

Fourth Quarter and Full Year 2017
Earnings Conference Call Presentation February 22, 2017

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Playback available on www.JAKKS.com/Investors

## EXECUTIVE TEAM ON THE CALL

STEPHEN BERMAN

Chairman \& Chief Executive Officer
DANNY SUNG
Senior Vice President - Finance

## SAFE HARBOR STATEMENT

The Company would like to point out that any comments made about JAKKS Pacific's future performance, events or circumstances, including 2017 estimates of sales and/or EBITDA growth, as well as any other forward-looking statements concerning 2017 and beyond are subject to Safe Harbor protection under Federal securities laws. These statements reflect the Company's best judgment based on current market trends and conditions today, and are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected in forward-looking statements. For details concerning these and other such risks and uncertainties, you should consult JAKKS' most recent 10-K and 10-Q filings with the SEC, as well as the Company's other reports, subsequently filed with the SEC from time to time. As a reminder, this conference is being recorded.

## Q4 2017 RESULTS

(in US \$ millions, except per share data)

|  | Q4 |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | 2017 | 2016 | \$ $\Delta$ | \% $\Delta$ |
| Net Sales | 136.6 | 167.0 | (30.4) | (18\%) |
| Gross Profit \% | 22.1\% | 31.2\% | (910) |  |
| Net (Loss) Attributable to JAKKS | (30.4) | (7.6) | (22.8) | (301\%) |
| Diluted (Loss) Per Share | (1.33) | (0.47) | (0.86) | (183\%) |
| Adjusted EBITDA | (6.8) | 4.0 | (10.8) | (271\%) |

## PRODUCT CATEGORIES - NET SALES



## PRODUCT CATEGORIES



## Q4 2016 Net Sales As \% of Total



## 

## SEGMENT RESULTS



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## Q4 2017 RESULTS

(in US \$ millions, except per share data)

|  | Q4 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 2017 | \% of Sales | 2016 | \% of Sales | \% $\Delta$ |
| Net sales |  | 136.6 |  | 167.0 |  | -18.2\% |
| Cost of sales |  | 106.4 | 77.9\% | 114.9 | 68.8\% | -7.4\% |
| Gross profit |  | 30.2 | 22.1\% | 52.1 | 31.2\% | -42.1\% |
| SG\&A |  | 56.7 | 41.5\% | 54.5 | 32.6\% | 4.1\% |
| Operating Income (Loss) |  | (26.6) | 19.5\% | (2.4) | 1.4\% | NM |
| Interest Expense, net |  | (2.3) | 1.7\% | (3.5) | 2.1\% | 33.5\% |
| Other |  | 0.8 | 0.6\% | 0.2 | 0.0\% | NM |
| Provision for income taxes |  | 0.7 | 0.5\% | 1.9 | 1.1\% | -62.5\% |
| Net (Loss) attributable to JAKKS Pacific, Inc. |  | (30.4) | 22.3\% | (7.6) | 4.5\% | -301.0\% |
| (Loss) per share - diluted | \$ | (1.33) |  | \$ (0.47) |  | 183.0\% |
| Adjusted EBITDA |  | (6.8) | 5.0\% | 4.0 | 2.4\% | -270.2\% |

## Q4 2017 RESULTS (without charges)

(in US \$ millions, except per share data)

|  | Q4 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 2017 | \% of Sales | 2016 | \% of Sales | \% $\Delta$ |
| Net sales |  | 136.6 |  | 167.0 |  | -18.2\% |
| Cost of sales |  | 92.6 | 67.8\% | 114.9 | 68.8\% | -19.4\% |
| Gross profit |  | 44.0 | 32.2\% | 52.1 | 31.2\% | -15.5\% |
| SG\&A |  | 54.3 | 39.8\% | 54.5 | 32.6\% | -0.4\% |
| Operating Income (Loss) |  | (10.3) | 7.5\% | (2.4) | 1.4\% | -329.2\% |
| Interest Expense, net |  | (2.3) | 1.7\% | (3.5) | 2.1\% | 34.3\% |
| Other |  | 0.1 | 0.0\% | 0.2 | 0.1\% | -2.0\% |
| Provision for income taxes |  | 0.7 | 0.5\% | 1.9 | 1.1\% | 63.2\% |
| Tax Impact of Additional Charges |  | 0.7 | NM | - | NM | NM |
| Net (loss) attributable to JAKKS Pacific, Inc. |  | (13.9) | 10.2\% | (7.6) | 4.5\% | 82.9\% |
| (Loss) per share - diluted | \$ | (0.61) |  | (0.47) |  | 29.8\% |
| Adjusted EBITDA |  | (6.8) | 5.0\% | 4.0 | 2.4\% | -270.0\% |

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## Q4 2017 RESULTS

(in US \$ millions)

|  | Q 4 |  |  |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |
|  | 2017 |  | 2016 | $\$ \Delta$ | $\% \Delta$ |  |
| Cash Flow From Operations | 17.2 |  | 37.4 |  | $(20.2)$ | $(53.9 \%)$ |
| Free Cash Flow | 12.8 |  | 33.9 |  | $(21.1)$ | $(62.3 \%)$ |

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## BALANCE SHEET HIGHLIGHTS

(in US \$ millions)

|  | As of December 31 |  | \$ $\Delta$ |
| :---: | :---: | :---: | :---: |
|  | 2017 | 2016 |  |
| Cash \& Cash Equivalents and Restricted Cash | 65.0 | 86.1 | (21.1) |
| Accounts Receivable, net | 142.5 | 173.6 | (31.1) |
| Inventory, net | 58.4 | 75.4 | (17.0) |
| Accounts Payable and Accrued Liabilities | 109.7 | 106.8 | 2.9 |
| Working Capital | 146.9 | 236.6 | (89.7) |



THANK YOU

