


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

During the third quarter of 2017, Mattel initiated its Structural Simplification cost savings program. The major initiatives of the Structural Simplification cost savings program include:

- o Reducing manufacturing complexity, including SKU reduction, and implementing process improvement initiatives at owned and co-manufacturing facilities;

- o Streamlining the organizational structure and reducing headcount expense to better align with the revenue base; and

- o Optimizing advertising spend.

Mattel completed its Structural Simplification cost savings program as of December 31, 2019. In connection with the Structural Simplification cost savings 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	December 31, 2018
	(In thousands)	
Cost of sales (a)	\$ -	\$ 5,741
Other selling and administrative (b)	21,516	104,089
	\$ 21,516	\$ 109,830

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."