



# Third Quarter 2014 Earnings Presentation

October 20, 2014

# Safe Harbor

*FORWARD-LOOKING STATEMENTS: This presentation contains forward-looking statements concerning management's expectations, goals, objectives and similar matters, which are subject to risks and uncertainties. These forward-looking statements may include comments concerning our product and entertainment plans, anticipated product performance, business opportunities, plans and strategies, costs and cost savings initiative, financial goals and expectations for our future financial performance and achieving our objectives. There are many factors that could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in these forward-looking statements, including consumer and retailer interest in and acceptance of our products and product lines, changes in marketing and business plans and strategies as well as future global economic conditions, including foreign exchange rates. Some of those factors are set forth in the Company's Annual Reports on Form 10-K, in the Company's Quarterly Reports on Form 10-Q, in the Company's Current Reports on Form 8-K, the risk factors in the earnings release for the third quarter and in the Company's other public disclosures. The Company undertakes no obligation to make any revisions to the forward-looking statements contained in this presentation to reflect events or circumstances occurring after the date of this presentation.*

*REGULATION G: Information required by Securities and Exchange Commission Regulation G, regarding non-GAAP financial measures, as well as other financial and statistical information, will be available at the time of the conference call on the Investor Relations' section of Hasbro's website at: <http://investor.hasbro.com>, under the subheading "Financial Information" – "Quarterly Results."*



# Hasbro: Creating a Revolution in Play



Geography

Consumer Engagement

Hasbro & Partner Brands

Hasbro is creating a branded play world with global brands, engaging storytelling, immersive experiences and digital and analog innovation for consumers across all geographies.

# Third Quarter 2014 Snapshot

Momentum in Franchise Brands and key partner brands;  
Positive results of investments globally; Benefits of leading  
with compelling content and storytelling

## ➤ Q3 Net revenues \$1.47B up 7% year-over-year

- U.S and Canada segment up 4%; International segment up 11%; Entertainment and Licensing segment up 10%
- Emerging markets continue to post strong gains: Up 29% year-over-year

## ➤ Franchise Brands up 36% year-over-year

- All seven Franchise Brands grew double-digits year-over-year
- LITTLEST PET SHOP; MAGIC: THE GATHERING; MONOPOLY; MY LITTLE PONY; NERF; PLAY-DOH; TRANSFORMERS

## ➤ Adjusted operating profit up 9% year-over-year to 19.4% of revenues

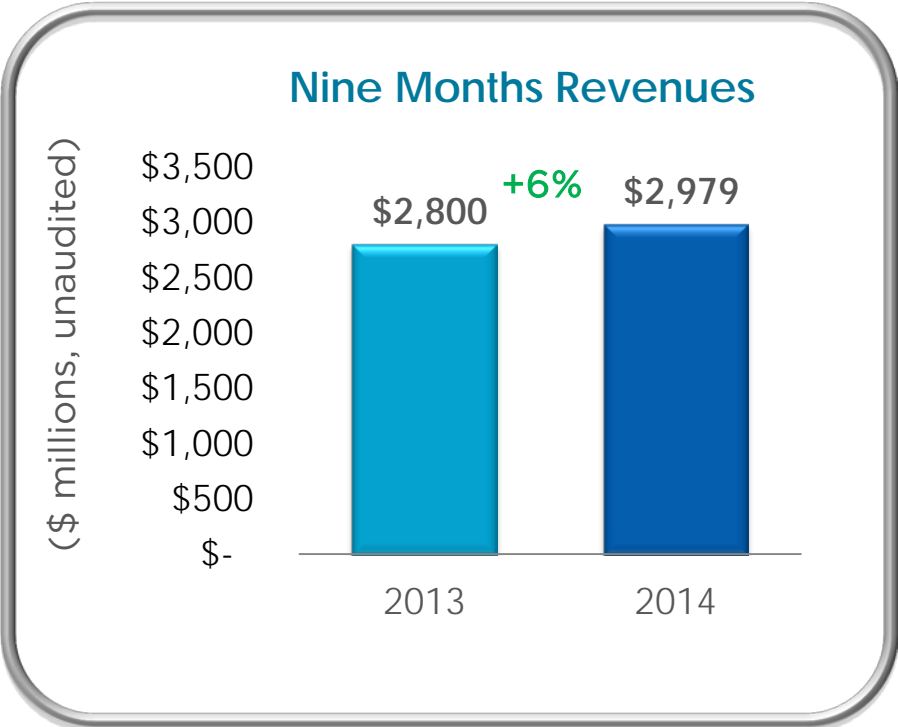
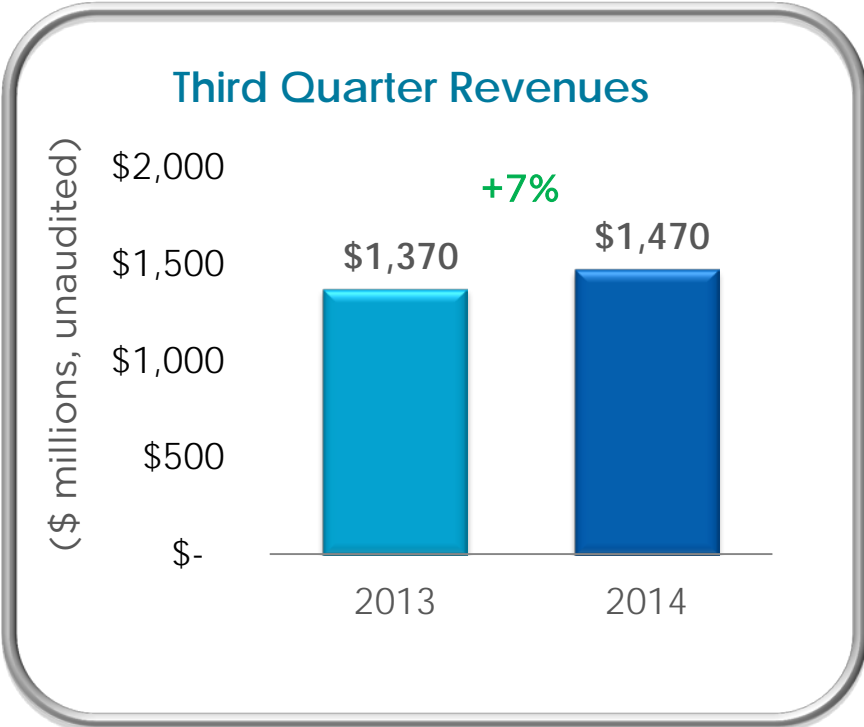
- U.S and Canada segment profit up 16%
- International segment profit up 10%
- Entertainment & Licensing segment down year-over-year

## ➤ Adjusted Net Earnings of \$187.8M, or \$1.46 per diluted share, in Q3 2014 vs. \$172.5M, or \$1.31 per diluted share, in Q3 2013

*Q3 2014 Adjusted results excludes \$11.6 million pre-tax charges, or \$0.06 per diluted share, related to restructuring of the Company's investment in the Hub Network joint venture. Q3 2013 Adjusted results exclude a pre-tax \$75.5 million, or \$0.50 per diluted share, charge related to an adverse arbitration award; pre-tax charge of \$4.1 million, or \$0.03 per diluted share, of restructuring and partial pension settlement charges; and a \$23.6 million, or \$0.18 per diluted share, favorable tax adjustment. Refer to slides 27, 28 and 30 for a reconciliation of "As Reported" to "As Adjusted" financials.*



# Third Quarter & Nine Months Net Revenue Performance



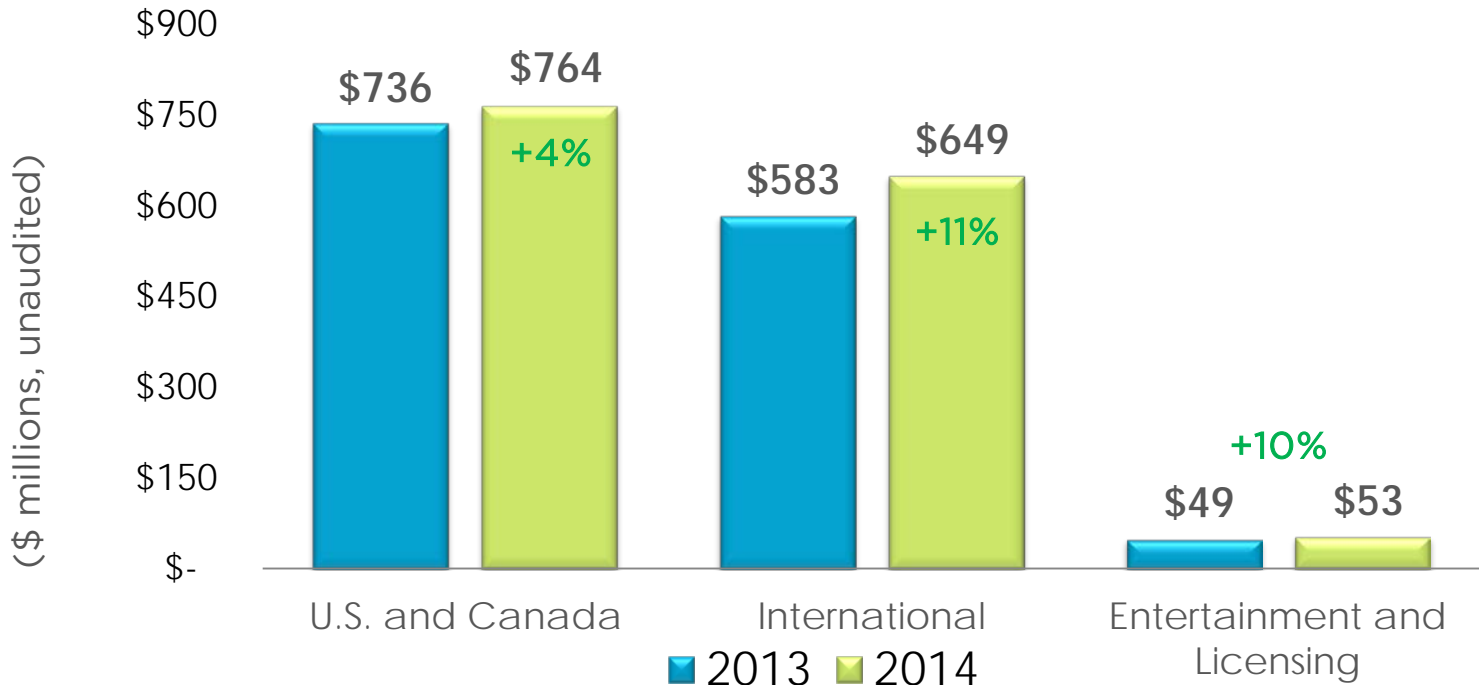
Third Quarter Revenues Up in All Operating Segments: U.S. and Canada; International; Entertainment and Licensing

Third Quarter Revenues Up in All Seven Franchise Brands

Foreign Exchange had a Negative \$11M Impact on Q3 and a Negative \$18M Impact for the Nine Months 2014



# Third Quarter Segment Net Revenues



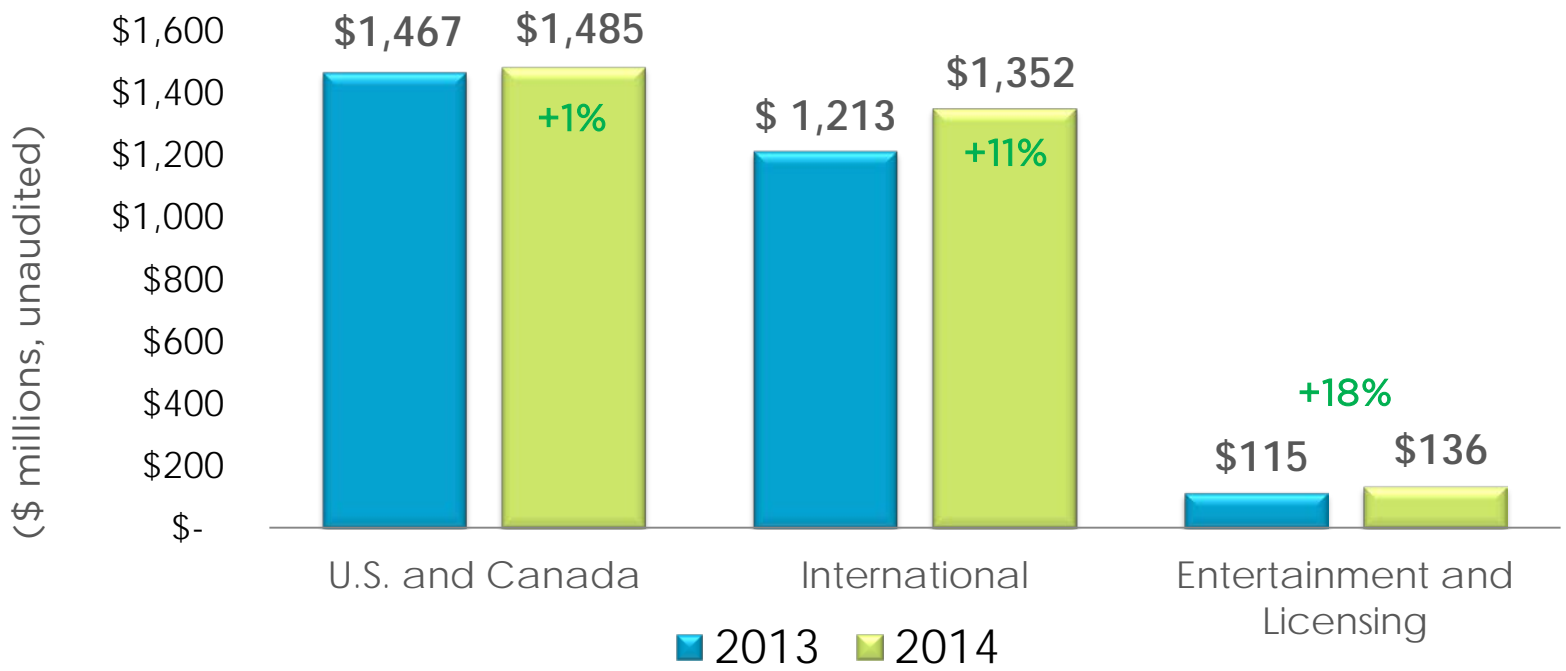
U.S. and Canada  
 Positive POS trends; U.S. retail inventories down slightly overall, but retail inventories supporting growing brands

International  
 Revenues up 13% absent foreign exchange impact; Emerging markets up 29%; Europe up 7%; Latin America up 24%; Asia Pacific up 11%;

Entertainment and Licensing  
 Revenue growth driven by Lifestyle Licensing for Franchise Brands, MY LITTLE PONY & TRANSFORMERS



# Nine Months Segment Net Revenues



U.S. and Canada  
 Revenue growth in Q3 resulting in 1% increase for nine month period

International  
 Revenues up 13% absent foreign exchange impact; Emerging markets up 26%; Europe up 10%; Latin America up 20%; Asia Pacific up 7%;

Entertainment and Licensing  
 Lifestyle Licensing and Backflip Studios contributing to growth in nine month period



## Third Quarter & Nine Months Net Revenues By Product Category

(\$ millions, unaudited)	Q3 2014	Q3 2013	% Change	9 Mo. 2014	9 Mo. 2013	% Change
Boys	\$ 479	\$ 392	+22%	\$ 1,062	\$ 888	+20%
Games	395	387	+2%	841	874	-4%
Girls	408	389	+5%	710	653	+9%
Preschool	188	202	-7%	365	385	-5%
<b>Total</b>	<b>\$ 1,470</b>	<b>\$1,370</b>	<b>+7%</b>	<b>\$ 2,979</b>	<b>\$2,800</b>	<b>+6%</b>

Growth in all Franchise Brands in Q3 and six of seven in first nine months;  
MARVEL remains strong contributor to revenue growth;  
FURBY declined in Q3 as expected; Sesame Street down





# Third Quarter Major Expense Items

*(Absent Charges)*

(\$ millions, unaudited)	Q3 2014	Q3 2013	% Change YOY	Q3 2014 % of Revenue
Cost of Sales	\$603	\$569	+6%	41.0%
Royalties	\$ 97	\$ 87	+11%	6.6%
Product Development	\$ 58	\$ 59	-2%	4.0%
Advertising	\$ 147	\$ 136	+8%	10.0%
Amortization of Intangibles	\$ 13	\$ 14	-10%	0.9%
Program Production Cost Amortization	\$ 24	\$ 18	+35%	1.7%
Selling, Distribution & Administration	\$243	\$227	+7%	16.5%

Refer to slides 27 and 28 for a reconciliation of "As Reported" to "As Adjusted" financials.



# Nine Months Major Expense Items

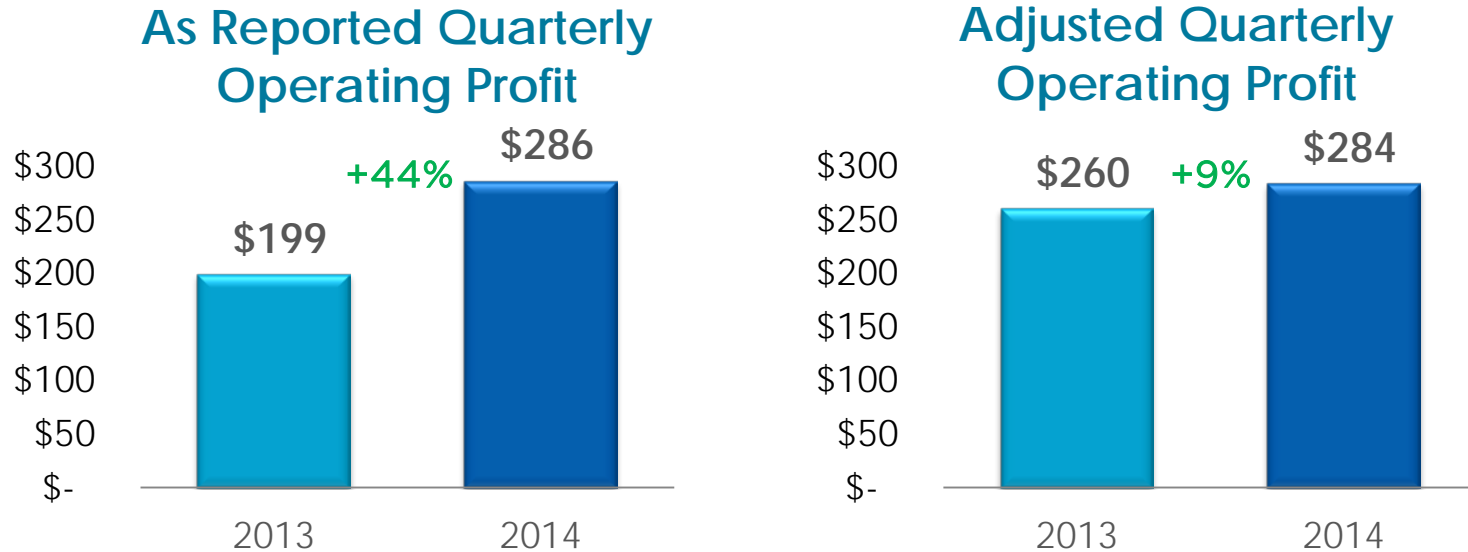
*(Absent Charges)*

(\$ millions, unaudited)	9 Mo. 2014	9 Mo. 2013	% Change YOY	9 Mo. 2014 % of Revenue
Cost of Sales	\$ 1182	\$ 1128	+5%	39.7%
Royalties	\$ 217	\$ 186	+16%	7.3%
Product Development	\$ 157	\$ 151	+4%	5.3%
Advertising	\$ 296	\$ 277	+7%	10.0%
Amortization of Intangibles	\$ 38	\$ 38	+1%	1.3%
Program Production Cost Amortization	\$ 36	\$ 34	+5%	1.2%
Selling, Distribution & Administration	\$ 642	\$ 610	+5%	21.6%

Refer to slides 27 and 28 for a reconciliation of "As Reported" to "As Adjusted" financials.

# Third Quarter Operating Profit

(\$ Millions, Unaudited)



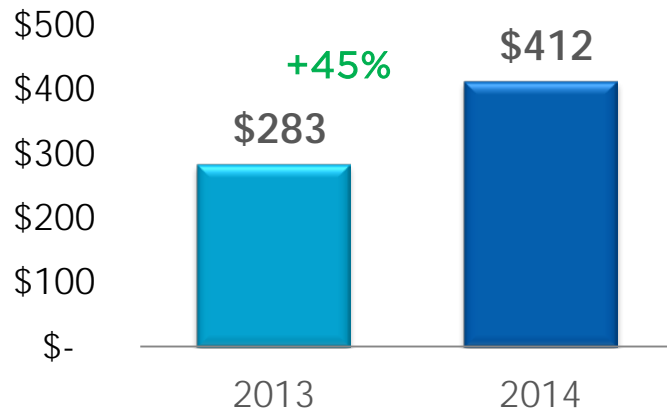
Adjusted operating profit up 9%  
Adjusted operating profit margin increased to  
19.4% versus 19.0% in 2013

Refer to slide 27 and 28 for a reconciliation of "As Reported" to "As Adjusted" financials.

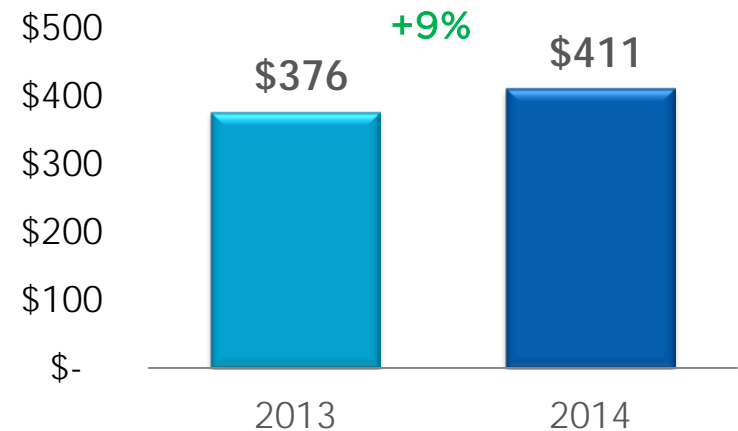
# Nine Months Operating Profit

(\$ Millions, Unaudited)

## As Reported Operating Profit



## Adjusted Operating Profit

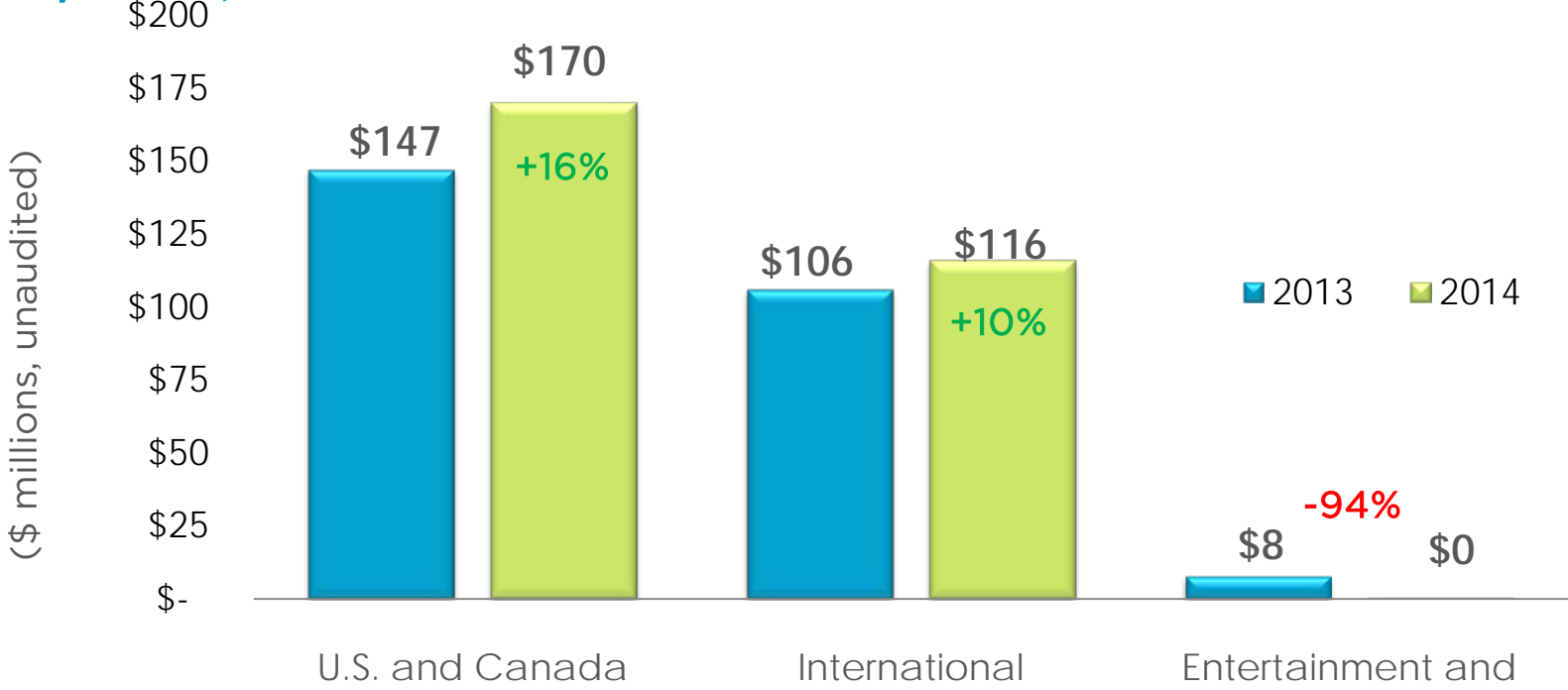


Adjusted operating profit up 9%  
Adjusted operating profit margin 13.8%  
versus 13.4% in 2013

Refer to slide 27 and 28 for a reconciliation of "As Reported" to "As Adjusted" financials.

# Third Quarter Segment Operating Profit

(As Reported)



U.S. and Canada  
 Higher revenue;  
 Favorable product mix;  
 Expense leverage;  
 Partially offset by  
 environment in Canada  
 & investments in Magic:  
 The Gathering

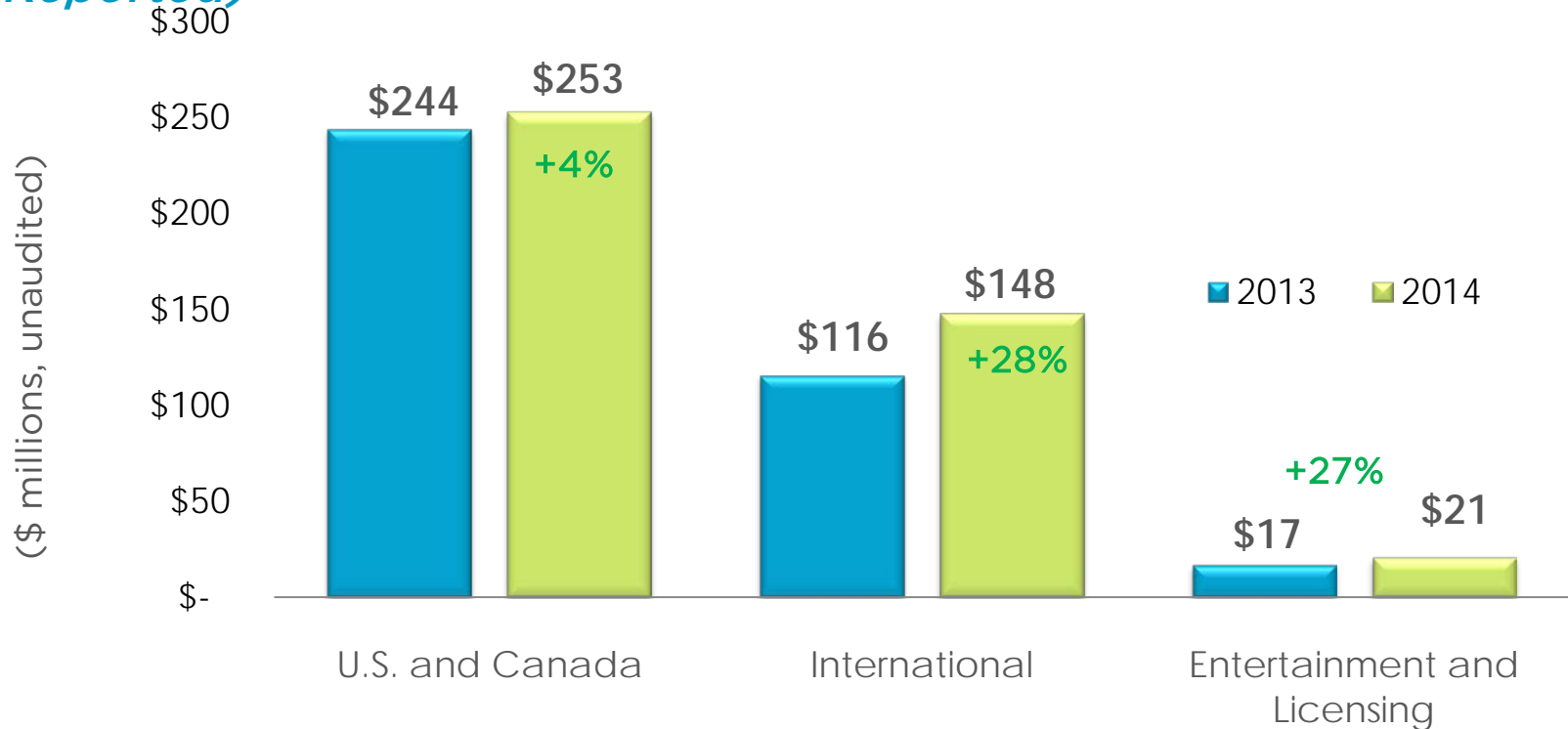
International  
 Higher revenue;  
 Partially offset by  
 higher expenses in  
 expanding  
 international and  
 emerging markets

Entertainment and  
 Licensing  
 Lower television &  
 digital streaming  
 revenues; Acceleration  
 of certain programming  
 amortization costs



# Nine Months Segment Operating Profit

(As Reported)



## U.S. and Canada

Higher revenues;  
Favorable product mix;  
Continued investments  
in Magic: The  
Gathering

## International

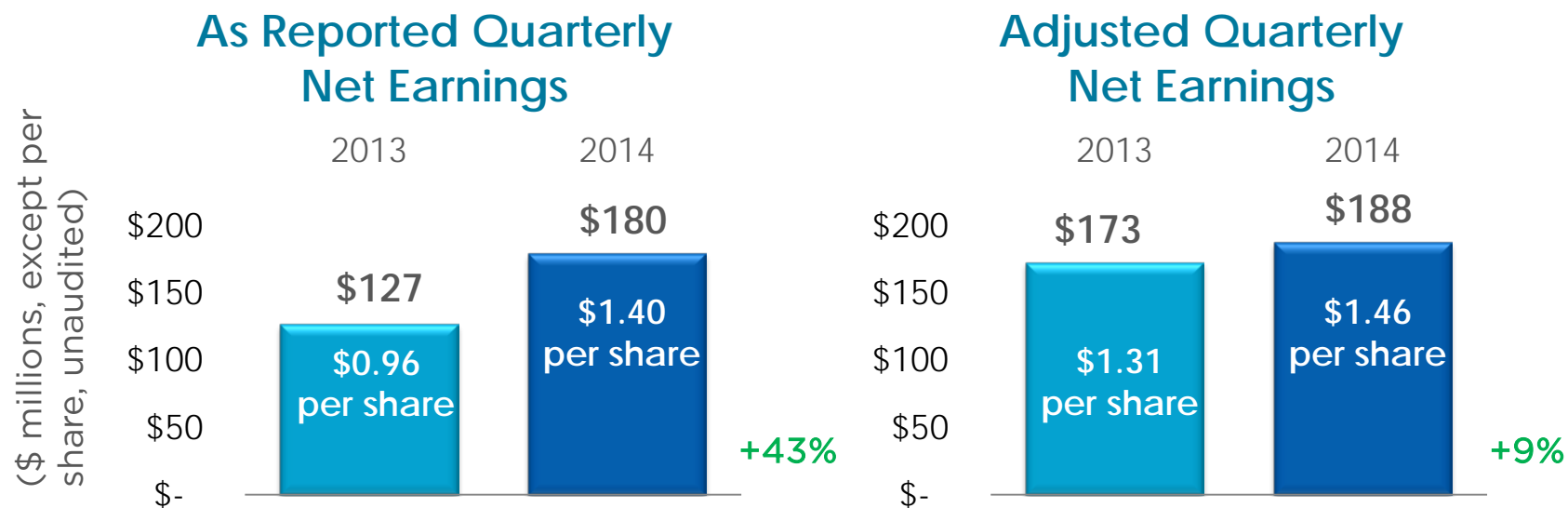
Higher revenue;  
operating expense  
leverage

## Entertainment and Licensing

Higher licensing revenues;  
partially offset by impact of  
Backflip Studios



# Third Quarter Net Earnings Attributable to Hasbro, Inc.

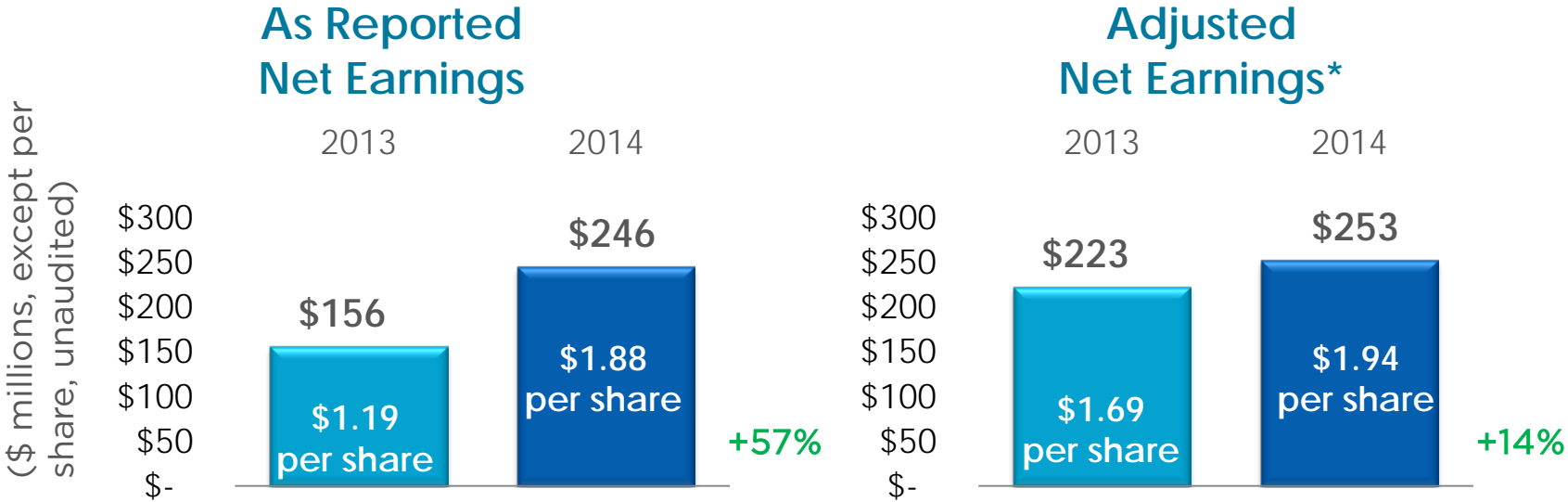


## Adjusted net earnings up 9% year-over-year

- Q3 2014 excludes pre-tax charge of \$11.6M, or \$0.06 per diluted share, related to the restructuring of the Company's investment in the Hub Network
- Q3 2013 excludes a pre-tax charge of \$75.5M, or \$0.50 per diluted share, related to an adverse arbitration award; pre-tax charge of \$4.1M, or \$0.03 per diluted share, of restructuring and partial pension settlement charges; \$23.6 million, or \$0.18 per diluted share, favorable tax adjustment

Refer to slides 30 for a reconciliation of "As Reported" to "As Adjusted" financials.

# Nine Months Net Earnings Attributable to Hasbro, Inc.



Adjusted net earnings up 14% year-over-year

Nine Months 2014 underlying tax rate of 27.8% versus 26.5% in Nine Months 2013

Refer to slide 31 for a reconciliation of "As Reported" to "As Adjusted" financials.



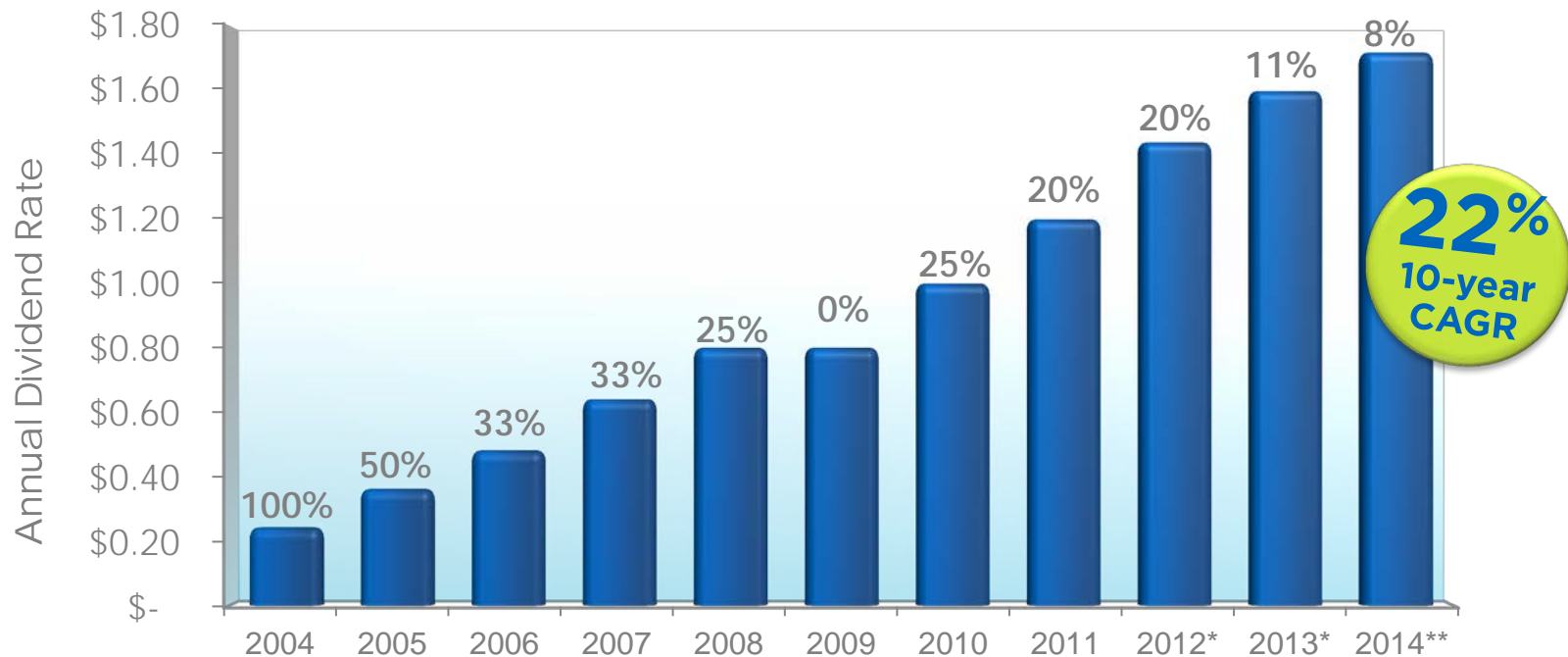


## Third Quarter Key Cash Flow & Balance Sheet Data\*

(\$ millions, unaudited)	Sept. 28, 2014	Sept. 29, 2013	Notes
Cash	\$452	\$589	Returned more cash to shareholders in 2014; Received \$64.4M from sale of 10% share of Hub Network
Depreciation	\$83	\$76	
Amortization of Intangibles	\$38	\$38	Includes Backflip Studios
Television Program Spending	\$26	\$32	
Capex	\$78	\$78	Full year 2014 target: \$115M-\$125M
Dividends	\$ 163	\$104	Next dividend payment on 11/17/14
Stock Repurchase	\$338	\$87	Q3 14 purchased 2.4M shares; Nine Mo. 14 purchased 6.4M shares
Operating Cash Flow (Q3) (Trailing Twelve Months)	\$27 \$381	\$47 \$438	Working capital growth in Q3 2014
Accounts Receivable	\$1,314	\$1,215	DSOs flat YOY at 80 days; reflects strong emerging market growth
Inventory	\$499	\$447	Positioned to support business ahead of Holidays; Emerging market growth



# Dividends



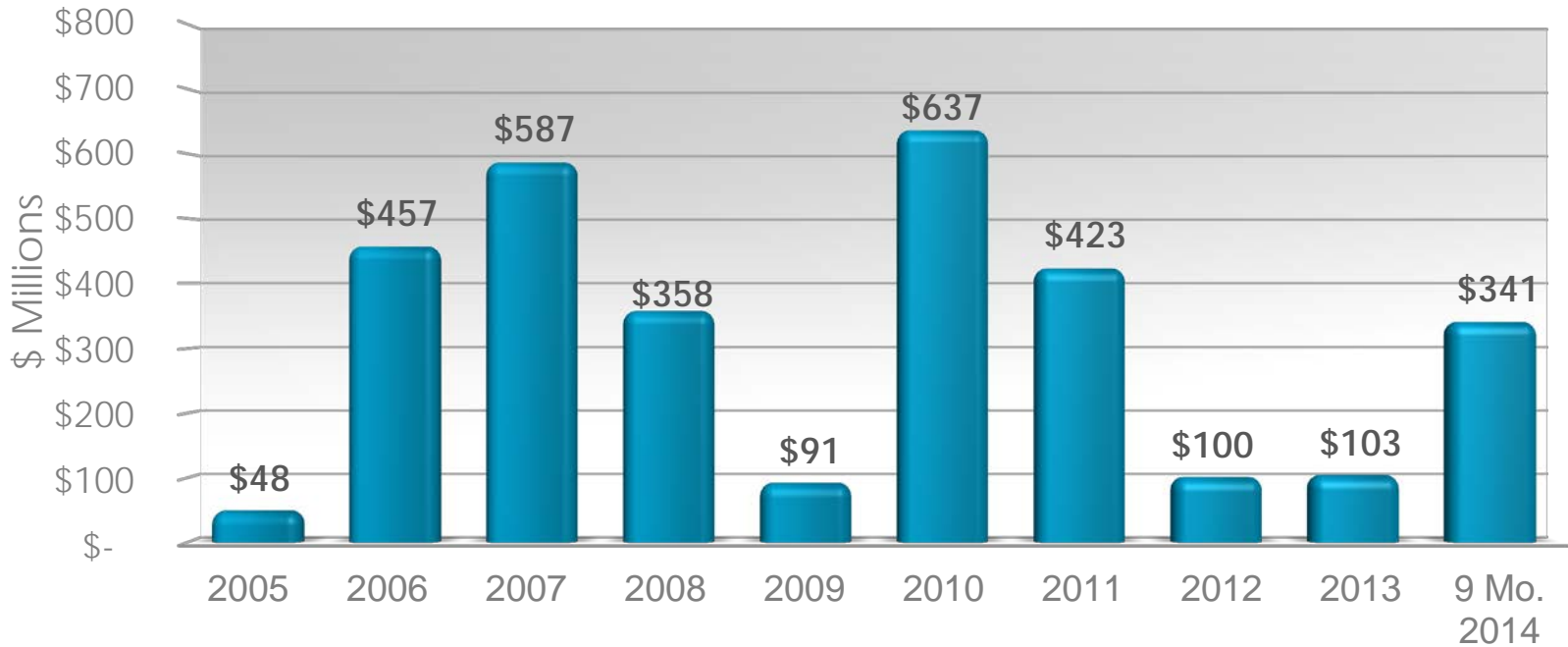
- Announced 8% increase in quarterly dividend to \$0.43 per share on Feb. 10, 2014
  - Tenth increase in 11 years
  - Quarterly dividend has grown from \$0.06 in 2004 to \$0.43 in 2014
- Next dividend payable November 17, 2014 to shareholders of record at the close of business November 3, 2014

*\*2012 and 2013 annual dividend rates have been adjusted to move accelerated payment paid in 2012 to 2013.*

*\*\* 2014 annual dividend rate is projected.*



# Stock Buyback



- Repurchased 98M shares at a total cost of \$3.1B since program inception
- \$184M remained available at end of Q3 2014 under current authorizations
- In third quarter 2014, repurchased 2.4M shares at a cost of \$124.5 million and an average price of \$52.56
- In nine months 2014, repurchased 6.4M shares at a cost of \$341.3 million and an average price of \$53.57.



# Entertainment Update: Television

- Since inception, green-lit 1,250+ half hours of original production
- Shows in more than 180 territories worldwide
- Available on all formats, including digital and home entertainment
- Since inception, received 9 Daytime Emmy Awards for programming (19 nominations)



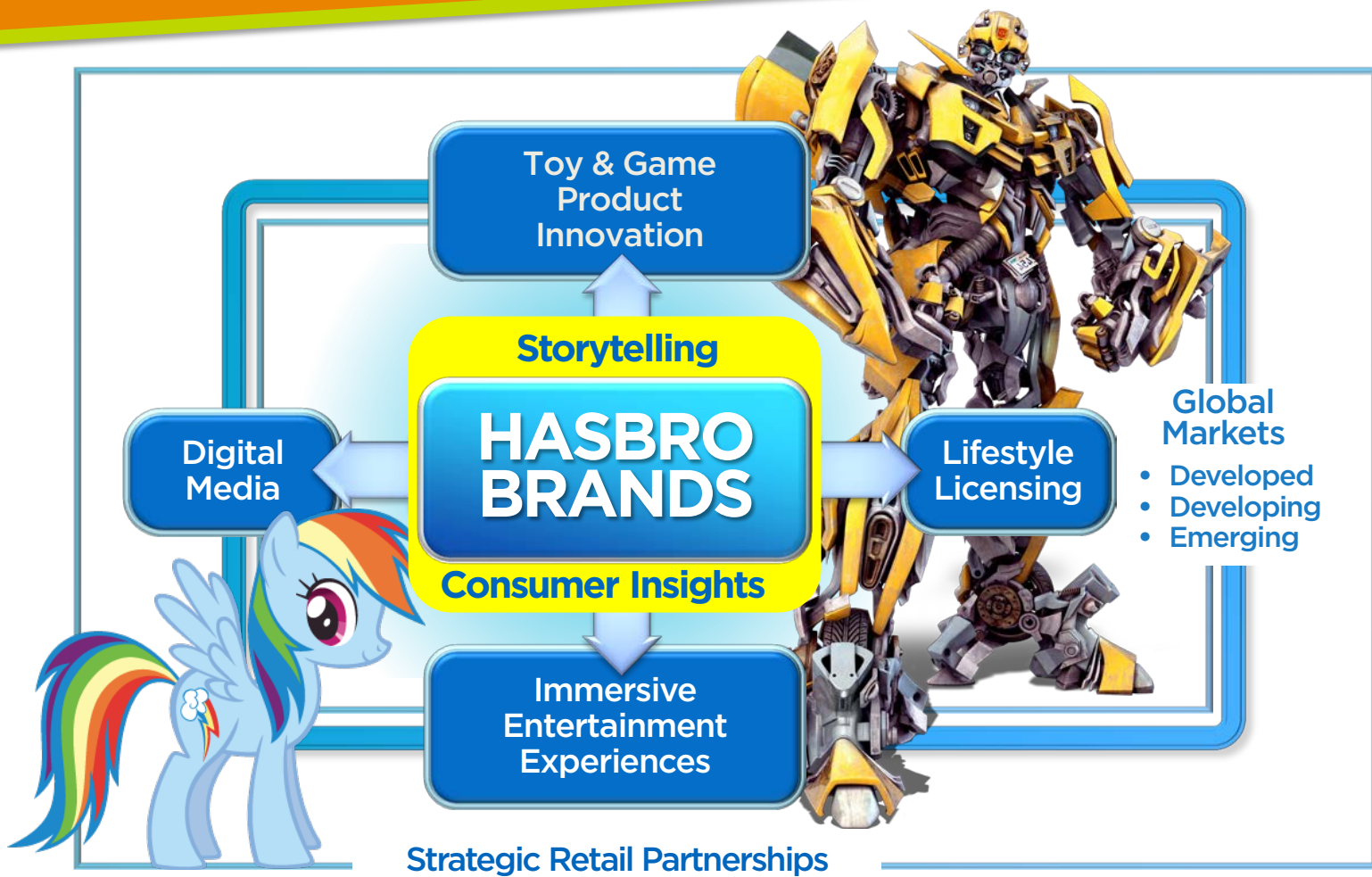
- Discovery Family debuted on October 13, 2014
- Hasbro Studios programming prominently featured in the day time
- Discovery programming for families and kids in Prime
- Joint Venture network profitable in first nine months 2014
- Hasbro ownership is 40% of joint venture



# Holiday 2014: Engaging Across Consumer Segments



# BRAND BLUEPRINT





# Supplementary Financial Information

# Third Quarter and Nine Months Consolidated Statements of Operations

(\$ millions, unaudited)	Quarter Ended				Nine Months Ended			
	Sept 28, 2014	% Net Revenues	Sept 29, 2013	% Net Revenues	Sept 28, 2014	% Net Revenues	Sept 29, 2013	% Net Revenues
<b>Net Revenues</b>	<b>\$1,470</b>	<b>100.0%</b>	<b>\$1,370</b>	<b>100.0%</b>	<b>\$2,979</b>	<b>100.0%</b>	<b>\$2,800</b>	<b>100.0%</b>
Cost of Sales	603	41.0%	569	41.5%	1,182	39.7%	1,137	40.6%
Royalties	94	6.4%	144	10.5%	214	7.2%	244	8.8%
Product Development	58	4.0%	59	4.3%	157	5.3%	154	5.5%
Advertising	147	10.0%	136	10.0%	296	10.0%	277	9.9%
Amortization of Intangibles	13	0.9%	14	1.0%	38	1.3%	38	1.3%
Program Production Cost Amortization	24	1.7%	18	1.3%	36	1.2%	34	1.2%
Selling, Distribution & Administration	244	16.6%	231	16.9%	643	21.6%	633	22.6%
<b>Operating Profit</b>	<b>286</b>	<b>19.4%</b>	<b>199</b>	<b>14.5%</b>	<b>412</b>	<b>13.8%</b>	<b>283</b>	<b>10.1%</b>
Interest Expense	25	1.7%	41	3.0%	70	2.3%	86	3.0%
Other (Income) Expense, Net	17	1.2%	2	0.1%	7	0.2%	7	0.3%
<b>Earnings Before Income Taxes</b>	<b>244</b>	<b>16.6%</b>	<b>156</b>	<b>11.4%</b>	<b>335</b>	<b>11.2%</b>	<b>190</b>	<b>6.8%</b>
Income Taxes	64	4.3%	30	2.2%	90	3.0%	35	1.2%
<b>Net Earnings</b>	<b>180</b>	<b>12.3%</b>	<b>126</b>	<b>9.2%</b>	<b>244</b>	<b>8.2%</b>	<b>156</b>	<b>5.6%</b>
Net Loss Attributable to Noncontrolling Interests	--	0.0%	(1)	0.0%	(2)	-0.1%	(1)	0.0%
<b>Net Earnings Attributable to Hasbro, Inc.</b>	<b>\$180</b>	<b>12.3%</b>	<b>\$127</b>	<b>9.2%</b>	<b>\$246</b>	<b>8.3%</b>	<b>\$156</b>	<b>5.6%</b>
<b>Diluted EPS</b>	<b>\$1.40</b>		<b>\$0.96</b>		<b>\$1.88</b>		<b>\$1.19</b>	



# Condensed Consolidated Balance Sheets

(\$ millions, unaudited)	Sept 28, 2014	Sept 29, 2013
Cash & Cash Equivalents	\$452	\$589
Accounts Receivable, Net	1,314	1,215
Inventories	499	447
Other Current Assets	381	346
<b>Total Current Assets</b>	<b>2,646</b>	<b>2,597</b>
Property, Plant & Equipment, Net	228	231
Other Assets	1,635	1,762
<b>Total Assets</b>	<b>\$4,509</b>	<b>\$4,590</b>
Short-term Borrowings	\$78	213
Current Portion of Long-term Debt	-	430
Payables & Accrued Liabilities	936	1,006
<b>Total Current Liabilities</b>	<b>1,014</b>	<b>1,649</b>
Long-term Debt	1,560	960
Other Liabilities	392	411
<b>Total Liabilities</b>	<b>2,966</b>	<b>3,019</b>
Redeemable Noncontrolling Interests	44	47
Total Shareholders' Equity	1,499	1,523
<b>Total Liabilities, Redeemable Noncontrolling Interests and Shareholders' Equity</b>	<b>\$4,509</b>	<b>\$4,590</b>

# Condensed Consolidated Cash Flow Statements

## Nine Months Ended

(\$ millions, unaudited)

	Sept 28, 2014	Sept 29, 2013
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 27</b>	<b>\$47</b>
<b>Cash Flows from Investing Activities:</b>		
Additions to Property, Plant and Equipment	(78)	(78)
Investments and Acquisitions, Net of Cash Acquired	64	(110)
Other	4	3
<b>Net Cash Utilized by Investing Activities</b>	<b>(10)</b>	<b>(185)</b>
<b>Cash Flows from Financing Activities:</b>		
Net Proceeds from Borrowings with Maturity Greater than 3 Months	560	--
Repayments of Borrowings with Maturity Greater than 3 Months	(425)	--
Net Proceeds from (Repayments of) Short-term Borrowings	71	(11)
Purchases of Common Stock	(338)	(87)
Stock-based Compensation Transactions	52	87
Dividends Paid	(163)	(104)
<b>Net Cash Utilized by Financing Activities</b>	<b>(243)</b>	<b>(115)</b>
Effect of Exchange Rate Changes on Cash	(4)	(8)
Cash and Cash Equivalents at Beginning of Year	682	850
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$452</b>	<b>\$ 589</b>

# Supplemental Financial Data

## 2014 Operating Profit, Excluding Restructuring of Equity Method Investment

(\$ thousands, unaudited)

Quarter Ended September 28, 2014	As Reported	Less Restructuring of Equity Method Investment	Excluding Restructuring of Equity Method Investment	% Net Revenues
<b>Net Revenues</b>	\$ 1,469,899	\$ -	\$ 1,469,899	100.0%
Costs and Expenses:				
Cost of Sales	602,766	-	602,766	41.0%
Royalties	94,352	2,328	96,680	6.6%
Product Development	58,220	-	58,220	4.0%
Advertising	147,492	-	147,492	10.0%
Amortization of Intangibles	12,809	-	12,809	0.9%
Program Production Cost Amortization	24,374	-	24,374	1.7%
Selling, Distribution and Administration	244,072	(1,000)	243,072	16.5%
<b>Operating Profit</b>	<u>\$ 285,814</u>	<u>\$ 1,328</u>	<u>\$ 284,486</u>	<u>19.4%</u>

(\$ thousands, unaudited)

Nine Months Ended September 28, 2014	As Reported	Less Restructuring of Equity Method Investment	Excluding Restructuring of Equity Method Investment	% Net Revenues
<b>Net Revenues</b>	\$ 2,978,614	\$ -	\$ 2,978,614	100.0%
Costs and Expenses:				
Cost of Sales	1,181,647	-	1,181,647	39.7%
Royalties	214,466	2,328	216,794	7.3%
Product Development	157,184	-	157,184	5.3%
Advertising	296,444	-	296,444	10.0%
Amortization of Intangibles	38,103	-	38,103	1.3%
Program Production Cost Amortization	35,742	-	35,742	1.2%
Selling, Distribution and Administration	643,202	(1,000)	642,202	21.6%
<b>Operating Profit</b>	<u>\$ 411,826</u>	<u>\$ 1,328</u>	<u>\$ 410,498</u>	<u>13.8%</u>

# Supplemental Financial Data

## 2013 Operating Profit, Excluding Restructuring, Pension Settlement and Arbitration

### Award Charges

(\$ thousands, unaudited)

Quarter Ended September 29, 2013	As Reported	Less Restructuring, Pension Settlement and Arbitration Award Charges	Excluding Restructuring, Pension Settlement and Arbitration Award Charges	% Net Revenues
Net Revenues	\$ 1,370,348	\$ -	\$ 1,370,348	100.0%
Costs and Expenses:				
Cost of Sales	568,582	-	568,582	41.5%
Royalties	143,947	(57,164)	86,783	6.3%
Product Development	59,366	-	59,366	4.3%
Advertising	136,487	-	136,487	10.0%
Amortization of Intangibles	14,224	-	14,224	1.0%
Program Production Cost Amortization	17,991	-	17,991	1.3%
Selling, Distribution and Administration	231,045	(4,093)	226,952	16.6%
<b>Operating Profit</b>	<b>\$ 198,706</b>	<b>\$ (61,257)</b>	<b>\$ 259,963</b>	<b>19.0%</b>

(\$ thousands, unaudited)

Nine Months Ended September 29, 2013	As Reported	Less Restructuring, Pension Settlement and Arbitration Award Charges	Excluding Restructuring, Pension Settlement and Arbitration Award Charges	% Net Revenues
Net Revenues	\$ 2,800,384	\$ -	\$ 2,800,384	100.0%
Costs and Expenses:				
Cost of Sales	1,136,724	(8,493)	1,128,231	40.3%
Royalties	243,568	(57,164)	186,404	6.7%
Product Development	154,455	(3,515)	150,940	5.4%
Advertising	277,278	-	277,278	9.9%
Amortization of Intangibles	37,677	-	37,677	1.3%
Program Production Cost Amortization	34,023	-	34,023	1.2%
Selling, Distribution and Administration	633,238	(23,473)	609,765	21.8%
<b>Operating Profit</b>	<b>\$ 283,421</b>	<b>\$ (92,645)</b>	<b>\$ 376,066</b>	<b>13.4%</b>

# Supplemental Financial Data

## Restructuring of Equity Method Investment and Restructuring, Pension Settlement and Arbitration Award Charges - by Segment

	Quarter Ended		Nine Months Ended	
	Sept 28, 2014	Sept 29, 2013	Sept 28, 2014	Sept 29, 2013
(\$ thousands, unaudited)				
U.S. and Canada Segment	\$ --	\$ --	\$ --	\$ --
International Segment	--	--	--	--
Entertainment and Licensing Segment	--	--	--	1,729
Global Operations Segment	--	--	--	--
Corporate and Eliminations	(1,328)	61,257	(1,328)	90,916
<b>Total Restructuring Charges</b>	<b>\$(1,328)</b>	<b>\$61,257</b>	<b>\$(1,328)</b>	<b>\$92,645</b>

# Supplemental Financial Data

## Net Earnings and Earnings per Share Excluding Restructuring of Equity Method Investment, Restructuring Charges, Pension Settlement Charges, Arbitration Award Charges and Benefit from Settlement of Tax Exams

(\$ thousands, except per share amounts, unaudited)	Quarter Ended			
	Sept 28, 2014	Diluted Per Share Amount	Sept 29, 2013	Diluted Per Share Amount
Net Earnings Attributable to Hasbro, Inc., as Reported	\$ 180,457	\$ 1.40	\$ 126,574	\$ 0.96
Restructuring of Equity Method Investment, Net of Tax	7,379	0.06	-	-
Restructuring Charges, Net of Tax	-	-	2,447	0.02
Pension Settlement Charges, Net of Tax	-	-	679	0.01
Arbitration Award Charges, Net of Tax	-	-	66,447	0.50
2013 Benefit from Tax Exam Settlement	-	-	(23,637)	(0.18)
<b>Net Earnings Attributable to Hasbro, Inc., as Adjusted</b>	<b>\$ 187,836</b>	<b>\$ 1.46</b>	<b>\$ 172,510</b>	<b>\$ 1.31</b>

# Supplemental Financial Data

## Net Earnings and Earnings per Share Excluding Restructuring of Equity Method Investment, Restructuring Charges, Pension Settlement Charges, Arbitration Award Charges and Benefit from Settlement of Tax Exams

(\$ thousands, except per share amounts, unaudited)	Nine Months Ended			
	Sept 28, 2014	Diluted Per Share Amount	Sept 29, 2013	Diluted Per Share Amount
Net Earnings Attributable to Hasbro, Inc., as Reported	\$ 246,019	\$ 1.88	\$ 156,383	\$ 1.19
Restructuring of Equity Method Investment, Net of Tax	7,379	0.06	-	-
Restructuring Charges, Net of Tax	-	-	21,224	0.16
Pension Settlement Charges, Net of Tax	-	-	2,469	0.02
Arbitration Award Charges, Net of Tax	-	-	66,447	0.50
2013 Benefit from Tax Exam Settlement	-	-	(23,637)	(0.18)
<b>Net Earnings Attributable to Hasbro, Inc., as Adjusted</b>	<b>\$ 253,398</b>	<b>\$ 1.94</b>	<b>\$ 222,886</b>	<b>\$ 1.69</b>

# Hasbro's Franchise Brands

## TRANSFORMERS

## MAGIC The Gathering

## NERF

## MONOPOLY

## my LITTLE PONY

## Littlest PetShop

## Play-Doh

