



# Innovation Powering Growth

2019 YUM CHINA INVESTOR DAY



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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.

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必勝客



東方既白



小肥羊



COFFEE

# JOEY WAT

CHIEF EXECUTIVE OFFICER



YumChina





***Our First KFC  
Store in Shanghai***



# Meet Our Experienced Leadership Team



**Joey Wat**  
Chief Executive Officer



**Jacky Lo**  
Chief Financial Officer



**Johnson Huang**  
General Manager KFC China



**Jeff Kuai**  
General Manager Pizza Hut China



**Ted Lee**  
General Manager Little Sheep & East Dawning



**Angela Ai**  
Chief Development Officer



**Steven Li**  
Chief Marketing Officer



**Shella Ng**  
Chief Legal Officer & Corporate Secretary



**Danny Tan**  
Chief Supply Chain Officer



**Alice Wang**  
Chief Public Affairs Officer



**Aiken Yuen**  
Chief People Officer



**Leila Zhang**  
Chief Technology Officer



# 全球最创新的 餐饮先锋



*The World's Most Innovative Pioneer  
In The Restaurant Industry*



**Innovation  
Powering  
Growth**

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# Largest Restaurant Company in China



**5,900+**  
KFC stores

**2,200+**  
Pizza Hut stores

**1,200+**  
cities with stores

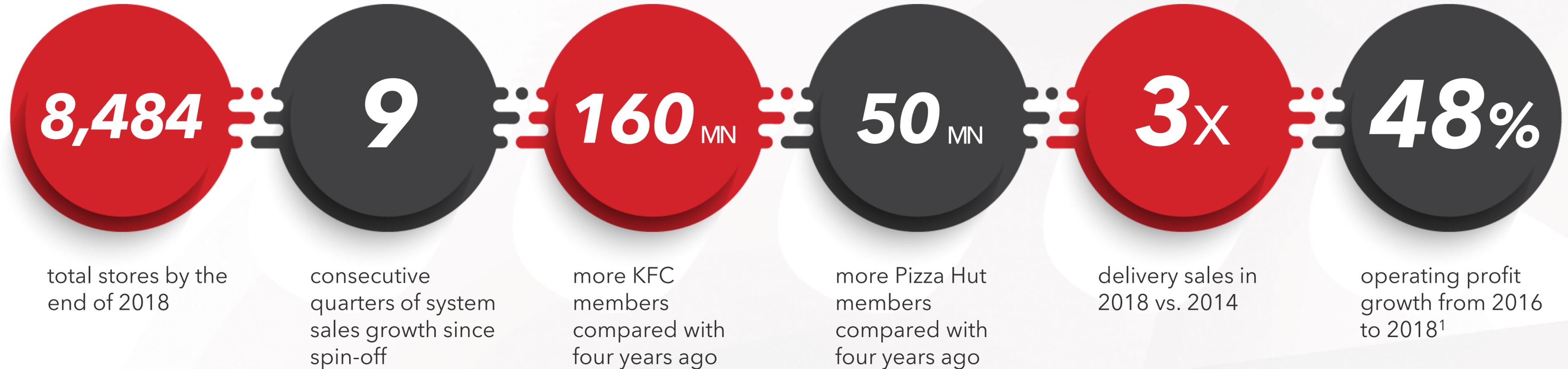
**1,100+**  
cities with  
delivery service

**20**  
Logistics centers

● store

★ distribution center

# *We've Proven We Can Grow at Scale*



<sup>1</sup> Reported currency

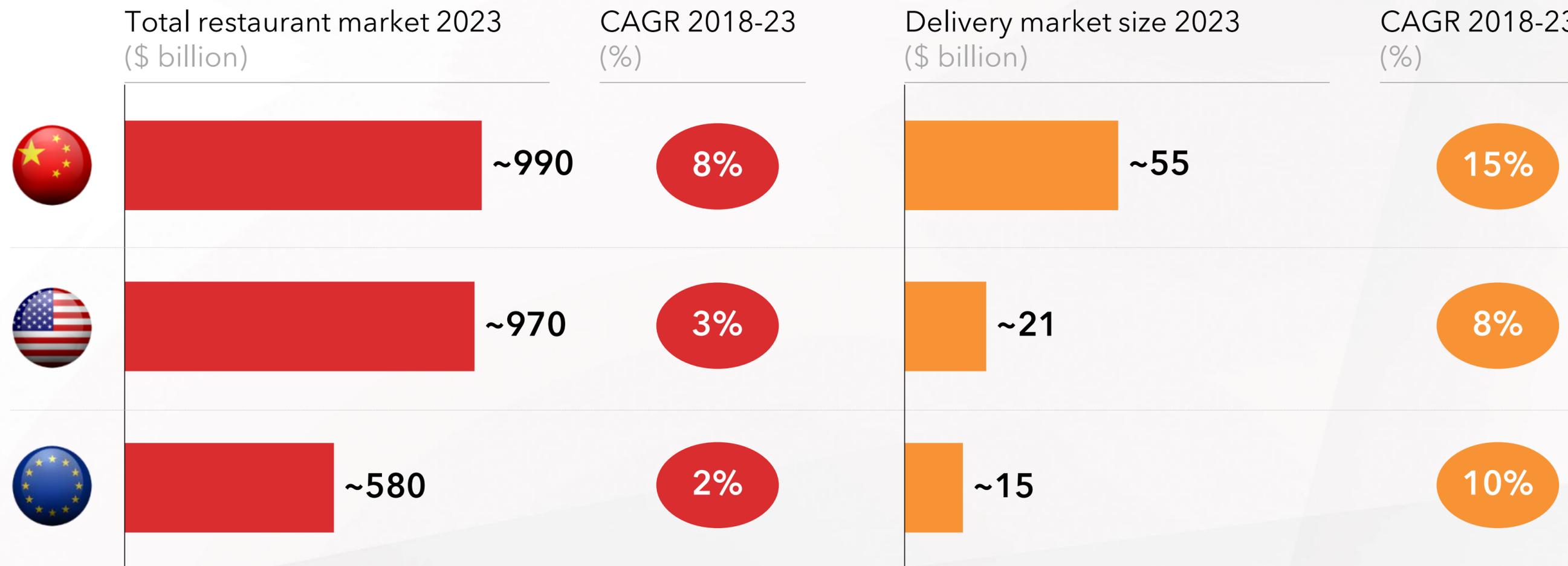


***Yum China Has a Long Runway for Growth***

# China Restaurant Market: Growing to be The World's Largest



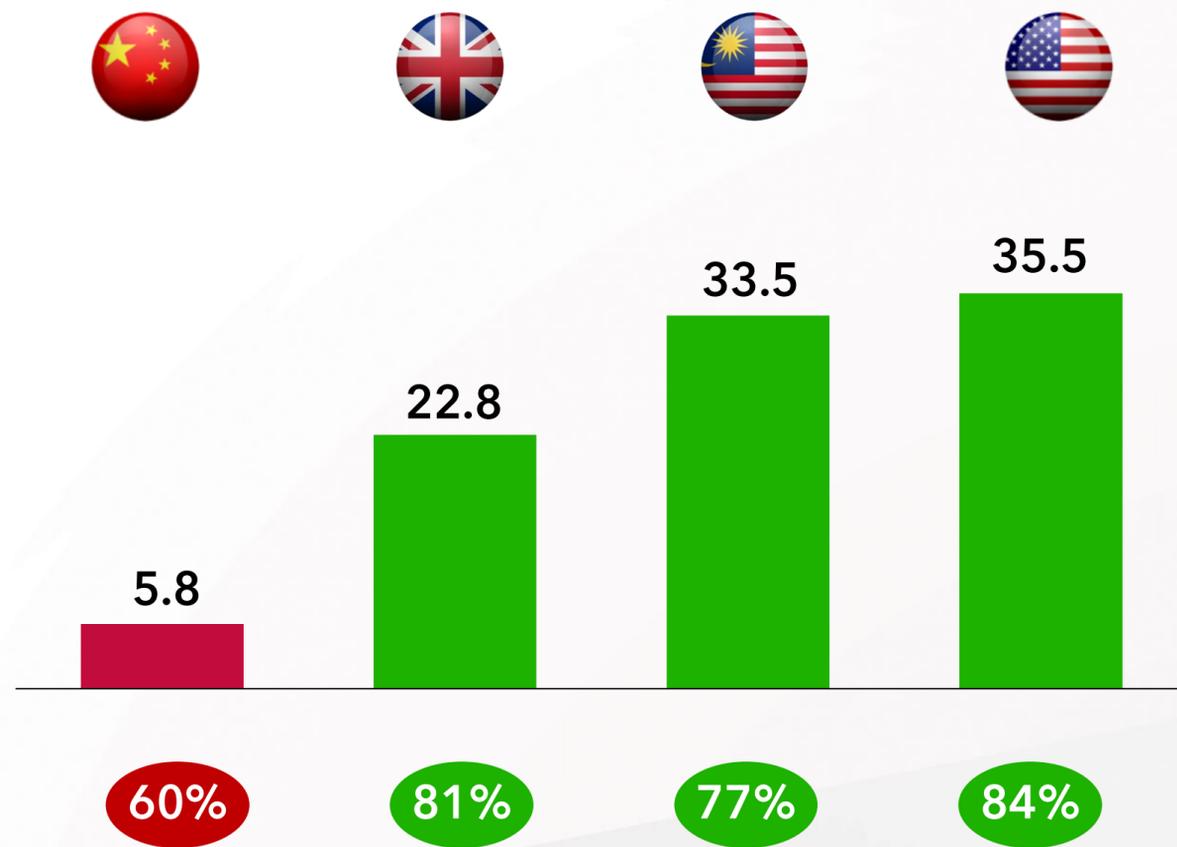
## Top three restaurant markets: Growth outlook 2018-2023



# Yum China: Lots of Growth Still Ahead

## Room to increase penetration

Number of KFC and Pizza Hut stores per million people, 2018



Urbanization Rate, 2018

## And ~1,000 more cities to penetrate



# Our Strategy for Profitable Growth



SUSTAINABLE PLATFORM FOR GROWTH

YUM CHINA BRAND PORTFOLIO



COFFII & JOY

ENABLED BY THREE PILLARS ACROSS BRANDS



**DIGITAL**



**DATA**



**DELIVERY**

AND CROSS FUNCTIONAL CAPABILITIES

HR

Finance

Supply Chain

Legal

Operation

IT

Public Affairs

Development

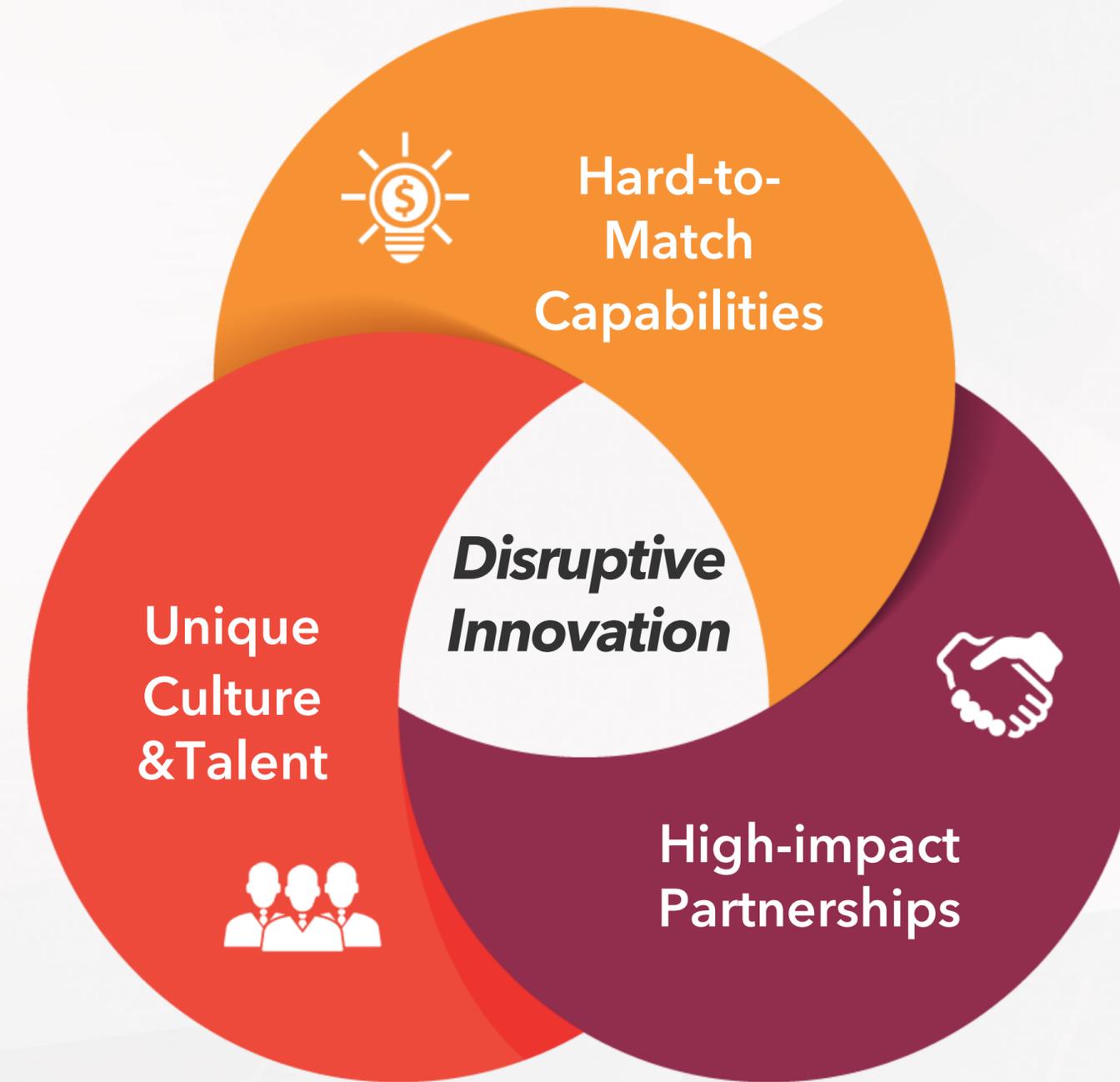
Marketing

SUPPORTED BY FOUNDER'S MENTALITY CULTURE



Innovation  
Powering  
Growth

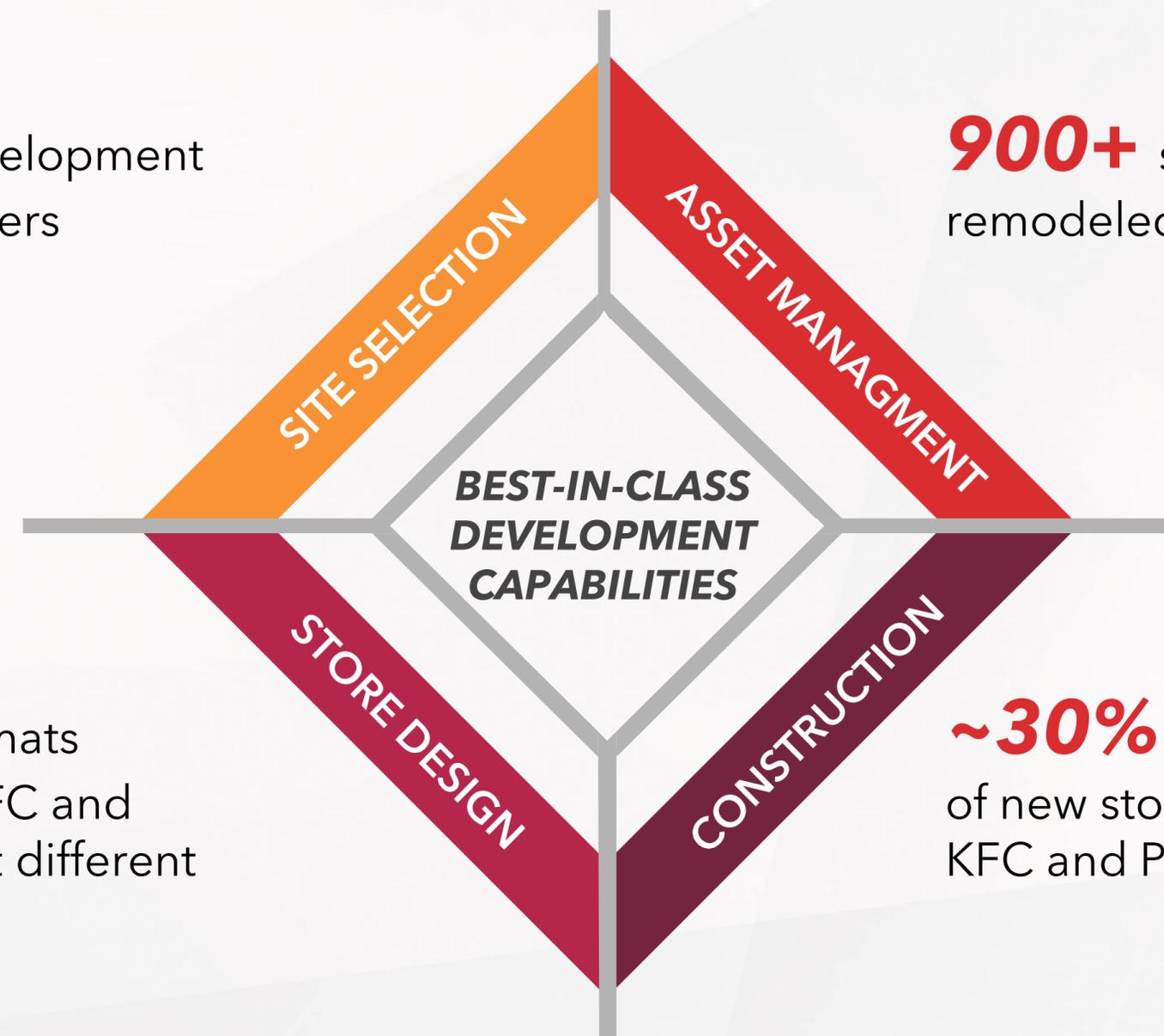
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# Best-in-Class Development Capabilities

**~1,000** development  
and asset managers

**900+** stores  
remodeled in 2018



**10+** store formats  
developed for KFC and  
Pizza Hut to meet different  
consumer needs

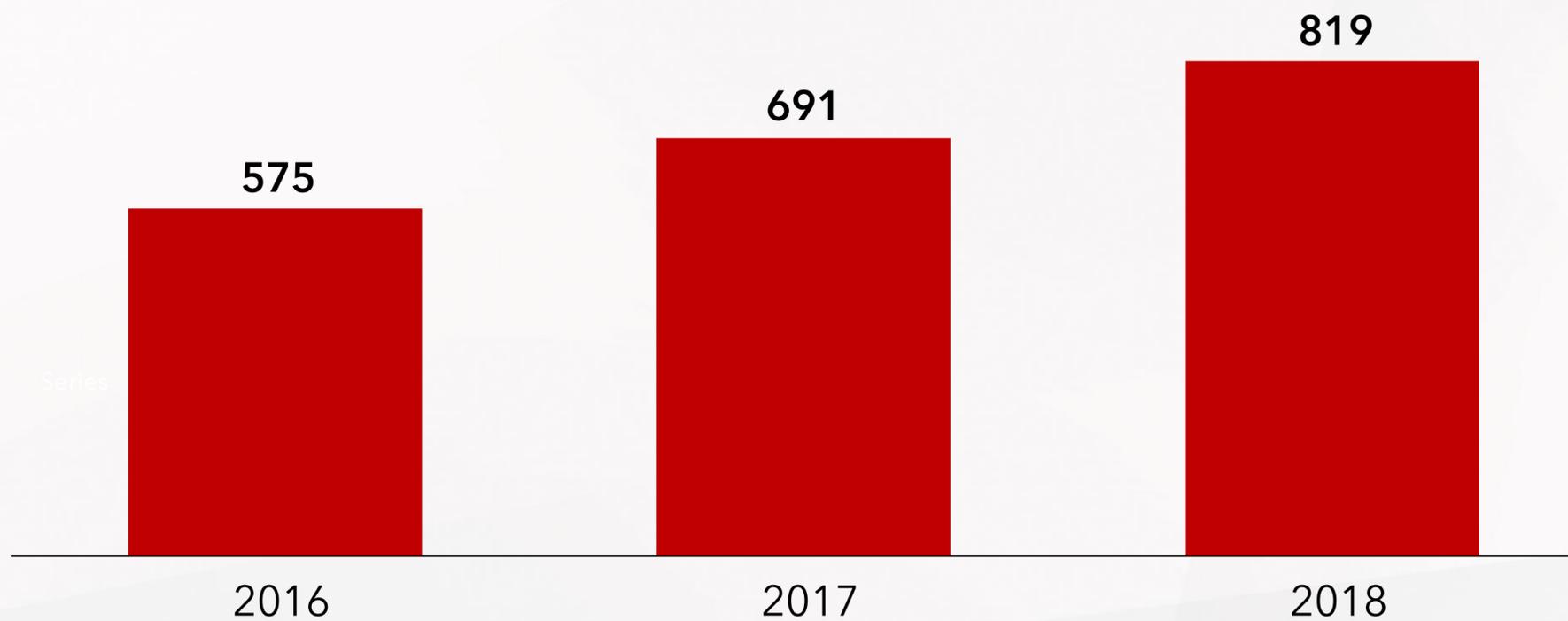
**~30%** cost savings  
of new store build for  
KFC and Pizza Hut<sup>1</sup>

<sup>1</sup> Comparison between stores opened in two periods, period 1: Oct 2013 to Sept 2014, period 2: Oct 2016 to Sept 2017

# Aggressively Expanding Store Portfolio

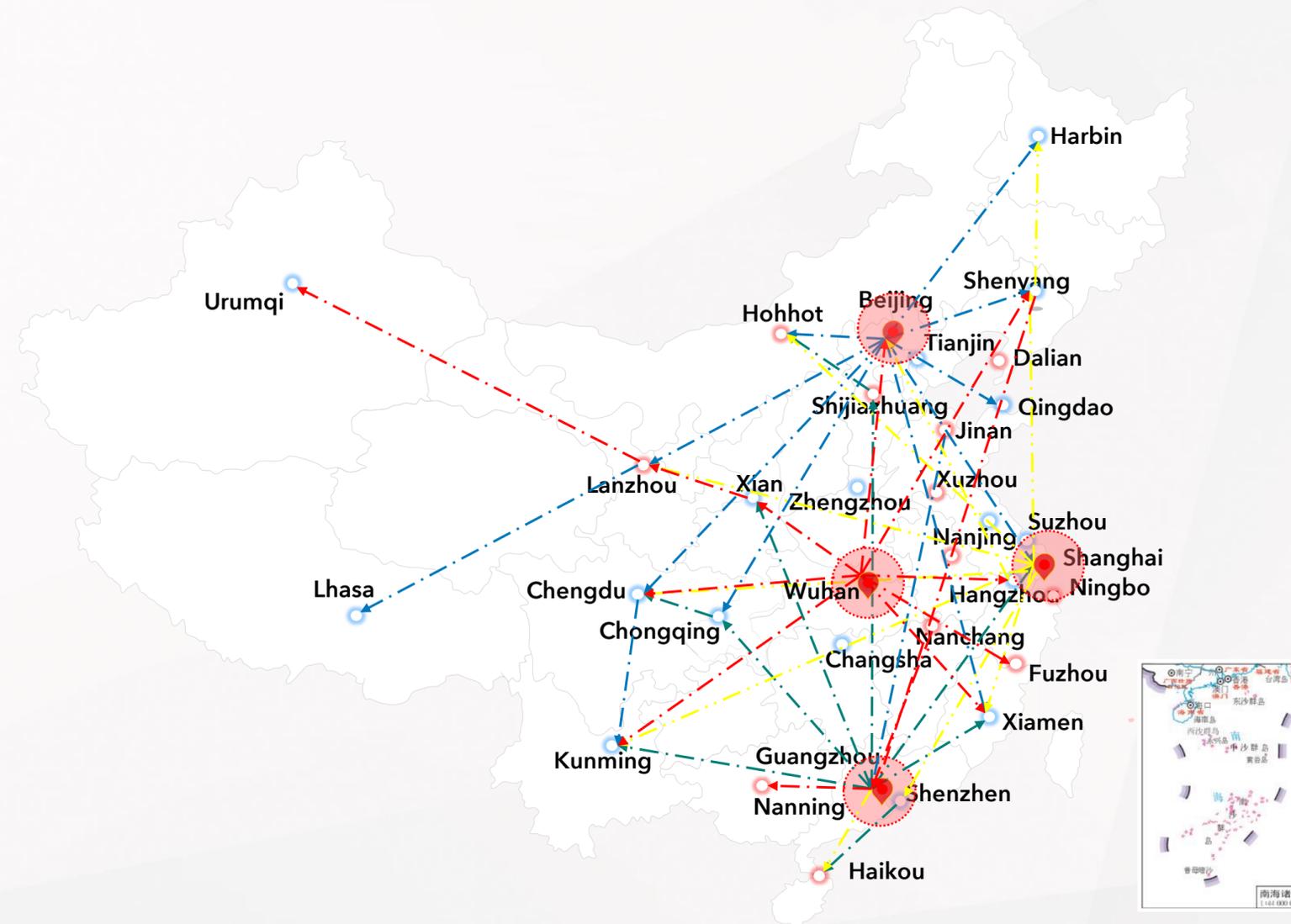
## Yum China new openings, 2016-18

Number of stores



*~2 new  
stores a  
day*

# Advanced Nationwide Supply Chain



**1,200+**  
current cities

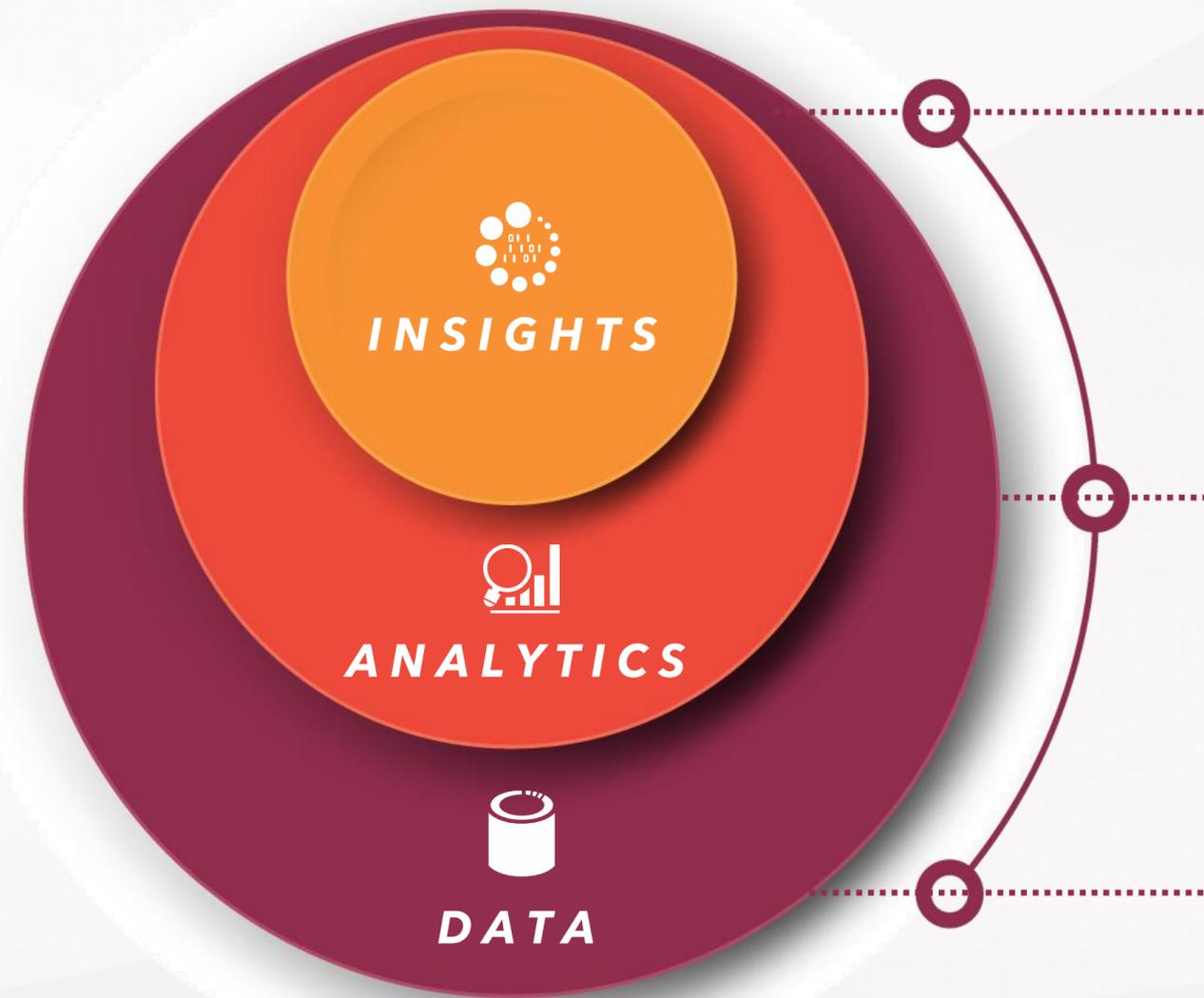
**1,000+**  
greenfield cities

**20**  
Logistics centers

**24x7**  
monitoring of  
refrigerated trucks

**~50%**  
lower cost than  
industry average

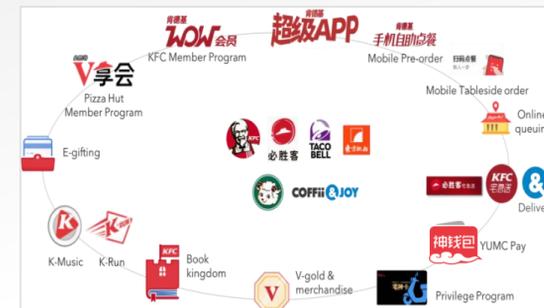
# Continuously Enhancing Our Digital Capabilities



- **160mn KFC** and **50mn Pizza Hut** members
- Multiple **privilege** programs



- **Digital ecosystem**
- **Seamless** online and offline experience



- **AI forecasting**
- **Dynamic** dispatching and scheduling



***Committed to  
Disruptive Innovation***

***Single Bone Chicken***

热辣香骨鸡

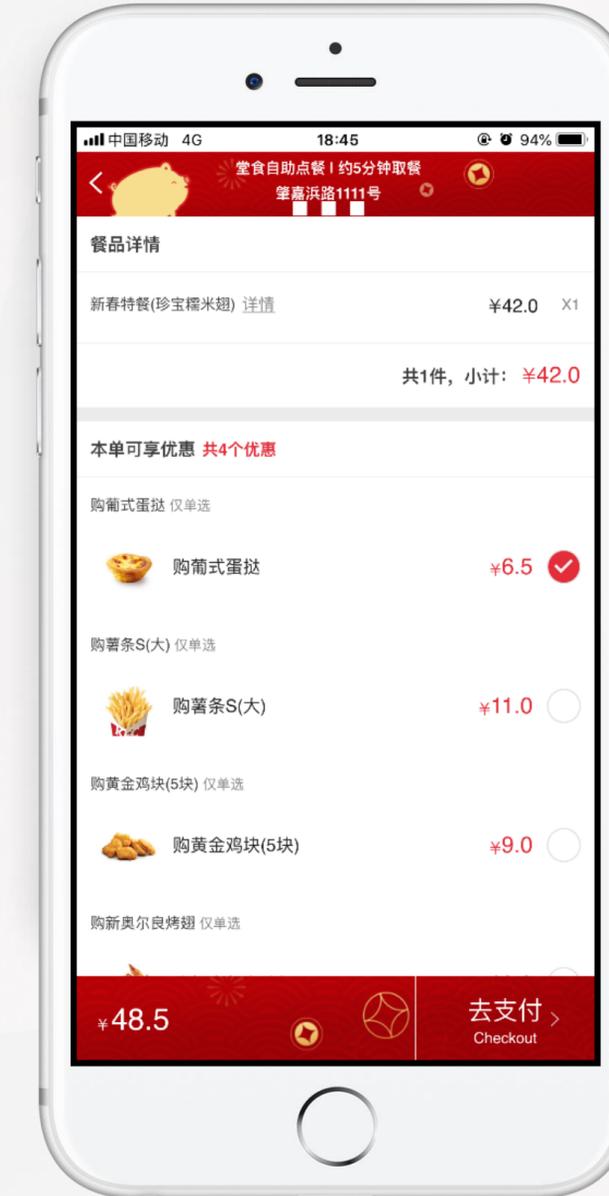
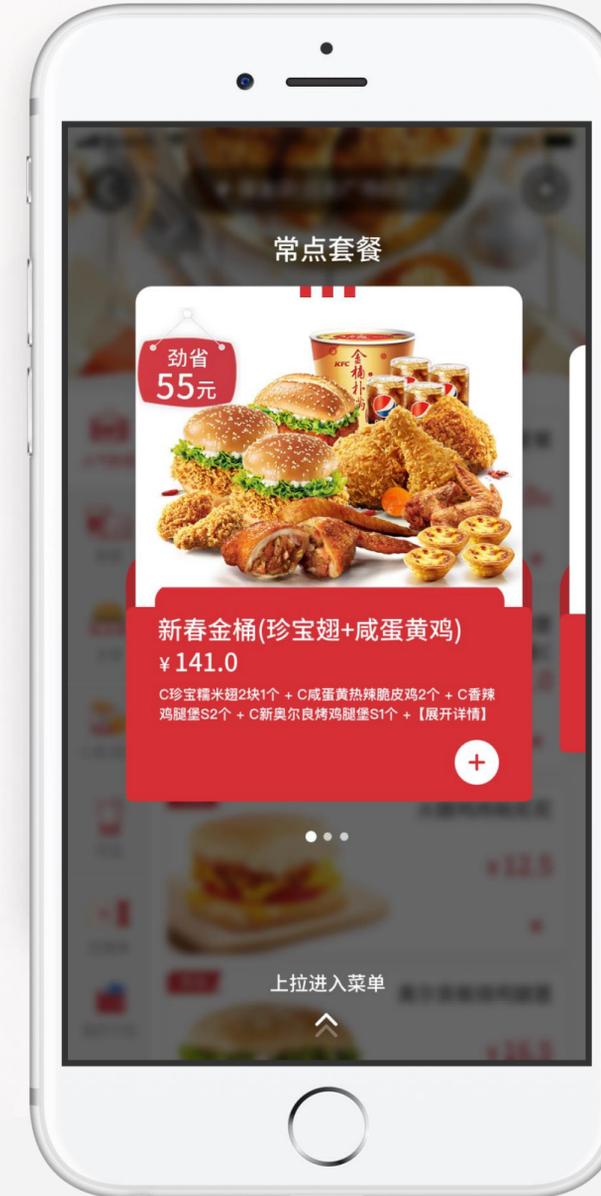


YumChina



# Committed to Disruptive Innovation

## AI Order Recommendation





必胜客 宅急送

**Committed to  
Disruptive Innovation**

## Hub and Spoke Model



YumChina



**Leveraging  
Capabilities to  
Accelerate  
Growth  
Opportunities**



# High Impact Partnerships with Industry Leaders



▶ Formed strategic partnerships<sup>1</sup> for a period of **20 years**

▶ Agreed on **exclusive** rights with CNPC in franchise business

▶ Target to open **100+** stores at gas stations over the next 3 years

<sup>1</sup> With Sinopec sales company and CNPC

# Building a Better Work Environment

## Top Employer 2019 in China



- ▶ Recognize commitment to creating a diverse and inclusive space

## Bloomberg Gender-Equality Index 2019



- ▶ 1 of 3 Chinese companies selected

## RGM NO.1 (Restaurant General Manager)



- ▶ Provide qualified RGMs with family health insurance (incl. their spouses, parents and children)

# Strengthening the Communities We Serve

## One Yuan Donation Charity



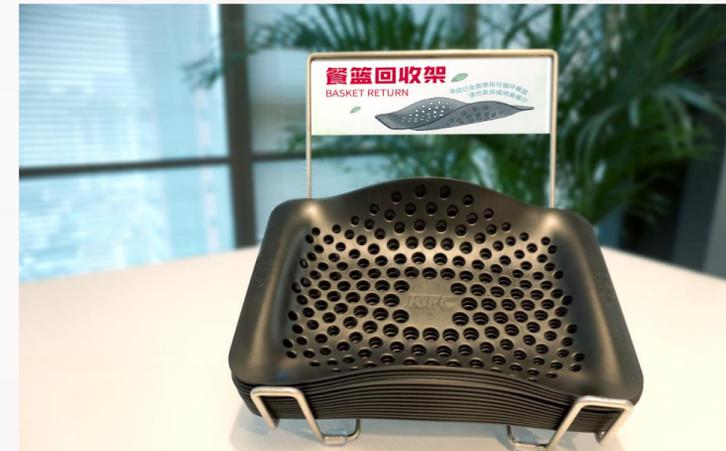
▶ 40+ million nutritious meals provided

## Grow Local Initiative



▶ Provided training to 860 local farmers in Yunan

## KFC Reusable Basket



▶ Target to reduce 2,000 tons of paper packaging

## KFC Angel Restaurants



▶ Offered 200+ jobs for staff with special needs

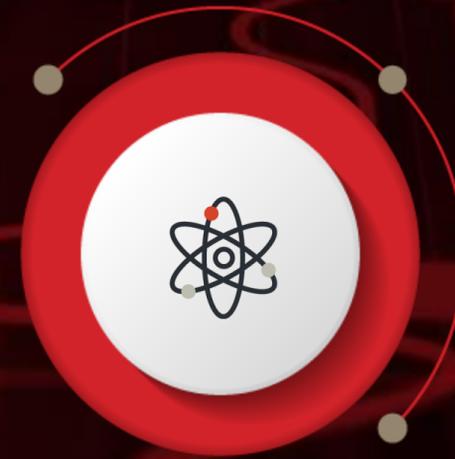
# We Have a Long Runway for Growth



Unrivalled  
position  
in China



Hard-to-  
match  
capabilities



Disruptive  
innovation



High-impact  
partnerships



Unique  
culture and  
talent

