

Mattel, Inc.

Earnings Conference Call

First Quarter 2017

(Unaudited Results)



APRIL 20, 2017

MARGARET GEORGIADIS – CHIEF EXECUTIVE OFFICER

RICHARD DICKSON – CHIEF OPERATING OFFICER AND PRESIDENT

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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 2016 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. 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.



Q1 2017 Key Takeaways

- **Q1 gross sales down primarily due to the prolonged impact of the retail inventory overhang coming out of the holiday period partially offset by growth in Asia-Pacific and Latin America and encouraging POS¹ trends in key core brands**
 - Worldwide net sales and gross sales* down 15% as reported and in constant currency*
 - Gross sales declined more than anticipated due to prolonged impact of retail inventory overhang and the resulting slower pace of retail reorders, particularly in North America and Europe, with strong performance in Asia-Pacific and continued momentum in Latin America
 - Significant improvement in overall retail inventory position with some pockets to go but current levels supported by POS¹ trends
 - Encouraging POS¹ trends in key core brands - Barbie, Hot Wheels and Fisher-Price
- **P&L reflects greater than expected gross margin compression driven mainly by higher obsolescence expense, unfavorable impact of fixed cost absorption due to lower sales, unfavorable forex and lower licensing income.**
 - Gross margin of 37.9% down 680 basis points year-over-year
 - Adjusted SG&A* expense down \$13 million versus prior year (\$19 million as reported) driven by cost savings programs and forex
 - Q1 adjusted EPS* of (\$0.32) and reported EPS of (\$0.33)
- **Company declared Q2 2017 dividend of \$0.38/share, flat to prior year**

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

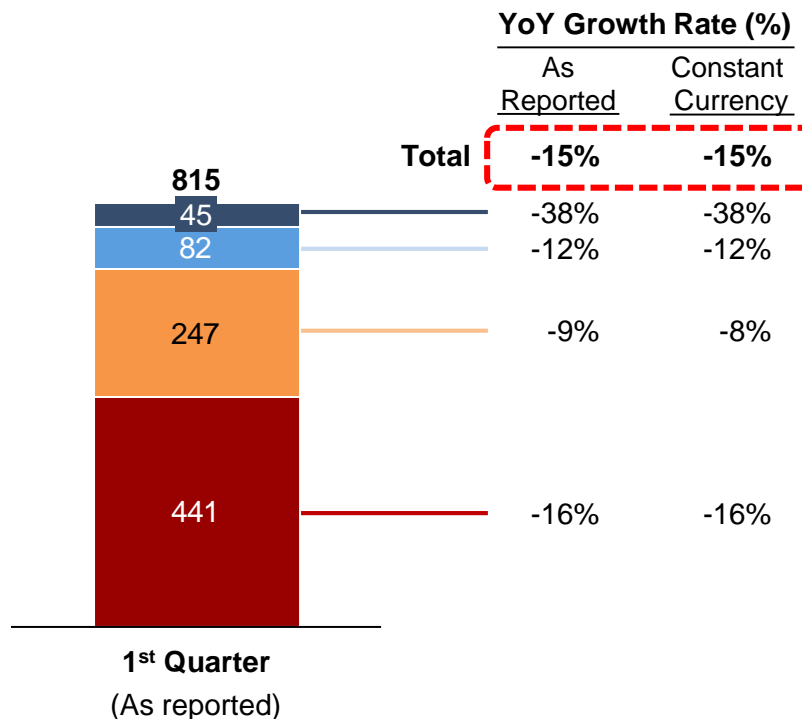
1. Mattel internal analysis, at wholesale; excludes American Girl



Worldwide Gross Sales by Brand*

First Quarter 2017
(\$ in Millions – Unaudited)

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



Mattel Brands

- Declines in the Highs portfolio (Monster High and Ever After High), Barbie (primarily due to North America retail inventory overhang) as well as licensed entertainment, partially offset by growth in DC Super Hero Girls and Fast & Furious

Fisher-Price

- Declines in Infant/Newborn and Thomas (primarily due to North America retail inventory overhang), partially offset by Nickelodeon licensed properties

American Girl

- Expected declines across doll lines due to tough comps and timing of contemporary characters roll out, partially offset by “Wellie Wishers” and new external retail distribution

Const/A&C/Other

- Declines in Construction due primarily to tough licensed entertainment comps

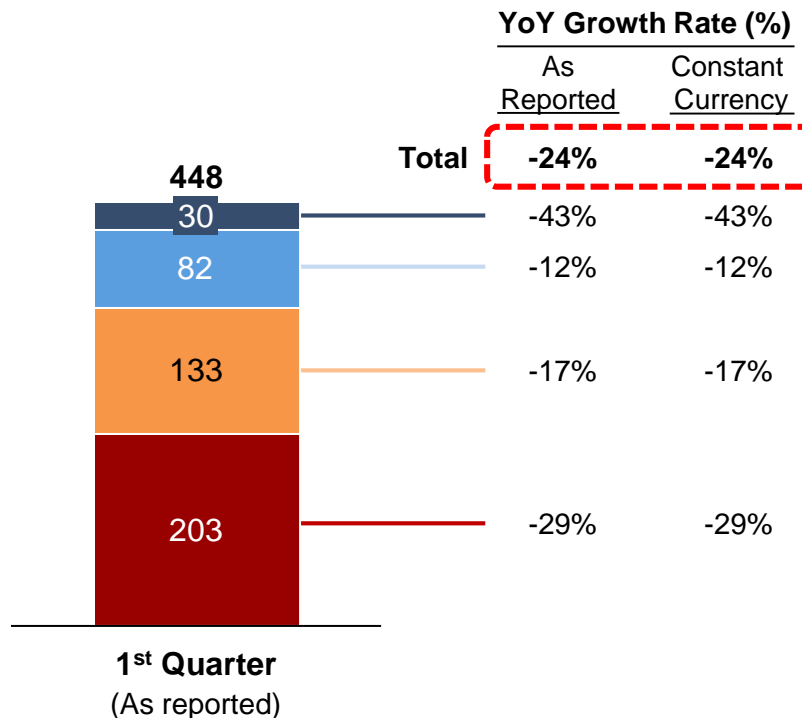
*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures



North American Region Gross Sales by Brand*

First Quarter 2017
(\$ in Millions – Unaudited)

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



Mattel Brands

- Declines in the Highs portfolio (Monster High and Ever After High), Barbie (primarily due to retail inventory overhang) as well as licensed entertainment, partially offset by growth in DC Super Hero Girls and Fast & Furious

Fisher-Price

- Declines in Infant/Newborn and Thomas (primarily due to retail inventory overhang), partially offset by Nickelodeon licensed properties

American Girl

- Expected declines across doll lines due to tough comps and timing of contemporary characters roll out, partially offset by “Wellie Wishers” and new external retail distribution

Const/A&C/Other

- Declines in Construction due primarily to tough licensed entertainment comps

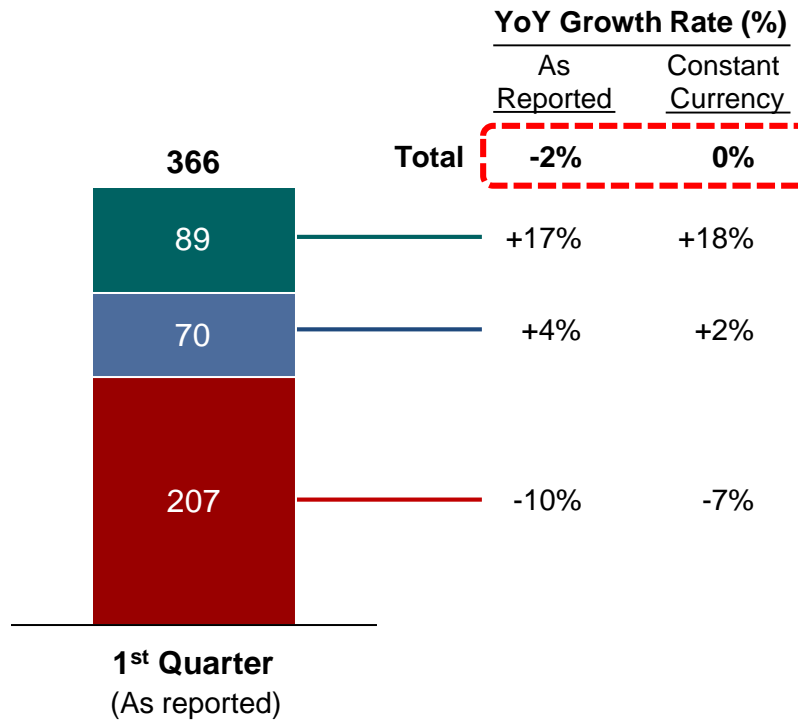
*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures
Note: North American Region includes U.S., Canada, and American Girl (see Appendix)



International Gross Sales by Region*

First Quarter 2017
(\$ in Millions – Unaudited)

- Asia Pacific
- Latin America
- Europe



In Constant Currency

Europe →

Latin America →

Asia Pacific →

- Continued declines in the mature Western European markets (primarily due to retail inventory overhang), partially offset by growth in emerging European markets
- Growth primarily driven by continued strength in Mexico and Chile, partially offset by declines in Brazil
- Continued growth in China as well as Australia and India, partially offset by declines in Japan

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

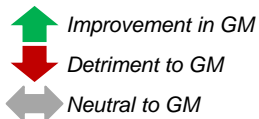


Gross Margin

First Quarter 2017

(As a Percentage of Net Sales – Unaudited)

	<u>Quarter</u>
Prior Year:	44.7%
Change Primarily Driven By:	
Obsolescence	
Scale	
Licensing	
Freight & distribution	
Product mix	
Currency	
Pricing	
Product Costs	
Cost Savings	
Current Year:	37.9%
Change:	(680)bps



Q1 2017 Drivers

- **Decline driven by:**
 - Higher obsolescence
 - Reduced fixed cost absorption due to lower sales
 - Lower licensing revenues
 - Product mix
 - Unfavorable foreign exchange
 - Higher freight costs
 - Elevated product costs
- **Partially offset by:**
 - Pricing and cost savings initiatives

2017 Outlook







- **Headwinds**
 - Scale due to lower full year sales expectations
 - Product mix
- **Tailwinds**
 - Cost savings






Adjusted SG&A*

First Quarter 2017

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

	Quarter	
	In Millions	% of Sales
Prior Year Adjusted:	\$340.4	39.2%
Change Primarily Driven By:		
Cost savings		
Employee-Related Costs		
Other		
Currency		
Growth Investments		
Bad Debt		
Current Year Adjusted:	\$327.3	44.5%
Change:	(\$13.1)	(530 bps)
<hr style="border-top: 1px dashed black;"/>		
Memo: SG&A (as reported)	\$332.2	45.2%

-  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

Q1 2017 Drivers

- Adjusted SG&A down \$13.1MM vs. prior year (down \$18.7MM as reported)
- Primarily driven by cost savings initiatives and foreign exchange.

2017 Outlook

- Continued focus on cost savings
- Expect higher employee-related expenses due to merit, employee benefits, and incentive

2017 Adjustments (\$ in Millions)




	Q1
2017 as reported	\$332
○ Non-recurring exec. comp.	(\$2)
○ Severance/restructuring	(\$3)
2017 adjusted	\$327



Adjusted Operating Loss*

First Quarter 2017

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




	Quarter	
	In Millions	% of Sales
Prior Year Adjusted:	(\$38.6)	(4.4%)
Change Primarily Driven By:		
Gross Margin		
Advertising & Promotion		
Adjusted SG&A		
Current Year Adjusted:	(\$122.1)	(16.6%)
Change:	(\$83.5)	
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Memo: Operating Loss (as reported)	(\$127.0)	(17.3%)

Q1 2017 Drivers

- Lower sales primarily due to retail inventory overhang
- Lower gross margin primarily due to higher obsolescence expense, unfavorable impact of fixed cost absorption, unfavorable forex and lower licensing income
- Lower advertising expense in absolute dollars (flat as a percentage of sales)
- Adjusted SG&A down in absolute dollars (up as a percentage of sales) driven by our cost savings initiatives and favorable foreign exchange

2017 Adjustments (\$ in Millions)

	Q1
2017 as reported	(\$127)
○ Non-recurring exec. comp.	\$2
○ Severance/restructuring	\$3
2017 adjusted	(\$122)

-  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



Adjusted EPS*

First Quarter 2017
(\$ Per Share – Unaudited)

Prior Year Adjusted:

Quarter

(\$0.14)

Change Primarily Driven By:

Volume



Gross Margin



Adjusted SG&A



Foreign Exchange



Current Year Adjusted:

(\$0.32)

Change:

(\$0.18)

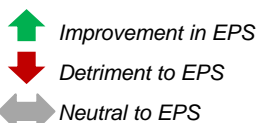
Memo: EPS (as reported)

(\$0.33)



2017 Adjustments (\$ Per Share)

	<u>Q1</u>
2017 as reported	(\$0.33)
○ Non-recurring exec. comp.	\$0.01
○ Severance/restructuring	\$0.01
○ Tax effect of adjustments	(\$0.01)
2017 adjusted	(\$0.32)



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



Cash Flow

First Quarter 2017 (\$ in Millions – Unaudited)

	2016	2017
Net Loss	(\$73)	(\$113)
Depreciation	\$60	\$59
Amortization	\$6	\$5
Change in Working Capital & Other	(\$82)	(\$261)
Net Cash From Operations	(\$89)	(\$310)
Acquisitions	(\$33)	\$0
Capital Spending	(\$45)	(\$70)
Other Investing	\$23	\$25
Net Cash Used for Investing	(\$55)	(\$45)
Net Payments of Short-term Borrowings	(\$17)	(\$12)
Dividends	(\$129)	(\$130)
Financing Activities and Other	(\$3)	\$9
Net Cash Used for Financing Activities & Other	(\$149)	(\$133)
Change in Cash	(\$293)	(\$488)
Cash at Beginning of Period	\$893	\$870
Cash at End of Period	\$600	\$382

Cash Flow from Ops

Primarily due to a higher net loss and higher working capital (owned inventory up due to lower Q1 sales and build for Q2 entertainment slate; higher AR due to country and customer mix)

Investing Activities

Decrease in payments for acquisitions and changes in foreign currency forward exchange contracts, partially offset by higher capital spending

Financing Activities & Other

Favorable impact of currency exchange rates on cash, partially offset by lower proceeds from stock option exercises

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)

<u>(In millions, except per share and percentage information)</u>	For the Three Months Ended March 31,				Yr / Yr % Change as Reported	Yr / Yr % Change in Constant Currency
	2017		2016			
	\$ Amt	% Net Sales	\$ Amt	% Net Sales		
Net Sales	\$ 735.6		\$ 869.4		-15%	-15%
Cost of sales	<u>456.8</u>	62.1%	<u>480.7</u>	55.3%	-5%	
Gross Profit	278.8	37.9%	388.7	44.7%	-28%	-26%
Advertising and promotion expenses	73.6	10.0%	86.9	10.0%	-15%	
Other selling and administrative expenses	<u>332.2</u>	45.2%	<u>350.9</u>	40.4%	-5%	
Operating Loss	(127.0)	-17.3%	(49.1)	-5.7%	158%	150%
Interest expense	22.0	3.0%	22.5	2.6%	-2%	
Interest (income)	(2.5)	-0.3%	(2.4)	-0.3%	4%	
Other non-operating (income) expense, net	<u>(0.8)</u>		<u>24.3</u>			
Loss Before Income Taxes	(145.7)	-19.8%	(93.5)	-10.8%	56%	52%
Benefit from income taxes	<u>(32.5)</u>		<u>(20.5)</u>			
Net Loss	\$ <u>(113.2)</u>	-15.4%	\$ <u>(73.0)</u>	-8.4%	55%	
Net Loss Per Common Share - Basic	\$ <u>(0.33)</u>		\$ <u>(0.21)</u>			
Weighted average number of common shares	<u>342.9</u>		<u>340.4</u>			
Net Loss Per Common Share - Diluted	\$ <u>(0.33)</u>		\$ <u>(0.21)</u>			
Weighted average number of common and potential common shares	<u>342.9</u>		<u>340.4</u>			



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 March 31,		% Change as Reported	% Change in Constant Currency
	2017	2016		
Reconciliation of Non-GAAP to GAAP Financial Measure:				
Net Sales	\$ 735.6	\$ 869.4	-15 %	-15 %
Sales Adjustments ¹	79.0	92.7		
Gross Sales	<u>\$ 814.6</u>	<u>\$ 962.1</u>	-15 %	-15 %
Worldwide Gross Sales by Brand:				
Mattel Girls & Boys Brands	\$ 441.1	\$ 527.9	-16 %	-16 %
Fisher-Price Brands	246.9	272.6	-9	-8
American Girl Brands	82.2	93.3	-12	-12
Construction and Arts & Crafts Brands	38.5	61.9	-38	-38
Other	5.9	6.4		
Gross Sales	<u>\$ 814.6</u>	<u>\$ 962.1</u>	-15 %	-15 %
Worldwide Gross Sales - Mattel Girls & Boys Brands:				
Barbie	\$ 123.4	\$ 141.1	-13 %	-12 %
Other Girls	47.8	72.4	-34	-34
Wheels	139.8	134.9	4	4
Entertainment	130.1	179.5	-27	-27
Gross Sales	<u>\$ 441.1</u>	<u>\$ 527.9</u>	-16 %	-16 %
Worldwide Gross Sales by Region:				
North American ²	\$ 448.3	\$ 587.3	-24 %	-24 %
International	366.3	374.8	-2	0
Gross Sales	<u>\$ 814.6</u>	<u>\$ 962.1</u>	-15 %	-15 %

(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 March 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>% Change as Reported</u>	<u>% Change in Constant Currency</u>
<u>North American¹ Region Gross Sales</u>				
Net Sales	\$ 424.1	\$ 550.1	-23 %	-23 %
Sales Adjustments	24.2	37.2		
Gross Sales	<u>\$ 448.3</u>	<u>\$ 587.3</u>	-24 %	-24 %
<u>North American¹ Region Gross Sales by Brand:</u>				
Mattel Girls & Boys Brands	\$ 202.7	\$ 284.8	-29 %	-29 %
Fisher-Price Brands	133.1	160.1	-17	-17
American Girl Brands	82.2	93.3	-12	-12
Construction and Arts & Crafts Brands	24.4	42.8	-43	-43
Other	5.9	6.3		
Gross Sales	<u>\$ 448.3</u>	<u>\$ 587.3</u>	-24 %	-24 %

(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 March 31,		% Change as Reported	% Change in Constant Currency
	2017	2016		
Reconciliation of Non-GAAP to GAAP Financial Measure				
International Region				
Net Sales	\$ 311.5	\$ 319.3	-2 %	-1 %
Sales Adjustments	54.8	55.5		
Gross Sales	<u>\$ 366.3</u>	<u>\$ 374.8</u>	-2 %	0 %
Europe				
Net Sales	\$ 174.0	\$ 192.7	-10 %	-6 %
Sales Adjustments	33.4	38.6		
Gross Sales	<u>\$ 207.4</u>	<u>\$ 231.3</u>	-10 %	-7 %
Latin America				
Net Sales	\$ 59.6	\$ 60.2	-1 %	-3 %
Sales Adjustments	10.2	7.0		
Gross Sales	<u>\$ 69.8</u>	<u>\$ 67.2</u>	4 %	2 %
Asia Pacific				
Net Sales	\$ 77.9	\$ 66.4	17 %	19 %
Sales Adjustments	11.2	9.9		
Gross Sales	<u>\$ 89.1</u>	<u>\$ 76.3</u>	17 %	18 %
International Region Gross Sales by Brand:				
Mattel Girls & Boys Brands	\$ 238.4	\$ 243.1	-2 %	-1 %
Fisher-Price Brands	113.8	112.5	1	4
Construction and Arts & Crafts Brands	14.1	19.1	-26	-25
Other	-	0.1		
Gross Sales	<u>\$ 366.3</u>	<u>\$ 374.8</u>	-2 %	0 %



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
(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
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%
<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
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%
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
% 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%
<i>Adjustments:</i>													
Non-recurring Executive Compensation	-	-	-	-	-	-	-	-	-	-	-	-	(1.9)
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)
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
% 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%
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)
<i>Adjustments:</i>													
Non-recurring Executive Compensation	-	-	-	-	-	-	-	-	-	-	-	-	1.9
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
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)
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)
<i>Adjustments:</i>													
Non-recurring Executive Compensation	-	-	-	-	-	-	-	-	-	-	-	-	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
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)
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)

(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 March 31,</u>	
	<u>2017</u>	<u>2016</u>
<u>Other Selling and Administrative Expenses</u>		
Other Selling and Administrative Expenses, As Reported	\$ 332.2	\$ 350.9
% of Net Sales	45.2%	40.4%
<i>Adjustments:</i>		
Non-recurring Executive Compensation	(1.9)	-
Integration & Acquisition Costs (1)	-	(0.7)
Severance and Restructuring Expenses	(3.0)	(9.8)
Other Selling and Administrative Expenses, As Adjusted	\$ <u>327.3</u>	\$ <u>340.4</u>
% of Net Sales	44.5%	39.2%
<u>Operating Loss</u>		
Operating Loss, As Reported	\$ (127.0)	\$ (49.1)
<i>Adjustments:</i>		
Non-recurring Executive Compensation	1.9	-
Integration & Acquisition Costs (1)	-	0.7
Severance and Restructuring Expenses	3.0	9.8
Operating Loss, As Adjusted	\$ <u>(122.1)</u>	\$ <u>(38.6)</u>
<u>Earnings Per Share</u>		
Net Loss Per Common Share, As Reported	\$ (0.33)	\$ (0.21)
<i>Adjustments:</i>		
Non-recurring Executive Compensation	0.01	-
Severance and Restructuring Expenses	0.01	0.03
Sale of Assets	-	(0.01)
Venezuela Currency Devaluation Loss	-	0.07
Tax Effect of Adjustments (2)	(0.01)	(0.02)
Net Loss Per Common Share, As Adjusted	\$ <u>(0.32)</u>	\$ <u>(0.14)</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.