



# Second Quarter 2014 Earnings Presentation

July 21, 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 second 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.

# Second Quarter 2014 Snapshot

## Results Reflect Ongoing Transformation of Hasbro Into The Leading Branded Play Company

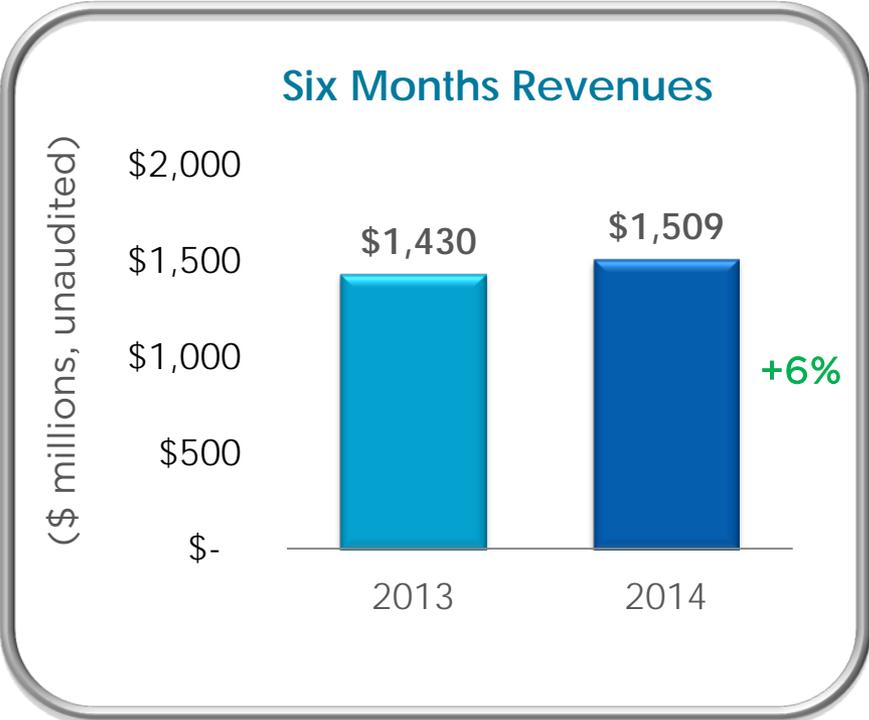
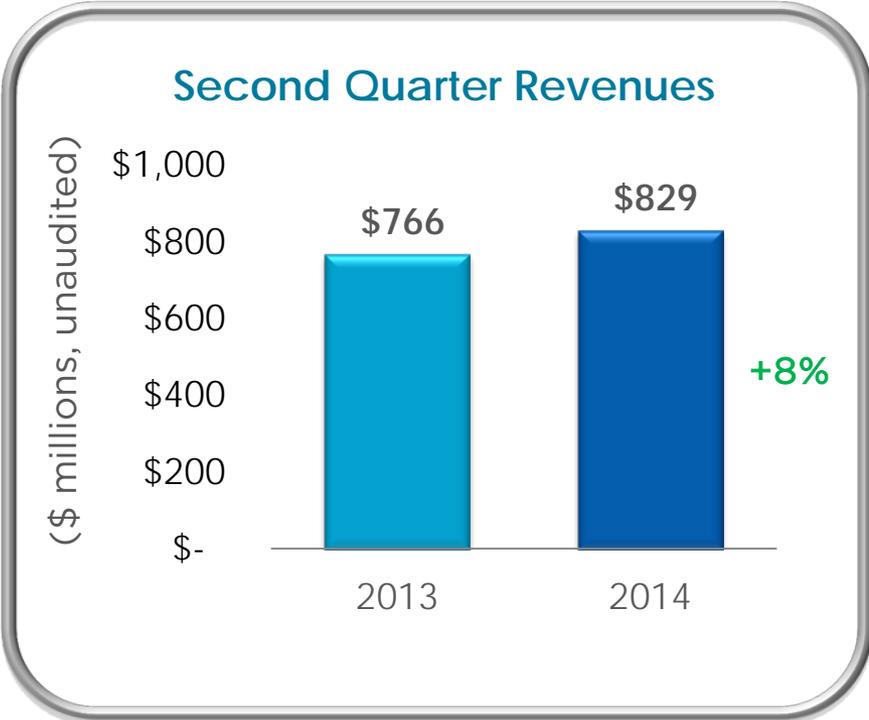
- **Q2 Net revenues \$829M, up 8% year-over-year**
  - International segment up 17%; Entertainment and Licensing segment up 35%
  - Emerging markets continue to post strong gains: Up 30% year-over-year
- **Franchise Brands up 36% year-over-year**
  - TRANSFORMERS, NERF, MY LITTLE PONY, MONOPOLY and PLAY-DOH quarterly revenues increased year-over-year
- **Operating profit, ex. pension charges in 2013, up 8% year-over-year\***
  - U.S and Canada segment declined 20% due to lower revenue and product mix
  - International segment up 98% in Q2 2014
  - Entertainment & Licensing segment up 295% in Q2 2014
- **Adjusted Net Income of \$47.3M or \$0.36 per diluted share in Q2 2014 vs. \$38.3M or \$0.29 per diluted share in Q2 2013\*\***

*\*Q2 2013 adjusted operating profit excludes \$2.5 million pre-tax restructuring and related pension charges. Refer to slide 28 for a reconciliation of "As Reported" to "As Adjusted" 2013 financials.*

*\*\* Q2 2014 adjusted net income excludes a \$13.8 million unfavorable tax adjustment. Q2 2013 adjusted net income excludes \$1.8 million, net, in restructuring charges and related pension costs. Refer to slide 30 for a reconciliation of "As Reported" to "As Adjusted" financials.*



# Second Quarter & Six Months Net Revenue Performance

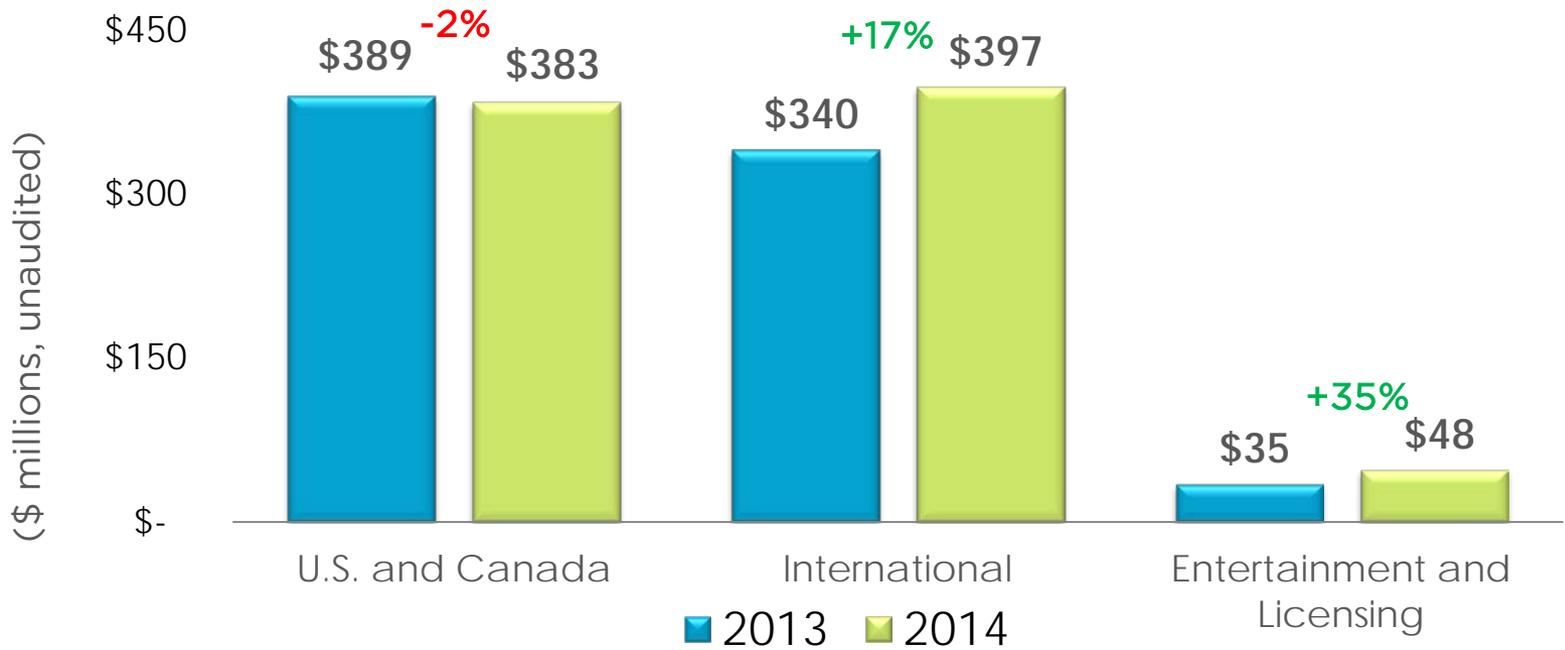


Growth in International segment, including in Emerging Markets

Growth in Entertainment and Licensing



# Second Quarter Segment Net Revenues



U.S. and Canada  
 Positive POS trends;  
 U.S. retail inventories  
 down and of good  
 quality

International  
 Emerging markets up  
 30%; Europe up 16%;  
 Latin America up 17%;  
 Asia Pacific up 17%

Entertainment and  
 Licensing  
 Benefited from  
 Backflip Studios;  
 Lifestyle Licensing and  
 Digital Gaming drove  
 growth



# Six Months Segment Net Revenues



U.S. and Canada  
 U.S. business improving; Good POS momentum entering 2H 2014

International  
 Emerging markets up 23%; Europe up 12%; Latin America up 17%; Asia Pacific up 4%

Entertainment and Licensing  
 Benefited from Backflip Studios; Growth in Lifestyle Licensing & Digital Gaming



## Second Quarter & Six Months Net Revenues By Region

<i>(\$ millions, unaudited)</i>	Q2 2014	Q2 2013	% Change	Six Months 2014	Six Months 2013	% Change
<b>U.S./Canada</b>	<b>\$383</b>	<b>\$389</b>	<b>-2%</b>	<b>\$721</b>	<b>\$731</b>	<b>-1%</b>
Europe	216	186	+16%	424	378	+12%
Latin America	97	83	+17%	150	129	+17%
Asia Pacific	84	72	+17%	128	123	+4%
<b>International</b>	<b>397</b>	<b>340</b>	<b>+17%</b>	<b>702</b>	<b>630</b>	<b>+11%</b>
<b>Entertainment &amp; Licensing</b>	<b>48</b>	<b>35</b>	<b>+35%</b>	<b>83</b>	<b>66</b>	<b>+25%</b>
<b>Global Operations</b>	<b>2</b>	<b>2</b>	<b>---</b>	<b>3</b>	<b>3</b>	<b>---</b>
<b>Total Net Revenues</b>	<b>\$829</b>	<b>\$766</b>	<b>+8%</b>	<b>\$1,509</b>	<b>\$1,430</b>	<b>+6%</b>

### Q2 Review:

International segment up 17%

Europe up 16%; Latin America up 17% and Asia Pacific up 17%

Emerging Markets up 30%, including growth in Russia, Brazil & China

## Second Quarter & Six Months Net Revenues By Product Category

(\$ millions, unaudited)	Q2 2014	Q2 2013	% Change	Six Months 2014	Six Months 2013	% Change
Boys	\$ 336	\$ 254	+32%	\$ 584	\$ 496	+18%
Games	226	255	-12%	446	486	-8%
Girls	164	149	+10%	303	264	+15%
Preschool	104	108	-4%	176	183	-4%
<b>Total</b>	<b>\$ 829</b>	<b>\$ 766</b>	<b>+8%</b>	<b>\$ 1,509</b>	<b>\$1,430</b>	<b>+6%</b>

Growth in majority of our Franchise Brands in Q2 and 1H '14:  
MONOPOLY, MY LITTLE PONY, NERF, PLAY-DOH and  
TRANSFORMERS

MARVEL strong contributor to revenue growth



# Second Quarter Major Expense Items

*(Absent Charges)*

(\$ millions, unaudited)	Q2 2014	Q2 2013	% Change YOY	% of Q2 2014 Revenue
Cost of Sales	\$320	\$301	+6.6%	38.6%
Royalties	\$ 71	\$ 50	+40.4%	8.5%
Product Development	\$ 52	\$ 48	+7.9%	6.2%
Advertising	\$ 82	\$ 74	+10.9%	9.9%
Amortization of Intangibles	\$ 12	\$ 12	-1.2%	1.4%
Program Production Cost Amortization	\$ 7	\$ 10	-34.9%	0.8%
Selling, Distribution & Administration	\$204	\$195*	+4.5%	24.6%

\*Refer to Slide 28 for a reconciliation of "As Reported" to "As Adjusted" financials

# Six Months Major Expense Items

*(Absent Charges)*

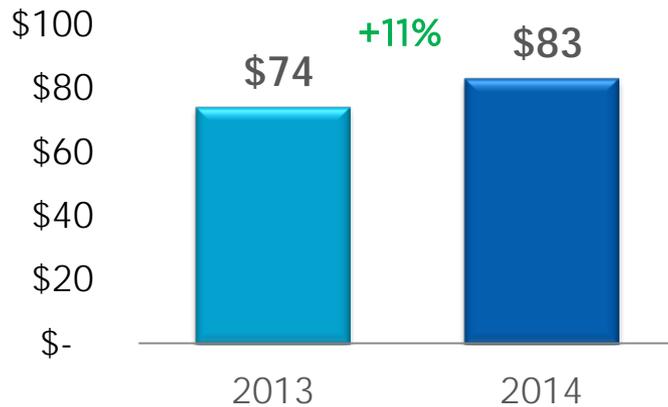
(\$ millions, unaudited)	Six Months 2014	Six Months 2013	% Change YOY	% of Six Months 2014 Revenue
Cost of Sales	\$579	\$560*	+3.4%	38.4%
Royalties	\$120	\$100	+20.6%	8.0%
Product Development	\$ 99	\$ 92*	+8.1%	6.6%
Advertising	\$ 149	\$ 141	+5.8%	9.9%
Amortization of Intangibles	\$ 25	\$ 23	+7.8%	1.7%
Program Production Cost Amortization	\$ 11	\$ 16	-29.1%	0.8%
Selling, Distribution & Administration	\$399	\$383*	+4.3%	26.5%

\*Refer to Slide 28 for a reconciliation of "As Reported" to "As Adjusted" financials

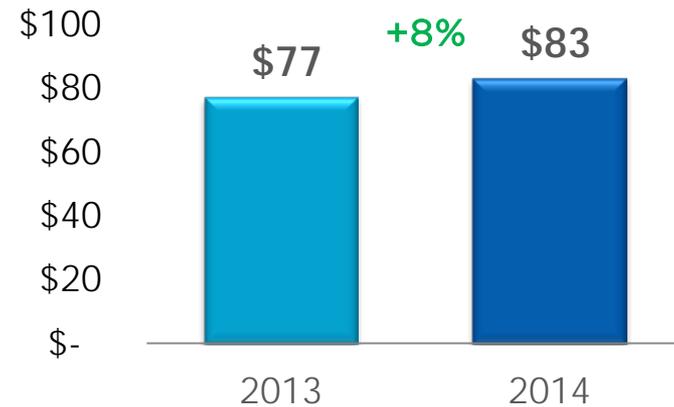
# Second Quarter Operating Profit

(\$ Millions, Unaudited)

## As Reported Quarterly Operating Profit



## Adjusted Quarterly Operating Profit\*



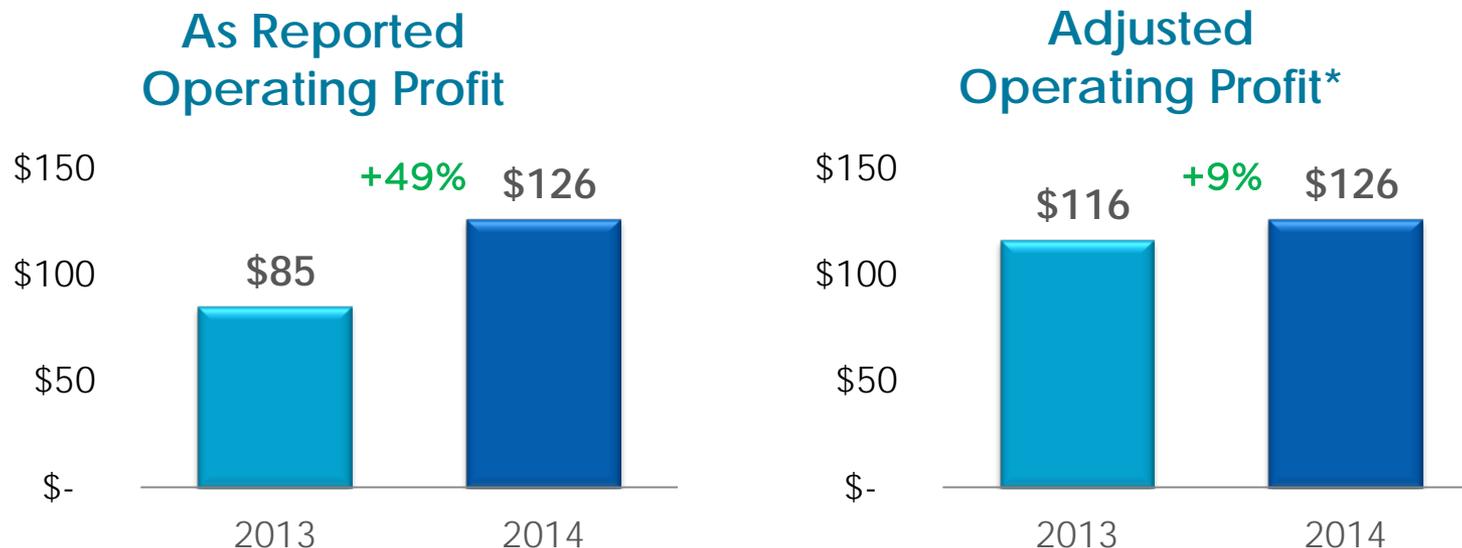
Adjusted operating profit increased  
in line with revenue growth

\* Q2 2013 adjusted operating profit excludes pension charges of \$2.5M.  
Refer to slide 28 for a reconciliation of "As Reported" to "As Adjusted" financials.



# Six Months Operating Profit

(\$ Millions, Unaudited)

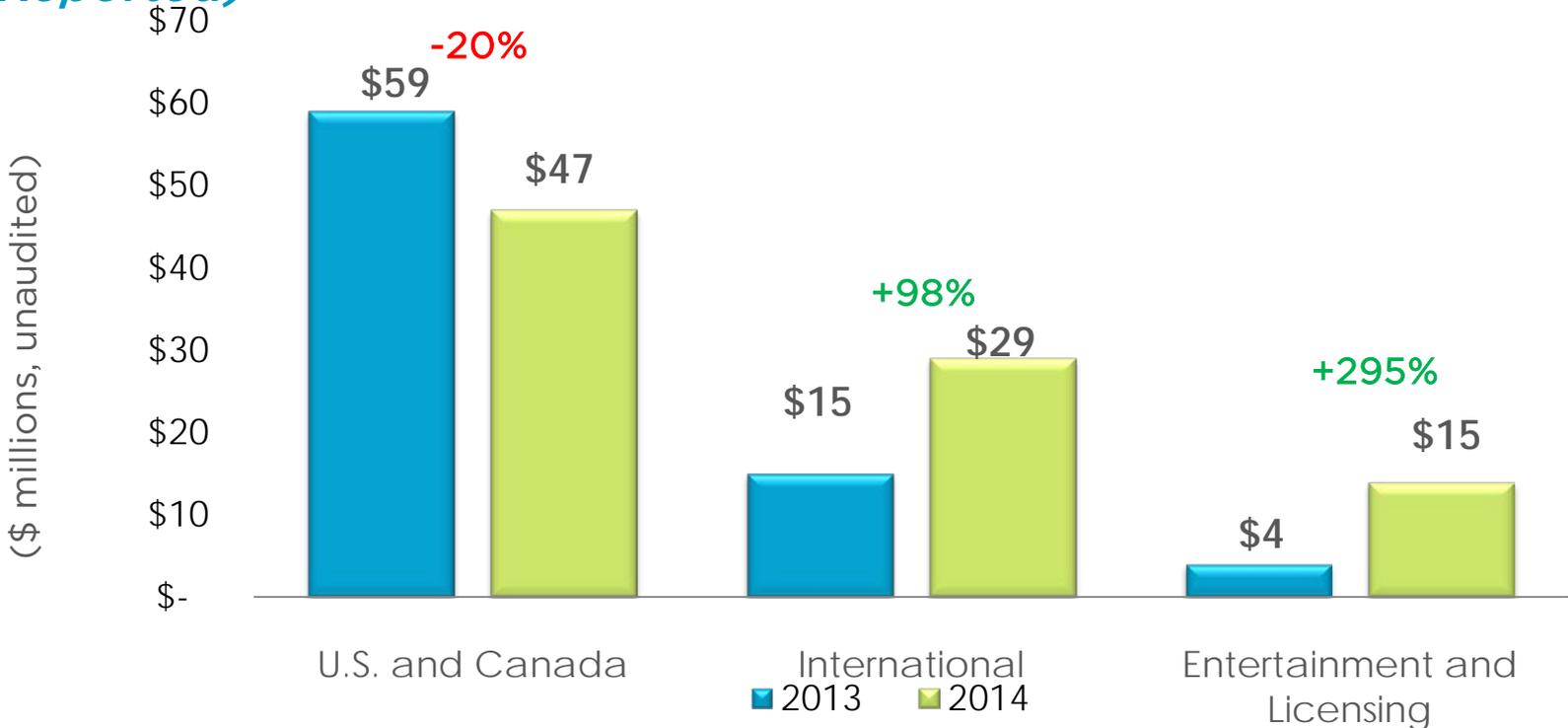


Adjusted operating profit growth driven by higher revenues and lower program production amortization and SD&A expenses

\* Six months 2013 adjusted operating profit excludes restructuring related pension charges of \$31.4. Refer to slide 28 for a reconciliation of "As Reported" to "As Adjusted" financials.

# Second Quarter Segment Operating Profit

(As Reported)



U.S. and Canada  
 Lower revenue; Less favorable product mix including decline in Games; investments in Magic: The Gathering

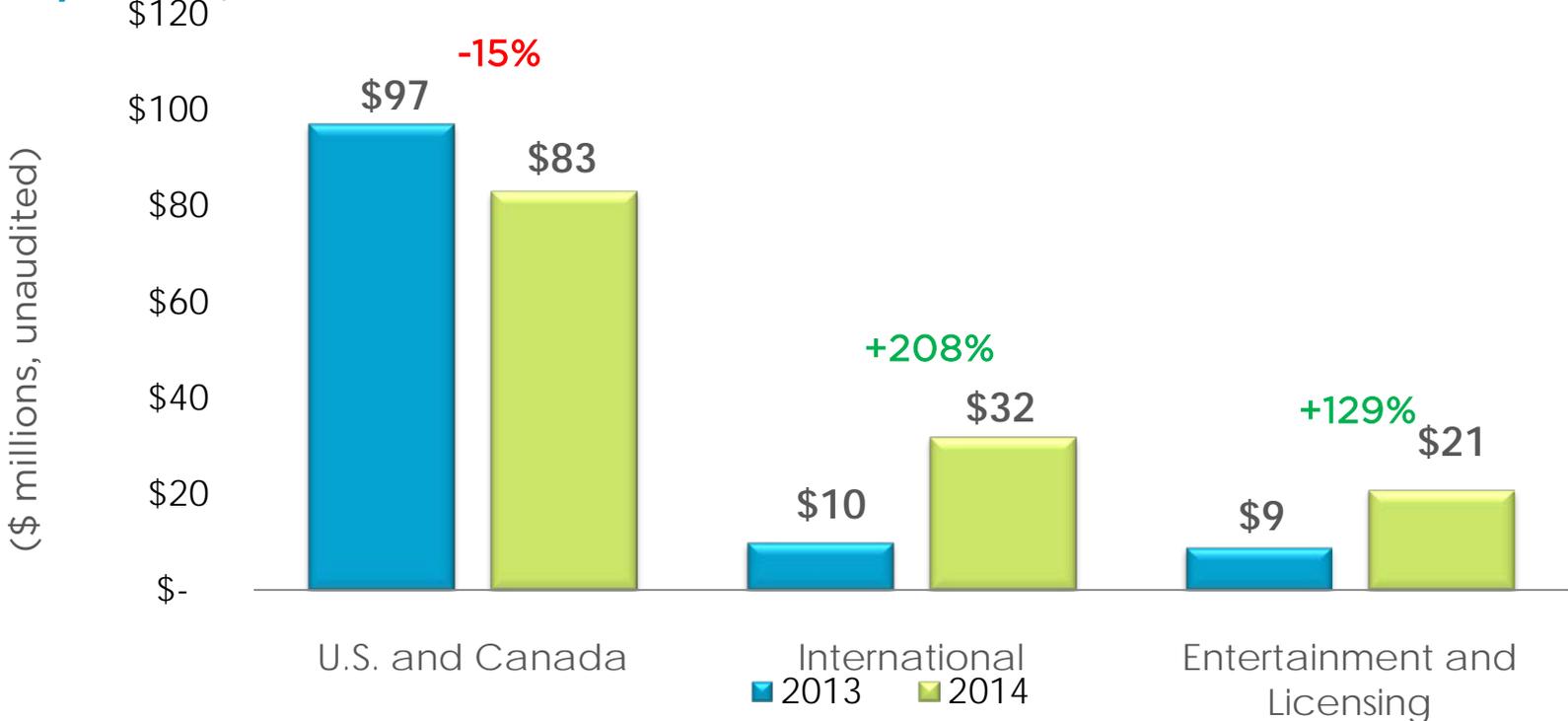
International  
 Higher revenue drove expense leverage

Entertainment and Licensing  
 Higher revenues; lower program production amortization costs



# Six Months Segment Operating Profit

(As Reported)



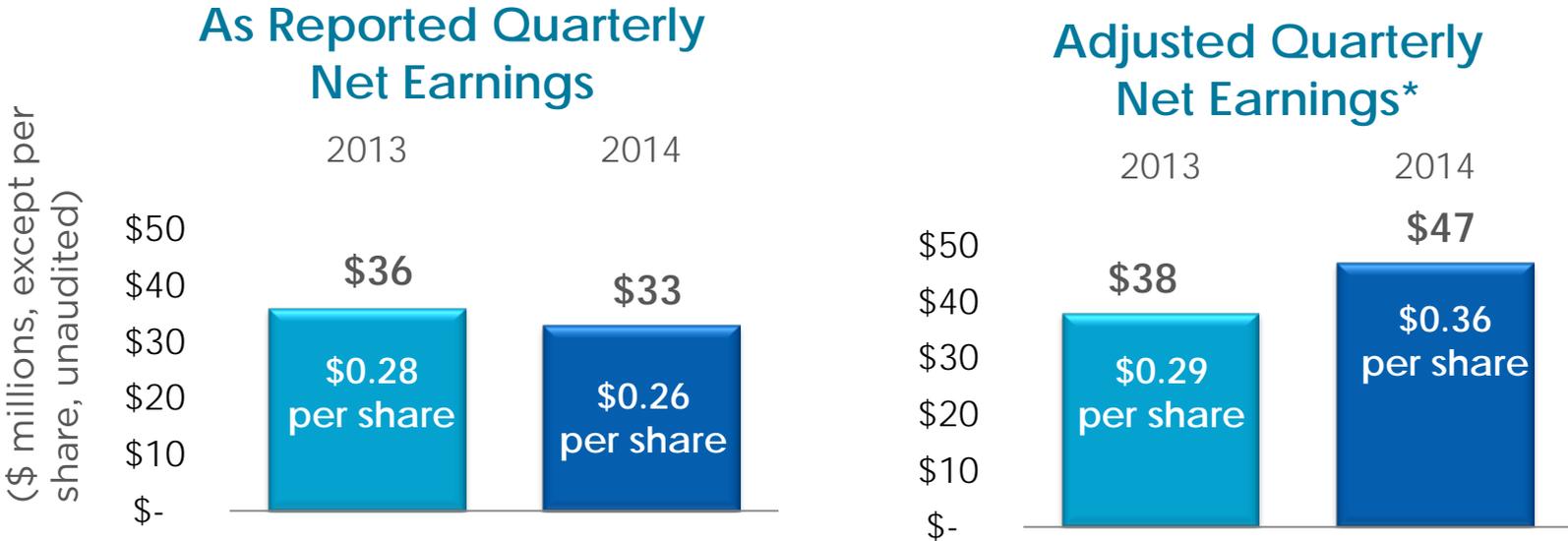
U.S. and Canada  
 Lower revenue; less favorable product mix; continued investments in Magic: The Gathering

International  
 Higher revenue; operating expense leverage

Entertainment and Licensing  
 Higher revenues; lower program production amortization costs



# Second Quarter Earnings Attributable to Hasbro, Inc



## Adjusted net earnings up 24% year-over-year

- Q2 2014 excludes a \$13.8M or \$0.10 per diluted share unfavorable tax adjustment
- Q2 2013 excludes \$1.8M or \$0.01 per diluted share of pension costs, net of tax

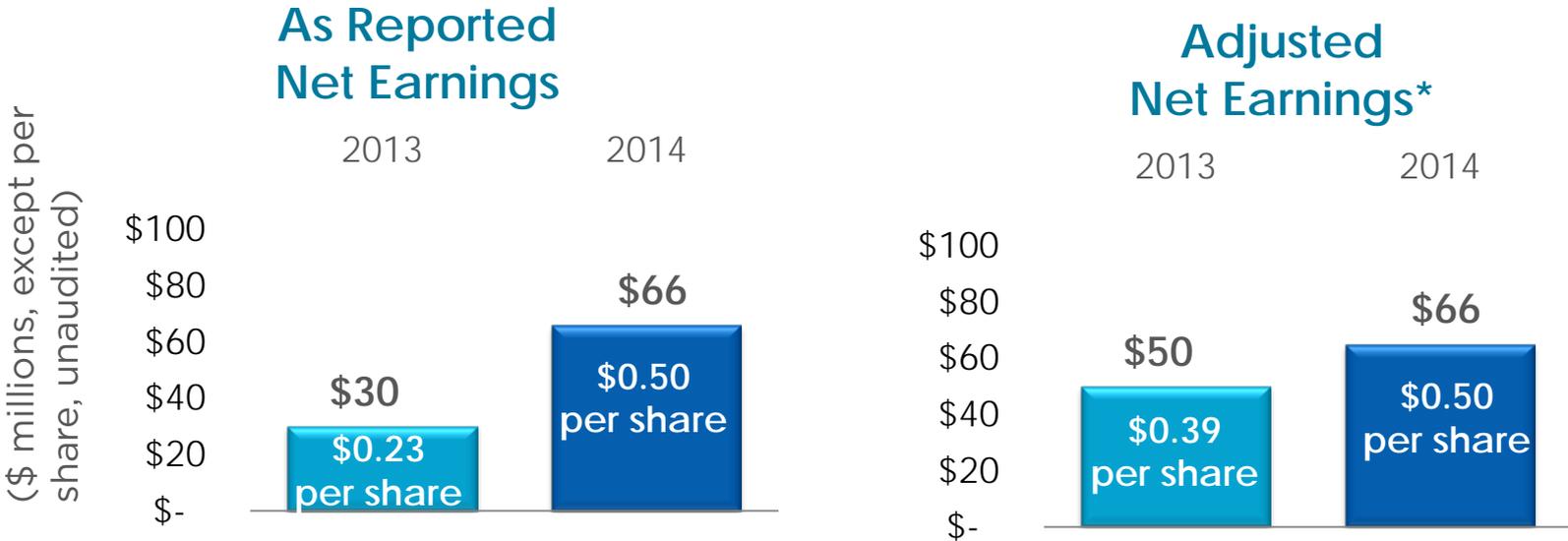
Other income, net was \$5M in Q2 2014 vs. other expense, net of \$1M in Q2 2013

Q2 2014 underlying tax rate of 26.8% versus 27.0% in Q2 2013

\* Q2 2014 adjusted net income excludes a \$13.8 million unfavorable tax adjustment. Q2 2013 adjusted net income excludes \$1.8 million, net, in restructuring charges and related pension costs. Refer to slide 30 for a reconciliation of "As Reported" to "As Adjusted" financials.



# Six Months Earnings Attributable to Hasbro, Inc



**Adjusted net earnings up 31% year-over-year**

- Six Months 2013 excludes \$20.6M or \$0.16 per diluted share of restructuring and related pension charges, net of tax

**Other income, net was \$10M in Six Months 2014 vs. other expense, net of \$5M in Six Months 2013**

**Six Months 2014 underlying tax rate of 26.8% versus 27.3% in Six Months 2013**

\* Six months 2014 adjusted net income, net, excludes a \$0.4 million unfavorable tax adjustment. Six Months 2013 adjusted net income excludes \$20.6 million, net, in restructuring and related pension charges. Refer to slide 30 for a reconciliation of "As Reported" to "As Adjusted" financials.

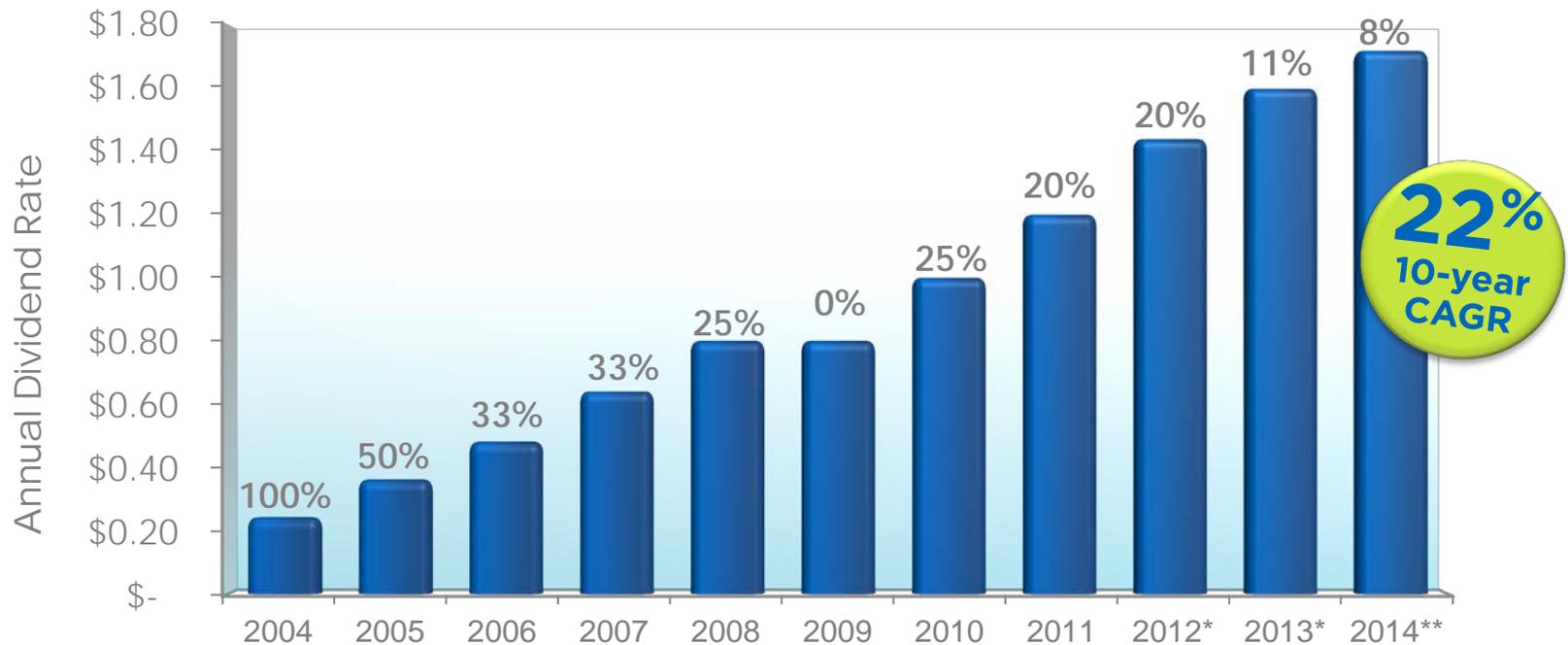


## Second Quarter Key Cash Flow & Balance Sheet Data

(\$ millions, unaudited)	June 29, 2014	June 30, 2013	Notes
Cash	\$586	\$1,022	Higher share buyback levels in 2014
Depreciation	\$29	\$24	
Amortization of Intangibles	\$12	\$12	Includes Backflip Studios
Television Program Spending	\$11	\$12	
Capex	\$29	\$29	Full year 2014 target: \$125M - \$135 M
Dividends	\$ 56	\$52	Next dividend payment on 8/15/14
Stock Repurchase	\$134	\$35	Approx. 2.5M shares at \$54.06
Operating Cash Flow (Q2) (Trailing Twelve Months)	\$(133) \$212	\$1 \$632	Working capital growth in Q2; Pre-paid royalty payments and Royalty settlement negatively impact twelve month OCF
Accounts Receivable	\$739	\$641	DSOs at 80 days - reflects strong international and emerging market growth
Inventory	\$493	\$360	Positioned to support business growth ahead of Holidays



# Dividends



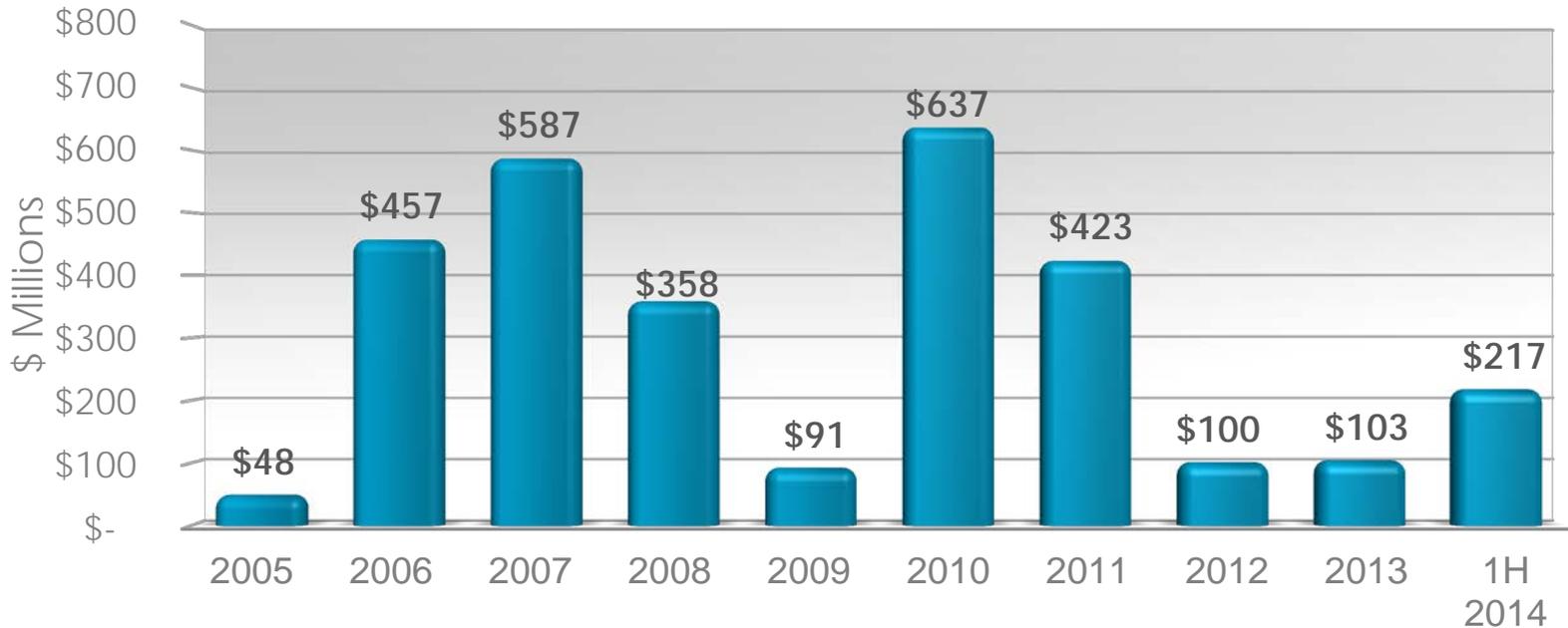
- Announced 8% increase in quarterly dividend to \$0.43 per share on Feb. 10, 2014
  - Tenth increase in 11 years
  - Quarterly dividend has grown from \$0.06 in 2004 to \$0.43 in 2014
- Next dividend payable August 15, 2014 to shareholders of record at the close of business August 1, 2014

\*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 96M shares at a total cost of \$3.0B since program inception
- \$308.1M remained available at end of Q2 2014 under current authorizations
- In second quarter 2014, repurchased 2.5M shares at a cost of \$136.2 million and an average price of \$54.06

# 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)



- In Q2, delivered year-over-year gains in Total Day.<sup>1</sup>
- The Hub Network had its best quarter ever with Girls 2-11 in Q2, marking the 6<sup>th</sup> consecutive quarter of year-over-year growth in Total Day.<sup>1</sup>
- New and acquired series launched in Q2
- 1H 2014 profitable



<sup>1</sup> Among Kids 2-11, Kids 6-11, Adults 18-49, Women 18-49, Adults 25-54, Total Viewers.

# Holiday 2014: Engaging Across Consumer Segments

**Boys**

The image shows two action figures from the Titan Hero Series: Spider-Man and Thor. Below them, a young boy is holding a large orange and black Nerf blaster. To the right is a large orange Transformer robot with a dinosaur-like head.

TITAN HERO SERIES

NERF

TRANSFORMERS

**Girls**

The image features three toys for girls: a purple and pink DohVinci craft set, a Rainbow Rocks doll with wings, and a Nerf Rebelle bow and arrow set. Below the doll is a Littlest Pet Shop pet shop playset.

DohVinci

RAINBOW ROCKS

NERF Rebelle

Littlest Pet Shop

**Preschool**

The image displays four preschool toys: a red and blue Marvel Super Hero Adventures truck, a red and blue Transformers Rescue Bots truck, a PlayDoh Sweet Shoppe playset, and a Disney Princess castle playset.

MARVEL SUPER HERO ADVENTURES

TRANSFORMERS RESCUE BOTS

PlayDoh Sweet Shoppe

Disney PRINCESS

**Games**

The image shows five board games: Scrabble, My Monopoly, Ticket to Ride, Trivial Pursuit, and Catch Phrase. In the foreground, there is a PlayDoh Launch Game with a yellow character.

SCRABBLE

MY MONOPOLY

TICKET TO RIDE

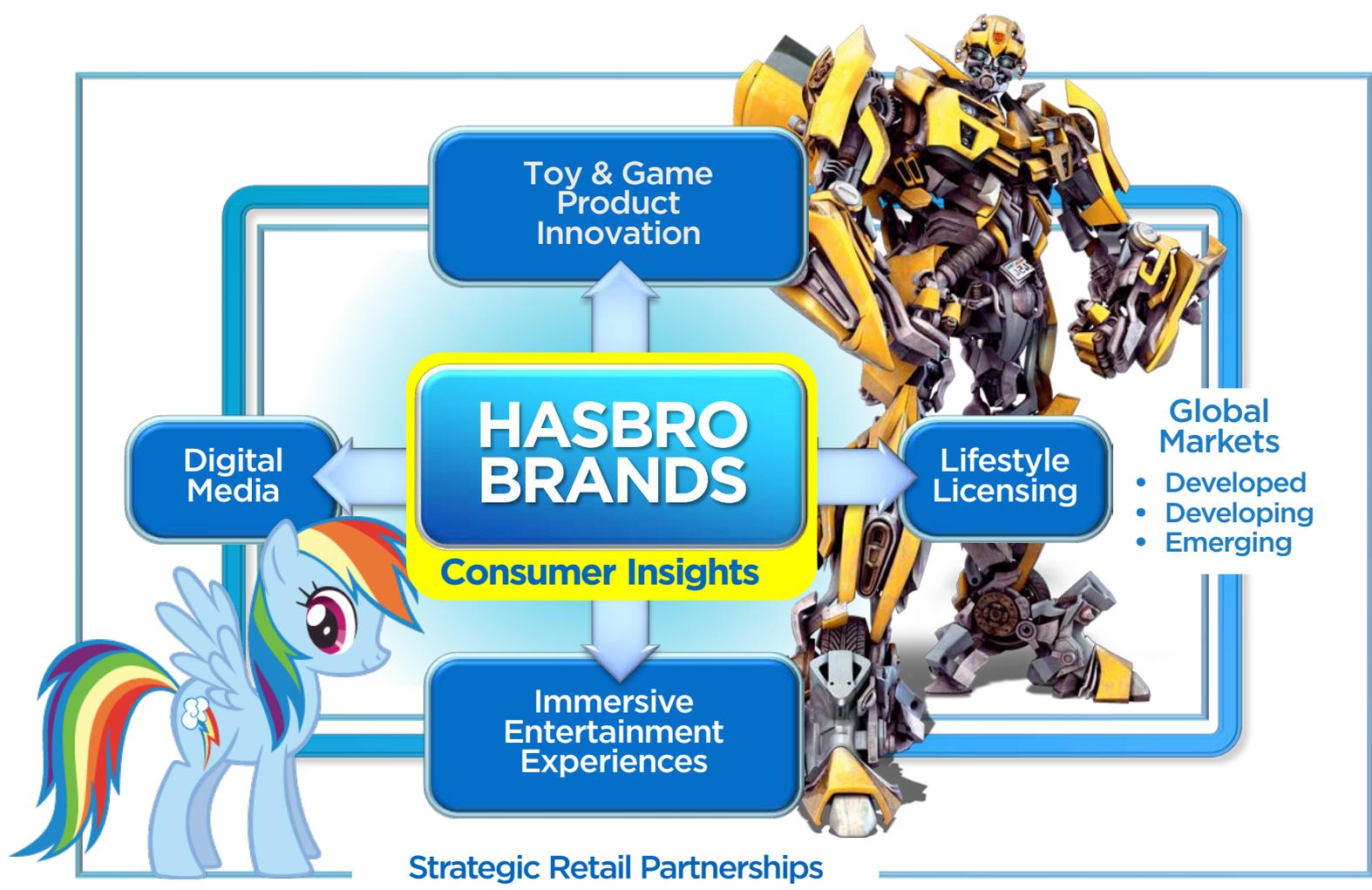
TRIVIAL PURSUIT

CATCH PHRASE

PlayDoh LAUNCH GAME



# Hasbro's Branded Play Blueprint





# Supplementary Financial Information

# Second Quarter and Six Month Statements of Operations

(\$ millions, unaudited)	Quarter Ended				Six Months Ended			
	June 29, 2014	% Net Revenues	June 30, 2013	% Net Revenues	June 29, 2014	% Net Revenues	June 30, 2013	% Net Revenues
<b>Net Revenues</b>	<b>\$ 829</b>	<b>100.0%</b>	<b>\$766</b>	<b>100.0%</b>	<b>\$ 1,509</b>	<b>100.0%</b>	<b>\$1,430</b>	<b>100.0%</b>
Cost of Sales	320	38.6%	301	39.2%	579	38.4%	568	39.7%
Royalties	71	8.5%	50	6.6%	120	8.0%	100	7.0%
Product Development	52	6.2%	48	6.2%	99	6.6%	95	6.6%
Advertising	82	9.9%	74	9.6%	149	9.9%	141	9.9%
Amortization of Intangibles	12	1.4%	12	1.6%	25	1.7%	23	1.7%
Program Production Cost Amortization	7	0.8%	10	1.3%	11	0.8%	16	1.1%
Selling, Distribution & Administration	204	24.6%	198	25.8%	399	26.5%	402	28.1%
<b>Operating Profit</b>	<b>83</b>	<b>10.0%</b>	<b>74</b>	<b>9.7%</b>	<b>126</b>	<b>8.4%</b>	<b>85</b>	<b>5.9%</b>
Interest Expense	23	2.7%	22	2.9%	45	3.0%	45	3.2%
Other (Income) Expense, Net	(5)	-0.6%	1	0.1%	(10)	-0.6%	5	0.3%
<b>Earnings Before Income Taxes</b>	<b>65</b>	<b>7.8%</b>	<b>51</b>	<b>6.7%</b>	<b>91</b>	<b>6.0%</b>	<b>35</b>	<b>2.4%</b>
Income Taxes	32	3.8%	15	1.9%	26	1.7%	5	0.3%
<b>Net Earnings</b>	<b>33</b>	<b>4.0%</b>	<b>36</b>	<b>4.8%</b>	<b>64</b>	<b>4.3%</b>	<b>30</b>	<b>2.1%</b>
Net Loss Attributable to Noncontrolling Interests	(1)	-0.1%	-	0.0%	(1)	-0.1%	-	0.0%
<b>Net Earnings Attributable to Hasbro, Inc.</b>	<b>\$33</b>	<b>4.0%</b>	<b>\$36</b>	<b>4.8%</b>	<b>\$66</b>	<b>4.3%</b>	<b>\$30</b>	<b>2.1%</b>
Diluted EPS	\$0.26		\$0.28		\$0.50		\$0.23	



# Condensed Consolidated Balance Sheets

(\$ millions, unaudited)	June 29, 2014	June 30, 2013
Cash & Cash Equivalents	\$586	\$1,022
Accounts Receivable, Net	739	641
Inventories	493	360
Other Current Assets	386	343
<b>Total Current Assets</b>	<b>2,204</b>	<b>2,366</b>
Property, Plant & Equipment, Net	237	238
Other Assets	1,698	1,574
<b>Total Assets</b>	<b>\$4,139</b>	<b>\$4,178</b>
Short-term Borrowings	\$9	\$193
Current Portion of Long-term Debt	-	432
Payables & Accrued Liabilities	716	671
<b>Total Current Liabilities</b>	<b>725</b>	<b>1,297</b>
Long-term Debt	1,560	960
Other Liabilities	358	466
<b>Total Liabilities</b>	<b>2,642</b>	<b>2,722</b>
Redeemable Noncontrolling Interests	44	-
Total Shareholders' Equity	1,452	1,456
<b>Total Liabilities, Redeemable Noncontrolling Interests and Shareholders' Equity</b>	<b>\$4,139</b>	<b>\$4,178</b>

# Condensed Cash Flow – Six Months Ended

(\$ millions, unaudited)	June 29, 2014	June 30, 2013
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 109</b>	<b>\$ 298</b>
<b>Cash Flows from Investing Activities:</b>		
Additions to Property, Plant and Equipment	(52)	(54)
Other	(1)	4
<b>Net Cash Utilized by Investing Activities</b>	<b>(53)</b>	<b>(49)</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) Repayments of Short-term Borrowings	1	(31)
Purchases of Common Stock	(214)	(56)
Stock-based Compensation Transactions	31	72
Dividends Paid	(108)	(52)
<b>Net Cash Utilized by Financing Activities</b>	<b>(154)</b>	<b>(67)</b>
Effect of Exchange Rate Changes on Cash	1	(10)
Cash and Cash Equivalents at Beginning of Year	682	850
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 586</b>	<b>\$ 1,022</b>

# Supplemental Financial Data

## 2013 Operating Profit, Excluding Restructuring and Related Pension Charges

(\$ thousands, unaudited)

Quarter Ended June 30, 2013	As Reported	Less Restructuring and Related Pension Charges	Excluding Restructuring and Related Pension Charges	% Net Revenues
Net Revenues	\$ 766,342	\$ -	766,342	100.0%
Costs and Expenses:				
Cost of Sales	300,570	-	300,570	39.2%
Royalties	50,229	-	50,229	6.6%
Product Development	47,904	-	47,904	6.2%
Advertising	73,657	-	73,657	9.6%
Amortization of Intangibles	12,037	-	12,037	1.6%
Program Production Cost Amortization	10,309	-	10,309	1.3%
Selling, Distribution and Administration	197,548	(2,462)	195,086	25.5%
<b>Operating Profit</b>	<b>\$ 74,088</b>	<b>\$ (2,462)</b>	<b>\$ 76,550</b>	<b>10.0%</b>

(\$ thousands, unaudited)

Six Months Ended June 30, 2013	As Reported	Less Restructuring and Related Pension Charges	Excluding Restructuring and Related Pension Charges	% Net Revenues
Net Revenues	\$ 1,430,036	\$ -	\$ 1,430,036	100.0%
Costs and Expenses:				
Cost of Sales	568,142	(8,493)	559,649	39.1%
Royalties	99,621	-	99,621	7.0%
Product Development	95,089	(3,515)	91,574	6.4%
Advertising	140,791	-	140,791	9.9%
Amortization of Intangibles	23,453	-	23,453	1.7%
Program Production Cost Amortization	16,032	-	16,032	1.1%
Selling, Distribution and Administration	402,193	(19,380)	382,813	26.7%
<b>Operating Profit</b>	<b>\$ 84,715</b>	<b>\$ (31,388)</b>	<b>\$ 116,103</b>	<b>8.1%</b>

NOTE: There were no significant unusual or nonrecurring charges in Q2 or Six Months 2014



# Supplemental Financial Data

## Restructuring and Related Pension Charges by Segment

	Quarter Ended		Six Months Ended	
	June 29, 2014	June 30, 2013	June 29, 2014	June 30, 2013
(\$ thousands, unaudited)				
U.S. and Canada Segment	\$ --	\$ --	\$ --	\$ --
International Segment	--	--	--	--
Entertainment and Licensing Segment	--	--	--	1,729
Global Operations Segment	--	--	--	--
Corporate and Eliminations	--	2,462	--	29,659
<b>Total Restructuring Charges</b>	<b>\$ --</b>	<b>\$ 2,462</b>	<b>\$ --</b>	<b>\$ 31,388</b>

# Supplemental Financial Data

## Net Earnings and EPS Excluding Restructuring Related Pension Charges and Tax Adjustments

(\$ thousands, except per share amounts, unaudited)	Quarter Ended			
	June 29, 2014	Diluted Per Share Amount	June 30, 2013	Diluted Per Share Amount
Net Earnings Attributable to Hasbro, Inc., as Reported	\$ 33,475	\$ 0.26	\$ 36,480	\$ 0.28
Restructuring and Related Pension Charges, Net of Tax	-	-	1,790	0.01
Unfavorable Tax Adjustment, Net	13,846	0.10	-	-
<b>Net Earnings, Attributable to Hasbro, Inc., as Adjusted</b>	<b>\$ 47,321</b>	<b>\$ 0.36</b>	<b>\$ 38,270</b>	<b>\$ 0.29</b>
(\$ thousands, except per share amounts, unaudited)	Six Months Ended			
	June 29, 2014	Diluted Per Share Amount	June 30, 2013	Diluted Per Share Amount
Net Earnings Attributable to Hasbro, Inc., as Reported	\$ 65,562	\$ 0.50	\$ 29,809	\$ 0.23
Restructuring and Related Pension Charges, Net of Tax	-	-	20,567	0.16
Unfavorable Tax Adjustments, Net	366	-	-	-
<b>Net Earnings, Attributable to Hasbro, Inc., as Adjusted</b>	<b>\$ 65,928</b>	<b>\$ 0.50</b>	<b>\$ 50,376</b>	<b>\$ 0.39</b>

# Hasbro's Franchise Brands

## TRANSFORMERS

## MAGIC The Gathering

## NERF

## MONOPOLY

## my LITTLE PONY

## Littlest Pet Shop

## Play-Doh

