2016 FALL ANALYST DAY

Kevin Farr

Chief Financial Officer

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- KEY FINANCIAL OBJECTIVES
- RE-CAP OF 2016 RESULTS
- 2017 OUTLOOK AND BEYOND

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Mattel looks to match **top-line momentum** with **margin expansion**.

Mattel remains **committed** to it's long-term **financial objectives** and disciplined **capital deployment**.

Cost savings culture continues to be part of **company DNA**…with more focus on making the spend much more **efficient**.

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2016 RESULTS

		Q3	YTD
GROSS SALES	AS REPORTED	FLAT	-3%
	CONSTANT CURRENCY	+1%	FLAT

On track to deliver relatively flat net sales in constant currency for full year

		Q3	YTD
GROSS MARGIN	AS REPORTED	48.5%	46.7%

On track to deliver gross margin of about 48.5% for full year

		Q3	YTD
SG&A	AS REPORTED	-4%	-7%
	ADJUSTED	-2%	-5%

On track to finish the year closer to low end of our $55M-$65M savings range for adjusted spending

FUNDING OUR FUTURE

$250M-$300M

on track to deliver high end of range

Source: Mattel, Inc. Q3 Earnings Release and Form 10Q

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looking ahead | 2017

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2017 OUTLOOK | REVENUE MOMENTUM

CORE BRANDS

Barbie

Hot Wheels

Monster High

Fisher-Price

Thomas & Friends

American Girl

TOY BOX

WB | DC

nick

Disney · Pixar Cars

Fast & Furious

MEGA

$350M INCREMENTAL REVENUES

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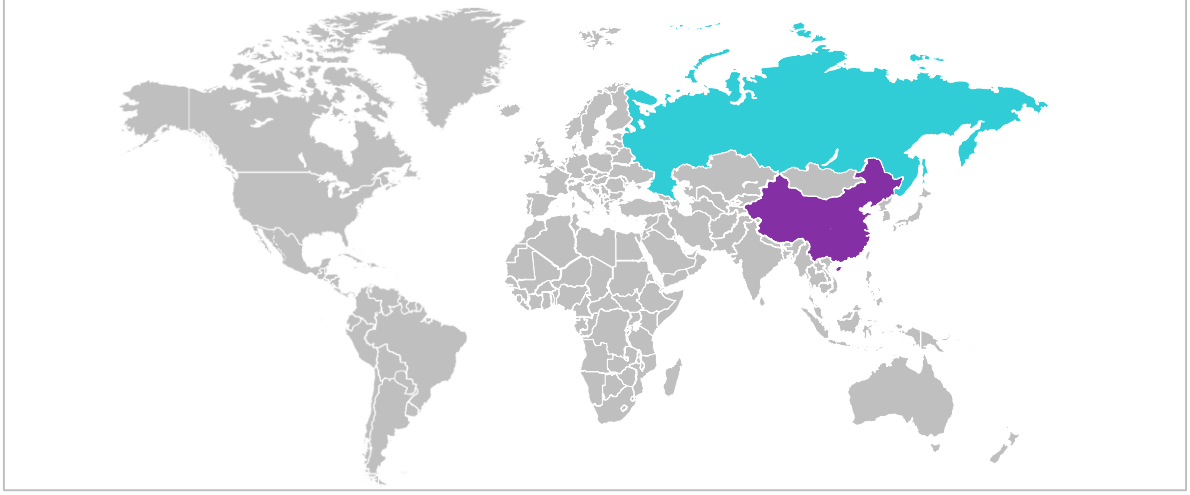
2017 OUTLOOK | REVENUE MOMENTUM

STRATEGIC INVESTMENTS SUPPORTING GROWTH IN EMERGING MARKETS



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2017 OUTLOOK | SALES ADJUSTMENTS

targeting historical range **9.0%-9.5%**

maintain **focus** on retail partners and **improve** retail fulfillment strategy

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2017 OUTLOOK | GROSS MARGIN

targeting **year-over-year improvement**

LEVERAGE	FIXED SUPPLY CHAIN COSTS
STRONGER	GIRLS PORTFOLIO
IMPROVING	MEGA MARGIN STRUCTURE
STRATEGIC	PRICING FOR VALUE & FOREIGN EXCHANGE
NEW	SUPPLY CHAIN COST SAVINGS INITIATIVE

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2017 OUTLOOK | ADVERTISING

targeting low end of historical range **11%-13%**

LICENSING MIX

LOWER ADVERTISING SPEND

LEVERAGING SPEND THROUGH CONTENT

IMPROVED CONSUMER ENGAGEMENT

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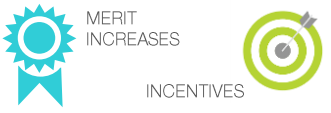
2017 OUTLOOK | SG&A

targeting **decrease as % of sales**

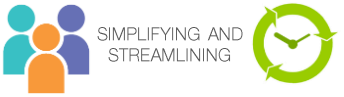
REWARD STRONG EMPLOYEE PERFORMANCE



INVEST AHEAD OF GROWTH



COST SAVINGS INITIATIVES



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2017 OUTLOOK | OPERATING MARGIN

begin to approach long-term objective **15%-20%**

sales **growth** combined with supply chain **efficiencies** and continued financial **discipline**

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2017 OUTLOOK | BALANCE SHEET/CASH FLOW

IMPROVED FREE CASH FLOW

- REINVEST IN THE BUSINESS
- INVEST IN GROWTH
- REWARD OUR SHAREHOLDERS
- YEAR-END CASH BALANCE TARGET: $800M to $1B

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BEYOND 2017 OUTLOOK

targeting long-term operating margin objective: **15%-20%**

CORE BRAND AND TOY BOX GROWTH

Barbie, Hot Wheels, Fisher-Price, Toy Box, American Girl, Monster High, Thomas & Friends, MEGA

SOLID LICENSED ENTERTAINMENT LANDSCAPE

Disney Pixar Cars, Jurassic World, WB, DC, Disney Pixar Toy Story 4

INVESTMENTS IN TECHNOLOGY AND EMERGING MARKETS



CONTENT AND STRATEGIC PARTNERSHIPS

Alibaba.com, amazon.com, amazonstudios, dhx media, 9story Entertainment

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MATTEL TODAY

PROVEN	DIVERSIFIED PORTFOLIO: BRANDS, CATEGORIES, GEOGRAPHIES, CUSTOMERS
CONFIDENT	COMPREHENSIVE STRATEGIC PLAN
ALIGNED	RESOURCES POSITIONED TO LEVERAGE TECHNOLOGY AND EMERGING MARKETS
FOCUSED	CREATING AND INCREASING SHAREHOLDER VALUE

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Mattel2016

setting the foundation for **growth**

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