



YumChina

RESILIENCE GROWTH MOAT 2.0

2023 YUM CHINA INVESTOR DAY

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Emerged from Pandemic: Stronger & Better Positioned for Growth

	2023 1H	vs 2022 1H	vs 2019 1H
Store Count ¹	13,602	+12%	+55%
Total Revenues ²	\$5.6bn	+16%	+26%
Operating Profit ²	\$673mn	+147%	+33%
Restaurant Margin	18.3%	+530bps	+160bps

1. Includes the consolidation of Huang Ji Huang from 2020

2. Growth stated in reported currency

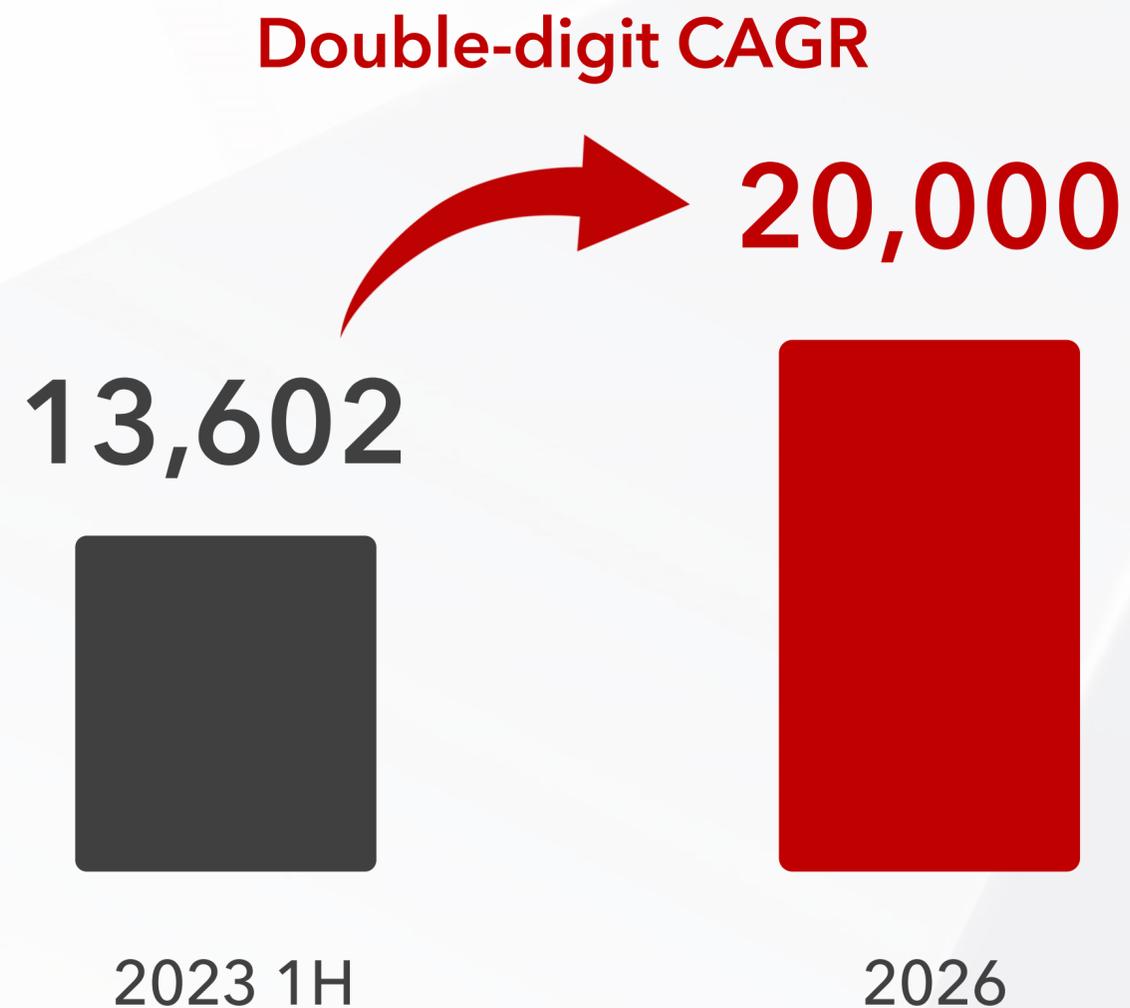
RGM 2.0 - Our Focus is Driving Growth

Resilience ***Growth*** ***Moat***
R ***G*** ***M***

Footprint Growth | Sales Growth | Profit Growth

Accelerating Network Expansion - Aiming for 20,000 Stores by 2026

Total Stores



Key Drivers

- ▶ China's economic growth
- ▶ Abundant white space
- ▶ Flexible store formats
- ▶ Franchise expansion
- ▶ Multi-brand portfolio

Expanding to More Cities and Increasing Store Density

More Cities

No. of cities and towns penetrated in China¹

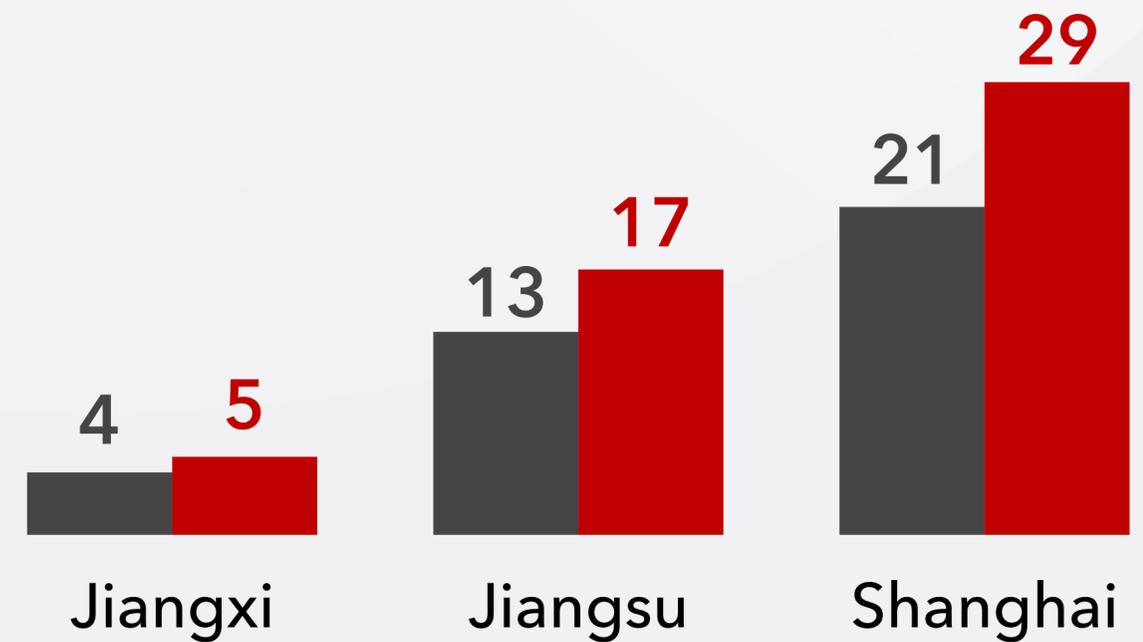
Total addressable cities and towns



Higher Density

Total KFC & Pizza Hut stores per mn people²

■ 2019 ■ 2023 1H



1. By YUMC definition as of Jun 30, 2023
2. Population as of Dec 31, 2019 and Dec 31, 2022. KFC and Pizza Hut store count as of Dec 31, 2019 and Jun 30, 2023

Maintaining Strong New Store Payback Period and Unit Economics

Rolling 12 Months
New Store Economics
(per store)¹



Total

Smaller Models²



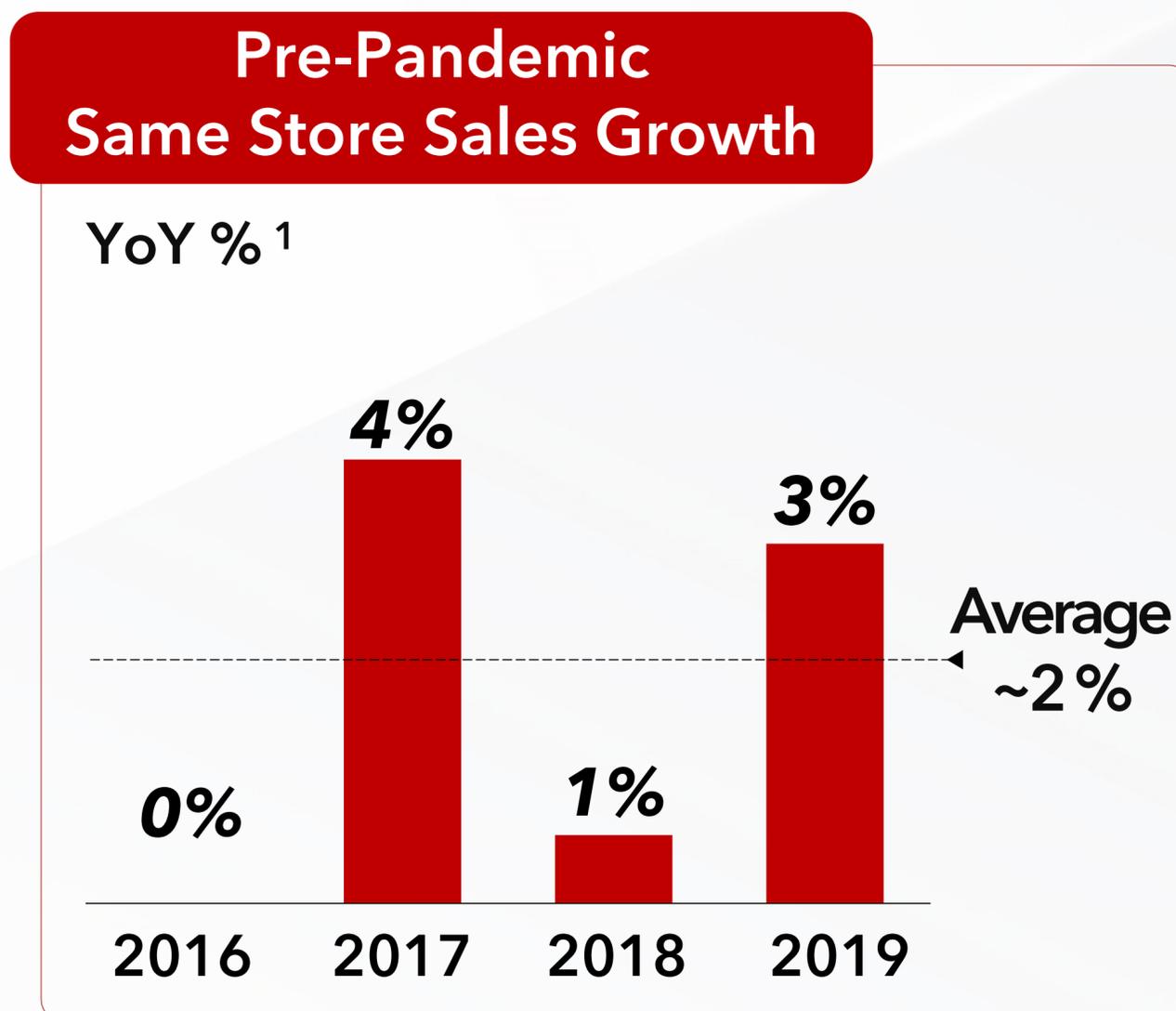
Total

Satellite Store

	Total	Smaller Models ²	Total	Satellite Store
Average Pre-tax Cash Payback Period ³	~2 years	~2 years	~3 years	~2 years
Cash Investment ⁴ (RMB mn)	~1.8	~1.5	~1.4	~1.0
Annual Sales (RMB mn)	~4.5	~3.4	~3.5	~2.6
Cash Margin	~19%	~21%	~13%	~16%

1. Represent first year performance (after honeymoon period) of new stores opened between Apr 1, 2021 and Mar 31, 2022
 2. Include Mini and Low Tier models
 3. Assumes yearly cashflow is same as first year (after honeymoon period), after deduction of 3% license fee and before G&A expenses and income tax
 4. Excludes VAT

Driving Same Store Sales Growth with Multiple Initiatives



1. Stated on a constant currency basis

Investing with Discipline to Develop Future Growth Engines

Western Catering Brands



85% YoY Revenue Growth 2023 1H

Chinese Dining Business Unit

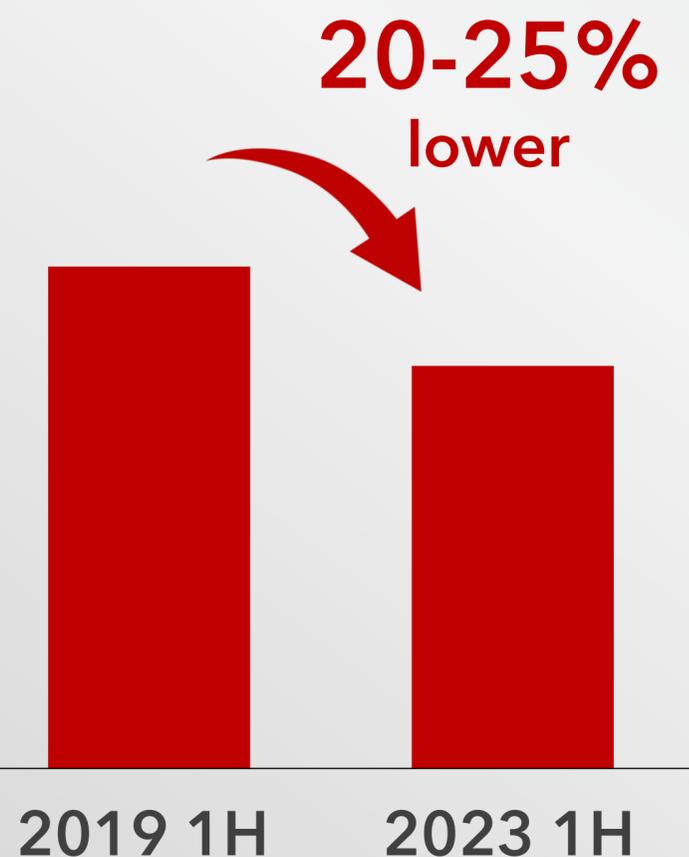


Profitable in 2023 1H

~1,000 Emerging Brands Stores as of 2023 1H

Rebasing Cost Structure to Enhance Resilience and Profitability

Top 3 Fixed Costs¹ per Store



Restaurant Margin

↑ 160bps
2023 1H vs 2019 1H

Breakeven Sales

↓ Meaningfully reduced

Key Initiatives

- ✓ **Labor cost structure:**
Store management team sharing
- ✓ **Labor productivity:**
Tech-enabled operations
- ✓ **Depreciation & amortization:**
Reduced upfront investment and sunk cost per store
- ✓ **Rental and lease costs:**
More favorable rental agreements

1. Include compensation and benefits of salaried employees, fixed lease costs and depreciation at the store level

Target to Maintain and Gradually Improve Margins

Long Term Potential Challenges

- Commodity Inflation
- Wage Inflation
- Workforce Availability

Long Term Margin Improvement

Maintain
Flattish
COS

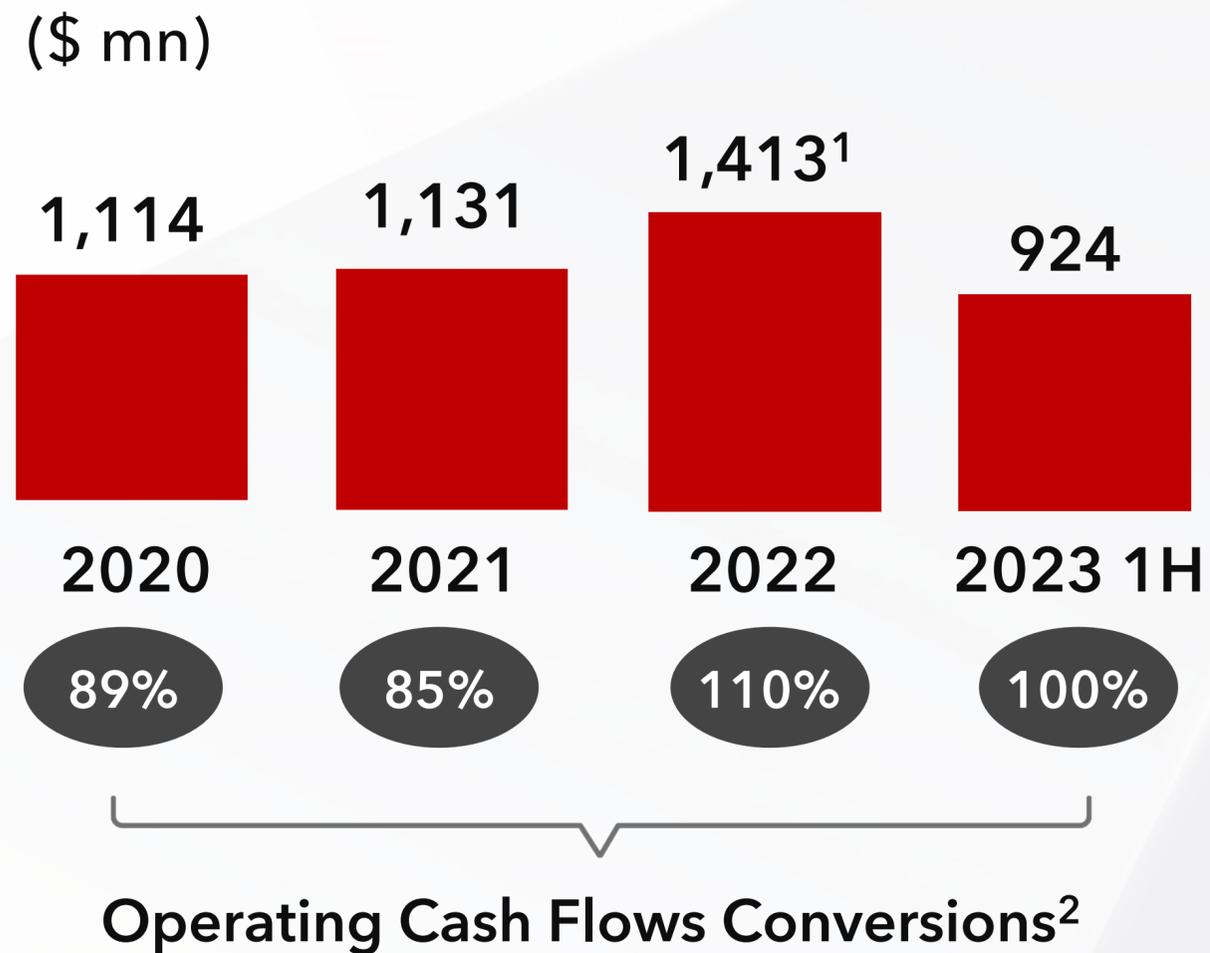
Enhance
Labor
Productivity

Lower
Occupancy
& Other

Drive
G&A
Leverage

Fueling Growth and Return to Shareholders with Strong Cash Flows

Strong Operating Cash Flows



Priorities for Capital Allocation

- 1 Operational Needs & Contingency
- 2 Organic Growth (Capex)
- 3 Strategic Investments
- 4 Return Excess Cash to Shareholders

1. Includes \$230mn VAT credit refund

2. Operating cash flows divided by Adjusted EBITDA in reported currency

Investing \$3.5-5bn to Drive Organic Growth and Strengthen Competitive Moat over the Next 3 Years

Total Capital Expenditure¹

2022-2023E

\$1.4-1.6bn

2024E-2026E

\$3.5-5bn

Store Network

- New stores
- Store remodeling

- Expanding to 20,000 stores by 2026
- Keeping stores fresh with remodeling

\$2.3-3bn

Supply Chain & Infrastructure

- Company-owned automated logistics centers
- Intelligent supply chain network

- Expanding company-owned logistics centers and network coverage
- Enhancing warehouse automation
- Building end-to-end intelligent network

\$700mn -1bn

Digital

- End-to-end digitalization

- Continuing digitalization
- Embracing process automation
- Expanding application of AI

\$500mn -1bn

1. In 2021 constant currency

Investing Strategically to Drive Growth and Fortify Moat

Joint Ventures
Consolidation



Hangzhou JV



Suzhou JV



Wuxi JV

New Brands
Development / Acquisition



Eco-system Partners
Investment

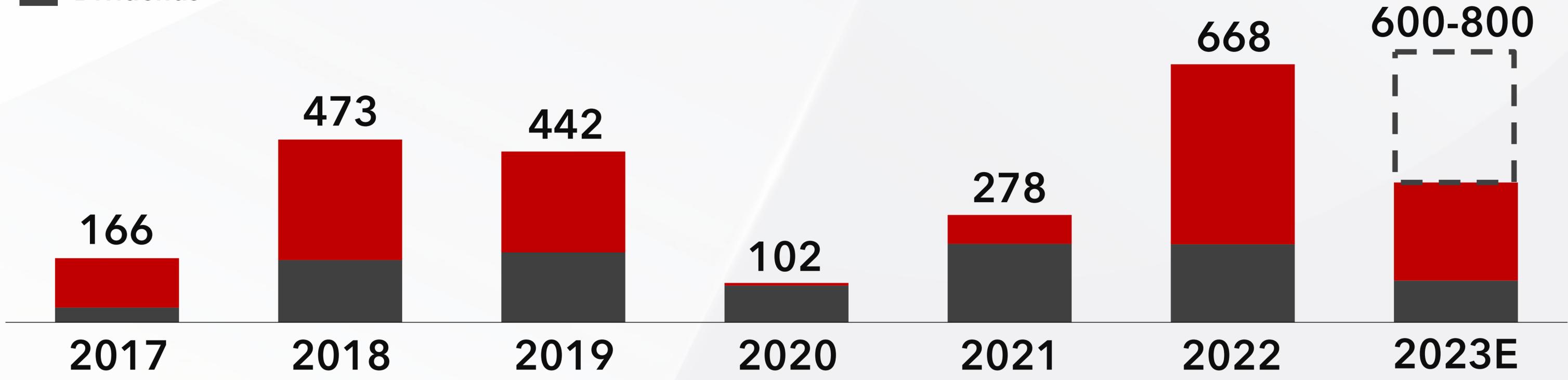


Committed to Return Excess Cash to Shareholders

~\$2.5 bn Cash Return to Shareholders Since Spin-off¹

(\$ mn)

- Share Repurchases
- Dividends



1. From Jan 1, 2017 to Aug 31, 2023

Recovery Holds Steady Despite Short Term Economic Headwinds



New Normal in 2023

**Same Store Sales
2023E vs 2019**

~90%

Source: National Bureau of Statistics of China, General Administration of Customs of the People's Republic of China
1. In USD

2023 Outlook

- ✓ Net new store target: 1,100-1,300 ➔ **1,400-1,600**
- ✓ Capital expenditure: **\$700-900mn**



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Appendix

RGGM
2.0

2023 YUM CHINA
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Operating Cash Flows Conversions

(\$ mn)	2020	2021	2022	2023 1H
Net Income - Yum China Holdings, Inc.	784	990	442	486
Net Income- noncontrolling interests	29	33	36	41
Equity in net (earnings) losses from equity method investments		-	2	-
Income tax provision	295	369	207	196
Interest income, net	-43	-60	-84	-78
Investment (gain) loss	-104	54	26	28
Operating profit	961	1,386	629	673
Special Items, Operating Profit	-229	-620	4	5
Depreciation and Amortization	450	516	602	228
Store impairment charges	66	48	51	21
Adjusted EBITDA	1,248	1,330	1,286	927
Operating Cash Flow	1,114	1,131	1,413	924
Operating Cash Flows Conversions	89%	85%	110%	100%

Percentages may not recompute due to rounding



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