2017 Yum China Investor Day

Digital & Delivery Update

Joey Wat | President & Chief Operating Officer, Yum China

OCT. 18 Shanghai
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Non-GAAP Measures. Our presentation includes certain non-GAAP financial measures. Reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures are included on our presentation where indicated. Investors are urged to consider carefully the comparable GAAP measures and reconciliations.
Digital
Building a digital ecosystem across all points of the consumer journey

Before Store
Efficiency and Reach
• Mobile pre-order
• Virtual store geo-targeting

In Store
Enhanced Experience
• Diversified ordering options
• Digital menu boards
• Pick-up
• Payment
• Entertainment

Key Enablers
1. Membership Program
2. Super App

After Store
Customized Service and Engagement
• Customized membership services
• Real time customer feedback
KFC offers a complete digital consumer journey today

**Before Store**
- Virtual stores

**Pre-Orders**
- Mobile

**In Store**
- Digital ordering

**Payment**
- Mobile
- Payment

**After Store**
- Membership
- E-gifting Card

**Gifting**
- Wi-Fi / K-music

**Entertain**
- First month songs 570K+

**Key Focus Areas**
- Pre-order From 1Q17
- Kiosks and Signage
- 45% of sales
- 97MM+ Members
- 4,000+ Stores
- 5,300+ virtual stores

5,000+ Stores
Pre-orders increase consumer convenience and transaction efficiency.
In-store digitization improves efficiencies and reinforces young and trendy image
China is the world leader in mobile payment
YUMC is one of the leaders in China

Mobile & other cashless payments as % of company sales

$1.2bn in cashless payments in 3Q

Mobile Payment >45%
Other Cashless Payment ~15%

Payment Channels

China is the world leader in mobile payment
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Payment Channels
KPRO – A full digital experience

KPRO
Make 100% digital ordering experience possible
Further digital evolution to enable ordering across multiple party sizes and occasions
Membership programs are key enabler of the digital experience: 120MN members cultivated in two years

Launched in Oct 2015

Launched in Nov 2015
Currently a significant contribution to KFC system sales

Member sales as % of system sales

0% 5% 10% 15% 20% 25% 30% 35% 40%

1Q16 2Q16 3Q16 4Q16 1Q17 2Q17 3Q17

33%
Member exclusive campaigns drive loyalty and frequency
Customized offers increase consumer engagement…

Member’s day

Birthday offering

Free trial
…while segmentation enables multiple brand objectives

Objectives

- Brand lovers
  Enhance Online Brand Image

- Heavy users
  Lock Share of Wallet

- Frequent users
  Increase Frequency

- Mass consumer
  Lower Cost of Reach
And further segmentation driven by differentiated offers
Pizza Hut Super App launched integrating CRM & delivery

>3mn downloads in two months

Delivered on 1st July

Next version: November
First steps in digital vision

Pioneering our digital vision

Leveraging KFC experience
Delivery
KFC and Pizza Hut are the #1 delivery brands in their respective categories with key value differentiators

No.1 single brand delivery platform

Food
- Curated delivery menu
- Specific packaging for hot and cold products

Service
- Speed, satisfaction, and engagement focus
- Constant customer feedback

Network
- 5,100+ delivery units*
- Over 800 cities
- Cooperate with all major delivery aggregators
- >90% delivery sales online

*Data as of Q3 2017
Aiming to delight customers throughout the whole delivery experience

I know
Unique delivery brands

I love
Fun and abundant value to me

I can order it
anywhere anytime

Easy
to order

Professional
packaging

Innovative
products
Delivery network expansion has been the key driver of growth
Own riders are key to maintaining quality, service and control while leveraging aggregator traffic.
Quality, service and network sustain sales growth

**Delivery as % of company sales**

**Delivery sales growth**

(Rmb mn)

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Quality, service and network sustain sales growth.
Future delivery growth will be driven through four initiatives:

- Campaign Innovation
- Digital Innovation
- Daypart Innovation
- Network Expansion
Social Bucket to make young consumers “WOW”
Signature Smart Value

driving sales during off peak periods and dayparts

Everyday One Yuan

Joint promotions
Targeted promotions backed by enhanced IT system

Leverage membership program

Enhance IT system
Targeted daypart promotions to build delivery awareness
KFC offering in-train delivery at >20 stations across China

- Station expansion (>20 stations currently)
- Enhance operational efficiency
- New consumer-friendly package
- Optimizing menu according to consumer preferences