



PIZZA HUT

ALWAYS SOMETHING NEW!

Jeff Kuai | Pizza Hut General Manager

Innovation
Powering
Growth



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Key Takeaways



Unrivalled Leader
in Large & Fast
Growing China
WCDR Market



2018 Transition
Year with Initial
Success Witnessed
in Revitalization
Strategy



Leveraging
Improved Core
Capabilities to Roll
Out Transformative
Initiatives at Scale in
2019+



Note: WCDR market is defined as western restaurants with spending per person of RMB 50-150 for a meal.

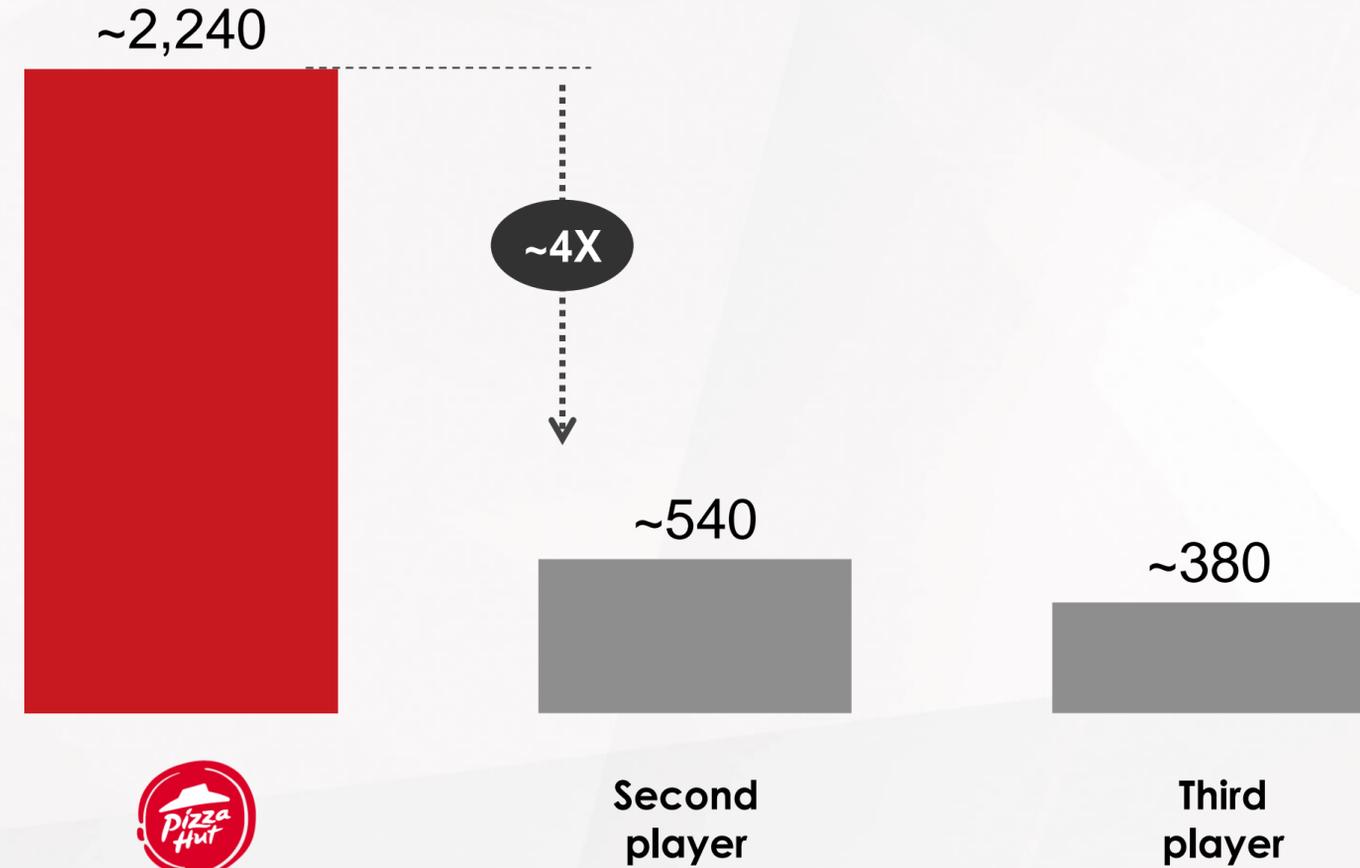
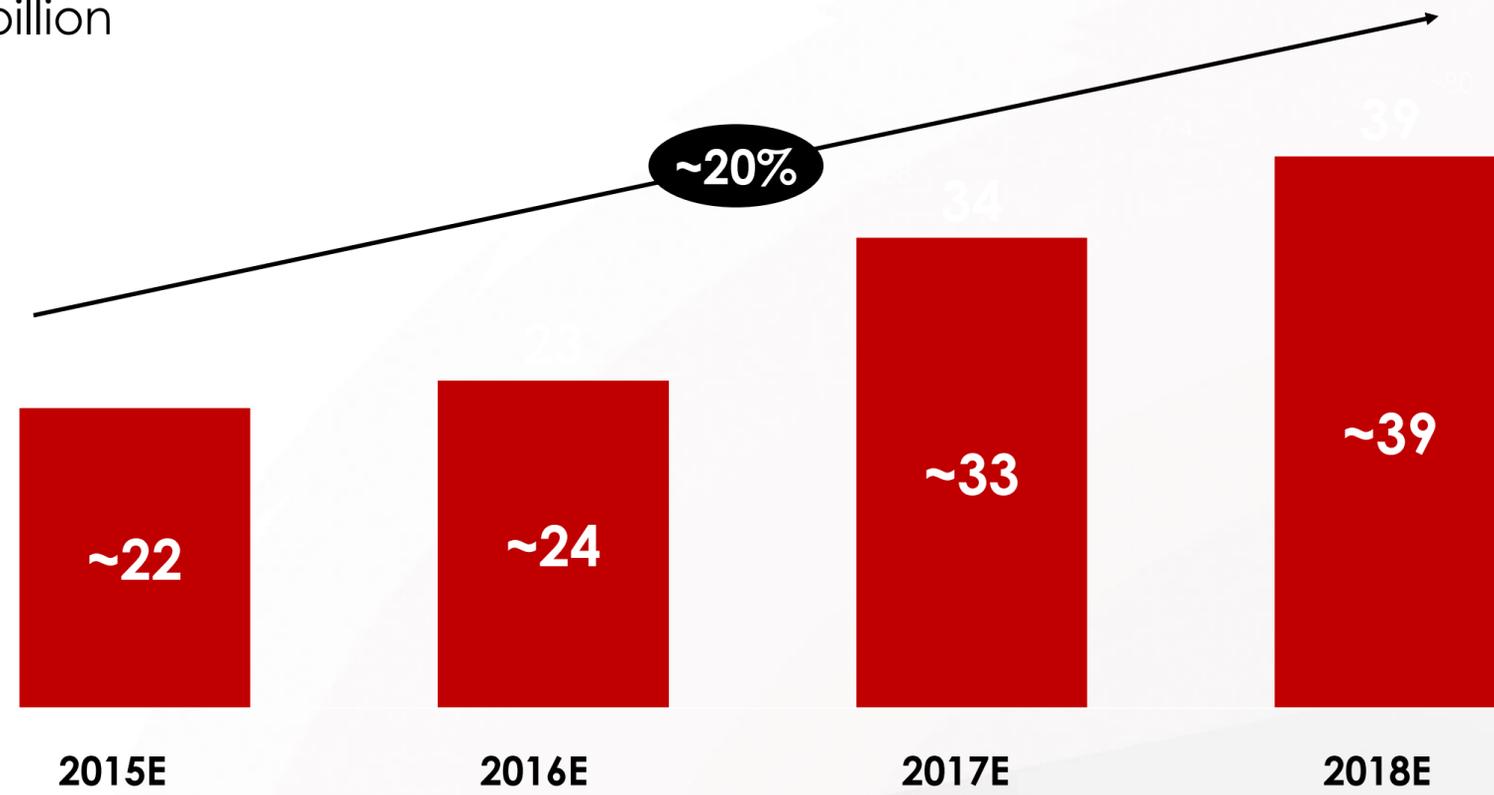
**Innovation
Powering
Growth** 
2019 YUM CHINA INVESTOR DAY

Leader in Rapidly Growing China WCDR Market

Large China WCDR market with strong growth potential

Market leader with ~2,240 stores

\$ billion



**Family-friendly,
Modern,
Value-for-money**

**Leading WCDR
Brand in China**

**More than pizza:
Dominant leader in multiple food categories**



Pizza



Steak



Appetizer



**#1 WCDR brand
in family
customer segment**



Broad Footprint With Strong Operational Capabilities

2,200+ high traffic locations
240mn+ customer visits/year

50mn+ digital member base
Delivery footprint covers 500+ cities

World class operational capability



Four Levers to Drive Revitalization

I. Fix Fundamentals

- Product Innovation
- Disruptive Value
- Improved Service
- Family Engagement

II. Drive Digital Capabilities

- New Customer Recruitment
- Digital Experience & Engagement
- Monetization

IV. Enhance Asset Portfolio

- Existing Asset Upgrade Acceleration
- Multiple New Store Formats
(e.g. Hub & Spoke)

III. Grow Delivery

- Own Platform Growth
- Aggregator Collaboration
- Image & Technology Upgrade





YumChina

Italian Hand Craft



Thin Crust



Pan



Stuffed Crust



1. Enhanced Pizza Leadership with Multiple Dough Types



「流金闪耀咖喱牛肉蛋包饭」
OMURICE WITH CURRY BEEF SAUCE

热血麻辣 小龙虾意面



芝心踏月

· 宫廷团圆礼盒 ·



YumChina

1. Launched Series of Craveable Food

**1. Launched
Instagrammable &
Social "Buzz Worthy"
Desserts & Drinks**

MATCHA

抹茶雪域蛋糕

¥24
(90克)



清香抹茶香气
层层顺滑融合
绽放舌尖

TIRAMISU Ⓢ

提拉米苏

¥24
(80克)



经典马斯卡彭芝士打发
加上咖啡酒香手指饼干
甜与微苦错综纠缠
绵软细腻

**1. Launched
Instagrammable &
Social "Buzz Worthy"
Desserts & Drinks**



金沙咸蛋黄

SALTED EGG

冰淇淋



金枕榴莲

DURIAN

冰淇淋



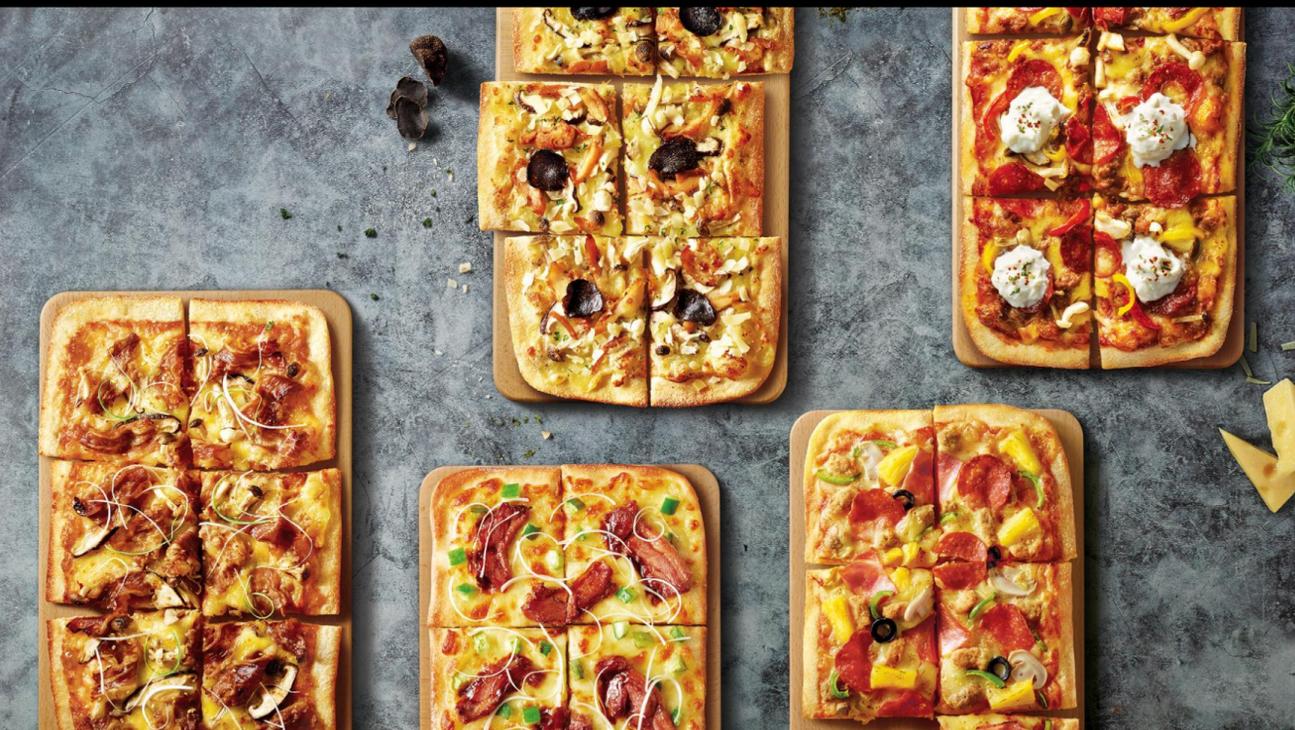
7月30日
震撼上市

**1. Launched
Instagrammable &
Social "Buzz Worthy"
Desserts & Drinks**



I. Ongoing Innovation to Strengthen Leadership in Signature Categories

Strengthen Pizza Leadership Position



Enhance Steak Category



Upgrade Dessert and Appetizer



I. Piloted Multiple Value Campaigns with Promising Results

Everyday Low Price



Value Pizza Line

Disruptive Value



Entry Price LTO Products



Scream Wednesday



High Low Price



Buy One Get One Free



Half Price Discount

I. Roll Out Disruptive Value Campaign with Improvements

Positive Pilot Results



Drive Traffic Effectively



Recruit New Customers

National Launch



Optimized Offer From Test Result

Further Improvement in Plan



More Product Varieties for Scream Wed Platform

I. Establish Signature Service to Improve Customer Experience

Key Touchpoints

Reception



Order



Serve



Check



Our Service Proposition



Young & Energetic Team



Rapid Service



Birthday Surprise & More

II. Rapidly Expanded Digital Capabilities

Recruitment & Engagement		Monetization
CRM Member 	Cumulative APP Download 	Member Sales%
50mn+ +15mn	16mn +10mn	45% +16pts

User Experience Improvement + Expanded SuperAPP Functions
+ In Store Digitalization



II. Enhance Digital Life Cycle Management



Acquisition

-  **Co-branding**
-  **Welcome package for member recruitment**

Experience

-  **Tableside ordering**
-  **Pre order for carry out**
-  **Self payment**

Upgrade Engagement

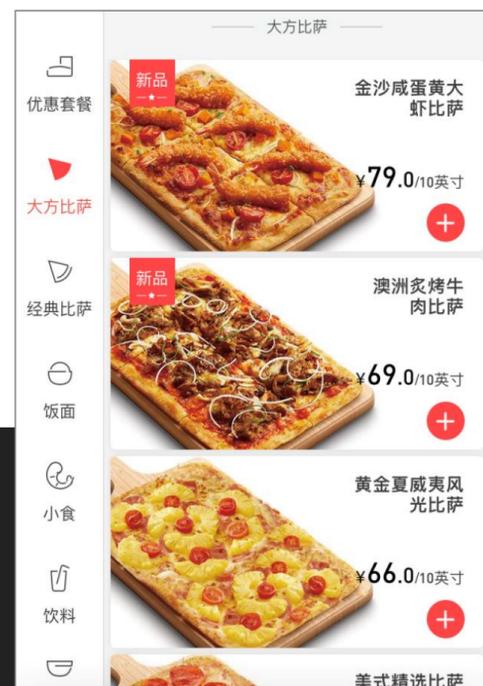
-  **Family privilege**
 - Frequency Uplift
 - New Customer Recruitment
-  **In-store CRM**
-  **New e-commerce mall**

Churn Prevention

-  **Data bank**
 - Identify churn characteristics & target with tailored program

III. Achieved Double-Digit Delivery Sales Growth

Strengthen The Core



Simplified Menu



100% Integrated Own Rider Team

Drive Online Traffic



Delivery-specific Calendar



Member Exclusive Offers

III. Further Strengthen Delivery Core Capabilities

Strengthen Branding



Upgrade Packaging & Uniform

Grow Own Platform



Enhance Multi-layer Calendar

Improve Engagement



Rollout Delivery Privilege

Enhance Operations



Build Delivery Room

IV. Launched New Asset Design and Upgraded 225 stores



YumChina







IV. Further Accelerate Asset Upgrade & Complete Full Refurbishment by 2021

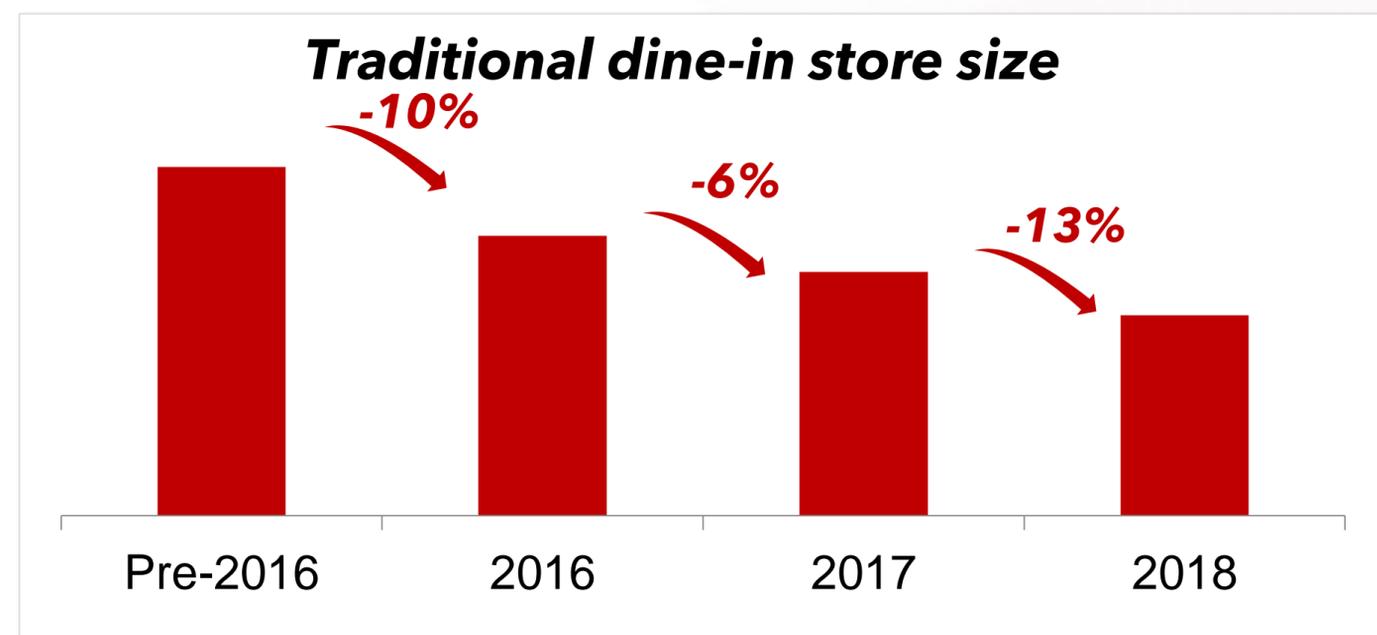


**~500 Store Upgrades in 2019
Store Age <3 Years by 2021**

IV. Continue to Explore Adaptable New Store Formats to Become Smaller, Faster with Better Support for Delivery

SMALLER

Core Asset Model



(Further reduce kitchen size by 30%+ in 2019)

FASTER WITH BETTER SUPPORT FOR DELIVERY

Hub & Spoke



Customer Perception improved to become young and energetic, with positive traffic growth in Q4



PIZZA HUT IN
2017

暖男备胎

“My Reliable
Backup
Boyfriend”



PIZZA HUT IN
2018

求生欲很强的
奋进青年

“Energetic and
Determined
Young Man”

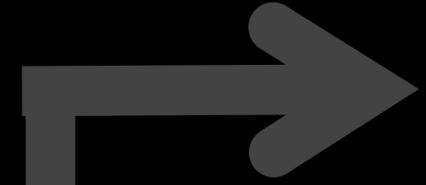


2018

Transition year



- ✓ Revamped menu
- ✓ Rebuilt value for money
- ✓ Refocused on family
- ✓ Caught up on digital capabilities
- ✓ Took back last mile delivery through dedicated riders
- ✓ Launched new asset design



2019

Ready to roll out transformative initiatives at scale

- ✓ Ongoing food innovation
- ✓ Roll out disruptive value campaigns
- ✓ Establish signature service
- ✓ Enhance digital life cycle management
- ✓ Continue to focus on family customers
- ✓ Strengthen delivery core capabilities
- ✓ Accelerate asset model upgrade