

Yum China's net income up by 139% in Q2

07 August 2023 | News

Total Revenues up 25%; system sales grew 32% in constant currency; operating profit increased 216%



Total Revenues up 25%; system sales grew 32% in constant currency; operating profit increased 216%

In the second quarter of 2023, Yum China Holdings reported a net income of \$197 million, which is an impressive 138 per cent increase compared to the previous year's \$83 million. The company's total revenue for the quarter was \$2.65 billion, a 25 per cent rise from \$2.13 billion in the same period last year. Yum China's adjusted net income for the quarter was \$199 million, up 137 per cent from \$84 million in 2022's second quarter. The company's operating profit for the period was \$257 million versus \$81 million a year ago, mainly due to sales leveraging and margin expansion.

For the quarter, the company's total system sales increased by 32 per cent year-over-year. KFC and Pizza Hut contributed to the growth by 32 per cent and 30 per cent, respectively. Yum China attributed the growth to same-store sales, new unit contribution, and the temporary closure of stores last year. Same-store sales increased by 15 per cent in the latest quarter, with KFC reporting an increase of 15 per cent and Pizza Hut posting 13 per cent growth.

Yum China's restaurant margin in the latest quarter was 16.1 per cent, compared to 12.1 per cent in 2022. The quarter's diluted earnings per share (EPS) grew from \$0.20 to \$0.47 year-over-year. The company opened 422 net new stores during the quarter, increasing its total count to 13,602 as of June 30, 2023.

Joey Wat CEO of Yum China attributed the impressive results to the team's dedication and creativity, noting that the company's anti-fragile business model and ability to capture opportunities in good and bad times were crucial factors. The company's innovative products and compelling value drove double-digit same-store sales growth. Wat also mentioned that Yum China accelerated the pace of new store openings in the second quarter, opening 3,000 Pizza Hut stores in China and over 500 KFC stores in Shanghai alone.