

*First-quarter*

**2021**  
**results**



**May 13, 2021**

**natura & co**

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# Q1-21

## Highlights

### **Natura &Co accelerates growth to +26%, ahead of CFT market<sup>1</sup>, with EBITDA increase of over 400%**

#### **Growth in key markets and strength of our direct-to-consumer reach**

- Digital social selling and e-commerce sales continued to grow strongly
- Strong growth in our core markets

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#### **Progress on Avon turnaround**

- Synergies from Avon integration raised in April to between US\$350-450 million
- Roll-out of the new commercial model underway

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#### **ESG bond issued by Natura Cosméticos**

- Successful US\$1 billion issuance, with Sustainability Performance Targets aligned with our Commitment to Life – 2030 Sustainability Vision

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#### **Continuous improvement in capital structure**

- Significant deleveraging: Consolidated net debt-to-EBITDA ratio at 1.18x
- Robust cash position of R\$6.6 billion

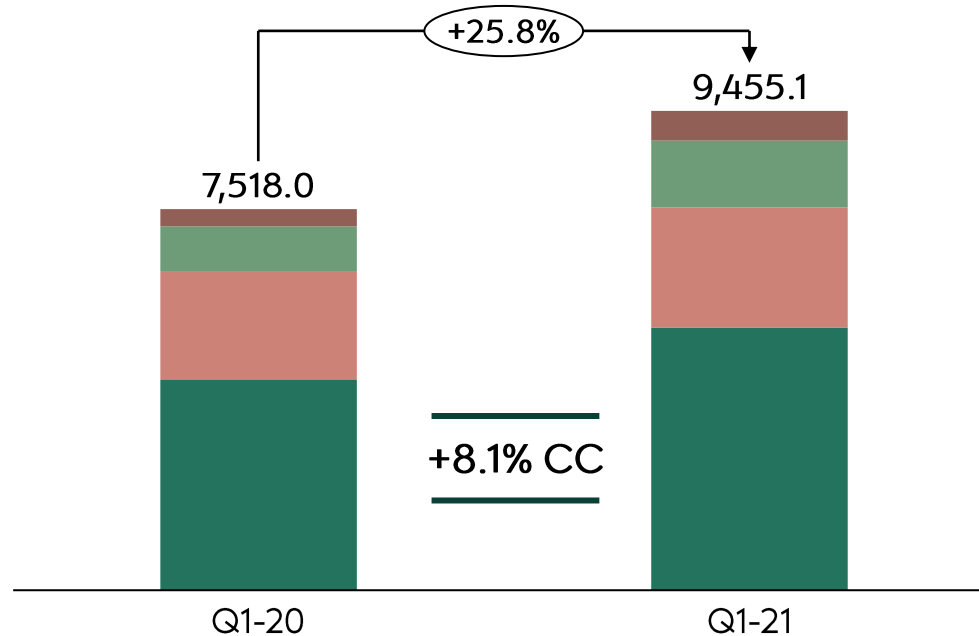


# Consolidated *Financial Performance*

# Strong revenue growth of 25.8% in Q1, supported by growth in digital sales

## NET REVENUE

(R\$ million)



### Natura &Co Latam

Q1: +24.6% in BRL  
+15.9% at CC

### Avon International

Q1: +11.4% in BRL  
-10.7% at CC

### The Body Shop

Q1: +47.7% in BRL  
+10.7% at CC

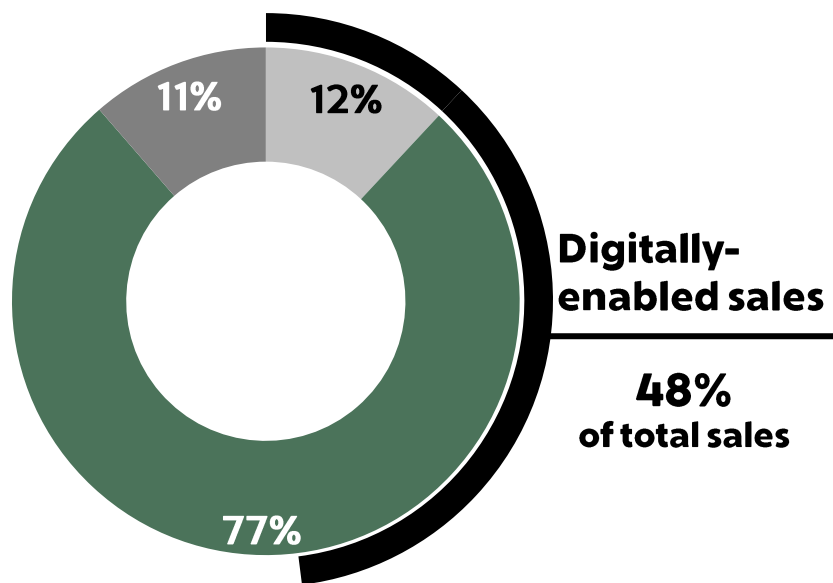
### Aesop

Q1: +71.9% in BRL  
+30.6% at CC

## HIGHLIGHTS

- **Natura &Co Latam** reports an outstanding performance in Hispanic Latam (Natura brand up 60.4% in BRL and Avon brand up 35.1% in BRL)
- **The Body Shop's** growth driven by UK and North America
- **Aesop** reported +67% growth in Asia, supported by online channel

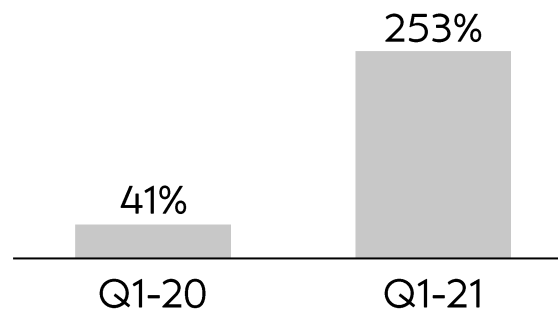
# Strong growth of +166% in online (e-commerce + social selling)



- Online (e-commerce + social selling)
- Relationship Selling
- Retail

## Growth of online sales

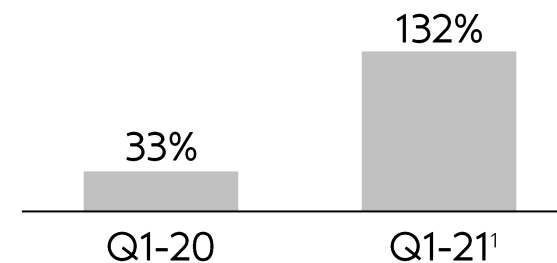
(% YoY)



## Growth of online sales

(% YoY)

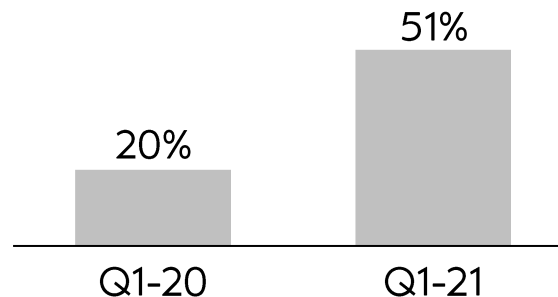
AVON



1) Avon globally: growth of total digital sales 108%; e-brochure sales +175%

## Total online sales<sup>2</sup>

(%: online sales / total sales)

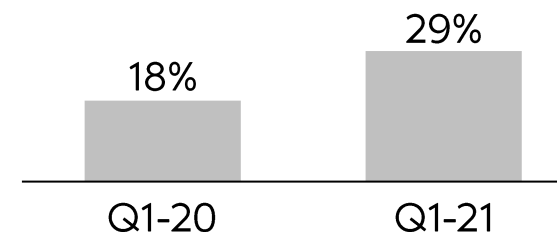


2) The Body Shop At Home (direct sales) + e-commerce

## Total online sales

(%: online sales / total sales)

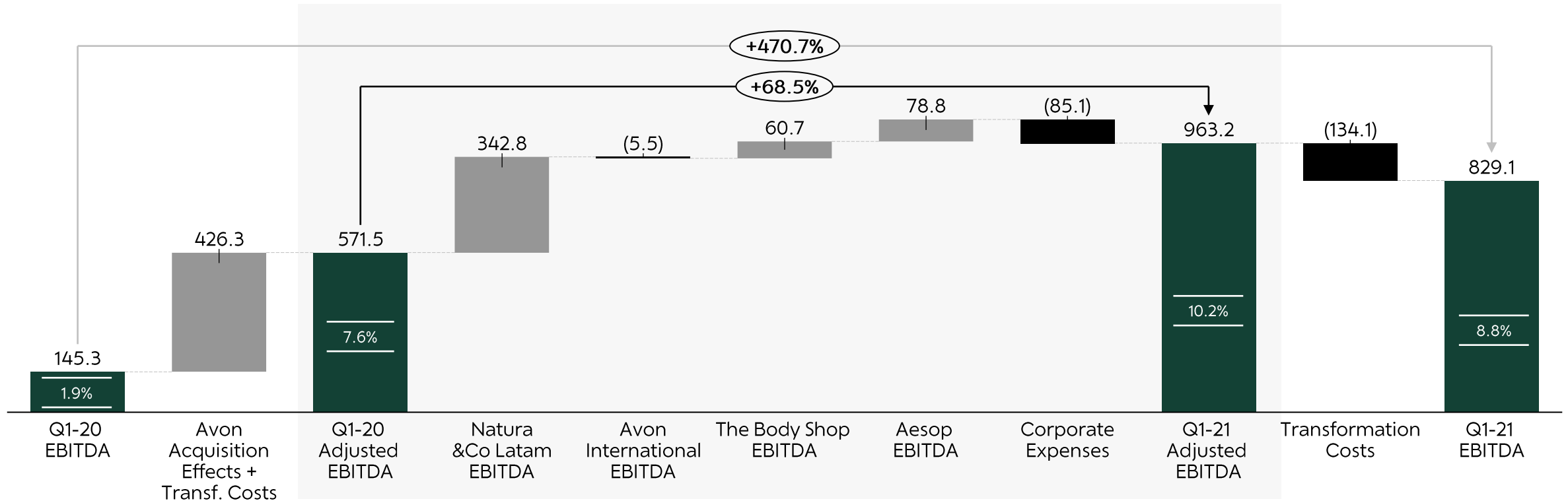
Aēsop.



# Strong increase in adjusted EBITDA and margin

## Q1-21 CONSOLIDATED EBITDA

(R\$ million)

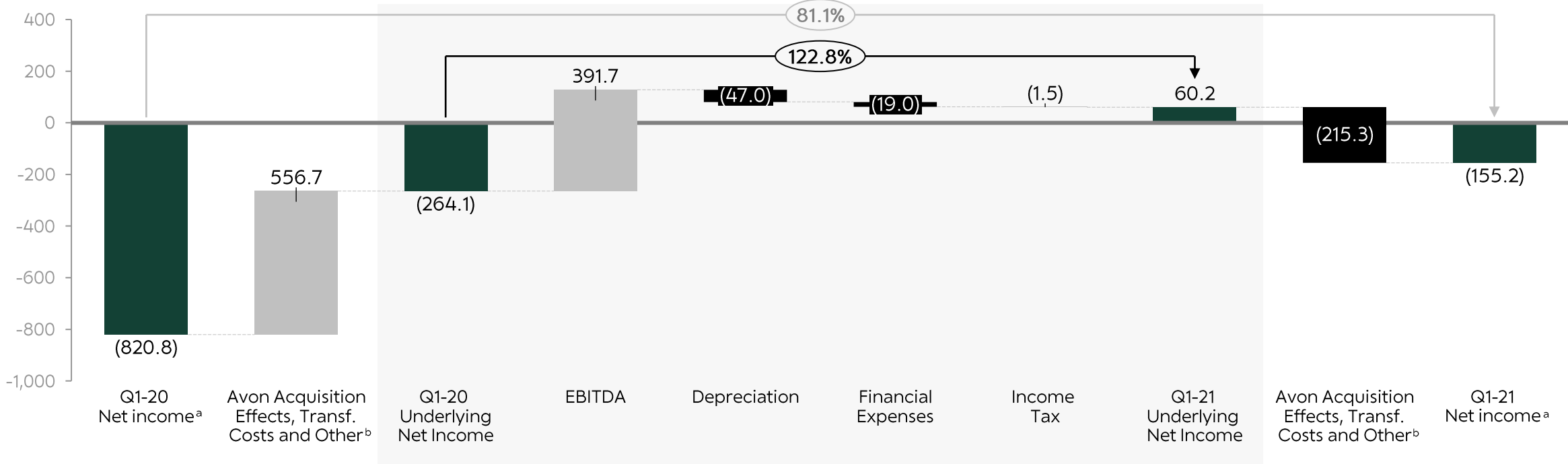


- Adjusted EBITDA margin of 10.2% (+260 bps)
- Reported EBITDA margin of 8.8% (+690 bps)

# Underlying net income of R\$60.2 million, driven by strong EBITDA growth

## Q1-21 UNI<sup>1</sup>

(R\$ million)



(a) Net income attributable to controlling shareholders  
 (b) Other includes non-controlling interest and discontinued operations

- Q1-21 reported net loss of R\$155.2 million

<sup>1</sup> Underlying net income



# Significant deleveraging and strong cash position

Q1-21

**R\$6.6 bn**

Cash at quarter-end

**1.18x**

Group's net-debt to EBITDA ratio

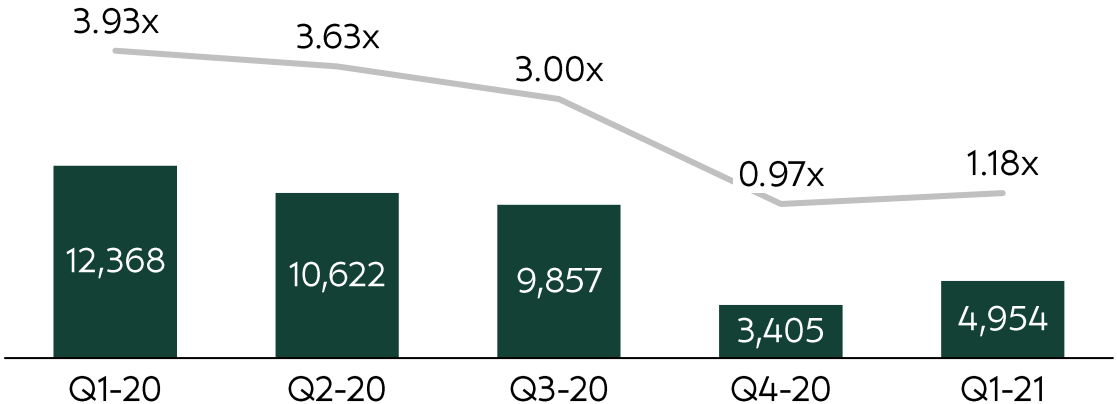
**US\$1 bn**

Sustainability-linked bond issuance<sup>1</sup>

## NET DEBT AND NET-DEBT-TO-EBITDA RATIO

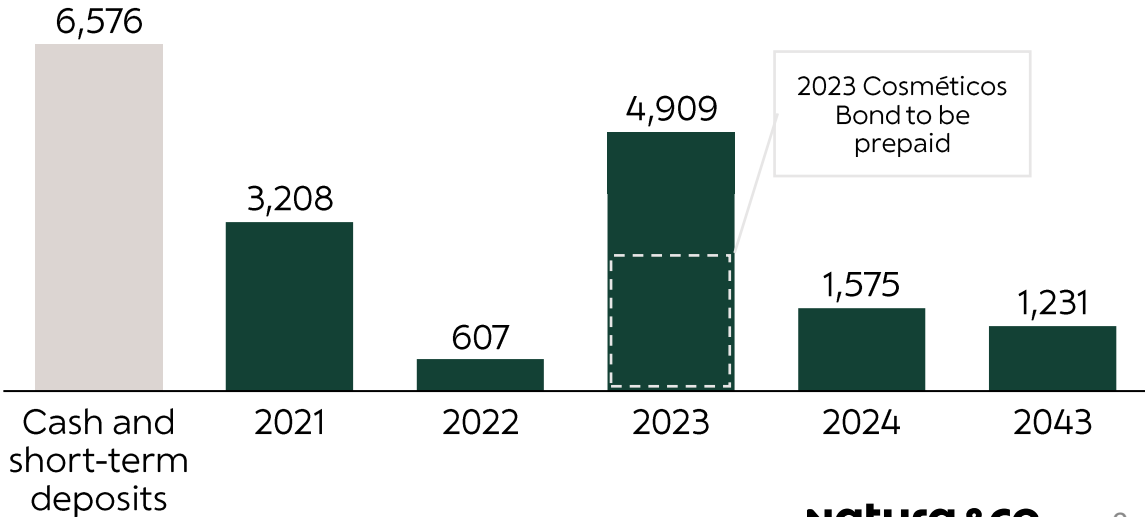
(R\$ million)

— Net-Debt-To-Ebitda Ratio ■ Net Debt



## AMORTIZATION SCHEDULE

(R\$ million)



<sup>1</sup> Natura Cosméticos' issuance (May 2021).



# Natura &Co Latam

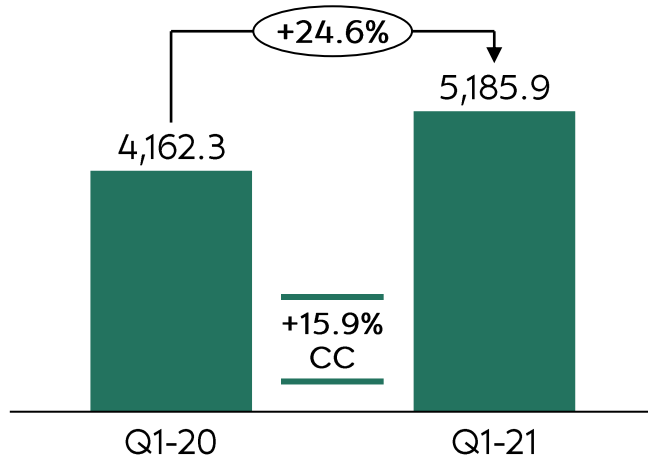
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Financial Performance

# Outstanding performance in Hispanic Latam for Natura and Avon

## NET REVENUE

(R\$ million)



	BRL	CC
Natura	+29.6%	+24.6%
Avon	+20.0%	+8.1%

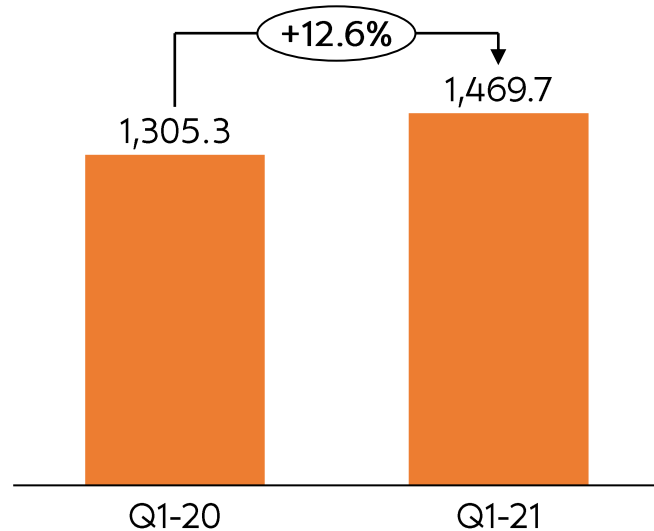
## – Q1-21 HIGHLIGHTS

- **Natura: Net revenue increased by 29.6% in BRL (+24.6% at CC), supported by a strong performance in Brazil and Hispanic Latam**
- **Avon: Net revenue increased by 20.0% in BRL (+8.1% at CC), supported by higher activity level and higher reps' productivity in Hispanic Latam**
- **Natura &Co's CFT leadership in Latam confirmed by Euromonitor, reaching market share of 12.5% in 2020 (+0.7 pp versus 2019)**

# Double-digit growth in Brazil and Hispanic Latam

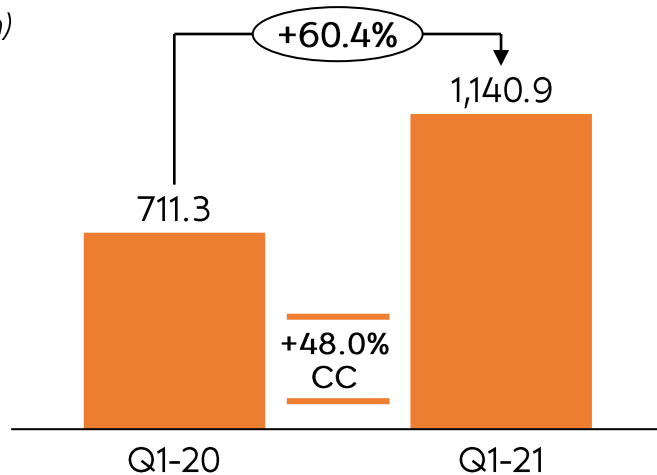
## NET REVENUE - BRAZIL

(R\$ million)



## NET REVENUE - HISPANIC LATAM

(R\$ million)



## Q1-21 HIGHLIGHTS

### BRAZIL

- Net revenue +12.6%, driven by **continued digital social selling penetration**, increase in the number of consultants and higher volumes
- **Strong consultant loyalty index** in Brazil and significantly higher business leader loyalty

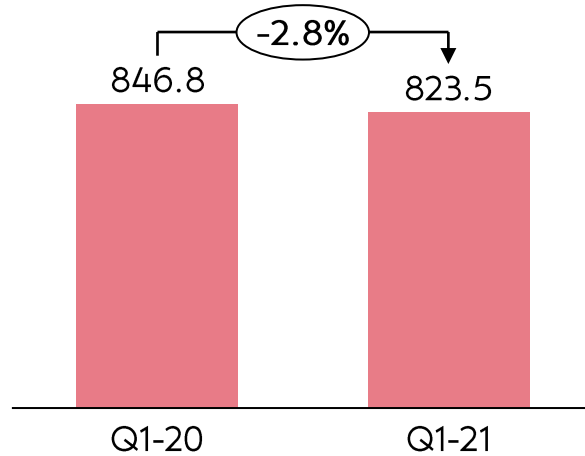
### HISPANIC LATAM

- Net revenue growth supported by **all markets**, notably **Argentina, Chile and Peru**
- **Productivity increase** and expansion of consultant base
- **Consultant loyalty index +530 bps** vs. Q1-20

# Strong growth in Hispanic Latam, with higher activity level

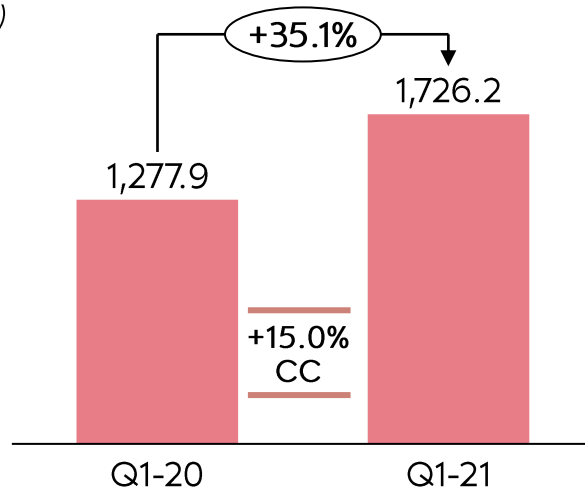
## NET REVENUE – AVON BRAZIL

(R\$ million)



## NET REVENUE – AVON HISPANIC LATAM

(R\$ million)



## – Q1-21 HIGHLIGHTS

- Integration in Latam is on track, with progress in **procurement, customer service, financial services, distribution and digital**

## BRAZIL

- Volume grew in the quarter, picking up in March
- Revenue contraction as the **new commercial model was being set up**

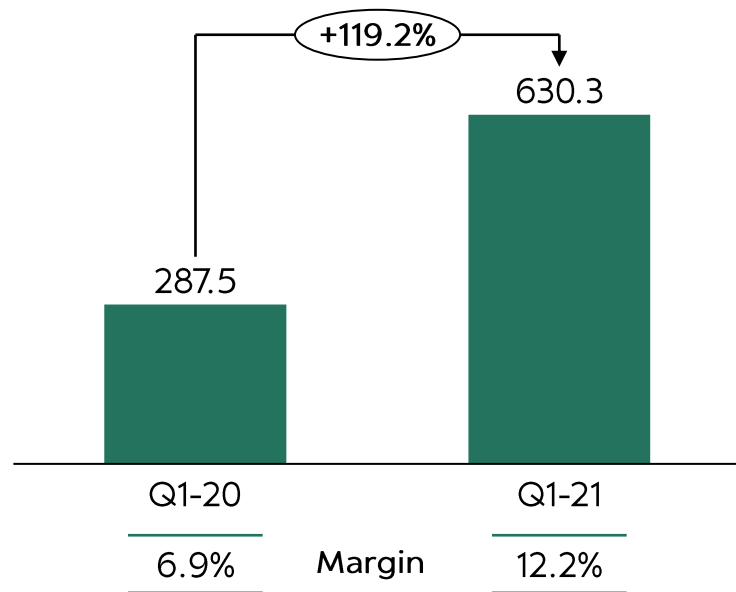
## HISPANIC LATAM

- Higher activity level and **higher representative productivity**
- Growth was driven by **Fashion and Home** and most **beauty categories (body care, fragrances and face care)**

# Adjusted EBITDA more than doubles in Q1-21

## ADJUSTED EBITDA<sup>1</sup> AND EBITDA MARGIN

(R\$ million / %)



## — Q1-21 HIGHLIGHTS

- EBITDA increase mainly driven by strong revenue performance from Natura and Avon brands
- Operational leverage at Natura brand in Brazil and Hispanic Latam, and Avon brand in Hispanic Latam

<sup>1</sup> Excluding effects that are not considered recurring nor comparable between the periods under analysis.



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# **Avon International**

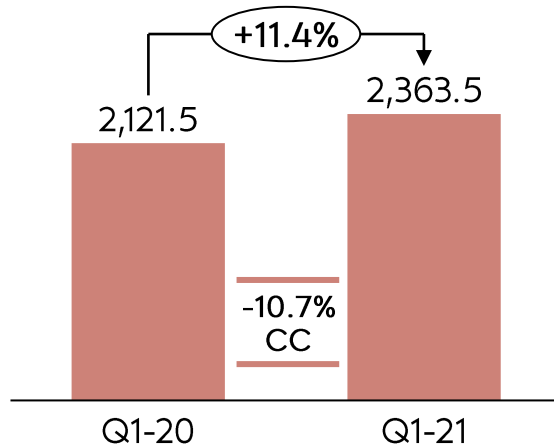
*Financial Performance*

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# Market share gains; continued strengthening fundamentals

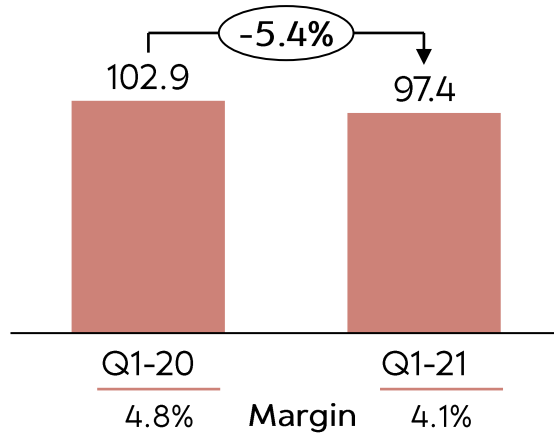
## NET REVENUE

(R\$ million)



## ADJUSTED EBITDA<sup>1</sup>

(R\$ million)



## — Q1-21 HIGHLIGHTS

- All key regions improved share month after month
- UK's market share increased for the 4th consecutive quarter, becoming the 3rd brand in the beauty market
- Sales still impacted by Covid-19 second wave in key geographies (Europe) and core categories (color and fragrances)
- EBITDA impacted by lower revenue and higher strategic investments in digital and commercial areas to accelerate future growth

<sup>1</sup> Excluding effects that are not considered recurring nor comparable between the periods under analysis.





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# The Body Shop

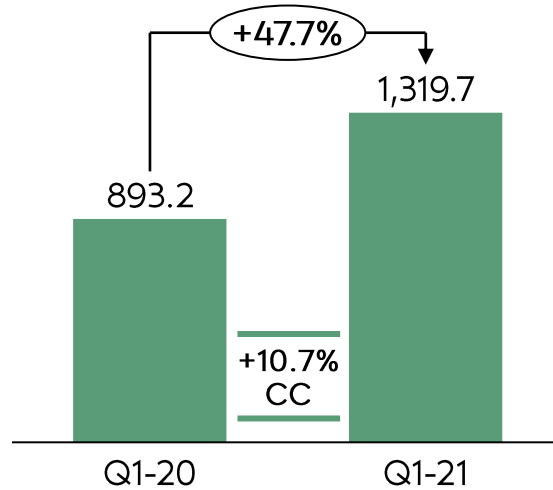
*Financial Performance*

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# Strong revenue and EBITDA growth driven by omnichannel strategy

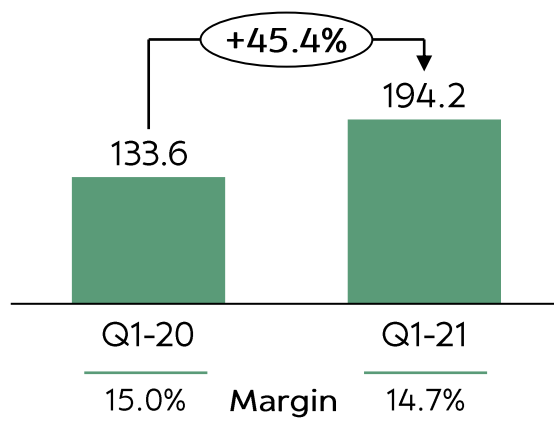
## NET REVENUE

(R\$ million)



## EBITDA

(R\$ million)



## — Q1-21 HIGHLIGHTS

- **+47.7% sales growth** largely driven by **At-Home (+251%)** and **e-commerce (+119%)**
- **UK and North America** were the key drivers of revenue expansion this quarter
- **68% of retail stores open** at the end of the quarter (vs. 78% in Q4-20 and 25% in Q1-20)
- EBITDA margin impacted by channel mix; excluding Japan's results from both years, **proforma EBITDA margin would have improved 110 bps vs. Q1-20**



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# Aesop

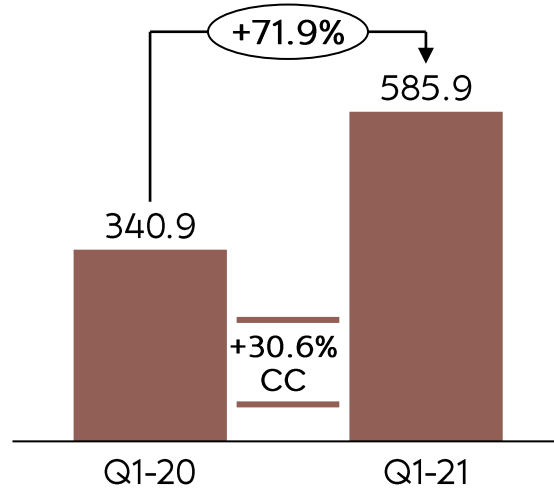
*Financial Performance*

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# Outstanding growth driven by online and strong performance in Asia

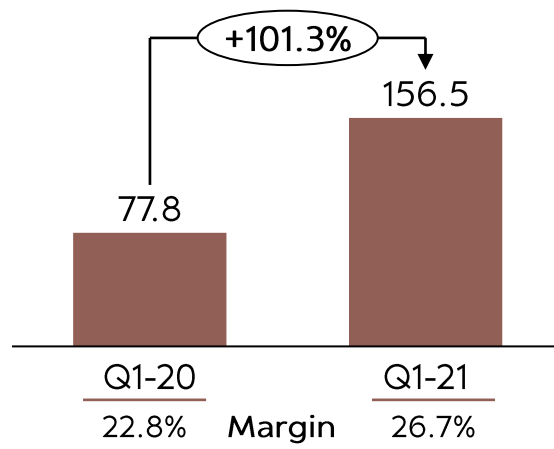
## NET REVENUE

(R\$ million)



## EBITDA

(R\$ million)



## Q1-21 HIGHLIGHTS

- **Top line increased by a remarkable +71.9%** in BRL, driven by another quarter of very fast growth in online sales
- **Strong growth of 67% in Asia** (in constant currency)
- **102%** growth in online sales (~29% of total sales)
- **EBITDA margin improvement of +390 bps**, driven by revenue growth and cost efficiency

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# Closing Remarks

*Roberto Marques*

# Key Takeaways

## FURTHER SUSTAINABLE GROWTH

- Natura: Double-digit growth in Brazil and Latin America
- Avon Turnaround: Strong growth in Hispanic Latam, completed set up for the new commercial model in Brazil
- The Body Shop and Aesop: Remarkable results despite the pandemic
- Natura &Co outperforms the CFT market, while delivering sustainable growth and value creation



## CONTINUED OMNICHANNEL STRENGTH

- Further momentum in digitalization of consultants and reps
- Strong growth in online helped offset pandemic impact, especially in Europe

## AVON INTEGRATION ON TRACK

- Synergies raised
- Advances in representative base
- Market share gains in top countries
- Simplified commercial model

## IMPROVED CAPITAL STRUCTURE

- Successful placement of US\$1 bi ESG bond
- Continued deleveraging
- Robust cash position of R\$6.6 billion

Creating  
the best  
global  
beauty  
group *FOR*  
the world

Thank  
You



Natura & CO

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# Apendix

*Q1-21*



# Adjusted figures exclude the following non-operational effects

1

## Avon acquisition costs

*Non-recurring costs associated with Avon acquisition, in Q1-20*

2

## Transformation/ Integration costs

*Includes:*

- (i) Transformation Plan costs + Open-Up and Grow at Avon International*
- (ii) Integration costs (costs to achieve synergies)*

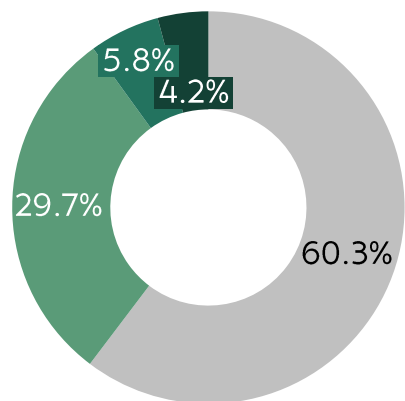
3

## Non-cash, non-recurring inventory PPA Impacts in Q1-20

*Relate to non-cash adjustments to Avon's opening balance sheet, resulting from transactions that occurred in 2019*

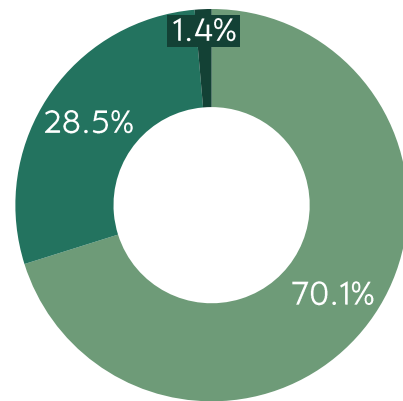
# Debt profile

— Q1-21 BY TYPE —

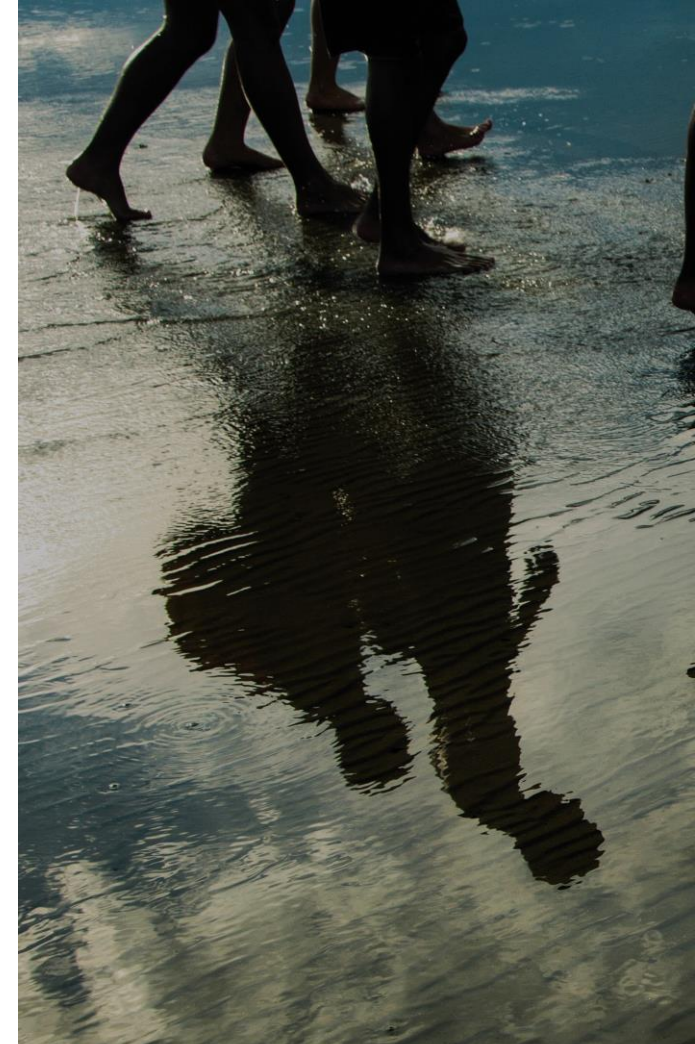


■ Bonds      ■ Other  
■ Debentures      ■ Promissory notes

— Q1-21 BY CURRENCY —





■ BRL      ■ USD      ■ Other



# Breakdown of global net revenue by brand

## NET REVENUE PER BRAND

(R\$ million)

Brand	Q1-21	Q1-20	% (R\$)	% (CC)
 natura	2,615.7	2,017.9	+29.6%	+24.6%
<b>AVON</b>	4,913.1	4,246.3	+15.7%	-1.7%
 THE BODY SHOP	1,339.7	912.4	+46.8%	+10.4%
Aēsop <sup>®</sup>	586.6	341.4	+71.8%	+30.6%
<b>Total net revenue</b>	<b>9,455.1</b>	<b>7,518.0</b>	<b>+25.8%</b>	<b>+8.1%</b>

## NET REVENUE BREAKDOWN (BY BRAND)

(%)

