

São Paulo, October 24, 2012 – Natura Cosméticos S.A. (BM&FBOVESPA: NATU3) announces today its results for the third 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

Consolidated net revenue in 3Q12 was R\$1,586.5 million, up 14.8% from 3Q11. EBITDA¹ was R\$385.0 million (margin of 24.3%), increasing 15.5% from 3Q11. Net income was R\$237.3 million, growing 17.7% from 3Q11.

In 9M12, consolidated net revenue was R\$4,470.7 million, increasing 14.0% from 9M11. EBITDA was R\$1,048.7 million (margin of 23.5%), increasing 13.4% from 9M11. Net income was R\$603.9 million, or 11.8% higher than in 9M11.

In the **Brazilian operations**, net revenue in 3Q12 grew 11.4% to R\$1,391.8 million (R\$3,966.3 million in 9M12, up 10.9%). EBITDA margin in 3Q12 was 27.6%, compared to 27.9% in 3Q11 (27.0% in 9M12, compared to 27.3% in 9M11).

The **international operations** accounted for 12.3% of net revenue in 3Q12 (11.3% in 9M12), which represents the highest contribution ever. Net revenue in 3Q12 was R\$194.8 million, growing by 47.4% in Brazilian real and by 24.1% in weighted local currency (R\$504.4 million in 9M12, up 46.5% in Brazilian real and 29.1% in weighted local currency).

The International Operations posted EBITDA of R\$1.2 million, compared to the EBITDA loss of R\$14.8 million in 3Q11 (loss of R\$21.8 million in 9M12, versus the loss of R\$52.0 million in 9M11).

The total consultant base reached 1,518,000 in 3Q12, expanding by 11.5% from 3Q11. In Brazil, we ended 3Q12 with 1,227,000 consultants, for growth of 8.4% on 3Q11. In the International Operations, we ended the period with 291,000 consultants, up 26.6% from 3Q11.

Highlights

Natura's strategy is focused on growth in Brazil, accompanied by an increase in consultant productivity; on accelerated and profitable growth in our international operations; and, in the medium term, on significant improvement in the experience of our consumers and consultants through a digital network that will promote more personal relationships. In the third quarter of 2012, consistent with our strategy, we made progress on multiple fronts.

In Brazil, we continued the initiatives to improve consultant productivity based on innovation, redirecting the marketing mix and improving service quality.

¹ Based on pro-forma EBITDA.

The productivity of our consultants in the quarter increased by 1.4% compared to 3Q11. We implemented adjustments in the management of the sales team and Super Consultants (CNOs), giving greater importance to productivity metrics, in contrast to the previous model, which prioritized growing the channel. We also launched the MAIS Natura program, which works to gradually increase the size of consultants' orders.

We made important perfume launches positioned in various price points. For Cycle 14, we launched the Natura Tododia line of body splashes with a variety of fragrance options that convey lightness, well-being and freshness and that ideally are used lavishly. For Cycle 15, we launched the perfume Natura UNA, which translates all the sophistication and elegance of this brand. The innovation index stood at 67.3% in 9M12 (compared to 64.6% in 9M11). In 3Q12, investments in research and development corresponded to 2.7% of net revenue, compared to 2.8% in 3Q11 (2.6% in 9M12, compared to 2.8% in 9M11).

We continued to improve service quality during the quarter, with a reduction in the number of out-of-stock items and shorter delivery times for consultants, operating above our historical levels. These investments also have allowed us to reduce our logistics costs and inventory levels.

We reaffirm our expectation that this set of measures to have favorable impacts on the productivity of our consultants over the coming quarters.

In the International Operations, we ended 3Q12 with positive EBITDA of R\$1.2 million, compared to the EBITDA loss of R\$14.8 million in the same period of 2011, reinforcing our strategy of accelerated growth accompanied by rising profitability. In the Operations in Consolidation, we reached EBITDA margin of 18.4%.

Looking ahead to a future in which the relationship between our consultants and end-consumers is supported by an increasingly connected network, we made progress on investments that will soon allow us to test and learn from new tools, services and concepts and in turn promote a more personalized relationship and a better experience for our consumers and consultants.

Cosmetics, Fragrance and Toiletries Industry

According to data collected and published by Sipatesp/Abihpec², Natura's target market in Brazil grew by 16.8% in the first six months of the year. This level of growth corroborates our expectation of a recovery in relation to 2011, though at higher-than-expected levels, especially in the personal care categories, in which relevant launches and investments were made in the first half of the year. Natura's market share stood at 23.2% in the period, contracting by 1.5 percentage point.

The following table presents the growth in the cosmetics, fragrances and toiletry (CFT) industry and the variation in Natura's market share.

² Sipatesp/Abihpec: São Paulo State Perfumery and Toiletry Trade Union / Brazilian Cosmetic, Fragrance and Toiletry Industry Association. Amounts for 2011 reprocessed by Sipatesp/Abihpec.

	Market Size (R\$ Million)			Market Share Natura (%)		
	6M12	6M11	Change	6M12	6M11	Change
Cosmetics and Fragrances	4,875	4,285	13.8%	37.6%	38.2%	(0.6) pp
Toiletries	5,992	5,018	19.4%	11.5%	13.1%	(1.7) pp
Total	10,867	9,303	16.8%	23.2%	24.7%	(1.5) pp

Source: Sipatesp

Social and Environmental Performance

The following table shows the performance of indicators related to our key social and environmental themes:

Indicator	2011 Results	2012 Commitment	9M12 Results
Greenhouse gas (GHG) emissions	Reduction of 5.3% over 2010	Reduce relative greenhouse gas (GHG) emissions by 4.5% over 2011*	Reduction of 5.3% over 2011**
Water consumption	0.4 liter / unit produced	Maintain 0.4 liter / unit produced in Brazil	0.4 liter / unit produced
Solid Waste	20 grams / unit produced	Maintain quantity of solid waste generated per unit produced in Brazil at 20 grams.	25.2 grams/unit produced
Collections CPV	R\$8.4 million	Achieve R\$10.3 million sales from Crer para Ver product line in Brazil	R\$8.2 million (throughout the year)
Funding to Supplier Communities ***	R\$10.0 million	Distribute R\$12 million in wealth to supplier communities.	R\$8.8 million

*Reduce relative greenhouse gas (GHG) emissions by 33.0% by 2013, against 2006 baseline inventory. In 2011 reduction of 25.4% over 2006.

**Refers to IS12.

***Indicator refers to compensation and purchase of raw materials.

As part of our ongoing commitment to reduce relative **greenhouse gas emissions**, we achieved a reduction of 5.3% in 6M12 in relation to 2011, as a result of the adjustments in the product mix and the use of biofuels in production processes, combined with the lower consumption of LPG and diesel oil. We also reduced compared to 2011 the emissions associated with our logistics processes, which consider the supply and management of Distribution Centers and the deliveries to Consultants.

Solid waste generation in 9M12 came in above target, due to the write-off of inventories of discontinued materials (finished products and raw materials), while the results of the other social and environmental indicators were in line with the established targets.

Inauguration of the Amazon Natura Innovation Center (NINA)

Charged with the mission of fostering the development of an extensive research network comprised of local, national and international science and technology institutions, on August 16, 2012, one year after the launch of the Amazon Program, we inaugurated, in the city of Manaus, the Amazon Natura Innovation Center (NINA).

Our goal is to develop knowledge “in” the Amazon, “about” the Amazon and “for” the Amazon, for which we plan to generate new demand and job opportunities for local researchers, which will be based on an open-innovation model that we adopted over five years ago.

The initiatives to foster research will focus on the following fields of interest: culture and society; conservation and biodiversity; forests and agriculture; and product design and processes. By 2020, we plan to connect around one thousand researchers on the network, including both Natura employees and members of science and technology institutions.

1. consolidated results

(R\$ million)	3Q12	3Q11	Change %	9M12	9M11	Change %
Total Consultants - end of period* (in thousands)	1.518	1.362	11,5	1.518	1.362	11,5
Total Consultants - average of period** (in thousands)	1.513	1.332	13,6	1.475	1.279	15,3
Units sold – items for resale (in million)	128,9	118,3	8,9	362,3	327,4	10,6
Gross Revenues	2.154,2	1.862,0	15,7	6.014,9	5.303,2	13,4
Net Revenues	1.586,5	1.381,4	14,8	4.470,7	3.920,9	14,0
Gross Profit	1.131,5	967,6	16,9	3.179,0	2.750,8	15,6
Sales Expenses	(535,3)	(500,2)	7,0	(1.574,1)	(1.409,5)	11,7
General and Administrative Expenses	(232,0)	(163,7)	41,7	(632,9)	(507,0)	24,8
Management compensation	(5,2)	(2,8)	85,3	(15,6)	(9,7)	60,2
Other Operating Income / (Expenses), net	(9,5)	4,2	n/a	(11,1)	21,0	n/a
Financial Income / (Expenses), net	0,4	(4,4)	n/a	(54,6)	(35,7)	52,7
Earnings Before Taxes	350,0	300,7	16,4	890,7	809,9	10,0
Net Income (Losses)	237,3	201,6	17,7	603,9	540,2	11,8
EBITDA**	385,0	333,3	15,5	1.048,7	924,6	13,4
Gross Margin	71,3%	70,0%	1,3 pp	71,1%	70,2%	0,9 pp
Sales Expenses/Net Revenues	33,7%	36,2%	(2,5) pp	35,2%	35,9%	(0,7) pp
General and Admin. Expenses/Net Revenues	14,6%	11,8%	2,8 pp	14,2%	12,9%	1,2 pp
Net Margin	15,0%	14,6%	0,4 pp	13,5%	13,8%	(0,3) pp
EBITDA Margin	24,3%	24,1%	0,1 pp	23,5%	23,6%	(0,1) pp

(*) Positon at the end of the 13th sales cycle

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

Consolidated net revenue was R\$1,586.5 million in 3Q12, increasing 14.8% from 3Q11 (R\$4,470.7 million in 9M12, advancing 14.0%). **In Brazil**, net revenue was R\$1,391.8 million in 3Q12, 11.4% more than in the same quarter a year ago (R\$3,966.3 million in 9M12, for growth of 10.9% on 9M11). **In the international operations**, net revenue in the quarter was R\$194.8 million, increasing 24.1% in weighted local currency (47.4% in Brazilian real) compared to 3Q11 (R\$504.4 million in 9M12, increasing by 29.1% in weighted local currency and by 46.5% in Brazilian real). As was the case in 2Q12, this quarter exchange variation had a positive effect on results, since the Brazilian real depreciated against the basket of currencies of the countries in which we operate.

We also observed in the quarter an unfavorable impact on our Net Revenue from the revision of the Value-Added Margin for CFT products sold via direct sales that was published by the State of São Paulo on June 26 and took effect on August 1.

Cost of Goods Sold (COGS) decreased from 30.0% of net revenue in 3Q11 to 28.7% in 3Q12, leading to a reduction of 130 basis points, reflecting the more efficient management of promotions in our International and Brazilian Operations, the favorable foreign exchange impacts and the procurement gains. In 9M12, COGS as a percentage of net revenue decreased by 90 basis points to 28.9%, from 29.8% in 9M11 .

The following table presents the main components of COGS³:

	3Q12	3Q11	9M12	9M11
RM / PM ⁽¹⁾	82,8	83,4	82,0	81,9
Labor	9,3	9,3	9,7	9,7
Depreciation	2,7	2,4	2,7	2,5
Other	5,2	4,9	5,6	5,9
Total	100,0	100,0	100,0	100,0

(¹) Raw materials and packaging materials

Selling expenses corresponded to 33.7% of net revenue in 3Q12, compared to 36.2% in the same period last year. The efficiency gains resulting from the decentralization of logistics operations and investments in marketing, combined with the higher dilution of expenses with the sales team, were sufficient to offset the higher investments already expected in the International Operations. In 9M12, selling expenses decreased to 35.2% of net revenue, from 35.9% in 9M11.

General and administrative expenses corresponded to 14.6% of net revenue in 3Q12, increasing 280 basis points from 3Q11. The increase in general and administrative expenses was mainly due to the partial reversal of the Profit Sharing Program in 3Q11, the higher investments in Information Technology to improve systems quality and foreign-exchange and inflation impacts on the corporate structure in Buenos Aires. In 9M12, general and administrative expenses corresponded to 14.2% of net revenue, compared to 12.9% in 9M11.

Other operating income and expenses were an expense of R\$9.5 million in 3Q12, compared to income of R\$4.2 million in 3Q11 (reflecting the non-recurring impact from the recognition of a credit of extemporaneous PIS and Cofins taxes on services).

Consolidated net income was R\$237.3 million in 3Q12, which represents net margin of 15.0% and growth of 17.7% compared to 3Q11 (R\$603.9 million in 9M12, up 11.8% from R\$540.2 million in 9M11).

Consolidated EBITDA in 3Q12 was R\$385.0 million, growing by 15.5% from 3Q11. EBITDA margin increased from 24.1% in 3Q11 to 24.3% in 3Q12. In 9M12, EBITDA was R\$1,048.7 million, growing 13.4% from 9M11. EBITDA margin was 23.6% in 9M11, compared to 23.5% in 9M12.

³ Representation of the cost breakdown for 2011 due reclassifications.

EBITDA (R\$ million)

	3Q12	3Q11	Change%	9M12	9M11	Change%
Net Revenues	1.586,5	1.381,4	14,8	4.470,7	3.920,9	14,0
(-) Cost of Sales and Expenses	1.236,9	1.076,3	14,9	3.525,4	3.075,3	14,6
EBIT	349,6	305,1	14,6	945,3	845,6	11,8
(+) Depreciation/Amortization	35,4	28,2	25,8	103,5	79,0	31,0
Total	385,0	333,3	15,5	1.048,7	924,6	13,4

Pro-forma EBITDA by areas of operation (R\$ million)

	3Q12	3Q11	Change%	9M12	9M11	Change%
Brazil	383,8	348,1	10,3	1.070,6	976,6	9,6
Argentina, Chile and Peru	24,7	9,4	163,9	49,0	18,8	160,1
Mexico and Colombia	(2,8)	(7,2)	(61,0)	(13,9)	(20,6)	(32,5)
Other Investments	(20,7)	(17,0)	22,1	(56,9)	(50,3)	13,1
Total	385,0	333,3	15,5	1.048,7	924,6	13,4

2. cash flow (pro forma)

R\$ million	9M12	9M11	Change%
Net income	603,9	540,2	11,8
Depreciation and amortization	103,5	79,0	31,0
Non-cash / Other*	42,6	10,5	306,7
Internal cash generation	750,0	629,7	19,1
Working Capital (Increase)/Decrease	25,1	(141,1)	(117,8)
Operating cash generation	775,2	488,7	58,6
CAPEX	(202,5)	(251,8)	(19,6)
Free cash flow**	572,7	236,9	141,8

(*) Some 2011 figures were adjusted for proper disclosure

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

Internal cash generation in 9M12 was R\$750.0 million, increasing 19.1% from the year-ago period. Working capital decreased R\$25.1 million, due to the improvement in inventory management, the provisioning for the Profit Sharing Program (in 3Q11 a portion of this provision was reversed) and the recovery of taxes.

In 3Q12, we invested R\$105.4 million in property, plant and equipment and intangible assets, bringing the total invested in 9M12 to R\$202.5 million. As a result, free cash flow was R\$572.7 million, increasing by 141.8% from the same period of 2011.

3. Income Statements (pro forma)

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 the sales made in the domestic market.

3.1. Brazil operation

Pro-Forma Income Statements

(R\$ million)	3Q12	3Q11	Change%	9M12	9M11	Change%
Total Consultants - end of period* (in thousands)	1.227	1.131	8,4	1.227	1.131	8,4
Total Consultants - average of period** (in thousands)	1.226	1.106	10,8	1.203	1.067	12,7
Units sold – items for resale (in million)	114,8	105,0	9,3	323,6	292,7	10,6
Gross Revenues	1.903,6	1.693,9	12,4	5.371,7	4.868,1	10,3
Net Revenues	1.391,8	1.249,3	11,4	3.966,3	3.576,6	10,9
Gross Profit	994,9	884,1	12,5	2.831,9	2.538,9	11,5
Sales Expenses	(435,6)	(426,3)	2,2	(1.301,6)	(1.217,9)	6,9
General and Administrative Expenses	(194,9)	(138,3)	40,9	(532,9)	(432,3)	23,3
Management compensation	(5,2)	(2,8)	85,3	(15,6)	(9,7)	60,2
Other Operating Income / (Expenses), net	(8,5)	5,0	n/a	(8,6)	23,4	n/a
Financial Income / (Expenses), net	(0,9)	(1,7)	(46,8)	(58,1)	(33,5)	73,7
Earnings Before Taxes	349,8	320,0	9,3	915,1	869,0	5,3
Net Income (Losses)	240,9	224,3	7,4	633,0	607,9	4,1
EBITDA	383,8	348,1	10,3	1.070,6	976,6	9,6
Gross Margin	71,5%	70,8%	0,7 pp	71,4%	71,0%	0,4 pp
Sales Expenses/Net Revenues	31,3%	34,1%	(2,8) pp	32,8%	34,1%	(1,2) pp
General and Admin. Expenses/Net Revenues	14,0%	11,1%	2,9 pp	13,4%	12,1%	1,3 pp
Net Margin	17,3%	18,0%	(0,6) pp	16,0%	17,0%	(1,0) pp
EBITDA Margin	27,6%	27,9%	(0,3) pp	27,0%	27,3%	(0,3) pp

(*) Positon at the end of the cycle/3

(**) Average number of consultants in the quarter corresponds to cycles 9 to 13.

The number of consultants in Brazil reached 1,227,000 at the end of the quarter, growing in relation to 3Q11 by 8.4% and 10.8% considering the number of consultants at the end of the period and the average in the period, respectively.

This quarter, consultant productivity⁴ increased by 1.4%, compared to the decreases of 5.7% and 2.6% in 1Q12 and 2Q12, respectively. This improvement reflects the initiatives implemented over the last few cycles aimed at promoting higher productivity.

In 9M12, productivity decreased by 2.1% to R\$6,381, from R\$6,516 in 9M11.

⁴ Productivity in retail price = (gross revenue/average consultants)/consultant profit

3.2. operations in consolidation

(Argentina, Chile and Peru) Pro-forma Income Statements

(R\$ million)	3Q12	3Q11	Change%	9M12	9M11	Change%
Total Consultants - end of period* (in thousands)	184	154	19,2	184	154	19,2
Total Consultants - average of period** (in thousands)	180	151	19,5	170	141	20,3
Units sold – items for resale (in million)	9,8	9,1	6,8	25,3	23,8	6,4
Gross Revenues	179,9	120,0	49,9	443,9	300,5	47,7
Net Revenues	133,8	90,5	47,9	332,6	227,9	45,9
Gross Profit	95,3	58,5	62,9	232,2	143,0	62,4
Sales Expenses	(61,0)	(43,3)	41,1	(158,2)	(108,2)	46,1
General and Administrative Expenses	(9,9)	(6,1)	62,4	(26,1)	(16,9)	54,3
Other Operating Income / (Expenses), net	(0,9)	(0,8)	19,2	(2,4)	(1,7)	39,2
Financial Income / (Expenses), net	1,2	(1,5)	n/a	2,9	(0,8)	n/a
Earnings Before Taxes	24,7	6,9	n/a	48,6	15,3	n/a
Net Income (Losses)	21,2	4,7	n/a	44,6	9,2	n/a
EBITDA	24,7	9,4	163,9	49,0	18,8	160,1
Gross Margin	71,2%	64,7%	6,6 pp	69,8%	62,7%	7,1 pp
Sales Expenses/Net Revenues	45,6%	47,8%	(2,2) pp	47,6%	47,5%	0,1 pp
General and Admin. Expenses/Net Revenues	7,4%	6,7%	0,7 pp	7,8%	7,4%	0,4 pp
Net Margin	15,9%	5,2%	10,7 pp	13,4%	4,0%	9,4 pp
EBITDA Margin	18,4%	10,3%	8,1 pp	14,7%	8,3%	6,5 pp

(*) Position of sales at the end of Cycle 12 for Argentina and of Cycle 11 for Chile and Peru

(**) Average number of consultants in the quarter corresponds to cycles 9 to 12 for Argentina and cycles 8 to 11 for Chile and Peru.

In the operations in consolidation, net revenue was R\$133.8 million in 3Q12, increasing by 24.4% in weighted local currency and by 47.9% in Brazilian real compared to 3Q11. In 9M12, net revenue from these operations was R\$332.6 million, for growth of 27.2% in weighted local currency and 45.9% in Brazilian real.

The number of consultants grew 19.2% to end the quarter at 184,000 (increase of 19.5% in the quarterly average).

These operations posted positive EBITDA of R\$24.7 million in the quarter and R\$49.0 million in 9M12. In addition to the gross margin expansion, which benefitted from various initiatives to

improve the management of prices and costs and the more favorable exchange rate, in 2012, marketing investments were distributed differently across quarters.

3.3. operations under implementation

(Mexico and Colombia) Pro-forma Income Statements

(R\$ million)	3Q12	3Q11	Change%	9M12	9M11	Change%
Total Consultants - end of period* (in thousands)	105	73	43,3	105	73	43,3
Total Consultants - average of period** (in thousands)	104	72	44,9	100	68	46,1
Units sold – items for resale (in million)	4,2	3,9	6,4	12,5	10,4	20,1
Gross Revenues	65,9	43,3	52,0	183,2	120,0	52,7
Net Revenues	56,6	37,4	51,3	157,6	103,5	52,2
Gross Profit	38,8	23,1	68,1	106,6	62,3	71,1
Sales Expenses	(35,3)	(26,3)	34,2	(103,8)	(71,7)	44,7
General and Administrative Expenses	(7,2)	(4,5)	58,9	(18,8)	(12,1)	55,7
Other Operating Income / (Expenses), net	0,1	(0,0)	n/a	0,1	(0,7)	n/a
Financial Income / (Expenses), net	0,1	(1,2)	n/a	0,7	(1,5)	n/a
Earnings Before Taxes	(3,4)	(9,0)	(61,8)	(15,2)	(23,7)	(35,6)
Net Income (Losses)	(3,8)	(10,1)	(62,3)	(16,0)	(25,9)	(38,1)
EBITDA	(2,8)	(7,2)	(61,0)	(13,9)	(20,6)	(32,5)
Gross Margin	68,6%	61,7%	6,9 pp	67,7%	60,2%	7,5 pp
Sales Expenses/Net Revenues	62,4%	70,3%	(7,9) pp	65,9%	69,3%	(3,4) pp
General and Admin. Expenses/Net Revenues	12,7%	12,1%	0,6 pp	11,9%	11,7%	0,3 pp
Net Margin	(6,7)%	(27,1)%	20,4 pp	(10,2)%	(25,0)%	14,8 pp
EBITDA Margin	(4,9)%	(19,1)%	14,2 pp	(8,8)%	(19,9)%	11,1 pp

(*) Positon at the end of the cycle 12

(**) Average number of consultants in the quarter corresponds to cycles 9 to 12.

In the operations in implementation, net revenue in 3Q12 was R\$56.6 million, for growth of 26.3% in weighted local currency and 51.3% in Brazilian real. In 9M12, net revenue was R\$157.6 million, growing 35.9% in weighted local currency and 52.2% in Brazilian real.

The number of consultants expanded by 43.3% to reach 105,000 at the end of 3Q12 (increase of 44.9% considering the average number consultants in the quarter).

These operations recorded an EBITDA loss of R\$2.8 million in 3Q12, which compares to the EBITDA

loss of R\$7.2 million in 3Q11. There was dilution of selling expenses in the quarter, accompanied by gross margin expansion, which benefitted from initiatives to improve the management of promotions, 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\$20.7 million in 3Q12 (compared to R\$17.0 million in 3Q11). The costs of our structure based in Argentina were influenced by the depreciation of the local currency against the Argentine peso.

conference call & webcast

PORTUGUESE:

Friday, October 26, 2012
10:00 a.m. (Brasília time)

ENGLISH:

Friday, October 26, 2012
12:00 p.m. (Brasília time)

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MSCI

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balance

sheets

at September 30, 2012 (in R\$ million)

ASSETS	Sep/12	Dec/11	LIABILITIES AND SHAREHOLDERS' EQUITY	Sep/12	Dec/11
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	114.2	515.6	Borrowings and financing	1,135.6	169.0
Short-term investments	1,107.1	-	Trade and other payables	566.9	489.0
Trade accounts receivable	676.1	641.9	Payroll, profit sharing and related taxes	212.5	132.0
Inventories	786.3	688.7	Taxes payable	400.0	446.8
Recoverable taxes	170.0	201.6	Other payables	44.0	37.9
Derivatives	65.6	28.6	Total current liabilities	2,359.0	1,274.7
Other receivables	136.5	126.8			
Total current assets	3,055.8	2,203.3			
NONCURRENT ASSETS			NONCURRENT LIABILITIES		
Long-term assets:			Borrowings and financing	1,071.6	1,017.7
Recoverable taxes	155.2	111.2	Taxes payable	258.6	140.5
Deferred income tax and social contribution	204.0	189.6	Provision for tax, civil and labor risks	65.5	65.0
Escrow deposits	378.4	295.8	Others provisions	72.3	44.8
Other noncurrent assets	33.0	29.9	Total noncurrent liabilities	1,468.0	1,268.0
Property, plant and equipment	865.7	800.4			
Intangible assets	185.2	162.8	SHAREHOLDERS' EQUITY		
Total noncurrent assets	1,821.5	1,589.8	Capital	427.1	427.1
			Capital reserves	155.5	160.3
			Earnings reserves	541.4	292.5
			Treasury shares	(69.0)	(102.8)
			Proposed additional dividend	-	490.9
			Other comprehensive losses	(4.6)	(17.6)
			Total equity attributable to owners of the Company	1,050.4	1,250.2
			Noncontrolling interests	0.0	0.0
			Total shareholders' equity	1,050.4	1,250.2
TOTAL ASSETS	4,877.3	3,793.0	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,877.3	3,793.0

income

statement

for the quarters and nine-month periods ended
September 30, 2012 and 2011

(R\$ million)	3Q12	3Q11	9M12	9M11
NET REVENUE	1,586.5	1,381.4	4,470.7	3,920.9
Cost of sales	(455.0)	(413.7)	(1,291.7)	(1,169.9)
GROSS PROFIT	1,131.5	967.8	3,179.0	2,751.0
OPERATING (EXPENSES) INCOME				
Selling expenses	(535.3)	(500.3)	(1,574.1)	(1,409.6)
Administrative and general expenses	(231.9)	(164.0)	(633.0)	(507.0)
Management compensation	(5.2)	(2.5)	(15.6)	(9.7)
Other operating (expenses) income, net	(9.5)	4.2	(11.1)	21.0
INCOME FROM OPERATIONS				
BEFORE FINANCIAL (EXPENSES)	349.6	305.1	945.2	845.6
INCOME				
Financial income	24.9	49.8	119.2	99.6
Financial expenses	(24.4)	(54.3)	(173.8)	(135.3)
INCOME BEFORE INCOME TAX AND				
SOCIAL CONTRIBUTION	350.0	300.7	890.7	809.9
Income tax and social contribution	(112.7)	(99.1)	(286.8)	(269.7)
NET INCOME	237.3	201.6	603.9	540.2

cash flow statements

for the nine-month periods ended
September 30, 2012 and 2011

R\$ million	9M12	9M11
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	603.9	540.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	103.5	79.0
Provision for losses on swap and forward transactions	(37.0)	(12.3)
Provision (reversal) for tax, civil and labor contingencies	5.6	(9.7)
Interest and inflation adjustment of escrow deposits	(16.4)	(38.5)
Income tax and social contribution	286.8	269.7
(Gain) loss on sale on property, plant and equipment and intangible assets	8.1	5.7
Interest and exchange rate changes on borrowings and financing and other liabilities	71.0	48.0
Exchange rate changes on other assets and other liabilities	13.7	(4.5)
Stock options plans expenses	9.2	9.7
Provision for discount on assignment of ICMS credits	-	0.3
Allowance for doubtful accounts	1.0	(6.7)
Allowance for inventory losses	(17.3)	44.7
Provision for healthcare plan and carbon credits	27.4	2.6
Recognition of untimely used tax credits	(9.7)	(13.9)
Recognition of tax credits related to lawsuit	-	(16.9)
	1049.9	897.6
(INCREASE) DECREASE IN ASSETS		
Trade receivables	(35.3)	96.3
Inventories	(80.3)	(211.9)
Recoverable taxes	(2.6)	(104.5)
Other receivables	(11.6)	(15.5)
Subtotal	(129.7)	(235.5)
INCREASE (DECREASE) IN LIABILITIES		
Domestic and foreign suppliers	79.2	103.6
Payroll, profit sharing and related taxes, net	80.4	(1.3)
Taxes payable	26.0	56.3
Other payables	6.1	(13.1)
Payments of provision for tax, civil and labor contingencies	(5.1)	(0.4)
Subtotal	186.6	145.1
CASH GENERATED BY OPERATING ACTIVITIES	1,106.8	807.1
OTHER CASH FLOWS FROM OPERATING ACTIVITIES		
Payments of income tax and social contribution	(241.6)	(265.1)
Payments of derivatives	(15.6)	(18.4)
Payment of interest on borrowings and financing	(5.5)	(40.2)
NET CASH GENERATED BY OPERATING ACTIVITIES	844.1	483.5

CASH FLOW FROM FINANCING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(202.5)	(251.8)
Proceeds from sale of property, plant and equipment and intangible assets	3.1	3.7
Withdrawal (payment) of escrow deposits	(66.1)	(31.0)
Short-term investments	(3,053.3)	-
Redemption of short-term investments	1,946.2	-
NET CASH USED IN INVESTING ACTIVITIES	(1,372.6)	(279.1)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of borrowings and financing - principal	(158.4)	(321.4)
Proceeds from borrowings and financing	1,113.5	752.5
Payment of dividends and interest on capital	(491.0)	(430.1)
Interim dividends and interest on capital	(363.5)	(332.8)
Acquisition of treasury shares	-	(104.5)
Sale of treasury shares due to exercise of stock options	28.4	0.7
Capital increase through subscription of shares (353,289 common shares at average price of R\$39.69)	-	9.0
NET CASH GENERATED (USED) IN FINANCING ACTIVITIES	129.0	(426.6)
Gains (losses) arising on translating foreign currency cash and cash equivalents	(1.9)	0.8
DECREASE IN CASH AND CASH EQUIVALENTS	(401.4)	(221.4)

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 updated up to the present date and Natura does not undertake to update it in the event of new information and/or future events.

