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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)

**ANNOUNCEMENT OF UNAUDITED QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

RESULTS HIGHLIGHTS

	Nine months ended 30 September			
	2023		2022	
Packaged meats sold (thousand metric tons)	2,387		2,433	
Pork sold (thousand metric tons)	2,961		2,983	
	Nine months ended 30 September			
	2023		2022	
	Before biological fair value adjustments	After biological fair value adjustments	Before biological fair value adjustments	After biological fair value adjustments
	US\$ million		US\$ million	
	(unless otherwise stated)		(unless otherwise stated)	
	(unaudited)		(unaudited)	
Revenue	19,488	19,488	20,407	20,407
EBITDA	1,624	1,646	2,134	2,016
Operating profit	1,047	1,047	1,645	1,645
Profit attributable to owners of the Company	569	585	914	834
Basic earnings per share (US cents)	4.43	4.56	7.12	6.50
			As at	As at
			30 September 2023	31 December 2022
			(unaudited)	(audited)
Total assets (US\$ million)			19,633	19,855
Equity attributable to owners of the Company (US\$ million)			9,635	9,600

- Sales volume of packaged meats and pork decreased by 1.9% and 0.7% respectively.
- Revenue decreased by 4.5%; Operating profit decreased by 36.4%.
- Profit attributable to owners of the Company, before biological fair value adjustments, decreased by 37.7%.
- Basic earnings per share, before biological fair value adjustments, decreased by 37.7%.

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 2023 (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.

INDUSTRY OVERVIEW

As the largest pork company in the world, our business is closely associated with the market dynamics of the hog industry in each market that we operate. Supply and demand drive the movement in prices of hogs 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 RMB15.42 (equivalent to approximately US\$2.19) per kilogram (“**kg**”), a decrease of 10.6% from that of the nine months ended 30 September 2022 (the “**Comparable Period**”) as a result of adequate market supplies of hogs. In the United States of America (the “**U.S.**”), the average hog price decreased by 17.7% to US\$1.40 per kg during the Period as driven by soft demand. In Europe, the average carcass price of the member states of the European Union during the Period increased by 29.3% to Euro 2.34 (equivalent to approximately US\$2.54) per kg, as supplies tightened.

RESULTS OF OPERATIONS

	Nine months ended 30 September 2023			
	Packaged meats ⁽¹⁾	Pork ⁽²⁾	Others ⁽³⁾	Total
	<i>US\$ million</i>			
Revenue				
China	2,933	2,929	873	6,735
U.S. and Mexico	5,875	4,370	29	10,274
Europe	1,161	848	470	2,479
	<u>9,969</u>	<u>8,147</u>	<u>1,372</u>	<u>19,488</u>
Operating profit (loss)				
China	695	59	34	788
U.S. and Mexico	765	(551)	(92)	122
Europe	70	61	6	137
	<u>1,530</u>	<u>(431)</u>	<u>(52)</u>	<u>1,047</u>

Nine months ended 30 September 2022

	Packaged meats ⁽¹⁾	Pork ⁽²⁾	Others ⁽³⁾	Total
	<i>US\$ million</i>			

Revenue

China	3,054	3,064	723	6,841
U.S. and Mexico	6,623	4,808	63	11,494
Europe	948	693	431	2,072
	10,625	8,565	1,217	20,407

Operating profit (loss)

China	712	59	4	775
U.S. and Mexico	745	85	(47)	783
Europe	74	(18)	31	87
	1,531	126	(12)	1,645

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' operating profit (loss) includes corporate expenses.

Packaged Meats

During the Period, sales volume of our packaged meats were 2,387 thousand metric tons, a decrease of 1.9% as compared to the Comparable Period. In China, sales volume increased by 1.1% mainly due to post-pandemic recovery of consumption but it was constrained by stagnant economic growth. In the U.S., sales volume decreased by 6.8% as we disposed our condiment business in the last quarter of previous year and market demand during the Period continued to be weak. In Europe, sales volume increased by 3.3% as a result of acquisition. Revenue of our packaged meats decreased by 6.2% over that of the Comparable Period. In China, revenue decreased by 4.0% due to unfavourable impact of currency translation. In the U.S., revenue decreased by 11.3% as both sales volume and prices were lower. On the other hand, revenue in Europe increased by 22.5% primarily due to higher sales volume and prices. Despite the decrease in revenue, our operating profit in the Period remained stable. In China, operating profit decreased by 2.4% as the negative currency impact outweighed the benefits of lower raw material costs. In the U.S., operating profit increased by 2.7% due to lower raw material costs and higher operational efficiency, which offset the decrease in sales volume and prices. In Europe, operating profit decreased by 5.4% as various costs were elevated which offset the increase in sales volume and prices.

Pork

During the Period, sales volumes of pork decreased by 0.7%. In China, sales volume increased by 7.4% primarily due to expansion of our production. Sales volume in the U.S. and Mexico decreased by 4.5% primarily due to business restructuring. Meanwhile, sales volume in Europe also decreased by 6.7% mainly due to reduced availability of market hogs. Pork revenue in the Period decreased by 4.9%. In China, revenue decreased by 4.4% as the impact of lower sales prices outweighed that of higher sales volume. In the U.S. and Mexico, revenue decreased by 9.1% as both sales volume and prices went down in the Period. On the other hand, revenue in Europe increased by 22.4% as sales prices rose notably, which offset the reduction in sales volume. In the Period, our operating loss was US\$431 million (Comparable Period: operating profit of US\$126 million). In China, profit levels in the Period and the Comparable Period were equal. In the U.S. and Mexico, we recorded an operating loss of US\$551 million (Comparable Period: operating profit of US\$85 million). Such loss was primarily attributable to the unfavourable market conditions in the U.S., which included the high costs of hog production and low sales value of pork products. In Europe, we substantially improved our results from an operating loss of US\$18 million in the Comparable Period to an operating profit of US\$61 million in the Period. The primary reason was the increase in sales prices, which compensated the increase of various costs.

OUTLOOK

During the Period, our business in China performed steadily. Our business in Europe achieved recovery. However, our business in the U.S. continued to be difficult. Although grains and energy prices began to trend down and the improvement in the third quarter was notable, the elevated level of prices still severely impacted our costs of production on a full year basis. Meanwhile, macro-economic headwinds weakened consumer confidence and therefore weighed on demand. We expect such unfavourable operating landscape overhang will continue during the remainder of 2023. As a result, the short-term financial performance of our Group will be under pressure. To meet these challenges, we will focus on optimizing our industrial value chain. We will rigorously continue to promote adjustment of product mix, expand sales network, manage prices and control costs. We will also leverage our global presence to better deploy resources and deepen synergies realisation. With the joint efforts of a cohesive management team, we will strive for the best results amid the highly uncertain external environment.

REVIEW OF FINANCIAL INFORMATION

The Group's financial information for the nine months ended 30 September 2023 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, 24 October 2023

As at the date of this announcement, the executive directors of the Company are Mr. WAN Long, Mr. GUO Lijun, Mr. WAN Hongwei, Mr. MA Xiangjie and Mr. Charles Shane SMITH; the non-executive director of the Company is Mr. JIAO Shuge; and the independent non-executive directors of the Company are Mr. HUANG Ming, Mr. LAU, Jin Tin Don and Ms. ZHOU Hui.