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TUP - Q1 2016 Tupperware Brands Corp Earnings Call

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OVERVIEW:

TUP reported 1Q16 local currency sales growth of 1% and EPS without items of $0.91. Expects 2016 local currency sales growth to be 2-4% and EPS without items to be $4.28-4.38. Expects 2Q16 local currency sales growth to be plus 1-3% and EPS without items to be $1.07-1.12.

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PRESENTATION

Operator

Good morning. My name is Nan and I will be your conference operator today. At this time, I would like to welcome everyone to the Tupperware Brands Corporation first-quarter 2016 earnings conference call.

(Operator Instructions)

I would now like to turn the call over to Mike Poteshman, CFO. Please go ahead.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Thank you, Nan.

Rick is in Indonesia with our sales force and has been having a hard time getting connections, so hopefully he'll be able to join us in progress. In the meantime, we wanted to get started. I am here in Orlando with James Hunt, who is our new head of IR, and we will go from there.

James is our assistant controller responsible for our SEC filings. He has recently taken on this role and Lien Nguyen, who many of you know, has now rotated to a corporate financial reporting role as she continues with her development with the Company. As a reminder, we will reference slides that will follow along with the call today, and they can be found on our website or our investor relations app after the call.

Turning to slide 2, we have the usual information about forward-looking statements and how those interact with our SEC filings and this morning's release. Turning to slide 3, as expected, we had to push through many challenges in the first quarter with local currency sales up just 1%. We still maintain a nice sales force size advantage now at 4%. Overall, our emerging markets were up 3% representing 64% of total sales, and our established markets were down 2%.

Coming out of the very tough fourth quarter, we said in January that we would need to, and in fact we have, continued to manage through volatile externals and to implement the changes that we have needed to, though it did not always go quite as well as we had hoped. Despite these challenges in the externals, I am pleased to say we had stronger than expected local currency performances in Brazil and Tupperware Mexico with additional strong performances by Argentina, China, Germany, Tupperware US and Canada, and our two businesses in South Africa. In spite of these good performers, there were some drags, most significantly in Egypt and in the Philippines and I will drill down on this more in a minute.

Our EPS without items in Q1 was $0.91, $0.05 above our range, including $0.04 of foreign exchange benefit against guidance, as well as our initiatives to control costs, manage gross margin, and leverage promotional spending. I'll give a little bit more color on this later in the call, but it's nice to see currencies start to move in our favor on top of our defensive efforts to manage and leverage expenses as efficiently as possible given the challenging external environment and how that is impacting sales. This clearly helped us come in above the high end of our range even with sales at the low end.

While this quarter demonstrates the resiliency and flexibility of our business model, we remain committed to leveraging our vision 20/20 initiatives unit by unit to both strengthen our core and extend our reach through deeper market penetration, primarily through a greater number of Tupperware sites and leveraging relationship equity through technology.

It has been impressive to see what we have done in China over the last couple of years utilizing technology and social media to drive a stronger relationship to our studios or outlets there. There are members who are really, who have become our brand fans and the best advocate for our products not dissimilar to people committed to Apple products with the iPhone. Our management team in China estimates about 80% of our sales comes from these members.

It's really in China a contemporary take on our classic relationship-based selling method, and why does it work? Well, our greatest success is in the studios located in residential areas where consumers work, live, and socialize, so it is easier for them to engage with us repeatedly by participating in product demonstrations and responding to marketing campaigns.

In a way, this is China's version of a Tupperware party. Remember, most apartments are simply too small for Tupperware parties and culturally Chinese rarely entertain in the home. We'll come back to China in a bit.

Let me also remind you our 20/20 initiatives have two strategic parts, strengthening the core and extending our penetration and reach. Together, these are the pathway to growing our business. We have successfully piloted core building elements in Brazil, Germany, and Mexico, and have been refining them as we launch and scale up in the rest of the world.

In fact, in February, we had the head of Tupperware Mexico, Luciano Azum, join our European managing director meeting and the actions and performance of Tupperware Mexico really resonated with our European leadership. Rick was there and it was really proof of concept for the onboarding and activation programs to improve recruiting and retention, but also reinforced our fundamentals with a focus on the earning opportunity and demonstrations of our differentiated products.

Net-net, we have growing confidence in the strength in the core initiatives. It's now our responsibility to scale them up in other markets. Meanwhile, we'll be refining our thoughts in how we'll extend our penetration and reach through such actions as the introduction of our 2.0 studios in the US and Canada and elsewhere, which will include building on what we have learned in China. We're also leveraging technology such as through the pilot of Party Plus.

Now let's get into some specifics and turning to slide 4 starting with Europe. In Europe in the quarter, the decline came mainly from Egypt and Turkey, and I will get to that. But first I will speak to the units that did well.

Our South African businesses continue to grow double digits showing that sound fundamentals can achieve even in a less -- very good results even in a less than robust economic environment. Tupperware South Africa was up 18% with 15% more active sellers. This comes on top of a tough comparison in 2015. Avroy Shlain, our beauty business in South Africa, continued a strong performance, up 13%. We continue to see solid sales force indicators with sales force up 17% there. For those keeping count, this is the 23rd consecutive quarter of sales increases by Avroy Shlain. We expect this momentum to continue in both of our South African businesses.

Germany was up 3% in the quarter. They had a slow start to the year with a tough January after a strong finish in the fourth quarter when they were up 9%. They began to strengthen as the first quarter progressed, but that did include some benefit from timing of shipments around Easter. They now move forward with a sizable sales force advantage after really improving retention and productivity in connection with the execution of their onboarding program. We have a tough comparison heading into the second quarter in Germany but we still see growth ahead.

In the Middle East and North Africa, mainly Egypt, we already mentioned the larger than expected decline there. Our business in Egypt really took off in 2015, demonstrating what a local motivated sales force can do when you give her a great product and a meaningful earning opportunity. However, in the middle of 2015, we started to see some roadblocks there with regard to government-mandated currency controls and more recently incremental product certification rules have also been put in place.

We've seen these types of issues in other places like Venezuela, so we made the decision to significantly curtail shipments for the first quarter. Frankly, we had expected the situation to moderate some, but it hasn't. We still maintain a strong relationship with our business partner in Egypt, so the infrastructure for the growth we saw in 2015 is still in place and they love our product. While we need to continue to operate at this more constrained level for now, over time Egypt and the other markets in the Middle East and North Africa represent a big opportunity for us.

Turkey was down 19%. On the one hand, there is an overhang on the sales force --.

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

Mike, I can take over now if you can hear me. I see it. We've restored communications and if it falls off, again you pick up.

Turkey was down 19%. On one hand, there's a bit of an overhang with sales force morale from all the political instability and terrorist activity that you have been reading about. But also we've got to add there are some things going on in the business that are also self-inflicted.

We've really done a deep dive in how we're running that business in we really see a need, and I think all the activities that are happening disrupting it externally are causing us to really review some of our fundamentals with our large sales force, because we simply got to get greater productivity through building the number of customers and also adding a bit of a differentiation with the product line. And we have been frankly doing too much with regard to incentive and promotions. And when you get back to core fundamentals that will improve the earning opportunity.

Let me turn to France. France, not surprisingly, was down a bit in the quarter, low single digit. But there was a nice sequential improvement from the fourth quarter when they were down 11%. Now, an element of this was also timing of shipments around Easter and it usually falls depending on when Easter falls on the cusp of either it goes in the first quarter or the second quarter.

Also, I don't want to forget there the impact of the terrorist attacks in Paris, yet it's really hard to quantify that. The French are really resilient people, and we don't think that's going to have a long-term overhang. We continue to have, though, fewer managers compared with last year in light of some of the statutory changes related to their government keeps changing how it collects taxes in different classifications in an effort to raise more income. And so, they came out with a new classification for our managers and that impacts not only activity but recruiting.

We've seen the manager count stabilize since 2015. France is another business unit where we have made some management changes more effectively, and I think we put in Michael Tziallas who had great success as a managing director and he is only in his mid-40s. Every market we have ever had him run, and again a wonderful positive impact on the portfolio he had in Asia over the last 18 months. We are happy he is back there in Europe, speaks French fluently, and we are already seeing some very positive signs come out of France.

Notably, he was first the managing director. He is Greek but he really was raised in the business in our German business where he became head of marketing and then his first managing director assignment was in Austria, and he brought that business to double-digit growth in a huge ROS and had the same impact in Italy. Michael has really figured out what he loves doing the most is being a managing director. I think we've got good things ahead in France, and hopefully you'll start to see some improvement before the end of this year.

Let me turn to Asia Pacific and probably as Mike said, I am in Surabaya, Indonesia, but two weeks ago I was in China and was pleased to see they were up 16% and strong growth. Now we have 5,500 studios, which was up 10% more than we had this time last year, and what is nice to see is you are not only if this was in a retail business you would sit there and say same-store sales are going up plus the number of studios is going up.

When I look at our China business, I really have a special appreciation for the market having lived there myself. You may recall that China has had a different and mostly a negative attitude regarding direct selling so we made the decision to really adapt our business model running through what we call experience studios.

Now it's interesting but there is another fact. The typical apartment in China wasn't big enough and still isn't to have a Tupperware party, so this was like a neighborhood place where people bought their Tupperware, they came for demonstrations, and it really is the core relationship-based selling.

We still demonstrate products. We still bring people into the business and still motivate them through an earnings opportunity and what we have really done is generated deep customer loyalty with what we call our brand fans and 80% of our business is from neighborhood members of that particular studio. As a matter of fact, I left China after a number of days there saying, this is more like a core Tupperware business than I ever thought it was. The only thing that's different is the place.

They have had great success by the way with their -- it's a $1,000 water filtration system. Average rent in China is only $500 a month, and you will see the opportunity there we believe to grow this. Vincent's objective there is to move this from 5,500 in a matter of five years to more than 7,000 and he believes the long-term potential is 20,000 of these studios.

I mentioned the similarities to our core business, but it goes the other way too and James was real quick to point that out as we were doing a debrief on China and things we can learn from China and plug in elsewhere. First, having these small -- sometimes they are only 500 square feet. Sometimes they are 2,000 square feet. Having these small studios independently owned because we don't pay the rent and we don't go in and establish the studio.

She has to use our signage, so every one of these dynamic young women, and the average age is 33, they have skin in the game and it also represents a dynamic earning opportunity. By the way, we have seen in the US business, and this is an interesting takeaway, that every place we have what we call a 2.0 studio, there is a dramatic increase in our core direct selling business in that area as well. So it really pluses it.

Second thing, this is kind of what we have taken away from China, we've learned that we can really demonstrate high ticket items that really enhance the earning opportunity. The number one selling product with a per units in China is a drinking flask. But the hottest high ticket product in China is a $1,000 water filtration system. And she could just sell a couple of these and it pays her rent. So it really is great for the time she invests.

There is a third thing that I think we see out of our China business. Rather than severing our relationship with inactive sellers, and let me clarify that. In most of our markets, if somebody doesn't have activity during a certain period of time, sometimes it's a 90-day period of time. In some markets, it's six months. We basically take them off the rolls. We kind of actually unfriend them.

What we have learned with research in Europe and specifically China is many of these people, they still want a relationship with Tupperware, and we see the opportunity, and I have mentioned this to some of you on one-on-one meetings, to organically mine the relationship equity we have with them and transform that equity through calling them brand ambassadors. They don't get a discount, but we treat them special, and they get better offerings and access. But it enables us to really fractionally monetize that relationship.

By the way, no members in our China business of outlets get any kinds of discounts. It's full retail price. James coming, moving into this role, I think these were interesting takeaways through virgin eyes. As I said, we're not in a position really to start quoting how we're going to implement this, and as Mike will talk about, put a bow on it and drop it in everywhere. But we do have some serious learning laboratories going on right now where we want to put together about three different programs that really -- they are not core focus but they are more about expanding our footprint. I think we have got a lot of opportunity there because the brand Tupperware is loved.

Interesting on having different offerings and the size of units that you had in an area. I was just looking at the numbers with regard to some of the retailers, excuse me, the franchises in China, and McDonald's has been overtaken by Subway, and now they have almost 34,000 global units and the small ones are only 300 to 500 square feet in a neighborhood. We think we've got a lot of opportunity to expand on our China model.

Staying on Asia, Philippine business, it was down in the quarter 14%. It is a market that we have had -- we were kind of surprised with the size of this miss. But it was due in large part to a strategic decision we made not too long ago to exit the low margin fashion category, so it wasn't anything systemic. Fashion business is a high SKU, low margin business and we wanted our sales force -- we wanted to help her make better use of her time by focusing on core demonstratable products in our Tupperware and our beauty lines and baby care lines.

By the way, we did the same thing a couple years back in Argentina. It has had dramatic results. Yes, we were up dramatically in this quarter in Argentina, but even if you take out pricing and inflation, we were still up strong double digits. It led to a better opportunity and so we really do believe this is the right thing to do.

Our core categories in the Philippines, by the way, were up during the quarter. I will tell you, what we really underestimated here was our ability to create actions short term to offset the loss of the sales force members who actually specialized in the fashion category. However, again, it was the right thing to do.

Indonesia, and I am here right now, we were down 8% in the quarter. We did expect to be down slightly due to the economic slowdown, and it's interesting if I focus in deeply on -- there's 13,000 islands there, here, you really do see that most of our declines were in Sumatra and Kalimantan, what you and I were raised more in the West would call Borneo.

Anyway, we are seeing tightened spending there. Most of their exporting is commodities and it went to China. But really overall, the issue is size of the sales force. We didn't make the progress we wanted to, and we have got in 8% sales force size advantage.

Anyway, what I am doing here with them is we are doing -- we did it about three or four years ago, power up meetings where I was with 2,000 of them yesterday, and it's young managers in the business and what we call authorized group managers and distributors trying to get them to get to the next phase of growth, because we have had a great run here. We continue to really put our onboarding programs in place, but we're still in the refining process and we have got to stick with it here.

By the way, not all sales force members are really going into this 13-week onboarding program. We've got to get more to the program here. They have to sign-up for it and they've got to start showing better results, so I think we figured out what we need to focus on moving forward.

And another thing that we really need to do, and I see it is a great opportunity here, all of Indonesia is under 72 distributors. We have been very slow in turning over these distributors, and average earnings is right around $0.5 million a year. That's wonderful but what about young people in their 30s coming into this business who want a better life and build a business, so we have created a sub-distributorship opportunity that will give us coverage in some of the smaller geographies.

Probably most of you have not even heard of where I am here, but it's a city of 6 million people. So we see big opportunity there to change the size of the footprint. I think we're in the right direction here. We have got a terrific management team, and so much of the time today, we spent talking about high value-added, better price point products where you get away from food storage and serving. It makes it a better earning opportunity.

India was down in the quarter, however we've seen some traction in the sales force KPIs with a stabilizing manager count, got some good recruiting, but we've got to get more people activated and see sustained growth in our sales force size. We're working to leverage many of the strategic elements that we have seen work so well in Brazil and Mexico. Most significantly the manager override program that we call in Tupperware the Vanguard Program and that has been a driver of success in our important Mexican business where they love the products. They love to demonstrate it, but they see this really as a dynamic career opportunity.

Any rate, Asha will be in India. She is with me here now in Surabaya, but she's going to be there this next week, and she's the one that really grew that business in India.

Moving to the Americas, BeautiControl, this won't surprise you, continued to be disappointment with the top-line decline. However, we were lapping the last quarter of a change we made with regard to discount levels, and it was something we really had to do. Used to be somebody came into BeautiControl and regardless of their sales volume, they would get what you would call in the retail industry a Keystone markup, buy it for $0.50 sell it for $1, and that is ridiculous. You just don't do this with most direct selling companies, but it's the way it had been done since the future, since the Company was founded.

What I am happy to see is that in spite of that, recruiting has been good and they made strong strides in building the sales force deficit. As a matter of fact, we ended the year at minus 10, and we almost chipped away at all of that. We were only down 3% in sales force size, and we were just looking at what we believe their trends are going to be for Q2, Q3, and Q4, and I'm going to be extremely disappointed if you don't see by the third quarter pluses again from BeautiControl, because this really does bode well for the future. We have made the changes, recruiting continues strong, so we want to get on with that.

Fuller Mexico, down mid-single digits in the quarter. It is disappointing there and largely it's due to the weak sales manager productivity and retention. Sales managers are company employees and over the last five years, we have alternately experimented with a number of different ways to get a Fuller complement of area managers and to increase their productivity and there is no other way to say it, we haven't figured it out yet.

Of course, sales managers who do all the recruiting and when you have high turnover with them, it leads to a smaller sales force size, which is the net issue there. I've got to say in fairness to the really strong management team we have in place there, for a growing number of years they have been dealing with aggressive actions by Avon who have been, you could call it margin investment. I would call it collapsing their margins to really gain sales.

We did not follow suit with that and we know that over half our sales force also carries an Avon catalog. Often you see that in Latin America. We believe that's not a winning strategy for the future because beauty is an aspirational product category, and you don't build beauty loyalty with discounts.

The battle goes on there. It's still an extremely profitable business but almost all you have to do is an A/B split between our Tupperware business in Mexico and our beauty business in Mexico, and we have got dynamic managing directors of both businesses but it's a different model and we own the space for the Tupperware brand, and we don't deal with the same kind of competition.

Let me turn to Brazil, another great quarter, up 21% and what's really interesting, they were lapping a 46% increase last year. We ended the quarter with a 17% sales force size advantage. And even with this large sales force, we continue to have a really terrific activity rate, because usually when you really expand sales force size, you can see impact on activity but they are keeping it strong. We see good things ahead in Brazil, and we are operating in an environment where every day what they're talking about with the economic environment, what they're talking about with the government corruption.

What's really driving our business there is the opportunity, and we've really been building managers. Some of our most profitable distributorships and well off in the world are there in Brazil. I've got to also add they have been doing a great job with keeping our prices in line with inflation, and there was also in the quarter a very healthy increase in volumes. It was quantitative and qualitatively a really good quarter, and that management team has just done a wonderful job.

Tupperware US and Canada, up 9% in the quarter. It was nice to see this considering that we are managing through a change in the compensation plan in the US during the first quarter. Thus far, steady as she goes. The performance metrics look promising but it's still early days.

Some would ask, why did we make these changes if the business was doing well. Actually, we made the changes because we really needed to have a compensation program that paid more for career actions and keeping up and continually growing the business, not legacy compensation because of what you did 10 years ago in the business.

That, by the way, is one of the big problems with many multilevel marketing businesses. The group that got in early collect their checks but they don't keep active, and we're not a multilevel marketing business, but we knew we needed to make these changes. Anyway, it's a culture change for the sales force but they were needed to be done.

Our management team did a solid job connecting with the sales force. They're probably better than anybody else, maybe only China using technology to enhance communication in leadership meetings in they're really driving contact -- (technical difficulty).

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Rick? Hopefully he'll be able to come back on.

The last unit we wanted to highlight is Tupperware Mexico where we had another great quarter. We were up 20% in local currency and the market really continued to show the power of what our 20/20 building core initiatives can achieve once they're fully up and running. Tupperware Mexico is a pilot for both demonstration selling and success formulas and execute the fundamentals of the business very well.

They've also started there working on the onboarding program along the lines that we designed it under division 20/20 strategies, which really was focusing on getting new sales force addition started well in the business. When people are getting started, we don't worry so much about productivity right at the beginning. That can come once she is fully trained and given the confidence to build her business. Then we continue to evolve toward selling higher-priced items, more demonstratable products, which we have started to see in Mexico.

Plenty of opportunity still remains there but -- (technical difficulty) [we will see tougher comps] on the back half of the year. You have seen in our release and we've discussed the units that were the main contributors to our net 1% local currency sales increase in the quarter. These were Brazil, China, Tupperware Mexico, and Tupperware US and Canada, with the biggest decreases being in Egypt and Indonesia, versus our unit level expectations within our 3% local currency sales, high side guidance in January. The biggest upside was in Tupperware Mexico and the biggest downside in the Philippines.

On volume versus price, we had a 3% benefit from price in the quarter that was offset by 2 points less from volume and mix. The price benefit was the same as in the last couple of quarters, while the volume comparison was 1 point worse sequentially.

Our total sales force by comparison was at a plus 4% at the end of March, which was down 1 point from the end of December, and we had 2% less active sellers in the quarter. This was versus 2% more active sellers in the fourth quarter with the difference mainly coming from Fuller Mexico, where there was a decrease in active sellers versus last year in line with the lower number of total sellers and in the Philippines. Given the nature of their models, these units have a much higher than average activity rate, albeit at lower order sizes so when we aren't as successful there, we see an outsized impact on the overall Company active seller indicator.

At Fuller Mexico, Rick spoke to the continuing issues around the number of field managers in the business and what we're doing to improve that indicator, which will lead to more sellers. In the Philippines, it is also highlighted we lost active sellers in connection with their exit from the fashion categories late last year. I know many of you like to also look at our sales force KPIs, excluding the beauty North America segment, and on that basis, our total seller comparison was 2 points better, or plus 6% versus last year, and our active seller comparison 3 points better, or plus 1%.

Turning to slide 6, our diluted earnings per share without items was $0.91, which was $0.05 above the high end of our local currency range including the $0.04 from better FX. This is even with the local currency sales comparison at plus 1%, the low end of our guidance range. We were 10% higher than last year in local currency on the 1% higher sales. This reflected lower resin prices and success in managing our costs, realized gross margins, and leverage under our promotional program.

This came through most significantly in Asia Pacific where we were able to slightly increase our profit in local currency even on lower sales, and in South America where segment profit was up 32% of our higher local currency sales. In Asia, the better than foreseen result was most significantly from lower than forecast resin costs, while in South America good growth margin management and lower distribution costs as a percentage of sales was the main factor.

On slide 7, putting this all together then, our pre-tax return on sales without items in the quarter at 11.7% was 60 basis points above the high end of our outlook range, half of which was from the impact of stronger exchange rates on translation FX and the rest from the better segment results that I just top-lined.

On slide 8, notwithstanding that as usual we had an outflow in cash flow from operating activities net of investing activities in the first quarter. We had good performance coming in $7 million better than last year on even net income after taking into account last year's non-cash fixed asset impairment charge in Venezuela. We're also taking up our full-year guidance by $10 million to $170 million to $180 million, which is in light of our increase in net income guidance for the full year. As a reminder, this guidance is before potential proceeds in any capital spending under our Orlando land development.

Our outlook for full-year capital spending remains the same, $65 million as in January. Our debt to EBITDA ratio, as it's been for the four quarters ended March, stood at 2.15 times, in line with our expectation. Many of you will recall that our target on this ratio is 1.75 times, and given the weighting of our cash flow generation to the fourth quarter and our outlook for full-year EBITDA, we expect to be about in line with the target ratio as of the end of 2016.

On slide 9 and turning to our outlook now, in light of where we ended the quarter with our total sales force size and how we did with active sellers, our local currency sales increase range for the second quarter is at plus 1% to 3%. At the high end sequentially, the 2-point improvement from the first quarter reflects the moderation in several of the units where our sales were down in the first quarter. Our range for the second-quarter earnings per share without items is $1.07 to $1.12, which at the high end is up 4% in local currency on the 3% higher scale.

Based on current exchange rates, there's a $0.13 drag on the EPS comparison with 2015. This would give us a pre-tax return on sales without items of 13.4% at the high end, which is up 20 basis points from last year in local currency, although down 40 basis points in dollars after a 60-basis point drag from translation FX. For the full year, our local currency sales outlook range is now up 2% to 4%, which is 1 point lower than where we were in January, also given where we stand with our sales force statistics and trends in our business unit.

The comparison with 2015 continues to include a 1-point benefit from having a 53rd week in this fiscal year. That week will fall in the fourth quarter. Worth pointing out as well, is that our full-year sales guidance includes about a three quarters of a point drag versus 2015 from the combination of lower sales in Egypt and lower B2B sales, mainly from a strategic decision to not pursue certain low profitability sales in Korea.

Now on slide 10, on earnings per share without items, we're raising our guidance today by $0.21 from January to $4.28 to $4.38. At the high end, this is up 8% versus last year in local currency on the 4% sales increase and versus last year there is now a $0.31 hit from foreign exchange. This is an improvement of $0.27 from the $0.58 FX drag included in the January guidance. All in, the $0.21 raise in the full-year guidance range includes the FX benefit and the $0.01 by which we beat our first-quarter range in local currency, net of $0.07 from the profit impact related to the lower sales assumption in the second through fourth quarter period.

Turning to slide 11, the high end of our earnings per share range would give us a pre-tax return on sales without items for the year of 13.1%, which is 20 basis points better than in our January guidance and 30 basis points over the 12.8% we actually achieved in 2015. The local currency improvement versus last year is 60 basis points to above our longer range annual improvement target of 50 basis points, and there is a 30 basis point drag on the comparison versus last year from translation FX. The drag narrowed from where we were in January by 40 basis points.

Within the full-year guidance, we continue to see as in January unallocated corporate expenses in the low $70 million and net interest expense of about $45 million. The forecast for the income tax rate without items is 25.5%, also is the same as in January and compares with 24.8% in 2015.

On a segment basis, we now foresee in local currency terms sales in Europe down 3% to 4% for the full year, and Asia about even with last year. And Tupperware North America up 12% or 13%, and beauty North America down 5% to 7% and in South America up 22% or 23%. For segment profit return on sales in local currency and excluding items, we foresee a decrease of about 0.5 point in Europe, about even in Asia Pacific, an increase in Tupperware North America close to 1 point, down about 1 point in beauty North America, and an increase in South America of about 1 point.

In the January call, I indicated that in light of the environment we are in with a relatively modest local currency sales increase we're seeing that related to things not in our outlook, we had identified a number of individually relatively minor cost savings initiatives, gross margin management opportunities, and promotional leverage initiatives that together with benefits from resin costs not yet in our outlook could allow us to make our earnings per share outlook even if sales were not as robust as foreseen. This worked in the first quarter in the sense that we were above the high end of our range in EPS in local currency even with sales at the low end. We will continue to work on these elements as we move through the year.

Speaking of resin costs specifically, in January we foresaw a full-year benefit in cost of sales from lower resin costs in local currency of $8 million, only a portion of which was included in our outlook. In the first quarter, we realized the benefit in cost of sales versus 2015 of about $4.5 million, which was about in line with our expectation. Our update for the full-year expectation is now for a $6.5 million benefit in local currency. This amount is included in our outlook with the $2 million or so still to come expected in the second and third quarters. Our outlook is still to have about $130 million for resin in full-year cost of sales.

Now, if Rick you are back on, I will turn it over to you before we go to Q&A.

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

I don't know how long I'll be. We have had welcome to emerging markets and all power went out. I will stay with you as long as there is power. (technical difficulty) -- but we have 1,000 happy people who are out here with us.

We will open it to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Stephanie Wissink, Piper Jaffray.

Stephanie Wissink - *Piper Jaffray - Analyst*

Hi, guys. Good morning. A few questions, if we can. Just the first, Mike, I think you signaled that the bridge between your 1% reported growth in Q1 and getting up to that kind of 2% to 4% for the year inclusive of the 53rd week is really largely based on the moderation of the decline in your underperforming markets. Can you maybe just give us a little bit more detail on which markets specifically you expect to see some moderation and what are some of the initiatives that you're using to drive that improvement?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Sure. I mean first of all, one of the things that's in the better performance on a full year is the 53rd week impact for fourth quarter so that's causing things to be better as we move into that quarter and then for the full year. In terms of the unit, it's really the ones that we -- the bigger ones that we talked about, Fuller Mexico, the Philippines. We don't expect necessarily to see Egypt get better. But hopefully as we move through the year we'll ought to see some better results in the Philippines.

Rick talked about BeautiControl. So it's really those larger units where we didn't do as well. We would expect the things we're working on. In some cases, vision 20/20 type things but in other cases more the tactical elements that we talked about should -- (inaudible) there. And at the same time, we don't necessarily expect to grow so fast in our really biggest market that are going so high. Being over 20% in Brazil, Tupperware Mexico we'll continue to do very well but not necessarily at those levels.

Stephanie Wissink - *Piper Jaffray - Analyst*

Okay. That's helpful. And then just the second question related to the active seller count which was down in the quarter. Just curious if you can help us dissect that decline. Was it slippage in the conversion rate or are you seeing some erosion in some of your retention of your active sellers?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Well, our total sales force side comparison worsened by 1 point from 5 to 4 from December to March, and so the active number was down a little bit more than that. As we highlighted, the downs in sales in Fuller Mexico and the Philippines had an outsized impact on the active comparison because of the structures of those businesses. It's real that we have less actives because of those units but it's also an outsized impact compared to sales and that's why we weren't as good as we were mainly in the fourth quarter when we were up 2 versus down 2 in the first quarter.

Stephanie Wissink - *Piper Jaffray - Analyst*

Okay. Thanks. And then just final question from us is related to the cash allocation or capital allocation. Can you talk a little bit about unit cash preservation, protecting the dividend, and then any indication at what level of improvement you would re-engage to buyback plan?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Sure. Our position on that hasn't changed other than to say the cash flow outlook got better by $10 million so it's $170 million to $180 million. The full year cash on the dividend that we've been paying for the last couple years is [$137] million or so. So we've got quite a bit of flexibility or room there. We've said that we would look to pay out 50% of trailing earnings but left ourselves flexibility to not have to reduce our dividend and that's why we've been operating at the $2.72 for a couple of years.

Because we've continued to grow EPS in local currency terms but have had to drag from the FX. So we're running somewhere in the high 50% so around 60% in terms of payout ratio of trailing EPS right now. In terms of the share buyback, we sort of do that last after also targeting our leverage ratio at the 1.75 times. Where I said it looked like based on what we forecast for EBITDA and the cash flow forecast and what that means for debt reduction later in the year. That is around the 1.75 times at the end of the year and so then we would go from there.

Stephanie Wissink - *Piper Jaffray - Analyst*

Thanks, guys. And travel safe, Rick.

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

Thanks, Steph. Hey, Steph, I would add to that what Mike was saying. I think we spent a lot of time thinking about the formula we would use with regard to our dividend and we are so committed to dividend and what this unprecedented wind in our face on foreign exchange and the strengthening of the dollar and us having the ability to stay with that dividend and even in spite of all of that, it just shows that we made the right decisions there and being conservative on those kinds of things really help those people who are in our stock for dividends knowing the way we think about this and our level of commitment to it. So I think Mike and the guys and all of us who really said hey, this is our formula and we'll be able to withstand most anything that happens and still keep this dividend.

Operator

Jason Gere, KeyBanc Capital Markets.

Jason Gere - *KeyBanc Capital Markets - Analyst*

I have a couple of questions. Certainly since the last quarter, the currency environment has gotten better, which is obviously hopefully I think if it still goes in that direction will take away one of the bigger overhangs on your stock, but the same point you guys have been able to take pricing primarily in South America to help insulate to that degree. As you think about next year, how do think about the price and elasticity impact in some those markets where like Brazil where you've been taking a lot of pricing. It's been encouraging to see volume come back a little bit. How do you start thinking and planning about what the next 12 months could be when there won't be pricing anymore? How do you kind of -- whether it's through product innovation or in terms of what your competitors might be doing, so just wondering if you start to think about that, so that's the first question.

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

Jason, I will handle the first part of that. Jason, firstly our standard operating procedure is priced to inflation and the number one reason we do that is to really protect the sales force earning opportunity and we want to make sure that she invests an hour and a half putting on a Tupperware party that all of a sudden, the party may stay the same but her real earnings [opportunity] and real earnings book up so that's the first reason we do that. Because we also own the shelf, we have that flexibility. That's one thing I learned during my past life when we owned Tiffany at Avon. We learned that with really high quality products, we could command big gross margins and we are known in most of the markets, and particularly you get over here into China, India, Indonesia, we're known as the super brand and so people will pay.

The thought that our really hottest high ticket item in China is a $1,000 water filtration system, it just confirms that. So the first part, the last thing I would add to that piece, Jason, we are looking at the products. We're at least two years out on the new products that we are introducing and we keep moving away from more food storage, which it's a hugely competitive category and it's been greatly commoditized. Over here, you would start to go to serving products; that would be your next migration. But in many of these markets over here, there's high penetration levels of microwaves and we're going to be launching at the end of the year, we gave you guys a peak, microwave products that -- (technical difficulty) and you actually can grill steaks. I did it two weeks ago myself. Grill a steak in four minutes in a microwave oven, and you start to look at these China cities which are mostly high-rises, that really speaks volumes for what our future can be like. Mike, why don't you handle the other part of that.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Jason, I would say that while we look to price in line with consumer inflation, I would say the tone or the way we've leaned this year is to be a little bit more conservative because of consumer spending concerns. While we priced, for instance in Brazil, generally in line with inflation, we're not being overly aggressive so I think we would actually be happy if there was less inflation and therefore less pricing. I think if you asked our leaders out there, they would say that that would help. We would have more volume and that would be a good thing.

Jason Gere - *KeyBanc Capital Markets - Analyst*

Following up on that, in terms of some of those big emerging markets, we think about Brazil, China, Mexico, you guys still -- GDP seems to be slowing there but you guys continue to outpace. So is there anything that you are seeing or how you are adapting, whether it's within the sales force or within the product innovation that you're adjusting your way of going the business so you can make sure that you don't see a slowdown in organic sales as other companies I think more of the HPC companies are starting to see?

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

Let me add one thing on that and then, Mike, you can go deeper on that. Firstly, I really want to again, I'm not an expert on China but I lived and worked there and spent a lot of time with our business there. Very interesting on -- I won't say that the predictions of the demise of the Chinese economy are all correct but I will say they are absolutely overblown. The loss of jobs and I just dug into this when I was with our senior people two weeks ago. Many of the jobs that China has lost in the higher unemployment had been down in Guangdong Province which is about 60 million people. It's the old Canton to traders. That's where most of the cut and sew operations were, very low tech jobs, and where those jobs had moved to is Vietnam, Bangladesh, et cetera.

But here is the good news. They have been replaced by high-tech jobs and that really is Silicon Valley of China right now. As a matter of fact, they are investing. They make a phone that's -- it's coming quick up on the heels of Samsung, and they are investing way more than Samsung and Apple is. I looked at it and you will sit there and look at an iPhone that with the price ranging from $500 to $700, Samsung a little bit less than that, and the China version of the iPhone, $220. That's the jobs that are coming in right now. If I was selling commodity products or I was selling automobiles, there can be some issues but they sold 11 million cars last year. Here is another interesting aspect I want to add to it. One thing is first the relativity of the growth of China. It may have been 11% 10 years ago but it is 10 times the size economy it was back then, and all you have to do is work the numbers out. A small percentage of a big number is still a big number.

Last point I will make, government is taking actions and this is helping our business there. Two things they have done. Recently, they have done freezes on salary increases which used to be mandated by the government, and that has made all of our studio owners happy because they don't have to raise the salaries of the people that work in their studios. Second action is there has been mandated action on rent increases. Think of New York City, rent controls there. This is also going to enable us to open more studios there. It's just not a one-size-fits-all situation in many of these markets, and I only use China as an example. Michael?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Jason, thinking about the three markets that you named. In China, we have a long way to go. Rick talked about it with penetration, so we are at 5,500 units and we think ultimately we can be at 20,000. Underneath that, we have started to rotate more towards residentially sited outlets. It's a bit naturally in that we stopped doing the small commercial ones that had been like a showcase or kiosk type of a format. Being more residentially located fits into what we were saying about the connection with the members because they are in the neighborhood every day versus they might shop over here in some commercial area in a mall one day but only come back once a month kind of thing.

That got an underpinning source of growth in our Chinese business. It doesn't mean that we don't have to do all the other things with product innovation and the great marketing that we do, the road shows, the demonstration, but there is a long way to go there in terms of penetration. In Tupperware Mexico, things have gone quite well leveraging these build to core vision 20/20 initiatives so we have done good recruiting but not outrageously high recruiting. But bringing the new people in, more and more of them under the activities that they have on the onboarding program, we have seen more productivity and longevity out of those sellers and so that is also coming through those numbers and contributing to being up 20%, 21% in Tupperware Mexico.

They have also over the last couple of years rotated towards putting in more demonstration selling, albeit a lot more one-on-one demonstration than parties, but that also improves the price point and the earnings for the sales force members based on the amount of time that she spends. That's also something that should help us over a long period of time. The success formulas, they are also a pilot for that and that's again really talking about what the various types of people in our sales force, the broad group of sellers, the managers should be doing every week that are just the normal things but by having a communication strategy down through the distributors, we get more people with this large sales force doing these activities on a consistent basis. We think that those things coming together with the overall product innovation that we have in the business will help us continue to do well in Mexico.

In Brazil, we have this large sales force size advantage where our management team has really been able to have a good pivot to a very good focus on the earning opportunity message but also the way that they have been able to do inspiration with wave sales force additions four times turning into also preparation or warm-up so eight times a year, which has really led to a large numbers of people coming into the business. But then they've also been one of the pilots for onboarding, and so we have seen a good take up there and being able to convert to 17% total sales force size advantage into about the same number of more active sellers is really impressive with that big of a number on the total sales force size. I would highlight those things in those markets you've named that have really been Tupperware specific things that have helped us, and a lot of that or all of that can go to other markets we need to make that happen.

Jason Gere - *KeyBanc Capital Markets - Analyst*

The last one I am going to squeeze in is on Brazil actually. I know that you raised the organic sales number for the year I think 22% to 23%, but what are your expectations for Brazil considering the Olympics are coming up? And I was just wondering maybe if you could talk, how did you guys perform when the World Cup was there, was there any kind of -- it just feels as if that's a time of the year when people start to go on sabbatical. They love their soccer. I am just wondering with the Olympics coming up, is any type of expectation on your business during that period.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Rick, feel free obviously to jump in if you have got something to add. Clearly our management team has been focused on that. We have heard them talk about how they are getting prepared for the specific weeks that are likely to be impacted and the programs that they are going to be running for the sales force. Clearly, it is a bit of an unknown of exactly how that's going to play out. My recollection back to the World Cup is that we heard them talk about that in kind of the same way. They changed their programs a little bit from what they would normally have been, but we didn't see a big disruption. You would think the Olympics are going to be a lot bigger than the World Cup, so we will see how all of that goes. There was some talk about what the government might do with travel restrictions and things like that so we will just have to see how that all comes together but they are very focused on that time period.

Operator

Olivia Tong, BofA Merrill Lynch.

Olivia Tong - *BofA Merrill Lynch - Analyst*

Just a couple of quick ones. First on the active sales force, for a few quarters, you guys saw some improvements in actives but then obviously this quarter it swung to a decline. So first, it does seem a bit atypical to have such a big swing from one quarter to the next so maybe you could go a little bit into that. And then secondly, you did talk a lot about the key drivers of this slowdown. You call that Fuller Mexico and the Philippines, but it still seems like it was a fairly broad-based slowdown with most of the markets accelerating so could you talk about some of the things that happened in other markets as well? Thank you.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Sure. Again, the biggest factors in this swing between the fourth quarter and the first quarter were what we talked about in Fuller Mexico and the Philippines. We also had lower activity which came through in the lower sales in BeautiControl, even though we started to see some recovery that Rick talked about in the total sales force size. Also, there's been an impact on activity as you would expect in Egypt with the curtailment of the shipments there, and that's a fairly large sales force that generally had a period of pretty high activity level. In one of our notes which I realized not everybody probably would have had a chance to look at it yet but on the first attachment to our release, we did point out that there's still a pretty good sales force -- total sales force size advantage in Egypt where there is a risk of reduction going forward given what's going on there. Those would be the main things that I would highlight.

Olivia Tong - *BofA Merrill Lynch - Analyst*

On the second one, hopefully I didn't miss this but can you break out the volume versus price overall and than also by emerging versus established markets?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Overall, the pricing was up 3 points in the quarter and there was an offset from volume down 2. I don't have it emerging versus established.

Olivia Tong - *BofA Merrill Lynch - Analyst*

I will follow up offline with that. As you think about your longer-term algorithm, how do you think about price versus volume over that, not necessarily for this year but over the longer term?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

We have been running in this 2% or 3% maybe sometimes 4% increase from price, and I would expect that inflation around the world including giving our weighting towards emerging markets probably net-net won't change a lot. There could be some of these certainly high inflation places that will come down but maybe a bit more inflation in some other places that are commodity related that might be a little bit dampened at the moment. I wouldn't necessarily expect to see a big difference there. Where I do think we'll see a differences as we move forward in a longer range period is that we will see growth in our total sales force size and our ability to onboard people well through the division 20/20 strategy.

And with the success formulas that apply then to people that have been with us for longer period of time that we'd be able to drive more longevity and through greater activity to the whole sales force through these engagement sorts of activity. To be able to see total and active sales force side growth certainly better than we have seen the last few years, and that would translate into more volume growth in more places. Clearly, that's what we expect. We did stop as you know giving longer-range guidance but that assumption in the past has been 6% to 8% local currency growth and underline that I would say again, it would have been the 2 or 3 points from price and the rest from volumes. We do expect to do better over time on the volume side.

Operator

Linda Bolton Weiser, B. Riley & Company.

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

Rick, you alluded to some of the grilling in the microwave products that are new products in some of the regions of the world, but I was wondering if maybe you could just talk about. Is there -- I remember when the food chopper item was such a popular item. Can you just tell us what is the trend with regard to sales for new products? Are you trending pretty steady or is it declining and are there any other items that are real volume drivers or are you working on some things that can be kind of like that food chopper item of the past?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

I think that Rick dropped off so I will answer that one. We continue to see that about 25% of our sales are from products we have introduced in the last couple of years, which is really the track we have been on for a long period of time so that has been fine. With the success that we have had in food preparation types of products, which includes the manual choppers and mixers but then also the cooking products. We have a mandolin, which is a slicer for fruits and vegetables that has done quite well and a product that is kind of a food mill that can have different kinds of attachments put on it and we can add to that over time. Those have all done well. They are very demonstratable. They are at higher price points.

We have seen take up on them also at reasonable levels, even in our emerging markets where we have demonstrated them. So we will continue to highlight those sorts of products or highlight being able to develop those kinds of products. And certainly the microwave products to bake and grill that you and others saw at the analyst meeting a year ago February are of that sort, So there is a good degree of differentiation there. You certainly need to see it demonstrated to be able to know how it works and understand why you would want to pay the price point that we ask for it, but that's exactly -- we designed those kind of products because of the channel that we are in and the 3 million sellers.

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

Can I just turn to China for a minute and you talked about the studios and the potential for growth in those, but I am wondering, do you have a way of monitoring the level of inventory in those locations? I am just thinking of Avon where they had so many thousands of boutiques and then they got into a problem with inventory being reduced over a long period of time. Can you monitor them in any way or is that a concern in any form for you?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

We do have internal visibility to that, yes. The outlets are fairly small, so they don't have the capacity to hold all that much inventory in terms of unit but it is something that we looked at with our China leadership every month.

Operator

Frank Camma, Sidoti.

Frank Camma - *Sidoti & Company - Analyst*

I know Rick dropped off, but I wanted just to follow up on one thing he said on Indonesia specifically. Obviously, the economy is creating disruption there that a little more than you expected, but I wanted to know specifically how does that impact your recruiting efforts?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Our feeling about that and what we see in Indonesia and other places is when the other types of employment are more difficult, naturally we have got an advantage with our earning opportunity and in a place like Indonesia where there is less opportunities for women to work outside the home to begin with, that has also been a plus for us so it certainly directionally helps us. We have said consistently and I believe it's the case today in Indonesia, we're not countercyclical in the sense that we don't do better if consumer spending gets worse.

We're a consumer products company selling into the environment. I think we're seeing that now. That's clearly an element that's going on. It doesn't necessarily change what we are doing because we need to recruit well regardless, and in Indonesia the issue has been also on the retention side.

Frank Camma - *Sidoti & Company - Analyst*

Is there usually like a lag effect? That's what I'm trying to get at or does it kind of -- Rick usually talks about the internal levers you can pull. I was just wondering is there a lag between how you can grow your sales force and how these things hold or is it pretty -- you see the drop off in demand more of the offset, that's really where I'm going with that.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

You are saying if there is a sales force size advantage, are we able to overcome the lag?

Frank Camma - *Sidoti & Company - Analyst*

Yes, exactly.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

By design, yes. We should be able to do that and in many places we are successful. Brazil has been an example today of that. I would say to a degree Tupperware Mexico is as well. We need to make all the factors work together so that includes the marketing approach and importantly, the activation because having a total sales force size advantage gives us the material to be able to succeed but we need to be getting the people out there.

And that's again where the onboarding comes in, and in Indonesia we have put in a revised onboarding program recently not only for our broad sales force for people coming in but also for new managers because we identified there that we weren't getting the right kind of action or training to that group. As you can imagine with Indonesia being such a large business, it's a very large sales force but it is also a large group of managers, and as Rick was highlighting on the prepared remarks, a fairly narrow group of distributors so the training element there is key. Another aspect of the way we are addressing that is by looking to ramp up the number of team leaders that we have in Indonesia and team leaders you probably recall are people who are promoted managers and so they are getting compensated on that wider developed manager.

Frank Camma - *Sidoti & Company - Analyst*

Just a little clarification, so on the annual cash flow, the $170 million to $180 million, that's cash flow from operations minus your CapEx. Is that correct?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Yes. That's all from operating activity net of all investment activity if there is --.

Frank Camma - *Sidoti & Company - Analyst*

Net of all investment activity. All right. That's where I was getting. The final thing is just on oil based resins. Why is there so much of a lag there with when oil prices fell and how long it really takes to impact because we're finally kind of seeing pretty material improvement in your cost of goods sold. Is it because you buy ahead? I'm just trying to get a hold of that a little better. I know you saw some improvement last year.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

We actually, last year we had $12 million of improvement. This year, the guidance from today was $6.5 million, which is on top of the [$12 million last year] --. (multiple speakers) We've done quite a bit of work on that to try and look at correlations and things and what we do see is that there is a correlation but the cost of the oil and gas that's in the resin, we're looking at the less highly engineered ones, is somewhere around 50% of the total price. And of course if oil and gas would go down it would become less of a share. There is the labor and the significant fixed assets in order to convert oil and gas into resin and whatever profitability and supply variation there is in the resins market as well.

Frank Camma - *Sidoti & Company - Analyst*

I mean everything really went in your direction, right? Steel costs also went down. You should benefit from that as well I would think.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Steel costs?

Frank Camma - *Sidoti & Company - Analyst*

Well like for your other gadgets. I know it's not a meaningful component but aren't just commodities in general down?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

I think that's a fair comment. We haven't seen other elements impact us too notably like everybody else because our products need to get transported in things.

Frank Camma - *Sidoti & Company - Analyst*

That's a bigger component. Right. Okay. Thanks.

Operator

Mike Swartz, SunTrust.

Mike Swartz - *SunTrust Robinson Humphrey - Analyst*

Mike, maybe you can provide a little more clarity on Egypt. I think you said sales in the quarter to Egypt and the Middle East were down 67% or so. Could you give us a little more context around what that meant to your emerging market growth in the quarter? In other words, outside of that decline, what would have emerging markets grown?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

I gave the indication that for the full year, there would be a 3/4 point drag on the overall company sales comparison from Egypt and B2B and the Egypt is the bigger factor there. So 0.5 point or so on sales is around $10 million, so we will see how well that goes. You can see that in the emerging market unit breakdown in the press release attachment, we were down 8 in Europe in local currency. So certainly there was a bigger drag there from Egypt and also Turkey was having an impact so that can help give you some indication of the size.

Mike Swartz - *SunTrust Robinson Humphrey - Analyst*

For the full year, you are saying about a 0.5 point to local currency growth for emerging markets. You would say that impact is fairly similar to what you would have seen in the first quarter?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Yes, probably directionally.

Mike Swartz - *SunTrust Robinson Humphrey - Analyst*

Just switching over to some of the cost reduction initiatives that you outlined on the previous call, I think you said you were targeting somewhere in the ballpark of $20 million to $25 million in savings for the full year. Could you just give us a little update there? Are you still targeting that amount or are you targeting more? And then how much of that $20 million to $25 million in savings would we have seen flow through in the first quarter?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Let me make one more comment about Egypt. The business did start to slow a bit for these reasons in the fourth quarter, so probably things are weighted more towards the first three quarters than the fourth quarter. In terms of the initiatives, the self-help ROS kind of initiatives, I would say that we're still on track to be in that $20 million to $25 million range that I mentioned last time. We got probably $3 million or $4 million of a benefit in the first quarter that allowed us again, from being at the low end of our currency range in sales to be $0.01 above in most currency so a lot of that had to do with those types of things. And then some resin benefit beyond what was in the outlook. In terms of how much we would assess of that $20 million to $25 million is now in our outlook. A rough indication is probably about half.

Operator

Beth Kite, Citi.

Beth Kite - *Citigroup - Analyst*

I have two questions on Argentina and also the US. I imagine that that growth in Argentina led to some of the upward revisions we saw for South America. So to that end, that one-third volume, two-thirds inflation driven pricing, are you thinking that for the rest of year, obviously we had the de-val in December. Does that volume component stick with us now for the rest of the year in your modeling and what is driving that? Second for the US, I think I heard correctly that Rick said the comp plan changes obviously started to occur, but it was maybe quite the early days or something to that effect. If you could tell us are you still concerned for the second quarter for the changes to keep rolling out or is it kind of a full year phenomenon? Thanks so much.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

In Argentina, we have done a good job evolving that business to be more of a housewares business than a beauty business, which it was historically. And also done a terrific job in cleaning up how we're running the zones and things, so we are pleased that we are starting to see these volume improvements and I think that when we look at the sales force KPIs, we would yes, continue to be expecting to have volume improvement in Argentina. On the comp plan change in that US, that was effective as of the beginning of March and so it begins to show up in the sales force's checks in April. We did see as we alluded to a bit, a bit of a slower or less favorable comparison as we move through the quarter.

Not necessarily unexpected and so we continue with our communication plan and other actions to be able to have good results for our broad sales force because the compensation plan change really impacts more the upper levels of the sales force as we move into the second quarter. We have continued to see very good results in Canada. I mentioned that because we made the compensation plan in Canada with the change last year. Through the good communication and what we were able to do, we have been able to roll out of that very well.

We have highlighted in the past, I didn't say today, but the change in Canada was a bit easier in the sense that more of the leadership in the sales force there was already doing the right kinds of activities that were going to work well under the new compensation, even when they were under the old compensation plan so we do acknowledge it's a bit tougher. So what Rick was conveying is that we're optimistic that we will be able to handle it well. We do have a very good sales force size advantage there so we're looking to leverage that and continue to bring in new people and to move it forward.

Operator

Sofya Tsinis, JPMorgan.

Sofya Tsinis - *JPMorgan - Analyst*

Question on Q2 guidance. You're facing a tougher comp on top line and you talked about the drivers of the local currency top-line improvement for the year, which makes sense. But with many of the businesses still struggling, the number of active sales force down right now, what will drive the sequential improvement in local currency top-line performance for Q2 because you're basically guiding to 1% to 3% which is in line to better visibility than in Q1? Thanks.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Thanks, Sofya. Going into the quarter with the 4% overall total sales force size advantage, we're looking to convert that to a better comparison in the active. It's coming, as I said in the prepared remarks, it is coming from several of the markets where we were down, not necessarily all going to positive but having some moderation there so we had some very, fairly big decreases in some places and many of those should improve. One of them that we highlighted was BeautiControl was down 19%. The first quarter was the last quarter that we were lapping the competition plan change there that happened last April 1. While we don't -- we won't necessarily go to completely right there immediately, we do expect things to improve from a comparison point of view. The comp in the first quarter versus the second quarter of last year I think was 1 point harder if I'm remembering correctly, so it's not too dramatic and we think that 1% to 3% is the right place to be.

Sofya Tsinis - *JPMorgan - Analyst*

The final one on Indonesia, do you expect any improvement there for the year?

Mike Poteshman - *Tupperware Brands Corporation - CFO*

We expect to do better in the second quarter than we did in the first quarter. We haven't given an outlook for the full year. If you're saying whether we are going to be positive for the full year or not, certainly our local management is aimed at that direction, and we're looking to repair that total sales force size advantage. We were down 8 at the end of the first quarter, same as at the end of December. We need to get that turned, and we're hitting that through the manager development program both how we develop the managers and to get higher numbers who do that one-on-one, hand-in-hand training, and then the onboarding program for the sales force having been revised, getting that message out should help us get people started in the business better which will lead to better longevity, which is clearly important in that particular unit. That's what we're focused on.

Operator

That does conclude our Q&A session for today. I would now like to turn the call back over to Mike Poteshman for any closing remarks.

Mike Poteshman - *Tupperware Brands Corporation - CFO*

Thank you, everybody. We appreciate you coping with our communication issues, and we look forward to continuing or to getting better results in the second quarter as we move forward. Thank you for your participation.

Operator

Ladies and gentlemen, this does conclude today's conference call. You may now disconnect.