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,” “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, business plans, investment plans, earnings, performance and returns of Yum China, statements regarding the revitalization of Pizza Hut, anticipated effects of population and macroeconomic trends, and the expected impact of the coronavirus outbreak and the capital structure of Yum China, the anticipated effects of our digital and delivery capabilities on growth and beliefs regarding the long-term drivers of Yum China’s business. 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. 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, our ability to control costs and expenses, including tax costs, as well as changes in political, economic, regulatory and public health conditions in China, including the coronavirus outbreak. 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) 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.
Overview

Q4 2019 Business Highlights

Q4 2019 Financial Results
Yum China by the Numbers – a Powerful Business

#1 Western QSR & CDR brands in China

9,200 stores in 1,300+ cities in China

215mn+ digital members of KFC
70mn+ digital members of Pizza Hut

NYSE listed with $18bn market cap

24 logistics centers

~450,000 employees in China
Strong management

Note: Store, logistic center and member counts as of December 31, 2019; Market cap as of the close of December 31, 2019; Fortune 500 ranking in terms of sales.
Our Long-Term Strategy

SUSTAINABLE PLATFORM FOR GROWTH

YUM CHINA BRAND PORTFOLIO

ENABLED BY THREE PILLARS ACROSS BRANDS

AND CROSS FUNCTIONAL CAPABILITIES

SUPPORTED BY FOUNDER’S MENTALITY CULTURE

Potential to grow to 20,000 stores over the long term, >2x today’s store base
The World’s Most Innovative Pioneer In The Restaurant Industry
Digital Strategy: Connecting with Our Consumers

- Mobile Pre-order
- Online Queuing
- Delivery
- E-gifting
- V-gold & Merchandise
- Privilege Program
- KFC Member Program
- Pizza Hut Member Program
- K-Music
- K-Run
- Book Kingdom

YumChina
Digital Strategy: Driving Efficiency Across the Business

Customer

Omni Channel Services

Data & AI Driven Marketing

Intelligent Supply Chain

Optimising Labor Productivity

Yum China
Yum China Investment Highlights

Solid track record since spin-off

- 2.3 new stores opened per day

Strong balance sheet & cash flow generation

- $1.66bn Total Revenue
- 7% Total Revenue CAGR 1
- 12% Operating Profit CAGR 1
- Free cashflow ($mn)
  - 2017: 469
  - 2018: 863
  - 2019: 750

Commitment to shareholder returns

- Dividends & Share repurchases ($mn)
  - 2017: $166
  - 2018: $474
  - 2019: $442

- $361mn Per year 3

Responsible corporate

- DJSI: Top 5 in REX 4 industry
- Bloomberg Gender-Equality Index (1 of 3 Chinese companies selected) for 2 years
- Named “Top Employer China” by the Top Employers Institute for 2 years

1 2016-2019 CAGR; 2 As of 2019 year-end; 3 Average of 2017-2019; 4 Restaurant & Leisure
Overview

Q4 2019 Business Highlights

Q4 2019 Financial Results
Q4 2019: Solid Growth

- System sales growth of 8%*
- 13th consecutive quarter of positive system sales growth
- Operating Profit growth of 14%
- World's leading restaurant membership with 240mn+ members
- Over 50% of sales from members
- Delivery contributed 23% of sales, +3ppts y/y
- Opened 360 new stores, reaching a total of 9,200 stores
- Maintained new store cash payback of ~2 years for KFC and 3-4 years for Pizza Hut
- Returned $102 million to shareholders
- Declare dividend of $0.12 per share, payable in March 2020

* Stated in constant currency basis.
A Recognized Leader

**Fortune 500**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rank</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>362</td>
<td>Yum China Holdings</td>
</tr>
<tr>
<td>2018</td>
<td>397</td>
<td>Yum China Holdings</td>
</tr>
<tr>
<td>2017</td>
<td>399</td>
<td>Yum China Holdings</td>
</tr>
</tbody>
</table>

Higher ranking compared to 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>Restaurant Chain Innovation Award</td>
</tr>
<tr>
<td></td>
<td>Awarded by the China Chain Store and Franchise Association</td>
</tr>
</tbody>
</table>

3 Gold Cannes Lions Awards for KFC Pocket Store

Over 4 million pocket stores opened
KFC: Consistently Delivering Solid Results

Q4 2019 HIGHLIGHTS

3% SSSG*

10% System sales growth*

14.5% Restaurant margin, +0.2ppt y/y

241 new store openings

20% Operating profit growth*

Various innovative products, digital campaigns and partnerships

21% Delivery sales, up 4ppt y/y, led by our own channels

215mn+ Members

57% Member sales

70% Digital orders

* Stated in constant currency basis.
### Disruptive Product Innovations

<table>
<thead>
<tr>
<th>Product</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kimchi Burger</td>
<td>Kimchi, beef and chicken</td>
</tr>
<tr>
<td>Crispy Chicken</td>
<td>Crispy chicken coated with Lays chips and seaweed (Christmas campaign)</td>
</tr>
<tr>
<td>Premium Burger 2.0</td>
<td>Thick cut Australian steak / Pulled turkey &amp; spicy chicken</td>
</tr>
<tr>
<td>New Croissant</td>
<td>Croissant with salted egg yolk filling and dry shredded pork coating</td>
</tr>
<tr>
<td>Crazy Thursday</td>
<td>Wing Buckets</td>
</tr>
<tr>
<td>----------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Emphasis on Smart and Abundant Value</strong></td>
<td></td>
</tr>
<tr>
<td>2 for 19.9 yuan – Milk tea with boba / Peking duck twister</td>
<td>Buckets of chicken wings or wing tips</td>
</tr>
</tbody>
</table>
Growing Dayparts and Categories

**Breakfast**
- Thinly sliced beef congee

**Coffee**
- Christmas launch of new coffee flavor Flat White and Caramel Macchiato

**Dessert**
- New hot taro tea with 3 layers
Innovative Digital Campaigns and Partnerships

Digital Membership

SuperApp download promotion:
Worth 96 RMB

Privilege Subscription

Breakfast, Coffee, Delivery and All-in-one privileges

Online Partnership

Double 11 promotions on Koubei/T-mall and in own APP

Corporate Delivery

Corporate employees enjoy free delivery for breakfast
Expanding with Multiple Store Formats

<table>
<thead>
<tr>
<th>Gas Station Partnership</th>
<th>Corporate Partnership</th>
<th>Exhibition Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNPC – Kunming, Yunan</td>
<td>Lenovo – Beijing</td>
<td>Shenzhen World Exhibition &amp; Convention Center</td>
</tr>
<tr>
<td>Sinopec – Tianyuan, Dalian</td>
<td></td>
<td>~1,800 sqm – opened in Nov 2019</td>
</tr>
</tbody>
</table>

First franchised KFC stores opened in CNPC/Sinopec gas stations after announcement of partnership in March 2019.

Note: Examples of different store formats.
Pizza Hut: Revitalization Continues

FOUR PILLARS DRIVING OUR REVITALIZATION PROGRAM

- **Fixing the Fundamentals**
  - Food, Service, Value

- **Driving our Digital Ecosystem**
  - Engagement & Experience

- **Optimizing Delivery**
  - Own channels & 3rd parties

- **Enhancing Our Asset Portfolio**
  - Remodel & Development

Q4 2019 HIGHLIGHTS

- **Flat SSSG**
  - 1% System sales growth*

- **6.7%**
  - Restaurant margin, 1.8ppt y/y

- **48**
  - new store openings and 281 remodels

- **Operating loss reduced 72%**

- Various innovative products introduced with great value

- **28% Delivery sales**, up 2ppt y/y, led by our own channels

* Stated in constant currency basis.
## Innovative Products to Excite Customers

<table>
<thead>
<tr>
<th>Season</th>
<th>Product Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Autumn Festival</strong></td>
<td>Chinese flavor pizza (e.g. Peking duck, double chili)</td>
</tr>
<tr>
<td><strong>Korean Spicy Pizza</strong></td>
<td>Slow cook ox-tongue in Korean style spicy sauce</td>
</tr>
<tr>
<td><strong>Christmas Snow Pizza</strong></td>
<td>Slow cook beef pizza with snowflake ricotta cheese</td>
</tr>
<tr>
<td><strong>Turkey Thigh</strong></td>
<td>Buy one get one free – Christmas seasonal and 10 days only</td>
</tr>
</tbody>
</table>
## Improving Value for Money

### Scream Wednesday
- **29元** Meaty pizza and **39元** Matcha ice-cream cake x3

### Afternoon Tea Discount
- Buy 1 get 1 free during 2-5pm
- Sea salt caramel bacon milk tea

### Double 12
- Double 12 promotions on Meituan
  - (up to 70% discount)

### Delivery
- **99元** for 2 selected pizzas
  - (up to 80 yuan savings)
Remodeled 281 Stores in Q4, 513 Stores Full Year

Shanghai Global Harbor, 345 sqm
71 New Stores for Our Smaller Brands in Q4, 132 New Stores Full Year

COFFii & JOY: 8 in Q4 / 40 full year

Taco Bell: 2 in Q4 / 3 full year

East Dawning: 1 in Q4 / 3 full year

Little Sheep: 60 in Q4 / 86 full year
Overview

Q4 2019 Business Highlights

Q4 2019 Financial Results
Accelerated New Store Openings Driven by KFC

**Gross new stores**

<table>
<thead>
<tr>
<th></th>
<th>Q4</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>258</td>
<td>360</td>
</tr>
<tr>
<td>2019</td>
<td>257</td>
<td>691</td>
</tr>
<tr>
<td>2017</td>
<td>819</td>
<td>1,006</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q4</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>139</td>
<td>241</td>
</tr>
<tr>
<td>2019</td>
<td>155</td>
<td>408</td>
</tr>
<tr>
<td>2017</td>
<td>342</td>
<td>566</td>
</tr>
</tbody>
</table>

**Total stores**

<table>
<thead>
<tr>
<th></th>
<th>17 YE</th>
<th>18 YE</th>
<th>19 YE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5,488</td>
<td>5,910</td>
<td>6,534</td>
</tr>
<tr>
<td>2019</td>
<td>60</td>
<td>51</td>
<td>48</td>
</tr>
<tr>
<td>2017</td>
<td>2,195</td>
<td>2,240</td>
<td>2,281</td>
</tr>
</tbody>
</table>

Accelerated New Store Openings Driven by KFC
Strong Financial Performance

**Sales Growth**

- **System sales growth (%)**
  - Q4: 9%, 6%
  - Full Year: 8%, 5%

- **Same-store sales growth (%)**
  - Q4: 5%, 2%
  - Full Year: 4%, 1%

**Profit Margin**

- **Restaurant Margin (%)**
  - Q4: 11.6%, 11.5%
  - Full Year: 12.4%, 15.7%
  - Q4: 16.0%

**Net Income & EPS**

- **Net Income ($ mn)**
  - Q4: -107, 74
  - Full Year: 398, 708
  - 2017: 94, 84
  - 2018: 713, 941
  - 2019: 1.84

- **Operating Profit ($ mn)**
  - Q4: 47, 84
  - Full Year: 90, 901
  - 2017: 47, 84
  - 2018: 713, 941
  - 2019: 1.84

- **Diluted EPS ($)**
  - Q4: -0.28, 0.19
  - Full Year: 1.00, 1.79
  - 2017: 0.19, 0.23
  - 2018: 0.23
  - 2019: 1.84

---

1 Stated in constant currency basis.
## Operating Profit Improved Year on Year in Q4

<table>
<thead>
<tr>
<th>Operating Profit ($ mn)</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q4</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>84</td>
<td>94</td>
</tr>
<tr>
<td>Adjusted</td>
<td>96</td>
<td>105</td>
</tr>
<tr>
<td><strong>YoY</strong></td>
<td>+14%</td>
<td>+12%</td>
</tr>
<tr>
<td><strong>YoY ex F/X</strong></td>
<td>+16%</td>
<td>+14%</td>
</tr>
<tr>
<td><strong>Full year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>941</td>
<td>901</td>
</tr>
<tr>
<td>Adjusted</td>
<td>855</td>
<td>912</td>
</tr>
<tr>
<td><strong>YoY</strong></td>
<td>- 4%</td>
<td>+7%</td>
</tr>
<tr>
<td><strong>YoY ex F/X</strong></td>
<td>+1%</td>
<td>+12%</td>
</tr>
</tbody>
</table>

### Key Factors for Q4 Year-Over-Year Movement

**Positive Factors:**
- Same-store sales leverage
- Net new unit growth
- Productivity improvement
- Savings in other restaurant operating costs

**Negative Factors:**
- Wage and commodity inflation
- Promotion cost
- Higher G&A expense

---

*Note: See the appendix for a reconciliation to the adjusted measures*
KFC Achieved 3% SSSG and 20% OP Growth in Q4

### Sales Growth\(^1\) (%)

- **System sales growth**
  - Full Year: 9\%, 7\%, 11\%

- **Same-store sales growth**
  - Full Year: 5\%, 2\%, 4\%

### Restaurant Margin (%)

- Full Year: 18.0\%, 7.9\%, 7.8\% (2017, 2018, 2019)

### Operating Profit ($ mn)\(^2\)

- Full Year: 802, 895, 949 (2017, 2018, 2019)

---

\(^1\) Stated in constant currency basis.

\(^2\) Segment Operating Profit before unallocated shared service costs.

YoY ex FX (19 vs 18)
Pizza Hut Delivered 22% OP Growth in 2019

Sales Growth1 (%)

System sales growth

-2%  1%  3%
Q4  Full Year

+72%  +22%  YoY ex FX (19 vs 18)

Restaurant Margin (%)

Same-store sales growth

-4%  0%  1%
Q4  Full Year

Pizza Hut Delivered 22% OP Growth in 2019

Operating Profit ($ mn)2

-16  -9  -3
Q4  Full Year

6.4%  4.9%  6.7%
Q4  Full Year

-5%  1%  1%
Q4  Full Year

13.9%  10.3%  11.1%
Q4  Full Year

6.4%  4.9%  6.7%
Q4  Full Year

1 Stated in constant currency basis.
2 Segment Operating Profit before unallocated shared service costs.
Improving Digital KPIs

**Members (mn)**

<table>
<thead>
<tr>
<th></th>
<th>16 YE</th>
<th>17 YE</th>
<th>18 YE</th>
<th>19 YE</th>
</tr>
</thead>
<tbody>
<tr>
<td>60+</td>
<td>110+</td>
<td>160+</td>
<td>215+</td>
<td></td>
</tr>
</tbody>
</table>

**Member Sales**

<table>
<thead>
<tr>
<th></th>
<th>16 Q4</th>
<th>17 Q4</th>
<th>18 Q4</th>
<th>19 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>38%</td>
<td>48%</td>
<td>57%</td>
<td></td>
</tr>
</tbody>
</table>

**Digital Payment**

<table>
<thead>
<tr>
<th></th>
<th>16 Q4</th>
<th>17 Q4</th>
<th>18 Q4</th>
<th>19 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>39%</td>
<td>69%</td>
<td>85%</td>
<td>92%</td>
<td></td>
</tr>
</tbody>
</table>
Delivery Capability Continued to Grow

Delivery Sales

<table>
<thead>
<tr>
<th>17 Q4</th>
<th>18 Q4</th>
<th>19 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>13%</td>
<td>16%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Delivery Store Coverage

<table>
<thead>
<tr>
<th>17 Q4</th>
<th>18 Q4</th>
<th>19 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>65%</td>
<td>73%</td>
<td>78%</td>
</tr>
</tbody>
</table>

Delivery City Coverage

<table>
<thead>
<tr>
<th>17 Q4</th>
<th>18 Q4</th>
<th>19 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>78%</td>
<td>92%</td>
<td>95%</td>
</tr>
</tbody>
</table>

Note: Delivery as % of Company sales exclude KFC Wuxi in 2017 and 2018, include KFC Wuxi since 2018.
Penetrating into Lower Tiers with Healthy Return

**Lower Tier Penetration**

- **Store Mix in Tier 3-6**
  - All Stores
  - YTD Gross New Openings
  - KFC: 55%, 58%
  - Pizza Hut: 41%, 50%

**Drive New Unit Return**

- **Tier 1-2**
  - KFC: ~2 yrs
  - Pizza Hut: 3-4 yrs
- **Tier 3-6**
  - KFC: ~2 yrs
  - Pizza Hut: 3-4 yrs

**Remodel**

- **YUMC**:
  - Q4 19: 232
  - Q4 20: 416
  - 18 Q4: 91
  - 19 Q4: 281

1 Refers to Average Pre-tax Cash Payback Period; Includes units opened between October 2017 and September 2018, after deduction of 3% license fee.
Strong Cash Flow
Rewarding Shareholders

Net cash from operating activities: $1.18 bn
As of Dec 31 2019

Free cash flow: $750 mn
Jan-Dec 2019

Cash and short-term investments: $1.66 bn
As of Dec 31 2019

Dividends
19 Q4: $45 mn
Since spin-off: $381 mn

Share Repurchases
19 Q4: $57 mn
Since spin-off: $701 mn

Quarterly Cash Dividend per Share ($)
- 17'Q4-18'Q3: 0.10
- 18'Q4-20'Q1: 0.12

Authorization Used Remaining
- Total Program ($ mn):
  - 2017: 1,400
  - 2018: 850
  - 2019: 550

Note: Free cash flow is net operating cash flow less capital spending of $435 million; Quarterly dividend started in Oct 2017.
Outlook and Strategic Priorities

2020 FINANCIAL TARGETS

- 800-850 gross new units
- $500-550 million Capex
- Targets subject to revision based on the impact from coronavirus

STRATEGIC PRIORITIES

- Focus on expanding our core brands – KFC & Pizza Hut
- Invest in key growth opportunities including our emerging brands
- Leverage and invest in our digital, supply chain and technology capabilities
- Vigilant cost management to offset cost inflation (e.g., labor and chicken)

Focus to overcome the challenges of coronavirus, and to protect the health and safety of our employees and customers
Appendix: Reconciliation of Reported Results to Non-GAAP Measures

<table>
<thead>
<tr>
<th>Detail of Special Items</th>
<th>Quarter Ended</th>
<th>Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daojia impairment(b)</td>
<td>$ (11)</td>
<td>$ (12)</td>
</tr>
<tr>
<td>Gain from re-measurement of equity interest upon acquisition(h)</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Special Items, Operating Profit</td>
<td>(11)</td>
<td>(12)</td>
</tr>
<tr>
<td>Tax effect on Special Items(b)</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Impact from the Tax Act(b)</td>
<td>—</td>
<td>36</td>
</tr>
<tr>
<td>Special items, net income – including noncontrolling interests</td>
<td>(10)</td>
<td>27</td>
</tr>
<tr>
<td>Special items, net income – noncontrolling interests</td>
<td>(2)</td>
<td>(1)</td>
</tr>
<tr>
<td>Special items, net income – Yum China Holdings, Inc.</td>
<td>(8)</td>
<td>28</td>
</tr>
<tr>
<td>Weighted Average Diluted Shares Outstanding</td>
<td>387</td>
<td>389</td>
</tr>
<tr>
<td>Special items, Diluted Earnings Per Common Share</td>
<td>$ (0.02)</td>
<td>$ 0.07</td>
</tr>
</tbody>
</table>

| Reconciliation of Operating Profit to Adjusted Operating Profit |           |           |
| Operating Profit                                             | $ 94        | $ 84      |
| Special Items, Operating Profit                              | (11)        | (12)      |
| Adjusted Operating Profit                                    | $ 105       | $ 96      |

| Reconciliation of Net Income to Adjusted Net Income           |           |           |
| Net Income – Yum China Holdings, Inc.                        | $ 90       | $ 74      |
| Special items, Net Income – Yum China Holdings, Inc.         | (8)        | 28        |
| Adjusted Net Income – Yum China Holdings, Inc.               | $ 98       | $ 46      |

| Reconciliation of EPS to Adjusted EPS                         |           |           |
| Basic Earnings Per Common Share                               | $ 0.24    | $ 0.19    |
| Special Items, Basic Earnings Per Common Share               | (0.02)     | 0.07      |
| Adjusted Basic Earnings Per Common Share                     | $ 0.26    | $ 0.12    |
| Diluted Earnings Per Common Share                            | $ 0.23    | $ 0.19    |
| Special Items, Diluted Earnings Per Common Share             | (0.02)     | 0.07      |
| Adjusted Diluted Earnings Per Common Share                   | $ 0.25    | $ 0.12    |

| Reconciliation of Effective Tax Rate to Adjusted Effective Tax Rate |           |           |
| Effective tax rate                                           | 26.8%      | (20.1)%   |
| Impact on effective tax rate as a result of Special Items     | 1.7%       | 53.6%     |
| Adjusted effective tax rate                                   | 28.1%      | 33.5%     |

(a) Amounts presented as of and for the quarter and year ended December 31, 2019 are unaudited, and the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 may contain updates to the information disclosed in this press release.

(b) During the year ended December 31, 2019 and 2018, we recorded an impairment charge of $11 million and $12 million, respectively, on intangible assets and goodwill attributable to the Daojia business. It was included in Closures and impairment expenses in our Condensed Consolidated Statement of Income, but was not allocated to any segment for performance reporting purposes. We recorded a tax benefit of $1 million and $3 million associated with the impairment, respectively, and allocated $2 million and $1 million of the after-tax impairment charge to noncontrolling interests, respectively.

(c) As a result of the acquisition of Wuxi KFC in the first quarter of 2018, the Company recognized a gain of $98 million from the re-measurement of our previously held 47% equity interest at fair value, which was not allocated to any segment for performance reporting purposes.

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

(e) In the fourth quarter of 2018, we recognized a tax benefit of $36 million as a result of adjusting the provisional amount of transition tax previously recorded. We completed the evaluation of the impact on our transition tax computation based on the final regulations released by the U.S. Treasury Department and the U.S. Internal Revenue Service in the first quarter of 2019 and recorded an additional tax expense of $8 million for the transition tax accordingly.