



First Quarter 2019 Results Presentation

April 29, 2019



COFFII & JOY
手冲精品咖啡

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 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 capital structure and effective tax rate of Yum China, 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 "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. 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.

Contents

- Business Highlights
- Financial Results



Yum China by the Numbers – a Powerful Business

#1 Western QSR & CDR brands in China

8,600+ stores in
1,300+ cities in China

#1 restaurant operator
in digital & delivery in China



NYSE listed with
\$17bn market cap
#397 Fortune 500 2018

175mn+ members of KFC
55mn+ members of Pizza Hut

~450,000 employees in China
Strong management



Long-term YUMC Strategy



SUSTAINABLE PLATFORM FOR GROWTH

YUM CHINA BRAND PORTFOLIO



COFFII & JOY

ENABLED BY THREE PILLARS ACROSS BRANDS



DIGITAL



DATA



DELIVERY

AND CROSS FUNCTIONAL CAPABILITIES

People

Development

Supply Chain

Operation

Marketing

IT

Finance

Legal

Public Affairs

SUPPORTED BY FOUNDER'S MENTALITY CULTURE

Potential to grow to 20,000 stores over the long term, >2x today's store base

2019 Q1: Strong Start for Both Brands

Sales & Profit

- Strong system sales growth of 9%, tenth consecutive quarter of positive growth since spin off
- KFC grew 11% in system sales, successfully lapping three very strong first quarters with healthy growth across all city tiers
- Pizza Hut improved with 1% SSSG and 57% operating profit growth year over year excluding FX

Stores

- Opened 237 new stores and reached total 8,653 stores, cementing our leading market position
- Continued acceleration of new KFC store openings

Digital

- Over 175 million loyalty members for KFC and over 55 million for Pizza Hut
- Launched YUMC Pay by partnering with Union Pay

Capital

- Returned \$111 million to shareholders in the form of share repurchases and cash dividends



Successful KFC Chinese New Year Promotions

CNY Campaign

Kids

Cultural Campaign

新春金桶

比您单点总价 劲省 55元

金猪扑向

咸蛋黄热脆皮鸡

十三鲜小龙虾糯米翅

KFC 上海美侖電影製片有限公司

依稻印味·信成漢江

請至下列地址掃描此碼免費獲取優惠券APP 享#超級新人禮#

八位英雄 逆袭

国漫英雄天团禧降迎春

来肯德基买新春英雄套餐

赠送小英雄玩具(1个) 赠送大特典英雄系列图书(1册)

KFC 上海美侖電影製片有限公司

天書奇譚

限量玩具天書

买天书奇谭双人餐

典藏套装玩具礼盒1套

双人餐 99元

KFC 上海美侖電影製片有限公司

指尖上的中华

非遗国技 纸砾传承

福庆有余粉彩桶

万福如意粉彩桶

锦绣山河描金桶

KFC 上海美侖電影製片有限公司

粉彩

非遗国技 纸砾传承

福庆有余粉彩桶

万福如意粉彩桶

锦绣山河描金桶

KFC 上海美侖電影製片有限公司



Continued Emphasis on Good Value and Great Food

Crazy Thursday

疯狂星期四

劲爆鸡米花(小)

2份 9.9 块

¥9.9/2份

黄金鸡块

20块 19.9

¥19.9/20块

KFC

吮指原味 自在滋味

再次下载APP送您惊喜券和新人礼包

享#超级新人礼包#

Shrimp Burger

大虾鸡腿双层堡

避风塘

¥20

单品价

Crayfish Burger

吮指十三鲜

小龙虾堡/卷

吮指十三鲜小龙虾烤鸡堡

或 吮指十三鲜小龙虾鸡肉卷

¥24/个



Digital Innovation and Exclusive Member Offers

YUMC Pay

神钱包, 省钱包!

吃肯德基就用 神钱包

3月17日-3月19日 (堂食当面付/手机自助点餐)
满50元立减20元

3月13日-3月16日 (堂食当面付/手机自助点餐)
满40元立减15元

立即扫码下载肯德基APP 使用神钱包

神钱包绑定流程

- 01 扫码下载肯德基APP
- 02 绑定银行卡
- 03 绑定支付方式

Discount upon using YUMC pay:
Spend 50-Save 20/Spend 40-Save 15

Member Exclusive

WOW 会员

春暖花开 春分半价桶

会员专享 2019/3/16-3/20

劲省55元

大神卡

比平时便宜55元

WOW 会员专享

扫码一键绑定 打开我的卡包

Half price bucket

Privilege Program

WOW 会员

大神卡

大神卡 38元90天

得 爱奇艺VIP会员30天

不买都不好不定肯德基

- 每天免2次外送费。
- 每天1次任一早餐两件套6折。
- 每天1杯任一一大杯现磨咖啡10元。

3月1日下载肯德基APP, 1月开通大神卡得爱奇艺VIP会员30天

90-day privilege at 38 yuan

Delivery Offer

KFC 宅急送 x mi

科技让美味更 WOW

招牌产品 美味随心配

产品满59元 享8折

小米权益

1000元 小米手环 小米蓝牙耳机

万元赠礼 666元 小米空气净化器

WOW桶 Tech锦鲤季

行走的炸鸡桶

肯德基 APP 订餐立享

Wow bucket discount



Pizza Hut Offered Innovative Products and Smart Value



Pizza Square

大方薄底
手拍比萨

人气口味
超级至尊 / 榴莲多多

49元
仅限十天

2019/1/2-2019/1/11



CNY



Scream Wednesday



Continue with Revitalization Initiatives

318 Menu

- Clam Chowder with Puff Pastry (鲜皮奶油蛤蜊汤)
- Okinawa Black Sugar Volcano Cake (冲绳黑糖波波蛋糕)
- Spaghetti with spicy crayfish (麻辣小龙虾意面)
- French Steak with Eye Steak (法式煎牛排)
- Super Salad with Fruit (超级沙拉拼盘)
- Tiramisu with Ice Cream (心之恋慕斯)

[必胜客 新菜单]

十大爆品 半价尝新

会员专享 收藏再惠

Digital/Member

佩奇陪你 大过新年

乔治包包 GEORGE BAG | 佩奇包 PEPPA PIG BAG

专享礼券 独家限量

必胜客亲享卡

超值十大特权 尽享吃喝玩乐

- 专属独家好礼
- 全年共享5折美食
- 专享贵生礼
- 儿童生日派对 举办费3折享

会员专享 收藏再惠

Delivery & Dine In

天天1元 天天新花样

西班牙风情海鲜意面 (1份) 或 浓情烤翅 (2只装)

周一	鸡蓉蘑菇汤 (1份)
周二	提拉米苏 (1份)
周三	波纹薯条 (大份)
周四	匈牙利风情牛肉烩饭 (1份)
周五	超级至尊比萨 (1份)
周六	海鲜至尊比萨 (1份)
周日	尊享热奶茶 (1份)



Strategic Partnership with Sinopec and CNPC



- Formed strategic partnerships¹ for a period of **20 years**
- Agreed on **exclusive** rights with CNPC in franchise business
- Target to open **100+** stores at gas stations over the next 3 years

¹ With Sinopec sales company and CNPC

Launched New Innovation Center in Shanghai

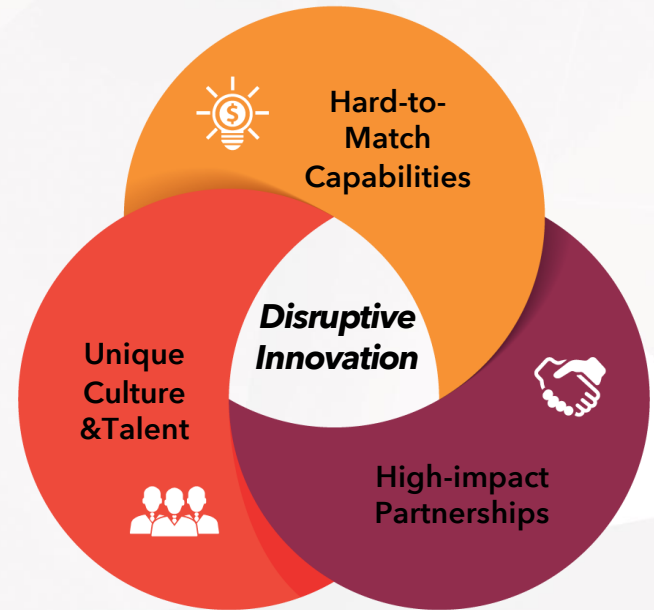


- Opened in February 2019
- An integrated research and development facility covering an area of 27,000 sqft
- Features a test kitchen, a sensory test area, and a suite of labs covering quality assurance, equipment and restaurant technology testing, packaging innovation, new store model prototypes, and content production

Annual Meeting with Restaurant Managers



9,400+ Restaurant Managers and Area Managers attended the event



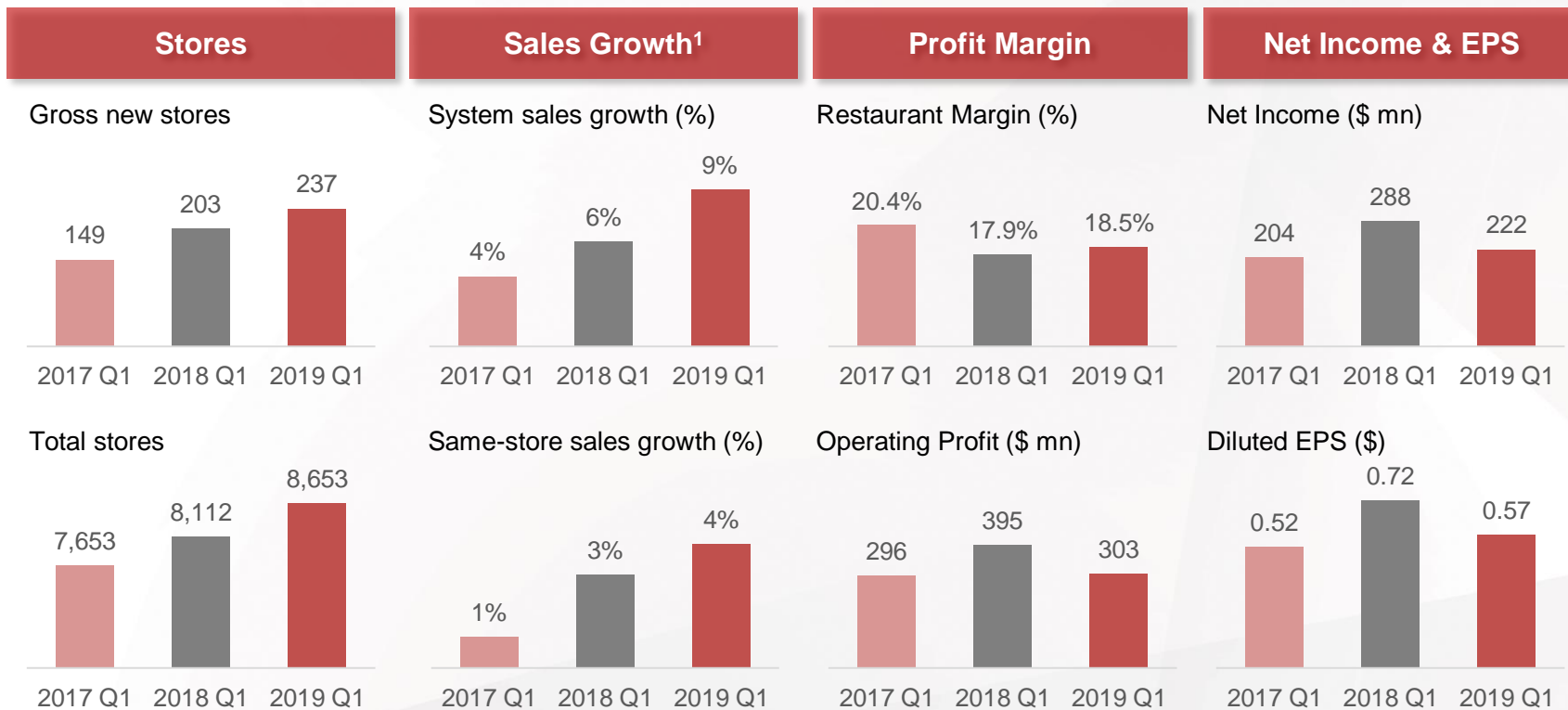
Reinforced Yum China's 4 key differentiators

Contents

- Business Highlights
- Financial Results



Yum China Reported 9% System Sales Growth

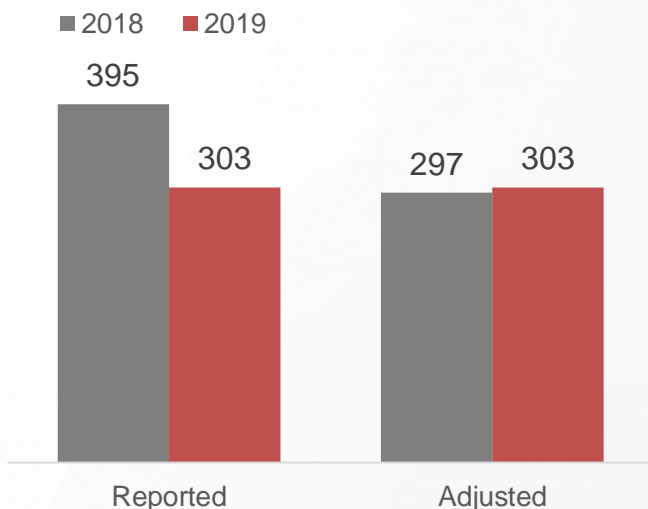


¹Stated in constant currency basis.

Note: 2018Q1 included a one-time gain from the acquisition of additional equity interest in Wuxi KFC

Adjusted Operating Profit Improved Year on Year

Q1 Operating Profit (\$ mn)



YoY	-23%	+2%
YoY ex F/X	-18%	+9%

Key factors for Q1'19 year-over-year movement



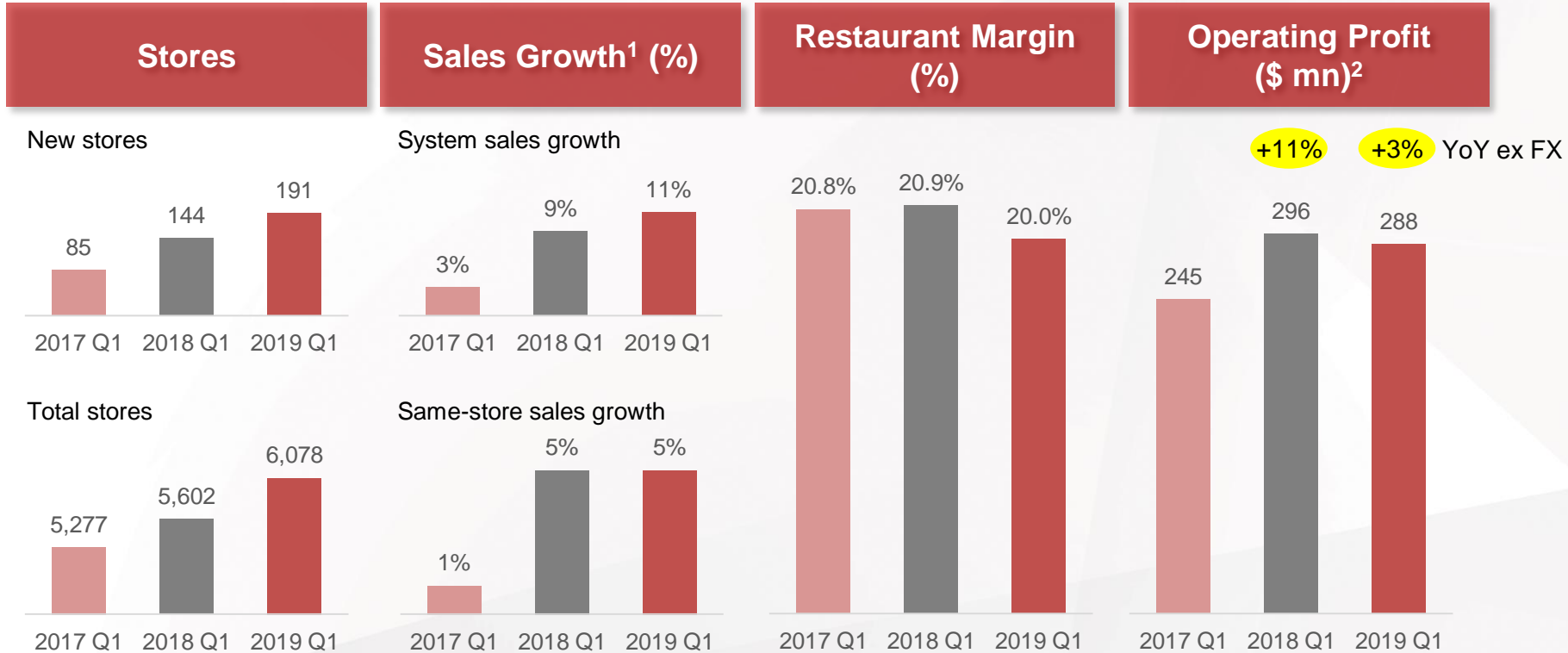
- Same-store sales leverage
- Net new unit growth
- Productivity improvement



- Wage and commodity inflation
- Promotion costs
- Additional impairment upon adoption of new lease accounting standard
- Foreign exchange impact



KFC Achieved 5% SSSG & 11% System Sales Growth

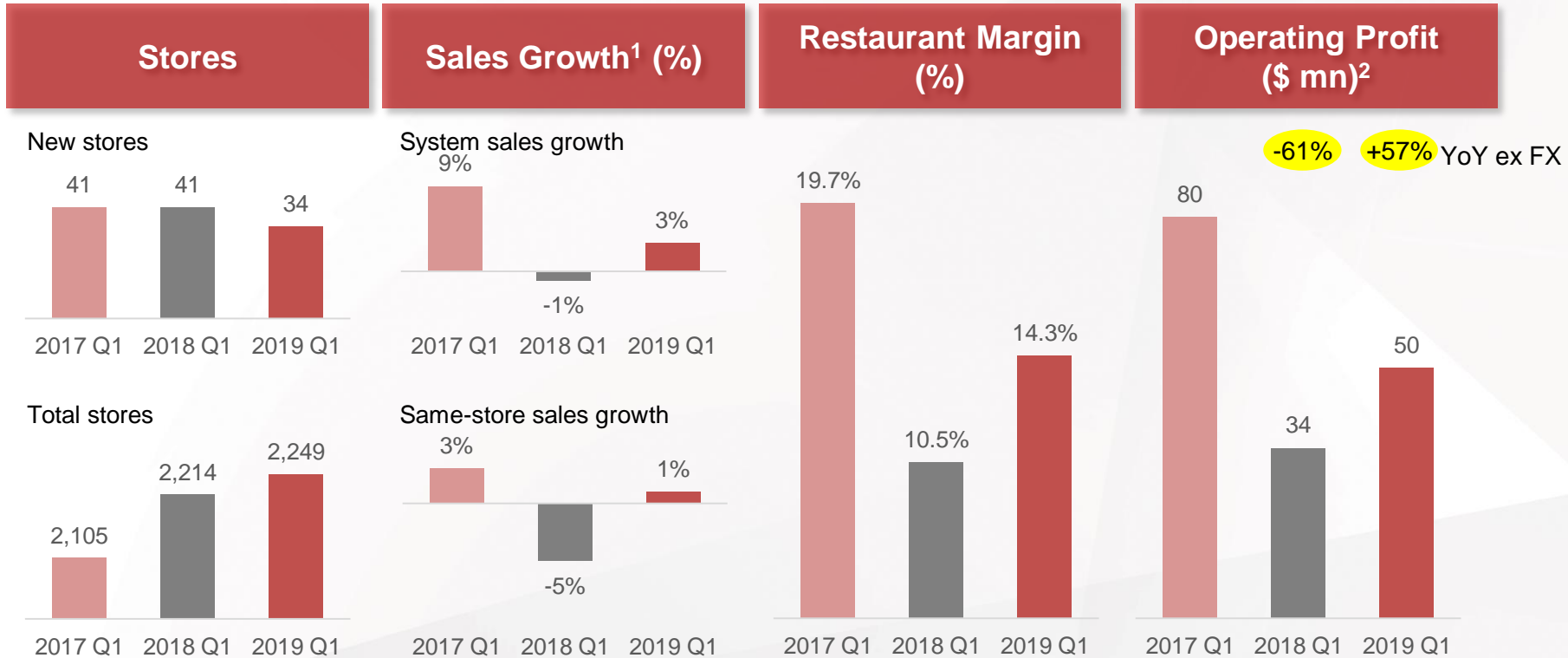


¹ Stated in constant currency basis.

² Segment Operating Profit before unallocated shared service costs.



Pizza Hut Achieved Positive SSSG and OP Growth



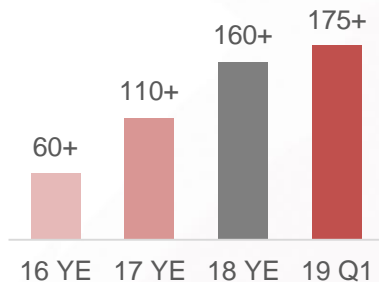
¹ Stated in constant currency basis.

² Segment Operating Profit before unallocated shared service costs.

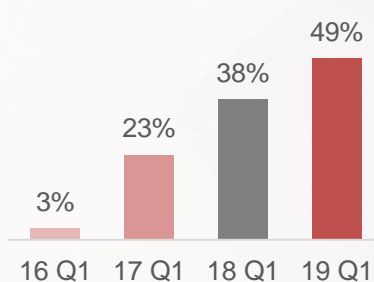
Digital KPIs Continued to Improve



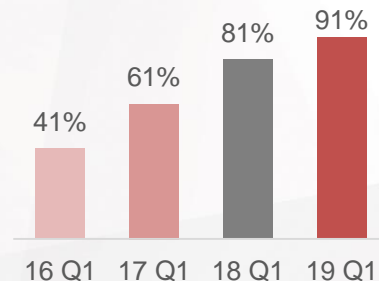
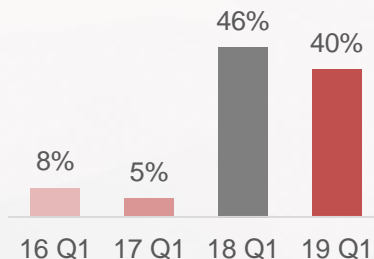
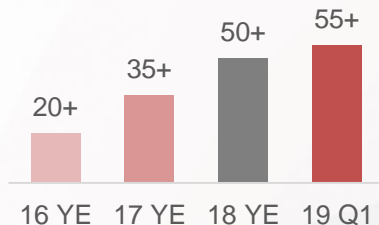
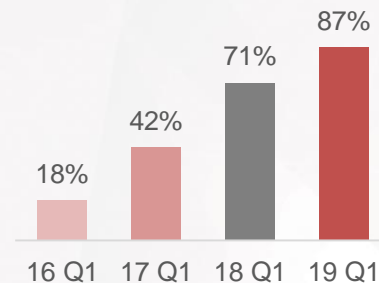
Members



Member Sales



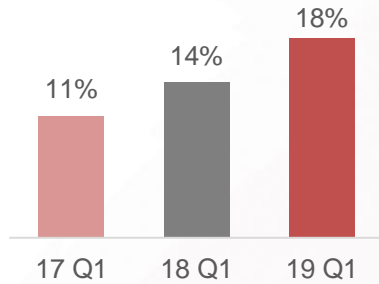
Digital Payment %



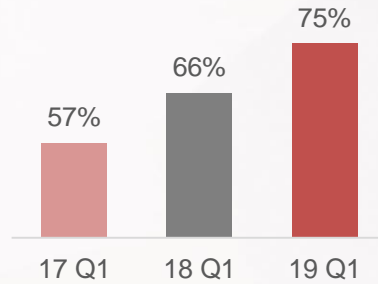
Delivery Continued to Grow



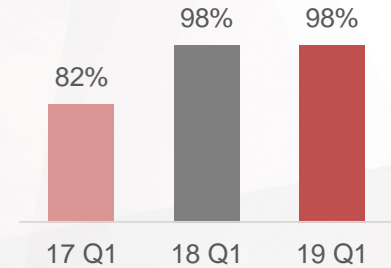
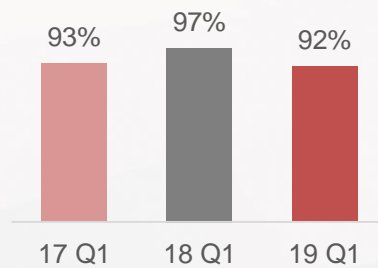
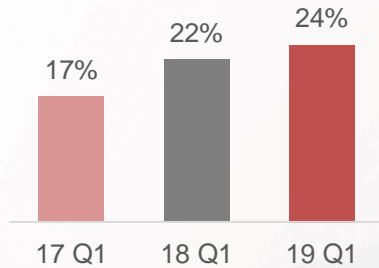
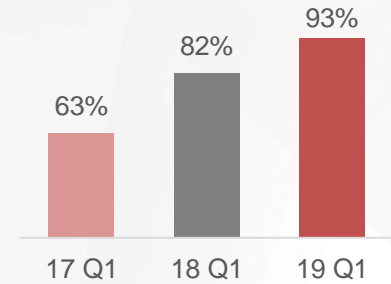
Delivery Sales



Delivery Store Coverage



Delivery City Coverage



Accelerated New Store Openings with Healthy Return

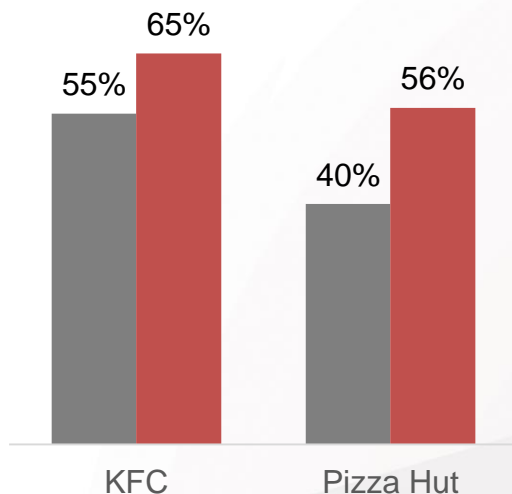
Lower Tier Penetration

Drive New Unit Return¹

Remodel

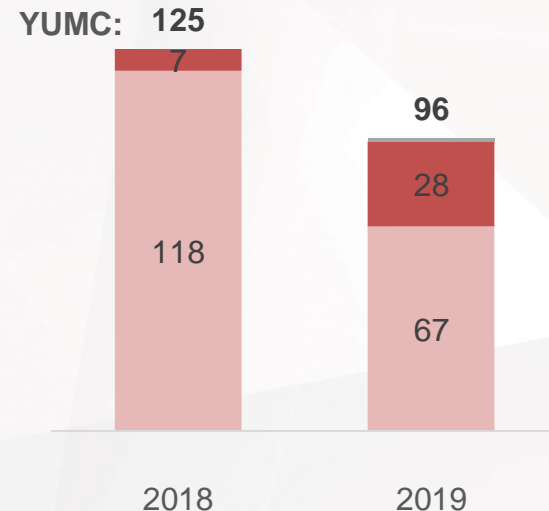
Store Mix in Tier 3-6

■ All Stores ■ 19Q1 New Stores



	Tier 1-2	Tier 3-6
KFC	~2 yrs	~2 yrs
Pizza Hut	~3 yrs	<4 yrs

■ KFC ■ Pizza Hut ■ Others



¹ Refers to Average Pre-tax Cash Payback Period; Includes units opened between January 2017 and December 2017, after deduction of 3% license fee.

Strong Cash Flow Generation Funds Growth and Shareholder Returns



Net cash from
operating
activities

\$344 mn

Jan-Mar 2019



Free cash
flow

\$234 mn

Jan-Mar 2019



Cash and
short-term
investments

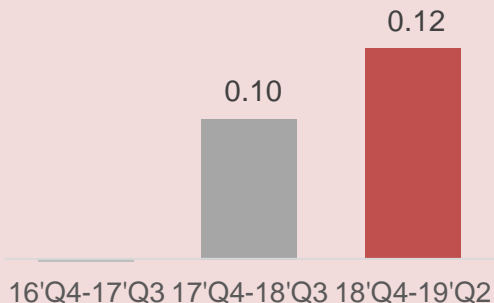
\$1.53 bn

As of Mar 31 2019

Dividends

2019 Q1: \$46 mn
Since spin-off: \$245 mn

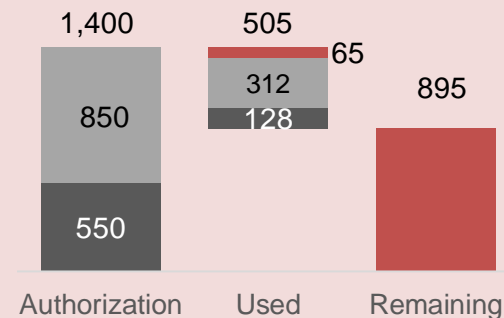
Quarterly Cash Dividend per Share (\$)



Share Repurchases

2019 Q1: \$65 mn
Since spin-off: \$505 mn

Total Program (\$ mn)



Outlook

2019 Financial Targets

- 650+ gross new stores
- \$450-500 million Capex
- Effective Tax Rate below 28%

Long Term Financial Targets

- High single digit system sales growth ex FX
- ~17% restaurant margin
- Double digit operating profit growth ex FX

Appendix: Reconciliation of Reported Results to Non-GAAP Measures



Detail of Special Items	Quarter Ended	
	3/31/2019	3/31/2018
Gain from re-measurement of equity interest upon acquisition ^(b)	\$ —	\$ 98
Special Items, Operating Profit	—	98
Tax effect on Special Items ^(c)	—	(24)
Impact from the Tax Act ^(d)	(8)	—
Special Items, net income – including noncontrolling interests	(8)	74
Special Items, net income – noncontrolling interests	—	—
Special Items, Net Income – Yum China Holdings, Inc.	\$ (8)	\$ 74
Weighted Average Diluted Shares Outstanding	388	401
Special Items, Diluted Earnings Per Common Share	\$ (0.02)	\$ 0.19
Reconciliation of Operating Profit to Adjusted Operating Profit		
Operating Profit	\$ 303	\$ 395
Special Items, Operating Profit	—	98
Adjusted Operating Profit	\$ 303	\$ 297
Reconciliation of Net Income to Adjusted Net Income		
Net Income – Yum China Holdings, Inc.	\$ 222	\$ 288
Special Items, Net Income – Yum China Holdings, Inc.	(8)	74
Adjusted Net Income – Yum China Holdings, Inc.	\$ 230	\$ 214
Reconciliation of EPS to Adjusted EPS		
Basic Earnings Per Common Share	\$ 0.59	\$ 0.75
Special Items, Basic Earnings Per Common Share	(0.02)	0.20
Adjusted Basic Earnings Per Common Share	\$ 0.61	\$ 0.55
Diluted Earnings Per Common Share	\$ 0.57	\$ 0.72
Special Items, Diluted Earnings Per Common Share	(0.02)	0.19
Adjusted Diluted Earnings Per Common Share	\$ 0.59	\$ 0.53
Reconciliation of Effective Tax Rate to Adjusted Effective Tax Rate		
Effective tax rate	28.9%	26.6%
Impact on effective tax rate as a result of Special Items	2.4%	(0.5)%
Adjusted effective tax rate	26.5%	27.1%

(a) Amounts presented as of and for the quarter ended March 31, 2019 and March 31, 2018 are unaudited.

(b) As a result of the acquisition of Wuxi KFC in the first quarter of 2018, the Company recognized a gain of \$98 million from the re-measurement of our previously held 47% equity interest at fair value, which was not allocated to any segment for performance reporting purposes.

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

(d) We completed the evaluation of the impact on our transition tax computation based on the final regulations released by the US Treasury Department and the IRS in the first quarter of 2019 and recorded an additional amount of \$8 million for the transition tax accordingly.