



WH Group Announces Q1 2018 Results

(Hong Kong, April 24, 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 three months ended March 31, 2018 (the “Period”).

Highlights

- Turnover increased by 5.7% to US\$5,620 million.
- Operating profit was US\$379 million.
- Profit attributable to owners of the Company, before biological fair value adjustments, during the Period increased by 22.1% y-o-y to US\$249 million.

Financial results

During the Period, turnover of the Group was US\$5,620 million, up 5.7% y-o-y. Operating profit was US\$379 million, a decrease of 9.3% from the same period last year. The profit attributable to owners of the Company, before biological fair value adjustments, was US\$249 million, similar to the US\$248 million from the same period last year, disregarding the non-recurring net charge of US\$44 million incurred for refinancing.

Major achievements

During the Period, the Group leveraged advantages of its global presence in the industrial value chain and continued to increase business scope, which resulted in steady profits growth during the quarter. The continued decline in average hog prices benefited the operating performance of China's business. The decrease of costs further improved production and sales volume in China. This led to a substantial increase in operating profit in China’s business. In the U.S., profit from the fresh pork business dropped sharply due to the increase in market supply, while the packaged meats business improved steadily with an increased sales and profit. The Group continued to expand its presence in Europe through M&A, where the business scope and profitability grew during the quarter, with significant profit growth in fresh pork and packaged meats businesses.

Business Segments Discussion

Packaged Meats

Sales volume of the Group's packaged meats was 794 thousand metric tons during the Period, a y-o-y increase of 4.1%. Driven by the performance of the Group's premium products, the volume growth of the packaged meats in China was 6.1%. During the Period, revenue and operating profit of our packaged meats increased by 10.2% and 12.1% separately y-o-y as the Group benefited from higher sales volumes, higher average selling prices and lower raw material costs in various markets.

Fresh Pork

During the Period, the total number of hogs processed increased by 7% and the external sales volume of fresh pork remained stable at approximately 1.1 million metric tons. The increase in hogs processed was primarily attributable to the significant growth, 35.1%, in the volume of hogs slaughtered in China. This trend aligned with the Group's strategy to increase market share. Operating profit decreased by 54.5% to US\$56 million, due to the reduction of operating profit in the U.S, which was caused by the compression in the spread between hog prices and pork prices. In contrast, operating profits in China and Europe both recorded considerable growth.

Hog Production

Hog production volume decreased by 1.6%, and operating loss was US\$13 million in the Period. The majority of the Group's hog production business is in the U.S. and Europe. The operating loss in the Period was primarily caused by the change in hog prices in each respective market. As a result, operating loss in the U.S. increased and operating profit in Europe reduced.

On January 9, 2018, the Group completed the purchase of 100% equity interest of two Romanian packaged meats companies, Elit and Vericom. The acquisitions are expected to increase the Group's profitability in branded packaged meats and strengthen the leading position in the packaged meats market in Romania.

Outlook

WH Group Chairman and Chief Executive Officer Mr. Wan Long said: "The Group achieved solid results in the Period. Going forward, the global political climate and industry environment will bring both opportunities and threats to us from time to time, but we will continue to strive for unceasing growth by resources integration, volume expansion and operational improvement. This year, we will continuously enhance global operations and business management, promoting the synergic development of global businesses. By widening our worldwide industrial chains, we will continue to expand the operational scale and scope of our business to achieve the strategic goal of global development."

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 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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