



Sanderson Farms, Inc. Provides Update on Hurricane Florence Damage

September 17, 2018

LAUREL, Miss.--(BUSINESS WIRE)--Sep. 17, 2018-- Sanderson Farms, Inc. (NASDAQ: SAFM) today reported that the Company continues its assessment of damage to its North Carolina assets caused by Hurricane Florence. The Company is pleased to report that it has still received no report of serious injuries or loss of life among its employees and growers.

As earlier reported, the Company experienced no significant damage to either of its North Carolina processing facilities, feed mill or two hatcheries. The Company's facilities located in the affected area maintained generator power until permanent electrical service was restored. The Company resumed operations at its feed mill located in Kinston, North Carolina, this morning. However, many roadways in North Carolina remain impassable, serious flooding continues, and local streams and rivers are expected to crest later this week. The Company will resume operations at its Kinston, North Carolina, processing plant on Tuesday, and at its St. Pauls processing plant by the end of this week, once it is safe for employees to navigate roads and highways.

The Company continues its assessment of damage to independent farms and losses to its live inventories. Out of 880 broiler houses in North Carolina, 60 have flooded. Another six houses experienced damage and will be unable to house broilers until repairs are made. In addition to the affected broiler houses, four breeder houses out of a total of 92 in North Carolina flooded. At this point, none of the Company's 33 pullet houses have reported serious damage. As a result of these losses, the Company estimates that approximately 1.7 million head of broiler chickens out of an average live inventory of approximately 20 million head, ranging in age from six days to sixty-two days, were destroyed as a result of flooding. In addition, approximately thirty farms, housing approximately 211,000 chickens per farm, in the Lumberton, North Carolina, area are isolated by flood waters and the Company is unable to reach those farms with feed trucks. Losses of live inventory could escalate if the Company does not regain access to those farms.

The Company does not believe the loss of housing capacity will affect its ongoing operations, as it can shorten layouts and take other temporary measures to compensate for these losses.

In addition to the loss of live birds, the Company will be unable to hatch and place live broilers in the field at its normal rate during the coming week. While the Company maintained operations at its hatcheries, the Company was unable to set eggs in hatcheries on its normal schedule. The reduced egg sets and chick placements will affect the Company's weekly processing volumes through December, with the reductions occurring primarily during October and November.

Electrical power is being restored to the farms of independent contract producers on a steady basis, but the Company believes it could be as long as three weeks before power is fully restored to all of its independent contractors' farms. Until power is restored, equipment on grow out farms, including ventilation, feeding and watering equipment, will be operated using electricity generated by diesel-powered generators. The Company is providing diesel fuel to its independent contract producers to allow them to run their generators and maintain power to farms. The Company believes it has been able to secure sufficient diesel fuel to operate all of the farms housing its live inventories.

Sanderson Farms believes the terms, conditions and extent of its insurance coverage will cover a significant portion of losses resulting from this storm. The Company's retention under its policy is \$2.5 million.

Joe Sanderson, Jr., chairman and chief executive officer of Sanderson Farms, Inc., commented, "I am relieved that it appears the Company's employees and independent contract producers experienced no loss of life or serious injuries. The magnitude of this storm and the damage it has caused continue to be widespread, and I am pleased that our people remain safe."

Sanderson continued, "I am also pleased that our assets were not significantly damaged by the hurricane. While the storm's impact on our live inventories and live production process will have an impact on the Company's capacity and volume over the next two months, none of the losses sustained will be long term. The impact on volume from our live losses will be spread over three months, although inefficiencies resulting from bird stress, overtime pay and loss of processing days will affect the Company's fourth fiscal quarter. Our focus over the next few weeks will include working to maintain our assets, responding to customers' needs and replenishing our live production inventories."

"Most importantly, we will provide ice, water, food and other necessities to those affected by this catastrophic storm. While we will work hard over the next week to get our operations back on line, our primary focus will be to respond to the needs of our local communities. We are fortunate that Sanderson Farms sustained only minimal damage and no loss of life as a result of the storm. We will continue to help those whose lives have been more seriously disrupted," Sanderson concluded.

Sanderson Farms, Inc. is engaged in the production, processing, marketing and distribution of fresh, frozen and minimally prepared chicken. Its shares trade on the NASDAQ Global Select Market under the symbol SAFM.

This press release includes forward-looking statements within the meaning of the "safe harbor" provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on a number of assumptions about future events and are subject to various risks, uncertainties and other factors that may cause actual results to differ materially from the views, beliefs, projections and estimates expressed in such statements. These risks, uncertainties and other factors include, but are not limited to, those discussed under "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2017, the Company's subsequent reports on Form 10-Q, and the following:

(1) Changes in the market price for the Company's finished products and feed grains, both of which may fluctuate substantially and exhibit cyclical characteristics typically associated with commodity markets.

- (2) Changes in economic and business conditions, monetary and fiscal policies or the amount of growth, stagnation or recession in the global or U.S. economies, any of which may affect the value of inventories, the collectability of accounts receivable or the financial integrity of customers, and the ability of the end user or consumer to afford protein.
- (3) Changes in the political or economic climate, trade policies, laws and regulations or the domestic poultry industry of countries to which the Company or other companies in the poultry industry ship product, and other changes that might limit the Company's or the industry's access to foreign markets.
- (4) Changes in laws, regulations, and other activities in government agencies and similar organizations applicable to the Company and the poultry industry and changes in laws, regulations and other activities in government agencies and similar organizations related to food safety.
- (5) Various inventory risks due to changes in market conditions, including, but not limited to, the risk that net realizable values of live and processed poultry inventories might be lower than the cost of such inventories, requiring a downward adjustment to record the value of such inventories at the lower of cost or net realizable value as required by generally accepted accounting principles.
- (6) Changes in and effects of competition, which is significant in all markets in which the Company competes, and the effectiveness of marketing and advertising programs. The Company competes with regional and national firms, some of which have greater financial and marketing resources than the Company.
- (7) Changes in accounting policies and practices adopted voluntarily by the Company or required to be adopted by accounting principles generally accepted in the United States.
- (8) Disease outbreaks affecting the production, performance and/or marketability of the Company's poultry products, or the contamination of its products.
- (9) Changes in the availability and cost of labor and growers.
- (10) The loss of any of the Company's major customers.
- (11) Inclement weather that could hurt Company flocks or otherwise adversely affect the Company's operations, or changes in global weather patterns that could affect the supply and price of feed grains.
- (12) Failure to respond to changing consumer preferences and negative or competitive media campaigns.
- (13) Failure to successfully and efficiently start up and run a new plant or integrate any business the Company might acquire.
- (14) Unfavorable results from currently pending litigation and proceedings or litigation and proceedings that could arise in the future.

Readers are cautioned not to place undue reliance on forward-looking statements made by or on behalf of Sanderson Farms. Each such statement speaks only as of the day it was made. The Company undertakes no obligation to update or to revise any forward-looking statements. The factors described above cannot be controlled by the Company. When used in this press release or in the related conference call, the words "believes," "estimates," "plans," "expects," "should," "could," "outlook," and "anticipates" and similar expressions as they relate to the Company or its management are intended to identify forward-looking statements. Examples of forward-looking statements include statements of the Company's belief about future operations, weather, earnings, production levels, capital expenditures, grain prices, global economic conditions, supply and demand factors, growth plans and other industry conditions.

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Source: Sanderson Farms, Inc.

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