

McDonald's profit dips as US sales slump

NEW YORK CITY, US: Fast-food chain McDonald's said yesterday its first-quarter profit dropped 5.2% amid declining sales in its key US home market, and vowed to boost global sales.



McDonald's said the weakness in sales came "amid challenging industry dynamics and severe winter weather." (Image attribution: [I. Laslovarga](#), via Wikimedia Commons)

Profit for the first three months of the year was \$1.20bn compared with \$1.27bn in the year-ago period.

Diluted earnings per share of \$1.26 were down 4.0% from a year ago and came in three cents shy of Wall Street expectations.

Revenues rose 1.4% to \$6.70bn, slightly below estimates.

The home of the "Golden Arches" said that in the United States, comparable sales -- sales of restaurants open at least a year -- fell 1.7% in the January-March period and operating income dropped 3.0%.

McDonald's said the weakness in sales came "amid challenging industry dynamics and severe winter weather."

The Oak Brook, Illinois-based company is facing stiff competition in the fast-food breakfast war in the US. As part of its fight back, the company kicked off a two-week nationwide free coffee promotion during breakfast hours on 31 March.

McDonald's said its US segment remained focused on improving the restaurant experience through continued efforts to achieve operations and service excellence, customer engagement and menu choice.

Overall global comparable sales rose 0.5% in the first quarter.

Europe sales rose 1.4% in the quarter but were weighed down by ongoing weakness in Germany, Europe's largest economy.

Sales in Asia/Pacific, Middle East and Africa edged up 0.8%.

McDonald's pledged to boost performance in key markets including the US, Germany, Australia and Japan.

McDonald's president and chief executive Don Thompson said the near-term priority was to improve food and beverage options and service.

"We are intent on pursuing initiatives that will strengthen our relationship with our customers to reignite our business momentum."

The company is the world's largest fast-food chain, serving about 70 million customers in more than 100 countries daily.

McDonald's did not provide any forecast on future performance, but said it expected global comparable sales for April to be modestly positive.

The Dow component's shares fell 0.4% to \$99.29 in early trade on the New York Stock Exchange.

Source: *AFP*, via I-Net Bridge

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