

## **MATERIAL FACT**

### **JBS ANNOUNCES THE SALE OF ITS 19.43% STAKE IN VIGOR ALIMENTOS S.A.**

**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, further to the Material Fact of June 20, 2017, in connection with its Divestment Program and in continuation of the Material Fact of August 1, 2017, it signed an agreement to divest the totality of its 19.43% shareholding interest in Vigor Alimentos S.A. ("Vigor") to Grupo Lala, S.A.B. de C.V. ("Grupo LALA"), for approximately R\$1,112 million (Enterprise Value). It is estimated that JBS will receive approximately R\$780 million (Equity Value) after closing of the transaction, subject to adjustments foreseen under the contract.

Grupo LALA, a publicly listed company on the Mexican stock exchange, is the largest dairy group in Mexico and one of major producers in the Americas with more than 60 years of history and operations in Mexico, USA and Central America. Currently, Grupo LALA has a market cap of approximately US\$4.8 billion and posted net sales of approximately US\$2.9 billion in the twelve months ended on June 30, 2017.

JBS intends to use a portion of the proceeds from this transaction to further reduce debt in connection with its Stabilization Agreement, as announced in the Material Fact of June 25, 2017.

The transaction was unanimously approved by the Board of Directors of JBS and is subject to the usual regulatory approvals and further adjustments common to these types of operations.

Any facts regarding this matter considered relevant will be promptly disclosed to the market.

São Paulo, August 3, 2017

**Jeremiah O'Callaghan**  
**Investor Relations Officer**