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Hasbro, Inc. F1Q09 (Qtr End 03/29/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Felicia Hendrix – Barclays Capital

Felicia Hendrix – Barclays Capital

I'm wondering if the magnitude of Transformers shipments in the quarter was expected. I know you said it was small the last quarter you didn't really quantify it. I want to make sure nothing's changed there.

Brian Goldner

When we say it's small, it was small for the movie related product. Overall it was down versus year ago but a good size.

Felicia Hendrix – Barclays Capital

That's what I was talking about, the movie related product, and nothing's changed?

Brian Goldner

No, this is as planned.

Felicia Hendrix – Barclays Capital

On the inventory side I was wondering the inventory that we're looking at on your balance sheet right now how much of that is Transformers product that just hasn't shipped yet?

David Hargreaves

We're not going to give you a precise detail of our inventory. Clearly some of it because we're going into pretty big shipment quarter for Transformers shelf date is May 30th. Clearly we're going to be shipping quite a bit of Transformers over the next few months.

Felicia Hendrix – Barclays Capital

That follows on to my next question, I know you said and the numbers will speak for themselves that you've worked down a lot but I'm wondering if you're as lean as you would like or can you do more there?

David Hargreaves

I think we're very happy with the level of our inventory at the moment. I've said on the last two conference calls first in the third quarter and then at year end, I said that I thought that our inventories were too high. If you remember at the end of last year they were up \$41.1 million year on year. We're down to basically flat to a year ago. We get a little bit of benefit from exchange rates in there but we also recognize that we're coming into a Transformers shipping period. We're pretty happy with the quality and quantity of our inventories at the moment.

Brian Goldner

In the first quarter there were a number of new initiatives. Our cards game business is a new initiative that's shipping in and is performing very well as is a whole new segment for Nerf and sword. We do have some good spring initiatives as well that are part of that inventory.

Felicia Hendrix – Barclays Capital

If you just adjusted the inventory for FX would it still be down from the end of the year on a percentage basis?

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