



(Stock Code: 288)

WH Group Announces Q3 2018 Results

Hong Kong, October 30, 2018 – **WH Group Limited** (“WH Group” or the “Company”), the world’s largest pork company, today announced the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended September 30, 2018 (the “Period”).

Highlights

- Revenue increased by 1.8% to US\$16,585 million
- Profit attributable to owners of the Company decreased by 3.0% to US\$756 million (disregarding any biological fair value adjustments)

Financial results

As the largest pork company in the world, WH Group’s business is closely tied with the hog industry in each market that the Company operates. Supply and demand drive the movement in prices of hogs and meat, and consequently impacts inputs (costs) and outputs (sales). During the Period, because of sufficient market supply, the average hog price per kilogram (“kg”) in China was RMB12.6 (equivalent to approximately US\$1.9), a year-on-year decrease of 19.2%. In the U.S., the average hog price and pork cutout value for the Period decreased, respectively, by 10.1% to US\$1.1 per kg and 11.9% to US\$1.7 per kg. Such decreases were due to the increase in supply, as well as trade tensions between the U.S. and certain pork importing countries. As a result, revenues of the Group were US\$16,585 million, up 1.8% when compared with that of the nine months ended September 30, 2017. Disregarding any biological fair value adjustments, the underlying profit attributable to owners of the Company was US\$756 million, 3.0% lower than that of the same period of the previous year.

Business Segments Discussion

Packaged Meats

In the first nine months of 2018, the packaged meats business performed well on a group-wide basis. Sales volume increased by 2.4% as the Group attained growth in all operating markets. In China, driven by the strong performance of the Group’s premium products, the sales volume increased by 2.2% over that of the same period of the previous year, and revenue of packaged meats was 3.7% higher in the Period. Despite downward trending hog prices, the average sales price of the packaged meats business increased, and its operating profit increased 12.5% year-on-year. Favourable raw material costs and an increase in revenue enabled the Group to increase product-upgrade inputs in China, in turn enabling the Group to cope with the cost pressure related to wages and transportation in the U.S. and to improve the overall margin.

Fresh Pork

The total number of hogs processed during the Period increased by 4.3% over that of the same period of the previous year. The growth was driven by the volume expansion of 19.3% in China as part of the Group's objective to increase the utilization of existing processing facilities. External sales volume of fresh pork was similar to that of the same period of the previous year. Because hog prices decreased, revenue from the fresh pork business during the Period reduced by 3.5%. Operating profit of the fresh pork business went down significantly by 61.1% due to the decline in the operating profit in the U.S., which outweighed the growth of the operating profit in China and Europe. The issues of oversupply and trade disruptions suppressed the price of pork to a greater degree than the price of hogs, and led to erosion of the Group's margin. On a positive note, the business in the U.S. improved in the third quarter of this year and turned the operating loss in the first half of the year into operating profit during the Period. The growth of the operating profit in China and Europe during the Period reached as high as 65.8% and 2.3 times, respectively.

Hog Production

During the Period, hog production volume increased by 0.8%. Revenue from hog production also increased by 38.4% due to increased grain sales and more favourable hedging results, partially offset by the lower market prices for hogs. Operating loss in the Period was US\$43 million (versus an operating profit of US\$108 million during the same period of the previous year) as hog prices were lower in all markets. In the U.S., the operating loss increased by US\$78 million even though the Group launched a hedging program to mitigate part of the underlying business loss.

Outlook

WH Group Chairman and Chief Executive Officer Mr. Wan Long said: "Global political economic climate and industry landscape continued to evolve. The oversupply and trade issues impacted our operation in the U.S. However, being a geographically diversified and fully integrated consumer goods company with branded packaged meats as our core business, we build strong resilience from our distinctive market position. We will also take proactive measures to overcome such challenges and constantly strive for unceasing growth by resources integration, volume expansion as well as operational improvement."

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About WH Group Limited (HKEX stock code: 288)

WH Group Limited is the largest pork company in the world with the top market share in China, the U.S. and all markets with operations 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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