

HASBRO INC
Form 10-Q
November 02, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 25, 2011

Commission file number 1-6682

HASBRO, INC.

(Exact Name of Registrant, As Specified in its Charter)

Rhode Island
(State of Incorporation)

05-0155090
(I.R.S. Employer Identification No.)

1027 Newport Avenue, Pawtucket, Rhode Island 02862
(Address of Principal Executive Offices, Including Zip Code)

(401) 431-8697
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes or No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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Yes or No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes or No

The number of shares of Common Stock, par value \$.50 per share, outstanding as of October 17, 2011 was 128,984,649.

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements.**

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Thousands of Dollars Except Share Data)
(Unaudited)

	Sept, 25, 2011	Sept. 26, 2010	Dec. 26, 2010
	-----	-----	-----
Assets			
Current assets			
Cash and cash equivalents	\$ 186,962	497,903	727,796
Accounts receivable, less allowance for doubtful accounts of \$32,700, \$35,000 and \$31,200	1,260,521	1,210,460	961,252
Inventories	518,866	467,953	364,194
Prepaid expenses and other current assets	243,956	170,394	167,807
	-----	-----	-----
Total current assets	2,210,305	2,346,710	2,221,049
Property, plant and equipment, less accumulated depreciation of \$447,900, \$450,700 and \$430,200	220,412	221,165	233,580
	-----	-----	-----
Other assets			
Goodwill	475,043	475,005	474,813
Other intangibles, less accumulated amortization of \$608,300, \$574,900 and \$586,900	479,818	512,693	500,597
Other	699,148	660,044	663,187
	-----	-----	-----
Total other assets	1,654,009	1,647,742	1,638,597
	-----	-----	-----

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Total assets	\$ 4,084,726	4,215,617	4,093,226
	=====	=====	=====

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets (continued)
(Thousands of Dollars Except Share Data)
(Unaudited)

	Sept. 25, 2011	Sept. 26, 2010	Dec. 26, 2010
	-----	-----	-----
Liabilities and Shareholders' Equity			
Current liabilities			
Short-term borrowings	\$ 13,168	103,625	14,568
Accounts payable	246,461	267,175	132,517
Accrued liabilities	682,814	607,686	571,716
	-----	-----	-----
Total current liabilities	942,443	978,486	718,801
Long-term debt	1,405,071	1,404,556	1,397,681
Other liabilities	355,970	345,264	361,324
	-----	-----	-----
Total liabilities	2,703,484	2,728,306	2,477,806
	-----	-----	-----
Shareholders' equity			
Preference stock of \$2.50 par value. Authorized 5,000,000 shares; none issued	-	-	-
Common stock of \$.50 par value. Authorized 600,000,000 shares; issued 209,694,630	104,847	104,847	104,847
Additional paid-in capital	641,214	606,984	625,961
Retained earnings	3,104,738	2,872,699	2,978,317
Accumulated other comprehensive (loss) earnings	(14,965)	23,121	8,149
Treasury stock, at cost; 80,228,053 shares at September 25, 2011, 73,350,366 at September 26, 2010 and 72,278,515 at December 26, 2010	(2,454,592)	(2,120,340)	(2,101,854)
	-----	-----	-----
Total shareholders' equity	1,381,242	1,487,311	1,615,420

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Total liabilities and shareholders' equity \$	4,084,726	4,215,617	4,093,226
	=====	=====	=====

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(Thousands of Dollars Except Per Share Data)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	Sept. 25, 2011	Sept. 26, 2010	Sept. 25, 2011	Sept. 26, 2010
Net revenues	\$ 1,375,811	1,313,302	2,956,251	2,723,464
Costs and expenses:				
Cost of sales	599,524	591,600	1,244,780	1,154,601
Royalties	109,257	75,620	234,680	169,454
Product development	49,504	51,618	150,287	139,408
Advertising	130,396	133,742	278,703	276,914
Amortization of intangibles	11,084	15,611	32,378	38,310
Program production cost amortization	7,844	5,034	18,082	5,034
Selling, distribution and administration	220,130	202,320	619,939	552,933
Total costs and expenses	1,127,739	1,075,545	2,578,849	2,336,654
Operating profit	248,072	237,757	377,402	386,810
Non-operating (income) expense				
Interest expense	22,479	21,657	66,702	60,371
Interest income	(3,017)	(839)	(5,893)	(3,775)
Other (income) expense, net	7,153	(2,134)	19,344	(4,126)
Total non-operating expense, net	26,615	18,684	80,153	52,470
Earnings before income taxes	221,457	219,073	297,249	334,340
Income tax expense	50,467	63,909	51,012	76,602
Net earnings	\$ 170,990	155,164	246,237	257,738

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Net earnings per common share					
Basic	\$	1.29	1.12	1.82	1.84
		=====	=====	=====	=====
Diluted	\$	1.27	1.09	1.78	1.76
		=====	=====	=====	=====
Cash dividends declared per common share					
	\$	0.30	0.25	0.90	0.75
		=====	=====	=====	=====

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Thousands of Dollars)
(Unaudited)

	Nine Months Ended	
	Sept. 25, 2011	Sept. 26, 2010
Cash flows from operating activities		
Net earnings	\$ 246,237	257,738
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation of plant and equipment	85,039	72,994
Amortization of intangibles	32,378	38,310
Program production cost amortization	18,082	5,034
Deferred income taxes	(23,344)	12,770
Stock-based compensation	24,190	24,234
Change in operating assets and liabilities:		
Increase in accounts receivable	(316,896)	(167,979)
Increase in inventories	(167,726)	(252,418)
(Increase) decrease in prepaid expenses and other current assets	(63,408)	11,442
Program production costs	(60,603)	(31,024)
Increase in accounts payable and accrued liabilities	228,805	39,509
Other	(1,708)	(4,844)
	-----	-----
Net cash provided by operating activities	1,046	5,766
	-----	-----
Cash flows from investing activities		
Additions to property, plant and equipment	(71,675)	(75,852)
Investments and acquisitions, net of cash acquired	(11,585)	-
Other	4,902	1,805
	-----	-----
Net cash utilized by investing activities	(78,358)	(74,047)
	-----	-----
Cash flows from financing activities		
Net proceeds from borrowings with original maturities of		

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more than three months	-	492,528
Repayments of borrowings with original maturities of more than three months	-	(186)
Net (repayments) proceeds from short-term borrowings	(13)	89,115
Purchases of common stock	(384,800)	(630,997)
Stock option transactions	25,721	65,634
Excess tax benefits from stock-based compensation	8,969	14,462
Dividends paid	(115,330)	(98,920)
	-----	-----
Net cash utilized by financing activities	(465,453)	(68,364)
	-----	-----
Effect of exchange rate changes on cash	1,931	(1,497)
	-----	-----
Decrease in cash and cash equivalents	(540,834)	(138,142)
Cash and cash equivalents at beginning of year	727,796	636,045
	-----	-----
Cash and cash equivalents at end of period	\$ 186,962	497,903
	=====	=====

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)
(Thousands of Dollars)
(Unaudited)

	Nine Months Ended	
	Sept. 25, 2011	Sept. 26, 2010
Supplemental information		
Cash paid during the period for:		
Interest	\$ 77,023	59,412
Income taxes	\$ 26,897	49,708

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Earnings
(Thousands of Dollars)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	Sept. 25, 2011	Sept. 26, 2010	Sept. 25, 2011	Sept. 26, 2010
Net earnings	\$ 170,990	155,164	246,237	257,738
Other comprehensive loss	(19,134)	(4,682)	(23,114)	(35,510)
Total comprehensive earnings	\$ 151,856	150,482	223,123	222,228