



Sanderson Farms, Inc. Reports on Its COVID-19 Response Plan

March 16, 2020

LAUREL, Miss.--(BUSINESS WIRE)-- Sanderson Farms, Inc. (NASDAQ: SAFM) reported today on measures it is taking in response to the COVID-19 pandemic.

"With so much uncertainty surrounding the novel coronavirus, and the changes we face in our daily lives, Sanderson Farms wants to reassure our customers, consumers and communities that we will continue to process and ship high-quality, safe and affordable poultry products," said Joe F. Sanderson, chairman and chief executive officer of Sanderson Farms, Inc. "Currently, all 12 of the Company's poultry processing complexes and our prepared chicken plant, as well as our corporate headquarters, are operating normally. The Company has not experienced any supply chain disruptions, and our logistics team continues to meet delivery needs and schedules."

The Company has had no reports that any of its personnel or contract growers have tested positive for the virus. Management is monitoring operations closely, however, and has consulted with infectious disease experts to adopt precautions throughout the Company. If any Company or grower personnel test positive, or if any area of the Company's operations becomes exposed to the virus, the Company will cooperate fully with local, state and federal authorities to implement and enforce appropriate quarantines.

"While there are no known indications that COVID-19 is transferable through food, our safety team is following guidance from public health organizations, including the Centers for Disease Control and Prevention (CDC) and the World Health Organization (WHO), to limit the spread of the disease," said Sanderson. "We have also implemented a response plan to ensure that we can adjust our product mix and production volumes as needed to continue to fulfill customer orders for fresh chicken. Last Saturday, March 14, 2020, the Company operated one shift at each of its five plants that process chicken for retail grocery store customers, and it expects to operate two shifts at each of those plants next Saturday, March 21, 2020. Among other modifications, the Company can convert its Hammond and Hazlehurst plants to process more birds for retail customers, should the need arise."

Measures the Company has taken to prevent the spread of the disease in its operations include:

- Employees and members of their households are prohibited from traveling for personal reasons outside the United States, through major international airports, to certain locations in the United States with severe COVID-19 outbreaks, to non-work gatherings of 50 people or more, and other high-risk destinations. If those persons must travel to or through these areas, the Company will require them to remain away from work for a minimum of two weeks. Additionally, if any of the Company's contractors travel to or through these areas, those persons will not be allowed on the Company's premises for a minimum of two weeks.
- All corporate travel, including on Company and commercial aircraft, has been suspended, other than essential travel to Company facilities.
- Hand sanitizing stations appropriate for use in food processing facilities have been installed at each Company location, and the Company is reinforcing the importance of personal hygiene and social distancing practices that can prevent the spread of the disease.
- Company nurses have been trained on CDC protocols for novel coronavirus and have masks and other equipment necessary for contact with symptomatic employees.
- Supervisors have been trained to identify signs of the COVID-19 illness in employees.
- The Company has increased the frequency and scope of cleaning of common areas like breakrooms and restrooms.
- Any personnel who have symptoms of COVID-19 will be placed on two week's paid sick leave.
- Members of the senior management team are working from home as a precaution. Additionally, any employee who is in a high-risk group for COVID-19 is being allowed to work from home.

"As of the close of business on Friday, March 13, 2020, we had \$811.9 million in borrowing capacity under our revolving credit facility with several banks, and we are confident in the ability of the bank group to meet draws," added Sanderson. "Our first priority is the health and wellbeing of our employees and contract growers. We will remain in daily contact with federal, state and local authorities about this rapidly evolving situation and any additional steps we need to take to protect our employees, growers, customers and other stakeholders."

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 year ended October 31, 2019, and quarterly report on Form 10-Q for the quarter ended January 31, 2020, 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 market 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 its 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", "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 its growth plans, future demand for its products, future prices for feed grains, future expenses, future production levels, future earnings, future growth plans or other industry conditions.

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