

Mattel, Inc.

Earnings Conference Call

Second Quarter 2017

(Unaudited Results)



JULY 27, 2017

MARGARET GEORGIADIS – CHIEF EXECUTIVE OFFICER

RICHARD DICKSON – CHIEF OPERATING OFFICER AND PRESIDENT

KEVIN FARR – CHIEF FINANCIAL OFFICER





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 2016 annual report on Form 10-K, in our 2017 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. Since sales adjustments are determined by customer rather than at the brand level, Mattel believes that the disclosure of gross sales by brand is useful supplemental information for investors to be able to assess the performance of its underlying brands (e.g., Barbie) and also enhances their ability to compare sales trends over time.

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, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel's current business performance from one period to another.

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, which are not part of Mattel's core business. Adjusted other selling and administrative expenses is presented to provide additional perspective on underlying trends in Mattel's core other selling and administrative expenses, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel's current business performance from one period to another.

Adjusted operating income (loss)

Adjusted operating income (loss) represents Mattel's reported operating loss, adjusted to exclude the impact of expenses associated with the acquisition and integration of an acquired business and restructuring and restructuring-related expenses, which are not part of Mattel's core business. Adjusted operating income (loss) is presented to provide additional perspective on underlying trends in Mattel's core operating results, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel's current business performance from one period to another.

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 expenses associated with the acquisition and integration of an acquired business, restructuring and restructuring-related expenses, sale of non-core assets and currency devaluations, which are not part of Mattel's core business. 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 business. Mattel believes it is useful supplemental information for investors to gauge and compare Mattel's current earnings results from one period to another. 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 considers whether any changes to the constant currency rates are appropriate at the beginning of each year. The exchange rates used for these constant currency calculations are generally based on prior year actual exchange rates. 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. Mattel believes that the disclosure of the percentage change in constant currency is useful supplemental information for investors to be able to gauge Mattel's current business performance and the longer term strength of its overall business since foreign currency changes could potentially mask underlying sales trends. The disclosure of the percentage change in constant currency enhances investor's ability to compare financial results from one period to another.



Q2 2017 FINANCIAL PERFORMANCE



Q2 2017 Key Takeaways

- **Q2 gross sales slightly up, driven by strong International performance**
 - Worldwide gross sales up 1% as reported, and up 2% in constant currency, versus the prior year
 - International segment showed broad-based strength, with gross sales growth of 6% as reported and 8% in constant currency
 - North American gross sales down 2% as reported and in constant currency
 - While POS** outpaced shipping in Q2, Global POS** for key power brands – Barbie, Hot Wheels and Fisher-Price – showed significant strength, with each up double digits in Q2 and high-single digits year-to-date. Expecting shipping to align with POS** over time due to combination of strong POS** and leaner retail inventories
- **P&L reflects gross margin compression, though gross margin sequentially improved from Q1**
 - Gross margin of 41.0%, down 430 basis points year-over-year. Decline driven mainly by increased royalties from higher sales of licensed entertainment properties, unfavorable mix due to shift away from higher margin doll business, lower licensing income and higher product costs
 - Adjusted SG&A* expense up \$11.7 million versus prior year (up \$2.4 million as reported), driven by employee-related costs and investments in American Girl (including the new flagship store in New York City) and China
 - Q2 adjusted EPS* of \$(0.14) and reported EPS of \$(0.16)
- **Remain focused on activating the strategy outlined in June to future-proof Mattel and deliver enhanced, sustainable growth over the medium term**
- **In June, Company declared Q3 2017 dividend of \$0.15/share, compared to \$0.38/share in Q3 2016**
 - Dividend right-sized to facilitate the strategic investments outlined at Mattel's June Investor Day, increase financial flexibility and strengthen our balance sheet

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

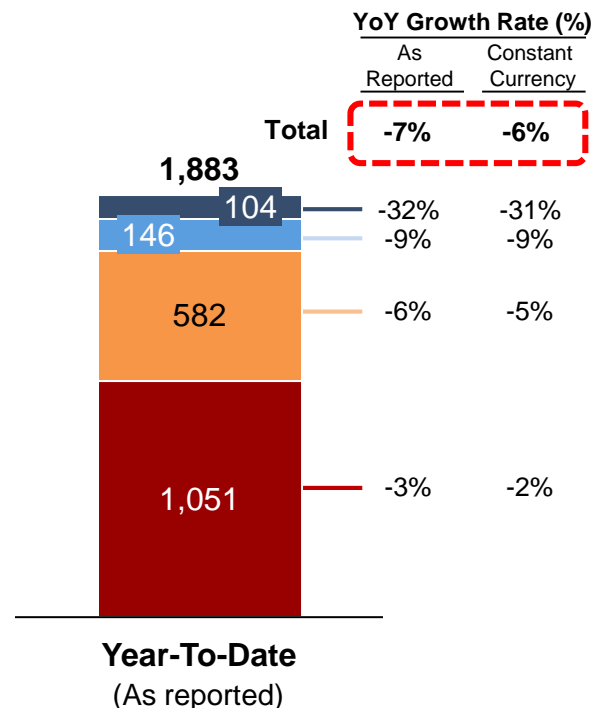
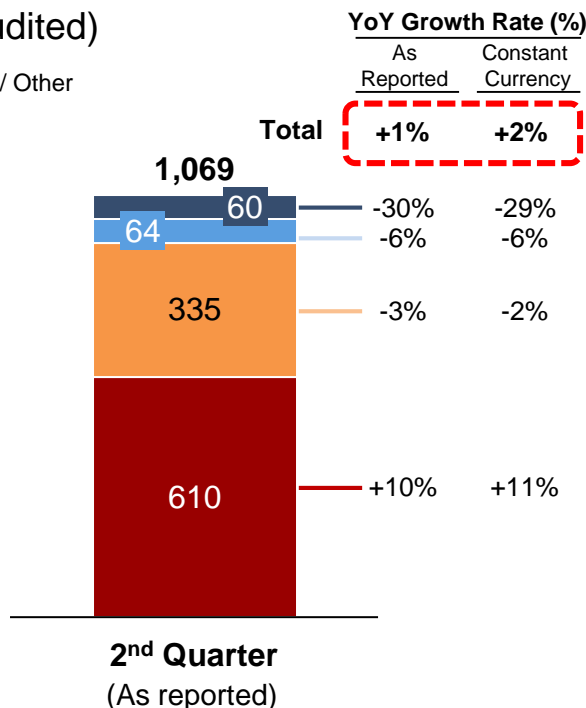
**Mattel internal analysis, at wholesale; excludes American Girl



Worldwide Gross Sales by Brand*

Second Quarter 2017 (\$ in Millions – Unaudited)

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



Q2 Constant Currency Narrative

Mattel Brands

- Growth in licensed entertainment (Cars, Wonder Woman and WWE) and Games and Puzzles, partially offset by declines in the Highs portfolio (Monster High and Ever After High), Barbie and Hot Wheels

Fisher-Price

- Declines driven by Baby business (Infant/Newborn) and Thomas, partially offset by FP Friends licensed properties and Little People

American Girl

- Continued declines across doll lines, partially offset by “Wellie Wishers” and new external retail distribution

Const./A&C/Other

- Declines in Construction due to tough licensed entertainment comps and Arts & Crafts

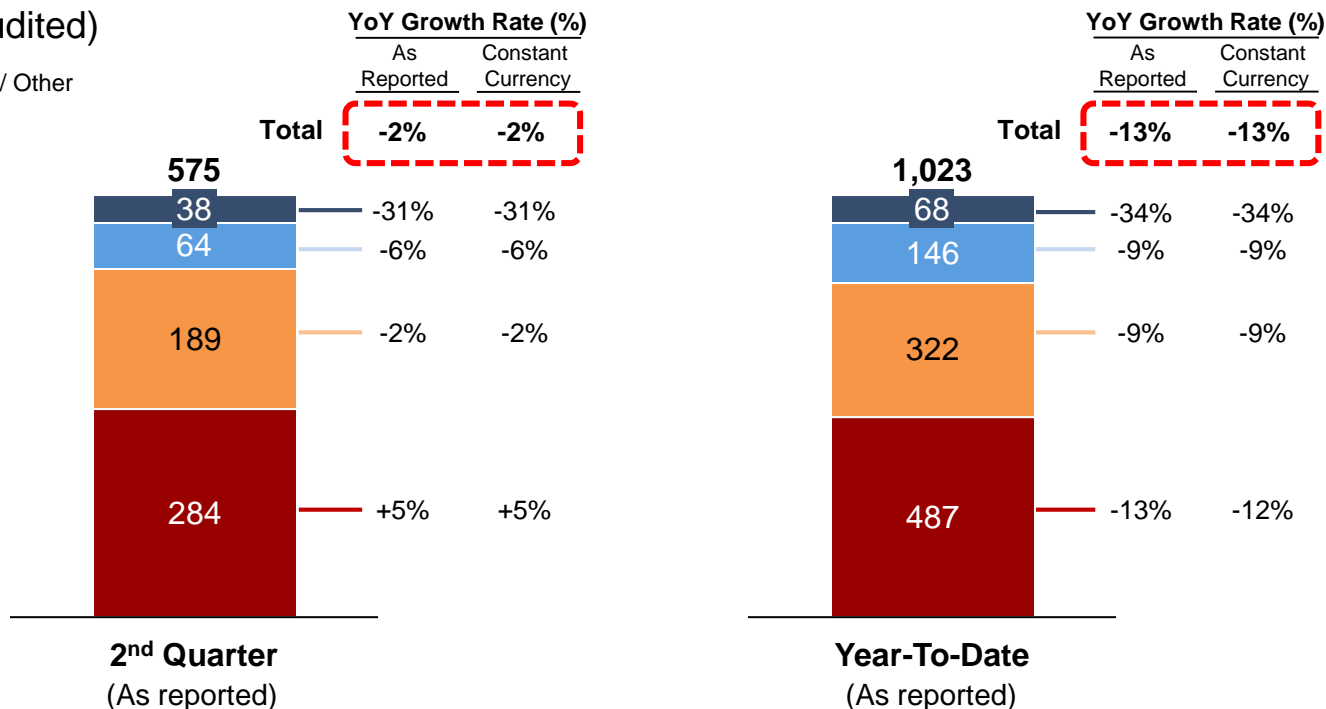
*See Non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures



North American Region Gross Sales by Brand*

Second Quarter 2017 (\$ in Millions – Unaudited)

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



Q2 Constant Currency Narrative

Mattel Brands

- Growth in licensed entertainment (Cars, Wonder Woman and WWE) and Games and Puzzles, partially offset by declines in the Highs portfolio (Monster High and Ever After High) and Barbie

Fisher-Price

- Declines driven by Baby business (Infant/Newborn) and Thomas, partially offset by growth in Little People and FP Friends licensed properties

American Girl

- Continued declines across doll lines, partially offset by “Wellie Wishers” and new external retail distribution

Const./A&C/Other

- Declines in Construction due to tough licensed entertainment comps and Arts & Crafts

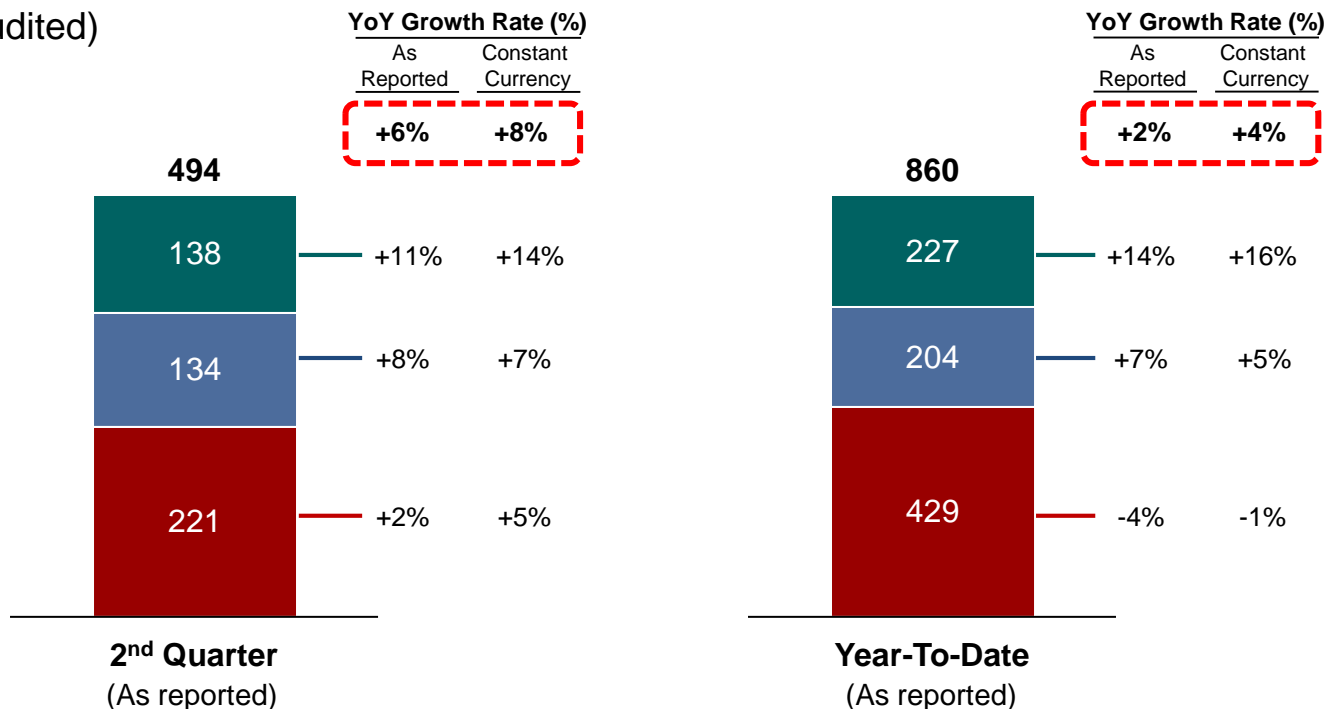
*See Non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures
Note: North American Region includes U.S., Canada and American Girl (see Appendix)



International Gross Sales by Region*

Second Quarter 2017 (\$ in Millions – Unaudited)

- Asia Pacific
- Latin America
- Europe



Q2 Constant Currency Narrative

Europe

- Growth in several Western European and Emerging European markets, partially offset by declines in Russia

Latin America

- Growth primarily driven by continued strength in Mexico and Chile

Asia Pacific

- Strong growth in China and Southeast Asia, partially offset by declines in Australia

*See Non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures
Note: International Region includes International Division (see Appendix)



Gross Margin

Second Quarter 2017

(As a Percentage of Net Sales – Unaudited)

	Quarter	Year-to-Date
Prior Year:	45.3%	45.0%
Change Primarily Driven By:		
Royalties		
Product mix		
Licensing		
Product costs		
Freight & distribution		
Pricing		
Obsolescence		
Currency		
Current Year:	41.0%	39.7%
Change:	(430)bps	(530)bps

Q2 2017 Drivers

- **Decline driven by:**
 - Higher royalties
 - Unfavorable product mix
 - Lower licensing income
 - Higher product costs
- **Partially offset by:**
 - Pricing

Second Half 2017 Drivers

- **Headwinds (versus 2016):**
 - Lower licensing income
 - Mix/royalties due to more entertainment properties
- **Tailwinds (relative to 1H 2017):**
 - Seasonal scale
 - Improved mix, with entertainment properties making up a lower percentage of total revenues

Improvement in GM
 Detriment to GM
 Neutral to GM



Adjusted SG&A*

Second Quarter 2017

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

	Quarter		Year-to-Date	
	In Millions	% of Sales	In Millions	% of Sales
Prior Year Adjusted:	\$332.6	34.7%	\$673.0	36.8%
Change Primarily Driven By:				
Employee-Related Costs				
American Girl and China Investments				
Incentive and Equity Compensation				
Other				
Cost savings				
Currency				
Current Year Adjusted:	\$344.3	35.3%	\$671.6	39.3%
Change:	\$11.7	60bps	\$(1.4)	250bps
Memo: SG&A (as reported)	\$352.9	36.2%	\$685.1	40.1%

Q2 2017 Drivers

- Adjusted SG&A up vs. prior year (up \$2.4 million as reported)
- Primarily driven by employee-related costs and investments in American Girl (including the new flagship store in New York City) and China

2017 Adjustments (\$ in Millions)

	Q2	YTD
2017 as reported	\$353	\$685
○ Non-recurring exec. comp.	\$(3)	\$(5)
○ Severance/restructuring	\$(6)	\$(9)
2017 adjusted	\$344	\$672

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



Adjusted Operating Income (Loss)*

Second Quarter 2017

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

	Quarter		Year-to-Date	
	In Millions	% of Sales	In Millions	% of Sales
Prior Year Adjusted:	\$6.2	0.6%	\$(32.5)	(1.8)%
Change Primarily Driven By:				
Gross Margin				
Adjusted SG&A				
Advertising & Promotion				
Current Year Adjusted:	\$(40.1)	(4.1)%	\$(162.2)	(9.5)%
Change:	\$(46.3)	(470)bps	\$(129.7)	(770)bps

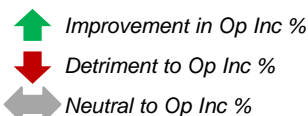
Memo: Operating Loss (as reported) **\$(48.7)** **(5.0)%** **\$(175.7)** **(10.3)%**

Q2 2017 Drivers

- Lower gross margin primarily due to higher royalty payments, unfavorable mix, lower licensing revenue and higher product costs
- Adjusted SG&A up in absolute dollars (slightly up as a percentage of sales) driven by employee-related costs and investments in American Girl and China
- Advertising expense up slightly in absolute dollars (down slightly as a percentage of sales)

2017 Adjustments (\$ in Millions)

	Q2	YTD
2017 as reported	\$(49)	\$(176)
○ Non-recurring exec. comp.	\$3	\$5
○ Severance/restructuring	\$6	\$9
2017 adjusted	\$(40)	\$(162)



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



Adjusted EPS*

Second Quarter 2017
(\$ Per Share – Unaudited)

	Quarter	Year-to-Date
Prior Year Adjusted:	\$(0.02)	\$(0.16)
Change Primarily Driven By:		
Gross Margin	↓	↓
Adjusted SG&A	↓	↔
Volume	↑	↓
Currency	↓	↓
Current Year Adjusted:	\$(0.14)	\$(0.46)
Change:	\$(0.12)	\$(0.30)
Memo: EPS (as reported)	\$(0.16)	\$(0.49)

Q2 Gross Sales up 2% in constant currency

Q2 Margins impacted by royalties, mix, licensing and product costs

Q2 Adj. SG&A driven by higher employee costs and investments in American Girl and China

2017 Adjustments (\$ Per Share)		
	Q2	YTD
2017 as reported	\$(0.16)	\$(0.49)
○ Non-recurring exec. comp.	\$0.01	\$0.01
○ Severance/restructuring	\$0.02	\$0.03
○ Tax effect of adjustments**	\$(0.01)	\$(0.01)
2017 adjusted	\$(0.14)	\$(0.46)

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

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

**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



Cash Flow

First Half 2017

(\$ in Millions – Unaudited)

	2017	2016
Net Loss	\$ (169)	\$ (92)
Depreciation	118	119
Amortization	11	13
Change in Working Capital & Other	(509)	(281)
Net Cash (Used for) Operations	(549)	(241)
Acquisitions	-	(33)
Capital Spending	(149)	(111)
Other Investing	43	20
Net Cash (Used for) Investing	(106)	(124)
Net Proceeds from Short-term Borrowings	315	50
Dividends	(260)	(259)
Financing Activities and Other	6	(1)
Net Cash Provided By (Used for) Financing Activities & Other	61	(210)
Change in Cash	(594)	(575)
Cash at Beginning of Period	870	893
Cash at End of Period	\$ 275	\$ 318

Cash Flow from Ops

Primarily due to higher working capital usage (owned inventory up due to lower 1H sales and build for 2H; higher AR due to higher volume and shift in timing of sales) and a higher net loss

Investing Activities

Decrease in payments related to Fuhu and Sproutling and changes in foreign currency forward exchange contracts, partially offset by higher capital spending

Financing Activities & Other

Higher short-term borrowings

Dividend/ Share Repurchase

Paid quarterly dividend of \$0.38 (flat y/y)



APPENDIX



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 June 30,						For the Six Months Ended June 30,					
	2017		2016		Yr / Yr % Change as Reported	Yr / Yr % Change in Constant Currency	2017		2016		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	\$ 974.5		\$ 957.3		2%	3%	\$ 1,710.1		\$ 1,826.7		-6%	-6%
Cost of sales	574.8	59.0%	523.7	54.7%	10%		1,031.6	60.3%	1,004.5	55.0%	3%	
Gross Profit	399.7	41.0%	433.6	45.3%	-8%	-7%	678.5	39.7%	822.2	45.0%	-17%	-16%
Advertising and promotion expenses	95.5	9.8%	94.8	9.9%	1%		169.1	9.9%	181.7	9.9%	-7%	
Other selling and administrative expenses	352.9	36.2%	350.5	36.6%	1%		685.1	40.1%	701.3	38.4%	-2%	
Operating Loss	(48.7)	-5.0%	(11.7)	-1.2%	317%	310%	(175.7)	-10.3%	(60.8)	-3.3%	189%	175%
Interest expense	21.9	2.2%	22.6	2.4%	-3%		43.9	2.6%	45.1	2.5%	-3%	
Interest (income)	(2.3)	-0.2%	(2.7)	-0.3%	-15%		(4.8)	-0.3%	(5.1)	-0.3%	-6%	
Other non-operating expense (income) , net	5.4		(1.8)				4.6		22.4			
Loss Before Income Taxes	(73.7)	-7.6%	(29.8)	-3.1%	148%	129%	(219.4)	-12.8%	(123.2)	-6.7%	78%	68%
Benefit from income taxes	(17.6)		(10.7)				(50.1)		(31.1)			
Net Loss	\$ (56.1)	-5.8%	\$ (19.1)	-2.0%	193%		\$ (169.3)	-9.9%	\$ (92.1)	-5.0%	84%	
Net Loss Per Common Share - Basic	\$ (0.16)		\$ (0.06)				\$ (0.49)		\$ (0.27)			
Weighted average number of common shares	343.1		340.9				343.0		340.7			
Net Loss Per Common Share - Diluted	\$ (0.16)		\$ (0.06)				\$ (0.49)		\$ (0.27)			
Weighted average number of common and potential common shares	343.1		340.9				343.0		340.7			



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 June 30,				For the Six Months Ended June 30,			
	2017	2016	% Change as Reported	% Change in Constant Currency	2017	2016	% Change as Reported	% Change in Constant Currency
Reconciliation of Non-GAAP to GAAP Financial Measure:								
Net Sales	\$ 974.5	\$ 957.3	2 %	3 %	\$ 1,710.1	\$ 1,826.7	-6 %	-6 %
Sales Adjustments ¹	94.0	95.5			173.0	188.2		
Gross Sales	<u>\$ 1,068.5</u>	<u>\$ 1,052.8</u>	1 %	2 %	<u>\$ 1,883.1</u>	<u>\$ 2,014.9</u>	-7 %	-6 %
Worldwide Gross Sales by Brand:								
Mattel Girls & Boys Brands	\$ 609.9	\$ 553.7	10 %	11 %	\$ 1,051.0	\$ 1,081.6	-3 %	-2 %
Fisher-Price Brands	335.0	346.3	-3	-2	581.9	618.9	-6	-5
American Girl Brands	64.0	68.1	-6	-6	146.2	161.4	-9	-9
Construction and Arts & Crafts Brands	53.0	72.3	-27	-26	91.5	134.2	-32	-31
Other	6.6	12.4			12.5	18.8		
Gross Sales	<u>\$ 1,068.5</u>	<u>\$ 1,052.8</u>	1 %	2 %	<u>\$ 1,883.1</u>	<u>\$ 2,014.9</u>	-7 %	-6 %
Worldwide Gross Sales - Mattel Girls & Boys Brands:								
Barbie	\$ 152.2	\$ 160.5	-5 %	-4 %	\$ 275.6	\$ 301.7	-9 %	-8 %
Other Girls	50.6	70.4	-28	-28	98.4	142.7	-31	-31
Wheels	153.2	162.2	-6	-5	293.0	297.2	-1	-1
Entertainment	253.9	160.6	58	59	384.0	340.0	13	14
Gross Sales	<u>\$ 609.9</u>	<u>\$ 553.7</u>	10 %	11 %	<u>\$ 1,051.0</u>	<u>\$ 1,081.6</u>	-3 %	-2 %
Worldwide Gross Sales by Region:								
North American ²	\$ 574.8	\$ 587.6	-2 %	-2 %	\$ 1,023.1	\$ 1,174.9	-13 %	-13 %
International	493.7	465.2	6	8	860.0	840.0	2	4
Gross Sales	<u>\$ 1,068.5</u>	<u>\$ 1,052.8</u>	1 %	2 %	<u>\$ 1,883.1</u>	<u>\$ 2,014.9</u>	-7 %	-6 %

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.

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



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

NORTH AMERICAN REGION GROSS SALES INFORMATION (Unaudited)

<u>(In millions, except percentage information)</u>	<u>For the Three Months Ended June 30,</u>				<u>For the Six Months Ended June 30,</u>			
	<u>2017</u>	<u>2016</u>	<u>% Change as Reported</u>	<u>% Change in Constant Currency</u>	<u>2017</u>	<u>2016</u>	<u>% Change as Reported</u>	<u>% Change in Constant Currency</u>
<u>North American Region Gross Sales</u>								
Net Sales	\$ 545.8	\$ 561.5	-3 %	-3 %	\$ 969.9	\$ 1,111.6	-13 %	-13 %
Sales Adjustments ¹	29.0	26.1			53.2	63.3		
Gross Sales	<u>\$ 574.8</u>	<u>\$ 587.6</u>	-2 %	-2 %	<u>\$ 1,023.1</u>	<u>\$ 1,174.9</u>	-13 %	-13 %
<u>North American Region Gross Sales by Brand:</u>								
Mattel Girls & Boys Brands	\$ 284.0	\$ 271.5	5 %	5 %	\$ 486.7	\$ 556.3	-13 %	-12 %
Fisher-Price Brands	189.1	193.4	-2	-2	322.2	353.6	-9	-9
American Girl Brands	64.0	68.1	-6	-6	146.2	161.4	-9	-9
Construction and Arts & Crafts Brands	31.1	44.5	-30	-30	55.5	87.2	-36	-37
Other	6.6	10.1			12.5	16.4		
Gross Sales	<u>\$ 574.8</u>	<u>\$ 587.6</u>	-2 %	-2 %	<u>\$ 1,023.1</u>	<u>\$ 1,174.9</u>	-13 %	-13 %

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.



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 June 30,				For the Six Months Ended June 30,			
	2017	2016	% Change as Reported	% Change in Constant Currency	2017	2016	% Change as Reported	% Change in Constant Currency
Reconciliation of Non-GAAP to GAAP Financial Measure								
International Region								
Net Sales	\$ 428.7	\$ 395.8	8 %	10 %	\$ 740.2	\$ 715.1	4 %	5 %
Sales Adjustments ¹	65.0	69.4			119.8	124.9		
Gross Sales	\$ 493.7	\$ 465.2	6 %	8 %	\$ 860.0	\$ 840.0	2 %	4 %
Europe								
Net Sales	\$ 188.4	\$ 183.6	3 %	6 %	\$ 362.4	\$ 376.3	-4 %	-1 %
Sales Adjustments ¹	32.8	33.4			66.3	72.0		
Gross Sales	\$ 221.2	\$ 217.0	2 %	5 %	\$ 428.7	\$ 448.3	-4 %	-1 %
Latin America								
Net Sales	\$ 118.1	\$ 106.9	11 %	10 %	\$ 177.6	\$ 167.1	6 %	5 %
Sales Adjustments ¹	16.2	17.4			26.5	24.4		
Gross Sales	\$ 134.3	\$ 124.3	8 %	7 %	\$ 204.1	\$ 191.5	7 %	5 %
Asia Pacific								
Net Sales	\$ 122.2	\$ 105.3	16 %	18 %	\$ 200.2	\$ 171.7	17 %	19 %
Sales Adjustments ¹	16.0	18.6			27.0	28.5		
Gross Sales	\$ 138.2	\$ 123.9	11 %	14 %	\$ 227.2	\$ 200.2	14 %	16 %
International Region Gross Sales by Brand:								
Mattel Girls & Boys Brands	\$ 325.9	\$ 282.2	16 %	17 %	\$ 564.3	\$ 525.3	7 %	9 %
Fisher-Price Brands	145.9	152.9	-5	-2	259.7	265.3	-2	1
Construction and Arts & Crafts Brands	21.9	27.8	-21	-20	36.0	47.0	-23	-22
Other	-	2.3			-	2.4		
Gross Sales	\$ 493.7	\$ 465.2	6 %	8 %	\$ 860.0	\$ 840.0	2 %	4 %

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.



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

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

	2014				2015				2016				2017	
	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr
(In millions, except per share information)														
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	\$ 861.4	\$ 278.8	\$ 399.7
Gross Margin	50.9%	46.4%	50.5%	50.4%	48.8%	47.9%	49.1%	50.2%	44.7%	45.3%	48.5%	47.0%	37.9%	41.0%
<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	\$ 861.4	\$ 278.8	\$ 399.7
Adjusted Gross Margin	50.9%	47.2%	50.8%	50.4%	48.8%	47.9%	49.1%	50.2%	44.7%	45.3%	48.5%	47.0%	37.9%	41.0%
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	\$ 348.5	\$ 332.2	\$ 352.9
% of Net Sales	40.6%	36.9%	19.4%	22.3%	43.6%	37.2%	20.4%	20.6%	40.4%	36.6%	19.5%	19.0%	45.2%	36.2%
<i>Adjustments:</i>														
Non-recurring Executive Compensation	-	-	-	-	-	-	-	-	-	-	-	-	(1.9)	(2.8)
Integration & Acquisition Costs ¹	-	(11.2)	(4.6)	(12.4)	(7.7)	(2.6)	(3.3)	(1.3)	(0.7)	(0.5)	(0.3)	(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)	(6.3)	(3.0)	(5.8)
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	\$ 341.9	\$ 327.3	\$ 344.3
% of Net Sales	38.4%	34.6%	19.0%	21.4%	39.8%	35.4%	19.5%	20.0%	39.2%	34.7%	19.1%	18.6%	44.5%	35.3%
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	\$ 262.6	\$ (127.0)	\$ (48.7)
<i>Adjustments:</i>														
Non-recurring Executive Compensation	-	-	-	-	-	-	-	-	-	-	-	-	1.9	2.8
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	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	6.3	3.0	5.8
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	\$ 269.2	\$ (122.1)	\$ (40.1)
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	\$ 0.50	\$ (0.33)	\$ (0.16)
<i>Adjustments:</i>														
Non-recurring Executive Compensation	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.01
MEGA Brands Inventory Fair Value Markup 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	0.02	0.01	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)	-	-	(0.01)	(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	\$ 0.52	\$ (0.32)	\$ (0.14)

1 Includes Integration & Acquisition Costs for Fuhu and Sproutling in 2016 and MEGA Brands in 2014 and 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 June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Other Selling and Administrative Expenses</u>				
Other Selling and Administrative Expenses, As Reported	\$ 352.9	\$ 350.5	\$ 685.1	\$ 701.3
<i>% of Net Sales</i>	36.2%	36.6%	40.1%	38.4%
<i>Adjustments:</i>				
Non-recurring Executive Compensation	(2.8)	-	(4.7)	-
Integration & Acquisition Costs ¹	-	(0.5)	-	(1.1)
Severance and Restructuring Expenses	(5.8)	(17.4)	(8.8)	(27.2)
Other Selling and Administrative Expenses, As Adjusted	\$ <u>344.3</u>	\$ <u>332.6</u>	\$ <u>671.6</u>	\$ <u>673.0</u>
<i>% of Net Sales</i>	35.3%	34.7%	39.3%	36.8%
<u>Operating Loss</u>				
Operating Loss, As Reported	\$ (48.7)	\$ (11.7)	\$ (175.7)	\$ (60.8)
<i>Adjustments:</i>				
Non-recurring Executive Compensation	2.8	-	4.7	-
Integration & Acquisition Costs ¹	-	0.5	-	1.1
Severance and Restructuring Expenses	5.8	17.4	8.8	27.2
Operating Loss, As Adjusted	\$ <u>(40.1)</u>	\$ <u>6.2</u>	\$ <u>(162.2)</u>	\$ <u>(32.5)</u>
<u>Earnings Per Share</u>				
Net Loss Per Common Share, As Reported	\$ (0.16)	\$ (0.06)	\$ (0.49)	\$ (0.27)
<i>Adjustments:</i>				
Non-recurring Executive Compensation	0.01	-	0.01	-
Severance and Restructuring Expenses	0.02	0.05	0.03	0.08
Sale of Assets	-	-	-	(0.01)
Venezuela Currency Devaluation Loss	-	-	-	0.07
Tax Effect of Adjustments ²	(0.01)	(0.01)	(0.01)	(0.03)
Net Loss Per Common Share, As Adjusted	\$ <u>(0.14)</u>	\$ <u>(0.02)</u>	\$ <u>(0.46)</u>	\$ <u>(0.16)</u>

1 Includes Integration & Acquisition Costs for Fuhu and Sproutling in 2016.

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.