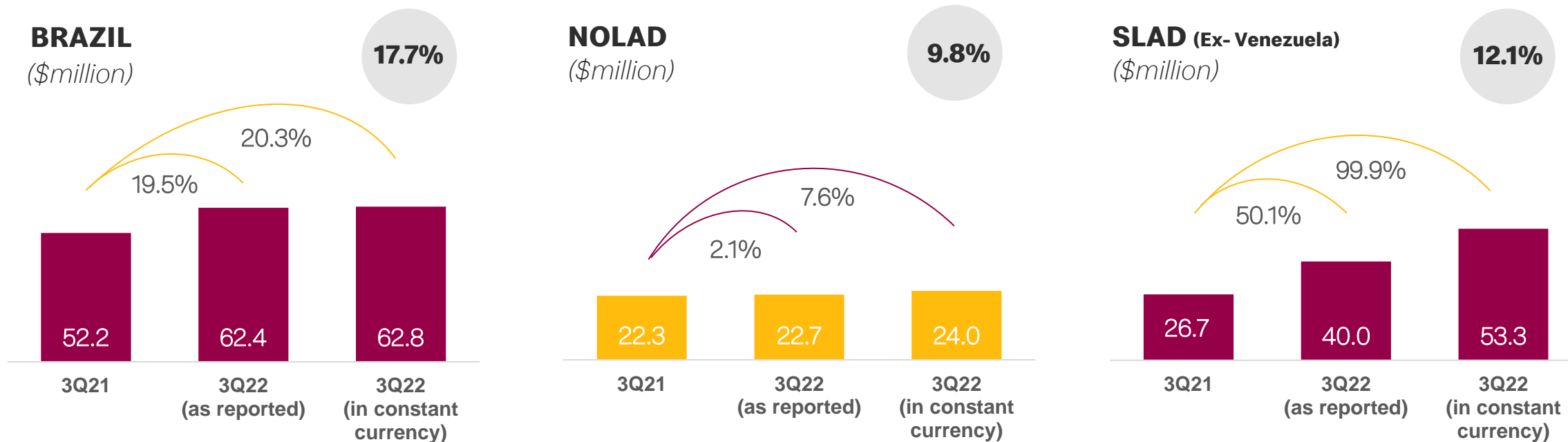
blended inflation (G&A)

Note: Financial results exclude Venezuela

Adjusted EBITDA Performance, by Division



● Adjusted EBITDA margin (%)



Significant Adjusted EBITDA Growth in US dollars driven by Revenue and Operating Leverage



Balance Sheet & Growth

4

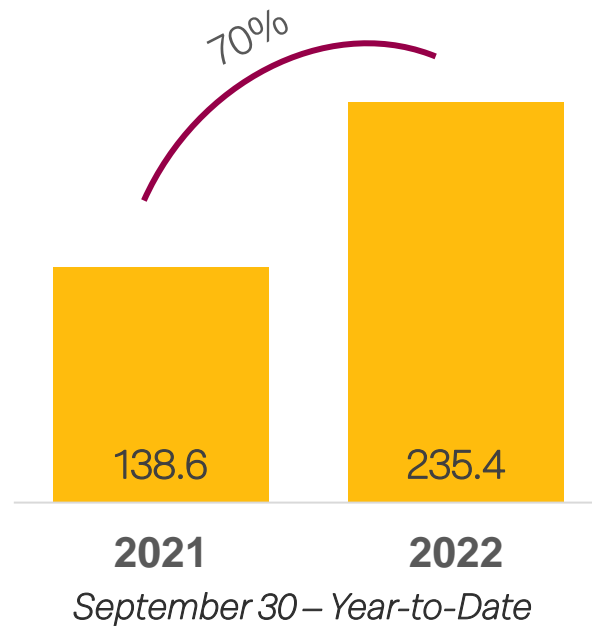
Capital
Structure &
Investments

Strong Cash Flow & Balance Sheet to Support Accelerated Growth



Cash Flow from Operating Activities*

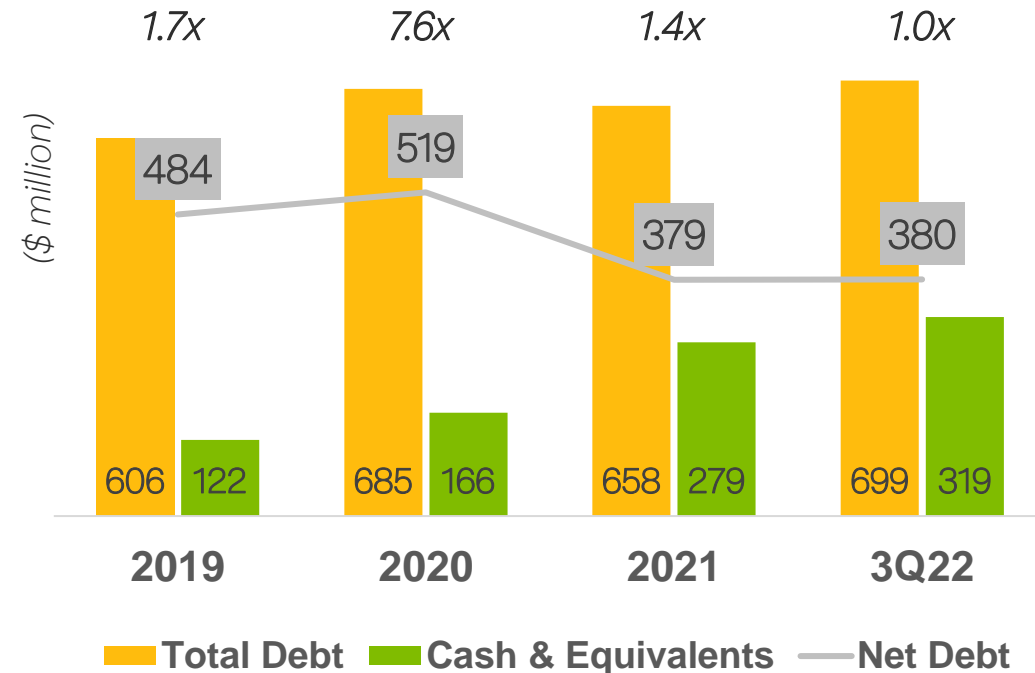
(\$ million)



(*) As reported, including Venezuela

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

Capturing Potential and Accelerating Growth



3Q 2022 QUARTER-END RESTAURANT FOOTPRINT

DIVISION	STORE TYPE		TOTAL RESTAURANTS	MCCAFES	DESSERT CENTERS
	FS & IS	MS & FC			
BRAZIL	618	459	1,077	115	1,968
NOLAD	437	194	631	12	531
SLAD	365	224	589	162	706
TOTAL	1,420	877	2,297	289	3,205



3Q and YTD 2022 – Capturing Potential ✓

- 15 restaurant openings in 3Q (45 YTD).
- 14 freestanding units in 3Q (40 YTD).
- 9 restaurants in Brazil in 3Q (30 YTD).

Full Year 2022 – Outlook ↗

- ~65 restaurant openings (up from 55).
- ~90% freestanding.
- Robust pipeline to support growth acceleration.



Three D's Strategy

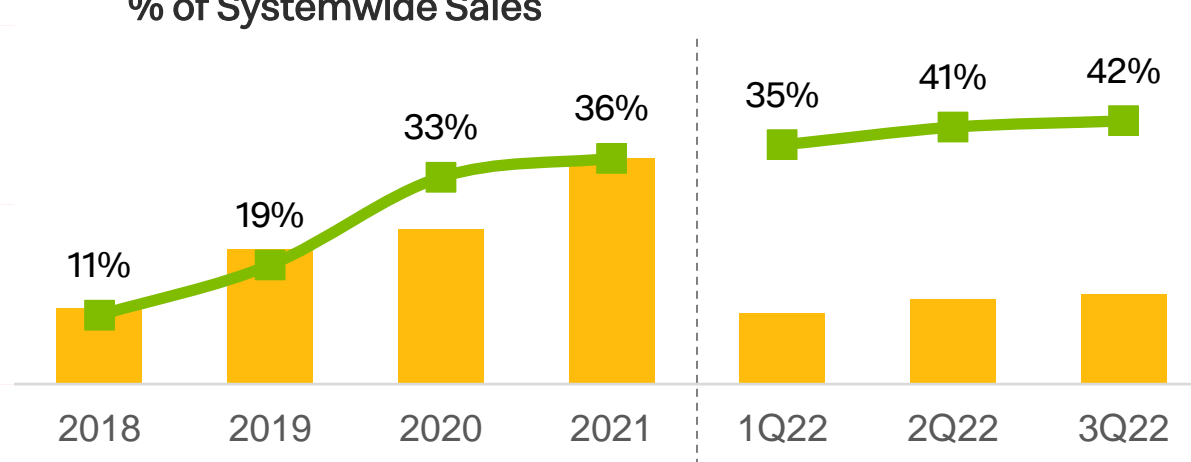
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Digital, Delivery
& Drive-thru

Three D's: Optimizing the “Phygital” Experience



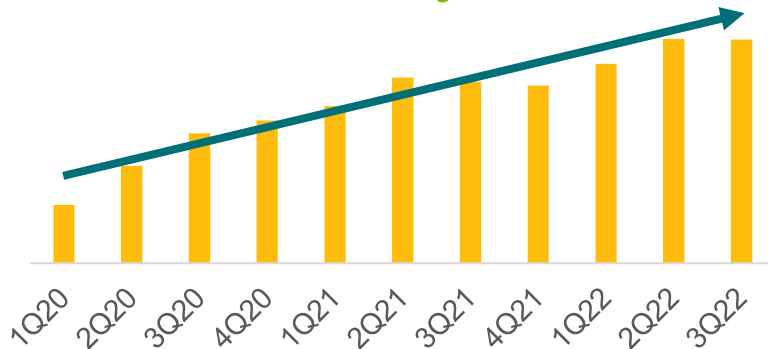
■ Digital Sales
% of Systemwide Sales



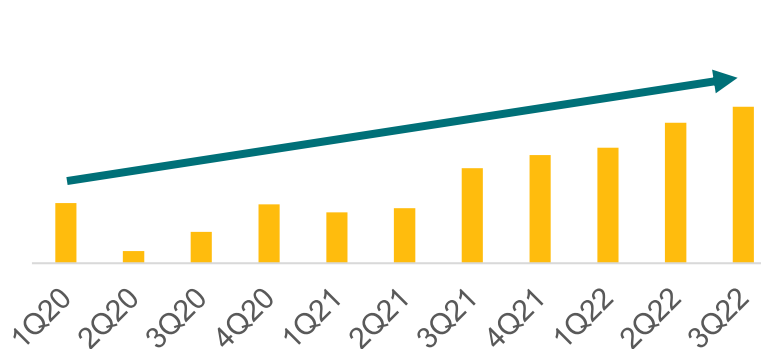
>34%
Delivery Sales
Growth¹

>11%
Drive-thru Sales
Growth¹

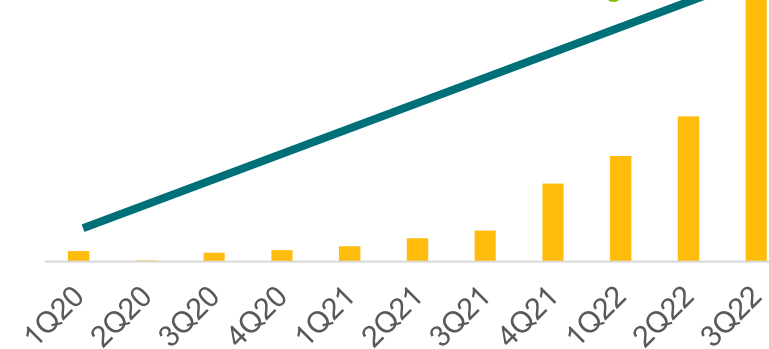
Delivery



Self-Order Kiosk



Mobile Order and Pay

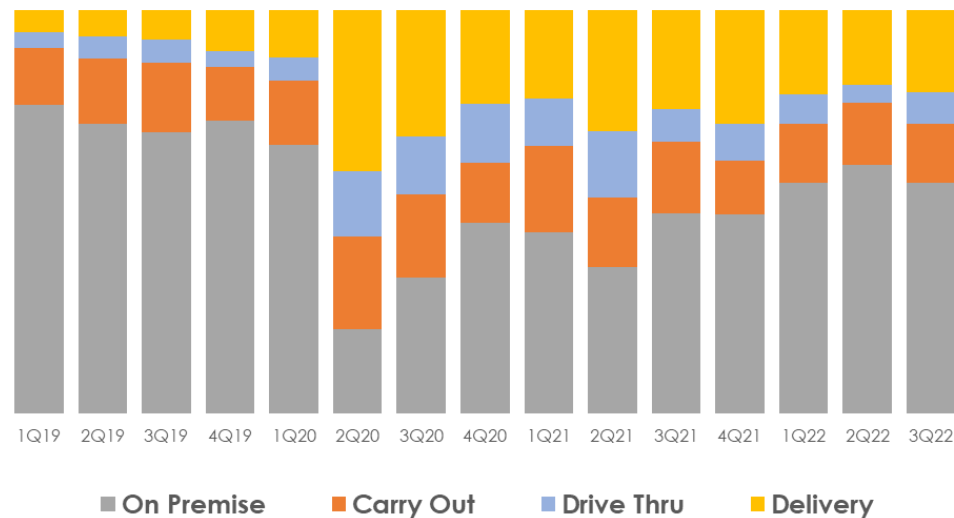


¹in constant currency 3Q 2022 versus 3Q 2021

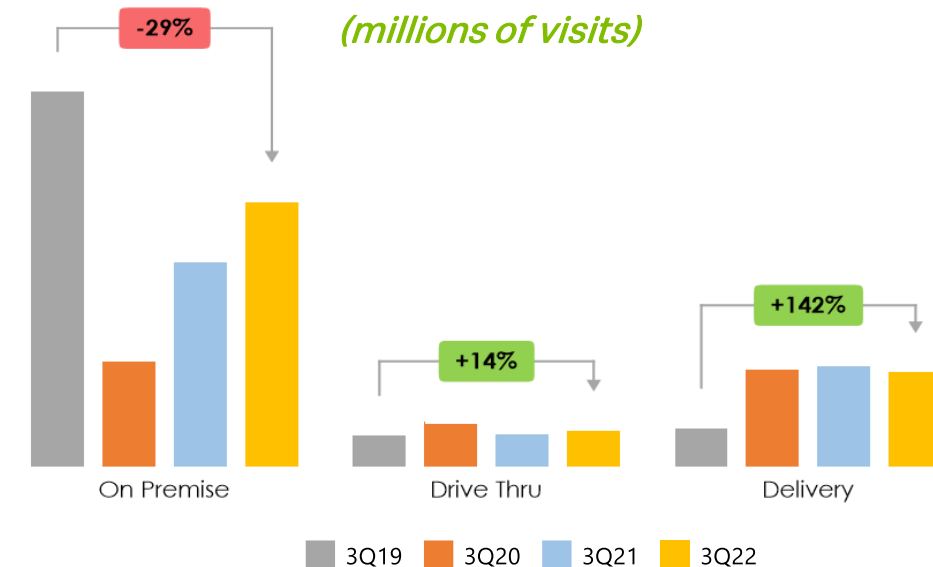
Free-standing Restaurants: Generating Balanced Growth



Brazil QSR Industry: Traffic Share by Channel



Brazil QSR Industry: Traffic Volume by Channel

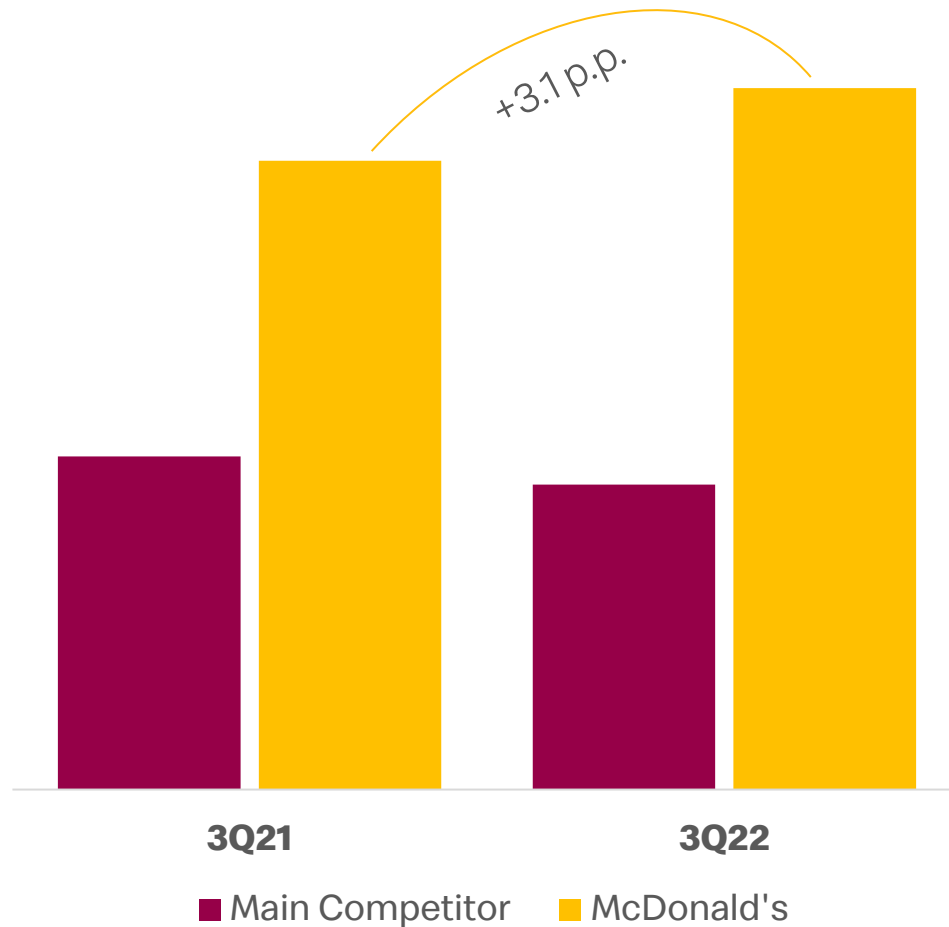


- Brazil's Quick Service Restaurant (QSR) industry has shifted permanently to a higher share of off-premise sales, with both Drive-thru and (especially) Delivery now generating significantly more traffic than in 2019.
- On-premise traffic has rebounded steadily over the last two years but remain below 2019 levels.
- Drive-thru remains sticky even though traffic has moderated, partly due to the rebound in on-premise sales.
- Arcos Dorados' Delivery volumes in Brazil continued growing, supporting 29% higher sales in the third quarter 2022, despite lower traffic in the broader QSR industry.

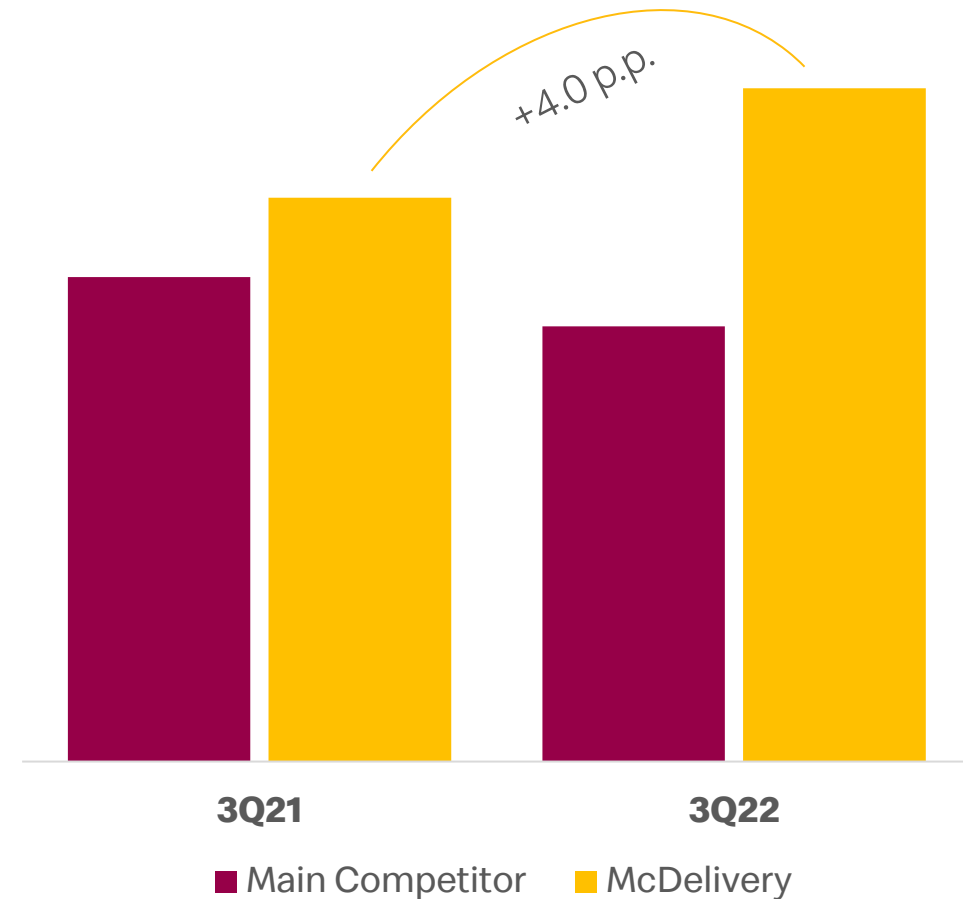
McDonald's Brand Market Share Growing in a Consolidating Market



Arcos Dorados – Total Visit Share



Arcos Dorados – Delivery Visit Share





Recipe for the Future

6

ESG
Platform

Less Carbon...



Recipe for the Future
Arcos Dorados

>> The Journey

- ✓ Energy from renewable sources rose to 12% in 2021, up from 4% in 2020.
- ✓ The Company plans to reach at least 50% renewable energy supply by 2025.

>> Making Progress

- ✓ Signed new renewable energy deals in 2022, including Brazil (EDP) and Colombia (Vatia), which are expected to reduce the Company's energy costs.
- ✓ The Company's partners will make investments totaling more than \$10 million in these countries' renewable energy infrastructure in the next several years.

>> 50 Shades of Energy

- ✓ The agreement with Vatia in Colombia includes the installation of elevated solar panels in several restaurant parking lots that will provide shade to guest vehicles parked underneath.





»» Generating Formal Employment Opportunities

- ✓ The ~65 openings expected for 2022 will generate from 3,000 to 3,500 formal employment opportunities for young people in the first year of operation.

»» Great Place to Work®

- ✓ Brazil ranked 8th among the 150 largest companies in the country.
- ✓ Ecuador ranked 1st Great Place to Work® for women.

»» MCampus – Hamburger University

- ✓ Over 60,000 enrolled students and 9 new online courses introduced in 2022.

»» Gran Día / McDía Feliz

- ✓ Generated record guest donations to support Arcos Dorados' local NGO partners who focus on Youth Opportunity and Commitment to Families.



Wrap Up

7

Closing
Remarks

Closing Remarks



- » Execution, Execution, Execution
 - ✓ Driving long-term, profitable revenue growth.
 - ✓ Prudent capital structure management and data-driven investment decisions.

- » Long-term Growth Potential Remains Promising
 - ✓ Higher sales per unit and above average ROI on recent openings.
 - ✓ Robust pipeline to support an acceleration in unit growth.

- » Three D's Strategy is Winning, with More to Come
 - ✓ Digital platform enhancing guest engagement by developing additional capabilities.
 - ✓ McDelivery is the QSR industry's favorite Delivery service.
 - ✓ Drive-thru has remained sticky even as on-premise channels normalize.



Questions & Answers

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