



Sanderson Farms, Inc. Provides Update on Operations Affected by Winter Storms

February 16, 2021

LAUREL, Miss.--(BUSINESS WIRE)--Feb. 16, 2021-- Sanderson Farms, Inc. (NASDAQ: SAFM) today provided an update on the Company's operations and the impact of the severe winter storm that has affected the Company's Texas, Louisiana, and Mississippi locations.

Winter storm Uri brought bitter cold temperatures, snow and ice, leaving millions without power across the Company's footprint in Texas, Louisiana and Mississippi, on Monday, and Uri, along with winter storm Viola, will continue to affect operations. The National Weather Service reports extremely cold temperatures as low as minus five degrees are predicted on Tuesday for all Central Texas, and record-breaking cold temperatures continue in Mississippi. In addition, the National Weather Service predicts more snow, ice and extreme cold across the Company's Texas footprint on Wednesday and Thursday.

In anticipation of the storm, the Company activated its Crisis Management Plan this past weekend. "We were able to operate at least one shift at our Texas, Hammond, Louisiana, and Collins and Laurel, Mississippi, plants on Saturday," said Joe F. Sanderson, Jr., chairman and chief executive officer of Sanderson Farms, Inc. "We also took steps to secure our assets, provide fuel, feed and support to our independent contract producers in anticipation of extended power outages, and suspended operations at our Texas, Mississippi and Hammond, Louisiana, processing plants Monday and Tuesday.

"While our processing plants, feed mills and hatcheries are secure, we continue to monitor conditions on our live grow-out farms and live production supply chain. As of this morning, out of 1,918 broiler houses in Texas, as many as 200 do not have power and are experiencing generator failure, and another 300 are operating on generator power. Of 87 pullet houses and 194 breeder houses in Texas, seven pullet houses and at least four breeder houses are operating on generator power. In addition, 24 broiler houses have ruptured or frozen water pipes and are without water. While our four hatcheries in Texas have maintained power, two have been unable to deliver day-old chicks to grow-out farms and all four hatcheries will be unable to receive hatching eggs on our regular schedule until road conditions improve. Based on current weather reports, that may not happen before early next week.

"In Mississippi, four broiler houses were destroyed as a result of collapsed roofs from accumulated ice and snow. Our hatcheries in Mississippi continue to operate normally, but our processing plants will remain closed today. Conditions in Mississippi have improved this morning, and we expect to be able to resume operations in at least two of our Mississippi locations on Wednesday as well as Hammond.

"This experience is similar to a hurricane," added Sanderson. "We have experience managing through catastrophic weather events, and this will be no different. Our top priority has been and will continue to be the safety of our employees and independent contract producers, as well as the health and wellbeing of the animals under our care. We will resume normal operations when it is safe to do so, and will, in the meantime, do everything we can to maintain our live production supply chain. We are grateful for the support from local authorities, our customers, and communities, and we will do all in our power to assist in the recovery effort when this weather event ends. Fortunately, our Georgia and North Carolina locations are operating normally."

The Company will provide updates as conditions warrant, and will provide further updates on Thursday, February 25, 2021, when it is scheduled to publish financial and operating results for its first fiscal quarter ended January 31, 2021. The Company will host a call with investors at 10:00 AM CST that morning, and information regarding that call is available on the Company's website at www.sandersonfarms.com.

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, 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.

(15) Changes resulting from the COVID-19 pandemic, which could exacerbate any of the risks described above, and could include: high absentee rates that have prevented and may continue to prevent the Company from running some of its facilities at full capacity, or could in the future cause facility closures; an inability of contract poultry producers to manage their flocks; supply chain disruptions for feed grains; further changes in customer orders due to shifting consumer patterns; disruptions in logistics and the distribution chain for the Company's products; liquidity challenges; and a continued or worsening decline in global commercial activity, among other unfavorable conditions.

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 future growth plans, future demand for its products, future prices for feed grains, future expenses, future production levels, future earnings, economic conditions or other industry conditions.

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