

Mattel, Inc.

Earnings Conference Call

Third Quarter 2016

(Unaudited Results)



OCTOBER 19, 2016

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FORWARD-LOOKING STATEMENTS: This presentation includes forward-looking statements relating to the future performance of our overall business, brands and product lines. These statements are based on currently available operating, financial, economic and other information and they are subject to a number of significant risks and uncertainties, which could cause our actual results to differ materially from those projected in the forward-looking statements. We describe some of these uncertainties in the Risk Factors section of our 2015 annual report on Form 10-K, in our 2016 quarterly reports on Form 10-Q and other filings we make with the SEC from time to time, as well as in other public statements. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so.

REGULATION G: To supplement the financial results presented in accordance with generally accepted accounting principles in the United States (“GAAP”), Mattel presents certain non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The non-GAAP financial measures used herein include: gross sales, adjusted gross margin and adjusted gross profit, adjusted other selling and administrative expenses, adjusted operating income (loss), adjusted earnings (loss) per share and constant currency. Mattel uses these metrics to analyze its continuing operations and to monitor, assess and identify meaningful trends in its operating and financial performance, and each is discussed in detail on the following page. These measures are not, and should not be viewed as, substitutes for GAAP financial measures. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the attached Appendix and in our earnings release, which is available in the “Investors” section of our corporate website, <http://corporate.mattel.com/>, under the subheading “Financial Information – Earnings Releases.”



Glossary of Non-GAAP Financial Measures



Gross sales

Gross sales represent sales to customers, excluding the impact of sales adjustments. Net sales, as reported, include the impact of sales adjustments, such as trade discounts and other allowances. Mattel presents changes in gross sales as a metric for comparing its aggregate, brand and geographic results to highlight significant trends in Mattel's business. Changes in gross sales are discussed because, while Mattel records the details of such sales adjustments in its financial accounting systems at the time of sale, such sales adjustments are generally not associated with brands and individual products, making net sales less meaningful.



Adjusted gross margin and adjusted gross profit

Adjusted gross margin represents Mattel's reported gross profit, adjusted to exclude the impact of inventory fair value markup above cost associated with the acquisition of a business, as a percentage of net sales. Adjusted gross margin is presented to provide additional perspective on underlying trends in Mattel's core gross margin.



Adjusted other selling and administrative expenses

Adjusted other selling and administrative expenses represents Mattel's reported other selling and administrative expenses, adjusted to exclude the impact of expenses associated with the acquisition and integration of an acquired business and restructuring and restructuring-related expenses. Adjusted other selling and administrative expenses is presented to provide additional perspective on underlying trends in Mattel's core other selling and administrative expenses. A reconciliation of the forecasted range for adjusted other selling and administrative expense to the corresponding GAAP measure is not included in this presentation because of the uncertainty of the amounts of future charges and costs (including integration & acquisition costs and severance and restructuring expenses) that would be required to be included in the GAAP measure. Such amounts could be significant and are not available without unreasonable effort.



Adjusted operating income (loss)

Adjusted operating income (loss) represents Mattel's reported operating income (loss), adjusted to exclude the impact of inventory fair value markup above cost associated with the acquisition of a business, expenses associated with the acquisition and integration of an acquired business and the impact of restructuring and restructuring-related expenses. Adjusted operating income (loss) is presented to provide additional perspective on underlying trends in Mattel's core operating results.



Adjusted earnings (loss) per share

Adjusted earnings (loss) per share represents Mattel's reported diluted earnings (loss) per common share, adjusted to exclude the impact of inventory fair value markup above cost associated with the acquisition of a business, expenses associated with the acquisition and integration of an acquired business, the impact of restructuring and restructuring-related expenses, sale of non-core assets, and currency devaluations. The aggregate tax effect of the adjustments is calculated by tax effecting the adjustments by the current effective tax rate and dividing by the reported weighted average number of common and potential common shares. Adjusted earnings (loss) per share is presented to provide additional perspective on underlying trends in Mattel's core earnings. Adjusted earnings (loss) per share is a performance measure and should not be used as a measure of liquidity.



Constant currency

Percentage changes in results expressed in constant currency are presented excluding the impact from changes in currency exchange rates. To present this information, Mattel calculates constant currency information by translating current period and prior period results for entities reporting in currencies other than the US dollar using consistent exchange rates. The consistent exchange rates are determined by Mattel at the beginning of each year and are applied consistently during the year. They are generally different from the actual exchange rates in effect during the current or prior period due to volatility in actual foreign exchange rates. Mattel established the exchange rates that it uses for these constant currency calculation years ago. It considers whether any changes to these rates are appropriate at the beginning of each year but, generally, has held them unchanged. The difference between the current period and prior period results using the consistent exchange rates reflects the changes in the underlying performance results, excluding the impact from changes in currency exchange rates. Mattel analyzes constant currency results to provide additional perspective on changes in underlying trends in Mattel's operating performance.



Q3 2016 FINANCIAL PERFORMANCE



Q3 2016 Key Takeaways



Q3 results reflect continuing progress and are in-line with expectations. Well positioned to execute the fourth quarter and deliver on challenging top-line objectives for the full year.



Encouraging top-line results and positive POS trends in constant currency, with continued solid gains in the underlying business excluding Disney Princess

- Worldwide gross sales up 1% in constant currency (flat as reported); worldwide net sales up 2% in constant currency* (flat as reported)
- Positive global shipping and POS trends in key core brands (Barbie, Hot Wheels, Fisher-Price and Thomas), MEGA Brands, and key licensed partnerships
- Excluding Disney Princess, global POS up mid-single digits and worldwide gross sales up low-double digits in constant currency* (worldwide gross sales up high-single digits as reported)



Positive shipping excluding Disney Princess across all regions in constant currency; continued growth in key emerging markets due to strategic investments



P&L reflects benefit of cost savings, offset by continued foreign exchange headwinds

- Gross margin of 48.5%, down 60 basis points, driven by unfavorable foreign currency impact and negative mix
- Adjusted SG&A* expense down \$5 million, primarily driven by cost savings; as reported SG&A down \$15 million
- Delivered gross cost savings of \$31 million, with roughly two-thirds in gross margin and advertising, and one-third SG&A
- Adjusted earnings per share* of \$0.70, compared to adjusted earnings per share* of \$0.70 in the prior year
- As reported earnings per share of \$0.68, compared to as reported earnings per share of \$0.66 in the prior year



Expect to deliver at high end of \$250-300 million in two-year gross cost savings by the end of 2016



Maintained a strong balance sheet and continued to support the dividend

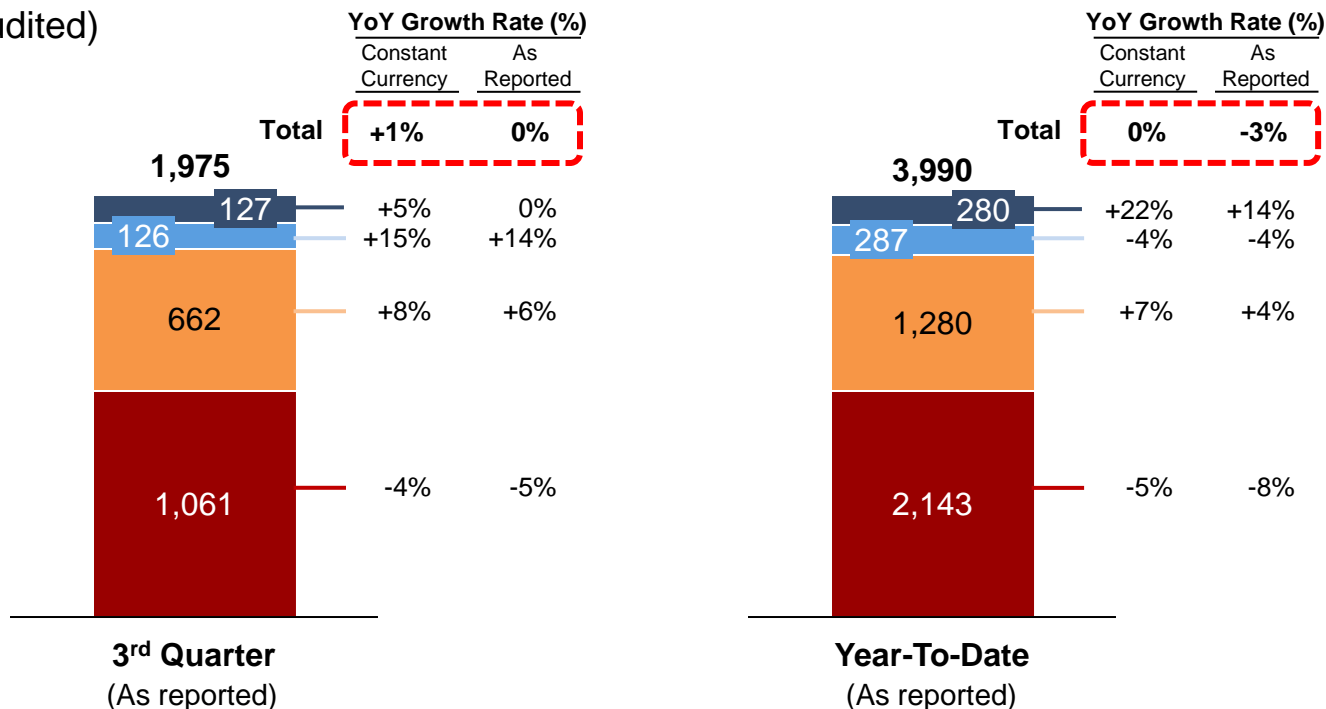
- Company announced Q4 dividend of \$0.38/share, flat to prior year
- Owned inventory up year-over-year (+5%) supporting new product initiatives and continued positive POS trends



Worldwide Gross Sales by Brand*

Third Quarter 2016 (\$ in Millions – Unaudited)

- Construction / Arts & Crafts / Other
- American Girl
- Fisher Price
- Mattel Girls & Boys



Q3 Constant Currency Narrative

Mattel Brands

- Declines in Disney Princess and Monster High, partially offset by solid growth in Barbie and Hot Wheels, and growth in licensed entertainment (WB DC Comics incl. Batman v Superman and DC Super Hero Girls)

Fisher-Price

- Strength in Baby (Infant/Newborn) and Preschool businesses (Imaginext, Power Wheels), as well as Nickelodeon licensed properties, and positive results for Thomas, partially offset by other licensed entertainment in Fisher-Price Friends

American Girl

- Increase primarily driven by new franchise licensing agreement and brand distribution strategies as well as solid results from our recent introduction of the Wellie Wishers line

Const./A&C/Other

- Construction business is up, primarily due to continued strength in international expansion, introduction of Mega American Girl line and new licensing executions

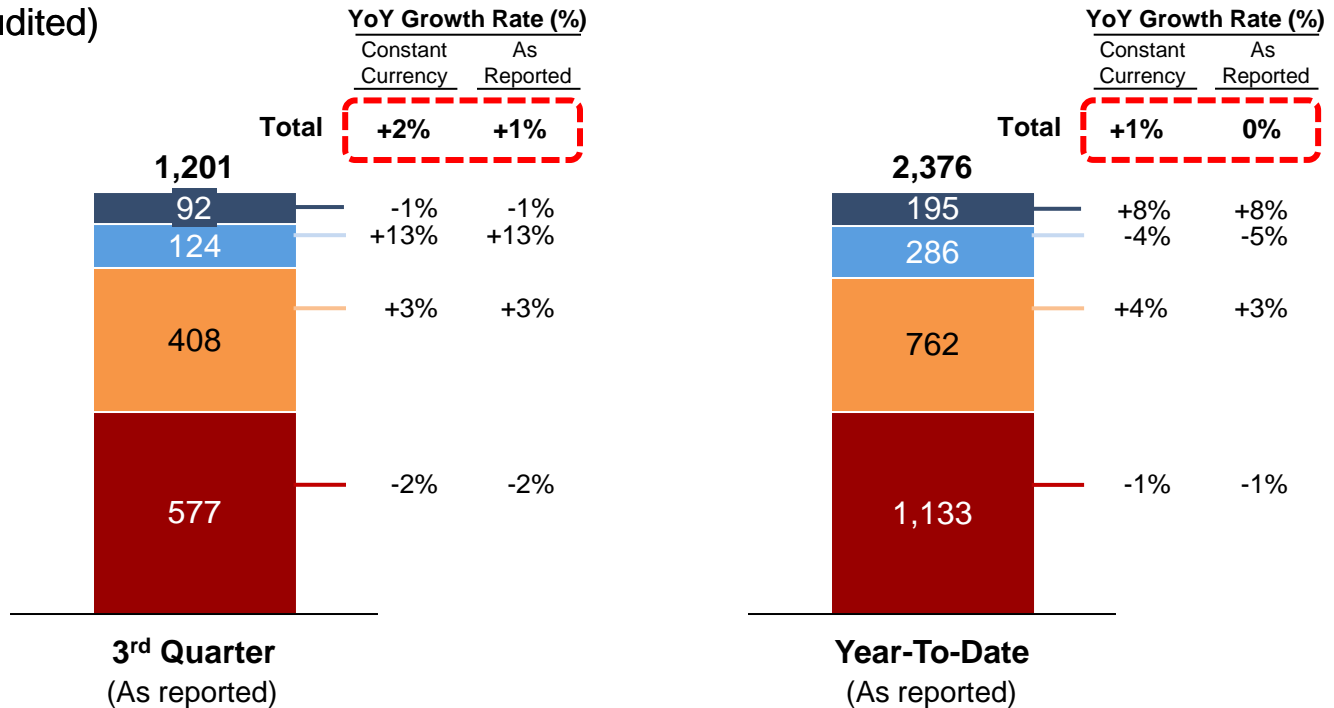
*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures



North American Region Gross Sales by Brand*

Third Quarter 2016 (\$ in Millions – Unaudited)

- Construction / Arts & Crafts / Other
- American Girl
- Fisher Price
- Mattel Girls & Boys



Q3 Constant Currency Narrative

Mattel Brands

- Declines in Disney Princess and Monster High, partially offset by strong growth across the Barbie brand as well as licensed entertainment (WB DC Comics incl. Batman v Superman and DC Super Hero Girls)

Fisher-Price

- Strength in Baby (Infant/Newborn) and Preschool businesses (Imaginext, Power Wheels), and positive results for Thomas, partially offset by other licensed entertainment in Fisher-Price Friends

American Girl

- Increase primarily driven by new franchise licensing agreement and brand distribution strategies as well as solid results from our recent introduction of the Wellie Wishers line

Const./A&C/Other

- Construction business is up, primarily due to introduction of Mega American Girl line and new licensing executions, offset by Arts & Crafts

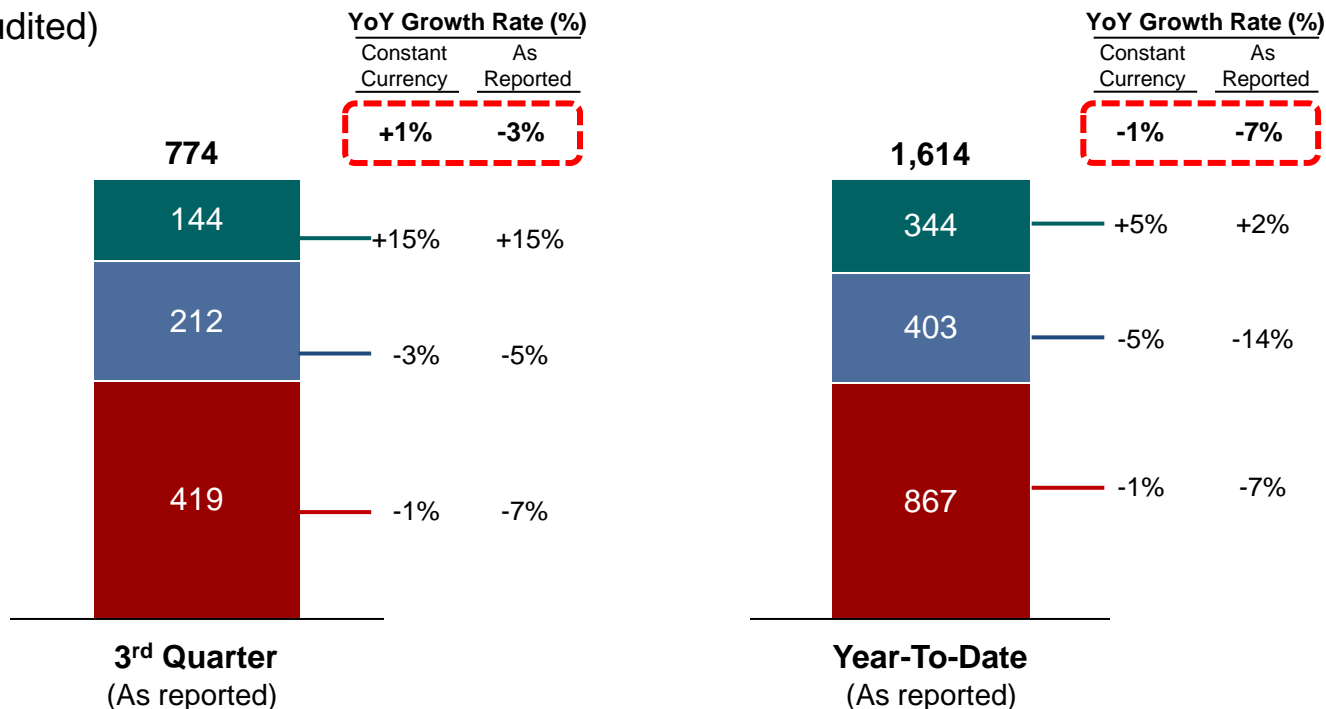
*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures
Note: North American Region includes U.S., Canada, and American Girl (see Appendix)



International Gross Sales by Region*

Third Quarter 2016 (\$ in Millions – Unaudited)

- Asia Pacific
- Latin America
- Europe



Q3 Constant Currency Narrative

Europe

- Continued growth in Russia, offset by declines in the mature Western European markets; double-digit growth in the region excluding Disney Princess

Latin America

- Continued strength in Mexico, offset by continued macroeconomic weakness in Brazil; modest growth in the region excluding Disney Princess

Asia Pacific

- Continued strong growth in China as well as in Southeast Asia, offset by a decline in Australia; double-digit growth in the region excluding Disney Princess

*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures

Note: International Region includes International Division (see Appendix)

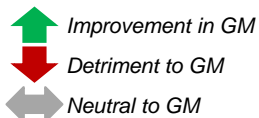


Gross Margin

Third Quarter 2016

(As a Percentage of Net Sales – Unaudited)

	Quarter	Year-to-Date
Prior Year:	49.1%	48.7%
Change Primarily Driven By:		
Cost savings, net of input costs		
Pricing		
Royalties		
Currency (incl. hedging)		
Mix		
Other		
Current Year:	48.5%	46.7%
Change:	(60)bps	(200)bps



Q3 2016 Drivers

- Decline driven by:
 - Continued unfavorable currency
 - Product mix shift away from higher-margin business
- Partially offset by:
 - Strategic pricing
 - Cost savings

Full Year 2016 Outlook

Headwinds

- Unfavorable foreign exchange
- Changes in mix, but expected to moderate in Q4
- Labor inflation

Tailwinds

- Funding Our Future cost savings
- Incremental cost savings program
- Favorable commodity trends

Targeting around 48.5%
FX & mix headwinds should moderate in Q4



Adjusted SG&A*

Third Quarter 2016

(\$ in Millions and as a Percentage of Net Sales – Unaudited)

Quarter		Year-to-Date	
In Millions	% of Sales	In Millions	% of Sales
\$349.0	19.5%	\$1,065.1	28.8%

Prior Year Adjusted:

Change Primarily Driven By:

Funding Our Future (ex. Severance)



Other Cost Savings Initiatives



Fuhu & Sproutling



Employee-Related Costs



Amortization



Other



Current Year Adjusted:

\$343.8	19.1%	\$1,016.8	28.1%
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Change:

(\$5.2)	(40)bps	(\$48.3)	(70)bps
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Memo: SG&A (as reported)

\$350.5	19.5%	\$1,051.8	29.0%
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Improvement in SG&A

Detriment to SG&A

Neutral to SG&A

*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures

**Consists of acquisition and integration costs; no longer excludes amortization of acquired intangible assets.

Q3 2016 Drivers

- Adjusted SG&A down \$5.2MM vs. prior year (down \$15.1MM as reported)
- Primarily driven by savings resulting from Funding Our Future

2016 Outlook

- Target \$55-65MM savings vs. 2015 adjusted SG&A baseline of \$1.465B
- Reflects our goal to absorb the overhead from the Fuhu & Sproutling acquisitions (not in original target)

2016 Adjustments (\$ in Millions)

	Q3	YTD
2016 as reported	\$351	\$1,052
○ Acquisition/integration**	(\$0)	(\$1)
○ Severance/restructuring	(\$6)	(\$34)
2016 adjusted	\$344	\$1,017

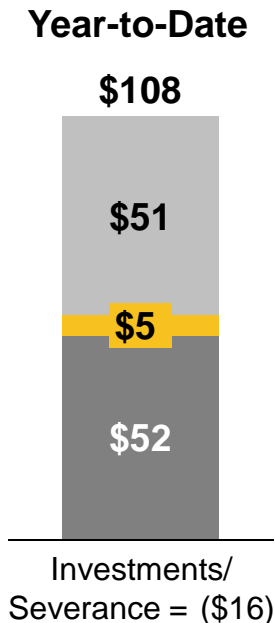
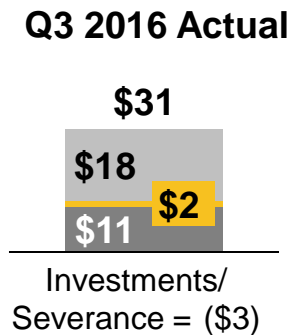
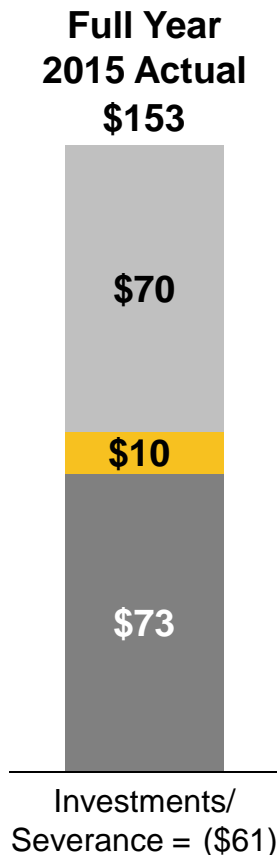


Cost Savings Programs / Funding Our Future (FOF) Update

(\$ in Millions – Unaudited)

Funding Our Future (Actual & Planned Gross Cost Savings)

- Gross Margin
- Advertising
- SG&A and Other



Pursuing additional savings opportunities beyond FOF initiatives



Adjusted Operating Income*

Third Quarter 2016

(\$ in Millions and as Percentage of Net Sales – Unaudited)

	Quarter		Year-to-Date	
	In Millions	% of Sales	In Millions	% of Sales
Prior Year Adjusted:	\$317.4	17.7%	\$317.4	8.6%
Change Primarily Driven By:				
Gross Margin				
Advertising & Promotion				
Adjusted SG&A				
Current Year Adjusted:	\$324.1	18.0%	\$291.6	8.1%
Change:	\$6.7	30bps	(\$25.8)	(50bps)
Memo: Operating Income (as reported)	\$317.4	17.7%	\$256.6	7.1%

- Improvement in Op Inc %
- Detriment to Op Inc %
- Neutral to Op Inc %

*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures

**Consists of acquisition and integration costs; no longer excludes amortization of acquired intangible assets

Q3 2016 Drivers

- Relatively flat sales and slightly lower gross margin (primarily due to negative impact of FX and product mix)
- Lower advertising expense due to timing of spend and moving closer to 12% for the full year
- Adjusted SG&A down in absolute dollars and as a percentage of sales (driven by cost savings initiatives)

2016 Adjustments (\$ in Millions)

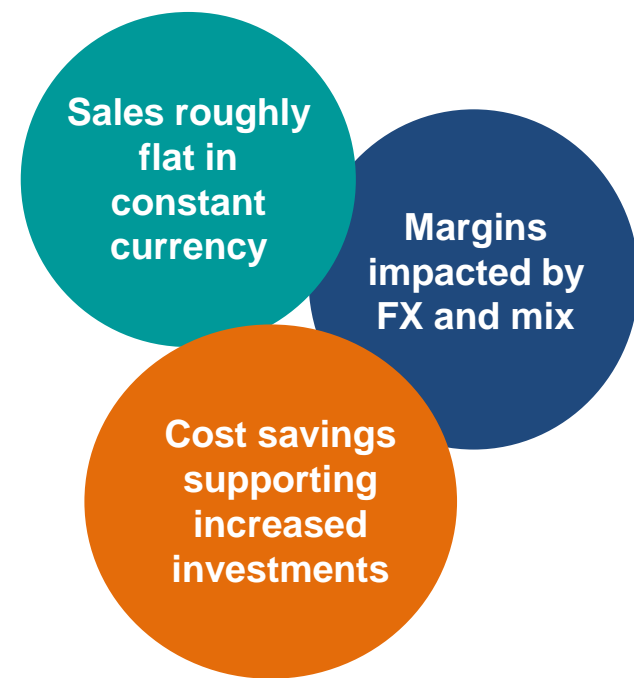
	Q3	YTD
2016 as reported	\$317	\$257
○ Acquisition/integration**	\$0	\$1
○ Severance/restructuring	\$6	\$34
2016 adjusted	\$324	\$292



Adjusted EPS*

Third Quarter 2016
(\$ Per Share – Unaudited)

	Quarter	Year-to-date
Prior Year Adjusted:	\$0.70	\$0.61
Change Primarily Driven By:		
Operating Income		
Non-Operating Income / Expense		
Taxes		
Share Count		
Current Year Adjusted:	\$0.70	\$0.55
Change:	\$0.00	(\$0.06)
Memo: EPS (as reported)	\$0.68	\$0.42



2016 Adjustments (\$ Per Share)		
	Q3	YTD
2016 as reported	\$0.68	\$0.42
○ Severance/restructuring	\$0.02	\$0.10
○ Venezuela devaluation	-	\$0.08
○ Sale of assets	-	(\$0.01)
○ Tax effect of adjusts.	-	(\$0.04)
2016 adjusted	\$0.70	\$0.55

- Improvement in EPS
- Detriment to EPS
- Neutral to EPS

*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures



Cash Flow

Nine Months ending 2016

(\$ in Millions – Unaudited)

	2015	2016
Net Income	\$154	\$144
Depreciation	\$173	\$178
Amortization	\$24	\$20
Change in Working Capital & Other	(\$573)	(\$673)
Net Cash (Used for) Operations	(\$222)	(\$331)
Acquisitions	-	(\$33)
Capital Spending	(\$171)	(\$179)
Other Investing	(\$35)	\$7
Net Cash (Used for) Investing	(\$206)	(\$205)
Net Proceeds (Payments) of Short-term Borrowings	\$161	(\$17)
Net Proceeds from Long-term Borrowings	-	\$350
Dividends	(\$386)	(\$389)
Financing Activities and Other	(\$29)	(\$4)
Net Cash (Used for) Financing Activities & Other	(\$254)	(\$60)
Change in Cash	(\$682)	(\$596)
Cash at Beginning of Period	\$972	\$893
Cash at End of Period	\$290	\$297

Cash Flow from Ops

Primarily due to lower net income and higher working capital usage

Investing Activities

Includes acquisitions of Fuhu and Sproutling

Financing Activities

Issued \$350MM of long term debt during the quarter to repay \$300MM maturing in November; additional \$50MM for general corporate purposes

Dividend/ Share Repurchase

- Paid quarterly dividend of \$0.38 (flat y/y)
- No share repurchases year-to-date



Full Year 2016 Financial Outlook*

Metric & Long-term Objective

Full Year 2016 Outlook

Sales Growth

Low-to-Mid Single Digits

- ✓ Goal is to hold net sales relatively flat in constant currency
- ✓ Currency is estimated to have a 2-4% negative impact to net sales on a reported basis

Gross Margin

About 50%

About 48.5%

Advertising

11%-13%

About 12%

SG&A

22%-23%

Targeting \$55-65M savings vs. 2015 adjusted SG&A baseline of \$1.465B

Operating Margin

15%-20%

Currency is estimated to negatively impact EPS at the low-end of the \$0.30 to \$0.40 range (including Brexit)

*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures



APPENDIX

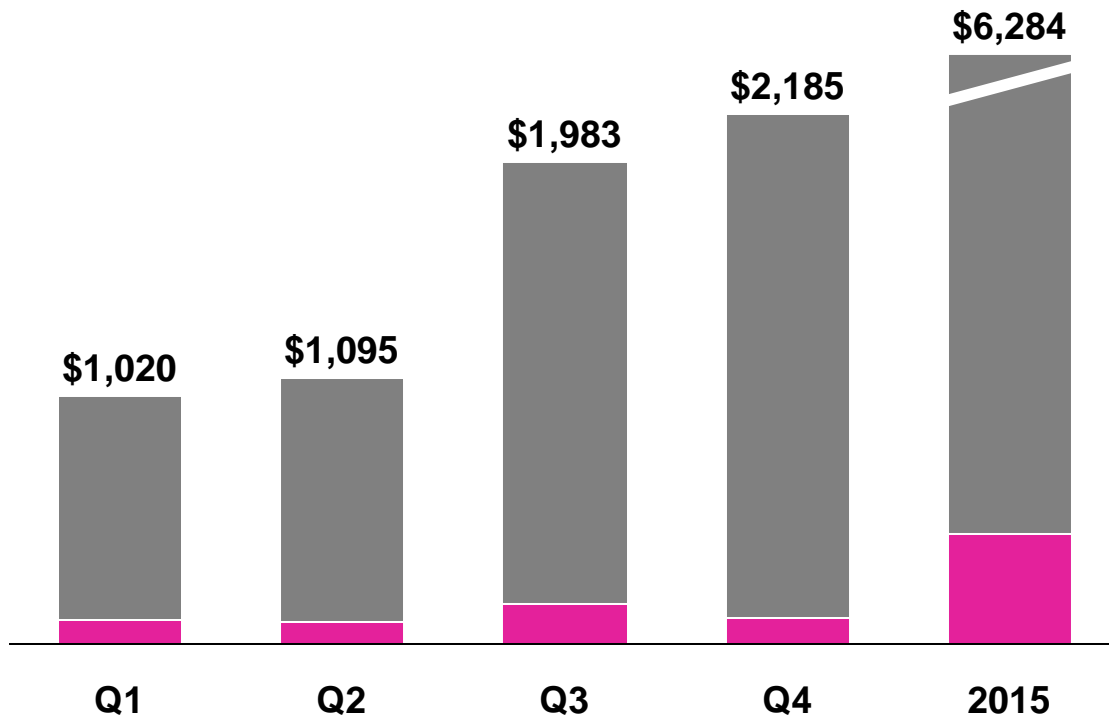


Disney Princess Impact

Total Gross Sales – 2015

\$ in Millions – Unaudited
(As reported)

■ Disney Princess Gross Sales



2016 Revenue Drivers

- ✓ Core Brand momentum
- ✓ Entertainment licenses (e.g., WB, MEGA TMNT)
- ✓ MEGA expansion
- ✓ Emerging markets
- ✓ New content initiatives

2016 Outlook

Expect continued improvement in fourth quarter as we begin to execute the holiday season

% of Total Company Sales

10%

8%

8%

5%

7%



Reporting Guide

Name

Description

North American Region

Includes U.S., Canada and American Girl

International Region

Includes International Division

North America Division

Consists of the U.S. and Canada, excludes American Girl

International Division

Excludes U.S. and Canada

American Girl Brands

Includes American Girl, excludes Corolle / Thomas DTC



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In millions, except per share and percentage information)	For the Three Months Ended September 30,						For the Nine Months Ended September 30,					
	2016		2015		Yr / Yr % Change as Reported	Yr / Yr % Change in Constant Currency	2016		2015		Yr / Yr % Change as Reported	Yr / Yr % Change in Constant Currency
	\$ Amt	% Net Sales	\$ Amt	% Net Sales			\$ Amt	% Net Sales	\$ Amt	% Net Sales		
Net Sales	\$ 1,795.6		\$ 1,792.0		0%	2%	\$ 3,622.3		\$ 3,702.9		-2%	0%
Cost of sales	924.8	51.5%	912.4	50.9%	1%		1,929.3	53.3%	1,900.0	51.3%	2%	
Gross Profit	870.8	48.5%	879.6	49.1%	-1%	3%	1,693.0	46.7%	1,802.9	48.7%	-6%	1%
Advertising and promotion expenses	202.9	11.3%	213.2	11.9%	-5%		384.6	10.6%	420.4	11.4%	-9%	
Other selling and administrative expenses	350.5	19.5%	365.6	20.4%	-4%		1,051.8	29.0%	1,135.6	30.7%	-7%	
Operating Income	317.4	17.7%	300.8	16.8%	6%	16%	256.6	7.1%	246.9	6.7%	4%	43%
Interest expense	25.0	1.4%	21.4	1.2%	17%		70.1	1.9%	62.5	1.7%	12%	
Interest (income)	(2.5)	-0.1%	(2.0)	-0.1%	24%		(7.6)	-0.2%	(5.8)	-0.2%	31%	
Other non-operating expense (income), net	0.9		(4.7)				23.3		(2.9)			
Income Before Income Taxes	294.0	16.4%	286.1	16.0%	3%	14%	170.8	4.7%	193.1	5.2%	-12%	38%
Provision for income taxes	57.7		62.3				26.6		38.8			
Net Income	\$ 236.3	13.2%	\$ 223.8	12.5%	6%		\$ 144.2	4.0%	\$ 154.3	4.2%	-7%	
Net Income Per Common Share - Basic	\$ 0.69		\$ 0.66				\$ 0.42		\$ 0.45			
Weighted average number of common shares	342.0		339.4				341.1		339.0			
Net Income Per Common Share - Diluted	\$ 0.68		\$ 0.66				\$ 0.42		\$ 0.45			
Weighted average number of common and potential common shares	344.2		339.8				343.3		339.5			



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

WORLDWIDE GROSS SALES INFORMATION (Unaudited)

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

(In millions, except percentage information)	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2016	2015	% Change as Reported	% Change in Constant Currency	2016	2015	% Change as Reported	% Change in Constant Currency
Worldwide Gross Sales by Brand:								
Mattel Girls & Boys Brands	\$ 1,061.1	\$ 1,120.6	-5 %	-4 %	\$ 2,142.7	\$ 2,327.6	-8 %	-5 %
Fisher-Price Brands	661.5	625.3	6	8	1,280.4	1,226.0	4	7
American Girl Brands	125.5	109.9	14	15	286.9	300.1	-4	-4
Construction and Arts & Crafts Brands	118.6	118.5	0	6	252.8	221.6	14	23
Other	8.7	9.1			27.4	23.4		
Gross Sales	<u>\$ 1,975.4</u>	<u>\$ 1,983.4</u>	0 %	1 %	<u>\$ 3,990.2</u>	<u>\$ 4,098.7</u>	-3 %	0 %
Worldwide Gross Sales - Mattel Girls & Boys Brands:								
Barbie	\$ 349.7	\$ 302.0	16 %	17 %	\$ 651.3	\$ 578.3	13 %	14 %
Other Girls	161.6	320.4	-50	-46	304.5	685.9	-56	-52
Wheels	281.9	266.9	6	6	579.0	559.5	3	7
Entertainment	267.9	231.3	16	16	607.9	503.9	21	23
Gross Sales	<u>\$ 1,061.1</u>	<u>\$ 1,120.6</u>	-5 %	-4 %	<u>\$ 2,142.7</u>	<u>\$ 2,327.6</u>	-8 %	-5 %
Worldwide Gross Sales by Region:								
North American ¹	\$ 1,201.1	\$ 1,184.8	1 %	2 %	\$ 2,376.0	\$ 2,366.6	0 %	1 %
International	774.3	798.6	-3	1	1,614.2	1,732.1	-7	-1
Gross Sales	<u>\$ 1,975.4</u>	<u>\$ 1,983.4</u>	0 %	1 %	<u>\$ 3,990.2</u>	<u>\$ 4,098.7</u>	-3 %	0 %
Reconciliation of Non-GAAP to GAAP Financial Measure:								
Gross Sales	\$ 1,975.4	\$ 1,983.4			\$ 3,990.2	\$ 4,098.7		
Sales Adjustments ²	<u>(179.8)</u>	<u>(191.4)</u>			<u>(367.9)</u>	<u>(395.8)</u>		
Net Sales	<u>\$ 1,795.6</u>	<u>\$ 1,792.0</u>	0 %	2 %	<u>\$ 3,622.3</u>	<u>\$ 3,702.9</u>	-2 %	0 %

(1) Consists of U.S., Canada, and American Girl.

(2) Sales adjustments are not allocated to individual products. As such, net sales are only presented on a consolidated basis and not on a brand level.



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

NORTH AMERICAN REGION GROSS SALES INFORMATION (Unaudited)

(In millions, except percentage information)	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2016	2015	% Change as Reported	% Change in Constant Currency	2016	2015	% Change as Reported	% Change in Constant Currency
North American¹ Region Gross Sales by Brand:								
Mattel Girls & Boys Brands	\$ 577.1	\$ 586.9	-2 %	-2 %	\$ 1,133.4	\$ 1,147.8	-1 %	-1 %
Fisher-Price Brands	408.0	395.9	3	3	761.5	737.2	3	4
American Girl Brands	124.5	109.9	13	13	285.9	300.1	-5	-4
Construction and Arts & Crafts Brands	82.9	83.3	0	0	170.1	158.8	7	8
Other	8.6	8.8			25.1	22.7		
Gross Sales	<u>\$ 1,201.1</u>	<u>\$ 1,184.8</u>	1 %	2 %	<u>\$ 2,376.0</u>	<u>\$ 2,366.6</u>	0 %	1 %
North American Region Gross Sales								
Gross Sales	\$ 1,201.1	\$ 1,184.8			\$ 2,376.0	\$ 2,366.6		
Sales Adjustments	(71.4)	(84.4)			(134.7)	(159.9)		
Net Sales	<u>\$ 1,129.7</u>	<u>\$ 1,100.4</u>	3 %	3 %	<u>\$ 2,241.3</u>	<u>\$ 2,206.7</u>	2 %	2 %

(1) Consists of U.S., Canada, and American Girl.



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

INTERNATIONAL GROSS SALES BY REGION INFORMATION (Unaudited)

(In millions, except percentage information)	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2016	2015	% Change as Reported	% Change in Constant Currency	2016	2015	% Change as Reported	% Change in Constant Currency
International Region Gross Sales:								
Europe	\$ 418.8	\$ 449.3	-7 %	-1 %	\$ 867.0	\$ 928.4	-7 %	-1 %
Latin America	211.8	224.1	-5	-3	403.3	466.4	-14	-5
Asia Pacific	143.7	125.2	15	15	343.9	337.3	2	5
Gross Sales	<u>\$ 774.3</u>	<u>\$ 798.6</u>	-3 %	1 %	<u>\$ 1,614.2</u>	<u>\$ 1,732.1</u>	-7 %	-1 %
Reconciliation of Non-GAAP to GAAP Financial Measure								
Europe								
Gross Sales	\$ 418.8	\$ 449.3			\$ 867.0	\$ 928.4		
Sales Adjustments	(64.2)	(65.3)			(136.1)	(138.7)		
Net Sales	<u>\$ 354.6</u>	<u>\$ 384.0</u>	-8 %	-2 %	<u>\$ 730.9</u>	<u>\$ 789.7</u>	-7 %	-2 %
Latin America								
Gross Sales	\$ 211.8	\$ 224.1			\$ 403.3	\$ 466.4		
Sales Adjustments	(25.5)	(29.2)			(49.9)	(58.7)		
Net Sales	<u>\$ 186.3</u>	<u>\$ 194.9</u>	-4 %	-2 %	<u>\$ 353.4</u>	<u>\$ 407.7</u>	-13 %	-4 %
Asia Pacific								
Gross Sales	\$ 143.7	\$ 125.2			\$ 343.9	\$ 337.3		
Sales Adjustments	(18.7)	(12.5)			(47.2)	(38.5)		
Net Sales	<u>\$ 125.0</u>	<u>\$ 112.7</u>	11 %	11 %	<u>\$ 296.7</u>	<u>\$ 298.8</u>	-1 %	2 %
International Region								
Gross Sales	\$ 774.3	\$ 798.6			\$ 1,614.2	\$ 1,732.1		
Sales Adjustments	(108.4)	(107.0)			(233.2)	(235.9)		
Net Sales	<u>\$ 665.9</u>	<u>\$ 691.6</u>	-4 %	0 %	<u>\$ 1,381.0</u>	<u>\$ 1,496.2</u>	-8 %	-2 %



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

<u>(In millions, except per share information)</u>	2014				2015				2016		
	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr
Gross Profit											
Gross Profit, As Reported	\$ 481.5	\$ 492.6	\$ 1,021.1	\$ 1,005.8	\$ 450.4	\$ 472.9	\$ 879.6	\$ 1,003.5	\$ 388.7	\$ 433.6	\$ 870.8
<i>Gross Margin</i>	50.9%	46.4%	50.5%	50.4%	48.8%	47.9%	49.1%	50.2%	44.7%	45.3%	48.5%
<i>Adjustments:</i>											
MEGA Brands Inventory Fair Value Markup Above Cost	-	8.3	6.7	-	-	-	-	-	-	-	-
Gross Profit, As Adjusted	\$ 481.5	\$ 500.9	\$ 1,027.8	\$ 1,005.8	\$ 450.4	\$ 472.9	\$ 879.6	\$ 1,003.5	\$ 388.7	\$ 433.6	\$ 870.8
<i>Adjusted Gross Margin</i>	50.9%	47.2%	50.8%	50.4%	48.8%	47.9%	49.1%	50.2%	44.7%	45.3%	48.5%
Other Selling and Administrative Expenses											
Other Selling and Administrative Expenses, As Reported	\$ 384.5	\$ 391.7	\$ 392.9	\$ 445.0	\$ 402.5	\$ 367.6	\$ 365.6	\$ 412.0	\$ 350.9	\$ 350.5	\$ 350.5
<i>% of Net Sales</i>	40.6%	36.9%	19.4%	22.3%	43.6%	37.2%	20.4%	20.6%	40.4%	36.3%	19.5%
<i>Adjustments:</i>											
Integration & Acquisition Costs ¹	-	(11.2)	(4.6)	(12.4)	(7.7)	(2.6)	(3.3)	(1.3)	(0.7)	(0.5)	(0.3)
Severance and Restructuring Expenses	(21.5)	(12.6)	(4.1)	(4.9)	(28.0)	(15.6)	(13.3)	(10.9)	(9.8)	(17.4)	(6.4)
Other Selling and Administrative Expenses, As Adjusted	\$ 363.0	\$ 367.9	\$ 384.2	\$ 427.7	\$ 366.8	\$ 349.4	\$ 349.0	\$ 399.8	\$ 340.4	\$ 332.6	\$ 343.8
<i>% of Net Sales</i>	38.4%	34.6%	19.0%	21.4%	39.8%	35.4%	19.5%	20.0%	39.2%	34.7%	19.1%
Operating Income (Loss)											
Operating Income (Loss), As Reported	\$ 6.2	\$ 1.0	\$ 409.5	\$ 237.0	\$ (54.5)	\$ 0.6	\$ 300.8	\$ 294.1	\$ (49.1)	\$ (11.7)	\$ 317.4
<i>Adjustments:</i>											
MEGA Brands Inventory Fair Value Markup Above Cost	-	8.3	6.7	-	-	-	-	-	-	-	-
Integration & Acquisition Costs ¹	-	11.2	4.6	12.4	7.7	2.6	3.3	1.3	0.7	0.5	0.3
Severance and Restructuring Expenses	21.5	12.6	4.1	4.9	28.0	15.6	13.3	10.9	9.8	17.4	6.4
Operating Income (Loss), As Adjusted	\$ 27.7	\$ 33.1	\$ 424.9	\$ 254.3	\$ (18.8)	\$ 18.8	\$ 317.4	\$ 306.3	\$ (38.6)	\$ 6.2	\$ 324.1
Earnings (Loss) Per Share											
Net (Loss) Income Per Common Share, As Reported	\$ (0.03)	\$ 0.08	\$ 0.97	\$ 0.44	\$ (0.17)	\$ (0.03)	\$ 0.66	\$ 0.63	\$ (0.21)	\$ (0.06)	\$ 0.68
<i>Adjustments:</i>											
MEGA Brands Inventory Fair Value Above Cost	-	0.03	0.02	-	-	-	-	-	-	-	-
Integration & Acquisition Costs ¹	-	0.03	0.01	0.03	0.02	0.01	0.01	-	-	-	-
Severance and Restructuring Expenses	0.06	0.04	0.01	0.01	0.08	0.04	0.04	0.03	0.03	0.05	0.02
Sale of Assets	-	-	-	-	-	-	-	-	(0.01)	-	-
Venezuela Currency Devaluation Loss	-	-	-	-	-	-	-	-	0.07	-	-
Tax Effect of Adjustments ²	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	-
Net Income (Loss) Per Common Share, As Adjusted	\$ 0.02	\$ 0.16	\$ 1.00	\$ 0.47	\$ (0.09)	\$ 0.01	\$ 0.70	\$ 0.65	\$ (0.14)	\$ (0.02)	\$ 0.70

(1) Includes Integration & Acquisition Costs for Fuhu and Sproutling in 2016 and MEGA Brands in 2015.

(2) The aggregate tax effect of the adjustments is calculated by tax effecting the adjustments by the current effective tax rate and dividing by the reported weighted average number of common and potential common shares.



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited) RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

<u>(In millions, except per share and percentage information)</u>	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Other Selling and Administrative Expenses</u>				
Other Selling and Administrative Expenses, As Reported	\$ 350.5	\$ 365.6	\$ 1,051.8	\$ 1,135.6
<i>% of Net Sales</i>	19.5%	20.4%	29.0%	30.7%
<i>Adjustments:</i>				
Integration & Acquisition Costs ¹	(0.3)	(3.3)	(1.4)	(13.6)
Severance and Restructuring Expenses	(6.4)	(13.3)	(33.6)	(56.9)
Other Selling and Administrative Expenses, As Adjusted	\$ 343.8	\$ 349.0	\$ 1,016.8	\$ 1,065.1
<i>% of Net Sales</i>	19.1%	19.5%	28.1%	28.8%
<u>Operating Income</u>				
Operating Income, As Reported	\$ 317.4	\$ 300.8	\$ 256.6	\$ 246.9
<i>Adjustments:</i>				
Integration & Acquisition Costs ¹	0.3	3.3	1.4	13.6
Severance and Restructuring Expenses	6.4	13.3	33.6	56.9
Operating Income, As Adjusted	\$ 324.1	\$ 317.4	\$ 291.6	\$ 317.4
<u>Earnings Per Share</u>				
Net Income Per Common Share, As Reported	\$ 0.68	\$ 0.66	\$ 0.42	\$ 0.45
<i>Adjustments:</i>				
Integration & Acquisition Costs ¹	-	0.01	-	0.04
Severance and Restructuring Expenses	0.02	0.04	0.10	0.17
Sale of Assets	-	-	(0.01)	-
Venezuela Currency Devaluation Loss	-	-	0.08	-
Tax Effect of Adjustments ²	-	(0.01)	(0.04)	(0.05)
Net Income Per Common Share, As Adjusted	\$ 0.70	\$ 0.70	\$ 0.55	\$ 0.61

(1) Includes Integration & Acquisition Costs for Fuhu and Sproutling in 2016 and MEGA Brands in 2015.

(2) The aggregate tax effect of the adjustments is calculated by tax effecting the adjustments by the current effective tax rate and dividing by the reported weighted average number of common and potential common shares.