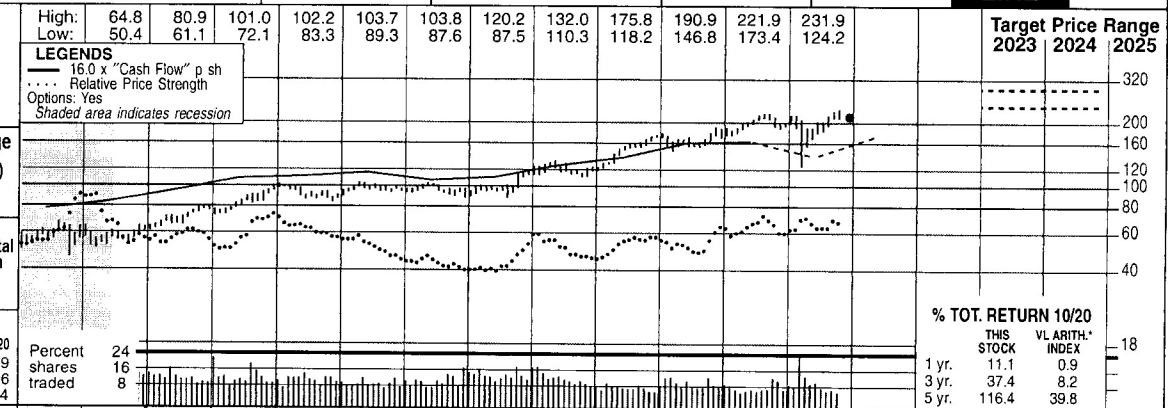


# MCDONALD'S CORP. NYSE-MCD

RECENT PRICE **213.22** P/E RATIO **25.9** (Trailing: 33.7) (Median: 20.0) RELATIVE P/E RATIO **1.29** DIV'D YLD **2.4%** VALUE LINE **363**

**TIMELINESS** 3 Lowered 5/4/18  
**SAFETY** 1 New 7/27/90  
**TECHNICAL** 1 Raised 11/20/20  
 BETA .95 (1.00 = Market)



| 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | © VALUE LINE PUB. LLC  | 23-25  |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------------|--------|
| 15.01  | 16.20  | 17.93  | 19.55  | 21.09  | 21.12  | 22.85  | 26.44  | 27.49  | 28.38  | 28.50  | 28.03  | 30.05  | 28.74  | 27.41  | 28.24  | 25.95  | 30.15  | Revenues per sh        | 41.55  |
| 2.88   | 2.98   | 3.43   | 4.06   | 4.85   | 5.22   | 5.92   | 6.77   | 6.93   | 7.24   | 6.65   | 6.89   | 7.86   | 8.54   | 10.02  | 10.20  | 8.65   | 10.90  | "Cash Flow" per sh     | 15.50  |
| 1.93   | 1.97   | 2.30   | 2.91   | 3.67   | 3.98   | 4.60   | 5.27   | 5.36   | 5.55   | 4.82   | 4.97   | 5.71   | 6.66   | 7.90   | 7.84   | 6.35   | 8.40   | Earnings per sh A      | 12.65  |
| .55    | .67    | 1.00   | 1.50   | 1.63   | 2.05   | 2.26   | 2.53   | 2.87   | 3.12   | 3.28   | 3.44   | 3.61   | 3.83   | 4.19   | 4.73   | 5.04   | 5.22   | Div'ds Decl'd per sh B | 6.75   |
| 1.12   | 1.27   | 1.45   | 1.67   | 1.92   | 1.81   | 2.03   | 2.67   | 3.04   | 2.85   | 2.68   | 2.00   | 2.22   | 2.33   | 3.57   | 3.21   | 2.15   | 3.30   | Cap'l Spending per sh  | 3.40   |
| 11.18  | 11.99  | 12.84  | 13.11  | 12.00  | 13.03  | 13.89  | 14.09  | 15.25  | 16.16  | 13.35  | 7.82   | d2.69  | d4.12  | d8.16  | d11.00 | d11.40 | d12.35 | Book Value per sh C    | d20.00 |
| 1269.9 | 1263.2 | 1203.7 | 1165.3 | 1115.3 | 1076.7 | 1053.6 | 1021.4 | 1002.7 | 990.40 | 962.90 | 906.80 | 819.30 | 794.10 | 767.10 | 746.30 | 745.00 | 730.00 | Common Shs Outst'g D   | 650.00 |
| 14.4   | 16.2   | 16.0   | 17.6   | 15.8   | 14.4   | 15.4   | 15.9   | 17.3   | 17.5   | 20.0   | 20.2   | 21.1   | 22.3   | 21.1   | 25.2   | 25.2   | 25.2   | Avg Ann'l P/E Ratio    | 21.0   |
| .76    | .86    | .86    | .93    | .95    | .96    | .98    | 1.00   | 1.10   | .98    | 1.05   | 1.02   | 1.11   | 1.12   | 1.14   | 1.37   | 1.37   | 1.37   | Relative P/E Ratio     | 1.15   |
| 2.0%   | 2.1%   | 2.7%   | 2.9%   | 2.8%   | 3.6%   | 3.2%   | 3.0%   | 3.1%   | 3.2%   | 3.4%   | 3.4%   | 3.0%   | 2.6%   | 2.5%   | 2.4%   | 2.4%   | 2.4%   | Avg Ann'l Div'd Yield  | 2.6%   |

**CAPITAL STRUCTURE as of 9/30/20**  
 Total Debt \$37832.2 mill Due in 5 Yrs \$13267 mill  
 LT Debt \$35143.4 mill LT Interest \$1400 mill  
 (LT interest earned: 8.2x; total interest coverage: 8.2x) (132% of Cap'l)  
 Leases, Uncapitalized Annual rentals \$1162 mill.

**No Defined Benefit Pension Plan**  
 Pfd Stock None

**Common Stock** 754,110,988 shs.

**MARKET CAP: \$161 billion (Large Cap)**

**CURRENT POSITION (\$MILL.)**

|                  | 2018   | 2019   | 9/30/20 |
|------------------|--------|--------|---------|
| Cash Assets      | 866.0  | 898.5  | 3683.8  |
| Receivables      | 2441.5 | 2224.2 | 2391.8  |
| Inventory (FIFO) | 51.1   | 50.2   | 44.2    |
| Other            | 694.6  | 385.0  | 616.3   |
| Current Assets   | 4053.2 | 3557.9 | 6736.1  |
| Accts Payable    | 1207.9 | 988.2  | 689.0   |
| Debt Due         | --     | 59.1   | 2688.8  |
| Other            | 1765.6 | 2573.7 | 2902.4  |
| Current Liab.    | 2973.5 | 3621.0 | 6280.2  |

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '17-'19 of change (per sh)

|             | Past 10 Yrs. | Past 5 Yrs. | Est'd '17-'19 |
|-------------|--------------|-------------|---------------|
| Revenues    | 3.0%         | --          | 6.5%          |
| "Cash Flow" | 7.5%         | 6.5%        | 8.5%          |
| Earnings    | 8.0%         | 7.5%        | 9.0%          |
| Dividends   | 9.5%         | 6.5%        | 8.0%          |
| Book Value  | --           | --          | NMF           |

**QUARTERLY REVENUES (\$ mill.)**

| Cal-endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|-----------|--------|--------|--------|--------|-----------|
| 2017      | 5675   | 6049   | 5754   | 5340   | 22820     |
| 2018      | 5139   | 5354   | 5369   | 5163   | 21025     |
| 2019      | 4956   | 5341   | 5431   | 5349   | 21077     |
| 2020      | 4714   | 3762   | 5418   | 5456   | 19350     |
| 2021      | 5175   | 5550   | 5650   | 5625   | 22000     |

**EARNINGS PER SHARE**

| Cal-endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|-----------|--------|--------|--------|--------|-----------|
| 2017      | 1.47   | 1.70   | 1.76   | 1.71   | 6.66      |
| 2018      | 1.79   | 1.99   | 2.10   | 1.97   | 7.90      |
| 2019      | 1.72   | 2.05   | 2.11   | 1.97   | 7.84      |
| 2020      | 1.47   | .65    | 2.22   | 2.01   | 6.35      |
| 2021      | 1.85   | 2.15   | 2.25   | 2.15   | 8.40      |

**QUARTERLY DIVIDENDS PAID**

| Cal-endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|-----------|--------|--------|--------|--------|-----------|
| 2016      | .89    | .89    | .89    | .94    | 3.61      |
| 2017      | .94    | .94    | .94    | 1.01   | 3.83      |
| 2018      | 1.01   | 1.01   | 1.01   | 1.16   | 4.19      |
| 2019      | 1.16   | 1.16   | 1.16   | 1.25   | 4.73      |
| 2020      | 1.25   | 1.25   | 1.25   | 1.29   |           |

**McDonald's results continued to recover in the third quarter.** As was the case in the June interim, the United States was the standout, while international markets were slower to rebound. This was largely due to stricter measures to combat the pandemic and a less expansive drive-through presence (nearly 95% of U.S. locations offer the service, versus about 70% in Europe). On our shores, comparable-store sales returned to positive territory, climbing 4.6%. While guest counts were down, order sizes were larger. Effective marketing also helped, highlighted by a much-buzzed-about collaboration with rapper Travis Scott. Elsewhere, comps were down 4.4% in the International Operated segment, hurt by weakness in France, Germany, Spain, and the United Kingdom. The International Developmental Licensed market was even softer, with same-store sales decreasing 10.1%. Strength in Japan was offset by weakness in Latin America and China. All told, share earnings clocked in at \$2.22 (excluding a \$0.13 gain from the sale of McDonald's Japan stock), versus \$2.11 in the like period of 2019 and our original

\$1.80 forecast. **The fourth quarter should bring more of the same.** By that we mean that the U.S. should remain a relative outperformer, though probably even more so, as stricter lockdown measures have been implemented in places like the United Kingdom, France, and Germany. New cases are rising quickly on our shores too, though restrictions on par with those in Europe don't appear to be in the offing at this point. Regional restrictions on indoor dining are more likely here, though MCD has kept most of its dining rooms closed this year. Too, as noted, the company's U.S. operations are well suited to pandemic life with extensive drive-through, delivery, and digital capabilities. Longer term, management is exploring a loyalty program and is looking to introduce a crispy chicken sandwich next year to compete with Popeye's and Chick-fil-A. **With the stock trading less than 10% below its all-time high, capital gains potential is subdued.** However, there is considerable appeal for conservative accounts looking for a bit of current income. *Matthew Spencer, CFA November 20, 2020*

(A) Based on diluted shares. Excl. nonrecurr. gain/(loss): '04, (6c); '05, 3c; '06, 53c; '07, (93c); '08, 9c; '09, 13c; '10, (2c); '11, (17c); '12, (27c); '13, (29c); '14, (16c); '15, 4c; '16, (27c); '17, (29c); '18, (16c); '19, 4c; '20, 12c. Excl. cum. effect of acctg change: '04, (8c). Incl. tax benefit: '04, 7c. Excl. tax benefit '05, 4c. Next egs. report due late January.  
 (B) Div'ds paid mid-Mar., Jun., Sep., Dec.  
 (C) Incl. intang. At 12/31/19: \$2,677.4 mill., \$3.59/share. (D) In mill., adj. for splits.  
 (E) May not sum due to rounding.