

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2022 (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**

Key operating data (thousand metric tons)	Nine months ended 30 September			
	2022		2021	
Packaged meats sold	2,433		2,432	
Pork sold	2,983		3,207	
Key financial data (US\$ million, unless otherwise stated)	Nine months ended 30 September			
	2022		2021	
	Before biological fair value adjustments	After biological fair value adjustments	Before biological fair value adjustments	After biological fair value adjustments
Revenue	20,407	20,407	20,064	20,064
EBITDA	2,134	2,016	1,817	1,902
Operating profit	1,645	1,645	1,314	1,314
Profit attributable to owners of the Company	914	834	785	848
Basic earnings per share (US cents)	7.12	6.50	5.39	5.82
			As at 30 September 2022	As at 31 December 2021
Total assets			19,824	19,411
Equity attributable to owners of the Company			8,755	8,748

- Sales volume of packaged meats remained flat; Sales volume of pork decreased by 7.0%
- Revenue increased by 1.7%; Operating profit increased by 25.2%
- Profit attributable to owners of the Company, before biological fair value adjustments, increased by 16.4%
- Basic earnings per share, before biological fair value adjustments, increased by 32.1%

## INDUSTRY OVERVIEW

As the largest pork company in the world, our business is closely tied to the market dynamics of the hog industry in each region that we operate. Supply and demand drive the movement in prices of hog 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 RMB17.24 (equivalent to approximately US\$2.60 per kilogram (“**kg**”), a decrease of 22.5% from that of the nine months ended 30 September 2021 (the “**Comparable Period**”) as a result of increased market hog supplies. In the United States of America (the “**U.S.**”), the average hog price increased by 3.8% to US\$1.70 per kg during the Period as driven by tighter market hog supplies and increased production costs. In Europe, the average carcass price of the member states of the European Union during the Period increased by 18.3% to Euro1.81 (equivalent to approximately US\$1.92) per kg, as inflationary pressure persisted and supplies of market hogs contracted.

## RESULTS OF OPERATIONS

	Nine months ended 30 September 2022			
	Packaged meats <sup>(1)</sup>	Pork <sup>(2)</sup>	Others <sup>(3)</sup>	Total
	<i>US\$ million</i>			
<b>Revenue</b>				
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
	<u>10,625</u>	<u>8,565</u>	<u>1,217</u>	<u>20,407</u>
<b>Operating profit/(loss)</b>				
China	712	59	4	775
U.S. and Mexico	745	85	(47)	783
Europe	74	(18)	31	87
	<u>1,531</u>	<u>126</u>	<u>(12)</u>	<u>1,645</u>

Nine months ended 30 September 2021

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

**Revenue**

China	3,217	4,047	727	7,991
U.S. and Mexico	5,948	4,115	69	10,132
Europe	798	812	331	1,941
	9,963	8,974	1,127	20,064
	9,963	8,974	1,127	20,064

**Operating profit/(loss)**

China	663	(55)	73	681
U.S. and Mexico	524	23	(19)	528
Europe	83	13	9	105
	1,270	(19)	63	1,314
	1,270	(19)	63	1,314

*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.

**Packaged Meats**

During the Period, sales volume of our packaged meats remained flat as compared to the Comparable Period. In China, sales volume decreased by 1.5% mainly due to the slowdown of consumer market and the impact of pandemic prevention and control measures on supply chains. In the U.S., sales volume also decreased by 1.3% as sales volume decreased in retail channel due to labour and supply chain challenges, which was partially offset by the volume gain in food service channel due to recovery from the pandemic. On the other hand, sales volume in Europe increased by 12.9% primarily due to acquisition. Revenue increased by 6.6% over the Comparable Period. In China, revenue decreased by 5.1% due to sales volume reduction and negative currency impact. In the U.S., revenue increased by 11.3% as we managed prices in the face of cost inflation. In Europe, revenue increased by 18.8% due to increase in sales volume and sales prices. Apart from the increase in revenue, our operating profit also increased by 20.6%. In China, operating profit increased by 7.4% due to lower primary raw material costs, which was partially offset by the decrease in sales and increase in other costs. In the U.S., operating profit increased by 42.2% due to price management, which more than offset inflationary cost pressure. In Europe, operating profit decreased by 10.8% as elevated costs and weakened currencies outweighed the increase in sales.

## **Pork**

During the Period, sales volumes of pork decreased by 7.0%. In China, sales volume decreased by 15.5% primarily due to the reduction in sales of imported products. Sales volume in Europe also decreased by 20.4% as the harvest level was lowered by tightened market hog supplies. Sales volume in the U.S. and Mexico, however, increased by 3.4% as we improved our product mix and path to market. Revenue in the Period decreased by 4.6%. The decrease in China was 24.3% as sales volume and sales price were both lower than the Comparable Period. The decrease in Europe was 14.7% as the increase in sales price only offset part of the decrease in sales volume. On the other hand, revenue in the U.S. and Mexico increased by 16.8% as sales volume and product value were higher. In the Period, our operating profit was US\$126 million (Comparable Period: operating loss of US\$19 million). In China, the turn-around was primarily due to the non-recurrence of exceptional market dynamics. In contrast to the sharp and rapid downward correction during the Comparable Period, hog prices moved up steadily in the Period. In the U.S. and Mexico, operating profit increased by 269.6% to US\$85 million. It was mainly due to strong pricing strategy, favourable product mix and better manufacturing efficiency, which countervailed the inflationary pressure. In Europe, we incurred an operating loss of US\$18 million (Comparable Period: operating profit of US\$13 million) as sales were lower whereas raw materials and manufacturing costs were higher during the Period.

## **Disposal of Assets**

On 3 October 2022, the Group entered into a disposal agreement with a third party to sell certain assets in relation to the development and production of spices, seasonings and sauces at a consideration of US\$587.5 million (subject to adjustments pursuant to the terms of the disposal agreement) (“**Disposal of Saratoga**”). The Disposal of Saratoga enables the Group to unlock the value of non-core assets. We expect the Disposal of Saratoga will be completed during the year and will result in a gain on disposal for the Group.

## **OUTLOOK**

Against the backdrop of slowing economic growth, rising inflation, divergent monetary policies, geopolitical tension and global gap in pandemic response, the first nine months of 2022 was full of challenges to many businesses in the globe. It is widely believed that such uncertainty will continue in the rest of this year. In the Period, we achieved solid growth as we benefited from lower cost of primary raw materials in China and good domestic consumption demand in the U.S.. However, the inflation environment has been adding unprecedented pressure to our margin and market competition is becoming more intense. Therefore, it is our priority to focus on realising added value from our products by correct pricing, appropriate mix, best-in-class cost-control measures and outstanding operational efficiency. Meanwhile, we will also increase market investment, speed up industrial upgrade and promote protein diversification strategy. With the best endeavours of our management team at all levels and in all regions, the Group will continue to offer our consumers quality products, maintain our leading position in the industry and create value for shareholders, employees and the community.

## REVIEW OF FINANCIAL INFORMATION

The Group's financial information for the nine months ended 30 September 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, 25 October 2022

*As at the date of this announcement, the executive directors of the Company are Mr. WAN Long, Mr. GUO Lijun, Mr. WAN Hongwei, Mr. Charles Shane SMITH 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. LAU, Jin Tin Don and Ms. ZHOU Hui.*