



First Quarter 2020 Earnings

(Unaudited Results)

May 5, 2020



Forward-Looking Statements / Regulation G

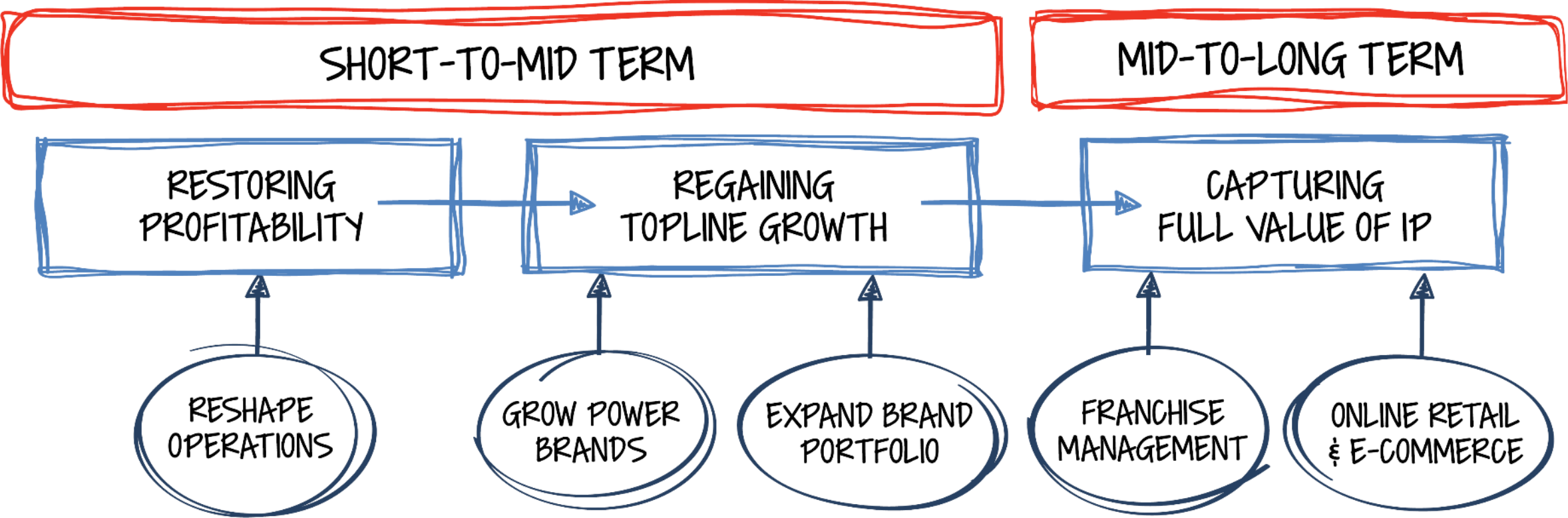
This presentation contains a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as “anticipates,” “expects,” “intends,” “plans,” “confident that” and “believes,” among others, generally identify forward-looking statements. These forward-looking statements are based on currently available operating, financial, economic and other information and assumptions, 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, and are currently, or in the future could be, amplified by the COVID-19 pandemic. Specific factors that might cause such a difference include, but are not limited to: (i) potential impacts of the COVID-19 pandemic on our business operations, financial results and financial position and on the global economy, including its impact on our sales; (ii) 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; (iii) 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; (iv) 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; (v) potential difficulties or delays Mattel may experience in implementing cost savings and efficiency enhancing initiatives; (vi) 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; (vii) currency fluctuations, including movements in foreign exchange rates, which can lower Mattel's net revenues and earnings, and significantly impact Mattel's costs; (viii) the concentration of Mattel's customers, potentially increasing the negative impact to Mattel of difficulties experienced by any of Mattel's customers, such as the bankruptcy and liquidation of Toys “R” Us, Inc., or changes in their purchasing or selling patterns; (ix) 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; (x) 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; (xi) the increased costs of developing more sophisticated digital and smart technology products, and the corresponding supply chain and design challenges associated with such products; (xii) work disruptions, which may impact Mattel's ability to manufacture or deliver product in a timely and cost-effective manner; (xiii) the bankruptcy and liquidation of Mattel's significant retailers, such as Toys “R” Us, Inc., or the general lack of success of one of Mattel's significant retailers which could negatively impact Mattel's revenues or bad debt exposure; (xiv) 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; (xv) the risk of product recalls or product liability suits and costs associated with product safety regulations; (xvi) 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; (xvii) failure to realize the planned benefits from any investments or acquisitions made by Mattel; (xviii) 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; (xix) changes in financing markets or the inability of Mattel to obtain financing on attractive terms; (xx) the impact of litigation, arbitration, or regulatory decisions or settlement actions; (xxi) uncertainty from the expected discontinuance of LIBOR and transition to any other interest rate benchmark; and (xxii) 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, 2019, 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.

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 our earnings release and earnings slide presentation may 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 and may not be comparable to similarly-titled measures used by other companies. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are attached to our earnings release as exhibits and to our earnings slide presentation as an appendix.

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

Strategy to Grow Shareholder Value

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



IP-Driven High-Performing Toy Company



Q1 2020 Key Takeaways

- First quarter Net Sales of \$594 million, down 14% as reported, and down 12% in constant currency, versus prior year
- Gross Sales of \$670 million, down 14% as reported, and down 12% in constant currency
- Reported Gross Margin of 43.0%, an improvement of 820 basis points; Adjusted Gross Margin of 43.5%, an improvement of 550 basis points
- Reported Operating Loss of \$150 million, compared to a prior year loss of \$127 million; Adjusted Operating Loss of \$133 million, compared to prior year loss of \$97 million
- Cash Flows Used for Operating Activities of \$174 million, an improvement of \$19 million
- Global manufacturing and distribution capacity largely restored, expect to meet product demand for the second half of the year
- Liquidity, including cash on hand and access to \$1.6 billion senior secured revolving credit facilities, is expected to be sufficient to effectively manage through COVID-19 disruption and continue to execute strategy
- Withdrawing previous 2020 guidance due to uncertainty related to COVID-19
- Mattel dedicated to community support through producing personal protective equipment for medical professionals and providing grants and toy donations

We remain focused on transforming Mattel into an IP-driven, high-performing toy company

A Message From Our CEO

“While the world has been facing the unprecedented health and economic impact of COVID-19, we have been quickly adjusting the way we operate and how we manage the Company. Our top priority has been to protect the health and safety of our people and at the same time mitigate the disruption to our business. I am proud of how our team has embraced uncertainty and change, and demonstrated resilience in the face of this challenge.

Our work over the past two years to develop a flexible and results-oriented organization is serving us well. We remain focused on transforming Mattel into an IP-driven, high-performing toy company and creating long-term shareholder value. Looking beyond the second quarter, with supply chain and retail distribution continuing to improve and markets reopening, we are planning for increased demand for our products in expectation of a much-improved second half and holiday season. We are confident in our ability to navigate through the balance of the year and believe we have the assets, resources, and capabilities that position us well to succeed in the recovery.”

– Ynon Kreiz

COVID-19 Mattel Supply Chain Update

Supply chain organization responded rapidly and largely restored global manufacturing and distribution capacity

China manufacturing has returned to near-normal production levels

- Production resumed Feb 17th after a two-week extended closure
- Owned and operated facilities ramped up quickly, and third party vendors are also now caught up
- Materials suppliers and logistics providers fully operational

Manufacturing outside of China has experienced temporary closures

- Three owned and operated facilities across different regions were closed at end of Q1
- As of today, one has already resumed production with enhanced health and safety protocols
- Preparations in place for the remaining two facilities to resume in Q2

Majority of distribution centers operational after experiencing temporary closures

Capital Light program savings remain on track and Gross Margin initiatives continue

With peak production several months away, proactively working to meet full year demands

COVID-19 Retail and Consumer Impact

By the end of the first quarter, more than 30% of the retail outlets that sell our products, representing about a third of our revenue base, were closed

Retail Impact

- In North America, roughly one quarter of retail outlets were closed
- In EMEA and Latin America, roughly half of retail outlets were closed
- In Asia Pacific, approximately 10% of retail outlets were closed
- Strong growth in online retail and eCommerce POS⁽¹⁾ across all regions was not enough to offset the negative impact from the decline in brick and mortar retail globally

Consumer Impact

- With families quarantined at home, parents sought out categories where we have a smaller presence (Games, Construction, Arts and Crafts, and Outdoor)⁽²⁾
- Believe the factors that have been driving the category shift are temporary and, based on our most recent data⁽¹⁾, expect that the industry will return to its pre-COVID-19 category trends
- Total POS⁽¹⁾, normalized for Easter seasonality, is showing improvement in April compared to March, especially in the US (double digit YoY increase in last two weeks)

**Believe the main challenge in the current environment
is getting our products into the hands of consumers**

(1) POS: Mattel internal analysis, at wholesale; excludes American Girl; (2) Source: The NPD Group/Retail Tracking Service/G13 /January - March 2020/ Projected & Adjusted USD

COVID-19 Financial Position

We have been proactively improving our capital structure and financial flexibility

Our work over the past two years to develop a flexible and results-oriented organization is serving us well

- Since 2017, cumulative savings from Structural Simplification, Capital Light, and additional 2020 actions are expected to exceed \$1 billion exiting the year
- With more streamlined structure, at this time of the year approximately 75% of costs are variable
- Increased Gross Margin to 43.0%, an improvement of 820 basis points versus the prior year (highest first quarter Gross Margin since 2016)

Believe we have sufficient liquidity to effectively manage through COVID-19 disruption and continue to execute our strategy. In 2019:

- Ended year with over \$600 million in cash and no short-term borrowings
- Refinanced near-term debt, and now have no maturities until March of 2023
- Extended existing \$1.6 billion Senior Secured Revolving Credit Facilities to November 2022

Believe our assets, resources, and capabilities position us well to succeed in the recovery

COVID-19 Community Support

Leveraging expertise, products and resources to support communities, those in need, and frontline heroes

Launched the Mattel Playroom website to support parents and caregivers

Design and Manufacturing teams are partnering to make personal protective equipment, including 500,000 face shields, for donation to medical professionals

Released “Thank You Heroes” collection, with all net proceeds being donated to First Responders First

Global grants to Feed the Children and Save the Children, while the Mattel Children’s Foundation has made donations to the LA Unified School District’s “LA Students Most in Need” charity

Additional toy donations to Baby2Baby, LA Family Housing, Partners for Pediatric Vision, Save the Children and UCLA Mattel Children’s Hospital, among others

Committed to being a leading global corporate citizen

COVID-19 Looking Ahead

Planning for increased demand for our products as the economy reopens in expectation of a much-improved second half and the all-important holiday season

Expect a more significant revenue decline in Q2 than we experienced in Q1

- Retail disruptions we faced in March are expected to continue in the second quarter
- Impacted by the shift in the entertainment slate
- Supply chain continues to proactively mitigate disruption in a dynamic environment
- Beginning to see increasing demand with POS⁽¹⁾, normalized for Easter seasonality, showing improvement in April compared to March, especially in the US (double-digit year-over-year increase in last two weeks)

Looking beyond Q2, expect to see continuing improvement in retail distribution as quarantine restrictions are relaxed

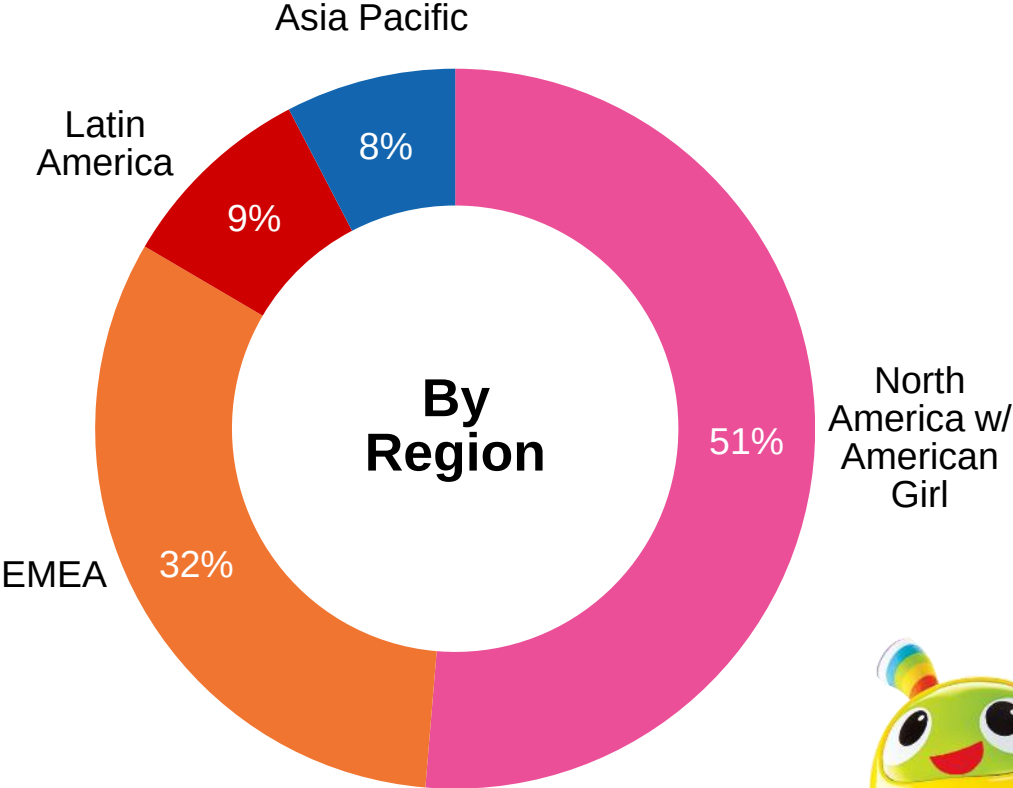
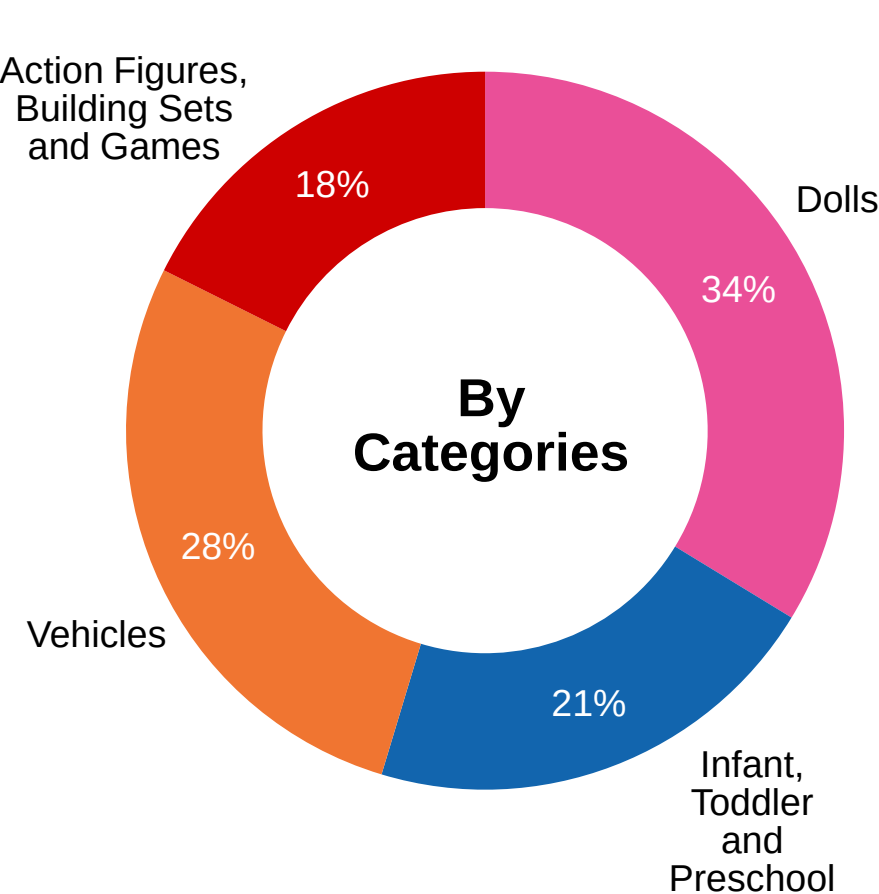
Expect to regain the momentum we had entering 2020 after the disruption is over and continue to execute on our strategy

(1) POS: Mattel internal analysis, at wholesale; excludes American Girl

Q1 2020 Worldwide Gross Sales Mix



Highly-diversified sales mix across categories and regions

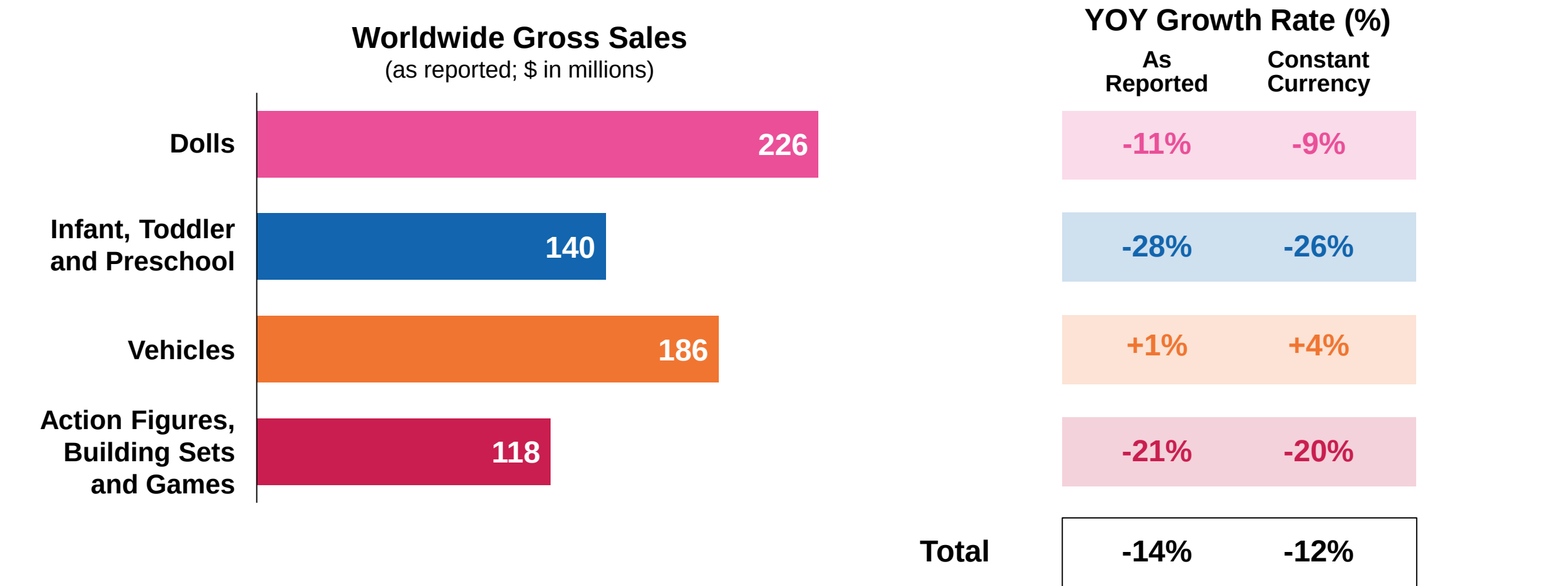


Amounts may not foot due to rounding.
Please see the Appendix for a Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations.
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Q1 2020 Worldwide Gross Sales by Categories



Down 14% as reported, down 12% in constant currency, driven by Infant, Toddler and Preschool, and Action Figures, Building Sets and Games



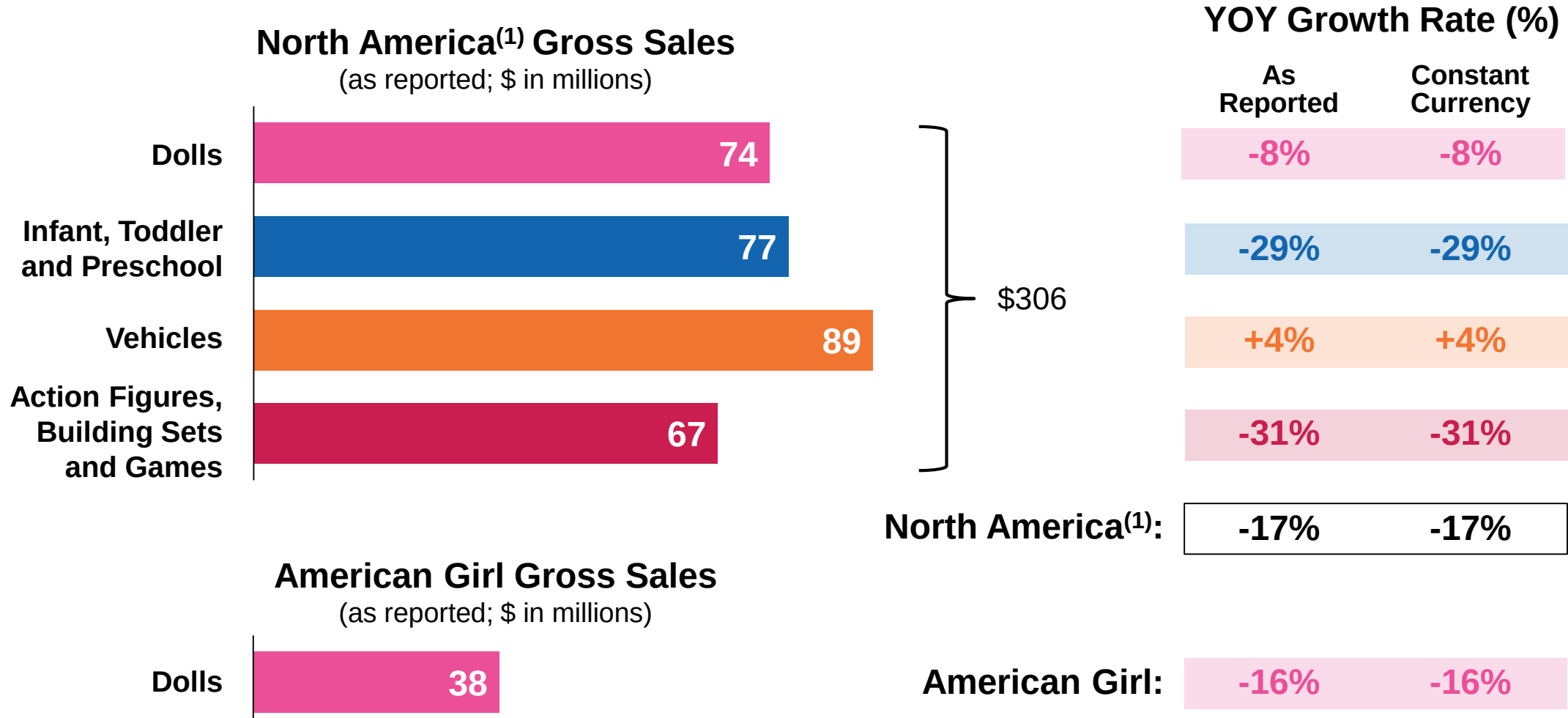
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Q1 2020 North America & American Girl Gross Sales by Categories



North America sales down 17% as reported and in constant currency, driven by Infant, Toddler and Preschool, and Action Figures, Building Sets and Games

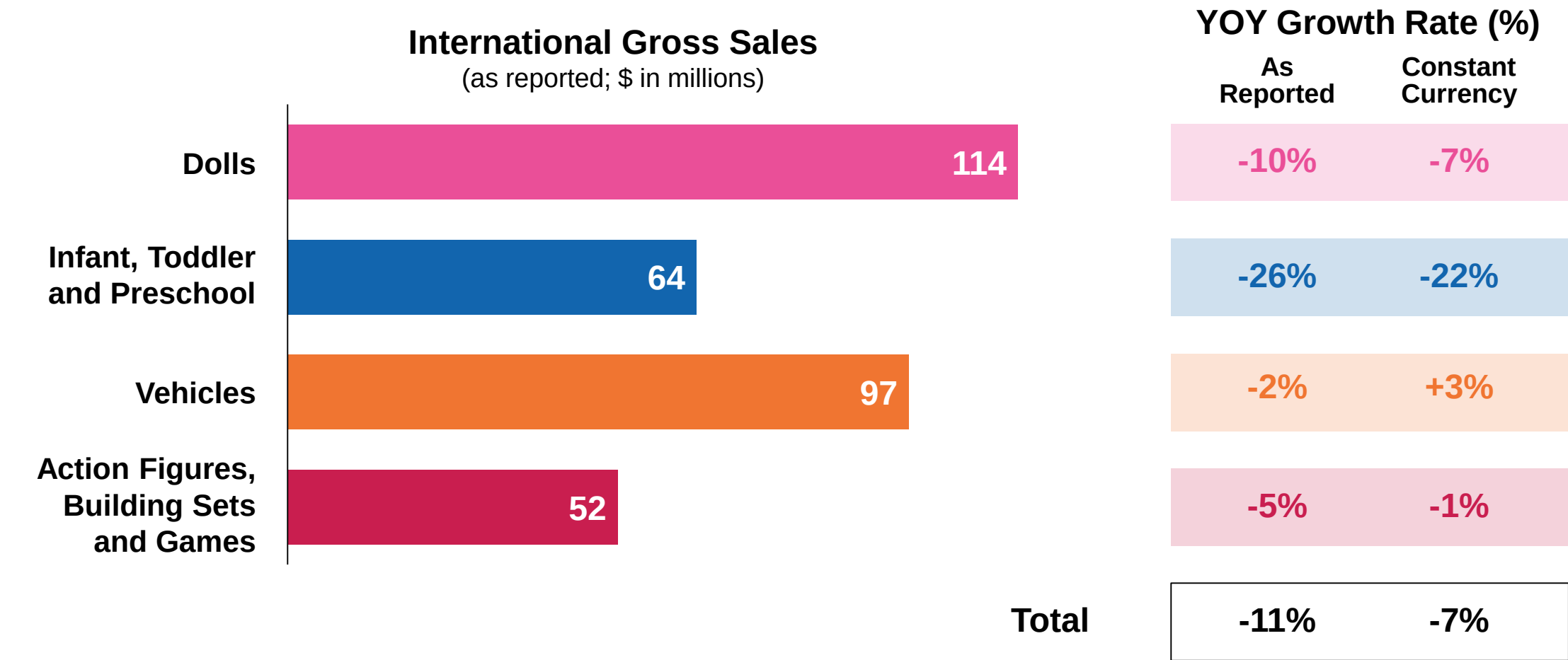


(1) North America segment excludes American Girl sales
Amounts may not foot due to rounding.
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Q1 2020 International Gross Sales by Categories



Down 11% as reported, down 7% in constant currency, driven by Infant, Toddler and Preschool, and Dolls

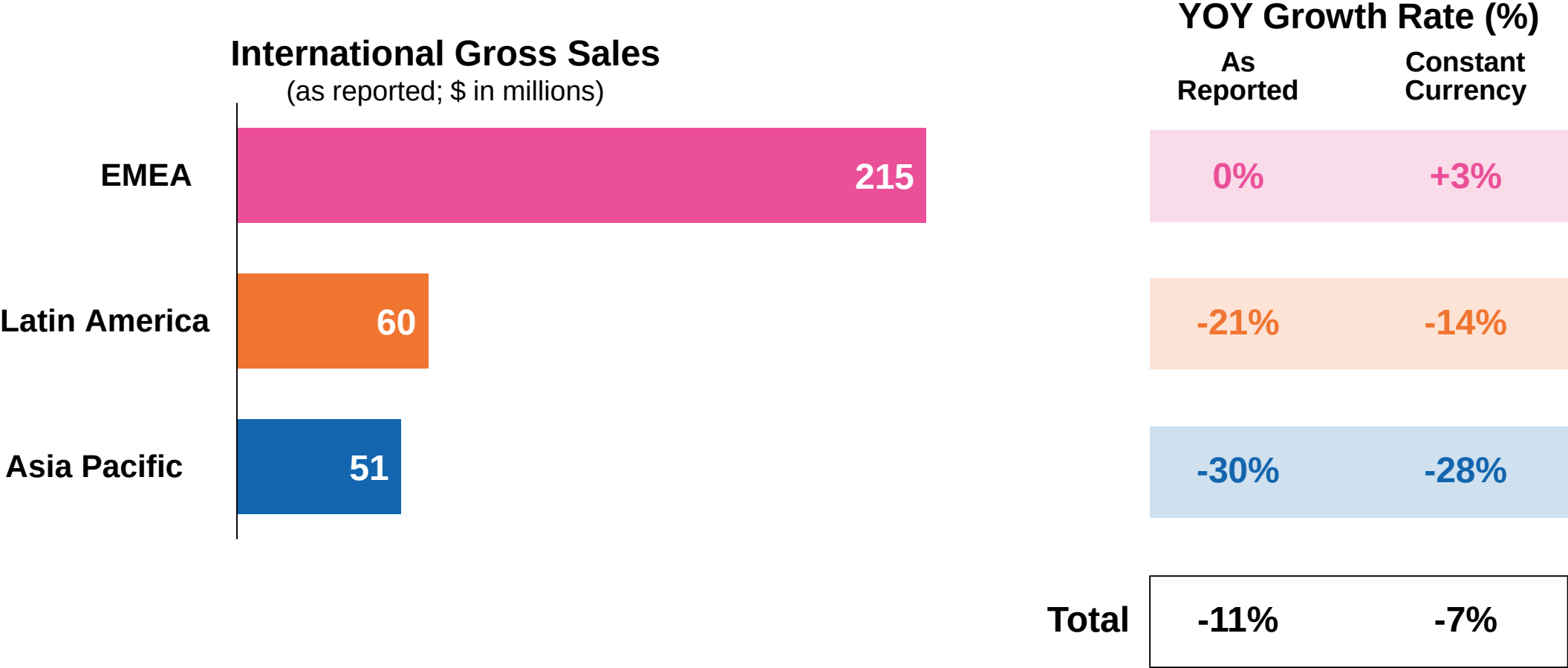


Amounts may not foot due to rounding.
Please see the Appendix for a Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations.
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Q1 2020 International Gross Sales by Region



Down 11% as reported, down 7% in constant currency, driven by Asia Pacific and Latin America

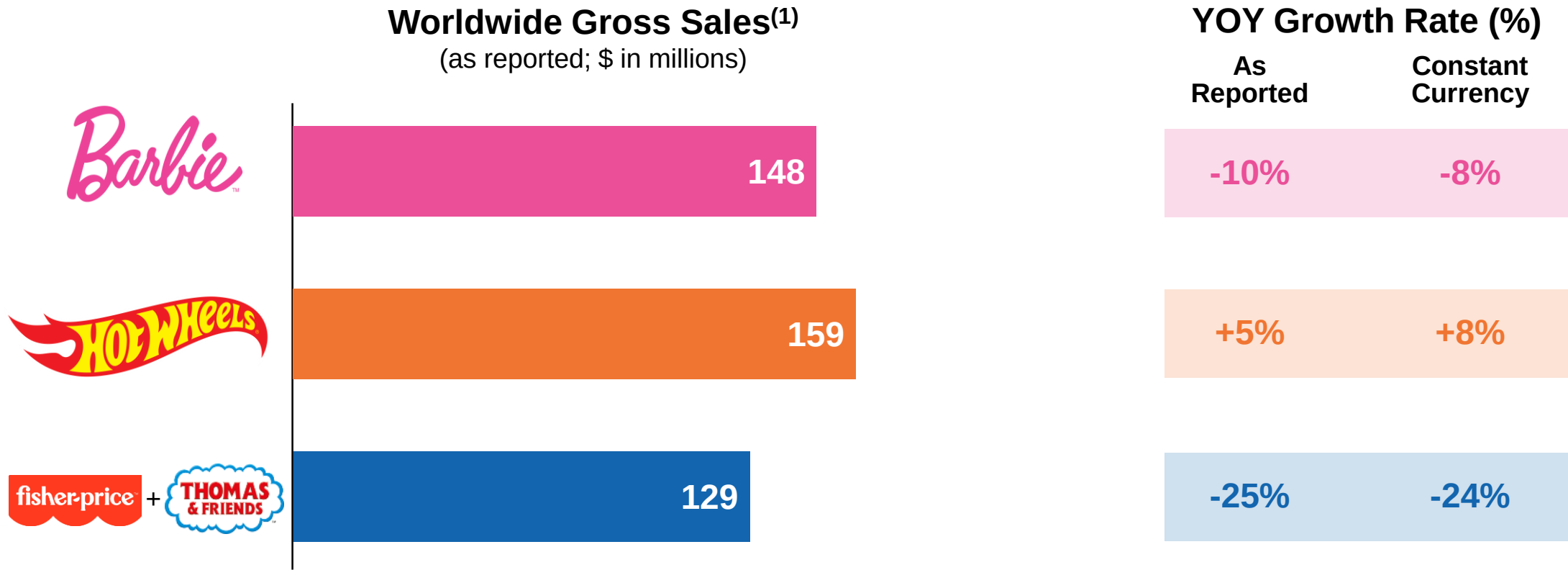


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Q1 2020 Top 3 Power Brand Gross Sales



Declines in Fisher-Price and Thomas & Friends, and Barbie partially offset by growth in Hot Wheels



(1) Break out of the Top 3 Power Brand Gross Sales for the North America and International segments can be found in the Appendix for non-GAAP reconciliations. Amounts may not foot due to rounding. Please see the Appendix for a Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations.
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Q1 2020 Gross Margin

Significant improvement in margin driven by cost savings programs

Q1 2020	
Q1 2019 QTD as Reported	34.8%
Non-GAAP Adjustments	▲
Q1 2019 QTD Adjusted	38.0%
Cost Savings Programs	▲
Inflation	↔
Currency	↔
Mix	▼
Obsolescence	↔
Q1 2020 QTD Adjusted	43.5%
Non-GAAP Adjustments	▼
Q1 2020 QTD as Reported	43.0%



Remain on track to return Gross Margin to high 40's in the mid-to-long term

Impacts to Gross Margin are not shown in order of magnitude.
Please see the Appendix for a Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations.
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Q1 2020 SG&A

Structural Simplification benefits more than offset by timing of certain SG&A costs

(\$ in millions)

Q1 2020	
Q1 2019 QTD as Reported	\$297
Severance & Restructuring	▼
Other Non-GAAP Adjustments	N/A
Q1 2019 QTD Adjusted	\$289
Structural Simplification	▼
Employee-Related Expenses	▲
Q1 2020 QTD Adjusted	\$315
Severance & Restructuring	▲
Other Non-GAAP Adjustments	▲
Q1 2020 QTD as Reported	\$329



Targeting incremental \$90 Million of Adjusted SG&A Savings in 2020

Impacts to SG&A are not shown in order of magnitude.
Please see the Appendix for a Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations.
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Q1 2020 Balance Sheet & Cash Flow Highlights

Operating Cash Flows improved by \$19 Million, Inventory down \$55 Million

	Mar 31, 2019	Mar 31, 2020	Comments
Cash	\$380M	\$499M	Cash increase driven by short-term borrowings to address any potential near-term capital market disruptions
Accounts Receivable	\$625M	\$529M	Decrease driven by lower sales and lower past dues
Inventory	\$616M	\$561M	Decrease driven by tighter inventory management and plant disruptions
Depreciation & Amortization	\$63M	\$54M	Decrease driven by lower tooling depreciation
Cash Flows Provided by (Used for) Operating Activities	(\$193M)	(\$174M)	Increase reflects lower working capital usage
Capital Expenditures	\$24M	\$35M	Increase primarily driven by timing of PPE purchases



Liquidity is expected to be sufficient to effectively manage through COVID-19 disruption and to continue to execute Mattel’s strategy



Appendix



Consolidated Statements of Operations

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT I

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)¹

(in millions, except per share and percentage information)	For the Three Months Ended March 31,					
	2020		2019		% Change as Reported	% Change in Constant Currency
	\$ Amt	% Net Sales	\$ Amt	% Net Sales		
Net Sales	\$ 594.1		\$ 689.2		-14%	-12%
Cost of sales	338.9	57.0%	449.5	65.2%	-25%	
Gross Profit	255.2	43.0%	239.8	34.8%	6%	8%
Advertising and promotion expenses	76.3	12.8%	69.5	10.1%	10%	
Other selling and administrative expenses	328.7	55.3%	297.4	43.1%	11%	
Operating Loss	(149.8)	-25.2%	(127.1)	-18.4%	18%	20%
Interest expense	49.0	8.2%	47.0	6.8%	4%	
Interest (income)	(2.1)	-0.4%	(2.3)	-0.3%	-8%	
Other non-operating expense, net	2.1		1.9			
Loss Before Income Taxes	(198.8)	-33.5%	(173.6)	-25.2%	15%	15%
Provision for income taxes	11.9		2.7			
Net Loss	\$ (210.7)	-35.5%	\$ (176.3)	-25.6%	20%	
Net Loss Per Common Share - Basic	\$ (0.61)		\$ (0.51)			
Weighted-average number of common shares	346.9		345.9			
Net Loss Per Common Share - Diluted	\$ (0.61)		\$ (0.51)			
Weighted-average number of common and potential common shares	346.9		345.9			

¹ Amounts may not foot due to rounding.

Condensed Consolidated Balance Sheets

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

CONDENSED CONSOLIDATED BALANCE SHEETS¹

	March 31,		December 31,
	2020	2019	2019
(In millions)	(Unaudited)		
Assets			
Cash and equivalents	\$ 499.4	\$ 380.1	\$ 630.0
Accounts receivable, net	528.5	624.5	936.4
Inventories	560.6	615.8	495.5
Prepaid expenses and other current assets	218.5	274.7	186.1
Total current assets	1,807.1	1,895.1	2,248.0
Property, plant, and equipment, net	519.8	622.3	550.1
Right-of-use assets, net	298.3	327.4	303.2
Other noncurrent assets	2,179.2	2,237.6	2,223.9
Total Assets	\$ 4,804.4	\$ 5,082.4	\$ 5,325.2
Liabilities and Stockholders' Equity			
Short-term borrowings	\$ 150.0	\$ -	\$ -
Accounts payable and accrued liabilities	963.7	982.0	1,228.9
Income taxes payable	12.3	19.4	48.0
Total current liabilities	1,126.0	1,001.4	1,276.9
Long-term debt	2,848.9	2,853.5	2,846.8
Noncurrent lease liabilities	262.6	294.8	270.9
Other noncurrent liabilities	408.9	409.3	439.0
Total stockholders' equity	157.9	523.4	491.7
Total Liabilities and Stockholders' Equity	\$ 4,804.4	\$ 5,082.4	\$ 5,325.2

¹ Amounts may not foot due to rounding.



Supplemental Balance Sheet and Cash Flow Data

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

SUPPLEMENTAL BALANCE SHEET AND CASH FLOW DATA (Unaudited)¹

Key Balance Sheet Data:

Accounts receivable, net days of sales outstanding (DSO)

March 31,	
2020	2019
80	82

(In millions)

Condensed Cash Flow Data:

Cash flows used for operating activities
Cash flows used for investing activities
Cash flows provided by (used for) financing activities and other
Decrease in cash and equivalents

Three Months Ended March 31,	
2020	2019
\$ (174)	\$ (193)
(81)	(19)
125	(2)
<u>\$ (131)</u>	<u>\$ (214)</u>

¹ Amounts may not foot due to rounding.



Reconciliation of Non-GAAP Financial Measures

WORLDWIDE GROSS SALES INFORMATION (Unaudited)¹
 RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

(In millions, except percentage information)	For the Three Months Ended March 31,			
	2020	2019	% Change as Reported	% Change in Constant Currency
<u>Worldwide Gross Sales:</u>				
Net Sales	\$ 594.1	\$ 689.2	-14%	-12%
Sales Adjustments ²	75.9	90.9		
Gross Sales	<u>\$ 670.0</u>	<u>\$ 780.1</u>	-14%	-12%
<u>Worldwide Gross Sales by Categories:</u>				
Dolls	\$ 225.9	\$ 252.9	-11%	-9%
Infant, Toddler and Preschool	140.3	193.6	-28	-26
Vehicles	185.7	183.4	1	4
Action Figures, Building Sets and Games	118.1	150.3	-21	-20
Gross Sales	<u>\$ 670.0</u>	<u>\$ 780.1</u>	-14%	-12%
<u>Supplemental Gross Sales Disclosure</u>				
<u>Worldwide Gross Sales by Top 3 Power Brands:</u>				
Barbie	\$ 147.5	\$ 163.5	-10%	-8%
Hot Wheels	158.6	150.5	5	8
Fisher-Price and Thomas & Friends	128.8	172.4	-25	-24
Other	235.1	293.7	-20	-19
Gross Sales	<u>\$ 670.0</u>	<u>\$ 780.1</u>	-14%	-12%

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.

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

(In millions, except percentage information)	For the Three Months Ended March 31,			
	2020	2019	% Change as Reported	% Change in Constant Currency
<u>North America Segment Gross Sales:</u>				
Net Sales	\$ 287.6	\$ 341.4	-16%	-16%
Sales Adjustments ²	18.2	28.0		
Gross Sales	<u>\$ 305.8</u>	<u>\$ 369.4</u>	-17%	-17%
<u>North America Gross Sales by Categories:</u>				
Dolls	\$ 73.9	\$ 80.3	-8%	-8%
Infant, Toddler and Preschool	76.6	108.0	-29	-29
Vehicles	88.7	85.0	4	4
Action Figures, Building Sets and Games	66.5	96.2	-31	-31
Gross Sales	<u>\$ 305.8</u>	<u>\$ 369.4</u>	-17%	-17%
<u>Supplemental Gross Sales Disclosure</u>				
<u>North America Gross Sales by Top 3 Power Brands:</u>				
Barbie	\$ 67.8	\$ 69.3	-2%	-2%
Hot Wheels	74.1	67.1	11	11
Fisher-Price and Thomas & Friends	69.9	96.6	-28	-28
Other	94.0	136.5	-31	-31
Gross Sales	<u>\$ 305.8</u>	<u>\$ 369.4</u>	-17%	-17%

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.



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES EXHIBIT V

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

(In millions, except percentage information)	For the Three Months Ended March 31,			
	2020	2019	% Change as Reported	% Change in Constant Currency
<u>International Segment Gross Sales:</u>				
Net Sales	\$ 269.4	\$ 303.4	-11%	-8%
Sales Adjustments ²	56.8	61.8		
Gross Sales	<u>\$ 326.1</u>	<u>\$ 365.2</u>	-11%	-7%
<u>International Gross Sales by Geographic Area:</u>				
EMEA				
Net Sales	\$ 173.3	\$ 174.5	-1%	2%
Sales Adjustments ²	42.0	41.9		
Gross Sales	<u>\$ 215.3</u>	<u>\$ 216.3</u>	0%	3%
Latin America				
Net Sales	\$ 51.3	\$ 64.5	-20%	-14%
Sales Adjustments ²	8.4	10.8		
Gross Sales	<u>\$ 59.7</u>	<u>\$ 75.3</u>	-21%	-14%
Asia Pacific				
Net Sales	\$ 44.8	\$ 64.4	-31%	-28%
Sales Adjustments ²	6.4	9.1		
Gross Sales	<u>\$ 51.2</u>	<u>\$ 73.6</u>	-30%	-28%
<u>International Gross Sales by Categories:</u>				
Dolls	\$ 113.9	\$ 127.1	-10%	-7%
Infant, Toddler and Preschool	63.8	85.6	-26	-22
Vehicles	96.9	98.4	-2	3
Action Figures, Building Sets and Games	51.5	54.1	-5	-1
Gross Sales	<u>\$ 326.1</u>	<u>\$ 365.2</u>	-11%	-7%
<u>Supplemental Gross Sales Disclosure</u>				
<u>International Gross Sales by Top 3 Power Brands:</u>				
Barbie	\$ 79.7	\$ 94.2	-15%	-12%
Hot Wheels	84.5	83.5	1	6
Fisher-Price and Thomas & Friends	58.8	75.8	-22	-19
Other	103.1	111.7	-8	-4
Gross Sales	<u>\$ 326.1</u>	<u>\$ 365.2</u>	-11%	-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 categories or brand level.



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT VI

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

(In millions, except percentage information)	For the Three Months Ended March 31,			
	2020	2019	% Change as Reported	% Change in Constant Currency
<u>American Girl Segment Gross Sales:</u>				
Net Sales	\$ 37.2	\$ 44.4	-16%	-16%
Sales Adjustments	0.9	1.1		
Gross Sales	<u>\$ 38.1</u>	<u>\$ 45.6</u>	-16%	-16%

¹ Amounts may not foot due to rounding.

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

<u>(In millions, except per share and percentage information)</u>	<u>For the Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Gross Profit</u>		
Gross Profit, As Reported	\$ 255.2	\$ 239.8
Gross Margin	43.0%	34.8%
Adjustments:		
Severance and Restructuring Expenses	3.1	-
Inclined Sleeper Product Recalls ²	-	21.9
Gross Profit, As Adjusted	<u>\$ 258.2</u>	<u>\$ 261.7</u>
Adjusted Gross Margin	<u>43.5%</u>	<u>38.0%</u>
<u>Other Selling and Administrative Expenses</u>		
Other Selling and Administrative Expenses, As Reported	\$ 328.7	\$ 297.4
% of Net Sales	55.3%	43.1%
Adjustments:		
Severance and Restructuring Expenses	(7.5)	(8.7)
Inclined Sleeper Product Recalls ²	(6.3)	-
Other Selling and Administrative Expenses, As Adjusted	<u>\$ 314.9</u>	<u>\$ 288.7</u>
% of Net Sales	<u>53.0%</u>	<u>41.9%</u>
<u>Operating Loss</u>		
Operating Loss, As Reported	\$ (149.8)	\$ (127.1)
Adjustments:		
Severance and Restructuring Expenses	10.6	8.7
Inclined Sleeper Product Recalls ²	6.3	21.9
Operating Loss, As Adjusted	<u>\$ (133.0)</u>	<u>\$ (96.5)</u>
<u>Other Information</u>		
Inclined Sleeper Product Recalls ²	\$ 6.3	\$ 27.3

¹ Amounts may not foot due to rounding.

² For the three months ended March 31, 2020, Mattel recorded expenses related to inclined sleeper product recall litigation of \$6.3 million.

For the three months ended March 31, 2019, Mattel recorded an estimated impact of \$27.3 million related to the inclined sleeper product recalls, including \$5.4 million as a reduction to Net Sales for estimated retailer returns.

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

<u>(In millions, except per share and percentage information)</u>	<u>For the Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Earnings Per Share</u>		
Net Loss Per Common Share, As Reported	\$ (0.61)	\$ (0.51)
Adjustments:		
Severance and Restructuring Expenses	0.03	0.03
Inclined Sleeper Product Recalls ²	0.02	0.06
Net Loss Per Common Share, As Adjusted	<u>\$ (0.56)</u>	<u>\$ (0.42)</u>
<u>EBITDA and Adjusted EBITDA</u>		
Net Loss, As Reported	\$ (210.7)	\$ (176.3)
Adjustments:		
Interest Expense	49.0	47.0
Provision for Income Taxes	11.9	2.7
Depreciation	43.7	52.1
Amortization	10.0	10.4
EBITDA	<u>(96.2)</u>	<u>(64.1)</u>
Adjustments:		
Share-based Compensation	14.3	11.9
Severance and Restructuring Expenses	10.3	8.7
Inclined Sleeper Product Recalls ²	6.3	21.9
Adjusted EBITDA	<u>\$ (65.4)</u>	<u>\$ (21.7)</u>

¹ Amounts may not foot due to rounding.

² For the three months ended March 31, 2020, Mattel recorded expenses related to inclined sleeper product recall litigation of \$6.3 million. For the three months ended March 31, 2019, Mattel recorded an estimated impact of \$27.3 million related to the inclined sleeper product recalls, including \$5.4 million as a reduction to Net Sales for estimated retailer returns.



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 slide presentation 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 Mattel’s results. These measures are not, and should not be viewed as, substitutes for GAAP financial measures and may not be comparable to similarly titled measures used by other companies. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are attached to our earnings release as exhibits and to this earnings slide presentation as an appendix.

Our earnings release and this 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 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 severance and restructuring expenses and the impact of the inclined sleeper product recalls, 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 Income (Loss), adjusted to exclude severance and restructuring expenses 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.



Glossary of Non-GAAP Financial Measures

Adjusted Earnings (Loss) Per Share

Adjusted Earnings (Loss) Per Share represents Mattel's Reported Diluted Earnings (Loss) Per Common Share, adjusted to exclude 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 share-based compensation, severance and restructuring expenses, 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, the indenture governing our 5.875% senior notes due 2027, 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.