



2017 Yum China Investor Day

STAY TRUE AIM HIGH

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Micky Pant | CEO, Yum China

OCT. 18 Shanghai

Cautionary Language Regarding Forward-Looking Statements

Forward-Looking Statements. Our presentation may contain “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,” “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 business plans, earnings and performance of Yum China including all targets, statements regarding future dividends, anticipated effects of population and macroeconomic trends and the capital structure of Yum China, statement regarding 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 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 on our presentation are only made as of the date indicated on the relevant materials, and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances. Numerous factors could cause our actual results 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.

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.

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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.

Yum China by the numbers – a powerful business



#1 Western QSR &
CDR brands in China

7,747 stores in
1,100+ cities

#1 restaurant operator
In digital & delivery



\$16.5Bn market cap*
#399 Fortune 500 2017**

~120mn members
between KFC and Pizza Hut

420,000+ employees
Strong management

* As of the close of October 12, 2017

** In terms of sales

World's top 10 restaurant companies

(Ranked by market cap)

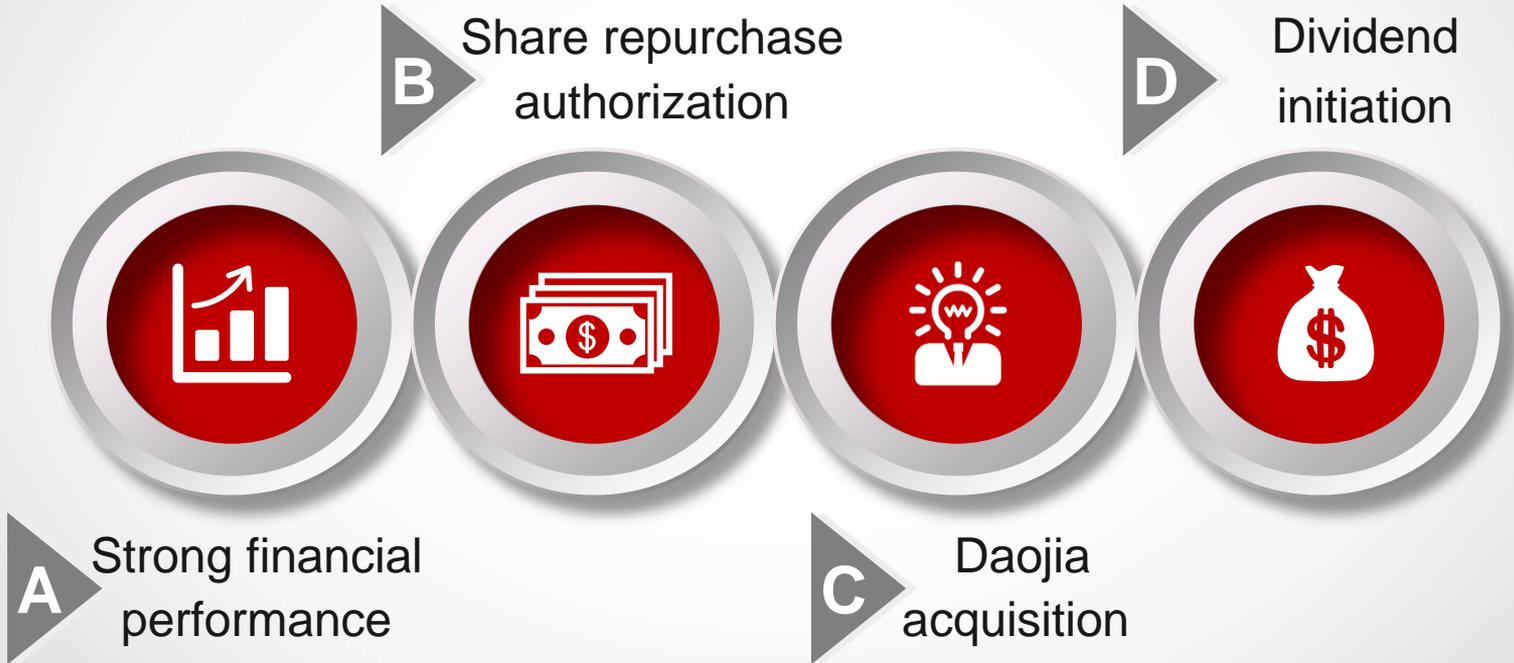


Rank	Company	Market Cap (US\$ bn)	Store Count*
1	McDonalds	132.8	37,011
2	Starbucks	80.8	26,736
3	Yum Brands	26.3	43,992
4	Yum China	16.5	7,747*
5	Restaurant Brands	15.6	23,423
6	Darden	9.8	1,701*
7	Chipotle	9.0	2,339
8	Domino's	8.8	14,434*
9	Jollibee	5.2	3,570
10	Dunkin' Brands	5.1	20,242

Source: Bloomberg as of October 12, 2017 and latest company reports.

*All store counts were as of June 2017, except for Yum China (August 31, 2017), Darden (August 27, 2017) and Domino's (September 10, 2017).

One year since listing...



Financial highlights for 2017 first three quarters



System sales¹

\$6.0bn

▲ 7%²

Restaurant margin

19.3%

▲ 2.3ppt

Net income

\$493mn

▲ 19% / +23% ex FX

Adjusted EBITDA

\$1,004mn

▲ 12% / 16% ex FX

Diluted EPS

\$1.24

▲ 9% / 13% ex FX

Net cash

\$1.6bn

▲ \$604mn³

¹ Company sales for 2017 first three quarters were \$4,818mn

² Exclude the impact of foreign currency translation

³ Compared to the end of 2016

National footprint with deep penetration

5,000+ KFC stores

2,000+ Pizza Hut stores

1,100+ Cities with stores

800+ Cities with delivery service

17 Logistic centers

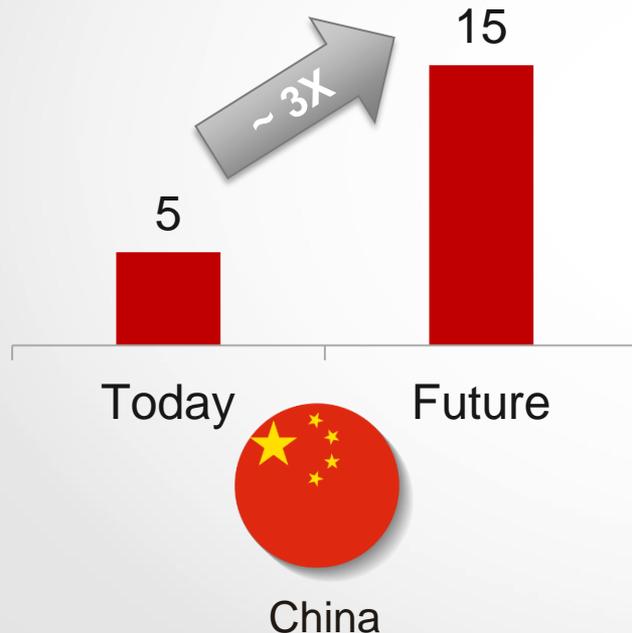


Potential to triple units over long term



YumChina

Yum China Restaurant Penetration¹
(per million people)



Cross-functional expertise supporting unit growth

#1 Restaurant development capability in China

- Proven record of development

Deep internal know-how

- City database
- Market insights

Disciplined decision making and execution

- One store at a time
- Cross-functional governance
- Quick response & adjustment capability

¹We define restaurant penetration as number of Yum China restaurants per million people. It is calculated as follow: Yum China's total unit count divided by total China population

Potential headwinds to our success

Macro

- Geopolitical uncertainties

Inflation

- Food
- Labor

Currency

- RMB vs USD

Tax

- Effective tax rate
- US tax reform

Diversified formats to support expansion - KFC



Diversified formats to support expansion – Pizza Hut



Unparalleled infrastructure

- National supply chain
- Unrivalled development capabilities
- Industry leading marketing scale & coverage
- Best in class operations
- Robust IT infrastructure

YumChina™

Optimal
Business
Consistency
Development
Standard
Management
Customer

Yum China is a responsible partner in communities across China



10-year of One Yuan Donation



RMB 170mn donated for children in poverty since 2008

Leverage digital & membership for charity



3.2 tons of potatoes sold through KFC App to help farmers in need

We are a caring company...



YumChina



THE FIRST LIGHT FOUNDATION

2016 Project Hope Contribution Award

from China Youth Development Foundation
Since 2002



KFC ANGEL RESTAURANT

Best CSR Practice Award 2016

from China Enterprise CSR Annual Conference
Since 2012

2016 CSR Innovation Award

from China International Philanthropic Movie Festival



ONE YUAN DONATION PROGRAM

CSR Excellence Awards 2016

from CSR & Innovation Forum
Since 2008

KFC COMMUNITY CARING PROGRAM

Since 2015



KFC LITTLE MIGRATORY BIRDS

2016 Caring Medal

from China Enterprise CSR Medal Conference
Since 2016



Four key strategic priorities

I. Focus on China

Invest locally for growth

III. Digital and Delivery

Invest and maintain lead



II. Strengthen Core Business

Improve stores, innovate menu, improve quality and value

IV. Innovation

Product categories, formats and day parts



YumChinaTM

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Non-GAAP Definitions

In an effort to provide investors with additional information regarding the Company's financial results and other financial information as determined by generally accepted accounting principles (GAAP), the company also discusses in these materials, the following Non-GAAP information which management believes provides useful information to investors:

Adjusted EBITDA – We define adjusted EBITDA as net income including noncontrolling interests adjusted for income tax, interest income, depreciation, amortization and other items, including store impairment charges.

System-Sales – System sales growth reflects the results of all restaurants regardless of ownership, including Company-owned, franchise and unconsolidated affiliate restaurants that operate our concepts, except for non-Company-owned restaurants for which we do not receive a sales-based royalty. Sales of franchise and unconsolidated affiliate restaurants typically generate ongoing franchise fees for the Company at a rate of approximately 6% of system sales. Franchise and unconsolidated affiliate restaurant sales are not included in Company sales on the Condensed Consolidated and Combined Summary of Results; however, the franchise fees are included in the Company's revenues. We believe system sales growth is useful to investors as a significant indicator of the overall strength of our business as it incorporates all of our revenue drivers, Company and franchise same-store sales as well as net unit growth.

Constant Currency (Ex-FX) — We refer to growth rates at constant currency or adjusting for currency so that the business results can be viewed without the impact of fluctuations in foreign currency exchange rates. These amounts are calculated by translating current-year results at prior-year average exchange rates. We believe elimination of the foreign currency translation impact provides better year-to-year comparability of sales trends.

Reconciliations of Reported Results to Non-GAAP Measures

Reconciliation of Net Income to Adjusted EBITDA

(In US\$ million)

	Quarter ended		Year to date ended	
	8/31/2017	8/31/2016	8/31/2017	8/31/2016
Net income – noncontrolling interests	\$ 10	\$ 10	\$ 21	\$ 10
Net Income – Yum China Holdings, Inc.	211	192	493	414
Income tax provision	102	87	213	165
Interest income, net	(6)	(3)	(13)	(7)
Operating Profit	317	286	714	582
Depreciation and amortization	105	101	265	272
Store impairment charges	6	6	28	43
Special Items Income – Operating Profit	(3)	(3)	(3)	(2)
Adjusted EBITDA	<u>\$ 425</u>	<u>\$ 390</u>	<u>\$ 1,004</u>	<u>\$ 895</u>

Yum China System Sales

(In US\$ million)

	Year to date ended
	8/31/2017
Company sales	4,818
Franchisee sales	1,163
Total system sales	<u>5,981</u>