NATURA 2012 ADMINISTRATION REPORT

MESSAGE FROM THE CHAIRMEN OF THE BOARD

Our dream for the future

Some 72 years ago, the book *Brazil*, *Land of the Future* was published in six languages, depicting a Brazil of great potential for the world. Its author, Austrian writer and journalist Stefan Zweig, tormented by the Second World War and the unbounded senselessness of that time in history, saw the right geographic and cultural conditions in Brazil for the development of a fairer, happier and more tolerant society. The book's repercussion made an epithet of its title. For many, it was a prophecy.

The highly unusual conditions of this early 21st century again form a scenario of global crisis, of complex interaction between economic, social and environmental phenomena. In this context, while the economies of the so-called developed world oscillate between slow recovery and the agony of recessive policies, we follow the emergence of countries such as China, India, Mexico and Brazil itself. Has the future envisioned by Zweig finally broken out of utopia and become the present?

We think that it hasn't yet. We have moved forward, that is true. In Brazil, in the past 25 years, from the promulgation of the new Constitution, consolidation of democratic institutions and stabilization of the economy, new and multiple instruments have allowed advances in individual and collective rights, access to education, jobs and income and environmental protection. At the same time, we must watch over these achievements and consolidate them so that other challenges can be figured out and our society continues evolving.

In Latin America, where our main markets of operation are located, we have verified that the region experiences a period of constant growth, although in an heterogeneous way, and social inequalities persist. At a global level, the current crisis can give us the opportunity to lay the foundations of a new capitalism promoting a model of fair, inclusive sustainable development. The future, therefore, is under construction and this work is the responsibility of each one of us, that is, citizens, governments, civil society organizations and companies. The vision of undertaking a collective corporate project around common purposes has driven Natura over time. Our foundations, based on the pursuit of relationship quality, have been shared by an ever-growing universe of people.

In 2012, we are proud of having reached the best level of our history in the quality of services provided to our more than 1.5 million sales consultants, with whom we share richness and dreams, envisioning in each of them immense enterprising skills, able to produce innovative solutions for all society.

We continue enthusiastic about the transforming potential of our relationship network, which is expanding to new locations and can be driven and accelerated by new digital technologies. After all, we are driven by the wish of turning social and environmental challenges into innovative business; consolidating a business culture that is more solidary and committed to generating shared prosperity; producing wealth for people and society; relating to more aware consumers; building citizenship; and improving life quality.

We understand that as a society, we have a long road ahead until we can diffuse, in a broader way, the consciousness that we are all interconnected and cause, with our individual and collective decisions relevant impacts on our habitat. This disseminated consciousness, by our point-of-view, is key to put our creativity, our knowledge and technologies to work for reshaping our way of life.

Therefore, we believe that the qualities cherished by so many and that gave rise to Zweig's praise for Brazil warrant a new interpretation, a magnified understanding of what a new global society should be founded on. For this reason, as we thank all those who contributed to the good results of 2012, we reaffirm our commitment to acting side by side with our relationship network in order to advance in the construction of this future.

With friendship

Antonio Luiz da Cunha Seabra
Guilherme Peirão Leal
Pedro Luiz Barreiros Passos

Co-chairmen of the Board

MESSAGE FROM THE EXECUTIVE COMMITTEE

The impulse of a new cycle

In 2012 we experienced with great enthusiasm the beginning of a new cycle for Natura. We achieved the highest rating in our history for the quality of services provided to our sales consultants, to such an extent that we cut the average order delivery time from 6 to 4.5 days in the second half year. This and other initiatives helped to increase the productivity of our network by 2.9% on the fourth quarter of the year. Our International Operations in Latin America already represent around 11.6% of Natura's revenue and continued at a brisk pace of expansion, accompanied by profitability gains, which reaffirms Latin America's position as a highly relevant business platform.

At the same time, we reaffirmed our belief in the directions outlined for the future: we took the first steps toward a significantly improved buying experience through technology use; and we expanded our portfolio to include yet another international brand, which shares our vision, is present in other geographical regions, and like us, prizes relationship quality.

The acquisition, in December, of a major stake in the Australian brand Aesop adds to a sequence of record investments we have made in recent years that launch the basis of a new cycle of growth for Natura. Investments that enabled our new logistics model, and now will help us to use digital technology as an innovation vector applied to relationship quality rather than just to transaction support. This volume of resources is the fruit of our consistent economic results over time. In 2012, our consolidated net revenue totaled R$ 6.346

billion, Ebitda reached R$ 1.511 billion, and net profit was R$ 861 million.

The good results in Brazil reflect our strategy to augment consumer buying frequency and the variety of products purchased, so as to boost productivity of our sales consultants. We also successfully launched products that filled in segment gaps where we were not yet present, especially perfumery, which reveals the strength of our innovation process.

We sought inspiration in our history of expansion in Brazil to mold the strategy for the other Latin American countries, which includes: significant attraction and retention of sales consultants, who already total 305 thousand in the region; increased consumer awareness and preference of our brand; and local production progress through suppliers, which allows for greater distribution flexibility and better economic, social and environmental results.

The more we evolved in our social and environmental practices, the more we perceived the opportunities of innovation and the challenges that lie ahead. While we continue our efforts to reduce our impact, we recognize that there is still much to do. An example is our waste management, where we need to transform this and other social and environmental aspects into business value generators. With the opening of Natura's Amazon Innovation Center (Núcleo de Inovação Natura Amazônia) in Manaus, we strengthen our commitment on acting as one of the agents that enhance the potential future development of Pan-Amazonian socio-biodiversity.

In an era where a "like" on the internet can be more influential than an advertisement, we decided to strengthen the technological platform in our business strategy, so as to bring our 1.5 million sales consultants even closer to the nearly 100 million customers, improving service quality and the buyer experience.

Our commitment to placing relationship quality at the core of our way of doing business remains strong, reaffirming it as a distinguishing element of our corporate behavior. We are a dynamic organization in a constantly changing, networked world, so we must strengthen bonds through common values.

In this scenario, we see an opportunity to be increasingly in touch with people's needs, steering our innovative capacity to meet these emerging demands, and thus driving our future strategy, which deepens the embodiment of our Reason for Being, Well-Being-Well, enabling expansion of Natura's relationship network by offering new brands, products, services and business.

Alessandro Giuseppe Carlucci

CEO

Agenor Leão de Almeida Junior

Senior Vice-President of Digital Technology

João Paulo Ferreira

Senior Vice-President of Operations and Logistics

José Vicente Marino

Executive Vice-President

Marcelo Cardoso

Senior Vice-President of Organizational Development and Sustainability

Roberto Pedote

Senior Vice-President of Finance, Investor Relations and Legal Affairs

Market context

In 2012, we were once again able to attest the strength of our market and the Natura brand. The Cosmetics, Toiletry and Fragrance industry in Brazil showed strong growth of an accumulated 17.9% in the first ten months of 2012, according to data compiled and published by Sipatesp/Abihpec1. Such data demonstrate that this market is less sensitive to economic oscillations and more related to the available income of consumers. The Personal Hygiene category was a highlight, especially for product launches in hair and deodorants categories.

During this period, we presented a decrease of 0.9 pp in our market share, concentrated in the category of Personal Hygiene, as in the Cosmetics and Perfumery categories we had an increase in market share. Our innovation plan in 2013 will allow us to increase our competitiveness in Personal Hygiene categories.

Corporate governance and the capital market

Over time we have endeavored to build an increasingly representative, transparent corporate governance system that is aligned with the best market practices. In 2012, we gathered a record number of 350 attendees at the Annual Meeting of Shareholders. Minority shareholders and representatives of major investment funds were able to watch the broadcast of the meeting in Cajamar (SP), ask questions and talk to the company's senior management in person. We also held a joint public meeting with the Association of Capital Market Investment Analysts and Specialists (Apimec-SP - Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais), attended by invited guests and market analysts.

During the same occasion, we confirmed the increase in number of Board of Administration members, which went from six to nine members. Raul Gabriel Beer Roth, Roberto Oliveira de Lima and Plínio Villares Musetti joined the Board. This change strengthens our company's Board with professionals of different backgrounds and with varied qualifications in the corporate sphere.

Following is the development and profile of our shareholder base:

Shareholder profile	2010	2011	2012
Individuals	7.838	8.722	7.821
Legal Entities Brazil	560	659	926
Legal Entities abroad	850	867	714
Total	**9.248**	**10.248**	**9.461**

Performance of shares

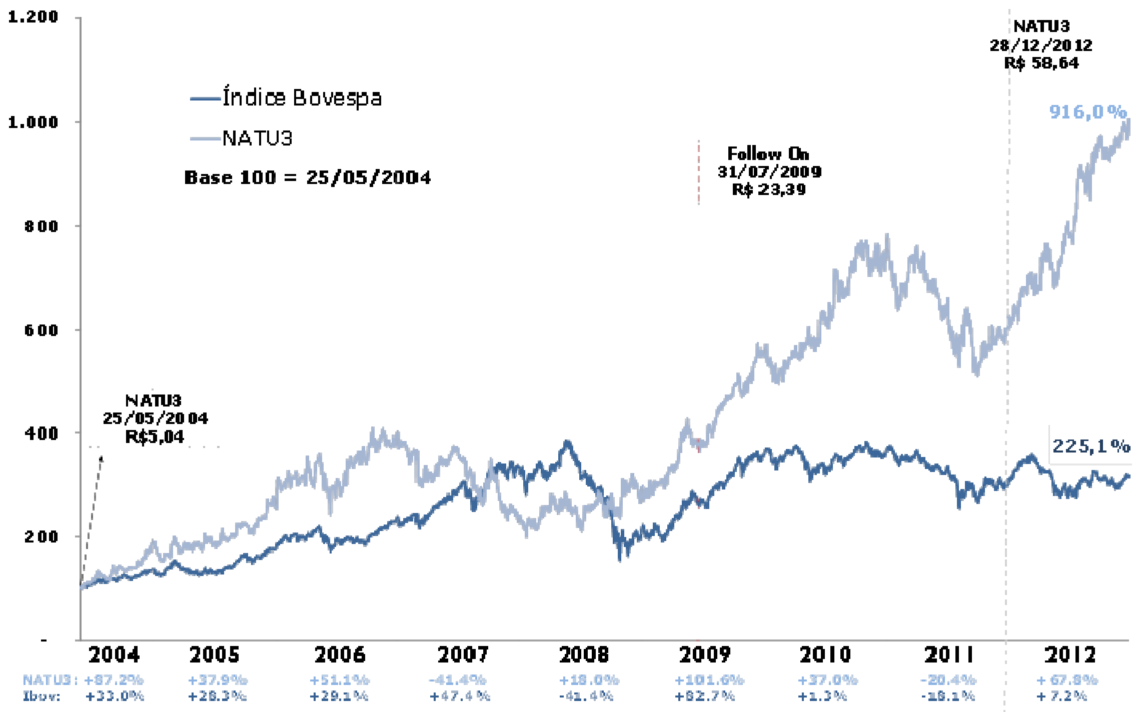
In 2012, Natura's shares appreciated 67.8% while the Ibovespa index, key indicator of BM&FBOVESPA, accumulated an appreciation of 7.2%.

Average daily trading volume of shares (R$ thousand)		
2010	**2011**	**2012**
33.182	43.696	54.337

Source: Economática

Natura, listed on BM&FBOVESPA, the New Exchange, is included in the top Brazilian stock market indexes: Ibovespa, IBrX-50 (which lists the most liquid shares on BM&FBOVESPA), ISE (Business Sustainability Index), Corporate Governance Index, Index of Shares with Tag-Along Rights, Morgan Stanley Composite Index and ICO2 (Carbon Efficient Index, from BM&FBOVESPA).

Ever since going public in 2004, we have maintained much higher performance than the Ibovespa Index, as per the graph below:



Economic performance

Natura's consolidated net income in 2012 was R$ 6,345,700,000 million, a 13.5% increase over 2011, with Ebitda (acronym for earnings before interest, taxes, depreciation and amortization) of R$ 1,510,700,000 million, 23.8% Ebitda margin; and net profit of R$ 861,200,000 million, a 13.6% margin.

1. GRAPHS

Evolution (R$ million)	2010	2011	2012
Consolidated net revenue	5.136,7	5.591,4	6.345,7
Consolidated Ebitda	1.256,8	1.425,0	1.510,7
Consolidated net profit	744,1	830,9	861,2

In Brazil operations, net revenue grew 10.3%, reaching R$ 5,611,200,000 million. International Operations in turn showed vigorous grown of 28% in weighted local currency (45.8% in reais), totaling R$ 734,400,000 million, or 11.6% of Natura's consolidated net revenue, the highest level in our history. In 2012, we invested R$ 437,4 million in fixed assets, primarily in plant expansion, information technology and logistics.

We continued increasing economic value generation for Natura's main stakeholders, as shown in the table:

Distribution of wealth (R$ million)			
	2010	2011	2012
Shareholders[1]	647	763	846
Consultants	2.738	2.906	3.211
Employees	769	634	803
Suppliers	3.707	4.363	4.837
Government	1.474	1.472	1.743
TOTAL	**9.338**	**10.138**	**11.440**

1. The figures for dividends and interest on equity are net values.

Distribution of dividends

On February 6, 2013, the Board approved a proposal to be submitted to the Annual Meeting of Shareholders, which will be held on April 12, 2013, for payment on April 17, 2013, the dividends referring to the calculated income from 2012 fiscal year and interest on equity for the period of R$ 469,5 million and R$ 21,8 million (R$ 18,6 million net of withholding tax), respectively.

On August 15, 2012, R$ 327 million as interim dividends and R$ 31 million (net after income tax at source) were paid out.

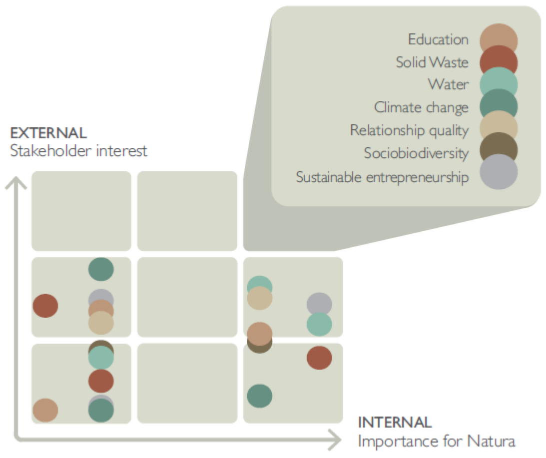
These dividends and interest on equity together, related to income from fiscal year 2012, will represent net compensation of R$ 1.97 per share (R$ 1.89 per share in 2011), corresponding to 100% of net profit from 2012.

Priority sustainability topics

Our sustainability strategy faces the challenge of making the topic one of the main vectors of innovation and new business generation, by means of solutions that create shared value for our entire relationship network.

We believe that this strategy in our business will evolve from a cross-organization approach, with inclusion of guidelines in all processes. The topic is a relevant component of the Natura Management System, being considered in everything from strategic planning to definition of indicators and goals.

To ensure its effectiveness, we have defined the materiality matrix, which determines, in conjunction with our stakeholders, the issues that should be prioritized, and guides initiatives in our whole business.



Water

Water management has gained greater worldwide relevance. Two years ago we began developing a hydric resource management strategy based on an inventory of water consumption and pollution along our entire value chain, including the phase of product use by our consumers. This water inventory, which came to be called our hydric footprint, became an international case study in 2012, presented at a conference held by Unesco (United Nations Education, Science and Culture Organization). Also in 2012, we moved forward in the study of methodologies that include the evaluation of product biodegradability and toxicity by international researchers.

Internally, we have improved our efficient water use production processes, and in 2012, we achieved our goal of maintaining consumption at 0.40 liters per produced unit.

2. GRAPH

Water consumption (liters/produced unit)		
2010	2011	2012
0,42	0,40	0,40

Education

We work extensively toward improvement in education quality, because we understand that the development of conscientious individuals is the starting point for promoting a fairer and more sustainable society.

We want to take advantage of our network of 1.5 million NCs in Brazil and International Operations to foster education as a new business opportunity, stimulus for sustainable entrepreneurship and increased generation of value for all *(read more about Sustainable Entrepreneurship).*

We surpassed our corporate training goal by 8% in 2012, reaching a total of 87.6 average training hours per employee in Brazil and in Latin America.

Natura's education strategy also encompasses the activities of the Natura Institute, a non-profit organization created in 2010 to manage our private social investment, and which has the promotion of educational technologies to generate large-scale transformations as its primary focus. In 2012, the Trilhas Project, to encourage reading and writing in early education, became public policy in a partnership with the Ministry of Education, and reached two thousand municipalities and 3 million students.

Fundraising by the Believing is Seeing Program, a special product line and main source of funds for the Natura Institute, reached R$ 12.8 million in 2012, a record result higher than the goal of obtaining R$ 10 million in the period.

Sustainable Entrepreneurship

We live in an increasingly complex world, and we understand that there are new business solutions and formats that will form a new economic and relationship model in society. Promoting entrepreneurship is one of the alternatives for creating sustainable business ecosystems.

In 2012, we sealed a partnership with Professor Stuart Hart, from Cornell University in the USA, one of the leading global experts in business at the base of the pyramid, for the purpose of connecting a network of laboratories that research entrepreneurial solutions and business in the underprivileged classes around the world. In addition to generating knowledge for our NCs, we intend to use this experience to promote education for sustainable entrepreneurship and to enable the creation of innovative and creative solutions for solidifying new business.

Climate Change

In 2012, we accomplished a 7.4% reduction in our absolute Greenhouse gas emissions (GHG), based on 2008 emissions. However, this reduction was not enough for us to achieve the commitment to cut 10% of our absolute emissions (scope 1 and 2 of the GHG Protocol). The non-achievement occurred due to the increased participation of thermo-electric plants in provision of energy to the Brazilian electrical grid at the end of 2012, to offset the low level of hydroelectric reservoirs, which impacted our emission calculations. These data include our factories in Cajamar (SP) and Benevides (PA), as well as our administrative spaces.

Hence, although we managed to implement all projects we had planned - the biomass-fueled boiler at the Benevides (PA) factory, and another run on ethanol in Cajamar, the fuel card exclusively for ethanol use in the fleet for executives and the sales force, and reduction in electricity consumption - we are vulnerable to a factor for which the national energy system is responsible.

Moreover, our GHG emissions in 2012 maintained the trend of recent years, with proportionally lower growth than the company's economic evolution. We accomplished a relative reduction of 4% over the previous year, and an accumulated reduction of 28.4% since 2006, in keeping with our commitment to achieve 33% by the end of 2013.

Emissions that cannot be avoided are offset by the purchase of carbon credits from reforestation, energy efficiency and fuel replacement programs. In 2012, we ensured the contracting of projects to offset emissions generated in the 2011-2012 two-year period.

3. GRAPH

Greenhouse Gas Emissions (kg CO2e / kg invoiced product)[1]		
2010	2011	2012
3,30	3,12	3,0

1. CO_2 (or CO_2 equivalent): measurement used to express greenhouse gas emissions, based on the global warming potential of each.

Solid waste

We have been working on a solid waste management strategy since 2010, with an integrated lifecycle vision. We have also developed and applied a waste inventory methodology with results audited by Ernst & Young.

In addition to reducing the generation of solid waste and reject along our chain, and increasing the use of recycled material, we want to develop an efficient and inclusive supply chain structure for these materials, with fair price, social inclusion, and traceability. We see waste not as an end, but rather as the beginning of a new business.

We did not achieve the efficiency we wanted in 2012. Our waste generation index increased from 20.01 grams per produced unit to 25.56. This result is higher than the goal of reaching 20 gr./unit, and it was mainly a reflection of losses with discontinued material stocks (finished products and raw materials).

In the industry sphere, we supported actions promoted by the Brazilian Cosmetics, Toiletries and Fragrance Association (Abihpec) to encourage compliance with the National Solid Waste Policy.

Sociobiodiversity

To reinforce our commitment to the Amazon region, in 2011 we launched the Amazon Program as the major focus of our sociobiodiversity strategy and it includes the neighboring countries in which we also operate. Our desire is to expand our local activity and pursue new sustainable development proposals that include Amazon inhabitants and environmental conservation.

In 2012, we established five priority territories for action, and Natura investment key issues for local institutional fortification. We opened the

Natura Amazon Innovation Center (NINA - Núcleo de Inovação Natura Amazônia) in Manaus, a knowledge center with the mission of stimulating the formation of a network of researchers, in conjunction with local, national and international science and technology institutions. We also launched the Natura Campus Public Notice for selection of Science, Technology and Innovation projects in the region, and we began works for an industrial park in Benevides (PA) with ecological principles, expected to open in the first half of 2013.

Relationship quality

Our conviction is that caring for relationships has always been a great enabler of our world vision, and it will continue thus in the future, remaining at the core of our business as our brand's major distinguishing feature. For this reason, we maintain structured relationship management practices with all of our audiences, which include constant consultations and dialogues in most of the strategic projects implemented by the company.

However, there is still much to do for us to reach our desired level of excellence, and we are reinforcing our practices in the coming years. See below the results achieved with the audiences closest to our activity:

Natura Consultants (NCs) and Natura Consultant Advisors (NCAs)

2012 was a very positive year for our 1.5 million Natura consultants. The level of services provided improved, and more consultants were assisted in less time. Today, 25% of them receive their orders in up to 48 hours, against 5% in 2011. In addition, the overall average delivery time, considering the consultants all over Brazil, reached 4.5 days in the second half year. When the 12-month average is compared, the delivery time was 5.1 days instead of the 6.8 days of 2011. We do faster and more accurate deliveries, since, in 2012, we also recorded the lowest rate of unavailability of products of the last seven years.

These improvements are fruits of the investments Natura has made in recent years, in making over and expanding our logistics mesh in Brazil, and in order capture system technology. Our aim is to invest in order to improve service quality to NCs and NCAs, and to our consumers.

With the advancements, we increased NC loyalty, which reached 24$ in 2012, a much higher result than the 18.6% in the preceding year, and the 21% target for the period. Among NCAs, the growth was even more expressive, going from 24% to 40%.

Employees

Our focus on people development has been returning results, such as fast-paced career paths of high-potential management, and the acquisition of new competencies. But we know that there are still many challenges ahead, as our organization grows and expands its relationships. This growth imposes less hierarchical and more horizontal corporate structures, with more flexible goals. In 2012, the company took an important step to meeting a demand identified in the organizational climate survey. It promoted activities to convey our strategy with more clarity and objectivity, allowing employees to have a more concrete vision of the future of the business in order to guide their own work.

In 2012 we saw a two-percentage-point improvement in Natura's organizational climate survey, after two years of decline in the index. Performance of International Operations stood out, registering sharper growth than Brazil, especially Argentina, Chile and France. The result, however, is still below the stipulated target of 74%.

Climate survey – Favorability (%)1	2010	2011	2012
Natura	73	70	72

1. Equivalent to the percentage of employees who answered 4 and 5 (top 2 box) on a scale from 0 to 5 points.

Consumers

We face the constant challenge of promoting Well-Being-Well experiences, and infusing our Essence into each new product or contact we make with our consumers. These guidelines are present in everything we do, and they have become even more challenging in an era in which relationships and changing drastically, mainly due to social networks.

We intend to use the new mobility and information technologies to bring everyone closer, especially our end-customers and consultants, and consequently, Natura itself.

Within this spirit of closeness, in 2012 we launched the Espaço Conceito (Concept Space), in São Paulo (SP), which is a place specially set for the consumer to strengthen his/her relationship with our brand, having a multiple sense experience, integrating conceptual, sensory and commercial experiences.

Our brand strengthened its preferred position in the Cosmetics, Toiletries and Fragrance market. According to the Brand Essence image survey conducted by the consulting firm Ipsos, the number of consumers who gave Natura the highest score grew from 73% to 79% in 2012.

Suppliers

We focused our relationship on creating partnerships to build a chain with higher added value. With our performance, we know that we can influence our commercial partners, and we have worked to make that influence increasingly positive. In 2012 we expanded the Sustainable Supply Chain strategy, which considers social and environmental aspects when selecting and developing our suppliers. In 2011, we analyzed 60% of our supplier base, indentifying those with good management practices and opportunities for enhancing this performance. In 2012 we expanded the program to indirect input suppliers.

Our aim is to generate R$ 16 million in social and environmental gains in five years, through investments in our entire chain. In 2011, the first year of the program, benefits of around R$ 1 million were generated, and in 2012, an additional R$ 2 million were achieved.

Supplier loyalty dropped 4 p.p. (from 26.5% to 22.6% in 2012), influenced by the SAIN (Services, Assets and Indirect) audience. A combination of factors explains this complex supplier relations scenario, including the resolution of problems causes by the operation's instability in 2011 and commercial negotiations (including costs and payment terms), influenced by volatile exchange rates and rise in inflation.

Supplier communities

As a key audience for our sociobiodiversity strategy, we maintained relations with 36 supplier communities, involving 3.5 thousand families last year. The distribution of resources rose 16.6%, totaling R$ 12.1 million and accomplishing our goal of expanding business and the social benefit generated by access to biological resources and the associated traditional knowledge.

This value generation will continue expanding in coming years as part of the business expansion strategy in the Amazon Program *(read more about Sociobiodiversity)*. In order to prepare our input supply chain for the increased demand, we established the Provision Center, focused on identifying structuring needs for current communities and the pursuit of new partnerships.

Supplier communities	2010	2011	2012
Communities with which Natura has relations	27	35	36
Benefitted families in supplier communities	2.301	3.235	3.571

Funds (BRL thousand)	2010	2011	2012
Funds destined to supplier communities	**8.706**	**10.037**	**12.072**

Perspectives

Natura kicked off a new growth cycle in 2012, and the achieved results were the consequence of investments made over the past two years. We accomplished significant improvement in our service level: we cut delivery time for consultants, doubled the number of orders delivered within 48 hours, and achieved the lowest product unavailability rate in the past ten years.

Our logistical infrastructure is ready to handle the future expansion, which will be driven strongly in Brazil by initiatives focused on increased productivity of consultants, a network of over 1.2 million people who already reach the homes of nearly 100 million consumers. We continue our efforts to increase buying frequency and the variety of purchased products. For this reason, we have invested in the evolution of our marketing, have advanced in consultant training and combined offering of diverse categories of products for our consumers.

This movement is supported by our innovation process, which generated important product launches in 2012: the first fragrance of UNA, a *deo parfum* focused on the *premium* segment, and the Natura Tododia *sprays*, aimed at a habit of after-bath body perfuming. With sales that exceed expectations, these products confirmed the strength of our brand in different segments. We will continue innovating in concepts and products to enchant our customers and occupy spaces in which the Natura brand can offer products aligned with our value proposal and isn't present yet.

Our International Operations in Latin America in turn achieved a level of development that strengthened their position as a relevant business platform. Our strategy for the region includes accelerated growth of our consultant network, expanded production supported on local partnerships, and increased brand prestige and institutional recognition. We are already among the top three preferred brands for consumers in Argentina and Peru, and we have significantly increased awareness of our brand in Mexico and Colombia, where our operation is more recent. We still have significant room to gain market share in the region.

In 2012, we also began exploring, in practice, the opportunities that new mobile technologies and social networks open for the direct selling model. We identified great potential for bring our consultants even closer to their customers, understanding their buying habits and providing our network of NCs with information that can increase its productivity and improve the buying experience for our customers. This movement will be supported by planned investments in digital technology.

In this scenario, we see the opportunity of being increasingly connected to people's needs, allowing the expansion of the Natura network of relationships by offering new brands, products, services and businesses.

Adherence to the Market Arbitration Chamber

The Company, its shareholders, Administrators and members of the Supervisory Board, of a Supervisory Board is established, are required to resolve, through arbitration before the Market Arbitration Chamber, each and every dispute or controversy that may arise between them, related to or arising from, in particular, application, validity, effect, interpretation, breach and effects, of provisions set forth in Law no. 6.404/76, in the Company's bylaws../../AppData/Local/Microsoft/Windows/73439436/Desktop/atual, in standards issued by the National Monetary Council, by the Central Bank of Brazil and by the Brazilian Securities and Exchange Commission, as well as other standards applicable to operation of the capital market in general, in addition to those set forth in the Listing Rules of the New Exchange, the Arbitration Rules of the Market Arbitration Chamber, the Rules on Application of Pecuniary Sanctions in the New Exchange, and the Agreement for Listing on the New Exchange.

Relationship with independent auditors

In compliance with CVM (Brazilian SEC) Instruction no. 381/03, we hereby inform that the Company and its subsidiaries have adopted the formal procedure of consulting the independent auditors Ernst & Young Terco Auditores Independentes S.S., in order to ensure than the rendering of these other services will not impair its independence and objectivity, required for the performance of independent auditing services, in addition to obtaining the proper approval from its Audit Committee. The company's policy of not hiring the services of independent auditors ensures that there is no conflict of interest, loss of independence or objectivity.

Guidelines for sustainability communication

To accurately and transparently portray our performance on the economic, environmental and social planes, we have adopted the Global Reporting Initiative (GRI-G3.1) guidelines, whose criteria will be extensively developed in our 2012 Annual Report.

All social and environmental data contained in GRI indicators undergo external verification by the company's independent auditors Ernst & Young Terco Auditores Independentes S.S. In the case of 2012 GHG emissions, a specific verification was conducted (limited assurance) on the inventory data, also by Ernst & Young.

São Paulo, February 6, 2013 – Natura Cosméticos S.A. (BM&FBovespa: NATU3) announces today its results for the fourth quarter (4Q12) and for fiscal year 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).

natura results 4Q12

natura
bem estar bem

The year was marked by recovery in consultant productivity in Brazil, the highest service quality indicators of the past few years and Latin America consolidating its position as a relevant business platform

Sales growth recovered in Brazil supported by a better balance between growth in the consultant base and in productivity[1] due to the execution of our strategy to increase the buying frequency of our customers.

Our service quality achieved the highest level of the last ten years, as shown by the indicator of out-of-stock items and the significant increase in the number of orders delivered within 48 hours. Moreover, other initiatives, such as *Mais Natura*, adjustment of incentives for the sales team to prioritize productivity and the launch of products in previously unexplored price points, led to an increase in productivity in the quarter of 2.9% compared to the same quarter last year.

In Brazil, our target market whithin is the cosmetics, fragrance and toiletry industry recorded robust growth of 17.9% in the first ten months of 2012, according to data from Sipatesp/Abhipec[2]. Toiletry categories registered the strongest growth, driven mainly by new product launches in the hair care and deodorant categories. We recorded a market share loss in the period of 0.9 p.p., which was concentrated mainly in the personal hygiene category, while we gained market share in the cosmetics and fragrance categories. In 2013, however, our innovation plan should enable us to increase competitiveness in the toiletries category.

Brazil	Market Size (R$ Million)			Market Share Natura (%)		
	10M12	10M11	Change (%)	10M12	10M11	Change (%)
Cosmetics and Fragrances	9,292	8,137	14.2%	34.5%	33.9%	0.5 pp
Toiletries	10,371	8,545	21.4%	11.6%	13.2%	(1.6) pp
Total	**19,662**	**16,682**	**17.9%**	**22.4%**	**23.3%**	**(0.9) pp**

Source: Sipatesp/Abhipec

We ended the year with 302,000 consultants in Latin America, reaffirming this region's position as a relevant business platform. EBITDA in the Operations in Consolidation was R$78.4 million with EBITDA margin of 16.1%, while the Operations in Implementation neared breakeven. This reflects the important advances made in the region, with the percentage of goods produced locally increasing continuously to around 10% of needs in December 2012, the stabilization of the CNO (Super Consultant) model in Colombia, Chile and Peru, and the adjustments to the Sustainable Relations Network in Mexico. We remain especially confident and enthusiastic about our businesses in the International Operations, maintaining an intense focus on our objective of becoming one of the main players in the countries where we operate.

[1] Productivity at retail prices = (gross revenue in the period/average number of consultants in the period) / (1 - consultant profit)
[2] Sipatesp/Abihpec: São Paulo State Perfumery and Toiletry Association / Brazilian Cosmetics, Fragrance and Toiletry Industry Association. The figures for 2011 were reprocessed by Sipatesp/Abihpec.

(R$ million)	4Q12	4Q11	Change (%)	2012	2011	Change (%)
Brazil Gross Revenue	2,257.8	2,030.8	*11.2*	7,629.4	6,898.9	*10.6*
International Gross Revenue	293.4	201.7	*45.4*	936.6	636.9	*47.1*
Consolidated Gross Revenue	**2,551.2**	**2,232.6**	***14.3***	**8,566.1**	**7,535.8**	***13.7***
Brazil Net Revenue	1,645.0	1,511.0	*8.9*	5,611.2	5,087.6	*10.3*
International Net Revenue	230.1	159.5	*44.2*	734.4	503.8	*45.8*
Consolidated Net Revenue	**1,875.0**	**1,670.5**	***12.2***	**6,345.7**	**5,591.4**	***13.5***
% Share International Net Revenue	***12.3%***	***9.5%***	***2.7 pp***	***11.6%***	***9.0%***	***2.6 pp***
Brazil pro-forma EBITDA	452.0	499.4	*(9.5)*	1,522.6	1,476.1	*3.2*
% Brazil pro-forma EBITDA Margin	*27.5%*	*33.1%*	*(5.6) pp*	*27.1%*	*29.0%*	*(1.9) pp*
International pro-forma EBITDA	10.0	1.0	*n/d*	(11.8)	(51.1)	*(76.8)*
% International pro-forma EBITDA Margin	*4.3%*	*0.6%*	*3.7 pp*	*(1.6)%*	*(10.1)%*	*8.5 pp*
Consolidated EBITDA	**462.0**	**500.4**	***(7.7)***	**1,510.7**	**1,425.0**	***6.0***
% Consolidated EBITDA Margin	*24.6%*	*30.0%*	*(5.3) pp*	*23.8%*	*25.5%*	*(1.7) pp*
Consolidated Net Income	**257.3**	**290.7**	***(11.5)***	**861.2**	**830.9**	***3.7***
% Consolidated Net Margin	*13.7%*	*17.4%*	*(3.7) pp*	*13.6%*	*14.9%*	*(1.3) pp*
Cash Generation	**311.6**	**173.9**	***79.2***	**884.3**	**410.6**	***115.4***
Net Debt / Ebida				**0.37**	**0.41**	

*Growth in local currency of 25.5% in 4Q12 vs 4Q11 and 28.0% in 2012 vs. 2011.

In 2012, consolidated EBITDA grew by 6% compared to 2011. After excluding the nonrecurring effects and the reversal of the provision for profit sharing that had a significant positive impact on the 2011 results, the improvement in the fundamentals of our business supported EBITDA growth of 17%.

We continue to make significant investments that will also play an important role in assuring our competitive advantages, while enabling us to grow the business and taking us to a new level of service quality. This year, CAPEX totaled R$437.4 million, which was distributed among capacity expansion, information technology and logistics projects. We are now entering an investment cycle in which information technology will increasingly serve as a competitive advantage.

We also took our first steps towards significantly improving the buying experiencing by integrating technology into the consultant-customer relationship. In this scenario, we envision opportunities to become even more connected with people's needs, enabling Natura’s network of relationships to expand even further by offering new brands, products, services and businesses.

In December, the acquisition of the Australian brand AESOP, which is present in 11 countries, represented yet another investment aligned with our long-term strategy and will give us access to a powerful global brand that offers excellent products through a unique buying experience in its concept stores. The transaction will increase our exposure in markets beyond Latin America and also allow us to share important competencies between the two companies.

1. social and environmental highlights

In 2012, we improved our sustainability management, which is fundamental to the execution of our strategy and business model. For the second straight year, we figured as the second most sustainable company in the world and the first in the Southern Hemisphere in the "Global 100" ranking compiled by the Canadian organization Corporate Knights.

We inaugurated the Amazon Innovation Center (NINA) and launched the Natura Campus Selection Process for choosing Science, Technology and Innovation projects throughout the region. We also began building an industrial facility based on sustainable principles in Benevides, State of Pará, which should be inaugurated by mid-2013.

In November 2012, the BM&FBovespa S.A. - Securities, Commodities and Futures Exchange announced the new list of companies selected as components of the Corporate Sustainability Index (ISE), with Natura included in the index for the eighth straight year. We were also one of the first companies to support the BM&FBOVESPA by publishing our complete set of responses to the detailed ISE survey.

Indicator	2011 Results	2012 Commitment	2012 Results
Greenhouse gas (GHG) emissions	Reduction of 5.3% over 2010	Reduce relative greenhouse gas (GHG) emissions by 4.5% over 2011*	Reduction of 4.0% over 2011
Water consumption	0.4 liter / unit produced	Mantain 0.4 liter / unit produced in Brazil	0.4 liter / unit produced
Solid Waste	20.0 grams / unit produced	Maintain quantity of solid waste generated per unit produced in Brazil at 20.0 grams	25.6 grams/unit produced
Collections Crer para Ver	R$8.4 million	Achieve R$10.3 million sales from Crer para Ver product line in Brazil	R$12.8 million (throughout the year)
Funding to Supplier Communities **	R$10.0 million	Distribute R$12.0 million in wealth to supplier communities	R$12.1 million

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

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

As part of our ongoing commitment to reducing relative **Greenhouse Gas Emissions**, we achieved a reduction of 4% in 2012 on the prior year. We have achieved a cumulative reduction of 28.4% since 2006 and are on track to fulfilling our commitment to reaching a 33.0% reduction by 2013. The main contributors to this reduction were the installation of a biomass-fired boiler at the plant in Benevides, Para, the issue of prepaid fuel cards for the in-house vehicle fleet and the better product mix.

We maintained **Water** consumption stable at 0.4 liter/unit produced, in line with the target established for 2012. Meanwhile, the failure to meet the target for **Solid Waste Generation** is mainly due to the write-off of the discontinued materials inventory (finished products and raw materials).

On the social front, surpassing by 24% the funding target for the **Crer Para Ver** project was due to the excellent performance of all launches by the line during 2012. Crer Para Ver is the main source of funds of the Natura Institute, the Company's social private investment arm. In 2012, the Trilhas Project, which was created in partnership with the NGO Comunidade Educativa (Cedac), has become part of public policy and impacted three million students enrolled in early grades at 72,000 elementary schools.

The increase in the volume of funds allocated to our **Supplier Communities** basically reflects the higher amount of benefit sharing allocated to these communities.

2. economic performance

In the pro-forma results, 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.

Quarter

				Pro-Forma								
(R$ million)	Consolidated[3]			Brazil			Consolidation			Implementation		
	4Q12	4Q11	Change%	4Q12	4Q11	Change%	4Q12	4Q11	Change%	4Q12	4Q11	Change%
Total Consultants - end of period* ('000)[4]	1,572.8	1,421.1	10.7	1,268.4	1,175.5	7.9	190.6	157.3	21.1	111.2	85.6	30.0
Total Consultants - average of period ('000)	1,555.8	1,400.3	11.1	1,253.8	1,160.4	8.0	189.8	156.5	21.3	109.7	80.5	36.3
Units sold – items for resale	140.2	131.1	6.9	125.2	117.8	6.2	9.9	9.1	9.0	4.8	4.5	6.3
Gross Revenue	**2,551.2**	**2,232.6**	14.3	**2,257.8**	**2,030.8**	11.2	**205.8**	**141.1**	45.9	**80.3**	**52.9**	51.9
Net Revenue	**1,875.0**	**1,670.5**	12.2	**1,645.0**	**1,511.0**	8.9	**154.6**	**107.2**	44.2	**69.2**	**45.6**	51.6
Gross Profit	**1,298.6**	**1,174.2**	10.6	**1,139.9**	**1,072.3**	6.3	**108.0**	**69.5**	55.4	**46.8**	**29.9**	56.5
Selling Expenses	(638.1)	(543.2)	17.5	(533.7)	(468.7)	13.9	(66.0)	(40.6)	62.5	(33.7)	(28.1)	19.9
General and Administrative Expenses	(209.5)	(198.8)	5.4	(170.1)	(170.7)	(0.3)	(9.8)	(6.4)	54.6	(7.3)	(5.5)	33.0
Employee profit sharing	(21.1)	(5.1)	n/a	(17.0)	(5.1)	n/a	(1.6)	-	n/a	(0.9)	-	n/a
Management compensation	(5.2)	0.3	n/a	(5.2)	0.3	n/a	-	-	n/a	-	-	n/a
Other Operating Income / (Expenses), net	(0.5)	42.1	n/a	2.7	42.2	n/a	(2.2)	0.6	n/a	(0.1)	(0.4)	(87.2)
Financial Income / (Expenses), net	(38.9)	(41.6)	(6.5)	(32.8)	(40.0)	(18.1)	(5.2)	(1.8)	n/a	(0.9)	0.2	n/a
Earnings Before Taxes	**385.4**	**427.8**	**(9.9)**	**383.8**	**430.4**	**(10.8)**	**23.1**	**21.3**	**8.6**	**3.8**	**(3.9)**	**n/a**
Income Tax and Social Contribution	(128.1)	(137.1)	(6.6)	(120.1)	(137.2)	(12.5)	(7.8)	1.4	n/d	(0.2)	(1.2)	(81.6)
Net Income (Losses)	**257.3**	**290.7**	**(11.5)**	**263.8**	**293.2**	**(10.0)**	**15.4**	**22.7**	**(32.3)**	**3.6**	**(5.1)**	**n/a**
EBITDA	**462.0**	**500.4**	**(7.7)**	**452.0**	**499.4**	**(9.5)**	**29.4**	**24.2**	**21.7**	**5.7**	**(3.6)**	**n/a**
Gross Margin	*69.3%*	*70.3%*	*(1.0) pp*	*69.3%*	*71.0%*	*(1.7) pp*	*69.8%*	*64.8%*	*5.0 pp*	*67.7%*	*65.5%*	*2.1 pp*
Sales Expenses/Net Revenue	*34.0%*	*32.5%*	*1.5 pp*	*32.4%*	*31.0%*	*1.4 pp*	*42.7%*	*37.9%*	*4.8 pp*	*48.8%*	*61.6%*	*(12.9) pp*
General and Admin. Expenses/Net Revenue	*11.2%*	*11.9%*	*(0.7) pp*	*10.3%*	*11.3%*	*(1.0) pp*	*6.4%*	*5.9%*	*0.4 pp*	*10.6%*	*12.1%*	*(1.5) pp*
Net Margin	*13.7%*	*17.4%*	*(3.7) pp*	*16.0%*	*19.4%*	*(3.4) pp*	*9.9%*	*21.2%*	*n/a*	*5.2%*	*n/a*	*n/a*
EBITDA Margin	*24.6%*	*30.0%*	*(5.3) pp*	*27.5%*	*33.1%*	*(5.6) pp*	*19.0%*	*22.6%*	*(3.5) pp*	*8.2%*	*n/a*	*n/a*

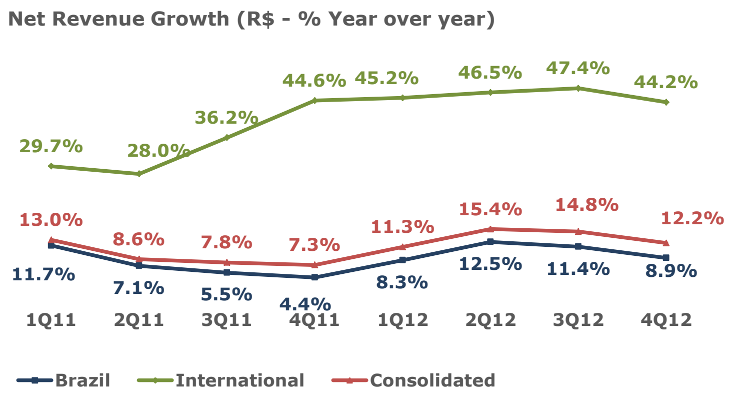
Year to date

				Pro-Forma								
(R$ million)	Consolidated[3]			Brazil			Consolidation			Implementation		
	2012	2011	Change%	2012	2011	Change%	2012	2011	Change%	2012	2011	Change%
Total Consultants - end of period* ('000)[4]	1,572.8	1,421.1	10.7	1,268.4	1,175.5	7.9	190.6	157.3	21.1	111.2	85.6	30.0
Total Consultants - average of period ('000)	1,497.7	1,313.4	14.0	1,216.8	1,093.2	11.3	175.8	145.6	20.7	102.4	71.8	42.6
Units sold – items for resale	499.5	458.6	8.9	445.8	410.5	8.6	35.2	32.9	7.1	17.3	14.9	15.9
Gross Revenue	**8,566.1**	**7,535.8**	13.7	**7,629.4**	**6,898.9**	10.6	**649.7**	**441.5**	47.1	**263.5**	**172.9**	52.4
Net Revenue	**6,345.7**	**5,591.4**	13.5	**5,611.2**	**5,087.6**	10.3	**487.2**	**335.1**	45.4	**226.7**	**149.2**	52.0
Gross Profit	**4,477.6**	**3,925.1**	14.1	**3,971.7**	**3,611.3**	10.0	**340.2**	**212.5**	60.1	**153.4**	**92.2**	66.4
Selling Expenses	(2,212.2)	(1,952.7)	13.3	(1,835.3)	(1,686.5)	8.8	(224.2)	(148.8)	50.6	(137.5)	(99.8)	37.7
General and Administrative Expenses	(772.7)	(680.7)	13.5	(645.6)	(577.9)	11.7	(31.0)	(23.2)	33.5	(23.4)	(17.6)	32.8
Employee profit sharing	(90.8)	(30.2)	n/a	(74.4)	(30.2)	n/a	(6.5)	-	n/a	(3.7)	-	n/a
Management compensation	(20.7)	(9.4)	n/a	(20.7)	(9.4)	n/a	-	-	n/a	-	-	n/a
Other Operating Income / (Expenses), net	(11.6)	63.1	n/a	(5.9)	65.7	n/a	(4.6)	(1.1)	n/a	0.0	(1.1)	n/a
Financial Income / (Expenses), net	(93.4)	(77.3)	20.8	(90.9)	(73.5)	23.8	(2.2)	(2.6)	n/a	(0.3)	(1.2)	n/a
Earnings Before Taxes	**1,276.1**	**1,237.7**	3.1	**1,298.9**	**1,299.4**	(0.0)	**71.7**	**36.6**	95.7	**(11.4)**	**(27.6)**	n/a
Income Tax and Social Contribution	(414.9)	(406.8)	2.0	(402.1)	(398.3)	1.0	(11.8)	(4.8)	n/a	(1.0)	(3.4)	n/a
Net Income (Losses)	**861.2**	**830.9**	3.7	**896.8**	**901.1**	(0.5)	**60.0**	**31.9**	88.1	**(12.4)**	**(31.0)**	n/a
EBITDA	**1,510.7**	**1,425.0**	6.0	**1,522.6**	**1,476.1**	3.2	**78.4**	**43.0**	82.3	**(8.2)**	**(24.2)**	(66.0)
Gross Margin	*70.6%*	*70.2%*	*0.4 pp*	*70.8%*	*71.0%*	*(0.2) pp*	*69.8%*	*63.4%*	*6.4 pp*	*67.7%*	*61.8%*	*5.8 pp*
Sales Expenses/Net Revenue	*34.9%*	*34.9%*	*(0.1) pp*	*32.7%*	*33.1%*	*(0.4) pp*	*46.0%*	*44.4%*	*1.6 pp*	*60.6%*	*66.9%*	*(6.3) pp*
General and Admin. Expenses/Net Revenue	*12.2%*	*12.2%*	*0.0 pp*	*11.5%*	*11.4%*	*0.1 pp*	*6.4%*	*6.9%*	*(0.6) pp*	*10.3%*	*11.8%*	*(1.5) pp*
Net Margin	*13.6%*	*14.9%*	*(1.3) pp*	*16.0%*	*17.7%*	*(1.7) pp*	*12.3%*	*9.5%*	*2.8 pp*	*(5.5)%*	*(20.8)%*	*n/a*
EBITDA Margin	*23.8%*	*25.5%*	*(1.7) pp*	*27.1%*	*29.0%*	*(1.9) pp*	*16.1%*	*12.8%*	*3.3 pp*	*(3.6)%*	*(16.2)%*	*n/a*

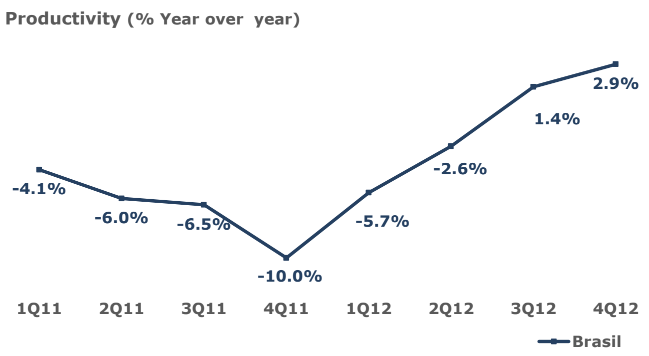
[3] Consolidated figures include the Brazil Operations, the Operations in Consolidation, the Operations in Implementation and other International Investments.

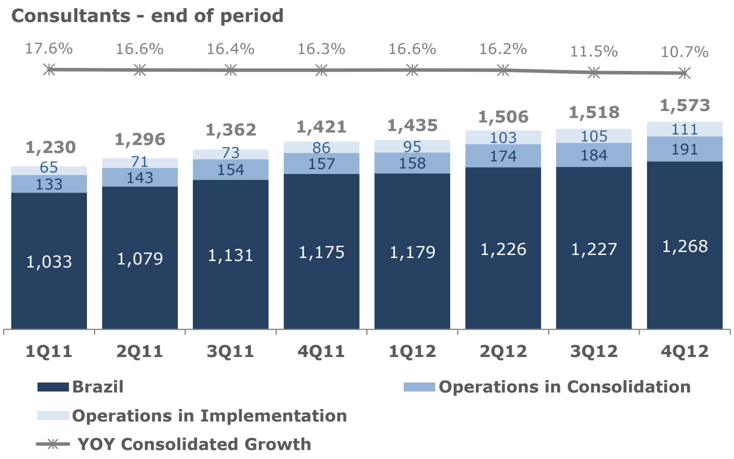
[4] Position at end of Cycle. **Brazil** – Cycle 18. **In Consolidation:** Argentina - Cycle 17, Peru and Chile - Cycle 16. **In implementation:** Mexico - Cycle 17 and Colombia - Cycle 16.

2.1 net revenue



In **Brazil**, as planned, our revenue growth was better balanced in terms of expanding the consultant base and increasing productivity. Between 4Q12 and 3Q12, 41,800 consultants joined our base, leading the number of consultants to end 2012 at 1,268,000, while productivity increased by 2.9%. In the full year, productivity remained stable in nominal terms, going from R$9,016 in 2011 to R$8,957 in 2012.





Brazil (R$ million)	4Q10	4Q11	3Q12	4Q12	4Q11 vs 4Q10	4Q12 vs. 4Q11
Gross Revenue	**1,971.6**	**2,030.8**	**1,903.6**	**2,257.8**	**3.0%**	**11.2%**
Taxes on sales	524.3	519.9	511.8	612.8	16.9%	17.9%
Taxes on sales rate (%)	26.6%	25.6%	26.9%	27.1%	*(1.0) pp*	*1.5 pp*
Net Revenue	**1,447.2**	**1,511.0**	**1,391.8**	**1,645.0**	**4.4%**	**8.9%**

In 4Q12, as detailed in the table to the right, net revenue growth lagged gross revenue growth by 2.3 p.p. due to the higher tax rate resulting from the increase in the value added margin (MVA) in the state of São Paulo on August 1, 2012[5] that partially impacted 3Q12 and to the nonrecurring impacts concentrated in 4Q11 that reduced the amount of tax payable in that quarter.

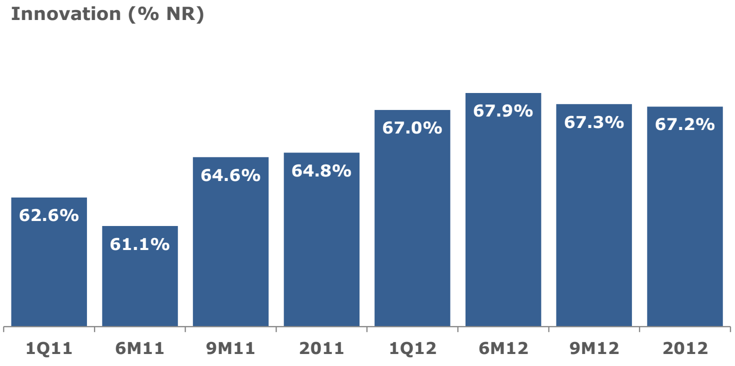
In the **International Operations**, which accounted for 12.3% of consolidated net revenue in 4Q12, sales were leveraged by the significant expansion in the consultant base, reflecting the stabilization of the CNO model in Chile, Colombia and Peru and of the Sustainable Relations Network in Mexico. This scenario supported sales growth rates in local currency of 28.0% in the Operations in Consolidation and 25.2% in the Operations in Implementation in the quarter and in the whole of 2012 of 27.4% and 32.6%, respectively.

[5] Value Added Margin (MVA): percentage used to estimate the average margin practiced by consultants, which is used as parameter to form the base for calculating the payment of state value added tax (ICMS-st, tax substitution).

2.2 innovation & products

In Brazil, product launches such as the Natura Tododia line of body splashes and the fragrance Natura UNA, in line with our strategy of positioning products in previously unexplored price points, made positive contributions to the full year results. In addition, our kits for the Christmas season registered excellent sales performances.

The innovation index[6] stood at 67.2% in December, compared to 64.8% in the same period of 2011, with this improvement supported primarily by the Body and Fragrance categories, which carried out product launches that were well distributed over the last few months. R&D investments in the quarter corresponded to 2.5% of net revenue, compared to 2.6% in 4Q11 (2.5% in 2012 vs. 2.7% in 2011).



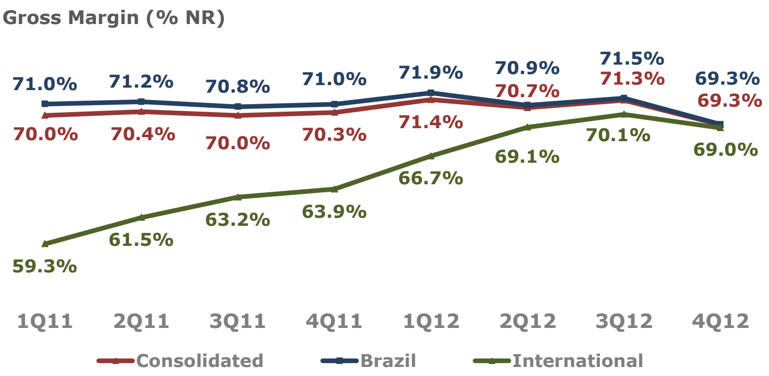
2.3 gross margin

In **Brazil**, gross margin in 4Q12 contracted by 1.7 p.p., reflecting the higher sales taxes and the nonrecurring effects that impacted gross income in the year-ago quarter. In 2012, the improvement in the efficiency of promotions and raw material and packaging prices adjustments negotiated at rates below inflation offset the negative effect from the higher taxes payable, leading gross margin to remain stable.

The following table presents the main components of COGS:

	4Q12	4Q11	2012	2011
RM / PM *	84.8	86.3	82.9	83.2
Labor	7.9	8.6	9.1	9.4
Depreciation	2.5	1.9	2.6	2.3
Other	4.8	3.1	5.4	5.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

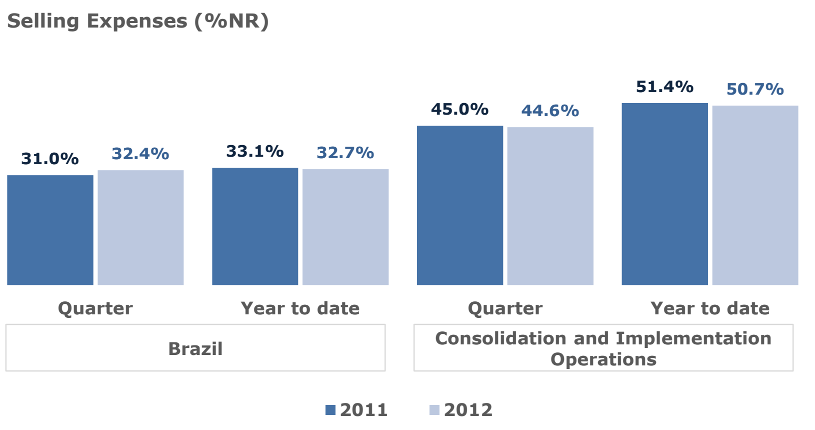
* Raw materials and packaging materials



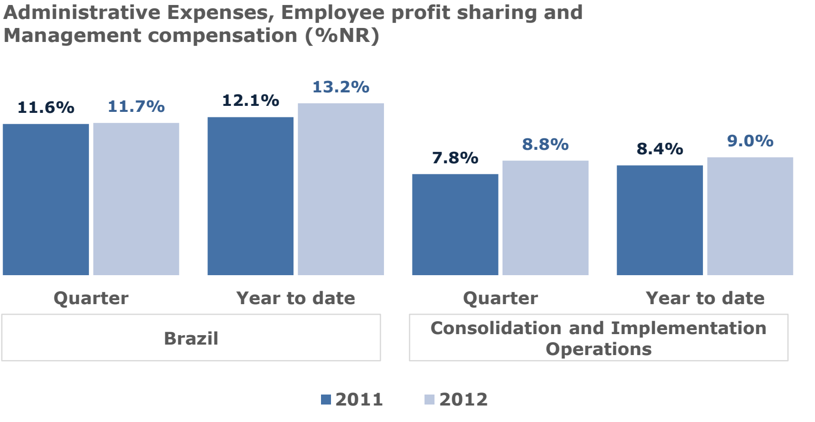
In our international operations, in the countries both in consolidation and implementation we registered gross margin expansions of 5.0 p.p. and 2.1 p.p., respectively, which also reflected the improved efficiency of promotions, the better management of inventories and the still-favorable exchange variation effect between the Brazilian real and the basket of currencies of the countries where we operate.

[6] Innovation Index: share in the last 12 months of the sale of products launched in the last 24 months.

2.4 selling, general and administrative expenses



In Brazil, the relative increase in **selling expenses** in 4Q12 was due to the adjustments to incentives for CNOs related to the Productivity Program, as well as to the higher investments in marketing. In the same period, in our International Operations we maintained strong investments in marketing and incurred higher expenses in the initial phase of the implementation of the CNO model in Argentina, Chile and Colombia.



In Brazil, after excluding the reversal of the provision for profit sharing that benefitted results in 2011, **administrative expenses** remained stable. In 2012, in addition to the more robust information technology structure, we also maintained investments in initiatives to improve our competitive advantages. In the International Operations, the increase in administrative expenses in both the quarter and full year was due to inflationary pressures in Argentina and to the smaller comparison base in 2011 associated with the reversal of the provision for profit sharing in that year.

2.5 other operating expenses and revenues

In 4Q12, considering the Brazil Operations and the International Operations, we registered an expense of R$0.5 million, compared to the revenue of R$42.1 million in 4Q11. In 2012, we registered an expense of R$11.6 million, compared to the revenue of R$63.1 million in 2011. The other operating revenues in 2011 were impacted by nonrecurring items related to the recognition in the year of PIS and Cofins tax credits from prior periods.

2.6 other international investments

Other international investments, which are basically formed by our operations in France and the expenses with projects and the international corporate structure based in Buenos Aires, posted an EBITDA loss of R$25.1 million in 4Q12 and R$82.0 million in 2012 (compared to R$19.7 million in 4Q11 and R$69.9 million in 2011). The costs of our corporate structure based in Buenos Aires were influenced by the depreciation of the Brazilian real against the Argentine peso.

2.7 EBITDA

Consolidated EBITDA in 2011 benefitted from nonrecurring impacts on expenses related to the reversal of the provision for profit sharing and the recognition of tax credits in the aggregate amount of R$124.1 million (or 2.2 p.p. of EBITDA margin). After normalizing EBITDA in 2011 and 2012 by excluding these effects, EBITDA increased by 17.0%.

Considering normalized EBITDA, the efficiency and scale gains in Brazil, coupled with the higher profitability of the International Operations, offset the higher investments in information technology and in marketing, which supported EBITDA margin gains.

Consolidated (R$ million)	2012	2011	2012 vs. 2011
Reported EBITDA	**1,510.7**	**1,425.0**	**6.0%**
(-) Other operating income (expenses), net	(11.6)	63.1	
EBITDA without other operating income (expenses), net	**1,522.4**	**1,361.9**	
(-) Employee profit sharing	0.0	61.0	
Normalized EBITDA	**1,522.4**	**1,300.9**	***17.0%***
% Reported EBITDA Margin	*23.8%*	*25.5%*	*(1.7) pp*
% EBITDA Margin without Other Operating Income (Expenses), net	*24.0%*	*24.4%*	*(0.4) pp*
% Normalized EBITDA Margin	*24.0%*	*23.3%*	*0.7 pp*
Change without Other operating income (expenses), net - Reported	*0.2 pp*	*(1.1) pp*	
Change Normalized - Reported	*0.2 pp*	*(2.2) pp*	

EBITDA (R$ million)

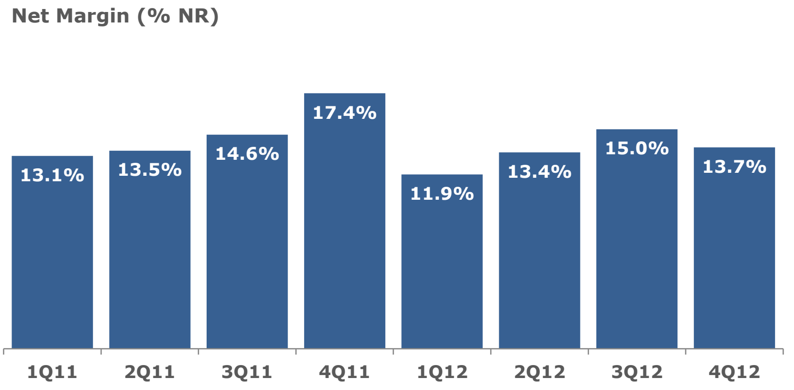
	4Q12	4Q11	Change %	2012	2011	Change %
Net Revenue	1,875.0	1,670.5	12.2	6,345.7	5,591.4	13.5
(-) Cost of Sales and Expenses	1,450.7	1,201.0	20.8	4,976.1	4,276.3	16.4
EBIT	**424.3**	**469.4**	**(9.6)**	**1,369.6**	**1,315.1**	**4.1**
(+) Depreciation/Amortization	37.7	30.9	21.9	141.2	109.9	28.4
EBITDA	**462.0**	**500.4**	**(7.7)**	**1,510.7**	**1,425.0**	**6.0**

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

	4Q12	4Q11	Change %	2012	2011	Change %
Brazil	452,0	499,4	(9,5)	1.522,6	1.476,1	3,2
Argentina, Chile and Peru	29,4	24,2	21,7	78,4	43,0	82,3
Mexico and Colombia	5,7	(3,6)	n/a	(8,2)	(24,2)	n/a
Other Investments	(25,1)	(19,7)	27,7	(82,0)	(69,9)	17,3
EBITDA	**462,0**	**500,4**	**(7,7)**	**1.510,7**	**1.425,0**	**6,0**

2.8 net income

Consolidated **net margin** in 4Q12 and 2012 contracted in relation to the year-ago periods by 3.7 p.p. and 1.3 p.p., respectively. The contractions in net margin were due to the nonrecurring effects in 2011 explained above. These impacts were partially offset by a slight reduction in the income tax rate from 32.9% in 2011 to 32.5% in 2012.



The **Financial Result** in 2012 is explained by the increase in average net debt, which was partially offset by the reduction in borrowing costs resulting from the decline in the CDI overnight rate.

(R$ million)	4Q12	4Q11	Change (%)	2012	2011	Change (%)
Financial Income	42.6	23.1	*84.3*	161.8	122.7	*31.9*
Financial Expenses	(81.5)	(64.7)	*26.0*	(255.3)	(200.0)	*27.6*
Financial Income / (Expenses), net	(38.9)	(41.6)	*(6.4)*	(93.4)	(77.3)	*20.8*

2.9 cash flow

In 2012, the 115.4% increase in **free cash flow** is explained by the R$281.1 million reduction in working capital investments due to better inventory management, the recovery of taxes and the level of accounts payable (which benefitted from the 2012 calendar and from the high concentration of CAPEX in the last few months of the year).

R$ million	4Q12	4Q11	Change R$	Change %	2012	2011	Change R$	Change %
Net income	**257.3**	**290.7**	**(33.4)**	**(11.5)**	**861.2**	**830.9**	**30.3**	**3.7**
Depreciation and amortization	37.7	30.9	6.8	21.9	141.2	109.9	31.3	28.4
Non-cash / Other*	(4.4)	12.8	(17.2)	(134.0)	38.3	23.3	15.0	64.2
Internal cash generation	**290.7**	**334.4**	**(43.8)**	**(13.1)**	**1,040.7**	**964.1**	**76.6**	**7.9**
Working Capital (Increase)/Decrease	256.0	(66.1)	322.0	(487.3)	281.1	(207.2)	488.3	(235.7)
Operating cash generation	**546.6**	**268.4**	**278.3**	**103.7**	**1,321.8**	**757.0**	**564.8**	**74.6**
CAPEX	(235.0)	(94.5)	(140.5)	148.7	(437.4)	(346.4)	(91.1)	26.3
Free cash flow**	**311.6**	**173.9**	**137.8**	**79.2**	**884.3**	**410.6**	**473.7**	**115.4**

Favorable/ (unfavorable)

(*) Some 2011 figures were adjusted for proper disclosure

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

Investments in **property, plant and equipment and intangible assets** totaled R$235.0 million in 4Q12 and R$437.4 million in 2012, which is basically explained by the investments in capacity expansion, information technology and logistics projects. For 2013, we forecast CAPEX of R$450.0 million, which includes the inaugurations of the soap plant in Pará and the new distribution center in São Paulo, the capacity expansion project at the plant in Cajamar, and the investments in systems to support significant technological enhancements in the buying experience.

2.10 debt

The increase in total debt reflects the plan to amortize short-term debt. Note that despite the increase in borrowings, the Net Debt/EBITDA ratio ended December 2012 at 0.37x, down from the level in December 2011.

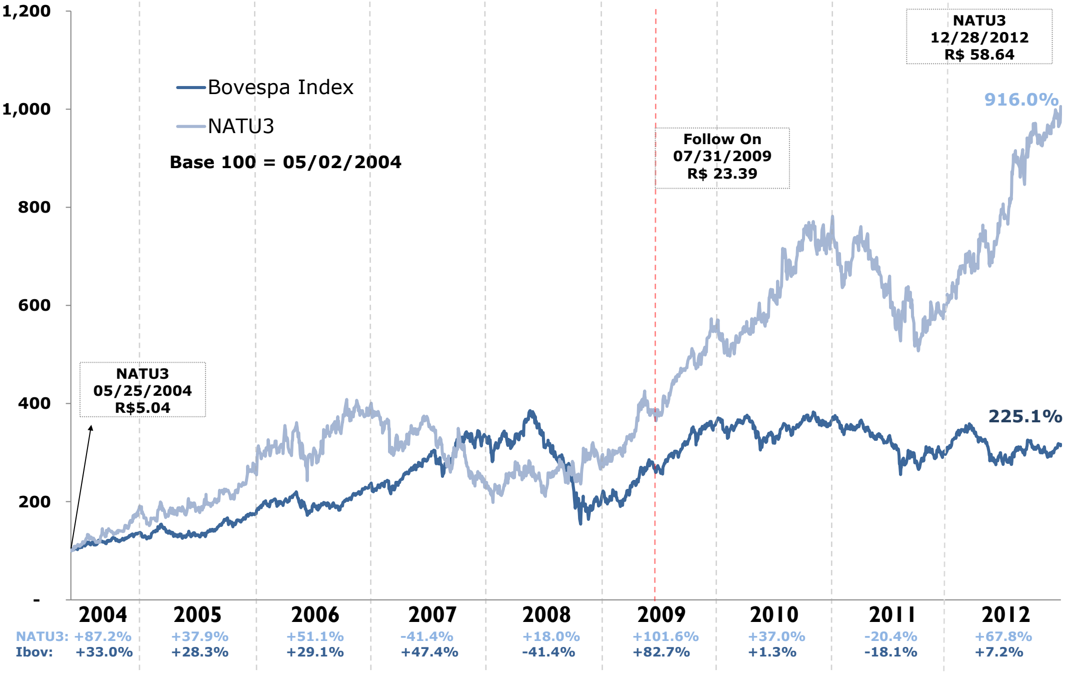
Debt (R$ million)	Dec/12	Share (%)	Dec/11	Share (%)	Change (%)
Short-Term	999.5	45.5%	169.0	15.3%	491.5%
Long-Term	1,325.1	60.3%	1,017.7	92.4%	30.2%
Derivatives	(80.9)	(3.7)%	(28.6)	(2.6)%	182.7%
Finance Leases	(47.8)	(2.2)%	(56.3)	(5.1)%	-15.2%
Total Debt	**2,195.8**	**100.0%**	**1,101.7**	**100.0%**	**99.3%**
Cash, cash equivalents and short-term investment	1,643.1		515.6		218.7%
(=) Net Debt - Net Cash	**552.7**		**586.1**		**-5.7%**
Net Debt / Ebitda	0.37		0.41		
Total Debt / Ebitda	1.45		0.77		

3. stock performance

In 2012, the price of Natura stock gained 67.8%, while the Bovespa Index gained 7.2%. Average daily trading volume in 4Q12 was R$51.3 million (R$54.3 million in 2012) and in 4Q11 was R$35.6 million (R$43.7 million in 2011).

In 2012, our average ranking in the Bovespa Liquidity Index was 31st.

The following chart shows the performance of Natura stock since its IPO:



4. dividends and interest on equity

On February 6, 2013, the Board of Directors approved the proposal to be submitted to the Annual Shareholders Meeting to be held on April 12, 2013, for the payment on April 17, 2013, of dividends based on net income for fiscal year 2012 and of interest on equity for the period in the amounts of R$469.5 million and R$21.8 million (R$18.6 million net of withholding tax), respectively.

On August 15, 2012, payments were made of interim dividends of R$327.0 million and interest on equity of R$31.0 million, net of withholding tax.

The dividends and interest on equity for fiscal year 2012 represent a net payout of R$1.97 per share and correspond to 100% of net income[7] for 2012.

[7] Net income in accordance with Brazilian Corporations Law.

conference call & webcast

PORTUGUESE:	Friday, February 8, 2013
	10:00 a.m. (Brasília time)
ENGLISH:	Friday, February 8, 2013
	12:00 p.m. (Brasília time)

From Brazil: **+55 11 4688 6341**

From the U.S.: toll free **+1 855 281 6021**

From other countries: **+1 786 924 6977**

Code: **Natura**

Live webcast:

www.natura.net/investidor

investor relations

Tel: +55 (11) 4196-1421

Fabio Cefaly, fabiocefaly@natura.net

Tatiana Bravin, tatianabravin@natura.net

Taísa Hernandez, taisahernandez@natura.net

Yakatherine Menendez, yakatherinemenendez@natura.net

NATU3 NOVO MERCADO BM&FBOVESPA

balance sheets

on December 31, 2012 and 2011

(in millions of Brazilian real - R$)

ASSETS	2012	2011
CURRENT ASSETS		
Cash and cash equivalents	1,144.4	515.6
Short-term investments	498.7	-
Trade receivables	651.4	641.9
Inventories	700.7	688.7
Recoverable taxes	144.5	201.6
Derivatives	80.9	28.6
Other receivables	157.8	126.8
Total current assets	**3,378.3**	**2,203.3**
NONCURRENT ASSETS		
Long-term assets:		
Recoverable taxes	151.4	111.2
Deferred income tax and social contribution	214.2	189.6
Escrow deposits	349.5	295.8
Other noncurrent assets	41.3	29.9
Property, plant and equipment	1,012.1	800.4
Intangible assets	228.5	162.8
Total noncurrent assets	**1,997.1**	**1,589.8**
TOTAL ASSETS	**5,375.4**	**3,793.0**

LIABILITIES AND SHAREHOLDERS' EQUITY	2012	2011
CURRENT LIABILITIES		
Borrowings and financing	999.5	169.0
Trade and other payables	649.9	489.0
Payroll, profit sharing and related taxes	211.8	132.0
Taxes payable	501.5	446.8
Other payables	52.0	37.9
Total current liabilities	**2,414.7**	**1,274.7**
NONCURRENT LIABILITIES		
Borrowings and financing	1,325.1	1,017.7
Taxes payable	177.3	140.5
Provision for tax, civil and labor risks	63.3	65.0
Others provisions	89.0	44.8
Total noncurrent liabilities	**1,654.6**	**1,268.0**
SHAREHOLDERS' EQUITY		
Capital	427.1	427.1
Capital reserves	155.9	160.3
Earnings reserves	308.1	292.5
Treasury shares	(66.1)	(102.8)
Proposed additional dividend	491.3	490.9
Other comprehensive losses	(10.2)	(17.6)
Total shareholders' equity	**1,306.1**	**1,250.2**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,375.4**	**3,793.0**

statements
of income

for the periods ended December 31, 2012 and 2011

(R$ milhões)	2012	2011
NET REVENUE	**6,345.7**	**5,591.4**
Cost of sales	(1,868.0)	(1,666.3)
GROSS PROFIT	**4,477.6**	**3,925.1**
OPERATING (EXPENSES) INCOME		
Selling expenses	(2,212.2)	(1,952.7)
Administrative and general expenses	(772.7)	(680.7)
Employee profit sharing	(90.8)	(30.2)
Management compensation	(20.7)	(9.4)
Other operating income (expenses), net	(11.6)	63.1
INCOME FROM OPERATIONS BEFORE FINANCIAL (EXPENSES) INCOME	**1,369.5**	**1,315.1**
Financial income	161.8	122.7
Financial expenses	(255.3)	(200.0)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	**1,276.1**	**1,237.7**
Income tax and social contribution	(414.9)	(406.8)
NET INCOME	**861.2**	**830.9**

statements
of cash flow

for the periods ended December 31, 2012 and 2011

R$ million	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**861.2**	**830.9**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	141.2	109.9
Provision for losses on swap and forward transactions	(52.3)	(14.3)
Provision (reversal) for tax, civil and labor contingencies	4.6	(8.0)
Interest and inflation adjustment of escrow deposits	(21.0)	(51.2)
Income tax and social contribution	414.9	406.8
(Gain) loss on sale on property, plant and equipment and intangible assets	15.7	13.5
Interest and exchange rate changes on borrowings and financing and other liabilities	163.2	121.7
Exchange rate changes on other assets and other liabilities	9.1	(7.8)
Stock options plans expenses	10.8	13.4
Provision for discount on assignment of ICMS credits	0.8	0.3
Allowance for doubtful accounts	7.9	(0.7)
Allowance for inventory losses	(23.8)	19.7
Provision for healthcare plan and carbon credits	44.2	12.4
Recognition of untimely used tax credits	(11.6)	(40.4)
Recognition of tax credits related to lawsuit	(1.7)	(16.9)
	1,563.2	**1,389.4**
(INCREASE) DECREASE IN ASSETS		
Trade receivables	(17.5)	(70.9)
Inventories	11.9	(136.9)
Recoverable taxes	29.5	(45.2)
Other receivables	(48.6)	(158.0)
Subtotal	**(24.6)**	**(411.0)**
INCREASE (DECREASE) IN LIABILITIES		
Domestic and foreign suppliers	162.1	121.8
Payroll, profit sharing and related taxes, net	79.8	(30.7)
Taxes payable	(2.7)	24.1
Other payables	14.1	(14.1)
Provision for tax, civil and labor contingencies	(6.3)	(0.8)
Subtotal	**247.0**	**100.1**
CASH GENERATED BY OPERATING ACTIVITIES	**1,785.6**	**1,078.5**

OTHER CASH FLOWS FROM OPERATING ACTIVITIES		
Payments of income tax and social contribution	(320.8)	(319.6)
Payments of derivatives	(18.5)	(18.4)
Payment of interest on borrowings and financing	(104.3)	(76.7)
NET CASH GENERATED BY OPERATING ACTIVITIES	**1,342.0**	**663.8**
CASH FLOW FROM FINANCING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(437.5)	(346.4)
Proceeds from sale of property, plant and equipment and intangible assets	3.1	3.7
Withdrawal (payment) of escrow deposits	(32.6)	92.3
Short-term investments	(4,213.7)	-
Redemption of short-term investments	3,715.1	-
NET CASH USED IN INVESTING ACTIVITIES	**(965.6)**	**(250.3)**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of borrowings and financing - principal	(629.7)	(648.7)
Proceeds from borrowings and financing	1,708.6	1,045.7
Sale of treasury shares due to exercise of stock options	30.8	1.2
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)
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	**255.3**	**(460.1)**
Gains (losses) arising on translating foreign currency cash and cash equivalents	(2.9)	1.9
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**628.8**	**(44.6)**
Cash and cash equivalents at beginning of year	515.6	560.2
Cash and cash equivalents at end of year	1,144.4	515.6
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**628.8**	**(44.6)**
ADDITIONAL INFORMATION TO THE STATEMENTS OF CASH FLOWS		
Restricted cash	-	6.8
Bank overdrafts - unused	343.6	235.5

Glossary

_Benefit Sharing: based on Natura's Policy for the Sustainable Use of Biodiversity and Associated Traditional Knowledge, benefits are shared whenever we perceive various forms of value in the access gained to biodiversity. Therefore, one of the practices that defines the way in which these resources will be shared is to associate payments with the number of raw materials produced from each plant as well as the commercial success of the products in which these raw materials are used.

_CDI: the overnight rate for interbank deposits.

_GHG: Greenhouse gases.

_Innovation Index: the percentage of revenue earned in the last 12 months from the sale of products launched in the last 24 months.

_Natura Crer Para Ver Program: Crer Para Ver, which translates literally as "Believing is Seeing", is a special line of non-cosmetic products whose profits are transferred to the Natura Institute. Neither Natura nor Consultants earn money from sales of this line.

_Natura Consultant (CN): independent sales representatives who do not have a formal labor relationship with Natura.

_Natura Institute: is a non-profit organization created in 2010 to strengthen and expand our private social investment initiatives. The institute has enabled us to leverage our efforts and investments in actions that contribute to the quality of public education.

_Natura Super Consultant (CNO): independent sales representatives who do not have a formal labor relationship with Natura and support the Relationship Managers in their activities;

_Operations in Consolidation: grouping of operations: Argentina, Chile and Peru

_Operations in Implementation: grouping of operations: Colombia and Mexico

_Profit Sharing: the share of profit allocated to employees under the profit-sharing program.

_**Sipatesp/Abihpec:** São Paulo State Perfumery and Toiletry Association / Brazilian Cosmetics, Fragrance and Toiletry Industry Association.

_Supplier Communities: the communities of people engaged in small-scale farming and extraction activities in a variety of locations in Brazil, especially in the Amazon Region, from which the inputs used in our products are extracted from the local social and biodiversity. We form production chains with these communities that are based on fair prices, the sharing of benefits gained from access to the genetic heritage and associated traditional knowledge and support for local sustainable development projects. This business model has proven effective in generating social, economic and environmental value for Natura and for the communities.

_Sustainable Relations Network: sales model adopted in Mexico that features eight stages in a consultant's development: Natura Consultant, Natura Consultant Entrepreneur, Natura Trainer 1 and 2, Natura Transformer 1 and 2, Natura Inspirer and Natura Associate. To advance through the stages consultants must meet targets for sales volume and attracting new consultants and (unlike the models adopted in other countries) also for personal development and social and environmental engagement in the community.

_Target Market: refers to the market data published by Sipatesp/Abihpec. Considers only the segments in which Natura operates. Excludes diapers, oral hygiene products, hair dyes, nail polish, feminine hygiene products as well as other products.

_Trilhas Project: launched in 2009, this program's objective is to introduce first-grade students to the world of reading through a series of materials prepared to support the work of teachers in the areas of reading, writing and speaking.

restated figures

_Cost Distribution Table: Restatement of the distribution of costs in 2011 due to pertinent reclassifications.

_Productivity (new calculation method): at retail prices = (gross revenue/average number of consultants in the period) / (1%-consultant profit).

_Units of products for resale: The amounts for 2011 and 4Q11 were restated due to internal reprocessing. For fiscal year 2011, the number of units on a consolidated basis increased from 445,500 to 458,200. For 4Q11, the number of units on a consolidated basis increased from 131,100 to 131,000

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.

natura
bem estar bem