

McDonalds Corp. (MCD)

Rating: Hold	Price \$298.41	Yield 2.5%	Market Cap. \$212.5B	52-Week Range \$326.32 – \$276.53
Data as of 11/06/2025				

Sector	Consumer Discretionary
Subsector	Consumer Services
Investment Category	Large Cap
Price Movement	Below Average

Company Overview

With its first restaurant opening in 1955 in Des Plaines, Ill., McDonald's Corporation is one of the leading fast-food retailers in the world with over 40,000 franchised and company-operated stores. Key competitors include Wendy's, Burger King, Taco Bell and KFC.	
Revenues International	69%
Standard & Poor's/Moody's	BBB+/Baa1
MSCI ESG Rating	A/Average

Dividend Outlook (1-Year): Rising

Annualized Payment	\$7.44
Last Change	5% (Oct 22, 2025)
Consec. Yrs Increased	49
Paid Since	1976
5-Yr. Trailing Growth	8%
Long-Term Growth Est.	7%
Payout Ratio ('25)	60%
Dividends Paid	Mar, Jun, Sep, Dec

Commentary: The company generates significant cash flow, and the consistent nature of the highly franchised model should support our long-term growth outlook.

Valuation & Earnings

	'24A	'25E	'26E
Earnings Per Share	11.72	12.30	13.05
P/E	25.5x	24.3x	22.9x
PEGY	2.4x	2.3x	2.2x
LT EPS Growth Est.			8%
Est. Earnings Date	February 04, 2026		

Annualized Total Returns	1yr	3yr	5yr
McDonalds Corp.	4%	5%	9%
S&P Cons. Discr. Index	15%	23%	10%
S&P 500 Index	15%	23%	16%

Data as of 11/6/25. Source: FactSet. Indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

Investment Summary

We intend to drop coverage of McDonald's Corp on November 14, 2025, as Edward Jones is no longer producing equity research reports. Our final recommendation on the stock is a Hold. The opinion should not be relied upon after the termination of coverage on November 14, 2025.

Outlook

Size Advantages in Fast Food - McDonald's has the leading position in the U.S. fast-food industry with roughly 15% of the market. The chain's size gives it advantages over peers in terms of having enhanced buying power and more convenient locations.

Multiple Programs to Drive Sales - The management team has spent the past few years focusing on initiatives to drive sales, such as faster drive-thru times, improving the breakfast menu, upgrading restaurants, curbside pickup, delivery, increasing mobile order & pay, sending offers through mobile phones, and product innovation, which should drive sales. Also, the company has recently launched a loyalty program that is driving many repeat customers and increased traffic into restaurants.

Increased Franchise Revenues Drive Stability - McDonald's has sold many company restaurants to franchisees, which has increased the franchise units to 93% of the store base from 80% a few years ago. We expect that the higher percentage of franchise locations should lead to less volatile results. McDonald's collects a high-profit-margin royalty stream off of franchised business models, and this royalty stream tends to be much less susceptible to potential headwinds vs. the company owning and running the restaurants itself. We believe these more stable and consistent expectations will increase the value of the shares.

Valuation and Recent Performance- McDonald's is trading at about 23 times our 2026 earnings estimate, which is in line with the five-year average. We believe shares are fairly valued and adequately reflect our growth outlook. The stock has underperformed the Consumer Discretionary Index over the past one-year period due the uncertainty and pressures facing consumer spending, especially for lower-income households.

Risks - The primary downside risks include potential increased promotional activity and the potential for food contamination. The primary upside risks are stronger sales in the U.S. and a faster turnaround in international sales.

Key Developments

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8/6/25 (updated): McDonald's reported second-quarter earnings per share (EPS) of \$3.19, slightly above the average analyst estimate of \$3.14, and representing a 7% increase from the same period a year ago. Sales at restaurants open at least one year grew 3.8%, which was above expectations for an increase of 2.6%. Sales were led by the international markets, which saw all regions grow. The U.S. market also made contributions, increasing 2.5% due to higher prices. Profitability was slightly below expectations, contracting modestly due to some inflationary cost pressures at company-owned stores, despite good management of expenses by the company.

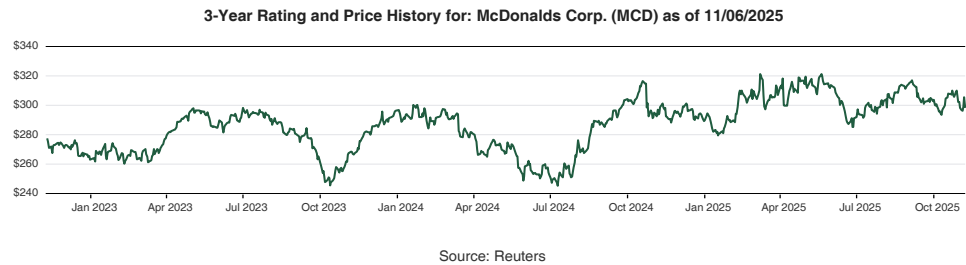
We think the quarter was decent, as sales growth continues to recover despite a tough operating environment. In our view, sales still reflect a challenging backdrop for consumers as they grapple with higher prices, particularly lower-income families. The large price increases in the restaurant industry over the past few years is most likely a headwind that is causing consumers to cut back on certain discretionary purchases. Still, we view McDonald's as a very well-managed chain, and we expect the company to navigate this choppy environment. We like their long-term growth opportunities from menu innovation, digital initiatives, and store expansion. However, we believe our outlook is appropriately reflected in the share price.

Analyst: Matt Arnold, CFA

Analyst Certification

I certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers; and no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report. Matt Arnold, CFA

Required Research Disclosures



November 7, 2025	BUY	HOLD	SELL
Stocks	55%	45%	0%
Investment Banking	4%	6%	0%
Services			

The table lists the percent of stocks we follow globally in each of our rating categories. Investment banking services indicate the percentage of those companies where the firm has acted in furtherance of a public offering of the issuer within the past 12 months.

- Initiated Coverage PRE-1993.....(H) 09/18/02-04/16/12...(B) 04/16/12-12/20/21...(H) 12/20/21-
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