



YumChina

2018 Investor Conference

November 2018



Cautionary Statement on Forward-Looking Statements & Non-GAAP Measures

This presentation 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. We intend all forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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,” “continue,” “should,” “forecast,” “outlook” 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 the future business plans, earnings and performance of Yum China, statements regarding the revitalization of Pizza Hut, anticipated effects of population and macroeconomic trends, the capital structure of Yum China, the anticipated effects of our digital and delivery capabilities on growth, and beliefs regarding the long-term drivers of Yum China’s business. 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 or events 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 presentation are only made as of the date of this presentation, and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances, except as required by law. Numerous factors could cause our actual results or events to differ materially from those expressed or implied by forward-looking statements, including, without limitation: whether we are able to achieve development goals at the times and in the amounts currently anticipated, if at all, the success of our marketing campaigns and product innovation, our ability to maintain food safety and quality control systems, our ability to control costs and expenses, including tax costs, as well as changes in political, economic and regulatory conditions in China. In addition, other risks and uncertainties not presently known to us or that we currently believe to be immaterial could affect the accuracy of any such forward-looking statements. 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 “Forward-Looking Statements” in our Annual Report on Form 10-K) for additional detail about factors that could affect our financial and other results. This presentation includes certain non-GAAP financial measures. Reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures are included in this presentation where indicated. You are urged to consider carefully the comparable GAAP measures and reconciliations.

Yum China by the numbers – a powerful business

#1 Western QSR & CDR brands in China

8,300+ stores in
1,200+ cities in China

#1 restaurant operator
in digital & delivery in China



NYSE listed with
\$13.8bn market cap
#397 Fortune 500 2017

145mn+ members of KFC
50mn+ members of Pizza Hut

450,000+ employees in China
Strong management



Strong Consumer Sector Underpinning China's GDP growth for Next Few Years



Consumption is expected to grow at ~11% CAGR between 2018 and 2020

Source: National Bureau of Statistics, Wind.

¹ Total consumption refers to total retail sales of consumer goods, including sales of consumable products and revenue from restaurant and food services.

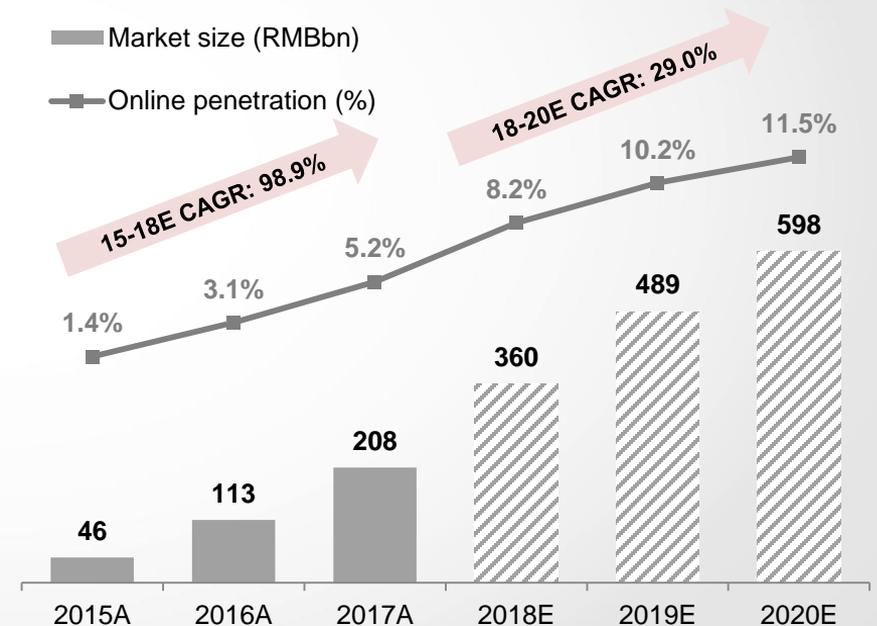
Fast Growing Dining Market Driven by Rapid Shift to Online-based Consumption

Growing China Dining Market Size

(RMBbn)



Increasing Penetration of China Online Food Delivery Market

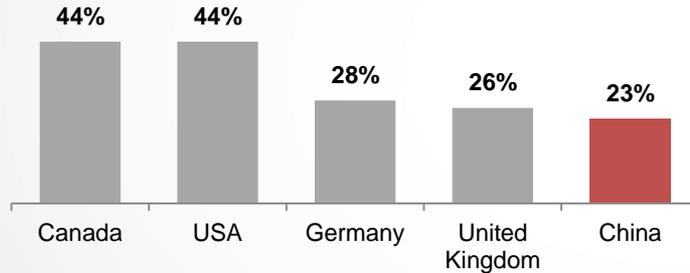


Huge Market Potential for Continued Expansion



QSR Penetration – China vs Western Mature Markets

QSR Market as % of Overall Food Service Market ¹

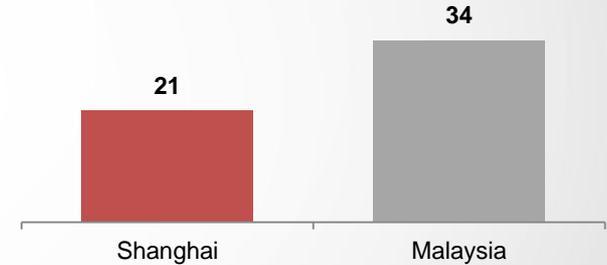


Market Size:

	Canada	USA	Germany	United Kingdom	China
Total Food Service (\$bn)	44	524	45	90	728
QSR Market (\$bn)	19	228	13	24	166

QSR Penetration – Shanghai vs Malaysia ²

Restaurants per Million Inhabitants



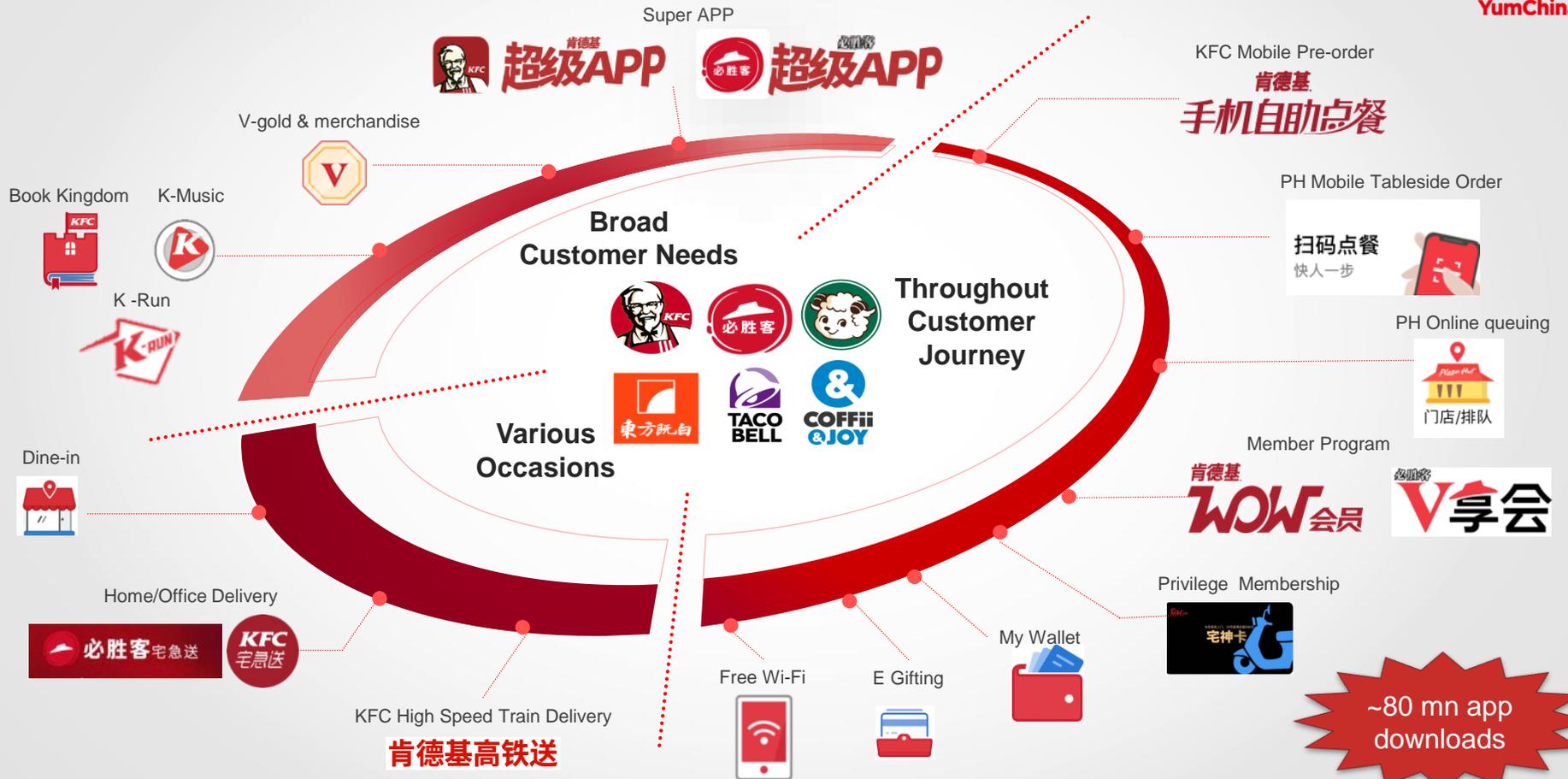
	Shanghai	Malaysia
KFC + PH	496 restaurants	1,082 restaurants
Population	24mm	32mm

Source: Euromonitor; Bain analysis.

¹ QSR penetration based on Bain 2016 analysis.

² Restaurant numbers and population as of 2017 year-end.

A Powerful Digital Ecosystem



A Digital Pioneer in the Restaurant Industry

2018
Q3

145 million+ KFC members

50 million+ Pizza Hut members

40%+

Digital
Ordering

(Mobile order + Online delivery)

82%

Digital
Payment

44%

Digital
Members Sales

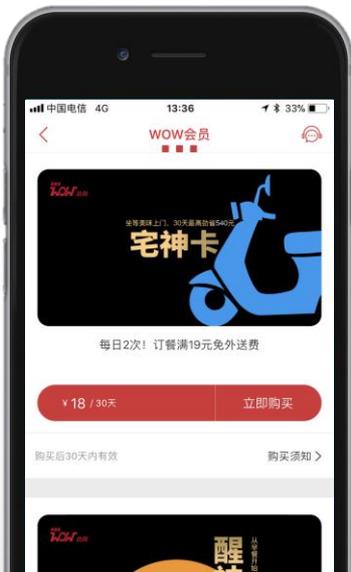
~75%

Digital
GES Coverage

(Guest Experience Survey)

~60%

Digital
Media Spend



Privilege Subscription Program to Build Customer Loyalty and Increase Frequency

Delivery Privilege



¥18 for 30 days
Waived delivery fee
(max 2 times per day)

Breakfast Privilege



¥18 for 30 days
Half price on
selected items

Coffee Privilege



¥18 for 30 days
Medium size coffee @¥10
(1 per day)

Co-branded Privilege



¥38 for 60 days
Privileges at KFC
and iQIYI

Integrating Physical Store and Digital Capabilities to Enhance Customer Experience





Product Innovation Differentiates KFC from Peers

Couple
Burger



Chicken
Taco



Crazy
Thursday





Build Dayparts and Product Categories to Drive SSSG

Breakfast

大饼卷万物

帕尼尼 全系列升级 意式恰巴塔面包

芝士鸡肉 + 现磨咖啡 10

KFC 早餐

6元 7元 8元 9元

Coffee

WOW 会员 开学报到 咖啡冒泡

现磨咖啡 买一送一

会员凭券购买 2018年9月7日-9月13日

冰咖啡 西柚气泡

冰咖啡 香柠气泡

COFFEE COFFEE

扫一扫 打开我的卡包

参与促销活动产品

- 气泡冰咖啡系列(中)
- 冰美式(中)
- 拿铁(冷/热)(中)
- 椰果风味冰拿铁(中)
- 香蕉风味冰拿铁(中)

Dessert

猫山王 榴莲冰淇淋花筒

阿方索芒果 冰淇淋

黑糖脏脏茶

KFC 冰淇淋

冲调黑糖口味 16.00

和风抹茶口味 18.00



Expand with Multiple Store Formats and Different Designs



Fuzhou (福州市三坊七巷)



Beijing (北京朝阳大悦城)



Shanghai (上海曼克顿)



Shenyang (沈阳龙之梦)



Refreshed Brand Identity for Pizza Hut



Pizza Hut's New Identity: **ALWAYS SOMETHING NEW**





Revitalization Program Focused on Four Pillars



**I. FIX
FUNDAMENTALS**

**II. ENHANCE
DIGITAL**

**III. OPTIMIZE
DELIVERY**

**IV. EXPERIMENT
NEW MODELS**



Rapid Improvement in Digital and Delivery Capabilities

In-store tableside Mobile ordering



Delivery

25% of Company sales

97% store coverage

498 cities

Digital

50mn+ members

43% members sales

14mn brand app downloads

Note: No. of members, app downloads and cities as of Q3 2018; other results for Q3 2018; All YoY comparison stated in constant currency basis.





Reinforce Core Competencies and Strengthen Value Perception

Reinforce the Core

Innovation on New Flavor

Improve Value Perception



I. FIX FUNDAMENTALS

II. ENHANCE DIGITAL

III. OPTIMIZE DELIVERY

IV. EXPERIMENT NEW MODELS



Innovative and Craveable Desserts & Drinks



I. FIX
FUNDAMENTALS

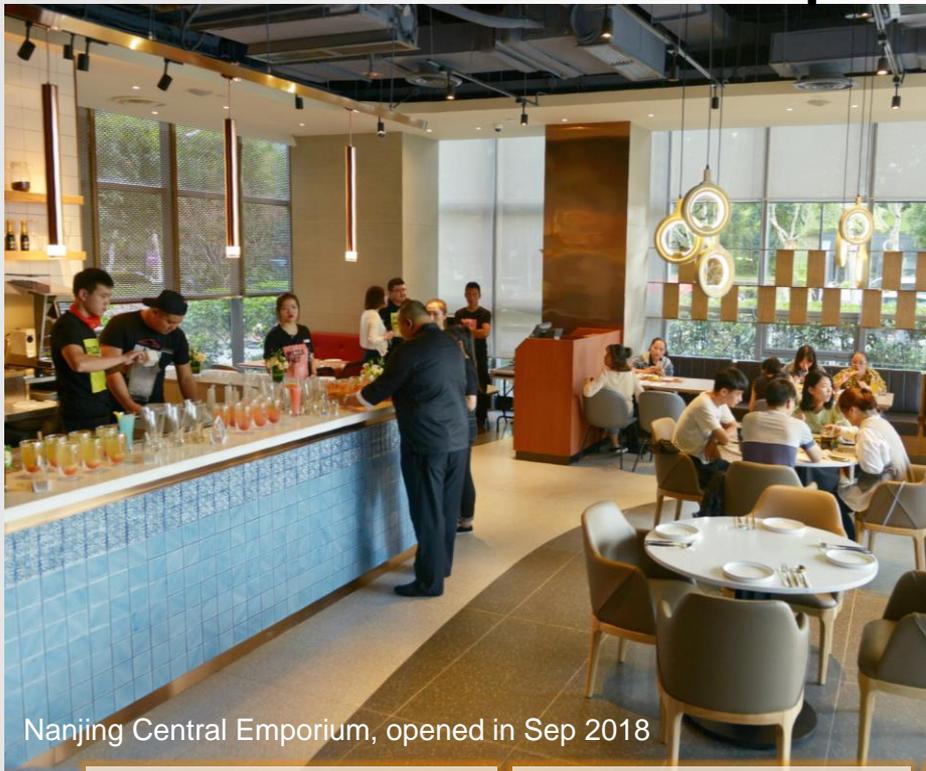
II. ENHANCE
DIGITAL

III. OPTIMIZE
DELIVERY

IV. EXPERIMENT
NEW MODELS



Optimizing Portfolio with Remodels and Multiple Store Formats



**I. FIX
FUNDAMENTALS**

**II. ENHANCE
DIGITAL**



**III. OPTIMIZE
DELIVERY**



**IV. EXPERIMENT
NEW MODELS**

Exploring New Coffee Concept - COFFii & JOY

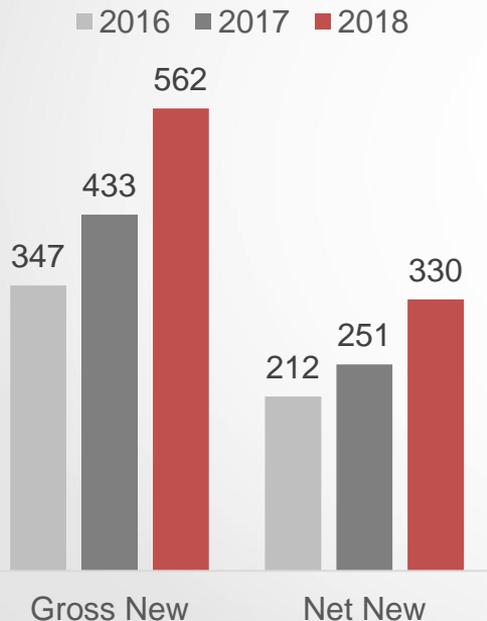


- New concept in 2018
- 6 new stores as of Sep
- Multiple store formats

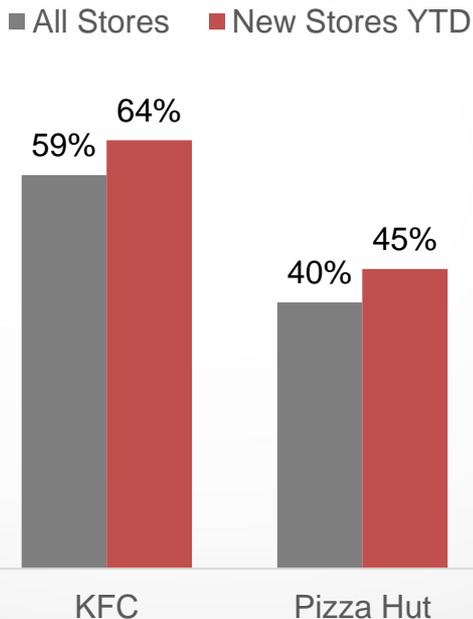
Accelerated New Store Openings with Healthy Return



New Stores YTD¹



Store Mix in Tier 3-6



New Unit Return²

	<u>Tier 1-2</u>	<u>Tier 3-6</u>
KFC	~2 yrs	~2 yrs
Pizza Hut	~3 yrs	<4 yrs

¹ January to September

² Refers to Average Pre-tax Cash Payback Period; Includes units opened between April 2016 and March 2017, after deduction of 3% license fee.

Strong Cash Position



**Net cash from
operating activities**

Jan-Sep 2018

\$1.17 bn



Free cash flow

Jan-Sep 2018

\$814 mn



**Cash and short-
term investments**

As of Sep 30 2018

\$1.53 bn

**Continue to leverage our strong cash flow to support business
growth and return values to shareholders**

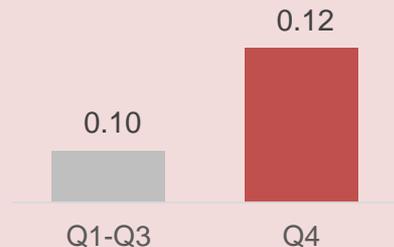
Higher Cash Dividends and Expansion of Share Repurchase Authorization

Dividends

2018 Q3: \$38 mn
2018 Jan-Sep: \$115 mn

**20%
increase**
in cash
dividends

Quarterly Cash Dividend (\$)



Share Repurchases

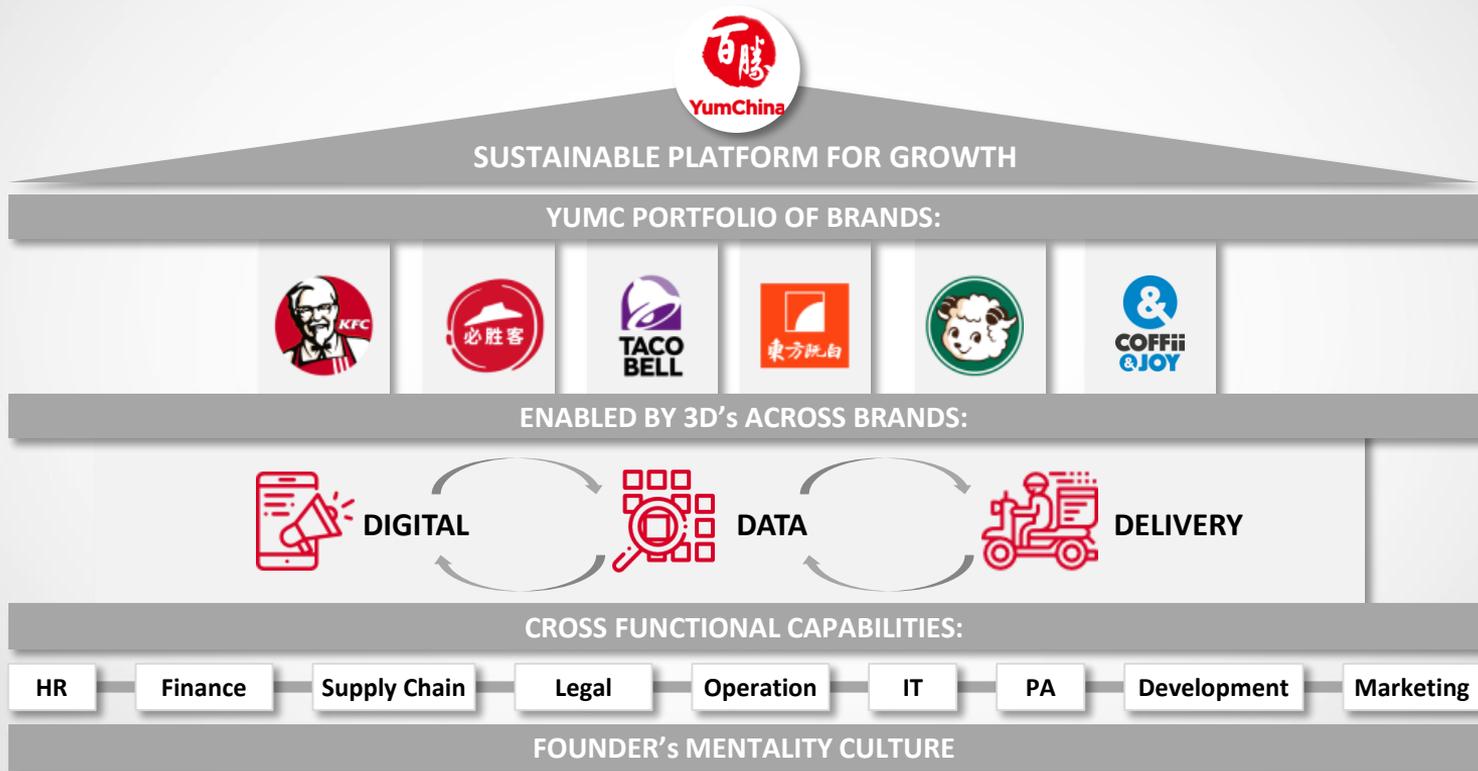
2018 Q3: \$94 mn
2018 Jan-Sep: \$167 mn

Increase
share
repurchase
authorization
to **\$1.4 bn**

Total Authorization (\$ mn)



Long-term YUMC Strategy: Dynamic Brands Built on a Sustainable Platform for Growth



Potential to grow to 20,000 stores over the long term, 2.5x today's store base