

NATURA MANAGEMENT REPORT 2013

MESSAGE FROM THE FOUNDERS

Commitment to the essential

"Nevertheless, the growth of equality demands something more than economic growth, even though it presupposes it. It demands first of all 'a transcendent vision of the person'... I am convinced that from such an openness to the transcendent a new political and business mentality can take shape, one capable of guiding all economic and financial activity within the horizon of an ethical approach which is truly humane... I ask you to ensure that humanity is served by wealth and not ruled by it."

Excerpt from the address of Pope Francis to the World Economic Forum on January 17, 2014

In Brazil and the world, we live in times of uneasiness over change. Amidst a dearth of world leadership that offers effective alternatives when faced with the concerns of our society, the words and presence of Pope Francis are emblematic. Regardless of personal faith, the first Latin American pontiff soon won international attention for his strong stance guided by simplicity, the defense of essentiality and the pursuit of the common good. It is important to point out that, at this historic moment, it was a spiritual leader who addressed the heads of major global economies to explain that our civilization is intrinsically connected to a production model that is indifferent to fundamental issues that call on us to take responsibility.

The unexpected and transforming force of Pope Francis reminds us of the famous quote by French thinker André Malraux: "The 21st century will be spiritual or will not." Regardless of the interpretations that religiosity or spirituality inspire, it seems clear that his transcendent vision is fundamentally linked to the reclamation of ethical principles; an indispensable posture that, under the glow of altruism, guides all individual, social, business and government actions. And which certainly reinvigorates hope and the effective

pursuit of a new, more human and harmonious way of managing public and private activities.

As an organization that has always been committed to life, Natura identifies with this longing for transformations that will allow us to build new development paths that are capable of confronting the economic, social and environmental challenges of our day. We have evolved our governance model to trace our future with greater confidence. Our contribution is translated not only through our corporate behavior, but also through the concepts expressed in our products. In this context, innovation is a key element in our strategy for yesterday, today and tomorrow. An expression of Natura's identity, it promotes progress on all fronts of our activities. Here I should mention the company's new research center in New York, which complements the centers that already exist in Cajamar, São Paulo, and in Amazonia. We are also celebrating the first year of integration with the Australian brand Aesop, which has proven to be in perfect harmony with our culture, bringing new creative approaches to the Natura universe and expanding our potential to reach out to different publics and regions.

It is increasingly clear that we have an extraordinary opportunity to take our value proposition to other geographies. We are encouraged by our solid results and by the way our operations in Latin American have come to be recognized, but we know that our success depends directly on the development of new capabilities throughout this decade. In Brazil, we have made important investments that will empower Natura for another cycle of development with the opening of new facilities in São Paulo and Ecopark, which is an industrial park located in the state of Pará which aims to attract companies interested in developing sustainable businesses as well as encourage local entrepreneurship.

In the light of the promising results and initiatives in 2013, we reaffirm our confidence that Natura will continue to seek answers to concerns, which mobilize us towards our commitment to the concept of *well being well*. Inspired by this feeling, we want to join forces with everyone who shares our ideals so that we can help build a world in which people are more conscious of the fact that quality of life is simply essential.

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

MESSAGE FROM THE EXECUTIVE COMMITTEE

Ever more Natura

The year 2013 reinforced our belief that Natura will expand its frontiers far beyond the boundaries of its current operations. Our value proposition, which is rooted in promoting the concept of *well being well*, sales made through relationships and corporate behavior in keeping with sustainable development, has the potential to reach new markets and consumers, whether in regions where we currently operate or in new regions. The solid results achieved by our International Operations in Latin America reaffirm this perception. By the end of 2013, these operations already accounted for 14% of our business and have maintained an annual growth rate in excess of 30% over the last few years, and now are accompanied by significant improvement in profitability. In Mexico, we reached the significant mark of 100,000 consultants in January, which reaffirms our brand's appeal in this market as well.

In Brazil, it was a year of recovery that started relatively slow and began to gain strength in the second half of the year. Productivity gains in our network will be driven by increased buying frequency and a greater number of categories purchased by our consumers, supported by the series of initiatives implemented over the last few years: the redesign of our production and distribution capacity, marketing investments and our ability to innovate, among other factors. Despite the ever more competitive environment, we are confident that we have created the conditions for our consultants to do more and more business with Natura. A key element of this is the quality of services provided, which once again set new records for delivery time and order fill rate in 2013.

As a result, we ended the year with total net revenue of R\$ 7.01 billion, EBITDA of R\$ 1.61 billion and net income of R\$ 842.6 million. These results were driven

by a cycle of strong investments in our operations and logistics model as well as growing investment in information technology.

In this sense, 2013 will also be remembered as a milestone for the Natura Network, which leverages digital technologies and connectivity to boost direct sales. The network was successfully tested in the interior region of the São Paulo state and will be rolled out in other regions of Brazil over the course of 2014. It is one of the first outcomes of our future strategy. This strategy envisages a Natura that serves consumers through different mediums and categories. It is about a Natura that goes beyond cosmetics, fragrances and toiletries products, transcends the borders of Latin America, manifests itself through brands that fill niches in distinct markets – which is the case of Aesop, an Australian company we acquired in early 2013 that advocates a new take on urban beauty, while operating in market niches that we had yet to explore.

Similarly, we seek to reaffirm sustainability as a driver of innovation and new business opportunities. We want to continue contributing to the construction of a sustainable development model based on relevant targets, like the one we established in 2007, when we decided to reduce our greenhouse gas emissions by 33%, which we achieved by December 2013.

To capture new opportunities in the market and in our relationship network, we implemented a new organizational design and expanded the executive group, which are advances that were accomplished while we celebrated our best result ever in the survey of organizational climate conducted with our employees since we began measuring it in 1994.

We also know that transformations in our society have an impact on business environments as well, which should accelerate the search for new types of relationship between people and companies, promoting much needed alignment between the zeitgeist and the concept of *well being well*. Despite this scenario in constant flux, which by nature poses a high degree of uncertainty, we believe that every day we acquire new knowledge and skills that make us more capable of realizing our dreams. We are therefore very excited to participate in the rise of a new development cycle in which, paradoxically, Natura will become

substantially different over the coming years in order to become, above all, even more Natura.

Alessandro Carlucci
Chief Executive Officer

Overview

Established in 1969, Natura is Brazil's largest company in the cosmetics, fragrances and toiletries industry, with a strong presence in Latin America - Argentina, Chile, Mexico, Peru, Colombia and Bolivia - as well as in France. The company's passion for relationships led it to adopt direct sales as a business model, and today it is the leader in Brazil's direct sales industry. Our network has over 1.6 million consultants who disseminate the company's value proposition to its consumers.

Market context

Our industry remains competitive in Brazil, posting growth of 8.1% in the period from January to October 2013, according to data from the São Paulo State Perfumery and Toiletries Association (Sipatesp) and the Brazilian Cosmetics, Fragrances and Toiletries Industry Association (Abihpec). Less sensitive to economic fluctuations, the industry is more correlated to the level of household disposable income, which continues to grow, though at a slower pace than in prior periods.

This year, although we lost 120 basis points of market share in Brazil, through October, the second half of the year started to show signs of recovery. Market share loss was concentrated mainly on cosmetics, while we managed to maintain in the toiletries category, supported especially by our launch of the sub-brand Sou. The result for the last two months of the year is still pending disclosure.

In Latin America, the industry continued to grow at rates above the world average and Natura grew over 30% per annum, continuing to expand its market share and improve brand preference in all countries in which it operates.

Results:

	2009	2013	Avg. annual change, %
Number of NCs	1,038.9	1,656.5	+12
Total net revenue (R\$ million)	4,242.1	7,010.3	+13
Net revenue – Intl. Ops. (R\$ million) ¹	292	1,130.1	+40

1. International Operations. Figures for 2013 include Aesop.

Dividends (R\$ per share)	1.37	1.99	+ 10
Relative CO2 emissions (kg of CO2e/kg of product)	3,55	2,79	- 6

Profile of shareholders	2013

Individuals	10,111
Legal persons in Brazil	594
Legal persons abroad	781
Total	11,486

Business model

Natura's elements of value creation

Our proposition of promoting the concept of well being well guides the way in which we operate, our business model, the development of our products and concepts and the way we relate with our stakeholders. Learn more about the main resources we use, the differentials of our operations and the value created.

HOW WE OPERATE

Our main resources:

- economic:
 - public corporation listed on the BM&FBovespa, with 59.83% of its stock held by the controlling group, 39.10% forming the free-float and 1.07% held by the managers and in treasury.
 - strong cash generation and low net debt, with the latter corresponding to 0.73 times EBITDA.
 - net revenue of R\$ 7.01 billion (+10.5% vs. 2012).
 - investment (capex) of R\$ 553.9 million.
- infrastructure:
 - Eight distribution centers in Brazil.
 - Production facilities in Cajamar, São Paulo, and in Benevides, Pará, as well as outsourced production in Brazil, Argentina, Mexico and Colombia.
 - We also own the Australian brand Aesop, with products in Oceania, Asia, Europe and North America.
- environmental resources:
 - the social and biodiversity assets, which represent one of the brand's important advantages.
 - water, which is used in production process and during the use and disposal of products by consumers.

human capital:

- over 7,000 employees: Brazil (80%), Argentina, Chile, Peru, Mexico,

Colombia, France and New York*.

- intellectual capital:
- innovation index of 63% (share of products launched less than two years ago).
- investments in innovation of R\$ 181 million (3% of net revenue).
- our relationships:
- network of over 1.6 million NCs in Brazil and other Latin American countries, as well as in France
- 100 million consumers**
- Nearly 5,000 suppliers
- 32 supplier communities and 3,100 families (who extract inputs from the social and biodiversity)
- Communities in the vicinity of our operations

HOW WE ADD VALUE

Corporate behavior

Actions focused on Natura's priority sustainability topics: quality of relationships; climate change; social biodiversity; solid waste; water; sustainable entrepreneurship; education.

Natura Management System, which structures Natura's main differentials in its routines and processes.

Products and concepts

A vision of innovation that encompasses all elements of the business: product and concept development, sales model and efforts to capture new business opportunities.

An open innovation platform with a network of some 180 partners.

Research and development centers in Cajamar, São Paulo, and Benevides, Pará, a knowledge center in Manaus, Amazonas, and an innovation center in New York (USA).

Relationship Network

A company policy that establishes relationships and benefit sharing with the communities who supply assets from social biodiversity.

A leadership development program that has benefited 57% of today's leaders.

A supplier development program that includes social and environmental criteria and features monitoring of indicators, such as CO2 emissions, water consumption and investment in employee education.

Developments programs for Natura Consultants (NCs) and Natura Consultant Advisors

(NCA) that cover aspects ranging from digital inclusion to sustainable entrepreneurship in the company's relationship networks.

*Does not include Aesop

**The figure for Brazil is based on the indicator of penetration in Brazilian households.

Value and impacts generated:

Main results

Indicator	2011	2012	2013
Economic (R\$ million)			
Consolidated net revenue	5,591.4	6,345.7	7,010.3
Consolidated EBITDA	1,425.0	1,511.9	1,609.0
Consolidated net income	830.9	874.4	842.6
Internal cash generation ¹	964.0	1,018.9	1,102.3
Free cash flow	410.4	878.8	378.1
Average daily trading volume in the stock ²	43.7	54.3	61.1
Funds destined to supplier communities	10.0	12.1	11.2
Business volume in the Amazon region ³	n/a	121.8	201.5
Percentage of revenue contributed by the Intl. Ops. (%) ⁴	9.0	11.6	14.4
Environmental			
Relative GHG emissions (kg of CO ₂ e/kg of product manufactured) ^{5 6}	3.12	2.99	2.79
Absolute GHG emissions ('000 t) ⁶	260	280	313
Water consumption (liters/unit manufactured)	0.40	0.40	0.40
Solid waste generation (grams/unit manufactured)	20	26	22
Social			
Work climate survey – Favorable ratings by Employees ⁷	70	72	78
Loyalty of NCs in Brazil ⁸	19	24	23
Loyalty of NCAs in Brazil ⁸	n/a	38	38
Loyalty of Suppliers in Brazil ⁸	27	23	30
Loyalty of Consumers in Brazil ⁸	66	53	54
Funds raised by the Believing is Seeing program in Brazil (R\$ million)	8.4	12.8	17.0
Other			
Number of NCs	1,421	1,573	1,657
Innovation Index	64.8	67.2	63.4
Employee training (hours/employee)	85.2	87.6	90.3
Overall rating of the brand image survey in Brazil ⁹	73	79	78

1. Represents operating cash generation before the effects of working capital variation and capex
2. Source: Bloomberg.
3. Includes Natura and other partners.
4. Including Aesop, the share of the International Operations in 2013 is 16.1%.
5. CO2 (or CO2 equivalent): measure used to express greenhouse gas emissions based on the global warming potential of each gas. The 2012 result was recalculated due to changes in the emission factor of Brazil's energy matrix.
6. Includes scopes 1, 2 and 3 of the GHG Protocol.
7. Climate Survey: Hay Group.
8. Loyalty Survey: Ipsos Institute.
9. Brand Essence Institute Survey: Ipsos,

Wealth distribution (R\$ million)			
	2011	2012	2013
Shareholders ¹	763	855	856
Consultants	2,906	3,211	3,390
Employees	634	803	917
Suppliers	4,363	4,837	5,425
Government	1,472	1,743	1,804
Total	10,138	11,449	12,392

¹ Figures correspond to the dividends and interest on equity effective paid to shareholders, i.e., cash basis of accounting.

Distribution of dividends

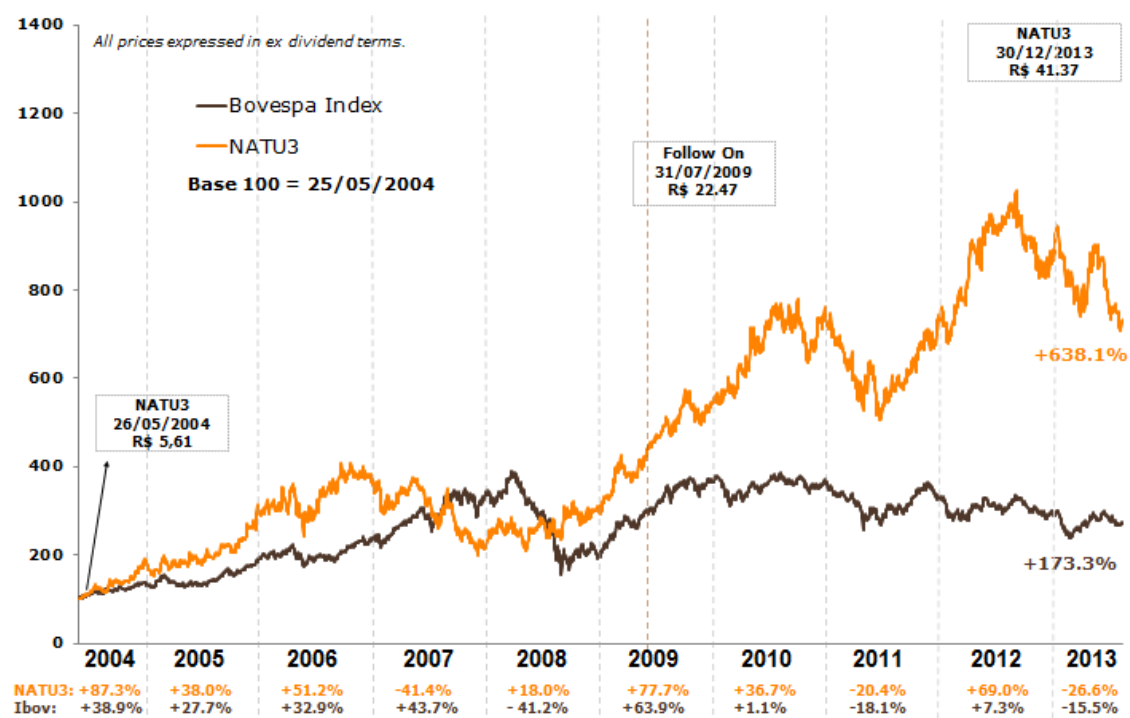
On February 12, 2014, the Board of Directors approved the proposal to be submitted to the Annual Shareholders Meeting to be held on April 11, 2014 for the payment, on April 16, 2014, of the balance dividends and interest on equity relative to fiscal year 2013, in the amounts of R\$ 474.0 million and R\$ 22.4 million (R\$ 19.0 million net of withholding tax), respectively.

On August 15, 2013, interim dividends of R\$337.3 million and interest on equity of R\$23.4 million (net of withholding tax) were paid.

These dividends and interest on equity relative to fiscal year 2013 represent a net payout of R\$ 1.99 per share and correspond to 100% of net income [1] for 2013.

[1] Net income calculated in accordance with Brazilian Corporation Law.

Stock performance



Source: Bloomberg

Strategy and outlook

In 2013, we practically completed a cycle of training and investments in logistics infrastructure that led to a high level of quality in the services provided to NCs and shorter delivery times, down from 5.1 days to 4.5 days (35% of these orders are already being delivered in 48h). As a result, we were able to develop significant initiatives: the administrative and distribution center in São Paulo, and the industrial complex Ecopark in the state of Pará to be opened in March 2014, and the expansion in production capacity in Cajamar, Sao Paulo. These efforts prepare Natura to strengthen its business and meet the demands of the Brazilian market in the short term in light of the increasingly tougher competitive scenario. Starting this year, we will have a higher concentration of resources in digital technology, which will allow us to strengthen our current business and ensure our competitiveness, while building the foundations for Natura's future growth.

In our International Operations, which are currently focused on Latin America, we have maintained robust growth over the last few years at annual rates above 30%. We expect to maintain these growth levels by expanding our consultant network, which is already 366,500 strong, while continuing our efforts to build our brand, continually improve service quality and improve profitability.

In Brazil, we expect to amplify our operations and maintain market share by increasing consultant productivity and the buying frequency of final consumers. This will be achieved through significant improvement in service level, product and concept innovation, and segmentation of our relationship with NCs and consumers, as well as through the continuous evolution of our commercial model.

We are focused intensely on reaching out to final consumers through new ways, new product categories and new brands, and in this way continue to fulfill our purpose of promoting the concept of well being well. With more information and greater connectivity we will be able to maximize our greatest asset: sales through relationships. One of these initiatives is the Natura Network, which enables consultants to sell products online.

Our corporate behavior has allowed us to evolve so that impacts on the environment and on society increasingly become important aspects of our decision-making process. This includes the sustainable use of resources from social biodiversity, relationships with supplier communities and other stakeholders with whom we dialogue, innovations to reduce greenhouse gas emissions and other fronts of our activities. This translates into innovative products like the Sou line, which accounted for a significant portion of our economic and environmental results already in the second half of 2013.

We reaffirm our enthusiasm with the opportunity to expand our businesses, driven by our capacity to innovate and offer, to the Natura relationship network, increasingly more relevant products and concepts that are tuned to the spirit of our time.

CORPORATE BEHAVIOR

Governance and transparency

Continuous evolution

In April of last year, Plínio Villares Musetti was elected as chairman of Natura's Board of Directors, which ended the co-chairmen model exercised for years by the controlling shareholders. With this change, we took yet another step towards professionalizing and institutionalizing our company's governance and reaffirmed our long-standing commitment to good governance practices undertaken over 16 years ago when Natura voluntarily installed a Board of Directors six years prior to going public.

Luiz Seabra, Guilherme Peirão Leal and Pedro Passos, our founders and controlling shareholders, will remain on the Board, now even more focused on and engaged in driving the organization's progress by supporting the development of new executive leaders and the consolidation of a vibrant culture that seeks to perpetuate our beliefs and inspire the company's strategic vision.

We have evolved our organization by increasing our focus on the company's strategy, aiming to achieve our results. The Executive Committee (Comex) was expanded in 2013, incorporating new roles and areas. We also revised our corporate structure based on three large areas. The first, focusing on management of Brands&Business, which is also responsible for innovating products and concepts. The second, a Network area, responsible for the relationship with our consultants and their clients in the multiple regions where we operate. And the third, formed by the company's corporate areas, such as Finances, People, Operations and IT.

Organizational design

Brands and Businesses

Product Innovation

Brand Architecture

Marketing

New Business (Brands and Categories)

Product availability

Corporate areas

Networks

Operations in Brazil's regional markets

Operations in international markets

Logistics

CRM

Innovation in the Commercial Model

Natura Network

Risk management

Natura's risk management is an instrument integrated into the strategic planning cycle and considers the economic, social and environmental aspects of two main groups: strategic aspects, which can affect the company's ambition and continuity; and operational aspects, which evaluate our internal processes.

We built a risk map based on assessments of our value chain and of our entire operations, which identified 62 risk categories. This process is monitored by one of the executives on the committee and linked to management action plans. The Board of Directors, through its various committees, also monitors all strategic risks inherent to the Company.

The map includes aspects related to the commercial model, innovation capacity, taxation, biodiversity, product quality and employees, as well as many other aspects.

Commitment to the Amazon

With the launch of operations scheduled for the first quarter of 2014, Ecopark is an industrial complex that plans to generate sustainable business opportunities based on

the Amazon's social and biodiversity and fostering local entrepreneurship. Our new soap production facility will be the first unit installed at the site, which should attract other companies with needs complementary to those of Natura. Based on an innovative concept of industrial symbiosis, the idea is that each company installed in the Ecopark can use the sub-products generated by the others, while also sharing the space (172 hectares) and basic infrastructure.

The initiative is part of the Amazonia Program launched by Natura in 2010 and was structured based on the knowledge and experience we have amassed from more than a decade of local operations. The Amazonia Program is structured on three fronts – Science and Technology, Sustainable Production Chains and Institutional Strengthening – and its goals for 2020 include: R\$1 billion in business volume in the region; connecting one thousand researchers in a network for generating innovation and technology from social and biodiversity resources; increasing the number of families involved to 10,000 from the current 3,100; and increasing the consumption of inputs produced in the region to 30% from the current level of 13.4%.

In 2013, we distributed R\$ 11.1 million to supplier communities in supply funds, benefit sharing and other funds. The result fell short of the target for the period (R\$ 13.6 million) and was below the amount distributed in the previous year (R\$ 12 million). This performance was influenced by the reduction in raw material purchases due to the destocking of inventories formed in 2012, when sales were lower than projected. On the other hand, total investments made in the region amounted to R\$ 201.5 million, surpassing the target for the period of R\$ 190 million, which mainly reflects the investments made in Ecopark.

Climate change

In 2013, we registered a reduction of 33.2% in our relative greenhouse gas emissions in relation to 2006, effectively fulfilling the commitment we signed in that year to pursue alternatives for reducing our impact on climate change by 33%. This reduction considers our entire production chain, from the extraction of raw materials to the use and disposal of products by consumers. We also reduced the absolute emissions of our production facilities by nearly 10% between 2008 and 2012.*

The challenge of lowering our emissions led to many innovations and created innumerable learning experiences for Natura. Launched in 2007 to structure these reduction initiatives, the Carbon Neutral Project resulted in the creation of a carbon management system in all stages of the production process, such as product development and manufacturing, the order cycle (the relationship with CNs, which includes the production of Natura catalogues, order registration and sorting for delivery) and transportation.

This is an excellent example of how incorporating social and environmental challenges into the strategic planning and decision-making process can lead to innovation and positive results for the company, while reducing impacts on society.

As part of the evolution of these learning experiences, we continue to implement innovations and to test alternatives that can help increasingly reduce our impacts as our business grows. Last year, we became the first company to use cargo trucks and charter buses for employee transportation that are powered by ethanol. At the end of the year, we started testing nine electric vehicles in the logistics network for delivering orders to consultants. The alternatives include bicycles, tricycles and electric cars. Once

again, this is the first time a company has used electric vehicles for freight transportation in Brazil. This pioneering initiative will most likely provide us with valuable knowledge about this alternative means of transportation that could lead to future benefits, not only for reducing emissions, but also for mobility in urban centers.

** In 2012, we reported a reduction of 7.4%, but the indicator was recalculated after the federal government made a correction in the electric power emissions factor.*

Valuing ecosystemic services

Our commitment to a sustainable development model motivates us to conduct studies to measure the impact of our activities on social and environmental resources, which are also known as externalities. In 2013, we participated in the B-Team, a consortium of international companies and consultants whose objectives include developing a model for assessing the social and environmental impacts caused by these companies.

Our plan is to have assessed all of Natura's externalities within the medium term, considering the social and environmental impacts. This will allow us to reach a point in the future when companies adequately value the services provided by ecosystems and biodiversity and investors begin considering the social and environmental gains or losses associated with an activity (externalities) in their risk and opportunity analyses.

Products and concepts

Our understanding of innovation is not limited to the development of new products and concepts, but permeates the entire organization in a multidisciplinary and transversal vision. It is incorporated into our sales strategy, our pursuit of new activities, our techniques for handling and extracting inputs from biodiversity and even our logistics operations.

To accomplish our vision of the future and offer unique products and concepts that are relevant to consumers, we must adopt a broad view of innovation that is linked to trends and the pursuit of new opportunities, as a mean to express the beliefs and values of our company. Driven by this purpose, we entered into a cooperation agreement with the São Paulo State Research Support Foundation (FAPESP) for the creation of a Center for Applied Research into Human Well-being and Behavior. Launched in 2013, the center will build a solid base of knowledge on promoting well-being, cultural patterns and human behavior through research in neuroscience, positive psychology, social psychology, neuroimaging, neuropsychophysiology and psychometrics, among other fields.

With investments of R\$20 million over ten years, which will be shared equally by the two institutions, the research, in addition to generating innovative Natura products, will also be transferred to society, including the business, nongovernmental and public sectors.

We also installed an international office in New York for the development of new concepts and products of international relevance. Our innovation structure also includes innovation and knowledge centers in Cajamar, SP and Manaus, AM as well as partnerships with institutions in Brazil, the United States, France and other countries.

Sou: integrated results

Sou, the new sub-brand launched in 2013, is a practical example of how we structure our products based on concepts that go way beyond sensorial and technical quality. Sou, which in Portuguese means "I am," has already made a significant contribution to our sales results and environmental impact in the second half of 2013 and should foster discussion on ethical consumerism. Launched in June, Sou has 27 hair and skin care products developed through a fully integrated process (idea, product development, marketing and advertising). The brand was created under an entirely new perspective, fully designed to consume the least possible amount of materials and ingredients, without using pigments, while offering high quality and uniqueness at affordable prices.

The differentials of this line include:

I'm essential – What's important stays with you: moisturizing, captivating texture and wonderful fragrance.

I'm a formula without excess – Fewer ingredients. No dyes and only one olfactory signature.

I'm a new packaging – Modern and light. 70% less plastic and 60% less pollutant gases. Less transportation and less pollution.

I'm an efficient process – Less waste. Shorter production time. Lower energy consumption.

I'm good to the last drop – Flexible packaging so you can use all of the product.

I'm about less waste in nature – Once the product is finished, dispose of it along with other plastic waste for recycling.

Contribution to the business – incremental EBITDA growth with a significant share of sales already in 2013. Lower GHG emissions. The knowledge acquired was adopted company wide.

Relationship Network

In 2013, we continued the set of initiatives aimed at gradually expanding the shopping basket of our consumers and consequently increasing the productivity of our Natura Consultants in Brazil. Coupled with product and concept innovation, we adjusted sales team incentives to increase the focus on productivity, offered nine new payment means to consultants, maintained the trend of significantly improving service quality and invested even more in information technology. The initiatives led to an increase of 1.4% in average consultant productivity in 2013, 6.2% of which in the fourth quarter of the year.

These efforts will continue in 2014, with initiatives that include the development of mobile applications to help manage the business and the mapping of practices adopted by consultants with the highest productivity to disseminate them throughout the network.

We are currently experiencing a transformation in our model based on digital technologies and connectivity as levers of direct sales. We believe that technology will facilitate the activities of the Natura Consultant network, foster social entrepreneurship and strengthen the relationships among consultants, their customers and Natura.

Quality relationships

We believe that establishing a dialogue with the stakeholders that form our value chain is critical to identifying solutions and challenges for our business. That is why we have made an integral part of our culture the participation of various stakeholders in strategic projects and regular monitoring of the quality of our relationships with key shareholders.

As part of this effort, we regularly monitor this relation by considering satisfaction and loyalty indicators. In our 2013 work climate survey of employees, we achieved a 78% favorability rating, which represents an increase of 6 percentage points from the previous year and the best level ever since our first work climate survey was conducted in 1994.

We also enjoyed significant improvement in supplier loyalty, which increased by 6.3 percentage points to 29.7%.

Among Natura Consultants, the results were virtually stable, with NC loyalty of 23%, down from 24% in 2012. Among Natura Consultant Advisors (NCAs), the index was unchanged at 38%.

We acknowledge that there is still room for progress and plan to further consolidate a network environment that is based on trust and transparency and capable of creating a more inclusive business management process that produces collaborative actions, solutions and innovations.

Referral to the Market Arbitration Chamber

The Company, its shareholders, officers, directors and members of the Audit Board agree to settle exclusively through binding arbitration, which shall be conducted in the Market Arbitration Chamber, any and all disputes or controversies that may arise between them that are related to or arise from, in particular, the application, validity, effectiveness, interpretation, violation and related effects of the provisions in Federal Law 6,404/76, the Company's bylaws, the rules published by the National Monetary Council (CMN), by the Central Bank of Brazil and by the Securities and Exchange Commission of Brazil (CVM), as well as those in the Novo Mercado Listing Regulations, the Regulations of the Market Arbitration Chamber, the Regulations for Application of Pecuniary Sanctions in the Novo Mercado and the Novo Mercado Participation Agreement.

Relationship with the independent auditors

In compliance with Instruction 381/03 issued by the Securities and Exchange Commission of Brazil (CVM), we inform that the Company and its subsidiaries adopt as formal procedure consulting the independent auditors Ernst & Young Auditores Independentes S.S. to ensure that the rendering of these other services will not impair its independence and objectivity required to perform the independent audit services as well as obtaining due approval from its Audit Committee. The company's policy of not hiring the services of independent auditors ensures that there are no conflicts of interest or loss of independence or objectivity.

To accurately and transparently portray our performance on the economic, environmental and social levels, we have adopted the Global Reporting Initiative (GRI-G4) guidelines, whose criteria will be extensively developed in our 2013 Annual Report.

All social and environmental data contained in the GRI indicators are subjected to verification by Ernst & Young Auditores Independentes S.S., our independent auditor. In the case of the GHG emissions in 2013, a specific verification (limited assurance) was conducted of the inventory data, also by Ernst & Young.

São Paulo, February 12, 2014 – Natura Cosméticos S.A. (BM&FBovespa: NATU3) announces today its results for the fourth quarter of 2013 (4Q13) and fiscal year 2013. 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).

4Q 13



RESULTS

***Sales in 4Q13 grow 9.3% in Brazil and 34.5% in Latin America
Natura meets commitment to reduce its relative greenhouse gas emissions by 33%***

In the fourth quarter of 2013, Natura's consolidated net revenue grew 15.5% compared to 4Q12 (10.5% versus 2012), EBITDA¹ amounted to R\$538.7 million (R\$1,609.0 million in 2013) and net income was R\$294.1 million (R\$842.6 million in the year).

After a slow start to the year in Brazil, these results confirm that we have achieved the objectives we proposed at the end of the first half of the year: gradual recovery in revenue growth and profitability, while making the investments required to support our medium-term strategy.

In Brazil, we intensified our marketing investments, successfully launched the SOU line, obtained solid results from our sales strategies for commemorative dates², added new payment options for consultants and, in line with our strategy, recovered growth in sales and consultant productivity throughout the second half of the year. In 4Q13 in relation to the prior-year period, net revenue grew 9.3%, consultant productivity³ increased 6.2% (1.4% in the year) and the consultant base expanded 2.3% (3.9% in the year).

In 2013, the International Operations accounted for 14.4% of our sales (11.6% in 2012) and for 14.6% of sales in 4Q13 (12.3% in 4Q12); including Aesop, they accounted for 17.0%. Our good results in terms of revenue, profitability, service quality and brand preference in all countries reinforces our conviction that we continue to build a solid business platform in the region. In the year, net revenue from the Operations in Consolidation grew 34.3% in local currency (35.3% in Brazilian real), while the revenue from the Operations in Implementation grew 24.5% in local currency (37.7% in Brazilian real). The highlight was Mexico, where since 2011 we have implemented a multi-level model (Sustainable Relations Network) that fosters entrepreneurship and accelerated growth in our consultant base. After the learning phase and adjustments to the model, over the course of 2013 we reached high and sustainable levels of growth in the consultant base, surpassing, in January 2014, the symbolic mark of 100,000 consultants in Mexico.

AESOP, the Australian cosmetics brand we acquired in February 2013, posted results in line with its growth plan. We opened 28 stores, including in three new countries. Today, AESOP has 80 stores and is present in 10 countries.

¹ Based on pro-forma EBITDA. Figures for 2012 and 4Q12 were stated in accordance with item 6 herein.

² Valentine's Day, Mother's Day, Father's Day and Christmas.

³ Productivity at retail prices = (gross revenue in the period/average number of consultants in the period)/(1 - % consultants' profit).

(R\$ million)	4Q13	4Q12	Change (%)	2013	2012	Change (%)
Brazil Gross Revenue	2,454.2	2,257.8	8.7	8,040.3	7,629.4	5.4
International Gross Revenue	395.2	293.4	34.7	1,273.5	936.6	36.0
Consolidated Gross Revenue ex. Acquisition	2,849.4	2,551.2	11.7	9,313.8	8,566.1	8.7
Brazil Net Revenue	1,797.7	1,645.0	9.3	5,880.2	5,611.2	4.8
International Net Revenue*	307.7	230.1	33.7	992.2	734.4	35.1
Consolidated Net Revenue ex. Acquisition	2,105.4	1,875.0	12.3	6,872.4	6,345.7	8.3
% Share International Net Revenue	14.6%	12.3%	2.3 pp	14.4%	11.6%	2.9 pp
Brazil pro-forma EBITDA	506.1	453.1	11.7	1,557.1	1,523.7	2.2
% Brazil pro-forma EBITDA Margin	28.2%	27.5%	0.6 pp	26.5%	27.2%	(0.7) pp
International pro-forma EBITDA	16.0	10.0	n/a	38.1	(11.8)	n/a
% International pro-forma EBITDA Margin	5.2%	4.3%	0.9 pp	3.8%	(1.6)%	5.4 pp
EBITDA ex. Acquisition	522.1	463.1	12.7	1,595.2	1,511.9	5.5
% Consolidated EBITDA Margin ex. Acquisition	24.8%	24.7%	0.1 pp	23.2%	23.8%	(0.6) pp

*Growth in local currency of 33.9% in 4Q13 vs 4Q12 and 30.1% in 2013 vs 2012

In February 2013, we concluded the acquisition of the Australian company AESOP. To improve comparisons, the table does not include the effects from the consolidation of this acquisition or the associated costs.

The table on the right presents consolidated data that includes the effects from the consolidation of AESOP and the costs associated with the acquisition, which was concluded in February 2013.

(R\$ million)	4Q13	4Q12	Change (%)	2013	2012	Change (%)
Consolidated Net Revenue	2,165.6	1,875.0	15.5	7,010.3	6,345.7	10.5
Consolidated EBITDA	538.7	463.1	16.3	1,609.0	1,511.9	6.4
% Consolidated EBITDA Margin	24.9%	24.7%	0.2 pp	23.0%	23.8%	(0.9) pp
Consolidated Net Income	294.1	270.5	8.7	842.6	874.4	(3.6)
% Consolidated Net Margin	13.6%	14.4%	(0.9) pp	12.0%	13.8%	(1.8) pp
Internal cash generation	387.2	297.1	30.3	1,102.4	1,018.8	8.2
Free Cash Generation	293.4	334.3	(12.3)	378.1	878.7	(57.0)
Net Debt / EBITDA	n/a	n/a	n/a	0.73	0.36	

In 2013, our EBITDA grew by 6.4%. While in the Latin America Operations EBITDA went from a loss in 2012 to positive territory in 2013, in Brazil, the higher investments in marketing and promotions, as well as the lower dilution of logistics fixed costs and the ongoing investments focused on the medium term, which was partially offset by efficiency gains, led to margin compression of 70 bps. We ended the year with consolidated EBITDA margin of 23.2% (23.8% in 2012), or 23.0% including the Aesop operation. This level of EBITDA enabled us to make the investments needed to improve our competitiveness in the near term and in projects for the medium term, such as the expansion of the Natura Network planned for 2014.

In the year, consolidated net income⁴ decreased 3.6% from 2012, due to the growth in depreciation, the increase in financial expenses and the marking to market. Excluding the non-cash impact from this marking to market of derivatives linked to foreign-denominated debt, which is a temporary effect that will be canceled upon the maturity of each operation, net income was stable in relation to 2012.

In 2013, internal cash generation was R\$1,102.4 million, increasing 8.2% from 2012. We invested R\$170.5 million in working capital and R\$553.9 million in capex. Despite the higher working capital needs at year-end in 2013 compared to 2012, specially due to the longer payment term granted to consultants, during the year we operated with an average working capital position better than the one

⁴ Consolidated net income including the result from Aesop.

in 2012. Capex was R\$116.4 million higher than in 2012, which also explains the 57.0% reduction in free cash flow.

This year, we invested R\$553.9 million (R\$437.5 million in 2012), mainly in consolidating our logistics model and expanding our production capacity in Cajamar and Pará (Ecoparque). These investments led to the achievement of high indicators for the quality of services rendered to consultants and to shorter order delivery times, as well as to a better balance between internal and outsourced production. We also started a new cycle of investments in information technology, with the highlight the Natura Network in Brazil.

We estimate total capex in 2014 of R\$500 million, with an increased share allocated to information technology to expand the Natura Network and to improve and integrate transaction systems in the International Operations. The production and logistics capacity built with the investments made over the last few years will allow us to reduce investments of this nature in the following years.

We reaffirm our enthusiasm with the excellent results of our International Operations and the continued growth in Brazil during the second half of the year. Despite the scenario marked by increasingly higher competition in Brazil, we remain confident that our value proposition and the execution of our strategy will keep us in a relevant position in the countries where we operate.

The year 2013 was also marked by the reaffirmation of our strategy for the medium term based on strengthening our relationship with consumers through other channels and brands, with Aesop serving as a concrete example of this path. We have made important advances in building the foundations for the execution of this strategy: we learned from and structured the Natura Network during the pilot phase in Campinas and São José dos Campos, invested in logistics and production capacity and redesigned our organizational structure to support the evolution planned for the business model and the incorporation of other brands and categories.

1. cosmetics, fragrance and toiletries (CFT) industry

According to SIPATESP/ABHIPEC⁵, and as we reported in 3Q13, our market share contracted by 180 bps during the first six months of 2013. As explained above, in the second half of 2013, our revenue growth in Brazil began to recovery gradually, which reduced our market share loss to 120 basis points (10M13), as shown in the following table:

Brazil	Market Size (R\$ Million)			Natura Market Share (%)		
	10M13	10M12	Change	10M13	10M12	Change
Cosmetics and Fragrances	10,247	9,580	7.0%	31.0%	33.4%	(2.4) pp
Toiletries	11,638	10,664	9.1%	11.5%	11.4%	0.0 pp
Total	21,885	20,244	8.1%	20.6%	21.8%	(1.2) pp

Source: Sipatesp

The recovery in our market share in the cosmetics and fragrances categories was due to solid results in perfumery, particularly in the Essencial, Homem, Sintonia and Tododia lines, while in the toiletries categories the highlight was our SOU line in the hair care and soap categories.

⁵ Sipatesp/Abihpec: São Paulo State Perfumery and Toiletries Association (Sipatesp)/Brazilian Cosmetics, Fragrances and Toiletries Industry Association (Abihpec).

2. social and environmental highlights

In 2007, we undertook a commitment to reduce our relative greenhouse gas emissions by 33%. Since then, we have created a management system that contemplates our entire value chain, from the extraction of raw materials to the disposal of products after use. At the end of 2013, we registered a reduction of 33.2% in relation to 2006.

Initiatives on multiple fronts have contributed to the fulfillment of this commitment. The main highlights of 2013 were the launch of SOU, which emits 60% lower GHG emissions, and the good sales performance of bar soaps in the Tododia and Ekos sub-brands, which have lower environmental impact due to their high percentage of plant-based ingredients and the use of biomass boilers in their production process.

We were also the first company in Latin America to use ethanol-powered freight trucks and the first company in Brazil to use an ethanol-powered charter bus to transport employees. We also implemented a pilot program of nine electric vehicles, including tricycles and cars, to deliver orders to consultants. This is the first time ever that a company in Brazil has used electric vehicles to transport cargo.

The social and environmental targets for 2013 and the respective results are presented below:

Indicator	2012 Results	2013 Commitment	2013 Results
Greenhouse gas (GHG) emissions	Reduction of 28.4% over 2006	Reduce relative greenhouse gas (GHG) emissions by 33% over 2006	Reduction of 33.2% over 2006
Water consumption	0.40 liter/ unit produced	Reduce to 0.39 liter/ unit produced in Brazil	0.40 liter / unit produced
Solid Waste	25.6 grams / unit produced	Maintain quantity of solid waste generated per unit produced in Brazil at 24.70 grams	21.7 grams/unit produced
Collections Crer para Ver*	R\$ 12.8 million	Achieve R\$14.0 million sales from Crer para Ver product line in Brazil	R\$ 17.1 million
Funding to Supplier Communities **	R\$ 12.1 million	Distribute R\$13.6 million in wealth to supplier communities	R\$ 11.2 million
Business volume in the Amazon region***	R\$ 121.8 million	56.0% increase in business volume in the Amazon region to R\$190 million in 2013	R\$ 201.5 million

* Resources allocated to Natura Institute for investment in projects to support education in Brazil.

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

*** Considers Natura and other partners.

Water consumption: below-target due to the higher-than-expected production at one of our production facilities with higher relative consumption.

Solid waste generation: this year's result is mainly due to the lower-than-expected generation and disposal of losses.

Collections Crer para Ver: excellent result, with growth 33% higher than last year and 21% above target, driven by the good performance of product launches and sales team campaigns.

Funding to supplier communities: Lower than expected for the period. The indicator was mainly impacted by lower purchases of raw materials in relation to the planning. Note that our planning did not take into account the inventories carried over from 2012 resulting from the lower-than-expected sales of lines using these inputs.

Business volume in the Amazon region: Higher than expected for the period, mainly due to the investments in Ecoparque.

3. Economic-financial performance⁶

Quarter (R\$ million)	Pro-Forma											
	Consolidated ⁷			Brazil			Consolidation			Implementation		
	4Q13	4Q12	Change%	4Q13	4Q12	Change%	4Q13	4Q12	Change%	4Q13	4Q12	Change%
Total Consultants - end of period ('000) ⁸	1,656.5	1,572.8	5.3	1,289.9	1,268.4	1.7	224.8	190.6	18.0	140.1	111.2	25.9
Total Consultants - average of period ('000)	1,642.9	1,555.8	5.6	1,283.2	1,253.8	2.3	221.5	189.8	16.7	136.5	109.7	24.4
Units sold – items for resale	170.0	140.2	21.3	144.1	125.2	15.1	16.6	9.9	68.0	7.1	4.8	48.7
Gross Revenue	2,909.6	2,551.2	14.0	2,454.2	2,257.8	8.7	271.8	205.8	32.1	115.9	80.3	44.3
Net Revenue	2,165.6	1,875.0	15.5	1,797.7	1,645.0	9.3	201.4	154.6	30.3	99.7	69.2	44.2
Gross Profit	1,488.0	1,298.6	14.6	1,219.0	1,139.9	6.9	144.4	108.0	33.8	69.2	46.8	47.8
Selling, Marketing and Logistics Expenses	(725.7)	(638.1)	13.7	(564.5)	(533.7)	5.8	(89.0)	(66.0)	34.9	(59.6)	(33.7)	76.8
General and Administrative Expenses	(273.7)	(208.3)	31.4	(189.2)	(169.0)	12.0	(12.7)	(9.8)	29.6	(10.4)	(7.3)	41.9
Employee profit sharing	6.3	(21.1)	n/a	3.8	(17.0)	n/a	0.9	(1.6)	(154.2)	1.0	(0.9)	(202.8)
Management compensation	(1.4)	(5.2)	(73.4)	(1.4)	(5.2)	(73.4)	0.0	0.0	0.0	0.0	0.0	0.0
Other Operating Income / (Expenses), net	(5.5)	(0.5)	993.4	(2.9)	2.7	(207.0)	(1.9)	(2.2)	n/a	0.2	(0.1)	n/a
Financial Income / (Expenses), net	(24.1)	(17.8)	n/a	(19.3)	(11.7)	n/a	(6.4)	(5.2)	n/a	(0.3)	(0.9)	n/a
Income Tax and Social Contribution	(164.6)	(137.2)	20.0	(154.7)	(129.2)	19.7	(5.6)	(7.8)	n/a	(3.5)	(0.2)	1,479.7
Noncontrolling	(5.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0	0.0	0.0
Net Income	294.1	270.5	8.7	290.8	276.9	5.0	29.6	15.4	92.5	(3.6)	3.6	(200.0)
EBITDA*	538.7	463.1	16.3	506.1	453.1	11.7	44.7	29.4	52.1	1.6	5.7	(71.3)
Gross Margin	68.7%	69.3%	(0.5) pp	67.8%	69.3%	(1.5) pp	71.7%	69.8%	1.9 pp	69.4%	67.7%	1.7 pp
Sales Expenses/Net Revenue	33.5%	34.0%	(0.5) pp	31.4%	32.4%	(1.0) pp	44.2%	42.7%	1.5 pp	59.8%	48.8%	11.0 pp
General and Admin. Expenses/Net Revenue	12.6%	11.1%	1.5 pp	10.5%	10.3%	0.3 pp	6.3%	6.4%	(0.0) pp	10.4%	10.6%	(0.2) pp
Net Margin	13.6%	14.4%	(0.8) pp	16.2%	16.8%	(0.7) pp	14.7%	9.9%	4.7 pp	(3.6)%	5.2%	n/a
EBITDA Margin	24.9%	24.7%	0.2 pp	28.2%	27.5%	0.6 pp	22.2%	19.0%	3.2 pp	1.6%	8.2%	n/a

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

Year to date (R\$ million)	Pro-Forma											
	Consolidated ⁷			Brazil			Consolidation			Implementation		
	2013	2012	Change%	2013	2012	Change%	2013	2012	Change%	2013	2012	Change%
Total Consultants - end of period ('000) ⁸	1,656.5	1,572.8	5.3	1,289.9	1,268.4	1.7	224.8	190.6	18.0	140.1	111.2	25.9
Total Consultants - average of period ('000)	1,596.2	1,497.7	6.6	1,264.8	1,216.8	3.9	207.0	175.8	17.7	122.4	102.4	19.5
Units sold – items for resale	556.3	499.5	11.4	479.9	445.8	7.6	50.5	35.2	43.3	23.0	17.3	33.5
Gross Revenue	9,451.7	8,566.1	10.3	8,040.3	7,629.4	5.4	886.8	649.7	36.5	363.1	263.5	37.8
Net Revenue	7,010.3	6,345.7	10.5	5,880.2	5,611.2	4.8	659.0	487.2	35.3	312.2	226.7	37.7
Gross Profit	4,920.5	4,477.6	9.9	4,103.3	3,971.7	3.3	472.0	340.2	38.7	214.7	153.4	40.0
Selling, Marketing and Logistics Expenses	(2,470.7)	(2,212.2)	11.7	(1,968.1)	(1,835.3)	7.2	(293.3)	(224.2)	30.8	(177.0)	(137.5)	28.8
General and Administrative Expenses	(962.2)	(771.5)	24.7	(693.9)	(644.5)	7.7	(41.1)	(31.0)	32.5	(31.9)	(23.4)	36.6
Employee profit sharing	(61.9)	(90.8)	n/a	(50.3)	(74.4)	n/a	(3.8)	(6.5)	n/a	(2.1)	(3.7)	n/a
Management compensation	(18.6)	(20.7)	(10.5)	(18.6)	(20.7)	(10.5)	0.0	0.0	n/a	0.0	0.0	n/a
Other Operating Income / (Expenses), net	8.9	(11.6)	n/a	11.6	(5.9)	n/a	(1.5)	(4.6)	n/a	0.6	0.0	n/a
Financial Income / (Expenses), net	(158.3)	(72.3)	n/a	(148.4)	(69.8)	112.5	(11.7)	(2.2)	n/a	(1.0)	(0.3)	n/a
Income Tax and Social Contribution	(409.9)	(424.0)	(3.3)	(383.6)	(411.2)	(6.7)	(20.1)	(11.8)	n/a	(4.7)	(1.0)	377.9
Noncontrolling	(5.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0	0.0	0.0
Net Income	842.6	874.4	(3.6)	852.1	909.9	(6.4)	100.5	60.0	67.6	(1.5)	(12.4)	n/a
EBITDA*	1,609.0	1,511.9	6.4	1,557.1	1,523.7	2.2	139.0	78.4	77.4	8.4	(8.2)	(202.0)
Gross Margin	70.2%	70.6%	(0.4) pp	69.8%	70.8%	(1.0) pp	71.6%	69.8%	1.8 pp	68.8%	67.7%	1.1 pp
Sales Expenses/Net Revenue	35.2%	34.9%	0.4 pp	33.5%	32.7%	0.8 pp	44.5%	46.0%	(1.5) pp	56.7%	60.6%	(3.9) pp
General and Admin. Expenses/Net Revenue	13.7%	12.2%	1.6 pp	11.8%	11.5%	0.3 pp	6.2%	6.4%	(0.1) pp	10.2%	10.3%	(0.1) pp
Net Margin	12.0%	13.8%	(1.8) pp	14.5%	16.2%	(1.7) pp	15.2%	12.3%	2.9 pp	(0.5)%	(5.5)%	n/a
EBITDA Margin	23.0%	23.8%	(0.9) pp	26.5%	27.2%	(0.7) pp	21.1%	16.1%	5.0 pp	2.7%	(3.6)%	n/a

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

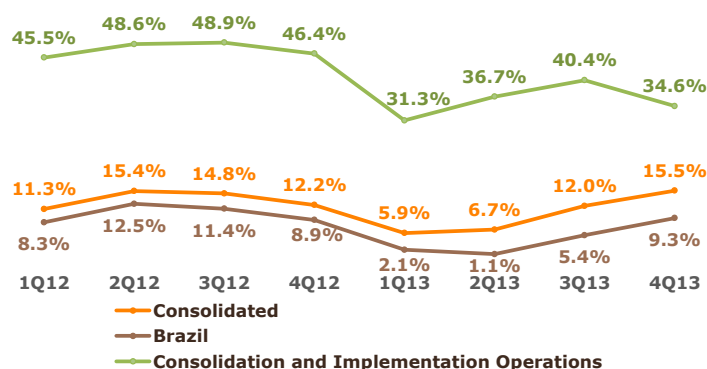
⁶ In the pro-forma results, the profit margin obtained on exports from Brazil to the international operations was subtracted from the COGS of the respective operations in order to show the actual impact of these subsidiaries on the company's consolidated results. Accordingly, the pro-forma income statement for the Brazilian operations considers only the sales made in the domestic market. The result for 2012 was restated as described in section 6 of this document and note to the financial statements 2.29.

⁷ Consolidated figures include the Brazil Operations, the Operations in Consolidation, the Operations in Implementation and other International Investments and consider the impact from acquisitions.

⁸ Position at the end of Cycle 19 in Brazil and Cycle 17 in the International Operations, with Cycle 18 only in France.

3.1 net revenue

Net Revenue Growth (R\$ - % Year over Year)

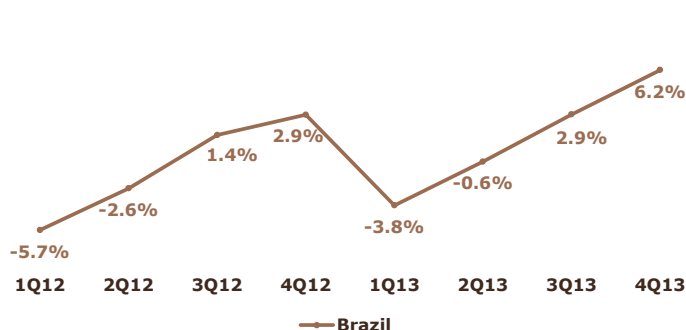


In **Brazil**, in line with our planning, 4Q13 maintained the recovery path in revenue observed already in the third quarter. During the second half of 2013, we intensified our investments in marketing, successfully launched the SOU line and enjoyed strong results from our sales strategies for commemorative dates⁹. In keeping with our strategy, productivity followed a positive trend over the course of the year, increasing by 6.2% in 4Q13 (R\$2,732 in 4Q13 vs R\$2,573 in 4Q12),

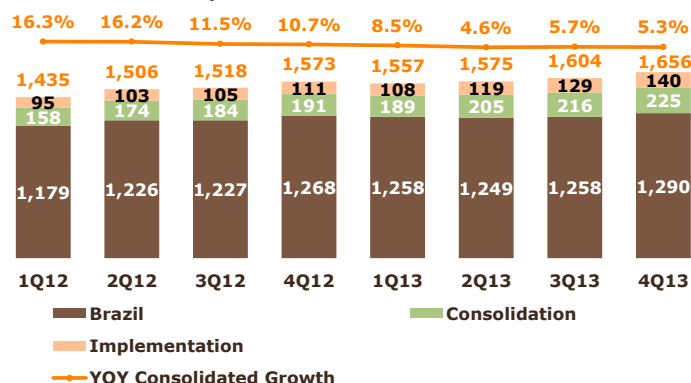
and by 1.4% in 2013 in relation to the previous year.

In 4Q13 and 2013, the average base of available consultants¹⁰ in Brazil grew by 2.3% and 3.9%, respectively, compared to the year-ago periods. The slower growth in the second half of the year is explained by lower-than-expected consultant buying frequency. To increase this frequency, starting in 3Q13, we intensified our marketing and promotions to consultants and made other payment mean options available to them. For 2014, we are confident that, in addition to these initiatives implemented in 2013, new technology tools, improvements in sales team practices and channel segmentation plans will make important contributions to increasing the buying frequency of our consultants.

Productivity (% Year over Year)



Consultants - end of period



In 4Q13, the **International Operations**, excluding the impacts from acquisitions (Aesop), grew by 33.9% in local currency (33.7% in Brazilian real) to account for 14.6% of consolidated net revenue (14.4% in 2013). In 2013, these Operations grew by 30.1% in local currency (35.1% in Brazilian real). Unlike in previous quarters, revenue growth in Brazilian real was lower than in local currency, reflecting the depreciation in the basket¹¹ of Latin American currencies compared to the Brazilian real. Although all operations posted results consistent with our strategy, the highlight was Mexico, which, after adjustments to the Sustainable Relations Network in early 2013, posted a strong recovery in revenue growth over the course of the year.

⁹ Valentine's Day, Mother's Day, Father's Day and Christmas.

¹⁰ We consider as available all consultants who have placed at least one order in a period of four consecutive sales cycles.

¹¹ Countries where we have operations: Argentina, Chile, Peru, Mexico and Colombia.

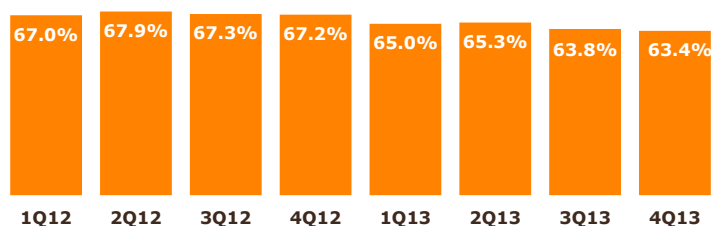
In Argentina, where we have been posting strong results in revenue, profitability and brand building, we are alert to the country's macroeconomic and institutional situation and are dedicating efforts to ensure our products remain available to our consultants and consumers.

3.2 innovation & products

The innovation index¹² stood at 63.4% in December 2013, compared to 67.2% a year earlier, which is within the desired range and in line with previous quarters.

The indicator benefitted from the SOU line that was launched in July and October 2013. The period was also marked by the re-launches of Plant, a line dedicated to hair care, and Aquarela, a make-up line inspired by the diversity of Brazilian women.

Innovation (%NV)



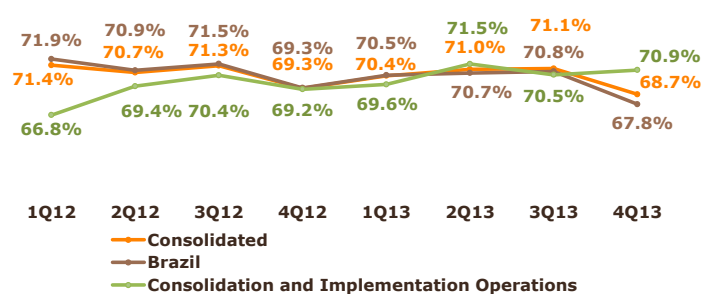
3.3 gross margin

In 4Q13 and 2013, consolidated gross margin contracted from prior-year periods driven by margin expansion in the International Operations and margin compression in Brazil. In the International Operations, we maintained the trend of gross margin expansion observed in prior quarters, due to the more effective promotions, the still-favorable foreign exchange scenario and the incorporation of the high gross margin of AESOP. In Brazil, as planned and already observed in 3Q13, margin compression reflected the increased promotional efforts to reactivate our consultant base and the impact from the more adverse currency exchange scenario, which was worse than expected.

The following table presents the main components of COGS:

Gross Margin (%NR)

	4Q13	4Q12	2013	2012
RM / PM / FP*	85.4	84.8	82.2	82.9
Labor	6.3	7.1	7.8	8.0
Depreciation	2.7	2.5	3.1	2.6
Other	5.6	5.6	6.9	6.4
Total	100.0	100.0	100.0	100.0

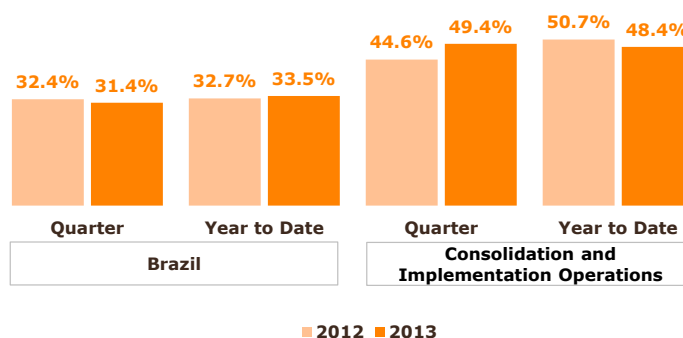


¹² Innovation Index: share in the last 12 months of the sale of products launched in the last 24 months.

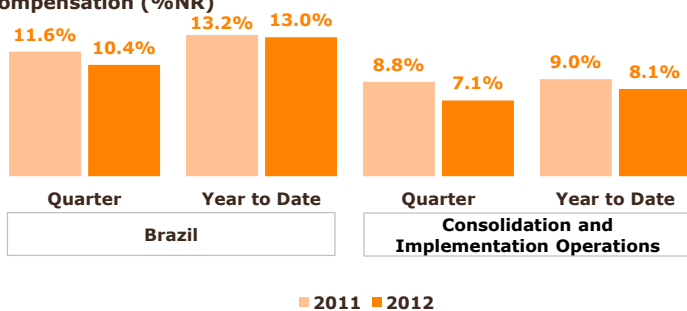
3.4 operating expenses

In 4Q13, **selling, marketing and logistics expenses** in Brazil as a ratio of net revenue decreased by 100 basis points, due to the excellent results in recovering receivables, while in the International Operations these expenses increased as a ratio of net revenue due to the higher investments in advertising, particularly in Mexico. In 2013, selling, marketing and logistics expenses as a ratio of net revenue increased by 80 basis points in relation to 2012 in Brazil, driven by higher marketing investments and lower dilution of logistic fixed costs. Meanwhile, in the International Operations, the reduction was due to the higher dilution of fixed expenses.

Selling Expenses (%NR)



Administrative, R&D, IT and Projects Expenses, Employee profit sharing and Management compensation (%NR)



Both in 4Q13 and in 2013, **administrative, R&D, IT and Project expenses** as a ratio of net revenue in Brazil decreased, since investments in strategic projects, such as those to expand the Natura Network in 2014, were funded by savings captured from efficiency projects and more robust matrix budget management, as well as the lower provisioning for profit sharing in 2013, since the results fell short of our expectations. In the International Operations, particularly the Operations under Implementation, the relative reduction in the period was driven by the higher dilution of these expenses in 2013 compared to the prior year.

period was driven by the higher dilution of these expenses in 2013 compared to the prior year.

3.5 other operating income and expenses

In 4Q13, considering Brazil and the International Operations, this line registered an expense of R\$5.5 million, compared to the expense of R\$0.5 million in 4Q12. In 2013, we recorded other operating income of R\$8.9 million, compared to an expense of R\$11.6 million in 2012, mainly due to the divestment of a property in Itapeceirica da Serra, São Paulo.

3.6 other international investments

Other international investments, which are related to the operation in France, the international corporate structure based in Buenos Aires and the AESOP operation, recorded EBITDA losses of R\$13.7 million in 4Q13 (loss of R\$25.1 million in 4Q12) and of R\$95.5 million in 2013 (loss of R\$82.0 million in 2012). In 4Q13, the lower loss in the quarter was due to the period of higher operational leverage at AESOP due to Christmas sales. In the year, the higher loss is explained by inflationary pressures on the cost base of the international corporate structure based in Buenos Aires.

3.7 EBITDA

In 4Q13, consolidated EBITDA amounted to R\$538.7 million, growing 16.3% from the same period of 2012 (EBITDA margin of 24.9% in 4Q13, versus 24.7% in 4Q12). In Brazil, EBITDA grew by 11.7% from the year-ago quarter, driven by efficiency gains in the collections process and lower profit sharing than in 2012. The Operations in Consolidation posted EBITDA margin expansion of 320 basis points from 4Q12, mainly due to gross margin expansion driven by the higher efficiency of promotions and the better exchange rate. Meanwhile, in the Operations in Implementation, in line with our planning, EBITDA margin contracted by 660 basis points due to the higher marketing investments, especially in our Mexico operation.

In 2013, consolidated EBITDA was R\$1,609.0 million (EBITDA margin of 23.0%), increasing 6.4% from 2012 (EBITDA margin of 23.8%). In Brazil, our EBITDA margin contracted by 70 basis points, explained by the higher investments in marketing and promotions, as well as the lower dilution of logistic fixed costs and the ongoing investment for the medium term, which was partially offset by efficiency gains and the lower profit sharing level.

In the Operations in Consolidation and Implementation, EBITDA margin in 2013 increased by 500 basis points and 630 basis points, respectively, reflecting the gross margin gains, as explained for the quarterly result, and the higher dilution of selling expenses.

EBITDA (R\$ million)

Figures include the operating result and transaction costs associated with Aesop

	4Q13	4Q12	Change %	2013	2012	Change %
Net Revenue	2,165.6	1,875.0	15.5	7,010.3	6,345.7	10.5
(-) Cost of Sales and Expenses	1,677.6	1,449.6	15.7	5,594.3	4,975.0	12.4
EBIT	488.0	425.5	14.7	1,416.0	1,370.7	3.3
(+) Depreciation/Amortization	50.7	37.7	34.7	193.0	141.2	36.7
EBITDA	538.7	463.1	16.3	1,609.0	1,511.9	6.4

The higher expenses with depreciation and amortization (34.6% in the quarter and 36.7% in 2013) reflect the investments in infrastructure (logistics and manufacturing) and in information technology.

Pro-forma EBITDA by operational bloc (R\$ million)

Figures include the operating result and transaction costs associated with Aesop

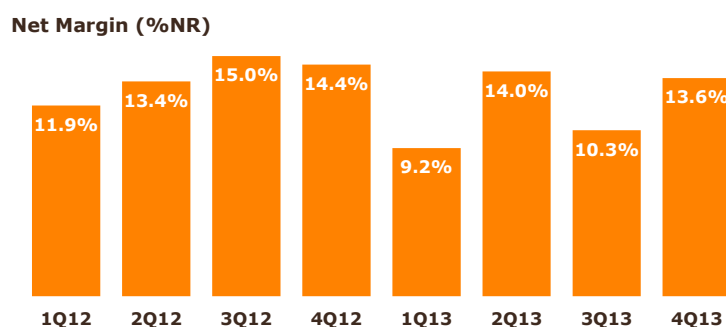
	4Q13	4Q12	Change %	2013	2012	Change %
Brazil	506.1	453.1	11.7	1,557.1	1,523.7	2.2
Argentina, Chile and Peru	44.7	29.4	52.1	139.0	78.4	77.4
Mexico and Colombia	1.6	5.7	n/a	8.4	(8.2)	n/a
Other Investments	(13.7)	(25.1)	n/a	(95.5)	(82.0)	n/a
EBITDA	538.7	463.1	16.3	1,609.0	1,511.9	6.4

3.8 net income

In 4Q13, excluding the impact from the marking to market of derivatives linked to foreign-denominated debt, consolidated net income grew by 6.4% from 4Q12, which lagged EBITDA growth in the period due to the higher depreciation and financial expenses driven by the growth in net debt.

In 2013, excluding the noncash effects from mark-to-market adjustments, net income remained stable compared to 2012, given the higher financial and depreciation expenses.

Our policy is to hedge all of our foreign-denominated debt and to hold both our debt and the associated hedge instrument to maturity. Accordingly, we contract swap¹³ operations that offset the currency translation impacts on our debt and transform its cost into a fixed rate pegged to the overnight rate (CDI), which results in more competitive rates than those tapped in the Brazilian market. Under IFRS accounting, we mark to market only derivative instruments, and not the financial debt. This causes temporary noncash impacts every quarter that are offset upon the maturity of each transaction. These mark-to-market adjustments in the quarter amounted to positive R\$15.9 million, compared to positive R\$9.2 million in year-ago period. Note that marking to market is not the basis adopted for calculating the net income distributable via dividends, in accordance with Normative Instruction 1,397, or for income tax purposes.



(R\$ million)	4Q13	4Q12	Change	2013	2012	Change R\$
Financial Income/ (Expenses), net	(24.1)	(17.8)	(6.3)	(158.3)	(72.3)	(85.9)
Mark-to-Market adjustment	15.9	9.2	6.8	(18.4)	12.9	(31.2)
Financial Income/ (Expenses) ex. Mark-to-Market, net	(40.0)	(27.0)	(13.0)	(139.9)	(85.2)	(54.7)

Excluding the noncash effects from mark-to-market adjustments, the increase in financial expenses in 4Q13 was driven by the growth in average net debt in the period. In the year, in addition to the same impact on the quarter, the financial result was also adversely affected by the R\$8.4 million in hedge expenses with the positions contracted to hedge the commitment related to the acquisition of the 65% interest in Emeis Holding (AESOP) for AU\$69 million. The positions were contracted to offset the impact of foreign exchange variation on the agreed price between the commitment and the settlement date, in accordance with our foreign currency exposure policy.

¹³ Financial swap operations consist of exchanging foreign exchange variation for restatement corresponding to a percentage of the variation in the interbank overnight rate (CDI).

3.9 cash flow¹⁴

In 2013, internal cash generation was R\$1,102.4 million, increasing 8.2% from 2012. We invested R\$170.5 million in working capital and R\$553.9 million in capex. Meanwhile, working capital needs increased in December 2013 compared to December 2012, particularly due to an atypically favorable position at year-end 2012, as well as to the offering of new payment means, which increased the average receivables term by two days.

The position in December 2012 received a positive impact of R\$80 million from the higher concentration of media spending and capital expenditure in that period, as commented in previous quarters.

In relation to the average monthly working capital requirements, in 2013 we operated at a more comfortable position compared to 2012, with improvements observed in average inventory coverage and trade payables. Capex was R\$116.4 million higher than in 2012, which also explains the 57.0% reduction in free cash flow.

R\$ million	4Q13	4Q12	Change R\$	Change %	2013	2012	Change R\$	Change %
Net Income	294.1	270.5	23.6	8.7	842.6	874.4	(31.8)	(3.6)
Depreciation and amortization	50.7	37.7	13.1	34.7	193.0	141.2	51.8	36.7
Non-cash / Other*	42.3	(11.0)	53.4	<i>n/a</i>	66.8	3.3	63.6	1,945.7
Internal cash generation	387.2	297.1	90.0	30.3	1,102.4	1,018.8	83.6	8.2
Working Capital (Increase)/Decrease	91.9	272.2	(180.3)	<i>n/a</i>	(170.5)	297.3	(467.8)	<i>n/a</i>
Operating cash generation	479.1	569.3	(90.3)	(15.9)	931.9	1,316.0	(384.1)	(29.2)
CAPEX	(185.7)	(235.0)	49.3	(21.0)	(553.9)	(437.5)	(116.4)	26.6
Free cash flow**	293.4	334.3	(41.0)	(12.3)	378.0	878.5	(500.5)	(57.0)

Favorable/ (unfavorable)

(*) Some 2012 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).

This year, we invested R\$553.9 million in **property, plant and equipment and intangible assets** (R\$437.5 million in 2012), mainly to consolidate our logistics model, opening the new São Paulo distribution center, and expand our production capacity in Cajamar and Pará (Ecoparque). These investments led to the achievement of high indicators for the quality of services rendered to consultants and to shorter order delivery times, as well as to a better balance between internal and outsourced production. We also began a new cycle of investments in information technology, with the highlight the Natura Network in Brazil.

We estimate investments in capex of R\$500 million in 2014, with a higher portion invested in information technology for expanding the Natura Network and for improving and integrating transaction systems in the International Operations. The production and logistics capacity built with the investments made over the last few years will allow us to reduce investments of this nature in the following years.

¹⁴ Pro-forma cash flow.

3.10 indebtedness

The increases in total debt and net debt reflect mainly the investments in property, plant and equipment and intangible assets and the acquisition of a 65% interest in AESOP.

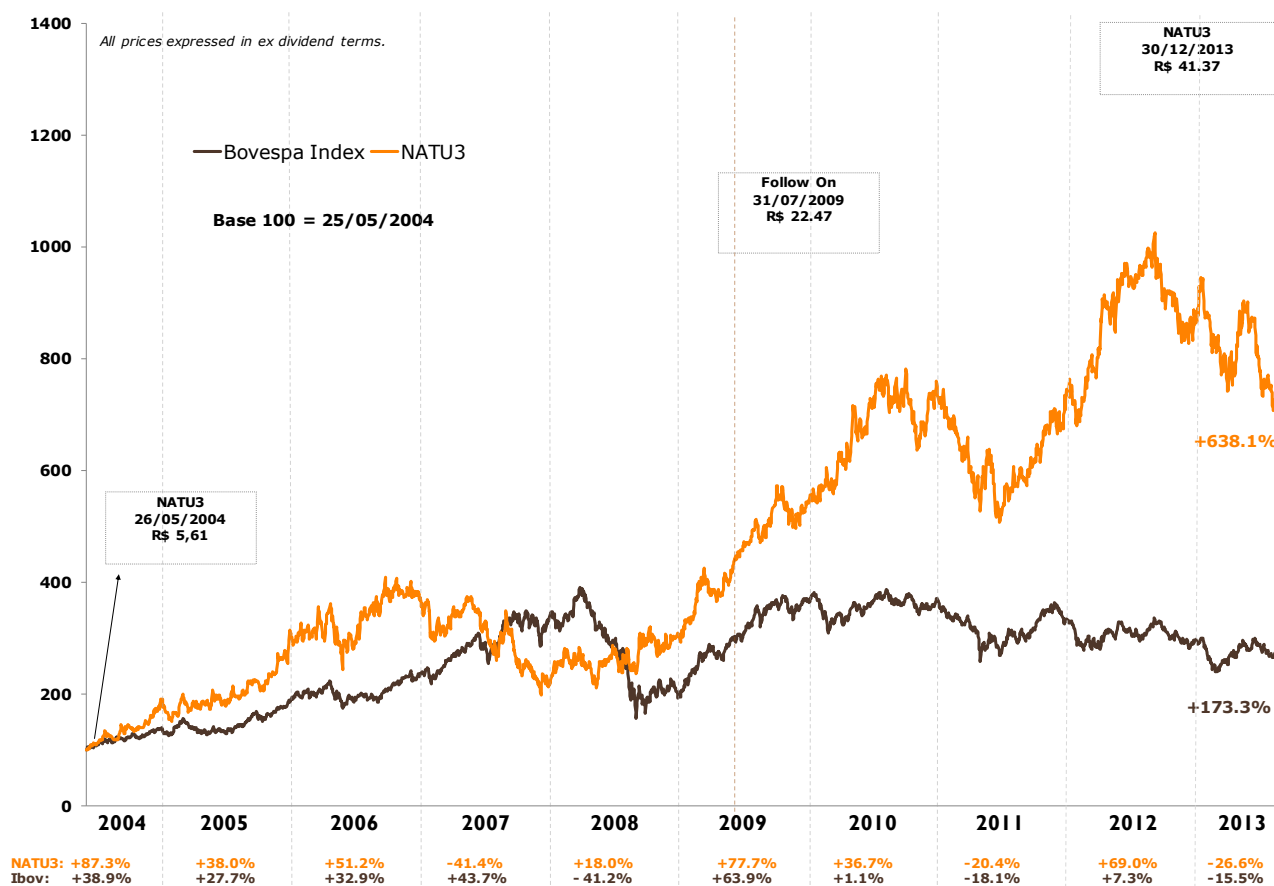
Debt (R\$ million)	Dec/13	Share (%)	Dec/12	Share (%)	Change (%)
Short-Term	693.1	27.8	999.5	45.8	(30.7)
Long-Term	2,200.8	88.4	1,309.2	60.1	68.1
Derivatives	(153.6)	(6.2)	(80.9)	(3.7)	89.8
Finance Leases	(249.6)	(10.0)	(47.8)	(2.2)	422.2
Total Debt	2,490.6	100.0	2,179.9	100.0	14.3
(-) Cash, cash equivalents and short-term investm	1,309.3		1,643.1		(20.3)
(=) Net Debt - Net Cash	1,181.3		536.8		120.1
Net Debt / Ebitda	0.73		0.36		
Total Debt / Ebitda	1.55		1.44		

4. stock performance

In 2013, the price of Natura stock declined by 26.6% from December 31, 2012, while the Bovespa Index fell 15.5%. Average daily trading volume in 4Q13 was R\$44.4 million, compared to R\$51.3 million in the prior-year period.

This year, our average ranking in the Bovespa Liquidity Index was 29th.

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



5. dividends and interest on equity

On February 12, 2014, the Board of Directors approved the proposal to be submitted to the Annual Shareholders Meeting to be held on April 11, 2014, for the payment on April 16, 2014, of the balance dividends and interest on equity relative to fiscal year 2013, in the amounts of R\$ 474.0 million and R\$ 22.4 million (R\$ 19.0 million net of withholding tax), respectively.

On August 15, 2013, interim dividends of R\$337.3 million and interest on equity of R\$23.4 million (net of withholding tax) were paid.

These dividends and interest on equity relative to fiscal year 2013 represent a net payout of R\$ 1.99 per share and correspond to 100% of net income¹⁵ for 2013.

6. restated figures for 2012

To enable comparison of the financial statements with periods prior to the adoption of accounting changes, the figures in this document relative to 2012 were fully restated in 4Q12 in accordance with IAS 19, which changes the accounting method for actuarial gains and losses, determining their recognition under "other comprehensive income" in the Comprehensive Income Statement and Balance Sheet, net of deferred income tax and social contribution. Accordingly, the differences in EBITDA and net income from the figures previously disclosed by the company were immaterial. The following table shows the items from the Income Statement that were adjusted for the 2012 restatement:

Consolidated (R\$ million)	2012	IAS 19	2012
	Reported	Adjustment	Restated
Administrative, R&D, IT and Projects Expenses	(772.7)	1.2	(771.5)
Financial Income / (Expensive), net	(93.4)	21.1	(72.3)
Income Tax	(414.9)	(9.1)	(424.0)
Net Income	861.2	13.2	874.4
EBITDA	1,510.7	1.2	1,511.9

¹⁵ Net income calculated in accordance with Brazilian Corporation Law.

conference call & webcast

PORTUGUESE: Friday, February 14, 2014
10:00 a.m. (Brasília time)

ENGLISH: Friday, February 14, 2014
12:00 p.m. (Brasília time)

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balance sheets

on December 2013 and December 2012

(in millions of Brazilian real - R\$)

ASSETS	Dec/13	Dec/12	LIABILITIES AND SHAREHOLDERS' EQUITY	Dec/13	Dec/12
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	1,016.3	1,144.4	Borrowings and financing	693.1	999.5
Short-term investments	293.0	498.7	Trade and other payables	706.6	649.9
Trade receivables	807.0	651.4	Payroll, profit sharing and related taxes	177.6	211.8
Inventories	799.5	700.7	Taxes payable	659.3	501.5
Recoverable taxes	181.1	144.5	Other payables	90.2	52.0
Derivatives	153.6	80.9	Total current liabilities	2,326.8	2,414.7
Other receivables	262.4	157.8			
Total current assets	3,512.9	3,378.3			
NONCURRENT ASSETS			NONCURRENT LIABILITIES		
Long-term assets:			Borrowings and financing	2,200.8	1,309.2
Recoverable taxes	175.1	151.4	Taxes payable	215.6	177.3
Deferred income tax and social contribution	193.8	195.6	Provision for tax, civil and labor risks	73.8	63.3
Escrow deposits	412.4	349.5	Others provisions	263.0	104.8
Other noncurrent assets	37.2	41.3	Total noncurrent liabilities	2,753.2	1,654.6
Property, plant and equipment	1,439.7	1,012.1			
Intangible assets	477.3	228.5	SHAREHOLDERS' EQUITY		
Total noncurrent assets	2,735.4	1,978.4	Capital	427.1	427.1
			Capital reserves	150.4	155.9
			Earnings reserves	162.6	311.7
			Treasury shares	(84.0)	(66.1)
			Proposed additional dividend	496.4	491.3
			Other comprehensive losses	(6.9)	(32.5)
			Total equity attributable to owners of the Company	1,145.6	1,287.4
			Non- controlling interests	22.6	0.0
			Total equity	1,168.3	1,287.4
TOTAL ASSETS	6,248.3	5,356.7	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,248.3	5,356.7

statements of income

for the periods ended December 31, 2013 and 2012

(R\$ million)	2013	2012
NET REVENUE	7,010.3	6,345.7
Cost of sales	(2,089.8)	(1,868.0)
GROSS PROFIT	4,920.5	4,477.6
OPERATING (EXPENSES) INCOME		
Selling expenses	(2,470.7)	(2,212.2)
General and administrative expenses	(962.2)	(771.5)
Employee profit sharing	(61.9)	(90.8)
Management compensation	(18.6)	(20.7)
Other operating (expenses) income, net	8.9	(11.6)
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)	1,416.0	1,370.7
Financial income	364.2	161.8
Financial expenses	(522.5)	(234.2)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	1,257.7	1,298.4
Income tax and social contribution	(409.9)	(424.0)
INCOME BEFORE NON-CONTROLLING INTEREST	847.8	874.4
Noncontrolling	(5.2)	0.0
NET INCOME	842.6	874.4
ATTRIBUTABLE TO		
Owners of the Company	842.6	874.4
Noncontrolling	5.2	0.0
	847.8	874.4

statements of cash flow

for the periods ended December 31, 2013 and 2012

(R\$ million)	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	847.8	874.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	193.0	141.2
Provision for losses on swap and forward transactions	(100.5)	(52.3)
Provision (reversal) for tax, civil and labor contingencies	18.0	4.6
Interest and inflation adjustment of escrow deposits	(21.3)	(21.0)
Income tax and social contribution	409.9	424.0
(Gain) loss on sale on property, plant and equipment and intangible assets	(2.6)	15.7
Interest and exchange rate changes on borrowings and financing and other liabilities	311.6	163.2
Exchange rate changes on other assets and other liabilities	3.3	9.1
Expenses with stock options plans	12.5	10.8
Provision for discount on assignment of ICMS credits	(3.3)	0.8
Allowance for doubtful accounts	27.0	7.9
Allowance for inventory losses	27.6	(23.8)
Net income attributable to non-controlling shareholders	(5.2)	0.0
Provision for healthcare plan and carbon credits	29.9	21.9
Recognition of untimely used tax credits	(6.8)	(11.6)
Recognition of tax credits from legal claims	0.0	(1.7)
	1,740.9	1,563.1
(INCREASE) DECREASE IN ASSETS		
Trade receivables	(182.6)	(17.5)
Inventories	(126.4)	11.9
Recoverable taxes	(50.3)	29.5
Other receivables	(100.4)	(48.6)
Subtotal	(459.7)	(24.6)
INCREASE (DECREASE) IN LIABILITIES		
Domestic and foreign suppliers	54.9	162.1
Payroll, profit sharing and related taxes, net	(34.2)	79.8
Taxes payable	28.0	(2.7)
Other payables	7.2	14.1
Provision for tax, civil and labor contingencies	(7.5)	(6.3)
Subtotal	48.4	247.0
CASH GENERATED BY OPERATING ACTIVITIES	1,329.6	1,785.5

OTHER CASH FLOWS FROM OPERATING ACTIVITIES

Payments of income tax and social contribution	(240.0)	(320.8)
Withdrawal (payment) of escrow deposits	(41.6)	(32.6)
Payments of derivatives	27.8	(18.5)
Payment of interest on borrowings and financing	(96.9)	(104.3)
NET CASH GENERATED BY OPERATING ACTIVITIES	979.0	1,309.4

CASH FLOW FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment and intangible assets	(553.9)	(437.5)
Proceeds from sale of property, plant and equipment and intangible assets	21.2	3.1
Short-term investments	(4,698.8)	(4,213.7)
Redemption of short-term investments	4,904.5	3,715.1
Capital increase in subsidiaries	0.0	0.0
Noncontrolling interest	(129.0)	0.0
NET CASH USED IN INVESTING ACTIVITIES	(456.0)	(933.0)

CASH FLOW FROM INVESTING ACTIVITIES

Repayments of borrowings and financing - principal	(1,029.4)	(629.7)
Proceeds from borrowings and financing	1,257.6	1,708.6
Sale of treasury shares due to exercise of stock options	35.5	30.8
Payment of dividends and interest on capital of the prior year	(491.3)	(491.0)
Anticipation of dividends and interest on capital of the year/period	(364.8)	(363.5)
Repurchase of treasury shares	(60.2)	0.0

NET CASH GENERATED (USED) IN FINANCING ACTIVITIES

Gains (losses) arising on translating foreign currency cash and cash equivalents	1.6	(2.9)
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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the beginning of the year/period	1,144.4	515.6
Cash and cash equivalents at the end of the year/period	1,016.3	1,144.4

DECREASE IN CASH AND CASH EQUIVALENTS

	(128.1)	628.8
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Additional Statements of Cash Flows Information:

Restricted cash	0.0	7.1
Bank overdrafts - unused	117.9	343.6

Non-cash items

Reserve for acquisition of non-controlling shareholders	141.6	0.0
Capitalization of financial leasing	185.9	0.0

Glossary

_CDI: the overnight rate for interbank deposits.

_Natura Consultants (CN): self-employed resellers who do not have a formal labor relationship with Natura.

_Natura Super Consultants (CNO): self-employed resellers who do not have a formal labor relationship with Natura and support the Relationship Managers in their activities, also called Super Consultants.

_Supplier Communities: the communities of people involved in small-scale farming and extraction activities in a variety of locations in Brazil, especially in the Amazon Region, who extract the inputs used in our products from the 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.

_GHG: Greenhouse gases.

_Innovation Index: Share in the last 12 months of the sale of products launched in the last 24 months.

_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.

_Target Market: refers to the market share 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.

_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.

_Natura Believing is Seeing Program: special line of non-cosmetic products whose profits are transferred to the Natura Institute, in Brazil, and invested by Natura in social initiatives in the other countries where we operate. Our consultants promote these sales to benefit society and do not obtain any gains.

_Sustainable Relations Network: sales model adopted in Mexico that features eight stages in a consultant's development: Natura Consultant, Entrepreneurial Natura Consultant, Natura Developer 1 and 2, Natura Transformer 1 and 2, Natura Inspirer and Natura Associate. To rise up through the various stages, consultants must fulfill certain criteria based on sales volume, attracting new consultants and (unlike the models adopted in other countries) personal development and social and environmental relationships in the community.

_Benefit Sharing: in accordance with 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. Therefore, one of the practices that define the way in which these resources are divided 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.

_Sipatesp/Abihpec: São Paulo State Perfumery and Toiletries Association / Brazilian Cosmetics, Fragrances and Toiletries Industry Association (Abihpec).

restated figures

_Non-cash items: restated figures for 4Q12, 2012 and 9M13 for comparison purposes.

_Cost Breakdown: Restated figures for 4Q12 and 2012 in the chart between the lines Labor and Other.

_Working Capital 4Q12 and 2012: Some of the balances in 2012 were reclassified to improve presentation and comparison with the accounting criteria adopted in 2013, which impacted working capital variation in the period. Please see note 4.3 of the financial statements.

_2012 Statement of Income: To enable comparison of the financial statements with periods prior to the adoption of accounting changes, the figures in this document relative to 2012 were fully restated in 4Q12 in accordance with IAS 19, which changes the accounting method for actuarial gains and losses, determining their recognition under "other comprehensive income" in the Comprehensive Income Statement and Balance Sheet, net of deferred income tax and social contribution. Accordingly, the differences in EBITDA and net income from the figures previously disclosed by the company were immaterial.

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.

