

McDonald's first-quarter profit rises 24% on international sales

Strong international sales helped McDonald's post a 24 percent gain in first-quarter profit, but investors seemed nervous about the company's first monthly decline of U.S. same-store sales in five years.

The fast food behemoth easily topped Wall Street forecasts Tuesday when executives said it earned \$946.1 million, or 81 cents per share, during the January-to-March period. That's up from \$762.4 million, or 62 cents per share, during the same period last year.

Revenue climbed 6 percent to \$5.6 billion.

Analysts surveyed by Thomson Financial expected a quarterly profit of 70 cents per share on revenue of \$5.4 billion.

But a 0.8 percent dip in U.S. comparable store figures for March - an important metric for retailers - kept McDonald's stock from rising Tuesday, despite assurances from the fast-food chain that same-store sales were on track to rebound in April.

Investors said they were pleased with the company's performance, particularly amid a gloomy environment for food companies struggling with rising food prices, but said they expected the short-term focus to be on U.S. comparable sales.

"Aside from this data point, overall business momentum appears very strong as (McDonald's) continues to flex its global strength and capital muscle," Steven T. Kron, a Goldman Sachs analyst, wrote to investors a research note.

Overall, U.S. same-store sales grew 2.9 percent during the quarter that ended March 31, while increasing more than 11 percent in Europe and 9.4 percent in Asia and the Middle East.

Revenue grew 3 percent in the U.S. to \$1.9 billion while operating profit climbed 5 percent to \$682.5 million. European revenue climbed 23 percent to nearly \$2.4 billion while, quarterly revenue in Asia, the Middle East and Africa grew 24 percent to about \$1 billion. Both geographic regions had operating profit growth of more than 45 percent.

"The bottom line here is that (McDonald's) continues to perform very well in a challenging environment and continues to benefit from a balanced portfolio of global assets that generate tremendous cash flow," Jason West, a Deutsche Bank analyst, wrote in a research note.

Meanwhile, the company said it planned to open 1,000 new stores worldwide this coming year and was progressing with its massive roll-out of a specialty coffee program in the United States. So far, McDonald's lattes, mochas and other espresso-drinks are now available in 1,300 U.S. stores.

McDonald's shares fell 32 cents, less than a percent, to close at \$58.35 Tuesday.

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