

Undisputed QSR Leader

Disciplined execution of strategic plan

#1 QSR in Latin America and largest independent franchisee in the McDonald's system

Between

4% – 5%

of McDonald's
systemwide sales





Disciplined execution of strategic plan

Reinforcing
leadership
position

Operating in a
more efficient
manner

Maintaining
strongest
balance sheet
in our sector

Over 50 Years in Latin America

A global brand with an
aspirational Latin flavor





Strong relationship with McDonald's

Our restaurants are a destination for guests and their families

The McDonald's system worldwide is built on the strength of its people, its suppliers and its franchisees

Consistently made investments in the best food, most modern environment and unsurpassed hospitality

Our success is a combination of a sound strategy with multiple elements implemented over time

Most Sustainable Restaurant Company in Latin America

Most socially beneficial as largest employer of youths



**A way of doing
business strengthening
our appeal as
individuals choose
the brands that matter
to them**



**Scale for Good
Commitments related
to Packaging and
Recycling, Kids
Nutrition and Climate
Change**



**Supporting social
mobility with access to
first, formal jobs**

**Employed +50,000
young people &
supported training for
+390,000 in 2018**



**Initiatives including
sustainable beef, cage
free eggs, water and
energy, plastic, paper
and waste reduction**

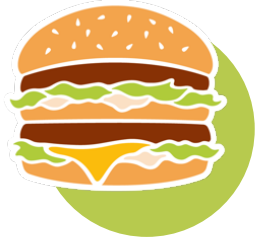


A Hard to Match, Sustainable Omnichannel Approach

Focusing on topline growth, while maintaining margin expansion



- 2018 Built in significant **operating leverage**
- 2019 Focused on **top line growth**, particularly in Brazil



- Largest and comprehensive **omnichannel guest experience** contributing significantly to growth



- Dominant **footprint, reach and scale** providing a substantial competitive advantage



- EOTF** investment paying off. Accelerating roll-out, will reach 10 markets by the end of 2019



- Agile capital allocation strategy allowing us to focus our investments on areas with the **highest growth potential**

Sharp and Disciplined Execution of Three Pillar Strategy

**The essence of the
McDonald's brand in Latin
America**

**The most inviting and memorable
restaurants with modern service
features, offering the best and most
appealing menu, with employees
delivering the highest quality of service**





Running the Best Restaurants

Investing in the **most appealing** restaurant experiences

EOTF to exceed 650 by end of 2019



Most Relevant Menu

Focusing on **core menu items**, but also evolving the menu with ability to localize certain items

Premium items through Signature line
Affordability platform



Enhanced Customer Experience

Cooltura de Servicio
guest and employee
satisfaction growing

Lower **payroll** cost



A group of people, including a man in the foreground and a woman in the background, are smiling and eating McDonald's fries and chicken nuggets. The man is wearing a blue t-shirt with 'EST 1954' and 'JIMMY' visible. The woman is holding a McDonald's cup. The background is a warm, indoor setting.

Accelerators of Growth

Sustainable growth

**Accelerators, Cooltura de Servicio
and menu driving guest counts,
volumes and market share**



EOTF

Most **modern, tech-enabled** restaurant experience in the QSR sector



Delivery

11 countries, partnerships with all primary food delivery aggregators

Driving incremental **sales**



Digital

Over 30 million downloaded app | Specific promotions and news on menu items and campaigns

Segmentation | Initiating targeted promotions



Affordability Platform

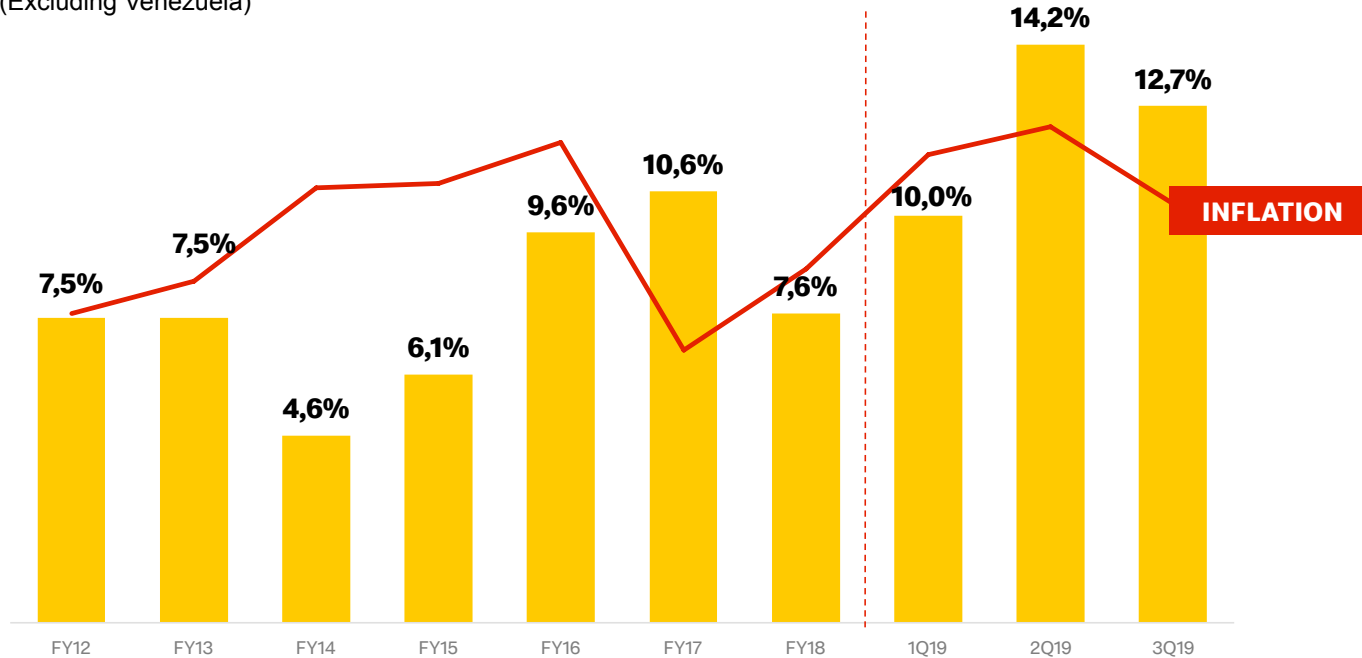
With continued volatility in some key markets, focused on offering **most appealing & relevant menus**

Accelerating top line growth through sharp and disciplined execution of strategic initiatives



COMPARABLE SALES

(Excluding Venezuela)



Growing above
blended inflation

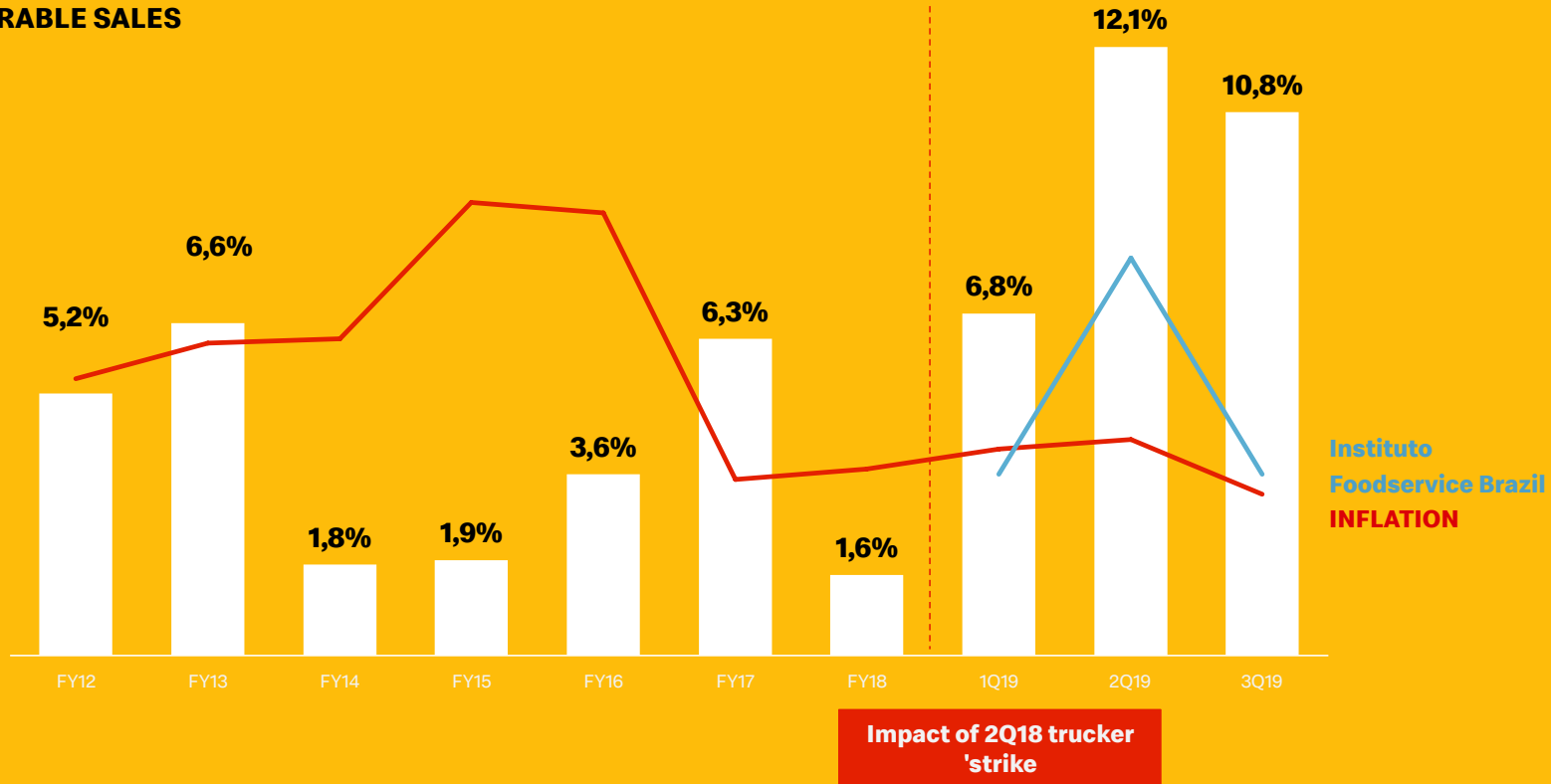
Outperforming the
industry in key
markets

EOTF, digital, delivery
and affordability
platform driving
sustainable growth



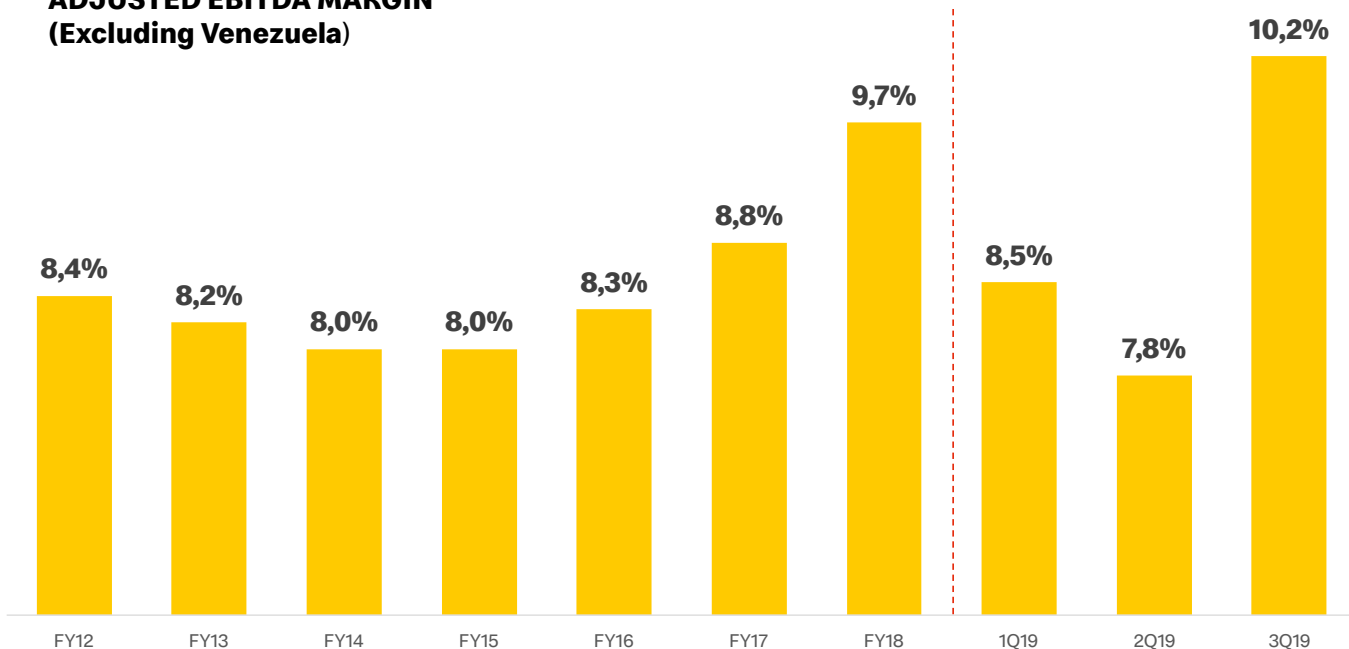
Particularly in our main market, Brazil

COMPARABLE SALES



While continuing to improve margins

ADJUSTED EBITDA MARGIN
(Excluding Venezuela)



COST MANAGEMENT

Lowest payroll as a % of sales in 10 years while improving customer satisfaction

F&P cost in line or below inflation

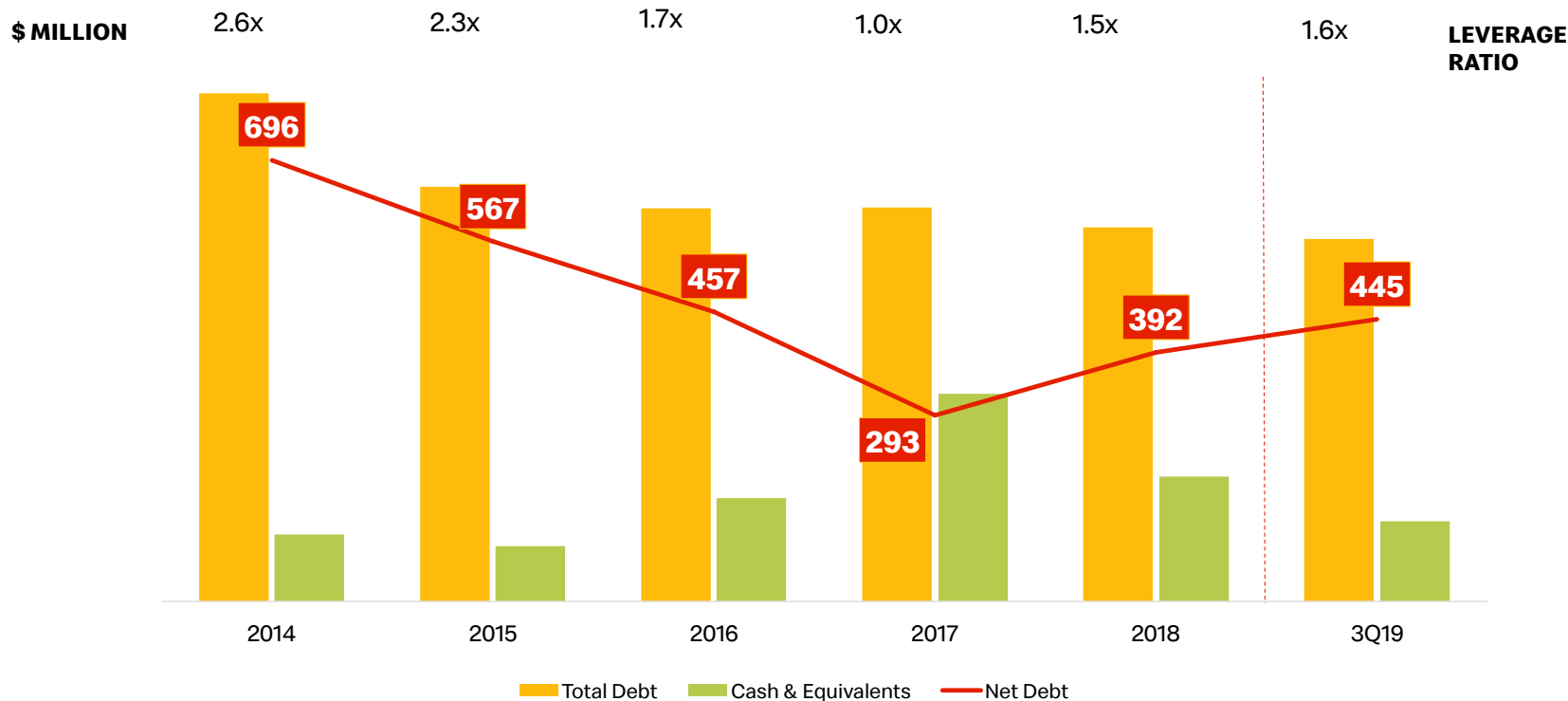
Protein price increases below industry average, leveraging on our scale

Ongoing hedging policy mitigating currency impacts on imported F&P

Focus on maintaining streamlined SG&A

COMPETITIVE ADVANTAGE

Resulting in strong cash flow generation to fund future growth, while maintaining a healthy balance sheet



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

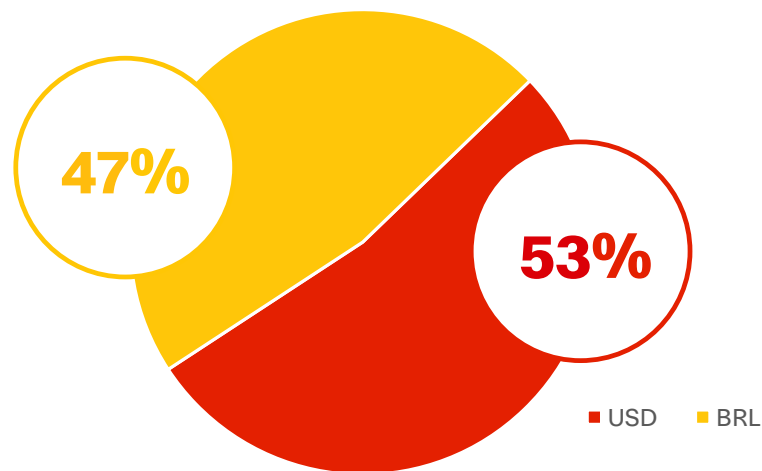
(*) Balance sheet and cash flow as reported, including Venezuela

Well positioned to continue improving our capital structure



Debt profile

Currency breakdown



Credit ratings

FitchRatings

BB+, Stable

MOODY'S

Ba2, Stable

AVERAGE MATURITY: 5 YRS

- Leverage ratio at 1.6x
- Efficient financing options with historically low interest rates in US and in Brazil
- Arcos Dorados bond yields trading at historical lows

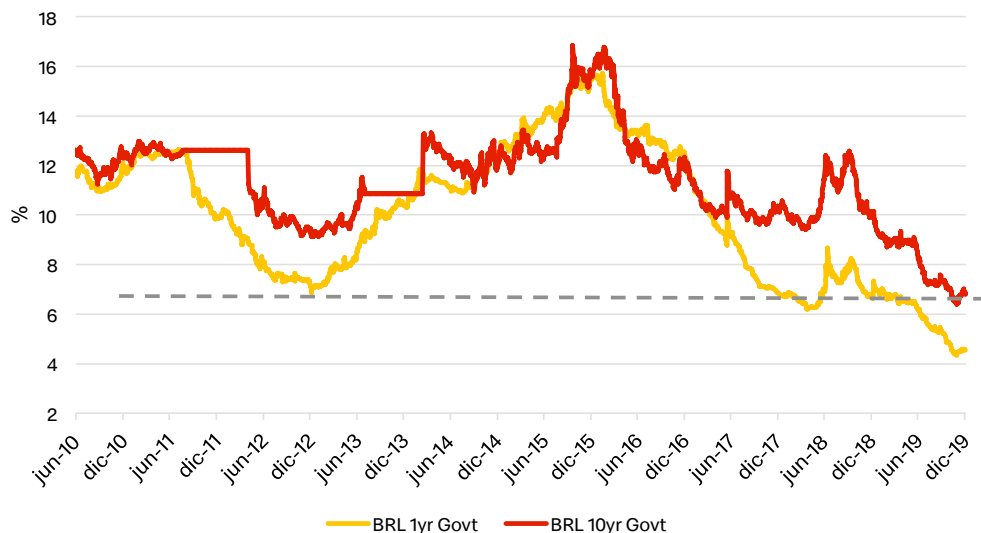
Interest rates remain at historical lows



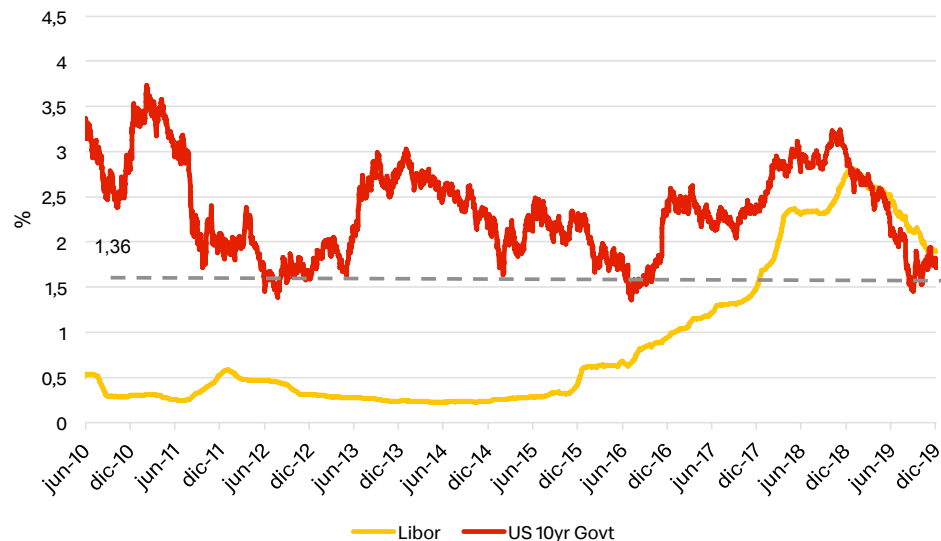
Emerging markets **investor sentiment remains positive**

with rates rallying significantly however changing direction recently

Brazil Rates



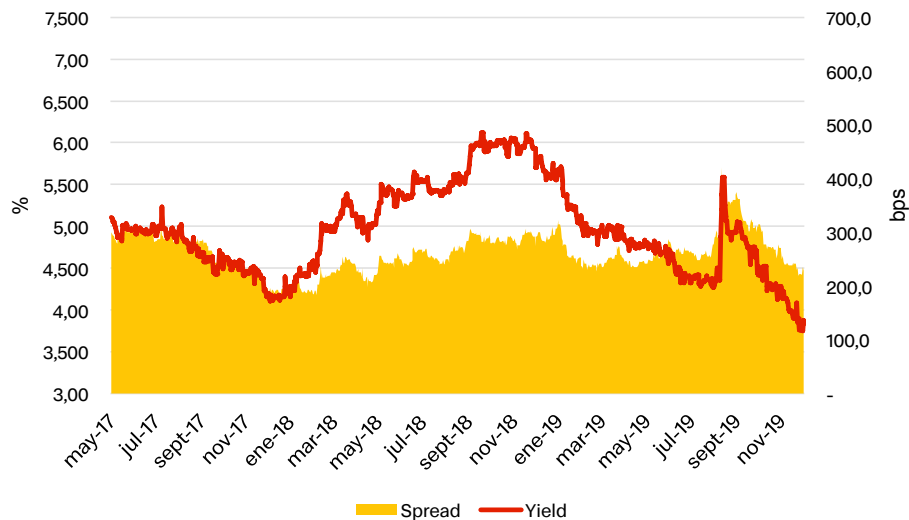
US Rates



Arcos bonds' performance

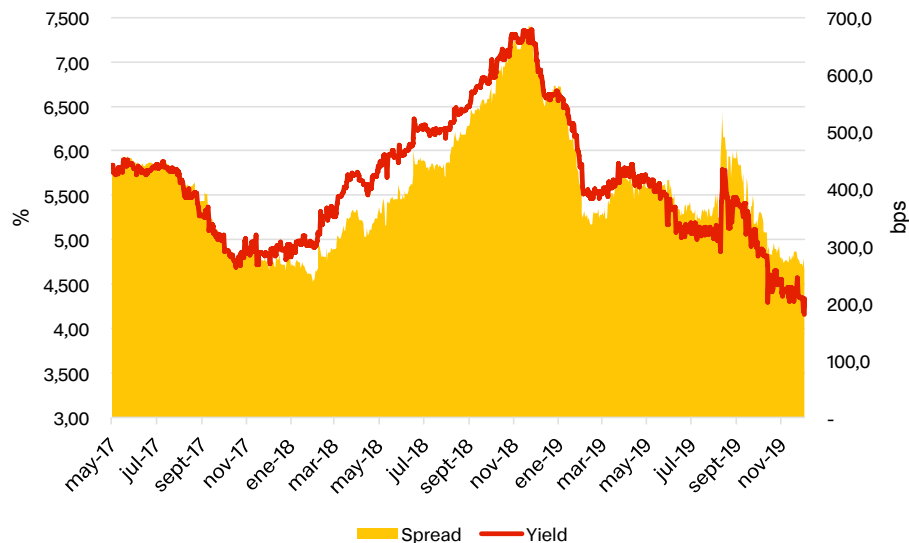


2023 Bond



As of December 5, **spread is 211 bps and yield to worst is 3.84%**

2027 Bond



As of December 5, **spread is 254 bps and yield to worst is 4.16%**

Brazil



President of Republic
Jair Bolsonaro



Total Population
212 M



Capital: Brasília
Population
4.2M



Leading Tourist
Destination
Rio de Janeiro



GDP Total
USD 2 Trillion



Exchange rate
USD 1 = R\$ 4.16

- 5th** largest country by area
- 6th** by population around the world
- 9th** largest economy





Business Highlights





Our Business

40 years of history in Brazil,
leadership in topline and solid
operating margins

+1,000
Restaurants

(2,000 Dessert Centers)

60% Arcos Dorados

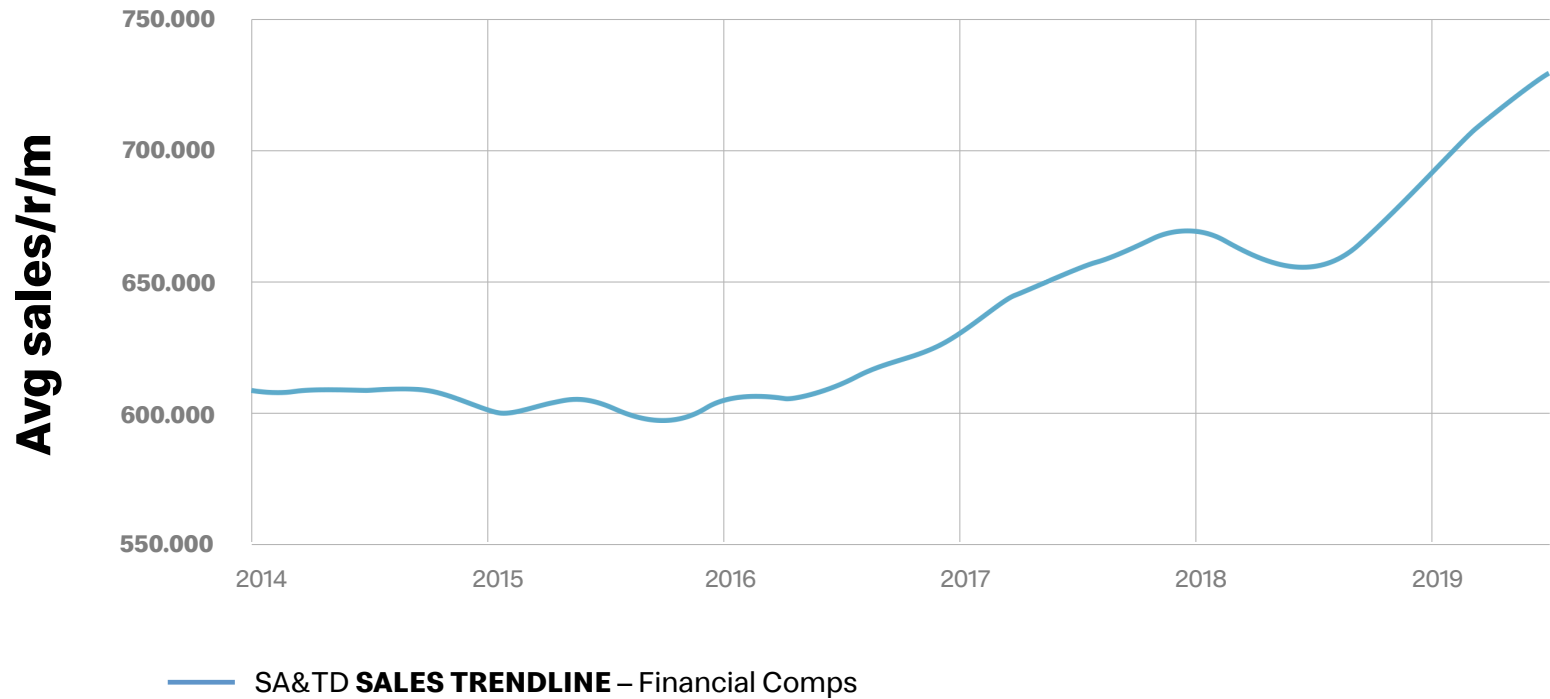
USD 2 B
**Systemwide
Sales**

FY 2018

15.1%
EBITDA Margin

YTD 3Q2019

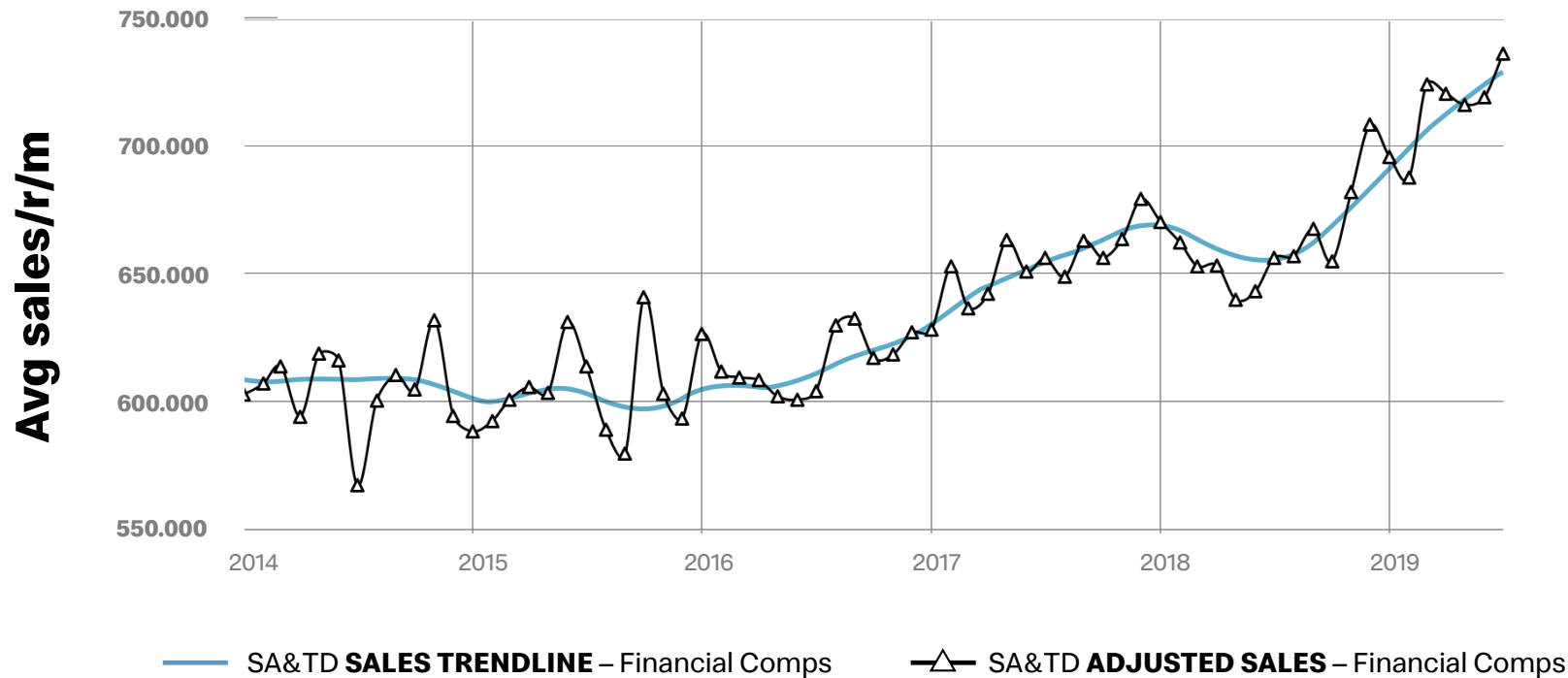
Despite a challenging context, we have a strong growth momentum



**Comp
Sales
+9.9%**
YTD 3Q2019

Source: McD Corp / excludes seasonality effects

Despite a challenging context, we have a strong growth momentum



Comp Sales
+9.9%
YTD 3Q2019

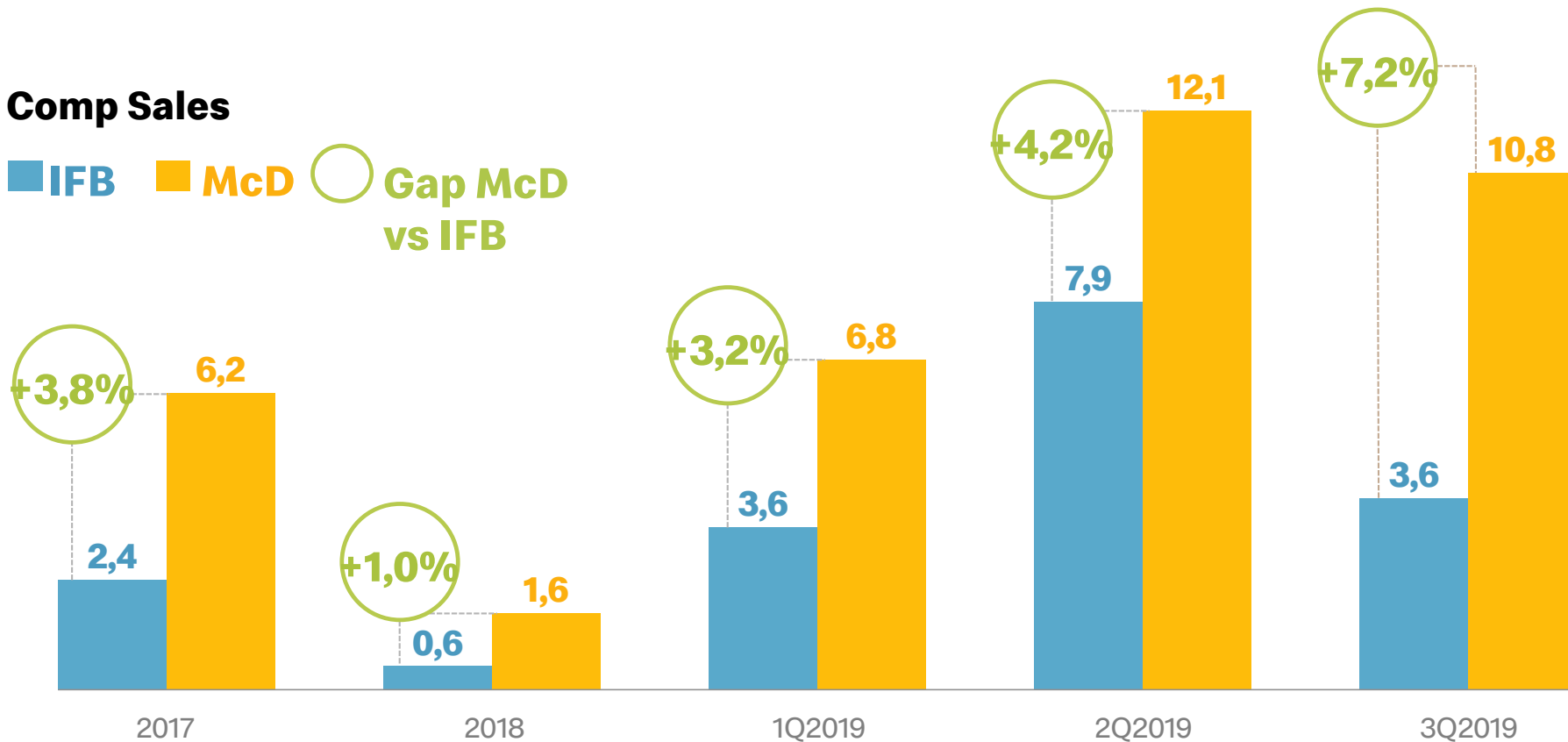
Source: McD Corp / excludes seasonality effects

Meaningful performance Vs. IFB Index

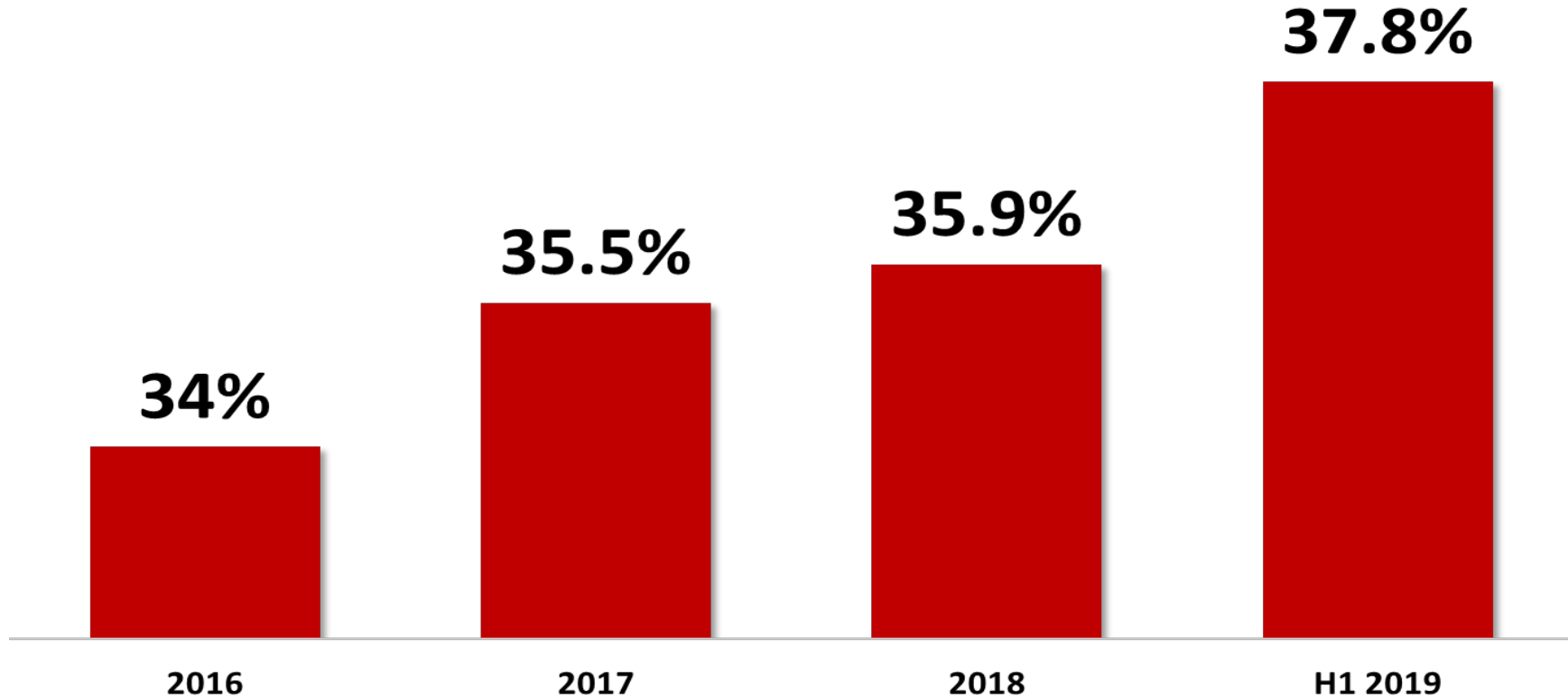


Comp Sales

■ IFB ■ McD ○ Gap McD vs IFB



Achieving the highest level of QSR visits share





Our Strategy



A woman with a ponytail and a man are looking at a large digital menu board in a McDonald's restaurant. The board displays various food items like burgers, fries, and chicken. The background is slightly blurred, focusing on the menu and the people.

Customer Obsessed

Communication
Product innovation
Value platforms
Digital Delivery



Running Great Restaurants

Cooltura de Servicio
EOTF
Development
Efficiencies



A photograph of two young women lying on their stomachs on a grassy lawn. They are both wearing yellow t-shirts and blue jeans, and are smiling and laughing. In the bottom left corner, there is a red McDonald's Happy Meal box. In the bottom right corner, there is a brown McDonald's paper bag. The background is a blurred green lawn and trees.

Customer Obsessed

Job #1

Ensure deep
understanding of our
customers



How they think



How they feel



How they decide



#FomeDeMc_Sentiu, né?



FOTO MEXAMONTE ILLUSTRATIVA



#FomeDeMc_Sentiu, né?



FOTO MEXAMONTE ILLUSTRATIVA



#FomeDeMc_Sentiu, né?



FOTO MEXAMONTE ILLUSTRATIVA

Making strong brand connections, the McDonalds way



With a sense of humor



Surprisingly familiar



Being part of pop culture



Bringing the unexpected



Being close to people



Igniting conversations



The Picanha line boosts average ticket and meat flavor credentials



Mc Picanha

SIGNATURE
COLLECTION
by McDonald's

Duplo Picanha

Queijo
coalho
empanado

Feito com
picanha



Our promotional platform enhances competitiveness and penetration



Brand penetration

+ 15%

P7 days

Our digital platform is both: a business driver and strategic asset



Our App is a powerful engine for customer data

Undisputed leader in the industry

- 15 million App downloads
- #1 QRS App

Healthy and continuous user base growth

- Sustained growth and active user base

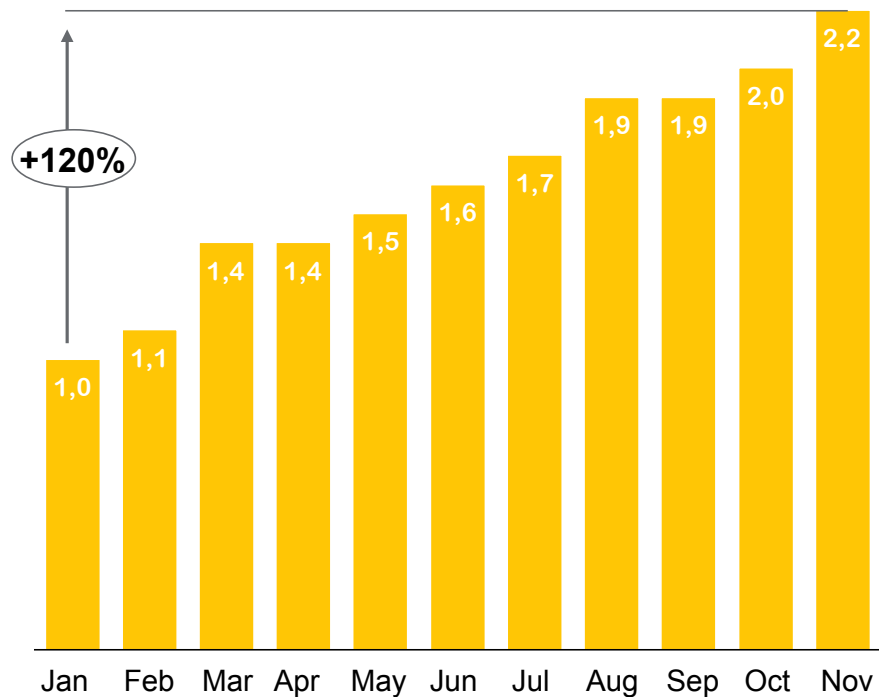
Building customized offers capabilities

- Targeting highest value customers
- CRM engine

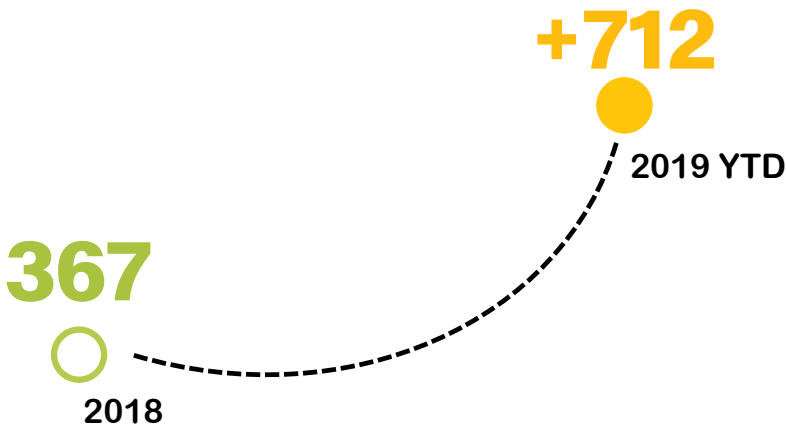
Delivery is a channel with still plenty of room to grow



Delivery sales by month, transactions, 2019
Index



» Stores with Delivery service:



Multiple 3PO's Business Model:





Méqui 1000

**Running great
Restaurants**





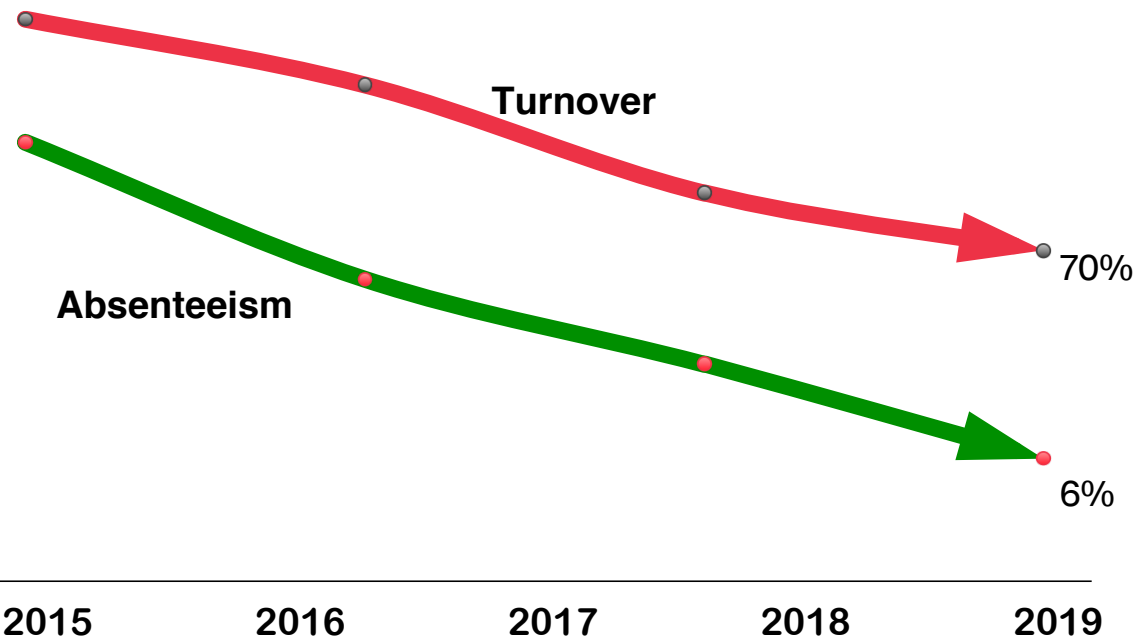
What



means to us



Main KPI's show more engagement, reflecting we care for our people



SOURCE: Arcos Dorados

Consistent Improvement on Customer Satisfaction Survey



EOTF +2 pp

SOURCE: Arcos Dorados Customer Satisfaction Survey

Last Visit Satisfaction Improvement



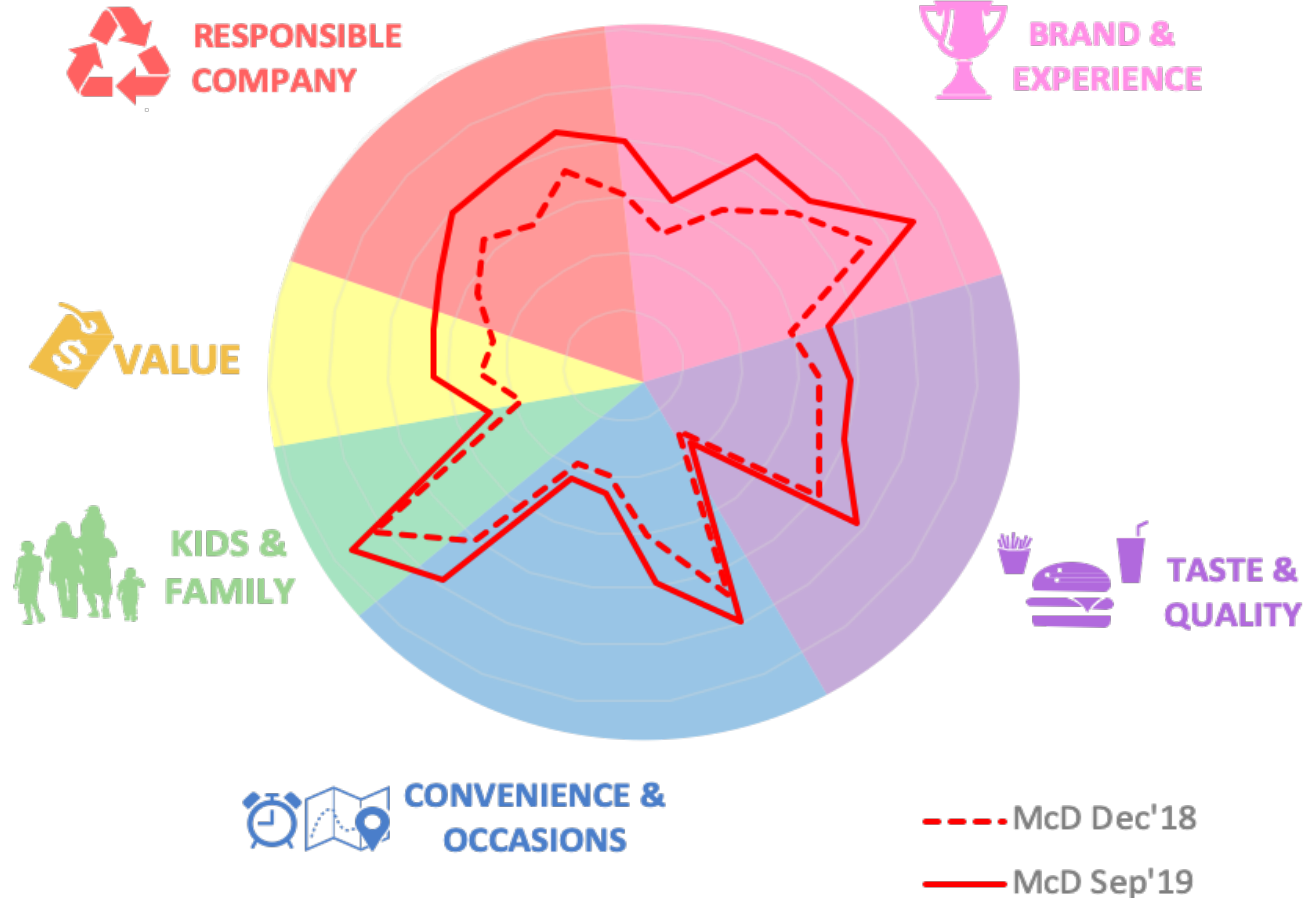
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Set'18

McDonald's brand image evolution in 2019



15-24 years old





Thank you

