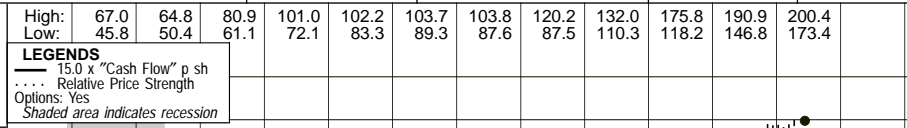


MCDONALD'S CORP. NYSE-MCD

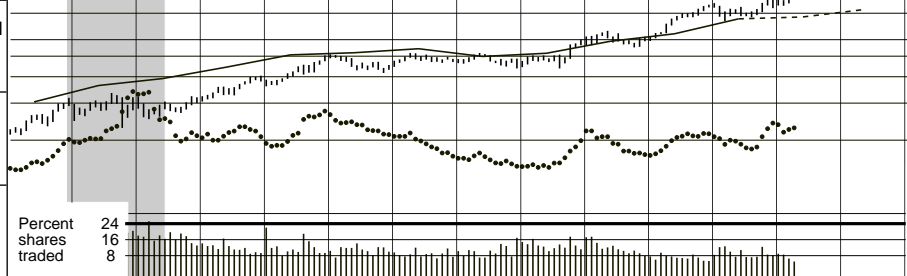
RECENT PRICE **198.01** P/E RATIO **24.9** 25.3 19.0 RELATIVE P/E RATIO **1.49** DIV'D YLD **2.4%** VALUE LINE

TIMELINESS 3 Lowered 5/4/18
SAFETY 1 New 7/27/90
TECHNICAL 3 Lowered 3/29/19
BETA .80 (1.00 = Market)



Target Price	Range	
2022	2023	2024
320		
200		
160		
120		
100		
80		
60		
40		
18		

2022-24 PROJECTIONS
 Price Gain Ann'l Total
 High Low 240 200 (+20%) (Nil) 8% 3%
Insider Decisions
 J A S O N D J F M
 to Buy 0 0 0 0 0 0 0 0 0 0
 Options 0 2 0 3 2 0 0 1 1 0
 to Sell 0 0 0 4 0 0 0 0 0 0
Institutional Decisions
 2Q2018 3Q2018 4Q2018
 to Buy 775 731 886
 to Sell 816 869 854
 Hlds(000) 545309 519207 519901
 Percent shares traded 24 16 8



% TOT. RETURN 4/19	THIS STOCK	VL ARITH. INDEX
1 yr.	21.0	5.6
3 yr.	69.1	37.6
5 yr.	125.5	44.9

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
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	27.41	28.30	29.70	Revenues per sh	36.00
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	10.02	10.25	11.15	"Cash Flow" per sh	13.30
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	7.90	7.95	8.65	Earnings per sh A	11.00
.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	4.19	4.72	5.00	Div'ds Decl'd per sh B	6.25
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	3.57	3.10	3.10	Cap'l Spending per sh	3.00
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	d8.16	d10.15	d11.20	Book Value per sh C	d15.40
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	767.10	740.00	715.00	Common Shs Outst'g D	650.00
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	21.1	20.0	21.1	Avg Ann'l P/E Ratio	20.0
.80	.76	.86	.86	.93	.95	.96	.98	1.00	1.10	1.10	.98	1.05	1.02	1.11	1.14	1.12	1.14	Relative P/E Ratio	1.10
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%	2.5%	2.6%	2.5%	Avg Ann'l Div'd Yield	2.8%

CAPITAL STRUCTURE as of 3/31/19
 Total Debt \$32892.0 mill Due in 5 Yrs \$11805 mill
 LT Debt \$32892.0 mill LT Interest \$1345 mill
 (LT interest earned: 9.3x; total interest coverage: 9.3x) (125% of Cap'l)
 Leases, Uncapitalized Annual rentals \$1145 mill.
No Defined Benefit Pension Plan
 Pfd Stock None
 Common Stock 763,556,377 shs.
MARKET CAP: \$151 billion (Large Cap)

22745	24075	27006	27567	28106	27441	25413	24622	22820	21025	20925	21250	Revenues (\$mill)	23400
34.2%	35.6%	35.9%	35.7%	35.9%	35.0%	35.1%	39.0%	42.7%	49.5%	49.5%	50.0%	Operating Margin	51.0%
1216.2	1276.2	1415.0	1488.5	1585.1	1644.5	1555.7	1516.5	1363.4	1482.0	1525	1600	Depreciation (\$mill)	1500
4405.5	4961.9	5503.1	5464.8	5585.9	4757.8	4693.3	4920.2	5415.0	6205.3	6040	6360	Net Profit (\$mill)	7150
30.4%	29.3%	31.3%	32.4%	31.9%	35.5%	30.5%	31.7%	31.2%	24.1%	25.0%	26.0%	Income Tax Rate	26.0%
19.4%	20.6%	20.4%	19.8%	19.9%	17.3%	18.5%	20.0%	23.7%	29.5%	28.9%	29.9%	Net Profit Margin	30.6%
427.6	1443.8	893.8	1519.0	1880.1	1437.6	6692.6	1380.3	2436.6	1079.7	1100	1200	Working Cap'l (\$mill)	1500
10560	11497	12134	13633	14130	14990	24122	25879	29536	31075	34000	36000	Long-Term Debt (\$mill)	40000
14034	14634	14390	15294	16010	12853	7087.9	d2204	d3268	d6258	d7500	d8000	Shr. Equity (\$mill)	d10000
18.8%	19.8%	21.6%	19.8%	19.4%	18.1%	16.1%	22.7%	22.4%	27.0%	25.0%	24.5%	Return on Total Cap'l	25.5%
31.4%	33.9%	38.2%	35.7%	34.9%	37.0%	66.2%	NMF	NMF	NMF	NMF	NMF	Return on Shr. Equity	NMF
15.5%	17.5%	20.1%	16.8%	15.4%	12.0%	20.6%	NMF	NMF	NMF	NMF	NMF	Retained to Com Eq	NMF
51%	49%	47%	53%	56%	68%	69%	62%	57%	52%	59%	58%	All Div'ds to Net Prof	57%

CURRENT POSITION	2017	2018	3/31/19
Cash Assets	2463.8	866.0	2289.1
Receivables	1976.2	2441.5	1992.7
Inventory (FIFO)	58.8	51.1	40.8
Other	828.4	694.6	641.8
Current Assets	5327.2	4053.2	4964.4
Accts Payable	924.8	1207.9	823.6
Debt Due	--	--	--
Other	1965.8	1765.6	2556.0
Current Liab.	2890.6	2973.5	3379.6

BUSINESS: McDonald's Corporation operated, franchised, or licensed 37,971 fast-food restaurants in the United States, Canada, and overseas under the McDonald's banner (as of 3/31/19). About 93% are operated by franchisees or affiliates, with the remainder under the control of the company. Foreign operations contributed 64% of systemwide sales and 54% of consolidated operating in-

come in 2018. 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 210,000 employees. Officers/directors own less than 1% of common stock (4/19 Proxy). CEO: Steve Easterbrook. Inc.: Delaware. Address: 110 North Carpenter Street, Chicago, Illinois 60607. Telephone: 630-623-3000. Internet: www.mcdonalds.com.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
change (per sh)	4.0%	1.0%	4.0%
Revenues	8.0%	4.5%	7.0%
"Cash Flow"	8.5%	4.5%	8.5%
Earnings	11.0%	6.5%	8.5%
Dividends	--	--	NMF
Book Value	--	--	NMF

McDonald's delivered a strong first-quarter sales performance. While the top line did slip nearly 4% from a year earlier, the figure was slightly ahead of our \$4.950 billion forecast. Moreover, the year-over-year dip was due to the effects of refranchising activity and unfavorable foreign currency movements, not a deterioration in fundamentals. In fact, global comparable-store sales rose a better-than-expected 5.4%, with growth in all geographic segments. Digging deeper, the metric rose 6.0% in the International Operated segment, led by growth in the United Kingdom and France. The International Developmental Licensed business also notched a 6.0% comp gain, thanks to broad-based strength. In the closely watched U.S. market, same-store sales climbed 4.5%, helped by a host of successful promotions, such as the Bacon Event, 2 for \$5 Mix and Match deal, and Donut Sticks. Earnings, on the other hand, came in a bit below our expectation, but once again, this was not a sign of weak fundamentals and no real cause for alarm. Specifically, earnings were \$1.72 a share, \$0.13 below our estimate, but this in-

cluded \$0.06 a share of "tax costs due to regulations issued in January 2019 related to the Tax Cuts and Jobs Act," as well as a \$0.09 headwind from unfavorable foreign exchange rate movements. **We look for the momentum to continue.** Management is working aggressively to ensure the restaurant chain stays relevant with menu innovation, modernized locations, delivery services, mobile order/pay functionality, etc. And it's doing this without losing sight of what made the company iconic in the first place: a focus on value, convenience, and taste. Still, there are challenges, including the aforementioned currency headwinds and elevated labor costs. **Overall, we continue to like McDonald's stock for conservative income-focused investors.** It ticks all the right boxes, including a low Beta and top marks for Safety, Price Stability, and Financial Strength. Too, the dividend yield is above the Value Line median. On the downside, long-term capital gains potential looks unimpressive, as the stock recently hit an all-time high. *Matthew Spencer, CFA* May 24, 2019

(A) Based on diluted shares. Excl. nonrecur. gain/(loss): '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 acct'g change: '03, (3¢); '04, (8¢). Incl. tax benefit: '04, 7¢. Excl. tax benefit '05, 4¢. Next egs. report due late July.	(B) Div'ds paid mid-Mar., Jun., Sep., Dec.	Div'd. reinvestment plan available.	(C) Incl. intang. At 12/31/18: \$2,331.5 mill., \$3.04/share. (D) In mill., adj. for splits.	(E) May not sum due to rounding.	Company's Financial Strength	A++
					Stock's Price Stability	100
					Price Growth Persistence	55
					Earnings Predictability	85