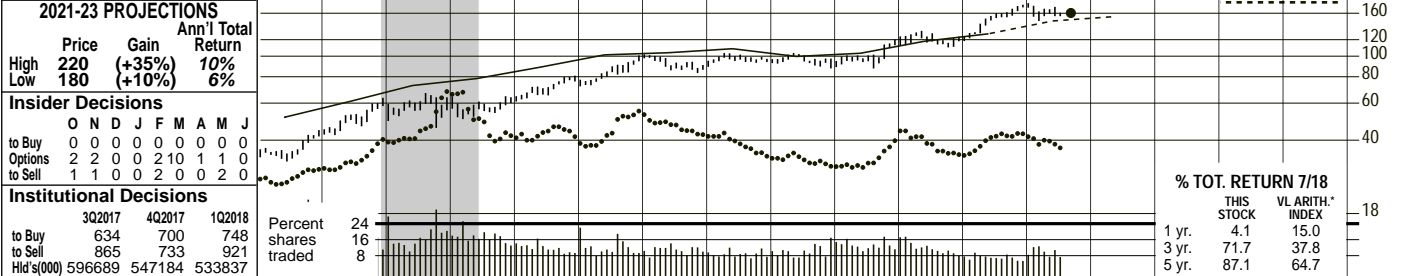


TIMELINESS <b>3</b> Lowered 5/4/18	High: 63.7	67.0	64.8	80.9	101.0	102.2	103.7	103.8	120.2	132.0	175.8	178.7							Target Price Range
SAFETY <b>1</b> New 7/27/90	Low: 42.3	45.8	50.4	61.1	72.1	83.3	89.3	87.6	87.5	110.3	118.2	146.8							2021 2022 2023
TECHNICAL <b>3</b> Lowered 7/20/18	LEGENDS 15.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession																		
BETA .80 (1.00 = Market)																			



<b>2021-23 PROJECTIONS</b>																			
Price	Gain	Ann'l Total																	
High	220	(+35%)	Return																
Low	180	(+10%)	10%																
<b>Insider Decisions</b>																			
	O	N	D	J	F	M	A	M	J										
to Buy	0	0	0	0	0	0	0	0	0										
Options	2	2	0	0	2	1	1	1	0										
to Sell	1	1	0	0	2	0	0	2	0										
<b>Institutional Decisions</b>																			
	3Q2017	4Q2017	1Q2018																
to Buy	634	700	748																
to Sell	865	733	921																
Hlds(000)	596689	547184	533837																
© VALUE LINE PUB. LLC 21-23																			

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Revenues per sh	33.25
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	28.74	<b>27.85</b>	<b>28.70</b>	"Cash Flow" per sh	12.30
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	8.54	<b>9.80</b>	<b>10.30</b>	Earnings per sh A	10.20
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	<b>7.70</b>	<b>8.20</b>	Div'ds Decl'd per sh B	5.50
.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	<b>4.10</b>	<b>4.32</b>	Cap'l Spending per sh	2.85
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	2.33	<b>3.10</b>	<b>3.20</b>	Book Value per sh C	d12.30
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	d4.12	<b>d7.90</b>	<b>d8.85</b>	Common Shs Outst'g D	650.0
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	794.10	<b>760.0</b>	<b>735.0</b>	Avg Ann'l P/E Ratio	19.5
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	<b>20.6</b>	<b>21.1</b>	Relative P/E Ratio	1.10
1.00	.80	.76	.86	.86	.93	.95	.96	.98	1.00	1.10	.98	1.05	1.02	1.11	1.11	<b>1.11</b>	<b>1.11</b>	Avg Ann'l Div'd Yield	2.8%
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%	2.6%	Bold figures are Value Line estimates			

<b>CAPITAL STRUCTURE as of 6/30/18</b>																		
Total Debt \$30,980 mill. Due in 5 Yrs \$10606 mill.																		
LT Debt \$30,688 mill. LT Interest \$1305 mill.																		
(LT interest earned: 9.5x; total interest coverage: 9.5x) (124% of Cap'l)																		
Leases, Uncapitalized Annual rentals \$1152 mill.																		
<b>No Defined Benefit Pension Plan</b>																		
Pfd Stock None																		
<b>Common Stock 775,800,409 shs.</b>																		
<b>MARKET CAP: \$125 billion (Large Cap)</b>																		
<b>CURRENT POSITION</b>																		
	2016	2017	6/30/18															
Cash Assets	1223.4	2463.8	1623.5															
Receivables	1474.1	1976.2	2217.2															
Inventory (FIFO)	58.9	58.8	49.6															
Other	2092.2	828.4	465.3															
Current Assets	4848.6	5327.2	4355.6															
Accts Payable	756.0	924.8	917.9															
Debt Due	77.2	--	292.2															
Other	2635.1	1965.8	1760.2															
Current Liab.	3468.3	2890.6	2970.3															

<b>ANNUAL RATES</b>																		
	Past	Past	Est'd '15-'17															
of change (per sh)	10 Yrs.	5 Yrs.	to '21-'23															
Revenues	5.0%	2.5%	2.5%															
"Cash Flow"	8.5%	3.5%	8.0%															
Earnings	9.0%	2.5%	10.0%															
Dividends	13.0%	7.5%	7.0%															
Book Value	--	--	NMF															

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	5139	5354	5387	5300	21180
2019	5000	5300	5500	5300	21100

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	1.79	1.99	2.01	1.91	7.70
2019	1.85	2.05	2.20	2.10	8.20

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
2018	1.01	1.01			

(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¢); '17, (29¢); '18, (16¢). 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 late Oct. (B) Div'ds paid mid-Mar., Jun., Sep., Dec. Div'd. reinvestment plan available. (C) Incl. intang. At 12/31/17: \$2,379.7 mill., \$3.00/share. (D) In mill., adj. for splits. (E) May not sum due to rounding.

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**McDonald's reported solid second-quarter results that were in line with our forecasts.** Comparable-store sales in the United States were slightly weaker than expected due to stiff competition, but strength in other corners of the globe helped pick up the slack. Specifically, comps rose 2.6% in the United States, thanks to a higher average check, which was the result of menu price increases and favorable product mix shifts. Foundational markets posted the best comp increase at 6.8%, but the bigger story was the 4.9% gain in the International Lead segment. This figure was much better than anticipated and reflected broad-based strength, with the United Kingdom and France leading the charge. The High Growth segment rounded things out with a 2.4% comp gain, as a strong performance in Italy was partially offset by weakness in South Korea. All told, global comparable-store sales rose 4.0% in the June quarter, a solid showing in our view. Systemwide sales were up 5% in constant currencies, but the top line fell 12% from a year earlier, nearly matching our \$5.350 billion forecast. The year-to-year decline stemmed

from efforts to convert more company-owned restaurants into franchised locations, so we are not concerned by the dip. On the bottom line, share earnings were \$1.99 (excluding \$0.09 a share of restructuring charges), up 17% from a year earlier and a penny ahead of our call. The higher comp, combined with a lower share count and more favorable tax rate, enabled the heady share-net advance. **Competition is fierce, but we believe that McDonald's is executing well with its growth initiatives.** These include restaurant remodels, menu innovation, mobile order/pay capabilities, and the rollout of delivery services. Costs associated with these endeavors should ease in the back half of the year, as should commodity cost inflation. **We think McDonald's stock has appeal for conservative accounts.** Capital gains potential is not vast, but it looks better on a risk-adjusted basis, given MCD's top marks for Safety and Price Stability, as well as the company's A++ (Highest) rank for Financial Strength. An above-average dividend yield sweetens the pot. *Matthew E. Spencer, CFA August 24, 2018*

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

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