DIGITAL TRANSFORMATION & DISRUPTION

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Innovation Powering Growth
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.
KEY TAKEAWAYS

Powerful Digital Ecosystem

Digital Assets Driving Results

Disruptive Innovation Extending the Runway for Growth
### Transformational Digital Evolution

Since 2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Omnichannel virtual store</th>
<th>Digital ordering</th>
<th>Digital Payment</th>
<th>Membership</th>
<th>Delivery</th>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>KFC Super APP</td>
<td>KFC Tmall</td>
<td>Alipay</td>
<td>KFC Member Program</td>
<td>KFC pioneer from 2007</td>
</tr>
<tr>
<td>2016</td>
<td>KFC Super APP</td>
<td>KFC Pre-order</td>
<td>Wechatpay</td>
<td>KFC Member Program</td>
<td>Delivery2.0 Auto Dispatch</td>
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<tr>
<td>2017</td>
<td>Pizza Hut Super APP</td>
<td>Pizza Hut Tmall</td>
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<td>2018</td>
<td>Pizza Hut Tmall</td>
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<td>KFC/Pizza Hut Privilege Program</td>
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<td>2019</td>
<td>KFC/Pizza Hut Koubai</td>
<td></td>
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<td>Delivery3.0 Trade zone &amp; multi-brand platform</td>
<td></td>
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</tbody>
</table>

#### Membership

- **KFC**
  - # of member:
    - 2015: 3mn
    - 2016: 60mn+
    - 2017: 110mn+
    - 2018: 160mn+
  - % digital payment:
    - 2015: ~20%
    - 2016: 43%
    - 2017: 72%
    - 2018: 86%

- **Pizza Hut**
  - # of member:
    - 2015: 1mn
    - 2016: 20mn+
    - 2017: 35mn+
    - 2018: 50mn+
  - % digital payment:
    - 2015: ~20%
    - 2016: 43%
    - 2017: 72%
    - 2018: 86%

Note: % digital payment refers to Q4 of each year.
Delivering Results Across the Business

46%  
Digital Ordering

86%  
Digital Payment

47%  
Digital Member Sales

~60%  
Digital Marketing

Note: Data refers to Q4 2018
A Powerful Digital Ecosystem

Throughout Customer Journey

Various Dining Occasions

Broad Customer Needs
Amplified Through Strategic Partnerships
Four Digital Assets Powering Digital Ecosystem

Super APP / Lite APP
- 87mn downloads
  - Super APP
- 62mn monthly active users
  - Super APP + lite APP

Uni-Databank
- 180mn+ unique members across KFC and Pizza Hut
- +3mn privilege program members across KFC and Pizza Hut

Payment Options
- V-gold
- YUMC Pay

Delivery Platform
- Delivery 3.0
  - Trade zone and multi-brand platform

Note: All data as of 2018 year-end. Privilege program members refer to the number of unique members who subscribed to our privilege programs in the past 12 months.
Super APP is at the Core of Ecosystem

KFC Super APP

>160 million memberships
PIZZA HUT
SUPER APP
>50 million Memberships
Digital Assets Drive Stronger Member Sales

Note: ARPU refers to annual spending per active member; active member defined as who transacted in the past 6 months.
Privilege Memberships Drive Increased Frequency and Spend

Delivery Privilege Program Transaction% of Own Platform (Q4 2018)

- KFC
  - 22% before and 2.1X during subscription*

- Pizza Hut
  - 17% before and 1.6X during subscription*

Monthly Spending
- 2.4X before and during subscription*

Monthly Frequency
- 1.7X before and during subscription*

*30 days after purchasing privilege
Memberships Promote Daypart and Category Expansion

LUNCH participation
- 2017: 37%
- 2018: 48%

BREAKFAST participation
- 2017: 15%
- 2018: 21%

DELIVERY participation
- 2017: 15%
- 2018: 21%

COFFEE participation
- 2017: 11%
- 2018: 16%
Comprehensive Omni-channel Drives Sustainable Traffic

Virtual stores
- V-gold Mall @Super APP
- Membership Store @Tmall, @Koubei
- KFC Pocket Store @Wechat Lite APP
- Group Buy Store @Wechat Lite APP

Traffic ➔ Consumer Preference

~8,500 Physical stores
Open my own pocket KFC!

Pocket store #: 1.5 million

Peak Daily Active Users: 2 million

想“加盟”肯德基吗?
扫码开店赚福利
Creating Unique Personalized Experiences

K-music monthly order#: 800,000 times
Intelligent Marketing Increases Effectiveness

2016: ~40% → 2018: ~60%

Digital Marketing
- Awareness
- Interest
- Last mile

Customer Label #: >1,200
- Purchase
- Loyalty

Uni-Data Bank
AI Menu: Personalizing the Consumer Experience

- **AMY**
  - Family user
  - LTO & ice-cream lover
  - Historical party size 2.2
  - Personalized Menu: CNY bucket
  - Personalized Trade-up: Sea-salt ice-cream

- **JOHN**
  - Office worker
  - Rice & French fries lover
  - Historical party size 1.0
  - Personalized Menu: Rice combo
  - Personalized Trade-up: French fries

- **JACK**
  - College student
  - Wing & dessert lover
  - Historical party size 1.5
  - Personalized Menu: Snack platter
  - Personalized Trade-up: Egg-tart
In-store Digital Transforms Store Efficiency

5,600+ KFC stores with 50% POS reduction

2015: average 6 POS, large ordering area
Cashier order 100%

2018: average 2-3 POS, large assembling area
Digital order 75%* (Metro City store, Shanghai)

* Since the store re-opened in early 2019
Fully Integrated AI Platforms Drive Operational Efficiencies

AI Transaction & Product Forecasting

5 variables

- Sales Performance
- Location
- Weather
- Promotion
- Holiday

Improvement in Forecast Accuracy

- Transaction Count
- Product unit

Less wastage
Lowers risk of product shortage
Better labor scheduling
Taking Delivery To The Next Level

Intelligent rider platform transforming the relationship between customers, riders and stores

**Delivery 1.0**
- Manual Dispatch
  - Restaurant base
  - Exclusive rider

**Delivery 2.0**
- Automatic Dispatch
  - Restaurant base
  - Exclusive rider

**Delivery 3.0**
- Trade zone & Multi-brand Platform
  - Trade zone based
  - AI dispatching system
  - Logistics overflow support
Disruptive Retail:

- Fully automated dessert station in Suzhou
- 100 days in operation
- Maximum 300 ice-cream cones sold per day
Data and AI Support Across the Business

4 Business Domains

Intelligent Marketing
- AI+ Personalized Menu + Trade up Recommendations
- AI+ Media Optimization
- AI+ Consumer Insight
- AI+ Media monitoring
- Personalized Coupon

Intelligent Store
- AI+ Sales Forecasting
- AI+ Operation Analysis
- AI+ Store Inventory Management
- AI+ Shift Planning

Intelligent Service
- AI+ Dynamic Delivery Routing
- AI+ Mobile Operation
- AI+ Digital Customer Service

Intelligent Enterprise
- AI+ Risk Management
- AI+ Store Recruitment
- AI+ Outlier Transaction Detection
- AI+ Supply Chain Management
- AI+ Site Finding
- AI+ Digital System Operation
YUMC Digital Operating System – New Retail

1.4 billion+ transactions in 2018
INNOVATION POWERING GROWTH

2019 PRIORITIES

01 World Leader in Restaurant Membership
02 Powerful Digital Ecosystem
03 Industry Leading Data + AI Capabilities

- Drive Frequency
- Expand Daypart
- Marketing and Operational Efficiency
- Accelerate New Brand Growth
Thank You

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