



# **Toy Fair Analyst Meeting**

Friday, February 21<sup>st</sup>, 2020

## Ynon Kreiz

*Chairman and Chief Executive Officer, Mattel, Inc.*

Thank you for joining us today and welcome to those of you joining via the webcast.

This year marks Mattel's 75<sup>th</sup> Anniversary – a significant achievement and a testament to the company's legacy and deep heritage.

It is a privilege to celebrate this milestone with you at this year's New York Toy Fair.

We are here to present to you the progress we are making on our turnaround.

The theme of today is growth mode.

You'll see in our presentation a deliberate shift in focus towards the growth part of our strategy. In addition to myself, you will hear from:

- Richard Dickson, Mattel's President and Chief Operating Officer,
- Jamie Cygielman, General Manager of American Girl, and
- Steve Totzke, Mattel's Chief Commercial Officer.

After the presentation, those of you who have joined us in the room, will have an opportunity to see some of the great product innovation for 2020 with a tour of the Mattel toy gallery upstairs.

Mattel is the world's leading toy company.

We own one of the strongest catalogues of children and family entertainment franchises in the world.

Our purpose is to empower the next generation to explore the wonder of childhood and reach their full potential.

Our mission is to create innovative products and experiences that inspire, entertain and develop children through play.

Our strategy is to transform Mattel into an IP-driven, high-performing toy Company.

Mattel's transformation strategy has two parts:

- In the short-to-mid-term, we are looking to become a high-performing toy company. This means restoring profitability, by reshaping our operations, and regaining top line growth, by growing our power brands and expanding our brand portfolio.

- In the mid-to-long-term we are looking to become an IP-Driven, high performing toy company. This is where we look beyond the toy aisle to capture the full value of our intellectual properties, through franchise management and the expansion of our online retail and e-Commerce capabilities.

The first chapter of our presentation is about the significant progress we have made in the last two years towards what was the immediate priority of our strategy, to restore profitability.

This is demonstrated by our 2019 financial results that we announced last week. Some of the key highlights include:

- Adjusted gross margin of 44.9%, reflecting six consecutive quarters of improvement and 710 basis points better than 2017. This is the highest margin we have seen since 2016
- Adjusted EBITDA of \$453 million dollars, which is more than 3.5 times higher than the adjusted EBITDA reported in 2017 of \$126 million dollars.
- Adjusted operating income of \$156 million dollars, reflecting YoY improvement in 5 of the last 6 quarters and the highest result we have seen in three years.
- Operating cash flow of \$180 million dollars, an improvement of \$208 million dollars since 2017, and a positive number for the first time in three years.
- And Free Cash Flow of \$65 million dollars, an improvement of \$389 million dollars since 2017, also a positive for the first time in three years.

Our success in restoring profitability to date has been driven by our Structural Simplification program.

Structural Simplification was designed to streamline the organization, rationalize the cost base and improve efficiency and performance across every part of the enterprise.

The two-year program had a financial target of \$650 million dollars of run-rate savings exiting 2019.

Thanks to the hard work of many, we achieved \$875 million dollars, exceeding the original target by \$225 million dollars or 35%.

We have realized over \$738 million dollars in the P&L over the last two years and expect the remaining \$137 million dollars in 2020.

During this two-year period, we

- reduced our non-manufacturing workforce by 29%

- cut capital expenditures by more than 60%, and reduced it to the lowest level on record, going back more than twenty-five years,
- and at the same time, we still made strategic investments of more than \$150 million dollars to position our company for future growth.

While we have formally concluded the program, its benefits will have a lasting impact on the business in the years to come.

In addition, we launched the Capital Light program in 2019.

This is a multi-year, comprehensive effort to optimize our manufacturing footprint, increase the productivity of our plant infrastructure, and drive higher performance across the entire supply chain.

To achieve these goals, we have been:

- re-balancing our global third-party manufacturing network and
- selling, closing or consolidating our owned and operated plants, while retaining those which deliver competitive advantages in cost, quality and service.

At the start of the program, we operated 13 plants around the world. To date:

- we have closed three owned facilities in Mexico, China, and Indonesia, and
- we recently announced the closure of our manufacturing operations in Canada by the end of 2020.

These closures will enable us to further optimize volume, capacity and cost.

Capital Light has already realized incremental \$15 million dollars of savings last year and we expect to deliver about \$50 million dollars of additional savings in 2020.

We have also made transformative improvements in the global supply chain organization outside the factories.

By re-organizing the leadership and structure of this function, we have changed the mindset from merely being a cost and service center to one of being a best-in-class business partner.

This drives both bottom line and top line improvement in our results.

- By rationalizing SKU's, optimizing tooling, labor and overhead, we expect to improve overall profit margins.

- We are already well on our way in reducing complexity in the system, and expect a 30% SKU reduction by the end of the year, with no negative impact on the top line.
- By better matching demand with supply, we expect to make better manufacturing choices, improve customer fill rates and capture additional revenue opportunities.

We believe Mattel's supply chain expertise and global scale are becoming a competitive advantage.

While we are on supply chain, I'd like to provide a brief update on the Coronavirus.

First, our thoughts remain with those affected. The health and safety of our employees continue to be top priority.

We can confirm that manufacturing at our China facilities resumed on February 17th after a two-week shutdown.

While overall employee return rates have been impacted by quarantines and transportation limitations, we are encouraged by the employee return rates at our owned and operated facilities, where we implemented additional health and safety measures.

The situation remains fluid and our supply chain and commercial organizations are working to mitigate the disruption. We will continue to assess, and will update you as appropriate.

Now, looking ahead, we expect to continue to drive further improvement in profitability.

- Gross margin is expected to work its way back into our historical range of the mid-to-high forties.
- SG&A expenses will be optimized even further, as we rationalize the level of spend to be balanced with growth expectations.

We are also working to strengthen the balance sheet and improve our leverage ratio through the combination of EBITDA growth, cash generation and net debt reduction. With that, we will continue to advance toward investment grade credit ratings.

The refinancing activities last year have improved our near-to-medium-term liquidity with the next maturity in March of 2023.

While we have made significant progress in restoring profitability and have built a roadmap to deliver even more, we are shifting our focus to the second key pillar of our short-to-mid-term strategy – regain top line growth.

This brings us to the second chapter of our presentation.

Here are some of the building blocks and progress we have made to date in positioning the company for growth. In the past two years we have;

- Restructured the organization around Category Management, enabling us to leverage our expertise and global footprint to gain market share and drive sales across our portfolio.
- Elevated the Design function and consolidated it with the development organization into one team, to stimulate innovation across all categories, at scale, rather than standalone individual brands.
- Re-aligned our Franchise Management team to more fully commercialize our owned and licensed brands both in the toy aisle and in vertical adjacencies, and
- Established a global Commercial organization to accelerate growth across all regions and throughout our retail network, which today spans more than 400,000 doors worldwide.

These changes are already having a direct impact on the business.

In 2019, we exceeded the goal to stabilize the top line, with a 2% revenue increase in constant currency after five years of revenue declines. The growth last year was driven primarily by our own brands.

- We grew sales in every geographical region, and in five out of the six categories where we operate.
- Dolls, our largest category, grew by 2% to more than \$1.7 billion dollars in worldwide gross sales. Excluding American Girl, the Dolls category was up 7%, the second straight year of growth.
- Barbie grew by 9% and reached its highest level in six years, in what many described as one of the most competitive years the industry has ever seen.
- The Vehicles category grew by 6% to more than \$1.1 billion dollars.
- Hot Wheels had its best year ever, up 14%, exceeding last year's record high on its 50<sup>th</sup> Anniversary.
- Fisher-Price Core, by far the largest component of our Infant, Toddler and Preschool category, was down less than 1% for the year, and was flat in the fourth quarter.
- And our Challenger Categories, Action Figures, Building Sets and Games have also performed very well with each delivering double-digit growth, and together grew 15% for the year.

Our top line momentum bodes well for future growth.

We also have some brands in turnaround, and we are taking action to return them to growth as well.

As a result of this strong performance in 2019, Mattel was the #1 Global Toy Company for the year.

We outperformed the industry and increased global market share in the all-important fourth quarter.

Where 2019 was about stabilizing our revenues, we are now shifting our focus to growth, and expect to increase our revenues in 2020 by up to 2.5%.

Richard, Jamie and Steve will come up next to provide more detail on how we are going to do that and execute on our strategy through growing our power brands and expanding our brand portfolio.

Richard, the stage is yours.

## **Richard Dickson**

*President and Chief Operating Officer, Mattel, Inc.*

Thanks, Ynon.

Elliot Handler, one of our founders, believed that innovation and growth should always be the heartbeat of Mattel.

At 75, we are more committed to this legacy than ever.

Today we're proud to have one of the strongest and most exciting updates we've had in years.

Innovation defines us once again, what we promised is working, and we are confidently shifting our focus to drive top line growth.

While the toy business had a uniquely challenging year in 2019, it's still an \$89B market according to Euromonitor International, with lots of room for us to grow.

Physical toys have reaffirmed their place alongside screens, complementing Mattel's powerful IP, industry scale and category strengths.

Category structure is a key component of our growth strategy.

Last year we showed that aligning our organization to more deliberately focus on performance across our key categories would work.

And this year we'll build on momentum by concentrating our resources against four avenues to growth:

- Barbie, Fisher-Price Core, and Hot Wheels brand franchises represent about two-thirds of our revenue, and their global impact can drive strategic expansion across their categories – and beyond.
- Our rich catalog of proven IP lets us update and reintroduce legacy innovation to a new generation, leveraging proven play systems, shortening speed-to-market and probability of success.
- Our strength as a partner to leading entertainment brands enables us to pursue more of the best licenses, and to structure win-win deals.
- We're improving our success launching new brands by concentrating development in areas where we are strongest, and shifting resources for more swings, more hits and better ROI.

You'll see examples of how we have, and will, drive growth in each of these areas over the course of today's presentation.

As important as what we're doing to accelerate growth is how we're doing it, and the key to our success is being a design-led organization.

At Mattel, design-led means an obsessive focus on our consumers - discovering the big, actionable insights that address their wants and their needs – and then bringing these to life with the artistry and aesthetics that create demand.

That is Mattel's unique signature.

Our amazing design and development resources are now unified under a Chief Design Officer reporting directly to me.

We're leveraging all this talent across our entire portfolio - putting creativity back at the center to build a new superpower for Mattel that's already accelerating innovation.

Design-led products and marketing are most successful when they leverage the trends in popular culture that drive relevance and demand.

- This means leveraging evolving marketplace trends, like new digital platforms, user-generated content, and social media challenges...

- as well as important trends in consumer values, like diversity, inclusion, sustainability and purpose.

When you connect those dots the right way, it's lightning.

Mattel's ability to create relevance for our products and brands by connecting to, and even shaping popular culture is unsurpassed in this business.

It is the reason we are building more durable growth across our portfolio, s we have in some cases for generations.

We are also building longer-term, values-based connections with consumers through our commitment to purposeful play, for which Mattel is a leading advocate.

We want to empower the next generation to explore the wonder of childhood and reach their full potential.

Our clarity of purpose defines and differentiates our brands, inspires innovation, and builds more enduring connections with kids and parents, every day.

Taken together - our category strategy, design-led organization, trend leadership and purposeful approach to brands and play - represent a powerful engine for our growth.

As I take you through our key initiatives category by category, you'll see how this engine has enabled our recent accomplishments, and will power our growth going forward.

By the time you head to the gallery this afternoon, we want you to have a clear perspective on where we're headed in 2020.

So let's ground that by looking at the industry - and how Mattel fits within it.

Of the \$89 billion global toy industry, \$50 billion of that comes from the G12 countries NPD covers.

Mattel is most developed in six categories, and combined, these represent 66% of the industry per NPD.

- We are a share leader with top brands in three categories; dolls, vehicles and infant/toddler/preschool.
- We're an important challenger in three other categories: action figures, building sets(we call it "construction") and games & puzzles.

Now, beyond the categories where we are leaders or challengers is the balance of the industry, which includes outdoor and sports, arts and crafts, plush and more. This represents \$14 billion annually in the G12, and we view it as strategic white space where we can grow.

We're already pushing into one new category with intent, and I'll come back to that later.

So with that context, let's take a look at each of these six categories, with a specific focus on where we see key opportunities for top line growth in 2020, including our most exciting new products.

Starting with dolls, the leading category in our industry.

Dolls is an \$8 billion supercategory, and was number one in NPD last year.

For the last several years, this category has been a big growth driver for the industry.

Dolls was down by 2% last year, but Mattel outpaced category performance.

Our doll portfolio grew market share, and we're now at 20%.

We see lots of space to strategically build out our doll portfolio, with Barbie as our flagship and category driver surrounded by a growing constellation of active brands, revivals from our IP catalog, licensed partner brands, and entirely new IP we will create.

Fashion Dolls is a segment Mattel created 61 years ago with the launch of Barbie.

Barbie is the number one fashion doll brand worldwide.

2019 was proof of Barbie's renewed strength.

Facing what amounted to ultimate competitiveness in the category, we were still able to grow Barbie.

With nine consecutive quarters of growth and the highest full-year gross sales of the last six years, Barbie's deservedly been named a "Comeback Brand of the Decade" by Ad Age.

We have high ambitions for Barbie growth and will be pushing the boundaries of what the IP can be, which is much more than a doll.

Now is the moment to build on that momentum, and - without revealing everything we have planned - I'll show how we're doing it.

Probably the most important accelerator of the Barbie business these past few years has been the brand's groundbreaking Fashionistas line.

It is a perfect example of how we're activating major trends to really resonate with our consumer.

Today, without question, Barbie has the most diverse line of dolls in the world.

And diversity is resonating - as we see girls increasingly gravitate toward dolls that reflect the world they see around them – from shape and color to ability.

The Fashionistas segment has grown double digits over the past few years and accelerated diversity across all segments of the brand from careers to fairytale and family.

Last year, more than half of all Barbie dolls sold represented diversity – both growing the size of Barbie collections, and bringing new consumers to the brand.

We take tremendous pride in seeing kids empowered by a doll they can truly relate to.

Watch as we put our commitment to purposeful play into practice:

The emotional impact of this line has been incredibly moving and motivating.

In 2020, 21 exciting new dolls will join the Fashionistas line, several of which you'll see today in the gallery.

Fun is always the price of entry for any new product.

That's true for these design-led breakthroughs for Barbie in 2020:

Barbie Color Reveal is a trend-driven hit that builds on the secrets-and-surprises play pattern with special color reveal technology. And it is literally flying off the shelves. It's a showcase for Mattel innovation.

Wave two, due out later this year, will feature new scales and even more surprises.

As we look to trends for inspiration that will be important to both moms and kids, wellness is emerging as an important and purposeful movement that is gaining momentum.

Breathe With Me Barbie is already one of the top new products this year. This initiative includes a new partnership with Headspace, the leading app in this field, and a range of consumer products - driving both volume and continued relevance.

In addition, we're building on momentum in the already growing segments of Barbie's world.

Barbie's I Can Be segment will continue to promote the popular careers that girls love to play out, and highlight more fields where women are underrepresented.

We'll also introduce girls to more real world role models, including 2020 Olympic athletes from around the world.

Barbie's Estate line is one of the largest volume segments of the brand, and this year Barbie's favorite toys – dream houses, campers, planes, cars – will have refreshed looks and a particularly strong lineup.

We are particularly excited about a new platform that we are developing that opens multiple pathways to growth, and which will play a major role in the franchise's future. We're calling it Barbie Family.

The Barbie Family will be an incredible world of new narratives, characters, and form factors. It is an important and exciting step toward long-term growth for the brand.

Each of Barbie's famous relatives and friends - like Stacy, Skipper, Scooter, Chelsea and Ken – represents a brand in the making, and a major growth opportunity.

We've already begun; Chelsea will have her very own Netflix special in Spring 2021, and she's already been extended into popular playsets and small dolls.

That's just a glimpse of a Barbie brand now defined by growth, innovation, cultural connection, newness, breakthrough marketing, and great equity with moms.

Gone are the days when Barbie's relevance could be questioned – now the big question is how high is high.

Our strategy is extending the Barbie growth mindset across our entire doll portfolio.

You've already seen us activate trends to expand our footprint with the groundbreaking BTS and Creatable World launches. And in 2020 we're adding four new trend-driven lines.

Lotta Looks is an open canvas for play with customizable characters that bring pop culture trends to doll play with Snapchat filters and emoji eyes. We've also incorporated a great new partnership with Sanrio's Hello Kitty.

Cave Club is all-new IP that brings together outdoor adventure with popular prehistoric themes, a formula we know has girl appeal from our success with Jurassic World. It has tested very well and the dolls are incredible.

We're also extending category growth with several important global partnerships.

- Zombies 2 is a great new product from our strong relationship with Disney.
- Wonder Woman 1984, based on this year's blockbuster sequel from DC and Warner Bros.
- And this week we announced a new multi-year global licensing agreement with Universal for DreamWorks Animation's Spirit Riding Free franchise. The collection will be available ahead of the 2021 theatrical release of the Spirit feature film.

Playsets has been fueling category growth. But it's a segment of bell curves, with few new products managing to evolve into enduring brands.

Polly Pocket is one of these rare, evergreen brands.

Originally introduced by Mattel more two decades ago, Polly shows how we're strategically reintroducing catalog IP.

She has quickly become one of the top three overall growth brands in the segment. And with one of the only enduring brands in the segment, we intend to make playsets an ongoing growth component of our doll portfolio strategy.

And sometimes a great new product can evolve into a brand. That's our aspiration for Cloudees, which brings together collectability, transformation and reveals in a really fun and surprising new way.

Now, getting American Girl back on track is of paramount importance to the company. The concept and values behind this great franchise align closely with important trends today.

Turnaround initiatives began in the back half of last year, focused on redesigning our website into a digital flagship, infusing new excitement and experiences into our flagship stores, driving new relevant content specifically focused on digital and restoring the premium quality and details back into our product.

We are thrilled Jamie Cygielman joined us midway through last year to take the reins to execute and build out the path to growth for this cherished brand in our portfolio.

Jamie is here today to personally update you on our progress.

Jamie - come on up.

## **Jamie Cygielman**

*General Manager – American Girl, Mattel, Inc.*

Thank you Richard. Good afternoon.

I am thrilled to be here leading American Girl through this important brand turnaround.

Bringing legacy brands back to their full potential has been a passion and expertise of mine throughout my career across the Fashion, Beauty, Entertainment and Toy categories.

I am honored to lead this storied brand into its next chapter.

This is the American Girl that first ignited consumer passion.

Dolls and girls sized stories set in historical American periods showed how to steer through rites of girlhood.

Fans were hooked – just like me and my daughter. We would wait at the mailbox for the catalogue and delight in our visit to American Girl Place, otherwise known as Girl Mecca.

Today, American Girl is a legacy brand with a built in, avid fan base, premium products, engaging content and robust, holistic experiences centered around doll play.

It is through this rich and unique offering that girls find a sense of belonging and connection.

And moms (many of whom grew up with American Girl) believe that the stories and imaginative play help build girls of strong character.

That truly is the definition of Purposeful Play.

Our focus today is to reclaim American Girl's leadership position in the large doll category, driving demand, sales and profitability.

Today I will share how we are delivering on our objectives and how we are stabilizing the core business and positioning ourselves for growth.

Product, Content, and Experience have always been the cornerstone of this brand. Our turnaround plan celebrates these core pillars of our DNA, with renewed relevance and marketing to connect with girls and their millennial moms.

One example of how we are doing this is with Julie Albright – our historical character that hails from San Francisco in 1974 (in other words – ancient times).

We started with: Authentic, differentiated, premium Products – like a real working pinball machine straight out of a 70's arcade.

We then created a digital dialog with relevant Content to reach children and moms where they are - with media to support it.

This included a YouTube music video, Julie Can Change the World which has been viewed 3.4MM times since its debut a few months ago.

Let's take a look at the music video that showcases Julie's story in a fresh new way and also highlights her amazing collection.

And to expand Julie's story we introduced a unique, immersive Experience. Julie's Groovy World at our NYC flagship at Rock Center is where we bring our 1970s fan-favorite character to life.

Girls can hang out in a 70's inspired living area – complete with a rotary phone (you don't know how many girls have asked what that was!), beaded curtains and classic Egg Chair.

Girls can also shoot hoops just like Julie and take a selfie in the full-size 70s-era VW Beetle – and upload to social media.

These efforts have paid off. Julie is not a new doll – in fact, she was introduced over a decade ago.

But by bringing her story to light in new relevant and meaningful ways, we created consumer demand and saw a 37% increase in Julie and her collection in Q4.

We are now seeing lifts in our historical character business for the first time in years by creating new ways to engage and shouting loudly.

Julie is one doll in American Girl's vast portfolio. As we bring narrative and buzz forward for each of our characters, the possibilities for growth are exponential.

Building on this success, we are focusing on several key tentpole launches throughout this year.

Meet our 2020 contemporary character Girl of the Year, Joss Kendrick.

She is a surfer from Huntington Beach, California - who decides to try out for cheerleading and who happens to rock a hearing aid.

The response from Girls and Parents to Joss' story has significantly surpassed our expectations. Joss and her related collection are up 20% in sales over last year's 2019 GOTY.

GOTY Joss is an example of how we are focusing on key pillars with highly detailed premium product, relevant content, and immersive experiences - and telling our story through both earned and paid media to drive awareness.

Joss was launched with an exclusive reveal on Good Morning America followed by Meet Joss events across our retail stores complete with sign language lessons, meet and greets with influencers and animated series on YouTube.

Let's take a look at some of the excitement

Another 2020 tentpole is our partnership with Team USA (just in time for the Summer Olympics).

We are leaning into this major pop culture moment through our Truly Me line with relevant product, a stop frame animated series for YouTube called Go for the Gold, and exciting retail "meet and greets" with real Team USA athletes from swimming, beach volleyball, softball, soccer and the newest Olympic sport - surfing, plus a Paralympian.

We have another exciting tentpole in Fall 2020 - the launch of a new historical character for the first time in several years.

She's top secret but perhaps you can guess the decade from this image.

What I can tell you is that she is highly relevant and sure to delight both original and new AG fans - and is likely to be on all the hot holiday toy lists this year. So stay tuned.

While girls originally became obsessed with AG through the immersive chapter books, they are now spending a disproportionate amount of time on YouTube.

We are focused on creating a more robust experience on this key platform to drive engagement and demand creation.

Since launching the new content with paid media support, we've garnered 150MM views, which is up 78% YoY.

Subscribers are up 3 times what they were in early Q4 and engagement is up 287%.

Our content themes reinforce American Girl experiences such as "Dolled Up with AG" that highlights our doll hair salons across our retail stores.

Other series like "Then and Now" and our music videos tell the stories of our characters in new, relevant ways.

Another way we are evolving the brand digitally is with a complete re-design of our website into a digital flagship.

It is important to note that AG.com is one of the largest direct-to-consumer branded toy websites - if not the largest.

The new digital consumer engagement platform was created with a mobile-first focus; new payment solutions; and simplified shipping tiers. Since relaunching, we have seen improved e-Commerce sales and conversion rates, as well as higher Average Order Value – all key metrics.

Our retail stores have always been the ultimate way to experience the brand.

In Q4 we launched several new, immersive experiences that convey and deepen our brand purpose – and give girls and their families even more reasons to visit and deepen their bond with AG.

I already mentioned - Julie's Groovy World in NYC.

And then there is our new "Dolled Up Salon" in Chicago (which joins NYC) inviting GIRLS and their dolls in getting matching hairstyles, mini manicures, and ear-piercing. They can order pink lemonade and mom can have some Rose to make it a real Girls Day Out!

American Girl has always stood behind its quality product and has offered a “doll hospital” or refurbishing service.

To bring this unique point of difference front and center, we brought to life American Girl’s famous Doll Hospital to both our NYC and Chicago locations!

“Patients” can get a free doll wellness exam with a specially-trained Doll Doctor, take eye exams, and buy doll wellness merchandise such as eyeglasses, casts and crutches, a wheelchair, an asthma kit, and of course a hearing aid for Joss.

These engaging and interactive retail-tainment experiences are what continue to set American Girl apart – while always staying true to our rich heritage and core purpose – and we are already seeing a year-to-date lift in key metrics at our retail flagship locations including sales, traffic and units per transaction.

While AG retail will always be an extension of the brand experience, we know that our stores are not all created equal. To that end, we will continue to evaluate our locations to ensure we are meeting financial objectives, including actively reviewing lease structures as appropriate to meet our long term goals.

I am beyond encouraged by what this remarkable brand has to offer and what has yet to be unlocked.

It's now about mixing things up differently with renewed relevance and amplifying it to our customers.

AG is an immersive 360-degree experiential brand with deep purpose that can be more relevant than ever.

While the turnaround is in its early stage, we are seeing positive momentum across our focus areas and I am excited to lead the brand into this next chapter.

Thank you.

Now, I would like to welcome back Richard.

## **Richard Dickson**

*President and Chief Operating Officer, Mattel, Inc.*

Thanks, Jamie. We know American Girl has the potential to become a growth engine in our portfolio in the coming years.

The intrinsic value of the brand, its DNA, and fan base are all the ingredients it needs to be relevant and growing.

Keep an eye on what we're doing with the flagship stores and e-Commerce. You'll begin to see us stabilize the brand this year.

In dolls, we know where the growth is and how to capture it – and that's exactly what we're doing.

Vehicles is a \$3.4 billion category where Mattel is the leader with 32% share, is driven by Hot Wheels, Matchbox and Disney/Pixar Cars.

While our vehicles brands share core play patterns, individually they have unique positionings that complement each other:

Hot Wheels is our speed fantasy brand, enabling kids to experience the thrills of competition and going fast in worlds they create.

As Ynon already mentioned, Hot Wheels 50th anniversary in 2018 was the brand's biggest year ever - only to be eclipsed by an even bigger biggest year ever in 2019, and six consecutive quarters of POS growth in the US and globally.

2020 will build on this incredible momentum with new digital marketing, content, and live experiences that are bringing consumers to the brand and driving demand.

Most important is the exciting, new product across all the major segments of the Hot Wheels brand:

Hot Wheels Die Cast is the number one selling toy in the world.

We've been able to translate almost anything into a vehicle, enabling us to partner with every major car company – and in recent years, with big entertainment properties by transforming popular characters into innovative cars.

Track Builder is essentially the Hot Wheels building system – a relatively new segment created to sell as many tracks as we sell die cast cars, and get Hot Wheels in on the popularity of the construction play pattern.

This is a steadily growing segment for us with great long-term potential as complement to our momentum in die cast.

Monster Trucks is a new segment we successfully launched last year, focused on crashing and bashing.

Experiential marketing is driving this fast growth segment through the Hot Wheels Monster Truck Live tour around the world.

And extending the brand to an older age group is Hot Wheels id - a first of its kind, digitally-connected racing system that can track each car's racing data via app.

We launched globally at Apple Stores, then Amazon. And we are expanding on that distribution in 2020.

We are thrilled with the performance of Hot Wheels, and you will see even more new initiatives to drive continuous momentum and top line growth throughout the year.

Matchbox is a legendary name in die-cast that appeals to kids who want to play out more lifelike stories and adventures with cars.

Candidly, Matchbox has been a bit of a sleeper, too.

But developing this IP to help drive mid-to-long-term category growth is now underway, with a major relaunch planned for 2021.

Ahead of that, we are connecting Matchbox to trends that drive demand through important partnerships and licenses.

The brand grew last year in partnership with Mercedes-Benz, and this year's new partnership is with this summer's blockbuster, Top Gun: Maverick.

The balance of our vehicle portfolio is made up of important partnerships.

Disney Pixar's Cars is the number two property in vehicles after Hot Wheels, and our number one licensed vehicle.

And, beyond Cars, we have an amazing roster of additional partnerships that are a testament to our expertise in this category.

Today I am also beyond excited to reveal a new partnership that extends Hot Wheels into RC and demonstrates – yet again – Mattel's ability to create cultural conversations and drive real time relevance for our brands.

Can anyone guess what it might be?

We are incredibly proud to partner with Tesla to create what is sure to be one of the hottest collaboration collectibles – ever – the HW CyberTruck!

This highly collectible, limited edition is available only at [MattelCreations.com](https://www.MattelCreations.com).

So check it out today.

Infant/Toddler/Preschool is the 3rd largest category in toys at \$7.3 billion in 2019, and we have the largest share at 15% with the Fisher Price flagship brand.

This business is incredibly important to us, and I am pleased to say that the brand is turning.

Overall, this category and how we compete in it are complex.

So I want to unpack it for you, clearly explaining how we're doing - and how our strategy is working toward making this category an important growth driver for us again.

Our entire infant/toddler/preschool portfolio is under the Fisher-Price brand, and includes four major components:

- Fisher-Price Core
- F-P Friends
- Power Wheels
- Thomas & Friends.

Fisher-Price Core brands are valued by parents as a helpful and reliable partner at each stage of their child's journey.

Last year, we achieved the milestone of stabilizing this segment by focusing on providing great value on new and improved products like these:

Linkimals had a great year, and is expanding in 2020. Parents love how this line gets babies thinking and moving, and the toys' signature ability to react to one another creates fun and encourages repeat purchase.

Imaginext is a popular line with preschoolers that offers great growth potential.

The DC Superfriends Batmobile is a breakthrough hit and a top 20 item in the US within the category.

This year, Imaginext Ultimate Batcave, featuring stereo sound and a unique construction play experience will be a growth driver.

Little People figures, vehicles and playsets are both iconic Mattel IP and a versatile canvas for partner IP.

Elsa's Ice Palace from Disney's Frozen is another top 10 item, within the supercategory, and a great example of how successfully Little People can translate entertainment properties into hit products for toddlers.

And now there is Rollin Rovee – a key driver for 2020 that engages as a child's friend and grows with them from six months to 5 years.

The features and surprises of this toy are sure to make it a hit!

We're showcasing the renewal of Fisher-Price with a new brand campaign that people are loving. It's gaining momentum as we roll it out globally.

Let's take a look:

The balance of our infant/toddler/preschool portfolio is made up of Fisher-Price Friends, Power Wheels and Thomas. Let's look at each more closely:

We call it Fisher-Price Friends because this is the in-licensed part of the business.

As anticipated, this segment was down in 2019 due to the lack of strong new properties available to us, in addition to our own exit from underperforming licenses.

This situation will continue through 2020, but we have strong partnerships coming on line in 2021 and we're poised to grow this segment in the mid-term.

Power Wheels has been challenged by value oriented competition.

We've responded decisively by tightening operations and being asset-light, and this has significantly improved our cost competitiveness.

We expect to turn this business gradually, showing noticeable improvement down the road.

Thomas & Friends has been a longer turnaround than I would have liked, but is showing early signs of progress despite a challenging year in 2019.

Here are some of the initiatives driving our plan:

First, we're introducing an innovative new playset with trains that recognize each other - talking and interacting just like they do on the show.

Next, the line will be simpler and more fun, focused on a single system of play.

We are simplifying our approach to merchandising, getting back to the basics, emphasizing a focus on the legendary core characters everyone loves.

Thomas remains a true global franchise built off of amazing content.

This year, there's a great new season of original episodic content in addition to the enormous success of YouTube exceeding 1 billion views last year.

Ynon will update you further on our overall content strategy including Thomas.

Now let's turn to three categories where Mattel is an important challenger with significant opportunity to grow top line, starting with Action Figures - a \$3.8 billion global category, of which we have just over 14% share.

This is a huge growth category for us, and 2019 was one of our biggest years ever, with double-digit sales increases year over year.

Toy Story 4 was the number two growth property industry wide last year, and our action figures exceeded goals.

Our new Jurassic World items out-performed expectations in a non-movie year, and are becoming an evergreen brand in our portfolio.

2020 is generally expected to be a lighter year for the movies that drive this category, with many of the big franchises skewing older.

One exception is the new Minions movie, and we're proud it is part of our close partnership with Universal.

We also have a successful and growing partnership with Disney Pixar in this space, including new deals for theatrical and Disney+ content.

We expect our WWE action figures to benefit from the new Smackdown show on Fox, as well as new innovation in that line.

We have also extended our partnership with Minecraft for two big new releases in 2020.

Despite all the positives for action figures, it will be a challenge to anniversary in 2020.

However, we are becoming a much stronger and dependable challenger - driving growth in partnership with the top kids' entertainment companies, and also by bringing our own IP to life.

Construction is a \$5.3 billion category, and Mattel's MEGA brand has 4% share.

We are a proud number two in this category, with great respect for the leader and a fierce determination to grow.

Our challenger business model delivers high-quality, differentiated construction toys for less.

We have seen good progress in this space, with 2019 global sales up double digits, and POS trends improving.

In 2020, we will kick our strategy into high gear with product innovation, licensed partnerships and a new purpose-driven campaign.

We're demonstrating a new commitment to sustainability with a brand new bio-based product line.

Our MEGA Bloks segment is the leader in big blocks, sized right for the youngest builders.

Our 80-piece bag is already the #1 item in all of construction in the U.S. and we're building on strength with an innovative new

Peek-a-Blox line that leverages intuitive play features.

The MEGA Construx segment delivers compatible building with Lego brand bricks – differentiated by value and articulated figures, including partnerships with Pokemon and Halo.

We're showing that there is room in this category for a respectful and ambitious number two, and we look forward to demonstrating continued growth from MEGA.

Mattel has a 6% share of the Games piece of the Games and Puzzles category.

We are the global leader in the card segment driven by UNO, a business we've doubled in the US over the last five years.

2019 was a great year for us with gross sales up double-digits in every region globally, and UNO with its biggest year ever.

We've achieved this remarkable growth by extending UNO and introducing exciting new ways to play the game.

As a result, UNO was the number one game and the number one growth card game property worldwide.

Taking our commitment to purposeful play to a whole new level, the UNO Brand created something truly special...UNO Braille.

I will let the video do the talking.

And we don't see any signs of UNO slowing down, especially with a social media fan base that now exceeds 100 million followers.

Pictionary also saw its biggest year ever. Pictionary Air, a wildly innovative new way to play this beloved classic, was the holiday's number one new family game and the number two new game in the US.

It has a strong year two ahead with a fun new extension you'll see in the gallery.

In 2020, we'll continue to drive growth with our leading brands.

UNO, Pictionary Air, Magic 8 Ball, Kerplunk and Tumblin' Monkeys will all introduce new toys.

And we'll continue to launch innovative new games.

Earlier I mentioned that we view the categories beyond the three where we are a leader and the three where we are a challenger as strategic white space.

Now we're pushing into one of those white space categories with a determination to drive growth, and that's Plush – where we're already winning new business, disrupting category norms, and revolutionizing speed to market.

Plush is a \$2.4 billion category that appeals to a broad spectrum of consumers.

In the past, we licensed out most of our category opportunities, but now we see new potential with both our own IP and partner IP – and a new capability to help grow our entertainment partnerships.

There's no greater proof point than the phenomenon called "The Child" from Disney's The Mandalorian – also known as "Baby Yoda".

We created this hit plush in just three weeks and the results have been epic: this was the largest presale we have ever had, and it was the number one plush on Amazon the week after Thanksgiving.

And maybe, you'll get to see one up close today.

This year, we'll grow with a bigger Star Wars plush line, Minions plush for the big movie this summer, new Disney/Pixar plush, and more top licenses to be announced for 2021.

Being instantly competitive in a new category is a great demonstration of the power and pace of our design-led approach, and our ability to drive growth in more ways than ever before.

I can think of no better way to honor Mattel's 75-year legacy and celebrate a bright future than to have our company on strong footing.

In this business, right now, there is no clearer path to durable top line growth than connecting brands meaningfully to culture.

And no one does that like we do.

Mattel brands are never spectators.

As you've seen today, we are deeply and continuously integrating our brands into the world – creating brands that are determined to make their mark and do more, be more valuable, get bigger, and stick around for a long time.

This has always been part of our DNA.

As we continue our transformation into an IP-driven, high-performing toy company, the value of our legacy – from our purpose to our IP – is not simply inspiring our future, but fueling our growth.

Great products, global brand strategies and creativity are only part of the equation of a high performing toy company.

Commercial excellence takes our great portfolio and delivers the customer and consumer experiences that drives sales.

And with that, let me bring up the greatest chief commercial officer the toy industry has ever known, Mr. Steve Totzke.

## **Steve Totzke**

*Chief Commercial Officer, Mattel, Inc.*

Good Afternoon and thank-you Richard!

I am inspired every time I hear Richard talk about our great products, global brand strategies and creativity.

I am equally inspired by the cross-functional commercial teams I lead, who bring this to life for consumers, everywhere.

The way we do it – bring this to life for consumers – has changed considerably.

Since Mattel first put it on a screen in 1955, success in the toy industry has looked a lot like this: put great toys on TV and in retail stores, and let kids and moms do the rest.

As time progressed, this evolved – more TV channels and bigger retail channels.

Then more, bigger channels still.

Now, we have this.

In 2020, this is the screen. Within arm's reach, at all times.

More people are spending more time online; consuming more media online; doing more shopping online – every year, everywhere.

As online gets bigger, Mattel's scale and capabilities combine to drive awareness and conversion.

When we began this journey 2 years ago, we built a roadmap to support and advance our strategy, focused on 4 mandates, across our 4 regions:

- Expand local profitability, in all markets, towards high-performing toy company margins;
- Drive global consistency of brands, items, and activation, so we're focused on the right priorities and excellent execution;
- Evolve demand creation with data-driven marketing, global and local content, online and in-store promotions and experiences; and
- Maximize all channel growth with a more robust approach, including e-Commerce, direct-to-consumer, and growth channels locally.

2019 offered many proof-points; this is working. Consistent with our global strategy in the short-to-mid-term, and as Ynon mentioned, we restored profitability and regained topline growth, in all regions.

Having established a profitable foundation, growth in 2020 is our top priority.

As part of Mattel's transformation, we consolidated the Global Commercial organization, operating in 4 regions:

- North America,
- Europe, Middle East, and Africa, or EMEA
- Latin America or LATAM, and
- Asia Pacific or APAC

Each region is led by a Managing Director – seasoned Mattel executives and toy industry veterans – and country managers at the local level. Each region manages its own P&L, line selection, pricing, demand forecasting, inventory, advertising and promotional spend and customer relationships.

They are experts in their local markets and consumers.

We set the direction, and develop the tools, toys, and creative assets globally; and ultimately, local teams decide how best to use them based on the nuances of their markets.

These cross-functional teams execute the global strategy from more than 40 offices serving 150 countries. We have one of the largest commercial organizations and distribution networks of any toy company, as Ynon said, selling our product through more than 400 thousand doors.

Our business model is global strategy and local execution, and now that we have the right balance, our commercial scale and capabilities combine to become a powerful competitive advantage.

Sounds good on paper, but it's even better when it comes to life. Let's take a quick trip around the world and see what this looks like; starting right here, in Mattel's largest region, North America.

North America performed well in 2019.

According to NPD, Mattel was again the #1 toy company in the U.S., making it 26 consecutive years.

We were focused on winning the holiday season and we did, growing share as the #1 toy manufacturer in Q4.

As is the case in all commercial regions, there are many examples of global consistency in North America; too many to count. To name a few of the bigger ones in 2019.

Fisher-Price's Let's be Kids campaign, Barbie's 60th, and the Hot Wheels id launch – all global brand priorities, each activated with:

- Engaging guest experiences;
- Disruptive in-store merchandising; and
- Best in class digital assets and placement

As is the case in every region, our North America commercial team evolved demand creation, with a focus on consumer engagement, becoming the #1 brand creator in kids' entertainment and animation by unique viewers in Q4.

While all commercial markets celebrated Barbie's 60th, in the US we celebrated with an Airbnb Dreamhouse experience in Malibu, California; it doesn't get any more local than that for Barbie.

This one activation generated more than 1.6 billion media impressions, and more than 1.4 million shares on social media.

Our channel management approach has a global-to-local component as well, and has become even more important given the 2018 liquidation of TRU in the US.

With an all-channel approach, our commercial sales teams drove higher topline with customers across a range of emerging channels including Grocery and Drug, Value, and Department stores;

We certainly see growth in e-Commerce and online retail in all regions. We've gained momentum in this fast growing channel. I will cover this separately before we land.

Beyond North America and on to our largest international region – EMEA – which performed exceptionally well and outpaced the industry.

Sales increased 8% for the year driven by the commercial execution of Mattel's global priorities.

According to NPD, Mattel gained share in Europe in both the fourth quarter and full year.

Let me share a few examples of EMEAs local execution of Mattel's global strategy:

- While all commercial markets activated Barbie You Can Be Anything brand assets, only EMEA partnered with the European Space Agency, for regional authenticity reaching would-be astronauts in this market, and leveraged Barbie brand assets across media – including this Barbie Astronaut You Can Be Anything outdoor activation.

One example among the countless local activations from our Commercial regional teams, supporting Mattel's global strategy in 2019.

Another great example of global consistency and evolving demand creation from our EMEA commercial team, taking Hot Wheels Legends Tour to Germany, now engaging fans in 3 of our 4 regions.

This team is leading the way with data-driven precision marketing for Fisher-Price in Euro-5 markets, where we doubled the size of our CRM database, and re-launched our brand sites to help families select the best products based on the ages and stages of their children.

In this region, channel growth is focused on e-Commerce, value discounters, specialty, and on aligning with key local customers, which helps us secure feature space, in-store displays and eye-catching brand shops.

This is a momentum business, and we've gained serious momentum in EMEA.

Moving to Latin America, we continue to make gains – which is notable given our already strong leadership position in the region – with sales up 5% for the year.

We gained share and have been the #1 toy company for 4 consecutive years, according to NPD.

In-store execution is critical to our success in LATAM, where commercial teams partner with local customers to build amazing in-store displays, or “exhibitions” as they call them there.

To evolve demand creation, in this region too, we work with local influencers for relevance and credibility; and deploy data-driven marketing and digital-native campaigns, to reach the right consumers with the most impactful messages at the right times.

Bringing this all together in LATAM in 2019 was the Hot Wheels Legends Tour Mexico.

Let's take a look.

We're no longer talking about best practice sharing, we have moved to best practice adoption and execution, globally.

We end our trip in Asia-Pacific, which like our other 3 regions, grew in 2019. APAC was up 3% for the year. We continue to make progress in China and major markets across the region.

We are seeing good momentum in Australia, where we gained market share for the full year.

Here too, our commercial teams in APAC, activated Barbie 60th:

- Featuring local role models;
- Out of home advertising;
- Events at local landmarks;
- Retail experiences, pink buildings, parties, and prominent activation across the region.

For Fisher-Price, also a global priority, our commercial teams:

- Evolved Demand creation with local influencers online;
- Merchandising in-store, to maximize e-Commerce and online-offline growth;
- Winning awards for our local execution along the way.

That was a trip around the world in 8 minutes. I want to show you a powerful example of what is possible, now that Mattel is completely aligned, bringing our global strategy to life with local executions. Here was Barbie 60th in 2019.

There aren't many companies that could execute something on this scale, with such excellence, globally.

In addition to all this great local execution, let's spend a couple minutes on e-Commerce and DTC as contributors to growth in the short-to-mid-term.

As we discussed last year at this very meeting, Mattel has been expanding our deep capabilities to maximize the large and fast-growing e-Commerce channels.

As this accelerated in 2019:

- Mattel outpaced the industry and gained share online in the US in Q4,
- And won the holiday as the #1 toy company online in the same period.

Our commercial teams in markets around the world have worked to develop momentum and advantages in e-Commerce channels.

As I travel the globe, I hear directly from our customers that Mattel is driving best-in-class e-Commerce and online retail partnership, such as:

- The global online launch of Hot Wheels id;
- Our #1 share of voice on Amazon's Top 100 toys, our biggest Black Friday Deal of the Day program ever; and
- Amazon pop-up Spokes stores, to celebrate Barbie's 60th and Fisher-Price Let's Be Kids campaign.

e-Commerce is another area for global strategy and local execution.

- Amazon for growth in EMEA;
- T-Mall and JD in APAC; and
- Amazon, Walmart, and Target in North America, where omnichannel is more pronounced.

Finally, our direct-to-consumer; for the short-to-mid-term:

- We began with restoring profitability for our DTC operations, and succeeded in 2019.
- We focused on guest experience, directing shoppers "where to buy", increasing e-Commerce traffic and POS for our customers.
- We offered unique, exclusive product, including Barbie Signature and Hot Wheels Collector.

Some stats:

- Barbie Signature memberships were up 62% in 2019;
- Hot Wheels Collector memberships are up 180% in 3 years; and
- ALL Hot Wheels Collector items sold out in 2019, most of the time, in less than an hour.

Mattel DTC is profitable and scaling short-to-mid-term; watch this space mid-to-long term.

As the commercial organization shifts our focus to growth, you can expect we will continue to:

- Expand local profitability;
- Drive global consistency;
- Evolve demand creation; and
- Maximize channel growth.

And of course, I am a superstitious fellow; it's worked for Mattel for 26 consecutive years, so when I'm asked how Mattel is going to do this year, I'll say it again:

"Come Christmas morning, Mattel will have more toys under more trees, inspiring more wonder, than any other toy company in the world."

Thank you.

Please welcome Ynon back to the stage.

## **Ynon Kreiz**

*Chairman and Chief Executive Officer, Mattel, Inc.*

Thank you Steve.

Richard, Jamie and Steve have taken you through Mattel's progress on our short-to-mid-term strategy to regain topline growth. Thank you all for your very compelling presentations.

We own one of the strongest catalogues of children and family entertainment franchises in the world.

It spans generations, demographics, genres, and play patterns. It is a portfolio that includes franchises that are relevant and successful today as well as proven brands waiting to be re-introduced to new generations of kids.

This portfolio is a true differentiator for Mattel – a strategic asset that separates us from the rest of the industry – and it is the foundation of our strategy to capture the full value of our Intellectual Properties.

This brings us to the third chapter of our presentation. With our catalogue, we have the potential to drive additional value by monetizing our brands and franchises in other highly accretive large verticals that are directly adjacent to the toy industry.

In success, this can be transformative.

These verticals include film, TV, digital gaming, live events, music, consumer products and merchandise.

Our Franchise Management strategy creates a holistic and connected approach for Mattel's IP portfolio and works hand in hand with our toy business.

Masters of the Universe is our first example of this franchise approach.

This was one of the biggest toy brands of the 80's. It combined great storytelling and toy play for millions of kids. It still has an avid fan base that has not been addressed strategically in decades.

Since we started to activate content opportunities around the brand six months ago, the response has been overwhelming. And that is where the opportunity lies.

Our strategy for Masters of the Universe is grounded in content activation. We are thrilled to partner with Netflix who continues to transform how people consume content.

Netflix will be our partner on two ground-breaking animated series that will entertain both existing and new fans.

- The first is "He-man and the Masters of the Universe", a CG-animated series about how young prince Adam transforms into He-Man to battle the evil Skeletor and save the cosmos. So we're all good there.
- The second is "Masters of the Universe: Revelation", a 2D animated series directed by legendary creator and showrunner Kevin Smith, with an all-star voice cast, including Mark Hamill from the original Star Wars.

Check out this video.

You should expect to see both animated series in 2021.

We are also excited about the Masters of the Universe feature film with Sony and an additional partner as part of a new structure. We'll share more details in the coming weeks.

These content activations will drive extensive engagement and re-introduce this great mythology to new generations of consumers.

In addition to content, Masters of the Universe will have a robust line-up of toys, digital gaming, live events, and consumer products and merchandise. This will allow multiple concurrent touchpoints, offering diverse and unique experiences to all of our fans.

Masters of the Universe is a great example of the many dormant IP's that have the potential to be re-ignited as present day franchises. We have a lot more happening as we lay the groundwork to capture the full value of our IP.

Here are some updates on our activities in Film, episodic content and digital games.

In the fall of 2018, we created Mattel Films with a goal to build an accretive business unit.

The team was given the mandate to make great, quality movies that people will want to watch. These movies also need to be commercially viable in their own right.

As I have said previously, we are constructing a virtual studio, capital-light business model, that still provides Mattel with the opportunity for meaningful upside.

We are collaborating with some of the best players in the industry, in terms of development, production, financing, marketing, and distribution. We have purposely not concentrated our partnerships with one single studio, but instead ensure that we have the right partner for the right project.

This has the added benefit of providing us with the flexibility to develop and execute multiple projects concurrently, at scale. This also allows for the right balance between potential economic upside and risk mitigation.

Assuming the movie proves to be toyetic, our returns may be amplified by developing and selling a toy line driven by the film.

Masters of the Universe is one of eight theatrical films that we have announced to date. Other theatrical projects in development include:

- Barbie with Warner Brothers, Greta Gerwig, Noah Baumbach and Margo Robbie
- Hot Wheels with Warner Brothers
- View-Master and American Girl with MGM
- Magic 8-Ball with Blumhouse
- Barney with 59% and Valparaiso Pictures
- And Major Matt Mason with Paramount, Tom Hanks and Akiva Goldsman

Mattel TV has a very similar mandate – build an accretive business and make great, quality episodic content which brings our characters to life.

In a growing world of streaming platforms with unlimited shelf space and ubiquitous distribution, global brands with built-in fan base are more critical than ever. This is where our franchises come into play.

We have six series and four specials in production, and now more than 30 projects in development.

- In addition to Masters of the Universe, Thomas & Friends will also be available on Netflix beginning this spring. Other series include Barbie Dreamhouse Adventures, Polly Pocket, and Fireman Sam.
- The four specials include Barbie Princess Adventure, Barbie and Chelsea, and two Enchantimals shows.
- The 30 projects in development range from preschool, animated action adventure and comedies, to live action, scripted and unscripted series, based on our library of IP.

In the coming quarters we expect to announce additional film and television projects in line with our strategy.

Digital gaming is a \$150 billion dollar plus global business which is almost twice the size of the toy industry. Like film and television, it is driven by big franchises, yet we have hardly participated in this area.

In 2019, we launched Mattel's first self-published Hot Wheels mobile game, Hot Wheels Infinite Loop. The game received multiple prestigious recognitions including Apple's "Best of 2019" Award. Within a few months, Hot Wheels Infinite Loop had over 3 million organic downloads.

We are also excited to introduce Scrabble Go internationally in partnership with Scopely this March.

And we have started to drive topline growth and direct-to-consumer relationships through Mattel163, our mobile joint venture with NetEase.

Mattel163 developed and published UNO which launched worldwide just a year ago. It has been downloaded over 85 million times and played by more than 1 million players daily.

In addition to Mattel163, licensing relationships with triple-A partners are driving growth and profitability. We look forward to announcing additional upcoming digital games in 2020.

The second pillar of capturing the full value of our IP is our online retail and e-Commerce strategy.

We have established ourselves as industry leaders and best in class e-Commerce partners, as reflected in our scale, share gains and multiple awards.

When it comes to e-Commerce, in the mid-long term we are looking to build a more extensive DTC business, leveraging the American Girl platform.

We believe that our IP has the strength and built-in fan base to generate the demand required for a successful DTC business. We look forward to updating you in the future on this as part of our longer term strategy.

As we continue to progress across all the key pillars of our transformation strategy, we also see Mattel as a key player on the center stage of corporate citizenship.

Environmental sustainability continues to be a top priority for the entire organization. In late 2019, we announced a new sustainability goal to achieve 100% recycled, recyclable or bio-based plastics materials in both products and packaging by 2030.

We recently announced two lines of Mattel's iconic products that will be in market by the end of 2020, Fisher-Price's Rock-a-Stack and three preschool building sets by Mega, all made from bio-based plastics, and packaged in 100% recycled or sustainably sourced material.

As of today, 93% of all of our packaging is already made from recycled or sustainably sourced materials. We are making tangible strides in the right direction.

We will share more on our global sustainability efforts in the future.

In conclusion, 2019 was an important inflection point in our turnaround. We are in a much stronger position today than we were a year ago.

We have completed our structural simplification program, reshaped our operations and restructured our supply chain.

We have begun to generate cash and have addressed any debt maturities until 2023.

We have established a profitable foundation, turned the corner of our revenue trajectory and are now shifting our focus to growth.

We have a world class leadership team with outstanding capabilities both creatively and commercially, and a results-oriented organization with new skills that is designed to drive future growth.

We are the market leader in an industry that is projected to grow and we have deep relationships with all the key constituents, including all major retailers and entertainment partners.

We own a very unique asset base that provides a strong foundation for our core business as well as for future growth in new areas that are highly accretive.

We have demonstrated our ability to execute consistently and proved that we have a disciplined, methodical approach to running the company and putting it on the right track.

By just executing our short-to-mid-term strategy, alone, and becoming a high-performing toy company, we will create significant shareholder value.

If we are successful in our mid-to-long-term strategy to capture full value of our IP, that value will be transformative.

I am excited and confident about the future. Mattel is back!

Thank you for joining us today. Let's go look at some toys.