



(Stock Code: 288)

WH Group Reports US\$1,378 Million Profit Attributable to Owners of the Company for 2019, Up 31.7%

Revenue and Profit Hit Record Highs

(Hong Kong, March 24, 2020) – WH Group Limited (“WH Group” or the “Company”; HKEX:00288), the world’s largest pork company, today announced its annual results of the Company and its subsidiaries (the “Group”) for the twelve months ended December 31, 2019 (the “Review Period”).

Highlights of 2019 Annual Results

- Revenue increased by 6.6% to US\$24,103 million
- Operating profit increased by 23.1% to US\$2,031 million
- Profit attributable to owners of the Company, before biological fair value adjustments, increased by 31.7% to US\$1,378 million
- A final dividend of HK\$0.265 per share was recommended, bringing the total dividend payout for the year to HK\$0.315 per share.

Financial Results

In 2019, the world witnessed great political and economic uncertainties and industry fluctuations. WH Group faced three major challenges, including international trade disputes, Asian swine flu (“ASF”) and a significant increase in cost throughout the year. The Group leveraged its advantages in terms of global resources, scale, integrated business model and management, boosted synergies and effectively addressed these challenges. As a result, the Group achieved satisfactory operating results with both revenue and net profit hitting record highs, opening up a new prospect for its development. In the Review Period, revenue of the Group increased by 6.6% to US\$24,103 million. Operating profit grew by 23.1% to US\$2,031 million. Profit attributable to owners of the Company, before biological fair value adjustments, increased by 31.7% to US\$1,378 million.

Performances of Business Segments

Packaged Meats

In 2019, revenue of the Group’s packaged meats segment grew by 1.5% to US\$12,331 million. Against the backdrop of growing raw material meat prices across the globe caused by ASF, the Group raised prices proactively, and continued to transform its product portfolio by expanding capacity in value-added categories and improving operating efficiency through initiatives to optimise sales and distribution processes. Operating profit was US\$1,574 million in 2019, increased by 1.7% compared to 2018,

with operating profit in the U.S. and Europe up 7.9% and 8.0%, respectively. Operating profit for the packaged meats business in the U.S. grew for the fifth consecutive year, despite higher raw material prices, wages and logistics costs.

Fresh Pork

The total number of hogs processed by the Group in 2019 was 53.797 million heads, a decrease of 4.1% over 2018 due to the decline in our slaughtering business in China. Fresh pork revenue increased by 10.3% y-o-y to US\$10,078 million in 2019. Operating profit of fresh pork increased by 63.8% to US\$403 million in 2019 from US\$246 million in 2018. In China, its operating profit achieved a growth of 46.4% as the Group's gross profit increased from the sale of pork that was produced locally in the current period, and imports from overseas markets and the inventories. In the U.S., its operating profit tripled that of 2018 and recorded US\$150 million, as pork value went up in view of strong exports demand as trade disruptions weakened in the second half of the year, coupled with effective hedges.

Hog Production

In 2019, hog production volume increased by 4.1% to 21.805 million heads. Operating profit for the year was US\$167 million (2018: operating loss of US\$113 million). The turnaround was mainly driven by the higher hog prices and larger hedging gains in the U.S. during the Review Period. Operating profit in Europe also increased over twofold to US\$97 million as ASF drove hog prices higher.

Outlook

WH Group Chairman and Chief Executive Officer Mr. Wan Long said: "In 2020, the overlay effects of sluggish global economic growth, risky geopolitical relations, ASF and the outbreak of the coronavirus disease will bring us unprecedented challenges. In China, we will take advantage of industry rationalisation and market consolidation to grow our market share in processing and enhance our vertical supply chain by expanding our poultry business. In the U.S., we will increase our efforts in exports, and enhance our production efficiency and operation quality in every identifiable aspect to increase margin gains. Our core business, packaged meats, has proven to be very resilient and capable of growth. We will continue to undergo portfolio adjustments to increase the value of our products and strengthen the core competence of the Group. We believe that the growth momentum of our packaged meats business will continue. As a geographically diversified consumer goods company with an integrated value chain and branded packaged meats as our core business, WH Group will provide customers with high quality products with our stringent quality control and food safety systems. We will also strive to expand globally and further enhance our competitiveness."

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About WH Group Limited (HKEX stock code: 288)

WH Group Limited is the leading pork company in the world with the top market share in China, the U.S. and some markets in Europe. It owns many well-recognized and trusted brands and stands above the rest with global market leadership in all key segments of the pork value chain, including packaged meats, fresh pork and hog production. The Group conducts its operations through Henan Shuanghui Investment & Development Co., Ltd., the largest animal protein company in Asia, and Smithfield Foods, the largest pork company in the U.S. For more information, visit www.wh-group.com.

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