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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 2024**

RESULTS HIGHLIGHTS

	Nine months ended 30 September			
	2024		2023	
Packaged meats sold (thousand metric tons)	2,282		2,387	
Pork sold (thousand metric tons)	2,737		2,961	
	Nine months ended 30 September			
	2024		2023	
	Before biological fair value adjustments	After biological fair value adjustments	Before biological fair value adjustments	After biological fair value adjustments
	US\$ million (unless otherwise stated) (unaudited)		US\$ million (unless otherwise stated) (unaudited)	
Revenue	18,866	18,866	19,488	19,488
EBITDA	2,255	2,361	1,624	1,646
Operating profit	1,795	1,795	1,047	1,047
Profit attributable to owners of the Company	1,081	1,152	569	585
Basic earnings per share (US cents)	8.43	8.98	4.43	4.56
			As at 30 September 2024	As at 31 December 2023
			US\$ million (unaudited)	US\$ million (audited)
Total assets			19,933	19,179
Equity attributable to owners of the Company			10,367	9,831

- Sales volume of packaged meats and pork decreased by 4.4% and 7.6% respectively.
- Revenue decreased by 3.2%.
- Operating profit increased by 71.4%.
- Profit attributable to owners of the Company and basic earnings per share, before biological fair value adjustments, both increased by 90.0%.

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 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.

INDUSTRY OVERVIEW

As a leading 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 RMB16.91 (equivalent to approximately US\$2.35) per kilogram (“**kg**”), representing an increase of 9.7% from that of the nine months ended 30 September 2023 (the “**Comparable Period**”) as a result of decrease in supply of market hogs. In the United States of America (the “**U.S.**”), the average hog price increased by 1.3% to US\$1.41 per kg during the Period. In Europe, the average hog price, with reference to the average carcass price, of the member states of the European Union during the Period decreased by 8.1% to Euro 1.62 (equivalent to approximately US\$1.76) per kg as production increased.

RESULTS OF OPERATIONS

	Nine months ended 30 September 2024			
	Packaged meats	Pork	Others	Total
	<i>US\$ million</i>			
Revenue				
China	2,641	2,718	867	6,226
U.S. and Mexico	5,859	4,022	33	9,914
Europe	1,401	828	497	2,726
	<u>9,901</u>	<u>7,568</u>	<u>1,397</u>	<u>18,866</u>
Operating profit (loss)				
China	724	41	(36)	729
U.S. and Mexico	854	80	(93)	841
Europe	105	100	20	225
	<u>1,683</u>	<u>221</u>	<u>(109)</u>	<u>1,795</u>

Nine months ended 30 September 2023

	Packaged meats	Pork	Others	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
	9,969	8,147	1,372	19,488

Operating profit (loss)

China	695	59	34	788
U.S. and Mexico	765	(551)	(92)	122
Europe	70	61	6	137
	1,530	(431)	(52)	1,047

Packaged Meats

During the Period, sales volume of packaged meats decreased by 4.4%. In China and the U.S., sales volume decreased by 7.7% and 3.1% respectively as a result of weak consumption demand. On the other hand, sales volume increased by 5.2% in Europe due to the contribution of newly acquired business. Total revenue of packaged meats remained stable in the Period. In China, revenue decreased by 10.0% due to decline in sales volume and unfavorable currency translation effects. In the U.S., revenue stayed flat as compared to the Comparable Period. Driven by higher sales volume and average selling price, revenue in Europe increased by 20.7%. Operating profit of packaged meats in the Period increased by 10.0%. In China, operating profit increased by 4.2% as the benefit of lower raw material costs outweighed the negative impact of sales volume decrease and local currency depreciation. In the U.S., operating profit increased by 11.6% due to improvement of operational efficiency and recognition of certain Employee Retention Tax Credit (“**ERC**”). In Europe, operating profit increased by 50.0% as we priced our products with strong discipline, improved our product mix and acquired new business.

Pork

During the Period, sales volume of pork decreased by 7.6%. In China, sales volume decreased by 10.2% primarily due to keen market competition and soft consumer demand. In the U.S. and Mexico, sales volume decreased by 7.1% as a result of optimization of production level and closure of processing facility in California in the Comparable Period. In Europe, sales volume remained stable. Pork revenue in the Period decreased by 7.1%. In China, revenue decreased by 7.2% as the decrease in sales volume outweighed the increase in average selling price. In the U.S. and Mexico, revenue decreased by 8.0% partly due to lower sales volume. Meanwhile, the sales of grain also reduced. Revenue in Europe decreased by 2.4% as average selling price decreased. In the Period, pork operating profit was US\$221 million (Comparable Period: operating loss of US\$431 million). The turnaround was mainly contributed by the improvement in the U.S. and Mexico by US\$631 million, which was primarily driven by higher product values of pork, lower feed costs of hog, enhanced operational efficiency, effective cost controls as well as recognition of ERC. In China, operating profit decreased by 30.5% in the Period as we were challenged by severe market competition, weak consumer demand and higher hog costs. In Europe, operating profit increased by 63.9% as we benefited from lower raw material and distribution costs.

OUTLOOK

The Company achieved significant increase in profit in the Period. One of the key drivers was the substantial improvement of our U.S. pork results as market dynamics has become more favourable and we implemented a series of reform measures 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 is weighing 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. We believe that the financial results of our core business, packaged meats, would remain strong and resilient while the financial results of our pork business would grow significantly for this year. With the joint effort of our management team, the Company would strive for a good recovery of the overall profitability in 2024 and lay the foundation of steady development of the Group in the future.

REVIEW OF FINANCIAL INFORMATION

The Group's financial information for the nine months ended 30 September 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, 29 October 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.