



Fourth Quarter and Year End 2018
Earnings Conference Call Presentation
February 26, 2019

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EXECUTIVE TEAM ON THE CALL

STEPHEN BERMAN

Chairman & Chief Executive Officer

BRENT NOVAK

Executive Vice President & Chief Financial Officer





SAFE HARBOR STATEMENT

The Company would like to point out that any comments made about JAKKS Pacific's future performance, events or circumstances, including 2019 estimates of sales and/or EBITDA growth, as well as any other forward-looking statements concerning 2019 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.





CEO OVERVIEW

Net Sales down approximately 3% in Q4 and 7% full year

- Excluding sales to TRU, our sales were up 12% in Q4 and 1% for the full year.
- Q4 saw strong performances for online sales and International segment

Industry Disruption:

- TRU bankruptcy/liquidation had a significant adverse impact on 2018
 - NPD reported total sales in the US were down 2% - mainly due to the fact that retailers were unable to make up the lost TRU sales
- Bankruptcy/liquidation of global retail partners disrupted the broader retail market

Actual Relative to Forecast:

- Delivered net sales and adjusted EBITDA for the quarter that exceeded our internal forecasts for the second consecutive quarter
- Nice product performances from Harry Potter, MorfBoard, and TP Blaster
- Increase in sales to online retailers





Products that performed well in Q4 include:

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- A collection of six baby dolls arranged in two rows of three. Each doll is wearing a different outfit, including various combinations of shirts, pants, and hats. The outfits range from simple onesies to more complex two-piece sets with hats. The dolls are posed in a way that shows their full bodies.





Q4 2018 RESULTS

(In US \$000's except per share data)

	Q4			
	2018	2017	\$ Δ	% Δ
Net Sales	132,326	136,628	(4,302)	(3%)
Gross Profit %	30.6%	22.1%	850 bps	
Net Income (Loss) Attributable to JAKKS	(3,247)	(30,413)	27,166	NM
Diluted Earnings (Loss) Per Share	(0.14)	(1.33)	1.19	NM
Adjusted EBITDA	(1,572)	(6,847)	5,275	NM





PRODUCT CATEGORIES – NET SALES

(In US \$ millions)

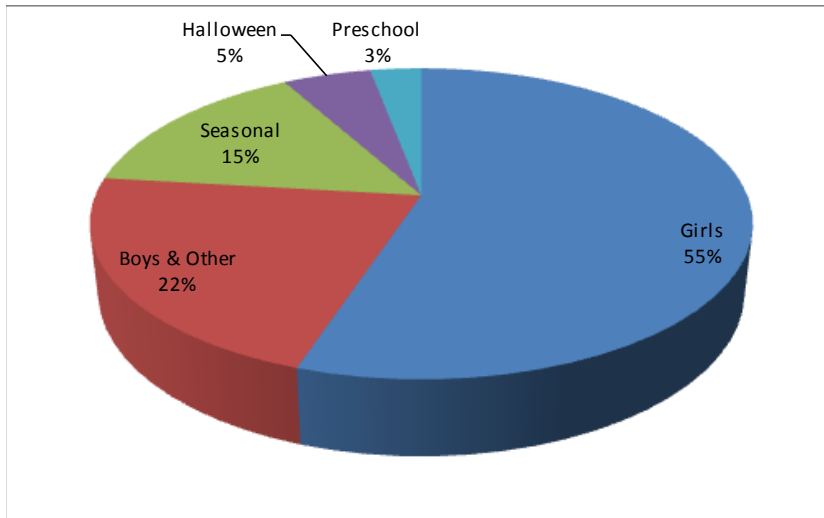
	Q4			
	2018	2017	\$ Δ	% Δ
Girls	72.9	85.2	(12.3)	(14%)
Boys & Other	28.8	21.1	7.7	36%
Seasonal	19.9	22.5	(2.6)	(12%)
Halloween	6.8	5.7	1.1	19%
Preschool	3.9	2.1	1.8	86%
Total	132.3	136.6	(4.3)	(3%)



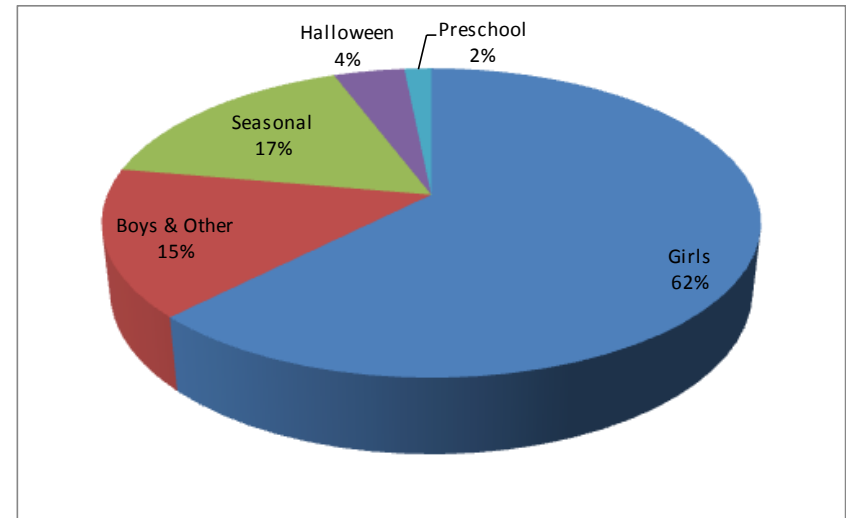


PRODUCT CATEGORIES

Q4 2018 Net Sales As % of Total



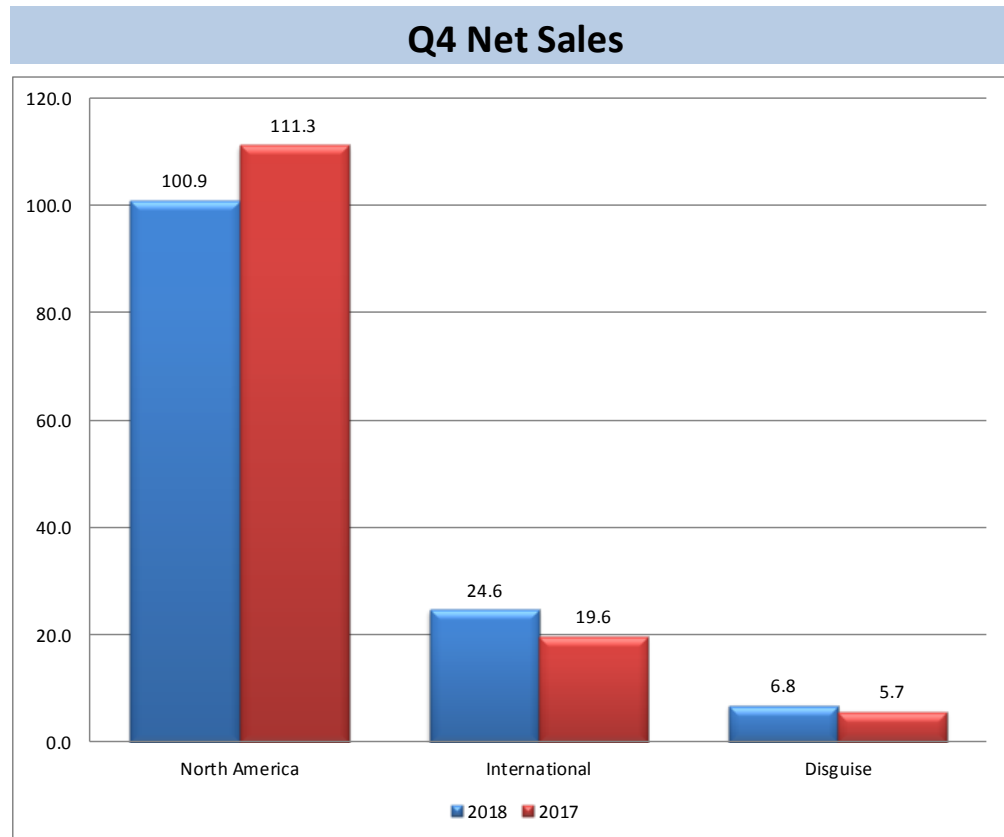
Q4 2017 Net Sales As % of Total





SEGMENT RESULTS

(In US \$ millions)





Q4 2018 RESULTS

(In US \$000's except per share data)

	Q4				
	2018	% of Sales	2017	% of Sales	% Δ
Net sales	132,326	100%	136,628	100%	(3%)
Cost of sales	91,840	69%	106,468	78%	(14%)
Gross profit	40,486	31%	30,160	22%	34%
SG&A	44,904	34%	56,740	41%	(21%)
Operating loss	(4,418)	(3%)	(26,580)	(19%)	NM
Interest expense, net	(2,992)	(2%)	(2,322)	(2%)	29%
Other income (expense), net	5,310	4%	(869)	(1%)	NM
Provision for income taxes	1,243	1%	716	0%	74%
Net loss attributable to non-controlling interests	(96)	(0%)	(74)	(0%)	NM
Net loss attributable to JAKKS Pacific, Inc.	(3,247)	(2%)	(30,413)	(22%)	NM
Loss per share - diluted	\$ (0.14)		\$ (1.33)		NM
Adjusted EBITDA	(1,572)	(1%)	(6,847)	(5%)	NM





Q4 2018 RESULTS

(in US \$ millions)

	Q4			
	2018	2017	\$ Δ	% Δ
Cash Flow From Operations	(3.3)	17.6	(20.9)	(119%)
Free Cash Flow	(5.5)	13.1	(18.6)	(142%)





BALANCE SHEET HIGHLIGHTS

(In US \$ millions)

	As of December 31		
	2018	2017	\$ Δ
Cash & Cash Equivalents and Restricted Cash	58.2	65.0	(6.8)
Accounts Receivable, net	122.3	142.5	(20.2)
Inventory	53.9	58.4	(4.5)
Accounts Payable and Accrued Liabilities	116.9	109.7	7.2
Working Capital	106.0	146.9	(40.9)





2019 OUTLOOK

- We expect more of the TRU business to be picked up by other retailers and we expect the big winners to be customers we have strong relationships with. We still have to anniversary shipments to TRU in the first quarter of 2018, but after that, the comparisons are easier
- 2019 is shaping up to be a content-rich year and we have licenses that we expect will drive sales
- We continue to focus on expanding our own IP, consistent with our strategic goal of having our own IP constitute a higher portion of our total sales
- Projected net sales to be up by approximately 5% with improved Adjusted EBITDA





2019 LICENSED PRODUCT DRIVERS



Fancy Nancy



Toy Story 4



Little Mermaid



Frozen



Harry Potter



Becca's Bunch



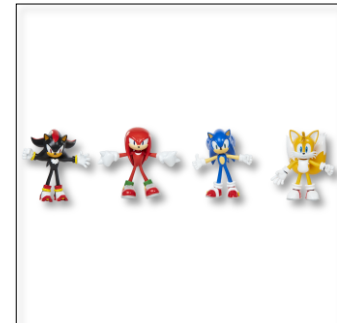
Gigantosaurus



Godzilla



MegaMan

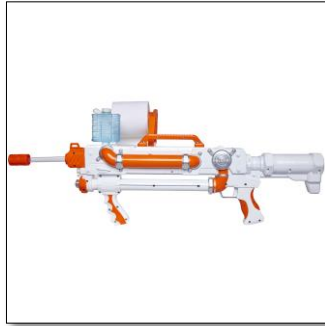


Sonic the Hedgehog





2019 PRODUCT DRIVERS – JAKKS IP



TP Blaster Sheet Storm



MorfBoard E-Scoot



Slap Ninja



Piñata Fiesta



X-Power Dozer





THANK YOU

