

Wellhope Foods Co., Ltd.

2020 Annual Results



禾豐股份

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Performance Highlights

In 2020, Wellhope faced many challenges, such as the sharp increase of the price of feed raw materials, the broiler cycle entering the downward channel, consumption being dented by COVID-19 pandemic, and swine production recovery being obstructed by African Swine Fever.

Under these backdrops, all Wellhope people worked hard to make progresses. Wellhope's operating revenue exceeded CNY 20 billion for the first time, reaching **CNY 23.818 billion** with a year-on-year increase of **33.87%**; the net profit attributable to shareholders reached **CNY 1.235 billion**, up **2.99%** year on year; the net profit attributable to shareholders deducting extraordinary items realized **CNY 1.231 billion**, up **3.33%** year on year.

Operating Performance

Items	2020(CNY)	2019 (CNY)	YOY Change
Total operating revenue	23,817,600,766.26	17,792,091,973.58	33.87%
Net profit attributable to the shareholders of parent company	1,235,162,151.48	1,199,347,355.96	2.99%
Net profit attributable to the shareholders of the company deducting extraordinary items	1,230,677,435.86	1,190,975,760.51	3.33%
	Dec. 31, 2020	Dec. 31, 2019	YOY Change
Net assets attributable to the shareholders of the company	6,752,397,489.35	5,698,139,557.54	18.50%
Total assets	11,646,508,203.99	9,149,772,043.85	27.29%

*Since completing IPO in 2014, both operating revenue and net profit of Wellhope have grown for **7** consecutive years, with the compound annual growth rate reaching **16%** and **32%** respectively.*

Performance since IPO



Wellhope's asset-liability ratio has always been below **40%**, which was remarkably better than the average level of the industry that Wellhope involved in, reflecting strong ability of risk resistance; although the ROE declined a little bit influenced by the downward broiler industry, it still steadily increased by nearly **20%**, showing stable profitability and good growth of the Company.

Overview

In 2020, the feed sales volume increased by **47%** year on year; broilers raised by Wellhope's holding and associated companies increased by **33%** year on year, whilst the number of slaughtered broilers rose by **22%**; swine sold by Wellhope's holding and associated companies increased by **152%** year on year. These three primary businesses have exceeded the production and sales objectives set at the beginning of the year.

Feed Business

Item	Sales volume 2020 (10k tons)	% of total sales volume	Sales volume 2019 (10k tons)	YoY change	YOY change of national feed production
Pig feed	155.99	40.53%	90.91	71.59%	16.40%
Poultry feed	144.69	37.60%	106.67	35.64%	8.16%
Ruminant feed	63.1	16.40%	44.8	40.85%	18.90%
Other feed	21.05	5.47%	19.38	8.62%	-
Total	384.83	100.00%	261.76	47.02%	10.40%

Category	Sales volume 2020 (10k tons)	% of total sales volume	Sales volume 2019 (10k tons)	YoY change	YOY change of national feed production
Concentrated feed	81.62	21.21%	59.93	36.19%	22.00%
Compound feed	295.67	76.83%	195.57	51.18%	9.80%
Premix	7.54	1.96%	6.26	20.45%	9.60%
Total	384.83	100.00%	261.76	47.02%	10.40%

In 2020, Wellhope's holding and associated companies totally produced **6.98** million tons feed, increasing **41%** compared with 2019. Among feed entities, Wellhope has **11** feed mills with an annual production capacity of more than **200,000** tons respectively (6 holding and 5 associated). Feed production of Dalian Heyuan of which, one of the subsidiaries, exceeded **520,000** tons.

The entities included in the consolidated financial statement, produced **3.85** million tons feed in 2020, increasing **47.02%** on a year-on-year base.

Broiler Integration Business

Item	2020 (holding and associated companies together)	YOY change
Broilers raised (million)	561	33%
Broilers slaughtered (million)	639	22%
Broiler parts products (million tons)	1.68	26%
Prepared food (tons)	26,100	20%
including: exported cooked food (tons)	3,010	50%
Average livability of commercial broilers—over 96%		
EPI(European production index) surpassed 390		



In 2020, Wellhope's broiler integration business division focused on market exploration and chose opportunities to conduct business layout. Meanwhile, it further heightened its core competencies and constantly enlarged market reach under fierce competition, making its market standing further enhanced.

Swine Raising Business

Item	2020(holding and associated companies together)
Hogs sold (10k heads)	68.2
including: Finisher (10k heads)	21.6
	36.9
Piglet (10k heads)	(20.2 sold inside holding companies, 16.7 sold to the market)
Breeders (10k heads)	9.7
Inventories of sow (10k heads)	6.5

*Wellhope's sows have good production performance, the percentage of commercial gilts as at the end of 2020 was only **6.5%**.*

Meanwhile, Wellhope further explored slaughtering and processing business, its newly-built swine slaughtering and processing factory in Anhui Province is expected to put into operation in 2021.



Brand Influence Has Been further Enhanced

- ◆ Fortune China 500(four years--2015, 2016, 2017, 2020)
- ◆ Top 100 Most Valuable Corporation of Chinese Public Companies
(four years--2016, 2017, 2019, 2020)
- ◆ Top 100 Enterprises in China's Light Industry, ranking 23(2016-2019)
- ◆ Top 100 National Leading Enterprise in Agricultural Integration Industry
- ◆ Grade-A regarding Information Disclosure appraised by Shanghai Stock Exchange
- ◆ 2019 Governor's Awards of Liaoning Province
- ◆ Outstanding Privately-owned Enterprise in Fight Against COVID-19 Pandemic
- ◆ Top 10 Technology Innovation Enterprise regarding Anti-free Feed
- ◆ 2020 Outstanding Enterprise in Corporate Culture Building

Fruitful R&D Achievements

In 2020, Wellhope increased input in research and development to continuously focus on the technologies of immune nutrition, antibiotic free, biological fermentation, high killing-out percentage of broiler slaughtering, etc.

The R&D expenditures increased by **28.18%** compared with the same period of prior year.

By the end of 2020, Wellhope has **117** authorized patents, including **49** patents for invention.

Meanwhile, Wellhope won **2** National Science and Technology Progress Awards, **1** National Technology Invention Award and nearly **20** provincial-level science and technology awards.

The image shows a close-up, low-angle view of a Target store's exterior. The iconic bullseye logo is prominently displayed in red on a dark background. Below the logo, the word "TARGET" is written in large, red, sans-serif capital letters. The background of the entire slide is a blurred, low-angle shot of a sky at sunset or sunrise, with warm orange and yellow light breaking through blue and grey clouds.

Development Strategy

Wellhope's long-term development objective is to become the world's leading enterprise across agriculture, animal husbandry and food industries.

In the next three years, Wellhope will vigorously develop feed business, accelerate the operation mode of industrial integration, complete the phased layout of food business to form a regional food brand, and finally become an enterprise with leading-edge quality and efficiency across agriculture, animal husbandry and food industries (2021-2023).