



YumChina™

FINANCE UPDATE

GROWTH WITH DISCIPLINE

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**Innovation
Powering
Growth**



Cautionary Statements

Forward-Looking Statements. 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,” “likely,” “will,” “continue,” “should,” “forecast,” “outlook,” “ongoing” 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, performance and returns of Yum China, statements regarding the revitalization of Pizza Hut and collaboration with Sinopec and CNPC, 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 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, 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.

Non-GAAP Measures. 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.

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. Trademarks, logos, service marks, materials, designs and other intellectual property used in this presentation are owned by Yum China Holdings, Inc. and its affiliates, or their use has been officially authorized by their respective owners. This presentation also may refer to brand names, trademarks, service marks and trade names of other companies and organizations, and these brand names, trademarks, service marks and trade names are the property of their respective owners.

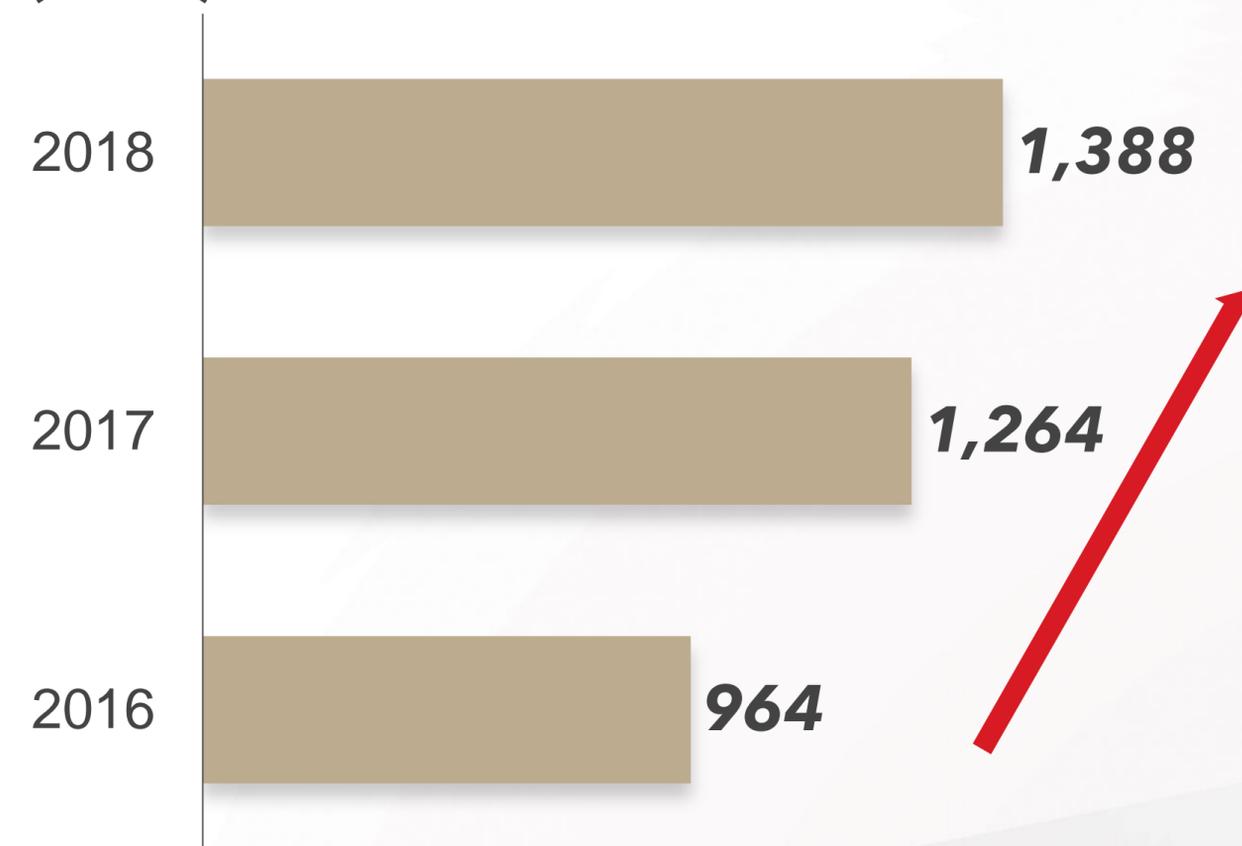
Significant Progress Since Spin-Off



1. Spin-off to YE18. 2. Constant currency, 2018 vs. 2016. 3. Reported Currency, 2018 vs. 2016. 4. Dividends and Share Repurchases since spin-off. 5. November 1, 2016 to February 28, 2019

Financial Position Continues to Strengthen

Cash and short-term investments
(\$ mn)



Free cash flow ¹
(\$ mn)

863 ↑

469

Dividends & Share
Repurchases (\$ mn)

473 ↑

166

- Repurchased shares since Q2 2017, with \$960 million authorization remaining unused
- Initiated quarterly cash dividends in Q4 2017, 1 year after spin-off

¹ Free Cash Flow is net operating cash flow less capital spending

Discipline to Drive Profit Growth

Sales Growth and
Diligent Cost
Control to Drive
Long-Term Target
of Double Digit OP
Growth (ex FX)

$$\begin{aligned} &\text{Increasing Sales} \quad \img alt="Bar chart with upward arrow" data-bbox="695 295 725 375"/> \\ &\quad + \\ &\text{Restaurant Margin Management} \quad \img alt="Head with pie chart" data-bbox="760 435 790 515"/> \\ &\quad + \\ &\text{G\&A Growth} < \text{Revenue Growth} \quad \img alt="Bar chart with line graph" data-bbox="760 570 790 645"/> \\ &\quad = \\ &\text{Operating Profit Growth} \quad \img alt="Hand holding coin" data-bbox="725 690 760 775"/> \end{aligned}$$



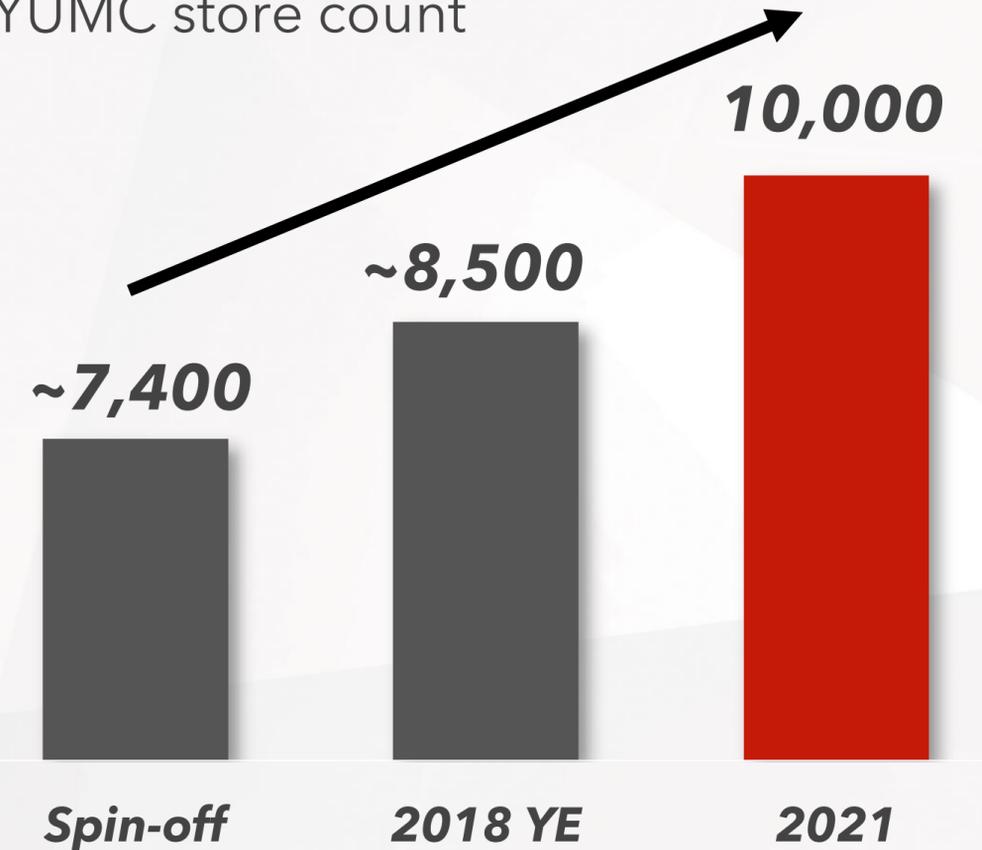
Opening ~2 stores per day

Supported by Unrivalled Platform

- >1,000 development professionals
- Local knowledge
- Supply chain, especially in remote areas
- Brand recognition and positioning
- Balanced across city tiers

Reaching 10,000 stores by 2021

YUMC store count





Optimizing New Store Format Drives Healthy Payback

Average Pre-tax Cash Payback Period*	Cash Investment	Average Unit Volume	Cash Margin
 ~ 2 years	~RMB 2.5 mm	~RMB 6.0 mm	~23%
 <4 years	~RMB 2.6 mm	~RMB 5.3 mm	~15%



*Includes all units opened from Oct 2016 to Sep 2017, after deduction of 3% license fee.



Driving Same Store Sales Growth

1

- Strengthen core products
- Grow underpenetrated dayparts and categories



Menu Innovation



Great Value

- Smart Value
- Members privilege

2

3

- Leverage digital media, CRM and SuperApp
- Develop digital ecosystem



Digital



Delivery

- Grow own channels and aggregators
- Improve delivery speed and service quality

4



Improving Restaurant Margin

2018

Long-Term Target



15.7%

~17% blended restaurant margin



17.9%

Maintain with upside reinvested to drive growth



10.3%

Return to pre-revitalization levels

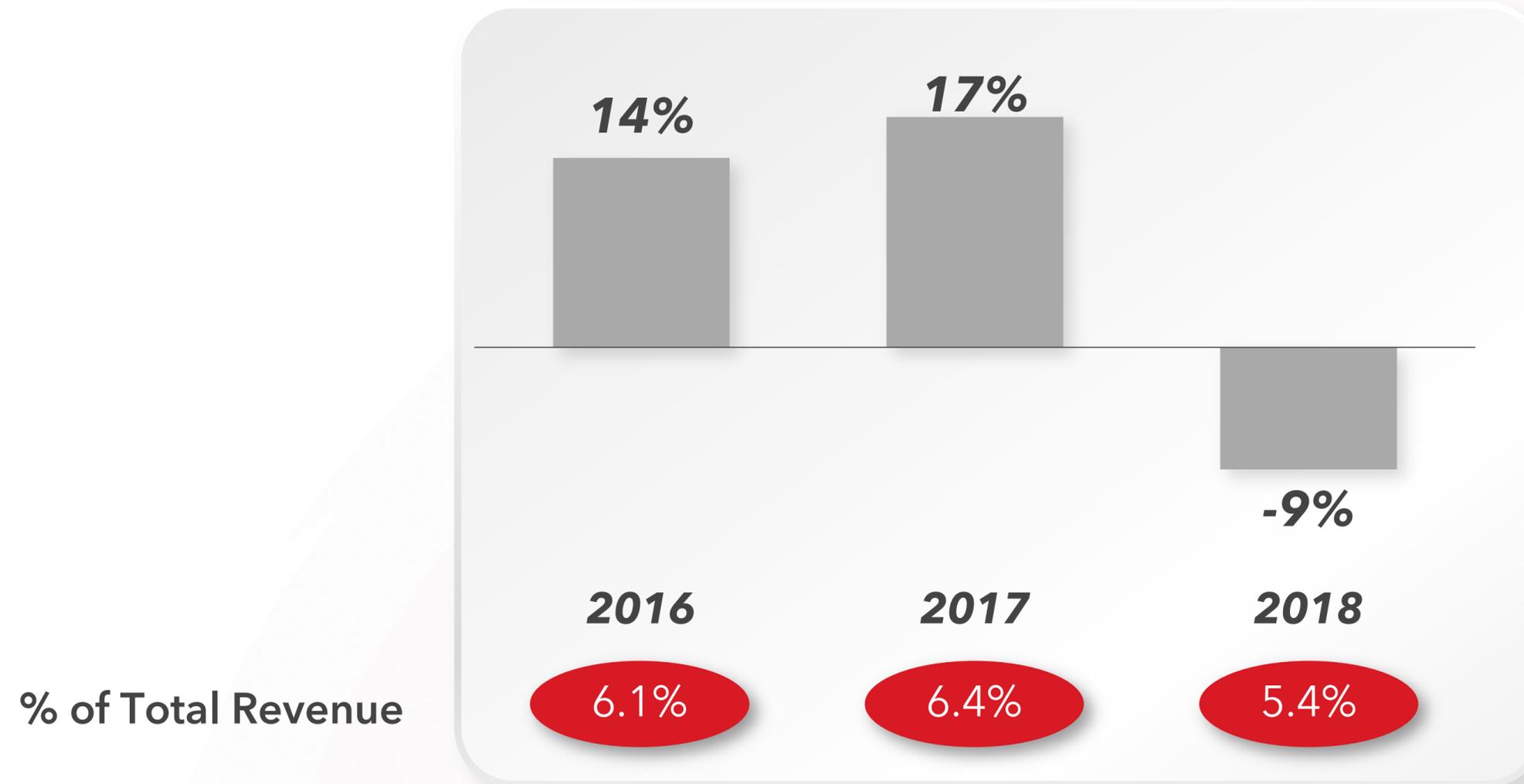
Key Drivers

- Digital and delivery initiatives to improve productivity and efficiency
- Growing economies of scale
- Proactive cost optimization and control to mitigate inflation impact



Effective G&A Management

G&A expenses year-over-year change



Maintaining G&A Growth < Revenue Growth by:

- Simplifying Organization Structure
- Optimizing Procurement
- Tightening Expense Policies

→ Reinvest part of savings to drive long term growth

Strong Cash Flow Funds Investment, Shareholder Returns

Investing to Win

- New stores
- Remodels
- Technology

~\$500 mn/year

Shareholder Returns

- Cash Dividends
- Share Repurchases

\$1.5 bn over next 3
years*

Strategic Options

- Joint Ventures
- Strategic Investments

Discretionary

* Based on current dividend level and share repurchase authorization



YumChina

Powerful Long-Term Financial Targets

Sales Growth

High Single Digit Systems Sales*

Restaurant Margin

17%

Profit Growth

Double Digit Operating Profit Growth*

Increasing Shareholder Returns

\$1.5 billion over next 3 years^

* In constant currency

^ Based on current dividend and share repurchase authorization

2019 Outlook

- 600-650 new stores
- \$450-500 million capex
- Effective Tax Rate <28%



- Growing store count
- Strong delivery growth
- Efficiency gains
- Digital marketing initiatives
- Lower tax leakage



- Wage & commodity inflation
- Ongoing Pizza Hut revitalization
- Value campaigns
- Maturing higher than average 2018 new builds
- New lease accounting standard

Takeaways



~2 new stores a day
to reach 10,000
stores by 2021



Robust plan to
drive revenue,
profit growth



Existing capacity to
return \$1.5 billion to
shareholders over
next 3 years



YumChina

Innovation Powering Growth

