

Initiating Coverage:

Hasbro, Inc

Leveling Up: Hasbro's Shift Toward IP and Digital Growth

Key Take-away: Hasbro (NYSE: HAS), currently trading at \$66.40 with a market cap of approximately \$9.3 billion, is showing promising momentum as it pivots toward high-margin, IP-driven growth. Revenue rose 17% in Q1 2025, with the Wizards of the Coast and Digital Gaming segment up 46% year-over-year, powered by strong engagement in Magic: The Gathering and Dungeons & Dragons. Despite a 4% decline in Consumer Products, the segment outperformed expectations on the back of strong licensing performance and cost controls. Adjusted operating profit reached \$222 million, highlighting the company's growing operational efficiency. We initiate coverage with an Overweight rating and a \$72.00 base case price target. While this implies modest downside from current levels, we believe Hasbro's continued execution in digital gaming, brand licensing, and cost savings gives it room to outperform. Our upside case supports a price target of \$83.00, reflecting meaningful potential if momentum continues.

Exit From Content Production: Hasbro has completed its strategic exit from most of its content production business in 2023, selling the majority of its eOne film and TV assets to Lionsgate for \$500 million. This move aligns with management's focus on a leaner, more profitable business model centered on brand licensing. By outsourcing content creation and focusing on licensing its key IPs, including Transformers, Dungeons & Dragons, and Peppa Pig, Hasbro has reduced operating costs and shifted toward a more asset-light model that better supports margin expansion.

Wizards and Digital Gaming Lead Revenue Growth: Wizards of the Coast and Digital Gaming remain the central drivers of Hasbro's growth, posting a 46% revenue increase in Q1 2025. This surge was driven by the continued success of Magic: The Gathering and Dungeons & Dragons, with strong results across both tabletop and digital formats. Magic: The Gathering saw significant engagement through its Arena platform, while Dungeons & Dragons benefited from licensed products and digital expansions. With a 49.8% operating margin, this segment remains the company's most profitable.

Valuation: We initiate coverage with a \$72 PT.

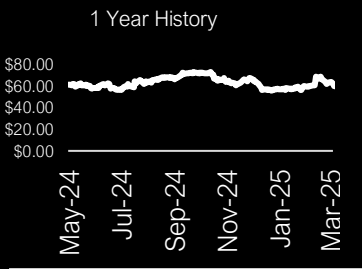


Consortium Equity Research
Consumer | Toys & Games
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Stock Rating:	Overweight
Price Target:	\$72.00

Price:	\$66.40
Potential Downside:	9.33 %
Ticker(s):	\$HAS

Market Cap:	\$9.3b
Shares Outstanding:	140mm
Free Float (%):	94.2%
Dividend Yield:	4.55%



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Peer Comparisons

Comparable Companies						
SHAS						
Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM	
Mattel, Inc. (NasdaqGS:MAT)	\$ 6,497	\$ 7,933	12.8x	\$ 5,397	\$ 906	
Warner Bros. Discovery, Inc. (NasdaqGS:WBD)	\$ 22,613	\$ 57,470	-2.1x	\$ 38,342	\$ 7,585	
JAKKS Pacific, Inc. (NasdaqGS:JAKK)	\$ 238	\$ 236	5.3x	\$ 714	\$ 67	
Spin Master Corp. (TSX:TOY)	\$ 1,819	\$ 2,190	16.9x	\$ 2,306	\$ 292	
Funko, Inc. (NasdaqGS:FNKO)	\$ 230	\$ 483	-11.5x	\$ 1,025	\$ 66	
Hasbro, Inc. (NasdaqGS:HAS)	\$ 9,316	\$ 12,083	21.9x	\$ 4,265	\$ 975	

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF
Mattel, Inc. (NasdaqGS:MAT)	8.8x	51.1%	16.8%	13.7%	(0.7%)
Warner Bros. Discovery, Inc. (NasdaqGS:WBD)	7.6x	43.3%	19.8%	2.3%	(5.5%)
JAKKS Pacific, Inc. (NasdaqGS:JAKK)	3.5x	33.7%	9.4%	8.0%	2.9%
Spin Master Corp. (TSX:TOY)	7.5x	52.4%	12.7%	10.6%	18.3%
Funko, Inc. (NasdaqGS:FNKO)	7.3x	41.5%	6.5%	0.4%	(3.3%)
Hasbro, Inc. (NasdaqGS:HAS)	12.4x	64.4%	22.9%	19.1%	-10.4%

High	12.39x	64.4%	22.9%	19.1%	18.3%
75th Percentile	8.46x	52.1%	19.1%	12.9%	2.0%
Average	7.83x	47.7%	14.7%	9.0%	0.2%
Median	7.54x	47.2%	14.8%	9.3%	-2.0%
25th Percentile	7.33x	42.0%	10.2%	3.7%	-5.0%
Low	3.51x	33.7%	6.5%	0.4%	-10.4%

Hasbro, Inc. Valuation	
Implied Enterprise Value (25th Percentile)	\$ 7,146
Implied Enterprise Value (Median)	\$ 7,353
Implied Enterprise Value (75th Percentile)	\$ 8,250
Implied Share Price (25th Percentile)	\$ 31.65
Implied Share Price (Median)	\$ 33.13
Implied Share Price (75th Percentile)	\$ 39.53

Source: CapIQ

Company Overview

Company Description: Hasbro, Inc. is a global leader in play and entertainment, known for its iconic brands like Transformers, Monopoly, My Little Pony, Magic: The Gathering, and Dungeons & Dragons. The company operates across three core segments: Consumer Products, Wizards of the Coast & Digital Gaming, and Licensing. Following its divestiture of most eOne content assets, Hasbro is focusing on brand monetization through digital gaming, licensing, and partnerships.

Focus on Brand Monetization: Hasbro has leaned into a brand-first strategy, leveraging its popular IPs through licensing agreements rather than direct production. Notable partnerships, including an extended agreement with Disney, highlight the company's focus on maximizing brand value. This approach has not only reduced operating costs but also allowed for scalable growth without significant capital investments. We believe the market may be underestimating licensing's role as a long-term margin driver. By scaling brands through third parties instead of owning content or distribution, Hasbro reduces capital risk while positioning itself more flexibly in an increasingly fragmented media and retail environment.

Digital Gaming as a Core Growth Driver: Digital gaming has become an essential part of Hasbro's strategy, contributing significantly to revenue through Wizards of the Coast. Magic: The Gathering Arena

continues to engage a strong player base, while Dungeons & Dragons has expanded its reach with digital content, apps, and licensed games. This segment is expected to drive long-term growth as Hasbro invests in digital and online experiences.

Industry Overview

Digital Gaming Expansion: The global gaming industry is experiencing rapid growth, fueled by rising consumer engagement across mobile, PC, and console platforms. Companies like Hasbro are leveraging this trend by expanding digital offerings, including Magic: The Gathering Arena and digital Dungeons & Dragons experiences. As consumers increasingly prefer online entertainment, digital gaming offers scalable revenue without the production and distribution complexities of physical products.

Licensing and IP Monetization: Licensing has become a dominant growth strategy for entertainment and toy companies, allowing them to monetize popular intellectual properties (IPs) without the overhead of direct production. Hasbro's shift away from in-house content production to a focus on licensing its brands, such as Transformers, Dungeons & Dragons, and Peppa Pig, mirrors this broader industry movement. This asset-light model generates consistent revenue while minimizing capital risk.

Shifting Consumer Spending Patterns: Economic pressures, including inflation and rising interest rates, are reshaping consumer spending habits. Households are prioritizing essential purchases, while discretionary categories like toys and collectibles face increased scrutiny. To navigate this environment, companies are emphasizing value, efficiency, and pricing strategies. Hasbro's focus on high-margin segments like digital gaming and strong cost control in Consumer Products helps maintain profitability in this challenging market.

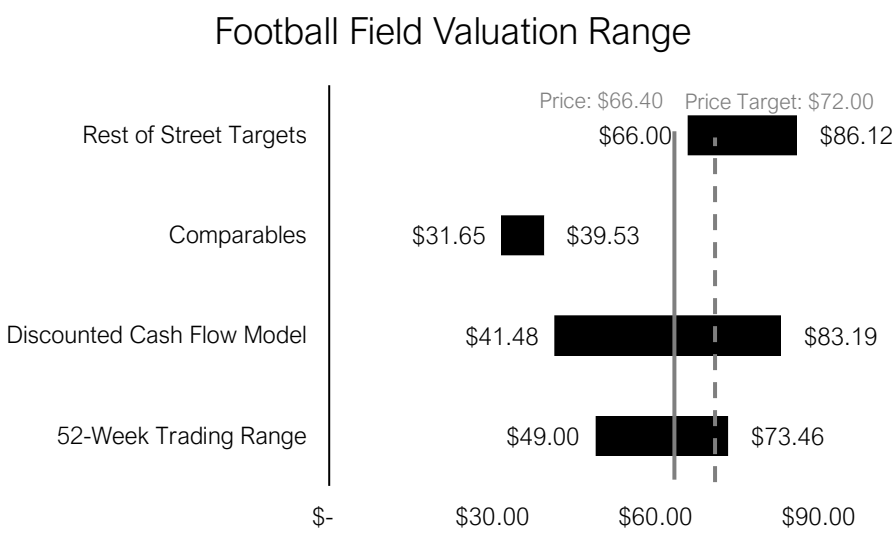
Investment Theses

Core IP Monetization for Sustainable Growth: Hasbro's divestiture of its film and TV operations marks a clear shift toward brand monetization over content production. The company is now more focused on leveraging franchises like Magic: The Gathering and Dungeons & Dragons, where it already sees strong returns. This strategy reduces capital intensity and allows for more targeted investments in segments with recurring revenue potential, such as digital gaming and licensing partnerships.

Cost Optimization and Margin Expansion: Hasbro is targeting \$1 billion in gross cost savings as part of a broader restructuring effort. If these savings are realized without undercutting growth initiatives, they could help offset weak performance in Consumer Products and lift margins over time. Execution risk remains, but disciplined capital allocation and expense control give the company a clearer path to long-term profitability.

Price Target & Valuation

Our analysis gives (\$HAS) a price target of \$72.00 and an overweight rating.



Our Price Target: \$72.00

Our PT is based on a conservative valuation that reflects stable growth and steady margin expansion. While slightly below the current price, we see this as a floor. Strong performance in digital gaming and licensing gives the stock room to run, with our upside case pointing to \$80 if momentum holds.

Our Upside Case: \$83.00

Our upside case reflects continued strength in digital gaming, better performance in licensed products, and further progress on cost savings. If Hasbro builds on its Q1 momentum and delivers on its strategic priorities, we see room for earnings to outperform expectations and for the stock to move meaningfully higher.

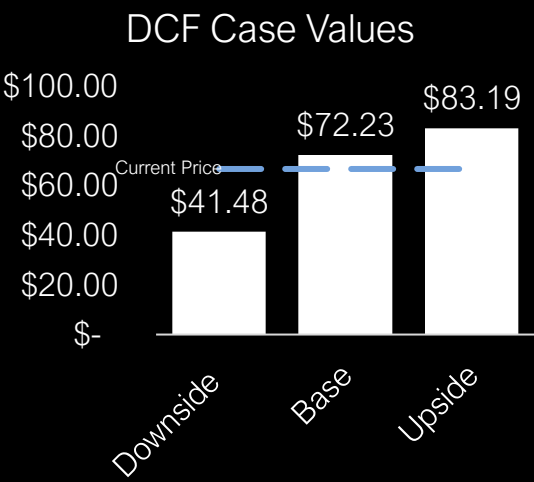
Potential Downsides to Our Rating

Continued Momentum in Digital and Licensing: If Magic: The Gathering and Dungeons & Dragons continue to exceed expectations through strong digital engagement or successful new releases, Wizards of the Coast could deliver more consistent growth than currently modeled. Paired with better licensing performance across key brands, this momentum would support earnings upside and reinforce Hasbro’s core strategy. This outcome wouldn’t be surprising given how bullish the rest of the street already is on these segments.

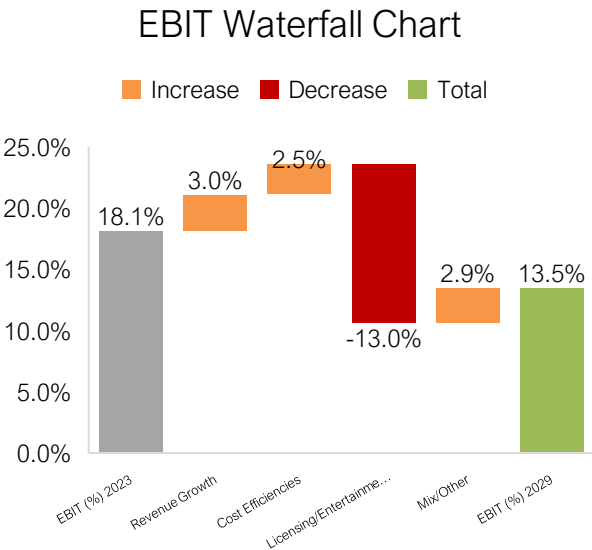
Slow Execution or Consumer Headwinds: On the other hand, weaker-than-expected performance in Consumer Products or delays in realizing cost savings could pressure margins. If digital engagement slows or brand monetization efforts stall, especially in an uneven macro environment, the stock could face downside risk.

Our Downside Case: \$41.00

Our downside case assumes weaker performance in Consumer Products, slower growth in digital gaming, and delays in realizing cost savings. If demand softens or execution stumbles, especially in non-core segments, earnings could come under pressure and weigh on investor sentiment.



Projections



Income Statement (\$mm)	2023A	2024E	2025E	2026E	2027E	CAGR%
Revenue	4,136	4,388	4,483	4,579	4,677	3.1%
EBITDA	913	783	788	793	797	-3.3%
EBIT	750	658	659	659	659	-3.2%
NOPAT	659	780	241	310	626	-1.3%

Margin & Growth Data	2023A	2024E	2025E	2026E	2027E	AVG%
EBITDA Margin	22.1%	17.8%	17.6%	17.3%	17.0%	18.4%
EBIT Margin	18.1%	15.0%	14.7%	14.4%	14.1%	15.3%
Revenue Growth	-17.3%	6.1%	2.1%	2.1%	2.1%	-1.0%
EBIT Growth	125.9%	-12.2%	0.1%	0.1%	0.0%	22.8%

Valuation Metrics	2023A	2024E	2025E	2026E	2027E	AVG%
P/CF	20.9x	14.6x	15.8x	16.1x	16.5x	16.8x
EV/Sales	2.2x	2.1x	2.0x	2.0x	1.9x	2.0x
EV/EBITDA	9.9x	11.6x	11.5x	11.4x	11.4x	11.2x
FCF Yield	1.6%	7.0%	1.9%	-1.8%	4.8%	2.7%

About \$HAS

Hasbro, Inc. (NASDAQ: HAS), founded in 1923 and headquartered in Pawtucket, Rhode Island, is a global entertainment and toy company operating across North America, Europe, Asia, and Latin America. The company’s business is divided into three primary segments: Consumer Products, which includes traditional toys and games; Wizards of the Coast & Digital Gaming, encompassing tabletop and digital game brands like Magic: The Gathering and Dungeons & Dragons; and Entertainment, responsible for film, television, and content production. Hasbro leverages its strong portfolio of intellectual property, including Transformers, Monopoly, and My Little Pony, to drive revenue through a mix of product sales, licensing agreements, and media content. With a strategic focus on digital expansion and brand monetization, the company aims to enhance profitability and maintain its leadership in the evolving toy and entertainment markets.

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities. **Overweight** means the analyst team believes the stock price will outperform the coverage industry (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry. **Underweight** means the team expects underperformance relative to the industry.

Appendix

Hasbro, Inc.
Discounted Cash Flow

Active Case:	2 Base
Current Share Price	\$69.04

DCF Analysis (\$mm)											
	FY2020 12/31/20	FY2021 12/31/21	FY2022 12/31/22	FY2023 12/31/23	FY2024 12/31/24	FY2025 12/31/25	FY2026 12/31/26	FY2027 12/31/27	FY2028 12/31/28	FY2029 12/31/29	FY2030 12/31/30
Stub						0.45	1.45	2.45	3.45	4.45	5.45
Discount Period						0.28	1.05	2.05	3.05	4.05	5.05
Revenue	5,465.40	6,420.40	5,856.70	5,003.30	4,135.50	4,388.44	4,482.74	4,578.86	4,676.58	4,775.70	4,876.04
Revenue Growth	0%	17%	-9%	-15%	-17%	6%	2%	2%	2%	2%	2%
Revenue Breakdown 1	3,649.60	3,981.60	3,572.50	2,886.40	2,543.90	2,569.34	2,597.60	2,628.77	2,662.95	2,700.23	2,740.73
Revenue Breakdown 2	906.70	1,286.60	1,325.10	1,457.60	1,511.30	1,738.00	1,804.04	1,868.98	1,932.53	1,994.37	2,054.20
Other Revenue	909.10	1,152.20	959.10	659.30	80.30	81.10	81.10	81.10	81.10	81.10	81.10
EBIT	725.80	897.30	429.80	331.90	749.60	658.27	658.96	659.36	659.40	659.05	658.26
EBIT Margin	13%	14%	7%	7%	18%	15%	15%	14%	14%	14%	14%
Tax Expense	66.40	117.80	188.60	22.20	123.20	105.00	98.84	98.90	98.91	98.86	98.74
Effective Tax Rate	9%	13%	44%	7%	16%	16%	15%	15%	15%	15%	15%
NOPAT	659.40	779.50	241.20	309.70	626.40	553.27	560.12	560.45	560.49	560.19	559.53
D&A	264.90	280.10	232.60	210.70	163.00	125.00	129.05	133.20	137.46	141.82	146.28
Capex	125.80	132.70	128.20	135.50	87.20	100.00	108.48	111.72	115.04	118.44	121.90
Changes in NWC	(379.10)	27.60	72.40	(353.10)	(76.60)	(83.00)	(31.38)	(18.32)	(4.68)	9.55	24.38
UFCF	154.50	674.40	185.40	(178.90)	462.60	661.27	612.06	600.24	587.58	574.02	559.53
PV of FCF						650.36	574.50	530.54	489.04	449.89	412.94

Terminal Value	
Perpetuity Growth Method	
2029 FCF	\$560
Growth	2.00%
Terminal Value	\$13,335
PV of Terminal Value	\$9,841
PV of Projection Period	\$3,107
PV of Terminal Value	\$9,841
Implied TEV	\$12,948
(-) Debt	\$0
(+) Cash	\$621
Implied Equity Value	\$13,569
Basic Shares Outstanding	140
Implied Share Price	96.83517595
Upside/Downside	40%

Implied BF EV/EBIT	19.7x
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Terminal Value	
Exit Multiple Method	
2029 EBIT	\$658
N/A Exit Multiple	8x
Terminal Value	\$5,266
PV of Terminal Value	\$3,886
PV of Projection Period	\$3,107
PV of Terminal Value	\$3,886
Implied TEV	\$6,994
(-) Debt	\$0
(+) Cash	\$621
Implied Equity Value	\$7,615
Diluted Shares Outstanding	140
Implied Share Price	\$54.34
Upside/Downside	-21%

Implied PGR	-7.17%
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Blended Share Price	
Perpetuity Growth Method	100%
Exit Multiple Method	0%
Blended Share Price	\$96.84
Upside/Downside	40.26%

Weighted Average Cost of Capital (\$mm)	
Market Risk Premium	4.33%
Beta	0.56
Risk Free Rate	4.41%
Cost of Equity	5.08%
Weighted Average Cost of Debt	5.14%
Tax Rate	15.00%
Cost of Debt	1.12%
Total Equity	\$9,675
Total Debt	\$3,332
Equity/Total Capitalization	74.38%
Debt/Total Capitalization	25.62%
WACC	6.20%