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, 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 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 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) 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.
YUMC Overview

Q3 2019 Business Highlights

Q3 2019 Financial Results
Yum China by the Numbers – a Powerful Business

#1 Western QSR & CDR brands in China

8,900+ stores in 1,300+ cities in China
22 logistics centers

NYSE listed with $17bn market cap

#362 Fortune 500 2019

200mn+ members of KFC
65mn+ members of Pizza Hut

~450,000 employees in China

Strong management

Note: Store, logistic center and member counts as of September 30, 2019; Market cap as of the close of September 30, 2019; Fortune 500 ranking in terms of sales.
Long-Term Yum China Strategy

Potential to grow to 20,000 stores over the long term, >2x today’s store base

SUSTAINABLE PLATFORM FOR GROWTH

YUM CHINA BRAND PORTFOLIO

ENABLED BY THREE PILLARS ACROSS BRANDS

AND CROSS FUNCTIONAL CAPABILITIES

SUPPORTED BY FOUNDER’S MENTALITY CULTURE
Digital Strategy: Connecting with Our Consumers
Digital Strategy: Driving Efficiency Across 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 new stores opened per day

Strong balance sheet & cash flow generation

- $1.4bn\textsuperscript{2} CAGR\textsuperscript{1}
- 9% Total Revenue CAGR\textsuperscript{1}
- 22% Operating Profit CAGR\textsuperscript{1}

Commitment to shareholder returns

- Dividends & Share repurchases
- $320mn Per year\textsuperscript{3}

Responsible corporate

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

\textsuperscript{1}2016-2018 CAGR; \textsuperscript{2}As of 2018 year-end; \textsuperscript{3}Average of 2017 and 2018; \textsuperscript{4}Restaurant & Leisure
YUMC Overview

Q3 2019 Business Highlights

Q3 2019 Financial Results
Q3 2019: Continued Solid Growth

- System sales growth of **8%***
- **12th** consecutive quarter of positive system sales growth
- Operating Profit growth of **11%**
- World’s leading restaurant membership with **230mn+** members and over **50%** member sales
- Delivery contributed **20%** of sales, **+3ppts y/y**

- Opened **231** new stores, reaching a total of **8,917** stores
- Maintained new store cash payback of ~**2 years** for KFC and **3-4 years** for Pizza Hut
- Returned **$109 million** to shareholders
- Agreed to acquire a controlling interest in **Huang Ji Huang**, a simmer pot chain, subject to the satisfaction of closing conditions

* Stated in constant currency basis.
KFC: Delivering Consistently Solid Results

Q3 2019 HIGHLIGHTS

- 3% SSSG*
- 10% System sales growth*
- 20.1% Restaurant margin, +0.9%pt y/y
- 174 new store openings
- 16% Operating profit growth*

- Various new and innovative products introduced
- 18% Delivery sales, up 4%pt y/y, led by our own channels
- 200mn+ Members
- 55% Member sales
- 66% Digital orders

* Stated in constant currency basis.
Disruptive Product Innovations

**Mushroom Burger**
- KFC’s first vegetarian burger

**Double Down**
- Chicken burger for meat lovers

**Spicy Skewers**
- Sichuan street food launched in 10 cities

**Mooncake**
- Celebrated mid-autumn festival with mooncakes for the third year
Continued Emphasis on Smart and Abundant Value

Crazy Thursday
- Spicy wing tips / Ice-cream cones / Fruit mojito’s (virgin)

Snack Platter
- 5-item platter with new product – Durian stuffed chicken nugget

Autumn Bucket
- Bucket with seasonal items including mooncake and wings
Growing Dayparts and Categories

**Breakfast**
- New Tuna rice roll
- & Seaweed pancake

**Coffee**
- Coffee Privilege – ¥28 for 30 days

**Dessert**
- Extended from 10 tea drinks to 14, from ~400 kiosk to 550 (out of 1383 kiosks)
Expanding with Multiple Store Formats

<table>
<thead>
<tr>
<th>Transportation</th>
<th>Tourist</th>
<th>Shopping Mall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway service center, Lake Yang Cheng, Suzhou</td>
<td>Xixi wetland, Hangzhou Separate dessert kiosk</td>
<td>U-fun shopping center, Suzhou Separate dessert kiosk</td>
</tr>
</tbody>
</table>

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

Q3 2019 HIGHLIGHTS

- **1% SSSG**
- **3% System sales growth**
- **11.4%**
  - Restaurant margin, -2.4%pt y/y
- **24** new store openings and **126** remodels
- Operating profit down* **30%**
- Various new limited time offers introduced and holiday specials launched
- **26%** Delivery sales, up 1%pt y/y
  - Growth led by our own channels

* Stated in constant currency basis.
Innovative Products and Great Value

**Seafood Festival**
- Canadian crab pizza and Seafood platter

**Autumn Festival**
- Chinese taste:
  - Slow-cooked beef pizza
  - Double chili chicken pizza

**Peach Dessert**
- Peach-oolong drinks, ice cream and cake

**Scream Wednesday**
- ¥29 for steak, ¥39 pizza / ice-cream
Building Steak Category

Menu Innovation
Steak platter for sharing

Value for Money
Buy one (Sirloin) get one (Chuck) free

Member Privilege
Steak privilege: ¥49 for 3 months
Remodeled 126 Stores in Q3, 232 Stores YTD

New Variation of Store Design – Idyllic Escape

Bailian Youyicheng, Shanghai, 330 sqm
Nurturing Smaller Brands
YUMC Overview

Q3 2019 Business Highlights

Q3 2019 Financial Results
Accelerated New Store Openings Driven by KFC

**Gross new stores**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>169</td>
<td>195</td>
<td>231</td>
</tr>
<tr>
<td>YTD</td>
<td>562</td>
<td>433</td>
<td>646</td>
</tr>
</tbody>
</table>

**Total stores**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 Q3</td>
<td>7,813</td>
<td>8,313</td>
<td>8,917</td>
</tr>
<tr>
<td>18 Q3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Q3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>17 Q3</th>
<th>18 Q3</th>
<th>19 Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD</td>
<td>5,393</td>
<td>5,800</td>
<td>6,324</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>102</td>
<td>139</td>
<td>174</td>
</tr>
<tr>
<td>YTD</td>
<td>269</td>
<td>411</td>
<td>501</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>50</td>
<td>38</td>
<td>120</td>
</tr>
<tr>
<td>YTD</td>
<td>106</td>
<td>84</td>
<td></td>
</tr>
</tbody>
</table>

Accelerated new store openings driven by KFC.
**Overall Results Showing Resilience**

### Sales Growth

- **System sales growth (%)**
  - Q3: 12% (4%) 8% (4%) 8% 9%
  - YTD: 8% 8% 4% 4%

- **Same-store sales growth (%)**
  - Q3: 8% 4% 2% 0%
  - YTD: 4% 4% 0% 0%

### Profit Margin

- **Restaurant Margin (%)**
  - Q3: 18.0% 17.6% 17.7% 18.3%
  - YTD: 16.9% 17.0%

### Net Income & EPS

- **Net Income ($ mn)**
  - Q3: 176 203 223 505
  - YTD: 634 623

- **Operating Profit ($ mn)**
  - Q3: 264 269 300 731
  - YTD: 857 807

- **Diluted EPS ($)**
  - Q3: 0.44 0.51 0.58 1.27
  - YTD: 1.59 1.60

---

1 Stated in constant currency basis.
Operating Profit Improved Year on Year in Q3

### Operating Profit ($ mn)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>269</td>
<td>300</td>
</tr>
<tr>
<td>YoY</td>
<td>+11%</td>
<td>+11%</td>
</tr>
<tr>
<td>YoY ex F/X</td>
<td>+14%</td>
<td>+14%</td>
</tr>
<tr>
<td>Year-to-date</td>
<td>857</td>
<td>807</td>
</tr>
<tr>
<td>Reported</td>
<td>759</td>
<td>807</td>
</tr>
<tr>
<td>Adjusted</td>
<td>+6%</td>
<td>+6%</td>
</tr>
<tr>
<td>YoY ex F/X</td>
<td>+12%</td>
<td>+12%</td>
</tr>
</tbody>
</table>

### Key Factors for Q3 Year-Over-Year Movement

- Same-store sales leverage
- Net new unit growth
- Productivity improvement
- Wage and commodity inflation
- Promotion costs
- Foreign exchange impact

Note: See the appendix for a reconciliation to the adjusted measures
KFC Achieved 3% SSSG and 16% OP Growth

### Sales Growth¹ (%)

<table>
<thead>
<tr>
<th></th>
<th>Q3</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>System</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Same-store</td>
<td>10%</td>
<td>8%</td>
</tr>
</tbody>
</table>

### Restaurant Margin (%)

<table>
<thead>
<tr>
<th></th>
<th>Q3</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>KFC</td>
<td>19.6%</td>
<td>19.3%</td>
</tr>
</tbody>
</table>

### Operating Profit ($ mn)²

<table>
<thead>
<tr>
<th></th>
<th>Q3</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>256</td>
<td>683</td>
</tr>
</tbody>
</table>

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

+16% YoY ex FX (19 vs 18)
Pizza Hut Continued Positive SSSG

Sales Growth\(^1\) (%)

System sales growth

- Q3: 7% 3%
- YTD: 7% 3%

Same-store sales growth

- Q3: 1%
- YTD: 1%

Restaurant Margin (%)

- Q3: 14.4% 13.8%
- YTD: 16.3% 11.4%

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

- Q3: 173
- YTD: 106 117

\(^1\) Stated in constant currency basis.
\(^2\) Segment Operating Profit before unallocated shared service costs.

-30% -14% YoY ex FX (19 vs 18)
Digital KPIs Continued to Improve

<table>
<thead>
<tr>
<th>Members (mn)</th>
<th>Member Sales</th>
<th>Digital Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>16 Q3</strong></td>
<td><strong>17 Q3</strong></td>
<td><strong>18 Q3</strong></td>
</tr>
<tr>
<td>60+</td>
<td>13%</td>
<td>30%</td>
</tr>
<tr>
<td>110+</td>
<td>34%</td>
<td>60%</td>
</tr>
<tr>
<td>160+</td>
<td>44%</td>
<td>81%</td>
</tr>
<tr>
<td>200+</td>
<td>55%</td>
<td>91%</td>
</tr>
<tr>
<td><strong>16 YE</strong></td>
<td><strong>17 YE</strong></td>
<td><strong>18 YE</strong></td>
</tr>
<tr>
<td>20+</td>
<td>7%</td>
<td>49%</td>
</tr>
<tr>
<td>35+</td>
<td>25%</td>
<td>73%</td>
</tr>
<tr>
<td>50+</td>
<td>43%</td>
<td>87%</td>
</tr>
<tr>
<td>65+</td>
<td>49%</td>
<td>94%</td>
</tr>
</tbody>
</table>
Delivery Capability Continued to Grow

**Delivery Sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>17 Q3</th>
<th>18 Q3</th>
<th>19 Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>12%</td>
<td>14%</td>
<td>18%</td>
</tr>
</tbody>
</table>

**Delivery Store Coverage**

<table>
<thead>
<tr>
<th>Year</th>
<th>17 Q3</th>
<th>18 Q3</th>
<th>19 Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage</td>
<td>63%</td>
<td>70%</td>
<td>77%</td>
</tr>
</tbody>
</table>

**Delivery City Coverage**

<table>
<thead>
<tr>
<th>Year</th>
<th>17 Q3</th>
<th>18 Q3</th>
<th>19 Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage</td>
<td>76%</td>
<td>88%</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**

- KFC: 55% YTD Gross New Openings, 58% All Stores
- Pizza Hut: 41% YTD Gross New Openings

**Drive New Unit Return**

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

**Remodel**

- YUMC: 209
  - KFC: 1
  - Pizza Hut: 164
  - Others: 126
- 18 Q3: 222
  - KFC: 96
  - Pizza Hut: 164
  - Others: 126

---

1 Refers to Average Pre-tax Cash Payback Period; Includes units opened between July 2017 and June 2018, after deduction of 3% license fee.
Strong Cash Flow Generation
Funds Growth and Shareholder Returns

Net cash from operating activities: $1.05 bn
Jan-Sep 2019

Free cash flow: $735 mn
Jan-Sep 2019

Cash and short-term investments: $1.72 bn
As of Sep 30 2019

Dividends
19 Q3: $45 mn
Since spin-off: $335 mn

Share Repurchases
19 Q3: $64 mn
Since spin-off: $644 mn

Note: Free cash flow is net operating cash flow less capital spending of $310 million; Quarterly dividend started in Oct 2017.
Outlook and Strategic Priorities

2019 FINANCIAL TARGETS

• 800-850 gross new units
• $475-525 million Capex
• Expect effective tax rate to be below 28%, excluding any impact from the Company’s equity investment in Meituan Dianping

STRATEGIC PRIORITIES

• Focus on expanding our core brands – KFC & Pizza Hut
• Invest in key growth opportunities including our smaller brands
• Leverage and invest in our digital and technology capabilities
• Vigilant cost management to offset cost inflation (e.g., labor and chicken)
### Appendix: Reconciliation of Reported Results to Non-GAAP Measures

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended</th>
<th>Year to Date Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9/30/2019</td>
<td>9/30/2018</td>
</tr>
<tr>
<td><strong>Detail of Special Items</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain from re-measurement of equity interest upon acquisition&lt;sup&gt;(b)&lt;/sup&gt;</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Special Items, Operating Profit</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Tax effect on Special Items&lt;sup&gt;(c)&lt;/sup&gt;</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Impact from the Tax Act&lt;sup&gt;(d)&lt;/sup&gt;</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Special Items, net income – including noncontrolling interests</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Special Items, net income – noncontrolling interests</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Special Items, Net Income – Yum China Holdings, Inc.</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Weighted Average Diluted Shares Outstanding</td>
<td>388</td>
<td>394</td>
</tr>
<tr>
<td>Special Items, Diluted Earnings Per Common Share</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td><strong>Reconciliation of Operating Profit to Adjusted Operating Profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit</td>
<td>$ 300</td>
<td>$ 269</td>
</tr>
<tr>
<td>Special Items, Operating Profit</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted Operating Profit</td>
<td>$ 300</td>
<td>$ 269</td>
</tr>
</tbody>
</table>

(a) Amounts presented as of and for the quarters and years to date ended September 30, 2019 and 2018 are unaudited.

(b) 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.

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

(d) We completed the evaluation of the impact on our transition tax computation based on the final regulations released by the US Treasury Department and the IRS in the first quarter of 2019 and recorded an additional amount of $8 million for the transition tax accordingly.