



(Stock Code: 288)

WH Group Announces FY2015 Results
Net Profit Up 17.5% to US\$866 Million, Beating Market Estimates
Synergies between China and U.S. Businesses Gradually Revealed;
Consolidated Leverage Ratio Significantly Improves

Hong Kong, March 29, 2016 – **WH Group Limited** (“WH Group” or the “Company”), the world’s largest pork company, today announced its annual results for the year ended December 31, 2015.

Highlights

- Profit attributable to owners of the Company (before biological fair value adjustments) increased by 17.5% to US\$866 million, beating market estimates
- Turnover was US\$21,209 million, last year was US\$22,243 million
- Operating profit was US\$1,557 million, last year was US\$1,614 million
- Operating profit for packaged meat business increased by 27.2% to US\$1,499 million
- Operating profit for fresh pork business increased by 1.3% to US\$226 million
- Operating profit for hog production business was US\$54 million, last year was US\$412 million
- Proposed a payment of an annual dividend of HK\$0.125 per share

WH Group Chairman and Chief Executive Officer Mr. Wan Long said, “In 2015 we saw challenging industry and macroeconomic environments. However, WH Group’s competitive advantages of having a fully integrated business model and effective global management and operations, our business as a whole performed satisfactorily. In 2015, the Company produced 19.1 million hogs, processed 48.3 million hogs, sold 3.9 million metric tons of fresh pork and 3.2 million metric tons of packaged meat products. The consolidated turnover and net profit were US\$21.2 billion and US\$1.0 billion respectively. According to our Company’s dividend policy, we are pleased to announce that the Board of the Company has recommended a payment of dividends this year representing the first dividend payment since our listing on The Hong Kong Stock Exchange on August 5, 2014. The dividend, subject to shareholders’ approval at the Annual General Meeting, will be HK\$0.125 per share.”

Continuous Improvement in Consolidated Leverage Ratio and Financial Costs

During the period, the Company’s debt to equity ratio decreased from 77.2% as at end of 2014 to 58.4% as at end of 2015. The net debt to equity ratio decreased 19.6 percentage points from 61.0% as at end of 2014 to 41.4% as at end of 2015. Financial costs in 2015 was US\$219 million, decreased by US\$28 million compared to the underlying financial costs in 2014 (excluding the interest expense and amortisation of

transaction costs in respect of the refinancing and partial repayment of a syndicated term loan relating to the acquisition of Smithfield in 2013).

Business Segments Discussion

Packaged Meat Products

The packaged meat products segment has always been our core business, the Company launched 905 new products globally during the period. Packaged meat products accounted for 53.0% of the Company's total turnover and contributed 96.3% to the Company's operating profit in 2015. During the period, sales volume of packaged meat products slightly decreased by 1.4%, turnover decreased by 5.4% to US\$11,240 million, while operating profit surged 27.2% to US\$1,499 million with a significant improvement in margin.

Sales volume of China's packaged meat products decreased by 8.3%, due to the slowdown of economic growth and transformation of consumption patterns in China. To this end, the Company has been developing more new products and accelerating the modification of product portfolio. Although sales volume dropped, the company saw significant improvement in operating profit in this segment during the period. Although the high hog prices has impacted the raw material costs in the China business, the Company benefited from lower commodity prices, the expanded import of pork from the U.S., the strategic management of inventory as well as the efficiency improvements resulting from process reengineering. China's packaged meat segment achieved its record high per unit profit.

In the U.S., due to the drop in average selling prices caused by the lower meat value in the U.S. during the period, turnover of packaged meat products decreased by 1.2%. However, the Company strengthened its marketing efforts to expand market share and solidify the leadership in many key products, sales volume in the U.S. thus increased by 7.1%. Furthermore, as the cost of raw materials decreased due to lower hog prices and efficiencies improved as a result of the Company's internal alignment program "One Smithfield", operating profit for the U.S.'s packaged meat products increased by 48.4%. According to Information Resources, Inc., Smithfield branded packaged meat products ranked the second fastest growing in the retail channel amongst the top 25 food companies in the U.S.

Fresh Pork

WH Group has adjusted its fresh pork business strategy from time to time in order to cope with the demand and supply movements in the market. In 2015, hog processing volume increased 2.5%, external sales volume of fresh pork increased by 2.8%, whereas turnover decreased by 8.3% to US\$8,591 million and operating profit was similar to 2014.

The downward trends in hog processed volume and external sales volume of fresh pork in China were

primarily due to demand slowdown caused by the macroeconomic situation and relatively high pork prices. In contrast, hog processing volume and external sales volume of fresh pork in the U.S. increased as the overall hog supply increased across the nation after the spread of the Porcine Epidemic Diarrhea Virus (“PEDv”) was contained.

Hog Production

WH Group is the world’s largest hog producer. In 2015, hog production volume increased by 7.9% and turnover increased by 68.7% to US\$990 million. The majority of the Company’s hog production business was operating in the U.S., the hog production volume in the U.S. grew in 2015, which was mainly due to the removal of the negative impact of PEDv. The Company benefited from gains on lean hog futures contracts; turnover from the U.S. operations also increased.

However, despite the Company’s effective hedging programs, which enabled it to outperform the market in general, operating profit of hog production significantly decreased to US\$54 million this year due to the post-PEDv oversupply leading hog prices to decrease.

Outlook

Mr. Wan Long said, “WH Group has entered into a new era of development and growth. We are confident about the Company’s prospects in 2016 as well as in the future. The Company will actively compete in the global environment, further solidifying and strengthening our leading position in the global market. We will continue to deliver value for our investors and grow together with our stakeholders, in order to create a better future for all.”

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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.



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