



FOR IMMEDIATE RELEASE

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McDONALD'S REPORTS FIRST QUARTER 2023 RESULTS

- **Comparable sales increased nearly 13% for the quarter, both globally and across each segment**
- **Digital Systemwide sales* in our top six markets were nearly \$7.5 billion for the quarter, representing almost 40% of their Systemwide sales**

CHICAGO, IL - McDonald's Corporation today announced results for the first quarter ended March 31, 2023.

“Our strong first quarter results demonstrate that our *Accelerating the Arches* strategy is working, as comparable sales grew 12.6% through a healthy balance of strategic menu price increases and positive traffic growth,” said Chris Kempczinski, McDonald’s President and Chief Executive Officer. “Running great restaurants is fundamental to our business momentum. We have refocused on operational excellence through our global Performance and Customer Excellence (PACE) initiative, and we’ve seen significant customer satisfaction improvement around the world. Amidst a challenging operating environment, customer demand for McDonald’s Brand remains strong.”

First quarter financial performance:

- Global comparable sales increased 12.6%, reflecting strong comparable sales of 12.6% across each segment.
- Consolidated revenues increased 4% (8% in constant currencies).
- Systemwide sales increased 9% (13% in constant currencies).
- Consolidated operating income increased 10% (14% in constant currencies).
- Diluted earnings per share was \$2.45, an increase of 66% (72% in constant currencies). Excluding \$0.18 per share of current year restructuring charges related to the Company's internal effort to modernize ways of working (*Accelerating the Organization*), diluted earnings per share was \$2.63, an increase of 15% (19% in constant currencies) when also excluding prior year charges.**

*Refer to page 3 for a definition of Systemwide sales.

**Refer to page 2 for additional details on charges for the first quarter 2023 and 2022.

COMPARABLE SALES

	Increase/(Decrease)	
	Quarters Ended March 31,	
	2023	2022
U.S.	12.6 %	3.5 %
International Operated Markets	12.6	20.4
International Developmental Licensed Markets & Corporate	12.6	14.7
Total	12.6 %	11.8 %

- **U.S.:** Comparable sales results benefited from strategic menu price increases and positive comparable guest count growth. Successful operational execution in McDonald's restaurants, effective marketing campaigns featuring the core menu and continued digital and delivery growth contributed to strong comparable sales results.
- **International Operated Markets:** Segment performance was led by strong comparable sales across the Big Five* and the majority of other markets.
- **International Developmental Licensed Markets:** The quarter reflected strong comparable sales across the segment, led by Japan, along with all geographic regions.

KEY FINANCIAL METRICS - CONSOLIDATED

Dollars in millions, except per share data

	Quarters Ended March 31,			
	2023	2022	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
Revenues	\$ 5,897.8	\$ 5,665.6	4 %	8 %
Operating income	2,532.4	2,312.6	10	14
Net income	1,802.3	1,104.4	63	69
Earnings per share-diluted	\$ 2.45	\$ 1.48	66 %	72 %

Results for 2023 included the following:

- Pre-tax restructuring charges of \$180 million, or \$0.18 per share, related to *Accelerating the Organization*

Results for 2022 included the following:

- Pre-tax expenses of \$127 million, or \$0.13 per share, primarily incurred to support the Company's business in Russia
- \$500 million, or \$0.67 per share, of nonoperating expense related to the settlement of a tax audit in France

Excluding the above items, results reflected strong operating performance driven primarily by higher sales-driven Franchised margins.

NET INCOME AND EARNINGS PER SHARE-DILUTED RECONCILIATION

Dollars in millions, except per share data

	Quarters Ended March 31,							
	Net Income				Earnings per share - diluted			
	2023	2022	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation	2023	2022	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
GAAP	\$1,802.3	\$1,104.4	63 %	69 %	\$ 2.45	\$ 1.48	66 %	72 %
(Gains)/charges	134.4	102.1			0.18	0.13		
Tax settlement	—	500.0			—	0.67		
Non-GAAP	\$1,936.7	\$1,706.5	13 %	17 %	\$ 2.63	\$ 2.28	15 %	19 %

*Australia, Canada, France, Germany and the U.K. are collectively referred to as the "Big Five" international markets.

THE FOLLOWING DEFINITIONS APPLY TO THESE TERMS AS USED THROUGHOUT THIS RELEASE

Constant currency results exclude the effects of foreign currency translation and are calculated by translating current year results at prior year average exchange rates. Management reviews and analyzes business results excluding the effect of foreign currency translation, impairment and other charges and gains, as well as material regulatory and other income tax impacts, and bases incentive compensation plans on these results because the Company believes this better represents underlying business trends.

Comparable sales and comparable guest counts are compared to the same period in the prior year and represent sales and transactions, respectively, at all restaurants, whether operated by the Company or by franchisees, in operation at least thirteen months including those temporarily closed. Some of the reasons restaurants may be temporarily closed include reimaging or remodeling, rebuilding, road construction, natural disasters and acts of war, terrorism or other hostilities (including restaurants temporarily closed due to COVID-19, as well as those that remain closed in Ukraine). Restaurants in Russia were treated as permanently closed as of April 1, 2022 and therefore excluded from the calculation of comparable sales and comparable guest counts beginning in the second quarter of 2022. Comparable sales exclude the impact of currency translation and the sales of any market considered hyperinflationary (generally identified as those markets whose cumulative inflation rate over a three-year period exceeds 100%), which management believes more accurately reflects the underlying business trends. Beginning in the first quarter of 2023, McDonald's excluded results from Argentina and Lebanon in the calculation of comparable sales due to hyperinflation (Venezuela continues to be excluded). Comparable sales are driven by changes in guest counts and average check, the latter of which is affected by changes in pricing and product mix.

Systemwide sales include sales at all restaurants, whether operated by the Company or by franchisees. This includes sales from digital channels, which are comprised of the mobile app, delivery and kiosk at both Company-operated and franchised restaurants. While franchised sales are not recorded as revenues by the Company, management believes the information is important in understanding the Company's financial performance because these sales are the basis on which the Company calculates and records franchised revenues and are indicative of the financial health of the franchisee base. The Company's revenues consist of sales by Company-operated restaurants and fees from franchised restaurants operated by conventional franchisees, developmental licensees and affiliates. Changes in Systemwide sales are primarily driven by comparable sales and net restaurant unit expansion.

Free cash flow, defined as cash provided by operations less capital expenditures, and free cash flow conversion rate, defined as free cash flow divided by net income, are measures reviewed by management in order to evaluate the Company's ability to convert net profits into cash resources, after reinvesting in the core business, that can be used to pursue opportunities to enhance shareholder value.

RELATED COMMUNICATIONS

This press release should be read in conjunction with Exhibit [99.2](#) to the Company's Form 8-K filing for supplemental information related to the Company's results for the quarter ended March 31, 2023.

McDonald's Corporation will broadcast its investor earnings conference call live over the Internet at 7:30 a.m. (Central Time) on April 25, 2023. A link to the live webcast will be available at www.investor.mcdonalds.com. There will also be an archived webcast available for a limited time thereafter.

UPCOMING COMMUNICATIONS

For important news and information regarding McDonald's, including the timing of future investor conferences and earnings calls, visit the Investor Relations section of the Company's Internet home page at www.investor.mcdonalds.com. McDonald's uses this website as a primary channel for disclosing key information to its investors, some of which may contain material and previously non-public information.

ABOUT McDONALD'S

McDonald's is the world's leading global foodservice retailer with over 40,000 locations in over 100 countries. Approximately 95% of McDonald's restaurants worldwide are owned and operated by independent local business owners.

FORWARD-LOOKING STATEMENTS

This release contains certain forward-looking statements, which reflect management's expectations regarding future events and operating performance and speak only as of the date hereof. These forward-looking statements involve a number of risks and uncertainties. Factors that could cause actual results to differ materially from expectations are detailed in the Company's filings with the Securities and Exchange Commission, including the risk factors discussed in Exhibit [99.2](#) to the Company's Form 8-K filing on April 25, 2023. The Company undertakes no obligation to update such forward-looking statements, except as may otherwise be required by law.

McDONALD'S CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Dollars and shares in millions, except per share data

Quarters Ended March 31,	2023	2022	Inc/ (Dec)	
Revenues				
Sales by Company-operated restaurants	\$ 2,224.3	\$ 2,302.4	\$ (78.1)	(3)%
Revenues from franchised restaurants	3,587.5	3,262.8	324.7	10
Other revenues	86.0	100.4	(14.4)	(14)
TOTAL REVENUES	5,897.8	5,665.6	232.2	4
Operating costs and expenses				
Company-operated restaurant expenses	1,923.1	1,959.2	(36.1)	(2)
Franchised restaurants-occupancy expenses	598.3	584.0	14.3	2
Other restaurant expenses	62.8	72.3	(9.5)	(13)
Selling, general & administrative expenses				
Depreciation and amortization	99.3	92.7	6.6	7
Other	553.3	584.3	(31.0)	(5)
Other operating (income) expense, net	128.6	60.5	68.1	n/m
Total operating costs and expenses	3,365.4	3,353.0	12.4	—
OPERATING INCOME	2,532.4	2,312.6	219.8	10
Interest expense	329.7	287.3	42.4	15
Nonoperating (income) expense, net	(64.3)	484.1	(548.4)	n/m
Income before provision for income taxes	2,267.0	1,541.2	725.8	47
Provision for income taxes	464.7	436.8	27.9	6
NET INCOME	\$ 1,802.3	\$ 1,104.4	\$ 697.9	63 %
EARNINGS PER SHARE-DILUTED	\$ 2.45	\$ 1.48	\$ 0.97	66 %
Weighted average shares outstanding-diluted	735.5	747.6	(12.1)	(2)%

n/m Not meaningful