



# FORTIFYING RESILIENCY, ACCELERATING GROWTH

2021 YUMC INVESTOR DAY

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# Key Takeaways

01

**LEAD**

overall coffee category

02

**LEARN**

the business model  
from COFFii & JOY

03

**LEAPFROG**

the competition with  
Lavazza joint venture



YumChina

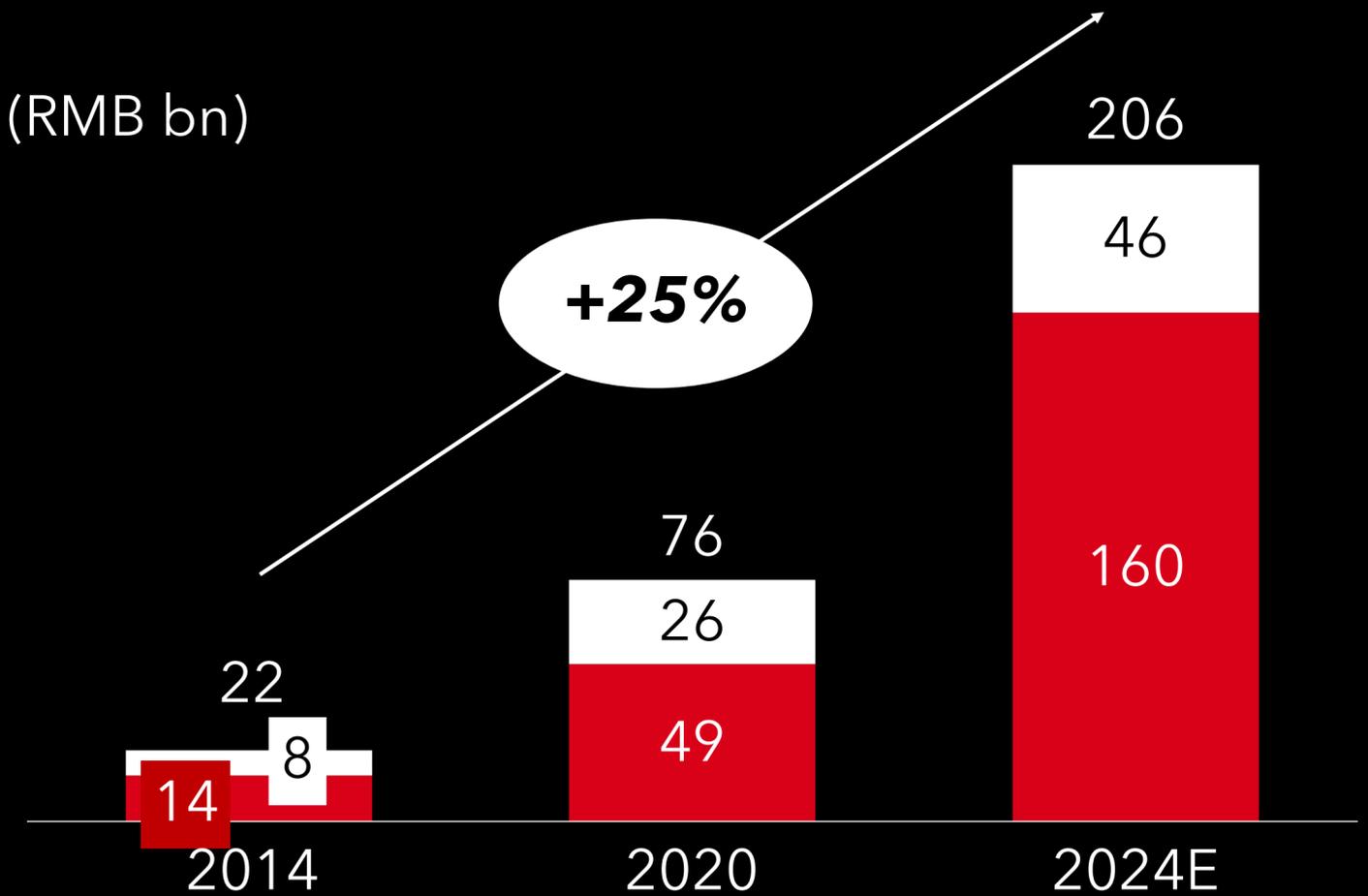
# OUR VISION

## Lead In Overall Coffee Business

# Coffee Market Potential Supports Our Growth

## Rapid Growth in China Coffee Market

(RMB bn)



■ Coffee products  
■ Cafés

Source: Frost & Sullivan

# Already a Strong Coffee Player in China with K Coffee

7,000+



NUMBER  
OF STORES<sup>1</sup>

140 mn



CUPS SOLD IN 2020

+30%



CUPS SOLD  
2021 1H VS 2019 1H

# Expand with COFFii & JOY and LAVAZZA



SPECIALTY COFFEE WITH ACCESSIBLE PRICE

37



NUMBER OF STORES<sup>1</sup>



AUTHENTIC ITALIAN COFFEE EXPERIENCE

22



NUMBER OF STORES<sup>1</sup>

1. As of Aug. 31, 2021

# Drive Presence Beyond Stores

## AT HOME

### FRESH COFFEE<sup>1</sup>



### INSTANT COFFEE



### COFFEE MACHINE



## AWAY FROM HOME

### RESTAURANT AND BAR



### HOTEL



### OFFICE AND LARGE SPACE



1. Fresh coffee includes beans, ground, capsules and pods

# Learn the Business Model from COFFii & JOY

**DISTINCTIVE CORE  
PRODUCTS**

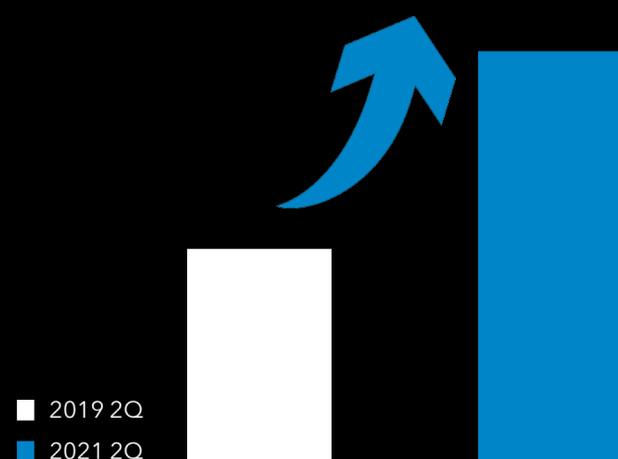
**DIGITAL &  
DELIVERY**

**SMALL STORE  
FORMATS**

# Recent Performance of COFFii & JOY

## GROWTH

2x



Same store sales

## LOYALTY



2x

Per store member number<sup>1</sup>

## DIGITAL



40+%

Digital order sales contribution<sup>2</sup>

1. 2021 2Q vs. 2019 2Q  
2. % in 2021 1H

# Build Distinctive Core Products

Specialty Coffee



Coffee Infusion



Coffee-pairing



# Drive Digital & Delivery

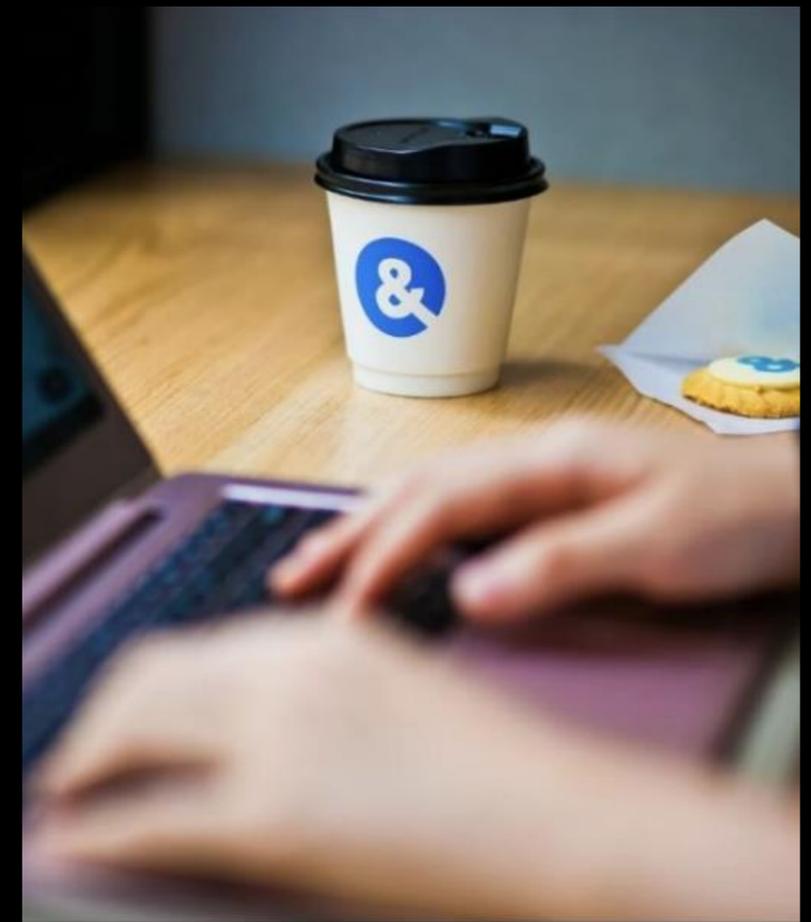
Drive first purchase



Optimize loyalty program



Improve delivery experience



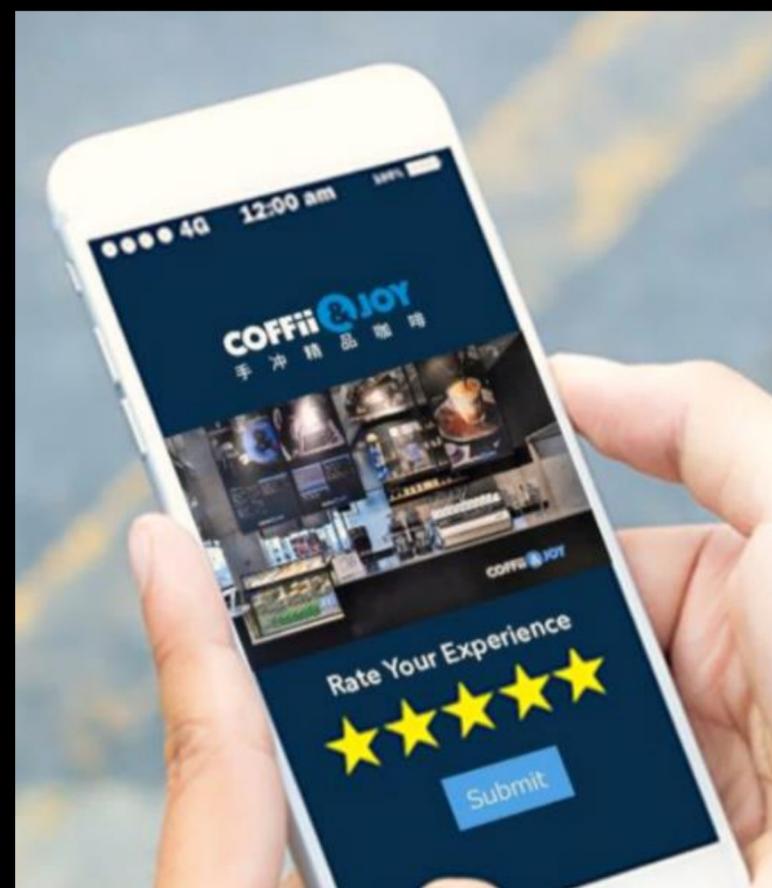
# Expand With Small Store Formats

Small space



20-40 sqm

Off-premise occasions



40+% delivery sales mix<sup>1</sup>

Strategic channels



Office lobby, campus

# Leapfrog The Competition with Lavazza Joint Venture

AUTHENTICITY AND  
INVENTIVENESS

STORE EXPANSION

BEYOND STORES

# Lavazza Cafes Have Achieved Initial Success in Only 1 Year

## GROWTH

**7x**

Store expansion:  
22 stores, Aug. 31, 2021 vs  
3 stores, Aug. 31, 2020

## LOYALTY

**~50%**

Member sales mix  
in 2021 1H

## DIGITAL

**46%**

Digital order sales  
contribution  
2021 1H

# Enhance Inventiveness And Authenticity

Superior  
Coffee



Unique Italian  
Chef Recipes



Customized Menu  
For China



Italian Café  
Experience



**LAVAZZA**  
TORINO, ITALIA, 1895

# Accelerate Expansion With Multiple Store Formats

FLAGSHIP



150-250 sqm  
High street, prime location

NORMAL



100-150 sqm  
Shopping mall

SMALL



70-100 sqm  
Community and office



**LAVAZZA**  
TORINO, ITALIA, 1895

CURRENT FOOTPRINT  
**SHANGHAI**

Jan. 2020  
Jingan district, Crystal Galleria





# CURRENT FOOTPRINT HANGZHOU

July 2021  
Hangzhou 501



# CURRENT FOOTPRINT BEIJING

Aug. 2021  
Beijing Solana



CURRENT FOOTPRINT  
**GUANGZHOU**

Aug. 2021  
ICC Mall



IN THE PIPELINE  
**SHENZHEN**

Expected Nov. 2021

Qiantan Mixc

# Go Beyond Stores with Lavazza Coffee Products

BEANS AND  
GROUND



COFFEE  
CAPSULE AND  
MACHINE



READY TO  
DRINK

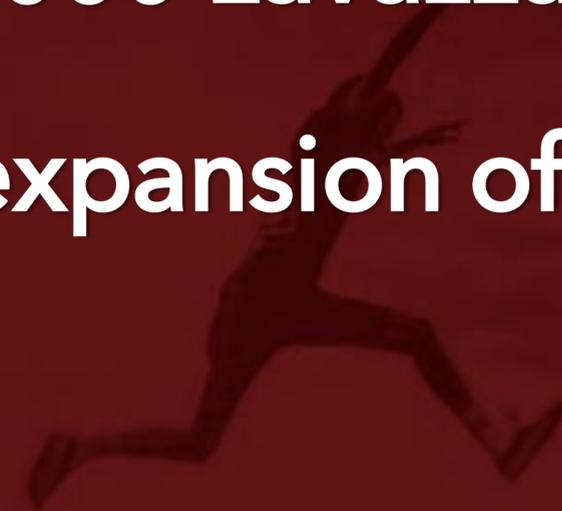


Introduce best-selling products to China in the next 1-2 years  
Leverage Yum China's restaurant network and digital capabilities

# **Make Coffee a Meaningful Part of Yum China!**

**Aiming to open 1,000 Lavazza stores by 2025**

**Resuming store expansion of COFFii & JOY**





**YumChina**