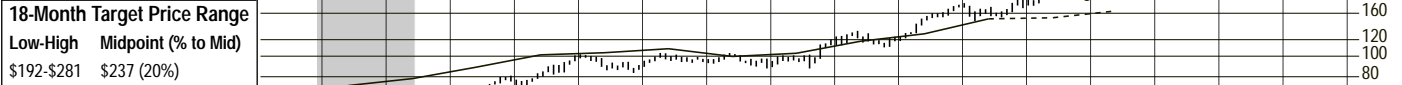


TIMELINESS 3 Lowered 5/4/18	High: 67.0	64.8	80.9	101.0	102.2	103.7	103.8	120.2	132.0	175.8	190.9	221.9							Target Price Range	2022	2023	2024	
SAFETY 1 New 7/27/90	Low: 45.8	50.4	61.1	72.1	83.3	89.3	87.6	87.5	110.3	118.2	146.8	173.4											
TECHNICAL 1 Raised 11/8/19	LEGENDS — 15.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession																						
BETA .75 (1.00 = Market)																							



2022-24 PROJECTIONS		Ann'l Total Return																				
High	Price	Gain	8%																			
Low	240	(+25%)																				
	200	(+5%)	4%																			

Institutional Decisions		4Q2018	1Q2019	2Q2019																					
to Buy	886	899	887																						
to Sell	854	899	921																						
Hlds(000)	519901	517534	519305																						
				Percent shares traded	24	16	8																		

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	28.20	29.85	Revenues per sh		36.30
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	10.15	10.95	"Cash Flow" per sh		13.45
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	7.85	8.50	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's 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	3.00	3.05	Cap'l Spending per sh		3.05
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	d12.10	d13.90	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	745.00	720.00	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	Bold figures are Value Line estimates		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	1.14	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%			Avg Ann'l Div'd Yield		2.8%

CAPITAL STRUCTURE as of 9/30/19				22745	24075	27006	27567	28106	27441	25413	24622	22820	21025	21025	21500	Revenues (\$mill)	23600
Total Debt \$32850.1 mill Due in 5 Yrs \$11805 mill				34.2%	35.6%	35.9%	35.7%	35.9%	35.0%	35.1%	39.0%	42.7%	49.5%	49.0%	49.5%	Operating Margin	51.0%
LT Debt \$32850.1 mill LT Interest \$1340 mill				1216.2	1276.2	1415.0	1488.5	1585.1	1644.5	1555.7	1516.5	1363.4	1482.0	1550	1600	Depreciation (\$mill)	1600
(LT interest earned: 9.3x; total interest coverage: 9.3x) (135% of Cap'l)				4405.5	4961.9	5503.1	5464.8	5585.9	4757.8	4693.3	4920.2	5415.0	6205.3	6005	6290	Net Profit (\$mill)	7150
Leases, Uncapitalized Annual rentals \$1145 mill.				30.4%	29.3%	31.3%	32.4%	31.9%	35.5%	30.5%	31.7%	31.2%	25.0%	24.1%	Income Tax Rate	26.0%	
No Defined Benefit Pension Plan				19.4%	20.6%	20.4%	19.8%	19.9%	17.3%	18.5%	20.0%	23.7%	29.5%	28.6%	29.3%	Net Profit Margin	30.3%
Pfd Stock None				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
Common Stock 753,093,326 shs.				10560	11497	12134	13633	14130	14990	24122	25879	29536	31075	33500	36000	Long-Term Debt (\$mill)	40000
MARKET CAP: \$146 billion (Large Cap)				14034	14634	14390	15294	16010	12853	7087.9	d2204	d3268	d6258	d9000	d10000	Shr. Equity (\$mill)	d10000
CURRENT POSITION				18.8%	19.8%	21.6%	19.8%	19.4%	18.1%	16.1%	22.7%	22.4%	27.0%	26.5%	26.5%	Return on Total Cap'l	25.5%
2017				31.4%	33.9%	38.2%	35.7%	34.9%	37.0%	66.2%	NMF	NMF	NMF	NMF	NMF	Return on Shr. Equity	NMF
2018				15.5%	17.5%	20.1%	16.8%	15.4%	12.0%	20.6%	NMF	NMF	NMF	NMF	NMF	Retained to Com Eq	NMF
9/30/19				51%	49%	47%	53%	56%	68%	69%	62%	57%	60%	59%	All Div'ds to Net Prof	57%	

McDonald's parted ways with CEO Steve Easterbrook after he was involved in a consensual relationship with an employee, thus violating company policy and showing "poor judgment." Mr. Easterbrook, who is widely credited with turning the business around with all-day breakfast and an embrace of technology, was succeeded by Chris Kempczinski, who most recently held the title president of McDonald's USA. We expect him to stay the course near term, though a new hand at the tiller always brings with it an element of uncertainty.

Third-quarter financials were weaker than expected in a few areas. The top line increased 1% from a year earlier, essentially matching our \$5.430 billion forecast. However, the figure was slightly below the consensus on Wall Street. The company performed well overseas, but faced stiff competition at home. In the U.S., same-store sales rose 4.8%, bringing the global comp to 5.9%. Growth in the key U.S. market was below the Wall Street consensus of 5.2%. At home, transactions fell, but price increases and promotions drove sales. Too, earnings per share rose

Cal-endar	QUARTERLY REVENUES (\$ mill.) E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2016	5903	6265	6424	6028	24621
2017	5675	6049	5754	5340	22820
2018	5139	5354	5369	5163	21025
2019	4956	5341	5431	5297	21025
2020	5050	5450	5550	5450	21500

Cal-endar	EARNINGS PER SHARE AE				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	1.97	7.90
2019	1.72	2.05	2.11	1.97	7.85
2020	1.90	2.15	2.30	2.15	8.50

Cal-endar	QUARTERLY DIVIDENDS PAID B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	4.19
2019	1.16	1.16	1.16	1.25	

(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¢); '19, (8¢). Excl. cum. effect of acctg change: '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. (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.

just a penny year to year, while our forecast was \$2.17 and the consensus was about \$2.21. Despite sales being on par with our call and the share count declining, total operating costs and expenses moved 66 basis points higher as a percentage of sales. Meantime, the tax rate increased 114 basis points and interest expense moved 51 basis points higher. Foreign exchange was a \$0.03 headwind. **All told, it was not a bad quarter for McDonald's.** Same-store sales growth was broad based, albeit weighted toward overseas markets. Management's embrace of technology to make the dining experience more enjoyable and efficient has been well received by consumers, as have its menu innovations and promotions. Fierce competition and higher costs appeared to be the main factors behind the U.S. comp and earnings misses. Looking ahead, we think the fourth quarter will bring more of the same, meaning that management will execute well but face familiar headwinds. **As for McDonald's stock, we think that it has appeal as an income vehicle for conservative investors.** Matthew Spencer, CFA November 22, 2019

Company's Financial Strength	A++
Stock's Price Stability	100
Price Growth Persistence	65
Earnings Predictability	85

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