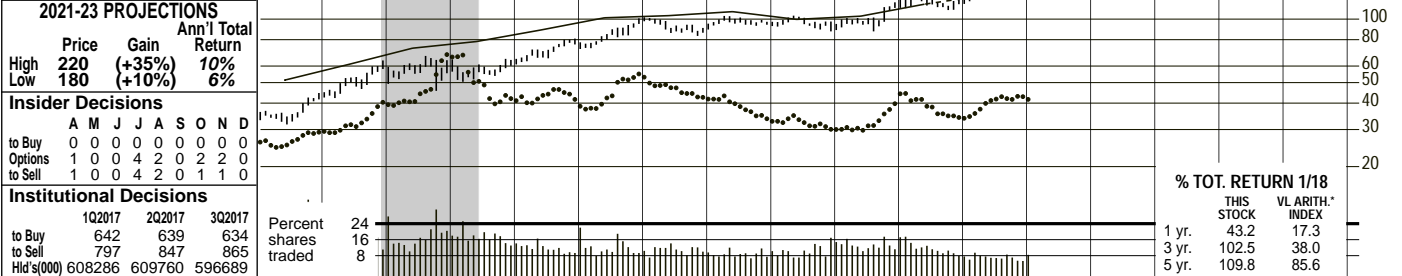


MCDONALD'S CORP. NYSE-MCD

RECENT PRICE **162.40** P/E RATIO **21.9** 24.5 17.0 RELATIVE P/E RATIO **1.16** DIV'D YLD **2.5%** VALUE LINE

TIMELINESS 2 Lowered 12/11/17	High: 63.7 67.0 64.8 80.9 101.0 102.2 103.7 103.8 120.2 132.0 175.8 178.7	Target Price Range 2021 2022 2023
SAFETY 1 New 7/27/90	Low: 42.3 45.8 50.4 61.1 72.1 83.3 89.3 87.6 87.5 110.3 118.2 153.9	
TECHNICAL 3 Lowered 2/2/18	LEGENDS 15.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession	
BETA .80 (1.00 = Market)		



2021-23 PROJECTIONS		Ann'l Total		© VALUE LINE PUB. LLC 21-23																	
Price	Gain	Return		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
High 220	(+35%)	10%		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	29.45	28.20	29.10
Low 180	(+10%)	6%		2.16	2.36	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	8.70	9.65	10.40
Insider Decisions				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	6.66	7.60	8.00
Institutional Decisions				.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	3.83	4.10	4.32
Percent shares traded				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	3.20	3.10
to Buy				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	d3.85	d3.75	d3.50
to Sell				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	715.0
to Buy				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	22.3	22.3	22.3
to Sell				1.00	.80	.76	.86	.86	.93	.95	.96	.98	1.00	1.10	.98	1.05	1.02	1.11	1.09	1.09	1.09
Hlds(000)				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%	3.0%	2.6%	
to Buy				642	639	634	634	634	634	634	634	634	634	634	634	634	634	634	634	634	634
to Sell				797	847	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865
Hlds(000)				608286	609760	596689	596689	596689	596689	596689	596689	596689	596689	596689	596689	596689	596689	596689	596689	596689	596689

CAPITAL STRUCTURE as of 9/30/17		© VALUE LINE PUB. LLC 21-23																
Total Debt \$28618.4 mill. Due in 5 Yrs \$9717 mill.	23522	22745	24075	27006	27567	28106	27441	25413	24622	22820	21000	20800	Revenues per sh	33.10				
LT Debt \$28402.6 mill. LT Interest \$1210 mill.	32.5%	34.2%	35.6%	35.9%	35.7%	35.9%	35.0%	35.1%	39.0%	42.5%	47.5%	48.0%	"Cash Flow" per sh	12.20				
(LT interest earned: 9.1x; total interest coverage: 9.1x)	1207.8	1216.2	1276.2	1415.0	1488.5	1585.1	1644.5	1555.7	1516.5	1340	1215	1400	Earnings per sh A	10.20				
Leases, Uncapitalized Annual rentals \$1303 mill.	4201.1	4405.5	4961.9	5503.1	5464.8	5585.9	4757.8	4693.3	4920.2	5415	5965	6040	Div'ds Decl'd per sh B	5.50				
No Defined Benefit Pension Plan	31.8%	30.4%	29.3%	31.3%	32.4%	31.9%	35.5%	30.5%	31.7%	31.2%	26.0%	26.0%	Cap'l Spending per sh	2.85				
Pfd Stock None	17.9%	19.4%	20.6%	20.4%	19.8%	19.9%	17.3%	18.5%	20.0%	23.7%	28.4%	29.0%	Book Value per sh C	d3.10				
Common Stock 797,185,588 shs.	979.7	427.6	1443.8	893.8	1519.0	1880.1	1437.6	6692.6	1380.3	1500	1500	1500	Common Shs Outst'g D	650.0				
MARKET CAP: \$129 billion (Large Cap)	10186	10560	11497	12134	13633	14130	14990	24122	25879	28000	28000	28000	Avg Ann'l P/E Ratio	19.5				
CURRENT POSITION	13383	14034	14634	14390	15294	16010	12853	7087.9	d2204	d3000	d2800	d2500	Relative P/E Ratio	1.10				
2015	18.8%	18.8%	19.8%	21.6%	19.8%	19.4%	18.1%	16.1%	22.7%	23.5%	25.5%	25.5%	Avg Ann'l Div'd Yield	2.8%				
2016	31.4%	31.4%	33.9%	38.2%	35.7%	34.9%	37.0%	66.2%	66.2%	NMF	NMF	NMF						
2017	17.8%	15.5%	17.5%	20.1%	16.8%	15.4%	12.0%	20.6%	20.6%	NMF	NMF	NMF						
2018	43%	51%	49%	47%	53%	56%	68%	69%	62%	54%	54%	54%						

BUSINESS: McDonald's Corporation operated, franchised, or licensed 36,976 fast-food restaurants in the United States, Canada, and overseas under the McDonald's banner (as of 9/30/17). About 91% 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 income 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 '14-'16 to '21-'23	
change (per sh)	10 Yrs	5 Yrs	2.0%	2.0%	2.0%	2.0%	2.0%
Revenues	6.0%	4.0%	8.0%	8.0%	8.0%	8.0%	8.0%
"Cash Flow"	8.5%	3.5%	10.0%	10.0%	10.0%	10.0%	10.0%
Earnings	9.5%	2.5%	7.0%	7.0%	7.0%	7.0%	7.0%
Dividends	16.5%	8.5%	NMF	NMF	NMF	NMF	NMF
Book Value	-6.5%	-14.5%					

Cal-endar	QUARTERLY REVENUES (\$ mill.) E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	5958	6497	6615	6341	25413
2016	5904	6265	6424	6029	24622
2017	5676	6050	5755	5340	22820
2018	4950	5300	5450	5300	21000
2019	4900	5250	5400	5250	20800

Cal-endar	EARNINGS PER SHARE AE				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	1.70	1.76	1.71	6.66
2018	1.70	1.95	2.05	1.90	7.60
2019	1.80	2.05	2.15	2.00	8.00

Cal-endar	QUARTERLY DIVIDENDS PAID B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	.81	.81	.81	.85	3.28
2015	.85	.85	.85	.89	3.44
2016	.89	.89	.89	.94	3.61
2017	.94	.94	.94	1.01	3.83

McDonald's finished 2017 with an impressive performance. Systemwide sales increased 8% on a constant-currency basis, and global comparable-store sales jumped 5.5%, reflecting positive guest counts in all segments. However, due to management's strategic refranchising initiatives, the top line fell 11% (15% in constant currencies), but came in nicely ahead of our \$5.219 billion forecast. Foundational markets led the charge with an 8.0% increase in comps, followed by the International Lead segment, which posted a 6.0% advance driven by ongoing strength in the United Kingdom and Canada. In the U.S., same-restaurant sales were up 4.5% thanks to the McPick 2 menu, value-priced beverages, increased delivery services, and demand for new *Buttermilk Crispy Tenders*. The High Growth segment brought up the rear, posting a 4.0% advance. Here, a strong performance in China was partially offset by challenges in South Korea. The increase in comps, combined with higher franchised margin dollars, helped push adjusted earnings notably higher on a year-over-year basis. SG&A expense savings, an improved performance

in Japan, and a \$0.04 benefit from foreign currency movements also helped. Excluding an \$0.84-a-share charge associated with the Tax Cuts and Jobs Act, earnings rose 20% from a year earlier, to \$1.71, well ahead of our \$1.59 call. For full-year 2017, global comparable-store sales were up 5.3% and systemwide sales increased 7% in constant currencies. **We expect the progress to continue.** Menu innovation, a relentless focus on value, curbside pickup, expanded delivery services, accelerated store remodels, and mobile order/pay are all growth drivers, in our estimation. Meantime, development plans call for the opening of roughly 1,000 restaurants. According to management, the 2018 tax rate will likely be 25%-27% (our previous call was 32%). Consequently, we have raised our share-earnings estimate for this year by \$0.60, to \$7.60. **After hitting an all-time high in January, McDonald's stock has pulled back along with the broader market.** These shares are still not cheap, but growth accounts, especially conservative ones, will likely find this timely equity attractive. *Matthew Spencer, CFA February 23, 2018*

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Company's Financial Strength	A++
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	85