



April 17, 2017

Sanderson Farms, Inc. Announces Production Agreement with House of Raeford Farms

LAUREL, Miss.--(BUSINESS WIRE)-- Sanderson Farms, Inc. (NASDAQ:SAFM) announced today that the Company has signed an agreement to continue processing chickens grown by House of Raeford Farms at the Sanderson Farms poultry processing facility located in St. Pauls, North Carolina. House of Raeford Farms, a private company headquartered in Rose Hill, North Carolina, operates poultry grow-out operations and processing facilities in four southeastern states. The House of Raeford Farms Teachey, North Carolina, facility was severely damaged by a fire in late February. Sanderson Farms has been assisting House of Raeford Farms on an interim basis prior to reaching this longer-term processing agreement.

Under the terms of the agreement, Sanderson Farms will purchase, process and sell chickens grown by House of Raeford Farms through mid-December 2017. Sanderson Farms may elect, under the terms of the agreement, to process chickens on a fee basis rather than purchasing them. Sanderson Farms estimates that the additional volume of processed pounds this arrangement will generate for its St. Pauls processing plant will be 20.4 million pounds in its third fiscal quarter of 2017, 26.3 million pounds in its fourth fiscal quarter of 2017, and 12.4 million pounds during its first fiscal quarter of 2018.

Joe F. Sanderson, Jr., chairman and chief executive officer of Sanderson Farms, Inc., stated, "We are pleased to have reached this agreement with our North Carolina neighbors, House of Raeford Farms, while they rebuild their Teachey processing facility following the devastating fire. We believe this processing agreement will be beneficial to Sanderson Farms. Our St. Pauls facility just commenced production in January, and our new managers and employees will gain valuable training and processing experience with this accelerated production schedule. We hope to benefit from favorable chicken markets as we head into the busy summer months."

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 the Private Securities Litigation Reform Act of 1995, 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, 2016, 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, either 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 market 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 impact the supply of feed grains.

(12) Failure to respond to changing consumer preferences.

(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 the Company. 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 earnings, grain prices, supply and demand factors, growth plans, production capacity and other industry conditions.

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