

UNLOCKING OPPORTUNITY FOR GROWTH & GOOD!

Dear fellow stakeholders:

At Yum!, we have a clear vision for **building the world's most loved, trusted and fastest growing restaurant brands**. It begins with our franchisees and restaurant team members who bring our vision to life, one meal at a time. Our unified global system serves millions of customers each day, provides opportunities for our team members and supports the communities in which we operate. As the world's largest restaurant company with more than **50,000 restaurants**, our unmatched scale enhances our ability to create competitive advantages to fuel our **Recipe for Growth and Good**.

We enter 2021 a stronger company that is primed to grow, made better and more resilient by the challenges of 2020. I am incredibly proud of our people and the way we came together to navigate these challenges. We galvanized our global system's commitment to our **Growth and Good** strategy, underpinned by an unmatched culture of cross-brand collaboration, people and franchisees that has put us on solid footing to move forward.

Across Yum!, we intensified our focus on **leveraging our scale** and created sustainable competitive advantages to fuel growth for our franchisees. This includes the continual acceleration of digital and technology initiatives to enhance the customer experience, off-premise capabilities and unit economics across the globe.

2020 Highlights: More than **35,000 of our restaurants are offering delivery**, representing a 16% increase year-over-year, driven in part by expanded aggregator partnerships. We ended 2020 on a digital sales high note of a record **\$17 billion**, about a 45% increase over the prior year. On average, we opened seven gross restaurants per day, and we ended the year with more than **50,000** global restaurants in approximately **290 brand-country combinations**, with system sales exceeding **\$50 billion**.

- **KFC is "Always Original."** Across the globe, KFC continued to invest in innovation by rebundling, repackaging and reconceptualizing our core menu items. From our world famous Original Recipe to new signature flavors and formats, KFC is all about making the most craveable, Colonel-inspired chicken in the world, the right way, with our 11 secret herbs and spices.
- **Pizza Hut** continued its commitment to ensuring every customer has a **Hot, Fast and Reliable** experience, supporting the shift to off-premise and abundant value offerings. As the first to provide America with Pan Pizza and Stuffed Crust Pizza, Pizza Hut is a true innovator in the pizza category.



David Gibbs,
Chief Executive Officer
Yum! Brands, Inc.

- **Taco Bell is truly a Category of One for Everyone.** We believe everyone deserves the right to Live Más and spent 2020 with a focus on progressing digital capabilities with our new Taco Bell Rewards loyalty program and delivery, as well as promoting opportunities to enjoy Cravings Boxes and Party Packs.
- **The Habit Burger Grill** is the spirit of Santa Barbara, and our commitment to quality is at the heart of everything we do. In 2020, we built customer awareness through new access options and digital engagement and shifted our marketing to focus on Family Meal Bundles.

Our Recipe for Growth's four pillars are the foundation upon which we're building sustainable, long-term results. These growth capabilities, outlined below, are the key drivers of same-store sales and net new unit growth and serve as our guiding principles in all business decisions.

1. Unrivaled Culture & Talent

We are leveraging culture and people capability to fuel brand performance and franchisee success.

2. Bold Restaurant Development

We are driving market and franchise unit expansion with strong economics.

3. Unmatched Operating Capability

We are recruiting and equipping the best restaurant operators in the world to deliver great customer experiences.

4. Relevant, Easy & Distinctive Brands

We are innovating and elevating iconic restaurant brands people trust and champion.

Our Recipe for Good is focused on leading with socially responsible and sustainable stewardship of our people, food and planet.

1. People: We Unlock Opportunity

We are stepping up our investment in Yum!'s new social purpose to unlock opportunity in our people and communities, with a special focus on championing equity, inclusion and belonging across all aspects of our brands and franchise business.

2. Food: We Serve Food People Trust

We have an unwavering commitment to serve food that people trust. That means going above and beyond when it comes to food safety, listening and responding to customers' evolving preferences and improving the nutritional value of our menu items.

3. Planet: We Grow Sustainably

We are balancing business growth with environmental sustainability. With the Yum! franchise system opening new restaurants every day, it's important that we use our scale for good to minimize the environmental impact of our restaurants and supply chain.

As I enter my second year leading Yum!, I'm more confident than ever that our consumer-focused, digitally enabled brands will grow same-store sales, unit economics will support profitable development, and Yum! is well positioned to maximize value creation for years to come. Thank you to our shareholders, customers and Yum! family for your continued support.



David Gibbs, CEO