



Arcos Dorados

2Q20 conference call presentation
August 12, 2020

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NYSE

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Discussion Topics

- **Highlights of Second Quarter 2020 Results**
- **Update on Recent Trends**
- **Strategic Priorities**



2Q20 Key Highlights

**2nd Quarter 2020
(51.0%)
SW Comp Sales**

**Revenues
\$292.2 m
(59.5)% YoY
(49.9)% YoY (in CC)**

**Positive EBITDA in
8 Markets
already in June**

**Adj. EBITDA
(\$41.7) m**

**Operational
Restaurants
88%
at 6/30/2020**

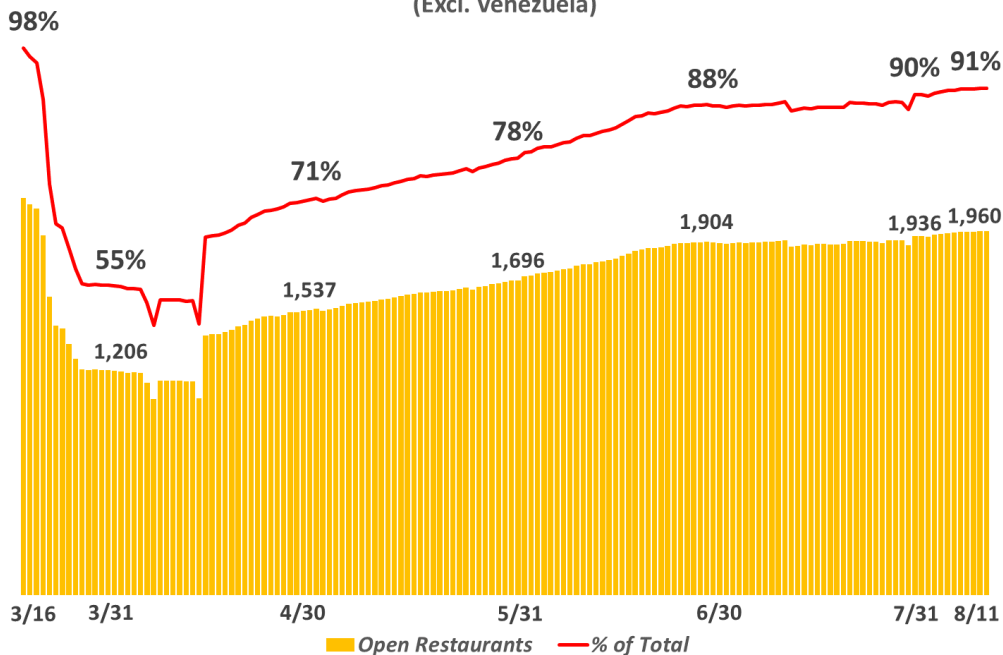
**Adj. EBITDA margin
(14.3)%**

- **Strong Monthly Systemwide Comp Sales Recovery**
 - ✓ April (64%), May (49%), June (41%), SW Comp Sales
 - ✓ Largest free-standing restaurant footprint in LatAm to support the Three D's: Drive-thru, Delivery and Digital
- **Eight markets with positive EBITDA in June 2020**
 - ✓ Including Brazil and “hard currency” markets such as Costa Rica, Puerto Rico, Martinique & Panama
- **Consolidated EBITDA turned positive in July 2020**
- **Cash Flows Stabilized since the end of April 2020**
 - ✓ Operation: Strong sequential sales growth trends and proactive cost and expense controls
 - ✓ Cash Flow: Aggressive cash management initiatives and investment reductions



Restaurant Operations & Other Recent Trends

Arcos Dorados - Restaurant Operations
(Excl. Venezuela)



- Steady restaurant re-opening pace from mid-April through the end of June 2020.
- Currently operating 91% of restaurants.
- With 40% of restaurants now operating all sales segments.
- Front counter and self-ordering kiosks will support recovery and future growth.
- Consumers remain wary of health and safety issues related to COVID-19.
- McProtegidos (McSafe) Program well-received by employees and guests

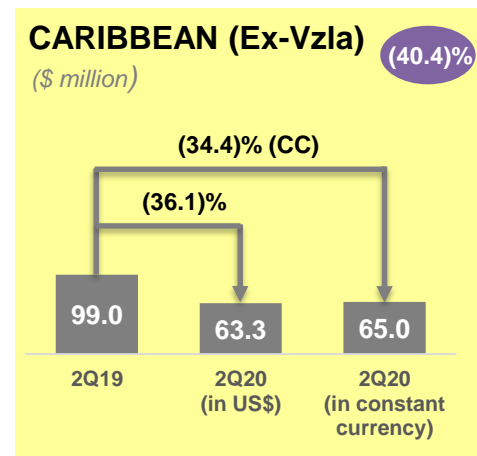
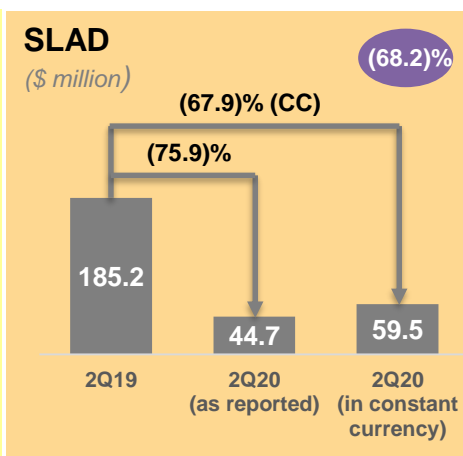
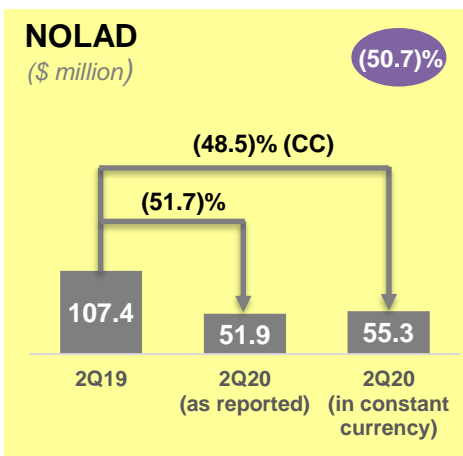
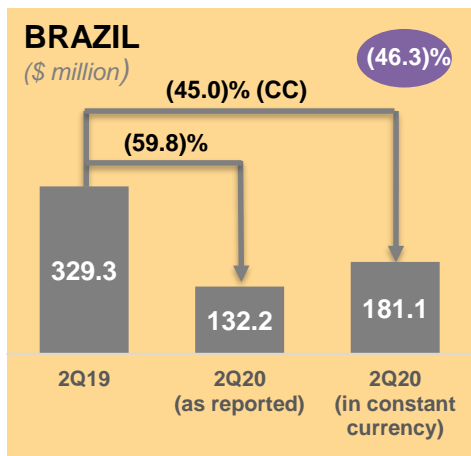
at 8/11/2020	Brazil	NOLAD	SLAD	Caribbean	Total
% Open	91%	91%	87%	96%	91%

Note: Financial results and restaurant figures exclude Venezuela



2Q20 Sales Performance

- Strong sequential improvement in monthly systemwide comparable sales throughout the quarter.
- High correlation between comparable sales recovery and free-standing restaurant penetration.
- Sales at the start of the 3rd Quarter 2020 maintained the encouraging trends of May and June 2020.
- Brazil's July sales rose around 15% in local currency versus June despite no benefit from the seasonal sales boost of July school holidays.

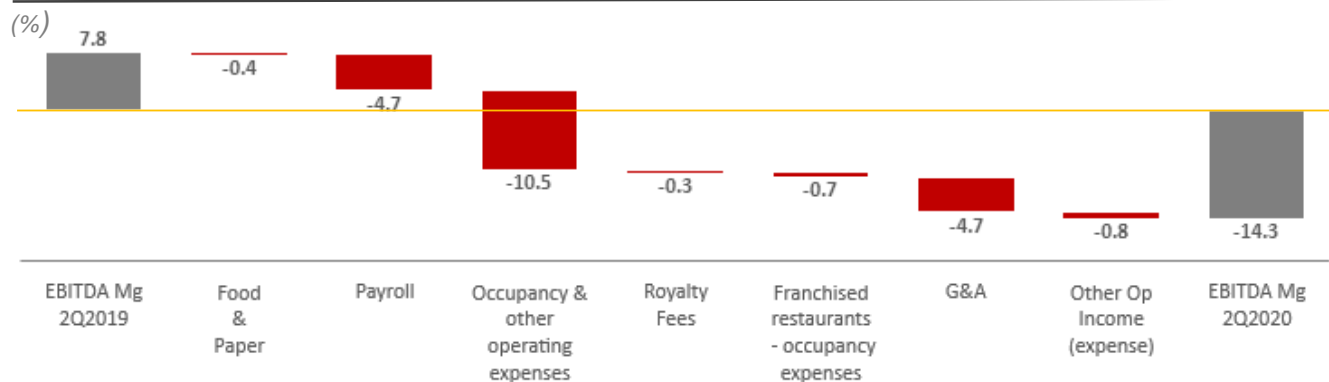


Comparable sales growth %



2Q20 Operating Costs & Expenses, Adj. EBITDA Margin

Breakdown of main variations contributing to 2Q20 Adjusted EBITDA margin



- Supply chain operated without interruption and Food & Paper costs are well-controlled.
- Payroll and G&A expenses de-levered, but should be less impacted in 2H2020.
- Shifted most rent agreements to variable as a percentage of sales.
- Increased commissions from growth in Delivery, higher PPE expenses and de-levered fixed costs.
- Lower advertising and promotion expenses, as agreed with McDonald's.

Note: Financial results exclude Venezuela

Drive-thru, Delivery and Digital Transformation



+30% (CC)
~60% of sales



+150% (CC)
~20% of sales



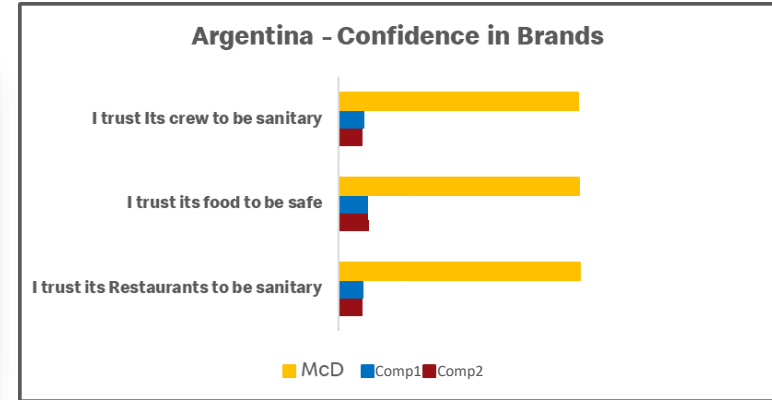
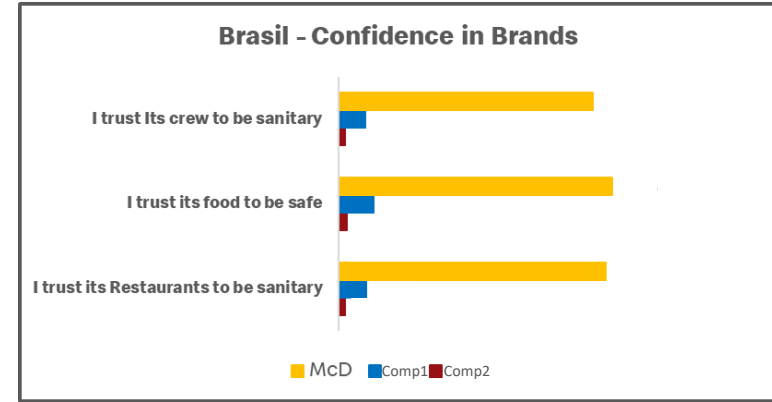
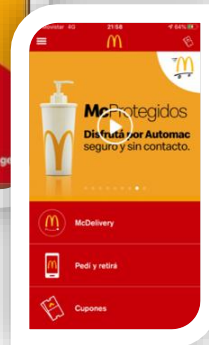
Drive-thru
times reduced
~15%

Delivery
times reduced
>20%



- ✓ 40 million downloads
- ✓ Digital Sales 40% of total
- ✓ Advanced CRM and data analysis capabilities to implement:
 - Rules-based segmentation
 - Behavioral marketing triggers
 - Predictive personalization
- ✓ Gaining market share across all sales segments
- ✓ Rolling out Mobile Order & Pick-up
- ✓ Highest-rated Mobile App in restaurant industry

McProtegidos (McSafe) Program – Reinforcing Brand Trust

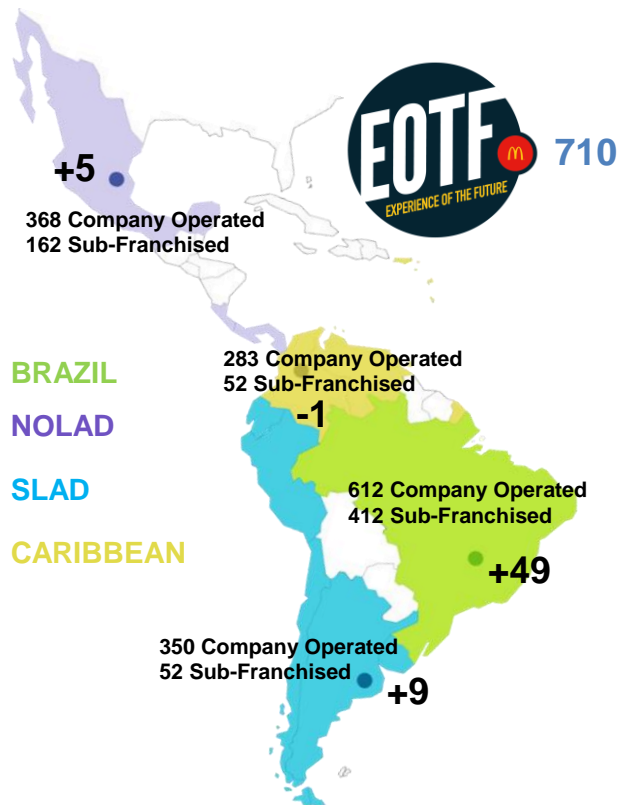


Source: Proprietary Company Market Research

Best Restaurant Portfolio in LatAm and the Caribbean



Protecting our People and Leveraging our Strengths



2Q 2020 QUARTER-END FOOTPRINT

DIVISION	STORE TYPE		TOTAL RESTAURANTS	MCCAFES	DESSERT CENTERS
	FS & IS	MS & FC			
BRAZIL	554	470	1,024	81	2,004
NOLAD	323	207	530	13	638
SLAD	237	165	402	127	399
CARIBBEAN	260	75	335	37	349
TOTAL	1,374	917	2,291	258	3,390

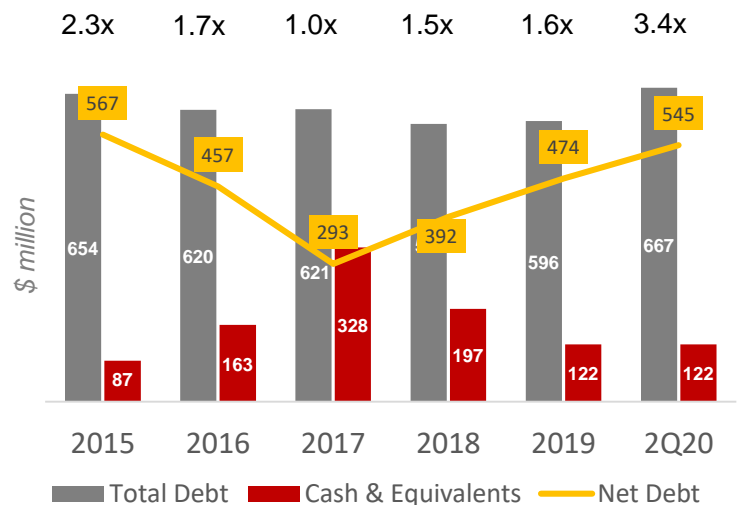
- 2Q20 capital expenditures limited to \$11.4 million.
- Evaluating current projects for completion in 2020.
- Optimizing portfolio for post-COVID world.
- Accelerating restaurant closings planned for future years, with 50 to 60 now likely in 2020.



Balance Sheet* and Cash Flow

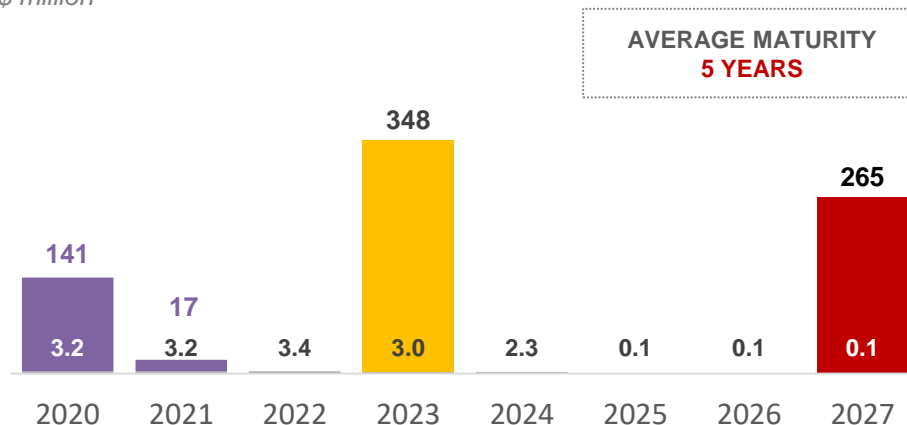
- Net Debt / Adjusted EBITDA at 3.4x, mostly due to decreased TTM Adjusted EBITDA
- Leverage ratio covenant waiver from McDonald's through the end of 2020
- Cash flow stabilized April 20th with proactive cost, expense, investment & cash flow management
- Prioritizing investments in existing restaurants and Company's Digital transformation

LEVERAGE RATIO



DEBT MATURITY PROFILE

\$ million



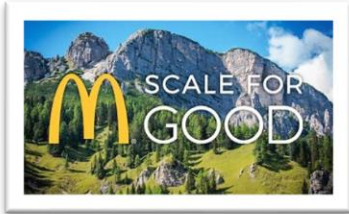
Notes:

- 1) Total financial debt includes short-term debt, long-term debt and derivative instruments
- 2) Net Debt = Total financial debt less cash and cash equivalents
- 3) Leverage ratio = Net financial debt / LTM adjusted EBITDA

Legend: Other LT Debt (Grey bar), 2023 Notes (Yellow bar), 2027 Notes (Red bar), ST Debt (Purple bar)

(*) Balance sheet as reported, including Venezuela

Receta del Futuro / Recipe for the Future



Receta del Futuro
Arcos Dorados



Sustainable Sourcing

Responsible ingredient sourcing



Climate Change

Minimize environmental impact



Packaging & Recycling

Reduce waste & educate guests about recycling



Youth Opportunity

Provide young people formal job opportunities



Commitment to Families

Ensure wellbeing of our guests and their families



To learn more, please visit www.recetadelfuturo.com

Closing Remarks



- Entered the Recovery Phase of Our Plan
- Focused on Three D's – Drive-thru, Delivery and Digital Transformation
- McProtegidos (McSafe) Program Reinforcing Trust in Brand
- Poised to emerge from the crisis in the industry's strongest competitive and financial position
- Expect to gain share through Recovery and Full Revival of restaurant industry

Arcos Dorados is the Best-Positioned Restaurant Operator in Latin America



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