

CONVERSATIONS WITH MIKE MILKEN



Ynon Kreiz

Chairman and Chief Executive Officer,
Mattel, Inc.

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Mike Milken: Ynon, thank you for joining us today.

Ynon Kreiz: Thank you, Mike. Thank you for inviting me.

You've been the CEO of Mattel for a couple years now. You had many successful careers. You were an entrepreneur. Why did you take this job as the CEO of Mattel, and what is your vision for the company's future?

I always revered Mattel, one of the most iconic companies in corporate America and maybe in the world – a 75-year-old company that had so much cultural and societal impact – and have followed it from afar.

I've been in the children's industry for a while and always looked up to it and obviously saw the challenges that they started to face a few years back. And then I was offered the opportunity to join the board of the company, which I took on, and shortly thereafter there was a

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transition in leadership and I was asked to become chairman and CEO, which I thought would be a great privilege to step in and lead the company through a transition.

In many ways, Mattel became very much a toy manufacturing company over the years, and the approach, the strategy, is to transform it to an IP-driven, high-performing toy company that is more capitalized and more focused on commercializing the great brands that we own, rather than invest in heavy manufacturing and capital-intensive parts of the industry.

You have been expanding the focus of the company and you've also now been faced with this coronavirus crisis throughout the world. To the best of my memory, you have employees in 35 countries. How have they responded to the crisis and how has Mattel ensured their safety?

We, like the rest of the world, have been facing this challenge that is unprecedented and there is no playbook for that. Our first order of priority was to protect the health and safety of our people and people that work with us all around the world, as you said, have offices and our own facilities in 35 countries, but we sell product in more than 150 countries, so we implemented stringent measures to safeguard personnel in our plants and distribution centers and had to go all the way in some cases and even closed the American Girl retail stores because of quarantine and safety requirements.

With that said, we were able to almost seamlessly transition to a full work-from-home mode, remote work mode. We saw really impressive reaction by the teams. I thought we might face some slowdown in certain areas, but I have to say that we really hardly

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dropped any balls, and almost complete business continuity without any hiccups. This is for a pretty complex enterprise. And so we're very happy with the way the organization has responded.

The global supply chain reacted very rapidly to frequent and unpredictable changes that took place in the various locations where we operate and we've taken the mitigating actions to make

sure that people stay safe. But at the same time we can return our manufacturing operations – in China to begin with and then in other parts of the world – to near normal operating capacity, and we're looking to ensure that this will continue going forward.

Has your approach been different in different countries or regions? Obviously with the coronavirus hitting first in China and other parts of Asia and then moving around the world, did you learn something from operations in one country that you were able to apply to another?

Very much so. The learnings that we developed in China very much served us well in other parts of the world. And in fact we're bringing some of those protocols into the headquarters in Los Angeles as we are now starting to think about returning to work from the office. So this is where being a global operations that promotes cooperation and amplifies communication, which is something we did heavily during this period, we're able to bring some of those learnings and apply them across all of our facilities.

As you know, our family, my wife particularly, were among the founders of the UCLA Children's Hospital and have served on the board. That children's hospital is called the Mattel Children's Hospital and one of our daughters-in-law has been in charge of the Party on the Pier for underprivileged children with health challenges and those in the hospital and others, which Mattel has supported. And so we see Mattel much differently than many others. We see their philanthropic support for children and communities it serves. Has that support changed at all during this COVID pandemic?

First of all, bless you and your family. We do take our role as a responsible corporate citizen very seriously. The latest example – this is something we've just announced yesterday and already canvassed the world because it's such a great, great project – is a new campaign called [Thank You Heroes](#), which is a special line of collectible action figures from Fisher-Price that celebrates the individuals that are part of the frontline fight against COVID-19 as well as everyday heroes who are working to keep communities safe and up and running. This is a series of 16 different action figures featuring a selection of doctors, nurses, delivery drivers, the people that are today serving the communities, even grocery store workers. This line is part of a charitable activity that we do. We are contributing all net proceeds to a charity called [First Responders First](#), which was created to support first responder healthcare workers. It's not a commercial activity, but it already has a lot of interest from a retailers and people looking to pre-buy the assortment. This is just one thing that we did that we announced recently in support of

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the community, but we do a lot more than that whether we at this time donate masks – we've announced recently that we are donating 500,000 masks to different hospitals and frontline workers where we can leverage our production resources and capabilities to do what we can and accelerate support with important gear for the people that make a difference these days.

Has the coronavirus affected the way people interact with your brands at all? They might be going to stores less often. Is the crisis changing kids' behaviors to interact more online, and what has been your response? Is Mattel Playroom one of the efforts you're doing to bond with the kids?

We did launch [Mattel Playroom](#), which was a special project designed to address the needs of the time where people stay home, kids are quarantined, they don't go to school. We launched Mattel Playroom within a matter of weeks. It is a free digital destination that supports parents and caregivers and provides kids with different activities such as the DIY projects, different arts and crafts activities, coloring pages, and so forth and also provides parents and caregivers with advice and expert suggestions of how to manage the time while they stay at home in quarantines.

One of the messages that we carry – this really has been the headline of the Mattel Playroom – is that play is never canceled. You can cancel school, you can suspend retail stores or close movie theaters, but you cannot cancel play. There is a way to be inspired, develop skills, and learn how to innovate and grow as a person. Especially in this time, we maintain this ethos and we try to extend the physical play also to the digital sphere. We today have approximately more than 4 million daily active players across our offering of mobile gaming.

So this is a way to extend our brands beyond the physical, into a digital area. And we're still promoting play as kids do stay home and do look to engage with

brands. And this is where the franchises that we own make a difference, because toys are very special products because they have a strong emotional connection with the consumer. Toys are things that kids hug, they go to bed with. They are a source of inspiration. All of us remember the toys we used to play with, and in the case of Mattel, these are the same toys that our parents played with and now our children play with or our grandchildren play with.

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We've talked about the families around the world, you providing opportunities for the children. What about your own family? How are your children doing? How is your

family doing? And what role, if any, do your own children play as critics of the products and services or ideas for Mattel?

My wife and I have four children, three girls and a boy between the ages of 10 and 15, so a concentrated group of independent thinkers that are very opinionated. I always call them social activists because they have a strong view about the world and what is right and what is wrong, and I'm proud to see how they evolve and develop as individuals. And of course they have a strong opinion about the things that I do, especially about Barbie, which has a particular connection with the girls, and other action figures that appeal more to our son. It's interesting to hear their perspectives. They've all, of course, been to the office and love to hang around and be part of a place that we think is pretty magical at Mattel. It is great to have that type of focus group at home. Even though I always caution myself not to go by one-man focus group, it's still interesting to have their perspective and hear how they think about the world.

Well, I want to thank you for joining us today. Keep healthy and safe for you and your family, and we hope you never lose your own thrill in playing with toys and the excitement they bring to young people. Best of luck to you and your company.

Thank you, Mike. It's been great talking to you.
