Financial Statement Analysis

McDonald's



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Timeline

1940
San Bernardino

First restaurant opened by brothers Richard & Maurice

1954
Ray Kroc joins

Kroc, a milkshake machine salesman, joins McDs.

1961
Buyout

Kroc buys out McDonalds

1965
IPO at NYSE

Initial Price: $22.50
Current Price: $316.74

1967
First McDs outside U.S.

In Richmond, British Columbia

Our evolution



Now

43, 477 restaurants in more than 100 countries

McDonalds

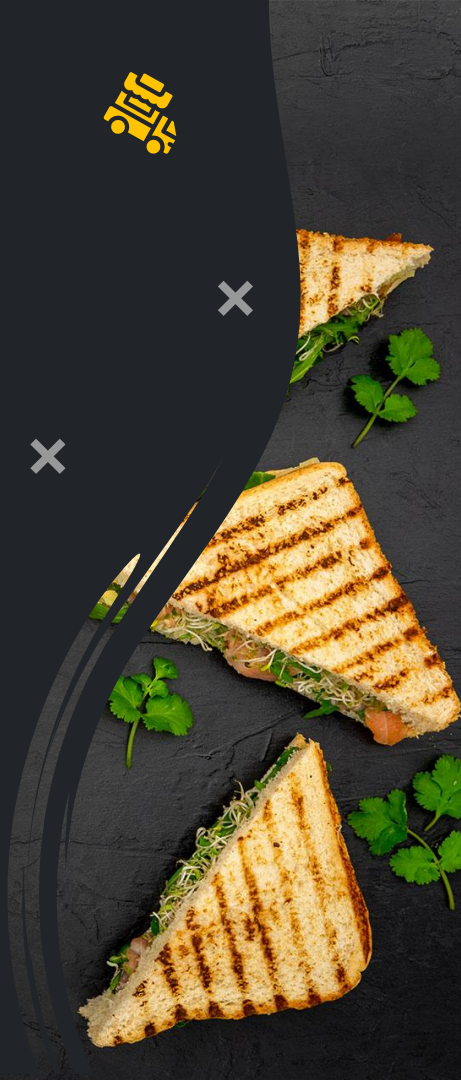
- Best selling item is Fries
- Largest toy distributor, sells 5000 happy meals per minute.
- 150,000 employees, 70% outside U.S
- Over 2 million workers in franchises





01

Background
Management
Business Model



Management



Chris Kempczinski

CEO, President & Chairman

Joined McDonalds in 2015.
CEO since 2019.
Prior experience at P&G, PepsiCo and Kraft Foods.

Business Model

Primarily a franchisor

Three business segments

- Company operated restaurants
- Franchises
- Developmental license & Affiliate



McDonald's Business Model

Company owned & operated

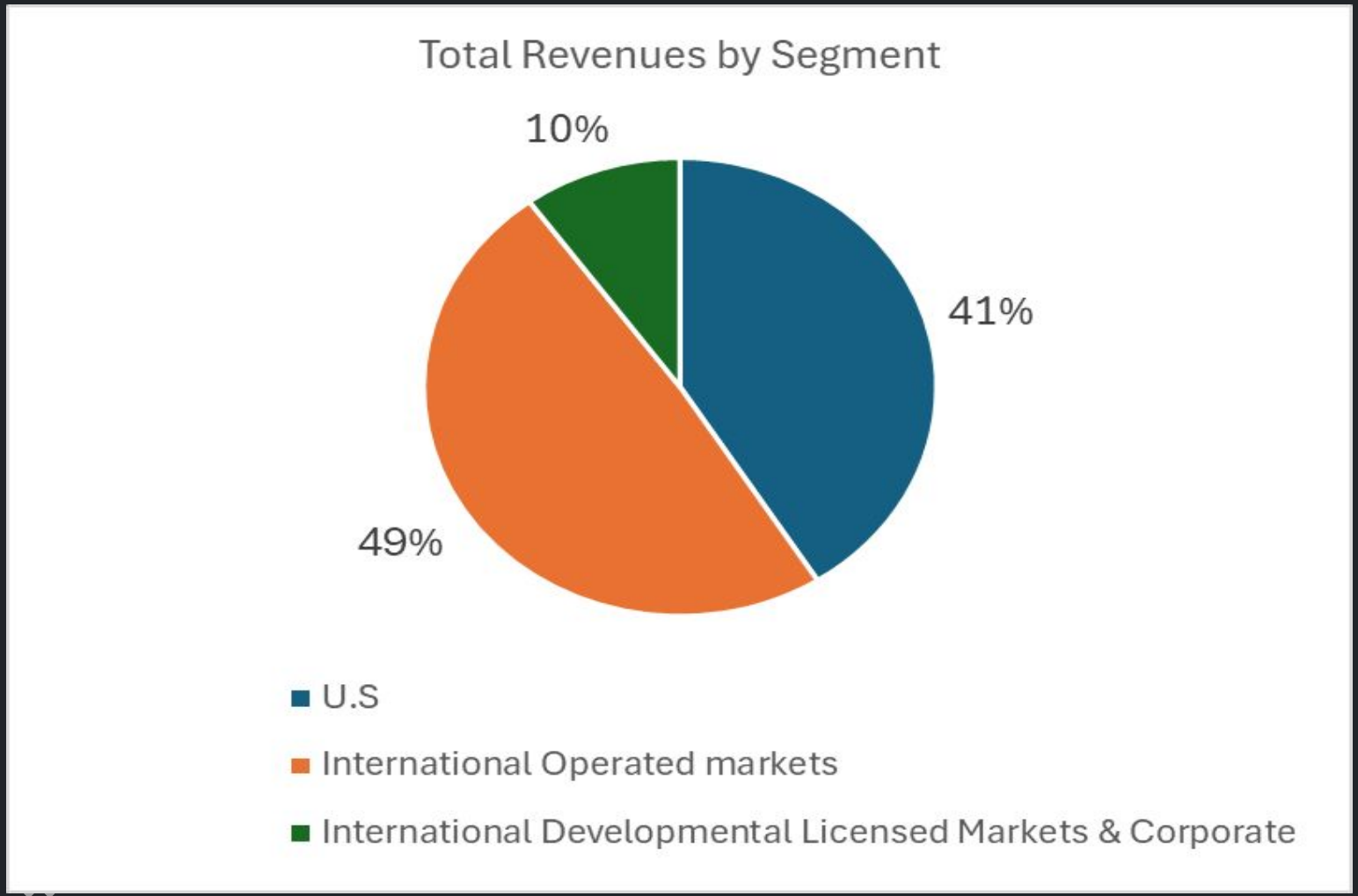
- Provide grounds to refine operating standards, marketing concepts, product and pricing strategies

Conventional Franchise

- Company Owns/leases land
- Franchise pays for equipment, signs, seating & decor
- Franchise pay rent, royalties on percent of sales
- Franchise terms avg 20 years long. Renewable.

Developmental License & Affiliate

- Licensees manage and operate their business
- McDonalds doesn't invest capital.
- McDonalds gets one time licensing fees and royalties based on percent sales



Source: McDonald's 10K form for fiscal 2024

Total Number of Restaurants

- 1,655 new restaurants in the last year

Systemwide restaurants at year end

	2024	2023	2022
U.S.	13,557	13,457	13,444
International Operated Markets	10,512	10,263	10,103
International Developmental Licensed Markets & Corporate	19,408	18,102	16,728
Total	43,477	41,822	40,275

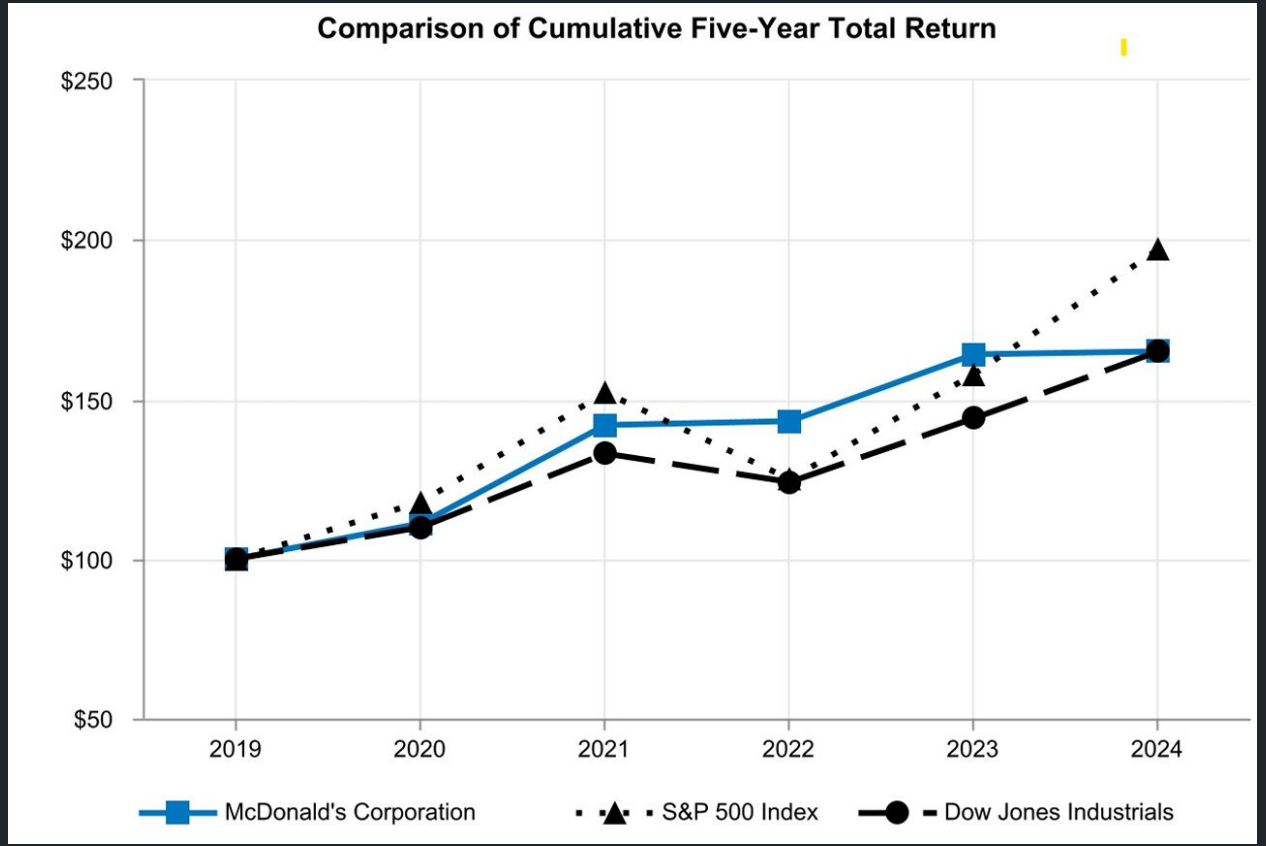
Source: McDonald's 10K form for fiscal 2024

- Stock repurchase of upto $15 billion in 2025.
- Dividends paid for the last 49 years
- S & Ps: Commercial paper rating A-2, Long term debt rating BBB+
- Moody's: Commercial paper rating P-2, Long term debt rating Baa1

Shares repurchased and dividends

In millions, except per share data		***2024***		*2023*		*2022*
Number of shares repurchased		10.1		11.1		15.8
Shares outstanding at year end		715		723		731
Dividends declared per share	$	6.78	$	6.23	$	5.66
Treasury stock purchases *(in Shareholders' equity)*	$	2,826	$	3,105	$	3,896
Dividends paid		4,870		4,533		4,168
Total returned to shareholders	$	7,696	$	7,638	$	8,064

Source: McDonald's 10K form for fiscal 2024



Source: McDonald's 10K form for fiscal 2024

Comparison Of Cumulative Five Year Total Return

Company/Index	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
McDonald's Corporation	$100	$111	$142	$143	$164	$165
S&P 500 Index	$100	$118	$152	$125	$158	$197
Dow Jones Industries	$100	$110	$133	$124	$144	$165

Source: McDonald's 10K form for fiscal 2024

Historical Performance

- Evolved from single drive-in to global fast-food empire
  - Strategic innovations
  - Franchising
  - Real estate ownership
  - Global expansion



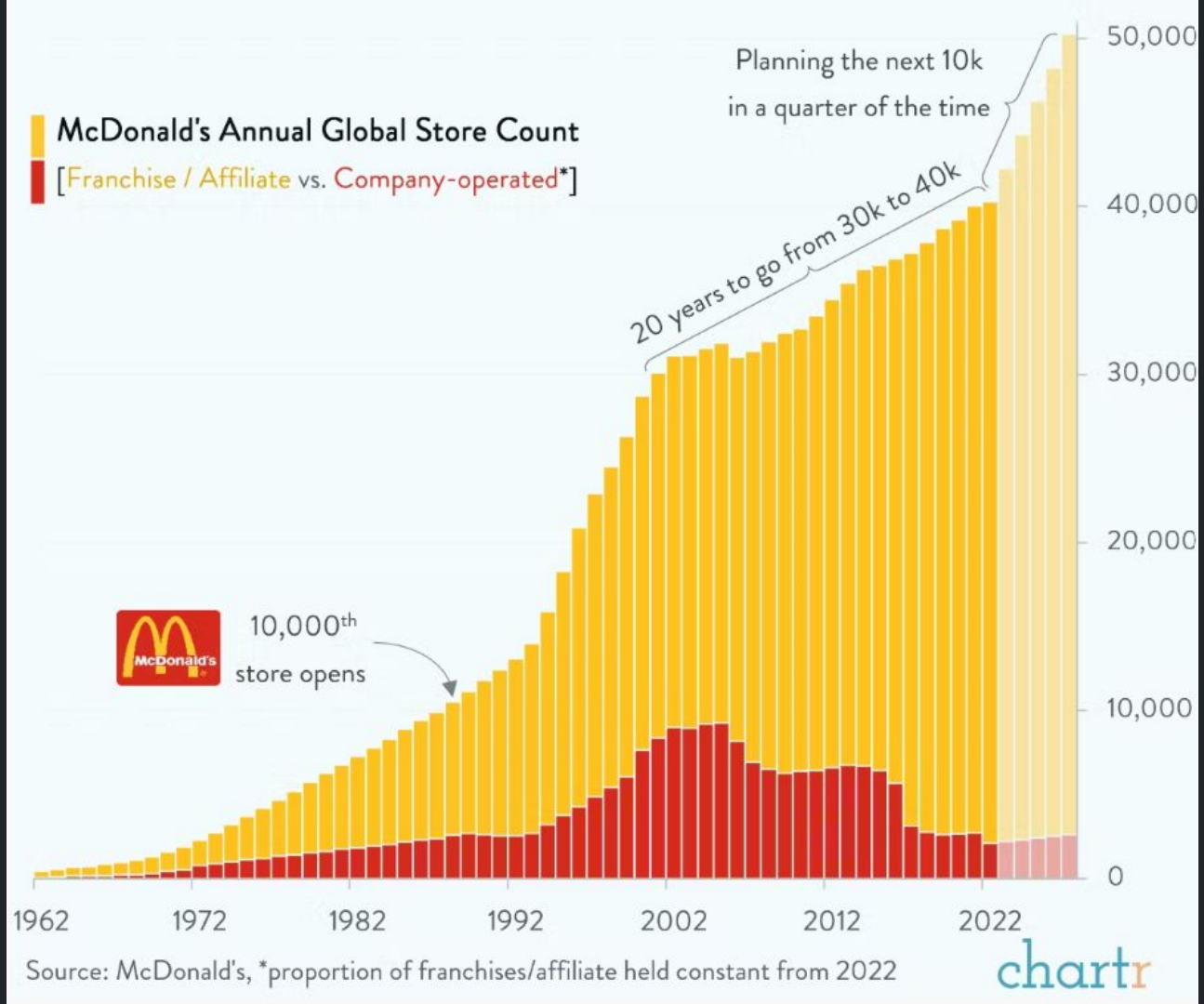
Foundational Phase (1940s - 1950s)

- 1948: Reopened as streamlined burger joint
  - Eliminated carhops and focused on speed and efficiency ("Speedee Service System")
- 1955: Kroc opened first franchised location in Illinois (Iconic golden arches)
  - First-day sales of $366.12
- 1956–1959: Introduction of “Sonneborn model”
  - Owning or leasing real estate and charging franchisees rent



Growth Phase (1960s - 1990s)

- 1965: Went public at $22.50/share
  - 700 restaurants - franchising model minimized capital expenditure while generating royalties and rent
- 1967: International expansion began with Canada and Puerto Rico
- 1980s: Openings in Singapore (1979), Malaysia (1982), and Mexico (1985)
  - Stock grew over tenfold by 1980s driven by consistent revenue growth and dividend payments
- 1981: Earnings per share (EPS) grew at 10.6% compound annual growth rate (CAGR)

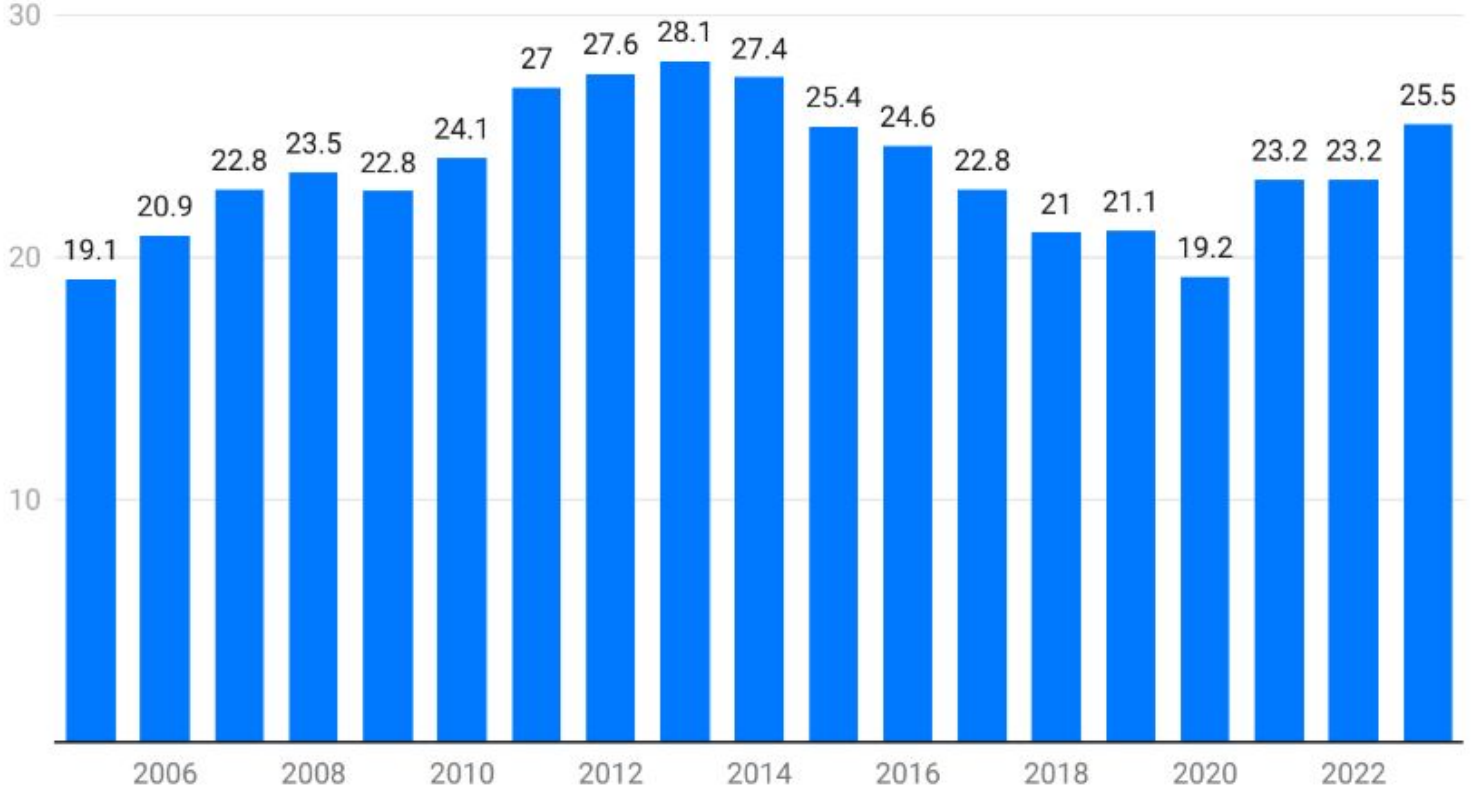

McDonald's Annual Global Store Count
[Franchise / Affiliate vs. Company-operated*]
Planning the next 10k
in a quarter of the time
20 years to go from 30k to 40k
10,000th
store opens
50,000
40,000
30,000
20,000
10,000
0
1962
1972
1982
1992
2002
2012
2022
Source: McDonald's, *proportion of franchises/affiliate held constant from 2022
chartr

Financial Expansion (2000s - Present)

- 2005: McDonald’s revenue was $19.06 billion
- 2008–2009 financial crisis impacted sales
  - Remained profitable due to low-cost model
- 2010: $24.075B annual revenue
- Pandemic Resilience: Revenue dropped to $19.208B in 2020 but rebounded to $23.223B in 2021

Revenue of McDonald's Worldwide From 2005 to 2023

(in billion U.S. dollars)



Source: ElectroIQ

Electro IQ

Recent Historical Performance



- 2020: COVID-19 pandemic severely impacted sales
  - Temporary closures and reduced foot traffic
- 2021: $23.22 billion
- 2022: $23.18 billion
- 2023: $25.49 billion (up 9.97% from 2022)
- 2024: $25.92 billion
- Stock Performance: April 25, 2025 - stock closed at $316.74
  - Near all-time high of $321.29 (March 7, 2025)
  - Stock's growth from $25 in 2004 to over $300
- McDonald's remains profitable (56.8% gross profit in 2024) due to high franchised margins (95% of locations) and cost efficiencies

Burger King Historical Performance



- Insta-Burger King opened in 1953
- 1967: 274 restaurants nationwide
  - Early adoption of indoor dining and franchising
- Late 1970s: Second-largest burger chain in U.S.
- 1989: 7,872 U.S. restaurants and 2,316 internationally
- 2011:12,512 restaurants in 81 countries (90% franchised)
  - Generating over 33% of revenue from international markets.
- 2018: 17,796 outlets in 100 countries (remained second to McDonald's)
- Revenue fluctuated due to COVID-19 pandemic
  - Did grow from $1.81 billion in 2021 to $1.9 billion in 2022
- 2024: Operated over 19,300 restaurants in 125 countries (half in U.S.)
- Market share: Remains at ~19% vs. McDonald's (~42%)
  - Sales growth now trails competitors like Wendy's

Wendy's Historical Performance



- 1969: Dave Thomas opened first Wendy's
  - Menu: hamburgers, chili, fries
- 1970s: Expanded rapidly
  - Opened 1,000th store within decade
- 1979: Entered Europe (Munich, West Germany) and Asia (Japan, Hong Kong, Philippines, Singapore)
- 1985: Record earnings of $76.2 million
- 1994: Achieved record systemwide sales of $4.2 billion (25th anniversary)
- 2023: Operated 7,166 locations (83% in the U.S)
- Third-largest burger chain behind McDonald's and Burger King
  - Differentiates with fresh ingredients, quality, and being family-friendly

Recent Strategic Developments

The Loyalty Revolution:

- Behind that $20 billion in loyalty sales are millions of regular customers collecting points for free fries and McNuggets.
- That 45% jump means people aren't just downloading the app – they're actually using it more and more for their weekly McDonald's runs
- For many families, those loyalty rewards have turned occasional visits into regular rituals – "It's Friday, time to use our points for a free Happy Meal!"



The Digital Shift:

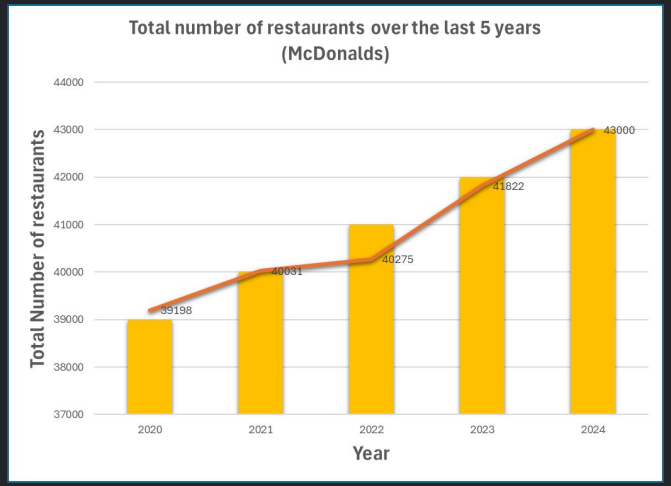
- What started as a simple ordering app has evolved into something that actually remembers you prefer no pickles and extra ketchup
- Parents pressed for time can now order their family's dinner while still at soccer practice and have it ready when they arrive
- The personalized offers feel less like generic coupons and more like McDonald's saying "we noticed you love breakfast – here's a deal on your favorite McMuffin"



Recent Strategic Developments

Accelerated Restaurant Development:

- In 2024, McDonald's opened 2,116 new restaurants and closed 461, resulting in a net addition of 1,655 locations.
- The increase in restaurant openings led to a rise in capital expenditures, which grew by $418 million, or 18%, in 2024 compared to the previous year. This investment reflects the company's commitment to expanding its global footprint.



Other Strategic Developments

- **Addressing Declining Sales:** In response to declining sales and customer sensitivity to high prices, McDonald's announced the 'McValue' program for 2025. This initiative includes a $5 value meal promotion and other deals aimed at providing affordable options to customers.
- **Strategic Response to Geopolitical Events** : In 2022, McDonald's sold its Russian business, leading to the closure of approximately 850 restaurants. This decision was a response to the ongoing war in the region and had significant implications for the company's revenue and asset base.



Environmental, Social, & Governance

Key Pillars:



01 Planet
(Protecting the environment)

02 People
(Empowering communities and teams)

03 Governance & Ethics
(Leading with Transparency and Integrity)

Planet: Advancing Climate & Environmental Action

McDonald's

- **Net Zero Commitment:** Targeting Net Zero emissions by 2050.
- **Packaging:** 81.4% of packaging is from renewable, recycled, or certified sources.
- **Sustainable Sourcing:** 97% of coffee and 100% of fish is sustainably sourced.

Wendy's

- **GHG Reduction:** Aiming to reduce greenhouse gas emissions by 47% across its global system by 2030, including Scope 1, 2, and 3 emissions.
- **Packaging Goal** : Targeting 100% sustainable customer-facing packaging by 2026.
- **Renewable Energy:** Participating in community solar programs for company-operated restaurants.

Burger King

- **Sustainability Goals:** Committed to reducing emissions and sourcing sustainable ingredients.
- **Packaging Initiatives:** Implementing recyclable and composting packaging solutions.
- **Renewable Energy:** Exploring renewable energy options for restaurant operations.

People: Strengthening Communities & Talent

McDonald's

- **Diversity & Inclusion:** 45% of U.S. leadership roles held by women.
- **Community Engagement:** Over $3 billion raised for Ronald McDonald House Charities.
- **Employee Development:** Expanded education programs like Archways to Opportunity.

Wendy's

- **Leadership Diversity:** Increased diversity among senior leadership.
- **Community Support:** Raised over $27 million for the Dave Thomas Foundation for Adoption .
- **Employee Engagement:** Hosted over 40 Employee Resource Group events .

Burger King

- **Diversity Initiatives:** Implemented programs to enhance workplace diversity.
- **Community Programs:** Engaged in local community support and charitable activities.
- **Employee Training:** Offered training programs to support employee growth and development.

Governance: Embedding Trust & Accountability

McDonald's

- **Ethical Practices:** Updated Supplier Code of Conduct and expanded human rights due diligence.
- **ESG Oversight:** Integrated ESG oversight into board governance.
- **Transparency:** Reporting aligned with GRI and SASB standards.

Wendy's

- **Board Enhancements:** Increased board size and appointed a lead independent director .
- **Supplier Accountability:** Invited 100% of in-scope suppliers to participate in ESG assessments .
- **Reporting Standards:** Aligning reports with GRI, SASB, and UN SDGs.

Burger King

- **Governance Structure:** Established ESG oversight within corporate governance.
- **Supplier Standards:** Implemented supplier codes to ensure ethical practices.
- **Transparency:** Committed to transparent reporting on ESG initiatives.

Key Achievements

Company	Notable Achievements
McDonald's	Reduced office GHG emissions by 14% since 2021; Distributed over 25 million meals through food donation programs.
Wendy's	Decreased company GHG emissions by 26%; Doubled franchisee participation in energy reporting programs.
Burger King	Implemented plant-based menu options; Initiated programs to reduce single-use plastics.

Future Goals & Summary

Company	2030 Targets
McDonald's	100% renewable energy in restaurants and offices; 36% reduction in restaurant and office emissions.
Wendy's	47% reduction in GHG emissions across global system; 100% sustainable packaging.
Burger King	Achieve significant reductions in emissions; Transition to sustainable packaging materials.

All three companies are actively pursuing ESG initiatives with varying focuses:

- **McDonald's** emphasizes comprehensive sustainability and community engagement.
- **Wendy's** focuses on responsible sourcing and reducing environmental impact.
- **Burger King** is working towards sustainable operations and ethical governance.

Each company's commitment reflects its strategy to align business success with positive global impact.

The McDonald's System

Our Suppliers

Engaging with suppliers on emissions targets and accounting

Identifying opportunities for increased efficiency

Protecting nature and promoting biodiverse ecosystems

Tackling deforestation in our supply chain

Respecting human rights in our supply chain

Conserving water, using it responsibly and efficiently and building resiliency

Supporting suppliers in farm management and scaling regenerative practices

Prioritizing animal welfare and responsible antibiotic use

Using more alternative fuels, fewer miles and less fuel

Our Operations, Employees and Franchisees

Food Manufacturing, Research and Development
Advancing food safety from the farm to our customers

Packaging Manufacturing, Research and Development
Innovating and sourcing new materials to eliminate unnecessary packaging and encourage circularity

Office Buildings/Sites
Reducing office greenhouse gas (GHG) emissions

Nutrition and Choice
+ Offering balanced meals for kids and families
+ Marketing responsibly to children

Company Employees
+ Offering competitive employee compensation and benefits

Company Employees and Franchisee Employees
+ Fostering safe, respectful and inclusive workplaces
+ Providing continuous learning and development opportunities

Company-Owned Restaurants

Franchisee-Owned Restaurants

Within All Restaurant Buildings/Sites
(Company-owned and operated restaurants and Franchisee-owned restaurants)
+ Reducing emissions in our restaurant operations
+ Designing more sustainable restaurants
+ Advancing the recycling of guest packaging
+ Reducing virgin fossil fuel-based and small plastics

Our Communities

Families and Well-Being
Helping support Ronald McDonald House Charities

Providing Support During Times of Need
+ Providing crisis response with community partners
+ Offering hardship and disaster relief for Company-owned and operated restaurants in the U.S.
+ Providing food and supply donations

Opportunity Employment and Other Philanthropic Investments
+ Reducing barriers to youth employment
+ Making charitable grants and donations
+ Promoting volunteerism opportunities and resources

Important Non-Financial Metrics

Company	Total Restaurants	Franchised	Growth Notes
McDonald's	43,477	~95%	Expansion driven mainly via franchising and modernization initiatives.
Burger King	19,732	~95%	Focus on remodeling and international growth via franchising .
Wendy's	7,166	~94%	U.S.-focused with growing presence in Canada and international licensed markets .

Digital Sales and Channel Mix



Company	Digital Sales %	Notable Channels
McDonald's	40%+ (in top markets)	Mobile app, kiosks, 3rd-party delivery
Burger King	Not broken out globally	Investing in digital app and loyalty improvements
Wendy’s	13.5% of U.S. systemwide sales	Mobile ordering, kiosks, loyalty program

Same-Store Sales (Comparable Sales Growth)

Company	2024 Comparable Sales Growth
McDonald's	+9.0% globally
Burger King	+9.6% globally
Wendy’s	+3.5% (global), +3.3% (U.S.)



Technology and Innovation Initiatives

Company	Highlighted Innovations
McDonald’s	Loyalty program, AI for drive-thru, kitchen automation pilot projects
Wendy’s	AI drive-thru with Google Cloud, mobile ordering, loyalty program upgrades
Burger King	"Reclaim the Flame" modernization plan, AI integration under RBI's tech roadmap



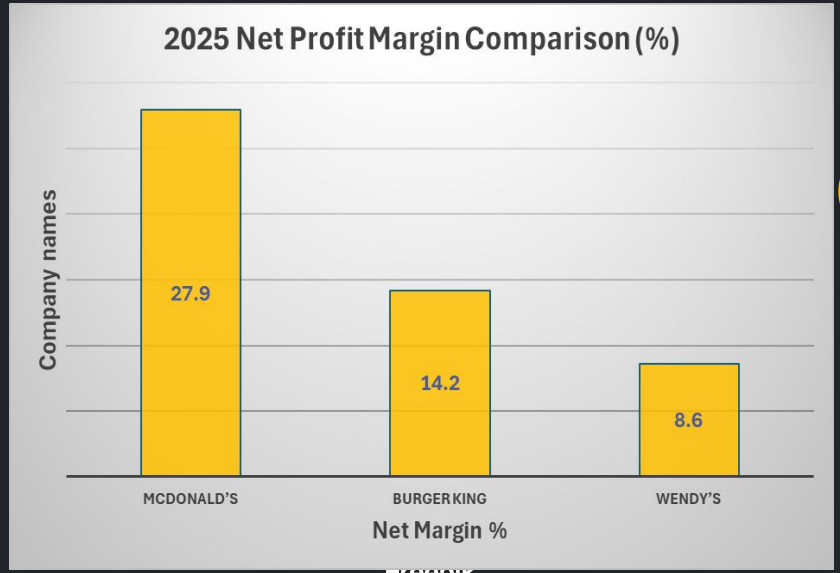


Non-Financial Metrics
Summary

- Operates **43,477 restaurants** globally; **~95% franchised**
- Leads the industry in **global scale and market penetration**
- **Digital sales exceed 40%** in top markets (app, kiosks, delivery)
- Strong **same-store sales growth**: **+9.0% globally (2024)**
- Invests heavily in **technology and innovation** (AI drive-thru, loyalty, automation)
- Non-financial strengths support **resilient, scalable, and sustainable growth**

Ratio Analysis

Ratio	Formula	McDonald's	Wendy's	Burger King
Net Profit Margin	Net Income / Revenue	27.90%	8.60%	14.20%
Operating Margin	Operating Income / Revenue	46.60%	16.10%	21.70%
ROA (Return on Assets)	Net Income / Total Assets	13.40%	3.50%	4.40%
ROE (Return on Equity)	Net Income / Shareholders' Equity	145%	13.40%	32.60%
Debt-to-Equity	Total Liabilities / Equity	9.8x	2.86x	6.45x
Asset Turnover	Revenue / Total Assets	0.48x	0.40x	0.31x



Source: 10Ks of McDonald's, Wendy's and Burger King



Recent Events Comparison

🍟 McDonald’s

- **Massive Expansion:** Opened 2,100+ new restaurants in 2024, fastest growth in company history.
- **$5 McValue Program:** Launched in 2025 to address inflation concerns and slowing traffic, reviving the value menu.

👑 Burger King (RBI)

- **Reclaim the Flame:** Ongoing $400M investment plan to revamp U.S. stores, menus, and marketing.
- **International Outperformance:** Growth in Latin America and Asia offsets stagnation in U.S. operations.

🍔 Wendy’s

- **FreshAI Launch:** Piloted voice-AI drive-thru ordering in 200+ locations to improve speed and consistency.
- **Global Push:** Signed new franchise deals to expand into India and Australia, continuing its international growth ambitions.

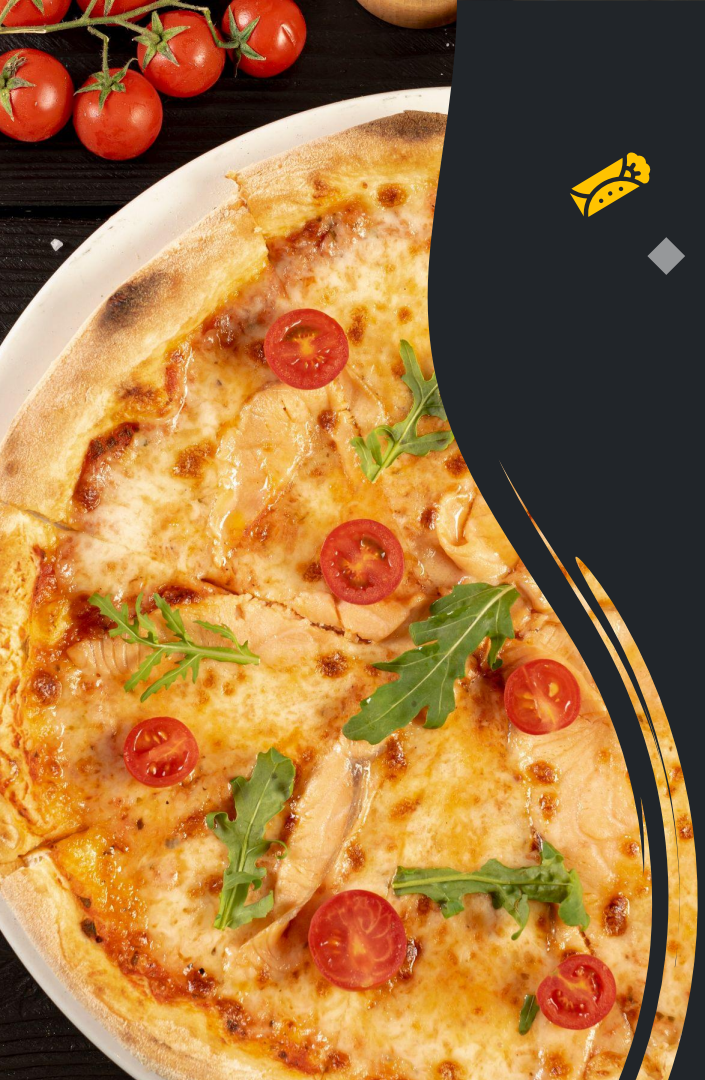
Conclusion

In 2025, McDonald's clearly stands out as the most profitable and operationally efficient player in the fast food industry, with the highest margins, return on equity, and global scale. However, this performance comes with a cost: a highly leveraged capital structure that introduces financial risk.



However!

Despite their differences, all three companies are moving in the same direction: embracing technology, expanding globally through franchising, and using AI and digital tools to drive long-term customer engagement.



Thanks!

Questions?

