



inspiring wonder

First Quarter 2018 Earnings

(Unaudited Results)

April 26, 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 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 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 competitor’s 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 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 as may be described in Mattel’s periodic filings with the Securities and Exchange Commission, including the “Risk Factors” section of Mattel’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so.

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

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

our strategy

build power brands
into connected 360⁰
play experiences

accelerate
emerging
markets

strengthen our
innovation
pipeline

reshape operations

reignite culture and team

Q1 2018 financial performance



Q1 2018 key takeaways

Worldwide gross sales up excluding Toys “R” Us (“TRU”) revenue reversal

- Worldwide gross sales down 2% year-over-year; adjusted gross sales* up 2% excluding TRU
- North America segment gross sales down 4% year-over-year, primarily driven by TRU liquidation; adjusted gross sales* up 4% excluding TRU
- International segment gross sales up 5% year-over-year, primarily driven by Barbie and Hot Wheels; adjusted gross sales* up 5% excluding TRU

P&L in-line with internal expectation and we continue to make progress on our Structural Simplification cost savings initiatives

- Adjusted gross margin* of 34.1% is aligned with our internal expectations and reflects:
 - Year-over-year increase in raw materials inflation
 - Freight and logistics costs continue to be a headwind as expected and will persist throughout the first half of 2018
 - Improvement is expected in the second half due to the timing of Structural Simplification initiatives being weighted in the back half of the year
- Adjusted SG&A* of \$341 million, up \$15 million year-over-year, is in-line with our internal full year expectation
- Actions taken on Structural Simplification initiatives that we expect to result in ~\$165 million in full year run-rate savings

Working capital shows significant improvement

- \$527 million in cash at quarter end, which included the high yield note issued in Q4 2017 offset by a \$250 million debt repayment
- \$676 million in accounts receivable and \$678 million in inventory at quarter end, down \$131 million and \$92 million year-over-year, respectively

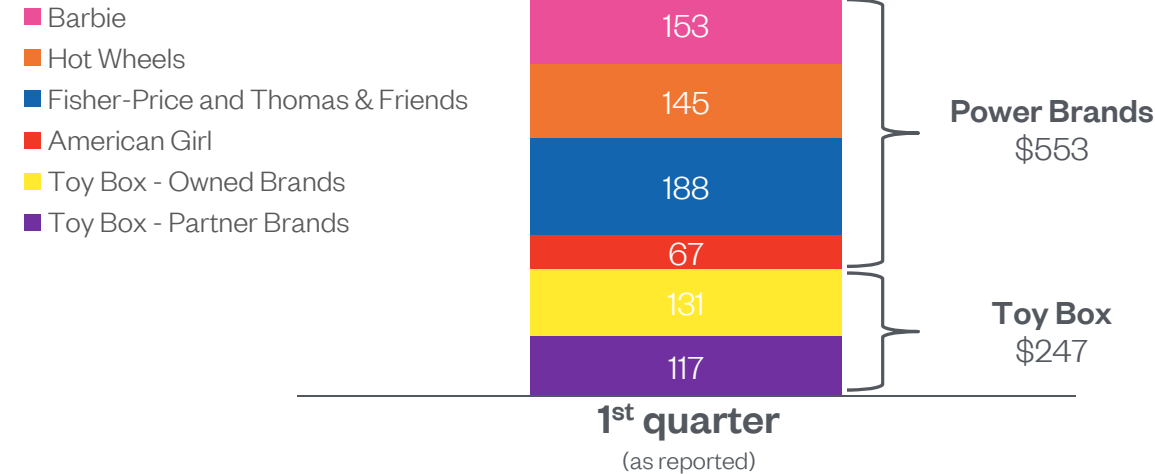
*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures



worldwide gross sales by brand*

first quarter 2018

(\$ in millions) - unaudited



	YoY growth rate (%)		
	as reported	constant currency*	excl. TRU*
Total	-2%	-5%	+2%
Power Brands	+2%	-1%	
Barbie	+24%	+18%	
Hot Wheels	+15%	+11%	
FP and Thomas & Friends	-8%	-12%	
American Girl	-21%	-22%	
Total Toy Box	-10%	-14%	
Toy Box - Owned	-6%	-10%	
Toy Box - Partner	-14%	-17%	

Power Brands

- Barbie continues to perform well globally with both gross sales and POS up double digits
- Hot Wheels is off to a strong start with both gross sales and POS up double digits
- Initiatives are underway to drive gross sales of Fisher-Price, Thomas & Friends, and American Girl

Toy Box

- Optimization strategy is in place to transform Toy Box into a more stable and profitable innovation portfolio
- Enchantimals performed well following its launch in Q2 2017
- Dos launch was a strong success with sellout in a number of markets
- Planned 2018 launches include Polly Pocket (owned) and Jurassic World (partner) in Q2

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

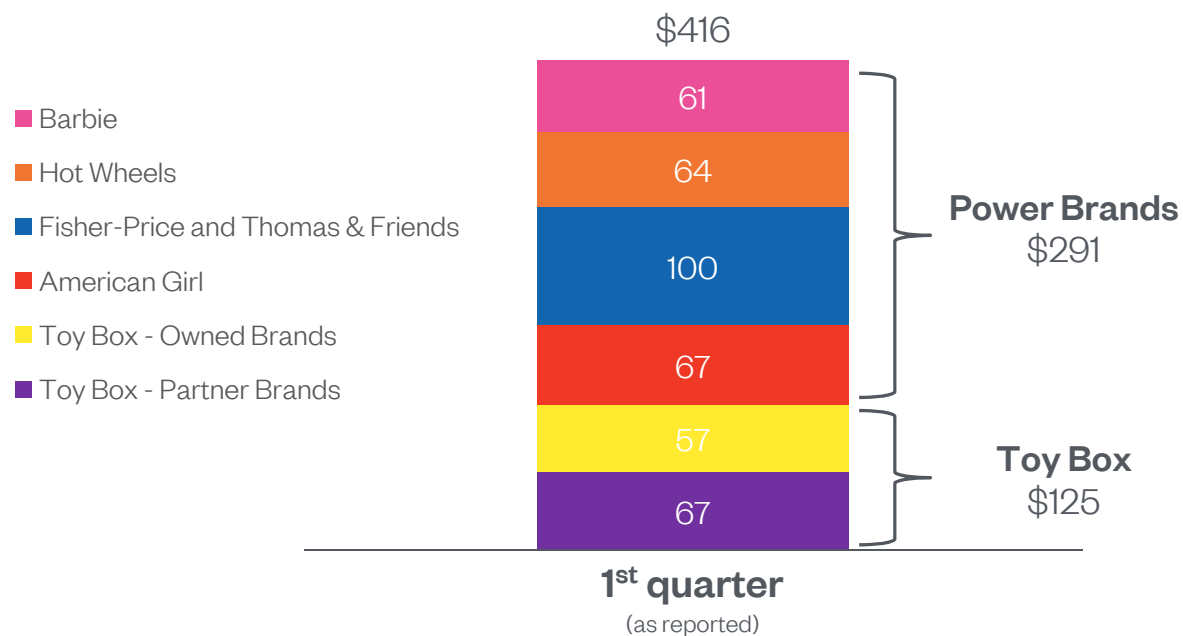
Note: Amounts may not foot due to rounding

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

first quarter 2018

(\$ in millions) - unaudited



	YoY growth rate (%)		
	as reported	constant currency*	excl. TRU*
Total NA Segment	-4%	-4%	+4%
Power Brands (excl. AG)	+7%	+7%	
Barbie	+29%	+29%	
Hot Wheels	+19%	+18%	
FP and Thomas & Friends	-8%	-9%	
Total Toy Box	-19%	-19%	
Toy Box – Owned	-20%	-20%	
Toy Box – Partner	-18%	-18%	
Total AG Segment	-22%	-22%	

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

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

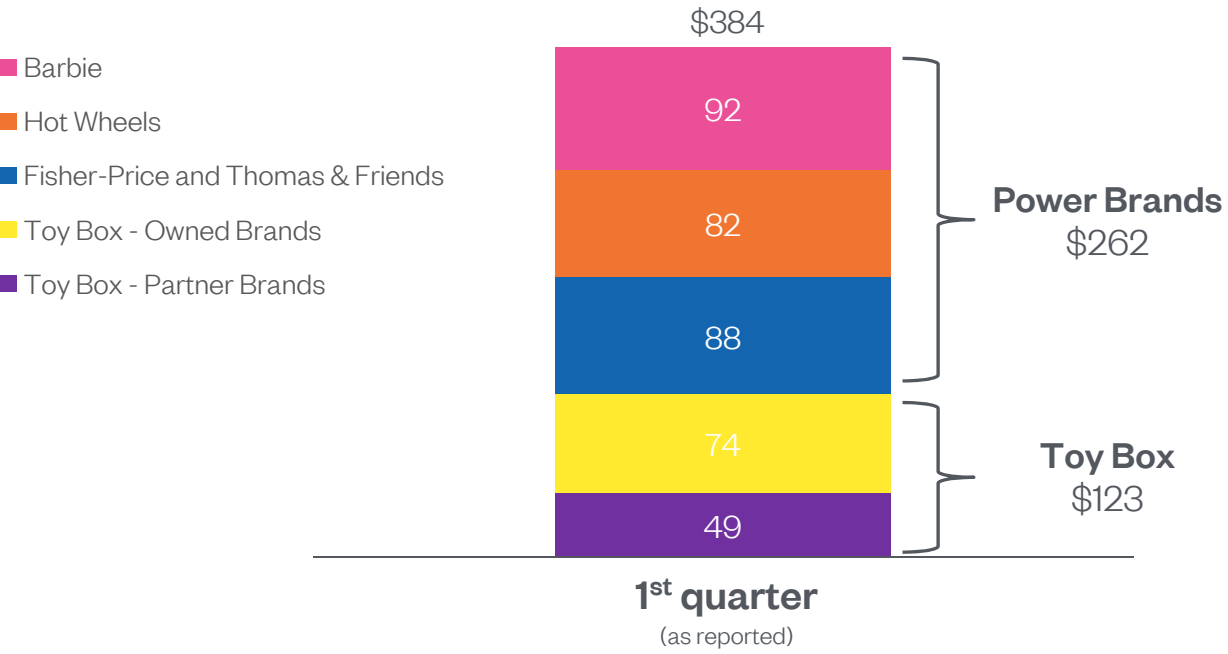
Note: Amounts may not foot due to rounding

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international segment gross sales by brand*

first quarter 2018

(\$ in millions) - unaudited



	YoY growth rate (%)	
	as reported	constant currency*
Total	+5%	-3%
Power Brands	+7%	0%
Barbie	+21%	+12%
Hot Wheels	+13%	+6%
FP and Thomas & Friends	-9%	-15%
Total Toy Box	+1%	-7%
Toy Box - Owned	+8%	-1%
Toy Box - Partner	-8%	-16%

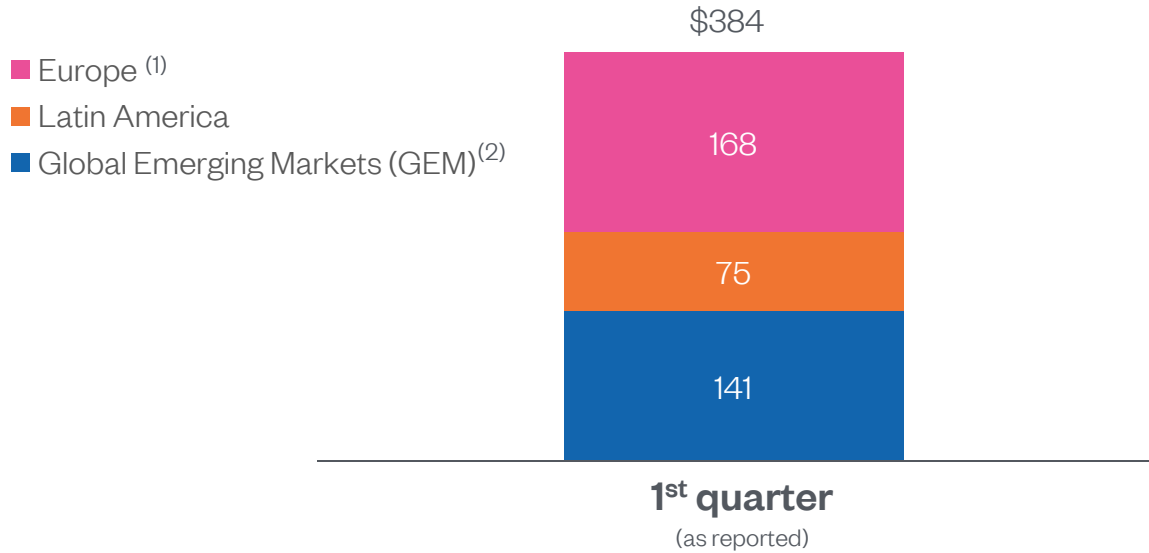
*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures

Note: Amounts may not foot due to rounding

international segment gross sales by region*

first quarter 2018

(\$ in millions) - unaudited



	YoY growth rate (%)	
	as reported	constant currency*
Total	+5%	-3%
Europe ⁽¹⁾	+8%	-6%
Latin America	+7%	+5%
Global Emerging Markets ⁽²⁾	+1%	-3%

(1) Excludes Russia, Turkey, Middle East, and Africa

(2) Includes Asia, Australia, New Zealand, Russia, Turkey, the Middle East, and Africa

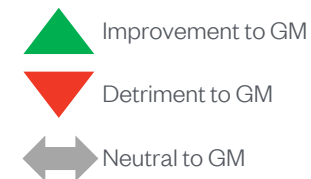
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Note: Amounts may not foot due to rounding

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gross margin - first quarter 2018

(% of net sales and \$ in millions) - unaudited



Full Year 2018 Outlook

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

Q1 2018 Actual

Q1 2017 QTD as Reported	37.9%
Non-GAAP Adjustment*	N/A
Q1 2017 QTD Adjusted	37.9%
Structural Simplification	
Pricing	
Sales Adjustments	
Product Costs	
Freight & Distribution	
Obsolescence	
Other	
Q1 2018 QTD Adjusted	34.1%
Toys "R" Us Net Sales Reversal*	
Asset Impairments*	
Q1 2018 QTD as Reported	30.9%

Structural Simplification COGS Update

Action taken resulting in \$50 million run-rate savings to be reflected in P&L in future quarters:

- Took first steps in optimizing global manufacturing footprint by reducing plant overhead

Q1 2018 Adjustments

	Q1
2018 as adjusted	\$251
• Toys "R" Us Net Sales Reversal	-30
• Asset Impairments	-3
2018 as reported	\$219

*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures
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SG&A - first quarter 2018

(\$ in millions) - unaudited



Full Year 2018 Outlook

FY 2017 as Reported	\$1,521
Severance & Restructuring	▼
Non-recurring Executive Comp.	▼
FY 2017 Adjusted	\$1,409
Structural Simplification	▼
Employee-Related Costs	▲
Strategic Investments	▲
Intangible Amortization	▲
Other	▲
FY 2018 Outlook Adjusted	slightly up YoY
Toys "R" Us Bad Debt Expense	▲
Severance & Restructuring	▲
Other Non-GAAP Adjustments	▲
FY 2018 Outlook	slightly up YoY

Q1 2018 Actual

Q1 2017 QTD as Reported	\$331
Severance & Restructuring*	▼
Non-recurring Executive Comp.*	▼
Q1 2017 QTD Adjusted	\$326
Structural Simplification	▼
Employee-Related Costs	▲
Strategic Investments	▲
Intangible Amortization	▲
Other	▲
Q1 2018 QTD Adjusted	\$341
Toys "R" Us Bad Debt Expense*	▲
Severance & Restructuring*	▲
Other Non-GAAP Adjustments*	▲
Q1 2018 QTD as Reported	\$425

Structural Simplification SG&A Updates

Actions taken resulting in \$85 million run-rate savings to be reflected in P&L in future quarters:

- Streamlined and delayed organization across functions
- Optimized our real estate footprint

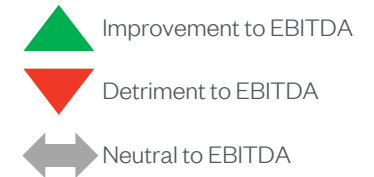
Q1 2018 Adjustments

	Q1
2018 as adjusted	\$341
• Toys "R" Us Bad Debt Expense	57
• Severance/Restructuring	25
• Asset Impairments	2
• Non-Recurring Exec. Comp.	1
• Sale of Assets	-1
2018 as reported	\$425

*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures
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EBITDA - first quarter 2018

(\$ in millions) - unaudited



Q1 2017 QTD	-\$59
Shared-based Compensation*	▲
Severance & Restructuring*	▲
Q1 2017 QTD Adjusted	-\$43
Structural Simplification	▲
Gross Margin	▼
Employee-Related Costs	▼
Strategic Investments	▼
Q1 2018 QTD Adjusted	-\$75
TRU Net Sales Reversal & Bad Debt	▼
Severance & Restructuring*	▼
Other Non-GAAP Adjustments*	▼
Q1 2018 QTD	-\$204

Q1 2018 Adjustments	
	Q1
2018 as adjusted	-\$75
• Toys "R" Us Net Sales Reversal & Bad Debt Expense	-87
• Severance/Restructuring	-25
• Shared-based Compensation	-14
• Asset Impairments	-5
• Sale of Assets	1
2018 as reported	-\$204

Excluding the impact of the TRU liquidation and severance & restructuring costs, adjusted EBITDA in-line with internal expectation and we continue to make progress toward achieving full year improvement over prior year

*See non-GAAP reconciliation in Appendix and Glossary of Non-GAAP Financial Measures
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balance sheet and cash flow highlights

first quarter

(\$ in millions) - unaudited

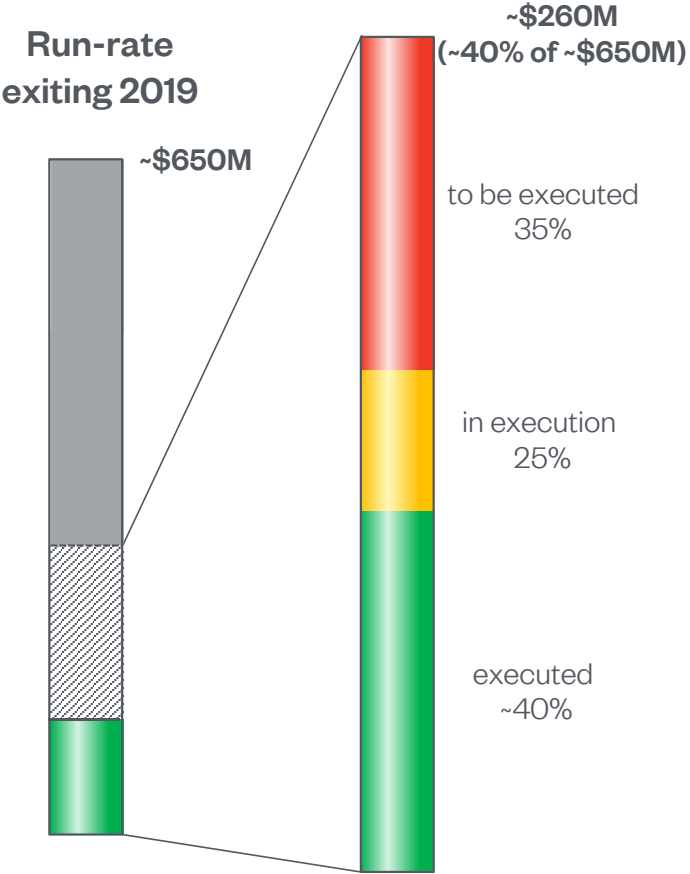
	Q1 2018	Q1 2017	Comments
Cash	\$527	\$382	Improved working capital; reflects a \$250 million debt repayment and high yield note issued in Q4 2017
Accounts receivable	676	807	Decline resulted in seven-day reduction in days sales outstanding
Inventory	678	770	Higher obsolescence charges taken in Q4 2017 and continued effort to tightly manage our inventory
Depreciation	58	59	In-line with prior year
Amortization	10	5	Higher amortization of non-cash intangible assets
Operating cash flow	-274	-310	Lower working capital usage, partially offset by higher net loss
Capex	47	70	Capital spend reduction is in alignment with our commitment to reduce full year capital expenditures

structural simplification update



structural simplification update

**Actions
toward 2018
P&L savings**



Actions Taken Through Q1 2018

	Run Rate Savings	2018 Savings	Q1 2018 Savings
COGS	\$50M	\$35M	\$0M
Advertising & Promotion	\$30M	\$30M	\$0M
SG&A	\$85M	\$45M	\$13M
Total	\$165M	\$110M	\$13M

(Severance) Costs Incurred

	Q1 2018	FY 2017	Total
	\$19M	\$38M	\$57M



kids rule
our world



appendix



consolidated statements of operations⁽¹⁾

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT I

<u>(In millions, except per share and percentage information)</u>	For the Three Months Ended March 31,					
	2018		2017 ²		Yr / Yr % Change as	Yr / Yr % Change in Constant Currency
	\$ Amt	% Net Sales	\$ Amt	% Net Sales	Reported	
Net Sales	\$ 708.4		\$ 735.6		-4%	-7%
Cost of sales	489.5	69.1%	456.8	62.1%	7%	
Gross Profit	218.9	30.9%	278.8	37.9%	-21%	-26%
Advertising and promotion expenses	70.8	10.0%	73.6	10.0%	-4%	
Other selling and administrative expenses	424.6	59.9%	330.8	45.0%	28%	
Operating Loss	(276.6)	-39.0%	(125.6)	-17.1%	120%	121%
Interest expense	41.1	5.8%	22.0	3.0%	86%	
Interest (income)	(3.1)	-0.4%	(2.5)	-0.3%	28%	
Other non-operating (income) expense, net	(0.6)		0.6			
Loss Before Income Taxes	(313.9)	-44.3%	(145.7)	-19.8%	115%	117%
Benefit for income taxes	(2.7)		(32.5)			
Net Loss	\$ (311.3)	-43.9%	\$ (113.2)	-15.4%	175%	
Net Loss Per Common Share - Basic	\$ (0.90)		\$ (0.33)			
Weighted average number of common shares	344.4		342.9			
Net Loss Per Common Share - Diluted	\$ (0.90)		\$ (0.33)			
Weighted average number of common and potential common shares	344.4		342.9			

(1) Amounts may not foot due to rounding

(2) Other selling and administrative expenses, operating loss, and other non-operating (income), 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

	March 31,		December 31,
	2018	2017	2017
	(Unaudited)		
(In millions)			
Assets			
Cash and equivalents	\$ 526.7	\$ 381.9	\$ 1,079.2
Accounts receivable, net	676.1	806.8	1,128.6
Inventories	677.7	769.8	600.7
Prepaid expenses and other current assets	341.1	362.9	303.1
Total current assets	2,221.7	2,321.4	3,111.6
Property, plant, and equipment, net	756.7	783.5	785.3
Other noncurrent assets	2,325.7	2,816.0	2,341.6
Total Assets	\$ 5,304.1	\$ 5,920.9	\$ 6,238.5
Liabilities and Stockholders' Equity			
Short-term borrowings	\$ -	\$ 180.0	\$ -
Current portion of long-term debt	-	250.0	250.0
Accounts payable and accrued liabilities	977.3	931.7	1,364.3
Income taxes payable	9.9	9.3	9.5
Total current liabilities	987.2	1,371.0	1,623.8
Long-term debt	2,871.8	1,885.0	2,873.1
Other noncurrent liabilities	462.7	449.0	484.1
Stockholders' equity	982.5	2,215.9	1,257.5
Total Liabilities and Stockholders' Equity	\$ 5,304.1	\$ 5,920.9	\$ 6,238.5

(1) Amounts may not foot due to rounding

supplemental balance sheet and cash flow data⁽¹⁾

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

	March 31,	
	2018	2017
<u>(In millions, except days and percentage information)</u>		
Key Balance Sheet Data:		
Accounts receivable, net days of sales outstanding (DSO)	86	93
Total debt outstanding	\$ 2,871.8	\$ 2,315.0
Total debt-to-total capital ratio	74.5%	51.1%
	Three Months Ended March 31,	
	2018	2017
<u>(In millions)</u>		
Condensed Cash Flow Data:		
Cash flows (used for) operating activities	\$ (274)	\$ (310)
Cash flows (used for) investing activities	(31)	(45)
Cash flows (used for) financing activities and other	(248)	(133)
Decrease in cash and equivalents	\$ (552)	\$ (488)

(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 March 31,			
	2018	2017	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)				
Worldwide Gross Sales:				
Net Sales	\$ 708.4	\$ 735.6	-4 %	-7 %
Sales Adjustments ²	91.6	79.0		
Gross Sales	<u>\$ 800.0</u>	<u>\$ 814.6</u>	-2 %	-5 %
Worldwide Gross Sales by Brand:				
Power Brands				
Barbie	\$ 152.7	\$ 123.4	24 %	18 %
Hot Wheels	144.9	125.7	15	11
Fisher-Price and Thomas & Friends	187.8	205.0	-8	-12
American Girl	67.4	85.8	-21	-22
Total Power Brands	<u>\$ 552.9</u>	<u>\$ 539.9</u>	2	-1
Toy Box				
Owned Brands	\$ 130.7	\$ 139.4	-6	-10
Partner Brands	116.5	135.3	-14	-17
Total Toy Box	<u>247.2</u>	<u>274.7</u>	-10	-14
Total Gross Sales	<u>\$ 800.0</u>	<u>\$ 814.6</u>	-2 %	-5 %

(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

	<u>For the Three Months Ended March 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>% Change as Reported</u>	<u>% Change in Constant Currency</u>
(In millions, except percentage information)				
<u>North America Segment Gross Sales:</u>				
Net Sales	\$ 326.2	\$ 342.2	-5 %	-5 %
Sales Adjustments ²	<u>22.2</u>	<u>20.1</u>		
Gross Sales	<u>\$ 348.4</u>	<u>\$ 362.3</u>	-4 %	-4 %
<u>North America Segment Gross Sales by Brand:</u>				
Power Brands				
Barbie	\$ 60.5	\$ 46.9	29 %	29 %
Hot Wheels	63.5	53.6	19	18
Fisher-Price and Thomas & Friends	<u>99.8</u>	<u>108.9</u>	-8	-9
Total Power Brands	<u>\$ 223.9</u>	<u>\$ 209.4</u>	7	7
Toy Box				
Owned Brands	\$ 57.1	\$ 71.2	-20	-20
Partner Brands	<u>67.4</u>	<u>81.7</u>	-18	-18
Total Toy Box	<u>124.5</u>	<u>153.0</u>	-19	-19
Total Gross Sales	<u>\$ 348.4</u>	<u>\$ 362.3</u>	-4 %	-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.

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 March 31,			
	2018	2017	% Change as Reported	% Change in Constant Currency
Total International Segment Gross Sales:				
Net Sales	\$ 317.2	\$ 311.5	2 %	-5 %
Sales Adjustments	66.9	54.8		
Gross Sales	<u>\$ 384.1</u>	<u>\$ 366.3</u>	5 %	-3 %
International Segment Gross Sales:				
Europe ³				
Net Sales	\$ 136.7	\$ 131.8	4 %	-9 %
Sales Adjustments ²	31.7	24.7		
Gross Sales	<u>\$ 168.3</u>	<u>\$ 156.5</u>	8 %	-6 %
Latin America				
Net Sales	\$ 63.4	\$ 59.6	6 %	5 %
Sales Adjustments ²	11.1	10.2		
Gross Sales	<u>\$ 74.5</u>	<u>\$ 69.8</u>	7 %	5 %
Global Emerging Markets ³				
Net Sales	\$ 117.2	\$ 120.2	-2 %	-6 %
Sales Adjustments ²	24.1	19.9		
Gross Sales	<u>\$ 141.3</u>	<u>\$ 140.0</u>	1 %	-3 %
International Segment Gross Sales by Brand:				
Power Brands				
Barbie	\$ 92.2	\$ 76.5	21 %	12 %
Hot Wheels	81.5	72.1	13	6
Fisher-Price and Thomas & Friends	88.0	96.1	-9	-15
Total Power Brands	<u>\$ 261.6</u>	<u>\$ 244.7</u>	7	0
Toy Box				
Owned Brands	\$ 73.5	\$ 68.0	8	-1
Partner Brands	49.1	53.6	-8	-16
Total Toy Box	<u>122.5</u>	<u>121.6</u>	1	-7
Total Gross Sales	<u>\$ 384.1</u>	<u>\$ 366.3</u>	5 %	-3 %

(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 year 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

	<u>For the Three Months Ended March 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>% Change as Reported</u>	<u>% Change in Constant Currency</u>
<u>(In millions, except percentage information)</u>				
<u>American Girl Segment Gross Sales:</u>				
Net Sales	\$ 65.0	\$ 81.9	-21 %	-21 %
Sales Adjustments ²	<u>2.5</u>	<u>4.1</u>		
Gross Sales	<u>\$ 67.5</u>	<u>\$ 86.0</u>	-22 %	-22 %

(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 March 31,	
	2018	2017 ²
Net Sales		
Net Sales, As Reported	\$ 708.4	\$ 735.6
<i>Adjustments:</i>		
Toys "R" Us Net Sales Reversal ³	29.5	-
Net Sales, As Adjusted	<u>\$ 737.9</u>	<u>\$ 735.6</u>
Gross Profit		
Gross Profit, As Reported	\$ 218.9	\$ 278.8
Gross Margin	30.9%	37.9%
<i>Adjustments:</i>		
Toys "R" Us Net Sales Reversal ³	29.5	-
Asset Impairments	3.0	-
Gross Profit, As Adjusted	<u>\$ 251.4</u>	<u>\$ 278.8</u>
Adjusted Gross Margin	<u>34.1%</u>	<u>37.9%</u>
Other Selling and Administrative Expenses		
Other Selling and Administrative Expenses, As Reported	\$ 424.6	\$ 330.8
% of Net Sales	59.9%	45.0%
<i>Adjustments:</i>		
Toys "R" Us Bad Debt Expense ³	(57.3)	-
Asset Impairments	(1.8)	-
Non-recurring Executive Compensation	(1.0)	(1.9)
Severance and Restructuring Expenses	(24.9)	(3.0)
Sale of Assets	1.4	-
Other Selling and Administrative Expenses, As Adjusted	<u>\$ 341.0</u>	<u>\$ 325.9</u>
% of Net Sales	<u>46.2%</u>	<u>44.3%</u>
Operating Loss		
Operating Loss, As Reported	\$ (276.6)	\$ (125.6)
<i>Adjustments:</i>		
Toys "R" Us Net Sales Reversal & Bad Debt Expense ³	86.8	-
Asset Impairments	4.8	-
Non-recurring Executive Compensation	1.0	1.9
Severance and Restructuring Expenses	24.9	3.0
Sale of Assets	(1.4)	-
Operating Loss, As Adjusted	<u>\$ (160.5)</u>	<u>\$ (120.7)</u>

(1) Amounts may not foot due to rounding

(2) Other selling and administrative expenses, operating loss, and other non-operating (income), 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 for the estimated uncollectible portion of its outstanding receivables as of December 31, 2017.

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

Earnings Per Share

Net Loss Per Common Share, As Reported	\$	(0.90)	\$	(0.33)
<i>Adjustments:</i>				
Toys "R" Us Net Sales Reversal & Bad Debt Expense ³		0.25		-
Asset Impairments		0.01		-
Non-recurring Executive Compensation		-		0.01
Severance and Restructuring Expenses		0.07		0.01
Tax Effect of Adjustments ⁴		<u>(0.03)</u>		<u>(0.01)</u>
Net Loss Per Common Share, As Adjusted	\$	<u>(0.60)</u>	\$	<u>(0.32)</u>

EBITDA and Adjusted EBITDA

Net Loss, As Reported	\$	(311.3)	\$	(113.2)
<i>Adjustments:</i>				
Interest expense		41.1		22.0
Benefit for Income Taxes		(2.7)		(32.5)
Depreciation		58.5		59.3
Amortization		<u>10.2</u>		<u>5.2</u>
EBITDA		(204.1)		(59.1)
<i>Adjustments:</i>				
Toys "R" Us Net Sales Reversal & Bad Debt Expense ³		86.8		-
Asset Impairments		4.8		-
Shared-based compensation		14.4		12.7
Severance and Restructuring Expenses		24.9		3.0
Sale of Assets		<u>(1.4)</u>		<u>-</u>
Adjusted EBITDA	\$	<u>(74.6)</u>	\$	<u>(43.4)</u>

(1) Amounts may not foot due to rounding

(2) Other selling and administrative expenses, operating loss, and other non-operating (income), 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 for the estimated uncollectible portion of its outstanding receivables as of December 31, 2017.

(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 months ended March 31, 2018 U.S. adjustments were not tax effected because of the valuation allowance on U.S. deferred tax assets.

reconciliation of non-GAAP financial measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT VIII

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)¹

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

<u>(In millions, except percentage information)</u>	<u>For the Three Months Ended March 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>% Change</u>
<u>Worldwide Gross Sales³</u>			
Gross Sales	\$ 800.0	\$ 814.6	-2 %
<i>Adjustments:</i>			
Toys "R" Us Gross Sales Reversal ²	29.5	-	
Gross Sales, As Adjusted	<u>\$ 829.5</u>	<u>\$ 814.6</u>	2 %
<u>North America Segment Gross Sales⁴</u>			
Gross Sales	\$ 348.4	\$ 362.3	-4 %
<i>Adjustments:</i>			
Toys "R" Us Gross Sales Reversal ²	27.3	-	
Gross Sales, As Adjusted	<u>\$ 375.7</u>	<u>\$ 362.3</u>	4 %

(1) Amounts may not foot due to rounding

(2) As a result of the Toys "R" Us liquidation, Mattel reversed Gross Sales for the estimated uncollectible portion of its outstanding receivables originating from first quarter 2018 sales.

(3) Refer to Exhibit III for a reconciliation of Worldwide Net Sales to Gross Sales.

(4) Refer to Exhibit IV for a reconciliation of North America Segment Net Sales to Gross Sales.

glossary of non-GAAP financial measures

Gross sales

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

Adjusted gross sales represents Mattel's reported gross sales, adjusted to exclude the gross sales reversal related to the Toys "R" Us bankruptcy and liquidation. Adjusted gross sales is presented to provide additional perspective on underlying trends in Mattel's core gross 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.

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. 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.

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 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 resulting from the Toys "R" Us liquidation, 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 resulting from the Toys "R" Us bankruptcy and liquidation, 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.

glossary of non-GAAP financial measures cont'd

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 resulting from the Toys "R" Us bankruptcy and liquidation, 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.

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 resulting from the Toys "R" Us bankruptcy and liquidation, asset impairments, non-recurring executive 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 consistent exchange rates are determined by Mattel at the beginning of each year and are applied consistently during the year. They are generally different from the actual exchange rates in effect during the current or prior period due to volatility in actual foreign exchange rates. 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.