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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 THREE MONTHS ENDED MARCH 31, 2018**

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 three months ended March 31, 2018 (“**Q1 2018**” 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**

	Q1 2018		Q1 2017	
<b>Key operating data</b>				
Hogs produced (thousand heads)	5,117		5,199	
Hogs processed (thousand heads)	13,945		13,027	
Packaged meats sold (thousand metric tons)	794		763	
	<b>Q1 2018</b> <b>Results before biological fair value adjustments</b> <i>US\$ million</i> <i>(unless otherwise stated)</i>		<b>Q1 2017</b> <b>Results before biological fair value adjustments</b> <i>US\$ million</i> <i>(unless otherwise stated)</i>	
	<b>Results after biological fair value adjustments</b>		<b>Results after biological fair value adjustments</b>	
<b>Key financial data</b>				
Revenue	5,620	5,620	5,319	5,319
EBITDA	516	472	538	561
Operating profit	379	379	418	418
Profit attributable to owners of the Company	249	220	204	218
Basic earnings per share (US\$ cents)	1.70	1.50	1.49	1.59
		<b>As at</b> <b>March 31, 2018</b> <i>US\$ million</i>		<b>As at</b> <b>December 31, 2017</b> <i>US\$ million</i>
Total assets		15,450		15,258
Equity attributable to owners of the Company		7,885		7,445

- Revenue increased by 5.7%
- Operating profit decreased by 9.3%
- Profit attributable to owners of the Company, before biological fair value adjustments, increased by 22.1%

## FINANCIAL RESULTS

In the Period, revenue of the Group was US\$5,620 million, up 5.7% as compared to the three months ended March 31, 2017 (“Q1 2017” or the “Comparable Period”). Operating profit was US\$379 million, a decrease of 9.3% over that of the Comparable Period. Disregarding any biological fair value adjustments and the non-recurring net charge of US\$44 million incurred during the Comparable Period for Refinancing (see below for details), profit attributable to owners of the Company during the Period was US\$249 million, similar to that of US\$248 million in the Comparable Period.

## INDUSTRY OVERVIEW

As the largest pork company in the world, our business is closely tied with the hog industry in each market that we operate. Supply and demand drive the movement in prices of hog and meat and consequently impact our inputs (costs) and outputs (sales). During the Period, the average hog price in China was RMB13.7 (equivalent to approximately US\$2.2) per kilogram (“kg”), a decline of 21.8% from that of the Comparable Period as a result of the increase in market supply. In U.S., the average hog price for the Period decreased by 1.6% to US\$1.2 per kg as the effects of increased hog production and slaughtering demand largely offset each other. On the other hand, the pork value in U.S. decreased to a greater extent by 4.9% due to surge in meat supply.

## RESULTS OF OPERATIONS

	Packaged meats	Fresh pork	Hog production <i>US\$ million</i>	Others <sup>(3)</sup>	Total
<b>For the three months ended March 31, 2018</b>					
<b>Revenue<sup>(1)</sup></b>					
China	875	937	2	64	1,878
U.S.	1,912	1,197	183	–	3,292
Europe <sup>(2)</sup>	193	171	15	71	450
	<u>2,980</u>	<u>2,305</u>	<u>200</u>	<u>135</u>	<u>5,620</u>
<b>Operating profit/(loss)</b>					
China	169	39	2	4	214
U.S.	180	11	(21)	(29)	141
Europe <sup>(2)</sup>	13	6	6	(1)	24
	<u>362</u>	<u>56</u>	<u>(13)</u>	<u>(26)</u>	<u>379</u>

	Packaged meats	Fresh pork	Hog production <i>US\$ million</i>	Others <sup>(3)</sup>	Total
For the three months ended March 31, 2017					
<b>Revenue<sup>(1)</sup></b>					
China	750	962	3	49	1,764
U.S.	1,825	1,233	153	–	3,211
Europe <sup>(2)</sup>	130	149	10	55	344
	<u>2,705</u>	<u>2,344</u>	<u>166</u>	<u>104</u>	<u>5,319</u>
<b>Operating profit/(loss)</b>					
China	141	20	8	(10)	159
U.S.	176	104	(16)	(30)	234
Europe <sup>(2)</sup>	6	(1)	21	(1)	25
	<u>323</u>	<u>123</u>	<u>13</u>	<u>(41)</u>	<u>418</u>

*Notes:*

- (1) Revenue refers to net external sales.
- (2) Europe denotes mainly our operations in Poland and Romania.
- (3) Others revenue primarily represent sales of ancillary products and services. Other operating loss includes certain corporate expenses.

### **Packaged Meats**

During the Period, sales volume of our packaged meats was 794 thousand metric tons, an increase of 4.1% over that of the Comparable Period. Driven by the performance of our premium products, the volume growth in China was 6.1%. Revenue and operating profit of our packaged meats in the Period increased by 10.2% and 12.1% respectively over that of the Comparable Period as we were benefited from higher sales volumes, higher average selling prices and lower raw material costs in various markets.

### **Fresh Pork**

Total number of hogs processed in the Period increased by 7.0%. The increase was mainly attributable to the significant growth of the slaughtering volume in China by 35.1%. Such trend aligned with our strategy to increase market share. External sales volume of fresh pork remained stable at approximately 1.1 million metric tons. Operating profit decreased significantly by 54.5% to US\$56 million in the Period. Our operating profit in U.S. largely reduced primarily as a result of compression in the spread between hog and pork prices. In contrast, operating profits in China and Europe both recorded considerable growth.

## **Hog Production**

During the Period, our hog production volume decreased by 1.6%. Operating loss was US\$13 million in the Period (Comparable Period: profit of US\$13 million). The majority of our hog production business is in U.S. and Europe. The operating loss in the Period was primarily caused by the change in hog prices in each respective market. As a result, operating loss in U.S. increased and operating profit in Europe reduced.

## **ACQUISITION**

On 9 January, 2018, the Group completed the purchase of 100% equity interest of two Romanian companies that produce packaged meats (“**Acquisition of Elit & Vericom**”). The Acquisition of Elit & Vericom is expected to increase our profitability in branded packaged meats and strengthen our leading position in the packaged meats market in Romania.

## **REFINANCING**

In the Comparable Period, the Group completed the refinancing of US\$1,400 million in aggregate and incurred a one-off loss on debt extinguishment of US\$70 million as well as a related tax deduction of US\$26 million. In the Period, the Group benefited from the interest saving as a result of such refinancing.

## **OUTLOOK**

The Group continued to deliver solid results in the Period. Going forward, although the global political economic climate and industry environment will bring both opportunities and threats to us from time to time, we will constantly strive for unceasing growth by resources integration, volume expansion and operational improvement.

## **REVIEW OF FINANCIAL INFORMATION**

The Group’s financial information for the three months ended March 31, 2018 is unaudited, but has been reviewed by the audit committee of the Company.

By Order of the Board  
**WH Group Limited**  
**Wan Long**  
*Chairman and Chief Executive Officer*

Hong Kong, April 24, 2018

*As at the date of this announcement, the executive Directors are Mr. WAN Long, Mr. GUO Lijun, Mr. ZHANG Taixi, Mr. SULLIVAN Kenneth Marc and Mr. YOU Mu; 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.*