

MATTEL INC /DE/
Form 10-Q
October 24, 2013
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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 September 30, 2013

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)

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

333 Continental Blvd.

El Segundo, CA
(Address of principal executive offices)

90245-5012
(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, 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 (Do not check if a smaller reporting company)

Smaller reporting company

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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 October 18, 2013:

338,434,453 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**

	September 30, 2013	September 30, 2012	December 31, 2012
	(Unaudited; in thousands, except share data)		
ASSETS			
Current Assets			
Cash and equivalents	\$ 406,461	\$ 282,095	\$ 1,335,711
Accounts receivable, net	1,885,181	1,828,211	1,226,833
Inventories	807,209	796,352	465,057
Prepaid expenses and other current assets	538,659	366,680	529,204
Total current assets	3,637,510	3,273,338	3,556,805
Noncurrent Assets			
Property, plant, and equipment, net	634,773	575,288	593,213
Goodwill	1,080,090	1,079,979	1,080,798
Other noncurrent assets	1,343,882	1,390,124	1,295,969
Total Assets	\$ 6,696,255	\$ 6,318,729	\$ 6,526,785
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Short-term borrowings	\$ 77,814	\$ 154,503	\$ 9,844
Current portion of long-term debt	50,000	350,000	400,000
Accounts payable	394,857	376,896	385,375
Accrued liabilities	883,092	734,715	887,748
Income taxes payable	65,806	47,296	33,045
Total current liabilities	1,471,569	1,663,410	1,716,012
Noncurrent Liabilities			
Long-term debt	1,600,000	1,150,000	1,100,000
Other noncurrent liabilities	616,517	601,461	643,729
Total noncurrent liabilities	2,216,517	1,751,461	1,743,729
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	1,769,396	1,704,358	1,727,682
Treasury stock at cost; 101.1 million shares, 98.6 million shares, and 99.1 million shares, respectively	(2,387,663)	(2,122,438)	(2,152,702)

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Retained earnings	3,672,646	3,316,642	3,515,181
Accumulated other comprehensive loss	(487,579)	(436,073)	(464,486)
Total stockholders' equity	3,008,169	2,903,858	3,067,044
Total Liabilities and Stockholders' Equity	\$ 6,696,255	\$ 6,318,729	\$ 6,526,785

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

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MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended		For the Nine Months Ended	
	September	September	September	September
	30, 2013	30, 2012	30, 2013	30, 2012
	(Unaudited; in thousands, except per share amounts)			
Net Sales	\$ 2,206,961	\$ 2,077,816	\$ 4,371,676	\$ 4,164,976
Cost of sales	1,018,981	962,445	2,043,637	1,981,712
Gross Profit	1,187,980	1,115,371	2,328,039	2,183,264
Advertising and promotion expenses	249,386	234,793	467,329	445,047
Other selling and administrative expenses	410,419	393,211	1,171,914	1,090,681
Operating Income	528,175	487,367	688,796	647,536
Interest expense	19,576	22,723	58,172	65,352
Interest (income)	(1,394)	(1,472)	(4,083)	(5,158)
Other non-operating (income), net	(4,350)	(731)	(2,530)	(1,034)
Income Before Income Taxes	514,343	466,847	637,237	588,376
Provision for income taxes	91,507	100,910	102,542	118,392
Net Income	\$ 422,836	\$ 365,937	\$ 534,695	\$ 469,984
Net Income Per Common Share Basic	\$ 1.22	\$ 1.06	\$ 1.54	\$ 1.36
Weighted average number of common shares	343,279	342,595	344,733	341,006
Net Income Per Common Share Diluted	\$ 1.21	\$ 1.04	\$ 1.52	\$ 1.35
Weighted average number of common and potential common shares	346,695	347,122	348,626	345,390
Dividends Declared Per Common Share	\$ 0.36	\$ 0.31	\$ 1.08	\$ 0.93

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

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Unaudited; in thousands)			
Net Income	\$ 422,836	\$ 365,937	\$ 534,695	\$ 469,984
Other Comprehensive Income (Loss), Net of Tax:				
Currency translation adjustments	34,757	28,944	(30,005)	10,593
Defined benefit pension plans net prior service credit and net actuarial loss	3,877	2,854	10,742	6,705
Net unrealized (losses) gains on derivative instruments:				
Unrealized holding (losses) gains	(10,614)	3,933	(3,348)	14,713
Reclassification adjustment for realized losses (gains) included in net income	321	(12,573)	(482)	(21,439)
	(10,293)	(8,640)	(3,830)	(6,726)
Other Comprehensive Income (Loss), Net of Tax	28,341	23,158	(23,093)	