Ticker: MCD
Sector: Consumer Cyclical
ndustry: Restaurants

Intrinsic Value: $ 321.56
Current Price: $ 291.10
Stop Loss: $ 247.44

TTM P/E: 11.38
Forward P/E: 25.55
Beta: 0.74

Market Cap: $ 208.74B
Dividend Yield: 2.43%
52 Week Range:
$243.53 - $317.90

McDonald's Corporation

Business Summary:

McDonald's is the largest global fast-food chain hat operates over 40,000 locations in more than 100 countries. The company earns revenue hrough franchised restaurants, company-operated estaurants, and licensing agreements. Its business model focuses on affordability, operational efficiency, and customer conveniences o help leverage their brand and innovative strategies.

ndustry Trends:

The restaurant industry is increasing exposure and use of technology through additions such as digital menus, mobile apps, and AI to help streamline heir operations and improve the customer experience. McDonald's is well positioned with heir digital ordering kiosks and loyalty programs hrough their extremely successful mobile app. Another trend is with plant-based and sustainable options to meet consumer demand when it comes o eco-friendly menu choices and sustainable practices. McDonald's is slowly addressing the rend with innovation like the McPlant and their commitment to sustainable sourcing. A final trend s personalization respective to customization in menus and promotion offerings. McDonald's meets rends through their app by using data collected to personalize offers and boost loyalty.

nvestment Thesis:

McDonald's carries substantial value and stability, while also having room for growth potential, which s supported by its globally recognized brand, operational model, and their alignment with the evolving industry trends. Current initiatives include digital innovation, menu diversification, and ncreasing global expansion, which help position shareholders for long-term value.

Competitive Analysis:

McDonald's dominates in the quick service/fast-food restaurant market, as they continuously outperform competitors such as Starbucks, Yum! Brands, and Restaurant Brands International. This is done through their massive global footprint, consistent quality, and superior economies of scale.

Pros:

Over 40,000 locations to ensure that customers have significant access

McDonald's gross margin from 2013 to 2023 improved from 38.8% to 67.7%, which highlights operational efficiency

The expansion of iconic menu items (such as the McCrispy) and the introduction of plant-based options globally look to meet changing customer demands

Company aims to hold 250 million active users of the mobile app by 2027 by leveraging their loyalty programs and trend of personalization

Risk Factors:

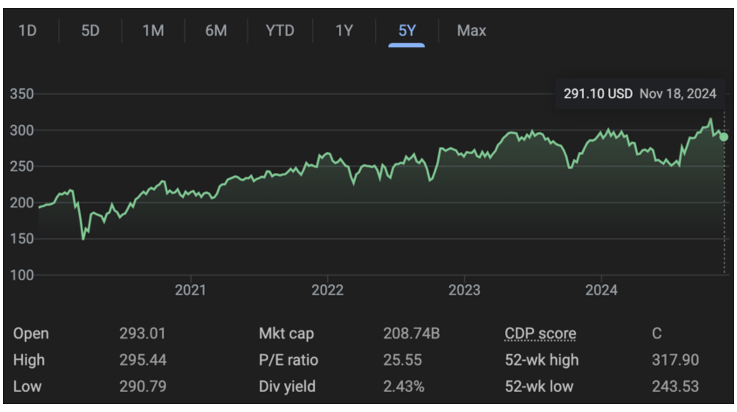
Increasing costs of labor and food costs can compress margins

Supply chain disruptions could have a significant impact on operations

Intense competition from fast-food and fast-casual chains could challenge market share

Regulatory risks from any environmental or labor laws

Five Year Historic Stock Performance



EBITDA Multiple Method - Value per Share		
Terminal EBITDA at Year 10		18,373
WACC		8.5%
Exit Enterprise Value / EBITDA		27.5x
Terminal Value at End of Year 5		505,249
Present Value of Terminal Value (@ 8.5% WACC)		223,841
(+) Present Value of Free Cash Flows (@ 8.5% WACC)		59,350
(=) Current Enterprise Value		**283,191**
Short Term Debt		2,881
(+) Long Term Debt		50,211
(-) Cash and Marketable Securities	50%	2,290
(-) Current Net Debt		50,801
(-) Current Preferred and Minority Interest		-
(=) Equity Value		232,389
Shares outstanding		723
Estimated Value per Share (USD)		**321.56**
Current Price (USD)		298.88
Estimated Upside		**8%**

Comparative Analysis

Multiples Comparison with Relevant Peers
Target Company: McDonald's Corp (MCD)

Company Name	Market Cap	Enterprise Value	Revenue	EBITDA	Net Income	Book Value	P/E	EV/EBITDA	P/B	EV/Revenue	P/S
McDonald's Corp (MCD US)	214.29	266.7	25.94	14.04	8.52	-4.71	25.1514	18.9957	-45.4968	10.2814	8.2610
Starbucks Corp (SBUX US)	112.15	134.57	36.18	8.40	3.86	-7.44	29.0544	16.0202	-15.0739	3.7195	3.0998
Yum! Brands Inc (YUM US)	37.61	49.2	7.22	2.57	1.41	-7.86	26.6738	19.1440	-4.7850	6.8144	5.2091
Yum China Holdings Inc (YUMC US)	18.23	18.68	11.2	2.13	0.89	7.12	20.3954	8.7700	2.5604	1.6679	1.6277
Resturant Brands International (QSR US)	30.19	45.04	7.93	2.44	0.89	4.73	33.9461	18.4590	6.3827	5.6797	3.8071
Domino's Pizza Inc (DPZ US)	15.2	20.22	4.67	0.98	0.55	-4.07	27.4017	20.7096	-3.7346	4.3298	3.2548
The Wedny's Co (WEN US)	3.73	7.35	2.21	0.66	0.20	0.30978	18.6949	11.1059	12.0408	3.3258	1.6878

Multiple	MCD US	SBUX US	YUM US	YUMC US	QSR US	DPZ US	WEN US	Average	Median
P/E Ratio	25.1514	29.0544	26.6738	20.3954	33.9461	27.4017	18.6949	**25.9025**	**26.6738**
EV/EBITDA	18.9957	16.0202	19.1440	8.7700	18.4590	20.7096	11.1059	**16.1721**	**18.4590**
P/B Ratio	-45.4968	-15.0739	-4.7850	2.5604	6.3827	-3.7346	12.0408	**-6.8724**	**-3.7346**
EV/Revenue	10.2814	3.7195	6.8144	1.6679	5.6797	4.3298	3.3258	**5.1169**	**4.3298**
P/S Ratio	8.2610	3.0998	5.2091	1.6277	3.8071	3.2548	1.6878	**3.8496**	**3.2548**

Environment:

Risk Score 8.3

Commitment to reducing nvironmental footprint through ustainable sourcing, eco-riendly suppliers, and energy fficiency.

Social:

Risk Score: 13.0

Community support and workplace development through D&I and Ronald McDonald House Charities.

Governance:

Risk Score: 4.6

Strong focus on ethical practices and company oversight with board independence, transparency, and significant risk management.