

Mattel, Inc.

Earnings Conference Call

Second Quarter 2016

(Unaudited Results)



JULY 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 2016 quarterly reports on Form 10-Q and other filings we make with the SEC from time to time, as well as in other public statements. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so.

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



Glossary of Non-GAAP Financial Measures



Gross sales

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



Adjusted gross margin and adjusted gross profit

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



Adjusted other selling and administrative expenses

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



Adjusted operating income (loss)

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



Adjusted earnings (loss) per share

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



Constant currency

Percentage changes in results expressed in constant currency are presented excluding the impact from changes in currency exchange rates. To present this information, Mattel calculates constant currency information by translating current period and prior period results for entities reporting in currencies other than the US dollar using consistent exchange rates. The consistent exchange rates are determined by Mattel at the beginning of each year and are applied consistently during the year. They are generally different from the actual exchange rates in effect during the current or prior period due to volatility in actual foreign exchange rates. 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.



Q2 2016 FINANCIAL PERFORMANCE



Q2 2016 Key Takeaways

✓ **Q2 results reflect continuing progress & are in-line with our expectations. We remain on-track to deliver our full year revenue objective, with opportunities to accelerate growth in 2017 & beyond.**

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

- Global POS up slightly and worldwide gross sales down 1% in constant currency (-4% as reported); worldwide net sales down 1% in constant currency (-3% as reported)*
- Excluding Disney Princess, global POS up mid-single digits and worldwide gross sales up high-single digits in constant currency (worldwide gross sales up mid-single digits as reported)
- Positive global shipping and POS trends in key core brands (Barbie, Hot Wheels, Fisher-Price and Thomas), MEGA Brands, and key licensed partnerships
- First half trends in global POS and worldwide gross sales were similar to Q2

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

✓ **P&L reflects benefit of cost savings, offset by significant foreign exchange headwinds**

- Gross margin of 45.3%, down 260 basis points, driven by unfavorable foreign currency impact and negative mix. Cost savings more than offset inflation.
- Adjusted SG&A* expense down \$17 million, primarily driven by cost savings; as reported SG&A down \$17 million
- Delivered gross cost savings of \$31 million, with roughly two-thirds in SG&A and one-third in gross margin
- Adjusted net loss per share* of \$0.02, compared to adjusted earnings per share* of \$0.01 in the prior year
- As reported net loss per share of \$0.06, compared to as reported net loss per share of \$0.03 in the prior year

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

✓ **Maintained a strong balance sheet and continued to support the dividend**

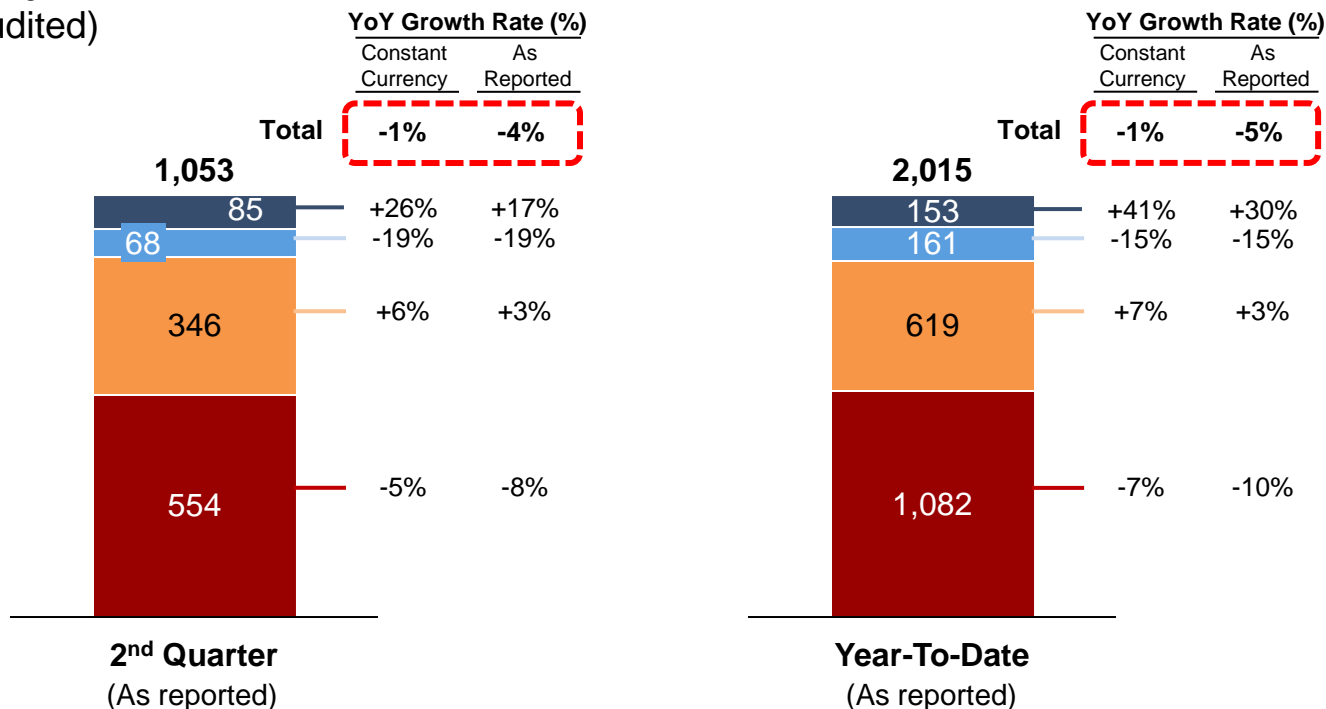
- Company announced Q3 dividend of \$0.38/share, flat to prior year
- Owned inventory up year-over-year (+4%) supporting new product initiatives and continued positive POS trends on a global basis



Worldwide Gross Sales by Brand*

Second Quarter 2016 (\$ in Millions – Unaudited)

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



Q2 Constant Currency Narrative

Mattel Brands

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

Fisher-Price

- Strength in Baby business and licensed preschool property, Blaze, as well as positive results for Thomas, partially offset by other licensed entertainment in Fisher-Price Friends

American Girl

- Declines primarily driven by Truly Me and reduced first half promotional activity as resources shift to support second-half initiatives. Encouraging early response to Wellie Wishers.

Const./A&C/Other

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

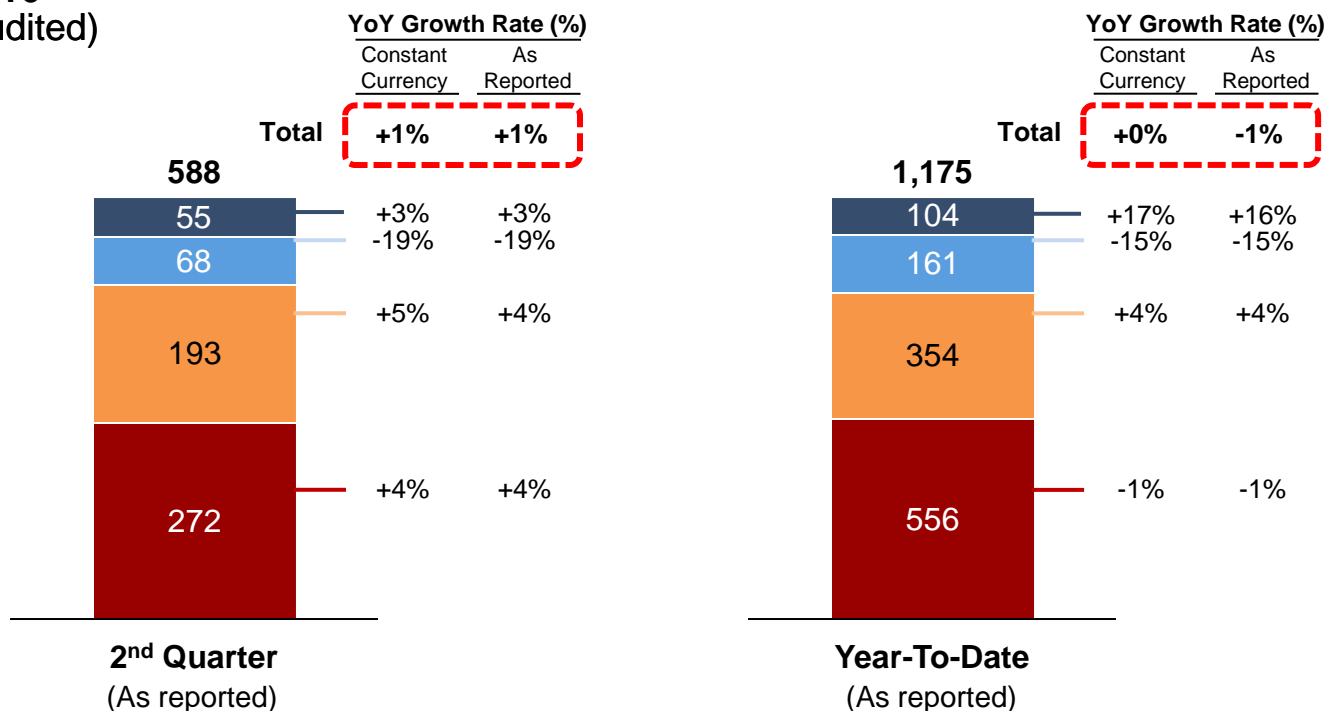
*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures



North American Region Gross Sales by Brand*

Second Quarter 2016 (\$ in Millions – Unaudited)

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



Q2 Constant Currency Narrative

Mattel Brands

Fisher-Price

American Girl

Const./A&C/Other

- Strong growth across the Barbie brand (including new younger girl product line and licensing revenue recognized in the quarter) as well as licensed entertainment (WB DC Comics incl. Batman v Superman and DC Super Hero Girls), partially offset by declines in Disney Princess and Monster High
- Strength in Baby (Infant/Newborn, Baby Gear) and core preschool business (Imaginext, Little People), as well as licensed preschool property, Blaze, and positive results for Thomas, partially offset by other licensed entertainment in Fisher-Price Friends
- Declines primarily driven by Truly Me and reduced first half promotional activity as resources shift to support second-half initiatives. Encouraging early response to Wellie Wishers.
- Construction business up significantly, including new launches (Teenage Mutant Ninja Turtles license)

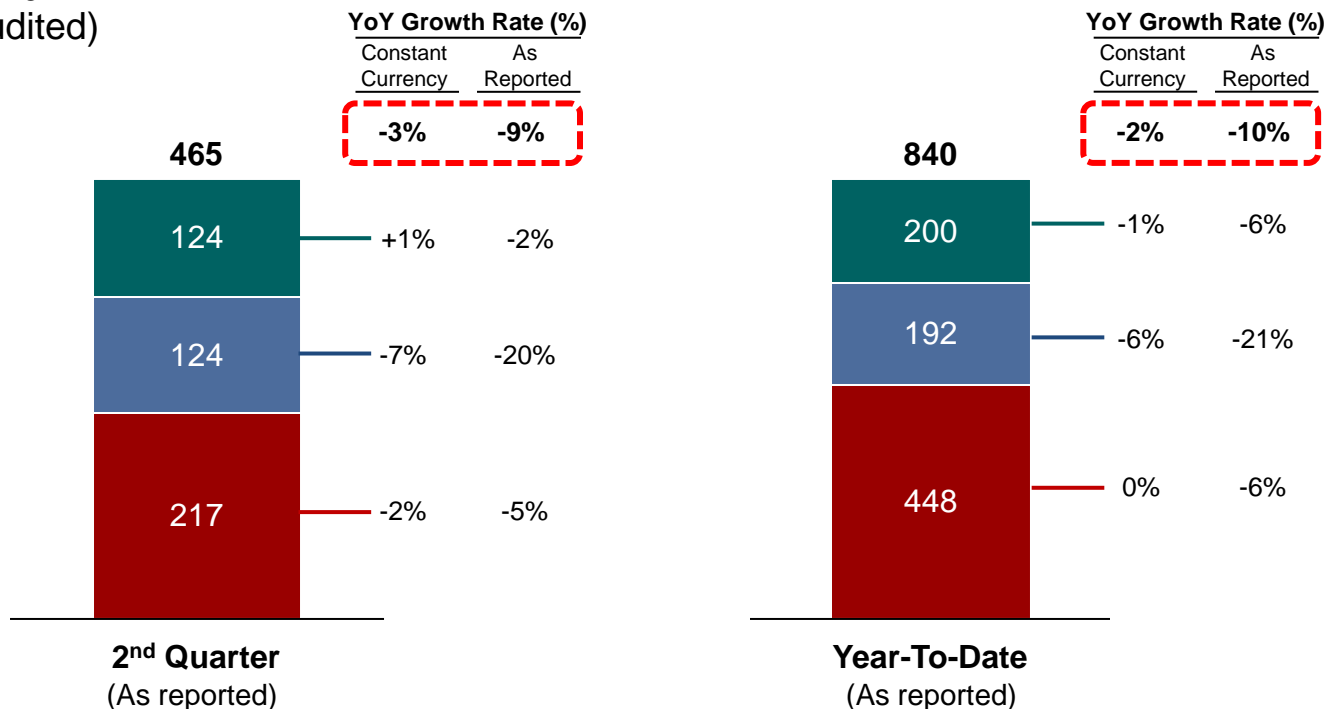
*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures
Note: North American Region includes U.S., Canada, and American Girl (see Appendix)



International Gross Sales by Region*

Second Quarter 2016 (\$ in Millions – Unaudited)

- Asia Pacific
- Latin America
- Europe



Q2 Constant Currency Narrative

Europe

- Continued growth in Russia and growth in several mature Western European markets, partially offset by declines in other Emerging Europe; double-digit growth in the region excluding Disney Princess

Latin America

- Brazil impacted by macroeconomic weakness, pricing challenges and retail inventory overhang; modest growth in the region excluding Disney Princess

Asia Pacific

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

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

Note: International Region includes International Division (see Appendix)

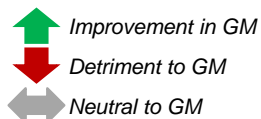


Gross Margin

Second Quarter 2016

(As a Percentage of Net Sales – Unaudited)

| | Quarter | Year-to-Date |
|----------------------------------|-----------------|-----------------|
| Prior Year: | 47.9% | 48.3% |
| Change Primarily Driven By: | | |
| Cost savings, net of input costs | | |
| Pricing | | |
| Royalties | | |
| Currency (incl. hedging) | | |
| Mix | | |
| Other | | |
| Current Year: | 45.3% | 45.0% |
| Change: | (260)bps | (330)bps |



Q2 2016 Drivers

- Major driver of decline was unfavorable currency impact
- Negative mix (shift away from higher margin doll business) also contributed; partially offset by strategic pricing
- More than offset inflation through cost savings initiatives

Full Year 2016 Outlook

Headwinds

- Unfavorable foreign exchange
- Changes in mix (growth in MEGA & Fisher-Price vs. Dolls)
- Labor inflation

Tailwinds

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

Targeting around 48.5%
FX & mix headwinds should moderate in 2H



Adjusted SG&A*

Second Quarter 2016

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

| Quarter | | Year-to-Date | |
|-------------|------------|--------------|------------|
| In Millions | % of Sales | In Millions | % of Sales |
| \$349.4 | 35.4% | \$716.1 | 37.5% |

Prior Year Adjusted:

Change Primarily Driven By:

Funding Our Future (ex. Severance)



Other Cost Savings Initiatives



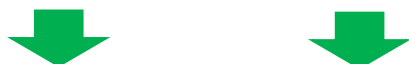
Fuhu & Sproutling



Employee-Related Costs



Amortization



Other



Current Year Adjusted:

| | | | |
|---------|-------|---------|-------|
| \$332.6 | 34.7% | \$673.0 | 36.8% |
|---------|-------|---------|-------|

Change:

| | | | |
|----------|---------|----------|---------|
| (\$16.8) | (70)bps | (\$43.1) | (70)bps |
|----------|---------|----------|---------|

Memo: SG&A (as reported)

| | | | |
|---------|-------|---------|-------|
| \$350.5 | 36.6% | \$701.3 | 38.4% |
|---------|-------|---------|-------|

Improvement in SG&A

Detriment to SG&A

Neutral to SG&A

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

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

Q2 2016 Drivers

- Adjusted SG&A down \$17mil vs. prior year (down \$17mil as reported)
- Primarily driven by aggressive cost savings programs

2016 Outlook

- Targeting \$55-65M savings vs. \$1.448B baseline in 2015 (before change in treatment of amortization)
 - Reflects our goal to absorb the bulk of the overhead from the Fuhu & Sproutling acquisitions

2016 Adjustments (\$ in Millions)

| | Q2 | YTD |
|-----------------------------|--------------|--------------|
| 2016 as reported | \$351 | \$701 |
| ○ Acquisition/integration** | (\$1) | (\$1) |
| ○ Severance/restructuring | (\$17) | (\$27) |
| 2016 adjusted | \$333 | \$673 |

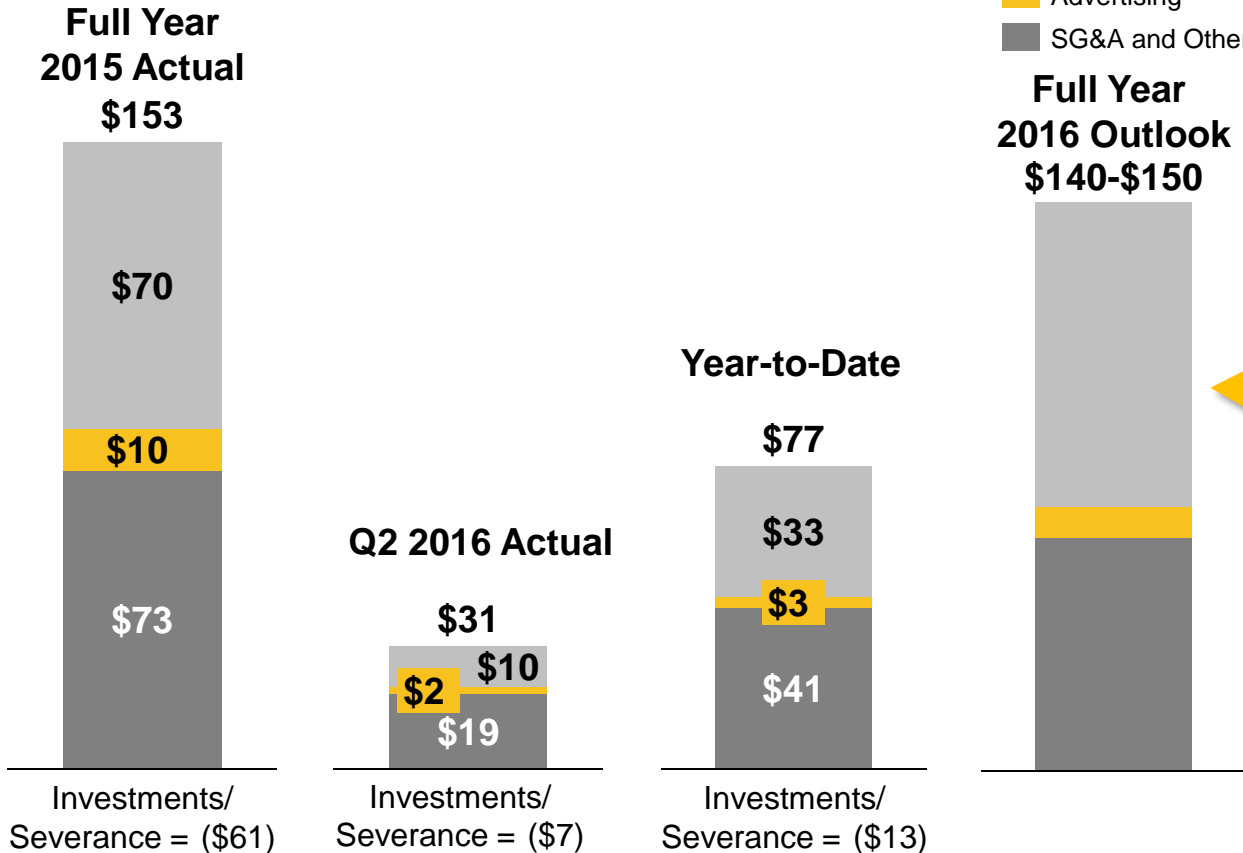


Cost Savings Programs / Funding Our Future (FOF) Update

(\$ in Millions – Unaudited)

Funding Our Future (Actual & Planned Gross Cost Savings)

- Gross Margin
- Advertising
- SG&A and Other









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






Adjusted Operating Income (Loss)*

Second Quarter 2016

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

| | Quarter | | Year-to-Date | |
|---|-------------|---|--------------|---|
| | In Millions | % of Sales | In Millions | % of Sales |
| Prior Year Adjusted: | \$18.8 | 1.9% | \$0.0 | 0.0% |
| Change Primarily Driven By: | | | | |
| Gross Margin | |  | |  |
| Advertising & Promotion | |  | |  |
| Adjusted SG&A | |  | |  |
| Current Year Adjusted: | \$6.2 | 0.6% | (\$32.5) | (1.8)% |
| Change: | (\$12.6) | (130)bps | (\$32.5) | (180)bps |
| Memo: Operating Loss (as reported) | (\$11.7) | (1.2)% | (\$60.8) | (3.3)% |

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

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

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

Q2 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 moving closer to 12% for the full year
- Adjusted SG&A down in absolute dollars and as a percentage of sales (driven by cost savings initiatives)

2016 Adjustments (\$ in Millions)

| | Q2 | YTD |
|-----------------------------|---------------|---------------|
| 2016 as reported | (\$12) | (\$61) |
| ○ Acquisition/integration** | \$1 | \$1 |
| ○ Severance/restructuring | \$17 | \$27 |
| 2016 adjusted | \$6 | (\$33) |



Adjusted EPS*

Second Quarter 2016
(\$ Per Share – Unaudited)

| | Quarter | Year-to-date |
|--------------------------------|-----------------|-----------------|
| Prior Year Adjusted: | \$0.01 | (\$0.08) |
| Change Primarily Driven By: | | |
| Operating Income | | |
| Non-Operating Income / Expense | | |
| Taxes | | |
| Share Count | | |
| Current Year Adjusted: | (\$0.02) | (\$0.16) |
| Change: | (\$0.03) | (\$0.08) |
| Memo: EPS (as reported) | (\$0.06) | (\$0.27) |



| 2016 Adjustments (\$ Per Share) | | |
|---------------------------------|-----------------|-----------------|
| | Q2 | YTD |
| 2016 as reported | (\$0.06) | (\$0.27) |
| ○ Acquisition/integration** | - | - |
| ○ Severance/restructuring | \$0.05 | \$0.08 |
| ○ Venezuela devaluation | - | \$0.07 |
| ○ Sale of assets | - | (\$0.01) |
| ○ Tax effect of adjusts. | (\$0.01) | (\$0.03) |
| 2016 adjusted | (\$0.02) | (\$0.16) |

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

*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures
 **Consists of acquisition and integration costs; no longer excludes amortization of acquired intangible assets



Cash Flow

First Half 2016

(\$ in Millions – Unaudited)

| | 2015 | 2016 |
|---|----------------|----------------|
| Net Loss | (\$70) | (\$92) |
| Depreciation | \$115 | \$119 |
| Amortization | \$16 | \$13 |
| Change in Working Capital & Other | (\$302) | (\$281) |
| Net Cash (Used for) Operations | (\$241) | (\$241) |
| Acquisitions | - | (\$33) |
| Capital Spending | (\$114) | (\$111) |
| Other Investing | (\$47) | \$20 |
| Net Cash (Used for) Investing | (\$161) | (\$124) |
| Net Proceeds from Short-term Borrowings | - | \$50 |
| Share Repurchases | - | - |
| Dividends | (\$257) | (\$259) |
| Financing Activities and Other | (\$13) | (\$1) |
| Net Cash (Used for) Financing Activities & Other | (\$269) | (\$210) |
| Change in Cash | (\$671) | (\$575) |
| Cash at Beginning of Period | \$972 | \$893 |
| Cash at End of Period | \$300 | \$318 |

Cash Flow from Ops

Primarily due to higher net loss (including \$26mil related to Venezuela currency devaluation), largely offset by lower working capital usage

Investing Activities

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

Financing Activities

No long-term debt activity in the first half

Dividend/ Share Repurchase

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



Second Half 2016 Financial Outlook

Sales Growth

- ✓ *More weighted to Q4 than Q3*

Gross Margin

- ✓ *Q2 to Q3 improvement similar to historical averages*

Advertising

- ✓ *Second half weighting and rate similar to historical averages*

Adjusted SG&A*

- ✓ *Q3 incentive accrual likely higher than prior year*



Full Year 2016 Financial Outlook*

| Metric & Long-term Objective | Full Year 2016 Outlook |
|---|---|
| <p>Sales Growth</p> <p>Low-to-Mid Single Digits</p> | <ul style="list-style-type: none"> ✓ Goal is to hold net sales relatively flat in constant currency ✓ Currency is estimated to have a 2-4% negative impact to net sales on a reported basis |
| <p>Gross Margin</p> <p>About 50%</p> | <p>Around 48.5%</p> |
| <p>Advertising</p> <p>11%-13%</p> | <p>Around 12%</p> |
| <p>SG&A</p> <p>22%-23%</p> | <p>Targeting \$55-65M savings vs. \$1.448B baseline in 2015 (before change in treatment of amortization)</p> |
| <p>Operating Margin</p> <p>15%-20%</p> | <p>Currency is estimated to negatively impact EPS at the low-end of the \$0.30 to \$0.40 range (including Brexit)</p> |

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



APPENDIX

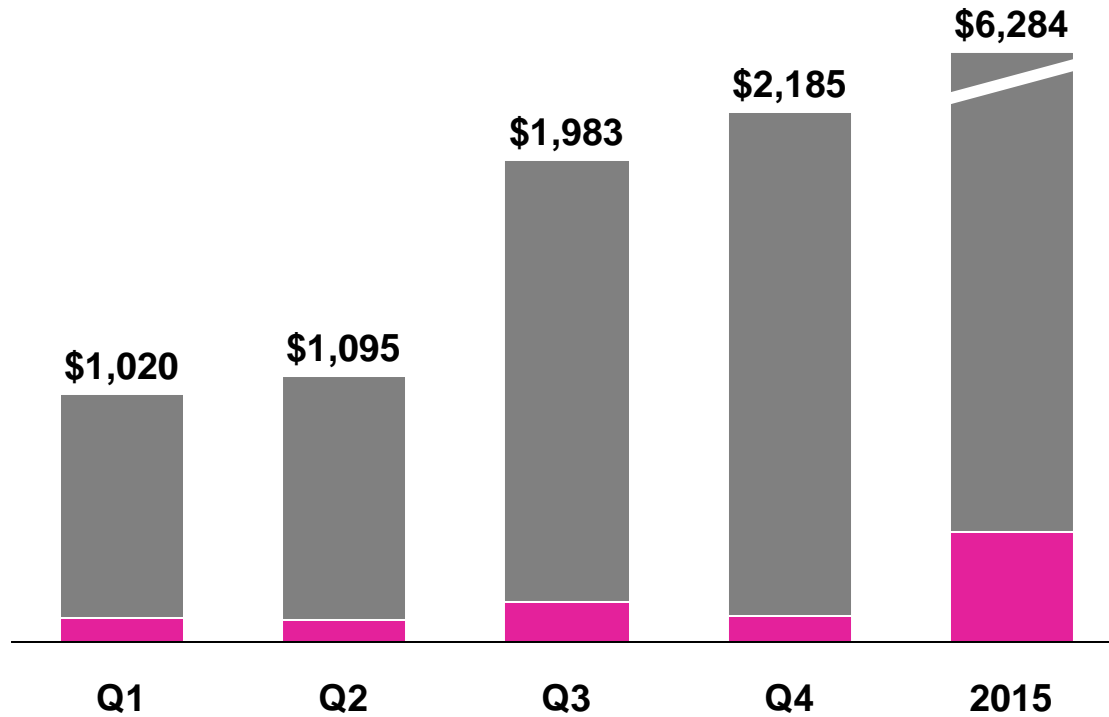


Disney Princess Impact

Total Gross Sales – 2015

\$ in Millions – Unaudited
(As reported)

■ Disney Princess Gross Sales



2016 Revenue Drivers

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

2016 Outlook

- Experienced 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 June 30, | | | | | | For the Six Months Ended June 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 | \$ 957.3 | | \$ 988.2 | | -3% | -1% | \$ 1,826.7 | | \$ 1,910.9 | | -4% | -1% |
| Cost of sales | <u>523.7</u> | 54.7% | <u>515.3</u> | 52.1% | 2% | | <u>1,004.5</u> | 55.0% | <u>987.6</u> | 51.7% | 2% | |
| Gross Profit | 433.6 | 45.3% | 472.9 | 47.9% | -8% | 0% | 822.2 | 45.0% | 923.3 | 48.3% | -11% | -2% |
| Advertising and promotion expenses | 94.8 | 9.9% | 104.7 | 10.6% | -10% | | 181.7 | 9.9% | 207.2 | 10.8% | -12% | |
| Other selling and administrative expenses | <u>350.5</u> | 36.6% | <u>367.6</u> | 37.2% | -5% | | <u>701.3</u> | 38.4% | <u>770.0</u> | 40.3% | -9% | |
| Operating (Loss) Income | (11.7) | -1.2% | 0.6 | 0.1% | | | (60.8) | -3.3% | (53.9) | -2.8% | | |
| Interest expense | 22.6 | 2.4% | 20.7 | 2.1% | 9% | | 45.1 | 2.5% | 41.1 | 2.2% | 10% | |
| Interest (income) | (2.7) | -0.3% | (2.1) | -0.2% | 29% | | (5.1) | -0.3% | (3.8) | -0.2% | 35% | |
| Other non-operating (income) expense, net | <u>(1.8)</u> | | <u>1.9</u> | | | | <u>22.4</u> | | <u>1.8</u> | | | |
| Loss Before Income Taxes | (29.8) | -3.1% | (19.9) | -2.0% | 50% | -122% | (123.2) | -6.7% | (93.0) | -4.9% | 32% | -36% |
| Benefit for income taxes | <u>(10.7)</u> | | <u>(8.5)</u> | | | | <u>(31.1)</u> | | <u>(23.5)</u> | | | |
| Net Loss | \$ <u>(19.1)</u> | -2.0% | \$ <u>(11.4)</u> | -1.1% | 68% | | \$ <u>(92.1)</u> | -5.0% | \$ <u>(69.5)</u> | -3.6% | 32% | |
| Net Loss Per Common Share - Basic | \$ <u>(0.06)</u> | | \$ <u>(0.03)</u> | | | | \$ <u>(0.27)</u> | | \$ <u>(0.21)</u> | | | |
| Weighted average number of common shares | <u>340.9</u> | | <u>338.8</u> | | | | <u>340.7</u> | | <u>338.7</u> | | | |
| Net Loss Per Common Share - Diluted | \$ <u>(0.06)</u> | | \$ <u>(0.03)</u> | | | | \$ <u>(0.27)</u> | | \$ <u>(0.21)</u> | | | |
| Weighted average number of common and potential common shares | <u>340.9</u> | | <u>338.8</u> | | | | <u>340.7</u> | | <u>338.7</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 June 30, | | | | For the Six Months Ended June 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 | \$ 553.7 | \$ 601.8 | -8 % | -5 % | \$ 1,081.6 | \$ 1,206.9 | -10 % | -7 % |
| Fisher-Price Brands | 346.3 | 336.8 | 3 | 6 | 618.9 | 600.7 | 3 | 7 |
| American Girl Brands | 68.1 | 84.2 | -19 | -19 | 161.4 | 190.2 | -15 | -15 |
| Construction and Arts & Crafts Brands | 72.3 | 64.8 | 12 | 22 | 134.2 | 103.1 | 30 | 42 |
| Other | 12.4 | 7.5 | | | 18.8 | 14.4 | | |
| Gross Sales | <u>\$ 1,052.8</u> | <u>\$ 1,095.1</u> | -4 % | -1 % | <u>\$ 2,014.9</u> | <u>\$ 2,115.3</u> | -5 % | -1 % |
| Worldwide Gross Sales - Mattel Girls & Boys Brands: | | | | | | | | |
| Barbie | \$ 160.5 | \$ 130.3 | 23 % | 24 % | \$ 301.7 | \$ 276.3 | 9 % | 11 % |
| Other Girls | 70.4 | 175.9 | -60 | -57 | 142.7 | 365.4 | -61 | -57 |
| Wheels | 162.2 | 160.6 | 1 | 8 | 297.2 | 292.6 | 2 | 8 |
| Entertainment | 160.6 | 135.0 | 19 | 21 | 340.0 | 272.6 | 25 | 28 |
| Gross Sales | <u>\$ 553.7</u> | <u>\$ 601.8</u> | -8 % | -5 % | <u>\$ 1,081.6</u> | <u>\$ 1,206.9</u> | -10 % | -7 % |
| Worldwide Gross Sales by Region: | | | | | | | | |
| North American ⁽¹⁾ | \$ 587.6 | \$ 583.6 | 1 % | 1 % | \$ 1,174.9 | \$ 1,181.7 | -1 % | 0 % |
| International | 465.2 | 511.5 | -9 | -3 | 840.0 | 933.6 | -10 | -2 |
| Gross Sales | <u>\$ 1,052.8</u> | <u>\$ 1,095.1</u> | -4 % | -1 % | <u>\$ 2,014.9</u> | <u>\$ 2,115.3</u> | -5 % | -1 % |
| Reconciliation of Non-GAAP to GAAP Financial Measure: | | | | | | | | |
| Gross Sales | \$ 1,052.8 | \$ 1,095.1 | | | \$ 2,014.9 | \$ 2,115.3 | | |
| Sales Adjustments | (95.5) | (106.9) | | | (188.2) | (204.4) | | |
| Net Sales | <u>\$ 957.3</u> | <u>\$ 988.2</u> | -3 % | -1 % | <u>\$ 1,826.7</u> | <u>\$ 1,910.9</u> | -4 % | -1 % |

(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)

| (In millions, except percentage information) | For the Three Months Ended June 30, | | | | For the Six Months Ended June 30, | | | |
|--|-------------------------------------|-----------------|-------------------------|-------------------------------------|-----------------------------------|-------------------|-------------------------|-------------------------------------|
| | 2016 | 2015 | % Change as Reported | % Change in Constant Currency | 2016 | 2015 | % Change as Reported | % Change in Constant Currency |
| North American Region Gross Sales by Brand: | | | | | | | | |
| Mattel Girls & Boys Brands | \$ 271.5 | \$ 260.9 | 4 % | 4 % | \$ 556.3 | \$ 560.9 | -1 % | -1 |
| Fisher-Price Brands | 193.4 | 185.6 | 4 | 5 | 353.6 | 341.3 | 4 | 4 |
| American Girl Brands | 68.1 | 84.2 | -19 | -19 | 161.4 | 190.2 | -15 | -15 |
| Construction and Arts & Crafts Brands | 44.5 | 45.4 | -2 | -1 | 87.2 | 75.5 | 16 | 17 |
| Other | 10.1 | 7.5 | | | 16.4 | 13.8 | | |
| Gross Sales | <u>\$ 587.6</u> | <u>\$ 583.6</u> | 1 % | 1 % | <u>\$ 1,174.9</u> | <u>\$ 1,181.7</u> | -1 % | 0 |
| North American Region Gross Sales by Brand | | | | | | | | |
| Gross Sales | \$ 587.6 | \$ 583.6 | | | \$ 1,174.9 | \$ 1,181.7 | | |
| Sales Adjustments | <u>(26.1)</u> | <u>(36.2)</u> | | | <u>(63.3)</u> | <u>(75.4)</u> | | |
| Net Sales | <u>\$ 561.5</u> | <u>\$ 547.4</u> | 3 % | 3 % | <u>\$ 1,111.6</u> | <u>\$ 1,106.3</u> | 0 % | 1 |

(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 June 30, | | | | For the Six Months Ended June 30, | | | |
|---|-------------------------------------|-----------------|-------------------------|-------------------------------------|-----------------------------------|-----------------|-------------------------|-------------------------------------|
| | 2016 | 2015 | % Change as Reported | % Change in Constant Currency | 2016 | 2015 | % Change as Reported | % Change in Constant Currency |
| International Region Gross Sales: | | | | | | | | |
| Europe | \$ 217.0 | \$ 229.6 | -5 % | -2 % | \$ 448.3 | \$ 479.1 | -6 % | 0 % |
| Latin America | 124.3 | 154.9 | -20 | -7 | 191.5 | 242.4 | -21 | -6 |
| Asia Pacific | 123.9 | 127.0 | -2 | 1 | 200.2 | 212.1 | -6 | -1 |
| Gross Sales | <u>\$ 465.2</u> | <u>\$ 511.5</u> | -9 % | -3 % | <u>\$ 840.0</u> | <u>\$ 933.6</u> | -10 % | -2 % |
| Reconciliation of Non-GAAP to GAAP Financial Measure | | | | | | | | |
| Europe | | | | | | | | |
| Gross Sales | \$ 217.0 | \$ 229.6 | | | \$ 448.3 | \$ 479.1 | | |
| Sales Adjustments | <u>(33.4)</u> | <u>(34.3)</u> | | | <u>(72.0)</u> | <u>(72.4)</u> | | |
| Net Sales | <u>\$ 183.6</u> | <u>\$ 195.3</u> | -6 % | -2 % | <u>\$ 376.3</u> | <u>\$ 406.7</u> | -7 % | -1 % |
| Latin America | | | | | | | | |
| Gross Sales | \$ 124.3 | \$ 154.9 | | | \$ 191.5 | \$ 242.4 | | |
| Sales Adjustments | <u>(17.4)</u> | <u>(20.4)</u> | | | <u>(24.4)</u> | <u>(30.5)</u> | | |
| Net Sales | <u>\$ 106.9</u> | <u>\$ 134.5</u> | -21 % | -7 % | <u>\$ 167.1</u> | <u>\$ 211.9</u> | -21 % | -7 % |
| Asia Pacific | | | | | | | | |
| Gross Sales | \$ 123.9 | \$ 127.0 | | | \$ 200.2 | \$ 212.1 | | |
| Sales Adjustments | <u>(18.6)</u> | <u>(16.0)</u> | | | <u>(28.5)</u> | <u>(26.1)</u> | | |
| Net Sales | <u>\$ 105.3</u> | <u>\$ 111.0</u> | -5 % | -1 % | <u>\$ 171.7</u> | <u>\$ 186.0</u> | -8 % | -3 % |
| International Region | | | | | | | | |
| Gross Sales | \$ 465.2 | \$ 511.5 | | | \$ 840.0 | \$ 933.6 | | |
| Sales Adjustments | <u>(69.4)</u> | <u>(70.7)</u> | | | <u>(124.9)</u> | <u>(129.0)</u> | | |
| Net Sales | <u>\$ 395.8</u> | <u>\$ 440.8</u> | -10 % | -4 % | <u>\$ 715.1</u> | <u>\$ 804.6</u> | -11 % | -3 % |



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

| (In millions, except per share information) | 2014 | | | | 2015 | | | | 2016 | |
|--|-----------|----------|------------|------------|-----------|-----------|----------|------------|-----------|-----------|
| | 1 Qtr | 2 Qtr | 3 Qtr | 4 Qtr | 1 Qtr | 2 Qtr | 3 Qtr | 4 Qtr | 1 Qtr | 2 Qtr |
| Gross Profit | | | | | | | | | | |
| Gross Profit, As Reported | \$ 481.5 | \$ 492.6 | \$ 1,021.1 | \$ 1,005.8 | \$ 450.4 | \$ 472.9 | \$ 879.6 | \$ 1,003.5 | \$ 388.7 | \$ 433.6 |
| Gross Margin | 50.9% | 46.4% | 50.5% | 50.4% | 48.8% | 47.9% | 49.1% | 50.2% | 44.7% | 45.3% |
| 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 | \$ 433.6 |
| Adjusted Gross Margin | 50.9% | 47.2% | 50.8% | 50.4% | 48.8% | 47.9% | 49.1% | 50.2% | 44.7% | 45.3% |
| 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 |
| % of Net Sales | 40.6% | 36.9% | 19.4% | 22.3% | 43.6% | 37.2% | 20.4% | 20.6% | 40.4% | 36.3% |
| Adjustments: | | | | | | | | | | |
| Integration & Acquisition Costs (1) | - | (11.2) | (4.6) | (12.4) | (7.7) | (2.6) | (3.3) | (1.3) | (0.7) | (0.5) |
| Severance and Restructuring Expenses | (21.5) | (12.6) | (4.1) | (4.9) | (28.0) | (15.6) | (13.3) | (10.9) | (9.8) | (17.4) |
| Other Selling and Administrative Expenses, As Adjusted | \$ 363.0 | \$ 367.9 | \$ 384.2 | \$ 427.7 | \$ 366.8 | \$ 349.4 | \$ 349.0 | \$ 399.8 | \$ 340.4 | \$ 332.6 |
| % of Net Sales | 38.4% | 34.6% | 19.0% | 21.4% | 39.8% | 35.4% | 19.5% | 20.0% | 39.2% | 34.7% |
| 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) |
| Adjustments: | | | | | | | | | | |
| 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 |
| Severance and Restructuring Expenses | 21.5 | 12.6 | 4.1 | 4.9 | 28.0 | 15.6 | 13.3 | 10.9 | 9.8 | 17.4 |
| Operating Income (Loss), As Adjusted | \$ 27.7 | \$ 33.1 | \$ 424.9 | \$ 254.3 | \$ (18.8) | \$ 18.8 | \$ 317.4 | \$ 306.3 | \$ (38.6) | \$ 6.2 |
| 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) | \$ (0.06) |
| Adjustments: | | | | | | | | | | |
| MEGA Brands Inventory Fair Value Above Cost | - | 0.03 | 0.02 | - | - | - | - | - | - | - |
| Integration & Acquisition Costs (1) | - | 0.03 | 0.01 | 0.03 | 0.02 | 0.01 | 0.01 | 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 |
| Sale of Assets | - | - | - | - | - | - | - | - | (0.01) | - |
| Venezuela Currency Devaluation Loss | - | - | - | - | - | - | - | - | 0.07 | - |
| Tax Effect of Adjustments (2) | (0.01) | (0.02) | (0.01) | (0.01) | (0.02) | (0.01) | (0.01) | (0.01) | (0.02) | (0.01) |
| Net Income (Loss) Per Common Share, As Adjusted | \$ 0.02 | \$ 0.16 | \$ 1.00 | \$ 0.47 | \$ (0.09) | \$ 0.01 | \$ 0.70 | \$ 0.66 | \$ (0.14) | \$ (0.02) |

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

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



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

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

| <u>(In millions, except per share and percentage information)</u> | <u>For the Three Months Ended June 30,</u> | | <u>For the Six Months Ended June 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 | \$ 367.6 | \$ 701.3 | \$ 770.0 |
| % of Net Sales | 36.6% | 37.2% | 38.4% | 40.3% |
| <i>Adjustments:</i> | | | | |
| Integration & Acquisition Costs (1) | (0.5) | (2.6) | (1.1) | (10.3) |
| Severance and Restructuring Expenses | (17.4) | (15.6) | (27.2) | (43.6) |
| Other Selling and Administrative Expenses, As Adjusted | \$ <u>332.6</u> | \$ <u>349.4</u> | \$ <u>673.0</u> | \$ <u>716.1</u> |
| % of Net Sales | 34.7% | 35.4% | 36.8% | 37.5% |
| <u>Operating (Loss) Income</u> | | | | |
| Operating (Loss) Income, As Reported | \$ (11.7) | \$ 0.6 | \$ (60.8) | \$ (53.9) |
| <i>Adjustments:</i> | | | | |
| Integration & Acquisition Costs (1) | 0.5 | 2.6 | 1.1 | 10.3 |
| Severance and Restructuring Expenses | 17.4 | 15.6 | 27.2 | 43.6 |
| Operating Income (Loss), As Adjusted | \$ <u>6.2</u> | \$ <u>18.8</u> | \$ <u>(32.5)</u> | \$ <u>-</u> |
| <u>Earnings Per Share</u> | | | | |
| Net Loss Per Common Share, As Reported | \$ (0.06) | \$ (0.03) | \$ (0.27) | \$ (0.21) |
| <i>Adjustments:</i> | | | | |
| Integration & Acquisition Costs (1) | - | 0.01 | - | 0.03 |
| Severance and Restructuring Expenses | 0.05 | 0.04 | 0.08 | 0.13 |
| Sale of Assets | - | - | (0.01) | - |
| Venezuela Currency Devaluation Loss | - | - | 0.07 | - |
| Tax Effect of Adjustments (2) | (0.01) | (0.01) | (0.03) | (0.03) |
| Net (Loss) Income Per Common Share, As Adjusted | \$ <u>(0.02)</u> | \$ <u>0.01</u> | \$ <u>(0.16)</u> | \$ <u>(0.08)</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.