



Prices as of 2026-09-25 close · Financials through 2026 Q2 (2026-06-30; 10-Q filed 2026-08-07); subsequent 8-K from the Sept 23 investor day

McDonald's [MCD](#)

McDonald's has slowed and the stock is down 30%, but the industry's most profitable rent machine now costs just 18x earnings

A steady business that is slowing down. Trailing 12-month revenue is \$27.7B (+6.3%, with currency doing much of the lifting: Q2 revenue grew only 2% in constant currency), operating margin is 46.2% and free cash flow is \$7.8B. The stock is down about 30% from its February high. The trigger was the Sept 23 investor day: the company committed about \$8.5B of franchisee support through 2036 (rent relief plus capital support) and, according to media reports, guided US Q3 comparable sales to "slightly negative". The shares fell 5.6% that day. On the data check, yfinance's basic figures match the filings, but it understates free cash flow by about \$1.5B and counts \$14.7B of lease liabilities as total debt. Shareholders' equity is negative (-\$1.0B), so price-to-book and ROE tell you nothing.

Rating · 12 months · vs S&P 500 Buy Confirmed 2026-09-30 · Rating definitions	Price \$236.50 2026-09-25 close	Market cap \$167.4B Consumer Cyclical	1-year change -19.8% YTD -21.1%	Current-year P/E 18.3x EPS 12.90 (consensus)
Next earnings 2026-11-05 yfinance calendar				

01

The market

Indices: As of 2026-09-25 the S&P 500 is up 13.1% year to date and the Nasdaq 16.5%.

Over the past month, though, the Dow fell 3.1% and the Russell 2000 5.6%: money is crowding into big tech.

Sector: The consumer discretionary ETF (XLY) is down 6.8% year to date and 5.4% over one month. The whole consumer space is weak. MCD is down 21.1% year to date, 14 percentage points worse than its sector: company-specific problems stacked on a sector headwind.

Rates: The 10-year Treasury yield is 5.18%, up about 52bp in a month. The Fed raised rates by 25bp on Sept 16.

What it means for MCD (our inference): ① The dividend yield of about 3.2% now sits well below the 10-year Treasury, so the stock's appeal as a defensive "bond proxy" has faded; ② higher oil prices and rates squeeze low- and middle-income consumers and weigh on restaurant traffic; ③ over the past year the stock has had almost no correlation with the S&P 500 (correlation coefficient 0.01), so it moves mainly on its own story.

Indices and sector

	Last	1W	1M	3M	YTD	1Y
S&P 500	7,743.41	+1.2%	+0.9%	+5.3%	+13.1%	+17.2%
Nasdaq Composite	27,068.72	+2.1%	+3.6%	+7.0%	+16.5%	+20.9%
Dow Jones Industrial	51,828.62	+0.3%	-3.1%	-0.1%	+7.8%	+12.8%
Russell 2000	2,837.55	-0.8%	-5.6%	-5.7%	+14.3%	+17.7%
Consumer Cyclical sector ETF	110.56	-0.2%	-5.4%	-3.1%	-6.8%	-5.6%
MCD	236.50	-4.7%	-10.8%	-11.7%	-21.1%	-19.8%

Rates, volatility and relative performance

VIX 14.87 1M -0.34	10-year Treasury yield 5.18% 1M +52bp	US Dollar Index 100.97 1M +1.80	Beta vs S&P 0.01 1-year correlation 0.01	3M excess return -17.0% vs S&P 500
1Y excess return -37.0% vs S&P 500				

Macro and market events

Date	Event	What it means for this stock	Source
2026-09-16	Fed raises rates 25bp to 3.75%–4.00%, its first hike since 2023; the dot plot points to one more hike this year	Higher borrowing costs → pressure on disposable income and fewer meals out (our inference); a higher risk-free rate → high-dividend defensive stocks lose relative appeal (our inference).	CNBC

Date	Event	What it means for this stock	Source
2026-09-09	US-Iran conflict escalates; oil tops \$100 a barrel	Oil → consumers spend more on fuel, squeezing restaurant spending (our inference); it also pushes up transport and raw material costs. Media reported US diesel at \$6.23 a gallon this month.	AP / The Columbian
2026-09-26	Bloomberg: restaurant traffic fell on a net basis in every month but one from August 2025 to July 2026 as consumers push back on price increases	An industry-wide traffic decline, consistent with the company's own description of its US business in Q2: "negative traffic, growth driven by average check" (10-Q).	Bloomberg

02

Events

2026-09-24

Negative News

CEO: inflation will stay elevated for "many years"; beef costs nearly doubled in 5 years

Management is gloomy on costs and the consumer. That leaves little room for price increases and makes margin gains depend more on efficiency (our inference).

Source: 24/7 Wall St.; Bloomberg

2026-09-24

Negative Analyst ratings

At least 6 brokers cut price targets on the same day

BTIG \$350 → \$295, BMO \$335 → \$310, Evercore \$320 → \$300, JPMorgan \$280 → \$260, TD Cowen \$282 → \$270, RBC \$290 → \$285; ratings largely unchanged (yfinance rating data). Expectations moved down across the board after the investor day.

Source: yfinance 评级变动

2026-09-23

Negative News

Media: US Q3 comparable sales guided "slightly negative", 50,000-restaurant target pushed to 2028

Neither item is in the 8-K press release. Both come from the investor day itself, rest on media reports and could not be verified in SEC filings. US comparable sales grew only 0.8% in Q2, the slowest in more than a year. A negative Q3 would mean the slowdown is still running.

Source: Bloomberg; 24/7 Wall St.

2026-09-23

Negative 8-K

Investor day unveils NEXT strategy: about \$8.5B of franchisee support through 2036

Targets disclosed in the 8-K: operating margin in the low-to-mid 50% range by 2030 (TTM today: 46.2%); base capex of about \$3B a year in 2027–2030, plus a cumulative \$1.5–2B of capital partnership support; 2030 free cash flow conversion (FCF ÷ net income) in the "mid-to-high 80% range". About \$5B of the \$8.5B partnership support goes out before 2030, as rent relief plus capital support. Rent is the main source of the company's franchise revenue, so rent relief will directly depress revenue (our inference). And TTM conversion today is about 88% (est.), so the 2030 target is no higher than where the company already is. Media quoted the CFO as saying the company's own payback period is 5–6 years. The stock fell 5.6% that day.

Source: 8-K item 7.01 (2026-09-23) ; 媒体报道

2026-08-04

Unclear 8-K

New US president: Joe Erlinger steps down, Skye Anderson takes over

The 8-K says Erlinger stays on as an adviser until early 2027 on unchanged pay. In the press release the CEO said the US business has "an opportunity to raise the bar and accelerate performance". The change at the top is directly tied to the US slowdown. Whether it works will show over the next few quarters.

Source: 8-K item 5.02 (2026-08-04)

2026-08-04

Neutral Earnings

Q2 results: GAAP EPS \$3.32, adjusted \$3.38, global comparable sales +1.3%

Adjusted EPS beat consensus by 1.8% (yfinance). But US comparable sales rose only 0.8%, carried by average check and product mix while traffic fell; China comparable sales were negative. Revenue grew 4%, only 2% in constant currency. SG&A jumped 17% on employee costs (including incentive compensation) and the cost of the global franchisee convention (10-Q).

Red is positive, green is negative (Chinese market colours), grey is neutral, blue is still unclear.

Analyst rating changes, last 90 days (28; latest 12 shown)

Source: 8-K item 2.02 (2026-08-04)

Date	Firm	Action	Rating	Target
2026-09-24	BMO Capital	main	Outperform → Outperform	335 → 310
2026-09-24	JP Morgan	main	Overweight → Overweight	280 → 260
2026-09-24	Evercore ISI Group	main	Outperform → Outperform	320 → 300
2026-09-24	RBC Capital	main	Sector Perform → Sector Perform	290 → 285
2026-09-24	BTIG	main	Buy → Buy	350 → 295
2026-09-24	TD Cowen	main	Hold → Hold	282 → 270
2026-09-21	UBS	main	Buy → Buy	340 → 320
2026-09-17	Citigroup	main	Buy → Buy	345 → 310
2026-09-16	BTIG	reit	Buy → Buy	350 → 350
2026-09-16	Seaport Global	init	– → Neutral	0 → 0
2026-09-15	RBC Capital	main	Sector Perform → Sector Perform	295 → 290
2026-09-14	Deutsche Bank	main	Buy → Buy	325 → 300

yfinance aggregate, not individually verified. up = upgrade, down = downgrade, main = maintain, init = initiate, reit = reiterate.

Rating and scorecard

Our rating

Buy

Expected to beat the S&P 500 by 10–20 points in total return over 12 months · Weighted scorecard 3.05

Publisher's call: Buy, one notch above the rule's Neutral (weighted scorecard 3.05).

The rule gives momentum a 1: the stock is down about 30% from its February high and closed at a one-year low on Sept 25. We think most of the bad news is in the price, and what is on offer now is a rent-collecting machine at a discount:

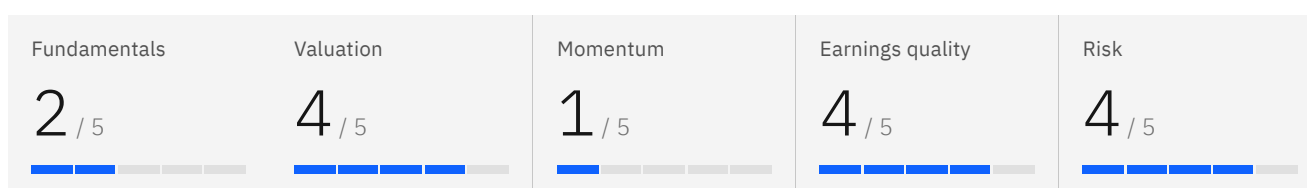
It is cheap. At 18.3x this year's earnings it trades about 16% below the peer median of 21.7x, with a free cash flow yield of about 4.6% and a dividend yield of about 3.2%.

The most profitable model in the business is intact. About 95% of restaurants are franchised and operating margin is above 46%, the highest among peers; Q2 operating margin was 47.0%, almost unchanged from a year earlier.

The \$8.5B is a tourniquet, not a wound. The franchisee support runs through 2036 and aims to win back US traffic. It will weigh on rent income and free cash flow for several years, but at about 5% of market value it does not break the business.

Risks, and what would change our call: the stock is still in a downtrend; analysts may keep cutting EPS after investor day, which would push the P/E up (our inference); including lease liabilities, net debt to EBITDA is about 3.6x and shareholders' equity is negative. Confirmed negative US comparable sales in Q3, a cut to 2027 guidance, or a sharp cut to EPS estimates would all mean a downgrade.

Ratings are research opinions based on public information, written for all readers and not tailored to anyone's finances. Rules and distribution: Rating definitions



A higher risk score means lower risk. The five dimensions are weighted into a suggested rating, which the publisher confirms.

Why these scores

Fundamentals

2 / 5

Nominal TTM revenue growth of +6.3% lands in the 3-point band, but we mark it down one notch: ① currency did much of the work, with Q2 constant-currency revenue up only 2% and the first half up 3% (8-K); ② comparable sales are slowing sharply, globally from 3.8% a year earlier to 1.3% and in the US from 2.5% → 0.8%, and media report US Q3 guidance turning negative; ③ US traffic is falling, so growth comes from price. Margins remain high and stable: Q2 operating margin was 47.0% versus 47.2% a year earlier.

Revenue TTM +6.3%, Q2 constant currency +2%; US comparable sales Q2 +0.8%; operating margin TTM 46.2%

Valuation

4 / 5

Current-year P/E is 18.3x, about 16% below the peer median of 21.7x, which puts it in the 4-point band. PEG is about 2.4 ($18.3 \div 7.5\%$ expected 2027 EPS growth), close to but not above the 2.5 markdown line, so no adjustment. Revenue growth of 3.7% is slightly below the peer median of 4.6%. A caveat: the discount mainly reflects slower growth and the post-investor-day reset in expectations, and analysts may keep cutting EPS estimates after the investor day, which would push the P/E higher (our inference).

Current-year P/E 18.3x vs peer median 21.7x; PEG about 2.4; revenue growth 3.7% vs peer median 4.6%

Momentum

1 / 5

It trails badly on every horizon: behind the S&P by 17.0, 43.2, 37.0 and 34.2 percentage points over 3 months, 6 months, 1 year and year to date. The stock sits below its 50-day (-10.2%) and 200-day (-19.1%) moving averages, closed at a 1-year low on Sept 25, and the drawdown is still widening.

Excess return 3M -17.0%, 1Y -37.0%; -29.3% from 1-year high

Earnings quality

4 / 5

The core indicators are healthy: non-operating items are small; TTM free cash flow / net income is about 0.88; receivable days are stable at 32–34 (est.). One point off because the adjusted figures routinely exclude restructuring charges: "Accelerating the Organization" has cost \$795M cumulatively since 2023, about \$250M is expected in 2026 and it will not end until 2027 (10-Q). A charge that recurs year after year is not a one-off. "Other operating income" also includes gains on restaurant sales (\$70M in the first half), too small to penalise.

FCF \$7.8B / net income \$8.8B = 0.88; cumulative restructuring charges \$795M

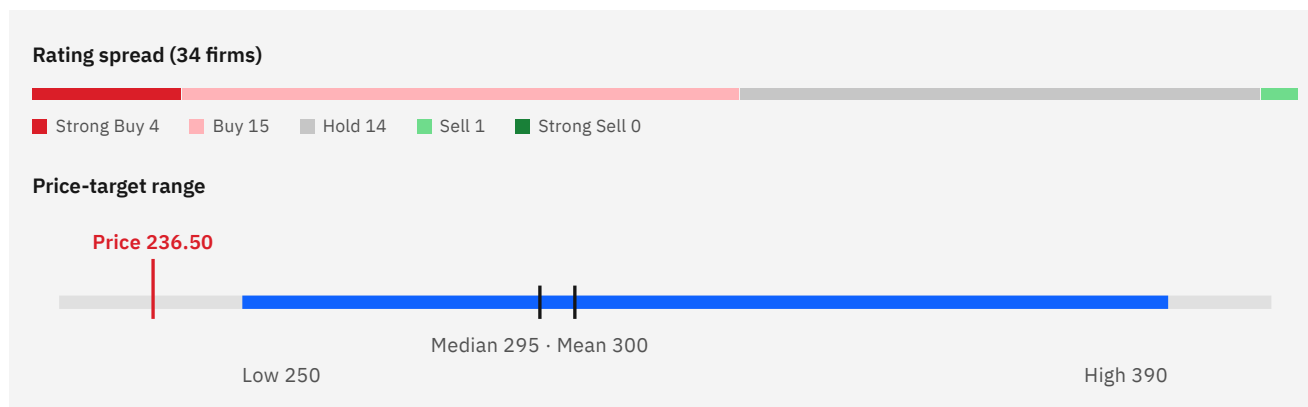
Risk

4 / 5

One point off from 5: the \$8.5B of franchisee partnership support equals about 5.1% of market cap (\$167.4B), above the 5% threshold (8-K, 2026-09-23). No other deductions: 1-year volatility of 19.2% and maximum drawdown of -29.3% are both within thresholds; about 95% of restaurants are run by franchisees, so there is no single-customer concentration; interest-bearing debt is \$39.9B and net debt / EBITDA is about 2.6x (est.). Add the \$14.7B of lease liabilities, however, and it is about 3.6x. With negative shareholders' equity (-\$1.0B), leverage is high, though cash flow is very stable.

Partnership support \$8.5B = 5.1% of market cap; net debt / EBITDA about 2.6x (about 3.6x including leases, est.)

What Wall Street thinks



yfinance aggregate of 29 analysts; update time unknown. We show the spread and do not endorse any target.

Inside the filings

Quarterly results

Quarter end	Revenue	QoQ	YoY	Gross margin	Op. margin	Net income	Diluted EPS	Op. cash flow	Free cash flow
2025-06-30	\$6.8B	+14.9%	+5.4%	–	47.2%	\$2.3B	3.14	\$2.0B	\$1.3B
2025-09-30	\$7.1B	+3.4%	+3.0%	–	47.4%	\$2.3B	3.18	\$3.4B	\$2.4B
2025-12-31	\$7.0B	-1.0%	+9.7%	–	45.0%	\$2.2B	–	\$2.7B	\$1.6B
2026-03-31	\$6.5B	-7.0%	+9.4%	–	45.3%	\$2.0B	2.78	\$2.4B	\$1.7B
2026-06-30	\$7.1B	+8.9%	+3.7%	–	47.0%	\$2.4B	3.32	\$2.8B	\$2.0B

Source: SEC XBRL. Free cash flow = operating cash flow – capex. Q4 EPS is often missing from XBRL; company figures prevail.

Valuation

Basis	EPS	P/E
GAAP, trailing 12 months	12.32	19.2x
Adjusted, trailing 12 months (street basis)	12.55	18.8x
Current fiscal year estimate (0y)	12.90	18.3x
Next fiscal year estimate (+1y)	13.87	17.1x

Current fiscal year (2026) EPS estimates range from \$12.53–\$13.23 and 2027 from \$12.90–\$14.73, so analysts broadly agree. At the current price the dividend yield is about 3.2% (yfinance's dividendYield of 3.26 is a percentage). Price targets have come down across the board since the investor day, and the target distribution below may not be fully updated yet.

At the current price. Forward EPS is the yfinance consensus mean, on an adjusted basis.

What the filings say

Revenue, net income, GAAP EPS, operating cash flow and inventory match XBRL quarter by quarter. Differences and points to watch:

Operating income is off by 1–2%: a definitional issue, not a data error: yfinance's Operating Income strips out "other operating (income) expense, net". In Q2, for example, reported operating income was \$3,338M, this line was a \$37M gain, and yfinance shows \$3.30B; Q1 works the same way (10-Q, 2026-08-07). The line includes gains on restaurant sales, equity in earnings of affiliates (\$122M in the first half), gains and losses on asset disposals, and restructuring charges. Use the reported figure.

Quality of growth: Q2 revenue rose 4%, only 2% in constant currency; first-half revenue rose 6%, 3% in constant currency (8-K, 2026-08-04). US comparable sales growth came from average check and product mix, while traffic was negative (10-Q).

SG&A up 17%: driven by employee costs (including incentive compensation) and the 2026 global franchisee convention; first-half SG&A was 2.2% of systemwide sales versus 2.1% a

year earlier (10-Q). The investor day target is about 1.9% by 2030 (8-K, 2026-09-23).

Solid cash flow: TTM operating cash flow \$11.3B, capex \$3.6B, free cash flow \$7.8B, conversion about 88% (est.). First-half buybacks \$1.25B, dividends \$2.64B (10-Q).

Debt: interest-bearing long-term debt is \$39.9B; \$1.16B issued and \$0.58B repaid in the first half; Q2 interest expense \$409M (+5%). No 8-K under item 8.01 or 2.03 was found; the issuance was done under existing shelf registration capacity (10-Q).

Buried in the filings

\$8.5B of franchisee partnership support: through 2036, with about \$5B deployed before 2030 as rent relief plus capital support; on top of that, base capex of about \$3B a year in 2027–2030 plus a cumulative \$1.5–2B of capital partnership (8-K, 2026-09-23). None of these commitments is on the balance sheet yet.

2030 financial targets: operating margin in the low-to-mid 50% range; G&A at about 1.9% of systemwide sales; free cash flow conversion in the "mid-to-high 80% range"; the contribution of new restaurants to systemwide sales growth falls from close to 2.5% in 2027 to about 2% in 2030 (8-K, 2026-09-23).

Restructuring drags on: "Accelerating the Organization" has cost \$795M so far, with about \$250M more expected in 2026, mostly professional services fees; completion in 2027 (10-Q).

Negative shareholders' equity: -\$1.02B (2026-06-30), the product of years of buybacks and dividends (10-Q). \$11.73B remains under the buyback authorization (\$15B in total, effective from 2025).

Loan guarantees: about \$85M, guaranteeing borrowings within the franchise system, carried at zero (10-K, 2026-02-24). The amount is small.

China and Japan affiliates: the carrying value of the investments exceeds the corresponding share of net assets by \$1.4B; management sees no sign of impairment. China comparable sales were negative in Q2 (10-Q).

Non-GAAP definition: unchanged; it still excludes impairment and other charges/gains (mainly restructuring charges).

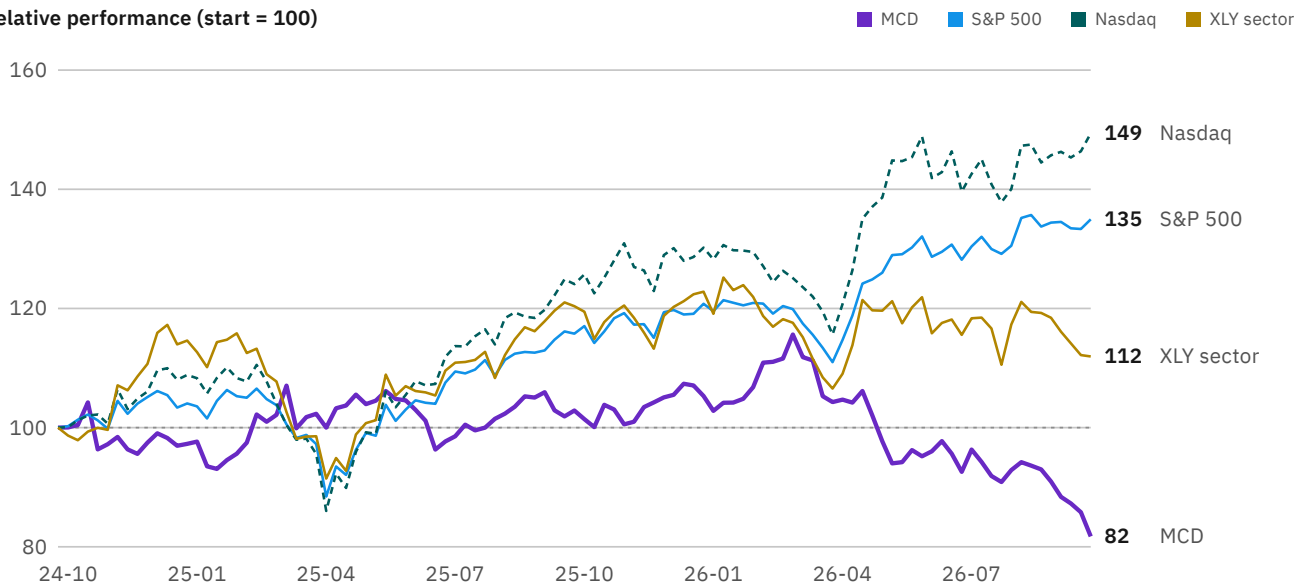
Where the data vendor got it wrong

Item	yfinance	Filing (with the math)
freeCashflow	\$6.3B	\$7.8B = TTM operating cash flow \$11.34B – capex \$3.58B (sum of four quarters in XBRL)
forwardPE	17.1x	Uses 2027 EPS of \$13.87; on current fiscal year (2026) EPS of \$12.90 it is 18.3x
Operating Income (quarterly)	Q2 \$3.30B, Q1 \$2.88B	Reported Q2 \$3.34B , Q1 \$2.95B . yfinance strips out "other operating (income) expense, net" (10-Q, 2026-08-07)
totalDebt	\$54.6B	Interest-bearing long-term debt is \$39.9B ; add lease liabilities of \$14.0B (long-term) + \$0.7B (current) and the three sum to exactly \$54.6B (10-Q)
priceToBook / ROE	-163.6x / n/a	Shareholders' equity is -\$1.02B , so price-to-book and ROE are meaningless and are not used for valuation
dividendYield	3.26	A percentage, i.e. 3.26%

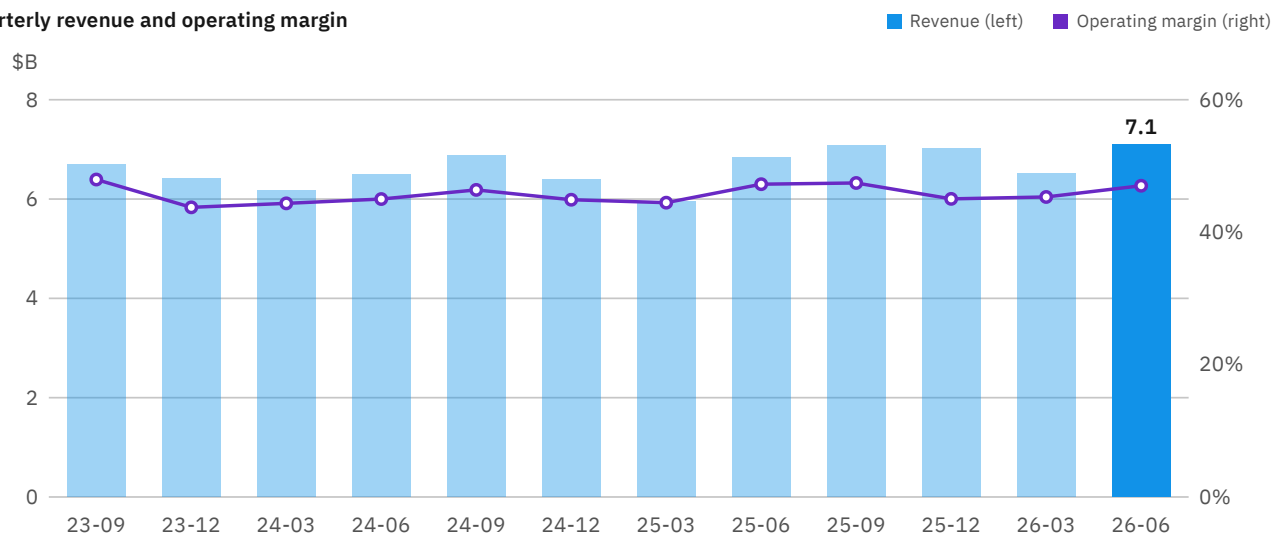
05

Price action

Relative performance (start = 100)



Quarterly revenue and operating margin



06

Peers

Ticker	Name	Mkt cap	1M	YTD	1Y	P/E TTM	P/E CY	Rev growth	Gross margin	Op. margin
MCD	McDonald's Corporation	\$167.4B	-10.8%	-21.1%	-19.8%	19.2x	18.3x	+3.7%	57.4%	46.5%
YUM	Yum! Brands, Inc.	\$37.8B	-9.8%	-7.0%	-6.0%	17.9x	21.7x	+12.2%	45.3%	32.8%

Ticker	Name	Mkt cap	1M	YTD	1Y	P/E TTM	P/E CY	Rev growth	Gross margin	Op. margin
QSR	Restaurant Brands Internatio	\$32.8B	-8.8%	+7.8%	+15.0%	18.2x	17.6x	+4.6%	34.1%	27.7%
CMG	Chipotle Mexican Grill, Inc.	\$39.6B	-16.1%	-15.3%	-20.3%	29.0x	27.3x	+9.3%	39.4%	16.1%
SBUX	Starbucks Corporation	\$108.1B	-12.6%	+14.7%	+16.0%	54.8x	36.6x	-1.4%	22.3%	12.9%
DPZ	Domino's Pizza Inc	\$9.7B	-14.7%	-28.7%	-29.4%	16.6x	15.3x	+4.3%	28.7%	19.1%
yfinance aggregate, not checked against filings. Current-year 12.6% price ÷ current fiscal-year 6.0% PS, avoiding forward 21.7x next-year 4.6% Peer source: peers. 10.1%										

Peers are hand-picked from global fast food and restaurant chains: YUM, QSR, CMG, SBUX, DPZ (yfinance's automatic peers are also restaurants, but this set of five is fixed here). MCD's current-year P/E of 18.3x is below the peer median of 21.7x and above only QSR (17.6x) and DPZ (15.3x). Its operating margin of 46.5% is the highest in the group, a hallmark of the heavily franchised, rent-collecting model. But revenue growth of 3.7% ranks fifth of six, ahead of only SBUX, and its 1-year return of -19.8% is only slightly better than CMG (-20.3%) and DPZ (-29.4%). The whole fast-food group is hurting from consumers trading down; MCD's problem is that the investor day's negative reset landed on top of that. Peer data are yfinance aggregates and were not checked against each company's filings.

07

Smart money

Who holds it, who is trading it: 1 of the investors we track hold MCD

Investor	Data	Period	Value / range	Portfolio weight	Change
Ray Dalio	13F holdings	2026-06-30	\$15M	0.1%	Added

From each person's latest published 13F, insider filing or disclosure. 13F data lags by about 45 days. Smart Money →

08

What to watch

2026-10-05	"Make It Golden" program launch (Founder's Day) How the service and food experience upgrade program is rolled out (8-K, 2026-09-23).
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2026 年 10 月下旬 **Next FOMC meeting**

The dot plot points to one more hike this year; watch whether rates and oil weigh harder on consumers. Check the Fed calendar for the exact date.

2026-11-05 **2026 Q3 results**

Consensus EPS \$3.39, revenue \$7.31B (yfinance). Key points: whether US comparable sales turn negative as media reported, traffic data, whether SG&A growth slows, and the accounting for the \$8.5B partnership support (rent relief booked against revenue or as an expense).

2026-12-01 **Ex-dividend date**

Dividend paid Dec 15 (yfinance calendar).

2027 年 **Restructuring wraps up, NEXT capex begins**

Whether restructuring charges end on schedule; the hit to free cash flow from about \$3B a year of base capex plus partnership support from 2027.

2030 年 **NEXT medium-term targets**

Operating margin in the low-to-mid 50% range, G&A about 1.9%, FCF conversion in the mid-to-high 80% range, chicken and beverage share each up 1.5 percentage points.

Research notes only; not investment advice.

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Sources

Market and analyst data: yfinance + SEC EDGAR, as of 2026-09-25 close, delayed. Financials: SEC EDGAR (XBRL and original filings). Macro and news items link to their sources. Red means up, green means down.

Web search: Bloomberg: McDonald's sell-off hits 30%, Yahoo Finance / 24/7 Wall St.: falls 4% on investor day, 24/7 Wall St.: CEO on inflation, CNBC: Fed decision, AP/The Columbian: oil prices.

AlphaScope · alphascope.cc/en/reports/2026-09-25-mcd · Generated 2026-09-30

Financials come straight from SEC EDGAR filings. Market data is delayed; every report names its sources.

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