

MATTEL REPORTS THIRD QUARTER 2019 FINANCIAL RESULTS

- **Third quarter Net Sales of \$1,481.6 million, up 3% as reported, and up 4% in constant currency, versus prior year.**
- **Gross Sales of \$1,656.9 million, up 3% as reported and up 4% in constant currency.**
- **Dolls category Gross Sales up 5% as reported, and up 7% in constant currency; Barbie[®] Gross Sales up 10% as reported, and up 12% in constant currency.**
- **Infant, Toddler and Preschool category Gross Sales down 11% as reported, and down 10% in constant currency; Fisher-Price[®] and Thomas & Friends[®] Gross Sales down 3% as reported, and down 2% in constant currency.**
- **Vehicles category Gross Sales up 13% as reported, and up 15% in constant currency; Hot Wheels[®] Gross Sales up 25% as reported, and up 27% in constant currency.**
- **Action Figures, Building Sets and Games categories combined Gross Sales up 12% as reported, and up 13% in constant currency.**
- **Structural Simplification run-rate savings of \$826 million, exceeding target of \$650 million exiting 2019; expect to exceed \$854 million of run-rate savings by the end of 2019.**
- **Reported Gross Margin of 46.3%, an improvement of 370 basis points; Adjusted Gross Margin of 46.9%, an improvement of 390 basis points.**
- **Reported Operating Income of \$150.1 million, an improvement of \$28.2 million or 23%; Adjusted Operating Income of \$173.7 million, an improvement of \$20.7 million or 14%.**
- **Reported Earnings Per Share of \$0.20, an improvement of \$0.18; Adjusted Earnings Per Share of \$0.26, an improvement of \$0.08.**
- **For the nine months ended September 30, Cash Flows Used for Operating Activities improved \$218 million.**

EL SEGUNDO, California, October 29, 2019 – Mattel, Inc. (NASDAQ: MAT) today reported third quarter 2019 financial results.

Ynon Kreiz, Chairman and CEO, Mattel said: “Our third quarter performance demonstrates the continued momentum of our multi-year turnaround and consistent progress in transforming Mattel into an IP-driven, high-performing toy company. We are executing very well on our strategy to restore profitability, delivering the fifth consecutive quarter where we achieved

improvements in Reported Operating Income, EBITDA, gross margin and EPS. We are starting to see positive revenue trends with growth for the second quarter in a row as reported, and for the third straight quarter in constant currency. And we continue to make meaningful progress in laying the groundwork to capture the full value of our IP. We are encouraged by this momentum, as we remain focused on execution and the creation of long-term shareholder value.”

Joseph Euteneuer, CFO, Mattel said: “Our results demonstrate meaningful progress across all of our financial metrics. The improvement was driven by revenue growth and Structural Simplification savings. The company’s great performance in the third quarter and year-to-date, along with our ongoing consistent execution, will allow us to continue to drive value on a going forward basis.”

For the third quarter, Net Sales were up 3% as reported, and up 4% in constant currency, versus the prior year’s third quarter. Gross Sales were up 3% as reported, and up 4% in constant currency. Reported Operating Income was \$150.1 million, an improvement of \$28.2 million, and Adjusted Operating Income was \$173.7 million, an improvement of \$20.7 million. Reported Earnings Per Share was \$0.20, an improvement of \$0.18, and Adjusted Earnings Per Share was \$0.26, an improvement of \$0.08.

For the first nine months of the year, Net Sales were up 1% as reported, and up 4% in constant currency, versus the prior year’s first nine months. Gross Sales were up 1% as reported, and up 4% in constant currency. Reported Operating Loss was \$28.3 million, an improvement of \$311.6 million, and Adjusted Operating Income was \$46.9 million, an improvement of \$271.5 million. Reported Loss Per Share was \$0.62, an improvement of \$0.95, and Adjusted Loss Per Share was \$0.41, an improvement of \$0.77.

Financial Overview

For the third quarter, Net Sales in the North America segment were flat as reported and in constant currency, versus the prior year’s third quarter.

Gross Sales in the North America segment decreased 1% as reported, and in constant currency, primarily driven by a decline in Infant, Toddler and Preschool (including Fisher-Price Friends and Power Wheels®). This was partially offset by growth in Vehicles (including Hot Wheels partially offset by lower sales of Jurassic World® and CARS® vehicles), and Dolls (including Barbie).

Net Sales in the International segment increased 10% as reported, and 14% in constant currency, versus the prior year’s third quarter.

Gross Sales in the International segment increased 10% as reported and 13% in constant currency, driven by growth in Dolls (including Barbie, Polly Pocket® and the launch of BTS partially offset by owned brands), Vehicles (including Hot Wheels partially offset by lower sales of Jurassic World and CARS vehicles) and Action Figures, Building Sets and Games (including Toy Story 4). This growth was partially offset by a decline in Infant, Toddler and Preschool (including Fisher-Price Friends and Thomas & Friends).

Net Sales in the American Girl® segment decreased by 15% as reported, and in constant currency, versus the prior year’s third quarter. Gross Sales in the American Girl segment



decreased by 14% as reported, and in constant currency, primarily driven by lower sales in retail stores.

Reported Gross Margin increased to 46.3%, versus 42.6% in the prior year's third quarter, and Adjusted Gross Margin increased to 46.9%, versus 43.0%.

The increase in Reported and Adjusted Gross Margin was primarily driven by savings from our Structural Simplification program.

Reported Other Selling and Administrative Expenses increased by \$40.1 million, or 12%, to \$366.0 million, versus the prior year's third quarter. Adjusted Other Selling and Administrative Expenses increased by \$51.0 million, or 17%, to \$351.4 million. The increase in Reported and Adjusted Other Selling and Administrative Expenses were driven by a higher incentive compensation accrual due to improved year-to-date business performance and Toys "R" Us bad debt recoveries in the third quarter 2018. These increases were partially offset by savings from our Structural Simplification program.

For the nine months ended September 30, 2019, Cash Flows Used for Operating Activities decreased by \$218 million to \$514 million, versus the prior year first nine months, primarily driven by a lower net loss, excluding the impact of non-cash charges. Cash Flows Used for Investing Activities decreased by \$36 million to \$78 million, versus prior year, primarily driven by lower capital spending. Cash Flows Provided by Financing Activities and Other increased by \$240 million to \$216 million, versus prior year, primarily driven by net repayments of long-term borrowings of \$274 million in the first nine months of 2018, partially offset by lower net proceeds from short-term borrowings of \$49 million.

Sales by Categories

For the third quarter, Worldwide Gross Sales for Dolls were \$567.6 million, up 5% as reported, and up 7% in constant currency, versus the prior year's third quarter, driven by growth in Barbie partially offset by a decline in American Girl.

Worldwide Gross Sales for Infant, Toddler and Preschool were \$431.0 million, down 11% as reported, and down 10% in constant currency, versus the prior year's third quarter, driven by declines in Fisher-Price Friends and Power Wheels.

Worldwide Gross Sales for Vehicles were \$346.9 million, up 13% as reported, and up 15% in constant currency, versus the prior year's third quarter, driven by growth in Hot Wheels partially offset by a decline in CARS and Jurassic World vehicles.

Worldwide Gross Sales for Action Figures, Building Sets and Games were \$311.4 million, up 12% as reported, and up 13% in constant currency, versus the prior year's third quarter, driven by Toy Story 4 and MEGA partially offset by Jurassic World.

Conference Call and Live Webcast

At 5:00 p.m. (Eastern Time) today, Mattel will host a conference call with investors and financial analysts to discuss its 2019 third quarter financial results. The conference call will be webcast on Mattel's Investor Relations website, <https://mattel.gcs-web.com/>. To listen to the live call, log on to the website at least 10 minutes early to register, download and install any necessary audio software. An archive of the webcast will be available on Mattel's Investor Relations website for

90 days and may be accessed beginning approximately two hours after the completion of the live call. A telephonic replay of the call will be available beginning at 8:30 p.m. Eastern time the evening of the call until Tuesday, November 5, 2019 and may be accessed by dialing +1-404-537-3406. The passcode is 7239237.

Forward-Looking Statements

This press release 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, such as China, 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; (xx) uncertainty from the expected discontinuance of LIBOR and transition to any other interest rate benchmark; and (xxi) 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, 2018, as well as in Mattel's other public statements. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so except as required by law.

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 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.

This earnings release and our earnings slide presentation are available on Mattel's Investor Relations website, <https://mattel.gcs-web.com/>, under the subheading "Financial Information – Earnings Releases."

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, categorical, 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 categories and 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 Profit and Adjusted Gross Margin

Adjusted Gross Profit and Adjusted Gross Margin represent reported Gross Profit and Reported Gross Margin, respectively, adjusted to exclude asset impairments, severance and restructuring expenses and the impact of the inclined sleeper product recalls. Adjusted Gross Margin represents Mattel's Adjusted Gross Profit, as a percentage of 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 asset impairments, non-recurring executive compensation, severance and restructuring expenses, the impact of the inclined sleeper product recalls, 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 asset impairments, non-recurring executive compensation, severance and restructuring expenses, sale of assets, and the impact of the inclined sleeper product recalls, 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 asset impairments, severance and restructuring expenses, and the impact of the inclined sleeper product recalls, 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, adjusting for certain discrete tax items, and dividing by the reported weighted average number of 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 asset impairments, share-based compensation, severance and restructuring expenses, sale of assets, and the impact of the inclined sleeper product recalls, 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.

About Mattel

Mattel is a leading global children's entertainment company that specializes in design and production of quality toys and consumer products. We create innovative products and experiences that inspire, entertain and develop children through play. We engage consumers through our portfolio of iconic franchises, including Barbie®, Hot Wheels®, American Girl®, Fisher-Price®, Thomas & Friends® and MEGA®, as well as other popular brands that we own or license in partnership with global entertainment companies. Our offerings include film and television content, gaming, music and live events. We operate in 40 locations and sell products in more than 150 countries in collaboration with the world's leading retail and technology companies. Since its founding in 1945, Mattel is proud to be a trusted partner in exploring the



wonder of childhood and empowering kids to reach their full potential. Visit us online at www.mattel.com.

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MAT-FIN MAT-CORP

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)¹

(In millions, except per share and percentage information)	For the Three Months Ended September 30,						For the Nine Months Ended September 30,					
	2019		2018		Yr / Yr % Change as Reported	Yr / Yr % Change in Constant Currency	2019 ²		2018 ²		Yr / Yr % Change as Reported	Yr / Yr % Change in Constant Currency
	\$ Amt	% Net Sales	\$ Amt	% Net Sales			\$ Amt	% Net Sales	\$ Amt	% Net Sales		
Net Sales	\$ 1,481.6		\$ 1,437.5		3%	4%	\$ 3,030.9		\$ 2,990.5		1%	4%
Cost of sales	795.1	53.7%	824.4	57.4%	-4%		1,763.3	58.2%	1,901.4	63.6%	-7%	
Gross Profit	686.4	46.3%	613.1	42.6%	12%	13%	1,267.6	41.8%	1,089.1	36.4%	16%	19%
Advertising and promotion expenses	170.4	11.5%	165.3	11.5%	3%		324.3	10.7%	318.5	10.7%	2%	
Other selling and administrative expenses	366.0	24.7%	325.9	22.7%	12%		971.6	32.1%	1,110.5	37.1%	-13%	
Operating Income (Loss)	150.1	10.1%	121.9	8.5%	23%	26%	(28.3)	-0.9%	(339.9)	-11.4%	-92%	96%
Interest expense	47.7	3.2%	48.2	3.4%	-1%		140.9	4.6%	132.7	4.4%	6%	
Interest (income)	(0.8)	-0.1%	(0.8)	-0.1%	4%		(4.6)	-0.2%	(5.6)	-0.2%	-18%	
Other non-operating expense, net	1.3		1.9				2.9		4.4			
Income (Loss) Before Income Taxes	102.0	6.9%	72.6	5.1%	40%	42%	(167.5)	-5.5%	(471.4)	-15.8%	-64%	67%
Provision for income taxes	31.4		66.3				46.2		71.6			
Net Income (Loss)	\$ 70.6	4.8%	\$ 6.3	0.4%	n/m		\$ (213.7)	-7.1%	\$ (542.9)	-18.2%	-61%	
Net Income (Loss) Per Common Share - Basic	\$ 0.20		\$ 0.02				\$ (0.62)		\$ (1.57)			
Weighted average number of common shares	346.7		345.3				346.2		344.8			
Net Income (Loss) Per Common Share - Diluted	\$ 0.20		\$ 0.02				\$ (0.62)		\$ (1.57)			
Weighted average number of common and potential common shares	348.5		345.7				346.2		344.8			

¹ Amounts may not foot due to rounding.

² Reflects the impact of immaterial revisions to the financial statements.

n/m - Not Meaningful

CONDENSED CONSOLIDATED BALANCE SHEETS¹

	September 30,		December 31,
	2019 ³	2018 ³	2018 ³
(In millions)	(Unaudited)		
Assets			
Cash and equivalents	\$ 218.3	\$ 209.2	\$ 594.5
Accounts receivable, net	1,291.3	1,312.9	970.1
Inventories	701.6	726.0	542.9
Prepaid expenses and other current assets	225.9	287.0	239.7
Total current assets	2,437.0	2,535.1	2,347.2
Property, plant, and equipment, net	572.3	677.0	657.6
Right-of-use assets, net ²	306.2	-	-
Other noncurrent assets	2,212.1	2,269.7	2,233.4
Total Assets	\$ 5,527.6	\$ 5,481.8	\$ 5,238.2
Liabilities and Stockholders' Equity			
Short-term borrowings	\$ 230.0	\$ 275.0	\$ 4.2
Accounts payable and accrued liabilities ²	1,244.8	1,220.6	1,242.3
Income taxes payable	48.8	5.8	13.5
Total current liabilities	1,523.5	1,501.4	1,260.0
Long-term debt	2,856.8	2,849.9	2,851.7
Noncurrent lease liabilities ²	273.9	-	-
Other noncurrent liabilities	419.7	471.5	469.7
Stockholders' equity	453.7	659.0	656.8
Total Liabilities and Stockholders' Equity	\$ 5,527.6	\$ 5,481.8	\$ 5,238.2

SUPPLEMENTAL BALANCE SHEET AND CASH FLOW DATA (Unaudited)¹

	September 30,	
	2019	2018 ³
Key Balance Sheet Data:		
Accounts receivable, net days of sales outstanding (DSO)	78	82
Condensed Cash Flow Data:		
	Nine Months Ended September 30,	
(In millions)	2019 ³	2018 ³
Cash flows used for operating activities	\$ (514)	\$ (731)
Cash flows used for investing activities	(78)	(115)
Cash flows provided by (used for) financing activities and other	216	(24)
Decrease in cash and equivalents	<u>\$ (376)</u>	<u>\$ (870)</u>

¹ Amounts may not foot due to rounding.

² Mattel adopted ASU 2016-02, Leases (Topic 842), on January 1, 2019 using the modified retrospective transition method. Upon adoption, Mattel recorded a right-of-use asset and lease liability on its balance sheet. Prior periods were not retrospectively adjusted.

³ Reflects the impact of immaterial revisions to the financial statements.

WORLDWIDE GROSS SALES INFORMATION (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

<u>(In millions, except percentage information)</u>	<u>For the Three Months Ended September 30,</u>				<u>For the Nine Months Ended September 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>% Change as Reported</u>	<u>% Change in Constant Currency</u>	<u>2019</u>	<u>2018⁴</u>	<u>% Change as Reported</u>	<u>% Change in Constant Currency</u>
<u>Worldwide Gross Sales:</u>								
Net Sales	\$ 1,481.6	\$ 1,437.5	3 %	4 %	\$ 3,030.9	\$ 2,990.5	1 %	4 %
Sales Adjustments ²	175.4	169.2			368.4	370.2		
Gross Sales	<u>\$ 1,656.9</u>	<u>\$ 1,606.6</u>	3 %	4 %	<u>\$ 3,399.3</u>	<u>\$ 3,360.8</u>	1 %	4 %
<u>Worldwide Gross Sales by Categories:</u> ³								
Dolls	\$ 567.6	\$ 538.4	5 %	7 %	\$ 1,093.9	\$ 1,062.4	3 %	6 %
Infant, Toddler and Preschool	431.0	483.4	-11	-10	876.6	998.1	-12	-10
Vehicles	346.9	306.5	13	15	744.4	710.5	5	8
Action Figures, Building Sets and Games	311.4	278.4	12	13	684.4	589.9	16	18
Gross Sales	<u>\$ 1,656.9</u>	<u>\$ 1,606.6</u>	3 %	4 %	<u>\$ 3,399.3</u>	<u>\$ 3,360.8</u>	1 %	4 %
<u>Supplemental Gross Sales Disclosures</u>								
<u>Worldwide Gross Sales by Top 3 Power Brands:</u>								
Barbie	\$ 412.8	\$ 374.7	10 %	12 %	\$ 762.8	\$ 698.1	9 %	12 %
Hot Wheels	293.3	235.0	25	27	619.0	547.2	13	17
Fisher-Price and Thomas & Friends	396.3	409.5	-3	-2	791.1	833.5	-5	-3
Other	554.4	587.4	-6	-4	1,226.3	1,281.9	-4	-2
Gross Sales	<u>\$ 1,656.9</u>	<u>\$ 1,606.6</u>	3 %	4 %	<u>\$ 3,399.3</u>	<u>\$ 3,360.8</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 categories or brand level.

³ Mattel modified its reporting structure for revenues in the first quarter of 2019 to disclose revenues by categories. Refer to Note 23, Segment Information, in the Form 10-Q for additional information.

⁴ Reflects the impact of immaterial revisions to the financial statements.

GROSS SALES BY SEGMENT (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

<u>(In millions, except percentage information)</u>	<u>For the Three Months Ended September 30,</u>				<u>For the Nine Months Ended September 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>% Change as Reported</u>	<u>% Change in Constant Currency</u>	<u>2019</u>	<u>2018</u>	<u>% Change as Reported</u>	<u>% Change in Constant Currency</u>
North America Segment Gross Sales:								
Net Sales	\$ 821.9	\$ 825.6	0 %	0 %	\$ 1,586.2	\$ 1,564.5	1 %	2 %
Sales Adjustments ²	58.6	60.7			111.0	113.1		
Gross Sales	<u>\$ 880.4</u>	<u>\$ 886.3</u>	-1 %	-1 %	<u>\$ 1,697.2</u>	<u>\$ 1,677.6</u>	1 %	1 %
North America Gross Sales by Categories:³								
Dolls	\$ 250.6	\$ 241.5	4 %	4 %	\$ 424.2	\$ 394.9	7 %	8 %
Infant, Toddler and Preschool	274.6	306.2	-10	-10	525.3	586.2	-10	-10
Vehicles	170.8	159.2	7	7	344.3	334.6	3	3
Action Figures, Building Sets and Games	184.4	179.4	3	3	403.4	361.8	11	12
Gross Sales	<u>\$ 880.4</u>	<u>\$ 886.3</u>	-1 %	-1 %	<u>\$ 1,697.2</u>	<u>\$ 1,677.6</u>	1 %	1 %
Supplemental Gross Sales Disclosures								
North America Gross Sales by Top 3 Power Brands:								
Barbie	\$ 221.2	\$ 208.8	6 %	6 %	\$ 369.0	\$ 338.4	9 %	9 %
Hot Wheels	140.8	120.7	17	17	276.4	255.0	8	9
Fisher-Price and Thomas & Friends	250.9	255.2	-2	-2	472.1	483.5	-2	-2
Other	267.5	301.6	-11	-11	579.7	600.6	-3	-3
Gross Sales	<u>\$ 880.4</u>	<u>\$ 886.3</u>	-1 %	-1 %	<u>\$ 1,697.2</u>	<u>\$ 1,677.6</u>	1 %	1 %

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 categories or brand level.

³ Mattel modified its reporting structure for revenues in the first quarter of 2019 to disclose revenues by categories. Refer to Note 23, Segment Information, in the Form 10-Q for additional information.

GROSS SALES BY SEGMENT (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

(In millions, except percentage information)	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2019	2018	% Change as Reported	% Change in Constant Currency	2019	2018 ⁵	% Change as Reported	% Change in Constant Currency
Total International Segment Gross Sales:								
Net Sales	\$ 607.9	\$ 551.1	10 %	14 %	\$ 1,315.0	\$ 1,257.0	5 %	10 %
Sales Adjustments ²	113.8	105.4			252.4	250.2		
Gross Sales	<u>\$ 721.7</u>	<u>\$ 656.5</u>	10 %	13 %	<u>\$ 1,567.4</u>	<u>\$ 1,507.3</u>	4 %	10 %
International Segment Gross Sales:								
EMEA ³								
Net Sales	\$ 337.6	\$ 306.4	10 %	14 %	\$ 703.2	\$ 672.3	5 %	11 %
Sales Adjustments ²	71.0	63.6			155.9	146.9		
Gross Sales	<u>\$ 408.7</u>	<u>\$ 370.1</u>	10 %	15 %	<u>\$ 859.1</u>	<u>\$ 819.2</u>	5 %	12 %
Latin America								
Net Sales	\$ 182.3	\$ 167.2	9 %	11 %	\$ 368.0	\$ 347.4	6 %	10 %
Sales Adjustments ²	31.2	31.5			62.1	64.4		
Gross Sales	<u>\$ 213.5</u>	<u>\$ 198.8</u>	7 %	10 %	<u>\$ 430.1</u>	<u>\$ 411.8</u>	4 %	9 %
Asia Pacific ³								
Net Sales	\$ 88.0	\$ 77.4	14 %	15 %	\$ 243.8	\$ 237.4	3 %	7 %
Sales Adjustments ²	11.5	10.2			34.4	39.0		
Gross Sales	<u>\$ 99.5</u>	<u>\$ 87.6</u>	14 %	15 %	<u>\$ 278.2</u>	<u>\$ 276.3</u>	1 %	5 %
International Gross Sales by Categories: ⁴								
Dolls	\$ 262.2	\$ 233.1	12 %	16 %	\$ 535.0	\$ 491.9	9 %	15 %
Infant, Toddler and Preschool	156.4	177.3	-12	-9	351.3	411.8	-15	-10
Vehicles	176.2	147.3	20	23	400.1	375.9	6	13
Action Figures, Building Sets and Games	127.0	98.8	28	32	281.0	227.7	23	29
Gross Sales	<u>\$ 721.7</u>	<u>\$ 656.5</u>	10 %	13 %	<u>\$ 1,567.4</u>	<u>\$ 1,507.3</u>	4 %	10 %
Supplemental Gross Sales Disclosures								
International Gross Sales by Top 3 Power Brands:								
Barbie	\$ 191.6	\$ 165.9	16 %	19 %	\$ 393.9	\$ 359.7	10 %	16 %
Hot Wheels	152.5	114.2	33	37	342.6	292.2	17	24
Fisher-Price and Thomas & Friends	145.4	154.3	-6	-3	319.1	349.9	-9	-4
Other	232.1	222.0	5	8	511.9	505.4	1	6
Gross Sales	<u>\$ 721.7</u>	<u>\$ 656.5</u>	10 %	13 %	<u>\$ 1,567.4</u>	<u>\$ 1,507.3</u>	4 %	10 %

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 categories or brand level.

³ Mattel reorganized its regional sales reporting structure in the first quarter of 2019. As a result, the new regions are Europe, the Middle East, and Africa ("EMEA"), Latin America, and Asia Pacific. The Middle East, Africa, Russia, and Turkey were previously included in the Asia Pacific region (previously Global Emerging Markets) and are now included in EMEA (previously Europe). Prior period amounts have been reclassified to conform to the current period presentation.

⁴ Mattel modified its reporting structure for revenues in the first quarter of 2019 to disclose revenues by categories. Refer to Note 23, Segment Information, in the Form 10-Q for additional information.

⁵ Reflects the impact of immaterial revisions to the financial statements.

GROSS SALES BY SEGMENT (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

<u>(In millions, except percentage information)</u>	<u>For the Three Months Ended September 30,</u>				<u>For the Nine Months Ended September 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>% Change as Reported</u>	<u>% Change in Constant Currency</u>	<u>2019</u>	<u>2018</u>	<u>% Change as Reported</u>	<u>% Change in Constant Currency</u>
<u>American Girl Segment Gross Sales:</u>								
Net Sales	\$ 51.8	\$ 60.8	-15 %	-15 %	\$ 129.7	\$ 169.0	-23 %	-23 %
Sales Adjustments	3.0	3.0			5.0	6.9		
Gross Sales	<u>\$ 54.8</u>	<u>\$ 63.9</u>	-14 %	-14 %	<u>\$ 134.7</u>	<u>\$ 175.9</u>	-23 %	-23 %

¹ Amounts may not foot due to rounding.

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)¹
RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

<u>(In millions, except per share and percentage information)</u>	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2019²</u>	<u>2018²</u>	<u>2019^{2,6}</u>	<u>2018^{2,6}</u>
Gross Profit				
Gross Profit, As Reported	\$ 686.4	\$ 613.1	\$ 1,267.6	\$ 1,089.1
Gross Profit, As Adjusted	46.3%	42.6%	41.8%	36.4%
<i>Adjustments:</i>				
Asset Impairments	-	-	-	5.8
Severance and Restructuring Expenses ³	8.4	5.7	11.9	5.7
Inclined Sleeper Product Recalls ⁴	0.7	-	21.3	-
Gross Profit, As Adjusted	\$ 695.6	\$ 618.8	\$ 1,300.8	\$ 1,100.5
Adjusted Gross Margin	46.9%	43.0%	42.9%	36.8%
Other Selling and Administrative Expenses				
Other Selling and Administrative Expenses, As Reported	\$ 366.0	\$ 325.9	\$ 971.6	\$ 1,110.5
% of Net Sales	24.7%	22.7%	32.1%	37.1%
<i>Adjustments:</i>				
Asset Impairments	-	-	-	(6.1)
Non-recurring Executive Compensation	-	-	-	(1.0)
Severance and Restructuring Expenses ³	(11.3)	(25.5)	(34.4)	(98.2)
Inclined Sleeper Product Recalls ⁴	(3.2)	-	(7.6)	-
Sale of Assets	-	-	-	1.4
Other Selling and Administrative Expenses, As Adjusted	\$ 351.4	\$ 300.4	\$ 929.6	\$ 1,006.6
% of Net Sales	23.7%	20.9%	30.7%	33.7%
Operating Income (Loss)				
Operating Income (Loss), As Reported	\$ 150.1	\$ 121.9	\$ (28.3)	\$ (339.9)
<i>Adjustments:</i>				
Asset Impairments	-	-	-	11.9
Non-recurring Executive Compensation	-	-	-	1.0
Severance and Restructuring Expenses ³	19.7	31.2	46.4	103.9
Inclined Sleeper Product Recalls ⁴	3.9	-	28.9	-
Sale of Assets	-	-	-	(1.4)
Operating Income (Loss), As Adjusted	\$ 173.7	\$ 153.0	\$ 46.9	\$ (224.6)
Other Information				
Toys "R" Us Net Sales Reversal ⁵	\$ -	\$ -	\$ -	\$ 29.5
Toys "R" Us Bad Debt Expense, Net ⁵	\$ (1.4)	\$ (13.0)	\$ (1.4)	\$ 37.3
Inclined Sleeper Product Recalls ⁴	\$ 3.9	\$ -	\$ 34.3	\$ -

¹ Amounts may not foot due to rounding.

² Toys "R" Us Net Sales Reversal and Toys "R" Us Bad Debt Expense, Net are not presented as non-GAAP adjustments for the three and nine months ended September 30, 2019 and 2018.

³ For the three months ended September 30, 2019, severance and restructuring expenses include \$16.3 million related to Capital Light initiatives of which \$8.4 million was recorded to Cost of Sales and \$7.9 million was recorded to Other Selling and Administrative Expenses.

For the nine months ended September 30, 2019, severance and restructuring expenses include \$27.8 million related to Capital Light initiatives of which \$11.9 million was recorded to Cost of Sales and \$15.9 million was recorded to Other Selling and Administrative Expenses.

⁴ Mattel recorded an estimated impact of \$3.9 million and \$34.3 million related to inclined sleeper product recalls for the three and nine months ended September 30, 2019, respectively. Of the \$34.3 million recorded during the nine months ended September 30, 2019, \$5.4 million was a reduction to Net Sales for estimated retailer returns.

⁵ 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, during 2018, Mattel recorded Bad Debt Expense, Net for the estimated uncollectible portion of its outstanding receivables, net of recoveries and other reductions.

⁶ Reflects the impact of immaterial revisions to the financial statements.

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 September 30,		For the Nine Months Ended September 30,	
	2019 ²	2018 ²	2019 ^{2,8}	2018 ^{2,8}
Earnings Per Share				
Net Income (Loss) Per Common Share, As Reported	\$ 0.20	\$ 0.02	\$ (0.62)	\$ (1.57)
<i>Adjustments:</i>				
Asset Impairments	-	-	-	0.03
Severance and Restructuring Expenses ³	0.06	0.09	0.13	0.30
Inclined Sleeper Product Recalls ⁴	0.01	-	0.08	-
Tax Effect of Adjustments ⁶	(0.01)	-	(0.01)	(0.01)
Tax Items ⁷	-	0.07	-	0.07
Net Income (Loss) Per Common Share, As Adjusted	\$ 0.26	\$ 0.18	\$ (0.41)	\$ (1.18)
EBITDA and Adjusted EBITDA				
Net Income (Loss), As Reported	\$ 70.6	\$ 6.3	\$ (213.7)	\$ (542.9)
<i>Adjustments:</i>				
Interest Expense	47.7	48.2	140.9	132.7
Provision for Income Taxes	31.4	66.3	46.2	71.6
Depreciation	52.7	62.2	156.3	179.6
Amortization	9.8	10.2	30.2	29.9
EBITDA	212.1	193.1	159.8	(129.1)
<i>Adjustments:</i>				
Asset Impairments	-	-	-	11.9
Shared-based Compensation	14.8	13.8	39.1	36.2
Severance and Restructuring Expenses ³	16.8	25.5	40.0	98.2
Inclined Sleeper Product Recalls ⁴	3.9	-	28.9	-
Sale of Assets	-	-	-	(1.4)
Adjusted EBITDA	\$ 247.7	\$ 232.4	\$ 267.8	\$ 15.7

¹ Amounts may not foot due to rounding.

² Toys "R" Us Net Sales Reversal and Toys "R" Us Bad Debt Expense, Net are not presented as non-GAAP adjustments for the three and nine months ended September 30, 2019 and 2018.

³ For the three months ended September 30, 2019, severance and restructuring expenses include \$16.3 million related to Capital Light initiatives of which \$8.4 million was recorded to Cost of Sales and \$7.9 million was recorded to Other Selling and Administrative Expenses.

For the nine months ended September 30, 2019, severance and restructuring expenses include \$27.8 million related to Capital Light initiatives of which \$11.9 million was recorded to Cost of Sales and \$15.9 million was recorded to Other Selling and Administrative Expenses.

⁴ Mattel recorded an estimated impact of \$3.9 million and \$34.3 million related to inclined sleeper product recalls for the three and nine months ended September 30, 2019, respectively. Of the \$34.3 million recorded during the nine months ended September 30, 2019, \$5.4 million was a reduction to Net Sales for estimated retailer returns.

⁶ 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. Adjustments for the U.S. and certain International affiliates were not tax effected because of the valuation allowance on deferred tax assets.

⁷ For the three and nine months ended September 30, 2018, the amount includes expense of approximately \$24 million related to the provisional tax for deemed repatriation of accumulated foreign earnings and changes to the indefinite reinvestment assertion made as a result of U.S. Tax Reform.

⁸ Reflects the impact of immaterial revisions to the financial statements.