



> 1Q07 Earnings Release

São Paulo, Brazil, April 25, 2007 – Natura Cosméticos S.A. (São Paulo Stock Exchange – Bovespa: NATU3) announces today its results for the first quarter 2007 (1Q07). The financial and operating information included in this report, except where otherwise indicated, is presented on a **consolidated basis**, according to the Brazilian Corporate Law.

> FINANCIAL SUMMARY

> Consolidated Financial Summary (R\$ million)

	1Q07	1Q06	Change %	1Q05
Units sold – items for resale (in millions) ¹	59.6	53.0	12.5%	47.0
Gross Revenues	849.6	722.6	17.6%	611.0
Net Revenues	602.9	511.8	17.8%	427.1
Gross Profit	404.8	352.3	14.9%	282.1
<i>Gross Margin (%)</i>	67.1%	68.8%	-	66.1%
Ebitda ²	124.4	113.3	9.8%	95.1
<i>Ebitda Margin (%)</i>	20.6%	22.1%	-	22.3%
Net Income	80.3	81.7	-1.6%	69.7
<i>Net Margin (%)</i>	13.3%	16.0%	-	16.3%
Total consultants ³ (in millions)	627.6	531.3	18.1%	

(1) Total consolidated number of Cosmetics, Fragrances and Toiletries products resold by consultants. Therefore, units sold exclude samples, gifts, resale support material, *Crer para Ver* products, among others.

(2) EBITDA = income from operations before financial effects + non-operating income + depreciation and amortization.

(3) Position at the end of the period of the 4th sales cycle.

> COSMETICS, FRAGRANCE AND TOILETRIES (CF&T) SECTOR IN BRAZIL - NATURA'S CORE MARKET FIGURES

In accordance with data of ABEVD (Brazilian Association of Direct Selling Companies), the total business volume of direct selling companies in Brazil grew by 9.7% in the first quarter of 2007 when compared to same period in 2006. Except for Natura, which had a 15.9% growth, the business volume increased 6.6% in the period.

Therefore, our market share in direct sales increased 1.9pp, from 32.8% in 1Q06 to 34.7% in 1Q07, in accordance with ABEVD data (business volume).

> CONSOLIDATED GROSS REVENUES

Consolidated gross revenues in 1Q07 were R\$849.6 million, a 17.6% increase compared to the same period of 2006 (R\$722.6 million). In the domestic market, gross revenues grew 16.2% and in the foreign market the growth was 59.4%. The percentage of revenues from the foreign market in total revenues grew from 3.3% in 1Q06 to 4.4% in 1Q07. Total consolidated consultants reached 627.6 thousand at the end of March 2007, an 18.1% increase when compared to the same period of the previous year.

The growth in revenue keeps on being the Company's priority. The preference for the Natura brand and the growth in the core market, which continues to be expressive, support this goal.

> COST & EXPENSES

The **Cost of Goods Sold** increased from 31.2% in 1Q06 to 32.9% in 1Q07 in relation to net revenues. The main drivers that contributed to such increase were: (i) higher percentage of promotional sales in 1Q07 versus 1Q06 in Brazil and (ii) continuity of the impact of overhead costs due to the Company's larger structure, implemented during 2006. These effects were partly mitigated by the slight average appreciation of the Brazilian real between the periods.

The following chart shows the breakdown of cost's main components:

> **Composition of Cost of Good Sold** (% Net revenues)

Item	1Q07	1Q06
RM/PM ¹	24.6	23.4
Labor	3.2	3.3
Depreciation	1.4	1.5
Others	3.7	3.0
Total	32.9	31.2

(1) Raw material and package material

Selling expenses increased 2.5pp in relation to net revenues, from 32.7% in 1Q06 to 35.3% in 1Q07. This increase was mainly due to higher expenses related to communication with the sales channel, the concentration of advertising expenses in the period and the planned expansion of the international area.

There was also a small impact caused by the decentralization process of the distribution centers, firstly with the expansion in Mathias Barbosa – MG in September 2006 and with the beginning of activities in Jaboatão dos Guararapes – PE in 1Q07.

Administrative expenses decreased from 15.4% of net revenues in 1Q06 to 14.6% in 1Q07. This decrease was due to the reversal of part of the reserve for profit sharing related to 2006, recorded in 1Q07. This effect more than offset the increase of expenses related to administrative structure adequacy.

Overhead expenses remained stable as to the 4Q06 position, as informed at the last conference call.

> **EBITDA AND NET INCOME**

EBITDA reached R\$124.4 million in 1Q07, a 9.8% growth when compared to 1Q06 (R\$113.3 million). The EBITDA margin posted a decrease in the same period, from 22.1% in 1Q06 to 20.6% in 1Q07. This decrease was due to higher investments destined to promotions, discounts and communication actions, as already mentioned before. These expenses are in line with the Company's search for higher efficiency in its marketing actions, which results will be gradually observed during the year.

For 2007, we continue to expect to reach the same EBITDA margin reached in 2006.

Net income posted a 1.6% decrease, from R\$81.7 million in 1Q06 to R\$80.3 million in 1Q07. The difference between the growth rates of net income and EBITDA was mainly due to the following: (i) decrease in net financial revenues (R\$6.3 million in 1Q06 and R\$1.4 million in 1Q07); (ii) 32.5% increase in depreciation in 1Q07 versus 1Q06; and (iii) higher income tax effective rate in 1Q07 compared to the same period of 2006.

> RESULTS BY AREA OF OPERATION

>> Brazil

> Financial Highlights – Brazil (R\$ million)

	1Q07	1Q06	Change%
Total Consultants ¹	566.7	491.7	15.3%
Units sold – items for resale (in millions)	56.6	50.8	11.3%
Gross Revenues ²	812.8	699.8	16.2%
Net Revenues ²	574.2	494.0	16.2%
Ebitda ²	135.2	124.6	8.5%
<i>Ebitda Margin</i>	23.5%	25.2%	

(1) Number of consultants by the end of cycle 4 of sales

(2) Pro-forma Revenues and EBITDA Brazil, excluding the transactions with foreign subsidiaries (gross revenue and cost).

In Brazil, the number of consultants reached 566.7 thousand at the end of 1Q07, with a 15.3% growth compared to the previous year. The productivity by average active consultant was R\$2.55 thousand, a 0.5% growth compared to the previous year (1Q06: R\$2.54 thousand).

>> Operations under consolidation - Argentina, Chile and Peru

> Financial Highlights – Argentina, Chile and Peru (US\$ million)

	1Q07	1Q06	Change%
Total Consultants ¹	54.6	37.7	45.0%
Units sold – items for resale (in millions)	2.7	2.1	31.9%
Gross Revenues	15.4	9.7	58.5%
Net Revenues	11.9	7.5	58.4%
Ebitda	-1.3	-1.5	-13.1%
<i>Ebitda Margin</i>	<i>-11.1%</i>	<i>-20.3%</i>	

(1) Number of consultants by the end of cycle 4 of sales

Gross revenue significantly increased in operations under consolidation, with a 58.5% growth in US dollars in 1Q07 in relation to 1Q06 (57.5% in local currency). The operating loss represented by EBITDA decreased by 13.1% in 1Q07 compared to 1Q06. EBITDA margin presented recovery, increasing from -20.3% of net revenue in 1Q06 to -11.1% in 1Q07. The total number of consultants grew by 45.0% and the productivity by average active consultant grew by 10.6% between the periods.

>> Operations under implementation – Mexico, Venezuela and France

> Financial Highlights – Mexico, Venezuela and France (US\$ million)

	1Q07	1Q06	Change%
Total Consultants ¹	6.2	2.0	215.0%
Units sold – items for resale (in millions)	0.3	0.1	253.2%
Gross Revenues	2.0	0.7	167.1%
Net Revenues	1.7	0.6	169.0%
Ebitda	-4.5	-2.8	60.4%

(1) Number of consultants by the end of cycle 4 of sales

The area of operation under implementation reached gross revenues of US\$2.0 million in 1Q07 versus US\$0.7 million in 1Q06. The operation in Mexico keeps on expanding and has been showing results as expected. The highlight in the quarter was the start of operation in Venezuela.

>> International expansion process

Investments in the international expansion process, represented by the international operations negative results deducted of the gross margin related to the Brazilian exports to international operations, totaled R\$11.6 million in 1Q07 (R\$10.2 million in 1Q06). For 2007, we estimate a total investment of R\$48 million in this process, which increment is mainly due to the increase of investments in the Mexican operation and to the start of the operations in Venezuela and Colombia.

> CASH FLOW

1Q07 internal cash generation¹ reached R\$97.7 million versus R\$94.8 million in 1Q06 (3.1% increase). Out of this total, R\$55.8 million was invested for operating working capital³ and R\$21.0 million in acquisitions of Capex (especially machinery, software and vehicles).

Consequently, the free cash flow generation reached R\$20.6 million in 1Q07 with an 82.4% growth compared to the same period of 2006 (R\$11.3 million). CAPEX estimated for 2007 is R\$190 million.

> Consolidated cash flow – *pro forma* (R\$ million)

	1Q07	1Q06	Change%
Net income	80.3	81.7	-1.6%
(+) Depreciation and amortization	17.4	13.1	32.5%
Internal cash generation¹	97.7	94.8	3.1%
Operating working capital ³	-55.8	-50.6	
Other assets and liabilities ⁴	-0.3	-7.3	
Operating cash generation	41.6	36.9	12.8%
Capex	-21.0	-25.6	
Free cash flow²	20.6	11.3	82.4%

Note 1: (Net income in the period) + (depreciations and amortizations).

Note 2: (Internal generation of cash) +/- (variations in working capital and long term assets and liabilities) – (acquisitions of property, plant and equipment).

Note 3: Assets – Accounts receivable, inventories and short-term recoverable taxes. Liabilities – suppliers, salaries, profit sharing and social charges, tax liabilities, provisions and freights payable.

Note 4: Assets – Advance to employees and suppliers, short-term deferred income tax and social contribution, other credits and long-term assets. Liabilities – short and long-term other accounts payable and provisions for tax, civil and labor risks.

> CONFERENCE CALL & WEBCAST

CONFERENCE CALL IN PORTUGUESE:

Friday, April 27, 2007

09:00 a.m. US EDT / 10:00 a.m. Brasília

CONFERENCE CALL IN ENGLISH:

Friday, April 27, 2007

11:00 a.m. US EDT / 12:00 p.m. Brasília

Participants in Brazil: +55 11 4688-6301

Participants in the USA: Toll Free +1 800 860-2442

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Access code: Natura

Live webcast will be available on Natura's IR website at www.natura.net/investidor

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> Annex 1 - Statement of income for the year (Consolidated)

(in R\$ million)	1Q07	%NR	1Q06	%NR	% change
Gross sales to domestic market	811.8	95.6	698.8	96.7	16.2
Gross sales to foreign market	37.5	4.4	23.5	3.3	59.4
Other sales	0.3	0.0	0.3	0.0	(16.7)
GROSS OPERATING REVENUES	849.6	100.0	722.6	100.0	17.6
Taxes on sales, returns and rebates	(246.7)	(29.0)	(210.8)	(29.2)	17.0
NET OPERATING REVENUES	602.9	100.0	511.8	100.0	17.8
Cost of sales	(198.1)	(32.9)	(159.5)	(31.2)	24.2
GROSS PROFIT	404.8	67.1	352.3	68.8	14.9
OPERATING (EXPENSES) INCOME					
Selling	(212.7)	(35.3)	(167.6)	(32.7)	27.0
General and administrative	(88.0)	(14.6)	(78.7)	(15.4)	11.8
Management compensation	(1.9)	(0.3)	(2.4)	(0.5)	(20.4)
Other operating expenses, net	4.9	0.8	(3.5)	(0.7)	(238.5)
INCOME FROM OPERATIONS BEFORE FINANCIAL EFFECTS	107.0	17.8	100.0	19.5	7.0
Financial expenses	(7.3)	(1.2)	(9.6)	(1.9)	(23.5)
Financial income	8.7	1.4	15.9	3.1	(45.0)
INCOME FROM OPERATIONS	108.4	18.0	106.3	20.8	2.0
Nonoperating income (expenses), net	0.0	0.0	0.1	0.0	(83.0)
INCOME BEFORE TAXES ON INCOME	108.4	18.0	106.4	20.8	1.9
Income and social contribution taxes	(28.1)	(4.7)	(24.8)	(4.8)	13.3
NET INCOME BEFORE MINORITY INTEREST	80.3	13.3	81.7	16.0	(1.6)
Minority interest	(0.0)	(0.0)	(0.0)	(0.0)	(62.1)
NET INCOME	80.3	13.3	81.7	16.0	(1.6)
Depreciation	17.4	2.9	13.1	2.6	32.5
EBITDA	124.4	20.6	113.3	22.1	9.8

Annex 2 – Balance Sheet (03/31/07 and 12/31/2006)

ASSETS			LIABILITIES		
	03/31/2007	12/31/2006		03/31/2007	12/31/2006
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks	73.3	65.3	Loans and financing	85.7	75.9
Cash investments	179.4	209.9	Domestic suppliers	161.0	208.7
Trade accounts receivable	297.5	374.2	Foreign suppliers	2.4	5.5
Inventories	288.2	237.1	Salaries, profit sharing and related charges	63.8	88.7
Recoverable taxes	45.3	38.7	Taxes payable	102.5	95.7
Advances to employees and suppliers	6.0	12.7	Dividends	213.8	213.8
Deferred income and social contribution taxes	25.7	32.2	Accrued freight	14.7	18.9
Other receivables	29.4	20.5	Sundry accruals	2.2	3.7
Total current assets	944.8	990.6	Other payables	18.2	18.5
			Allowance for losses on swap and forward transactions	2.5	2.2
			Total current liabilities	666.9	731.7
NONCURRENT ASSETS			NONCURRENT LIABILITIES		
Long-term assets:			Loans and financing		
Recoverable taxes	21.2	21.0		94.1	127.1
Deferred income and social contribution taxes	36.8	35.8	Reserve for tax, civil and labor contingencies	63.4	62.2
Escrow deposits	18.4	13.4	Other payables	5.0	4.3
Advances to suppliers	2.5	2.7	Total noncurrent liabilities	162.5	193.6
Other receivables	0.7	0.6			
Cash investments	4.5	4.3	MINORITY INTEREST	0.0	0.0
Permanent assets:			SHAREHOLDERS' EQUITY		
Investments	0.6	0.6	Capital	233.9	233.9
Property, plant and equipment	449.0	445.5	Capital reserves	135.4	134.9
Intangible assets	49.9	51.4	Profit reserves	352.4	272.1
Total noncurrent assets	583.5	575.3	Treasury shares	(22.8)	(0.2)
			Total shareholders' equity	698.9	640.6
TOTAL ASSETS	1,528.3	1,565.9	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,528.3	1,565.9

> Annex 3 – Statement of Cash Flow (Consolidated)

	1Q07	1Q06
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	80.3	81.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortizations	17.4	13.1
Monetary and exchange variations, net, except those referring to tax, civil and labor contingencies	3.6	5.3
Reserve for losses on swap and forward contracts	1.1	0.6
Reserve for tax, civil and labor contingencies, including monetary variation on those reserves	2.6	3.7
Allowance for inventory losses	(1.7)	1.3
Deferred income and social contribution taxes	5.6	0.7
Proceeds from sale and disposal of property, plant and equipment and intangible assets	0.7	0.4
	109.6	106.6
(INCREASE) DECREASE IN ASSETS		
Current assets:		
Accounts receivable	76.6	68.4
Inventories	(49.5)	(38.9)
Other receivables	(12.8)	(2.7)
Noncurrent assets (long-term assets):	-	-
Escrow deposits	(7.9)	0.1
Recoverable taxes	(0.2)	(1.7)
Other receivables	0.1	(0.0)
	6.3	25.1
INCREASE (DECREASE) IN LIABILITIES		
Current liabilities:		
Suppliers	(45.5)	(48.7)
Salaries, profit sharing and related charges, net	(23.5)	(23.2)
Taxes payable, net	7.3	(14.5)
Other payables	(6.0)	(0.2)
Noncurrent liabilities	-	-
Other payables	0.6	(1.2)
Subtotal	(67.2)	(87.8)
NET CASH PROVIDED BY OPERATING ACTIVITIES	48.7	44.0
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(21.0)	(25.6)
NET CASH USED IN INVESTING ACTIVITIES	(21.0)	(25.6)
CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in current loans	(30.4)	(19.1)
Fundings - noncurrent loans	3.0	16.2
Payments of swap and forward transactions	(0.7)	(0.4)
Payment of dividends	(0.0)	(194.9)
Payment of interest on capital	-	(17.7)
Payment of capital	0.1	0.6
Acquisition of treasury shares	(22.7)	-
Tax incentives	0.7	-
Sale of treasury shares by exercise of stock options	(0.1)	1.2
Payment of receivables from shareholders	0.0	2.0
NET CASH USED IN FINANCING ACTIVITIES	(50.2)	(212.2)
NET (INCREASE) DECREASE IN CASH AND BANKS	(22.5)	(193.8)
Cash and banks at beginning of year	275.2	386.4
Cash and banks at end of year	252.6	192.6
CHANGE IN CASH AND BANKS	(22.5)	(193.8)
SUPPLEMENTARY CASH FLOW DISCLOSURE		
Income and social contribution taxes paid	12.9	24.1
Interest paid on loans and financing	3.4	1.9

This press release contains forward-looking statements. Such statements are not statements of historical fact, and reflect the beliefs and expectations of the Natura's management. The words "anticipates", "wishes", "expects", "estimates", "intends", "forecasts", "plans", "predicts", "projects", "targets" and similar words are intended to identify these statements, which necessarily involve known and unknown risks and uncertainties. Known risks and uncertainties include, but are not limited to, the impact of competitive products and pricing, market acceptance of products, product transitions by the Company and its competitors, regulatory approval, currency fluctuations, production and supply difficulties, changes in product sales mix, and other risks. This press release also includes pro-forma information prepared by the Company for information and reference purposes only, which has not been audited. Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update them in light of new information or future developments.