



Hasbro Third Quarter 2012 Earnings  
October 22, 2012

# Safe Harbor

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# Third Quarter 2012 Snapshot

Company is Delivering on Stated Objectives for 2012

- **Q3 Net revenues up 1%, excluding \$47.4M foreign exchange impact**
  - Reported Q3 revenue of \$1.35M, down 2% year-over-year
- **Reported EPS of \$1.24, compared to \$1.27 in Q3 2011**
  - Q3 EPS of \$1.28, excluding impact of foreign exchange translation
- **Executing plan to return U.S. & Canada to historical operating profit margin**
  - Operating profit increased to 19.9% of quarterly revenues
- **Well positioned for Fourth Quarter 2012**
  - Innovative products based on consumer insights
  - Right-sized inventory at U.S. retail
  - Integrated and increased marketing campaigns
- **International segment revenues up 1%, excluding foreign exchange**
  - Down 7% including negative \$47.1 million foreign exchange impact
- **Reiterates Guidance**
  - Continue to believe, absent the impact of foreign exchange, Company will grow revenues and earnings per share for the full year 2012
  - Expect Q4 to be greater than Q3 in both revenues and EPS



# 2012 Objectives – On Track For Success



-  Grow FY 2012 revenues and EPS, excluding foreign exchange impact
-  Return the U.S. & Canada segment to historical operating profit margins
-  Leverage investments in new & emerging markets
-  Stabilize Games business in 2012, and position it for growth in 2013 and beyond
-  Grow Girls business



# Holiday 2012: Engaging with Consumers Across all Product Categories

## Boys



## Girls



## Preschool



## Games



# Third Quarter 2012 Net Revenues

(\$ Millions, Unaudited)



Consistent with strategy to shift revenues later in 2012 -  
better align with consumer demand

Up 1% excluding negative foreign exchange  
impact of \$47.4M



# Third Quarter 2012 Segment Net Revenues

(\$ Millions, Unaudited)



U.S. & Canada  
Retail inventories down; Aligning shipments with consumer demand

International  
Revenues up 1% excluding foreign exchange; Latin America up 9% as reported

Entertainment & Licensing  
Strong global television programming sales in all formats; Lower movie revenues yoy



# Third Quarter 2012 Net Revenues By Segment

(\$ Millions, Unaudited)	2012	2011	% Change
<b>U.S. &amp; Canada Segment</b>	<b>\$775</b>	<b>\$765</b>	<b>+1%</b>
Europe	345	384	-10%
Latin America	115	105	+9%
Asia Pacific	64	74	-14%
<b>International Segment</b>	<b>524</b>	<b>563</b>	<b>-7%</b>
Entertainment & Licensing Segment	43	46	-7%
Global Operations Segment	3	2	---
<b>Total Net Revenues</b>	<b>\$1,345</b>	<b>\$1,376</b>	<b>-2%</b>

Excluding foreign exchange  
 International Segment revenues up 1%:  
 Latin America up 19%, Europe ~flat and Asia Pacific down



## Third Quarter 2012 Net Revenues By Product Category

(\$ Millions, Unaudited)	2012	2011	% Change
Boys	\$471	\$ 535	-12%
Games	366	365	---
Girls	302	259	+17%
Preschool	206	217	-5%
<b>Total</b>	<b>\$ 1,345</b>	<b>\$ 1,376</b>	<b>-2%</b>



## Third Quarter 2012 Major Expense Items

(\$ Millions, Unaudited)	2012	% of Sales	% Change	Notes
Cost of Sales	\$586	43.6%	-2%	Q3 2012 flat as % of revenues yoy
Royalties	\$89	6.6%	-18%	Target 7%-8% of revenues FY 12
Product Development	\$48	3.6%	-2%	Target ~4.5% of FY 12 revenues
Advertising	\$135	10.0%	+4%	Increase on-track with plan Target 10%-11% of FY 12 Revenue
Amortization of Intangibles	\$13	0.9%	+14%	~\$50M estimate for FY 12
Program Production Cost Amortization	\$13	1.0%	+63%	\$40M-\$50M estimate for FY 12
Selling, Distribution & Administration	\$211	15.7%	-4%	Lower primarily due to FX Targeting 20% of revenues FY 12



# Third Quarter 2012 Operating Profit

(\$ Millions, Unaudited)

## Quarterly Operating Profit As Reported



Positive impact  
on OP



Negative  
impact on OP



# Third Quarter 2012 Segment Operating Profit

(\$ Millions, Unaudited)



## U.S. & Canada

Shifting revenue to second half 2012;  
Favorable product mix;  
Lower operating expenses

## International

Ex. Foreign exchange translation, OP down \$8M vs. reported \$15M decline; YOY should normalize on FY basis

## Entertainment & Licensing

Reflects profit impact of the one-time movie payment in Q3 2011



# Third Quarter 2012 Net Earnings

(\$ Millions, except per share,  
Unaudited)



Q3 2012 EPS of \$1.28, excluding negative foreign exchange translation impact

YTD 2012 underlying tax rate of 26.6%

Average diluted shares 132.5M

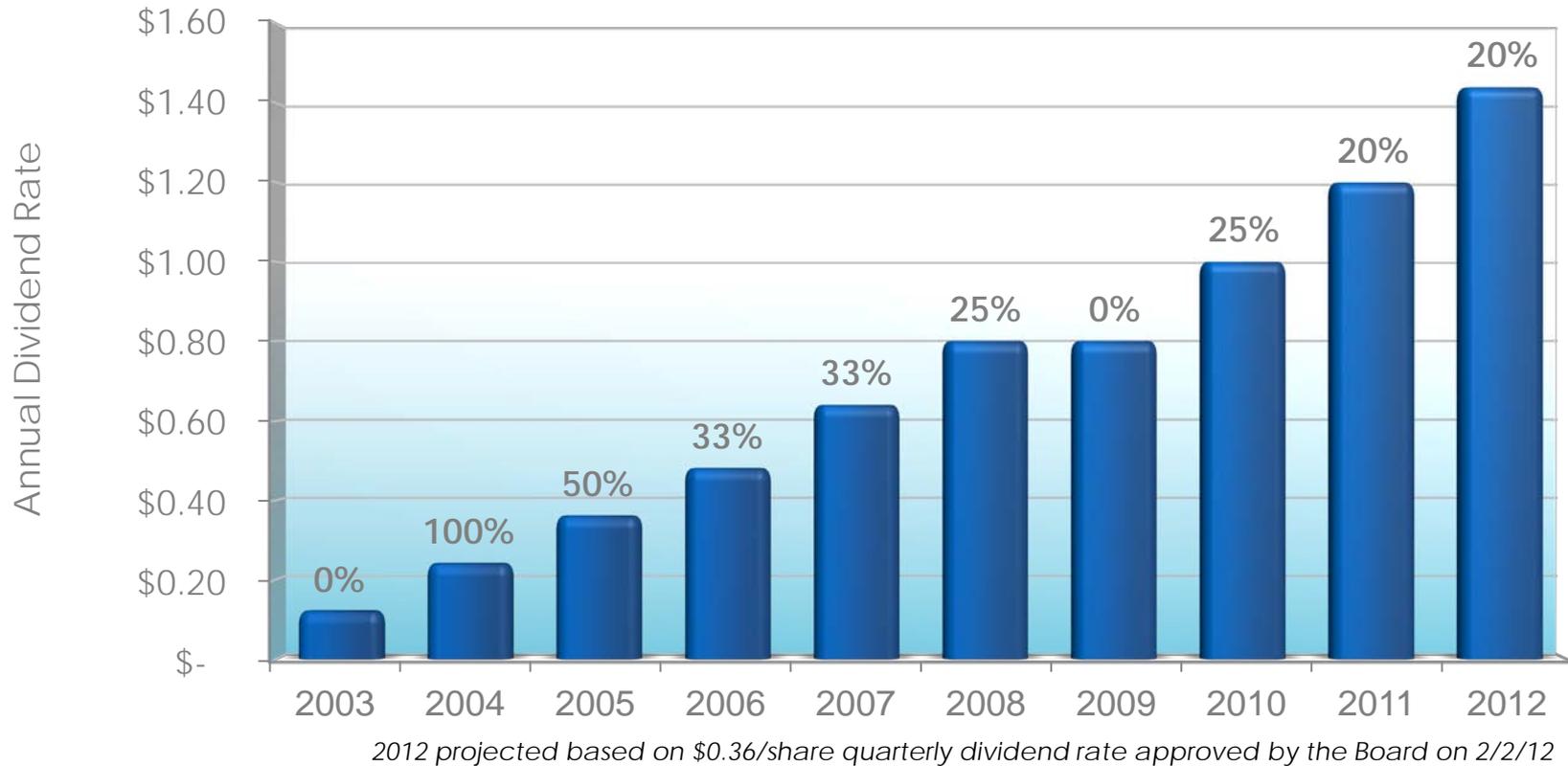


## Third Quarter 2012 Key Cash Flow & Balance Sheet Data

(\$ Millions, Unaudited)	2012	Notes
Cash	\$697	\$144M Operating Cash Flow YTD
Depreciation	\$31	Target similar to 2011
Amortization	\$13	Target ~\$50M for FY 12
Television Program Spending	\$16	Target \$50-\$60M for FY 12
Capex	\$25	Target low end of \$125-\$135M range for FY 12
Dividends	\$47	Increased 20% on 2/2/12
Stock Repurchase	\$5	142,000 shares at \$36.18
Operating Cash Flow Trailing Twelve Months	\$539	Target \$500M on average per year
Accounts Receivable	\$1,196	DSOs at 80 days – Down 2 days yoy
Inventory	\$463	Good inventory position - Down \$55M yoy



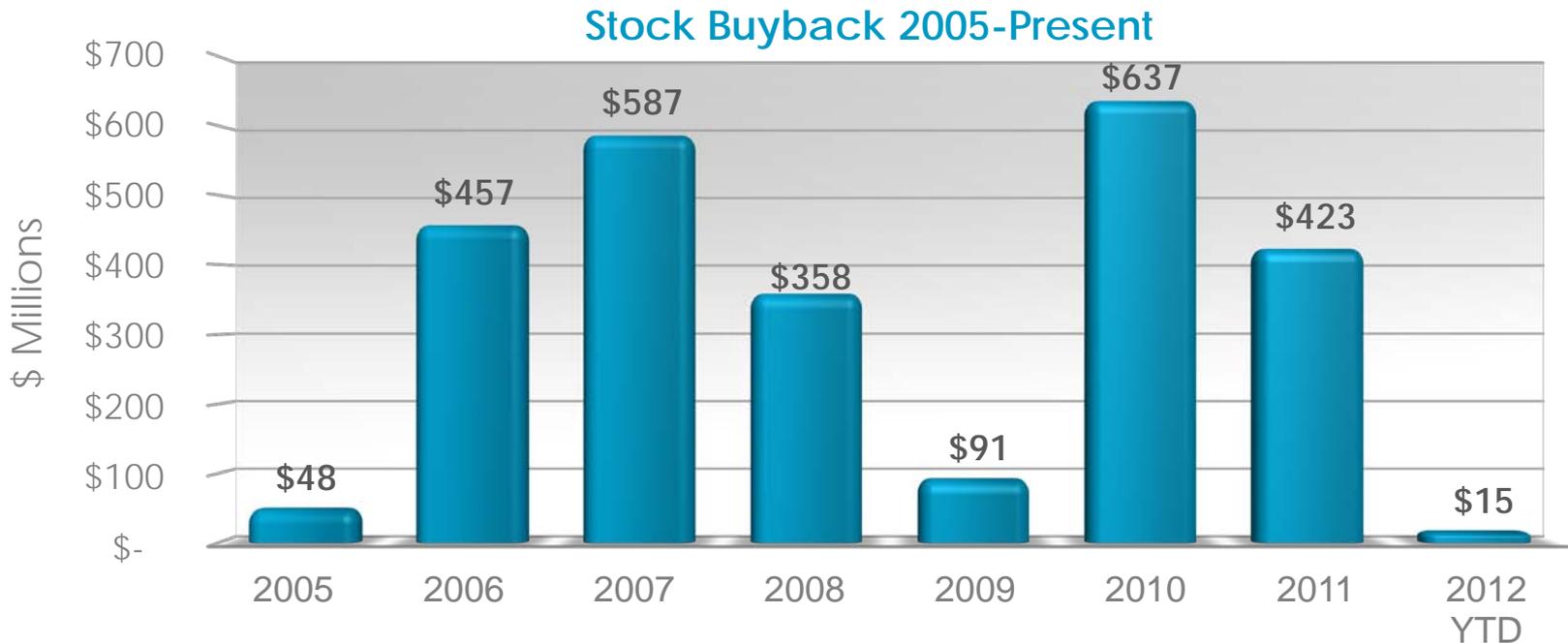
# Dividends



- 20% Quarterly dividend increase announced 2/2/12
- Next dividend payable 11/15/12 to shareholders of record at the close of business 11/1/12



# Stock Buyback



- Delivering on stated commitment of returning cash to shareholders
- In third quarter 2012, repurchased ~142,000 shares at a total cost of ~\$5 million and an average price of \$36.18
- \$212.2 million remains available as of end of Q3 2012 under current authorization



# Entertainment Update: Television

- Shows airing in all major markets and countries
- Distribution on all formats, including digital and home entertainment
- Driving global brand awareness and revenues
- *Littlest Pet Shop* Season One & *My Little Pony* Season Three premiering on THE HUB 11/10/12



<sup>1</sup> in terms of distribution gains

- Q3 2012 was THE HUB'S best ratings quarter in its history
- One of the fastest growing network YTD among all cable networks<sup>1</sup>
- Distributed in 70M+ households
- 62% ratings growth YOY; 28% ratings growth QOQ - Total Day, Kids 2-11



# Hasbro's Branded Play Blueprint





## Appendix

## Third Quarter 2012 Income Statement

<i>(\$ Millions, Unaudited)</i>	Sept. 30, 2012	% Net Revenues	Sept. 25, 2011	% Net Revenues
<b>Net Revenues</b>	<b>\$1,345</b>	<b>100.0%</b>	<b>\$1,376</b>	<b>100.0%</b>
Cost of Sales	586	43.6%	600	43.6%
Royalties	89	6.6%	109	7.9%
Product Development	48	3.6%	50	3.6%
Advertising	135	10.0%	130	9.5%
Amortization of Intangibles	13	0.9%	11	0.8%
Program Production Cost Amortization	13	1.0%	8	0.6%
Selling, Distribution & Administration	211	15.7%	220	16.0%
<b>Operating Profit</b>	<b>\$250</b>	<b>18.6%</b>	<b>\$248</b>	<b>18.0%</b>
Interest Expense	23	1.7%	23	1.6%
Other (Income) Expense, Net	2	0.1%	4	0.3%
<b>Earnings Before Income Taxes</b>	<b>\$225</b>	<b>16.8%</b>	<b>\$221</b>	<b>16.1%</b>
Income Taxes	(60)	4.5%	(50)	3.7%
<b>Net Earnings</b>	<b>\$165</b>	<b>12.3%</b>	<b>\$171</b>	<b>12.4%</b>
<b>Diluted EPS</b>	<b>\$1.24</b>		<b>\$1.27</b>	



## Third Quarter 2012 Balance Sheets

<i>(\$ Millions, Unaudited)</i>	Sept. 30, 2012	Sept. 25, 2011
Cash	\$697	\$187
Accounts Receivable	1,196	1,260
Inventory	463	519
Other Current Assets	263	244
<b>Total Current Assets</b>	<b>\$2,619</b>	<b>\$2,210</b>
Property, Plant & Equipment, Net	217	221
Other Assets	1,610	1,654
<b>Total Assets</b>	<b>\$4,446</b>	<b>\$4,085</b>
Short-term Borrowings	264	13
Payables & Accrued Liabilities	862	930
<b>Total Current Liabilities</b>	<b>\$1,126</b>	<b>\$943</b>
Long-term Debt	1,399	1,405
Other Liabilities	394	356
<b>Total Liabilities</b>	<b>\$2,919</b>	<b>\$2,704</b>
Total Shareholders' Equity	1,527	1,381
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$4,446</b>	<b>\$4,085</b>



## 2012 Condensed Cash Flow (Nine Months)

<i>(\$ Millions, Unaudited)</i>	Sept. 30, 2012	Sept. 25, 2011
<b>Operating Cash Flows</b>	<b>\$144</b>	<b>\$ 1</b>
<b>Investing Cash Flows:</b>		
Capex	(75)	(71)
Other	3	(7)
<b>Total Investing</b>	<b>(72)</b>	<b>(78)</b>
<b>Financing Cash Flows:</b>		
Short-term Borrowings	83	0
Stock Repurchases	(15)	(385)
Dividends	(132)	(116)
Stock Options	49	35
<b>Total Financing</b>	<b>(15)</b>	<b>(466)</b>
<b>FX Impact on Cash</b>	<b>(2)</b>	<b>2</b>
<b>Beginning Cash</b>	<b>642</b>	<b>728</b>
<b>Ending Cash</b>	<b>\$697</b>	<b>\$ 187</b>

