

*Say's reading materials for Group B*

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*The Financial Times*

## **Hasbro to buy 'Peppa Pig' owner Entertainment One for £3.3bn**

*Group is latest UK-listed company acquired by overseas buyer as pound weakens*

**Eric Platt** and **James Fontanella-Khan** in New York

The US toy maker Hasbro has agreed to buy Entertainment One, the majority owner of the children's television cartoon franchise Peppa Pig, for about £3.3bn, marking the latest UK-listed company to be acquired by a foreign buyer since the pound has fallen over fears of a disorderly October Brexit.

Several high-profile British companies have been targeted by overseas acquirers since the Brexit vote three years ago, but there has been a new round of acquisitions since Boris Johnson's arrival at 10 Downing Street sent sterling to its lowest level against the dollar in years.

The takeover of Entertainment One ranks among the largest purchases of a British-listed group this year. It comes on the heels of the £4.6bn purchase of the UK's biggest listed pubs and brewery group Greene King by the investment firm founded by Li Ka-shing, the £4bn buyout of the UK aerospace and defence supplier Cobham by a US private equity group, and the roughly £5bn takeover of the food delivery company Just Eat by Netherlands-based Takeaway.com.

The purchase will add a slate of new brands to Hasbro's portfolio as the toy maker known for the Monopoly board game and Play-Doh moulding clay seeks to bolster its pre-school business and expand its entertainment offerings.

Among Entertainment One's most prized assets is Peppa Pig, the children's cartoon that turned 15 this year. The group said the cartoon generated £90.2m of revenue in the year to March 31, up 20 per cent from a year earlier as Peppa continued to gain traction outside the UK.



Entertainment One said 'Peppa Pig' generated £90.2m of revenue in the year to March 31, up 20 per cent from a year earlier © Dreamstime

“Hasbro will leverage [Entertainment One's] immersive entertainment capabilities to bring our portfolio of brands that have appeal to gamers, fans and families to all screens globally and realise full franchise economics across our blueprint strategy for shareholders,” said Brian Goldner, Hasbro chairman and chief executive.

Top executives from Entertainment One are expected to join Hasbro, which hopes to cut \$130m in costs from the combined group by 2022. Hasbro added that it would move a “significant portion” of

Entertainment One's toy business in-house and would attempt to bolster the profitability of its licensing and merchandising operations.

Hasbro said it would finance the all-cash transaction with new debt as well as \$1bn-\$1.25bn from a sale of stock in the company. Bank of America has agreed to provide a bridge loan to fund the takeover.

Shareholders of Entertainment One, which is headquartered in Toronto but listed in London, will receive £5.60 in cash for each common share they hold, a 26 per cent premium to the company's closing price on Thursday.

The US company added that it intended to maintain its quarterly dividend but would suspend share buybacks as it worked to pay off its borrowings for the deal. Shares in Hasbro fell 4 per cent in after-hours trading on Thursday to \$109.80.