



Yum China Named to Fast Company's Annual List of the World's Most Innovative Companies for 2020

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SHANGHAI, March 11, 2020 /PRNewswire/ -- Yum China Holdings, Inc. (the "Company" or "Yum China") (NYSE: YUMC) today announced that it has been named to Fast Company's prestigious annual list of the World's Most Innovative Companies for 2020. Yum China has been recognized among the top 10 most innovative companies in China, and is one of only a few restaurant holding companies in the world to be included. The list honors the businesses making the most profound impact on both industry and culture, showcasing a variety of ways to thrive in today's fast-changing world.

The recognition illustrates the Company's focus on food and digital innovation. According to Fast Company, Yum China was praised "aggressively makes technological enhancements to the customer experience, and new menu items are the secret herbs and spices for its business."

"We are honored by this prestigious recognition from Fast Company. It is a validation of our long-term vision, which is to be the world's most innovative pioneer in the restaurant industry," said Joey Wat, CEO of Yum China. "This award is made possible by the ongoing efforts of our employees who live and breathe our vision every single day. By harnessing the world's largest restaurant loyalty membership program, a powerful digital ecosystem, and industry leading data and AI capabilities, we are constantly innovating to better serve our customers and achieve sustainable growth."

"At a time of increasing global volatility, this year's list showcases the resilience and optimism of businesses across the world. These companies are applying creativity to solve challenges within their industries and far beyond," said Fast Company senior editor Amy Farley, who oversaw the issue with deputy editor David Lidsky.

A relentless commitment to innovation is the major force behind Yum China's growth strategy. The Company's powerful digital ecosystem, that integrates online platforms with offline stores, is key to enhancing customer experience and engagement throughout the customer journey. Data and AI capabilities are enabling Yum China to make more informed and improved decisions throughout the entire business, including menu innovation, delivery, marketing, store operations and supply chain management.

Powerful digital ecosystem for an immersive customer experience

At the heart of Yum China's digital ecosystem are the **KFC and Pizza Hut Super Apps**. They allow the Company to engage with customers wherever they are, and extend beyond food to music, games, sports, and entertainment. Within each App are integrated individual digital features such as coupons and vouchers, privilege memberships, e-commerce, payment options and corporate social responsibility activities.

With a combined 240 million digital members at the end of 2019, **membership and loyalty programs** at KFC and Pizza Hut provide a wealth of valuable customer feedback and knowledge across different cities. This data helps determine the most effective and preferred store formats, store locations, and menu items. It also significantly increases the effectiveness of marketing campaigns while building awareness and loyalty quickly. Additionally, exciting offers within the Privilege Program drive frequency, value perception and customer loyalty.

Digital orders, which include delivery, mobile orders and kiosk orders, accounted for 61% of Yum China's sales in 2019. In addition to the widely used Alipay and WeChat Pay platforms, **YUMC Pay**, a payment option in partnership with Union Pay, offers another convenient option for customers. Meanwhile, increased automation in stores is creating disruptive retail experiences. Self-ordering kiosks with Alipay's **"Smile-to-Pay" facial recognition payment technology** can be found at over 1000 KFC stores and **fully automated dessert stations** are available in selected stores in five cities.





Delivery is a key growth driver for Yum China, especially as the Company continues to expand into lower-tier cities. Rolled out nationwide, **Delivery 3.0** is Yum China's intelligent trade zone focused platform that optimizes delivery services and improves efficiency. The platform's AI driven dispatching system and logistics overflow support is transforming the relationship between customers, riders and stores.

Data driven intelligent marketing and harnessing AI to drive sales and operational efficiency

Digital marketing accounts for approximately 60% of Yum China's marketing spend and timely data is helping the Company take a flexible yet targeted approach to marketing based on consumer preferences. For example, in 2019, Yum China rolled out **AI enabled menus and recommendations** for all mobile pre-orders, providing personalized customer interaction and trade-up opportunities.

Using AI based technology, Yum China has significantly improved sales forecasting, leading to better inventory management and store labor scheduling. Notably, this enhances the ability to quickly reallocate resources to new roles and growth areas. Yum China has developed tailor made algorithms that help to evaluate changing data patterns at the store level, such as location, sales performance, weather, promotions, and holidays. The Company is also rolling out **smart watches** that enable RGMs to closely monitor the ordering and serving status of restaurants and quickly identify and rectify any issues.

Doubling down on investment in innovation

Yum China recently reiterated its commitment to stepping up investment in innovation throughout the Company, particularly in the areas of digital, technology and supply chain. This is expected to further drive profitable innovation-led growth, increase operational flexibility and agility and ensure first class execution that consistently exceeds customer expectations.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally can be identified by the fact that they do not relate strictly to historical or current facts and by the use of forward-looking words such as "expect," "expectation," "believe," "anticipate," "may," "could," "intend," "belief," "plan," "estimate," "target," "predict," "likely," "will," "should," "forecast," "outlook," "look forward to" or similar terminology. These statements are based on current estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable under the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Forward-looking statements include, without limitation, statements regarding our future investment plans, the expected effects of adopting technologies, as well as their impact on business operations. Forward-looking statements are not guarantees of performance and are inherently subject to known and unknown risks and uncertainties that are difficult to predict and could cause our actual results to differ materially from those indicated by those statements. We cannot assure you that any of our expectations, estimates or assumptions will be achieved. The forward-looking statements included in this press release are only made as of the date of this press release, and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances, except as required by law. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. You should consult our filings with the Securities and Exchange Commission (including the information set forth under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K) for additional detail about factors that could affect our financial and other results.

About Yum China Holdings, Inc.

Yum China Holdings, Inc. is a licensee of Yum! Brands in mainland China. It has exclusive rights in mainland China to KFC, China's leading quick-service restaurant brand, Pizza Hut, the leading casual dining restaurant brand in China, and Taco Bell, a California-based restaurant chain serving innovative Mexican-inspired food. Yum China also owns the Little Sheep, East Dawning and COFFii & JOY concepts outright. The Company had 9,200 restaurants in over 1,300 cities at the end of December 2019. Yum China ranked # 362 on the Fortune 500 list for 2019. In 2020, Yum China was named to the Bloomberg Gender-Equality Index and was certified as a Top Employer 2020 in China by the Top Employers Institute, both for the second consecutive year. For more information, please visit <http://ir.yumchina.com>.

About Fast Company

Fast Company is the only media brand fully dedicated to the vital intersection of business, innovation, and design, engaging the most influential

leaders, companies, and thinkers on the future of business. Since 2011, Fast Company has received some of the most prestigious editorial and design accolades, including the American Society of Magazine Editors (ASME) National Magazine Award for "Magazine of the Year," Adweek's Hot List for "Hottest Business Publication," and six gold medals and 10 silver medals from the Society of Publication Designers. The editor-in-chief is Stephanie Mehta and the publisher is Amanda Smith. Headquartered in New York City, Fast Company is published by Mansueto Ventures LLC, along with our sister publication Inc., and can be found online at www.fastcompany.com.

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