



July 20, 2015

Second Quarter
2015 Earnings



Safe Harbor

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Brand Blueprint





Creating the
World's **Best Play**
Experiences

Second Quarter 2015 Snapshot

Growth in Most Franchise Brands and Key Partner Brands; Significant Negative FX Impact in the Quarter; Strong Consumer Takeaway Globally

Q2 Net Revenues \$797.7M down 4% year-over-year

- Q2 Net revenues up 5% absent negative \$71.5M FX impact in the quarter;
- U.S. and Canada segment up 1%; International segment up 9% (absent FX); Entertainment and Licensing segment flat;
- Emerging markets revenues declined 11% in the quarter; Up approximately 9% absent FX
- Market share gains in 9 of 11 markets

Franchise Brands down year-over-year in Q2 2015, but up in 1H 2015

- Five of seven Franchise Brands grew year-over-year, absent FX
- LITTLEST PET SHOP; MONOPOLY; MY LITTLE PONY; NERF; PLAY-DOH
- TRANSFORMERS and MAGIC: THE GATHERING declined as expected

Strong Financial Position

- Growth in operating profit absent FX
- \$858M in cash at quarter end

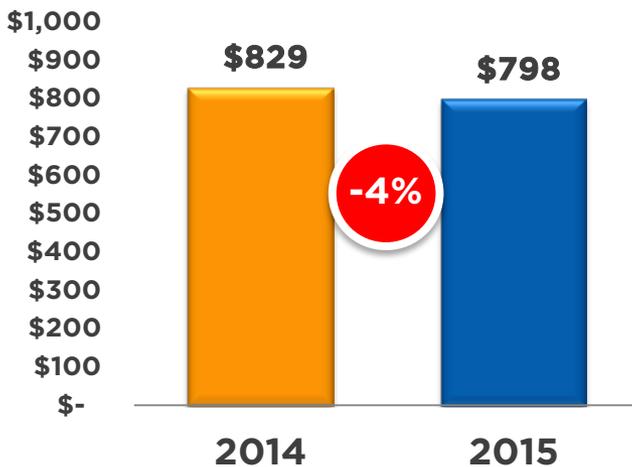
Net Earnings of \$41.8M, or \$0.33 per diluted share, in Q2 2015 vs. \$33.5M, or \$0.26 per diluted share, in Q2 2014

- 2014 net earnings include an unfavorable tax adjustment of \$13.8 million, or \$0.10 per diluted share

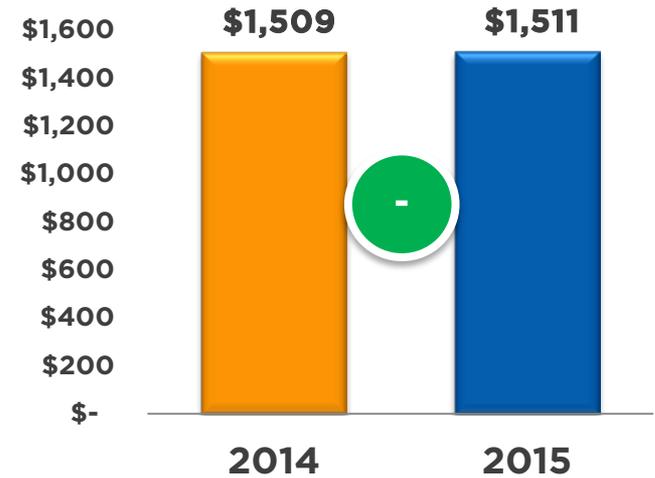
Second Quarter & Six Months Net Revenue Performance

(\$ millions, unaudited)

Second Quarter Revenues



Six Months Revenues



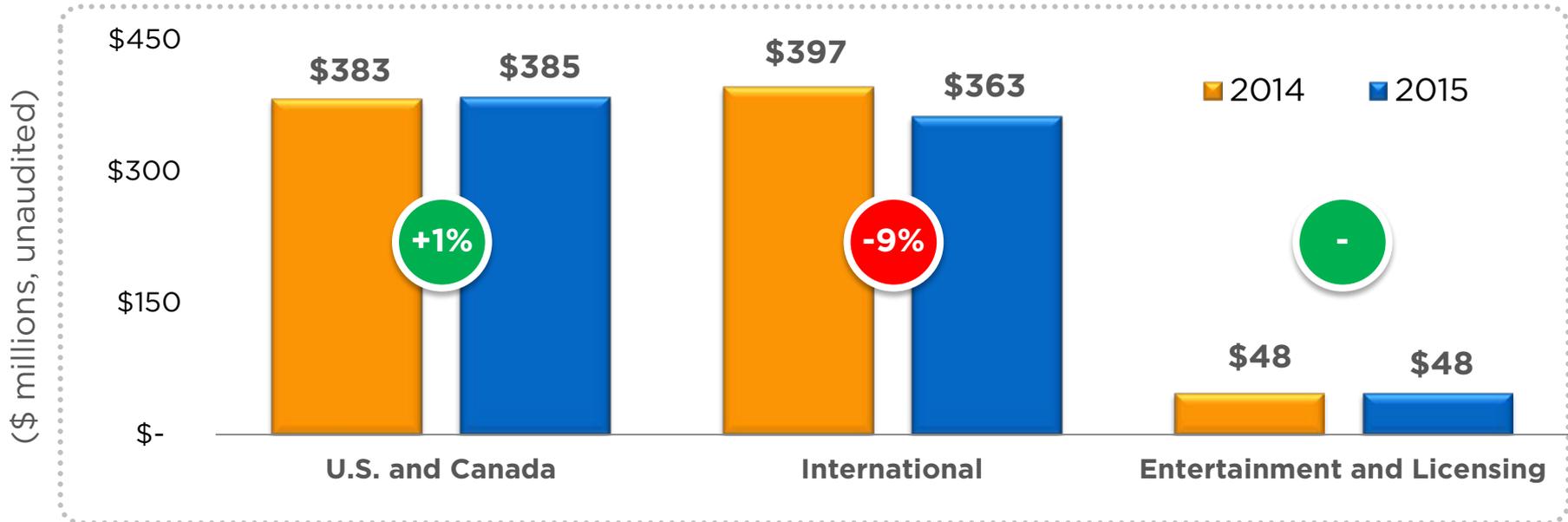
Foreign Exchange had a Negative \$71.5M Impact on Q2 2015 and a Negative \$134.0M Impact for the 1H 2015

Q2 2015 Revenues Increased 5% Absent Foreign Exchange

1H 2015 Revenues Increased 9% Absent Foreign Exchange



Second Quarter Segment Net Revenues



U.S. and Canada

Strong POS trends, including Franchise Brands; Inventory in good position

International

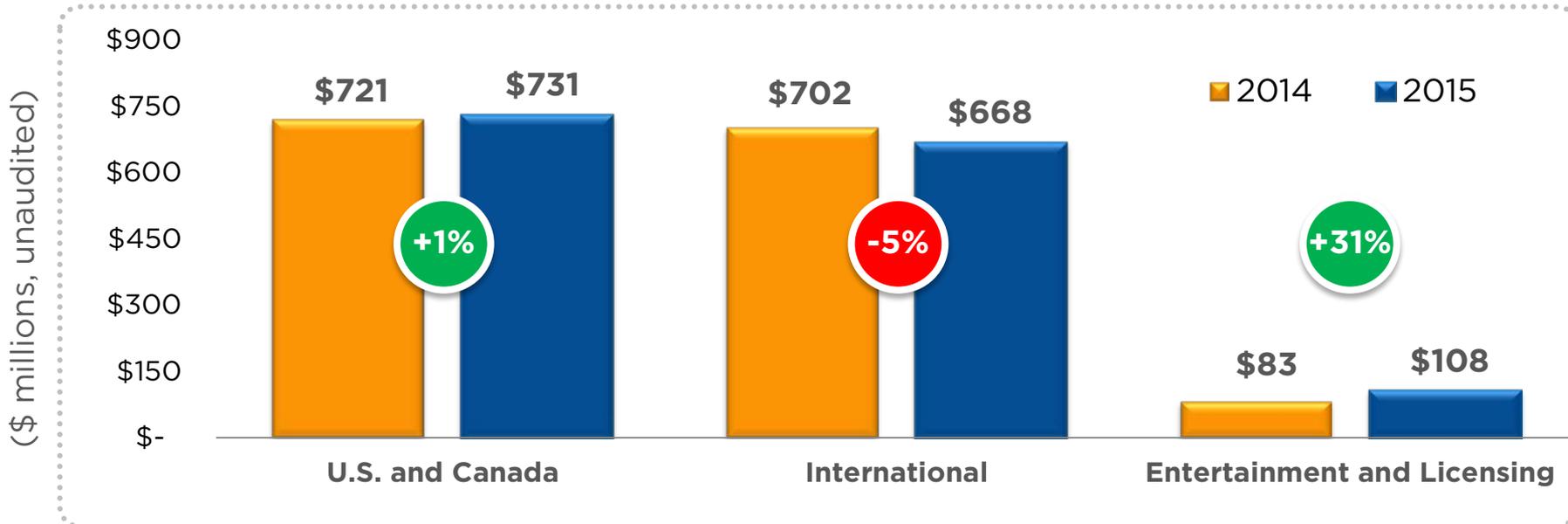
Revenues up 9% absent FX impact; Strong POS, including Franchise Brands; Inventory in good position

Entertainment and Licensing

Entertainment-backed licensing revenues driving performance



Six Months Segment Net Revenues



U.S. and Canada
 Growth in Franchise and Partner Brands; Strong POS

International
 Revenues up 14% absent FX impact; Growth in Franchise and Partner Brands, absent FX; Strong POS

Entertainment and Licensing
 Lifestyle Licensing & Entertainment Revenues Drove Performance



International Segment Revenues

Second Quarter and Six Months International Segment Revenue Growth/Decline
Including and Excluding the Impact of Foreign Currency Translation

(\$ millions, unaudited)	Q2 2015 As Reported	Q2 2015 Absent FX	Six Mo. 2015 As Reported	Six Mo. 2015 Absent FX
Europe	-14%	+6%	-10%	+12%
Latin America	+1%	+23%	+4%	+23%
Asia Pacific	-6%	+1%	+2%	+9%
International	-9%	+9%	-5%	+14%

Foreign Exchange Impact

Second Quarter 2015: -\$69.5M; Six Months 2015: -\$130.5M

Absent FX: Emerging Markets up approximately 9%
in Q2 2015 and 15% for Six Months 2015



Second Quarter & Six Months Net Revenues By Product Category

(\$ millions, unaudited)	Q2 2015	Q2 2014	% Change	Six Mo. 2015	Six Mo. 2014	% Change
Boys	\$ 340	\$ 336	+1%	\$ 613	\$ 584	+5%
Games	212	226	-6%	447	446	-%
Girls	127	164	-22%	245	303	-19%
Preschool	118	104	+14%	206	176	+17%
Total	\$ 798	\$829	-4%	\$ 1,511	\$1,509	-%

Boys and Preschool Up in Both Periods;
Q2 and 1H 2015 Growth in PLAY-DOH, NERF, LITTLEST PET
SHOP, JURASSIC WORLD, MARVEL, STAR WARS;
MAGIC: THE GATHERING up 1H 2015;
Declines in TRANSFORMERS and FURBY (as expected)



Second Quarter Major Expense Items

(\$ millions, unaudited)	Q2 2015	Q2 2014	% Change YOY*	Q2 2015 % of Revenue
Cost of Sales	\$295	\$320	-8%	37.0%
Royalties	\$57	\$71	-19%	7.2%
Product Development	\$58	\$52	+11%	7.2%
Advertising	\$78	\$82	-4%	9.8%
Amortization of Intangibles	\$13	\$12	+12%	1.7%
Program Production Cost Amortization	\$7	\$7	+8%	0.9%
Selling, Distribution & Administration	\$213	\$204	+5%	26.7%

*Percent changes may not calculate due to rounding



Six Months Major Expense Items

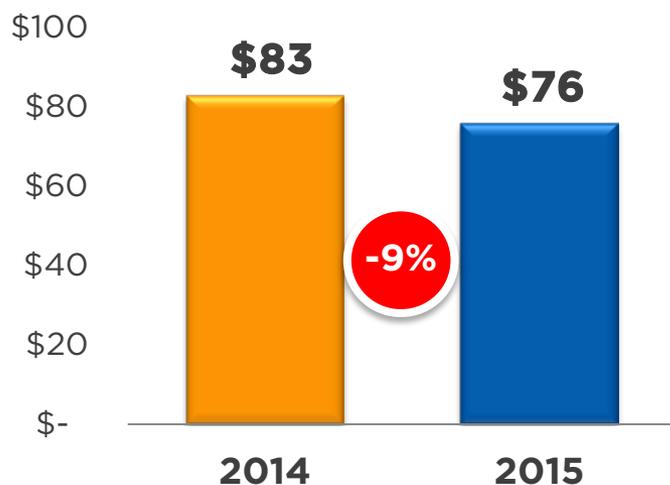
(\$ millions, unaudited)	Six Months 2015	Six Months 2014	% Change YOY	% of Six Months 2015 Revenue
Cost of Sales	\$543	\$579	-6%	35.9%
Royalties	\$116	\$120	-3%	7.7%
Product Development	\$110	\$99	+11%	7.2%
Advertising	\$146	\$149	-2%	9.7%
Amortization of Intangibles	\$26	\$25	+4%	1.7%
Program Production Cost Amortization	\$18	\$11	+61%	1.2%
Selling, Distribution & Administration	\$422	\$399	+6%	27.9%



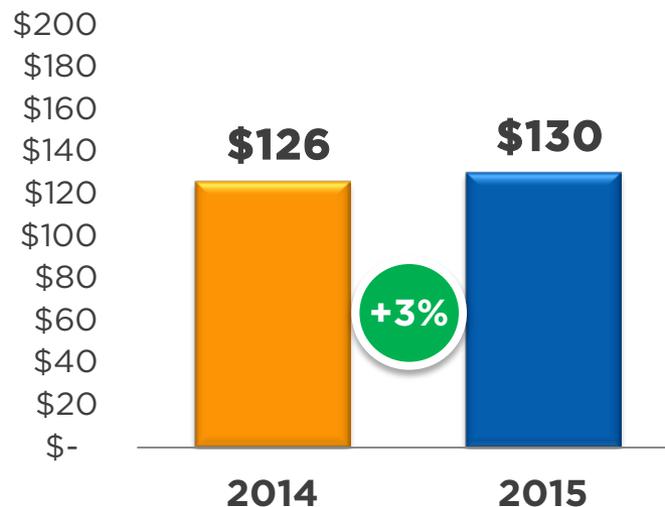
Second Quarter and Six Months Operating Profit

(\$ millions, unaudited)

As Reported Quarterly Operating Profit



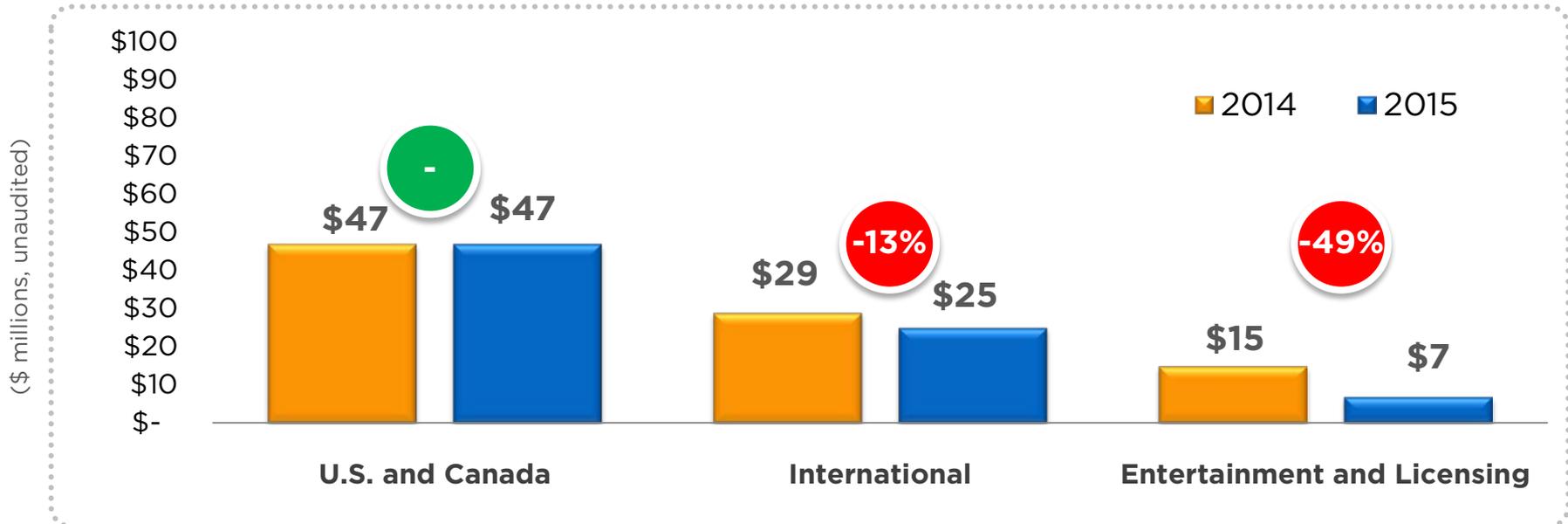
As Reported 1H 2015 Operating Profit



Q2 2015 Operating Profit Margin 9.5% vs. 10.0% in 2014
1H 2015 Operating Profit Margin 8.6% vs. 8.4% in 2014
**Q2 and 1H 2015 Operating Profit up 10% and 26%,
respectively absent FX**



Second Quarter Segment Operating Profit



U.S. and Canada

Operating Profit Margin flat year-over-year

International

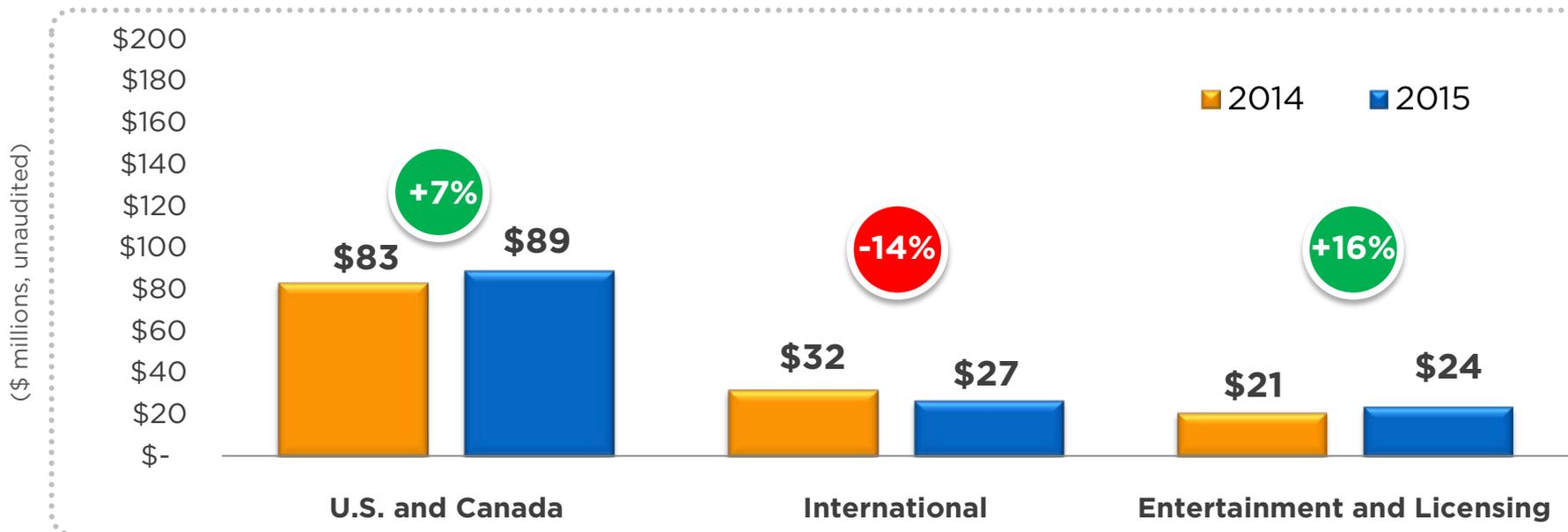
Negatively Impacted by FX; Increased absent FX

Entertainment and Licensing

Less favorable revenue mix; Higher amortization expense; Timing of expenses



Six Months Segment Operating Profit



U.S. and Canada

Favorable product mix and revenue growth more than offsetting investments

International

Lower fixed costs and favorable product mix offset by FX

Entertainment and Licensing

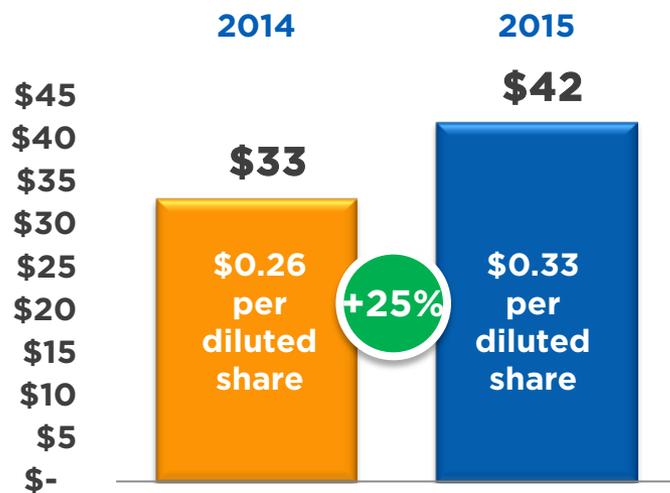
Operating profit dollar increase driven by Q1 entertainment & licensing revenue growth



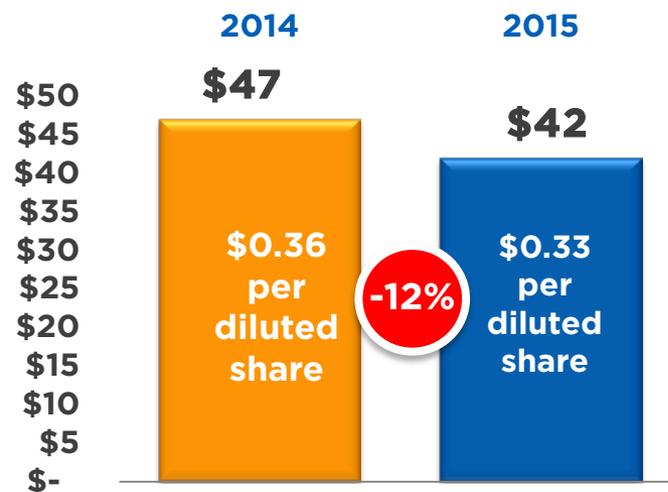
Second Quarter Net Earnings Attributable to Hasbro, Inc.

(\$ millions, except per share, unaudited)

As Reported Quarterly Net Earnings



As Adjusted Quarterly Net Earnings



Adjusted Net Earnings down -12% year-over-year

Adjusted Q2 2014 excludes a \$13.8 M, or \$0.10 per diluted share, unfavorable tax adjustment

Q2 2015 Non-Operating Expense, net was \$22M vs. \$18M in 2014

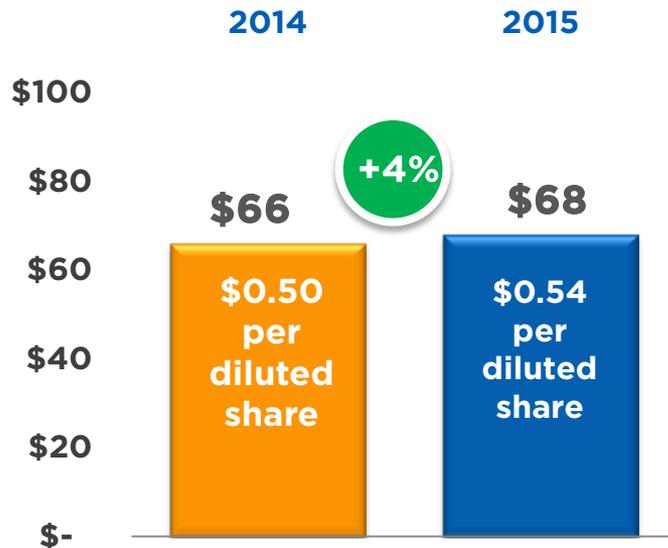
Q2 2015 Tax Rate of 27.1% vs. 26.8% in 2014



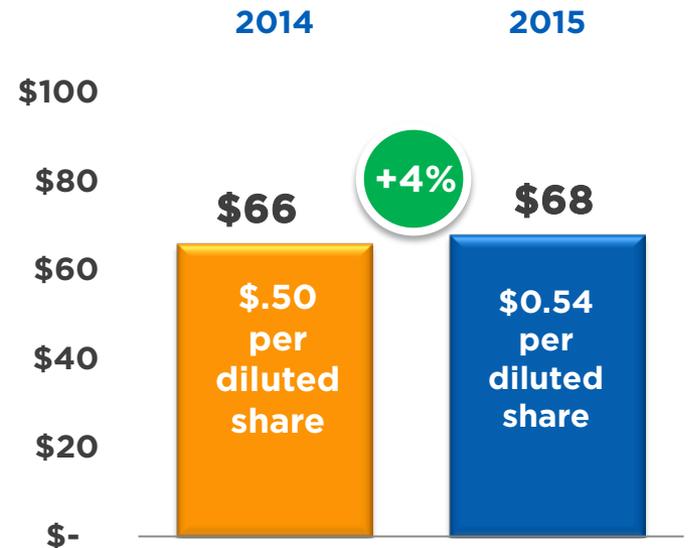
Six Months Net Earnings Attribute to Hasbro, Inc.

(\$ millions, except per share, unaudited)

As Reported Net Earnings



As Adjusted Net Earnings



Net Earnings up 4% year-over-year

1H 2014 included a Q1 2014 favorable tax adjustment of \$13.5M, or \$0.10 per diluted share, offset by an unfavorable Q2 2014 tax adjustment of \$13.8M, or \$0.10 per diluted share

The net impact of favorable and unfavorable tax adjustments in 1H 2014 did not materially impact earnings



Second Quarter Key Cash Flow & Balance Sheet Data

(\$ millions, unaudited)	June 28, 2015	June 29, 2014	Notes
Cash	\$858	\$586	Strong cash position, mostly held overseas
Depreciation	\$29	\$29	
Amortization of Intangibles	\$13	\$12	Last quarter of amortization of certain digital gaming property rights
Television Program Spending	\$12	\$11	Continued investment in programming
Capex	\$37	\$29	Tooling and systems investments
Dividends Paid	\$ 57	\$56	Next dividend payment on 8/17/15; \$111M paid in 1H 2015
Stock Repurchase	\$22	\$134	\$47M year to date \$517M remain in authorizations
Operating Cash Flow (Q2) (Trailing Twelve Months)	\$(79) \$581	\$(133) \$212	
Accounts Receivable	\$709	\$739	DSOs flat YOY at 80 days
Inventory	\$404	\$493	\$20.0M related to classification of assets held for sale ;Flat YOY when adjusted for FX & asset reclassification



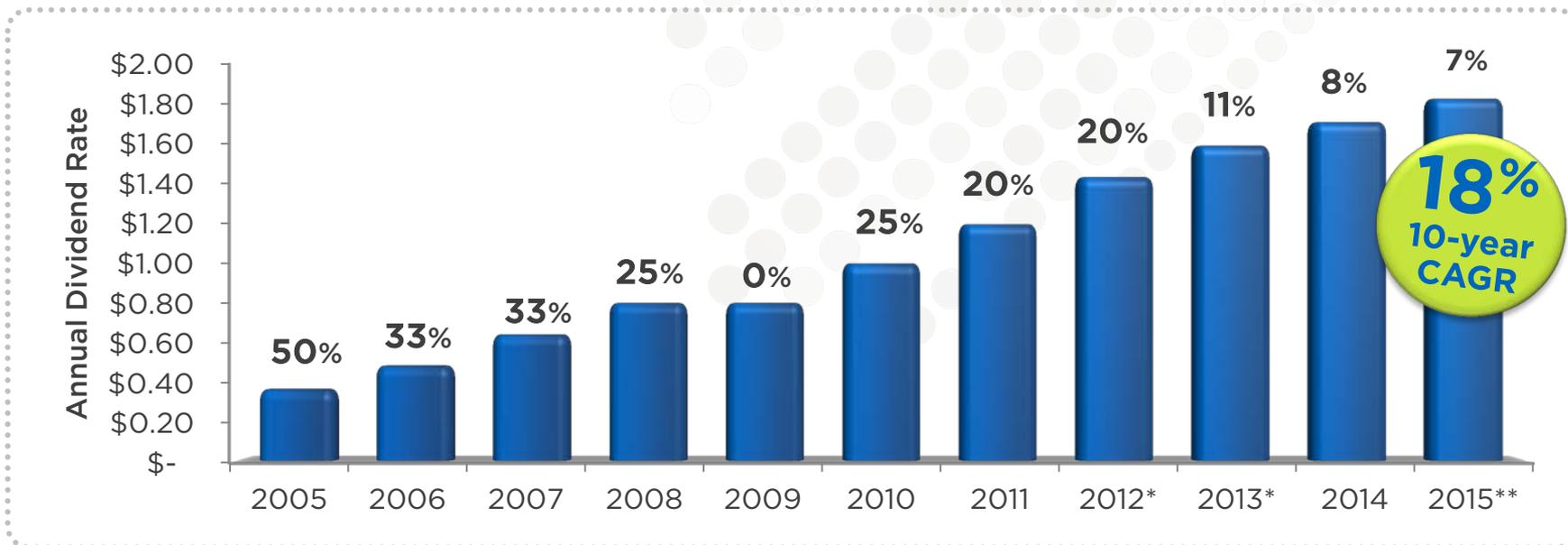
Capital Priorities

Operating Cash Flow Target:
\$500 Million on Average Per Year

- Invest in the long-term profitable growth of Hasbro
- Return excess cash to shareholders through dividend and stock repurchase program
- Maintain a solid investment grade rating and access to commercial paper market



Capital Priorities: Dividend



↑ **7%**

**2015 Quarterly
dividend increase**



**Dividend in
11 of last 12 years**

10 Years

\$1.3B

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

** 2015 annual dividend rate is projected



Capital Priorities: Share Repurchase



Q2 2015 End
\$517M
Remains

Q2 2015
Repurchases
\$22M

10 Years
\$3.3B



Supplementary Financial Information



Second Quarter and Six Month Consolidated Statements of Operations

(\$ millions, unaudited)	Quarter Ended				Six Months Ended			
	June 28, 2015	% Net Revenues	June 29, 2014	% Net Revenues	June 28, 2015	% Net Revenues	June 29, 2014	% Net Revenues
Net Revenues	\$798	100.0%	\$829	100.0%	\$1,511	100.0%	\$1,509	100.0%
Cost of Sales	295	37.0%	320	38.6%	543	35.9%	579	38.4%
Royalties	57	7.2%	71	8.5%	116	7.7%	120	8.0%
Product Development	58	7.2%	52	6.2%	110	7.2%	99	6.6%
Advertising	78	9.8%	82	9.9%	146	9.7%	149	9.9%
Amortization of Intangibles	13	1.7%	12	1.4%	26	1.7%	25	1.7%
Program Production Cost Amortization	7	0.9%	7	0.8%	18	1.2%	11	0.8%
Selling, Distribution & Administration	213	26.7%	204	24.6%	422	27.9%	399	26.5%
Operating Profit	76	9.5%	83	10.0%	130	8.6%	126	8.4%
Interest Expense	24	3.0%	23	2.7%	49	3.2%	45	3.0%
Other (Income) Expense, Net	(2)	-0.3%	(5)	-0.6%	(7)	-0.5%	(10)	-0.6%
Earnings Before Income Taxes	54	6.7%	65	7.8%	88	5.8%	91	6.0%
Income Taxes	13	1.7%	32	3.8%	22	1.4%	26	1.7%
Net Earnings	40	5.1%	33	4.0%	66	4.4%	64	4.3%
Net Loss Attributable to Noncontrolling Interests	(2)	-0.2%	(1)	-0.1%	(2)	-0.2%	(1)	-0.1%
Net Earnings Attributable to Hasbro, Inc.	\$42	5.2%	\$33	4.0%	\$68	4.5%	\$66	4.3%
Diluted EPS	\$0.33		\$0.26		\$0.54		\$0.50	

Condensed Consolidated Balance Sheets

(\$ millions, unaudited)	June 28, 2015	June 29, 2014
Cash & Cash Equivalents	\$858	\$586
Accounts Receivable, Net	709	739
Inventories	404	493
Other Current Assets	434	386
Total Current Assets	2,406	2,204
Property, Plant & Equipment, Net	226	237
Other Assets	1,599	1,698
Total Assets	\$4,231	\$4,139
Short-term Borrowings	\$168	\$9
Payables & Accrued Liabilities	638	716
Total Current Liabilities	806	725
Long-term Debt	1,560	1,560
Other Liabilities	395	358
Total Liabilities	2,761	2,642
Redeemable Noncontrolling Interests	41	44
Total Shareholders' Equity	1,429	1,452
Total Liabilities, Redeemable Noncontrolling Interests and Shareholders' Equity	\$4,231	\$4,139

Condensed Consolidated Cash Flow-Six Months Ended

	(\$ millions, unaudited)	June 28, 2015	June 29, 2014
Net Cash Provided by Operating Activities		\$ 236	\$109
Cash Flows from Investing Activities:			
Additions to Property, Plant and Equipment		(68)	(52)
Other		9	(1)
Net Cash Utilized by Investing Activities		(59)	(53)
Cash Flows from Financing Activities:			
Proceeds from Borrowings with Maturity Greater than 3 Months		-	560
Repayments of Borrowings with Maturity Greater than 3 Months		-	(425)
Net (Repayments) Proceeds from Short-term Borrowings		(84)	1
Purchases of Common Stock		(49)	(214)
Stock-based Compensation Transactions		42	31
Dividends Paid		(111)	(108)
Other		(81)	-
Net Cash Utilized by Financing Activities		(202)	(154)
Effect of Exchange Rate Changes on Cash		(9)	1
Cash and Cash Equivalents at Beginning of Year		893	682
Cash and Cash Equivalents at End of Year		\$858	\$ 586

Supplemental Financial Data

Net Earnings and Earnings per Share Excluding Tax Adjustments

	Quarter Ended			
	June 28, 2015	Diluted Per Share Amount	June 29, 2014	Diluted Per Share Amount
Net Earnings Attributable to Hasbro, Inc., as Reported	\$ 41,809	\$ 0.33	\$ 33,475	\$ 0.26
Unfavorable Tax Adjustment	-	-	13,846	0.10
Net Earnings Attributable to Hasbro, Inc., as Adjusted	<u>\$ 41,809</u>	<u>\$ 0.33</u>	<u>\$ 47,321</u>	<u>\$ 0.36</u>

	Six Months Ended			
	June 28, 2015	Diluted Per Share Amount	June 29, 2014	Diluted Per Share Amount
Net Earnings Attributable to Hasbro, Inc., as Reported	\$ 68,476	\$ 0.54	\$ 65,562	\$ 0.50
Unfavorable Tax Adjustments, Net	-	-	366	-
Net Earnings Attributable to Hasbro, Inc., as Adjusted	<u>\$ 68,476</u>	<u>\$ 0.54</u>	<u>\$ 65,928</u>	<u>\$ 0.50</u>

Franchise Brands





Hasbro

