São Paulo, April 23, 2014 – Natura Cosméticos S.A. (BM&FBovespa: NATU3) announces today its results for the first quarter of 2014 (1Q14). 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).

1Q14 Results

Consistent revenue growth and continued investment in structural projects

In the first quarter of 2014, Natura's consolidated net revenue grew by 15.2% compared to 1Q13 (9.1% in Brazil and 53% in International Operations), EBITDA amounted to R$283.6 million and net income came to R$117.2 million.

In Brazil, the persistence of the more challenging competitive environment is aligned with the decision to increase investments in marketing and innovation aimed at boosting the productivity of our consultants, always committed to finance these initiatives through the capture of efficiency gains in our current operations.

Following the trend observed in the last two quarters of 2013, in 1Q14, the marketing investments, product launches (with the highlight the relaunch of the Tododia line) and expansion in payment options supported an increase in our consultant productivity of 8.2% from last year (or 4.2% in the last 12 months) and net revenue growth of 9.1%.

Meanwhile, in Latin America (excluding Brazil), where the operations grew by 37.4% in local currency, the highlight was Mexico, where the multi-level model (Sustainable Relations Network) has supported strong and consistent results since 2Q13. The entire International Operations (including Aesop), which accounted for 18.4% of consolidated net revenue in the period, grew by 53% compared to 1Q13. The Aesop brand, which was acquired in March 2013, now has 82 concept stores in 10 countries, compared to 58 stores in 1Q13.

Consolidated EBITDA grew 8.2% in the period, with EBITDA margin of 18.2% (19.4% margin in 1Q13). While the International Operations[1] improved from the EBITDA loss of R$7.5 million (EBITDA margin of -4%) to positive EBITDA of R$17.3 million[2] (EBITDA margin of 6%), in Brazil certain factors proved decisive in the 1.2% decrease in EBITDA from 1Q13: the intensification of marketing investments; the continued impacts on gross margin from local-currency depreciation (the price increases were implemented in March); and the nonrecurring costs of R$21 million related to the adjustments to the criteria for recognizing the recoverability of written-off receivables from Consultants and the optimization of the company's organizational structure.

(R$ million)	1Q14	1Q13	Change (%)
Brazil Gross Revenue	1,734.7	1,596.7	8.6
International Gross Revenue	350.5	235.7	48.7
Consolidated Gross Revenue	**2,085.2**	**1,832.4**	**13.8**
Brazil Net Revenue	1,270.5	1,164.5	9.1
International Net Revenue*	285.7	186.7	53.0
Consolidated Net Revenue	**1,556.2**	**1,351.3**	**15.2**
% Share International Net Revenue	***18.4%***	***13.8%***	***4.5 pp***
Brazil pro-forma EBITDA	266.4	269.5	(1.2)
% Brazil pro-forma EBITDA Margin	*21.0%*	*23.1%*	*(2.2) pp*
International pro-forma EBITDA	17.3	(7.5)	n/d
% International pro-forma EBITDA Margin	*6.0%*	*(4.0)%*	*10.0 pp*
EBITDA Consolidado	**283.6**	**262.1**	**8.2**
% Margem EBITDA Consolidada	*18.2%*	*19.4%*	*(1.2) pp*
Consolidated Net Income	117.2	124.6	(6.0)
% Consolidated Net Margin	*7.5%*	*9.2%*	*(1.7) pp*
Internal cash generation	**138.6**	**184.1**	**(24.7)**
Free cash flow	**(223.8)**	**(118.8)**	**88.3**
Net Debt / EBITDA	**0.86**	**0.53**	

*Local currency growth ex. Acquisition: 37.4% em 1Q14 vs. 1Q13

The investments made are appropriate to boost our competitiveness in the local market, and we are also implementing initiatives to capture productivity and maintain profitability at levels similar to those of prior years. Some

[1] International Operations includes Operations in Consolidation, Operations in Implementation and other International Investments (France, Aesop and corporate structure based in Buenos Aires).
[2] Includes a R$6.2 million gain from the adjustment to the acquisition price of AESOP distributors.

of the most relevant initiatives of these are:

_price increases to rebuild margins given the more challenging foreign exchange environment and higher inflationary pressures, with the most important price increases implemented already in March;

_the use of the newly built logistics capacity, with the highlight the new distribution center in São Paulo, which will support higher dilution of logistics fixed costs and operating efficiency gains;

_advances in the collections process, with the adoption of methods and tools better suited to the different stages of overdue receivables;

_more effective and efficient marketing investments;

_productivity gains in administrative expenses and efficiency gains in expenses with the sales team.

Despite the 8.2% growth in consolidated EBITDA, net income contracted by 6.0% from 1Q13, which is explained by the capital expenditure disbursed in prior years, which impacted depreciation expenses, and by the increase in the net financial expense caused by the growth in debt (in line with our planning) and higher interest rates.

The capital expenditure of R$134.5 million in the period (R$60.7 million in 1Q13) was allocated to concluding the Ecoparque complex located in Benevides, Pará, the final stage of the new plant in Cajamar and to information technology projects. For the year, we maintain our guidance of R$500 million, which is below the level of R$553.9 million disbursed last year, with expenditures distributed more evenly over the quarters than in previous years. Compared to 1Q13, this difference in the distribution of capital expenditure contributed to the reduction of R$104.9 million in free cash generation.

We are confident in our plans for 2014, with the highlight the accelerated growth accompanied by profitability in the International Operations and the initiatives to continue improving the productivity of our Consultants in Brazil. We also continue to implement initiatives that will be important for our medium-term strategy, such as the expansion of the Natura Network and the development of new brands and categories. Furthermore, a more efficient organization focused on executing the short- and medium-term strategy will help capture productivity gains to ensure our competitiveness and a better balance in our profitability.

1. cosmetics, fragrance and toiletries industry

According to data for last year from Euromonitor (data for 2014 are not yet available), Brazil remains the world's third-largest CFT market and for the ninth year in a row Natura maintained its leadership in this market.

In our combined International Operations in Latin America (ex-Brazil), we climbed from the eighth to seventh position in the ranking, with market share gains of 70 bps and 20 bps in the operations in Consolidation and in Implementation, respectively.

	Market Size (US$ Million)			Natura Market Share (%)		
	2013	2012	Change	2013	2012	Change
Brazilian Operations	42,951	38,299	*12.1%*	12.4%	13.0%	*(0.7) pp*
Consolidation Operations	10,973	9,241	*18.7%*	5.1%	4.4%	*0.7 pp*
Implementation Operations	14,964	14,200	*5.4%*	1.5%	1.3%	*0.2 pp*
Total	**68,888**	**61,740**	***11.6%***	**8.8%**	**9.0%**	***(0.2) pp***

Source: Euromonitor 2013

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

ii. Values in constant dollars, 2013

iii. Market value and market share for 2012 were reviewed by the consulting firm

iv. Consolidation Operations: Argentina, Chile and Peru

v. Implementation Operations: Colombia and Mexico

Also in 2013, our target market grew by 10.6%, based on data published by SIPATESP/ABHIPEC[3]. Our market share decreased by 120 bps, with the loss concentrated in the Cosmetics and Fragrances categories. In the Toiletry categories, the highlight was the excellent results in the SOU line that was launched in the second half of 2013, which played an important role in keeping our market share stable in these categories.

Brazil	Market Size (R$ Million)			Natura Market Share (%)		
	2013	2012	Change	2013	2012	Change
Cosmetics and Fragrances	13,085	11,902	*9.9%*	30.9%	33.1%	*(2.2) pp*
Toiletries	14,450	12,998	*11.2%*	11.4%	11.6%	*(0.2) pp*
Total	**27,535**	**24,900**	***10.6%***	**20.7%**	**21.9%**	***(1.2) pp***

Source: Sipatesp

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

2. social and environmental highlights

We concluded Natura's new Sustainability Vision, which outlines the company's aspiration to go beyond simply reducing or offsetting the effects of its activities to become a generator of positive impacts on society and the environment. The vision was drafted based on international analyses and global trends in sustainability and was inspired by a series of dialogues conducted with Natura's stakeholders. Structured on three pillars (Our Brands and Products, Our Network and Our Management and Organization), the vision establishes guidelines and public ambitions for 2020.

Another highlight this quarter was the inauguration of Ecoparque, which is an industrial complex that will operate under a symbiotic model based on connecting various companies with complementary needs. The goal is to form a cooperative network that can share resources and coordinate joint alternatives to encourage the development of sustainable businesses in the Amazon region. Natura's new soap plant installed in the Ecoparque will be responsible for the entire manufacturing process and aims to triple the production of this product by 2015, expand the use of raw materials and reduce costs by concentrating industrial processes close to the supply chain.

Ecoparque brings important innovations in sustainability, such as: filtering gardens to treat effluents, natural ventilation and lighting in buildings and the use of rainwater for building maintenance. It will also create 240 direct jobs, employ 98% local labor and source 70% of its services locally.

On April 11, during our Shareholders' Meeting, we launched the 2013 Annual Report, with the Internet used as the main publication vehicle due to its reach and accessibility as well as its lower environmental impact. We adopted the new G4 guidelines of the Global Reporting Initiative (GRI) and the Integrated Reporting guidelines proposed by the International Integrated Reporting Council (IIRC), which increases the correlation between financial and non-financial results and adopts a long-term vision.

The table below presents the cumulative social and environmental results of the first quarter of 2014. In order to align the targets for 2014 with our new sustainability vision, they will be made available only in 2Q14.

Indicator	2013 Results	1Q14 Results
Greenhouse gas (GHG) emissions	Reduction of 33.2% over 2006	Not available*
Water consumption	0.40 liter/ unit produced	0.36 liter / unit produced
Solid Waste	21.7 grams / unit produced	22.1 grams/unit produced
Collections Crer para Ver*	R$ 17.1 million	R$ 4.3 million
Funding to Supplier Communities **	R$ 11.2 million	R$ 1.3 million
Business volume in the Amazon region***	R$ 201.5 million	R$ 46.3 million

** Result to be made available next quarter.*
*** Indicator formed primarily by the sharing of benefits and the amounts paid for the acquisition of raw materials.*
**** Includes Natura and other partners.*

3. economic performance

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

Quarter				Pro-Forma								
(R$ million)	Consolidated[4]			Brazil			Consolidation			Implementation		
	1Q14	1Q13	Change%	1Q14	1Q13	Change%	1Q14	1Q13	Change%	1Q14	1Q13	Change%
Total Consultants - end of period ('000)[5]	1,650.5	1,556.8	6.0	1,276.4	1,257.6	1.5	230.4	188.8	22.1	142.2	108.2	31.4
Total Consultants - average of period ('000)	1,636.6	1,557.2	5.1	1,261.1	1,256.2	0.4	228.7	189.7	20.6	145.3	108.8	33.4
Units sold – items for resale	128.4	111.6	15.1	110.2	98.2	12.2	11.6	9.1	27.6	5.9	4.2	42.0
Gross Revenue	**2,085.2**	**1,832.4**	**13.8**	**1,734.7**	**1,596.7**	**8.6**	**195.1**	**155.1**	**25.8**	**103.6**	**65.2**	**58.9**
Net Revenue	**1,556.2**	**1,351.3**	**15.2**	**1,270.5**	**1,164.5**	**9.1**	**145.1**	**115.8**	**25.3**	**89.3**	**56.0**	**59.5**
Gross Profit	**1,089.7**	**947.3**	**15.0**	**877.4**	**816.5**	**7.5**	**103.6**	**81.2**	**27.6**	**64.2**	**38.4**	**66.9**
Selling, Marketing and Logistics Expenses	(602.7)	(503.5)	19.7	(471.2)	(414.6)	13.7	(70.4)	(55.9)	25.9	(50.4)	(28.6)	75.9
General and Administrative Expenses	(271.1)	(223.8)	21.1	(196.5)	(171.4)	14.6	(10.4)	(10.4)	(0.4)	(10.4)	(7.2)	44.8
Other Operating Income / (Expenses), net	11.3	(0.3)	n/a	5.6	(0.3)	n/a	(0.5)	0.2	n/a	(0.1)	0.5	n/a
Financial Income / (Expenses), net	(51.9)	(37.8)	n/a	(51.9)	(37.3)	n/a	0.8	(0.4)	n/a	(0.7)	(0.0)	n/a
Income Tax and Social Contribution	(57.1)	(57.4)	(0.5)	(52.2)	(55.8)	(6.5)	(4.4)	(1.4)	n/a	(0.3)	(0.1)	474.3
Noncontrolling	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	**117.2**	**124.6**	**(6.0)**	**111.2**	**137.0**	**(18.8)**	**18.8**	**13.2**	**43.0**	**2.3**	**3.0**	**(24.5)**
EBITDA*	**283.6**	**262.1**	**8.2**	**266.4**	**269.5**	**(1.2)**	**23.5**	**16.2**	**45.5**	**4.4**	**3.8**	**15.2**
Gross Margin	*70.0%*	*70.1%*	*(0.1) pp*	*69.1%*	*70.1%*	*(1.1) pp*	*71.4%*	*70.1%*	*1.3 pp*	*71.8%*	*68.6%*	*3.2 pp*
Sales Expenses/Net Revenue	*38.7%*	*37.3%*	*1.5 pp*	*37.1%*	*35.6%*	*1.5 pp*	*48.5%*	*48.3%*	*0.2 pp*	*56.4%*	*51.1%*	*5.2 pp*
General and Admin. Expenses/Net Revenue	*17.4%*	*16.6%*	*0.9 pp*	*15.5%*	*14.7%*	*0.7 pp*	*7.2%*	*9.0%*	*(1.8) pp*	*11.7%*	*12.9%*	*(1.2) pp*
Net Margin	*7.5%*	*9.2%*	*(1.7) pp*	*8.8%*	*11.8%*	*(3.0) pp*	*13.0%*	*11.4%*	*1.6 pp*	*2.5%*	*5.4%*	*(2.8) pp*
EBITDA Margin	*18.2%*	*19.4%*	*(1.2) pp*	*21.0%*	*23.1%*	*(2.2) pp*	*16.2%*	*14.0%*	*2.3 pp*	*4.9%*	*6.8%*	*(1.9) pp*

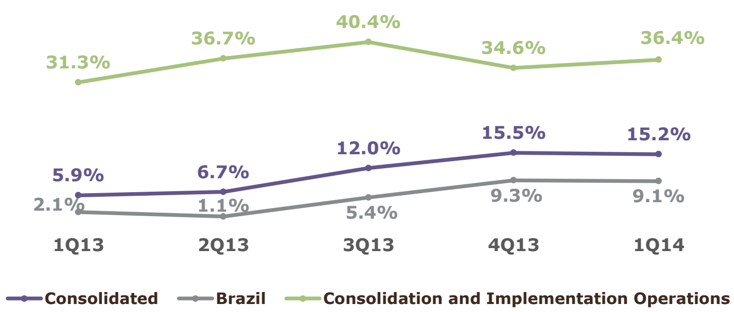
(*) EBITDA = Income from operations before financial effects + depreciation & amortization.

The pro-forma Income Statement for 1Q13 above includes three reclassifications in Brazil and consequently in the Consolidated figures in order to improve comparisons with 1Q14. These adjustments do not impact the figures for EBITDA and Net Income previously reported. These reclassifications between lines are as follows: (1) the reclassification to "Cost of Goods Sold" of the expenses with the provision for employee profit sharing, which were allocated to "Administrative, R&D, IT and Project Expenses;" (2) the reclassification of a portion of "Selling, Marketing and Logistics Expenses" to "Administrative, R&D, IT and Project Expenses;" and (3) the consolidation by "Administrative R&D, IT and Project Expenses" of the former line "Management compensation," the details of which are available in Note 28.2 to the Financial Statements. These same adjustments will be made in subsequent quarters for amounts referring to 2013.

[4] Consolidated figures include the Brazil Operations, the Operations in Consolidation, the Operations in Implementation and other International Investments and consider the impact from acquisitions.
[5] Position at the end of Cycle 5 in Brazil, Argentina, Mexico and France; and Cycle 3 in Chile, Peru and Colombia.

3.1. net revenue

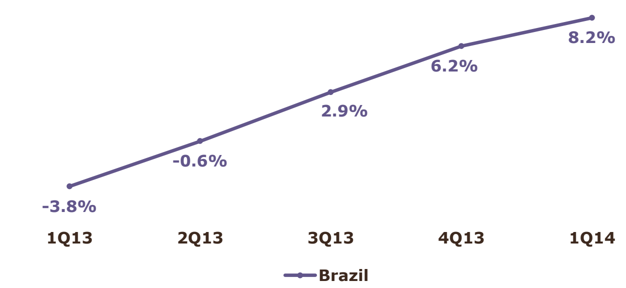
Net Revenue Growth (R$ - % Year over Year)



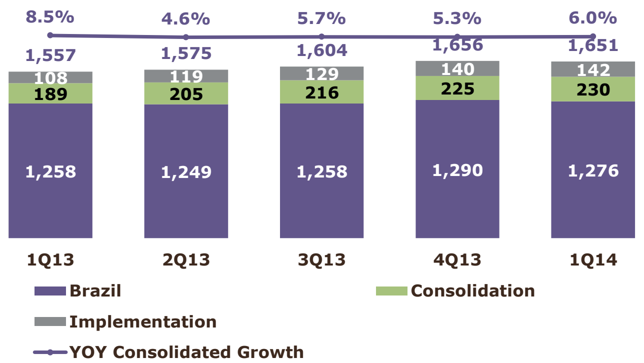
In **Brazil**, the 8.2% increase in consultant productivity (R$1,965 in 1Q14 versus R$1,816 in 1Q13) was the main driver of the net revenue growth of 9.1% in the quarter. This productivity gain was made possible by the higher investments in marketing and important innovations, such as the SOU line (launched between July and October 2013) and the relaunch of the Tododia line (February 2014), and by the offering of new payment options to consultants.

Since mid-2012, when we began to focus our strategy on expanding the shopping basket of our consumers and consequently on the productivity of our consultants, we have worked to obtain revenue growth that is better balanced between the number of consultants and their productivity. However, the 0.4% growth in the average base of available consultants[6] in 1Q14 still reflects the channel's lower activation. For 2014, in addition to intensifying our marketing investments, we remain confident that the new technology tools, the optimization of sales team practices and the channel segmentation plans will make important contributions to increasing the buying frequency and productivity of our consultants.

Productivity (% Year over Year)



Consultants - end of period



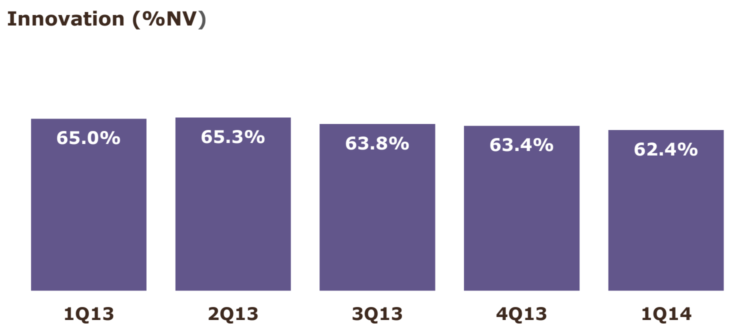
In 1Q13, the **International Operations**[7] grew by 53.0% in Brazilian Real to account for 18.4% of consolidated net revenue. The Operations in Consolidation posted net revenue growth of 35.1% in local currency (25.3% in Brazilian real), with growth in Brazilian Real lagging that in local currency, which is explained by the depreciation in the Argentine peso. Furthermore, in Argentina, we faced supply problems in the first quarter caused by import restrictions, with this situation normalized in April. Meanwhile, the Operations in Implementation grew by 44.4% in local currency (59.5% in Brazilian real). Although all operations posted results consistent with our strategy, the highlight was Mexico, where, after a period of adaptation to the multi-level model (i.e., Sustainable Relations Network) that was implemented in July 2011, we are already capturing its benefits, especially in terms of the channel's accelerated growth. The operations under the brand Aesop, which began to be

[6] We consider as available all consultants who have placed at least one order in a period of four consecutive sales cycles.
[7] The International Operations include the Operations in Consolidation, the Operations in Implementation, France and Aesop.

consolidated into Natura's results in March 2013, continued to grow at an accelerated pace and in line with the expansion plan, closing the quarter with 82 concept stores in 10 countries[8].

3.2. innovation & products

In the 12 months ended March 2014, the innovation index[9] stood at 62.4% (65.0% in the prior-year period), which is within the expected range.



Recent launches, such as the SOU line (July to October 2013) and the relaunch of the Tododia line (February 2014), as well as the innovation plan for the coming months, will help to improve consultant productivity and consequently to keep the innovation index within the expected range of 60% to 70%.

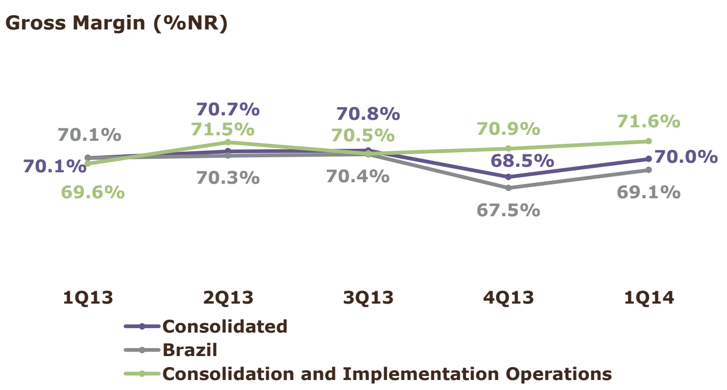
3.3. gross margin

In 1Q14, consolidated gross margin remained stable compared to the previous year, which is explained by the margin expansion in the International Operations and the margin compression in Brazil. In the International Operations, we maintained the trend of gross margin expansion observed in prior quarters, due to the still-favorable foreign exchange scenario in certain countries and the incorporation of the high gross margin of AESOP. In Brazil, as planned and already observed since 3Q13, the margin compression reflected the increased promotional efforts to reactivate our consultant base and the impact from the more adverse currency exchange scenario that had not yet been fully offset by price increases, which were implemented in March 2014.

The following table presents the main components of COGS:

	1Q14	1Q13
RM / PM / FP*	78.4	79.5
Labor	10.4	11.7
Depreciation	3.7	2.9
Other	7.6	5.9
Total	**100.0**	**100.0**

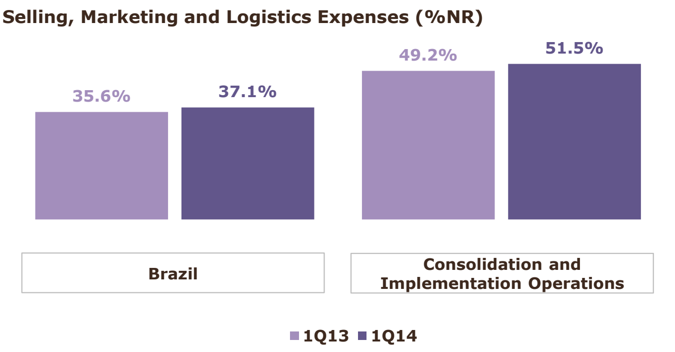
*Raw materials, packaging materials and finished products.

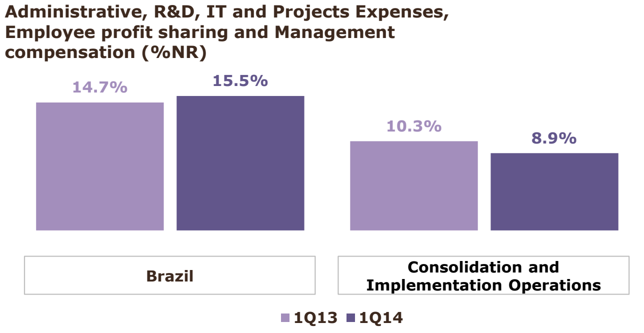


[8] Australia, Hong Kong, Japan, Malaysia, Singapore, France, Germany, Switzerland, United Kingdom and United States.
[9] Innovation Index: share in the last 12 months of the sale of products launched in the last 24 months.

3.4. operating expenses

In Brazil, the increase in **selling, marketing and logistics expenses** is mainly explained by the higher marketing investments to activate the channel and relaunch one of our main sub-brands (Tododia), and by the recognition of a nonrecurring losses related to negotiations in the collections process, which reflects the lower likelihood of receiving funds from agreements for written-off receivables from consultants. In the International Operations, we also intensified our marketing investments to leverage the good growth momentum in the channel resulting from the Sustainable Relations Network model in Mexico.





Administrative, R&D, IT and Project expenses in Brazil increased as a ratio of net revenue driven by the higher depreciation expenses, the continued investments in strategic and information technology projects and nonrecurring severance costs related to the structure streamlining. These ongoing initiatives that were described above seek efficiency gains in this group of expenses, which should be captured over the coming quarters. In the International Operations, these expenses were diluted in the Operations in Consolidation, while in the Operations in Implementation this expense was augmented by the filling of positions that had been vacant in the first quarter of 2013.

3.5. other operating income and expenses

In 1Q14, on a consolidated basis, this line registered income of R$11.3 million, compared to the expense of R$0.3 million in 1Q13. The income recorded in 2014 is explained primarily by the R$6.2 million in ICMS tax credits from prior periods related to returns and by the R$6.2 million generated by the adjustment in the sales price for the acquisition of the distributors of Aesop, as per Note 26 to our financial statements.

3.6. other international investments

The other international investments, namely the operation in France, the international corporate structure based in Buenos Aires and the AESOP operation, recorded an EBITDA loss of R$10.7 million in 1Q14, compared to the loss of R$27.5 million in 1Q13. The lower loss is explained by positive result posted by AESOP[10] and by the recognition of the adjustment in the acquisition price mentioned in

[10] In 1Q13, we recorded only the result for March 2013, since the acquisition was concluded only on February 28, 2013. In addition, in the same quarter, we incurred acquisition costs that had an adverse impact on the result of "other international investments."

item 3.5. Furthermore, the depreciation in the Argentine peso against the Brazilian Real had a positive impact on keeping the level of corporate expenses stable in nominal terms.

3.7. EBITDA

In 1Q14, consolidated EBITDA amounted to R$283.6 million, growing 8.2% from the same period of 2013, with EBITDA margin of 18.2%, compared to 19.4% in 1Q13. In Brazil, the contraction in EBITDA from the year-ago period was due to the contraction in gross margin, which was caused by the currency translation impacts that occurred before the price increases were implemented and by the promotions targeting consultants, to the higher investments in marketing and in strategic and IT projects, as well as to the nonrecurring effects from the adjustment to the criteria used for recognizing the recoverability of receivables and the adjustments to the company structure. In the Operations in Consolidation, EBITDA margin expanded by 230 basis points from 1Q13, which is mainly explained by the gross margin expansion and by the leveraging of operating expenses. Meanwhile, in the Operations in Implementation, in line with our planning, EBITDA margin contracted by 190 basis points due to the higher marketing investments, especially in our Mexico operation.

EBITDA (R$ million)
Figures include the operating result and transaction costs associated with Aesop

	1Q14	1Q13	Change %
Net Revenue	1,556.2	1,351.3	*15.2*
(-) Cost of Sales and Expenses	1,329.1	1,131.4	*17.5*
EBIT	**227.1**	**219.8**	***3.3***
Adjust Non-controlling interest	0.0	0.2	*n/a*
(+) Depreciation/Amortization	56.5	42.1	*34.3*
EBITDA	**283.6**	**262.1**	***8.2***

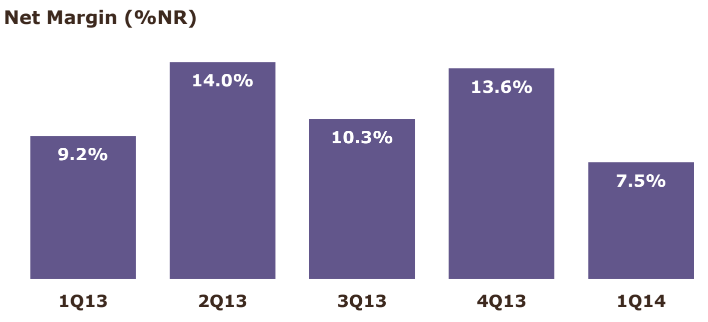
The higher expenses with depreciation and amortization (34.3% in the quarter) reflect the investments in infrastructure (logistics and manufacturing) and in information technology.

Pro-forma EBITDA by operational bloc (R$ million)
Figures include the operating result and transaction costs associated with Aesop

	1Q14	1Q13	Change %
Brazil	266.4	269.5	*(1.2)*
Argentina, Chile and Peru	23.5	16.2	*45.5*
Mexico and Colombia	4.4	3.8	*15.2*
Other Investments	(10.7)	(27.5)	*n/a*
EBITDA	**283.6**	**262.1**	***8.2***

3.8. net income

In 1Q14, consolidated net income contracted by 6% from the same period last year. This reduction is explained by three factors: a) the 34.3% increase in expenses with depreciation and amortization due to the investments in logistics, production capacity and information technology made over the last few years; b) the 37.3% increase in the financial expense due to the growth in debt, as planned, and the higher interest rates in the Brazilian market; and c) the effect from adopting the straight-line method[11] for income tax in 2013, since the first quarters of the previous year the rate remained at around 31.5% and only in the fourth quarter was this rate adjusted to reflect the rate in the year of 32.5%, which is in line with the rate in 1Q14.



Because they involve the straight lining of income tax and of expenses not related to the short-term growth of the business, these three impacts will be better balanced over the course of the year and in turn increase the correlation between the growth of the business and the growth in net income.

Excluding the impact from the marking to market of derivatives pegged to foreign-denominated debt, the net financial expense increased by 55.9% from 1Q13, which contributed to the 9.2% decrease in adjusted net income.

(R$ million)	1Q14	1Q13	Change
Financial Income/ (Expenses), net	**(51.9)**	**(37.8)**	***(14.1)***
Mark-to-Market adjustment	(0.3)	(4.7)	4.4
Financial Income/ (Expenses) ex. Mark-to-Market, net	**(51.6)**	**(33.1)**	***(18.5)***

3.9. cash flow[12]

In 1Q14, internal cash generation amounted to R$138.6 million, down 24.7% from 1Q13, reflecting mainly the reduction in net income and the negative impact from deferred income tax on non-cash items.

The capital expenditure of R$134.5 million in the period (R$60.7 million in 1Q13) was allocated to concluding the Ecoparque complex located in Benevides, Pará, the final stage of the new plant in Cajamar and to information technology projects. For the year, we maintain our guidance of R$500 million, which is below the level of R$553.9 million disbursed last year, with expenditures distributed more evenly over the quarters than in previous years. Compared to 1Q13, this difference in the

[11] We straight line of the effective rate of our income tax and social contribution based on a projection of our taxable income in the year. The quarterly periods are adjusted for this projection through the recognition of deferred income tax, as described in Note 10 to the interim financial statements.

[12] In pro-forma cash flow, certain amounts in 2013 were reclassified to noncash items in order to improve comparability with 1Q14. Furthermore, with the reclassification of certain lines on the balance sheet for 2012 (see Note 4.3 to the 4Q13 Financial Statements), the variation in working capital in March 2013 was recalculated and restated.

distribution of capital expenditure contributed to the reduction of R$104.9 million in free cash generation.

Average working capital as a ratio of net revenue improved by 30 basis points in the period, reflecting on the one hand the stability in inventory coverage and the expected increase in the average payables term, and on the other hand the increase in the receivables term of our consultants in Brazil, which reflects the offering of new payment options. Recoverable taxes and reducing inventory coverage continue to represent opportunities to be captured over the coming quarters.

R$ million	1Q14	1Q13	Change R$	Change %
Net Income	**117.2**	**124.6**	**(7.5)**	***(6.0)***
Depreciation and amortization	56.5	42.1	14.4	*34.3*
Non-cash / Other*	(35.1)	17.4	(52.5)	*n/a*
Internal cash generation	**138.6**	**184.1**	**(45.5)**	***(24.7)***
Working Capital (Increase)/Decrease	(227.8)	(242.2)	14.4	*n/a*
Operating cash generation	**(89.3)**	**(58.1)**	**(31.1)**	***53.6***
CAPEX	(134.5)	(60.7)	(73.8)	*121.6*
Free cash flow**	**(223.8)**	**(118.8)**	**(104.9)**	***88.3***

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).

3.10. indebtedness

The increases in total debt and net debt mainly reflect the capital expenditure disbursed in the period and the higher working capital needs, which remained within the levels expected for the end of the first quarter of 2014.

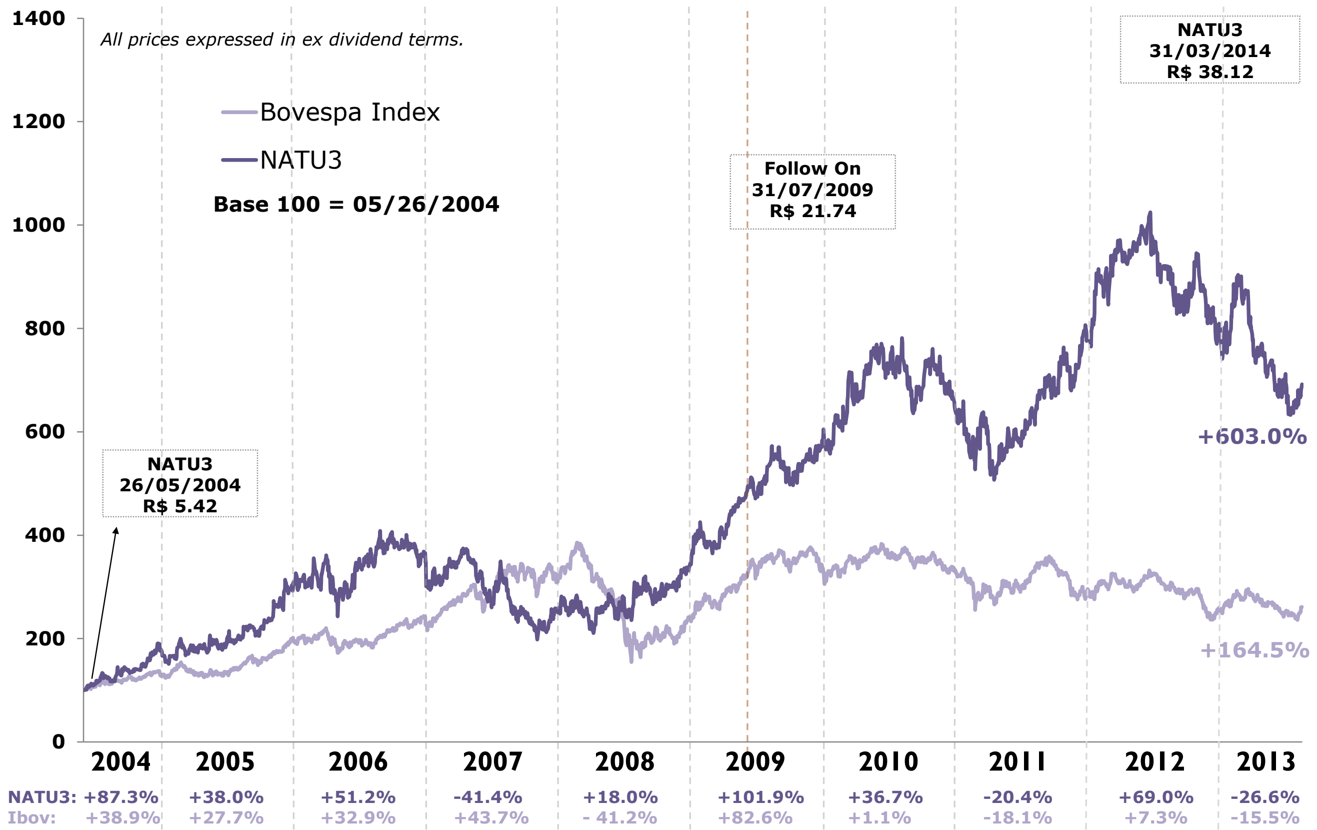
Debt (R$ million)	Mar/14	Share (%)	Mar/13	Share (%)	Change (%)
Short-Term	759.7	*23.9*	968.3	*41.6*	*(21.5)*
Long-Term	2,821.9	*88.8*	1,648.3	*70.9*	*71.2*
Derivatives	(85.8)	*(2.7)*	(54.3)	*(2.3)*	*58.0*
Finance Leases	(319.2)	*(10.1)*	(236.6)	*(10.2)*	*34.9*
Total Debt	**3,176.5**	***100.0***	**2,325.6**	***100.0***	***36.6***
(-) Cash, cash equivalents and short-term investment	1,781.4		1,536.0		*16.0*
(=) Net Debt - Net Cash	**1,395.1**		**789.6**		***76.7***
Net Debt / Ebitda	0.86		0.53		
Total Debt / Ebitda	1.95		1.55		

4. stock performance

In 1Q14, the price of Natura stock declined by 6.3% from December 31, 2013, while the Bovespa Index fell by 2.9%. Average daily trading volume in 1Q14 was R$57.6 million, compared to R$78.6 million in the prior-year period.

Our average ranking in the Bovespa Liquidity Index in the period was 38th.

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



conference call & webcast

PORTUGUESE: Friday, April 25, 2014

10:00 a.m. (Brasília time)

ENGLISH: Friday, April 25, 2014

12:00 p.m. (Brasília time)

From Brazil: **+55 11 3193 1001 /+55 11 2820 4001**

From the USA: Toll free **+1 888 700 0802**

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

Code: **Natura**

Live webcast:

www.natura.net/investidor

investor relations

Tel: +55 (11) 4196-1421

Fabio Cefaly, fabiocefaly@natura.net

Tatiana Bravin, tatianabravin@natura.net

Francisco Petroni, franciscopetroni@natura.net

Julia Villas Bôas, juliaboas@natura.net

NATU3 NOVO MERCADO BM&FBOVESPA

balance sheets

at March 2014 and December 2013

(in millions of Brazilian real - R$)

ASSETS	Mar/14	Dec/13	LIABILITIES AND SHAREHOLDERS' EQUITY	Mar/14	Dec/13
CURRENT ASSETS			**CURRENT LIABILITIES**		
Cash and cash equivalents	1,379.6	1,016.3	Borrowings and financing	759.7	693.1
Short-term investments	401.8	293.0	Trade and other payables	666.8	706.6
Trade receivables	753.0	807.0	Payroll, profit sharing and related taxes	151.6	177.6
Inventories	912.8	799.5	Taxes payable	596.1	659.3
Recoverable taxes	183.0	181.1	Other payables	62.4	90.2
Derivatives	85.8	153.6	**Total current liabilities**	**2,236.6**	**2,326.8**
Other receivables	261.0	262.4			
Total current assets	**3,977.1**	**3,512.9**			
NONCURRENT ASSETS			**NONCURRENT LIABILITIES**		
Long-term assets:			Borrowings and financing	2,821.9	2,200.8
Recoverable taxes	187.1	175.1	Taxes payable	225.6	215.6
Deferred income tax and social contribution	220.5	193.8	Provision for tax, civil and labor risks	77.1	73.8
Escrow deposits	426.5	412.4	Others provisions	258.9	263.0
Other noncurrent assets	29.1	37.2	**Total noncurrent liabilities**	**3,383.5**	**2,753.2**
Property, plant and equipment	1,539.2	1,439.7			
Intangible assets	514.7	477.3	**SHAREHOLDERS' EQUITY**		
Total noncurrent assets	**2,917.1**	**2,735.4**	Capital	427.1	427.1
			Capital reserves	148.3	150.4
			Earnings reserves	280.4	162.6
			Treasury shares	(71.0)	(84.0)
			Proposed additional dividend	496.4	496.4
			Other comprehensive losses	(31.6)	(6.9)
			Total equity attributable to owners of the Company	**1,249.5**	**1,145.6**
			Non- controlling interests	**24.5**	**22.6**
			Total equity	**1,274.0**	**1,168.3**
TOTAL ASSETS	**6,894.2**	**6,248.3**	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**6,894.2**	**6,248.3**

statements of income

for the periods ended March 31, 2014 and 2013

(R$ million)	1Q14	1Q13
NET REVENUE	**1,556.2**	**1,351.3**
Cost of sales	(466.5)	(403.9)
GROSS PROFIT	**1,089.7**	**947.3**
OPERATING (EXPENSES) INCOME		
Selling expenses	(602.7)	(503.5)
General and administrative expenses	(271.1)	(223.8)
Other operating (expenses) income, net	11.3	(0.3)
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)	**227.1**	**219.8**
Financial income	124.0	66.2
Financial expenses	(175.9)	(104.0)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	**175.2**	**182.0**
Income tax and social contribution	(57.1)	(57.4)
INCOME BEFORE NON-CONTROLLING INTEREST	**118.1**	**124.6**
ATTRIBUTABLE TO		
Owners of the Company	117.2	124.8
Noncontrolling	0.9	(0.2)
	118.1	**124.6**

statements of cash flow

for the periods ended March 31, 2014 and 2013

(R$ million)	1T14	1T13
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**117.2**	**124.6**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	56.5	42.1
Provision for losses on swap and forward transactions	40.0	50.6
Provision (reversal) for tax, civil and labor contingencies	3.3	(2.0)
Interest and inflation adjustment of escrow deposits	(8.2)	(3.8)
Income tax and social contribution	57.1	57.0
(Gain) loss on sale on property, plant and equipment and intangible assets	19.4	7.1
Interest and exchange rate changes on borrowings and financing and other liabilities	(41.3)	(5.3)
Exchange rate changes on other assets and other liabilities	(25.0)	1.2
Expenses with stock options plans	2.5	3.4
Allowance for doubtful accounts	6.1	(7.8)
Allowance for inventory losses	(7.5)	3.4
Net income attributable to non-controlling shareholders	1.9	0.0
Provision for healthcare plan and carbon credits	0.8	(1.0)
Recognition of untimely used tax credits	(6.2)	0.0
Provision for acquisition of non-controlling interest	3.2	0.0
	219.6	**269.4**
(INCREASE) DECREASE IN ASSETS		
Trade receivables	48.0	55.0
Inventories	(105.8)	(107.8)
Recoverable taxes	(7.7)	(32.4)
Other receivables	9.5	(72.1)
Subtotal	**(56.0)**	**(157.3)**
INCREASE (DECREASE) IN LIABILITIES		
Domestic and foreign suppliers	(41.0)	(25.9)
Payroll, profit sharing and related taxes, net	(26.0)	(60.7)
Taxes payable	(19.5)	(11.5)
Other payables	(28.5)	40.6
Provision for tax, civil and labor contingencies	0.0	(1.0)
Subtotal	**(115.0)**	**(58.5)**
CASH GENERATED BY OPERATING ACTIVITIES	**48.6**	**53.7**

OTHER CASH FLOWS FROM OPERATING ACTIVITIES		
Payments of income tax and social contribution	(117.7)	(89.0)
Withdrawal (payment) of escrow deposits	(5.9)	(14.2)
Payments of derivatives	27.8	(24.0)
Payment of interest on borrowings and financing	(26.5)	(14.1)
NET CASH GENERATED BY OPERATING ACTIVITIES	**(73.7)**	**(87.6)**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(134.6)	(60.7)
Property, plant and equipment incorporated by acquisition AESOP	0.0	(129.1)
Proceeds from sale of property, plant and equipment and intangible assets	0.0	1.1
Short-term investments	(1,524.7)	962.3
Redemption of short-term investments	1,415.9	(770.1)
Noncontrolling interest	0.0	18.7
NET CASH USED IN INVESTING ACTIVITIES	**(243.3)**	**22.2**
CASH FLOW FROM INVESTING ACTIVITIES		
Repayments of borrowings and financing - principal	(59.8)	(56.4)
Proceeds from borrowings and financing	729.6	196.1
Sale of treasury shares due to exercise of stock options	8.9	10.9
NET CASH GENERATED (USED) IN FINANCING ACTIVITIES	**678.7**	**150.6**
Gains (losses) arising on translating foreign currency cash and cash equivalents	1.6	0.0
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**363.2**	**85.1**
Cash and cash equivalents at the beginning of the year/period	1,016.3	1,144.4
Cash and cash equivalents at the end of the year/period	1,379.6	1,229.6
DECREASE IN CASH AND CASH EQUIVALENTS	**363.3**	**85.2**
Additional Statements of Cash Flows Information:		
Bank overdrafts - unused	117.9	117.9
Non-cash items		
Reserve for acquisition of non-controlling shareholders	83.2	0.0
Capitalization of financial leasing	78.2	171.8

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

_**Pro-forma Income Statement for 1Q13:** includes three reclassifications in Brazil and consequently in the Consolidated figures in order to improve comparisons with 1Q14. These adjustments do not impact the figures for EBITDA and Net Income previously reported. These reclassifications between lines are as follows: (1) the reclassification to "Cost of Goods Sold" of the expenses with the provision for employee profit sharing, which were allocated to "Administrative, R&D, IT and Project Expenses;" (2) the reclassification of a portion of "Selling, Marketing and Logistics Expenses" to "Administrative, R&D, IT and Project Expenses;" and (3) the consolidation by "Administrative R&D, IT and Project Expenses" of the former line "Management compensation," the details of which are available in Note 28.2 to the Financial Statements. These same adjustments will be made in subsequent quarters for amounts referring to 2013.

_Cost Breakdown 1Q13: Restated figures in the chart between the lines to reflect the adjustment (1) described above.

_Non-cash items: restated figures for 1Q13 for comparison purposes.

_Working Capital 1Q13: With the reclassification of certain lines on the balance sheet for 2012 (see Note 4.3 to the 4Q13 Financial Statements), the variation in working capital in 1Q13 was recalculated and restated.

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.

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bem estar bem