



YumChina

RESILIENCE GROWTH MOAT 2.0

2023 YUM CHINA INVESTOR DAY

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Chief Executive Officer

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Market and Industry Data. Unless we indicate otherwise, we base the information concerning our industry contained on this presentation on our general knowledge of, and expectations concerning, the restaurant industry in China. Our market position and market share is based on our estimates using data from various industry sources and assumptions that we believe to be reasonable based on our knowledge of the industry. We have not independently verified the data obtained from these sources and cannot assure you of the data's accuracy or completeness. Trademarks, logos, service marks, materials, designs and other intellectual property used in this presentation are owned by Yum China Holdings, Inc. and its affiliates, or their use has been officially authorized by their respective owners. This presentation also may refer to brand names, trademarks, service marks and trade names of other companies and organizations, and these brand names, trademarks, service marks and trade names are the property of their respective owners.

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Recap: We Launched RGM Strategy in 2021

Resilience

R

Growth

G

Moat

M

Maintained Robust Performance During Pandemic

Net New Stores¹

2020 - 2023 1H

4,402

Operating Profit

2020 - 2023 1H

\$3.6bn+

Shareholder Return²

2020 - 2023 1H

~\$1.3bn

Profitable Every Quarter

1. Includes the consolidation of Huang Ji Huang from 2020
2. In share repurchases and dividends
3. General note - \$ refers to US Dollar in the presentation

Transformed Portfolio, Operation Model and Cost

Quality Growth

Total Store Count¹

▲ **55%**

2023 1H vs 2019 1H

Resilient Operation

Digital Orders²

~**51%** → ~**90%**

2019 1H

2023 1H

Improved Cost Structure

Top 3 Fixed Costs per Store³

▼ **20-25%**

2023 1H vs 2019 1H

New Unit Payback⁴

~**2 years** ~**3 years**



Off-Premise Sales²

40%+ → **60%+**

2019 1H

2023 1H

Cash Investment per Store⁵

▼ **35%+**

2023 1H vs 2019 1H

1. Includes the consolidation Huang Ji Huang from 2020. Total store count as of Jun 30, 2023 vs Jun 30, 2019

2. % of Company sales for KFC and Pizza Hut

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

4. Refers to new stores opened between Apr 1, 2021 and Mar 31, 2022

5. KFC and Pizza Hut company stores

Emergued from Pandemic: Stronger & Better Positioned

	2023 1H	vs 2022 1H	vs 2019 1H
Store Count¹	13,602	+12%	+55%
Total Revenues²	\$5.6bn	+16%	+26%
Operating Profit²	\$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

Going Forward: From RGM1.0 to RGM2.0

Resilience
R

Growth
G

Moat
M

Footprint Growth | Sales Growth | Profit Growth

Accelerating Growth in Store Footprint in Last Decade Despite Slowing GDP Growth

— China GDP Growth Rate %¹
— YUMC Stores



One of the World's Largest QSR Operator by Equity Store Count

1987

2003

2012

2020

2023 1H

¹ Data from National Bureau of Statistics

Scale of Economy Fuels Our Growth to 20,000 Stores

— YUMC Stores
■ China GDP



China's Scale Yields Fast Expanding Addressable Market

GDP Growth¹

Rising Middle Class & Urbanization

Store Density

**China GDP: 5%
Growth in 2023E**

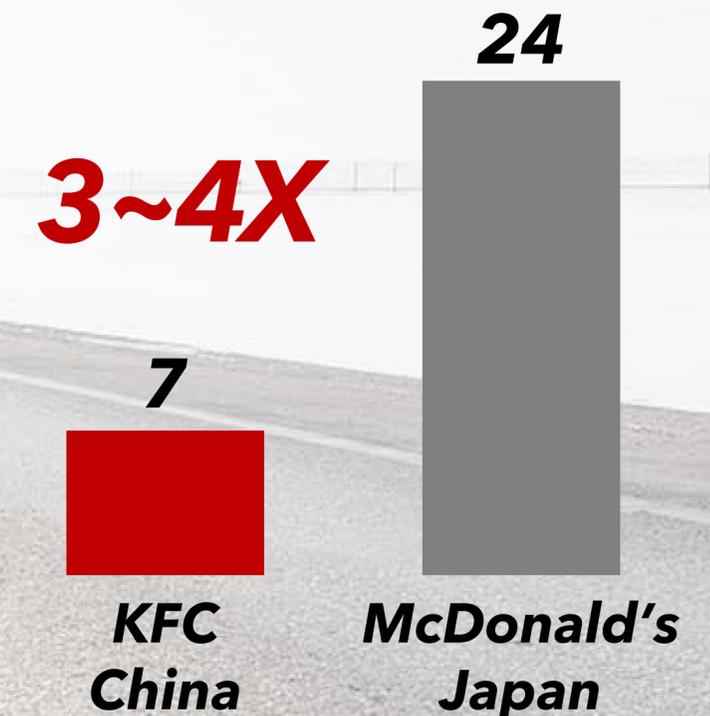
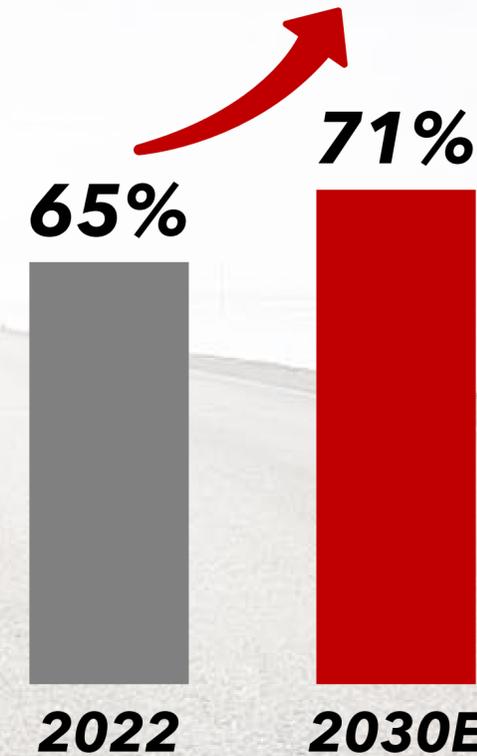
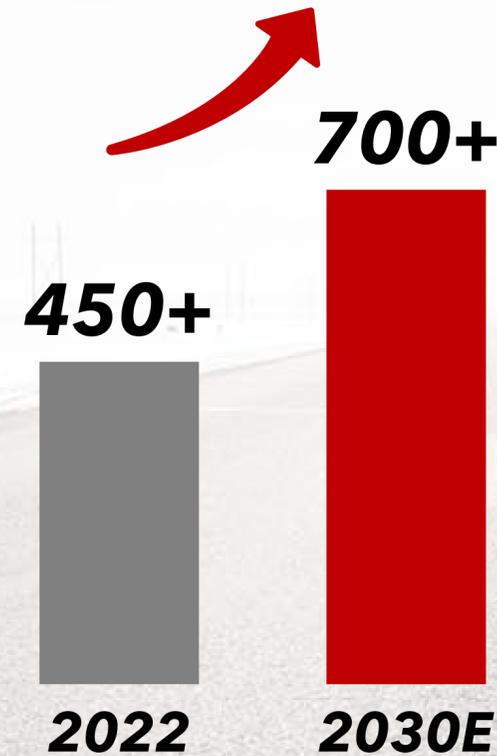
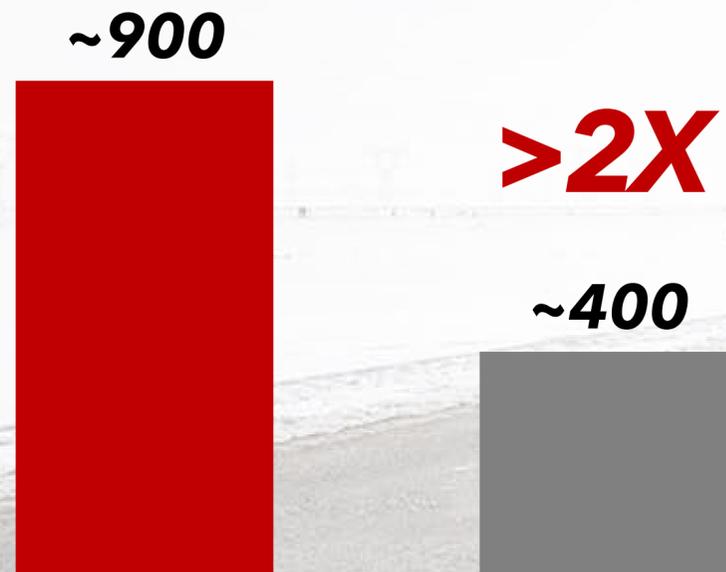
**Vietnam Total
GDP 2022**

(bn USD)

**Middle Class
Population² (mn)**

**Urbanization
Rate³**

of Stores per mn People⁴

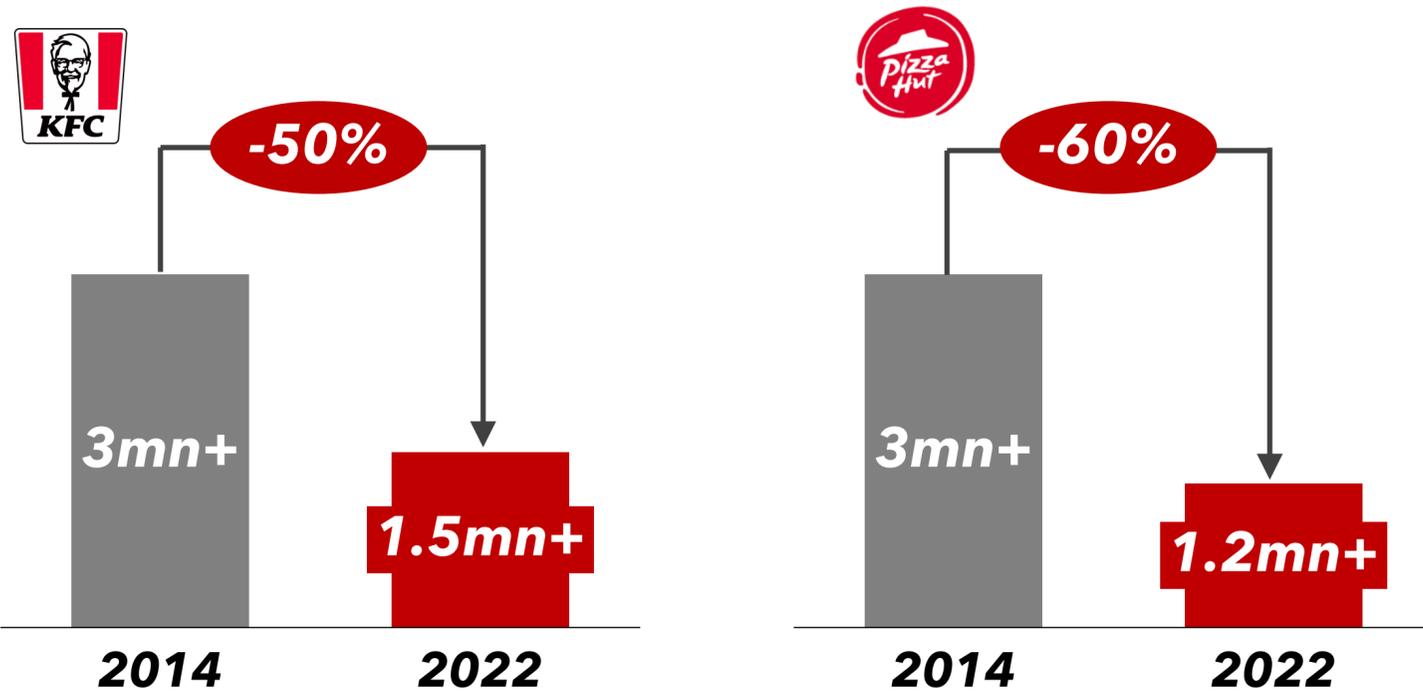


1. Data from World Bank
 2. Data from China Development Research Center of the State Council
 3. Data from United Nations
 4. Data from company reports; McDonald's data in 2022, and KFC China data in 2023 1H

Lower Capex, Flexible Formats, and Franchising Enable Store Expansion in Previously Uneconomic Locations

Continuous Capex Optimization

Cash Investment per Store¹ (RMB)



Flexible Store Formats

Low Tier Models



Flexible Formats



Untapped Potential: **15-20% New Builds from Franchising²**

3,000+ College Campuses

6,600+ Highway Service Centers

36,000+ Hospitals

1. Excluding VAT
2. Target from 2024 to 2026

Innovate Food At Scale - "The \$100mn Club"

Net Sales (USD)

● 1987-1991



● 2000-2010



● 2014 to 2022¹



\$100mn+

Durian Pizza²

\$200mn+

Single-Bone Chicken²

\$250mn+

Beef Burger²

\$100mn+

Juicy Whole Chicken²

~\$200mn

KCOFFEE²

1. Based on the time of the product or the series of products being included in permanent menu
 2. 2022 Net Sales

Strong Brands Enable Growth Along Entire Continuum from Extensions to Disruptive Innovations

Expand Boundary of Fundamentals

Incubate Disruptive Innovations

Strengthen Core

Viral UGC¹ Campaigns

Extend Daypart

Expand Category

Convenient Occasion

Fun Experience

Beef Burger

Crazy Thursday

Late Night

KCOFFEE

New Retail

Toy & Fun Campaign



Naples-Style Pizza

Scream Wednesday

Afternoon Tea



Capitalize from Membership

Attract Target Consumers

Grow ARPU²

Leverage Emerging Channels

1. User generated content
2. Average revenue per user

KFC: Most Powerful QSR¹ Brand in China Enables Rapid Growth

Penetrated Cities²

1,900+

Total Stores²

9,562

3-Year Total Net New Builds

~1,300

2017-2019

~2,500

2020-2022

Key Strategic Focus

**Expand Footprint Through
New Models and Franchising**

**Continue to Build Core Menu
and New Growth Pillars**

Expand Signature Campaigns

Rebase Cost Structure

1. Western Quick Service Restaurants, data from Brand Awareness Survey by 3rd Party
2. By YUMC city definition, as of Jun 30, 2023

Pizza Hut: Leading CDR¹ Brand Revitalized and Taking Off

Penetrated Cities²

650+

Total Stores²

3,072

Key Strategic Focus

Accelerate Expansion Through Flexible Formats

Reinforce Pizza Leadership and Drive Off-premise Business

Create More Affordable Moments

Transform Cost Structure

3-Year Total Net New Builds

200

2017-2019

600+

2020-2022

1. Casual Dining Restaurants, data from Brand Awareness Survey by 3rd Party
2. By YUMC city definition, as of Jun 30, 2023

Emerging Brands: Cultivate Future Growth Engines

~1,000 Total Stores¹

**The Italian
Coffee Icon**



**Iconic Mexican
QSR Brand**



**Trailblazer in
Simmer Pot**

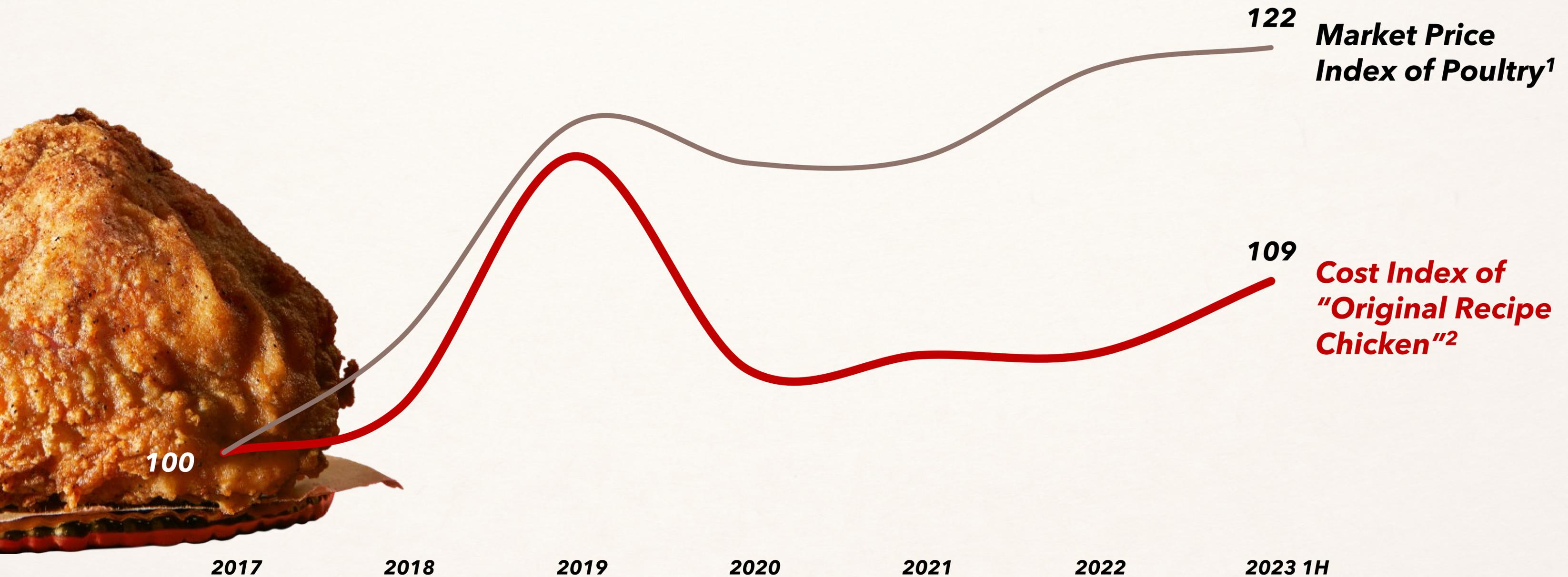


**Inner-Mongolia
Hotpot Expert**



1. As of Jun 30, 2023

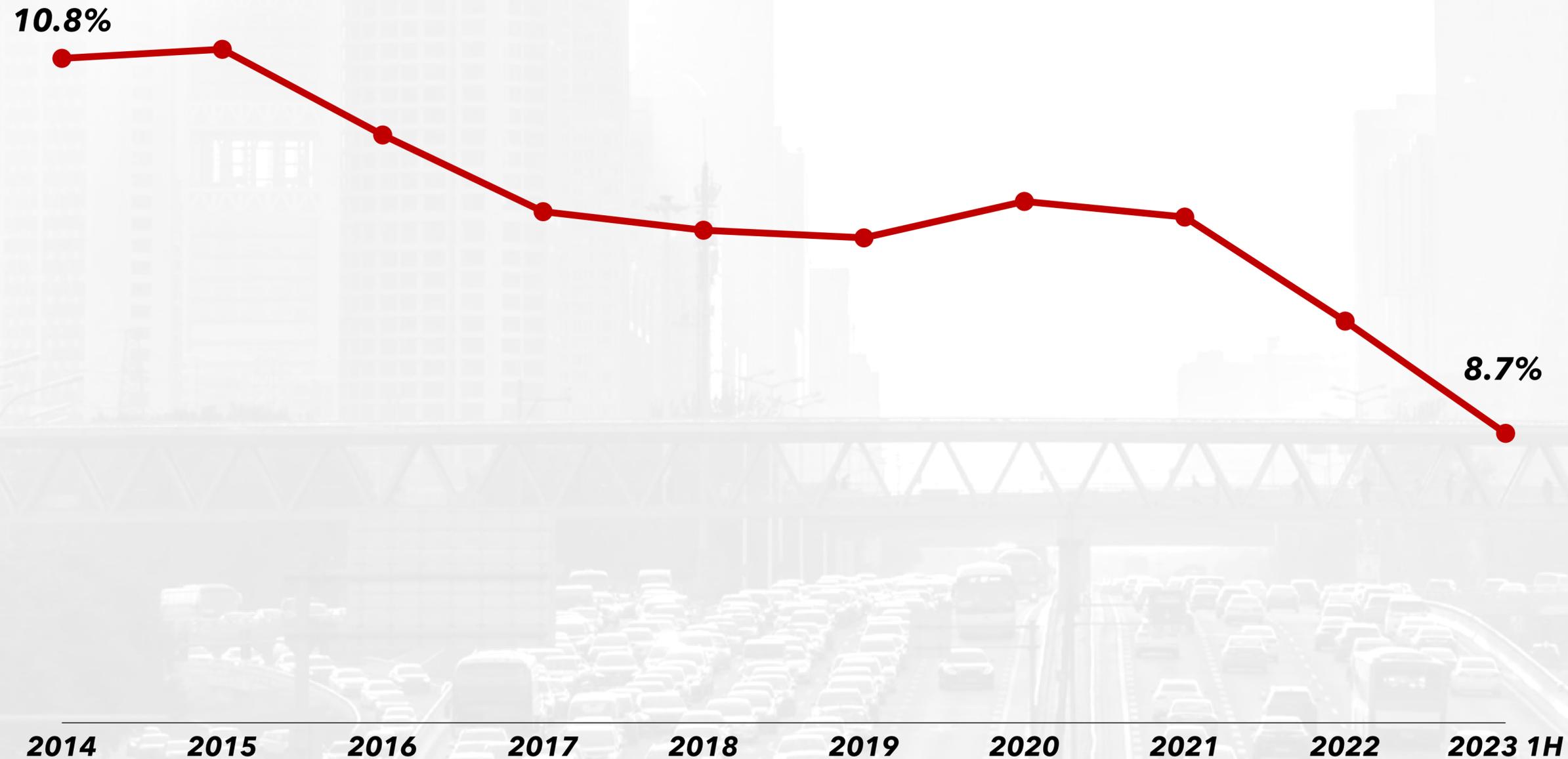
Transform Supply Chain with Collaboration and Innovation



All price indices are cumulative, 2017 index = 100
1. Market price index of poultry, data from National Bureau of Statistics
2. Yum China Raw Material Index - Original Recipe Chicken

Migrate to a More Resilient Rent Structure

Rent Costs as a % of Company Sales



~70%

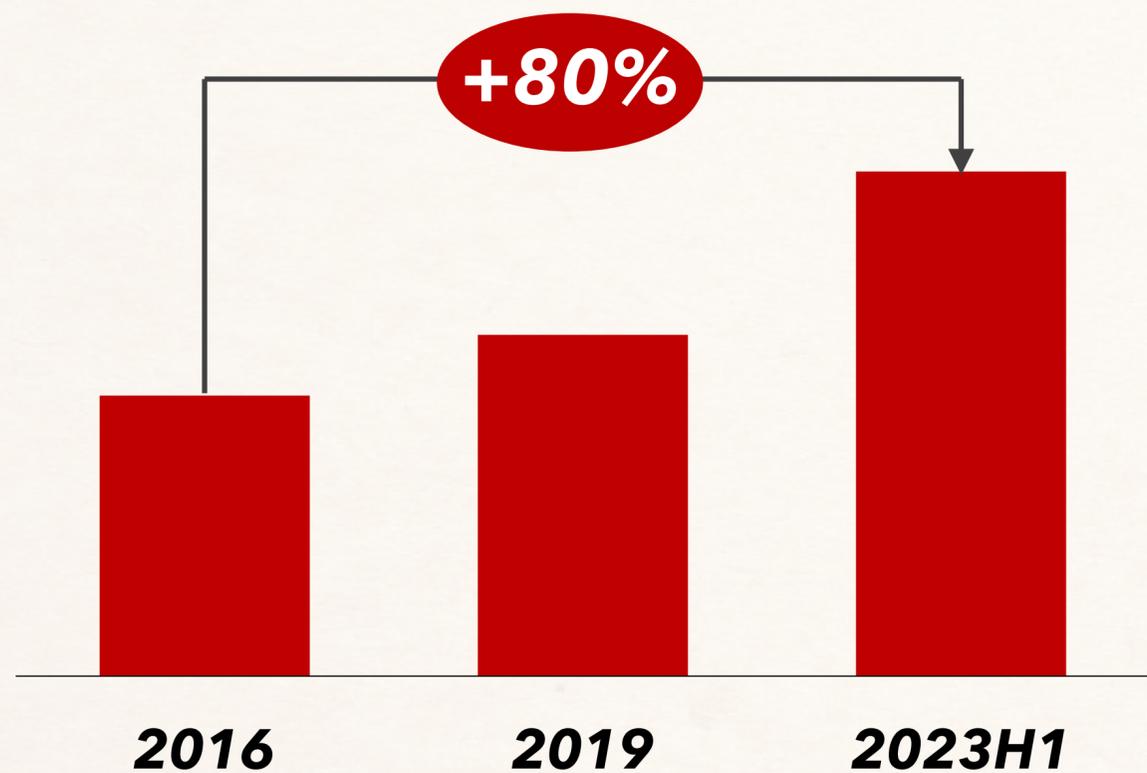
**New Leases¹
with Variable Rent**

2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 1H

1. Company stores of KFC and Pizza Hut

Improved Labor Capability Supported by Investment in Technology and Process Design

Total Store Count



Total # of Employees **FLAT**



Drive Growth by Investments in Cutting-Edge Technologies

Footprint Growth

- **Digital Pocket Manager**
- **AI-based Site Development**
- **Digital Supply Chain Management**

Sales Growth

- **Brand Super APPs**
- **Smart Delivery Service**
- **Intelligent Customer Support**

Profit Growth

- **'Super Brain' Store Management**
- **Smart Inventory Replenishment**
- **AI-based Work Scheduling**

Embrace the Next Generation of AI

Explore Generative AI Application

Develop Intelligent Knowledge Base

Upgrade YUMC Cloud

"RGM No. 1"

Fair

Care

Pride



**Recognized 5 Consecutive Years,
Ranked 1st in the Industry in 2022**

9% **RGM¹ Turnover Rate in 2022**

1. Restaurant General Manager

We Care Deeply for Our Communities



YumChina

ONE YUAN DONATION

16 Years of Commitment



余量食物 领取站

YumChina

FOOD BANK

500+ KFC & 40+ Pizza Hut Stores



KFC

肯德基 小候鸟基金

LITTLE MIGRATORY BIRDS FUND

2,000 Reading Corners



贵州贞丰火龙果百胜种植区

百胜中国“必胜客扶业计划”

Pizza Hut

GROW LOCAL INITIATIVE

3,400+ Participants

Protect the Planet as We Expand

GHG Emissions Reduction Goal by 2035¹

63%

Scope 1 & 2

66.3%

Scope 3

Net-Zero Value Chain by 2050



Climate Action



Circular Economy



Upstream Collaboration

1. Science-Based Target: reduce absolute Scope 1 and 2 GHG emissions by 63%, and reduce Scope 3 GHG emissions from purchased goods per ton of goods purchased by 66.3%, 2020 as the base year

Meet Our Leadership Team

