



FRAS-LE S.A.

Publicly-Held Company
CNPJ/MF No. 88.610.126/0001-29

MATERIAL FACT

FRAS-LE S.A. ("Fras-le" or "Company"), a joint-stock company with headquarters on Highway 122, Km RS 66, no. 10.945, Caxias do Sul (RS), enrolled with the General Taxpayers' Registry ("CNPJ/MF") under no. 88.610.126/0001-29, pursuant to the provisions of Law No. 6.404, of December 15, 1976 ("LSA ") and the Securities Commission's Instruction ("ICVM") no. 358, of January 3, 2002, as amended, informs its shareholders and the market in general that the Company has signed, on this date, a Purchase and Sale Agreement of Equity Interest and Other Covenants ("Agreements"), aimed at acquiring the following equity interest:

(i) shares representing the entire capital stock of PALR S.A., a private-held company organized pursuant to the laws of Argentina, headquartered in *Cidade Autônoma de Buenos Aires*, which is the controlling company of ARMETAL AUTOPARTES S.A;

(ii) shares representing the capital stock of ARMETAL AUTOPARTES S.A, which is the controlling company of FARLOC ARGENTINA S.A.C.y F., both organized according to the laws of Argentina, with headquarters in *Cidade Autônoma de Buenos Aires*; and

(iii) shares representing the capital stock of FANACIF S.A., a private-held company organized according to the laws of Uruguay, based in Montevideo.

The main goal of the Company in doing this business is to strength its global operations, increase its product portfolio, and expand not only its market share in the distribution market of auto parts but also its production capacity;

The transaction value is approximately R\$ 91.327.669,00 which will be adjusted on the deal closing date, as provided for in the referred Agreements, occasion on which the Company will make the payment and will effectively take over the control and management of the acquired companies.

The deal will be closed as soon as the condition precedent is fulfilled, which includes the business approval by the Extraordinary General Meeting. The members of the Board of Directors of the Company have already expressed their favorable opinion. Following the closing of the deal, but without constituting a condition precedent, the transaction will be subject to consideration by the Commission for the Defense of Competition of Argentina, pursuant to that country's legislation.

The company will hold a conference call on this date, at 7:00 PM, to assist the market and provide it with further clarification about the transaction, as well as to keep its shareholders and the market duly informed about the completion of the operation. More detailed information can be obtained with Fras-le Investor Relations Department, through the following channels: ri@fras-le.com or phone numbers + 55 54 3239-1517 and + 55 54 3239-1532.

Caxias do Sul (RS), November 13, 2017.

FRAS-LE S.A.

Sérgio Lisboa Moreira de Carvalho
Investor Relations Officer