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**WH Group Limited**  
**萬洲國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 288)**

**UNAUDITED CONSOLIDATED QUARTERLY RESULTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of WH Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2021 (“**9M 2021**” or the “**Period**”). This announcement is made by the Company on a voluntary basis to enhance the practice of good corporate governance and further promote the transparency and accountability of the Company.

**HIGHLIGHTS**

	9M 2021		9M 2020	
<b>Key operating data</b>				
Packaged meats sold (thousand metric tons)		<b>2,432</b>		2,383
Pork sold (thousand metric tons)		<b>3,207</b>		2,913
	9M 2021		9M 2020	
	Results before biological fair value adjustments	Results after biological fair value adjustments	Results before biological fair value adjustments	Results after biological fair value adjustments
	<i>US\$ million</i>		<i>US\$ million</i>	
	(unless otherwise stated)		(unless otherwise stated)	
<b>Key financial data</b>				
Revenue	<b>20,064</b>	<b>20,064</b>	18,767	18,767
EBITDA	<b>1,817</b>	<b>1,902</b>	1,953	1,788
Operating profit	<b>1,314</b>	<b>1,314</b>	1,476	1,476
Profit attributable to owners of the Company	<b>785</b>	<b>848</b>	890	759
Basic earnings per share (US cents)	<b>5.39</b>	<b>5.82</b>	6.04	5.15
			As at 30 September 2021	As at 31 December 2020
			<i>US\$ million</i>	
Total assets			<b>19,630</b>	18,715
Equity attributable to owners of the Company			<b>8,607</b>	10,005

- Sales volume of packaged meats and pork increased by 2.1% and 10.1% respectively
- Revenue increased by 6.9%
- Operating profit decreased by 11.0%
- Profit attributable to owners of the Company, before biological fair value adjustments, decreased by 11.8%

## INDUSTRY OVERVIEW

As the largest pork company in the world, our business is closely tied to the hog industry in each market that we operate. Supply and demand drive the movement in prices of hog and pork and consequently impact our inputs (costs) and outputs (sales). During the Period, the average hog price in the People’s Republic of China (“China”) was RMB22.24 (equivalent to approximately US\$3.44) per kilogram, a decrease of 36.0% from that of the nine months ended 30 September 2020 (“9M 2020” or the “Comparable Period”) as hog supplies recovered from African Swine Fever (“ASF”). In the United States of America (the “U.S.”), the average hog price and pork cutout value for the Period increased by 73.4% to US\$1.63 per kg and by 44.5% to US\$2.38 per kg, respectively, due to strong demand and tight supplies. In Europe, the average carcass price of the member states of the European Union during the Period was Euro1.53 per kg, a decrease of 14.8% as compared to the Comparable Period as pork trades were limited due to ASF.

## RESULTS OF OPERATIONS

	<b>Packaged meats</b>	<b>Pork</b>	<b>Others<sup>(2)</sup></b>	<b>Total</b>
	<i>US\$ million</i>			
<b>9M 2021</b>				
<b>Revenue<sup>(1)</sup></b>				
China	3,217	4,047	727	7,991
U.S.	5,948	4,115	69	10,132
Europe	798	812	331	1,941
	<u>9,963</u>	<u>8,974</u>	<u>1,127</u>	<u>20,064</u>
<b>Operating profit/(loss)</b>				
China	663	(55)	73	681
U.S.	524	23	(19)	528
Europe	83	13	9	105
	<u>1,270</u>	<u>(19)</u>	<u>63</u>	<u>1,314</u>

	Packaged meats	Pork	Others <sup>(2)</sup>	Total
	<i>US\$ million</i>			
<b>9M 2020</b>				
<b>Revenue<sup>(1)</sup></b>				
China	3,081	4,433	541	8,055
U.S.	4,986	3,982	1	8,969
Europe	<u>722</u>	<u>759</u>	<u>262</u>	<u>1,743</u>
	<u>8,789</u>	<u>9,174</u>	<u>804</u>	<u>18,767</u>
<b>Operating profit/(loss)</b>				
China	650	191	36	877
U.S.	397	172	(105)	464
Europe	<u>65</u>	<u>82</u>	<u>(12)</u>	<u>135</u>
	<u>1,112</u>	<u>445</u>	<u>(81)</u>	<u>1,476</u>

*Notes:*

- (1) Revenue refers to net external sales.
- (2) Others operating loss includes certain corporate expenses.

### **Packaged Meats**

During the Period, total sales volume of our packaged meats increased by 2.1%. In the U.S., our volume increased by 5.8% as foodservice demand continued to recover from COVID-19 pandemic whereas retail demand remained strong. In Europe, our volume increased by 7.9% as we benefited from both organic growth and integration of newly acquired business. However, our volume in China decreased by 2.0% as consumption pace moderated. Revenue increased by 13.4% over the Comparable Period. In China, revenue increased by 4.4% as currency impact was favorable. In the U.S., revenue increased by 19.3% as product prices went up trailing the rising pork values and sales volume increased. In Europe, revenue increased by 10.5% as sales volume increased and product prices remained stable notwithstanding the declining pork prices. Operating profit increased by 14.2% in the Period. In China, the increase of 2.0% was due to decrease in raw material costs and favorable currency impact, but such increase was partially offset by decrease in scale and increase in compensation expenses. In the U.S., operating profit increased by 32.0% despite of much higher raw material costs. The increase was due to sales volume growth, pricing actions and lower COVID-related costs. In Europe, operating profit increased by 27.7% due to increase in volume and decrease in raw material costs.

## **Pork**

Total sales volume of pork increased by 10.1% in the Period. In China, sales volume increased by 15.4% due to significant increase in slaughtering volume despite of a reduction in importation. In The U.S., sales volume increased by 5.2% as processing activity increased and demand was strong. In Europe, sales volume increased by 14.4% as we expanded our production. Revenue decreased by 2.2% from the Comparable Period. In China, revenue decreased by 8.7% as the decrease in pork prices outweighed the increase in sales volume. In the U.S., revenue increased by 3.3% as the increase in sales prices was largely offset by the decrease in hedging revenue. In Europe, revenue increased by 7.0% as the increase in sales volume prevailed over the decrease in pork prices. During the Period, we recorded an operating loss of US\$19 million (Comparable Period: operating profit of US\$445 million). In China, the operating loss was US\$55 million as hog prices declined due to abundant supplies. The downward trending pork prices eroded the margin of sales and induced impairment losses on unsold products. In the U.S., the decrease of 86.6% was mainly due to higher raw material costs, including feed grains and market hogs, which increased to a larger degree than pork prices. In Europe, operating profit declined by 84.1% was primarily due to higher cost of feed grains and lower value of pork.

## **OUTLOOK**

The change in operating environment, driven by economic growth, consumers' preference, industry cycle and epidemics, is always impacting our business. In the rest of 2021, ensuring the safety of our employees and safeguarding the interests of the Company will continue to be our first priority against the backdrop of ASF and COVID-19. Meanwhile, we will use our best endeavours to manage the market dynamics, pursue our strategies in volume expansion and product portfolio improvement, exercise good control over costs and expenses as well as enhance operation efficiency. Given pork is a consumer staple, and we have the advantage of vertical integration and geographical diversification, we are able to combat various challenges and achieve the best operating results.

## **REVIEW OF FINANCIAL INFORMATION**

The Group's financial information for the nine months ended 30 September 2021 is unaudited, but has been reviewed by the audit committee of the Board.

By order of the Board  
**WH Group Limited**  
**Wan Long**  
*Chairman*

Hong Kong, 26 October 2021

*As at the date of this announcement, the executive Directors are Mr. WAN Long, Mr. GUO Lijun, Mr. WAN Hongwei, Mr. MA Xiangjie and Mr. Charles Shane SMITH; the non-executive Director is Mr. JIAO Shuge; and the independent non-executive Directors are Mr. HUANG Ming, Mr. LEE Conway Kong Wai and Mr. LAU, Jin Tin Don.*