

MCDONALD'S CORP. NYSE-MCD

RECENT PRICE **147.29** P/E RATIO **23.4** (Trailing: 24.7; Median: 17.0) RELATIVE P/E RATIO **1.20** DIV'D YLD **2.6%** VALUE LINE

TIMELINESS 3 Lowered 11/18/16
SAFETY 1 New 7/27/90
TECHNICAL 5 Lowered 5/19/17
BETA .80 (1.00 = Market)

High: 44.7 63.7 67.0 64.8 80.9 101.0 102.2 103.7 103.8
 Low: 31.7 42.3 45.8 50.4 61.1 72.1 83.3 89.3 87.6
LEGENDS
 — 13.5 x "Cash Flow" p sh
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession

2020-22 PROJECTIONS

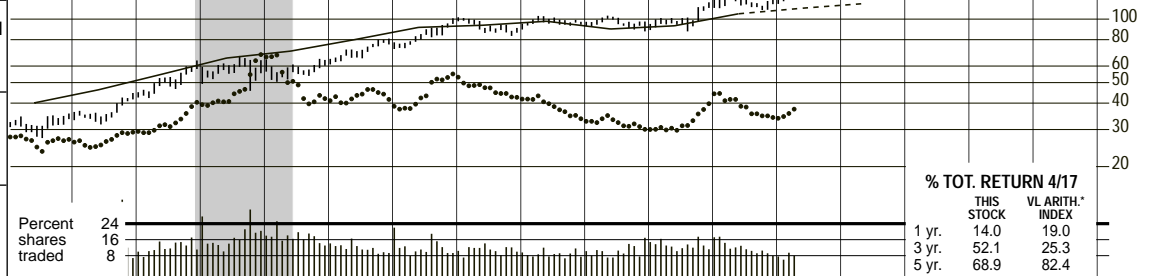
	Price	Gain	Ann'l Total
High	170	(+15%)	7%
Low	140	(-5%)	2%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	0	0	0	0	0
Options	3	1	0	2	0	0	10	1	0
to Sell	0	1	0	1	1	0	0	0	1

Institutional Decisions

	2Q2016	3Q2016	4Q2016
to Buy	617	626	689
to Sell	808	750	717
Hlds(000)	593597	555813	559965



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
11.61	12.15	13.58	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	29.15	26.85	Revenues per sh	31.10
2.23	2.16	2.36	2.88	3.43	4.06	4.85	5.22	5.92	6.77	6.93	7.24	6.65	6.89	6.89	7.86	8.35	8.80	"Cash Flow" per sh	10.45
1.36	1.32	1.43	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	6.30	6.80	Earnings per sh A	8.55
.23	.24	.40	.55	.67	1.00	1.50	1.63	2.05	2.26	2.53	2.87	3.12	3.28	3.44	3.61	3.80	4.00	Div'ds Decl'd per sh B	5.00
1.49	1.58	1.04	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	2.20	2.25	Cap'l Spending per sh	2.50
7.41	8.11	9.50	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	d2.60	d2.70	Book Value per sh C	1.50
1280.7	1268.2	1261.9	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	775.0	745.0	Common Shs Outst'g D	675.0
20.9	18.3	14.1	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	20.0	21.1	Avg Ann'l P/E Ratio	18.0
1.07	1.00	.80	.76	.86	.86	.93	.95	.96	.98	1.00	1.10	.98	1.05	1.02	1.11	1.05	1.11	Relative P/E Ratio	1.15
.8%	1.0%	2.0%	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%	3.4%	3.0%	Avg Ann'l Div'd Yield	3.2%

CAPITAL STRUCTURE as of 3/31/17
 Total Debt \$27207.1 mill. Due in 5 Yrs \$9717 mill.
 LT Debt \$26984.2 mill. LT Interest \$1155 mill.
 (LT interest earned: 9.1x; total interest coverage: 9.1x) (108% of Cap'l)
 Leases, Uncapitalized Annual rentals \$1303 mill.

No Defined Benefit Pension Plan
 Pfd Stock None

Common Stock 815,070,168 shs.

MARKET CAP: \$120 billion (Large Cap)

22787	23522	22745	24075	27006	27567	28106	27441	25413	24622	22600	20000	Revenues (\$mill)	21000
22.3%	32.5%	34.2%	35.6%	35.9%	35.7%	35.9%	35.0%	35.1%	39.0%	42.0%	47.0%	Operating Margin	49.0%
1214.1	1207.8	1216.2	1276.2	1415.0	1488.5	1585.1	1644.5	1555.7	1516.5	1350	1225	Depreciation (\$mill)	1300
3522.6	4201.1	4405.5	4961.9	5503.1	5464.8	5585.9	4757.8	4693.3	4920.2	5135	5340	Net Profit (\$mill)	5770
1.4%	31.8%	30.4%	29.3%	31.3%	32.4%	31.9%	35.5%	30.5%	31.7%	32.0%	32.0%	Income Tax Rate	32.0%
15.5%	17.9%	19.4%	20.6%	20.4%	19.8%	19.9%	17.3%	18.5%	20.0%	22.7%	26.7%	Net Profit Margin	27.5%
d916.6	979.7	427.6	1443.8	893.8	1519.0	1880.1	1437.6	6692.6	1380.3	1000	1000	Working Cap'l (\$mill)	1000
7310.0	10186	10560	11497	12134	13633	14130	14990	24122	25879	26000	26000	Long-Term Debt (\$mill)	26000
15280	13383	14034	14634	14390	15294	16010	12853	7087.9	d2204	d2000	d2000	Shr. Equity (\$mill)	1000
16.4%	18.8%	18.8%	19.8%	21.6%	19.8%	19.4%	18.1%	16.1%	22.7%	23.5%	24.0%	Return on Total Cap'l	23.0%
23.1%	31.4%	31.4%	33.9%	38.2%	35.7%	34.9%	37.0%	66.2%	NMF	NMF	NMF	Return on Shr. Equity	NMF
11.5%	17.8%	15.5%	17.5%	20.1%	16.8%	15.4%	12.0%	20.6%	NMF	NMF	NMF	Retained to Com Eq	NMF
50%	43%	51%	49%	47%	53%	56%	68%	69%	62%	60%	59%	All Div'ds to Net Prof	58%

CURRENT POSITION

	2015	2016	3/31/17
Cash Assets	7685.5	1223.4	2412.2
Receivables	1298.7	1474.1	1336.7
Inventory (FIFO)	100.1	58.9	56.8
Other	558.7	2092.2	2101.5
Current Assets	9643.0	4848.6	5907.2
Accts Payable	874.7	756.0	678.4
Debt Due	--	77.2	222.9
Other	2075.7	2635.1	2319.4
Current Liab.	2950.4	3468.3	3220.7

BUSINESS: McDonald's Corporation operated, franchised, or licensed 36,905 fast-food restaurants in the United States, Canada, and overseas under the McDonald's banner (as of 3/31/17). About 85% are operated by franchisees or affiliates, with the remainder under the control of the company. Foreign operations contributed 66% of systemwide sales and 51% of consolidated operating in-

come in 2016. The company sold a stake in Pret A Manger in 2008. Spun off Chipotle Mexican Grill in 2006 and Boston Market in 2007. Has about 375,000 employees. Officers/directors own less than 1% of common stock (4/17 Proxy). CEO: Steve Easterbrook, Inc. DE. Address: One McDonald's Plaza, Oak Brook, Illinois 60523. Telephone: 630-623-3000. Internet: www.mcdonalds.com.

ANNUAL RATES

	Past 10 Yrs	Past 5 Yrs	Est'd '13-'15 to '20-'22
change (per sh)	6.5%	5.5%	1.5%
Revenues	9.5%	5.5%	6.5%
"Cash Flow"	11.0%	4.5%	9.0%
Earnings	20.0%	10.5%	6.5%
Dividends	1.5%	-1.0%	-21.0%

Shares of McDonald's rose to an all-time high after the company reported better-than-anticipated first-quarter results, and the momentum has continued. We expected stiff competition and tough comparisons to keep things in check, especially in the United States, but management was able to pull the right levers to keep comparable-store sales positive in all regions. On our shores, All Day Breakfast was expanded to include more items, and beverage and Big Mac value promotions were launched, helping to drive a 1.7% comp gain. Global same-store sales rose 4.0%. The top line fell 4% from a year earlier, to \$5.676 billion, but the decline was mainly due to refranchisings, and the figure topped our \$5.575 billion forecast. In terms of profitability, refranchisings helped margins to expand, as did efforts to trim SG&A expenses (which fell 61 basis points as a function of the top line). Lower depreciation expenses (primarily in China and Hong Kong) also helped. All told, total operating costs and expenses as a percentage of revenues were down more than 5.5 percentage points on a year-over-year basis. Stock repurchases also gave a boost

to earnings per share, which jumped nearly 20%, to \$1.47, well ahead of our \$1.33 forecast. Looking ahead, **We think that the company will continue to grow earnings at a brisk pace.** The first quarter showed that leadership's strategy is gaining traction. Its focus is on retaining existing customers, bringing back lost customers, and converting sporadic visitors into regulars. Investments in technology (kiosk and mobile ordering/payment) are geared toward speeding service, increasing convenience, and elevating the consumer experience. Restaurant remodels and delivery options serve the same purpose. Meantime, cost-cutting initiatives and refranchisings ought to increase profitability. **These neutrally ranked shares are not cheap, but they are high quality and offer an attractive dividend yield.** Value investors will probably be inclined to wait for a pullback before building positions, but those with a conservative bent looking for a blue-chip equity with a nice level of current income may find MCD stock attractive.

QUARTERLY REVENUES (\$ mill.) E

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	6700	7181	6987	6572	27441
2015	5958	6497	6615	6341	25413
2016	5904	6265	6424	6029	24622
2017	5676	5900	5724	5300	22600
2018	4750	5100	5225	4925	20000

EARNINGS PER SHARE AE

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	1.21	1.40	1.09	1.12	4.82
2015	1.01	1.26	1.40	1.30	4.97
2016	1.23	1.45	1.62	1.43	5.71
2017	1.47	1.55	1.70	1.58	6.30
2018	1.53	1.72	1.83	1.72	6.80

QUARTERLY DIVIDENDS PAID B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	.77	.77	.77	.81	3.12
2014	.81	.81	.81	.85	3.28
2015	.85	.85	.85	.89	3.44
2016	.89	.89	.89	.94	3.61
2017	.94				

(A) Based on diluted shares. Excl. nonrecur. gain/(loss): '02, (55¢); '03, (25¢); '04, (6¢); '05, 3¢; '06, 53¢; '07, (93¢); '08, 9¢; '09, 13¢; '10, (2¢); '15, (17¢); '16, (27¢). Excl. cum. effect of acting change: '02, (7¢); '03, (3¢); '04, (8¢). Incl. tax benefit: '04, 7¢. Excl. tax benefit '05, 4¢. Next egs. report due 7/25/17. (B) As of 3/08 div'ds paid mid-Mar., Jun., Sep., Dec. Div'd. reinvestment plan available. (C) Incl. intang. At 12/31/16: \$2,336.5 mill., \$2.85/share. (D) In mill., adj. for splits. (E) May not sum due to rounding.