

Third Quarter 2023 Results

1 November 2023

NYSE: YUMC and HKEX: 9987

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,” “project,” “likely,” “will,” “continue,” “should,” “forecast,” “commit,” “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 strategies, growth, business plans, investment, dividend and share repurchase plans, liquidity, earnings, performance and returns of Yum China, anticipated effects of population and macroeconomic trends, pace of recovery of Yum China’s business, the anticipated effects of our innovation, digital and delivery capabilities and investments on growth, beliefs regarding the long-term drivers of Yum China’s business and GHG emissions reduction targets. 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, the changes in public health conditions, including the COVID-19 pandemic, 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 “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 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.

Solid Performance in Third Quarter

	Q3			YoY	Vs 19
	2021	2022	2023		
RMB to USD rate vs prior year Q3: ~6% depreciation					
Total stores	11,415	12,409	14,102	+14%	+58%
Net new stores	392	239	500		
Revenue (\$bn) ¹	2.55	2.68	2.91	+9%	+26%
System sales growth ²	+1%	+5%	+15%		
Same-store sales growth ²	(7)%	Flat	+4%		
Restaurant margin	12.2%	18.8%	17.0%		
Operating profit ¹ (\$mn)	178	316	323	+2%	+8%
Adjusted operating profit ¹ (\$mn)	168	318	327	+3%	+9%
Net income ¹ (\$mn)	104	206	244	+18%	+9%
Diluted EPS ¹ (\$)	0.24	0.49	0.58		

Third Quarter

Revenue +15% YoY
in constant currency

Adjusted Op Profit excluding temporary reliefs +21% YoY³
in constant currency

Revenue & Adjusted Op Profit
at record Q3 levels

Accelerated store openings
500 net new stores

¹ Stated in reported currency, includes the consolidation of Huang Ji Huang from April 2020, Suzhou KFC from August 2020 and Hangzhou KFC from December 2021.

² Stated on a constant currency basis.

³ Temporary relief provided by landlords and government agencies, and consisted of \$1mn in Q3 2023 and \$30mn in Q3 2022. The temporary relief received primarily related to the COVID-19 pandemic, and may not be recurring. We believe this information is useful to investors because it facilitates greater comparability between periods.

Delivered ~ \$1 billion Operating Profit Year-to-date

	YTD			YoY	Vs 19
	2021	2022	2023		
RMB to USD rate vs prior year Q3 YTD: ~7% depreciation					
Total stores	11,415	12,409	14,102	+14%	+58%
Net new stores	909	621	1,155		
Revenue (\$bn) ¹	7.56	7.48	8.49	+13%	+26%
System sales growth ²	+15%	(5)%	+20%		
Same-store sales growth ²	+2%	(8)%	+8%		
Restaurant margin	15.6%	15.1%	17.9%		
Operating profit ¹ (\$mn)	753	588	996	+69%	+23%
Adjusted operating profit ¹ (\$mn)	750	593	1,005		
Net income ¹ (\$mn)	515	389	730	+88%	+17%
Diluted EPS ¹ (\$)	1.19	0.92	1.73		

Year-to-date

Record net new stores of 1,155
On track to reach full year target

Record Operating Profit ~\$1bn

Significant YoY growth

Revenue +21%, Op Profit +79%
in constant currency

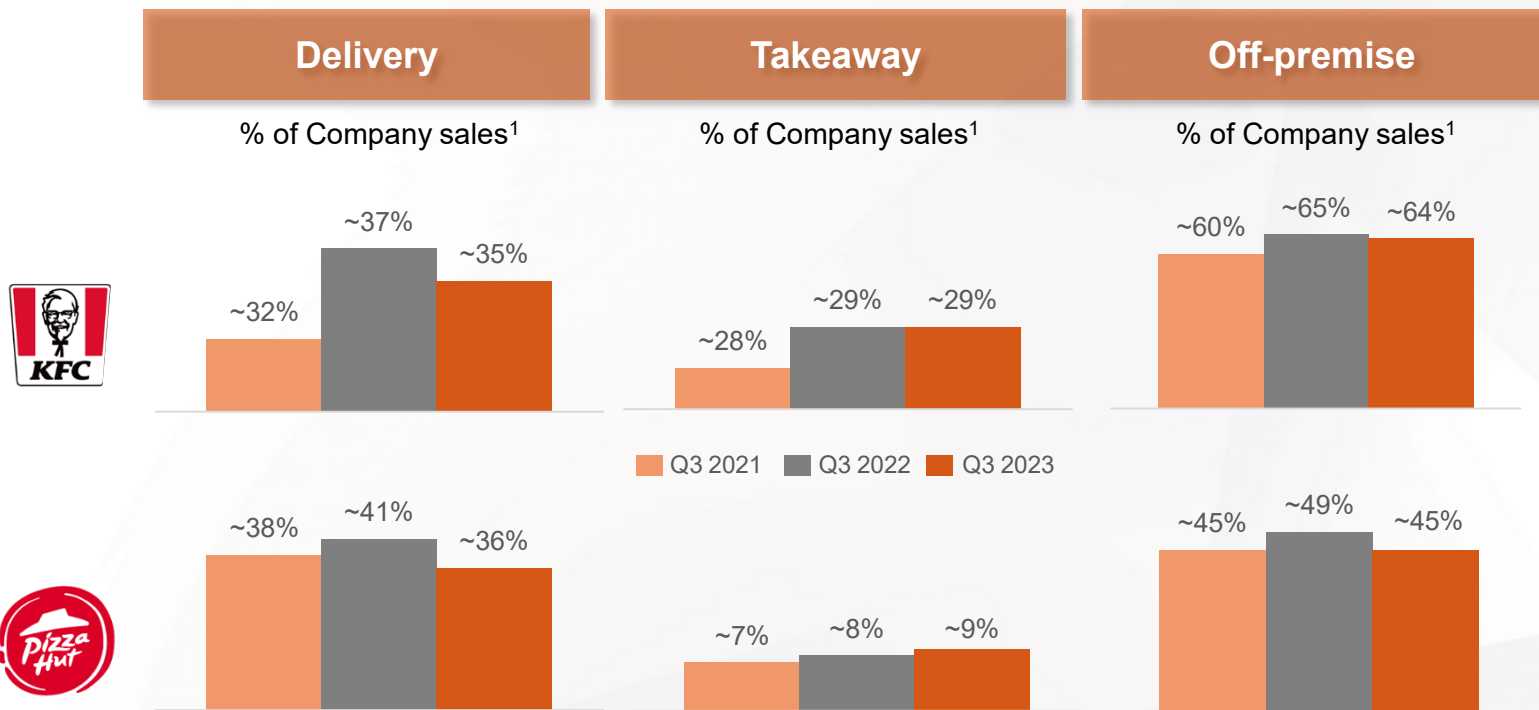
Double-digit growth vs 2019

Revenue +29%, Op Profit +26%
in constant currency

¹ Stated in reported currency, includes the consolidation of Huang Ji Huang from April 2020, Suzhou KFC from August 2020 and Hangzhou KFC from December 2021.

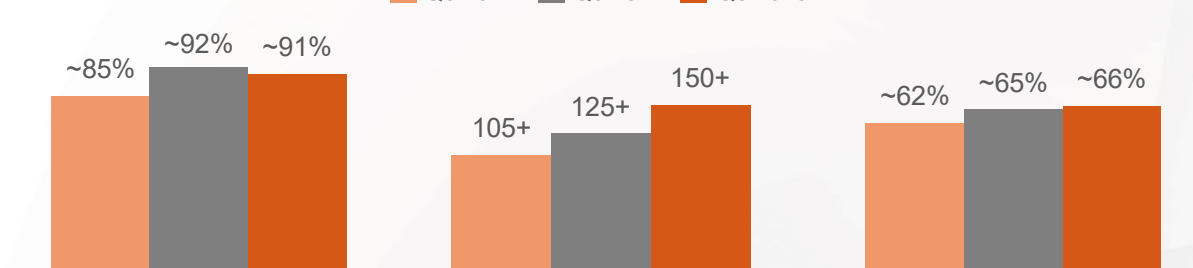
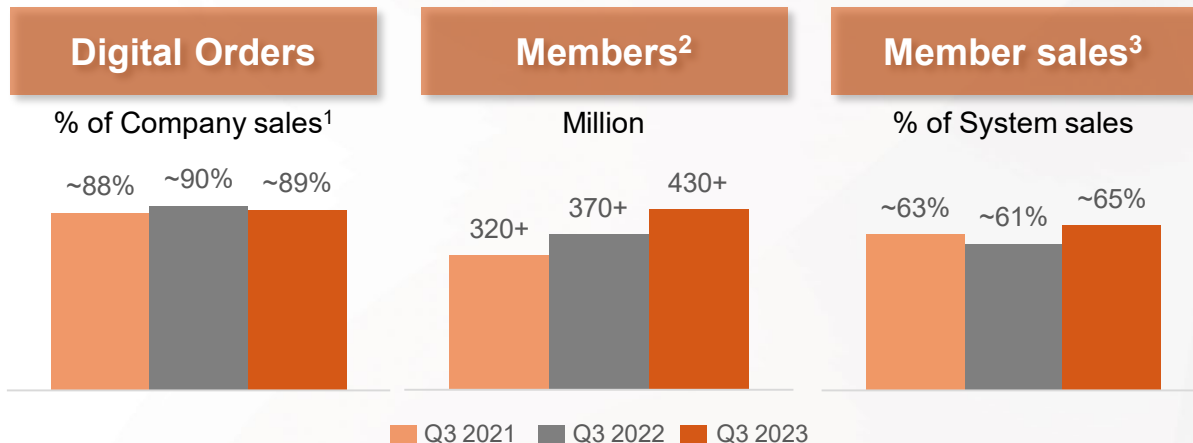
² Stated on a constant currency basis.

Delivery Mix Pulled Back Slightly as Dine-in Recovered



¹ Includes KFC (Hangzhou KFC included since December 2021) and Pizza Hut.

Continued to Expand Membership Program and Improve Member Engagement



KFC Privilege for Students
¥4.9 for 30 days

¹ Includes KFC (Hangzhou KFC included since December 2021) and Pizza Hut.

² Cumulative as of period-end

³ Includes KFC and Pizza Hut. From 2022, in addition to transactions in which members self-identified as members (i.e., through member QR code, using member coupons/vouchers, ordering via Super-Apps or other own channels), member sales also include 1) transactions in which members order using our coupons/vouchers through third party e-commerce platforms, 2) Pizza Hut tableside orders paid through POS terminals, provided members could otherwise be identified as members. 2021 data restated to reflect this change. Before restatement KFC was 62% and PH was 56% in 2021 Q3.

Maintained New Unit Payback Periods – 2 Years for KFC; 3 Years for Pizza Hut

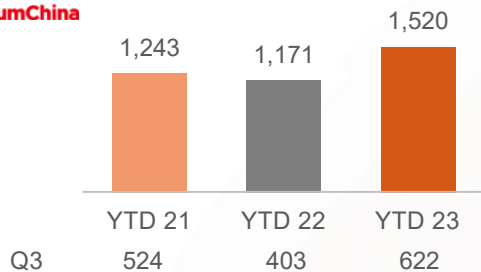
Expanding Store Portfolio

Penetrating into Lower-tier Cities

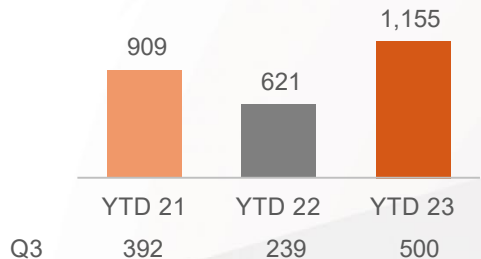
Maintained New Unit Payback¹



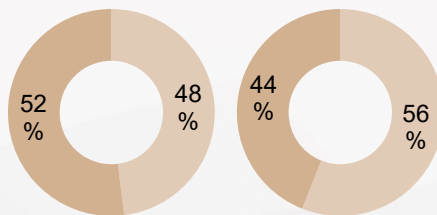
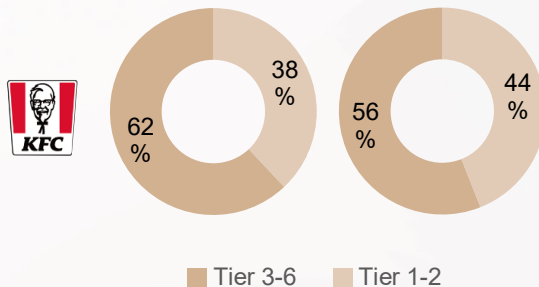
Gross New Stores



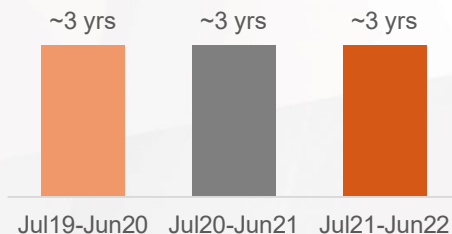
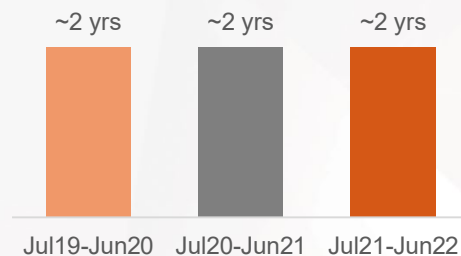
Net New Stores



Q1-3 23 Net New Stores Total Stores



By Year of Opening



¹ Refers to Average Pre-tax Cash Payback Period assuming yearly cashflow is same as year 1, after deduction of 3% license fee and before G&A expenses and income tax; Years refer to store opening period.



KFC: Stores, Sales and Profits All Increased



	Q3		YoY	Vs 19
	2022	2023		
Total stores	8,675	9,917	+14%	+57%
Net new stores	165	355		
System sales growth ¹	+5%	+15%		
Same-store sales growth ¹	Flat	+4%		
Restaurant margin	20.6%	18.6%		
Operating profit (\$ mn) ²	328	342	+4%	+16%
Delivery sales ³	~37%	~35%	+10% in constant currency	
Off-premise sales ³	~65%	~64%		
Digital order ³	~90%	~89%		

¹ Stated on a constant currency basis; includes the consolidation of Suzhou KFC from August 2020 and Hangzhou KFC from December 2021.

² Segment operating profit before unallocated costs in reported currency. Included temporary relief of \$1mn in Q3 2023 and \$21mn in Q3 2022, provided by landlords and government agencies.

³ % of Company sales

Photo: KFC store on Hangkong Road, Chengdu



Introducing Delicious and Innovative Food

Beef Burger



Ultra Cheese 2.0 Beef Burger

CP (Couple) Burgers



Spicy Sichuan Mouth-watering Chicken Burger and Spicy Hunan-style Stir-fried Beef & Chicken Burger

Chinese-style Breakfast



Chaozhou-style Beef Ball Congee and Songyuelou co-branded Steamed Vegetable Bun

Juicy Whole Chicken



Sichuan-style Spicy Whole Chicken



Offering Amazing Value

Buy One Get One Free
Holiday Bucket

9月29日-10月6日

十一买桶送桶 庆双节

十一双堡桶
同款买1送1

第2桶可寄存

National Day & Mid-Autumn Festival Campaign

Crazy Thursday
New Flavor

KFC

疯狂星期四

爆火椒麻鸡块
9块9块9
¥9.9/9块

新

秋日好“新”动,
口口椒麻尽兴开吃!

扫码点餐

9 pieces of Spicy Nuggets at ¥9.9

KCOFFEE
¥8.8 Member Offer

你喝咖啡 我喝K咖啡

8/7-9/3 周周8.8元

会员凭券每周享1次指定现磨咖啡

爆汁三柠气泡美式(大)(冰)

Iced Sparkling Americano with Zesty Lemon

Limited to once a week from Aug 7 to Sep 3



Pizza Hut: Accelerated Store Openings



	Q3		YoY	Vs 19
	2022	2023		
Total stores	2,806	3,202	+14%	+42%
Net new stores	95	130		
System sales growth ¹	+7%	+13%		
Same-store sales growth ¹	+2%	+2%		
Restaurant margin	13.4%	12.7%		
Operating profit (\$ mn) ²	49	47	(5)%	+24%
Delivery sales ³	~41%	~36%	+1% in constant currency	
Off-premise sales ³	~49%	~45%		
Digital orders ³	~92%	~91%		

¹ Stated on a constant currency basis

² Segment operating profit before unallocated costs in reported currency. Included temporary relief of \$8mn in Q3 2022, provided by landlords and government agencies.

³ % of Company sales

Photo: Pizza Hut store in Shanghai Sincere Plaza

Enriching Pizza Selections



必胜客

榴莲开爆 一口爆浆

NEW Durian Lava Pizza
(coconut/vanilla flavors)
新 爆浆榴莲比萨
(生椰味/香草味)

NEW Durian Trio Pizza
新 榴莲三精灵比萨

NEW Musang King Durian Pizza
新 醇正猫山王榴莲比萨



NEW D200 Black Thorn Durian Pizza
新 D200黑刺榴莲比萨

NEW Stinky Tofu Durian Pizza
新 上头香臭豆腐榴莲比萨



Expanding Price Range to Drive Incremental Sales

Pizzas Below RMB 50



¥29

Hawaiian
1-person pizza



¥39

Bolognese Pizza



¥49

BBQ Sausage Pizza

Nine pizza options priced below RMB50:
Four 1-person pizzas & five regular size pizzas

Scream Wednesday

必胜客
尖叫星期三
爆款29块9

29.9
* 番茄培根比萨
【加购可升级回口味·卷边】

新 19.9
川香牛肉卷面/川香鸡丝
* 原面原汤鸡丝面(任选1份)+
大红袍手打柠檬茶1杯(冰/温)

39.9
* 黄金大肉松香肠
拼新奥尔良风味猪肉比萨
(饼底半块/全块)

新 59.9
* 爆浆榴莲比萨 (生椰味)
还可免外送费

Offers range from ¥19.9 to ¥59.9

New Snack

必胜客

芝士挞会拉丝有芝士
奶香挞壳 加黄油·不加冰

芝士挞

Cheese tart at ¥9

Collaborating with Popular Icons / Events to Create Excitement and Acquire New Customers



Combo / Bucket includes souvenirs and game gift package



Combos at ¥42 and ¥49.9 with Ultraman toy



Combo at ¥55 with specially designed souvenirs by Antoine Corbineau



Combo at ¥159 with Asian Games toy

Capital Allocation Balances Operations Needs, Long-term Growth and Return to Shareholders



\$ million	Q3 Year-to-date		
	2021	2022	2023
Net Cash Position	4,377	4,037	4,159 ¹
Cash flow from operating activities	1,074	1,329	1,334
Capital expenditure	482	509	499
Free cash flow ²	592	820	835
Cash dividends distributed	152	152	162
Share repurchases	34	413	281 ³

Disciplined Capital Allocation

- Maintain sufficient cash for operations and contingencies
- Make significant capex investment in store network expansion, supply chain infrastructure and digital
- Committed to returning excess cash to shareholders:
 - ✓ \$443 million returned through dividends and share repurchases year-to-date 2023
 - ✓ Expect to return \$600-800 million in full year 2023
 - ✓ Target to return \$3 billion in 2024-2026⁴
- Remain disciplined in M&A


¹ Refers to \$1,131mn cash, \$2,001mn short-term investments & \$1,237mn long-term bank deposits and notes, net of \$210mn in short-term borrowings.

² Refers to cash flow from operating activities minus capital expenditure.

³ Share repurchase amount excludes 1% excise tax and commissions.

⁴ Based on current expectations, which may change based on market conditions, capital needs or otherwise. Subject to Board approval on dividends & share repurchases, as well as shareholders' approval on share repurchases.

2023 Outlook

Net new store: 1,100-1,300  1,400-1,600

Capital expenditure: \$700-900mn

2024-2026 Growth Targets

20,000 Stores by 2026

3-Year Growth Targets on 2023 Base¹

**High Single to
Double Digits**

System Sales

**High Single to
Double Digits**

Operating Profit

Double Digits

EPS

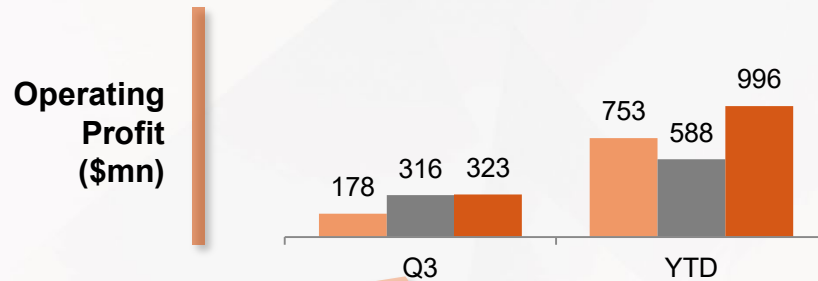
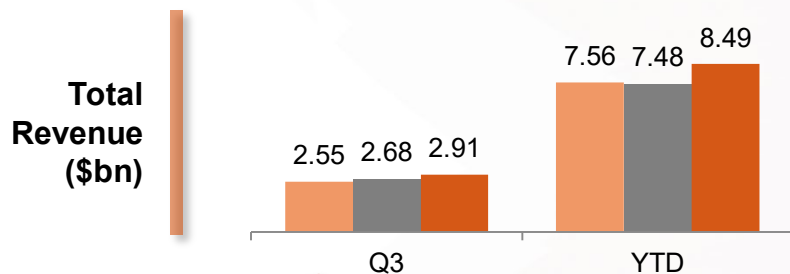
~\$3bn Targeted return of cash to shareholders²

¹. In constant currency

². Based on current expectations, which may change based on market conditions, capital needs or otherwise. Subject to Board approval on dividends & share repurchases, as well as shareholders' approval on share repurchases.17

Appendix

Key Factors of Year-over-year Change



Key factors for Q3 year-over-year increase

- + New unit contribution
- + Same-store sales growth
- + Lapping of prior year temporary store closures
- Foreign exchange

Key factors for Q3 year-over-year increase

- + Sales leveraging
- + New unit contribution
- + Lapping of prior year temporary store closures
- + Favorable commodity prices
- Lapping of prior year austerity measures and temporary relief
- Higher promotion cost
- Wage inflation
- Foreign exchange

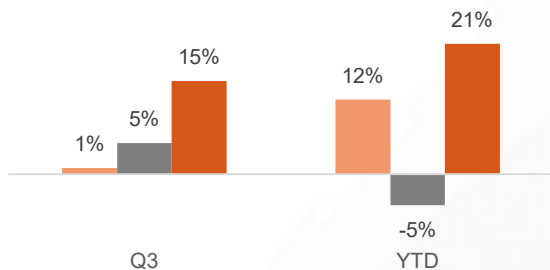
2021 2022 2023



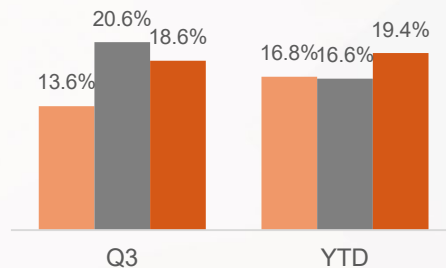
KFC Key Financials

Sales Growth (%)

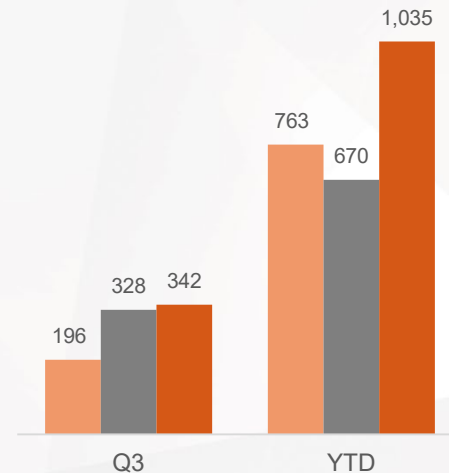
System sales growth ¹



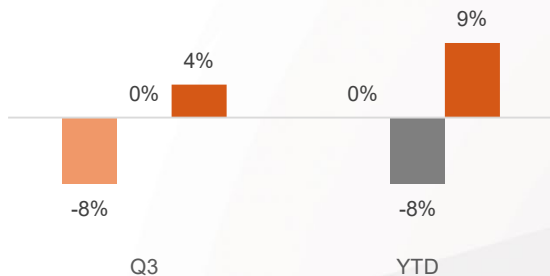
Restaurant Margin (%)



Operating Profit ² (\$ mn)



Same-store sales growth ¹



2023 vs 2022		Q3
Same-store sales		+4%
- Transactions		+9%
- Average ticket		-5%

¹ Stated on a constant currency basis.

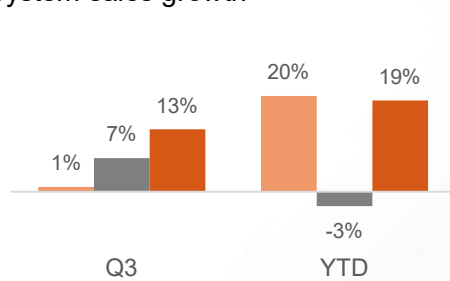
² Segment Operating Profit before unallocated shared service costs; includes the consolidation of Hangzhou KFC from December 2021



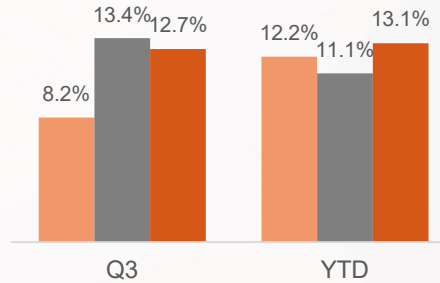
Pizza Hut Key Financials

Sales Growth (%)

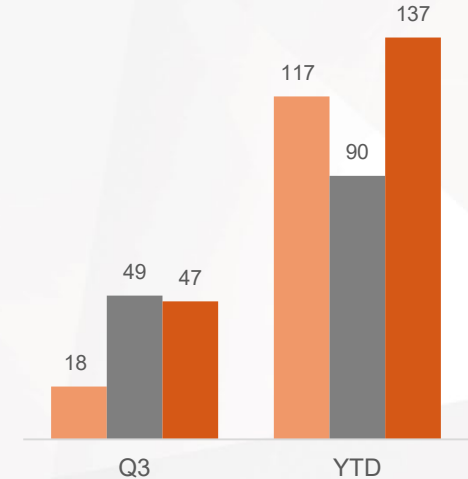
System sales growth ¹



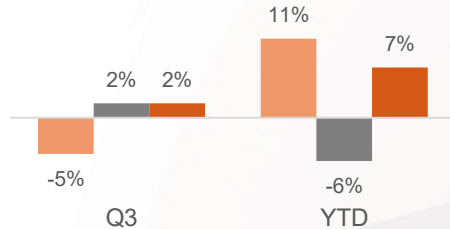
Restaurant Margin (%)



Operating Profit ² (\$ mn)



Same-store sales growth ¹



2023 vs 2022	Q3
Same-store sales	+2%
- Transactions	12%
- Average ticket	-9%

¹ Stated on a constant currency basis.

² Segment Operating Profit before unallocated shared service costs

Reconciliation of Reported Results to Non-GAAP Adjusted Measures



Non-GAAP Reconciliations

	Quarter Ended		Year to Date Ended	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022
Reconciliation of Operating Profit to Adjusted Operating Profit				
Operating Profit	\$ 323	\$ 316	\$ 996	\$ 588
Special Items, Operating Profit	(4)	(2)	(9)	(5)
Adjusted Operating Profit	<u>\$ 327</u>	<u>\$ 318</u>	<u>\$ 1,005</u>	<u>\$ 593</u>
Reconciliation of Net Income to Adjusted Net Income				
Net Income – Yum China Holdings, Inc.	\$ 244	\$ 206	\$ 730	\$ 389
Special Items, Net Income – Yum China Holdings, Inc.	(4)	(2)	(9)	(5)
Adjusted Net Income – Yum China Holdings, Inc.	<u>\$ 248</u>	<u>\$ 208</u>	<u>\$ 739</u>	<u>\$ 394</u>
Reconciliation of EPS to Adjusted EPS				
Basic Earnings Per Common Share	\$ 0.59	\$ 0.49	\$ 1.75	\$ 0.92
Special Items, Basic Earnings Per Common Share	(0.01)	—	(0.02)	(0.01)
Adjusted Basic Earnings Per Common Share	<u>\$ 0.60</u>	<u>\$ 0.49</u>	<u>\$ 1.77</u>	<u>\$ 0.93</u>
Diluted Earnings Per Common Share	\$ 0.58	\$ 0.49	\$ 1.73	\$ 0.92
Special Items, Diluted Earnings Per Common Share	(0.01)	—	(0.02)	(0.01)
Adjusted Diluted Earnings Per Common Share	<u>\$ 0.59</u>	<u>\$ 0.49</u>	<u>\$ 1.75</u>	<u>\$ 0.93</u>
Reconciliation of Effective Tax Rate to Adjusted Effective Tax Rate				
Effective tax rate	27.5%	29.9%	27.2%	30.1%
Impact on effective tax rate as a result of Special Items	0.3%	0.2%	0.2%	0.2%
Adjusted effective tax rate	<u>27.2%</u>	<u>29.7%</u>	<u>27.0%</u>	<u>29.9%</u>

Details of Special Items

	Quarter Ended		Year to Date Ended	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022
Share-based compensation expense for Partner PSU Awards ⁽¹⁾	\$ (4)	\$ (2)	\$ (9)	\$ (5)
Special Items, Operating Profit	(4)	(2)	(9)	(5)
Tax effect on Special Items ⁽²⁾	—	—	—	—
Special Items, net income – including noncontrolling interests	(4)	(2)	(9)	(5)
Special Items, net income – noncontrolling interests	—	—	—	—
Special Items, Net Income – Yum China Holdings, Inc.	<u>\$ (4)</u>	<u>\$ (2)</u>	<u>\$ (9)</u>	<u>\$ (5)</u>
Weighted-average Diluted Shares Outstanding (in millions)	420	424	421	426
Special Items, Diluted Earnings Per Common Share	<u>\$ (0.01)</u>	<u>\$ —</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>

(1) In February 2020, the Company granted Partner PSU Awards to select employees who were deemed critical to the Company's execution of its strategic operating plan. These PSU awards will only vest if threshold performance goals are achieved over a four-year performance period, with the payout ranging from 0% to 200% of the target number of shares subject to the PSU awards. Partner PSU Awards were granted to address increased competition for executive talent, motivate transformational performance and encourage management retention. Given the unique nature of these grants, the Compensation Committee does not intend to grant similar, special grants to the same employees during the performance period. The impact from these special awards is excluded from metrics that management uses to assess the Company's performance.

(2) The tax expense was determined based upon the nature, as well as the jurisdiction, of each Special Item at the applicable tax rate.

ESG Key Initiatives

Climate Action

SBTi approved near-term greenhouse gas reduction targets¹

100% renewable energy pilot in select stores & logistics centers²

Launched a green power procurement alliance with 40 key suppliers³

Circular Economy

Phased out plastic packaging and introduced serving baskets made with 10% recycled coffee ground

100% FSC paper napkin⁴

Expanded Food Bank Program to 100+ cities

Nutrition & Food Safety

Published Yum China Nutrition and Health Commitments to promote healthy lifestyle

End-to-end food safety and quality management system

People

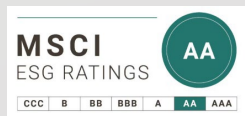
People First:
Fair, Care & Pride

Committed to positive social impact: e.g., One Yuan Donation, Book Kingdom, Angel Restaurants, Grow Local

Recognition



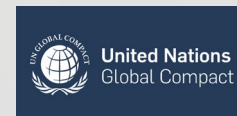
Industry highest score for the 3rd year



The only restaurant company with AA rating



5th consecutive year



Joined in August 2023



5th consecutive year

¹ 2035 reduction targets (from 2020 base year): 63% for Scope 1 and 2 GHG emissions; 66.3% for Scope 3 GHG emissions per ton of goods purchased

² 70+ Stores and Guangxi logistics center

³ Launched a Distributed Photovoltaics and Virtual Power Purchase Alliance with 40 key suppliers in May 2023

⁴ Includes KFC, Pizza Hut, Taco Bell, Lavazza and Little Sheep restaurants.



YumChina

About Yum China

Yum China is the largest restaurant company in China with a mission to make every life taste beautiful. The Company has over 400,000 employees and operates over 14,000 restaurants under six brands across 1,900 cities in China. KFC and Pizza Hut are the leading brands in the quick-service and casual dining restaurant spaces in China, respectively. Taco Bell offers innovative Mexican-inspired food. 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. 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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