



## MATERIAL FACT

### DIVESTMENT PROGRAM UPDATE

#### SALE OF FIVE RIVERS

**JBS S.A.** ("JBS" or "Company" - B3: JBSS3, OTCQX: JBSAY) updates its shareholders and the market in general regarding the implementation of the Company's Divestment Program ("Divestment Program"), unanimously approved by its board of directors and originally announced to the market in a material fact dated June 20, 2017.

The sale of the majority of the assets comprised by the Divestment Program was concluded in 2017 and also unanimously approved by JBS' board of directors. On July 14, 2017, the Company entered into an agreement to sell the Five Rivers Cattle Feeding feedlot operations in Canada ("Five Rivers Canada") for CAD 50 million (approximately US\$40 million). On September 11, 2017, Moy Park was sold to Pilgrim's Pride Corporation, controlled by JBS, for approximately £1.0 billion (enterprise value). On October 26, 2017, JBS concluded the sale of its shareholding interest in Vigor Alimentos S.A. ("Vigor") for approximately R\$1,112 million (enterprise value). These transactions are additional to the sale of JBS' beef operations in Argentina, Paraguay and Uruguay, which were closed on July 31, 2017, for US\$300 million plus price adjustment after closing.

A substantial portion of the proceeds received from these asset sales was used to make extraordinary debt amortization. As a result of the divestment program and the robust cash generation during the period, the Company's leverage ratio (Net Debt/EBITDA) decreased significantly from 4.16x at the end of 2Q17 to 3.42x at the end of 3Q17.

The results reached in 2017 clearly demonstrate a successful implementation of the divestment and deleveraging strategy defined by management. "JBS has been strengthened by this divestment process and has increased liquidity. We were able to sell the assets for the value we expected, while cash generation has been very strong during the period" said José Batista Sobrinho, CEO of JBS.

In addition to the transactions already concluded, JBS USA Food Company today entered into an agreement to sell the totality of Five Rivers Cattle Feeding's feedlot operations in the U.S. ("Five Rivers U.S.") to affiliates of Pinnacle Asset Management, L.P. ("Pinnacle-Arcadia"), for approximately US\$200 million, including the market value of silage and grain inventories at closing, and subject to adjustments by working capital variation also at closing ("Transaction"). Coupled with the acquisition of Five Rivers U.S.'s shares, the buyer will sign a long-term contract to supply cattle to JBS in North America.



The conclusion of the Transaction is subject to the usual regulatory approvals and adjustments, including corporate approvals, the buyer securing the relevant funding and approval by U.S. antitrust authorities. JBS will use a portion of the proceeds to further reduce debt in Brazil subject to its Stabilization Agreement, as announced in the material fact of July 25, 2017.

JBS will maintain its shareholders and the market informed regarding matters discussed in this material fact in accordance with current legislation.

São Paulo, January 17, 2018.

**Jeremiah O'Callaghan**

**Investor Relations Officer**