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WEEKLY IDEA

MCDONALD'S, CORP.

MCDONALD'S CORP

27 April 2026

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McDonald's remains one of the highest-quality global consumer franchises, underpinned by an asset-light model, strong pricing power, and highly predictable cash flows. Recent concerns around slowing same-store sales and a softer macro backdrop have led to a reset in valuation, creating a more attractive entry point.

Key data	
Ticker	MCD US
Market cap	212,80 bn
Dividends	2,42%

Near-Term Dynamics. Near-term expectations reflect moderation but not contraction. For 1Q26, US same-store sales are expected at around **4%**, slightly below consensus (~4.4%), while international markets are tracking closer to **3.5%**, down from prior levels above 5%. Earnings have been marginally revised to **~$2.76**, primarily due to FX headwinds, with full-year 2026 EPS expectations around **$13.20**. This deceleration, particularly in the US and Europe, has weighed on sentiment and driven the recent multiple compression. However, it is important to highlight that growth remains **positive across all segments**, and the slowdown appears cyclical rather than structural.

Long term growth drivers Looking ahead, several identifiable levers support stabilization and potential re-acceleration. The company is actively repositioning its value offering through a **$3 menu and bundled meals**, which should help support traffic in a more price-sensitive consumer environment. At the same time, the rollout of a new beverage platform introduces a higher-margin category that can drive both incremental visits and higher average ticket sizes. Menu innovation remains another consistent driver, with continued expansion in key categories such as chicken, supported by strong marketing cycles. International markets, while currently facing pressure—particularly in Europe—continue to offer long-term growth potential, especially in emerging regions. Taken together, these initiatives support a **stabilization of same-store sales in the ~3–4% range and high single-digit EPS growth**, consistent with a normalized demand environment.

MCD US equity share price

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Business Quality McDonald's structural strengths remain unchanged. With approximately 95% of restaurants franchised, the company generates a stable, high-margin stream of royalty and rental income. This model supports strong free cash flow generation, enabling consistent capital returns through dividends (currently ~2–2.5% yield) and share buybacks. The brand's global scale and value positioning also provide resilience in weaker economic environments, as consumers tend to trade down toward more affordable dining options. As a result, earnings volatility remains low relative to the broader consumer sector.

Valuations. The stock currently trades at approximately 22x forward P/E and ~15.7x EV/EBITDA, compared to historical ranges of roughly 24–28x P/E and 16.5–18.5x EV/EBITDA. This places the stock in the lower half of its valuation range, despite no structural deterioration in the business model. In effect, the market is pricing in short-term pressure rather than long-term weakness.

Name	Mkt Cap (USD)	BF P/E	BF EV/EBITDA	BF P/FCF
McDonald's Corp	212.79B	22.1x	15.7x	26.0x
Current Premium to Comps Mean		**-3%**	**3%**	**14%**
Mean (Including MCD US)	72.65B	22.7x	15.3x	22.8x
Yum! Brands Inc	44.27B	23.1x	17.3x	23.6x
Restaurant Brands International	36.93B	19.4x	15.3x	20.2x
Domino's Pizza Inc	12.37B	18.1x	14.8x	18.4x
Yum China Holdings Inc	17.11B	16.3x	8.5x	16.2x
Starbucks Corp	112.41B	37.0x	20.3x	32.5x

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SUMMARY FINANCIALS							
In Millions of USD	2022 Y 12/31/2022	2023 Y 12/31/2023	2024 Y 12/31/2024	2025 Y 12/31/2025	Current/LTM 12/31/2025	2026 Y Est 12/31/2026	2027 Y Est 12/31/2027
Capitalization							
Market Capitalization	192 719,5	214 287,8	207 329,3	217 180,7	212 793,4		
- Cash & Equivalents	2 583,8	4 579,3	1 085,0	774,0	774,0		
+ Preferred & Other	-	-	-	-	-		
+ Total Debt	48 699,0	53 091,1	51 948,0	54 813,0	54 813,0		
Enterprise Value	238 834,7	262 799,6	258 192,3	271 219,7	266 832,4		
Income Statement							
Revenue, Adj	23 182,6	25 493,7	25 920,0	26 885,0	26 886,0	28 708,0	30 374,2
Growth %, YoY	(0,2)	10,0	1,7	3,7	3,7	6,8	5,8
Gross Profit, Adj	13 452,0	14 795,0	15 049,0	15 998,0	18 618,0	16 901,0	17 999,7
Margin %	58,0	58,0	58,1	59,5	69,2	58,9	59,3
EBITDA, Adj	13 804,5	15 419,5	15 688,0	16 486,0	14 897,0	15 853,5	16 911,9
Margin %	59,5	60,5	60,5	61,3	55,4	55,2	55,7
Net Income, Adj	7 036,0	8 668,1	8 457,6	8 770,8	8 804,0	9 357,4	10 119,8
Margin %	30,4	34,0	32,6	32,6	32,7	32,6	33,3
EPS, Adj	9,49	11,83	11,72	12,24	12,29	13,19	14,33
Growth %, YoY	(2,4)	24,7	(1,0)	4,5	4,9	7,7	8,6
Cash Flow							
Cash from Operations	7 386,7	9 611,9	9 447,0	10 551,0	10 551,0		
Capital Expenditures	(1 899,2)	(2 357,4)	(2 775,0)	(3 365,0)	(3 365,0)	(3 780,0)	(3 939,4)
Free Cash Flow	5 487,5	7 254,5	6 672,0	7 186,0	7 186,0	7 904,2	8 779,4

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