

MATERIAL FACT

JBS ANNOUNCES DIVESTMENT PROGRAM

JBS S.A. ("JBS" or "Company" - B3: JBSS3; OTCQX: JBSAY) in accordance with the terms of CVM Regulation Number 358, dated January 3, 2002, as amended, communicates to its shareholders and to the market in general that a divestment program of non-core and less strategic assets ("Divestment Program") was presented by Senior Management to the Board of Directors for their analysis.

The Company's executive directors estimate that the divestment program will result in a capital injection of approximately R\$6 billion (additional to the R\$1 billion already announced with the sale of operations in Argentina, Paraguay and Uruguay).

Assets involved in the divestment program include: (i) sale of its 19.2% shareholding interest in Vigor Alimentos S.A.; (ii) sale of its shareholding interest at Moy Park, and (iii) sale of Five Rivers Cattle Feeding assets and farms.

The divestment program will reduce the Company's net debt and, consequently, its financial leverage, strengthening JBS' financial structure.

The sale of assets included in the divestment program is subject to the Board of Directors prior approval and the consent of the BNDESPar, in accordance with the terms and conditions of the shareholders agreement, when applicable.

JBS' management will disclose to the market any facts considered relevant in connection to the divestment program and in accordance with the current legislation.

São Paulo, June 20, 2017

Jeremiah O'Callaghan

Investor Relations Officer