

**McDonald's Corp**

Consolidated revenues declined 5.3% y/y (+6.7% vs Q3 2019, +5.7% in Q2 2022 vs Q2 2019) to USD5.9bn (a 3% beat), impacted by an adverse currency translation, due to weakening of all currencies against the USD. Global like-for-like (LFL) sales increased 9.5% y/y (cons. of 5.8%; vs +9.7% y/y in Q2 2022), with a normalised trajectory in the US and healthy momentum at International. LFL sales in the US grew 6.1% y/y (cons. of 4.0%; vs +3.7% y/y in Q2 2022) on higher menu prices and increased guest counts, along with growth in digital platforms. International LFL sales growth maintained momentum, 8.5% y/y vs 13.0% y/y in Q2 2022, driven by improved performance in France, Germany, and Australia. The gross margin for franchised restaurants improved 80bps y/y to 84.0%, while it narrowed for company-operated restaurants by 260bps y/y to 16.2%. Adj. net profits dropped 4.6% y/y to USD2.0bn. Adj. EPS fell 2.9% y/y (+4.0% y/y in c.c.) to USD 2.68, a 4% beat, due to an unfavourable currency impact of USD 0.19. MCD declared dividend of USD 1.52 per share in Q3 (+10% y/y). MCD continues to expect unit growth of 1.5% (in line with the mid-point of the long-term outlook) and adj. operating margin growth in the mid-40% range for 2022. The company expects capex of USD2.0bn in 2022, of which ca 50% will be utilised for restaurant expansion in the US and international markets.

Corporate Ratings	Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (If Available)			
S&P	BBB+										
Outlook	Stable										
Moody's	Baa1										
Outlook	Stable										
Fitch	WD										
Outlook	-										
CDS Data											
5 YR CDS	34.52										
% 3 Months	-3.40										
% 6 Months	-27.76										
% 1 Year	22.21										
52 Week Low	21.62										
52 Week High	55.35										
Profitability											
EBIT	10,489										
Operating Margin	45.08										
Pretax Margin	40.55										
Return on Assets	14.77										
Return on Common Equity	--										
Return on Capital	20.05										
Asset turnover	0.46										
Structure											
Current Ratio	1.65										
Quick Ratio	1.35										
Total Debt to Total Assets	97.50										
Total Debt to Com Equity	--										
Acct Receivable Turnover	12.51										
Inventory Turnover	213.10										
Gross Margin	57.18										
EBIT / Total Inter	8.89										
Growth Potential											
Sales 1yr Growth	20.90										
Asset 1yr Growth	2.33										
Capital 1yr Growth	2.54										
Income Statement Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Revenue	5,307.6	5,662.4	23,265.2	5,872.1	5,718.4	5,665.6	6,009.1	6,201.3	5,887.9	5,124.6	5,313.8
Operating Income	2,401.8	2,592.0	10,489.0	2,919.7	2,664.1	2,404.4	2,500.8	2,836.7	2,606.8	2,137.0	2,051.4
Pretax Income	2,093.5	2,273.8	9,434.9	2,692.0	2,398.4	2,133.0	2,211.5	2,541.6	2,291.7	1,808.4	1,738.5
Income bef XO Items	1,647.5	1,788.9	5,912.8	1,981.6	1,188.0	1,104.4	1,638.8	2,149.9	2,219.3	1,537.2	1,377.2
Net Income	1,644.6	1,778.6	7,473.6	2,104.7	1,969.5	1,678.6	1,720.7	2,031.6	1,793.9	1,423.2	1,304.9
Basic EPS Before XO Items	--	--	10.08	2.86	2.67	2.26	2.29	2.72	2.40	1.91	1.74
Basic EPS	2.24	2.42	9.74	2.68	2.55	2.28	2.23	2.76	2.37	2.05	1.70
Diluted EPS Before XO Items	--	--	10.04	2.85	2.65	2.25	2.29	2.70	2.38	1.90	1.74
Diluted EPS	--	--	7.94	2.68	1.60	1.48	2.18	2.86	2.95	2.05	1.84
Dividends per Share	1.50	1.50	5.5	1.38	1.38	1.38	1.38	1.29	1.29	1.29	1.29
EBITDA	2,875.4	3,066.9	10,042.5	2,857.2	1,804.8	2,896.9	2,483.6	2,964.6	2,676.4	2,357.3	--
Return on Common Equity	-79.8	-86.2	--	--	--	--	--	--	--	--	--
Balance Sheet Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Total Current Assets	5,740.8	5,740.8	4,919.3	4,656.4	7,148.5	6,795.9	5,701.2	5,467.9	6,243.2	5,467.9	6,243.2
Total Long-Term Assets	42,760.8	42,760.8	44,328.5	46,221.3	46,705.8	45,931.1	46,191.9	45,635.2	46,383.6	46,383.6	46,383.6
Total Assets	48,501.6	48,501.6	49,247.8	50,877.7	53,854.3	52,727.0	51,893.1	51,103.1	52,626.8	52,626.8	52,626.8
Total Current Liabilities	3,486.1	3,486.1	3,480.1	4,234.6	4,020.0	5,095.6	3,934.8	4,579.8	6,181.2	6,181.2	6,181.2
Total Long-Term Liabilities	51,581.7	51,581.7	52,137.5	52,633.9	54,435.3	53,306.4	53,766.3	53,758.8	54,270.5	54,270.5	54,270.5
Total Liabilities	55,067.8	55,067.8	55,617.6	56,868.5	58,455.3	58,402.0	57,701.1	58,338.6	60,451.7	60,451.7	60,451.7
Total Shareholders' Equity	-6,566.2	-6,566.2	-6,369.8	-5,990.8	-4,601.0	-5,675.0	-5,808.0	-7,235.5	-7,824.9	-7,824.9	-7,824.9
Shares Outstanding	732.4	732.4	735.7	739.5	745.0	747.2	746.8	746.1	745.4	745.4	745.4
Book Value per Share	-9.2	-9.0	-9.0	-9.0	-8.7	-8.1	-6.2	-7.6	-7.8	-9.7	-10.5
Tangible Book Value / Sh	-12.6	-12.6	-12.4	-11.9	-9.9	-11.3	-11.5	-13.4	-14.2	-14.9	-14.9
Shareholder Equity/Total Liab	-13.5	-13.5	-12.9	-11.8	-8.5	-10.8	-11.2	-14.2	-14.9	-14.9	-14.9
Cash Flow Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Net Income	1,647.5	1,788.9	5,912.8	1,981.6	1,188.0	1,104.4	1,638.8	2,149.9	2,219.3	1,537.2	1,377.2
Depreciation and Amortization	469.4	474.7	--	--	--	--	--	--	--	--	--
Change in Working Capital	554.4	815.5	1,017.4	-2,706.7	1,428.2	-66.1	878.3	826.1	-393.9	826.1	-393.9
Cash - Operating Activities	7,851.8	2,433.9	618.1	2,133.3	2,666.5	2,617.8	1,733.2	2,124.0	1,992.8	1,992.8	1,992.8
Capital Expenditures	-495.6	-623.3	-2,057.5	-531.2	-437.9	-401.2	-687.2	-501.5	-482.6	-368.7	-463.1
Cash - Investing Activities	-2,729.5	-733.1	-319.2	-554.5	-1,122.7	-384.9	-413.5	-244.6	-362.9	-362.9	-362.9
Cash - Financing Activities	-6,599.8	-745.0	-762.1	-3,952.3	-1,140.4	-976.5	-1,290.0	-2,308.8	-1,864.6	-1,864.6	-1,864.6
Net Changes in Cash	-1,477.5	955.8	-463.2	-2,373.5	403.4	1,256.4	29.7	-429.4	-234.7	-234.7	-234.7
Free Cash Flow	1,817.9	1,730.6	5,794.3	1,902.7	180.2	1,732.1	1,979.3	2,116.3	1,250.6	1,755.3	1,529.7

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