

YumChina

Fourth Quarter and Fiscal Year 2021 Results

February 2022



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 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.

Grew Revenue and Delivered Profits Amid Challenging 2021



Resilience

Solid operations and execution at scale

Growth

Record pace of store openings

Agility

Double digit growth in delivery and members

Profit

Even in difficult times

	Q4 2021	FY 2021
Total stores		11,788
Gross new stores	+563	+1,806
Net new stores	+373	+1,282
Revenue	\$2.29bn	\$9.85bn
Revenue growth ¹	1%	+19%
System sales growth ²	(3)%	+10%
Same-store sales growth ²	(11)%	(1)%
Members		360 mn+
Off-premise sales ³	55%+	55%+
Operating profit	\$633mn	\$1.39bn
Adjusted operating profit	\$16mn	\$766mn

¹ Stated in reported currency, includes the consolidation of Huang Ji Huang from April 2020, Suzhou KFC from August 2020 and Hangzhou KFC from December 2021

² Stated on a constant currency basis

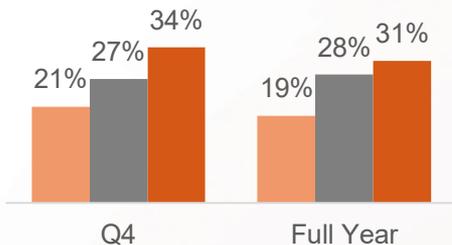
³ % of Company sales

Delivery and Off-Premise Continued to Grow

Delivery

% of Company sales¹

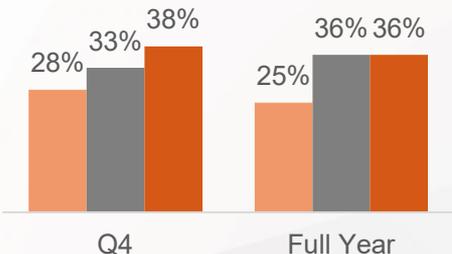
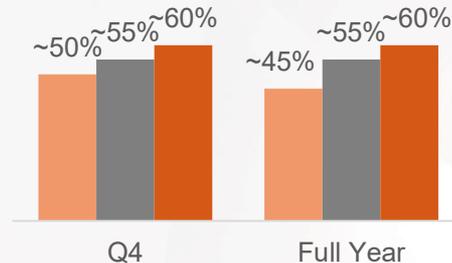
Delivery sales growth
(Full Year)²



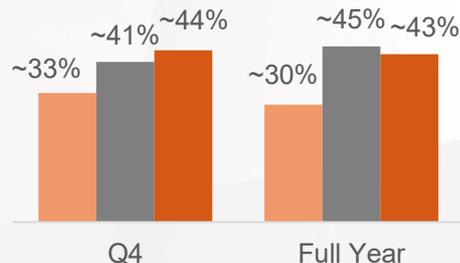
+70% vs 19
+20% vs 20

Off-premise

% of Company sales¹



+37% vs 19
+14% vs 20

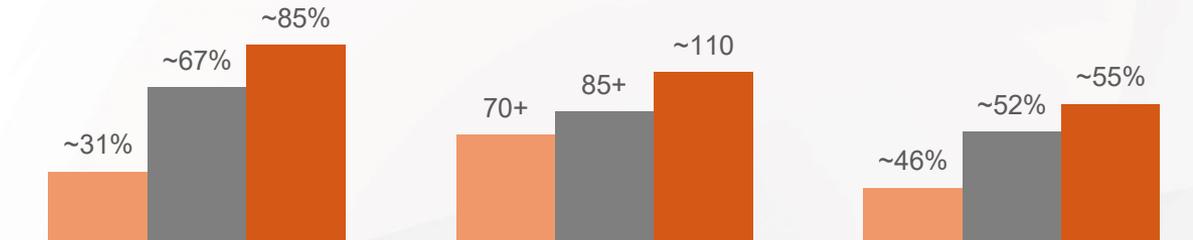
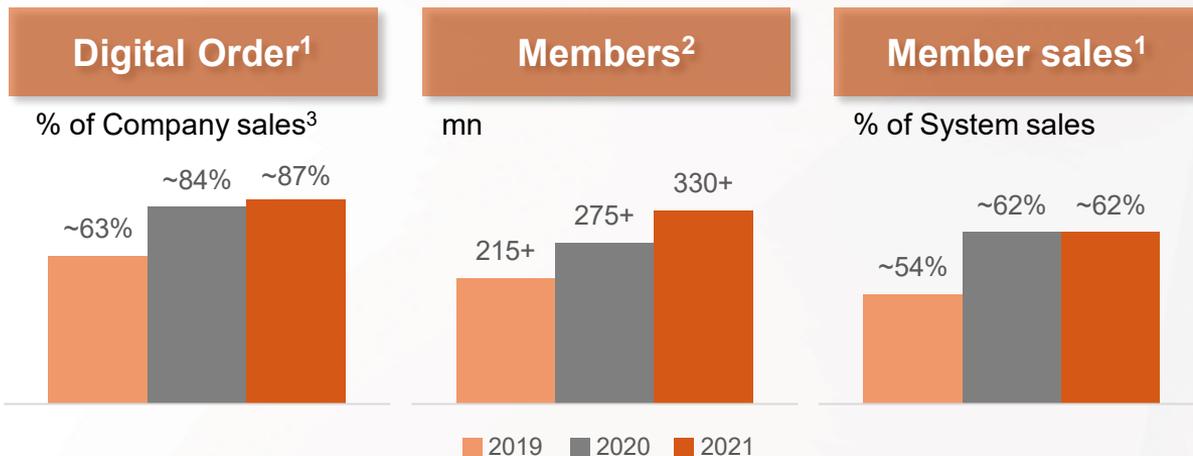


2019 2020 2021

¹ % of Company sales include Suzhou KFC since August 2020 and Hangzhou KFC since December 2021

² Stated on a constant currency basis. Adjusted KFC Delivery sales 2019 and 2020 to include Suzhou KFC for like-for-like comparison with 2021

Leverage Membership Programs and Super Apps to Drive Engagement and Spending



Power of Membership Programs

- Drive member frequency, spending and strengthen their loyalty
- Understand customer preferences and engage members via online channels
- Improve customer convenience and restaurant efficiency

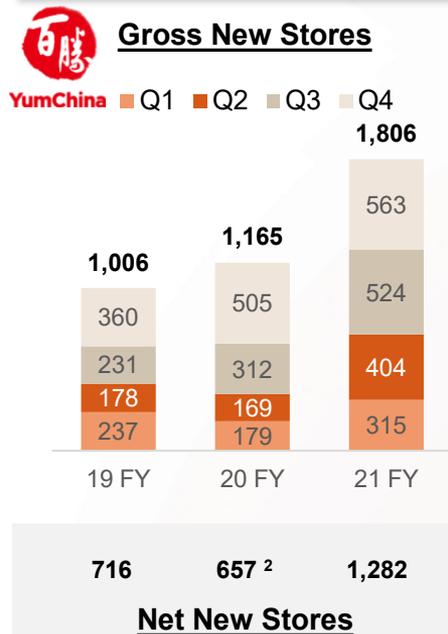
¹ Full year

² Cumulative as of year end

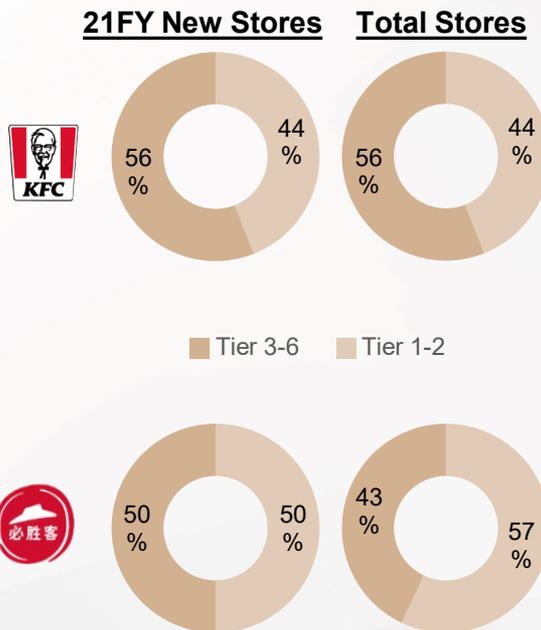
³ % of Company sales include Suzhou KFC since August 2020 and Hangzhou KFC since December 2021

New Unit Payback Period: Maintained for KFC & Improved for Pizza Hut

Accelerating Store Growth



Penetrated into Lower Tiers



Maintained New Unit Payback¹



¹ Refers to Average Pre-tax Cash Payback Period assuming yearly cashflow is same as year 1, after deduction of 3% license fee and before G&A and income tax; Months refer to store opening period.

² Excluded Huang Ji Huang stores which were acquired in April 2020 with 649 units on December 31, 2020

Good Food and Innovative Products

500+

New or Upgraded Products
Launched in 2021





KFC: Resilience Enabled Solid Profits



	Q4 2021	FY 2021
Total stores	8,168	
Gross new stores	337	1,232
System sales growth ¹	(3)%	+8%
Same-store sales growth ¹	(12)%	(3)%
Restaurant margin	8.6%	14.9%
Operating profit (\$ mn) ²	64	827
Delivery sales ³	~34%	~31%
Off-premise sales ³	~60%	~60%
Digital order ³	~88%	~87%

¹ Stated on a constant currency basis

² Segment Operating Profit before unallocated shared service costs

³ % of Company sales

Store in photo: KFC in Nanjing Laomendong



Innovating and Diversifying Menu Items

Chicken & Duck Sandwich with Zhou Hei Ya



Crayfish Wrap & Burger with Wen He You



Beef Burgers



Juicy Whole Chicken





Enhancing Value for Money to Drive Traffic

Crazy Thursday	Member Exclusive Half Price Campaign	Super App Pre-order Discount	Super Privilege
<p>KFC 疯狂星期四 九块九快乐</p> <ul style="list-style-type: none"> 元气顶呱呱 蜜瓜冰淇淋花筒 2支 9块9 (9.9/2支) 奥利奥芝士厚蛋糕 风味奶茶 2杯 19块9 (19.9/2杯) 藤椒 无骨大鸡柳 9根 19块9 (19.9/9根) 葡式蛋挞 (经典) 8只 29块9 (29.9/8只) 黄金鸡块 9块9 9块9 (9.9/9块) 	<p>连续30天半价</p> <p>周三 Wednesday</p> <p>WOW会员优惠券专享</p> <p>不止 半价 ¥6</p>	<p>惊喜圣诞节 狂欢7天</p> <p>超级APP内自助点餐 使用支付宝支付</p> <p>全场满49减5</p> <p>炸鸡汉堡桶 ¥49</p>	<p>12/2-12/31限时售卖</p> <p>2022 大神卡</p> <p>365天 尊享</p> <p>98元365天 陪你“神气”一整年</p> <p>权益随心多选3 月月可选</p> <p>100%中奖 有机会再赢一年</p>

Selected items at ¥9.9 or ¥19.9

Selected items at half price every day for 30 days

¥5 discount upon spending ¥49 or more and using Alipay

¥98 for 365 days



Driving Delivery, Takeaway and New Retail

Delivery Only:
Single Bone Chicken

KFC宅急送

灵魂宵夜新菜单

可爱鬼

HAPPY HALLOWEEN

新奥尔良香骨鸡串

肉感十足，让人忍不住咬上一口!

New Retail:
Fried Rice

肯德基自在厨房。【上新季】New

法式烤鸡芝士焗饭

浓郁芝香 咸香十足
双重芝士包裹丰富配料

KOFE新品 限时福利价 每盒 ¥24.9 原价 ¥29.9

烧范儿 法式烤鸡芝士焗饭 优惠价4元

花料时蔬搭配嫩滑鸡肉，多重口感勾醒味蕾

无需解冻 微波加热4分半*
*解冻后需冷藏

微波4分半*芝士焗饭系列

立即下单

K COFFEE Drip Bag

KCOFFEE

2袋装直降80元

寒冷的冬天冲杯热咖吧

赠 手冲壶350ml*1

扫码立即下单

New Retail:
Sirloin Steak

烧范儿

肯德基自在厨房。

SIRLOIN STEAK

整切静腌西冷牛排

原肉整切 匠心腌制 烹饪便捷 主厨甄选

净含量: 130g

（含调味料）



Pizza Hut Came Back Stronger



	Q4 2021	FY 2021
Total stores	2,590	
Gross new stores	124	335
System sales growth ¹	(2)%	+14%
Same-store sales growth ¹	(8)%	+7%
Restaurant margin	5.9%	10.7%
Operating profit (\$ mn) ²	(6)	111
Delivery sales ³	~38%	~36%
Off-premise sales ³	~44%	~43%
Digital order ³	~88%	~85%

¹ Stated on a constant currency basis

² Segment Operating Profit before unallocated shared service costs

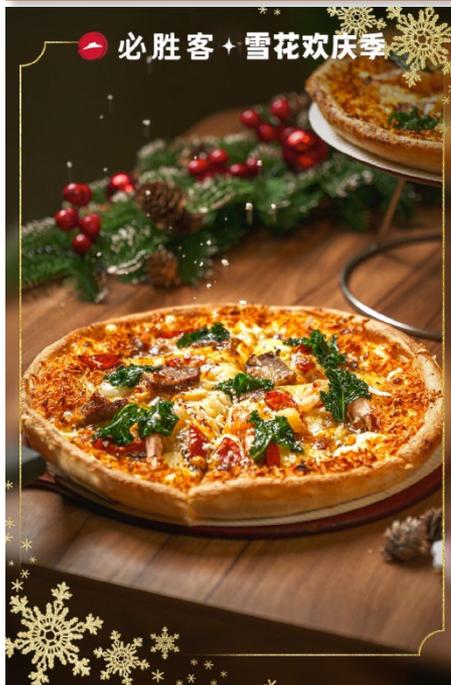
³ % of Company sales

Store in photo: Pizza Hut in Nanjing Gemdale plaza



Launched New Products and Added Flexibility

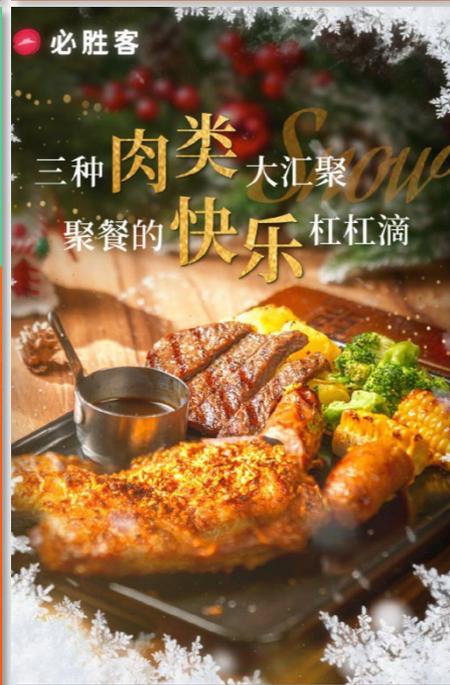
New Pizza for the Holiday



Mix and Match Pizza Toppings



Meat Platter



Pizza Toppings Trade-up





Making Scream Wednesday a Signature Promotion

October Campaign

必胜客 | 堂食&外带

尖叫星期三

【尊享时间: 仅限10月11日—10月30日 每周三】

29元

经典夏威夷风情比萨



39元

必胜硬核肉多多比萨



39元

肋眼牛排



Hawaiian Pizza at ¥29 / Meat Pizza & Ribeye Steak at ¥39

November Campaign

必胜客

尖叫星期三

【尊享时间: 仅限11月 每周三】

任选2份 29元

冬令暖汤

韩式奶油蛤蜊汤 | 鸡茸蘑菇汤 | 意式香浓浓汤



39元

乳酪大会比萨

【芝士厚底拉丝超长】



Soup x2 at ¥29 / Cheese Pizza at ¥39

December Campaign

必胜客

尖叫星期三

尊享时间: 12月 每周三 (畅享优惠除外, 反拼比萨不参与本活动)

普装比萨 7折

圣诞气氛组已就位

雪花芝士虎虾牛菲力双拼比萨



碧玉小牛菲力比萨 (青芥口味)



Pizza 30% off

Breakfast Offer

必胜客早餐 | 手机外带专享

尖叫星期三

尊享时间: 11月每周三 早餐时段(07:30-10:30)

19元 2件套

提前点餐 提供时间: 7:30-10:30AM

比单品价格 最多省55元



2-item combo x2 at ¥19 Save up to ¥55

Coffee Business is Gaining Momentum

LAVAZZA

TORINO, ITALIA, 1895



58 stores in Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Changsha and Wuhan



Seasonal Food & Drinks

COFFii & JOY



K
COFFEE



Taco Bell Tripled Store Count; Testing Smaller Formats

Expanded to 37 Stores in Large and Small Formats



Stores in Beijing, Shanghai, Shenzhen, Chengdu, Ningbo and Hangzhou

Product Localization



Huang Ji Huang and Little Sheep Adversely Affected by the COVID; Focus on Driving Customers Back

Huang Ji Huang



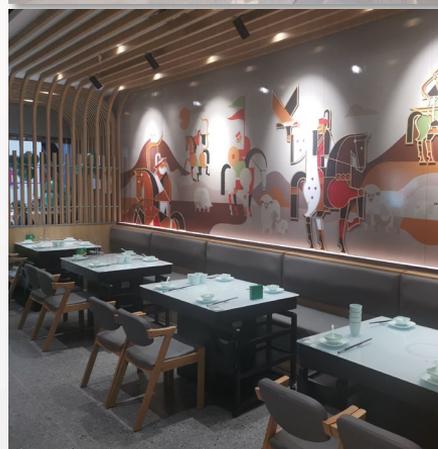
651 stores



Little Sheep



243 stores



Maintaining a Healthy Balance Sheet

\$ million	FY 2019	FY 2020	FY 2021
Cash and short-term investment	1,657	4,263	3,996
Free cash flow from operations ¹	750	695	442
Capital expenditure	435	419	689
Investments ²			
- Related to KFC JVs	-	149 (Suzhou)	255 (Hangzhou)
- Restaurant brands	-	185 (Huang Ji Huang)	130 (Lavazza)
- Business enablers	-	-	261 (Fujian Sunner)
Cash dividends distributed	181	95	203
Share repurchases	261	7	75

Disciplined Capital Allocation

- Maintain sufficient cash for operations
- Invest in organic growth – accelerate store expansion and store remodeling, develop emerging brands, step up investment in digitalization, automation, logistics and infrastructure
- To remain disciplined and explore opportunities in M&A:
 - ✓ Restaurant brands with excellent growth potential synergy
 - ✓ Joint ventures
 - ✓ Enablers that further enhance our competitiveness
- Committed to return excess cash to shareholders:
 - ✓ Resumed cash dividends in 4Q 2020
 - ✓ Resumed share repurchases in 3Q 2021

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

² Investments in 2020: acquired 25% of Suzhou KFC and 93.3% of Huang Ji Huang; Investments in 2021: acquired 28% of Hangzhou Catering Service Group (which holds 45% equity interest in Hangzhou KFC); Initial funding of \$130mn to the Lavazza JV; acquired 5% of Fujian Sunner

Setting Net New Unit and Capex Targets for 2022



- Approximately 1,000 to 1,200 net new stores
- Continue with our disciplined approach of opening high quality new stores



- Capital expenditure in the range of \$800 million to 1 billion
- Includes stepped-up investments in supply chain, infrastructure and digital

Committed to Sustainable Growth

Environmental

GHG / Energy Efficiency

SBT goal on GHG reduction in line with 1.5C committing to reach net-zero by 2050

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Sustainable Packaging

All KFC & Pizza Hut stores stopped using plastic straws

100% Customer facing, plastic based packaging is recyclable

30% Reduction on non-degradable plastic packaging weight by 2025¹

Sustainable Supply Chain

Drive towards zero-deforestation supply chain

100% RSPO (B&C) certified palm oil

100% FSC certified fiber-based packaging by 2025

Social

Employee Welfare

Upgraded medical insurance coverage of eligible restaurant managers and their family members from January 2022 (on top of existing equity incentives, family insurance and housing subsidies)

Diversity & Equal Opportunity

64% Employees are female (2020)

59%+ Employees employed, trained, promoted and retained are women (2020)

Food Safety & Quality

100% Restaurant, logistics centers (LC) and critical suppliers audited

100% Restaurants' and LCs employees covered by training and testing

Governance

Board Independence

- Independent Board Chairman
- 9 out of 10 directors are independent

Board Diversity

- Directors with experience, qualifications and skills across a wide range of public and private companies
- Directors reflect a diversity of gender, race and nationality

Board Refreshment

- Annual election of all directors
- Independent and non-management directors may generally not stand for re-election after age 75

Recognition

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

MSCI ESG RATINGS **A**

CCC B BB BBB A AA AAA

top EMPLOYER 中国杰出雇主 CHINA 2022
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Bloomberg Gender-Equality Index 2022

¹ As compared to 2019 baseline

Appendix – Financial Results



YumChina

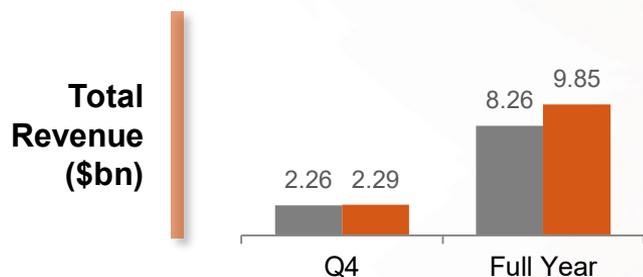
Yum China Key Financials

	Q4'19	Q4'20	Q4'21	Q4 YoY	FY 2019	FY 2020	FY 2021	FY YoY
Same-store sales growth ¹	+2%	(4)%	(11)%	/	+3%	(9)%	(1)%	/
System sales growth ¹	+8%	+5%	(3)%	/	+9%	(5)%	+10%	/
Total revenue (\$bn)	2.03	2.26	2.29	+1%	8.78	8.26	9.85	+19%
Restaurant margin	12.4%	15.1%	7.5%	(7.6)ppts	16.0%	14.9%	13.7%	(1.2)ppts
Operating profit (OP) (\$mn)	94	180	633	+252%	901	961	1,386	+44%
Adjusted OP (\$mn)	105	182	16	(91)%	912	732	766	+5%
Net income (NI) (\$mn)	90	151	475	+214%	713	784	990	+26%
Adjusted NI (\$mn)	98	153	11	(93)%	729	615	525	(15)%
Diluted EPS (\$)	0.23	0.35	1.10	+214%	1.84	1.95	2.28	+17%
Adjusted Diluted EPS (\$)	0.25	0.35	0.03	(91)%	1.88	1.53	1.21	(21)%

¹ Stated on a constant currency basis.

Note: Include the consolidation of Huang Ji Huang from April 2020, Suzhou KFC from August 2020 and Hangzhou KFC from Dec 2021; Percentages may not recompute due to rounding

Key Factors of Year-over-year Change



Key factors for Q4 year-over-year growth

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

Key factors for Q4 year-over-year growth

- + Non-cash gain from the re-measurement of previously held equity interest in Hangzhou KFC
- + New unit contribution
- + Consolidation of Hangzhou KFC
- + Foreign exchange
- Sales deleverage
- Cost inflation including wage and utility price increases
- Stepped-up value promotions
- Increased rider cost associated with the rise in delivery volume



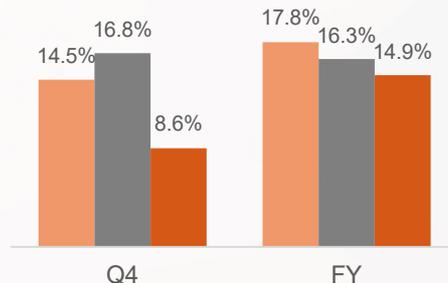
KFC Key Financials

Sales Growth¹ (%)

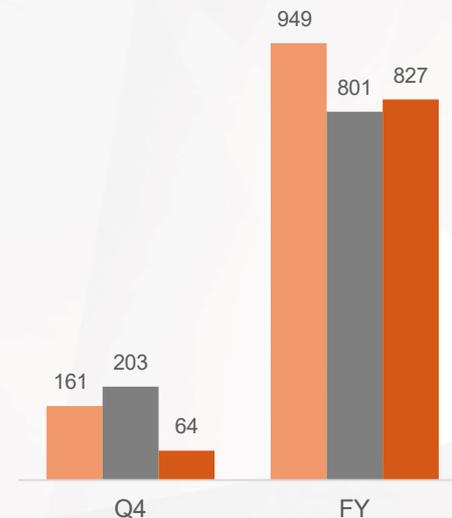
System sales growth



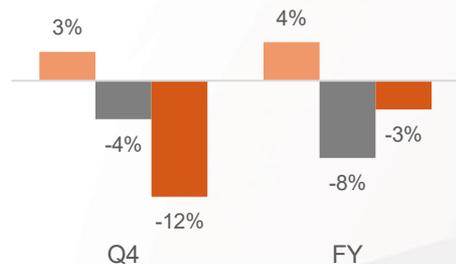
Restaurant Margin (%)



Operating Profit² (\$ mn)



Same-store sales growth



Pro-forma measure vs 2019³

	Q4'21	FY'21
Same-store sales	(15)%	(10)%
- Transactions	(20)%	(16)%
- Average ticket	+6%	+7%

¹ Stated on a constant currency basis.

² Segment Operating Profit before unallocated shared service costs.

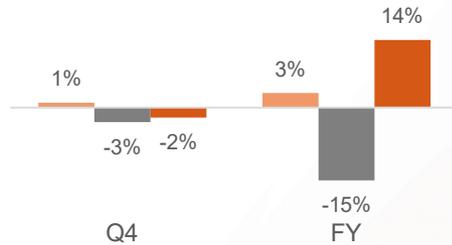
³ Pro-forma measures for convenient comparison with 2019; Stated on a constant currency basis.



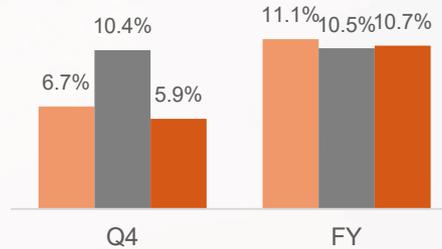
Pizza Hut Key Financials

Sales Growth¹ (%)

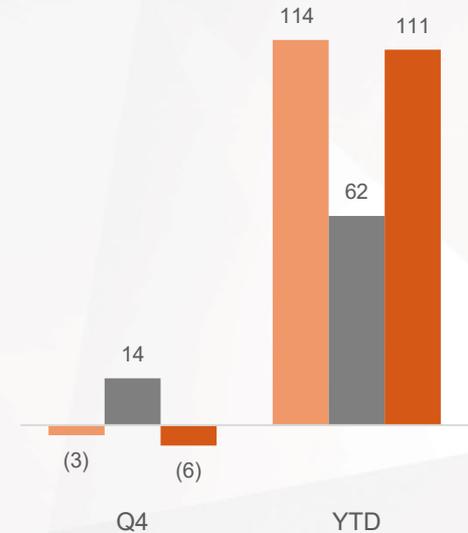
System sales growth



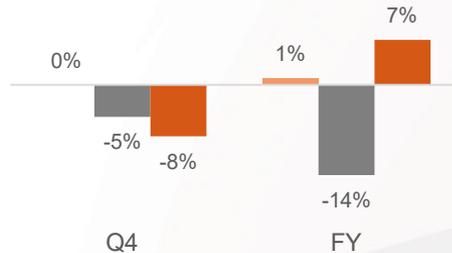
Restaurant Margin (%)



Operating Profit² (\$ mn)



Same-store sales growth



Pro-forma measure vs 2019 ³	Q4'21	FY'21
Same-store sales	(12)%	(8)%
- Transactions	(4)%	+2%
- Average ticket	(8)%	(9)%

¹ Stated on a constant currency basis.

² Segment Operating Profit before unallocated shared service costs.

³ Pro-forma measures for convenient comparison with 2019; Stated on a constant currency basis.

Reconciliation of Reported Results to Non-GAAP Measures



	Quarter Ended		Year Ended	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Non-GAAP Reconciliations				
Reconciliation of Operating Profit to Adjusted Operating Profit				
Operating Profit	\$ 633	\$ 180	\$ 1,386	\$ 961
Special Items, Operating Profit	617	(2)	620	229
Adjusted Operating Profit	<u>\$ 16</u>	<u>\$ 182</u>	<u>\$ 766</u>	<u>\$ 732</u>
Reconciliation of Net Income to Adjusted Net Income				
Net Income – Yum China Holdings, Inc.	\$ 475	\$ 151	\$ 990	\$ 784
Special Items, Net Income – Yum China Holdings, Inc.	464	(2)	465	169
Adjusted Net Income – Yum China Holdings, Inc.	<u>\$ 11</u>	<u>\$ 153</u>	<u>\$ 525</u>	<u>\$ 615</u>
Reconciliation of EPS to Adjusted EPS				
Basic Earnings Per Common Share	\$ 1.11	\$ 0.36	\$ 2.34	\$ 2.01
Special Items, Basic Earnings Per Common Share	1.08	(0.01)	1.10	0.43
Adjusted Basic Earnings Per Common Share	<u>\$ 0.03</u>	<u>\$ 0.37</u>	<u>\$ 1.24</u>	<u>\$ 1.58</u>
Diluted Earnings Per Common Share	\$ 1.10	\$ 0.35	\$ 2.28	\$ 1.95
Special Items, Diluted Earnings Per Common Share	1.07	—	1.07	0.42
Adjusted Diluted Earnings Per Common Share	<u>\$ 0.03</u>	<u>\$ 0.35</u>	<u>\$ 1.21</u>	<u>\$ 1.53</u>
Reconciliation of Effective Tax Rate to Adjusted Effective Tax Rate				
Effective tax rate	25.1%	28.0%	26.5%	26.6%
Impact on effective tax rate as a result of Special Items	(13.0)%	0.3%	(1.3)%	(0.2)%
Adjusted effective tax rate	<u>38.1%</u>	<u>27.7%</u>	<u>27.8%</u>	<u>26.8%</u>

Details of Special Items

	Quarter Ended		Year Ended	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Gain from re-measurement of previously held equity interest ⁽¹⁾	\$ 618	\$ —	\$ 628	\$ 239
Share-based compensation expense for Partner PSU awards ⁽²⁾	(1)	(2)	(8)	(7)
Derecognition of indemnification assets related to Daojia ⁽³⁾	—	—	—	(3)
Special Items, Operating Profit	617	(2)	620	229
Tax effect on Special Items ⁽⁴⁾	(153)	—	(155)	(60)
Special Items, net income – including noncontrolling interests	464	(2)	465	169
Special Items, net income – noncontrolling interests	—	—	—	—
Special Items, Net Income – Yum China Holdings, Inc.	<u>\$ 464</u>	<u>\$ (2)</u>	<u>\$ 465</u>	<u>\$ 169</u>
Weighted-average Diluted Shares Outstanding (in millions)	<u>433</u>	<u>433</u>	<u>434</u>	<u>402</u>
Special Items, Diluted Earnings Per Common Share	<u>\$ 1.07</u>	<u>\$ —</u>	<u>\$ 1.07</u>	<u>\$ 0.42</u>

(1) In the quarters ended December 31 and September 30, 2021, as a result of the consolidation of Hangzhou KFC and Lavazza joint venture, the Company recognized a gain of \$618 million and \$10 million, respectively, from the re-measurement of our previously held equity interest at fair value. In the quarter ended September 30, 2020, the Company recognized a re-measurement gain of \$239 million as a result of the consolidation of Suzhou KFC. The re-measurement gains were not allocated to any segment for performance reporting purposes.

(2) In February 2020, the Company granted Partner PSU Awards to select employees who were deemed critical to the Company's execution of its strategic operating plan. These PSU awards will only vest if threshold performance goals are achieved over a four-year performance period, with the payout ranging from 0% to 200% of the target number of shares subject to the PSU awards. Partner PSU Awards were granted to address increased competition for executive talent, motivate transformational performance and encourage management retention. Given the unique nature of these grants, the Compensation Committee does not intend to grant similar, special grants to the same employees during the performance period. The impact from these special awards is excluded from metrics that management uses to assess the Company's performance. The Company recognized share-based compensation cost of \$1 million and \$8 million associated with the Partner PSU Awards for the quarter and year ended December 31, 2021, respectively, and \$2 million and \$7 million for the quarter and year ended December 31, 2020, respectively.

(3) In the quarter ended June 30, 2020, the Company derecognized a \$3 million indemnification asset previously recorded for the Daojia acquisition as the indemnification right expired pursuant to the purchase agreement. The amount was included in Other income, net, but was not allocated to any segment for performance reporting purposes.

(4) The tax expense was determined based upon the nature, as well as the jurisdiction, of each Special Item at the applicable tax rate.