



Second Quarter 2019 Earnings

(Unaudited Results)
July 25, 2019



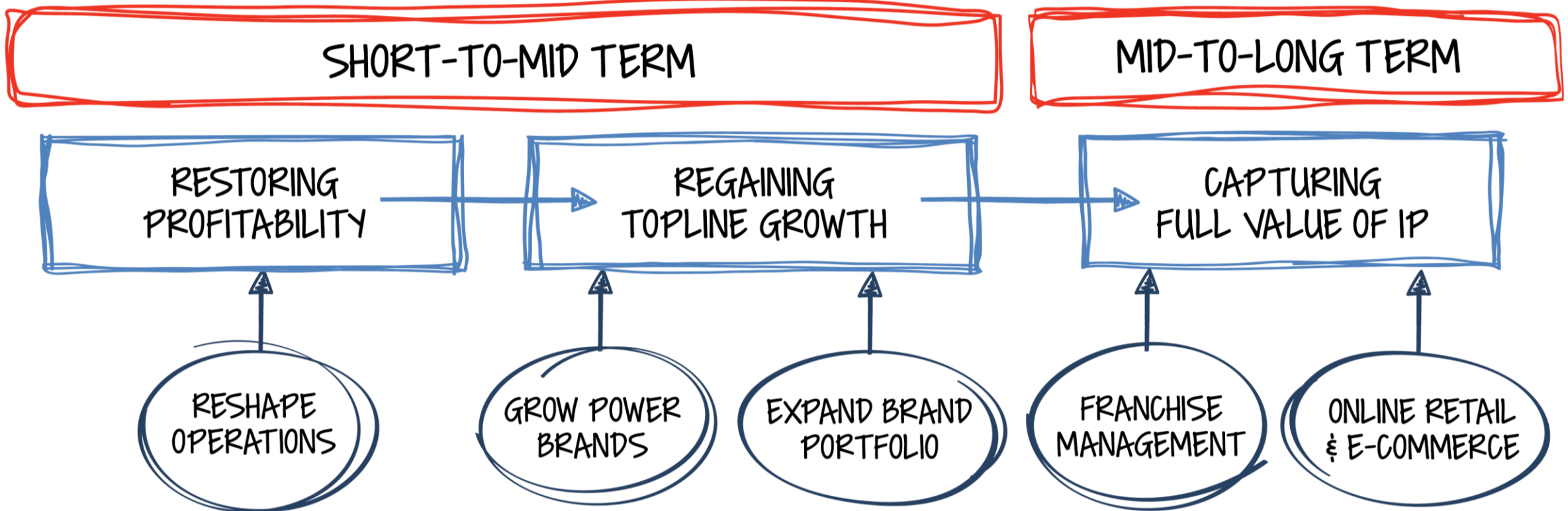
Forward-Looking Statements / Regulation G

This presentation contains a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. The use of words such as “anticipates,” “expects,” “intends,” “plans,” “confident that” and “believes,” among others, generally identify forward-looking statements. These forward-looking statements are based on currently available operating, financial, economic and other information, and are subject to a number of significant risks and uncertainties. A variety of factors, many of which are beyond our control, could cause actual future results to differ materially from those projected in the forward-looking statements. Specific factors that might cause such a difference include, but are not limited to: (i) Mattel’s ability to design, develop, produce, manufacture, source and ship products on a timely and cost-effective basis, as well as interest in and purchase of those products by retail customers and consumers in quantities and at prices that will be sufficient to profitably recover Mattel’s costs; (ii) downturns in economic conditions affecting Mattel’s markets which can negatively impact retail customers and consumers, and which can result in lower employment levels, lower consumer disposable income and spending, including lower spending on purchases of Mattel’s products; (iii) other factors which can lower discretionary consumer spending, such as higher costs for fuel and food, drops in the value of homes or other consumer assets, and high levels of consumer debt; (iv) potential difficulties or delays Mattel may experience in implementing cost savings and efficiency enhancing initiatives; (v) other economic and public health conditions or regulatory changes in the markets in which Mattel and its customers and suppliers operate, which could create delays or increase Mattel’s costs, such as higher commodity prices, labor costs or transportation costs, or outbreaks of disease; (vi) currency fluctuations, including movements in foreign exchange rates, which can lower Mattel’s net revenues and earnings, and significantly impact Mattel’s costs; (vii) the concentration of Mattel’s customers, potentially increasing the negative impact to Mattel of difficulties experienced by any of Mattel’s customers, including the bankruptcy and liquidation of Toys “R” Us, Inc., or changes in their purchasing or selling patterns; (viii) the future willingness of licensors of entertainment properties for which Mattel currently has licenses or would seek to have licenses in the future to license those products to Mattel; (ix) the inventory policies of Mattel’s retail customers, including retailers’ potential decisions to lower their inventories, even if it results in lost sales, as well as the concentration of Mattel’s revenues in the second half of the year, which coupled with reliance by retailers on quick response inventory management techniques increases the risk of underproduction of popular items, overproduction of less popular items and failure to achieve compressed shipping schedules; (x) the increased costs of developing more sophisticated digital and smart technology products, and the corresponding supply chain and design challenges associated with such products; (xi) work disruptions, which may impact Mattel’s ability to manufacture or deliver product in a timely and cost-effective manner; (xii) the bankruptcy and liquidation of Toys “R” Us, Inc. or other of Mattel’s significant retailers, or the general lack of success of one of Mattel’s significant retailers which could negatively impact Mattel’s revenues or bad debt exposure; (xiii) the impact of competition on revenues, margins and other aspects of Mattel’s business, including the ability to offer products which consumers choose to buy instead of competitive products, the ability to secure, maintain and renew popular licenses and the ability to attract and retain talented employees; (xiv) the risk of product recalls or product liability suits and costs associated with product safety regulations; (xv) changes in laws or regulations in the United States and/or in other major markets, such as China, in which Mattel operates, including, without limitation, with respect to taxes, tariffs, trade policies, or product safety, which may increase Mattel’s product costs and other costs of doing business, and reduce Mattel’s earnings, (xvi) failure to realize the planned benefits from any investments or acquisitions made by Mattel, (xvii) the impact of other market conditions, third party actions or approvals and competition which could reduce demand for Mattel’s products or delay or increase the cost of implementation of Mattel’s programs or alter Mattel’s actions and reduce actual results; (xviii) changes in financing markets or the inability of Mattel to obtain financing on attractive terms (xix) the impact of litigation or arbitration decisions or settlement actions; (xx) uncertainty from the expected discontinuance of LIBOR and transition to any other interest rate benchmark; and (xxi) other risks and uncertainties as may be described in Mattel’s periodic filings with the Securities and Exchange Commission, including the “Risk Factors” section of Mattel’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as well as in Mattel’s other public statements. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so, except as required by law.

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. A glossary of non-GAAP financial measures is located in the Appendix and reconciliations of 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.”

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

Mattel Brands



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





Q2 2019 Key Takeaways

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

- **Second quarter Net Sales of \$860.1 million, up 2% as reported, and up 5% in constant currency, versus prior year**
- **Gross Sales of \$962.3 million, up 1% as reported, and up 4% in constant currency**
- **Dolls category Gross Sales up 3% as reported, and up 6% in constant currency; Barbie® Gross Sales up 9% as reported, and up 13% in constant currency**
- **Vehicles category Gross Sales flat as reported, and up 3% in constant currency; Hot Wheels® Gross Sales up 5% as reported, and up 9% in constant currency**
- **Infant, Toddler and Preschool category Gross Sales down 13% as reported, and down 11% in constant currency; Fisher-Price® and Thomas & Friends® Gross Sales down 6% as reported, and down 4% in constant currency**
- **Action Figures, Building Sets and Games categories combined Gross Sales up 21% as reported, and up 23% in constant currency**



Continued momentum of multi-year turnaround, with topline growth in N. America and International segments across all regions as well as growth in all categories but one

Note: For Gross Sales and constant currency, please see Glossary of Non-GAAP Financial Measures and non-GAAP reconciliations. Beginning in Q1 2019, our reporting includes breakout by categories including: Dolls, Vehicles, Infant, Toddler and Preschool and Action Figures, Building Sets and Games. See Appendix for additional information.



Q2 2019 Key Takeaways - Continued

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

- **Structural Simplification run-rate savings of \$754 million, exceeding target of \$650 million exiting 2019 six months ahead of schedule; expect to achieve another \$100 million of run-rate savings by the end of the year**
- **Reported Gross Margin of 39.7%, an improvement of 960 basis points; Adjusted Gross Margin of 39.9%, an improvement of 950 basis points**
- **Reported Operating Loss of \$51.4 million, an improvement of \$137.8 million; Adjusted Operating Loss of \$30.4 million, an improvement of \$103.9 million**
- **Fourth consecutive quarter of year-over-year improvement in Gross Margin, Operating Profit / Loss, EBITDA and EPS**
- **Cumulative improvement in reported Operating Income over the past four quarters is \$677 million, the largest improvement in any four consecutive quarters in over 15 years**

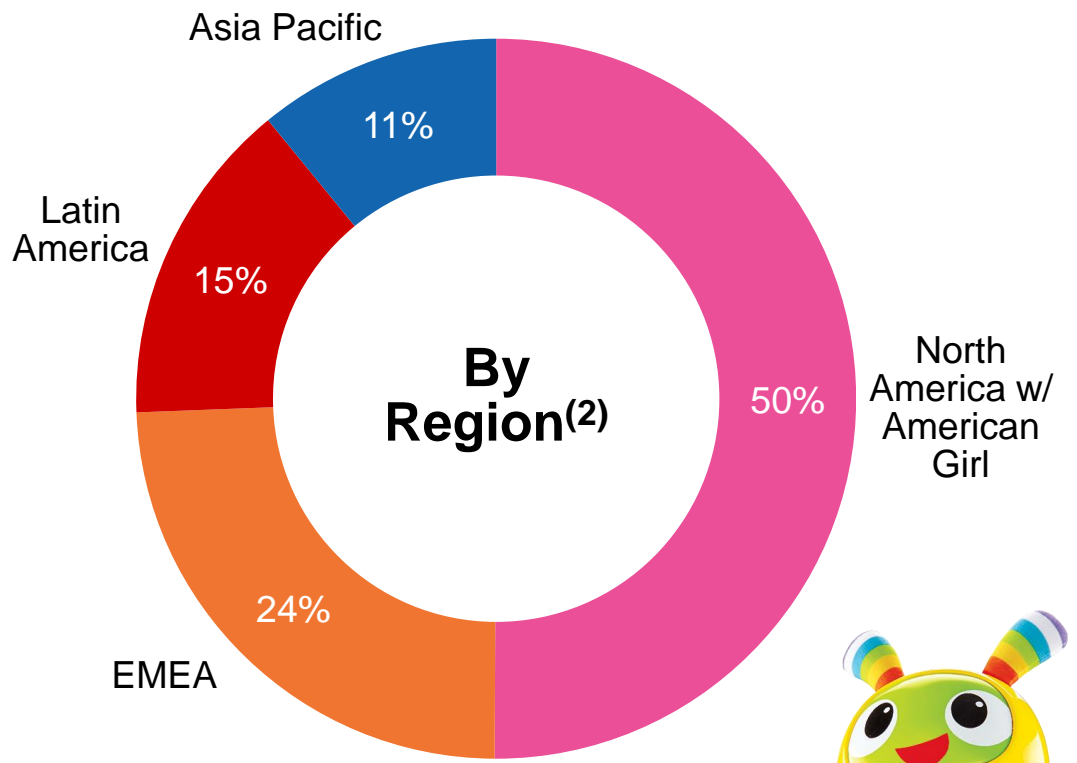
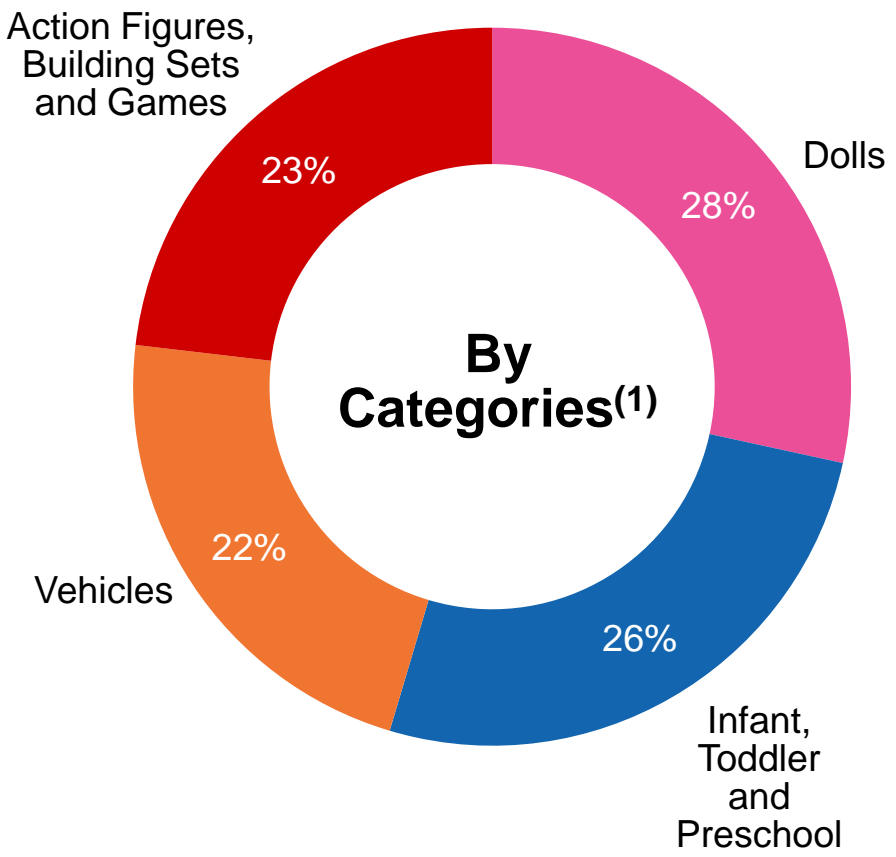


Continued improvement in profitability

Note: For Adjusted Gross Margin, Adjusted Operating Loss, EBITDA and constant currency, please see Glossary of Non-GAAP Financial Measures and non-GAAP reconciliations. Beginning in Q1 2019, our reporting includes breakout by categories including: Dolls, Vehicles, Infant, Toddler and Preschool and Action Figures, Building Sets and Games. See Appendix for additional information.

Q2 2019 Worldwide Gross Sales Mix

Highly-diversified sales mix across categories and regions



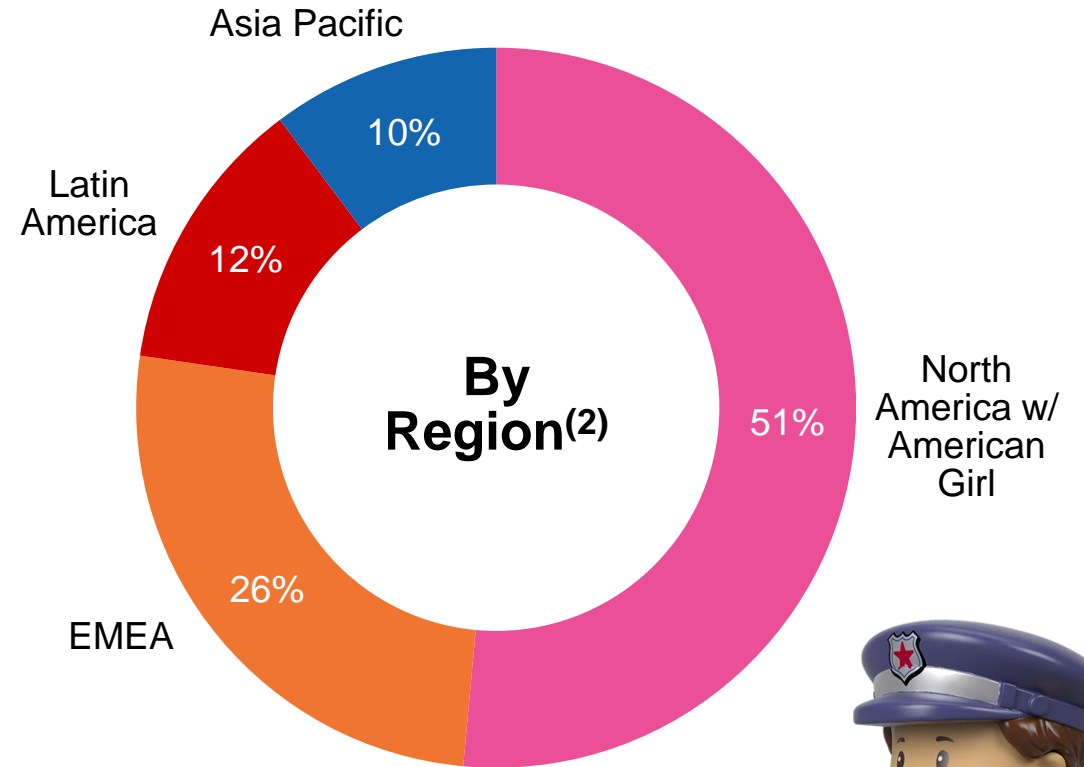
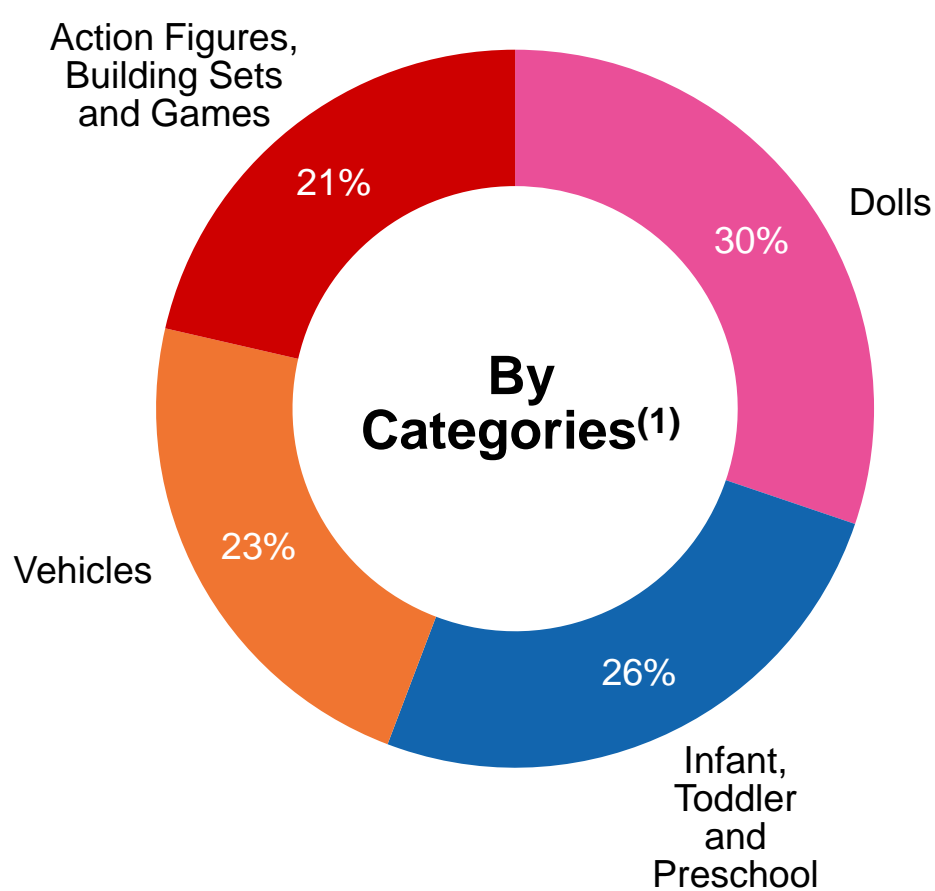
(1) Mattel modified its reporting structure for revenues in the first quarter of 2019 to disclose revenues by categories
 (2) Mattel reorganized its regional sales reporting structure in the first quarter of 2019. As a result, the new International regions are Europe, the Middle East, and Africa ("EMEA"),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

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

First Half 2019 Worldwide Gross Sales Mix



Highly-diversified sales mix across categories and regions



(1) Mattel modified its reporting structure for revenues in the first quarter of 2019 to disclose revenues by categories

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For Gross Sales, refer to the Appendix for a Glossary of Non-GAAP Financial Measures and non-GAAP reconciliations

Note: Amounts may not foot due to rounding



Q2 2019 Worldwide Gross Sales by Categories

Total sales increased 4% in constant currency driven by Dolls, Vehicles and Action Figures, Building Sets and Games

Worldwide Gross Sales
(as reported; \$ in millions)



YOY Growth Rate (%)

	As Reported	Constant Currency
Dolls	+3%	+6%
Infant, Toddler and Preschool	-13%	-11%
Vehicles	0%	+3%
Action Figures, Building Sets and Games	+21%	+23%
Total	+1%	+4%

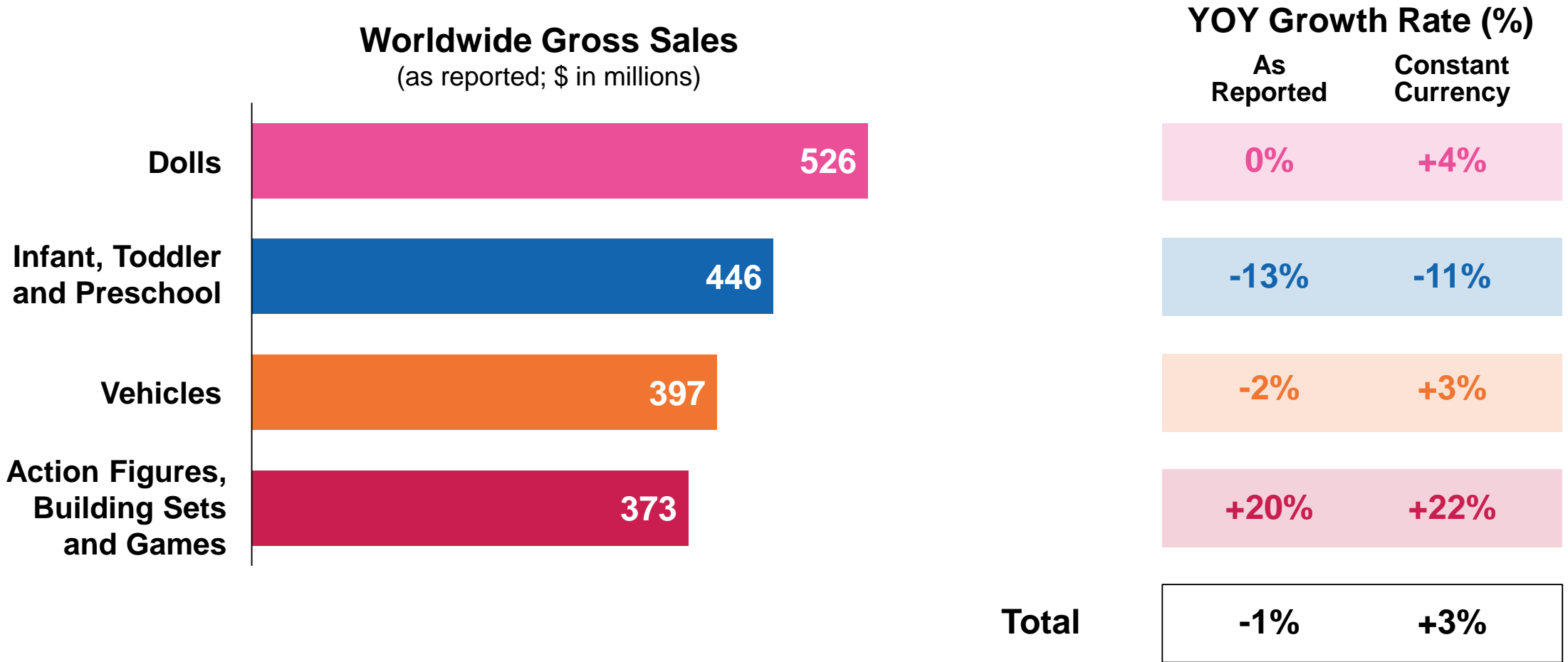
For Gross Sales and figures presented in constant currency, refer to the Appendix for a Glossary of Non-GAAP Financial Measures and non-GAAP reconciliations
Note: Amounts may not foot due to rounding





First Half 2019 Worldwide Gross Sales by Categories

Total sales increased 3% in constant currency driven by Dolls, Vehicles and Action Figures, Building Sets and Games



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

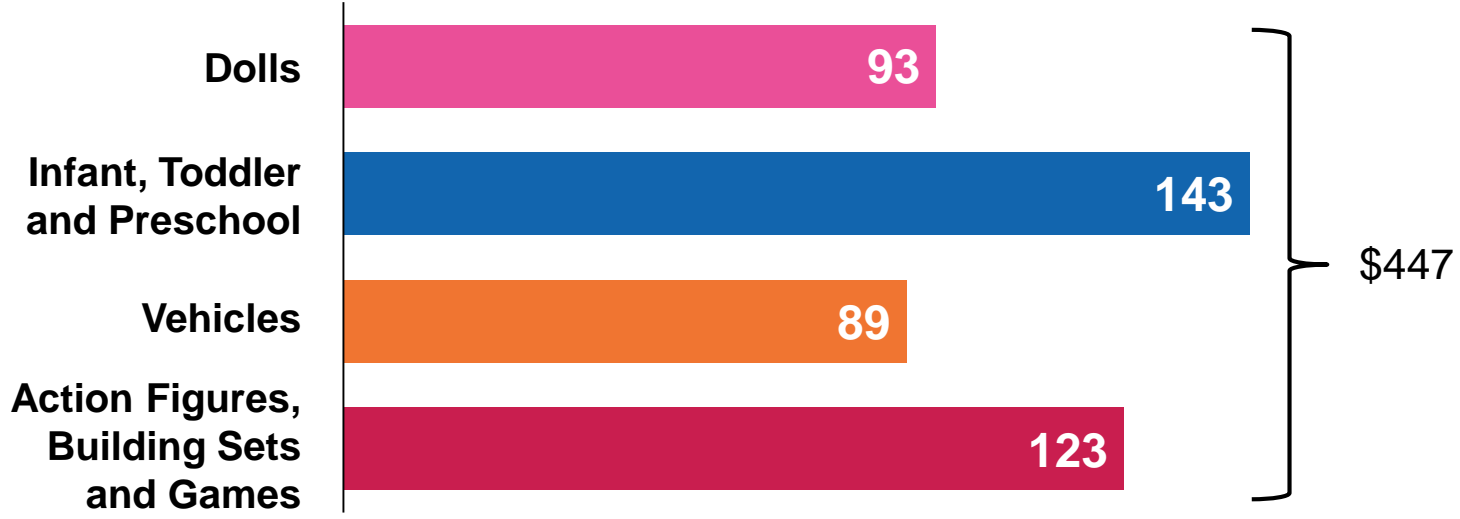
Q2 2019 N. America & American Girl Gross Sales by Categories



North America sales up 1% driven by Dolls and Action Figures, Building Sets and Games



North America⁽¹⁾ Gross Sales
(as reported; \$ in millions)



YOY Growth Rate (%)

	As Reported	Constant Currency
Dolls	+11%	+11%
Infant, Toddler and Preschool	-12%	-11%
Vehicles	-4%	-4%
Action Figures, Building Sets and Games	+17%	+17%
North America:	+1%	+1%

American Girl Gross Sales
(as reported; \$ in millions)



American Girl:	-23%	-23%
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(1) North America segment excludes American Girl sales

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

Note: Amounts may not foot due to rounding

First Half 2019 N. America & American Girl Gross Sales by Categories



North America sales up 3% driven by Dolls and Action Figures, Building Sets and Games

North America⁽¹⁾ Gross Sales

(as reported; \$ in millions)



YOY Growth Rate (%)

As Reported Constant Currency

+13%	+13%
-11%	-10%
-1%	-1%
+20%	+20%
+3%	+3%

American Girl Gross Sales

(as reported; \$ in millions)



American Girl:

-29%	-28%
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(1) North America segment excludes American Girl sales

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

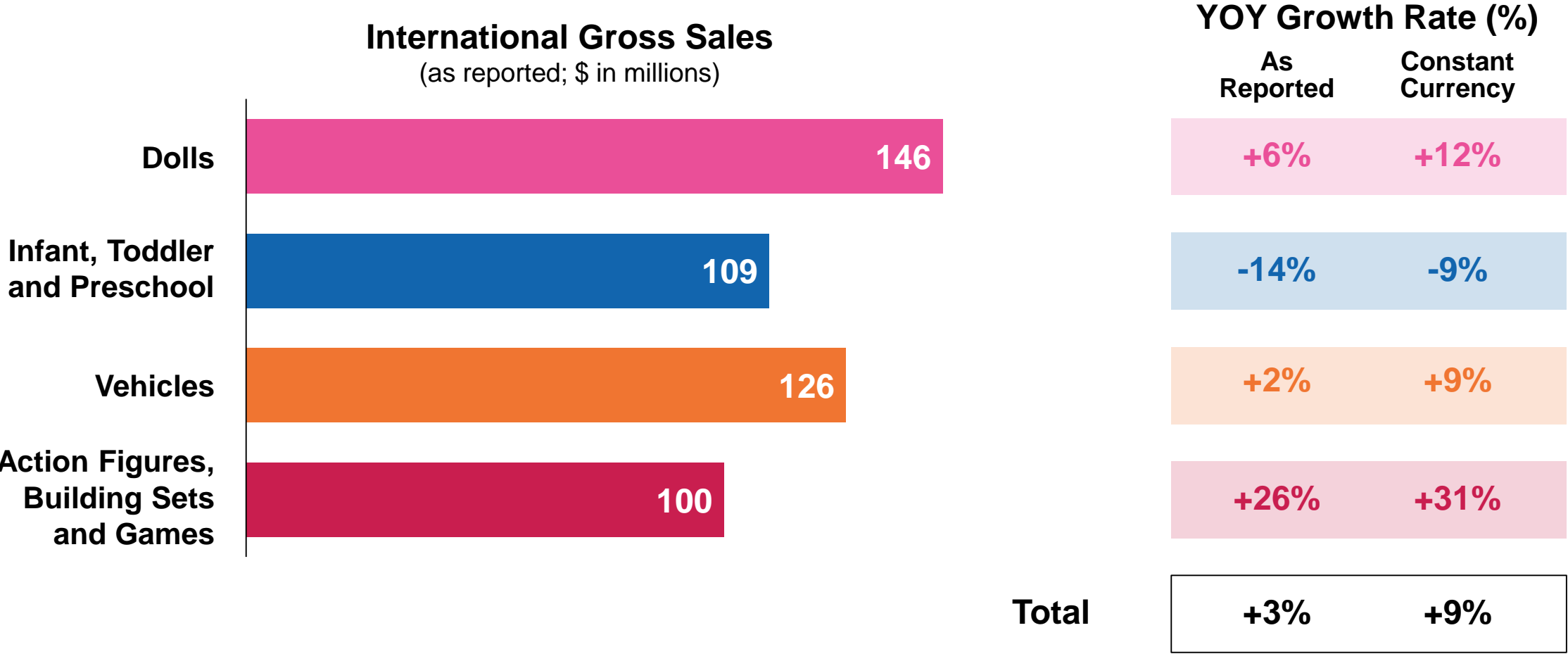
Note: Amounts may not foot due to rounding





Q2 2019 International Gross Sales by Categories

International sales up 9% in constant currency driven by Dolls, Vehicles and Action Figures, Building Sets and Games



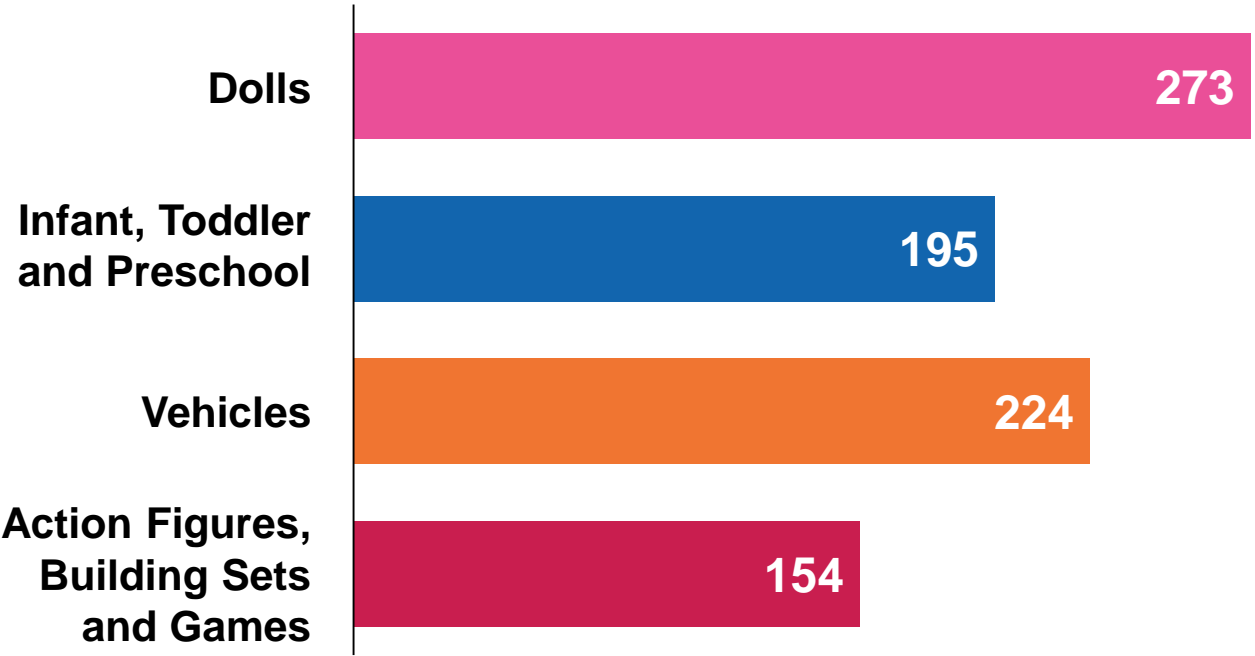
For Gross Sales and figures presented in constant currency, refer to the Appendix for a Glossary of Non-GAAP Financial Measures and non-GAAP reconciliations
Note: Amounts may not foot due to rounding



First Half 2019 International Gross Sales by Categories

International sales up 7% in constant currency driven by Dolls, Vehicles and Action Figures, Building Sets and Games

International Gross Sales
(as reported; \$ in millions)



YOY Growth Rate (%)

	As Reported	Constant Currency
Dolls	+5%	+14%
Infant, Toddler and Preschool	-17%	-12%
Vehicles	-2%	+6%
Action Figures, Building Sets and Games	+19%	+26%
Total	-1%	+7%

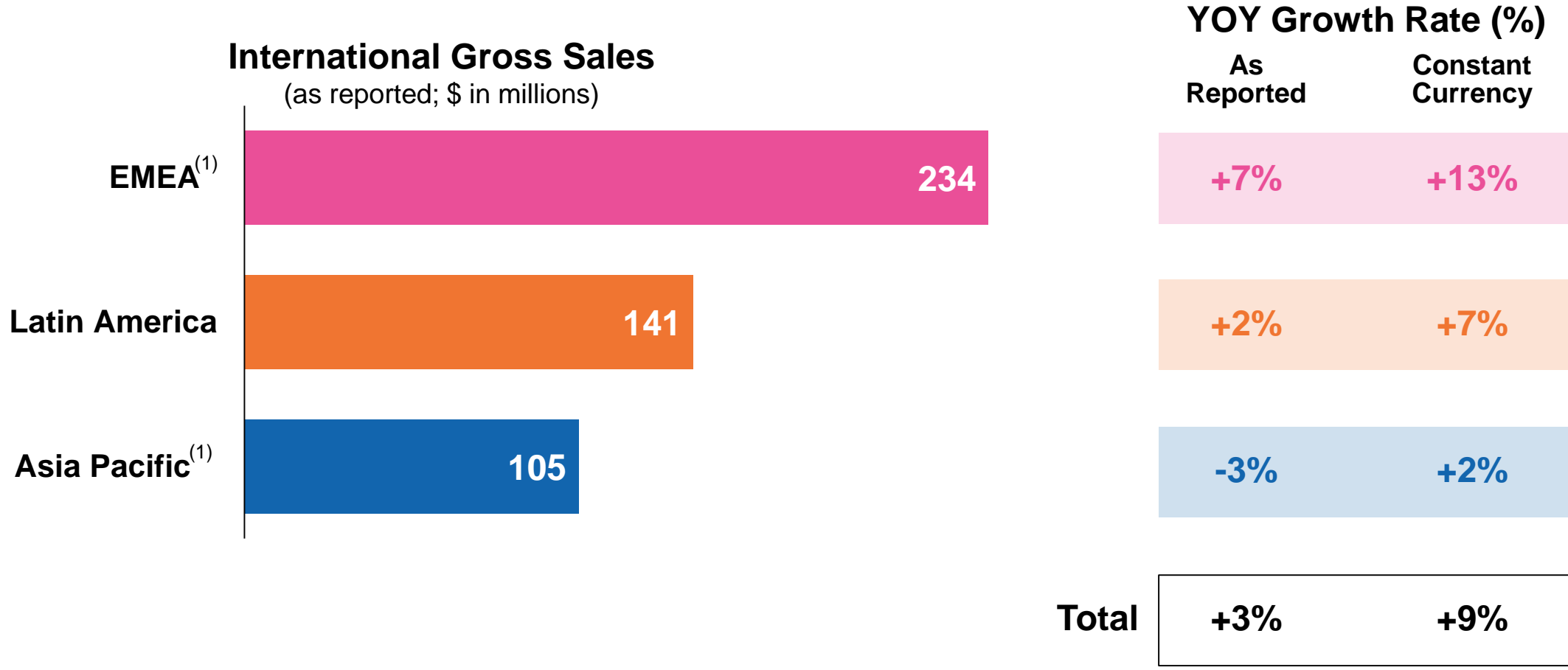


For Gross Sales and figures presented in constant currency, refer to the Appendix for a Glossary of Non-GAAP Financial Measures and non-GAAP reconciliations
Note: Amounts may not foot due to rounding



Q2 2019 International Gross Sales by Region

Growth across all regions in constant currency



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

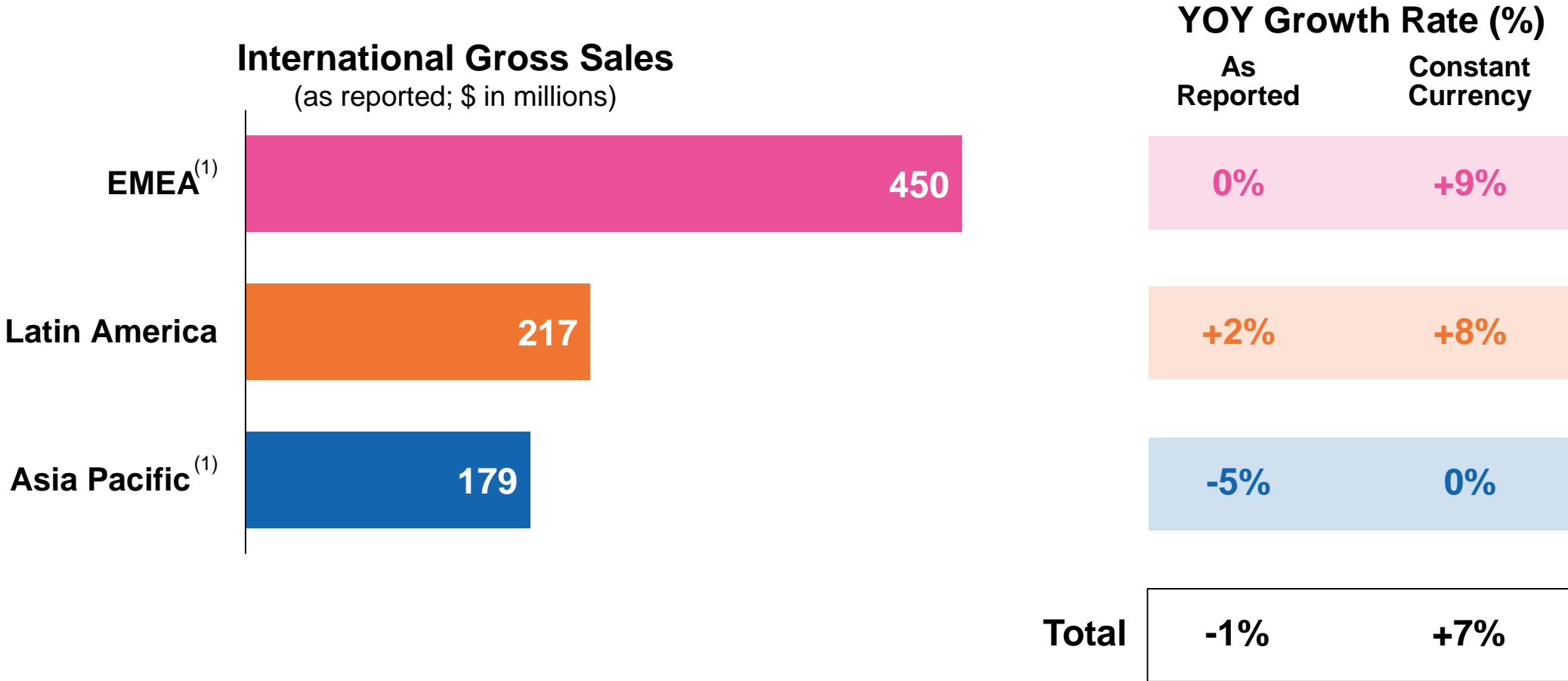
For Gross Sales and figures presented in constant currency, refer to the Appendix for a Glossary of Non-GAAP Financial Measures and non-GAAP reconciliations
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First Half 2019 International Gross Sales by Region

Strong performance in EMEA and Latin America; progress in Asia Pacific



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

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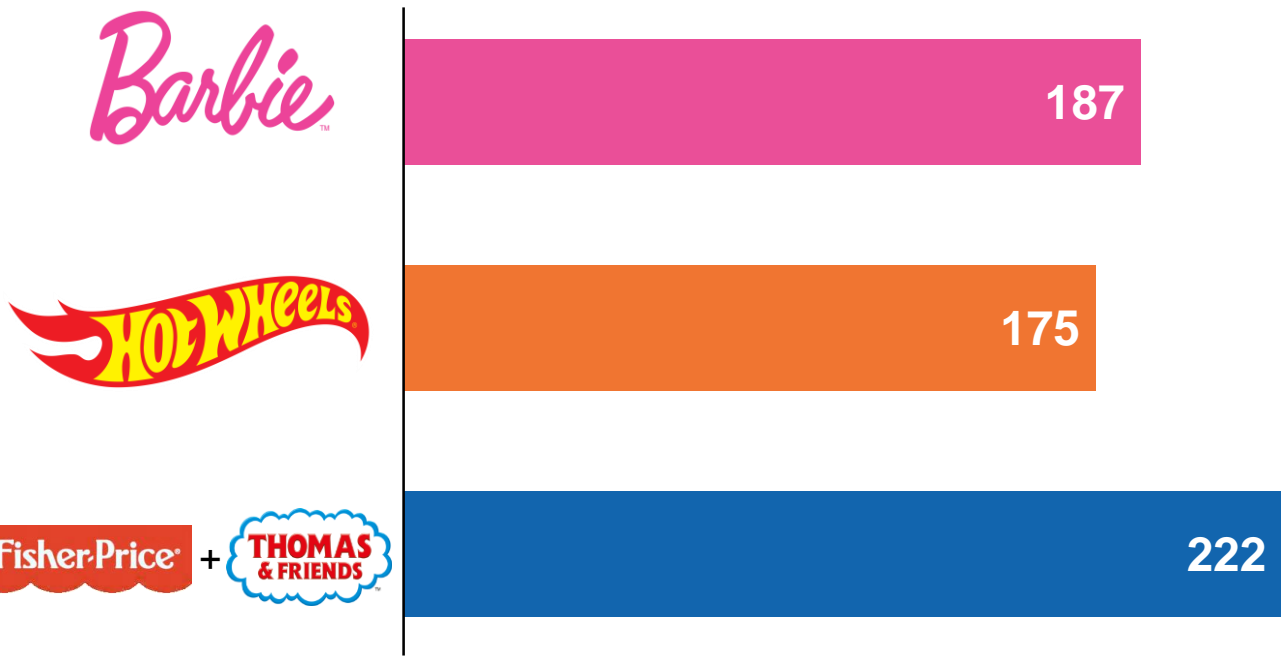


Q2 2019 Top 3 Power Brand Gross Sales

Continued growth in Barbie and Hot Wheels; progress in Fisher-Price and Thomas & Friends

Worldwide Gross Sales⁽¹⁾
(as reported; \$ in millions)

YOY Growth Rate (%)



	As Reported	Constant Currency
Barbie	+9%	+13%
Hot Wheels	+5%	+9%
Fisher-Price + THOMAS & FRIENDS	-6%	-4%



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

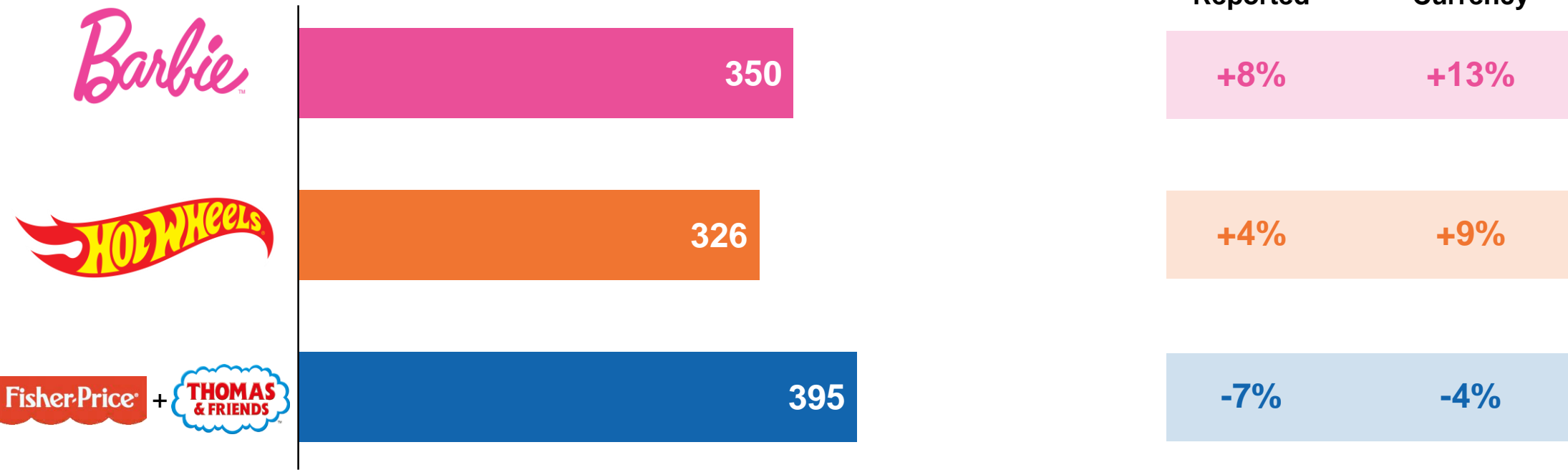


First Half 2019 Top 3 Power Brand Gross Sales

Continued growth in Barbie and Hot Wheels; progress in Fisher-Price and Thomas & Friends

Worldwide Gross Sales⁽¹⁾
(as reported; \$ in millions)

YOY Growth Rate (%)



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





Gross Margin

Significant improvement in profitability driven by Structural Simplification cost savings

Q2 2019	
Q2 2018 QTD as Reported	30.1%
Non-GAAP Adjustments ⁽¹⁾	▲
Q2 2018 QTD Adjusted	30.4%
Structural Simplification	▲
2018 Toys "R" Us Revenue Reversal	↔
Inflation	▼
Currency	▲
Product Recall	▲
Mix	▲
Obsolescence	▲
Q2 2019 QTD Adjusted	39.9%
Non-GAAP Adjustments*	▼
Q2 2019 QTD as Reported	39.7%

First Half 2019	
Q2 2018 YTD as Reported	30.5%
Non-GAAP Adjustments ⁽¹⁾	▲
Q2 2018 YTD Adjusted	30.8%
Structural Simplification	▲
2018 Toys "R" Us Revenue Reversal	▲
Inflation	▼
Currency	▼
Product Recall	▼
Mix	▲
Obsolescence	▲
Q2 2019 YTD Adjusted	39.1%
Non-GAAP Adjustments*	▼
Q2 2019 YTD as Reported	37.5%

▲ Year-over-year improvement to GM
 ▼ Year-over-year detriment to GM
 ↔ Neutral year-over-year impact to GM



Full year 2019 Adjusted Gross Margin expected to be in the low 40's

(1) Please refer to Exhibit 99.1 of the Company's Form 8-K, dated July 25, 2019 (Exhibit VII). Mattel is no longer adjusting Toys "R" Us-related items as part of non-GAAP adjustments
 *See the Appendix for a Glossary of Non-GAAP Financial Measures and non-GAAP reconciliations
 Note: Impacts to Gross Margin are not shown in order of magnitude
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Improvement driven by Structural Simplification cost savings

(\$ in millions)

Q2 2019		First Half 2019	
Q2 2018 QTD as Reported	\$360	Q2 2018 YTD as Reported	\$785
Severance & Restructuring ⁽¹⁾	▼	Severance & Restructuring ⁽¹⁾	▼
Other Non-GAAP Adjustments ⁽¹⁾	▼	Other Non-GAAP Adjustments ⁽¹⁾	▼
Q2 2018 QTD Adjusted	\$308	Q2 2018 YTD Adjusted	\$706
Structural Simplification	▼	Structural Simplification	▼
2018 Toys "R" Us Bad Debt Expense, Net	▲	2018 Toys "R" Us Bad Debt Expense, Net	▼
Employee-Related Costs	▲	Employee-Related Costs	▲
Strategic Investments	▼	Strategic Investments	▼
Q2 2019 QTD Adjusted	\$290	Q2 2019 YTD Adjusted	\$582
Severance & Restructuring*	▲	Severance & Restructuring*	▲
Other Non-GAAP Adjustments*	▲	Other Non-GAAP Adjustments*	▲
Q2 2019 QTD as Reported	\$308	Q2 2019 YTD as Reported	\$610

▼ Year-over-year improvement to SG&A
 ▲ Year-over-year detriment to SG&A
 ↔ Neutral year-over-year impact to SG&A

Full year 2019 Adjusted SG&A expected to decrease vs. prior year



(1) Please refer to Exhibit 99.1 of the Company's Form 8-K, dated July 25, 2019 (Exhibit VII). Mattel is no longer adjusting Toys "R" Us-related items as part of non-GAAP adjustments

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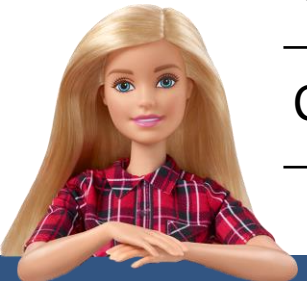
Note: Impacts to SG&A are not shown in order of magnitude



First Half 2019 Balance Sheet & Cash Flow Highlights

Operating Cash Flow improved by \$156M

(\$ in millions)	Jun 30, 2019	Jun 30, 2018	Comments
Cash	\$194	\$229	Cash excluding short-term borrowings in-line with prior year
Accounts Receivable	756	780	Improved collections resulted in a five-day reduction in days sales outstanding
Inventory	722	715	Roughly in-line with prior year
Depreciation & Amortization	124	137	Roughly in-line with prior year
Operating Cash Flow	-401	-557	Reflects a lower net loss, excluding non-cash charges
Capital Expenditures	48	78	Decrease vs. prior year driven by timing; full year capital expenditures expected to be flat



Continue to actively manage our balance sheet



Structural Simplification: Run-Rate and Realized Savings

Achieved \$754M run-rate savings exiting 2019; expect to achieve another \$100M by year end

(\$ in millions)	Exiting Run-Rate Savings				Realized P&L Savings			
	Target	Achieved Run-Rate As of Q2 2019		Outlook As of Q2 2019	Achieved Savings		Outlook As of Q2 2019	
	Exiting 2019	Exiting 2018	Exiting 2019	Exiting 2019	Full Year 2018	First Half 2019	Full Year 2019	Full Year 2020
Cost of Goods Sold	\$325	\$259	\$424	~\$481	\$177	\$67	~\$157	~\$147
Advertising & Promotion	\$32	\$30	\$33	~\$43	\$30	\$4	~\$13	~\$0
SG&A	\$293	\$232	\$297	~\$330	\$165	\$65	~\$100	~\$65
Total Savings	\$650	\$521	\$754	~\$854	\$372	\$136	~\$270	~\$212
Severance & Restructuring⁽¹⁾					(\$110)	(\$15)	~(\$30)	TBD

Offsetting factors may include strategic investments and product cost inflation, as well as macro-factors such as foreign exchange, potential tariffs and the economic environment

(1) Severance and restructuring related to Structural Simplification only



2019 Strategic Investments

Expect ~\$100M in strategic investments in 2019, with over 90% impacting OpEx

	FY 2019 Outlook	
Gross Profit	~10%	<ul style="list-style-type: none"> • Grow brands in additional categories • Continue to grow our IP outside of toy, including live events and digital games
Advertising	~50%	<ul style="list-style-type: none"> • Increase digital engagement and POS through online content, including animated series, influencer programs and product related videos
SG&A	~40%	<ul style="list-style-type: none"> • Improve efficiency: IT transformation initiatives focused on digital design & development and non-consumer facing systems

Total first half 2019 strategic investments of \$27M to support our IT transformation and brand growth opportunities





HOT WHEELS

RESCUE HEROES

PopPalooas

Enchantimals
CARING IS OUR EVERYTHING

Rolly Pockets

MONSTER HIGH

UNO

Lil' Gleemerz

Fisher-Price

MATCHBOX

Bob THE BUILDER

MATTTEL

MEGA BLOKS

Barbie

MEGA CONSTRUX

American Girl

Angelina Ballerina

Little People

THOMAS & FRIENDS



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 June 30,						For the Six Months Ended June 30,					
	2019		2018		Yr / Yr % Change as Reported	Yr / Yr % Change in Constant Currency	2019		2018		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	\$ 860.1		\$ 840.7		2%	5%	\$ 1,549.3		\$ 1,549.1		0%	3%
Cost of sales	518.7	60.3%	587.5	69.9%	-12%		968.1	62.5%	1,077.0	69.5%	-10%	
Gross Profit	341.4	39.7%	253.2	30.1%	35%	32%	581.2	37.5%	472.1	30.5%	23%	27%
Advertising and promotion expenses	84.5	9.8%	82.4	9.8%	3%		154.0	9.9%	153.2	9.9%	0%	
Other selling and administrative expenses	308.3	35.8%	360.0	42.8%	-14%		609.6	39.3%	784.6	50.6%	-22%	
Operating Loss	(51.4)	-6.0%	(189.2)	-22.5%	-73%	-72%	(182.4)	-11.8%	(465.8)	-30.1%	-61%	-62%
Interest expense	46.2	5.4%	43.5	5.2%	6%		93.2	6.0%	84.5	5.5%	10%	
Interest (income)	(1.5)	-0.2%	(1.7)	-0.2%	-10%		(3.8)	-0.2%	(4.8)	-0.3%	-22%	
Other non-operating (income) expense, net	(0.3)		3.1				1.6		2.5			
Loss Before Income Taxes	(95.8)	-11.1%	(234.0)	-27.8%	-59%	-58%	(273.4)	-17.6%	(547.9)	-35.4%	-50%	-51%
Provision for income taxes	12.2		6.9				18.3		4.3			
Net Loss	\$ (108.0)	-12.6%	\$ (240.9)	-28.7%	-55%		\$ (291.7)	-18.8%	\$ (552.2)	-35.6%	-47%	
Net Loss Per Common Share - Basic	\$ (0.31)		\$ (0.70)				\$ (0.84)		\$ (1.60)			
Weighted average number of common shares	345.9		344.6				345.9		344.5			
Net Loss Per Common Share - Diluted	\$ (0.31)		\$ (0.70)				\$ (0.84)		\$ (1.60)			
Weighted average number of common and potential common shares	345.9		344.6				345.9		344.5			

(1) Amounts may not foot due to rounding.



Condensed Consolidated Balance Sheets

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

CONDENSED CONSOLIDATED BALANCE SHEETS¹

	June 30,		December 31,
	2019	2018	2018
(In millions)	(Unaudited)		
Assets			
Cash and equivalents	\$ 194.1	\$ 228.6	\$ 594.5
Accounts receivable, net	755.7	780.1	970.1
Inventories	722.4	715.3	542.9
Prepaid expenses and other current assets	243.3	327.3	245.0
Total current assets	1,915.5	2,051.3	2,352.4
Property, plant, and equipment, net	595.8	719.7	657.6
Right-of-use assets, net ²	317.1	-	-
Other noncurrent assets	2,218.2	2,282.4	2,233.4
Total Assets	\$ 5,046.6	\$ 5,053.4	\$ 5,243.5
Liabilities and Stockholders' Equity			
Short-term borrowings	\$ 45.0	\$ 80.0	\$ 4.2
Accounts payable and accrued liabilities ²	1,007.0	1,014.3	1,238.4
Income taxes payable	22.6	3.1	10.0
Total current liabilities	1,074.6	1,097.4	1,252.6
Long-term debt	2,855.2	2,848.2	2,851.7
Noncurrent lease liabilities ²	284.9	-	-
Other noncurrent liabilities	410.6	443.8	469.7
Stockholders' equity	421.3	664.0	669.5
Total Liabilities and Stockholders' Equity	\$ 5,046.6	\$ 5,053.4	\$ 5,243.5

(1) Amounts may not foot due to rounding.

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



Supplemental Balance Sheet and Cash Flow Data

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

SUPPLEMENTAL BALANCE SHEET AND CASH FLOW DATA (Unaudited)¹

	June 30,	
	2019	2018
Key Balance Sheet Data:		
Accounts receivable, net days of sales outstanding (DSO)	79	84
Six Months Ended June 30,		
	2019	2018
(In millions)		
Condensed Cash Flow Data:		
Cash flows used for operating activities	\$ (401)	\$ (557)
Cash flows used for investing activities	(44)	(85)
Cash flows provided by (used for) financing activities and other	44	(209)
Decrease in cash and equivalents	\$ (400)	\$ (851)

(1) Amounts may not foot due to rounding.

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

<u>(In millions, except percentage information)</u>	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2019	2018	% Change as Reported	% Change in Constant Currency	2019	2018	% Change as Reported	% Change in Constant Currency
Worldwide Gross Sales:								
Net Sales	\$ 860.1	\$ 840.7	2 %	5 %	\$ 1,549.3	\$ 1,549.1	0 %	3 %
Sales Adjustments ²	102.2	113.4			193.1	205.0		
Gross Sales	<u>\$ 962.3</u>	<u>\$ 954.1</u>	1 %	4 %	<u>\$ 1,742.4</u>	<u>\$ 1,754.1</u>	-1 %	3 %
Worldwide Gross Sales by Categories:³								
Dolls	\$ 273.4	\$ 266.6	3 %	6 %	\$ 526.3	\$ 524.0	0 %	4 %
Infant, Toddler and Preschool	252.0	288.0	-13	-11	445.6	514.6	-13	-11
Vehicles	214.1	215.0	0	3	397.5	404.0	-2	3
Action Figures, Building Sets and Games	222.7	184.4	21	23	373.0	311.5	20	22
Gross Sales	<u>\$ 962.3</u>	<u>\$ 954.1</u>	1 %	4 %	<u>\$ 1,742.4</u>	<u>\$ 1,754.1</u>	-1 %	3 %
Supplemental Gross Sales Disclosures								
Worldwide Gross Sales by Top 3 Power Brands:								
Barbie	\$ 186.5	\$ 170.7	9 %	13 %	\$ 350.0	\$ 323.4	8 %	13 %
Hot Wheels	175.2	167.3	5	9	325.7	312.2	4	9
Fisher-Price and Thomas & Friends	222.4	236.2	-6	-4	394.8	424.0	-7	-4
Other	378.1	379.9	0	2	671.8	694.5	-3	-1
Gross Sales	<u>\$ 962.3</u>	<u>\$ 954.1</u>	1 %	4 %	<u>\$ 1,742.4</u>	<u>\$ 1,754.1</u>	-1 %	3 %

(1) Amounts may not foot due to rounding.

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

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



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 June 30,				For the Six Months Ended June 30,			
	2019	2018	% Change as Reported	% Change in Constant Currency	2019	2018	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)								
North America Segment Gross Sales:								
Net Sales	\$ 422.9	\$ 412.7	2 %	3 %	\$ 764.3	\$ 738.9	3 %	4 %
Sales Adjustments ²	24.5	30.2			52.5	52.4		
Gross Sales	<u>\$ 447.4</u>	<u>\$ 442.9</u>	1 %	1 %	<u>\$ 816.7</u>	<u>\$ 791.3</u>	3 %	3 %
North America Gross Sales by Categories:³								
Dolls	\$ 93.3	\$ 84.1	11 %	11 %	\$ 173.6	\$ 153.4	13 %	13 %
Infant, Toddler and Preschool	142.6	161.3	-12	-11	250.6	280.1	-11	-10
Vehicles	88.6	92.2	-4	-4	173.6	175.4	-1	-1
Action Figures, Building Sets and Games	122.8	105.3	17	17	219.0	182.4	20	20
Gross Sales	<u>\$ 447.4</u>	<u>\$ 442.9</u>	1 %	1 %	<u>\$ 816.7</u>	<u>\$ 791.3</u>	3 %	3 %
Supplemental Gross Sales Disclosures								
North America Gross Sales by Top 3 Power Brands:								
Barbie	\$ 78.5	\$ 69.2	13 %	14 %	\$ 147.8	\$ 129.6	14 %	14 %
Hot Wheels	68.6	70.8	-3	-3	135.6	134.3	1	1
Fisher-Price and Thomas & Friends	124.6	128.5	-3	-3	221.2	228.3	-3	-3
Other	175.7	174.5	1	1	312.2	299.0	4	5
Gross Sales	<u>\$ 447.4</u>	<u>\$ 442.9</u>	1 %	1 %	<u>\$ 816.7</u>	<u>\$ 791.3</u>	3 %	3 %

(1) Amounts may not foot due to rounding.

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

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

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 June 30,				For the Six Months Ended June 30,			
	2019	2018	% Change as Reported	% Change in Constant Currency	2019	2018	% Change as Reported	% Change in Constant Currency
Total International Segment Gross Sales:								
Net Sales	\$ 403.6	\$ 384.8	5 %	11 %	\$ 707.1	\$ 702.0	1 %	8 %
Sales Adjustments ²	76.9	81.9			138.6	148.8		
Gross Sales	\$ 480.5	\$ 466.7	3 %	9 %	\$ 845.7	\$ 850.8	-1 %	7 %
International Segment Gross Sales:								
EMEA ³								
Net Sales	\$ 191.1	\$ 180.0	6 %	13 %	\$ 365.6	\$ 365.8	0 %	8 %
Sales Adjustments ²	43.0	39.6			84.9	83.2		
Gross Sales	\$ 234.1	\$ 219.5	7 %	13 %	\$ 450.5	\$ 449.1	0 %	9 %
Latin America								
Net Sales	\$ 121.2	\$ 116.8	4 %	9 %	\$ 185.7	\$ 180.2	3 %	9 %
Sales Adjustments ²	20.1	21.7			30.9	32.8		
Gross Sales	\$ 141.3	\$ 138.6	2 %	7 %	\$ 216.6	\$ 213.0	2 %	8 %
Asia Pacific ³								
Net Sales	\$ 91.3	\$ 88.0	4 %	9 %	\$ 155.8	\$ 156.0	0 %	5 %
Sales Adjustments ²	13.7	20.6			22.9	32.7		
Gross Sales	\$ 105.1	\$ 108.6	-3 %	2 %	\$ 178.7	\$ 188.7	-5 %	0 %
International Gross Sales by Categories:⁴								
Dolls	\$ 145.7	\$ 138.1	6 %	12 %	\$ 272.8	\$ 258.8	5 %	14 %
Infant, Toddler and Preschool	109.4	126.7	-14	-9	195.0	234.6	-17	-12
Vehicles	125.5	122.9	2	9	223.9	228.6	-2	6
Action Figures, Building Sets and Games	99.9	79.1	26	31	154.0	128.9	19	26
Gross Sales	\$ 480.5	\$ 466.7	3 %	9 %	\$ 845.7	\$ 850.8	-1 %	7 %
Supplemental Gross Sales Disclosures								
International Gross Sales by Top 3 Power Brands:								
Barbie	\$ 108.1	\$ 101.6	6 %	13 %	\$ 202.3	\$ 193.8	4 %	13 %
Hot Wheels	106.6	96.5	10	18	190.1	178.0	7	16
Fisher-Price and Thomas & Friends	97.8	107.7	-9	-5	173.6	195.6	-11	-6
Other	168.1	160.9	4	9	279.7	283.4	-1	5
Gross Sales	\$ 480.5	\$ 466.7	3 %	9 %	\$ 845.7	\$ 850.8	-1 %	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.

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

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



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

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2019	2018	% Change as Reported	% Change in Constant Currency	2019	2018	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)								
<u>American Girl Segment Gross Sales:</u>								
Net Sales	\$ 33.5	\$ 43.2	-22 %	-22 %	\$ 78.0	\$ 108.2	-28 %	-28 %
Sales Adjustments	0.9	1.4			2.0	3.9		
Gross Sales	<u>\$ 34.4</u>	<u>\$ 44.6</u>	-23 %	-23 %	<u>\$ 80.0</u>	<u>\$ 112.0</u>	-29 %	-28 %

(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 June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2019²</u>	<u>2018²</u>	<u>2019²</u>	<u>2018²</u>
Gross Profit				
Gross Profit, As Reported	\$ 341.4	\$ 253.2	\$ 581.2	\$ 472.1
Gross Margin	39.7%	30.1%	37.5%	30.5%
Adjustments:				
Asset Impairments	-	2.8	-	5.8
Severance and Restructuring Expenses ³	3.5	-	3.5	-
Inclined Sleeper Product Recalls ⁴	(1.3)	-	20.6	-
Gross Profit, As Adjusted	\$ 343.5	\$ 256.0	\$ 605.2	\$ 477.9
Adjusted Gross Margin	39.9%	30.4%	39.1%	30.8%
Other Selling and Administrative Expenses				
Other Selling and Administrative Expenses, As Reported	\$ 308.3	\$ 360.0	\$ 609.6	\$ 784.6
% of Net Sales	35.8%	42.8%	39.3%	50.6%
Adjustments:				
Asset Impairments	-	(4.3)	-	(6.1)
Non-recurring Executive Compensation	-	-	-	(1.0)
Severance and Restructuring Expenses ³	(14.4)	(47.8)	(23.1)	(72.7)
Inclined Sleeper Product Recalls ⁴	(4.4)	-	(4.4)	-
Sale of Assets	-	-	-	1.4
Other Selling and Administrative Expenses, As Adjusted	\$ 289.5	\$ 307.9	\$ 582.1	\$ 706.2
% of Net Sales	33.7%	36.6%	37.6%	45.6%
Operating Loss				
Operating Loss, As Reported	\$ (51.4)	\$ (189.2)	\$ (182.4)	\$ (465.8)
Adjustments:				
Asset Impairments	-	7.1	-	11.9
Non-recurring Executive Compensation	-	-	-	1.0
Severance and Restructuring Expenses ³	17.9	47.8	26.6	72.7
Inclined Sleeper Product Recalls ⁴	3.1	-	25.0	-
Sale of Assets	-	-	-	(1.4)
Operating Loss, As Adjusted	\$ (30.4)	\$ (134.3)	\$ (130.8)	\$ (381.6)
Other Information				
Toys "R" Us Net Sales Reversal ⁵	\$ -	\$ -	\$ -	\$ 29.5
Toys "R" Us Bad Debt Expense, Net ⁵	\$ -	\$ (7.0)	\$ -	\$ 50.3
Inclined Sleeper Product Recalls ⁴	\$ 3.1	\$ -	\$ 30.4	\$ -

(1) Amounts may not foot due to rounding.

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

(3) For the three and six months ended June 30, 2019, severance and restructuring expenses include \$11.5 million related to Capital Light initiatives of which \$3.5 million was recorded to Cost of Sales and \$8.0 million was recorded to Other Selling and Administrative Expenses.

(4) Mattel recorded an estimated impact of \$3.1 million and \$30.4 million related to inclined sleeper product recalls for the three and six months ended June 30, 2019, respectively. Of the \$30.4 million recorded during the six months ended June 30, 2019, \$5.4 million was a reduction to Net Sales for estimated retailer returns.

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



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 June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2019²</u>	<u>2018²</u>	<u>2019²</u>	<u>2018²</u>
<u>Earnings Per Share</u>				
Net Loss Per Common Share, As Reported	\$ (0.31)	\$ (0.70)	\$ (0.84)	\$ (1.60)
<i>Adjustments:</i>				
Asset Impairments	-	0.02	-	0.03
Severance and Restructuring Expenses ³	0.05	0.14	0.08	0.21
Inclined Sleeper Product Recalls ⁴	0.01	-	0.07	-
Tax Effect of Adjustments ⁶	-	-	-	(0.03)
Net Loss Per Common Share, As Adjusted	\$ <u>(0.25)</u>	\$ <u>(0.54)</u>	\$ <u>(0.69)</u>	\$ <u>(1.39)</u>
<u>EBITDA and Adjusted EBITDA</u>				
Net Loss, As Reported	\$ (108.0)	\$ (240.9)	\$ (291.7)	\$ (552.2)
<i>Adjustments:</i>				
Interest Expense	46.2	43.5	93.2	84.5
Provision for Income Taxes	12.2	6.9	18.3	4.3
Depreciation	51.5	58.9	103.6	117.4
Amortization	9.9	9.5	20.3	19.7
EBITDA	11.8	(122.1)	(56.3)	(326.2)
<i>Adjustments:</i>				
Asset Impairments	-	7.1	-	11.9
Shared-based Compensation	12.4	8.0	24.3	22.4
Severance and Restructuring Expenses ³	14.5	47.8	23.2	72.7
Inclined Sleeper Product Recalls ⁴	3.1	-	25.0	-
Sale of Assets	-	-	-	(1.4)
Adjusted EBITDA	\$ <u>41.8</u>	\$ <u>(59.2)</u>	\$ <u>16.2</u>	\$ <u>(220.6)</u>

(1) Amounts may not foot due to rounding.

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

(3) For the three and six months ended June 30, 2019, severance and restructuring expenses include \$11.5 million related to Capital Light initiatives of which \$3.5 million was recorded to Cost of Sales and \$8.0 million was recorded to Other Selling and Administrative Expenses.

(4) Mattel recorded an estimated impact of \$3.1 million and \$30.4 million related to inclined sleeper product recalls for the three and six months ended June 30, 2019, respectively. Of the \$30.4 million recorded during the six months ended June 30, 2019, \$5.4 million was a reduction to Net Sales for estimated retailer returns.

(6) The aggregate tax effect of the adjustments is calculated by tax effecting the adjustments by the current effective tax rate, and dividing by the reported weighted average number of common and potential common shares. Adjustments for the U.S. and certain International affiliates were not tax effected because of the valuation allowance on deferred tax assets.

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, categorical, brand and geographic results to highlight significant trends in Mattel’s business. Changes in Gross Sales are discussed because, while Mattel records the details of such Sales Adjustments in its financial accounting systems at the time of sale, such Sales Adjustments are generally not associated with brands and individual products, making Net Sales less meaningful. Since Sales Adjustments are determined by customer rather than at the brand level, Mattel believes that the disclosure of Gross Sales by categories and brand is useful supplemental information for investors to be able to assess the performance of its underlying brands (e.g., Barbie) and also enhances their ability to compare sales trends over time.

Adjusted Gross Profit and Adjusted Gross Margin

Adjusted Gross Profit and Adjusted Gross Margin represent reported Gross Profit and Reported Gross Margin, respectively, adjusted to exclude asset impairments, severance and restructuring expenses and the impact of the inclined sleeper product recalls. Adjusted Gross Margin represents Mattel’s Adjusted Gross Profit, as a percentage of Net Sales. Adjusted Gross Profit and Adjusted Gross Margin are presented to provide additional perspective on underlying trends in Mattel’s core Gross Profit and Gross Margin, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel’s current business performance from one period to another.

Adjusted Other Selling and Administrative Expenses

Adjusted Other Selling and Administrative Expenses represents Mattel’s Reported Other Selling and Administrative Expenses, adjusted to exclude asset impairments, non-recurring executive compensation, severance and restructuring expenses, the impact of the inclined sleeper product recalls, and sale of assets, which are not part of Mattel’s core business. Adjusted Other Selling and Administrative Expenses is presented to provide additional perspective on underlying trends in Mattel’s core other selling and administrative expenses, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel’s current business performance from one period to another.

Adjusted Operating Income (Loss)

Adjusted Operating Income (Loss) represents Mattel’s reported Operating Loss, adjusted to exclude the impact of asset impairments, non-recurring executive compensation, severance and restructuring expenses, sale of assets, and the impact of the inclined sleeper product recalls, which are not part of Mattel’s core business. Adjusted Operating Income (Loss) is presented to provide additional perspective on underlying trends in Mattel’s core operating results, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel’s current business performance from one period to another.

Adjusted Earnings (Loss) Per Share

Adjusted Earnings (Loss) Per Share represents Mattel’s Reported Diluted Earnings (Loss) Per Common Share, adjusted to exclude the impact of asset impairments, severance and restructuring expenses, and the impact of the inclined sleeper product recalls, which are not part of Mattel’s core business. The aggregate tax effect of the adjustments is calculated by tax effecting the adjustments by the current effective tax rate, adjusting for certain discrete tax items, and dividing by the reported weighted average number of common shares. Adjusted Earnings (Loss) Per Share is presented to provide additional perspective on underlying trends in Mattel’s core business. Mattel believes it is useful supplemental information for investors to gauge and compare Mattel’s current earnings results from one period to another. Adjusted Earnings (Loss) Per Share is a performance measure and should not be used as a measure of liquidity.

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 the impact of the inclined sleeper product recalls, which are not part of Mattel's core business. Mattel believes EBITDA and Adjusted EBITDA are useful supplemental information for investors to gauge and compare Mattel's business performance to other companies in our industry with similar capital structures. The presentation of Adjusted EBITDA differs from how we will calculate EBITDA for purposes of covenant compliance under the indenture governing our 6.75% senior notes due 2025 and the syndicated facility agreement governing our senior secured revolving credit facilities. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. As a result, we rely primarily on our GAAP results and use EBITDA and Adjusted EBITDA only supplementally.

Constant currency

Percentage changes in results expressed in constant currency are presented excluding the impact from changes in currency exchange rates. To present this information, Mattel calculates constant currency information by translating current period and prior period results for entities reporting in currencies other than the US dollar using consistent exchange rates. The constant currency exchange rates are determined by Mattel at the beginning of each year and are applied consistently during the year. They are generally different from the actual exchange rates in effect during the current or prior period due to volatility in actual foreign exchange rates. Mattel considers whether any changes to the constant currency rates are appropriate at the beginning of each year. The exchange rates used for these constant currency calculations are generally based on prior year actual exchange rates. The difference between the current period and prior period results using the consistent exchange rates reflects the changes in the underlying performance results, excluding the impact from changes in currency exchange rates. Mattel analyzes constant currency results to provide additional perspective on changes in underlying trends in Mattel's operating performance. Mattel believes that the disclosure of the percentage change in constant currency is useful supplemental information for investors to be able to gauge Mattel's current business performance and the longer-term strength of its overall business since foreign currency changes could potentially mask underlying sales trends. The disclosure of the percentage change in constant currency enhances investor's ability to compare financial results from one period to another.