

Yum China to Acquire Ownership of Pizza Hut Brand in Mainland China

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Yum China Holdings announced that it has entered into a definitive agreement with Yum! Brands, Inc. (Yum! Brands) to acquire ownership of the Pizza Hut brand in Mainland China at a cash consideration of \$1.2 billion. Upon closing, Pizza Hut China will no longer be subject to the license fees previously payable to Yum! Brands.

Pizza Hut is the largest casual dining restaurant brand in China and continues to capture significant growth opportunities in the market. In 2025, Pizza Hut reported segment revenue of \$2.3 billion and segment operating profit of \$183 million, and in the first quarter of 2026, it delivered its 13th consecutive quarter of same-store transaction growth and its eighth consecutive quarter of restaurant margin and operating profit expansion. With 4,375 restaurants across more than 1,100 cities, Yum China is targeting the expansion of Pizza Hut's footprint to over 6,000 stores by 2028 and the doubling of its operating profit by 2029 compared with that for 2024, as previously outlined at Yum China's Investor Day in November 2025.

"Moving from the exclusive licensee to the brand owner of Pizza Hut in Mainland China represents a transformative milestone for us, demonstrating our conviction and long-term commitment to the China market. We see tremendous opportunities ahead, and we are still only at the early stage of our planned growth trajectory for Pizza Hut China," said Joey Wat, CEO of Yum China. "Becoming the brand owner will give the Company greater strategic flexibility to drive innovation across the menu, store formats, new modules, and operations. In addition, the elimination of the license fee payments to Yum! Brands are

expected to enhance store economics and lower store-opening thresholds, which support Pizza Hut's margin expansion, growth acceleration and market leadership in China. As always, we remain fully committed to delivering an exceptional experience for our customers."

As the Company embarks on the next chapter of Pizza Hut's growth in China, going forward, Yum China and Yum! Brands remain fully committed to a strong partnership to unlock growth in the KFC brand. KFC will continue to be the key growth engine for Yum China and has a long runway to further expand into underserved markets, strengthen its market leadership and deliver sustainable long-term growth. KFC China is well-positioned to pursue its target of expanding from its current footprint of 13,4542 stores to over 17,000 stores by 2028. In addition, concurrent to the transaction, KFC China will be eligible to receive a decade-long financial incentive from Yum! Brands, upon achieving certain system sales growth targets, support and reward the higher future growth of KFC China.