

[For Immediate Release]

## WH Group Announces 2020 Interim Results

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***Profit Attributable to Owners of the Company Increased by 18.8%  
to US\$550 million***

**Hong Kong, August 11, 2020** – WH Group Limited (“WH Group” or “the Company”, HKEX stock code: 288) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended June 30, 2020 (the “Review Period”).

### **Highlights**

- Revenue increased by 12.2% to US\$12,481 million
- Operating profit increased by 20.9% to US\$925 million
- Profit attributable to owners of the Company, before biological fair value adjustments, increased by 18.8% to US\$550 million
- An interim dividend of HK\$0.05 per share

### **Overall Business Performance**

In the first half of 2020, the overall industry faced unprecedented challenges due to the overlay effects of the coronavirus disease 2019 (“COVID-19”) pandemic, global economy recession, risky geographical relations and continuation of African Swine Fever (“ASF”). WH Group proactively adjusted its business strategies to meet the challenges. In China, the Group resumed operations and production in a timely manner, with both revenue and profit hitting record highs. In the U.S., the Group stepped up efforts to protect the safety of its employees amid COVID-19 pandemic, while maintaining its operations.

Revenue during the Review Period was US\$12.481 billion, a 12.2% increase compared with the same period last year. Operating profits increased by 20.9% year-on-year to US\$925 million. Before biological fair value adjustment, the profit attributable to owners of the company was US\$550 million, an increase of 18.8% over the same period in 2019.

## **Performances of Business Segments**

### **Packaged Meats**

During the Review Period, the sales volume of our packaged meats decreased by 2.2% to 1,575 thousand metric tons. In China, the sales volume decreased by 1.5% year-on-year as the consumer market slowed and production was suspended at the beginning of the COVID-19 outbreak. Along with the containment of COVID-19, market demand and production levels recovered gradually. Meanwhile, we continued to transform our product portfolio by introducing new products and opening new sales channels.

Operating profit was US\$694 million in the Review Period, a decrease of 8.8% year-on-year. In China, as the benefit of price and product mix adjustments outpaced the impact of rising costs of our dominant raw material, pork, our operating profit grew substantially by 44.8%. In the US, operating profit in the Review Period experienced a notable decline of 45.5% primarily due to the impact of COVID-19 which included unfavorable sales, incremental charges on employee protection equipment, workforce stabilisation, as well as reserves for expected losses relating to the closure of food services. In Europe, our operating profit increased by 25.9% year-on-year because the growth in sales countervailed higher costs and the negative impact of foreign exchange.

### **Fresh Pork**

The total number of hogs processed during the Review Period was 22,407 thousand heads, a decrease of 20.6% over that of the Comparable Period. The decrease in live hog volume in China was mainly caused by the impact of ASF. Processing volume in the U.S. was down as capacity utilization was held back by a temporary closure of facilities and the implementation of more stringent and detailed protocols, processes and protective measures in response to COVID-19.

Fresh pork revenue increased by 19.5% to US\$5,497 million in the Review Period on the back of a significant revenue growth in China and Europe. Operating profit from fresh pork increased from US\$103 million in the Comparable Period to US\$220 million in the Review Period. In China, operating profit reduced by 18.4% as the Group experienced extraordinary market dynamics amid the development of ASF. In the U.S., operating profit improved during the Review Period primarily due to the widened spread between pork

values and costs of live hogs. However, the increase was partially offset by production inefficiencies and incremental charges related to COVID-19. In Europe, the Group also turned a loss into profit in the Review Period as an increase in raw material costs was compensated by a rise in sales prices.

### **Hog Production**

In the Review Period, hog production volume decreased by 1.7% to 10,400 thousand heads. Revenue from hog production increased significantly by 94.2% to US\$639 million due to increased hedging revenue in the U.S.. An operating gain of US\$46 million was recorded (Comparable Period: operating loss of US\$45 million). The turnaround was the result of reduced losses in the U.S. on the back of hedging gains, as well as increased profit in Europe due to rising hog prices as a result of ASF.

### **Outlook**

**Mr. Wan Long, Chairman and Chief Executive Officer of WH Group**, said, “In response to COVID-19, we are making every endeavor to protect the safety and health of our employees around the globe. Meanwhile, we are taking various effective measures to minimize the disruption on our daily operations. As pork products are consumer staples, the current impact of COVID-19 on the Group is expected to be temporary. Yet we are highly cautious about its latest development and implications.”

To conclude, **Mr. Wan Long** said, “Faced with a challenging operational environment, we are adequately adjusting our operating strategy to pave the way for solid performance and sustainable growth. In China, we will strengthen our value chain and continue to transform our product portfolio by developing new products and deploying market innovations. In the U.S., we concentrate on capitalizing our strength in the vertically integrated value chain to enhance profitability. In Europe, we will strengthen our development by continuously expanding capacity and improving productivity. As a geographically diversified consumer goods company with an integrated value chain and branded packaged meats as our core business, we will provide customers with high quality products by leveraging 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 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](http://www.wh-group.com).

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