

What's Hot Today:

► Yum China (9987 HK, HK\$381.00, HK\$133bn) – Store network expansion accelerates, reaching record quarterly high

Store opening acceleration on track – Yum China, the operator of KFC and Pizza Hut in China, added 636 net new stores in 1Q26, setting an all-time quarterly high. Franchisees contributed 39% of these new openings. With this pace, Yum China has already achieved ~33% of its full-year target of reaching over 20k stores (or more than 1.9k net new stores). If the current store opening momentum continues, the full-year target may be reached ahead of schedule. As of March 31, 2026, the total store count stood at 18,737.

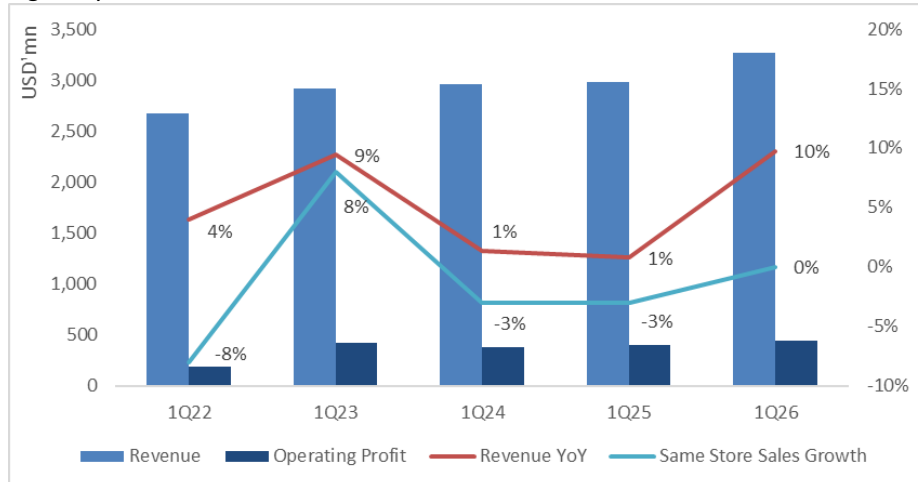
Fig1: Number of stores by brand

	KFC	Pizza Hut	Others	Total	% of total stores
Company-owned	11,317	3,932	199	15,448	82%
Franchisees	2,137	443	709	3,289	18%
Total	13,454	4,375	908	18,737	

Source: Company Data, Sunwah Kingsway Research

Sustained growth momentum amid expansion – The company reported 1Q26 results slightly better than expectations, with revenue up by 4% YoY to USD3.27bn. The company achieved its eighth consecutive quarter of growth in system sales, operating profit, and operating margin, which increased YoY by 4%, 12% to USD447mn, and 30bps to 13.7%, respectively. Same-store sales remained flat YoY, despite a lower average ticket size, suggesting moderate signs of a downward trend. Notably, same-store transactions increased for the 13th consecutive quarter. While same-store transactions also increased for 13 consecutive quarters.

Fig2: Key financials



Source: Company Data, Sunwah Kingsway Research

China & HK Indices	CLOSE	1D	YTD
HSI	25,776	-1.3%	0.6%
HSCEI	8,681	-1.4%	-2.6%
HSCCI	4,390	-1.1%	9.3%
CSI300	4,807	-0.1%	3.8%
Shanghai A	4,312	0.1%	10.8%
Shanghai B	281	1.5%	10.8%
Shenzhen A	2,905	0.1%	9.7%
Shenzhen B	1,182	-0.9%	-6.5%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	49,499	-0.3%	3.0%
S&P500	7,230	0.3%	5.6%
Nasdaq	25,114	0.9%	8.1%
NIKKEI Index	59,513	0.4%	18.2%
FTSE Index	10,363	-0.1%	4.4%
CAC Index	8,114	0.5%	-0.4%
DAX Index	24,292	1.4%	-0.8%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,614	-0.1%	6.7%
STEEL (US\$/oz.)	3,141	2.7%	23.5%
SILVER (US\$/oz.)	75	2.2%	5.4%
CRUDE OIL (US\$/bbl)	101	-3.0%	77.2%
COPPER (US\$/oz.)	12,996	-0.1%	4.6%
ALUMINIUM (US\$/oz.)	3,522	1.0%	17.6%
PLATINUM (US\$/oz.)	1,990	0.1%	-2.8%
ZINC (US\$/oz.)	3,344	0.9%	7.3%
WHEAT (US\$/bu)	624	-2.8%	23.2%
CORN (US\$/bu)	480	1.2%	5.7%
SUGAR (US\$/lb)	115	-2.3%	
SOYBEAN (US\$/bu)	1,203	0.6%	12.5%
PVC (US\$/t)	5,293	0.8%	62.5%
CRB	393	-0.3%	3.0%
BDI			45.4%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.835	0.853	157.010	0.782	6.829
HKD	0.128		0.109	20.052	9.980	0.872
EUR	1.172	9.183		184.150	1.091	8.011
JPY	0.006	4.987	0.543		0.498	0.044
CHF	1.279	10.021	1.091	200.923		8.737
RMB	0.146	1.147	0.125	22.896	0.114	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	16	-9.2%

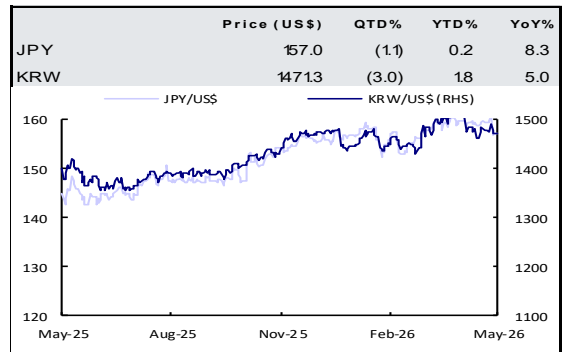
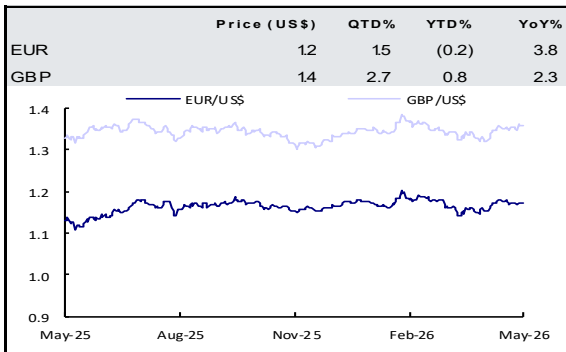
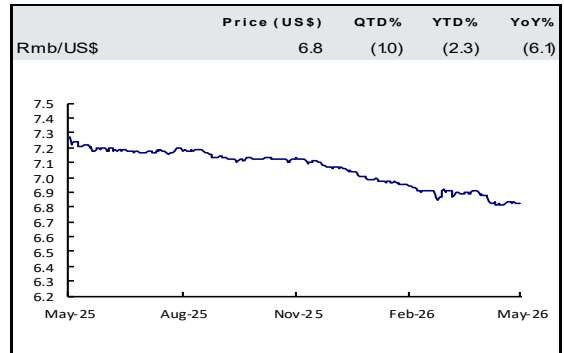
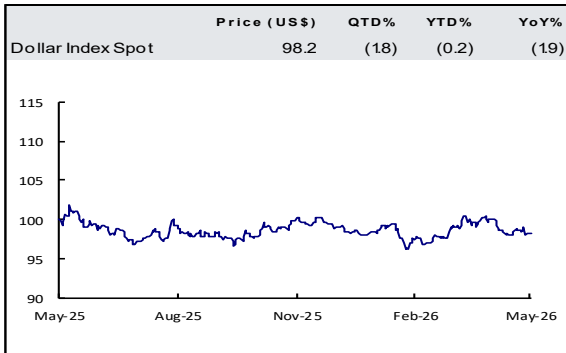
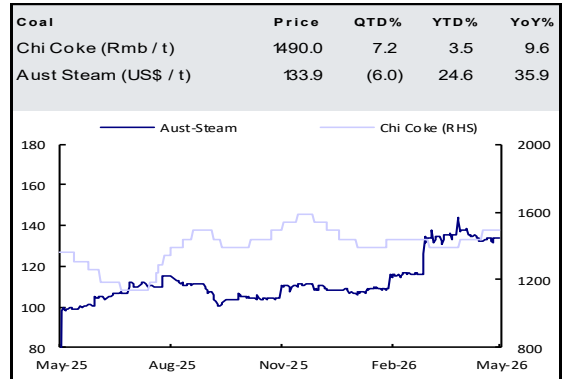
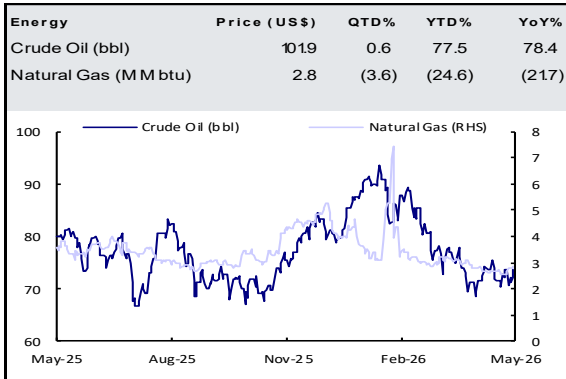
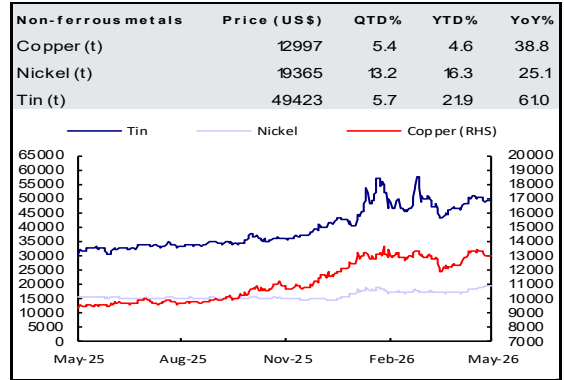
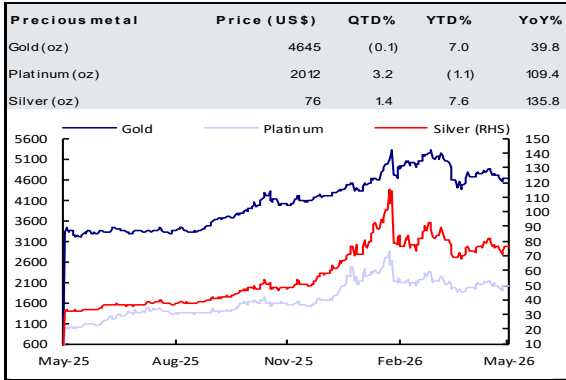
Source: Bloomberg

FY26 outlook: For the full year of 2026, Yum China targets a total store count of over 20k, (or more than 1.9k net new stores), and to reach over 30k stores by 2030. For both KFC and Pizza Hut, the franchise mix of net new stores is expected to be 40–50%. In 1Q26, franchised stores accounted for 39% of net new openings, which is already close to the target range. In addition, the company plans to spend approximately USD600–700 million in capital expenditures and intends to return USD1.5bn of capital to shareholders.

Our view: Yum China is actively promoting a franchised model to accelerate asset-light expansion into lower-tier cities. As a result, it is expected that the overall margin is to be improved and operating efficiency is to further scale up. Pizza Hut, previously seen as a weak spot, is now showing significant signs of recovery. In 1Q26, its operating profit grew 18% YoY (vs. 8% for KFC). As the Pizza Hut WOW store format has sped up its rollout, we believe its medium-to-long-term profit upside would further expand, contributing as another growth driver.

We remain optimistic about the early signs of improving consumer sentiment. The company declared a dividend of 29 US cents per share for 1Q26. The counter is currently trading at 16.7x FY26E P/E with an estimated yield of about 2.39%. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Durable Goods Orders	MoM		4-May-26
Factory Orders	MoM		4-May-26
Trade Balance	MoM		5-May-26
New home Sales	MoM		5-May-26
Initial Jobless Claims	WoW		7-May-26
Wholesale Inventories	MoM		8-May-26
Employment Report	MoM		8-May-26
Existing Home Sales	MoM		11-May-26
CPI	MoM		12-May-26
PPI	MoM		13-May-26
Retail Sales	MoM		14-May-26
Business Inventories	MoM		14-May-26
Industrial Production	MoM		15-May-26
Housing Starts / Building Permits	MoM		21-May-26
Consumer Confidence	MoM		26-May-26
Personal Income & Spending	MoM		28-May-26
GDP	QoQ		28-May-26
ISM Manufacturing PMI	MoM		1-Jun-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Foreign Exchange Reserves	QoQ		7-May-26
Money Supply - M2	MoM		9-May-26
Trade Balance	MoM		9-May-26
PPI	MoM		11-May-26
CPI	MoM		11-May-26
Retail Sales	MoM		18-May-26
Industrial Production	MoM		18-May-26
PMI Manufacturing	MoM		31-May-26
GDP	YoY		15-Jul-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
GDP	QoQ		5-May-26
Retail Sales	MoM		6-May-26
PMI	MoM		6-May-26
Foreign Currency Reserve	MoM		7-May-26
Unemployment Rate	MoM		19-May-26
CPI	MoM		21-May-26
Trade Balance	MoM		28-May-26
Money Supply - M2	MoM		29-May-26
Producer Prices Index	QoQ		12-Jun-26
Industrial Production	QoQ		12-Jun-26
Composite Interest Rate	MoM		

Kingsway Research Team

Analyst
Howard Wong
Alan Li

Email
howard.wong@sunwahkingsway.com
alan.li@sunwahkingsway.com

Phone No.
(852) 2283 7307
(852) 2283 7306

Disclaimer

This document is not an offer to sell or the solicitation of an offer to buy or subscribe for any securities. The securities referred to in this document may not be eligible for sale in certain jurisdiction. Neither this document nor any portion hereof may be taken distributed or transmitted directly or indirectly into such jurisdiction nor to any residents thereof. Any failure to comply with this restriction may constitute a violation of the applicable laws and regulations and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. This document has been produced for private circulation and may not be copied, photocopied, duplicated, or redistributed without the prior written consent of Kingsway Financial Services Group Limited (“KFS”) and its affiliated companies (collectively, “Kingsway Group”).

This report is distributed in Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) by KFS which is registered as a licensed corporation under the Securities and Futures Ordinance (Cap.571 of The Laws of Hong Kong) with the Securities and Futures Commission of Hong Kong (“SFC”) and its SFC CE number is ADF346.

The information contained in this report has been taken from sources believed to be reliable but no representation or warranty expressed or implied is made as to their accuracy or correctness. This report is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. It is not to be construed as an offer, invitation or solicitation to buy or sell any securities of the company or companies covered herein. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. All opinions and estimates reflect our judgment on the date of this report and are subject to change without notice.

KFS, including its parent, subsidiaries and/or affiliates, may act as lead or co-manager in an offering of the securities of any issuer discussed herein, may from time to time perform financial services or other advisory services for, or solicit financial services or other business from, any issuer.

Within the past year, KFS, including its parent, subsidiaries and/or affiliates, may have acted as market maker or traded on a principal basis in the financial instruments of any issuer discussed herein and may act as underwriter, placement agent, advisor or lender to such issuer.

KFS, including its parent, subsidiaries, affiliates, shareholders, officers, directors, and employees may have long or short positions in, and buy or sell, the securities, commodities or derivatives (including options) or any other financial instruments thereof, of any issuers.

An employee of KFS, including its parent, subsidiaries and/or affiliates, may act as director, or be represented on the boards of directors, of any such entities or issuers.

Copyright 2026 Kingsway Group. All rights reserved.

Head Office

Hong Kong
Kingsway Financial Services Group Limited
7/F, Tower One, Lippo Centre,
89 Queensway, Hong Kong
Tel: 852-2283-7000
Fax: 852-2877-2665

Affiliated & Overseas Offices

Guangdong
廣東新華滙富商業保理有限公司
601-5, Building 3
130 Jiaoxi Road, Nansha District,
Guangzhou, 511455, PRC