


Mattel Inc. (MAT)

Analyst Notes : New 10-K & Forecast 2/26/20

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Balance Sheet

Income Statement

Cash Flow Data Points

Income Statement Adjustments

Amortization of Prior Service Cost in Non-Operating Items

- Amortization of prior service cost (credit) : (\$0.06)

Change in Total Reserves

Inventory Reserves

- Allowance for obsolescence : \$43.60

Previous Year's Inventory Reserve

- Allowance for obsolescence : 47.2

Net Non-Operating Expense Hidden in Operating Earnings Pre-Tax Net Non-Operating Expense/(Income) Hidden in Operating Earnings

- Sublease rental income : (5.7)
- Other selling and administrative : 21.5
- Cost of sales (a) : 18.6
- Other selling and administrative : 19.0

(a) Consists primarily of consulting fees.

Mattel has recorded cumulative severance and other restructuring charges of \$176.5 million related to the Structural Simplification cost savings program.
Capital Light Program

During the first quarter of 2019, Mattel announced the commencement of its Capital Light program to optimize Mattel's manufacturing footprint (including the sale or consolidation of manufacturing facilities), increase the productivity of its plant infrastructure, and achieve additional efficiencies across its entire supply chain.

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In connection with the Capital Light program, Mattel recorded severance and other restructuring costs in the following cost and expense categories within the consolidated statements of operations:

	For the Year Ended December 31, 2019 (In thousands)	
Cost of sales (a)	\$	18,579
Other selling and administrative (b)	\$	18,992
	\$	37,571

Severance and other restructuring costs recorded within cost of sales include plant restructuring (a) charges.

Severance and other restructuring costs recorded within other selling and administrative expenses in the consolidated statements of operations are included in Corporate and Other expense in "Note 13 to the (b) Consolidated Financial Statements-Segment Information."