



YumChina

2025

YUM CHINA
INVESTOR DAY

RESILIENCE GROWTH MOAT 3.0

Innovation & Operational Efficiency

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Market and Industry Data. Unless we indicate otherwise, we base the information concerning our industry contained on this presentation on our general knowledge of, and expectations concerning, the restaurant industry in China. Our market position and market share is based on our estimates using data from various industry sources and assumptions that we believe to be reasonable based on our knowledge of the industry. We have not independently verified the data obtained from these sources and cannot assure you of the data's accuracy or completeness. Trademarks, logos, service marks, materials, designs and other intellectual property used in this presentation are owned by Yum China Holdings, Inc. and its affiliates, or their use has been officially authorized by their respective owners. This presentation also may refer to brand names, trademarks, service marks and trade names of other companies and organizations, and these brand names, trademarks, service marks and trade names are the property of their respective owners.

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Delivering Long-Term Value Through Strategic Execution of RGM 3.0

Resilience

Growth

Moat

R - G - M 3.0

INNOVATION

**OPERATIONAL
EFFICIENCY**

Innovation & Operational Efficiency: The Engines of Our Value Creation Algorithm

Our Growth Algorithm: Dual Focus on System Sales and Same-Store Sales Growth



Targeting **Mid- to High-single-digit** System Sales CAGR¹,
100-102 Same-Store Sales Index YoY over 2026-2028

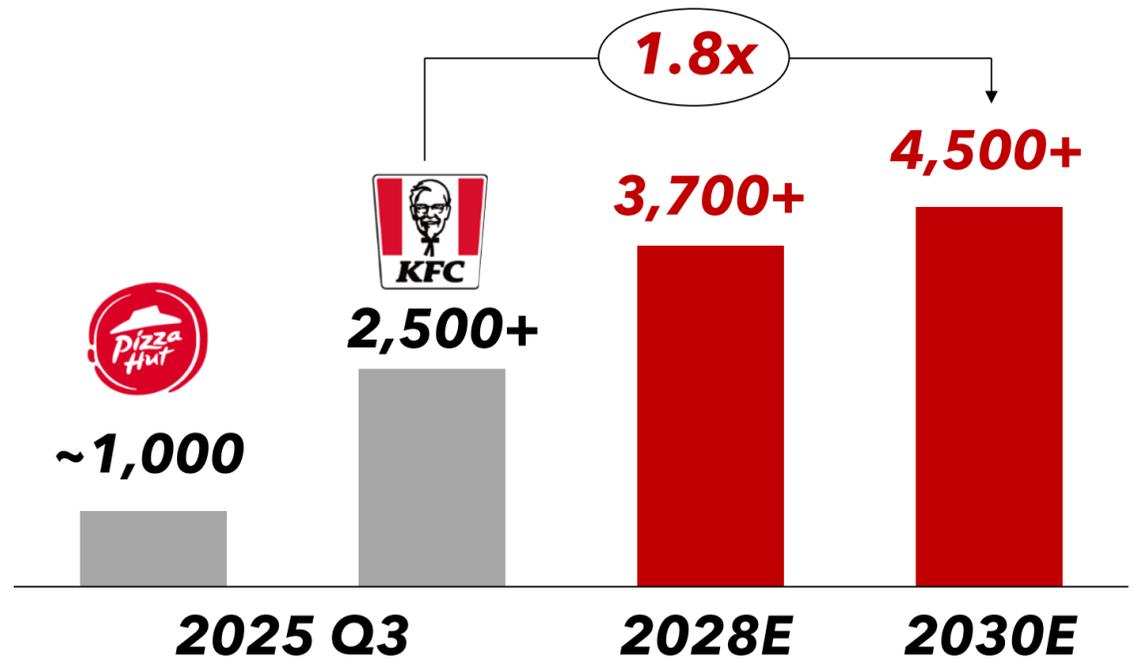
¹2026-2028 CAGR on 2025 base, excluding F/X

Seizing Tremendous Market Potential

Targeting 30,000+ Stores by 2030

Significant Underserved Market

» Cities & Towns¹ in China with YUMC Presence

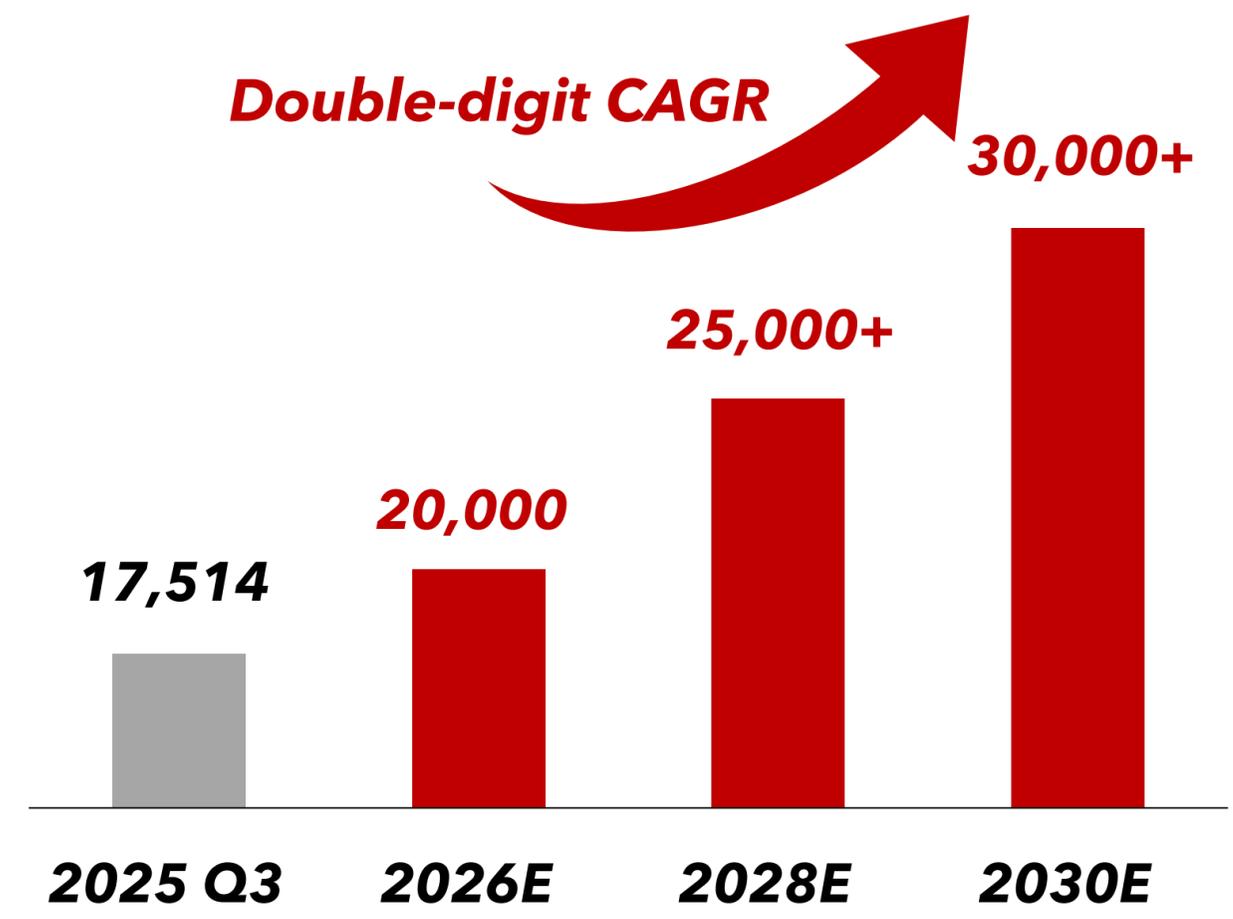


» Share of China Population Served



Robust Store Expansion Runway

» Total Stores (#)



¹By YUMC definition, data as of end of Q3 2025

Flexible & Innovative Store Formats Driving Scalable Footprint Expansion with Meaningful Savings in Per-Store Investment

System Sales Growth

Enhancing Penetration in Higher-Tier Cities

KFC Compact Model



~1.3mn RMB

Pizza Hut Satellite Model



0.5-0.8mn RMB

Accelerating Expansion in Lower-Tier Cities

KFC Small Town Model



0.5-0.7mn RMB

Pizza Hut WOW Model



0.65-0.85mn RMB

KFC & PH Gemini Model



0.7-0.8mn RMB

*Average Per-Store Investment

Franchising as an Incremental Growth Lever to Accelerate Expansion



Franchise Business

2025E

Incremental Franchising Impact (2026-2028)

2028E

Unit Mix	~13%
System Sales Mix	9-10%
Revenue ¹ Mix	4-5%
OP ² Mix	3-4%
OP Margin ³	~8%

3,000+ Net New Franchise Stores

Franchise Mix of Net New Stores

40-50%	40-50% (up from 20-30%)
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1/3 - 2/3 of Average Sales of Existing Standard Stores

~50% Franchise Store Sales Recognized as YUMC Revenue

Twenties
Mid-teens
High-single
High-single
~10%

Note: Figures on this page represent KFC and Pizza Hut and their contribution to YUMC total, except for OP margin
¹Revenue from franchise business includes Franchise fees and income and Revenues from transaction with franchisees included in KFC and Pizza Hut reportable segments, revenue for delivery services provided to franchisees and included in All Other Segments, and revenue from sale of food and paper products to franchisees and included in Corporate and Unallocated ²The Operating Profit ("OP") of franchise business is defined as revenue from franchise business, less Franchise expenses and Expenses for transactions with franchisees in respective segments, and G&A attributable to franchisee business ³OP Margin of franchise business is defined as OP of franchise business divided by Revenue from franchise business



Targeting 100-102 Same-Store Sales Index with Multiple Levers

Brand Engagement

Food Innovation

Digital & Delivery

New Opportunities

Driving Sustained SSSG

100-102

Same-Store Sales Index
YoY Over 2026-2028

Reigniting Positive Momentum Era -

YUMC: Aiming to Reach Same-Store Sales Index of ~102 Within the Next 3 Years

Disciplined Approach to Fostering Emerging Businesses



Coffee Business

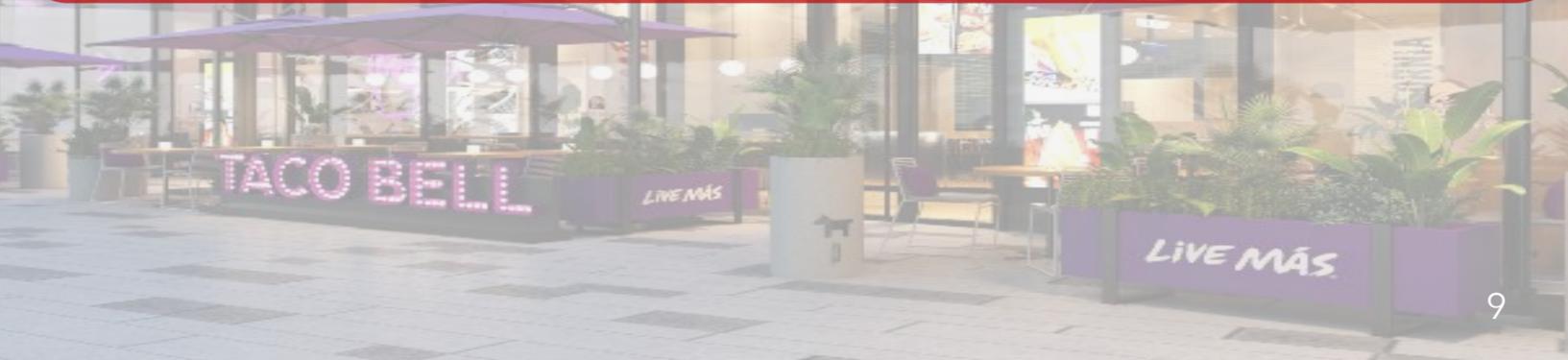


- **Coffee Shop:** ~1,000 stores by 2029
- **Retail:** ~\$60mn profitable sales by 2029

Other Emerging Brands



- ~1,000 stores by 2028
- Continuously improving store economics



Resilience and Moat: Enhancing Profitability, ROIC and Free Cash Flow



Targeting **11.5%+** OP Margin & **~20%** ROIC in 2028, and **Double-digit** CAGR for Free Cash Flow per Share in 2026-2028

Strengthening Store-Level Economics

- Anchored by KFC, Elevated by Pizza Hut

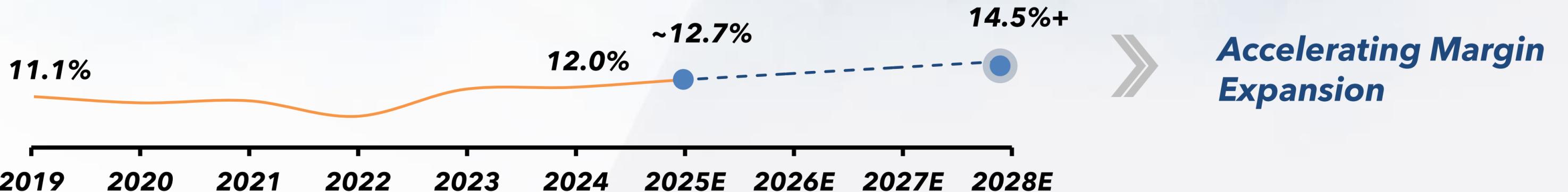
 **YUMC Restaurant Margin**



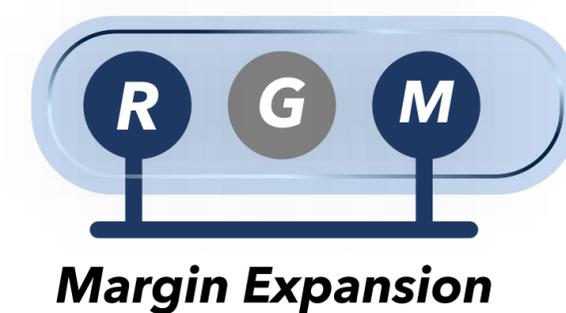
 **KFC Restaurant Margin**



 **Pizza Hut Restaurant Margin**



Elevating OP Margin through Multiple Efficiency Levers



"COS+COL+O&O" Levers Driving Restaurant Margin



Sustaining COS Efficiency Gains



Optimizing COL Management



Lowering O&O Expense Ratio

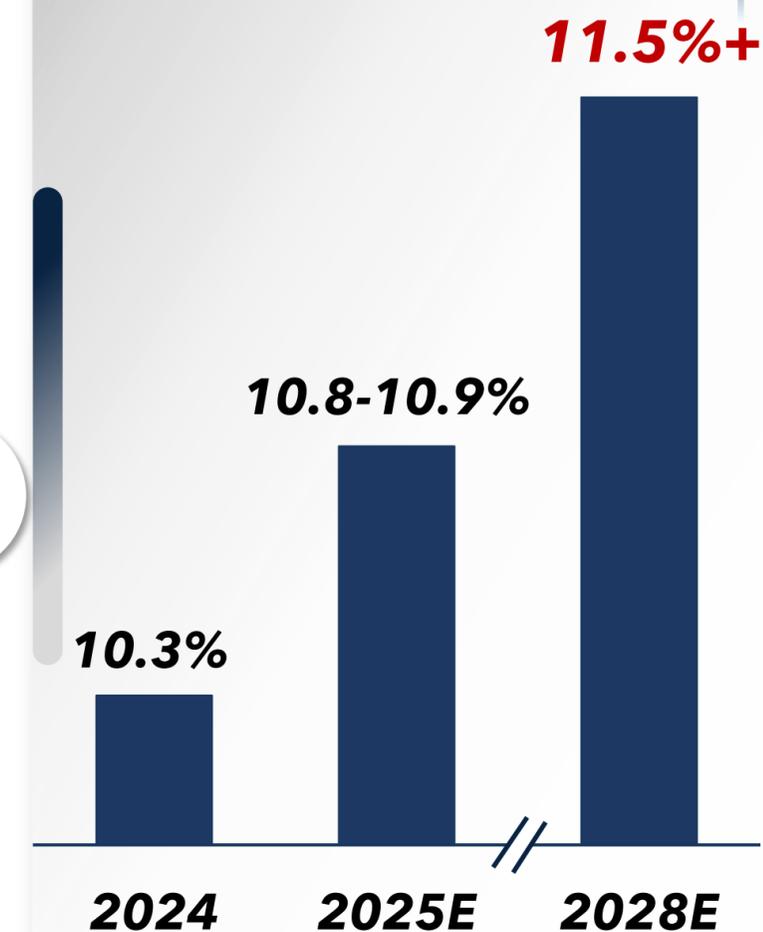
G&A Leverage



Driving G&A Leverage



OP Margin¹ Expansion



¹OP margin excluding special items

Driving Operating Profit with Solid Top-Line Growth and Margin Expansion

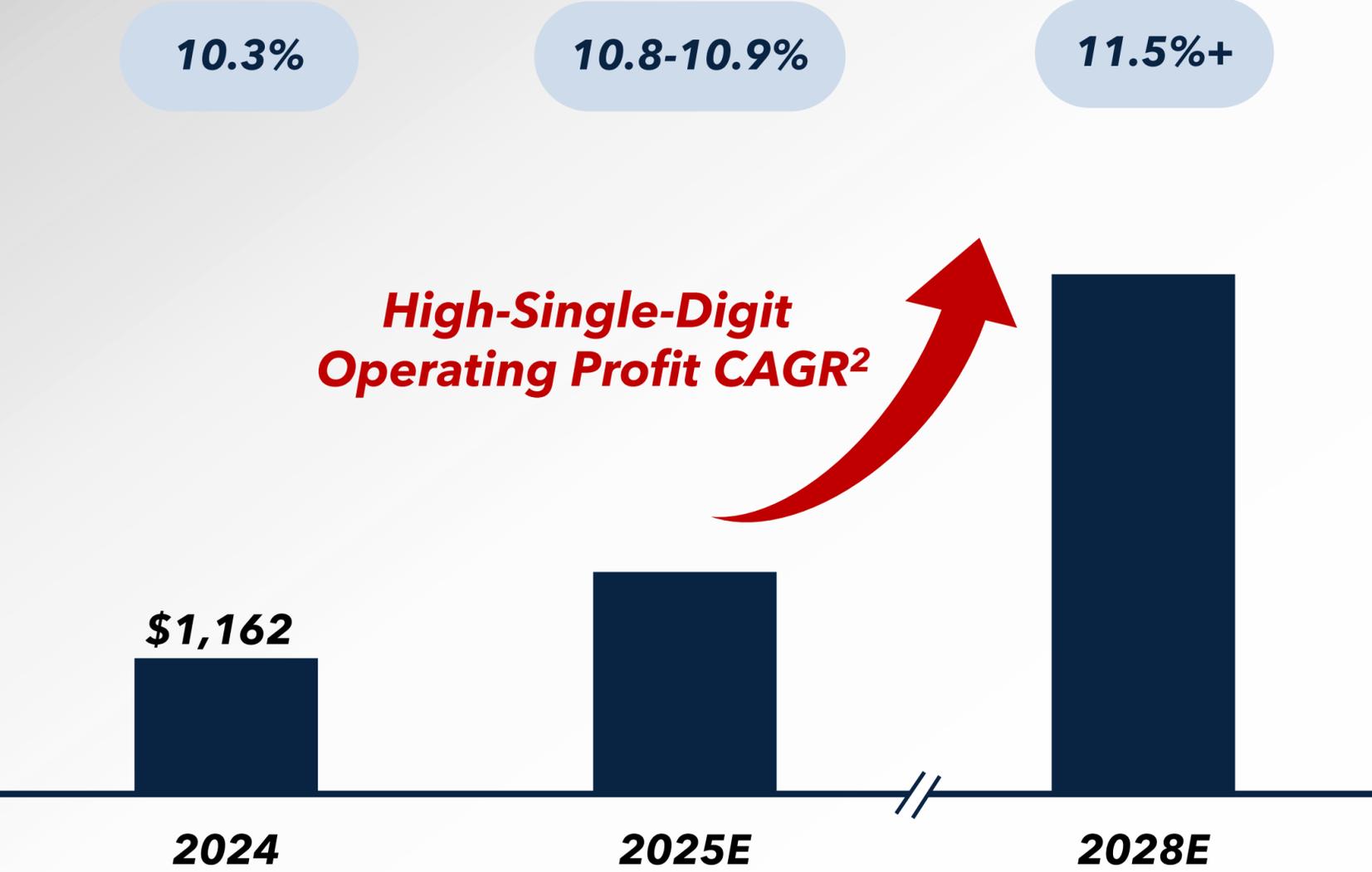


**SOLID
TOP-LINE GROWTH**

Coupled with

**SUSTAINED OP
MARGIN EXPANSION**

OP Margin¹ (%) and Operating Profit (\$mn)



¹OP margin excluding special items
²2026-2028 CAGR on 2025 base, excluding F/X

Optimizing Capex

Targeting Average Annual Level of \$600-700mn

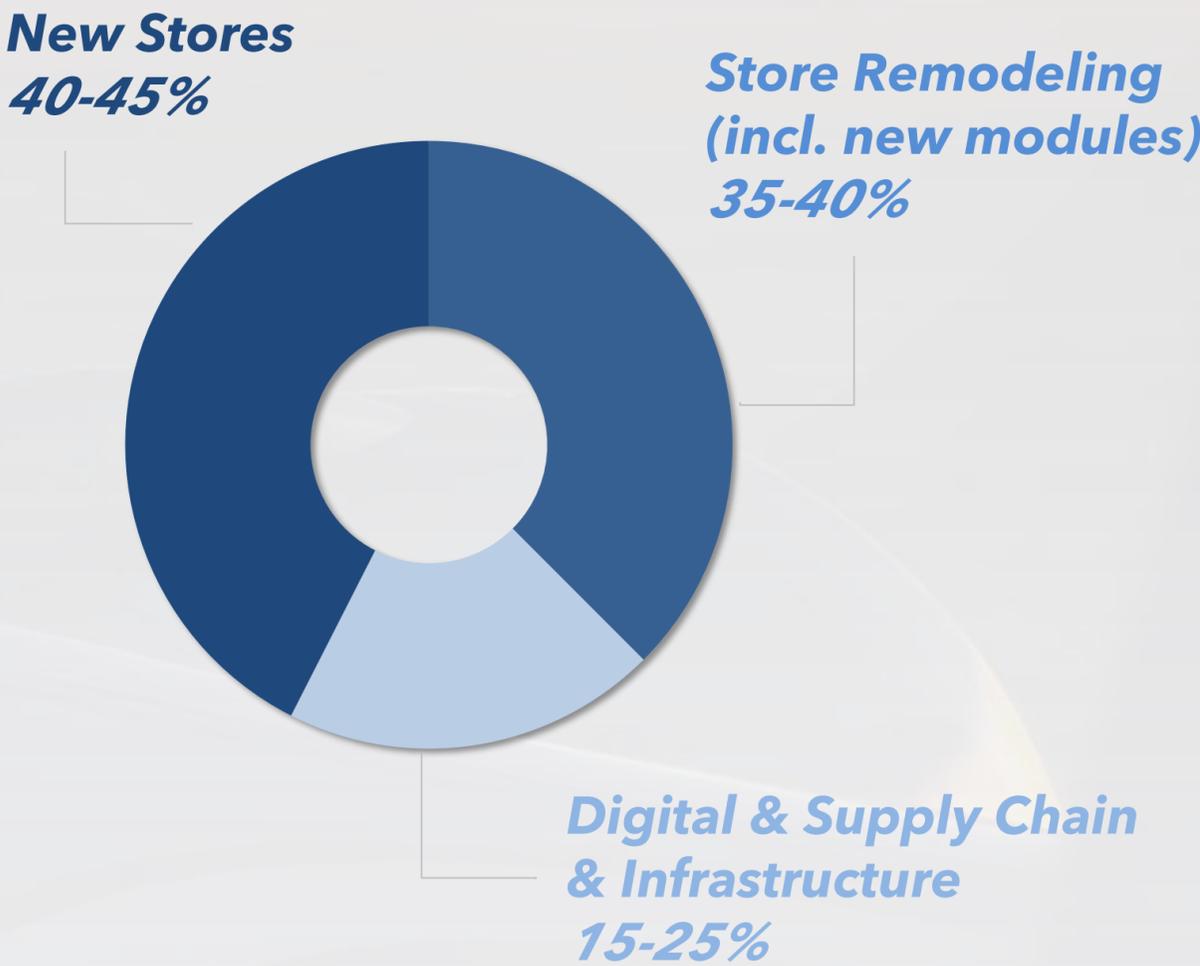


Store Development¹
Lower per-store investment and higher franchise mix

Digital Capabilities
Invest smartly to unlock digital and AI potential

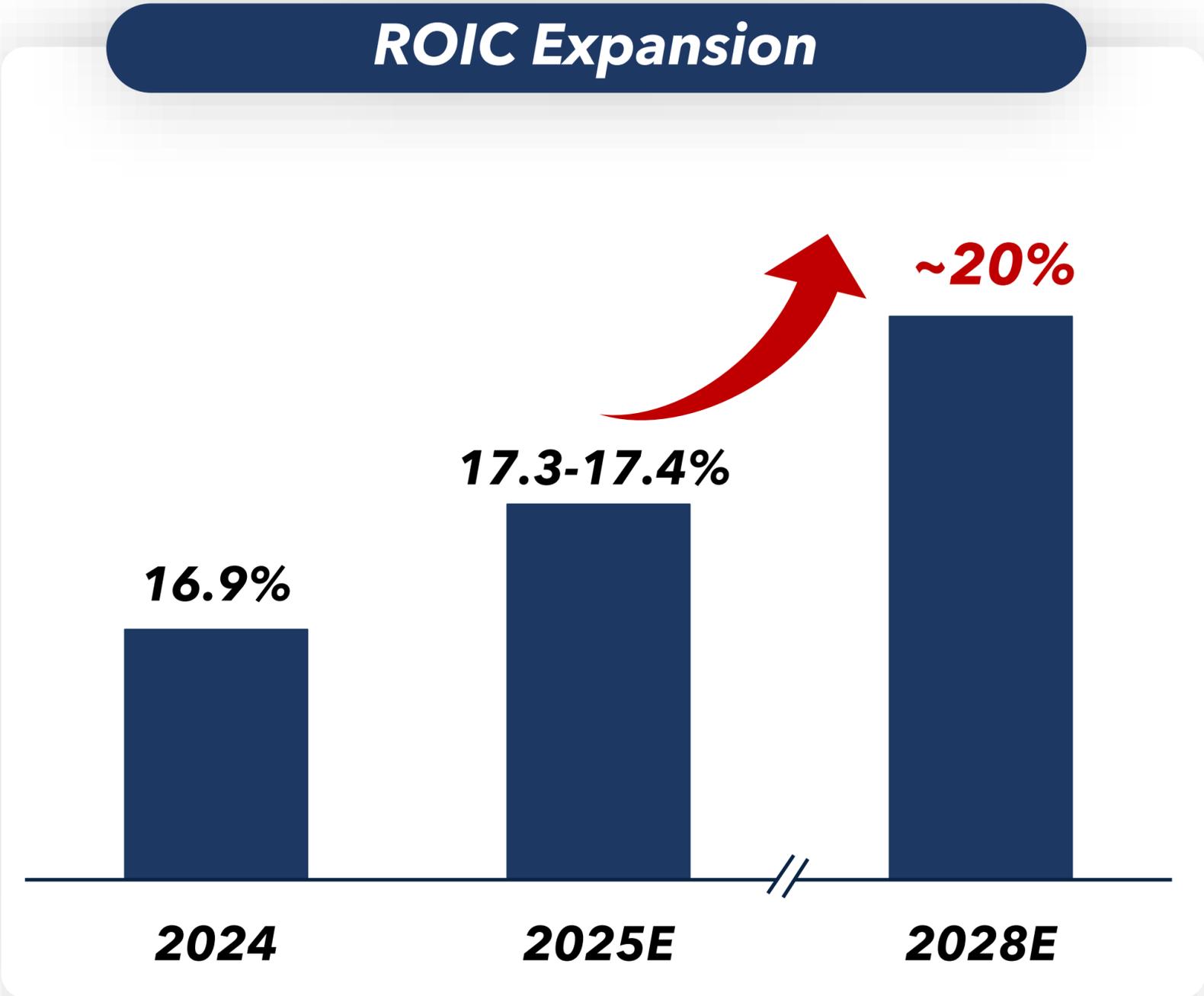
Supply Chain & Infrastructure
Balanced approach between self-owned and partnerships

Average Annual Capex of ~\$600-700mn² in 2026-2028



¹Store development Capex includes investments in new stores and store remodeling
²Annual Capex may vary outside this range, depending on the development of key Capex projects

Expecting ROIC to Reach ~20% in 2028



Note: ROIC is calculated as net operating profit after tax (NOPAT) divided by average invested capital. NOPAT is adjusted operating profit after tax, with operating lease interest added back and net income attributable to noncontrolling interests deducted. Average invested capital is the average of YUMC stockholder's equity, borrowings, and operating lease liabilities, less cash, cash equivalents, short-term investments, and long-term deposits and notes

Leveraging Strategic RGM 3.0 Execution to Deliver Strong Free Cash Flow Growth

Key Drivers



Solid Operating Cash Flow Growth



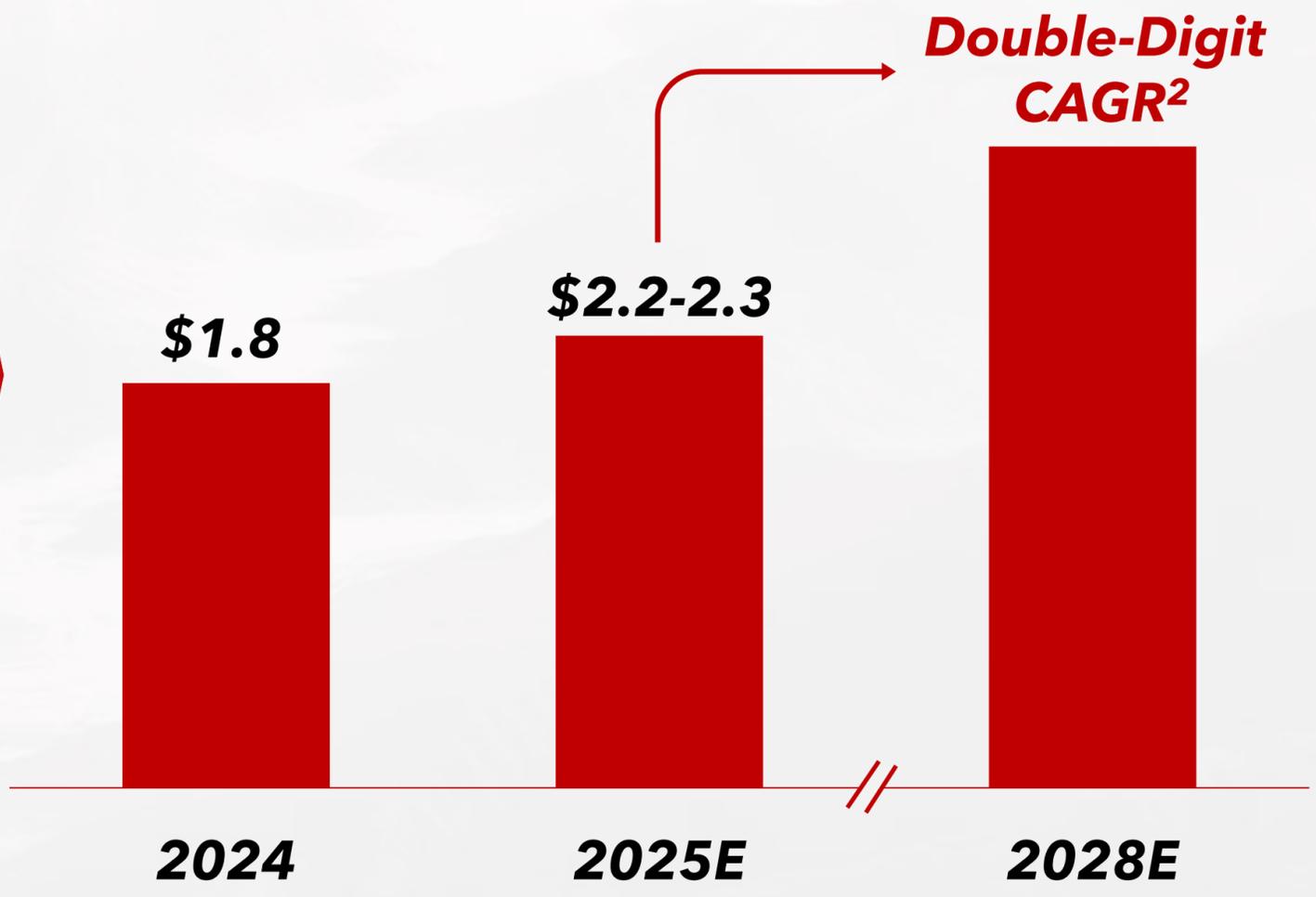
Continuously Optimized Capex



Value-Enhancing Share Buyback



Free Cash Flow Per Share¹ (\$)



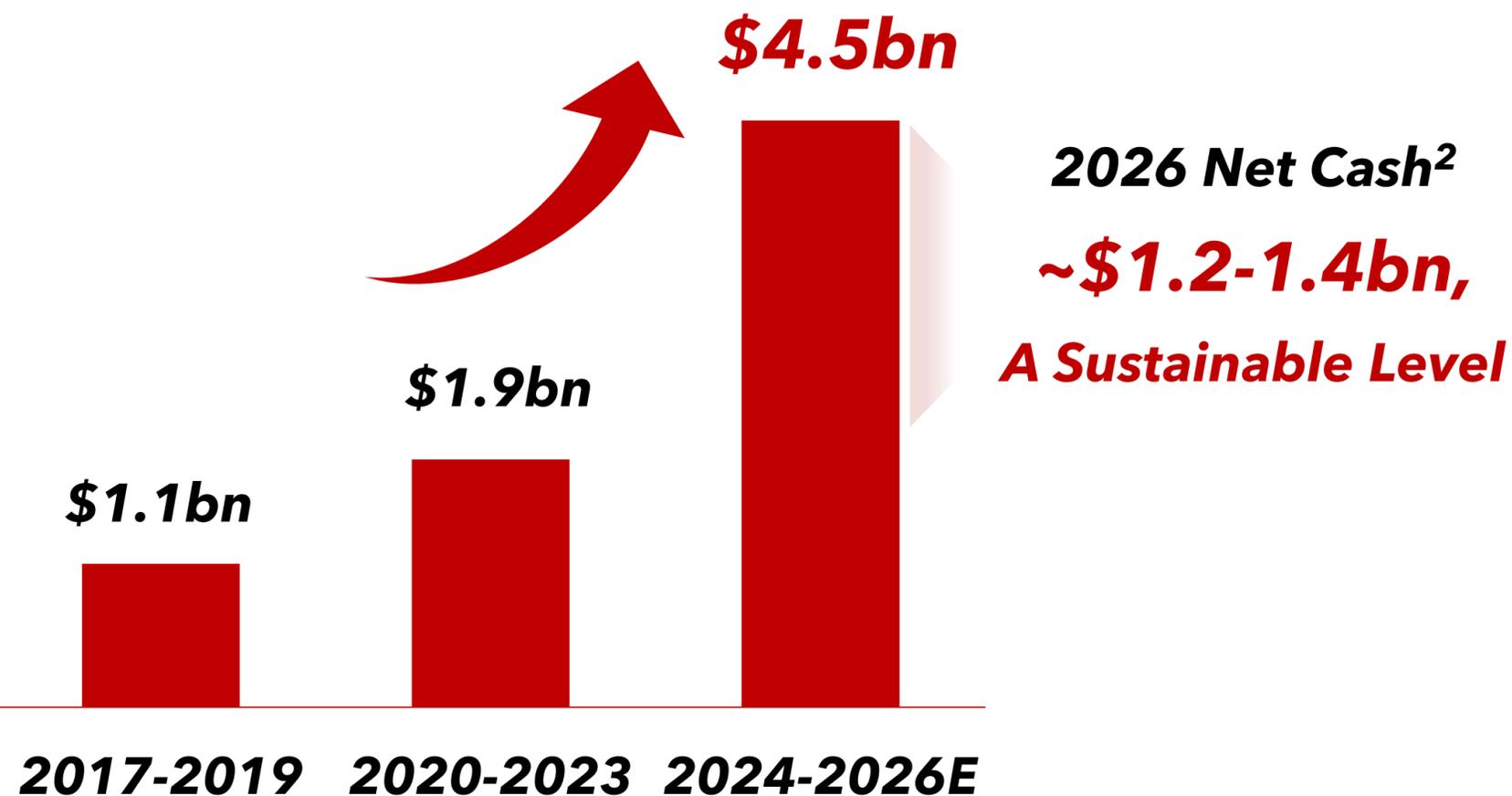
¹Free cash flow per share refers to operating cash flow minus capital spending, divided by diluted shares

²2026-2028 CAGR on 2025 base

Capital Returns to Shareholders

~100% of Free Cash Flow to ParentCo¹ from 2027 Onward

Accelerated Capital Returns (US\$)



2027 & Beyond Outlook³

Return ~100% of Free Cash Flow to ParentCo¹

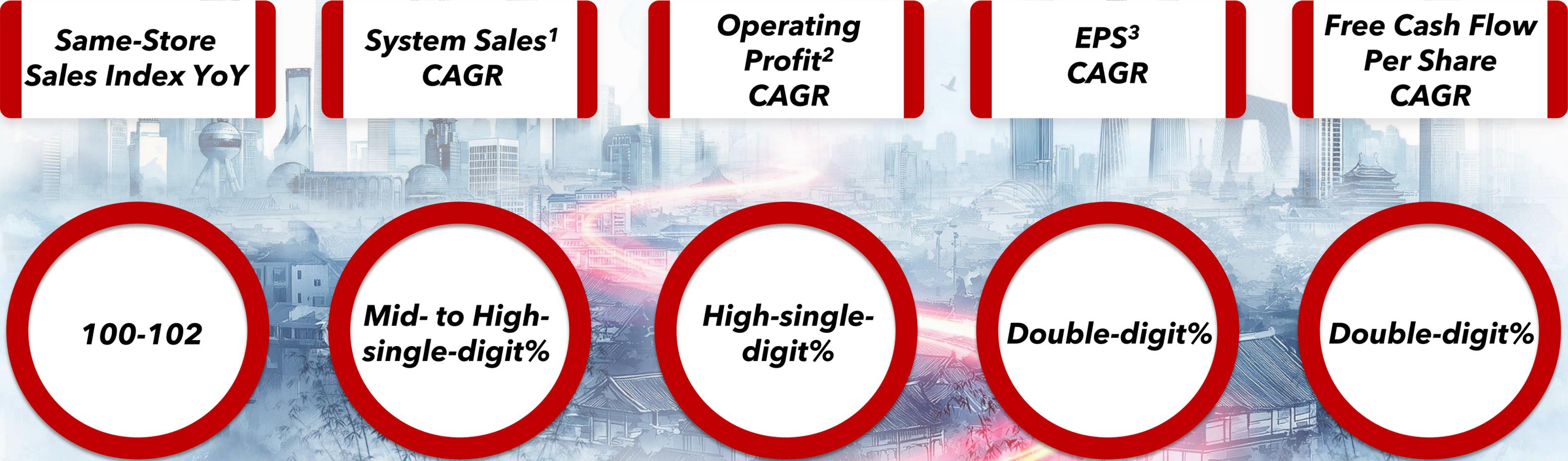
Average Annual Return of ~\$900-1,000mn+ in 2027-2028

- ✓ Dividend Per Share to Increase Over Time
- ✓ Value-Enhancing Share Buyback

¹Free cash flow to ParentCo refers to operating cash flow less capital spending and dividends paid to non-controlling interests, which is associated with our consolidated JVs including KFC JVs ²Net cash is calculated as the sum of (i) cash & cash equivalents, (ii) short-term investments, and (iii) long-term bank deposits & notes, less total borrowings ³Based on current expectations, which may change based on market conditions, capital needs or otherwise. Subject to Board approval on dividends and share repurchases, as well as shareholders' approval on share repurchases

Our Pathway to Value Creation: 2026-2028 Outlook

2026-2028 Growth Targets on 2025 Base:



¹System sales excluding F/X
²Operating profit excluding special items and F/X
³Diluted EPS excluding special items and F/X



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From Strategy to Results...

... And Results to Long-term Value



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Appendix

RGM 3.0
2025 YUM CHINA INVESTOR DAY

Yum China: Reconciliation of Operating Profit to Restaurant Profit

(\$ mn)	2019	2024
GAAP Operating Profit	901	1,162
Less:		
Franchise fees and income	148	94
Revenues from transactions with franchisees and unconsolidated affiliates	654	420
Other revenues	49	138
Add:		
General and administrative expenses	487	568
Franchise expenses	71	37
Expenses for transactions with franchisees and unconsolidated affiliates	645	404
Other operating costs and expenses	37	122
Closures and impairment expenses, net	36	39
Other income, net	(60)	(1)
Restaurant profit	1,266	1,679
Company sales	7,925	10,651
Restaurant margin	16.0%	15.7%

KFC: Reconciliation of Operating Profit to Restaurant Profit

(\$ mn)	2019	2024
GAAP Operating Profit	949	1,192
Less:		
Franchise fees and income	136	69
Revenues from transactions with franchisees and unconsolidated affiliates	64	55
Other revenues	1	10
Add:		
General and administrative expenses	207	248
Franchise expenses	69	32
Expenses for transactions with franchisees and unconsolidated affiliates	64	49
Other operating costs and expenses	1	8
Closures and impairment expenses, net	9	19
Other income, net	(56)	–
Restaurant profit	1,042	1,414
Company sales	5,839	8,375
Restaurant margin	17.8%	16.9%

Pizza Hut: Reconciliation of Operating Profit to Restaurant Profit

(\$ mn)	2019	2024
GAAP Operating Profit	114	153
Less:		
Franchise fees and income	4	8
Revenues from transactions with franchisees	4	5
Other revenues	1	24
Add:		
General and administrative expenses	101	110
Franchise expenses	2	4
Expenses for transactions with franchisees	4	4
Other operating costs and expenses	1	22
Closures and impairment expenses, net	14	12
Restaurant profit	227	268
Company sales	2,045	2,223
Restaurant margin	11.1%	12.0%

Reconciliation of Return on Invested Capital (ROIC)

(\$ mn)	2023	2024
Calculation of adjusted net operating profit after taxes		
Operating Profit		1,162
Special Items Income - Operating Profit		-
Adjusted Operating Profit		1,162
<u>Adjustments to remove:</u>		
Interest on operating lease liabilities		108
Computed Income tax		(339)
Net income - noncontrolling interests		(69)
Adjusted net operating profit after taxes		862
Adjusted ETR		26.7%
Calculation of invested capital		
Total Yum China Holdings, Inc. Stockholders' Equity	6,405	5,728
Short-term borrowings	168	127
Operating lease liabilities	2,325	2,233
Cash & cash equivalents	(1,128)	(723)
Short-term investments	(1,472)	(1,121)
Long-term bank deposits and notes	(1,265)	(1,088)
Invested capital	5,033	5,156
Average invested capital		5,095
Return on Invested Capital (ROIC)		16.9%