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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 31 MARCH 2022**

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 31 March 2022 (“**3M 2022**” 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

	3M 2022		3M 2021	
Key operating data				
Packaged meats sold (thousand metric tons)		828		838
Pork sold (thousand metric tons)		1,033		1,012
	3M 2022		3M 2021	
	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>	
	<i>(unless otherwise stated)</i>		<i>(unless otherwise stated)</i>	
Key financial data				
Revenue	6,555	6,555	6,610	6,610
EBITDA	848	1,083	672	958
Operating profit	642	642	501	501
Profit attributable to owners of the Company	395	579	293	511
Basic earnings per share (US cents)	3.08	4.51	1.99	3.47
			As at 31 March 2022	As at 31 December 2021
			<i>US\$ million</i>	<i>US\$ million</i>
Total assets			20,855	19,411
Equity attributable to owners of the Company			9,306	8,748

- Sales volume of packaged meats decreased by 1.2% while sales volume of pork increased by 2.1%.
- Revenue decreased by 0.8%; Operating profit increased by 28.1%.
- Profit attributable to owners of the Company, before biological fair value adjustments, increased by 34.8%.
- Basic earnings per share, before biological fair value adjustments, increased by 54.8%.

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 meat 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 RMB14.02 (equivalent to approximately US\$2.17) per kilogram (“**kg**”), a decrease of 56.1% from that of the three months ended 31 March 2021 (“**3M 2021**” or the “**Comparable Period**”) as hog supplies continued to recover. In the United States of America (the “**U.S.**”), as driven by tight supplies, strong demand and inflationary pressure, the average hog price and pork cutout value for the Period increased by 15.3% to US\$1.51 per kg and by 10.6% to US\$2.22 per kg, respectively. In Europe, the average carcass price of the member states of the European Union during the Period was Euro 1.50 (equivalent to approximately US\$1.68) per kg, an increase of 5.2% as compared to the Comparable Period. The reason was producers contracted supplies due to high input costs and sluggish exports.

RESULTS OF OPERATIONS

	Packaged meats ⁽¹⁾	Pork ⁽²⁾	Others ⁽³⁾	Total
	<i>US\$ million</i>			
3M 2022				
Revenue				
China	1,061	939	200	2,200
U.S. and Mexico ⁽⁴⁾	2,233	1,479	16	3,728
Europe	287	212	128	627
	<u>3,581</u>	<u>2,630</u>	<u>344</u>	<u>6,555</u>
Operating profit/(loss)				
China	276	21	6	303
U.S. and Mexico ⁽⁴⁾	302	50	(11)	341
Europe	18	(26)	6	(2)
	<u>596</u>	<u>45</u>	<u>1</u>	<u>642</u>

	Packaged meats ⁽¹⁾	Pork ⁽²⁾ <i>US\$ million</i>	Others ⁽³⁾	Total
3M 2021				
Revenue				
China	1,092	1,523	231	2,846
U.S.	1,916	1,251	6	3,173
Europe	231	266	94	591
	<u>3,239</u>	<u>3,040</u>	<u>331</u>	<u>6,610</u>
Operating profit/(loss)				
China	220	50	21	291
U.S.	194	7	(20)	181
Europe	28	5	(4)	29
	<u>442</u>	<u>62</u>	<u>(3)</u>	<u>501</u>

Notes:

- (1) Packaged meats represents production, wholesale and retail sales of packaged meat products.
- (2) Pork represents hog farming, slaughtering, wholesale and retail sales of fresh and frozen pork.
- (3) Others represents ancillary businesses and includes corporate expenses.
- (4) Revenue and operating profit of subsidiaries in Mexico were consolidated in the Period due to an increase in equity interest in a joint venture in July 2021 (Comparable Period: not applicable).

Packaged Meats

During the Period, sales volumes of our packaged meats were 828 thousand metric tons, a decrease of 1.2% from that of the Comparable Period. In China, the decrease of 2.5% in sales volume was mainly due to keen competition of mass products in a low raw material cost environment and the impact of pandemic controls on market operation. In the U.S., sales volume decreased by 3.5% due to the different timing of Easter in the Period and the Comparable Period. Sales volume in Europe increased by 20.7% due to organic growth and integration of a newly acquired business. Revenue of our packaged meats during the Period increased by 10.6% as the growth in the U.S. and Europe outweighed the decrease in China. Apart from the increase in revenue, operating profit also increased by 34.8%. In China, we benefited from favourable raw material costs as meat prices remained low, operating profit increased by 25.5% over that of the Comparable Period. In the U.S., although costs and expenses inflated, our operating profit increased considerably by 55.7% as we were supported by strong consumption. In Europe, operating profit decreased by 35.7% as we were adversely impacted by surging raw material and utility costs.

Pork

Sales volumes of pork increased by 2.1% to 1,033 thousand metric tons in the Period. In China, sales volume grew by 6.6% as slaughtering volume increased but import volume decreased. In the U.S. and Mexico, sales volume increased by 4.8% as we consolidated our Mexican business in the Period. In Europe, sales volume decreased by 18.9% as we rebalanced level of production based on market dynamics. Revenue during the Period decreased by 13.5% from that of the Comparable Period was primarily because pork prices in China went down significantly. Total operating profits of pork also decreased 27.4%. In China, the decrease of 58.0% in operating profit was mainly due to lower contribution from sales of imported pork. In Europe, we incurred an operating loss of US\$26 million (Comparable Period: operating profit of US\$5 million). The decrease in profitability was mainly due to high production costs and weak demand as a result of inflating commodity and energy prices. In contrast, operating profit in the U.S. and Mexico during the Period was more than six times greater than that of the Comparable Period. It was mainly due to the increase in hog and pork prices in the U.S., which outweighed the increase in feed costs and general inflationary in other costs and expenses. The improvement in product mix and conversion level in the U.S. also enhanced our profitability.

OUTLOOK

As a leading pork enterprise globally, the Company has a vertically integrated production chain and extensive geographical presence. We are also a consumer goods company with branded packaged meats as our core business. In 2022, we expect the negative impacts derived from African Swine Fever and Coronavirus Disease on the Group will progressively diminish, but inflationary pressure across the board will impose new challenges to us. Therefore, apart from safeguarding our people and animals from pandemic, we will continuously optimise our integrated value chain to combat the surge in commodity prices; to increase our degree of intelligence, automation and information-based production to improve efficiency and cost effectiveness; to introduce geographical and protein diversifications to accelerate growth; to adjust our product portfolios to maximise the added values; as well as to promote innovations in marketing to expand scale of sales. We believe that our efforts will offer consumers quality products, maintain our leading position in the industry, and create value for the shareholders and employees of the Company as well as the community.

REVIEW OF FINANCIAL INFORMATION

The Group's financial information for the three months ended 31 March 2022 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 April 2022

As at the date of this announcement, the executive Directors are Mr. WAN Long, Mr. GUO Lijun, Mr. WAN Hongwei, Mr. Charles Shane SMITH and Mr. MA Xiangjie; 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.