



YumChina

First Quarter 2022 Results

May 2022

Cautionary Statement on Forward-Looking Statements & Non-GAAP Measures

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,” “project,” “likely,” “will,” “continue,” “should,” “forecast,” “commit,” “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 strategies, growth, business plans, investment, dividend and share repurchase plans, earnings, performance and returns of Yum China, anticipated effects of population and macroeconomic trends, the expected impact of the COVID-19 pandemic, the anticipated effects of our innovation, digital and delivery capabilities and investments 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, the changes in public health conditions, including the COVID-19 pandemic and regional outbreaks caused by existing or new COVID-19 variants, 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 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q) for additional detail about factors that could affect our financial and other results. 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.

Grew Revenue and Delivered Profit in Q1 Despite Significant Challenges from COVID-19



Focus on

Resiliency

Growth

Moat

Strategic Framework

	Q1		
	2020	2021	2022
Total stores	9,295	10,725	12,117
Gross new stores	179	315	522
Net new stores	95	219	329
Revenue	\$1.75bn	\$2.56bn	\$2.67bn
Operating profit	\$97mn	\$342mn	\$191mn
Revenue growth ¹	(24)%	46%	4%
System sales growth ²	(20)%	34%	(4)%
Same-store sales growth ²	(15)%	10%	(8)%
Members	250 mn+	315 mn+	370 mn+
Off-premise sales ³	65%+	50%+	60%+
Digital order ³	~80%	~86%	~88%

¹ Stated in reported currency, includes the consolidation of Huang Ji Huang from April 2020, Suzhou KFC from August 2020 and Hangzhou KFC from December 2021

² Stated on a constant currency basis

³ % of Company sales

Supporting Communities in Need

Hot Meals to Frontline Workers and Communities



Ready-to-Eat Products to Elderly



Children's Book to Quarantine Centers



Quickly Launched Community Purchasing to Provide Hot Meals / Ready-to-Eat Products



YumChina

KFC

Pizza Hut

Taco Bell

Lavazza

Little Sheep

肯德基自厨房. × 金商城

仅限上海 **社区拼单购**

15份起售 专车配送

顺丰冷链 品质保障 专线客服

套餐A: 丰盛一餐

套餐B: 自在享肉



共12件 188元
单价: 15.67元

共12件 188元
单价: 15.67元

购买流程

01 长按识别, 选购商品 02 输入地址, 等待发货

▲ 拼单购注意事项: 社区拼单购仅限上海地区 (崇明等区无法配送), 需按4月15日起发货, 安排物流配送需求, 您的订单配送可能产生运费, 敬请谅解。
 专线说明: 您可通过肯德基APP商城或V金商城小程序, 点击“食品拼单”或“拼单”在线报名入口, 输入“自在拼单拼购”, 即可对接专线客服为您服务; 限量7000份, 先到先得!



必胜囤货套餐 15件套



必胜囤货升级
全新慢煮牛肋排套餐

满足肉食爱好者的饕餮之选

为满足顾客需求, 我们将餐饮设备于需要的人, 请放心食用



社开
区团

致电
4008-209-923

现做烤饼量贩装

- 199基础套餐包含:
 - 烤饼*5 (蛋液肉/牛夹心/猪肉)
 - 饮料*1 (柠檬茶2.0m/橙可6.3/3.0ml)
 - 两种饮料随机发选
 - 加送玉米片 (大份)

量贩装

单品总价235/套
团购价199/套



DIY早餐全餐套餐

量贩装

团购价99/套



拉瓦萨安心送取

上海社区优惠团购



意大利风味烤猪五花肉
规格: 3kg左右 (左右)
包装: 真空包装



意大利熟火腿
规格: 8.5kg左右 (左右)
包装: 真空包装

品质团供应 为满足居民需求, 我们将餐饮设备于需要的人, 请放心食用。

• 商品订购满一地址 3000元以上送



拉瓦萨咖啡

LAVAZZA

小肥羊
LITTLE SHEEP

社区拼单购
准时安心送达

专车配送 专人服务 品质保障



金标羔羊排卷 2kg/卷
*4款蔬菜礼包
约2.5kg (随机搭配)

七喜“2罐”
元气羔羊气饮*2罐
(口味随机)

金标羔羊排卷取用新西兰羔羊排羔羊为主要原料, 脂肪肥瘦均匀, 一次吃到两种部位, 一口嚼滑一口鲜美。

【草原羊肉+蔬菜】
抗疫大礼包

限时好价: 399

配送范围: 上海

- 清汤火锅底料*1包
- 麻辣火锅底料*1包
- 黄金蛋饺*1袋 0.165kg
- 火锅肉片 1kg
- *4款蔬菜礼包
- 约2.5kg (随机搭配)
- 午餐肉*2罐 0.68kg
- 黄金蛋饺*1袋 0.165kg
- 火锅肉片 1kg
- *4款蔬菜礼包
- 约2.5kg (随机搭配)

Minimum 15 sets, ¥188 each
(Fried rice, chicken snacks, steak)

Frozen steak combo (5/10/15 pieces at ¥239-459)

Quesadillas set at ¥199,
Breakfast DIY set x6 at ¥99

Roasted pork belly (3kg) at ¥297,
Italian Ham (8.5kg) at ¥693

Hot pot with lamb/beef and fresh vegetables at ¥299/399

Fulfilling Rising Off-Premise Demand

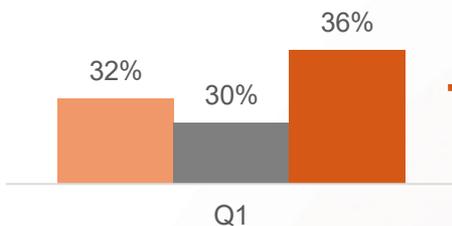
Delivery

Off-premise

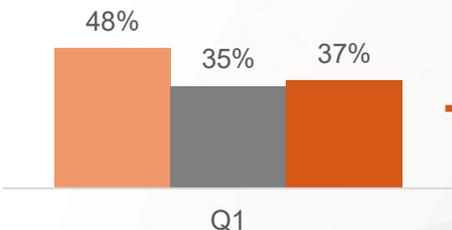
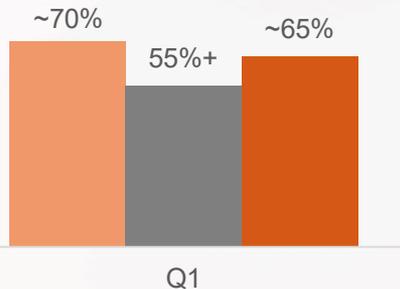
% of Company sales¹

Delivery sales growth²

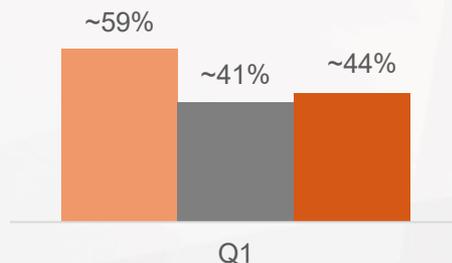
% of Company sales¹



+15% vs Q1'21



+12% vs Q1'21



2020 2021 2022

百胜大单专送



共抗疫情
百胜与您
在一起

大单需求 准时安心送达



扫码进公众号
在线客服为您预定

4008 209 923

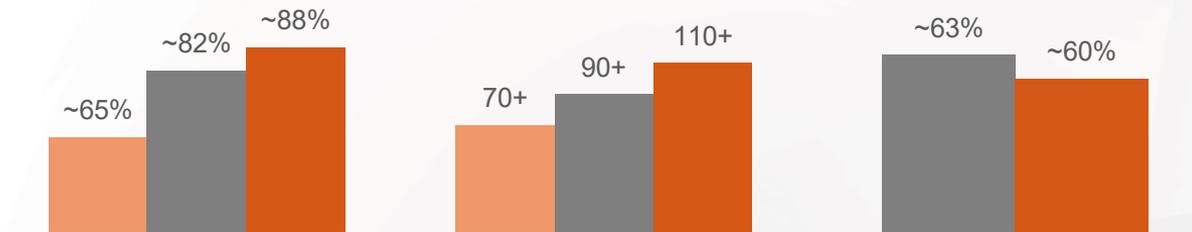
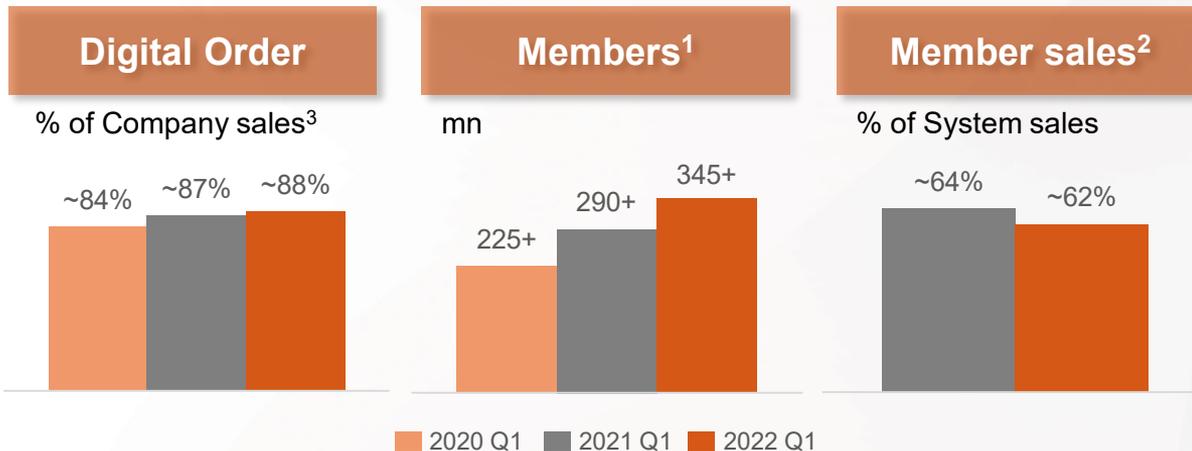
百胜中国大单专送覆盖3000公里范围品牌门店累计覆盖100万+。大单专送由IT专家实时监控，精准配送，提升用户体验。百胜中国大单专送，只为给您更好的服务。

Integrated Community Purchasing
For All YUMC Brands

¹ % of Company sales include Suzhou KFC since August 2020 and Hangzhou KFC since December 2021

² Stated on a constant currency basis. Adjusted KFC Delivery sales 2021 to include Hangzhou KFC for like-for-like comparison with 2022

Driving Digital Ordering and Member Sales



KFC privilege subscription –
¥9.9 for 14 days, 34% discount
for any one item every day

¹ Cumulative as of period-end

² From 2022, in addition to recording the transactions when the members identify themselves as members (i.e. through member QR code, using member coupons/vouchers, ordering via Super Apps or other own channels), member sales also include 1) transactions where members order with our coupons/vouchers through third party e-commerce platforms, 2) Pizza Hut tableside ordering paid through POS terminals, provided that they could otherwise be identified as members. 2021 data restated to reflect the change. Before restatement KFC was 63% and PH was 55% in 2021 Q1.

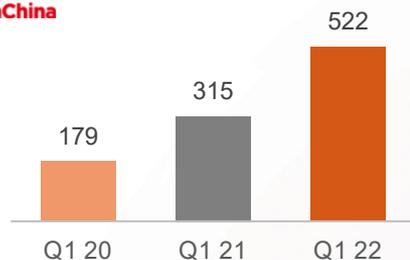
³ % of Company sales include Suzhou KFC since August 2020 and Hangzhou KFC since December 2021

Accelerating Store Openings with Healthy New Store Performance

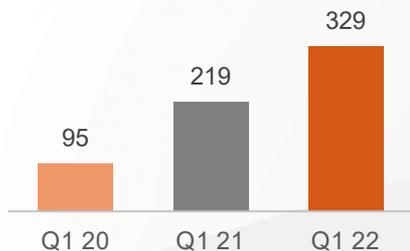
Accelerating Store Growth



Gross New Stores



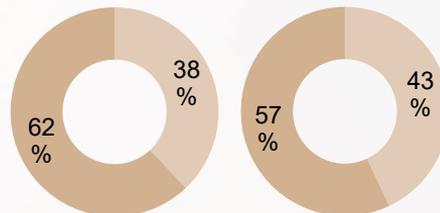
Net New Stores



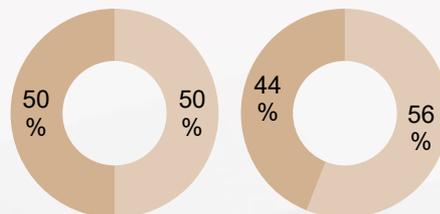
Penetrated into Lower Tiers



Q1 22 New Stores Total Stores

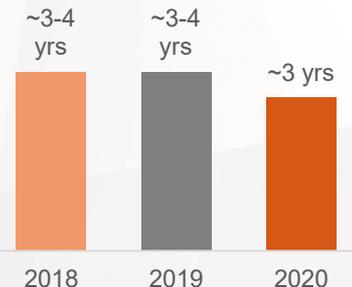
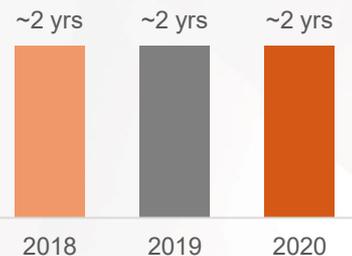


■ Tier 3-6 ■ Tier 1-2



Maintained New Unit Payback¹

By Year of Opening



¹ Refers to Average Pre-tax Cash Payback Period assuming yearly cashflow is same as year 1, after deduction of 3% license fee and before G&A and income tax; Years refer to store opening period.



KFC Remains Resilient



	Q1		
	2020	2021	2022
Total stores	6,661	7,373	8,441
Net new stores	127	207	273
System sales growth ¹	(15)%	24%	(4)%
Same-store sales growth ¹	(11)%	5%	(9)%
Restaurant margin	13.6%	19.9%	15.2%
Operating profit (\$ mn) ²	153	327	220
Delivery sales ³	~32%	~30%	~36%
Off-premise sales ³	~70%	55%+	~65%
Digital order ³	~84%	~87%	~88%

¹ Stated on a constant currency basis

² Segment Operating Profit before unallocated shared service costs in reported currency

³ % of Company sales

Store in photo: KFC in Shanghai Xuhuibinjiang



Campaigns with Abundant Value

Signature Campaign –
Crazy Thursday

疯狂星期四

黄金小酥肉
4份 19块9
¥19.9/4份

老北京鸡肉卷
3个 29块9
¥29.9/3个

葡式蛋挞(经典)
8只 29块9
¥29.9/8只

好事花生奶盖奶茶
2杯 19块9
¥19.9/2杯

到店专享 欢送外带

Selected items at ¥19.9 or ¥29.9

Chinese New Year –
Golden Bucket

肯德基新春大金桶

劲省101元*

虎

生

金

新川香秘制香骨鸡

黄金脆皮鸡

到店专享 欢送外带

Save up to ¥101

Discount on E-Commerce
Platform

新年就来 KFC

跨店每满200减20*

活动时间: 2022年1月9日20:00-2022年1月15日23:59

3份黄金脆皮鸡XXL

3份肯德基黄金炸鸡翅(2块装)

3只蜜桃多福蛋挞

3份川香秘制香骨鸡(3块装)

天猫 肯德基会员官方旗舰店

*“跨店每满200减20”仅指部分产品可用
产品及包装以实物为准 © 2022 肯德基会员官方旗舰店

Save ¥20 on spending ¥200

Delivery / Takeaway Offers

肯德基安心送
肯用心 多安心

66元会员安心桶
天天应援你

会员凭券专享 | 2022/3/18-4/3

外送外带 同享

¥66

香辣鸡腿堡1个
新奥尔良烤鸡翅1个
新奥尔良烤翅中1块
新奥尔良烤翅小1块
红豆汤1个
百事可乐(中)2杯

6 selected items at ¥66
for members only



Product Innovation Across Categories

Juicy Whole Chicken



Affordable vs Premium Beef Burgers



Bringing Back Our Classic Breakfast Pastry



New Retail Packaged Food Marinated Chicken Fillet





Pizza Hut Accelerated Store Expansion



		Q1	
	2020	2021	2022
Total stores	2,271	2,382	2,679
Net new stores	(10)	27	89
System sales growth ¹	(38)%	57%	(1)%
Same-store sales growth ¹	(31)%	38%	(5)%
Restaurant margin	0.3%	15.3%	10.7%
Operating profit (\$ mn) ²	(28)	60	30
Delivery sales ³	~48%	~35%	~37%
Off-premise sales ³	~59%	~41%	~44%
Digital order ³	~65%	~82%	~88%

¹ Stated on a constant currency basis

² Segment Operating Profit before unallocated shared service costs in reported currency

³ % of Company sales

Store in photo: Pizza Hut in Nanjing Gemdale plaza



Innovative New Products

New Stuffed Crust Pizza

必胜客
新卷边比萨 全新上市
 现做卷边 美味到边

新 双芝卷边比萨
新 酥松卷边比萨
新 烤肠卷边比萨

更多口味详见菜单

Wagyu Beef Pizza with Abalone Sauce

必胜客
琥珀鲍汁和牛比萨

单品价: 79元起
 限时优惠价: **55.3**元起

吉品轩 铂爵
 # THE COURT KOREAN
 米其林二星餐厅
 * 携手上市 *
 - 2022 -

限时 **7**折
尖叫星期三

Hairy Crab Pastry Pizza and Rice

必胜客
大闸蟹酥皮比萨
 超长蟹粉拉丝
 层层起酥

鎏金蟹粉捞饭
鎏金瀑布
醇厚鸡汤风味

New Retail Packaged Food Combo

优选节 美食惠
价不变 享多多
 下厨十分钟 美味端上桌

尊享 **13+3** 件套

3份装 任选 3份
 任选 10份

299元 13+3 件套
牛排意面尊享大礼包
 比单品总价省335元



Attractive Campaigns with Great Value

Signature Scream Wednesday

必胜客
尖叫星期三
精选爆品 **7折**
尊享时间: 限3月23日, 3月30日 周三

¥69 | 精选红葱头切慢煮牛肋排 (套餐小份 同享)

¥41 | 松鼠海鲈鱼 (套餐小份 同享)

¥28 | 全场手拍/铁盘/卷边系列比萨 (双拼9折)

好好对自己, 好好加油!

30% off selected steak, seabass and pizza – both dine-in and off-premise

Pizza Buy One Get One Free

必胜客 开工必胜

爆款比萨 第2份0元 随时享 (个人消费除外)

活动时间: 2月15日-2月25日 周末除外
活动渠道: 扫码点餐/外带自取/外送点餐

第1份 全场随便挑 第2份 30天随时享*

*凭券以单品价任意消费享指定比萨1份。
*活动期内, 当用于单品消费时, 不可同时享受其他优惠活动及会员权益。

立即扫码领取优惠券

Second pizza redeemable in 30 days

Chinese New Year Campaign

必胜客

HAPPY SPRING FESTIVAL

新春胜宴

满满 **10** 道大菜
赠送 红酒牛排大礼包

必胜客 米其林三星餐厅

Big feast for the holiday season

Breakfast starts at ¥10

必胜客早餐 PANINI-COFFEE-TOAST

早餐营业时间: 7:30AM-10:30AM

Buone giornate
必胜客早餐 10元起 (手机外带专享)

丰盛美味唤醒心中悸动

白色情人节

Choices of Chinese and western breakfast items

Capital Allocation Balances Operation Needs, Long-term Growth and Return to Shareholders



\$ million	Q1		
	2020	2021	2022
Cash and short-term investment	1,538	4,110	3,669
Cash flow from operating activities	60	331	171
Capital expenditure	87	165	205
Free cash flow ¹	(27)	166	(34)
Cash dividends distributed	45	50	51
Share repurchases	7	-	232

Disciplined Capital Allocation

- Maintain sufficient cash for operations and contingencies
- Make significant capex investment in digital, supply chain infrastructure and store network expansion
- Committed to returning excess cash to shareholders:
 - ✓ Resumed cash dividends in Q4 2020
 - ✓ Resumed share repurchases in Q3 2021
 - ✓ Board expanded share repurchases authorization to \$2.4 bn in March 2022. ~\$1.4 bn remained available as of March 31, 2022.
- To remain disciplined in M&A

¹ Refers to cash flow from operating activities minus capital expenditure.

Maintaining Net New Unit and Capex Targets for 2022



- Approximately 1,000 to 1,200 net new stores
- Continue with our disciplined approach of opening high quality new stores



- Capital expenditure in the range of \$800 mn to \$1 bn
- Make significant capex investments in digital, supply chain infrastructure and store network expansion

Appendix

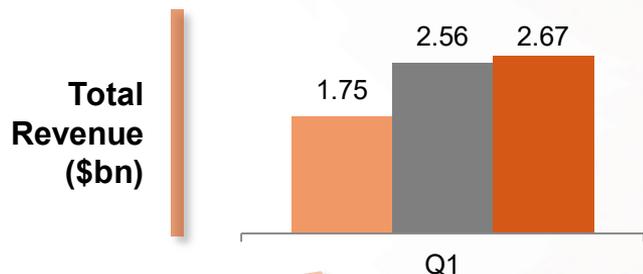
Yum China Key Financials

	Q1'20	Q1'21	Q1'22	Q1 YoY
Same-store sales growth ¹	(15)%	+10%	(8)%	/
System sales growth ¹	(20)%	+34%	(4)%	/
Total revenue (\$bn)	1.75	2.56	2.67	+4%
Restaurant margin	10.7%	18.7%	13.8%	(4.9)ppts
Operating profit (OP) (\$mn)	97	342	191	(44)%
Adjusted OP (\$mn)	98	345	193	(44)%
Net income (NI) (\$mn)	62	230	100	(57)%
Adjusted NI (\$mn)	63	233	102	(56)%
Diluted EPS (\$)	0.16	0.53	0.23	(57)%
Adjusted Diluted EPS (\$)	0.16	0.54	0.24	(56)%

¹ Stated on a constant currency basis.

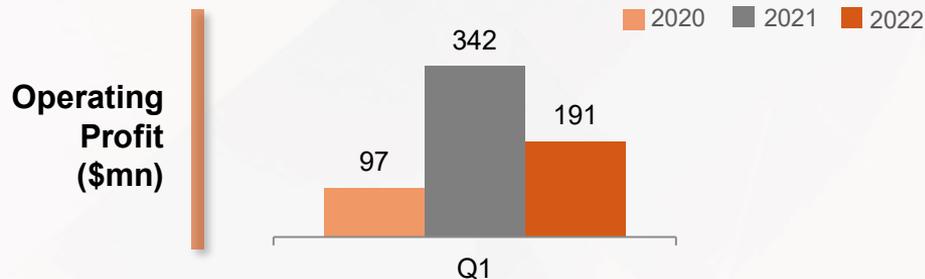
Note: Include the consolidation of Huang Ji Huang from April 2020, Suzhou KFC from August 2020 and Hangzhou KFC from Dec 2021; Percentages may not recompute due to rounding

Key Factors of Year-over-year Change



Key factors for Q1 year-over-year growth

- + New unit contribution
- + Consolidation of Hangzhou KFC
- + Foreign exchange
- Same-store sales decline
- Temporary store closures



Key factors for Q1 year-over-year decline

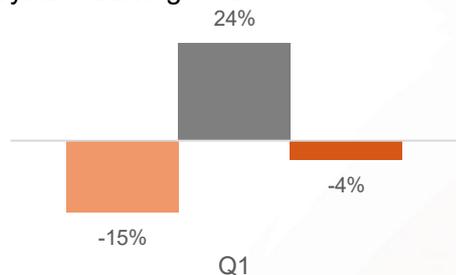
- + New unit contribution
- + Cost savings and productivity improvement
- + Consolidation of Hangzhou KFC
- + Foreign exchange
- Sales deleverage
- Cost inflation in commodities, wage and utility
- Increased rider cost associated with the rise in delivery volume
- Higher G&A expenses



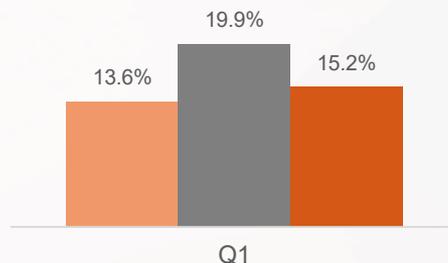
KFC Key Financials

Sales Growth (%)

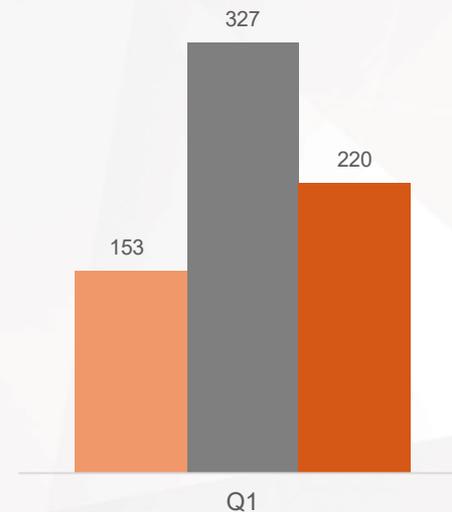
System sales growth ¹



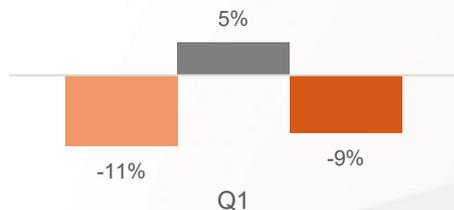
Restaurant Margin (%)



Operating Profit ² (\$ mn)



Same-store sales growth ¹



2022 vs 2021		Q1
Same-store sales		(9)%
- Transactions		(14)%
- Average ticket		+6%

¹ Stated on a constant currency basis.

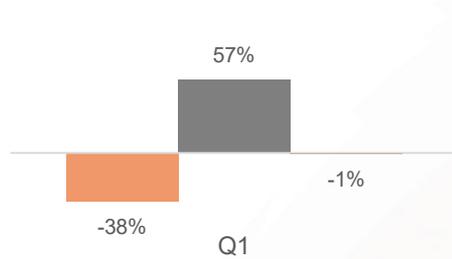
² Segment Operating Profit before unallocated shared service costs.



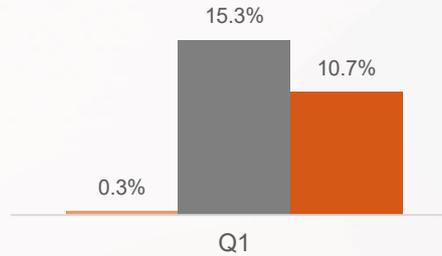
Pizza Hut Key Financials

Sales Growth (%)

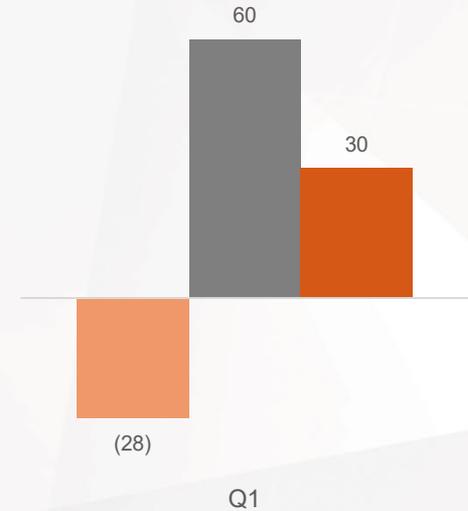
System sales growth ¹



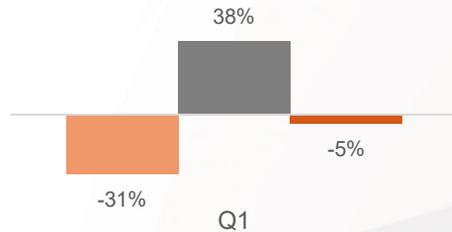
Restaurant Margin (%)



Operating Profit ² (\$ mn)



Same-store sales growth ¹



2022 vs 2021	Q1
Same-store sales	(5)%
- Transactions	(3)%
- Average ticket	(2)%

¹ Stated on a constant currency basis.

² Segment Operating Profit before unallocated shared service costs.

Reconciliation of Reported Results to Non-GAAP Measures



Non-GAAP Reconciliations

Reconciliation of Operating Profit to Adjusted Operating Profit

	Quarter Ended	
	3/31/2022	3/31/2021
Operating Profit	\$ 191	\$ 342
Special Items, Operating Profit	(2)	(3)
Adjusted Operating Profit	<u>\$ 193</u>	<u>\$ 345</u>

Reconciliation of Net Income to Adjusted Net Income

Net Income – Yum China Holdings, Inc.	\$ 100	\$ 230
Special Items, Net Income –Yum China Holdings, Inc.	(2)	(3)
Adjusted Net Income – Yum China Holdings, Inc.	<u>\$ 102</u>	<u>\$ 233</u>

Reconciliation of EPS to Adjusted EPS

Basic Earnings Per Common Share	\$ 0.23	\$ 0.55
Special Items, Basic Earnings Per Common Share	(0.01)	—
Adjusted Basic Earnings Per Common Share	<u>\$ 0.24</u>	<u>\$ 0.55</u>
Diluted Earnings Per Common Share	\$ 0.23	\$ 0.53
Special Items, Diluted Earnings Per Common Share	(0.01)	(0.01)
Adjusted Diluted Earnings Per Common Share	<u>\$ 0.24</u>	<u>\$ 0.54</u>

Reconciliation of Effective Tax Rate to Adjusted Effective Tax Rate

Effective tax rate	33.1%	29.6%
Impact on effective tax rate as a result of Special Items	0.4%	0.3%
Adjusted effective tax rate	<u>32.7%</u>	<u>29.3%</u>

Details of Special Items

Share-based compensation expense for Partner PSU awards⁽¹⁾
Special Items, Operating Profit

Tax effect on Special Items⁽²⁾

Special Items, net income – including noncontrolling interests

Special Items, net income – noncontrolling interests

Special Items, Net Income –Yum China Holdings, Inc.

Weighted-average Diluted Shares Outstanding (in millions)

Special Items, Diluted Earnings Per Common Share

	Quarter Ended	
	3/31/2022	3/31/2021
Share-based compensation expense for Partner PSU awards ⁽¹⁾	\$ (2)	\$ (3)
Tax effect on Special Items ⁽²⁾	(2)	(3)
Special Items, net income – including noncontrolling interests	—	—
Special Items, net income – noncontrolling interests	(2)	(3)
Special Items, Net Income –Yum China Holdings, Inc.	<u>\$ (2)</u>	<u>\$ (3)</u>
Weighted-average Diluted Shares Outstanding (in millions)	430	434
Special Items, Diluted Earnings Per Common Share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>

- 1) In February 2020, the Company granted Partner PSU Awards to select employees who were deemed critical to the Company's execution of its strategic operating plan. These PSU awards will only vest if threshold performance goals are achieved over a four-year performance period, with the payout ranging from 0% to 200% of the target number of shares subject to the PSU awards. Partner PSU Awards were granted to address increased competition for executive talent, motivate transformational performance and encourage management retention. Given the unique nature of these grants, the Compensation Committee does not intend to grant similar, special grants to the same employees during the performance period. The impact from these special awards is excluded from metrics that management uses to assess the Company's performance. The Company recognized share-based compensation expense of \$2 million and \$3 million associated with the Partner PSU Awards for the quarter ended March 31, 2022 and 2021, respectively.
- 2) The tax expense was determined based upon the nature, as well as the jurisdiction, of each Special Item at the applicable tax rate.

Committed to Sustainable Growth

Environmental

GHG / Energy Efficiency

SBT goal on GHG reduction in line with 1.5C. Committing to reach net-zero by 2050

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Sustainable Packaging

All KFC & Pizza Hut stores stopped using plastic straws

100% Customer facing, plastic based packaging is recyclable

30% Reduction on non-degradable plastic packaging weight by 2025¹

Sustainable Supply Chain

Drive towards zero-deforestation supply chain

100% RSPO (B&C) certified palm oil

100% FSC certified fiber-based packaging by 2025

Social

Employee Welfare

Upgraded medical insurance coverage of eligible restaurant managers and their family members from January 2022 (on top of existing equity incentives, family insurance and housing subsidies)

Diversity & Equal Opportunity

65% Employees are female (2021)

53% Senior management positions are women (2021)

Food Safety & Quality

100% Restaurant, logistics centers (LC) and critical suppliers audited

100% Restaurants' and LCs employees covered by training and testing

Governance

Board Independence

- Independent Board Chairman
- 9 out of 10 directors are independent

Board Diversity

- Directors with experience, qualifications and skills across a wide range of public and private companies
- Directors reflect a diversity of age, gender, race and nationality

Board Refreshment

- Annual election of all directors
- Independent and non-management directors may generally not stand for re-election after age 75

Recognition

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

MSCI
ESG RATINGS **A**

CCC B BB BBB A AA AAA

top EMPLOYER 中国杰出雇主 CHINA 2022
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Bloomberg
Gender-Equality Index
2022

¹ As compared to 2019 baseline