ModernGraham Valuation

Company Name:

Company Ticker MCD Date of Analysis





Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

2/24/2018

McDonald's

Corporation

Defensive Investor; r	nust pass 6 out of the following 7 tests.		
	1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$129,989,098,133 Pass
	2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.28 Fail
	3. Earnings Stability	Positive EPS for 10 years prior	Pass
	4. Dividend Record	Dividend Payments for 10 years prior	Pass
		Increase of 33% in EPS in past 10	
	5. Earnings Growth	years using 3 year averages at beginning and end	35.32% Pass
	6. Moderate PEmg Ratio	PEmg < 20	26.70 Fail
	7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-38.14 Fail
		Ŭ	
Enterprising Investor	; must pass 4 out of the following 5 tests, or be	suitable for the Defensive Investor.	
	1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.28 Fail
	2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	27.05 Fail
	3. Earnings Stability	Positive EPS for 5 years prior	Pass
	4. Dividend Record	Currently Pays Dividend	Pass
	5. Earnings Growth	EPSmg greater than 5 years ago	Pass
		Score	
Suitability			
Suitability			
Suitability	Defensive	No	
Suitability	Defensive Enterprising	No No	
·	Enterprising		
·			
·	Enterprising		
·	Enterprising rmination of Intrinsic Value	No	
·	Enterprising rmination of Intrinsic Value EPSmg	No \$6.11	
·	Enterprising rmination of Intrinsic Value EPSmg MG Growth Estimate	No \$6.11 2.73%	
·	Enterprising rmination of Intrinsic Value EPSmg MG Growth Estimate MG Value	No \$6.11 2.73% \$85.30	
·	Enterprising rmination of Intrinsic Value EPSmg MG Growth Estimate MG Value MG Value based on 3% Growth	No \$6.11 2.73% \$85.30 \$88.57	
·	Enterprising rmination of Intrinsic Value EPSmg MG Growth Estimate MG Value MG Value based on 3% Growth MG Value based on 0% Growth	No \$6.11 2.73% \$85.30 \$88.57 \$51.92	
Stage 2: Dete	Enterprising rmination of Intrinsic Value EPSmg MG Growth Estimate MG Value MG Value based on 3% Growth MG Value based on 0% Growth	No \$6.11 2.73% \$85.30 \$88.57 \$51.92	
Stage 2: Dete	Enterprising rmination of Intrinsic Value EPSmg MG Growth Estimate MG Value MG Value based on 3% Growth MG Value based on 0% Growth Market Implied Growth Rate	No \$6.11 2.73% \$85.30 \$88.57 \$51.92 9.10% \$163.06 191.15%	
Stage 2: Dete	Enterprising rmination of Intrinsic Value EPSmg MG Growth Estimate MG Value MG Value based on 3% Growth MG Value based on 0% Growth Market Implied Growth Rate Current Price	No \$6.11 2.73% \$85.30 \$88.57 \$51.92 9.10% \$163.06 191.15% Overvalued	
Stage 2: Dete	Enterprising rmination of Intrinsic Value EPSmg MG Growth Estimate MG Value MG Value based on 3% Growth MG Value based on 0% Growth Market Implied Growth Rate Current Price % of Intrinsic Value	No \$6.11 2.73% \$85.30 \$88.57 \$51.92 9.10% \$163.06 191.15%	
Stage 2: Dete	Enterprising rmination of Intrinsic Value EPSmg MG Growth Estimate MG Value MG Value based on 3% Growth MG Value based on 0% Growth Market Implied Growth Rate Current Price % of Intrinsic Value Opinion MG Grade	No \$6.11 2.73% \$85.30 \$88.57 \$51.92 9.10% \$163.06 191.15% Overvalued	
Stage 2: Dete	Enterprising rmination of Intrinsic Value EPSmg MG Growth Estimate MG Value MG Value based on 3% Growth MG Value based on 0% Growth Market Implied Growth Rate Current Price % of Intrinsic Value Opinion	No \$6.11 2.73% \$85.30 \$88.57 \$51.92 9.10% \$163.06 191.15% Overvalued	

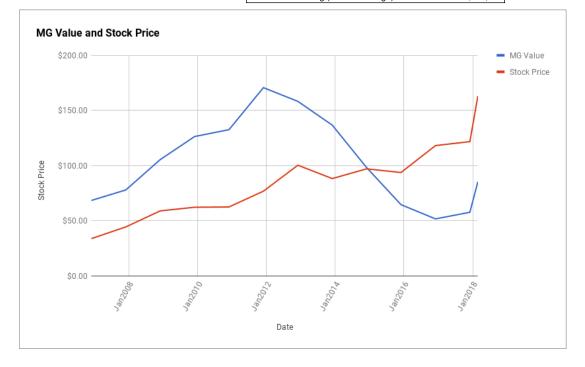
Net Current Asset Value (NCAV)	-\$38.41
Graham Number	\$0.00
PEmg	26.70
Current Ratio	1.28
PB Ratio	-38.14
Current Dividend	\$3.83
Dividend Yield	2.35%
Number of Consecutive Years of Dividend	
Growth	20

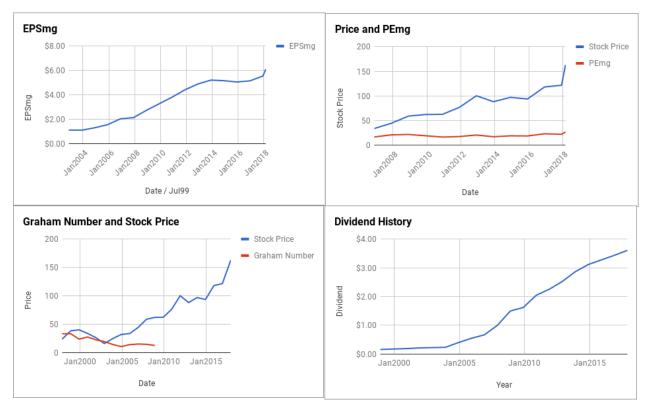
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EPS History		EPSmg History	
Next Fiscal Year			
Estimate	\$7.08	Next Fiscal Year Estimate	\$6.11
Dec2017	\$6.37	Dec2017	\$5.55
Dec2016	\$5.44	Dec2016	\$5.15
Dec2015	\$4.80	Dec2015	\$5.06
Dec2014	\$4.82	Dec2014	\$5.17
Dec2013	\$5.55	Dec2013	\$5.22
Dec2012	\$5.36	Dec2012	\$4.91
Dec2011	\$5.27	Dec2011	\$4.43
Dec2010	\$4.58	Dec2010	\$3.83
Dec2009	\$4.11	Dec2009	\$3.28
Dec2008	\$3.76	Dec2008	\$2.74
Dec2007	\$1.98	Dec2007	\$2.14
Dec2006	\$2.83	Dec2006	\$2.05
Dec2005	\$2.04	Dec2005	\$1.56
Dec2004	\$1.79	Dec2004	\$1.3
Dec2003	\$1.15	Dec2003	\$1.1
Dec2002	\$0.70	Dec2002	\$1.12
Dec2001	\$1.25	Balance Sheet Information	9/1/2017
Dec2000	\$1.46	Total Current Assets	\$4,790,300,000
Dec1999	\$1.39	Total Current Liabilities	\$3,740,200,000
Dec1998	\$1.10	Long-Term Debt	\$28,402,600,000
		Total Assets	\$32,559,600,000
		Intangible Assets	\$2,373,300,000
		Total Liabilities	\$36,037,200,000
		Shares Outstanding (Diluted Average)	813,500,000





Disclaimer:

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