



FRAS-LE S.A.

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

ANNOUNCMENT TO THE MARKET

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, informs its shareholders and the market in general that it has signed, on this date, an Association Agreement (“JV”) with ASK Automotive Private Limited (“ASK”), to jointly set up a company for an indefinite period of time, located in Manesar, State of Haryana, Republic of India, which will operate under the name *ASK Fras-le Private Limited (“ASK Fras-le”)*. The corporate purpose of the new company will be the manufacturing of brake linings and brake pads for commercial vehicles above 3.5 tons, to serve the needs of the Aftermarket and OEM companies.

The initial investment by both partners in *ASK Fras-le* will be equivalent to US\$ 10,000,000.00. Fras-le will have the controlling interest (51%) of the capital stock, accounting for an investment of US\$ 5.1 million and ASK will have the remaining controlling interest (49%).

By joining the Company`s know how, which is internationally recognized, with ASK`s expertise, the new company will be able to meet the market needs of the neighboring countries India, Nepal, Sri Lanka and Bangladesh, as well as the global demand of friction products through exports, thus developing a large and potential consumer market for the products to be manufactured by ASK Fras-le.

The deal will be closed as soon as the condition precedent is fulfilled, as provided for in the JV and applicable legislation. The members of the Board of Directors of the Company have already expressed their favorable opinion.

More detailed information can be obtained with Fras-le Investor Relations Department, through the following channels: ri@fras-le.com or phone number + 55 54 3239-1517.

Caxias do Sul (RS), December 5, 2017.

FRAS-LE S.A.

Sérgio Lisboa Moreira de Carvalho
Investor Relations Officer