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TUP - Q4 2014 Tupperware Brands Corp Earnings Call

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OVERVIEW:

Co. reported 4Q14 local currency sales growth of positive 6% and EPS without items of $1.72. Expects 2015 local currency sales growth to be positive 4-6% and EPS without items to be $4.90-5.00. Expects 1Q15 EPS without items to be $0.98-1.03.

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PRESENTATION

Operator

w>> Operator Welcome to Tupperware Brands Corporation's fourth quarter 2014 earnings conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session.

(Operator Instructions)

Thank you. It is now my pleasure to turn the conference call over to Rick Goings, Chairman and CEO. Please go ahead, sir.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Thank you very much. Good morning, everyone. I'm just back in Orlando from World Economic Forum in Davos and also time in Indonesia and Malaysia. I'm here with Mike Poteshman, our CFO, and Lien Nguyen, our Head of Investor Relations.

On slide 2, as usual, some of our -- you know the drill on this, the forward outlooks, so I refer you to the Company's position regarding forward-looking statements. As a reminder, to run format, we will be referencing slides that we'll follow along with this call and that could be found on our webcast and our website or after the call on our new Investor Relations application.

Turning to slide 3, we're pleased to report that the quarter came in above our sales and our EPS guidance and in spite of numerous external challenges, our performance demonstrates, we believe, that we have the business levers at our disposal and a talented management team that largely mitigated a good deal of these externals. Our sales came in plus 6% in local currency, 1 percentage point higher than the high end of our guidance and this was -- we're pleased, a sequential improvement from our plus 4% in Q3. And it continues an improving trend from the second quarter. Also it was nice to see improvement in our value chain. All of this led to our EPS without items coming in at $1.72 and this also surpassed the high end of our guidance by $0.12. This is, I might note, in spite of headwinds of $0.04 from foreign exchange. Mike will get into more detail on how this came together when I turn it over to him.

Also, it was good to see and report our emerging markets came in with sales plus 10% in the quarter and that was an improvement of 2 points from Q3. This included overcoming, I might add, a 1 point a drag of the comparison from May 2013 lapping of a large business to business in Mexico and we don't do B2Bs every quarter. We really do manage them and we do this not so much just for sales, but for brand-building and we can talk about that in the Q&A if anybody wants to get into it.

Sales in our established markets were off 1%; however, this was a 3% improvement from the down 4% in the third quarter and it continued the improved trend from Q2. Our sales force, at just under 3 million, I think we are at 2.9 million, was up 2% versus last year. The sequential decrease from 5% in Q3 was mostly from our markets where low per capita income, very low productivity in sales. For instance the CIS, Fuller Mexico, Middle Eastern markets and Tupperware South Africa. There is much more granular information in our press release and Mike will give a little more color on that later in the call. Before I get into some of our unit performances, I'd also like to mention that at our Board meeting today, we declared a dividend of $0.68 per share, which is the same amount that we've been declaring since we raised it last January.

Turn now to slide 4, our portfolio continues to diversify. We like that. This year, China became our ninth unit with over $100 million in annual sales. Brazil, which also moved up 43% this quarter, and it's stepped up to become our third unit, with sales north of $200 million, joining Indonesia and Fuller Mexico. Having more contributing components in our portfolio generally leads to more consistent performance and that's something we continue to work for.

Looking at slide 5, I'm going to quickly take you through some specific unit performance, segmenting them really into three groups - - the strong performers; those that showed improvement; and finally, laggards where we still have work to do. We are a portfolio business units and the key performance indicator is we need to drive are -- starting with the first thing, the size of the total sales force; the activity of our sellers; and then thirdly, their productivity.

Let me get into, first, our strong performers and Brazil, our largest unit in South America, again, led this. And it became -- again, I'm being redundant but over $200 million in annual sales so it clearly was the star at 43% up. The increase was predominantly from higher volume, with a limited contribution from pricing. We also had a -- to start the quarter, we had a record October and this led to momentum throughout the quarter. While these supply chain hiccups that we highlighted in Q3, they're not completely resolved. They are improving and as a result, cost came in lower than we expected so that was good to see. And we ended the quarter with a 20% sales force size advantage.

Turning also to strong markets in Asia Pacific, we saw continued growth in China, now our ninth unit, over $100 million in annual sales and our sales there were up 20%, driven by a combination of a net addition in these outlets and also increased productivity. As we've explained to many of you in the past, very small apartments in China. We use these neighborhood outlets. The improved productivity was really coming from more product demonstration, think party, or kind of cooking classes and also the sale of products at a higher price point, such as our Nano Water Filtration System. And unbelievably this $1,000 product is such a hot seller in our China business and almost one-third of our business in China relates to water. The number of outlets there has grown to 4,700, which is up 15% from the end of December last year.

Still in Asia Pacific, Indonesia, I mentioned I was just there a week before last; it's our largest unit in the Company. Sales were up 16% in the quarter, driven by strong sales force activity. We also grew volume in this unit. The Indonesian government fuel subsidies were reduced in November and that increased gas prices. Hopefully, the drop in the overall cost per barrel may mitigate some of this but it has, thus far, had an impact on consumer spending, the reduction in the -- subsidy. I would like to note that we'll likely be up in Q1 in Indonesia, single digit, mostly because of the first quarter 2013. We filled orders in January from December sales so it is going to continue as a strong performer, but we have got to lap this event.

In Europe, Italy was a strong performer. This mid-sized market delivered 8% growth in the third quarter and sales increased. The underlying KPIs look very good, especially sales force leadership and the active sales force counts. We continue to achieve strong performance as well, turning to South Africa in Avroy Shlain. That is our beauty business in South Africa and our Middle Eastern businesses as well in spite of the external disruptions there. Turkey was also up 9% in the quarter and while in the past, it's been a double digit performer, as it was in the first half of 2014, high single digit in the fourth quarter wasn't a big surprise to us based on some of the economic and political externals. We expect 2015 growth to remain in Turkey in the high single digit range because of these kinds of headwinds.

Let me move now to our businesses, showing some signs of improvement. We saw continued stabilization in our German business and I will be there in two weeks. It was -- the quarter was down 5% in sales and it was improvement over the third quarter. As we mentioned on the last call, we made some promotional investments in the quarter to improve sales force activity and distributorship profitability. And so far, so good; it is beginning to work. However, the strong sales momentum we had in December, we still have a lot of work to do and to get distributor sales and sales momentum and the resulting profitability back to the historic levels. So, we probably will have some bumpy road ahead for us in 2015 in Germany, but we feel good about its overall direction.

Turning to France, up modestly, 1% in the quarter; this was due to lower activity and sales force size. In the fourth quarter of 2013, we had a very aggressive recruiting promotion. It was costly and it really failed to deliver results and quite correctly, we didn't fund this action again this past fourth quarter. South Africa came in even with last year. Now that was a nice improvement from the down 19% in the third quarter. When you remember we had a very difficult strike environment which impacted our business for some time, so it appears we're moving forward there.

Moving on to others, Tupperware US and Canada, up 7% in the quarter versus last year. Mostly this was from strong recruiting and activation and the growth was a sequential improvement of 4 percentage points from Q3. Tupperware Mexico was down 11%; however, and importantly, much of this had to do with this lapping this business to business in the fourth quarter of 2013. Take out that business to business, we would have been even with fourth quarter last year. So the Tupperware Mexico business is in pretty good shape.

Moving to Beauty North America, our Fuller business in Mexico was off 4% versus the prior year. Mostly, we're dealing with aggressive promotional activity from channel competition and it's causing a great deal of this disruption. And discounting is not part of our strategy because it simply is not a sustainable strategy. We will continue to stay the course with our business in Fuller of attracting more middle-class consumers and also building our field sales manager count. We're pleased to see we got some traction there and we're able to grow the number of field managers in the quarter. That's the first time we've seen that happen since 2012, so progress should lead to higher recruiting and a more sustainable base for our business.

On to BeautiControl, produced 7% increase in sales through a higher number of active sellers. This was an 18% sequential improvement. On the profit side, we've been working and are putting in place plans to improve profitability for BeautiControl in 2015. We're rolling this out in the first half. It has some risks but we believe it's the right thing to do. Lastly, I'd just note the closure of that small Armand Dupree business in the US in April of 2014 accounted for most of the decrease in Beauty North America sales. Without that, we would have been down only 1%. That was the right thing to do, because simply stated, it was a distraction and a small business. Finally, Korea showed improvement in 15%, in the quarter, up. It was somewhat a choppy or Korea quarter by quarter and we are working now to see if we can put 2015 into more consistency.

Now let me take a moment before I turn it over to Mike to some of our lagging markets, CIS Russia was down 3% in the quarter; however, this marks three quarters of sequential improvement. Still have work to do. The government's actions, I might add in the Ukraine and elsewhere, are making our improvement in moving on momentum even more difficult. We are working to grow our core of active sellers and this business and it seems to be running well in the context of very, very difficult externals.

India, down 8% in sales and has lagged some of the -- our other markets. Much of this really has to do with our sales distributors there and the smaller sales force. We continue to work on business fundamentals, especially building the sales force leadership structure. In September, we implemented an approach to extend the period of time that our sales force has to qualify under some of these programs. This has been an activity driver as much more continue to participate for longer periods of time. Our sales force size there, nearly closed the gap after having been down 8% when we launched this in September.

In Malaysia and Singapore, as I mentioned, I was in Kuala Lumpur and Malaysia, a week before last. There we were off 4% in the quarter. We did have success. It is a very large and profitable business and we had success building our sales force and its activation but we did experience lower productivity. We made some adjustments to reflect what's happening in the economy there due to higher cost of living and lower discretionary income. I think we're doing a better job from my review of our product and merchandising offers and we've adjusted them to support this lower disposable income.

So, let me put it all back together. We've managed through a year that has a lot of stuff going on in the world. And we've shown that our business levers and the strength of our management team and their training to really mitigate and navigate through most of the challenges. And I think our guys really took the right kind of actions. Mike, let me turn it over to you and then we'll turn it over to Q&A.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Thanks Rick. Turning to slide 6, as Rick highlighted, our fourth quarter sales increased at 6% was 1 point above the high end of our October guidance range and gave us another sequential quarterly improvement. We were up 3% in local currency in the second quarter, improved 1 point sequentially in the third quarter to plus 4% and another 2 points in the fourth quarter to the plus 6%.

Our most significant upside versus our guidance was in Brazil, where we had foreseen very good growth but not the 43% we ended up turning in. Brazil's performance was also the main contributor to the sequential improvement from the third quarter. Versus last year, Argentina, Brazil, China and Indonesia were the most significant contributors to our 6% sales increase. The only unit with a decrease of this magnitude was Tupperware Mexico where core sales were about even with last year where we had the lower B2B sales that were mainly planned at that level.

On slide 7, you can see our diluted EPS, with items at $1.72 was $0.12 above the high end of our range, even with the $0.04 drag from foreign exchange versus what was included in our October outlook. Our higher than forecasted sales contributed, but along with this, we ended up with a 25% drop through to pretax profit without items on our higher sales, whereas the high end of our outlook included a negative 4% drop through. The significant improvement was mainly in Europe and South America. In Europe, we had said we would spend incrementally versus 2013 on promotions and we did, although to a lesser extent than foreseen. We also were able to avoid in the quarter some other expenses that have been included in our outlook.

In South America, we had expected our elevated supply chain costs in Brazil to continue to have a big impact on the quarter but the actual impact was actually -- it was quite modest, which allowed us to bring to profit 24% of our higher local currency sales for the South America segment. We also had small benefits on allocated expenses from lower than foreseen incentive performance on cash flow and our net interest expense. Our tax rate without items at 24.5% was in line with our outlook for the quarter and up 1.2 points versus last year. The higher tax rate than last year gave us about a $0.02 drag on the comparison with 2013.

Moving to slide 8, our better-than-anticipated value chain performance in the quarter brought our pretax return on sales without items in a 16.9% or 130 basis points better than anticipated at the high end of our October range, and 40 basis points better than last year's fourth quarter in local currency. There was a drag from translation, a foreign exchange of 50 basis points on the quarter's comparison with last year.

For the full year, we had a pretax return on sales of 13.9%, which was 50 basis points better than 2013 in local currency, although for the full year, there was a drag from translation FX compared with 2013 of 70 basis points. Our local currency operating margin for the full year increased 64 basis points, enabling us to meet our long-range target of 50 basis points improvement in pretax return on sales. This was also 30 basis points above our guidance in October.

Looking at slide 9, I'd like to also make a couple of points about our sales force key performance indicators which are laid out on the first attachment to our earnings release. First, if you compare our total sales force size advantage at the end of 2014 versus where we stood at the end of September, you'll see that we went from a 5-point to a 2-point advantage. The most significant contributor to this decrease were CIS, where we've had our distributors use more stringent standards as to who should remain on their lists. Tupperware South Africa, where we've implemented higher qualification levels to become a new seller which was the right thing to do but it slowed our net additions. The Middle East and North Africa units where distributors also did some clean-up of their lists. And Fuller Mexico where we struggled in light of a lower number of field managers and the external and competitive environments.

As Rick said, since we've added field managers during the quarter, we're hopeful we'll be able to leverage this on the sales force side. Also note since our total sales force size compares in with last year's modest at plus 2%, there's about a 2.5 point drag on the comparison from the position we're in with CIS and Tupperware South Africa, along with our managing things in Venezuela in light of the externals there and from Fuller Mexico, where we've had the sales force side deficit that we're addressing.

Our active sales comparison, active seller comparison in the fourth quarter was down 1% versus last year which was at 1 point sequential improvement from the third quarter. Many of you also looked at the after seller comparison excluding Beauty North America and on this measure, we were up 2% in actives in the fourth quarter compared with being up 1% in the third quarter. Our 6% local currency sales increased in the fourth quarter, where those 1% less active sellers included a 2 percentage point mix shift to benefit. This was towards China where we operate through the outlet model with very few sellers as well as higher sales force qualification standards and towards Brazil.

Productivity was up 5 points, mainly in South America where we continue to benefit from inflation-related price increases. And in Argentina, a continuation of a mix shift toward house wares products at higher price points and away from beauty and personal care products. Also worth pointing out is it of our 6% local currency sales increase in the quarter; 1 point was from higher volume and 5 points from higher prices. The volume comparison was sequentially 3 points better than in the third quarter.

Turning to slide 10 and cash flow, we ended up generating $220 million of cash flow from operating activities, not of investing activities. This was the low end of our October guidance range and with GAAP net income being up $6 million over the high end of our range and notwithstanding the incremental hit from FX versus a high October guidance. The impact of weaker foreign exchange rate hurts us more on cash flow even beyond earnings because we generated significant share of our cash flow each year. Last year on this measure of cash flow, we generated $263 million. Without the negative impact of the Venezuelan exchange to valuation this year which did not impact cash flow, our net income decreased by $18 million, as we weren't able to overcome $40 million of negative impact on the comparison from translation FX. Of the remaining $26 million decrease in cash flow, the most significant impacts were from higher receivables, from higher December sales in 2014 and cash tax payments above our provision.

Our outlook for cash flow in 2015 is to be in the range of $190 million to $200 million. At the high end of the range, again putting aside the non-cash in 2014 from the Venezuela step currency devaluations, net income is about $20 million lower in 2015 than 2014 and that includes a $43 million hit on the comparison from translation foreign exchange. This outlook includes $75 million of capital spending, which compares with $69 million in 2014. On open market share repurchases, we did $50 million in the quarter, which was modulated down from the $71 million that we had indicated in October. We made this decision during the quarter when we thought we would be lagging our cash flow performance.

As outlined on the last attachment to our earnings release with -- where all of this left us on debt and given the $428 million of adjusted EBITDA that we generated for the year, our debt to adjusted EBITDA ratio came in at 1.95 times. Our target is to be at 1.75 times on this measure. As noted on that attachment to the release as well, we're carrying 0.17 turns associated with the impact on EBITDA of the step devaluations of the Bolivar in the first and second quarters of 2014 and this will rollout as we get further into 2015.

Turning now to slide 11 and our sales and earning guidance, for the full year 2015, our local currency sales increase range remains at the plus 4% to 6% we indicated in October. This includes a range of plus 2% to 4% in the first quarter, which is our most difficult comparison for the year as we were up 7% in local currency in the first quarter of 2013. Worth pointing out is at the first quarter 2014, 7% increase included 3.1 percentage points from local currency growth in Venezuela before the currency devaluations at the end of the first and second quarters. In contrast, our 6% local currency sales growth in the fourth quarter 2014 only included a 0.2 point contribution from Venezuela, given the 50 Bolivar to US dollar rate used.

Another smaller comparison item is from Armand Dupree. Armand Dupree business in the United States that we ceased operating in the second quarter of 2014. The lack of sales from this unit in the first quarter of 2015 is a drag on the total Company comparison of 0.4 percentage points. On a two-year stock basis, our local currency growth in the first quarter of 2015 at the high end of our range would be 11% compared with 11% in the fourth quarter of 2014 as well, and 10% in the third quarter. For the full year, looking at the segments in local currency, we foresee sales to be about even with 2014 in Europe and Tupperware North America, up mid to high single digit in Asia, down slightly in Beauty North America, and up 20% plus in South America. These outlooks reflect tempered expectations for the US-based business units in light of work being done to transform these units. In the case of BeautiControl, this is -- a part is meant to lead to a significant improvement in our value chain, as highlighted by Rick.

On slide 12, you'll see our full year 2015 outlook range for earnings per share without items is $4.90 to $5. At the high end, this would be up 10% in local currency but after an $0. 83 translation FX hit on the comparison with 2014 is down 7% in dollars.

Slide 13 shows, along with our sales outlook at the high end of our range, this would produce a pretax return on sales of 13.5%, which would be about 45 basis points above 2014's pretax return on sales in local currency. However, there is a 90 basis point drag on the comparison with 2014 from translation FX. From the segments, our outlook doesn't reflect major return on sales changes in Europe and Asia, reflects ROS down around

1 point in Tupperware North America. An approximate 2 point improvement in Beauty North America from the improved value chain of BeautiControl. And down about 1.5 points in dollars and up about 0.5 point in local currency in South America.

I'll comment here as well in Europe, as we had indicated in October that we'd see elevated promotional spending in the fourth quarter and continuing into the first part of 2015. We do foresee some elevated spending but along with unit by unit efforts to manage our value chains better, we don't foresee a major net impact on the segment's full year profitability comparisons. Going back to the overall full year guidance, there is a partial offset from the higher profit at the segment level from unallocated corporate expenses being at about $64 million, up $8 million from 2014. This reflects incentive accruals assumed at target and higher marketing and Vision 20/20 strategic cost.

Also, net interest expense is forecast at about $46 million, up $2.5 million from 2014, reflecting a higher level of cash flow hedges for the full year and higher forward points on those hedges in light of interest rate increases in countries of many of the currencies being hedged. We've assumed fourth quarter 2015 open market share repurchases of $50 million. The outlook range for the first quarter of 2015 earnings per share without items is $0.98 to $1.03, which at the high end is up 1% in local currency and down 21% in dollars after $0.29 of negative foreign exchange in comparison with 2014.

Due to the volatility and exchange rates including, of course, the weakening of the Euro, I would like to point out that we have an economic hedge against the Euro in that $197.5 million of our year-end revolver borrowings were denominated in that currency. This represented the borrowing of $161 million -- EUR161 million, of which EUR80 million was originally borrowed at the end of 2011 at a rate of $1.31 per Euro the other EUR81 million in November 2014 at $1.24. With the further depreciation of the Euro since our year end, the value of these EUR161 million borrowings is now about $181 million. Given where we borrowed the Euros and how we've designated them, the accounting officer to the debt balance depends for rate moves is in stockholders' equity.

On slide 14, I'd also like to give you an update now on where we stand on our dividend. You have seen that our Board declared today a $0.68 per share quarterly dividend which is no change in rate from what we've been doing for the last year. At yesterday's closing stock price, this sets our yield at 4.6%. While our algorithm for returning cash to shareholders includes a dividend of 50% of trailing 12-month earnings per share without items, adjusted each January, we also don't look to decrease our dividend. That is in line with the action we took today. That said, given our $5.38 of the 2014 EPS without items, at 50%, annual payout would only be $0.03 less than what we're doing, which is worth about $1.5 million. As a reminder, we set our share repurchases in light of our operating results, the dividend we pay and where we are at 1.75 times EBITDA leverage target, so repurchases will move up and down as those metrics change.

Turning to resin. Things have, of course, improved dramatically versus October when we indicated year-over-year favorable impact for 2015 of lower resin cost and local currency, was estimated to be $4 million. Our update today is for 2015 to be $16 million better than 2014 in local currency. We foresee including in cost of sales in 2015 about $150 million for resin. Of the $16 million year-over-year annual cost benefit, we've included about one-third of this upside in our outlook. We've done this first, given the volatility in oil and natural gas prices and the possibility that they might move back up and second, to be cognizant of the effect that we had some large price increases in 2014 and that we're being very thoughtful on our pricing and merchandising strategies in 2015, with an eye toward volume growth. The lower cost will come through, primarily starting in the second quarter.

So with that, Rick, back over to you.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Okay. Just a couple of comments. Thank you very much, Mike. A couple of comments and then we'll open it up to Q&A. I mentioned, I just came back from Davos. A lot of discussion on many issues but specifically, there was some discussion on oil prices and movement in the Euro and other currencies, lack of job creation in Europe and the resulting squeeze on consumer spending.

I might add that there was an intriguing presentation by the young Prime Minister of Italy that really talked about lower oil costs are good for Italy, as they are for most countries in Europe. None of those are really oil producing and exporting and they feel fine and a number of the countries about a softer Euro because particularly, for these manufacturing economies. And there is a -- some latent benefit for our businesses there because as consumers have more money, when you have more exports then we can sell more of our products there. If we were managing this as a quarter-to-quarter business alone, it might be negative but over time, we think this might be healthy in Europe.

Some years are better than others and this year's quarterly results, we're having good footing and we're navigating through the macros with the same four pillars that we've been working on the last couple of years. Our dynamic and demonstratable product line, our method of relationship selling, our compelling earning opportunity and these dynamic fundamentals of our relationship-selling method. And we've got a sales force now of 2.9 million.

On slide 15, and lastly, I would say, I've spoken to our strategies to get our long-term currency growth to 6% to 8%. We still believe that the potential to get there, as we have demonstrated in the past and our guidance for 2015 is this 4% to 6% range and reflects the current challenging external environment and the uncertainty of what that's going to do impact-wise to some of our operating units and their momentum. We are fully focused on executing to reach our objectives in 2015 and we feel optimistic that our current strategies will remain in place and help us more fully penetrate our emerging markets and also take advantage of the opportunities for us in our established markets as well.

On February 25, in New York, we're going to have an important meeting and it's not going to be a typical analyst meeting where we focus on financials and spreadsheets. In this meeting, we're going to have a number of our senior officers, two of our Group Presidents, I don't think any of them -- if you've met, both have been with this Company more than 15 years. We will have our Global Head of Marketing there. And we're also going to be presenting some of our Area Vice Presidents, because we want you to get the texture of what really drives this Company. All the Company is, is a collection of people. So, there we're going to be going through what we're going to be doing in the future to contemporize our Company, what products are going to look like, how we're modifying our selling methods, and some new and different things about our businesses, which will enable us to get to the 6% to 8% and we believe even more.

Now let me open it to Q&A at this time.

QUESTIONS AND ANSWERS

Operator

Thank you. The floor is now open for your questions.

(Operator Instructions)

We'll pause for just a moment to compile the Q&A roster. Stephanie Wissink, Piper Jaffray & Company.

Stephanie Wissink - *Piper Jaffray - Analyst*

Thank you for the details, Rick and Mike. Very, very helpful. Just two questions. One, Mike, you mentioned in your comments regarding cash flow that the receivables balance was up a bit due to the strength in December. So I'm curious if you can just talk a little bit how the quarter played out by month if you saw a sequential acceleration into December and does that imply that the business acceleration has carried here into January?

And then my second question, Rick, with the respect to the improvement count in the active rep count, which is really encouraging to see, can you talk a little bit about the adoption of your ROR strategy by region and give us some sense of the success areas and the opportunities and where you're seeing some additional opportunity in 2016 in terms of the rollout of that program? Thank you.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Sure. Touching on the receivables question in the fourth quarter first, we had good performance really in all three months so it was pretty consistent and the comment was just to say that as with the other months in the quarter, we were above last year in December.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Yes, and the second part of that with regard to our -- it really is recruiting, onboarding, activation and retention and here I comment to those who aren't familiar with it that we recruit a lot of people every single year and we lose a lot of people every single year.

And in this industry, there quite simply hasn't been enough focus on retention so we've been working on creating a better -- starting with an onboarding program, we know that most people leave because either they didn't have a pleasing experience or pleasing results. And it's hard for me to do this area by area but there are certain markets that are jumping on it quicker than others and implementing those markets but I would tell you it's still early days.

But I would hope by the end of this year, our iROAR strategy will be implemented in all markets of the world and it is amazing the number one thing that drives our business is the size of the sales force and in the past, in our industry, that's always been about the front door. How many you could get in?

And we believe if we could have a 2% or 3% improvement on the retention on the back door, that leads to the same kind of increase in our topline sales because it leads to a larger total sales force. It's still early days of implementation but everybody's embracing it but it's going to take some time.

Stephanie Wissink - *Piper Jaffray - Analyst*

Thanks Mike. If I could just -- excuse me, Rick. If I could just follow up with one on Mike. You mentioned resin pricing that you have built-in about one-third of that upside into you outlook for 2015. Can you just give us a sense or remind us what the future's process looks like? How forward can you buy by month, so that we know as you get into Q2, Q3, are you fully bought through the end of the year? Does that give us a sense of maybe where some of the upside could be hedged into the model? Thanks.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Sure. Yes, we end up buying about 90 days ahead of when the resin gets converted into product and sold. So we don't buy under forward contracts and things and so it's agreements with our various resins suppliers and to operate the business. When -- if and when prices tend to look like they're going to increase, we might buy a little bit more sooner. If they're going the other way, we might wait a little and buy a little later, but in terms of the conversion and the cost of sales, there's about a 90-day lag and that's why we would see this benefit coming through, starting really in the second quarter.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

I might add on that. I had private discussions with a number of senior people not only from heads of state but also in the business community from a number of parts of the world this past week at World Economic Forum. And the general opinion is oil at this level, at these low prices, is unsustainable and most people believe that you're going to see it move back to the $80-some dollar range. We'll see but I don't get a lot of sense of that many people are changing their whole business strategy because they think this is the new price per barrel.

Stephanie Wissink - *Piper Jaffray - Analyst*

Okay. Fair enough. Congratulations guys on a great year and best of luck in 2015.

Operator

Jason Gere, KeyBanc Capital Markets.

Jason Gere - *KeyBanc Capital Markets - Analyst*

Just a couple of questions. One, what we hear in household products is companies really leaning on bigger restructuring or cost-cutting efforts to offset some of these macro headwinds that are out there so when you think about your model, it's obviously a little bit different.

You guys have projects you have here at year in year out. I was just wondering if currency continues to work against you as the year goes on, how much flex is there within the cost side of the equation for you guys to minimize some of that additional risk out there, i.e., are there opportunities for deeper productivity savings? Is this something that you might talk about and I'm not trying to steal your thunder from the Analyst Day, but I just was always wondering that you guys have not really tapped into that. Is there the opportunity for that? That's the first question.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Jason, first on that is, I think it's firstly, important to really embrace that we are a multi-local model so think of a business in a distributorship outside of Malang and how that business works. The most important thing that we can do is keep these, first of all, the sales organization, that opportunity intact for her so that the pricing to the consumer is good to her so that she is incented to want to go out there and not only achieve and earn money but also that we keep the promotional awards in place and that trickles right up to the distributorship.

We've got to keep those. So that's where often people tend to look at a company on a consolidated level and say, well, I'll fix it all at the headquarter's level and they forget about and I've seen some direct selling companies go out of business almost because they didn't focus on the multi-local aspect.

I'm going to have my comment on that but the opportunities for us are to really make the changes in the levers there. For example, where there is higher unemployment in an area right now, we will tend to have a bigger recruiting pool available so we'll redeploy what we were spending on recruiting to really incentive to get the consumers in, not through discounting but other incentives, get it into the -- get them to come to a party and more recognition programs for that sales force to get out there and get active.

So the opportunities for us are more moving these levers to better products, lower price when there is this compression on consumer spending, bigger sales force, but it isn't taking our funding away from the business. Mike, why don't you add on to that?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Sure. Yes, that's right. And translating to, that to where we're working on particular things in 2015, when we went into our planning cycle, we did this a bit more formally in the fall. We said we need to be very prudent given the situation and look to do a bit better on gross profit and this wasn't having a better resin cost coming through but how we're managing the product mix and how we're promoting things.

Also on our promotional costs which is a big area of spending for us and a very important area of spending but one where, in some places, we feel we can do better in leveraging those costs, so not necessarily spend less but to get more out of it. Then we've talked about BeautiControl as being an area of focus and we mentioned that again today.

When you look at our segments and our profitability by segment, we are in the teens in Europe, Tupperware North America and South America. We were around just around 23% in Asia but only at 4% in Beauty North America and clearly, that highlights where we need to make progress and BeautiControl is a big part of that. So we've talked about that and we're working on that.

On the other hand, we have highlighted that we will spend some incrementally in Europe on promotional activity and particularly we'll go through earlier in the year and then Tupperware North America, as you heard what we said about our ROS for this year, that reflects some investment as we work on transforming that business. So that's really how we see it netting out and we're, as Rick said, market by market, business unit by business unit, looking to be very prudent with what we're doing on all of those levers.

Jason Gere - *KeyBanc Capital Markets - Analyst*

Do you think that there's more opportunity of the supply chain side? I know you've made this investment in Brazil and obviously, that's rolling off if there are other opportunities in other markets. I'm just trying to think about, broadly speaking, over the next couple of years where there's an opportunity to modernize or to really become more best-in-class with some of these areas that could provide you a little bit more flexibility?

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Yes, I don't see that there's an across-the-board opportunity like that bought on case-by-case we will look to make some improvements and certainly a portion you've heard us talk about before, a portion of our cost in the supply chain are fixed, probably around 25%.

So as we grow volume, we should see leverage come through in that way, which can drop to the bottom line or be reinvested. I will say, you mentioned what we might be talking about on the February 25 meeting, we're not planning on coming forward with some major restructuring plan; that's not part of the program.

Jason Gere - *KeyBanc Capital Markets - Analyst*

Okay. That's fair enough. And then just a second question. As you look at maybe over the last 10, 15 years where you've seen a circumstance where currency has really just swung one way or the other, have you guys looked at the analytics, what type of impact it may have on demand in the local currencies?

Clearly with $0.83 of FX impact coming through and still the 4% to 6% organic sales shows the health of the business but just wondering if you can use history as a tool for predicting or what you've built into your expectations for how you think the Euro will come through and where on a case-by-case basis, you might see some impact on the demand side?

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Jason, I'm going to answer the strategic piece of that and I'm going to have Mike fill in what I haven't covered and that's not to say that he's not going to answer it strategically as well. But when we look at over the last 10 years on the acume of the impact of foreign exchange, the comparisons year by year have ranged from certain years up to $0.45 positive to a negative $1.20.

So the one thing we really try to do is we don't get into the FX translation business. We try to manage this locally. It's interesting. I was telling the gang here before we went on the call I know two billionaires who are currency speculators and none of - neither of them are an American. And other than currency speculation, they're into gambling, running public companies, currency speculation on -- and we took a bet, I think it was Mike 96 where we tried to hedge translation and we lost.

So we stick with what we know. But back to the important piece of it, Jason, is a multi-local business. I'll give you an example. Mexico. In our factories there, we pay generally in the range of about MXN550 per week for -- and that's good for somebody that works in our facilities there.

If the Peso goes down to $10 in US dollar, we still pay $550 per week. The point I'm trying to get at there, is we try to build that business enough with a value chain locally that we can keep that business sound and disposable income sound and some years, you're going to have positive with regard to FX with regard to translations, other years negative.

We try also to mitigate the impact of those things that are dollarized and you've seen, as we have gotten one-third of our business into the beauty business, that's less sensitive to what's happened with regard to oil prices. So we really try to keep facing the local markets.

If you do well in a local market, then you consolidate it up, that's how you grow the Company. Distributorship by distributor, country by country and that then makes the business have sustainable productivity over time. Mike, would you add to that?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Yes, Jason, looking at how FX has impacted consumer spending and therefore, the results in our local businesses, which I think was part of what you were asking, I don't know that we have a systematic answer to that. But where we've seen things, how we've seen things play out is that if there's currency devaluations that are emblematic or showing that there's going to be a lot of inflation or causing a lot of inflation in the market, the chicken and the egg, certainly that can be a factor. And that's where things would move for us on the consumer spending side and disruption from inflation is hitting different parts of the local economy differently.

So what you -- you know that we do over time is we look to price in line with consumer inflation. We did have some spots last year. We highlighted in Indonesia where we raised prices and we saw some impact in the -- when we did that in the second quarter. But -- so try to -- we look to be more thoughtful about that and one of the things that we've done more of, starting in the middle of last year, is more cash flow hedging to protect ourselves where we have non-local costs.

And that hedging, of course, just gives you time to react to changes so that you're able to more systematically have a look at how are things really being impacted and then if you're adjusting your prices in line with consumer inflation, you're not getting ahead of things. So we're hopeful that we will be able to manage things reasonably well. Of course, if there's huge disruptions, there's huge disruptions and then you have to go from there.

Jason Gere - *KeyBanc Capital Markets - Analyst*

Okay, and then just to follow up on what you just said and I'll promise I'll hop off. Is that when you think about the guidance you put out there, are there more markets out there where you've seen this massive currency devaluation that you are implementing more pricing at this point or thinking about it and just wondering what's embedded in the guidance? Thank you.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Again, market by market, but we haven't changed our thought process to price in line with consumer inflation other than to say that in places where we were a bit ahead last year, we're being very thoughtful. We're not doing -- we're not looking to across-the-board price increases in how we implement but through a basket approach and looking at the actual and perceived value product by product and deciding how to proceed, not only with the pricing but with the promotional offers.

Operator

Olivia Tong, Bank of America Merrill Lynch.

Olivia Tong - *BofA Merrill Lynch - Analyst*

First question. Just can you talk a little but the cadence of the organic sales growth as 2015 progresses because you obviously have the toughest cop in Q1, with the Venezuela comp. But was there any shift between Q4 of this year, Q1 of next year, anything like that and then just the cadence as we go through 2015? And then I have a follow-up.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Yes, Olivia, I -- we didn't see any big shifts between the fourth quarter of 2014 and into out of the first quarter of 2015. Of course, there's always a little bit of that kind of thing going on. We had a look at the impact of Easter because that can move around for us and we didn't see big impacts coming in 2015 versus 2014 that could impact things between the first and second quarter. So really what we're left with is this tougher comparison in the first quarter where we're up 7 in 2014 but again, 3.1 points of that was from Venezuela in local currency.

And we're still getting growth in sales in Venezuela; local currency is just worth a lot less at this exchange rate so it's a mix difference. That continued into the second quarter, I believe that of our 3 points in the second quarter of 2014, close to 2.7 or something like that was from Venezuela. In that sense, things will get easier in the second half and we're not lapping that kind of thing.

Olivia Tong - *BofA Merrill Lynch - Analyst*

Got it, and then you also mentioned a few markets where you made some efforts to sweeten offers to your sales force, extending qualification period, et cetera, which obviously helped both your developed and developing markets this quarter.

So my question is, the rep improvement relative to periods past, how sticky is that because you had periods in the past where you've done the sweetened offer, you'll get a blip but sometimes it ends up being temporary.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

So I think personally, it depends market by market there. We generally, what we did in Germany, for example, what we try to do is improve the earning opportunity there and that started with the distributor. We found that over the years, we had compressed the distributor margins too much and what we tried to do is expand those and put then more incentive to the sales force to get that momentum going again.

It's early days there. I think we're going to -- in markets like Germany, I think we'll -- this is going to be a bit of a bumpy year but we've got a solid management team there in place, a good distributor organization. We just got it and that's what we're looking for is what you just talked about, Olivia, is sustainable momentum so you don't have to have an incremental sweetener to it.

Now India's where we did this lengthening of this period and that was just an onboarding process that we think it was a little bit too harsh and what we're doing is we're enabling that new representative to get more training, to get more opportunity, to get a little bit of traction in the business but this is where back to the multi-local business, you have to do it based on what the business is. It -- generically, we have one formula but the implementation matters market by market and that's why training of our leadership people is critical.

Olivia Tong - *BofA Merrill Lynch - Analyst*

Got it. And then just following up a little bit on that, and Mike, you had touched on this a little bit earlier but I felt historically, one of the reasons you need to -- you typically price within markets just to keep your earnings opportunity up for your sales force consistent with prices of other goods inflate so they still have that same earnings opportunity.

So has the math changed or something else to make you decide to perhaps try and absorb a little bit more of that inflation yourself as opposed to passing that through? On top of that, how do think about the contribution from volume versus price for 2015? Thanks.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Yes, so on the first part of that on the pricing, no, I wouldn't say that we've changed our approach and it's -- you're right that we talk about needing to price in line with consumer inflation also for the benefit of the sales force because they're individual entrepreneurs primarily and they're operating in the consumer spending environment and it all needs to fit together.

So what we're reflecting a little bit is the situation, marked again in Indonesia again where we priced -- I don't know that it was that much ahead of inflation but it was very concentrated. We did it all at one time in the second quarter and we felt some reaction to that. So it's a bit of modulating and being aware of the tactics than any change in basic approach.

In terms of price versus volume for this year, we're always looking to get, of course, more volume and hopefully the pricing would be because there's again consumer inflation and that could be on top. So we haven't laid out how much of the 4% to 6% is price versus volume but hopefully we will continue to make progress on the volume side.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Olivia, I might add and as Mike alluded to in Indonesia, it was a classic example that I think the price increased and how we did it was clumsy. That's why I was there. I wanted to understand how they did it.

When you do these price increases, you really -- great merchandisers figure out a way to do it so some things go up, some things go down but it isn't an abrupt across the board price increase and we have dynamic people in Indonesia but I -- but it wasn't the best I've ever seen, the execution of it.

And also we introduced a couple of products in that -- a month on products that were way too high with regard to their pricing for that market where the per capita income is about $3,000 a year. Let me add a final thought on this. Our overall value chain is it going to change that much as far as opportunities for growth in the future.

Not going to change much as far as our gross margin. You see our -- we try to do 65% to -- you see some things north of 70%. We've moved in these operating margins into the mid-teens. Mike has talked about in the past. We are trying to get some growth from that mid-teens each year.

But that growth is generally going to come from the laggard markets, getting up to our standardized 15% ROS and if we can move some of those like he talked about in Beauty North America back into that range again, that's when you see improved profitability even on the sales increase that could be only 6% or 7%.

There's a lot to be mined there with regard to opportunity and we-- that's what we're working for. How do you get them all to that ROS, close to 15%? What might we probably be get -- 6%, 7% that are significantly below that.

Operator

Dara Mohsenian, Morgan Stanley.

Dara Mohsenian - *Morgan Stanley - Analyst*

One clarification, with the focus on recruitment that you highlighted in the sequential improvement we saw on the active sales force you're trying Q4 do you expect to grow that metric at some point year over year 2015?

Then, second, I was just hoping you could touch on the competitive environment of that and what you're seeing around the world in terms of promotional study by competitors. You obviously discussed pricing in detail in relation to consumer and local inflation but I just want to get a sense if your plans to take less pricing have anything to do with the competitive environment? Thanks.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Yes, the first part of that, Dara, I would hope that we get a larger sales force, that's the end goal of getting -- we've got a team called 20/20 team that they're working to -- how do we get our sales force up from this 2.9 million to 5 million. I'm not going to disclose now or at our February meeting what the date is but we're internally but that's what we're working for and that's the bridge ahead for us.

But to get there we're not going to look to, okay, all of a sudden have this Delta of10% plus recruiting on the front-end. We want to get some from productivity and if you can get 5% to 7% on the front end, 3% the back end, all of a sudden, you've got double digit increases and the size of the sales force and in a moderate global environment, you ought to be able to get an 8% to 10% sales increase on that.

So we're not going to dramatically change that but what we've started to do is implement these programs for onboarding and activation out there and we're starting to measure then, what's the retention rates in many of these markets?

Dara, we've had this personal conversation. It's one of these reasons we've had such a negative attitude toward a lot of multi-level network level companies because they consume huge numbers of people who basically aren't sellers but are just buyers out there and who generally don't do very much out there. We really are trying to be better training our sales force.

We know that more than 90% of them, of our product is actually sold through a retail customer out there but we think retention is a big opportunity. We're pretty good recruiters. What was the second part of that, Dara?

Dara Mohsenian - *Morgan Stanley - Analyst*

The second part was around the pricing environment and what you're seeing from a competitive standpoint and if any of the plans to take less pricing next year relate to that competitive environment or if it's more related to the consumer and commodity dynamics that you mentioned.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Yes, it's more the latter that the previous. We're really not going to get into the discounting business because what happens particularly if you are in the beauty business, that's where we see the bulk of that.

Beauty is an aspirational product line. One of the reasons this really solid company, Natura, does well in Brazil with their beauty business is that they've made it an aspirational brand that people really want. And that -- you got to stick to that.

That's what we're doing with our Fuller business in Mexico, looking to get more millennials to buy our product, going with the right kinds of products for millennials and more prestigious with regard to the image and packaging of those products.

So we've got to figure out, that's why it's probably taken us longer than we expected on the Fuller business to get that thing back on the grow again because we've seen what we would call ridiculous discounting by competitors there. We're just not going to play that game.

Operator

Linda Bolton Weiser, B. Riley & Company.

Linda Bolton Weiser - *B. Riley & Co. - Analyst*

To the extent that if things come out a little bit better on the cash flow front than you're guiding to for the year, can you discuss how you would balance the decision to use excess cash flow to pay down debt versus do more share repurchase beyond $50 million?

And then also related to that, in thinking about your dividend policy, I guess according to your targets, if you have earnings decline again in 2015 as projected, it wouldn't point to a dividend increase next year either, but could you talk about to the extent that you would consider dividend increase if things come out better than expected in 2015, just how you really think about it in terms of how stringent you are with the metrics that you think about in terms of dividend payout, et cetera? Thanks a lot.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Linda, let me mention one thing on the front side of that. We are really committed to our dividend and as we can afford to do, we will increase the dividend. On many of the meetings out there, people -- you always get asked the question, you can come at it two sides. If said, why don't you leverage up, which answers the question with regard to why don't pay down debt, that is a --

I mean, most people think we're at a very comfortable kind of leverage range and we do as well. The second use would really be to enhance our share repurchase. Mike, why don't you add to that?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Right, so on the question of we were to get incremental cash flow, how would that pan out, between paying down debt or doing more share repurchases, our modeling and out -- what we said we would do is based on getting to this 1.75 times leverage target. So that's what we've considered in coming up with the $50 million of share repurchases in our outlook.

If we were generating more cash flow presumably that would be because we had more baseline earnings, more EBITDA and that could lead to even more leverage but we're at 1.95 times as the end of 2014 as we had laid out and that's a bit above our target because of the Venezuela step devaluations that count in EBITDA that will roll out. So that's really how we see it.

Linda Bolton Weiser - *B. Riley & Co. - Analyst*

Okay, and then just aberrationally, you've talked about some of the markets. Can you just talk a little bit more about the Brazil supply chain changes or improvements that you're making? And what has to happen, I guess in 2015, for that to be like operating 100% because you still said that even thought it was better than expected in the fourth quarter, it still isn't 100%.

So what are the actual things that have to happen to get that really just almost where you want it to be and then in addition to Brazil, maybe you could talk about France a little bit; that's a pretty big market for you and it used to grow pretty consistently. And it's been a little choppier lately. And can you just talk about -- there used to be a real foodie-type of angle in that market? And has that gone away or just what's going on with that market? Thanks.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

I'm going to handle France and let Michael handle Brazil. First of all, this President has -- I don't have a political bias one way or the other but as most would tell you, his Presidency and administration has been a bit choppy. There's been big, big pressure on disposable income because most of the actions that he said he was going to implement have not occurred in France.

So I would tell you the operating environment there got more difficult and -- but we feel good about the direction of our business there. Focus, too, Linda, has been -- we don't sell traditional kind -- well, you can buy traditional kind of Tupperware. But we have really been a company there. I said we're the largest seller of cookbooks there, more higher-priced products there.

We've really done a great job at tapping into millennials in France so younger-working women are buying the kind of products because so many of our products are time-saving products and products also that are -- really enable her to entertain much easier. So we've just moved in a new managing director or managing director of France, Denis Gruet, after his mid-60s, retired, a dynamic young leader took over who's Belgium-French who used to be a sales regional in our business there. A very young guy but -- well, in his mid-40s but dynamics, I feel good about the energy of that business going forward and particularly when I put it in light of how France is doing economically, I think we're navigating fine there.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

On the Brazil supply chain, with the fast growth that we've had obviously, you need to be able to make the product, you need to be able to store the product, and you need to be able to get the product shipped out. So we've been working on all of those elements by adding machine capacity to also have closer coordination but on the product selection and the forecasting between our marketing office people and our supply chain people so that we're setting ourselves up for success to be able to fulfill by first making the product.

We've added order-packing capacity so we have four lines there now in order to be able to get the products packed and shipped and then on the warehousing side, we got into a situation where we needed additional warehousing capacity and we weren't able to get it all in one location. We had different times, three or four locations that we've now been able to late last year, get one location and are moving to get everything into that one external location to complement our internal.

So when you wrap all that together, there are many things underneath all of those elements that need to work well and we need to continue to work on and there is a hit list there to make that happen. We did replace the local supply chain leader during last year with the person who had been in our Polar business and previously in Argentina so a very well qualified and very well known in the company, a person who has been doing a good job to work to address all of these things and help on the supply chain side to improve communication.

And we've also changed from a supervisory responsibility point of view who is leading that so we think we're getting the right kind of attention to work through all of these details that will continue to put us in a better spot. It's all about, clearly, having good service for the sales force and when you're up in the fourth quarter, we were up 43% and the predominance of that was volume so you're -- it has the opportunity to have challenges and it has but it's started to be better.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

I might add that I -- because I am down there every single year, looking at the front end of the business and this was a classic example where the back end of our business really didn't keep up with the front-end of our business and I think it hurt us on sales and delivery to consumers.

But the dynamic level of our distributor level, we have a couple of distributorships even here in the north of Brazil that are -- do annual sales north of $20 million retail, dynamic business units down there and a terrific management team. So I hope we now -- under this new back-end leader who's really tested in the Company. I'm hoping for significant improvement this year.

Operator

Connie Maneaty, BMO Capital Markets.

Connie Maneaty - *BMO Capital Markets - Analyst*

Because there was so much change going on in Argentina, I was hoping you'd give us a sense of the transition underway. So could you give us a composition of the 56% sales growth between the mix shift between housewares and beauty and then price and volume and then a final part of the Argentina question is what percentage of sales do housewares now present?

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

We are about 50/50 when I was just down there. In Argentina, we keep -- they've done a great job at really moving that business from very competitive cosmetics environment to more Tupperware. So as I was down there six months ago, it was 50/50. Nick mentioned if we've changed any more up on that. It is clear, though, we -- the bulk of our increase in Argentina was pricing down there. I think we were at 2.8% or 3%.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Yes. It was a very small contribution to volume.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

But that's less than it has been in previous quarters because we've been getting a number of quarters, almost a -double-digit increase there when you took pricing out. Business is moving in the right direction, moving toward, I believe this -- we were losing money there in Argentina.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

It's around a breakeven business and the share in housewares might even be a bit above 50% right now.

Connie Maneaty - *BMO Capital Markets - Analyst*

How big is Argentina sales-wise?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Well, it's one of those mid-sized businesses that hasn't yet got to the $100 million mark.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

I might add, Nick, just gave me the number. We've moved from 50% Tupperware to 60% there in Argentina. I'll tell you what's really good about that. This is how we did it in Brazil as well. We really don't have any competitors there. It's a higher net per unit item. Sales force makes more on a sales call, particularly if it's a party versus a $5 lipstick so it's a better earning opportunity there which will enhance retention.

You're going to see us do more of that in our Uruguay business, which is almost entirely beauty products, get more Tupperware in there and this is where we've been so successful in Brazil that we get in, we've talked about it; it's like a Trojan horse. We get in, there is a party or presentation. We're differentiated, nobody is like the Tupperware brand and then we break out our beauty catalogs and it has that halo effect and it makes it much easier to compete in beauty and it raises the average order. So thus far, it's been a workable strategy and we hope to see more of that in Argentina and then in Uruguay.

Connie Maneaty - *BMO Capital Markets - Analyst*

Okay. In Russia, when the government raised interest rates to, what, 17% to 18%, what's the impact on the distributors? And have you seen that flow through yet to your sales and is there a risk of higher bad debt exposure?

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Connie, we haven't had feedback from our management team there that there has been a reaction from the distributors because of changes in interest rates. We have to look, and I don't know how much bank financing they actually do. Most of what we've been getting from our Russian organization is the impact on consumers with regard to the actions that have been taken by the West toward Russia and that has impacted consumer spending. This is a tough country now to sit there and try to get momentum. It is interesting.

I spent some time with the Mayor of Kiev and it's interesting. This guy was -- he was at one of our luncheons and talks about how committed -- there's only about 20% of our business there in the Ukraine but how committed they are to being part of the West rather than the CIS. But it is a lot of distraction going on there and just like in Venezuela right now, we are a Company that navigates through this stuff pretty well.

Somebody asked me once about how do we do in Membina and the only reason I bring this up is that's where most of the guerrilla activity is in the Philippines and I said, it's the strongest part of the business for us in the Philippines because our people are local people. They figure out how to navigate through it.

We'll see what happens with this administration and Putin's environment. I think what he's learning right now is he's lost the support of Angela Merkel. She put him on notice in Australia several months ago and now we've got oil where it is; that's the bulk of their economy is fueled by that. He cannot go forward as boldly as he did so I'm hoping more stabilization there but anything goes with Putin.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Connie, just going back to the receivable situation in CIS and of course, things could change going forward. But the picture for us has actually been trending better, coming out of the issues that we had in the middle of 2010 and then over the next couple of years, we got some escalation in past dues.

But generally that's been coming down and some of that has to do with -- we have a narrower number of distributors now and so better profitability and better within distributorships, better management of their businesses has allowed them to do that. So things like carrying the optimal amount of inventory to fulfill for their sales force and management of their receivables with their sales force customers.

Connie Maneaty - *BMO Capital Markets - Analyst*

Okay, and just one last one. I think you mentioned that you had some profit goals for BeautiControl in North America and it entailed some risk. What did you mean by that comment?

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

What no -- the objective with regard to BeautiControl is we've lost money in BeautiControl. And we think it's because some of our structural issues there which we're not ready to talk about. But we're going to take some actions there that we think are the right things for the business that the senior field leadership likes.

And we think are appropriate for our earning opportunity to redeploy certain places where we're putting compensation into some other places. So I feel we're doing the right thing and it should have been done some years ago.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

And the risk meaning we were more conservative on our sales assumptions than we might have otherwise been in light of where the business is.

Operator

Gregg Hillman, First Wilshire Securities Management.

Gregg Hillman - *First Wilshire Securities Management - Analyst*

First of all, what would it take to get China growth up to 30% in particular and also can you give more of a straight, more of an MLM China versus a retail model since it's legal now?

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Gregg, firstly, I love the growth rate in China. Everybody has been worried about China has moved to 7.4% GDP growth and we keep growing north of 20% and I'd like to see us stay at that level because what -- to accelerate it would be tampering with this model. I love the way we're training people. I love the productivity increases that we're seeing.

So I think we're handling the kind of organic growth of the number of outlets that we have, the growth per outlet so I think we're operating in a reasonable range. With regard to MLM on that, that's not our business model and it's amazing. More and more of the companies that even work MLM have dropped out of these associations because they don't want an affiliation with that model. We don't think -- we think it's not a sustainable way to do a direct selling business when all you basically are is a wholesale buying club. No interest at all in going that direction, Gregg.

Gregg Hillman - *First Wilshire Securities Management - Analyst*

Okay. And then Mike, do you -- just the correlation of Tupperware growth versus world economic growth over time? Is that becoming more correlated, less correlated?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Say it again. So you're asking of our growth is correlated to economic growth?

Gregg Hillman - *First Wilshire Securities Management - Analyst*

The world economic growth and whether that correlation has changed or -- over time.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

I don't know that it's changed but where our opportunity is most robust is where it's been evolving in recent years. We've got a huge penetration opportunity in the emerging markets.

When you look at Asia, of course, we just cracked $100 million in China for the first time in 2014 but given the size of the population and the continuing GDP per capita growth, there's a huge opportunity there. And then in India, we have a good business in meeting ourselves a sales base, a very profitable business, generates cash that we're able to access but less than $100 million still in 2014. So a lot of opportunity there and then the list goes on, including another -- other of our segments.

So the reason that we been able to run above overall growth of economies in the world is because we're capitalizing this based on the strength of our management teams, the lack of the retail infrastructure, the earning opportunity for women. So I -- we would obviously, with a 6% to 8% longer-term growth expectation, we'd say that we're going to grow faster than the world indefinitely.

Rick Goings - *Tupperware Brands Corporation - Chairman and CEO*

Gregg. I'm going to wrap it up but if I would end it on this point to add to the perspective Mike shared. Again, we bifurcate the world by emerging markets and established markets. We're probably at a 25%, 30%, if you add up all-in on our emerging markets and that means there's a lot of opportunity for growth ahead.

It's driven by, firstly, the largest populations in the world, the largest population growth rates in the world are there. The emergence of the middle class and this phenomenal world changing group, the millennials, that are going to be 70% of the workforce. And that's how we're turning our attention to satisfying what they want and very importantly, the bulk of millennials don't want traditional jobs. They want to be an entrepreneur.

So big opportunities for expansion there in the emerging markets. Two ways. Number one, penetration but to underserved market and number two, penetration in the products that we don't even sell there right now, think of that hub and spokes.

If I turn to the opportunity in the established markets of the world, I'll tell you, the dirty secret of Europe right now is really, and we saw part of this play out in this horrific incidents in Paris is the inability to in Europe to really absorb immigrant populations and you have more and more disenfranchised all over Europe and they're starting to really pay attention to this.

I'll give you an example with our business. That's where such a growth opportunity for us, the Turkish population, for example in Germany, Turks are 5% of Germany but they're 15% of our sales force. She then starts with us, she deals with her friends, neighbors and relatives who are Turks and then she is blended into the Tupperware sales organization.

So her first feeling of being part of that country is being part of us. You got the same situation happening in multiple European markets. The other underpenetration in Europe for us is the metropolitan areas and I think that the strategy that we're going to be talking more about on the 25 of February talks about how we deal with urbanization.

And two things come together, millennials and urban populations, and that's a big opportunity for us even in established markets and mostly in established markets. So I think we've got a good combination of growth for the future.

Anyway, everybody, thank you very much for your time today and I hope some of you -- we've got probably limited space but I think this is going to be an important meeting, not only for showing what we're going to do but you're going to be seeing people you've never seen before but people who have been with us for a long time that are still young. So thank you very much.

Operator

Thank you, ladies and gentlemen. This concludes the Tupperware Brands Corporation fourth quarter 2014 earnings conference call. You may now disconnect.
