

Toy market overview

Key Facts & Figures



Milan - May 25th 2018



2017 was the largest year ever for the global Toy Market



+2.3% CAGR

2011
\$79_{BN}

2017
\$90₊_{BN}

Source The NPD Group |
Global toy report 2016 &
Retail Tracking Service FY
2017

G12 - 2017 Key take-away

+1%

Toy sales \$49BN
(~ +\$700MM)

-1%

Nov-Dec lagged behind
(Jan-Oct +3%)

7/11

Super Categories ↗

+14%

Collectibles 8% of \$ sales
ROM flat

-4%

Licensed 26% of sales
Unlicensed +4%

+8%

Online 27% of U.S.+EU5
sales* ; Offline -1%



Source: The NPD Group | Retail Tracking Service G12 FY 2017 | * Consumer Panel

2017 product trends

Traditional play patterns, collectibles, viral, innovation & kidults

+15%

Playset dolls



+16%

Miscellaneous



+5%

Games excl.
STCG



+9%

Non Powered
Vehicles



Battling toys



Top gaining subsegments in \$MM

Source: The NPD Group | Retail Tracking Service | FY 2017

EU8 - Top 5 new properties

3 brands, 1 movie & 1 TV show

1

PJ Masks



2

L.O.L.
Surprise!



3

LEGO
Batman



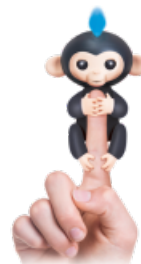
4

Enchantimals



5

Fingerlings



Source: The NPD Group | Retail Tracking Service | EU8 FY 2017

#Playforward

Innovation & agility



Collectibles 2.0



Speed-to-market



Digital



Unboxing



Grow beyond Fall



Channel strategy



Social Media



Licensing 2.0



Sustainability



Traditional play
patterns



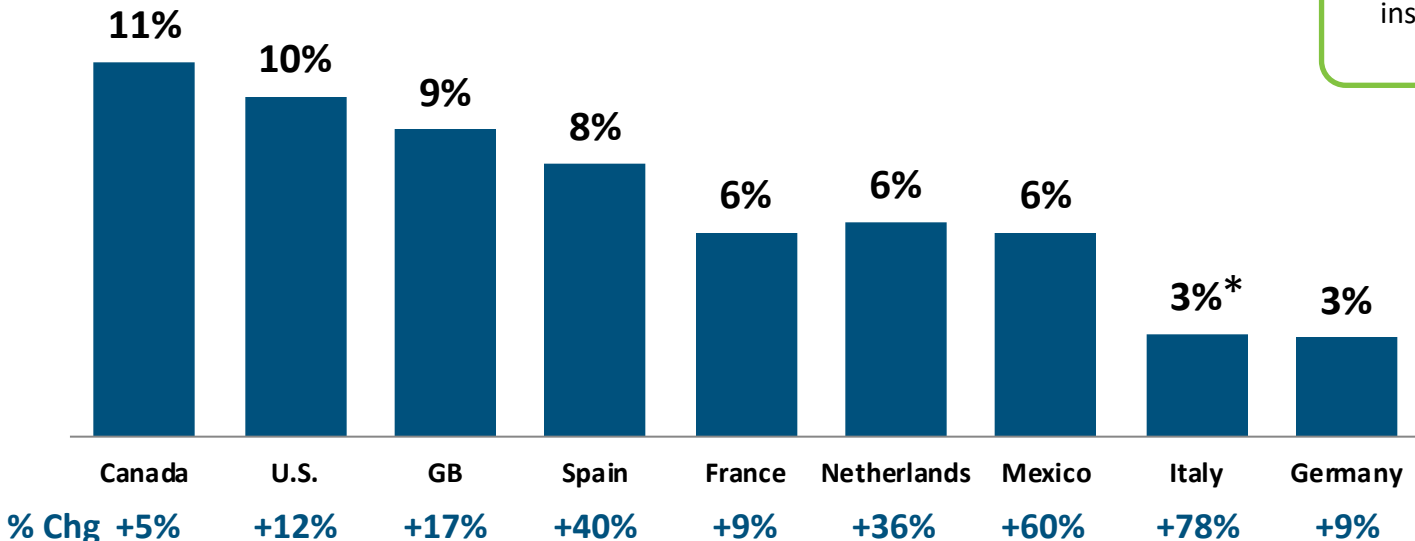
Kidults (12+)



Global

Collectibles: \$4BN of \$ sales, up +14%

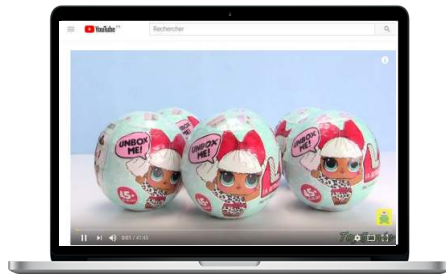
% of Collectibles / total toys



L.O.L. Surprise!

#1 toy in EU5 & U.S.

inspired by unboxing YouTube videos
Marketing online essentially



Source: The NPD Group | Retail Tracking Service * Panel doesn't cover kiosks | EU8 YTD Dec-17

Collectibles 2.0: continued growth through re-invention



Multi sensory
(squishy)



DIY



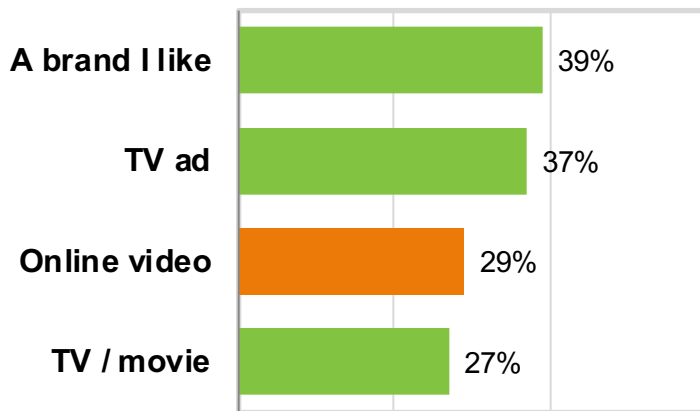
Boys / Toilet



Big reveal 2.0

US - What influences kids wishlist

Favourite brand & TV ads remain paramount but online videos are #3



Which of the following influences your child's Holiday wishlist?



Reaching Gen Z through Social Media

Source: The NPD Group U.S. omnibus November 2017 survey

Social Media acts as catalyst for crazes



Speed to market / agility

A photograph of three young women walking down a city street, smiling and looking towards the camera. They are all carrying shopping bags. The woman on the left is wearing a grey coat over a light-colored top and blue jeans. The woman in the middle is wearing a black leather jacket over a plaid shirt and blue jeans. The woman on the right is wearing a yellow jacket over a striped shirt and blue jeans, and is holding a coffee cup. The background shows a city street with buildings and other people. The entire image has a blue tint.

RETAIL: A CHALLENGING ENVIRONMENT

Context & impact on the distribution in Europe

Aging Population

65 y.o+
19% in 2015 (+4 pts vs 2005)

Uncertain Conjuncture

Brexit, Turkey & Russia, nationalism in Spain, refuge & terrorism

Youth Unemployment

18,7%
(+4 points vs 2007)

Urbanisation & Mobility

72% of European population live in urban areas
(vs 50% rest of world)

Pollution

80% of World population is exposed to pollution

Millennials, Gen-Z

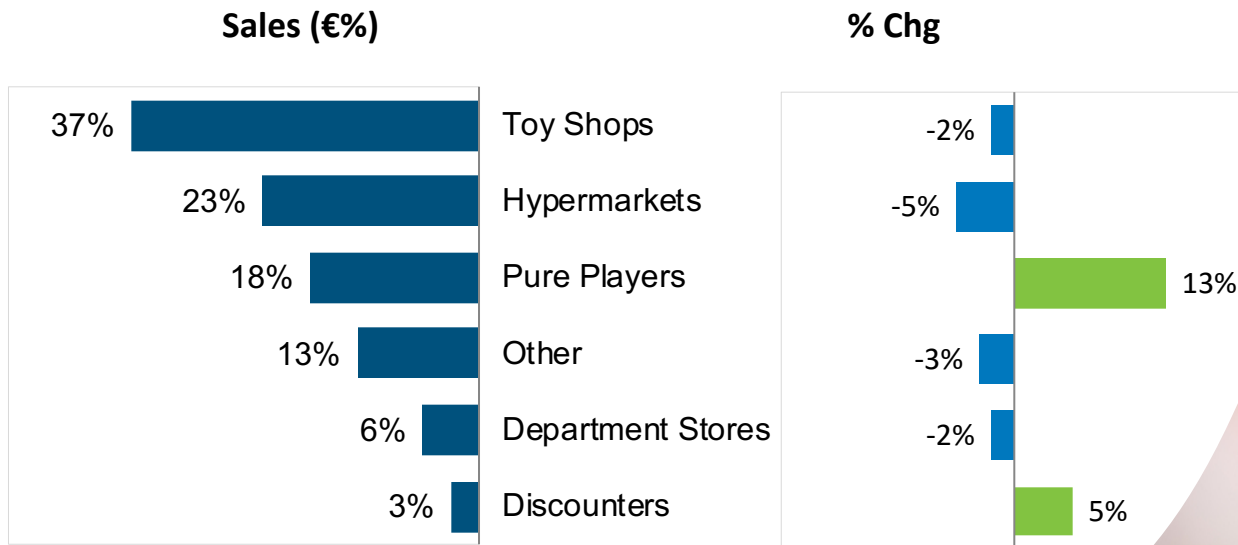
Ultra-connected, volatile

Source: Eurostat

EU5 - Performance by channel

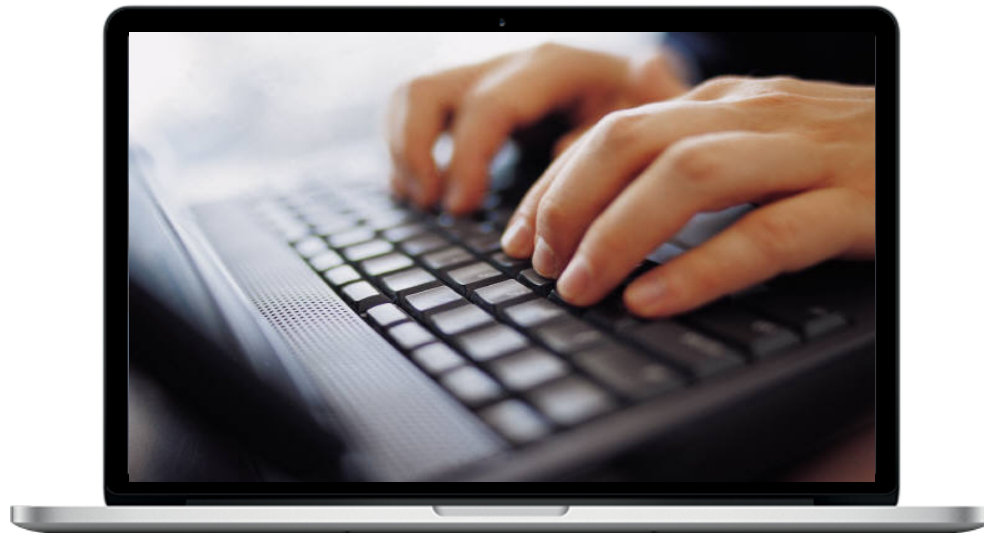
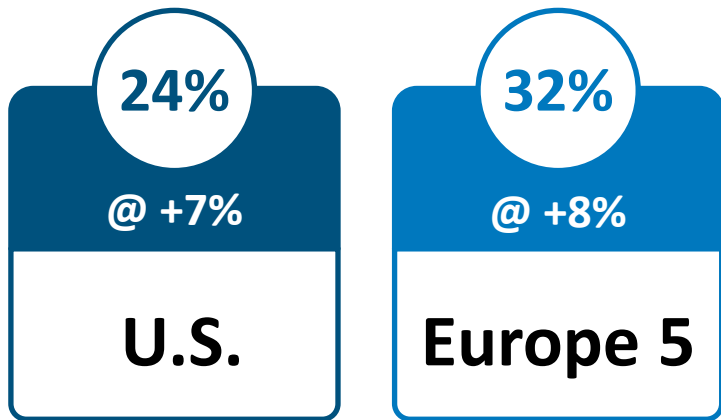
Hypermarkets lost share in 2017

Pure players & discounters grow fastest



Source: The NPD Group | Consumer Panel Service | FY 2017

Online: 27% of all toy sales, up +8% in 2017

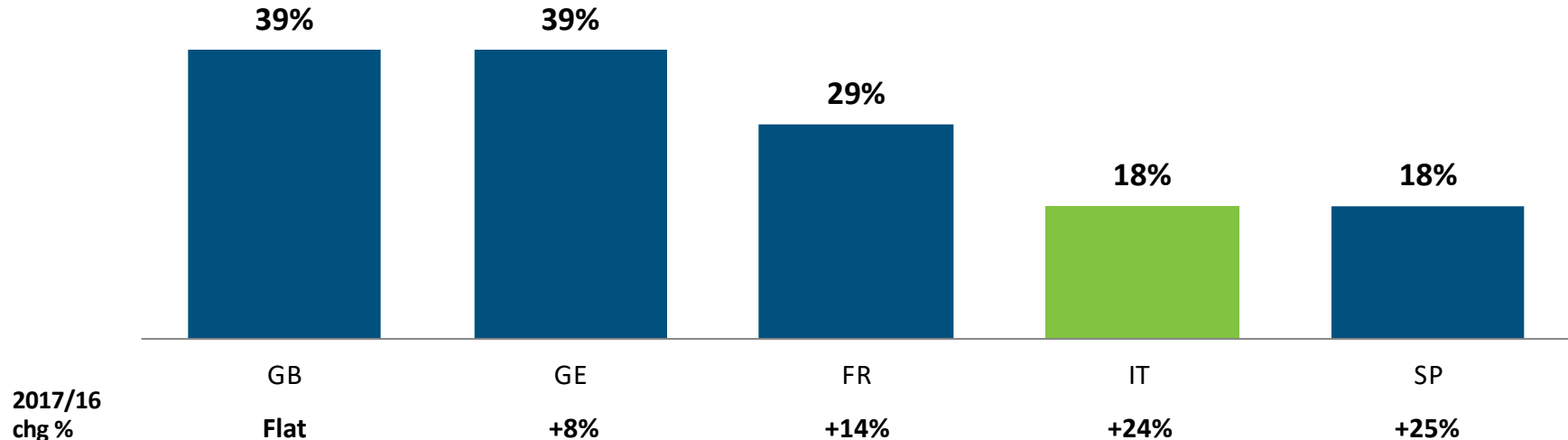


Source: The NPD Group | Consumer Panel Service | U.S. & EU5 | FY 2017

EU5 – Online continues to grow in all countries

Italian online sales continue to grow double-digits & this is expected to continue as penetration is still lower vs U.K. & Germany

EU5 € share of online sales by country



Growth opportunity for new channels?

DTC

Still a rare concept in toys, DTC is well-developed in other industries we track

“2018 will be the year when brands will need to realise & act on the importance of selling direct to consumers.”

Less and less stores, development of private labels... “so brands who will want to maintain volumes will need to find others to sell them or sell themselves”

28%

of sales
+30% YoY



“



MARSHALL COHEN

Chief Industry
Advisor

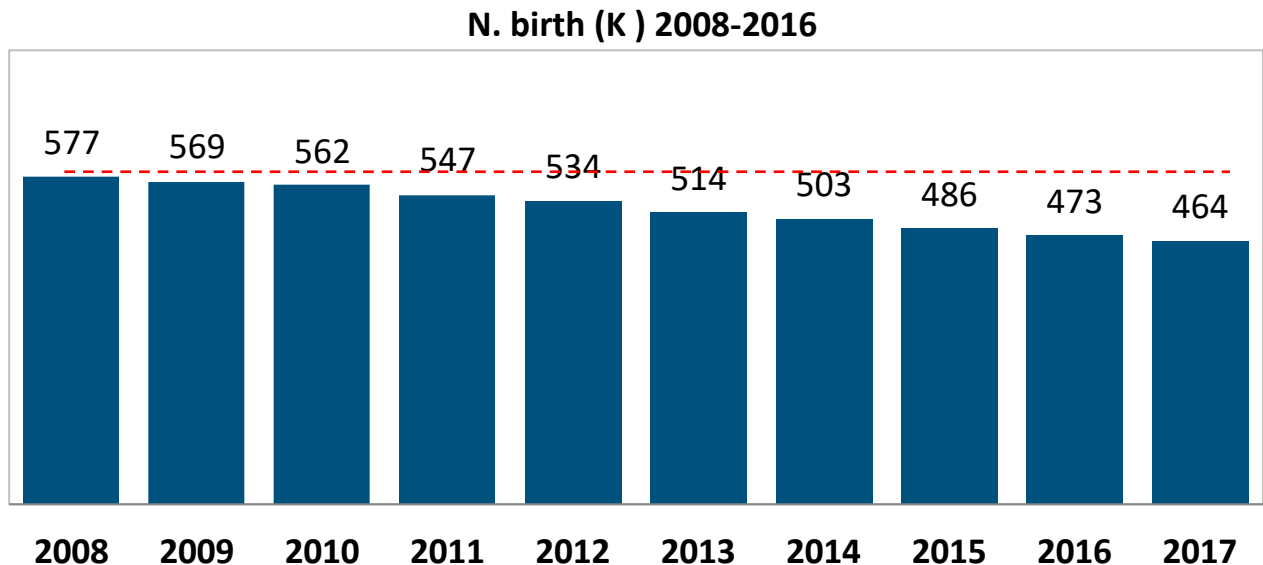


A photograph of three young women walking down a city street in Italy. The woman on the left is blonde, wearing a grey coat and blue skirt, holding a shopping bag. The woman in the middle is blonde with a braid, wearing a denim jacket and holding a shopping bag. The woman on the right is Black, wearing a yellow jacket and holding a coffee cup. They are all smiling. The background shows a city street with buildings and a shop window with mannequins. The image has a blue tint.

QUICK LOOK @ JANUARY-APRIL 2018 RESULTS ITALY

Birthrate: -20% vs. 2008

Italy missing 538K children in total over the last 9 years (vs. a target of 577)

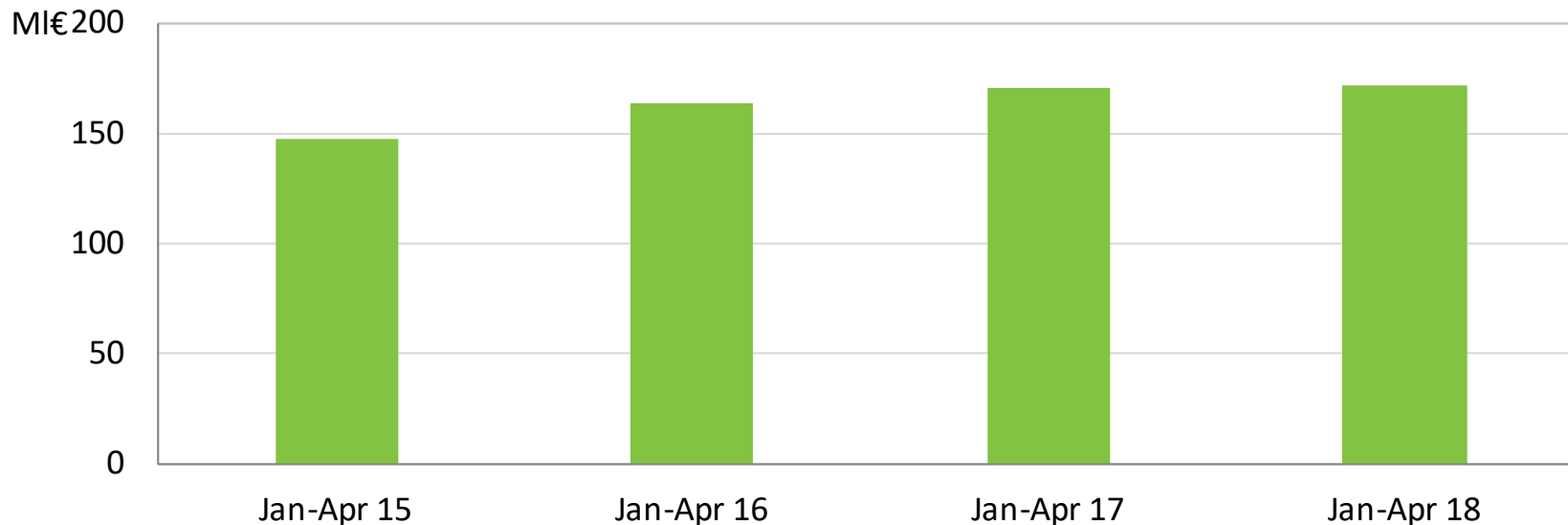


Source: ISTAT

Italy – Jan-Apr +1,1% vs 2017

Timid positive development, mainly driven by increase of the ASP: volume sold are -2% (first time in 4 years).

Excluding seasonal items* the market would have recorded +2,8%.

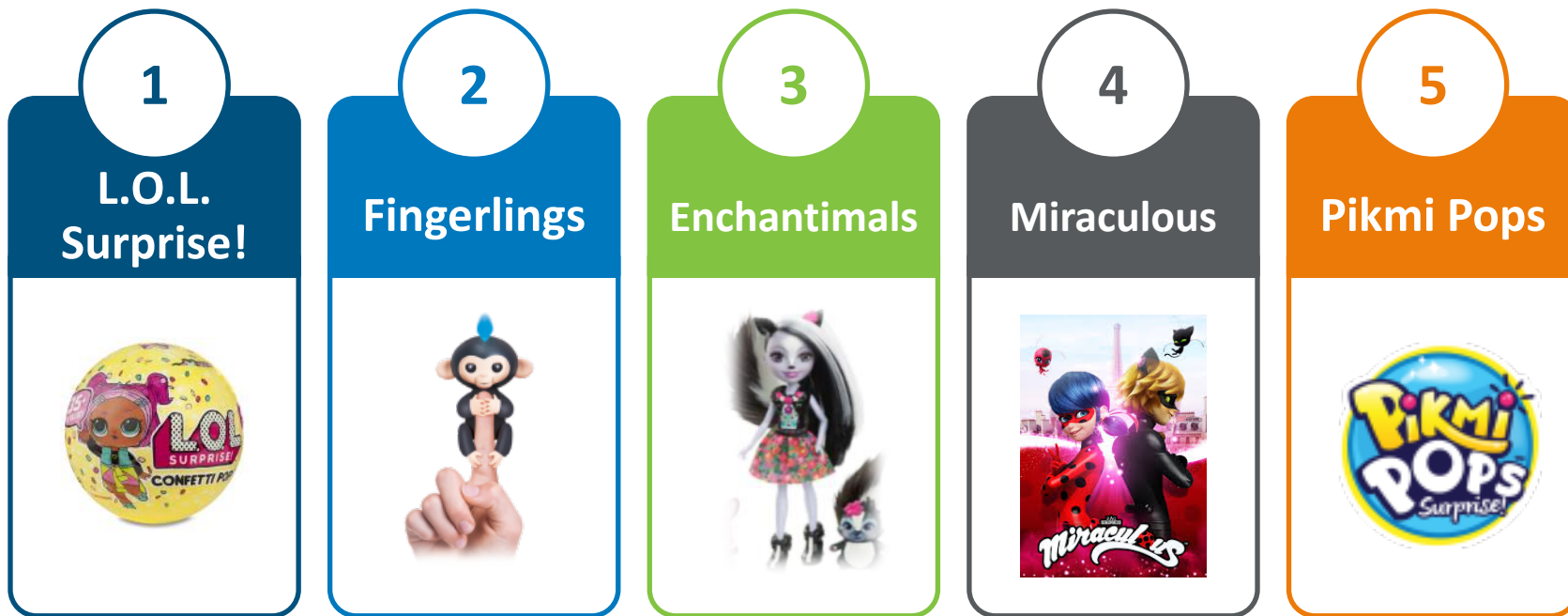


* Toys Ephipany Socks & Easter Eggs

Source: The NPD Group | Retail Panel Service | Italy

Italy - Top 5 new properties (=no sales during YTD April 2017)

4 brands, 1 TV show



Source: The NPD Group | Retail Panel Service | Italy | Jan-Apr 2018

Thank you!

Apparel
Appliances
Automotive
Beauty
Books
Consumer Electronics
E-commerce
Entertainment
Fashion Accessories
Food Consumption
Foodservice
Footwear
Home
Juvenile Products
Mobile
Office Supplies
Retail
Sports
Technology
Toys
Travel Retail
Video Games
Watches / Jewelry