



Second Quarter 2018
Earnings Conference Call Presentation
July 26, 2018

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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 2018 estimates of sales and/or EBITDA growth, as well as any other forward-looking statements concerning 2018 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 11.5% in Q2 and 7.1% for the first six months

- Full year 2018 sales likely to be down vs 2017

Toys R Us:

- TRU bankruptcy/liquidation had a significant adverse impact on Q2 results
- TRU liquidation disrupted the broader retail market
- Expect disruption to continue throughout 2018

International:

- Sales were negatively impacted by the loss of Toys R Us
- Sales were encouraging growing by over 25% in Q2
 - geographic expansion and new warehouses
 - strength in Europe
 - launch of Incredibles 2 and Squish-Dee-Lish





CEO OVERVIEW

Q2 Product Performance

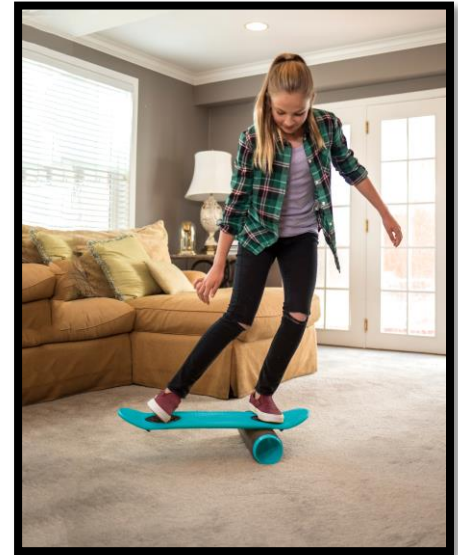
Products that performed well in Q2 include:

- Incredibles 2
 - Incredibles 2 DVD/streaming provides a 2nd opportunity for engagement with the property
- Squish-Dee-Lish
- Fancy Nancy
 - Fancy Nancy ranked No.1 for Girls 2-5; already been picked up for a 2nd season
- Perfectly Cute (private label)
- MorfBoard
 - MorfBoard priced and positioned as a great holiday gift
- JigglyDoos





CEO OVERVIEW



MORFBOARD





CEO OVERVIEW



INCREDIBLES 2





Q2 2018 RESULTS

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

	Q2			
	2018	2017	\$ Δ	% Δ
Net sales	105,781	119,565	(13,784)	(11.5%)
Gross profit %	26.4%	28.2%	(180) bps	
Net income (loss) attributable to JAKKS Pacific, Inc.	(18,559)	(16,742)	(1,817)	10.9%
Earnings (loss) per share - basic and diluted	(0.80)	(0.77)	(0.03)	3.9%
Adjusted EBITDA	(8,490)	(5,357)	(3,133)	58.5%





PRODUCT CATEGORIES – NET SALES

(In US \$ millions)

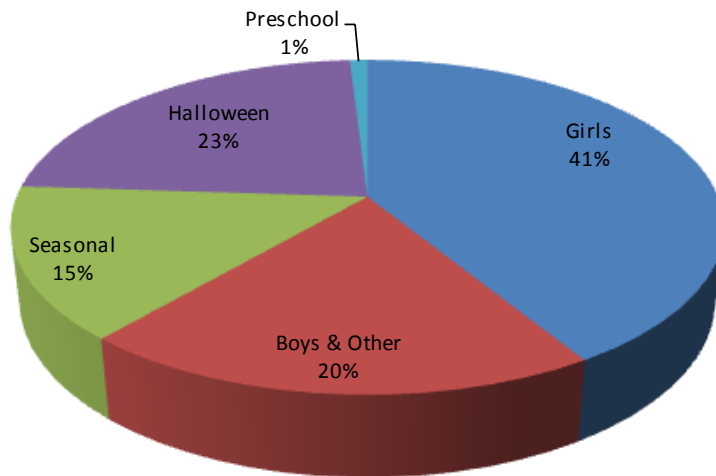
	Q2			
	2018	2017	\$ Δ	% Δ
Girls	43.6	51.3	(7.7)	(15.0%)
Boys & other	21.2	15.2	6.0	39.5%
Seasonal	15.6	19.9	(4.3)	(21.6%)
Halloween	24.4	31.9	(7.5)	(23.5%)
Preschool	1.0	1.3	(0.3)	(23.1%)
Total	105.8	119.6	(13.8)	(11.5%)



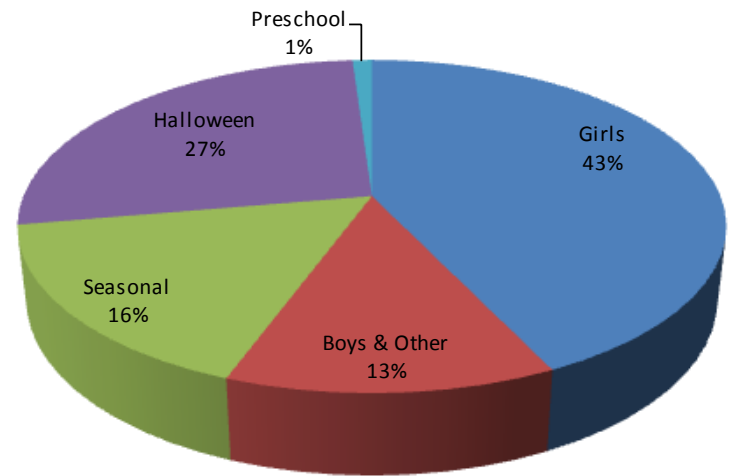


PRODUCT CATEGORIES

Q2 2018 Net Sales As % of Total



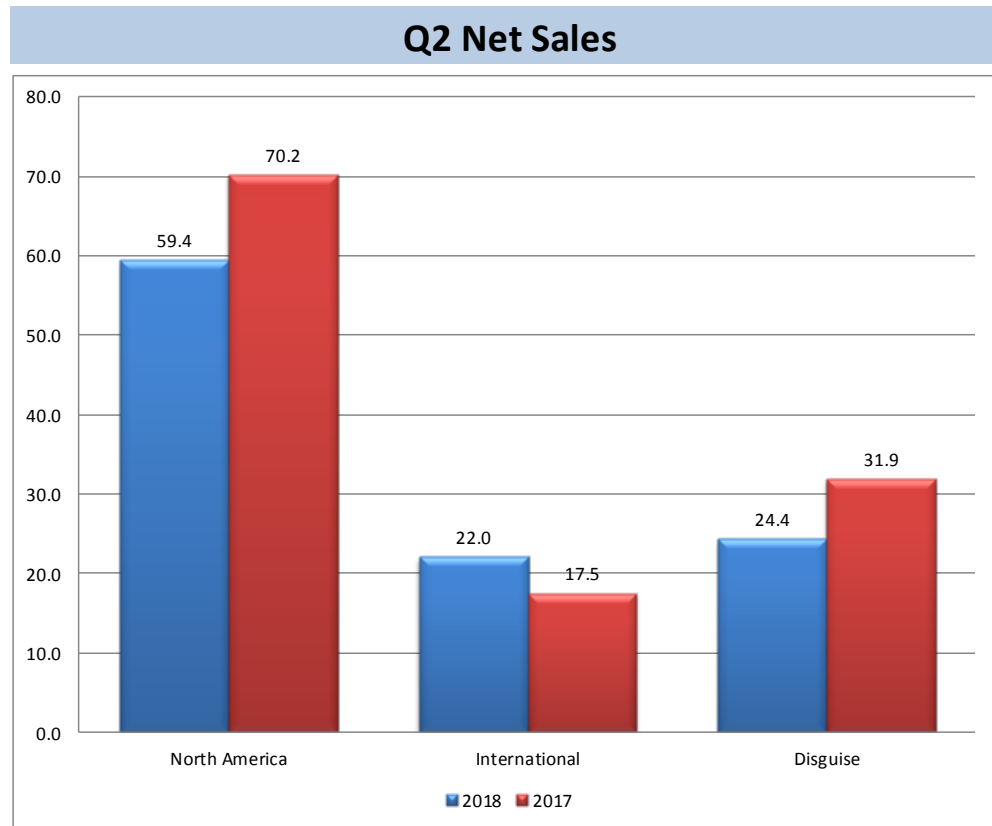
Q2 2017 Net Sales As % of Total





SEGMENT RESULTS

(In US \$ millions)





Q2 2018 RESULTS

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

	Q2				
	2018	% of Sales	2017	% of Sales	% Δ
Net sales	105,781	100.0%	119,565	100.0%	(11.5%)
Cost of sales	77,840	73.6%	85,846	71.8%	(9.3%)
Gross profit	27,941	26.4%	33,719	28.2%	(17.1%)
SG&A	40,081	37.9%	47,827	40.0%	(16.2%)
Operating income (loss)	(12,140)	(11.5%)	(14,108)	(11.8%)	(13.9%)
Interest expense	(2,197)	(2.1%)	(2,537)	(2.1%)	(13.4%)
Other	(2,131)	(2.0%)	219	0.2%	NM
Provision for income taxes	2,091	2.0%	316	0.3%	NM
Net income (loss) attributable to JAKKS Pacific, Inc.	(18,559)	(17.6%)	(16,742)	(14.0%)	10.9%
Earnings (loss) per share - basic and diluted	\$ (0.80)		\$ (0.77)		3.9%
Adjusted EBITDA	(8,490)	(8.0%)	(5,357)	(4.5%)	58.5%





BALANCE SHEET HIGHLIGHTS

(In US \$ millions)

	As of June 30		
	2018	2017	\$ Δ
Cash & Cash Equivalents and Restricted Cash	63.0	67.6	(4.6)
Accounts Receivable, net	100.3	110.5	(10.2)
Inventory	62.2	81.2	(19.0)
Accounts Payable and Accrued Liabilities	124.9	98.4	26.5
Working Capital	85.0	191.0	(106.0)





Q2 2018 RESULTS

(in US \$ millions)

	Q2			
	2018	2017	\$ Δ	% Δ
Cash Flow From Operations	2.7	3.3	(0.6)	(18.2%)
Capital Expenditures	3.9	3.2	0.7	21.9%
Free Cash Flow	(1.3)	0.1	(1.4)	NM





2018 PRODUCT DRIVERS



MorfBoard



Incredibles 2



Seasonal



Fancy Nancy



Squish-Dee-Lish



Disguise



Studio JP





THANK YOU

