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EDITED TRANSCRIPT

TUP - Q3 2015 Tupperware Brands Corp Earnings Call

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OVERVIEW:

Co. reported 3Q15 diluted EPS, without items, of $0.79. Expects 2015 local currency sales growth to be plus 4-5% and diluted EPS, without items, to be $4.39-4.44. Expects 4Q15 local currency sales growth to be plus 3-5% and 4Q15 EPS, without items, to be $1.37-1.42.

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. And welcome to the Tupperware Brands Corporation third quarter, 2015 earnings conference call.

(Operator Instructions)

I will now turn the conference over Mr. Rick Goings, Chairman and CEO. Please go ahead sir.

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

Thank you very much. Hi everybody, I am in New York City, the rest of the gang, Mike, Lien and the rest are in our headquarters in Orlando. You can follow us, for first-timers you can follow this presentation with slides, I'm turning to slide 2. You know the drill with regard to forward-looking statements.

Let me now turn to slide number three. As you can see, our sales came in at 7%, up in local currency, that was above the high end of our range. Even with the economic and political disruptions that we are seeing in some countries. And, we have some tough comps versus last year in the second quarter. The management teams, really, they did an effective of job navigating through much of the volatility.

We continue to see strong performance in a number of markets. I'll just mention a few. Argentina, Brazil, China, Indonesia, Tupperware Mexico. Both of our South African businesses, the United States and Canada. It's particularly nice to see that, when most companies in our industries are suffering in the US and Canada, our guys are growing double digits.

We are also pleased to see the improvement in France and Italy, but we have more ahead there with regard to needed improvement. We had an 11% increase in emerging markets. Three points improvement from Q2. Important was Indonesia, we were even with last year in the established markets. And the two-point sequential improvement driven by strong double-digit growth. Again, as I mentioned in the US and Canada along with that improvement in France and Italy. Sales force, it is now at 3.1 million. That is a 5% plus, 2 point improvement over second quarter.

It's early days, but we have started to implement the 20/20 Initiatives. We updated you in the video, and I hope that most of you, we have gotten some positive response that we clearly cannot get that granular on this kind of a call. We will do that from time to time, as needed.

You heard from our German MD, that was one of the first countries in Europe we launched in. Starting to see improvement there, with those who went through the 20/20 programs and that tool kit, in not only activity, but their sales levels. Ditto in the Americas. Early launches in Brazil, and we're in a little earlier stages in Mexico. Activesellers] were up 3% in the quarter, that was also an improvement.

If you will turn to slide 4, let me try to take you through some of this. I will do my best not to be redundant -- tell you what we have already told you. Here, I can give you a little bit more color.

Let me start with Europe, Africa, Middle East. We saw strong performance in Tupperware South Africa. Starting with our Tupperware South Africa business, it was up 52%. We are really executing well in our fundamentals. On top of that, we did benefit, in full disclosure, from unusual timing of shipments last year in connection with a transportation strike at the beginning of July. That impacted our July and promotional activity in August. So, a little bit easier comps.

We also continue to do very well with our beauty business, Avroy Shlain, in South Africa, double digit, 23%. 21st consecutive quarter of growth of that business. We are driving the growth in Avroy Shlain, with not only building the sales force. They're just doing a great job with new products and brand building. A lot of focus on fragrance and skin care. We paired -- this with strong focus on leadership development. That's why often, when we look at how are we growing the sales force, the key to that is keeping the ratio of sales management and sales force together. So it is good to see that.

We have also continue to have good contributions in the Middle East, -- and I'm laughing when I say good contribution in the Middle East and North Africa. In the spring, we went through those businesses with our management team. It is just amazing the kinds of increases we are having in markets like Egypt, where you believe that the instability -- and we get incredibly strong double digits. It speaks to the strength I think of having a local sales force, and at the end of the day she needs to earn money, feed her family, so we continue to move forward.

Let me turn to Germany, a 4% decline was not good. Notwithstanding a much more difficult comp than we had in the second quarter. You'll remember the second quarter, 2014 was a disaster in Germany. So, they had a good quarter this year, but it is sure against easier comps.

The momentum that we created in Q2, softened during the summer period. We weren't able to attract enough sales force. I can tell you from my junior days in direct selling, running a German direct sales business, things shut down, You guys who travel to Europe know this, in July and August. So it is hard to really expand your sales force much.

We continue to work through the Vision 20/20 Initiatives. As I already mentioned, Christian Dorner our MD, we're starting to see some real improvement there. In Germany specifically, what gives me confidence is we have a strong group of distributors. A young, but very experienced leadership team, so we expect to see more improvement.

France and Italy, we need improvement there. We saw some sequential improvement. France was down 6%, an improvement of 12 points from last quarter. This reflected the actions that were taken to reengage the sales force.

I have to say, the wind is in our face because of changes the government made, concerning what its requirements were for our managers. Managers there are employees of the distributors, and that really impacted our promote-out level. Promote-out managers are the managers that really are the most dynamic, young, fresh managers in building the sales organization. So, we have got work to do there. We have seen this happen in the past in other markets, and it usually takes it a couple of quarters, but we adjust to government changes.

Italy down 15%. This was a 10-point improvement from last quarter, and it is mostly the gap in the active sellers there. We are working to really develop more new managers. And unlike France, we saw marked improvement in manager promotions in the quarter. That bodes well for what is ahead.

We also really plugged in some actions and formulas that we do in some of our best sales-management countries at the management level. And that will boost earnings and increased retention. So, it will take us a couple of quarters, but I think we will get through that.

Let me turn to Turkey. I've spent a lot of time there, I have been there twice already this year. A lot of disruption from the political and economic environment there. It is mostly driven by the war in Syria, the upcoming elections. There is just a [raft] of things going there. A lot of noise, a lot of distraction.

But, we have a good management team there, a large sales organization. Being down 10% in a market like Turkey, which is one of our middle-sized markets, does not feel good. Hopefully we get through this sooner rather than later.

Turning to Asia-Pacific, and APAC businesses -- I just returned last week from Singapore, where we have all of our country managing directors and presidents. APAC, we are pleased to see the quarter, the [real] front runners there were China, India, Nutrimetics, Australia, and New Zealand. All with double-digit growth in the quarter. China, up 18% continuing strong performance, on top of 24% growth in Q3 of 2014.

Growth continues to come from a combination of more -- we used to call them outlets, we are really moving toward Experience Studios. So, that's what we are going to be calling outlets generally, which you would do if you sold discount merchandise. We say it in English, but it's inappropriate for our experienced centers. Also, we are starting to see the productivity go up in these Experience Studios. We now have more than 5,200 of them. That is up 13% versus last year. We mention this in our pre-release in September.

China continues to perform well as we leverage our product line, and push the other elements of our business. Worth noting, is our ability now to pre-launch products to our -- every one of these experience centers has a membership base, so it is a relationship. And they really have been using chat and text technology like nowhere else in the world, that drive people into our Experience Studios.

And they come in for, really it's a cooking class. In fact, I think this is something very important and worth noting. I spent a lot of time with Vincent, the Head of our China Business, when I was in Singapore. He mentioned to me that only 30%, that is their best estimate, of the traffic that comes into the -- of their overall sales, is people that come in off the street. So 70% of the business are previous members. So very bullish for the China business. They've got a lot of runway in the number of these Experience Centers to be opened in the future. They are almost nonexistent in Central and Western China.

Indonesia, up in the quarter, that's 12%, that was quite a delta. A 17% change from the second quarter comp. We have been focusing on improving our recruiting, to build our sales force count. We still have a gap of about 5% in the total sales force numbers. The good news is, we saw a small growth in our active sellers. In part, we are leveraging more demonstration selling, and our on-boarding efforts related to new sellers are starting to have some effect. We saw impact and also a sales force incentive trip promotion, that really engaged more of the sales force, not just the top tier. Again, let me stress, we're pleased with the progress we saw in the quarter and Indonesia, but we still have a gap of 5% in our sales force count. So we have more work to do in the months ahead.

Korea, again solid performance, up 7%. And that was right in the face of a six-point negative impact on a business to business transaction we recorded in Q2 last year. Also, it was a bit of a heads up. We have a big B2B we did in 2014 in Q4, so that is going to diminish the comps there.

And by the way, we will do business-to-business transactions in certain markets for time to time with major brands. It can be an auto dealership, an up-end brand of some kind of luxury goods, whereas an incentive they can get Tupperware. And then we have bounced back coupons that get those people to hopefully want to attend a party. But we do them very selectively.

Now let me comment on Nutrimetics, Australia, New Zealand up 11%, higher activity, bigger sales force. Our Managing Director Nathalie has just done a fantastic job in building the business there. Interesting too, we have talked about millennials in that update video in 20/20. Over half of our new recruits are millennials. And what is important there, as we commented about 58% of millennials tell us, that they do not want a traditional job, they want to own their own business.

Now, let me turn to a couple APAC markets, where performance was not a plus. India down 4% in the quarter. Even with, and it was even with the second quarter, where we were down the same level. As we mentioned last quarter, we do have a larger sales force size, but I have got to say our team is really working on activating this larger sales force with sales management. We need more sales managers there.

Also, we are dealing with some distraction in the Punjab area, the Northern Province. Where local authorities don't really understand our entrepreneurial sales force structure. And wow, that has just taken so much of our senior management's time. But we hope to navigate through that.

Our powerful and very profitable business in Malaysia and Singapore had a tough quarter, down 9%. There were really two quarters to the third quarter, really July and August were really difficult. But we saw a strong growth in September, and that is a pretty decent precursor to what is going to happen in the fourth quarter. But we still have time to go.

We also benefited from the relaunching of a sales force car program there. I was there for their 50th anniversary, and it is an energized, and again young millennial group who are entrepreneurially building their business. So we feel good about what can happen there.

Moving to the Americas. Brazil, our largest unit in South America, generated another great increase, 21%. About 70% was from higher volume from a larger and more active sales force. And we continue to recruit right up to the end of the quarter, 18% higher sales force count.

And just a reminder, we will have a tough comp in the fourth quarter as we grew last year 43% in 2014. You will remember, we came out of a supply chain issue that hurt us the first nine months of the year. So it was a big catch up period there. We believe most of those problems were solved. The flip of this is we were up 46% in the first quarter of this year, when we were comparing against that initial slowdown. So we just want to keep you having the same perspective. We live this business every day but you guys are following many companies. We still expect nice double digit growth in the fourth quarter, but don't expect to see these way north of 20% that we saw in the past.

Our Tupperware US and Canada businesses, proud of them in the quarter. And the last couple of years, we were up 14% in this quarter. Second consecutive quarter of double-digit growth. As we mentioned in the video, we had a terrific sales force event in August, where we recorded recruiting that led to 20% of the sales force size advantage in a very short period of time.

We really used technology there, so our business has some of the more traditional, just pure relationship aspects of face-to-face. But all of the high impact less touchy-feely, digital aspects so the "and" of these two together are really working well together. We capitalized to the advantage of having 22% more sellers in the quarter.

And our sales first comp plan went live in Canada in the third quarter. It could be disruptive, they usually are, and yet we still saw an advantage in growth. This is a great example of how Stein Ove Fenne,] our president of North America has been a great change agent.

Let me comment a bit on Tupperware Mexico, grew 14% in the quarter. As we highlighted in that 20/20 video, this is one of the pilot markets for the success formula. What I am pleased to see, it has been a difficult -- because of the kind of conditions where most people live outside District Federal and the major cities, it's difficult to do parties there. But they are really kind of migrating toward demonstrating selling, and sometimes it includes just one person demonstrating a product to another person. And then all of a sudden there are three people there.

We are starting to see the impact of that, and as we have seen in our US business, using Party Plus, that when someone sees a demonstration, their average order is double. So that is a big plus for these businesses around the world for us where party selling hasn't been really the key to our business. Great management team there, Luciano Azum, bright young leader in his early 40s. He is the epitome of what many of our leaders are, with that same template. And they will lead this company in the future.

Lastly, we saw pressure in our Fuller Mexico, that is our beauty business. They were down 3% in the quarter. We are still seeing deep discounting from our competition there. We are trying not to match any of that. We are trying to focus on building more fragrance and our skin care business, just on the quality of those products and brand building.

And also our real work has to do with increasing our field manager count, and reducing the high level of turnover that we had there. We continue to work on that. It is going slower than we want, but we are starting to see some positive comparisons, compared to -- for the first time since actually 2011 in the [sales force] turnovers there. Anyway, we have stuff to work on.

BeautiControl, just a word about that. We took dramatic action to right that value chain in the first half of the year. It certainly, we were throwing too much of our resources at brand-new recruits. And really the effort here was to redeploy a lot of that toward the business builders who were going to be with us, and make careers of the BeautiControl business.

Still disruptive, but we are making progress if you look into the quality and the income levels of our more permanent managers, but it is going to take some time. I'm happy to say the profitability of the business, because of the value chain improvements, has changed.

Mike, with that, let me turn it over to you and then we will go to Q&A.

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

Thanks Rick, you've seen in our release and Rick has walked you through that we were one point over the high end of our local currency sales increase range plus 7% in the third quarter. We improved sequentially from the second quarter's 4% local currency increase despite a one point more difficult comparison versus last year. As foreseen in our July earnings call, this came from Indonesia turning positive, along with better comparisons in France and Italy. In fact our 12% increase in Indonesia in the third quarter was quite a bit better than we had included in our outlook, and this all along was better than foreseen increases by Tupperware US and Canada and South Africa, were the main contributors to our being above the high end of our local currencies external range.

Touching on volumes versus price of our 7% local currency increase in the third quarter, 4 points was from volume and 3 from price. The volume comparison improved by 3 points from 1% in the second quarter, and there was no sequential change for the benefit from higher prices. We also again, have sequential improvements in our total inactive sales force size comparisons this quarter, each by 2 points to plus 5% for total sellers, and plus 3% for active sellers. The most significant contributions to the total seller improvement came as we start to recover in CIS, following the necessary change to stricter standards that we implemented in late 2014 in early 2015. And from improvement in Fuller Mexico where as Rick noted, we managed to come in plus in the third quarter, after having been down about 30,000 sellers at the end of the second quarter.

I mentioned last quarter we had a 2 point drag our total sales force size advantage, from less sellers in CIS associated with the change in standards. And from Venezuela, as we've modulated our approach in light of the externals there. This hit continued in the third quarter and should fade out as we get through the first quarter 2016. The plus 3% active seller comparison reflected all of our segments other than Beauty North America and Plus territory. The biggest drag from within our numbers on the comparison was in Fuller Mexico, which accounts for about 25% of our total active sellers. But given that we entered the fourth quarter with an advantage in total sellers in this unit, hopefully we will also be able to achieve better comparisons going forward on actives as well.

On slide 6, you have seen also, that we came in on diluted earnings per share without items at $0.79 which was $0.05 above the high end of our July range, even with $0.05 of a drag from exchange rates versus when we gave our guidance. A portion of the upside came from the better-than-forcast level currency sales. With additional benefits in the value chain versus what was forecast. Most significantly, associated with gross margin and supply-chain cost in Brazil, and the value change launched in BeautiControl in the second quarter.

As shown on slide 7, this led to a pretax return on sales without items at 10.2%. That was 80 basis points better than what was included at the high end of our outlook range in July. We were even with last year in dollars, and up 170 basis points in local currencies. The improvements versus last year also came more significantly in Brazil and at BeautiControl.

Turning to cash. Cash flow from operating activities net of investing activities was $36 million in the third quarter. Up $5 million versus last year, which was about in line with increase in GAAP net income. Our full year 2015 cash flow outlook is now $175 million to $185 million which is down from $180 million to $190 million in July. This reflects a worst exchange rate picture versus July.

Within the cash flow guidance, we foresee full year capital spending of about $60 million, which includes a benefit from the weaker exchange rates versus last year. And compared with our July guidance, it was at $65 million.

Looking at our EBITDA leverage ratio, we target 1.75 times and for the four quarters ended September, we stood at 2.15, with the overage reflecting the impact of weaker exchange rates on EBITDA and cash flow. Based on our EBITDA, this ratio says we were about $165 million above our debt target at the end of September. Based on our guidance, the over-target debt position would go down by $65 million to $70 million in the fourth quarter, with the rest being taking care of next year through the pay down of debt and an increase in EBITDA.

I will note here that we have substantial cushion under our leverage covenant and our revolver. And with our $175 million to $185 million cash flow outlook, that we are generating significantly more cash than we are paying out in dividends, which total about $135 million annually.

Looking on slide 8, at our sales and earnings outlooks, the fourth quarter sales comparison is more difficult in the third quarter by 2 points. At plus 6% last year in the fourth quarter in local currency versus plus 4% in the third quarter last year. Based on this, our sales force size comparisons, and trends we see in our businesses, we perceive fourth-quarter local currency sales growth in the plus 3% - 5% range. At the high end this would be up 11% on a two year stacked basis. The same as in the third quarter and 4 points above the two year stacked increase of 7% in the second quarter.

Sequentially, versus our 7% year-over-year local currency sales increase in the third quarter, at the high end of our fourth-quarter range, the bigger drags are in Korea, where we're expecting $3 million or so less than B2B sales this year. And Tupperware South Africa, where we expect another quarter of growth in the teens, but not the 52% we had in the third quarter when we lapped last year's transportation strike impacts. And in France, where we are continuing to struggle to match last year in the peak promotional periods.

Our fourth-quarter guidance puts our full-year local currency sales growth outlook at the same plus 4% - 5% at which we stood in July. On earnings-per-share without items, we foresee the fourth quarter in the range of $1.37 to $1.42. At the high end is up $0.01 versus last year or 1% in local currency. This includes a local currency drop due to pretax profit from higher sales of 5%, including an operating margin down about 60 basis points from 2014 in local currency. The low drop due to profit reflects the situation in Europe, where we are expecting to be down in sales and some higher contribution margin units, and are investing to get better results going forward. And where we're lapping some favorable costs last year. We also foresee higher unallocated corporate expenses.

While we were up by $0.10 in the third quarter in local currency versus our high end July EPS guidance, the fourth quarter guidance of $0.08 lower in local currency than what was included within our July guidance. This came from the one-point lower sales increase assumption, including the mix of units where that came from, and higher unallocated corporate expenses, including from management incentive costs that are based on employee performance and translation FX. Last year's corporate level net income performance for incentive purposes was plus 3.6% versus 2013, whereas this year's performance is tracked to be more than twice that increase.

Turning to slide 9, for the full year then, this takes our diluted EPS guidance range without items to $4.39 to $4.44 per share. Or $0.08 lower than July at the high-end. The components of the change are $0.09 at the high end from weaker foreign-exchange rates along with $0.08 less than EPS and local currency in the fourth quarter, as I just outlined. Partially offset by the third quarter's $0.10 local currency EPS upside versus the high end of our July guidance, and a little bit different rounding.

On slide 10, you can see this would give us a 12.9% pretax return on sales, down 100 basis points in dollars, versus 2014 but up 50 basis points in local currency. After taking into account 150 basis power hit from translations foreign exchange. Our outlook continues to include 25.4% tax rate for the full year excluding items, which is where we were in July.

Full-year unallocated corporate expenses are now foreseen at about $70 million versus about $66 million in our July guidance. Again, primarily reflecting the better performance on management incentives, but also with some drag from translation FX. The outlook for net-interest expense remains at the same $46 millions as in July.

At the segment level for the full year, we now perceive sales about even or up slightly in local currency in Europe; an increase of 3% to 4% in Asia; a high single-digit increase in Tupperware North America; a decrease of about 5% in Beauty North America; and an increase of 23% or 24% South America.

In terms of profitability, we foresee return on sales to be down about one point in Europe, to be even with last year in Asia and Tupperware in North America. To be up about 1 point in dollars and about 2.5 points in local currency in Beauty North America. And to be up about 1 point in dollars and 4.5 points in local currency in South America.

We included in our release an initial sales growth outlook for next year, which is plus 5% to 7% in local currency, including a one point benefit from having a 53rd week in the fourth quarter in our fiscal calendar. Based on current exchange rates, there would be a 3 point drag in comparison with 2015 from weaker currencies. While we will give our initial EPS guidance for 2016 in our fourth-quarter release in January, based on current exchange rates, there would be a $0.22 negative impact on the EPS comparison with 2015 and 2016.

In essence, this means that assuming performance at the high-end of our range in the fourth quarter of this year, our starting point for next year in constant currency would be $4.22 per share. We would then apply our local currency growth assumptions to the $4.22, to get the 2016 EPS guidance range without items.

Finally, turning to resin, in July we indicated a $6 million full-year benefit in 2015 versus 2014 on cost of goods sold from lower resin costs and local currencies. Our update now is that we foresee about $145 million of resin and cost of goods sold this year with an $8 million benefit from last year in local currencies. Of this amount, about $1.5 million came through in the third quarter and $3 million is expected in the fourth quarter.

With that, we will turn it over to Q&A, thanks Crystal.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Your first question comes from the line of Steph Wissink--Piper Jaffray.

Stephanie Wissink - *Piper Jaffray - Analyst*

Thank you, good morning everyone. Thanks guys for the added color. I want to just focus on two areas. Rick, if you can talk a little bit more about the Experience Centers. And your plans to roll those out worldwide, where we should be focusing on the key markets of opportunities.

First, I think North America is one area that you've been looking at particularly in Canada and maybe the US. Give us a sense of how we should think about the four walls and how you think about some of productivity measures. And separately what aboutsome of your product initiatives and some of the partnerships that you're recently announced. Can you give us an update on how we should think about those influencing the out year 2016 guidance figures? Thank you.

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

Yes, Steph, good morning. They really go together more the Experience Studios and the kind of products that I see, some I can't talk about here today. The real key to our demonstration is that it unlocks the features and benefits of a product, and that's why often we are selling products that someone else, a competitor could knock off and put on the shelf of the store but people don't buy, because they don't know what it does. Let me talk about the Experience Studios. We are moving more in the direction, our focus is relationship selling -- I don't want to lose -- the focus is out there in homes and where people work, live and socialize. A Tupperware Party, a Tupperware Demonstration; that continues to be our business.

Our core distributors, they have distribution centers, it is where the people come, there is a regular weekly meeting. It's where they get their training. It's where managers really meet with their down line sales organizations. In some of the markets in the world, it is where they turn in their orders, and they pick up their inventory. That is the traditional way it is done in our European business and in other markets around the world. None of these have ever had a consumer face on them, where someone could come in and really experience Tupperware products. We are going to have that in these.

Now clearly, that is the only way we do it in our China business. We have 5200 of these studios there. That is not going to be our core business. It will help really expand our reach. And what we want to do there, is more and more when someone comes in, both through the sales organization. We want to be able to recruit more people, keep them longer, and get them more productive. So we are going to create these studios within our existing distributorships, where she comes in -- most of us go back to either college or high school, you had to take one of the science classes and it was a laboratory.

Well, these are studios. People get their opportunity to really put their hands on products, and make something. I would tell you, Steph, it is the same way if someone goes to a party in Berlin, and it is as someone's flat. We turned her apartment into an Experience Studio. Now what's requisite of us -- our product development team is to not just come out with products that have nice design statements, they have to do something. That is why it's amazing to see products I never would have thought in some of the more -- less context emerging markets like Mexico. We introduced a Mandoline, it's a slicer, expensive and complex.

When we demonstrate the product and put focus on it, people buy it. A big growth this year, Microwave Pressure Cooker where in 28 minutes somebody can make pot roast, and the ability to demonstrate this, I see it at many investor relations meetings where more and more we demonstrate there, we are just not going to talk about the numbers and the strategy, I'm want to put a product in the hands of people. Because smart people understand it, and they say I get it. Forgive the long answer, Steph.

Stephanie Wissink - *Piper Jaffray - Analyst*

Thank you, Rick.

Operator

Your next question comes from line of Jason Gere with KeyBanc Capital Market.

Jason Gere - *KeyBanc Capital Markets - Analyst*

Good morning. It's nice to see the micro do well in a tough macro environment. Rick, just a question, and Mike as well, on the fourth-quarter thinking about the margins. I was happy to see the FX was obviously lessening and sequentially versus your prior guidance and even as it translates into next year as well. Just one thing I want to get a little more clarity on. When you provided some reasons why the margins on a local currency basis would be lower in the fourth quarter, and you talked about the European investment. Is this kind of a one-off thing? Or is this the cost of doing business in certain markets that elevated to keep within that mid-single digit, organic sales. I was wondering if you could provide a little more color on that first. Thank you.

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

Mike, why don't you take that. I want to comment too on what we've been talking about with regard to FX.

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

Right. In Europe, Jason I would say there are two main elements. Yes, we are investing and we put those costs into the guidance when we were talking about July. And we highlighted Turkey and France and Italy as being one of the three markets where that was particularly the case. Those are tactical investments, we would expect those to pay off over time. Moving forward, I wouldn't say that the expectations for the value chain are really different because of that. The other thing that is happening in the fourth quarter is, we are lapping some cost benefits last year that are not coming through again. We touched on it briefly in the fourth quarter last year. That's hurting the comparison and that's also not something that you would expect to see on an ongoing basis.

Jason Gere - *KeyBanc Capital Markets - Analyst*

If we think about some of the offsets that we've seen, obviously, the margins have been impaired a little bit for FX predominately. So as we think about next year, and I know you haven't given that part of the [P&L] guidance yet. Do you see, with the lessening FX, do you see with some of the cost savings that are still out there maybe even the resin market as well; do you see that margin expansion as something that can come back into the conversation as we think about next year?

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

You are right. To the $0.22 that we said for FX based on the current rates for next year, would imply that'd it be less of a drag from translation FX that we've seen on the ROS and the margin this year. We have not changed our thoughts around looking to generate the 50 basis points per year on local currency improvement in pretax ROS, and so as we finish our plan process and continue to roll with the initiatives that we have and others, then you know we will be working against that longer-term expectation. The local currency improvement for this year is built into the guidance that we updated today is 50 basis points. It actually improved five basis points in local currency versus what we said in July. We were at 45 for the full year. So, we are on track to continue to work against that longer-range expectation.

Jason Gere - *KeyBanc Capital Markets - Analyst*

Okay. Thanks for the color on that. Then just the last question. As we think about next year with a 4% to 6% organic sales excluding the extra week benefit that you have out there. Would you anticipate that is going to be more volume driven than price? This quarter obviously, we saw a better blend between price and mix than we've seen in the past few quarters. Do you see that price element lessening out there? And it's going to be more volume driven.

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

I don't know if it will be less. So, at 3% of the 7 point improvement this quarter, 3% is probably somewhat representative of inflation around the world. If you also taken into account our mix towards emerging markets. I wouldn't expect a lot of variability around that 3%. It could be 2%, it could be 4% kind of thing.

Jason Gere - *KeyBanc Capital Markets - Analyst*

Okay. Great, good quarter guys.

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

Hey Jason, I want to comment on FX too. Mike (inaudible) and I were talking about it at our (inaudible) earlier this week. I think it speaks to the -- this helps give us sanity in spite of the loss from FX, of actually over these last three years, almost 50% of our profit went $5.43 then to $2.22 we were able to, A, claw our way back from almost up to $4.44. And if FX hadn't been even, our EPS would be around $7.50 per share, so we continue -- it says when Mike and I were putting together with the board what is our targets with regard to our policy and dividend, share repurchase, we invest in the business. To have that and live through that environment, and continue to be able to support our dividend, and a number of those, I think five years, raise it. It gives us confidence that we were prudent in doing it. We will continue the same balance of aggressive on some things andconservative) on some others. FX is really hurt where we would be right now.

Operator

Your next question comes from the line of Olivia Tong Bank of America, Merrill Lynch.

Olivia Tong - *BofA Merrill Lynch - Analyst*

Thank you. First question is around the deceleration in Q4 on the top line. I realize that there is a 2-point more difficult comp, but it looks like you're looking for about 2 to 4 points of deceleration. The comp explains part of it, but can you talk about what else is driving the growth to acceleration? Because you mentioned a few markets where you have one off like Korea, but then you also have easy comps in other areas like Russia CIS. What I'm trying to get to is, you've made a lot of efforts to get the market to understand why you're confident in getting back to the 6% to 8% target longer-term. But you're looking to 4% to 6% in FY16, so what are you seeing the gives you confidence that growth can accelerate another 2 points from that 4% to 6% in 2016 to get back to your 6% to 8% over the long term period? Thank you much.

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

Olivia, like you said, the sequential change from plus 7 to plus 5 at the high end fourth quarter is coming most significantly from not having the B2B that we had last year in Korea in the $3 million range. It's the very high growth in South Africa in the third quarter, the 52%, which had the strike impact benefit. The strike was last year in 2014 in the third quarter. And then the other bigger one was France. So, when we look at the rest of the units, and we are seeing somewhat similar, we're saying trends, as we move forward from the third to the fourth quarter. That would set us at the same two year stacked at 11 that we had in the third quarter. In terms of ultimately getting into the longer-term 6% to 8% range, that again, is built on an expectation of being able to be at around 10% in the emerging markets, low single in the established markets. We actually more or less accomplished that in the third quarter. The confidence that we would get to be able to get there moving forward. It's the big penetration opportunity that we have in the emerging markets, and going back to the analyst day in February, particularly in places like China and India, where we were kind of a midsize businesses but a huge addressable populations that we are beginning to get more and more traction towards. Then on top of that, the Vision 20/20 Initiatives, include things that help us or are designed to help us execute better on what we do. They're the things that we label underiROAR. We talked about a few of them today. The success formulas that give people the actions that they need to succeed every week in their individual businesses.

It is more demonstration selling, which could be like in places in Mexico, initially like Rick said, one-on-one types of demonstration, and eventually more party planned. Then more onboarding to get a differentiated look at how you get people active who are just starting the business as opposed to the people who have been with us for longer. And that could lead to a lot more activity and retention. Because we lose a lot of people in that initial timeframe today, and making just incremental progress on that will help. And then there's the Vision 20/20 Initiatives around extending the reach. Which are some of the technology type things that Rick talked about. And brand ambassadors which we updated on the Vision 20/20 update that was posted last week. And Rick may have some other things. Those are the building blocks that should get us into the longer-term 6% to 8%.

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

I think you covered them Mike.

Olivia Tong - *BofA Merrill Lynch - Analyst*

Thank you.

Operator

Your next question comes from the line of Linda Bolton Weiser, B. Riley.

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

Hi. I know that the currency movements are kind of all over the place. Can you highlight, in terms of the improvement from the negative $0.36 to negative $0.22 impact for 2016? What were the key movements that happened last few weeks on the FX that drove that improvement?

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

Right. Indonesia improved, that was one of the bigger ones. Then we also saw some benefits from the Mexican peso, the Malaysian ringgit and the euro. Those were the bigger contributors.

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

Great. And then, Rick, I realize that all of these initiatives you have in place are important, and they are geared toward getting you back to that 6% to 8% local currency sales-growth target over the long-term. I know could be hard to gauge the timing of how they can positively affect your growth. But have you considered kind of putting out there for investors a long-term, more specific time frame for getting back to the 6% to 8%? Just to give us some confidence that everything you are doing is actually going to result in the achievement of the goal you are looking for? Maybe it's saying we get back to that in five years or seven years or maybe it is sooner than that. Have you thought about framing it in that way? Thanks.

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

Linda, I very much agree with that thinking. What we want to get by right now is, in these learning laboratories, particularly starting out with the on boarding deactivation, and then the retention piece. We want to get under our belt more the proof of concept, so that we are not giving you things that we end up having to change later. I would be disappointed if perhaps in the first quarter call when we wrap up the year, or by the second quarter, we shouldn't begin to put pressure on ourselves to come out there and talk to you about that kind of range. I certainly want to get a number of quarters under our belt before we do that. As I mentioned, Germany, Mexico -- there are issues. If we come out right now -- we saw very early on when we came out with iROAR, distorted numbers. And if we projected that out, we would've been way ahead of the game. I want more proof of concept before we do. Hope we can do it before July.

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

Probably worth mentioning is, we have been growing over the last 8, 9, 10 years in the 5% to 9% increase range in local currency sales. And while we should ultimately be operating the 6% to 8% longer-term range, there is nothing bad that happens if it ends up being the 5% to 6%. If you look at the consumer product peers out there, that is very good organic growth, so nothing bad happens. There is nothing that we need to do, obviously to be able to fund our business and so on. So the 6% to 8% will be a great place to be, and we should be able to operate in that range ultimately. It's for context worth recalling, and remembering. I know you do. That even the 5% at the high end this year, is very good in the universe that we operate in.

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

Great. Thank you very much.

Operator

Your next question comes from line of Frank Camma with Sidoti.

Frank Camma - *Sidoti & Company - Analyst*

Good morning guys.

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

Good morning.

Frank Camma - *Sidoti & Company - Analyst*

Rick, a little more clarity on China specifically. Obviously, numbers were good in the quarter. Are you getting any feedback from your guys that are actually there on whether -- I mean, obviously, the economy's decelerating. As to like how your sales force is responding. It's a little different model there's far as their commitment level. They have to actually a spot to sell the stuff. Are you are seeing a different level of commitment there?

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

I've spent a lot of time with Vincent there. And the answer right now is no. But, this is a really good time to be in the kind of product categories -- you get back to Maslow's Hierarchy of needs. Things the deal with food, clothing, and shelter. If I was selling cars or high end luxury equipment, or the worst, real estate, that would be a tough place to be. But perspective on it again where the external world, the conversation about China moving down from 10% and better growth to 6%, we've got to keep in mind, look how big that economy is at 6%. So, when you have the numerator change so dramatically, but it is off such a huge base now, when I'm up in China I don't see a nation in meltdown.

Frank Camma - *Sidoti & Company - Analyst*

Yes. I was just wondering because they actually have to take a commitment to lease some space versus your other markets.

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

Frank, when it comes to our numbers we were up 13% in outlet at the end of the third quarter versus last year, it's the same as the second quarter. And then productivity on top of that for the more residentially based outlets got us to the 18%. And if you think about the announcement this week that the economy was growing 6.9% in China, that all hangs together. So, our message to potential outlet owners continues to resonate. It accelerated a few years ago, as we rethought about how to do that. And it has continued to work well for us.

Frank Camma - *Sidoti & Company - Analyst*

So, to look at a different market, like Brazil, I mean your numbers were outstanding there as well. That is not exactly a great economy right now, so is that just a different level?

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

That's driven by something else. In Brazil it's really driven by an entrepreneurial spirit and the earning opportunity there. She can come in and be a demonstrator. A Sales Consultant, or she can go into management within the six-month period of time. So we will certainly look at what is the average order, and the kind of products we are selling. But what drives Brazil is the size of the sales force. And what drives the size of the sales force is our ability to attract new people who want to become managers.

Frank Camma - *Sidoti & Company - Analyst*

So it's like you always say the different levers you have.

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

Yes.

Frank Camma - *Sidoti & Company - Analyst*

Okay and the final question just on the resins, clarity there. If you look back at the beginning of the year, versus where you are now, is that number that you threw out Mike, of the benefit, is that in line with where you thought you would be? Because I wanted to check that number.

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

It has improved during the year. We might have started off at $5 million when we talked in January, I could be wrong. And then it's $6 million and now today we said $8 million.

Frank Camma - *Sidoti & Company - Analyst*

It's not like at the beginning of the year you were actually expecting oil to go back up right? So you should of had a positive Delta from that I would have thought. And it looks like you have.

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

Yes it has improved.

Frank Camma - *Sidoti & Company - Analyst*

Okay. Thank you.

Operator

Your next question comes from line of Gregg Hillman, First Wilshire Securities Management.

Gregg Hillman - *First Wilshire Securities Management - Analyst*

Rick or Mike can you talk a little bit about technology? Number one, if the simulcast you did of convention in the United States, and I think you added 8500 people. Was that just for the United States? Those 8500 that you added?

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

In US and Canada yes. Okay.

Gregg Hillman - *First Wilshire Securities Management - Analyst*

You alluded to chat and text in China. Also, the remote party plans were somebody views the party remotely and orders it, that would be in the category of a trial, is that correct?

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

I would call it an extended pilot. We were doing some and talked about at our analyst day in February. I know it was updated on the web posting from last week. It's an extended pilot. We know it works, we're getting bit more enthusiasm from the sales force. Building enthusiasm through the sales force. And I'm sure we will also make some further refinements coming out of the pilot.

Gregg Hillman - *First Wilshire Securities Management - Analyst*

So that in itself could be important by having more people remotely participate in these party plans?

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

Yes. It allows us to have the personal contact at the party which is important. We have in the past tried to do things completely virtual and in terms of everybody on video. And we have tried it where it is a virtual party in the sense that it is by Facebook or by e-mail somebody's is a host and she's asking for orders from her friends. And we find that having the actual contact is important. This is a blend of a way to then also have the technology and remote -- your aunt in Denver kind of thing, to be able to get leverage and we talked, I know we talked about some of the things that were coming metric-wise in terms of order sizes and more guests and things. So that's what we are working from.

Gregg Hillman - *First Wilshire Securities Management - Analyst*

Mike could you talk about your Facebook strategy, in Europe and the United States. I notice other companies, such as educational development, selling children's books. Just their Facebook parties have sent sales through the roof. Could you talk about your Facebook strategy?

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

Mike, let me comment on that. Our Facebook strategy is not a selling strategy. It is more a communication strategy. And distributors use it to work with their sales organizations, and we use it globally. I've got close to 100,000 people follow me when I'm going different places. But we are not using Facebook to sell. Again, everything we try to do is off the core business face-to-face relationship. The Party Plus idea is again, a party on a screen, there will be for people that join it. They're are on the bottom of the screen there. Their friends, roommates in the past of -- the people who are holding it, and the people who are there together. So it is a very important to understand that ours is always a connection to a face-to-face relationship. I have seen people come at us with strategies, why don't you make this a whole online business? The more you take us away from the relationship-based selling business, the more you really lose what gives us competitive advantage.

Gregg Hillman - *First Wilshire Securities Management - Analyst*

Okay, great. Finally, Mike. In terms of the payment method for your sellers. For an established market, what percentage of the payment is made with credit cards? And is any payments being made on square? And can you help your distributors by having a lower take out than 4.5% by having alternative software that you help them themselves get a lower take out?

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

I don't have an overall percentage. In a place like the US, the use of credit cards is very high in some places. We take credit cards, other places we don't. In terms of alternative payment approaches, we have looked at for instance Square in the past. And we looked at how that would interact with our sales forces' value chain. It was costing a very high percentage of the party sales, versus our current methods. We see it, these sorts of things continue to evolve and are certainly applicable for us. And I think will be even more so in the future. But it is very much step-by-step, and country-by-country given both the infrastructure, and how the different -- the statutory environment and how works with our sales force.

Gregg Hillman - *First Wilshire Securities Management - Analyst*

Okay. And then lastly. Rick, in terms of -- in the negative macros for the emerging markets. There are certain countries that are doing well, that are improving their infrastructure. There are certain countries that really seem to be deteriorating, such as Brazil. If the fundamentals continue to deteriorate in Brazil as a country, wouldn't that catch up with you eventually as a multilevel sales organization in Brazil?

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

Firstly, very importantly we are not a multilevel marketing sales organization. 90% of our product is consumed by a customer, and nobody earns anything just by recruiting somebody. They earned sales overrides. And I'm going to make a very important distinction there. We have a way of navigating through countries where there are problems. I mentioned Egypt, the week after the first revolution there we were up 100%. Our business in Lebanon is doing well. Actually, through northern Africa, the businesses are doing well. The strongest area of the Philippines for us is Mindanao, which is the island, it is the only place they have never allowed me to go there because of guerrilla activity. And it is strong for us, so somebody may be a guerrilla, but there are women selling Tupperware, and she still has to take care of her family. So I think the important, probably a good way to look at it. I am in New York, and I remember, there used to be when I lived here, a mattress company that had a commercial on how individual box spring cylinders -- they had a person jumping up and down on a bed and there was a glass of red wine also on that mattress, and it did not fall over. We are a multi-local structure, so if you're going to use multi with us you use multi-local structure. And there in that local community, there's a woman, she is the distributor, she has 400 salespeople there. And regardless of what is happening in the external environment, she has a desire to earn a living, take care of her family. Probably the best case in point today, is our Venezuelan business. Now we have made some progress in being able -- our big problem was sourcing raw materials, and not wanting to spend a bunch of dollars or bolivars. I think, Mike you could speak to this. Even our sales clearly were up when you talked about the inflated bolivars. I believe we were up in the units. Mike you can speak to that more accurately, you were there at the headquarters.

Mike Poteshman - *Tupperware Brands Corp - EVP and CFO*

We might've had a volume improvement there.

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

Yes so if you can do it in Brazil, you can do it most anywhere.

Gregg Hillman - *First Wilshire Securities Management - Analyst*

Okay. Thanks, Rick, I really appreciate your comments. And Michael also.

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

Thanks Greg, good talking to you.

Operator

At this time there are no further questions in queue. I will now turn the conference back over to Mr. Rick Goings.

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

Guys, I think nothing else to say. We were pleased with the quarter. We hope we can have a positive conversation in January about Q4. Thank you for your interest. One thing I would appreciate, getting some feedback on. Was it a value us doing that 30 minute strategy update? If we hear from you that it was a value then we will do those kinds of things more often. It is informal, it is not hard to do, and if it gives you more substance, then we would be happy to do it. Thank you for your time.

Operator

This concludes today's conference call you may now disconnect.