

Third-quarter 2018 results

November 9, 2018



Aēsop.

natura & co

This presentation may contain forward-looking statements. Such statements are not statements of historical fact, and reflect the beliefs and expectations of Natura &Co's management.

The words "anticipates", "wishes", "expects", "estimates", "intends", "forecasts", "plans", "predicts", "projects", "targets" and similar words are intended to identify these statements, which necessarily involve known and unknown risks and uncertainties.

Known risks and uncertainties include, but are not limited to, the impact of competitive products and pricing, market acceptance of products, product transitions by the Company and its competitors, regulatory approval, currency fluctuations, production and supply difficulties, changes in product sales mix, and other risks.

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Q3-18: Strong performance across the board

- **Double-digit growth in revenue and adjusted EBITDA; more than doubling in net income**
- **Growth in all three of our businesses:**

NATURA: Market share gains with key categories outperforming the market in Brazil, supported by continued rising productivity of consultants. Latam maintains its strong momentum, with strong performances in Mexico, Argentina and Chile.

THE BODY SHOP: Progress in its transformation plan, showing advances in operational efficiency. Stable owned-store sales, despite the closing of 58 stores; Like-for-like sales growth of 3.1% for owned-stores in Q3

AESOP: Remarkable growth across all channels and geographies. Like-for-like sales up by 17.0% in the quarter for signature stores; 6 signature store openings

- **Continued deleveraging, on track to achieve 2021 target**
- **Sustainability achievements:**

THE BODY SHOP delivered to the UN a petition signed by over 8.3 million people supporting its global campaign against animal testing in cosmetics.

NATURA ranked 4th and the only Brazilian company in the Corporate Responsibility Index of Global CR RepTrak 100 survey, published by Forbes Magazine.

Consolidated Financial Performance

Very solid underlying performance, excluding the following non-operational adjustments

IFRS 15: Reclassification of late payment charges on receivables at Natura Brazil and Latam in Q3-18, with impacts on net revenue and EBITDA for Natura Brazil and with impact on net revenue for Latam

Reversal of tax provisions booked last year at Natura Brazil, with impacts on net revenue, COGS (IPI) and EBITDA (IPI, PIS & COFINS), and other provision adjustments in Q3-18

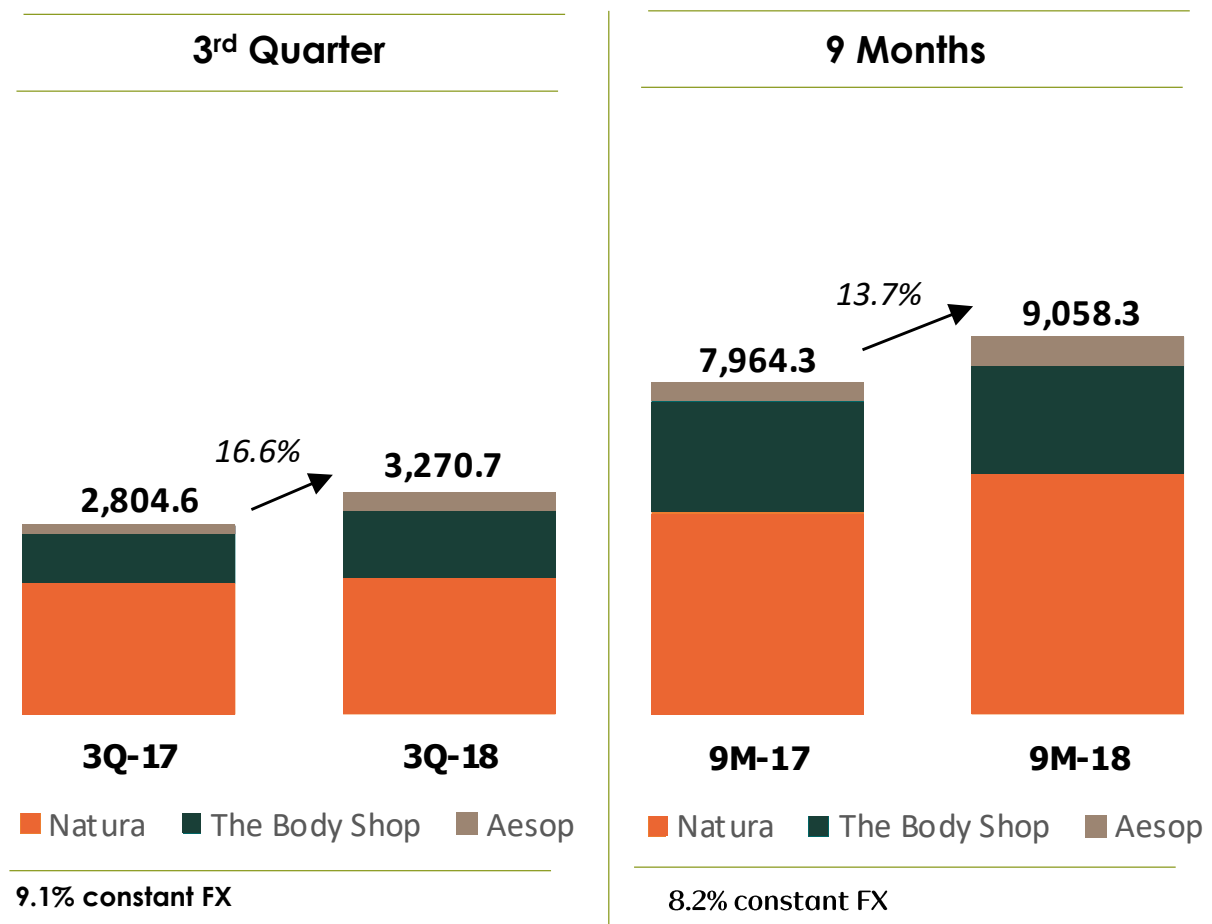
Hyperinflationary and foreign currency translation accounting standards (IAS29 and IAS21, respectively) in Argentina in Q3-18 with impact on Latam's P&L

The Body Shop's transformation costs in Q3-18 of R\$24.7 million and R\$62.4 million in 9M18, impacting EBITDA

The figures in this presentation are adjusted for the above effects. Pro forma figures include The Body Shop's pre-acquisition results from January through August 2017, for comparison purposes. All reported figures can be found in the Natura &Co earnings release and financial statements.

Double-digit growth in adjusted consolidated net revenue

(Adjusted¹; R\$ million)



NATURA +9.0%² in Q3-18, +7.9%² in 9M18; continued momentum in core categories and Relationship Selling in Brazil, and further expansion in Latam

THE BODY SHOP +3.6%² in Q3-18, supported by Christmas orders by head franchisees and stable owned-store sales, with like-for-like of 3.1% in Q3. Healthy 3.6%² growth in 9M18, driven by strong franchise business, online and lower discounting

AESOP Strong growth in all geographies and channels: +34.8%² in Q3-18 and +33.9%² in 9M18

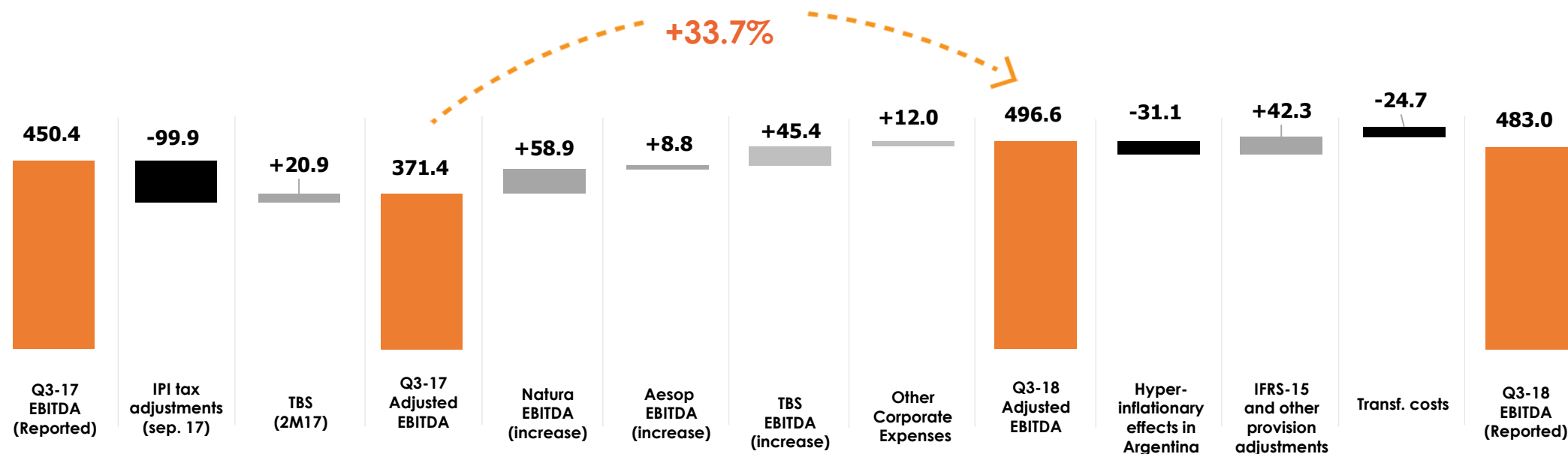
1 Adjusted:
Excludes IFRS 15 (reclassification of late payment charges) both in Brazil and Latam, hyperinflationary effects in Latam, IPI tax reversal in Q3-17 in Brazil and The Body Shop's transformation costs
Includes: The Body Shop pre-acquisition figures, for comparable purposes

2 At constant exchange rates

Adjusted EBITDA: +33.7%; double-digit growth across all 3 businesses

(Adjusted; R\$ million)

Adjusted EBITDA Q3-18

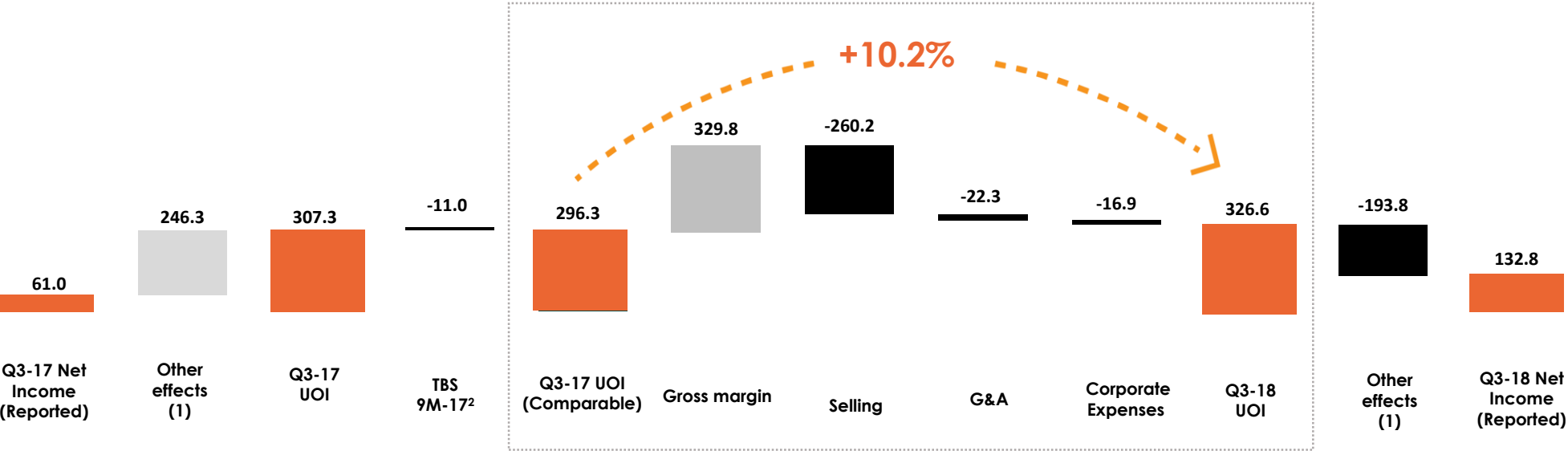


- Q3-18 reported EBITDA +7.2%, adjusted +33.7%
- 9M18 reported EBITDA +1.7%, adjusted +29.1%

Underlying Operating Income up by 10.2% in Q3 and 30.4% in 9M

(R\$ million)

Q3 Underlying Operating Income – UOI (Pro forma)



Underlying operating income growth driven by improved performance by The Body Shop and Natura.

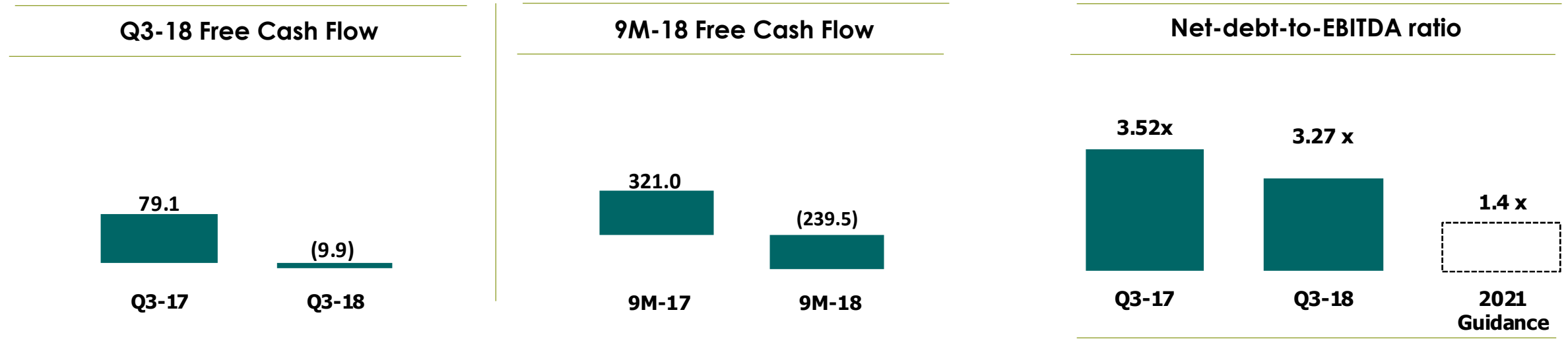
Reported Net Income was R\$132.8 million in Q3-18, +117.9% vs. Q3-17, supported by higher consolidated EBITDA and lower financial expenses

- **Q3-18 UOI +10.2%**
- **9M18 UOI +30.4%**

1 Other effects: acquisition-related expenses, transformation costs, financial expenses and income tax; 2 Pre-acquisition figures, for comparable purposes

Working capital and debt servicing costs weigh on cash flow; lower indebtedness, on track to achieve 2021 guidance

(R\$ million)



Cash flow consumption in the quarter, due to:

- Higher working capital:
 - Higher inventory at Natura in Brazil and lower balance of payables
- Higher financial expenses related to the acquisition of The Body Shop

NET-DEBT-TO-EBITDA RATIO
reduced from Q3-17, in line with expectations, on track to reach 2021 target

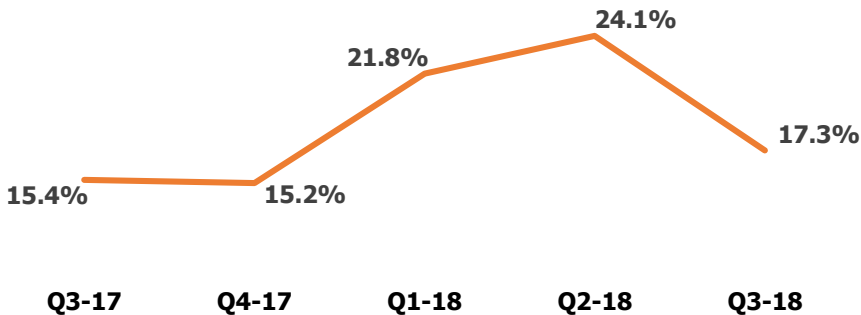


Natura's Performance

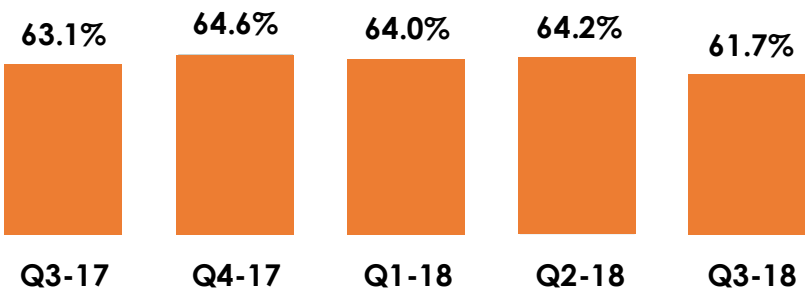
Q3 highlights: Strong growth in revenue and profitability in Brazil and Latam

- **High single-digit** sales growth and **double-digit** EBITDA growth
- **Key categories outperform** in Brazil, resulting in **market share gain; improved brand preference** both in Brazil and Latam
- Higher consultant productivity for 8 consecutive quarters in Brazil; number of consultants up sequentially; Relationship Selling implemented in **Chile and Peru**
- **Resilience** in Argentina due to robust business model
- **High innovation** index
- **Further digital expansion:** 650,000 (~60%) consultants in Brazil and 127,000 in Latam (~20%) using our mobile platform

Natura Brazil productivity (% year over year)



Natura Brazil innovation index (% gross revenue) ¹



¹ Gross revenue from innovative products launched within the last 24 months as a proportion of total gross revenue in 12 months

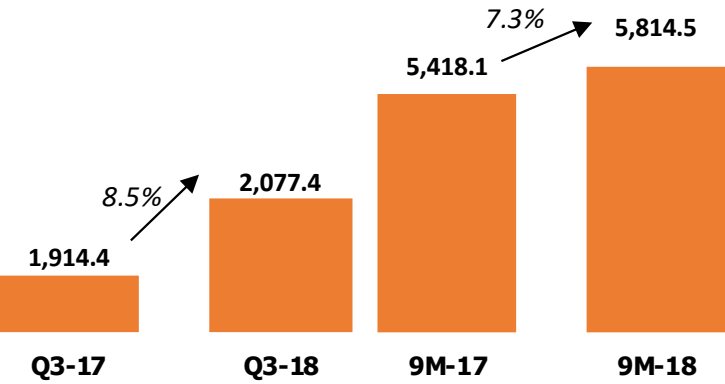
Net revenue¹ demonstrates the vigor of our new commercial model in Brazil; increased brand preference in Latam

(Adjusted¹; R\$ million)

Natura

3rd Quarter

9 Months



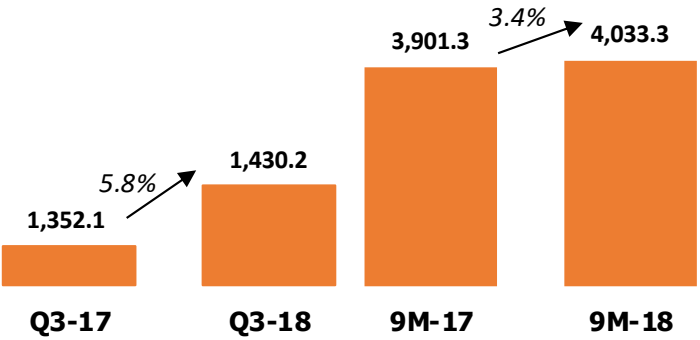
9.0 %constant FX

7.9% constant FX

Natura Brazil

3rd Quarter

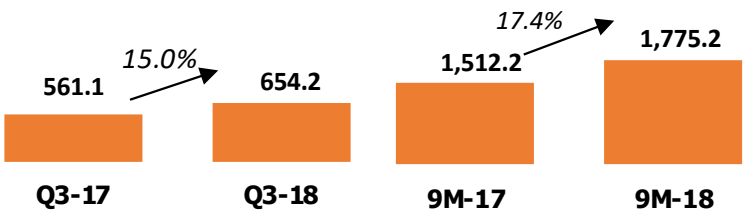
9 Months



Natura Latam

3rd Quarter

9 Months



16.9% constant FX

20.0% constant FX

BRAZIL Successful Father's Day campaign

Online net sales grew high-double digits

12 store openings

LATAM 9% growth in number of consultants

Growth in all geographies. Highlights:
Mexico, Argentina and Chile

Market share and **brand preference** gains

¹ Adjusted to exclude for IFRS 15 (reclassification of late payment charges) both in Brazil and Latam, hyperinflationary effects in Latam and IPI tax reversal in Q3-17 in Brazil

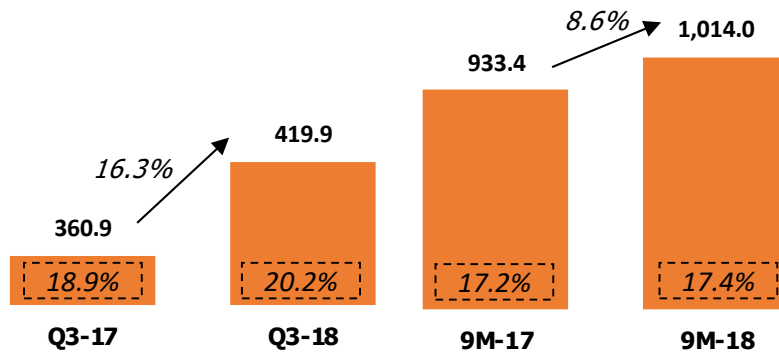
EBITDA up 16.3% in Q3 on double-digit growth both in Brazil and Latam

(Adjusted¹; R\$ million)

Natura

3rd Quarter

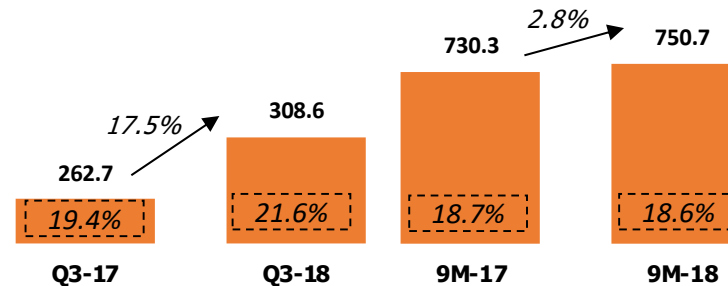
9 Months



Natura Brazil

3rd Quarter

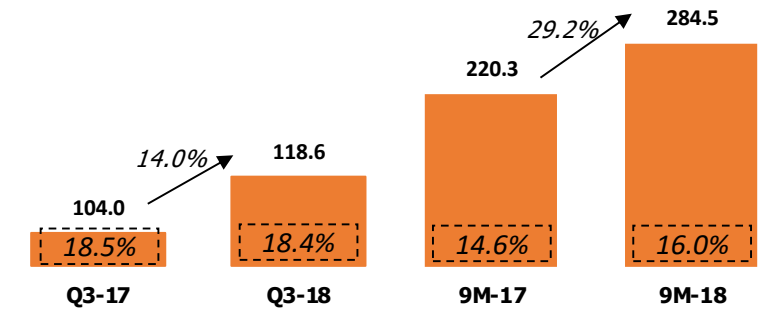
9 Months



Natura Latam

3rd Quarter

9 Months



16.1% constant FX

30.1% constant FX

EBITDA margin

¹ Adjusted to exclude for IFRS 15 (reclassification of late payment charges) in Brazil, hyperinflationary effects in Latam and IPI tax reversal in Q3-17 in Brazil

Strong margin improvement in **Q3-18** thanks to a more efficient commercial model and lower G&A relative to net revenue

9M18 EBITDA up 2.8% with stable margin

Strong EBITDA growth in Q3 and 9M, driven by **productivity** and **efficiency gains**

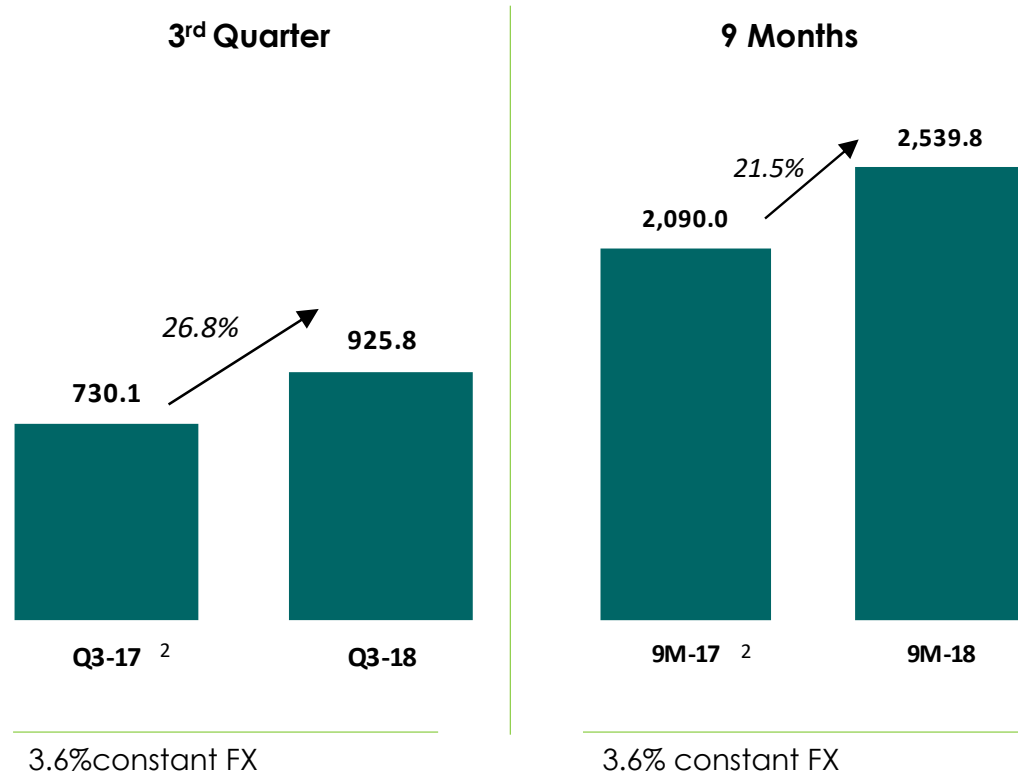
The Body Shop's Performance



Net Revenue growth from head franchisee orders and healthier company-store sales

(Adjusted¹; R\$ million)

The Body Shop - Net Revenue



Q3-18 sales +3.6% (constant FX), driven by:

- higher head franchisee orders
- stable owned stores sales, despite 58 store closures
- owned stores like-for-like sales up by 3.1% in Q3
- strong sales in APAC² and EMEA²

The Body Shop ended the quarter with **1,041 owned stores** (down 58 vs. Q3-17) and **1,917 franchised stores** (down 22) as it continues to optimize its retail network.

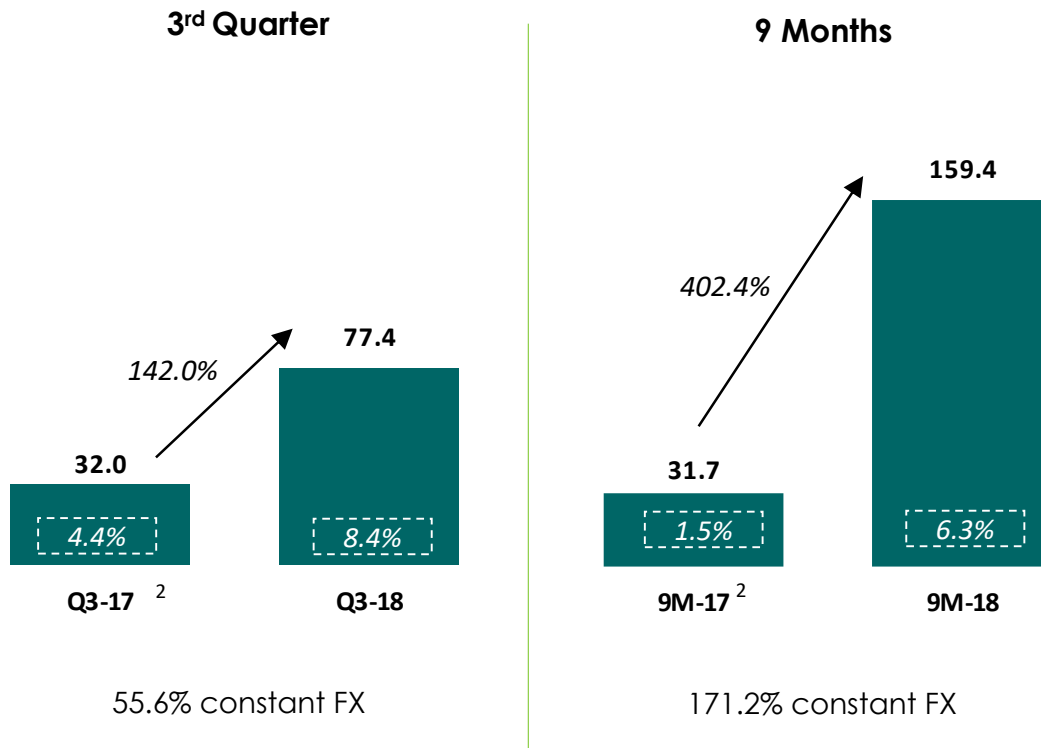
¹ Adjusted: Excludes transformation costs and includes pre-acquisition figures, for comparable purposes

² APAC: Asia and Pacific countries and EMEA: Europe, Middle East and Africa

Adjusted EBITDA: Strong increase in Q3 and 9M

(Adjusted¹; R\$ million)

The Body Shop – EBITDA



EBITDA margin

¹Adjusted: Excludes transformation costs and includes pre-acquisition figures, for comparable purposes

Q3-18 adjusted EBITDA of R\$77.4 million, **+55.6%** vs. Q3-17 (constant FX), with **8.4% margin** (+400bps), resulting from:

- lower discounting
- higher franchisee sales

Transformation costs of R\$24.7 million in **Q3** (non-recurring) due to advances in the 5 pillars of the plan:

1. Rejuvenate Brand
2. Optimize Retail Operation
3. Enhance Omni-Channel
4. Improve Operational Efficiency
5. Re-design Organization



Rome store, Italy

Aesop's Performance

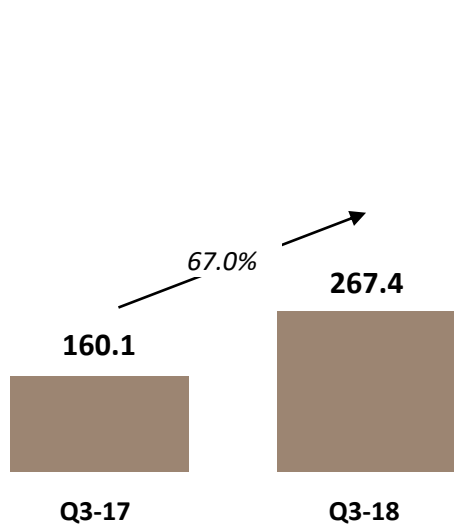
Strong double-digit growth in sales and EBITDA

(R\$ million)

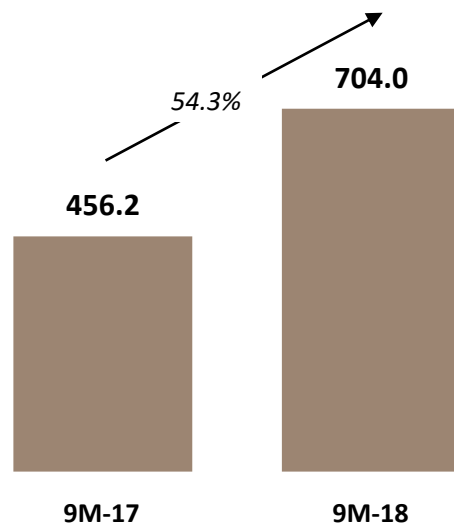
Aesop – Net Revenue

3rd Quarter

9 Months



34.8% constant FX



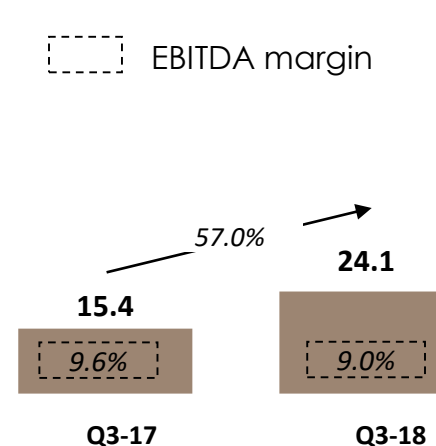
33.9% constant FX

Aesop – EBITDA

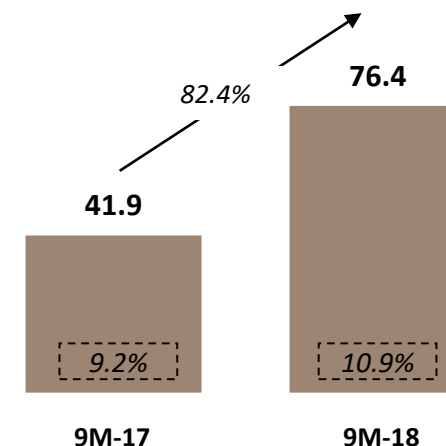
3rd Quarter

9 Months

EBITDA margin



30.1% constant FX



54.4% constant FX

Strong growth across all channels and geographies

In Q3-18, like-for-like sales in signature stores increased **17%**

219 signature stores (+23 in LTM)




Natura is the first company in Brazil to receive the two most prestigious **global certificates** for product development and manufacturing **free of animal testing**. Cruelty Free International Organization granted Natura the Leaping Bunny certification and Peta included Natura in its list of animal testing free companies



The Body Shop submitted to the United Nations a petition signed by over **8.3 million people** supporting its global campaign **Forever Against Animal Testing in cosmetics**



 The Wheeler Centre
Books Writing Ideas *the* Aēsop Foundation

The Aesop Foundation saw the **awarding** of the ten inaugural recipients of The Next Chapter project, an organization founded as part of UNESCO city of Literature, aimed at **sharing the voices of writers from marginalized communities** in Australia.



Key takeaways

Solid Q3 performance driven by
all three of our brands and businesses

Natura &Co's growing momentum shows the strength
of our global, multi-brand and multi-channel group

Natura &Co is on track to deliver on its medium-term financial
targets, with a positive social and environmental impact.

Thank you



Aēsop

natura & co