THE DEFINING INVESTMENT OPPORTUNITY IN CHINA

Micky Pant | CEO, Yum China
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Agenda

- Yum China
- Pizza Hut and KFC Overview
- Yum China Financial Update
- Summary and Q&A
Significant Progress Since We Last Met

- Profitability continues to improve
- Strategic partnership formed
- Board of directors assembled
- On-target for Oct. 31 Spinoff
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: Urban population growth of 75MM

Yum China: 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

- KFC: 5,000+ units, 1,100+ cities
- Pizza Hut: 1,600+ units, 400+ cities
- KFC and Pizza Hut units and city data as of Q3 2016

2+ Billion Customer Visits Annually

KFC and Pizza Hut units and city data as of Q3 2016
...and Clearly Preferred by Consumers

Most Preferred QSR Brand

- KFC: 60%
- McDonald’s: 34%
- dicos: 6%
- Domino’s: 6%

Most Preferred WCDR* Brand

- Pizza Hut: 64%
- Wagas: 36%
- Papa Johns: 16%
- element fresh: 9%

*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

- 2005: 1,792
- 2010: 3,906
- 2015: 7,176

FY05-15 CAGR: ~15%

Revenue ($BN)

- 2005: $1.0
- 2010: $4.1
- 2015: $6.9

FY05-15 CAGR: ~21%

Dollar figures include FOREX impact
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**

- **4,000+ delivery units** across China
- **20,000 delivery drivers**
- **85% delivery sales from online ordering**
- **~10% of total sales**

*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 delivery 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
Tenured leadership – Key members with average of 20 years of experience
World-Class Board of Directors

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

Dr. Fred Hu
Non-Executive Chairman of the Board
Clear Strategy for Growth

- New-Unit Development
- Leader in Delivery & Digital Engagement
- Other Growth Opportunities: Taco Bell, Little Sheep
- Same Store Sales Growth
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Pizza Hut Dine-In
Impressive System Sales Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Restaurant Count</th>
<th>System Sales ($BN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>826</td>
<td>$1.2</td>
</tr>
<tr>
<td>2013</td>
<td>1,060</td>
<td>$1.5</td>
</tr>
<tr>
<td>2014</td>
<td>1,313</td>
<td>$1.7</td>
</tr>
<tr>
<td>2015</td>
<td>1,572</td>
<td>$1.8</td>
</tr>
</tbody>
</table>

Dollar figures include FOREX impact.
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

Breakfast

Working Day Lunch

Teatime

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”
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Joey Wat | CEO, KFC China
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
吃过瘾炸鸡桶
*含5块炸鸡
39元

5块炸鸡
桶桶过瘾

肯德基品牌形象代言人
鹿晗

欢迎访问：www.KFC.com.cn
Disruptive & Localized Product Innovation

Zinger Tower

Rice Bucket

Wing-on-stick

Ice-cream
Tailored Offering for Each Daypart and Occasion

Core

Breakfast

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

Data as of September 2016
Exclusive Privileges for Our 46+ Million Members

K-mall Earn & Burn

Retail Offers

Member Privileges

Pre-paid Privileges

10%+ Transactions
Significant Increase in Digital Media

Media Spend Breakdown

2011

- Digital: 11%
- Outdoor, Print, Radio: 20%
- TV: 69%

2016F

- Digital: 41%
- Outdoor, Print, Radio: 18%
- TV: 41%
Tremendous Growth in Delivery

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

*Data as of Q3 2016
Kiosks as the Next Growth Lever
Rejuvenate Our Brand Asset with New Image

# of units

- ~600
- ~800
- ~1,000


- New stores
- Remodel
Improving All Stages of Customer Service

Order  Packaging  Payment

Preparation
New Brand Positioning

尽情自在 肯德基
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 refranchising gains
2016F operating profit includes estimated VAT benefit from May to December 2016
*Excludes financial leases
Impressive Business Profile

- #1 Restaurant Company in China
- Top Global Brands in KFC and Pizza Hut
- Significant White Space to Grow
- Strong Margins and Cash Flow
- Best-in-Class Management
- US listed with Western Governance

#1 Restaurant Company in China

Top Global Brands in KFC and Pizza Hut

Significant White Space to Grow

Strong Margins and Cash Flow

Best-in-Class Management

US listed with Western Governance

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*Note: The text is visually represented with icons and a typewriter background.*
Profitability Continues to Improve

**Pro Forma Reported Operating Profit ($MM)**

- **2014**: $466*
- **2015**: $488**
- **2016F**: At Least $600

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

- Pizza Hut Dine-In ~20%
- KFC ~80%

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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

Mid-Teens EPS Growth Model assumes constant currency
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

- **2014**: 12%
- **2015**: 13%
- **2016F**: 14%+
### Impressively New Unit Returns Even with 3% License Fee

#### 2016 New Unit* Economics

<table>
<thead>
<tr>
<th></th>
<th>KFC</th>
<th>Pizza Hut</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Unit Volume ($MM)</strong></td>
<td>$1.0</td>
<td>$1.0</td>
</tr>
<tr>
<td><strong>Cash Margin</strong></td>
<td>21%</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Cash Investment ($K)</strong></td>
<td>$530</td>
<td>$610</td>
</tr>
</tbody>
</table>

- *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*

#### Pre-tax Payback

- **<3 Years**
- **<4 Years**
Potential to Triple Units Over Long Term

Yum Restaurant Penetration (per million people)

- Hong Kong: 25
- Malaysia: 33
- Australia: 37
- China: 5 → Future: 15

Ongoing Target of 600 Gross New Builds
Investing to Strengthen Core Business

- **Projects**
  - 13% of CAPEX in 2015
  - 27% of CAPEX in 2016F
  - Approx. $500MM in CAPEX

- **Remodels**
  - 22% of CAPEX in 2015
  - 29% of CAPEX in 2016F
  - Approx. $550MM in CAPEX

- **New Units**
  - 65% of CAPEX in 2015
  - 44% of CAPEX in 2016F

- **CAPEX Breakdown**
  - Digital
  - Coffee
  - Energy Saving
  - ~800 System Remodels
  - ~525 New Units

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Listing Venue</strong></td>
<td>NYSE</td>
</tr>
<tr>
<td><strong>Domicile</strong></td>
<td>US/Western Governance</td>
</tr>
<tr>
<td><strong>License Fee</strong></td>
<td>3% of system sales of KFC &amp; PH &amp; TB</td>
</tr>
<tr>
<td><strong>Restaurant Margin</strong></td>
<td>14%+*</td>
</tr>
<tr>
<td><strong>FY OP Growth (ex F/X)</strong></td>
<td>At least 30%</td>
</tr>
<tr>
<td><strong>New Unit Growth</strong></td>
<td>~525</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>~$550MM</td>
</tr>
<tr>
<td><strong>Effective Tax Rate</strong></td>
<td>27-29%</td>
</tr>
</tbody>
</table>

*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
Let’s make every life taste beautiful