

# Yum China Holdings, Inc (NYSE:YUMC)

November 17<sup>th</sup>, 2023

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**INVESTA**  
INSIGHTS

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# Company Overview



## BUSINESS DESCRIPTION

- Yum China Holdings is a PRC-based Fortune 500 company that operates over 13000 company-owned and franchised restaurants in 1900 cities along with its subsidiaries
- Yum China was founded in 1987, headquartered in Shanghai, China and has over 145,000 employees across various operations
- Yum China seeks growth through growth of franchise restaurants, development of new restaurant concepts, and investments in digitalization



## MANAGEMENT TEAM

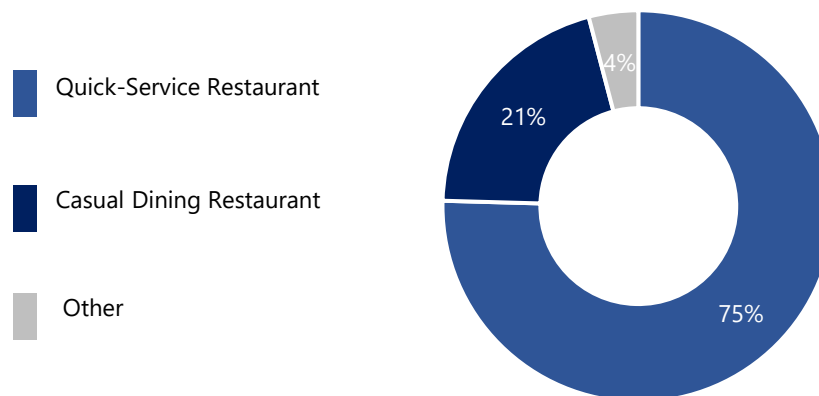


Name	Joey Wat	Andy Yeung	Leila Zhang	Howard Huang
Position	CEO	CFO	CTO	CSCO
Previous Exp.	President, COO @ Yum China	CFO @ Fintech, Telecomm. Companies	VP, IT @ Yum China	VP @ Pizza Hut Regional Operations

## COMPETITIVE ADVANTAGE

- Yum China has an established supply chain management system with over 800 independent suppliers and 33 logistics centers
- Yum China has multiple streams to achieve growth: organic growth, growth of franchise restaurants, development of new restaurant concepts and E-Commerce platform
- Yum China either has exclusive right to operate and sublicense or owns the intellectual property of brands outright
- Yum China's continued investments in technology to capture digital, delivery, and off-premise consumption has maintained its unit-level performance and developed new sources of revenue throughout COVID-19

## REVENUE SEGMENTATION



# Company Overview

Yum China Holdings Inc (NYSE: YUMC)



## KEY FINANCIAL DATA

Ticker

Share Price **\$45.38**

52 Week Low – High **\$40.43 – 64.70**

Market Capitalization **\$18.31B**

LTM Revenue **\$10.34B**

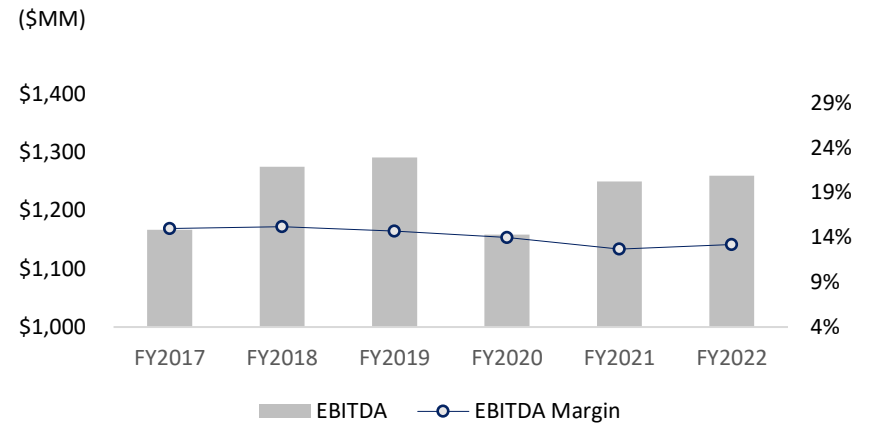
LTM EBITDA **\$1.58B**

LTM EBITDA Margin **15.2%**

LTM TEV/Revenue **2.1x**

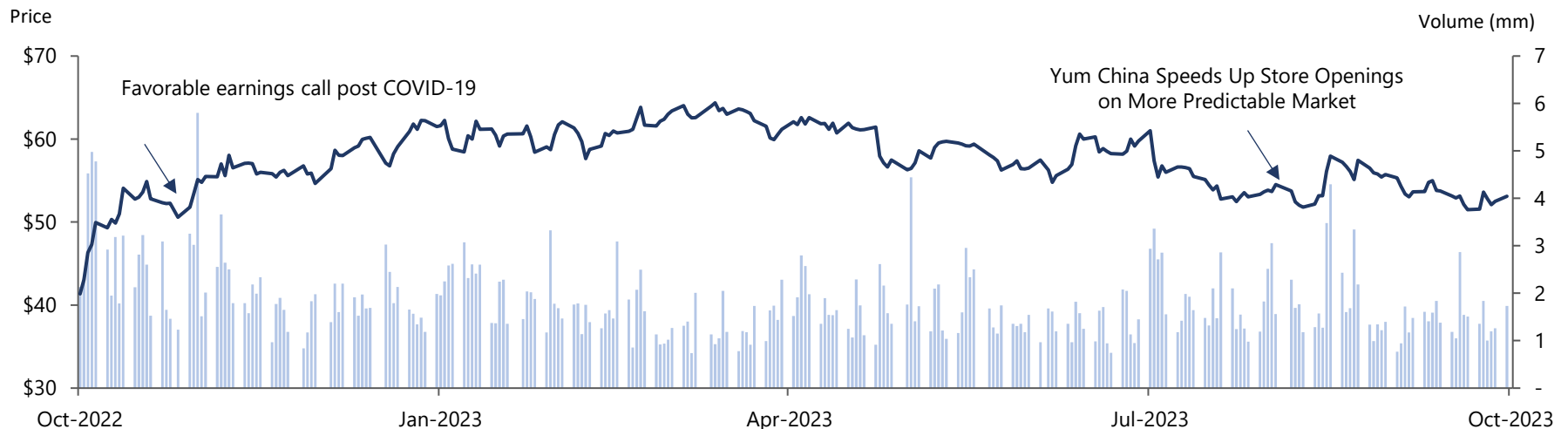
LTM TEV/EBITDA **9.0x**

## YOY EBITDA & EBITDA MARGINS



■ Yum China maintained healthy EBITDA margins and proved its resilience through huge impacts brought by COVID-19

## LTM PRICE VOLUME CHART



# Industry Outlook

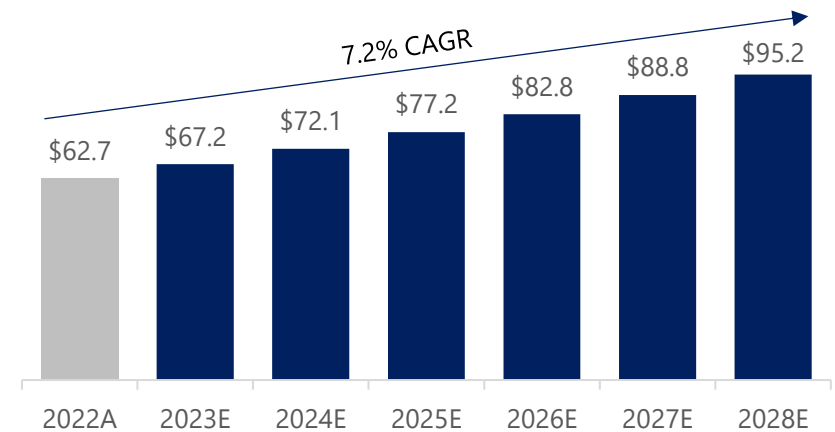
## Food Service Industry



### INDUSTRY OVERVIEW

- The Chinese food service industry, known for its competitive and highly fragmented market landscape, had a valuation of \$454.8 billion in 2022 and is forecasted to grow to over \$1 trillion by 2029
- The industry has four main segments: Full-Service Restaurants, Quick Service Restaurants, Cafes and Bars, and 100% Home Delivery Restaurants
- Demand for Chinese food services has been amplified by evolving consumer behaviours, technological advancements, and increased disposable income, driving a surge in Chinese takeout appetite in emerging countries
- By 2028, the Chinese takeout market is projected to be worth US\$95.2 billion with a CAGR of 7.2%

### CHINA TAKEOUT MARKET REVENUE (\$USD bn)



### MAJOR PLAYERS



### CHANGING CONSUMER POPULATION

#### Consumers Shift Towards Healthier Alternatives in F&B

- Rising living standards and disposable incomes drive demand for Chinese takeout, with a notable shift towards organic options in response to food safety concerns
- Despite the rise in health-focused takeout, full-service restaurants remain dominant as market players innovate with organic ingredients

#### Growth of Middle-Class Consumers and Urbanization

- By 2030, due to a 100 million increase in China's working-age population, the middle-income group is expected to boost per capita consumption by around 50%

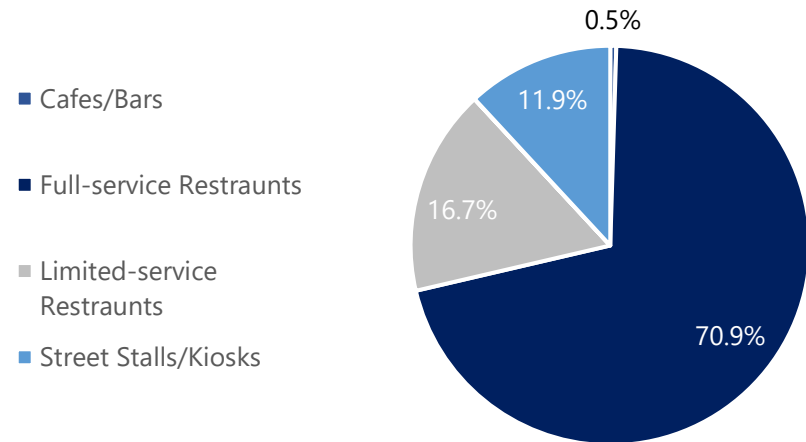
# Industry Outlook

## Food Service Industry



### COMPETITIVE LANDSCAPE AND INDUSTRY STRUCTURE

- The home delivery segment is rapidly expanding, becoming the fastest-growing segment of the food service industry due to the convenience and efficiency of online ordering systems
- E-menus and mobile payments are becoming standard in China's food industry, with players like Eleme facilitating seamless service for businesses
- Independent dining establishments and cafes represented about 80% of China's food service venues, with chain restaurants accounting for just 5%



### INDUSTRY DEVELOPMENTS

- **McDonald's China Invests in McCafe Expansion (2020)**
  - Launched in major cities with further expansion in 2021, enhancing market footprint and revenue
- **Yum! Brands Acquires Dragon Tail Systems Limited (2021)**
  - Leveraging AI-driven solutions for a technological edge in the industry
- **McDonald's Tests McPlant in China (2021)**
  - Introducing its first plant-based burger in collaboration with Beyond Meat Inc
- **Starbucks Collaborates with Meituan (2022)**
  - Expanding coffee delivery services via the super-app in China

### MARKET TRENDS

#### Themed-Based Dining Surge

- Post-pandemic Chinese restaurants are leveraging unique themes like 'Devil Island Prison' and 'Dining in the Dark' to attract consumers
- Innovative theme-based restaurants are gaining traction, holding a significant share in China's food service market

#### Rapidly Increasing Market for Prepared Food in China

- On-the-go food demand escalates, catering to busy professionals, bolstered by ease of use, speed, and nutrition
- Millennials and Gen Z are spearheading the push for high-quality products, fuelled by their burgeoning interest in innovative prepared foods

# Thesis I: Successful Strategic Expansion Management

Expansion to Conquer China's unexplored "White-space"



## NEW STORE: STRONG NEW STORE PAYBACK PERIOD

- Increased net new stores target for 2023 to 1,400-1,600, (compared with its previous target of 1,100-1,300)<sub>1</sub>
- Strategic growth supported by the flexible store size, lower initial capital expenditures and cash investments - enhances restaurant margins while driving sales

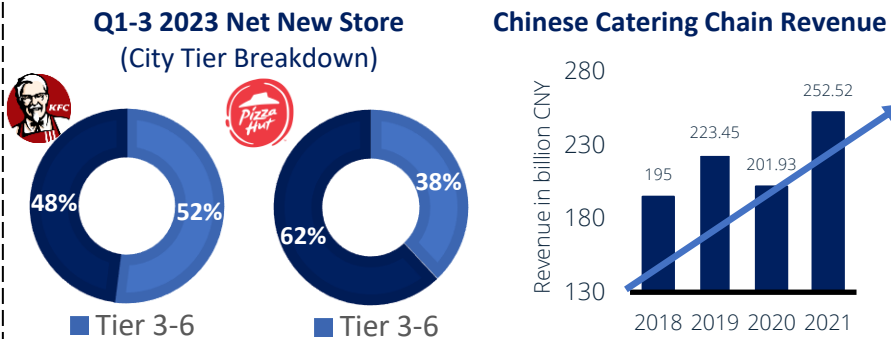
Rolling 12 Months New Store Economics (per store)	Smaller Models		Satellite Store	
	KFC	Pizza Hut	Pizza Hut	KFC
Average Pre-tax Cash Payback Period	~2 years	~2 years	~3 years	~2 years
Cash Investment (RMB MM)	~1.8	~1.5	~1.4	~1.0
Annual Sales (RMB MM)	~4.5	~3.4	~3.5	~2.6
Cash Margin	~19%	~21%	~13%	~16%

## EXISTING STORES: STRATEGIC SAME-STORE SALES GROWTH

- In 2023 Q2, SSSG increased 15% year over year, with increases of 15% at KFC and 13% at Pizza Hut<sub>2</sub>
- With existing popularity of YUMC's portfolio in the Chinese market, strategic SSSG boosted sales revenue – increase sales revenue by 383MM US\$ (23%) from 2022-2023<sub>2</sub>
  - Food Innovation: new products & categories, wider price range
  - Brand Engagement: signature campaigns, collaborations with games, toys and celebrity
  - Convenience: Add-on modules, delivery and takeaway
  - Customer loyalty: Super APPs, loyalty programs<sub>1</sub>

## NEW STORE: STORE & GEOGRAPHIC FOOTPRINT EXPANSION

- Booming restaurant service market in China with 11.21% CAGR from 2023-2030
- Expansion of geographic footprint in both existing and new cities as consumption and addressable cities and towns increase



## EXISTING STORES: UNIT ECONOMICS OF ITS OPERATIONS

- Expanding Price Range to Drive Incremental Sales
  - Focus on "Value Meals" to capture market share and build customer loyalty in the growing F&B segment
  - Expected double-digit revenue growth in 2023
  - 69% YoY operating profit growth in Q3 earnings report



# Thesis II: Strategic Capital Allocation

Vertical and horizontal integration through acquisitions, partnerships and joint venture



## HORIZONTAL: ACQUISITION TO EXPAND FOOD SERVICE PORTFOLIO

- The acquisition of Huang Ji Huang in 2020 with 640 restaurants in China
- Diversification: broaden company's portfolio mix into dining sector; reducing dependency on fast food market
- **Cost Synergies:** Operations and integration into using existing streamlined network and infrastructure of Little Sheep in specialize in Chinese cuisine
- **Intangible Benefits:** Acquisition of client base and intangible assets
  - Reacquired franchise rights
  - Huang Ji Huang franchise related assets
  - Daojia platform
  - Customer-related assets

## VERTICAL: EXPANSION INTO SUPPLY CHAIN

- Ecosystem partner investment:



- **Mei Tuan:** Company subscribed for 8.4 million of the ordinary shares of the e-commerce platform for services in China<sub>3</sub>



- **Sunner:** Acquired a 5% Equity Interest in Fujian Sunner Development - vertically integrated business model covering the full production chain - chicken breeding and farming, feed processing and meat processing<sub>4</sub>



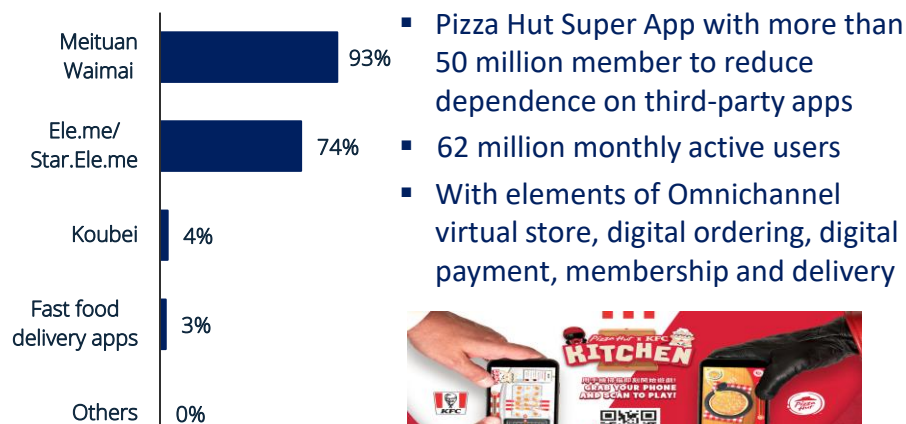
- **Baoli:** In September 2023, the company announced its plans to acquire a 40% stake in Zhejiang Bolex Food<sub>5</sub>

## EXPANSION OF COFFEE PORTFOLIO - UNDERSERVED COFFEE MARKET

- **Joint venture with Italian coffee brand Lavazza**
  - Operating over 100 coffee shops in 11 cities, offering a premium and authentic Italian Coffee experience in China – targeting premium segment consumers
- **KFC (“K-Coffee”)**
  - Offers convenience and value – targeting value seeking consumer segment



## APP MARKET IN CHINA & DEVELOPMENT OF SUPER APP





# Thesis III : Operational Leverage And Efficiency

Through Robust Supply Chain Network, Experienced Localization & Innovation and Successful Digital Strategies



YumChina

## DIGITALIZATION TO BOOST SALES AND SERVICE QUALITY

- **Boost Sale:** It ties with membership and take-out channels and helps data collection to enable faster product innovation and expansion into white space.
- **Cost Reduction:** It enhances the system and supply chain while keeping the cost base lower. (CAPEX per KFC POS is RMB 1.5 mn, a pace of 8-9% reduction, helping cash payback in new stores stable)
- **Improve Service Quality:** It helps food safety in franchising while providing seamless experiences in client-facing scenarios.

### The Power of Digitalization: From Customer Service to operations



## EXPERIENCED LOCALIZATION & INNOVATION DEVELOPS HIT PRODUCTS



- With a long operating history in China, the company collects a wealth of information on how to localize and understand how to satisfy its Chinese customers.
- Menu Innovations like Durian Pizza, Beef Burger, Events like Crazy Thursday, Sunday Buy-More-Save-More (featuring a lucky draw for a Maldives trip), etc. continue to drive sales growth.

## THE TOP-TIER SUPPLY CHAIN NETWORK IS READY FOR FAST EXPANSION EXPANDING INFRASTRUCTURE TO SUPPORT GROWTH

- In 2023, the company had 33 logistics centers and plans to increase to 45-50 centers with IoT, Automation, and AI for its store expansion.
- **Food Safety:** It enables a safety management system covering from farms to tables, from company-owned stores to franchise stores.
- **New Driver:** After meeting the company's needs, YUMC will be ready to serve other catering brands. The third-party logistics revenue amounted to \$24 mn in 2022, up >100% YoY.



### 2018

- Xi'an logistic center
- First Self-owned

### 2023

- Nanning Logistics Center
- 100% Green Power

### 2024E

- Nanxiang Logistics Center
- Automated Storage

# Risk and Catalysts

Will Risks Associated With Operating in China Hurt the Company's Stock?



YumChina

## RISK IN YUMC'S OPERATION

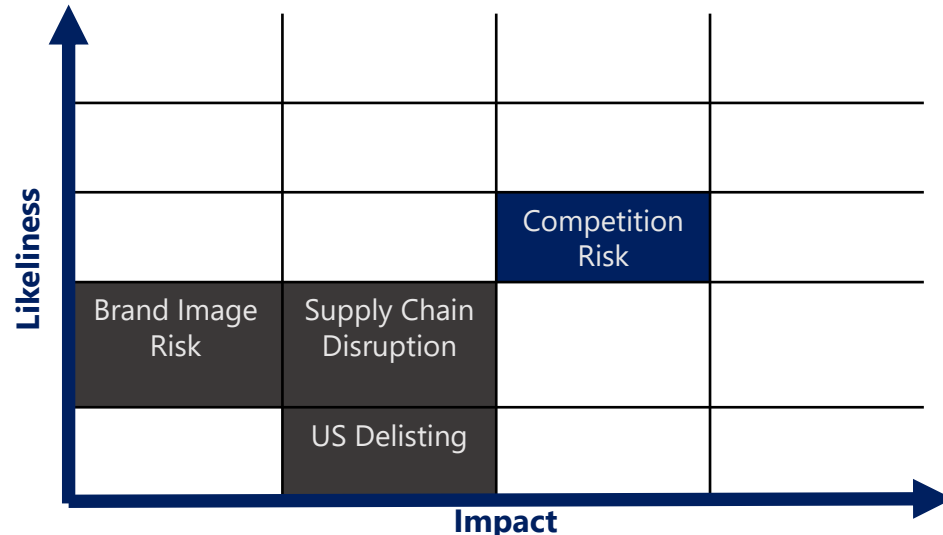
-  Supply Chain Disruption Risk
  - The prices of raw materials fluctuate, which may adversely impact our profit margin
-  Brand Image Risk
  - Food safety and foodborne illness concerns may have an adverse effect on reputation and business
-  US Delisting Risk
  - US-China tension and geopolitical risk may lead to Chinese companies delisted in the US index
-  Competition Risk
  - Rise of local brands in China QSR like Tastien is harmful for YUMC market share and margin
-  Foreign Exchange Risk
  - Operations, revenue and expenses are dominant in CNY; performance exposed to USD appreciation

## MITIGATION

- Supply Chain Disruption Risk
  - Competitive edge in the supply chain with more and more self-own logistic centers
- Brand Image Risk
  - Company's strength in ESG, while digitalization and strong supply chain help reduce concern about food safety
- US Delisting Risk
  - Delisting risks of US sanctions targets core technology and national defence; stock is also listed on HKEX
- Competition Risk
  - YUMC's scale, robust supply chain, existing network and market leadership act as economic moat
- Foreign Exchange Risk
  - Short term investments and hedging solutions provide risk mitigation, and domestic operations not exposed to FX risks

## CATALYSTS

- Emphasis on experiences and memory-related consumption:
  - We observed strong travelling demand during the Holidays
- Benefit from Consumption Downgrade:
  - Consumer shift towards "value " and cost-effective goods or downgrade their consumption – benefiting fast food KFC and Pizza Hut
- Strong Demand in Prepaid Meals:
  - Prepaid meals market has increased dramatically due to the convenience and lockdown experiences of the pandemic helping them capture the tailwind



# Valuation & Recommendation

Discounted Cash Flow Analysis and Comparable Company Analysis



## FREE CASH FLOW PROJECTIONS

Selected Financials - DCF Base Case	Actual				Forecast			
	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Revenue	8,263.0	9,853.0	9,569.0	10,663.4	11,765.6	12,985.9	14,337.1	15,833.2
COGS & Other Expenses	7,554.0	9,119.0	8,911.0	9,754.8	10,763.1	11,879.4	13,115.5	14,484.1
EBITDA	709.0	734.0	658.0	908.6	1002.5	1106.5	1221.6	1349.1
D&A	421	466	498	525	579	639	705	779
EBIT	288.0	268.0	160.0	384.0	423.7	467.6	516.3	570.2
Taxes	295.0	369.0	207.0	80.6	89.0	98.2	108.4	119.7
NOPAT	-7.0	-101.0	-47.0	303.4	334.7	369.4	407.9	450.4
(+) D&A	421.0	466.0	498.0	524.6	578.8	638.8	705.3	778.9
(-) Net WC	-2869.0	-2333.0	-1774.0	-332.7	-367.1	-405.2	-447.3	-494.0
(-) CAPEX	-419.0	-689.0	-679.0	-557.4	-541.2	-525.7	-510.7	-496.4
Unlevered Free Cash Flow	-2874.0	-2657.0	-2002.0	-62.2	5.2	77.4	155.1	239.0
Discount Factor				0.92	0.85	0.78	0.72	0.66
Discounted UFCF				-57.2	4.4	60.3	111.2	157.7

## PUBLIC COMPARABLE COMPANY ANALYSIS

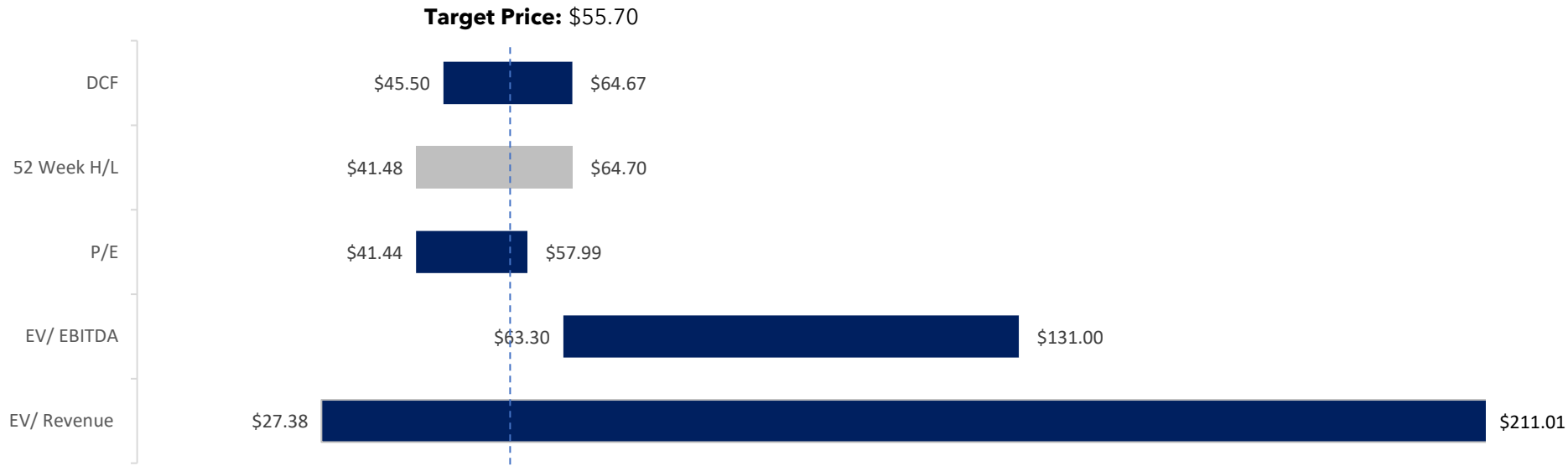
Company Name	Ticker	Share Price	Equity Value	Enterprise Value	EV/ Revenue	EV/ EBITDA	P/E
McDonald's	MCD-US	\$267.87	\$195,555.69	\$230,202.49	9.51x	17.67x	24.66x
Restaurant Brands Intl LP	QSP.UT-CA	\$66.32	\$30,039.79	\$41,513.78	6.03x	17.66x	20.76x
Jiumaojiu International Holdings	9922-HK	\$1.10	\$1,583.57	\$1,536.83	2.30x	10.10x	56.40x
Haidilao International Holdings	6862-HK	\$2.18	\$12,137.22	\$11,736.18	2.40x	10.90x	21.80x
Domino's Pizza	DPZ-US	\$361.94	\$12,761.16	\$17,329.13	3.88x	19.89x	24.75x
DPC Dash	1405-HK	\$8.31	\$1,096.71	\$982.58	2.75x	27.58x	-
Papa John's	PIZZA-US	\$68.00	\$2,244.72	\$3,007.43	1.44x	13.88x	29.05x
Maximum			\$195,555.69	\$230,202.49	9.51x	27.58x	56.40x
75th Percentile			\$30,039.79	\$41,513.78	6.03x	23.74x	42.72x
<b>Median</b>			\$12,137.22	\$11,736.18	2.75x	15.77x	24.66x
25th Percentile			\$1,583.57	\$1,536.83	2.30x	10.70x	21.28x
Minimum			\$1,096.71	\$982.58	1.44x	10.10x	20.76x
<b>Mean</b>			\$36,488.41	\$43,758.35	<b>4.04x</b>	<b>16.30x</b>	<b>30.53x</b>
<b>Median</b>			\$12,137.22	\$11,736.18	<b>2.75x</b>	<b>15.77x</b>	<b>24.66x</b>
<b>Yum China Holdings</b>	<b>YUMC-US</b>		<b>\$18,606.7</b>	<b>\$17,690.1</b>	<b>1.66x</b>	<b>11.4x</b>	<b>20.1x</b>

# Valuation & Recommendation

Weighted Valuation Based on our DCF and Comparable Analysis Yield a **23%** Upside



## FOOTBALL FIELD ANALYSIS



Implied Enterprise to Equity Value Bridge	
Enterprise Value	9,980.4
(+) Cash & Cash Eqv	1,131.0
(-) Debt	(2,038.0)
(-) Non-Controlling Interests	0.0
(-) Underfunded Pensions	0.0
(-) Preferred Shares	0.0
Implied Equity Value	9,073.4

Valuation Scenarios	Implied Price	Implied Upside
Bull Case	\$ 64.67	42.50%
<b>Base Case</b>	<b>\$ 55.70</b>	<b>22.70%</b>
Bear Case	\$ 45.50	0.30%

Implied Share Price	
Implied Equity Value	9,073.4
Shares Outstanding (Fully Diluted)	162.9
Implied Share Price	55.70
Current Share Price	45.38
Implied Upside	22.7%

Sensitivity Analysis						
Exit Multiple	WACC					
	\$ 55.70	6.68%	7.68%	8.68%	9.68%	10.68%
21.7x	\$56.96	\$53.99	\$51.20	\$48.59	\$46.14	
22.7x	\$59.48	\$56.37	\$53.45	\$50.72	\$48.16	
23.7x	\$61.99	\$58.74	\$55.70	\$52.85	\$50.17	
24.7x	\$64.50	\$61.12	\$57.95	\$54.97	\$52.19	
25.7x	\$67.01	\$63.49	\$60.19	\$57.10	\$54.20	

# Appendix

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# Appendix

## Discounted Cash Flow & WACC



Terminal Value - Gordon Growth	
Terminal Growth Rate	2.5%
Terminal Year UFCF	213.7
Discount Rate	8.72%
Terminal Value	3,436.2
Time Period	6
PV of Terminal Value	2,080.9

Terminal Value - Exit Multiple	
Exit Multiple	23.7x
Terminal Year EBITDA	1206.2
Discount Rate	8.72%
Terminal Value	28,627.7
Time Period	6
PV of Terminal Value	17,336.4

Terminal Value	
Gordon Growth	2,080.9
Exit Multiple	17,336.4
Average	9,708.7

Implied Enterprise Value, Equity Value, and Share Price	
Implied Enterprise Value	
PV of Projected	240.8
as a % of TEV	0.8%
PV of Terminal	9,708.7
as a % of TEV	33.9%
Enterprise Value	9,949.5

Implied Enterprise to Equity Value Bridge	
Enterprise Value	9,949.5
(+) Cash & Cash Eqv	1,131.0
(-) Debt	(2,038.0)
(-) Non-Controlling Interests	0.0
(-) Underfunded Pensions	0.0
(-) Preferred Shares	0.0
Implied Equity Value	9,042.5

Implied Share Price	
Implied Equity Value	9,042.5
Shares Outstanding (Fully Diluted)	162.9
Implied Share Price	55.51
Current Share Price	45.38
Implied Upside	22.3%

# Appendix

## Consolidated Revenue Forecast



Segment	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
<b>Revenue</b>																	
<b>Breakdown</b>																	
KFC		5066	5688	6039	5821	7003	7219	7847	8471	9146	9875	10663	11514	12433	13427	14501	15662
Pizza																	
Hut		2093	2111	2054	1730	2109	1960	2102	2226	2358	2497	2645	2802	2968	3145	3331	3529
All Other		106	99	121	173	227	155	173	193	216	241	269	300	335	373	417	465
Corporate & Unallocated		504	517	562	539	514	235	235	235	235	235	235	235	235	235	235	235
<b>Total Revenue</b>		<b>7769</b>	<b>8415</b>	<b>8776</b>	<b>8263</b>	<b>9853</b>	<b>9569</b>	<b>10357</b>	<b>11125</b>	<b>11954</b>	<b>12848</b>	<b>13811</b>	<b>14851</b>	<b>15971</b>	<b>17180</b>	<b>18484</b>	<b>19891</b>
<b>YoY Growth</b>																	
KFC			12.28%	6.17%	-3.61%	20.31%	3.08%	8.70%	7.96%	7.96%	7.97%	7.98%	7.98%	7.99%	7.99%	8.00%	8.00%
Pizza																	
Hut			0.86%	-2.70%	-15.77%	21.91%	-7.06%	7.22%	5.92%	5.92%	5.92%	5.93%	5.93%	5.93%	5.93%	5.94%	5.94%
<b>All Other</b>																	
<b>Corporate &amp; Unallocated</b>																	
<b>Total Revenue Growth</b>			<b>8.32%</b>	<b>4.29%</b>	<b>-5.85%</b>	<b>19.24%</b>	<b>-2.88%</b>	<b>8.23%</b>	<b>7.42%</b>	<b>7.45%</b>	<b>7.48%</b>	<b>7.50%</b>	<b>7.52%</b>	<b>7.55%</b>	<b>7.57%</b>	<b>7.59%</b>	<b>7.61%</b>
<b>Revenue Mix</b>																	
KFC		65.21%	67.59%	68.81%	70.45%	71.07%	75.44%	75.77%	76.14%	76.51%	76.86%	77.20%	77.53%	77.85%	78.16%	78.45%	78.74%
Pizza																	
Hut		26.94%	25.09%	23.40%	20.94%	21.40%	20.48%	20.29%	20.01%	19.72%	19.44%	19.15%	18.87%	18.59%	18.30%	18.02%	17.74%
All Other		1.36%	1.18%	1.38%	2.09%	2.30%	1.62%	1.67%	1.74%	1.80%	1.87%	1.94%	2.02%	2.09%	2.17%	2.25%	2.34%
Corporate & Unallocated		6.49%	6v.14%	6.40%	6.52%	5.22%	2.46%	2.27%	2.11%	1.97%	1.83%	1.70%	1.58%	1.47%	1.37%	1.27%	1.18%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>COGS Breakdown</b>																	
<b>COGS/R</b>																	
ev		-75.85%	-77.30%	-76.69%	-77.01%	-79.14%	-82.17%	-80.38%	-80.38%	-80.38%	-80.38%	-80.38%	-80.38%	-80.38%	-80.38%	-80.38%	-80.38%
<b>Total COGS</b>		<b>(5,893)</b>	<b>(6,505)</b>	<b>(6,730)</b>	<b>(6,363)</b>	<b>(7,798)</b>	<b>(7,863)</b>	<b>(8,324)</b>	<b>(8,942)</b>	<b>(9,608)</b>	<b>(10,327)</b>	<b>(11,101)</b>	<b>(11,936)</b>	<b>(12,837)</b>	<b>(13,809)</b>	<b>(14,857)</b>	<b>(15,988)</b>
<b>GP</b>																	
Margin		24%	23%	23%	23%	21%	18%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
<b>Total GP</b>		<b>1,876</b>	<b>1,910</b>	<b>2,046</b>	<b>1,900</b>	<b>2,055</b>	<b>1,706</b>	<b>2,032</b>	<b>2,183</b>	<b>2,346</b>	<b>2,521</b>	<b>2,710</b>	<b>2,914</b>	<b>3,134</b>	<b>3,371</b>	<b>3,627</b>	<b>3,903</b>

# Appendix

## Revenue Forecast by Segments - KFC & Pizza Hut



Scenarios	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
<b>Revenue Growth</b>											
<b>KFC</b>	7847	8471	9146	9875	10663	11514	12433	13427	14501	15662	16916
% of change in Revenue		7.96%	7.96%	7.97%	7.98%	7.98%	7.99%	7.99%	8.00%	8.00%	8.01%
CAGR 8%											
Bull Store Growth	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%
Bull SSSG	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Bull New Store Productivity	111%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Base Store Growth	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%
Base SSSG	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Base New Store Productivity	101%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Bear Store Growth	3.27%	3.27%	3.27%	3.27%	3.27%	3.27%	3.27%	3.27%	3.27%	3.27%	3.27%
Bear SSSG	2%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Bear New Store Productivity	76%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
<b>Pizza Hut</b>	2102	2226	2358	2497	2645	2802	2968	3145	3331	3529	3739
% of change in Revenue		5.92%	5.92%	5.92%	5.93%	5.93%	5.93%	5.93%	5.94%	5.94%	5.94%
CAGR 6%											
Bull Store Growth	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%
Bull SSSG	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Bull New Store Productivity	110%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Base Store Growth	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%
Base SSSG	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Base New Store Productivity	100%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Bear Store Growth	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
Bear SSSG	1%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Bear New Store Productivity	75%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%



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