

MATTEL INC /DE/
Form 10-Q
August 02, 2017

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 June 30, 2017

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)

Delaware 95-1567322
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

333 Continental Blvd. 90245-5012
El Segundo, CA
(Address of principal executive offices) (Zip Code)
(310) 252-2000
(Registrant's telephone number, including area code)

(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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 July 21, 2017:

342,726,306 shares

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MATTEL, INC. AND SUBSIDIARIES

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(Cautionary Statement Under the Private Securities Litigation Reform Act of 1995)

Mattel is including this Cautionary Statement to caution investors and qualify for the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the “Act”) for forward-looking statements. This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of the Act. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as “believes,” “expects,” “anticipates,” “intends,” “plans,” “seeks,” “aims,” “estimates,” “projects,” “on track” or words of similar future or conditional verbs, such as “will,” “should,” “could,” or “may.” A forward-looking statement is neither a prediction

nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. Investors should not place undue reliance on the forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. These forward-looking statements are all based on currently available operating, financial, economic and competitive information and are subject to various risks and uncertainties. Mattel's actual future results and trends may differ materially depending on a variety of factors, including, but not limited to, the risks and uncertainties detailed in Part 1, Item 1A "Risk Factors" in Mattel's 2016 Annual Report on Form 10-K. Mattel expressly disclaims any obligation to update or revise any forward-looking statement, whether as a result of new developments or otherwise.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2017	June 30, 2016	December 31, 2016
	(Unaudited; in thousands, except share data)		
ASSETS			
Current Assets			
Cash and equivalents	\$275,395	\$317,803	\$869,531
Accounts receivable, net	917,652	794,600	1,115,217
Inventories	935,933	891,816	613,798
Prepaid expenses and other current assets	373,648	361,673	341,518
Total current assets	2,502,628	2,365,892	2,940,064
Noncurrent Assets			
Property, plant, and equipment, net	807,796	736,476	773,965
Goodwill	1,394,464	1,394,101	1,387,628
Other noncurrent assets	1,462,994	1,435,098	1,392,137
Total Assets	\$6,167,882	\$5,931,567	\$6,493,794
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Short-term borrowings	\$506,769	\$67,000	\$192,168
Current portion of long-term debt	250,000	300,000	—
Accounts payable	549,319	565,930	664,857
Accrued liabilities	452,032	431,622	628,826
Income taxes payable	4,380	8,680	19,722
Total current liabilities	1,762,500	1,373,232	1,505,573
Noncurrent Liabilities			
Long-term debt	1,885,693	1,786,133	2,134,271
Other noncurrent liabilities	452,284	461,915	446,168
Total noncurrent liabilities	2,337,977	2,248,048	2,580,439
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	1,809,843	1,804,356	1,790,832
Treasury stock at cost: 98.7 million shares, 100.8 million shares, and 99.0 million shares, respectively	(2,416,804)	(2,470,107)	(2,426,749)
Retained earnings	3,114,931	3,396,027	3,545,359
Accumulated other comprehensive loss	(881,934)	(861,358)	(943,029)
Total stockholders' equity	2,067,405	2,310,287	2,407,782
Total Liabilities and Stockholders' Equity	\$6,167,882	\$5,931,567	\$6,493,794

The accompanying notes are an integral part of these financial statements

MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Months Ended	For the Six Months Ended
June 30, 2017	June 30, 2017
June 30, 2016	June 30, 2016