



São Paulo, November 13, 2019.

Q3-19*: Natura &Co posts strong net revenue growth, driven by solid fundamentals across all businesses

*Group profitability reflects phased strategic investments in Brazil and Avon-related acquisition costs
Major milestones achieved to complete Avon acquisition, on track for first-quarter 2020 closing*

- Consolidated net revenue growth in all businesses: R\$3.5 billion in Q3, up by a strong 7.2% and 8.1% in 9M19. On an adjusted¹ basis, revenue grew 6.3% in Q3 and 7.0% in 9M. At constant currency, net revenue grew in double digits in Q3, by a strong 10.1%, and by 7.4% in 9M.
 - Natura: Adjusted net revenue in BRL+8.1% (+13.2% at constant currency). Brazil's adjusted net revenue rose significantly by 7.2% with continued market share gains, despite a weak CFT market and a strong comparable base. Solid growth across all channels, supported by core categories and strategic launches. Latam's adjusted net revenue grew 10.2% in BRL (+28.8% at constant currency), supported by higher volumes, growth in the consultant base, higher productivity and accelerating growth in Argentina, outpacing inflation.
 - The Body Shop: Net revenues +1.1% in BRL in Q3 (+3.8% at constant currency), thanks to higher sales in UK, APAC and LATAM, as well as franchise and at-home channels. Excluding the impact of events in Hong Kong, net revenues grew significantly by 6.4% at constant currency. UK own-store LFL sales +3.1%. In 9M, net revenue grew 6.0% in BRL and 1.7% at constant currency (+3.8% excluding Hong Kong).
 - Aēsop: Double-digit growth in BRL 10.8% in Q3 (+10.2% at constant currency). Q3 signature store LFL sales up 9.0%.
- EBITDA of R\$398.9 million. EBITDA margin reflects a planned increase in strategic investments to strengthen our fundamentals, driving consistent and sustainable top-line growth. It also reflects non-recurring Avon-related acquisition expenses. Margin was 11.5% (-340 bps). Adjusted¹ EBITDA reached R\$459.3 million, with margin of 13.2% (-130 bps). In 9M, EBITDA reached R\$1,160.5 million, with margin of 11.9% (-60 bps), and adjusted EBITDA stood at R\$1,217.9 million, with margin of 12.6% (-30 bps).
 - Natura: Brazil's adjusted margin was 17.5% (-260 bps), due to phased marketing investments in the Natura brand and digital investments, to support innovation and productivity gains, while Latam's EBITDA margin was 19.0% (+60 bps). 9M adjusted EBITDA margin in Brazil was 17.3% (-80 bps), and in Latam, margin was 15.8% (-30 bps).
 - The Body Shop: Adjusted Q3 EBITDA margin was 7.4% (-100 bps), impacted by Hong Kong events, and 9M adjusted EBITDA margin was 7.5% (+120 bps). Excluding Hong Kong, adjusted EBITDA margin would have been 8.0% (+30 bps) in Q3 and 7.5% (+220 bps) in 9M.
 - Aēsop: Q3 EBITDA margin reached 12.1% (+300 bps) and 9M margin was 12.1% (+120 bps).
- Net income of R\$68.6 million in Q3, impacted by the effects on EBITDA and net non-recurring Avon-related costs of R\$36.5 million. In 9M, net income was R\$176.6 million, showing a healthy increase of 6.0%.
- Further deleveraging: Net debt-to-EBITDA ratio reduced to 2.98 times, from 3.27 times in Q3-18, on track to deliver the guidance of 1.4 times by 2021. Cash flow was an outflow of R\$74.3 million in the quarter from lower net income and phasing in capex.
- Major steps towards the closing of Avon acquisition. Brazil's Administrative Council for Economic Defense – CADE, approved without restrictions the acquisition of Avon by Natura. All necessary Natura and Avon shareholder approvals for the transaction were obtained today. The closing, expected in the first quarter of 2020, is subject to the fulfillment of other conditions precedent, including anti-trust approvals in other jurisdictions.

*For comparison purposes, Q3 and 9M results and analyses in this report exclude the effects of IFRS 16. In section 5 of this report we present the reported results, including the impacts of IFRS16.

¹ Adjusted: Excluding effects that are not considered recurring nor comparable between the periods under analysis.

Management commentary:

Roberto Marques, Executive Chairman of the Board of Natura &Co¹ declared:

"Natura &Co posted a remarkable sales performance in the third quarter, exceeding market expectations, with double-digit growth in constant currency. All our businesses and brands again contributed to growth despite headwinds in such markets as Brazil, where Natura continued to grow market share, and Hong Kong, which impacted The Body Shop and Aesop. Profitability notably reflected two effects that will contribute to strengthening our multi-brand group: A planned, phased increase in investments at Natura in its brand and digital operations to support its future growth, and non-recurring costs associated with the acquisition of Avon Products Inc.

We are excited with progress made to complete the acquisition of Avon. With the recent approval by Brazil's anti-trust authorities of Natura &Co's acquisition of Avon and the approval of the transaction today by shareholders of both companies, we are on track to complete the closing of the transaction as planned in the first quarter of 2020.

This quarter was also marked by several highlights: Natura celebrated its 50th anniversary and entered a new country, Malaysia, leveraging The Body Shop's market knowledge. The Body Shop joined Natura in being certified as a B-Corp and inaugurated its new store concept in London, reconnecting with its activist heritage. And Aesop, while continuing its expansion, also stepped up its sustainability actions.

All these Q3 achievements mark decisive new steps in the building of our multi-brand, multi-channel, purpose-driven Group."

Distribution:

On November 1, 2019, the Company announced the distribution of interests on shareholders' equity ("IOC") in the amount of R\$ 110.7 million, corresponding to R\$0.12784527353 per share, relating to the period from January 1 through October 31, 2019. This IOC payment will be imputed net of withholding income tax to the mandatory dividend for 2019. Shares traded "ex-IOC" on November 7, 2019 (included), and the corresponding payment will occur on February 26, 2020.

1. Results analysis

Third quarter and 9M19:

As of January 1st, 2019, a new accounting standard for leases was adopted, IFRS 16, without restating the comparable periods. For purposes of comparison, the results and analysis related to Q3-19 and 9M19 in this report exclude its effects. Thus, the terms "EBITDA", "Net Income" and "Financial Income and Expenses" presented herein exclude the effects of IFRS 16, whereas "Adjusted EBITDA" also excludes other effects that are not considered recurring nor comparable between the periods under analysis. In section 5 of this document we present the reported results, including the impacts of IFRS 16.

Our consolidated results by brand and business unit are shown below:

¹ Natura &Co is the Corporate denomination of Natura Cosméticos S.A., which includes Natura, The Body and Aesop.

R\$ million	Profit and Loss by Business											
	Consolidated ^a			Natura			The Body Shop			Aesop		
	Q3-19 ^d	Q3-18	Ch. %	Q3-19 ^d	Q3-18	Ch. %	Q3-19 ^d	Q3-18	Ch. %	Q3-19 ^d	Q3-18	Ch. %
Gross Revenue	4,705.0	4,392.9	7.1	3,084.8	2,790.1	10.6	1,288.6	1,307.7	(1.5)	331.5	295.1	12.3
Net Revenue	3,473.8	3,241.9	7.2	2,241.8	2,048.7	9.4	935.7	925.8	1.1	296.3	267.4	10.8
COGS	(967.1)	(867.1)	11.5	(716.7)	(615.0)	16.5	(222.9)	(223.7)	(0.4)	(27.6)	(28.4)	(2.9)
Gross Profit	2,506.7	2,374.8	5.6	1,525.1	1,433.7	6.4	712.8	702.1	1.5	268.7	239.0	12.4
Selling, Marketing and Logistics Expenses	(1,623.9)	(1,534.3)	5.8	(931.1)	(886.0)	5.1	(529.1)	(510.2)	3.7	(163.7)	(138.1)	18.5
Administrative, R&D, IT and Projects Expenses	(574.9)	(489.0)	17.6	(314.1)	(206.9)	51.8	(172.7)	(171.6)	0.6	(88.1)	(110.5)	(20.2)
Corporate Expenses ^b	(32.8)	(24.9)	31.9	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Other Operating Income/ (Expenses), Net	11.0	38.0	(71.1)	12.0	21.0	(42.6)	(1.5)	0.5	-	0.4	16.5	(97.6)
Acquisition Related Expenses ^c	(32.0)	0.0	-	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Transformation Costs	(6.4)	(24.7)	(73.9)	0.0	0.0	-	(6.4)	(24.7)	(73.9)	0.0	0.0	-
Depreciation	151.3	143.1	5.7	73.7	69.2	6.4	59.4	56.6	5.0	18.2	17.2	5.6
EBITDA	398.9	483.0	(17.4)	365.6	431.0	(15.2)	62.6	52.7	18.7	35.5	24.1	47.1
Depreciation	(151.3)	(143.1)	5.7	-	-	-	-	-	-	-	-	-
Financial Income/(Expenses), Net	(171.9)	(163.9)	4.9	-	-	-	-	-	-	-	-	-
Earnings Before Taxes	75.7	176.0	(57.0)	-	-	-	-	-	-	-	-	-
Income Tax and Social Contribution	(7.1)	(43.1)	(83.5)	-	-	-	-	-	-	-	-	-
Consolidated Net Income	68.6	132.8	(48.4)	-	-	-	-	-	-	-	-	-
Gross Margin	72.2%	73.3%	(1.1) pp	68.0%	70.0%	(2.0) pp	76.2%	75.8%	0.4 pp	90.7%	89.4%	1.3 pp
Selling, Marketing and Logistics Exp./ Net Revenue	46.7%	47.3%	(0.6) pp	41.5%	43.2%	(1.7) pp	56.5%	55.1%	1.4 pp	55.2%	51.6%	3.6 pp
Admin., R&D, IT, and Projects Exp./ Net Revenue	16.6%	15.1%	1.5 pp	14.0%	10.1%	3.9 pp	18.5%	18.5%	0.0 pp	29.8%	41.3%	(11.5) pp
EBITDA Margin	11.5%	14.9%	(3.4) pp	16.3%	21.0%	(4.7) pp	6.7%	5.7%	1.0 pp	12.0%	9.0%	3.0 pp
Net Margin	2.0%	4.1%	(2.1) pp	-	-	-	-	-	-	-	-	-

^a Consolidated results include Natura, Aesop, The Body Shop as well as the Natura subsidiaries in the U.S., France and the Netherlands.

^b Expenses related to the management and integration of the Natura & Co group

^c Avon acquisition-related expenses, reported in the consolidated Profit and Loss

^d Excluding IFRS 16 impacts

R\$ million	Profit and Loss by Business											
	Consolidated ^a			Natura			The Body Shop			Aesop		
	9M-19 ^d	9M-18	Ch. %	9M-19 ^d	9M-18	Ch. %	9M-19 ^d	9M-18	Ch. %	9M-19 ^d	9M-18	Ch. %
Gross Revenue	13,275.5	12,450.1	6.6	8,601.7	8,015.7	7.3	3,726.3	3,657.3	1.9	947.6	777.1	21.9
Net Revenue	9,792.7	9,062.0	8.1	6,249.8	5,818.1	7.4	2,692.5	2,539.8	6.0	850.4	704.0	20.8
COGS	(2,740.9)	(2,518.9)	8.8	(2,024.0)	(1,838.1)	10.1	(638.8)	(606.2)	5.4	(78.1)	(74.5)	4.8
Gross Profit	7,051.8	6,543.1	7.8	4,225.8	3,980.0	6.2	2,053.7	1,933.6	6.2	772.3	629.5	22.7
Selling, Marketing and Logistics Expenses	(4,611.3)	(4,280.7)	7.7	(2,621.4)	(2,450.5)	7.0	(1,529.2)	(1,470.3)	4.0	(460.7)	(359.9)	28.0
Administrative, R&D, IT and Projects Expenses	(1,623.6)	(1,445.9)	12.3	(869.1)	(745.0)	16.7	(490.2)	(460.2)	6.5	(264.3)	(240.7)	9.8
Corporate Expenses ^b	(88.2)	(62.4)	41.4	-	-	-	-	-	-	-	-	-
Other Operating Income/ (Expenses), Net	123.9	21.5	476.7	131.1	21.6	505.8	(7.4)	0.2	-	0.1	(0.3)	-
Acquisition Related Expenses ^c	(103.9)	-	-	-	-	-	-	-	-	-	-	-
Transformation Costs	(32.8)	(62.4)	(47.4)	-	-	-	(32.8)	(62.4)	(47.4)	-	-	-
Depreciation	444.6	418.9	6.1	213.0	214.8	(0.8)	176.2	156.3	12.7	55.4	47.8	15.9
EBITDA	1,160.5	1,132.1	2.5	1,079.4	1,020.9	5.7	170.3	97.1	75.4	102.9	76.4	34.7
Depreciation	(444.6)	(418.9)	6.1	-	-	-	-	-	-	-	-	-
Financial Income/(Expenses), Net	(500.7)	(475.7)	5.3	-	-	-	-	-	-	-	-	-
Earnings Before Taxes	215.2	237.5	(9.4)	-	-	-	-	-	-	-	-	-
Income Tax and Social Contribution	(38.5)	(70.8)	(45.6)	-	-	-	-	-	-	-	-	-
Consolidated Net Income	176.6	166.7	6.0	-	-	-	-	-	-	-	-	-
Gross Margin	72.0%	72.2%	(0.2) pp	67.6%	68.4%	(0.8) pp	76.3%	76.1%	0.1 pp	90.8%	89.4%	1.4 pp
Selling, Marketing and Logistics Exp./ Net Revenue	47.1%	47.2%	(0.1) pp	41.9%	42.1%	(0.2) pp	56.8%	57.9%	(1.1) pp	54.2%	51.1%	3.1 pp
Admin., R&D, IT, and Projects Exp./ Net Revenue	16.6%	16.0%	0.6 pp	13.9%	12.8%	1.1 pp	18.2%	18.1%	0.1 pp	31.1%	34.2%	(3.1) pp
EBITDA Margin	11.9%	12.5%	(0.6) pp	17.3%	17.5%	(0.3) pp	6.3%	3.8%	2.5 pp	12.1%	10.9%	1.2 pp
Net Margin	1.8%	1.8%	(0.0) pp	-	-	-	-	-	-	-	-	-

^a Consolidated results include Natura, Aesop, The Body Shop as well as the Natura subsidiaries in the U.S., France and the Netherlands.

^b Expenses related to the management and integration of the Natura & Co group

^c Avon acquisition-related expenses, reported in the consolidated Profit and Loss

^d Excluding IFRS 16 impacts

A reconciliation between consolidated figures and consolidated adjusted figures for net revenue and EBITDA is shown below:

R\$ million	Consolidated Results					
	Q3-19	Q3-18	Ch. %	9M-19 ^(a)	9M-18 ^(a)	Ch. %
Consolidated Net Revenue	3,473.8	3,241.9	7.2	9,792.7	9,062.0	8.1
IFRS 15 - Late payment charges in Natura Brazil (1)	(30.9)	(98.8)	(68.7)	(93.9)	(98.8)	(4.9)
IFRS 15 - Late payment charges in Natura Latam (1)	(10.9)	(29.5)	(63.2)	(33.0)	(29.5)	11.8
Hyperinflation and exchange rate effects in Argentina (2)	46.3	157.1	(70.5)	28.7	124.7	(77.0)
Adjusted (comparable) Net Revenue	3,478.3	3,270.7	6.3	9,694.4	9,058.3	7.0

(a) 9M19 and 9M18 revenues include the application of IFRS 15 and are on a comparable basis.

R\$ million	Consolidated Results					
	Q3-19	Q3-18	Ch. %	9M-19	9M-18	Ch. %
Consolidated EBITDA Ex-IFRS 16	398.9	483.0	(17.4)	1,160.5	1,132.1	2.5
IFRS 15 - Late payment charges in Natura Brazil and other provisions (1)	2.6	(63.4) ^(a)	-	17.3	(63.4) ^(a)	-
Hyperinflation and exchange rate effects in Argentina (2)	19.3	31.2	(37.9)	34.0	35.4	(3.9)
Tax credits, recoveries and provision reversal (3)	-	-	-	(130.5)	-	-
Acquisition-related expenses (4)	32.0	-	-	103.9	-	-
The Body Shop's transformation costs (5)	6.4	24.7	(73.9)	32.8	62.4	(47.4)
Adjusted (comparable) EBITDA	459.3	475.5 ^(a)	(3.4)	1,217.9	1,166.4 ^(a)	4.4
<i>Adjusted (comparable) EBITDA Margin</i>	<i>13.2%</i>	<i>14.5%</i>	<i>(1.3) pp</i>	<i>12.6%</i>	<i>12.9%</i>	<i>(0.3) pp</i>

(a) A non-recurring provision reversal of R\$21.1 million that was included in the full-year figures as published in Q4-18 earnings release relates to Q3-18, which has thus been restated.

- (1) IFRS 15: Reclassification of late payment charges in Q3-19 and 9M19, with impacts on net revenue and EBITDA for Natura Brazil and with impact on net revenue in Latam
- (2) Hyperinflation and foreign currency translation accounting standards (IAS29 and IAS21, respectively) in Argentina in Q3-19 and 9M19, with impact in Latam's full P&L
- (3) Tax credits, recoveries and provision reversal: Tax credits related to previous years, tax recoveries related to ICMS taxes applied to the base of PIS and COFINS, and ICMS provision reversal in previous quarters
- (4) Avon acquisition-related expenses: Non-recurring costs associated with Avon acquisition, mainly related to professional fees and planning costs.
- (5) The Body Shop's transformation costs refer to the amounts allocated to the execution of its transformation plan, as previously announced by the group, with impact on EBITDA

Consolidated net revenue growth in Q3 and 9M

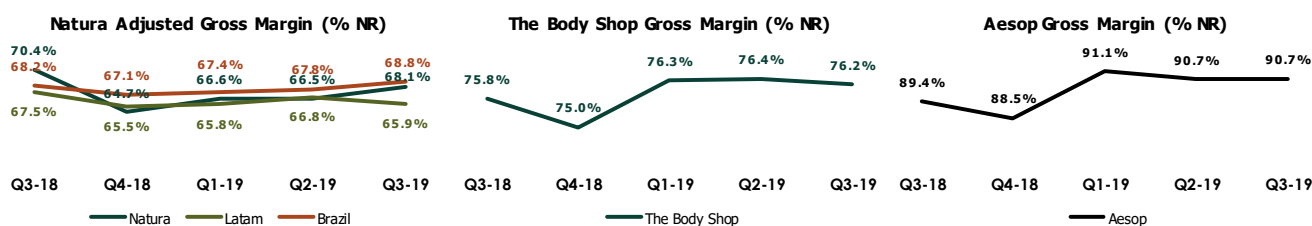
Consolidated net revenue in BRL grew by a strong 7.2% year-on-year. Adjusted net revenue (see definition above) grew 6.3%, driven by all three businesses. At Natura, Brazil grew 7.2% in Q3-19 and continued to gain market share, despite a weak CFT market and a strong comparable base (Q3-18 revenues grew 5.8%), driven by growth across all channels, and in core categories as well as strategic launches in the period. In Latam, revenue grew 10.2% in BRL (+28.8% at constant currency), supported by better volumes, an increase in the consultant base, higher productivity and accelerating growth in Argentina, outpacing inflation. The Body Shop's net revenue increased 1.1% in BRL (+3.8% at constant currency) on a strong comparable base of +3.6% in Q3-18, supported by markets such as UK, APAC and Latam, franchise and at-home channels. Aesop posted 10.8% revenue growth in BRL in Q3-19 (+10.2% at constant currency).

In 9M19, consolidated net revenue in BRL grew 8.1%, while adjusted net revenue grew 7.0%, with growth across all three businesses.

Gross margin

Consolidated gross margin reached 72.2% in Q3-19 (-110 bps). Adjusted gross margin remained stable in Q3 and 9M, at 72.0% and 71.9%, respectively.

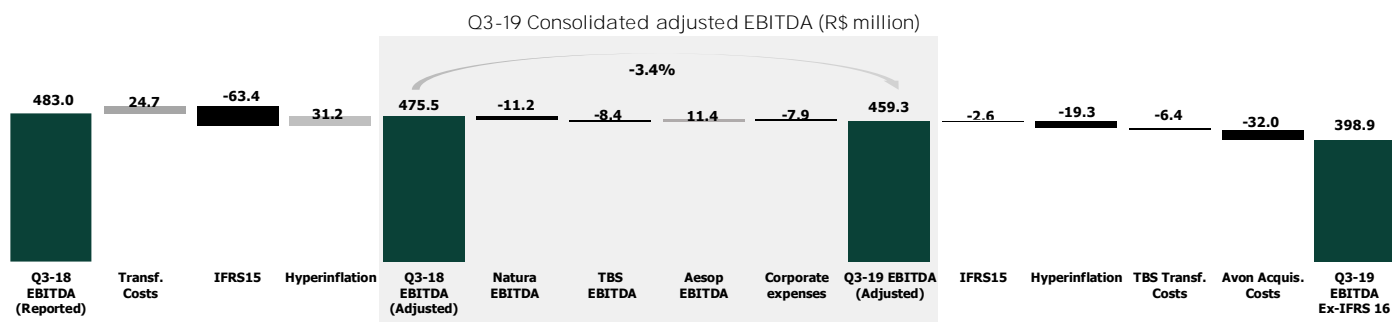
- **In Brazil, Natura's** gross margin was 69.4% in Q3-19 (-90 bps). Adjusted gross margin, excluding the effect of IFRS 15, was 68.8% (+60 bps), favored by category mix.
- **In Latam, Natura's** gross margin was 65.2% in Q3-19 (-400 bps). Adjusted gross margin (excluding IFRS 15 effects and hyperinflationary accounting effects) was 65.9% in Q3-19 (-160 bps), mainly due to FX effects in Argentina.
- The Body Shop's gross margin reached 76.2% in Q3-19 (+40 bps).
- Aesop's gross margin was 90.7% in Q3-19 (+130 bps).

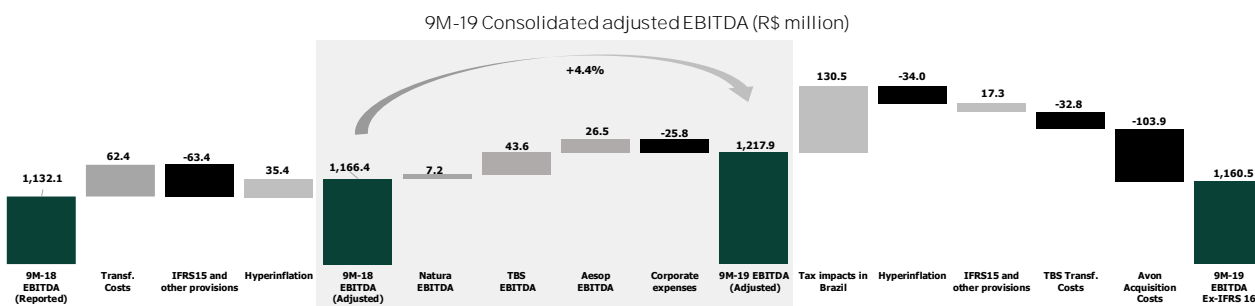


Consolidated EBITDA

Q3 consolidated EBITDA in BRL was R\$ 398.9 million and adjusted consolidated EBITDA (see reconciliation on page 4) was R\$459.3 million, with margin of 13.2% (-130 bps). EBITDA margin reflects a planned increase in strategic investments to strengthen our fundamentals, driving consistent and sustainable top line growth. It also reflects non-recurring Avon-related acquisition expenses of R\$32.0 million, mainly related to professional fees and planning costs. **Natura Brazil's** Q3 Adjusted EBITDA margin was 17.5% (-260 bps), due to phased marketing investments in the Natura brand and digital investments, to support innovation and productivity gains, while **Latam's** margin was 19.0% (+60 bps) on continued improvement of operational efficiency. The **Body Shop's** adjusted EBITDA margin was 7.4% in Q3-19 (-100 bps), notably reflecting the impact of events in Hong Kong. Aesop's EBITDA margin reached 12.0% (+300 bps) vs. Q3-18.

In 9M19, consolidated EBITDA in BRL was R\$1,160.5 million, with margin of 11.9% (-60 bps), and adjusted EBITDA stood at R\$1,217.9 million, with margin of 12.6% (-30 bps).





Financial income and expenses

Net financial expenses were R\$171.9 million in Q3-19, vs. R\$163.9 million in Q3-18. The increase is mainly due to financing costs associated with the Avon acquisition of R\$23.3 million.

Interest expense on borrowings and financing decreased by 7.6% (R\$11.8 million) due to lower average debt and lower CDI interest rate in Brazil. However, interest income on short-term investments decreased by 43.7% (R\$8.7 million), due to lower average short-term deposits and a lower CDI rate in the quarter.

In 9M19, net total financial expenses were R\$500.7 million, compared with R\$475.7 million in 9M18.

The following chart details the main changes in our financial income and expenses:

R\$ million	Q3-19 ^a	Q3-18	Ch. %	9M-19	9M-18	Ch. %
Financial Income and Expenses, Net (Ex-IFRS16)	(171.9)	(163.9)	<i>4.9</i>	(500.7)	(475.7)	<i>5.3</i>
1. Borrowings/Financing (B/F) and Short-Term Investments (STI)	(132.0)	(135.0)	<i>(2.3)</i>	(388.3)	(394.7)	<i>(1.6)</i>
2. Operational FX Gains/(Losses) - Brazil	6.3	7.3	<i>(12.9)</i>	7.3	28.8	<i>(74.8)</i>
3. Judicial Contingencies	0.5	2.0	<i>(73.0)</i>	9.8	(13.8)	<i>(170.9)</i>
4. International Operations - Latam	(11.7)	(7.5)	<i>56.0</i>	(16.1)	(24.4)	<i>(34.0)</i>
5. Other Financial Income and Expenses	(35.0)	(30.7)	<i>14.1</i>	(113.4)	(71.6)	<i>58.3</i>
TBS Related Financial Expenses	(3.9)	(12.9)	<i>(69.8)</i>	(12.7)	(32.5)	<i>(61.1)</i>
Lease Interest Expenses	(10.3)	(13.4)	<i>(23.1)</i>	(32.2)	(34.8)	<i>(7.5)</i>
Avon acquisition related financing fees	(23.3)	0.0	-	(52.7)	0.0	-
Other	2.5	(4.4)	-	(15.8)	(4.3)	<i>268.4</i>

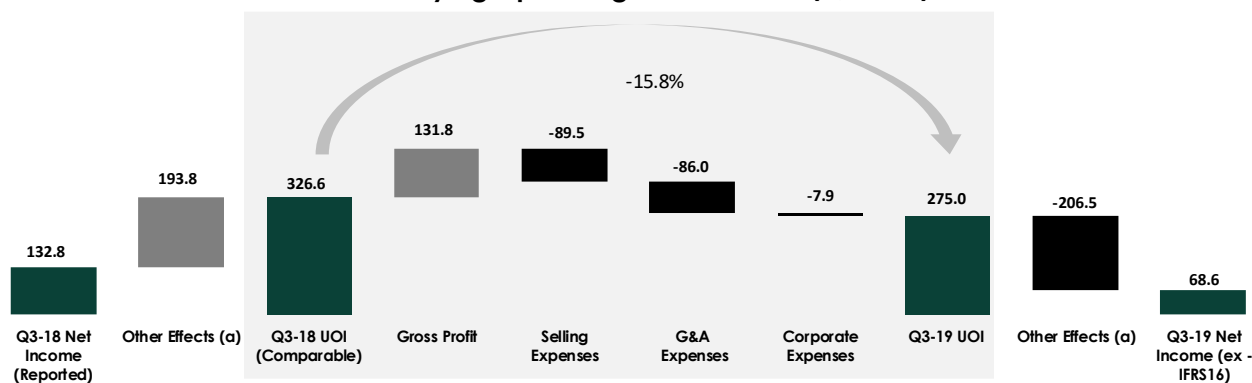
^a Excluding IFRS 16 impacts

Net income of R\$68.6 million in Q3-19 vs. 132.8 million in Q3-18, impacted by the effects on EBITDA and non-recurring Avon-related acquisition costs, which totalled R\$36.5 million (net of income tax at a rate of 34.0%). These include R\$32.0 million in professional fees/planning expenses and R\$23.3 million in financing fees, on a pre-tax basis.

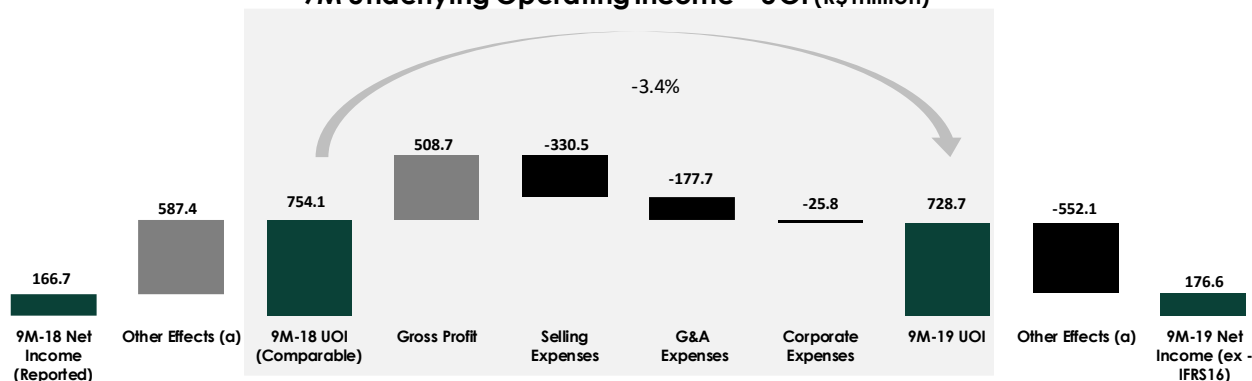
In 9M19, net income was R\$176.6 million, up 6.0%. Avon-related acquisition costs totalled R\$103.4 million (net of income tax at the rate of 34.0%). They were comprised of R\$103.9 million in professional fees/planning expenses and R\$52.7 million in financing fees, on a pre-tax basis.

Underlying Operating Income, which excludes all non-recurring effects, decreased by 15.8% in Q3-19 vs Q3-18 and 3.4% in 9M19 vs. 9M18, mainly due to higher SG&A expenses to lay the foundations for sustainable long-term growth at Natura.

Q3 Underlying Operating Income - UOI (R\$ million)



9M Underlying Operating Income - UOI (R\$ million)



(a) Other effects refer to the P&L lines not considered part of underlying operating income: other operating income/expenses, acquisition-related expenses, transformation costs, financial income/expenses and income tax expenses and social contribution.

Underlying Operating Income is calculated as follows:

R\$ million	Q3-19 ^a	Q3-18	Ch. %	9M-19 ^a	9M-18	Ch. %
Gross Profit	2,506.7	2,374.8	5.6%	7,051.8	6,543.1	7.8%
Selling, Marketing and Logistics Expenses	(1,623.9)	(1,534.4)	5.8%	(4,611.3)	(4,280.7)	7.7%
Administrative, R&D, IT and Project Expenses	(574.9)	(489.0)	17.6%	(1,623.6)	(1,445.9)	12.3%
Corporate Expenses	(32.8)	(24.9)	31.9%	(88.2)	(62.4)	41.4%
Underlying Operating Income	275.0	326.6	-15.8%	728.7	754.1	-3.4%

^a Excludes the impact of IFRS 16

Free cash flow

R\$ million	Q3-19	Q3-18	Ch. %	9M-19	9M-18	Ch. %
Net Income Ex-IFRS 16	68.6	132.8	-48%	176.6	166.7	6%
IFRS16 Impact	(4.8)	0.0	-	(43.4)	0.0	-
Net Income (Reported)	63.8	132.8	-52%	133.2	166.7	-20%
Depreciation and Amortization	282.8	143.1	98%	819.5	418.9	96%
Non-Cash/Others ^a	(113.0)	122.6	-	(363.4)	139.9	-360%
Internal Cash Use	233.6	398.5	-41%	589.3	725.4	-19%
Working Capital (Increase)/Decrease	(153.7)	(285.1)	-46%	(622.5)	(691.2)	-10%
Cash Use Before Capex	79.9	113.4	-30%	(33.2)	34.3	-197%
Capex	(154.2)	(123.3)	25%	(371.6)	(273.7)	36%
Free Cash Flow^b	(74.3)	(9.9)	651%	(404.8)	(239.5)	69%

^a Includes the effects of deferred income tax, fixed and intangible assets write-offs, FX on translation of working capital, fixed assets, etc.

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

Cash outflow in Q3-19 was R\$74.3 million, vs. R\$ 9.9 million in Q3-18. This is mainly attributable to lower net income and higher Capex due to phasing of projects. These effects were partially offset by improved working capital at Natura.

Strong deleveraging: Net debt-to-EBITDA ratio reduced to 2.98x in Q3-19 from 3.27x in Q3-18

In August 2019, Natura completed its 10th non-convertible debenture issuance, in the amount of R\$1,576.5 million, in four tranches, with five-year maturity, due in August 2024. The objective of the issuance was to fully repay the 8th debenture issuance due in 2019, and extend the tenor of tranches due in 2020 of other issuances. As a result of this issuance, the Company now has 94.5% of long-term debt, with an average maturity of 3.1 years.

We are on track to achieve our target of reducing the company's leverage to the pre-Body Shop acquisition level of 1.4 times by 2021. This measure is comparable to previous periods.

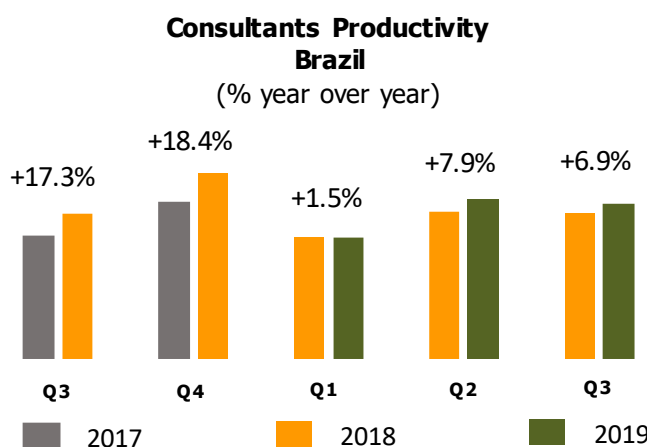
R\$ million	Q3-19	Q3-18
Short-Term	439.5	1,203.9
Long-Term	7,574.1	7,047.1
Gross Debt (without leases)	8,013.6	8,251.0
Foreign currency hedging (Swaps) ^a	(765.5)	(726.3)
Total Gross Debt	7,248.2	7,524.7
(-) Cash, Cash Equivalents and Short-Term Investment	(1,660.6)	(1,766.1)
(=) Net Debt	5,587.5	5,758.5
Net Debt/EBITDA (Ex-IFRS 16)	2.98	3.27
Total Debt/EBITDA (Ex-IFRS 16)	3.86	4.27

^a Foreign currency debt hedging instruments, excluding the mark-to-market effects

2. Performance by business

Natura – Brazil: Celebrating 50 years with strong revenue growth on hard comps

Natura Brazil's adjusted net revenue, excluding the effect of IFRS 15, was up by a strong 7.2%, with continued market share gains, despite a weak CFT market and a strong comparable base.



Productivity per consultant was up for the 12th consecutive quarter, by 6.9% vs. Q3-18. Our average consultant base was stable vs. Q3-18, and up by 1.8% vs. Q2-19. Progression towards the top tier segments (Silver+) of our Relationship Selling model continued to improve strongly.

The number of consultants using our digital platforms (app + web) rose to 860,000, a significant increase of 32.3% vs. Q3-18, boosted by new features in the app and the adoption of the Natura digital account. Of these, 600,000 have virtual consultant stores in Rede Natura, a 70% increase versus last year, as a result of the convergence program initiated in June. The

increase in virtual stores contributed to double-digit growth in online sales, with a significant increase in the number of visits and customized offers.

Natura's 50th anniversary was marked by a strong innovation-driven pipeline, with new disruptive products. The highlights were the relaunch of the Tododia body care product line, with an advanced formulation including prebiotics to boost self-hydration of the skin, and the new Mum and Baby line (*Mamãe e Bebê*), with 100% vegan, natural origin formulas and ecological packaging.

We launched another 6 own stores in the quarter, all under the new concept, totaling 49 stores (+18 vs. Q3-18). Like-for-like sales remained strong, which combined with the new stores' sales resulted in a near-doubling of the channel's revenue.

Our franchise stores *Aqui Tem Natura* accelerated sell-out sales in the quarter, on the back of strong double-digit like-for-like growth, and another 50 stores were launched in the quarter, bringing the total to just over 300.

We launched the Natura brand in Asia, through a partnership in Malaysia with the head franchisee of The Body Shop. Starting with online, the multichannel launch will be followed by social selling and Natura stores.

The quarter was marked by important strategic brand initiatives. A highlight was our sponsorship of the Rock in Rio festival. The media reach and earned media in multiple channels, notably social media and open TV significantly surpassed our expectations, reinforcing the Natura brand's connection with young consumers.

Natura – Brazil: Financial reconciliation

Net revenue in Q3-19 was impacted by the reclassification of late payment charges, under IFRS 15 (*Revenue from Contracts with Customers*), which were historically booked as reductions to selling expenses. The amount reclassified is net of the corresponding PIS and COFINS excise taxes. The impact of this effect on net revenue in Q3-19 was an increase of R\$30.9 million. In Q3-18 the impact was an increase of R\$98.8 million on net revenue, of which R\$30.7 million related to Q3, with the balance relating to the first half of the year.

R\$ million	Profit and Loss Natura - Brazil					
	Q3-19 ^a	Q3-18	Ch. %	9M-19	9M-18	Ch. %
Total Consultants - end of period ('000)	1,069.7	1,082.1	(1.1)	1,069.7	1,082.1	(1.1)
Total Consultants - average of period ('000)	1,057.4	1,061.9	(0.4)	1,037.6	1,050.5	(1.2)
Units Sold - items for resale (in million)	87.0	94.4	(7.8)	247.2	258.4	(4.3)
Gross Revenue	2,219.5	2,158.1	2.8	6,130.9	5,867.1	4.5
Net Revenue	1,564.7	1,529.0	2.3	4,314.8	4,132.1	4.4
COGS	(478.9)	(454.7)	5.3	(1,348.0)	(1,283.5)	5.0
Gross Profit	1,085.8	1,074.4	1.1	2,966.8	2,848.6	4.2
Selling, Marketing and Logistics Expenses	(666.8)	(656.6)	1.6	(1,802.8)	(1,721.3)	4.7
Administrative, R&D, IT and Projects Expenses	(227.3)	(154.1)	47.6	(634.7)	(551.2)	15.1
Other Operating Income/ (Expenses), Net	11.2	23.3	(51.7)	131.0	24.7	430.6
Depreciation	63.0	63.9	(1.4)	181.6	192.2	(5.5)
EBITDA	265.9	350.9	(24.2)	841.9	793.0	6.2
<i>Gross Margin</i>	<i>69.4%</i>	<i>70.3%</i>	<i>(0.9) pp</i>	<i>68.8%</i>	<i>68.9%</i>	<i>(0.1) pp</i>
<i>Selling, Marketing and Logistics Exp./ Net Revenue</i>	<i>42.6%</i>	<i>42.9%</i>	<i>(0.3) pp</i>	<i>41.8%</i>	<i>41.7%</i>	<i>0.1 pp</i>
<i>Admin., R&D, IT, and Projects Exp./ Net Revenue</i>	<i>14.5%</i>	<i>10.1%</i>	<i>4.4 pp</i>	<i>14.7%</i>	<i>13.3%</i>	<i>1.4 pp</i>
<i>EBITDA Margin</i>	<i>17.0%</i>	<i>22.9%</i>	<i>(5.9) pp</i>	<i>19.5%</i>	<i>19.2%</i>	<i>0.3 pp</i>

^a Excluding IFRS 16 impacts

A reconciliation between net revenue and adjusted net revenue is provided below:

R\$ million	Q3-19	Q3-18	Ch. %	9M-19 ^(a)	9M-18 ^(a)	Ch. %
Net Revenue	1,564.7	1,529.0	2.3	4,314.8	4,132.1	4.4
IFRS 15 - Late payment charges in Natura Brazil and other provisions	(30.9)	(98.8)	(68.7)	(93.9)	(98.8)	(4.9)
Adjusted (comparable) Net Revenue	1,533.7	1,430.2	7.2	4,220.9	4,033.3	4.7

(a) 9M19 and 9M18 revenues include the application of IFRS 15 and are on a comparable basis.

Natura Brazil's EBITDA was R\$265.9 million in Q3-19. Adjusted EBITDA was R\$268.5 million in Q3-19, vs. R\$287.5 million in Q3-18 (-6.6%). EBITDA margin was 17.5% (-260 bps), due mainly to higher SG&A expenses. In 9M19, EBITDA in BRL was R\$841.9 million, while adjusted EBITDA was R\$728.7 million, stable vs. 9M18, with margin of 17.3% (-80 bps).

Adjusted selling, marketing & logistics expenses increased 260 bps, to 41.3% of adjusted net revenue, due to the planned phasing of increased marketing investments, including the sponsorship of the Rock in Rio festival, connecting the Natura brand with a younger consumer profile, Natura's 50th anniversary and the launch of a strong product pipeline. In 9M19, such expenses remained broadly stable vs. 9M18, at 40.3% of adjusted net sales.

Adjusted administrative, R&D, IT and project expenses increased 70 bps, to 14.8% of adjusted net revenue, mainly reflecting investments in innovation and advances in our digitalization plan. In 9M19, such expenses stood at 15.0% of adjusted net sales, vs. 14.8% in 9M18.

A reconciliation between EBITDA and adjusted EBITDA is presented below:

R\$ million	Q3-19	Q3-18	Ch. %	9M-19	9M-18	Ch. %
EBITDA Ex-IFRS 16	265.9	350.9	(24.2)	841.9	793.0	6.2
IFRS 15 - Late payment charges in Natura Brazil and other provisions	2.6	(63.39) ^(a)	-	17.3	(63.4) ^(a)	-
Tax credits, recoveries and provision reversal	-	-	-	(130.5)	-	-
Adjusted (comparable) EBITDA	268.5	287.5^(a)	(6.6)	728.7	729.6^(a)	(0.1)
<i>Adjusted Gross Margin</i>	68.8%	68.2%	0.6 pp	68.1%	68.2%	(0.1) pp
<i>Adjusted Selling, Marketing and Logistics Exp./ Net Revenue</i>	41.3%	38.7%	2.6 pp	40.3%	40.1%	0.2 pp
<i>Adjusted Admin., R&D, IT, and Projects Exp./ Net Revenue</i>	14.8%	14.1%	0.7 pp	15.0%	14.8%	0.2 pp
<i>Adjusted EBITDA Margin</i>	17.5%	20.1%	(2.6) pp	17.3%	18.1%	(0.8) pp

(a) A non-recurring provision reversal of R\$21.1 million that was included in the full-year figures as published in Q4-18 earnings release relates to Q3-18, which has thus been restated.

Natura – Latam: Double-digit revenue and EBITDA growth

In Q3, revenue was up 30.5% in BRL, while adjusted net sales grew by 10.2%, excluding the effects of hyperinflation and foreign currency translation accounting standards (IAS29 and IAS21, respectively) and IFRS 15 adjustments. At constant currency, Latam's revenue grew by a robust 28.8%.

The number of consultants grew 8.3% vs. Q3-18, and units sold increased by 23.9%. All operations reported revenue growth, with Argentina, Colombia and Mexico as highlights. Argentina's sales accelerated, posting strong real growth amid a challenging macro-economic environment, attesting to continued brand preference gains and channel growth.

The quarter was marked by the launch and strong adoption of the mobile platform in all countries, contributing to consultant productivity. The platform offers the top features and will be further enhanced with the deployment of incremental services.

Natura – Latam: Financial reconciliation

Hyperinflation and foreign currency translation accounting: Inflation in Argentina reached 100% over the last three years and has subsequently triggered the adoption of the following accounting standards:

IAS 29 - *Financial Reporting in Hyperinflationary Economies*, which requires the restatement of an entity's financial statements whose functional currency is that of a hyperinflationary economy, to reflect the changes in the general pricing power of its currency, and

IAS 21 - *The Effects of Changes in Foreign Currency*, whereby Argentina's financial statements (including P&L) had to be translated from ARS into BRL at the foreign currency exchange rate at the end of the reporting period (September 30, 2019). For further detail please refer to Explanatory Note 2.2) of the financial statements.

IFRS 15 – *Revenue from Contracts with Customers*: The impact of the reclassification of late payment charges on net revenues was an increase of R\$10.9 million.

R\$ million	Profit and Loss					
	Natura - Latam					
	Q3-19 ^a	Q3-18	Ch. %	9M-19	9M-18	Ch. %
Total Consultants - end of period ('000)	689.5	636.8	8.3	689.5	636.8	8.3
Total Consultants - average of period ('000)	676.6	633.8	6.8	655.2	615.2	6.5
Units Sold - items for resale (million)	43.8	35.4	23.9	115.8	100.7	15.0
Gross Revenue	863.2	629.6	37.1	2,463.9	2,141.8	15.0
Net Revenue	675.4	517.6	30.5	1,928.9	1,680.1	14.8
COGS	(235.2)	(159.7)	47.3	(672.0)	(552.9)	21.5
Gross Profit	440.1	357.9	23.0	1,256.9	1,127.1	11.5
Selling, Marketing and Logistics Expenses	(261.3)	(222.5)	17.5	(809.4)	(709.7)	14.1
Administrative, R&D, IT and Projects Expenses	(70.7)	(50.8)	39.2	(204.8)	(187.4)	9.3
Other Operating Income/ (Expenses), Net	0.8	(2.3)	-	0.1	(3.0)	-
Depreciation	6.9	5.2	34.5	26.5	22.2	19.6
EBITDA	115.8	87.5	32.4	269.3	249.2	8.1
<i>Gross Margin</i>	65.2%	69.2%	(4.0) pp	65.2%	67.1%	(1.9) pp
<i>Selling, Marketing and Logistics Exp./ Net Revenue</i>	38.7%	43.0%	(4.3) pp	42.0%	42.2%	(0.3) pp
<i>Admin., R&D, IT, and Projects Exp./ Net Revenue</i>	10.5%	9.8%	0.7 pp	10.6%	11.2%	(0.5) pp
<i>EBITDA Margin</i>	17.1%	16.9%	0.2 pp	14.0%	14.8%	(0.9) pp

^a Excluding IFRS 16 impacts

A reconciliation between net revenue and adjusted net revenue is provided below:

R\$ million	Q3-19	Q3-18	Ch. %	9M-19 ^(a)	9M-18 ^(a)	Ch. %
Net Revenue	675.4	517.6	30.5	1,928.9	1,680.1	14.8
IFRS 15 - Late payment charges	(10.9)	(29.5)	(63.2)	(33.0)	(29.5)	11.8
Hyperinflation and exchange rate effects in Argentina	46.3	157.1	(70.5)	28.7	124.7	(77.0)
Adjusted (comparable) Net Revenue	710.8	645.2	10.2	1,924.6	1,775.2	8.4

(a) 9M19 and 9M18 revenues include the application of IFRS 15 and are on a comparable basis.

Adjusted selling, marketing and logistics expenses decreased 170 bps to 37.7% of adjusted net revenue in Q3. Adjusted administrative, R&D, IT and project expenses decreased 30 bps, representing 10.2% of adjusted net revenue in the quarter, thanks to our continued efforts to improve operational efficiency.

EBITDA was R\$115.8 million in Q3-19. Adjusted EBITDA was R\$135.1 million, resulting in an adjusted EBITDA margin of 19.0% (+60 bps), thanks to strong top-line performance with greater operational leverage. 9M EBITDA was R\$269.3 million, while adjusted EBITDA was R\$ 303.3 million, with adjusted EBITDA margin of 15.8% (-20 bps).

Below is a reconciliation table between reported and adjusted EBITDA:

R\$ million	Q3-19	Q3-18	Ch. %	9M-19	9M-18	Ch. %
EBITDA Ex-IFRS 16	115.8	87.5	32.4	269.3	249.2	8.1
Hyperinflation and exchange rate effects in Argentina	19.3	31.2	(37.9)	34.0	35.4	(3.9)
Adjusted (comparable) EBITDA	135.1	118.6	13.9	303.3	284.5	6.6
<i>Adjusted Gross Margin</i>	65.9%	67.5%	(1.6) pp	66.2%	67.2%	(1.0) pp
<i>Adjusted Selling, Marketing and Logistics Exp./ Net Revenue</i>	37.7%	39.4%	(1.7) pp	40.8%	41.0%	(0.2) pp
<i>Adjusted Admin., R&D, IT, and Projects Exp./ Net Revenue</i>	10.2%	10.5%	(0.3) pp	10.8%	11.2%	(0.4) pp
<i>Adjusted EBITDA Margin</i>	19.0%	18.4%	0.6 pp	15.8%	16.0%	(0.2) pp

The Body Shop: Increase in sales with EBITDA growth

In Q3, The Body Shop posted net revenue of R\$935.7 million, growing by 1.1% in BRL and 3.8% at constant currency. This performance is supported by growth in the UK, APAC and LATAM, as well as higher sales in franchise, online and direct sales (At-Home) channels. Excluding the impact of the events in Hong Kong, net revenues grew 6.4% at constant currency. Own-store sales were impacted by the net closure of 35 own stores over the last twelve months and ongoing sales deceleration in Hong Kong. The UK posted double-digit growth, supported by robust growth in the direct sales channel and own stores, with LFL sales growth of 3.1%. In 9M, net revenues grew 6.0% in BRL and 1.7% at constant currency (+3.8% excluding Hong Kong).

The Body Shop launched in mid-September its new concept store in Bond Street, London, as part of its transformation plan. The high-footfall flagship store features several new elements, such as a return of the company's pioneering refill station and an activist corner, reviving the sustainability values and activism of The Body Shop's founder in a rejuvenated and interactive format.

EBITDA in Q3-19 reached R\$62.6 million, growing by 18.7% vs. Q3-18. Adjusted EBITDA (excluding transformation costs) was R\$69.0 million, resulting in an EBITDA margin of 7.4% (-100 bps), mainly attributable to events in Hong Kong. In 9M19, EBITDA reached R\$170.3 million, with margin of 6.3% (+250 bps). Adjusted 9M19 EBITDA was R\$203.1 million, with margin of 7.5% (+120 bps). Excluding Hong Kong, adjusted EBITDA margin was 8.0% (+30 bps) in Q3 and 7.5% (+220 bps) in 9M.

A reconciliation between EBITDA and adjusted EBITDA is presented below:

R\$ million	Q3-19	Q3-18	Ch. %	9M-19	9M-18	Ch. %
EBITDA Ex-IFRS 16	62.6	52.7	18.7	170.3	97.1	75.4
Transformation costs	6.4	24.7	(73.9)	32.8	62.4	(47.4)
Adjusted (comparable) EBITDA	69.0	77.4	(10.9)	203.1	159.4	27.4
<i>Adjusted (comparable) EBITDA Margin</i>	7.4%	8.4%	(1.0) pp	7.5%	6.3%	1.2 pp

Transformation costs in the quarter were R\$6.4 million or £1.2 million. The total cost of the transformation plan is approximately £30.0 million, of which £20 million was incurred in 2018 and £6.9 million so far this year. These costs are already factored into the targets presented for 2019 and 2022, as shown on the chart.

The quarter ended with 1,006 owned stores and 1,857 franchised stores, with 95 net total store closures (own and franchised) since Q3-18, of which 5 in this quarter. The chart below shows the store count progression:



Store	The Body Shop store count				
	Q3-19	Q2-19	Q3-18	Change vs. Q2-19	Change vs. Q3-18
Own	1,006	1,013	1,041	-7	-35
Franchise	1,857	1,855	1,917	2	-60
Total	2,863	2,868	2,958	-5	-95

Aesop: Revenue growth with strong EBITDA increase

Aesop posted 10.8% growth in Q3-19 in BRL. At constant currency, the business grew 10.2%. Signature store like-for-like sales were up 9.0% in the quarter. The Americas and Asia drove sales growth, despite the latter being under pressure from continued deceleration in Hong Kong.

Q3-19 EBITDA stood at R\$35.5 million, with EBITDA margin of 12.0% (+300 bps). 9M19 EBITDA was R\$102.9 million, with EBITDA margin of 12.1% (+120 bps).

Expansion of Aesop's signature stores continued, with 21 net openings in the last 12 months and 4 this quarter, reaching 240 stores.

Doors	Aesop door count				
	Q3-19	Q2-19	Q3-18	Change vs. Q2-19	Change vs. Q3-18
Signature stores	240	236	219	4	21
Department	95	94	89	1	6
Total	335	330	308	5	27

3. Social and environmental performance

Natura's Carbon Neutral Program, launched in 2007, which totally offsets the company's carbon emissions, received the 2019 United Nations Global Climate Action Award, the world's most important recognition of initiatives to fight climate change. The award recognizes innovative projects and solutions that also help advance the agenda on other sustainable development goals, such as innovation, gender equality and economic opportunity.

Natura is a constituent for the sixth consecutive year of the Dow Jones Sustainability Index – Emerging Markets Portfolio, of the New York Stock Exchange. The portfolio is comprised of 89 companies, of which only 8 are Brazilian, and Natura is the only beauty company from Latin America. The Body Shop was included in this year's assessment, given its relevance to the group in terms of revenues. Launched in 1999, the DJSI was the first global sustainability index to track companies with the best social, economic and environmental practices, which are recognized for their ability to create value for its long-term shareholders.

The Body Shop earned B-Corp certification, joining Natura and a select group of companies with a common mission of promoting changes in society through ethical and sustainable business activities. It is also the largest certified company founded by a woman.

Aesop replaced 560,000 wooden single-use stick dispensers with reusable and recyclable stainless steel ones in its retail stores.

Scope	Indicator	Unit	2020 ambition	Results		
				Q3-19	Q3-18	Highlights
Natura: Brazil + Latam	Sustainability Vision Index 2020 ¹	%	100	68	-	Partially below target: Good performance of post-consumer recycled materials, women in leadership position and program to hire people with disabilities but lower results in relative emissions and ecoefficient packaging
Natura: Brazil + Latam	Absolute Carbon Emissions (Scopes 1, 2 and 3)	ton	-	227,729	234,652	Reduction of 3% vs. previous period, thanks to better sales of products with lower carbon footprint in Latam, efficiency in logistics and improvement in printed materials. Absolute and relative emissions are not directly comparable, as the latter are influenced by business revenue efficiency and the former by business and processes
Natura: Brazil + Latam	Relative Carbon Emissions (Scopes 1, 2 and 3)	kg CO ₂ e/kg billed products	2.15	3.27	3.22	Increase of 2% vs previous period, thanks to better sales of products with lower carbon footprint in Latam, efficiency in logistics and improvement in printed materials
Natura: Brazil	Consumption of Amazon Inputs	% (R\$ Amazon Inputs /R\$ total inputs purchased)	30	17.2	18.0	Decrease of 4% vs previous period, due to a high volume of chemicals and fragrance purchases, production stoppages at Ecoparque, decreasing soap production and reduced soap noodle inventory
Natura: Brazil	Accumulated Amazon business volume ²	R\$ billion	1	1.72	1.41	2020 commitment exceeded, improving positive impact for the region and Amazonian communities
Natura: Brazil + Latam	Eco-Efficient Packaging ³	% (eco-efficient packaging units billed/total units billed)	40	20	22	Decrease of 9% vs previous period, due to Body Care and Hair Care sales, partially offset by good performance of refills in Brazil and Latam
Natura: Brazil	Packaging equivalent collected	%	50	40	-	Increase of 21% vs 2018 in Brazil, thanks to good performance of DAMF ("Dê a mão para o Futuro", from Abilpec) and ELOS program, developed by Natura and suppliers. First results in Latam in line with expectations
Natura: Latam		(in ton eq. of generated packaging)	-	14	-	
Natura: Brazil	Revenue Crer Para Ver EBIT BR	R\$ million	-	24.7	20.5	Increase of 20% vs previous period, on track to reach expected result for the year
Natura: Brazil + Latam	Women In Leadership Positions Index	%	50	40	37	Increase of 8% vs previous period, in line with diversity and inclusion strategy

¹ The Sustainability Vision Index considers the results achieved until now for the 30 qualitative and quantitative commitments of the 2020 Sustainability Vision.

² Accumulated Amazon business volume since 2010

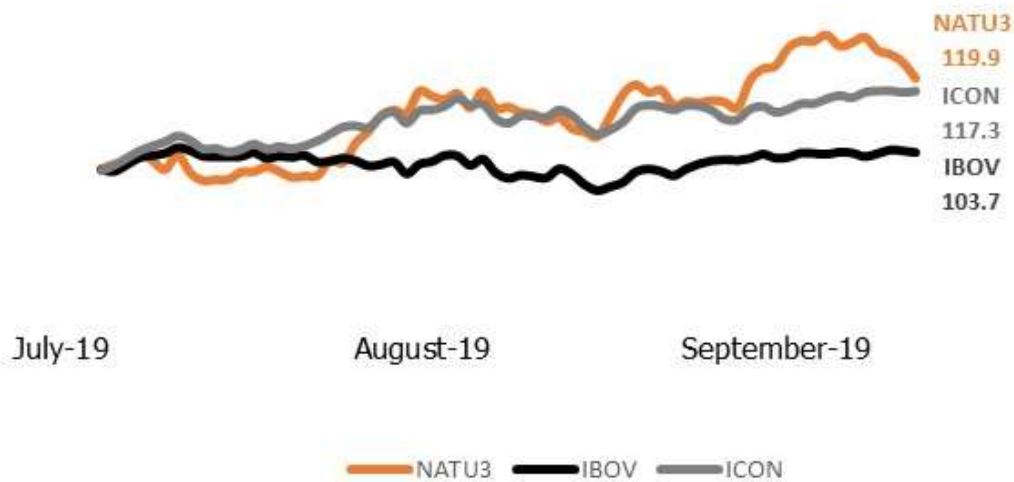
³ Ecoefficient packagings are those with at least 50% less weight compared to the regular / similar packaging, or comprising 50% post-consumer recycled material and/or renewable non-cellulosic source material, that do not increase mass.

4. Stock performance (NATU3)

Natura shares (B3: NATU3) traded at R\$33.8 at the end of Q3-19, representing a 19.9% appreciation in the quarter. Average Daily Trading Volume (ADTV) for the quarter was R\$117.9 million (up 152% vs. Q3-18).

The following chart shows the performance of Natura stock in Q3-19. The chart reflects the adjustment to the historical share price resulting from the bonus shares approved on September 17 and effected on September 18, in the proportion of one bonus share issued for each existing share.

Q3-19 performance



5. IFRS 16 impacts - Leases

As of January 1, 2019, the Company adopted the accounting standard CPC 06(R2)/ IFRS 16 – Leases, which introduces one single lessee accounting model, replacing the previous accounting standards of operating and financing lease arrangements. IFRS 16 aims at determining whether a contract contains a lease arrangement or is a service agreement. If the former, a lessee should recognize assets, which have to be depreciated, as well as liabilities arising from a lease. The impact in the group's accounts is primarily related to stores owned Natura, The Body Shop and Aesop, as well as distribution centers and administrative facilities for Natura Latam. For more information, please see explanatory notes 2.3 and 15 of the Consolidated Financial Statements for the period ended on September 30, 2019.

The table below demonstrates the impacts of IFRS 16 on the reported income statement.

R\$ million	Q3-18	Q3-19	Q3-19 x Q3-18	IFRS 16 Impact						Q3-19
	Consolidated (Reported)	Consolidated (Excluding IFRS 16)	Ch. %	Natura Brazil	Natura Latam	Natura Other	The Body Shop	Aesop	Total IFRS 16 Impact	Consolidated (Reported)
Gross Revenue	4,392.9	4,705.0	7.1%	-	-	-	-	-	-	4,705.0
Net Revenue	3,241.9	3,473.8	7.2%	-	-	-	-	-	-	3,473.8
COGS	(867.1)	(967.1)	11.5%	-	-	-	-	-	-	(967.1)
Gross Profit	2,374.8	2,506.7	5.6%	-	-	-	-	-	-	2,506.7
Selling, Marketing and Logistics Expenses ^a	(1,534.3)	(1,623.9)	5.8%	(0.2)	1.2	0.1	5.4	3.5	10.2	(1,613.7)
Administrative, R&D, IT and Projects Expenses ^a	(489.0)	(574.9)	17.6%	(0.9)	0.8	0.0	5.5	0.2	5.6	(569.3)
Corporate Expenses	(24.9)	(32.8)	31.9%	-	-	-	-	-	-	(32.8)
Other Operating Income/ (Expenses), Net	38.0	11.0	-71.1%	-	-	-	2.1	-	2.1	13.0
Acquisition Related Expenses ^b	0.0	(32.0)	-	-	-	-	-	-	-	(32.0)
Transformation Costs	(24.7)	(6.4)	-73.9%	-	-	-	-	-	-	(6.4)
Depreciation	143.1	151.3	5.7%	7.3	4.0	5.7	84.5	30.0	131.5	282.8
EBITDA	483.0	398.9	-17.4%	6.3	6.0	5.8	97.5	33.8	149.4	548.3
Depreciation	(143.1)	(151.3)	5.7%	-	-	-	-	-	(131.5)	(282.8)
Financial Income/(Expenses), Net	(163.9)	(171.9)	4.9%	-	-	-	-	-	(23.6)	(195.5)
Earnings Before Taxes	176.0	75.7	-57.0%	-	-	-	-	-	(5.8)	69.9
Income Tax and Social Contribution	(43.1)	(7.1)	-83.5%	-	-	-	-	-	1.0	(6.2)
Consolidated Net Income	132.8	68.6	-48.4%	-	-	-	-	-	4.8	63.8

^a The adjustments are related to the net effect of lease expenses reduction and increase in depreciation. The lease expenses have been estimated based on the amounts paid in the quarter, of R\$149.4 million.

R\$ million	9M-18	9M-19	9M-19 x 9M-18	IFRS 16 Impact						9M-19
	Consolidated (Reported)	Consolidated (Excluding IFRS 16)	Ch. %	Natura Brazil	Natura Latam	Natura Other	The Body Shop	Aesop	Total IFRS 16 Impact	Consolidated (Reported)
Gross Revenue	12,450.1	13,275.5	6.6%	-	-	-	-	-	-	13,275.5
Net Revenue	9,062.0	9,792.7	8.1%	-	-	-	-	-	-	9,792.7
COGS	(2,518.9)	(2,740.9)	8.8%	-	-	-	-	-	-	(2,740.9)
Gross Profit	6,543.1	7,051.8	7.8%	-	-	-	-	-	-	7,051.8
Selling, Marketing and Logistics Expenses ^a	(4,280.7)	(4,611.3)	7.7%	0.4	1.9	0.1	(6.0)	7.7	4.1	(4,607.1)
Administrative, R&D, IT and Projects Expenses ^a	(1,445.9)	(1,623.6)	12.3%	(0.6)	1.1	0.0	8.3	(0.1)	8.7	(1,614.9)
Corporate Expenses	(62.3)	(88.2)	41.5%	-	-	-	-	-	-	(88.2)
Other Operating Income/ (Expenses), Net	21.5	123.9	476.7%	-	-	-	6.5	-	6.5	130.4
Acquisition Related Expenses ^b	0.0	(103.9)	-	-	-	-	-	-	-	(103.9)
Transformation Costs	(62.4)	(32.8)	-47.4%	-	-	-	-	-	-	(32.8)
Depreciation	418.9	444.6	6.1%	18.8	12.5	5.7	261.4	76.6	375.0	819.5
EBITDA	1,132.1	1,160.5	2.5%	18.6	15.4	5.8	270.3	84.2	394.3	1,554.8
Depreciation	(418.9)	(444.6)	6.1%	-	-	-	-	-	(375.0)	(819.5)
Financial Income/(Expenses), Net	(475.7)	(500.7)	5.3%	-	-	-	-	-	(64.4)	(565.2)
Earnings Before Taxes	237.5	215.2	-9.4%	-	-	-	-	-	(45.1)	170.1
Income Tax and Social Contribution	(70.8)	(38.5)	-45.5%	-	-	-	-	-	1.6	(36.9)
Consolidated Net Income	166.7	176.6	5.9%	-	-	-	-	-	4.8	133.2

^a The adjustments are related to the net effect of lease expenses reduction and increase in depreciation. The lease expenses have been estimated based on the amounts paid in the quarter, of R\$394.3 million.

6. Appendices

Consolidated Balance Sheet – Including the effects of IFRS 16

CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	910.7	1,215.0	Borrowing, financing and debentures	439.5	1,113.1
Securities	749.9	1,215.4	Leasing	504.2	68.8
Trade receivables	1,577.0	1,691.6	Suppliers and risk drawn operations	1,746.9	1,736.8
Inventories	1,781.9	1,364.7	Payroll, profit sharing and social changes	512.3	574.4
Recoverable taxes	567.2	379.3	Tax liabilities	233.1	310.1
Income tax and social contribution	359.1	326.8	Income tax and social contribution	140.8	183.0
Derivatives	1.3	-	Dividends and interest on shareholders' equity payable	-	153.0
Other current assets	262.8	263.0	Derivatives	-	69.2
Total current assets	6,209.9	6,455.8	Provision for tax, civil and labor risks	19.2	20.4
NON CURRENT ASSETS			Other current liabilities	446.0	338.2
Recoverable taxes	331.9	368.6	Total current liabilities	4,041.9	4,566.9
Deferred income tax and social contribution	444.7	398.4	NON CURRENT LIABILITIES		
Judicial deposits	340.1	333.6	Borrowings, financing and debentures	7,574.1	6,881.1
Derivatives	881.4	584.3	Leasing	2,041.2	377.5
Securities	5.0	-	Tax liabilities	123.7	165.3
Other non-current assets	87.0	51.6	Deferred income tax and social contribution	432.8	431.5
Total long term assets	2,090.1	1,736.5	Provision for tax, civil and labor risks	247.1	241.4
Property, plant and equipment	1,707.0	2,236.7	Other non-current liabilities	106.9	141.8
Intangible assets	4,933.1	4,950.5	Total non-current liabilities	10,525.9	8,238.6
Right of Use	2,685.6	-	SHAREHOLDERS' EQUITY		
Total non-current assets	11,415.8	8,923.8	Capital stock	1,721.5	427.1
			Treasury shares	(3.8)	(19.4)
			Capital reserves	424.8	329.3
			Retained earnings	194.2	1,437.0
			Accumulated earnings	133.2	-
			Losses on capital transactions	(92.1)	(92.1)
			Equity valuation adjustment	680.1	492.2
			Total equity attributable to owners of the Company	3,057.9	2,574.1
TOTAL ASSETS	17,625.7	15,379.5	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	17,625.7	15,379.5

Consolidated Income Statement - Including the effects of IFRS 16

R\$ million	Q3-19	Q3-18	Ch. %	9M-19	9M-18	Ch. %
GROSS SALES						
Internal Market	2,228.4	2,119.8	5.1	6,155.9	5,885.4	4.6
External Market	2,461.3	2,259.9	8.9	7,078.0	6,531.3	8.4
Other Sales	15.3	13.3	15.1	41.6	33.3	24.9
GROSS REVENUE	4,705.0	4,392.9	7.1	13,275.5	12,450.1	6.6
Taxes, Returns and Rebates	(1,231.2)	(1,151.0)	7.0	(3,482.9)	(3,388.1)	2.8
NET REVENUE	3,473.8	3,241.9	7.2	9,792.7	9,062.0	8.1
Cost of Products Sold	(967.1)	(867.1)	11.5	(2,740.9)	(2,518.9)	8.8
GROSS PROFIT	2,506.7	2,374.8	5.6	7,051.8	6,543.1	7.8
OPERATING (EXPENSES) INCOME						
Selling, Marketing and Logistics Expenses	(1,579.1)	(1,496.5)	5.5	(4,454.5)	(4,131.7)	7.8
Administrative, R&D, IT and Project Expenses	(605.8)	(515.1)	17.6	(1,710.0)	(1,508.1)	13.4
Impairment losses on trade receivables	(34.6)	(37.9)	(8.6)	(152.6)	(149.0)	2.5
Other Operating Income (Expenses), Net	(21.7)	14.6	-	0.6	(41.1)	-
INCOME FROM OPERATIONS BEFORE FINANCIAL RESULT	265.4	339.9	(21.9)	735.2	713.2	3.1
Financial Income	481.5	484.2	(0.6)	1,273.7	1,321.7	(3.6)
Financial Expenses	(677.0)	(648.2)	4.5	(1,838.8)	(1,797.4)	2.3
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	69.9	176.0	(60.3)	170.1	237.5	(28.4)
Income Tax and Social Contribution	(6.2)	(43.1)	(85.7)	(36.9)	(70.8)	(47.9)
NET INCOME FOR THE PERIOD	63.8	132.8	(52.0)	133.2	166.7	(20.1)

Consolidated Statements of Cash Flow – Including the effects of IFRS 16

R\$ million	9M-19	9M-18
CASH GENERATED BY (USED IN) OPERATING ACTIVITIES	1,034.0	611.8
OTHER CASH FLOWS FROM OPERATING ACTIVITIES		
Payments of income tax and social contribution	(258.3)	(183.8)
Accrual (payments) of judicial deposits	4.1	(1.4)
Payments related to tax, civil and labor lawsuits	(19.3)	(24.4)
Payments of funds due to settlement of derivative transactions	(64.0)	(36.8)
Payment of interest on financial leases	(98.2)	(20.5)
Payment of interest on borrowings, financing and debentures	(492.3)	(596.5)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	105.9	(251.8)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment and intangible assets addition	(371.6)	(273.7)
Proceeds from sale of property, plant and equipment and intangible assets	11.8	4.9
Investment in securities	(5,875.3)	(6,424.2)
Redemption of securities	6,325.9	7,181.9
Redemption of interest on securities	52.5	138.9
NET CASH PROVIDED BY (USED IN) BY INVESTING ACTIVITIES	143.3	627.7
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of financial leases- principal amount	(383.7)	(45.2)
Payment of borrowings, financing and debentures - principal amount	(2,219.3)	(6,324.8)
New borrowings, financing and debentures	2,151.2	5,005.9
Purchase of treasury shares, net of exercise prices of stock options	(2.6)	(0.7)
Payment of dividends and interest on capital for the previous year	(153.0)	(201.7)
Receipts (payments) to settle derivative operations	2.9	31.5
Receipt by exercised stock options	52.3	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(552.2)	(1,535.0)
Effect of exchange variation on cash and cash equivalents	(1.3)	52.6
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(304.3)	(1,106.4)
Opening balance of cash and cash equivalents	1,215.0	1,693.1
Closing balance of cash and cash equivalents	910.7	586.8
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(304.3)	(1,106.4)

7. Conference Call and Webcast

Q3-19 Results Conference Call

Natura &Co (Natura Cosméticos S.A. - NATU3) is pleased to invite you to join its Q3-19 Earnings Conference Call:

Thursday, November 14, 2019

11:00 a.m. Brasília Time

09:00 a.m. NY time

02:00 p.m. London Time

The call will be held in English with simultaneous translation into Portuguese

To connect to the conference call:

Brazil: Freephone 0800 761 0710

U.S. Toll free +1 (888) 771 4371 / Toll +1 (847) 585 4405

Canada: Toll Free +1 (866) 215 5508 / Toll +1 (514) 841 2157

U.K.: Freephone: 0808 238 9578 / Local 0 203 147 4818

Conference call ID: Natura

To access the webcast: [Click here](#)

Q3-19 Results will be available on November 13, Wednesday, after B3 trading hours at the website natu.infoinvest.com.br/en. In line with the best corporate governance practices, the Company informs that it will be in quiet period until the results are disclosed.

Natura –IR Team

ri@natura.net

natura &co

Live webcast: <https://natu.infoinvest.com.br/en>

8. Glossary –

Adjusted EBITDA: Excludes effects that are not considered usual, recurring or not-comparable between the periods under analysis

APAC: Asia and Pacific

ARS: Argentine Pesos

AUD: Australian Dollars

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 defines 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

BPS: Basis Points – one percentage point * 100

BRL: Brazilian Reals

CDI: The overnight rate for interbank deposits

CFT: Cosmetics, Fragrances and Toiletries Market (CFT = Fragrances, Body Care and Oil Moisture, Make-up (without Nails), Face Care, Hair Care (without Colorants), Soaps, Deodorants, Men's Grooming (without Razors) and Sun Protection

COGS: Costs of Goods Sold

Constant currency or constant exchange rates: when exchange rates used to convert financial figures into a reporting currency are the same for the years under comparison, excluding fluctuation effects

EBITDA: Earnings Before Interests, Tax, Depreciation and Amortization

EMEA: Europe, Middle East and Africa

EP&L: Environmental Profit & Loss

Foreign currency translation: **conversion of figures from a foreign currency into the currency of the reporting entity**

GBP: Sterling Pounds

G&A: general and administrative expenses

GHG: Greenhouse gases

Hyperinflation: indications of when hyperinflation exists include a cumulative inflation rate over three years of approaching or exceeding 100%; when interest rates, prices and wages are linked to an index, among others

ICON: Consumer Stock Index of the B3 stock exchange, designed to track changes in the prices of the more actively traded and better representative cyclical and non-cyclical consumer stocks

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

IFRS – International Financial Reporting Standards

Latam: often used to refer to the countries where Natura has operations: Argentina, Chile, Colombia, México and Peru

LFL: Like-for-Like, applicable to measure comparable growth

Natura Consultant: Self-employed resellers who do not have a formal labor relationship with Natura.

Natura Crer Para Ver Program (CPV): 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.

Natura Institute: Is a nonprofit 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

PCRC: Post-Consumer Recycled Content

P&L: Profit and loss

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

SG&A: Selling, general and administrative expenses

SM&L: Selling, marketing and logistics expenses

SSS: Same-Store-Sales

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.

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 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.

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.

TBS: The Body Shop.

UOI: Underlying Operating Income.

9. Disclaimer

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.

Investor Relations Team
Tel.: +55 (11) 4389-7881

ri@natura.net

natura & co