

McDonald's quarterly US comp sales witness unforeseen growth

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Sales at U.S. restaurants open at least 13 months rose 4.1 percent, above the 3.4 percent growth expected on average by analysts polled by research firm Consensus Metrix.

McDonald's has been working to reverse a decline in traffic at its U.S. restaurants, where it gets most of its profit, with new menu items such as fresh beef Quarter Pounders, premium customizable sandwiches such as the Signature Sriracha sandwich, as well as mobile ordering and delivery.

Aggressive value promotions in the United States including soft drinks of all sizes for \$1, McCafe beverages such as smoothies and espresso drinks for \$2, and the McPick 2 offer, which lets customers buy two menu items for \$5, also boosted sales.

Global comparable sales for the world's biggest fast-food chain by revenue rose 6 per cent, above the 4.5 percent increase expected by analysts.

Net income rose to \$1.88 billion, or \$2.32 per share, in the third quarter ended Sept. 30, from \$1.28 billion, or \$1.50 per share, a year earlier.

Excluding items, the company earned a profit of \$1.76 per share, missing the average analyst estimate of \$1.77 per share, according to Thomson Reuters I/B/E/S.

Total revenue fell 10.4 percent to \$5.75 billion, after the company stepped up franchising its restaurants. Analysts were expecting revenue of \$5.74 billion.

"During the quarter, we refranchised our businesses in China and Hong Kong, reaching our target to refranchise 4,000 restaurants more than a year ahead of schedule," Chief Financial Officer Kevin Ozan said.

Franchising eliminates the cost of operating those units and replaces restaurant sales with more predictable rent and royalty payments based on a percentage of sales.