



YumChina™

SOLID FOUNDATION FOR GROWTH

Johnson Huang | KFC General Manager

KFC

**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.



Key Takeaways



#1 QSR in China



Long runway for growth



Technology enables innovation with an evolving consumer

肯德基



YumChina

Focused Growth Strategy

Menu
Innovation

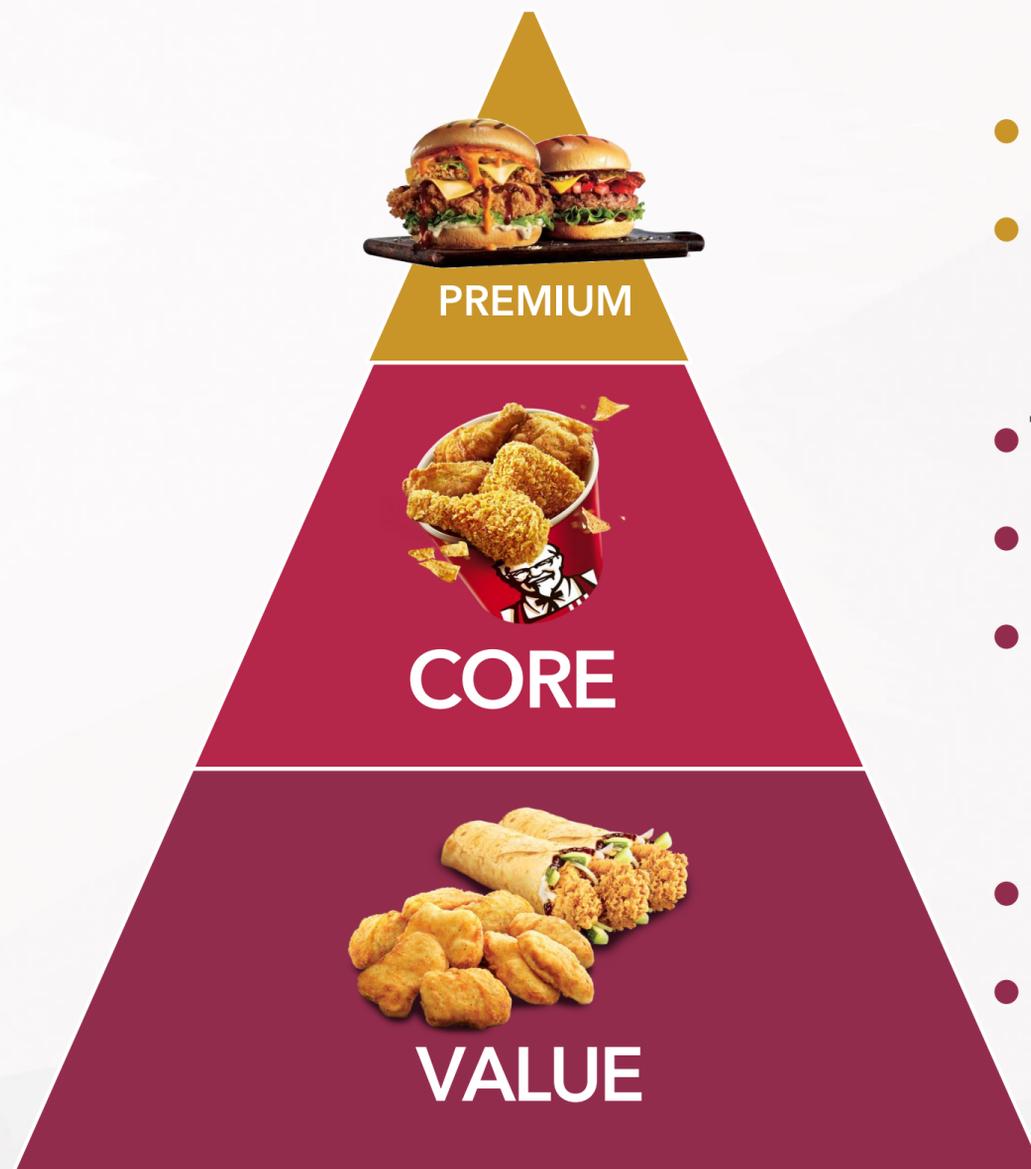
Integrated
Marketing

Asset
Growth

Operational
Excellence

M E N U
I N N O V A T I O N

***Targeted menu
innovation to capture
market segments***



- Exciting new products with high perceived value
- Premium whitespace targeting higher tier cities
- Targets all consumers in all tiers
- Maintain dominance in chicken category
- Innovation and excitement at reasonable prices
- Drives transactions with disruptive price point
- Focus on innovative low cost products

MENU
INNOVATION

**Core capabilities
build brand
perception and value**



十翅
一桶 翅桶 ¥39
Wing bucket 劲省 ¥13
¥79 二十二块翅
超级翅桶



KFC 小龙虾
虾壳
脱掉 过瘾
得到
吮指十三鲜
小龙虾烤鸡堡
Crayfish Burger

KFC 早餐

柔 / 中 / 带 / 韧

PROUDLY
MADE
IN CHINA

七 / 味 / 纵 / 横

M E N U
I N N O V A T I O N

**Core product
innovation drives
daypart growth**

大饼卷万物

Chinese Pancake



MENU
INNOVATION

Disruptive value
drives traffic and
frequency

Crazy Thursday:
Single Bone Chicken



2018 KFC 圣诞季 Merry Christmas

疯狂星期四 九块九块九

比利时黑巧克力
冰淇淋花筒
2支 9.9
¥9.9/2支

黄金鸡块
9块 9块
¥9.9/9块

老北京鸡肉卷
2个 19.9
¥19.9/2个

吮指回味 自在滋味 finger lickin' good

首次下载后注册或登录肯德基超级APP 享#超级新人礼#

MENU
INNOVATION

*Premium products
capture additional
whitespace*

爱过份
肯德基潮汉堡系列
重磅上市

I LOVE MESSY



脏脏芝士鸡腿霸王堡 ¥23

I Love Messy

*Chicken and
Cheese
Burger*

INTEGRATED
MARKETING

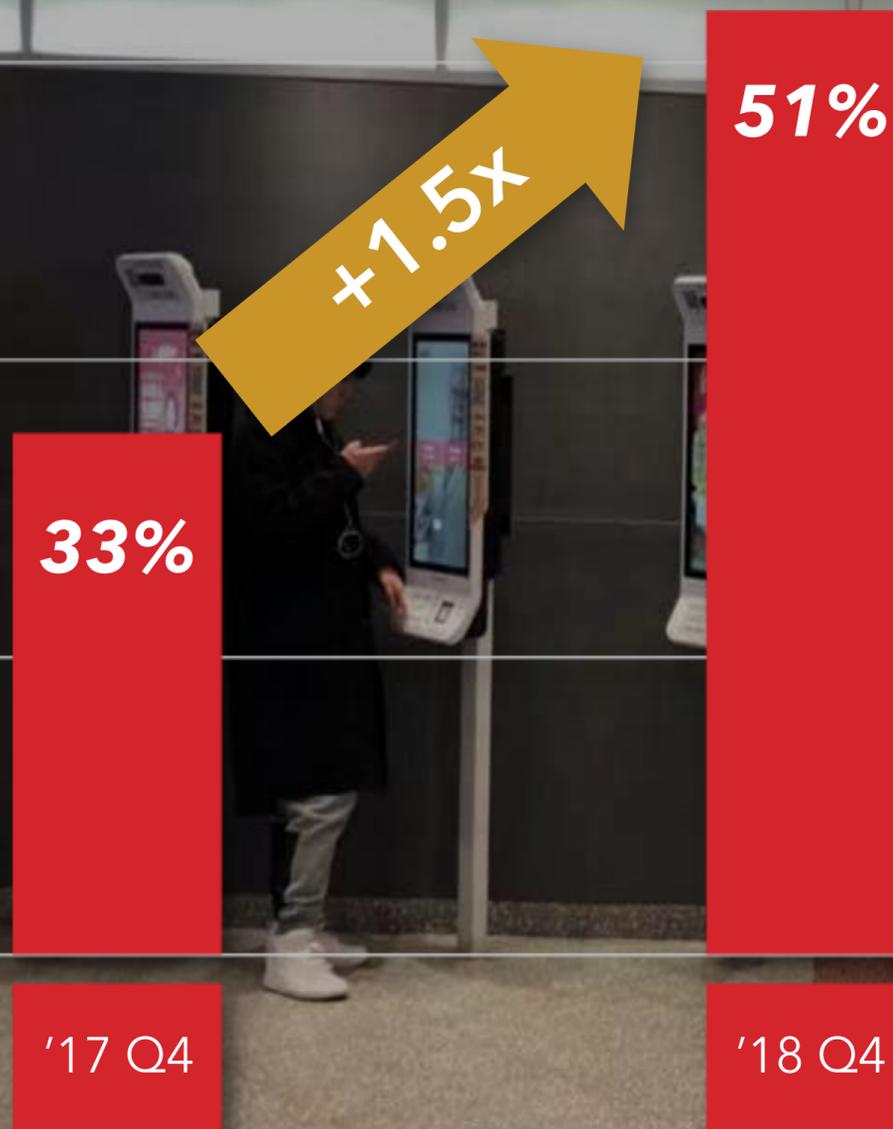
*Digital ecosystem
increases
connectivity and
growth*



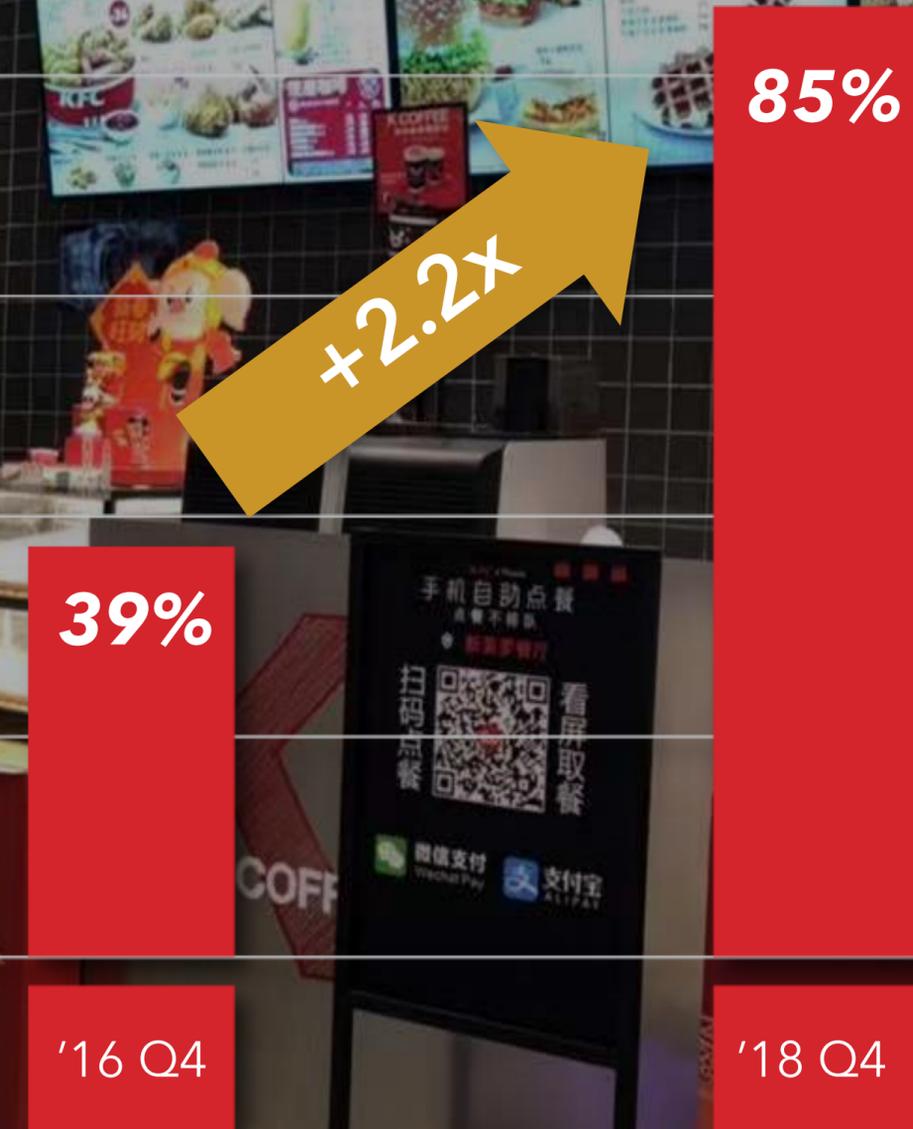
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MARKETING

*Digital orders drive
ticket average and
productivity*

Digital order % of sales



Digital payments



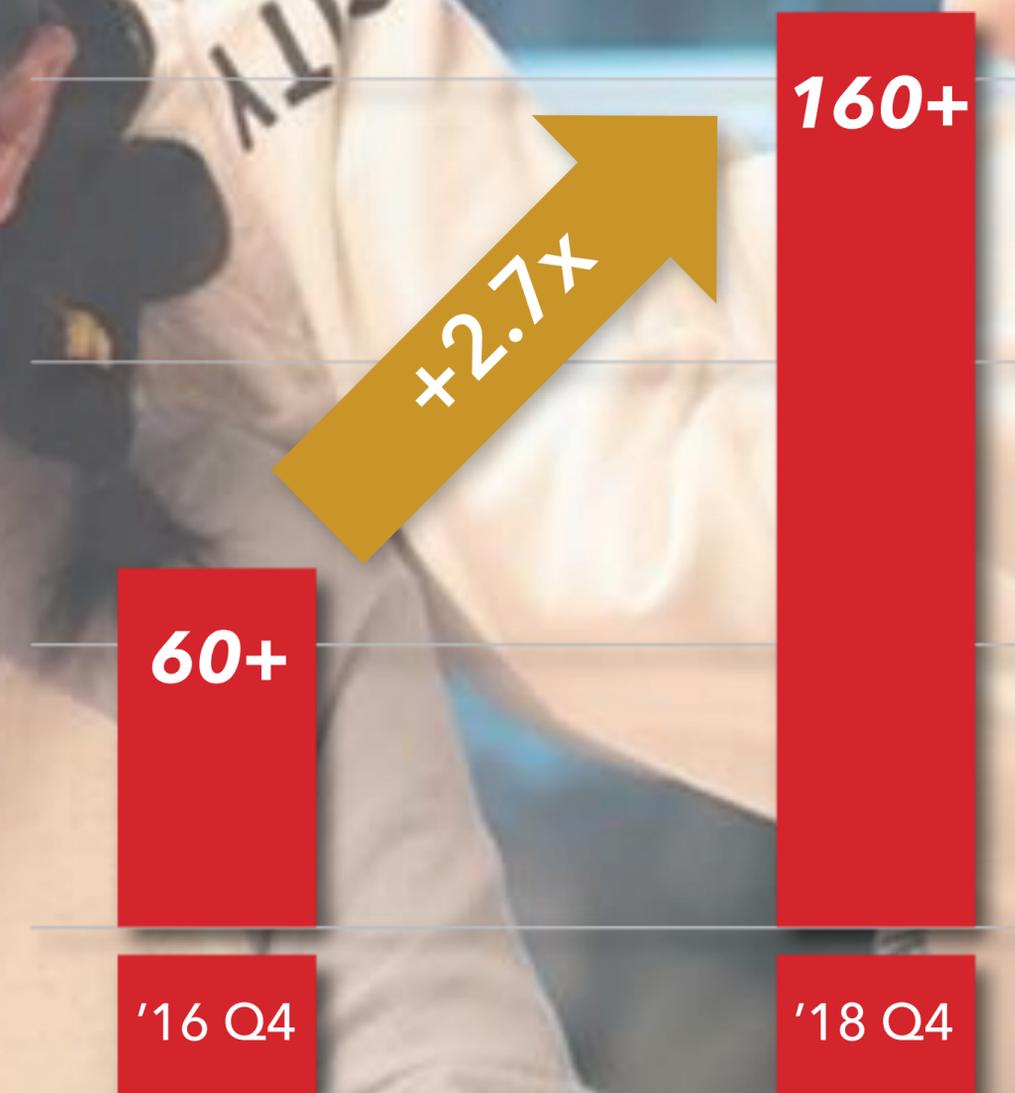
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MARKETING

*Targeted marketing
increases frequency
and profit*

48% of Sales

Member sales % in Q4 2018

Wow members (mn)



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MARKETING

*Privilege
memberships drive
frequency and
cross sells*

肯德基
WOW 会员

Privilege Subscription Program

WOW会员超级月卡。
任选一种18元30天。

不买都对不起肯德基。

演员:白宇



18元30天。
每天免2次外送费。



18元30天。
每天1份任一早餐单品半价。



18元30天。
每天1杯任一中杯现磨咖啡10元。

Delivery
frequency
per month

+2.4x

Before

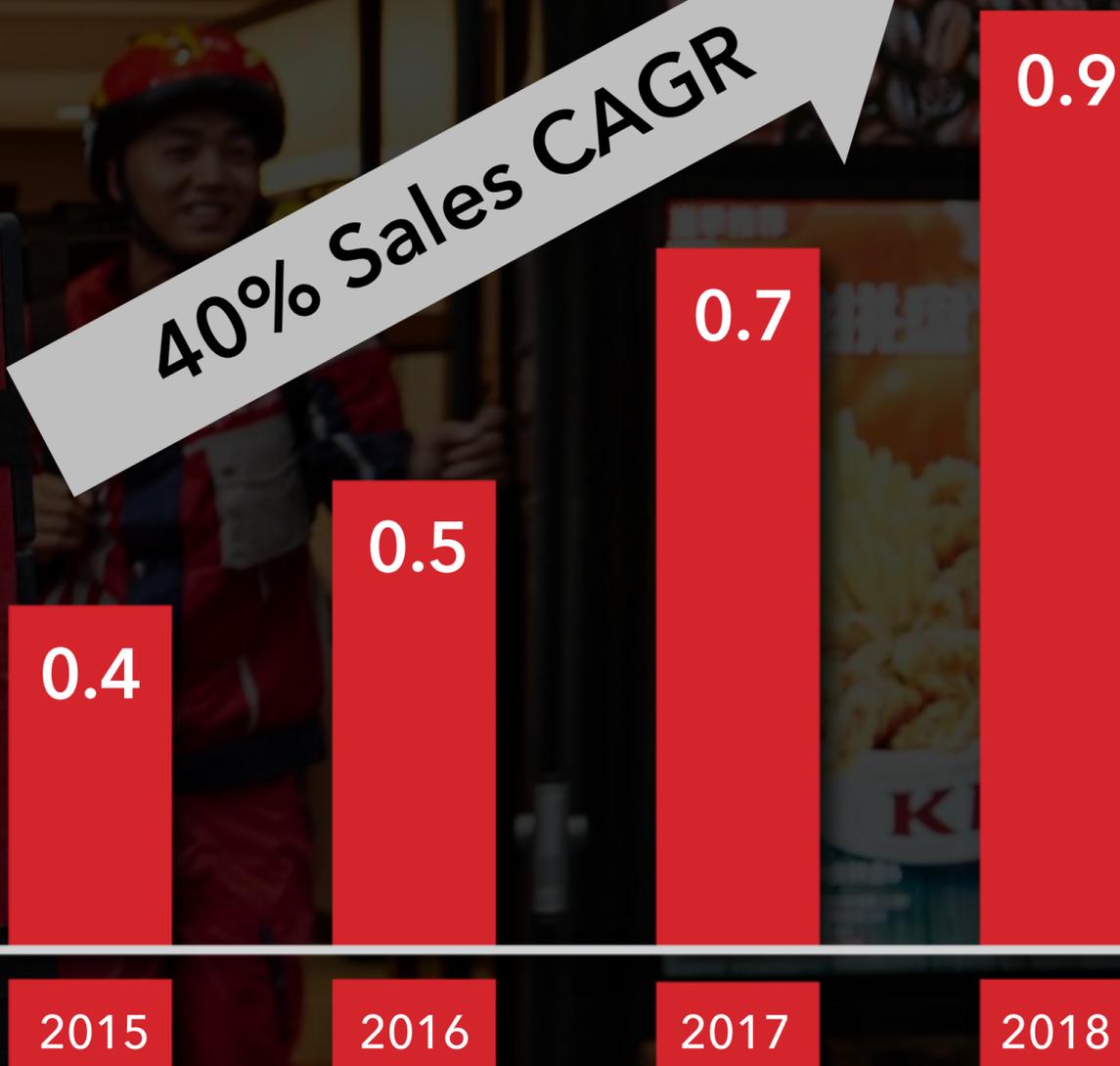
During

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MARKETING

Delivery:
~\$1B operation in
over 1,100 cities

KFC delivery revenues (\$ bn)

40% Sales CAGR





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MARKETING

*Dynamic delivery:
Better quality
better economics*



30 min fulfilment

69%

'18 Q1

+16%

85%

'18 Q4

ASSET
GROWTH

*Accelerated
growth...*

*Cash Payback
~2 years*

Gross new builds

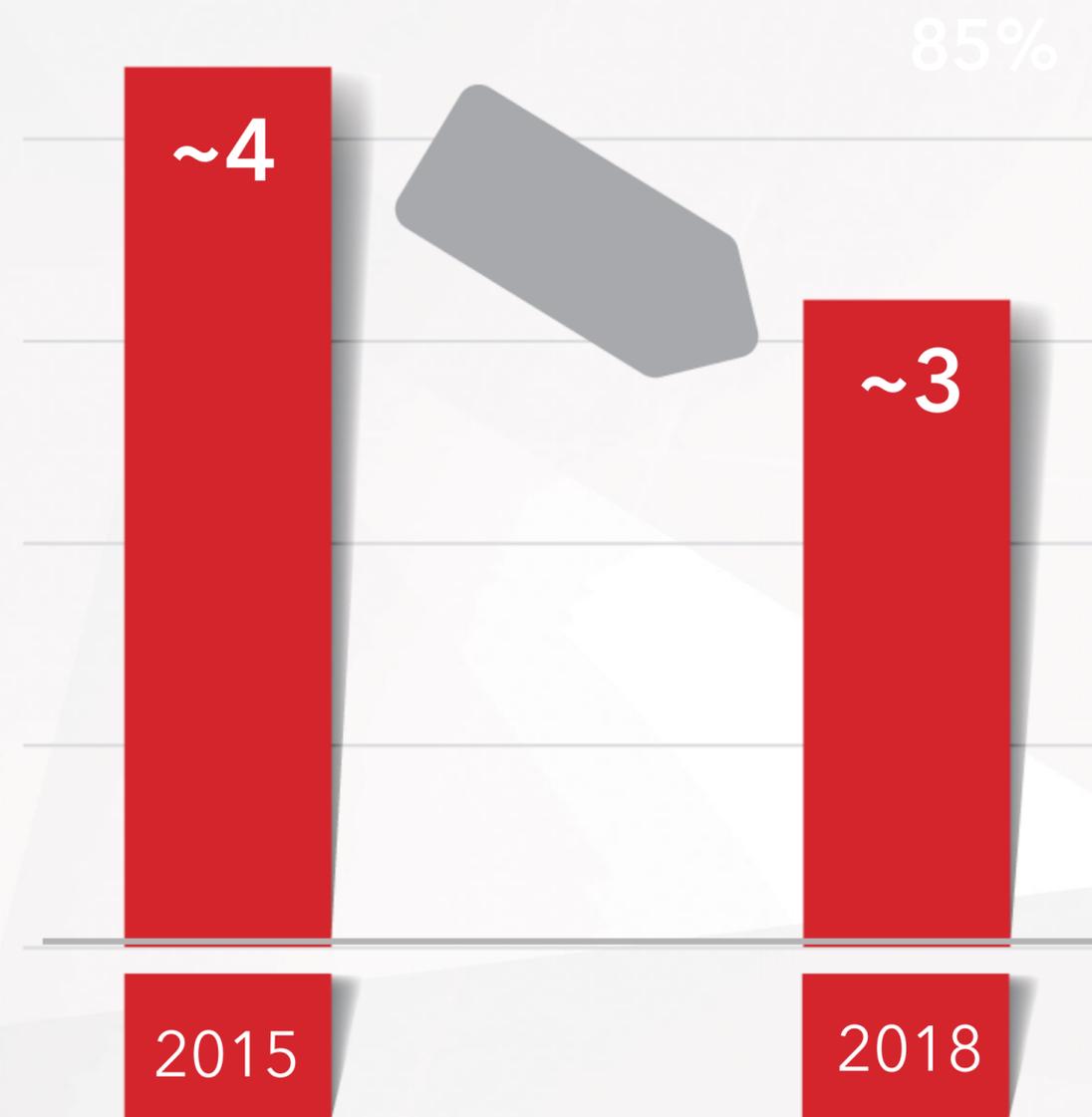


ASSET
GROWTH

*...with continual
asset
enhancements...*



Average store age



ASSET
GROWTH

...across
multiple formats
for every
occasion

Commercial



Dessert Kiosk



Tourist



Select



Drive Thru



Economic



Transport Hub



Community



ASSET
GROWTH

Showcase:
Over 1,100 dessert
kiosks across
multiple models
driving growth

Units
+450

Ticket
Avg
+36%

Since 2016...



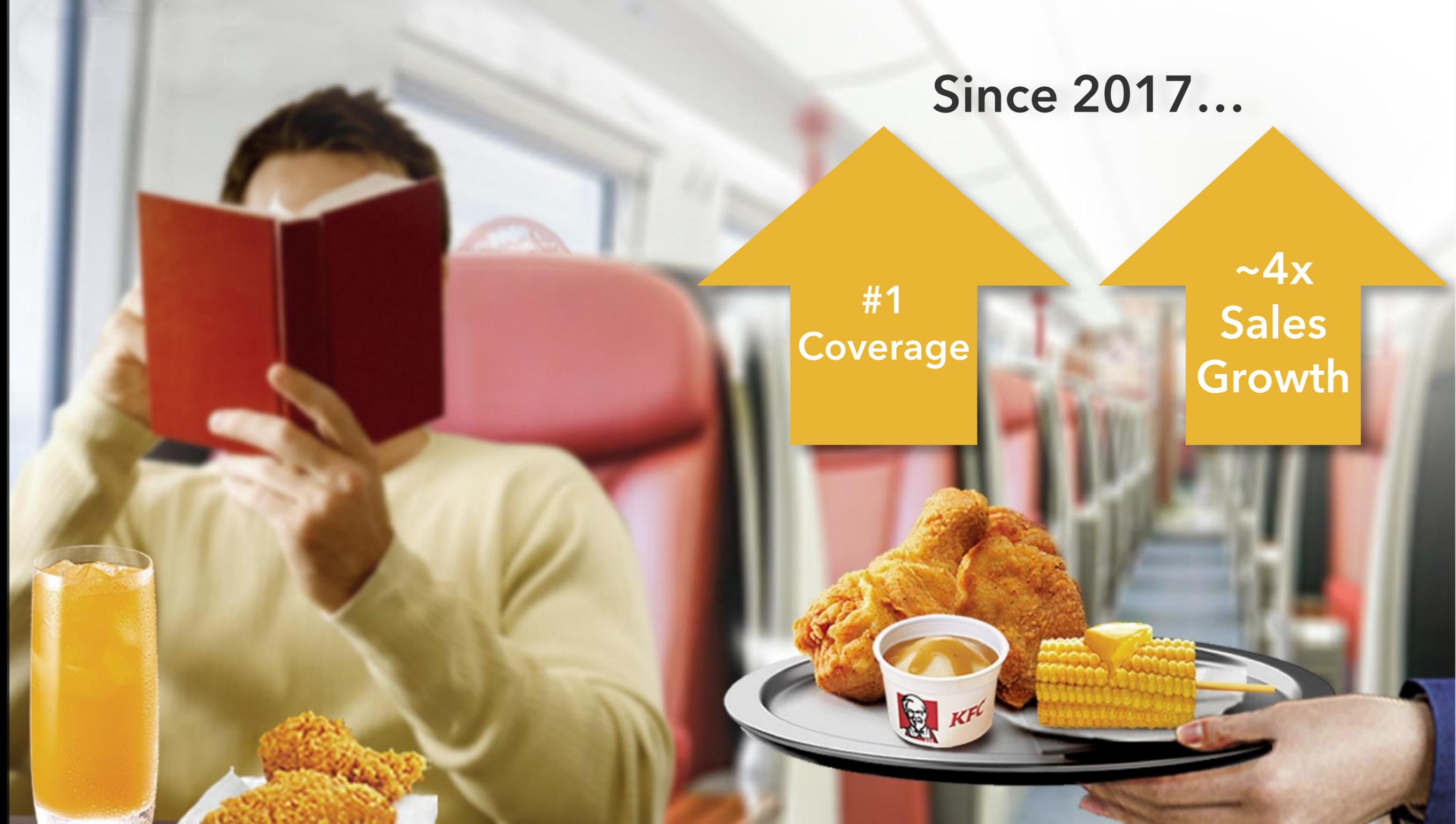
A S S E T
G R O W T H

**Showcase:
High speed rail
deliveries in
26 stations**

Since 2017...

#1
Coverage

~4x
Sales
Growth



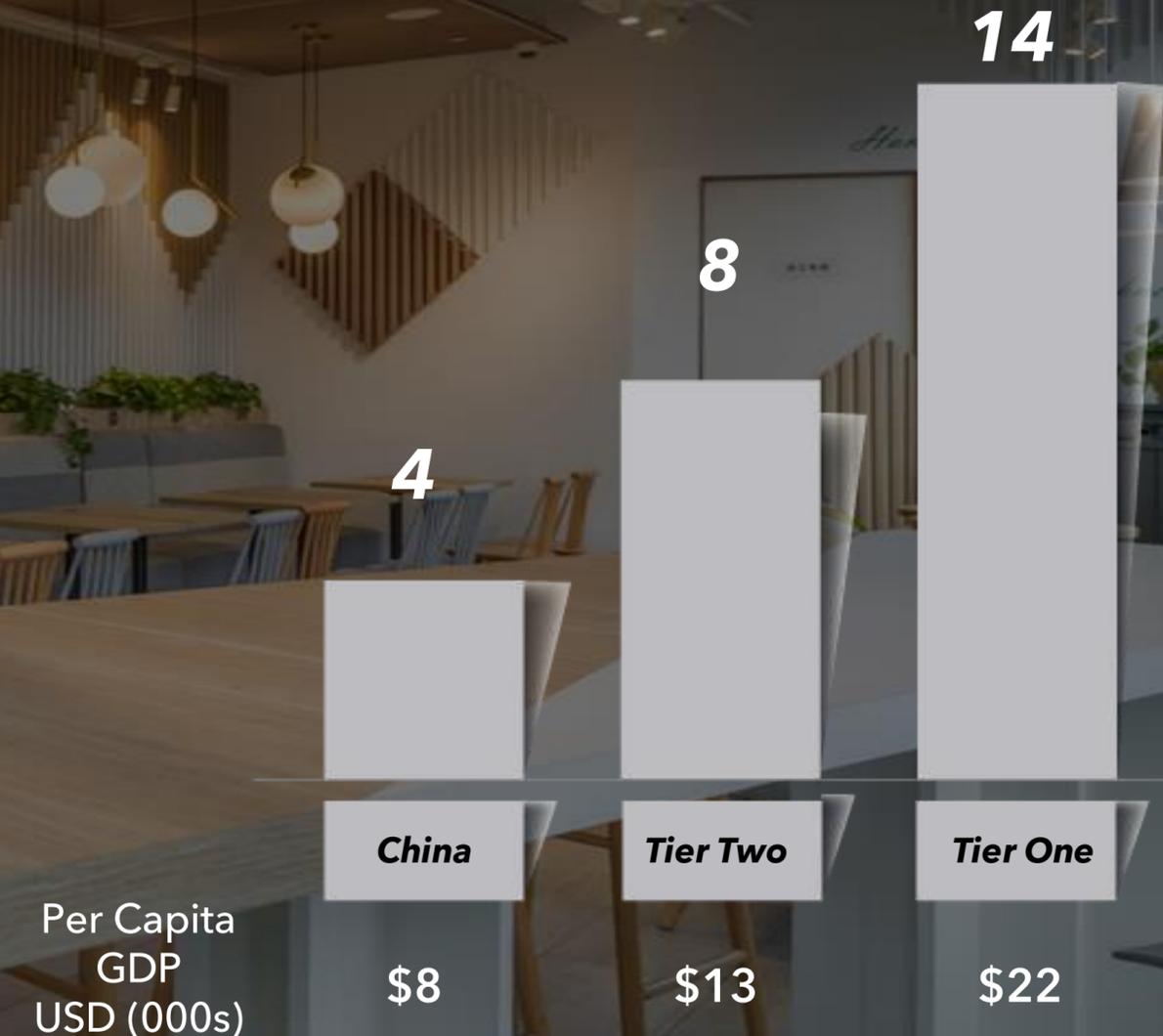
ASSET
GROWTH

**Long runway
for growth**

KFC coverage



KFC restaurants per million people



OPERATIONAL
EXCELLENCE

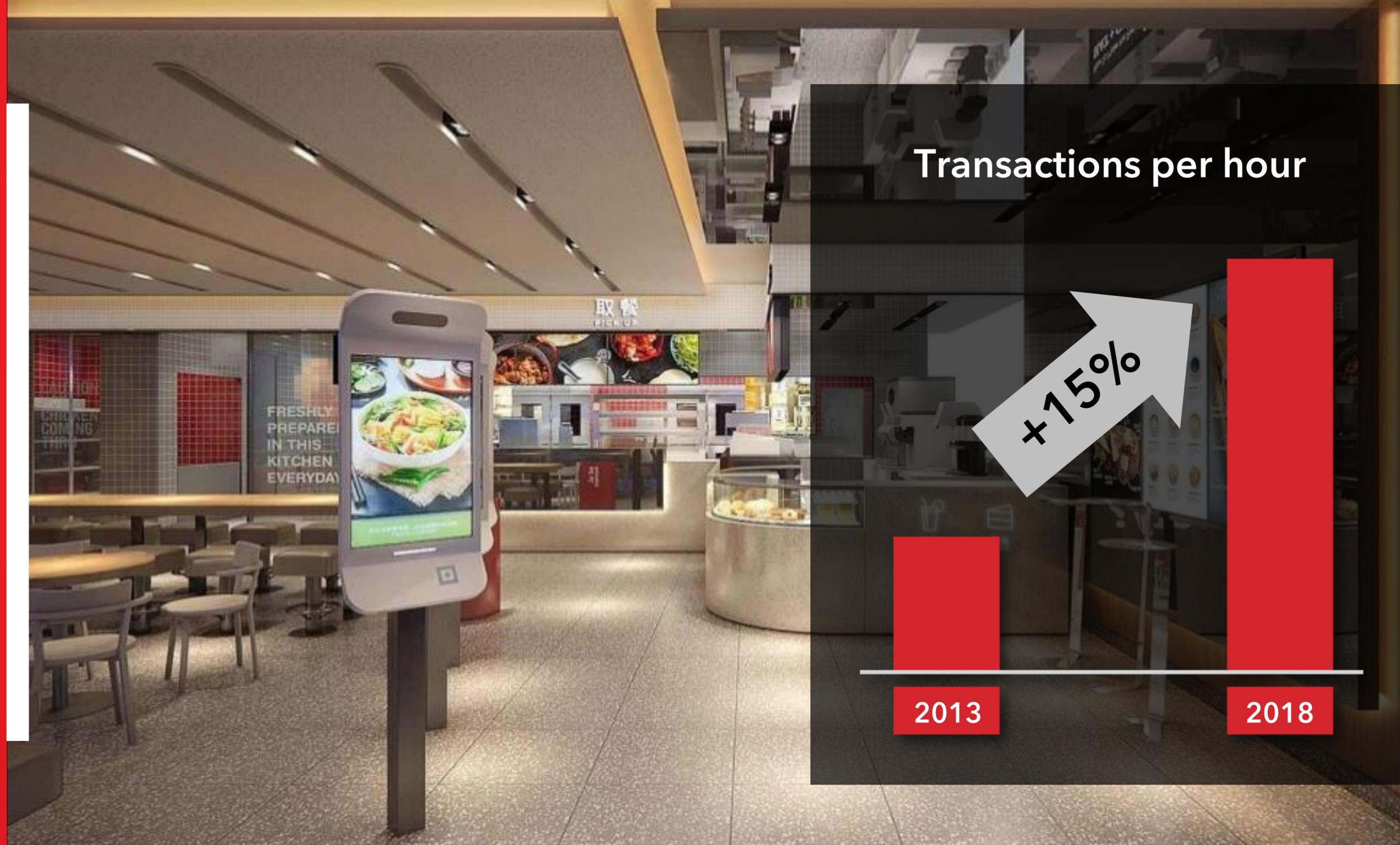
***Our employees
are the backbone
of our success...***



OPERATIONAL
EXCELLENCE

*...with a
relentless focus
on productivity*

Transactions per Hour denote average number of transactions served per hour of labor



China's leading QSR:

***Solid foundation
for growth***



**5,910
Stores**



**~300,000
Workforce**



**Best-in-class
Supply Chain**



**85% Digital
Payment**



**160+mn
Members**



**92% Delivery
Coverage**



YumChina™

Thank You

**Innovation
Powering
Growth**

