



# RESILIENCE GROWTH MOAT 2.0

2023 YUM CHINA INVESTOR DAY

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*General Manager, Pizza Hut*



# 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," "project," "likely," "will," "continue," "should," "forecast," "outlook," "commit" 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, pace of recovery of Yum China's business, the anticipated effects of our innovation, digital and delivery capabilities and investments on growth, beliefs regarding the long-term drivers of Yum China's business and sustainability goals. 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, changes in public health conditions, including the COVID-19 pandemic, 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.

**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 restaurant industry in China. 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.

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# ***From Revitalization to Takeoff***

***Transformed in All Aspects***

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***A Long Runway for Growth***

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***Clear Strategy to Accelerate Growth***

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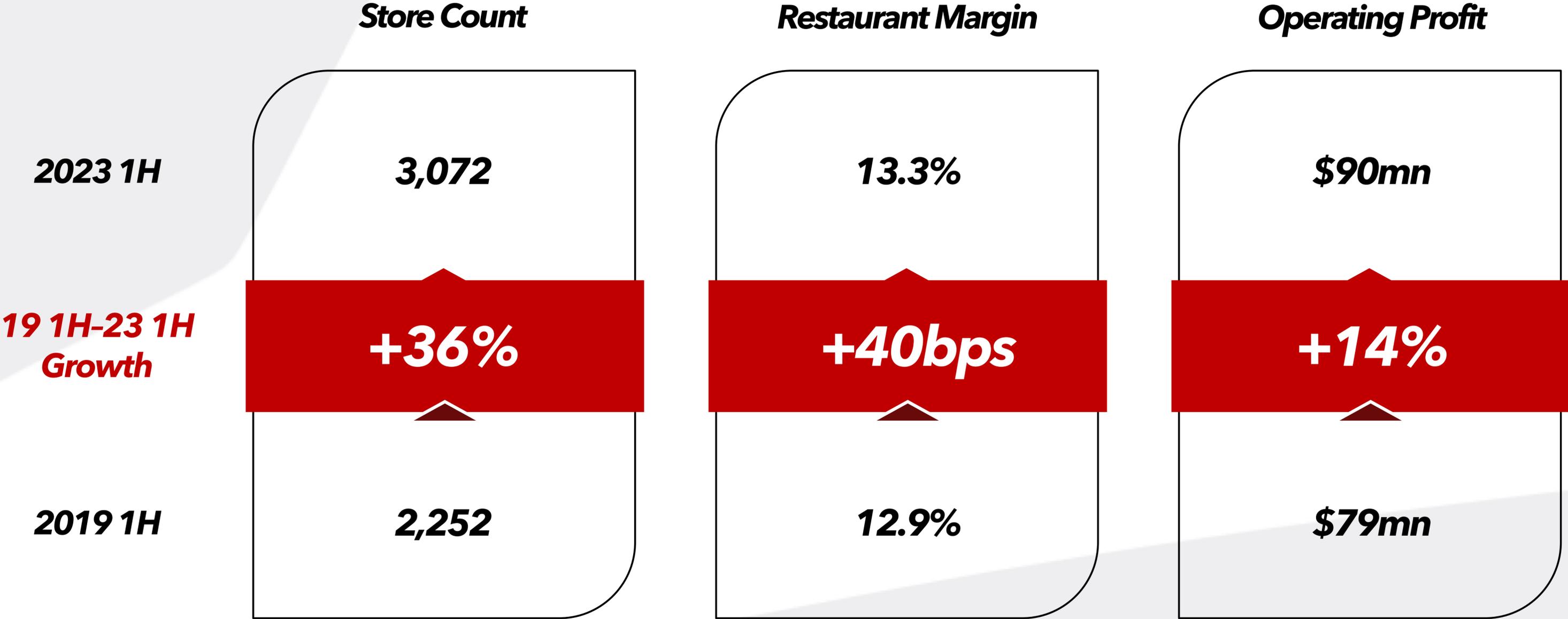


# Undisputed Leader in Multiple Categories in China

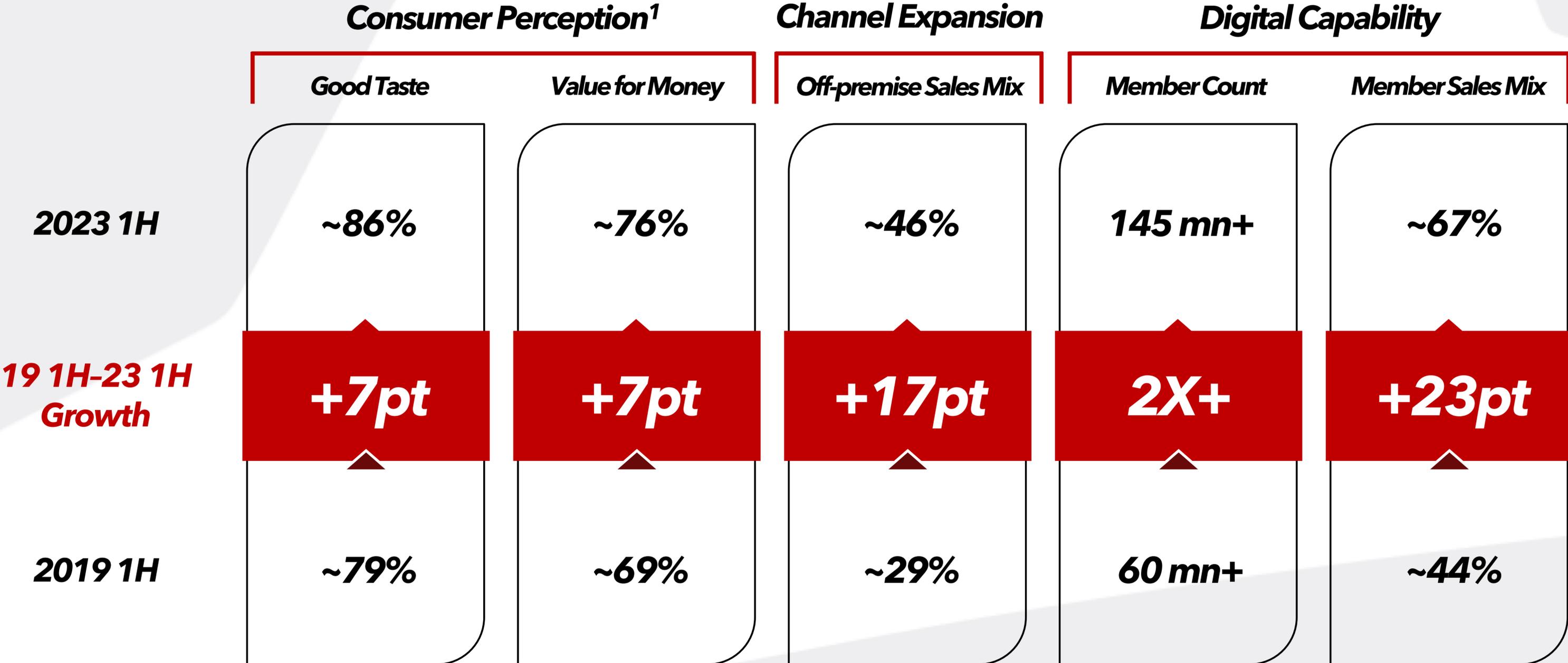


1. Store count and city coverage as of Jun 30, 2023, by YUMC city definition  
2. Rolling 12 months from Jul 1, 2022 to Jun 30, 2023

# Transformed in All Aspects

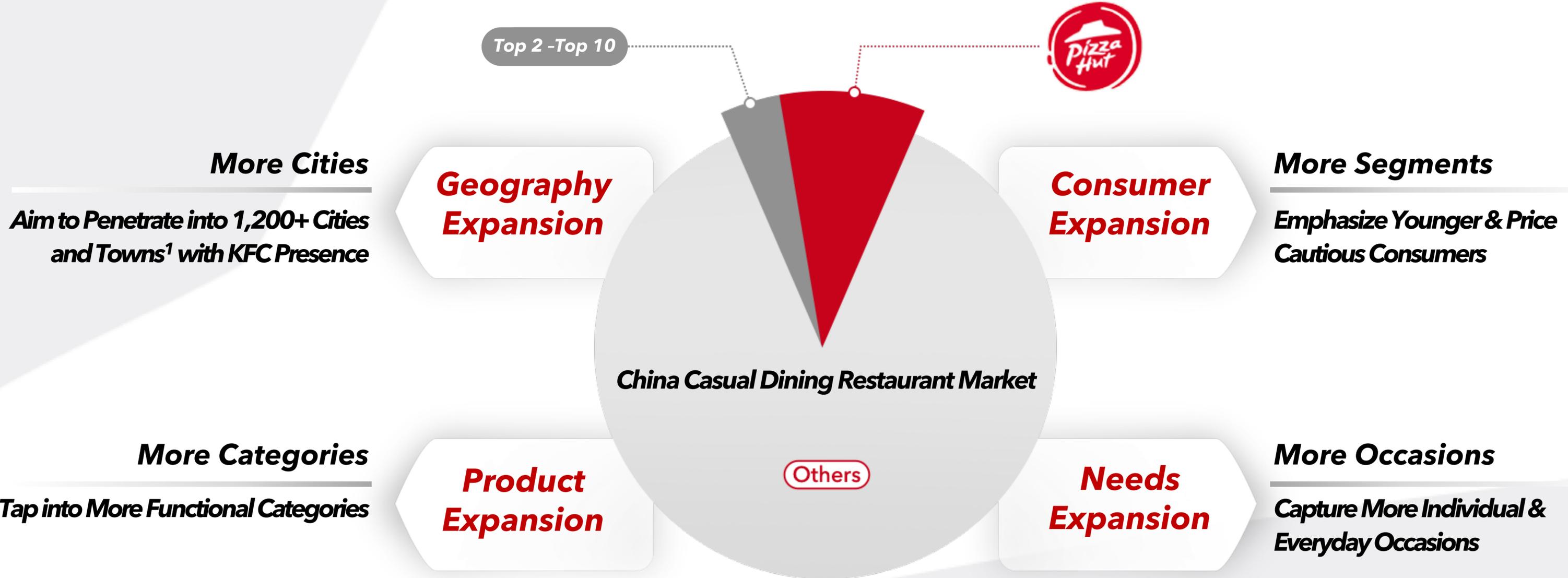


# Growth Led by Improved Fundamentals



1. Based on the quarterly survey conducted by Pizza Hut

# Pizza Hut Has a Long Runway for Growth



1. By YUMC city definition  
Source: Frost & Sullivan

# ***Going Forward: From RGM1.0 to RGM2.0***

***Resilience***  
***R***

***Growth***  
***G***

***Moat***  
***M***

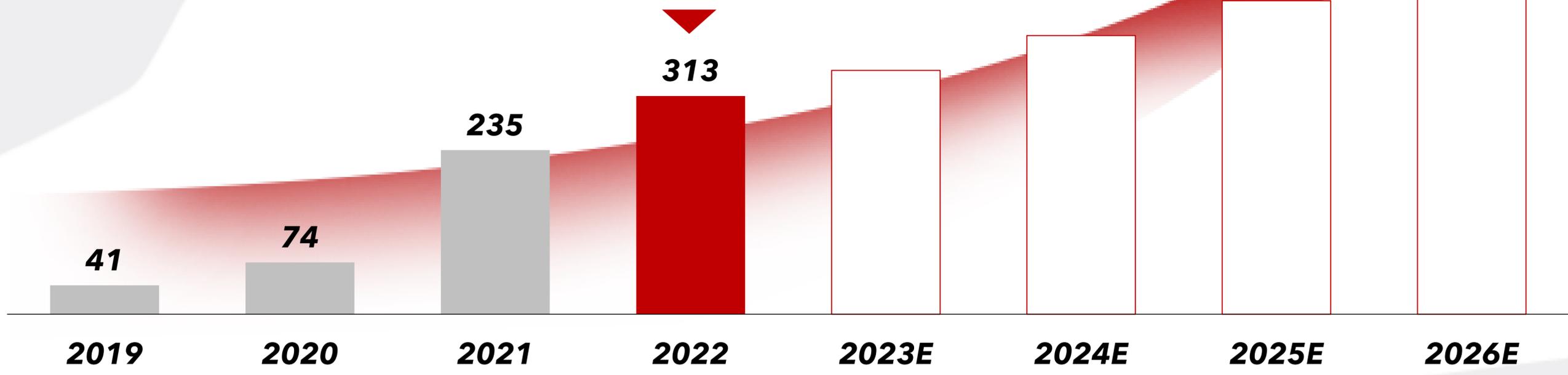
***Footprint Growth | Sales Growth | Profit Growth***

# Accelerating Footprint Expansion

Net New Stores

Target **400-500**  
Net New Stores Per Year

**Highest** since spin-off



Achieve **2-3 years** Payback Period

# Flexible Models to Increase Density in High-tier Cities



**Made-to-Order**

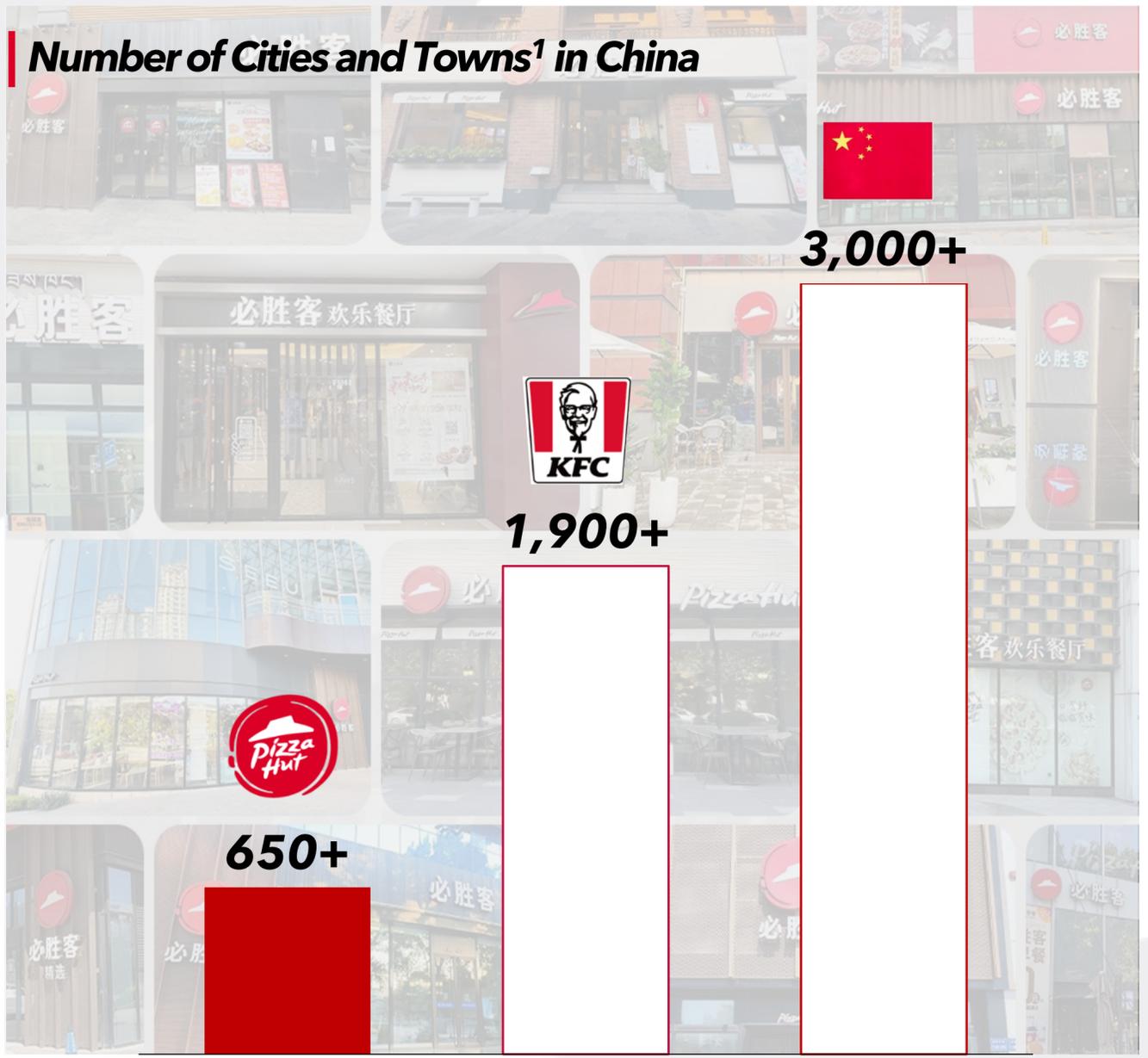
**Light Service**

**Inviting Ambiance**

# Opportunities in Low-tier City Penetration and Franchising

## Low Tier

### Deepen Penetration



## Franchisee

### Leverage Resources



1. By YUMC city definition; City coverage as of Jun 30, 2023

# Five Pillars to Grow Same-Store Sales



Reinforcing **Pizza** Leadership Position

Expanding into **New Categories, Occasions & Segments**

Creating **More Affordable Moments**

Driving **Delivery Growth**

Enhancing **Digital Capabilities**

# Reinforcing our Leadership in Pizza Category

**Enhance Expert Image**



**Drive Repeat Purchase**



**Continue Innovation**



# Expanding into New Categories, Occasions and Consumer Segments

## More Categories



**Burgers**



**Coffee**

## More Occasions



*Individual Sized Pizza*

**Individual Meals**



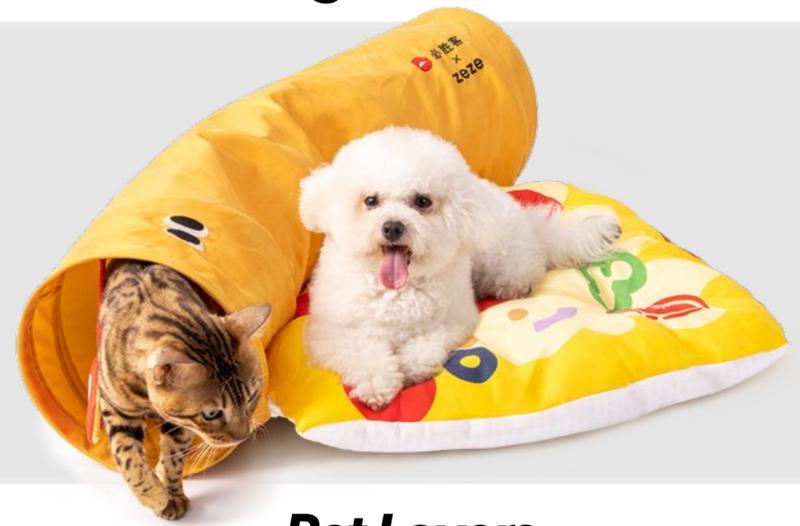
*Panini*

**Breakfast**

## More Consumer Segments



**Young Generation**



**Pet Lovers**

# Creating More Affordable Moments

## Widen Price Range



**¥ 39**  
Bolognese Pizza



**¥ 49**  
BBQ Sausage Pizza



**¥ 59**  
Charcoal Grilled  
Flavor Steak

## Reinforce Signature Platforms

Scream Wednesday

必胜客

**尖叫星期三**

**爆款 29块9**

**29.9**  
薯角培根比萨  
(普装手拍/铁盘/薄脆)  
加价可升级同口味卷边

**新 19.9**  
5只芝士挞  
(三芝士/金枕榴莲口味任选)

## Create New Excitement

必胜客

Buy One Get One

**比萨牛排 买一送一**

第1份 比萨牛排 27款爆品任意选

第2份 指定产品 30天随时享

会员券

# Reaching More Customers

# Driving Delivery as a Key Growth Engine

# 37%

Delivery Sales Mix in 2023 1H

# +68%

Sales Growth in 2023 1H vs 2019 1H

## Better Experience



# 外送 30分钟必达

超时送指定比萨兑换券

30-mins Commitment



## Better Offers



正价单品 满79元 减20元

\*必胜特惠分类下产品、快手菜分类下产品及折扣套餐商品除外

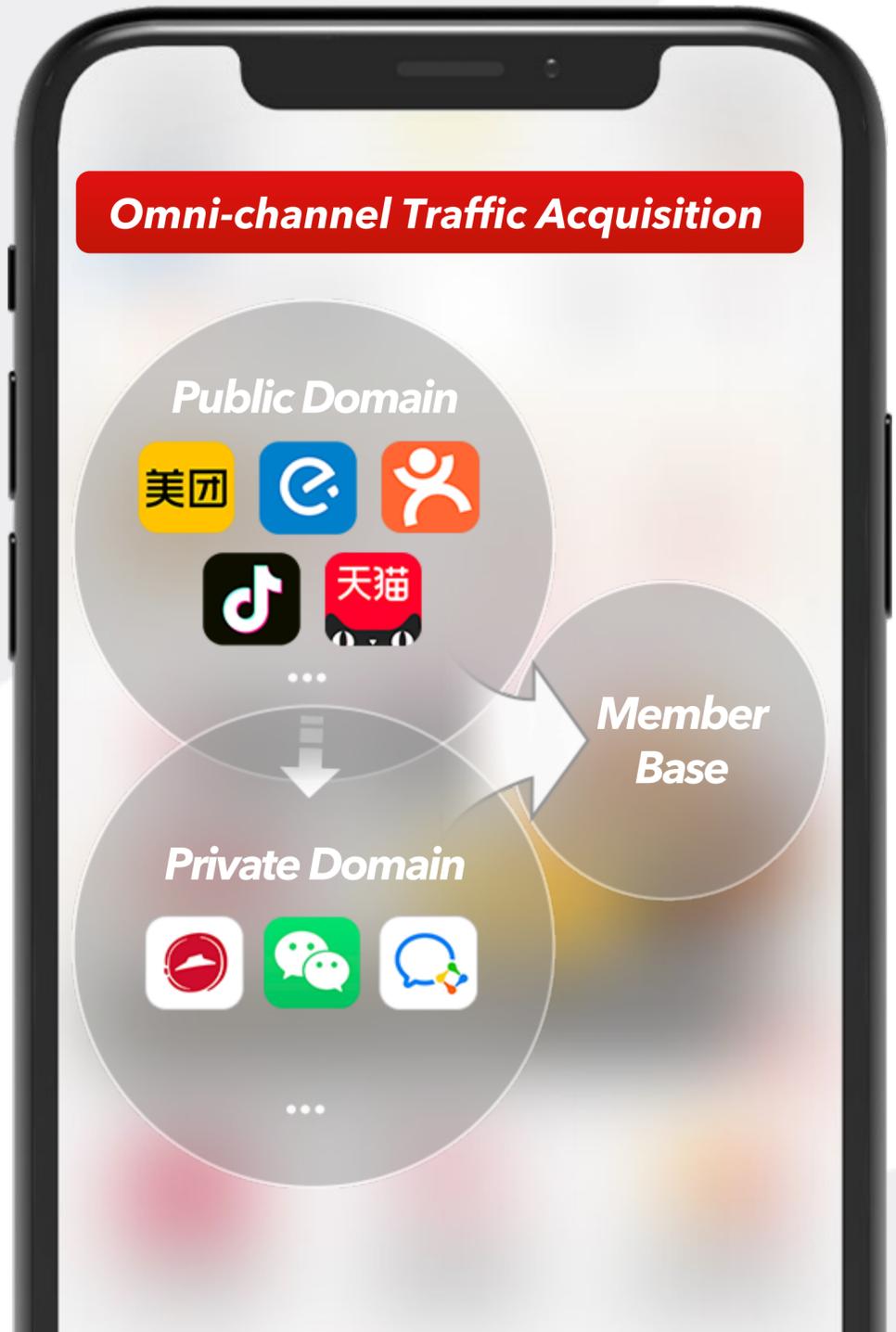


人气新品

一口爆浆

# Enhancing Digital Capabilities

## Expand Member Base



## Drive Member Frequency

This screenshot displays a "Tiered Membership" interface. At the top, a red banner reads "Tiered Membership". The user is currently a "必胜白银" (Pillsbury Silver) member, with a progress bar showing the path from "普通会员" (General Member) to "必胜白金" (Pillsbury Gold). The interface includes a "等天晴的奶茶" (Waiting for sunny milk tea) promotion, a "131912 成长值" (131912 Growth Value) bar, and various benefits: "升级礼券" (Upgrade gift certificate), "优先送餐" (Priority delivery), "全单单品85折" (85% off on all items), and "11项 我的权益" (11 items of my benefits). At the bottom, there are sections for "27.4w V金" (27.4w V-gold), "0 余额" (0 balance), "0 礼物" (0 gifts), and "1 付费卡" (1 paid card). There are also buttons for "订单" (Orders) and "优惠券(13张)" (Coupons).

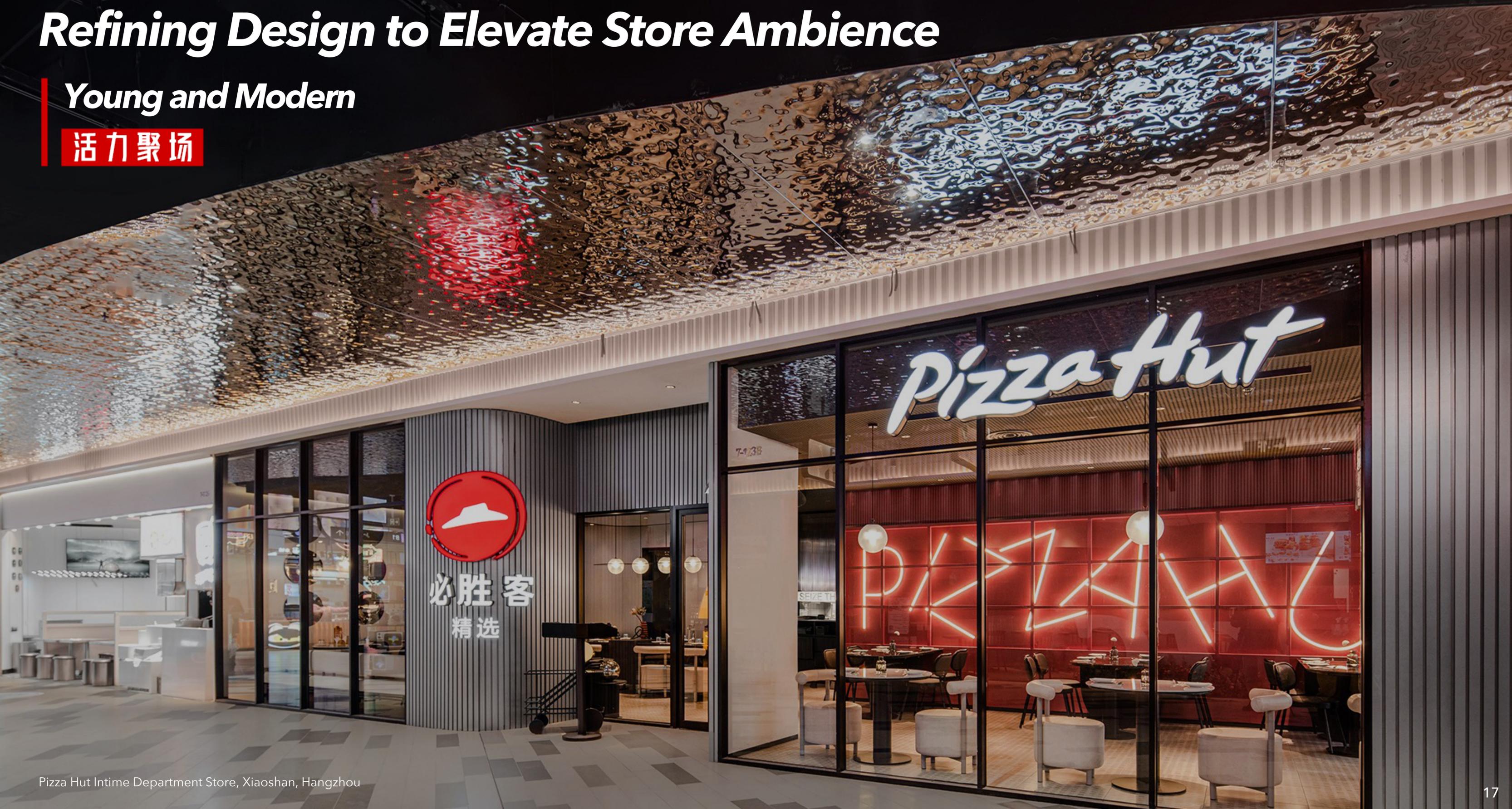
## Improve Ordering Experience

This screenshot shows an "Interactive Ordering" interface. A red banner at the top reads "Interactive Ordering". The interface features a search bar, a "预约" (Reserve) button, and a "全部" (All) filter. A prominent "王者回归 引爆味蕾" (King's Return, Exploding Taste Buds) promotion is displayed, featuring "霸王榴莲比萨" (King's榴莲 pizza). Below the promotion, there are sections for "优惠套餐" (Promotional sets), "买过" (Bought), and "一人食特惠" (Special offer for one person). A list of items is shown with prices and plus signs: "必胜孜然香香鸡 (热辣) ¥23", "金枕榴莲多多比萨 ¥89起", and "炙烤牛肉比萨 ¥89". At the bottom, there are more filters like "APP专享价" (APP exclusive price), "多件多折" (More items, more discount), and "精选" (Selected).

# Refining Design to Elevate Store Ambience

Young and Modern

活力聚场



# Refining Design to Elevate Store Ambience

City Hangout

城市话廊

89% Stores in New Design

# Expanding Margin through Multiple Cost Levers

## Reduce Workload in Store



## Leverage AI & Automation



## Increase Percentage of Variable Cost



# Respect at the Core of Our "People First" Philosophy



**Best-in-class People Care**

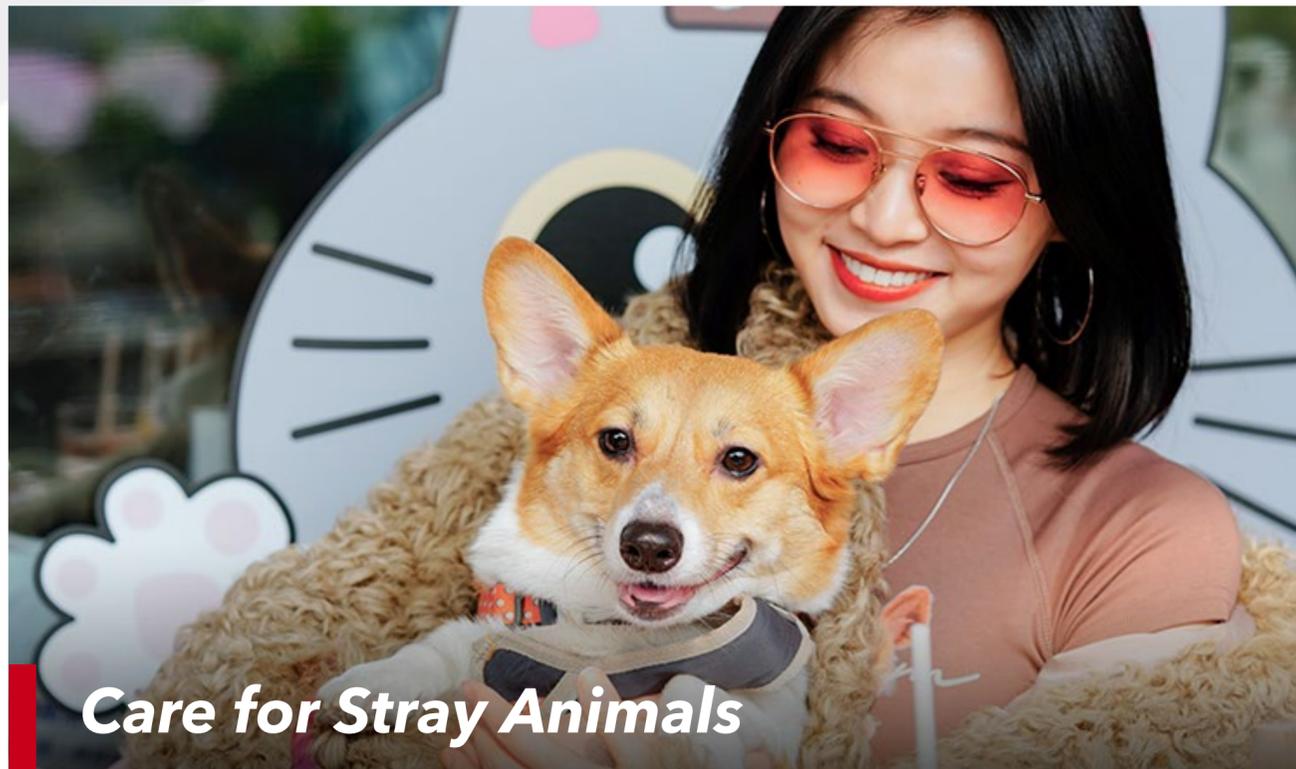
# Sustainability and Community Initiatives



**Grow Local Initiative**



**Public Reading**



**Care for Stray Animals**



**Food Bank**

***The Most Innovative Pizza Brand in the World***



**RG M**  
2.0

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