

MATTEL REPORTS THIRD QUARTER 2016 FINANCIAL RESULTS AND DECLARES QUARTERLY DIVIDEND

Third Quarter Highlights¹

- Worldwide net sales flat as reported, and up 2% in constant currency; worldwide gross sales flat as reported, and up 1% in constant currency.
- Fisher-Price® worldwide gross sales up 6% as reported, and up 8% in constant currency; Wheels worldwide gross sales up 6% as reported and in constant currency; Barbie® worldwide gross sales up 16% as reported, and up 17% in constant currency.
- Reported operating income of \$317.4 million, compared to reported operating income of \$300.8 million in the prior year, and adjusted operating income of \$324.1 million, compared to adjusted operating income of \$317.4 million in the prior year.
- Reported earnings per share of \$0.68, compared to reported earnings per share of \$0.66 in the prior year; and adjusted earnings per share of \$0.70, compared to adjusted earnings per share of \$0.70 in the prior year.

Capital Deployment

- Board declared a 2016 fourth quarter cash dividend of \$0.38 per share, which is flat compared to the fourth quarter of 2015.

EL SEGUNDO, Calif., October 19, 2016 - For the third quarter of 2016, Mattel, Inc. (NASDAQ: MAT) reported worldwide net sales were flat as reported, and were up 2% in constant currency, versus the prior year. Worldwide gross sales were flat as reported, and were up 1% in constant currency. Reported operating income was \$317.4 million, and adjusted operating income was \$324.1 million. Reported earnings per share were \$0.68, and adjusted earnings per share were \$0.70.

“In the third quarter, we continued to make solid progress against our strategic priorities, and we are pleased with our momentum as we head into the holiday season,” said Christopher Sinclair, Chairman and CEO of Mattel. “Our core brands continue to show improved strength and vibrancy, contributing to very encouraging and broad-based top-line momentum. And we continued to manage costs effectively, while making important investments in brand building, commercial excellence and emerging market expansion. Overall, our strategies are generating good progress on many fronts, and while we still have a critical fourth quarter to execute, we remain broadly on track to deliver on our full-year outlook.”

¹ Please refer to Non-GAAP Financial Measures for a glossary of non-GAAP financial measures used herein, including gross sales, adjusted other selling and administrative expenses, adjusted operating income, adjusted earnings per share and constant currency.

Financial Overview

Third quarter net sales in the North American Region, which consists of the United States, Canada and American Girl®, increased by 3% as reported and in constant currency, versus the prior year. In the International Region, net sales decreased by 4% as reported, and were flat in constant currency. Third quarter gross sales in the North American Region increased by 1% as reported, and were up 2% in constant currency. In the International Region, gross sales decreased by 3% as reported, and were up 1% in constant currency. Gross margin decreased 60 basis points, driven mainly by the negative impact from changes in currency exchange rates. Reported other selling and administrative expenses decreased \$15.1 million and adjusted other selling and administrative expenses decreased \$5.2 million, reflecting continued cost improvement initiatives.

Reported operating income for the quarter was \$317.4 million, compared to the prior year's reported operating income of \$300.8 million. Adjusted operating income for the quarter was \$324.1 million, compared to the prior year's adjusted operating income of \$317.4 million.

The Company's debt-to-total capital ratio as of September 30, 2016 was 50.2%.

For the nine months ended September 30, 2016, net cash flows used for operating activities were approximately \$331 million, an increase of approximately \$109 million versus the prior year, primarily driven by higher working capital usage and lower net income. Cash flows used for investing activities were approximately \$205 million, a decrease of approximately \$1 million versus the prior year, primarily driven by changes in foreign currency forward exchange contracts, partially offset by payments for acquisitions. Cash flows used for financing activities and other were approximately \$60 million, compared to approximately \$254 million in the prior year, primarily driven by proceeds from the issuance of long-term debt partially offset by higher net repayments of short-term debt.

Capital Deployment

The Board of Directors declared a 2016 fourth quarter cash dividend of \$0.38 per share, which is flat compared to the fourth quarter of 2015. The dividend will be payable on December 9, 2016 to stockholders of record on November 22, 2016.

Sales by Brand

Mattel Girls and Boys Brands

For the third quarter, worldwide gross sales for Mattel Girls & Boys Brands were \$1.06 billion, down 5% as reported, and down 4% in constant currency, versus the prior year. Worldwide gross sales for the Barbie brand were up 16% as reported, and 17% in constant currency, versus the prior year. Worldwide gross sales for Other Girls brands were down 50% as reported, and down 46% in constant currency, versus the prior year. Worldwide gross sales for the Wheels category, which includes the Hot Wheels® and Matchbox® brands, were up 6% as reported and in constant currency, versus the prior year. Worldwide gross sales for the Entertainment business, which includes Radica® and Games, were up 16% as reported and in constant currency, versus the prior year.

Fisher-Price Brands

Third quarter worldwide gross sales for Fisher-Price Brands, which includes the Fisher-Price Core, Fisher-Price Friends and Power Wheels® brands, were \$661.5 million, up 6% as reported, and up 8% in constant currency, versus the prior year.

American Girl Brands

Third quarter gross sales for American Girl Brands®, which offers American Girl-branded products directly to consumers, were \$125.5 million, up 14% as reported, and up 15% in constant currency, versus the prior year.

Construction and Arts & Crafts Brands

Third quarter gross sales for Construction and Arts & Crafts Brands, which includes the MEGA BLOKS® and RoseArt® brands, were \$118.6 million, flat as reported, and up 6% in constant currency, versus the prior year.

Conference Call and Live Webcast

At 5:00 p.m. (Eastern Time) today, Mattel will host a conference call with investors and financial analysts to discuss its 2016 third quarter financial results. The conference call will be webcast on Mattel's Investor Relations website, <http://investor.shareholder.com/mattel>. To listen to the live call, log on to the website at least 10 minutes early to register, download and install any necessary audio software. An archive of the webcast will be available on the company's website for 90 days and may be accessed beginning approximately two hours after the completion of the live call. A telephonic replay of the call will be available beginning at 8:00 p.m. Eastern time the evening of the call until Wednesday, October 26, 2016, and may be accessed by dialing +1-404-537-3406. The passcode is 82398434.

Forward-Looking Statements

This press release contains forward-looking statements on a variety of matters. These forward-looking statements are based on currently available operating, financial, economic and other information, and are subject to a number of significant risks and uncertainties. A variety of factors, many of which are beyond our control, could cause actual future results to differ materially from those projected in the forward-looking statements. Some of these factors are described in the Company's periodic filings with the Securities and Exchange Commission, including the "Risk Factors" section of Mattel's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and Mattel's Quarterly Reports on Form 10-Q for fiscal year 2016, as well as in Mattel's other public statements. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so.

Non-GAAP Financial Measures

To supplement our 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 that Mattel uses in this earnings release includes gross sales, adjusted other selling and administrative expenses, adjusted operating income, adjusted earnings 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 below. 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 are attached to this earnings release as exhibits and to our earnings slide presentation as an appendix. This earnings release and our earnings slide presentation are available on Mattel's Investor Relations website, <http://investor.shareholder.com/mattel>, under the subheading "Financial Information – Earnings Releases."

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 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.

Adjusted operating income

Adjusted operating income represents Mattel's reported operating income, adjusted to exclude expenses associated with the acquisition and integration of an acquired business and the impact of restructuring and restructuring-related expenses. Adjusted operating income is presented to provide additional perspective on underlying trends in Mattel's core operating results.

Adjusted earnings per share

Adjusted earnings per share represents Mattel's reported diluted earnings per common share, adjusted to exclude 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 per share is presented to provide additional perspective on underlying trends in Mattel's core earnings. Adjusted earnings 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 calculations 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.

About Mattel

Mattel is a creations company that inspires the wonder of childhood. Our mission is to be the recognized leader in play, learning and development worldwide. Mattel's portfolio of global consumer brands includes American Girl®, Barbie®, Fisher-Price®, Hot Wheels®, Monster High® and Thomas & Friends®, among many others. Mattel also creates a wealth of lines and products made in collaboration with leading entertainment and technology companies. With a global workforce of approximately 31,000 people, Mattel operates in 40 countries and territories and sells products in more than 150 nations. Visit us online at www.mattel.com.

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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			

CONDENSED CONSOLIDATED BALANCE SHEETS

<u>(In millions)</u>	September 30,		December 31,
	2016	2015 (b)(c)	2015 (b)(c)
	(Unaudited)		
Assets			
Cash and equivalents	\$ 297.1	\$ 289.7	\$ 892.8
Accounts receivable, net	1,528.8	1,451.3	1,145.1
Inventories	910.5	870.8	587.5
Prepaid expenses and other current assets	342.4	367.9	375.7
Total current assets	3,078.8	2,979.7	3,001.1
Property, plant, and equipment, net	747.5	721.3	741.1
Other noncurrent assets	2,822.6	2,928.6	2,792.9
Total Assets	\$ 6,648.9	\$ 6,629.6	\$ 6,535.1
Liabilities and Stockholders' Equity			
Short-term borrowings	\$ -	\$ 161.0	\$ 16.9
Current portion of long-term debt	300.0	-	300.0
Accounts payable and accrued liabilities	1,323.9	1,248.6	1,309.8
Income taxes payable	21.7	31.9	18.8
Total current liabilities	1,645.6	1,441.5	1,645.5
Long-term debt	2,133.5	2,084.0	1,784.7
Other noncurrent liabilities	454.4	531.4	471.7
Stockholders' equity	2,415.4	2,572.7	2,633.2
Total Liabilities and Stockholders' Equity	\$ 6,648.9	\$ 6,629.6	\$ 6,535.1

SUPPLEMENTAL BALANCE SHEET AND CASH FLOW DATA (Unaudited)

<u>(In millions, except days and percentage information)</u>	September 30,	
	2016	2015 (b)
Key Balance Sheet Data:		
Accounts receivable, net days of sales outstanding (DSO)	77	73
Total debt outstanding	\$ 2,433.5	\$ 2,245.0
Total debt-to-total capital ratio	50.2%	46.6%
Nine Months Ended September 30,		
<u>(In millions)</u>	2016 (a)	2015
Condensed Cash Flow Data:		
Cash flows (used for) operating activities	\$ (331)	\$ (222)
Cash flows (used for) investing activities	(205)	(206)
Cash flows (used for) financing activities and other	(60)	(254)
Decrease in cash and equivalents	\$ (596)	\$ (682)

(a) Amounts shown are preliminary estimates. Actual amounts will be reported in Mattel's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.

(b) Other noncurrent assets and long-term debt have been retrospectively restated to reflect the adoption of Accounting Standards Update (ASU) 2015-03, *Simplifying the Presentation of Debt Issuance Costs*.

(c) ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*, was retrospectively adopted in the quarter ended March 31, 2016.

As of September 30, 2015, prepaid expenses and other current assets decreased by \$203.5 million, accounts payable and accrued liabilities decreased by \$0.1 million, other noncurrent assets increased by \$199.6 million, and other noncurrent liabilities decreased by \$3.8 million.

As of December 31, 2015, prepaid expenses and other current assets decreased by \$195.8 million, other noncurrent assets increased by \$193.6 million, and other noncurrent liabilities decreased by \$2.2 million.

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 %
Reconciliation of Non-GAAP to GAAP Financial Measure:								
Gross Sales	\$ 1,975.4	\$ 1,983.4			\$ 3,990.2	\$ 4,098.7		
Sales Adjustments ¹	(179.8)	(191.4)			(367.9)	(395.8)		
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 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.

GROSS SALES BY REGION (Unaudited)

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

<u>(In millions, except percentage information)</u>	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								
Gross Sales	\$ 1,201.1	\$ 1,184.8	1 %	2 %	\$ 2,376.0	\$ 2,366.6	0 %	1 %
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 %
International Region Gross Sales								
Europe								
Gross Sales	\$ 418.8	\$ 449.3	-7 %	-1 %	\$ 867.0	\$ 928.4	-7 %	-1 %
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	-5 %	-3 %	\$ 403.3	\$ 466.4	-14 %	-5 %
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	15 %	15 %	\$ 343.9	\$ 337.3	2 %	5 %
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 %
Total International Region								
Gross Sales	\$ 774.3	\$ 798.6	-3 %	1 %	\$ 1,614.2	\$ 1,732.1	-7 %	-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 %

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

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>	<i>19.5%</i>	<i>20.4%</i>	<i>29.0%</i>	<i>30.7%</i>
<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	\$ <u>343.8</u>	\$ <u>349.0</u>	\$ <u>1,016.8</u>	\$ <u>1,065.1</u>
<i>% of Net Sales</i>	<i>19.1%</i>	<i>19.5%</i>	<i>28.1%</i>	<i>28.8%</i>
<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	\$ <u>324.1</u>	\$ <u>317.4</u>	\$ <u>291.6</u>	\$ <u>317.4</u>
<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	\$ <u>0.70</u>	\$ <u>0.70</u>	\$ <u>0.55</u>	\$ <u>0.61</u>

(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.