



YumChina

Third Quarter 2021 Results

October 2021



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,” “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 closing of the Hangzhou Catering investment, 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.

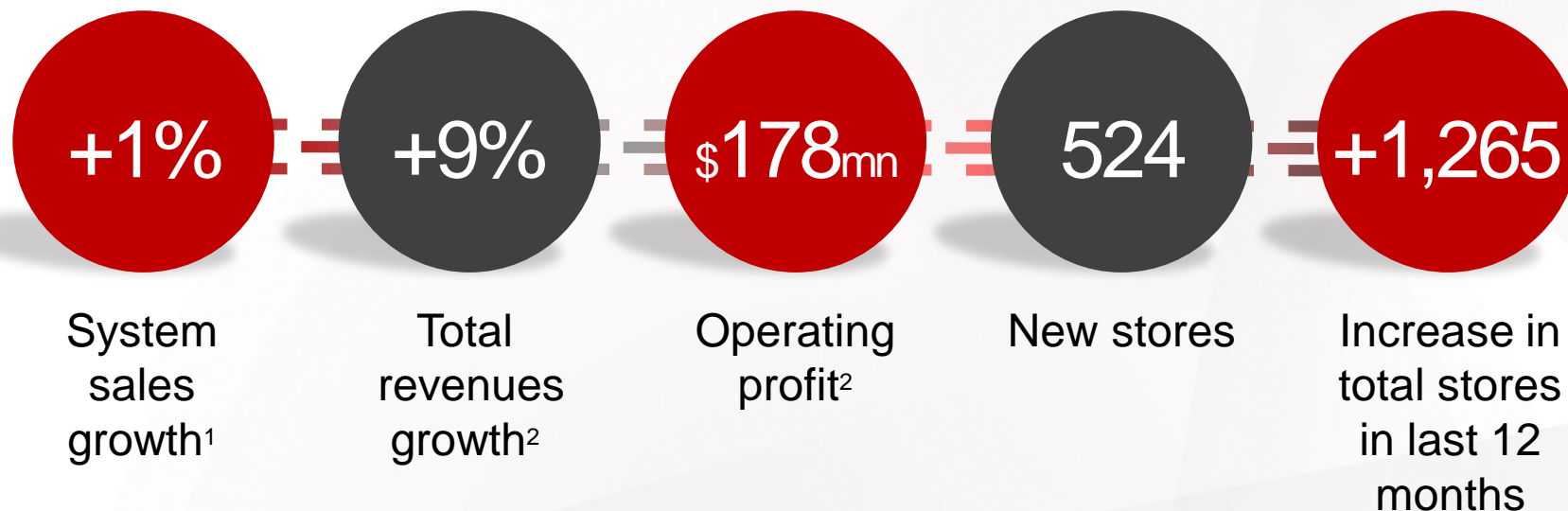


Business Highlights

Appendix – Financial Results



Third Quarter Results Impacted by Regional Outbreaks; New Store Openings Acceleration Continued



¹ Stated on a constant currency basis

² Stated in reported currency, includes the consolidation of Huang Ji Huang from April 2020 and Suzhou KFC from August 2020

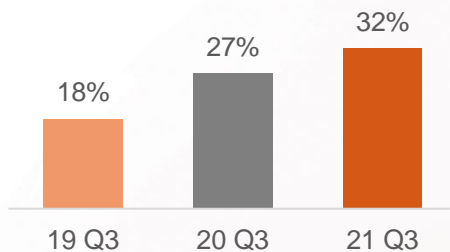
General note - \$ refers to US Dollar in the presentation

Delivery Sales Grew Rapidly

Delivery

% of Company sales

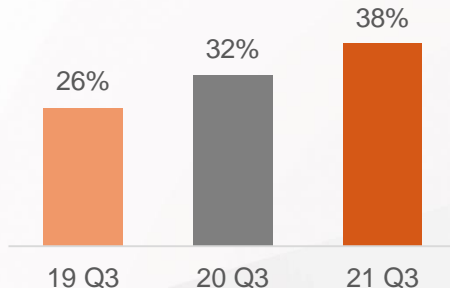
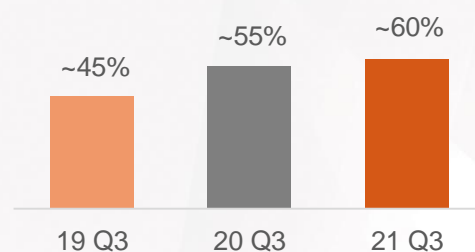
Delivery sales growth¹



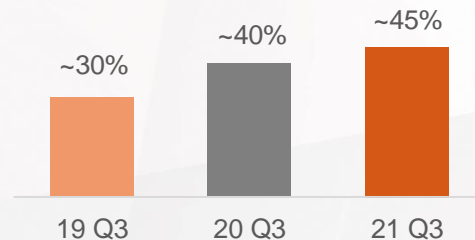
+73% vs 19
+22% vs 20

Off-premise

% of Company sales

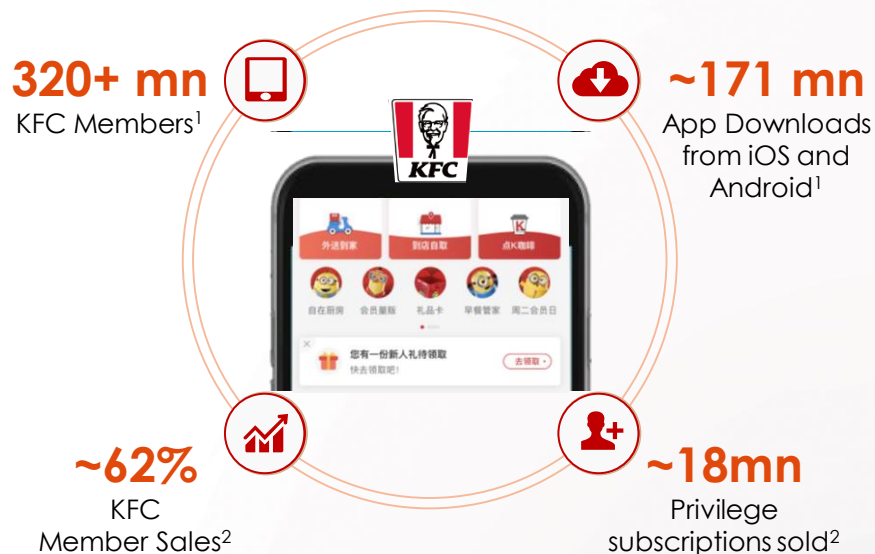


+39% vs 19
+18% vs 20



¹ Stated on a constant currency basis. Adjusted KFC Delivery sales 2019 to include Suzhou KFC for like-for-like comparison with 2021
Note: % of Company sales include Suzhou KFC since August 2020

Membership Programs and Super Apps Driving Engagement and Spending



¹ Cumulative as of September 30, 2021

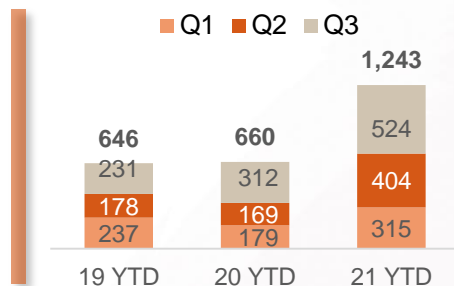
² Q3 2021

New Store Growth with Attractive Paybacks

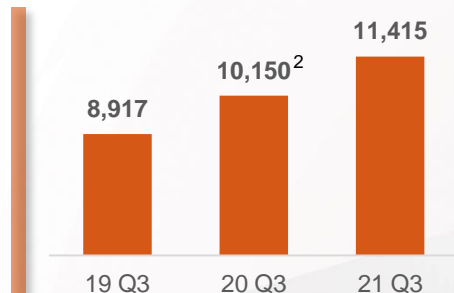


Accelerated Store Growth

Gross New Stores

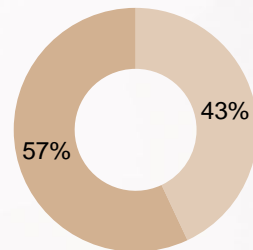


Total Stores

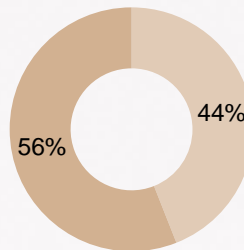


Lower Tier Penetration

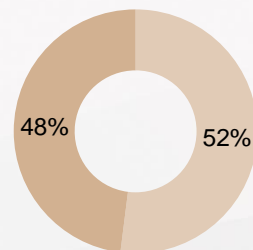
2021 YTD New Stores



Total Stores



Tier 1-2 Tier 3-6



Tier 1-2 Tier 3-6

New Unit Payback¹



~2 years



~3 years

¹ Refers to Average Pre-tax Cash Payback Period; Includes units opened in July 2020 to June 2021, after deduction of 3% license fee

² Included Huang Ji Huang stores which were acquired in April 2020 with 615 units on September 30, 2020

KFC: System Sales Grew 1%; ~4 New Stores a Day

Third Quarter 2021 Highlights



System sales **+1%**¹

Same-store sales **-8%**¹

Or approx. **-13%**² vs 19'Q3

↳ Transactions **-18%**² vs 19'Q3

↳ Average ticket **+6%**² vs 19'Q3



362 Gross new stores

+983 stores y/y



Restaurant margin
13.6%

-5.8 ppts y/y



Operating profit of
US\$196 million³



~88% Digital orders
+5 ppts y/y

~32% Delivery sales
+6 ppts y/y



Members: **320+** million
Member sales: **~62%**

¹ Stated on a constant currency basis

² Pro-forma measures for convenient comparison with 2019

³ Segment Operating Profit before unallocated shared service costs

Product Innovation Across Categories

Chicken Taco



Juicy Whole Chicken



Meat Sauce Wagyu/Angus Beef Burger



New Retail: Fried Rice



Stepping Up Localization for Consumers

National Launch:
Wuhan Hot Dry Noodles



National Launch:
Lotus Pastry



Shanghai & Zhejiang Only:
Steamed Dumplings



Henan Exclusive:
Hot Pepper Soup



Attractive Value Campaigns to Drive Traffic

Half-price Burger Combos

肯德基拼了!
YOYO 切克闹
半价汉堡来一套
多款汉堡套餐重磅来袭

限时3天
9.5-1.1

- 肯德基无肉不欢鸡堡 ¥22.5
- 双层深海鳕鱼堡 ¥21.5
- 脏脏芝士鳕鱼鸡腿堡 ¥31
- 汁汁厚牛堡系列 ¥32
- 深海鳕鱼堡 ¥20.5

半价的月亮十六圆

3 days only, from RMB 20.5 to 32

Crazy Thursday Extension

KFC
疯狂星期四
星期 星期 星期

¥9.9/9块 黄金鸡块

¥19.9/15块 热辣香骨鸡

¥29.9/8只 葡式蛋挞(经典)

¥19.9/2份 葡式蛋挞(经典)

十五的月亮十六圆

欢聚的快乐要三连

Extended signature Crazy Thursday promotion to Wednesday through Friday for a limited time

New Retail Promotion

肯德基自在厨房。
疯狂星期四
9月2日、9日、16日

三分半炒饭 喷香油润三分半 加热即享 ¥29.9/2盒

整切西冷牛排 5分钟煎出匠心好牛排 ¥29.9/2片

闪冲咖啡三种风味体验装** ¥29.9/2份

Ready-to-eat/heat/cook products e.g., fried rice, steak and coffee

Super Privilege

一起动吃大吃
听夏日王炸BGM

SUPER SUPER SUPER

双周王炸卡

7/15-8/31 连卖48天不间断
6折「8.8元14天」

抢先开卡 BUY NOW

RMB 8.8 for 14 days
40% off for any a la carte item



Pizza Hut: Highest New Store Openings in 5 Years

Third Quarter 2021 Highlights

System sales **+1%**¹



Same-store sales **-5%**¹

Or approx. **-11%**² vs 19'Q3



Transactions **-1%**² vs 19'Q3



Average ticket **-10%**² vs 19'Q3



103 Gross new stores

+226 stores y/y



Restaurant margin

8.2%

-8.5 ppts y/y



Operating profit of
US\$18 million³



~85% Digital orders

+20 ppts y/y

~38% Delivery sales

+6 ppts y/y



Members: **105+** million

Member sales: **~56%**

¹ Stated on a constant currency basis

² Pro-forma measures for convenient comparison with 2019

³ Segment Operating Profit before unallocated shared service costs

Excite Customers with New Menu Items

Wagyu Beef Pizza

Seabass Pizza with
Pickled Vegetables

Slow Cook Beef

Afternoon Tea Set





Great Value Across Categories, Dayparts and Channels

Scream Wednesday



Spinach Pizza at ¥29 / Durian
Pizza & Steak at ¥39

Pizza Buy One Get One Free



More choices and flexibility for
when, where and what pizza for the
second pizza

Desserts Buy One Get One Free



Available from 2-5pm

New Retail Combo



11 items at ¥199
(2x rice/pasta, 7x steak, 2x patty)

Lavazza Offering Authentic Italian Experience

Summer Drinks



Passion Fruit / Coconut Frulatto

Freshly Made Food



Mini croissant / Focaccia /
Emiliano (toasted sandwich)

26 Stores in 4 Cities



New stores in Shanghai and Hangzhou
(Shanghai Wujiang Road; Hangzhou 501 Plaza)

Increase 2021 New Store Target to 1,700

Q3 2021 SUMMARY

- Third quarter performance significantly impacted by regional outbreaks
- Dine-in traffic sharply declined while delivery sales grew 62% vs 2019
- KFC was more impacted than Pizza Hut due to higher mix of stores in transportation and tourist locations
- Total revenues grew 9%¹, and System sales grew 1% in constant currency
- Opened a record of 524 stores to capture long-term market opportunities
- Operating profit declined but remained profitable at \$178 million

2021 FINANCIAL TARGETS

- Increase from ~1,300 to >1,700 gross new stores
- Maintain Capex target at ~\$700-\$800 million

¹ Stated in reported currency



Business Highlights

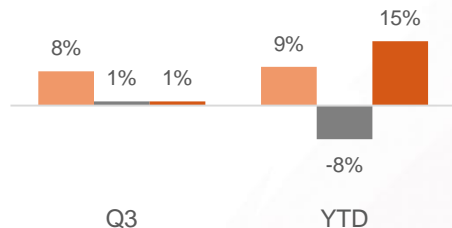
Appendix – Financial Results



Yum China Key Financials

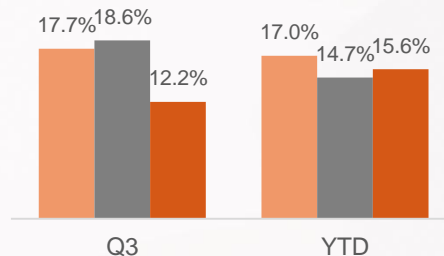
Sales Growth¹

System sales growth (%)



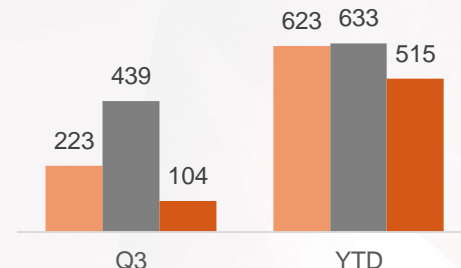
Profit Margin

Restaurant Margin (%)

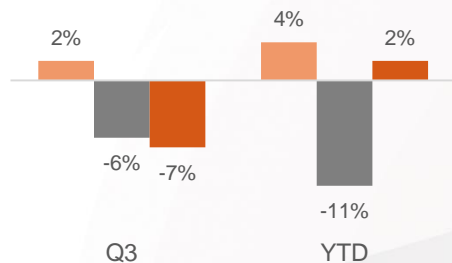


Net Income & EPS

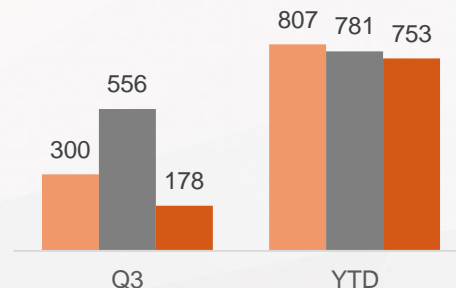
Net Income (\$ mn)



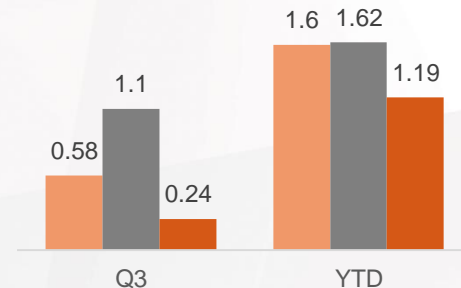
Same-store sales growth (%)



Operating Profit (\$ mn)

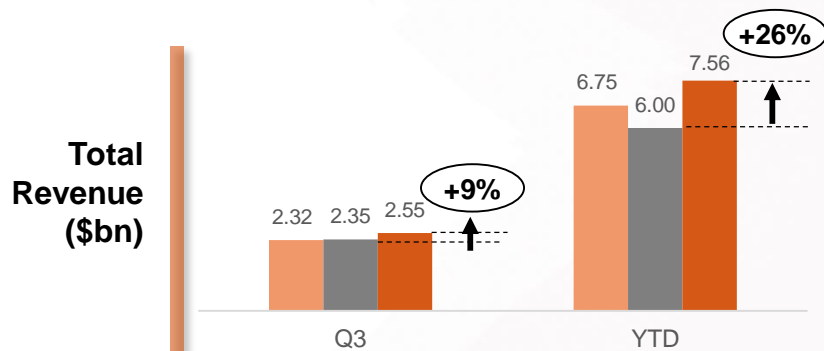


Diluted EPS (\$)



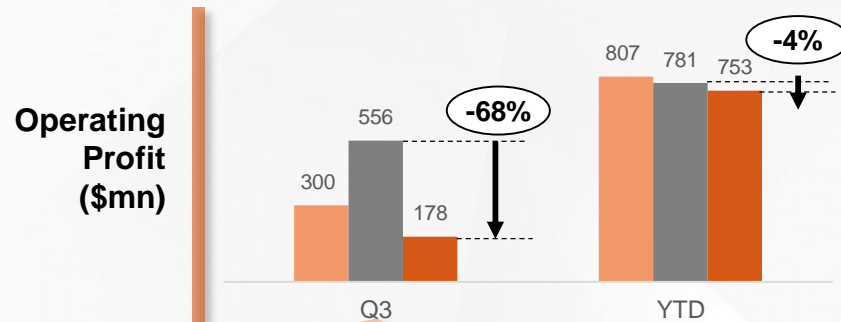
¹ Stated on a constant currency basis.
Note: Include the consolidation of Huang Ji Huang from April 2020 and Suzhou KFC from August 2020.

Key Factors of Year-over-year Change



Key factors for Q3 year-over-year growth

- + New unit contribution
- + Consolidation of Suzhou KFC
- + Foreign exchange
- Same-store sales decline



Key factors for Q3 year-over-year decline

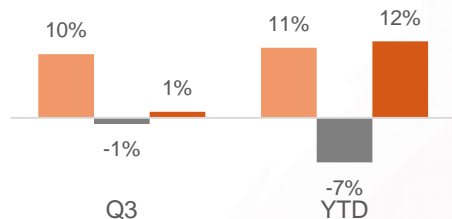
- Sales deleverage
- Stepped-up value promotions partially offset by modest decline in commodity prices
- Wage inflation and increased rider cost associated with the rise in delivery volume
- Lower COVID-related temporary relief
- Lapping the non-cash gain of \$239mn from the re-measurement of our previously held equity interest in Suzhou KFC in 3Q'20
- + New unit contribution
- + Foreign exchange

■ 2019 ■ 2020 ■ 2021

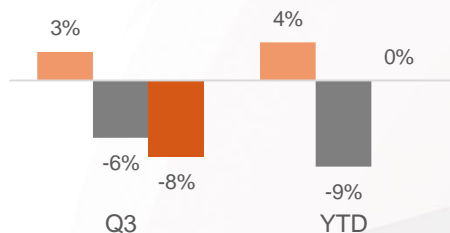
KFC Key Financials

Sales Growth¹ (%)

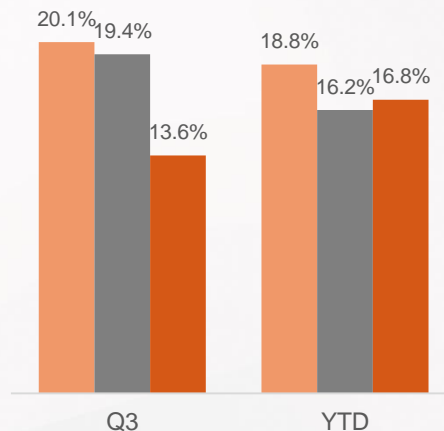
System sales growth



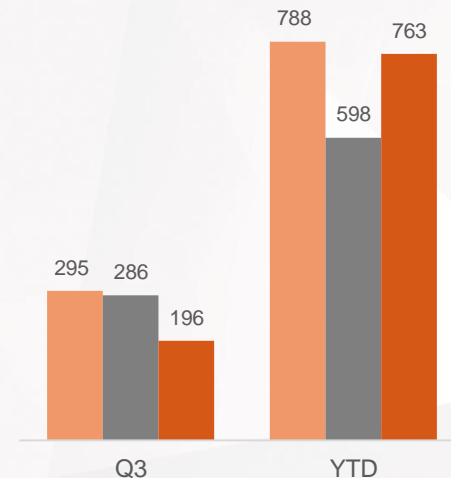
Same-store sales growth



Restaurant Margin (%)



Operating Profit² (\$ mn)



¹ Stated on a constant currency basis.

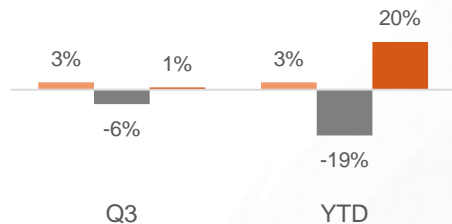
² Segment Operating Profit before unallocated shared service costs.



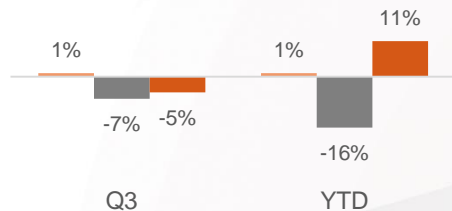
Pizza Hut Key Financials

Sales Growth¹ (%)

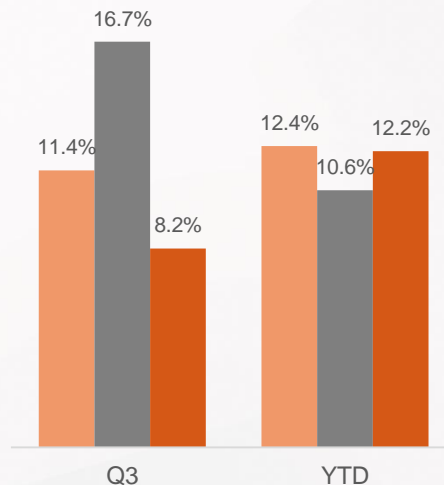
System sales growth



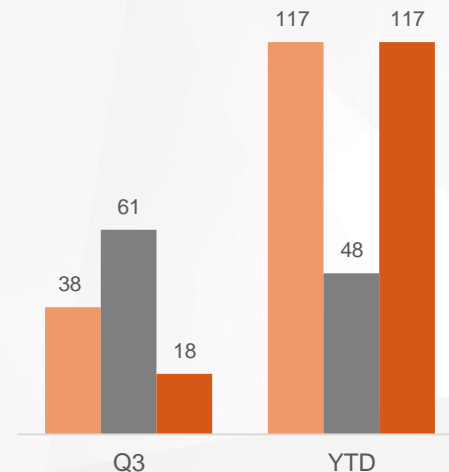
Same-store sales growth



Restaurant Margin (%)



Operating Profit² (\$ mn)



¹ Stated on a constant currency basis.

² Segment Operating Profit before unallocated shared service costs.

Capital Allocation

Cash

- **\$4.4 bn** cash and short term investment
- Strong operating cash flows

Capital Expenditure

- To accelerate store expansion and remodeling
- To develop our emerging brands
- To step up investment in digitalization, automation and logistics infrastructure

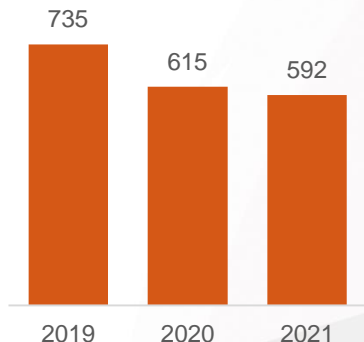
Shareholder Returns

- **~\$1.4bn** (since spin-off)
- Resumed cash dividends in 4Q 2020
- Resumed share repurchases in 3Q 2021

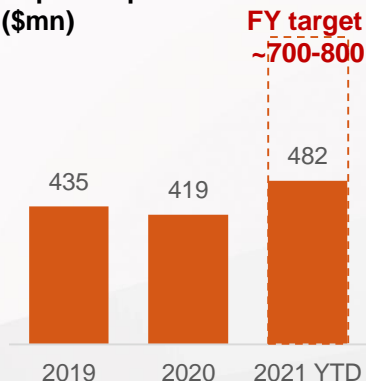
M&A and Investment

- To remain disciplined and explore opportunities in:
 - ✓ Restaurant brands with excellent growth potential synergy
 - ✓ Joint ventures
 - ✓ Enablers that further enhance our competitiveness

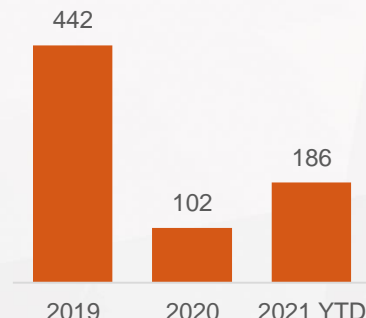
Free cash flow from operations¹
Jan-Sep (\$mn)



Capital expenditures (\$mn)



Cash dividends distributed and share repurchases (\$mn)



Transactions

- | Before 2021 | In 2021 |
|---|--|
| <ul style="list-style-type: none"> • Acquired 36% of Wuxi KFC (2018) • Huang Ji Huang (2020) • Acquired 25% of Suzhou KFC (2020) | <ul style="list-style-type: none"> • Acquired 5% of Fujian Sunner • Initial funding of \$130mn to the Lavazza JV • YUMC entered into a definitive agreement to acquire 28% of Hangzhou Catering Service Group |

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