



Sanderson Farms, Inc. Announces Change in Antibiotic Use Program

November 30, 2018

LAUREL, Miss.--(BUSINESS WIRE)--Nov. 30, 2018-- Sanderson Farms, Inc. (NASDAQ: SAFM) announced today that it will discontinue by March 1, 2019, using antibiotics considered medically important for humans for disease prevention in its live poultry operations.

The change follows the completion of an independent study the Company commissioned earlier this year on its antibiotics program for its live operations. As part of its ongoing animal welfare and antibiotic stewardship efforts, the Company commissioned an advisory board of scientific experts in poultry production, livestock management, and antibiotic use in veterinary and human medicine to study and report on the Company's use of antibiotics in its live poultry production operations.

The advisory board found no misuse of antibiotics at Sanderson Farms or other deficiencies in its program. Instead, the advisory board found that compared to the rest of the industry, the Company's broiler chickens "have better than average health," and that "current [Sanderson Farms] management practices, including their use of antibiotics, are effective to preserve the health and life of chicks and birds." The advisory board also believes the number of broiler chickens treated with antibiotics for disease at Sanderson Farms in 2017 "is low relative to conventional operations of comparable size."

Among the advisory board's other key findings were:

- "Raised without antibiotics" (RWA) and "no antibiotics ever" (NAE) programs in the United States in which chickens are never given any kinds of antibiotics for any reason could create unnecessary risks to animal welfare, an increased demand for feed grains and other natural resources, and significant, additional animal waste. The panel noted that U.S. RWA/NAE programs may be inferior to European practices because they withhold from birds even antibiotics that are not used in humans.
- The panel stated that "it is not possible to estimate with a high level of confidence the true risk to human health posed by antibiotic use practices in poultry production."
- However, the advisory board concluded that "[a] move by [Sanderson Farms] to a system where non-medically important antibiotics . . . can be used for prevention, and medically important antibiotics can be used for treatment and control of disease, could represent a responsible compromise to better preserve efficacy of antibiotics important for human health, while also avoiding the adverse impacts of a RWA/NAE system on chicken health and welfare."

Commenting on the advisory board's report, Joe F. Sanderson, Jr., chairman and chief executive officer of Sanderson Farms, Inc., said, "We are grateful for the work of the independent scientists who served on the advisory board, and we value their findings. As a result of their report, we have determined to discontinue by March 1, 2019, the use of gentamicin and virginiamycin for prevention of disease in our live operations. These are the only two antibiotics considered medically important for humans that we currently use for prevention purposes. Our live production team, including our team of veterinarians, is prepared to ensure this change has as little impact as possible on the health and welfare of our birds and environmental resources.

"As we have stated many times," Sanderson continued, "we and our veterinary team are committed to the judicious use of antibiotics in our birds. The change we are announcing today is consistent with this commitment and with our dedication to antibiotic stewardship and animal welfare."

The scientific advisory board's full report is available on the Investor Relations page of the Sanderson Farms website at www.sandersonfarms.com under Events & Presentations.

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 about the Company's future operations 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.

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Source: Sanderson Farms, Inc.

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