

Mattel, Inc.

Earnings Conference Call

First Quarter 2016

(Unaudited Results)



APRIL 20, 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 2015 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 that Mattel uses in its earnings releases may 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 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.



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, currency devaluations and discrete tax items. Each adjustment is tax effected, if necessary, and divided by the reported weighted average number of common and potential common shares to determine the per-share impact of the adjustment. Adjusted earnings (loss) per share is presented to provide additional perspective on underlying trends in Mattel's core earnings.



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, current period and prior period results for entities reporting in currencies other than US dollar are translated using consistent exchange rates, rather than using the actual exchange rate in effect during the respective periods. 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 3 Mattel's operating performance.



Q1 2016 FINANCIAL PERFORMANCE



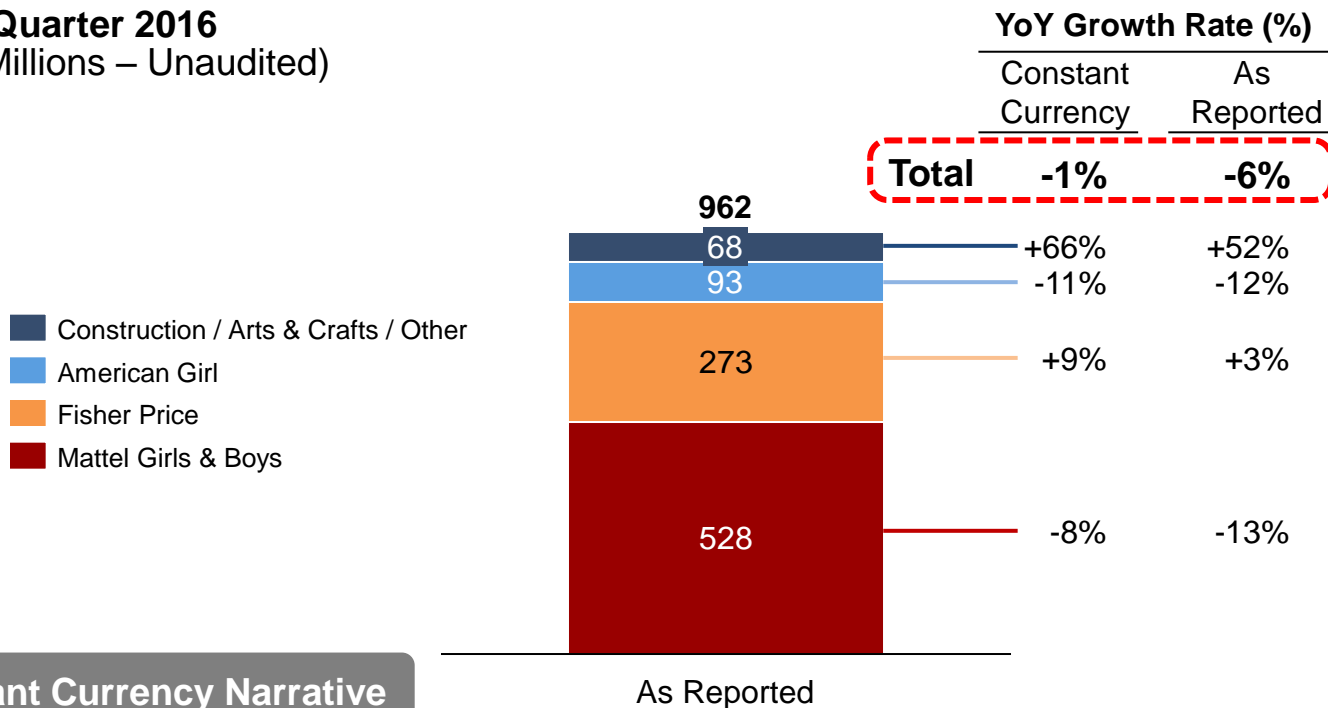
Q1 2016 Key Takeaways

- ✓ **Q1 results reflect solid progress and were in-line with our expectations; full year outlook remains achievable**
- ✓ **Encouraging top-line results and positive POS trends in constant currency, with significant improvement in the underlying business excluding Disney Princess**
 - Global POS up slightly and worldwide gross sales down 1% in constant currency (-6% as reported)
 - Excluding Disney Princess, global POS up mid-single-digits and worldwide gross sales up high-single digits in constant currency (up low single digits as reported)
- ✓ **Positive shipping in North America and Europe despite the loss of Disney Princess; continued strong results in key emerging markets due to strategic investments**
- ✓ **P&L reflects benefit of cost savings, offset by significant foreign exchange headwinds**
 - Gross margin of 44.7%; ~340 bps of unfavorable foreign currency impact (including tough prior year hedging comps)
 - Adjusted SG&A expense down \$25 million, primarily driven by cost savings and favorable foreign exchange; as reported SG&A down \$52 million with additional favorability from lower acquisition-related charges and severance
 - Delivered gross cost savings of \$46 million, roughly evenly split between gross margin and SG&A
 - Adjusted net loss per share of \$0.13, which reflects the negative impact from changes in currency exchange rates of \$0.07
 - As reported net loss per share of \$0.21, which reflects the negative impact from changes in currency exchange rates of \$0.13 (including \$0.06 per share related to Venezuela currency devaluation)
- ✓ **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 Q2 dividend of \$0.38/share, flat to prior year
 - Owned inventory up year-over-year supporting new product initiatives and continued positive POS trends on a global basis



Worldwide Gross Sales by Brand*

First Quarter 2016
(\$ in Millions – Unaudited)



Constant Currency Narrative

Mattel Brands

- Declines in Disney Princess and Monster High partially offset by growth in licensed entertainment properties (WB DC Comics incl. Batman v Superman, DinoTrux, Minecraft) and Hot Wheels

Fisher-Price

- Strength in Baby business and licensed preschool property, Blaze, partially offset by other licensed entertainment in Fisher-Price Friends

American Girl

- Primarily driven by declines in Girl of the Year and BeForever against tough comps, as well as continued softness in Truly Me; initiatives to change momentum are second half weighted

Const./A&C/Other

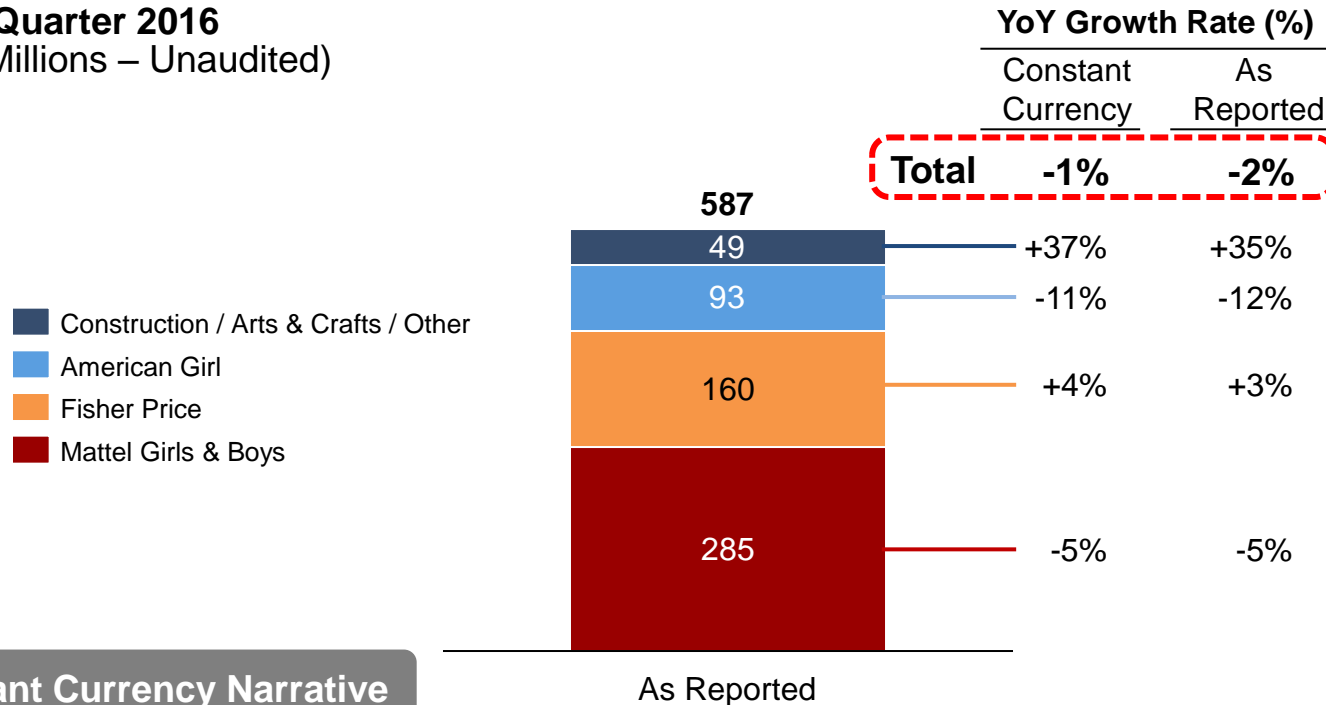
- Construction business up significantly, including continued strength in Preschool and international expansion, as well as new launches (Teenage Mutant Ninja Turtles license, American Girl, Monster High)

*See non-GAAP reconciliation in Appendix



North American Region Gross Sales by Brand*

First Quarter 2016
(\$ in Millions – Unaudited)



Constant Currency Narrative

Mattel Brands

- Declines in Disney Princess and Monster High partially offset by growth in licensed entertainment properties (WB DC Comics incl. Batman v Superman, DinoTrux, Minecraft) as well as core brands (Barbie, Hot Wheels)

Fisher-Price

- Strength in Infant/Newborn and core preschool business (Imaginext, Little People), as well as licensed preschool property, Blaze, partially offset by other licensed entertainment in Fisher-Price Friends

American Girl

- Primarily driven by declines in Girl of the Year and BeForever against tough comps, as well as continued softness in Truly Me; initiatives to change momentum are second half weighted

Const./A&C/Other

- Construction business up significantly, including continued strength in Preschool, as well as new launches (Teenage Mutant Ninja Turtles license, American Girl, Monster High)

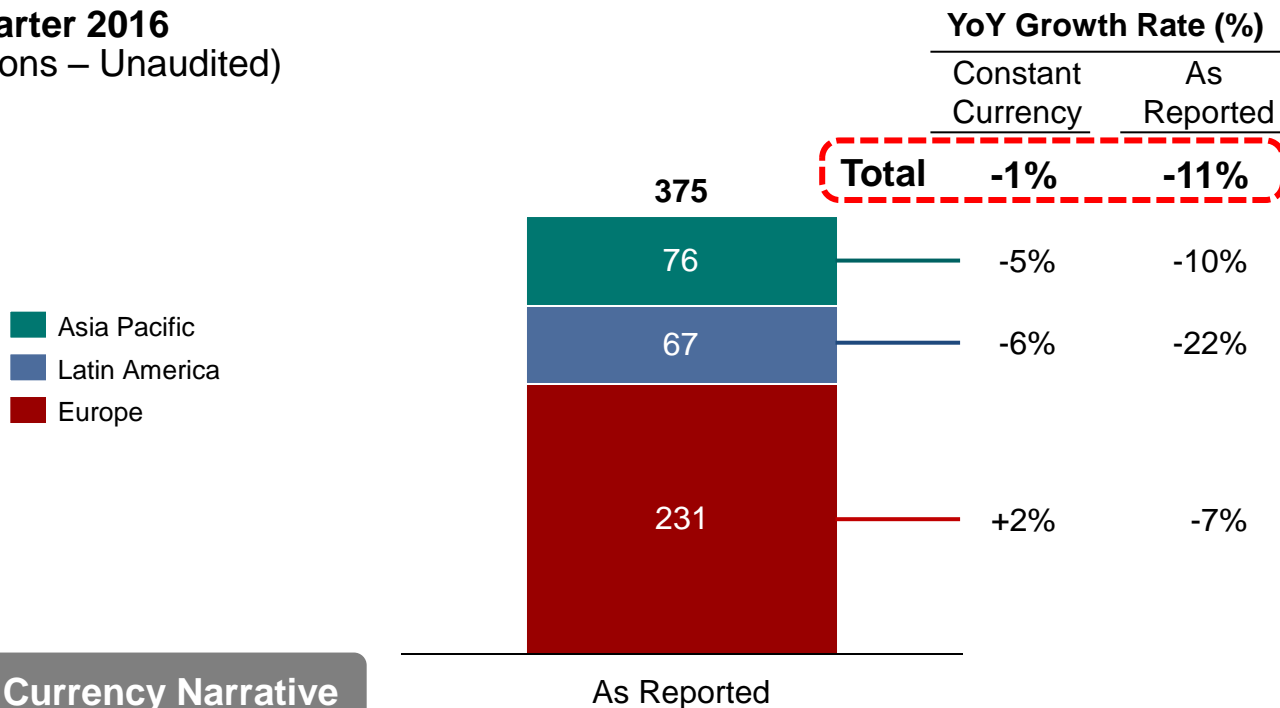
*See non-GAAP reconciliation in Appendix.

Note: North American Region includes U.S., Canada, and American Girl (see Appendix)



International Gross Sales by Region*

First Quarter 2016
(\$ in Millions – Unaudited)



Constant Currency Narrative

Europe

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

Latin America

- Continued solid growth in Mexico but Brazil impacted by macroeconomic weakness, pricing challenges and retail inventory overhang; relatively flat sales in the region excluding Disney Princess

Asia Pacific

- Continued strong growth in China, offset by declines in Australia and Southeast Asia; modest growth in the region excluding Disney Princess

*See non-GAAP reconciliation in Appendix

Note: International Region includes International Division (see Appendix)



Gross Margin

First Quarter 2016

(As a Percentage of Net Sales – Unaudited)

Prior Year:

Change Primarily Driven By:

Cost savings, net of input costs

Pricing

Currency (incl. hedging)

Product Mix

Other

Current Year:

Change:

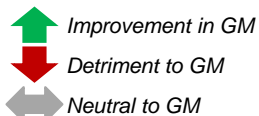
Quarter

48.8%



44.7%

(410)bps



Q1 2016 Drivers

- Unfavorable currency impact of ~340 basis points
 - Less favorable hedging rates for the Euro
 - Sold inventory at less favorable transaction rates
- Negative mix (lower doll volume)
- More than offset inflation through cost savings initiatives, while continuing to improve price/value propositions

Full Year 2016 Outlook

Headwinds

- Unfavorable foreign exchange
- Labor inflation
- Changes in mix (growth in Boys & Infant Preschool vs. Dolls)

Tailwinds

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

Targeting about 50% (similar to 2015)

FX & mix headwinds should moderate in 2H



Adjusted SG&A*

First Quarter 2016

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

	Quarter	
	In Millions	% of Sales
Prior Year Adjusted:	\$362.6	39.3%
Change Primarily Driven By:		
Funding Our Future (ex. Severance)		
Currency		
Strategic Growth Investments		
Employee-Related Costs		
Other		
Current Year Adjusted:	\$337.8	38.9%
Change:	(\$24.8)	(40)bps
Memo: Q1 2016 SG&A (as reported)	\$350.9	40.4%

Improvement in SG&A

Detriment to SG&A

Neutral to SG&A

*See non-GAAP reconciliation in Appendix

**Consists of acquisition and integration costs, including amortization of acquired intangible assets

Q1 2016 Drivers

- Adjusted SG&A down \$25mil versus prior year (down \$52mil as reported)
- Aggressively reduced overhead costs
- Funded strategic growth investments through cost savings programs
- Absorbed ongoing overhead from Fuhu and Sproutling acquisitions

2016 Outlook

- Targeting **adjusted SG&A** to be down **\$55 to 65 million** (including Fuhu & Sproutling)
- Targeting **reported SG&A** to be down even more (due to lower acquisition, integration, severance & restructuring)

2016 Adjustments (\$ in Millions)

	Q1
2016 as reported	\$351
○ Acquisition/integration**	(\$3)
○ Severance/restructuring	(\$10)
2016 adjusted	\$338



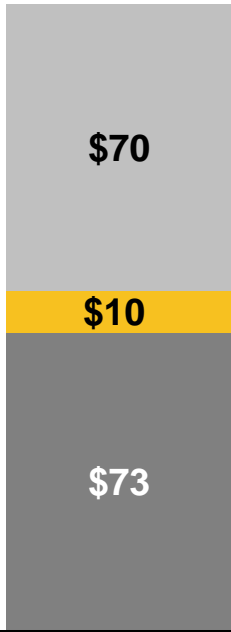
Cost Savings Programs / Funding Our Future (FOF) Update

(\$ in Millions – Unaudited)

Funding Our Future (Actual & Planned Gross Cost Savings)

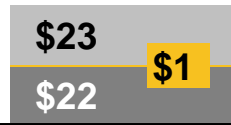
- Gross Margin
- Advertising
- SG&A and Other

**Full Year
2015 Actual
\$153**



Investments/
Severance = (\$61)

**Q1 2016 Actual
\$46**



Investments/
Severance = (\$6)

**Full Year
2016 Outlook
\$125-\$135**






**Also pursuing
incremental savings
beyond FOF \$250-
300M target**



Adjusted Operating Income/(Loss)*

First Quarter 2016

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

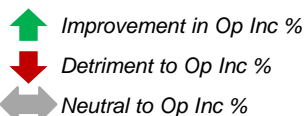
	Quarter	
	In Millions	% of Sales
Prior Year Adjusted:	(\$14.6)	(1.6)%
Change Primarily Driven By:		
Gross Margin		
Advertising & Promotion		
Adjusted SG&A		
Current Year Adjusted:	(\$36.0)	(4.1)%
Change:	(\$21.4)	(250)bps
<hr/>		
Memo: Q1 2016 Operating Loss (as reported)	(\$49.1)	

Q1 2016 Drivers

- Decrease driven by lower sales and gross margins (primarily due to negative impact of FX and loss of Disney Princess)
- Lower advertising expense due to timing of spend and working toward mid-point of long-term range for full year
- Adjusted SG&A down in absolute dollars and as a percentage of sales (driven by cost savings initiatives)

2016 Adjustments (\$ in Millions)

	Q1
2016 as reported	(\$49)
○ Acquisition/integration**	\$3
○ Severance/restructuring	\$10
2016 adjusted	(\$36)



* See non-GAAP reconciliation in Appendix

**Consists of acquisition and integration costs, including amortization of acquired intangible assets



Adjusted EPS*

First Quarter 2016
(\$ Per Share – Unaudited)

Negative FX impact of \$0.07 (adjusted EPS) and \$0.13 (reported EPS)

Prior Year Adjusted:

Quarter

(\$0.08)

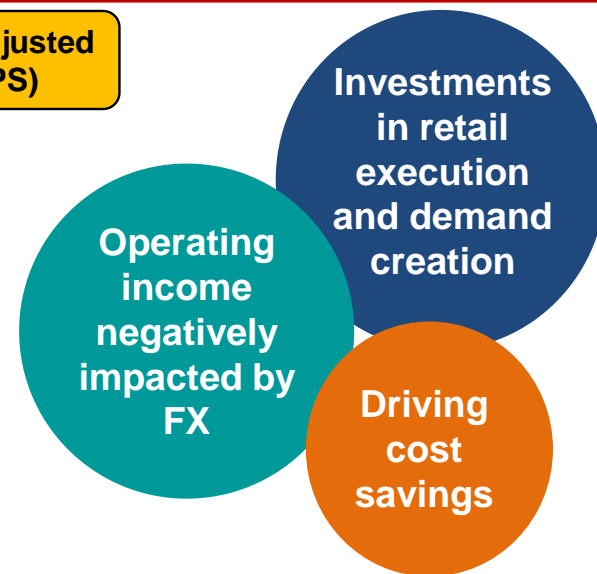
Change Primarily Driven By:

Operating Income

Non-Operating Income / Expense

Taxes

Share Count



Current Year Adjusted:

(\$0.13)

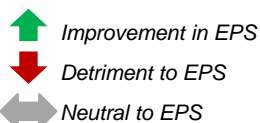
Change:

(\$0.05)

Memo: Q1 2016 EPS (as reported)

(\$0.21)

2016 Adjustments (\$ Per Share)	
	Q1
2016 as reported	(\$0.21)
○ Acquisition/integration**	\$0.01
○ Severance/restructuring	\$0.02
○ Venezuela devaluation	\$0.06
○ Sale of assets	(\$0.01)
2016 adjusted	(\$0.13)



*See non-GAAP reconciliation in Appendix

**Consists of acquisition and integration costs, including amortization of acquired intangible assets

First Quarter 2016

(\$ in Millions – Unaudited)

	2015	2016
Net Loss	(\$58)	(\$73)
Depreciation	\$57	\$60
Amortization	\$8	\$6
Change in Working Capital & Other	(\$60)	(\$84)
Net Cash (Used for) Operations	(\$53)	(\$91)
Acquisitions	-	(\$31)
Capital Spending	(\$39)	(\$45)
Other Investing	(\$53)	\$23
Net Cash (Used for) Investing	(\$92)	(\$53)
Share Repurchases	-	-
Dividends	(\$129)	(\$129)
Financing Activities and Other	(\$15)	(\$20)
Net Cash (Used for) Financing Activities & Other	(\$144)	(\$149)
Change in Cash	(\$289)	(\$293)
Cash at Beginning of Period	\$972	\$893
Cash at End of Period	\$683	\$600

Cash Flow from Ops

Decrease primarily due to higher net loss (including \$26mil related to Venezuela currency devaluation), and higher working capital usage

Investing Activities

Primarily driven by foreign currency exchange contracts and acquisitions of Fuhu and Sproutling

Financing Activities

No long-term debt activity

Dividend/ Share Repurchase

- Paid quarterly dividend of \$0.38 (flat y/y)
- No share repurchases in current quarter

Note: Amounts shown are preliminary estimates. Actual amounts will be reported in Mattel's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.



Q2 2016 Financial Outlook

Sales Growth

- ✓ *Relatively flat in constant currency*
- ✓ *Similar year-over-year growth profile to Q1*

Gross Margin

- ✓ *Roughly flat to Q1*
- ✓ *Assumes current spot rates and hedged positions*

Adjusted SG&A

- ✓ *Modestly down compared to Q1 run-rate*



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
- ✓ Includes an expectation that sales adjustments will be higher year-over-year
- ✓ Expect a more challenging first half

Gross Margin

About 50%

About 50%
(similar to last year)

Advertising

11%-13%

Move somewhat closer to mid-point of long-term objective

SG&A

22%-23%

Adjusted SG&A down \$55-65million
(including impact of Fuhu & Sproutling)

Operating Margin

15%-20%

Estimated Currency impact:

- 2-4% negative impact on net revenues
- \$0.30 to \$0.40 negative impact on EPS



APPENDIX

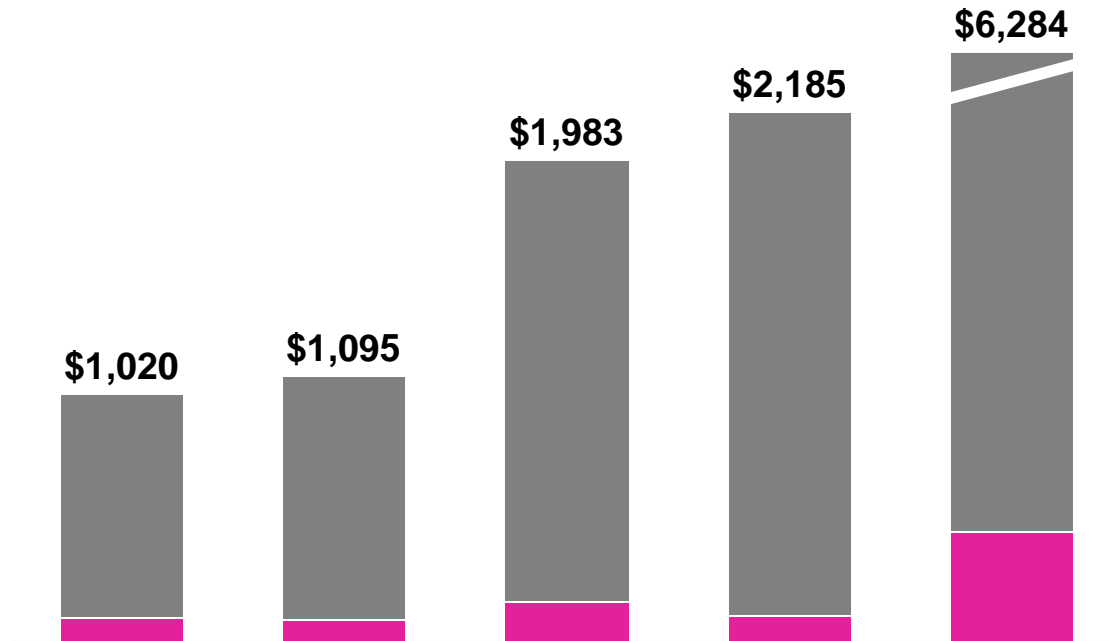


Disney Princess Impact

Total Gross Sales – 2015

\$ in Millions – Unaudited
(As reported)

■ Disney Princess Gross Sales



Q1

Q2

Q3

Q4

2015

2016 Revenue Drivers

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

2016 Outlook

- Expect a more challenging first half, primarily due to Disney Princess comps
- Expect improvement in second half as incremental revenue initiatives begin to accelerate

% 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

Core Europe

Includes France, Belgium, Netherlands, Spain, Portugal, Italy, Germany, Austria, Switzerland, Nordics/Scandinavia, UK



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 March 31,					
	2016		2015		Yr / Yr	Yr / Yr
	\$ Amt	% Net Sales	\$ Amt	% Net Sales	% Change as Reported	% Change in Constant Currency
Net Sales	\$ 869.4		\$ 922.7		-6%	-2%
Cost of sales	480.7	55.3%	472.3	51.2%	2%	
Gross Profit	388.7	44.7%	450.4	48.8%	-14%	-3%
Advertising and promotion expenses	86.9	10.0%	102.4	11.1%	-15%	
Other selling and administrative expenses	350.9	40.4%	402.5	43.6%	-13%	
Operating Loss	(49.1)	-5.7%	(54.5)	-5.9%	-10%	-62%
Interest expense	22.5	2.6%	20.4	2.2%	10%	
Interest (income)	(2.4)	-0.3%	(1.7)	-0.2%	41%	
Other non-operating expense, net	24.3		-			
Loss Before Income Taxes	(93.5)	-10.8%	(73.2)	-7.9%	28%	-13%
Benefit for income taxes	(20.5)		(15.0)			
Net Loss	\$ (73.0)	-8.4%	\$ (58.2)	-6.3%	25%	
Net Loss Per Common Share - Basic	\$ (0.21)		\$ (0.17)			
Weighted average number of common shares	340.4		338.6			
Net Loss Per Common Share - Diluted	\$ (0.21)		\$ (0.17)			
Weighted average number of common and potential common shares	340.4		338.6			



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

WORLDWIDE GROSS SALES INFORMATION (Unaudited)

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

For the Three Months Ended March 31,

<u>(In millions, except percentage information)</u>	<u>2016</u>	<u>2015</u>	% Change as Reported	% Change in Constant Currency
<u>Worldwide Gross Sales by Brand:</u>				
Mattel Girls & Boys Brands	\$ 527.9	\$ 605.2	-13 %	-8 %
Fisher-Price Brands	272.6	264.0	3	9
American Girl Brands	93.3	106.1	-12	-11
Construction and Arts & Crafts Brands	61.9	38.3	62	78
Other	6.4	6.6		
Gross Sales	<u>\$ 962.1</u>	<u>\$ 1,020.2</u>	-6 %	-1 %
<u>Worldwide Gross Sales - Mattel Girls & Boys Brands:</u>				
Barbie	\$ 141.1	\$ 146.0	-3 %	0 %
Other Girls	72.4	189.6	-62	-58
Wheels	135.0	132.1	2	9
Entertainment	179.4	137.5	30	36
Gross Sales	<u>\$ 527.9</u>	<u>\$ 605.2</u>	-13 %	-8 %
<u>Worldwide Gross Sales by Region:</u>				
North American ⁽¹⁾	\$ 587.3	\$ 598.1	-2 %	-1 %
International	374.8	422.1	-11	-1
Gross Sales	<u>\$ 962.1</u>	<u>\$ 1,020.2</u>	-6 %	-1 %
<u>Reconciliation of Non-GAAP to GAAP Financial Measure:</u>				
Gross Sales	\$ 962.1	\$ 1,020.2		
Sales Adjustments	(92.7)	(97.5)		
Net Sales	<u>\$ 869.4</u>	<u>\$ 922.7</u>	-6 %	-2 %

(1) 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)

For the Three Months Ended March 31,

(In millions, except percentage information)

	2016	2015	% Change as Reported	% Change in Constant Currency
North American Region Gross Sales by Brand:				
Mattel Girls & Boys Brands	\$ 284.8	\$ 300.0	-5 %	-5 %
Fisher-Price Brands	160.1	155.7	3	4
American Girl Brands	93.3	106.1	-12	-11
Construction and Arts & Crafts Brands	42.8	30.1	42	43
Other	6.3	6.2		
Gross Sales	<u>\$ 587.3</u>	<u>\$ 598.1</u>	-2 %	-1 %

North American Region Gross Sales by Brand

Gross Sales	\$ 587.3	\$ 598.1		
Sales Adjustments	<u>(37.2)</u>	<u>(39.2)</u>		
Net Sales	<u>\$ 550.1</u>	<u>\$ 558.9</u>	-2 %	-1 %



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

INTERNATIONAL GROSS SALES BY REGION INFORMATION (Unaudited)

For the Three Months Ended March 31,

(In millions, except percentage information)

	2016	2015	% Change as Reported	% Change in Constant Currency
<u>International Region Gross Sales:</u>				
Europe	\$ 231.3	\$ 249.5	-7 %	2 %
Latin America	67.2	87.5	-23	-7
Asia Pacific	76.3	85.1	-10	-5
Gross Sales	\$ 374.8	\$ 422.1	-11 %	-1 %
 International Region Gross Sales				
Gross Sales	\$ 374.8	\$ 422.1		
Sales Adjustments	(55.5)	(58.2)		
Net Sales	\$ 319.3	\$ 363.9	-12 %	-3 %



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
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
Gross Margin	50.9%	46.4%	50.5%	50.4%	48.8%	47.9%	49.1%	50.2%	44.7%
Adjustments:									
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
Adjusted Gross Margin	50.9%	47.2%	50.8%	50.4%	48.8%	47.9%	49.1%	50.2%	44.7%
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
% of Net Sales	40.6%	36.9%	19.4%	22.3%	43.6%	37.2%	20.4%	20.6%	40.4%
Adjustments:									
Integration & Acquisition Costs (1)	-	(11.2)	(4.6)	(12.4)	(7.7)	(2.6)	(3.3)	(1.3)	(0.7)
Intangible Asset Amortization Expense (2)	-	(5.0)	(9.6)	(10.8)	(4.2)	(4.2)	(4.2)	(4.2)	(2.6)
Severance and Restructuring Expenses	(21.5)	(12.6)	(4.1)	(4.9)	(28.0)	(15.6)	(13.3)	(10.9)	(9.8)
Other Selling and Administrative Expenses, As Adjusted	\$ 363.0	\$ 362.9	\$ 374.6	\$ 416.9	\$ 362.6	\$ 345.2	\$ 344.8	\$ 395.6	\$ 337.8
% of Net Sales	38.4%	34.2%	18.5%	20.9%	39.3%	34.9%	19.2%	19.8%	38.9%

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

(2) Includes Intangible Asset Amortization Expense for MEGA Brands, Fuhu, and Sproutling.



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
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)
<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
Intangible Asset Amortization Expense (2)	-	5.0	9.6	10.8	4.2	4.2	4.2	4.2	2.6
Severance and Restructuring Expenses	21.5	12.6	4.1	4.9	28.0	15.6	13.3	10.9	9.8
Operating Income (Loss), As Adjusted	\$ <u>27.7</u>	\$ <u>38.1</u>	\$ <u>434.5</u>	\$ <u>265.1</u>	\$ <u>(14.6)</u>	\$ <u>23.0</u>	\$ <u>321.6</u>	\$ <u>310.5</u>	\$ <u>(36.0)</u>
Earnings 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)
<i>Adjustments:</i>									
MEGA Brands Inventory Fair Value Above Cost	-	0.02	0.01	-	-	-	-	-	-
Integration & Acquisition Costs (1)	-	0.03	0.01	0.02	0.02	0.01	0.01	-	-
Intangible Asset Amortization Expense (2)	-	0.01	0.02	0.02	0.01	0.01	0.01	0.01	0.01
Severance and Restructuring Expenses	0.05	0.03	0.01	0.01	0.06	0.03	0.03	0.03	0.02
Sale of Assets	-	-	-	-	-	-	-	-	(0.01)
Venezuela Currency Devaluation Loss	-	-	-	-	-	-	-	-	0.06
Net Income (Loss) Per Common Share, As Adjusted, Including Discrete Tax Items	\$ <u>0.02</u>	\$ <u>0.17</u>	\$ <u>1.02</u>	\$ <u>0.49</u>	\$ <u>(0.08)</u>	\$ <u>0.02</u>	\$ <u>0.71</u>	\$ <u>0.67</u>	\$ <u>(0.13)</u>
Discrete Tax Items	0.01	(0.12)	(0.04)	0.03	-	(0.01)	-	(0.05)	-
Net Income (Loss) Per Common Share, As Adjusted	\$ <u>0.03</u>	\$ <u>0.05</u>	\$ <u>0.98</u>	\$ <u>0.52</u>	\$ <u>(0.08)</u>	\$ <u>0.01</u>	\$ <u>0.71</u>	\$ <u>0.62</u>	\$ <u>(0.13)</u>

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

(2) Includes Intangible Asset Amortization Expense for MEGA Brands, Fuhu, and Sproutling.