**São Paulo, April 25, 2012** – Natura Cosméticos S.A. (BM&FBOVESPA: NATU3) announces today its results for the first quarter of 2012. Except where stated otherwise, the financial and operating information in this release is presented on a **consolidated basis**, in accordance with International Financial Reporting Standards (IFRS).

# INTRODUCTION

**In this first quarter of 2012, Natura's consolidated net revenue was R$1,275.8 million, increasing 11.3% compared to the same period of 2011. EBITDA was R$272.1 million, increasing 3.0% compared to 1Q11, with EBITDA margin of 21.3%. Net income was R$151.5 million, with net margin of 11.9%.**

In the Brazilian operations, net revenue in 1Q12 was R$1,140.2 million, growing by 8.3% on the year-ago period. EBITDA margin was 25.0%, compared to 27.3% in 1Q11. Excluding the non-recurring effects, EBITDA margin was 25.1% in 1Q12 and 25.9% in 1Q11.

In the international operations, net revenue in 1Q12 was R$135.6 million, representing growth of 39.2% in weighted local currency. EBITDA[1] in the quarter was a loss of R$12.7 million, compared to the EBITDA loss of R$23.5 million in 1Q11.

**Highlights in the first quarter:**

- ✓ In Brazil, during 1Q12 we gradually recovered the level of service quality and increased efficiency in the commercial and marketing areas, which had been compromised in the second half of 2011 by the simultaneous implementation of structural projects that led to instability in our operations. At this point, the operational imbalances that occurred in 2011 have been resolved.

- ✓ Also in Brazil, the net revenue growth of 8.3% was higher than the growth rates achieved in the second half of 2011, of 5.5% in 3Q11 and 4.4% in 4Q11.

- ✓ The total consultant base reached 1,435,000, expanding by 16.6% from the same period of 2011. In Brazil, we ended the quarter with 1,179,000 consultants, up 14.1%. In the international operations, we ended the period with 256,000 consultants, up 29.8%.

[1] Based on pro forma EBITDA.

- ✓ The innovation index stood at 67.0% in the quarter (62.6% in 1Q11), in line with the level in recent years. Investments in research and development in the quarter corresponded to 3.0% of net revenue (2.8% in 1Q11).

- ✓ The international operations made an important contribution and already account for 10.6% of consolidated net revenue (8.1% in 1Q11). The operations in consolidation (Argentina, Chile and Peru) recorded net revenue growth in weighted local currency of 35.8% in the first quarter of 2012. EBITDA was R$8.2 million, with EBITDA margin of 9.5% (R$1.3 million in 2011 with margin of 2.2%). In the operations in implementation (Mexico and Colombia), net revenue in weighted local currency grew by 46.2% in the quarter.

- ✓ Also in the international operations, we continued to consolidate the Super Consultant (CNO) model in Chile, Colombia and Peru, and of the Sustainable Relations Network in Mexico. We also continued to advance the implementation of local production in Argentina, Colombia and Mexico.

## Cosmetics, Fragrance and Toiletries Industry

According to data from Sipatesp/Abihpec[2], our target market in Brazil grew by 8.2% in 2011. Natura's market share in the period was 23.5%, decreasing by 60 basis points from 2010. The following table presents the growth in the Cosmetics, Fragrance and Toiletries (CFT) industry and the variation in Natura's market share.

| | Market Size R$ MM | Change % | | Market Share Natura | | | Change pp | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | 11 x 10 | 10 x 09 | 2011 | 2010 | 2009 | 11 x 10 | 10 x 09 |
| Cosmetics and Fragrances | 10,444 | 7.6% | 16.8% | 34.0% | 34.9% | 33.7% | (0.9) | 1.2 |
| Toiletries | 10,655 | 8.8% | 9.7% | 13.2% | 13.3% | 12.9% | (0.1) | 0.5 |
| **Total** | **21,098** | **8.2%** | **13.1%** | **23.5%** | **24.1%** | **22.9%** | **(0.6)** | **1.2** |

*Source: SIPATESP*

[2] Sipatesp/Abihpec: São Paulo State Perfumery and Toiletry Association / Brazilian Cosmetic, Fragrance and Toiletry Industry Association.

According to recently released data for 2011 from Euromonitor, Natura maintained, for the seventh straight year, its leadership in Brazil's CFT industry. Meanwhile, in the other Latin American Operations we expanded our market share by 50 basis points to 2.2%.

| | Market Size US$ MM | Change % | | Market Share Natura | | | Change pp | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | 11 x 10 | 10 x 09 | 2011 | 2010 | 2009 | 11 x 10 | 10 x 09 |
| Brazilian Operations | 43,029 | 8.8% | 14.0% | 14.5% | 14.8% | 14.3% | (0.3) | 0.6 |
| Consolidation Operations | 8,871 | 16.2% | 14.2% | 4.0% | 3.4% | 3.0% | 0.6 | 0.4 |
| Implementation Operations | 13,821 | 6.8% | 6.9% | 1.0% | 0.7% | 0.4% | 0.3 | 0.3 |
| **Total** | **65,720** | **9.3%** | **12.4%** | **10.3%** | **10.3%** | **9.7%** | **(0.1)** | **0.6** |

*Source: Euromonitor*

**Obs.**

i. Euromonitor believes the total market for cosmetics, perfumes and toiletries at retail prices

ii. Values in constant dollars, 2011

iii. Market value and market share for 2009 and 2010 were reviewed by the consulting

iv. Consolidation Operations: Argentina, Chile and Peru

v. Implementation Operations: Mexico and Colombia

## Outlook

With its position consolidated as the third-largest Cosmetics, Fragrance and Toiletries market in the world, Brazil continues to present conditions that should enable the country's CFT industry to outpace growth in the global CFT industry. The investments we have already made in recent years and which we plan to intensify in 2012 represent a significant effort to prepare Natura for capturing the opportunities that will emerge in this decade in Brazil as well as in our International Operations.

With the operational difficulties that occurred in 2011 resolved, the investments made in the logistics, manufacturing and IT infrastructure have taken us to a new level that will enable us to ensure excellence in the service provided to consultants and final consumers and to further expand the competitive advantages of our brand.

These efforts will allow our 1.2 million consultants in Brazil to strengthen the relationships they enjoy with almost 100 million consumers. In this way, we plan to continue enhacing our strategy, which will now prioritize productivity in the sales channel, while increasing the frequency with which consumers make purchases and expanding the variety of products they acquire. Meanwhile, our consultants will also benefit from the continued enhancements being made to our sales model and marketing mix, with a better balance between the portion generated at the national and regional levels. These advances should generate gains gradually over the course of the year.

At the same time that we are promoting development on multiple fronts, we are also moving towards a new outlook for the business. We are particularly motivated by the future of direct sales. We have always believed in the entrepreneurial and transformational capacity of people working towards a common goal. In a world ever more connected digitally, in which the personalized treatment of each consumer gains greater relevance, direct sales have an excellent opportunity to continue expanding. We see a future in which the relationship between consultant and consumer will be supported by high technology and social networks, which is an area in which services can evolve dramatically while leveraging the creation of value for all involved.

**Social and environmental performance**

On April 13, we published the Natura Annual Report 2011 on the same day as our Annual and Extraordinary Shareholders Meeting. The product of a learning experience spanning over a decade, this year’s report introduced a series of innovations:

- ✓ Print version for Opinion Makers: we adopted a journalistic style and a tabloid format that led to a reduction of around 55% in $CO_2$ emissions compared to the 2010 edition.

- ✓ For the first time, we published the Natura Institute Report as a supplement, with the report attributing greater transparency to the institute’s activities aimed at improving the quality of education in Brazil.

- ✓ The complete version, which is available only in electronic format, is aligned with the initial initiatives of the International Integrated Reporting Council (IIRC), which is a pilot program in which Natura participates that seeks to establish, by 2013, a framework for the production of an Integrated Report.

Each year we undertake commitments and set targets for the evolution of our social and environmental performance. The following table shows the results for 1Q12 of selected indicators and the respective targets for the whole of 2012:

| **Indicator** | **2011 Results** | **2012 Commitment** | **2012 Results** |
|---|---|---|---|
| **Greenhouse gases*** | -5.3%<br>(25.4% cumulative) | Reduce GHG emissions 33% by 2013, based on the inventory we conduced in 2006. | N/A<br>Not Avaliable |
| **Water consumption** | 0.40 liter/unit produced<br>(4.8% reduction) | Mantain 0.40 liter/unit produced in Brazil | 0.40 liter/unit produced |
| **Collections CPV** | R$ 8.4 million | Raise R$ 10.3 million from produt sales under the Believing is Seeing (CPV) program in Brazil | R$ 2.8 million |

* Indicator: calculated quarterly

# 1. consolidated results

| (R$ million) | 1Q12 | 1Q11 | Change % |
|---|---|---|---|
| Total Consultants - end of period* (in thousands) | 1,434.8 | 1,230.2 | *16.6* |
| Units sold – items for resale (in million) | 114.0 | 100.1 | *13.9* |
| Gross Revenues | 1,712.1 | 1,556.0 | *10.0* |
| Net Revenues | 1,275.8 | 1,145.8 | *11.3* |
| Gross Profit | 910.5 | 802.6 | *13.4* |
| Sales Expenses | (488.3) | (422.9) | *15.5* |
| General and Administrative Expenses | (177.5) | (151.0) | 17.6 |
| Management compensation | (4.0) | (3.2) | 23.5 |
| Other Operating Income / (Expenses), net | (2.1) | 13.8 | *n/a* |
| Financial Income / (Expenses), net | (15.2) | (10.2) | *49.2* |
| Earnings Before Taxes | 223.4 | 229.1 | (2.5) |
| Net Income (Losses) | 151.5 | 150.5 | *0.7* |
| EBITDA** | 272.1 | 264.1 | *3.0* |
| *Gross Margin* | *71.4%* | *70.0%* | *1.3pp* |
| *Sales Expenses/Net Revenues* | *38.3%* | *36.9%* | *1.4pp* |
| *General and Admin. Expenses/Net Revenues* | *13.9%* | *13.2%* | *0.7pp* |
| *Net Margin* | *11.9%* | *13.1%* | *(1.3pp)* |
| *EBITDA Margin* | *21.3%* | *23.0%* | *(1.7pp)* |

(*) Positon at the end of the 4th sales cycle

(**) EBITDA = Income from operations before financial effects + depreciation & amortization.

**Consolidated net revenue** was R$1,275.8 million in 1Q12, increasing 11.3% compared to 1Q11. In Brazil, net revenue was R$1,140.2 million in 1Q12, increasing 8.3% on the year-ago period. In the international operations, net revenue in 1Q12 was R$135.6 million, for growth on the year-ago period of 45.2% in Brazilian real and 39.2% in weighted local currency.

**Cost of goods sold** (COGS) in 1Q12 corresponded to 28.6% of consolidated net revenue, decreasing 130 basis points from 1Q11, driven by benefits from the better management of costs and promotions in the period, as well as the favorable impacts from currency variation on the costs incurred in our International Operations.

The following table presents the main components of COGS:

| | 1Q12 | 1Q11 |
|---|---|---|
| RM/PM* | 79.3 | 82.9 |
| Labor | 11.5 | 10.7 |
| Depreciation | 2.9 | 2.7 |
| Others | 6.3 | 3.6 |
| **Total** | **100.0** | **100.0** |

(*) Raw material and packaging material

**Selling expenses** corresponded to 38.3% of net revenue in 1Q12, increasing 140 basis points in relation to 1Q11, mainly driven by the higher marketing investments in the international operations. In Brazil, we continue to advance the strategy of optimizing our market investments and increasing efficiency in our logistics processes.

**General and administrative expenses** corresponded to 13.9% of net revenue in 1Q12 (13.2% in 1Q11). We maintained our investments in product and sales innovation and observed an increase in depreciation costs due to the new level of investment in our information technology, in line with our planning.

**Other operating revenue and expenses** was an expense of R$2.1 million in the quarter, compared to revenue of R$13.8 million in 1Q11, which reflects the non-recurring impact from the recognition of contingent PIS and Cofins tax assets.

**Consolidated net income** was R$151.5 million in 1Q12, which represents net margin of 11.9% and growth of 0.7% in relation to 1Q11.

**Consolidated EBITDA** in 1Q12 was R$272.1 million, growing by 3.0% from R$264.1 million in 1Q11. EBITDA margin decreased from 23.0% in 1Q11 to 21.3% in 1Q12. Excluding other operating expenses and revenue in both quarters, EBITDA margin was 21.8% in 1Q11 and 21.5% in 1Q12.

**> EBITDA** (R$ million)

| (R$ million) | 1Q12 | 1Q11 | Change % |
|---|---|---|---|
| Net Revenues | 1,275.8 | 1,145.8 | *11.3* |
| (-) Cost of Sales and Expenses | 1,037.2 | 906.6 | *14.4* |
| **EBIT** | **238.6** | **239.3** | ***(0.3)*** |
| (+) Depreciation/Amortization | 33.5 | 24.8 | *34.9* |
| **EBITDA** | **272.1** | **264.1** | ***3.0*** |

**> EBITDA *pro-forma* by areas of operation** (R$ million)

| (R$ million) | 1Q12 | 1Q11 | Change % |
|---|---|---|---|
| Brazil | 284.8 | 287.6 | *(1.0)* |
| Argentina, Chile and Peru | 8.2 | 1.3 | *529.5* |
| Mexico and Colombia | (4.0) | (6.7) | *(40.1)* |
| Others Investments | (16.8) | (18.0) | *(6.7)* |
| **Total** | **272.1** | **264.1** | ***3.0*** |

# 2. cash flow (pro-forma)

| (R$ million) | 03M12 | 03M11 | Var % |
|---|---|---|---|
| **Net income** | **151.5** | **150.5** | ***0.7*** |
| (+) Depreciation and amortization | 33.5 | 24.8 | *34.9* |
| **Internal cash generation** | **185.0** | **175.3** | ***5.5*** |
| Cashflow (Increase) / Decrease | (29.6) | (68.3) | *na* |
| (+) Non-cash | 5.1 | (16.2) | *(131.5)* |
| **Operating cash generation** | **160.5** | **90.8** | ***76.7*** |
| Capex | (33.1) | (22.9) | *44.7* |
| **Free cash flow*** | **127.4** | **68.0** | ***87.4*** |

(*) (Internal cash generation) +/- (changes in working capital and long-term assets and liabilities) – (acquisitions of property, plants, and equipment).

Internal cash flow in 1Q12 was R$185.0 million, increasing by 5.5% on the year-ago period. Of this sum, R$29.6 million was invested in working capital and R$33.1 million in fixed assets. As a result, free cash flow was R$127.4 million, increasing by 87.4% in relation to the year-ago period.

Inventories remain at high levels, which is also the case of recoverable taxes, reflecting the revision of credits from PIS and Cofins taxes on services, financial income and freight activities in 2011. Both of these should be converted into cash over the course of 2012.

# 3. pro-forma income statement

The profit margin obtained on exports from Brazil to the international operations was subtracted from the COGS of the respective operations in order to show the actual impact of these subsidiaries on the company's consolidated results. Accordingly, the pro-forma income statement for the Brazilian operations considers only sales made in the domestic market.

# 3.1 BRAZIL OPERATIONS (pro-forma income statement)

| (R$ million) | 1Q12 | 1Q11 | Change % |
|---|---|---|---|
| Total Consultants - end of period* (in thousands) | 1,178.6 | 1,032.7 | *14.1* |
| Units sold – items for resale (in million) | 100.6 | 90.1 | *11.7* |
| Gross Operating Revenues | 1,540.1 | 1,438.7 | *7.0* |
| Net Operating Revenues | 1,140.2 | 1,052.5 | *8.3* |
| Gross Profit | 820.1 | 747.3 | *9.7* |
| Sales Expenses | (413.0) | (368.9) | *11.9* |
| General and Administrative Expenses | (148.6) | (125.4) | *18.5* |
| Management compensation | (4.0) | (3.2) | *23.5* |
| Other Operating Income / (Expenses), net | (1.3) | 14.7 | *n/a* |
| Financial Income / (Expenses), net | (16.4) | (9.8) | *66.8* |
| Earnings Before Taxes | 236.9 | 254.6 | (7.0) |
| Net Income (Losses) | 165.1 | 178.8 | (7.7) |
| EBITDA | 284.8 | 287.6 | (1.0) |
| *Gross Margin* | *71.9%* | *71.0%* | *0.9pp* |
| *Sales Expenses/Net Revenues* | *36.2%* | *35.1%* | *1.2pp* |
| *General and Admin. Expenses/Net Revenues* | *13.0%* | *11.9%* | *1.1pp* |
| *Net Margin* | *14.5%* | *17.0%* | *(2.5pp)* |
| *EBITDA Margin* | *25.0%* | *27.3%* | *(2.3pp)* |

(*) Number of consultants by the end of the 4th cycle of sales

- ✓ The sales channel continues to register solid growth, expanding by 14.1% to reach 1,179,000 consultants in Brazil.
- ✓ The productivity[3] of our consultants decreased 5.2% to R$1,851 in 1Q12, versus R$1,953 in 1Q11.

[3] Productivity measured at retail prices.

# 3.2 OPERATIONS IN CONSOLIDATION (Argentina, Chile and Peru) pro-forma income statement

| (R$ million) | 1Q12 | 1Q11 | Change % |
|---|---|---|---|
| Total Consultants - end of period (in thousand) | 158.2 | 133.1 | *18.9* |
| Unit sold – items for resale (in million) | 7.6 | 6.6 | *15.3* |
| Gross Revenues | 114.5 | 78.8 | *45.3* |
| Net Revenues | 86.1 | 60.1 | *43.1* |
| Gross Profit | 57.5 | 36.4 | *58.0* |
| Sales Expenses | (42.8) | (30.0) | *42.7* |
| General and Administrative Expenses | (6.9) | (5.2) | *33.8* |
| Others Income / (Expenses), net | (0.7) | (0.8) | *(7.5)* |
| Financial Income / (Expenses), net | 0.3 | (0.1) | *n/a* |
| Earnings Before Taxes | 7.3 | 0.3 | *n/a* |
| Net Income (Losses) | 7.2 | (1.9) | *n/a* |
| EBITDA | 8.2 | 1.3 | *529.5* |
| *Gross Margin* | *66.8%* | *60.5%* | *6.3pp* |
| *Sales Expenses/Net Revenues* | *49.8%* | *49.9%* | *(0.2pp)* |
| *General and Admin. Expenses/Net Revenues* | *8.0%* | *8.6%* | *(0.6pp)* |
| *Net Margin* | *8.3%* | *n/a* | *n/a* |
| *EBITDA Margin* | *9.5%* | *2.2%* | *7.3pp* |

- ✓ In the operations in consolidation, net revenue in 1Q12 was R$86.1 million, representing growth of 35.8% in weighted local currency and 43.1% in Brazilian real compared to 1Q11.
- ✓ The number of consultants grew by 18.9% to reach 158,200 at the close of the first quarter of 2012.
- ✓ These operations posted positive EBITDA of R$8.2 million in 1Q12. The higher investments in marketing were offset by the dilution of expenses with our administrative and sales teams and by the higher efficiency of our logistics operations.

- ✓ The gross margin of these operations benefitted from various initiatives to improve the management of prices and costs, as well as from the more favorable exchange rate.

## 3.3 OPERATIONS IN IMPLEMENTATION (Mexico and Colombia) pro-forma income statement

| (R$ million) | 1Q12 | 1Q11 | Change % |
|---|---|---|---|
| Total Consultants - end of period (in thousand) | 95.1 | 65.0 | *46.5* |
| Unit sold – items for resale (in million) | 4.3 | 3.1 | *36.8* |
| Gross Revenues | 52.0 | 34.5 | *50.7* |
| Net Revenues | 44.7 | 29.7 | *50.4* |
| Gross Profit | 29.9 | 16.7 | *78.8* |
| Sales Expenses | (29.0) | (20.3) | *43.1* |
| General and Administrative Expenses | (5.5) | (3.7) | *49.4* |
| Others Income / (Expenses), net | (0.1) | (0.1) | *n/a* |
| Financial Income / (Expenses), net | 0.9 | (0.3) | *(432.6)* |
| Earnings Before Taxes | (3.7) | (7.6) | *(50.9)* |
| Net Income (Losses) | (3.8) | (8.1) | *(53.9)* |
| EBITDA | (4.0) | (6.7) | *(40.1)* |
| *Gross Margin* | *66.9%* | *56.3%* | *10.6pp* |
| *Sales Expenses/Net Revenues* | *64.8%* | *68.1%* | *(3.3pp)* |
| *General and Admin. Expenses/Net Revenues* | *12.2%* | *12.3%* | *(0.1pp)* |
| *Net Margin* | *n/a* | *n/a* | - |
| *EBITDA Margin* | *n/a* | *n/a* | - |

- ✓ In the operations in implementation, net revenue in 1Q12 was R$44.7 million, for growth of 46.2% in weighted local currency and 50.4% in Brazilian real.
- ✓ The number of consultants expanded by 46.5% to reach 95,100 at the close of 1Q12.

- ✓ These operations continued to post an EBITDA loss in 1Q12, of R$4.0 million (although improving from the EBITDA loss of R$6.7 million in 1Q11), reflecting the ongoing investments being made.
- ✓ The gross margin of these operations also benefitted from the initiatives to improve the management of prices and costs, as well as from the more favorable exchange rate.

The **other international investments**, namely our operations in France and expenses with projects and corporate structures dedicated to the international operations, posted an EBITDA loss of R$16.8 million in 1Q12 (compared to R$18.0 million in 1Q11).

# CONFERENCE CALL & WEBCAST

**Portuguese:** **Friday, April 27, 2012**
**10:00 a.m. (Brasília Time)**

**English:** **Friday, April 27, 2012**
**12:00 p.m. (Brasília Time)**

From Brazil: +55 11 4688-6341
From the U.S. (toll free): +1 800 700 0802
From other countries: +1 412 824-6977
Code: Natura

**Live webcast: www.natura.net/investidor**

# INVESTOR RELATIONS


**Tel: +55 (11) 4196-1421**

Helmut Bossert, helmutbossert@natura.net

Fabio Cefaly, fabiocefaly@natura.net

Patrícia Anson, patriciaanson@natura.net

Tatiana Bravin, tatianabravin@natura.net

Taísa Hernandez, taisahernandez@natura.net


NATU3 NOVO MERCADO BM&FBOVESPA

MSCI Índice de Ações com Tag Along Diferenciado ITAG Índice de Ações com Governança Corporativa Diferenciada IGC Índice Carbono Eficiente ICO2 Índice de Sustentabilidade Empresarial ISE 2012 Índice Brasil 50 IBRX 50

# > BALANCE SHEET AT MARCH 31, 2012
## (in thousands of Brazilian real - R$)

| ASSETS | Mar/12 | Dec/11 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | 587.5 | 515.6 |
| Trade accounts receivable | 526.3 | 641.9 |
| Inventories | 767.9 | 688.7 |
| Recoverable taxes | 220.8 | 201.6 |
| Derivatives | 22.1 | 28.6 |
| Other receivables | 137.6 | 126.8 |
| **Total current assets** | **2,262.2** | **2,203.3** |
| **NONCURRENT ASSETS** | | |
| Long-term assets: | | |
| Recoverable taxes | 110.0 | 111.2 |
| Deferred income tax and social contribution | 202.6 | 189.6 |
| Escrow deposits | 307.1 | 295.8 |
| Other noncurrent assets | 28.5 | 29.9 |
| Property, plant and equipment | 797.5 | 800.4 |
| Intangible assets | 163.9 | 162.8 |
| **Total noncurrent assets** | **1,609.6** | **1,589.8** |
| **TOTAL ASSETS** | **3,871.7** | **3,793.0** |

| LIABILITIES AND SHAREHOLDERS' EQUITY | Mar/12 | Dec/11 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Borrowings and financing | 136.8 | 169.0 |
| Trade and other payables | 466.4 | 489.0 |
| Payroll, profit sharing and related taxes | 127.3 | 132.0 |
| Taxes payable | 426.0 | 446.8 |
| Dividends and interest on capital payable | 491.2 | 0.2 |
| Other payables | 44.8 | 37.7 |
| **Total current liabilities** | **1,692.4** | **1,274.7** |
| **NONCURRENT LIABILITIES** | | |
| Borrowings and financing | 987.3 | 1,017.7 |
| Taxes payable | 151.3 | 140.5 |
| Provision for tax, civil and labor risks | 65.4 | 65.0 |
| Others provisions | 47.2 | 44.8 |
| **Total noncurrent liabilities** | **1,251.2** | **1,268.0** |
| **SHAREHOLDERS' EQUITY** | | |
| Capital | 427.1 | 427.1 |
| Capital reserves | 157.9 | 160.3 |
| Earnings reserves | 448.6 | 292.5 |
| Treasury shares | (87.0) | (102.8) |
| Proposed additional dividend | - | 490.9 |
| Other comprehensive losses | (18.5) | (17.6) |
| **Total equity attributable to owners of the Company** | **928.1** | **1,250.2** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **3,871.7** | **3,793.0** |

## > INCOME STATEMENT FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011

| R$ million | 03M11 | 03M12 |
|---|---|---|
| **NET REVENUE** | **1,275.8** | **1,145.8** |
| Cost of sales | (365.3) | (343.2) |
| **GROSS PROFIT** | **910.5** | **802.6** |
| **OPERATING (EXPENSES) INCOME** | | |
| Selling expenses | (488.3) | (422.9) |
| Administrative and general expenses | (177.5) | (151.0) |
| Management compensation | (4.0) | (3.2) |
| Other operating (expenses) income, net | (2.1) | 13.8 |
| **INCOME FROM OPERATIONS BEFORE FINANCIAL (EXPENSES) INCOMI** | **238.6** | **239.3** |
| Financial income | 35.2 | 31.4 |
| Financial expenses | (50.4) | (41.6) |
| **INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION** | **223.4** | **229.1** |
| Income tax and social contribution | (71.9) | (78.6) |
| **NET INCOME** | **151.5** | **150.5** |

# > CASH FLOW STATEMENT FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011

| **R$ million** | **03M12** | **03M11** |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **Net income** | **151.5** | **150.5** |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 33.5 | 24.8 |
| Provision for losses on swap and forward transactions | 6.6 | 8.4 |
| Provision (reversal) for tax, civil and labor contingencies | 1.9 | (0.3) |
| Interest and inflation adjustment of escrow deposits | (5.2) | (6.5) |
| Income tax and social contribution | 71.9 | 78.6 |
| (Gain) loss on sale on property, plant and equipment and intangible assets | 2.0 | 2.0 |
| Interest and exchange rate changes on borrowings and financing and other liabilities | (0.2) | 4.7 |
| Exchange rate changes on other assets and other liabilities | (0.4) | - |
| Stock options plans expenses | 3.4 | 1.8 |
| Allowance for doubtful accounts | 3.6 | (0.9) |
| Allowance for inventory losses | (3.3) | 1.7 |
| Provision for healthcare plan and carbon credits | 2.4 | 0.6 |
| Recognition of untimely used tax credits | - | (16.9) |
| | **267.8** | **248.6** |
| **(INCREASE) DECREASE IN ASSETS** | | |
| Trade receivables | 111.9 | 133.0 |
| Inventories | (75.8) | (111.3) |
| Recoverable taxes | (18.0) | (19.3) |
| Other receivables | (18.0) | (25.7) |
| **Subtotal** | **0.1** | **(23.3)** |
| **INCREASE (DECREASE) IN LIABILITIES** | | |
| Domestic and foreign suppliers | (22.3) | 13.6 |
| Payroll, profit sharing and related taxes, net | (4.8) | (41.8) |
| Taxes payable | 32.4 | 20.1 |
| Other payables | 7.1 | (10.6) |
| Payments of provision for tax, civil and labor contingencies | (1.5) | (0.3) |
| **Subtotal** | **11.0** | **(19.0)** |
| **CASH GENERATED BY OPERATING ACTIVITIES** | **278.9** | **206.3** |
| **OTHER CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Payments of income tax and social contribution | (114.4) | (94.2) |
| Payments of derivatives | (4.4) | (4.0) |
| Payment of interest on borrowings and financing | (0.7) | (5.4) |
| **NET CASH GENERATED BY OPERATING ACTIVITIES** | **159.4** | **102.7** |

| | | |
|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Acquisition of property, plant and equipment and intangible assets | (33.1) | (22.9) |
| Proceeds from sale of property, plant and equipment and intangible assets | 0.7 | 1.1 |
| Withdrawal (payment) of escrow deposits | (6.0) | (10.4) |
| **NET CASH USED IN INVESTING ACTIVITIES** | **(38.4)** | **(32.2)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Repayments of borrowings and financing - principal | (70.0) | (65.4) |
| Proceeds from borrowings and financing | 6.9 | 301.6 |
| Sale of treasury shares due to exercise of stock options | 14.7 | - |
| Capital increase through subscription of shares (153,230 common shares at average price of R$ | - | 3.8 |
| **NET CASH USED IN FINANCING ACTIVITIES** | **(48.4)** | **240.0** |
| Gains (losses) arising on translating foreign currency cash and cash equivalents | (0.8) | (2.6) |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **71.9** | **307.9** |
| Cash and cash equivalents at the beginning of the year/period | 515.6 | 560.2 |
| Cash and cash equivalents at the end of the year/period | 587.5 | 868.1 |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **71.9** | **307.9** |
| **ADDITIONAL INFORMATION TO THE STATEMENTS OF CASH FLOWS** | | |
| Restricted cash | 6.8 | 6.2 |
| Bank overdrafts - unused | 235.5 | 265.5 |

*EBITDA is not a measure under BR GAAP and does not represent cash flow for the periods presented. EBITDA should not be considered an alternative to net income as an indicator of operating performance or an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and the definition of EBITDA used by Natura may not be comparable with that used by other companies. Although EBITDA does not provide under BR GAAP a measure of cash flow, Management has adopted its use to measure the Company's operating performance. Natura also believes that certain investors and financial analysts use EBITDA as an indicator of performance of its operations and/or its cash flow.*

*This report contains forward-looking statements. These forward-looking statements are not historical fact, but rather reflect the wishes and expectations of Natura's management. Words such as "anticipate", "wish", "expect", "foresee", "intend", "plan", "predict", "project", "desire" and similar terms identify statements that necessarily involve known and unknown risks. Known risks include uncertainties that are not limited to the impact of price and product competitiveness, the acceptance of products by the market, the transitions of the Company's products and those of its competitors, regulatory approval, currency fluctuations, supply and production difficulties and changes in product sales, among other risks. This report also contains certain pro forma data, which are prepared by the Company exclusively for informational and reference purposes and as such are unaudited. This report is up-to-date as of its publication date and Natura is under no obligation to update it in light of new information and/or future events.*