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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, 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 three months ended March 31, 2021 (“**3M 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

	3M 2021		3M 2020	
Key operating data				
Packaged meats sold (thousand metric tons)		838		781
Pork sold (thousand metric tons)		1,012		944
	3M 2021		3M 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)	
Key financial data				
Revenue	6,610	6,610	6,282	6,282
EBITDA	672	958	711	615
Operating profit	501	501	550	550
Profit attributable to owners of the Company	293	511	353	281
Basic earnings per share (US cents)	1.99	3.47	2.40	1.91
		As at March 31, 2021		As at December 31, 2020
		<i>US\$ million</i>		<i>US\$ million</i>
Total assets		19,661		18,715
Equity attributable to owners of the Company		10,347		10,005

- Sales volume of packaged meats and pork increased by 7.3% and 7.2%, respectively.
- Revenue increased by 5.2%.
- Operating profit decreased by 8.9%.
- Profit attributable to owners of the Company, before biological fair value adjustments, decreased by 17.0%.

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 RMB31.7 (equivalent to approximately US\$4.9) per kilogram (“kg”), a decrease of 12.6% from that of the three months ended March 31, 2020 (“3M 2020” or the “Comparable Period”) as a result of improvement in supply shortage caused by 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 32.3% to US\$1.3 per kg and by 28.2% to US\$2.0 per kg, respectively, due to strong domestic and export demand. In Europe, the average carcass price of the member states of the European Union during the Period was Euro 1.4 (equivalent to approximately US\$1.7) per kg, a decrease of 12.6% as compared to the Comparable Period as exports were limited by the ASF outbreak.

RESULTS OF OPERATIONS

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

	Packaged meats ⁽¹⁾	Pork ⁽²⁾	Others ⁽³⁾	Total
	<i>US\$ million</i>			
3M 2020				
Revenue				
China	939	1,478	110	2,527
U.S.	1,859	1,302	—*	3,161
Europe	<u>233</u>	<u>272</u>	<u>89</u>	<u>594</u>
	<u>3,031</u>	<u>3,052</u>	<u>199</u>	<u>6,282</u>
Operating profit/(loss)				
China	190	62	18	270
U.S.	156	106	(36)	226
Europe	<u>14</u>	<u>41</u>	<u>(1)</u>	<u>54</u>
	<u>360</u>	<u>209</u>	<u>(19)</u>	<u>550</u>

* *Less than US\$1 million*

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 certain corporate expenses.

Packaged Meats

During the Period, sales volumes of our packaged meats were 838 thousand metric tons, an increase of 7.3% from that of the Comparable Period. In China, the increase of 10.7% in sales volume was driven by the timing of Chinese New Year and certain new product categories such as Chinese-style marinated deli and catering ingredients. In the U.S., sales volume grew by 4.3% notwithstanding the decline in foodservice demand as retail demand was strong and the timing of Easter helped. Sales volume in Europe also increased by 4.0% organically. Revenue of our packaged meats during the Period increased by 6.9% as sales volume increased. Operating profit increased considerably by 22.8%. In China, we benefited from volume expansion and lower raw materials cost, where our operating profit increased by 15.8%. In the U.S., although raw materials cost increased, costs related to the coronavirus disease 2019 (“**COVID-19**”) was lower in the Period. Therefore, our operating profit grew by 24.4%. In Europe, our operating profit doubled year-on-year as sales volume increased, product portfolio improved, and raw materials cost decreased.

Pork

Sales volumes of pork increased by 7.2% to 1,012 thousand metric tons in the Period. In China, sales volume increased by 7.4% to 332 thousand metric tons as slaughtering and import volume grew. In the U.S., sales volume increased by 2.4% to 527 thousand metric tons as demand was strong. In Europe, sales volume increased by 26.7% to 153 thousand metric tons as a result of the acquisition in Poland. Revenue during the Period remained flat as compared to that of the Comparable Period. It was because although total sales volume and pork value in the U.S. went up, pork value in China and Europe decreased while hedging revenue was lower in the Period. Operating profits reduced significantly by 70.3% from US\$209 million to US\$62 million. In China, the decrease of 19.4% was mainly due to lower profitability of inventories sale. In the U.S., the decrease of 93.4% was mainly due to higher raw material costs, including feed grains and market hogs, which increased to a larger degree than meat value. In Europe, the primary reasons for the decline of 87.8% in operating profit were higher cost of feed grains and lower pork value relative to hog cost.

OUTLOOK

The change in operating environment, driven by economic growth, consumers' preference, industry cycle and epidemics, is always impacting our business. In 2021, the risks associated with ASF and COVID-19 will still bring us potential challenges. Therefore, ensuring the safety of our employees and safeguarding the interests of the Company remain our first priority. Meanwhile, we will continue to pursue our strategies in volume expansion, product portfolio improvement and efficiency enhancement. Given pork is a consumer staple, and we have the advantage of vertical integration and geographical diversification, we are enabled to combat challenges and attain sustainable growth.

REVIEW OF FINANCIAL INFORMATION

The Group's financial information for the three months ended March 31, 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 and Chief Executive Officer

Hong Kong, April 27, 2021

As at the date of this announcement, the executive directors of the Company are Mr. WAN Long, Mr. WAN Hongjian, Mr. GUO Lijun, Mr. Dennis Pat Rick ORGAN and Mr. MA Xiangjie; 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. LEE Conway Kong Wai and Mr. LAU, Jin Tin Don.