Cautionary Statements

Forward-Looking Statements. 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," "likely," "will," "continue," "should," "forecast," "outlook," "ongoing" 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 business plans, earnings, performance and returns of Yum China, statements regarding the revitalization of Pizza Hut and collaboration with Sinopec and CNPC, anticipated effects of population and macroeconomic trends, the capital structure and effective tax rate 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 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, 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 "Forward-Looking Statements" in our Annual Report on Form 10-K) for additional detail about factors that could affect our financial and other results.

Non-GAAP Measures. 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.

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. Trademarks, logos, service marks, materials, designs and other intellectual property used in this presentation are owned by Yum China Holdings, Inc. and its affiliates, or their use has been officially authorized by their respective owners. This presentation also may refer to brand names, trademarks, service marks and trade names of other companies and organizations, and these brand names, trademarks, service marks and trade names are the property of their respective owners.
**The Strategic Intention**

**WHY COFFEE?**

Coffee Represents a Large, Growing and Attractive Market in China

**WHY YUMC?**

YUM China is a Leader in Coffee Capabilities & Assets

Leverage Existing Assets to Drive Meaningful Growth

Empowered by the Digital Ecosystem

**WHAT VISION?**

Yum China Coffee Powerhouse

Integrated Coffee Value Chain
Coffee Market Growing Rapidly...

Market Size of China Coffee Shop

$ Bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2.3</td>
</tr>
<tr>
<td>2017</td>
<td>4.5</td>
</tr>
<tr>
<td>2022E</td>
<td>7.5</td>
</tr>
</tbody>
</table>

+18% CAGR
+11% CAGR

Coffee shops correspond to "coffee-themed" outlets, which focus primarily on serving coffee.

Source: Euromonitor, McKinsey Analysis
**Very Low Penetration in China**

<table>
<thead>
<tr>
<th>Coffee Cups per Capita</th>
<th># Coffee stores per 100k population</th>
</tr>
</thead>
<tbody>
<tr>
<td>China: 3.7</td>
<td>0.7</td>
</tr>
<tr>
<td>United States: 335</td>
<td>8</td>
</tr>
<tr>
<td>South Korea: 263</td>
<td>29</td>
</tr>
</tbody>
</table>

Data as of 2017
Source: Euromonitor, McKinsey Analysis
High Instant Coffee Mix Indicates **UPGRADING POTENTIAL**

Instant coffee consumption **5x** Freshly ground coffee in China

Source: CBNDATA, USDA (United States Department of Agriculture), ICO (International Coffee Organization)
Multiple Drivers of Coffee Demand

- Generational Shift
- Entry-level Coffee
- Specialty Coffee
  In Tier 1 Cities
- Social-Status-Coffee
  Marketing
Multiple Drivers of Market Supply

**STORE EXPANSION**
From Tier 1 to Tier 2&3 cities

**FORMAT INNOVATION**
- Convenience store
- Coffee Specialist
- Ultra-convenient deliveries

**COFFEE DIVERSIFICATION**
- Sweet, milky coffee for new drinkers
- Roasted coffee for sophisticated drinkers
Strong Coffee Capabilities & Assets

- 1,600 tons Domestic Coffee Roasting Volume
- 100% Arabica Premium Quality Bean Regions
- ~1 month From Bean to Cup
- 8,000+ Imported Coffee Machine
Leverage YUMC Ecosystem To Drive Coffee Growth

1,200+
City Supply Chain & Bold Store Development

30 mm+
Coffee Buying Members
Out of 180 MM YUMC Membership

6,000+
Delivery Store

1,100+
Cities with Delivery Services
Yum China’s Vision

A COFFEE POWERHOUSE
COFFEE PORTFOLIO IN CHINA

“Convenience & Value”

Targeting: Mass Consumption
Product: Freshly ground
Price: Value for money
Stores: ~6,000 and expanding

“Artisanal Coffee & Experience”

Targeting: Young professionals
Product: Inspired by handcraft
Price: Friendly (vs. luxury)
Stores: 13 and expanding
K COFFEE
- Quality, Convenience & Value for Money

90 Million cups
2018 volume

1 Billion Yuan
2018 sales

30 Million
2018 coffee buying members
K COFFEE - Strong Growth Drivers

Format & flavors
All day occasions
Delivery
Membership
K COFFEE - Connecting with Millennials

Art

Comic

Celebrity

Fashion
A trendy & handcrafted specialty coffee brand for the young
FOCUSED APPROACH TO GROWTH

CRAFT & ESPRESSO

COFFEE INSPIRED PREMIUM BEVERAGE

CRAVEABLE FOOD

DELIVERY
BUILDING AWARENESS AROUND CHINA

New Openings

Disruptive Products

Digital Membership
FLEXIBLE MODELS

**CONCEPT**
Size: 150m²

**COMPACT**
Size: 40-80m²

**EXPRESS**
Size: 20m²
Brand Development within 7 Months

4 cities
13 stores
127 baristas
Boutique Coffee Shop in Office

办公 室 里 的 精 品 咖 啡 馆
CASE STUDY

wework

Phase 1: 2019 Mar-Apr
Shanghai: 9 Wework sharing offices

Phase 2: 2019 first half
Beijing: 4 Wework sharing offices
Shanghai: 2 Wework sharing offices
Building Coffee Supply Chain to Support our Coffee Vision

**Trees & Cherries**
- Farmer
- Wet Mill
- Dry Mill

**Parchment Process**
- Exporter
- Importer

**Cherry Process**
- Roaster
- Retailer

**Final Product**

**Upstream Sourcing Green Coffee**
- Cost Optimization
- Quality Control
- Market Volatility Risk Control
- Supply Assurance
- Specialty Coffee Sourcing

**Create YUMC Coffee Blending Recipes**
- Quality Assurance
- Quality Consistency
- Origin Yields Risk Control
SIGNIFICANT OPPORTUNITIES TO BUILD COFFEE

- Best in Class Capabilities
- Leading Digital Ecosystem
- Enormous Membership

- BUILD COFFEE POWERHOUSE
- BUILD INTEGRATED COFFEE VALUE CHAIN
Thank You

YumChina

Steven Li | CMO