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OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Ynon Kreiz *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Paul Ruh *Mattel Inc - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Stephen Laszczyk *Goldman Sachs Group Inc - Analyst*

PRESENTATION

Stephen Laszczyk - *Goldman Sachs Group Inc - Analyst*

All right. Great. Thank you, everyone, for joining us this morning. Welcome to the GS Global Retailing Conference. For those who don't know me, my name is Stephen Laszczyk, and I'm the Lead Entertainment Analyst here at Goldman Sachs.

And to kickoff this morning, we are excited to welcome to the conference this year, Ynon Kreiz and Paul Ruh, the CEO and CFO of Mattel. Thank you both for being with us today.

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Thank you for inviting us.

QUESTIONS AND ANSWERS

Stephen Laszczyk - *Goldman Sachs Group Inc - Analyst*

Fantastic. Ynon, I wanted to start off with the news from yesterday that you've been making some organizational changes in the company, aimed at enhancing Mattel's global brand management strategy and accelerating the growth in your entertainment business. Could you maybe start off by talking a little bit more about these changes, the expected benefits of the new structure? And then ultimately, how you envision the strengthening execution across your portfolio?

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Sure. This is really about our continuous evolution from a toy manufacturing company that we used to be to become an IP company for making items to managing franchises. And as we continue to strengthen our brand management capabilities, we're evolving our leadership organization, and the person who we appointed as the Global Head of our brand's group, Roberto Stanichi, up until now was running the Vehicles category, including Hot Wheels. And in many ways, embodied the full strategy for us in terms of capturing full value from our IP and growing outside of the toy aisle.

As you know, Hot Wheels, specifically in the Vehicles categories as a whole, having incredible run, Hot Wheels is on track to achieve its eighth consecutive record high year, after 58 years on the road, just an incredible performance and really bringing to bear the Mattel playbook of brand purpose, cultural relevance, consumer-centric innovation, and franchise mindset.

We are also integrating our marketing activities. This is to achieve more efficiency and more scale, in a world where it's getting harder to reach the consumer. And for Mattel, demand creation is a competitive advantage is one of our strategic pillars, and we continue to improve and strengthen our capabilities and its very important area in terms of reaching and engaging fans, especially young age, is harder to do these days.

But we have the capabilities, resource, and expertise to stand out in a crowded market and Roberto is an expert of that. So he will also lead that part of the company.

It's been a very exciting journey for Mattel. We continue to evolve as a company. The biggest cultural shift for Mattel was to realize that people who buy our product are not just consumers, they are fans that have an emotional relationship with our brands. And when you realize the people who engage with you are fans and that it's a very different relationship and a very different dialogue. And this informs our strategy and how we continue to grow and expand our business.

This is on top of everything we do within the toy aisle. So there are a lot of opportunities for Mattel on the toy side of the business, and I'm sure we'll talk about that. And the exciting part is to go beyond that in highly accretive business verticals in the entertainment space in terms of content, franchise management, consumer products, location-based entertainment parks, and, of course, digital.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

That's a great overview. And I certainly want to get back into discussing how you're viewing each of your key brands. But maybe first, Paul, to touch on the topic that's dominated investor conversations this year, tariffs. The industry continues to face some meaningful tariffs, 20% to 30% across most of the regions that you operate in. Maybe you could just spend a little bit of time talking about Mattel's strategy to addressing tariffs and your confidence in your ability to mitigate some of the P&L impacts of tariffs this year into next.

Paul Ruh - Mattel Inc - Chief Financial Officer

Thank you for the question, Stephen. It is certainly top of mind for us, but I am very confident that we are going to be able to offset the full cost impact of the tariffs in 2025.

We have a variety of levers, and we're experts at managing these type of headwinds. We have the operational agility to do so. And we are doing this in three ways. Number one is, we have the flexibility and have been working on fine-tuning our supply chain and the sourcing, the country of origin of our plants and our products, number one. Number two, we're managing product mix as well. And number three, in the US, we are taking selective pricing. Of course, this is on top of the already strong program that we have from an OPG perspective, optimizing for profitable growth.

You might recall that we have said that we have increased our target from \$60 million to \$80 million this year to get to the \$200 million target by 2026. So all of those actions that we're taking will allow us to fully offset the cost impact of the tariffs in 2025. And I feel good about the journey that we have going forward as well, leveraging those tools that we -- that I mentioned. We have the expertise and we'll continue to do so.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

On your second quarter call, you called out some of the timing-related dynamics around tariffs that played out earlier this year is one of the reasons we saw a little bit of a slowdown in revenue year to date. Could you maybe talk a little bit more about that timing dynamic? And with some of the benefit now of being further along in the year, to what extent would you expect the back half of the year to make up for some of that softness that we saw in the second quarter?

Paul Ruh - Mattel Inc - Chief Financial Officer

So stepping back, the industry is healthy, the industry is strong. We are seeing strong Mattel POS in the first half, and so far in Q3, quarter to date, we see positive POS in international in the US as well. So that's important.

We are employing consistent strategies throughout the world. And as you saw in our Q2 results, we are growing very strongly in international, and we have tariff-related disruptions that mostly impacted the ordering patterns of our retailers in the US.

Now we do not believe that we have lost any consumer sales. We will catch all of those by the end of the year, but we have seen certainly some timing shifts in the quarter. Now in the second half of the year, we certainly see a significant shift more towards Q4 versus Q3.

But that's a result of the disruption that we have seen from an ordering pattern perspective. The consumer is there, the expertise and the partnership with the retailers to pushing the products through our value chain is there. And that we've been doing for decades and we will continue to do so in 2025 and beyond.

Ynon Kreiz - Mattel Inc - Chairman of the Board, Chief Executive Officer

And maybe if I may add to that is where we stand out as a company is with the strength of our brands, quality of our product, and very strong supply, which is something that we have evolved over the last few years. So this didn't happen overnight in response to the challenges that we're seeing right now. We have continued to evolve and strengthen our supply chain.

We make product today in seven different countries in a combination of owned and operated factories as well as third-party suppliers and we have significant flexibility and agility within the system, which is exactly how we designed it. You cannot foresee what challenges may come your way, but having a flexible and modular supply chain is a clear advantage that we are seeing playing out in our favor this time.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

That was my next question, I was going to ask, which was I feel like there's this debate amongst the investor community on what degree some of this revenue timing dynamics is structural versus timing? It sounds like what you're saying is that Mattel has a structural advantage in terms of the brands and the logistics?

Ynon Kreiz - Mattel Inc - Chairman of the Board, Chief Executive Officer

Absolutely.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

Ynon, maybe just to take that conversation a little bit further. You also mentioned, despite the macro uncertainty, your conversations with retailers this year has remained quite constructive. Any more color you can provide as we look into the back-to-school season on how those conversations have progressed and just general health of the retailer at the moment?

Ynon Kreiz - Mattel Inc - Chairman of the Board, Chief Executive Officer

We were talking about macro dynamics in the market overall. This is not about Mattel and not about toys. These are patterns that we've seen across the macro economy. As it relates to our relationship with our retailers, these are very constructive, toys as a category is very strategic to retailers. It drives foot traffic. It's experiential. Prices are affordable. And we know that toy shoppers spend more time and have a bigger basket at retail.

So retailers are very motivated to drive toy sales. And the relationship is very strong and very aligned. This is a strong partnership that goes back decades. And we work closely with our retailers to make sure that we have the right product at the right time and the right amount on the right shelf at the right time of the year. So this is what we do. This is our expertise. This is our specialty, regardless of one challenge or another.

And of course, you need to know the consumer, you need to have great product, you need to continue to innovate and find ways to reach and engage fans to bring it into the toy aisle and continue at the same time to expand in omnichannel retail in terms of the online and remote shopping.

So we do all of that and continue to work collaboratively with all of our retailers around the world. And as a reminder, we sell product in 500,000 stores globally, 500,000 stores. So this is a very large operation that is highly efficient and high performance.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

In terms of getting product on the shelf this year, how do you expect the retailer stocking and restocking dynamic to differ this year given we've seen in tariffs play out so far relative to a quote-unquote normal year that you would see play out? And how is Mattel leaning into and addressing some of the changes in stocking?

Ynon Kreiz - Mattel Inc - Chairman of the Board, Chief Executive Officer

We talked about shifting ordering patterns from direct import to domestic shipping, which does push out some of the revenue recognition. But the most important point to remember is that consumer demand is healthy. POS has been positive across the industry and for Mattel for the first half of the year. And so far, as Paul mentioned also in the beginning of the third quarter.

Toys as a category, has seen one of its highest growth first halves in the long time. It's been, in fact, according to Circana, in the first part of the year, it's been the fastest-growing sector within six different sectors, they track from video games to fashion to consumer growth, restaurants, and other electronics, six different categories that they track.

Toys has been the fastest growing in the first part of the year. So we're seeing positive consumer demand for the industry and positive consumer demand for Mattel in the US and internationally, every single market so far.

So when that is in place, this is foundational. You know that, ultimately, if there is consumer demand, retailers will aim to fulfill it. And that is the most important -- really factor to look at this point in a period of disruption and uncertainty.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

Paul, maybe to touch on another factor that will come into play later this year, pricing, Mattel took pricing earlier the summer across part of its portfolio as needed in accordance to your mitigation efforts. I'm curious how you've seen consumers react to the price increases so far? And maybe as you look out, of course of the holiday season and into next year, how you would expect the consumers to digest some of the price increases we're seeing out there?

Paul Ruh - Mattel Inc - Chief Financial Officer

Yeah. Certainly, pricing is one of the levers that we have used to mitigate some of the cost impact of the tariffs. And we did it very strategically in the US. And those pricing actions are behind us, and we do not intend to take any further pricing in 2025. And as I said, this is one of the levers we will continue to leverage our supply chain flexibility.

We will continue to maintain our costs, control our cost as we always do. And when it comes to the reaction that we have seen, it's probably early to say we're being watchful. We're seeing how the consumer is behaving.

But as Ynon said, we see POS continue to be strong into Q3 as well. And we're going to be flexible with our marketing strategy with innovation that we will bring to life in the second half, and we're excited about what the end of the year season will bring.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

Ynon, maybe just to build off that, toys won't be the only category to see price increases this is holiday season. Curious as you maybe take a step back and look at the retailer landscape and the consumer landscape more broadly, how you feel that the consumer will perform going into the holiday season? Maybe how toys fits into that, given the broader price increases that we'll see.

Ynon Kreiz - Mattel Inc - Chairman of the Board, Chief Executive Officer

No one has a crystal ball, but the trend into the year so far has been positive. And we know that people, families, parents, kids will always be excited with quality product, especially when they're tied to known and trusted brands. And this is what we aim to bring to the table. We continue to innovate. We continue to develop incredible product, play systems, and grow the reach, and with new touch points for our brands beyond the toy aisle.

So this is not just about strategy within toys. This is taking brands that are cultural, that are important that have a large built-in fan base and extend that beyond the toy aisle. And this is a key part of our strategy, to grow into highly accretive business verticals in the entertainment space.

We talked about a very exciting film slate with two movies coming out next year, Masters of the Universe, in partnership with Amazon MGM and Matchbox in partnership with Skydance and now Paramount, both really, really exciting movies. I've seen the initial cuts. It's still early, but already a lot to be excited by with incredible cast and should be fun to watch.

And of course, there's a slate of movies beyond that. We recently announced that Jon Chu will direct the Hot Wheels movie that we are producing with Warner Brothers and J.J. Abrams, which is very exciting. And also a Barbie movie -- an animated Barbie movie that will be developed by -- is being developed by Chris Meledandri and Illumination at Universal. Chris Meledandri is you can say the most successful animated film maker ever. He's now making -- developing the Barbie animated movie. So this is a very exciting -- yet another exciting development in our film state.

And of course, it's not just movies, also television, parks, mobile games, both self-publishing that we are now developing and accelerating and expect between on average of two self-published games, mobile games a year, continue to grow with digital platforms, such as Roblox and others and finding more ways to reach and engage fans with our brands and great product and experiences. And that's part of -- a key part of our strategy beyond the toy business.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

Building on that content lineup, you touched on some of the power brands and some of the drivers of the power brands over the next couple of years. And Ynon, I think for two years post the Barbie movie, which was a fantastic success for Mattel, more broadly brought a lot of attention to the brand.

What do you see as the next steps for the Barbie brand from here? And how do you see innovation in potential movie sequels? You mentioned the animated Barbie movie coming about, but maybe a live-action sequel at some point down the line fitting into the strategy?

Ynon Kreiz - Mattel Inc - Chairman of the Board, Chief Executive Officer

Barbie is such an incredible brand that never sits still. Barbie is one of the most known brands in culture, and more than culture. It's not just a toy. It's a pop culture icon. And we could not be more excited about Barbie's development, both in terms of product with more innovation -- more breakthrough innovation, extending the lines, developing exciting packages -- packaging rather and continue to involve the brand in new and exciting ways.

And of course, outside the toy aisle in content and different experiences that are coming your way will be another way to -- another form of engagement and excitement for fans.

What we're also seeing is a growing adult fan base, adult collective fan base. This is the key part of our strategy, it's what's also driving the industry. The industry is being driven and lifted by adult collectors, and this is part of our own strategy, especially with our power brands. We have such a large built-in fan base of older people that used to be fans when they were kids and now have grown up and continue to engage with our brands. So Barbie is benefiting from that as well.

Expect more innovation in 2026. We will see improving trends in '25 and then more exciting product coming out in 2026. The movie -- the animated movie we talked about, we haven't said anything about a live-action movie, but of course, our goal is to develop film franchises. We've always said that this is not just about Barbie, but in general, when we make movies, our goal is to create film franchises and continue to develop that over a period of time.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

Are there any upcoming catalysts you'd point investors to more broadly across your doll portfolio as we look into '26 and beyond, where you could start to see this content flywheel start to materialize and maybe an acceleration in revenue growth?

Ynon Kreiz - Mattel Inc - Chairman of the Board, Chief Executive Officer

Sure. Within the dolls category, we have very exciting brands that are doing really well and growing American Girl, which had the three consecutive quarters of growth that is returning to profitability and on a great trajectory. Very excited about American Girl continued development. Monster High, which is expanding its global rollout, this is a brand that was a huge business for Mattel about 10 years ago.

It came and went. We relaunched it now with support of content on Nickelodeon and YouTube with the movie in development right now. And so there's more -- a lot more to come around the Monster High.

There's Polly Pocket, which is having also very good momentum with a lot of innovation, a bit of nostalgia, but more currency and cultural relevance. Disney Princess is an important part of our portfolio. This is a brand that we treat as our own, very proud about that partnership. And we're seeing also collaboration between Disney Princess and American Girl. So we find ways to excite and delight fans through cross-collaboration between our brands and very exciting execution.

And as I said, continuing to tap into the adult collectors that have an emotional relationship with our brands that is something we're tapping into with great product that is catering for that segment with curated products that we sell on Mattel Creations. This is our own direct-to-consumer website that is targeting adult collectors, different price points, different packaging, and all in all, just another form engaged fans in new ways outside of the traditional form of retail.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

Hot Wheels, continue to see impressive growth. I think it's on track for another record year. And this is just a brand that keeps on growing. What drives further growth from here in the Hot Wheels brand? How do you get at the next level?

Ynon Kreiz - Mattel Inc - Chairman of the Board, Chief Executive Officer

We feel that there's so much more runway for Hot Wheels. As you said, notwithstanding the fact that we are on track for an eighth consecutive all-time high, record high for the brand. It is about product innovation, expanding not just the product line itself, but also the play system.

We're introducing this year a new track set that will -- in many ways, will completely reinvent the play pattern of connecting and attaching the tracks that will be very easy to do with one hand and also for younger kids as successful as the contracts have been. This is a whole new level of innovation.

We are also seeing very exciting partnerships with brands like F1 and Ferrari, which is another form of growth. We're launching more games, mobile games, video games, which is a different form of engagement, but clearly a play panel that lends itself so perfectly for this brand.

A movie that is in development, we talked about that produced by J.J. Abrams and directed by Jon Chu. And continuing to tap into the adult collector where we see incredible engagement for Hot Wheels. And I'll give you one interesting statistic, which is Hot Wheels the basic car we sell for \$1.25. This is the number one selling item in the industry, the number one selling toy in the industry.

And we also sell Hot Wheels collector set in partnership with Daniel Arsham, a very known artist for \$700 on the Mattel site -- Mattel creation site. So that variety of offering and price points is maybe the best way to describe the breadth of this brand.

And last but not least, we just launched this summer building set product, the collector -- Hot Wheels collector building set, which is off to a very promising launch, a very promising start. This is a new form of innovation for us. Outside of the traditional die-cast category, this is in building sets, and it's off to a great start, and we'll see how far it goes.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

Do you feel like there's any learnings or best practices from the Hot Wheels brand and how that business has been run over the last 5,10 years that you feel like might be applicable to the rest of the brand portfolio, perhaps across your doll portfolio, Fisher-Price and Infant, Toddler and Preschool, the Brick line that Mattel has?

Ynon Kreiz - Mattel Inc - Chairman of the Board, Chief Executive Officer

Yeah, I think this is going back to your earlier question about our organizational structure and how we think about brand management. And in many ways, Hot Wheels does represent in the best possible way our playbook and how we take a brand that has been around for 58 years, and started as a toy as a die-cast vehicle and continue to evolve and reimagine what it represents. What is the relationship between the brand and the brand's fans?

And the evolution of the play pattern in the play system from an item to a play -- an entire system of play, garage, tracks and interaction between different parts of the portfolio, all the way to content and games from television to short-form content or movies, big live action, theatrical movies, continue to evolve in how we market the brand with the tours that we organize around the world, with the Monster Truck live events that we organize around the country that continue to grow and evolve.

So you continue to find more touch points, more opportunities to engage fans and reimagine what the brand represents. It really is about tapping into car culture.

This is not about selling an item off a shelf. It's how do you embrace car culture. And we're always proud to say that we actually own and run the most -- the number one selling car in the world. We make hundreds and hundreds of millions of cars a year. And with new different sizes and different capabilities that we bring to the table, we believe that there's still a lot of runway for the brand to continue to grow and evolve and reimagine new forms of play.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

Fisher-Price, really entire Infant, Toddler and Preschool category more broadly has faced some challenges in recent years. Just curious to get your updated take on maybe why you think that's been the case? And then looking ahead, opportunities to return the category for you to growth over the next couple of years, what does that strategy look like?

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Fisher-Price is the number one brand within the Infant, Toddler and Preschool category. It's been around for over 90 years. It's actually older than Mattel and is a very trusted brand that parents recognize as something that they can relate to. And of course, we invest heavily in developing products that stand up to the highest level of innovation.

The Fisher-Price brand has been stable over the last six years. What declined within the category has been the preschool entertainment, which is a volatile part of the category driven by brands. And two lines of business that we've exited proactively, Baby Gear and Power Wheels. And these lines have been less productive for us in terms of profitability. And we have been exiting these parts of the category as a whole over the last few years.

This year, 2025, would be the final year where we see -- going to see major impact of this strategic of those two lines. But as a whole, we are very positive about the category. The Fisher-Price Wood, the Wood line is off to a very promising start. We expect that to continue to grow and evolve. Little People is a thriving brand that is becoming its -- seeing its own moment in culture, well outside of the preschool category or the Infant, Toddler and Preschool category, with adult collectors and a growing fan base.

And we are very confident about the road map for Fisher-Price as a key leading brand to Mattel. And of course, the entire category as we strengthen our capabilities with more innovation, more ingenuity and evolving the play pattern for young kids with a lot of quality that we inject into the product line.

Stephen Laszczyk - *Goldman Sachs Group Inc - Analyst*

Before I get the margins and capital allocation, Ynon, one more question for you just on the content slate on the partner side. So the toyetic contemplate this year on the movie front has been much improved versus years past, coming out of COVID, coming out of the actors and writer strike. We've had Minecraft, Jurassic World. So for this year, you have the Wicked movie come in, sequel coming in, in the holiday season. How important is the return of the toyetic toy slate for Mattel?

And as you look at how the business and the slate stacked up going into this holiday season, how does that compare to last year? And to what extent do you think it will be a driver of growth?

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Yeah, the return of toyetic movies is, of course, a positive for the industry. It brings buoyancy not just to the actual movies or the specific categories that correspond with the movies, but to the industry as a whole. So it is good to see that. Theatrical movies are playing an important role, but also movies on streaming platforms actually are seeing a lot of engagement.

The K-Pop has done really well for Netflix, and we're seeing cultural phenomena happening not just around the theater, theatrical releases, but also on streaming platforms, and this is a good thing. And we expect that to continue to be a driver for the industry, a driver for Mattel.

And this is where we excel in that we are playing both in our own domain, our movies that we are turning into exciting theatrical releases, but also as a trusted partner for the major players, the major entertainment companies that release big movies that trust Mattel to create exciting products and leverage our capabilities to offer exciting product lines tied to these movies.

Stephen Laszczyk - *Goldman Sachs Group Inc - Analyst*

I want to pivot to margins, Paul. You mentioned earlier, accelerating cost savings, \$60 million to \$80 million for this year along the program of operating for profitable growth. Beyond these cost savings, what do you see as the key levers for growth in margins over the course of 2025 and '26?

Paul Ruh - Mattel Inc - Chief Financial Officer

Yeah. If I step back and look at our trajectory from 2017 to now, we have accomplished impressive performance. Operating margins increased by 14 points from negative to almost 14. Gross margins up 13 points, close to 50%, around 50% now. We have optimized our SG&A, 300 basis points. We have optimized our A&P 400 basis points.

And that's in our DNA. That's exactly what we do, and that's what we should continue to do, particularly now enabled by the supply chain efficiencies and that culture of we control our costs, we control, what's controllable and we'll continue to do that. The proof is in the past, and we'll continue to do that. We see ample opportunity to continue to optimize our margins.

That's why I feel confident about reiterating our guidance today. I talked about the many factors that give us the confidence that we will be landing in the right place from a top line perspective and also from a profitability perspective, so very confident about the future based on the past as well.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

Last question on capital allocation, perhaps for both of you, just in terms of thinking about reinvesting in the business and managing capital returns. You have the share repurchase program that's currently out there. Where do you see opportunities, I guess, first, to reinvest back into the business? And second, as you think about deploying some of the excess capital that you have, your balance sheet is in a fantastic spot, where do you see opportunities to do so?

Paul Ruh - Mattel Inc - Chief Financial Officer

We're great cash generators. We have also seen a significant turnaround in that regard, and we are -- we have a strong balance sheet as well. Priorities from a capital allocation perspective are very clear, and we will continue to invest in our business, first and foremost.

You see that manifesting itself in both the CapEx that is needed to continue to expand and grow, for example, the Vehicle segment, but also we invest, although it's not CapEx, it's P&L as well in digital gaming and in other parts of our growth strategies.

And importantly, share buybacks. You have seen that from 2023 up to now, up to Q2, we have repurchased \$813 million. And we'll continue to be active as we speak. That's about 14% of the market cap. And with the strength of our balance sheet, with the cash flow generation, we will continue to make the right choices for value creation for our shareholders.

Ynon Kreiz - Mattel Inc - Chairman of the Board, Chief Executive Officer

And I would just add that we are today in a place where we have arguably the strongest balance sheet we've ever had. In terms of the -- whether it's leverage ratio, cash generation, and overall continued focused on managing a strong resilient balance sheet that gives us flexibility.

And this is something we intend to continue to maintain. It's an important feature to have a strong balance sheet. Buying back shares is the best use of cash today that we see in front of us given what we see as a big gap between the intrinsic value of the company, not just the history, but the potential of where we're going from here to the -- relative to the share price.

So this is our best form of investment at this point. But as a company, we are focused on maintaining a strong balance sheet that will continue to give us flexibility to execute our strategy and a key part of what we do.

Stephen Laszczyk - Goldman Sachs Group Inc - Analyst

It's a great place to end. Ynon and Paul, thank you very much for joining us today.

Ynon Kreiz - Mattel Inc - Chairman of the Board, Chief Executive Officer

Thank you.

Paul Ruh - Mattel Inc - Chief Financial Officer

Thank you.

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