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TUP - Q2 2018 Tupperware Brands Corp Earnings Call

EVENT DATE/TIME: JULY 25, 2018 / 12:30PM GMT

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to today's Tupperware Brands Corporation Second Quarter 2018 Earnings Conference Call. (Operator Instructions)

It is now my pleasure to turn this program over to Ms. Tricia Stitzel, President and CEO. Ms. Stitzel, the floor is yours.

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

Thank you. And good morning, everyone. And I'm here in Orlando with Mike Poteshman, our CFO; and James Hunt, our Head of HR. Along with our prepared remarks, we have provided the usual slides, including the standard message on forward-looking statements. Now since this is my first earnings call as President and CEO, I want to quickly top line the quarter results. And rather than take the usual deep dive into the units, I want to spend more time talking about our strategic focus and what I envision for Tupperware Brands over the coming months and years.

As you have seen in our release this morning, local currency sales were down 2%, after adjusting for the drive from BeautiControl wind down and combining our businesses in Japan. And this was 2 points below the low end of our April guidance, driven in part by the 10-day truckers' blockade in Brazil that shut down our business and, in fact, the entire local economy. And the lingering impacts to the sales force additions and activity following the French plant closure.

Our second quarter adjusted EPS came in at $1.17, which after adjusting for changes in foreign exchange in the quarter was above our April guidance range, albeit not coming from segment performance. And Mike is going to touch on the ins and outs of this, which impacted our profit-profit comparisons. In the emerging market economy units, sales were even year-over-year accounting for 71% of our sales and the established markets were down 13%, including a 6-point drive from BeautiControl and our actions in Japan.

Our total sales force count was slightly up year-over-year after adjusting for the one-off items that impact the comparison.

Now while acknowledging that these results fell short of expectations for the quarter, they were sequentially better than the first quarter. And having said that, we're not satisfied with the results and we recognized that we need to make changes to ensure that we drive more consistent growth.

So let's take a step back here and look at the bigger picture because I believe that where we are going is more important than where we've been, and I'm excited about our future and internally have set some very ambitious goals.

At heart, we're a purpose-driven company that literally impacts millions of lives on a daily basis. And specifically, our purpose is to inspire women to cultivate the confidence they need, to enrich their lives, nourish their families and fuel communities around the world. We are on a mission to grow our community of sellers by 1 million and to get there, we're going to need to add 30,000

more sales force managers globally.

And this will ultimately bring the sales that will take us to the next level. The manager level is the most impactful place to begin that journey. It's our first career level in our business and that's where we generally begin to see her thrive. And to support that goal, we launched to our sales force in the second quarter, the Extend a hand movement. It's not a promotion. It's a global movement about celebrating our purpose to uplift others and help them realize their full potential, and we have seen great engagement with this online and offline. It's a movement that's happening in our global community. And it's a great example of a simple and scalable action, which is going to help us drive growth.

We have seen that more than half of our businesses are already adding managers in the first 2 months of this movement. Now we have been building relationships and impacting lives and communities for more than 70 years. So how do we make sure that we can achieve another 70 years of success. Well, I have a clear and focused plan for the future, which is built on our greatest strengths, our purpose. As I said, it's inspiring women to cultivate the confidence they need to enrich their lives, but also support others to do the same. It's all about people engaging with people to create this incredibly powerful and supportive community. We are the original social network, and my plan is to take that to a whole new level. People love, trust and respect our brand. And I want to ensure that everybody has the opportunity to simply and easily access and engage with us on their terms. So we will provide more access by growing our number of sellers and the ways that you can be in contact with them. Consumers can engage with our brand at a party or at one of our sales force owned contact point or via online or mobile channels, which are necessary for any time, any device kind of access. And through this omni-channel approach, we provide our sales force with a unique flexibility. They can choose to run a business from their home or they have the opportunity to own and operate a physical location to have contact with both their team, our sales force, but also the consumers, which is new. And over the past several months, we have updated our branding and have rolled this out globally to have a consistent look and feel for all of our contact points. So our new studio locations require less administration for the sales force and they're better located to where our sales force and consumers live, work and socialize. And this is going to help us improve visibility and access to the brand so that more people experience Tupperware in an interactive and engaging way through product demonstrations, cooking events and of course, also to learn about our opportunity.

We have rolled out and piloted studios in Korea, Russia, India, Brazil, Japan, Columbia and, of course, the United States and Canada. And of course, we also have our different model in China. And also we're at various places in the evolution of these across the markets, we have seen that sales force leaders in studio locations are growing double digits faster than those sales force leaders of similar size that do not have these well-located physical locations. And today, it's still a relatively small sample size, but we do know that it works. And that said, this opportunity does take an investment by the sales force. They are independently owned, and it will require certain technology and service model capabilities that we are working to enhance. So we're developing additional ways to access our brand. Now in addition, through digital tools and apps, we are going to make it easier for our sales force to sell and succeed anywhere with real-time business information and easily shareable content. These tools will also allow our consumers to reach us anytime, anywhere on their terms and will include things like demonstration videos that gives our products really the wow that they deserve. And all of these things lead to more engagement. Engagement, our sales force with us and our consumers with our sales force. So our goal is to create new relationships, while strengthening the existing ones through stronger digital brand presence and also include the ability for our sales force to have personal branded websites of their own with e-commerce capabilities. Now this is something that we've had in the U.S. and Canada businesses for some time, and we just recently in Q2 launched this in Germany, and we're going to continue to roll that out. Now to enhance our capabilities, we have hired from the outside a VP of Digital Marketing to help us build and execute our strategy around enhancing our online presence to better present the opportunity. And he is also helping us to leverage digital marketing to the consumer, which will evolve as we develop better CRM capabilities. And all of this, as I said, provides engagements with consumers that is relevant, on brand and relationship enhancing while also benefiting the earning opportunity for the sales force, which is critically important for us.

We also want to continue to strengthen our fundamentals. Over the past few years, we have been talking about this and what we have been doing is systematizing what works when it comes to recruiting, training and motivating. And we've rolled out globally our consultant onboarding program, and now we have initiated a new manager onboarding program that we are piloting in countries like Mexico and South Africa with great results.

Within these broad strategies I just outlined, there are several elements that we will need to turn on over time. And some of them will take longer than others to get traction or the appropriate scales. In our business when we enact change upon the environment, we have 3 million sales force that we have to bring along with us. So the worst thing we can do is rush through a strategic change and cause confusion in the field.

Now if these elements come together, we expect to see a real boost in the way that we deliver on our purpose of changing lives. And we can see a good example of the power of how these different initiatives come together in countries like Mexico, CIS and South Africa, where they were leveraging that power to really produce consistent growth.

Now to deliver on these promises, our leadership team must carry a transformational mindset to execute on our revitalization plans. And as you have seen, I have recently made some changes repositioning our talent to better leverage their strengths. Let me first say thank you to Simon Hemus, our Vice Chairman, who has announced his retirement from the company, effective at the end of this year. When Simon moved over to Europe in 2016, one of his main objectives was planning and executing on our revitalization plan in Europe, which we launched last year. And this was always going to be a really extremely uncomfortable and difficult task to accomplish. Many hard decisions had to be made and communicated. Through the closure of our French plant, the reduction in headcount and combining of certain businesses, Simon has really laid the groundwork for further transformational and culture change in Europe. And I'm now pleased to announce that as of July 1, Stein Ove Fenne has taken the reins as Group President in Tupperware Europe, Africa and the Middle East. Stein Ove returns to Europe after leading the Tupperware U.S. and Canada businesses since 2012, where he redefined and transformed the sales force earning opportunity bringing growth to sales force leadership and driving greater market penetration. He is truly the change agent that we need to continue the transformation of our European operations for the future. He has walked the walk and has the credibility to be able to do this.

Now his focus is going to be on executing key elements of the global growth strategy and revitalizing our core fundamentals that are built on a relevant earning opportunity. He is also going to be tasked with getting better leverage out of our promotional actions to drive more profitable top line growth. Now taking the baton from Stein Ove, we have named Jim Bellonzi, Senior Vice President and President of Tupperware U.S. and Canada. Jim has served in various corporate strategy roles with expertise in business model development, information and digital technology and business transformation execution. Jim has spent time in sales and operations in our U.S. business and was very successful as Managing Director of Canada. Now as part of his responsibilities, Jim has been one of the key architects in the transformation that we have seen in the U.S. and Canada over the past several years. This business has shown solid and consistent growth and really serves as a role model on how we can grow established markets. It's really helped to pave the way in its innovative use of digital tools and social media, and they're also piloting the rollout of our studio strategy, which we expect to continue under Jim's leadership.

Now to strengthen and expand upon the expertise in marketing leadership in our global organization at corporate headquarters in Orlando, we have named Asha Gupta, the Executive Vice President and Chief Strategy and Marketing Officer, after serving as Group President of Asia-Pac since 2014. This role is all about embracing the global business transformation and growth strategies that will accelerate the business results. She has really been a pioneer in cultivating confidence in support of our purpose and will be instrumental in driving strategies that relate to things like brand, access, products, digital and also in our sales force developments.

Now with Asha's move to headquarters, I'm pleased to present Justin Hewett as our Group President in Asia Pacific. Justin has served as an Area Vice President with his portfolio responsibility in Tupperware Europe, Africa and Middle East since July 2014. He has almost 20 years of direct selling experience, including market leadership in South Africa in both businesses there actually. And as he takes the reins in Asia, he's going to leverage his expertise in emerging market dynamics and his experience in turning around those South African businesses to help our management teams in Asia regain momentum.

And as you have seen in the second quarter, Asia Pacific came in again with mixed results, though on balance was sequentially better than the first quarter. Now Justin's first priority will be to focus on the businesses in Indonesia and in India. We're going to need to find traction in our sales force additions there and promoting out of sales force managers and leadership. Now each of these units was sequentially better this quarter, though they were still down from last year. These markets are so ripe with opportunities that we're not going to be satisfied until they again become model businesses for us.

Now given its size, Indonesia is the most critical in terms of helping the segment perform better. And you'll remember that in Indonesia we have a new leader in that unit who has now shaped his team and is working to reverse the trend.

On a more positive note, China's aggressive outlet expansion continues. We now have 6,600 outlets, that's a 14% increase over June 2017. This quarter, we didn't see the increased productivity that we have become accustomed to, mainly due to promotional shift into the third quarter, along with some product mix issue. But it's also worth noting that they were up against a 43% growth last year in Q2. So sizable comparison there.

We do look forward to continued growth from outlet expansion adding new members as well as leveraging consumer data in digital marketing to drive the sales in China. All the KPIs are strong there, and we see continued good growth ahead for China. Now in South America, we will continue to see that be led by Luciano Garcia, Group President for Latin America, where we really across the portfolio have excellent management teams, especially in our businesses in Brazil and each of our Mexican businesses.

So let me say just a few words on the results of Q2 in Brazil. We were pleased that the solutions that we put in place to deal with the intensified custom strikes of Q1 are working. And this allowed us to normalize the supply chain operations after a difficult start to the year. Mid-second quarter, we had actually begun to see them -- see some reacceleration in the business until this trucker blockade that completely disrupted the rhythm of the business. So everything from delivery to cash collection to ordering and even manufacturing from delays in raw materials. But I do want to give credit to our team in Brazil for doing everything they could behind the scenes so that as soon as the blockade lifted, we were really hitting the ground running. As this business is really built with a strong focus on the earning opportunity, with a strong career path and a strong sales force manager development path, we believe that we're going to navigate these externals and return to growth.

And lastly, I want to point out that both of our businesses in Mexico continue to overcome external headwinds and deliver solid results. Tupperware Mexico was up double digits while Fuller Mexico turned in its third straight quarter of growth. So very well done by both those teams. Now overall, we don't feel that the puts and calls of the second quarter really represent our opportunity or where we're going. So I gave a little less time for the details on the quarter, but I wanted to lay out what we think about strategy and introduce you to the leadership team and the changes we've made there to deliver on our strategy, our purpose and the return to our shareholders. So Mike, let me turn it over to you.

Michael S. Poteshman - *Tupperware Brands Corporation - Executive VP & CFO*

Thank you, Tricia. You've seen in our earnings release that the units, they grew well in the quarter and also those that had larger decreases versus our guidance since the big hits came from the growth in China being double digit about in line with a number of outlets advantage, but without a productivity gain and then lower-than-expected sales in Brazil largely associated with the trucker action.

On volume versus price impacts, price gave was a 2-point benefit, while volume and mix were down 6%, which included plus 1 from business-to-business sales. The absence of BeautiControl, together with the folding of the NaturCare business into Japan in Tupperware were the 2-point drag on the volume measure. Tricia noted that on a more comparable basis that the total sales force size comparison was slightly up versus June 2017. In addition to a 2-point drag from BeautiControl and NaturCare, there was another 5-point impact from more stringent qualification requirements for adding new sellers in the South African and CIS businesses. Importantly there, as we saw last quarter, these units grew sales and had more active sellers than last year even with lower total sellers under the more difficult criteria. Active sellers were down 7% in the quarter, 3 points of which was from BeautiControl and NaturCare and the other big contributor was Indonesia where there was a lower total sales force.

Slide 11 shows diluted earnings per share without items at $1.17, a couple of cents below the high end of the April range, but that was after a $0.06 drag for foreign exchange compared with what we gave in the guidance in April.

At the segment level, there were hits both from the lower-than-expected sales, of course, together with some negatives in the value chain, including from actions taking in light of the customs strikes and trucker action in Brazil and elevated spending in Indonesia in an effort to turn the trend. There was also a mix shift towards the guidance away from Brazil and China that have above average profitability.

Going the other way, corporate costs were lower than expected due to lower expense for management incentives and cost-savings initiatives and then $0.10 from a lower tax rate than in the guidance. A lower estimate for GILTI tax contributed as did an audit settlement.

There was also a $0.01 benefit from lower shares, which was not included in the outlook.

As shown on Slide 12, this brought pretax return on sales, excluding items to 15%, up 40 basis points from last year in dollars and 70 basis points in local currency, but 70 basis points below the high-end guidance, which reflected the same factors as a comparison with 2017.

Gross margin at 67.6% was down 0.5 point from 2017.

There were various minor ins and outs impacting the comparison with the biggest item being 0.6 negative impact from higher resin cost.

DS&A improved 1.3 points compared with 2017 to 50.9% in the quarter. The bigger contributors were more efficient promotional spending in Brazil and a couple of European units, together with a benefit from country mix and lower management incentive cost.

Cash flow from operating activities net of investing activities for the quarter was $7 million. That was down $14 million versus last year. The bigger swings were $22 more of an inflow from asset sales, primarily associated with the disposition of a warehouse facility in Japan, more than offset by $14 million of outflows for re-engineering and a larger outflow related to current trade receivables that we would expect to turn around next quarter.

On Slide 13, you can see that our updated cash flow guidance, which is also looking at operating net of investing activities meaning after capital spending is $165 million to $175 million. This is $15 million lower than the guidance in April, reflecting an approximate $40 million reduction in pretax income without items, about half of which is from weaker exchange rates with a partial offset from $25 million lower estimated cash reengineering outflow this year.

Our expectation for full year capital spending is $70 million, $5 million less than where we stood in April and is before any expenditures on our Orlando land program in the second half versus the $165 million to $175 million of cash flow. After the second quarter share repurchases, the cash need to fund the current dividend for full year 2018 is $138 million, so we continue to foresee generating cash flow meaningfully higher than the dividend payout.

The update on the $200 million of share repurchases we announced in April is that we've made $50 million worth of repurchases in the second quarter and plan to make repurchases in the third quarter, but now see it is possible that we won't complete the $200 million announced in April until 2019.

Turning to the outlook on Slide 14. After a 3-point drag from not having BeautiControl and the separate NaturCare business, our local currency sales guidance for the third quarter is to be down 3% to 5%. Normalizing for the discontinued units, this is a couple of points better than in the third quarter than in the second and 1 point better on a 2-year stack basis.

As we've said, the BeautiControl and NaturCare drag was 2 points on the sales comparison in the second quarter and is in at a 3-point drag on the third quarter comparison.

Pretax income without items is about even with last year at the high end and net income down on a tax rate up about 6 points versus last year. At the high end, the pretax return on sales is up 30 basis points from last year in local currency, although in dollars, it's down 40 basis points.

On earnings per share then together with negative $0.12 versus last year from translation effects impact, this gives us a range of $0.80 to $0.85. For the full year, along with first half actual, the third quarter guidance we've given and an implied even to plus 2% local currency sales comparison for the fourth quarter, the full year sales guidance range is down 3% to 4%. This includes a 2-point drag from BeautiControl and NaturCare. The updated earnings per share range for the year is [$4.25 to $4.35], down at the high end by $0.32 from the previous guidance. This includes a hit of $0.30 from translation foreign exchange from weaker rates.

Lower corporate cost or lower tax rate and the benefit of less shares in the second quarter repurchases increased the guidance by a total of $0.32. Going the other way, lower segment profit is forecast associated with the lower second quarter and forecast second half sales, together with lower profitability in the segments as well as resin cost $4 million higher than foreseen in April, cost in Brazil associated with the externals and higher cost in Indonesia to turn the business.

The lower sales in value chain hits was $0.34. The full year corporate cost outlook is now in the mid-$50 million from about $65 million in April. The full year outlook for interest expense remains at about $43 million. As was the case in April guidance, the go-forward guidance has not taken into account future share repurchases.

On the reengineering program, year-to-date and program-to-date expense have been $11 million and $76 million, respectively. We expect to incur another $6 million in the second half, which would bring the total program to $82 million versus the $100 million to $110 million foreseen when the program was announced a year ago. We now see this range coming down by $10 million to $90 million to $100 million for the full program. In terms of cash outlays, we had originally foreseen to pay $90 million to $100 million over the entire program. As with the expense, we now foresee the range to be $10 million lower at $80 million to $90 million.

This is before proceeds from selling excess assets. So far, we paid out under the program $36 million of which $23 million was in the first half of this year. We expect to pay out another $18 million this year, which would leave $26 million to $36 million to be paid out in 2019 or 2020.

On asset dispositions, together with $5 million received in the first quarter and another $22 million received in the second quarter, we expect to ultimately receive up to another $18 million. In other words, up to $45 million under the whole program.

In terms of P&L benefit, despite $10 million lower than previously foreseen expense in cash cost ranges, we continue to expect full program annualized benefits of $35 million. We still foresee $25 million of this being generated this year and after $10 million of reinvestments, $15 million in savings continues to be included in our 2018 outlook. A few more words on the tax rate, which as you no doubt appreciated is determined on a full year basis versus what we were in April when the full year effective rate without items was foreseen to be a bit over 32%. We now foresee being just under 30%. The change primarily reflects a lower estimated impact of the GILTI tax, along with benefit from the resolution of a tax audit. Finally on resin, the picture has worsen since April when the full year outlook was for a hit in cost of good sold in local currency of $6 million. We now foresee the full year hit at $10 million, which included $4 million in the first half. The second quarter impact was about $0.5 million worse than in the April guidance and the $6 million foreseen for rest of the year should flow through about evenly in the third and fourth quarters. And with that, we are going to turn the call over for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And we have a question coming from the line of Olivia Tong of Bank of America Merrill Lynch.

Olivia Tong - *BofA Merrill Lynch, Research Division - Director*

Tricia, it was great to hear the strategy for your business and your sales force. And I love to better understand your view on how fast you can make this happen? And what changes you have to make to make your business -- what changes you have to make to your business, whether it's through the business models, the compensation structure, technology, geographic footprint? And what the incremental investment looks like in order to do that and how you ensure that the changes you make don't result in things getting worse before they get better?

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

So it's going to be a building process over time. Of course, we've really charted the path for our revitalization plan, along with the implementation over the next 3 to 5 years. The plans are in place. They're communicated to our teams and really the execution has begun. Part of the process was the reengineering plan that we did in Europe. So we've already started down that path, and we don't have to wait 5 years to see this progress. And so we're starting to see some of these changes happening now, as I mentioned, with the studios that we already have in place with the things like the German web shop that we're already rolling out. And so these things are factored in into the plan as we roll those out, but it's over the course of the next 3 to 5 years.

Olivia Tong - *BofA Merrill Lynch, Research Division - Director*

Got it. And then on the sales outlook, your organic sales outlook would suggest you expect to get back to about flattish results in -- by Q4 despite the fact that Q3 looks pretty similar to Q2's 4% decline. So clearly, some of the things that are weighing on organic sales right now, like BeautiControl will lift by then, but can you talk about what else is going to drive what seems to be a fairly large inflection by Q4?

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

Yes. So we still have the large impact, in fact, the largest impact of BeautiControl in Q3, and we will have lapped that then in Q4. So that will have the impact there. But I think the other thing, as you know, through the course of some of the things that have been disruptions during the course of the first quarter and the second quarter, which impacted some of our active sellers, we will work, and we've seen this improved now kind of month-by-month in terms of reengaging some of these sellers through the process. And so we see that continuing -- step-by-step, we will continue to engage the active sellers again for a better Q4.

Olivia Tong - *BofA Merrill Lynch, Research Division - Director*

Got it. And then just on China, as you think about the growth leverage going forward and China obviously being one of them, clearly still a nice contribution, but it's slowed pretty considerably and looks like it's all coming from store expansion. So how much more runway do you have for studio growth from that -- I think it's 6,600 counts that you're at now. And what you have planned that can drive improve comp store growth, which seems about flattish right now?

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

Right. So what happened to the productivity in Q2, as we mentioned, was first of all, a promotional shift that moved into the third quarter, but also some product mix issue. And we didn't get the boost that we had been getting and especially -- was especially strong in Q2 of last year as well. But in terms of the outlet, the expansion and all of that, we see that continuing at the same rate, the total member growth and all those things also continue to grow well and we see strong KPIs there. In addition, we haven't really fully leveraged the digital side of this business, although I think it's done well with that. We still see a lot of runway left to go with regard to expansion via digital and data in China.

Operator

And our next question comes from the line of Beth Kite from Citi.

Beth N Kite - *Citigroup Inc, Research Division - VP and Analyst*

Quickly first on Brazil. Tricia, I think you spoke of returning to growth in that market. Can you just help us over the next couple of quarters sort of the magnitude of the growth and the other investment you think you have to do in that market separate from maybe recovering from the truckers' strike?

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

Hi Beth, thank you. Yes, so in Brazil, again, still we're looking to reengage the active sellers. We have a very strong team in Brazil. I think, they've put together, as I said, a really good plan for coming out of that and helping again to normalize the operation. In fact, we were just speaking with them. They have a really good plan in place and actually a new strategy around recruiting. That's been an area that we have struggled. We have now implemented the credit cards that we talked about in the first quarter. So that's been rolled out there to help us overcome some of the credit restrictions. But in addition to that, also just a new approach of recruiting and really, again, what I love about this business is that, they focus on the earning opportunity. And as the economy worsens there, that becomes more and more of a draw to our business. And they're really focused on entrepreneurial opportunity. So we do see sequential improvement in Brazil.

Beth N Kite - *Citigroup Inc, Research Division - VP and Analyst*

Great. And then if I could go back to some of your opening commentary on the business strategy. Something that -- there was a lot of exciting change for sure. But something that sort of caught my attention was when you said there cost of the additional studios borne by the rep. Could you just help us understand sort of the magnitude of that? Do you think that, that is going to take a pretty hard sales pitch to get people to commit those investment dollars to have the studios -- in certain markets where you do have them, sort of how many so far do you have? Just hoping to understand that concept of the studio, the investment associated to it and the growth rates in certain markets?

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

Okay. So let me just be clear that it's not necessarily incremental investment, right. So we have always had in markets where we have more of a traditional model, our leaders have always made an investment in a location. And in some places even our team leaders make an investment in a location. So that's not something that is unusual. What we're really looking to do here is first of all, the consistent branding, the visibility. We have located these -- better located, I would say, these kind of facilities, whereas in the past they have been facilities for really stocking and warehousing and that meeting locations for sales force. We want to better locate them, reduce the size on the footprint and be engaging for our sales force, but also for consumers. So our leaders have always had skin in the game so to speak. So it's not necessarily incremental, but just the dynamic of what is done in that facility is changing and the location is changing. And so that's something that's not necessarily new for our leaders.

Beth N Kite - *Citigroup Inc, Research Division - VP and Analyst*

Great. And maybe a quick one to Mike just to close, while the share repurchases insomuch as your goal couple of months ago had been the $200 million and you ended up -- actually came in $50 million. Were there any unexpected hurdles to get there over the last couple of months? Or was it just sort of reallocation resources as we went from mid-April to early April to now?

Michael S. Poteshman - *Tupperware Brands Corporation - Executive VP & CFO*

No. I wouldn't say that there were any hurdles in that sense. Like I said, we'll continue with repurchases in the third quarter, and we were cognizant that we reduced our cash flow guidance with the profit being down, about half of that was with the FX. And so we're just managing the timing of the program really.

Operator

And our next question comes from the line of Douglas Lane from Lane Research.

Douglas Matthai Lane - *Lane Research - Principal & Director of Research*

Mike, new 30 -- or 29.9% tax rate that you're looking for this year, is that sustainable rate going forward? Or there are sort of onetime this year only kind of factors there?

Michael S. Poteshman - *Tupperware Brands Corporation - Executive VP & CFO*

Well, it still does include a significant amount for GILTI for the full year, even though it's less than where we were in April. And what we had talked about previously is we do think that once both the rules around how that is going to work and then the structuring things that we'll do in light of what the final picture is will allow us to bring that down. And so we do think that we can return ultimately to somewhere in the mid-20s in terms of the effective rate.

Douglas Matthai Lane - *Lane Research - Principal & Director of Research*

Okay. And then secondly, do you have a number for -- you don't have any future stock buybacks in your EPS outlook. But you made $50 million in the second quarter and give a number of how that impacted your full year EPS outlook, what the accretion was in the buyback that's already been made?

Michael S. Poteshman - *Tupperware Brands Corporation - Executive VP & CFO*

It was the $0.01 in the second quarter and I believe for the full year, was $0.03 or $0.04.

Douglas Matthai Lane - *Lane Research - Principal & Director of Research*

Okay. That's helpful. And then in Brazil, obviously, there is a big disruption in the second quarter and there is a lot of crosscurrents in the market anyway that were before the transit strike, but can we at least in our minds put the transit strike behind us and that really there is no real spillover effect from that in the third quarter?

Michael S. Poteshman - *Tupperware Brands Corporation - Executive VP & CFO*

Not a real significant one. I mean, when things impact the rhythm of the business for our sales force and it impacts the sales force additions, it's got the daily chain effect. Something that our management team sees it, but it's much more modest than in the second quarter.

Douglas Matthai Lane - *Lane Research - Principal & Director of Research*

Okay. That makes sense. And then lastly, you talked about, Tricia, a lot of initiatives here, which is good to hear, obviously, hitting the ground running here strategically. Can you talk about social media, I mean, let me backup how do most of your orders -- how do most of your customer orders come in now? And where do you see that in maybe 3 years?

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

So most of our customer orders come in via our sales force. Some of them are done via web order entry, via the sales force and that's done to -- with the distributors. In some business units, literally they come to a meeting and they place the orders. So we would see one thing obviously to have web order entry, but also to allow a consumer to enter their own order that would still be credited to a sales force. So still the sales force in there, but just to take the administration away from the sales force member is really what we want to do. So that is easier for her to do business. And so that's the way we would see this progressing in that all the orders could happen literally at the point of contact, whether that be in a studio or at a party or wherever that might be.

Douglas Matthai Lane - *Lane Research - Principal & Director of Research*

So are you developing like an app or a way to have orders come in from mobile devices, moving towards really being running the whole business off of your phone, for instance?

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

Yes. Exactly, exactly. So we've already developed an app, for example, for our business in Fuller Mexico because really they sell more one-to-one, and so this takes a big burden off them. And so we developed that apps specifically to be utilized in other businesses as well. So that's an app, for example, that works well in emerging market. So absolutely, that's right.

Operator

And our next question comes from the line of Jeff Bronchick from CSC Investment.

Jeffrey Bronchick - *Cove Street Capital, LLC - Principal & Portfolio Manager*

This is Jeff Bronchick from Cove Street Capital in Los Angeles. You talked about -- I understand the idea of making changes, making changes to people without disrupting the sales force and sort of the feet on the ground, but could you -- it's not clear that -- talk about maybe your IT and your supply chain and what state that's in to be actually able to be more depth, be more agile, get things to people more quickly when they order it online or in any new form and what sort of spend is part of a strategic plan over the next few years to trying to get you in the 20% share on that basis?

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

Right, okay, thanks, Jeff. So with regard to IT, we are in the process of rolling out both frontend and backend systems. And we have already included that -- the cost of that into our capital plan and so that is in there, and we're executing to that plan right now. And then on the supply chain with regard to some of these newer initiatives, we -- depending on the market right and the capabilities of the market, if we have the capability, that is great. For example, in U.S. and Canada, we have those capabilities, they are there. But in markets where we don't currently have the capability, then we're outsourcing that. We're using third party logistics providers in some cases in order to do that. And so we're just working through that and can continue to see what the needs of the market would be.

Jeffrey Bronchick - *Cove Street Capital, LLC - Principal & Portfolio Manager*

And I mean, excluding the U.S., let's say, that's a different case, but do you carefully monitor sort of the order to receipt timing in different countries or different units. And maybe a sense of where that is? How long does it take? So we order something at a party, how long does it take to get in the customers' hands sort of on average maybe by region? Or how do you think and look at that and track it?

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

Yes. So it's really different in each of our businesses. So -- and this is something that we look to really reduce. So in our U.S. and Canada business, we have been able to bring this down. We are now between 5 and 6 days in our U.S. and Canada business. And then in another business, you really have to remember that, for example, if somebody goes to a party, you are at a party today and then somebody host that party and they say, "Well, you know what don't close it yet because I want to be able to collect more orders from somebody who couldn't get here." So the sales force member is actually holding that party open and not placing that order right away. And so that -- there is a delay there. So the time that it takes us to process an order it's not always representative of how long it actually takes for the order to get back to the consumer because we will deliver it to a consultant, but it may sit at the consultant's home right and she doesn't deliver it the hour that she gets it. So what -- really what we strive to do is to have a weekly business cycle and to process everything within the week and then really to be able to get more visibility in terms of when we do get to the online mobile ordering where our consumer actually can enter a order, we would have much more visibility about when she places the order as opposed to when she gets the order. So it's a little bit dispersed right now for the different business units.

Jeffrey Bronchick - *Cove Street Capital, LLC - Principal & Portfolio Manager*

And my last question is, so in taking the reins, so to say, and reorganizing your people and sort of putting your own input on things, like, what market, and again, I understand with lots of different businesses, lots of different countries, it's hard to move it as 1 Tupperware. But starting from today, like, what next country or region would you point to in saying, this is where we started, this is where I put people in, this is where I put the resources and attention in a year ago, this is where you should judge me on the effectiveness of how I'm doing and how my vision is being implemented and is working or not? What area would you say this is the one you should come back to me in 18 months or 2 years and saying we started here and you can see how we are doing?

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

Well, we are truly a global portfolio. So we sell in almost 90 countries and that's our business. So I think in terms of results I have to be judged by results of the entire portfolio. If we talk about the growth opportunities, clearly, our biggest growth opportunity is in Asia. And China is our fastest-growing unit, that's the unit that, again, we see still a lot of growth to come. But also in some of our other bigger businesses, I still have a lot of confidence in Brazil, in our ability to grow there. I think we can continue to expand substantially. And then also -- I also think we have room to grow in our established market. I'm really encouraged by what we have done in the U.S. and Canada business and proven that we can take an established market, reinvent it and get it back to growth and really have a leadership opportunity that's attractive. I have a lot of confidence with Stein Ove going over to our European businesses that we can take some of those big markets and again good traction there.

Operator

We don't have any question at this time. Ms. Stitzel, you may continue.

Patricia A. Stitzel - *Tupperware Brands Corporation - CEO, President & Director*

Great. Well, thank you very much everyone for being on the call and for your continued interest in Tupperware Brands. As I said, I'm really excited about the future for Tupperware Brands as we turn this new page in history. I have a very clear and focused strategy about how to revitalize this brand. And together with our new leadership team, we're going to innovate and execute to position Tupperware brand for the next wave of growth in the future. So thank you very much. We appreciate your time today. Thank you, great.
