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TUP - Q2 2014 Tupperware Brands Corp Earnings Call

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OVERVIEW:

Co. reported 2Q14 diluted EPS without items of $1.47. Expects full-year 2014 local currency sales growth to be plus 4-5% and EPS without items to be $5.40-5.50.

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PRESENTATION

Operator

Good morning. My name is Dawn and I will be your conference operator today. At this time, I would like to welcome everyone to the Tupperware Brands Corporation second-quarter 2014 earnings conference call.

(Operator Instructions)

Thank you. Mr. Rick Goings, you may begin your conference, sir.

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

Thanks, Dawn. And good morning, everyone. It seems unusual -- I'm in Orlando. I think this is the first time I've been here for a conference call in a couple of years. I'm here with Mike and Teresa Burchfield, our head of Investor Relations. Just back from Indonesia and off this afternoon to Mexico. And I will comment on both of those.

As usual, some of our discussion will involve the forward look of our business. So you know the drill on that, on slide number 2.

As you read our release, it becomes apparent that we had some headwinds in selected markets in the second quarter, and that mostly impacted sales. Sales at up 3% were around 1.5 points below the low end of the range that we expected in April. So, when you put it all together, that meant our emerging markets were up 10%, and established markets were down 7%. I will comment on some of the elements that caused this.

Now, on the profit side, we were able to stay in the range on earnings per share. This really reflects a better tax rate, plus a lot of good work that has been done by our management teams across the world, with cost and the efficiency side of our business. And it also speaks to the attractiveness and the flexibility of our business model and the power of a blended portfolio. And that's what we have been working towards. So that in spite of what happens out there, when you put it all together, this key thing you see is progress.

The key so-whats for the quarter, if we were having a personal conversation I would say there are four main so-whats. On the plus side, the first thing I would say, we continued to perform well, had a good lead number in big and important markets, and, importantly, we saw sequential improvement in the quarter and in both of our large beauty businesses, Fuller Mexico, and BeautiControl.

Secondly, on the negative side while some of our markets, like Germany, CIS, which is mostly Russia, and TUP US and Canada, didn't perform well. We do have actions in place and are already acting on them in order to change the momentum of the business. We feel good about that. I will go over those actions in a minute.

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Importantly, we believe that the issues in these markets -- Germany, CIS, TUP US and Canada -- are not long-term issues. And we expect progress in a matter of quarters, not years. But I will get into that. Now, are we always, do we always get that right? No, but our expectations really are based on experienced-based actions, I would call it.

Third so-what, we're an and story. We can and we do well in emerging markets -- think China, Indonesia, Turkey, for example -- and established markets. Italy and France, we have been there for 50 years, and there is still white space for us.

And fourth and finally, we continued to generate good cash flow, and returned significant amounts to our shareholders through dividends and share repurchases.

Now, let me take a deeper look into the portfolio. We saw mixed results, as mentioned. And I will talk about those. And then Mike and I will talk about some of the outlooks in these markets.

If I go to sales force size, and you turn to slide 4, looking at that, we are at 2.9 million sellers. That was up 5% versus last year. You did see the active sales force down 1%, but that was a percentage point improvement from the first quarter. And as you do see on that slide the 5 point difference between active and our sales increase reflects 3 points from mix of countries the sales came from, and 2 points from productivity, primarily reflecting inflation-driven pricing in our South American segment. And you will remember, it is important for us to keep our prices at inflation, to protect the sales force earning opportunity.

I might add that on this whole thing of sales force size, so much conversation is about recruiting, but you have internally, we've talked about it, we've got a global focus on not only keeping that recruiting gate open, but like never before in the years I've been here, not just recruiting but retention. And it is a focus on how we onboard them, how we activate them, and even the retention levers. Because when you put those two things together, that's where you get to these double-digit sales force size increases. It is not just the front door.

Turning to slide 5, our Europe, Africa, and Middle East segment, the standouts there clearly were Turkey and our South African beauty business, Avroy Shlain. Both were [almost 30%] (corrected by company after the call) in the quarter. Italy also performed very well. And we have been there 50 years. I think Michael Tziallas and his team, that just shows that you can wake up a market. We have never had a big business in Italy, and for the first time during my time here, I think it is set to be one of our bigger European businesses, and move much more in the direction of France, more toward rather than a Tupperware bowl company, to a company that really is in many different product categories in the house and in the kitchen. By the way, sales in each of these units I just spoke about were supported by underlying strong performance indicators. Those were size, leadership level, growth, and also activity.

Interesting in Europe, Africa and Middle East, if I turn to some of the smaller markets in the Middle East, in spite of some of the political tensions in the area, even countries like Lebanon and Egypt developed 20%-plus sales force growth in the quarter, with a significant increase in the sales force size. By the way, on that same chart, on slide 5, you see South Africa was off 3%, our Tupperware business. We really had some actually very difficult strikes going on by unions this week, or this last week. Even the front gates of our manufacturing headquarters were bombed out. The good news is, it appears this week things have settled. So, we really had some big service issues. But we have been there a long time, and we have navigated through such situations in the past, and we've got a great South African business.

We are pleased also with France. It matched prior year. And I've got to tell you, given the French economy, matching prior year feels like a win. And it was improvement from the first quarter where we were down modest single digit. With an 11% sales force size advantage at the end of the second quarter in our big French business, we are in a good position to continue our positive momentum.

Now, let me turn to Germany. That was such a disappointment for us, down 29%. And let me drill down on the issues. Firstly I'll bifurcate them between externals and internals, and there is a bit of both there. I have lived and worked in Germany for numerous years so I have some sensitivity to how things go there, particularly with regard to the externals. We can't change the calendar when holidays are, but we had, in the second quarter, what they call in Germany bridge holiday weekends. We had five of them. Now, that is particularly -- and it is a bridge, usually, when it is a three- or four-day weekend.

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Now, how that exacerbates our business is that we generally do -- it is a relationship-selling business via the party -- we on average do 70% of our sales on the weekends. And, again, from my exposure living there, when there is a long weekend, generally Germans don't stay at home. They're on the road. So it is hard to have friends, neighbors and relatives over for a party.

We had Easter that went from Friday through Monday. We had Labor Day in Germany, which is a May date. Ascension Day, which is May 29, which is a Thursday but it also includes the Friday. We had Whit Monday, and I don't even know what that is. And then, finally, Corpus Christi Thursday, June 19. There is only 12 or 13 weekends in a quarter, and we really lost almost half of them.

Now, let me turn to internals because that was some of the culprit, as well. Three major things. Number one, weak activity from new consultants. Some of the new recruiting techniques that we used in the first quarter brought in quantity but with not the same intimacy of relationships, and we're fixing that.

Number two, clearly our new product program, while we thought it was strong enough, it wasn't. And then, thirdly -- and I think this is the biggest factor -- our management team there are very experienced and in place for a long time. And, frankly, in our kind of a business, it is a bit of head and heart. And the right level of passion versus logic is what really drives our business. And, frankly, our assessment, along with a dear friend and our managing director there, Georges Jaggy, believes we have become too structured in our approach and too logical. European management, Georges and I made the decision, therefore, that here are the actions we have taken in Germany, and we are feeling much better about the third and fourth quarters.

First, we have made management changes. We have moved up into the organization some of our young leaders who are in their 30s and are long-serving in Tupperware, and have been trained, and a couple of them in multiple markets -- a new Managing Director, a new Head of Sales, and a new Head of Marketing Merchandising. Dynamic. I know each of them very well, and they are energy-driven people, but very smart and they understand our business.

Second -- and we have already made these actions, and in place as of the first of July -- two, we are refreshing our marketing promotions to energize more. And, thirdly, we brought forward some new product introductions to make sure they are going to happen in the third and fourth quarter. I will be over there next month with thousands of them, and I will be pleased to report back when we do our Q3 report. And it is my hope that we will be reporting progress in Germany at that time. Still, a very solid business in Germany.

Now let me turn to the CIS. As you are undoubtedly aware, it is interesting, with all the turmoil and actions going on in different markets of the world, if somebody was asking me, what would be a good degree or a course of studies to become senior management in Tupperware, I would say go to Georgetown and pass the foreign service exam, understand history and geography, because we deal with so many different cultures and actions around the world. The environment in the CIS has been tension filled, particularly this last year, and even more recently. And I'm pleased to say our guys navigate through such externals, with usually moderate negative impact.

However, our business has been at the very early stages in the CIS of a turnaround, and these events have dampened those efforts. And then you add to that, in Kazakhstan, which is about 20% of our business, they have a 20% devaluation; the recent Ukraine, which is about 7% of our business. All this, at the very least, is a distraction.

Now, what are we doing? There have been some wonderful management changes our new incoming Group President of Europe, Africa, Middle East, Gavin Little, has made. Got a great Managing Director who is experienced in the Company, a dynamic Head of Marketing and Communications.

We are working on distribution structural changes -- this started two years ago -- and that was really combining some of the smaller, less profitable ships, way out in the Urals, in some cases, where it could be a three-day train ride to get there, with the larger, more profitable ones. Gavin was saying to me the other day actually, when talking to the big distributors, and talking about sales trends, they say to him -- what's the problem? We're doing fine. Well, we have got to get our structure right there.

Lastly, better merchandising. Had way too much discounting in the past and that would cause consumers to sit there and wait for cherry picking the deals.

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So, enough about CIS. Of note, the comparisons in Germany and the CIS are going to be much easier in the second half of the year. So we do expect good improvements in both of these units starting in Q3.

Now let me move to Asia-Pacific where we saw strong growth in China, up 28%. There, our outlet model, where we held parties in these outlets. Now we have 4,500 of them. We're a super brand. And the outlets were up 16% from the end of June last year. Water category continues to be very important. There we sell $1,000 water filtration - Nano water filtration -- and we're doing very well there.

Indonesia, up 16% in the quarter. Now, while that doesn't match the 25% CAGR that we saw in the first quarter -- and I guess, Mike, we've been seeing that kind of level for quite a number of years -- this is our largest business unit with over $200 million in annual sales. And I would say you can't expect continuing to lap 25% year over year when you get a business that size. But still, double digit growth.

I was there for five days last week doing a leadership training seminar with 25 of our Asian high top performers, including Indonesians, and I liked what I saw. I took the opportunity to spend an afternoon there. Mike last month brought one of the senior partners for PWC also to do a business review on a routine basis of our audit procedures and businesses, and they left with the same feeling.

What happened that brought it to 16%? Firstly, we had a very strong price increase there, which really hurt consumer spending. We needed to do it because of increases in price of product, and to keep solid our distributor earning opportunity. But it was a stiff price increase.

Also, there was the distraction of the presidential elections. Again, I was to meet with the foreign minister Friday of this last week, who I know from Davos, and there was a lot of tension between a former general who is running for president and Jokowi, the governor of Jakarta. No violence but a lot of tension. It was a hard-fought campaign. That meeting had to be canceled. But the good news is, the election is over. Yesterday, just yesterday, they certified the results. Jokowi is taking over.

And this is not a Venezuelan populace. This is a guy who came out of business, was educated. He became the governor of Jakarta and he is known as a reformer. And what is particularly, I think, good for our big business there, it is the first time a member of the elite hasn't been president. And in the past, that has usually led to more corruption and cronyism. I think you are going to see some very positive changes from this humble, very decent man. But anyway, that's over.

Third piece of our business there, new product program. We are getting more aggressive on not just selling Tupperware core food storage and serving products. I reviewed the new products, like the Quick Chef, the herb chopper, microwave products, where we have done a great job in moving to some of those products in other markets. And it really speaks to serving the needs of millennials, because many millennials, she doesn't cook and she knows how to cook in a microwave. So, it is going to help us in our penetration.

Finally, the sales management levels there in Indonesia are strong and we have programs in place to strengthen them even further. Frankly, second half of the year, I hope to continue in the same trend that we saw in the second quarter -- double digits. So it looks good.

Malaysia, Singapore, up 8% in the quarter. We rebounded nicely after a challenging first quarter impacted by a continuing drought. And then there was a big tax change that was announced by the government.

I do want to add, at some point here, because often we have some issues in particularly not with non Americans, but with Americans on the subject of foreign exchange. But we also sometimes have issues when I talk about things that are going on in other parts of the world that you don't hear much about here in the US.

Ramadan started the end of June and continues through July. And that's a month-long of fasting. I had an analyst once ask me why a hotel chain would impact our business, and I said it is not Ramada, it is Ramadan on it. We have learned to navigate through this and still have good performance. And what I have seen already in July, I think the impact of Ramadan is not going to be that significant.

India, [down 9%] (corrected by company after the call) in the quarter, but strengthening from the first quarter. It is going to take some time to get this back on track. Very strong foundation. This market's potential, this is going to be one of our biggest markets.

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And again, I would comment on what is going on externally. Big focus second quarter on prime minister elections. Narenda Modi won. This is very important. If you read anything, like in The Economist, you had to go back to the assassination of Indira Ghandi in 1984, the last time you saw a strong pro business leader in India.

And a very interesting thing, and I want to quote it, they said the most important change in the world over the past 30 years, in the world's economy, has been the rise of China. The increase in its annual GDP went from $300 to $6,700. Over that same period of time, hundreds of millions were brought into the world economy and that changed the geopolitical nature.

However, India's GDP was the same as China's three decades ago, and now, it is less than one-quarter of the size. So, bringing in a leader who -- it is a hard country to manage because you have powerful states there. By contrast, he has huge authority, and we think within his party, and within the country, we think he can help make this work better and make it easier for us to do business there. So, India is going to be important and we feel good about its future.

Looking to North America, Tupperware Mexico, down 3% in the quarter in local currency. However, we have a big partner there, a big food chain called Soriana. That was a 5% drag on their promotion program. And we build customers. They go into Soriana, they can earn a Tupperware product if they buy something there, and that bounces back then to a party. So, it really works together with us. That was a 5 point drag on it. The core business actually grew in the quarter for Tupperware.

For Tupperware US and Canada, while down 6% in the quarter, sequential improvement over the fourth quarter. And, very importantly, while it is a modestly negative impact on the top line, we intentionally did not invest in the kind of discounting they did in the second quarter last year. And that's why it was much better profitably. And discounting in our industry is unsustainable. So, the underlying progress is good.

Now, the North American beauty business -- BeautiControl delivered an 8% sales increase in the quarter. Simon Hemus, our President, was at their big annual celebration last week. They had double the number of consultants there that they had the previous year. And just maybe that the worm has turned in that business. I think we've got the right leadership there. And this, by the way, is the first significant quarterly increase since 19 -- or, excuse me, it seems like 1908, Mike -- but it has been since 2008.

Fuller business -- I will be there this afternoon again -- was flat. And we have been fighting one of the competitors discounting like mad. And when you're not discounting, and you get flat sales, and you're moving toward higher-margin skin care and fragrance products, this is good news, and good for brand building. This was a [9 percentage point] (corrected by company after the call) improvement on the first quarter. We still have work to do in both of these units but it is good to see a trend change.

Just a side bar note, as you know, in the last quarter, we decided we had a little Armand Dupree business that we ran out of the West Coast of the US. Frankly, it was so small, it was a distraction. We decided to shut that down.

Now, finally, let me turn to South America. Brazil -- in spite of the World Cup Brazil was a standout performer. They were up 22%. We have had some customer service issues there. We just moved in one of our strongest operations people there and are already hearing anecdotally some great things that is going to be refining our warehouse and distribution operation. So, I feel good about that business.

Venezuela up 90% in the quarter. Most of that, as you know, has to do with the bolivar. Mike will talk about that. You saw the release that we are going to make moves to go to the SICAD II rate. And Mike will cover that.

But I will add now that we have made a commitment that we are going to minimize the money we lose in Venezuela. But we've got a sales force of 70,000 there. And once you exit a market, it is almost impossible to come back and get any kind of momentum. We've got to learn how to navigate through it while we minimize the incremental investment in the Company.

At any rate, let me turn it over to Mike, and then I've got some comments after that, and then we will do Q&A. Michael?

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Mike Poteshman - *Tupperware Brands Corporation - CFO*

Thank you, Rick. First, having a closer look at our sales comparisons, are up 3% in local currency in the second quarter. Included good increases in Brazil, China, Indonesia, Turkey, Venezuela; and then on the down side, CIS and Germany. Rick has spoken about these units' results, including what we are doing to improve things in CIS and Germany, and our expectation of much better comparisons in the third quarter than in the second in these two units.

Versus the high end of our guidance range for the second quarter, we had meaningful sales upsides in Italy, Turkey and Venezuela, with drags in CIS and Indonesia where we were up 16%. But not as much as we had included in the high end of our outlook range. Germany and Tupperware US and Canada also were below our expectations.

Turning to slide 7, our diluted EPS without items at $1.47 per share was toward the high end of our April range, even before considering that FX at negative $0.14 versus last year for the quarter was $0.01 worse than in our April outlook. So, despite being 1.5 points below the low end of our forecast range on sales, we were well into our earnings range.

The better-than-expected profitability came from several factors. We had a better-than-forecast value chain rebound in Tupperware North America where we spent very heavily last year, and had a much more normal approach this year; higher sales and profitability in South America that came from Venezuela; and then lower-than-expected unallocated corporate expenses from lower incentive accruals given our performance and our forecast; and then $0.02 from 0.5 point lower-than-forecast year-to-date tax rate. Versus last year's second quarter, adjusted EPS was up $0.01 and 1% in dollars, and $0.15 or 11% in constant currency. And that's excluding the $0.14 hit from FX on our comparison with 2013.

Turning to slide 8, our pre-tax profit return on sales, excluding items, was 14.7%, which compares with 15% last year as we reported it, but 14.4% looking at last year in constant currency. We had a low drop-through to profit from our higher sales in South America that was mainly due to the high warehousing and distribution costs in Brazil, given our high volumes that Rick mentioned. And this is being addressed but these costs are expected to remain at an elevated level now through the remainder of the year. Also, as we expected, there was about a 20 basis points drag from higher interest expense that was associated with higher borrowing levels, now that we're operating at our higher leverage targets that we phased in over the course of last year. And also from higher costs associated with cash flow hedges.

Looking at slide 9 and turning to our cash flow situation, we generated $45 million in the second quarter of 2014 of cash flow from operating activities net of investing activities. And this compares with $49 million in last year's second quarter, with the lower amount this year related mainly to higher planned capital spending to improve our operations, mainly in Brazil. Year to date, our cash flow is below last year's. And, as we look to our full-year forecast, we're now calling for it to be $235 million to $245 million, or $15 million lower than what we said in April. This reflects the impact of our lower earnings guidance. Our capital spending outlook for the year remains at $75 million and it is included in the cash flow guidance as I just gave it.

We, of course, continue to prioritize returning cash to our shareholders. We repurchased $14 million worth of shares in the open market in the second quarter, which brought us to $24 million year to date. And our outlook includes $10 million of repurchases in the third quarter, and $96 million in the fourth, which would bring our full year in at $130 million. The $55 million reduction in full-year repurchases compared with $185 million we talked about in April reflects our lower cash flow outlook, along with EBITDA from our current forecast for earnings, in conjunction with our 1.75 times debt-to-EBITDA target. We stood at 2.04 times on the debt-to-EBITDA measure for the four quarters ending June, of which 0.15 times was from Venezuela balance sheet generated FX hits.

Now, before I go into our earnings and sales outlooks, a bit more on Venezuela, on slide 10. As outlined by Rick, two things have happened since our last earnings call. First, in mid June, the government in Venezuela mandated that we reduce our Company and suggested retail selling prices by an average of 55%. While we will still discuss further with the government how they analyzed our value chain, as we believe that our pricing and profitability, as we were running it, was in line with local law, we nevertheless, of course, made the required change.

Second, as of our June balance sheet date, as Rick mentioned we concluded it was appropriate to begin using the SICAD II exchange rate which is 50. And since our going-forward operating activity will be translated at this rate we also took a large FX hit in our second-half 2014 sales and profit guidance. And in light of the mandated government price decreases, we have assumed our Venezuelan operation will be at break-even in the

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second half. Our release, this slide 10, and another slide that is in the appendix of the presentation that you will be able to see after our call, lay out more of the details on the, quote-unquote, items associated with the change in rate.

Turning to slide 11, and our full-year guidance, we've revised our local currency sales increase range to plus 4% to 5%, which, in addition to our first-half actual local currency sales increased to 5%, as the third quarter ended up 3% to 5%, and the fourth quarter at up 4% to 6%. In both cases, at the high end, this would put our two-year stacked increases at the same 11% that we had in the second quarter actual.

Our full-year EPS range without items is now $5.40 to $5.50 per share. And looking at slide 12, at the high end of this range, it is up $0.07 versus 2013, or 1% in dollars, and $0.55 or 11% in local currency, which is, in dollars, after the $0.48 drag on the comparison from FX.

Looking at slide 13, the high end of our range is $0.31 lower than our high end in April. $0.10 of the decrease is from worse FX rates, which is from the Venezuelan devaluation. And an additional $0.03 is from Venezuela now being in our outlook at break-even in the back half of the year. The remaining $0.18 is mainly from lower sales increase assumption in Asia-Pacific at plus 6% to 8% for the full year, which is up from high single to low double digits previously, along with the continuation of higher warehousing and distribution costs in Brazil that I mentioned earlier. Our outlook for unallocated corporate expenses at about $60 million is down $2 million from our April guidance. and net interest expense at about $46 million has not changed since April.

On slide 14, our full-year pre-tax profit return on sales without items at the high end of our range is at 13.9%, which compares with 14.1% last year as it was reported, but 13.6% with last year in constant currency. The approximate 35 basis points local currency improvement reflects 60 basis points-plus in operating margin, on that line, partially offset by a 30 basis point negative impact from higher net interest expense, with the higher borrowings and cash flow hedges that I talked about.

For the third quarter, along with our 3% to 5% local currency sales increase range, we foresee earnings per share without items in a range of $0.89 to $0.94, which at the high end would be down 6% in dollars but up 7% in local currency, given a $0.12 hit on the comparison from 2013 from FX rates. Versus what we included for the third quarter within our previous full-year guidance, we have taken a $0.07 hit in the third quarter from Venezuela, now being included at break-even, and $0.05 of the $0.07 is from FX.

Looking at slide 15 and our longer-range guidance, while we will see how we call 2015 in light of our sales force position and trends around the end of this year, going forward into 2016 and beyond, once we have worked through many of our issues, we continue to expect to be able to achieve 6% to 8% annual local currency sales growth, comprised of about 10% growth in our emerging market units and slight increases by our established market units. As well, we continue to foresee our local currency pre-tax profit return on sales improving by 50 basis points per year to the mid to high teens, And for our income tax rate excluding items to move up over the next few years, from this year's outlook of about 24.5%, to 27% or 28%.

Finally, just to round things out, on resin prices there has been only a modest change versus our April guidance, with the negative full-year impact going up $2 million now to $14 million. So, before we go to Q&A I am going to turn it back over to Rick.

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

Thank you, Mike. Just some summary comments before we do open it. Net-net, it was a challenging quarter. You can feel that. But we do feel good about our business outlook.

I want to comment that 10 years ago we brought together a group of 24 of our young leaders from around the world, brought together in a little town in Ireland. They were our [high pots], and many of them moved to very senior levels. A couple of them are group presidents now. And with that group, we met for four days, and we crafted a formula and created a business model, and implemented it around the world. And the results of those Kinsale meetings, really, and the formulas, the outputs, led to 10 solid years of growth.

Well, nine months ago, I convened another such group. We called it the 2020 team and charged them with crafting -- they are from all over the world, different levels of the organization -- and charged them with crafting the plan that will take Tupperware Brands to $5 billion in sales. And

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their focus really was getting the sales force to 5 million. And as I mentioned earlier, it wasn't just the front door recruiting them in, but how do we get the turnover levels reduced? And I'm already seeing. We have met twice, that group. They are four-day meetings. We are going to be meeting again in a couple of months. But as I'm out there traveling in markets, I am already seeing things implemented. So, I feel very good about that.

On slide 16, on the confidence looking forward, I really think there's a couple of key things there. Firstly, our business is especially dynamic in emerging markets. The products match the needs of the households and family formations, and the brand is powerful there.

As a matter of fact, as I hear from heads of state in many of these countries, we are involved in nation building there. More than $1 billion will be added to the middle class in these markets. The opportunity for women, really, who work outside the home has been minimal up to now. And lastly, once you get outside major cities like Jakarta, the retail channel is fairly primitive.

Second point -- we are very much an and story. And we have adopted our model, product, party and our opportunity in mature markets in the western world. It is very interesting, and I want to comment that we basically, when we talk about chain of confidence and the DNA of our business is really showing women how to move her life and have confidence. Most people believe if you looked at Maslow's hierarchy of needs, that just deals with the lowest levels of poor countries -- low DNA, women just looking for food, clothing and shelter, enough for the basics.

Go on line, and Google and get Wikipedia's list of the top 100 countries in the world of their suicide rates, and you will see that the bulk of the top 20 are established markets of the world. So from our research, with chain of confidence, and the ability to attract women, and change her self esteem, it is why our business continues to grow in these markets like Italy and France, as well. So, we are an and story, as well.

It is interesting. An average party in Indonesia is $100. Belgium, it is $900. So, it really works both ways. Teresa often points out to me, though, that the lessons we are learning on urbanization in Europe, we're able to plug those things in in our emerging markets of the world. Whereas New Delhi doesn't act like the rest of India, and so we go right into our toolbox of what did we learn in France. And then we implement those things.

Turning to slide 17, also the major trends that are happening. And our 2020 group has identified them, and it is providing significant leverage. The most significant growth will be in this middle class, mostly in Asia and South America. Second, millennials. They're right now 50% of the work force. They are going to be 75% of the global work force by 2025. They are relationship-driven. And unlike baby boomers they want to be entrepreneurs so they are not looking for traditional jobs.

And, finally, I think with urbanization and technology, we are on the right track there. We have learned product-wise on urbanization, how to make nesting products, smart steamer products. We have learned to adapt the party to be a girls night out. And we have used technology now, and we are seeing it in many of our markets -- online ordering, training, the apps for menus and shopping. And if you go onto Twitter and Facebook, really connected throughout the world. So, feel good about the outputs of this 2020 group, and our ability to get to $5 billion.

So, with that, let's turn it over to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Jason Gere with KeyBanc.

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Jason Gere - *KeyBanc Capital Markets - Analyst*

Good morning, Mike and Rick. A couple of questions. The first question really is on the long-term outlook. I know you have talked about 6% to 8% organic sales as the longer term. And it sounds like maybe we may not be there next year, just with some of the issues in Germany and the CIS. But I was just wondering if you could talk about, is this a feasible long term model?

It sounds like the cost of doing business to recruit, retain some of the reps, and even some of the tough comparisons in emerging markets, I think you guys were talking 10% organic sales now. I'm just wondering if you can just lay that out whether that organic sales number is the right thing to do, or in some of the markets you're talking about you're focusing more on the profitability. So, I was just wondering if you could maybe talk about the algorithm of how we should think about this business model going forward, and if that 6% to 8% really is the right model.

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

Jason, Rick. Good morning. I do think it is the correct one. And if were you asking me here in July of 2014 what we will say for 2015, I want to wait and see what happens in the third and fourth quarter.

But as I commented on Germany, for example, and CIS, I think those are shorter term in nature, with regard to fixes there. We've got solid businesses. And we are not in search of what to do strategy-wise there.

When you sit there and look at the US business, I think it is going to take a little bit longer there. We are working on four things. We need to really think about how to get our business back to much more a weekly business, more percentage of our people doing parties, them to each have places where there are weekly meetings. So, we've got, I think, a good strategy in place but it is not going to be a couple-quarter strategy for the US. But I will count on progress.

If I look to Asia-Pacific, we have had this drag in India after five dynamic years in India. But we've got our penetration level is probably 15% there. I think we've gotten past most of this bump in the road. We are getting back to getting the right people out there. We've got a fresh young management team who have been with us a dozen years.

So, almost to answer your question, Jason, I have to look at the key contributing units out there, and just not do it at the macro surface. Indonesia is a strong business. Fresh management now in the Philippine business. South Africa should continue.

6% to 8% -- I will be disappointed, when Mike and I are kibitzing in December what the outlook is going to be, if it isn't there. But I will know more then. Mike?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

I think that says it on sales. We have big opportunities in China and India. They weren't businesses where we did more than $100 million last year in Company sales. But given the size of the population, the trends in China are quite good. And we should be able to come back there in India.

We were up 10% in the emerging markets in the second quarter. The only one that had a significant drag, emerging market-wise, was CIS, but that took a nick out of things. But we are going for 10% in that group of businesses, to get to 6% to 8%. And we ought to be able to do that for a long period of time. And we fully expect to be able to execute better and more consistently in the established markets. So, that is how it should come together.

In terms of your question, Jason, on profitability, not by model but by where we sit right now our emerging market businesses as a group have a higher ROS. And as more of the share of the business goes there, if everything stays the same, then that would pull profitability along right there. But at the same time we should be able to do better in the established markets.

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As we continue to do the leadership development among our management teams and leverage the skill sets that we have and have better execution there, I think -- I'm sure -- we will see better comparisons than the minus 7% that we had in the second quarter, and then that should be able to build on the profitability, as well.

Jason Gere - *KeyBanc Capital Markets - Analyst*

Okay. And then just following up, because I think last quarter when you guys were talking about the 5% to 7% sales, and we knew you had the toughest comparison out there, and you had a month under your belt, so it seemed a little bit aggressive to get that 5% to 7%. Can you just talk about the cadence of the quarter? What went wrong maybe in May and June? And then if you could talk maybe a little bit about July's performance, that gets us comfortable around the 3% to 5% that you are talking about for the third quarter.

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

The biggest thing that really went wrong was Germany. That's our biggest European business. And everything looked pretty good. I was there twice in the first half of the year.

And almost always -- we have talked about this personally, Jason -- when you've got a sales force size advantage, you usually can convert that to about the same kind of sales. I had never seen a couple point sales force size advantage deliver a decline in 30%, particularly in a market like Germany that is very predictable, not a volatile market. It was three things came together there. And I think we are all over it.

Back to your first question, again, you put Germany back to a level of being flat, boy, does that change our top-line numbers. The other thing about it is we knew we had to do this price increase in Indonesia, and it was fairly dramatic. And, so, we didn't get, as the quarter unfolded, more in the end of May and in June, the run rate of 25%. And Mike handed me a note at our executive committee meeting on Monday, showed that the impact of Indonesia going from a 25% up to only 16% up is 2 percentage points overall to the Company.

So, we don't have to look out there in 10 markets to say -- how do you get back to the 6% to 8%? These were very isolated and in both things are being done. We are not sitting here wondering -- gee, what do we need to do. We tend to triage and look at our businesses -- long and short term, what do we need to retain, refine, or radically alter.

In one of these situations do we need radical alteration, which usually is two-, three-year reengineering kind of a program. This is more refinement issues. This is more moving some different people in and out.

And I got to tell you, one of the things I'm most excited about, I have often said, all the Company is, is a collection of people. I spend more than half my time on leadership development. We have a 40-something hero dynamic group president in Asia-Pacific who has had multiple assignments all over the world. We have a young new group president over the last six months in the Americas, multiple assignments all over the world, and almost 20 years experience with us. And we have a dynamic new group president in Europe, Africa, and in the Middle East who has been an MD in multiple countries, prior to joining Tupperware, from another industry, and fantastic general management experience.

So, the depth of our management at the top of these units and under those units, I would go into any battle with them. That gives me the most confidence that we are sitting here looking for -- oh, my goodness, what do we do. Mike?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

A couple of other things to mention. We had some favorable comparisons versus our outlook, as well. And I mentioned those in Italy, Turkey, Venezuela, is okay, but also BeautiControl.

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The other ones, or the other things to mention beyond what Rick said on the down side, Indonesia, we also didn't have the same run-up to the beginning of Ramadan as we necessarily expected in June when we were setting that guidance in April. We talked about the CIS, and that was below our expectations, as we are in somewhat of a bottoming out process there.

And then in the US and Canada, we were optimistic that running our programs in a more normal way a year later than when we were in the situation last year, in the second quarter, that we would get more traction from those programs, on the top line than we actually did, even though it came out fine on the bottom line. So, those were some of the factors.

When we look at how we set the guidance for the third quarter and the fourth quarter, I mentioned in the comments that we were at 11% in the two-year stacked local currency comparison in the second quarter. And that's the same place we are at the high end in the third and fourth quarter. So, it does reflect the easier comparison in the third quarter than we had in the second.

Jason Gere - *KeyBanc Capital Markets - Analyst*

Okay. And I'm going to jump off. But it just sounds, to summarize, that as we exit 2014, and looking at stack rates, and some of the improvements in Germany and CIS, you would expect that at least a 5% local currency rate should be in play for next year. I know you're not blessing anything right now, but just the sales coming in a lot lower was a little bit of a surprise this quarter. And I think just any type of conviction behind the next 12 months, I think, would probably help investors right now.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

The one thing, Jason, that's also -- and it's a bit of an oddball -- is we have had very high growth in Venezuela in the first half of the year. And while the comparison with the prior year is in FX, that growth now, as it goes forward, will be at an exchange rate that is 80% to 90% less than the prior year. So, that has an impact on the total, as well.

Jason Gere - *KeyBanc Capital Markets - Analyst*

Okay. Fair enough. Thank you.

Operator

Dara Mohsenian with Morgan Stanley.

Dara Mohsenian - *Morgan Stanley - Analyst*

Hey, guys. I missed part of the call earlier, but it sounded like in the response to the first question, and some of the country commentary, that your view is the organic sales growth slowdown in Q2, and guided for in the back half of the year, is more of a situation where a few key markets are having issues that drags down the corporate average. Is that the right characterization? Because the 3% sales growth number is a material slowdown from recent trend. It looks like it is probably your worst result ex-Venezuela since the downturn. So, I was just hoping for a bit more perspective on if there are bigger issues you think are pressuring your business here or if it is more a case of a few isolated markets pressuring sales growth.

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

Dara, Rick. You're spot on it. It's a few isolated markets that are really fairly dramatic negative deltas. That's the bad news. The good news is, we really do think these are one or two quarters before you see those things get back to -- actually, you start to get to flat to modestly up in a couple of those, and that will have a dramatic effect. So, it was certainly not an across-the-board slowdown out there. Michael?

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Mike Poteshman - *Tupperware Brands Corporation - CFO*

Yes, that's right. As we look at it just nearer in, Dara, on the third quarter, and what some of the differences are, we do expect much better comparisons in Germany to CIS. And that is as those businesses improve and also because the comparison in the third quarter is easier than the second.

And then also should be a better comparison in Tupperware Mexico. You might recall that there was a big hurricane impact towards the end of the third quarter last year. So, that is something we will be lapping, as well. There will be some of that drag, I was just talking about when we were speaking to Jason, from Venezuela, because again the growth will be at an exchange rate that is so much less.

Dara Mohsenian - *Morgan Stanley - Analyst*

Okay. And then as you look going forward, do you think you will need to spend more on your sales force either in terms of recruitment and bringing in reps, or incentivizing existing salespeople to drive a reinvigoration in sales growth? And I'm just wondering how we should think about the forward spending back behind the business.

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

Dara, I don't think so. The reason for that, all the analysis this new 2020 group has done on asking the question -- how do we get to $5 billion in sales, do we have enough runway left in our current business model -- it really talked to getting to 5 million sales force. But it didn't talk to the need to change our recruiting rates of bringing them in.

It really spoke, in a very mature way, that the biggest problem is turnover of the sales force. And I can say, quite frankly -- I have been in this industry a long time -- I have hardly ever seen dramatic focus on retention. And we did a regression analysis that if we could have had over this past 6 years 2% better retention rates, the Company would have had $800 million more in sales. And when we start to then further peel back, where do you lose these people, you generally lose them the first 90 to 120 days.

No company of our kind has ever focused as much on how do you onboard, how do you activate. And then the key retention things are contact, a place to go every week, competition, and recognition. It is just refreshing to see us looking at it in this way. And it gives me confidence that we can stay with the same kind of value chain.

The only place right now we have had to invest more is to really ramp up in Brazil, to get our distribution in line there, because we could meet the big needs of our sales growth. So I don't see a change in the value chain. And I would hope to stick with Mike's -- continue, try to work toward 50 basis points improvement as we move along. Mike, would you add to that?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

That's right. We wouldn't see a change in our value chain. Of course, tactically, we look at how we are going to run our product, our purchase-to-purchase types of programs and our promotional programs. And, so, that comes to our numbers sometimes, like the big benefit we saw in the US and Canada this quarter, as we were in a more normal situation. But from an overall compensation to the sales force and how do we think about that, we haven't changed our approach.

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

Dara, a very important point here is philosophical important for the Company. At the core of it, we recruit more than 2 million people per year. The head turn of an organization, if you can get this organization to understand -- and I'm seeing it change -- that the next recruit you get is the last recruit you will ever get, how you would treat her differently?

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Now, that is being really pushed down in the organization, to the point of -- wait, don't change your recruiting levels out there, recruit quantity, but develop quality. So, it is almost becoming a mantra. It is this IROAR -- inspirational leadership, recruiting, onboarding, activation and retention -- and it has become a slogan out there in our organization. And we are even starting to measure within operating units not just their front-door recruiting efforts, what about your back door? And this is an important focus, I think.

Dara Mohsenian - *Morgan Stanley - Analyst*

Okay. And then, Rick, we often see a tremendous amount of volatility in your business at the country-by-country level. Normally that is offset by some of the portfolio effect, and the puts and takes across various country. But I'm just wondering if you view that volatility as more of a function of being in the direct selling business, or if there is ways going forward to mitigate some of these instances where you do see a pronounced deceleration in individual countries like Germany, for example, this quarter.

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

I think the volatility is usually a combination of a couple of things. Firstly, on externals, this month it is monsoon and typhoons in the Philippines. So, you get that kind of stuff, and we will deal with that. And the good news, that is temporary.

The other issue is, all we are is this collection of people. Of the 2.9 million people out there, the bulk of them are volunteers out there. So, therefore, the levers that drive them are -- what is happening with regard to what drives them, what are their promotional programs like incentives to go out and sell, to buy? What kind of trip are they running. Next, out there, how do they like the new product program out there? And then, thirdly, the people who were leading them under it -- does it get stale, do you need more?

So, at the country level, those are the things under it that if you and I went into a market and looked, I would tell you, Dara, pay attention to these three things. And that's what I will do in Mexico tomorrow. I will be sitting there looking at -- what is the new product programs for the Fuller business. Because I'm working to bring up to speed a new group president, and I want her to see how I look at it.

Those are the three things I look at. And you don't get it always right. That's where part of it is, Dara, it is like somebody once told me -- there is some elements to your business that is like the movie business, that it all looks good, but then the audience doesn't like the movie. And what we try to do in some markets is how do you take out that volatility.

For example, in our Fuller business, we have 10% of the sales force in the Fuller business who are trend setters. So, they are selling the same brochure but a month ahead of time. And what does that help us do? Hmm -- how are the offers, are we going to oversell or undersell, what have you retained, refined or radically offered in the brochure?

That's what management works toward, is continuing to take that out. And then the only other thing that gives you the ability to sleep at night, have a big enough portfolio out there. Sometimes you're going to get it right, just like I'm sure it's happened to some of you out there and your portfolios, and sometimes -- that's why I said, sometimes you're the windshield and sometimes you're the bug. And I was certain this product would be a hit but it wasn't.

And so that's under it. So, it is not just wild out there. There is an order to it. But at the end of the day, it is how people act.

Dara Mohsenian - *Morgan Stanley - Analyst*

Okay. And then last, just, Mike, can you break out pricing versus volume in the quarter? Sorry if I missed that.

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Mike Poteshman - *Tupperware Brands Corporation - CFO*

Sure. We looked at it a couple of ways. When we look at our business units that grew in the quarter, we had about half, about 10 points of volume improvement, and about the same in terms of price. When we look at it overall, we were down in volume 3%, and we were up in price and productivity 6%, to get to the net-net plus that 3%.

Dara Mohsenian - *Morgan Stanley - Analyst*

Okay. Thank you very much.

Operator

Connie Maneaty with BMO Capital Markets.

Connie Maneaty - *BMO Capital Markets - Analyst*

Good morning. Just a point of clarification. What was the size of the price increase you took in Indonesia? And then I have a follow-up.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

It was around 10%.

Connie Maneaty - *BMO Capital Markets - Analyst*

Okay. It seems as though there have been more than the normal number of management changes, referenced on your call today. So could you just walk us through the decision process, or the dynamics here? Is this normal succession? Is it because you're addressing trouble spots? Were the people who have changed, are they still with the Company, or have they retired? Give us a little clarification there, please.

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

On the leadership development, with Lillian Garcia, our EVP HR, and I work with the -- if they're line people, that's how we manage it. And the bulk of our changes here have been planned. I'm doing with the board next month a leadership succession process. And you normally make these changes then at the beginning of a period, either the beginning, the end of the year, so that you got new people in the saddle in January, or July 1. So, you really are getting some July 1 cycle things happening.

The bulk of the people that I look in each one of the situations, one was a planned retirement. That was just we decided to do it six months earlier, he did too. Another one was a planned retirement in one of our markets. And all the other people, they are still in the Company. They moved to other positions.

But we do that a lot for management development, as well. So, if you're getting more now, it is in the middle of the year and we generally don't talk about it that much.

Connie Maneaty - *BMO Capital Markets - Analyst*

Okay. And then on Venezuela, how were you informed about the price reductions? Was this Tupperware-specific reductions? Was it because of the profit margins that were imposed earlier this year? The combination of a price roll back of 55% plus inflation of 50%, might be a break-even in

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the back half of the year. But it looks like the business will go unprofitable next year. So, how do you balance your interest in Venezuela, the Company, with the interest of shareholders? Thanks.

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

Firstly, I would tell you -- and, Mike, you can follow up on this -- but this is widespread action. Like, if I got a check sheet, they are going after company by company by company, and so we don't feel isolated here. We don't like it and disagree with it, but it is what they're doing. Mike?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Yes, so, on the go forward, and how do we manage in that situation, first of all, we do believe and understand that we will be able to increase prices as there is future inflation, because the law and the regime is based on starting with what your costs are. Where we need to discuss further with the government is their understanding and interpretation of what is in our value chain and who is getting compensated for what. And, so, that will happen in the coming months as the government goes through its process. So, we wouldn't expect to be at the same price level indefinitely.

Connie Maneaty - *BMO Capital Markets - Analyst*

Okay. Thank you.

Operator

Sofya Tsinis with JPMorgan.

Sofya Tsinis - *JPMorgan - Analyst*

Hi, thanks for taking the question. Although I understand that some of the under-performance this quarter on the developed market side was more abnormal in nature, your local currency sales in the developed markets have been down year over year during 11 of the past 12 quarters. So, what gives you comfort there that you could actually grow them low single digits longer term in order to achieve your long-term target?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Sofya, the issue, or the biggest one in this quarter that we highlighted, was Germany. We did enter the third quarter with a sales force size advantage. So, what is going to give us confidence over time is where we are going to be able to execute more consistently on the elements that Rick has talked about, to be able to have sales force size advantages that we then lever with the better focus on urbanization and the onboarding, and therefore activation and ultimately retention of the sales force.

So, we expect to have better results as we move forward in that vein. We do realize that it is more difficult in an established market, in our case, because we have mainly been in them for a longer period of time, and of course GDP overall is growing more slowly. And that's why we call it at a low single digit.

Sofya Tsinis - *JPMorgan - Analyst*

Okay. And in terms of Indonesia, you mentioned that pricing there was 10%. Have you ever taken 10% pricing before? And was the volume impact similar to this quarter? And would you actually consider rolling back pricing in order to accelerate top-line growth and incentivize the reps in a different way?

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Mike Poteshman - *Tupperware Brands Corporation - CFO*

This was -- we're talking about a particular price increase. Sometimes we have more than one price increase in a year, particularly in more inflationary types of places. So, have we had 10% before? I couldn't name that specifically. But I would expect that probably we have had key motive increases over a year in that range in the past, as well.

In terms of price roll back, I wouldn't expect that we would do that. We do, in combination with whatever our prices are -- suggested retail prices are -- we are always running offers -- again, purchase with purchase, gift with purchase, other promotional type elements that ultimately are part of realized pricing -- even though in the case of promotions it doesn't show up in sales directly. So, that is where we look to manage the situation, and bring people through. And we didn't get the exact reaction we were looking for this time but we were doing those sorts of things and will continue to work in that direction.

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

One of the main reasons you never do a price roll back there is you really have got to protect the profit margins of your distributors out there. And also you don't want to get consumers into that. We are high quality products that we demonstrate.

I never will forget, I one time was walking by a Louis Vuitton store in Copenhagen. There was a line and I asked the manager -- are you guys having a sale? And the manager said -- oh, no, we just have new products, we'd burn it before we put it on sale.

When you start in these markets, when you are a prestige brand, when you start doing sale and discounting of products, you break the brand. So, we try not to do that.

And even though you didn't ask the question, I want to follow up on this question on management and succession. Probably nobody does it better, I know in our industry, than us working on leadership succession. I have four succession candidates, typical one has been 15 years with the Company.

Each one of our group presidents out there has succession candidates. And we do these orderly successions. Usually search firms aren't attracted to us because we generally recruit people in our business in their late 20s and early 30s, and we develop them through our business. They will get multiple assignments, multiple countries. And even the group presidents, they would have been area vice presidents in an area, and before that they would have been managing directors of countries, and before that they came up in a functional area -- sales, marketing, finance, what have you.

So, when we move them around, sometimes it is just pure development and sometimes we need some new levers in that particular business. And for a matter of fact there, the MD of Germany will be moving here to the US. He'll become head of marketing. He is one of our smartest people. He has run portfolios, countries. He is just absolutely terrific and he has been part of the Company for many years.

That is our most precious resource. And I apologize, I went through those so quickly, and I didn't talk about the process.

Operator

Michael Swartz with SunTrust.

Michael Swartz - *SunTrust Robinson Humphrey - Analyst*

Good morning, guys. Just maybe talking about Germany and looking at some of the moving pieces and what hit that business this quarter, can you maybe, looking at it, break it out into buckets, and what was the biggest impact and what was the least impact? Just trying to get a sense of how much of that should come back in third quarter and fourth quarter versus maybe something that is longer term in nature?

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

Biggest impact was a whole slug of new recruits that came in the fourth quarter and the first quarter who simply didn't get activated in the business. And we're already seeing recruiting levels that are coming on, that are very positive.

What we also saw that was a very negative delta, it was how many parties are dated at the party. And you can get into a doom loop. If you don't at least get one party dated at the party then you're starting to slip. That's how you perpetuate it.

You try to have a party do three things -- sell product; number two, perpetuate the party, find out their one or two people who want to hold a party, that's your future business; and then, thirdly, you will recruit somebody if you see somebody that is good. And so we had slippage there. I think they're on it. And I do think, Michael, it is shorter term.

Michael Swartz - *SunTrust Robinson Humphrey - Analyst*

Okay. That's helpful. Thanks, Rick. And then just on the Fuller Mexico, I think this is one of the first quarters where we have actually talked about a positive acceleration or stabilization, or however you want to call it. But how much of that was just on easy comps versus did something just click this quarter?

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

I think what is coming together, what is clicking is we are getting the momentum from the strategies that we put in there. We made the decision, Michael, very importantly, we were not going to play that discount game that the well-known beauty company that starts with an A is doing there. We're going to stay the course there. We had a slippage in our sales force size, we had to get the recruiting up, but we looked underlying of that as we had too high a turnover of field sales managers, and we changed how we were doing that.

Finally, merchandising and new product programs got better. So, there were like five things that came together. And, Michael, that is a classic example of Luis Victoria's, that runs that company there, he has been there, Michael, about two years now? How we bring somebody along. I mean, Luis is 42 years old. He has been with us since his 20s.

We got him out of -- he started with us in internal audit. And then we sent him to Brazil as a finance person, to Brazil. And then we brought him back from Brazil, and then we sent him to graduate business school. And then we sent him to the Fuller business as the CFO, five, six years ago. He worked in that business as a CFO. But this guy is dynamic.

And then we moved him to the Tupperware Mexico business as the CEO. He just shot the lights out, double-digit growth. And then two years ago, we put him in our bigger Mexico business, the Fuller. That is a typical career path of somebody. And you say -- and he is only 42? He has had his ticket punched in all of those places.

Michael Swartz - *SunTrust Robinson Humphrey - Analyst*

Thanks for the color.

Operator

Connie Maneaty with BMO Capital Markets.

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Connie Maneaty - *BMO Capital Markets - Analyst*

I think you mentioned in the call that you were discontinuing Armand Dupree in the West Coast. What does that do for your strategy for Hispanics in the US, in the beauty business?

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

Our strategy in the beauty business for the US, I will tell you where it has been up -- at our BeautiControl business. And we basically said we don't need two different armies to do that same penetration.

So Nikola, I will tell you, the highest attendance of people at celebration this year, on the delta, were Hispanics. So we decided -- come on, why have two cost centers there, two different brands? Let's just refine it. But big opportunity for us there, Connie.

Connie Maneaty - *BMO Capital Markets - Analyst*

Okay. Great. Thank you.

Operator

And there are no further questions at this time. I would now like to turn the call over to Mr. Goings for any closing remarks.

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

I think I've said it all. Mike, I think you have, too. I think the most important thing I can say is I think a couple of markets -- I think Dara Mohsenian said it best -- were really the big drags in the market. And I think you are going to see improvement in those. And just like you are starting to see some of these businesses, like BeautiControl, come back, the Fuller business come back, the Avroy Shlain get bigger and bigger.

I'm not going to say we're perfect and we don't miss it in some of these markets. My mother always said this to me -- you don't drown when you fall in the water, you drown if you stay there. And we keep learning how to be better in these markets at catching this stuff sooner.

So, I hope we are reporting on a better quarter when we talk in October. And thank you for your interest.

Operator

With that, this concludes today's conference call. You may now disconnect.

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