McDONALD'S MCD

RECENT PRICE	P/E RATIO	P/FCF* RATIO	DIV. YLD (TTM)	BOOK VALUE
305.63	25.6x	30.2x	2.3%	-2.52

NIANBAO QIYU

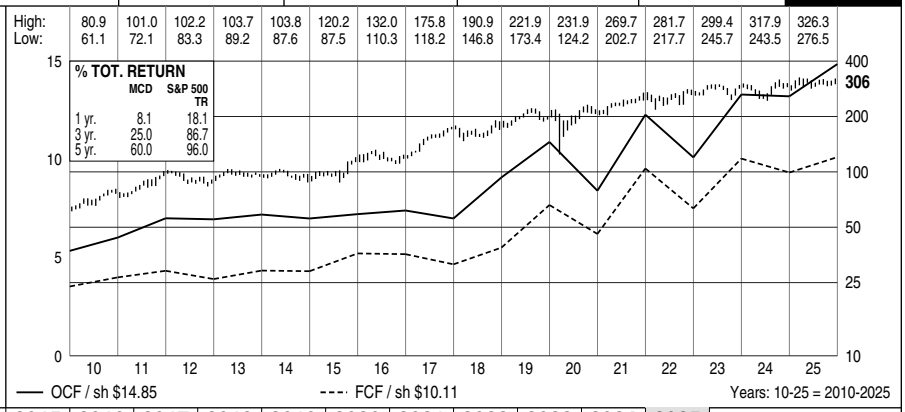
HOW IT EARNS CASH | BUSINESS CHAIN

1 Conventional: rent + royalties; McDonald's secures sites.
2 Licensees: royalties; partners fund development.
3 Affiliates: royalties + share of earnings; cash can differ.
4 Owned stores: sales less food, labor and occupancy.
5 Collections - cash costs/tax -> OCF; less gross cash PP&E -> Reported FCF.

BUSINESS MIX | FY25

Revenue	$M	Mix	YoY	3Y CAGR
Rents	10442	38.8%	4.2%	4.9%
Royalties	6018	22.4%	7.3%	6.3%
Initial fees	88	.3%	-4.3%	17.3%
Owned sales	9690	36.0%	-.9%	3.5%
Other rev.	647	2.4%	53.0%	25.3%
Total	**26885**	**100.0%**	**3.7%**	**5.1%**

System sales $139.4B are not corporate revenue.



VALUE CREATION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Metric	Unit
DEMAND Visits x avg check. US comps +2.1%; check helped. Guest/check rates not given. Sales/unit* $M: US 4.04; IOM 4.55; IDL 1.78.	24075	27006	27567	28106	27441	25413	24622	22820	21025	21077	19208	23223	23183	25494	25920	26885	Revenue	$M
	5.8%	12.2%	2.1%	2.0%	-2.4%	-7.4%	-3.1%	-7.3%	-7.9%	.2%	-8.9%	20.9%	-.2%	10.0%	1.7%	3.7%	Rev. YoY	%
	40.0%	39.6%	39.2%	38.8%	38.1%	38.5%	41.4%	46.5%	51.3%	52.7%	50.8%	54.2%	57.0%	57.1%	56.8%	57.4%	Gross Margin	%
	7473.1	8529.7	8604.6	8764.3	7949.2	7145.5	7744.5	9552.7	8822.6	9069.8	7324.0	10356	9371.0	11647	11712	12393	Op. Income	$M
	31.0%	31.6%	31.2%	31.2%	29.0%	28.1%	31.5%	41.9%	42.0%	43.0%	38.1%	44.6%	40.4%	45.7%	45.2%	46.1%	Op. Margin	%
	4946.3	5503.1	5464.8	5585.9	4757.8	4529.3	4686.5	5192.3	5924.3	6025.4	4730.5	7545.2	6177.4	8469.0	8223.0	8563.0	Net Income	$M
	20.5%	20.4%	19.8%	19.9%	17.3%	17.8%	19.0%	22.8%	28.2%	28.6%	24.6%	32.5%	26.6%	33.2%	31.7%	31.9%	Net Margin	%
↓ **REVENUE PATHS**	6341.6	7150.1	6966.1	7120.7	6730.3	6539.1	6059.6	5551.2	6966.7	8122.1	6265.2	9141.5	7386.7	9612.0	9447.0	10551	OCF	$M
	26.3%	26.5%	25.3%	25.3%	24.5%	25.7%	24.6%	24.3%	33.1%	38.5%	32.6%	39.4%	31.9%	37.7%	36.4%	39.2%	OCF Margin	%
	1.3x	1.3x	1.3x	1.3x	1.4x	1.4x	1.3x	1.1x	1.2x	1.3x	1.3x	1.2x	1.2x	1.1x	1.1x	1.2x	OCF / Net Inc.	x
Conventional Rent + royalties; site control.	2135.5	2729.8	3049.2	2824.7	2583.4	1813.9	1821.1	1853.7	2741.7	2393.7	1640.8	2040.0	1899.2	2357.0	2775.0	3365.0	Capex	$M
License Royalty; partner capex.	33.7%	38.2%	43.8%	39.7%	38.4%	27.7%	30.1%	33.4%	39.4%	29.5%	26.2%	22.3%	25.7%	24.5%	29.4%	31.9%	Capex / OCF	%
	4206.1	4420.3	3916.9	4296.0	4146.9	4725.2	4238.5	3697.5	4225.0	5728.4	4624.4	7101.5	5487.5	7255.0	6672.0	7186.0	Reported FCF	$M
	17.5%	16.4%	14.2%	15.3%	15.1%	18.6%	17.2%	16.2%	20.1%	27.2%	24.1%	30.6%	23.7%	28.5%	25.7%	26.7%	FCF Margin	%
Affiliate Royalty + equity earnings.	183.40	186.40	158.50	181.00	170.50	140.60	109.50	77.00	101.70	540.90	66.10	374.20	807.00	441.00	669.00	354.00	Acq. & Other Assets*	$M
	2.9%	2.6%	2.3%	2.5%	2.5%	2.2%	1.8%	1.4%	1.5%	6.7%	1.1%	4.1%	10.9%	4.6%	7.1%	3.4%	Acq. & Other / OCF*	%
Owned Margins*: US 11.6%; IOM 16.8%; IDL 7.0%.	83.10	86.20	93.40	89.10	112.80	110.00	131.30	117.50	125.10	109.60	92.40	139.20	166.70	175.00	172.00	165.00	SBC Expense	$M
	1.3%	1.2%	1.3%	1.3%	1.7%	1.7%	2.2%	2.1%	1.8%	1.3%	1.5%	1.5%	2.3%	1.8%	1.8%	1.6%	SBC / OCF	%
	2698.5	3363.1	2615.1	1777.8	3198.6	6099.2	11171	4685.7	5207.7	4976.2	907.80	845.50	3896.0	3054.0	2824.0	2056.0	Repurchases	$M
	42.6%	47.0%	37.5%	25.0%	47.5%	93.3%	184.4%	84.4%	74.8%	61.3%	14.5%	9.2%	52.7%	31.8%	29.9%	19.5%	Repurchases / OCF	%
↓ **CASH BRIDGE** Franch. rev. $16.55B - occupancy $2.62B = $13.93B before G&A; not OCF. Take*: 12.8%.	2408.1	2609.7	2896.6	3114.6	3216.1	3230.3	3058.2	3089.2	3255.9	3581.9	3752.9	3918.6	4168.2	4533.0	4870.0	5115.0	Dividends	$M
	38.0%	36.5%	41.6%	43.7%	47.8%	49.4%	50.5%	55.6%	46.7%	44.1%	59.9%	42.9%	56.4%	47.2%	51.6%	48.5%	Dividends / OCF	%
	22.7%	24.3%	22.8%	22.1%	19.3%	20.1%	23.0%	25.0%	28.0%	27.8%	22.0%	32.6%	27.6%	32.7%	29.3%	27.5%	ROIC*	%
	34.5%	37.9%	36.8%	35.7%	33.0%	45.4%	191.9%	-189.8%	-124.4%	-83.3%	-59.0%	-121.4%	-116.5%	-158.2%	-193.4%	-306.5%	ROE*	%
	15.9%	16.9%	16.0%	15.5%	13.4%	12.6%	13.6%	16.0%	17.8%	15.0%	9.4%	14.2%	11.8%	15.9%	14.8%	14.9%	ROA*	%
↓ **REINVEST & FCF** Capex $3.37B; new stores $2.25B. FCF $7.19B.	1053.6	1021.4	1002.7	990.40	962.90	906.80	819.30	794.10	767.10	746.30	745.40	744.80	731.30	722.70	715.20	710.60	Shares Out.	M sh
	22.85	26.44	27.49	28.38	28.50	28.02	30.05	28.74	27.41	28.24	25.77	31.18	31.70	35.28	36.24	37.83	Revenue / Sh.	$/sh
	4.58	5.27	5.36	5.55	4.82	4.80	5.44	6.37	7.54	7.88	6.31	10.04	8.33	11.56	11.39	11.95	Diluted EPS	$/sh
	6.02	7.00	6.95	7.19	6.99	7.21	7.40	6.99	9.08	10.88	8.41	12.27	10.10	13.30	13.21	14.85	OCF / Sh.	$/sh
	2.03	2.67	3.04	2.85	2.68	2.00	2.22	2.33	3.57	3.21	2.20	2.74	2.60	3.26	3.88	4.74	Capex / Sh.	$/sh
RETURN TEST Partner cash after fees and reinvestment must support growth in FCF/share.	3.99	4.33	3.91	4.34	4.31	5.21	5.17	4.66	5.51	7.68	6.20	9.53	7.50	10.04	9.33	10.11	FCF / Sh.	$/sh
	2.26	2.53	2.87	3.12	3.28	3.44	3.61	3.83	4.19	4.73	5.04	5.25	5.66	6.23	6.78	7.17	Dividend / Sh.	$/sh
	15.5x	15.9x	17.3x	17.5x	20.0x	20.9x	22.1x	23.4x	22.0x	25.2x	31.8x	23.4x	30.5x	24.1x	24.8x	25.5x	Avg. P/E	x
	5.2%	4.3%	4.4%	4.5%	4.6%	4.4%	4.3%	2.7%	3.1%	3.9%	2.9%	3.6%	2.8%	3.4%	3.2%	3.3%	FCF Yield	%
	2.9%	2.5%	3.3%	3.2%	3.5%	2.9%	3.0%	2.2%	2.4%	2.4%	2.3%	2.0%	2.1%	2.1%	2.3%	2.3%	Dividend Yield	%

CORE KPI TRACKER

Metric	FY21	FY22	FY23	FY24	FY25
Units	40031	40275	41822	43477	**45356**
Same-store YoY	17.0%	10.9%	9.0%	-.1%	**3.1%**
Sales/unit* $M	2.84	2.94	3.15	3.06	**3.14**
Franch. mgn*	82.2%	83.3%	84.0%	83.9%	**84.2%**
Owned mgn*	17.8%	15.6%	15.6%	14.8%	**14.7%**
Royalty/sales*	4.5%	4.6%	4.6%	4.6%	**4.6%**

COMPOUND ANNUAL GROWTH RATE

	1Y	3Y	5Y	10Y	15Y
Revenue	3.7%	5.1%	7.0%	.6%	.7%
Op. income	5.8%	9.8%	11.1%	5.7%	3.4%
Net income	4.1%	11.5%	12.6%	6.6%	3.7%
OCF	11.7%	12.6%	11.0%	4.9%	3.5%
FCF	7.7%	9.4%	9.2%	4.3%	3.6%
Diluted EPS	4.9%	12.8%	13.6%	9.6%	6.6%
FCF/share	8.4%	10.5%	10.3%	6.9%	6.4%

FINANCIAL POSITION | $B

	FY21	FY22	FY23	FY24	FY25
Tot. assets	54	50	56	55	60
Tot. liabilities	58	56	61	59	61
Net assets	-5	-6	-5	-4	-2
Mkt cap*	200	193	214	207	217
Cash & eq.	5	3	5	1	1
Liab./assets	108.5%	111.9%	108.4%	106.9%	103.0%

CAPITAL RETURNS: FY11-25 OCF $113.61B less cash PP&E $35.89B yielded **$77.72B FCF.** Buybacks: **$56.68B (72.9%);** paid dividends: **$54.41B (70.0%).** Payout: **142.9%.** The **$33.37B shortfall** is before M&A, investments, debt repayments and equity-award cash settlements; it is not retained cash.

NET SHARES: FYE FY10 1053.6M to FY25 710.60M, **down 32.6%.** FY25: 6.7M repurchased less 2.1M issued = **4.6M fewer shares (.6%).** FY25 FCF covered cash payouts; cumulative payouts exceeded FCF. FY25 net debt cash flow: -$72M. The 2016 10-K links 2015 borrowings to 2016 buybacks.

Traffic and check. FY25 comps: US +2.1%, IOM +3.2%, IDL +4.6%. US check helped; guest/check rates were not quantified. Sales growth alone does not prove traffic recovery.

Capital shapes fees. Franchise revenue / franchise sales: US 14.2%, IOM 17.2%, IDL 5.4%, including rent and initial fees. These are revenue ratios, not franchisee profits or cash yields.

New stores need returns. FY25 new-store capex: $2.25B of $3.37B total. Partners invest additional capital. Expansion must raise incremental cash; adding back growth capex assumes growth costs nothing.

Negative ROE: negative equity. FY25 profit $8.56B; average equity -$2.79B. Treasury stock of $79.32B depressed equity. Debt financed past buybacks; FY25 payouts were FCF-covered. Negative ROE does not mean operating losses.

Rent monetizes site control. Rent less franchise occupancy costs: $7.82B. Minimum rents support collections. Occupancy includes depreciation; G&A, tax and capex remain. This is not rent OCF.

Test per-share cash. FY23-25 FCF: $7.26B to $7.19B; FYE-share FCF: $10.04 to $10.11. Fewer shares helped; expansion has yet to drive strong cash growth.

Market: Dec 31, 2025. Cash/share: FYE shares, not Basic WA; FY09 opening anchor. Same-store: global 13+ month comps, ex-FX.
* Sales/unit: System sales / mean start/end units; nominal proxy, not AUV. IOM/IDL: International Operated/Developmental Licensed Markets.
* Margins: MCD franchise/owned, not franchisee profit. IDL/Corp. owned: residual estimate. Royalty/sales: royalties / franchise sales; take adds rent/fees.
ROE*: FY16 low equity base; FY17-25 earnings / negative average equity, not losses. FY2019 lease-accounting affects comparability.
ROIC uses a standardized net invested-capital formula; cash and short-term investments are fully deducted.
High values may reflect a low net-capital base. Finance leases not separately added. Acq. & Other Assets*: reported asset cash outflows.
Mkt cap*: FY-end close x FY-end shares; rounded share inputs. Returns: approximate cumulative MCD / S&P 500 TR. Sources: 10-Ks; partial.

Financial Strength	--
Stock Price Stability	--
Price Growth Persistence	--
Cash Generation Stability	--

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