



Sanderson Farms, Inc. Holds Annual Meeting of Stockholders

February 13, 2020

LAUREL, Miss.--(BUSINESS WIRE)--Feb. 13, 2020-- Sanderson Farms, Inc. (NASDAQ: SAFM) announced today that it held its annual meeting of stockholders this morning at its general office in Laurel, Mississippi. In the formal business conducted at the meeting, stockholders re-elected five Class A directors for terms expiring at the 2023 annual meeting, and one Class C director for a term expiring at the 2022 annual meeting. Management also reported on the Company's performance during fiscal 2019 and provided an outlook for fiscal 2020. Re-elected to three-year terms were David Barksdale, Principal, Alluvian Capital; Lampkin Butts, President, Sanderson Farms, Inc.; Beverly W. Hogan, President Emerita, Tougaloo College; Phil K. Livingston, Retired Chairman and Chief Executive Officer, Deposit Guaranty National Bank of Louisiana; and Joe F. Sanderson, Jr., Chairman and Chief Executive Officer, Sanderson Farms, Inc. Sonia Perez, President, AT&T Southeast States, was elected to serve two years remaining in an unexpired term.

Other directors, whose terms continue to future years, are: John H. Baker, III, Fred L. Banks, Jr., John Bierbusse, Mike Cockrell, Toni D. Cooley, Edith Kelly-Green, Suzanne T. Mestayer and Gail Jones Pittman.

In other action at the annual meeting, stockholders approved the following items of business: the Sanderson Farms, Inc. and Affiliates Amended and Restated Stock Incentive Plan; in a non-binding advisory vote, the compensation of the Company's Named Executive Officers; also in a non-binding advisory vote, a resolution that the Company should hold future non-binding advisory votes on executive compensation every year; and the ratification of the selection of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending October 31, 2020. Stockholders rejected a stockholder proposal to request that the Board of Directors report annually on water resource risks and related metrics and rejected a stockholder proposal to request that the Board of Directors report on the Company's human rights due diligence process.

Even though the two stockholder proposals were rejected, the Company announced that following recent extensive engagement with many of its largest stockholders, and in recognition of evolving investor expectations in regard to sustainability reporting, the Company is committing to integrate the reporting standards of the Sustainability Accounting Standards Board (SASB) into its environmental, social, and governance (ESG) disclosures by the end of fiscal 2020. The purpose of these enhanced disclosures is to provide the Company's stockholders with transparent, comparable, and decision-useful ESG data that SASB has identified as being material to the Company's business.

"Sanderson Farms recognizes that investors' ESG priorities are rapidly evolving, and our board and management agree that it is important for our company to provide reliable and consistent data on sustainability topics," said Joe F. Sanderson, Jr., chairman and chief executive officer of Sanderson Farms. "We thank our investors for their feedback and support, and we look forward to providing SASB-aligned disclosures addressing ESG issues that are important to them."

Earlier in his remarks to stockholders concerning the Company's operations, Sanderson said, "Sanderson Farms faced challenging market conditions for much of fiscal 2019, especially during the fourth quarter of the year. Our results for the year reflect a favorable supply and demand balance for products sold to retail grocery stores, but continued pricing pressure on boneless breast meat produced from larger birds processed for our food service customers, as an abundant supply of competing proteins affected demand. Despite the challenging environment, we achieved record sales of \$3.4 billion on record production of 4.61 billion pounds during fiscal 2019. We continued to execute our growth strategy as we opened our new Tyler, Texas complex in January 2019. And, importantly, we maintained our commitment to responsible growth, sustainable operations and the reputation of our brand throughout the year.

"Looking ahead, we are optimistic about fiscal 2020. First, we are operating well in all areas of our business. Second, while market prices for boneless breast meat produced at our plants processing larger birds for food service customers remain under pressure and market conditions during our first fiscal quarter were very challenging, we continue to be positive about our opportunities in both the domestic and export markets over the next year.

"With respect to domestic markets, we expect to see continued favorable demand in retail grocery stores. Chicken remains favorably priced compared to other proteins, and we believe that dynamic will continue. We also believe we will see improved demand from food service customers, supported by an increase in promotional activity for chicken.

"With respect to the export markets, the outbreak of African swine fever in China has affected the worldwide supply of pork, creating a significant protein deficit that should ultimately benefit poultry markets in the United States. At the end of 2019, China lifted its nearly five-year ban on the import of United States poultry, and we resumed shipments to China almost immediately. Since the ban was lifted, we have shipped approximately 11.6 million pounds of chicken products, including dark meat parts, to China. We continue to receive strong indications of interest for our products from buyers in China, and we were pleased to see the recent announcement regarding the reduction of tariffs on United States poultry, which should further support our business. While the devastating Novel coronavirus is currently disrupting the markets and slowing China's economic growth rate, we believe demand for protein from China is strong, and we expect to benefit in 2020 from the return to an open market."

Sanderson added, "Regardless of changing market conditions, Sanderson Farms is well positioned to continue our organic growth strategy in fiscal 2020 with quality products and a respected brand, supported by the scale of our efficient and sustainable operations, exceptional customer service and a strong financial position. Above all, we continue to focus on our primary goal to build long-term shareholder value."

Following the stockholders meeting, the Board of Directors named Edward Chisholm as the Company's Director of Operations. Lampkin Butts will continue as President of Sanderson Farms. Chisholm began his career at Sanderson Farms in 1998 as a hatchery superintendent at the Company's Hazlehurst, Mississippi, production division. Throughout his 21-year tenure with the Company, he has held various management positions and most recently served as Director of Production. Chisholm serves on the Company's executive committee, corporate compensation committee and serves as

chairman of the diversity and inclusion committee. Chisholm has a Bachelor of Business Administration degree and a Master of Business Administration degree from Belhaven College in Jackson, Mississippi.

Commenting on the announcement, Sanderson said, "We are delighted to promote Edward Chisholm to this important leadership role with Sanderson Farms. He has been a dedicated employee for over 21 years and brings significant operations and production experience to this position. We look forward to his valuable contributions as we work together to execute our growth strategy."

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 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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Source: Sanderson Farms, Inc.

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