

ARCOS DORADOS INVESTOR DAY



ARCO
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NYSE



ARCOS DORADOS INVESTOR DAY



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SPEAKERS



WOODS STATON
EXECUTIVE CHAIRMAN



SERGIO ALONSO
CEO



MARCELO RABACH
COO



MARIANO TANNENBAUM
CFO



DAN GERTSACOV
CMDO



SEBASTIÁN MAGNASCO
VP, DEVELOPMENT

ARCOS DORADOS INVESTOR DAY



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AGENDA

8:35 / 9:45

**Vision, strategy, operations
and financial performance**

9:45 / 9:55

Q&A

9:55 a 10:05

Coffee Break

10:05 a 10:40

**Market share, revenue
drivers, delivery and digital**

10:40 a 10:50

Q&A

10:50 a 11:25

**Expansion potential and
growth plans**

11:25 a 11:35

Coffee Break

11:35 a 11:55

Final Q&A

11:55 a 12:00

Woods' final remarks

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ALSO IN ATTENDANCE



PAULO CAMARGO
PRESIDENT, BRAZIL DIVISION



FRANCISCO STATON
MANAGING DIRECTOR, COLOMBIA

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SAFE HARBOR STATEMENT

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.

WOODS STATON



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Executive Chairman, Arcos Dorados

VISION • STRATEGY • OPERATIONS • FINANCIAL PERFORMANCE

OUR REGION

OUR BRAND

AD  2.0



BRAZIL

NOLAD

- Costa Rica
- Mexico
- Panamá

SLAD

- Argentina
- Chile
- Ecuador
- Peru
- Uruguay

CARIBBEAN

- Aruba
- Colombia
- Curaçao
- French Guyana
- Guadeloupe
- Martinique
- Puerto Rico
- St. Croix
- St. Thomas
- Trinidad & Tobago
- Venezuela



2,188

RESTAURANTS

NUMBER OF RESTAURANTS

BRASIL	929	42%
NOLAD	519	24%
SLAD	390	18%
CARIBBEAN	350	16%

316
McCafe



+4 MILLION
CUSTOMERS EVERY DAY



+90,000^E
MPLOYEES



2,877
DESSERT
CENTERS

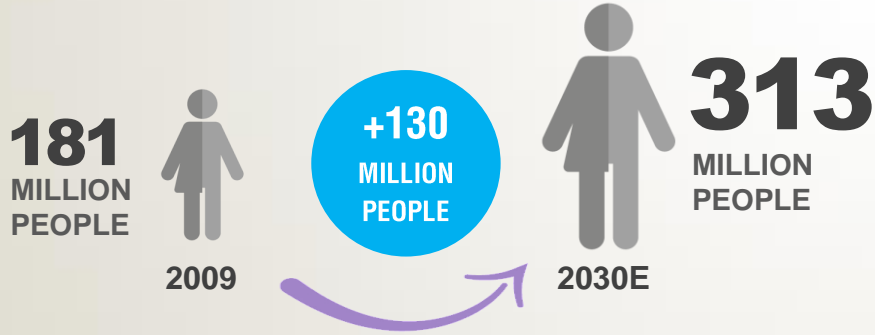
OUR REGION

OUR BRAND

AD  2.0

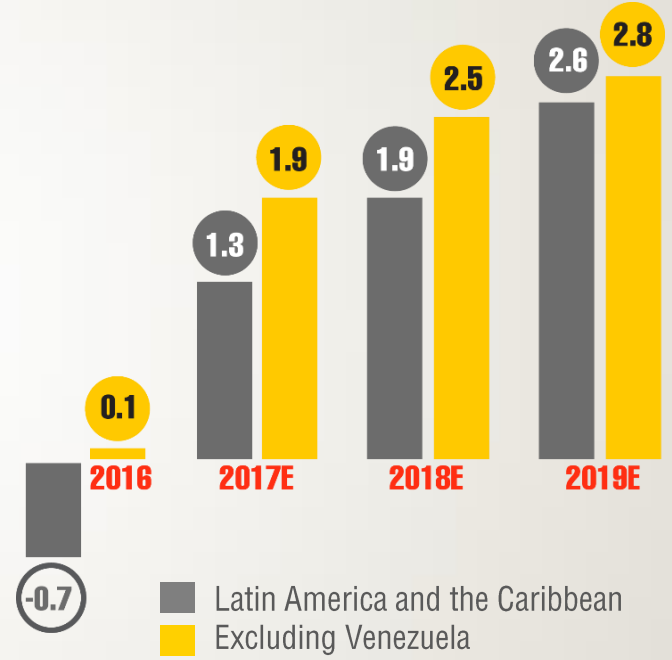
MIDDLE CLASS IN CENTRAL & SOUTH AMERICA

Dynamic Region - Population demographics



Source: (1) OECD, 2010 from KKR Report: "The Emergence of Brazil: An Unfinished Story..." May 2012

PROJECTED REAL GDP GROWTH (%)



Source: IMF Growth Outlook.

OUR REGION

OUR BRAND

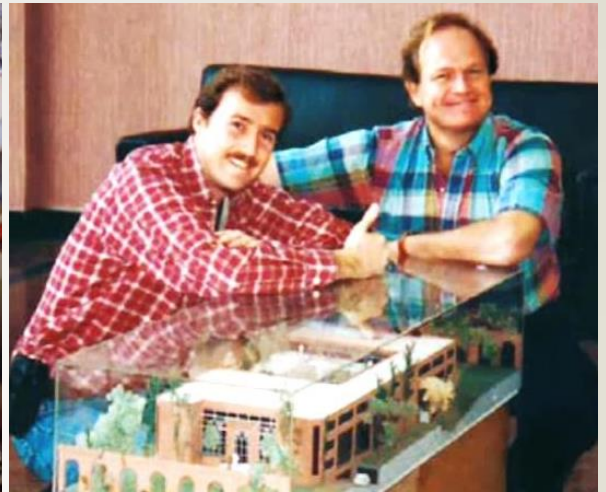
AD  2.0



Hoy abrimos!
Cabildo 2254 - Belgrano



ES EL MOMENTO PARA EL GRAN SABOR 



PROXIMAMENTE AQUI



Hamburguesas



milco

PROYECTO
SANCHEZ ELIA - PERALTA RAMOS
ARQUITECTOS

GC GERLACH - CAMPBELL
CONSTRUCCIONES S.A.C y C

OUR REGION

OUR BRAND

AD  2.0



**GREAT PARTNERSHIP WITH
McDONALD'S CORPORATION**



OUR REGION

OUR BRAND

AD  2.0

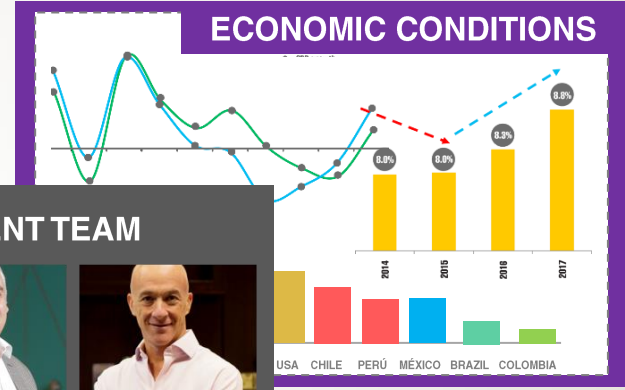
THE RIGHT...

STRATEGY



BRAND PURPOSE
Making delicious feel good moments easy

OUR CULTURE
Customer Obsessed + Better Together



MANAGEMENT TEAM





**SUSTAINED
GROWTH
OPPORTUNITY:
EXCESS CASH**



**SUSTAINED
GROWTH**

**OPPORTUNITY:
EXCESS CASH**



**DIVIDEND PAYMENT OF
10 CENTS
PER SHARE
IN 2018**

PAID IN TWO INSTALLMENTS
OF 5 CENTS PER SHARE

SERGIO ALONSO



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STRATEGIC PLAN

RESTAURANTS • FOOD • PEOPLE

VELOCITY GROWTH PLAN

FOUNDATION

Running great restaurants

.....

ACTIONS

Retain, Regain, Convert

.....

ACCELERATORS

EOTF, Digital, Delivery



ALIGNED WITH McDONALD'S COMMITMENTS
WITHIN THE **SCALE FOR GOOD** INITIATIVE

GOALS
2020-2030
↙

**PACKAGING AND
RECYCLING**



**COMMITMENT
TO FAMILIES**



KIDS' NUTRITION, HAPPY
READERS, RMHC

CLIMATE CHANGE



**YOUTH
EMPLOYABILITY**





OUR PLAN 2017-2019

180

RESTAURANT OPENINGS



\$292

MILLION

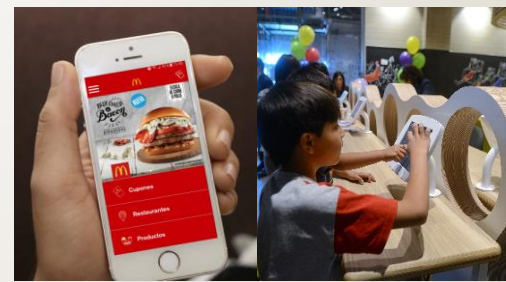
REINVESTMENT CAPEX



\$500

MILLION

TOTAL CAPEX



FUNDED WITH CASH FROM OPERATIONS



OUR PLAN

2017-2019

ACCELERATING GROWTH

FROM 180 TO

200

RESTAURANT OPENINGS



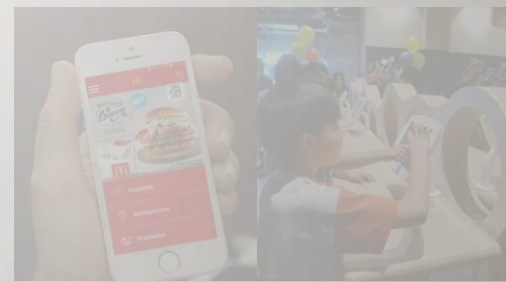
\$292
MILLION

REINVESTMENT CAPEX



\$500
MILLION

TOTAL CAPEX,



FUNDED WITH CASH FROM OPERATIONS



OUR PLAN

2017-2019

ACCELERATING GROWTH

FROM 180 TO

200

RESTAURANT OPENINGS



FROM \$292 MILLION TO

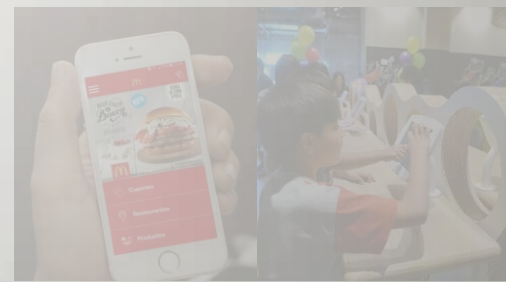
\$390
MILLION

REINVESTMENT CAPEX



\$500
MILLION

TOTAL CAPEX,



FUNDED WITH CASH FROM OPERATIONS



OUR PLAN

2017-2019

ACCELERATING GROWTH

FROM 180 TO

200

RESTAURANT OPENINGS



FROM \$292 MILLION TO

\$390
MILLION

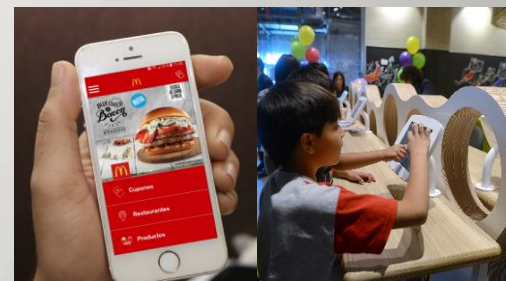
REINVESTMENT CAPEX



FROM \$500 MILLION TO

\$660
MILLION

TOTAL CAPEX,



FUNDED WITH CASH FROM OPERATIONS



OUR PLAN

2017-2019

ACCELERATING GROWTH

FROM 180 TO

200

RESTAURANT OPENINGS



FROM \$292 MILLION TO

\$390
MILLION

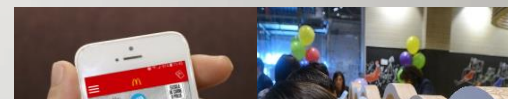
REINVESTMENT CAPEX



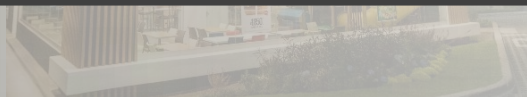
FROM \$500 MILLION TO

\$660
MILLION

TOTAL CAPEX,



Accelerate deployment of EXPERIENCE OF THE FUTURE



FUNDED WITH CASH FROM OPERATIONS

MARCELO RABACH



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DIFFERENTIATION

Versus our competition

OUR RESTAURANTS



OUR MENU



OUR PEOPLE





DIFFERENTIATION OUR RESTAURANTS





DIFFERENTIATION OUR RESTAURANTS

UPGRADED PLAYLAND



MODERN MENU BOARDS



SELF ORDER KIOSKS



MULTI-POINT SERVICE



TABLETS & WiFi



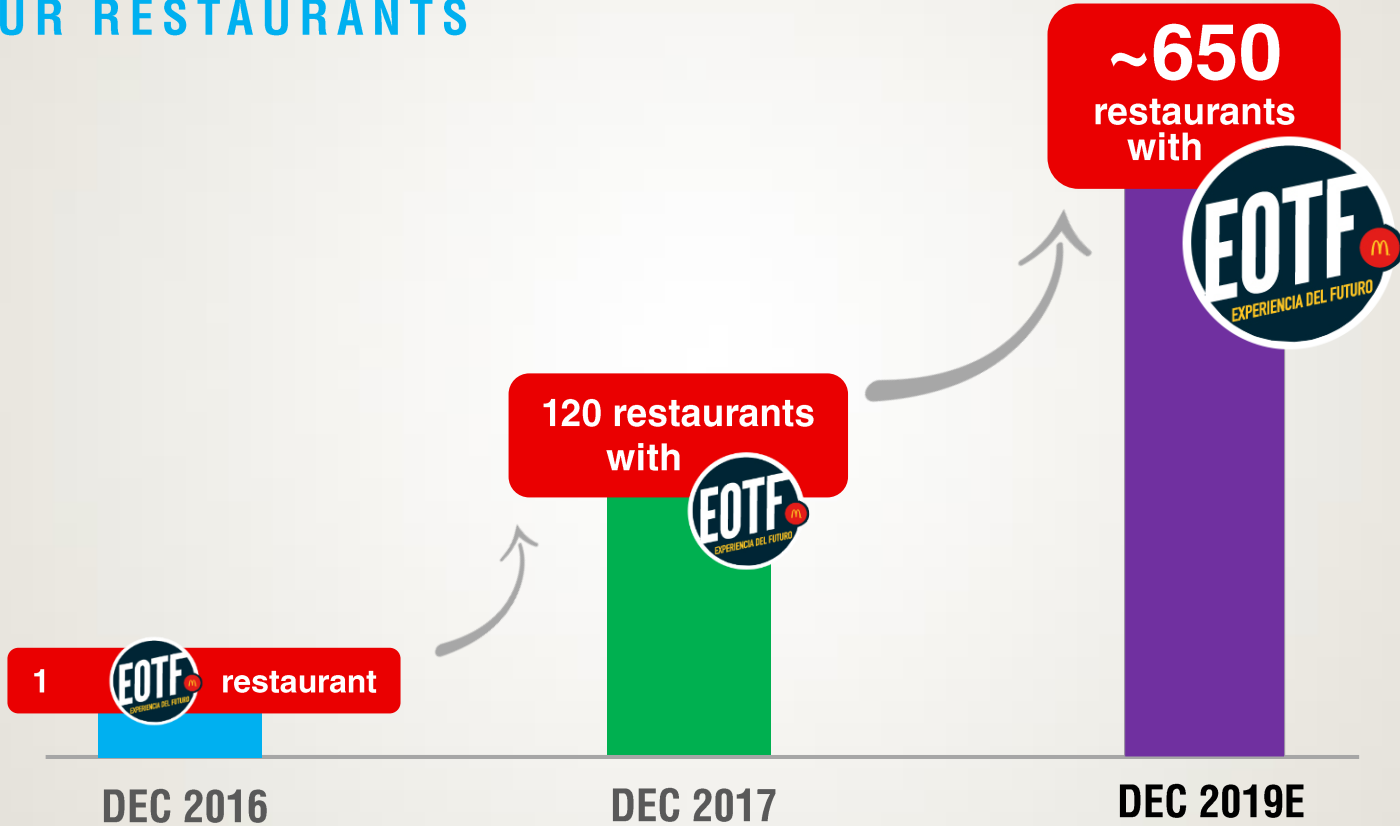


DIFFERENTIATION OUR RESTAURANTS



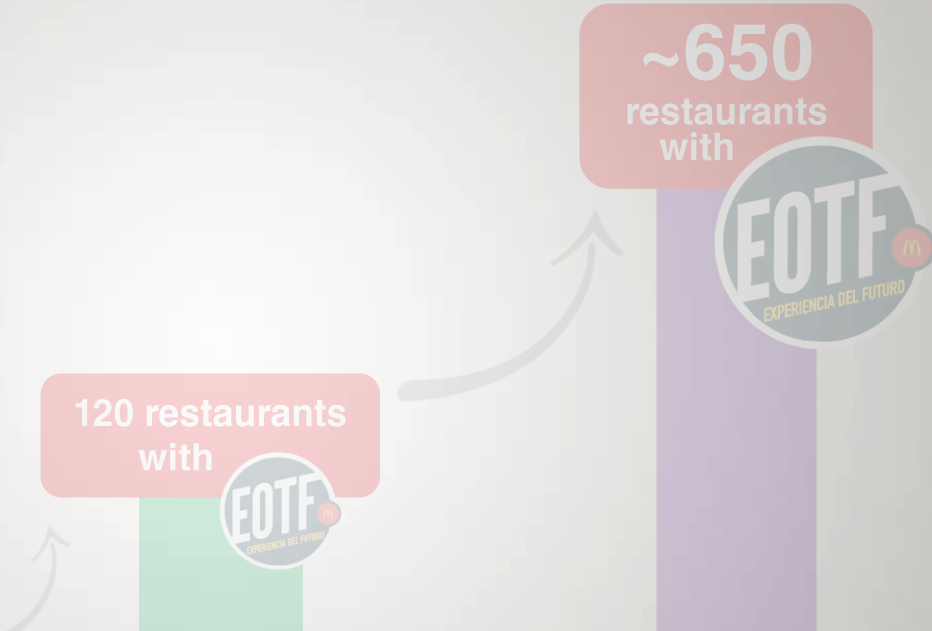


DIFFERENTIATION OUR RESTAURANTS





DIFFERENTIATION OUR RESTAURANTS



MID-SINGLE DIGIT SALES UPLIFT

DEC 2016

DEC 2017

DEC 2019E



DIFFERENTIATION OUR MENU





DIFFERENTIATION OUR PEOPLE



PILLARS

**CULTURAL TRANSFORMATION
CENTERED ON PEOPLE**

**TAKING SERVICE BEYOND THE
FRONT-COUNTER**

**KNOWING «HOW TO BE» AND
NOT JUST «HOW TO DO»**



DIFFERENTIATION OUR PEOPLE



OUR GOALS

1

Make things easier
for people

4

Prioritize people's
needs (guests and
employees) above all

2

Put a smile on
people's faces

5

Treat people
with respect

3

Create opportunities
to interact with
our guests

6

Celebrate diversity
and inclusion



DIFFERENTIATION OUR PEOPLE



A BUSINESS IMPERATIVE

**CREW
TURNOVER**

**DOWN
10pp**

**CUSTOMER
SERVICE
TOP BOX SCORES**

**UP
7 pp**





DIFFERENTIATION
OUR PEOPLE



A BUSINESS IMPERATIVE

CREW
TURNOVER

DOWN
10pp

CUSTOMER
SERVICE
TOP BOX SCORES

UP
7 pp



COMPARABLE RESTAURANT VOLUME GREW ACROSS OUR BUSINESS

FAVORABLE BRAND IMAGE GAPS GREW VS. COMPETITORS



DIFFERENTIATION OUR PEOPLE



#WeBelieveInYouth

AT ARCOS DORADOS WE DIRECTLY EMPLOY MORE THAN

73,000 YOUNG PEOPLE

BETWEEN 16 AND 25 YEARS OLD





DIFFERENTIATION OUR PEOPLE

Great
Place
To
Work®



2ND PLACE

Companies with
+150 employees



3RD PLACE

Companies with
+1,000 employees



5TH PLACE

Companies with
+1,000 employees



MARIANO TANNENBAUM

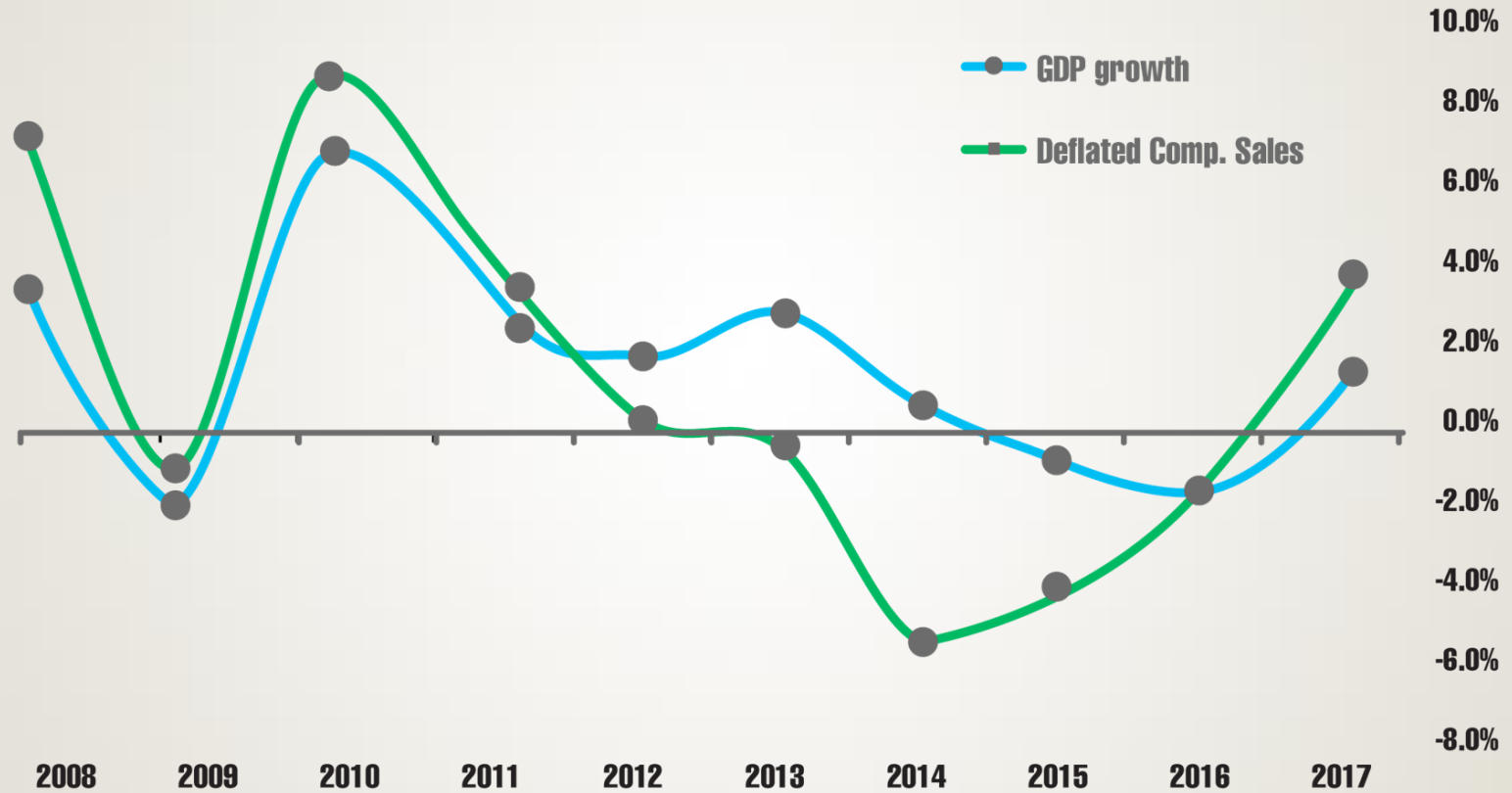


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CFO, Arcos Dorados

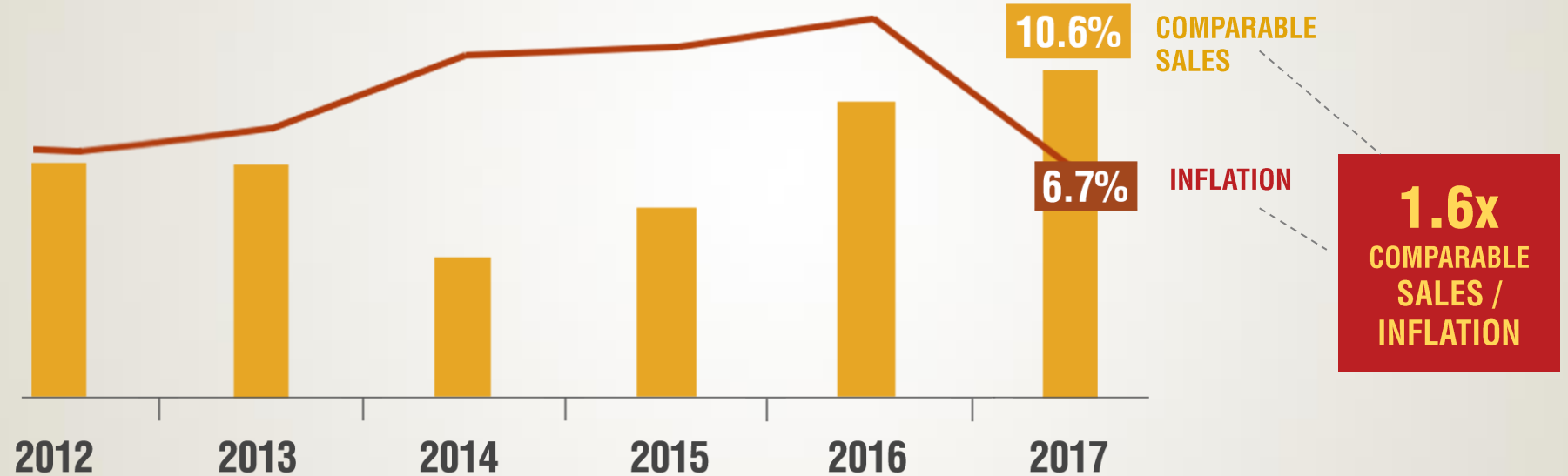
VISION • STRATEGY • OPERATIONS • FINANCIAL PERFORMANCE

ECONOMIC TAILWINDS ARE STARTING TO BUILD

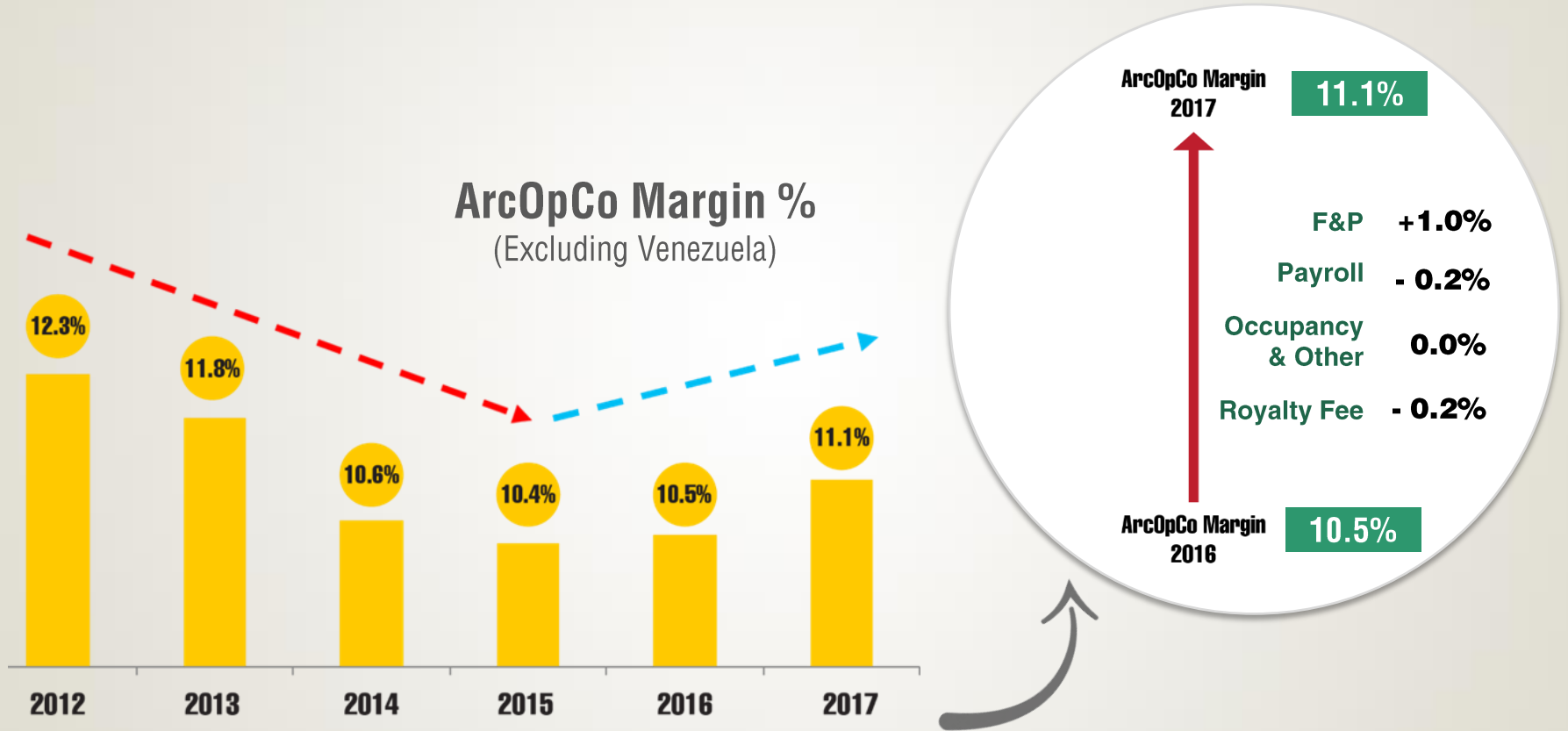


STRONG TOP-LINE GROWTH

(Excluding Venezuela)



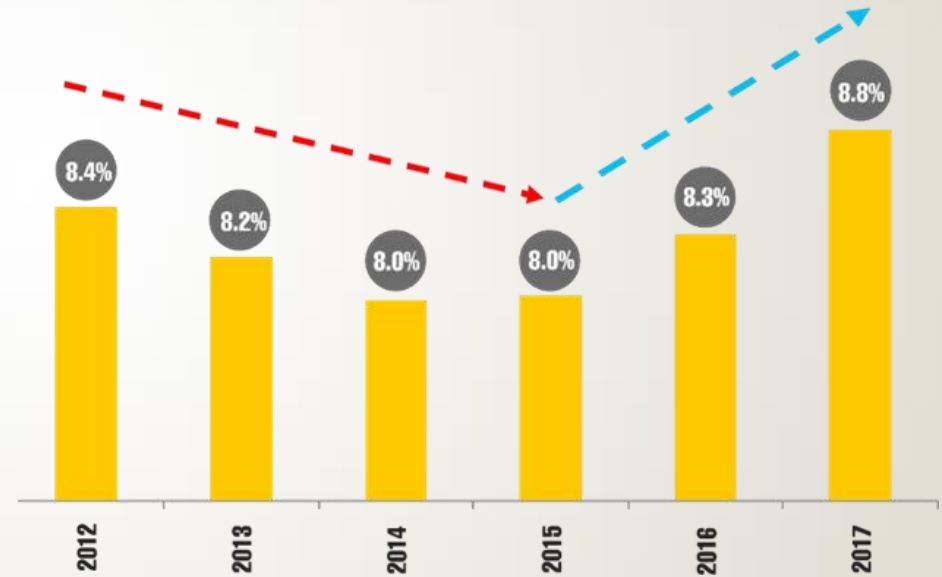
REBUILDING STORE MARGINS



OPTIMIZE OUR COST STRUCTURE

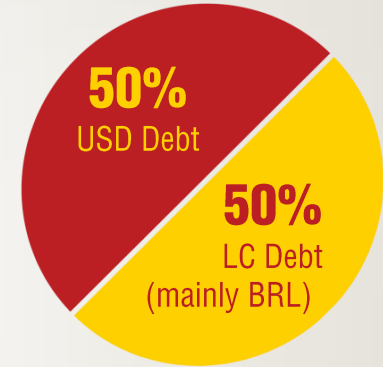


ADJUSTED EBITDA MARGIN (Excluding Venezuela)



ARCOS DORADOS DEBT PROFILE

FX EXPOSURE BREAKDOWN



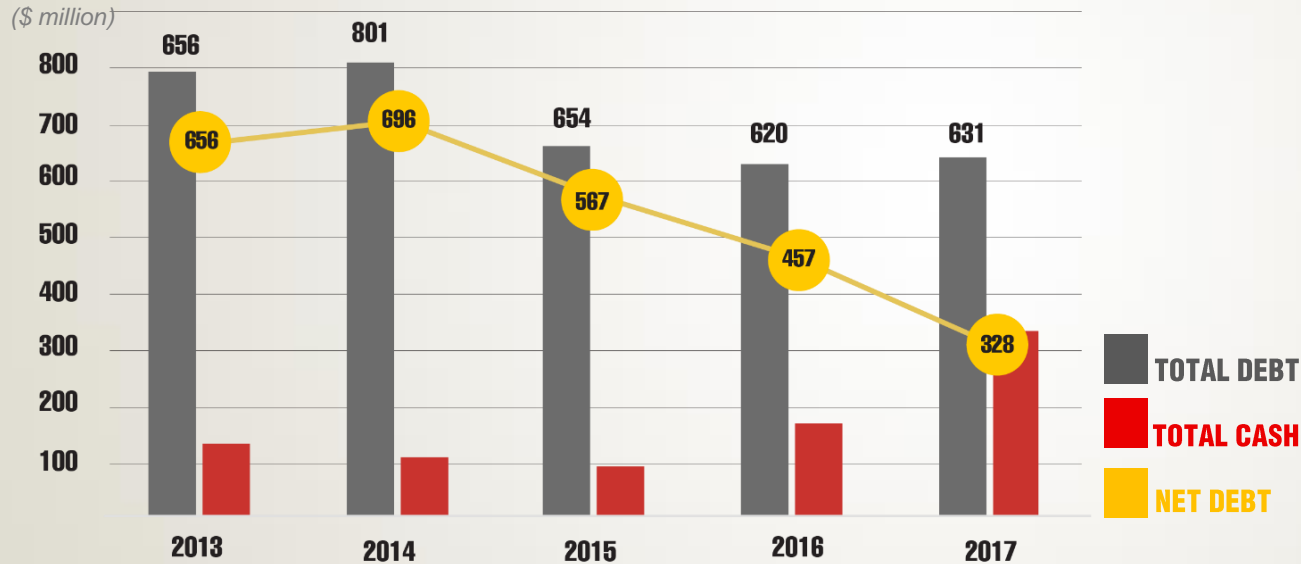
CREDIT RATINGS

Fitch
Ratings

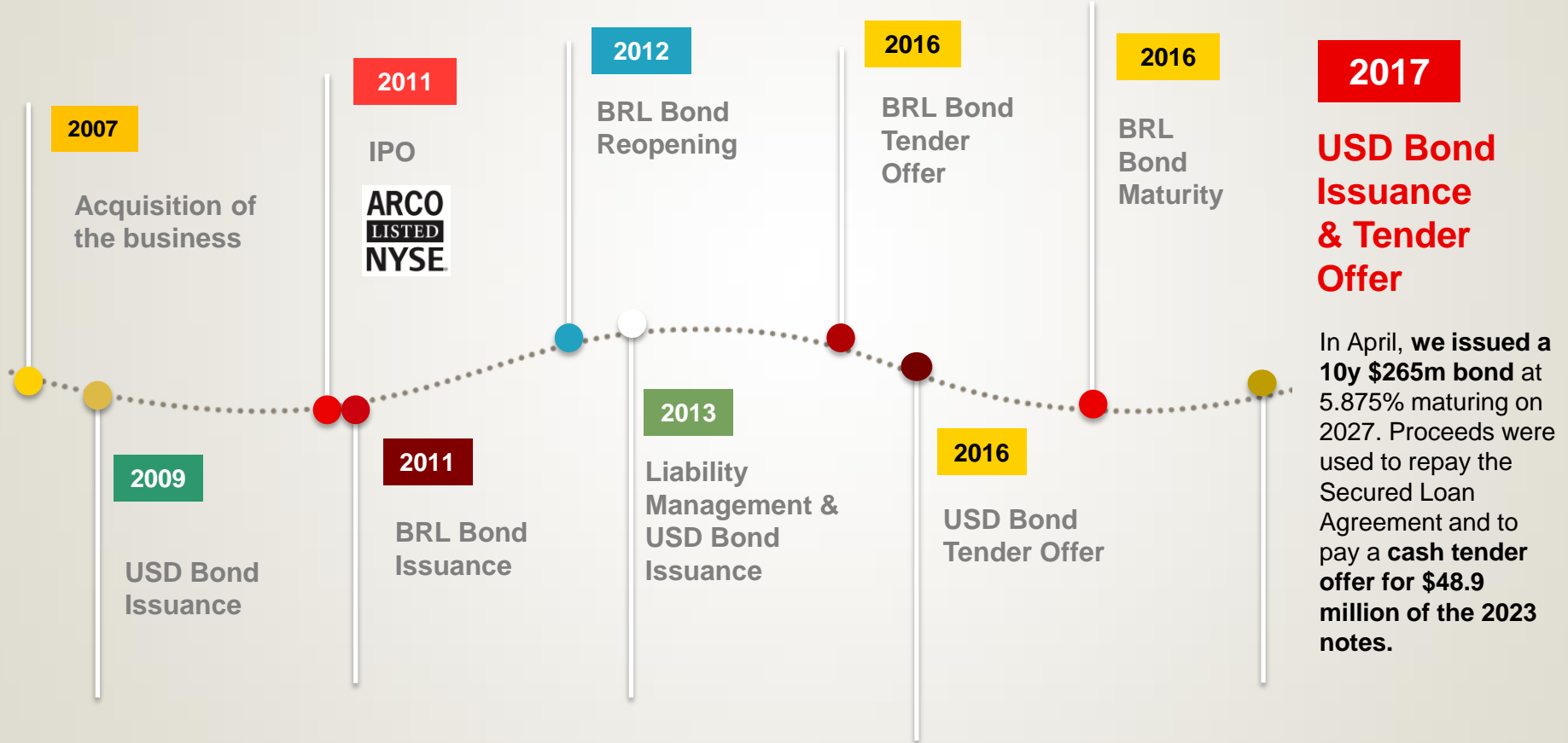
BB+, Stable

MOODY'S

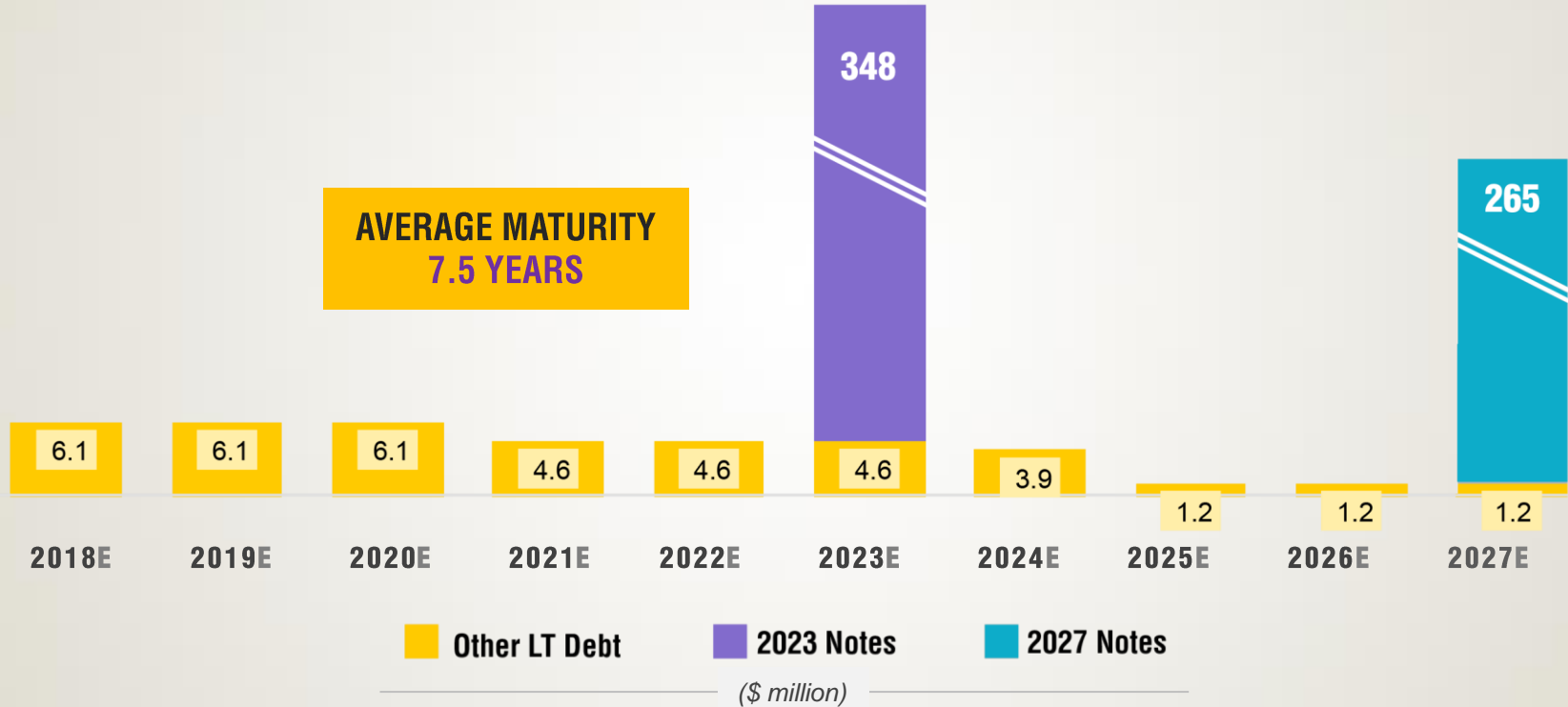
Ba3, Positive



ARCO IN THE MARKET



DEBT MATURITY PROFILE



2018

GUIDANCE

OPENINGS

**65 TO 70 NEW
RESTAURANTS**

TOTAL CAPEX

**BETWEEN \$200
AND \$230 MILLION**

2017-2019 CAPEX PLAN

Accelerating EOTF deployment

+200

NEW RESTAURANTS

\$210 to \$220 million

\$50 TO \$60

MILLION IN OTHER CAPEX

IT & HR



\$390

MILLION IN

REINVESTMENT CAPEX

EOTF reimages

EOTF Ready

Dessert centers

McCafé

Kitchen equipment

Other required CAPEX

ARCOS DORADOS
INVESTOR DAY



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QUESTIONS & ANSWERS

DAN GERTSACOV

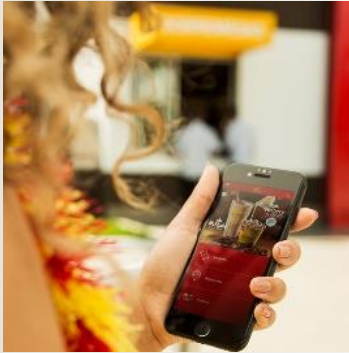


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CMDO, Arcos Dorados

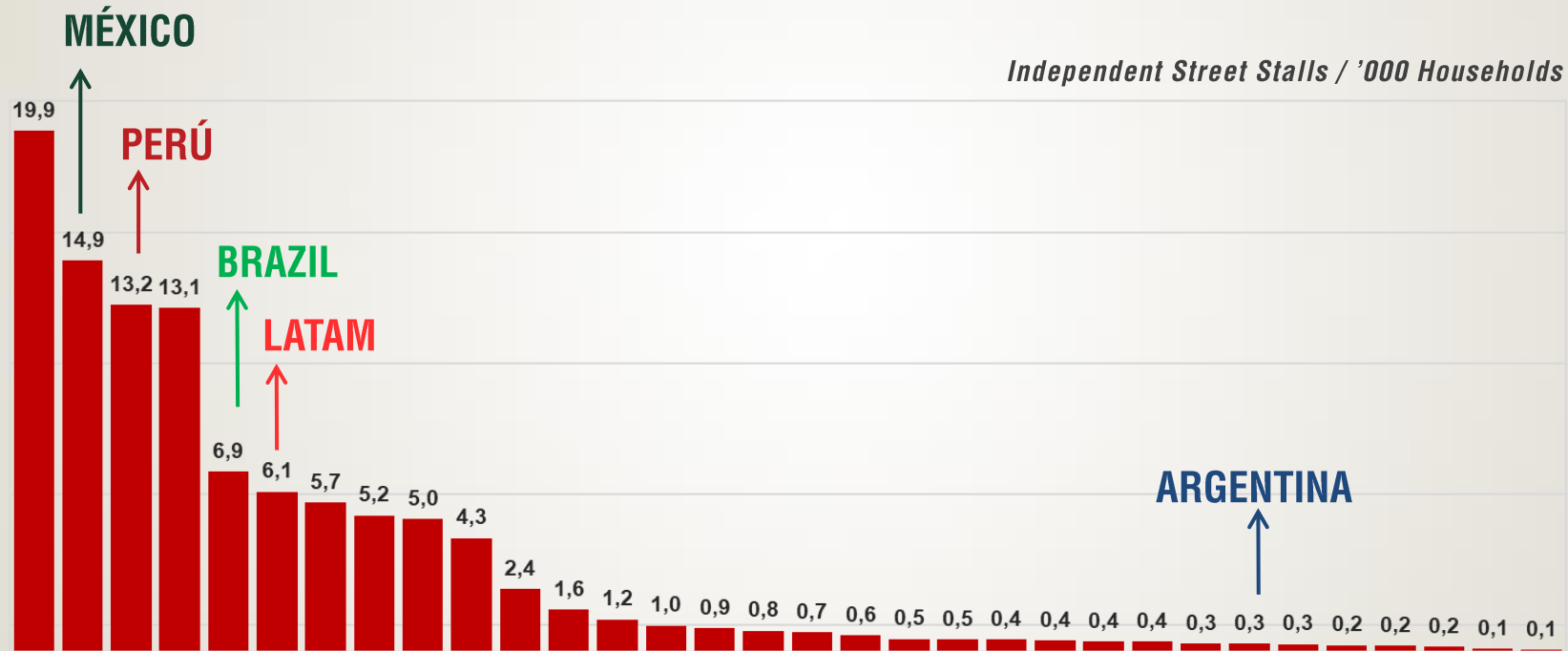
MARKET SHARE • REVENUE DRIVERS • DELIVERY AND DIGITAL

MARKETING @ ARCOS DORADOS: GROWING OUR BUSINESS BY CONTINUING TO **BUILD OUR BRAND**



LATIN AMERICA LEADS THE WORLD IN STREET STALLS

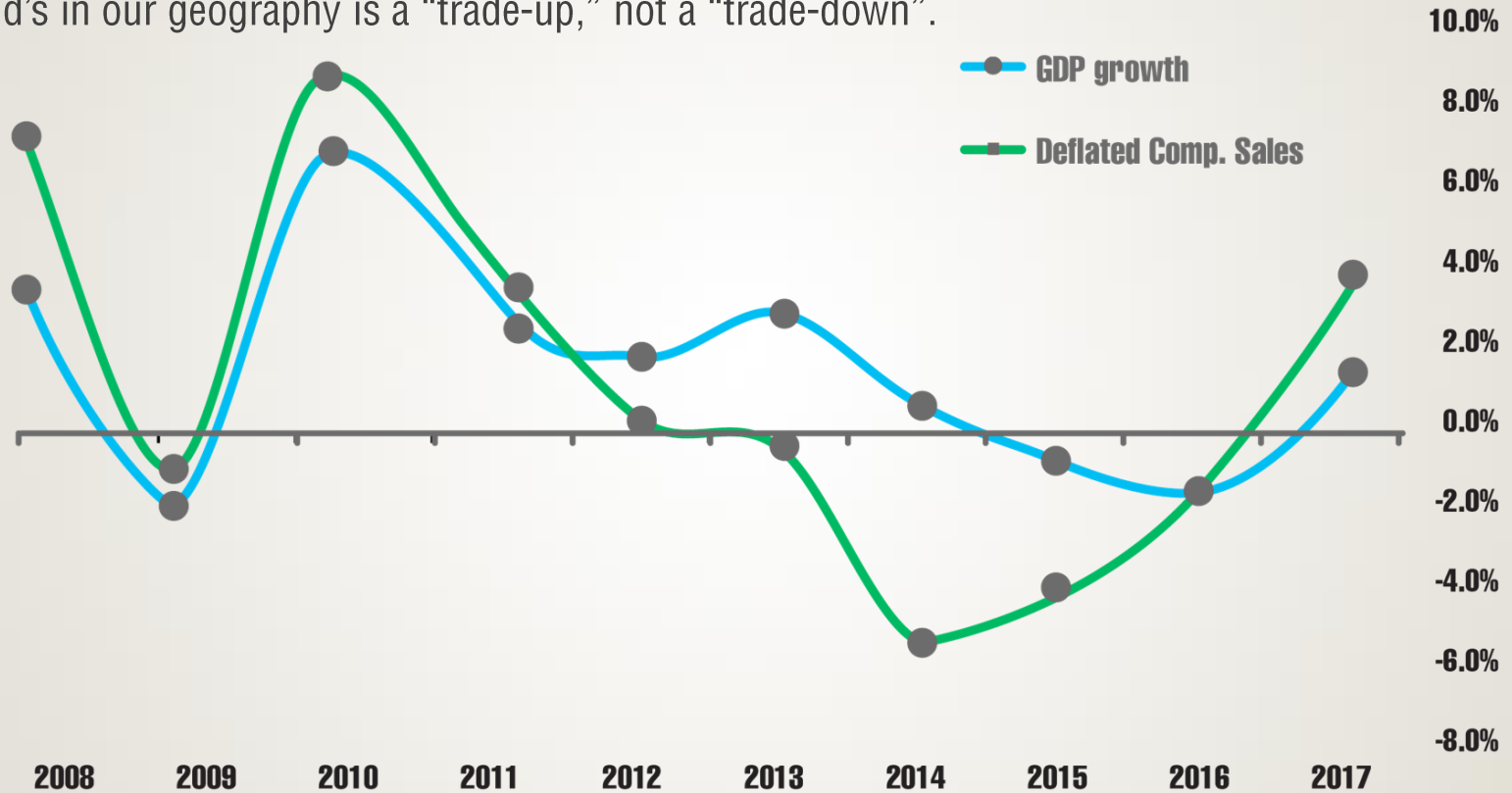
Competitors who don't pay taxes, rent or formal salaries



Source: Euromonitor 2017

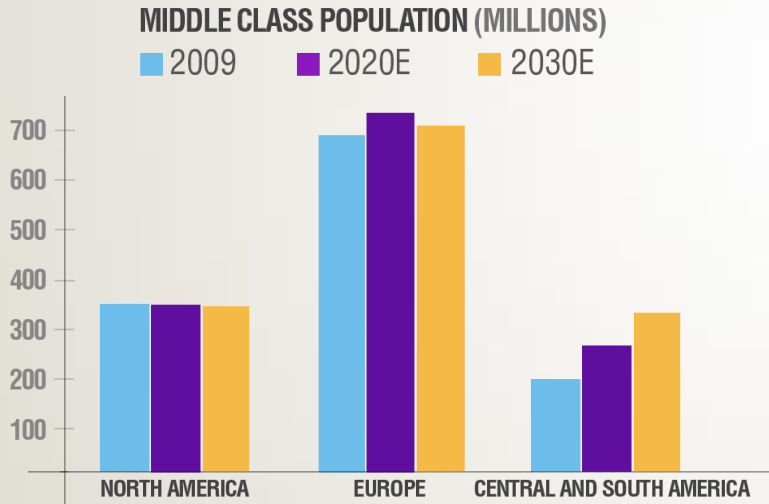
Our Comp. Sales Real Growth is directly correlated with the region's GDP Growth:

McDonald's in our geography is a "trade-up," not a "trade-down".

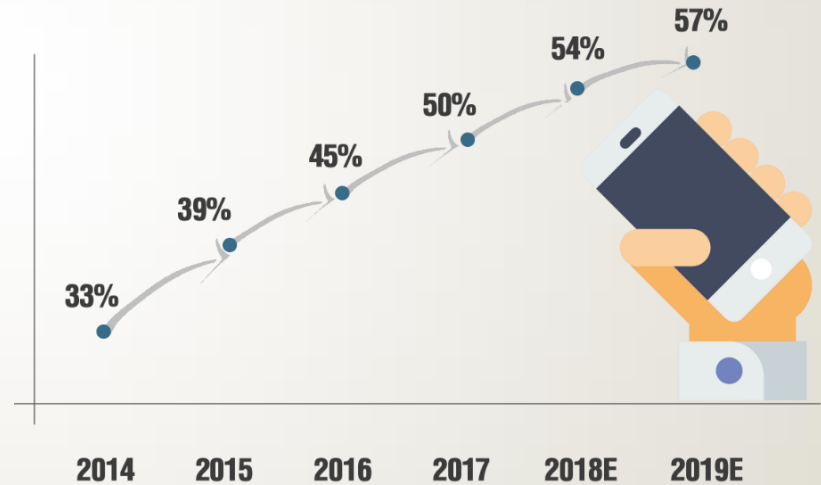


As the middle class grows in Latin America, we are poised to capture that growth, **connecting with a new mobile-powered generation.**

The Middle Class Set to Grow by More than 100 Million over the Next 12 Years¹



More than 400 million Internet Users
62% penetration in 2017
(vs 88% in North America)²



(1) OECD, 2010 from KKR Report: "The Emergence of Brazil: An Unfinished Story..." May 2012

(2) www.internetworldstats.com (3) www.emarketer.com

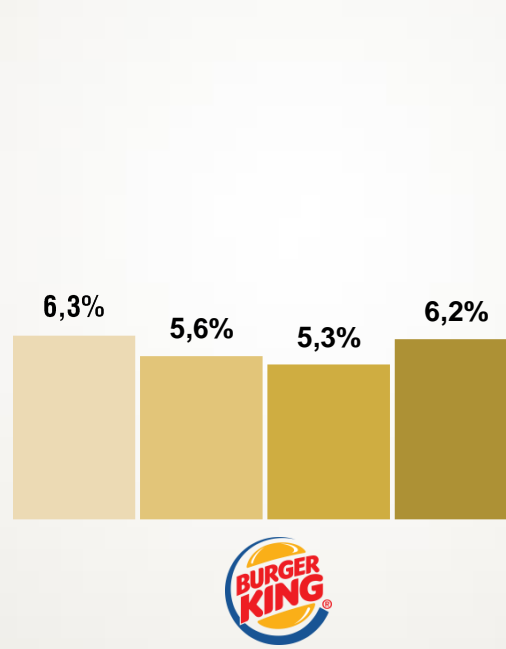
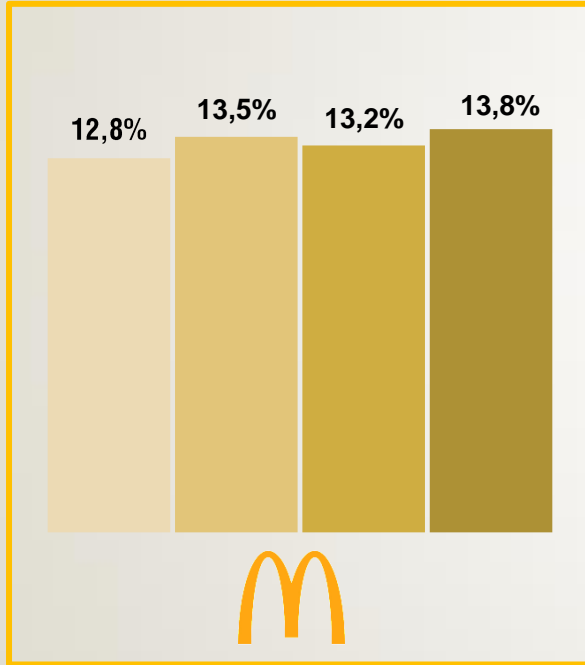
ARCOS DORADOS' BRAND POSITIONING

**McDonald's makes delicious,
feel-good moments
easy for everyone.**

ARCOS DORADOS' BRAND AMBITION

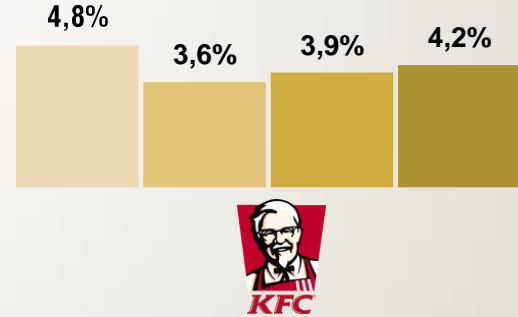
**Continue to be children's and
families' favorite restaurant,
in the 20 markets in
which we operate.**

We continue to lead the QSR Industry In Family Visits in our region, gaining share.



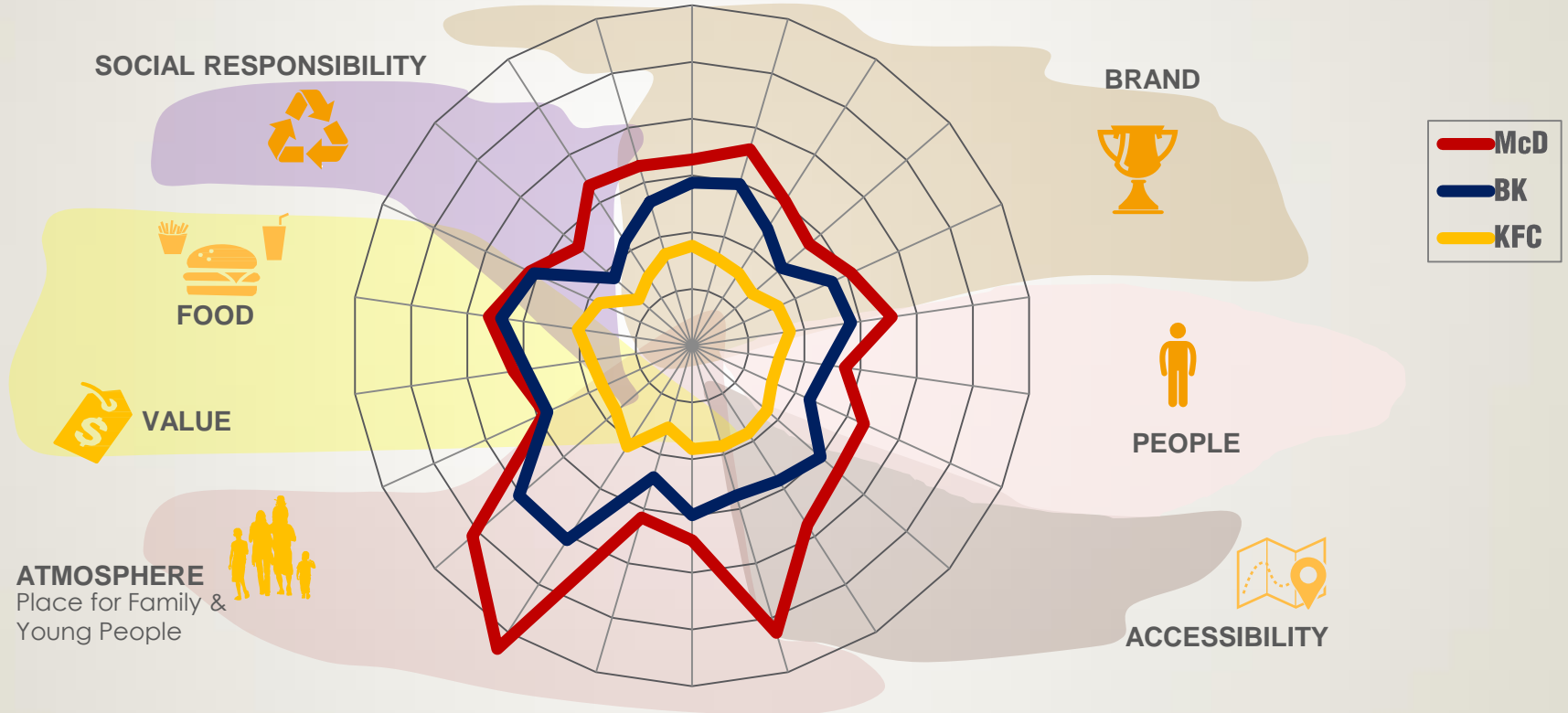
VISIT SHARE (P7D) vs. FAMILY BUSINESS

Q1 Q2 Q3 Q4



Source: Ipsos, 2017, Arcos Dorados' geographies

Outperforming in accesibility and known as a place for family & young people



Source: Ipsos, 2017, Arcos Dorados' geographies

Revamped Affordability Platforms have brought in more guests, visiting us more often.

Market



Market



Moving beyond price-driven advertising,
to focus on **value for money** and **shared moments with family and friends.**



In the end, Dad thought it was nice
#MomentosQueCustamPouco

Putting the delicious in “Delicious, Feel Good Moments”

Sharing moments with friends and family



Tasty, Quality Food (Signature & Core)



Dessert Indulgence: Partnerships that Elevate the Brand Experience



Brand advertising that reinforces the **quality of our food** and the **premium flavors and experiences** that our guests seek



Our people and our service reinforce the aspirational qualities of our brand

77%

of our staff are **under 25 years old.**

57%

of our staff are **women.**

52%

of our store managers are **women.**

Everyday we serve more than **4 MILLION GUESTS** in our geography.



Pushing the creative envelope to showcase
Our considerable advantage in Drive-Thru



And leveraging global properties and personalities
that only the McDonald's brand can be associated with



ADVERTISING AWARDS IN 2017

Demonstrate our leadership as a best-in-class marketer



Global Facebook Awards
Shortlist with “Trayquest”



Effie Awards Brazil Silver
for “Trayquest”
Bronze for “Drive Truck”



Clio Awards
Shortlist with “Drive Truck”



Diente Argentina
2 Bronze and 1 Honorable
Mention for
“Hungry Garages”



MMA Smarties Awards
Bronze in Latin America in “Lead
Generation” for Arcos’ Mobile
App



**Festival of Media Global
Awards**
Shortlist with “ClubHouse”



**Latin America Excellence
Awards**
Winner in “Multi-Channel
Communications”



Effie Awards Mexico
Bronze for “Martes de
McDonald’s”



Latin America Sabre Awards
4 Awards for
4 Different Campaigns



TelaVivaMovel Awards Brazil
Best Case of Mobile Marketing



Campana de Oro Uruguay
2 “Golden Bells” for OOH promotion
campaign and Best exterior
advertising

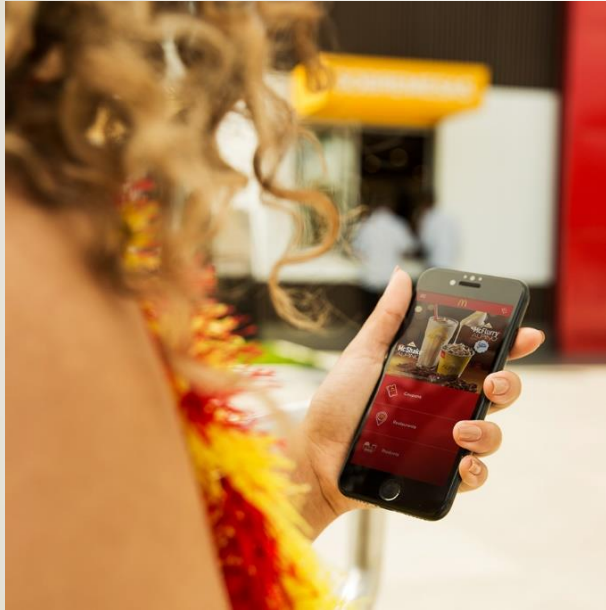


Effie Awards Colombia
Bronze for “McTes”



IAB Mexico MIXX Awards
Shortlist with “Martes de
McDonald’s”

Connecting with our guests via mobile technology,
Becoming a leader in our segment in our geography.



ARCOS DORADOS' MOBILE APP

- ✓ **+12 million downloads** in our geography
- ✓ Among the **Top 3 Most Downloaded Apps** in the Food Category in 10 countries we have launched
- ✓ App Offers are replacing print coupons throughout our region, as they can be **segmented, geo-targeted and optimized for efficiency.**

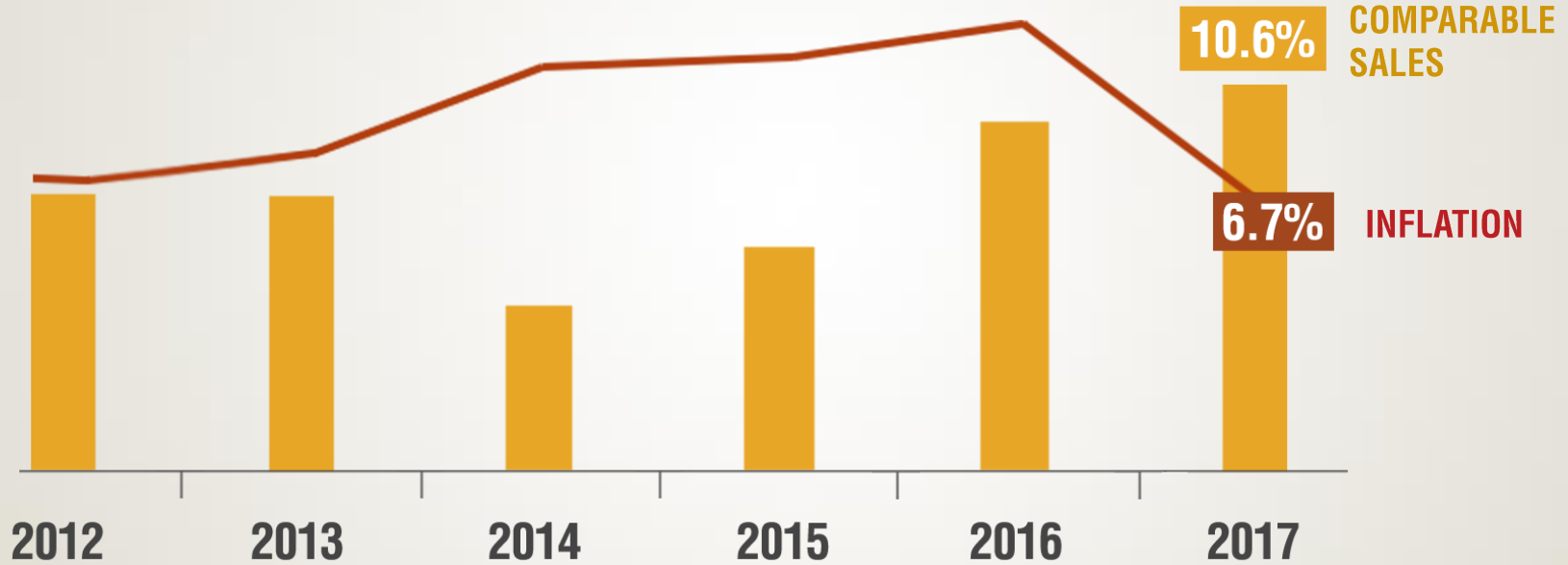
Source: AppAnnie, Cumulative Daily Ranking on Google Play and Apple Store, March 2017 - February 2018

DELIVERY:

Taking a leadership role to re-define convenience for our mobile-powered guests.



**Arcos Dorados has entered a growth stage,
With Volume and Average Check outpacing inflation for the first time since 2012.**



**ARCOS DORADOS
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QUESTIONS & ANSWERS

SEBASTIÁN MAGNASCO



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Vice-President of Development, Arcos Dorados

EXPANSION POTENTIAL • GROWTH PLANS

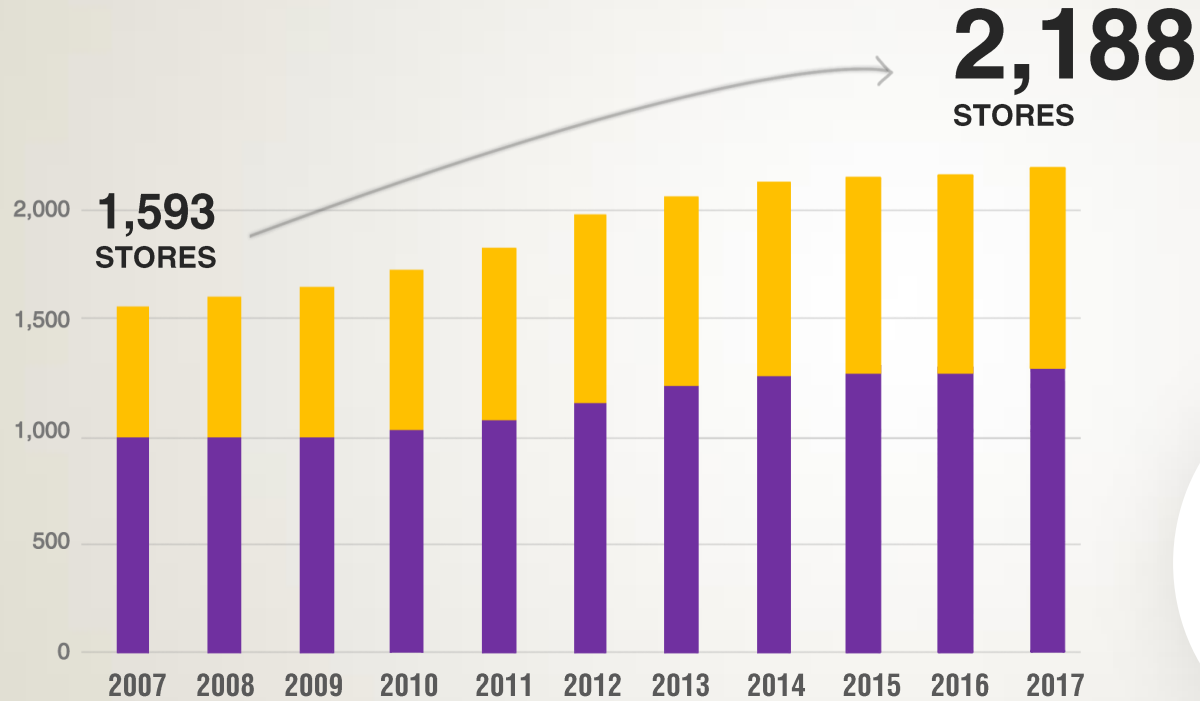
CURRENT FOOTPRINT

2,188 RESTAURANTS

IN 20 COUNTRIES IN LATIN AMERICA & THE CARIBBEAN



CURRENT FOOTPRINT



60%
FS & InStores

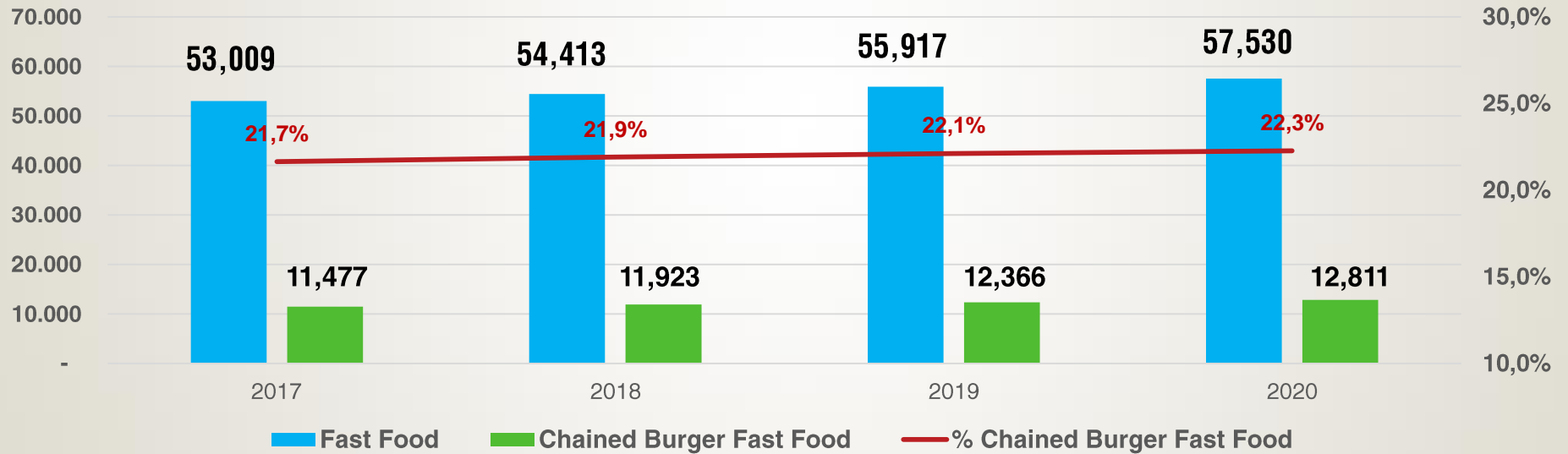
40%
Mall Stores and
Food Courts



GLOBAL TRENDS

FAVORABLE TO EXPANSION

Market Sizes Euromonitor Forecast - Food service Value



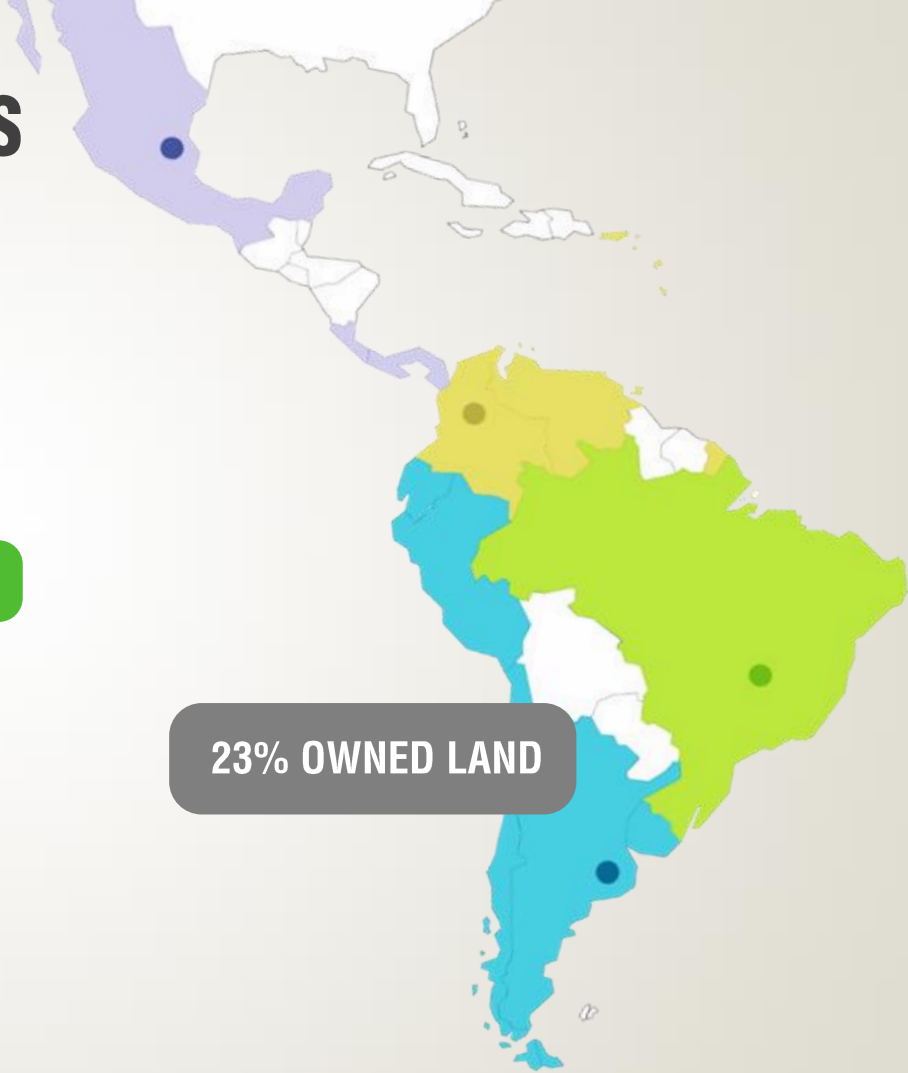
Research Sources: Consumer Foodservice: Euromonitor from trade sources/national statistics (*US\$ mn | Constant 2016 Prices | Fixed 2016 Exchange Rates).

COMPETITIVE ADVANTAGES

BEST IN CLASS TENANT REPUTATION

FOR LONG TERM BUSINESS
CONTINUITY ASSURANCE

23% OWNED LAND



COMPETITIVE ADVANTAGES

ALLIANCES & PARTNERS

HYPERMARKETS, AIRPORT
LOCATIONS, GAS STATIONS



MALLS AND SHOPPING CENTERS



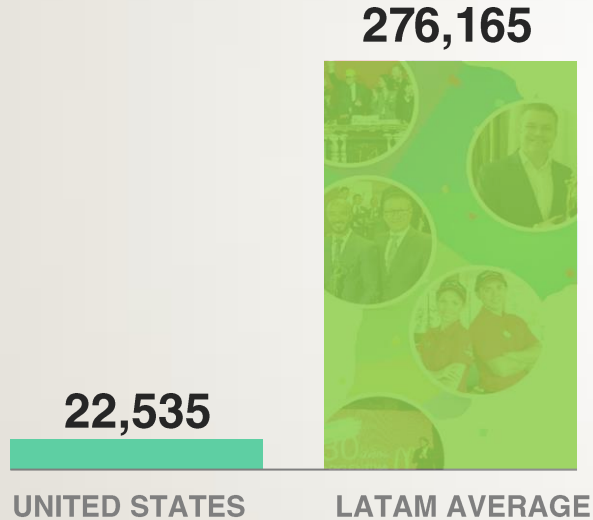
COMPETITIVE ADVANTAGES

DESSERT CENTER BUSINESS



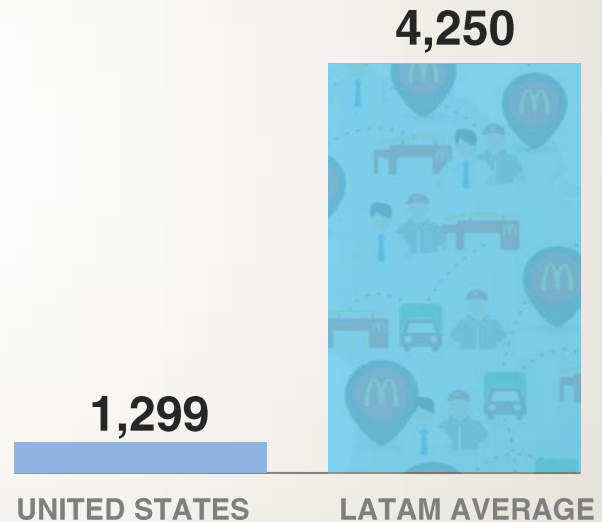
OUR GROWTH POTENTIAL

INHABITANTS PER McDONALD'S RESTAURANT



Source: World Bank 2016

GDP PER McDONALD'S RESTAURANT

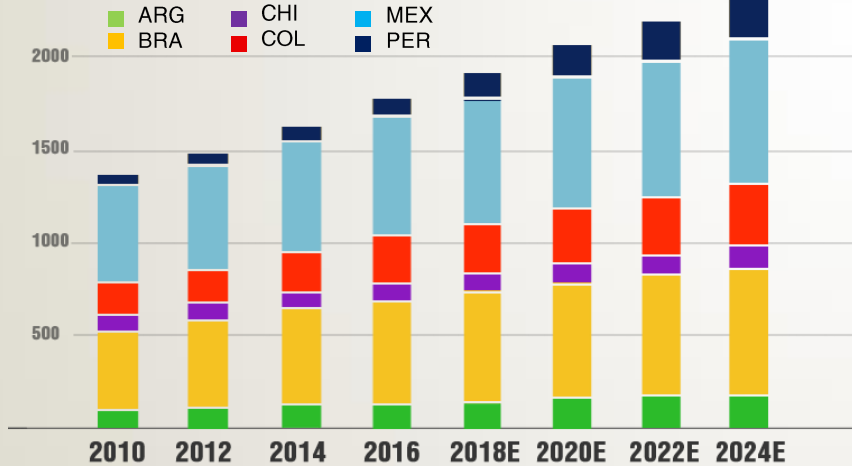


Source: World Bank 2016

SHOPPING CENTER INDUSTRY

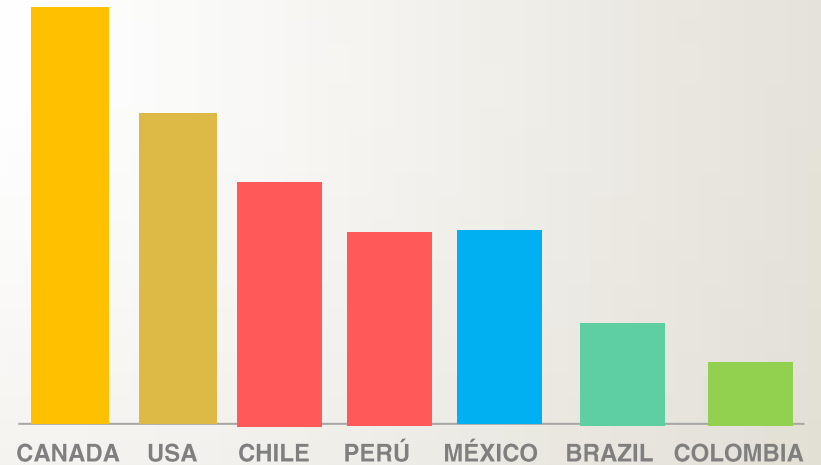
LA & Caribbean Shopping Center industry is expected to open nearly **600 new shopping centers totaling 2,400** by 2025.

NUMBER OF SHOPPING CENTERS PER COUNTRY
PROJECTED GROWTH



Source: El Mercurio de Chile

RETAIL SALES IN MALLS CENTERS
TOTAL PER COUNTRY



Source: El Mercurio de Chile

SHOPPING CENTER INDUSTRY



“The industry will add more than 26 million square meters of GLA between 2016 and 2021, according to Euromonitor International”

ICSC News and Views, 2017

“People in Latin America take the mall as a place to take a walk. That explains why malls are more relevant in the region, in comparison to others».

Lizan Retail Advisors, 5 Dic 2017.



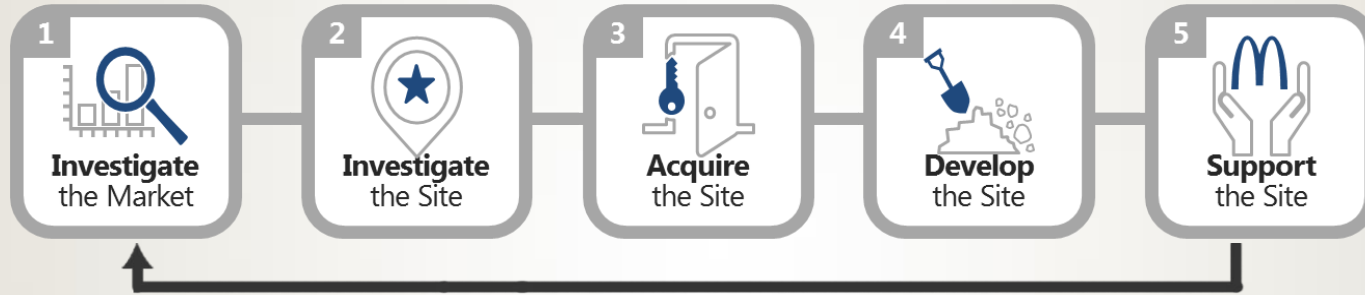
NOTICIAS | DESTACADOS MERCADO

100 malls are built every year in Latin America, while they are disappearing in other parts of the world

por BBC MUNDO | 5 diciembre, 2017

THE DEVELOPMENT PROCESS

How we do it?





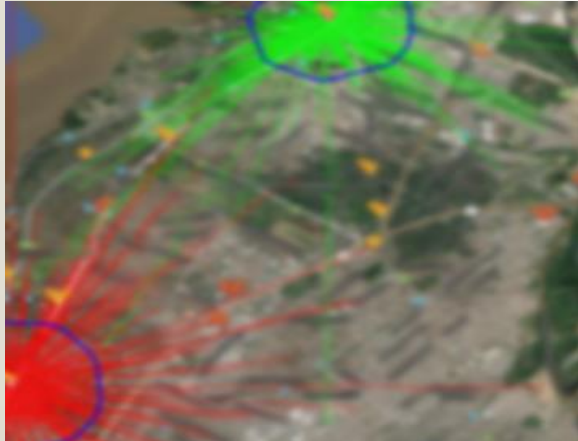
EXISTING RETAIL
TRAFFIC



POPULATION AND
DEMOGRAPHICS



POTENTIAL GAPS
IN THE MARKET



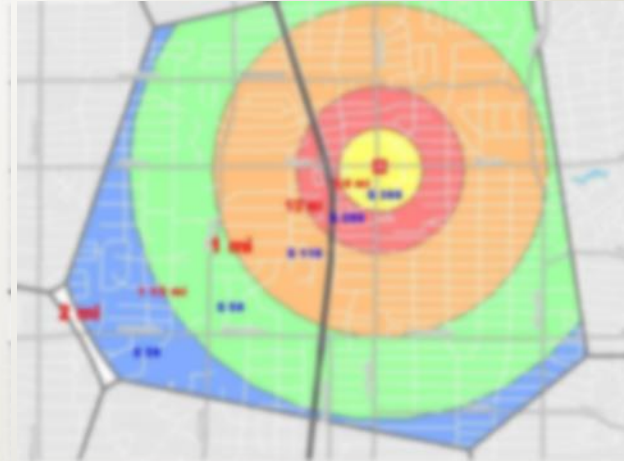
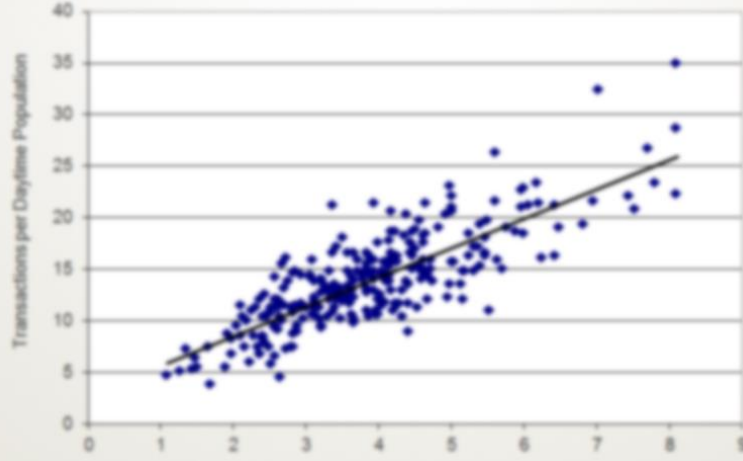
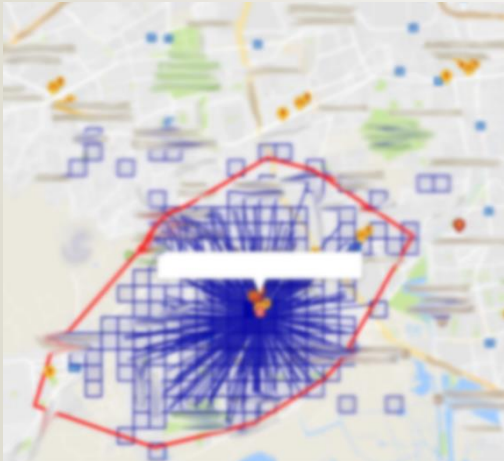


**McD's REAL ESTATE
EXPERTISE AND
EXPERIENCE**

ESTIMATING SALES IS **50% SCIENCE** AND **50% ART**

BASED ON

CUSTOMER BEHAVIOR • BUSINESS DYNAMICS • REAL ESTATE KNOWLEDGE





FORMALIZED “DUE DILIGENCE PROCESS”



**MANAGEMENT
APPROVAL**



**FEASIBILITY
PLANS FOR
GOVERNMENT
APPROVAL**



**NEGOTIATE
LEASE/PURCHASE
WITH
LANDLORD/SELLER**



**CONTRACT/LEASE
CONDITIONS**



**BUDGET
ESTIMATES
AND
SCHEDULES**



Based on **McDonald's standards**



Managed by **local construction teams** in each country



Development of **localized suppliers**



Investigate
the Market



Investigate
the Site



Acquire
the Site



Develop
the Site



Support
the Site

Evolving customer needs, new product development, new technologies and equipment obsolescence, **demands capital reinvestment to remain relevant with guests** and support Comp Sales build up and margin efficiencies.

ICONIC McDONALD'S HENRIQUE SCHAUHANN, SÃO PAULO, BRAZIL



JULY 2005



JULY 2011



JULY 2017

FROM CONSUMERS
TO MEMBERS

FROM TRANSACTION
TO INTERACTION

FROM STATIC
TO SHAREABLE

FROM NEED
TO DESIRE

MAJOR SHIFTS IN HOW WE EAT AND SHOP





One Brand. One Design.

McDonald's global approach to modernize our restaurants.

Based on 3 main pillars: People, Product, Place.

Design strategy by world-class **Design Experts**

Creation of a **Global Design Portfolio** of design concepts for all of our markets.



CATALOGS





MODERNIZING OUR PORTFOLIO





MODERNIZING OUR PORTFOLIO



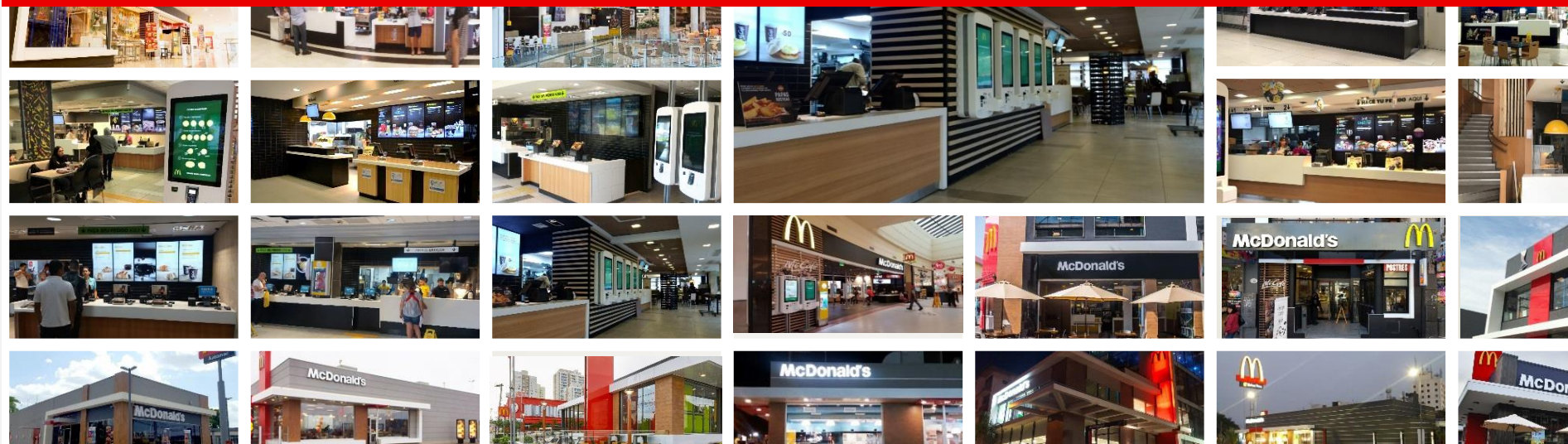


MODERNIZING OUR PORTFOLIO





~120 MODERN STORES IN 1 YEAR



ARCOS DORADOS
INVESTOR DAY



ARCO
LISTED
NYSE

QUESTIONS & ANSWERS



THANK YOU