



YumChina

Third Quarter 2021 Results

October 2021



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, growth, business plans, investment, dividend and share repurchase plans, earnings, performance and returns of Yum China, anticipated effects of population and macroeconomic trends, the expected impact of the COVID-19 pandemic, the anticipated closing of the Hangzhou Catering investment, the anticipated effects of our innovation, digital and delivery capabilities and investments 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, the changes in public health conditions, including the COVID-19 pandemic and regional outbreaks caused by existing or new COVID-19 variants, 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.

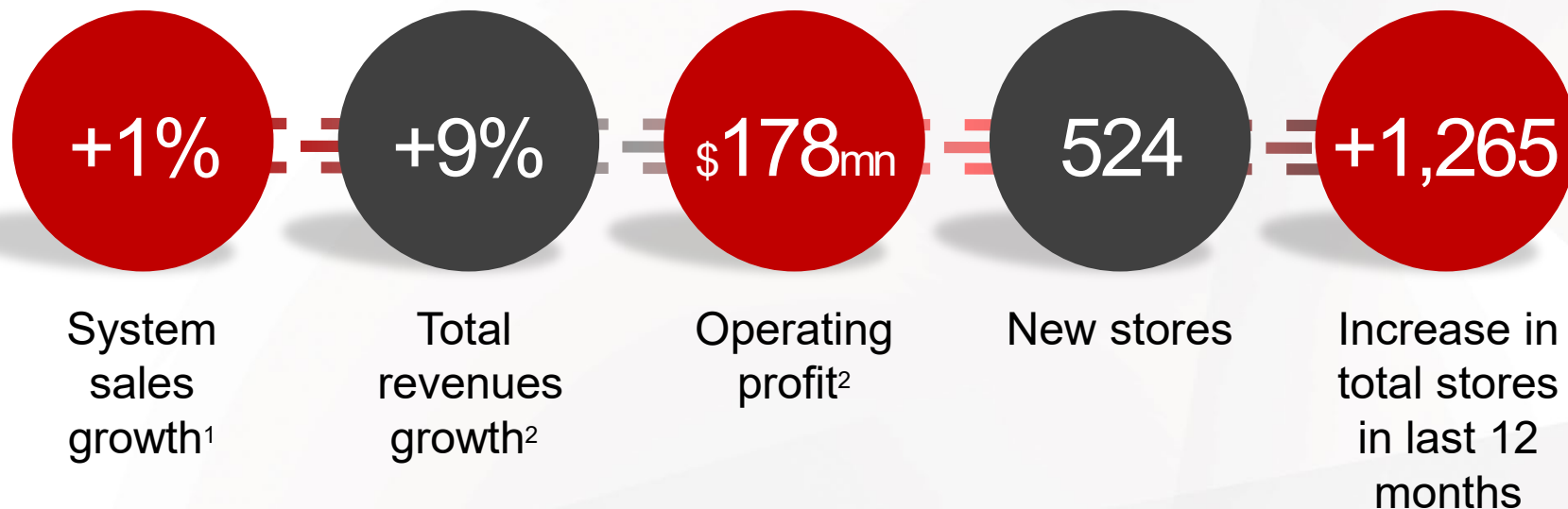


Business Highlights

Appendix – Financial Results



Third Quarter Results Impacted by Regional Outbreaks; New Store Openings Acceleration Continued



¹ Stated on a constant currency basis

² Stated in reported currency, includes the consolidation of Huang Ji Huang from April 2020 and Suzhou KFC from August 2020

General note - \$ refers to US Dollar in the presentation

Delivery Sales Grew Rapidly

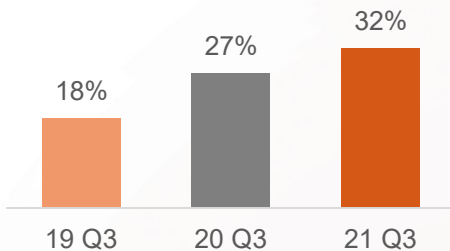
Delivery

% of Company sales

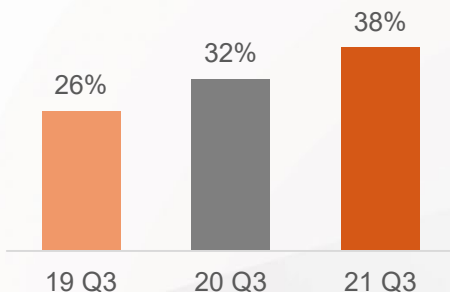
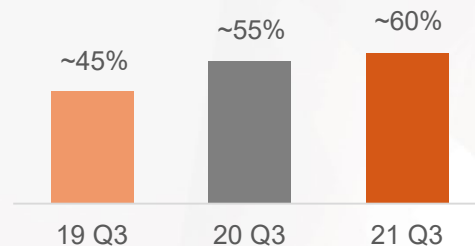
Delivery sales growth¹

Off-premise

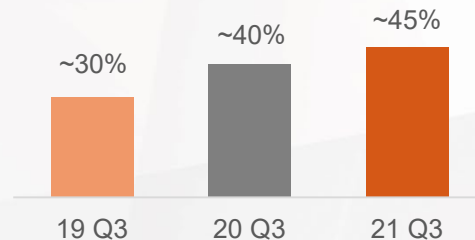
% of Company sales



+73% vs 19
+22% vs 20



+39% vs 19
+18% vs 20



¹ Stated on a constant currency basis. Adjusted KFC Delivery sales 2019 to include Suzhou KFC for like-for-like comparison with 2021
Note: % of Company sales include Suzhou KFC since August 2020

Membership Programs and Super Apps Driving Engagement and Spending

320+ mn
KFC Members¹



~171 mn
App Downloads
from iOS and
Android¹

~62%

KFC
Member Sales²



~18mn
Privilege
subscriptions sold²

105+ mn
Pizza Hut
Members¹



~36 mn
App Downloads
from iOS and
Android¹

~56%

Pizza Hut
Member Sales²



~1mn
Privilege
subscriptions sold²

¹ Cumulative as of September 30, 2021

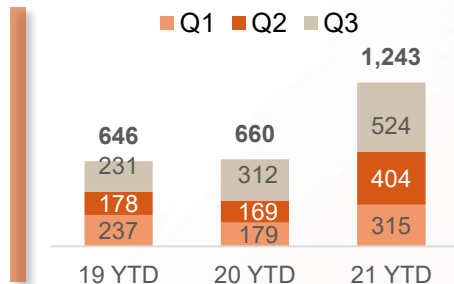
² Q3 2021

New Store Growth with Attractive Paybacks

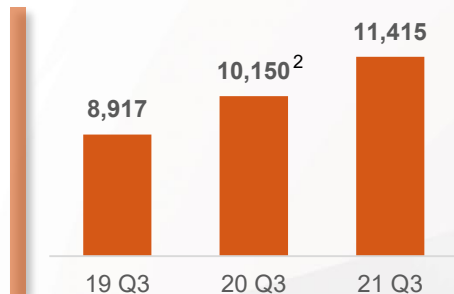


Accelerated Store Growth

Gross New Stores

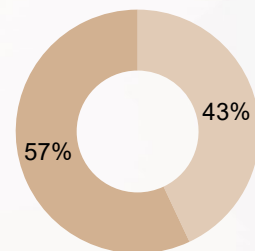


Total Stores

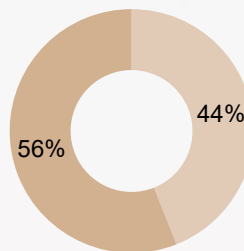


Lower Tier Penetration

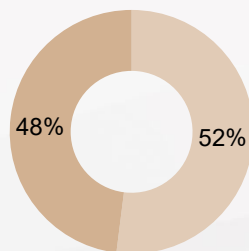
2021 YTD New Stores



Total Stores



Tier 1-2 Tier 3-6



Tier 1-2 Tier 3-6

New Unit Payback¹



~2 years



~3 years

¹ Refers to Average Pre-tax Cash Payback Period; Includes units opened in July 2019 to June 2020, after deduction of 3% license fee

² Included Huang Ji Huang stores which were acquired in April 2020 with 615 units on September 30, 2020



KFC: System Sales Grew 1%; ~4 New Stores a Day

Third Quarter 2021 Highlights

System sales **+1%**¹



Same-store sales **-8%**¹

Or approx. **-13%**² vs 19'Q3

- ↳ Transactions **-18%**² vs 19'Q3
- ↳ Average ticket **+6%**² vs 19'Q3



362 Gross new stores

+983 stores y/y



Restaurant margin

13.6%

-5.8 ppts y/y



Operating profit of
US\$196 million³



~88% Digital orders

+5 ppts y/y

~32% Delivery sales

+6 ppts y/y



Members: **320+** million

Member sales: **~62%**

¹ Stated on a constant currency basis

² Pro-forma measures for convenient comparison with 2019

³ Segment Operating Profit before unallocated shared service costs



Product Innovation Across Categories

Chicken Taco

干腌风味小龙虾
塔可青年
¥12 单蛋价 / 个

KFC 外带外送安心享

CHICKEN TACO

干腌风味小龙虾
超级塔可
¥25 单蛋价 / 个

Juicy Whole Chicken

锁定
爆汁全鸡
的超值

有吃有喝才过瘾

39元 套餐价

爆汁全鸡可乐餐 爆汁全鸡 1只 + 百事可乐(中) 1杯

Meat Sauce Wagyu/Angus Beef Burger

KFC

新 经典肉酱 汁汁厚牛堡

奢宠气质沁入味蕾
严选世界两大名贵牛种「和牛」安格斯

New Retail: Fried Rice

肯德基自在厨房。「上新季」New

日式照烧鸡肉炒饭 & 香辣豆豉鸡肉炒饭
无肉不欢 大快朵颐

甄选品质鸡腿肉 丰腴弹嫩

店内菜单单蛋价
¥19.9/盒

3分半可! 微波炉加热

全新鸡肉炒饭
烧鸡儿三分半
烧鸡儿三分半

立即加购



Stepping Up Localization for Consumers

National Launch:
Wuhan Hot Dry Noodles

辛丑年 午年

一碗热干面

KFC 早餐 | 武汉热干面

正式官宣

9月27日
肯德基热干面全国上市!

KFC大事件

寻味大武汉

National Launch:
Lotus Pastry

KFC

仙酿梨花白

升级回归

师尊荷花酥

中秋限定

Shanghai & Zhejiang Only:
Steamed Dumplings

早安·城市味道

KFC 早餐

新 肯德基小笼

灌汤小笼 新鲜出笼

Henan Exclusive:
Hot Pepper Soup

早安·城市味道

KFC 早餐 | 千城百味

非遗技艺

胡辣汤 来了

河南限定



Attractive Value Campaigns to Drive Traffic

Half-price Burger Combos

肯德基拼了!
YOYO 切克闹
半价汉堡来一套
多款汉堡套餐重磅来袭

限时3天
3.5-7.1

- 肯德基无肉不欢培根堡 ¥22 (半价)
- 深海鳕鱼堡 ¥20.5 (半价)
- 双层深海鳕鱼堡 ¥21.5 (半价)
- 脏脏芝士鳕鱼鸡腿堡 ¥31 (半价)
- 汁汁厚牛堡系列 ¥32 (半价)

*半价指产品原单品总价的5折

3 days only, from RMB 20.5 to 32

Crazy Thursday Extension

KFC
疯狂星期四
星期 星期 星期
¥99/19块 黄金鸡块
¥199/15块 热辣香骨鸡
¥299/8只 葡式蛋挞(经典)
¥199/2份 葡麦拿铁风味圣代(加满珍珠糖)

十五的月亮十六圆
欢聚的快乐要三连

Extended signature Crazy Thursday promotion to Wednesday through Friday for a limited time

New Retail Promotion

肯德基自在厨房。
疯狂星期四
9月2日、9日、16日

- 三分半炒饭 喷香油润三分半*加热即享 ¥29.9/2盒
- 整切西冷牛排 5分钟煎出匠心好牛排 ¥29.9/2片
- 闪冲咖啡三种风味体验装* 冷热水即冲即饮 ¥29.9/2份

Ready-to-eat/heat/cook products e.g., fried rice, steak and coffee

Super Privilege

一起动吃大吃
听夏日王炸BGM

Super
双周王炸卡

6折「8.8元14天」
7/15-8/31 连卖48天不间断

抢先开卡 BUY NOW

RMB 8.8 for 14 days 40% off for any a la carte item



Pizza Hut: Highest New Store Openings in 5 Years

Third Quarter 2021 Highlights

System sales **+1%**¹



Same-store sales **-5%**¹

Or approx. **-11%**² vs 19'Q3

↳ Transactions **-1%**² vs 19'Q3

↳ Average ticket **-10%**² vs 19'Q3



103 Gross new stores

+226 stores y/y



Restaurant margin

8.2%

-8.5 ppts y/y



Operating profit of
US\$18 million³



~85% Digital orders

+20 ppts y/y

~38% Delivery sales

+6 ppts y/y



Members: **105+** million

Member sales: **~56%**

¹ Stated on a constant currency basis

² Pro-forma measures for convenient comparison with 2019

³ Segment Operating Profit before unallocated shared service costs



Excite Customers with New Menu Items

Wagyu Beef Pizza

Seabass Pizza with Pickled Vegetables

Slow Cook Beef

Afternoon Tea Set





Great Value Across Categories, Dayparts and Channels

Scream Wednesday



Spinach Pizza at ¥29 / Durian Pizza & Steak at ¥39

Pizza Buy One Get One Free



More choices and flexibility for when, where and what pizza for the second pizza

Desserts Buy One Get One Free



Available from 2-5pm

New Retail Combo



11 items at ¥199 (2x rice/pasta, 7x steak, 2x patty)

Lavazza Offering Authentic Italian Experience

Summer Drinks



Passion Fruit / Coconut Frulatto

Freshly Made Food



Mini croissant / Focaccia /
Emiliano (toasted sandwich)

26 Stores in 4 Cities



New stores in Shanghai and Hangzhou
(Shanghai Wujiang Road; Hangzhou 501 Plaza)

Increase 2021 New Store Target to 1,700

Q3 2021 SUMMARY

- Third quarter performance significantly impacted by regional outbreaks
- Dine-in traffic sharply declined while delivery sales grew 62% vs 2019
- KFC was more impacted than Pizza Hut due to higher mix of stores in transportation and tourist locations
- Total revenues grew 9%¹, and System sales grew 1% in constant currency
- Opened a record of 524 stores to capture long-term market opportunities
- Operating profit declined but remained profitable at \$178 million

2021 FINANCIAL TARGETS

- Increase from ~1,300 to >1,700 gross new stores
- Maintain Capex target at ~\$700-\$800 million



Business Highlights

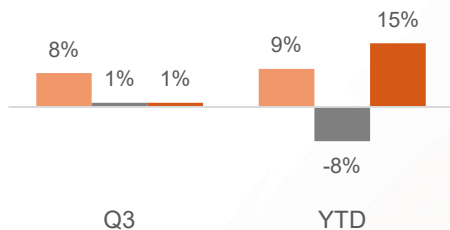
Appendix – Financial Results



Yum China Key Financials

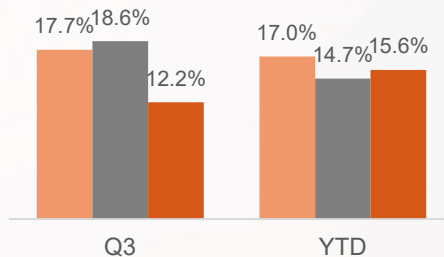
Sales Growth¹

System sales growth (%)



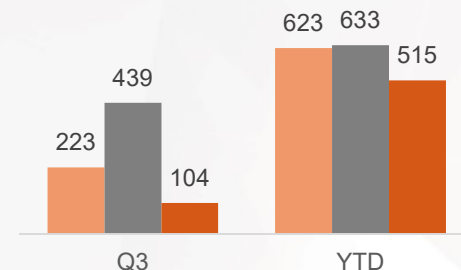
Profit Margin

Restaurant Margin (%)

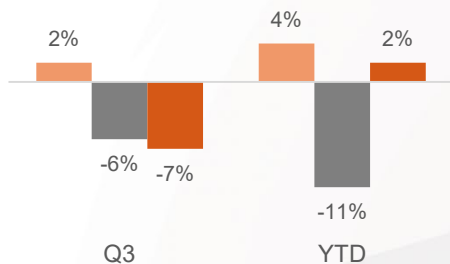


Net Income & EPS

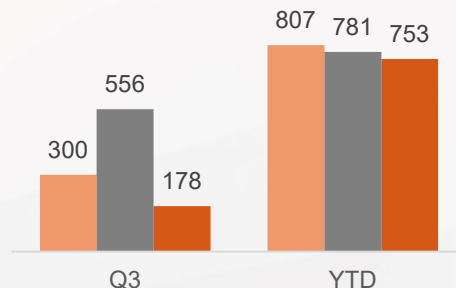
Net Income (\$ mn)



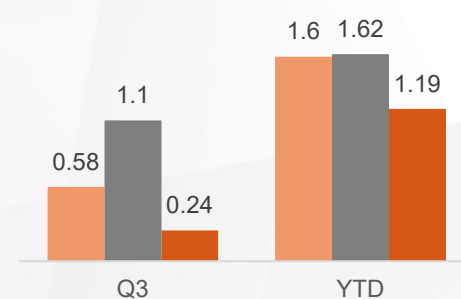
Same-store sales growth (%)



Operating Profit (\$ mn)



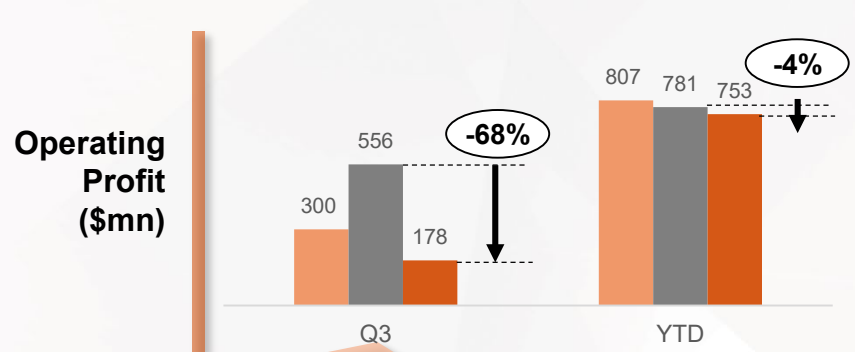
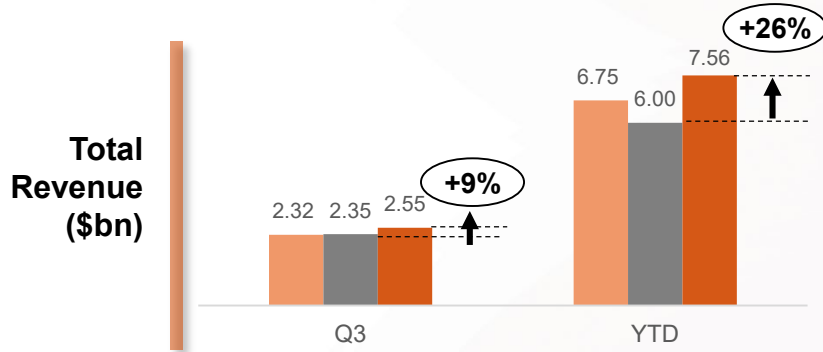
Diluted EPS (\$)



¹ Stated on a constant currency basis.

Note: Include the consolidation of Huang Ji Huang from April 2020 and Suzhou KFC from August 2020.

Key Factors of Year-over-year Change



Key factors for Q3 year-over-year growth

- + New unit contribution
- + Consolidation of Suzhou KFC
- + Foreign exchange
- Same-store sales decline

Key factors for Q3 year-over-year decline

- Sales deleverage
- Stepped-up value promotions partially offset by modest decline in commodity prices
- Wage inflation and increased rider cost associated with the rise in delivery volume
- Lower COVID-related temporary relief
- Lapping the non-cash gain of \$239mn from the re-measurement of our previously held equity interest in Suzhou KFC in 3Q'20
- + New unit contribution
- + Foreign exchange

2019 2020 2021

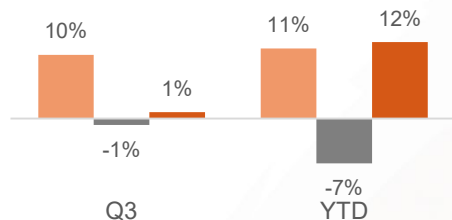
Note: Include the consolidation of Huang Ji Huang from April 2020 and Suzhou KFC from August 2020; Percentages may not recompute due to rounding



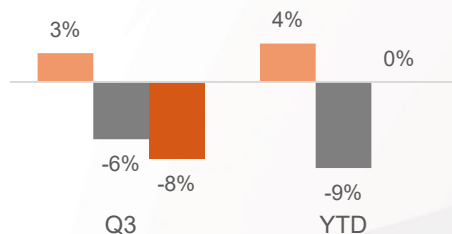
KFC Key Financials

Sales Growth¹ (%)

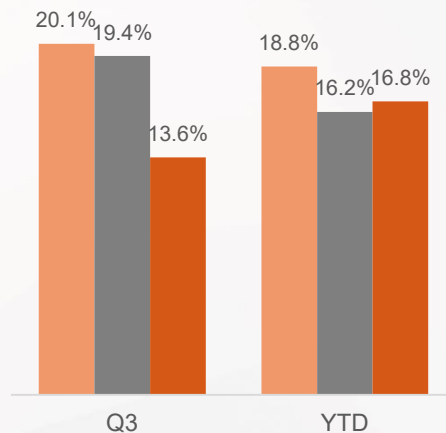
System sales growth



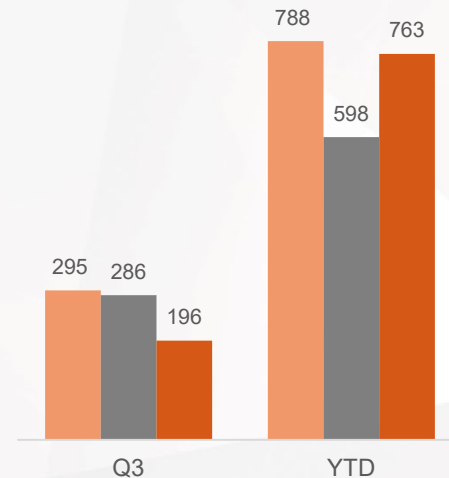
Same-store sales growth



Restaurant Margin (%)



Operating Profit² (\$ mn)



¹ Stated on a constant currency basis.

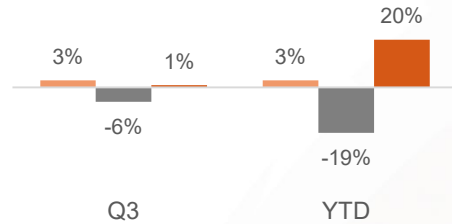
² Segment Operating Profit before unallocated shared service costs.



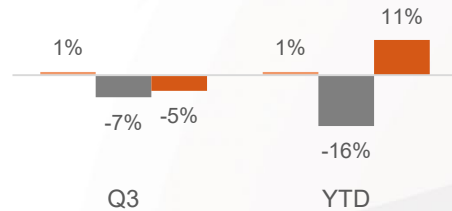
Pizza Hut Key Financials

Sales Growth¹ (%)

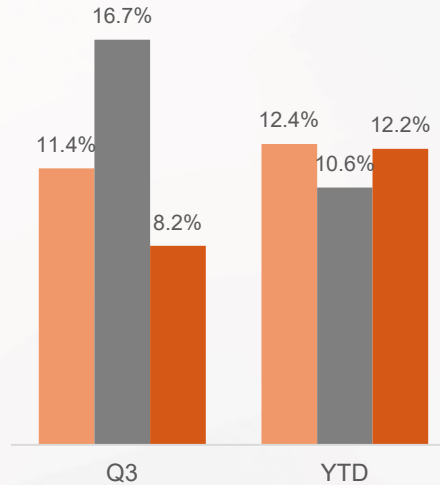
System sales growth



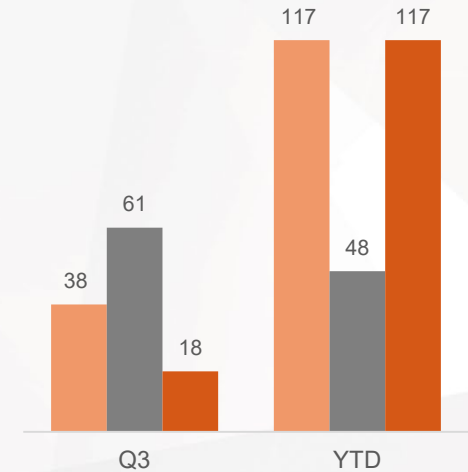
Same-store sales growth



Restaurant Margin (%)



Operating Profit² (\$ mn)



¹ Stated on a constant currency basis.

² Segment Operating Profit before unallocated shared service costs.

Capital Allocation

Cash

- **\$4.4 bn** cash and short term investment
- Strong operating cash flows

Capital Expenditure

- To accelerate store expansion and remodeling
- To develop our emerging brands
- To step up investment in digitalization, automation and logistics infrastructure

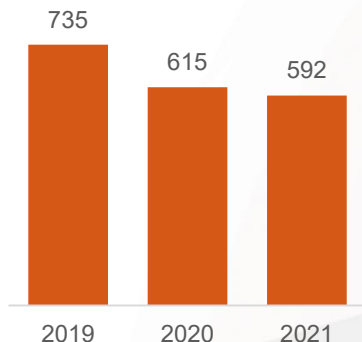
Shareholder Returns

- **~\$1.4bn** (since spin-off)
- Resumed cash dividends in 4Q 2020
- Resumed share repurchases in 3Q 2021

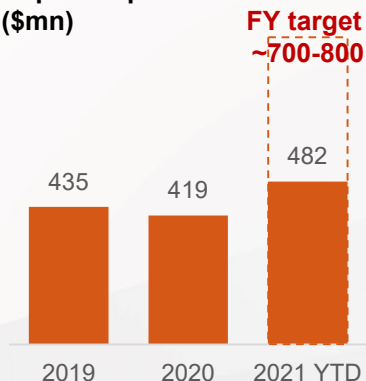
M&A and Investment

- To remain disciplined and explore opportunities in:
 - ✓ Restaurant brands with excellent growth potential synergy
 - ✓ Joint ventures
 - ✓ Enablers that further enhance our competitiveness

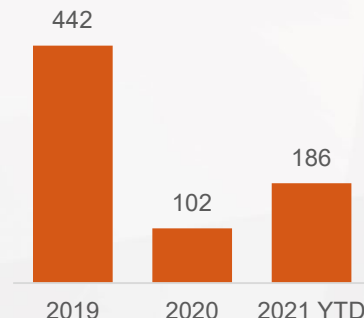
Free cash flow from operations¹
Jan-Sep (\$mn)



Capital expenditures (\$mn)



Cash dividends distributed and share repurchases (\$mn)



Transactions

Before 2021	Transactions
	<ul style="list-style-type: none"> • Acquired 36% of Wuxi KFC (2018) • Huang Ji Huang (2020) • Acquired 25% of Suzhou KFC (2020)
In 2021	Transactions
	<ul style="list-style-type: none"> • Acquired 5% of Fujian Sunner • Initial funding of \$130mn to the Lavazza JV • YUMC entered into a definitive agreement to acquire 28% of Hangzhou Catering Service Group

¹ Refers to net cash from operating activities minus capital expenditure.