

# ModernGraham Valuation

Company Name:

Mcdonald's Corp

Company Ticker MCD

Date of Analysis

11/17/2018



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

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$145,532,372,247	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.53	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 years using 3 year averages at beginning and end	38.54%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	29.98	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-21.53	Fail

*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	1.53	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	16.56	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 Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$6.26
MG Growth Estimate	3.17%
<b>MG Value</b>	<b>\$92.85</b>
MG Value based on 3% Growth	\$90.74
MG Value based on 0% Growth	\$53.19
Market Implied Growth Rate	10.74%

### MG Opinion

Current Price	\$187.59
% of Intrinsic Value	202.04%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>B</b>

## Stage 3: Information for Further Research

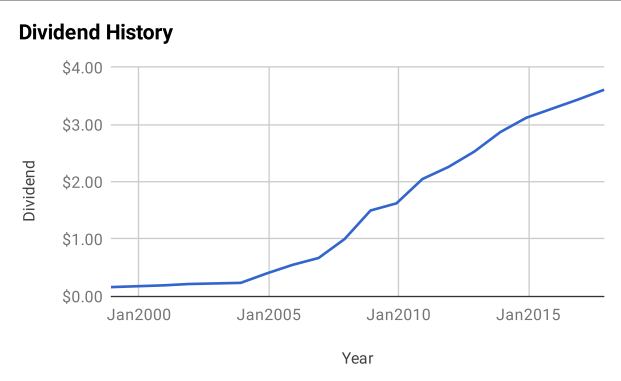
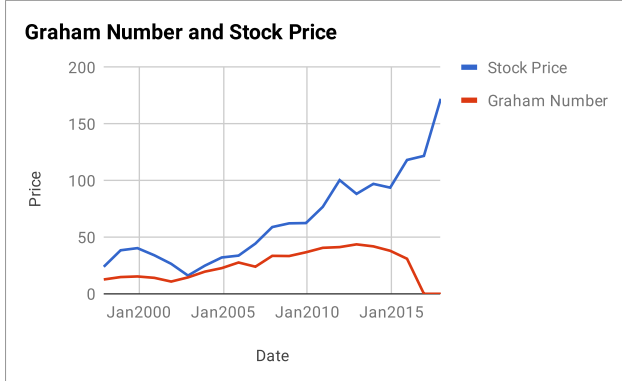
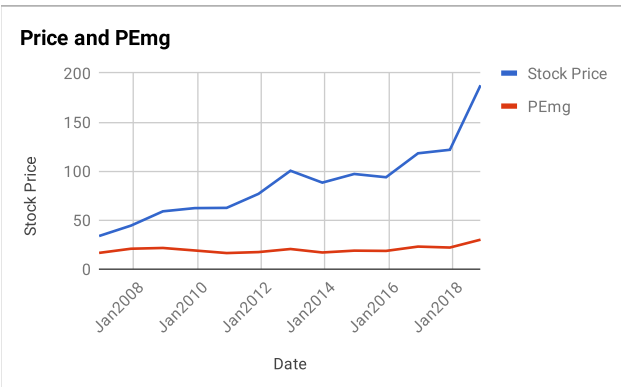
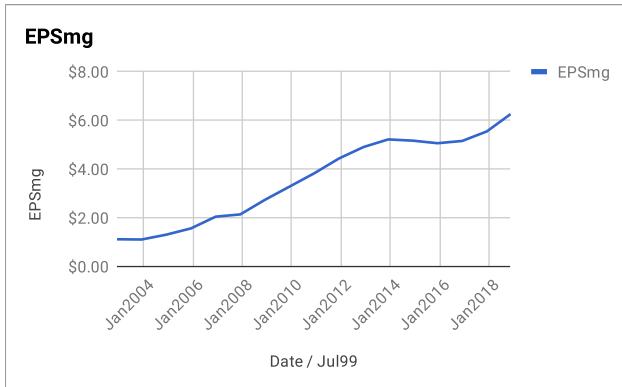
Net Current Asset Value (NCAV)	-\$45.27
Graham Number	\$0.00
PEmg	29.98
Current Ratio	1.53
PB Ratio	-21.53
Current Dividend	\$3.83
Dividend Yield	2.04%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.53	Next Fiscal Year Estimate	\$6.26
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	\$1.31
Dec2003	\$1.15	Dec2003	\$1.11
Dec2002	\$0.70	Dec2002	\$1.12
Dec2001	\$1.25	<b>Balance Sheet Information 9/1/2018</b>	
Dec2000	\$1.46	Total Current Assets	\$5,553,100,000
Dec1999	\$1.39	Total Current Liabilities	\$3,626,700,000
Dec1998	\$1.10	Long-Term Debt	\$31,895,200,000
		Total Assets	\$34,053,700,000
		Intangible Assets	\$2,345,000,000
		Total Liabilities	\$40,846,300,000
		Shares Outstanding (Diluted Average)	779,600,000





**Disclaimer:**

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

**Recommended Reading:**

- Other ModernGraham posts about the company**
- [McDonald's Corporation Valuation – February 2018 \\$MCD](#)
  - [5 Overvalued Dow Components – December 2016](#)
  - [McDonald's Corp Valuation – November 2016 \\$MCD](#)
  - [5 Overvalued Dow Components – July 2016](#)
  - [McDonald's Corporation Valuation – May 2016 \\$MCD](#)

- Other ModernGraham posts about related companies**
- [Sonic Corp Valuation – August 2018 \\$SONC](#)
  - [Jack in the Box Inc Valuation – July 2018 \\$JACK](#)
  - [Chuy's Holdings Inc Valuation – July 2018 \\$CHUY](#)
  - [Chipotle Mexican Grill Inc Valuation – June 2018 \\$CMG](#)
  - [Darden Restaurants Inc Valuation – May 2018 \\$DRI](#)
  - [Yum Brands Inc Valuation – April 2018 \\$YUM](#)
  - [Starbucks Corporation Valuation – March 2018 \\$SBUX](#)
  - [McDonald's Corporation Valuation – February 2018 \\$MCD](#)
  - [El Pollo LoCo Holdings Inc Valuation – Initial Coverage \\$LOCO](#)
  - [Chipotle Mexican Grill Inc Valuation – March 2017 \\$CMG](#)