



NEWS

Yum! Brands Reports First-Quarter Results

Broad-Based Global Strength Resulting in 13% System Sales Growth excluding Russia Impact; 8% Same-Store Sales Growth and Record Digital System Sales With Digital Mix Exceeding 45%

Louisville, KY (May 3, 2023) - Yum! Brands, Inc. (NYSE: YUM) today reported results for the first-quarter ending March 31, 2023. Worldwide system sales excluding foreign currency translation grew 13% excluding Russia impact, with 8% same-store sales growth and 5% unit growth. First-quarter GAAP operating profit grew 3%. First-quarter core operating profit grew 11% including a 1 percentage point headwind from Russia. First-quarter GAAP EPS was \$1.05 and first-quarter EPS excluding Special Items was \$1.06. First-quarter EPS includes a negative \$0.07 mark-to-market impact from unrealized investment losses and a negative \$0.08 impact from foreign currency translation.

DAVID GIBBS COMMENTS

David Gibbs, CEO, said “Our first-quarter results continue to illustrate the power of our global portfolio and the advantages of our business model. The demand for our iconic brands is evident as our incredible teams and franchise partners delivered another strong quarter with system sales growth of 13% excluding Russia, driven by 8% same-store sales growth and continued development momentum. We're seeing broad-based accelerating digital sales growth leading to a record quarter for both digital system sales of nearly \$7 billion and digital sales mix that exceeded 45%. I'm pleased to see the revenue flow through in the quarter translate to 11% core operating profit growth. We're proud of the strong start to the year and confident we'll continue to build on our position as the global franchisor of choice.”

RUSSIA UPDATE

- On April 17, 2023, Yum! Brands completed its exit from the Russian market by selling its KFC business in Russia to Smart Service Ltd., including all Russian KFC restaurants, operating system, master franchise rights and the trademark for the Rostik's brand. With the completion of the transaction, we have now ceased our corporate presence in Russia.
- As of the beginning of the second quarter 2022, we elected to remove Russia from our unit count and system sales, negatively impacting those key performance metrics as presented in our **FIRST-QUARTER HIGHLIGHTS** section and the remainder of this release.
- Removing Russia from our prior year base, key performance metrics would have been as follows:

Key Performance Metrics Adjusted for Russia	% Change	
	System Sales Ex F/X	Units
KFC Division	+15	+7
Worldwide	+13	+5

FIRST-QUARTER HIGHLIGHTS

- Worldwide system sales grew 11%, excluding foreign currency translation, with KFC at 11%, Taco Bell at 12% and Pizza Hut 10%.
- We added 746 gross units during the first quarter.
- Reported record digital sales of nearly \$7 billion, with digital mix exceeding 45%.
- Foreign currency translation unfavorably impacted divisional operating profit by \$27 million.

Reported Results	% Change				
	System Sales Ex F/X	Same-Store Sales	Units	GAAP Operating Profit	Core Operating Profit ¹
KFC Division	+11	+9	+2	+5	+12
Taco Bell Division	+12	+8	+6	+10	+11
Pizza Hut Division	+10	+7	+3	+2	+7
Worldwide	+11	+8	+3	+3	+11

¹ See reconciliation of Non-GAAP Measurements to GAAP Results within this release for further detail of Core Operating Profit.

All comparisons are versus the same period a year ago.

System sales growth figures exclude foreign currency translation ("F/X") and core operating profit growth figures exclude F/X and Special Items. Special Items are not allocated to any segment and therefore only impact worldwide GAAP results. See reconciliation of Non-GAAP Measurements to GAAP Results within this release for further details.

Digital system sales includes all transactions where consumers at system restaurants utilize ordering interaction that is primarily facilitated by automated technology.

	First-Quarter		
	2023	2022	% Change
GAAP EPS	\$1.05	\$1.36	(23)
Special Items EPS ¹	\$(0.01)	\$0.31	NM
EPS Excluding Special Items	\$1.06	\$1.05	Even

¹ See reconciliation of Non-GAAP Measurements to GAAP Results within this release for further detail of Special Items.

KFC DIVISION

	First-Quarter			
	2023	2022	%/ppts Change	
			Reported	Ex F/X
Restaurants	28,003	27,372	+2	N/A
System Sales (\$MM)	8,057	7,733	+4	+11
Same-Store Sales Growth (%)	+9	+3	NM	NM
Franchise and Property Revenues (\$MM)	412	383	+8	+14
Operating Profit (\$MM)	305	291	+5	+12
Operating Margin (%)	44.4	44.1	+0.3	+0.9

	First-Quarter (% Change)	
	International	U.S.
System Sales Growth Ex F/X	+12	+3
Same-Store Sales Growth	+11	+2

- KFC Division opened 385 gross new restaurants in 47 countries.
- Removing Russia from our first-quarter results negatively impacted KFC International system sales growth by 5 percentage points and KFC Division operating profit growth excluding foreign currency by 2 percentage points.
- Foreign currency translation unfavorably impacted operating profit by \$21 million.

KFC Markets ¹	Percent of KFC System Sales ²	System Sales Growth Ex F/X
		First-Quarter (% Change)
China	25%	+17
United States	15%	+3
Europe (excluding United Kingdom)	12%	+28
Asia	11%	+12
Australia	7%	+11
United Kingdom	7%	+5
Middle East / Turkey / North Africa	6%	+27
Latin America	6%	+18
Africa	5%	+16
Thailand	2%	+15
Canada	2%	+7
India	2%	+25

¹ Refer to investors.yum.com/financial-information/financial-reports/ for a list of the countries within each of the markets.

² Reflects Full Year 2022 adjusted for the exclusion of Russia.

TACO BELL DIVISION

	First-Quarter			
	2023	2022	%/ppts Change	
			Reported	Ex F/X
Restaurants	8,276	7,831	+6	N/A
System Sales (\$MM)	3,464	3,108	+11	+12
Same-Store Sales Growth (%)	+8	+5	NM	NM
Franchise and Property Revenues (\$MM)	201	179	+12	+12
Operating Profit (\$MM)	204	185	+10	+11
Operating Margin (%)	35.6	35.7	(0.1)	Even

- Taco Bell Division opened 79 gross new restaurants in 16 countries.
- Taco Bell U.S. system sales grew 11% and Taco Bell International system sales excluding foreign currency grew 25%.
- Taco Bell U.S. same-store sales grew 9% and Taco Bell International same-store sales grew 4%.
- Company-owned restaurant margins were approximately 22%, flat year-over-year.
- Foreign currency translation unfavorably impacted operating profit by \$1 million.

PIZZA HUT DIVISION

	First-Quarter			
	2023	2022	%/ppts Change	
			Reported	Ex F/X
Restaurants	19,046	18,518	+3	N/A
System Sales (\$MM)	3,336	3,160	+6	+10
Same-Store Sales Growth (%)	+7	Even	NM	NM
Franchise and Property Revenues (\$MM)	155	151	+3	+6
Operating Profit (\$MM)	104	102	+2	+7
Operating Margin (%)	41.2	42.1	(0.9)	(0.1)

	First-Quarter (% Change)	
	International	U.S.
System Sales Growth Ex F/X	+10	+10
Same-Store Sales Growth	+5	+8

- Pizza Hut Division opened 271 gross new restaurants in 31 countries.
- Foreign currency translation unfavorably impacted operating profit by \$5 million.

Pizza Hut Markets ¹	Percent of Pizza Hut System Sales ²	System Sales Growth Ex F/X
		First-Quarter (% Change)
United States	41%	+10
China	16%	+24
Asia	14%	(1)
Europe	14%	+3
Latin America	6%	+5
Middle East / Africa	4%	+10
Canada	3%	+7
India	2%	+16

¹Refer to investors.yum.com/financial-information/financial-reports/ for a list of the countries within each of the markets. Note that during the first quarter of 2023 Pizza Hut Division realigned their international market structure.

²Reflects Full Year 2022 adjusted for the exclusion of Russia.

HABIT BURGER GRILL DIVISION

- The Habit Burger Grill Division system sales grew 8% with flat same-store sales growth.
- The Habit Burger Grill Division opened 11 gross new restaurants in the U.S. and Cambodia.

OTHER ITEMS

- Disclosures pertaining to outstanding debt in our Restricted Group capital structure will be provided at the time of the filing of the first-quarter Form 10-Q.

CONFERENCE CALL

Yum! Brands, Inc. will host a conference call to review the company's financial performance and strategies at 8:15 a.m. Eastern Time May 3, 2023. The number is 844/200-6205 for U.S. callers, 833/950-0062 for Canada callers, and 929/526-1599 for international callers, conference ID 981951.

The call will be available for playback beginning at 10:00 a.m. Eastern Time May 3, 2023 through May 10, 2023. To access the playback, dial 866/813-9403 in the U.S., 226/828-7578 in Canada, 0204/525-0658 for U.K. (local), and +44/204-525-0658 internationally, conference ID 146153.

The webcast and the playback can be accessed by visiting Yum! Brands' website, investors.yum.com/events-and-presentations and selecting "Q1 2023 Yum! Brands, Inc. Earnings Call."

ADDITIONAL INFORMATION ONLINE

Quarter end dates for each division, restaurant count details, definitions of terms and Restricted Group financial information are available at investors.yum.com. Reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures are included in our Condensed Consolidated Summary of Results.

FORWARD-LOOKING STATEMENTS

This announcement may contain "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," "seek," "project," "model," "ongoing," "will," "should," "forecast," "outlook" or similar terminology. These statements are based on and reflect our current expectations, estimates, assumptions and/or projections, our perception of historical trends and current conditions, as well as other factors that we believe are appropriate and reasonable under the circumstances. Forward-looking statements are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks, uncertainties and assumptions that could cause our actual results to differ materially from those indicated by those statements. There can be no assurance that our expectations, estimates, assumptions and/or projections, including with respect to the future earnings and performance or capital structure of Yum! Brands, will prove to be correct or that any of our expectations, estimates or projections will be achieved.

Numerous factors could cause our actual results and events to differ materially from those expressed or implied by forward-looking statements, including, without limitation: the severity and duration of the COVID-19 pandemic; food safety and food- or beverage-borne illness issues; adverse impacts of catastrophic or unforeseen events; the success of our concepts' franchisees; the success of our development strategy; anticipated benefits from past or potential future acquisitions, investments or other strategic transactions, or our portfolio business model; our significant exposure to the Chinese market; our global operations; foreign currency risks and foreign exchange controls; our ability to protect the integrity or availability of IT systems or the security of confidential information and other cybersecurity risks; compliance with data privacy and data protection legal requirements; our ability to successfully implement technology initiatives; our increasing dependence on multiple digital commerce platforms; the impact of social media; our ability to protect our trademarks and other intellectual property; shortages or interruptions in the availability and the delivery of food, equipment and other supplies; the loss of key personnel, labor shortages and increased labor costs; changes in food prices and other operating costs; our corporate reputation and the value and perception of our brands; evolving expectations and requirements with respect to social and environmental sustainability matters; adverse effects of climate change; pending or future litigation and legal claims or proceedings; changes in, or noncompliance with, legal requirements; tax matters, including changes in tax rates or laws, impositions of new taxes, tax implications of our restructurings, or disagreements with taxing authorities; changes in consumer discretionary spending and economic conditions, including inflationary pressures; competition within the retail food industry; risks relating to our significant amount of indebtedness. 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.

The forward-looking statements included in this announcement are only made as of the date of this announcement and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances. 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 most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q) for additional detail about factors that could affect our financial and other results.

Yum! Brands, Inc., based in Louisville, Kentucky, and its subsidiaries franchise or operate a system of over 55,000 restaurants in more than 155 countries and territories under the company's concepts – KFC, Taco Bell, Pizza Hut and the Habit Burger Grill. The Company's KFC, Taco Bell and Pizza Hut brands are global leaders of the chicken, Mexican-style food, and pizza categories, respectively. The Habit Burger Grill is a fast casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. In 2023, the KFC, Taco Bell and Pizza Hut brands were ranked in the top five of Entrepreneur's Top Global Franchises Ranking. In addition, in 2023 Yum! Brands was included on the Bloomberg Gender-Equality Index; Forbes' list of America's Best Employers for Diversity; and Newsweek's lists recognizing America's Most Responsible Companies, America's Greatest Workplaces for Diversity and America's Greatest Workplaces for Women. In 2022, the Company was named to the Dow Jones Sustainability Index North America.

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