

ARCO

4Q & Full Year 2021 Earnings

March 16, 2022



ARCO
LISTED
NYSE



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Discussion Topics

- ✓ Key Highlights
- ✓ Results & Growth
- ✓ Digital Transformation Journey
- ✓ Measuring Success
- ✓ Environmental, Social and Governance (ESG)
- ✓ Wrap Up
- ✓ Questions & Answers





Key Highlights

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4Q21 and Full
Year 2021 Results

Fourth Quarter and Full Year 2021 Key Highlights



FY 2021
Total Revenue
\$2.7b

4Q 2021
Total Revenue
\$777.1m

FY 2021
Adj. EBITDA
\$275.0m
10.4% margin

4Q 2021
Adj. EBITDA
\$112.4m
14.5% margin

FY 2021
Net Income
\$49.6m
\$0.24 per share

4Q 2021
Net Income
\$47.2m
\$0.22 per share

Systemwide comparable sales rose 33.6% vs. 4Q19

- Positive 2-year comparable sales in all divisions
- Strong sales trends carried into first two months of 2022

The Three D Strategy widened the competitive advantage

- Drive-thru highest-ever quarterly guest volume
- Delivery highest-ever quarterly order volume
- Digital¹ highest-ever quarterly sales

Full Year Adj. EBITDA margin was the highest ever

- Adj. EBITDA rose to its highest total ever, up 10.5% versus the pre-pandemic 4Q19 in US dollars
- Record-setting 2nd half of the year

Note: Financial results exclude Venezuela

¹Delivery, App and Self-order Kiosks

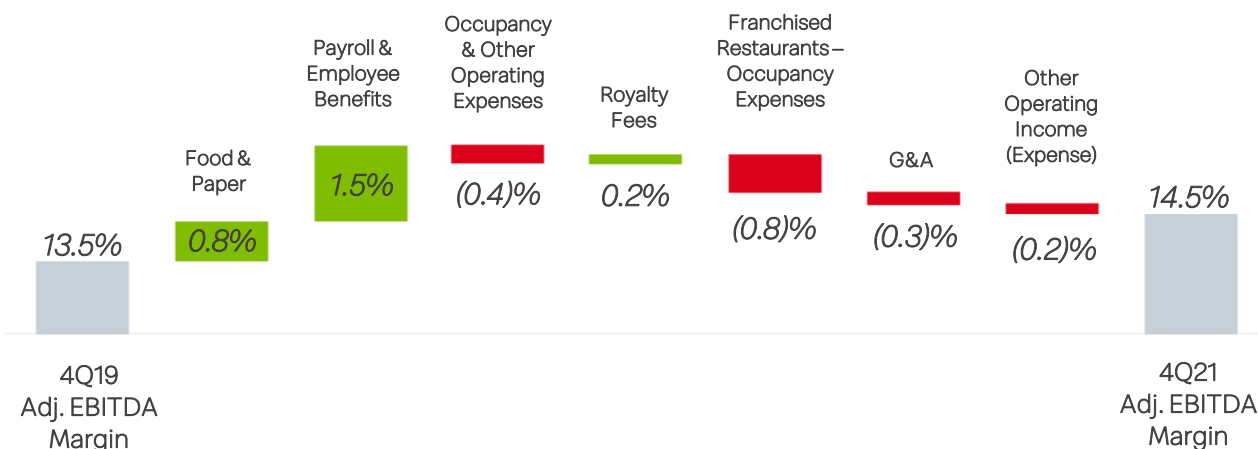


Results & Growth

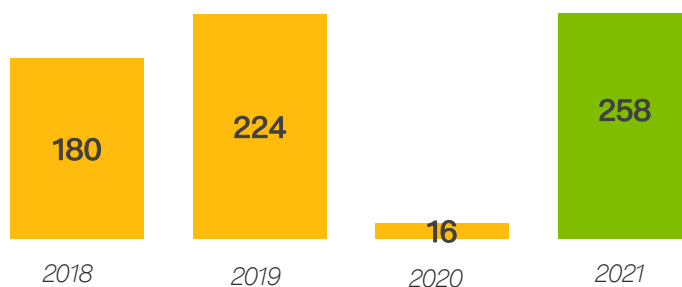
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Profitability,
Capital
Structure &
Investments

Stronger Margins, Cash Generation & Balance Sheet

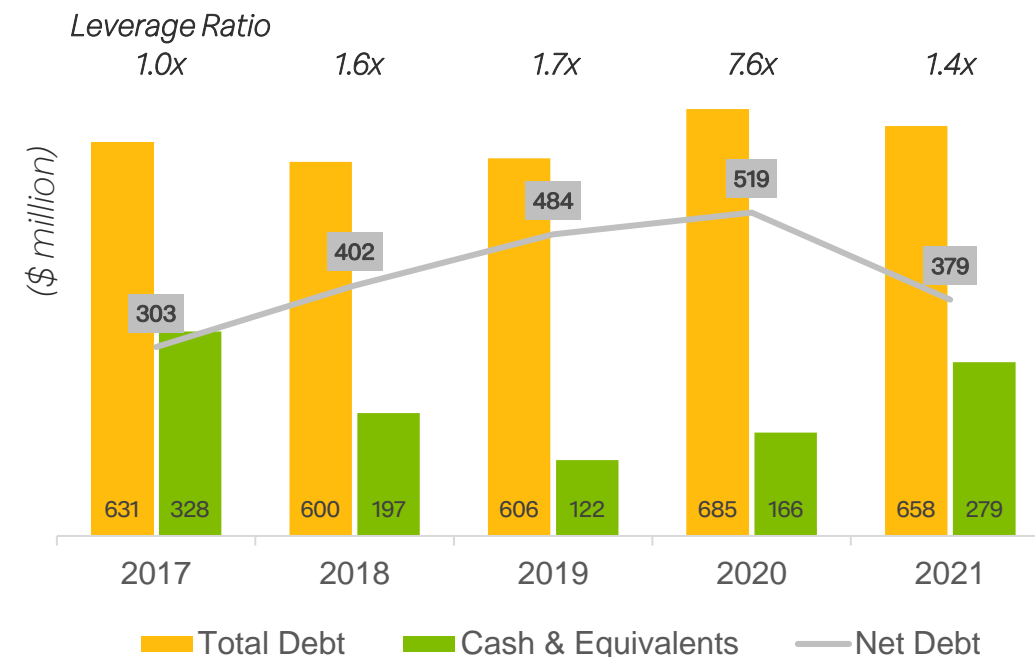


Cash Flow from Operations* (\$ million)



- Net Debt and Net Debt / Adj. EBITDA were the lowest since year-end 2017.
- Cash and cash equivalents were the highest since year-end 2017.

Key Debt Metrics*



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

Capturing McDonald's Brand's Growth Potential



4Q 2021 QUARTER-END FOOTPRINT

DIVISION	STORE TYPE		TOTAL RESTAURANTS	MCCAFES	DESSERT CENTERS
	FS & IS	MS & FC			
BRAZIL	590	461	1,051	95	2,013
NOLAD	431	194	625	14	536
SLAD	361	224	585	159	716
TOTAL	1,382	879	2,261	268	3,265

2021 – Mission Accomplished

- 46 new restaurants in full year 2021, including 40 free-standing locations.
- Capital expenditures of \$115 mn in full year 2021.

2022 to 2024 – Ambitious Growth

- At least 200 new restaurant openings with ~90% free-standing.
- About \$650 mn total capex in the period.

2022 – On Track

- At Least 55 new restaurant openings in 2022 (13 opened through February 2022).
- About \$180-\$200 mn total capex in 2022.



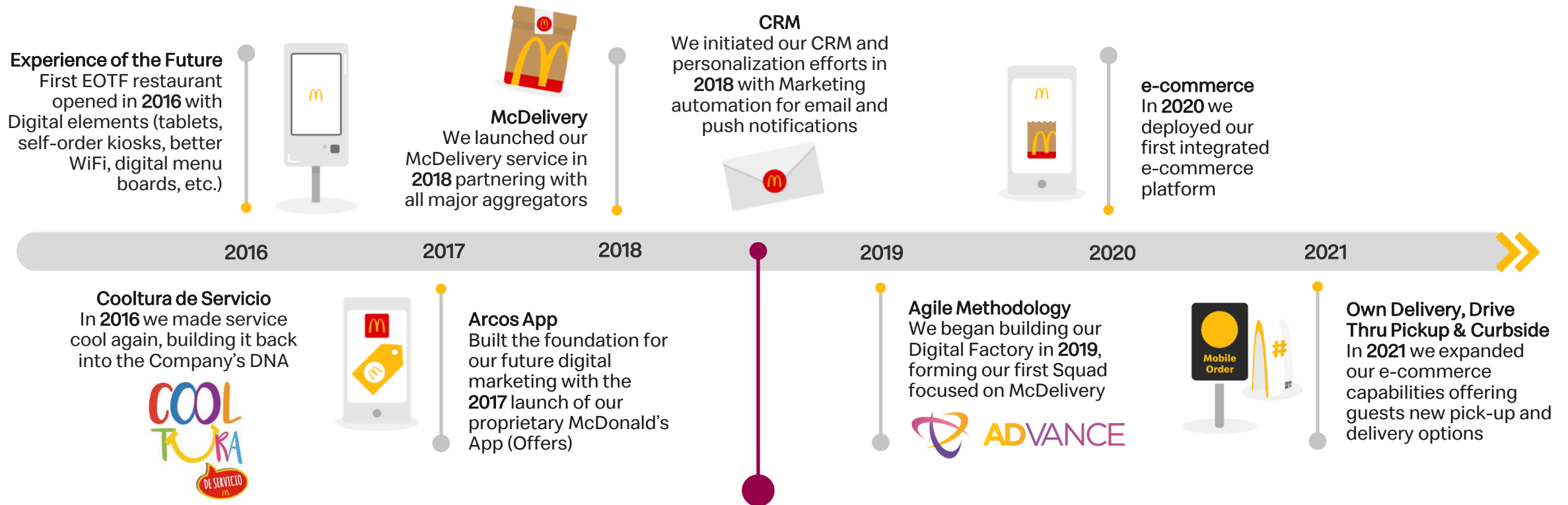


Digital Transformation Journey

3D's

Strategy

Our Digital Transformation Journey: Always 3 Steps Ahead



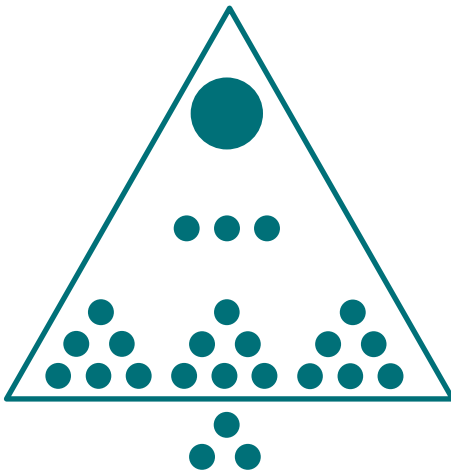
Digital Aspiration: To deliver the best guest experience, generating delicious moments through technology that makes people's lives easier.

Adding Agility to ADvance the Digital Transformation Journey

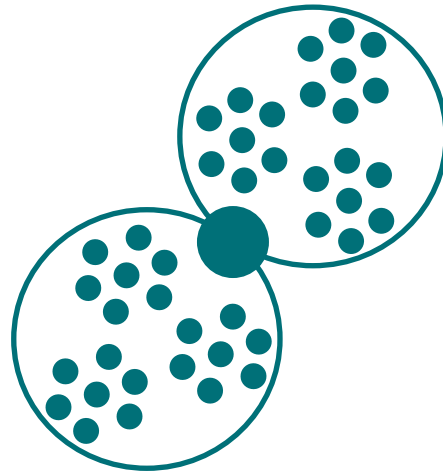


- Empowered teams with Common “Moon Shot” Objectives
- Over 300 team members collaborating, taking risks and moving forward

Traditional Structure



Agile Structure



SQUADS

- Digital Experience
- Digital Marketing
- Digital Channel Operations & Logistics

DATA & ANALYTICS

- Data Governance, Quality, Modeling and Architecture
- Data Science & Advanced Analytics
- Data Academy

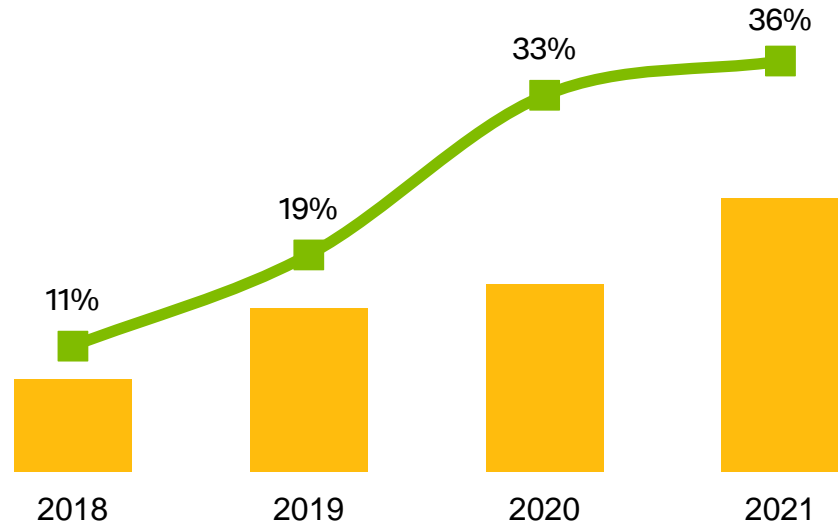
TECHNOLOGY (IT)

- Architecture
- Corporate Applications
- Cloud Infrastructure (central & restaurants)
- Information Security & Telecommunications

Digital: Delivery / Self-Order Kiosk / App



■ % of Systemwide Sales



4Q21 Digital Sales reached their highest quarterly total in absolute terms.

2021 vs. 2019 Sales Growth:

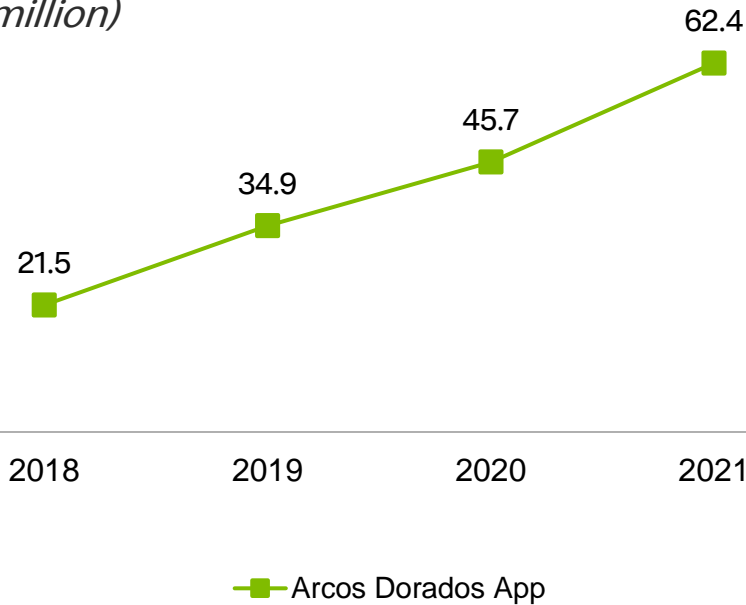
- 50% Total Digital
 - 345% Delivery
 - 50% Self-Order Kiosks
 - 20% Mobile App (all channels)
 - Mass Marketing to Mass Personalization
 - New ecommerce platform (MOP)

Digital: Latin American QSR industry's favorite App



- New convenience solutions and a more personalized experience
- Driving higher guest lifetime value

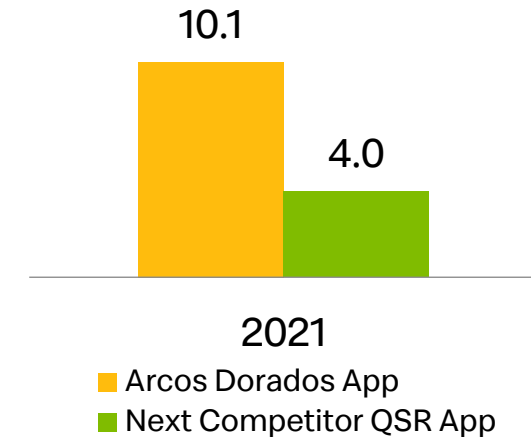
Accumulated Downloads (million)



Source: Company Data

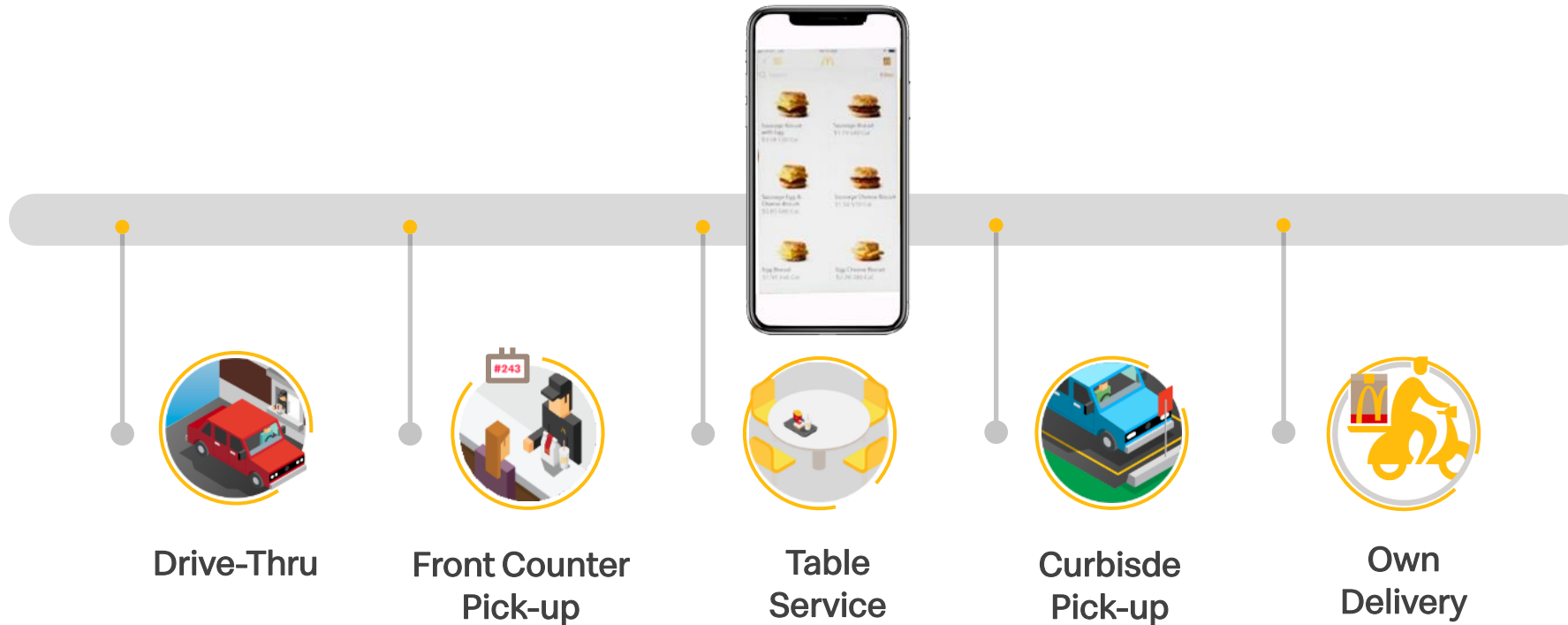
+53
million unique
registered users

Average Monthly Active Users (million)



Source: App Annie Intelligence

Digital: Where, When and How Experience



To deliver the best guest experience, generating delicious moments through technology that makes people's lives easier

Digital: Personalization through Identifiable Sales will Drive Future Results



- App users who make an app-initiated purchase (any functionality) **who have opted-in to sharing their contact and other information**
 - Personalized campaigns are 25%-35% more efficient
 - Leads to more targeted and effective marketing campaigns
 - Allows us to drive behavior based on frequency and preferences

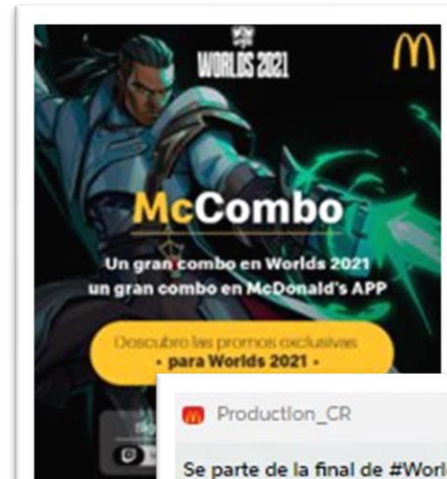
Our ambition

Unlock **40% identifiable digital sales** For our System by the end of **2025**

Digital: Building Frequency & Engagement



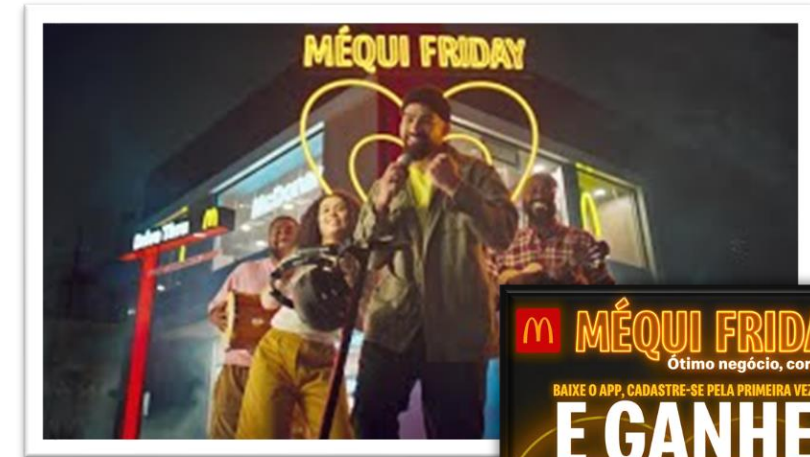
Exclusive Licenses & Partnerships



- FIFA® 22 Legacy Cup: e-tournament in partnership with Coca-Cola® with more than 18 thousand registered gamers

- League of Legends®, one of Latin America's most popular PC games, partnership to leverage gaming "combinations"

Owning the Holiday Season



Highlights:

- Black Friday 360-campaign focused on acquisition and engagement
 - Highest daily download and usage levels ever
 - #1 downloaded food & beverage apps, incl. 3POs

Digital: Hyper-personalized, Loyal, Aspirational and even more Convenient!



Roll-out our revamped App
e-commerce experience to all
markets, the ultimate
omnichannel **convenience**



Order Ahead
My meal is ready
when I am



Delivery
My way to get
My favorites,
wherever I am

Making delicious feel-good moments **faster, easier and more rewarding for me**

Hyper-personalization through
recommendation automation

Loyalty program that will enhance
our ability to manage and increase
guest frequency

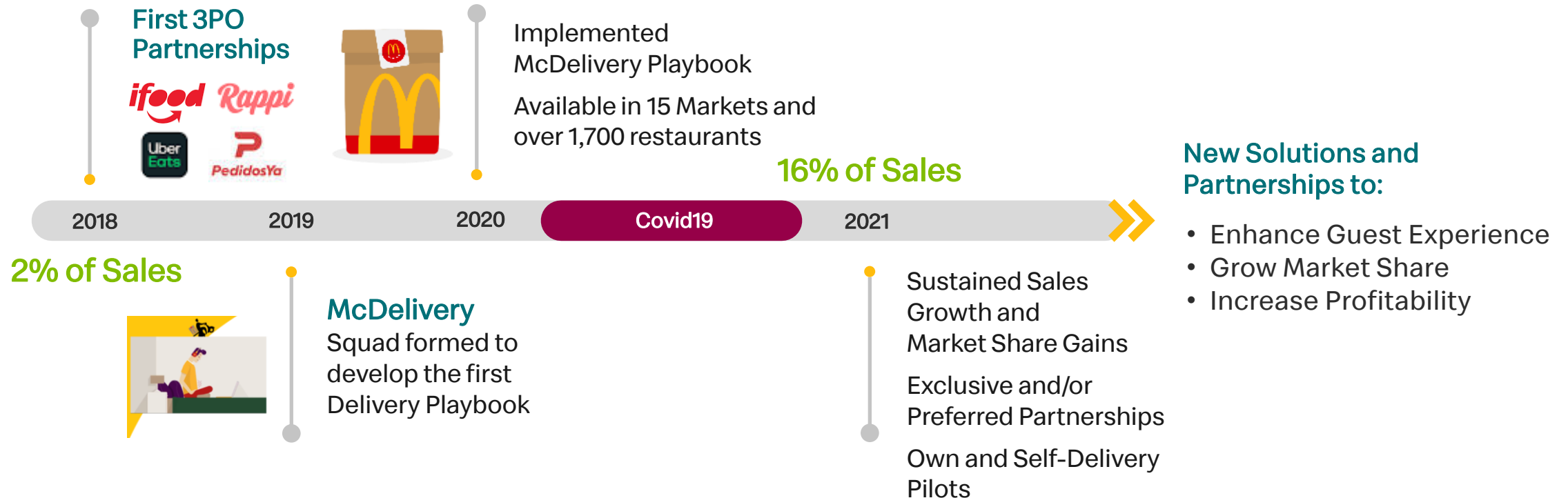


Personalized Deals
My meal is the best deal



Rewards
My loyalty is rewarded

McDelivery: A New Consumption Occasion



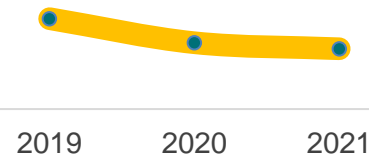
McDelivery: QSR's Best Guest Experience



Significant Operational Improvements

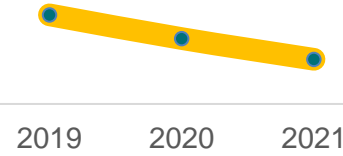
- 5 minutes Faster Delivery

Total Time



- 50% Reduced Inaccuracy

Inaccurate Orders



**~345%
Sales Growth¹**



¹constant currency

Strong Marketing Support



Special
Dates

3PO
Actions

Exclusive
Menu

Technology Development and Deployment

- Integration between all order sources and restaurant kitchens
- Locally-developed technological solution, unique to the McDonald's System

Drive-thru: Structural Competitive Advantage



Drive-thru represents a structural competitive advantage for the McDonald's Brand in Latin America and the Caribbean

Arcos Dorados operates the region's largest free-standing restaurant portfolio with more than 1,100 locations:

- >2.5x the main competitor in Brazil
- >4.0x the main competitor in Chile
- >4.5x the main competitor in Argentina

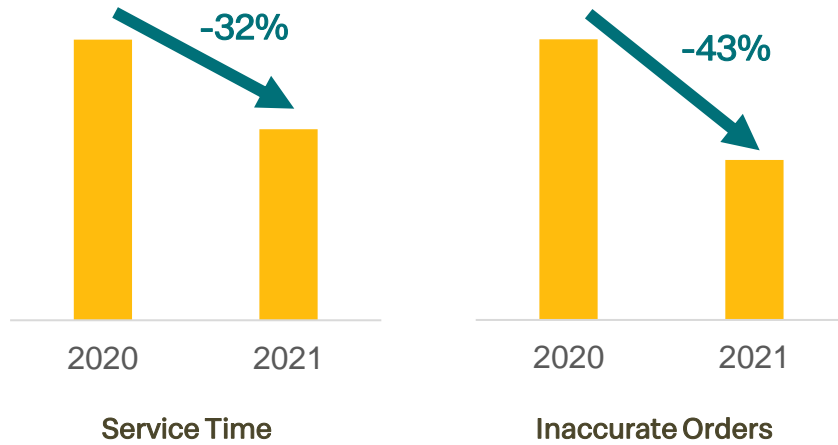
Around 90% of new restaurant openings from 2022 to 2024 will be free-standing units, or at least 180 new drive-thru locations

- The Company's highest number of free-standing openings in a three year period

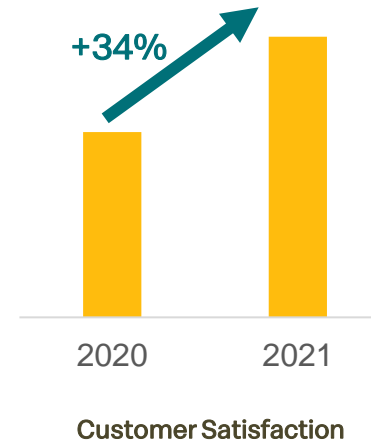
Drive-thru: Nobody Does It Better



Improved Operational Execution



Higher Customer Satisfaction



Investments in Technology and Training



Strong Marketing Support



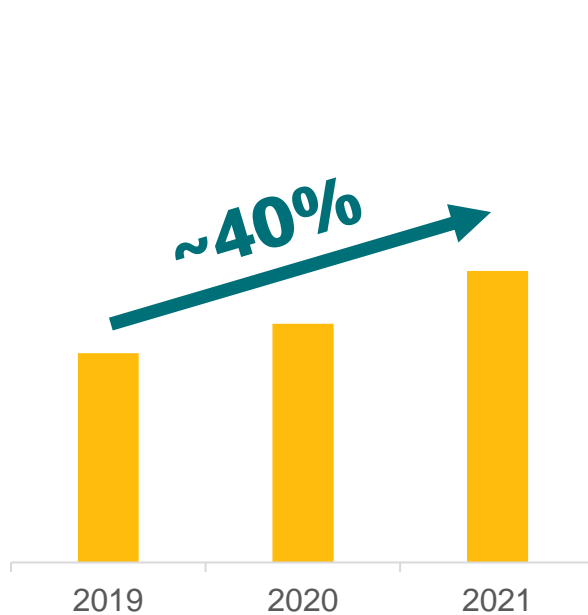
Drive-thru: Capturing New Guests Daily



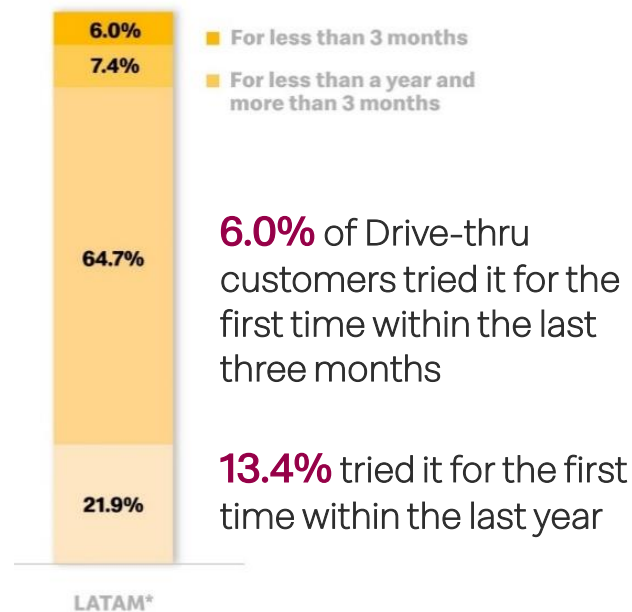
Sales contribution of 35% in 2020 and 2021 versus just 22% in pre-pandemic 2019

- Volume: >15% more cars per restaurant per month in Dec. 2021 versus Dec. 2019
- Sales contribution should remain around 30% of total

Sales Growth

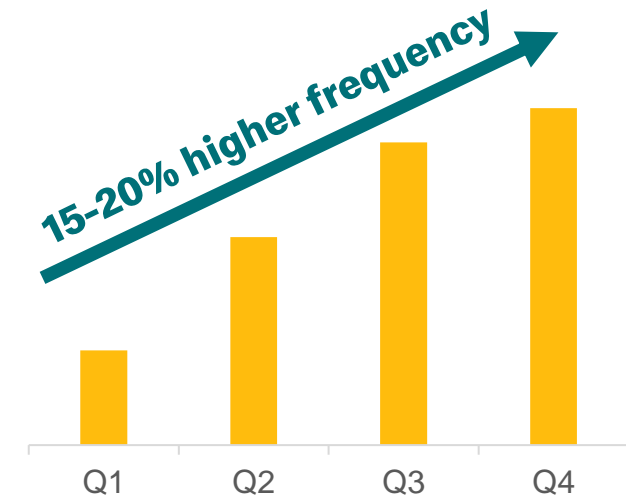


New Guests



Club VIP Automac

3.5 million Identifiable Members





Measuring Success

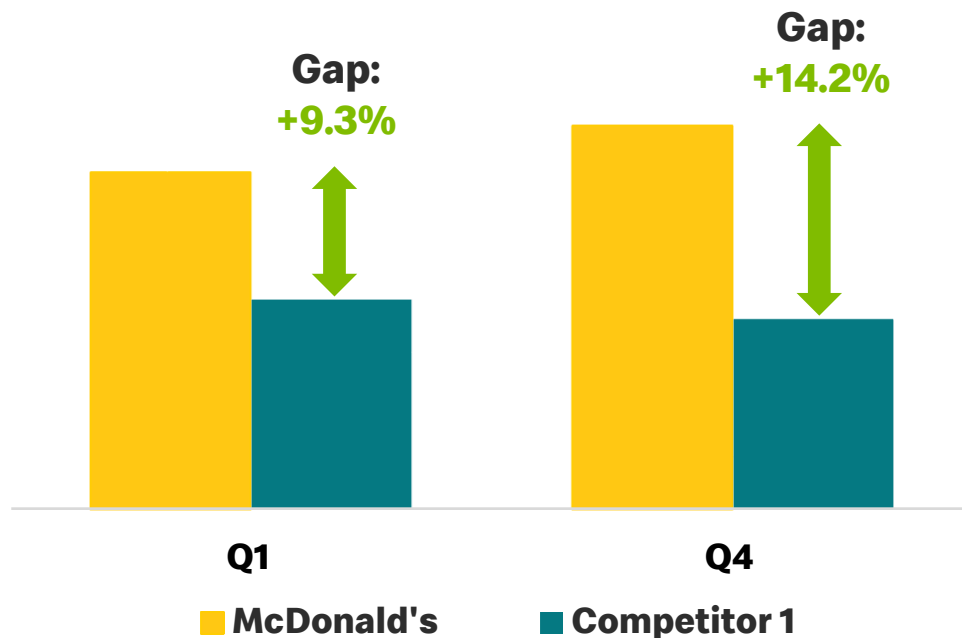
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Market Share

Total McDonald's Brand market share gaps grew across the region

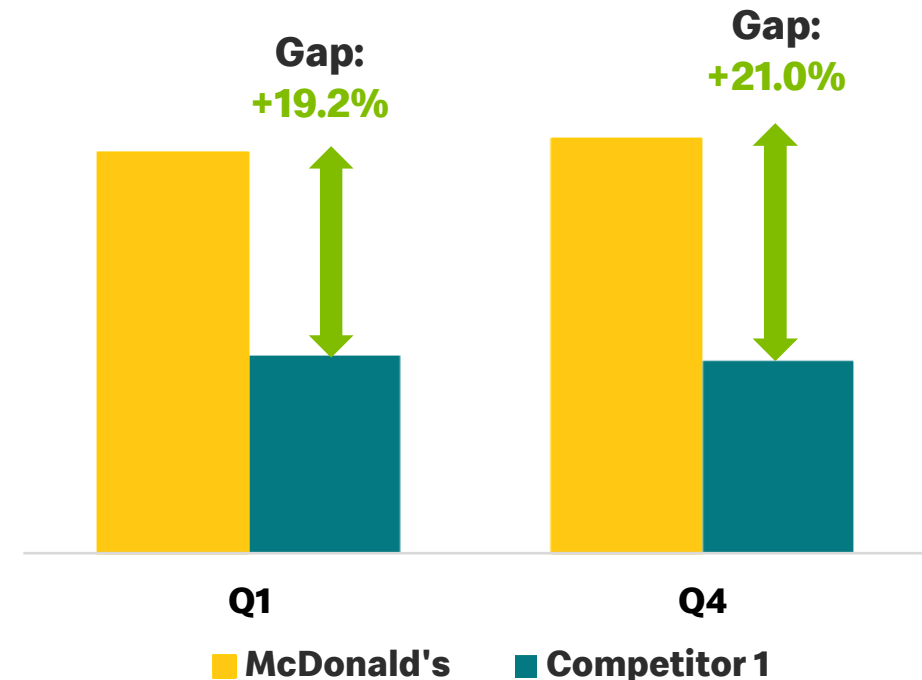


Tota Arcos Dorados – 2021 Visit Share



Source: Company Research – QSR visit share

Brazil – 2021 Visit Share



Source: CREST – QSR visit share



ESG



5

Recipe for
the Future

ESG: Powered by Cooltura de Servicio



Recipe for the Future
Arcos Dorados



Ecuador N°1, Brazil N°2 and Uruguay N°3 Great Place to Work Ranking



Colombia: “Sello Equipares”

- For working to ensure gender equality.



Argentina: BA CONVIVE

- For creating a space committed to diversity.



Argentina: Foro Ecuménico Social

- In recognition of our 2020 Social Impact and Sustainable Development Report.



Argentina: OIJ - DCH

- Top 10 Companies committed to youth.



Chile: “Sello Iguala Conciliación”

- For our commitment and work to promote diversity, gender equity and the conciliation of personal, work and family life.



Chile: National Environmental Award

- For our Kitchen Oil Recovery Project.



Mexico: Súper Empresas

- N°4 Super Company for Woman
- N°6 Super Company



Mexico: Empresas Excepcionales 2021

- For our McProtegidos Program.



Peru: Safe Travels

- For our security measures.



Uruguay: Companies For Sustainable Development

- For our commitment to diversity and inclusion.

Governance: 10% of Management’s variable compensation is tied to ESG metrics.



Wrap Up

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Closing
Remarks

Closing Remarks



- » Consistent sales and profitability improvements in US dollars, despite currency and input cost pressures
- » Three D's driving results, with significant market share gains
- » Hyper-personalization and new functionalities are around the corner
- » Privileged operating cash generation and balance sheet strength to support multiple sources of shareholder returns:
 - ✓ Ambitious 2022 to 2024 growth and investment plan
 - ✓ Cash dividend of \$0.15 per share declared for 2022
- » Great progress so far and exciting opportunities ahead!



Questions & Answers

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Thank you!

