

# Yum's Profit Climbs as KFC Sales in China Rebound

NEW YORK (AP) — [Yum Brands](#) [1] reported a higher-than-expected profit for its first quarter highlighted by a rebound in [KFC](#) [2] sales in China, where concerns about the safety of the chain's chicken supply eased.

The company, which also owns Taco Bell and Pizza Hut, said Tuesday that sales at established locations in China rose 9 percent for the period.

Louisville, Ky.-based Yum has been working to re-establish trust with customers in China, where it is the biggest Western fast-food operator with more than 6,300 locations. In late 2012, a TV report said some of KFC's suppliers were giving chickens unapproved levels of antibiotics. That touched off fears over food safety and sales nosedived. A few months later, [fears over avian flu](#) [3] upended recovery efforts.

Executives focused on a marketing campaign to underscore the safety of its food. KFC also rolled out a revamped menu and new marketing. For the first quarter, sales rose 11 percent at KFC, which accounts for 4,600 of its restaurants in China. Pizza Hut, which accounts for most the rest, saw sales at established locations rise 8 percent.

Yum has said it expects earnings per share for the year to rise at least 20 percent, gaining back some of last year's losses.

Earlier in the day, McDonald's said its China sales rose 6.6 percent at established restaurants.

Back in the U.S., the burger chain said the figure declined 1.7 percent in large part because of bad weather. Traditional fast-food chains have also been struggling as customers increasingly head to places like Chipotle, which position themselves as higher-quality alternatives.

Yum also saw declines at all three of its chains in the U.S. KFC continued to struggle with sales at established locations down 3 percent. The figure declined 5 percent for Pizza Hut and dipped 1 percent for Taco Bell, which has been the bright spot for the company since its introduction of Doritos Locos Tacos about two years ago.

A Yum spokesman, Jonathan Blum, attributed Taco Bell's dip to bad weather but expressed optimism for its second-quarter domestic results, which will reflect the performance of its recently introduced breakfast menu.

For the quarter, Yum Brands Inc. earned \$399 million, or 87 cents per share, topping the 84 cents per share analysts expected. A year ago, it earned \$337

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million, or 72 cents per share.

Revenue rose to \$2.72 billion, but was short of the \$2.81 billion Wall Street expected.

Yum's stock rose 4 percent to \$80.60 in after-hours trading.

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<http://www.foodmanufacturing.com/news/2014/04/yum%E2%80%99s-profit-climbs-kfc-sales-china-rebound>

### **Links:**

[1] <https://twitter.com/yumbrands>

[2] <https://twitter.com/kfc>

[3] <http://www.foodmanufacturing.com/news/2013/04/china-kfc-sales-hit-hard-bird-flu>