



THE
DEFINING INVESTMENT
OPPORTUNITY
IN **CHINA**

Micky Pant | CEO, Yum China

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Forward-Looking Statements. Our presentation may contain “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,” “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 earnings and performance of Yum China including all targets and factors related to Yum China’s ongoing EPS growth model, statements regarding any intended capital return to shareholders, and statements regarding the capital structure of Yum China or any of its businesses. 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 on our presentation are only made as of the date indicated on the relevant materials, and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances. Numerous factors could cause our actual results 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 “Cautionary Statement Concerning Forward-Looking Statements” in the Information Statement included in our Registration Statement on Form 10) for additional detail about factors that could affect our financial and other results.

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 industry. 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.

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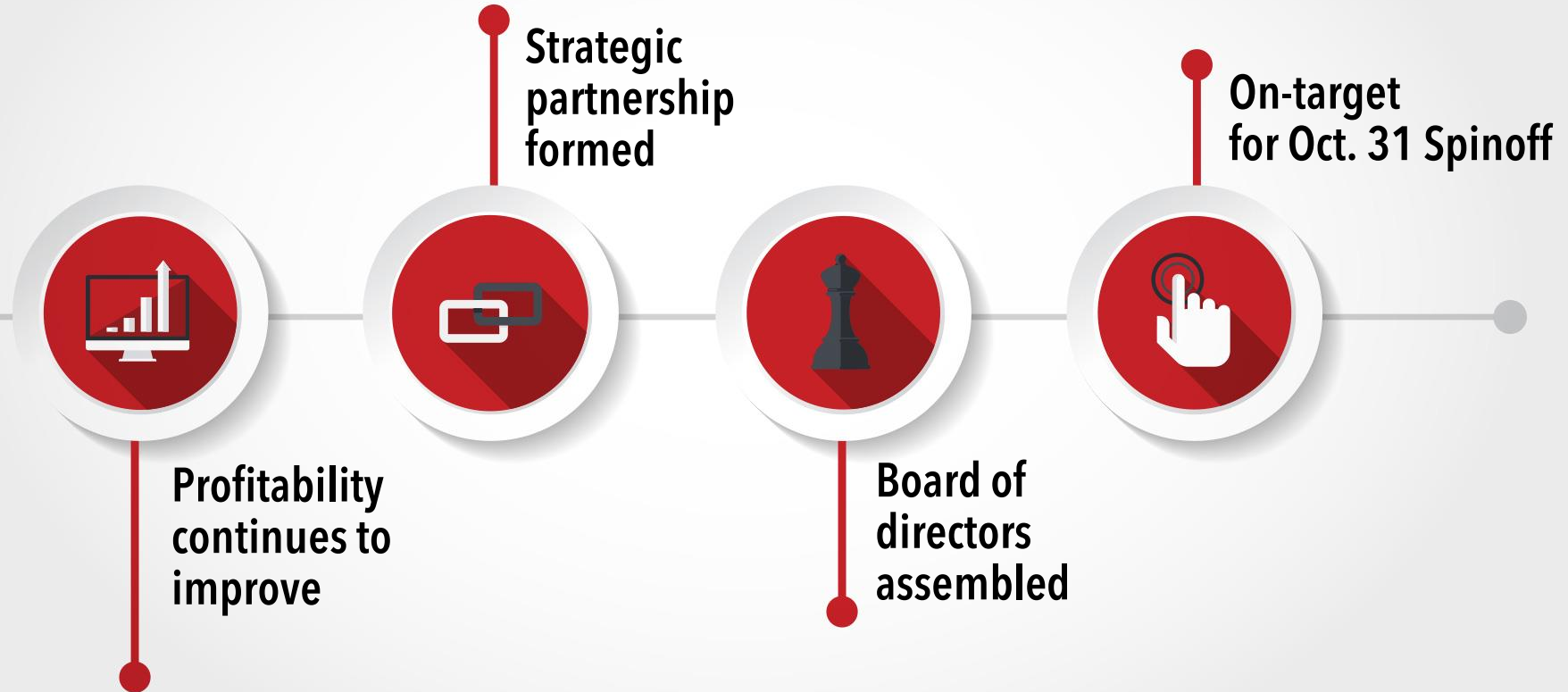
Non-GAAP Measures. Our presentation includes certain non-GAAP financial measures. Reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures are included on our presentation where indicated. Investors are urged to consider carefully the comparable GAAP measures and reconciliations.

Agenda

A hand is shown in the foreground, pointing towards the right. Overlaid on the hand is a futuristic, circular interface consisting of several concentric white lines, some of which are broken or segmented, suggesting a digital or interactive element. The background is a soft, light blue gradient.

- Yum China
- Pizza Hut and KFC Overview
- Yum China Financial Update
- Summary and Q&A

Significant Progress Since We Last Met



Strategic Investment Provides Three Key Advantages



\$460MM
cash investment



Credible
strategic partners:
Primavera & Ant Financial



Exceptional
Chairman of the Board

Investment Highlights



China – World's Largest Growth Opportunity



Leading Iconic Brands in China



China's Largest Restaurant Operator



Urban Expansion in China is Without Precedent

Pearl River Delta Megacity – Population 60MM

19 City Clusters are Being Created Across China



The Development Opportunity for Yum China

China's 5 Year Outlook

Yum China



Urban population
growth of 75MM

Expanding footprint
across urban centres



Doubling of
transportation hubs

Targeting units in all major
transportation hubs



1,250 new
shopping malls

1 - 2 stores in top
ranking malls

Enormous Brand Equity ...Deeply Rooted in China



5,000+ units
1,100+ cities



1,600+ units
400+ cities

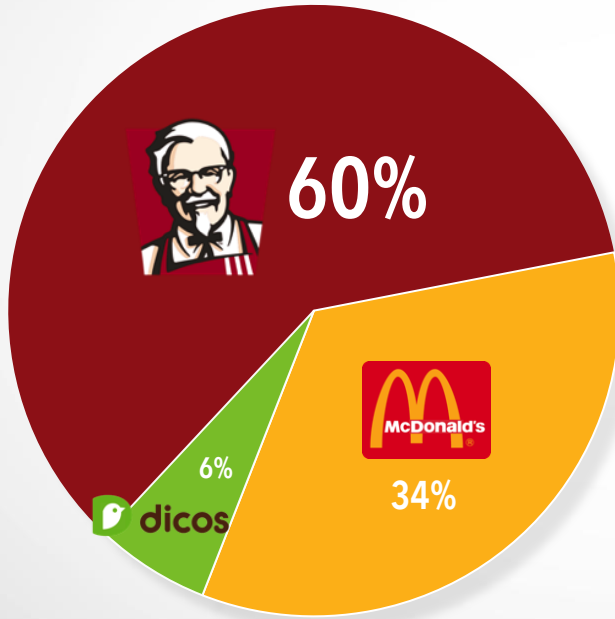


350 units
50+ cities

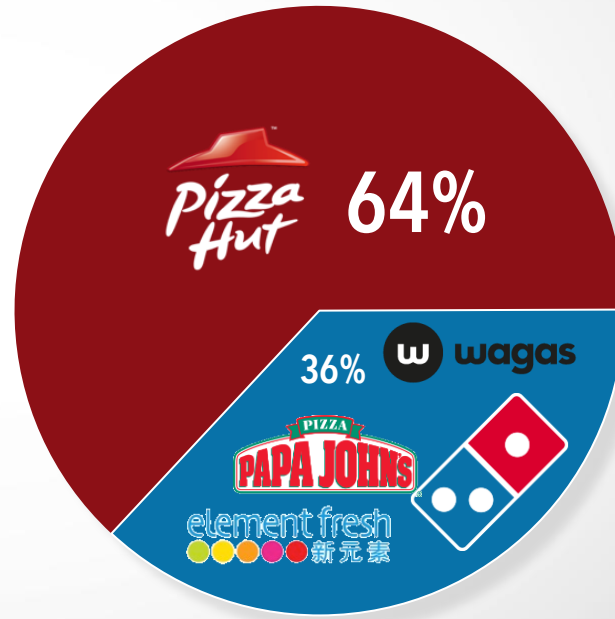
2+ Billion Customer Visits Annually

...and Clearly Preferred by Consumers

Most Preferred QSR Brand



Most Preferred WCDR* Brand



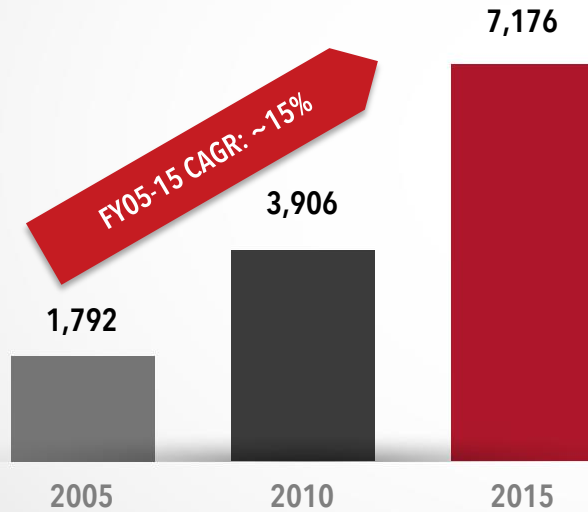
*Western Casual Dining Restaurant

Source - Brand Image Tracking in 50+ cities, AC Nielsen

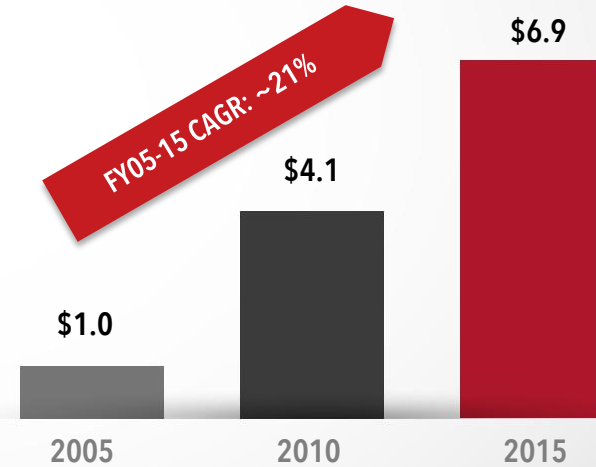
KFC data as of Aug. 2016, Pizza Hut Dine-In data as of September 30, 2016

Proven Track Record of Long-Term Growth

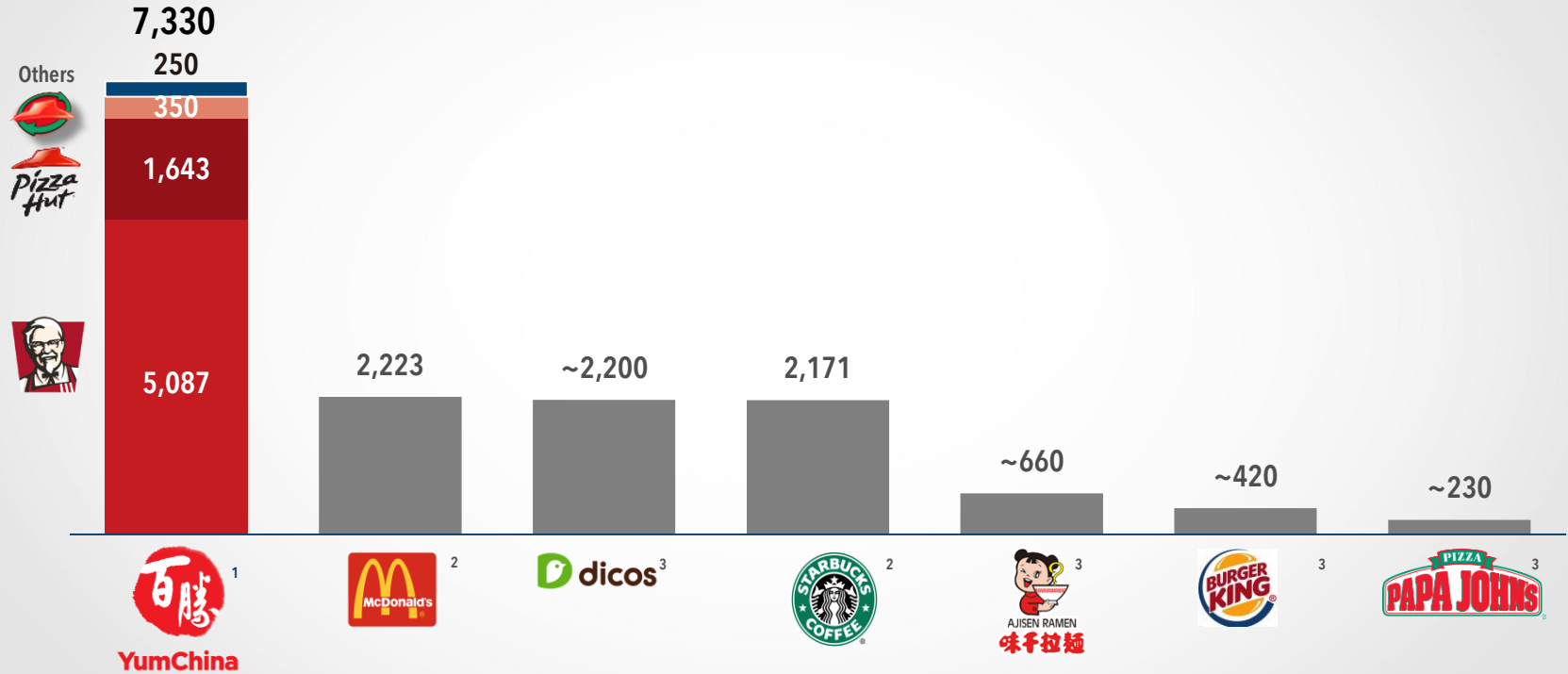
Total Restaurant Count



Revenue (\$BN)



Commanding Lead in China with Iconic Brands



Note: Others include East Dawning and Little Sheep.

¹ Yum China unit data as of Q3 2016

² McDonald's unit data based on company's website as of YE 2015. Starbucks unit data based on company's website as of Q3 2016.

³ Estimated competitor units as of June 30, 2016.

Undisputed Leader in Digital Engagement

100+ MM fans



Social Media

In Less than One Year...



46+ MM



18+ MM

Loyalty Members Added



\$1+ BN Sales in Cashless Payment

Strong Delivery Network



Single Largest
Delivery Brand

4,000+ delivery units*
across China

20,000 delivery drivers

85% delivery sales from
online ordering

~10% of total sales**



Leading Delivery
Brand Concept

Data as of Q3 2016

*Includes KFC delivery units, Pizza Hut Dine-in units that are delivered by 3rd party aggregators and Pizza Hut Home Service units

**Includes deliver sales at KFC delivery units, Pizza Hut Dine-in units that are delivered by 3rd party aggregators and Pizza Hut Home Service units.

Unparalleled Infrastructure

- National supply chain
- Unrivalled development capabilities
- Industry leading marketing scale & coverage
- Best in class operations
- Robust IT infrastructure

百勝
YumChina™

Optimal
Business
Consistency
Development
Standard
Management
Customer



Tenured leadership – Key members with average of 20 years of experience



Dr. Fred Hu

Non-Executive Chairman of the Board

World-Class Board of Directors

Other Board Members

- **Peter Bassi**
- **Christian Campbell**
- **Ed Chan**
- **Edouard Ettedgui**
- **Louis Hsieh**
- **Jonathan Linen**
- **Micky Pant**
- **Zili Shao**

Clear Strategy for Growth



Same Store
Sales Growth



New-Unit
Development



Leader in Delivery &
Digital Engagement



Other Growth
Opportunities



Taco Bell



Little Sheep

An aerial night view of a city skyline, likely Shanghai, with a red overlay. The image shows numerous skyscrapers and buildings, with the Oriental Pearl Tower prominently featured on the right side. The text is centered over the image.

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Pizza Hut Dine-In

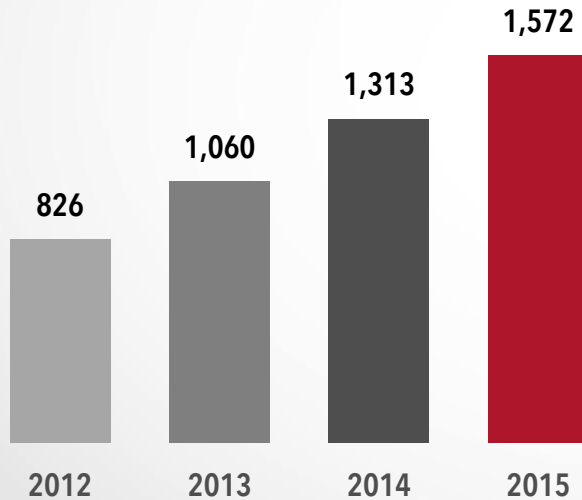
Pizza Hut Dine-In: A Powerhouse Brand



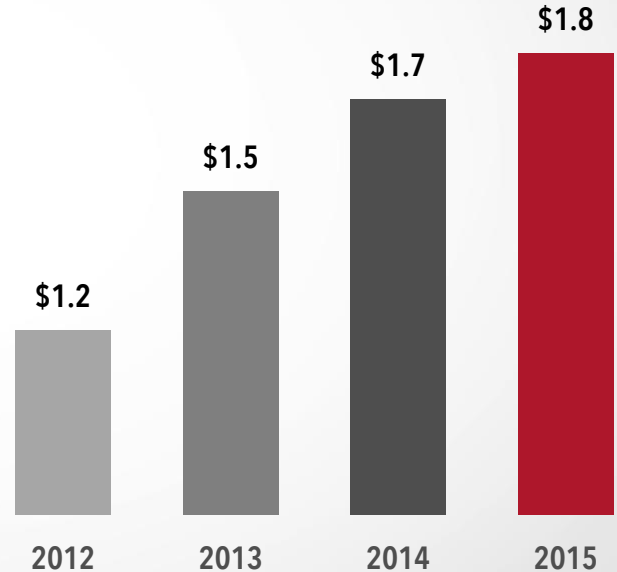


Impressive System Sales Growth

Total Restaurant Count



System Sales (\$BN)



Five Key Initiatives for Continued Growth



1

Focus on Core



2

Targeted Value



3

In-store Experience



4

Multiple
Operating Models



5

Digital
Engagement

Focusing on Core with Disruptive Innovation



Durian Pizza



Super Supreme



Chinese New Year

Smart Value Across All Dayparts

必胜客 PIZZA HUT
Breakfast
BY PIZZA HUT
开启生活新风尚!
New 意式风情
更多超值套餐选择 15元起
必胜客早餐
7:30AM-10:30AM

Breakfast

工作日特惠午餐 Lunch Time
30元起
三道美食
沙拉 + 主食 + 汤/饮料
周一至周五 10:30-14:00

Working Day Lunch

Teatime 必胜客下午茶
超值套餐 29元起
【轻松】餐 29元起 轻松【意】餐 35元起
【轻松】餐 39元起 轻松【意】餐 45元起
必胜客下午茶 11:00-17:00

Teatime

工作日臻选晚餐 Dinner menu
必胜客晚餐
必胜客欢乐餐厅 PIZZA HUT

Dinner

Best In-store Experience



Contemporary Assets



Five-star Service

Digital Initiatives Transforming Marketing



- 18+ MM members in less than one year
- ~10% of total sales in year 1



Redefined Clear Brand Positioning

LOVE TO SHARE

"Shared joy is doubled joy, shared sorrow is half a sorrow"

爱 分 享

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Joey Wat | CEO, KFC China



宗小次歸

KFC

Four Key Pillars to Drive Continuous Growth



1

Focus on Core Menu & Value



2

Digital & Delivery



3

Multiple Business Models



4

Customer Service & People

Strong Rhythm Developed by Consecutive Successful Promotions Focusing on Core & Value

Chinese New Year

新春全家桶



劲省 **50** 元

新春全家桶 ¥115

新春全家桶包含：吮指原味鸡12块、劲香奥尔良烤翅6只、香辣鸡腿堡2个、劲香鸡腿堡2个、黄金鸡排5块、葡式蛋挞4个、百事可乐(中)1瓶、香酥鸡翅12只。

生活如此多娇

Chicken Bucket

当季热卖

吃过瘾炸鸡桶

¥39 / 5块炸鸡



劲香奥尔良烤翅(2块)
劲香鸡腿堡(中)
劲香(小)
劲香(大)
劲香(特大) (五块)

劲香奥尔良烤翅(二块)
劲香鸡腿堡(中)
劲香(小)
劲香(大)

生活如此多娇

Snack Platter

小食拼盘

¥29



小食拼盘A
劲香奥尔良烤翅(二块)
劲香鸡腿堡(中)
劲香(小)
劲香(大)
劲香(特大) (五块)

小食拼盘B
劲香奥尔良烤翅(二块)
劲香鸡腿堡(中)
劲香(小)
劲香(大)

生活如此多娇

Wing Bucket

翅桶

¥39



劲香奥尔良烤翅(二块)
劲香鸡腿堡(中)
劲香(小)
劲香(大)

生活如此多娇



扫码入会

39元

吃过瘾炸鸡桶

*含5块炸鸡

欢迎访问: www.KFC.com.cn

新菜单桶装炸鸡自2016年2月14日起上市, 9:30-23:00供应, 全国售卖数量为1540万份, 经过油炸每桶约含5.5块炸鸡, 可食炸鸡肉量约1.8kg(含原辅料重量); 香酥原桶炸鸡2块(含炸鸡肉量约240g, 含原辅料重量约300g)和总重量为200g的炸鸡1块(含原辅料重量约120g, 9:30-23:00, 全国供应, 数量有限, 售完即止, 请尽早前往餐厅订购); 炸鸡产品均含油脂, 炸鸡产品均含油脂, 产品品质以实物为准。

新 香酥原桶炸鸡

吮指原味鸡

5块炸鸡 桶桶过瘾

鹿晗
肯德基品牌形象代言人

生活如此多娇



Disruptive & Localized Product Innovation

Zinger Tower



Rice Bucket

Wing-on-stick



Ice-cream

Tailored Offering for Each Daypart and Occasion

KFC 人气明星餐 **¥34**

A 吮指原味鸡+醇香土豆泥套餐

B 香辣鸡腿堡餐

C 老北京鸡肉卷餐

D 新奥尔良烤鸡腿堡餐

所有套餐包含 ABCD任一款+2块香辣鸡翅+配2块新奥尔良烤翅+1杯冰可乐(中)

Core

KFC 早餐

肯花时间 肯下功夫

现熬好粥

— 品尝时间的好味道 —

雪花笋丁鸡肉粥

牛肉蛋花粥

皮蛋瘦肉粥

新 冬菇滑鸡粥 套餐 8元

Breakfast

现磨咖啡 下午茶套餐

AFTERNOON TEA

醇正阿拉比卡咖啡豆 供应时间 14:00-17:00

冰拿铁(中) ¥15

冰美式(中) ¥13

+1升杯 优惠加点

+3 可三选一

+5 可二选一

Afternoon Tea/ Dinner/ Weekend

Transform the Whole Customer Journey with Digital Experience



Virtual stores
5,000+ stores



Mobile Payment
5,000+ stores



Pre/Self-order
2,600+ stores



Super App
13MM downloads



Digital Menu Board
1,900+ stores



E-gifting



Exclusive Privileges for Our 46+ Million Members

K-mall Earn & Burn



安心油条1根-自助点餐
8,000

仅限自助点餐
立即兑换

有效期至2016年5月31日



小食拼盘B1份-自助点餐
66,000

仅限自助点餐
立即兑换

有效期至2016年5月31日



超值全家桶1个-自助点餐
200,000

仅限自助点餐
立即兑换

有效期至2016年5月31日

Retail Offers



Member Privileges



真好,每周二
都能见到你

WOW会员福利风暴来袭
500起超值抢兑



八折券

K记饭桶-日式咖喱鸡饭
使用有效期:仅限6月14/21/28日

仅限堂食

马上抢兑 周二开吃

Pre-paid Privileges

早餐特权

预付39元

得5张早餐兑换券+赠1张指定早餐优惠券
有效期至购买日起30天(仅限堂食)



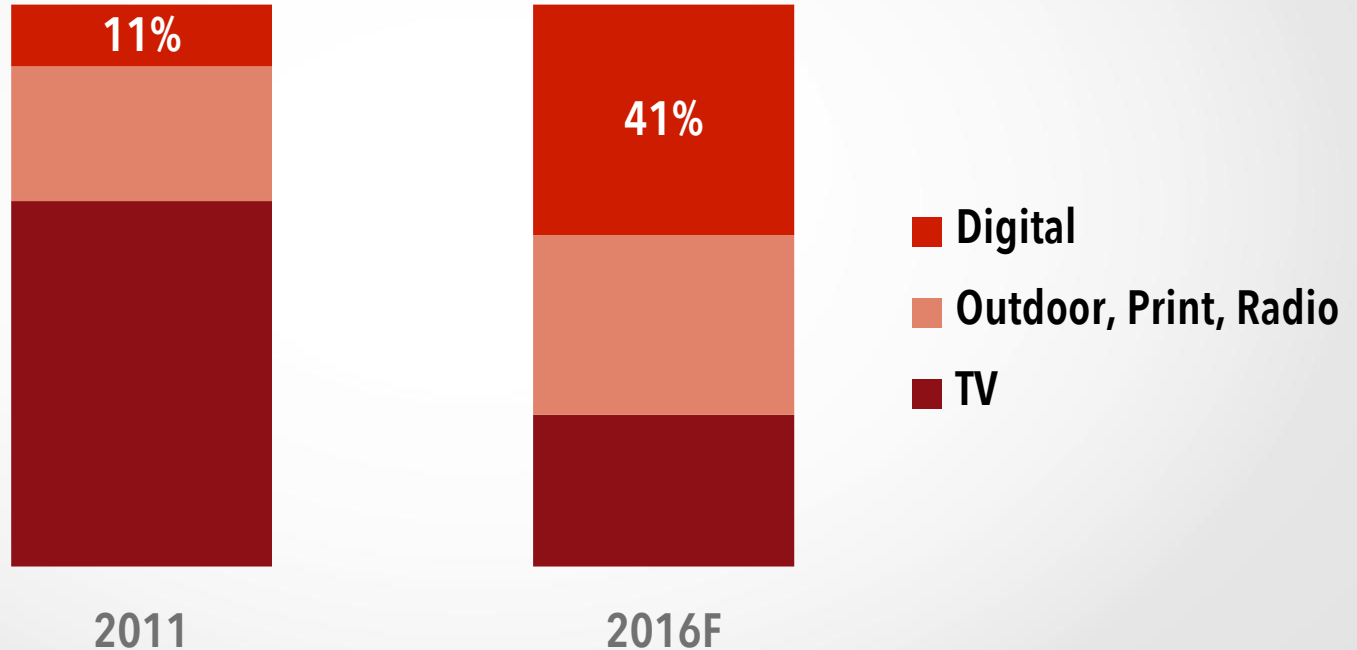
立即购买

10%+ Transactions



Significant Increase in Digital Media

Media Spend Breakdown





Tremendous Growth in Delivery



- 2,300 stores*
- ~8% of sales*
- Doubled sales in 5 years

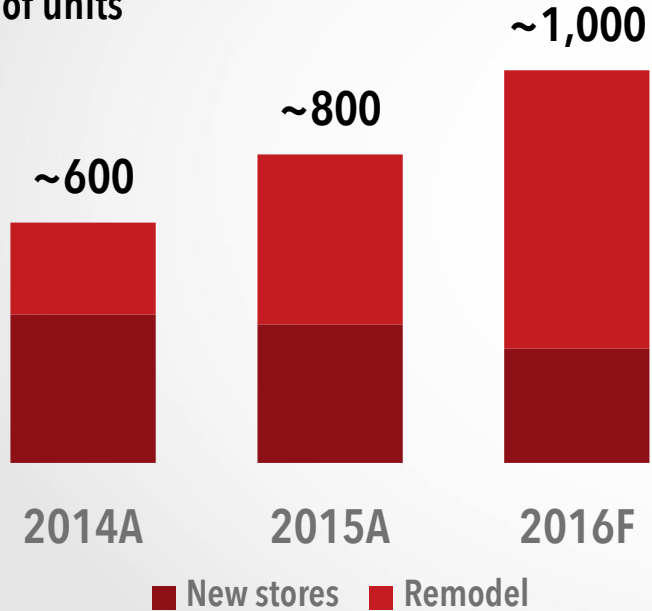
KFC 宅急送
尽情送自在

Kiosks as the Next Growth Lever

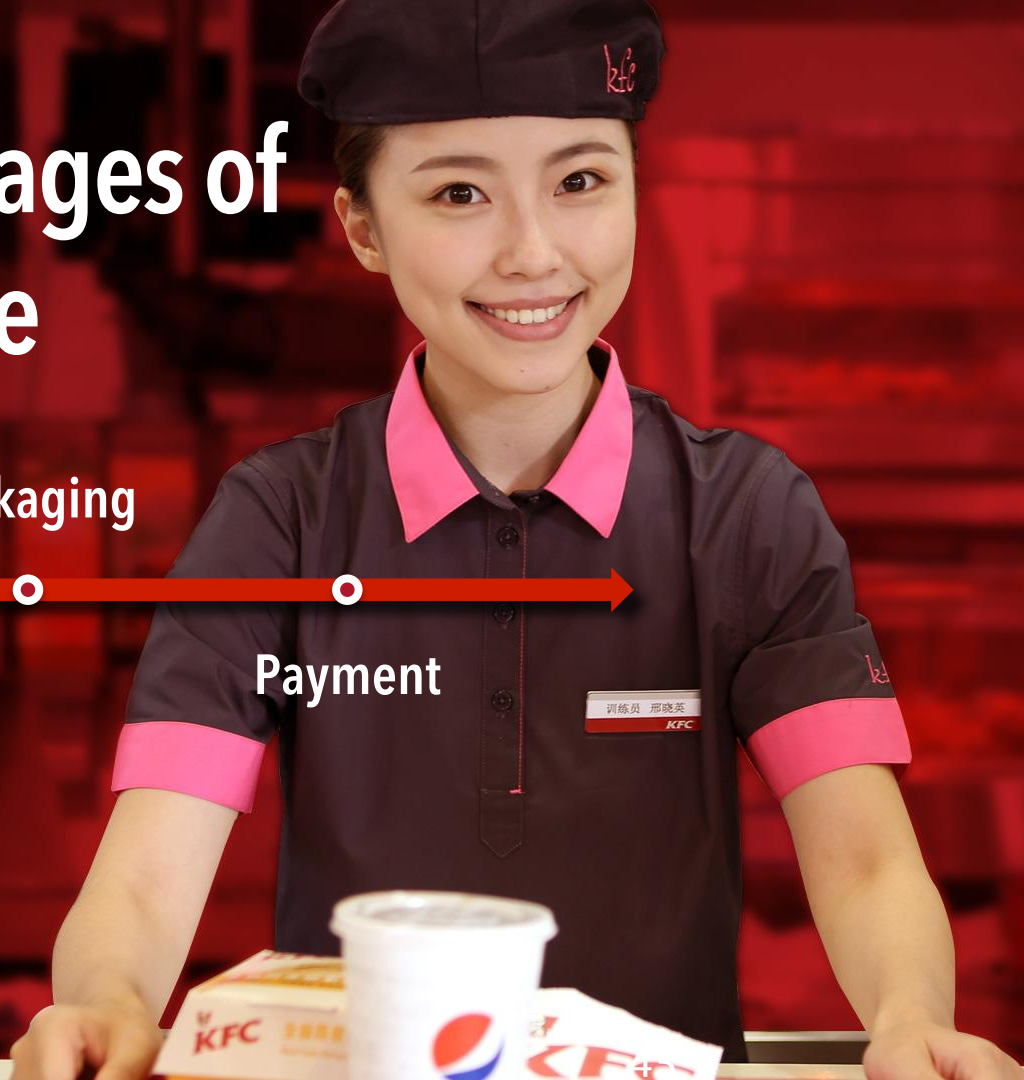


Rejuvenate Our Brand Asset with New Image

of units



Improving All Stages of Customer Service



New Brand Positioning

尽情自在 肯德基®



An aerial night view of the Shanghai skyline, featuring numerous illuminated skyscrapers and the Oriental Pearl Tower. The entire image is overlaid with a semi-transparent red color. The text is centered in the upper half of the image.

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Ted Stedem | CFO, Yum China

Strong Foundation for Growth



7,500+
Restaurants



400,000+
Employees



\$8+ BN
System Sales



~\$1.1BN
Pro Forma
EBITDA



\$0 Debt*
&
\$900+ MM
Cash on Day 1

Estimates of FY2016 results

Dollar figures include estimated FOREX impact

Pro forma EBITDA assumes 3% license fee on 2016F KFC and Pizza Hut system sales, G&A associated with being an independent company and franchising gains

2016F operating profit includes estimated VAT benefit from May to December 2016

*Excludes financial leases

Impressive Business Profile



**#1 Restaurant Company
in China**



**Strong Margins and
Cash Flow**



**Top Global Brands in
KFC and Pizza Hut**



**Best-in-Class
Management**



**Significant
Whitespace to Grow**



**US listed with
Western Governance**

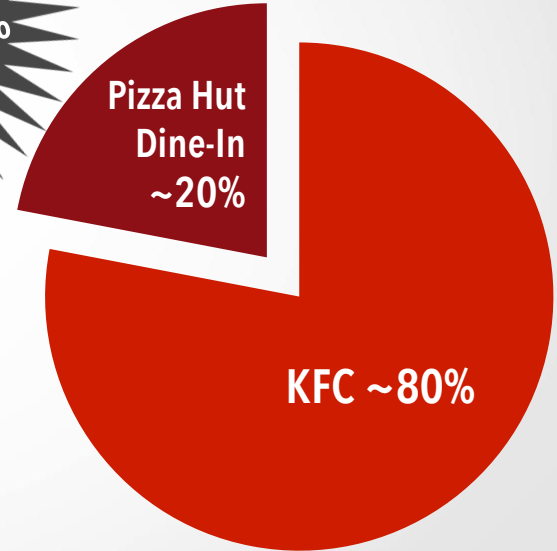
Profitability Continues to Improve

Pro Forma Reported
Operating Profit (\$MM)



FY16 OP
Growth
at least 30%
(ex F/X)

OP Share



2016F Pro Forma operating profit includes estimated FOREX impact

* Reflects 2014 reported operating profit as included in the Form 10 filed on Oct. 6, 2016, adjusted for non-cash impairment charge related to Little Sheep

**Reflects 2015 reported operating profit as included in the Form 10 filed on Oct. 6, 2016

2016F Pro forma operating profit assumes 3% license fee on 2016F KFC and Pizza Hut system sales, G&A associated with being an independent company and refranchising gains.

2016F operating profit includes estimated VAT benefit from May to December 2016

Clear Formula for Shareholder Value Creation



SSS Growth



**Margin
Improvement**



**New-Unit
Development**



**Disciplined
Capital Allocation**

Ongoing Mid-Teens EPS Growth Model

Drive Same Store Sales Growth in 2017 and Beyond

Core Innovation



Targeted Value Across All Day Parts



Unmatched Digital Capability



Leader in Delivery



Purposeful Investments in Asset Upgrades



1pt SSSG

=

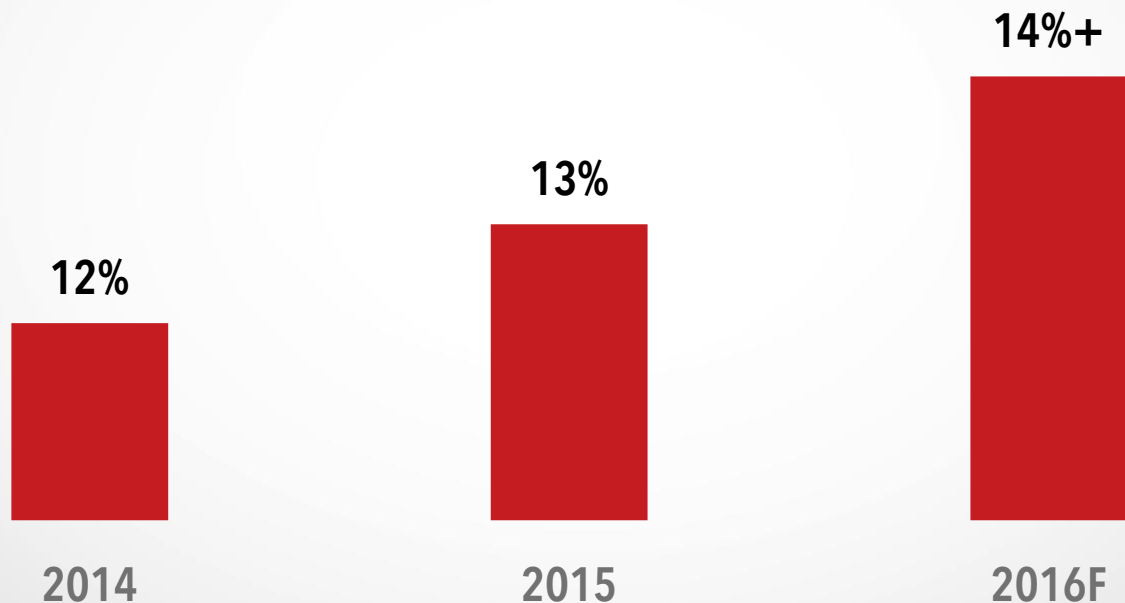
\$30+ MM

**Pro Forma
Operating
Profit***

*1pt full year SSS impact on FY 2016 pro forma operating profit

Tremendous Leverage in Margin Expansion

China Restaurant Margin AFTER 3% License Fee



Impressive New Unit Returns Even with 3% License Fee

2016 New Unit* Economics

		
Average Unit Volume (\$MM)	\$1.0	\$1.0
Cash Margin	21%	16%
Cash Investment (\$K)	\$530	\$610

Pre-tax Payback

<3 Years

<4 Years

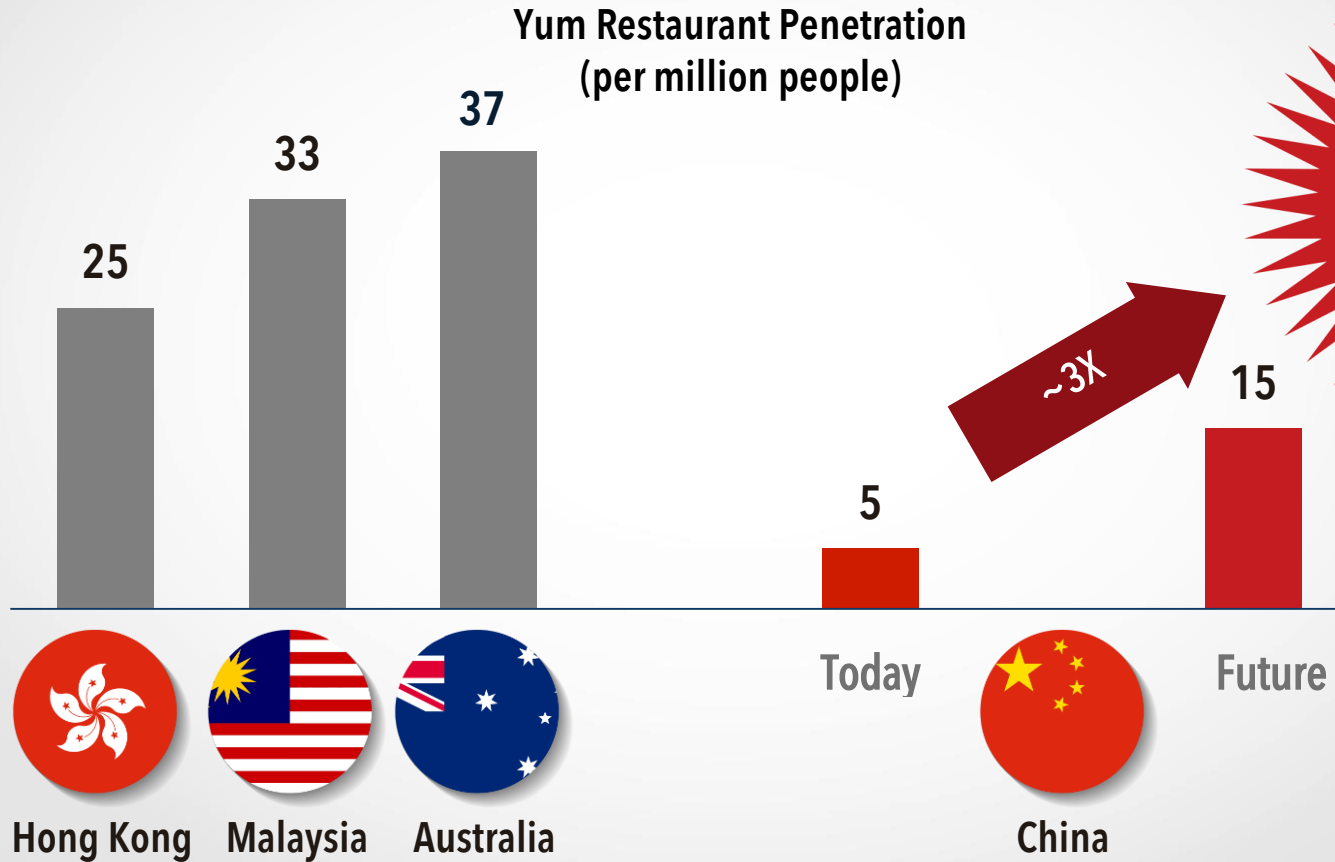
* Includes all units opened between June 2014 to May 2015

Cash margin includes 3% license fee

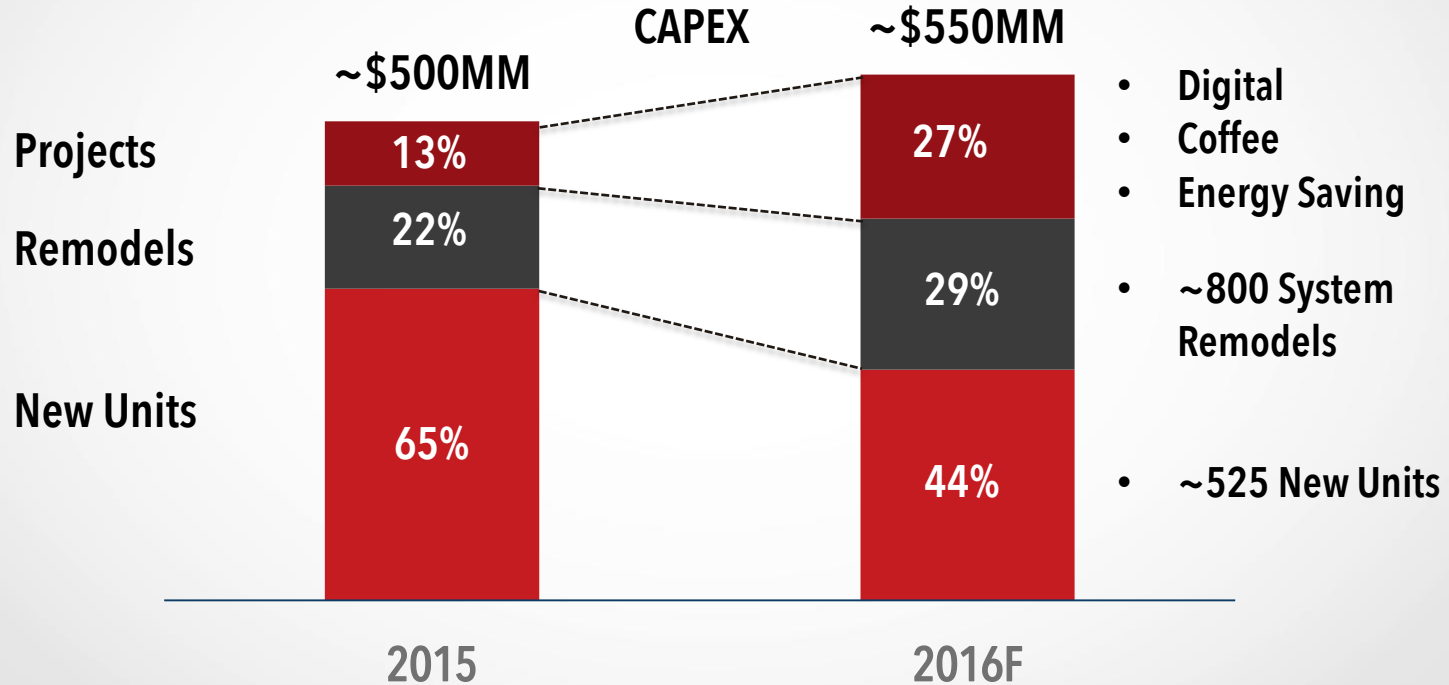
Exchange rate of 1USD=6.28RMB

Cash margins exclude expenses that impact restaurant margins by approximately 8% for both KFC and PHDI primarily related to depreciation

Potential to Triple Units Over Long Term



Investing to Strengthen Core Business



Dollar figures include FOREX impact

Capex amount is for wholly owned units excluding JVs and franchisees

Disciplined Deployment of Cash Generated

Pro Forma EBITDA

(\$BN)

~\$1.1

2016F

Core Brands



Emerging Brands



Strategic Growth Options

Returning Capital to Shareholders

Figures include estimated FOREX impact
Pro forma EBITDA assumes 3% license fee on 2016F KFC and Pizza Hut system sales,
G&A associated with being an independent company and refranchising gains. 2016F operating profit includes estimated VAT
benefit from May to December 2016.

2016 Financial Summary

Listing Venue	NYSE
Domicile	US/Western Governance
License Fee	3% of system sales of KFC & PH & TB
Restaurant Margin	14%+*
FY OP Growth (ex F/X)	At least 30%
New Unit Growth	~525
Capex	~\$550MM
Effective Tax Rate	27-29%

*After 3% license fee

Powerful Ongoing Growth Targets

**System
Sales
Growth**

**High-Single
Digit**

**Restaurant
Margin
Long-Term
Target**

~17%*

**EPS Growth
Model**

Mid-Teens

* After 3% License Fee
Mid-Teens EPS Growth Model assumes constant currency.



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Micky Pant | CEO, Yum China



Yum China Holdings, Inc.
NYSE: YUMC

The background of the entire image shows the silhouettes of several people jumping joyfully in the ocean. The scene is set against a bright, golden sunset sky, with the sun low on the horizon, creating a warm, glowing atmosphere. The water is dark, and the overall color palette is dominated by warm tones of orange, yellow, and red.

Let's make every life taste beautiful

让生活更有滋味



YumChina