



KFC China Celebrates the Opening of its 10,000th Store

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- *Milestone Store Opening Underscores KFC's Continued Success as the Leading Restaurant Brand in China*
- *KFC China's Ambitious Growth Trajectory: Targeting Over Half of China's Population by 2026*

SHANGHAI, Dec. 15, 2023 /PRNewswire/ -- Yum China Holdings, Inc. (NYSE: YUMC and HKEX: 9987, "Yum China" or the "Company") today celebrated the opening of KFC China's 10,000th store, marking a significant milestone in KFC China's 36-year growth journey in the country.

Situated in Hangzhou, KFC China's 10,000th store is located on the banks of the Beijing-Hangzhou Grand Canal, a historically important link connecting northern and southern China. Since opening its first store in Beijing in 1987, KFC has grown into the country's largest QSR brand in terms of system sales. This growth has been underpinned by a world-class in-house supply chain management system developed over three decades.



"As the first western QSR restaurant brand in China to reach this incredible milestone, KFC China's 10,000th store opening is a proud moment for all of us, demonstrating the brand's deep bond with Chinese consumers across generations for over 36 years. Strategically positioned for sustained growth, KFC China stands to benefit from its large and rapidly expanding store network, substantial economies of scale and access to an even broader customer base," said Joey Wat, CEO of Yum China. "Presently serving just one-third of China's population, our goal is for KFC China to reach over half by 2026. By leveraging our solid foundation of success and tremendous untapped potential for future growth, we are confident that KFC China will continue to be China's leading restaurant brand for many years to come."



"In pursuit of our ambitious growth targets, we are committed to establishing KFC China as the preferred daily choice for an increasingly diverse

customer base," said Warton Wang, General Manager of KFC China. "KFC China remains at the forefront of pioneering new formats and groundbreaking concepts to accelerate store expansion into untapped cities, while also staying ahead of evolving consumer preferences and emerging consumption trends. Going forward, KFC China will continue to offer a diverse array of innovative meal choices across price ranges, ensuring that consumers can enjoy KFC anytime and anywhere."



Strategic Footprint Expansion for Greater Reach

Despite having already established an extensive presence in over 1,900 cities as of the end of Q3 2023, KFC China continues to actively expand its addressable market, with 1,100 untapped cities on the brand's radar for entry. Over the past five years, KFC China has seen remarkable growth, with average annual growth in net new KFC stores exceeding 22%, all while maintaining an average store payback period of approximately two years. At the same time, KFC China has been accelerating store openings in lower-tier cities while increasing store density in higher-tier cities.

Innovative Offerings to Satisfy New Demand

Through the introduction of innovative products and development of new categories, KFC China is proactively broadening its consumer base and catering to the evolving needs of Chinese consumers. Recent successes include the introduction of Juicy Whole Chicken and Beef Burgers, with both products generating annual sales exceeding \$100 million. KFC China is also widening its menu to introduce more entry-level price point offerings, ensuring its products better cater to the needs and preferences of a broader range of consumers. Meanwhile, KFC China continues to expand its in-house coffee brand, KCOFFEE, aiming to open more than 300 standalone KCOFFEE stores by the end of 2024.

Revolutionizing Convenience and Accessibility in Delivery Services

In tandem with increased store density across various regions, KFC China is redefining convenience and making its delivery services more accessible. Notably, a double-digit surge in small-ticket delivery orders of 40 RMB or less across major fast food players represents an area of opportunity for KFC China.

Furthermore, KFC China has showcased a steadfast commitment to maintaining robust margins, enabled by procurement excellence, continuous product innovation, and full chicken utilization. Additionally, the brand has embraced cutting-edge technologies, including in-store Internet of Things (IoT), automation, and artificial intelligence (AI) to enhance operational efficiency.

Looking forward, KFC China plans to further accelerate its annual net new store openings to exceed 1,200 in the next three years, with 15% to 20% expected to be franchise stores, aligning with Yum China's overarching goal to reach 20,000 stores by 2026. KFC China's future strategy encompasses a diverse range of store models and modules – ranging from standard stores to future concept stores, mini-stores, and stores strategically positioned in lower-tier cities. This approach underscores KFC China's commitment to innovation-empowered growth and adaptability in the dynamic Chinese market.

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, including statements regarding the Company's business strategy and capital allocation strategy. 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 "goal," "expect," "expectation," "believe," "anticipate," "may," "could," "intend," "belief," "plan," "estimate," "target," "predict," "project," "likely," "will," "continue," "should" 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, 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 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 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. Numerous factors could cause our actual results or events to differ materially from those expressed or implied by forward- looking statements. 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 SEC (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.

About Yum China Holdings, Inc.

Yum China is the largest restaurant company in China with a mission to make every life taste beautiful. The Company has over 400,000 employees and operates over 14,000 restaurants under six brands across 1,900 cities in China. KFC and Pizza Hut are the leading brands in the quick-service and casual dining restaurant spaces in China, respectively. Taco Bell offers innovative Mexican-inspired food. Yum China has also partnered with Lavazza to develop the Lavazza coffee concept in China. Little Sheep and Huang Ji Huang specialize in Chinese cuisine. Yum China has a world-class, digitalized supply chain which includes an extensive network of logistics centers nationwide and an in-house supply chain management system. Its strong digital capabilities and loyalty program enable the Company to reach customers faster and serve them better. Yum China is a Fortune 500 company with the vision to be the world's most innovative pioneer in the restaurant industry. For more information, please visit <http://ir.yumchina.com>.

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Investor Relations Contact: Tel: +86 21 2407 7556 /+852 2267 5801, IR@YumChina.com; Media Contact: Tel: +86 21 2407 7510, Media@YumChina.com