

Growing Iconic Restaurant Brands Globally



David Gibbs
Chief Executive Officer
Yum! Brands, Inc.



Dear fellow stakeholders:

At Yum! Brands, we have a mission to grow iconic restaurant brands globally through our **Recipe for Good Growth strategy**. As the world's largest restaurant company, our diversified international system includes approximately 1,500 franchisees who are the primary operators of our more than 61,000 restaurants in over 155 countries and territories. Our four brands delight millions of consumers daily with craveable food and memorable experiences. We and our franchisees are proud of the meaningful careers we provide and the investments we make to unlock opportunities for team members and for the communities we serve.

Yum!'s **Recipe for Good Growth** strategy is built on the belief that lasting growth and brand relevance come from being inclusive, sustainable and responsive to the evolving needs of employees, franchisees and stakeholders. Our success is driven by our unrivaled culture and talent – key ingredients in building brands that are not only **loved** and **trusted**, but also deeply **connected**, to the communities they serve. This foundation ensures sustainable results, driving same-store sales growth and supporting net-new unit expansion.

Loved

Delight consumers with craveable food and a distinctive experience

Trusted

Operate responsibly with care, consistency and efficiency in our restaurants, across our system and in our communities

Connected

Use our teamwork, technology and global scale to serve every consumer, everywhere, anytime

Highlights from 2024: This was an incredible year for Yum! as we surpassed 61,000 units globally, opening a new restaurant every two hours for the fourth consecutive year. The advantages of our franchise business model shone through as we delivered 9% Core Operating Profit growth for the full year despite industry-wide headwinds. In 2024, we generated more than \$30 billion in digital sales with over 50% of our system sales coming through digital channels. We continued to make progress scaling our proprietary digital and technology platforms across our global system.

Recently we introduced Byte by Yum!, a comprehensive collection of proprietary Software as a Service AI-driven products that will enable our restaurants across the world to delight consumers, streamline operations and empower teams. By integrating our technology systems into a single end-to-end platform with a unified global team, we can rapidly scale Byte by Yum! across our system. In fact, KFC U.S., Pizza Hut U.S. and Taco Bell U.S. all currently operate on our Byte digital ordering platform, and 25,000 Yum! restaurants across the world are using at least one Byte by Yum! product.

To bring these accomplishments to life, let me share specific highlights across our Loved, Trusted and Connected strategic drivers:

LOVED

Starting with our Loved pillar and our brands that champion consumer experiences, **KFC** celebrated another record-breaking year of development, opening nearly 2,900 restaurants and surpassing 30,000 locations worldwide. Growth remained expansive, with 97 markets opening new stores. Late in the year, Saucy by KFC was introduced, a new test concept in Orlando, Florida, focused on bold flavors and boneless chicken and aimed at appealing to the next generation of chicken lovers. As KFC continues its global expansion, the brand remains dedicated to deepening its market presence, introducing innovative product offerings and elevating value for consumers worldwide.

Taco Bell is truly a Category of One for Everyone and believes every person deserves to Live Más. Taco Bell delivered outstanding growth by embracing its signature Taco Bell Magic Formula: Brand Buzz, Dominate Value, More Occasions and More Digital. Early in the year, the launch of the Cravings Value Menu – featuring 10 crave-worthy items under \$3 – provided guests with satisfying, meal-sized value. Expanding into Más Occasions, Taco Bell introduced the Cantina Chicken platform.

Pizza Hut is focused on connecting people through the joy of pizza, delivering a craveable, reliable and fun experience every time. Around the world, our markets are seeing strong results from combining bold menu innovation with compelling value offerings, driving increased consumer visits and brand engagement.

Drawing inspiration from the vibrant spirit of Southern California, **Habit Burger & Grill** is dedicated to delivering fresh, high-quality food and warm hospitality at affordable prices with its made-to-order chargrilled burgers cooked over an open flame and handcrafted sandwiches. 2024 was a standout year for the brand, earning the title of No. 1 Burger in America by USA Today and No. 1 Grilled Chicken Sandwich by Daily Meal. These prestigious accolades fueled momentum, brand awareness and topline growth. Operational excellence remains a top priority, with labor productivity initiatives delivering a 150-basis-point improvement in margins year over year.

TRUSTED

We remain committed to fostering trust with our consumers, communities and partners through social responsibility, risk management and sustainable stewardship. These priorities are at the center of how we are building a resilient business. By focusing on **People**, we and our franchisees are creating tens of thousands of jobs worldwide each year and have created skill-building and training programs for those who need it most. As recognition of our people development, Yum! was recently included on TIME's list of its 2025 Best Companies for Future Leaders. At the end of 2024, Yum! had invested more than \$75 million since 2020 in 38 community impact programs across 13 countries, driving life-changing outcomes for more than 200,000 people.

Our commitment to serving **Food** that people trust means we carefully select the ingredients used and work to ensure suppliers responsibly raise the animals and agricultural products we source. The brands continue to offer balanced choices on menus to meet shifting consumer trends, which includes providing clean labels, vegetarian and plant-based items, and local sourcing. In 2024, Yum! joined a collective of 25 other organizations, representing 40% of global poultry meat production, in endorsing the Antimicrobial Use Stewardship Principles in poultry.

When it comes to the **Planet**, we are thoughtful about the way we build, operate and power our restaurants around the world and are always working to reduce the environmental impact of our supply chain. One way we put this commitment into action is by exploring innovative solutions for sustainable packaging. For example, KFC, Taco Bell and Habit Burger & Grill participated in the first city-wide reusable cup program in the U.S. to better understand the viability of reusables and to help inform future packaging decisions. Additionally, KFC restaurants across Europe, Asia and Latin America are adding solar panels to their rooftops and now have them on every continent where the brand operates. Taco Bell partnered with the National Fish and Wildlife Foundation to support grassland conservation and improve river water quality, reinforcing its commitment to the environment and creating a more sustainable future for the beef industry. Pizza Hut's multiyear cattle feed pilot in the U.S. achieved a 10% reduction in on-farm emissions from the milk used in its cheese. Similar initiatives have also launched in New Zealand and the U.K., reinforcing the brand's commitment to responsible sourcing and environmental stewardship. At Habit Burger & Grill, the brand continues to incorporate sustainability across its restaurants, including the use of ENERGY STAR and Green Guard-certified machines.

CONNECTED

Moving to our Connected pillar, we are advancing our ability to serve every consumer, everywhere, at any time. KFC digital system sales had impressive momentum, growing 16% year over year, pushing the digital sales mix over 50% for the first time. The accelerated rollout of kiosks in international markets was a key driver of this success, providing convenience and efficiency for consumers. Enhancements to the Taco Bell app and loyalty program, including the rollout of ConnectMe to allow guests to check in at the drive-thru to earn loyalty rewards, drove a remarkable 34% increase in digital sales year over year. The launch of the Decades Menu sparked nostalgic joy across generations of fans, leading to an all-time high in consumer excitement. At Pizza Hut U.S., the brand unveiled an innovative restaurant design inspired by digital-first formats that originated in our international markets. Additionally, Pizza Hut U.S. migrated to the Byte Kitchen & Delivery platform, driving significant improvements in retention rates and consumer experiences, including up to a five-minute reduction in delivery times and a 7% increase in overall consumer satisfaction. Lastly, at Habit Burger & Grill, the adoption of kiosks contributed to a 9% increase in digital sales mix.

In closing, our investments involving technology, innovation and operational effectiveness are making us more agile and resilient, strengthening our business. Every day we are driven by our mission to build iconic restaurant brands that consumers love and are united through teamwork and technology, while earning trust of everyone in the markets we serve. We are privileged to steward a portfolio of globally recognized brands operated by best-in-class franchisees, all which fuel long-term growth and compounding shareholder value. Thank you to our shareholders, franchisees, consumers and Yum! family for your continued support.

A handwritten signature in black ink, appearing to read 'David Gibbs', with a stylized, flowing script.

David Gibbs, Yum! CEO