REFINITIV STREETEVENTS

EDITED TRANSCRIPT

TUP.N - Q3 2020 Tupperware Brands Corp Earnings Call

EVENT DATE/TIME: OCTOBER 28, 2020 / 12:30PM GMT

CORPORATE PARTICIPANTS

Cassandra E. Harris *Tupperware Brands Corporation - CFO & COO*

Jane Garrard *Tupperware Brands Corporation - VP of IR*

Miguel Angel Fernandez *Tupperware Brands Corporation - President, CEO & Director*

Richard P. Goudis *Tupperware Brands Corporation - Executive Vice Chairman*

CONFERENCE CALL PARTICIPANTS

Linda Ann Bolton-Weiser *D.A. Davidson & Co., Research Division - Senior Research Analyst*

Stephen Michael O'Hara *Sidoti & Company, LLC - Research Analyst*

Wendy Caroline Nicholson *Citigroup Inc. Exchange Research - Research Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the third quarter 2020 earnings conference call. (Operator Instructions)

As a reminder, this conference is being recorded. I would now like to hand the conference over to Jane Gerard, Vice President of Investor Relations. You may begin.

Jane Garrard - *Tupperware Brands Corporation - VP of IR*

Thank you. Welcome to the Tupperware Brands Third Quarter 2020 Earnings Conference Call. With me on today's call are Rich Goudis, our Executive Vice Chairman; Miguel Fernandez, our President and CEO; and Sandra Harris, our Chief Financial and Operations Officer.

Earlier this morning, we issued a press release announcing our financial results for the third quarter ended September 26, 2020. The press release is available on our company website on our Investor Relations page. We will begin with our safe harbor statement.

During the course of today's call, we will make forward-looking statements that are subject to risks and uncertainties as described in our press release and in our SEC filings. You should listen to today's call in the context of that information.

We will also discuss some of our results for the quarter on a non-GAAP basis. Reconciliations between GAAP and adjusted measures can also be found in our press release. You can access the release and our forward-looking statement language through the Investor Relations section of the company website, where you can also access a webcast replay of this call later today.

I will now turn the call over to Rich for his remarks.

Richard P. Goudis - *Tupperware Brands Corporation - Executive Vice Chairman*

Good morning, Jane, and thank you. It's been just about a year since the company's Board made the decision to change the leadership and direction of this iconic global brand. Last November, the Board named an interim CEO, Chris O'Leary, who is a current board member. And in March of this year, we announced Miguel Fernandez as our new CEO, having previously been President of Avon. In April, when Miguel started, we quickly changed out the majority of the global leadership team, bringing in new executives who we worked with previously and changed the reporting structure in an effort to create a leaner, more responsive and effective organization. This new team quickly and significantly increased the company's rightsizing plans, ushered in a new growth strategy and accelerated the divestiture of noncore assets to strengthen the balance sheet and improve liquidity, all while dealing with the new reality of a world affected by COVID-19.

When we spoke with you in July, we described the improved financial performance of the second quarter as the needed pivot that reflected the successful execution of significant cost reductions, improvements in liquidity that led to a stronger balance sheet and a renewed focus on supporting the entrepreneurial activities of our global sales force. As we entered the third quarter with the pivot behind us, the management team accelerated their focus on the complete turnaround of the company. With the rightsizing plans well underway, this new leadership team increased their efforts to grow the company's top line.

The results reported today, top line growth of 21% in local currency and adjusted EPS growth of 233% were ahead of the expectations we had internally just 6 months ago. With these favorable results and positive momentum in the business, we believe the turnaround is well underway, albeit very early. While we made significant strides over the past few quarters, before I hand the call over to Miguel, let me conclude by restating key strategic elements contained in our growth plans that you will see in the coming quarters.

We're shifting from a push model to both consumer pull and sales force push. We will enter more product categories where the Tupperware brand is given permission by the consumer. We will create a good, better, best product and pricing strategy to reach and address the needs of all consumer socioeconomic levels. Together with our independent sales force, we are creating more access points for customers to purchase our products in person and online.

We are exploring alternative revenue streams for incremental B2B and new licensing to expand brand awareness, create leads for our sales force and increase revenue from channels and consumers we don't reach today.

We are aligning our brand more closely with the new norm of people cooking and eating at home, with products that help them save time with food prep, and products to help them save money by keeping their food safer and fresher longer. Additionally, we are increasing our efforts to more closely align our brand with meaningful megatrends, such as the growing gig economy and people working from home, and most importantly, increased consumer desire for reusable products that are environmentally friendly.

As a tangible example of this effort, today, we will be announcing a new partnership with the National Parks foundation, focused on supporting waste diversion and reduction efforts in the U.S. national parks.

We're excited to help the parks increase the education, awareness and availability of environmentally friendly products, reusable product solutions to help reduce the waste created from over 300 million annual park visitors each year. As you can see from our reported results today, we are fixing and strengthening our core business around the world, increasing our sales force's reliance on digital tools, expanding the use of predictive analytics and bifurcating our sales force through segmentation to better address their needs and those of our preferred customers.

It's been an incredibly exciting time these past 6 months. The speed of change has been dramatic and effective, and the financial results are pacing ahead of our initial plan. Thus, our confidence grows stronger and stronger every day that our Turnaround Plans will lead to a bright future for Tupperware.

Let me now hand the call over to our CEO, Miguel Fernandez, for an update on our top markets.

Miguel Angel Fernandez - *Tupperware Brands Corporation - President, CEO & Director*

Thank you, Rich, and good morning, everyone. Indeed, the pace of the change has been dramatic, but it's been necessary given the state of the business when the team arrived in April. Our new Tupperware leadership team has been focused on quickly improving the financial performance of the company and in just the past 2 quarters, we believe the changes we've made and the results we've reported are evidence that a great turnaround story is in the making.

Our leadership team, along with the support of our Board, is now implementing a new growth strategy for the company. We believe this strategy is more consumer-focused than in the past given the global strength and consumer acceptance of our iconic brand. Fundamental to this growth is fixing the core business by improving our sales force and customer experience, implementing techniques that we know from our previous experience, such as segmentation to differentiate our sales force from our preferred customers will result in an increased activity and retention of our sales force.

A key element of strengthening our core business has been the rapid embracement of digital tools for our sales force to reach and engage with more customers than ever before.

Let me share high-level results of our top 4 markets that represent over 50% of our revenue. In the third quarter, Brazil sales increased 35% compared to the same period last year and were primarily driven by both high recruiting and retention.

Our sales force quickly adopted our new online recruiting tools, yielding even better recruiting results than those seen pre-COVID '19. Additionally, we were able to improve retention by segmenting the sales force between preferred customers and business builders and focusing on increasing the activity between those 2 different groups.

We have continued to support and encourage our sales force in Brazil to use detailed tools and techniques, along with their traditional social selling methods as an important way to grow their business. Going forward, we will continue to segment our sales force and target special communication to different audiences. To our sales force, we will continue sharing best practices and techniques to recruit and sell our products, and to preferred customers, we'll send information about the benefits of our innovative, environmentally friendly and reusable products.

As our sales have grown in Brazil, we have started to experience some supply chain issues, including pressure on product availability, as demand was higher than forecasted. We are focused on resolving these issues in the coming months so that we can invest further in this key market to drive sales growth.

Tupperware Mexico's local currency sales increased 29% compared with the same period last year. Core sales were up 26%, driven by an increase in the average active sales force and their productivity. Our B2B sales contributed 350 basis points of the growth.

The increase in sales growth activity was due to improved retention accomplished through training unit managers on the sales force segmentation and the use of digital technology. An example of this is at a recent digital event where we had 12,000 participants, 100,000 views and reached over 400,000 individuals. This is just an example of how quickly our markets are embracing digital technology to advance their business. We saw an increase in orders placed via mobile apps, which is fantastic because we know that mobile app users have higher ordering frequency compared to the non users. This higher ordering frequency led to a productivity improvement that we saw this quarter.

Now let's talk about China. Primarily a retail business continued to be challenging during the quarter, with local currency sales down 12% versus last year.

We saw more studios closing than opening, and we now operate 6,200 students throughout China. We have a lot of work to do in this key market and our focus going forward will be improving digital sales and accelerating product innovation to increase to the traffic and increase the amount of studios we operate.

Effective this week, the current leader in China stepped down after 22 years of service, and we expect to have a new leader in the coming months.

The pandemic has created a new norm with more people living at home and increase consumer concerns regarding food safety and food storage. Our ability to help satisfy those new consumer needs was most pronounced in our North American business. In the United States and Canada, sales were up 72% compared to the same period of last year, which is the highest level of sales growth that we have seen in the region in over 20 years and the highest level of absolute sales since the fourth quarter of 2002. The strong performance in this geography was driven by improvement in productivity of our sales force, attributed to the continued use and adoption of our digital tools and techniques, which were discussed last quarter.

Another catalyst during the quarter was expanding on the attendance of our annual sales conference. Pre-pandemic, approximately 2,500 to 3,000 people would attend conference. However, with virtual conference, we had approximately 8,000 attendees with whom we could share new product launches, provide training and recognition, thereby creating a larger community of engaged leaders.

With a significant growth across 3 of our top 4 markets that, frankly, was above our internal expectation just 6 months ago, we have increasingly put pressure on our supply chain and service levels. Additionally, from a macroeconomic point of view, there are raw materials and corrugate shortages globally. We have taken a white sheet of paper approach to fundamentally fixing our supply chain, including working with third-party service providers and evaluating our organizational structure.

Let me acknowledge Sandra's recent promotion to CFO and COO, announced in our Form 8-K a few weeks ago. As you know, we are a new management team still evaluating the most effective organizational structure and investments needed to deliver premium service to our sales force and the customers while also improving our ability to innovate and accelerate products to the market. Sandra's previous experience brings great insight to our global operations, and this decision gives us the opportunity to focus on coordinating many of our back-office functions, including finance, IT and supply chain to ensure strong support on commercial sales function.

To wrap up a review of our top line performance this quarter, let me also comment on the rest of our markets, which are led by our Commercial President, Patricio Cuesta. Sales in this market collectively were up 12% in local currency versus the same period of 2019. The techniques we're using and the efforts that we are making in the top 4 markets, including share best practices, adoption of digital tools and segmentation are also being implemented around the world.

Additionally, we reorganized our product and innovation activities under Patricio with the goal to accelerate new product development and enter into new product categories. These are just a few highlights of the many positive changes we're seeing across the business.

While it's still very early days in the complete turnaround of this iconic company, the confidence of our leadership team grows stronger every day, that we're making the right changes at the right speed with the right focus. I'm excited about our future, and I know this belief is shared throughout the company and by our global sales force.

Now let me turn the call over to Sandra.

Cassandra E. Harris - *Tupperware Brands Corporation - CFO & COO*

Thanks, Miguel. As you've read and heard today, our Turnaround Plan is well underway. Our reported revenue growth was 14% compared to the same quarter last year. Eliminating the impact from FX, our local currency sales increased 21% compared to last year. The majority of our markets posted improved local currency sales in the quarter. North America increased 51%, South America increased 36% and Europe increased 25%. Asia was the only region that declined in the quarter, down 7% in local currency. Excluding the weak results in China that Miguel just mentioned, Asia would have been down 4%.

COVID-19 continued to affect this region, specifically China, Korea and the Philippines, all markets where we have studios or branches that are reliant on foot traffic. We estimate in total for the company in the quarter that COVID-19 had a negative impact of approximately $13 million.

Increasing access to our products is a key element of our growth strategy. In the third quarter, almost 4% of our total revenue was through our business partnerships outside of direct selling, with approximately 80% in Europe and the remaining 20%, predominantly in North America. We continue to see this as an opportunity to introduce the brand to new consumers, provide access to consumers who know us but are not connected to our sales force and create lead generation and provide a catalyst for future growth. Sales through e-commerce were also 4% of our total revenue and contributed to the growth in the quarter.

A final comment on revenue. It has been 6 quarters since we achieved over $475 million of quarterly revenue and 36 quarters since we achieved double-digit sales growth. As was mentioned earlier, while it's still early in the turnaround, we believe the strong growth in revenue is an indicator that our new strategies and tactics are showing signs of success.

Turning now to profit. Gross margins improved 200 basis points to 68% for the quarter, primarily due to lower manufacturing costs, mostly in Europe from favorable volume variances and their efforts related to the turnaround cost savings plan. Additionally, resin costs are running lower year-over-year.

In the first quarter, I mentioned that our SG&A was not at a sustainable level. Our Turnaround Plan cost savings initiatives were developed to rightsize and structurally address this problem. And I am happy to report that in the third quarter, as a percent of sales was 49%, reflecting a 900 basis point improvement attributable to the positive impact of nearly $60 million of Turnaround Plan cost savings in the quarter. Year-to-date, we have achieved $120 million of our gross $180 million goal.

Segment profit of $106 million or 22% of sales improved 1,100 basis points versus last year. Three of our regions all achieved operating returns in excess of 20%, with North America ending the quarter at 15% or 1,200 basis points higher than last year.

Specifically highlighting Europe that dramatically improved to $29 million of segment profit, up from a loss of $1 million last year, ending the quarter at a 24% return on sales. The effective tax rate for the quarter was 40% versus 44% last year. The company was able to offset the taxable gain on the early extinguishment of our 2021 debt obligation, with previously reserved foreign tax credits and other unutilized GILTI tax credits, which had a favorable impact on the rate.

As a result of this strong performance, our diluted earnings per share or $0.65, which was a $0.49 or 306% improvement over last year. $0.61 of the change was from operational improvements, offset by $0.12 of one-time non-recurring items. Operationally, $0.68 of Turnaround Plan savings were slightly offset by $0.07 of FX. While certain one-time items, both positively and negatively impacted diluted earnings per share, the positive impact included: $0.11 gain on early retirement of debt this year; and 2 prior year adjustments that did not repeat in the current year, including the reserve adjustments for the Fuller Beauty business of $0.09 and the intangible impairment write-off of $0.22 in the prior year.

The negative impact came from a $0.35 write-off of software-related to a global ERP rollout and front-end sales force solutions that are no longer aligned with our strategic growth plan. As we shift from a distributor push model for both a consumer pull and sales force push model, it became evident that we need different tools, less monolithic and more best of breed, cloud-based digital IT solutions.

Finally, there was an additional negative impact of $0.15 from other nonrecurring items, including a prior year gain from certain land sales.

More indicative of earnings potential of the business was the adjusted earnings per share of $1.20, up 233% from last year on the increase in segment profit, reflecting the positive impact of our Turnaround Plan. At this level of revenue and tax rate, combined with our rightsizing efforts, investors should expect us to deliver an adjusted earnings per share in the range of $1.00 to $1.20 going forward.

Now to liquidity and our efforts associated with strengthening our capital structure and reducing our debt. Cash flow from operations net of investing activity was $61 million in the quarter and $108 million year-to-date. This represented a $112 million improvement over last year, primarily attributable to the lower capital spending and improved inventory management efforts associated with the Turnaround Plan.

Previously, we announced our commitment to exiting non-core assets. We continue to work on divestitures, to improve our liquidity and strengthen our capital structure and expect a few of these transactions to close in the fourth quarter. We also continued our proactive efforts to address the maturity of our June 2021 debt obligation.

In the third quarter, we further reduced our outstanding notes through open market purchases below par by $121 million, resulting in a current balance of $380 million. We continue to actively evaluate refinancing options with our advisers, and will continue to pursue unlocking cash from non-core asset sales to address the June 2021 maturity. We ended the quarter with a debt-to-adjusted-EBITDA ratio of 3.72x, well below the covenant requirement of less than 5.25x.

We believe the results we reported today provide investors with proof that the initial efforts of our Turnaround Plan are working, restoring growth to our core business, expansion into new channels, rightsizing our business, strengthening our balance sheet and improving liquidity to create a stronger, more competitive company for the future.

Lastly, due to the ongoing concerns of the global impact from the pandemic, we will not provide financial guidance at this time.

I will now turn the call back over for questions and answers.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Your first question comes from the line of Wendy Nicholson.

Wendy Caroline Nicholson - *Citigroup Inc. Exchange Research - Research Analyst*

My first question has to do actually with China. I know you said there was a management change pending there. With the new person coming in, can you talk about sort of the strategic direction of China?

Do you still think it's right to have mostly a retail store model? Do you anticipate making big shifts in what products you offer? Kind of what do you think it takes to get that market back up and growing?

Miguel Angel Fernandez - *Tupperware Brands Corporation - President, CEO & Director*

So Wendy, this is Miguel. So as you know, our business in China is primarily a retail one. And we are starting a process for the search of an ideal candidate. And if it takes us a month, 2 or 3, whatever it takes us, but we really want to have the right candidate there.

In terms of the business, the way we see it is a combination of our outlets or studios with e-commerce. So we want to have the studios to be able to offer an off-line and online experience. And also it's going to be based out of a lot of product innovation.

As you probably know, right now, we -- our product offering in China is very limited. But we're going to be opening up not only to the rest of the product portfolio that we sell around the world, but also to other specific innovation focused on China. So it's going to be a little bit more of e-commerce and a lot more of product innovation in China. So that's the overall strategy in China.

But again, we see China as one of our big markets and with huge, huge potential.

Wendy Caroline Nicholson - *Citigroup Inc. Exchange Research - Research Analyst*

Fair. That sounds great. And then my second question is, in terms of some of the supply chain issues you talked about in Brazil. And I think you mentioned also maybe in North America, just given the remarkable sales growth, it makes sense that you might have some supply chain issues. But did that impact sort of the recruiting or retention or sales order rates if you look through the quarter were the sales trends, if you will, the same or similar between August, September and October? Or did you see any slowdown as those supply chain issues sort of took hold?

Miguel Angel Fernandez - *Tupperware Brands Corporation - President, CEO & Director*

So they actually kept on going up. So the trend is still positive, which -- it's good news, but also puts even more pressure in our supply chain. But -- as you heard in the script, we recently announced Sandra's promotion to take over the COO position. She's fully immersed in solving those issues that we have temporarily.

Cassandra E. Harris - *Tupperware Brands Corporation - CFO & COO*

Yes. Wendy, this is Sandra. I'll just quickly speak to the fact that historically, Tupperware has been really internally focused, limited by its manufacturing and surely as the types of growth rates we're seeing now, there's a finite supply within our internal network.

So we're turning more and more to external supply, whether that's third-party sourced or whether we're working with third-party manufacturing contractors. And so that's going to help us to extend that. And then we're actively investing in our distribution network so that we can meet the increased demand in a timely manner. And so going forward, we'll be focusing more on partnerships to expand our supply chain.

Wendy Caroline Nicholson - *Citigroup Inc. Exchange Research - Research Analyst*

Got it. And then my last question. It's just -- I mean you've obviously made phenomenal progress on the balance sheet. So my question specifically is with regard to Fuller Mexico. I know that's been contemplated maybe as an asset sale or a divestiture candidate to drum up cash. But if you don't need the cash, is that a business that you actually think could grow in the future?

Do you like the opportunity there? Or do you still say this just isn't for us. So even if we don't really need the cash, we still want to divest it?

Cassandra E. Harris - *Tupperware Brands Corporation - CFO & COO*

Yes. So Wendy, I think we've said on a prior call, we're really focused on our core business. And anything that's not core, we're looking for the opportunity to divest of that, whether that's real estate or beauty. And so we are making that a priority and continuing to focus on that.

We are working with brokers to help us to execute on that priority, and we will look to focus on the core and divest of the noncore.

Operator

Our next question comes from the line of Linda Bolton-Weiser.

Linda Ann Bolton-Weiser - *D.A. Davidson & Co., Research Division - Senior Research Analyst*

I was wondering if you, Miguel, could elaborate a little bit on the good, better, best strategy that you've been referring to. Is that already being put into practice? Or is that still to come?

And would you consider sort of starting a sub-brand under the main umbrella brand to execute that? Or how would you exactly go about that strategy?

Miguel Angel Fernandez - *Tupperware Brands Corporation - President, CEO & Director*

Linda, yes. So we've already started with some pilots around the world. And as you know, the whole strategy is to make sure that we offer the consumer a competitive pricing and quality compared to any other competitor versus -- and even if it's a change in our value chain, we normally pay the same amount to our sales force regardless of what product we are. So we're going to be adjusting some of those margins and also our offering to make sure that we achieve those price points.

In terms of brand, yes, we're going to be developing sub-brands under the umbrella of the Tupperware brand. It could be -- we're still in conversations. But the more we're going to get -- we're getting traction, we're going to continue to develop more brands just as, say, any other major brand, we'll do it like where Mercedes-Benz would have their C-, E-, and S-class, we're going to have our Tupper Eco to probably mid and premium. We still haven't decided the names of them, but it's going to be sub-brands within the Tupperware umbrella brand.

Linda Ann Bolton-Weiser - *D.A. Davidson & Co., Research Division - Senior Research Analyst*

Great. And then you've done an amazing job on the cost reduction and your margins and earnings level are amazing. I guess, I was curious what you're thinking going forward. Once you've kind of now rightsized the cost structure, do you plan on ongoing productivity initiatives for 2021? Is there more cost to come out? Or is this the end of it?

And just to clarify, Sandra, did you mean $1.00 to $1.20 per share of quarterly earnings going forward? Is that what you meant by that?

Cassandra E. Harris - *Tupperware Brands Corporation - CFO & COO*

Yes. Thanks, Linda. Let me start with that. Yes, at this revenue level and tax rate, we would expect that -- on a quarterly basis, that to be somewhere around $1 to $1.20. Last quarter, at that revenue level, we said $0.80 to $0.85 for reference.

In regard to the cost reduction and the sustainability of the margins, I'll also reinforce what we did say last quarter that a portion of the $180 million gross savings is related to COVID-19. So we do expect that 75% of that carries into next year. So I roughly think that would have about a 300 basis point margin impact if everything stayed steady.

But the majority of those cost savings would go forward. What I would emphasize is that we have signified and noted that our SG&A levels are very high. And I'm happy that this quarter, we've achieved less than 50% of sales on SG&A. I do still know that there's room in that, and we haven't necessarily made a commitment on a go-forward basis or giving guidance on that, but there is opportunity.

I also think as I assume this new role of COO that there's further opportunities to leverage across the enterprise. We've been very regionally and market specific, and there's a lot of opportunity to continue to optimize spend and savings across the board if we leverage our spending across the enterprise.

Linda Ann Bolton-Weiser - *D.A. Davidson & Co., Research Division - Senior Research Analyst*

And then just one final question for me. In terms of your exploration of continuing to expand your B2B and partnership sales, can you explain how in a direct selling model that you avoid channel conflict. So if a sales rep sees the product being sold at a retailer or some other partner, how do you kind of avoid a negative impact on the direct selling business from channel conflict?

Miguel Angel Fernandez - *Tupperware Brands Corporation - President, CEO & Director*

So thank you, Linda. So I'll take that one. It could be -- the easiest way is different categories, different products still under the same brand, the same quality and the same -- I'm going to call it R&D behind. So that's the easiest one. But where there's a similar product to be sold, you can play with the sizes or even the colors or even little things, co-branding and so on.

So there's different ways of working around that. But most importantly, it's always having a really close relationship and collaboration with our local sales leaders around the world. So they know what is coming and how it's coming, and we can work together to see which one is the right way to do it. Many times, you can actually get it on a different channel in a sector of a country that we don't have any penetration in our direct selling channel and so on. So you can play with all those elements.

And also the big advantage for this is that we're going to get a lot of new customers into our brand. And those are leads that we're going to be feeding to our current base of direct sellers, which they could -- they're going to see us very positive. I'm very excited about that synergistic approach that we're going to be following.

Operator

Your next question comes from the line of Steve O'Hara.

Stephen Michael O'Hara - *Sidoti & Company, LLC - Research Analyst*

I guess just moving to the commentary around earnings going forward. Kind of on the tax rate, I mean, it was low this quarter, I guess, relative to at least my expectations. Is that right way to think about it going forward? Is this kind of the right way to think about the tax rate more or less? Or is it still going to be much higher than the typical kind of corporate tax rate that we think about?

Cassandra E. Harris - *Tupperware Brands Corporation - CFO & COO*

Yes, Steve, we're actively working on our strategy. A lot of our profits have been generated internationally for quite some time, and now that's shifting as we are starting to regrow in the U.S. And so that's an important factor. We also started to work overall in our tax strategy to lower our tax rate more in line with more U.S. based companies. And so that is a strategy for us as we go forward, and we started taking action in that area.

I will say that this year, the tax rate will continue on a quarterly basis to be rather -- not an official word, but lumpy just because the fact that we calculate an annual tax rate have to back in the quarter and because of a lot of the things that were actually beneficial to us this year, such as the ability to use our foreign tax credits, our GILTI credits to offset some of the gains on retirement of debt. Those are working in our favor. And so will be a little difficult quarter-by-quarter to navigate.

Last quarter, we ended with a tax rate of 22.8% in this quarter, we're at 40.3%. Definitely, our tax rate will be much lower than we previously reported as we both work on the strategy and also as we use some of these credits that we've had for a while. But we do have a way to go before we become more normalized with other U.S. companies just based upon our international portfolio.

Stephen Michael O'Hara - *Sidoti & Company, LLC - Research Analyst*

Okay. That's helpful. And then maybe just on the unallocated, I think it kind of jumped up in the quarter. Was there something in there? Was it related to the debt purchase or anything? I think it was $13 million on an adjusted basis?

Cassandra E. Harris - *Tupperware Brands Corporation - CFO & COO*

On the unallocated, at this point, Steve, nothing is coming to mind, so we can get back with you on that note. I don't know of anything that really would have caused the unallocated to change. And totally, our SG&A improved ratably for the quarter. And so we'll look back at the specific unallocated amount that you're talking about.

Stephen Michael O'Hara - *Sidoti & Company, LLC - Research Analyst*

Okay. And then so in terms of the cost savings that's kind of left to get in 4Q. Can you just remind me what's kind of left -- kind of harvest in 4Q? And then I think typically, the fourth quarter is stronger than the third quarter. Is that likely to be the case? Or is there a reason for that not to be the case this year, maybe different than previous years?

Cassandra E. Harris - *Tupperware Brands Corporation - CFO & COO*

Yes, Steve. So at this time, we really don't want to provide guidance for the fourth quarter just due to the uncertainties around the continued impact of the pandemic and other things. What we have committed to is that our total cost savings goal for the year is $180 million. We've delivered $120 million of that within the last 2 quarters. So it's reasonable to assume we're on track to deliver the remaining $60 million by the end of the year.

And then we've also provided insights into our debt, which is that we have $380 million remaining after making the open market purchases, and we continue to work on that. And we think that with patients and our performance, that we'll make the right decision at the right time in regard to that. So that's what I can give you in the form of future information.

Operator

There no further question at this time. I will turn the call back to Mr. Miguel Fernandez for closing remarks.

Miguel Angel Fernandez - *Tupperware Brands Corporation - President, CEO & Director*

Thank you. While I'm pleased with our financial performance, I'm even more encouraged by the initial signs of fixing the core business, evidenced by the increased activity and productivity of our sales force. We're recruiting and retaining our sales force at levels not seen in quite some time.

Our sales force remains an important component to our long-term growth strategy, and I'm proud of the team members' ability to embrace change above the use of digital tools and techniques to meet the challenges of today and tomorrow.

Their unwavering commitment ensures this iconic household brand will continue to meet our consumers' evolving needs.

Over the next year, other key elements of our growth strategy will be implemented, and we look forward to share those results with you on future earnings calls.