



Second Quarter 2018 Earnings
(Unaudited Results)
July 25, 2018

FORWARD-LOOKING STATEMENTS: This presentation contains a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as “anticipates,” “expects,” “intends,” “plans,” “confident that” and “believes,” among others, generally identify forward-looking statements. These forward-looking statements are based on currently available operating, financial, economic and other information, and are subject to a number of significant risks and uncertainties. A variety of factors, many of which are beyond our control, could cause actual future results to differ materially from those projected in the forward-looking statements. Specific factors that might cause such a difference include, but are not limited to: (i) Mattel’s ability to design, develop, produce, manufacture, source and ship products on a timely and cost-effective basis, as well as interest in and purchase of those products by retail customers and consumers in quantities and at prices that will be sufficient to profitably recover Mattel’s costs; (ii) downturns in economic conditions affecting Mattel’s markets which can negatively impact retail customers and consumers, and which can result in lower employment levels, lower consumer disposable income and spending, including lower spending on purchases of Mattel’s products; (iii) other factors which can lower discretionary consumer spending, such as higher costs for fuel and food, drops in the value of homes or other consumer assets, and high levels of consumer debt; (iv) potential difficulties or delays Mattel may experience in implementing cost savings and efficiency enhancing initiatives; (v) other economic and public health conditions or regulatory changes in the markets in which Mattel and its customers and suppliers operate, which could create delays or increase Mattel’s costs, such as higher commodity prices, labor costs or transportation costs, or outbreaks of disease; (vi) currency fluctuations, including movements in foreign exchange rates, which can lower Mattel’s net revenues and earnings, and significantly impact Mattel’s costs; (vii) the concentration of Mattel’s customers, potentially increasing the negative impact to Mattel of difficulties experienced by any of Mattel’s customers, including the bankruptcy and liquidation of Toys “R” Us, Inc., or changes in their purchasing or selling patterns; (viii) the future willingness of licensors of entertainment properties for which Mattel currently has licenses or would seek to have licenses in the future to license those products to Mattel; (ix) the inventory policies of Mattel’s retail customers, including retailers’ potential decisions to lower their inventories, even if it results in lost sales, as well as the concentration of Mattel’s revenues in the second half of the year, which coupled with reliance by retailers on quick response inventory management techniques increases the risk of underproduction of popular items, overproduction of less popular items and failure to achieve compressed shipping schedules; (x) the increased costs of developing more sophisticated digital and smart technology products, and the corresponding supply chain and design challenges associated with such products; (xi) work disruptions, which may impact Mattel’s ability to manufacture or deliver product in a timely and cost-effective manner; (xii) the bankruptcy and liquidation of Toys “R” Us, Inc. or other of Mattel’s significant retailers, or the general lack of success of one of Mattel’s significant retailers which could negatively impact Mattel’s revenues or bad debt exposure; (xiii) the impact of competition on revenues, margins and other aspects of Mattel’s business, including the ability to offer products which consumers choose to buy instead of competitive products, the ability to secure, maintain and renew popular licenses and the ability to attract and retain talented employees; (xiv) the risk of product recalls or product liability suits and costs associated with product safety regulations; (xv) changes in laws or regulations in the United States and/or in other major markets in which Mattel operates, including, without limitation, with respect to taxes, tariffs, trade policies, or product safety, which may increase Mattel’s product costs and other costs of doing business, and reduce Mattel’s earnings, (xvi) failure to realize the planned benefits from any investments or acquisitions made by Mattel, (xvii) the impact of other market conditions, third party actions or approvals and competition which could reduce demand for Mattel’s products or delay or increase the cost of implementation of Mattel’s programs or alter Mattel’s actions and reduce actual results; (xviii) changes in financing markets or the inability of Mattel to obtain financing on attractive terms (xix) the impact of litigation or arbitration decisions or settlement actions; and (xx) other risks and uncertainties detailed in Part 1, Item 1A “Risk Factors” in Mattel’s 2017 Annual Report on Form 10-K. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so, except as required by law.

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

A glossary of non-GAAP financial measures is located in the Appendix.

Q2 2018 financial performance





Q2 2018 key takeaways

- Worldwide net sales of \$841 million in the second quarter.
- Barbie® and Hot Wheels® continue strong momentum; Barbie gross sales* up 12% and Hot Wheels gross sales* up 21%, despite impact of Toys “R” Us liquidation.
- Net sales decline driven by Toys “R” Us liquidation.
- Company announced a reduction of over 2,200 positions, representing 22% of global non-manufacturing workforce, as well as planned sale of manufacturing sites in Mexico.
- On track to deliver \$650 million savings, reflecting progress in Structural Simplification program to restore profitability and improve efficiency.
- Strong working capital performance driven by improved inventory management.

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



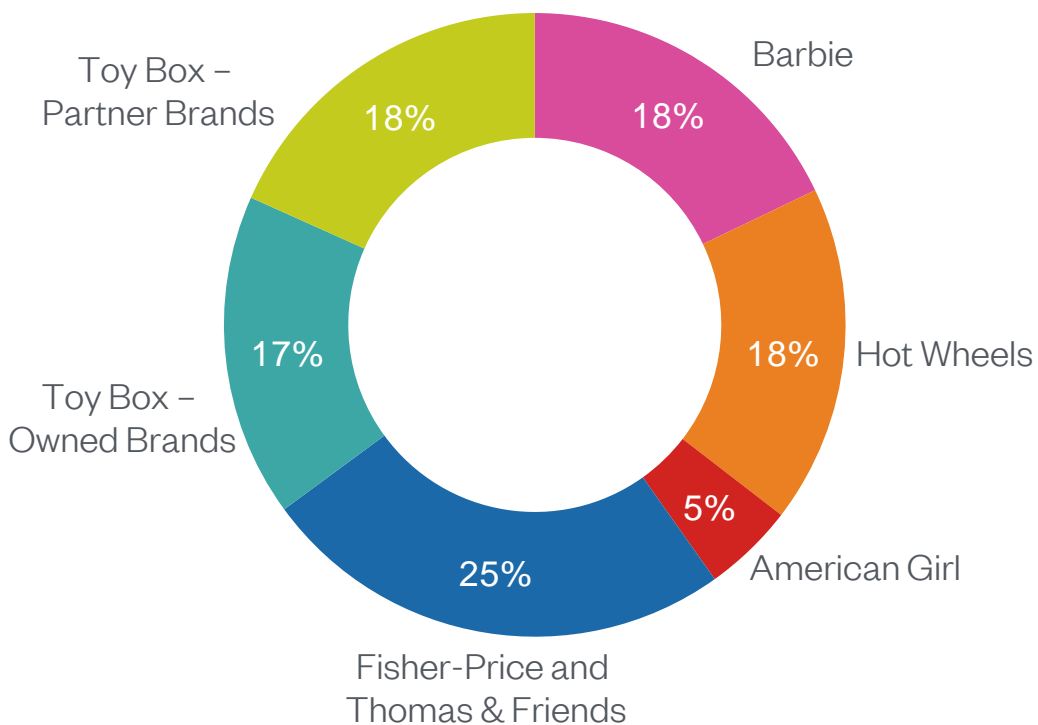


gross sales mix*

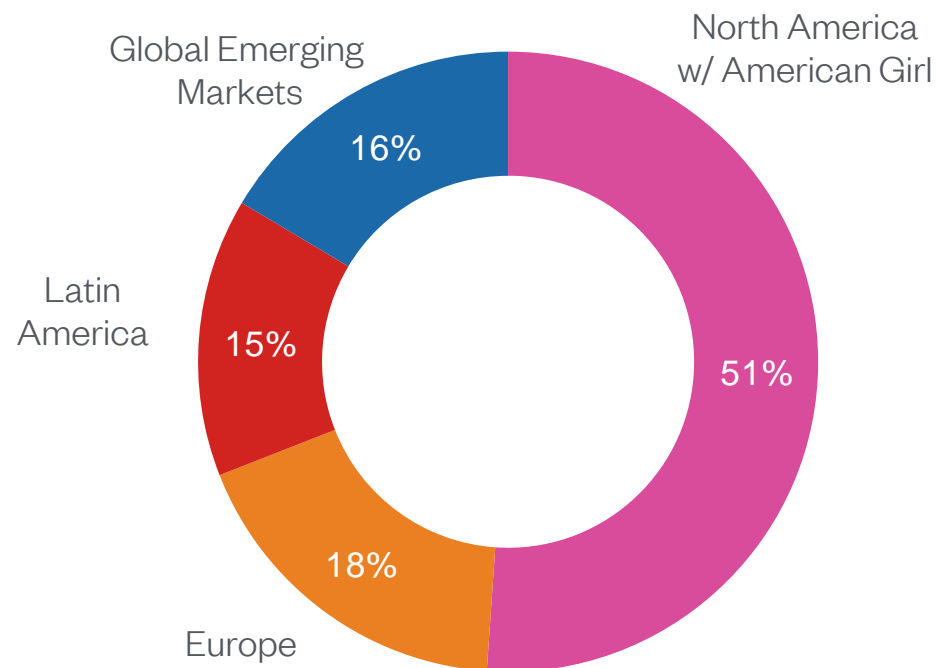
second quarter 2018 (QTD)

(\$ in millions) - unaudited

gross sales* by brand mix



gross sales* by region mix



(1) Mattel reorganized its regional reporting structure in the first quarter of 2018. As a result, Global Emerging Markets, which was previously disclosed as Asia Pacific, includes Russia, Turkey, the Middle East, and Africa, which were previously included within Europe

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

Note: Amounts may not foot due to rounding

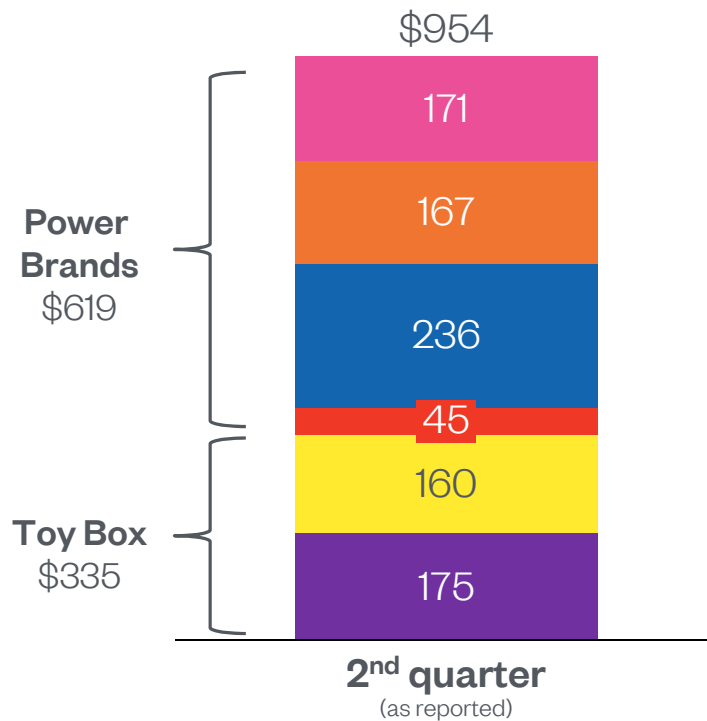


worldwide gross sales by brand*

second quarter 2018 (QTD)

(\$ in millions) - unaudited

- Barbie
- Hot Wheels
- Fisher-Price and Thomas & Friends
- American Girl
- Toy Box - Owned Brands
- Toy Box - Partner Brands



YoY growth rate (%)		
as reported	constant currency*	TRU impact ⁽¹⁾
+12%	+12%	-11%
+21%	+22%	-10%
-14%	-15%	-14%
-33%	-33%	-4%
-10%	-10%	-11%
-32%	-32%	-8%

Gross sales* impacted by Toys "R" Us liquidation; Decline in Toy Box further driven by comparison to last year's Cars 3 launch

(1) Toys "R" Us impact presented in constant currency

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

Note: Amounts may not foot due to rounding

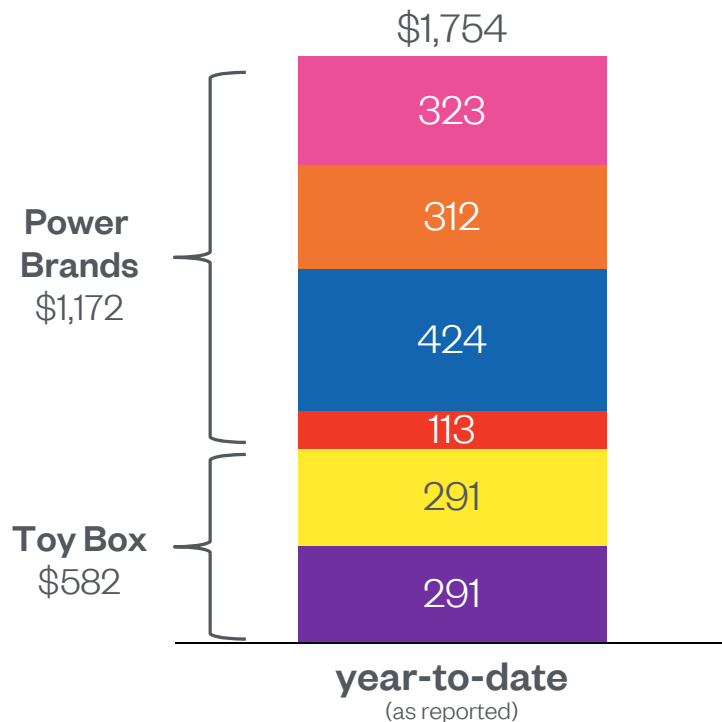


worldwide gross sales by brand*

second quarter 2018 (YTD)

(\$ in millions) - unaudited

- Barbie
- Hot Wheels
- Fisher-Price and Thomas & Friends
- American Girl
- Toy Box - Owned Brands
- Toy Box - Partner Brands



YoY growth rate (%)		
as reported	constant currency*	TRU impact ⁽¹⁾
+17%	+15%	-7%
+18%	+17%	-6%
-12%	-13%	-10%
-26%	-27%	-4%
-8%	-10%	-7%
-26%	-27%	-8%

Continued strong momentum in Barbie and Hot Wheels, despite impact of Toys “R” Us liquidation

(1) Toys “R” Us impact presented in constant currency

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

Note: Amounts may not foot due to rounding



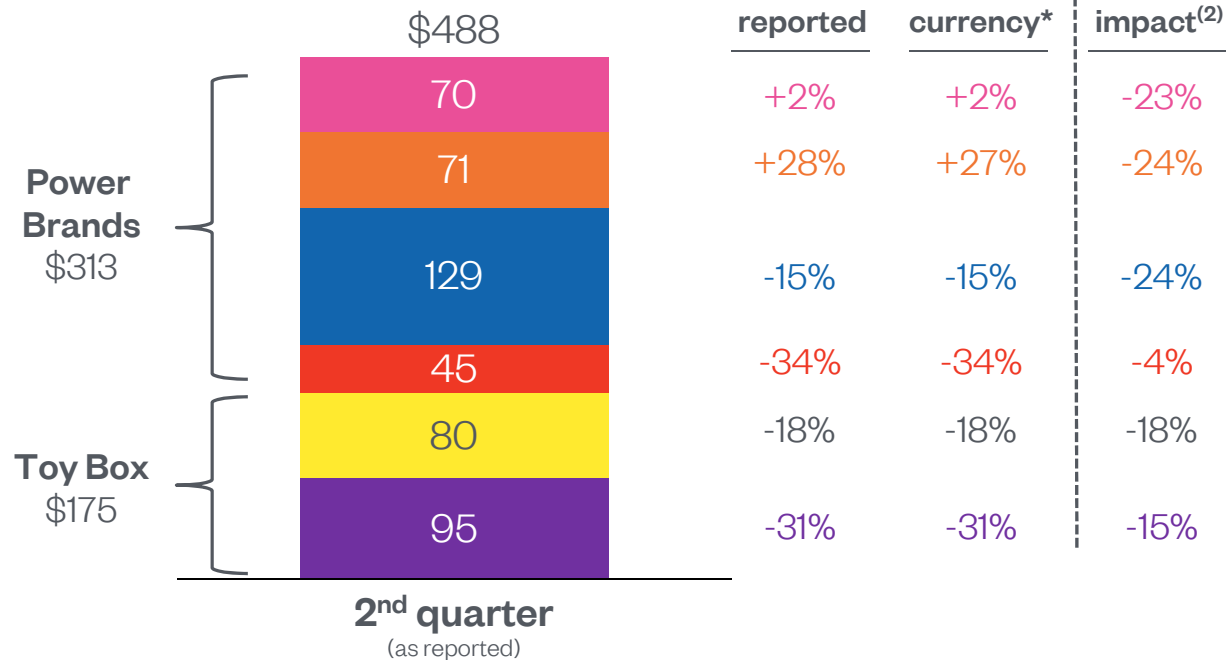
north america⁽¹⁾ & american girl segments gross sales by brand*

second quarter 2018 (QTD)

(\$ in millions) - unaudited

YoY growth rate (%)

- Barbie
- Hot Wheels
- Fisher-Price and Thomas & Friends
- American Girl
- Toy Box - Owned Brands
- Toy Box - Partner Brands



North America gross sales* down 13% as reported and in constant currency*, including a negative 19% impact from Toys “R” Us liquidation⁽²⁾

(1) North America segment includes Barbie, Hot Wheels, Fisher-Price, Thomas & Friends, and Toy Box

(2) Toys “R” Us impact presented in constant currency

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

Note: Amounts may not foot due to rounding



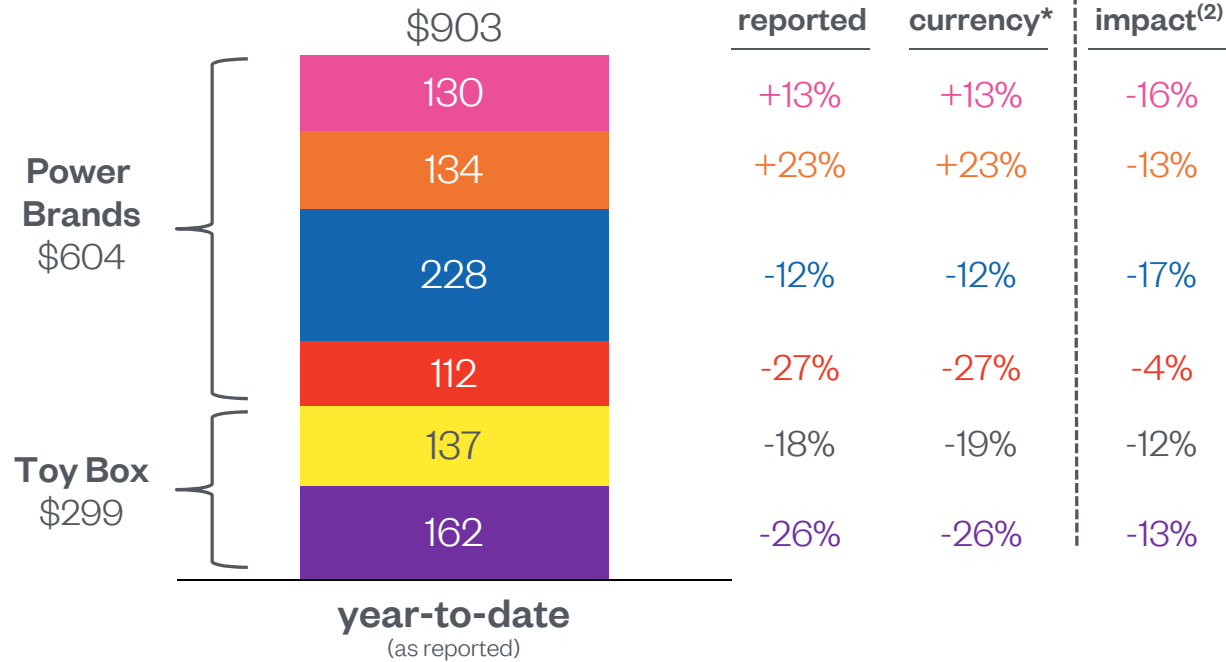
north america⁽¹⁾ & american girl segments gross sales by brand*

second quarter 2018 (YTD)

(\$ in millions) - unaudited

YoY growth rate (%)

- Barbie
- Hot Wheels
- Fisher-Price and Thomas & Friends
- American Girl
- Toy Box - Owned Brands
- Toy Box - Partner Brands



Continued strong momentum in Barbie and Hot Wheels, despite impact of Toys “R” Us liquidation

(1) North America segment includes Barbie, Hot Wheels, Fisher-Price, Thomas & Friends, and Toy Box

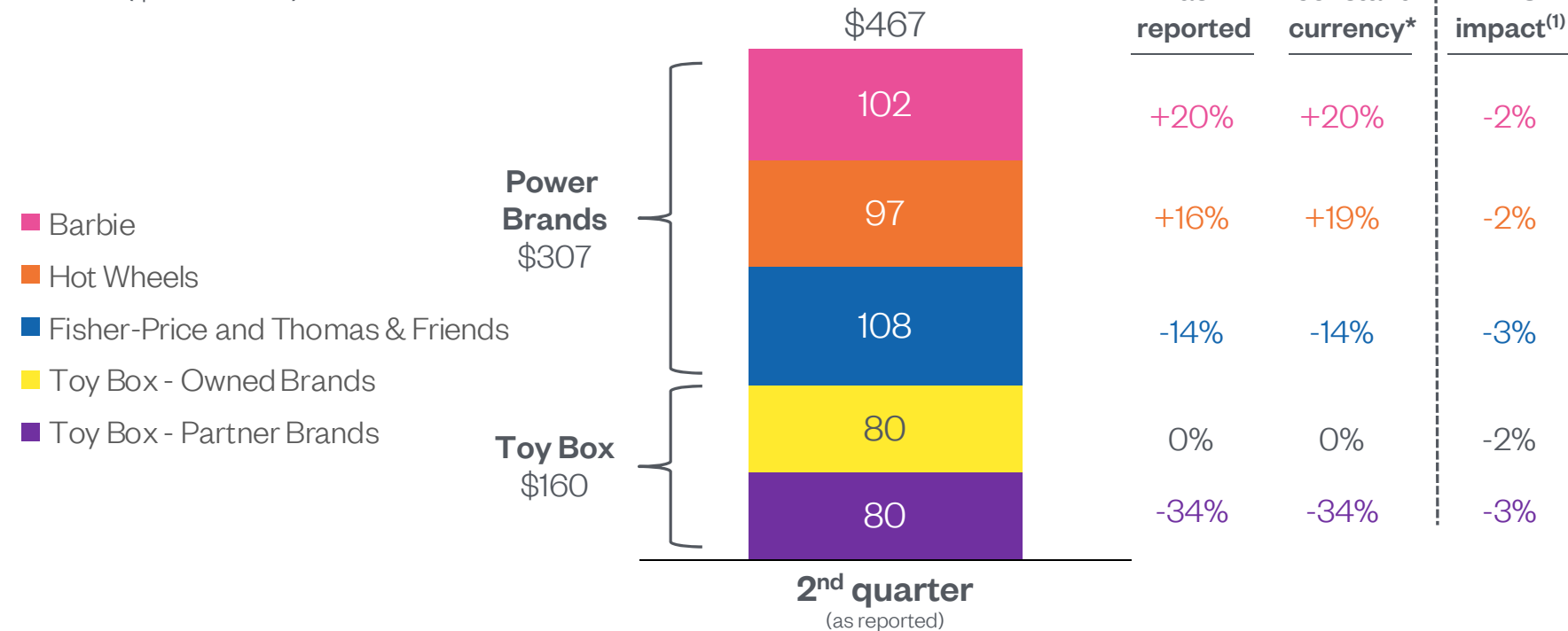
(2) Toys “R” Us impact presented in constant currency

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

Note: Amounts may not foot due to rounding

MATTEL international segment gross sales by brand*
 second quarter 2018 (QTD)
 (\$ in millions) - unaudited

YoY growth rate (%)



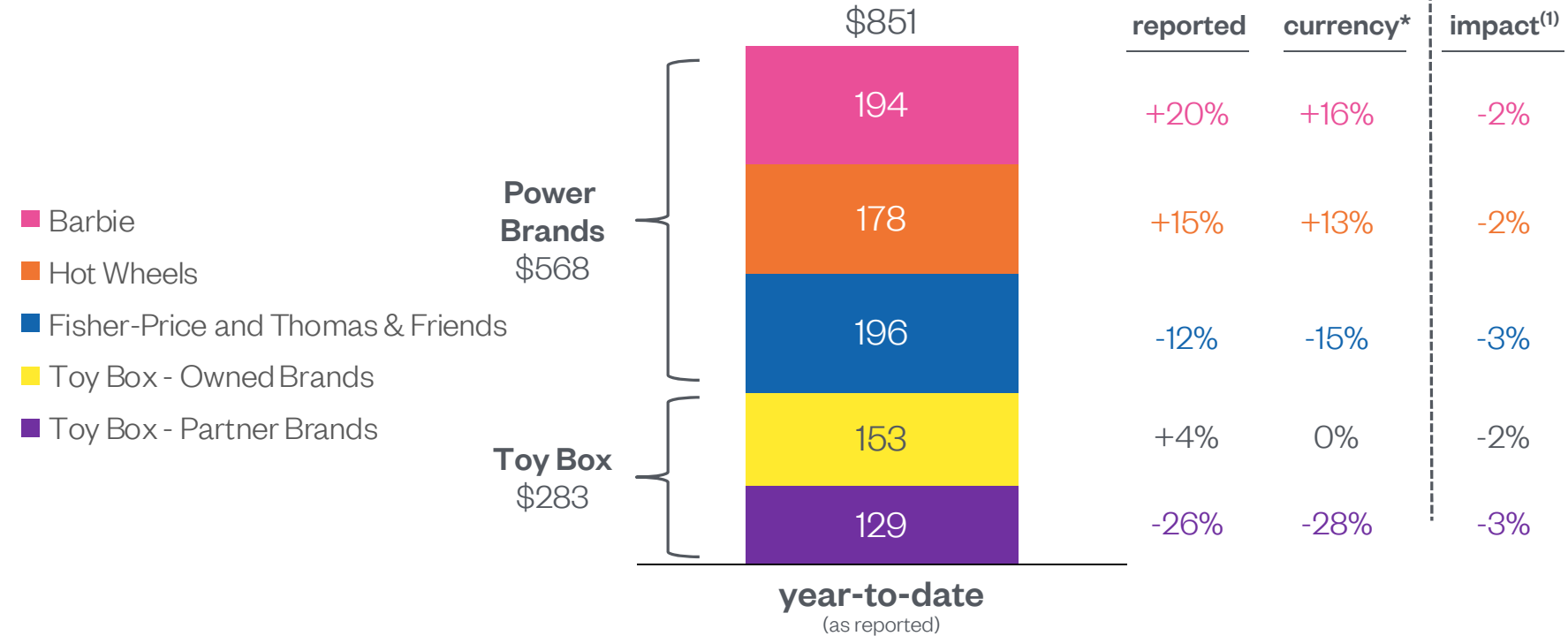
Continued strong momentum in Barbie and Hot Wheels, despite impact of Toys “R” Us liquidation

(1) Toys “R” Us impact presented in constant currency

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

Note: Amounts may not foot due to rounding

MATTEL international segment gross sales by brand*
 second quarter 2018 (YTD)
 (\$ in millions) - unaudited



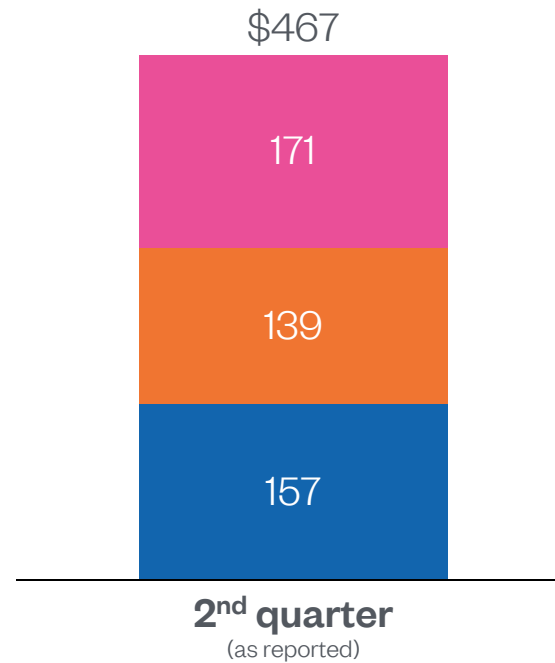
Continued strong momentum in Barbie and Hot Wheels, despite impact of Toys “R” Us liquidation

(1) Toys “R” Us impact presented in constant currency
 *See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures
 Note: Amounts may not foot due to rounding

MATTEL international segment gross sales by region*
second quarter 2018 (QTD)
(\$ in millions) - unaudited

YoY growth rate (%)

as reported	constant currency*	TRU impact ⁽²⁾
-4%	-9%	-3%
+3%	+12%	0%
-13%	-13%	-4%



- Europe
- Latin America
- Global Emerging Markets (GEM)⁽¹⁾

International segment gross sales* impacted by China and Toys “R” Us liquidation

(1) Mattel reorganized its regional reporting structure in the first quarter of 2018. As a result, Global Emerging Markets, which was previously disclosed as Asia Pacific, includes Russia, Turkey, the Middle East, and Africa, which were previously included within Europe

(2) Toys “R” Us impact presented in constant currency

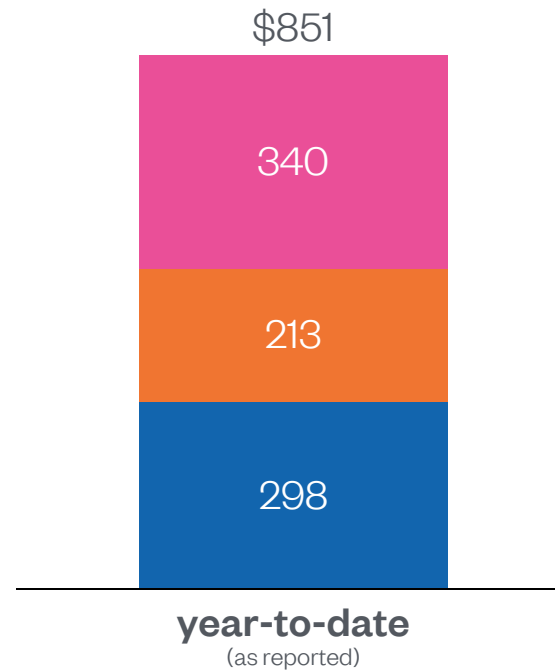
*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures

Note: Amounts may not foot due to rounding

MATTEL international segment gross sales by region*
 second quarter 2018 (YTD)
 (\$ in millions) - unaudited

YoY growth rate (%)

as reported	constant currency*	TRU impact ⁽²⁾
+1%	-8%	-3%
+4%	+9%	0%
-7%	-9%	-4%



- Europe
- Latin America
- Global Emerging Markets (GEM)⁽¹⁾

International segment gross sales* impacted by China and Toys "R" Us liquidation

(1) Mattel reorganized its regional reporting structure in the first quarter of 2018. As a result, Global Emerging Markets, which was previously disclosed as Asia Pacific, includes Russia, Turkey, the Middle East, and Africa, which were previously included within Europe

(2) Toys "R" Us impact presented in constant currency

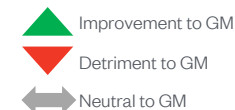
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Note: Amounts may not foot due to rounding



gross margin – updated full year 2018 outlook

(% of net sales) - unaudited



Prior Full Year 2018 Outlook

FY 2017 as Reported	37.3%
Non-GAAP Adjustment ⁽¹⁾	
FY 2017 Adjusted	38.3%
Structural Simplification	
Pricing	
Sales Adjustment	
Product Costs	
Freight & Distribution	
Obsolescence	
Other	
Currency	
FY 2018 Adjusted Outlook	low 40s
Toys "R" Us Net Sales Reversal*	
Other Non-GAAP Adjustments	
FY 2018 Outlook	low 40s

Drivers of Change

Full year gross margin outlook has been updated from low 40s to high 30s due to:

- **Structural Simplification:** Shift in realization of COGS improvement from 2018 to 2019 due to expanded scope of manufacturing reassessment
- **Product costs:** Higher than expected raw material cost inflation
- **Freight & Distribution:** Less improvement due to higher freight costs

Updated Full Year 2018 Outlook

FY 2017 as Reported	37.3%
Non-GAAP Adjustment ⁽¹⁾	
FY 2017 Adjusted	38.3%
Structural Simplification	
Pricing	
Sales Adjustments	
Product Costs	
Freight & Distribution	
Obsolescence	
Other	
Currency	
FY 2018 Adjusted Outlook	high 30s
Toys "R" Us Net Sales Reversal*	
Other Non-GAAP Adjustments	
FY 2018 Outlook	high 30s

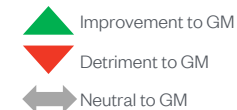
(1) Please refer to Exhibit 99.1 of the Company's Form 8-K, dated February 1, 2018 (Exhibit VI)

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



gross margin – second quarter 2018

(% of net sales) - unaudited



Updated Full Year 2018 Outlook	
FY 2017 as Reported	37.3%
Non-GAAP Adjustment ⁽¹⁾	
FY 2017 Adjusted	38.3%
Structural Simplification	
Pricing	
Sales Adjustment	
Product Costs	
Freight & Distribution	
Obsolescence	
Other	
Currency	
FY 2018 Adjusted Outlook	high 30s
Toys "R" Us Net Sales Reversal*	
Other Non-GAAP Adjustments	
FY 2018 Outlook	high 30s

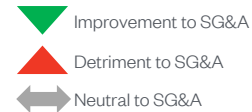
Q2 2018 Actual	
Q2 2017 QTD as Reported	41.0%
Non-GAAP Adjustment*	N/A
Q2 2017 QTD Adjusted	41.0%
Structural Simplification	
Pricing	
Sales Adjustments	
Product Costs	
Freight & Distribution	
Obsolescence	
Other	
Currency	
Q2 2018 QTD Adjusted	30.4%
Toys "R" Us Net Sales Reversal*	N/A
Asset Impairments*	
Q2 2018 QTD as Reported	30.1%

(1) Please refer to Exhibit 99.1 of the Company's Form 8-K, dated February 1, 2018 (Exhibit VI)
 *See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures



SG&A – second quarter 2018

(\$ in millions) - unaudited



Updated Full Year 2018 Outlook		Q2 2018 Actual	
FY 2017 as Reported	\$1,521	Q2 2017 QTD as Reported	\$353
Severance & Restructuring ⁽¹⁾	▼	Severance & Restructuring*	▼
Non-recurring Executive Comp. ⁽¹⁾	▼	Non-recurring Executive Comp.*	▼
FY 2017 Adjusted	\$1,409	Q2 2017 QTD Adjusted	\$345
Structural Simplification	▼	Structural Simplification	▼
Employee-Related Costs	▲	Employee-Related Costs	▼
Strategic Investments	▲	Strategic Investments	▲
Intangible Amortization	▲	Intangible Amortization	▲
Other	▲	Other	▲
FY 2018 Adjusted Outlook	slightly down YoY	Q2 2018 QTD Adjusted	\$315
Toys "R" Us Bad Debt Expense, net	▲	Toys "R" Us Bad Debt Expense, net*	▼
Severance & Restructuring	▲	Severance & Restructuring*	▲
Other Non-GAAP Adjustments	▲	Other Non-GAAP Adjustments*	▲
FY 2018 Outlook	slightly down YoY	Q2 2018 QTD as Reported	\$360

(1) Please refer to Exhibit 99.1 of the Company's Form 8-K, dated February 1, 2018 (Exhibit VI)
 *See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures



balance sheet and cash flow highlights

second quarter (YTD)

(\$ in millions) - unaudited

	June 30, 2018	June 30, 2017	Comments
Cash	\$229	\$275	Reflects recent financing activities
Accounts receivable	780	918	Reflects lower sales and proactive management of working capital
Inventory	715	936	Driven by continued effort to tightly manage our inventory
Depreciation	117	118	In-line with prior year
Amortization	20	11	Higher non-cash amortization of intangible assets
Operating cash flow	-557	-549	Higher net loss, excluding non-cash charges, partially offset by proactive management of working capital
Capital expenditure	78	149	Capital spend reduction is in alignment with our commitment to reduce full year capital expenditures

Average maturity profile has been pushed out significantly due to proactive management of capital structure



kids rule
our world



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appendix



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consolidated statements of operations⁽¹⁾

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT I

(In millions, except per share and percentage information)	For the Three Months Ended June 30,						For the Six Months Ended June 30,					
	2018		2017 ²		Yr / Yr % Change	Yr / Yr % Change	2018		2017 ²		Yr / Yr % Change	Yr / Yr % Change
	\$ Amt	% Net Sales	\$ Amt	% Net Sales	as Reported	in Constant Currency	\$ Amt	% Net Sales	\$ Amt	% Net Sales	as Reported	in Constant Currency
Net Sales	\$ 840.7		\$ 974.5		-14%	-14%	\$ 1,549.1		\$ 1,710.1		-9%	-11%
Cost of sales	587.5	69.9%	574.8	59.0%	2%		1,077.0	69.5%	1,031.6	60.3%	4%	
Gross Profit	253.2	30.1%	399.7	41.0%	-37%	-33%	472.1	30.5%	678.5	39.7%	-30%	-30%
Advertising and promotion expenses	82.4	9.8%	95.5	9.8%	-14%		153.2	9.9%	169.1	9.9%	-9%	
Other selling and administrative expenses	360.0	42.8%	353.2	36.2%	2%		784.6	50.6%	684.0	40.0%	15%	
Operating Loss	(189.2)	-22.5%	(49.0)	-5.0%	286%	255%	(465.8)	-30.1%	(174.6)	-10.2%	167%	158%
Interest expense	43.5	5.2%	21.9	2.2%	99%		84.5	5.5%	43.9	2.6%	93%	
Interest (income)	(1.7)	-0.2%	(2.3)	-0.2%	-26%		(4.8)	-0.3%	(4.8)	-0.3%	2%	
Other non-operating expense, net	3.1		5.1				2.5		5.7			
Loss Before Income Taxes	(234.0)	-27.8%	(73.7)	-7.6%	217%	205%	(547.9)	-35.4%	(219.4)	-12.8%	150%	146%
Provision (benefit) for income taxes	6.9		(17.6)				4.3		(50.1)			
Net Loss	\$ (240.9)	-28.7%	\$ (56.1)	-5.8%	330%		\$ (552.2)	-35.6%	\$ (169.3)	-9.9%	226%	
Net Loss Per Common Share - Basic	\$ (0.70)		\$ (0.16)				\$ (1.60)		\$ (0.49)			
Weighted average number of common shares	344.6		343.1				344.5		343.0			
Net Loss Per Common Share - Diluted	\$ (0.70)		\$ (0.16)				\$ (1.60)		\$ (0.49)			
Weighted average number of common and potential common shares	344.6		343.1				344.5		343.0			

(1) Amounts may not foot due to rounding

(2) Other selling and administrative expenses, operating loss, and other non-operating expense, net have been retrospectively restated to reflect the adoption of Accounting Standards Update 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*.



condensed consolidated balance sheets⁽¹⁾

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

	June 30,		December 31,
	2018	2017	2017
<u>(In millions)</u>	<u>(Unaudited)</u>		
Assets			
Cash and equivalents	\$ 228.6	\$ 275.4	\$ 1,079.2
Accounts receivable, net	780.1	917.7	1,128.6
Inventories	715.3	935.9	600.7
Prepaid expenses and other current assets	327.3	373.6	303.1
Total current assets	<u>2,051.3</u>	<u>2,502.6</u>	<u>3,111.6</u>
Property, plant, and equipment, net	719.7	807.8	785.3
Other noncurrent assets	2,282.4	2,857.5	2,341.6
Total Assets	<u>\$ 5,053.4</u>	<u>\$ 6,167.9</u>	<u>\$ 6,238.5</u>
Liabilities and Stockholders' Equity			
Short-term borrowings	\$ 80.0	\$ 506.8	-
Current portion of long-term debt	-	250.0	250.0
Accounts payable and accrued liabilities	1,014.3	1,001.3	1,364.3
Income taxes payable	3.1	4.4	9.5
Total current liabilities	<u>1,097.4</u>	<u>1,762.5</u>	<u>1,623.8</u>
Long-term debt	2,848.2	1,885.7	2,873.1
Other noncurrent liabilities	443.8	452.3	484.1
Stockholders' equity	664.0	2,067.4	1,257.5
Total Liabilities and Stockholders' Equity	<u>\$ 5,053.4</u>	<u>\$ 6,167.9</u>	<u>\$ 6,238.5</u>

(1) Amounts may not foot due to rounding



supplemental balance sheet and cash flow data⁽¹⁾

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

<u>(In millions, except days and percentage information)</u>	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
<u>Key Balance Sheet Data:</u>		
Accounts receivable, net days of sales outstanding (DSO)	84	85
<u>(In millions)</u>	<u>Six Months Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
<u>Condensed Cash Flow Data:</u>		
Cash flows (used for) operating activities	\$ (557)	\$ (549)
Cash flows (used for) investing activities	(85)	(106)
Cash flows (used for) provided by financing activities and other	(209)	61
Decrease in cash and equivalents	<u>\$ (851)</u>	<u>\$ (594)</u>

(1) Amounts may not foot due to rounding



reconciliation of non-GAAP financial measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT III

WORLDWIDE GROSS SALES INFORMATION (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2018	2017	% Change as Reported	% Change in Constant Currency	2018	2017	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)								
Worldwide Gross Sales:								
Net Sales	\$ 840.7	\$ 974.5	-14 %	-14 %	\$ 1,549.1	\$ 1,710.1	-9 %	-11 %
Sales Adjustments ²	113.4	94.0			205.0	173.0		
Gross Sales	<u>\$ 954.1</u>	<u>\$ 1,068.5</u>	-11 %	-11 %	<u>\$ 1,754.1</u>	<u>\$ 1,883.1</u>	-7 %	-8 %
Worldwide Gross Sales by Brand:								
Power Brands								
Barbie	\$ 170.7	\$ 152.2	12 %	12 %	\$ 323.4	\$ 275.6	17 %	15 %
Hot Wheels	167.3	138.4	21	22	312.2	264.1	18	17
Fisher-Price and Thomas & Friends	236.2	275.9	-14	-15	424.0	481.0	-12	-13
American Girl	45.2	67.3	-33	-33	112.6	153.1	-26	-27
Total Power Brands	<u>\$ 619.4</u>	<u>\$ 633.8</u>	-2	-2	<u>\$ 1,172.3</u>	<u>\$ 1,173.7</u>	0	-2
Toy Box								
Owned Brands	\$ 159.9	\$ 176.8	-10	-10	\$ 290.6	\$ 316.2	-8	-10
Partner Brands	174.7	258.0	-32	-32	291.2	393.2	-26	-27
Total Toy Box	<u>334.7</u>	<u>434.7</u>	-23	-23	<u>581.8</u>	<u>709.4</u>	-18	-19
Total Gross Sales	<u>\$ 954.1</u>	<u>\$ 1,068.5</u>	-11 %	-11 %	<u>\$ 1,754.1</u>	<u>\$ 1,883.1</u>	-7 %	-8 %

(1) Amounts may not foot due to rounding

(2) Sales adjustments are not allocated to individual products. As such, net sales are not presented on a brand level.



reconciliation of non-GAAP financial measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT IV

GROSS SALES BY SEGMENT (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2018	2017	% Change as Reported	% Change in Constant Currency	2018	2017	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)								
North America Segment Gross Sales:								
Net Sales	\$ 412.7	\$ 482.6	-14 %	-15 %	\$ 738.9	\$ 824.8	-10 %	-11 %
Sales Adjustments ²	30.2	24.7			52.4	44.8		
Gross Sales	<u>\$ 442.9</u>	<u>\$ 507.3</u>	-13 %	-13 %	<u>\$ 791.3</u>	<u>\$ 869.6</u>	-9 %	-9 %
North America Segment Gross Sales by Brand:								
Power Brands								
Barbie	\$ 69.2	\$ 67.5	2 %	2 %	\$ 129.6	\$ 114.4	13 %	13 %
Hot Wheels	70.8	55.5	28	27	134.3	109.0	23	23
Fisher-Price and Thomas & Friends	128.5	150.9	-15	-15	228.3	259.8	-12	-12
Total Power Brands	<u>\$ 268.4</u>	<u>\$ 273.9</u>	-2	-2	<u>\$ 492.3</u>	<u>\$ 483.3</u>	2	2
Toy Box								
Owned Brands	\$ 79.9	\$ 96.9	-18	-18	\$ 137.1	\$ 168.2	-18	-19
Partner Brands	94.5	136.4	-31	-31	161.9	218.1	-26	-26
Total Toy Box	<u>174.5</u>	<u>233.3</u>	-25	-25	<u>299.0</u>	<u>386.3</u>	-23	-23
Total Gross Sales	<u>\$ 442.9</u>	<u>\$ 507.3</u>	-13 %	-13 %	<u>\$ 791.3</u>	<u>\$ 869.6</u>	-9 %	-9 %

(1) Amounts may not foot due to rounding

(2) Sales adjustments are not allocated to individual products. As such, net sales are not presented on a brand level.



reconciliation of non-GAAP financial measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT V

GROSS SALES BY SEGMENT (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

(In millions, except percentage information)	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2018	2017	% Change as Reported	% Change in Constant Currency	2018	2017	% Change as Reported	% Change in Constant Currency
Total International Segment Gross Sales:								
Net Sales	\$ 384.8	\$ 428.7	-10 %	-10 %	\$ 702.0	\$ 740.2	-5 %	-8 %
Sales Adjustments	81.9	65.0			148.8	119.8		
Gross Sales	<u>\$ 466.7</u>	<u>\$ 493.7</u>	-5 %	-5 %	<u>\$ 850.8</u>	<u>\$ 860.0</u>	-1 %	-4 %
International Segment Gross Sales:								
Europe ³								
Net Sales	\$ 140.5	\$ 152.4	-8 %	-13 %	\$ 277.1	\$ 284.2	-2 %	-11 %
Sales Adjustments ²	30.8	25.9			62.5	50.6		
Gross Sales	<u>\$ 171.3</u>	<u>\$ 178.2</u>	-4 %	-9 %	<u>\$ 339.7</u>	<u>\$ 334.8</u>	1 %	-8 %
Latin America								
Net Sales	\$ 116.8	\$ 118.1	-1 %	7 %	\$ 180.2	\$ 177.6	1 %	6 %
Sales Adjustments ²	21.7	16.2			32.8	26.5		
Gross Sales	<u>\$ 138.6</u>	<u>\$ 134.3</u>	3 %	12 %	<u>\$ 213.0</u>	<u>\$ 204.1</u>	4 %	9 %
Global Emerging Markets ³								
Net Sales	\$ 127.5	\$ 158.3	-19 %	-19 %	\$ 244.7	\$ 278.4	-12 %	-13 %
Sales Adjustments ²	29.3	22.9			53.5	42.8		
Gross Sales	<u>\$ 156.8</u>	<u>\$ 181.2</u>	-13 %	-13 %	<u>\$ 298.1</u>	<u>\$ 321.2</u>	-7 %	-9 %
International Segment Gross Sales by Brand:								
Power Brands								
Barbie	\$ 101.6	\$ 84.6	20 %	20 %	\$ 193.8	\$ 161.1	20 %	16 %
Hot Wheels	96.5	82.9	16	19	178.0	155.0	15	13
Fisher-Price and Thomas & Friends	107.7	125.1	-14	-14	195.6	221.2	-12	-15
American Girl	0.8	-			0.8	-		
Total Power Brands	<u>\$ 306.6</u>	<u>\$ 292.6</u>	5	5	<u>\$ 568.2</u>	<u>\$ 537.3</u>	6	3
Toy Box								
Owned Brands	\$ 79.9	\$ 79.6	0	0	\$ 153.4	\$ 147.7	4	0
Partner Brands	80.2	121.6	-34	-34	129.3	175.1	-26	-28
Total Toy Box	<u>160.1</u>	<u>201.2</u>	-20	-21	<u>282.6</u>	<u>322.8</u>	-12	-16
Total Gross Sales	<u>\$ 466.7</u>	<u>\$ 493.7</u>	-5 %	-5 %	<u>\$ 850.8</u>	<u>\$ 860.0</u>	-1 %	-4 %

(1) Amounts may not foot due to rounding

(2) Sales adjustments are not allocated to individual products. As such, net sales are not presented on a brand level.

(3) Prior period balances have been reclassified to conform with current period presentation. Refer to Note 23, Segment Information, in the Form 10-Q for additional information.



reconciliation of non-GAAP financial measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT VI

GROSS SALES BY SEGMENT (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2018	2017	% Change as Reported	% Change in Constant Currency	2018	2017	% Change as Reported	% Change in Constant Currency
<u>(In millions, except percentage information)</u>								
<u>American Girl Segment Gross Sales:</u>								
Net Sales	\$ 43.2	\$ 63.2	-32 %	-32 %	\$ 108.2	\$ 145.1	-25 %	-26 %
Sales Adjustments ²	1.4	4.3			3.9	8.4		
Gross Sales	<u>\$ 44.6</u>	<u>\$ 67.5</u>	-34 %	-34 %	<u>\$ 112.0</u>	<u>\$ 153.5</u>	-27 %	-27 %

(1) Amounts may not foot due to rounding

(2) Sales adjustments are not allocated to individual products. As such, net sales are not presented on a brand level.



reconciliation of non-GAAP financial measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT VII

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

(In millions, except per share and percentage information)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017 ²	2018	2017 ²
Net Sales				
Net Sales, As Reported	\$ 840.7	\$ 974.5	\$ 1,549.1	\$ 1,710.1
Adjustments:				
Toys "R" Us Net Sales Reversal ³	-	-	29.5	-
Net Sales, As Adjusted	\$ 840.7	\$ 974.5	\$ 1,578.6	\$ 1,710.1
Gross Profit				
Gross Profit, As Reported	\$ 253.2	\$ 399.7	\$ 472.1	\$ 678.5
Gross Margin	30.1%	41.0%	30.5%	39.7%
Adjustments:				
Toys "R" Us Net Sales Reversal ⁴	-	-	29.5	-
Asset Impairments	2.8	-	5.8	-
Gross Profit, As Adjusted	\$ 256.0	\$ 399.7	\$ 507.4	\$ 678.5
Adjusted Gross Margin	30.4%	41.0%	32.1%	39.7%
Other Selling and Administrative Expenses				
Other Selling and Administrative Expenses, As Reported	\$ 360.0	\$ 353.2	\$ 784.6	\$ 684.0
% of Net Sales	42.8%	36.2%	50.6%	40.0%
Adjustments:				
Toys "R" Us Bad Debt Expense, Net ³	7.0	-	(50.3)	-
Asset Impairments	(4.3)	-	(6.1)	-
Non-recurring Executive Compensation	-	(2.8)	(1.0)	(4.7)
Severance and Restructuring Expenses	(47.8)	(5.8)	(72.7)	(8.8)
Sale of Assets	-	-	1.4	-
Other Selling and Administrative Expenses, As Adjusted	\$ 314.9	\$ 344.6	\$ 655.9	\$ 670.5
% of Net Sales	37.5%	35.4%	41.6%	39.2%
Operating Loss				
Operating Loss, As Reported	\$ (189.2)	\$ (49.0)	\$ (465.8)	\$ (174.6)
Adjustments:				
Toys "R" Us Net Sales Reversal and Bad Debt Expense, Net ³	(7.0)	-	79.8	-
Asset Impairments	7.1	-	11.9	-
Non-recurring Executive Compensation	-	2.8	1.0	4.7
Severance and Restructuring Expenses	47.8	5.8	72.7	8.8
Sale of Assets	-	-	(1.4)	-
Operating Loss, As Adjusted	\$ (141.3)	\$ (40.4)	\$ (301.8)	\$ (161.1)

(1) Amounts may not foot due to rounding

(2) Other selling and administrative expenses, operating loss, and other non-operating expense, net have been retrospectively restated to reflect the adoption of Accounting Standards Update 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*.

(3) As a result of the Toys "R" Us liquidation, Mattel reversed Net Sales for the estimated uncollectible portion of its outstanding receivables originating from first quarter 2018 sales. As such, Gross Profit, As Reported includes the Cost of Sales for the inventory sold to Toys "R" Us but excludes the corresponding Net Sales. Additionally, Mattel recorded Bad Debt Expense, Net for the estimated uncollectible portion of its outstanding receivables, net of recoveries. Refer to Non-GAAP Financial Measures for more information.



reconciliation of non-GAAP financial measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT VII

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017 ²	2018	2017 ²
Earnings Per Share				
Net Loss Per Common Share, As Reported	\$ (0.70)	\$ (0.16)	\$ (1.60)	\$ (0.49)
<i>Adjustments:</i>				
Toys "R" Us Net Sales Reversal & Bad Debt Expense, Net ³	(0.02)	-	0.23	-
Asset Impairments	0.02	-	0.03	-
Non-recurring Executive Compensation	-	0.01	-	0.01
Severance and Restructuring Expenses	0.14	0.02	0.21	0.03
Tax Effect of Adjustments ⁴	-	(0.01)	(0.03)	(0.01)
Net Loss Per Common Share, As Adjusted	\$ (0.56)	\$ (0.14)	\$ (1.16)	\$ (0.46)
EBITDA and Adjusted EBITDA				
Net Loss, As Reported	\$ (240.9)	\$ (56.1)	\$ (552.2)	\$ (169.3)
<i>Adjustments:</i>				
Interest expense	43.5	21.9	84.5	43.9
Provision (benefit) for Income Taxes	6.9	(17.6)	4.3	(50.1)
Depreciation	58.9	58.9	117.4	118.2
Amortization	9.5	5.5	19.7	10.7
EBITDA	(122.1)	12.5	(326.2)	(46.6)
<i>Adjustments:</i>				
Toys "R" Us Net Sales Reversal & Bad Debt Expense, Net ³	(7.0)	-	79.8	-
Asset Impairments	7.1	-	11.9	-
Shared-based compensation	8.0	17.9	22.4	30.6
Severance and Restructuring Expenses	47.8	5.8	72.7	8.8
Sale of Assets	-	-	(1.4)	-
Adjusted EBITDA	\$ (66.2)	\$ 36.2	\$ (140.8)	\$ (7.2)

(1) Amounts may not foot due to rounding

(2) Other selling and administrative expenses, operating loss, and other non-operating expense, net have been retrospectively restated to reflect the adoption of Accounting Standards Update 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*.

(3) As a result of the Toys "R" Us liquidation, Mattel reversed Net Sales for the estimated uncollectible portion of its outstanding receivables originating from first quarter 2018 sales. As such, Gross Profit, As Reported includes the Cost of Sales for the inventory sold to Toys "R" Us but excludes the corresponding Net Sales. Additionally, Mattel recorded Bad Debt Expense, Net for the estimated uncollectible portion of its outstanding receivables, net of recoveries. Refer to Non-GAAP Financial Measures for more information.

(4) The aggregate tax effect of the adjustments is calculated by tax effecting the adjustments by the current effective tax rate, and dividing by the reported weighted average number of common and potential common shares. For the three and six months ended June 30, 2018, adjustments for the U.S. and certain International affiliates were not tax effected because of the valuation allowance on deferred tax assets.



glossary of non-GAAP financial measures

To supplement our financial results presented in accordance with generally accepted accounting principles in the United States (“GAAP”), Mattel presents certain non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The non-GAAP financial measures that Mattel uses in this earnings release include gross sales, adjusted net sales, adjusted gross profit, adjusted gross margin, adjusted other selling and administrative expenses, adjusted operating income (loss), adjusted earnings (loss) per share, earnings before interest expense, taxes, depreciation and amortization (“EBITDA”), adjusted EBITDA, and constant currency. Mattel uses these metrics to analyze its continuing operations and to monitor, assess and identify meaningful trends in its operating and financial performance, and each is discussed in detail below. Mattel believes that the disclosure of non-GAAP financial measures provides useful supplemental information to investors to be able to better evaluate ongoing business performance and certain components of the Company’s results. These measures are not, and should not be viewed as, substitutes for GAAP financial measures. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are attached to this earnings release as exhibits and to our earnings slide presentation as an appendix.

Prior to its bankruptcy and liquidation in the first quarter of 2018, Toys “R” Us was Mattel’s second largest customer. As a result of the Toys “R” Us bankruptcy and liquidation, Mattel reversed net sales for the estimated uncollectible portion of its outstanding receivables originating from first quarter of 2018 sales and separately recorded bad debt expense for the estimated uncollectible portion of its outstanding receivables prior to the first quarter of 2018, net of subsequent recoveries. As such, for the first quarter of 2018, gross profit, as reported, operating income (loss), as reported, earnings (loss) per share, as reported, and EBITDA include the cost of sales for the inventory sold to Toys “R” Us but excludes the corresponding net sales. Other selling and administrative expenses, as reported, operating income (loss), as reported, earnings (loss) per share, as reported, and EBITDA also include bad debt expense, net of recoveries from the Toys “R” Us bankruptcy and liquidation. Mattel believes the presentation of gross profit, as reported, other selling and administrative expense, as reported, operating income (loss), as reported, earnings (loss) per share, as reported, and EBITDA excluding the Toys “R” Us sales reversal and bad debt expense, net is helpful to investors because it improves the comparability of our profit and margin measures, allowing investors to evaluate our performance and compare it to prior and future periods. Adjustments related to the Toys “R” Us bankruptcy and liquidation are reflected in the first quarter of 2018, but are only reflected in subsequent quarters to the extent necessary to revise prior adjustments. These adjustments are intended to improve comparability for investors and do not attempt to show what Mattel’s future net sales or other operating results would be without the loss of Toys “R” Us.

Gross sales

Gross sales represent sales to customers, excluding the impact of sales adjustments. Net sales, as reported, include the impact of sales adjustments, such as trade discounts and other allowances. Mattel presents changes in gross sales as a metric for comparing its aggregate, brand and geographic results to highlight significant trends in Mattel’s business. Changes in gross sales are discussed because, while Mattel records the details of such sales adjustments in its financial accounting systems at the time of sale, such sales adjustments are generally not associated with brands and individual products, making net sales less meaningful. Since sales adjustments are determined by customer rather than at the brand level, Mattel believes that the disclosure of gross sales by brand is useful supplemental information for investors to be able to assess the performance of its underlying brands (e.g., Barbie) and also enhances their ability to compare sales trends over time.

Adjusted net sales

Adjusted net sales represents Mattel’s reported net sales, adjusted to exclude the net sales reversal related to the Toys “R” Us bankruptcy and liquidation, as referenced above. Adjusted net sales is presented to provide additional perspective on underlying trends in Mattel’s core net sales, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel’s current business performance from one period to another.



glossary of non-GAAP financial measures

Adjusted gross profit and adjusted gross margin

Adjusted gross profit and adjusted gross margin represent reported gross profit and reported gross margin, respectively, adjusted to exclude the net sales reversal related to the Toys “R” Us bankruptcy and liquidation, as referenced above, and asset impairments. Adjusted gross margin represents Mattel’s adjusted gross profit, as a percentage of adjusted net sales. Adjusted gross profit and adjusted gross margin are presented to provide additional perspective on underlying trends in Mattel’s core gross profit and gross margin, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel’s current business performance from one period to another.

Adjusted other selling and administrative expenses

Adjusted other selling and administrative expenses represents Mattel’s reported other selling and administrative expenses, adjusted to exclude the impact of bad debt expense, net resulting from the Toys “R” Us bankruptcy and liquidation, as referenced above, asset impairments, non-recurring executive compensation, severance and restructuring expenses, and sale of assets, which are not part of Mattel’s core business. Adjusted other selling and administrative expenses is presented to provide additional perspective on underlying trends in Mattel’s core other selling and administrative expenses, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel’s current business performance from one period to another.

Adjusted operating income (loss)

Adjusted operating income (loss) represents Mattel’s reported operating loss, adjusted to exclude the impact of the net sales reversal and bad debt expense, net resulting from the Toys “R” Us bankruptcy and liquidation, as referenced above, asset impairments, non-recurring executive compensation, severance and restructuring expenses, and sale of assets, which are not part of Mattel’s core business. Adjusted operating income (loss) is presented to provide additional perspective on underlying trends in Mattel’s core operating results, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel’s current business performance from one period to another.

Adjusted earnings (loss) per share

Adjusted earnings (loss) per share represents Mattel’s reported diluted earnings (loss) per common share, adjusted to exclude the impact of the net sales reversal and bad debt expense, net resulting from the Toys “R” Us bankruptcy and liquidation, as referenced above, asset impairments, non-recurring executive compensation, severance and restructuring expenses, and sale of assets, which are not part of Mattel’s core business. The aggregate tax effect of the adjustments is calculated by tax effecting the adjustments by the current effective tax rate, and dividing by the reported weighted average number of common and potential common shares. Adjusted earnings (loss) per share is presented to provide additional perspective on underlying trends in Mattel’s core business. Mattel believes it is useful supplemental information for investors to gauge and compare Mattel’s current earnings results from one period to another. Adjusted earnings (loss) per share is a performance measure and should not be used as a measure of liquidity.



glossary of non-GAAP financial measures

EBITDA and Adjusted EBITDA

EBITDA represents Mattel's net income (loss), adjusted to exclude the impact of interest expense, taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA adjusted to exclude the impact of the net sales reversal and bad debt expense, net resulting from the Toys "R" Us bankruptcy and liquidation, as referenced above, asset impairments, share-based compensation, severance and restructuring expenses, and sale of assets, which are not part of Mattel's core business. Mattel believes EBITDA and Adjusted EBITDA are useful supplemental information for investors to gauge and compare Mattel's business performance to other companies in our industry with similar capital structures. The presentation of Adjusted EBITDA differs from how we will calculate EBITDA for purposes of covenant compliance under the indenture governing our 6.75% senior notes due 2025 and the syndicated facility agreement governing our senior secured revolving credit facilities. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. As a result, we rely primarily on our GAAP results and use EBITDA and Adjusted EBITDA only supplementally.

Constant currency

Percentage changes in results expressed in constant currency are presented excluding the impact from changes in currency exchange rates. To present this information, Mattel calculates constant currency information by translating current period and prior period results for entities reporting in currencies other than the US dollar using consistent exchange rates. The constant currency exchange rates are determined by Mattel at the beginning of each year and are applied consistently during the year. They are generally different from the actual exchange rates in effect during the current or prior period due to volatility in actual foreign exchange rates. Mattel considers whether any changes to the constant currency rates are appropriate at the beginning of each year. The exchange rates used for these constant currency calculations are generally based on prior year actual exchange rates. The difference between the current period and prior period results using the consistent exchange rates reflects the changes in the underlying performance results, excluding the impact from changes in currency exchange rates. Mattel analyzes constant currency results to provide additional perspective on changes in underlying trends in Mattel's operating performance. Mattel believes that the disclosure of the percentage change in constant currency is useful supplemental information for investors to be able to gauge Mattel's current business performance and the longer-term strength of its overall business since foreign currency changes could potentially mask underlying sales trends. The disclosure of the percentage change in constant currency enhances investor's ability to compare financial results from one period to another.