

MATTEL INC /DE/
Form 10-Q
April 25, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-05647

MATTEL, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of incorporation or organization)
333 Continental Blvd.

95-1567322
(I.R.S. Employer Identification No.)

El Segundo, CA 90245-5012

(Address of principal executive offices)

(310) 252-2000

(Registrant's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares outstanding of registrant's common stock, \$1.00 par value, as of April 20, 2012:

340,579,490 shares

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MATTEL, INC. AND SUBSIDIARIES

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****MATTEL, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	March 31, 2012	March 31, 2011	December 31, 2011
	(Unaudited; in thousands, except share data)		
ASSETS			
Current Assets			
Cash and equivalents	\$ 784,626	\$ 1,049,363	\$ 1,369,113
Accounts receivable, net	743,594	758,620	1,246,687
Inventories	603,736	607,199	487,000
Prepaid expenses and other current assets	372,015	336,530	340,907
Total current assets	2,503,971	2,751,712	3,443,707
Noncurrent Assets			
Property, plant, and equipment, net	535,702	494,055	523,941
Goodwill	1,069,199	828,032	822,139
Other noncurrent assets	1,431,532	908,258	881,851
Total Assets	\$ 5,540,404	\$ 4,982,057	\$ 5,671,638
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Short-term borrowings	\$	\$	\$ 8,018
Current portion of long-term debt	400,000	250,000	50,000
Accounts payable	270,344	300,251	334,999
Accrued liabilities	452,059	471,280	618,801
Income taxes payable	10,840	18,634	27,110
Total current liabilities	1,133,243	1,040,165	1,038,928
Noncurrent Liabilities			
Long-term debt	1,150,000	950,000	1,500,000
Other noncurrent liabilities	616,073	474,479	522,107
Total noncurrent liabilities	1,766,073	1,424,479	2,022,107
Stockholders' Equity			
Common stock \$1.00 par value, 1.0 billion shares authorized; 441.4 million shares issued	441,369	441,369	441,369
Additional paid-in capital	1,696,961	1,678,266	1,690,405
Treasury stock at cost; 100.9 million shares, 94.3 million shares, and 104.4 million shares, respectively	(2,170,858)	(1,939,664)	(2,242,522)
Retained earnings	3,069,161	2,656,023	3,167,996

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Accumulated other comprehensive loss	(395,545)	(318,581)	(446,645)
Total stockholders' equity	2,641,088	2,517,413	2,610,603
Total Liabilities and Stockholders' Equity	\$ 5,540,404	\$ 4,982,057	\$ 5,671,638

The accompanying notes are an integral part of these financial statements.

Table of Contents**MATTEL, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Three Months Ended	
	March 31,	March 31,
	2012	2011
	(Unaudited; in thousands, except per share amounts)	
Net Sales	\$ 928,449	\$ 951,856
Cost of sales	455,078	478,709
Gross Profit	473,371	473,147
Advertising and promotion expenses	97,859	101,849
Other selling and administrative expenses	346,776	334,540
Operating Income	28,736	36,758
Interest expense	21,105	18,816
Interest (income)	(1,745)	(3,163)
Other non-operating (income), net	(792)	(156)
Income Before Income Taxes	10,168	21,261
Provision for income taxes	2,339	4,654
Net Income	\$ 7,829	\$ 16,607
Net Income Per Common Share Basic	\$ 0.02	\$ 0.05
Weighted average number of common shares	339,144	349,072
Net Income Per Common Share Diluted	\$ 0.02	\$ 0.05
Weighted average number of common and potential common shares	343,660	352,707
Dividends Declared Per Common Share	\$ 0.31	\$ 0.23

The accompanying notes are an integral part of these financial statements.

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MATTEL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended	
	March 31, 2012	March 31, 2011
	(Unaudited; in thousands)	
Net Income	\$ 7,829	\$ 16,607
Other Comprehensive Income, Net of Tax:		
Currency translation adjustments	55,303	53,178
Defined benefit pension plans net prior service cost and net actuarial loss	1,523	2,533
Net unrealized gain/loss on derivative instruments:		
Unrealized holding losses	(1,188)	(14,353)
Reclassification adjustment for realized gains included in net income	(4,538)	(740)
	(5,726)	(15,093)
Other Comprehensive Income, Net of Tax	51,100	40,618
Comprehensive Income	\$ 58,929	\$ 57,225

The accompanying notes are an integral part of these financial statements.

Table of Contents**MATTEL, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Three Months Ended	
	March 31,	March 31,
	2012	2011
	(Unaudited; in thousands)	
Cash Flows From Operating Activities:		
Net income	\$ 7,829	\$ 16,607
Adjustments to reconcile net income to net cash flows used for operating activities:		
Depreciation	36,544	35,998
Amortization	3,867	3,507
Deferred income taxes	(28,771)	(22,105)
Share-based compensation	11,853	10,972
Increase (decrease) from changes in assets and liabilities, net of acquired assets and liabilities:		
Accounts receivable	554,003	401,256
Inventories	(96,550)	(129,933)
Prepaid expenses and other current assets	(17,843)	17,036
Accounts payable, accrued liabilities, and income taxes payable	(273,439)	(322,376)
Other, net	(25,987)	(52,806)
Net cash flows provided by (used for) operating activities	171,506	(41,844)
Cash Flows From Investing Activities:		
Purchases of tools, dies, and molds	(20,435)	(28,439)
Purchases of other property, plant, and equipment	(17,547)	(17,336)
Payments for acquisition, net of cash acquired	(685,370)	
Proceeds from sale of other property, plant, and equipment	185	316
Proceeds from foreign currency forward exchange contracts	19,800	36,287
Net cash flows used for investing activities	(703,367)	(9,172)
Cash Flows From Financing Activities:		
Payments of short-term borrowings	(8,018)	
Payment of credit facility renewal costs		(6,899)
Share repurchases	(32,233)	