

93% are operated by franchisees or affiliates, with the remainder under the control of the company. Foreign operations contributed 65% of systemwide sales and 58% of consolidated operating in-

of common stock (4/18 Proxy). CEO: Steve Easterbrook. Inc.: Delaware. Address: 110 North Carpenter Street, Chicago, Illinois 60607. Telephone: 630-623-3000. Internet: www.mcdonalds.com

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

4848.6

756.0

3468.3

5327.2

924.8

1965.8

2890.6

5553.1

932.8

2693.9

3626.7

Current Assets

Accts Payable Debt Due

Current Liab

Cal- endar	QUART Mar.31	TERLY REV Jun.30	/ENUES (\$ Sep.30	mill.) ^E Dec.31	Full Year
2015	5958	6497	6615	6341	25413
2016	5904	6265	6424	6029	24622
2017	5676	6050	5755	5340	22820
2018	5139	5354	5369	5263	21125
2019	4950	5275	5375	5250	20850
Cal-	EARNINGS PER SHARE AE				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
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	2.10	1.92	7.80
2019	1.85	2.05	2.20	2.10	8.20
Cal-	QUARTERLY DIVIDENDS PAID B =				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
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	1.01	1.16	

McDonald's released strong quarter results. The interim marked the 13th-consecutive period of positive global comparable-store sales, with the metric up 4.2%, driven by gains in all geographic segments. Although the 2.4% gain posted in the U.S. was a hair below the Wall Street consensus, the figure was plenty respectable, aided by growth in the average check, which was driven by a favorable product mix and menu price increases. Comps were notably better abroad. Broadly speaking, management's efforts to remodel and modernize restaurants, enhance the guest experience through the use of technology (both customer facing and behind the counter), menu innovation, the rollout of delivery services in some markets, and a continued focus on value all helped to lure diners. The top line decreased 7% from a year earlier, though this was due to currency fluctuations and refranchisings. Indeed, systemwide sales actually increased 5% (in constant currencies). Despite a \$0.05-per-share headwind from unfavorable foreign currency movements, share earnings were \$2.10, \$0.09 ahead of our call. Aided by the aforemen-

tioned refranchisings, SG&A costs fell from a year earlier, as did companyoperated restaurant expenses.

We expect results to remain strong as management stays the course with its refranchising and modernization efforts. Competition is fierce, but the company's focus on value and convenience should serve it well, along with its investments in delivery and technology. Traffic ought to improve once remodeling-related construction abates. Foreign exchange will likely remain a near-term headwind.

We continue to believe that this stock has appeal for conservative investors. Capital gains potential is nothing to write home about, but the equity does have other favorable attributes, namely our Highest (1) rank for Safety, a top score for Price Stability (100), a low Beta (0.80), and a dividend yield that is above the Value Line median. Regarding the last point, the quarterly cash distribution was recently raised 15%, to \$1.16 a share. All told, conservative income-seekers may be especially keen on MCD in light of recent volatility in the broader market. Matthew Spencer, CFA November 23, 2018

(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 accting change: '02, (7¢); '03, (3¢); '04, (8¢). Incl. tax benefit: '04, 7¢. Excl. tax benefit '05, 4¢. Next egs. report due late Jan. (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.

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