

ModernGraham Valuation

Company Name:

Mcdonald's Corp

Company Ticker MCD

Date of Analysis

4/8/2019



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	\$145,486,766,371	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.36	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	43.92%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	27.19	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-23.60	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	1.36	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	28.78	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.99
MG Growth Estimate	5.72%
MG Value	\$139.32
MG Value based on 3% Growth	\$101.36
MG Value based on 0% Growth	\$59.42
Market Implied Growth Rate	9.35%

MG Opinion

Current Price	\$190.08
% of Intrinsic Value	136.43%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

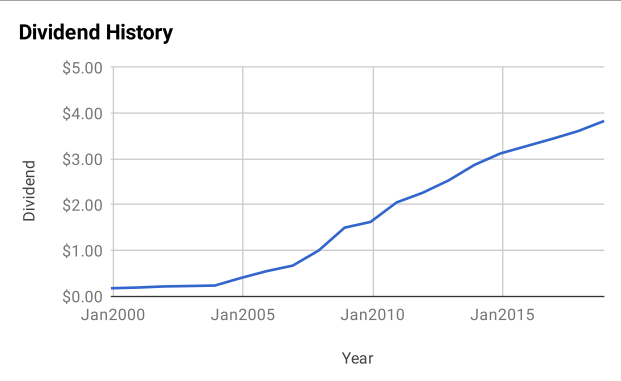
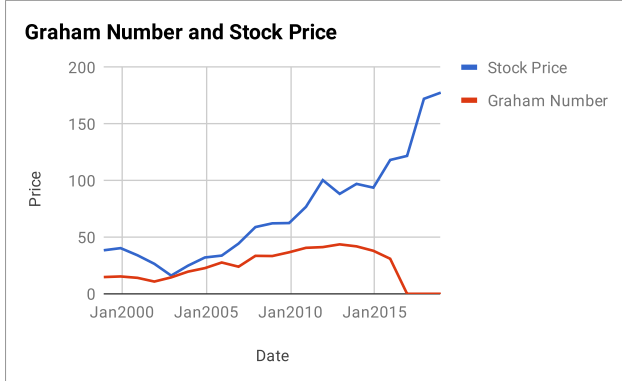
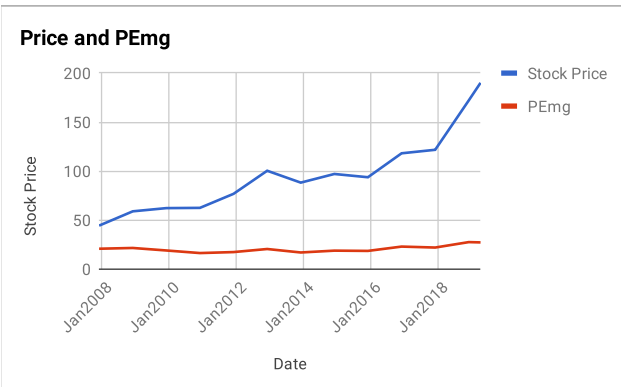
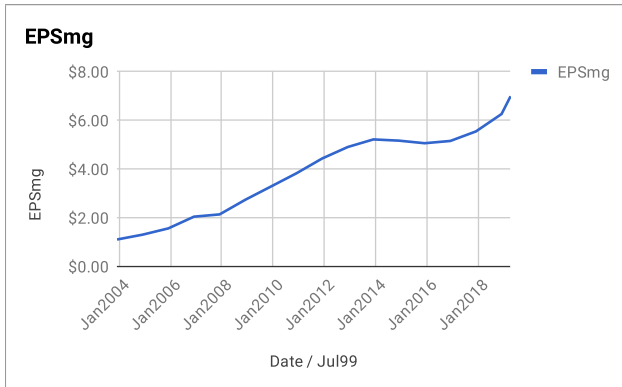
Net Current Asset Value (NCAV)	-\$45.07
Graham Number	\$0.00
PEmg	27.19
Current Ratio	1.36
PB Ratio	-23.60
Current Dividend	\$4.19
Dividend Yield	2.20%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.98	Next Fiscal Year Estimate	\$6.99
Dec2018	\$7.54	Dec2018	\$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	Balance Sheet Information 12/1/2018	
Dec2001	\$1.25	Total Current Assets	\$4,053,200,000
Dec2000	\$1.46	Total Current Liabilities	\$2,973,500,000
Dec1999	\$1.39	Long-Term Debt	\$31,075,300,000
		Total Assets	\$32,811,200,000
		Intangible Assets	\$2,331,500,000
		Total Liabilities	\$39,069,600,000
		Shares Outstanding (Diluted Average)	776,900,000





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 Corp Valuation – November 2018 \\$MCD](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [Chipotle Mexican Grill Inc Valuation – March 2019 #CMG](#)
 - [Darden Restaurants Inc Valuation – March 2019 #DRI](#)
 - [Yum Brands Inc Valuation – February 2019 \\$YUM](#)
 - [Starbucks Corporation Valuation – January 2019 \\$SBUX](#)
 - [McDonald's Corp Valuation – November 2018 \\$MCD](#)
 - [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](#)