



Toy Fair Analyst Meeting

Friday, February 16th, 2018

Overview

Margo Georgiadis

CEO, Mattel, Inc.

Welcome

Good afternoon, everyone. Thank you for being here. We are excited to be here with you today and to share the latest developments that demonstrate the power of Mattel's brands and the value creation opportunities that lie ahead.

A global industry leader in toys in 150 countries

Mattel is a global industry leader in toys, anchored by one of the broadest portfolios of iconic multigenerational brand franchises in the world. Barbie, Hot Wheels, Fisher-Price have remained number one globally for many years in their categories.

Our brands have enormous global appeal, reaching 150 countries. This is led by accessible core play patterns that consumers have loved for generations. Every minute around the world, we sell 100 Barbie dolls, 900 Hot Wheels die-cast cars and 150 Fisher-Price items. The velocity and global appeal of these brand franchises is unprecedented and continues to grow.

No company is more passionate about kids and families than Mattel. During today's program, you are going to get a really clear picture of how we are delivering on that passion for consumers worldwide and inspiring the next generation to create a brighter tomorrow.

Our strategy

Returning to a high-performing toy company

As I shared a few weeks ago on our earnings call, job one for Mattel is returning to a high-performing toy company. We are well on our way to achieving this. In addition, we are setting the stage to unlock even more value beyond our toy industry heritage.

Three main growth drivers

We have a clear strategy that we set forth last June at our Investor Day with five core pillars. At the top are our three main growth drivers:

1. Building our Power Brands into connected 360° play systems and experiences.
2. Accelerating growth in the emerging markets.
3. Strengthening our innovation pipeline. That includes not just our entertainment partnerships, but how we develop and launch trend-right brands.

Reshaping operations

Underpinning this growth engine is reshaping our entire operations. We are becoming leaner, faster and smarter because we want to win in a consumer and digital first world. We are working to reset our cost base to restore our profitability, which is anchored by our \$650 million structural simplification program.

Reigniting culture and team

Our people, these people that you will hear from today, they are at the foundation of our strategy. The heart of Mattel is our collective commitment to our purpose, inspiring wonder. We are reigniting our culture to fully unlock our future. Creativity, as it says behind us all

today, is our super power.

Medium-term objectives

Today's discussion is going to highlight the progress we are making across our strategy. We have to focus on 2018 and how it is all going to come to life. We are also going to highlight the enablers to driving more consistent growth and profit delivery that you should all expect from a market leader. Given the fast progress we are making, we view the medium-term goals that we laid out for you at Investor Day as achievable.

Agenda

Let me walk you through the lineup for today's meeting. Next, Joe Euteneuer, our new CFO, will provide an update on our structural simplification initiative as well as our capital allocation plans. Joe joined Mattel last October and has already made a positive impact on our company. He brings deep expertise, helping companies navigate through transformations and achieve their strategic plan. We are very happy, most of all me, that he is part of our team.

After Joe, our President and COO, Richard Dickson, will talk about our views on industry trends and how our strategy will enable us to succeed. He is going to share the major operational changes that we are making to enable progress, both in our brand and our commercial execution. Then, several of our top global brand leaders will lay out their vision for how our brands will continue to strengthen in 2018 and far beyond.

At the end of the session, I will share examples for how we are accelerating in emerging markets and discuss the progress we are making to energize our team and our culture, which is at the foundation of our success.

I will also, because I know how important it is to our investors, I will also lay out very clear measurable milestones for 2018 so that you can track our progress, as well as an update on the broader transformation plan that we shared in June.

Now, I will turn it over to Joe.

Update on Structural Simplification Initiatives and Capital Allocation Plan

Joe Euteneuer

CFO, Mattel, Inc.

Opening remarks

Achievable, sustainable value creation

Thanks, Margo. Good afternoon, everyone. I am very pleased to be here today at Toy Fair. This is my first, as Mattel's CFO. My decision to come to Mattel was based on its rich heritage, its broad portfolio of iconic brands, impressive partnerships and its global reach. In addition, Mattel's diversified brands and customers create incredible opportunities to penetrate emerging markets like China.

Over the past few months, I have gotten to know the leaders you will be hearing from today. As you will see, their passion, their innovative thinking and their commitment to the business

is undeniable, making it clear to me that with the caliber of the team that we have, the power of our brands and our partnerships, and a clear strategy for growth, we have what it takes to be achievable, sustainable value creation and return Mattel to a high-performing toy company.

Overview

Today, you will see the progress we are making on our strategy as Richard and our brand leaders provide an update on how we are executing against our connected 360° brand development framework and our strengthening of our innovation pipeline this year.

This next phase of our transformation will also include the \$650 million structural simplification cost savings initiatives we announced in October, which we will continue to execute in conjunction with our strategic investments, as we work towards topline stabilization and increase profitability in 2018.

Future financial performance

Key drivers

For my portion of today's presentation, I will share this progress as expected to translate to our future financial performance. As you know, this is a difficult business to predict. I want to highlight how we are thinking about the key drivers of our business, to give you a sense of our assumptions and some of the puts and takes for your consideration.

Complacency led to slow response to challenges

As Margo has said, it is imperative to understand the past, to get to the future. When I think about the evolution of Mattel over the last decade, it has become clear that our success and our growth from 2009 to 2013 allowed for some complacency to set in.

Mattel became slow to respond to the market challenges, which ultimately led to what we call the perfect storm: the loss of Disney Princess license, the decline in Monster High and the increased launches to try to offset these headwinds, which ultimately led to insufficient investment in some of our core franchises.

Multiple significant dislocations

While our cost base was left largely unchanged even though revenues had declined substantially, as you heard on our recent 4Q earnings call, we faced multiple significant dislocations, driven by retail inventory tightening, planning misalignments, mix brand performance, and Toys'R'Us bankruptcy.

Setting the foundation for transformation in 2018

Core actions taken to transform the company

Collectively, these contributed to a significant top and bottomline pressures. Recognizing those challenges, we made the tough decision in 2017 to set the foundation for continued progress on our transformation in 2018. We took actions related to our structural simplification cost savings initiative, which included writing-down excess owned inventory, de-layering the organization, reducing SKUs and deploying zero-based budgeting for 2018.

Stabilization of topline

This year, we will be working towards stabilization of the topline, which ultimately means being close to flat, year-over-year. As I said before, this is a turnaround that is going to be

more of a U-shape than a V-shape for both the top and the bottom line.

Expenses will partially offset profitability

While our structural simplification will have a positive impact on profitability in 2018, we expect strategic investments, severance and restructuring cost, interest expense and incentive compensation to partially offset that benefit.

Future growth

Incremental benefits will continue

Looking ahead to 2019 though, we expect our trajectory to shift as we begin realizing some of the revenue benefits associated with our strategic investments, in conjunction with the continued incremental benefit from our structural simplification cost savings initiatives.

No year-over-year impact from expenses in 2019

Additionally, our strategic investments, severance and restructuring cost, interest expense and incentive compensation will already be in our 2018 cost base, so they are not expected to have a significant year-over-year impact in 2019.

Operating environment

Moderate growth for global toy industry

Before I move on to our assumptions by line item, I wanted to give you an overview of the environment we are operating in from a more macro perspective, which influenced our assumptions.

We will continue to be a global leader

We expect the global toy industry to grow at a more moderated pace than recent years. That said, parents will always care about the development of their children and children will always want to play and because of our differentiated positioning with iconic purpose-driven brands, strong partnerships and a connected 360° framework, I believe we will continue to be a leader in the industry.

Modestly favorable impact from foreign exchange rates

Additionally, in recent years, foreign exchanges had a negative impact on our financial results. However, in 2018, we expect foreign exchange to have a modestly favorable impact on our financial results if spot rates of our major currencies stay at current levels.

Retailer uncertainty

Finally, there continues to be retailer uncertainty, primarily related to Toys'R'Us. We would expect any potential exposure to have a greater impact on North America and Europe than other regions.

Changes in our 2018 external reporting

Assumptions for our brands

As we announced on our Q4 earnings call, we will be making a change to our external reporting in 2018 to better align our brand reporting with the way we manage and speak to our business.

Our Power Brands will now be reported separately as Barbie, Hot Wheels, Fisher-Price, including Thomas, and American girl. Then we have the Toy Box, which will be broken out

between owned brands and partner brands. Our goal for the topline stabilization in 2018 is based on the following assumptions for our brands.

Both Barbie and Hot Wheels finished 2017 as top growth properties within their respective categories. In 2018, we expect Barbie and Hot Wheels sales to grow in line with POS momentum.

For Fisher-Price, we are targeting stabilization in 2018 with new leadership, improved product line architecture, and expect the reinvigoration of Thomas with refreshed content and new distribution. American girl is still expected to be in the midst of a multi-year turnaround as we work to reestablish the premium aesthetic of the brand.

In the Toy Box, we are expecting a positive impact from the launches of Polly Pocket, MeCard, Year Two of Enchantimals, as well as our new entertainment launches such as Jurassic World, Sunny Day and Aquaman. While we expect Cars 3 to continue to be strong into 2018, as is typical with theatrical releases, there will likely be a discernible year-over-year drop-off in revenues in its second year.

We also expect a negative year-over-year impact related to properties that we exited in 2017, as well as other properties in the late stages of their life cycles like Monster High and Ever After High. Finally, as I mentioned previously, we are expecting foreign exchange to be a tailwind in the first half of the year and to neutralize in the back half of the year.

Structural simplification initiatives

As we work to stabilize the topline of 2018, we will continue to implement our structural simplification initiatives. With the recognition of the drop-in revenue over the past few years, we realize the need to right-size our cost structure to enable sustainable profit growth and maximize shareholder value. The structural simplification initiative is expected to do just that.

Target of \$650 million in cost savings

Over the next two years, we will be working to achieve at least \$650 million in cost savings which had dropped to the bottomline. We begin by taking action in Q4 in 2017, achieving \$15 million of run-rate cost savings and, as a result, have been able to accelerate our cost savings expectation for 2018.

40% total savings achievable this year

We now expect to achieve approximately 40% of the total savings this year, primarily through process simplification and the optimization of SG&A, cost of goods sold and advertising. The larger, more structural changes, like our manufacturing footprint and investments in IT, will drive most of the remaining change in 2019.

Total one-time cost of structural simplification

We expect the total one-time cost to implement our structural simplification to be approximately \$200 million. Having already expensed approximately \$40 million in severance and restructuring cost in the fourth quarter of 2017, we expect there to be another \$160 million in implementation cost, split evenly between 2018 and 2019.

Over the next two years, we expect about half of the cost savings to come from cost of goods sold, about 45% to come from overhead, and about 5% to come from the optimizing and

right-sizing of our advertising spend.

Restoring profitability

This structural simplification of our business will be key to restoring profitability in the years ahead. We also remain committed to our strategic investments, which will help us deliver on our vision and maximize shareholder value through initiatives that will promote topline growth and improve profitability.

Capital allocation plan

Over the next two years, we expect to invest \$170 million, split evenly between 2018 and 2019, with the overall breakdown between operating expenses and capital expenditures being about 80% to 20%.

Oversight

For purposes of oversight, we have implemented a process internally to ensure discipline in the determination and the phasing of our investments. As part of that process, we thoroughly vet business plans for each investment prior to funding and hold biweekly investment committee meetings to ensure the team is aligned and to monitor the performance of the investments made.

Creating a truly immersive experience for consumers

Investing across multiple pillars of our strategy

In 2018, we will be investing across multiple pillars of our strategy. We continue to focus on building out our connected 360° play systems and experiences for our Power Brands, unlocking our IP in the form of both content and gaming. We will be accelerating our progress on consumer products and live experiences to provide a truly immersive experience for our consumers.

Reshaping operations

We expect to put approximately 35% of our 2018 investments into this effort. We expect another 35% or so of our 2018 investment to be spent on reshaping our operations through an IT transformation that will help us become a leaner, faster and smarter organization in the years ahead.

Partnerships

China

In 2018, we will also be leaning into our partnerships in China as we expand beyond the traditional toy model. Our expected investment in this pillar of the strategy is approximately 15% for the year.

Strengthening the innovation pipeline

Finally, we will work to strengthen our innovation pipeline by leveraging co-productions to create and partner on new IP and forming an incubator to launch hot on-trend products. We expect about 15% of our 2018 investment to be spent on these efforts. We believe these investments will help reposition Mattel for the future and are confident that over time, they will provide the growth and the returns you should expect from a high-performing toy company.

Additional insights*Increase in gross margin*

Let me give you some of the additional insights into the assumptions we've made as we've developed our 2018 plan and have led us to expect improvement in a number of key areas. In 2018, we expect gross margin to increase over the year to the low 40s, driven by our actions related to structural simplification and improvements in our line architecture.

Operating expenses

As for our operating expenses, we expect advertising in 2018 to return to our historical range of 11% to 13% of net sales as we work to optimize our spend. Additionally, as part of our structural simplification, we have implemented a zero-based budgeting approach, which we expect to assist this effort.

SG&A

We anticipate SG&A will be up slightly year-over-year as a result of strategic investments, severance and restructuring cost, and incentive compensation. These costs are expected to be partially offset by lower SG&A, resulting from cost savings related to structural simplification.

Capital expenditures

Consistent with the outlook provided on our fourth quarter earnings call, we expect to reduce our capital expenditures, excluding capitalized strategic investments, by approximately one third, year-over-year, to around \$200 million.

We are planning to spend less on planned automation as we continue to evaluate our manufacturing footprint, less on tooling as a result of our SKU rationalization, and will no longer have costs associated with the development of our American Girl flagship store in Rockefeller Center which opened in November of last year.

Free cash flow

For 2018, our goal is to be self-sustainable, from a free cash flow perspective, taking into consideration increased operating income and EBIDTA, lower CapEx and working capital improvements, offset by increased interest expense.

Reduction in corporate tax rate

While the reduction in the corporate tax rate from 35% to 21% is generally favorable for us, we expect the overall impact of the 2017 tax reform to be relatively neutral to our annual effective tax rate.

Mandatory repatriation tax

However, the impact of the mandatory repatriation rules are expected to be favorable because it allows us greater flexibility to repatriate foreign cash to the US. While we do not have an estimate of the cash tax impact to share with you today, the mandatory repatriation tax is expected not to be material to our annual cash flows because allowable foreign tax credits as well as deferred tax assets, such as our loss carry-forwards and other credits, will be utilized.

Interest expense

We do expect higher interest expense as a result of our new capital structure, which includes

the \$1 billion of high-yield debt we raised in December to cover the repayment of the \$250 million dollars in debt coming due next month, along with fortifying our balance sheet. We plan to discuss how we will adjust the 2019 debt maturity later in the year.

High-level goals

Given that the turnaround is expected to be a U-shape rather than a V shape, we wanted to share some of our high-level goals with you today to give you a better sense of where we are trying to go in 2019 and beyond.

Topline growth

Assuming we have growth in our key Power Brands beginning to realize incremental revenues from our strategic investments, see continued momentum in our 2018 Toy Box launches and have successful new 2019 IP launches, we would expect year-over-year topline growth.

Gross margin growth

Assuming incremental Year Two benefits from our structural simplification efforts related to cost of goods sold and the continued remixing of our portfolio and products, we would expect gross margin to improve on a year-over-year basis.

EBITDA improvement

Assuming the impact on a year-over-year basis, our cost associated with strategic investments, incentive compensation and severance, and restructuring costs are neutralized, we expect year-over-year EBITDA improvement.

Operating margins

Looking at 2020 and beyond, assuming we continue to make progress on our strategic initiatives, we expect to approach revenue growth in the mid to high-single-digits and operating margins of 15%-plus, implemented over the medium term.

Fundamentals of the business remain intact

Despite our more recent challenges, I believe the fundamentals of this business and industry remain intact.

1. The industry continues to grow while, at the same time, fundamental changes will reshape the future and create new opportunities.
2. We have highly differentiated and market-leading assets, which position Mattel to capitalize on these future opportunities.
3. We are executing on a clear strategy for growth, and during 2018 we will show demonstratable progress while, at the same time, investing in future upside potential.
4. We are reshaping our operations to unlock improved margins and additional funds for reinvestment.
5. Finally, approximately 70% of our revenues are generated by our Power Brands – trusted evergreen brands that are beloved by generations, providing us with large revenue-based produced ongoing cash flow that will help fuel our investments and our growth strategy.

Closing remarks

I am incredibly proud of the work I have seen from the talented team over the past several months and I look forward to continuing to work alongside them to execute our goals in the year ahead. With that, I will turn it over to Richard.

Update on Industry Trends and Our Strategy

Richard Dickson

President and COO, Mattel, Inc.

Opening remarks

All right, well, thank you Joe. Thank you, Margo. Welcome, everybody. It is Toy Fair, right? It is fun time. It is great to be here with you today.

New leadership team

I was at Toy Fair with many of you last year and I can tell you, we are a very different company. Since then, Margo has assembled an incredible new leadership team. In addition to Margo and Joe, we have new leaders in Technology, Communications and Human Resources. Together with their deeply experienced brand leaders, we are working tirelessly with renewed energy to return Mattel to a high-performing toy company.

Resetting Mattel's strategy

Engaging millennial parents

Now a year ago, when Margo first arrived from Google, it was a time of dramatic change in the industry and for Mattel. Margo and I talked about the need to reset Mattel's strategy with an even more consumer-centric focus, engaging the millennial parent who is looking for brands with purpose, brands that can provide their kids with the 21st century skills that they will need for the future. Most importantly, we shared a passion for the power and the vision of Mattel and a belief that our brands can truly impact the lives of families and kids all over the world.

Mattel has a clear strategic path to grow over the decades

Unlocking the value of IP and executing our strategy

It has been a challenging year, but today I am more enthusiastic than ever that Mattel is on a clear strategic path. I am going to show you why you should be as excited as we are today. Now, you are going to hear from several of our talented leaders, who are going to provide a deeper look into the perspective of our distinctive global portfolio of purposeful brands.

They will show you how we are unlocking the value of intellectual property and how we are executing with determination against our five-pillar strategy to drive and sustain growth over our powerful portfolio of brands for another 50, 60, and 70 years.

Leading industry trends

One of the reasons that I feel we are so well-positioned for the future is that our strategic framework is fully aligned with capturing the leading industry trends. Let us take a closer look at these dynamics.

Franchise IP

Franchise IP, like our Power Brands. These continue to dominate the industry's major categories. In executing against our 360° play framework, we continue to hold leadership positions in major categories including dolls, vehicles, infant/preschool, building sets, and action figures.

Emerging markets

Emerging markets are growing at a disproportionate rate, and we are firmly committed to capturing this growth as part of our transformation plan. Margo is going to give you more update on that in her remarks soon.

Entrepreneurial incubator

Now as many of you saw, the fastest-growing category in the US is Other. Other, as measured by NPD. This category is largely driven by disruptive fads, with simplicity and value like unboxing.

Now, we recognize that this is an area where we needed to play with much greater focus and urgency. Late last year, we established an entrepreneurial incubator with a dedicated team with one mission – to launch the next big toy with exceptional speed to market.

Tent pole entertainment

This past year, we also saw a shift in what we call tent pole entertainment. These are big franchise movies that, of course, drive growth. However, unlike in the past, the demand for licensed entertainment properties now cycle in popularity much more quickly.

Now, we are addressing this by taking a more integrated approach with our entertainment partners, treating their brands as if they are our own. It is a win-win where we are benefiting from their stories and impactful marketing and they are benefiting from our product expertise and our 360° play experiential focus, creating a very powerful combination.

Digital

The power of digital, it is obvious. It is now the price of entry. Now here, we have made significant changes to reflect the consumer's journey in a digital first world. This means we are operating very differently across our company with a digital priority mindset from asset creation to the experiences on the screen, all the way through to omni-channel management.

Strategic plan

Considering these overarching trends, I believe our five-pillar strategic plan is extremely relevant and it gives me great confidence as we build momentum for the future. Now to execute successfully against our strategic plan, we have been pressure-testing every part of our operations. As a result, we have made some significant changes in brand and commercial execution.

Commercial

Today I want to highlight commercial specifically because it is one of our biggest opportunities to unlock long-term growth. We took a rigorous look at our top ten markets. These markets differ wildly from one another, ranging from developed to developing and emerging. Each one of them requires us to pull new and different levers to win.

Setting new financial performance and brand health targets

Now as part of our deep dive, we benchmarked against our historical brand sales and market share and we set new financial performance and brand health targets with our regional leaders.

With these new targets, we are now focused on the long-term health of the brand franchise, not only on topline and margins, to ensure that we are building for the future as well as executing against the present.

Revising incentive programs

We are also revisiting and revising our incentive programs to actively reflect the balance between short-term and long-term priorities. These metrics include POS and eCommerce.

Reshaping our business model

With the pivot by consumers to online shopping, we are reshaping our model. We have essentially doubled the resources dedicated to e-retail, including eCommerce and omni-channel retail.

Investing in digital merchandizing

We are better utilizing and investing in digital merchandising in each region to provide stronger support on areas like social, SEO and platform management to drive consistent high quality online brand activation.

Our consumer marketing programs are increasingly online first, if not online only. We are proactively tracking our relative buzz and search velocity to understand consumer and competitive momentum and shift in real-time to adjust to those changing dynamics.

Operational changes*Power Brands*

Soon, you are going to hear from the business leaders of our Power Brands – Hot Wheels, Barbie, Fisher-Price and Thomas & Friends. Each one of these brands is extraordinary. They have been core to the foundation of play around the world for generations. We are in the midst of evolving the American Girl brand and we are going to provide you with an update on that brand as part of our Q1 earnings.

360° framework

Today, our brand leaders will tell you how each brand is executing against the 360° framework, a critical pillar in our transformation strategy that is driving our resurgence as a creative powerhouse. At the heart of our 360° framework are great toys – toys with purpose that engage kids in learning and providing the developmental value that is essential to millennial parents.

Integrating physical and digital worlds to drive attachment

Now recently we have moved quickly to connect our core toys to a much larger system of play that integrate physical and digital worlds to drive attachment and growth. We are making significant strides, guided by this new framework. What you are going to see here from our various teams demonstrates that progress.

Unlocking the value of our IP

We will also show you how we are amplifying the brands and unlocking the value of their intellectual property through gaming, live experiences, consumer products and content.

Innovation pipeline*Toy Box*

I want to spend a few more minutes talking about how we think about the innovation pipeline, which we call the Toy Box. It has two segments, as Joe mentioned, partner brands and owned brands.

Historically, we have had some significant challenges here, and we are making tough decisions as we seek to remix and optimize to create a stable and profitable portfolio. What you will see, going forward, is a stronger balance between partner and owned brands.

Partner brands*Focusing on top entertainment partners*

Let us begin with a look at partner brands. We have made two strategic shifts here. First, as we have previously discussed, we are focusing on our top entertainment partners, including Disney, Warner Brothers, Universal, Nickelodeon and WWE. These are incredibly important partners to us. I am very enthusiastic about our celebrated line up this year, which Jason and Ed are going to share with you very soon.

Developing new IP as co-producers

Second, as part of our growth of our innovation pipeline, we are now developing new intellectual properties as co-producers with leading creators, studios, distribution partners, instead of just strictly licensing properties.

Under the coproduction agreements, we share initial investments in creating new IP instead of paying high royalties post-launch. We are also sharing the risk, but we increase the chances of an eventual success by aligning upfront on the creative and the distribution.

Hedging against market dynamics with the new model

Now, this is a big change and important shift in our economic model. When dealing with big theatricals, it is typical to have ebbs and flows. These co-production opportunities will help create a hedge against these dynamics.

Beastlies – a new franchise with Bad Robot

We are already in negotiations to develop several promising franchises. One that I am particularly thrilled to announce today is a partnership with J.J. Abrams, the founder of the highly innovative production company, Bad Robot, to develop a franchise called the Beastlies, which are incredibly cute little monster characters.

Of course, J.J. is the director of a few small films you might know like Star Wars and Star Trek. There is a couple of others in there that are huge blockbusters. However, this is the first time that J.J. has developed intellectual property specifically for kids and family audiences.

J.J. could not be here today. However, he did want to send a quick message to you, so we will just take a look at that.

J.J. Abrams: Hey everyone, it is J.J. Abrams. I am so sorry I cannot be at Toy Fair today, but I wanted to say that I am truly thrilled that we are partnering with Mattel on the Beastlies project. This is something that we have been working on for years – literally years.

I am so excited that Mattel and Bad Robot have come together to introduce the Beastlies to the world. The Beastlies are incredibly important to all of us here about Bad Robot and I cannot wait for you to meet them. Have a great day. Enjoy the fair. Thanks.

Richard Dickson: Thank you, J.J. All right. Anyway, look for some really surprising ways that we are going to be introducing Beastlies in the back half of 2018.

Owned brands

Owned brands. It is the second component of the Toy Box and it includes all the other categories that we play in, as a diversified toy company.

Construction category

In 2018, we are stabilizing and building capability in this part of our business, with a focus on girls, construction, games and disruptive fads. We believe that the construction category is a long-term opportunity for Mattel.

Mega

Mega is our brand in this space, a challenger that we know has a lot of potential with boys as well as girls, despite a difficult 2017. This year, you will see a much more strategic approach to selected licenses with a reemphasis on the preschool category, positioning Mega to be a strong player, going forward.

Games category

Uno

Games is another growth area for Mattel and it is not only online. These past couple of years, consumers have been gravitating towards offline social game experiences, boosting the game category.

For the first time ever, Uno received the coveted number one spot as the top-selling game in the US, growing 11% year-over-year. Given the momentum, we are launching the first new Uno branded card game in nearly fifty years.

Dos

Can anybody guess what the next game after Uno would be? Dos, yes, there you go. Dos, okay. Like Uno, Dos transcends languages, cultures, and ages through a simple design and game play.

Girls category

Next is the girls category, which we see as a lifecycle portfolio. As such, you are going to see us consistently introduce competitive new entries. This category includes brands like Monster High, Ever After High, last year's successful launch of an Enchantimals and this year's launch and rollout of Polly Pocket.

Enchantimals

We are pleased with Enchantimals, which was the number two owned IP brand launch globally in 2017, according to NPD.

Integrated brand marketing plan

This year, to further drive engagement and growth, we are expanding our product line, introducing a more integrated brand marketing plan in the US, and adding five times more content, including an episodic series.

Polly Pocket

Another important brand here – an owned brand is Polly Pocket. It is a key rollout this year. Now, we first launched Polly Pocket in 1989 and to date, sales have reached more than \$2.5 billion.

Polly is a small doll. As you know, the small doll trend has been growing. Nostalgia is also working well for this brand, as today's millennial moms who owned Polly Pocket now want to introduce it to their daughters.

Importantly, we have learnings from Polly Pockets ongoing success in Latin America and now we are applying those learnings globally. Make sure that you take a look at Polly Pocket when you go upstairs in the gallery.

Disruptive fads

Disruptive fads is a really important new growth opportunity for owned brands. The mission of our newly created incubator, our innovative Stealth team, that we have charged with taking big calculated swings on hits and ideas that we could scale and get to market quickly.

I am not, as much as I would like to Geoff, going to steal Geoff Walker's thunder here. However, I will tell you that what you see from him today is hot out of the incubator and for your eyes only, and the reason that we are going to ask you to turn off all recording devices and cameras.

Brand leaders*Lisa McKnight*

Now, it is time to turn the program over to our brand leaders and more importantly, of course, to thank them all for all the incredible work that they have done to get to this stage. The first brand we are going to talk about is Barbie. A major factor in the renaissance of the Barbie brand has been the brand's global leadership team headed by Lisa McKnight.

Lisa is a mother of two daughters and is passionate about inspiring girls. Lisa's determination to introduce girls to a broad spectrum of worthy role models has led to the brand collaborations with boundary-breaking women, such as athletes Gabby Douglas and Ibtihaj Muhammad, and plus-size model Ashley Graham, who is a leading advocate for body positivity.

Lisa has consistently been an innovator over her 20-year career at Mattel, which spans Brand Management, Marketing and Commercial Experiences. She has instilled great passion and dedication in her Barbie team and they have been successful at rebuilding the brand's momentum and value by making Barbie relevant to a new generation of girls and their parents. Lisa, share your Barbie plans. Thank you.

Barbie

Lisa McKnight

SVP and General Manager - Barbie, Mattel, Inc.

Staying true to our brand purpose

Thank you. Good afternoon, everyone. I am excited to be here to share our 2018 plans for Barbie. As many of you may know, we have been on a journey the past few years, taking a series of bold and meaningful moves to change the perception and trajectory of the brand. We are listening and maintaining relevancy with our consumers, driving product evolution and innovation, enhancing our content and storytelling and staying true to our brand purpose.

Refocusing on original purpose of the brand

High relevance in today's cultural conversation

We believe that refocusing on the purpose that originally built the brand, to inspire and nurture the limitless potential in girls, is not only powerful, but highly relevant in today's cultural conversation. These bold moves are providing a strong foundation to unlock value for the Barbie franchise and we are seeing positive momentum.

Third year of consecutive global POS growth

Barbie ended 2017 with a third year of consecutive global POS growth, ranked as the number one doll – super category property, with sales more than double the next competitor, and as the number three global toy property overall.

Barbie is the number one brand in social conversation

Increased positive sentiment

In addition, the positive sentiment towards Barbie has increased with moms and society. The buzz on the brand is unmatched, with billions of impressions in Q4 alone. Barbie is the number one brand in social conversation. This is also evident by our billions of YouTube views, increased subscribers and millions of social followers.

Continued focus on our brand purpose

Most importantly, we are being recognized as part of the cultural conversation and positive momentum for change. In 2018, we will build on this momentum by continuing to focus on our brand purpose, 'Why Barbie matters and what she enables', by continuing to develop great toys connected to systems of play that we know girls love, and by creating relevant content that supports our brand values with expanded distribution and reach.

Role models: You Can Be Anything brand campaign

Let us start with how we are advancing the brand's purpose with our new campaign called Role Models, please take a look.

[VIDEO]

We are so excited about this latest expression of our 'You Can Be Anything' brand campaign to shine a light on female role models. While we have been celebrating groundbreaking women for the past few years, we will be launching our biggest global effort to date timed to International Women's Day with a fully coordinated plan around the world, supported with custom dolls, empowering content, earned and social media, and a new call-to-action – more

role models, to encourage conversation and inspire future programs.

International markets will drive local activations

China

In addition, our international markets will drive their own local activations. For example, China, which is our fastest growing market and where the brand is still emerging, will be leaning into this as an awareness campaign with a full 360° program to amplify the entire brand.

New line of historical dolls

Knowing that girls need to see to believe they can be anything, our product has the ability to be one of their very first role models. As such, we are introducing a new line of historical dolls, honoring inspiring women from the past, including Frida Kahlo, an influential artist, Amelia Earhart, an aviation pioneer, and Catherine Johnson, a NASA physicist and mathematician.

As our movement continues, we will be promoting all of these role models throughout the year, building to International Day of the Girl to reinforce Barbie as a brand that champions girls.

Exciting product line-up in 2018

Speaking of girls, in 2018, we have an exciting product lineup. We are building out even more robust 360° play experiences, expanding into new categories and partnerships, and raising the bar with our demand creation.

Highlights of our biggest business segments: Careers

We organize our line architecture around multiple play patterns informatics. Today, I would like to take you through highlights from our biggest segments of the business: careers, fashion and estate.

Our careers segment is the ultimate embodiment of our brand purpose. I am pleased to share the business has doubled in size over the past two years and is planned for continued growth in 2018.

Focus on cooking and baking

This year, we are focusing on cooking and baking as a product and marketing tent pole. This is a top ten play pattern among girls, three to eight, and a favorite thematic, with 45% of kids watching cooking shows, including new spinoff programs specifically catering to them like Master Chef Junior.

In addition, some of the most watched influencers on YouTube are related to cooking and baking. Based on this trend in culture and resonance with our consumer, the team has developed a compelling product offering with robust marketing and retail support.

Introducing a dough compound in play sets

We have designed Barbie-sized play-sets and dolls that include a dough compound, where Barbie can make pizza, salads, Paninis, cupcakes and more. We have expanded the line to include accessories and even added Ken and Barbie's sisters to the mix.

Creating a new line of cookbooks and accessories

We are also creating girl-sized chef aprons role-play toys and cookbooks in partnership with licensees. You will see the entire line in the gallery.

360° activation

The product offering will be supported with 360 activation to drive engagement with girls and moms, including integration into our animated series, Dreamhouse Adventures, short-form content featuring cooking competitions with mystery ingredients – we know it is a girl's favorite – product unboxings and a partnership with YouTube influential chef and best seller, Rosanna Pansino. We have also an exciting partnership with Wal-Mart and celebrity chef, Ree Drummond, best known as Pioneer Woman on the Food Network.

Localizing strategies in international markets

International markets will localize these strategies and we have already seen some exciting plans from France with a Michelin star chef, Australia, Canada and throughout Latin America. This is a great example of connecting to culture, trying to play a part in the girl's love and amplifying via partnerships, experiences and content.

Partnering with Tynker*Our goal is to introduce one million girls to coding by year-end*

From careers girls love to careers girls need, we are also using this segment to introduce girls to areas they are less familiar with and industries where women are underrepresented. For example, we know that only 24% of STEM jobs are held by women today.

How do we prepare girls with 21st century skills to enable them to pursue these types of careers in the future? I am thrilled to announce that we are partnering with Tynker, the award-winning computing platform used by one in three US schools, bringing two powerhouse brands together to teach millions of kids to code through games.

We have created seven Barbie coding lessons that will teach girls about computer science and coding and expose them to other careers tied to our physical toy line such as Pet Vet, Astronaut and Robotics Engineer.

You will see a demo of our Pet Vet coding lesson in the gallery along with physical toys, including dolls play sets and accessories. Our goal is to expose one million girls to coding by the end of the year.

Highlights of our biggest business segments: Fashion*Increased growth expected in our fashion accessory business*

Another important segment in our line is our fashion business. After all, Barbie created the fashion doll category and play pattern, which is all about storytelling and self-expression. Today, this is still core to our system of play. The original doll came in a bathing suit with fashion accessories sold separately, allowing girls to play out their dreams and aspirations, based on the fashions they chose.

Licensed fashions added for the first time

This year, we are expecting increased growth as we lean in to our fashion accessory business with more variety in detail and new packaging and merchandising to reinforce the benefits of this system of play. We will also be adding for the first-time licensed fashions, with

characters we know girls love, building on the insight that licensed apparel is one of the fastest growing segments in the industry and is a popular way for girls to express themselves.

Fashionista doll line

Finally, we are continuing to add more variety across our Fashionista doll line, which has grown double digits since the introduction of body diversity two years ago. Our ethnic and body diverse dolls now represent over three-quarters of the line. Last fall, one of our curvy dolls was our number one selling item. Not only are we seeing great momentum, but we are also gaining credibility for delivering the most diverse line in the marketplace, and even Oprah agrees.

Investing in content creation

Using content creation to reinforce positive values of the brand

Investing in content is another key strategy for the brand to fuel the franchise by enabling storytelling, product play and reinforcing the positive values of the brand. Barbie has an incredible amount of branded content and has been creating stories since 2001, with the launch of our first DVD. Our new content approach is all about maximizing reach and engagement, market by market, to impact girls worldwide.

Dreamhouse Adventures

This year, I am especially excited about our new episodic series, Dreamhouse Adventures, and our strategic shift to expand reach and frequency by moving from a DVD single-title release to an episodic series.

The show will allow girls to have a deeper connection to Barbie as they peek into her everyday life, watching her embark on exciting and empowering adventures with her family and friends. Let us take a look.

[VIDEO]

Loving that show. I guarantee that jingle will stay with you for the rest of the day. However, the show, as you saw, is going to start streaming in the US on Netflix this May which, by the way, our research shows us is the top platform for our core consumer girls, six to eight, and it is tied with linear TV for share of watch time. We are really excited about that as our platform for the US.

Highlights of our biggest business segments: Estate

Launching of a newly-imagined Dreamhouse

Then, outside of the US, we have targeted key broadcasters where girls will now be able to watch new episodes from Barbie every week, if not every day. This is a huge first for the brand. We are also excited about the merchandising and marketing opportunities that the show will afford us in bringing Barbie's entire world of product, from her car to her camper, to life through content.

Of course, the center of all the action is the Dreamhouse, which is the anchor of our estate segment and core system of play. We will be launching a newly-imagined Dreamhouse toy this fall, providing the ultimate experience for imaginative play and storytelling.

As a reminder, the Dreamhouse just celebrated its 30th anniversary and continues to be one of the top-selling and most beloved holiday toys in the industry, garnering over \$1 billion in

retail sales during its lifetime.

Closing remarks

Barbie is perfectly positioned for growth in 2018

In closing, by being authentic to the original purpose that ignited the brand, reflecting what is relevant to our consumers and connecting to culture, we are building a strong foundation to unlock value for the Barbie franchise.

I could not be more energized, heading into 2018. We have a compelling product lineup that we know girls will love, engaging content planned with expanded reach and innovative marketing to continue to drive demand and brand love.

These efforts, combined with this moment in time and the cultural zeitgeist around diversity inclusivity and empowerment, has Barbie perfectly positioned for growth and continued momentum in 2018 and beyond. Thank you. I look forward to seeing you all in the gallery.

Richard Dickson: That was good. Hot Wheels is a 50-year old brand that every day needs to reassert cutting-edge relevance and that is why it takes a special sort of person to lead this brand – one who can live and breathe what motivates the brands fans, ensuring that Hot Wheels is always ahead in innovation. Chris Down is the perfect leader for Hot Wheels.

Trained as an industrial designer, like both his dad and sister, Chris came to Mattel from the world of video games more than a decade ago. Chris has reignited this brand for growth and he is just getting started. Here to tell you about the exciting new world of Hot Wheels in its iconic 50 year is Chris Down.

Hot Wheels

Chris Down

SVP, Global Brand Manager – Hot Wheels, Mattel, Inc.

Hot Wheels – Celebrating 50 years

Four years of positive global POS

Thanks, Richard. I could not be more excited and proud to stand up here and talk about this iconic brand, especially celebrating its 50th anniversary and it is a brand that continues to be on fire.

When we met last June, we talked about how this global power brand was resonating with today's consumers. Today, we actually have four years of positive global POS, even as we worked through making Cars 3 a success last year.

Number one global vehicle brand

Now, actually, just a moment of pause here as well. What this really means is that we sold more globally at point of sale in 2017 than any other year in Hot Wheels history. This is a brand that has had a very positive trajectory and it is only getting better. We remain the number one global vehicle brand, driven by stellar product, compelling content and critically-acclaimed gaming as well as socially-connected communities.

Today, I will share our progress against these winning durable strategies and give you a glimpse into our 2018 toys marketing plans and focusing on three things: brand purpose, play

systems, as well as storytelling. Within storytelling, there is a little bit of story-doing as well because that is kind of Hot Wheels way. This all translates into buzz and affinity for our consumers to make Hot Wheels cool in and outside the toy aisle.

Brand purpose

Before we talk about the future, let us talk about how and why this brand was created – our brand purpose. In 1968, a toy guy, a rocket scientist and a car designer revolutionized the toy industry by creating a toy car that looked cool and perform better than anything else out there. It was from that challenger spirit that Hot Wheels was born 50 years ago. It is that challenger spirit that continues to drive this iconic brand today.

Drive to compete

Let us have a look at what that means.

[VIDEO]

The Hot Wheels brand purpose to nurture and inspire the challenger spirit that drives everything that we do, from how we engage and excite kids to how we fuel the passion of brand fans and collectors to more recently, how we engage and build relationships with moms.

Number one selling toy by units

At the heart of this brand is our ubiquitous die-cast car. These little metal masterpieces are individually designed in our California-based studio by some of the most talented car designers in the world. We sell 16 cars every second, nearly 500 million every year, making this the number one selling toy on the planet by units, verified by global NPD.

However, that is not all. Kids tell us they love the Hot Wheels cars. However, what they can do with them is even more awesome. In order to drive attachment, depth of purchase and extendable fun, we have built a system of play around it where every track, stunt and play set connects to deliver exponential play possibilities that allow kids to challenge their limits through experimentation, creativity and competition.

Hot Wheels system of play

Designed to inspire kids to take on challenges

Let us talk about the Hot Wheels system of play line which has been re-architected and, based on consumer insights, around ages and stages to resonate more broadly with a compelling range of toys, play experiences that really inspire kids to take on challenges.

Hot Wheels City

Here are some highlights. For our youngest kids, we just launched Hot Wheels City. It is awesome. It delivers insights, proven play that blends imaginative vehicle push-around with classic crash-and-bash Hot Wheels action, all anchored in a kid-favorite theme – of course, beasts taking over the city.

Cobra Crush

The segment is completely modular and compatible as a system of play that is enhanced with the more sets that you buy and add to the experience. Take a look at our Spring City driver called, aptly, Cobra Crush. Take a look.

[VIDEO]

Track Builder

As kids age up, dexterity improves, and they seek greater and more open-ended challenges. For the slightly older boy, ages five to seven, we have Track Builder. This is a segment designed to appeal to little engineers looking to create the next big stunt.

It is a segment that is an evergreen. In 2017, it grew by double digits. For 2018, we are adding innovations like portability, improved storage and, of course, all new construction and action elements to keep our Hot Wheels builders energized.

Augmoto

For our oldest consumer, we know that 95% of these digital natives are on mobile devices. Anything connected or digitally-enhanced resonates with these. We are introducing brand new connected experiences in Hot Wheels. One of our new fall introductions is a next-generation smart-device-controlled track set called Augmoto.

This powered head-to-head set uses augmented reality and connected play to put kids in control of the action with a mixed reality play experience, allowing for a level of competition and immersion only possible with this digital physical Hot Wheels race. You are going to want to check this one out at the gallery.

Rocket League Rivals

Additionally, Rocket League, one of the hottest head-to-head e-sports video games, will be playable in real-time and real life this fall with a Bluetooth-enabled smart-device-controlled RC in-arena experience called Rocket League rivals, also at the gallery.

Best-in-class integrations

Our toys are not where Hot Wheels play ends, however. The number one things kids do on devices today is play games. To tell our stories and fuel brand passion while expanding our reach to new audiences, Hot Wheels has created significant momentum in video games with best-in-class integrations – like Need for Speed, Asphalt 8, Drive Ahead, to name a few – driving a combined total of 20 million monthly active users playing Hot Wheels games.

Forza: Voted the Best Hardware-Software Bundle of 2017 by Metacritic

Microsoft's Forza is the number one racing franchise on Xbox. Last year, Hot Wheels integrated exclusive cars and a fully realized world that fans loved. It actually finished off the year as the number one exclusive game on Xbox.

Not only that, Hot Wheels was selected by Microsoft to ship with their hardware. Get this, it was voted the best hardware-software bundle of 2017 by Metacritic. We are not stopping there.

Creating an impressive lineup for 2018

Original mobile title to be launched

For 2018, we have an equally impressive lineup, including a Hot Wheel original mobile title and certainly more world-class integrations to come.

Our commitment to gaming will drive brand love, attract new consumers and it will, importantly, ensure this 50-year old brand continues its growth trajectory in sales and in kid

relevance.

YouTube: showing the brand at play

Undoubtedly, the new frontier and the place Hot Wheels has made some of its greatest strides is also where kids are most. YouTube – it is the number one destination on digital for kids and the platform where Hot Wheels tells stories from kids imaginations by showing off the brand at play.

Hot Wheels has a remarkable momentum with our channel views up by over 60%, nearly doubling our subscribers just in the last year and, importantly, engagement is up by over 100%.

To date, we have 2.5 five billion UGC influencer and channel views. Check out what some of our creators and influencers are doing with Hot Wheels.

[VIDEO]

Creating influencer and user-generated content

Out of that, you saw a lot of stuff. What I want to point out though is that almost all of our created influencer and user-generated content features are toys. Why does that matter? Because it is engaging kids with the brand and, most importantly, with our toys.

They are not only consuming, creating and sharing our content, but our content is driving kids into the toy aisle. However, as we all know, it is not just about what we make. It is also about appealing to the hearts and minds of consumers by demonstrating our values.

Creating experiences

Action sports program

Experiences are the opportunity for brands to take action authentically and demonstrate these values. For our 50th year, here are a few examples. For kids, we are launching an action sports program focusing on skateboarding, BMX, karting and, of course, these sports. It champions up-and-coming athletes who epitomize the challenger spirit.

Brazil: Hot Wheels Stunt World

Later this year, we are launching a Hot Wheels Stunt World, complete with a retail experience and restaurant, inside an entertainment park that is actually the biggest in Brazil in a place called Beto Carrero.

China: Hot Wheels Challenge Accepted!

In China, we are putting kids into real-life obstacle courses, Challenge Accepted!

Hot Wheels Custom Car Show and Contest

For our biggest brand fans, collectors and families we found that everybody loves full-size Hot Wheels. With that in mind, we are launching the world's largest Hot Wheels traveling Custom Car Show and Contest to find the next Hot Wheels original. The winner will get their full-size custom car mass-manufactured as, guess what, a 1/64th scale toy.

Hot Wheels 50th Anniversary Camaro

While live experiences fuel brand passion, consumer products allow fans to express that passion. From traditional categories like apparel, where Hot Wheels has a children's line at Gap, all the way up to fans that have never quite grown up and are willing to shell out over

\$40,000 to own a Crush orange Hot Wheels 50th Anniversary Camaro – I mean, these folks have some real brand love. By the way, as of February 1st – What is that? A week and a half ago? – it went on sale. Orders opened up, so get it before it sells out.

Great future prospects

There is so much momentum and news to share. Even though the brand is rallying and we have an unprecedented slate of toys, activations and fun scheduled for 2018, it is actually the prospects of the future that invigorate me the most.

Remember, we see the future, at least to 2020, and the best is yet to come. However, before I leave you and speaking of the future, I did want to share something fun and maybe a little bit silly with you.

Tesla Roadster in miniature on SpaceX's Falcon Heavy rocket launch

As I mentioned at the top, Hot Wheels has its origins not just in cars and design, but also in rocket science. You may have heard that SpaceX's Falcon Heavy rocket launch just a few days ago carrying Elon Musk's Tesla Roadster, which will be orbiting the sun for the next million-plus years.

What you did not maybe know, maybe you did, is that secured to its dashboard is one of these babies – a Tesla Roadster in 1/64th scale, red, just like the big one. It is orbiting the sun right now. Take a look.

[VIDEO]

Seeing an innovator and a challenger talk about Hot Wheels and the importance of fun is a great reminder of the value of toys and play as this 50-year old brand continues its crusade to nurture the challenger spirit in every kid.

Closing remarks

Before handing it back to Richard and in the spirit of having a little bit of fun, we have planted in five lucky seats, a Tesla Roadster. If you reach under your seat, grab it. If you are a Mattel employee, hand it to the person next to you. Five of these.

Here is the thing. You are not even going to believe this. They are 1/64th scale dollar cars that, right now, are going on eBay for up to two hundred times their normal value, so do not like lose this on the way out. Congratulations. Richard back over to you.

Richard Dickson: Giving gifts now. That was good. All right. For more than 70 years, Fisher-Price has been the preeminent child development brand and the creative force behind some of the most iconic playthings of early childhood development. Evolving this brand requires special talent and a deep commitment and that is why we could not be more excited to welcome back Chuck Scothon to lead Fisher-Price.

Chuck was previously at Mattel for 18 years. During that time, he made enormous impact across our entire portfolio, including both commercial and digital, girls brands and Fisher-Price, where he grew the brand to record level of sales.

As the father of a teenage girl who grew up with Mattel, Chuck understands the special connection between toys and child development. I have a great deal of respect for his expertise, and I am confident that he is the right leader to evolve and grow this brand. Welcome back, Chuck.

Fisher-Price

Chuck Scothon

SVP and General Manager – Fisher-Price, Mattel, Inc.

Opening remarks

Let us hope that is the last time somebody laughs at me today. Thank you, Richard. I do appreciate the introduction and the kind words. I am really excited to be able to share with everybody today, to be back at Mattel and to speak to all of you regarding Fisher-Price.

My goal today is to share a little bit about why I came back, talk a little bit about some of the key 2018 initiatives and ultimately, to give you some perspective regarding why I believe this brand is poised for growth not just this year, but in the coming years.

Long relationship with Mattel

A more purpose-driven business

I am a long-time industry toy veteran, Mattel Fisher-Pricer and I guess that does make me a toy guy and, based on the introduction, an old toy guy. However, having spent an amazing 18 years in this company, I have found myself watching with great interest over the last year as Margo and the new leadership team came together and pushed to make Mattel a more purpose-driven business.

This push, combined with the recognition and challenge of becoming more digitally-oriented in both the product and the marketing, did make me believe the company was finally on the right course. When the call came, it was a very quick and resounding yes to come back and help reenergize the Fisher-Price brand.

It was yes for a simple reason. Because ultimately, elevating a sense of purpose is something that I fundamentally believe in. It is something that Fisher-Price has always been built upon.

A consumer-centric and parent-focused role

For over 80 years since beginning, Fisher-Price has understood that children learn through play. The belief manifests itself in the very simple statement that Fisher-Price gives me the confidence that I need to get my child off to the best possible start in life. It is this simple, yet powerful statement that is both consumer-centric and parent-focused.

It really frames up the role that Fisher-Price plays in the role as parents because we are, ultimately, their partner. Put simply, our role at Fisher-Price is to help parents with great products, great content and understanding what the kids can do to help their children develop.

What is truly amazing that over 80 years, we have been brought into homes and trusted by parents to be their partner. From helping infants learn to crawl and walk to helping toddlers discover the world around them to helping preschoolers get ready for school, we understand the physical, social, emotional and cognitive needs of young children and how toys can really bring out the very best.

Global awareness levels at 99%

While there remains work to be done on the relevance in the minds of moms, the good news is that we do start from a point of strength. With global awareness levels of 99%, with the

brand relevance at 70%, or well-regarded at 77% and always in the consideration set by 89% of moms around the globe, we start from a point of being loved.

Providing tools that help parents and their children

However, we know that moms and dads do not speak in numbers either. They speak in posts and blogs and comments and reviews. Right there. 'Thanks. Thank you, Sweet Lord Baby Jesus for helping me sleep.' That helping baby sleep in there, for helping mom and dad sleep, to engage a child to bring forth the laughter and joy, that is what we are here to do – to solve problems, challenges and the stresses of being a parent.

Ultimately, despite how rewarding parenting is and can be, it does not come with an instruction manual. That is why we think of ourselves as providing the tools, all based on early childhood development, to help parents in each and every stage of these early years.

Infant category

Launching a new range of items with distinct benefits

I am confident of the range of items that we are bringing to market in 2018 because of their intuitive formats, their clear and distinct benefits and they are better price values versus previous years. There are three, however, that I would like to highlight because I think they do the best job of showcasing how these things reinforce the purpose that we stand for.

Laugh & Learn

Let us show a couple of the 2018 values and how it reinforces our promise. That, first, is with Laugh & Learn. Now, Laugh & Learn is our infant learning statement. It really has captured the imagination of moms and babies for over 12 years.

It is based on the simple insight that learning is so much more than the exposure of ABCs and 123s to babies. For babies, it is also about experiential learning. It is about the ideas of open-close, up-down, on-off.

The fact is when you are six, eight, 12 months old, everything is a learning experience. This simple, yet powerful insight is what allowed Laugh & Learn to be a \$3 billion dollar brand in retail sales over the last 12 years.

Smart Car and Smart Home

For new this fall, we are drilling on that foundation by introducing two classic formats: the new Smart Home and the new Smart Car. Each item helps baby maybe in their own unique way, with the Smart Car starting as a walker to help babies with their first steps while the Smart Home provides a great place to take cruising to the next level.

Smart Stages system

We then add great academic and experiential content delivered through the Smart Stages system that ladders up and increases the content as baby is ready. Then new for this year, we have added a touch of connected magic that occurs when you bring them together. When the car pulls up to the house, the items recognize each other, unlocking new surprises that delight mom and baby.

Again, when you look at these, you have two classic formats using the Smart Stages content standing alone as great items but when brought together, laddering up to give them even a more connected surprise for both mom and baby this holiday season. That is Infant.

Little People category

Let us move on to the next brand and that is Little People. The second segment is Little People for 2018. It has always been scaled as a physical play system for kids. They always work together. The challenge for Little People is to drive a bit of a bigger purpose here.

Taking Turns Speedway and Share and Care Safari

We have heard from moms that one of the most important things that they have is that they want to raise good people. That is a really critical element for mom. She defines raising a good person as someone who is caring, polite, respectful.

Therefore, for her, helping her teach the concepts of EQ, such as sharing and caring, "please" and "thank you", are critical to helping her help her child grow. It is coming out this fall. We have two great items launching called the Taking Turns Speedway and the Share and Care Safari.

Built on the classic play patterns of race-and-chase or nurturing, these two iconic items really are perfect for our smallest consumers, in terms of fun and engagement. However, each item also truly helps mom teach the important EQ life skills through play.

These two items and the bigger promise of Little People are just two great examples of how the brand purpose informs our product design and our content.

Preschool category*Think & Learn with Code-A-Pillar*

Finally, just a minute on preschool and, specifically, preschool learning. The Think & Learn platform was launched in 2016 with the amazing Code-A-pillar. This line of learning toys was inspired by the insight that moms are looking to get their kids ready for school, but they are also already looking to get them ready for life.

It also recognized that the huge trend of STEM and STEAM are critical ideas of how hands-on learning has become to moms around the globe. Using this approach of hands-on learning through trial-and-error to teach coding, creativity, music and art delivers on the need that young children have to get ready for the 21st century and to learn the power of creative thinking and problem-solving skills.

Rocktopus

For this year, we are building upon the success of this line by introducing the all new Rocktopus, a simple but completely engaging way to teach music and music composition to preschoolers.

Complete with 15 musical instruments, young kids can mix and match to create and compose their own musical masterpieces. When you combine the Rocktopus with the rest of the Think & Learn range, it is a perfect example of how Fisher-Price can help turn the littlest learners into truly the big thinkers.

2018 key initiatives

With a little bit of a right insight on 2018, let me turn my attention now to the future. I have already shared that I think our items and solutions for 2018 are stronger.

Looking at and considering all these items, their formats, their price values and ultimately, their benefits for moms and kids, I am confident that stabilization is at hand. However, I also

believe there are two great opportunities that could be leveraged on a more global basis that can provide a clear roadmap for growth.

China

First, you have heard about the past success that we have had in China. This success is not by accident. It is truly the embodiment of the 360° play system and the digital first orientation of our consumers.

In reviewing the effort, virtually everything can be captured, exported and localized to all of our top markets around the globe. Said another way, China can serve as a playbook for execution around the world.

What do I mean? Very simply, at its core is our consumer. They are surrounded by great physical play experiences enhanced by digitally-connected content from Fisher-Price and key partners and served up to be accessible when the parents want to engage.

Shown simply, it looks something like this. The power of this approach is it is a very repeatable program that can be localized by market using the right partners, the right content and the right product.

Following this structure, we can and will create that impact that helped catapult China into the second largest market around the globe. While it will not look identical market to market, it will be consistent, in terms of the pillars that are leveraged – great product, strong partners and accessible content.

Engaging core customers up to five years old

The second opportunity we have, moving forward, is to engage our core consumer up to the age of five years old. Now, while we have done really well focusing on the early ages of child development, we also exited a lot of critical categories that are fundamental to every child.

Now, we exited those businesses for a variety of reasons – due to margin challenges, restore constraints, many other things. These older categories, however, were important both from a business and a revenue point of view. However, they were also important to mom to reinforce and dads to reinforce the fact that Fisher-Price was their best partner to get their child ready for school.

While we have done well with the zero to two range over the last five to seven years, we have lost ground and, therefore, relevance with moms in the three to five market. Regaining our position as mom's trusted partner from zero to five and not just zero to three provides us with the greatest opportunity to grow revenue, share and reinforce and improve our brand health.

The fact is the same purpose of helping give your child the best possible start does not end at three. Fisher-Price needs to reengage this older preschool audience with innovative solutions and content that meets mom's needs. Watch for us to expand back into categories like outdoor sports, preschool action figures, girls and others when we are certain that we have the right insights and the right innovation to capture the imaginations of moms and kids alike.

Fisher-Price poised for future growth

I truly believe that Fisher-Price's future is bright. We have a go-to-market strategy that we know works, can be exported, localized and activated around the globe. We have category

expansion opportunities where moms believe we can and should help children. We, finally, have the most creative people in the industry working on Fisher-Price, all of whom understand the power of early childhood development and play.

Put another way, good product targeted to kids zero to five with a great play book that has shown success is a really simple, yet powerful roadmap for unlocking the value of a brand like Fisher-Price. With that, I will turn it back to Richard.

Richard Dickson: Thomas & Friends, our iconic and content-rich preschool brand and its origins begun in the UK. Now, Kate is about to come up here. She first joined Thomas in the London office. She is from the UK and, of course, she has the accent to boot.

Kate brings to the brand two decades of innovative content-driven expertise in preschool franchises such as industry giants of Nickelodeon and Viacom and Universal. We are so pleased that Kate is here to bring that direct relevant experience to reinvigorate and share with you where she is in the Thomas brand. Kate, come on up here and let us get an update on Thomas.

Thomas & Friends

Kate Schlomann

VP and General Manager – Thomas & Friends, Mattel, Inc.

Number one preschool train globally

Hi, everybody. Hello. As Mattel's legacy franchise brand, Thomas & Friends is the number one preschool train property globally, selling more than one engine per second and airing in 160 countries in 57 languages. Thomas has always been a purposeful brand set within a robust franchise framework, a brand that has solid life lessons, friendship and teamwork at its heart coupled with strong systems of play through our engines and track sets.

Reinvigoration plan for 2018

Until recently, Thomas has enjoyed decades of engagement. However, over the past three years, the brand has been a little bit challenged by rapidly changing preschool landscapes and many new content led brands. However, today, I am excited to share with you that we have a very specific reinvigoration plan set within a 360° brand framework to make 2018 the year for Thomas.

Five critical levers to return brand to growth: Content

I would like to take the next few minutes to share with you five critical levers which we are implementing to return this brand back to growth. These levers are content, physical and connected play, live events, digital and, of course, consumer products.

Let us just start with our content lever. Content is at the heart of the Thomas & Friends brand. We started by listening to our consumer. They told us that they would like to see the show evolve to be more relevant for today's preschooler, but also keep what they truly, truly love about the brand.

Based on these insights in our key leading markets, we have reimagined the show, delivering on these asks for more music, faster pace, more humor, animals and, of course, plenty of

international friends.

Kids also told us that, 'Thomas is a train, but he never goes anywhere.' In 2018, Thomas is coming off the Island of Sodor, so let us take a look.

[VIDEO]

What do you think about that? As you can see, we are taking Thomas around a world of adventure to discover and learn about new countries and cultures. Without further ado, I am very pleased to share with you today our brand new opening titles of our new TV show. Let us have a look.

[VIDEO]

Interactive content

That is also going to stick in your head all day long as well. We are filling your heads up. Another exciting change that we have made for the first time, we are actually breaking the fourth wall. This means that Thomas is going to talk directly to the audience, inviting kids into the content. Now, I think I can hear something. Who is coming?

[VIDEO]

Thanks, Thomas.

Introducing female characters into the Steam Team

Speaking of talking about our audience, one surprising insight is that in our top markets, girls represent at least 40% of our viewership. To support this growing trend and deepen this engagement, we will be introducing two new female characters into the core Steam Team, bringing the balance of our key characters now to three girls, three boys and Thomas. This will truly provide a purposeful message on gender inclusivity to our younger audience.

Collaboration with United Nations

Now, we know that life lessons are incredibly important to our millennial mums. We are absolutely thrilled to announce our new collaboration with the United Nations. Now, the United Nations, they have 17 Sustainability Development Goals. We have chosen five of these to incorporate these within our content in a very preschool-friendly way.

These goals go along with our life lessons to really hope to inspire the next generation of global citizens and produce meaningful conversations and learnings between children and parents.

New partnership with Viacom

Now that we have the new content, we need the very best broadcast platform and scheduling a place to drive our viewership. We have already secured leading broadcast platforms around the world such as Channel 5 Milkshake! in the UK, CCTV in China and for our leading market in the US, we needed a new platform that offered strong reach and viewership and brings new friends into the franchise whilst also truly driving commercial conversion at retail.

We are, therefore, thrilled to announce this new partnership with Viacom. Starting next month, Thomas will air on Nick Jr. With strong primetime daily scheduling, supported by a heavyweight marketing campaign, Nick Jr. offers us proven and highly commercial platform to reinvigorate this brand in our leading market, the US.

Five critical levers to return brand to growth: physical play

Now that we have new relevant content and strong distribution platforms in place, our second lever we're maximizing is physical play. Our toy line is a significant touch point with our consumers. Our new content direction enables us to create more exciting toy lines that are tied directly to these stories, with new international characters and engines and also global locations the kids will see and enjoy on screen.

Jungle Quest

Within our toy segment, our key driver is the Jungle set. This is tied directly to a key moment in our new content and will be anchored by a comprehensive omni-channel marketing campaign.

Turbo

We have also added a little bit of extra excitement into the set by introducing a new dynamic speed innovation. This is called Turbo. It enables our engines to travel twice as fast, offering excitement of speed, which has been a big ask from our fans.

Super Station

Beyond aligning our toy line with the new content, another major focus for our toy business is to deliver stronger systems of play. This past year, which I am sure you saw last year, we introduced Super Station which, for the very first time, features a universal track that works with any system-based Thomas engine, regardless of scale or segment. This play set also connects to all the track systems as well.

We clearly delivered against this ongoing parent request because Super Station has become the brand's best-selling driver ever. With 85% sell-through globally, this \$100 dollar item has become our first multi-year driver for Thomas & Friends.

Relaunch of our Wood line

Another way we are looking to deliver stronger systems of play is to relaunch our very much loved wood line, which answers the consumer's need for easy, free track assembly. In addition, this new line also features stronger price value, FSE-certified wood, and introduces character and animal figure play into the system for the very first time.

Figure play supports and connects imaginative play, a much deeper level in our storytelling. This has tested really well with kids. We will also engage that growing girl fan base.

Five critical levers to return brand to growth: live events

Now on to our third lever, which is live events. This is truly where we leverage that power of our 360° brand franchise. With over eight million visitors a year, our live events and attractions are critical to creating that immersive experience that our super fans truly crave. These events drive brand love for Thomas.

Thomas Town

This year, we will be continuing to see big momentum here. We have the opening of Thomas Town, our second theme park attraction in the US, growth in our stage show program in China, and also expansion in our regional programs, our mall and museum tools. Of course, I know you have all been, it is Day Out with Thomas.

Five critical levers to return brand to growth: digital

13.5 billion lifetime views on YouTube

Now on to our fourth lever, which is digital. This is where we build powerful communities for our fan base. Now, Thomas scores really high marks with parents and kids alike. On YouTube, Thomas is a powerhouse with over 13.5 billion lifetime views of brand-related content.

1.8 million global fans

When it comes to social, Thomas continues to be an all-star with mums. In 2017, the brand enjoyed a 120% increase in impressions on Facebook. With over 1.8 million fans globally, our helpful content really speaks to mum about ways they can delight their child, whether it is baking, arts and crafts, and also themed birthday parties.

13 million downloads of Thomas Minis app

Now, this engagement continues with our gaming with our Thomas Minis app. So far, we have 13 million downloads. This makes it the number two kids app in the US after YouTube Kids.

Now, all these strong stats give us the confidence that we validate the power of this brand with mums around the world. It reinforces our ability, with our new content, to truly reinvigorate this brand.

Five critical levers to return brand to growth: consumer products

Now, on to our fifth and our final lever, which is consumer products. Now, this, as you know, is a follower business. Thomas really is a child's best friend and a character that a child connects to in every facet of his or her day. We will be leveraging this new content direction, stronger broadcast distribution and the girl inclusion message to truly drive growth and our license business in key markets globally.

Summary

We have the right ingredients for success

In summary, 2018, as you can hear, is going to be a truly exciting year for Thomas. We have all the right ingredients for success: a new highly engaged in show, which is relevant for today's audiences; leading preschool platforms in key markets, including the number one platform in the US; solid prime-time scheduling, supported by a very strong brand campaign; and coupled with a fully integrated 360° brand framework.

We are reinvigorating passion for Thomas across multiple touchpoints. Please join us in making 2018 the year for Thomas & Friends. Thank you.

Richard Dickson: All aboard. The Toy Box is led by brand strategist Jason Horowitz and his counterpart designer, Ed Duncan. Their team is doing some of the most incredibly creative work in the field, bringing entertainment franchises to life as kids have a common passion for comic books and action figures and a world that they not only inhabit today, but actually shape.

Jason has a rich history at Mattel, having led both Commercial and Brand teams. Ed has almost 20 years of toy design experience, including some iconic creations for Fisher-Price. His toys clearly have staying power. A child's medical kit that Ed designed for Fisher-Price

continues to entertain and educate kids now, two decades later.

Now here, they are together to share some of their amazing work. Let me bring up Jason and Ed to take you through their toys.

Toy Box Partnerships

Jason Horowitz

VP, Global Marketing – Hot Wheels, Mattel, Inc.

Opening remarks

Thank you, Richard. It is true, Ed and I love toys. As Richard said, we have both worked in the toy industry for many years. However, 2018 feels special because we have never had a stronger slate of properties.

We have built the portfolio by partnering with best-in-class companies that are committed to delivering immersive connected experiences for both kids and fans. However, the core is always great stories and characters.

We play in their sandbox by contributing great toy lines as well as content digital and live experiences. We build multi-year global relationships and extend fan passion through toys and other executions that helped generate long-term growth.

Partnership with Disney

Disney Pixar Cars

Our partnership with Disney is a great example. We have been privileged to work on Disney Pixar Cars since its launch in 2006. Of course, it is now a staple of the toy industry. As a matter of fact, it delivered the most volume growth of any license property in the US last year.

Disney Digital Network

We are going to continue to excite existing fans and attract new ones not only with new play experiences, but also by working closely with Disney on the new racing sports network content initiative – a fresh new look at the Cars most iconic races and characters – and continued integrations like pre-roll spots and social media posts throughout the Disney Digital Network, targeting both moms and kids.

Partnership with Universal

Jurassic World

However, when we think about this year, the biggest license growth property might very well be Jurassic World which, of course, is owned by Universal. We had earned their trust with a passion we had brought to projects like Dino Trucks, Fast and Furious and Minions that helped make us a serious contender for the Jurassic franchise.

Now, Jurassic World has generated \$1.6 billion in global box office sales. This year's installment will have more dinosaurs than any other Jurassic film. We saw an opportunity to create a new type of toy line for Jurassic World: Fallen Kingdom that would maximize the business across many categories. Then, we were able to win the rights due to our compelling vision.

Now, the mastermind behind this compelling vision was my design partner, Ed Duncan. He is a very talented guy. He loves all things toy and pop culture. He is extremely gifted at managing licensor relationships. Ed, can you please share with everyone what your vision was for that Jurassic line?

Vision for Jurassic World: Fallen Kingdom

Ed Duncan

Toy Designer, Mattel, Inc.

Vision for Jurassic World toy line

Building toys in relative scale

For a toy designer, Jurassic is a dream to work on. What is the only thing more fun than toy dinosaurs is a toy dinosaur chasing a human in a toy Jeep. With dinosaurs bigger is cooler, kids really understand how big a T-Rex is when they see it next to something they recognize. This relative scale has been missing from some recent toy offerings.

Creating a universal scale

We took over the license. We created a universal scale with all these elements and relative size to each other, as Jason shows. This goes all the way from Chris Pratt's Owen Grady to Blue, the velociraptor to the classic T-Rex.

[VIDEO]

Connecting the play experience to the Toy Box

However, we did not just deliver this scale in action figures, we connected the play experience by connecting it to other categories too. Kids plays of all toys in the Toy Box know each other. We made sure the human action figures fit into previously unrelated toys like large collector die-cast vehicles or even remote-controlled vehicles like this gyrosphere, which you probably did not know was remote-controlled.

Creating a true system of play

This is an RC product that actually holds our core action figures. By doing this, we have evolved a collection of previously disconnected items into a true system of play. We made the experience more immersive by connecting it to the digital world, by developing a cool mobile app that allows kids to scan this ownable mark on the foot of every dinosaur. Kids will get interesting details and facts and can track their collection.

Toy Box Partnerships

Jason Horowitz

VP, Global Marketing – Hot Wheels, Mattel, Inc.

Partnership with Universal

Utilizing the power of a well-integrated play experience

Universal is utilizing the power of their symphony approach to activate the franchise across Comcast and NBC Universal. The retail reaction to the line has been very strong. Most

accounts are merchandising the action figures and vehicles together, which shows the power of a well-executed integrated play experience.

Partnership with WWE

A top-five brand since 2014

Now, another amazing partner of ours is WWE. They are a global brand that delivers content 52 weeks a year, with over 500 live events annually with Raw, Smack Down and then, NXT. Their OTT subscription service, the WWE Network, is broadcast in over 180 countries in 20 languages. They also have monthly pay-per-view events and a strong social media presence.

This constant and constantly evolving engagement contributes to remarkably consistent sales in the action figure category. Since 2014, WWE has been a top-five brand all four years. Our research consistently shows that WWE fans, both kids and a very sizable collector community, are among the most loyal and passionate of any property.

We constantly deliver freshness and authenticity to fuel the enthusiasm of the high-octane fan base.

The WWE Line

Ed Duncan

Toy Designer, Mattel, Inc.

Basic WWE action figure is number one in 2017

The basic figure was the number one action figure for the full year of 2017. These figures behave almost like an inkblot test to kids and collectors. Each sees what they are looking for in the final product. By delivering a single toy that gives these two distinct consumers exactly what they are looking for, it has been a driving force in its continued success.

Introducing DIJ face-decorating technology

We are raising the bar on this powerful item with a new face-decorating technology called direct inkjet printing or DIJ. This allows us to get nearly photo-realistic results while maintaining key price points. Look at that face.

The first function of an action figure is to be someone that the child wants to be or a collector wants to collect. This technology brings us way closer to that goal. This will thrill both kids and collectors alike.

Toy Box Partnerships

Jason Horowitz

VP, Global Marketing – Hot Wheels, Mattel, Inc.

WWE action figures and 360° fan engagement

Then, we leverage their 360° fan engagement with precisely coordinated communications throughout the year in WWE content. You can see some examples here of our product feature in broadcasts, in Facebook posts and in arena.

Our toys really feel like an integral part of the WWE fan experience.

Partnership with Warner Brothers and DC Comics

Now moving on to Warner Brothers and DC Comics, we have both an evergreen property driven by Batman, who is so iconic and, of course, theatrical heat from their movie slate, which is a really unique combination.

We have grown the business significantly since first securing rights in 2002 because we really treat their IP as if it is our IP. It has been integrated across our portfolio of industry-leading brands and categories including Hot Wheels, Barbie, fashion dolls, games, Fisher-Price. These executions that you see on the screen could only be done by Mattel.

Batman Action Figures

Ed Duncan

Toy Designer, Mattel, Inc.

Batman 360°

12-inch action figures with improved posability

In 2018, we wanted to step up our core Batman figure offerings. He is so well-known that he transcends event content. We believe in his evergreen status, so we created a line whose working title was Batman 365. The product line is anchored with 12-inch action figures, a format that has been trending globally.

Most 12-inch figures across the industry at this price point offer size and value, but are quite limited in their posability, typically. They just kind of move like toy soldiers. This limits kids' ability to play with them the way they would want to.

Remember my earlier line about the first function of an action figure? It applies to the way the figure moves too. The figure needs to do the things that the character can do. Improving our posability allows our Batman figure to easily ride a motorcycle, swing from a bat rope and, of course, defeat the bad guys.

We have partnered closely with our manufacturing partners and we were able to double the points of articulation commonly found in this type of figure while lowering our product costs. A little DIJ decoration on the faces and you have technology and innovation applied to create the right toy for the right price for the right consumer.

Aquaman

We are also really excited about the Aquaman movie coming out on December 21st. It looks really amazing and is really toyatic. We have a great product line to match.

Toy Box Partnerships

Jason Horowitz

VP, Global Marketing – Hot Wheels, Mattel, Inc.

Aquaman

We cannot show you any of the images for Aquaman today. However, I am sure we are going to blow away the trade behind closed doors this week.

Partnership with Nickelodeon

Sunny Day animated series

Then, in the preschool space, we have forged a deep partnership with Nickelodeon. We were fortunate to secure the rights for the animated series Sunny Day, which is a great example of how we leverage content and consumer insights to deliver innovative and aspirational play in new ways.

Hairplay

Now, many girls love hairplay, but lack the manual dexterity in their preschool years to have a satisfying experience.

Preschool Girls Play Sets

Ed Duncan

Toy Designer, Mattel, Inc.

Hairplay

Kids are getting older younger. The children of today who want to play out a certain play pattern are quite a bit younger than kids were when the play pattern was created. This can be a frustration for today's kids. Hairplay is one of those play patterns. As you can tell, I am one of Mattel's leading experts in hairplay.

We did extensive testing with younger girls and created new ways to do hairplay that are appropriate for their motor skills, bringing the fantasy of the show to life while delivering a satisfying play experience.

Sunny Day tour

We have also partnered with Nickelodeon on the Sunny Day tour, which will be traveling across the country this summer and is a great example of how we can partner in the creation of compelling life experiences.

Toy Box Partnerships

Jason Horowitz

VP, Global Marketing – Hot Wheels, Mattel, Inc.

Augmenting our portfolio

As you have seen, we have great partners among the world's leading integrated media companies with the most iconic characters and properties.

South Korea

Now, we look to augment our portfolio with strategic bets where we see truly breakthrough innovation. Along those lines, we have formed a unique partnership with the leading Korean toy company, Choirock. MeCard launches this spring in the US, after many years of extending some astounding success in Korea, where they reach a 19% total toy market share.

Australia

We also had a successful launch this past fall in Australia, where MeCard was the second biggest action figure growth property in the fall of 2017.

Ed Duncan: MeCard combines explosive transformation with clear winners and losers. As you can see, this line is a good time. MeCard will be a fabulous introduction to the action battle game genre. You should definitely give it a try in the gallery. It is really addictive and fun.

Jason Horowitz: We have a 360° launch plan designed to introduce kids to the transformation and battle gameplay.

Ed Duncan: Choirock is a company helmed by a creator of both toys and content. That is really exciting for me, as a toy designer. They have many more amazing toys in the Korean market. We are looking forward to continuing to work with them on future product launches, supported by content and gaming.

John Horowitz: We have a really strong lineup in 2018. We have great partners and we have great properties. I can tell you we do not take it for granted. Ed and I talk about it all the time and I remind my team that we work on some of the coolest stuff in the world. I am really proud of the product lines that our teams have developed.

Ed Duncan: People often ask me if I get to just play with toys all day in my office. You cannot do that until you create the toy.

John Horowitz: You do get to sketch during meetings.

Ed Duncan: Well, like I am supposed to though. One way you can tell me you might have made a good career choice is when your progress is determined by playing with fun toys. We have a lot of great fun toys this year. We are really excited to share them with you guys.

Jason Horowitz: Back to you, Richard.

Ed Duncan: Thank you.

Richard Dickson: One of the most exciting developments that I shared earlier is the creation of a new unit to compete in the fast-growing trend-driven segment of the toy business. We are committed to giving this innovative team the resources and entrepreneurial latitude to mine trends and get big ideas to market really fast.

The incubator team is led by one of our most experienced and entrepreneurial leaders. A well-known leader in the industry, Geoff Walker has made major contributions across our entire portfolio, from our big brands to International to strategic technologies.

Throughout his 20-year career, Geoff has demonstrated an industry savviness and knows some trends that even his son and daughter are impressed with. Please turn off all the cameras and recording devices because it is time to look at the secret Toy Box with Geoff Walker.

Geoff, come on up.

Summary

Richard Dickson

President and COO, Mattel, Inc.

Amazing product line-up for 2018

As you can see, we have an amazing lineup of new products and programs for 2018. However, at the heart and soul of Mattel are its people. Creativity is their superpower. We believe that we have the most experienced, talented, passionate and curious individuals leading our business.

They bring our portfolio to life and are committed to returning Mattel to be a top-performing toy company. With Margo's emphasis on reigniting the creative culture and the innovative spirit, we are well on our way.

Thank you so much for listening to me and our brand presenters. Now, I will turn it back over to Margo to say a few more words. Margo?

Accelerating in Emerging Markets and Milestones for 2018

Margo Georgiadis

CEO, Mattel, Inc.

Overview

It is really tough to follow all those brand leaders. We are going to get up to the gallery in just a few minutes. Hopefully, hearing from all these incredibly passionate, highly experienced leaders gets you as excited as I am about the future of this company, our pipeline and how we are reinventing creativity at Mattel.

I am deeply proud of this team for the strong progress we are making in restoring Mattel as a high-performing toy company, but also for taking steps. As you could see from all those 360° presentations about how we are going to unlock the value of our incredible global IP.

I would like to spend a few minutes just touching on a few things that I know are very important to you, as our investors, and are critical to our long-term success.

Accelerating in emerging markets

\$20 billion global toy market with two-thirds from emerging markets

Accelerating in emerging markets and reigniting our culture and team. Emerging markets are, by far, the biggest growth opportunity in the toy industry. As I mentioned at our Investor Day, the global toy market is expected to grow by over \$20 billion dollars over the next four years and two-thirds of that is coming from the emerging markets. We have the greatest assets and strong positions to enable us to lean in and capitalize on this incredible opportunity, led by our innovative brand programs.

Latin America

Latin America and our Hot Wheels brand is a fantastic example. Hot Wheels is one of the most powerful franchises in the Latin America region with a clear market-leading position and it continues to grow double-digits.

Hot Wheels is the number one boys and vehicle brand in Latin America. It is also the number one selling toy in Latin America. We sell one car every second. Nine out of ten boys in Latin America owns a Hot Wheels car.

The brand is three times bigger than the next player in the market. We are sustaining that growth for Hot Wheels in Latin America through breakthrough 360° connected experiences that fuel passion.

Hot Wheels interactive digital race

For example, take a look at this video. We recently had a three-day Hot Wheels fan event with over 17,000 visitors. It was also live-streamed so that all our fans across Latin America could participate in this exciting 360° experience.

Our Hot Wheels team also created the first-ever interactive digital race in which Latin American countries competed that against each other. Actually, it was broadcast live on Facebook and it allowed the fans to control the speed with their own interactions. This award-winning campaign is another example of how we are taking a consumer and digital first approach to building our brands to sustain outsized market growth.

China

China is another example of breakthrough brand-building, allowing us to win in the most digital and mobile-first market in the entire world. China is a massive market with 210 million kids. Parents are investing heavily in preschool development. Parents are spending 26% of their disposable income on preschool education, already a \$30 billion dollars market. It is catapulting, an incredible preschool learning center business.

Our distinctive Learning and Development expertise and brands such as Fisher-Price are enabling us to forge and extend incredible partnerships to develop this market with transformational consumer experiences.

Baby Tree

Our partnership with Baby Tree, the leading website for Chinese moms, is just one example. It is all about content and engaging moms at massive scale. Building on the learning that we have from our successful content and parenting assessment tool launch that we have talked about on our earnings call, we are now targeting 100 million moms with our new parenting tips program which rolls out this spring.

Nurture Their Nature campaign

We are also using social marketing to drive outsized results on the key holidays such as Chinese New Year. Our Fisher-Price Nurture Their Nature social campaign attracted millions of participants and achieved national status with Weibo top ten searches during the period. Of course, our sales soared.

jd.com

We continue to create first-to-market partnership with the top online retailers in China as well. This spring, we will launch with jd.com, a first-to-market launch with a completely reimagined online shopping experience. It focuses on innovative new video-only formats that replaced traditional text and images. They create a much more immersive consumer experience. They are growing conversion rates.

Kidswant

We are also creating innovative on-the-channel experience. Online key opinion leaders are incredibly important to purchasing decisions across China. We have taken the innovative step in partnership with Kidswant, which is one of the biggest mom and baby retailers in China, to bring those key opinion leaders right into stores. In fact, they are live-streaming their content right from the store and helping to directly connect from offline to online commerce, driving traffic and much higher purchase rates.

Fosun

Beyond these amazing digital marketing initiatives, we continue to develop an innovative learning and play center format, partnering with Fosun. Our concept, called Miniversity, is incredibly exciting and combines the best of Mattel's IP with the best of Fosun's amazing Club Med franchise. It is rolling out this spring in Shanghai. We plan to take it to other top markets in China.

Accelerating emerging markets is an outsized opportunity for Mattel. We are winning by leveraging our incredible IP to capture market share in these important high-growth regions.

Reenergizing the team and culture*Creativity is our superpower*

At the heart of our future is our amazing people, as you can see from all of our presenters today. Our cultural transformation, it is the foundation of our success. It is all about reigniting our creativity and our collaboration. It is our superpower.

We are reviving the energy of a market leader that is deeply passionate about kids and families and inspiring the next generation through play. We are infusing the power of Wonder and how we work together every day.

Our teams are once again inspired, as you saw by Geoff, to challenge the status quo, to get to market fast, to be nimble and constantly strive for creative solutions that make great play experiences. Kids rule our world and we are bringing the fun back into Mattel and unleashing our collective creativity to make a meaningful difference in the world as one team.

Progress in the transformation path*A clear strategy for growth*

It has been about a year since I joined Mattel and we have made a lot of progress along our transformation path that we outlined for you. We have taken decisive actions to reposition the company, which put us in a much stronger position than we were just a year ago.

We have in place a clear strategy for growth, a new leadership team that is fully aligned with the right incentives. We have reset our brand and commercial organizations to drive more consistent execution across the globe, while also being sensitive to the incredibly unique opportunities in the emerging markets.

We have momentum across our key Power Brands and I hope today's discussion really helped to see that. We have made significant progress in strengthening our innovation pipeline with a great lineup of new launches for 2018. Finally, we have realigned retail inventory levels, allowing us to move past that enormous overhang that was a real challenge for us in 2017.

Milestones for 2018

As I look forward, I am confident that 2018 is going to be a very different year as we activate our strategic plan. As you heard from Joe, our objective for 2018 is to stabilize our business and return Mattel to a high-performing toy company with improving margins.

Here are some milestones for you to track our progress this year. You can expect to see our key Power Brands growing more consistently across top markets with sales and POS in tighter alignment.

As we remix the Toy Box to improve stability and profitability, we are going to report our progress so you can track it against partner and owned brands. We will also provide updates on how we are performing against our new launches – Jurassic World, Sunny Day, Polly Pocket and MeCard.

On our costs, we will continue to map each quarter, our progress against our \$650 million structural simplification initiative. We expect these actions will enable us to improve our margins and become financially self-sustaining this year.

We also will share how we are setting the stage to unlock the value of our IP in ways that we expect will drive higher growth and profitability for our Power Brands over time. You will see us develop a slate of content, TV, theatrical and live experiences for our top properties. This will support Power Brand momentum and provide leverage on our A&P spend and accelerate consumer products. Each of these will help us steadily increase our margins further.

You will see us continue to develop co-production deals over time, similar to the J.J. Abrams Beastlies deals that we shared today. You will see more gaming development, starting with the April release of UNO and another in the fall, based on our new partnership with NetEase.

You will see us launch new connected play platforms that extend our Power Brand systems with immersive experiences. As Chris Down shared, Hot Wheels Augmoto is just an early example of how we are creating exciting new extensions that we can keep building on in the future. However, we are taking a careful and staged approach to developing these platforms and we are going to leverage best-in-class technology partners to allow us to capture scaled benefits.

Given the enormous outsized opportunity in emerging markets, we will continue to share our progress in developing our brands and our partnerships in China. In 2020 and beyond, we expect to accelerate sales and profit from a more efficient operating model and the benefits from unlocking our incredible IP.

Conclusion

Before concluding, I wanted to restate, as Joe shared earlier, why we believe Mattel is a very compelling investment opportunity. We are in a growing industry with differentiated assets that enable us to capture the most attractive opportunities. We are executing a clear strategy for growth. During 2018, we will show demonstrable progress.

Our initiatives to reshape operations are expected to restore our margins and unlock additional funds for reinvestment. Finally, nearly 70% of our revenues are generated by beloved evergreen Power Brands, which are expected to produce substantial cash flow that will help fuel our investments and our growth.

We look forward to updating you as we execute against our strategy and achieve the milestones we have set out for ourselves ahead. Thank you for joining us today.

To get you ready for the incredible play experiences that you are about to see in our gallery, we wanted to share a fun video that recaps the big ideas from today. After the video is over, we will make our way to the gallery together. Thank you.

[END OF TRANSCRIPT]