Yum China’s automated and AI-enabled supply chain ready to support company’s continued growth over next several years: Chief Supply Chain Officer Howard Huang

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Cutting-edge technology solutions empower highly efficient food safety control, innovative procurement and intelligent logistics network planning to support company’s continued store expansion

SHANGHAI, October 1, 2024 -- Yum China Holdings, Inc. (NYSE: YUMC and HKEX: 9987, "Yum China" or the "Company") has made continuous strides to improve the efficiency of its supply chain function through applying advanced AI technologies and deep integration of operational scenarios, helping to drive the Company's growth as it strives toward its goal of 20,000 stores by 2026, Yum China’s Chief Supply Chain Officer Howard Huang emphasized at a keynote address at the Procurement & Supply Chain LIVE conference in London on September 24.

Huang’s presentation, attended live by over 1,000 global procurement and supply chain executives, detailed how AI and automation are vastly increasing efficiency and helping ensure accuracy in our food safety monitoring, warehousing, logistics planning, and procurement processes to further drive efficiencies across the function.

In his remarks, Huang stressed the importance of seeing the Company’s supply chain function as an important component of its strategic moat: “We don’t see supply chain as a supporting function, but rather as a powerful enabler for our entire business,” he said.

Yum China Chief Supply Chain Officer Howard Huang delivers remarks at the Procurement & Supply Chain LIVE conference in London on September 24, 2024. (Photo Credit: Procurement & Supply Chain LIVE)

With more than 30 years of operational experience in China, Yum China has built a world-class digital and intelligent supply chain management system encompassing food safety, procurement, food innovation, logistics, supply chain investment and sustainability.

As China's largest restaurant company with more than 15,000 restaurants nationwide, food safety and quality have always been Yum China’s top priority. In 2023, the Company enhanced its food safety measures by incorporating generative artificial intelligence (AIGC) into iFoodsafety (iFS), its food safety risk assessment and early warning system. This allows the iFS system to instantly generate comprehensive reports based on tens of thousands of internal and external data sources, providing Yum China teams with a real-time holistic view of potential food safety risks occurring around the world.

In addition, Yum China's logistics network, comprising 35 logistics centers and a fleet of more than 40,000 vehicles serving more than 2,100 cities and towns across the country, is actively embracing automation technology to improve efficiency. For example, the company’s logistics center in Xi'an currently utilizes automated guided vehicles (AGVs), automated handling robots, automated high-bay warehouses (ASRS), and goods-to-person picking, which has increased storage space by 55% and picking efficiency by 70%, significantly improving logistics efficiency.

Yum China Xi'an Logistics Center (Photo Credit: Yum China)

As Yum China continues to expand its store network, the Company is implementing AI-driven intelligent logistics network planning to support its growing scale. Harnessing mixed integer programming, this system can recommend effective logistics solutions to better prepare contingencies for scenarios such as extreme weather or traffic delays, working to support smooth store operations. Yum China's current pilot network covers more than 100 supplier shipping locations and is able to suggest more than 3 million possible transportation route options.

On the procurement side, Yum China launched a digital supplier recruitment platform this year which enables potential suppliers to submit their credentials directly, significantly reducing the manual workload and time needed for supplier evaluation. Since the launch, the platform has received applicants from over 30 categories, already covering more than a third of the Company's existing supplier pool.

Procurement & Supply Chain LIVE London is a global summit for procurement and supply chain executives. The annual event gathers industry professionals from around the globe to discuss the latest trends, challenges, and innovations in the field. The 2024 conference held on 24-25 September drew more than 3,800 in-person and virtual attendees. For more information about the conference, please visit: https://live.supplychaindigital.com/ps-live-london-2024/.

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. 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 "commit," "expect," "expectation," "believe," "anticipate," "may," "could," "intend," "belief," "aim," "plan," "estimate," "target," "predict," "project," "likely," "will," "continue," "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 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 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 and subsequent Quarterly Reports on Form 10-Q) for additional details about factors that could affect our financial and other results.

About Yum China Holdings, Inc.

Yum China is the largest restaurant company in China with a mission to make every life taste beautiful. The Company has approximately 400,000 employees and operates over 15,000 restaurants under six brands across more than 2,100 cities in China. KFC and Pizza Hut are the leading brands in the quick-service and casual dining restaurant spaces in China, respectively. In addition, Yum China has also partnered with Lavazza to develop the Lavazza coffee concept in China. Little Sheep and Huang Ji Huang specialize in Chinese cuisine. Taco Bell offers innovative Mexican-inspired food. Yum China has a world-class, digitalized supply chain which includes an extensive network of logistics centers nationwide and an in-house supply chain management system. Its strong digital capabilities and loyalty program enable the Company to reach customers faster and serve them better. Yum China is a Fortune 500 company with the vision to be the world's most innovative pioneer in the restaurant industry. For more information, please visit http://ir.yumchina.com

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