



# toyfair

FEBRUARY 16-19  
2019

NEW YORK CITY



video playing  
in room



# Debbie Hancock

SVP, Investor Relations



# Safe Harbor

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 future product, marketing and entertainment plans, financial goals, costs and expectations for our future product and financial performance. 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 our products and product lines, changes in marketing, entertainment and business plans and strategies and 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 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.



# Brian Goldner

Chairman of the Board and  
Chief Executive Officer



# GLOBAL PLAY & ENTERTAINMENT



# REINVENTING OUR BUSINESS



BRANDS | CONSUMER PRODUCTS | INNOVATION | RELATIONSHIPS | GAMING



# BRAND BLUEPRINT



Toy & Game  
Product Innovation

Digital  
Gaming

STORYTELLING

**HASBRO BRANDS**

CONSUMER INSIGHTS

Consumer  
Products

Immersive Entertainment  
Experiences







# BROAD BRAND PORTFOLIO



# DELIVERING OUR MEDIUM-TERM OBJECTIVES



Developed  
Economy  
Revenue Growth

**5%**

Emerging Market  
Revenue Growth,  
Absent FX

**15%**

**5%**

Overall  
Revenue  
Growth

Operating Profit  
Margin Growth

**~100**

**Basis Point  
Improvement\***

Average  
Operating  
Cash Flow

**\$584**

2012-2017

ROIC

**10.7%**

2012

**17.4%**

2017\*\*

**DELIVERING TARGETS: 2012 to 2017**



\*Adjusted Operating Profit; \*\*Adjusted for U.S. tax reform



# Medium-Term OBJECTIVES

- 1 We are targeting developed economies to grow low- to mid-single digits through brand innovation and market share gains\*
- 2 Return emerging markets revenue to growth, targeting high-single digit growth\*
- 3 Gaming across formats including Wizards and digital projected to deliver above-trend revenue growth
- 4 We believe we can return to a 15% and higher operating profit margin over the next few years as we return to revenue growth with a right-sized expense base
- 5 We expect to generate operating cash flow in the amount of \$600M to \$700M on average

\*Excluding the impact of foreign exchange



# REVENUE GROWTH



 **MAGIC**  
THE GATHERING



**POWER  
RANGERS**



**DUNGEONS  
& DRAGONS**

 Hasbro

China

India

Brazil Recovery

Russia

Gaming

New Brands

Market Share Growth

Europe Stabilizes  
& Grows

**EMERGING  
MARKETS**

HIGH-single  
digit growth

**DEVELOPED  
MARKETS**

LOW to MID-single  
digit growth

**DEVELOPED AND  
EMERGING MARKETS GROWTH**





# OPERATING MARGIN EXPANSION

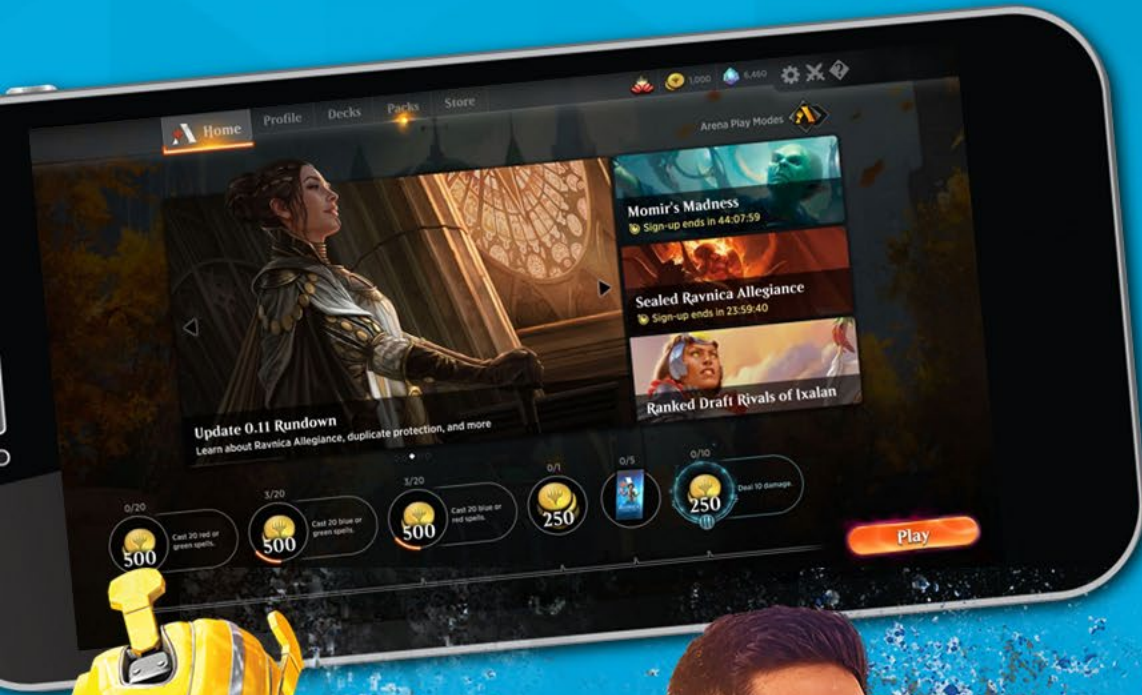


# Capital Priorities

Invest in the long-term profitable growth of Hasbro

Return excess cash to shareholders through dividend and stock repurchase program

Committed to goal of maintaining an investment grade rating and access to commercial paper market



# GLOBAL RETAIL

Diverse Channel  
Footprint



only at 

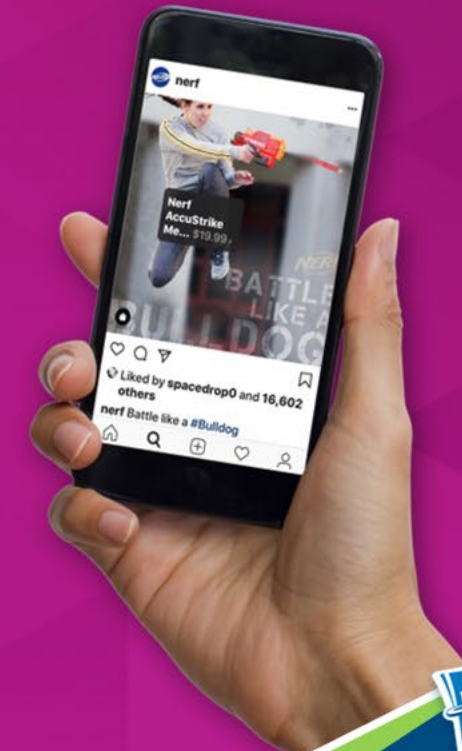






# GROWING IN NEW RETAIL CHANNELS

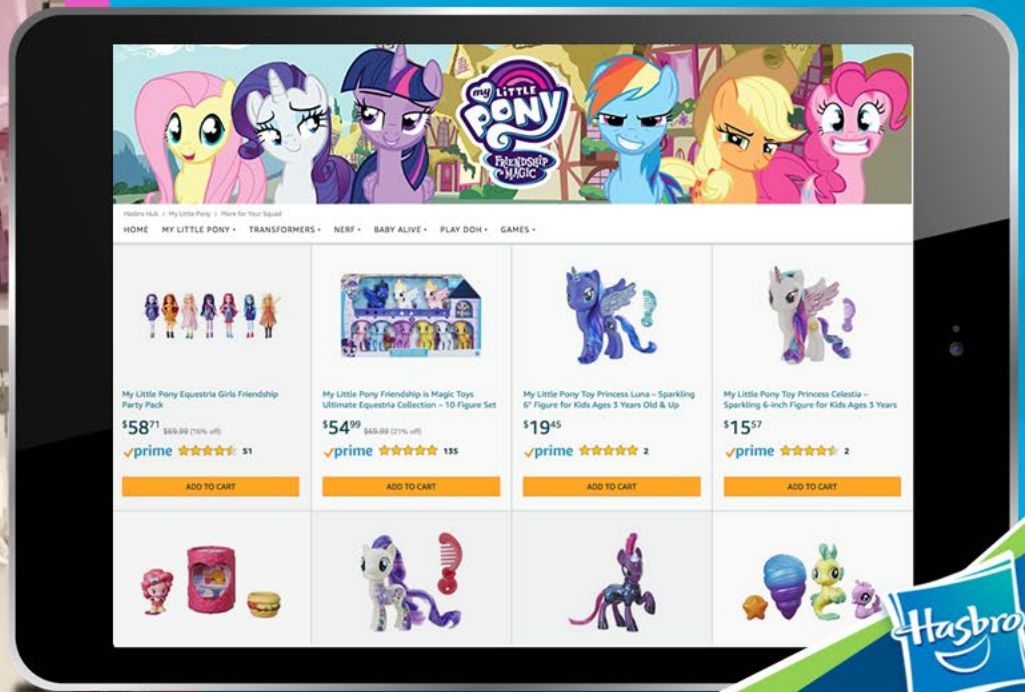
**#1**  
Toy & Game  
Company on  
**amazon**



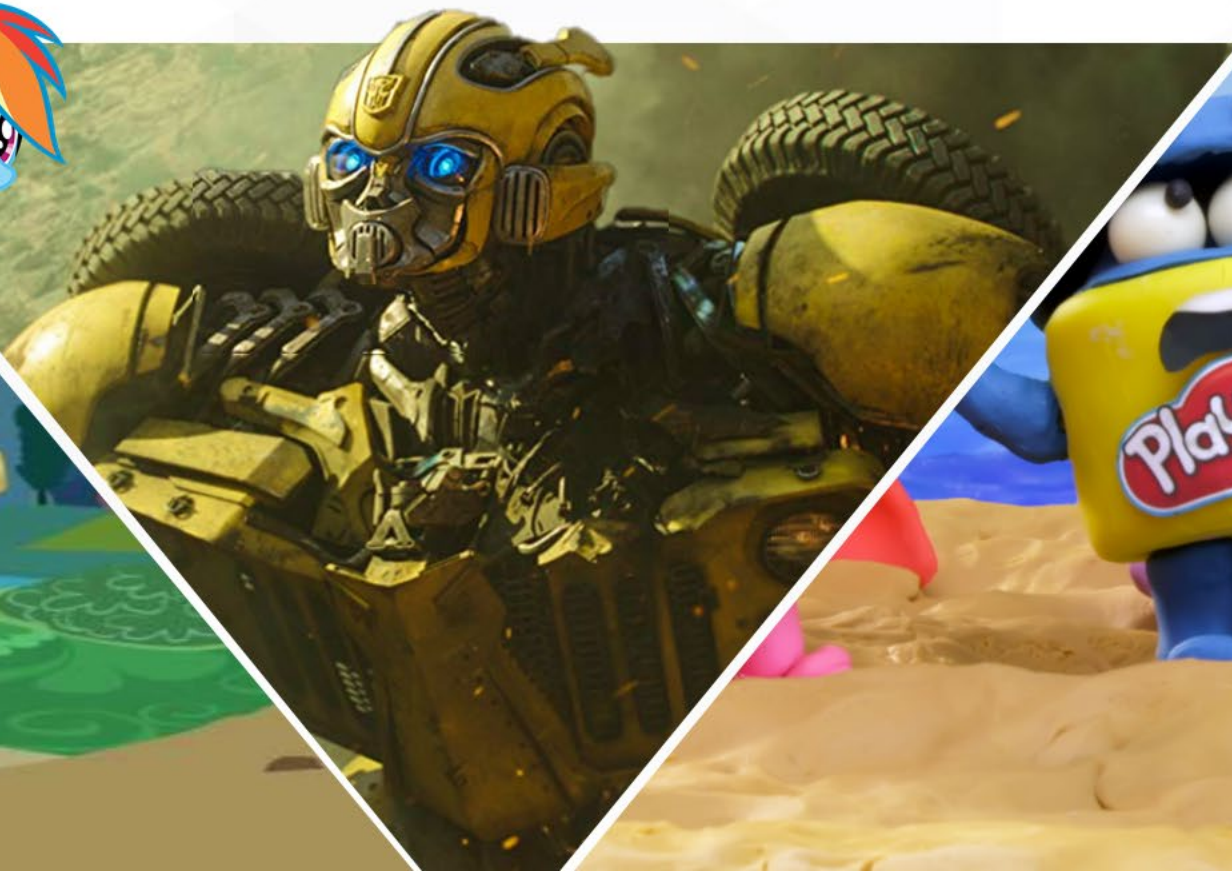
\*Source: Edge Market Share data



# ENTERTAINMENT BRANDS AT RETAIL



# HASBRO'S CONTENT EXPERTISE





**\$470M**  
Global Box Office

TRANSFORMERS  
**BUMBLEBEE**



# TRANSFORMERS FULL BLUEPRINT ACTIVATION



# 2019 TRANSFORMERS

LINE WEIGHT  
DETAILS

25 PT. STANDARD  
1.5 PT. MAX THICK

CMYK  
100K



**TRANSFORMERS  
RESCUE BOTS  
ACADEMY**



**TRANSFORMERS  
CYBERVERSE**



**TRANSFORMERS**

**WAR FOR CYBERTRON**

**TRILOGY**



# HASBRO MOVIE SLATE

**GI JOE**

2020

**MICRONAUTS**

2020

**DUNGEONS  
& DRAGONS**

2021

**my LITTLE  
PONY**

2021

**ALLSPARK**  
A HASBRO COMPANY



All dates subject to change





SABAN'S  
**POWER ⚡ RANGERS**



# PARTNER ENTERTAINMENT



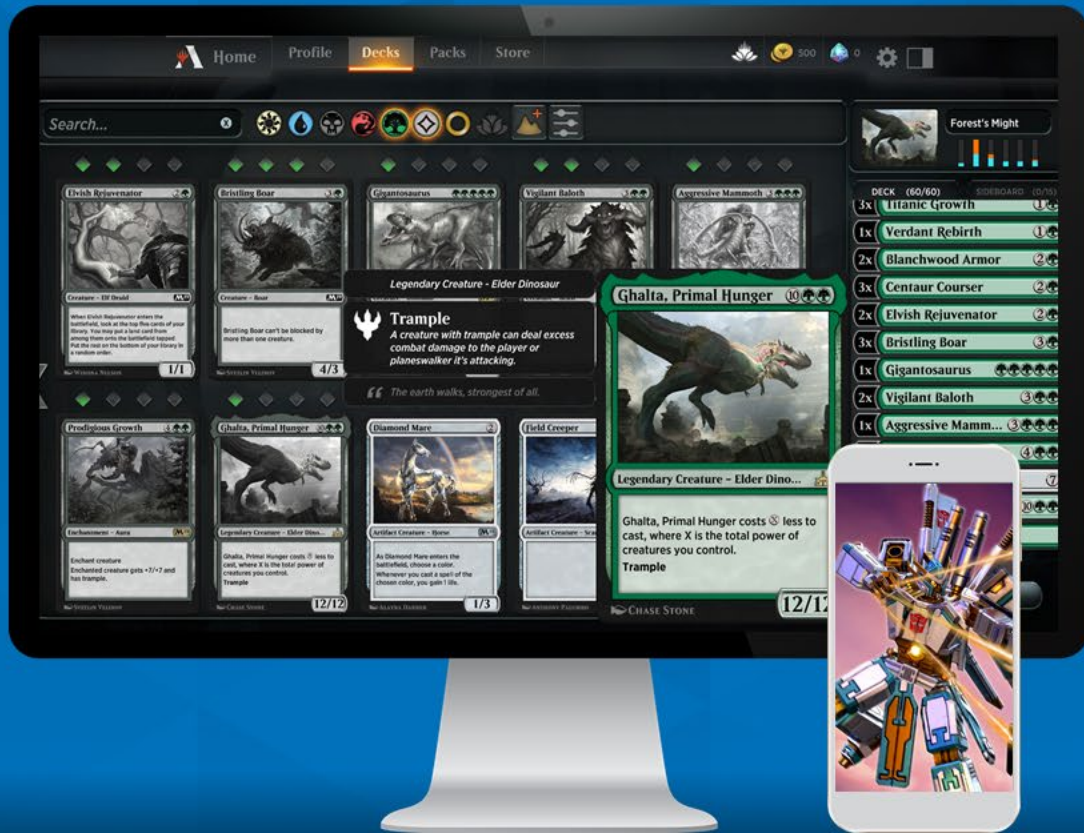


# NERF



# GAMING

## ACROSS ALL FORMATS



# AGENDA



## HASBRO BRANDS

**John Frascotti**

President and Chief Operating Officer

## BRAND PANEL

**Jonathan Berkowitz**

President, Hasbro Brands  
**Nerf & Play-Doh**

**Samantha Lomow**

President, Hasbro  
Entertainment Brands  
**Disney Portfolio**

**Simon Waters**

SVP & GM  
**Power Rangers**

## MAGIC GAMING

**Chris Cocks**

President, Wizards of the Coast

## COMMERCIAL PANEL

**Wiebe Tinga**

Chief Commercial Officer

**Eric Nyman**

President, North America  
Sales & Marketing

**Jeff Jackson**

SVP, Global  
Ecommerce

**Jenn Bizeur**

Director Marketing and  
Merchandising, Global  
Ecommerce

## FINANCIAL UPDATE

**Deb Thomas**

EVP and Chief Financial Officer

## Q&A

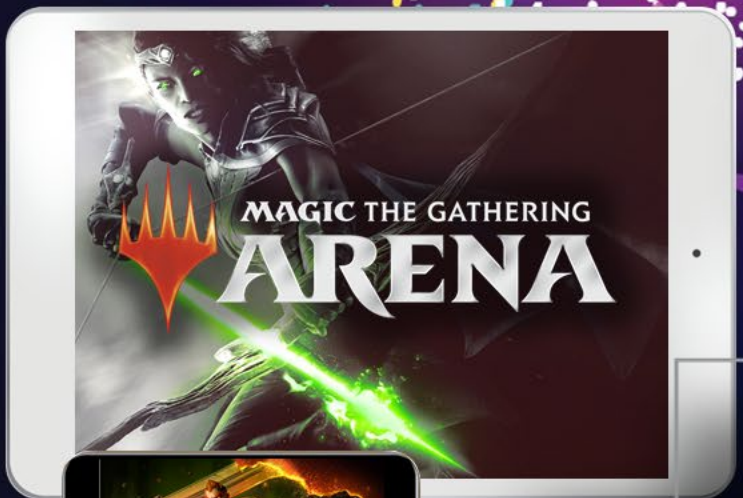


# John Frascotti

President and  
Chief Operating Officer



# HASBRO BRAND PORTFOLIO



Toy & Game  
Product Innovation

Digital  
Gaming

STORYTELLING  
**HASBRO BRANDS**  
CONSUMER INSIGHTS

Consumer  
Products

Immersive Entertainment  
Experiences

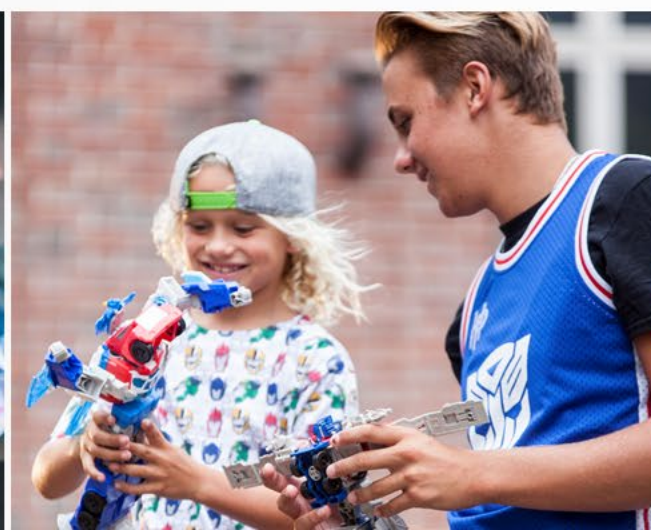


EXPANDING THE AUDIENCE THROUGH BLUEPRINT EXECUTION



# TOY INDUSTRY SUPER CATEGORIES

- ✓ Action Figures
- ✓ Dolls
- ✓ Arts & Crafts
- ✓ Games & Puzzles
- ✓ Outdoor/  
Sports Toys
- ✓ Infant/Toddler/  
Preschool
- ✓ Vehicles
- ✓ Plush
- ✓ Youth Electronics
- ✓ All Other Toys







# PRESCHOOL



audio only



audio only



# GAMING

Jenga



MONOPOLY



audio only



**NERF**



**TRANSFORMERS  
CYBERVERSE**



**baby  
alive  
club**



**THE  
PLAY-DOH  
SHOW**



# FRANCHISE BRANDS

**MAGIC  
THE GATHERING**



**TRANSFORMERS**

**baby  
alive**

**Play-Doh**

**my  
LITTLE  
PONY**

**MONOPOLY**

**NERF**

**MAGIC  
THE GATHERING.**

**Hasbro**



SABAN'S  
**POWER** ⚡  
**RANGERS**

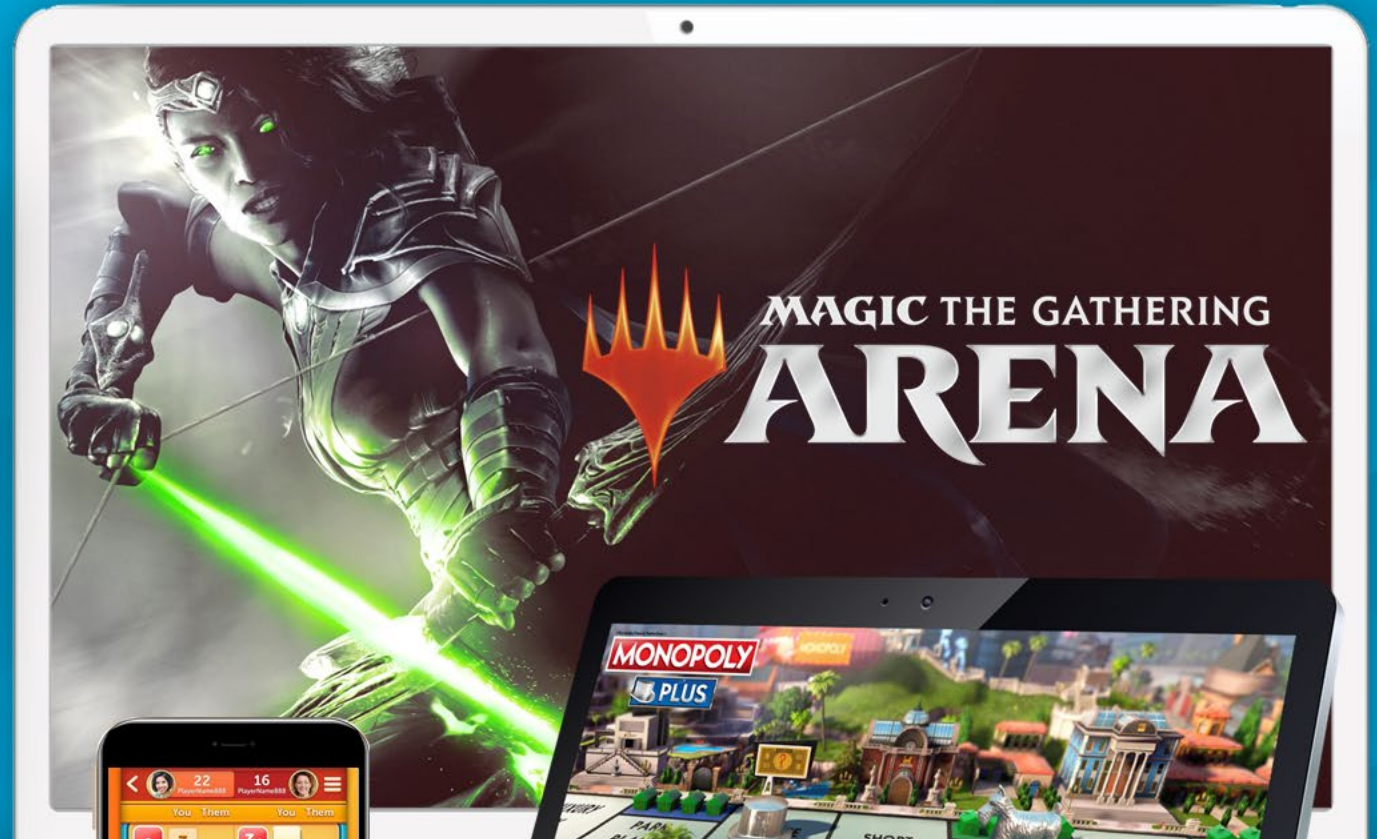


audio only





# GAMING



Fast-Dealing Property Trading Game

# MONOPOLY

## CHEATERS EDITION



# MONOPOLY

## MILLENNIALS



**5.5B+**  
Media & Social  
Impressions

# MONOPOLY



# FORTNITE

# 2018 BIGGEST YEAR EVER



◆ Fast-Dealing Property Trading Game ◆

# MONOPOLY

© BRAND

## GAME OF THRONES



X2 1.5V AA  
ALKALINE BATTERIES REQUIRED  
DEMO BATTERIES INCLUDED

ADULT  
PLAYERS



the Game of  
**LIFE**



**OPERATION**



Hasbro

**bop it!**



**Twister**

# **GAME NIGHT**



**CLUE**



**Jenga**



THE CLASSIC NAVAL COMBAT GAME  
**BATTLESHIP**



**MONOPOLY**





**65%**

Use or Own  
a Tablet



 YouTube

**#1**

Online Video  
Platform

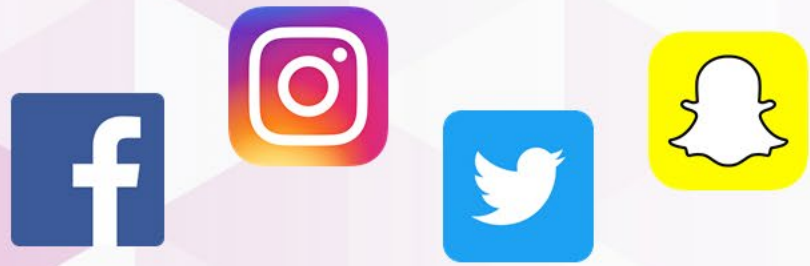


# KID CULTURE IS SCREEN CULTURE

**59%**

Use or Own a  
Smartphone





# “ALWAYS-ON” STORYTELLING



**5B**  
Lifetime Views



**10M+**  
Subscribers



**MILLIONS** OF DAILY SOCIAL ENGAGEMENTS

Tencent 腾讯

YOUKU 优酷



搜 狐  
SOHU.com





© 2018 HASBRO

Liked by jadonaonhego and 24,592 others  
nerf Hey kids, look it's Blasty the Snowman!



FIRST  
PROFILE PIC



CURRENT  
PROFILE PIC

Liked by sweenz79 and 2,662 others  
hasbropulse "The Force will be with you, always".  
#10YearChallenge



2009

2019

Liked by anorm6 and 6,360 others  
playdoh Some things are just too good to change  
#10YearChallenge



YOU GOT THE  
A. TOUCH C. HEART  
B. POWER D. MOTION

Liked by smadey3 and 7,524 others  
transformersofficial E. All of the above



Liked by corey\_on\_earth and 7,952 others  
mylittlepony #FestivalSeason is upon us, everypony!  
Who's ready (besides these besties...) #getponified

# REAL-TIME RELEVANT



Liked by sweenz79 and 1,345 others  
hasbropulse 'Tis the season  
side



# INSPIRING USERS TO BE AUTHORS

**50B**  
USER-GENERATED  
VIEWS IN  
2018







## A Toy Called "Yellies!" Moves Faster When Kids Yell At It. Parents Are In Love With It!

"I've been looking for something to make my kids play louder!"

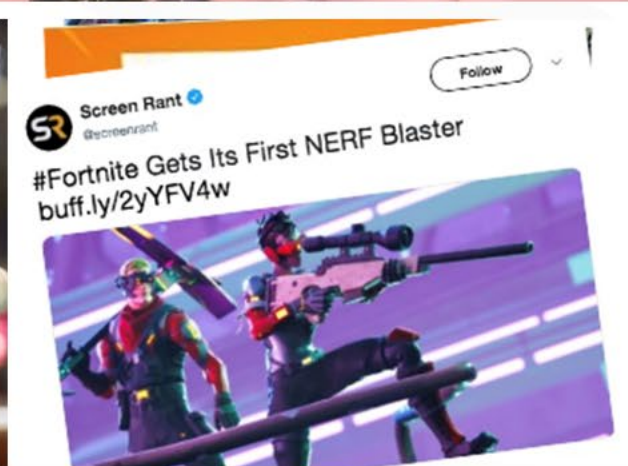
**Remy Smidt**  
BuzzFeed News Reporter

Posted on December 12, 2018, at 3:41 p.m. ET

[Tweet](#) [Share](#) [Copy](#)

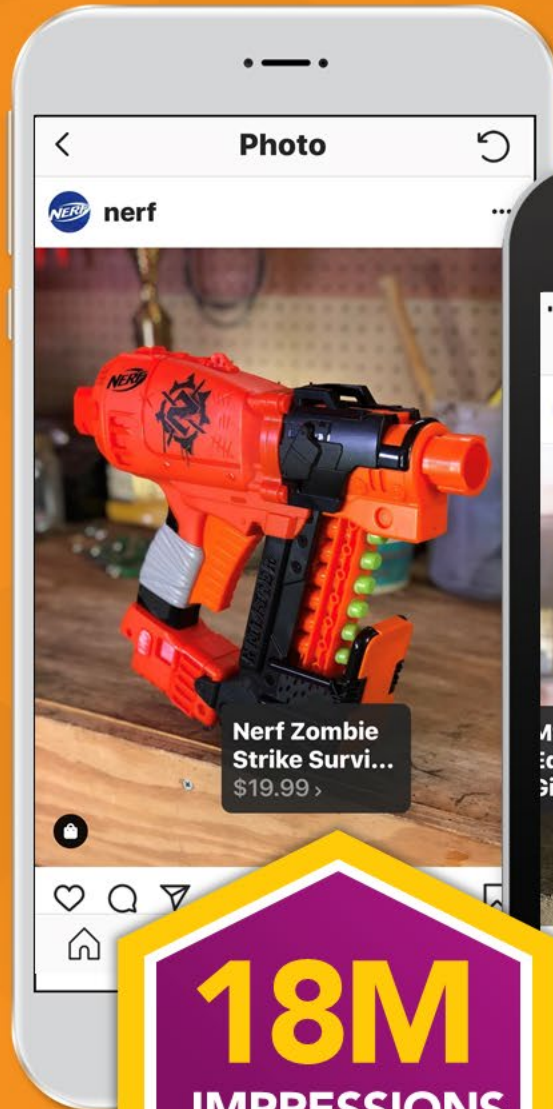


# DATA ANALYTICS

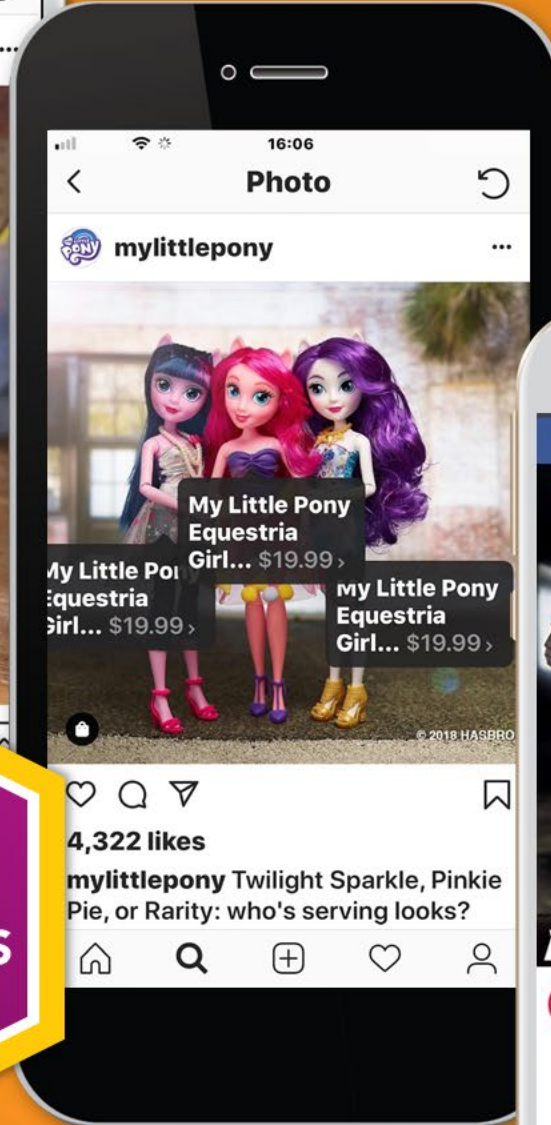




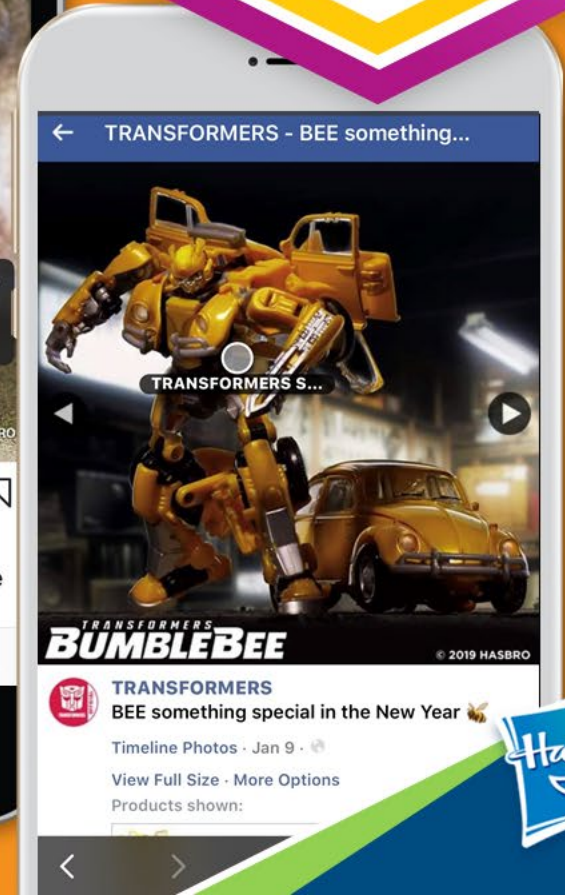
# SWIPE CLICK BUY



**18M**  
IMPRESSIONS  
in 2018



**320**  
SHOPPABLE  
Social Posts in  
2018





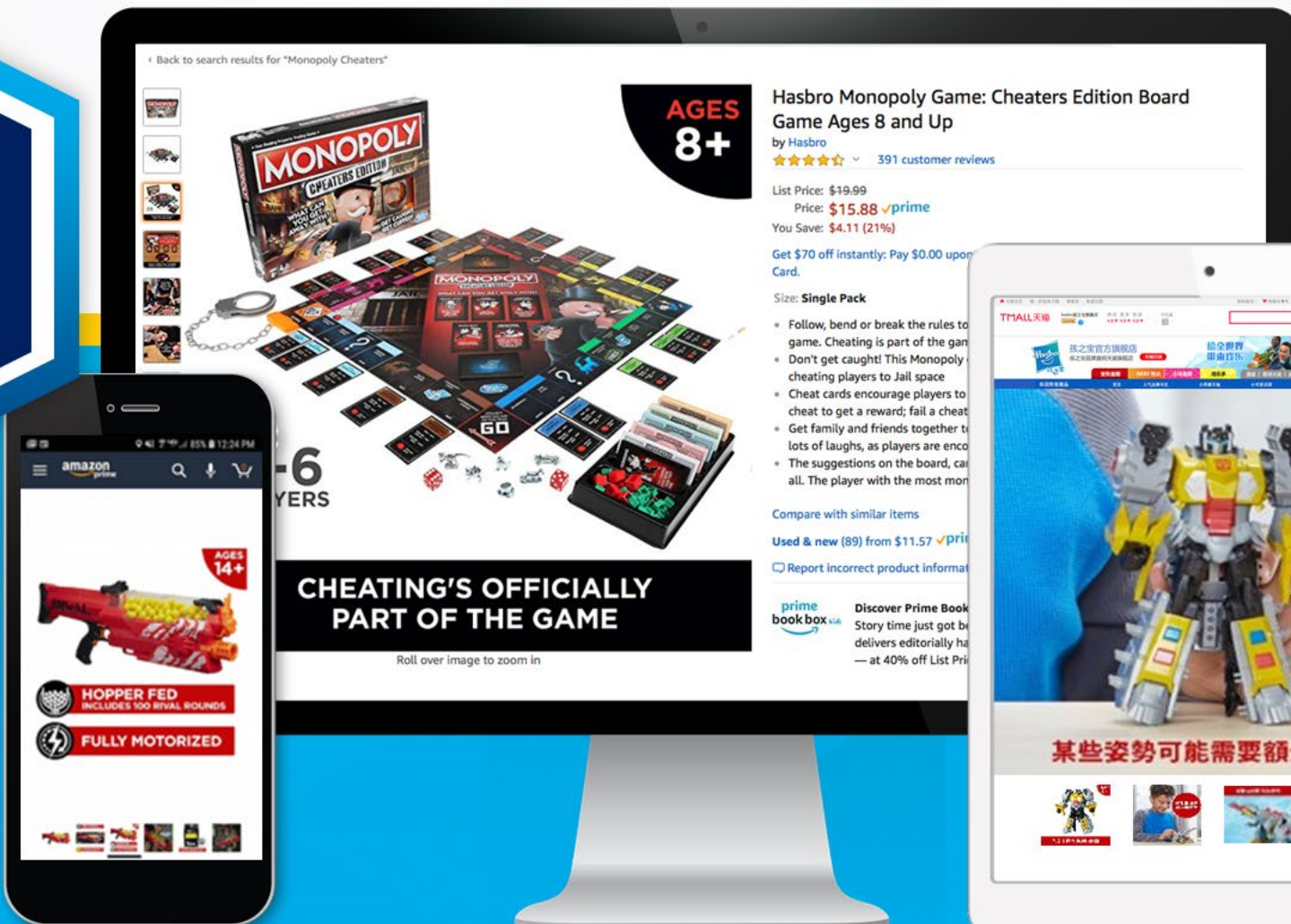
**CONTENT to**  
**COMMERCE**  
**STUDIO**



# PRODUCT DISPLAY PAGES

95%

of consumers view ALL images and videos above the fold\*



50%+

of purchases happen on Mobile\*

\*Edge Market Share data





# DIRECT RELATIONSHIPS

With Consumers





# PULSE

ULTIMATE FAN DESTINATION





FORTNITE X NERF

now available on



PULSE





# PULSE



Pre-orders & "See Now Buy Now"  
Reveals this Weekend

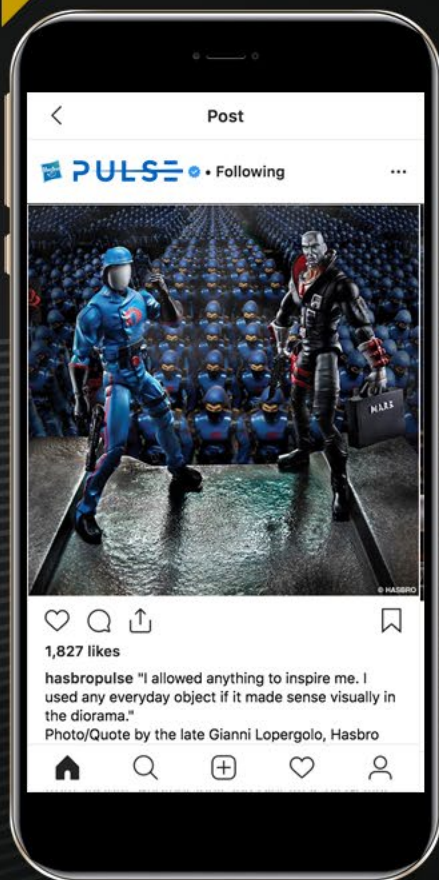




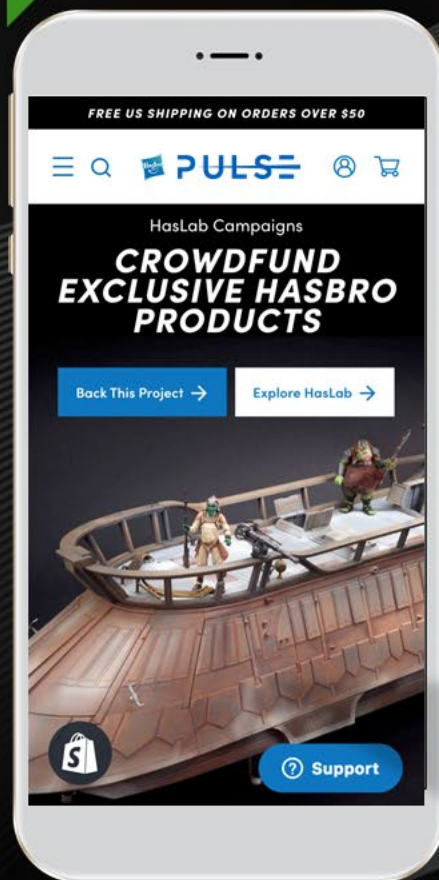


# PULSE

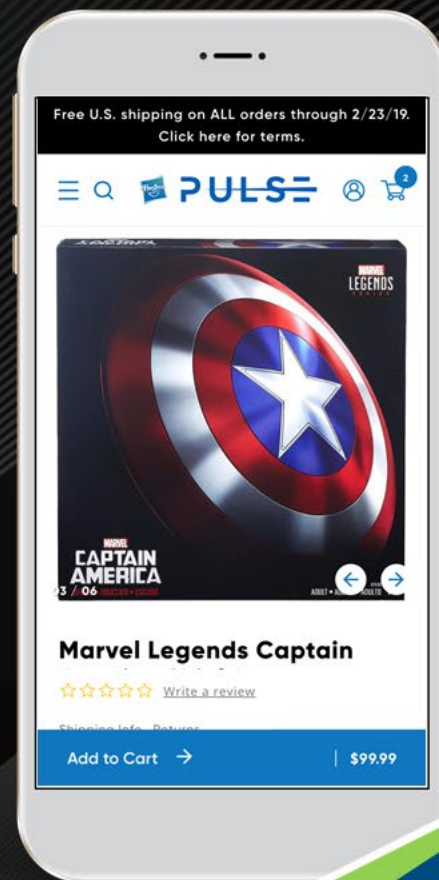
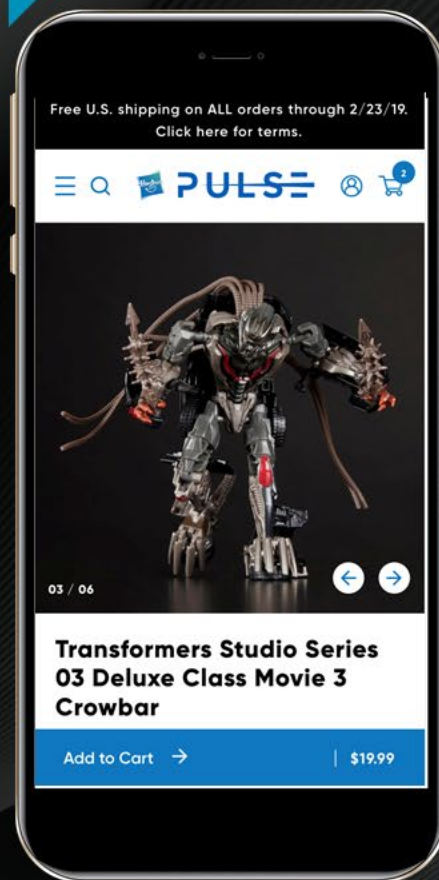
## Content



## Shopping Experiences



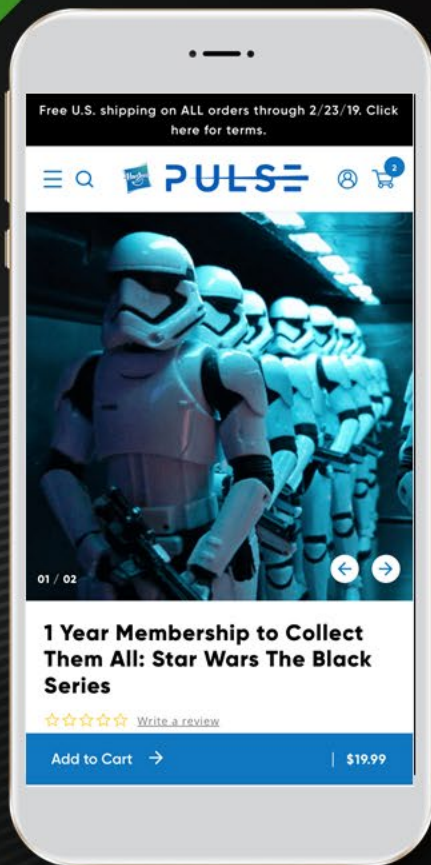
## Product



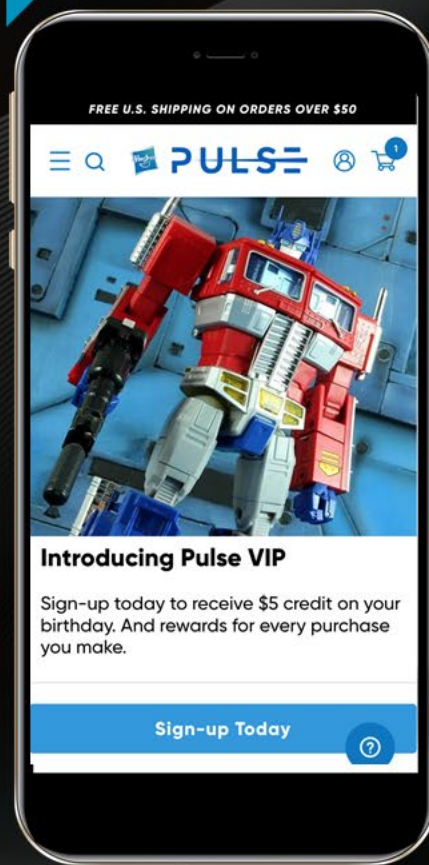


# PULSE

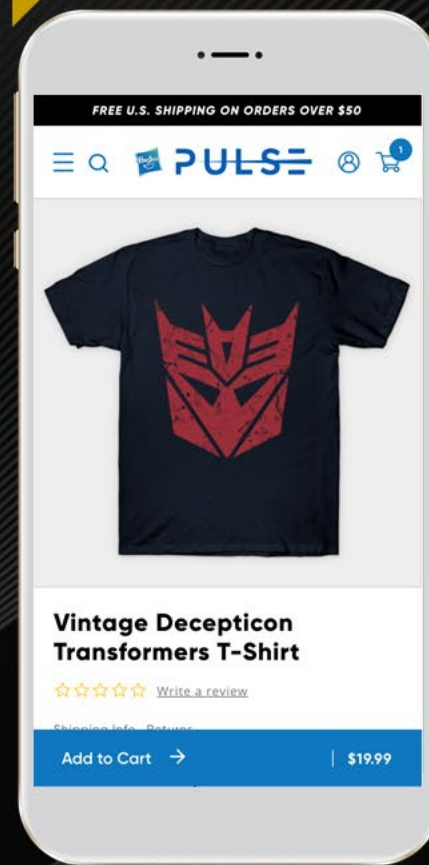
## Collect Them All



## Loyalty



## Consumer Products





THE  
NEED  
FOR

*SPEED*



# OPERATIONAL CHANGES



**REDUCE**  
China Sourcing to  
**60%**  
by 2020



**SAMANTHA LOMOW**

**JONATHAN BERKOWITZ**

**SIMON WATERS**



**SAMANTHA LOMOW**

**JONATHAN BERKOWITZ**

**SIMON WATERS**



The  
WALT DISNEY  
Company



audio only







# 2019 FRANCHISE PRIORITIES



IN THEATERS  
MARCH 8, 2019



IN THEATERS  
APRIL 26, 2019



IN THEATERS  
JULY 5, 2019

Disney+ HONG KONG

MARVEL 80 YEARS

MARVEL CLOAK & DAGGER

NETFLIX ORIGINAL PUNISHER

NETFLIX ORIGINAL JESSICA JONES

MARVEL AGENTS OF S.H.I.E.L.D.

Disney XD

MARVEL RUNAWAYS A hulu ORIGINAL

MARVEL SPIDER-MAN

MARVEL GUARDIANS OF THE GALAXY



video playing  
in room



**MARVEL**

**MARVEL**  
**CAPTAIN MARVEL**



ON-SHELF  
JANUARY 1, 2019

**MARVEL**  
**AVENGERS**  
ENDGAME



ON-SHELF  
MARCH 31, 2019

**MARVEL**  
**SPIDER-MAN**  
*Far From Home*



ON-SHELF  
APRIL 22, 2019



# MARVEL

# 80

# YEARS



**NERF**



**NERF**



# 2018 PERFORMANCE

NERF OWNS  
**18**  
OF THE TOP 20  
BLASTERS

NPD, US, Full Year 2018\*

STRONGARM

**#1** UNIT  
DRIVER

IN ALL TOY &  
GAME CATEGORY  
IN 2018\*\*



\*Source: The NPD Group / Retail Tracking Service  
\*\*Edge Market Share data (formerly One Click Retail)

audio only





audio only



# OVERWATCH®



OVERWATCH

NERF RIVAL  
PRECISION BATTLING

Hasbro

# NERF NEXT





# POWER RANGERS





# POWER RANGERS



# BEAST MORPHERS

video playing  
in room





FANS



PRESCHOOL  
& KIDS



NEW LINE

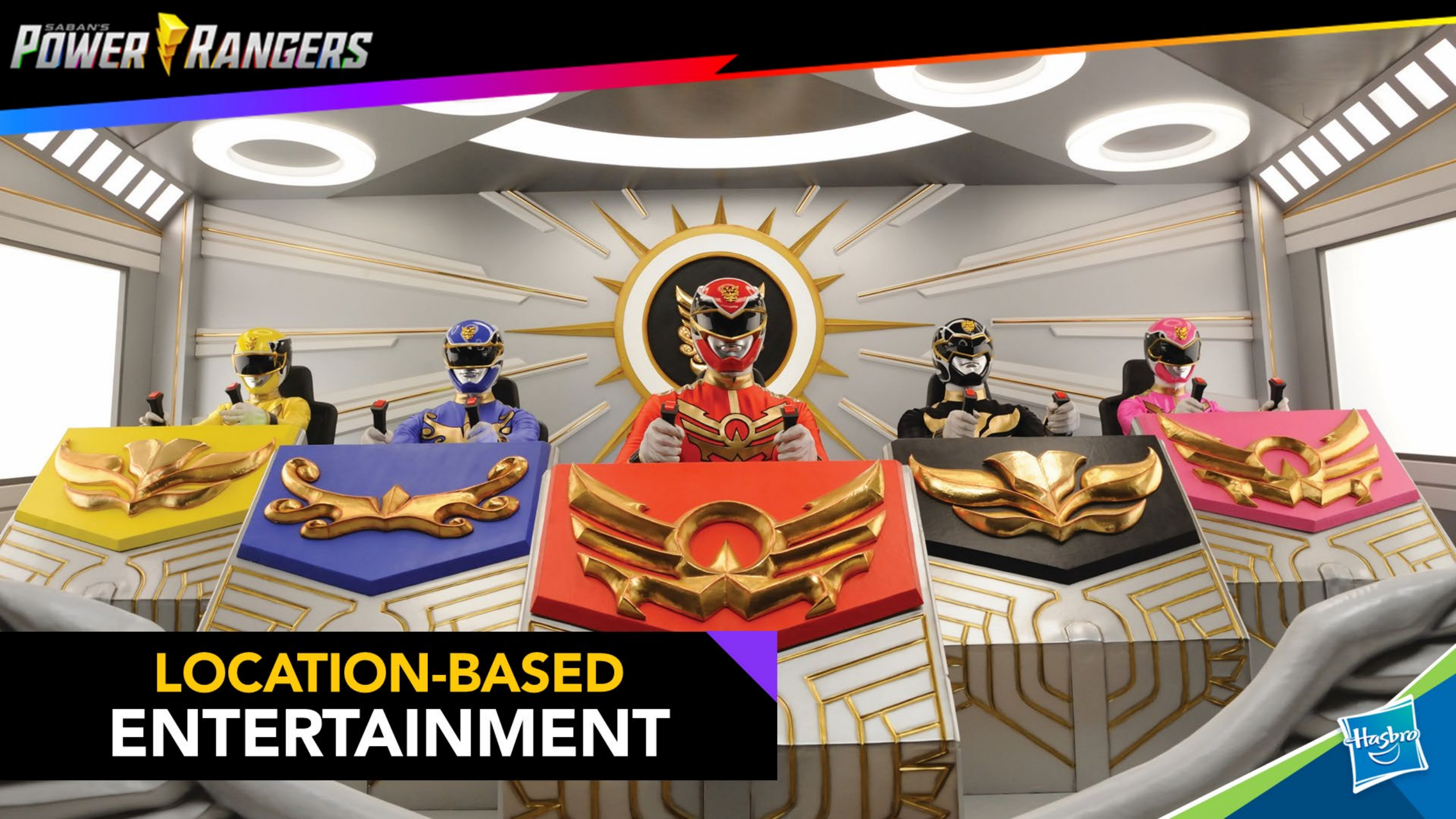


# Lifestyle





**CHANNEL FIRST**



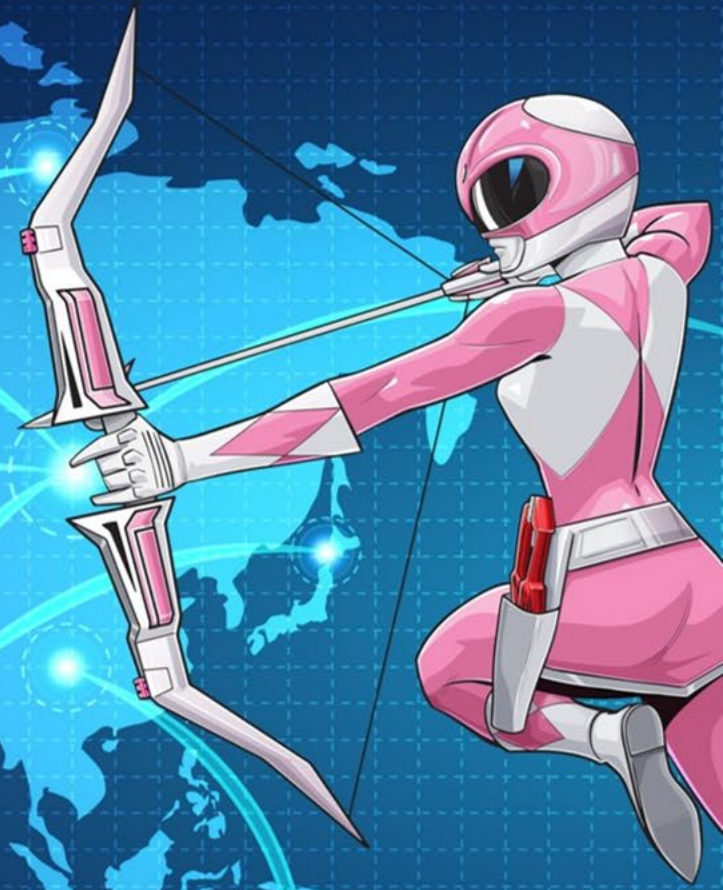
**LOCATION-BASED  
ENTERTAINMENT**

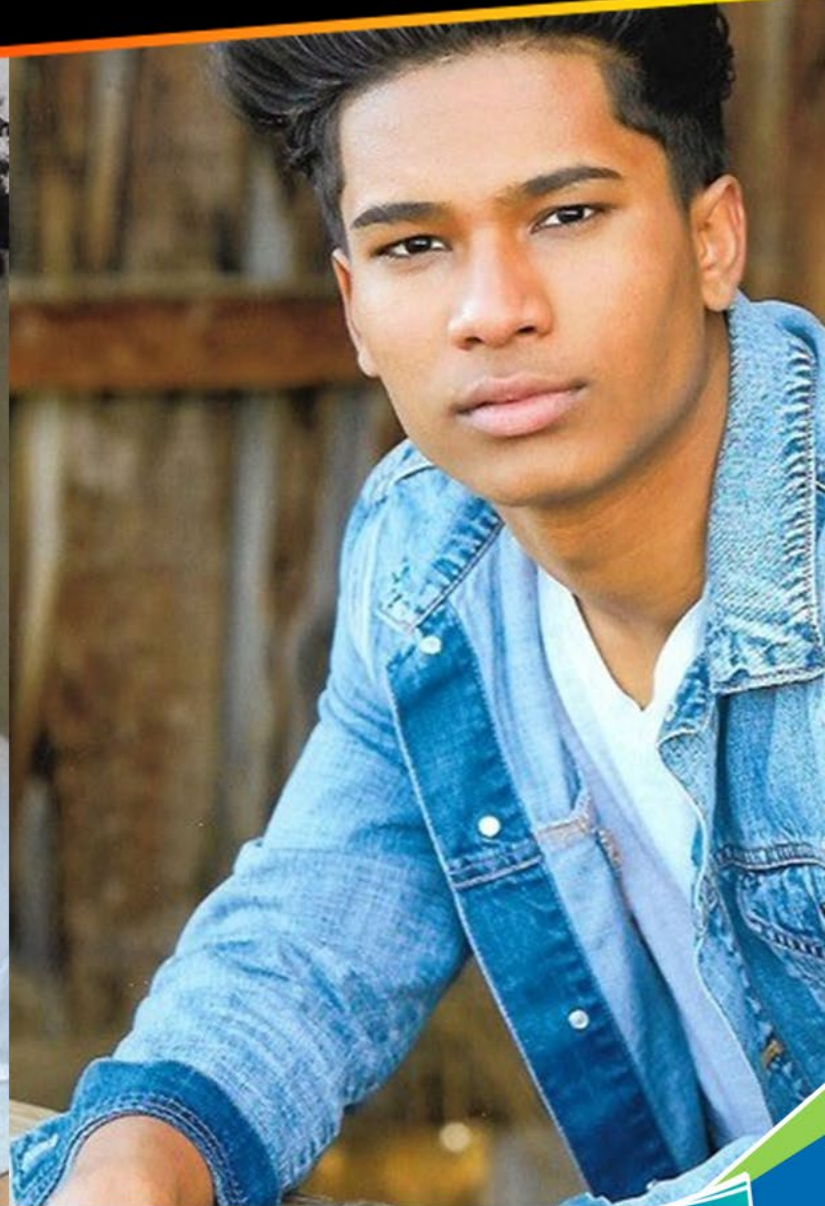


**GAMING AND  
PUBLISHING**



# Global EXECUTION





**DIVERSITY**



# STAR WARS™

TM

© & ™ Lucasfilm Ltd



audio only





# Shared Experiences

# STAR WARS



© & ™ Lucasfilm Ltd

**STAR  
WARS**

# Engaging

## NEW RECRUITS



**STAR WARS  
GALAXY OF  
ADVENTURES**



© & ™ Lucasfilm Ltd

**STAR  
WARS**

**IMMERSING**

# Aspiring JEDI



**LIGHTSABER  
ACADEMY**



App and product not final, still in development.



© & ™ Lucasfilm Ltd

audio only



DEEPENING

# Fan Engagement

STAR  
WARS

CONTINUOUS BEHIND-THE-SCENES  
HASLAB UPDATES

**Haslab** BEHIND THE WORKBENCH: DECO TEST P11

**BEATEN AND BATTERED**  
Numerous rounds of deco application tests are made to get just the right amount of wipes and washes to ensure all of the barge's deep grained wood and rusty metal areas are suitably textured.

Hasbro

cockpit Entrance

Galley Workshop

© HASBRO & ™ LUCASFILM LTD.

**Haslab** hasbro.com/haslab **VINTAGE**

BARGE BOX = 14"D x 50"W x 15"H\*

\*Note that these are estimates not actual

PULSE

STAR WARS  
**JEDI**

**JABBA'S SAIL BARGE**  
THE KHETANNA

Hasbro

BEHIND THE WORKBENCH

VINTAGE



DESIGNED BY  
**HasLab**  
ESTABLISHED 2018



# Play-Doh

BRAND



# Play-Doh

BRAND



# THE PLAY-DOH SHOW



UNBOXING

54M+  
VIEWS



HOW TO

## DIGITAL FIRST: Content Strategy



RETAIL





DIGITALLY  
INSPIRED

# Innovation



203M  
VIEWS



pinkfong  
BABY SHARK



2B+  
YOUTUBE  
VIEWS



# Our Strongest

PRODUCT LINEUP



video playing  
in room



audio only





Disney  
**RALPH  
BREAKS THE  
INTERNET**



# Reaching Fans OF ALL AGES



Disney  
**PRINCESS  
COMICS**



audio only





Disney  
**FROZEN II**





Disney  
**FROZEN II**



**11.22**

**U.S. FILM  
RELEASE**

NOVEMBER 22



**10.4**

**GO TO  
MARKET &  
RETAIL**

OCTOBER 4



Hasbro





Disney  
**FROZEN II**



**11.22**

**U.S. FILM  
RELEASE**

NOVEMBER 22



**10.4**

**GO TO  
MARKET &  
RETAIL**

OCTOBER 4



Hasbro

video playing  
in room





Disney  
**FROZEN II**



**11.22**

**U.S. FILM  
RELEASE**

NOVEMBER 22



**10.4**

**GO TO  
MARKET &  
RETAIL**

OCTOBER 4



# Christian Cocks

President, Wizards of the Coast



# A Killer Year for Wizards!



**Record-breaking Year  
for Magic: The Gathering**



**Record-breaking Year  
for Magic Digital**



**Record-breaking Year  
for Dungeons & Dragons Franchise**





# 2019 Core **Growth** Engine

**WIZARDS PLAY  
NETWORK**

**ESPORTS**

**DIGITAL GAMES**



# MAGIC THE GATHERING Tabletop

**NEW PRODUCT INNOVATION**  
New booster products for social fans, collectors  
and competitive players

**ENHANCING PLAY & PURCHASE  
EXPERIENCES**  
1M+ play events, deep digital integration,  
omni-channel expansion

**AMAZING STORIES**  
War of the Spark brings epic conclusion to  
the Ravnica story





# MAGIC THE GATHERING ARENA™

**BETA**

## Off to a **Great Start!**

- 🏆 **Half a Billion Games** Played in Open Beta
- 🏆 **8+ Hours** a Week Average Playing Time
- 🏆 Average **Player Spend is Up**
- 🏆 **New Player Acquisition** is Fast-Growing
- 🏆 **Top 10** Twitch Esports\*







MAGIC THE GATHERING  
**ARENA**  
BETA

Ready for a  
**Big Launch**

- ▶ **New Player** Friendliness
- ▶ Extended **Social Features**
- ▶ More **Esports & Events**



video playing  
in room





**MAGIC**  
THE GATHERING

# ESPORTS

**\$10M+** in Player Cash Prizes Across Digital and Tabletop

**NEW MAGIC PRO LEAGUE** Featuring 32 Best Magic Players

**NEW MYTHIC CHAMPIONSHIPS** Tabletop and Digital Open Qualifiers with Season Championship on MTG: Arena

**LUCRATIVE OPPORTUNITIES** For Pros, Teams, Sponsors and Partners



video playing  
in room



audio only





# Everyone is Playing D&D

- ◆ **Over 40M** Players to Date
- ◆ 5<sup>th</sup> Year of **Double Digit Growth**
- ◆ **57% Growth** of Viewership



video playing  
in room



# DUNGEONS & DRAGONS

## Poised for **Digital Growth**

- ◆ **Warriors of Waterdeep** in Soft-launch with Ludia
- ◆ **2 New Digital Games** to be Announced Later in 2019
- ◆ More to Come...

## WARRIORS OF WATERDEEP



**ludia**  
A Premier Mobile Company





# 2019: Year of the **NEW**

- ◆ Exciting Tabletop Innovation
- ◆ Arena Launch
- ◆ Magic Pro League
- ◆ Digital Innovation
- ◆ And More...





THANK YOU!

**ERIC NYMAN**

**WIEBE TINGA**

**JENN BIZEUR**

**JEFF JACKSON**



**ERIC NYMAN**

**WIEBE TINGA**

**JENN BIZEUR**

**JEFF JACKSON**



# Global Channels CONSTANTLY EVOLVING

## DIGITALLY INTEGRATED COMMERCE SHAPED BY CONSUMER CHANGES

PURE PLAY ECOMMERCE	MASS & HYPER	TOY SPECIALIST	DEPARTMENT STORES	SPECIALTY
FAN	GROCERY / DRUG	VALUE	CONVENIENCE	CLUB



\*ECOMM IS PURE PLAY ONLY; ONLINE SALES OF OMNI-CHANNEL INCLUDED IN THOSE CATEGORIES (IE: WALMART.COM INCLUDED WITH WALMART IN MASS & HYPER)

# Channel Specific DEVELOPMENT

DELIVERING CONSUMER INSIGHT-DRIVEN PRODUCT FOR THE RIGHT CHANNEL

VALUE  
CONVENIENCE



FAN



CLUB



ECOMMERCE



# Right Product Right Channel

**Convenience**  
Grab 'n Go Pack



**Mass and Hyper**  
Classic 4-Pack



**Toy Specialist**  
Super Color 20-Pack



**Value**  
2-Pack



**Ecommerce**  
Mega 36-Pack



**Club**  
50 Can Pack



**Specialty**  
Classic Colors Tub



**PANEL DISCUSSION**



**NORTH AMERICA**

**EUROPE**

**GLOBAL ECOMMERCE**







# Inventory Management



## RETAIL INVENTORY



- 2018 Ending Retail Inventory: -24% vs. 2017
- Excluding TRU Overall Inventory -6%
- Consistent with Longer-term Trend
- Increased Use of Machine Driven Replenishment Planning by Our Customers
- Ecommerce Shift will Continue to Lower Total Inventory





audio only



audio only



video playing  
in room



audio only



audio only





# North America

amazon



#1



#1

2018 SHARE  
RANK (1P)



audio only



audio only







# Business Outlook

## GROW MASS

- Grow Franchise Brands
- Leverage Entertainment Slate
- Differentiate with Exclusives

Walmart 

meijer



TARGET



## ACCELERATE ECOMM

- Driving Differentiation
- Predictive Analytics
- Doubling Down on Digital Marketing and Search

amazon 

Walmart.com



TARGET.com



PULSE

## DRIVE EMERGING CHANNELS

- 11K+ New Doors Added Since 2017
- Broadening of Assortment
- Reaching New Consumers

FAMILY DOLLAR

GameStop

DOLLAR GENERAL

BEST BUY

COSTCO WHOLESALE



# ADDING CAPABILITIES TO OUR Supply Chain





# Europe





# Inventory Management



## RETAIL INVENTORY



- 2018 Ending Retail Inventory: -27% vs. 2017
- Excluding TRU Overall Inventory -25%
- Added **45K** New Doors to Showcase Hasbro Brands
- Retail Partners Confident in Our 2019 Strategy
- Supply Chain Investments Reduced Lead Times, and will Help "Just in Time" Delivery





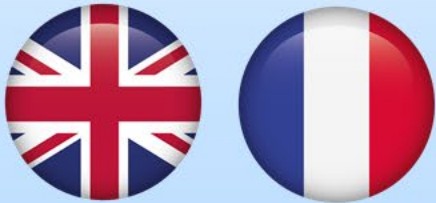


# Business Outlook

## INVENTORY REDUCTION



**BREXIT IN UK  
YELLOW VEST IN FRANCE**



## STABILIZE MASS & HYPER



**SOLIDIFY NEW TOY  
SPECIALIST STRUCTURE**



## ACCELERATE ECOMMERCE



**DRIVE EMERGING  
CHANNELS**

Added Almost **45K** Doors in 2018





# Global ECOMMERCE FOCUS



Alibaba Group



JD. 京东  
.COM

Flipkart



天猫 Tmall.com





audio only





# Re-Orientating

## OUR SUPPLY CHAIN



# DRIVING VISIBILITY OF Brands & Items

SEE SOMETHING NEW, EVERY DAY. TAKE A LOOK

amazon prime

All Departments - molding clay

Deliver to Jen Sharon 02067 Buy Again Your Pickup Location Browse History - Jennifer's Amazon.com Today's Deals Gift Cards Whole Foods Registry Sell Help

EN FREE JENNY Account & Lists Orders Prime

1-24 of 618 results for Toys & Games: "play-doh" Sort by Featured

prime | FREE One-Day

Get FREE One-Day Shipping on qualifying orders over \$35

Show results for

Any Category Toys & Games Clay & Dough Playsets Craft Kits Grown-Up Toys Arts & Crafts Party Favors Action & Toy Figures Play Vehicles Baby & Toddler Toys Pretend Play Dress Up & Pretend Play Learning & Education See more

Refine by Delivery Day Get it by Tomorrow Amazon Prime prime prime | FREE One-Day Brand Play-Doh KIDDY DOUGH ALEX TOYS KANE & KIND Fun Little Toys Educational Insights Paw Patrol Joyin Toy Fashionclubs Carykon Shaw Parvati

**SPONSORED BY HASBRO, INC**  
Shop Play-Doh Compound, Tools, Playsets & More

Play-Doh Modeling Compound 10-Pack Case of Colors, Non-Toxic, Assorted Colors, 2-Ounce

Play-Doh Modeling Compound 36-Pack Case of Colors, Non-Toxic, Assorted Colors, 3-Ounce

Play-Doh Max The Cement Mixer Toy Construction Truck with 5 Non-Toxic Colors, ...

Play-Doh Modeling Compound 36-Pack Case of Colors, Non-Toxic, Assorted Colors, 2-Ounce Cans, Ages 2 and up, (Amazon Exclusive)

Play-Doh Modeling Compound 24-Pack Case of Colors, Non-Toxic, Multi-Color, 3-Ounce Cans, Ages 2 and up (Amazon Exclusive)

Play-Doh Sweet Shoppe Cookie Creations

Play-Doh Modeling Compound 50-Value Pack Case of Colors, Non-Toxic, Assorted Colors, 1-Ounce Cans, Ages 2 and up (50 Cans - 1 Pack)

Play-Doh 4 Primary Colors Plus 2 Cans Value Pack

Play-Doh

HOME MY LITTLE PONY TRANSFORMERS WUP BABY ALIVE PLAY BOB GAMES

Play-Doh Kitchen Creations Sprinkler Cookie Surprise Play Food Set with 4 Non-Toxic

Play-Doh Wheels Excavator & Loader Toy Construction Trucks with Non-Toxic Sand

Play-Doh Wheels Gravel Yard Construction Toy with Non-Toxic Powerwest Sublime

Play-Doh Kitchen Creations Spinning Treats Mixer

Play-Doh Max The Cement Mixer Toy Construction Truck with 5 Non-Toxic Colors

Play-Doh Buzz 'n' Cut Fuzzy Pumper Barber Sheep Toy with Electric Sissors and 6 Non-Toxic Colors

Play-Doh Modeling Compound 36-Pack Case of Colors, Non-Toxic, Assorted Colors

Play-Doh Royal Salon Princess Salon

Hasbro

# Global

## MARKETING APPROACH

### OFF-PLATFORM

- Digital First Approach
- Media Investments
- Content to Commerce

### ON-PLATFORM

- Cyber Monday, Singles Day, 6/18, Three Kings Day, Buen Fin
- Prime Day, Holiday Toy List



# Global

## MARKETING APPROACH

### OFF-PLATFORM

- Digital First Approach
- Media Investments
- Content to Commerce

### ON-PLATFORM

- Cyber Monday, Singles Day, 6/18, Three Kings Day, Buen Fin
- Prime Day, Holiday Toy List





# TOP 3 Trends

## MARKETPLACES

AliExpress™



ebay™



mercado  
libre

amazon

Walmart.com



## PRIVATE LABELS

## VOICE



# TOP 3 Trends

## MARKETPLACES

AliExpress™



ebay™



mercado  
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Walmart.com



## PRIVATE LABELS

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# TOP 3 Trends

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## PRIVATE LABELS

## VOICE





# Deb Thomas

Chief Financial Officer

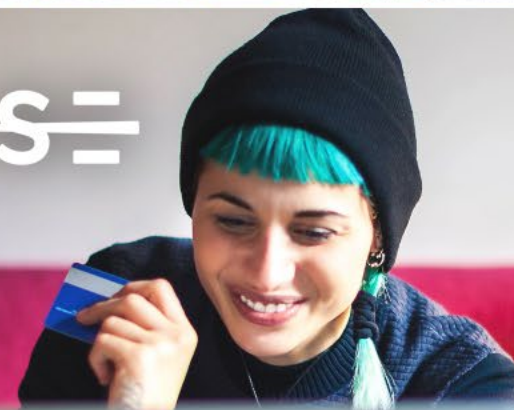


# Shifting Channels

DIVERSIFIED RETAIL DOORS



PULSE



# Shifting Channels

## DIVERSIFIED RETAIL DOORS

SMALLER RETAILERS

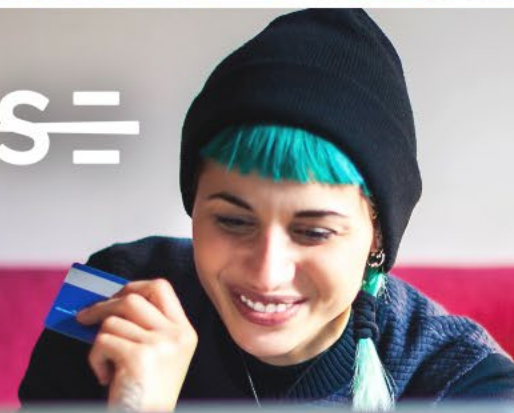
DIVERSE SHIPPING LOCATIONS

DIFFERENT INVENTORY REQUIREMENTS

MORE DOMESTIC SHIPS THAN DIRECT



PULSE



# Modern Go-to-Market Strategy

2018

2019

## Impact On 2018

- Higher Selling and Distribution Costs
- Shifting Mix of Profits
- More Inventory On Hand at Hasbro

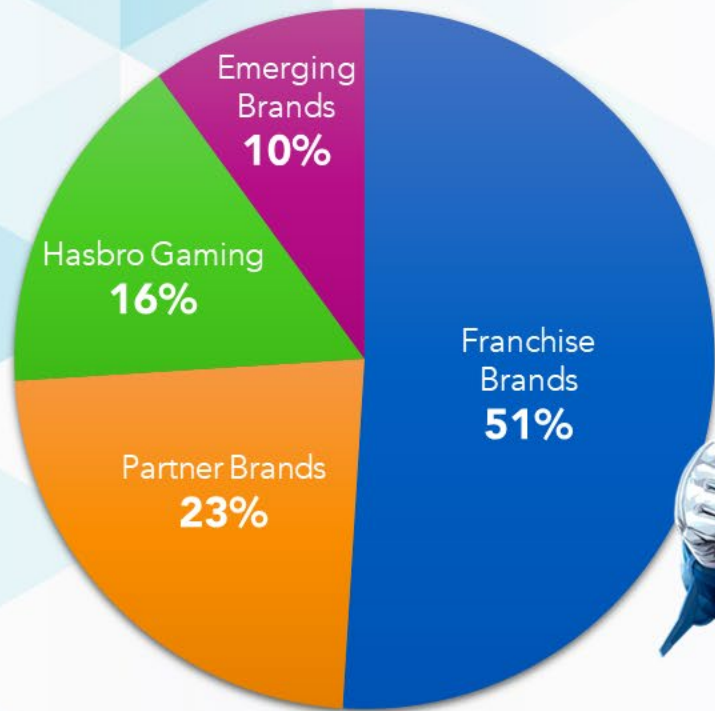


## Impact On 2019

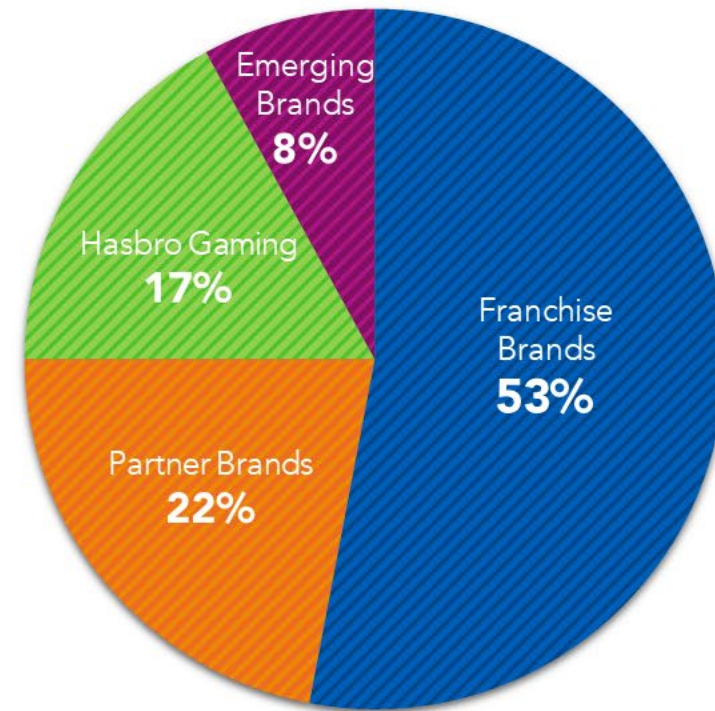
- Adding New Warehouse in U.S. for Shorter Lead Times
- Inventory Balances Remain at Higher Levels
- After Q1, TRU Inventory Liquidation No Longer a Significant Impact



# Brand Portfolio Mix



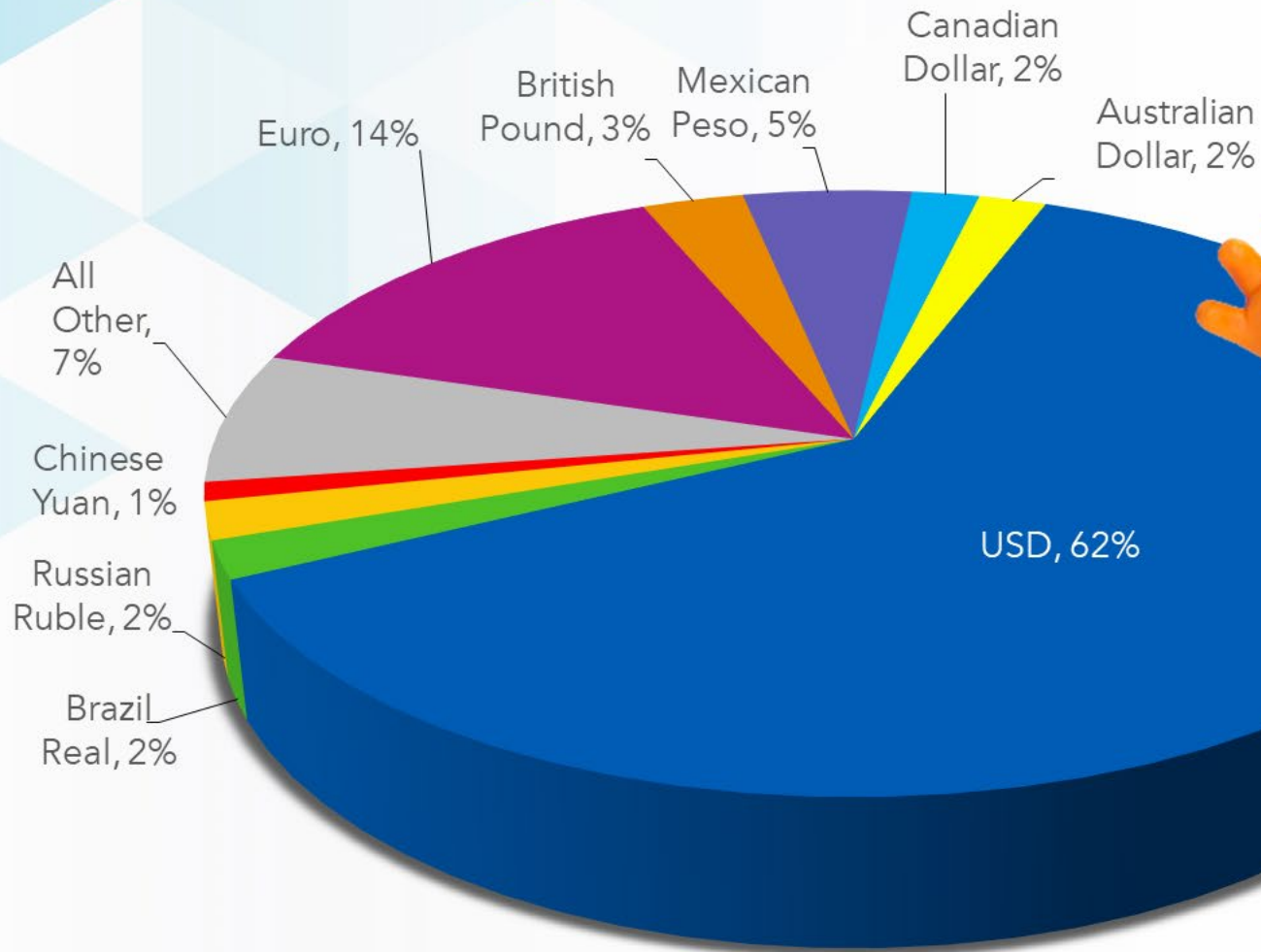
**5-Year Historical Average**  
at Constant Dollars



**2018 Mix**



# 2018 Net Revenues by Currency



# Q1 Comparison

MARVEL  
**BLACK  
PANTHER**

SABAN'S  
**POWER  
RANGERS**

## Easter Shift

Q1 2018 > Q2 2019



# Revenue Phasing

Growth comes after Q1 beginning with strong Q2 gaming and entertainment initiatives

Major entertainment at holiday





The background features a vibrant purple gradient with a collage of iconic Hasbro characters. On the left, Optimus Prime is shown in his red and blue armor. Below him is Twilight Sparkle from My Little Pony, depicted as a purple unicorn with wings. On the right, a Power Ranger in a blue suit is in a dynamic pose, with a female character in ornate armor and a flaming hairpiece behind him. The Hasbro logo is in the bottom right corner.

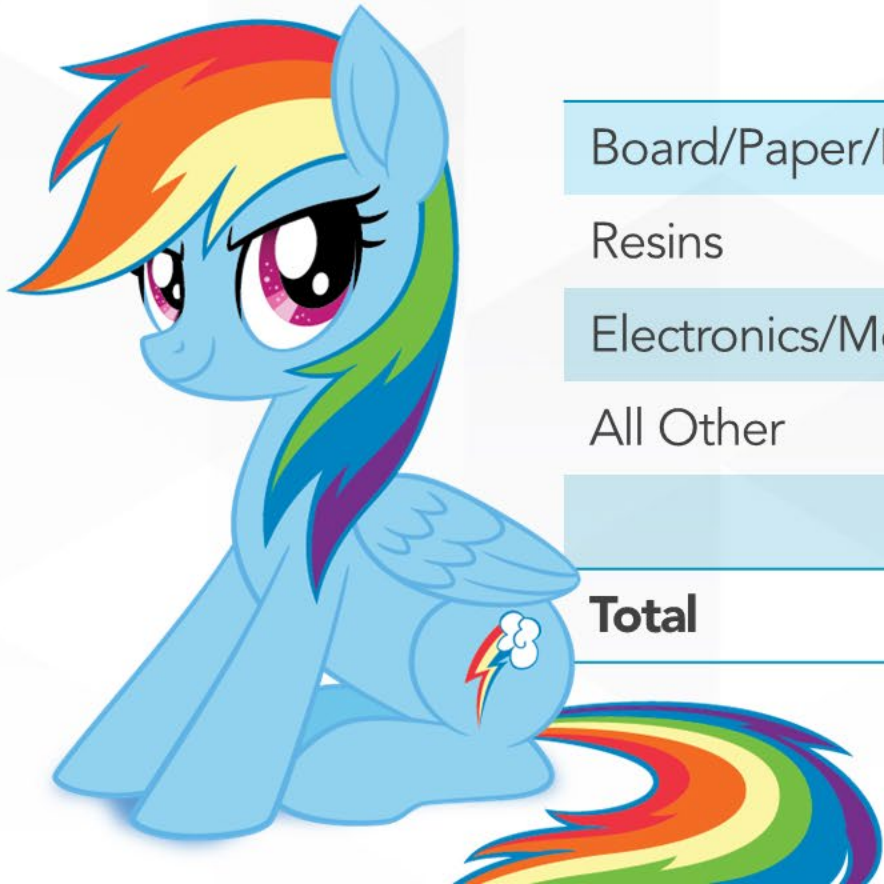
# Operating Profit OPPORTUNITY

This improvement will be driven by growth in our **Franchise Brands**, growth in our **Gaming** portfolio, executing on full year revenue opportunities from our 2018 acquisition of **Power Rangers**, continued revenue growth from our higher margin **Entertainment and Licensing** segment, operating profit expansion in **emerging markets** as we continue to grow revenues and generate cost savings.



2018

# Input Cost of Sales Components



Board/Paper/Print	7.0%
Resins	4.8%
Electronics/Metals	2.2%
All Other	4.1%
<b>Total</b>	<b>18.1%</b>

### Cost of Sales as a % of Revenue

Revenue	100%
Cost of Sales	40.4%
Gross Margin	59.6%

Labor	8.1%
Factory Overhead	7.0%
Freight/Import Costs	2.5%
Tooling	1.9%
Inventory Variances	2.8%
<b>Total</b>	<b>22.3%</b>

← Cost of Sales 40.4% →



# Supply Chain Planning

<b>CHINA</b>	2012	86%
	2018	69%
	2020	60%

**SUPPLY CHAIN SHIFTS**

**TARIFFS**





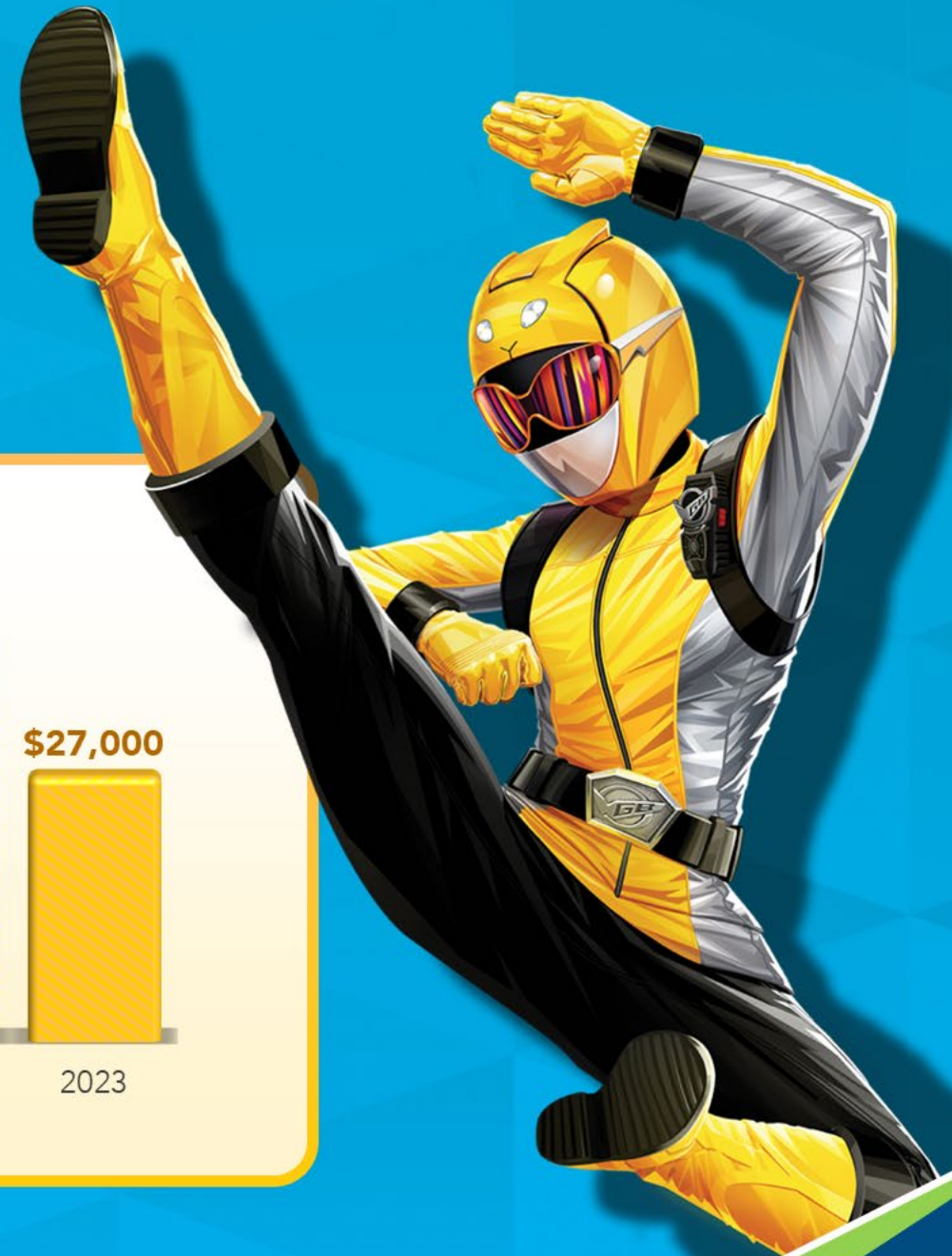
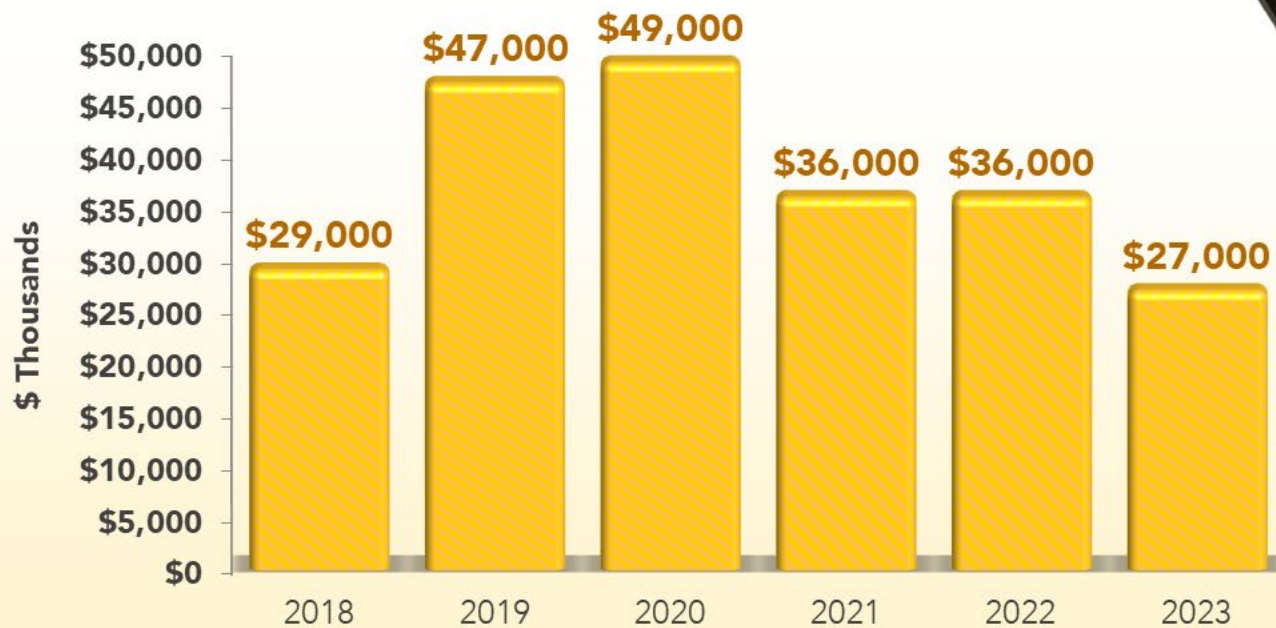
# 2019 Cost and Expense Trends

% of Net Revenues	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018	2019 Trends	Comments Regarding 2019 Trends
<b>Cost of Sales</b>	39.7%	37.7%	38.0%	39.0%	40.3%	↘	Expect cost of sales to improve as percentage of revenue based on anticipated mix of revenues
<b>Royalties</b>	7.2%	8.5%	8.2%	7.8%	7.5%	↔	Partner Brand revenues planned to be 20-25% of total 2019 revenues
<b>Product Development</b>	5.2%	5.5%	5.3%	5.2%	5.4%	➔	Investment in innovation with our brands, invest in digital gaming and develop new brands
<b>Advertising</b>	9.8%	9.2%	9.3%	9.6%	9.6%	➔	Advertising should increase as percentage of revenues as we launch <i>Magic: The Gathering Arena</i> and support our planned product mix
<b>Intangible Amortization</b>	1.2%	1.0%	0.7%	0.6%	0.6%	↑	Projecting \$18M increase to \$47M in 2019, including \$21M associated with the Power Rangers acquisition
<b>Programming Amortization</b>	1.1%	1.0%	0.7%	0.7%	1.0%	↔	2018 cash spend of \$132M on film and TV; forecasting \$65-\$85M in 2019
<b>S D &amp; A</b>	20.8%	21.7%	21.5%	21.6%	22.5%	➔	Begin to achieve our cost savings from 2018 organizational actions
<b>Interest Expense</b>	2.2%	2.2%	1.9%	1.9%	2.0%		Consistent with historical trends as % of revenues
<b>Underlying Tax Rate</b>	26.5%	26.4%	24.5%	19.9%	18.3%		2019 underlying tax rate forecasted in the range of 17.5-19%, excluding discrete tax events

Data excludes Non-GAAP charges and benefits during the periods as detailed in Hasbro's year-end earnings releases.



# Intangible Amortization



# Investing in Content





**FILM PRODUCTION**  
begins 18-30 months



**FILM  
MERCHANDISE**



**BOX OFFICE &  
OTHER REVENUES**





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# Depreciation Increases Behind Gaming Investments



\*Depreciation excludes tooling





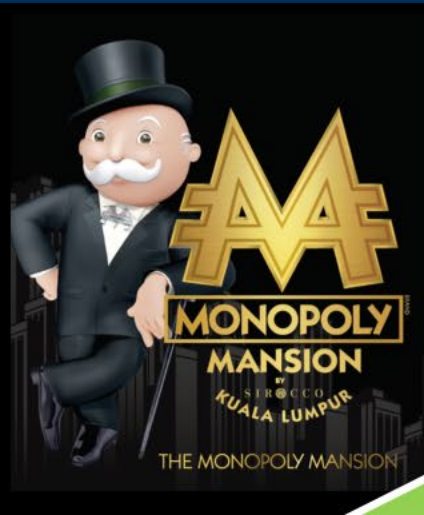
Entertainment

Consumer Products

# Entertainment & Licensing



Digital Gaming



MAGIC  
THE GATHERING  
WORLD  
CHAMPIONSHIP

# MAGIC THE GATHERING ARENA



# Capital Priorities

Invest in the long-term profitable growth of Hasbro

Return excess cash to shareholders through dividend and stock repurchase program

Committed to goal of maintaining an investment grade rating and access to commercial paper market



# Consistently Strong Cash Flow

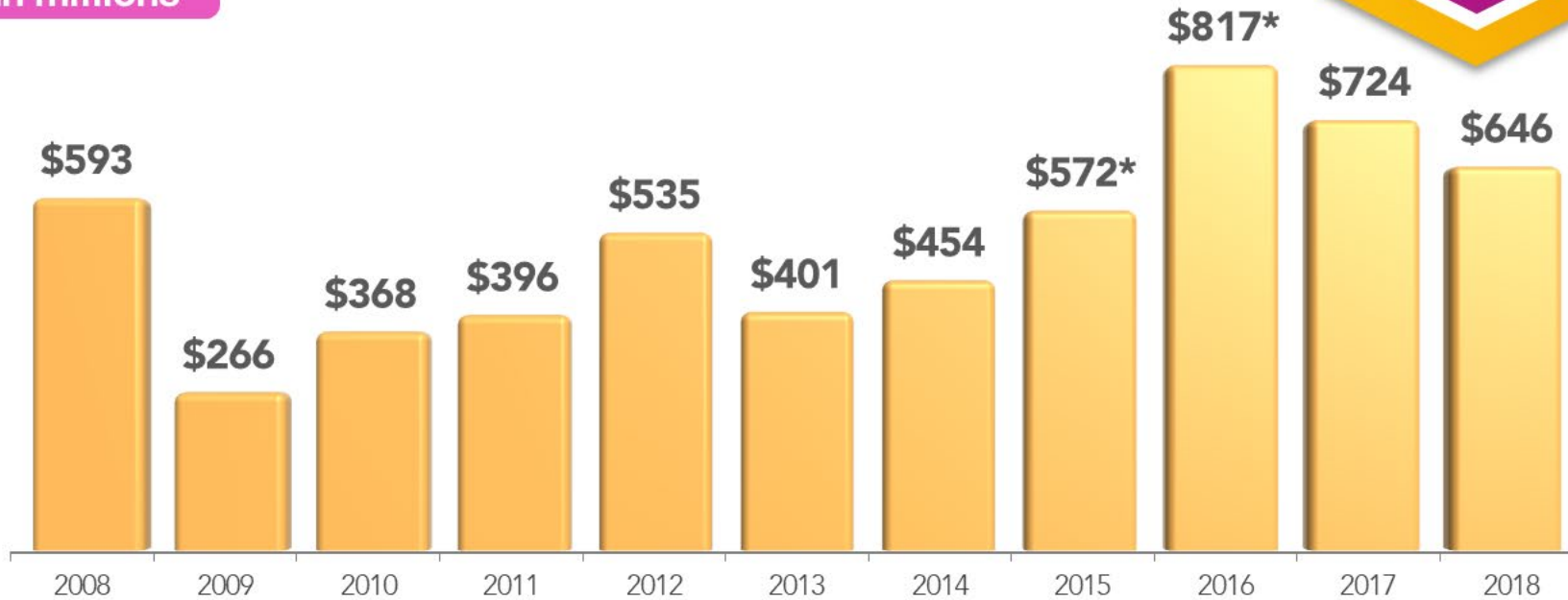
Operating  
Cash Flow Target:

**\$600-  
\$700M**  
on Average

2019 Capital  
Expenditure  
Forecast

**\$155-165M**

In millions

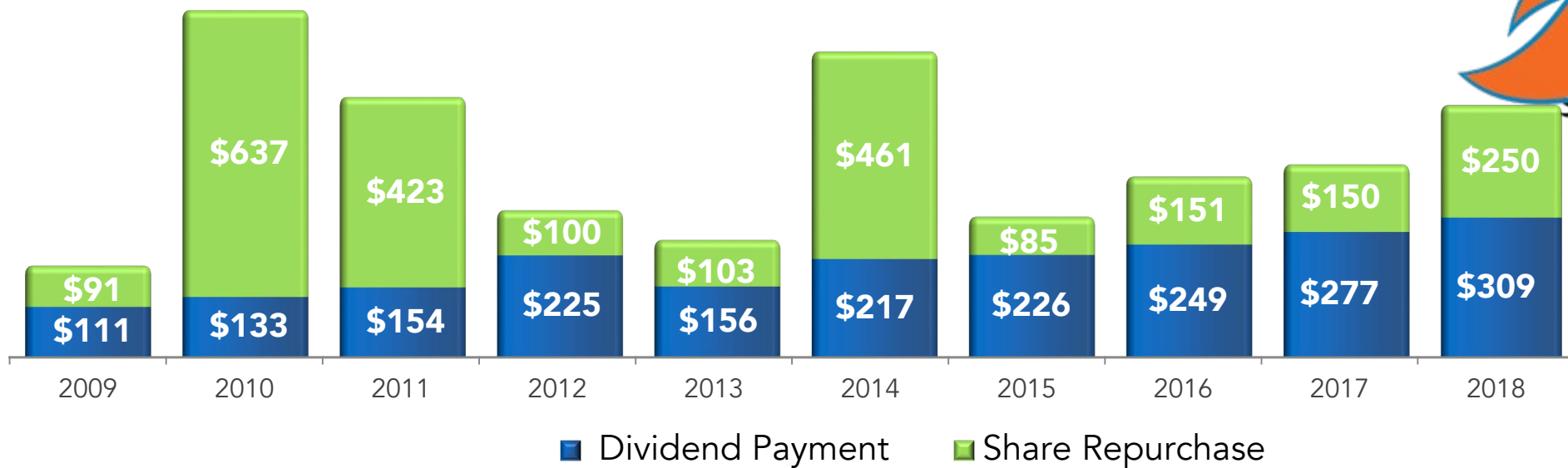


\*2015-2016 Operating Cash Flows have been restated to reflect the adoption of ASU 2016-09



# Capital Priorities

# Dividend & Share Repurchase



**8%**  
2019 Quarterly  
Dividend Increase

**Dividend +13%**  
on Average  
Over 10 Years

10 Years  
**\$4.5B**



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



# Medium-Term OBJECTIVES

- 1 We are targeting developed economies to grow low- to mid-single digits through brand innovation and market share gains\*
- 2 Return emerging markets revenue to growth, targeting high-single digit growth\*
- 3 Gaming across formats including Wizards and digital projected to deliver above-trend revenue growth
- 4 We believe we can return to a 15% and higher operating profit margin over the next few years as we return to revenue growth with a right-sized expense base
- 5 We expect to generate operating cash flow in the amount of \$600M to \$700M on average

\*Excluding the impact of foreign exchange



# Q & A