
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): June 6, 2017

Yum China Holdings, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-37762
(Commission
File Number)

81-2421743
(I.R.S. Employer
Identification No.)

**7100 Corporate Drive
Plano, Texas 75024
United States of America**

(Address, including zip code, of principal executive offices)

**16/F Two Grand Gateway
3 Hongqiao Road
Shanghai 200030**

People's Republic of China

(469) 980-2898

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

In connection with the previously-announced plans of Yum China Holdings, Inc. (the “Company” or “Yum China”) to integrate the businesses of Pizza Hut Casual Dining and Pizza Hut Home Service, beginning with the quarter ended May 31, 2017, the two businesses will be combined and reported together as the Pizza Hut reportable segment. The new reporting structure, which reflects how management now reviews and evaluates operating performance, is designed to drive greater brand focus, enabling Yum China to create synergies of the two Pizza Hut concepts and accelerate growth.

Accordingly, the Company’s earnings release and quarterly report for the quarter ended May 31, 2017 will reflect two reportable segments: KFC, which remains unchanged, and Pizza Hut. The Company also has three non-reportable segments: East Dawning, Little Sheep and Taco Bell, which are combined and referred to as All Other Segments, as these operating segments are insignificant both individually and in the aggregate. Prior periods will be adjusted accordingly.

Exhibit 99.1 to this Form 8-K provides a summary of the Company’s annual segment operating results for 2015 and 2016 as well as the quarterly segment operating results for 2016 and the first quarter of 2017 as if they had been reported under this new reportable segment structure, and should be read in conjunction with the Company’s previously filed reports. Consolidated results remain unchanged.

In addition, consistent with the reclassification made in the Company’s Condensed Consolidated and Combined Financial Statements for the quarter ended February 28, 2017, certain comparative items in the Recast Segment Operating Results have been reclassified to facilitate comparison with future periods.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibits are furnished with this report:

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	Recast Segment Operating Results

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

YUM CHINA HOLDINGS, INC.

By: /s/ Shella Ng
Name: Shella Ng
Title: Chief Legal Officer and Corporate Secretary

Date: June 6, 2017

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	Recast Segment Operating Results

Yum China Holdings, Inc.
Recast Quarterly Segment Operating Results
(in US\$ millions)
(unaudited)

2017

	Quarter Ended 2/28/2017				Total
	KFC	Pizza Hut	All Other Segments	Corporate & Unallocated	
Total revenues	896	379	9	—	1,284
Company restaurant expenses	665	296	7	—	968
General and administrative expenses	25	17	2	23	67
Franchise expenses	13	—	—	—	13
Closures and impairment expenses (income), net	1	(1)	—	—	—
Refranchising gain, net	—	—	—	(1)	(1)
Other income, net	(15)	—	(2)	—	(17)
Total costs and expenses, net	689	312	7	22	1,030
Operating Profit (Loss)	207	67	2	(22)	254

2016

	Quarter Ended 2/29/2016				Total
	KFC	Pizza Hut	All Other Segments	Corporate & Unallocated	
Total revenues	921	367	15	—	1,303
Company restaurant expenses	706	313	13	—	1,032
General and administrative expenses	24	17	1	24	66
Franchise expenses	14	—	—	—	14
Closures and impairment (income) expenses, net	—	(1)	1	—	—
Refranchising gain, net	—	—	—	(3)	(3)
Other income, net	(14)	—	(1)	—	(15)
Total costs and expenses, net	730	329	14	21	1,094
Operating Profit (Loss)	191	38	1	(21)	209

	Quarter Ended 5/31/2016				Total
	KFC	Pizza Hut	All Other Segments	Corporate & Unallocated	
Total revenues	1,107	466	15	—	1,588
Company restaurant expenses	930	417	15	—	1,362
General and administrative expenses	38	26	3	37	104
Franchise expenses	17	—	—	—	17
Closures and impairment expenses (income), net	21	11	(1)	—	31
Refranchising gain, net	—	—	—	(1)	(1)
Other income, net	(8)	—	—	(4)	(12)
Total costs and expenses, net	998	454	17	32	1,501
Operating Profit (Loss)	109	12	(2)	(32)	87

Yum China Holdings, Inc.
Recast Quarterly Segment Operating Results
(in US\$ millions)
(unaudited)

	Quarter Ended 8/31/2016				
	KFC	Pizza Hut	All Other Segments	Corporate & Unallocated	Total
Total revenues	1,297	574	12	—	1,883
Company restaurant expenses (income)	1,013	465	15	(1)	1,492
General and administrative expenses	39	25	2	35	101
Franchise expenses	19	1	—	—	20
Closures and impairment expenses, net	4	1	—	—	5
Refranchising gain, net	—	—	—	(4)	(4)
Other income, net	(16)	—	—	(1)	(17)
Total costs and expenses, net	1,059	492	17	29	1,597
Operating Profit (Loss)	238	82	(5)	(29)	286

	Quarter Ended 12/31/2016				
	KFC	Pizza Hut	All Other Segments	Corporate & Unallocated	Total
Total revenues	1,371	588	19	—	1,978
Company restaurant expenses	1,178	531	15	—	1,724
General and administrative expenses	60	32	4	57	153
Franchise expenses	18	2	—	—	20
Closures and impairment expenses, net	16	6	3	17	42
Refranchising gain, net	—	—	—	(7)	(7)
Other income, net	(7)	—	(5)	—	(12)
Total costs and expenses, net	1,265	571	17	67	1,920
Operating Profit (Loss)	106	17	2	(67)	58

Yum China Holdings, Inc.
Recast Annual Segment Operating Results
(in US\$ millions)
(unaudited)

2016

	Year Ended 12/31/2016				
	KFC	Pizza Hut	All Other Segments	Corporate & Unallocated	Total
Total revenues	4,696	1,995	61	—	6,752
Company restaurant expenses (income)	3,827	1,726	58	(1)	5,610
General and administrative expenses	161	100	10	153	424
Franchise expenses	68	3	—	—	71
Closures and impairment expenses, net	41	17	3	17	78
Refranchising gain, net	—	—	—	(15)	(15)
Other income, net	(45)	—	(6)	(5)	(56)
Total costs and expenses, net	4,052	1,846	65	149	6,112
Operating Profit (Loss)	644	149	(4)	(149)	640

2015

	Year Ended 12/31/2015				
	KFC	Pizza Hut	All Other Segments	Corporate & Unallocated	Total
Total revenues	4,768	2,041	100	—	6,909
Company restaurant expenses	4,032	1,803	96	—	5,931
General and administrative expenses	150	91	10	144	395
Franchise expenses	70	—	—	—	70
Closures and impairment expenses, net	50	8	6	—	64
Refranchising gain, net	—	—	—	(13)	(13)
Other (income) expenses, net	(33)	—	(4)	11	(26)
Total costs and expenses, net	4,269	1,902	108	142	6,421
Operating Profit (Loss)	499	139	(8)	(142)	488

Yum China Holdings, Inc.
KFC Operating Results
(in US\$ millions)
(unaudited)

	Quarter Ended	Quarter Ended				Year Ended	Year Ended
	2/28/2017	2/29/2016	5/31/2016	8/31/2016	12/31/2016	12/31/2016	12/31/2015
Revenues							
Company sales	870	897	1,078	1,263	1,334	4,572	4,652
Franchise fees and income	26	24	29	34	37	124	116
Total revenues	896	921	1,107	1,297	1,371	4,696	4,768
Costs and Expenses, Net							
Company restaurants							
Food and paper	251	275	330	365	402	1,372	1,513
Payroll and employee benefits	167	159	223	243	308	933	903
Occupancy and other operating expenses	247	272	377	405	468	1,522	1,616
Company restaurant expenses	665	706	930	1,013	1,178	3,827	4,032
General and administrative expenses	25	24	38	39	60	161	150
Franchise expenses	13	14	17	19	18	68	70
Closures and impairment expenses, net	1	—	21	4	16	41	50
Other income, net	(15)	(14)	(8)	(16)	(7)	(45)	(33)
Total costs and expenses, net	689	730	998	1,059	1,265	4,052	4,269
Operating Profit	207	191	109	238	106	644	499
Company sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Food and paper	28.9	30.7	30.5	29.0	30.1	30.0	32.5
Payroll and employee benefits	19.3	17.7	20.7	19.2	23.1	20.4	19.4
Occupancy and other operating expenses	28.2	30.4	35.0	32.1	35.1	33.3	34.7
Restaurant margin	23.6%	21.2%	13.8%	19.7%	11.7%	16.3%	13.3%
Operating margin	23.8%	21.3%	10.1%	18.8%	7.9%	14.1%	10.7%

Percentages may not recompute due to rounding.

Yum China Holdings, Inc.
Pizza Hut Operating Results
(in US\$ millions)
(unaudited)

	Quarter Ended	Quarter Ended				Year Ended	Year Ended
	2/28/2017	2/29/2016	5/31/2016	8/31/2016	12/31/2016	12/31/2016	12/31/2015
Revenues							
Company sales	379	367	465	573	588	1,993	2,040
Franchise fees and income	—	—	1	1	—	2	1
Total revenues	379	367	466	574	588	1,995	2,041
Costs and Expenses, Net							
Company restaurants							
Food and paper	92	105	127	144	151	527	611
Payroll and employee benefits	88	82	115	129	157	483	457
Occupancy and other operating expenses	116	126	175	192	223	716	735
Company restaurant expenses	296	313	417	465	531	1,726	1,803
General and administrative expenses	17	17	26	25	32	100	91
Franchise expenses	—	—	—	1	2	3	—
Closures and impairment expenses (income), net	(1)	(1)	11	1	6	17	8
Total costs and expenses, net	312	329	454	492	571	1,846	1,902
Operating Profit	67	38	12	82	17	149	139
Company sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Food and paper	24.1	28.6	27.5	25.1	25.6	26.4	29.9
Payroll and employee benefits	23.1	22.6	24.4	22.6	26.8	24.3	22.4
Occupancy and other operating expenses	30.9	34.0	37.7	33.6	37.8	35.9	36.1
Restaurant margin	21.9%	14.8%	10.4%	18.7%	9.8%	13.4%	11.6%
Operating margin	17.7%	10.4%	2.7%	13.9%	3.4%	7.5%	6.8%

Percentages may not recompute due to rounding.

Yum China Holdings, Inc.
Recast Quarterly System and Same-Store Sales Growth
(unaudited)¹

2017

	Quarter Ended 2/28/2017			
	KFC	Pizza Hut	All Other Segments	Total
System Sales (Decline) Growth	(2)%	3%	(44)%	(1)%
System Sales Growth (Decline), excluding F/X	3%	9%	(41)%	4%
Same-Store Sales Growth (Decline)	1%	2%	(14)%	1%

2016

	Quarter Ended 2/29/2016			
	KFC	Pizza Hut	All Other Segments	Total
System Sales Growth (Decline)	10%	(5)%	(43)%	6%
System Sales Growth (Decline), excluding F/X	16%	—%	(40)%	11%
Same-Store Sales Growth (Decline)	12%	(12)%	(3)%	6%

	Quarter Ended 5/31/2016			
	KFC	Pizza Hut	All Other Segments	Total
System Sales Growth (Decline)	1%	(5)%	(42)%	(1)%
System Sales Growth (Decline), excluding F/X	5%	(1)%	(40)%	3%
Same-Store Sales Growth (Decline)	3%	(10)%	(4)%	—%

	Quarter Ended 8/31/2016			
	KFC	Pizza Hut	All Other Segments	Total
System Sales (Decline) Growth	(4)%	1%	(35)%	(3)%
System Sales Growth (Decline), excluding F/X	2%	7%	(31)%	3%
Same-Store Sales Decline	(1)%	(4)%	(1)%	(1)%

	Quarter Ended 12/31/2016			
	KFC	Pizza Hut	All Other Segments	Total
System Sales (Decline) Growth	(3)%	—%	(41)%	(2)%
System Sales Growth (Decline), excluding F/X	4%	7%	(37)%	4%
Same-Store Sales Growth (Decline)	1%	(3)%	(4)%	—%

¹ The Company provides system sales growth (decline), excluding the impact of foreign currency translation (“F/X”). These amounts are derived by translating current year results at prior year average exchange rates. The Company believes the elimination of the F/X impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.

Yum China Holdings, Inc.
Recast Annual System and Same-Store Sales Growth
(unaudited)

2016

	Year Ended 12/31/2016			
	KFC	Pizza Hut	All Other Segments	Total
System Sales Growth (Decline)	—%	(2)%	(41)%	(1)%
System Sales Growth (Decline), excluding F/X	6%	4%	(37)%	5%
Same-Store Sales Growth (Decline)	3%	(7)%	(3)%	—%

2015

	Year Ended 12/31/2015			
	KFC	Pizza Hut	All Other Segments	Total
System Sales (Decline) Growth	(2)%	9%	(41)%	—%
System Sales Growth (Decline), excluding F/X	—%	11%	(40)%	2%
Same-Store Sales Decline	(4)%	(4)%	(10)%	(4)%

Yum China Holdings, Inc.
Recast Unit Activity
(unaudited)

KFC

	<u>Company-owned</u>	<u>Unconsolidated affiliates</u>	<u>Franchise</u>	<u>Total</u>
As of 12/31/2014	3,732	757	339	4,828
Net Unit Change 2015	89	39	47	175
As of 12/31/2015	<u>3,821</u>	<u>796</u>	<u>386</u>	<u>5,003</u>
Net Unit Change Q1 2016	(6)	7	15	16
Q2 2016	—	8	12	20
Q3 2016	17	1	30	48
Q4 2016	81	24	32	137
As of 12/31/2016	<u>3,913</u>	<u>836</u>	<u>475</u>	<u>5,224</u>
Net Unit Change Q1 2017	45	12	(5)	52
As of 2/28/2017	<u>3,958</u>	<u>848</u>	<u>470</u>	<u>5,276</u>

Yum China Holdings, Inc.
Recast Unit Activity
(unaudited)

Pizza Hut

	Company-owned	Franchise	Total
As of 12/31/2014	1,569	3	1,572
Net Unit Change 2015	318	13	331
As of 12/31/2015	<u>1,887</u>	<u>16</u>	<u>1,903</u>
Net Unit Change Q1 2016	23	—	23
Q2 2016	22	1	23
Q3 2016	41	3	44
Q4 2016	84	4	88
As of 12/31/2016	<u>2,057</u>	<u>24</u>	<u>2,081</u>
Net Unit Change Q1 2017	26	3	29
As of 2/28/2017	<u>2,083</u>	<u>27</u>	<u>2,110</u>

All Other Segments

	Company-owned	Franchise	Total
As of 12/31/2014	116	199	315
Net Unit Change 2015	(56)	11	(45)
As of 12/31/2015	<u>60</u>	<u>210</u>	<u>270</u>
Net Unit Change Q1 2016	(6)	(4)	(10)
Q2 2016	(1)	(1)	(2)
Q3 2016	(11)	3	(8)
Q4 2016	(4)	11	7
As of 12/31/2016	<u>38</u>	<u>219</u>	<u>257</u>
Net Unit Change Q1 2017	1	19	20
As of 2/28/2017	<u>39</u>	<u>238</u>	<u>277</u>