Hasbro

Q4 & Full Year 2019 Earnings

February 11, 2020

Safe Harbor

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which may be identified by the use of forward-looking words or phrases, include expectations concerning our potential performance in the future and our ability to achieve our financial and business goals, future expenses and the anticipated benefits from the acquisition of Entertainment One ("eOne"). Our actual actions or results may differ materially from those expected or anticipated in the forward-looking statements due to both known and unknown risks and uncertainties. Specific factors that might cause such a difference include, but are not limited to:

- our ability to design, develop, produce, manufacture, source and ship products on a timely and cost-effective and profitable basis;
- rapidly changing consumer interests in the types of products and entertainment we offer;
- the challenge of developing and offering products and storytelling experiences that are sought after by children, families and audiences given increasing technology and entertainment offerings available;
- our ability to develop and distribute engaging storytelling across media to drive brand awareness;
- our dependence on third party relationships, including with third party manufacturers, licensors of brands, studios, content producers and entertainment distribution channels;
- our ability to successfully compete in the play and entertainment industry, including with manufacturers, marketers, and sellers of toys and games, digital gaming products and digital media, as well as with film studios, television production companies and independent distributors and content producers;
- our ability to successfully evolve and transform our business and capabilities to address a changing global consumer landscape and retail environment, including changing inventories policies and practices of our customers;
- our ability to develop new and expanded areas of our business, such as through eOne, Wizards of the Coast, and our other entertainment, digital gaming and esports initiatives;
- risks associated with international operations, such as currency conversion, currency fluctuations, the imposition of tariffs, quotas, border adjustment taxes or other protectionist measures, and other challenges in the territories in which we operate;
- our ability to successfully implement actions to lessen the impact of potential and enacted tariffs imposed on our products, including any changes to our supply chain, inventory management, sales policies or pricing of our products;
- downturns in global and regional economic conditions impacting one or more of the markets in which we sell products, which can negatively impact our retail customers and consumers, result in lower employment levels, consumer disposable income, retailer inventories and spending, including lower spending on purchases of our products;
- other economic and public health conditions or regulatory changes in the markets in which we and our customers, suppliers and manufacturers operate, such as higher commodity prices, labor costs or transportation costs, or outbreaks of disease, such as the coronavirus, the occurrence of which could create work slowdowns, delays or shortages in production or shipment of products, increases in costs or delays in revenue;
- the success of our key partner brands, including the ability to secure, maintain and extend agreements with our key partners or the risk of delays, increased costs or difficulties associated with any of our or our partners' planned digital applications or media initiatives;
- fluctuations in our business due to seasonality;
- the concentration of our customers, potentially increasing the negative impact to our business of difficulties experienced by any of our customers or changes in their purchasing or selling patterns;
- the bankruptcy or other lack of success of one of our significant retailers, such as the bankruptcy of Toys"R"Us in the United States and Canada;
- risks relating to the use of third-party manufacturers for the manufacturing of our products, including the concentration of manufacturing for many of our products in the People's Republic of China and our ability to successfully diversify sourcing of our products to reduce reliance on sources of supply in China;
- our ability to attract and retain talented employees;
- our ability to realize the benefits of cost-savings and efficiency enhancing initiatives;
- our ability to protect our assets and intellectual property, including as a result of infringement, theft, misappropriation, cyber-attacks or other acts compromising the integrity of our assets or intellectual property;
- risks relating to the impairment and/or write-offs of acquired products and films and television programs we acquire and produce;
- risks relating to investments and acquisitions, such as our acquisition of eOne, which risks include: integration difficulties; inability to retain key personnel; diversion of management time and resources; failure to achieve anticipated benefits or synergies of acquisitions or investments; and risks relating to the additional indebtedness incurred in connection with a transaction;
- the risk of product recalls or product liability suits and costs associated with product safety regulations;
- changes in tax laws or regulations, or the interpretation and application of such laws and regulations, which may cause us to alter tax reserves or make other changes which significantly impact our reported financial results;
- the impact of litigation or arbitration decisions or settlement actions; and
- other risks and uncertainties as may be detailed from time to time in our public announcements and U.S. Securities and Exchange Commission ("SEC") filings.

The statements contained herein are based on our current beliefs and expectations. We undertake no obligation to make any revisions to the forward-looking statements contained in this presentation or to update them to reflect events or circumstances occurring after the date of this presentation.

SUPPLEMENTAL FINANCIAL DATA

Use of Non-GAAP Financial Measures

We have used non-GAAP financial measures as defined under SEC rules in this presentation. Specifically Adjusted operating profit, Adjusted net earnings and Adjusted earnings per diluted share, which exclude, where applicable, the impact of eOne acquisition-related charges and foreign currency gains relating to hedging the British Pound purchase price of eOne, the impact of charges associated with the settlement of our U.S. pension plan, Toys“R”Us liquidation, severance costs, asset impairments and U.S. tax reform. Also included in the financial tables are the non-GAAP financial measures of EBITDA and Adjusted EBITDA. EBITDA represents net earnings attributable to Hasbro, Inc. excluding interest expense, income taxes, depreciation and amortization. Adjusted EBITDA also excludes the impact of the charges/gains noted above. As required by SEC rules, we have provided reconciliations on the attached schedules of these measures to the most directly comparable GAAP measure. Management believes that Adjusted net earnings, Adjusted earnings per diluted share and Adjusted operating profit provides investors with an understanding of the underlying performance of our business absent unusual events. Management believes that EBITDA and Adjusted EBITDA are appropriate measures for evaluating the operating performance of our business because they reflect the resources available for strategic opportunities including, among others, to invest in the business, strengthen the balance sheet and make strategic acquisitions. These non-GAAP measures should be considered in addition to, not as a substitute for, or superior to, net earnings or other measures of financial performance prepared in accordance with GAAP as more fully discussed in our consolidated financial statements and filings with the SEC. As used herein, "GAAP" refers to accounting principles generally accepted in the United States of America.

Strategy for Growth: **Brand Blueprint**

Creating the World's Best Play and Entertainment Experiences

Hasbro's Brand Blueprint: A Proprietary Advantage

Unique **Strategy** Fueled by Unmatched **Brand Portfolio** and **Industry-leading** Capabilities in Innovation, Content, Gaming, Digital and Licensing

- FY 2019 revenue growth in **Partner Brands** and **Emerging Brands**
- FY 2019 Growth in EL&D driven by *Magic: The Gathering Arena; Bumblebee* film revenue; **Consumer Products** and **Digital Gaming Licensing**
- Acquired Entertainment One (eOne) in Q1 2020

Delivered Profitable Growth in 2019

Delivered **Profitable Growth** for the full-year 2019

- Q4 2019 revenues up 3%; up 4% absent FX*
- FY 2019 revenue up 3%; up 5% absent FX*
- Q4 and full-year operating profit and margin improvement

**Q4 2019 revenues include $13.0M and FY 2019 revenues include $78.5M negative impact of foreign exchange .*

Strong Financial Position

Investing in **Long-term Profitable Growth** of Hasbro

- Generated **$653M** in TTM operating cash flow
- Marketing and product development investments for **MAGIC: THE GATHERING** and future digital games
- Financed eOne acquisition

Q4 2019
SNAPSHOT

REVENUE

$1.43B

OPERATING PROFIT

$190.4M

NET EARNINGS

As Reported **$267.3M**

As Adjusted **$164.8M***

EPS

As Reported **$2.01**
per diluted share

As Adjusted **$1.24***
per diluted share

*A reconciliation of Non-GAAP financial measures can be found on slides 30-33.

Full-Year 2019
SNAPSHOT

REVENUE
$4.72B

OPERATING PROFIT
$652.1M

NET EARNINGS
As Reported **$520.5M**

As Adjusted **$524.7M***

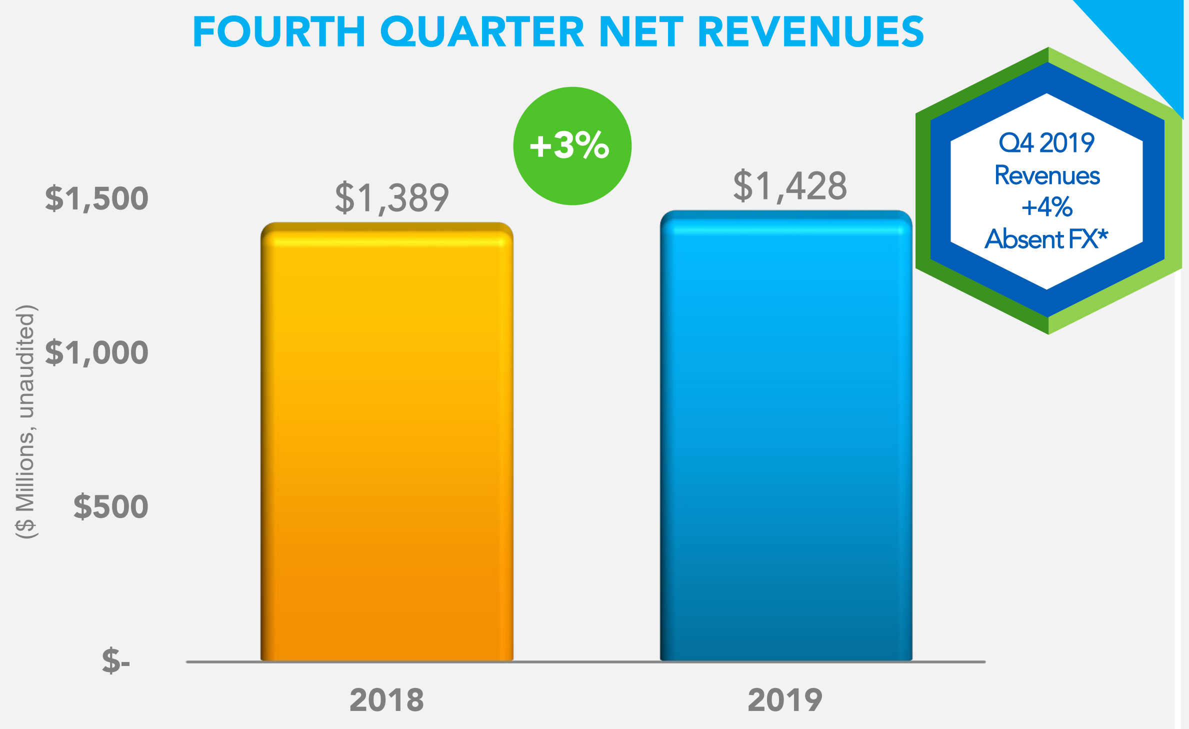
EPS
As Reported **$4.05**
per diluted share

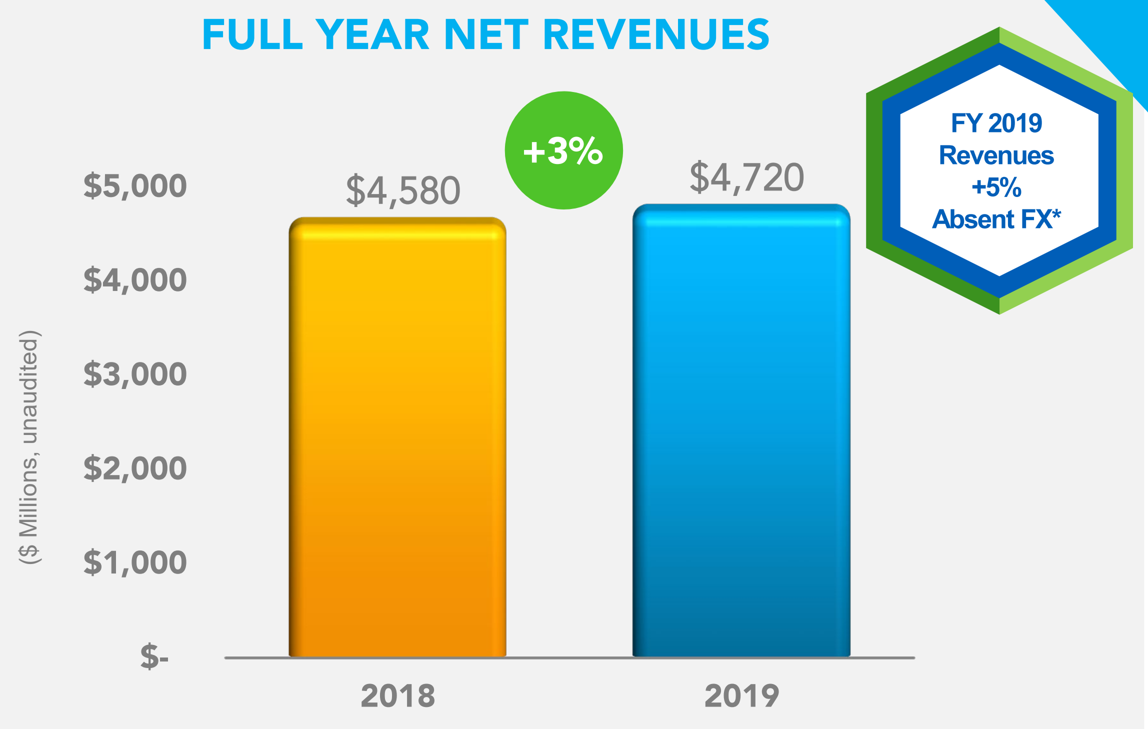
As Adjusted **$4.08***
per diluted share

**A reconciliation of Non-GAAP financial measures can be found on slides 30-33.*


Hasbro Completes Acquisition of eOne Q1 2020
Hasbro
eOne
PARTNER BRAND
STAR WARS
Hasbro PULSE
PRE-ORDER STAR WARS THE CHILD FIGURE
Star Wars The Black Series The Child Figure
$9.99
Star Wars The Bounty Collection, The Child 2.2-Inch Collectible Toys
$15.99
HASBRO MAKES JUST CAPITOL 100 BEST LIST
We take pride in being a JUST company
#1 IN HOUSEHOLD GOODS & APPAREL
MONOPOLY
LONGEST GAME EVER
MONOPOLY SPEED
A MONOPOLY GAME YOU'LL ACTUALLY FINISH IN UNDER 10 MINUTES!
Q4
2019 ANNOUNCEMENTS & HIGHLIGHTS
DUNGEONS & DRAGONS
FOR 2-6 PLAYERS
ESSENTIALS KIT
Play-Doh
COMPOUND CORNER
PARTNER BRAND
Disney
FROZEN II
NERF
ULTRA
Hasbro

Fourth Quarter & Full-Year Net Revenue Performance

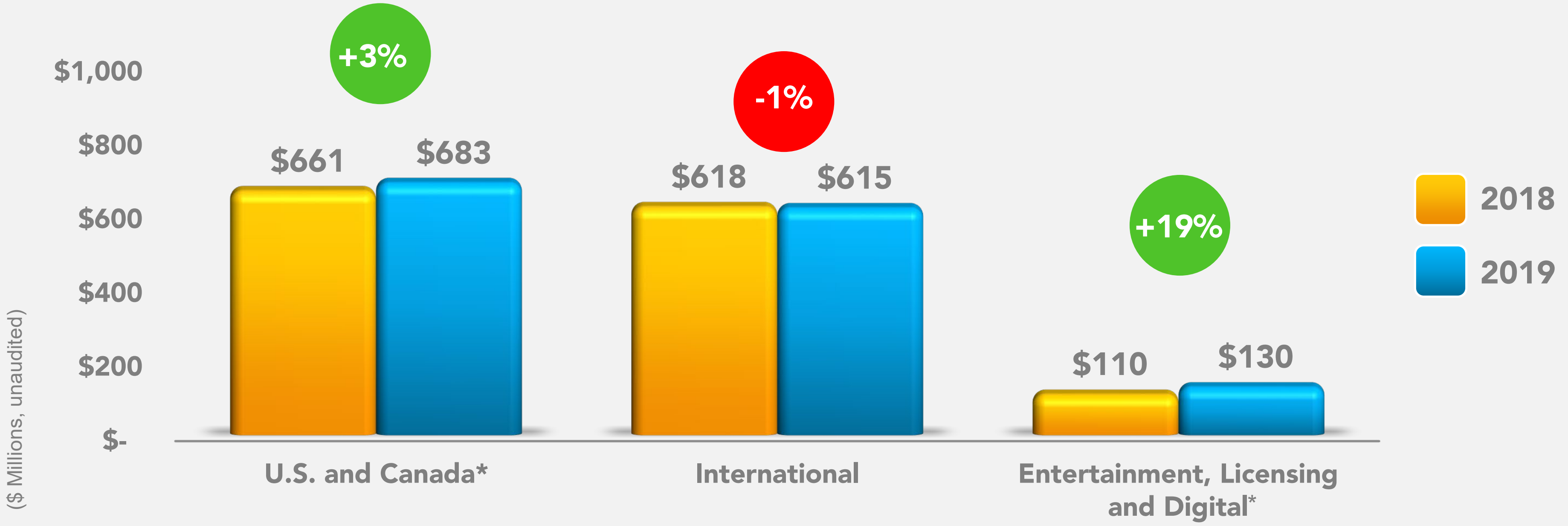




- Delivered **Key Objectives** set for 2019: delivered **profitable growth** across regions (absent FX); drove growth in **MAGIC: THE GATHERING**, successfully launched **ARENA**; Executed the business during the holiday season.
- Franchise Brands **MAGIC: THE GATHERING**, **MONOPOLY** and **PLAY-DOH** up for the full-year 2019.
- Fourth quarter growth in two **Franchise Brands**: **MONOPOLY** and **PLAY-DOH**; growth in **POWER RANGERS**; Growth in **Partner Brands** Disney's *Frozen 2* and *Star Wars* product to support movie releases and **BEYBLADE**.

*Absent a negative $13.0 million impact of foreign exchange, fourth quarter 2019 revenues grew 4%; Absent a negative $78.5 million impact of foreign exchange, FY 2019 revenues are up 5%.

Fourth Quarter Segment Net Revenues



The Entertainment and Licensing segment is now the Entertainment, Licensing and Digital segment. For the quarter ended December 30, 2018, Wizards of the Coast digital gaming revenues of $24.5 million, and operating profit of $2.0 million, were reclassified from the U.S. and Canada segment to the Entertainment, Licensing and Digital segment.

U.S. & CANADA

- Growth driven by **Partner Brands.**
- **Franchise Brands, Hasbro Gaming** and **Emerging Brands** declined in the quarter.

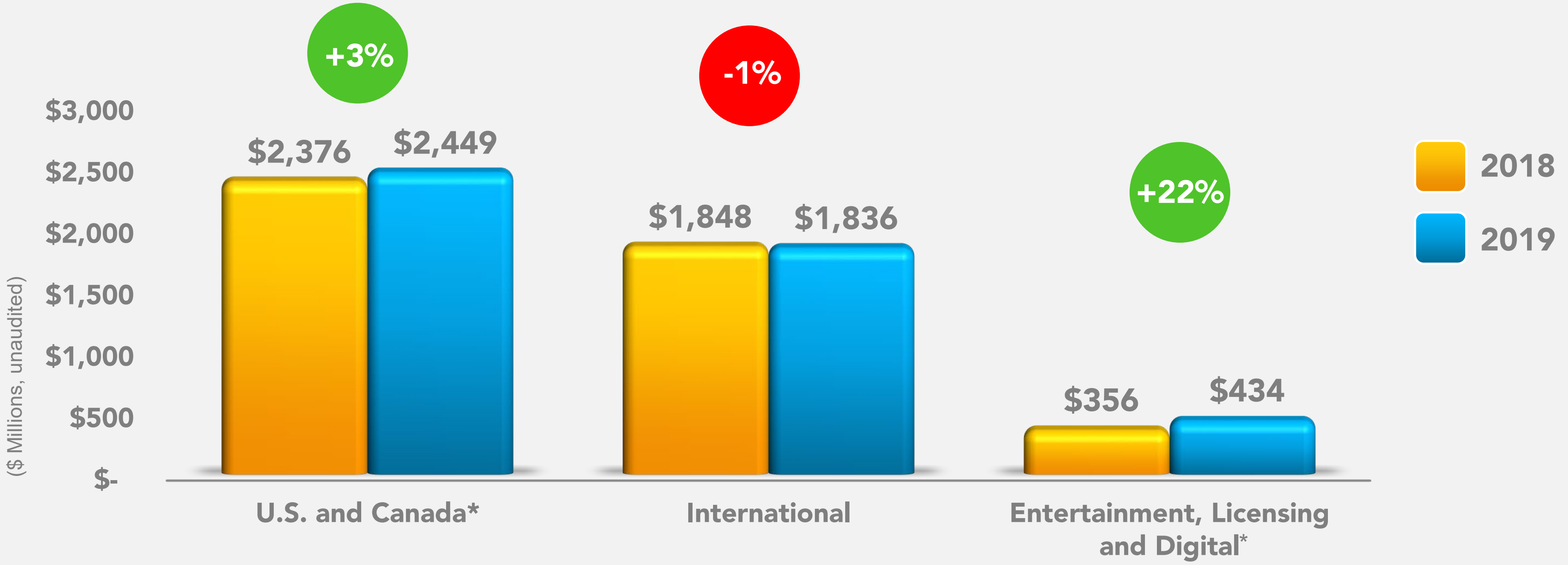
INTERNATIONAL

- Revenues **increased 2%**, absent the negative $13.1 million impact from FX
- Growth driven by **Partners Brands.**
- **Franchise Brands, Hasbro Gaming** and **Emerging Brands** declined in the quarter.

ENTERTAINMENT, LICENSING & DIGITAL

Growth driven by **Consumer Products Licensing** revenues; ***Bumblebee*** film revenues and **Digital Gaming.**

Full-Year Segment Net Revenues



The Entertainment and Licensing segment is now the Entertainment, Licensing and Digital segment. For the year ended December 30, 2018, Wizards of the Coast digital gaming revenues of $57.8 million, and operating profit of $11.8 million, were reclassified from the U.S. and Canada segment to the Entertainment, Licensing and Digital segment.

U.S. & CANADA

- Revenue growth in **Partner Brands** and **Emerging Brands,** partially offset by declines in **Franchise Brands** and **Hasbro Gaming.**

INTERNATIONAL

- Revenues **increased 4%**, absent the negative $76.5 million impact from FX.
- Growth in **Partner Brands** offset by declines in **Franchise Brands, Hasbro Gaming** and **Emerging Brands** (Emerging Brands grew absent FX).

ENTERTAINMENT, LICENSING & DIGITAL

Growth driven by ***Magic: The Gathering Arena, Bumblebee*** film revenues and **Consumer Products Licensing**

International Segment Revenues

	Q4 2019 AS REPORTED	Q4 2019 ABSENT FX	Full Year 2019 AS REPORTED	Full Year 2019 ABSENT FX
EUROPE	+3%	+5%	--	+4%
LATIN AMERICA	-11%	-8%	-4%	--
ASIA PACIFIC	+3%	+5%	+3%	+7%
INTERNATIONAL	-1%	+2%	-1%	+4%

EMERGING MARKETS

- Q4 Revenues down 1%; FY 2019 down 5%
- Absent FX, Q4 2019 revenues up approximately 2% and FY 2019 revenues up approximately 1%

Fourth Quarter and Full Year Brand Portfolio Performance

($ Millions, unaudited)	Q4 2019	Q4 2018	% CHANGE	Full Year 2019	Full Year 2019	% CHANGE
FRANCHISE BRANDS	$662	$730	-9%	$2,412	$2,446	-1%
PARTNER BRANDS	$409	$273	+50%	$1,221	$987	+24%
HASBRO GAMING*	$246	$267	-8%	$710	$788	-10%
EMERGING BRANDS	$111	$119	-7%	$378	$359	+5%
Total	**$1,428**	**$1,389**	**+3%**	**$4,720**	**$4,580**	**+3%**

**Hasbro's total gaming category, including all gaming revenue, most notably MAGIC: THE GATHERING and MONOPOLY which are included in Franchise Brands in the table above, was $442M for Q4 2019, down 8% vs. $479M in Q4 2018. FY 2019 Hasbro's Total Gaming category was $1.53B up 6% vs. $1.44B FY 2018.*

Hasbro believes its gaming portfolio is a competitive differentiator and views it in its entirety.

FULL YEAR 2019

- **Franchise Brands:** Growth in MAGIC: THE GATHERING, MONOPOLY and PLAY-DOH offset by declines in other Franchise Brands.
- **Partner Brands:** Revenue growth across portfolio including DISNEY'S *FROZEN 2*, MARVEL, *Star Wars* and BEYBLADE.
- **Hasbro Gaming:** Growth in DUNGEONS & DRAGONS and select other gaming titles, including new games for the holidays, were more than offset by declines in other games, notably PIE FACE and SPEAK OUT.
- **Emerging Brands:** Gains in POWER RANGERS, PLAYSKOOL, including MR.POTATO HEAD, and FURREAL FRIENDS.

HASBRO TOTAL GAMING*
Q4 2019
-8%
FY 2019
+6%

Fourth Quarter Major Expense Items

($ Millions, unaudited)	Q4 2019*	Q4 2018**	% CHANGE YOY	Q4 2019 % OF REVENUE
Cost of Sales	$577	$602	-4.1%	40.4%
Royalties**	$156	$111	+40.6%	10.9%
Product Development	$73	$63	+15.5%	5.1%
Advertising	$104	$150	-30.6%	7.3%
Amortization of Intangibles	$12	$9	+33.8%	0.8%
Program Production Cost Amortization	$27	$10	+162.0%	1.9%
Selling, Distribution & Administration**	$289	$434	-33.5%	20.2%

Operating Profit Margin
Q4 19: 13.3% OP
Q4 19 Adjusted*: 14.6% OP

Favorable

- √ **Cost of Sales**
- √ **Advertising**
- √ **SD&A**
- √ **Product Mix**

Unfavorable

- – **Royalties**
- – **Intangible Amortization**
- – **Program Amortization**
- – **Investments in Digital**

*Q4 2019 Adjusted Operating Profit Margin excludes certain legal and consulting fees associated with the eOne Acquisition included in SD&A.
**Q4 2018 Royalties and SD&A include expenses associated with Toys"R"Us and severance costs.

A reconciliation of adjusted operating profit can be found on slide 30-32.

Full-Year Major Expense Items

($ Millions, unaudited)	Full Year 2019*	Full Year 2018**	% Change YOY	Full Year 2019 % of Revenue
Cost of Sales	$1,808	$1,851	-2.3%	38.3%
Royalties**	$415	$352	+17.9%	8.8%
Product Development	$262	$246	+6.5%	5.6%
Advertising	$414	$440	-6.0%	8.8%
Amortization of Intangibles	$47	$29	+64.6%	1.0%
Program Production Cost Amortization	$86	$44	+94.9%	1.8%
Selling, Distribution & Administration**	$1,037	$1,288	-19.5%	22.0%

Operating Profit Margin
FY OP: 13.8%
FY 19 Adjusted*: 14.2% OP

Favorable

- √ **Cost of Sales**
- √ **SD&A**
- √ **Product Mix**
- √ **Advertising**

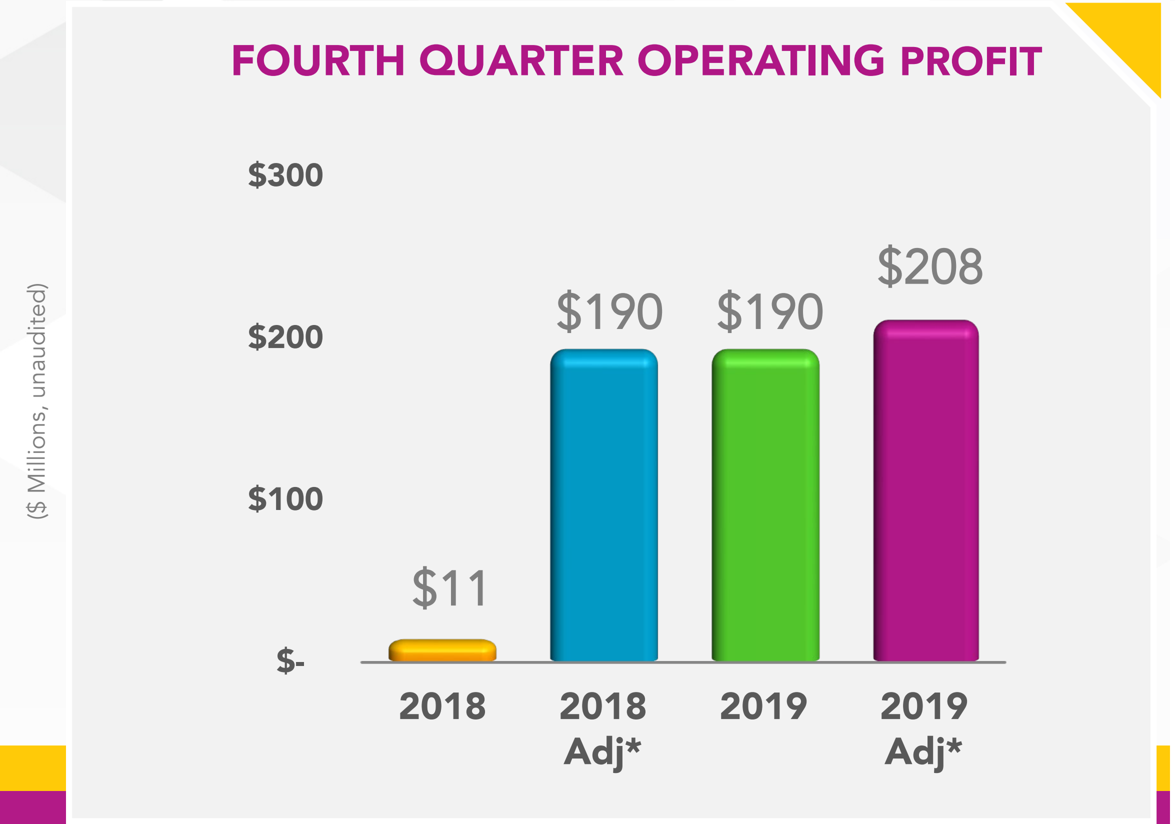
Unfavorable

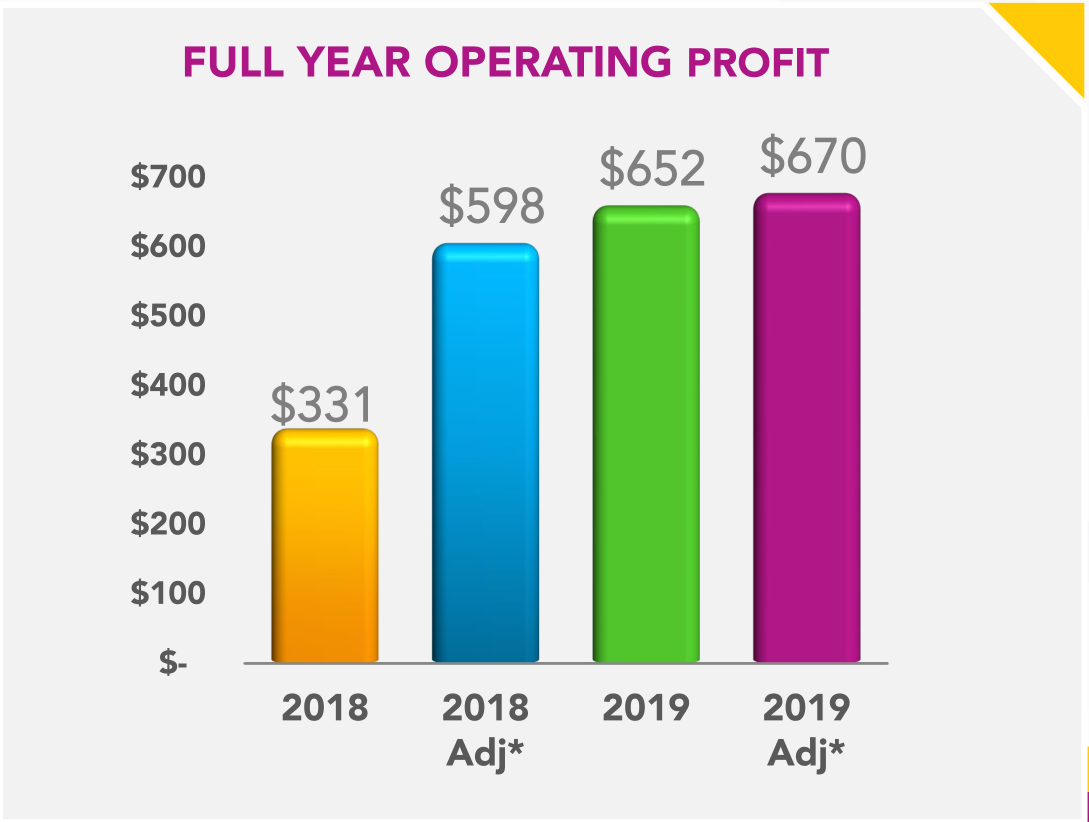
- – **Royalties**
- – **Higher Shipping & Warehousing Expense**
- – **Intangible Amortization**
- – **Program Amortization**
- – **Wizards Investments**

*FY 2019 Adjusted Operating Profit Margin excludes certain legal and consulting fees associated with the eOne Acquisition included in SD&A.
**FY 2018 Royalties and SD&A include expenses associated with Toys"R"Us and severance costs.

A reconciliation of adjusted operating profit can be found on slide 30-32.

Fourth Quarter & Full Year Operating Profit





- Q4 2019 operating profit reflects higher revenues, favorable brand mix and reduced advertising and promotion spend partially offset by higher royalty expense, higher intangible amortization and program production cost amortization.
- Full Year 2019 operating profit reflects increased revenues, favorable product mix, lower cost of sales and contributions from our cost savings activities, partially offset by increased royalties, shipping and warehousing expense, higher intangible amortization and investments in Wizards digital.
- Full Year 2018 operating profit impacted by Toys"R"Us bad debt expense and severance charges.

**A reconciliation of adjusted operating profit can be found on slides 30-32*

Fourth Quarter Segment Operating Profit

*A reconciliation of adjusted segment operating profit can be found on slides 30-32

U.S. & CANADA

FAVORABLE

- ✓ Higher Revenues
- ✓ Favorable Brand Mix
- ✓ Lower Advertising Costs

UNFAVORABLE

- – Higher Royalty Expense
- – Higher Intangible Amortization Associated with POWER RANGERS

INTERNATIONAL

FAVORABLE

- ✓ Higher Revenues
- ✓ Favorable Brand Mix
- ✓ Lower Advertising Costs
- ✓ Cost Management

UNFAVORABLE

- – Higher Intangible Amortization Associated with POWER RANGERS
- – Higher Royalty Expense

ENTERTAINMENT, LICENSING & DIGITAL

FAVORABLE

- ✓ Higher Revenues

UNFAVORABLE

- – Higher Program Production Expense
- – Advertising and Product Development for *Magic: The Gathering Arena* and future digital games

Full-Year Segment Operating Profit

*A reconciliation of adjusted segment operating profit can be found on slides 30-32

U.S. & CANADA

FAVORABLE

- ✓ Cost Savings
- ✓ Higher Revenues
- ✓ Favorable Brand Mix

UNFAVORABLE

- – Higher Royalty Expense
- – Higher Shipping & Warehousing Costs
- – Higher Intangible Amortization Associated with POWER RANGERS

INTERNATIONAL

FAVORABLE

- ✓ Higher Revenues
- ✓ Cost Management
- ✓ Improved Retail Inventories and Lower Allowances

UNFAVORABLE

- – Higher Intangible Amortization Associated with POWER RANGERS

ENTERTAINMENT, LICENSING & DIGITAL

FAVORABLE

- ✓ Higher Revenues

UNFAVORABLE

- – Higher Program Production Expense
- – Advertising and Product Development for *Magic: The Gathering Arena* and future digital games

Full-Year Non-Op

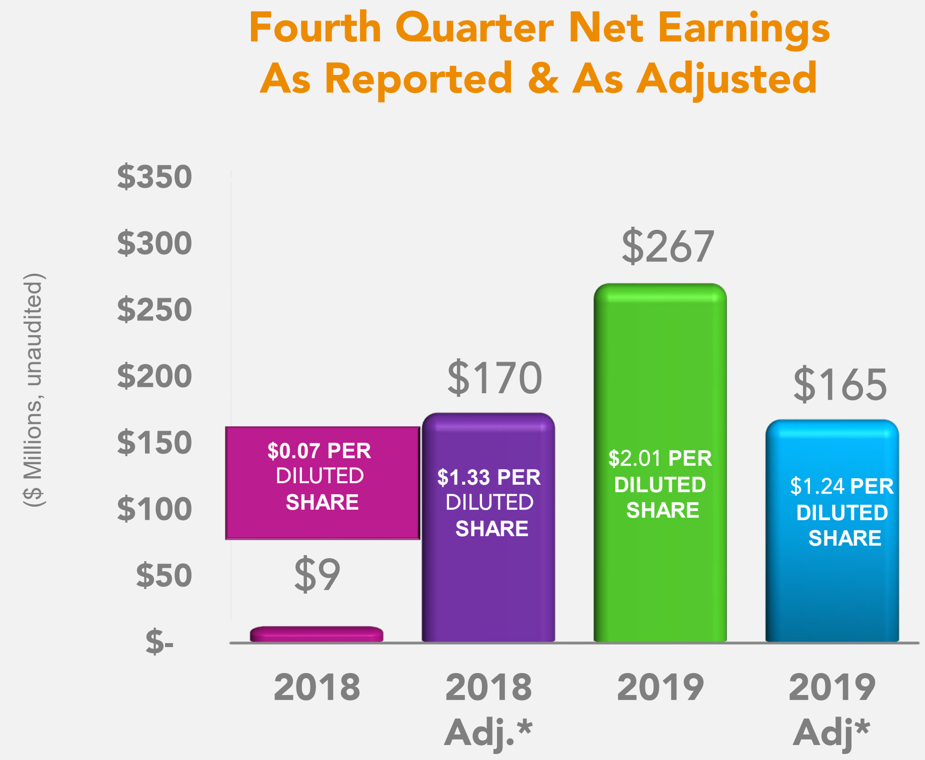
Other (Income) Expense, net	FY 2019	FY 2018
Interest Income	$(30.1)	$(22.4)
Foreign currency (gains) losses	(124.3)	10.8
Earnings from Discovery Family Channel	(23.6)	(21.1)
Pension expense	119.5	5.8
Deferred financing costs associated with eOne acquisition	19.6	-
Gain on sale of certain investments	(6.1)	(3.0)
Other	1.0	(0.3)
Total*	$(44.0)	$(30.2)

*May not total due to rounding for presentation format

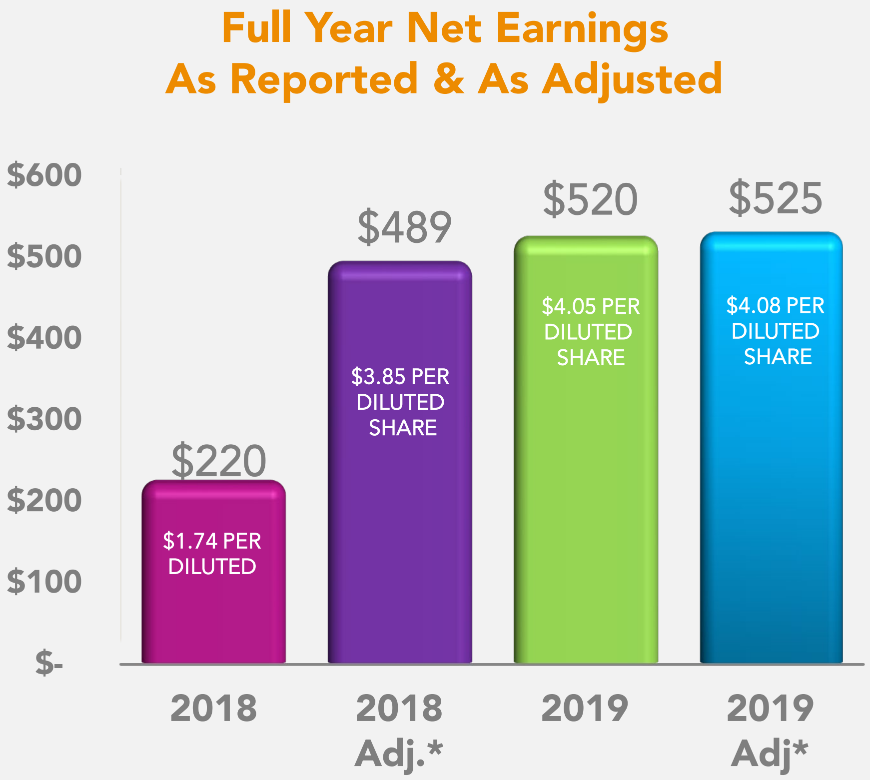
2019 Drivers

- Foreign exchange gains associated with hedging part of the British pound sterling purchase price of eOne
- Settlement of the Company's U.S. defined benefit pension plan
- Financing costs associated with the acquisition of eOne

Fourth Quarter & Full-Year Net Earnings



*A reconciliation of Non-GAAP financial measures can be found on slide 33



*A reconciliation of Non-GAAP financial measures can be found on slide 33

- FY 2019 Underlying Adjusted Tax Rate: 17.0% versus 18.3% in FY 2018.
- Q4 2019 Non-GAAP Adjustments include a gain of $102.7M, or $0.77 per diluted share, related to certain transaction-related costs and hedging part of the British pound sterling purchase price of eOne.
- Q4 2018 Non-GAAP Adjustments include a favorable $160.8 million, or $1.26 per diluted share, non-cash impairment charges related to Backflip Studios goodwill, severance charges, tax benefit from U.S. tax reform and TRU bad debt.
- FY 2019 Non-GAAP Adjustments include after-tax expenses associated with the settlement of the Company's U.S. defined benefit pension plan and a benefit related to hedging part of the British pound sterling purchase price of eOne;
- FY 2018 Non-GAAP adjustments include after-tax non-cash impairment charges related to Backflip Studios goodwill, Toys"R"Us bad debt expense, severance charges and impact from U.S. tax reform.
- Incremental interest expense and additional shares issued to finance the eOne acquisition impacted Q4 and FY 2019 by $0.09 per diluted share and $0.08 per diluted share, respectively.

eOne Acquisition

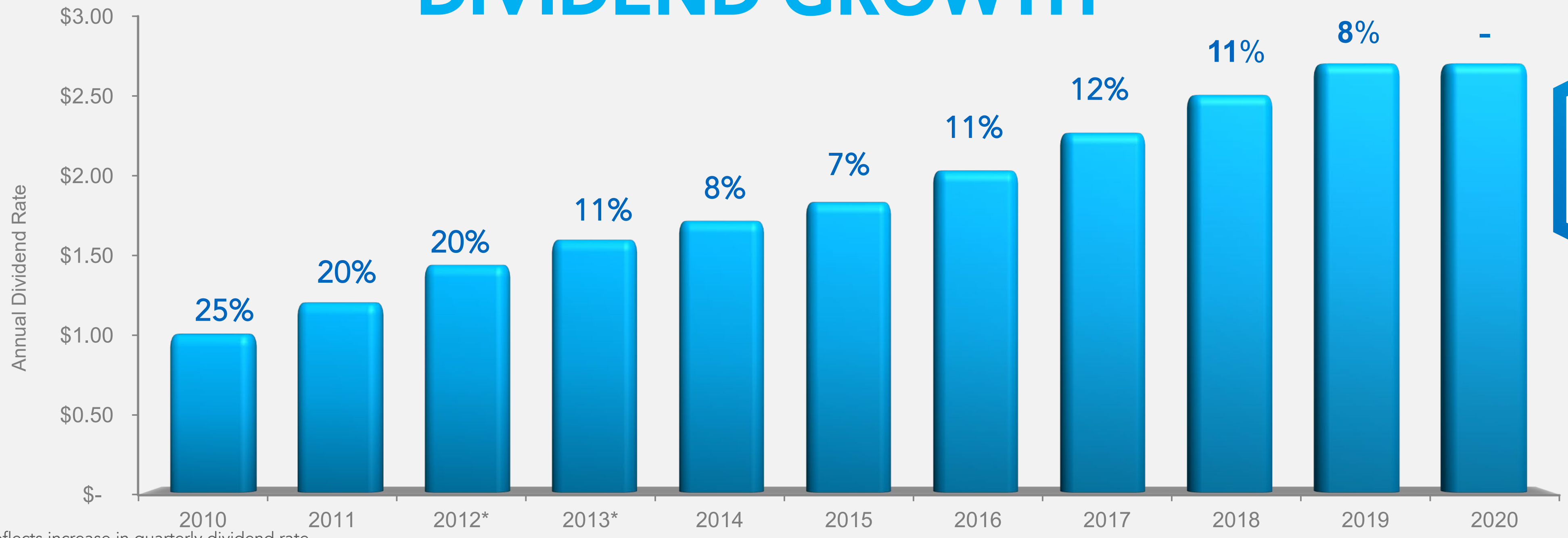
- Closed in the first quarter of Hasbro's fiscal 2020
- Q4 and FY 2019 financial results do not include the results of eOne, but were impacted by the acquisition financing, FX hedges and other activities including:
  - $2.4B, net of discounts and fees, related to the issuance of long-term debt
  - $975.2M, net of fees, related to the equity issuance of 10.6M shares of common stock
  - $10.7M in interest expense associated with the long-term debt issuance
  - $6.2M of interest income associated with the higher cash balance
  - $139.7M foreign exchange hedge gains for Q4 2019 and $114.1M for FY 2019
  - $20.6M of financing transaction fees for Q4 and FY 2019, primarily related to the Company's bridge financing facility which terminated unused in the fourth quarter 2019
  - $17.8M of eOne acquisition-related costs for Q4 and FY 2019
  - $1.4M of tax benefits for Q4 2019 and $6.1 million for FY 2019 related to the financing and acquisition related costs

Key Cash Flow & Balance Sheet Data

($ Millions, unaudited)	YEAR ENDED DEC 29, 2019	DEC. 30, 2018	NOTES
Cash	$4,580	$1,182	Excluding eOne related financing and hedging gains, similar cash balance year over year.
Long-term Debt	$4,046	$1,695	Reflects 2019 financing for eOne acquisition.
Depreciation	$134	$139	
Amortization of Intangibles	$47	$29	Reflect POWER RANGERS Acquisition.
Program Production Costs, net	$34	$132	2019 Film and TV programming spend target was ~$50M to $60M.
Capital Expenditures	$134	$140	Target was ~$140M for the full-year 2019.
Dividends Paid	$337	$309	In February 2020, Board approved quarterly dividend of $0.68 per share; Next dividend payable on May 15, 2020.
Share Repurchase	$61	$250	$367M remains in authorizations at year end, however, the Company has suspended the program.
Operating Cash Flow	$653	$646	Generating strong cash flow.
Accounts Receivable	$1,411	$1,188	Receivables increased 19%; DSOs at 90 days ~$550M collected in January 2020.
Inventory	$446	$443	Inventory essentially flat; Inventory of good quality

Returning Cash to Shareholders:
Committed to Paying a Dividend

DIVIDEND GROWTH



% reflects increase in quarterly dividend rate

10%
10-YEAR CAGR

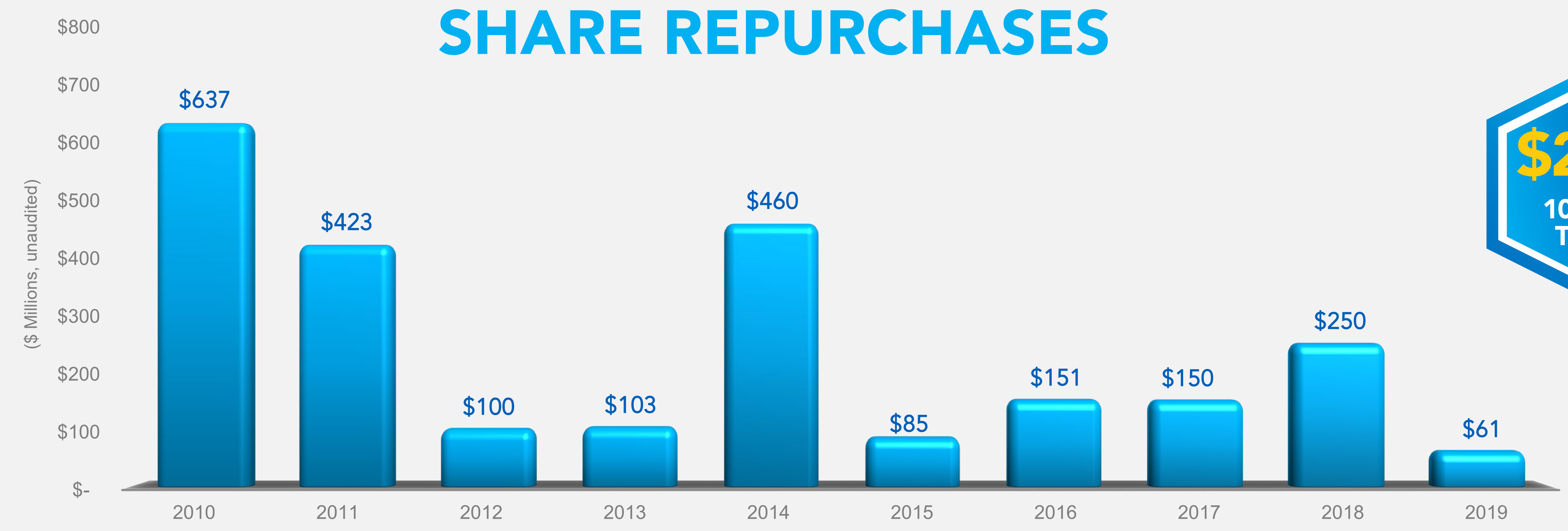
Board Authorized
$0.68
Dividend Payable May 15

$336.6M
Dividends Paid in FY 2019

Long-Term Commitment to Paying a Dividend

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

Returning Cash to Shareholders:



$2.4B
10-YEAR TOTAL

FY 2019 End
$366.6M Remains in Authorization*

FY 2019 Repurchases
$61.4M

10 Years
$2.4B

**Following the eOne acquisition, the Company has suspended its share repurchase program while it prioritizes achieving its gross Debt to EBITDA target of 2.00 to 2.50X.*

Our commitment to CSR reflects our desire to help build a safer, more sustainable and inclusive company and world for all.

Playing with Purpose

We believe every day is a chance to do better.

- Product Safety
- Environmental Sustainability
- Human Rights & Ethical Sourcing
- Diversity & Inclusion

2019 WORLD'S MOST ETHICAL COMPANIES® WWW.ETHISPHERE.COM

3BL MEDIA Corporate Responsibility Magazine's 100 BEST CORPORATE CITIZENS 2018

THE CIVIC 50

Hasbro

Supplementary Financial Information

Q4 & Full Year Consolidated Statements of Operations

($ Millions, unaudited)	QUARTER ENDED DEC. 29, 2019	% NET REVENUES	DEC. 30, 2018	% NET REVENUES	YEAR ENDED DEC. 29, 2019	% NET REVENUES	DEC. 30, 2018	% NET REVENUES
NET REVENUES	**$1,428**	**100.0%**	**$1,389**	**100.0%**	**$4,720**	**100.0%**	**$4,580**	**100.0%**
Cost of Sales	577	40.4%	602	43.3%	1,808	38.3%	1,851	40.4%
Royalties	156	10.9%	111	8.0%	415	8.8%	352	7.7%
Product Development	73	5.1%	63	4.5%	262	5.6%	246	5.4%
Advertising	104	7.3%	150	10.8%	414	8.8%	440	9.6%
Amortization of Intangibles	12	0.8%	9	0.6%	47	1.0%	29	0.6%
Program Production Cost Amortization	27	1.9%	10	0.8%	86	1.8%	44	1.0%
Selling, Distribution & Administration	289	20.2%	434	31.2%	1,037	22.0%	1,288	28.1%
OPERATING PROFIT	**$190**	**13.3%**	**$11**	**0.8%**	**$652**	**13.8%**	**$331**	**7.2%**
Interest Expense	35	2.4%	22	1.6%	102	2.2%	91	2.0%
Other Income, Net	(143)	-10.0%	(7)	-0.5%	(44)	-0.9%	(30)	-0.7%
EARNINGS (LOSS) BEFORE INCOME TAXES	**$299**	**20.9%**	**($5)**	**-0.4%**	**$594**	**12.6%**	**$270**	**5.9%**
Income Tax Expense (Benefit)	31	2.2%	(14)	-1.0%	74	1.6%	50	1.1%
NET EARNINGS	**$267**	**18.7%**	**$9**	**0.6%**	**$520**	**11.0%**	**$220**	**4.8%**
Diluted EPS	**$2.01**		**$0.07**		**$4.05**		**$1.74**	
Weighted Avg. Number of Shares	**133,128**		**127,237**		**128,499**		**126,890**	

Subtotals/totals and percent changes may vary due to rounding

Condensed Consolidated Balance Sheets

($ Millions, unaudited)	DECEMBER 29, 2019	DECEMBER 30, 2018
Cash & Cash Equivalents	$4,580	$1,182
Accounts Receivable, Net	1,411	1,188
Inventories	446	443
Other Current Assets	310	269
TOTAL CURRENT ASSETS	**6,748**	**3,083**
Property, Plant & Equipment, Net[1]	382	256
Other Assets	1,726	1,924
TOTAL ASSETS	**$8,856**	**$5,263**
Short-term Borrowings	$1	$10
Payables & Accrued Liabilities[1]	1,257	1,265
TOTAL CURRENT LIABILITIES	**1,257**	**1,274**
Long-term Debt	4,046	1,695
Other Liabilities[1]	557	539
TOTAL LIABILITIES	**5,860**	**3,509**
Total Shareholders' Equity	2,996	1,754
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$8,856**	**$5,263**

(1) Cash and Cash Equivalents, Long-Term Debt and Total Shareholders' Equity balances as of December 29, 2019 were impacted by the eOne acquisition financing, which included proceeds from the issuance of long-term debt of $2,355 and proceeds from the issuance of common stock of $975.
(2) In January 2019, the Company adopted Financial Accounting Standards Update 2016-02, Leases, which requires the recognition of lease assets and lease liabilities. As a result, the Company has recorded operating lease right-of-use assets of $127 included in Property, Plant and Equipment, Net as of December 29, 2019, as well as operating lease liabilities of $144, of which $31 are recorded in Payables and Accrued Liabilities and $113 are included in Other Liabilities, as of December 29, 2019.

Subtotals/totals and percent changes may vary due to rounding

Condensed Consolidated Cash Flows

($ Millions, unaudited)

FULL YEAR ENDED:	DECEMBER 29, 2019	DECEMBER 30, 2018
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$653**	**$646**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Property, Plant and Equipment	(134)	(140)
Investments and Acquisitions, Net of Cash Acquired	(9)	(155)
Proceeds from Foreign Currency Hedges	80	-
Other	1	9
NET CASH UTILIZED BY INVESTING ACTIVITIES	**(61)**	**(286)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from Borrowings with Maturity Greater than Three Months	2,349	-
Repayments of Short-term Borrowings	(9)	(142)
Purchases of Common Stock	(61)	(250)
Stock-based Compensation Transactions	32	30
Dividends Paid	(337)	(309)
Employee Taxes Paid for Shares Withheld	(13)	(58)
Deferred Acquisition Payments	(100)	-
Proceeds from Equity Issuance	975	-
Payments of Financing Costs	(21)	-
Other	(5)	(7)
NET CASH UTILIZED BY FINANCING ACTIVITIES	**(2,811)**	**(737)**
Effect of Exchange Rate Changes on Cash	(5)	(21)
Cash and Cash Equivalents at Beginning of Year	1,182	1,581
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$4,580**	**$1,182**

SUPPLEMENTAL FINANCIAL DATA

Reconciliation of As Reported to Adjusted Operating Profit Results (Unaudited)
(Thousands of Dollars)

Non-GAAP Adjustments Impacting Operating Profit

	Quarter Ended			
	December 29, 2019		December 30, 2018	
	Pre-tax Adjustments	Post-tax Adjustments	Pre-tax Adjustments	Post-tax Adjustments
eOne Acquisition Costs (1)	$ 17,778	$ 16,365	$ —	$ —
Incremental Costs Impact of Toys"R"Us (2)	—	—	(10,068)	(8,543)
Severance (3)	—	—	72,000	62,249
Asset Impairments (4)	—	—	117,556	96,928
	$ 17,778	$ 16,365	$ 179,488	$ 150,634

	Year Ended			
	December 29, 2019		December 30, 2018	
	Pre-tax Adjustments	Post-tax Adjustments	Pre-tax Adjustments	Post-tax Adjustments
eOne Acquisition Costs (1)	$ 17,778	$ 16,365	$ —	$ —
Incremental Costs Impact of Toys"R"Us (2)	—	—	60,360	52,829
Severance (3)	—	—	89,349	77,948
Asset Impairments (4)	—	—	117,556	96,928
	$ 17,778	$ 16,365	$ 267,265	$ 227,705

(1) In the fourth quarter of 2019, the Company incurred certain acquisition and transaction costs associated with the eOne Acquisition. The costs incurred included certain legal and consulting fees associated with the transaction.

(2) In the first quarter of 2018, Toys"R"Us announced a liquidation of its U.S. operations, as well as other retail impacts around the globe. As a result, the Company recognized incremental bad debt expense on outstanding Toys"R"Us receivables, royalty expense, inventory obsolescence as well as other related costs. In the fourth quarter of 2018, the Company made adjustments to the charges previously recorded based on its final settlement with Toys"R"Us.

(3) In the first quarter of 2018, the Company incurred $17.3 million of severance charges, primarily outside the U.S., related to actions associated with a new go-to-market strategy designed to be more omni-channel and e-commerce focused. Additionally, in the fourth quarter of 2018, the Company recorded an additional $72.0 million of severance charges. These charges were included in Corporate and Eliminations.

(4) In the fourth quarter of 2018, the Company conducted its annual impairment test. The results of such test resulted in a write-off of goodwill from its Backflip business of $86.3 million, as well as impairments of certain definite-lived intangible assets totaling $31.3 million.

SUPPLEMENTAL FINANCIAL DATA

Reconciliation of As Reported to Adjusted Operating Profit Results (Unaudited)

(Thousands of Dollars)

Reconciliation of Operating Profit Results

	Quarter Ended December 29, 2019			Quarter Ended December 30, 2018		
	As Reported	Non-GAAP Adjustments	Adjusted	As Reported	Non-GAAP Adjustments	Adjuste
Adjusted Company Results						
External Net	$ 1,428,007	$ —	$ 1,428,007	$ 1,389,161	$ —	$ 1,389,1
Operating Profit	190,380	17,778	208,158	10,547	179,488	190,0
Operating Margin	13.3 %	1.2 %	14.6 %	0.8 %	12.9 %	1
Adjusted Segment Results						
U.S. and Canada Segment:						
External Net	$ 682,361	$ —	$ 682,361	$ 661,117	$ —	$ 661,1
Operating Profit	101,641	—	101,641	100,658	(6,518)	94,1
Operating Margin	14.9 %	—	14.9 %	15.2 %	-1.0 %	1
International Segment:						
External Net	615,136	—	615,136	618,492	—	618,4
Operating Profit	55,894	—	55,894	29,111	(3,550)	25,5
Operating Margin	9.1 %	—	9.1 %	4.7 %	-0.6 %	
Entertainment, Licensing and Digital Segment:						
External Net	130,201	—	130,201	109,552	—	109,5
Operating Profit	37,136	—	37,136	(46,889)	86,253	39,3
Operating Margin	28.5 %	—	28.5 %	-42.8 %	78.7 %	3

Corporate and Eliminations:

The Corporate and Eliminations segment included non-GAAP adjustments of $17.8 million for the quarter ended December 29, 2019, consisting of transaction costs related to the eOne acquisition. The Corporate and Eliminations segment included non-GAAP adjustments of $103.3 million for the quarter ended December 30, 2018, consisting of $72.0 million of severance and $31.3 million of asset impairments.

SUPPLEMENTAL FINANCIAL DATA

Reconciliation of As Reported to Adjusted Operating Profit Results (Unaudited)
(Thousands of Dollars)

Reconciliation of Operating Profit Results (continued)

	Year Ended December 29, 2019			Year Ended December 30, 2018		
	As Reported	Non-GAAP Adjustments	Adjusted	As Reported	Non-GAAP Adjustments	Adjuste
Adjusted Company Results						
External Net	$ 4,720,227	$ —	$ 4,720,227	$ 4,579,646	$ —	$ 4,579,6
Operating Profit	652,050	17,778	669,828	331,052	267,265	598,3
Operating Margin	13.8 %	0.4 %	14.2 %	7.2 %	5.8 %	13
Adjusted Segment Results						
U.S. and Canada Segment:						
External Net	$ 2,449,280	$ —	$ 2,449,280	$ 2,375,653	$ —	$ 2,375,6
Operating Profit	415,436	—	415,436	370,197	45,759	415,9
Operating Margin	17.0 %	—	17.0 %	15.6 %	1.9 %	17
International Segment:						
External Net	1,836,360	—	1,836,360	1,847,585	—	1,847,5
Operating Profit	107,304	—	107,304	39,470	7,601	47,0
Operating Margin	5.8 %	—	5.8 %	2.1 %	0.4 %	2
Entertainment, Licensing and Digital Segment:						
External Net	434,467	—	434,467	356,299	—	356,2
Operating Profit	99,686	—	99,686	29,127	86,253	115,3
Operating Margin	22.9 %	—	22.9 %	8.2 %	24.2 %	32

Corporate and Eliminations:

The Corporate and Eliminations segment included non-GAAP adjustments of $17.8 million for the year ended December 29, 2019, consisting of transaction costs related to the eOne acquisition. The Corporate and Eliminations segment included non-GAAP adjustments of $127.7 million for the year ended December 30, 2018, consisting of $89.3 million of severance; $31.3 million of asset impairments; and $7.0 million of royalty expense related to Toys"R"Us losses.

SUPPLEMENTAL FINANCIAL DATA

Reconciliation of Reported to Adjusted Net Earnings and Earnings Per Share (Unaudited); Reconciliation of EBITDA
(Thousands of Dollars, Except Per Share Data)

Reconciliation of Net Earnings and Earnings per Share

(all adjustments reported after-tax)	Quarter Ended			
	December 29, 2019	Diluted Per Share Amount	December 30, 2018	Diluted Per Share Amount
Net Earnings, as Reported	$ 267,345	$ 2.01	$ 8,766	$ 0.07
Incremental costs impact of Toys"R"Us	—	—	(8,543)	(0.07)
Severance	—	—	62,249	0.49
Asset Impairments	—	—	96,928	0.76
Impact of Tax Reform (1)	—	—	10,196	0.08
Pension (2)	143	—	—	—
eOne Acquisition-Related Net Gain (3)	(102,658)	(0.77)	—	—
Net Earnings, as Adjusted	$ 164,830	$ 1.24	$ 169,596	$ 1.33

(all adjustments reported after-tax)	Year Ended			
	December 29, 2019	Diluted Per Share Amount	December 30, 2018	Diluted Per Share Amount
Net Earnings, as Reported	$ 520,454	$ 4.05	$ 220,434	$ 1.74
Incremental costs impact of Toys"R"Us	—	—	52,829	0.42
Severance	—	—	77,948	0.61
Asset Impairments	—	—	96,928	0.76
Impact of Tax Reform (1)	—	—	40,650	0.32
Pension (2)	85,995	0.67	—	—
eOne Acquisition-Related Net Gain (3)	(81,772)	(0.64)	—	—
Net Earnings, as Adjusted	$ 524,677	$ 4.08	$ 488,789	$ 3.85

(1) The Company made adjustments to provisional U.S. Tax Reform amounts recorded in the fourth quarter of 2017 based on additional regulations issued in the first quarter of 2018.

(2) In the second quarter of 2019, the Company recognized a $110.8 million non-cash charge ($85.9 million after-tax) related to the settlement of its U.S. defined benefit pension plan. In the fourth quarter of 2019, the Company recognized an additional $0.2 million non-cash charge ($0.1 million after-tax) related to the settlement.

(3) In association with the Company's agreement to acquire eOne in an all-cash transaction, the Company incurred certain transaction-related costs, as well as hedge gains on the British pound sterling purchase price in 2019. This resulted in eOne net gains in the fourth quarter of 2019 of $101.2 million ($102.7 million after-tax), and for full-year 2019 of $75.7 million ($81.8 million after-tax), comprised of the following:

i. Hedge gains of $139.7 million in the fourth quarter of 2019 and $114.1 million for full-year 2019 related to the foreign exchange forward and option contracts to hedge a portion of the British pound sterling purchase price for the eOne Acquisition;
ii. Financing transaction fees of $20.6 million in the fourth quarter and full-year 2019, primarily related to the Company's bridge financing facility which terminated unused in the fourth quarter of 2019;
iii. eOne Acquisition related costs of $17.8 million in the fourth quarter and full-year 2019; and
iv. Tax benefits of $1.4 million in the fourth quarter of 2019 and $6.1 million for full-year 2019 related to the charges outlined in ii. and iii. above. The hedge gains have no associated tax impacts.

Reconciliation of EBITDA

	Quarter Ended		Year Ended	
	December 29, 2019	December 30, 2018	December 29, 2019	December 30, 2018
Net Earnings	$ 267,345	$ 8,766	$ 520,454	$ 220,434
Interest Expense	34,782	22,435	101,878	90,826
Income Taxes (including Tax Reform)	31,416	(13,894)	73,756	49,968
Depreciation	32,512	34,340	133,528	139,255
Amortization of Intangibles	11,814	8,830	47,259	28,703
EBITDA	$ 377,869	$ 60,477	$ 876,875	$ 529,186
Non-GAAP Adjustments (4)	(102,134)	179,488	34,176	267,265
Adjusted EBITDA	$ 275,735	$ 239,965	$ 911,051	$ 796,451

(4) Non-GAAP Adjustments to EBITDA for the fourth quarter of 2019 include the following pre-tax adjustments: $0.2 million related to the settlement of the Company's U.S. defined benefit pension plan, and $(102.3) million related to the eOne Acquisition. Non-GAAP Adjustments to EBITDA for full year 2019 include the following pre-tax adjustments: $111.0 million related to the settlement of the Company's U.S. defined benefit pension plan, and $(76.8) million related to the eOne Acquisition. Refer to the notes to the Reconciliation of Net Earnings and Earnings per Share table above for additional details.

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