



YumChina

2017 Yum China Investor Day

Business Update

Joey Wat | President & Chief Operating Officer, Yum China

Johnson Huang | General Manager of KFC, 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.

A large, stylized KFC logo featuring the Colonel's head in profile, wearing his signature red and white checkered hat and a white shirt with a red tie. The logo is set against a red circular background.

Agenda

A photograph of a Pizza Hut Bistro storefront at night. The building has a dark facade with the Pizza Hut logo and 'Pizza Hut BISTRO' signage. The interior is visible through the glass windows, showing a modern dining area with red chairs and tables.

Business Overview by Joey Wat

Pizza Hut Update by Joey Wat

KFC Update by Johnson Huang

Understanding evolving consumer needs is fundamental to YUMC's success



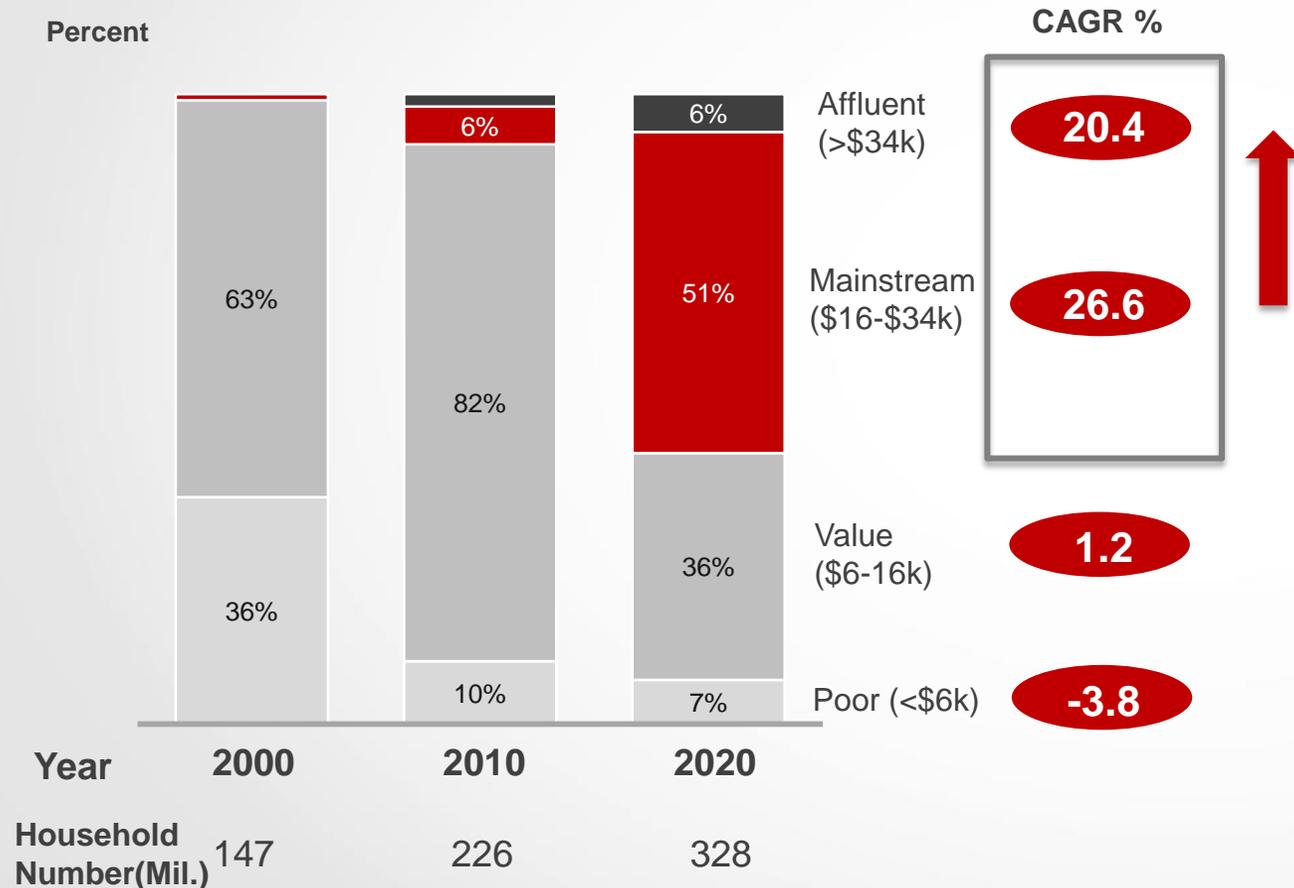
Food

Services

Value For Money

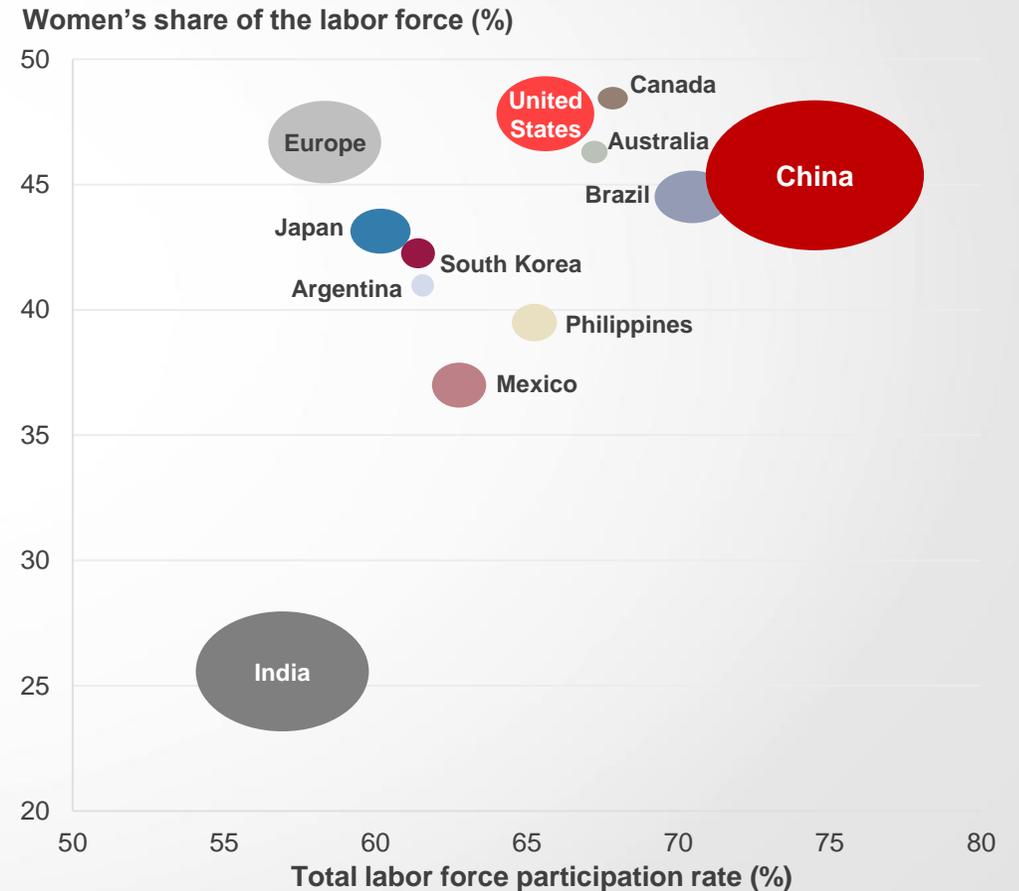
Urban middle class is the fastest growing segment in China. High labor force participation drive consumption growth

Urban households annual income growth trend



Source: McKinsey & Company (2012)

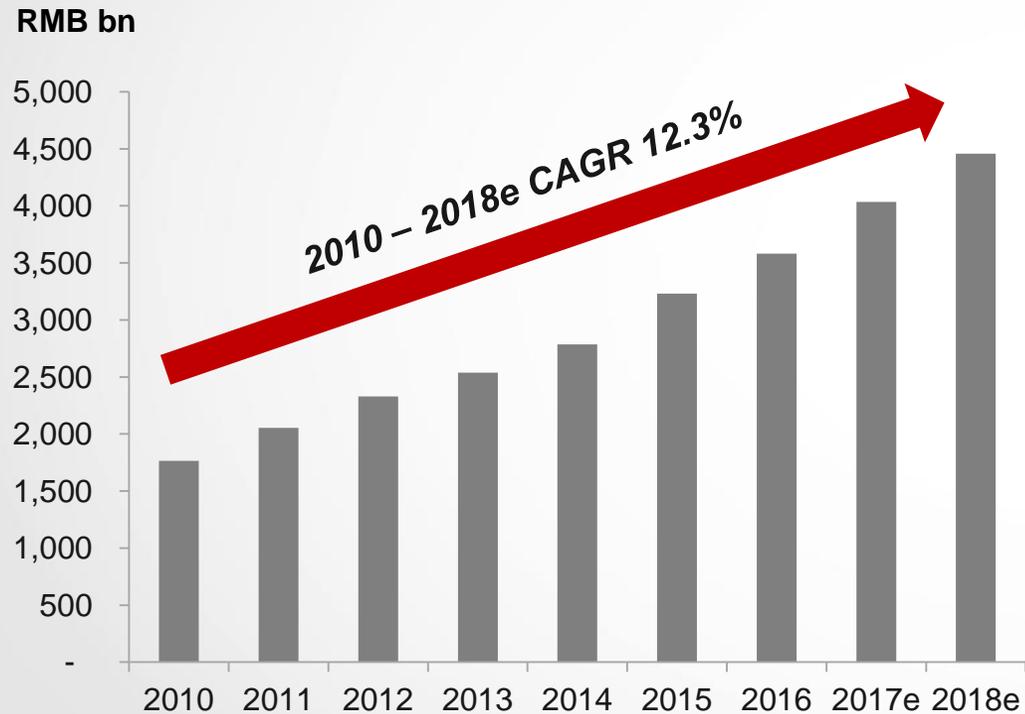
High labor force participation rate and women's share of labor force



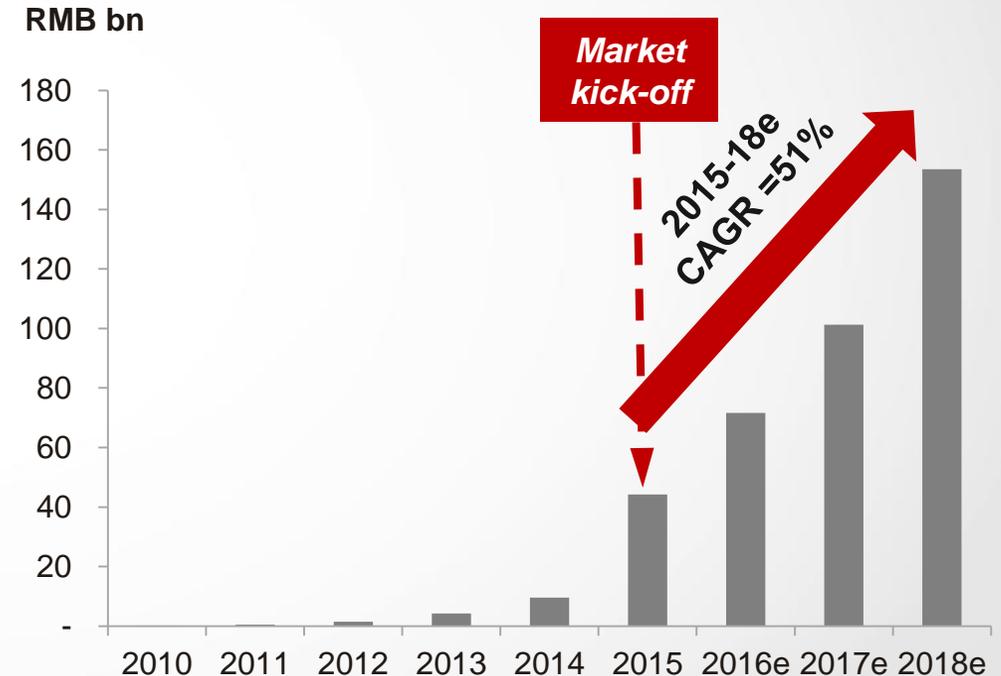
Source: U.S. Bureau of Labor Statistics (2010)

Catering industry is still growing at double digits in China, driven by O2O food delivery (at >50% CAGR) in the past two years

Catering Industry Annual Sales

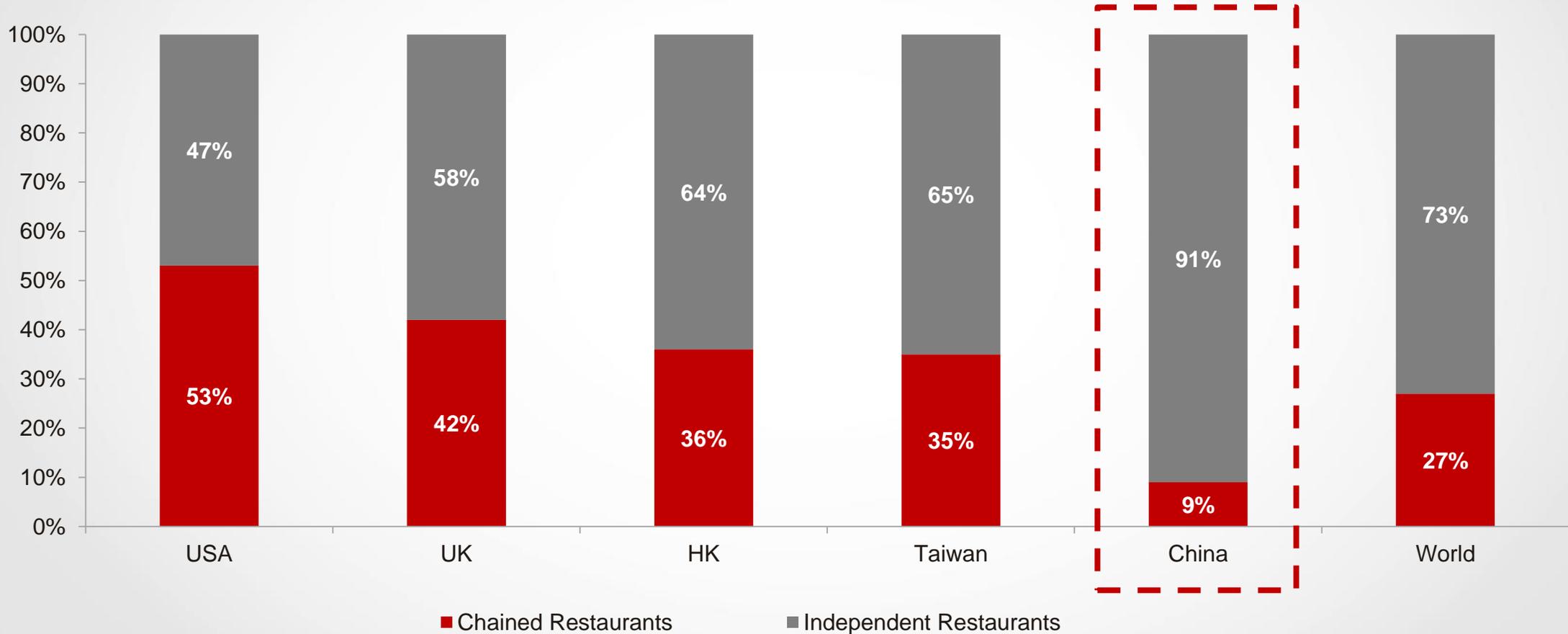


O2O Food Delivery Sales



China's restaurant sector is highly fragmented, and prospects for chain restaurants remain promising

Restaurant Market: Chain vs. Independent Restaurants



Key success factors for YUMC



Employee engagement and customer satisfaction are keys to building shareholder value in the long term



Employee engagement is centered around three principles 我们遵循三个原则为员工代言



FAIR
公平



CARE
关心



PRIDE
自豪



PIZZA

Pizza Hut Update

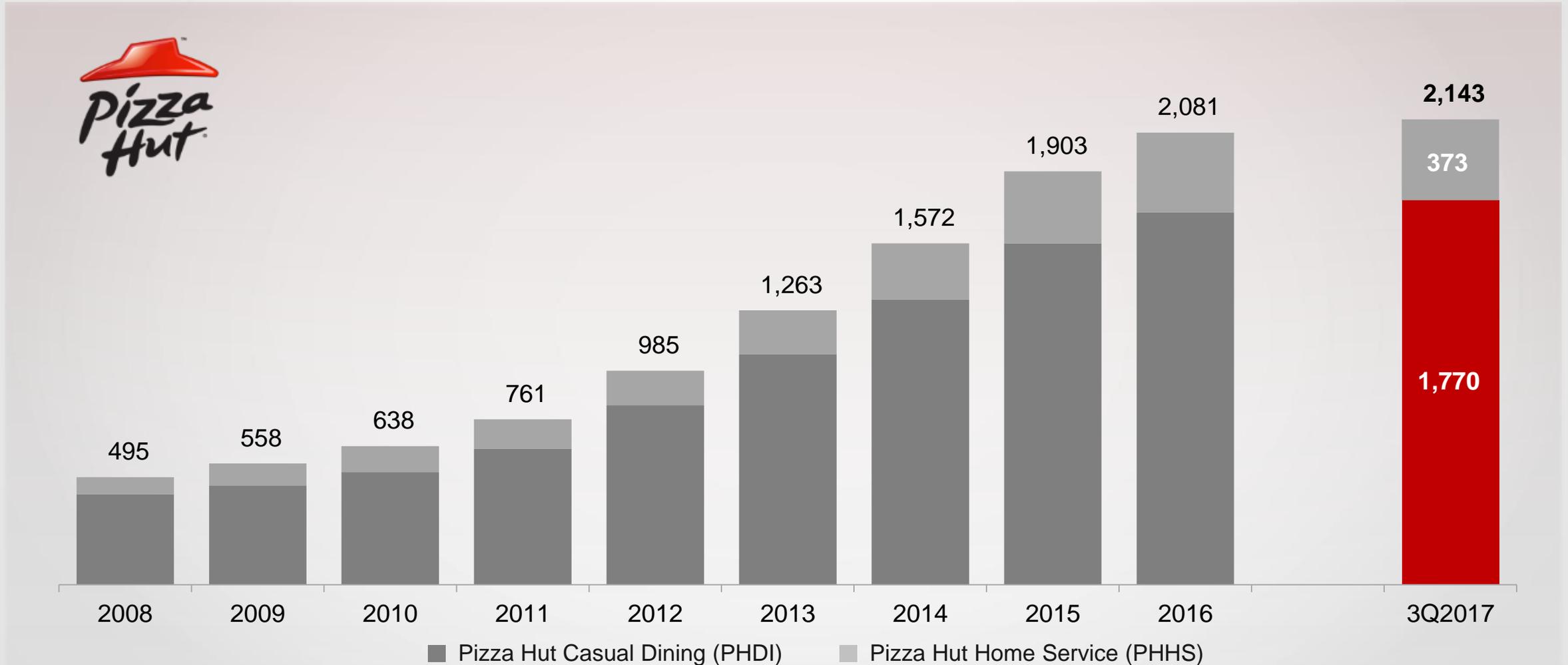
by Joey Wat

Pizza Hut is the largest western CDR in China



- 1st store opened in Beijing in 1990
- Over 80 million pizzas served annually
- “Most Preferred Western Casual Dining Restaurant” – Nielson (2016)

Successfully expanded to over 2,100 stores in 475 cities

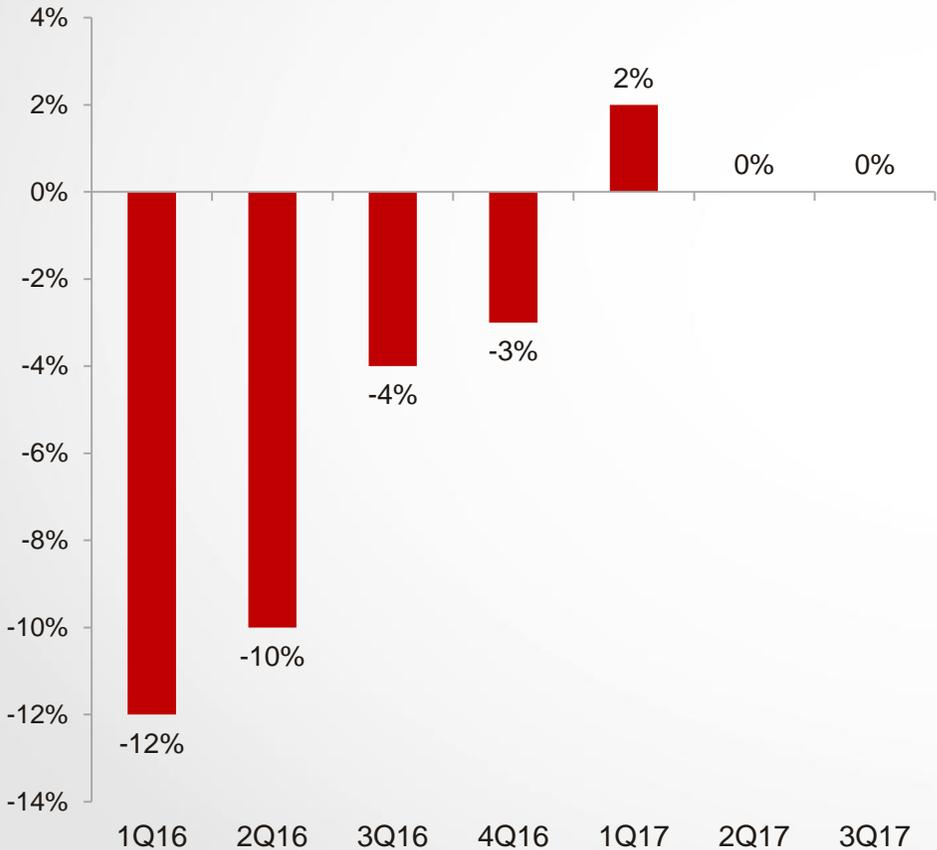


Averaging ~80 stores a year over its 27 year history

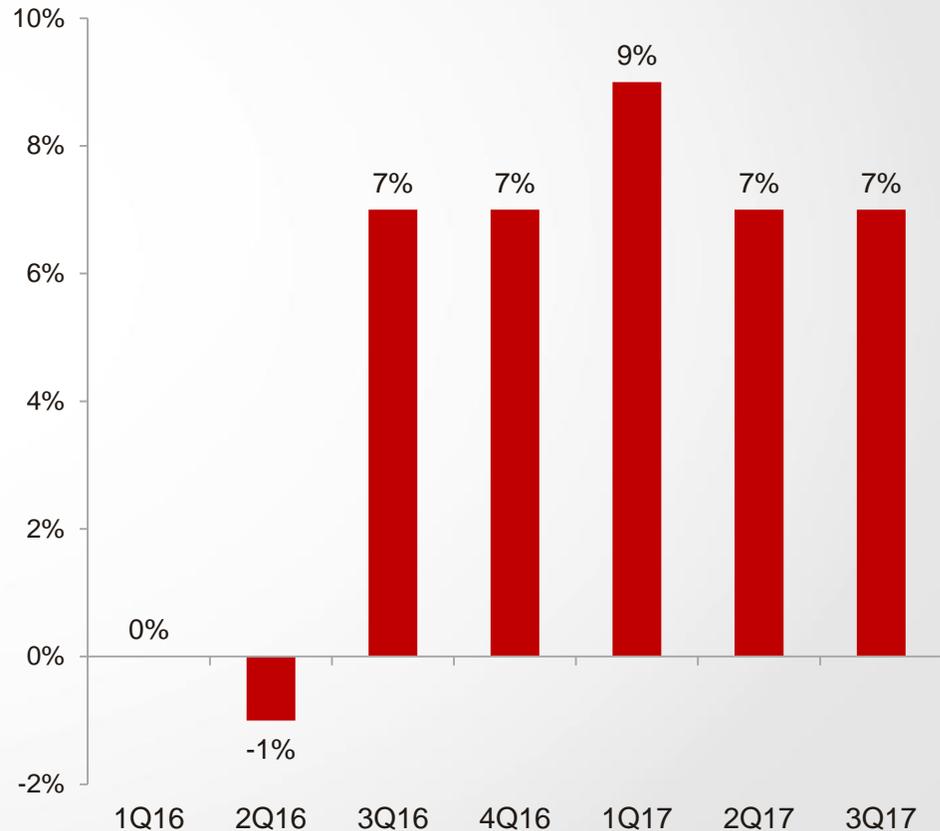
Note, from 2008 ~ 2013 exclude Pizza Home Express

Sales stabilized in the past few quarters, focus now is on revitalization of the Brand

Same-store sales growth (y/y) ¹



System sales growth (y/y) ¹



¹Stated in constant currency basis

Biggest challenge of the brand is being outdated



PIZZA HUT IN 2017

“暖男备胎”

**“My Reliable
Backup
Boyfriend”**

Four levers to turn strategy into execution

I. Fix Fundamentals

- ✓ Product innovation & update
- ✓ Menu rationalization
- ✓ Service and engagement

II. Enhance Digital Capabilities

- ✓ New super APP launch
- ✓ Member privilege upgrade

IV. Experiment New Models

- ✓ Store image upgrade
- ✓ Bistro model roll-out

III. Optimize Delivery Network

- ✓ Pizza Hut delivery platform integration



I Series of new products to bring excitement and value



黑松露菌菇比萨
普通装 81元
薄底



松子鸡肉罗勒意面 37元



烤土豆 15元



烤南瓜 20元



榴莲薯薯 26元

New Products

Pizza Hut Autumn 2017 当季新品

法式南瓜浓汤 23元



手作意式酸奶奶冻 19元



烤西兰花 15元



意式培根菌菇烩饭 43元



黄金夏威夷风光比萨

铁盘	小袋	普通装	大袋
	35元	64元	91元
薄底	普通装	芝士	普通装
	67元	82元	111元



柚遇大吉岭 嗨杯鲜果茶 23元

嗨杯鲜果茶 21元



花果蜜蜜甜心派 24元



柠檬薏仁饮 19元

杨梅汁饮料 22元

I New October menu features innovative & healthy products



Italian Thin Pizza

Thin, Chewy, Trendy, and Flavorful

Roasted Vegetables

Flavorful and Healthy



I With a relaxing ordering experience and simplified menus



好好吃午饭 工作日特惠午餐

周一至周五 10:30-14:00

30元 丰富套餐

15分钟 上餐

PIZZA 比萨

美式精选比萨 37元
Super Supreme 290克

超级至尊比萨 42元
Small Pan Pizza

PASTA 意面

经典意大利肉酱面 37元
Spaghetti Bolognese 340克

松子鸡肉罗勒意面 42元
Pine Nuts in Pesto Sauce 330克

RICE 饭类

照烧鸡肉炒饭 30元
Spaghetti with Chicken and Teriyaki Sauce 300克

匈牙利风情牛肉烩饭 42元
Boiled Rice with Goulash 330克

沙拉 SALAD

缤纷蔬菜沙拉 (小份) 18元
Garden Salad (Small Bowl) 90克

彩虹考伯沙拉 30元
Classic Cobb Salad

沙拉自助吧 **30元/位**
Salad-Bar (11:00-14:00 | 17:00-20:00)
供应时间 仅限一次 ONCE ONLY

轻食午餐 (两道美食30元)

火腿芝士帕尼尼 30元
Ham & Cheese Panini 290克

美式鸡肉凯撒沙拉 30元
Caesar Salad with Chicken 180克

饮料/汤 任选一份

柠檬红茶 (冰) 345毫升
Lemon Tea (Iced) 345毫升

百事可乐 (冰) 345毫升
PEPSI (Iced) 345毫升

意式香浓菜汤 180毫升
Minestrone 180毫升

浓情烤翅 (6只装) 40克
New Orleans Joint Wings 40克

抹茶雪域蛋糕 80克
Matcha Ice Cream Cake 80克

拿铁咖啡 (热) 330毫升
Caffè Latte (Hot) 330毫升

官方APP 官方微信

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菜单 Menu

小食 APPETIZER

- 浓情烤翅4只装/6只装 30/44
New Orleans Joint Wings 4pcs/6pcs
- 香草凤尾虾 27
Fried Shrimps Coated in Herb Bread Crumbs
- 酥炸鱿鱼 30
Fried Calamari with Tartar Sauce
- 美式大薯条 19
American Zesty Waffle Crispers
- 蜜汁热辣鸡 30
Chipotle Fried Chicken
- 超级人气小吃拼盘 39
Signature Platter

美式大薯条 + 香草凤尾虾 + 酥炸鱿鱼 + 浓情烤翅

比萨 PIZZA

	小装铁盘 Small Pan	普装铁盘 Large Pan	普装芝士心 Cheese Pan
超级至尊比萨 Super Supreme 腊肉肠、香肠、火腿、牛肉、搭配菠萝、蘑菇、洋葱、青椒等蔬菜，如此丰盛馅料，值得与朋友一起分享	39	74	92
海鲜至尊比萨 Seafood Supreme 荟萃大虾、鱿鱼、章鱼等丰富海鲜，配上甜甜菠萝和青椒，妥妥的海鲜美味	43	78	96
夏威夷风光比萨 Hawaiian 肉香满满的火腿配上酸甜可口的菠萝，融入浓浓的芝士，热力四射的夏威夷风情尽在口中	30	58	76
新奥尔良风情烤肉比萨 New Orleans 精选新奥尔良风味鸡肉和鲜香培根，辅以车打芝士酱和蘑菇，番茄等蔬菜	38	72	90
北京潮鸭比萨 Peking Style Duck 特选鲜嫩鸭胸肉，搭配亦味酱，配以黄瓜、京葱等传统辅料，大胆融合中西方经典美味	36	68	86
海鲜大狂欢比萨 Seafood Mania 网罗鲜美虾球、墨鱼、鱿鱼、八爪鱼、飞鱼籽等丰富海鲜，搭配意式香辣海鲜风味酱，尽情享受大海的恩惠！	44	81	99
田园风光比萨 Garden Veggies 香浓芝士均匀覆盖玉米、青椒、蘑菇、番茄、菠萝等多种蔬果，五彩斑斓，适合素食的你	33	58	76
香烤劲牛比萨 Spicy Roasted Beef 鲜香多汁的牛肉搭配剁椒、辣椒、花椒等各式风味特调鲜辣酱，辅以玉米、蘑菇、樱桃酱等蔬菜	36	68	86

饮料 DRINK

茶饮 TEA

- 柠檬红茶 20/19
Lemon Tea
- 尊贵丝滑奶茶 23/20
Milk Tea
- 洛神红莓花果茶 20
Fruit Tea with Roselle and Cranberry
- 清雅卡曼橘茶 21
Calamansi Green Tea

果蔬汁 JUICE

- 香浓玉米汁 19
Hot Corn Juice
- 石榴蓝莓 24
Pomegranate and Raspberry Juice
- 橙汁饮料 23
Orange Juice
- 鲜榨橙汁 33
Fresh Orange Juice

咖啡 COFFEE

- 原味咖啡 20
Caffè Americano
- 冰咖啡 20
Iced Caffè
- 拿铁咖啡 25
Caffè Latte
- 卡布基诺咖啡 25
Cappuccino

酒类/软饮 BEER & SOFT DRINK

- 青岛啤酒 22
Tsingtao Beer
- 科罗娜啤酒 30
Corona Beer
- 依云矿泉水 20
Evian Mineral Water
- Perrier气泡水 25
Perrier Sparkling Water
- 饮料自助吧 **20元/位**
Drink-Bar (11:00-14:00 | 17:00-20:00)
无限畅饮 UNLIMITED DRINK

百事可乐 Pepsi | 七喜 7up | 果缤纷 Tropicana

主食 MAIN COURSE

饭类 RICE

- 照烧鸡肉炒饭 26
Fried Rice with Marinated Chicken in Teriyaki Sauce
- 西班牙海鲜饭 46
Seafood Paella
- 匈牙利风情牛肉烩饭 36
Baked Rice with Goulash
- 岩烤美式黑椒牛排 66
American Style Black Pepper Steak
- 岩烤澳洲西冷牛排 81
Australia Sirloin Steak

意面 PASTA

- 经典意大利肉酱面 34
Spaghetti Bolognese
- 西班牙风情海鲜面 39
Spanish Seafood Spaghetti
- 西西里肉酱干层面 49
Sicilian Lasagna
- 意式火辣培根面 34
Spaghetti Arrabbiata

汤 SOUP +5元可添加酥皮

- 鸡茸蘑菇汤 23
Creamed Chicken Soup with Mushroom
- 意式香浓菜汤 23
Minestrone
- 每日例汤 19
Soup of the Day

帕尼尼 PANINI

- 火腿芝士帕尼尼 20
Ham & Cheese Panini
- 香拿鱼芝士帕尼尼 20
Tuna Cheese Panini

I Creative and fun content through diverse channels



Durian Player, Play with FUN



1 Celebrity endorsements to revamp brand image

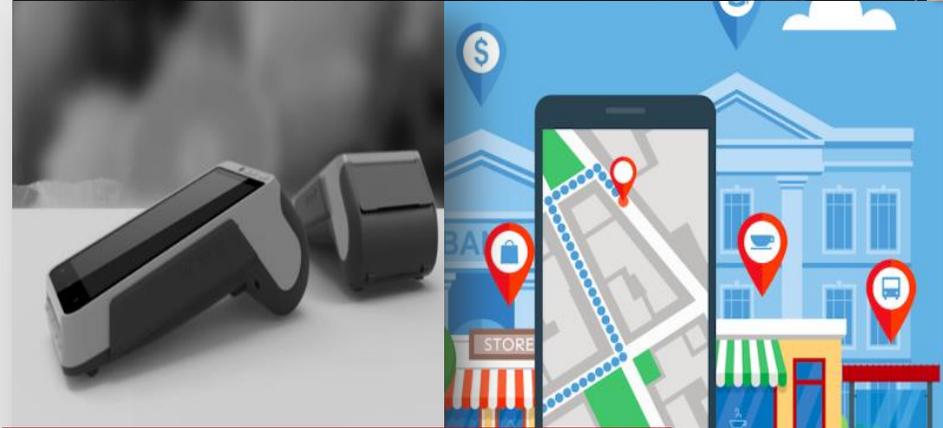


I Operational focus on improving customer service

Simplify service process



Engage with customers

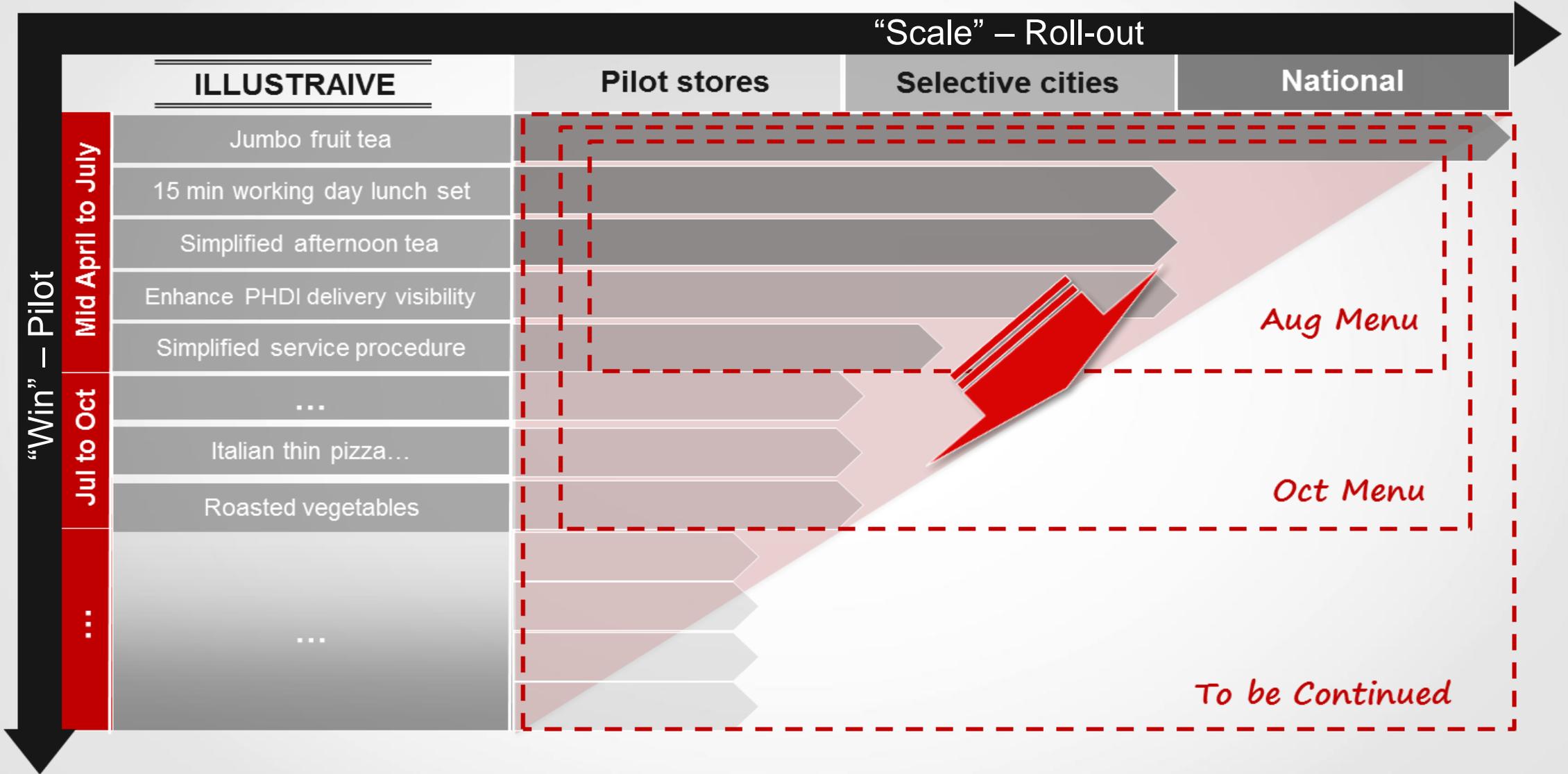


Enable digital experience



Improve management & crew retention

I A win and scale approach to fix fundamentals



Many tests conducted in the pilot stores





Super App as a platform for a full digital ecosystem. Over 3 million downloads in 2 months



Delivery



K-gold



Member's Day



Exclusive offer



Gift Card



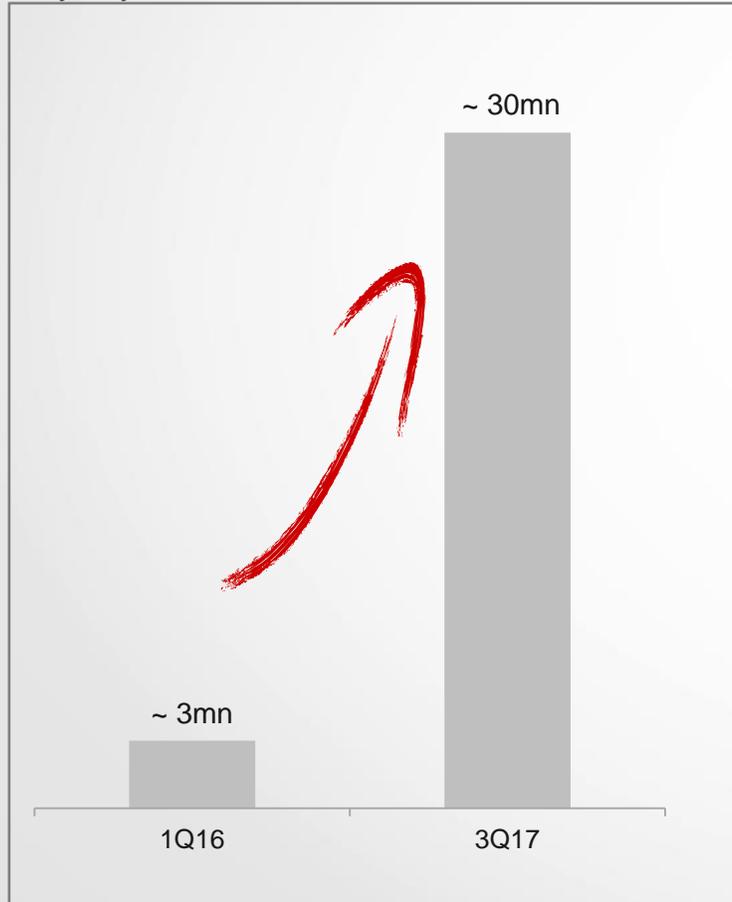
Member count at 30mn by Aug 2017

II

Pizza Hut is catching up with rapid growth in membership and digital payments

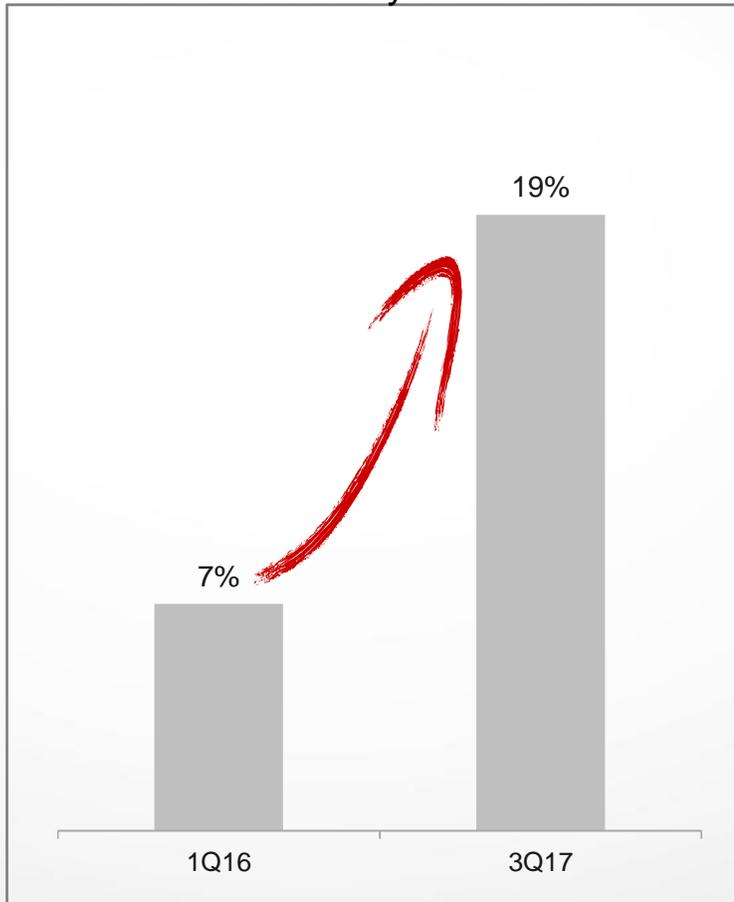
MEMBERS

Loyalty member count



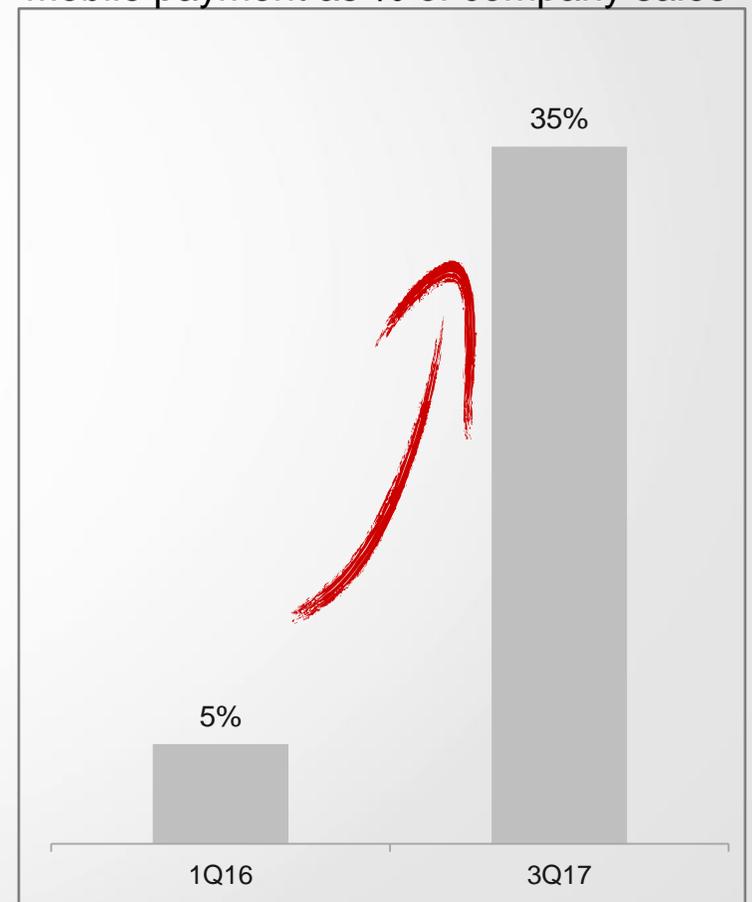
MEMBER SALES

Member sales % of system sales



MOBILE PAYMENT

Mobile payment as % of company sales



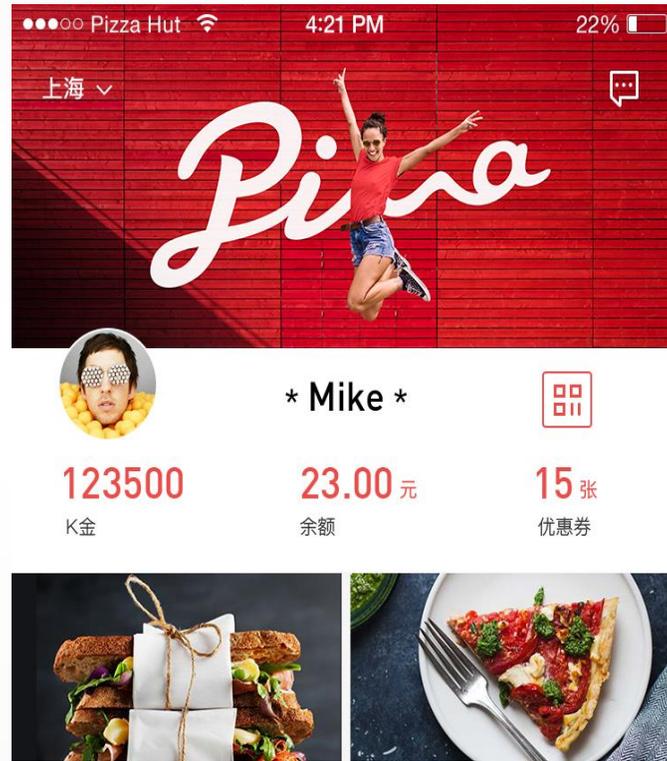
II Membership and digital engagement: Just one more visit

CRM



- Member exclusive promotions and experiences

Digital experience



- Launch Super App 2.0 to enhance service experience

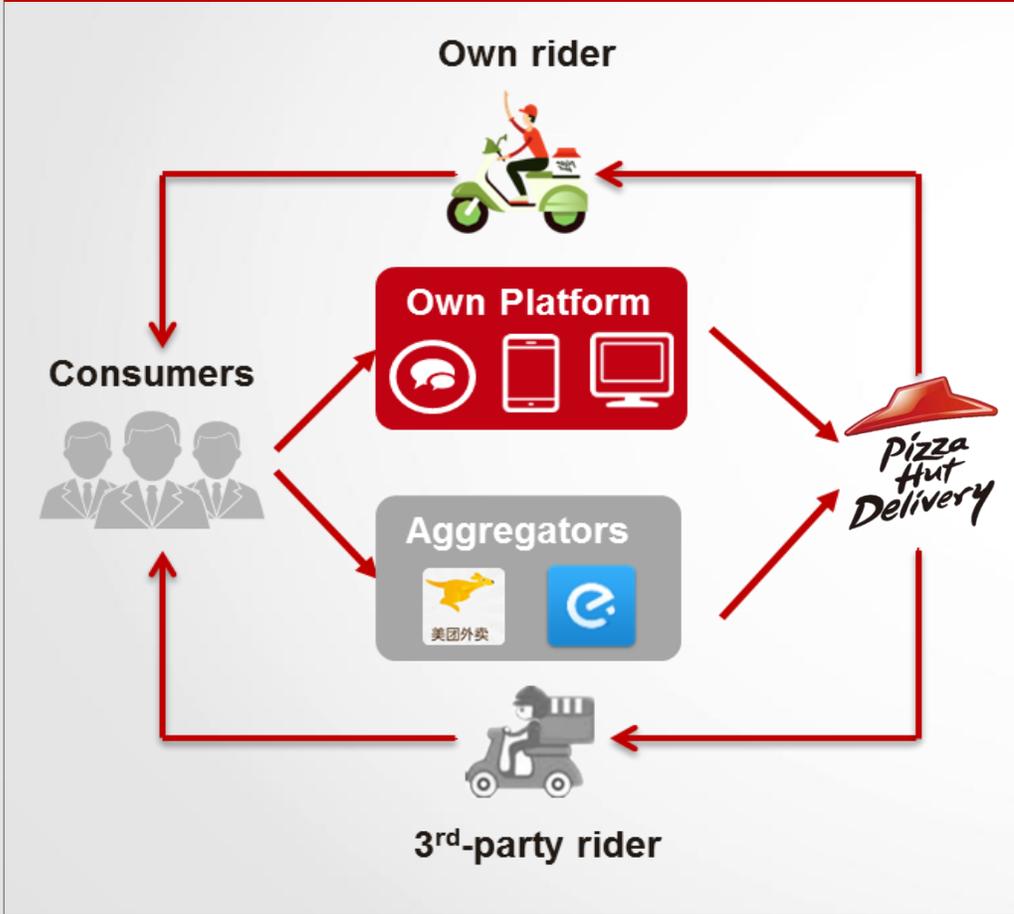
Aggregator cooperation



- Joint marketing campaigns on aggregator's platform

III Pizza Hut has expanded delivery stores footprint...

Current business model



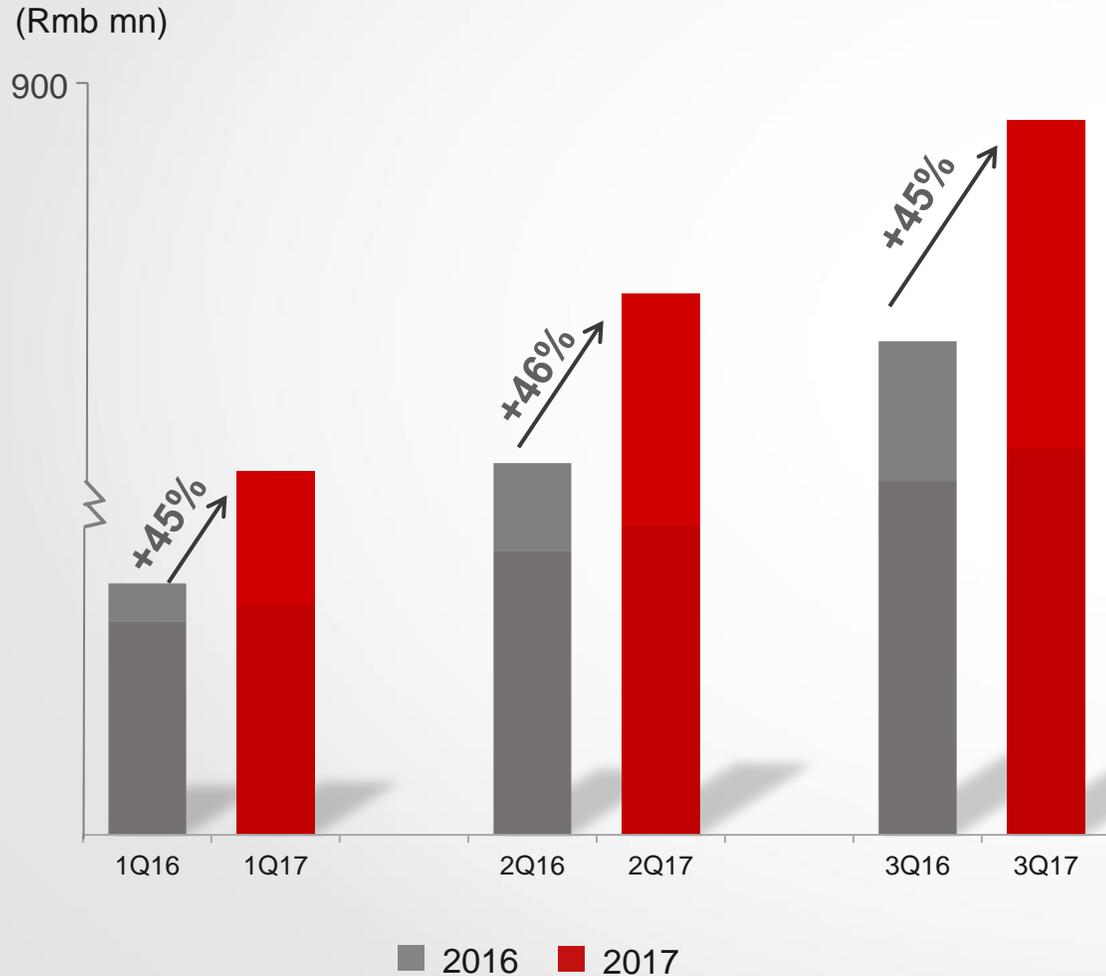
Over 2,000 stores offering delivery today

Number of stores offering delivery

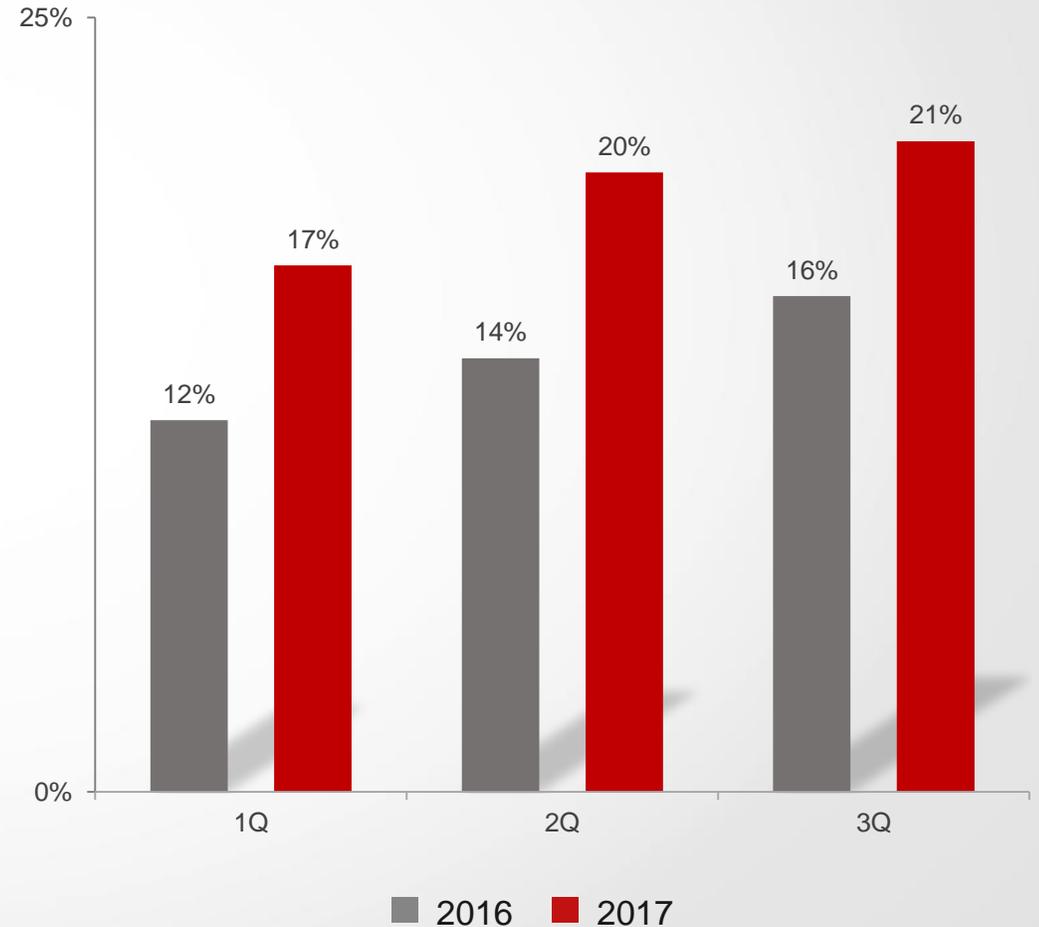


III ... leading to significant sales growth

Delivery sales growth



Delivery sales as % of company sales





Pizza Hut delivery integration to provide a seamless consumer experience across multiple channels



Unify the brand

- Logo / Menu / Packaging / Marketing / Organization

Short term challenge

- Store network optimization

Strategy for long term

- One brand with consistent image and message
- Standardization for high quality execution and efficiency

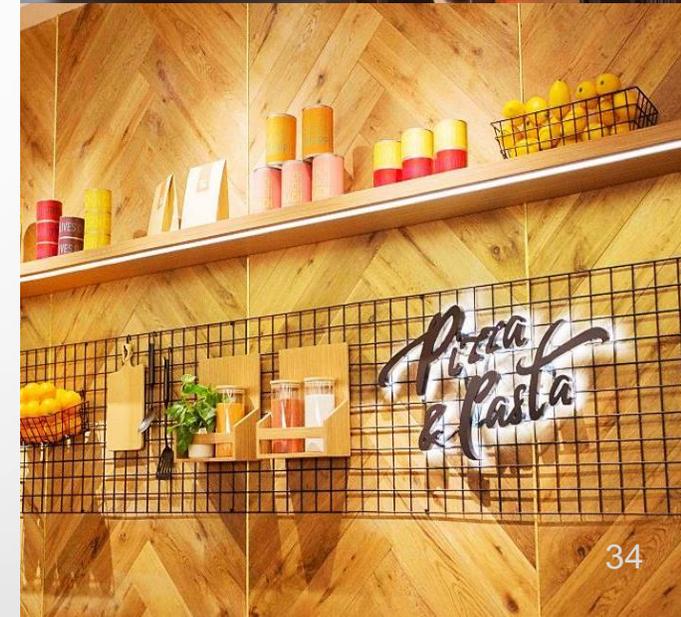
IV Accelerate remodels to rejuvenate brand image



IV Target to have ~30 Bistro stores in ~10 cities by the end of 2017



IV Ph+ model stores in high-end commercial complexes



Still in the early stages of laying a solid foundation for future growth

FIX FUNDAMENTALS

Rationalize **MENU**

Innovate & upgrade
PRODUCT taste

Revamp **SERVICES**

ENHANCE DIGITAL CAPABILITIES

EXPERIMENT NEW MODELS

OPTIMIZE DELIVERY NETWORK



KFC Update
by Johnson Huang

**1st Store in
Beijing, 1987**

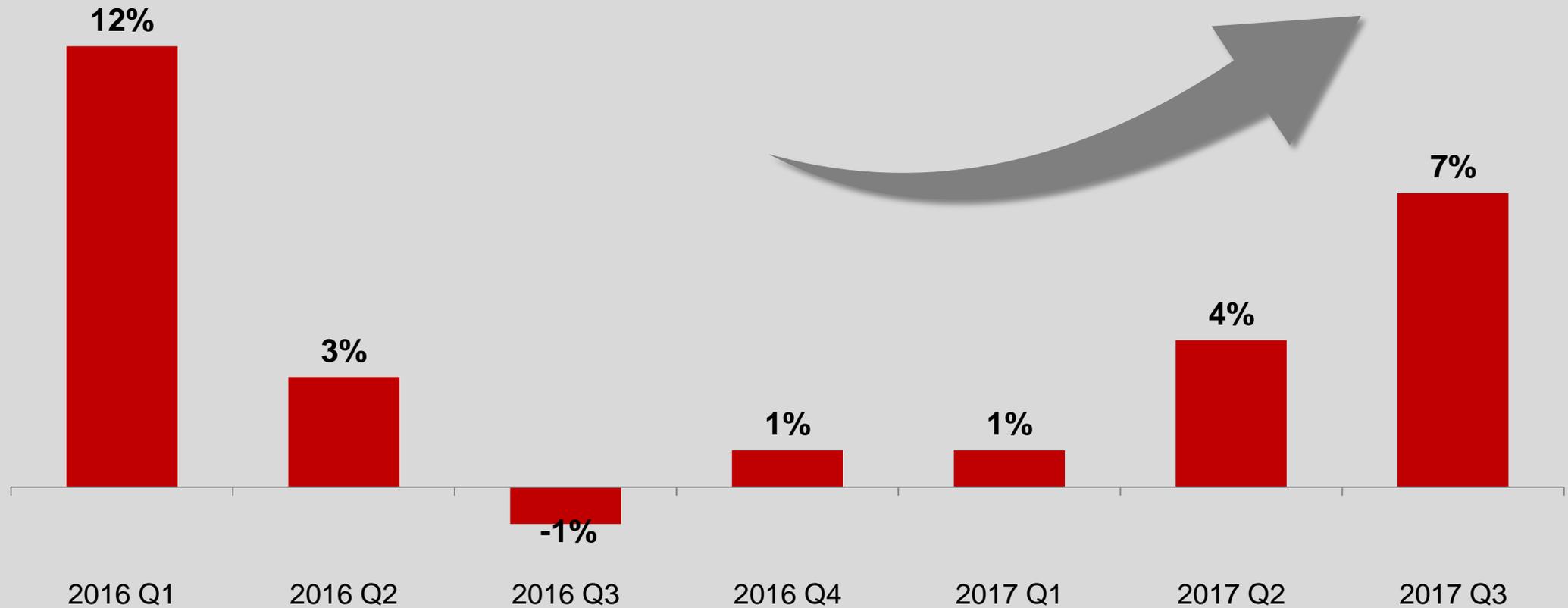


Shanghai Oriental Tower lit up for KFC CHINA



Strong sales momentum in the past 4 quarters

Same-store sales growth of KFC



Introducing several disruptive innovations in 2017

CHICKEN X PIZZA
#为颠覆而来#

¥23 单点价



KFC 芝士鸡腿
至尊无饼底“比萨”

Providing unique and rich products



Upgrading to fresh and premium ingredients

Avocado Burger

牛油果
系列

牛油果 单点 ¥18/个
香辣鸡腿堡套餐 ¥32

牛油果 单点 ¥17/个
香辣鸡肉卷套餐 ¥31

牛油果系列
双人套餐 ¥59

牛油果香辣鸡腿堡 + 牛油果香辣鸡肉卷
+ 新奥尔良烤翅 (2块) + 葡式蛋挞 2个
+ 百事可乐 (中) 2杯

★北美进口★

Providing abundant value on top of food innovations



Building a young and unconventional image



火辣上校出招

燃力觉醒

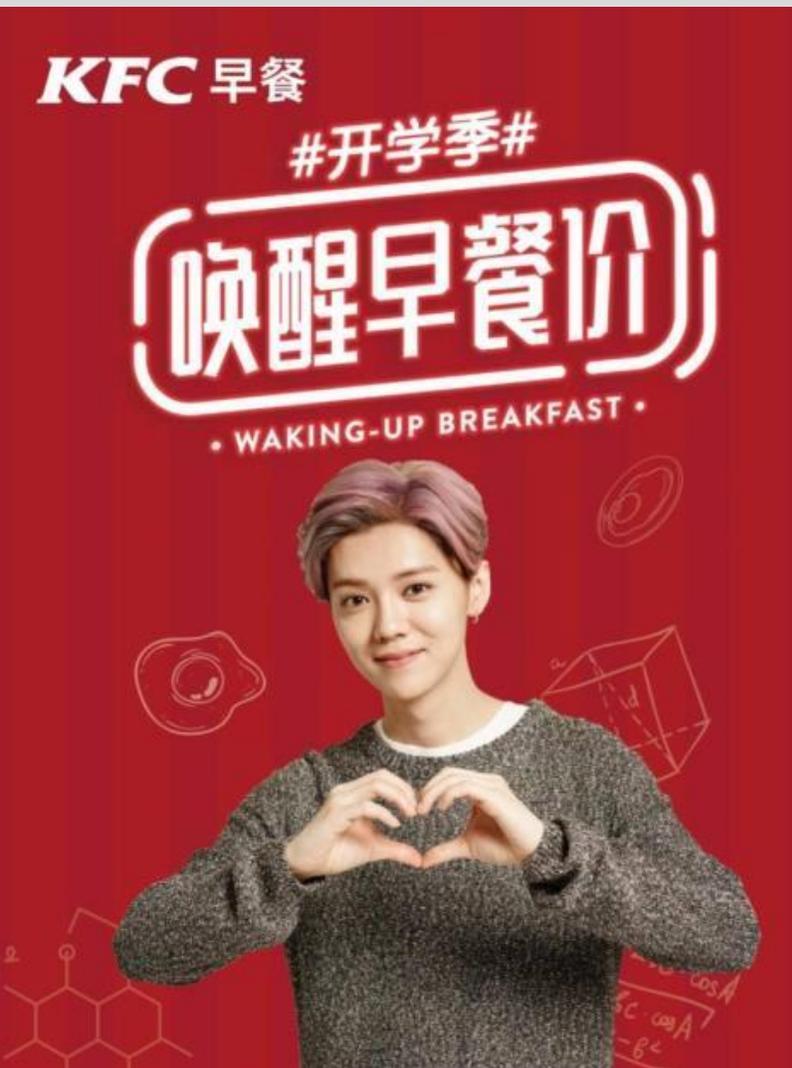
内含5块炸鸡 39元
吃过瘾炸鸡桶
新 香麻藤椒脆皮鸡

肯德基品牌形象代言人
鹿晗

香麻藤椒脆皮鸡自2017年6月22日起上市,9:30-23:00供应,全国售卖数量为2697万块。吃过瘾炸鸡桶活动时间为2017年6月22日至7月30日,9:30-23:00。此优惠不能与其他优惠共享。交通枢纽、旅游景区、精选餐厅等部分餐厅不参加。具体情况以餐厅公示为准。产品及包装以实物为准。

Breakfast - one of the key growth drivers in 2017...

KFC 早餐
#开学季#
唤醒早餐价
• WAKING-UP BREAKFAST •



A promotional advertisement for KFC breakfast. It features a male celebrity with purple hair, wearing a grey sweater, making a heart shape with his hands. The background is red with white text and graphics. The text includes 'KFC 早餐', '#开学季#', '唤醒早餐价', and '• WAKING-UP BREAKFAST •'. There are also some faint mathematical formulas like 'cos A' and 'sin A' in the background.

新早餐
握的大饭团
八种好料 • 十二道手工



A promotional advertisement for KFC rice balls. It shows two rice balls on a bamboo mat. One is filled with fried chicken and corn, and the other is filled with scrambled eggs, cucumber, and sausage. The background is white with scattered rice grains. The text includes '新早餐', '握的大饭团', and '八种好料 • 十二道手工'. There are also two price tags: '肉酥油条饭团 + 醇豆浆(热) ¥11' and '培根蛋肉酥饭团 + 醇豆浆(热) ¥14'. At the bottom, there is a small disclaimer in Chinese.

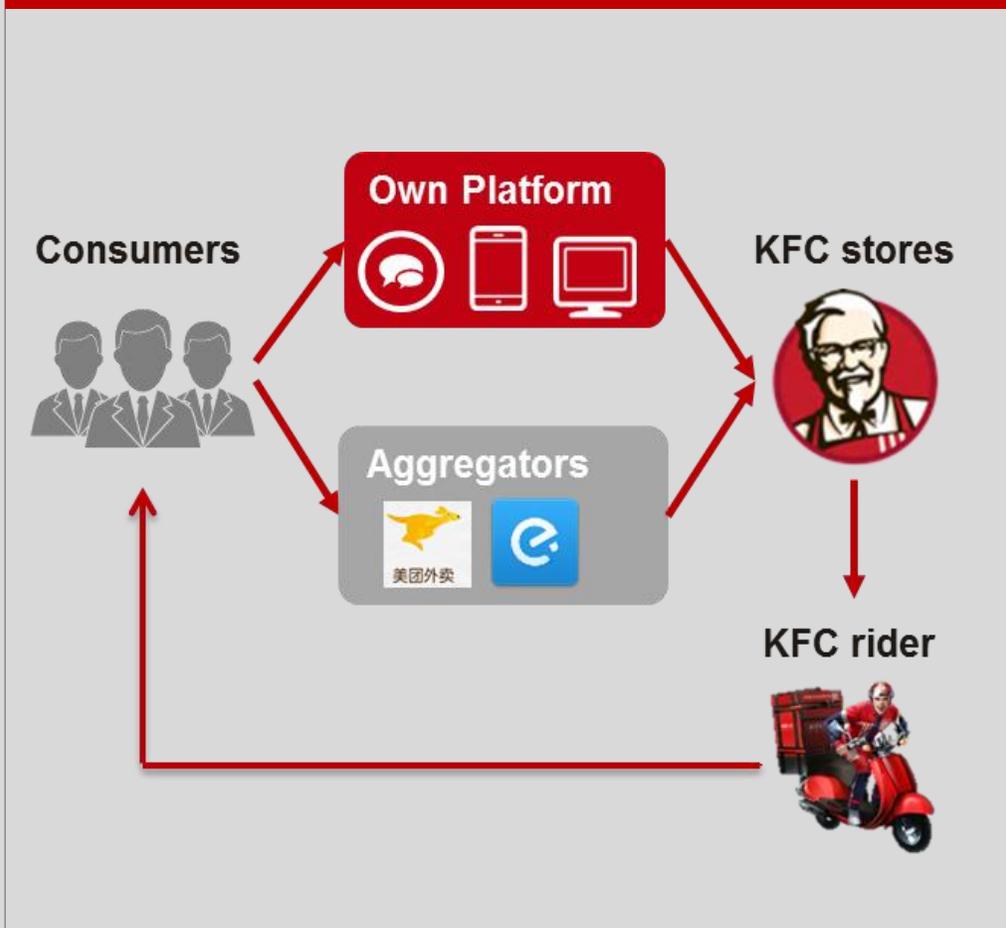
肉酥油条饭团 + 醇豆浆(热) **¥11**

培根蛋肉酥饭团 + 醇豆浆(热) **¥14**

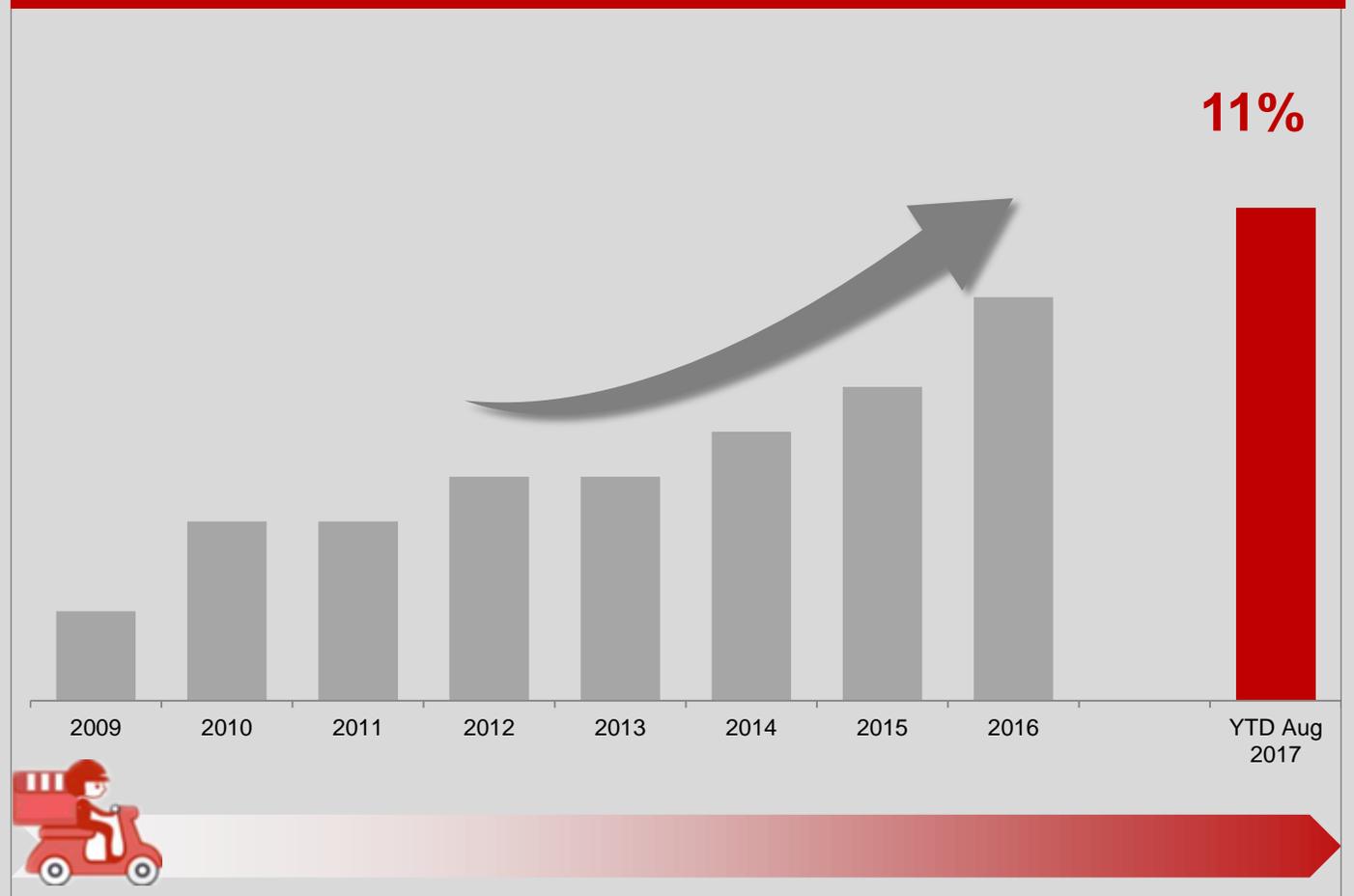
肉酥油条饭团和培根蛋肉酥饭团分别自2017年6月5日和6月12日起上市, 全国售卖数量共9,495,000个, 售完即止。供应时间: 6:00-9:30。部分餐厅不供应此产品, 具体情况以餐厅餐牌公示为准。不适用于肯德基宅急送。部分城市餐厅不供应现磨咖啡, 具体情况以餐厅餐牌公示为准。供应现磨咖啡的餐厅不供应热豆浆。产品及包装以实物为准。

KFC delivery maintains strong growth momentum

Current business model



Delivery as % of company sales



Accelerate Penetration in High-speed Train Delivery



In over 20 stations with strong market share



Building a fun and credible coffee image



Building on the latest trends to connect with kids

KFC 变形金刚5 最后的骑士

6.1 来肯德基 变形出发

买6.1欢乐儿童餐 含变形金刚酷炫水杯一个

套餐一 '57

套餐二 '69

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快乐儿童餐 KID'S MEALS

19元

- 1份鸡肉火腿帕尼尼
- 1份香甜粟米棒
- 1杯萌萌泡牛奶

随餐赠送 精美儿童图书1册

快乐儿童餐食物种类搭配 依据中国营养学会 《餐饮业提供学龄儿童正餐营养指导原则》

其他 19元 美味套餐

随餐赠送精美儿童图书1册

主食(三选一)

- 5块黄金鸡块
- 2块新奥尔良烤翅
- 1块吮指原味鸡

配餐(二选一)

- 1份鲜香土豆泥
- 1份薯条(小)

饮料(二选一)

- 1杯九珍果汁饮料
- 1杯百事可乐(小)

KFC 小书迷王国 | 节日派对营

老师是太阳 我是太阳花

肯德基姐姐带领小朋友开心玩乐1小时

环节1: 趣味节日拼画
小朋友们知道端午节吃粽子吗?这一天我们能为爸爸妈妈做些什么?快来动手做粽子吧!

环节2: DIY心意贺卡
母亲节就要到了,快来做一张心意贺卡吧!快来动手做一张心意贺卡吧!

环节3: 小小礼仪家
小朋友们,快来学学怎么做一个懂礼貌的小绅士、小淑女吧!

快来报名参加吧! 报名详询店内营销专员



97 million members
33%* of sales contribution

* As percentage of system sales



Offering great promotions to members to increase stickiness

Exclusive value

肯德基 30年 中国

隆重开幕

Kentucky Fried Chicken

你好 1987

2017/3/24 - 3/31

两款经典美味 价格重回1987年

2017/3/21前加入的会员 专享

全国限量600万份 数量有限, 凭券先到先得

蒜香土豆泥 0.8元/杯 仅限手机支付 1987经典价

吮指原味鸡 2.5元/块 1987经典价

扫一扫 进入我的卡包

凭券专享1987经典价

Free trial

2017/6/1

会员 限量免费试吃券 500元 限时兑

11:00 14:00 17:00

芝士肉酱 至尊无泪版 比萨 CHIZZA ¥23 单点价

长按图片, 进入K金商城。

立即兑 免费试吃券

Member Tuesday

WOW 会员

就来 肯德基

新品凭券享8折

会员每消费1元 可累积100元

点餐时出示会员码即可积分

4月周二会员日礼单 过瘾制造, 自在滋味

500元 抢兑超值优惠券

Member life cycle

WOW 会员·生日礼

会员打开卡包 凭券 专享, 生日当月有效

会员专享 生日桶半价券

— 使用有效期: 2017/6/1 - 6/30 —

Promoting healthy lifestyle through direct engagement

K-Run club



3 x 3 basketball



Building upon our socially responsible brand

Children

Youths

Communities



KFC Little Migratory Birds Fund



One Yuan Donation Program



KFC First Light Fund



KFC Angel Restaurant



KFC Community Caring Program

Enhancing store image through restaurant remodeling



Year to date, 378 stores remodeled

Unique store designs capturing local history and vibe



Revamped brand image to Young, Stylish & Trustworthy...

