



Yum China partners with Lavazza to launch the Lavazza coffee shop concept in China

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Lavazza's first Flagship Store in Asia opens in Shanghai

SHANGHAI, April 29, 2020 /PRNewswire/ -- Yum China Holdings, Inc. (the "Company" or "Yum China") (NYSE: YUMC), and the Lavazza Group ("Lavazza"), the world-renowned family-owned Italian coffee company, announced that they entered into a joint venture, to explore and develop the Lavazza coffee shop concept in China. As the first step, a new Lavazza Flagship Store in Shanghai, their first outside of Italy, opened its doors to customers.



"We are thrilled to partner with Lavazza and to bring their authentic Italian coffee experience to China. This is a great news for consumers who seek a premium coffee experience and we are excited to welcome them to the new flagship store," said Joey Wat, CEO of Yum China. "We see great potential for coffee in China and Lavazza shares this enthusiasm. Leveraging our deep understanding of Chinese consumers, we look forward to working together with Lavazza to explore the coffee market in China."

"We are honored to join forces with Yum China, a prestigious partner with in-depth knowledge of the market and the needs of Chinese consumers. China is an important market with huge untapped potential for coffee consumption. We have been searching for the right opportunities to establish Lavazza in China and Asia, and this partnership is an important first step," said Antonio Baravalle, CEO of Lavazza Group.



Lavazza's premium and authentic Italian coffee experience

With a history of 125 years, Lavazza has built on its Italian heritage and commitment to quality and innovation, establishing itself as an industry pioneer that is loved by coffee drinkers around the world. The new Flagship Store is located in Jing'an, a historical district in the heart of modern Shanghai. Embracing tradition and innovation, the new store allows customers to experience first-hand every aspect of Lavazza within a unique and iconic Italian styled setting. The store design, featuring high ceilings, artistic murals and marble furnishings, offers customers an immersive Italian coffee shop experience that is almost identical to what they could expect to find in Italy.

Lavazza's iconic Moka Carmencita coffee maker, with its distinctive conical shape, is in full display throughout the store. The Elektra Belle Epoque limited edition espresso machine, whose look is inspired by the very first espresso machine, can also be found in the store. It aims to preserve the charm of the history of coffee while telling the unique story of Lavazza's pioneering role in the development of coffee.



More than coffee, a fusion of classic and creative menu options

Like Lavazza's first flagship store in Milan, the Shanghai Flagship Store serves as a "gastronomic café", offering a variety of classic and creative coffee options alongside an exceptional food selection that includes a range of traditional Italian inspired snacks. At the heart of it all is Lavazza's range of premium and high-quality coffee beans, including Lavazza Kafa, one of the finest coffees in the world originating from the Ethiopian forest, and the Lavazza Classic Collection, which offers traditional Italian espresso coffee with a contemporary twist.

More than just the classic Italian espresso, Lavazza employs a variety of roasting and extraction techniques, introducing unique coffee creations to China for the first time. A particular highlight is Bel Paese Coffee, which is an exclusive lineup created for the China market, offering a unique journey of tastes from across the different regions of Italy, including using historic espresso recipes and local interpretations. Coffee Design creations are also available at the Shanghai Flagship Store and offer a line of specialty drinks that bring customers an innovative coffee experience based on exceptional gastronomy techniques.





To create the food offering for the Flagship Store, Lavazza partnered with a Michelin starred chef to bring the most authentic Italian street food to the local Chinese market. Customers will be able to enjoy a wide offering of savory and sweet Italian snacks, such as focaccia and cannolo alla crema, to name a few, all showcasing different gastronomic specialties from across Italy.

In recent years, the Lavazza Group has embarked upon a process of international development aimed at tapping into new markets and meeting rising customer demand for premium coffee. Meanwhile, Yum China has made encouraging advances into China's coffee market and in 2019 its brands sold 130 million cups of coffee to Chinese consumers. Combining the strengths of both companies, including Yum China's scale and in-depth local market knowledge and Lavazza's coffee credentials and quality-offering, creates a strong platform for the Lavazza coffee shop concept to succeed in China.

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Forward-Looking Statements

This press release 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. 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," "likely," "will," "should," "forecast," "outlook," "look forward to" 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 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 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 press release are only made as of the date of this press release, and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances, except as required by law. 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) for additional detail about factors that could affect our financial and other results.

About Lavazza Group

Established in 1895 in Turin by Luigi Lavazza, the Lavazza Group is a world-renowned Italian manufacturer of coffee products. It has been owned by the Lavazza family for four generations. Among the world's most important roasters, Lavazza currently operates in more than 140 countries through subsidiaries and distributors, with 70% of revenues coming from markets outside of Italy. Lavazza employs a total of about 4,000 people with a turnover of € 2.2 billion in 2019. More information at: Lavazza.com

About Yum China Holdings, Inc.

Yum China Holdings, Inc. is a licensee of Yum! Brands in mainland China. It has exclusive rights in mainland China to KFC, China's leading quick-service restaurant brand, Pizza Hut, the leading casual dining restaurant brand in China, and Taco Bell, a California-based restaurant chain serving innovative Mexican-inspired food. Yum China also owns the Little Sheep, Huang Ji Huang, East Dawning and COFFii & JOY concepts outright. The Company had 9,295 restaurants in over 1,400 cities at the end of March 2020. Yum China ranked # 362 on the Fortune 500 list for 2019. In 2020, Yum China was named to the Bloomberg Gender-Equality Index and was certified as a Top Employer 2020 in China by the Top Employers Institute, both for the second consecutive year. For more information, please visit <http://ir.yumchina.com>.

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