

Barbie

☆ American Girl®



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# Company Overview

- ❖ Mattel globally is the top toy production and entertainment company
- ❖ Mattel's mission is to provide quality toys and entertainment to engage children and aid in their development through play.
- ❖ While their portfolio of iconic brands include Barbie, Hot Wheels, American Girl, and Thomas & Friends. The company also has partner brands with Disney, Nickelodeon, NBCUniversal, Warner Bros, and more!

# Financial Overview

	Yr1	Yr2	Yr3	Yr4	Current Yr	5-year Avg	Industry Avg (2023)
Revenue	4,504,600	4,583,700	5,457,700	5,434,700	5,222,420	5,040,624	\$422.7 bn
YoY Growth (%)	---	1.756%	19.07%	-0.421%	-3.906%	4.125%	---
Revenue for Hot Wheels	834,058	925,854	954,200	1,068,300	1,251,400	3,258,760	---
YoY Growth (%)	---	11.006%	3.062%	11.958%	17.139%	10.791%	----
Revenue for Barbie	1,088,953	1,159,768	1,350,100	1,679,300	1,490,600	1,353,744	----
YoY Growth (%)	---	6.50%	16.41%	24.38%	-11.24%	9.01%	----
Operating Margin	0.87%	8.31%	13.37%	12.43%	9.59%	8.91%	8.32%
YoY Growth (%)	---	85.5%	60.89%	-7.03%	-22.85%	29.12%	---
Free Cash Flow	181,000	289,000	485,000	443,000	578,434	395,286.8	---
YoY Growth (%)	---	59.67%	67.82%	-8.67%	30.57%	37.34%	---

## Trading Information

Last Closing Price	<b>18.79</b>
52-week Range	<b>15.36 - 22.64</b>
Market Capitalization	<b>6.77B</b>
Beta	<b>1.04</b>
Dividend Yield	<b>5.17</b>

## Return on Investment

	Company	Industry Avg
ROE	4.16%	18.29%
ROIC	4.71%	17.89%
ROA	5.25%	-4.08%

## Market Valuation

	Company	Industry Avg
EV/EBITDA	13.39	9.66
P/E	13.44	17.93
PEG (5yr normalized)	1.44	1.07
Price/Book	3.33	2.85

## Financial Position

	Company	Industry Avg
Debt/Equity	129.68	51.18
Interest Coverage	3.5	6.9
Current Ratio	2.33	1.5
Quick Ratio	1.54	0.25

# Performance



9% increase in net sales in Q3 2023

Dolls and vehicles gross billing grew double digits with Dolls earning \$884M (Q3 2023) and Hot Wheels earning \$518M (Q3 2023)

On track to exceed savings goal of \$300M

# Business Overview

- ❖ Mattel has **customer segments** targeting children and parents with strong customer relationships driven through positive experiences through the company.
- ❖ **Key partnerships** come through retailers, content creators, and film studios.
- ❖ Mattel has **manufacturers** in the United States, Asia, Latin America, China, and Mexico.
- ❖ The demand comes from Mattel's efforts to reach consumers through seasonal toys, digital gaming, and even making profits through the film industry.
- ❖ Mattel's competitive landscape stays stable due to their regulations of supply.
- ❖ Mattel's sufficient manufacturing techniques and aid from third-party manufacturers will make the company able to handle more volume of products in the future.

# Top Line Growth

- ❖ 9% increase in net sales in Q3 2023
- ❖ 2022 net product sales
  - Flat compared to 2021
  - increased by \$846.3M compared to 2020
- ❖ Dolls and vehicles gross billing grew double digits
  - Dolls: \$884M (Q3 2023)
  - The “Barbie Phenomenon”
  - Hot Wheels: \$518M (Q3 2023)
- ❖ Partnerships with: Universal Studio, SpaceX, Warner Bros
- ❖ On track to exceed savings goal of \$300M

## Q3 2023 Gross Billings<sup>1</sup> by Category

### Dolls and Vehicles Gross Billings grew double-digits

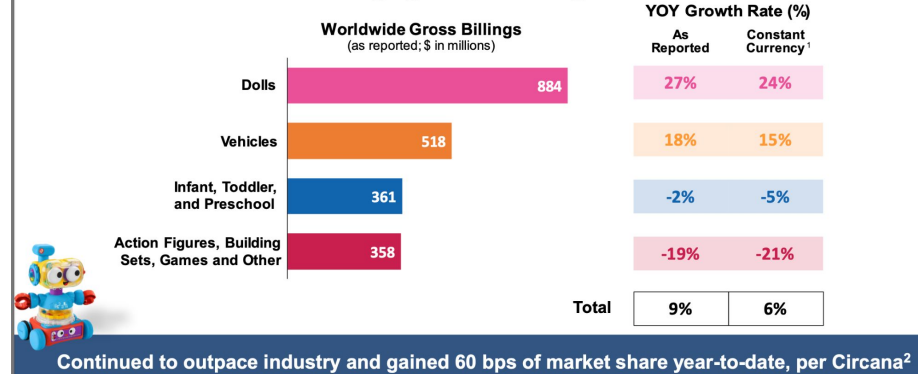


Photo credit: Mattel website

# MOAT

- ❖ Mattel has competition with toy manufacturers internationally and nationally.
- ❖ North American brands include Hasbro, LEGO, MGA Entertainment, and JAKKS Pacific.
- ❖ Profitable international brands include Famosa, Giochi, and Preziosi.
- ❖ Since children outgrow the products that Mattel produces, this intensifies production.
- ❖ However, Mattel remain competitive with the growing consumer population by having partnerships with DC Comics, Disney, Nickelodeon, and NBCUniversal.

# Long Term Expectations

Transform the Intellectual Property into film and television to expand the audience and create growth

- ❖ On September 6, 2018, Mattel announced the launch of a film division, Mattel Films, that will make films based on the company's toy brands.
- ❖ Barbie released in theaters worldwide by Warner Bros. Pictures and to date has made over \$1.4 billion at the global box office and became the #1 highest-grossing movie in Warner Bros. Pictures' 100-year history.
- ❖ Kreiz said Mattel has 13 more films and TV projects in the pipeline, and will adapt Mattel's toy brands into 45 films in the future.



Photo credit: internet



# Short Term Catalysts

- ❖ Mattel and Hasbro enter into licensing agreements to launch monopoly: Barbie edition, transformers Hot Wheels, and transformers UNO
- ❖ Mattel Adventure Park set for 2024 opening featuring first-of-its-kind Hot Wheels Bone Shaker Rollercoaster classical Toy Brands Thomas & Friends: World of Sodor™ and Barbie Dream Closet Experience™.
- ❖ Expand revenue to industries outside the toy industry, and co-branding with major brands, expanding influence and physical sales.
- ❖ Mattel is actively doing video game development in both domestic and overseas markets

# Management's Performance

- ❖ Mattel's current CEO has focused on cutting costs since taking charge of the company
- ❖ His current focuses include creating new revenue streams using Mattel's intellectual property
  - Most notably negotiating movie deals for Barbie and Hot Wheels as well as movie and TV deals for Mattel's other franchises
- ❖ His vision for the company is one of long term growth



Photo credit:  
Mattel website

Mattel's CEO Ynon Kreiz

# Risks

- ❖ Supply chain disruptions
  - Bankruptcy of Toys R'Us in 2017
- ❖ Incorrectly identifying consumer trends/market sentiment
- ❖ Competition in the Industry
- ❖ Intellectual property and licensing
  - Counterfeit products
- ❖ Inefficient regulatory environment
  - Lead to expanded product recall (ig. Lead paint Recall in 07)
- ❖ Seasonality of the industry
- ❖ Economic Downturns
  - Stock plummeted in 2020
- ❖ Shift in consumer behavior towards screen or technology based entertainment

# HOLD!



# Works Cited:

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