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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 THREE MONTHS ENDED 31 MARCH 2024**

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 2024 (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

	Three months ended 31 March			
	2024		2023	
Packaged meats sold (<i>thousand metric tons</i>)	786		820	
Pork sold (<i>thousand metric tons</i>)	941		1,021	
	Three months ended 31 March			
	2024		2023	
	Results before biological fair value adjustments	Results after biological fair value adjustments	Results before biological fair value adjustments	Results after biological fair value adjustments
	US\$ million		US\$ million	
	(unless otherwise stated)		(unless otherwise stated)	
Revenue	6,181	6,181	6,743	6,743
EBITDA	674	889	528	546
Operating profit	501	501	365	365
Profit attributable to the Company’s owners	301	465	174	194
Basic earnings per share (<i>US cents</i>)	2.35	3.62	1.36	1.51
			As at 31 March 2024	As at 31 December 2023
			US\$ million	
Total assets			19,871	19,179
Equity attributable to the Company’s owners			9,781	9,831

- Sales volume of packaged meats and pork decreased by 4.1% and 7.8% respectively.
- Revenue decreased by 8.3%.
- Operating profit increased by 37.3%.
- Profit attributable to the Company’s owners and basic earnings per share, before biological fair value adjustments, increased by 73.0%.

INDUSTRY OVERVIEW

As a leading 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 movements in prices for 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 RMB14.90 (equivalent to approximately US\$2.07) per kilogram (“kg”), representing a decrease of 5.1% from that of the three months ended 31 March 2023 (the “Comparable Period”), as hog supply remained at high level. In the United States of America (the “U.S.”), the average hog price for the Period slightly decreased by 0.8% to US\$1.26 per kg due to ample supply. Average pork cutout value for the Period, however, increased by 8.7% to US\$1.97 as excessive inventory weighed on prices in the Comparable Period. In Europe, the average carcass price of the member states of the European Union during the Period decreased by 3.2% to Euro 2.12 (equivalent to approximately US\$2.30) per kg, as hog supply stabilized, which represented an average hog price of approximately Euro 1.60 or US\$1.74 per kg.

RESULTS OF OPERATIONS

	Three months ended 31 March 2024			
	Packaged meats⁽²⁾	Pork⁽³⁾	Others⁽⁴⁾	Total
	<i>US\$ million</i>			
Revenue⁽¹⁾				
China	935	835	254	2,024
U.S. and Mexico	1,999	1,346	8	3,353
Europe	378	279	147	804
	<u>3,312</u>	<u>2,460</u>	<u>409</u>	<u>6,181</u>
Operating profit (loss)				
China	262	9	(20)	251
U.S. and Mexico	288	(62)	(35)	191
Europe	30	26	3	59
	<u>580</u>	<u>(27)</u>	<u>(52)</u>	<u>501</u>

Three months ended 31 March 2023

	Packaged meats ⁽²⁾	Pork ⁽³⁾	Others ⁽⁴⁾	Total
	<i>US\$ million</i>			
Revenue⁽¹⁾				
China	1,030	1,020	269	2,319
U.S. and Mexico	2,076	1,556	15	3,647
Europe	351	276	150	777
	3,457	2,852	434	6,743
	3,457	2,852	434	6,743
Operating profit (loss)				
China	238	39	3	280
U.S. and Mexico	301	(218)	(21)	62
Europe	15	9	(1)	23
	554	(170)	(19)	365
	554	(170)	(19)	365

Notes:

- (1) Revenue refers to net external sales.
- (2) Packaged meats represents production, wholesale and retail sales of packaged meat products.
- (3) Pork represents hog farming, slaughtering, wholesale and retail sales of fresh and frozen pork.
- (4) Others operating profit (loss) includes corporate expenses.

Packaged Meats

During the Period, sales volume of our packaged meats were 786 thousand metric tons, representing a decrease of 4.1% from that of the Comparable Period. In China, the decrease of 4.9% in sales volume was mainly due to consumption weakness. In the U.S. and Europe, sales volume both decreased by 3.7% as market demand was soft and we continued to optimize our portfolio. Revenue of our packaged meats during the Period decreased by 4.2%, which was mainly driven by the decrease in sales volume. Having said that, our packaged meats operating profit increased by 4.7% from that of the Comparable Period. In China, operating profit increased by 10.1% primarily due to favourable raw material costs. In Europe, operating profit doubled that of the Comparable Period as we focused on price management to improve profitability. Operating profit in the U.S., however, decreased by 4.3%, which was generally in line with the change in sales volume.

Pork

Sales volume of pork decreased by 7.8% to 941 thousand metric tons in the Period. In China, the U.S. and Europe, their respective sales volume reduced by 10.0%, 8.4% and 4.9% as we adjusted our processing volume according to the market dynamics in each region. Coupled with lower average selling price, our pork revenue during the Period decreased by 13.7% from that of the Comparable Period. Nevertheless, our pork operating loss decreased from US\$170 million in the Comparable Period to US\$27 million in the Period. The notable improvement of results was mainly attributed to the reduction in loss associated with hogs raising and expansion of margin in processing in the U.S.. Meanwhile, operating profit in Europe significantly increased by 188.9% due to favourable costs and improved operational efficiency. Operating profit in China, however, decreased by 76.9% due to keen market competition.

OUTLOOK

The Company achieved significant increase in profits for the Period. One of the key drivers was the substantial improvement of our U.S. pork business as market dynamics is favourable currently and we implemented a series of reform measures during the previous year to strengthen our hog production operation. We expect the impact of those measures would continue to be positive to the Company for the remainder of the year. In the meantime, macro-economic headwinds might weigh on consumer confidence and therefore consumption demand. To adapt to the ever-changing market environment and respond to the various challenges, we will rigorously promote adjustment of product mix, expand sales network, manage prices, and save costs. With the competitive advantages of the Group, we believe that the performance of our core business, packaged meats, would remain strong and resilient for the year. With the joint effort of our management team, the Company will strive for a good recovery of overall results in 2024.

REVIEW OF FINANCIAL INFORMATION

The Group's financial information for the three months ended 31 March 2024 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, 22 April 2024

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.