MIKE CIEPLAK: Hey everyone. Thank you all SO MUCH for tuning in. It's a REAL privilege to be gathering with you today. I'm Mike Cieplak, Investor Relations Officer for McDonald's. On behalf of the team, I'd like to welcome you to our McDonald's Virtual Investor Update. We are coming to you live from Chicago, where I'm joined by members of the McDonald's Leadership Team. In meeting today, please be assured that we are following every safety protocol that has been issued by the Centers for Disease Control, the state of Illinois, and the city of Chicago.

A few other housekeeping points. As many of you are aware we issued a press release this morning summarizing the highlights from today's presentation. We will also post our third quarter 10Q and key slides from this meeting. All of this will be available on our website. Now, over the next 90 minutes the team is EXCITED to share our new strategic plan. We'll then take a short break and regroup for a Q&A session. We have A LOT to share with you today. We'll provide an update on the Brand's strategic priorities and our direction for the future. We'll share what we've learned about our customers as we have confronted a once-in-a-century pandemic and then we'll discuss the opportunities we have to grow the business by better meeting the needs of our customers and communities, both in the near and long-term.

To get us started, it is my pleasure to introduce Chris Kempczinski, the President and Chief Executive Officer of McDonald's.

CHRIS KEMPCZINSKI: Thanks, Mike and hello, everyone. On behalf of the entire Senior Leadership team, welcome to the McDonald's Investor Update. We're excited to share the details of our new growth strategy with you today. By "we," I mean the talented team you see on the screen. It gives me so much confidence that we can accomplish exactly what we set out to do.

Any CEO has a lot to deal with in the first year, but I feel fortunate to have such a seasoned, experienced team to support me. They've all stepped up under extraordinary circumstances to help this company meet the moment during an unprecedented year. So, I want to begin today by saying "thank you" to my Senior Leadership Team. I also want to recognize our extraordinary group of franchisees and suppliers. Your dedication and passion for McDonald's has been inspiring. I am proud to work with all of you.

This is the start of something new for McDonald's. This is a moment when we proudly embrace both what we're going to do to write the next chapter of McDonald's growth and how we are going to do it. This is a moment when we share a new growth strategy for our future while articulating a clear vision of where we're going to make a difference for a world in need of community and connection. This has been a journey. One that began more than three years ago with the investments and choices we made through our Velocity Growth Plan and that resulted in strong business performance, which you're all quite familiar with. While we began the year in a position of strength, the impact of the pandemic brought two powerful "truths" into focus and that required us to evolve our strategy.

The first truth is that the needs of our customers coming through this pandemic are going to be different than they were going in. People are dining in less and taking out more -- whether through Drive-Thru or delivery or contact-less curbside. Routines have been interrupted and they're ordering breakfast less and lunch and dinner more. They interact with others less in person and more through their digital devices with heighted expectations for the service they receive. At McDonald's, the restaurant experience we offer must change to address these evolving needs.

The second truth is that people expect more from corporations today -- a truth that has taken on additional resonance during a year in which climate change, social justice, diversity, and inclusion have driven the public conversation. Customers are seeking brands that reflect their values and the line between the Corporate brand and the consumer-facing brand is blurring. Customers want to see that the McDonald's they visit LOCALLY, matches how we act GLOBALLY. They want and expect McDonald's to be a force for good. None of us have the luxury of sitting on the sidelines anymore.

In this changing environment, what does success mean for McDonald's? It means that meeting the needs of our customers and communities requires us to embrace a bigger, more holistic vision. It means that we have to deliver across four critical areas that are important to all our stakeholders- our purpose, our mission, our values, and our growth pillars. That is what this moment demands - and that's exactly what we've set out to do.

Today we're transitioning our strategy from the Velocity Growth Plan to the next great chapter of our story, which we call "Accelerating the Arches." While it borrows some of the elements from the Velocity Growth Plan, Accelerating the Arches is rooted in our belief that the next chapter of our growth will depend not just on what we do, but how we do it in nearly 40,000 local communities around the world. And it starts with two words - Billions Served.

When we talk about "billions served," we're not just talking about burgers and fries. We're also talking about the billions of times we have served our customers, our crew, and our community. Every time a customer orders something from McDonald's, our restaurants and employees are doing something more than just serving a warm meal. We're serving our communities. We're serving our communities because their home is our home -- because where we are is where we serve. That was the genius of Ray Kroc.

McDonald's started as a franchise business because Ray believed that someone who lives in a community and knows what the community wants would run a better restaurant than a corporate person living far away. The very essence of our company started at the community level. As we looked ahead to 2021 and beyond, we recognized there are areas in how we serve our communities that we need to go further -- that stand out more in today's environment. You know, for a long time, conventional wisdom said there were two sides to McDonald's. There's the big, faceless, global corporation.

And then, there's your McDonald's -- the brand you grew up with, where they know your order, and you know your server, and you feel at home. But that separation between the corporate brand and the consumer brand doesn't work in today's world. They are inextricably linked. We're taking a stand because if we don't, it will impact how consumers view McDonald's. And that could negatively impact the business and the appeal of the brand. We need to do more to embrace the shifting expectations of a modern corporation.

Companies have the financial capital, the intellectual capital, and the social capital to take on some of these challenges. That's especially true of McDonald's. In the markets where we operate, we see roughly 80 percent of the population in a given year. We serve about 65 million people a day. When my team and I came into our roles a year ago, we took a step back and reflected on the purpose, mission, and values that have guided McDonald's all these years. This wasn't an act of creation, but of translation, especially for me. As someone who joined McDonald's from the quote unquote "outside," this was about showcasing what is so unique about our System. It was about listening to and learning from our franchisees, suppliers, and people about what makes McDonald's special. I thought -- if we could capture in words the purpose that our franchisees have long embodied in a way that resonates with today's consumers, it would help everyone explain what makes us, us. Through their experiences and beliefs, our Purpose, Mission, and Values were clear. We then worked to express them in the most relevant, contemporary language we could.

Our purpose is to feed and foster communities. Our mission is to make delicious feel-good moments easy for everyone. And the backbone of our business is a commitment to a set of core values that define who we are and how we run our business. Here to discuss our refreshed values is the very first hire I made to join our Senior Leadership team.

They say the first person you hire sends a message about the talent and leadership skills you want on your team. Well, that's absolutely true of Global Chief People Officer Heidi Capozzi. Heidi, over to you.

HEIDI CAPOZZI: Thank you, Chris. I'm very glad to be here with all of you today. As many of you know, I joined McDonald's in April. And as someone new to the organization, it's really been amazing to see the way the team has responded and stepped up during the pandemic. Franchisees have supported our communities by providing meals, and in some cases groceries to their neighbors. Suppliers have gone above and beyond to make sure our restaurants had what they needed, when they needed it. We've coordinated with health officials around the world to develop enhanced protocols for the protection of our crew and customers alike And crew members have stepped up to serve our customers safely every step of the way, even when that meant adapting to big changes in policies and procedures. To me, all of this demonstrates the power of the values Chris talked about from the start. We put our customers and people first We open our doors to everyone. We do the right thing. We're good neighbors. And we get better together.

When you step into a McDonald's, anywhere in the world, you can trust that we've done everything possible to make the experience safe, stress free, and convenient for you. That's our commitment -- and that's what it means to our customers when we live our values. That trust is more important than ever right now. Every goal we want to achieve becomes easier when we have the confidence of our customers and our communities. And it's up to us to earn that confidence, each and every day. We have a strong foundation as far as that's concerned, because there isn't another brand in the world with McDonalds' physical and emotional footprint. And we don't take that for granted. We're going to build on that foundation. We're going to continue to use our scale and our influence to make a positive difference in the world. That commitment starts with a renewed focus on culture, as our values make clear. For instance, we recently shared a new set of global practices to ensure that everyone working under the Golden Arches knows they're showing up each day in a safe, inclusive, and empowering workplace. A workplace that's free from violence, harassment and discrimination and where they have the tools to speak up if our values aren't shining through. This is just one of the many steps we're taking and we will continue to hold our suppliers, our staff, and our franchisees to these principles. Because regardless of how our business is structured, the same expectations apply. And they should.

When you look at any McDonald's, anywhere, you should be able to see that we're meeting -- and exceeding -- those expectations, whether it's a company-owned or franchise-owned restaurant. As we work to exceed those expectations, we're also going to be focused on building the skills and capabilities of our people. We're expanding our investment in education to ensure people have the skills they need to drive our shared success. For example, as part of accelerating key business priorities, we're investing in 2021 and beyond to raise the digital acumen of our System. All of this work recognizes a crucial fact -- it's our people, all around the world, who set us apart and make us special. And when we work together to make our values real, there's no strategy or ambition we can't achieve. As we look to the future, we will continue to run great restaurants and empower our people -- guided by the core values that have defined how we've met this moment of incredible upheaval. And those same values will continue to define how we operate -- and fuel our growth -- no matter the circumstances ahead.

CHRIS KEMPCZINSKI: Thank you, Heidi. For us, this is a moment that we take pride in who we are and how much good we can do in the world. This is not about putting purpose above profits. This is about recognizing the impact we have on our communities and our world directly impacts our ability to generate industry-leading profits. If we do this well, you can expect even better returns over time.

Today, I'm excited to share a campaign we are launching in the U.S. that is focused on our brand purpose. We believe we can have an even greater impact globally by focusing our actions around four areas that matter. In serving our local communities, especially during times of need. Sourcing sustainable, high-quality food -- locally, whenever possible. Providing jobs and opportunity to our neighbors and ultimately protecting our planet. It's a simple message -- that if it's important to any one of our 40,000 communities, then it's important to McDonald's. This is how we serve. We wanted you to be among the first to see it. So take a look!

MALE NARRATOR: Billions served, county lines, even state lines. These things don't create places –- people do and what goes into making here, here –- into making this place more than just some place is knowing that what matters here, matters here and here, and here at McDonald's. That's why here, we're helping Ronald McDonald House Charities keep families together through childhood illness. Here, we're proud to serve farmers by sourcing quality ingredients. And here, we're helping first responders who step up to help all of us, because it's not enough to live somewhere, you have to bring somewhere to life. It's the difference between being in a community and being part of one.

CHRIS KEMPCZINSKI: This campaign tells the story of the role McDonald's plays in communities around the world. But honestly, that dedication has been on display in communities throughout our history, by every one of our restaurants and all three legs of our McDonald's stool -- Our owner-operators, our suppliers, and our people.

The past nine months are no exception. Even as we continue to see resurgences of COVID in markets across the world, we are working relentlessly to keep our crew and customers safe, to serve customers, and to operate our supply chain without interruption. Now, it didn't happen by accident -- It happened by design. To talk about our journey, I'd like to turn things over to our Chief Financial Officer, who also oversees corporate strategy, Kevin Ozan. Kevin.

KEVIN OZAN: Thank you, Chris. There's no question that it's been a challenging year. But, as Chris said, it was important and helpful that we came into this year from a position of strength. When we laid out the Velocity Growth Plan in 2017, we explained that it was based on deep consumer research about what our customers expected, and how their needs were evolving. We established a clear plan, focused and designed to retain, regain, and convert customer visits. We improved the customer experience in our restaurants. Through Experience of the Future, we updated our restaurants to create more convenient, enjoyable interactions for everyone we serve. And we've now substantially deployed EOTF across our markets around the world.

In the U.S., we are nearing completion of the largest transformation in our history. We're providing the experience the customers of today are looking for across our modernized estate. We invested in our digital capabilities to deliver a simpler, faster, more seamless customer experience –- each and every time they visit. We had the foresight to see that the delivery landscape was about to explode, and we took advantage of our global scale to quickly deploy it across 28,000 restaurants. The actions we took drove operating growth and resulted in broad- based strength in our markets around the world.

We also made our business more efficient. If we look back to when some of this work began five years ago and where we ended 2019, the numbers speak for themselves Systemwide sales increased $12 billion to $100 billion. Our operating income increased by $1 billion –- reaching $9 billion. Our operating margin efficiency improved, from 29% to 43%. And, our free cash flow increased to $5.7 billion with over 90% of our net income being converted to free cash flow. These results drove average restaurant cash flows to levels that were at or near record highs across most of our major markets. We've complemented the advantages inherent in our size and scale by becoming a more agile, more adaptable, and more resilient System.

I've seen our business encounter various challenges in parts of the world over the last 20 years. It was unprecedented, to say the least, to have every single one of our 40,000 restaurants face a crisis at the same time. But while unprecedented, because of our scale and financial stability, we were able to quickly provide franchisees with financial support when they needed it most. And together with our franchisees, we immediately implemented new operating procedures for all restaurants to enhance the health and safety of our customers and crew. We adjusted –- then readjusted –- to different regulations in every country and every local community where we operate.

We simplified menus around the globe to efficiently serve as many customers as possible, even in the most challenging of circumstances. We also leveraged other structural advantages, which positioned us to weather this storm better than many others.

We have unrivaled Drive-Thru capabilities. With Drive-Thrus in roughly 65% of our restaurants. Globally, that meant we could continue safely serving millions of customers each day. And as customer behaviors changed, our digital investments like mobile order and pay have given customers an easy and convenient way to access our brand safely. And outdoor digital menu boards in the U.S. enabled us to transition to streamlined menus in days. Delivery, which has become a meaningful part of our business. In just a few short years, is now a go-to ordering option as many are working and learning from home.

Our amazing supply chain has moved products where needed, when needed -- against an extraordinary backdrop. And our iconic brand has remained a beacon for customers during a deeply uncertain time. We feel good about how we've recovered so far –- and even more confident in our trajectory going forward. Because as we look ahead, it's clear that the strengths that put us in a position to navigate the last several months will continue to provide a competitive edge. I'll have more to say about that forward trajectory in a bit. But for now, let me hand things back over to Chris to tell you more about the strategy that will guide us into the future.

CHRIS KEMPCZINSKI: Thank you, Kevin.

As we began refining our Accelerating the Arches strategy, it was clear that we had significant advantages to meet changing customer needs. A world with less dine in and more takeout plays to our significant long-time strength in Drive-Thru and our growing strengths in delivery and curbside. More lunch and dinner play to our core menu that has iconic favorites that people love. Greater dependence on technology plays to McDonald's fast-growing digital experience and our inherent scale advantages. Understanding the changing needs of our customers has led us to prioritize our three new growth pillars. We refer to them, creatively, as M, C and D. That's right -- M-C-D is not just our stock ticker anymore, it's our growth strategy. "M" is for Marketing, and our opportunity to maximize the impact of our System's roughly $4 billion annual marketing investment. "C" is Core menu and our commitment to our iconic favorites. And "D" is what we call the 3 Ds -– Digital, Delivery and Drive-Thru –- which we intend to double down on.

When I say we intend to maximize our marketing, I'm talking about improving both the quality and efficiency of our marketing so that it is a true growth lever. We know that when consumers feel better about our brand, when our brand trust scores are high, they visit more often. As Alistair Macrow and Morgan Flatley will discuss, that’s why we are upping our creative game, to turn marketing and advertising into a growth lever for this brand once again.

We’re a restaurant company and our second growth pillar is all about the heart of people’s affection for McDonald’s -- OUR FOOD. Through this pandemic, we’ve seen people going out less frequently. But when they do go out, they buy what they know and love. We know that one of the things people love about McDonald’s is our food. And they love our core menu in particular. As we will hear from Ian Borden and Joe Erlinger, we’ll strengthen our core, with particular focus on three categories that have significant upside for us -- chicken, burgers and coffee.

Our third growth pillar is all about the McDonald’s experience -- Digital, Delivery and Drive-Thru. We’re really excited about this. We believe McDonald’s can continue to enhance our customers’ experiences as the leading omni-channel restaurant brand by tapping into our COMPETITIVE ADVANTAGES, the INVESTMENTS we’ve made the past several years, and the BOLD AMBITIONS we’re mapping out. Lucy Brady and Mason Smoot will talk about creating a compelling digital experience. We believe deeply in this plan. We are confident that Accelerating the Arches will take us up to a whole new level.

Ray Kroc liked to say at McDonald’s, “None of us is as good as all of us.” And in the years to come, the world is going to see what McDonald’s can accomplish -— for our communities, our customers, and our planet -— when all of us work together to make a difference. Now, let’s dig in. Alistair, over to you to share a deeper dive into how we’ll maximize our marketing.

ALISTAIR MACROW: Thanks, Chris. Those Golden Arches one of the most recognizable symbols of any kind on the planet. It wasn’t just the three-legged stool or Ray Kroc’s pioneering vision that brought the McDonald’s brand to life. It was the way Ray shared that vision through the stories he told about what McDonald’s stands for, who we are and what we do for the world. That’s what makes the Golden Arches iconic. Not the symbol but what it stands for. Not our brand but our brand story. And now we’re going to write the next great chapter by telling an ambitious new story with our brand as a powerful growth driver in its own right.

So, how do we go about it? The same way these Golden Arches were transformed into one of the most recognizable symbols on Earth: Maximize our marketing. Our first growth pillar. And when I say “growth,” I’m talking about more than return on spending and market share growth. Raising our marketing ambition is about elevating our focus. Moving beyond brand engagement -- when customers feel a personal connection and eat McDonald’s -- to brand advocacy -- when people feel really good about visiting

McDonald's. So good, in fact they encourage others to join them. To achieve it there are four levers we'll have to pull. The four drivers of brand advocacy. They are: Food, Integrity, Value and Affinity. Drivers that have proven themselves time and again in multiple McDonald's markets around the world.

First is our food. The McDonald's brand is synonymous with iconic customer favorites like the Big Mac and our French fries. Our core menu drives our business and taste drives our core menu. That's why we're going to talk about the importance of our core menu a bit later.

Second, integrity. From how we treat our people to where we source our food. This is all about how we behave as a business. And when it comes to our marketing, it means telling clearer, more effective stories, not just about the food we sell but about what we stand for as a brand. Because trust is a lot deeper than "talking the talk." Trust is about the actions we take. We need to deliver advertising that animates our values, highlights McDonald's commitment to communities and shows the world we mean it when we say "what matters here, matters here." Chris introduced a compelling new framework for telling these stories and it may look a little different from country to country. So let's take a look at another example from the U.S. of how it can come to life.

MALE NARRATOR: When a child is diagnosed with a serious illness, everything changes. And if you had to travel for care like Sam did, home can change too. But along with your donations, McDonald's has helped Ronald McDonald House Charities keep families like Sam's together for more than 40 years, so that not everything changes for Sam with cancer. Or for his brother Liam, without.

ALISTAIR MACROW: It doesn't just make me proud every time I see that. It reminds me how important the work is that RMHC does.

Next is value. Offering good value and affordability has always been a cornerstone of the McDonald's brand promise and it's even more crucial in the current environment. Of course, these are uncertain times. People are spending more cautiously and eating out less. Value for money has always been important but over the past several months affordability has jumped to the top of the list. Making sure we offer the best value and the most affordable prices is vital to our success. And of course value goes beyond being affordable. It's the entire McDonald's experience. Convenience, taste, price and those famous, familiar products people love. McDonald's is a global leader on maximizing "what you get for what you pay." A delicious meal that meets a need or makes any occasion all for an incredible price. That means being able to get the food you love as part of our entry tier menus, like Dollar 1-2-3 in the U.S., Saver Menu in the UK, 2 for U in Poland or the new and very popular 1+1 offer in China. It also means tasty meals offered at strategic and practical price points such as McFirst in France. And it means creating even more value for our customers, something a little extra for their money, with fun and rewarding promotions like Monopoly. It's just finished another successful stint in Canada and will continue to be a loved part of our plans across the globe. We'll also continue to get better at personalized value, targeting exactly the right price and product combination for individual customers. Lucy's going to talk about that shortly.

Finally, affinity: customers' closeness to our brand. That feeling that "McDonald's is a place for someone like me." It's the emotional connection not just the rational benefit. The special place we hold in people's hearts. We're becoming more nimble in reaching our customers through social media. Consider the genuine excitement so many people felt earlier this year as our restaurants began to reopen their doors. In the UK alone over 15,000 die-hard McDonald's fans tweeted that we should mark the occasion with the classic Mark Morrison song "Return of the Mack." That's brand affinity in its purest form. Which is why when our customers spoke up, we listened. We were nimble. And we joined in the cultural moment. The result is modern marketing at its best: an ad that captures our customers' authentic love for McDonald's and absolutely nails our marketing ambition. In fact it made McDonald's the most memorable advertising in the UK in both July and August. Affinity is where some of our most powerful brand stories live. But it's also where we have the greatest opportunity to step up and raise the creative bar. We used to talk about creative excellence. Now, we're upping our game and committing to creative effectiveness: excellent creative, with a purpose. Telling stories that leverage and reinforce the strong affinity our customers already feel and then translating that affinity into advocacy, with creative content people love almost as much as our food. Historically, McDonald's has focused the majority of advertising spend towards direct sales-driving activity. Industry studies show that investment in the here and now in sales activation today delivers stronger returns in the short term. But, it's brand building activity over the long term that creates the most value. And it's clear to me that a mix of both sales activation and brand building is necessary to optimize our marketing returns. The most craveable food. The highest integrity. The best value. The strongest brand affinity. These stories, not the word "McDonald's," are what our Golden Arches stand for. That's what maximizing our marketing is all about.

For a glimpse of what this looks like and a case study in how an authentic brand voice can drive affinity, it's now my pleasure to introduce Morgan Flatley, Chief Marketing Officer of McDonald's USA.

MORGAN FLATLEY: Thank you, Alistair. It's great to be here today, to spend a few minutes sharing the marketing journey we've been on in the U.S. A journey of transformation toward finding our brand voice, activating social media and unleashing world-class creative. A journey that demonstrates how marketing can drive growth by strengthening customer affinity, building brand connections with the next generation and galvanizing our entire System. Over the past decade there were times we lost sight of the emotional connection Alistair described: the deep affinity that drives brand advocacy, beyond short term sales.

SO… in the last 12 months, we've focused on building the McDonald's brand in a more consistent, coherent, culturally relevant way. We're listening closely to our customers, letting them guide us. Recognizing people don't experience McDonald's transactionally, from one promotion to the next. They build a relationship with our brand over years. We set out to deliver that authentic relationship -- that fandom -- at its heart.

The brief: Come up with a breakthrough idea that drives greater consistency, ensures all our marketing stands up to the transformation we've taken on as a U.S. System, and connects with our customers in a more meaningful way. This led us to an insight as simple as it is profound: McDonald's belongs to its community of fans. We are blessed with millions and millions of people who love our iconic, familiar food. It's time we look through the eyes of those fans and talk about the many small truths that give this huge brand a unique place in American life.

Now, when I say fan truths, I mean truths like: When you're on the road and miss a McDonald's, you won't worry. You know there's another one soon. Or another fan truth… Is there anyone out there who doesn't eat the bits of cheese stuck on the wrapper? And of course my personal favorite. If you order at McDonald's and your friend says they don't want fries, trust me: Get them the fries! These fan truths are just a handful of the McDonald's truths we all know. When we lead with brand truths, we can have a conversation and celebrate McDonald's through the eyes of those who love us. So, we know to how to talk with our fans.

The question is, where do we find our fans, and how do we reach them? Now more than ever, they're on social media. So, we've transformed how McDonald's shows up socially. This required a shift in mindset from advertising to engaging. We refreshed our tone to be one of wit, self-awareness, optimism and a bit of fun. As if a McDonald's superfan was running our accounts. Now, we're still early in this journey. And our fans are responding. We've seen a significant jump in our social engagement this year and become one of the leading QSR brands on social media. We've shifted our marketing strategy to lead with social -- using it to kick off programs and prime the pump, rather than as an afterthought. Inspired by our brand voice and powered by our success on social, we've raised the creative bar. So, what does it look like when all of this comes together? Let's take a look a recent Example -- our Famous Orders platform.

TRAVIS SCOTT: I'm Travis Scott, this is my McDonald's order. Follow me. Here's my Quarter Pounder with lettuce, pickles, onions, ketchup, mustard and bacon. The Travis Scott meal is $6 dollars, say Cactus Jack sent you.

MORGAN FLATLEY: We started with a fan truth: everybody has a go-to McDonald's order. Even the biggest celebrities like Travis Scott and J Balvin. Travis likes to dip his fries in BBQ sauce, and J holds the pickles on his Big Mac … and has an Oreo McFlurry every single weekend. The authenticity and personal touches of these orders is part of what makes them so engaging. We launched on social media teasing the collaboration and inciting intrigue. Now, before the advertising kicked in, fans were already asking for the Travis Scott Meal, driven by the social media buzz. Soon, younger consumers were filming themselves playing their favorite Travis Scott or J Balvin song as they ordered the meal, creating their own organic social content, then sharing the videos with their social channels, fanning the flame, and driving more and more engagement, affinity, and action.

Our crew was energized... proud to be a part of something all their friends were talking about, wearing their Cactus Jack t-shirts. Now, this only works because it's COMPLETELY authentic. We partnered with the biggest cultural icons who are TRUE fans of our food and were excited to showcase their "go-to" McDonald's order, and our customers rewarded us with their own fandom. Famous Orders is breaking through and making marketing a true driver of our business. The results speak for themselves: Customers think about our brand and our food differently. In particular, we're getting younger customers to rediscover classic menu items like the Quarter Pounder with cheese and Big Macs, while trying new foods like our Spicy Chicken McNuggets. We've had incredible cultural engagement.

When we announced the Travis Scott Meal back in September, we hit multiple records across our social media platforms. We were the #1 trending topic on Twitter and #3 on YouTube, and reached 29 BILLION views across all channels. And we've driven massive digital adoption of McDonald's global mobile app, including significant lifts in registrations and retention. This equation, leading with a fan truth, triggering deep cultural relevance and fanning through social media, we will use to build affinity and advocacy and ultimately drive our plans. If you've been paying attention, it's already happening on McRib, inciting rabid fandom in advance of its return. We'll keep reaching for those big, breakthrough creative ideas that drive action, put our brand in the cultural conversation, and, ultimately, give more customers a reason to keep visiting McDonald's.

Thank you for letting me share our story. Let's now shift our focus to our menu. I'm pleased to welcome Ian Borden and Joe Erlinger.

IAN BORDEN: Thanks, Morgan. I'm excited to talk about our food today because it doesn't matter where I am in the world whenever I'm visiting restaurants the conversation inevitably turns to food and a discussion around our favorites. Nine times out of ten, the favorite is one of our iconic products. Maybe it's the Quarter Pounder with cheese, 100 percent pure beef. That is hot and deliciously juicy. Maybe it's our world-famous fries, crispy and golden on the outside and fluffy on the inside. Or maybe it's our Chicken McNuggets found in a Happy Meal. People are passionate about our food and it's our great-tasting classics they love the most. They love that sharing a McDonald's meal brings back so many great memories of time spent with family and friends. And they love knowing that when they walk into a McDonald's anywhere in the world and order a Big Mac, that it's just as juicy and delicious as they remember it. Our core classics are the heart of our business. These iconic, customer favorites make up roughly 70 percent of our food sales across our top markets. Our core menu is a meaningful driver of comp sales growth and it drives profitability. This year has been a good reminder of the reasons why.

In a world that is constantly Changing, our classics are something people can rely on and return to again and again. And it's why our food is at the very center of Accelerating the Arches. Our core menu is extremely versatile. In fact, many markets have been successful with core menu innovations, with line extensions that use existing ingredients to celebrate our customer favorites. Take the UK, or now the U.S., who adopted Asia's spicy version of our core Chicken McNuggets and had customers queuing around the block to get them! These line extensions are exciting for customers as they reignite their love for what's made us famous and importantly, they are simple and easy to execute for our restaurant teams.

This year, as we dealt with the impact of COVID many markets streamlined their menus. This reduced kitchen complexity, making it easier for crew to serve our guests safely. And we've seen significant improvements, including improved speed of service, mainly in our Drive-Thru. This has led to higher customer satisfaction scores, higher brand trust scores and greater restaurant profitability. It's a clear reminder that each product must earn its place on our menu. When we talk about committing to our core we begin with a focus on our two biggest categories: chicken and beef. Joe, let me turn it over to you to get us started with chicken.

JOE ERLINGER: Thanks, Ian. Over the past eight years that I've worked in markets around the world, I've eaten chicken at more McDonald's restaurants than I can count. Today I'm excited to talk about why chicken is at the heart of our growth strategy. Globally, the chicken category is almost twice the size of beef. It is growing faster and represents a significant opportunity. Our goal is to strengthen our credibility in chicken. Our chicken-only competitors, here and abroad, have strong brand equity and credibility. Developing a reputation for great chicken represents one of our highest aspirations. We want customers to choose McDonald's for chicken because of the unique, craveable flavor that they can get only under the arches.

To get started, we listened to consumers, to understand our current barriers and potential. What's clear is that none of our markets are "one chicken sandwich away" from achieving this goal. We have to take a broader approach, one where chicken is a platform, not a single product. This requires a holistic effort -- one that includes operations excellence great products, tailored by market, the right pricing strategy, as well as strong and sustained marketing, all working together. It's a multi-tiered strategy that taps into the significant potential of this category, informed and inspired by successes from all over the world.

The foundation for our strategy leans into our strengths and one of our beloved global icons, Chicken McNuggets. People at every age and all around the world crave our mouth-watering Chicken McNuggets, which saw double-digit sales growth last year. We continue to see growth opportunity in Chicken McNuggets in the U.S. and across the world.

Another area of strength is our equally delicious McChicken sandwiches. Our McChicken sandwiches make up nearly 40 percent of our chicken sandwiches globally. And I've tried them on multiple continents. Here in the U.S., McChicken is one of our more well-known value products and has been one our best-selling entry-level sandwiches for many years. In other parts of the world, McChicken is a mid-tier product. And wherever it's sold, McChicken is always a customer favorite. We will build on the strengths of Chicken McNuggets and McChicken with creative marketing, new line extensions and flavors, and value offerings. While we invest more, we are also going to share more.

The idea of leaning into proven successes in one market and applying them in another is a concept that's at the heart of how we continue to connect with our customers and offer what they want. We are learning from markets about what customers love most while tailoring to meet local trends. Spicy is one example that Ian mentioned earlier. Has mouth-watering appeal that resonates with customers in other markets, as we're seeing with Spicy Chicken McNuggets in the UK and here in the U.S. And then, there's our McSpicy sandwich. It was born in China in 1999 and is now available in multiple markets around the world. That includes Australia, which is in the middle of a major chicken launch right now, and McSpicy is at its center.

I can tell you, this isn't unique to spicy, or Australia. I'm still on a regular WhatsApp chat of managing directors in Europe, so I hear about the successes that we're having with chicken. And, we will continue to find new ways to share customer favorites across markets. We are also working to develop new items, particularly when it comes to our biggest opportunity, a more satisfying large chicken sandwich. Many markets are developing a consistently craveable large chicken sandwich that is tender, juicy, and crispy at the speed, convenience, and value of McDonald's, all within the framework of our existing operating model.

Some markets have begun to crack the code. For example, Germany and the Netherlands have both created their own versions of a Homestyle Crispy Chicken sandwich. The Netherlands launched it first, in 2018, and had great success. Germany learned from the Netherlands and developed their version earlier this year. Germany is proving that we can improve our chicken credibility when we let customers lead the way. The beauty of this sandwich is that it can become a platform with Homestyle strips already in the menu lineup and more innovation planned in 2021.

Here in the United States, we're excited to introduce the much-anticipated delicious new Crispy Chicken Sandwich early next year. It's a simple build, relevant for our U.S. customer base, with chicken, a potato roll, crinkle-cut pickles, and butter. It's extremely craveable. I love it. More importantly, our customers loved it in test, exceeding expectations on key metrics. And we believe it's going to jump start our chicken journey, build our chicken credentials and get people to start looking at us differently. We're excited about the moves we're making to meet and exceed customer expectations for great-tasting chicken. That is how we will start to build our chicken credibility. And ultimately, that is how we will make sure that we become known for our chicken. Just as we are known for our incredible burgers. Ian, over to you to talk about beef.

IAN BORDEN: Thanks, Joe. Our heritage is built on the strength of our burger. For much of the world we are the first burger you ever tasted and the burger you compare every other burger to.

Beef is our largest menu Category, and growing. And 85% of our beef sales are from our iconic core burgers, Such as our cheeseburger, Quarter Pounder and Big Mac. Each of these burgers is a multi-billion-dollar brand. So, how do we make our incredibly popular burgers even better? And how do we continue to provide our customers with the taste they have known and loved for generations? Well, once again, we began by listening.

We asked customers what they loved most about our burgers and how we could make them even better. We looked at every aspect of the burger build and identified a series of small changes that add up to one big difference our customers really notice. As always, our classic burgers are made using 100% pure beef. And we are improving the way we cook them, better searing in smaller batches and adding onions at the grill for more flavor, with perfectly melted cheese and new buns that are freshly toasted to a golden brown so that they are hot, juicy, and delicious at first bite. I have been in the business for 25 years, and I can tell you that these are our McDonald's classics at their absolute best! More importantly, our customers are telling us that as well.

We rolled out these changes in Australia and Canada in 2019. In both cases, they exceeded expectations. We have seen meaningful lifts in both sales and traffic and customers are noticing a dramatic difference in both taste and quality. Typically, it takes time and multiple visits to move taste and quality metrics with customers. However, when we rolled these changes out, we immediately saw some of the biggest jumps in these customer measures we've ever seen. As the biggest beef player globally, when we make changes that are noticeable to our customers, they have a big impact. We intend to deploy these changes to the majority of our markets over the next couple of years.

Listening to and learning from our customers also led us to make a significant change to some of our burgers here in the U.S. We moved to 100% fresh beef Quarter Pounders, cooked right when ordered. No matter where our customers are in the world we will continue to offer them THE best version of the world's most popular burger every time they visit.

JOE ERLINGER: That's right, Ian, customers in the U.S. really are loving their fresh beef Quarter Pounders. And, while beef and chicken represent our biggest growth opportunities, they're not the only ones. We're also excited about coffee.

People in every country, in every culture, love a good cup of coffee. In North America, drip prevails; in much of Europe and Australia, espresso is the standard. Across the globe, customers' daily decisions about espresso or latte, single shot, double shot, drip, decaf, iced, milk or no milk, is part of the culture. There's something exciting about how local this opportunity is. Coffee drives guest counts, because people drink coffee every day, and in some markets, all day. It is profitable, because it has higher margins than many other categories, while also driving food sales. And it's growing. Globally, the out-of-home coffee category is expected to grow significantly over the long term. McDonald's is already the #2 coffee brand in the world by servings. We are a big player. And while the past nine months has begun to change consumer behavior on coffee, with our Drive-Thru and take-away capabilities, we are well-positioned to offer customers the experience they desire today.

We have a clear understanding of what the McCafé brand stands for: a moment of real coffee satisfaction made simple. "Simple" for us means affordable, convenient, and available anytime of the day or night. McDonald's can bring all those things. Because while coffee cultures may vary around the world, we are uniquely positioned to serve coffee however, wherever, and whenever customers prefer. You've heard us talk about our success with coffee in Canada and Australia. Russia's another market where we've seen success. They looked at what other markets were doing, adopted best practices and our global McCafé brand, and then adapted what they learned to how their customers like to experience coffee. It is no accident that McDonald's is Russia's number one coffee brand by servings. It's a great reminder that coffee is not one-size-fits- All, but it represents a massive opportunity to grow Everywhere, including here in the U.S. And we will continue to refine how we leverage brand, experience, value, quality and menu to grow in ways that are tailored to local tastes and expectations. We know this will take time. But delivering hotter, faster, fresher coffee more consistently has huge growth Potential – and we intend to capture this opportunity.

IAN BORDEN: I can tell you, I lived in Russia for 10 years and our coffee was a critical part of my daily routine. We've got one other opportunity That I want to share. We know our customers love our burgers and chicken, but some may want other menu options. As we have worked to better understand customer demand, some markets around the world have tested plant-based products. Informed by those learnings, we have created a delicious burger that will be the first menu option in a plant-based platform we are calling McPlant. I've tried it and it's a great product. McPlant is crafted exclusively for McDonald's, by McDonald's. In the future, McPlant could extend across a line of plant-based products including burgers, chicken substitutes and breakfast sandwiches. And we expect some markets will test the burger next year. We are excited about the opportunity because we believe we have a proven, delicious-tasting product. When customers are ready for it, We'll be ready for them.

Lastly, much like the Golden Arches, the packaging for our great-tasting food is one of our most important customer touchpoints, with 65 million points of contact every day. We are excited to be rolling out stunning new packaging around the world. It has a modern, refreshing feel: simple, bold graphics, unexpected, playful accents and consistent design across the entire portfolio. This is more than packaging that merely advertises, it's packaging that unifies our branding. As Chris said, this is the start of the next great chapter of the McDonald's story. And at the heart of it all is our food and a brand that is dedicated to creating delicious, feel-good moments for our customers every single day. Now, to take us through the details of our third growth pillar, let me turn it over to Lucy Brady.

LUCY BRADY: Thanks, Ian.

Our third growth pillar –- Double Down on the 3 Ds, digital, delivery and Drive-Thru –- is all about the customer experience. And when we talk about customer experience, we're talking about literally millions of interactions our customers have with Brand McDonald's. You've heard us say that McDonald's serves 65 million guests a day. That's 65 million McDonald's stories, each one with its own variations. And each customer's story is personal. "My McDonald's" means something different to everyone. As a mom of three kids, "my McDonald's" might mean my family's dinner delivered to my doorstep. If I'm a teenager, "my McDonald's" might mean the late-night fries I get at the Drive-Thru with my friends. Or if I'm a retiree, "my McDonald's" might mean the friendly face, warm smile, and hot cup of coffee I look forward to at the start of every day.

"My McDonald's" means different things, even for the same person, at different times –- from morning to night, from weekday to weekend, from working to playing, and more. But no matter what my McDonald's story is, or yours, there are some things we share in each moment. One is the need for flexibility and choice in how, when, and where we enjoy our favorite meals. The other is the way that technology has changed our expectations as consumers. It isn't just that we all count on technology to make things simpler, easier, faster.

Today, our assumptions around how things should work are shaped by whoever's doing it best –- from one click shopping, to personalized recommendations, easy recall of past purchases, and more. These twin realities are at the heart of a big opportunity –- an ambition that continues to put our customers at the center, as we have throughout our history. However our customers want to interact with us whether at the counter, through a Drive-Thru window, or on the app, dining in the restaurant or on the go, picking up a meal to take home or having that meal delivered to them, we will offer fast, easy experiences they love, and that keep them coming back.

We are the leading global omni-channel restaurant brand because we believe that when you follow the customer, good things happen. Part of the reason we're so excited about this vision is because of our competitive advantages. It starts with our size and scale. We have 40,000 restaurants around the world, and menu breadth that enables us to connect with our customers day or night. Also, speed is in our DNA. We invented "quick service' 65 years ago and have continued to raise the bar and reset customer expectations of convenience over the years, and we're not about to stop now. The investments we have made in digital –- our kiosks, outdoor digital menu boards, and Dynamic Yield's suggestive sell, just to name a few –- have already created better customer experiences. With Dynamic Yield, we've talked about deployment across Drive-Thrus in the U.S. and Australia. We've now deployed across half our Drive-Thrus in Canada and we're live in kiosks, our second channel, in Australia. We are leveraging these advantages. First, to ignite our digital experience growth engine to turbocharge the notion of "quick service" with even greater levels of speed and ease. Second, to accelerate our rapidly expanding delivery business, where we're already a global leader and third, to capitalize on and extend our Drive-Thru advantage. We've been setting the pace since the s, and we'll define the future as well.

Each of these opportunities speaks to the ways our customers want to engage with us today. Not just in one channel, but across multiple channels, depending on their need at that moment. We're taking the things our customers love about McDonald's -- convenience, value, personal connections to our brand –- and using technology to make them even better, continuing to provide a fast, easy experience. Already, across our top 6 markets, we expect our digital sales to exceed $10 billion or nearly 20% of Systemwide sales in 2020. As our customers engage with us digitally, we will learn, refine, and improve, creating even better experiences that make our customers want to return again and again. In this way, momentum will build momentum. Growth will energize growth.

We call our vision –- you guessed it! -- MyMcDonald's. It's a single suite of compelling offerings that provide our customers multiple, complementary reasons to engage with us digitally, whether through mobile ordering, payments, delivery, rewards, or fun promotions like digital calendars, where every day brings something new. Integrating these elements provides greater scale for marketing investment, and a platform for ongoing innovation that continuously raises the bar on customers' experiences at McDonald's. But let me be clear, MyMcDonald's is NOT just about the mobile app. It extends to all digitally enabled customer touchpoints, from kiosks to table service to digital Drive-Thru, and powers a seamless, omni-channel experience -- no matter what our customers want "their McDonald's" to be at any moment. And when you marry our scale with the promise of personalization: wow. It's incredibly exciting, which is why we are moving aggressively to bring these solutions to our customers as soon as possible. We aim to have elements of MyMcDonald's in our top 6 markets by the end of 2021.

Our loyalty program is a cornerstone of MyMcDonald's and a key priority across our largest markets. Why is that? We are lucky to have some of the most loyal customers in the industry. And we want to reward our customers for their loyalty, giving them a compelling reason to download the app and engage with us consistently, and keep them coming back for more great experiences. In turn, the more they engage, the more we learn about them, the better we can anticipate and serve their needs, with more personalized experiences and a more targeted approach to value. We already have successful loyalty programs in many markets around the world. In Austria, for example, a country of 9 million people, we have roughly 2 million loyalty members. That's 2 million customers we can reach at the touch of a keystroke. Customers participating in our loyalty programs visit more often, and buy more when they visit. Believe it or not, our timing couldn't be better. We're positioned to benefit from those who came before us to build a better program that can be scaled even faster and drive greater use.

And to kick things off, we're thrilled to pilot our new loyalty program, MyMcDonald's Rewards, in the Phoenix area in the coming weeks! And we're excited to launch nationwide in the U.S. next year. We have big ambitions. And we've already shown we know how to meet big goals. At our last Investor Update, in 2017, I said I thought delivery was the most significant disruption within our industry in our lifetime. Back then, it was clear that technology had enabled a whole new way to order, pay, track, and receive food, making it possible to satisfy a craving, anytime and anywhere. We could see then that the delivery landscape was changing rapidly and what an incredible benefit McDelivery would be to our customers -- from working parents to college students to office managers and more. And we believed that our competitive advantages gave us every opportunity to win. With 75% of the population across our top markets living within 3 miles of a McDonald's, we knew we could deliver! We moved quickly, mobilizing the right teams across the globe. In the past three years, McDonald's has expanded the number of restaurants offering delivery nine times over -- to about 28,000 restaurants. And, we've expanded the delivery partners we work with. More than 70% of those 28,000 restaurants have multiple delivery options, which gives our customers choices. We've seen exciting delivery innovations in markets like China, where they've experimented with separate courier rooms, dedicated prep lines, and delivery subscription programs. We're committed to learning from successful markets and sharing those winning insights across the System. And COVID has underscored how meaningful our efforts have been to our customers. In many communities, McDelivery has been a welcome option for guests, connecting them to the food and the brand they love.

Over the last 6 months, we've seen existing customers order more often, and new customers order from us for the first time. Delivery sales have more than tripled over the last few years and we're just getting started. We are going to keep building on this progress and draw on our strengths, from scale and volume to day part mix, to navigate the fast-evolving landscape. We'll offer more choice, with additional delivery options, including introducing the ability to order delivery on our app in more of our top markets over the course of 2021. This will allow us to own the end-to-end delivery experience for our most loyal customers -- and to learn from the data they share. In markets like Australia and Germany where third party delivery coverage doesn't have the reach for our restaurant base or where the economics make sense, we're experimenting with hybrid models including self delivery, where McDonald's crew deliver food to the customer. And, as always, we'll be relentless in optimizing operations to improve the customer and crew experience with a focus on speed and accuracy. We'll keep building on what works, staying agile in the face of change and always, always, putting the customer, and their needs and preferences, first. And now, Mason Smoot, Chief Restaurant Officer for McDonald's USA, will share more about the future of Drive-Thru.

MASON SMOOT: The approach Lucy describes -- building on our strengths, while staying agile -- will help us seize the incredible opportunities we see in Drive-Thru. We are already by far the largest Drive-Thru player globally. Nearly 65 percent of our worldwide locations are equipped with Drive-Thrus. That's 25,000 overall, providing unmatched scale and convenience. And approximately 70% of sales happen in the Drive-Thru in our top markets. During COVID, we've seen a surge in guests using the McDonald's mobile app to order and pay. They've appreciated convenient options for pickup at the Drive-Thru, and curbside delivery. Customers' desire for convenience, speed, and ease will only grow and we're ready for that. We're taking steps to accelerate our phenomenal Drive-Thru advantage. We'll keep adding to our footprint. Over the next few years, the vast majority of new restaurants built in the US and our International Operated Markets will have Drive-Thru. And we're not stopping there. Yes, we have the most Drive-Thrus. We also know how to do it best.

We've been refining Drive-Thru for more than 45 years, ever since our first Drive-Thru opened in Sierra Vista, Arizona. We know better than anyone what Drive-Thru customers care about. It starts with speed of service. We've made smart investments the past few years to bolster the foundational elements – staffing, scheduling, positioning, and how we assemble orders. Ian talked about the benefits of reduced menu complexity, one of which has been improved speed of service at the Drive-Thru Since 2018, we've cut Drive-Thru times by about 30 seconds in our top markets. And our customers have noticed. Our customer satisfaction scores have increased. And, we believe we can get even faster. Let me tell you how. We're working to build on the strong foundation I just mentioned, unlock existing capacity, and enhance the customer experience through a blend of both established and new, innovative solutions, so guests can get the food they want, and quickly be on their way. In some restaurants, this is about adding side-by-side Drive-Thru lanes, enabling two customers to order at the same time. We are also adding a third, Drive-Thru window which makes it possible to present orders to two customers at the same time. There's also a set of newer ideas that are proving themselves as we speak. We're using Dynamic Yield on our outdoor menu boards to enhance the Drive-Thru ordering process. This technology uses algorithms that take into account time of day, factors like the weather, and trending purchases, for example, to tailor suggestions a customer sees when they pull up to the menu board to order. Then, there's a series of bold innovations that we believe have tremendous potential to be deployed at scale. For example, we're testing new ways for customers to identify themselves at the order point, which links directly to payment. We call it "ID at COD." "COD" stands for customer order display which is the menu board in our Drive-Thru, our self-ordering kiosks, or the front counter. We're also testing automated order-taking in the Drive-Thru. This exciting technology is a product of the McDonald's Tech Labs team. We're able to greet customers in a consistent manner when they arrive, accurately take their order and thank them for visiting McDonald's. Our customers like it because it makes their ordering process easier, and more streamlined, and crew are freed up to focus on other customer-facing activities. Let's take a look.

FEMALE: Welcome to McDonald’s, what can I get for you?
CUSTOMER: Can I get a Quarter Pounder with cheese with no pickle?
FEMALE: Okay.
CUSTOMER: And I’d like to go ahead and make a meal out of it, with a Coke.
FEMALE: All right.
CUSTOMER: On second thought, make that a Sprite.
FEMALE: Okay.
CUSTOMER: Thank you.
FEMALE: If everything looks correct, your total will be $7.69. Please pull forward.

MASON SMOOT: More accurate, faster? Now that’s exciting. We’re also exploring ways to better serve customers who order and pay through our mobile app. This is where digital and Drive-Thru converge in a powerful way. One concept we’re testing is Express Pick-up We’re putting dedicated parking spaces at the front of our restaurants, while technology enables the restaurant team to start preparing your order as soon as you’re nearby. Another concept we’re testing is a Drive-Thru Express Lane. It lets customers using the app skip the line and get their food even faster. It may even come to them through a conveyor belt. And we’re also exploring a new, on-the-go restaurant format.

Here, the focus is on Drive-Thru, takeaway and delivery with limited or no dine-in seating. In combination, we think these initiatives could reach more than 10,000 restaurants across U.S. and our IOM markets. That's 10,000 restaurants where McDonald's customers can have the simple, easy, fast experience they want and love. And that has the potential to be truly transformative.

LUCY BRADY: Thank you, Mason. As you’ve heard, our commitment to Double Down on the 3Ds is driven by our customers. All this talk and all this work is about them -- their expectations and their experience. We know how important it is to lead the industry, and we’re serious about our digital ambition. And that's why we're making serious investments in this space. Together with franchisees, we’re continuing to invest over $1 billion in technology annually in what we know is the best approach to make the competitive advantage of our size and reach work for us. At the end of the day, we believe that doubling down on the 3 Ds will inspire what we call loyalty with a capital L -- the kind of emotional and behavioral connection that fosters affinity for our brand and drives engagement, sales and restaurant cash flow. We want every customer to feel connected to our brand and to see us as part of their routine. We want every customer to be able to say “I love My McDonald’s.” We’re going to do it the McDonald’s way. We’ll lean into our competitive advantages, drawing on our brand, scale, operational know-how, data, and the incredible power of the System and heritage that set McDonald’s apart. We couldn’t be more excited about what lies ahead.

We'll use technology to transform our customers' experience in every channel and every market, increasing the speed of service making it more personal, making it more convenient and delivering better value. We will set a whole new standard for ourselves and for our industry.

Now that we've shared the details underpinning our three growth pillars, Kevin will walk through how our strategy has informed our financial outlook.

KEVIN OZAN: Thanks, Lucy. Before I get into our financial outlook, I want to ground us in where we are today. As I mentioned earlier, we entered 2020 from a position of strength. The 2nd quarter was the most challenging in our company's history. That said, we're on a good trajectory for recovery in each of our segments from a comp sales perspective. In the last several weeks, we've all seen several "starts and stops" with the virus, both in states throughout the U.S. and around the world. And while we expect this to be the norm until a vaccine is widely adopted, we believe our Accelerating the Arches strategic plan will deliver strong results the next couple years.

On our Q3 earnings call this morning, I shared some of the drivers of our recovery and provided some perspective on current trends. Now I want to take a few minutes to walk through our financial outlook for 2021 and 2022. We're well-positioned to win and grow market share in the QSR industry across our top markets, given our strategic growth plan that you've just heard. As a result of Accelerating the Arches, we expect Systemwide sales growth of mid-single digits in 2021 and 2022. Because of the volatility experienced in 2020, we think of the 2021 growth off of 2019, which was a milestone year in its own right with Systemwide sales of $100 billion. The investments we've made in our business give us confidence that this is the right plan, at the right time, for McDonald's.

I want to spend a few minutes talking about our G&A spend, which has evolved over the past several years, and then I'll touch on our capital investments shortly. With our G&A, we've become more efficient as we've reduced our "run the business" or maintenance G&A, While at the same time making strategic investments in areas like Digital and Technology to drive growth. As we've grown our topline over the past several years, we've reduced our G&A as a percent of Systemwide sales from 2.8% in 2014 to 2.2% in 2019. Looking ahead, as we continue to invest in innovation like MyMcDonald's, we expect 2021 & 2022 G&A to be about 2.3% of Systemwide sales. We ultimately measure overall financial efficiency by our Operating Margin, as it serves as the most comprehensive gauge of our overall operating performance.

Over the last several years, we've taken significant steps to capitalize on the strengths of our business model and achieve efficiencies with our G&A, which are yielding significant benefits for our operating margin. Just a few years ago, our operating margin was in the high 20s. That grew to 43% in 2019. As I mentioned a few minutes ago, we expect our sales recovery to continue and grow from our all-time high Systemwide sales of $100 billion in 2019. While we expect our topline to grow, we're effectively facing two years of cost increases against what we've typically seen as one year of sales growth. We're also making investments in our P&L to support our System and set our business up for long-term success.

I talked about our EOTF progress in the U.S. earlier. With the significant investment we're making with our franchisees –- a total System investment of about $10 billion –- EOTF depreciation will continue to be a P&L headwind for the next few years, even though it will have no impact on future cash flow. As Lucy mentioned, we've seen significant growth with our Delivery business. While delivery economics are slightly dilutive to our operating margin percentage, clearly this channel is and will continue to drive operating income dollar growth.

Finally, there continue to be some COVID related costs, such as PPE, that are impacting the restaurants. Taking into account all of these factors, we expect Operating Margin % to be in the low-to-mid 40s in 2021 and 2022. Subsequent to 2022, as we reap the benefits of our investments, we expect to gain leverage on both G&A as a percent of sales and Operating Margin percent. Looking at our capital spend, we've seen U.S. reinvestment trending down from where it was a few years ago when we were completing thousands of EOTF projects each year. As I mentioned in my opening remarks, we're nearing completion of our modernization efforts in the U.S., and expect over 90% of EOTF projects to be complete by the end of 2021.

At the same time, we see an opportunity to grow the number of new units, especially in our IOM markets, where we earn high returns on new restaurants. Those markets have driven strong growth over the past several years, and we know that there's still a lot of opportunity to expand our footprint across the markets. We expect to spend roughly $2.3 billion of capital in both 2021 and 2022, about half of which will be for new unit expansion. Globally, we plan to open about 1,300 new restaurants in 2021, primarily outside the U.S. We will spend approximately $1 billion of our capital to open nearly 500 restaurants in the U.S. and International Operated segments, and the vast majority will include a Drive-Thru. And our developmental licensee and affiliate markets will open the remaining 800 restaurants, with roughly 475 in China. As a reminder, our strategic partners in these markets provide the capital for restaurant openings. Beginning in 2022, we expect new units to contribute 1-1/2 to 2% toward Systemwide sales growth.

I want to close by talking about our Free Cash Flow profile. With the improvements we've made to our business operating model over the last several years, and the consistent strength of the business around the world, we've grown our free cash flow from $4.1 billion in 2014 to $5.7 billion in 2019. That's a 40% increase! In 2021, we expect our free cash flow to return to about 2019 levels. And, we expect to convert more than 90% of our net earnings to Free Cash Flow in both 2021 and 2022. Going forward, our capital allocation priorities remain the same. First, investing in the business to drive growth. This includes both capital expenditures as well as investments in Technology and Digital. Second, prioritizing dividends to our shareholders. After that, we'll look to pay down debt in the near term to return to pre-COVID debt ratios. I'm confident that the plans we have in place will drive these financial outcomes and continue to deliver sustained, long-term profitable growth for our system and shareholders. Thank you. Now, I'll turn it back over to Chris to close.

CHRIS KEMPCZINSKI: Again, I want to thank all of you for being with us today. And I want to thank our Senior Leadership Team for showcasing key elements of our strategy. We've talked today about the size and scale of McDonald's. But I want to pick up on one thing that Kevin just mentioned. One place where our size and scale come to life is just how resilient our business is. We're unmatched in our industry, and the competitive advantages that have served us well during the pandemic put us in a great position going forward. I also take heart that we are coming through COVID with higher brand trust scores, higher customer satisfaction scores, and higher restaurant margins than we had going in, even though "going in," we were coming off a historic year in which we passed $100 billion in Systemwide sales for the first time ever. Most of all, I believe in our plan. Some companies have A, B, Cs, we have our M, C, Ds. After all, what are M, C, and D? "M" is our brand, "C" is our food, and "D" is our experience. M, C, and D are the three things that make us a phenomenal business. They represent what has driven McDonald's success from the very beginning.

Twenty years from now, our strategic plan may have a different mnemonic device attached to it but we will still be talking about our brand, our food, and our experience. Over the years, there have been moments when maybe customers wanted McDonald's to innovate beyond those things. But at this moment, when everything seems to be changing, customers want us to double down on what they know and love and depend upon, to make them even better. And we know we can make them better, and we will. We WILL continue to improve our brand trust scores to drive traffic. The Famous Orders promotion in the U.S. gave us just a small glimpse of what is possible. We WILL continue to improve the quality and taste of our food. Our focus on core menu will result in hotter, fresher food served each and every time. Customers will TASTE the difference. And we WILL continue to create an experience that meets our customers in whatever way they want to experience McDonald's, with a range of choices nobody else can match. This moment plays to our strengths. Accelerating the Arches WILL make them even stronger. It will allow us to gain share in an industry that will look very different after COVID than it did a year ago. And in a world that expects companies like ours to have an even greater impact, we have a physical and emotional footprint at the local level that no other company can match. Guided by our purpose, our mission, and our values, we WILL broaden that aperture to be defined not just by what we do, but how we do it. Thank you for taking this journey with us. For standing with us as we strengthen our brand, our food, our experience –- our M, C, Ds. And for helping us write the next great chapter of the McDonald's story.

MIKE CIEPLAK: All right, welcome back everyone. I have members of the team with me here. We'll now begin a Q&A session. Okay, our first question comes from David Tarantino with Baird. I think Chris, I'll come to you with this one. You envision your Accelerating the Arches strategy to become a foundation on which you can accelerate growth after 2022, above what we're planning for '21 and '22. That's the first part of the question and then second part, related to Accelerating the Arches, which of the components of the strategy do you think will prove to be the most meaningful driver of the brand business over the next five years.

CHRIS KEMPCZINSKI: Okay, well thanks for the question. On the first, you know the MCD framework for us, we are excited about what we think it can do in the long term. Our ability to drive Marketing, Core Menu and our 3Ds, I think, set us up for not just the next couple of years, but set us up for much longer than that. As you heard from Kevin, our guidance is for the next couple of years. So I don't want to get into speculating beyond the next couple of years but we certainly feel very good about each of those and maybe to hit the second part of your question, I don't really see one as carrying any more than the other. That's why we have three of them. I think for us, each of those are going to be synergistic in the way they work together. So I think they're all equally important for us going forward.

MIKE CIEPLAK: Great. Our next question comes from David Palmer with Evercore. This one, Lucy, probably coming your way, digitally related. How can your digital investments prove helpful to the Drive-Thru, a channel that has seemed to provide little benefit to the consumer ordering digitally?

LUCY BRADY: Right. Why don't I start and then maybe, Joe, you can pick up and given how substantial our Drive-Thru business is in the U.S. When we think about digital, we actually take a pretty broad definition of digital and thinking about what digital can do to transform our customers' experience across all channels. So it's not just about the mobile app, it extends to Drive-Thru. And if you think about it in Drive-Thru in particular, what do customers want? They want to get through the line quick, have an ordering process that's easy, and have their food served to them, fast, fresh and what they ordered. And so we actually think technology can make that experience so much better than it is today and are looking at a variety of innovations. We're already seeing things like Dynamic Yield make the experience easier, as well as mobile ordering through our app. As you think about ordering ahead, pulling up, getting your order and moving on your way out. And Joe if you want to hit on what we're seeing in the U.S. as we've deployed some of those capabilities through the pandemic.

JOE ERLINGER: Yeah, sure. Thanks. Thanks, Lucy. And thanks for the question. We certainly, obviously have deployed Dynamic Yield to all of our restaurants and Dynamic Yield speeds the ordering process. And that's helpful, obviously, to the overall speed of the Drive-Thru. And we have the voice activated order taking coming as well, which was highlighted in the in the previous remarks. And then specifically as to digital, you can use mobile order and pay through our Drive-Thru. It actually is helpful for accuracy and it also is helpful for speed, as essentially you're eliminating the step of placing the order verbally and you're eliminating the cash step. And those are two ways that the digital actually integrates well with our Drive-Thru and we think can help with speed of service as well as accuracy.

MIKE CIEPLAK: OK, great. Our next question comes from John Glass with Morgan Stanley, this one has a marketing angle to it, Alistair, I'll probably come to you with this one. How can we quantify the marketing shift to authentic/social/digital? And do you spend the same and get great efficiency or can you spend less and get the same or better results than prior?

ALISTAIR MACROW: Thank you, John, for asking about our marketing. I'll take a moment to share how I think about it. We've traditionally spent most of our time thinking about how we spend our money to drive the things people do, make them visit our restaurants. I want to see us make a shift to spend time thinking about how we make people think, feel, say and do. At the heart of that is a shift to talking about brand advocacy and driving that. And it sees a shift of our spend, into more long-term brain driving activity and maintaining an appropriate mix between long and short term to ensure that we can still drive people to the restaurant whilst we make them feel better and make them more predisposed to visit the restaurant when they are exposed to our shorter term communications. Clearly, social media has a huge role to play within that. It's an opportunity that accelerates all the rest of our communications to prime the pump, as Morgan talked about earlier, make people think the right way before they're exposed to them. And it's a way of engaging our customers and helping our money go further.

CHRIS KEMPCZINSKI: If I could just hook on that, I'd say the other thing, Alistair and the marketing team have done a great job of getting more efficiency. We've seen efficiency rates go up in most of our major markets. Rather, though, than use that as an opportunity to reduce or cut back, I think for us, that just opens up an opportunity for us to put our foot down and to create even greater separation between us and our competitors. I think our ability to market at the scale that we do is one of our key advantages. So great on the effectiveness, I think it just opens up even more that we're able to do to be aggressive.

MIKE CIEPLAK: Yeah, great. Our next question comes from John Ivankov with JP Morgan. Joe, maybe we'll start with you and then looks like this one has an international component to it. So Ian, maybe you want to chime in too. QSR has had a once in a generation lift in average ticket, which is more than offset transaction declines. How does the company see trends in markets that have been open longest when transaction counts increase due to more individual transactions, is there an immediate decline in average ticket? Or asked another way, when people start to consume breakfast again at McDonald's, does this eliminate the higher ticket lunch and dinner transactions?

JOE ERLINGER: Yeah, thanks, John, for that question. And you know, in McDonald's U.S., we've actually had 99% of our restaurants open throughout the pandemic. So we've been able to see the shift in consumer behavior that's taken place, as well as we're seeing now how it's playing out. And so while the average check got up into the 20% type of increase, we've actually now settled in the teens in terms of that average check. And as our breakfast business has begun to come back with our positive breakfast comps in both September and October, we're seeing the rest of day check hold up at that at that mid-teens type of number. So we haven't seen a change or shift in consumer behavior essentially yet. And if we do see a shift, obviously we're well set up to address that. And we'll be ready to serve customers, whether they're spending a dollar on D 1-2-3, or whether they're spending thirty dollars via McDelivery.

IAN BORDEN: Maybe just for me to build on that, I think if you look internationally and you look at markets like Australia, Japan or China that have all mainly stayed open throughout the pandemic, you know, I think it's where our off-premise strengths as a business are coming into play. And so we're seeing more people using Drive-Thru than they've ever used before. Same with delivery. And there's certainly a level of stickiness to those channels across all of those markets that's consistent. So that average check is, I think, going to stay elevated as we get those customers trying those experiences and finding how good those experiences are and obviously adjusting habits accordingly. And that's certainly what we've seen across those markets that I've referenced.

MIKE CIEPLAK: I think Joe wants a hook onto Ian's comments.

JOE ERLINGER: Yeah, I mean, just a final hook on this. You know, philosophically, I think everyone on this stage believes in guest count-led growth. And I was very pleased, obviously, with how the U.S. business started the year with positive guest counts. And now obviously we don't have positive guest counts, but we are seeing a significant increase in the number of units that we're selling. And so it's challenging some of our long-held beliefs about our metrics and making us rethink some of the connection that we have with consumers as we are continuing to see obviously positive comps and we're feeding more people.

MIKE CIEPLAK: Great. Joe and Ian, this one will probably stick with you, it's more of an operational efficiency question. So we noted in the update today that McDonald's has reduced Drive-Thru times on average by about 30 seconds where I'm sorry, this is coming from Chris Carroll with RBC. Where are the most significant remaining opportunities to improve speed of service? To what extent have the improvements in speed of service and efficiency so far factored into decisions such as launching the new Crispy Chicken Sandwich in the U.S. next year and MyMcDonald's next year in the U.S.?

IAN BORDEN: Let me maybe take a crack at that and then Joe can build on my comments. But I think, I mean, obviously Drive-Thru has been a critical asset as we've worked through this period. I mean, we've got 25,000 Drive-Thru restaurants globally, so 65% of our restaurants. If you look at our big five international markets, 70% of our restaurants have Drive-Thru and we've seen an increase in our Drive-Thru business across all of our markets globally. I think if you look at speed of service, the 30 seconds that we've referenced in terms of improvement over the last two years, we really got at that by really focusing on the executional opportunities we had in the business. And that's a couple of things that we've talked about today. Firstly, menu complexity and really focusing on simplifying our menu to enable our teams and the restaurants to better execute, but also just the basics like staffing and positioning, making sure we have the right people in the right place at the right time to give that great service to our customers. I think if you go back to a couple of things that Mason talked about in his remarks, there are significant opportunities for us to still improve speed of service. I think of them in a couple of areas. Firstly, capacity and enablers like side by side ordering and also the third window in the Drive-Thru that allows us to pull those larger complex orders forward so that we aren't blocking the rest of the Drive-Thru behind where we've got a lot of capacity to add those capabilities into existing restaurants across the System. But I think the other piece is the innovation that Mason also referenced in his remarks, things like Drive-Thru express pickup, which will marry the ability of our Drive-Thru estate with digital capabilities that we're bringing into play that I think will really provide a very convenient and even faster experience for our customers.

JOE ERLINGER: I mean, I'll do a quick hook, but I think Ian covered very well. I mean, we are talking about building capacity, building speed and higher customer satisfaction because ultimately that's what we need to do if we just build capacity or just get faster, but customers aren't appreciating it, that's a problem. But that's not what we're seeing. Our customer satisfaction scores are at all-time highs in the U.S. And so we're very pleased with the ongoing implementation of many of the things that Ian talked about there.

MIKE CIEPLAK: OK, all right, Kevin, we held off on the financial questions for a little while, we've got one coming your way now from Andrew Charles with Cowen. Other questions around operating margin. So our guidance was for low to mid-40s operating margin, which is similar to our 2019 43%. Can you talk a little bit about our ability to lever G&A and company and franchise margins should Systemwide sales outperform, I'm sorry, same store sales outperform within the Systemwide sales guidance?

KEVIN OZAN: Yeah. Thanks, Andrew, for the question. So you're right, the guidance related to operating margin percent is relatively similar to where we were before, kind of that low to mid-40%, which we did realize in 2019. I think this goes to one of the advantages of the company, which is what we've talked about is that reliable, steady stream of earnings and cash flow so that, you know, it's not as comp sensitive as it used to be. We've now changed our business model. As you know, we're 93% franchised. Between that and getting the efficiencies in our G&A over the last several years. We've now kind of set up the company well to kind of run along those 40% margins. Certainly, if sales are better than where we guided, we should gain additional leverage. I talked about in my script that we expect post 2022 to gain leverage both in G&A as a percent of sales and an operating margin percent. So I would anticipate one, post '22 for us to gain leverage. Also, if sales are better than what we guided to for '21 and '22, we should also get additional leverage.

MIKE CIEPLAK: Thanks. OK, great. Next question is from Nicole Miller Regan with Piper Sandler. This one's a little bit more menu focused. So Alistair, maybe, Ian, Joe. Let's start with you, Alistair and then maybe Ian and Joe. So it's a question related to chicken. So what is the opportunity for a relaunch versus build on current items? How strong is the pipeline in terms of number of items and timing for chicken as a platform versus singular products? I'm reading this. It seems like it's more of a U.S.-based start. So, Joe, maybe we'll start with you and then see if the others want to.

JOE ERLINGER: Yeah, thanks for the question. We, and obviously I talked a lot about this in the prepared remarks. We're not one chicken sandwich away from building our credibility in this area. We have existing equities in terms of McChicken and Chicken McNuggets that we can really lean into and we'll continue to lean into those. But at the same time, we know we need to continue to build our equity and credibility in the broader chicken category. And that's going to start with the launch of our new Crispy Chicken Sandwich. And we're not going to follow that quickly with a series of new menu items, again, because we think this is a journey. We think it's going to take time and we're committed to marketing and sustaining the sandwich we'll launch early in 2021.

MIKE CIEPLAK: OK, Chris, going to come your way with this one, this one's talking a little bit about marketing, but also product base. And there's a McPlant question here, too, from R.J. Hottovy with Morningstar. Can you discuss the marketing plans behind the new chicken sandwich? Joe talked about that a little bit. And then also the McPlant products. Several competitors have seen success in these categories. So how will we differentiate ourselves?

CHRIS KEMPCZINSKI: I think it starts with the three core menu items we talked about, it's burger, chicken and coffee, and certainly the preponderance of our focus is going to be in those three categories. As it relates to McPlant, I've said on a number of different occasions that plant-based product, we do think that this is going to be -- this is an ongoing consumer trend. It's not a matter of if McDonald's will get into plant based. It's a matter of when. And I think what was laid out by Ian around McPlant is we have a very flexible framework here. So McPlant is now going to be a global core menu, optional item so that a market can pull that down. If they think that there's a customer demand opportunity for it and they can do it as a burger, they can do it as a chicken product, they could do it as a breakfast sandwich. So there's a lot of flexibility there at the market level because we know that different markets are going to be at different stages around the development of plant-based. So I think what we laid out here today was a framework for all of you to understand how we're thinking about plant-based. We have an equity that we're going to now drive over the long term around McPlant. But the exact pace of that's going to be dictated, as it always is, by the customer demand and how quickly customers are looking for McDonald's to offer that product.

MIKE CIEPLAK: OK, our next question is, is digital related, Lucy, so I think we'll come your way on this one. It's another one from David Tarantino with Baird. For digital sales, roughly what proportion comes from delivery versus digital pickup? And what are key barriers to increasing penetration of digital pickup in the U.S. and specific plans for increasing this? So it may be worth Lucy, just walking through some of the components of what makes up digital for us?

LUCY BRADY: Right. Well, let me start by defining when we say digital, what we include in that number. And so really, there are three things that transactions either through or enabled by our mobile app, through our self-order kiosks or through third-party delivery apps. So you put all those together? I think we're roughly 10 billion of systemwide sales in 2020 across our top six markets so already a pretty meaningful number. As we look forward, I think we see a lot of continued runway to improve that really leveraging our omni-channel vision and putting all those various solutions together. And as we think about convenience and obviously you asked about express pickup or curbside pickup, that's obviously one of the several opportunities where we see opportunity and will be making those available to our customers through the course of, we're already doing it now in 2020. And that's the other piece to say, is a lot of these capabilities are in place now and we're talking about how do we continue to learn and make them better. And we've seen through the pandemic really good adoption of our mobile experiences of delivery. Customers are discovering them, having great experiences and coming back for more. And we expect that growth engine to continue to grow and fuel ongoing performance for our business going forward.

MIKE CIEPLAK: I think Joe wants to hook onto that.

JOE ERLINGER: David, I think in your question, there was a specific ask there about the U.S. business as well. And while we've certainly seen an increase in digital throughout the pandemic, we've actually seen some improvements to an even greater degree since the launch of the Travis Scott meal and then the J Balvin meal, as well as our more active presence on social media. And so we don't think it's just one thing. It's going to be all of these things in concert and working together that will continue to drive the awareness and adoption of our digital platform in McDonald's U.S.

MIKE CIEPLAK: OK, this next one could be a few of you, I think Kevin we'll start with you and then maybe Ian and Joe, it's related to unit expansion. This one comes from Greg Frankfurt with Bank of America, Merrill Lynch. QSR brands see the pandemic potentially unlocking real estate for unit development. Do you think this is an opportunity for McDonald's? And do you think the opportunity will be greater in the U.S. or international?

KEVIN OZAN: So I'll start this and hope not to offend either Joe or Ian as I answer. So I mentioned in my remarks, we do think that unit expansion is an opportunity for us, probably more outside the U.S. than inside the U..S, although the U.S. will return to unit growth beginning in 2022. So that's also an important milestone for us. Look, I think there's plenty of unit expansion opportunities, especially in our large IOM markets. We earn really high returns in those markets, we know that there's a lot of opportunity to grow in those markets. And so that's one of the reasons that we've talked about capital being 2.3 billion the next couple of years. In 2021, the new units will be a little less than half of that total capital. In 2022, that will flip to a little more than half of that capital. And those new units, as I mentioned, will contribute one and a half to two percent of our Systemwide sales growth. They're high returning assets. We know how to do new unit expansion in those international markets. The only other thing I'd say is in most of the international markets, there is unit expansion opportunities. For us, we need to think about which are the ones in our own markets versus the one in the developmental license markets. China, as we know, is one of our developmental license markets that uses their capital to expand in there. We've talked about that they’ll open probably 475 restaurants or so next year. There's still enormous opportunity to continue growing in those markets. And I do think I know one of the pieces of the question was, is there potential further opportunity for whether it's land ownership or buying out some leases or things like that? We are seeing some of that both in the U.S. and around the world, and we are looking to take advantage of those opportunities when they arise.

MIKE CIEPLAK: I think Ian wants to chime in.

IAN BORDEN: Yeah, maybe just let me build on what Kevin talked about there. I think Kevin talked about this in his remarks earlier. But just think, if you go back to the beginning of this year, you know, we came in to the pandemic in a real position of financial strength and we had at or near record high restaurant cash flows across many of our markets, across the System, on the back of those several years of really strong growth internationally. And so when I've been out in the markets over the last couple of months talking to owner operators or talking to our developmental licensees, I know they remain really bullish on the opportunity around growth. They certainly are very confident. And what we're focused on in a business, know that we'll continue to do well through this. And as Kevin talked about, I think believe there'll be really good opportunities as we come out of this period for new restaurant growth. And I, as Kevin talked about, China, over 400 restaurants this year will open 475 next year. Those opportunities are still really exciting for our partners. And they certainly have the resources and want to put those resources into the business to continue to invest and grow their businesses around the world.

MIKE CIEPLAK: OK, our next question is delivery related, so this Lucy, maybe start with you and then Ian and Joe, this comes from Sarah Senator with Bernstein. What markets make sense for self delivery? What are implications for cost structure versus 3 POs? And is there a minimum sales volume we need? And a lot of parts to this one from Sarah. And does it give us negotiating power with aggregators?

LUCY BRADY: So let me start, there's a lot of questions, a lot of parts to that question. But let me let me see if I can get going first. I'll start by saying we actually do self delivery in a number of our markets and have for quite some time around the world, whether that be China or the Middle East. And so we have a good idea of what it takes and what conditions make sense. And as we think about when we originally launched delivery a few years ago, we leaned in to the third-party model. As our business starts to get bigger and we get to a certain size and scale, there are a lot of different models that we’ll deploy depending on where the conditions make sense. So you hit on in your question what some of those drivers are. And so in markets like, I think I mentioned Australia or Germany, and others where there isn't partner coverage to meet the demand that our customers have for delivery, we're looking at opportunities for it and we are having our crew deliver to our employees. That's one scenario. The other is just where you have the density of demand and delivery is an incredibly local business, as you probably know in terms of where the economics makes sense, where you can get enough scale to justify the trade-off between our employees doing the delivery versus where you've got a partner who is most efficient. And so we're going to continue to evaluate the economics at a market level and even within a market, at a geographic level to really understand the best, the best way for our customers to get their McDonald's favorites delivered to their doorstep as quickly as possible.

MIKE CIEPLAK: I think Ian wants to add on.

IAN BORDEN: Yeah, thanks Sarah, for the question. Let me just hook on to that. Lucy did a pretty good job of hitting all the key things there, I think. But I just, as she talked about, you know, we've got delivery in 28,000 restaurants around the world. 70% of those restaurants have got multiple providers. We've been doing self delivery since when we started it in Egypt and then spread it basically across all of Asia, Middle East and Africa. So we know how to run that option of delivery well. We know how to do that and make money for ourselves and for our franchisees. I think what I would say is, I mean, it's been a critical asset as we've come into the pandemic, obviously, because it's a channel that obviously is convenient and accessible for customers in a way that's safe. They can do that contactlessly. I think you'll see that we'll continue to be aggressive around making sure that we use those tools, that kind of suite of different options to provide delivery, to make sure we can get delivery in as many of our restaurants globally as possible to meet the needs of our customers in all of our markets around the world.

MIKE CIEPLAK: OK, next question, Chris, come your way, this is a more overall strategy question from Brett Levy with MKM Partners. What have been the biggest learnings about the consumer gained globally throughout the process of developing the strategy? And how would you prioritize them within that strategy, whether through menu or operations?

CHRIS KEMPCZINSKI: Yeah, I think we've spent a lot of the last, call it seven or eight months as we've been working through this, listening to the customers, doing consumer research. I think a few things have stood out for us that we think are enduring changes as opposed to ones that are maybe just due to the moment. Certainly we think that this embrace of a more contactless experience, one that happens more and more away from home or outside the restaurant, rather, we think that that is going to be one change that is enduring. I think another thing that we've seen here is customers are looking for brands that they know and trust, and that also plays very much to our sweet spot. And then they've been less experimental as we've worked through the pandemic. You know, if someone's concerned about safety or going out, they're less willing to go try something that they've never tried before. In the menu, there is a gravitation toward the familiar favorites. So I think all those are things that in one shape or another we think are going to endure beyond this. But I think for us, the most significant is this notion of wanting to have more control over the experience, whether that's through digital delivery Drive-Thru. And we're perfectly set up as an omni-channel brand to be able to meet the customer, however, they're looking to enjoy their McDonald's.

MIKE CIEPLAK: OK, next one is a marketing angle on it, so I think this one feels a little bit U.S.-based, but maybe I think Alastair, there's an element for you to weigh in on this and then maybe Joe after. So does the... This is from Andrew Strzelczyk with BMO. Does the updated marketing approach shift national/local spend mix? And that's the part I think is more about the U.S. and how will advertising spend by channel evolve? That one’s probably a little bit more, Joe. And then overall efficiency opportunities or more impressions we can make on the same spend with more digital.

ALISTAIR MACROW: OK, thanks for asking about that. The way that I'm thinking about the opportunity there is that, we can get more effective with our marketing, the better we channel the spend, the more that we invest in brand, the more that we engage people in our social media, the more return we will see on our investment. That encourages that we can continue to grow our business through our marketing at a greater rate than we have in the past. Our balances of spend between national and local will be determined on the objectives we have at any point in time, and we can continue to invest across the piece and still see really strong returns wherever we invest it, as long as we continue to put the right mix between brand activation and sales driving activation to make people feel better about the brand as well as make them visit our restaurants to come and enjoy the McDonald's experience.

MIKE CIEPLAK: Thanks, Alastair. I think Joe and then maybe Lucy.

JOE ERLINGER: You know, specific to the question, we don't see an evolving mix between national and local at this point. We made some shifts a few years ago and we're looking to sustain what those shifts are. When you look at some of what is really driving the business right now, it is some of the local push that we have in marketing. Right now, we have a lot of local value going on, specifically at breakfast, but beverages as well. And so that local spend will continue to be important as we have regional and local competition and our franchisees really are trying to come alive in their communities with those local marketing dollars.

LUCY BRADY: Let me just add on I think one of the things that really excites us about digital is as customers engage with us digitally, we get to know them better. We get to understand their habits, their preferences, whether they love chicken or beef, whether they come during the week, but not on the weekends, whether they've kind of lapsed in when they visit us. And so thinking about how we can use all of the insights as customers engage with us digitally to then do what we call lifecycle marketing or customer relationship management. And we've got a number of markets around the world with really terrific playbooks around how to engage with customers building on their digital engagement. And we really see that as a powerful opportunity for us to just get better and then fire up the capabilities in the investments that we've made and things like Dynamic Yields that can help really take all of that data and insight to personalize and deliver better experiences for our customers.

MIKE CIEPLAK: Great, thanks Lucy, I think we might stick with you with this one, at least to start. This is a digital on loyalty themed question. This one comes from John Tower with Wells Fargo. How should we think about the loyalty program in the U.S., spend based or frequency? What types of rewards? And will it be a food beverage or food/beverage or day part focused?

LUCY BRADY: OK, well, MyMcDonald's rewards program in the U.S. is basically an earn and burn program which will be spend based. So you will basically earn points for every dollar that you spend. And the focus with our rewards program was really celebrating our food and our core iconic menu. And so we will add food and beverages. So we'll extend and extend to our entire menu. And I think one of the things we're excited about with our rewards program is our menu breadth and the day part mix. And so with coffee, obviously there's a habitual nature. But if we can get our coffee customers to engage with us in other day parts, we just think there's a lot of opportunity that are our menu breadth, our scale and our terrific offerings, our customers will be able to enjoy as a result of our loyalty program.

MIKE CIEPLAK: OK, great. Thanks, Lucy. This next one, Kevin, we'll start with you on this one. This one's a just digital spend, digital investments. This one comes from David Palmer with Evercore. How much is McDonald's investing in annual overhead and CapEx in digital capabilities, and can you talk about the most promising, an immediate impact to sales and then any related return from these investments?

KEVIN OZAN: Yeah, I'll start and then maybe Lucy wants to chime in. So I think in Lucy's remarks we talked about, we've spent, we spend roughly a billion, a little bit over a billion dollars as a System on technology and digital. That includes what the franchisees also are contributing. Our portion is roughly two-thirds or so of that portion. And our general philosophy on investing is we will generally spend, invest, in the development of a product. So whether that's a POS system and enhancing it, whether that's a mobile app, whether that's the self-order kiosks, we generally will invest in the development of those and then franchisees will contribute or pay for kind of the ongoing deployment running, running the products. That's consistent with how we're doing the digital and technology. Some of that is included in G&A, some of that's included in capital, if it's hardware. So as far as geography on our financial statements and it's in various places, but it's a significant investment. We do look at, certainly before we make investments; it's like every other investment. We look at business case, we look at expected returns. But we also understand that some of this is a greens fee, just like reinvesting in our restaurants is. So we look at our investments in digital technology, similar to how we look at our investments in restaurants and in all of our other things. I don't know if there's anything that you want to add.

LUCY BRADY: And we have the only other thing I would add is as we think about digital, we don't just think about one thing. It's why we talk about MyMcDonald's as a suite of digital products that enable a better customer experience and give customers multiple reasons to engage with us and they work together to really reinforce each other. And so as you start to think about using things to make the Your McDonald's experience faster and easier, whether that be ordering ahead, delivery, some of the digital Drive-Thru, some of the fun marketing promotions like Travis Scott that finds new ways to engage customers and keep them coming back. So it gets really hard for us to isolate any one of those elements. But really the way that they work together, which is why we're so excited about MyMcDonald's as the way that power is not just the experience through our app, but through our entire omni-channel experience as customers engage with us.

MIKE CIEPLAK: I think Chris...

CHRIS KEMPCZINSKI: The only final thing I would say, digital tech is one of those areas that I think plays to our scale advantages. If you think about the spend in this area, this is not a place where, if you're at, let's say, 5,000 restaurants versus 40,000 restaurants, that your spend is a linear relationship. You have to invest at a certain level, regardless of whether you're at 5,000 restaurants or 40,000 restaurants. So for us, the fact that we're able to invest, as Kevin was saying, close to a billion dollars a year as a System, it speaks to the ambition that we have for this area. But I think it also is going to show up in terms of just creating a significant advantage for us versus others who maybe don't have our scale.

MIKE CIEPLAK: OK, this next one is a relatively short question, but I think it's got a broad reach, so maybe Joe, Ian, Joe, we'll start with you, Ian and maybe even Alastair. So it's under the concept of breakfast. And John Glass from Morgan Stanley is asking, except for coffee, most of the marketing or products we talked about today seem focused on the core menu. How do we think about just breakfast innovation and how does that play into the overall core strategy?

JOE ERLINGER: Yeah, John, thanks for the question. Obviously, here in the U.S., we're in the middle of our McAfee bakery launch and we think we've got a big opportunity relative to a sweet offering at breakfast. You know, the foundation of our breakfast business, though, is really about convenience and speed. And so we can continue to lean in to that relative to the 3 Ds. And so we don't think there's a huge need for menu innovation or menu proliferation, given how important simplicity in the menu, simplicity in the kitchen is to driving speed, especially at the breakfast day part when that's a big driver for the consumer satisfaction.

IAN BORDEN: And maybe just to build on that briefly, I mean, I think I know you've asked separating coffee, but just coffee is so important to that breakfast day part because the coffee credentials and having that great quality of coffee is really the greens fee to get customers into the restaurants or into the channels, the breakfast channel. And so I think that's why to me, coffee is such an important part of our core focus. And we know when we get that coffee proposition right, we've got the suite of products around breakfast, as Joe talked about, that our customers love and our, we're famous for, and I think that attract customers. So to me, customer, the coffee opportunity is what we're really focused on internationally to really bring that breakfast day part to life and to make sure we own that breakfast occasion with our consumers.

MIKE CIEPLAK: Our next question, Kevin, we'll probably start with you on this one, this one comes from Sarah Senator with Bernstein on new units expansion. Sarah asks that our long-term guidance contemplates Systemwide sales growth and it sounds like new units will over index to IOM, which have higher revenue yields. How should Sarah think about that?

KEVIN OZAN: Yeah, so the new units will over certainly the capital we spend, which is in U.S. and IOM that will over indexed to the IOM markets for the next couple of years. As I mentioned, we will get back to net unit growth in the U.S. in 2022, but it's definitely over indexed to the IOM markets. And as you say, the IOM markets do have higher unit volumes than the U.S. in general. We earn very good returns on those markets. They've had phenomenal performance over the last several years, which is exactly why we believe it's the right time to kind of accelerate some of the new unit growth there.

MIKE CIEPLAK: OK, great. The next one, Joe, will come back to you. This one's a little bit more specific about the chicken launch next year in the U.S. So Lauren Silverman from Credit Suisse asks, we noted that the crispy chicken sandwich test in the U.S. exceeded expectations in key metrics. Can we speak to any of the specifics that what we saw in tests and then, relatedly, any cannibalization of existing platforms?

JOE ERLINGER: Hey Lauren, thanks. Thanks for the question. I'm not going to get into a lot of specifics on the chicken launch. Obviously, I hope you can see through my voice, my excitement in it. Our franchisees are excited about it and we're looking forward to this launch. It's not going to be the first thing. It is just the first thing, though, in our chicken journey. It's not going to be the end. It's just going to be the beginning. And so we're going to also, like I said, continue to lean into chicken McNuggets. We saw great success with Spicy during September where it drove to a double digit comp that month. And we think we've got opportunities with McChicken as well, which is a loved sandwich here in the U.S. So there'll be more discussions on chicken. Not ready to get into the details about that crispy chicken sandwich launch at this point.

MIKE CIEPLAK: OK, Kevin, come back to you, I've got a few financial questions coming in here, this next one. It's both G&A and CapEx. This one's coming from David Tarantino with Baird. So the updated guidance for G&A and CapEx for 2021 and 2022 is above prior long-term targets. Can you walk through what change and whether we expect some spending to remain at a similar level after 2022?

KEVIN OZAN: Well, so first of all, I'm pleasantly surprised that it took nearly what was that, 45 minutes almost before we got into some of the G&A questions. But let me give you our perspective both in G&A and Capital. Let me start with G&A. So G&A, we've talked about and I mentioned we've gone from 2.8% of sales back in 2014 to 2.2% in 2019. Our guidance for the next couple of years is 2.3% of sales. One of the reasons it's going up a little bit, the main reason is because of our investments in digital and technology. It's exactly to get things like MyMcDonald's off and running and deployed into those top six markets that Lucy talked about. We believe that it's worth this additional investment for the next couple of years to be able to do that. And we do believe that, Chris talked about size and scale advantage. I think our belief is that these investments will maintain or potentially widen competitive edge the investments in digital technology, take, one, some money, but they also take a little while to go through. And I don't think that there's a lot of companies that are going to be able to maintain the sustained investment that's required to really make progress on the digital side. So we believe we have an advantage by being able to do this. And fortunately, as a company, we have the financial strength to be able to make the types of investments that are needed in digital and technology and also generate substantial free cash flow after those investments. So for ‘21 and ‘22, we've talked about it being about 2.3% of sales. I do think post ‘22 we should expect some sales leverage. And so I wouldn't expect that percentage to remain at 2.3 or certainly not to increase. And so I talked about gaining leverage post 2022 and G&A as a percent of sales. So we expect that and I think that's a fair expectation and capital, we've talked about capital being $2.3 billion for ‘21 and ‘22, one of the reasons certainly is some of the EOTF projects in the U.S. got delayed, deferred in 2020 because of the pandemic. We'll still get done about 900 projects this year, but some have gotten deferred. So while we'll be roughly 90 percent complete at the end of 2021, They're still then obviously About 10% of projects remaining in the U.S. to complete. So that'll keep going post 2021. The other thing I've talked about is new unit growth. We are stepping up on new unit growth. So that would be a little bit higher than we would have had under old guidance. And one of the reasons for the change also. Again, if we think about where we're placing our big investments, it's digital technology innovation and it's new units. And that hits both G&A and on Capital. And again, our belief is those are the right places to invest right now in order to maintain or widen our competitive edge and where we believe some of our peers may not be able to continue investing at the levels that they need to.

MIKE CIEPLAK: Right, next one is more of a U.S. slant to it, but I think, Ian, there may be an opportunity for you to weigh in and maybe even Chris, just more broadly. This one comes from John Ivankov with JP Morgan. He's asking about basically U.S. dining room openings. So, we're achieving, such high U.S. comps are being achieved with only 2,000 dining rooms open. How does this influence the way McDonald's may use/optimize these often large dining room spaces in the future?

JOE ERLINGER: Sure. John, thanks for the question. We do have about 2,000 dining rooms that are open right now, and we are doing some work to re-evaluate the role of the dining room. So you heard a little bit from Mason Smoot, my chief restaurant officer, earlier today, about adding a third window as an example. That would eat into a little bit of space within our dining rooms. So broadly, though, we do eventually believe that people will return to the behavior of coming into restaurants. And so we want to prepare ourselves for when that happens and demonstrate to customers, all of the different things that we've done throughout the pandemic to demonstrate our commitment to safety and wellness of both customers and crew. And I think when the dining rooms do reopen, we're very excited to show the customers the experience of the future investments that we've made, the kiosks that we have. And we do think this will be a meaningful part of our business over the long term. Ian?

IAN BORDEN: Yeah, maybe just a hook on that a little bit, you know, obviously internationally in-store dining represents a greater share of our overall sales and so it still will be back to that omni-channel goal for us to be the leading omni- channel restaurant brand globally. We're going to want to make sure that any channel or touchpoint that our customers want to interact with us is modern and convenient. So I think, as Joe talked about, what we are going to do is continue to invest in those capabilities that are going to make that experience even more relevant. Things like self order kiosks, mobile order pay, which is in 20,000 restaurants and growing, which will allow our customers that when they're ready and able to come back into those dining rooms to interact with us in ways that are convenient and relevant for them as they do that. I think the other part that's really important internationally is we have a lot of cultures that we do business in where the social interaction is a really important part of the culture. Areas like southern Europe, Latin America and those traditions which are generational traditions are not going to change overnight. And so we want to make sure that as the pandemic eases and people get back to more traditional habits, that they're able to do that in a modern and relevant and safe experience. And I think that's a really key part of what Joe touched on. I mean, the global operating procedures and safety protocols that we put in place consistently across all of our restaurants, which I think our restaurant teams and our franchisees have done such an amazing job to bring those to life. I know when I've been in restaurants over the last few months and talking to customers, our customers, when they come into the restaurant, are really confident because of those measures we've taken, how visible they are and the reassurance they get from our people in the restaurants. And so I'm confident that we'll be able to continue to give them that safe experience as that channel rebuilds over time.

MIKE CIEPLAK: Right, next one, Alastair, come your way with this one, I think just talking a little bit more expanding on what you talked about in the prepared remarks on marketing, this one from David Tarantino with Baird, related to marketing, how much do you plan to shift towards brand building communication? And what does your data say about the potential return on that approach? And how long does it take to drive sales? There may be an opportunity to weave in a market example there too.

ALISTAIR MACROW: Yeah, thank you. It's a good question. What's what is the optimum mix between the brand driving and sales driving activation? What we know from some of the markets who are ahead of the curve, I know the UK is a great example who have been driving brand advocacy as an approach for about 12 years. We know that it's something that we should step over time. This isn't about doing a pendulum swing from one to the other overnight. This is about feeling our way, it's making the right amount of shift year on year, understanding the results we're achieving. And bear in mind, when I'm talking about results, we're talking about the impact we have. Of course we're talking about return on the money we spend. But we're also talking about how our brand metric shifts. Are people feeling better about the brand? Are they advocating it to other people? Are more people trusting us? And as we look at the results we are enjoying, then we're able to shift that balance and adjust it as we go along. Ultimately, I'm sure each market will find a slightly different place, which is absolutely right for them, which will be dependent upon culture, competitive environment and also restaurant portfolio, I’m sure.

MIKE CIEPLAK: Thanks, Alastair, this one, more operations based, Joe, probably for you, this one comes from Jake Bartlett with SunTrust. In the U.S., you've slimmed down the menu. How much of this simplification do you expect to be retained longer term? For instance, expected number of items in 2022 versus 2019.

JOE ERLINGER: Yeah, Jake, thanks for the question. And you're right, the simplified menu has helped us tremendously. We originally did it to really, truly simplify the operations for our crew. We knew the challenges they would experience of staying open throughout the pandemic. And, we've obviously seen significant benefits to our operations and our speed as well as our overall profitability. We're going to be thoughtful and judicious as we add back to our menu. Obviously, we see several really big opportunities that we have, chicken being the one that's closest to us. And that chicken launch is actually going to replace an existing sandwich that we will be taking off of the menu. And then we will continue to innovate. But we will do so in a thoughtful and judicious way of recognizing, I think, to a deeper degree and a greater level the benefits that we got from simplification. I mean, I knew coming into the U.S. business we had an opportunity in this area. Never did I expect that we'd end up testing this and implementing this across all 14,000 restaurants. And we've seen benefit, but we'll be committed to providing the customer what they want. And if that that means innovation that will come.

MIKE CIEPLAK: OK, thanks, Joe, Kevin, next one for you coming from Brian Vaccaro with Raymond James. Brian asks it's specific to you, he addresses you, and appreciates the 2021 and 2022 outlook on CapEx and capital allocation priorities. Just curious how we're thinking about balance sheet leverage and any other specific targets we might have in mind for ‘21 and ‘22.

KEVIN OZAN: Yeah. Thanks, Brian. So for ‘21 and ‘22, here's the way ‘21 will play out. Right now we have a little elevated debt level. As you know, we took out a substantial amount of debt earlier this year to both assist the company and our franchisees when the pandemic first hit. We have about a billion dollars of debt that matures in the fourth quarter this year that we’ll pay off. And then next year, as I mentioned after that $2.3 billion of capital that we'll spend, we expect free cash flow to be relatively similar to where it was in 2019. That puts it at around five and a half to six billion, let's call it. And then second priority that I talked about is continuing to pay our dividend. That dividend will cost us three and a half to four billion. So effectively that leaves two billion left, let's say, for 2021. It just so happens that we have two billion dollars, roughly two billion dollars of debt that matures in 2021. So we will spend that excess cash, if you will, after capital and dividends to pay off debt in 2021. That should get us back to around our pre-debt, pre-COVID debt ratios that I've talked about and then would set us up well going into 2022. So that's the way I think about kind of how capital will be used over the next 15 months or so.

MIKE CIEPLAK: Thanks, Kevin. We're coming up on time here and we're actually a little short on remaining questions, so I think we'll go with one more before we call it a day. The next question, this is probably a Joe and Ian question, it's related to Drive-Thru speed. It's from Andrew Charles with Cowen. So, you know, we talked about the 30 seconds of Drive-Thru improvement over the last two years. Looks like there was roughly 20 seconds in 2019 and 10 seconds in 2020. The real question here is, does it make future savings or efficiency opportunities harder as traffic rebounds?

JOE ERLINGER: So I don't think it necessarily does. I think that we have made investments in technology, we've made investments in simplifying our kitchen. And so we think these gains or improvements, I should say, are sustainable. In fact, we hope to even improve upon them. In the U.S. business, we look at different quintiles for our restaurants. And so there's always a lowest quintile and we always see significant opportunity in improving speed in those lowest quintile restaurants. So we think we've got more to run on this and that'll be a focus for 2021 and beyond. Drive-Thru speed of service is an ongoing focus.

IAN BORDEN: And maybe just to hook on Joe's comments there, I mean I think speed is becoming an even more important attribute for our customers, and as I said in my comments on one of the earlier questions. I think of it in three areas, I mean those executional opportunities where we still have improvements to make. That's only, the last couple of years have only proved that to us, the opportunity around that. I think the capacity enablers as I talked about the side by side, the third window, and then the innovation that we know we can bring in and marry with all of the digital capabilities that we're bringing to life. So I'm certainly really confident that we have continued opportunity to improve both the convenience and the speed of service for our customers as we go forward.

MIKE CIEPLAK: Okay. Thanks Ian and thanks to the entire team for a great Q&A session and thanks to you all of you for joining. We really look forward to sharing our progress as we Accelerate the Arches. And on behalf of the whole team, thanks to everybody for joining us, and have a great day.