

# Arcos Dorados 1Q24 Results

May 15, 2024



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**NYSE**





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# Agenda



**1** Key  
**Highlights**

**2** Sales &  
**Profitability**

**3** Digital, Delivery  
& Drive-thru

**4** Balance Sheet  
& Growth

**5** Recipe for  
the Future

**6** Wrap Up



1 Key  
Highlights

1<sup>st</sup> Quarter 2024

# First Quarter 2024 Key Highlights



1Q 2024 Total Revenue	Systemwide Comparable Sales
<b>\$1.1b</b>	<b>38.6%</b>
1Q 2024 Adj. EBITDA	Digital Sales Contribution
<b>\$108.9m</b>	<b>55%</b>
10.1% margin	22% Identified
1Q 2024 Net Income	Restaurant Openings
<b>\$28.5m</b>	<b>22</b>
\$0.14 per share	19 Freestanding

## Systemwide Comparable Sales grew 2.2x blended inflation, excluding Argentina

- Up 2.2x inflation in Brazil and 3.1x blended inflation in NOLAD.
- 12<sup>th</sup> consecutive quarter of consolidated guest traffic growth.
- Market share and Brand attributes at or near all time highs.

## Three D's Strategy performing well, as digitalization continues

- Digital sales<sup>1</sup> rose 30% in US dollars versus the prior year period.
- Delivery sales were up 27% in US dollars compared with the first quarter 2023.
- Drive-thru and Delivery combined to generate 44% of total systemwide sales.

## Adjusted EBITDA growing across a diversified geographic presence

- Consolidated Adj. EBITDA rose 8.4% in US dollars, with very strong Brazil & NOLAD growth.
- Brazil's Adj. EBITDA rose 26.9% in US dollars, including 90 bps of margin expansion.
- NOLAD's Adj. EBITDA rose 20.7% in US dollars, with 30 bps of margin expansion.

## Restaurant Openings in a highly under-penetrated region

- 22 EOTF openings in the quarter is on track with full-year guidance.
- 19 freestanding units was in-line with 90% participation guidance.
- 11 EOTF openings in Brazil, including 10 freestanding units opened in the quarter.

<sup>1</sup>Mobile App, Delivery and Self-order Kiosks (systemwide)

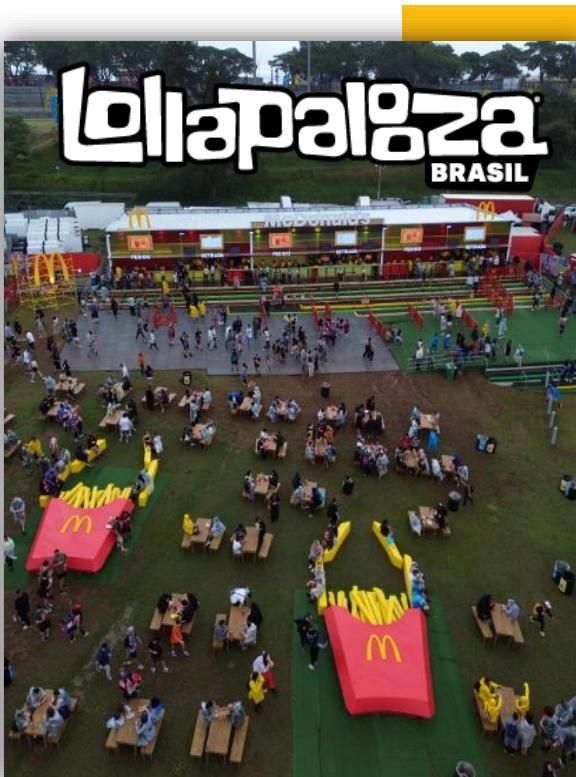
## 2 Sales & Profitability

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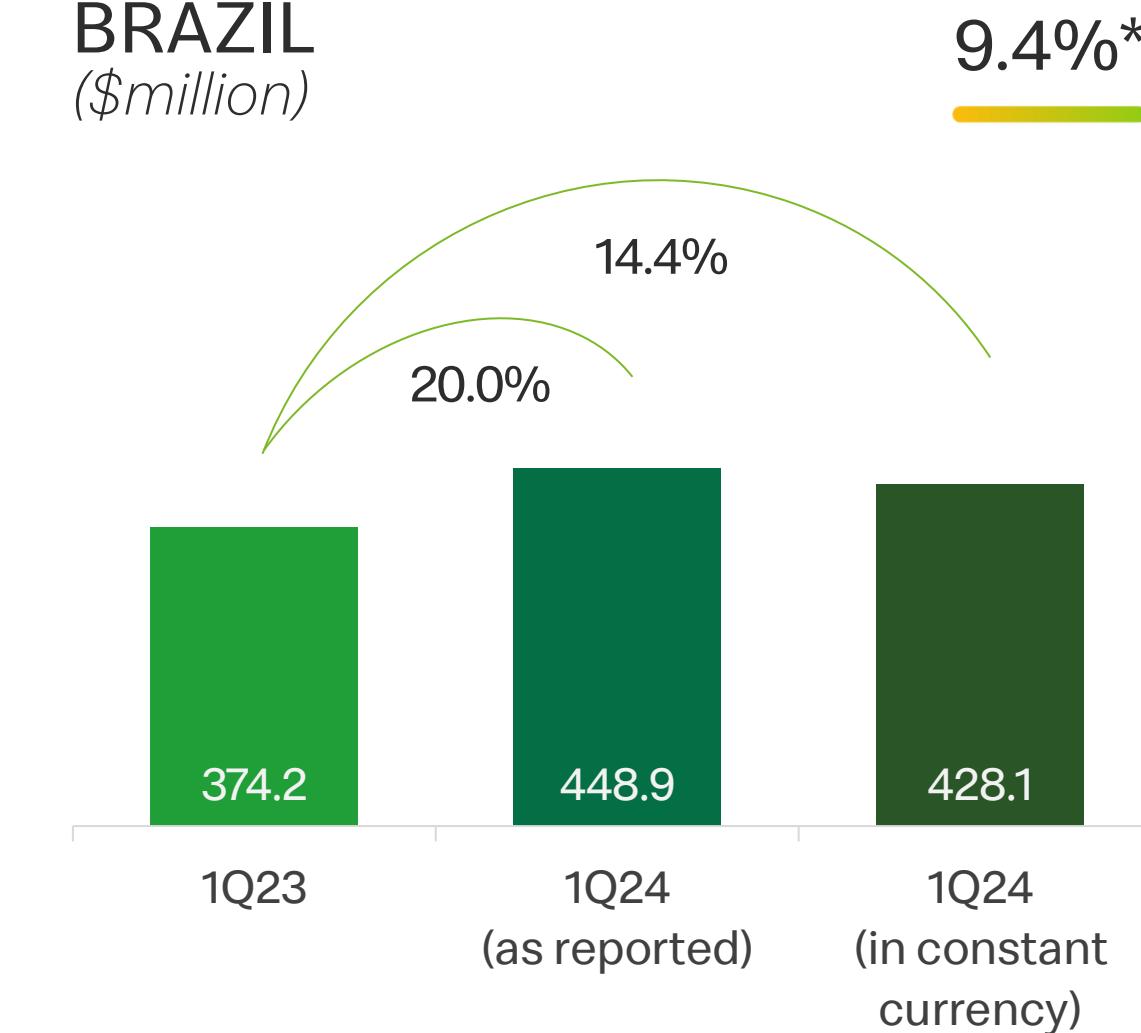
Divisional Sales  
Performance



# First Quarter 2024 Brazil Division Sales Performance



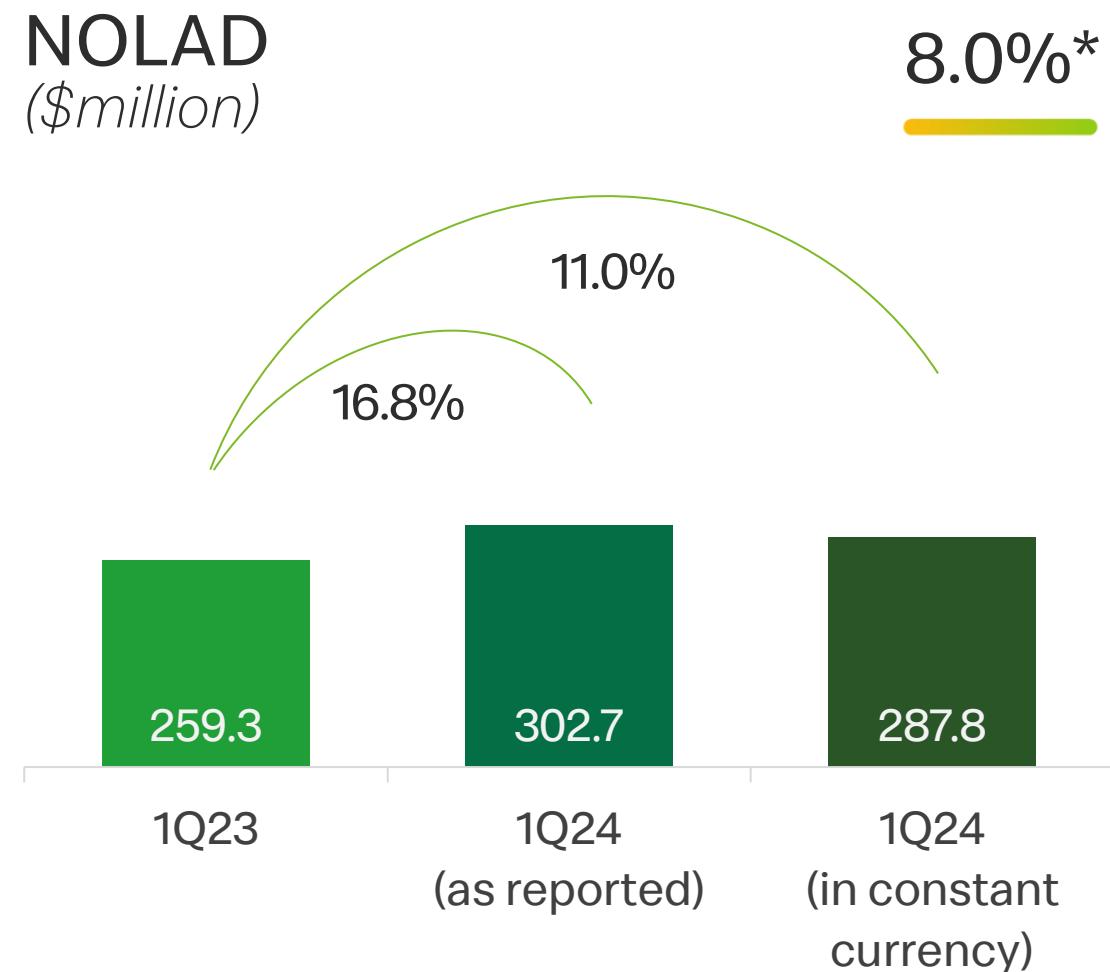
BRAZIL  
(\$million)



- Comps were up 2.2x inflation in the 1Q24, with positive volume and average check growth.
- Digital channels generated 65% of sales, with 26% identified sales in the 1Q 2024.
- Marketing included new menu items, a guest favorite limited-time offer, connection through the music passion point and a sweet local flavor.

\*Systemwide comparable sales growth (%)

# First Quarter 2024 North Latin American Division Sales Performance

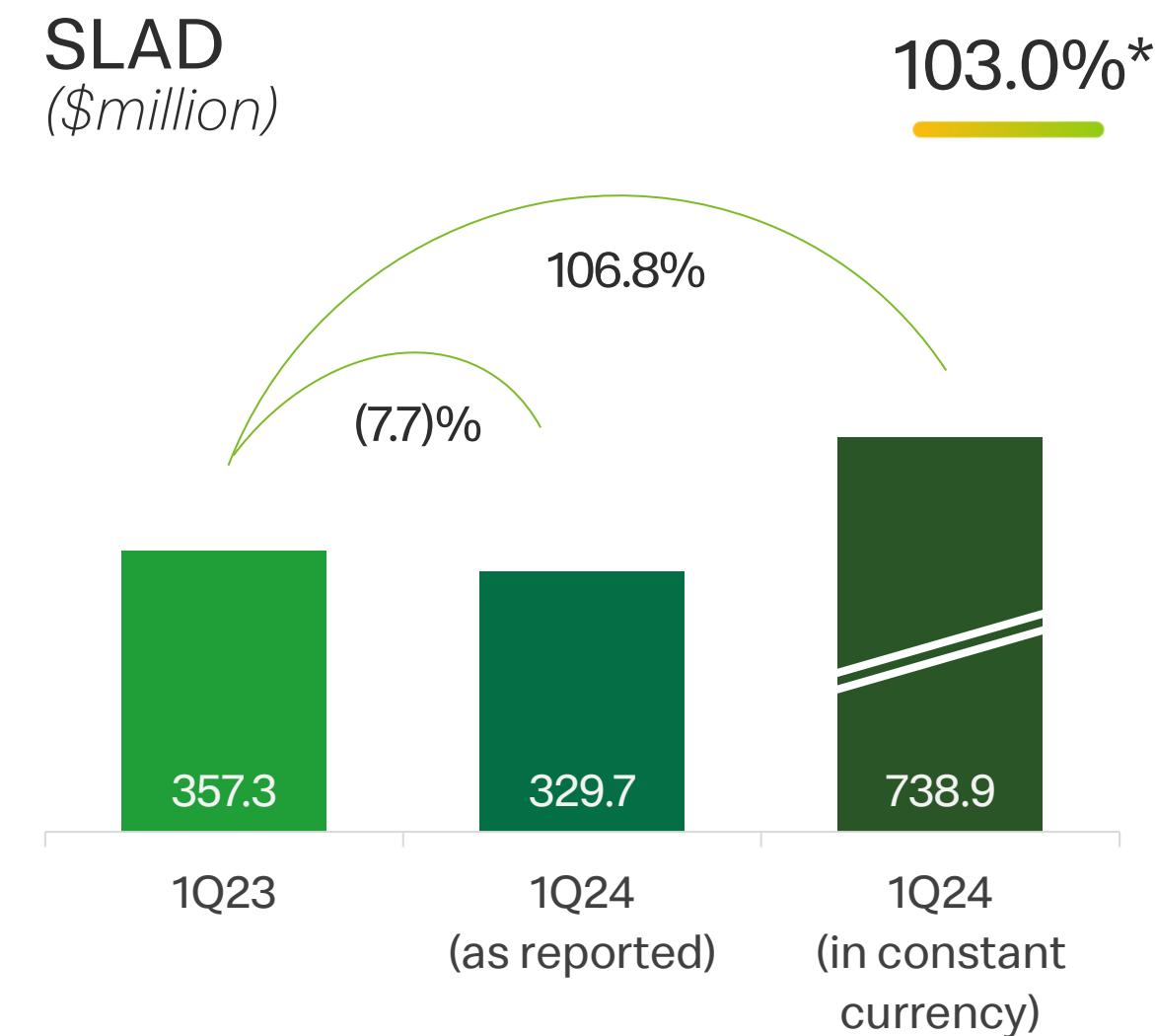


- Comps up 3.1x blended inflation in the 1Q24.
- Volume growth responsible for almost all the comparable sales growth, helped by leap year and Holy Week, particularly in Mexico.
- Marketing included strong value in Mexico and Panama, brand connection in Puerto Rico, and doubling Mexico's Digital sales.

\*Systemwide comparable sales growth (%)



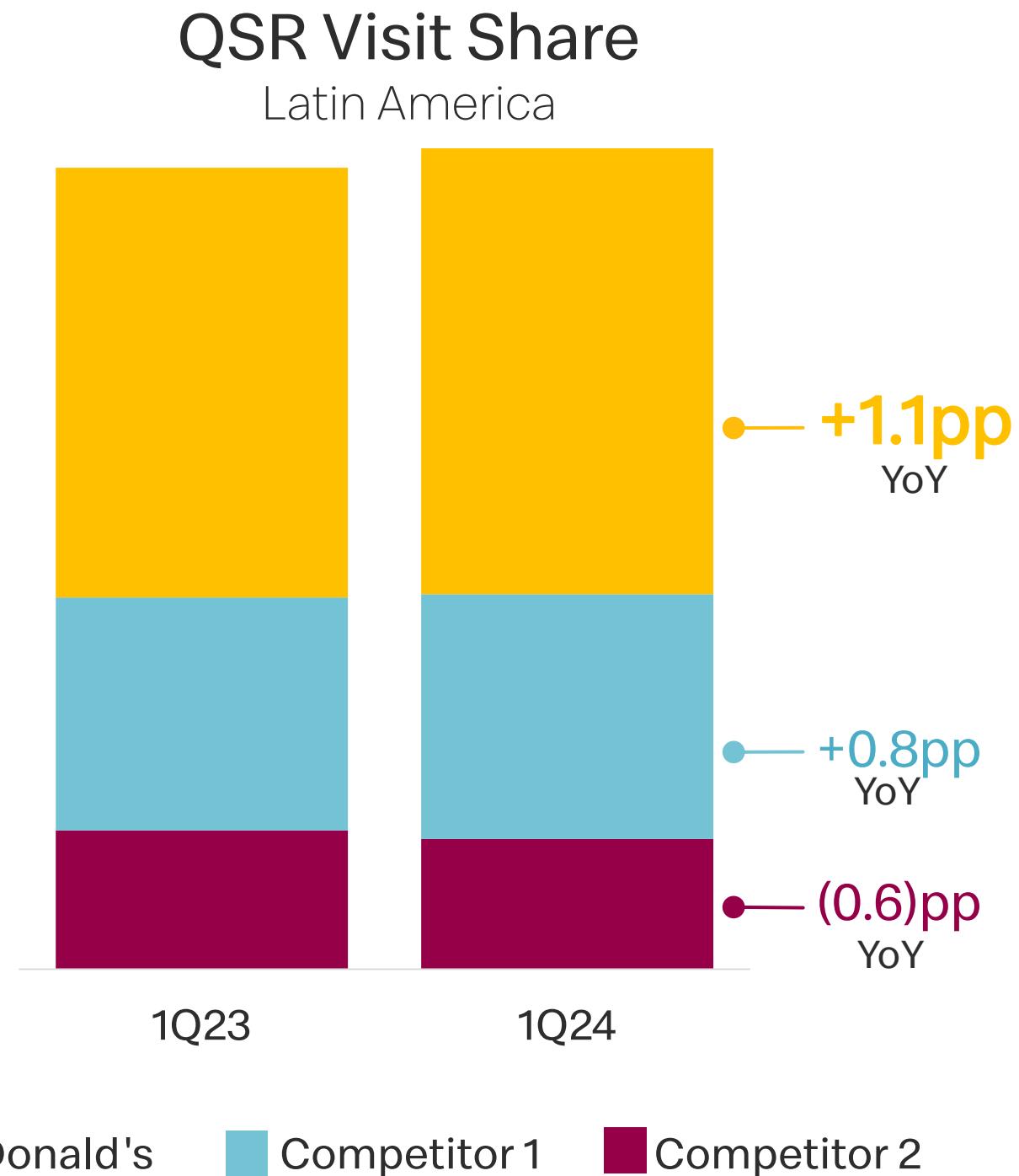
# First Quarter 2024 South Latin American Division Sales Performance



- Comparable sales grew at 1.8x blended inflation, excluding Argentina.
- Above inflation comparable sales growth with positive volume in Chile, Colombia, Uruguay and Venezuela.
- Marketing highlights included sponsorships exploring the music passion point and new product introductions in both beef and chicken.

\*Systemwide comparable sales growth (%)

# Market Share is as Strong as Ever



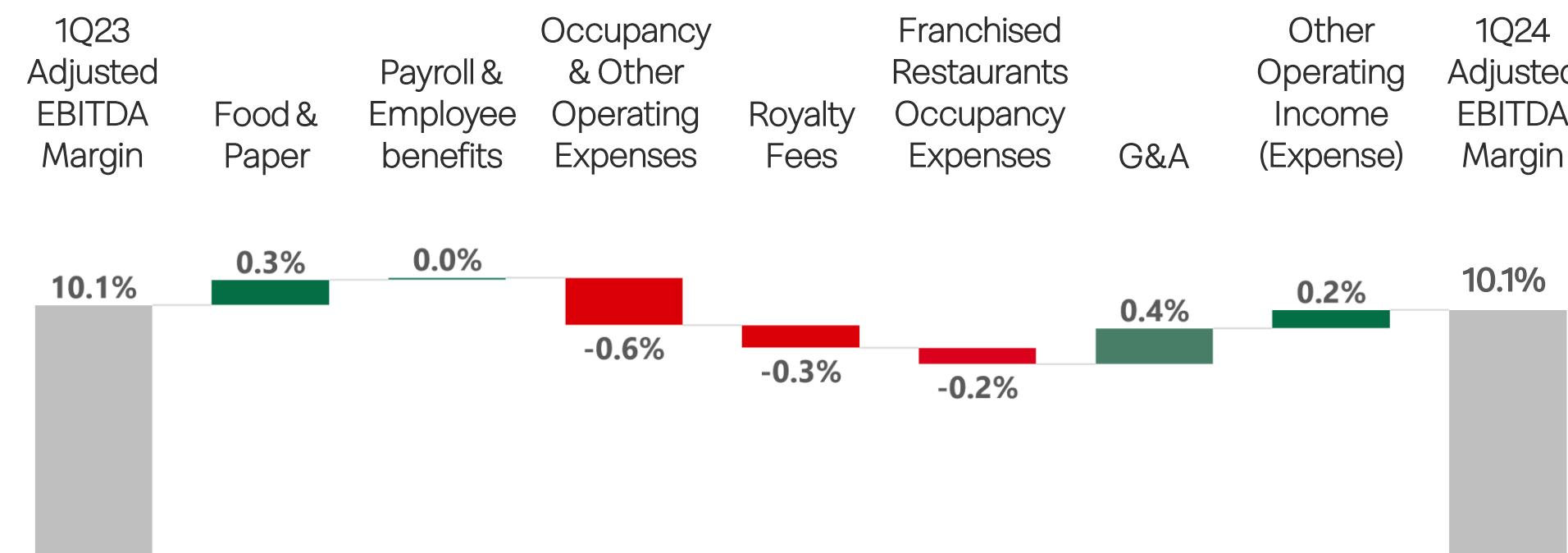
Source: Proprietary research by IPSOS

First Quarter 2024

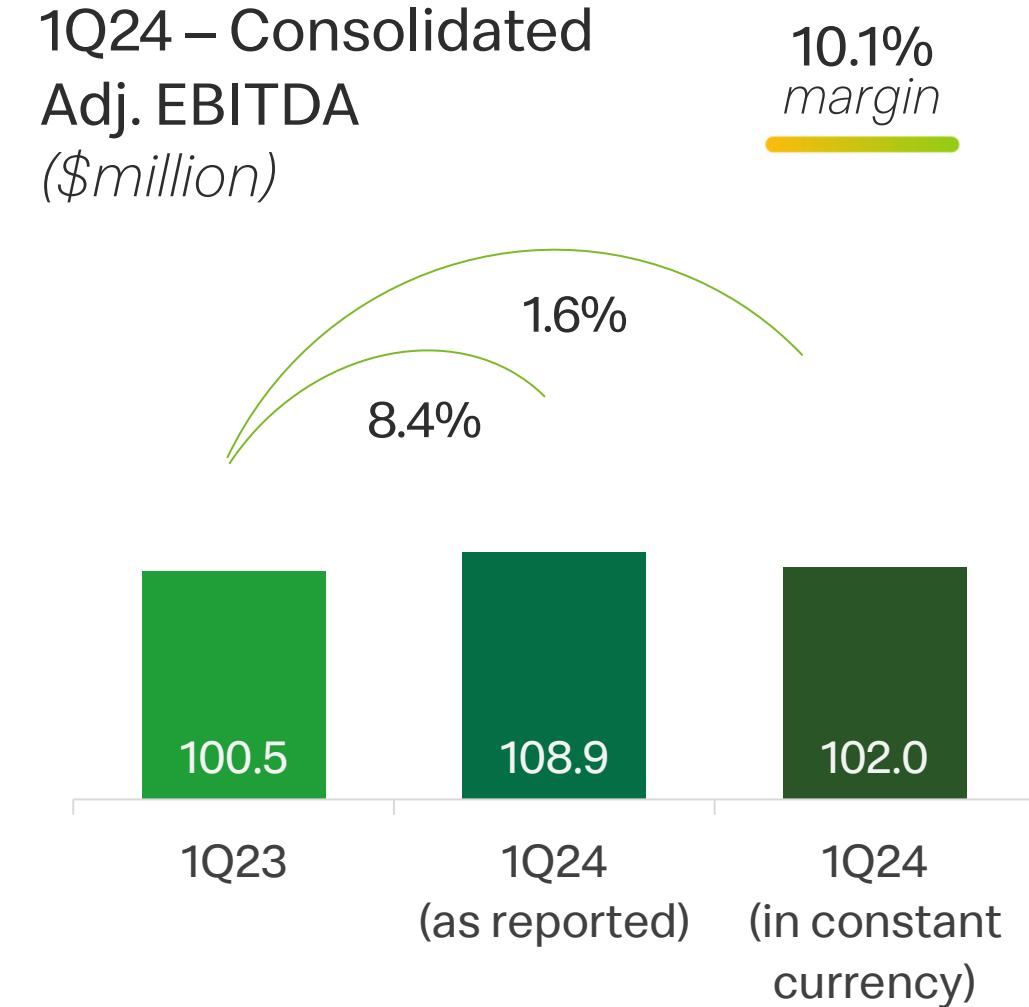


## Consolidated Adjusted EBITDA Growth & Margin Bridge

1Q24 – Adj. EBITDA Margin Performance  
(% of total revenue)



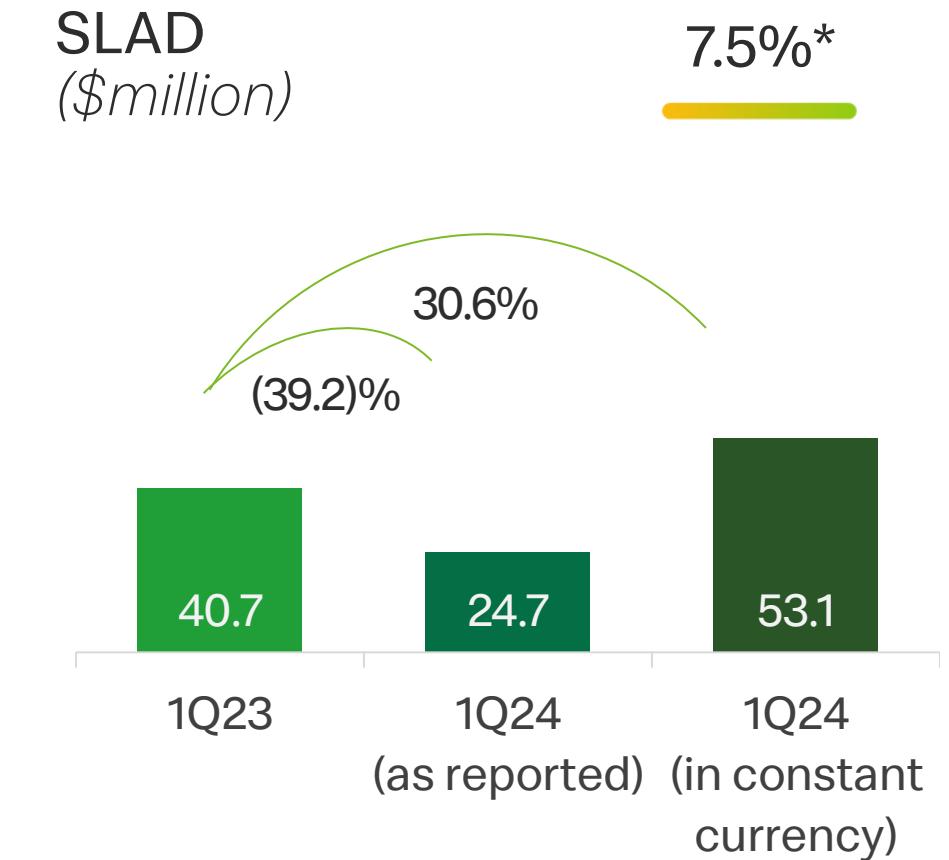
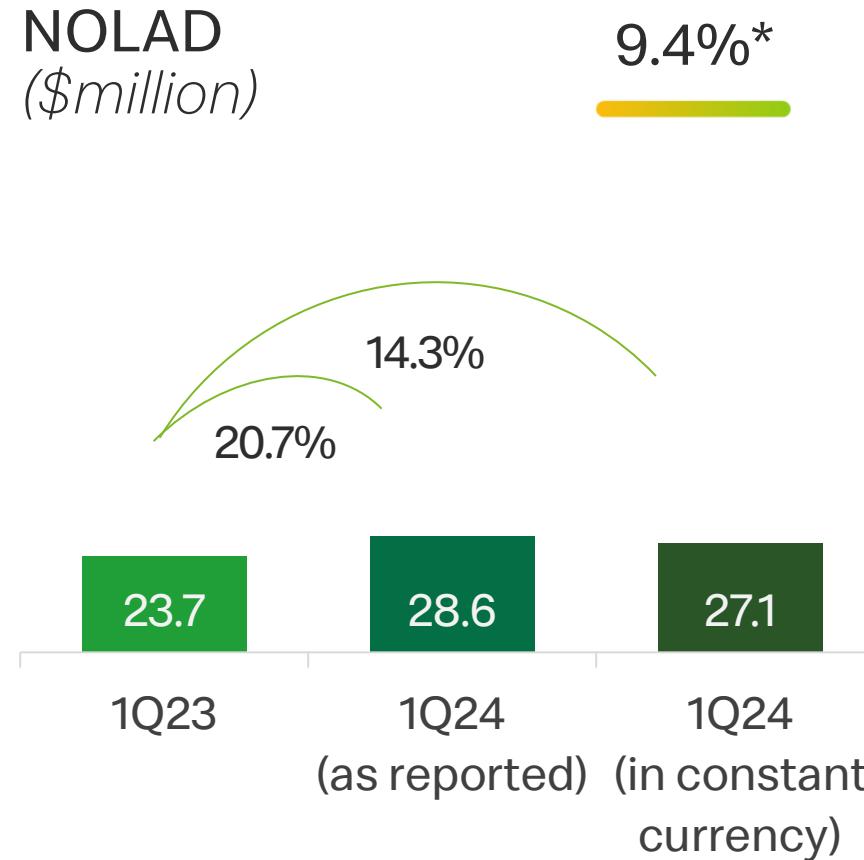
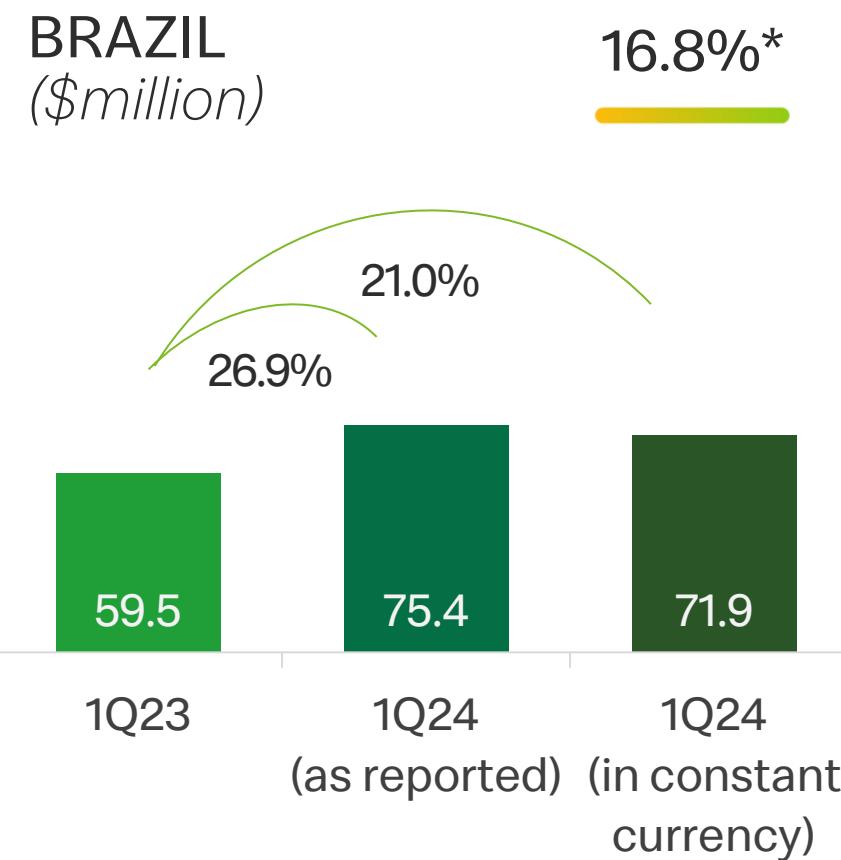
1Q24 – Consolidated Adj. EBITDA (\$million)



- Food & Paper was lower in Brazil and flat in NOLAD, offsetting higher F&P costs in SLAD, as a percentage of revenue.
- Payroll was lower in Brazil, offsetting slightly higher Payroll in NOLAD and SLAD, as a percentage of revenue.
- Occupancy and Other operating expenses were lower in NOLAD as a percentage of revenue, offsetting a slight increase in Brazil and higher expenses in SLAD due mainly to the deleveraging of fixed costs in Argentina.
- G&A grew at about half the rate of revenue growth, generating expense leverage.
- Adjusted EBITDA growth in US dollars demonstrates the strength of the diversified geographic portfolio.

First Quarter 2024

## Divisional Profitability – Benefitting from Diversification



- F&P, Payroll and G&A were all lower as a percentage of revenue.
- Occ. & Other Operating expenses were higher as a percentage of revenue.
- Adj. EBITDA margin expanded by 90 basis points versus the prior year quarter.

- Occ. & Other Operating expenses and G&A lower as a percentage of revenue.
- Payroll expenses were modestly higher as a percentage of revenue.
- Adj. EBITDA margin expanded by 30 basis points versus the prior year quarter.

- The devaluation of the Argentine peso reduced the US dollar result.
- Deleveraging of all cost and expense lines from lower guest volume in Argentina.
- Social unrest in Ecuador also impacted profitability in the division.

\*Adjusted EBITDA margin



3

# Digital, Delivery & Drive-thru

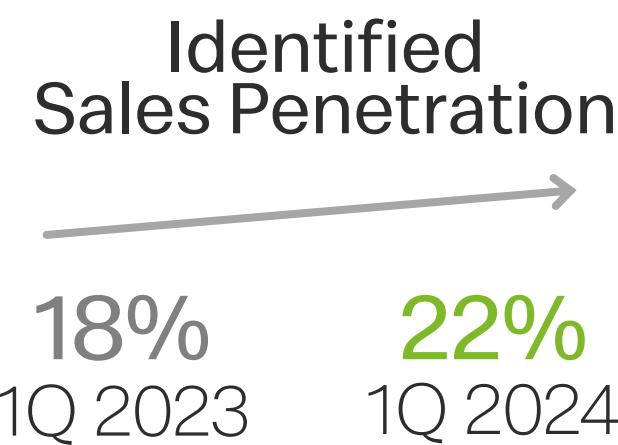
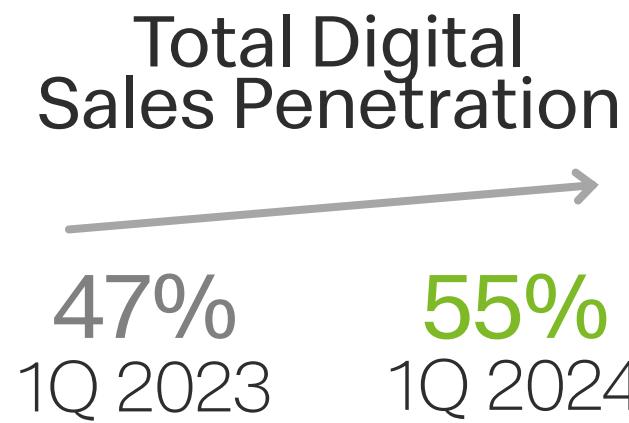
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3D's Strategy



Total Digital Sales up 30%<sup>1</sup>

## Driving Frequency with Data and Guest Experience



>120 m  
Mobile APP  
Downloads



~85 m  
Unique Registered  
Users



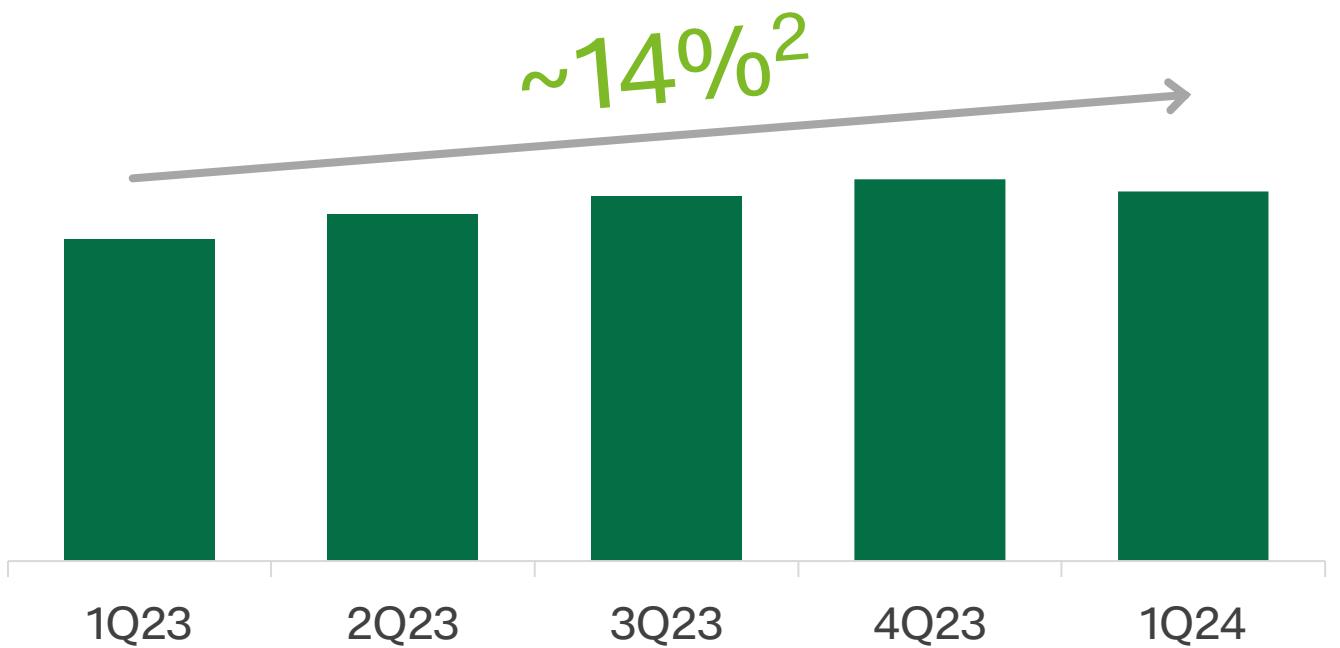
~19 m  
Average Monthly  
Active Users

<sup>1</sup>Mobile App, Delivery and Self-order Kiosks (systemwide)

<sup>2</sup>in US dollars versus 1Q 2023

# Delivery & Drive-thru: Leveraging the Free-standing Portfolio

Systemwide Off-Premise Sales<sup>1</sup>



$>18\%$   
of systemwide sales



$>25\%$   
of systemwide sales

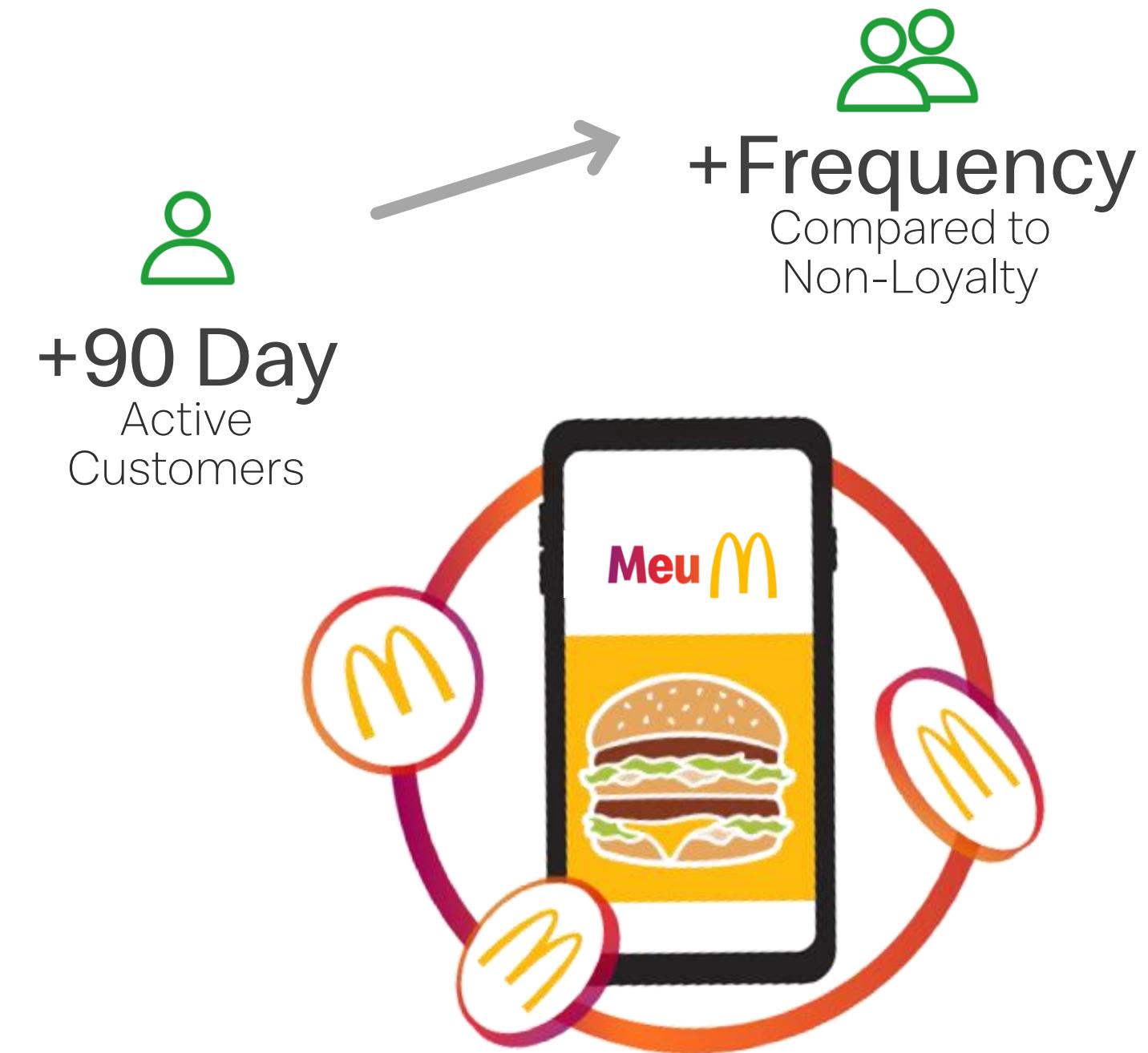
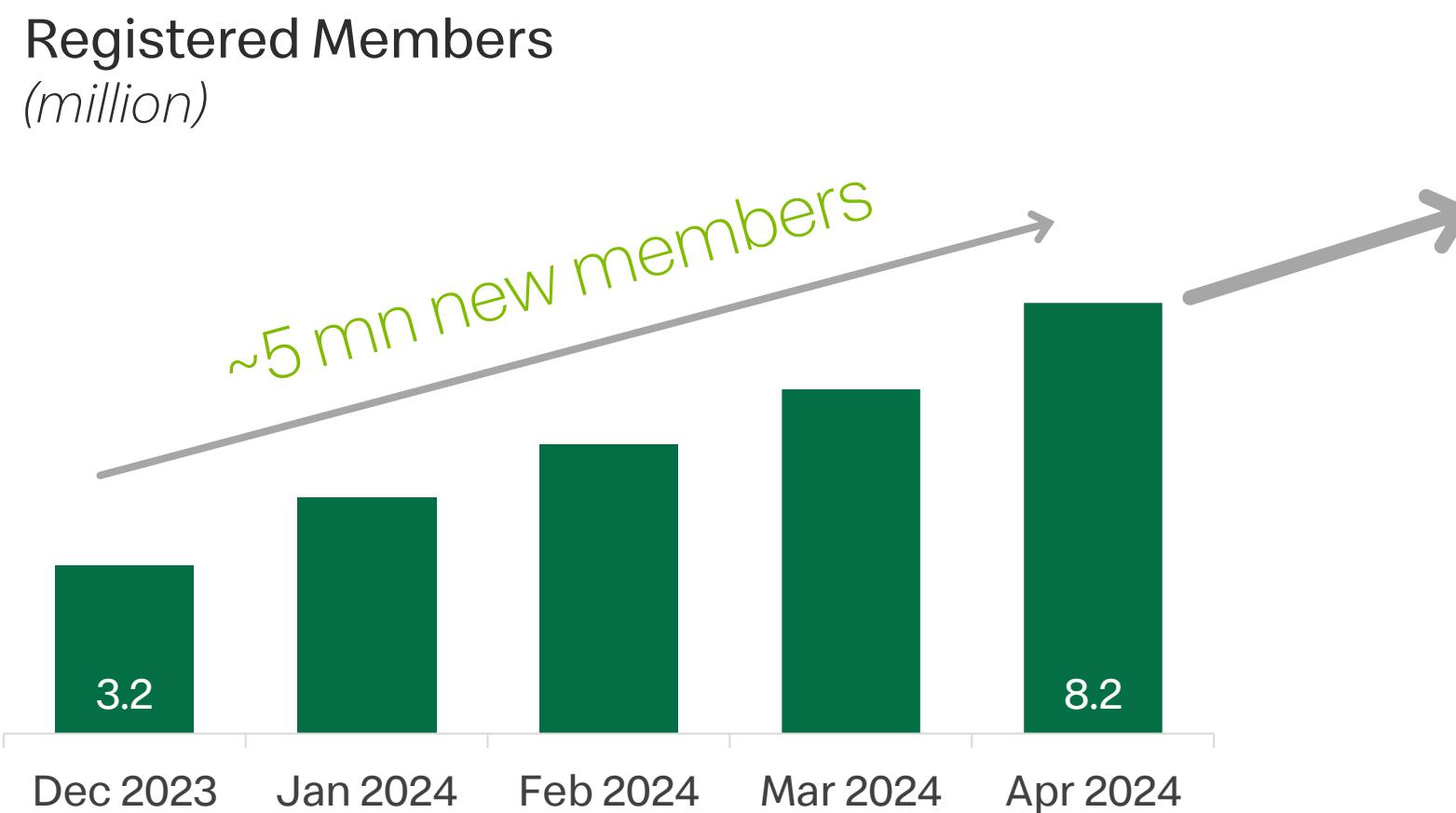


<sup>1</sup>Delivery and Drive-thru

<sup>2</sup>In US dollars versus 1Q 2023



Loyalty Program  
**Over 8 million registered members and growing fast**



# 4 Balance Sheet & Growth

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Capital Structure &  
Investments

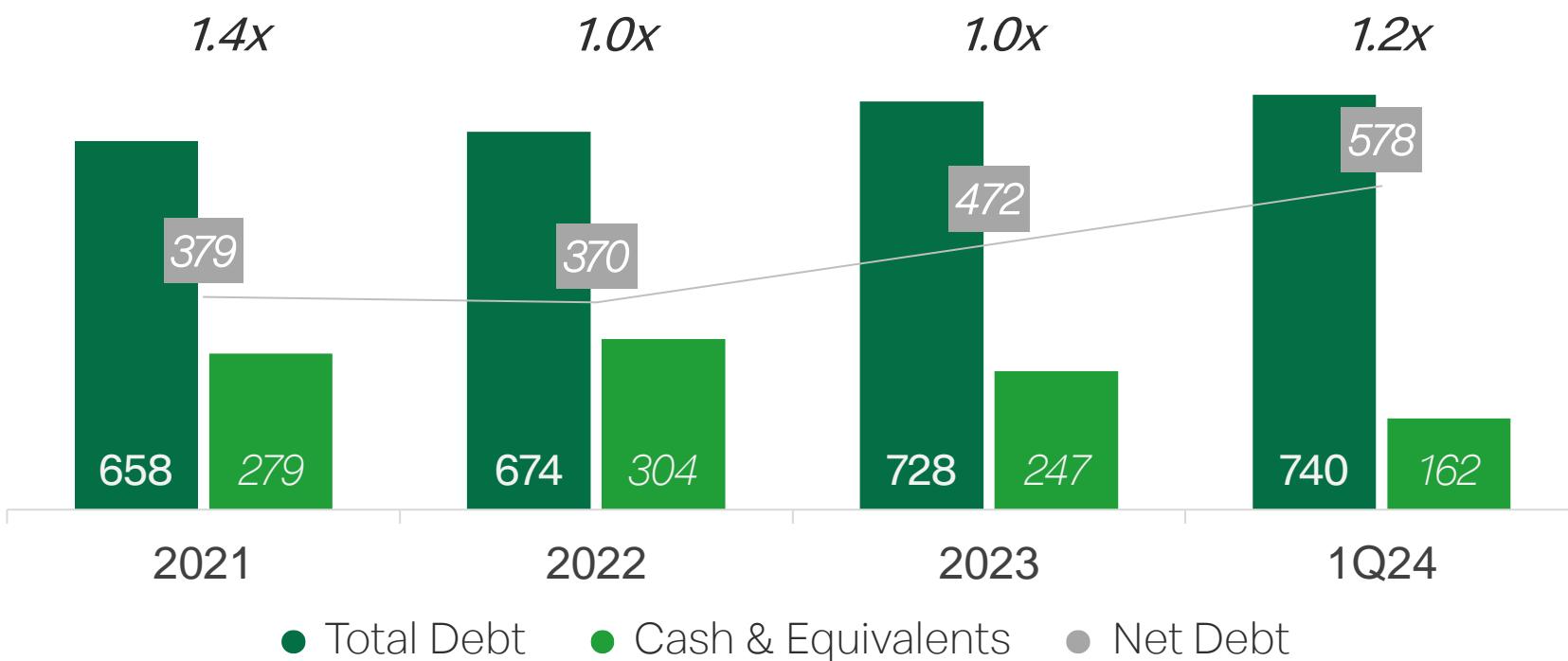


# Healthy Balance Sheet & Cash Flows to Support Future Growth



## Key Debt Metrics (\$million)

### Leverage Ratio



## Cash Flow from Operating Activities (\$million)

**Fitch Ratings**

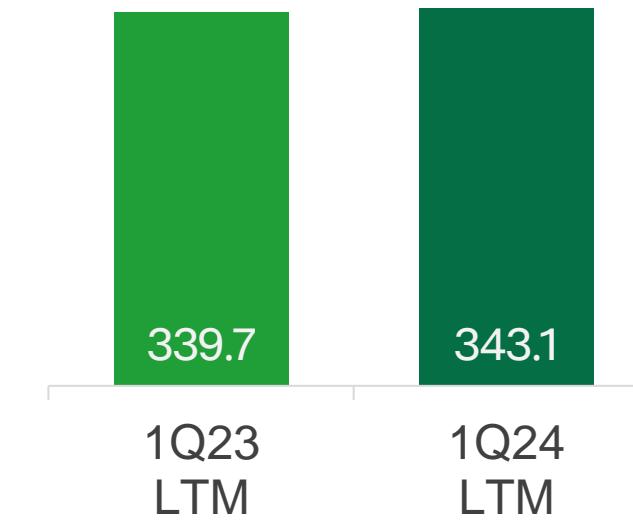
**BB+**

Stable

**Moody's**

**Ba2**

Positive



- 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

- Last Twelve Month (LTM) cash from operations remained strong.
- Historically, cash flow generation is stronger sequentially over the course of the year due to seasonality.

# Restaurant Portfolio

## Latin America's Most Modernized Footprint

### 1Q 2024 Quarter-end Restaurant Footprint

Division	Store Type			Total Restaurants	McCafé	Dessert Centers
	Freestanding	In Store	MS & FC			
BRAZIL	589	91	461	1,141	108	2,011
NOLAD	406	48	193	647	19	518
SLAD	247	125	221	593	199	726
<b>TOTAL</b>	<b>1,242</b>	<b>264</b>	<b>875</b>	<b>2,381</b>	<b>326</b>	<b>3,255</b>

### 1Q24 Openings

- 22 restaurant openings.
- 11 restaurant openings in Brazil.
- 19 free-standing openings (10 in Brazil).

### 1Q24 Capital Allocation

- \$61.2 mm capital expenditures.
- \$12.6 mm dividend payment.



**1,430 EOTF**





## 5 Recipe for the Future

ESG Platform





# 10<sup>th</sup> Annual Social Impact and Sustainable Development Report

## Youth Opportunity

+559,000 instances of training and jobs

+100,700 people on our team  
+7.5% vs. 2022

+817,000 hours of training for our people

+5,000 volunteer hours

## Commitment to Families

+9 M USD raised and donated from Gran Día  
+23% vs. 2022

100% restaurants audited for food safety practices

100% of Happy Meal nutritional information available to families via digital media

## Diversity and Inclusion

56% of people who work at Arcos Dorados identify as women

+2,400 members of the team with a disability

+81,000 people on our team participated in a diversity census

18% of our people are members of the LGBTIQ+ community\*

## Sustainable Sourcing

76% of purchases from local suppliers

100% of strategic suppliers audited for social and environmental practices

99.9% of beef sourced from Argentina and Brazil complies with the Deforestation-Free Policy

16.1% fresh cage-free eggs, with 100% in Brazil, Colombia, Peru and Costa Rica

## Climate Change

30.9% renewable energy usage in our operations

53 members of our companywide leadership teams received formal training focused on decision-making to benefit the business and the environment

## Circular Economy

90.5% of primary packaging made from certified, renewable or recyclable materials

+3 M liters of cooking oil recovered and converted to biodiesel and other products

+460 tons of cardboard recovered via reverse logistics and recycled into new paper products

+10,000 kg of food donated, equivalent to +52,000 plates of food

# 6 Wrap Up

Closing Remarks





# Closing Remarks – Enhancing Shareholder Value



## Diversified Business Model

- Operating across a vast and diverse geographic footprint.
- Generating cash flow from increasingly stable currencies and markets.

## Strong Profitability Growth

- Driving profitability in a way that is sustainable over time.
- Capturing operational efficiencies, helped by strong sales growth.

## Strong Sales Growth

- Sales rose above local inflation in nearly all markets.
- Guest volumes grew across the business for the 12<sup>th</sup> consecutive quarter.

## Growth Levers Far From Over

- McDonald's Brand preference is growing.
- Menu innovations are meeting guest preferences.
- Digitalization of markets is ongoing.
- Pricing tools are increasingly sophisticated.
- Operational excellence will get even better.
- Restaurant unit growth is accelerating.



# Questions & Answers

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Thank  
you!

