



Fourth Quarter 2018 Earnings

(Unaudited Results)

February 7, 2019



Forward-Looking Statements

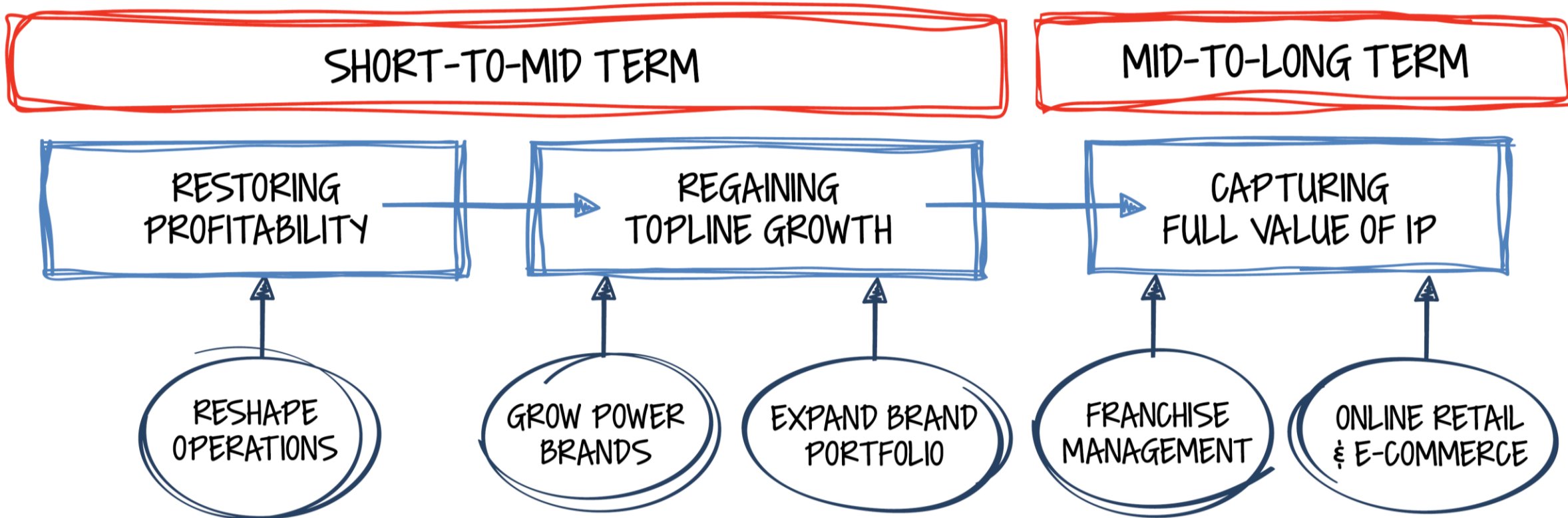
This presentation contains a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as “anticipates,” “expects,” “intends,” “plans,” “confident that” and “believes,” among others, generally identify forward-looking statements. 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, 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 initiatives 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, and Mattel's Quarterly Reports on Form 10-Q for fiscal year 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.

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 profit and adjusted gross margin, adjusted other selling and administrative expenses, adjusted operating income (loss), adjusted earnings (loss) per share, EBITDA, adjusted EBITDA, and constant currency. Mattel uses these metrics to analyze its continuing operations and to monitor, assess and identify meaningful trends in its operating and financial performance, and each is discussed in detail on the following page. These measures are not, and should not be viewed as, substitutes for GAAP financial measures. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the attached Appendix and in our earnings release, which is available in the “Investors” section of our corporate website, <http://corporate.mattel.com/>, under the subheading “Financial Information – Earnings Releases.”

For all references to Gross Sales and figures presented in constant currency, please refer to the footnotes at the bottom of each relevant page. A glossary of non-GAAP financial measures is located in the Appendix.

Strategy to Unlock Full Potential

Transforming Mattel into an IP-driven, high-performing toy company



Our mission is to create innovative products and experiences that inspire, entertain and develop children through play

Mattel Brands

One of the strongest portfolios of children's and family entertainment franchises in the world



Q4 and Full Year Key Takeaways

Progress towards transforming Mattel into an IP-driven, high-performing toy company

- Full year Net Sales of \$4.51 billion; fourth quarter Net Sales of \$1.52 billion
- Mattel was the #1 global toy company in 2018, per NPD
- Barbie Gross Sales in the quarter increased 12% as reported and 15% in constant currency, versus prior year, marking the fifth consecutive quarter of growth; reached the brand's highest full year Gross Sales in the last five years
- Hot Wheels Gross Sales for the quarter increased 9% as reported and 12% in constant currency, versus prior year, and reached the brand's highest full year Gross Sales in its history
- Reported Operating Income of \$107 million in the fourth quarter, an improvement of \$358 million, versus prior year; the largest year-over-year fourth quarter improvement since 2009
- Achieved \$521 million of run-rate cost savings exiting 2018 and expect to exceed cumulative \$650 million run-rate cost savings target exiting 2019
- Delivered Gross Margin of 46.6% in the fourth quarter and 39.8% in the full year; first Gross Margin improvement for each of the fourth quarter and full year since 2013
- Reported fourth quarter Earnings Per Share of \$0.04 versus Loss Per Share of (\$0.82) in the prior year

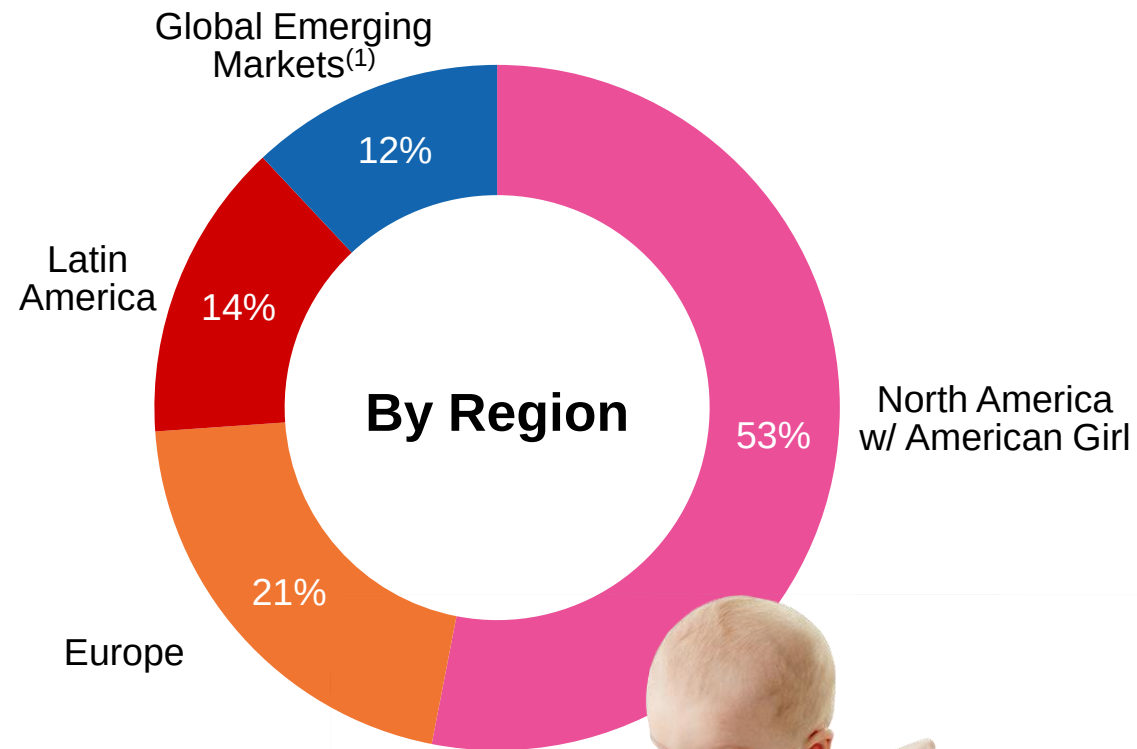
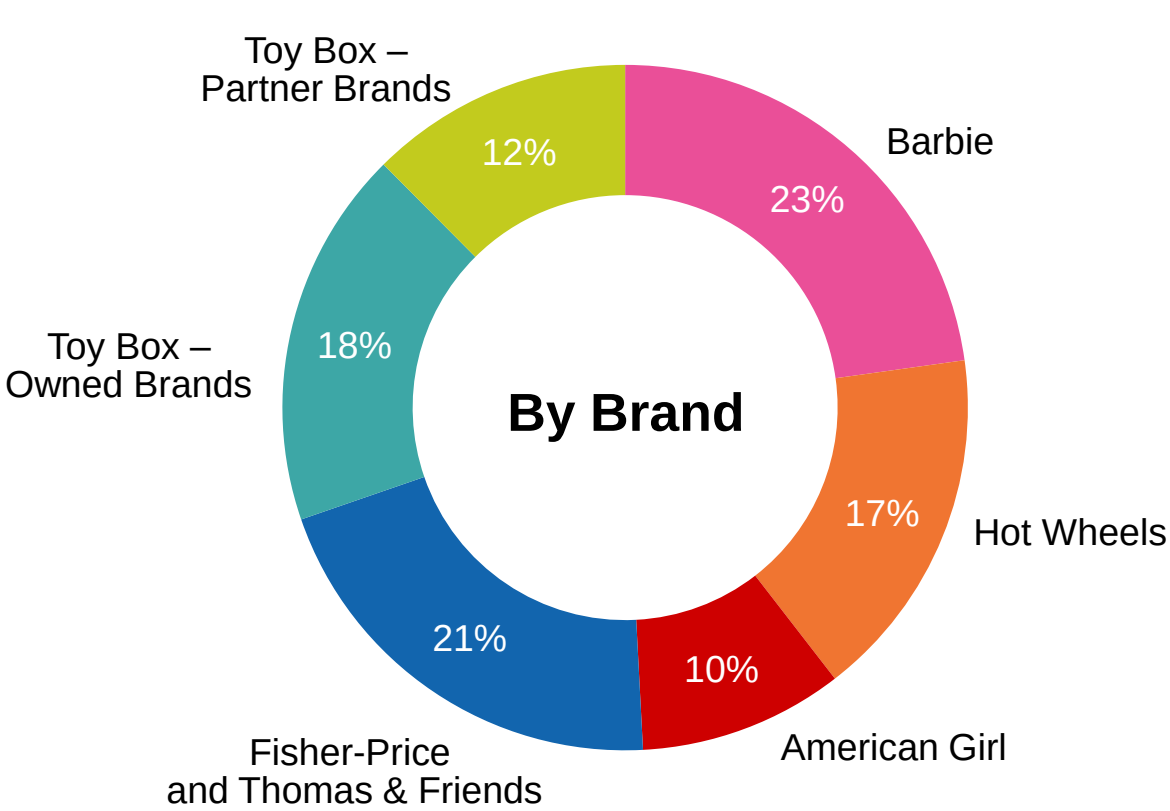


Turnaround plan continues to show tangible results

Q4 Gross Sales Mix



Highly Diversified Sales Mix Both by Brand and by Region

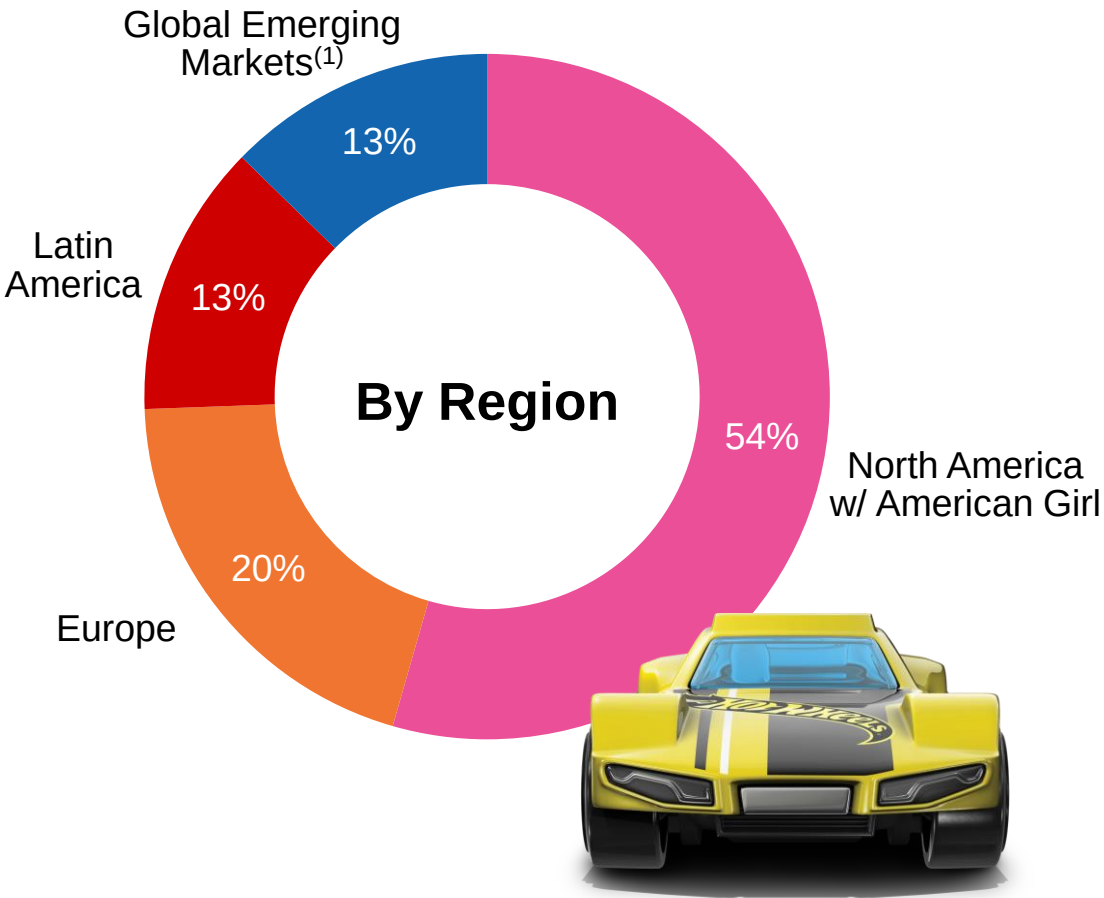
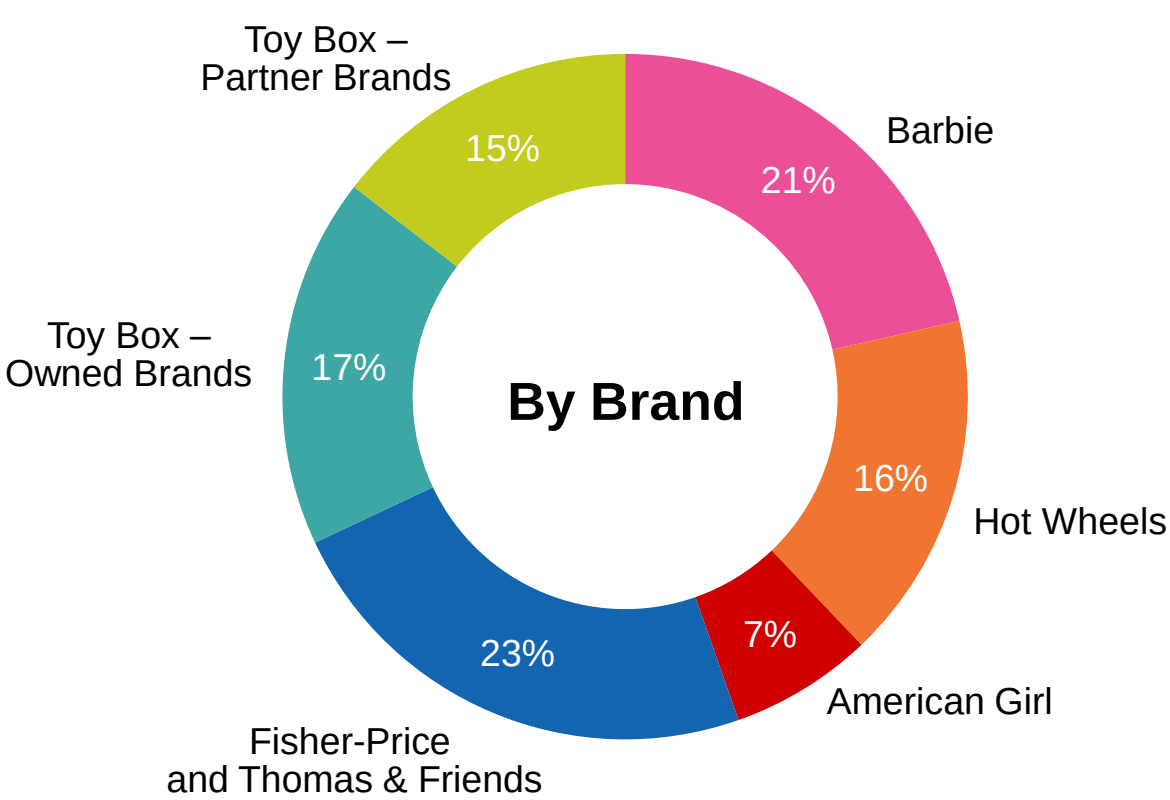


(1) Mattel reorganized its regional reporting structure in the first quarter of 2018. As a result, Global Emerging Markets, which was previously disclosed as Asia Pacific, includes Russia, Turkey, the Middle East and Africa, which were previously included within Europe
For Gross Sales, refer to the Appendix for non-GAAP reconciliations and Glossary of Non-GAAP Financial Measures
Note: Amounts may not foot due to rounding

Full Year Gross Sales Mix



Highly Diversified Sales Mix Both by Brand and by Region



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

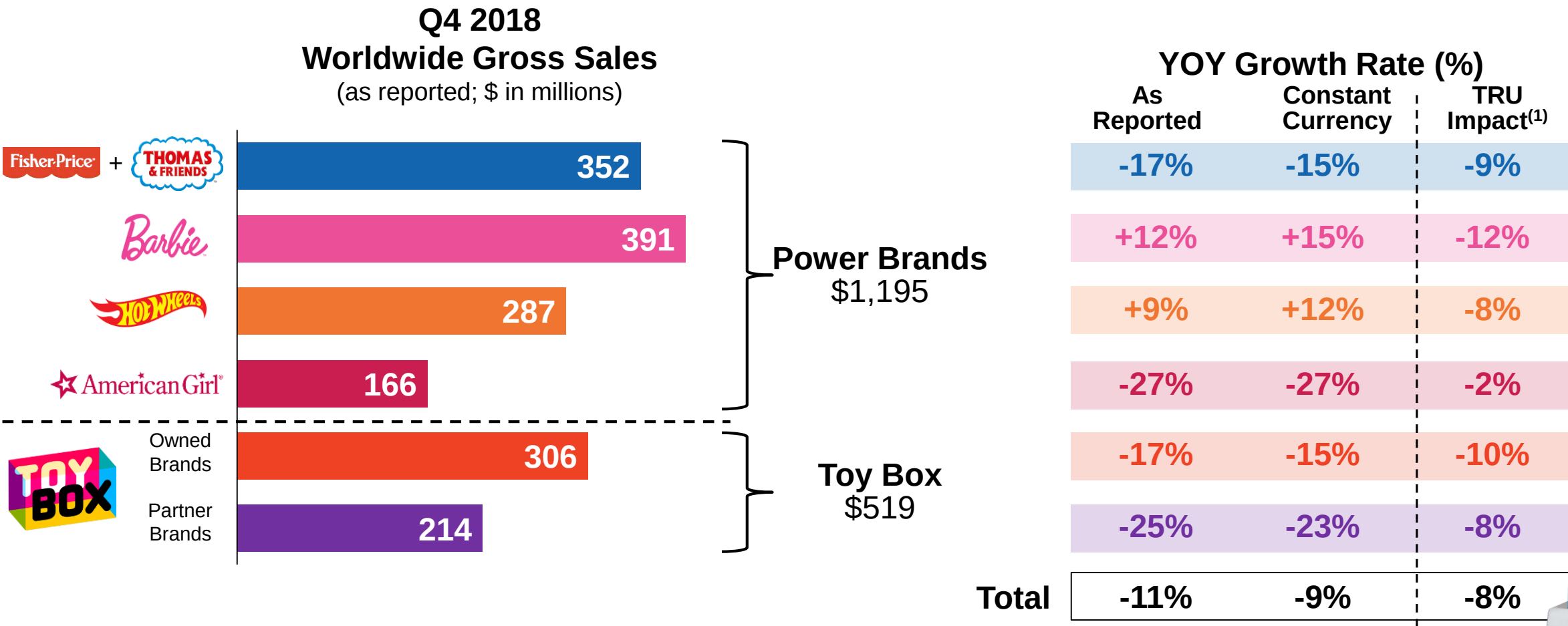
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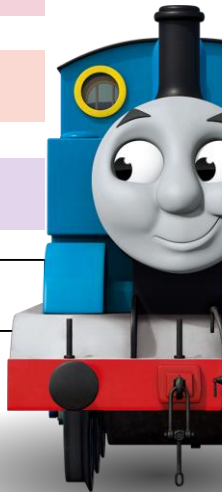
Q4 Worldwide Gross Sales by Brand



Continued growth in Barbie and Hot Wheels despite Toys “R” Us disruption



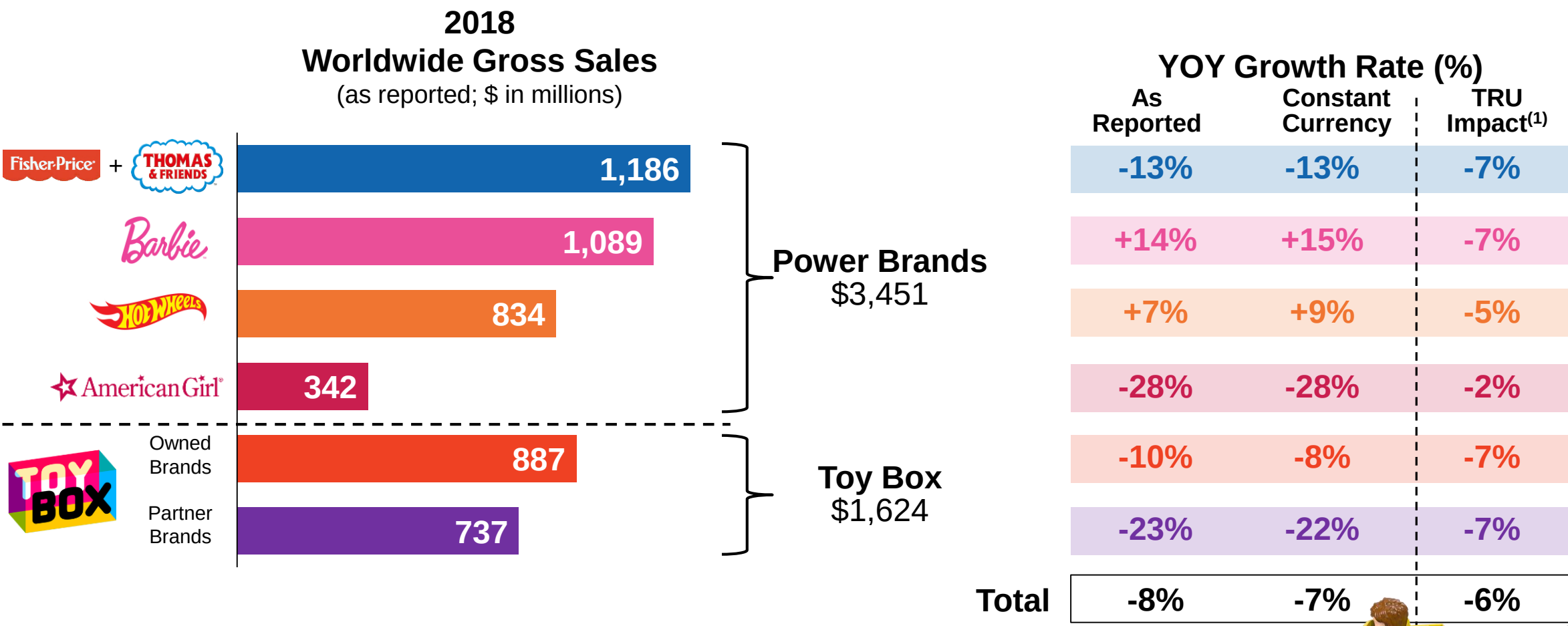
(1) Toys “R” Us impact presented in constant currency, before reabsorption
For Gross Sales and figures presented in constant currency, refer to the Appendix for non-GAAP reconciliations and Glossary of Non-GAAP Financial Measures
Note: Amounts may not foot due to rounding



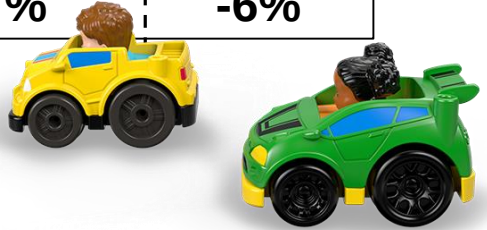
Full Year Worldwide Gross Sales by Brand



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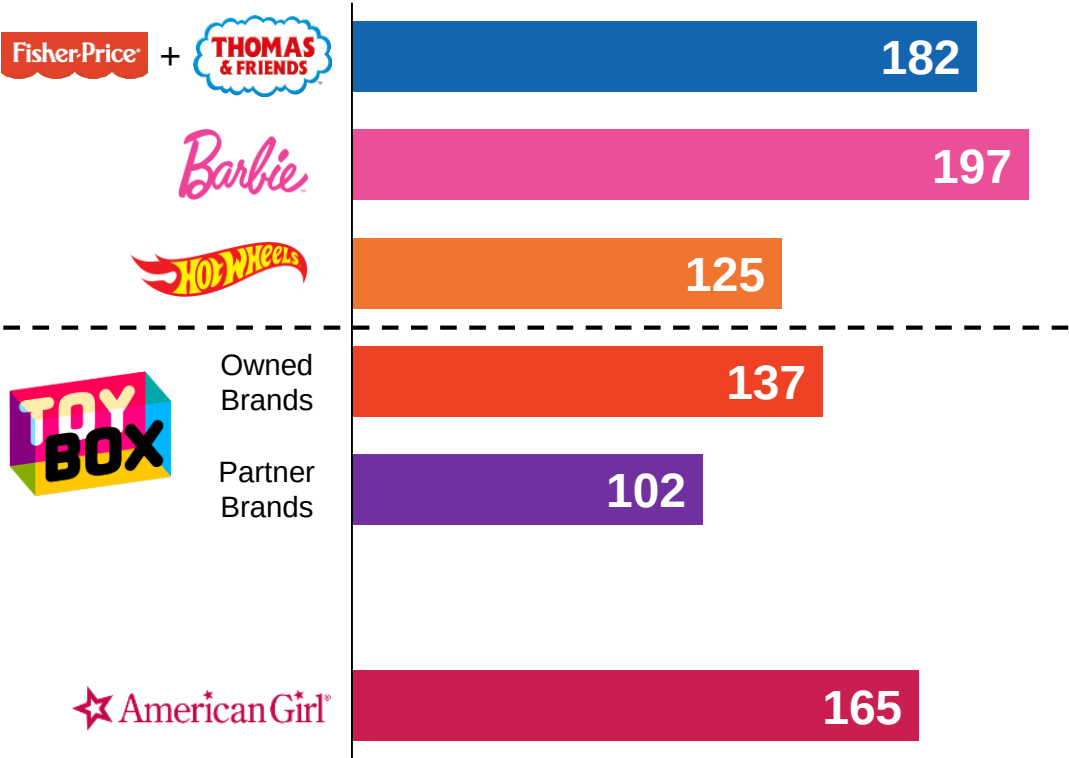


Q4 North America & American Girl Segments Gross Sales by Brand



Strong Barbie, Hot Wheels and Jurassic World performance

Q4 2018
North America⁽¹⁾ & American Girl Gross Sales
(as reported; \$ in millions)



YOY Growth Rate (%)

As Reported	Constant Currency	TRU Impact ⁽²⁾
-------------	-------------------	---------------------------

-17%	-17%	-15%
+19%	+20%	-24%
+9%	+10%	-14%
-25%	-25%	-17%
-29%	-29%	-12%
-10%	-10%	-17%
-27%	-27%	-2%



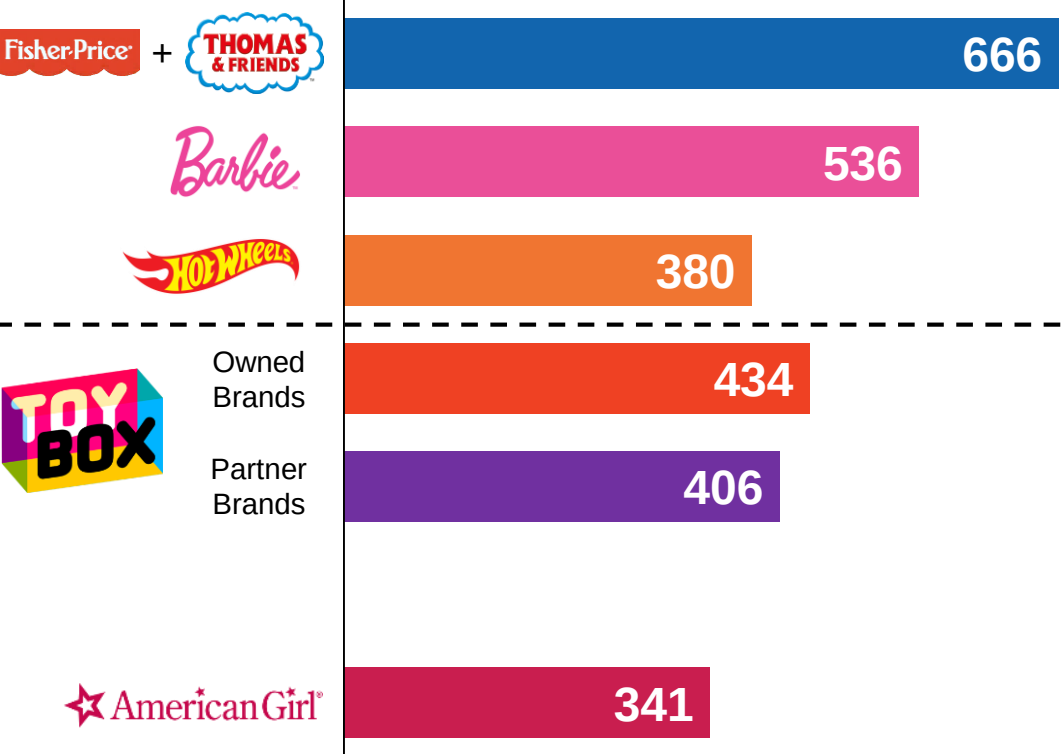
(1) North America segment includes Barbie, Hot Wheels, Fisher-Price, Thomas & Friends and Toy Box
(2) Toys “R” Us impact presented in constant currency, before reabsorption
For Gross Sales and figures presented in constant currency, refer to the Appendix for non-GAAP reconciliations and Glossary of Non-GAAP Financial Measures
Note: Amounts may not foot due to rounding

Full Year North America & American Girl Segments Gross Sales by Brand



Strong Barbie, Hot Wheels and Jurassic World performance

2018
North America⁽¹⁾ & American Girl Gross Sales
(as reported; \$ in millions)



YOY Growth Rate (%)

As Reported	Constant Currency	TRU Impact ⁽²⁾
-------------	-------------------	---------------------------

-10%	-10%	-12%
+19%	+19%	-13%
+12%	+12%	-9%
-14%	-14%	-12%
-19%	-19%	-11%
-5%	-4%	-12%
-28%	-28%	-2%

North America:

American Girl:

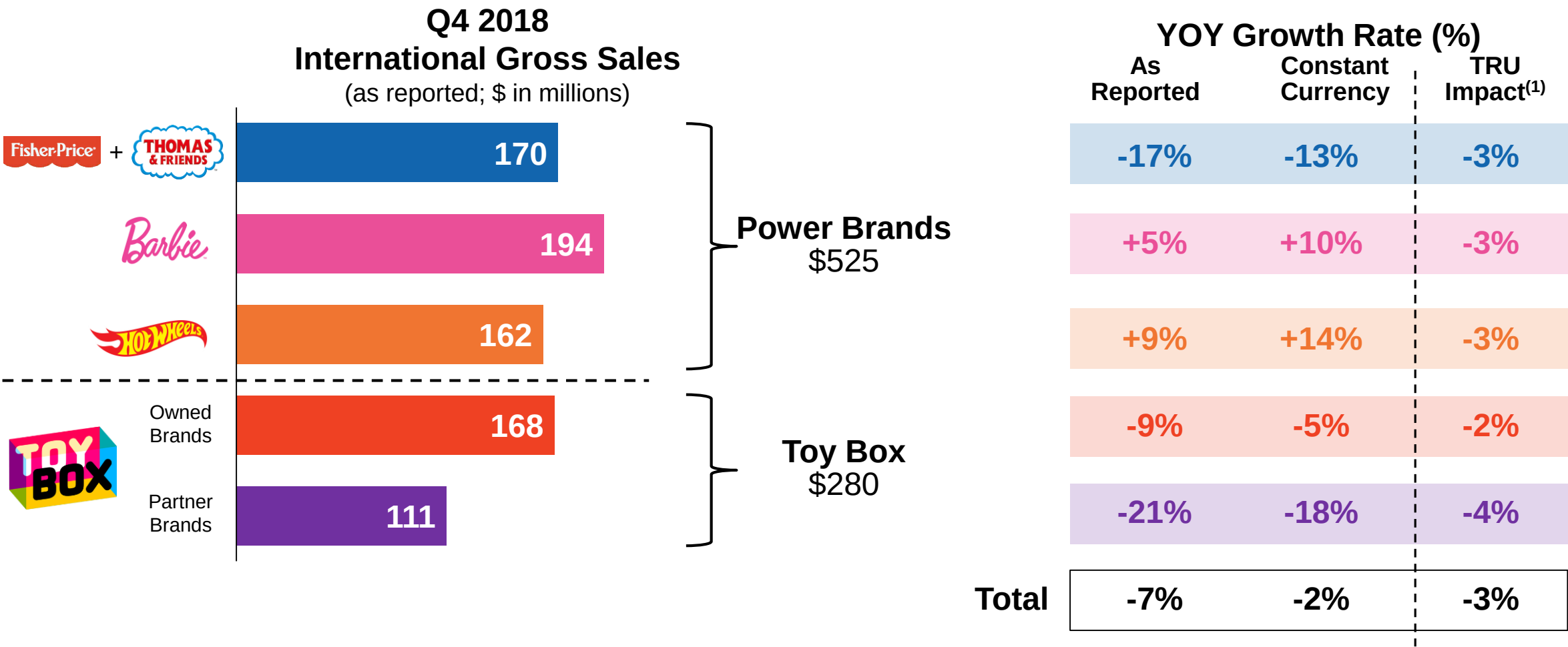
(1) North America segment includes Barbie, Hot Wheels, Fisher-Price, Thomas & Friends and Toy Box
(2) Toys “R” Us impact presented in constant currency, before reabsorption
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Note: Amounts may not foot due to rounding



Q4 International Segment Gross Sales by Brand



Strong Barbie, Hot Wheels and Jurassic World performance

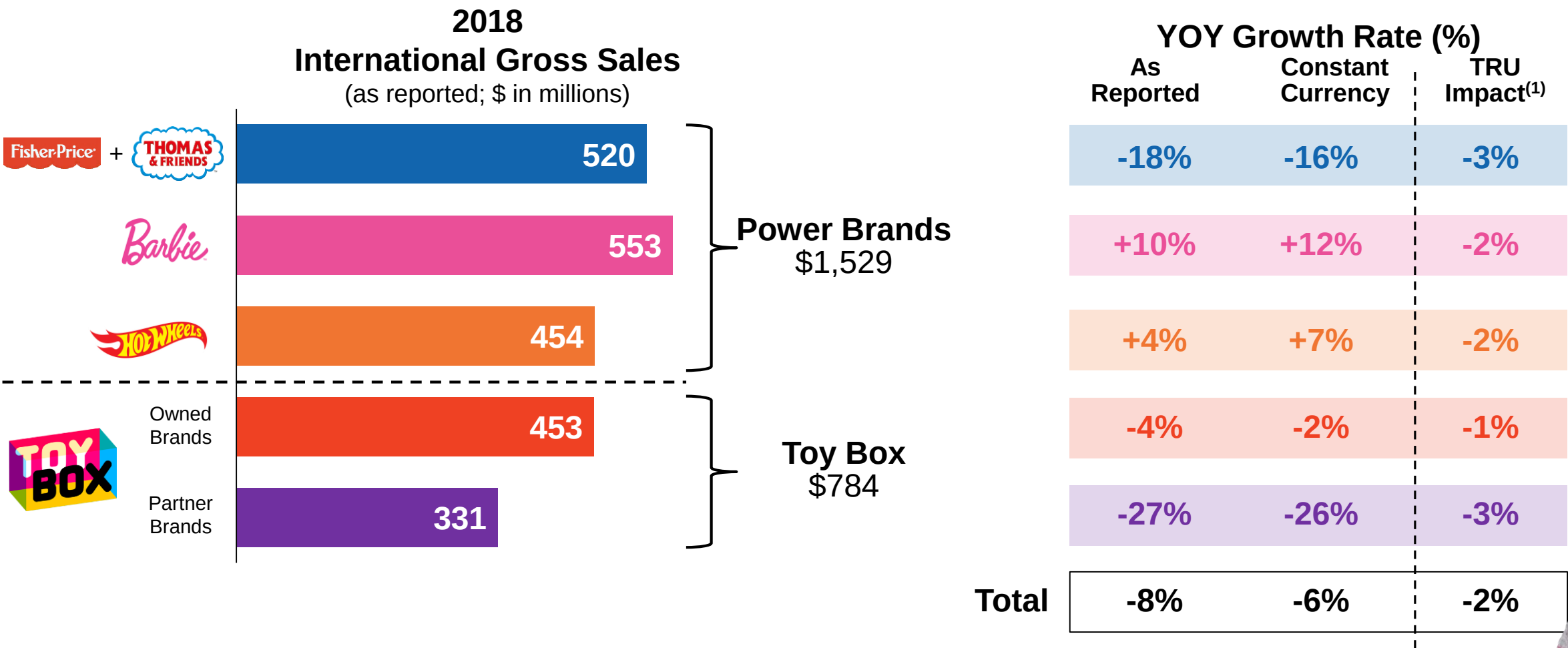


(1) Toys “R” Us impact presented in constant currency, before reabsorption
For Gross Sales and figures presented in constant currency, refer to the Appendix for non-GAAP reconciliations and Glossary of Non-GAAP Financial Measures
Note: Amounts may not foot due to rounding

Full Year International Segment Gross Sales by Brand



Strong Barbie, Jurassic World and Enchantimals performance



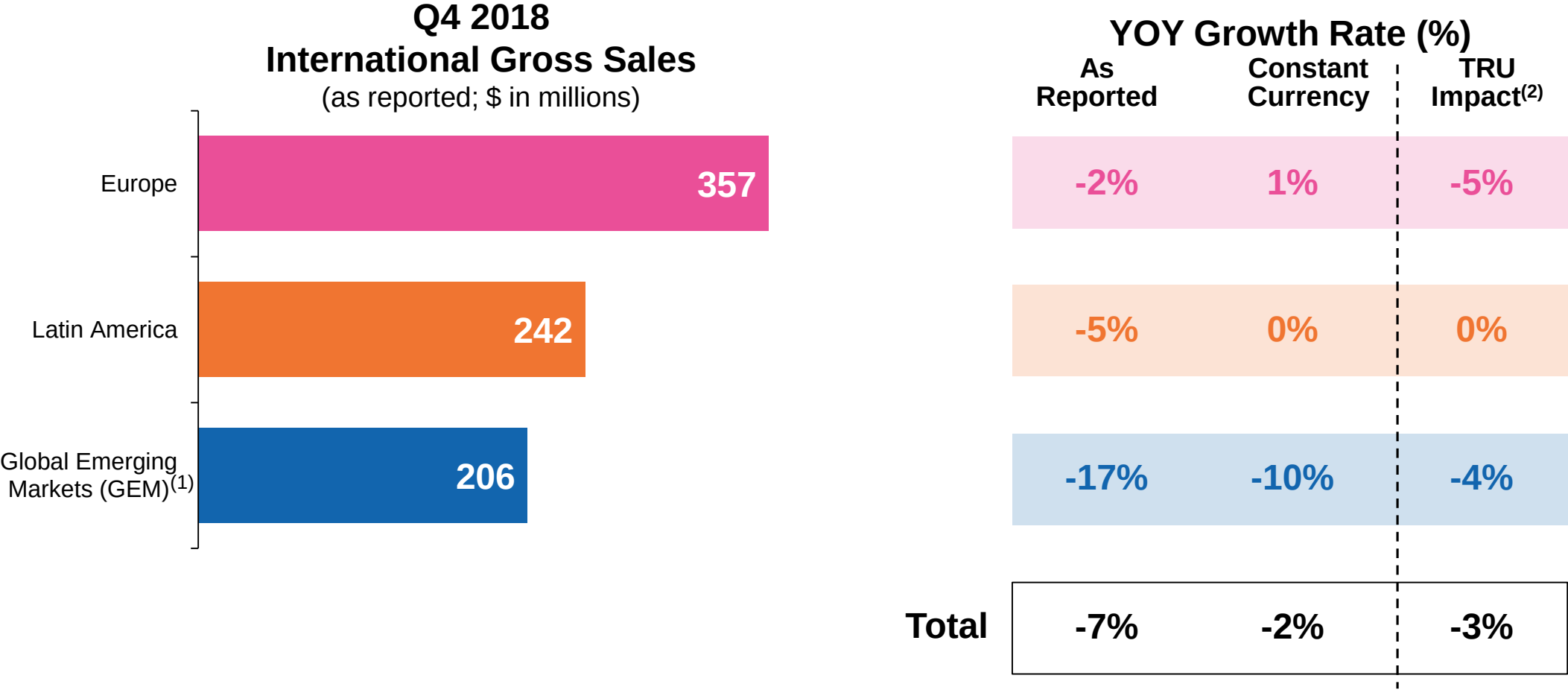
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For Gross Sales and figures presented in constant currency, refer to the Appendix for non-GAAP reconciliations and Glossary of Non-GAAP Financial Measures
Note: Amounts may not foot due to rounding



Q4 International Segment Gross Sales by Region



Strong improvement in Europe; GEM impacted by China decline



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

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

For Gross Sales and figures presented in constant currency, refer to the Appendix for non-GAAP reconciliations and Glossary of Non-GAAP Financial Measures

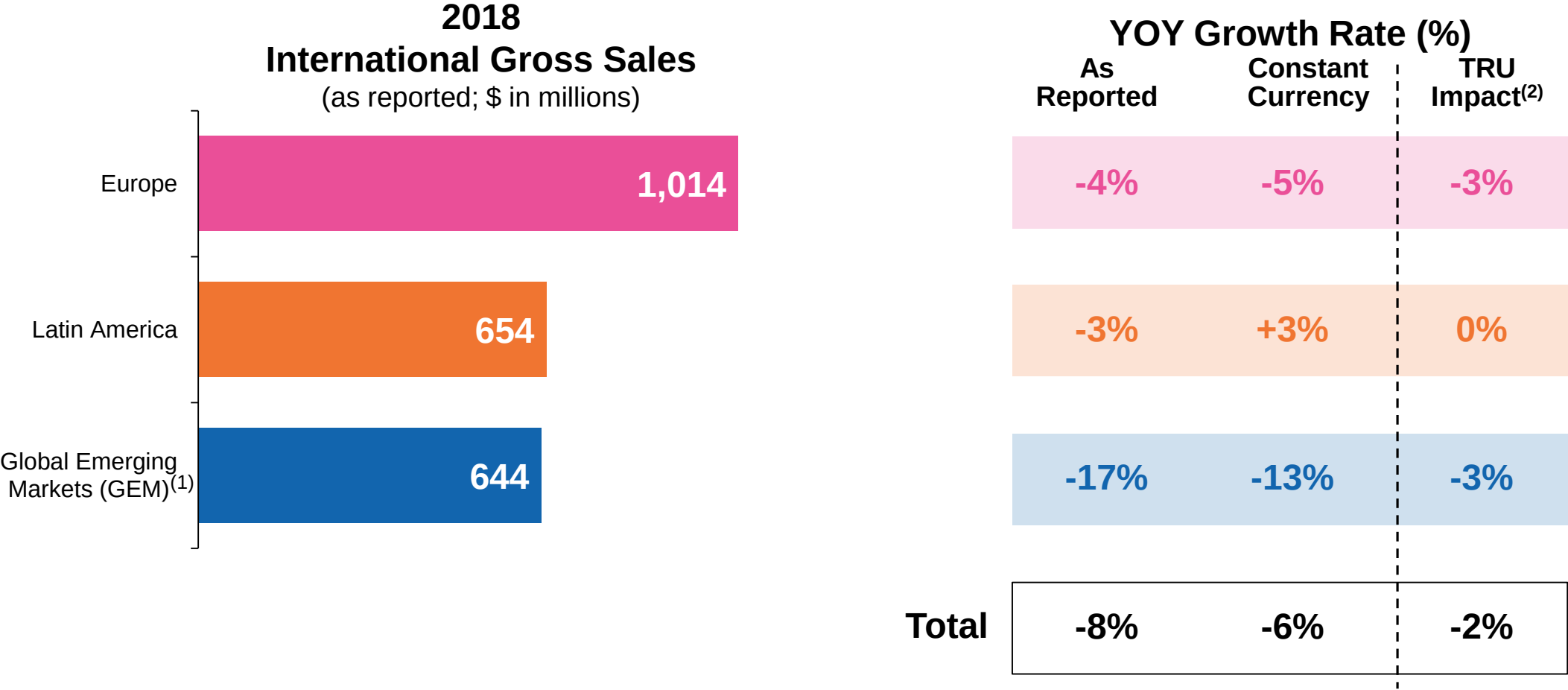
Note: Amounts may not foot due to rounding



Full Year International Segment Gross Sales by Region



Solid performance in LatAm; GEM impacted by China decline



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

For Gross Sales and figures presented in constant currency, refer to the Appendix for non-GAAP reconciliations and Glossary of Non-GAAP Financial Measures

Note: Amounts may not foot due to rounding



Gross Margin

Significant improvement in profitability driven by Structural Simplification cost savings

Q4 2018		Full Year 2018	
Q4 2017 QTD as Reported	30.7%	FY 2017 as Reported	37.3%
Non-GAAP Adjustments ⁽¹⁾	▲	Non-GAAP Adjustments ⁽¹⁾	▲
Q4 2017 QTD Adjusted	32.0%	FY 2017 Adjusted	37.7%
Structural Simplification	▲	Structural Simplification	▲
2017 Toys “R” Us Revenue Reversal	↔	2017 Toys “R” Us Revenue Reversal	▲
Pricing	▲	Pricing	▲
Sales Adjustments	▲	Sales Adjustments	▲
Product Costs ⁽²⁾	▼	Product Costs	▼
Freight & Distribution	▲	Freight & Distribution	▲
Obsolescence	▲	Obsolescence	▲
Currency	▲	Currency	▼
Q4 2018 QTD Adjusted	46.6%	FY 2018 Adjusted	40.0%
Non-GAAP Adjustments*	N/A	Non-GAAP Adjustments*	▼
Q4 2018 QTD as Reported	46.6%	FY 2018 as Reported	39.8%

Improvement to GM
 Detriment to GM
 Neutral to GM

(1) Please refer to Exhibit 99.1 of the Company’s Form 8-K, dated February 1, 2018 (Exhibit VI). Mattel is no longer adjusting Toys “R” Us-related items as part of non-GAAP adjustments
 (2) Includes negative 350 basis point impact from inflation in the cost of raw materials and plant labor
 *See the Appendix for non-GAAP reconciliation and Glossary of Non-GAAP Financial Measures
 Note: impacts to gross margin are not shown in order of magnitude



Improvement driven by Q4 realized savings from Structural Simplification cost savings

(\$ in millions)

Q4 2018		Full Year 2018	
Q4 2017 QTD as Reported	\$453	FY 2017 as Reported	\$1,518
Severance & Restructuring ⁽¹⁾	▼	Severance & Restructuring ⁽¹⁾	▼
Non-recurring Executive Compensation ⁽¹⁾	▼	Non-recurring Executive Compensation ⁽¹⁾	▼
Other Non-GAAP Adjustments ⁽¹⁾	▼	Other Non-GAAP Adjustments ⁽¹⁾	▼
Q4 2017 QTD Adjusted	\$385	FY 2017 Adjusted	\$1,406
Structural Simplification	▼	Structural Simplification	▼
TRU Bad Debt Expense, Net of Recoveries	▼	TRU Bad Debt Expense, Net of Recoveries	▲
Employee-Related Costs	▲	Employee-Related Costs	▲
Strategic Investments	▼	Strategic Investments	▲
Intangible Amortization	▼	Intangible Amortization	▲
Q4 2018 QTD Adjusted	\$388	FY 2018 Adjusted	\$1,395
Severance & Restructuring*	▲	Severance & Restructuring*	▲
Other Non-GAAP Adjustments*	N/A	Other Non-GAAP Adjustments*	▲
Q4 2018 QTD as Reported	\$394	FY 2018 as Reported	\$1,505



Improvement to SG&A



Detriment to SG&A



Neutral to SG&A

(1) Please refer to Exhibit 99.1 of the Company's Form 8-K, dated February 1, 2018 (Exhibit VI). Mattel is no longer adjusting Toys "R" Us-related items as part of non-GAAP adjustments

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

Note: impacts to SG&A are not shown in order of magnitude

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Full Year Balance Sheet & Cash Flow Highlights

Accounts Receivable down 14%; Capital Expenditures down 49%

(\$ in millions)	Dec 31, 2018	Dec 31, 2017	Comments
Cash	\$594	\$1,079	Reflects high yield note issuance in Q4 2017, \$250 million debt repayment in Q1 2018, and improved cash flows from working capital
Accounts Receivable	970	1,129	Improved collections resulted in six-day reduction in days sales outstanding
Inventory	543	601	Reflects our continued efforts to tightly manage inventory
Depreciation	233	241	In-line with prior year
Amortization	39	34	In-line with prior year
Operating Cash Flow	-27	-28	In-line with prior year
Capital Expenditures	152	297	Capital spend reduction aligned with commitment to reduce full year capital expenditures



Delivered significant improvement in capital expenditures and working capital

Structural Simplification

On-track to exceed cumulative \$650M run-rate cost savings exiting 2019



	Actions Taken Through Q4 2018		
	Annual Run-Rate Savings*	Full Year 2018 Savings	Q4 2018 Savings
Gross Profit Savings	\$224M	\$177M	\$114M
Advertising & Promotion Savings	\$30M	\$30M	\$30M
SG&A Savings	\$267M	\$165M	\$66M
Total Savings	\$521M	\$372M	\$210M
Severance and Restructuring Costs Incurred		-\$110M	-\$6M

Substantial profit improvement driven by strong operational execution

*Cost savings are pre-cost inflation and exclude impact of foreign exchange



Appendix



Consolidated Statements of Operations⁽¹⁾

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT I

(In millions, except per share and percentage information)	For the Three Months Ended December 31,						For the Year Ended December 31,					
	2018		2017 ²		Yr / Yr % Change as Reported	Yr / Yr % Change in Constant Currency	2018		2017 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	\$ 1,524.3		\$ 1,610.9		-5%	-3%	\$ 4,510.9		\$ 4,882.0		-8%	-7%
Cost of sales	814.7	53.4%	1,115.7	69.3%	-27%		2,716.1	60.2%	3,061.1	62.7%	-11%	
Gross Profit	709.6	46.6%	495.1	30.7%	43%	45%	1,794.7	39.8%	1,820.8	37.3%	-1%	0%
Advertising and promotion expenses	207.9	13.6%	293.5	18.2%	-29%		526.4	11.7%	642.3	13.2%	-18%	
Other selling and administrative expenses	394.3	25.9%	452.6	28.1%	-13%		1,504.8	33.4%	1,517.9	31.1%	-1%	
Operating Income (Loss)	107.4	7.0%	(251.0)	-15.6%	-143%	-142%	(236.5)	-5.2%	(339.4)	-7.0%	-30%	-37%
Interest expense	49.2	3.2%	36.7	2.3%	34%		181.9	4.0%	105.2	2.2%	73%	
Interest (income)	(0.8)	-0.1%	(1.4)	-0.1%	-42%		(6.5)	-0.1%	(7.8)	-0.2%	-17%	
Other non-operating expense, net	3.0		60.6				7.3		68.1			
Income (Loss) Before Income Taxes	56.1	3.7%	(346.8)	-21.5%	-116%	-116%	(419.3)	-9.3%	(505.0)	-10.3%	-17%	-21%
Provision for (benefit from) income taxes	41.2		(65.6)				111.7		548.8			
Net Income (Loss)	\$ 14.9	1.0%	\$ (281.3)	-17.5%	-105%		\$ (531.0)	-11.8%	\$ (1,053.8)	-21.6%	-50%	
Net Income (Loss) Per Common Share - Basic	\$ 0.04		\$ (0.82)				\$ (1.54)		\$ (3.07)			
Weighted average number of common shares	345.7		344.3				345.0		343.6			
Net Income (Loss) Per Common Share - Diluted	\$ 0.04		\$ (0.82)				\$ (1.54)		\$ (3.07)			
Weighted average number of common and potential common shares	345.8		344.3				345.0		343.6			

(1) Amounts may not foot due to rounding

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



Condensed Consolidated Balance Sheets⁽¹⁾

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

(In millions)	December 31,	
	2018 ² (Unaudited)	2017
Assets		
Cash and equivalents	\$ 594.5	\$ 1,079.2
Accounts receivable, net	970.1	1,128.6
Inventories	542.9	600.7
Prepaid expenses and other current assets	245.0	303.1
Total current assets	2,352.4	3,111.6
Property, plant, and equipment, net	657.6	785.3
Other noncurrent assets	2,233.4	2,341.6
Total Assets	\$ 5,243.5	\$ 6,238.5
Liabilities and Stockholders' Equity		
Short-term borrowings	\$ 4.2	\$ -
Current portion of long-term debt	-	250.0
Accounts payable and accrued liabilities	1,238.4	1,364.3
Income taxes payable	10.0	9.5
Total current liabilities	1,252.6	1,623.8
Long-term debt	2,851.7	2,873.1
Other noncurrent liabilities	469.7	484.1
Stockholders' equity	669.5	1,257.5
Total Liabilities and Stockholders' Equity	\$ 5,243.5	\$ 6,238.5

(1) Amounts may not foot due to rounding
(2) Amounts shown are preliminary estimates. Actual amounts will be reported in Mattel's Annual Report on Form 10-K for the year ended 2018
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Supplemental Balance Sheet and Cash Flow Data⁽¹⁾



MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

	December 31,	
	2018	2017
<u>Key Balance Sheet Data:</u>		
Accounts receivable, net days of sales outstanding (DSO)	57	63
	Year Ended December 31,	
	2018 ²	2017
<u>(In millions)</u>		
<u>Condensed Cash Flow Data:</u>		
Cash flows (used for) operating activities	\$ (27)	\$ (28)
Cash flows (used for) investing activities	(161)	(236)
Cash flows (used for) provided by financing activities and other	(297)	473
(Decrease) increase in cash and equivalents	<u>\$ (485)</u>	<u>\$ 210</u>

(1) Amounts may not foot due to rounding

(2) Amounts shown are preliminary estimates. Actual amounts will be reported in Mattel's Annual Report on Form 10-K for the year ended 2018

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 December 31,				For the Year Ended December 31,			
	2018	2017	% Change as Reported	% Change in Constant Currency	2018	2017	% Change as Reported	% Change in Constant Currency
<u>(In millions, except percentage information)</u>								
<u>Worldwide Gross Sales:</u>								
Net Sales	\$ 1,524.3	\$ 1,610.9	-5 %	-3 %	\$ 4,510.9	\$ 4,882.0	-8 %	-7 %
Sales Adjustments ²	190.5	309.9			564.7	632.2		
Gross Sales	<u>\$ 1,714.8</u>	<u>\$ 1,920.8</u>	-11 %	-9 %	<u>\$ 5,075.5</u>	<u>\$ 5,514.1</u>	-8 %	-7 %
<u>Worldwide Gross Sales by Brand:</u>								
Power Brands								
Barbie	\$ 390.8	\$ 349.7	12 %	15 %	\$ 1,089.0	\$ 954.9	14 %	15 %
Hot Wheels	286.8	263.3	9	12	834.1	777.3	7	9
Fisher-Price and Thomas & Friends	352.2	425.9	-17	-15	1,185.7	1,370.5	-13	-13
American Girl	165.5	226.4	-27	-27	342.4	473.3	-28	-28
Total Power Brands	<u>\$ 1,195.4</u>	<u>\$ 1,265.3</u>	-6	-3	<u>\$ 3,451.1</u>	<u>\$ 3,576.1</u>	-3	-2
Toy Box								
Owned Brands	\$ 305.9	\$ 369.5	-17	-15	\$ 887.4	\$ 980.6	-10	-8
Partner Brands	213.5	286.0	-25	-23	737.0	957.5	-23	-22
Total Toy Box	<u>\$ 519.4</u>	<u>\$ 655.5</u>	-21	-19	<u>\$ 1,624.4</u>	<u>\$ 1,938.0</u>	-16	-15
Total Gross Sales	<u>\$ 1,714.8</u>	<u>\$ 1,920.8</u>	-11 %	-9 %	<u>\$ 5,075.5</u>	<u>\$ 5,514.1</u>	-8 %	-7 %

(1) Amounts may not foot due to rounding

(2) Sales Adjustments are not allocated to individual products. As such, Net Sales are not presented on a brand level



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT IV

GROSS SALES BY SEGMENT (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

	For the Three Months Ended December 31,				For the Year Ended December 31,			
	2018	2017	% Change as Reported	% Change in Constant Currency	2018	2017	% Change as Reported	% Change in Constant Currency
<u>North America Segment Gross Sales:</u>								
Net Sales	\$ 708.3	\$ 753.0	-6 %	-6 %	\$ 2,272.8	\$ 2,373.9	-4 %	-4 %
Sales Adjustments ²	36.2	74.8			149.3	162.8		
Gross Sales	<u>\$ 744.5</u>	<u>\$ 827.8</u>	-10 %	-10 %	<u>\$ 2,422.1</u>	<u>\$ 2,536.7</u>	-5 %	-4 %
<u>North America Segment Gross Sales by Brand:</u>								
Power Brands								
Barbie	\$ 197.3	\$ 165.4	19 %	20 %	\$ 535.7	\$ 450.9	19 %	19 %
Hot Wheels	125.2	114.4	9	10	380.2	340.0	12	12
Fisher-Price and Thomas & Friends	182.4	220.2	-17	-17	665.9	737.4	-10	-10
Total Power Brands	<u>\$ 504.8</u>	<u>\$ 499.9</u>	1	1	<u>\$ 1,581.8</u>	<u>\$ 1,528.3</u>	4	4
Toy Box								
Owned Brands	\$ 137.4	\$ 183.4	-25	-25	\$ 434.0	\$ 506.8	-14	-14
Partner Brands	102.4	144.4	-29	-29	406.3	501.5	-19	-19
Total Toy Box	<u>\$ 239.7</u>	<u>\$ 327.8</u>	-27	-27	<u>\$ 840.3</u>	<u>\$ 1,008.3</u>	-17	-17
Total Gross Sales	<u>\$ 744.5</u>	<u>\$ 827.8</u>	-10 %	-10 %	<u>\$ 2,422.1</u>	<u>\$ 2,536.7</u>	-5 %	-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 December 31,				For the Year Ended December 31,			
	2018	2017	% Change as Reported	% Change in Constant Currency	2018	2017	% Change as Reported	% Change in Constant Currency
Total International Segment Gross Sales:								
Net Sales	\$ 658.1	\$ 645.4	2 %	7 %	\$ 1,911.2	\$ 2,060.8	-7 %	-5 %
Sales Adjustments ²	146.8	221.1			401.0	442.7		
Gross Sales	<u>\$ 805.0</u>	<u>\$ 866.5</u>	-7 %	-2 %	<u>\$ 2,312.2</u>	<u>\$ 2,503.5</u>	-8 %	-6 %
International Segment Gross Sales:								
Europe ³								
Net Sales	\$ 287.1	\$ 262.9	9 %	12 %	\$ 826.5	\$ 853.5	-3 %	-5 %
Sales Adjustments ²	70.1	100.8			187.5	201.3		
Gross Sales	<u>\$ 357.2</u>	<u>\$ 363.7</u>	-2 %	1 %	<u>\$ 1,014.0</u>	<u>\$ 1,054.8</u>	-4 %	-5 %
Latin America								
Net Sales	\$ 206.7	\$ 196.6	5 %	10 %	\$ 554.1	\$ 568.1	-2 %	4 %
Sales Adjustments ²	35.5	57.8			99.9	107.2		
Gross Sales	<u>\$ 242.2</u>	<u>\$ 254.5</u>	-5 %	0 %	<u>\$ 654.0</u>	<u>\$ 675.3</u>	-3 %	3 %
Global Emerging Markets ³								
Net Sales	\$ 164.4	\$ 185.8	-12 %	-4 %	\$ 530.6	\$ 639.3	-17 %	-14 %
Sales Adjustments ²	41.2	62.6			113.7	134.2		
Gross Sales	<u>\$ 205.5</u>	<u>\$ 248.3</u>	-17 %	-10 %	<u>\$ 644.3</u>	<u>\$ 773.5</u>	-17 %	-13 %
International Segment Gross Sales by Brand:								
Power Brands								
Barbie	\$ 193.6	\$ 184.4	5 %	10 %	\$ 553.2	\$ 504.0	10 %	12 %
Hot Wheels	161.6	149.0	9	14	453.9	437.4	4	7
Fisher-Price and Thomas & Friends	169.8	205.6	-17	-13	519.8	633.1	-18	-16
American Girl	0.5	0.1			1.8	0		
Total Power Brands	<u>\$ 525.5</u>	<u>\$ 539.1</u>	-3	2	<u>\$ 1,528.6</u>	<u>\$ 1,574.6</u>	-3	-1
Toy Box								
Owned Brands	\$ 168.3	\$ 185.8	-9	-5	\$ 452.8	\$ 473.0	-4	-2
Partner Brands	111.1	141.6	-21	-18	330.7	456.0	-27	-26
Total Toy Box	<u>\$ 279.5</u>	<u>\$ 327.4</u>	-15	-10	<u>\$ 783.6</u>	<u>\$ 929.0</u>	-16	-14
Total Gross Sales	<u>\$ 805.0</u>	<u>\$ 866.5</u>	-7 %	-2 %	<u>\$ 2,312.2</u>	<u>\$ 2,503.5</u>	-8 %	-6 %

(1) Amounts may not foot due to rounding

(2) Sales Adjustments are not allocated to individual products. As such, Net Sales are not presented on a brand level

(3) Prior period balances have been reclassified to conform with current period presentation. Refer to Note 13, Segment Information, in the Form 10-K for additional information

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Reconciliation of Non-GAAP Financial Measures

GROSS SALES BY SEGMENT (Unaudited)¹
RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

	For the Three Months Ended December 31,				For the Year Ended December 31,			
(In millions, except percentage information)	2018	2017	% Change as Reported	% Change in Constant Currency	2018	2017	% Change as Reported	% Change in Constant Currency
American Girl Segment Gross Sales:								
Net Sales	\$ 157.8	\$ 212.5	-26 %	-25 %	\$ 326.8	\$ 447.2	-27 %	-27 %
Sales Adjustments	7.5	14.1			14.4	26.7		
Gross Sales	<u>\$ 165.3</u>	<u>\$ 226.5</u>	-27 %	-27 %	<u>\$ 341.2</u>	<u>\$ 473.9</u>	-28 %	-28 %

(1) Amounts may not foot due to rounding
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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 December 31,		For the Year Ended December 31,	
	2018 ³	2017 ^{2, 3}	2018 ³	2017 ^{2, 3}
<u>Gross Profit</u>				
Gross Profit, As Reported	\$ 709.6	\$ 495.1	\$ 1,794.7	\$ 1,820.8
Gross Margin	46.6%	30.7%	39.8%	37.3%
Adjustments:				
Asset Impairments ⁴	-	20.6	5.8	20.6
Severance and Restructuring Expenses ⁵	-	-	5.7	-
Gross Profit, As Adjusted	\$ 709.6	\$ 515.7	\$ 1,806.2	\$ 1,841.4
Adjusted Gross Margin	46.6%	32.0%	40.0%	37.7%
<u>Other Selling and Administrative Expenses</u>				
Other Selling and Administrative Expenses, As Reported	\$ 394.3	\$ 452.6	\$ 1,504.8	\$ 1,517.9
% of Net Sales	25.9%	28.1%	33.4%	31.1%
Adjustments:				
Asset Impairments	-	(20.8)	(6.1)	(35.7)
Non-recurring Executive Compensation	-	(3.1)	(1.0)	(11.3)
Severance and Restructuring Expenses	(5.9)	(43.6)	(104.1)	(65.1)
Sale of Assets	-	-	1.4	-
Other Selling and Administrative Expenses, As Adjusted	\$ 388.4	\$ 385.2	\$ 1,395.0	\$ 1,405.8
% of Net Sales	25.5%	23.9%	30.9%	28.8%
<u>Operating Income (Loss)</u>				
Operating Income (Loss), As Reported	\$ 107.4	\$ (251.0)	\$ (236.5)	\$ (339.4)
Adjustments:				
Asset Impairments ⁴	-	41.4	11.9	56.3
Non-recurring Executive Compensation	-	3.1	1.0	11.3
Severance and Restructuring Expenses ⁵	5.9	43.6	109.8	65.1
Sale of Assets	-	-	(1.4)	-
Operating Income (Loss), As Adjusted	\$ 113.3	\$ (163.0)	\$ (115.2)	\$ (206.7)
<u>Other Information</u>				
Toys "R" Us Net Sales Reversal ⁶	\$ -	\$ -	\$ 29.5	\$ 43.0
Toys "R" Us Bad Debt Expense, Net ⁶	\$ (5.1)	\$ -	\$ 32.2	\$ -

(1) Amounts may not foot due to rounding

(2) Other Selling and Administrative Expenses, Operating Income (Loss), and Other Non-operating Expense, Net have been retrospectively restated to reflect the adoption of Accounting Standards Update 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*

(3) Toys "R" Us Net Sales Reversal and Toys "R" Us Bad Debt Expense, Net are no longer presented as non-GAAP adjustments for the three months and year ended December 31, 2018 and 2017

(4) For the three months and year ended December 31, 2017, Asset Impairments include tooling write-offs of \$20.6 million which were recorded in Cost of Sales

(5) Severance and Restructuring Expenses recorded within Cost of Sales include \$5.7 million of non-cash plant restructuring costs

(6) As a result of the Toys "R" Us liquidation, Mattel reversed Net Sales for the estimated uncollectible portion of its outstanding receivables originating from first quarter 2018 sales. As such, Gross Profit, As Reported includes the Cost of Sales for the inventory sold to Toys "R" Us but excludes the corresponding Net Sales. Additionally, Mattel recorded Bad Debt Expense, Net for the estimated uncollectible portion of its outstanding receivables, net of recoveries and other reductions

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	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2018³	2017^{2, 3}	2018³	2017^{2, 3}
Net Income (Loss) Per Common Share, As Reported	\$ 0.04	\$ (0.82)	\$ (1.54)	\$ (3.07)
<i>Adjustments:</i>				
Asset Impairments ⁴	-	0.12	0.03	0.16
Non-recurring Executive Compensation	-	0.01	-	0.03
Severance and Restructuring Expenses ⁵	0.02	0.13	0.32	0.19
Venezuela Matters ⁷	-	0.17	-	0.17
Tax Effect of Adjustments ⁸	-	(0.02)	(0.01)	(0.03)
Tax Items ⁹	(0.02)	(0.30)	0.05	1.33
Net Income (Loss) Per Common Share, As Adjusted	\$ 0.04	\$ (0.72)	\$ (1.14)	\$ (1.21)
EBITDA and Adjusted EBITDA				
Net Income (Loss), As Reported	\$ 14.9	\$ (281.3)	\$ (531.0)	\$ (1,053.8)
<i>Adjustments:</i>				
Interest Expense	49.2	36.7	181.9	105.2
Provision for (Benefit from) Income Taxes	41.2	(65.6)	111.7	548.8
Depreciation	53.2	61.0	232.8	240.8
Amortization	9.2	17.7	39.1	33.9
EBITDA	167.6	(231.5)	34.6	(125.0)
<i>Adjustments:</i>				
Asset Impairments ⁴	-	41.4	11.9	56.3
Shared-based Compensation	12.7	19.5	48.9	67.1
Severance and Restructuring Expenses	5.9	43.6	104.1	65.1
Sale of Assets	-	-	(1.4)	-
Venezuela Matters ⁷	-	59.0	-	59.0
Adjusted EBITDA	\$ 186.3	\$ (68.0)	\$ 198.0	\$ 122.5

(1) Amounts may not foot due to rounding

(2) Other Selling and Administrative Expenses, Operating Income (Loss), and Other Non-operating Expense, Net have been retrospectively restated to reflect the adoption of Accounting Standards Update 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*

(3) Toys "R" Us Net Sales Reversal and Toys "R" Us Bad Debt Expense, Net are no longer presented as non-GAAP adjustments for the three months and year ended December 31, 2018 and 2017

(4) For the three months and year ended December 31, 2017, Asset Impairments include tooling write-offs of \$20.6 million which were recorded in Cost of Sales.

(5) Severance and Restructuring Expenses recorded within Cost of Sales include \$5.7 million of non-cash plant restructuring costs

(7) For the three months and year ended December 31, 2017, the amount includes a \$59.0 million loss from the discontinuation of Venezuelan operations

(8) 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

(9) For the three months and year ended December 31, 2018, the amount includes a benefit of approximately \$6 million and expense of approximately \$18 million, respectively, related to the provisional tax for the deemed repatriation of accumulated foreign earnings and changes to the indefinite reinvestment assertion made as a result of the U.S. Tax Act. For the three months ended December 31, 2017, the amount includes a benefit of approximately \$105 million related to the estimated impact of the U.S. Tax Act. For the year ended December 31, 2017, the amount includes a net expense of approximately \$457 million related to the valuation allowance on deferred tax assets and an estimate of the impact of the U.S. Tax Act.

Glossary of Non-GAAP Financial Measures

To supplement our financial results presented in accordance with generally accepted accounting principles in the United States (“GAAP”), Mattel presents certain non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The non-GAAP financial measures that Mattel uses in this earnings release include gross sales, adjusted 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.

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 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 and severance and restructuring expenses. 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, 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, and sale of assets, which are not part of Mattel’s core business. Adjusted operating income (loss) is presented to provide additional perspective on underlying trends in Mattel’s core operating results, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel’s current business performance from one period to another.

Adjusted earnings (loss) per share

Adjusted earnings (loss) per share represents Mattel’s reported diluted earnings (loss) per common share, adjusted to exclude the impact of asset impairments, non-recurring executive compensation, severance and restructuring expenses, and Venezuela matters, 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 also excludes the impact of the provisional tax for deemed repatriation of accumulated foreign earnings, changes to Mattel’s indefinite reinvestment assertion as a result of the U.S. Tax Act, and the impact of the valuation allowance established for the portion of deferred tax assets Mattel believes will likely not be realized. Adjusted earnings (loss) per share is presented to provide additional perspective on underlying trends in Mattel’s core business. Mattel believes it is useful supplemental information for investors to gauge and compare Mattel’s current earnings results from one period to another. Adjusted earnings (loss) per share is a performance measure and should not be used as a measure of liquidity.



Glossary of Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA

EBITDA represents Mattel's net income (loss), adjusted to exclude the impact of interest expense, taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA adjusted to exclude the impact of asset impairments, share-based compensation, severance and restructuring expenses, sale of assets, and Venezuela matters, 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.