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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to today's Tupperware Brands Corporation Third Quarter 2018 Earnings Conference Call. (Operator Instructions) Now please welcome Ms. Tricia Stitzel, President and CEO. Miss, the floor is yours.

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

Thank you very much, Grace, and good morning, everyone. I am here in Orlando with Mike Poteshman, our CFO; and James Hunt, our Head of HR -- IR. And along with our prepared remarks, we've provided the usual slides, including the standard message on forward-looking statements.

In my comments today, I'm going to provide a high-level overview of our third quarter financial performance and an update on progress we're making in executing our global growth strategy. And then I'll share my views on some of the key markets in our portfolio before turning the call over to Mike to cover our financials in greater detail.

To begin, I am very pleased to report a return to growth in local currency sales after adjusting for the closure of Beauticontrol and the combining of our beauty -- of our businesses in Japan. This was a 2-point sequential improvement over the second quarter, following a 2-point improvement from the first quarter. We achieved this level of sales growth due to the power of our brand, and of course, the work of our sales force, despite some external headwinds in several of our markets, most significantly in Brazil, China, Indonesia, Mexico and the Philippines. We also benefited from a significant business-to-business sales arrangement in Germany, which boosted our sales volume, while elevating the profile of the Tupperware brand on behalf of our sales force. Based on the success of this arrangement, we will continue to look at similar opportunities in the future.

The third quarter adjusted EPS came in at $0.91, which was above our guidance range for the quarter, mainly due to lower corporate costs and a lower income tax rate. There was also $0.02 benefit from fewer shares following an additional $50 million in share repurchases in the quarter that we did not include in the guidance. We've now repurchased $100 million of shares under our repurchase program in 2018. We did take $0.01 hit in foreign exchange versus our July guidance, and Mike will provide further details on the profitability elements, including our lower corporate costs and income tax rate, along with investments that we've made in the quarter to turn the trends in the key markets and items impacting our value chain. We're also benefiting from the cost-savings initiatives under the revitalization program that we had in Europe and Asia, and these will provide increased flexibilities and they are positive against the margin pressure we had in Q4, and also benefits that will -- are still to come for 2019.

In the emerging market economy units, which accounted for 72% of our total sales, we were up 2% in local currency, and this was an improvement over Q2. In addition, we experienced the second straight quarter of sequential improvement in established market, sales were down 4%, but this was before the 8-point drive from Beauticontrol and the impact of combining our units in Japan at the beginning of the year, compared with a decline of 16% in Q1 and 8% in Q2.

Our total sales force count grew sequentially from the second quarter. We were up 1% year-over-year, adjusting for the change and approach in how we measure the comparison, and I'll let Mike break that down further. This progress is the result of our global movement to celebrate our purpose of changing lives by promoting up new sales force managers, which we call Extend a hand. Progress on our global growth strategy continues, and we've seen several key accomplishments to date.

So let me just highlight a few of these for you. As of the end of the third quarter, we -- our experience studio count now exceeds 200. And we expect to have about 1,000 of these studios by the end of 2022. Keep in mind that these are different than the retail outlets that we have in our unique China model.

Now on the digital side, we have rolled out an enhanced mobile application for the sales force that allows both offline and online ordering. The application does not require a connection to the Internet all the time, which is useful for countries that have limited data plans like Mexico. So when she is out selling, she can enter her order even if she doesn't have a connection and sync it up later, which improves her efficiency in the field. The application includes online catalogs, which can be shared through social media like Facebook and WhatsApp, and we've deployed this application in 6 markets to date and more will follow.

We have also redesigned and upgraded our website for each of our business units globally, which are mobile enabled. And in some markets, it's also integrated with digital and interactive catalogs, including e-commerce in the U.S. and Canada. In the interactive catalog, when you click on the product, you will see content, about our product ranging from just a picture or a video with product demonstration. And while it's not yet e-commerce enabled in most of the markets, it does represent the start of our enhanced digital presence, which will appear to more customers and drive increased sales.

Now in the third quarter, we had our first e-commerce launch for Europe in Germany. We've provided the sales force with their own personal website with e-commerce functionality, so they can reach more customers and grow their business. This is a significant upgrade from the previous static website, and we're getting great feedback from our sales force and consumers, who are able to learn more about and buy Tupperware products online. We've driven over 7,000 leads from the site back to our sales force, which is up quite a bit from the previous designs. We're encouraged by the progress we're making and implementing our global growth strategy, and we're continuing to execute with the strong sense of urgency to achieve our goals and generate stakeholder value. We are in a tremendous transformational period, and we formed a dedicated transformation team focused on implementation and driving change.

We also realized that there is no tomorrow without today. So we are focused on improving the fundamentals of our business as well. With the leadership changes that we announced in July, we are establishing a new mindset in many of our markets. A key part of this mindset is focused on changing how we execute on the day-to-day business to give us more wins across the portfolio as we look to build momentum in Q4 and into 2019.

So let me do a run through of the portfolio, and I will start in Europe, Africa and the Middle East. Our new group leader there, Stein Ove Fenne, has just completed his 90 days, and he has taken a deep dive into each of these markets leading from the front. The timing was really good. He was able to be there in time to be on stage at each of the jubilees in our -- in Continental Europe. And this really helped us because it's providing one voice, one message to really amplify our purpose and align our focus on the changes needed to drive profitable revenue growth in Europe.

He's working directly with and building confidence in our management teams there, who will deliver and execute on this turnaround roadmap to stabilize and grow Europe. And really there is 4 key elements there. First of all, priority is to establish the rhythm of a business, and this is so important to engaging the sales force. Second, we want to refocus the management team on the core fundamentals and standards, such as separate programs for onboarding new sales force and consultants and managers, and programs that reward focus on demonstration selling and success formulas that are really a template for what every sales force member should be doing every week in their business to maximize their success. And third, to leverage our purpose and strengthen the earnings opportunity. And finally, of course, enhancing digital communication, which amplify our message through social media. And this is what Stein Ove did so well in the U.S. and Canada.

So this approach is particularly impactful in our established markets, which draw many parallels to the turnaround story that we had in the U.S. And Stein Ove has a great plan on how to engage and activate career sellers and rebuild the confidence of our distributors. We've seen some early wins. For example, in Germany and France, our distributors had not been adequately leveraging the power of social media. So we have enhanced the training and the use of these tools and techniques. And we've also increased the frequency of the broadcast through Tupperware TV streaming platform, which is so useful in providing a consistent and timely message.

So in short, we've created an omnichannel approach to contact an engagement. Stein Ove has also brought recruiting energy throughout the continent bringing in much better additions to the sales force. We've seen some positive results from these early actions, but the early wins are really just the few bricks in establishing a strong foundation, but I'm very pleased with the initial progress in such a short time.

I'm also pleased to see the positive momentum continue in the emerging markets in Europe, where there's been a much better rhythm of the business over recent years as they were able to build in direct selling fundamentals through the use of our systematic approach. The emerging markets represent 44% of the segment sales in the third quarter. And it's noteworthy that in total, these markets have grown double digits in each quarter in 2018.

Southern Africa grew 22%. They continue to break records through sales force engagement programs that are inspirational and emotional along with solid merchandising of core products. South Africa was also one of the first markets to launch a manager onboarding program under our global growth strategy, creating a pipeline to the team leader opportunity, which is an inspirational emphasis in that business. They are also implementing mobile ordering application that will connect distributors to the sales force and then sales force to consumers. And this business is built on solid fundamentals and it's evolving well under the global growth strategy.

Russia also had a great quarter. They grew 20%. And they have also developed a nice rhythm to their business through a focus on success formulas. And this is a template for those activities that the sales force should execute each week, each month and they are building a stronger management base with a relevant earning opportunity. We have also launched several experienced studios in Russia, and these studios provide a physical footprint for sales leader to hold demonstrations, rallies, recruiting events, while also providing a consumer-facing presence, which enhances access and engagement. Now this is only a single-digit portion of the business so far, but we do see it as the growth engine for the future.

Switching gears to Asia Pacific. Our new area leader there, Justin Hewett, hasn't quite reached the 90-day mark, but it is clear that his top priorities are Indonesia, India and China. And Indonesia was another tough quarter. I was recently in Indonesia and I met with the new leader we put in place earlier this year, who is very experienced in executing strategic and structural changes. He is focused on the manager opportunity. And as we have pointed out before, this is really the engine of our business as managers are the more productive sellers and they do the vast majority of attracting the sales force additions. We're piloting a new manager onboarding program in Indonesia, and we've seen sequential improvement in manager activity rate. So there is more engagement. There are other positive elements that Justin has identified in this business.

Firstly, we have a very strong purpose and our life-changing opportunity does resonate in Indonesia given the local income level. Secondly, our brand remains very strong after years of investment there, and it is still a profitable earning opportunity for our distributors. And it's seen as an aspirational level, which is really important. And finally, we have the opportunity to better leverage productivity through product demonstrations as we grow the sales force.

So going forward, there is a dual-prong focus. In the short term, management wants to ignite campaign energy with more targeted incentives to drive the right behaviors, including narrowing the sales force deficit and building and promoting sales force managers. And so we've changed the onboarding focus from new consultants to managers to generate some momentum as we head into 2019. We also look to scale up the experience studio opportunity for business leaders, and you'll recall that this is a new sales force leadership level there that breaks them away from distributors, providing a more aspirational pull to the top. And this has been really well received in the market.

Now in India, we have continued to have difficulty bringing in new sellers, and our incentives are too skewed, too much towards the product awards rather than just the pure earning opportunity. With Justin's leadership, we're taking a fresh look on how we're going to operate there going forward. It will of course involve the core elements of our global growth strategy, providing an earning opportunity that changes lives and an integrated and online and offline business that will also have physical locations and demonstrations selling with digital tools that enhance engagement and access for the sales force and the consumer.

Now China continues as a growth engine for us. We had another nice quarter of growth of 12%. We now have 6,700 outlets, which is a

14% year-over-year increase. And as with the second quarter, we did see flat productivity, but we consider this to be a relatively short-term issue. And I'm sure that you've seen there is some macro pressure there on consumer spending and GDP growth is slowing a bit in China.

So looking ahead, we feel it's important to diversify our product offering for a wider range of product price points. That's why we launched the MicroPro Grill earlier in the year, which is still at a premium price point, but it's lower than the $1,000 water filter that's been so successful. We're now training outlet owners on how to demonstrate and better sell the MicroPro Grill, and we have a team dedicated to product innovation specific to China that we expect to stimulate the next wave of growth. So this is truly an integrated online and offline model. As we current market -- as we currently market and transact certain products like drinking flask through both of our channels. Over time, the flask will be more and more online.

And in addition, we recently introduced a nutritional line that has seen early success. Now it's still a low single-digit portion of the sales, but in the future our plan is that all the nutritional sales will take place online with growth coming from leveraging our member base, a brand ambassador program and nutritional seminars in the outlets. So this model still has plenty of room for dynamic opportunity ahead.

And lastly, I just want to point out, we also had solid quarter by Malaysia/Singapore. They were up 6%, and that business is truly focused on the earning opportunity. The Philippines were up 9%, and this is the big direct selling market, where we have plenty of room for growth. And in the Philippines, we also have a very strong management team. And I also want to say how proud we are of them and the way that they handled the aftermath and navigated the typhoon that happened there in September. We also see positive results and learning from the studio that we opened in Korea. And those studios are still growing for us. So all of these businesses are solid -- have a solid core and strong management team.

Now in the U.S. and Canada, we were down slightly, primarily due to a blockbuster campaign in July 2017 that was not repeated in July 2018. So as the quarter progressed, the sales growth comparison normalized. We do continue -- we continue to see the business working as it should, allowing us to remain focused on growing the studio count and developing the full suite of digital marketing strategies that will allow us to take this business to another level over the long term.

One example of our enhanced digital approach. We have a new digital marketing platform that allows us to leverage data and run enhanced e-mail marketing campaigns with targeted recommendations and personalized communications. We saw that our e-mail open rate was around 3% to 4% in the United States and Canada, which is above the industry average. And this platform is currently live in 10 other countries, and we plan to replicate similar campaigns in an additional 10 markets by the end of the year. The U.S. business is the furthest along in our digital approach. So we expect to leverage our learnings there to enhance our success globally.

So let me turn to Brazil. We were down 2% after being down 11% in Q2. So a nice improvement there. And given the external headwinds that we've seen, as I mentioned a good improvement, we have very high expectations for this market. And it's really not in our DNA to celebrate down quarters, but sometimes you have to deal with the externals as they come to you and continue building for the long term.

Following the truckers strike in Q2, July was still a bit rough. But as that worked its way through and with some changes that we made to marketing, also our product offerings and the brochure, we did see significant sequential improvement in the sales and the sales force KPIs in each campaign as they progressed through the quarter, with the last campaign being the best of the year. This was achieved through a new recruiting approach that used promotional dollars to incentivize managers to increase recruiting effort and reactivate sellers as well as enhanced communication platform that provided a significant amplification of our message through WhatsApp, leading to improved recruiting results. So as Brazil is a direct-selling channel market, a high share of consumer goods are sold through the channel and many sellers carry more than 1 catalog. So accordingly, there is competition for sellers, and we continue to amplify our opportunity and engage the masses.

And although we are well positioned for Q4 and 2019, there are still some external risks, primarily related to consumer confidence and the political uncertainty in connection with the presidential election that will be finalized in just a few days. But barring any significant external disruption, we do expect to see continued progress in Brazil. We have a very strong management team there, and they are prepared to react as necessary, while maintaining a solid business model with plenty of opportunity for the future.

In Mexico, there was a similar story for both our Fuller Beauty and our Tupperware businesses. July got off to a rough start due to the distraction caused by the presidential election there and its impact on recruiting and activation, but we saw improvement through the rest of the quarter. Fuller finished down 1%, while Tupperware grew 6%.

In Tupperware Mexico, we put out a call to action through our dynamic contact platform that really led to activation and reactivation of the sales force managers in August and September. And this gave us the needed boost that we needed for our sales force additions. This, once again, demonstrates the resilience of the Tupperware Mexico business and the importance of having a career-oriented sales force, as you can go through short periods of distraction, but then come back when you pull -- when we pull the levers of the business.

So to sum up, we're pleased that we could come in slightly over our guidance. We recognize that we have a long way to go and we are continuing to focus on building our strong foundation and executing our strategies to drive change and create enhanced value for all of our stakeholders. We believe that the steps we are implementing are taking us in the right direction.

Mike, I'll now turn it over to you.

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

Thank you, Tricia. Tricia touched on what we have going on in the units, where we had bigger sales increases this quarter, China, Germany and South Africa, and in Indonesia, where we were down meaningfully. As she said, putting aside the 3-point impact of not having Beauticontrol, which by the way we've now lapped and the impact of having merged the 2 units in Japan at the beginning of the year, local currency sales were up a fraction of a percent.

On the contribution of price and volume and mix to the sales comparison, price was plus 2%, the same as in the second quarter, and volume and mix was in minus 4%, 2 points better than in the second quarter. Within the volume and mix comparison with last year, there was a 2-point benefit from B2B sales, primarily in Germany, up from 1 point in the second quarter and the 3-point hit from not having Beauticontrol and the Japanese unit combination.

Tricia mentioned that on a more comparable basis, we see our total sales force size comparison is being slightly favorable year-over-year at the end of the third quarter. What we mean by that is that we made the change in standards to join the sales force more stringent as of the first quarter of 2018 in the 2 South African businesses and the CIS. This had a negative 5-point impact on a comparison at the end of September, taking us from plus 1% under the old standards to minus 4% under the way we've reported things now. Versus 2017, active sellers were down 7% in the quarter versus down 4% in the second quarter, both without the Beauticontrol impact on the comparison.

The biggest contributor to our Fuller Mexico, where the disruption around the presidential election showed through, including on sales force additions, and in Venezuela with what is going on there in the economy. Given the exchange rate, the Venezuelan sales and profit numbers are tiny, but there is a drag within the active seller comparison. The 7% shortfall versus last year with our Beauticontrol is mainly from Indonesia, a bottom line with a lower number of total sellers there. Fuller Mexico with a higher percentage impact and on the total seller comparison also from the presidential election impact and in Venezuela.

On Slide 7, overall on earnings per share without items, we came in $0.06 over the high end of the range. Tricia already highlighted the $0.05 impact benefit from income taxes versus the forecast and the small impacts from a worse FX hit and lower shares. Operationally, there were some pluses and minuses versus what we had expected. First, we achieved the reengineering benefits that we had foreseen that were a mid-single digit dollar amount. Profit was higher than anticipated in Europe, reflecting along with reengineering benefits, good profitability on the B2B sales, with some offset from the sales decreases in the quarter in Germany, France and Italy that have high contribution margins and were -- there were some elevated provisions for bad debt.

In Asia, profit was down by a higher percentage of sales as a lower volume in the plants and higher resin costs showed through and there was higher promotional investment in Indonesia to reinvigorate the business. The relationship of the change in sales to the change in profit was good in North America, reflecting not having the 2017 sales from Beauticontrol that was at breakeven. And in South America, profit was lower on a small sales increase from the high product cost in Brazil together with investment of gross margin there in light of the difficult externals, and we lag inflation with our pricing in Argentina.

Taken together, this resulted in segment profit about $7 million below the high end of the range for the quarter, which is more than offset from lower unallocated corporate costs due mainly to lower expense for management incentives and the benefit of cost-saving initiatives and the lower tax rates.

Turning to Slide 8, this brought our pretax return on sales without items in a 12.7% in line with July guidance. We would have been up 10 basis points versus the forecast, but took a 10 basis point hit from worse FX. Versus 2017, we were 40 basis points up in local currency, although 40 basis points down in dollars reflecting an 80 point -- 80-basis point drag from translation effects on the comparison. I spoke a minute ago about the things that moved us on profitability versus what was expected in the guidance.

Gross margin at 66.2% in the quarter was 10 basis points better than 2017. The main contributor is that we're largely offset were a positive impact from not having Beauticontrol, where there was a low margin last year during the wind down and hit from higher resin cost around the world. As well there was lower margin in Brazil from costs associated with reacting to the trucker work stoppage in May and related to moving product mold in and out of the country, along with some investment in margin to reinvigorate the business.

DS&A as a percentage of sales fell 40 basis points versus last year to 52.1% in the quarter. FX was a hit on the comparison notwithstanding generally weaker currencies reflecting where we incur our cost, including with a lot in dollars that results in more bad debt expense this year. Going the other way, we benefited from country mix, where we had relatively more sales and lower DS&A cost units, lower promotional spending as a percentage of sales, particularly in Germany in light of the contribution of B2B sales and lower expense for management incentives given the performance.

Turning to Slide 9. Cash flow from operating net -- operating activities net of investing activities in the quarter was $38 million, [down] (company corrected after the call) $15 million from last year. For the full year, we now foresee $145 million to $155 million in cash flow from operating net of investing activities, which is down $20 million from the range given in July. This is predominantly from lower forecast pretax profit versus July, and I referenced pretax profit rather than the net income because while our tax rate has come down from the July forecast, this is primarily from noncash items, most significantly the GILTI tax. The cash flow forecast includes $65 million of capital spending, which is down $5 million from July.

On Slide 10, turning now to the outlook for the fourth quarter the sales ranges even to down 2% in local currency. At the high end, this is in line with the third quarter, excluding the Beauticontrol and Japan impacts, but includes less than a 1-point benefit from business-to-business sales, while the third quarter actually had a 2-point benefits from B2B. The fourth quarter outlook range is 2 points lower than what we used in July. This reflects most significantly not turning the trend in the core business as fast as we expected in Germany and Brazil and softer than anticipated trends coming out of the third quarter in the United States and Canada and Fuller Mexico businesses.

In terms of earnings per share without items and profitability, the fourth quarter range without items is $1.31 to $1.36, which includes a $0.16 drag from translation effects. This guidance is $0.06 worse than what had been included in the full year guidance in July, of which $0.02 is from changes in the foreign exchange rates. There is a decrease in expected profit from the segments of about $0.18, around 1/3 of which is coming from the lower sales assumption at the average contribution margin of sale exchanges. Beyond this, there are investments in gross margin and promotional spending of certain units, where that is necessary to turn the business for future growth. This is most notably in Brazil and Indonesia.

As well given the pressure on volume in the plants in light of the trend in the businesses versus where we were before, together with the need to manage inventory levels, there's an impact from higher product cost. Part of this is the cost of procuring resin in U.S. dollars, where currencies have weakened, led also by Brazil where the real was down year-over-year as of the end of September by 23% although about 1/2 of that has since come back. While the direction of some of the items was already there when we gave the guidance in July, we expected some moderation to be able to react to these hurdles and to be able to react to these hurdles to a greater degree than we now foresee.

A lower forecast operating tax rate excluding items is worth about $0.10 and that provides a partial offset together with $0.04 on less shares. This guidance would bring in the fourth quarter pretax profit return on sales without items at 16.3% compared with 17.8% last year with 60 basis points of the 150 basis point decrease coming from translation foreign exchange.

Together then with third quarter actual, this brings the full year sales range to minus 3% to minus 4%, including a 2-point drag from the Beauticontrol and Japanese unit impacts, meaning down 1% to 2% on a more comparable basis. This is no change from the full year sales guidance in July.

The earnings per share range excluding items is now $4.30 to $4.35. No change from July at the high end, though we did bring up the low end by $0.05. This includes a pretax return on sales of 14.2% at the high end, down 40 basis points from last year in dollars and in line with last year in local currency.

For unallocated corporate expenses, the forecast includes about $50 million, down from the mid-50s in July and there is net interest expense of about $43 million, which is no change from the last update. The full year tax rate without items is now expected to be 27.3%, down from about 30% previously, mainly reflecting the lower cost from the GILTI item compared with July and also some other changes and estimates. While about 2.5 points down from the last outlook, the full year estimated rate is close to 3 points higher than 2017.

On the reengineering program, there has not been meaningful changes from the July update. We foresee total program expense of $90 million to $100 million of which $78 million has been incurred so far, $13 million of that has been in the first 3 quarters of 2018, and we foresee about $3 million to be incurred in the fourth quarter. The cash cost is still expected to be $80 million to $90 million before the benefit of related asset sales. Of the cash outlays, $44 million have been made so far, including $31 million in 2018 to date, a further $11 million is included in the fourth quarter outlook.

Total proceeds from asset disposals to date have been $28 million and up to another $17 million could be achieved over time to bring the total to as much as $45 million. Of this, $5 million could be in the fourth quarter. As for P&L benefits from the program the full annualized amount remains $35 million, of which $25 million is foreseen in 2018. While these benefits are coming in and we're investing about $10 million we had foreseen, the remaining $15 million that was supposed to show on the bottom line is obviously being offset by other factors, including sales being lower than what we had expected when we first gave guidance in 2018 in -- for 2018 in January. Incremental operating investments, lower absorption of fixed costs in the supply chain and higher resin cost. The full year impact of higher resin cost and pretax income now shows at $9 million versus $11 million in July, with a decrease having to do with lower resin purchases and some mixed shift towards less engineered resins where there is a lower cost. The actual impact of higher cost in the third quarter was a little over $2 million versus the $3 million we had foreseen and the fourth quarter outlook includes a $3 million hit.

And with that, we're going to turn the call over for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Frank Camma from Sidoti.

Frank Anthony Camma ***Sidoti & Company, LLC - Senior Research Analyst***

Couple of quick questions. First of all, let's start with Indonesia. Since that was obviously such a star just a couple of years ago, and you addressed what you're doing say, kind of, turn that around, but what's the risk that -- what happened there will happen in other large markets. I mean, it's basically been a free fall for I think a couple of years now. So I mean, what is isolated about that market that might make it different, I guess, is what I'm trying to understand?

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

Frank, so we've learned a lot from Indonesia and what I've said about Indonesia in the past is that we really -- we stayed with what worked for too long and hadn't really looked towards innovating towards that next wave of growth. And I would say that, that's one of the things that we look for in many of these other markets. So for example, in China, where I talked about the new product lines, the different things that we're doing, rather than just letting things ride as they were and even though it may still be working for a certain amount of time, we're catching those early warning signs as yellow flags, to say, we need to change it up. Even though it may not be in decline, be always fresh, be always working at that. And also you've seen from the actions that I've talked about in Brazil, changing the brochure, changing the format, doing different things and being much more aggressive about how we look at innovation in these markets. So I would say that's one of the major differences.

Frank Anthony Camma ***Sidoti & Company, LLC - Senior Research Analyst***

Okay. And switching to China then, I mean, it did look like obviously the numbers grew but little less productive given the number of openings you had there. Is that reflective of what's going on in their economy? Or is that too soon to tell? What you're hearing from your guys or sales people on the ground there?

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

Yes. Our openings were still good. So we were still up 14% in terms of the openings. So we're seeing that continue as we normally would. And then along with our plan, our productivity was flat, and we also had that in Q2. And so that is where we start to hear a bit more about the tighter consumer spending and so forth. And so in fact, I was just there a few weeks ago and talking with them about that. And so they're looking at diversifying that product line. They have a fairly narrow product line in the outlets and so they don't want to -- they do a great job at demonstration and they don't want to over complicate it by having too many SKUs. And so what they started to do was really to put in still premium, but not quite highest price point. So to be able to engage those consumers that may be a bit more sensitive with discretionary spending that we give them options, right. We still have the $1,000 water filter, that's still a great demonstration, but if you don't have the $1,000, there's also other options there for you.

Frank Anthony Camma ***Sidoti & Company, LLC - Senior Research Analyst***

Does the Chinese consumer have access to the full catalog though? Or is it just what's in the store is what you can buy, is that how it works, like -- how does that work was just the question.

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

It's essentially what's in the outlet. However, we also do have products online as well, and those -- they can access those.

Frank Anthony Camma ***Sidoti & Company, LLC - Senior Research Analyst***

That was like the nutritional line like you were talking about, correct?

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

Well, the nutritional line will -- right now, we have introduced the nutritional line in the outlets. And so we're doing that regionally and piloting that, if you will, good acceptance, but eventually the nutritional line will be online.

Frank Anthony Camma ***Sidoti & Company, LLC - Senior Research Analyst***

Okay. And my last question is just on capital allocation. It looks like you're not -- from a market standpoint at least, you're not getting a credit for your high dividend yield. I mean, what is the board -- let's just talk about have you thought about perhaps temporarily reducing the dividend, given the fact that not only giving credit for, it's a lot of your cash flow going out the door. Is there a way to temporarily at least may be reshape that towards share repurchases because you did step up the share repurchases. Just wondering what the thoughts are there?

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

Frank. Yes, as we point out in our 10-K and have for number of years, our board really evaluates capital allocation at least annually with the dividend declaration that's we've done in January the last several years. And as they will look to take a balanced and thoughtful approach to the strategies that we're implying. As you've seen, our current plan certainly prioritizes funding the business as it should be, but then returning capital to shareholders, we've done well at that while continuing to have the right kind of flexibility to make all of that happen. So as we look ahead to 2019, the board with management will continue to review those priorities, and as always, looking to maximize things from a shareholder value point of view, considering like you said, dividends, share buybacks and obviously making sure that we're investing in the right way. And at the right point in time, we'll be able to update that.

Operator

And the next question comes from the line of Olivia Tong from Bank of America.

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

Tricia, it was great to see that there was less pressure on the local currency sales in Q3. And that Q4 looks like at least from the guidance as you expect to be stable potentially as the impacts are basically flat. But a few questions there. First, when you look at the 2-year stack, it would suggest the deceleration in Q4 given these are your comps. So can you talk through that? And then on the B2B sales, is this a new area you are focused on building? Or is it just going to be episodic? And then I have a follow-up question.

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

Okay. Great. So let me start with the B2B sales. So it is something that we do from time to time, and they pop up at different times. What -- based on the success of what we saw in Europe and specifically Germany, we do see more interest in Europe to continue these types of arrangements. So we're looking towards continuing that with the partners that we have over there. And then I didn't quite get the first question, Olivia, about the fourth quarter, or Mike, you heard? You...

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

Yes. Olivia, you were asking about a 2-year stack, and you're right in terms of how that local currency shows through. On a more normalized basis for the things like the Beauticontrol exit and also that in the fourth quarter of '17, we were lapping the extra week from '16. We really see that, that it's on the high end of the range. It's an improvement of 1 point on a 2-year stack going from again on just normalized basis 2% stacked in the third quarter to 3% in the fourth.

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

Got it. That's helpful. And then on the active sales force being down double digit, I understand that you've changed the parameters around it, but obviously pressuring the numbers. But is there an expectation for productivity to improve? And if not, can you help us understand sort of the key drivers of -- to that sales improvement as you go forward?

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

Yes. So activity, especially in the third quarter, it was brought down a bit early in the quarter, I had mentioned a few markets in my comments, in particular in July, and then of course, the summer months, it's always a challenge with activity levels. We saw that improve in September. And then fourth quarter, we have things in October, for example, record breaker, and these are normally higher activity months for us. And so, we certainly see a better trend over what we saw early in the third quarter happening there. On productivity, it's more market by market. So we do see some trends improving there in productivity, that's a harder thing to get than activity in the short term. But -- so I wouldn't expect any significant gains in productivity necessarily in Q4, slightly up maybe.

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

Yes. And Olivia, I don't have the specifics to be able to give you like a share on this. But clearly, for the last 2 quarters, with China being flattish in productivity versus the big growth in the past that showing through, including because there's really the active sales force to just the number of outlets. So it had an outside impact from a mix point of view from the first quarter going back a number of years. It was showing productivity through the overall numbers.

Operator

And the next question comes from the line of Beth Kite of Citibank.

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

I have a couple of questions first to start off on the e-commerce and digital initiative. Tricia, as you look forward into 2019 and the next couple of years, what do you think the boost to sales growth can be from some of these efforts? Specifically, do you think they can help you to get kind of in the low- to mid-single digit top line growth on an organic basis?

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

So really what we look for when it comes to the online connection, right, it's really helping us to further our relationships and the demonstration base selling and really amplify the power of our 3 million sellers that are out there. And we really look to this notion of both access and engagement. And what we say is that, we want to have better communications to the people who are with us. We also have the opportunity to connect with the people who have left us. So as you know, we have 3 million sellers, 3 million or a little less than that leave us every single year, but they don't leave us because they no longer like the brand. They may move or they may have other things going on in their life. And so they still will -- many of them want to stay connected with the brand. And so we want to maintain that connection with them digitally in pushing out the information. And then also the people who can't find us, we know there is many people today that love and know and want the brand and want to make that connection with us. And so we really see the online component as giving both this access and engagement piece to our community and really looking at growing our community overall.

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

Very good. And one if I may quick question on the business-to-business sale in Germany. Is it correct to understand that, that was not in the third quarter guidance? And also are you expecting anything of that nature in the fourth quarter?

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

Yes. Beth, it was mainly not in the guidance in the third quarter, and we have assumed some B2B in some of the businesses in the fourth quarter not as much as in the third quarter. I talked about -- yes, it's there, but it's not as big.

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

Okay. Terrific. And then one last one, if I may. With respect to just thinking about innovation, some of the new nutritional product you have coming in China. Is there anything on the horizon like the microwave grill that's kind of a bigger launch for either the end of this year or into 2019?

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

Well, we always have new product launches coming up, and we are looking even at different ways to use the technology that we have in the MicroPro Grill in other products for that as well. So we will typically launch 2 to 3 blockbuster kind of products every single year in addition to -- the several more products as well. So absolutely, we see new products coming up. We typically will begin that launch during our big weeks' time is the time where you start to see some of the new products come in the fourth quarter. What we'll see is those -- the newer products that we had throughout the year up to this point for some of them, only the sales force has been able to earn them, and it will be a launch to consumers, for example, in the fourth quarter. And it's different products in different markets.

Operator

And the next question comes from the line of Doug Lane, Lane Research.

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

I want to start with Europe, particularly emerging Europe here where your growth in average actives is double digits in the quarter. It's been pretty strong for the better part of the year now. So I just wondered what specifically is driving the growth in average actives in emerging Europe? And what could you learn from that to translate into some of the other regions, which are not growing so rapidly?

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

Yes. Doug, what we love about what's happening in emerging Europe is the fact that they have really been following the systematic approach that we have talked about with things like success formulas and onboarding and those kinds of things. And what we see there is a much more disciplined approach towards the execution of these things and that has been building over the past couple of years. So Russia, for example, they have been really one of the early adopters to success formulas and they have really stayed the course. They've done things, for example, with the unit manager base to raise the level of expectations and standards that we had. And you know we went through a trouble time in Russia. And so often people think, well, we just want to bring in masses of people and then you never really get the training and the standards in there as you want. And so really taking the time to stick with these success formulas, to train them in for the unit managers, to raise the level of expectations of standards and it's hard initially to do that, right, because you have to train all these people. But they did it and they stayed the course. And so really we're holding them up as examples of that. In South

Africa, they've done a great job with our new unit manager onboarding program. They were piloting this program for us and they've seen fantastic results with that. And what we find is, you know, as I said, unit managers are the engine of the business. They're also the trainers of the business. So they are the recruiters. When they are bringing people in, if they have disciplined approach and consistent activity then they're going to train their people to do that as well. And so that's why we feel so good about these success formulas, about the onboarding and the systematic approaches that we have put in and continue to roll out.

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

Now is this something that you're beginning to implement in other markets that are struggling, like Indonesia? Is this sort of the model that you're using to try to get Indonesia back on track?

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

Yes, exactly. So I commented that really the new leader there is focused in on this unit manager level. And what he has done is really shifted the focus we were implementing the consultant onboarding program and he really saw that we can get more leverage from the unit manager program. So we've shifted the focus there now to be focused on unit manager onboarding. And actually in the third quarter saw a good result with the new unit managers, we saw more recruit per unit and we saw a higher level of productivity for those new unit managers. And as I said, what's critically important in Indonesia is that we get to a solid earning opportunity there for the unit managers and that comes from raising the standards and really teaching them not only to personally sell, but to build a team. And that's where the power and the engine of this gets going.

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

That's helpful. Shifting gears. Mike, you mentioned you trimmed your cash flow forecast by $20 million, will this impact your pace of stock buybacks going forward? Are we going to continue with this sort of $50 million a quarter, until the $2 million (sic) [$200 million] is used up?

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

Well, we don't have any share buybacks in our fourth quarter. We had mentioned in July that we thought that the program might extend into 2019. So along the lines of what I said towards the beginning of the Q&A, as the board has just looked at capital allocation and so on then we'll have an update on how things should roll out in 2019.

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

So -- okay, maybe, I mean, you never really had share buyback in your forecast, but are you saying that you're really actually not going to buy back shares in the fourth quarter?

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

Right. We don't expect to.

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

Okay. Got it. Then lastly, there is a CFO transition going on like you announced, you're stepping down after the close of the year. Can we just get some more color may be behind your decision? And then Tricia, what you're looking for from the incoming CFO?

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

Sure, Doug. Yes, I mean, I'm leaving for positive reasons, reasons how I want to spend my time and so on. And when I look at Tupperware Brands, we're doing so many exciting things with the global growth strategy. We've had great leadership from Rick for a extended period of time, but Tricia is an exciting new leader that's got a lot of great ideas and is executing on them. So I'm leaving because of how I want to spend my time even though it's difficult to leave so many friends and colleagues that are doing such good work. And I think Tupperware has to be optimistic as a company and as a management team on what's going to come out of all of that.

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

So and I'll just comment that we're of course very sad to see Mike go after 25 years of really great contribution to this business. And he is obviously an important part of our team. I'm happy that he is able to move on to do the things and spend his time that he wants to do. And we very much appreciate that he has given us the notice that he has and give us a good transition time to find the right person to take this CFO role. So we have started the search with Spencer Stuart. And so that is underway. We're looking of course for the core financial accounting kind of skills that you need in this role. But I would say the additional things may be that, that we would look for would be experience with transformation, but also technology as well. So maybe those are 2 things to add to the description.

Operator

There are no further questions. At this time, I'll turn the call back over to Tricia for the final comments.

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

Great. Well, thank you. Thank you very much. We very much appreciate your time, your interest, and we are excited about the future. We're excited about the global growth strategy and beginning to execute on this in a really significant way and excited about the plan ahead. So thank you very much for your time today. Bye bye.

Operator

Ladies and gentlemen, thank you for joining us today.