

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

HASBRO INC

CIK: **46080** | IRS No.: **050155090** | State of Incorporation: **RI** | Fiscal Year End: **1227**

Type: **8-K** | Act: **34** | File No.: **001-06682** | Film No.: **784633**

SIC: **3944** Games, toys & children's vehicles (no dolls & bicycles)

Mailing Address

200 NARRAGANSETT PARK
DRIVE
PAWTUCKET RI 02862-0200

Business Address

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P O BOX 1059
PAWTUCKET RI 02861
4014318697

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): December 6, 2000

HASBRO, INC.

(Name of Registrant)

RHODE ISLAND

(State of
Incorporation)

1-6682

(Commission
File Number)

05-0155090

(IRS Employer
Identification No.)

1027 NEWPORT AVE., PAWTUCKET, RHODE ISLAND

(Address of Principal Executive Offices)

02861

(Zip Code)

(401) 431-8697

(Registrant's Telephone Number)

Item 5. Other Events

The December 6, 2000 Press Release of the Registrant attached hereto as EXHIBIT 99 is incorporated herein by reference.

Item 7(c) Exhibits

99 Press Release, dated December 6, 2000, of Hasbro, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HASBRO, INC.

(Registrant)

Date: December 7, 2000

By: /s/ Alfred J. Verrecchia

Alfred J. Verrecchia

President, Chief Operating
Officer and Chief
Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

HASBRO, INC.

Current Report on Form 8-K

Dated December 6, 2000

Exhibit Index

Exhibit

No.

Exhibits

99

Press Release dated December 6, 2000

For Immediate Release Contact:

Karen A. Warren (Investor Relations)	401-727-5401
Wayne S. Charness (News Media)	401-727-5983

HASBRO EXPECTS FOURTH QUARTER AND FULL YEAR RESULTS TO BE BELOW
EXPECTATIONS

DIVIDEND IS REDUCED

Pawtucket, RI (December 6, 2000) - Hasbro, Inc. (NYSE:HAS) today announced that results for the fourth quarter and full year 2000 will be below expectations.

The Company expects full year 2000 earnings per share to be at best, break even, with the potential for a loss of between \$0.10 to \$0.20 per share, prior to the approximately \$140 to \$170 million of pre-tax restructuring and other charges announced in October and a potential write down of approximately \$35 million associated with the sale of Hasbro Interactive and Games.com. EBITDA for full-year 2000 is now expected to be approximately \$320 to \$370 million, or \$1.81 to \$2.09 per share, also before the charges.

"While we announced some very exciting news today with the pending licensing agreement and sale of Hasbro Interactive and Games.com to Infogrames Entertainment SA, we also announced that our earnings will be below expectations," said Alan G. Hassenfeld, Chairman and CEO. "The reduced expectations can be attributed in large part to the decline in worldwide revenue of trading card games. Frankly, while Pokemon Trading Card Game cards are still selling well, we were too aggressive in our forecast following incredible demand in 1999 and 2000. Given the high level of inventory at Wizards of the Coast, we are going to take an additional provision of \$75 million for inventory obsolescence. This coupled with some additional weakness in the U.S. toy group account for the change in our expectations."

"To address the inventory issue we are changing inventory practices in order to keep this from happening in the future and we are very confident about the continued success of this business."

We expect good results from this month's U.S. launch of Pokemon Gold and Silver trading card games as Game Boy Gold and Silver cartridge sales have broken all records at retail," Mr. Hassenfeld added.

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"We are very focused on enhancing shareholder value by generating sustainable revenue and earnings growth by growing our own brands and new product development," said Alfred J. Verrecchia, President and Chief Operating Officer. "In October we announced several actions to improve profitability and we are on track to accomplish our goals. We will be significantly reducing overhead throughout the company. We currently expect headcount reductions of approximately 750 across all divisions of Hasbro excluding Hasbro Interactive and Games.com. This is higher than the 500 to 550 that we originally outlined, as we have been more aggressive in our efforts. We don't expect the charges associated with the restructuring to change from the previous guidance in the range of \$140 - \$170 million but they are likely to be on the high end of the range. Our goal continues to be lowering our break even by reducing costs in product development, sales and marketing, and administrative functions. We are making Hasbro more efficient so we can better leverage our revenue and earnings stream going forward. This leaves us well positioned for 2001," Mr. Verrecchia concluded.

Mr. Hassenfeld added, "We are confident that we are making the right moves to make Hasbro leaner and more consistently profitable for shareholders. While 2000 has been a very painful year, we are looking forward to returning Hasbro to profitability in 2001 and beyond."

As a result of the earnings decline, the Company also announced that its cash dividend has been reduced from \$0.06 per share quarterly to \$0.03 per share, effective with the dividend payable on February 15, 2001 to shareholders of record on February 1, 2001. This will result in an annual cash savings of \$21 million beginning in 2001.

The Company has made available a pre-recorded webcast of a conference call that can be accessed beginning at 5:00 P.M. Eastern Time today that reviews the sale of Hasbro Interactive and Games.com, expectations for the fourth quarter and full year 2000. Investors and the media are invited to listen at <http://www.hasbro.com> (select "Investors & Media" from the home page, then click on the webcast icon). In addition, the conference call will also be available for replay via telephone, at 402-998-

1728. The press release announcing the sale of Hasbro Interactive and Games.com to Infogrames Entertainment SA (Euronext 5257) is also available on the website.

Hasbro is a worldwide leader in children's and family leisure time and entertainment products and services, including the design, manufacture and marketing of games and toys ranging from traditional to high-tech. Both internationally and in the U.S., its PLAYSKOOL, TONKA, SUPER SOAKER, MILTON BRADLEY, PARKER BROTHERS, TIGER, HASBRO INTERACTIVE, MICROPROSE and WIZARDS OF THE COAST brands and products provide the highest quality and most recognizable play experiences in the world.

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Certain statements contained in this release contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as "anticipate", "believe", "could", "expect", "intend", "may", "planned", "potential", "should", "will" and "would". Such forward-looking statements are inherently subject to known and unknown risks and uncertainties. The Company's actual actions or results may differ materially from those expected or anticipated in the forward-looking statements. Specific factors that might cause such a difference include, but are not limited to, the Company's ability to manufacture, source and ship new and continuing products on a timely basis and the acceptance of those products by customers and consumers at prices that will be sufficient to profitably recover development, manufacturing, marketing, royalty and other costs of products; economic conditions, including higher fuel prices and availability of electronic components, currency fluctuations and government regulation and other actions in the various markets in which the Company operates throughout the world; the inventory policies of retailers, including the concentration of the Company's revenues in the second half and fourth quarter of the year, together with increased reliance by retailers on quick response inventory management techniques, which increases the risk of underproduction of popular items, overproduction of less popular items and failure to achieve tight and compressed shipping schedules; the impact of competition on revenues, margins and other aspects of the Company's business, including the ability to secure, maintain and renew popular licenses and the ability to attract and retain talented employees in a competitive environment; the assessment by the Company of its 2001 product line and of the impact of discontinued product lines and product lines with reduced

expectations has not been completed and actual charges, primarily non-cash, could be more or less than the current estimated range for such charges; market conditions, third party actions or approvals and the impact of competition that could delay or increase the cost of implementation of the Company's profit improvement programs or alter the Company's actions and reduce actual results; the risk that anticipated benefits of acquisitions may not occur or be delayed or reduced in their realization; and with respect to the Company's online game site initiative, technical difficulties in adapting games to online format and establishing the online game site that could delay or increase the cost of the site becoming operational; the acceptance by consumers of the games and other products and services to be offered at the site; competition from other online game sites and other game playing formats; and the fact online game revenues may not be sufficient to cover the significant advertising and other expenditures required or the support, service and product enhancement demands of online users. The Company undertakes no obligation to make any revisions to the forward-looking statements contained in this release or to update them to reflect events or circumstances occurring after the date of this release.

EBITDA (earnings before interest, taxes, depreciation and amortization) represents operating profit plus acquired in-process research and development, restructuring charges, depreciation and all amortization. EBITDA is not adjusted for all noncash expenses or for working capital, capital expenditures or other investment requirements and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. Thus, EBITDA should not be considered in isolation or as a substitute for net earnings or cash provided by operating activities, each prepared in accordance with generally accepted accounting principles, when measuring Hasbro's profitability or liquidity as more fully discussed in the Company's financial statements and securities filings.

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