



Yum China Outlines Innovation Powering Growth Strategy at 2019 Investor Conference

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Unveils strategic agreements with Sinopec and China National Petroleum Corporation

Targets 10,000 stores by 2021

Reaffirms long term revenue and profit growth targets

SHANGHAI, March 12, 2019 /PRNewswire/ -- Following two strong years of profitable growth since the spin-off from Yum! Brands, Inc., Yum China Holdings, Inc. ("Yum China" or the "Company") (NYSE: YUMC) hosted the 2019 Investor Day in Shanghai, China. At the event, Yum China's Chief Executive Officer, Joey Wat, and other members of the Yum China management team outlined the Company's strategic priorities and growth initiatives that are designed to capitalize on the market opportunities and cement its position as China's largest restaurant company.

Ms. Wat said "The rapid adoption of digital and delivery technologies has had a transformative impact on the restaurant industry over the past five years. This is creating significant opportunities to improve our operations and build stronger connections with our customers. We are excited by this trend and are embracing innovation throughout every area of our business to power our growth. We look forward to continuing to push the boundaries of technology and implement more innovations to enhance efficiency and create more unique and exciting dining experiences for our customers while generating strong returns for our shareholders."

Investor Day Highlights

Yum China Partners with Sinopec and China National Petroleum Corporation on Gas Station Restaurants

Yum China announced its agreements with Sinopec and China National Petroleum Corporation ("CNPC") to collaborate on the development of franchise restaurants at the two companies' gas stations across China, with a target of opening 100+ stores over the next three years. Sinopec and CNPC collectively operate over 50,000 gas stations in China.

Ms. Wat said "We are extremely excited to partner with Sinopec and CNPC to bring our restaurant brands to their extensive portfolio of gas stations across the country. By combining our brands and know-how with their retail footprint, we expect these partnerships will enable us to expand our portfolio and reach a previously underserved segment of the market, while creating significant value for Sinopec and CNPC."

Reaffirms Long-term Financial Targets

The Company reaffirmed its long-term financial targets including ongoing high single digit percentage^[1] system sales growth, blended restaurant margin of approximately 17%, and double digit operating profit growth^[1].

[1] In constant currency

Commitment to Shareholder Returns

With a robust balance sheet and strong free cash flow generation, Yum China is committed to returning value to shareholders in the form of dividends and share repurchases. Based on the current quarterly dividend and share repurchase authorization, the Company has the capacity to return approximately \$1.5 billion to shareholders over the next three years. Yum China will continue to invest strategically to grow the business through new stores and initiatives to increase same store sales. The Company also announced plans to expand its restaurant portfolio to 10,000 stores by 2021, excluding potential expansion of its new standalone coffee brand, COFFii & JOY.

KFC: Strong Foundation for Growth

The Company outlined KFC's strategy to capitalize on the long runway for growth in China. KFC has a presence in 1,200+ cities and is currently tracking a further 1,000 cities that have potential for expansion. KFC will continue to build on its strong foundation in menu development, digital and delivery capabilities and asset innovation to extend its leadership in the QSR segment in China.

Pizza Hut: Always Something New

The Company gave an overview of Pizza Hut's plans to capitalize on the promising progress made with the revitalization program and improved brand positioning, and to continue to roll-out these transformative initiatives at scale in 2019. The brand will continue to enhance its digital and delivery capabilities, execute disruptive value campaigns, and accelerate asset upgrades to complete the refurbishment of its store portfolio by 2021.

Digital and Delivery Transformation - AI Menu and Delivery 3.0

Yum China showcased the powerful digital assets the Company has created and initiatives that are designed to enhance customers' experience, improve operating efficiency and increase customers' average spend and frequency. In addition to core initiatives such as the privilege membership

programs, Yum China outlined new initiatives including a recently introduced AI menu at KFC that provides personalized menu recommendations, and AI-powered forecasting of transaction volume to improve labor scheduling and reduce wastage. The Company also announced its Delivery 3.0 initiative and plans to transition to a trade zone focused, multi-brand platform that will optimize delivery services and improve efficiency.

Building Coffee Portfolio in China

The Company outlined significant growth ambitions for the coffee segment within the Yum China portfolio. KFC sold over 90 million cups of freshly ground coffee and generated revenue of over RMB1 billion in 2018. By leveraging its strong supply chain, existing store network and digital capabilities, Yum China expects to drive continued growth in this segment, through both K Coffee, coffee sold at KFC, and COFFii & JOY, a handcrafted specialty coffee brand recently developed by Yum China.

Update on Performance in First Two Months of 2019

Yum China provided an update on performance for the first two months of 2019:

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- Due to its resilient business model, effective marketing campaigns and continuously improving execution, KFC maintained solid growth momentum and its Chinese New Year performance surpassed the positive results in the past three years. KFC's restaurant margin is expected to come under some pressure in the first half of 2019 primarily due to increased poultry prices and ongoing value promotions, as highlighted on the fourth quarter earnings call.
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- Pizza Hut showed meaningful improvement and management is pleased to see ongoing positive traction in traffic.

The Company will report its unaudited financial results for the first quarter at 4:30 p.m. U.S. Eastern Time on April 29, 2019.

Webcast and Presentation Materials

A webcast of the Investor Day as well as the presentation materials will be available at <http://ir.yumchina.com>.

Cautionary Statements

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. 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," "likely," "will," "continue," "should," "forecast," "outlook," "ongoing" 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 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 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 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, 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.

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, East Dawning and COFFii & JOY concepts outright. The Company had more than 8,400 restaurants in over 1,200 cities at the end of December 2018. In 2019, Yum China was named to the Bloomberg Gender-Equity Index and was certified as a Top Employer 2019 in China by the Top Employers Institute. For more information, please visit <http://ir.yumchina.com>.

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