

## DEFINITIONS OF KEY MARKETS

### KFC, Pizza Hut and Taco Bell Divisions

#### Emerging

<sup>1</sup> **Africa** includes Angola, Botswana, Ghana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe

**Asia** includes Brunei, Cambodia, Indonesia, Malaysia, Mongolia, Myanmar, Philippines, and Vietnam

#### **China**

**India** includes Bangladesh, India, Nepal, and Sri Lanka

**Continental Europe** includes Albania, Kosovo, Bulgaria, Croatia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Serbia, and West Bank and Gaza Strip

**Latin America** include Antigua, Argentina, Bahamas, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts, St. Lucia, St. Vincent, Suriname, and Trinidad

**Middle East / Turkey / North Africa** includes Afghanistan, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Pakistan, Qatar, Saudi Arabia, Tunisia, Turkey, and United Arab Emirates

<sup>2</sup> **Russia** includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Russia, and Ukraine

<sup>3</sup> **Thailand**

#### Developed

**Asia** includes <sup>4</sup> Guam, Hong Kong, Japan, Korea, <sup>4</sup> Saipan, Singapore, and Taiwan

**Australia** includes Australia and New Zealand

#### **Canada**

**Continental Europe** includes Austria, Belgium, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Gibraltar, Greece, Iceland, Israel, Italy, Ireland, Luxembourg, Malta, Netherlands, Norway, Portugal, Slovakia, Spain, and Sweden

**Latin America** include Aruba, Bermuda, Bonaire, Curacao, Grand Cayman, Guadeloupe, Martinique, Puerto Rico, St. Maarten, and U.S. Virgin Islands

#### **United Kingdom**

#### **United States**

### FOOTNOTES

<sup>1</sup> Africa and corresponding markets are included as part of Middle East / Turkey / Africa for Pizza Hut in the Earnings Release System Sales Growth chart.

<sup>2</sup> Russia and corresponding markets are included as part of Asia for Pizza Hut in the Earnings Release System Sales Growth chart.

<sup>3</sup> Thailand is included as part of Asia for Pizza Hut in the Earnings Release System Sales Growth chart.

<sup>4</sup> Guam & Saipan are included as part of the U.S. for Pizza Hut in the Earnings Release System Sales Growth chart.

## 2017 THIRD-QUARTER DEFINITIONS

**Developed & Emerging Markets** classification is based on guidance provided by the International Monetary Fund (IMF) according to the World Economic Outlook (WEO) country classification of "Advanced Economies" vs. "Emerging and Developing Economies" as determined by factors such as GDP, Exports of Goods and Services, and Population.

**Ex F/X** represents the percentage change excluding the impact of foreign currency translation. These amounts are derived by translating current year results at prior year average exchange rates. We believe the elimination of the foreign currency translation impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.

**Franchise Restaurants** include franchise and license restaurants.

**Franchisee Sales** represent combined estimated sales of restaurants operated by franchisees and licensees. Franchisee sales, which are not included in the Company sales we present in our Consolidated Statements of Income, generate franchise and license fees (typically at a rate of 3% to 6% of sales) that are included in the Company's revenues.

**Free Cash Flow** represents net cash provided by operating activities and other sources of cash, such as refranchising, employee stock-option proceeds, sales of PP&E and other, less net cash used in investing activities.

**New-Restaurant Openings** include company-owned, franchise, and license restaurants.

**Operating Margin** is defined as Operating Profit divided by Total Revenue.

**System Restaurants** include company-owned, franchise and license restaurants.

**System sales and system sales growth** include the results of all restaurants regardless of ownership, including company-owned and franchise restaurants that operate our Concepts. Sales of franchise restaurants typically generate ongoing franchise and license fees for the Company at a rate of 3% to 6% of sales. Franchise restaurant sales are not included in Company sales on the Condensed Consolidated Statements of Income; however, the franchise and license fees are included in the Company's revenues. We believe system sales and system sales growth are useful to investors as a significant indicator of the overall strength of our business as it incorporates all of our revenue drivers, Company and franchise same-store sales as well as net unit growth.

**Same-store sales growth** is the estimated percentage change in sales of all restaurants that have been open and in the YUM system one year or more.