



Marc Bertrand

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MEGA Brands Inc.**

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Ben Graham Centre's 2012
Value Investing Conference

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Cautionary Statements



Forward-looking Information

All statements in this presentation that do not directly and exclusively relate to historical facts constitute "forward-looking information" within the meaning of applicable Canadian securities laws. These statements represent the Corporation's intentions, plans, expectations and beliefs. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking information and statements are based on a number of assumptions and involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by them, including, but not limited to risks, assumptions and uncertainties described in the Corporation's MD&A for the year ended December 31, 2011, which is available at www.sedar.com. The Corporation disclaims any intention or obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by applicable law.

Supplementary Financial Measures

The Corporation uses supplementary financial measures to explain its financial results. Readers are cautioned that financial measures adjusted to a basis other than IFRS do not have standardized meaning and are unlikely to be comparable to similar measures used by other issuers.



Corporate Overview

- Global toy company, based in Canada
 - 1,600 employees (Montreal, Irvine CA, Belgium and China)
- Creator and owner of recognized global brands
 - Products recognized for innovation and play value
- Established partner with global retailers
- Successful global licensing partnerships
- Strong track record for innovation and growth

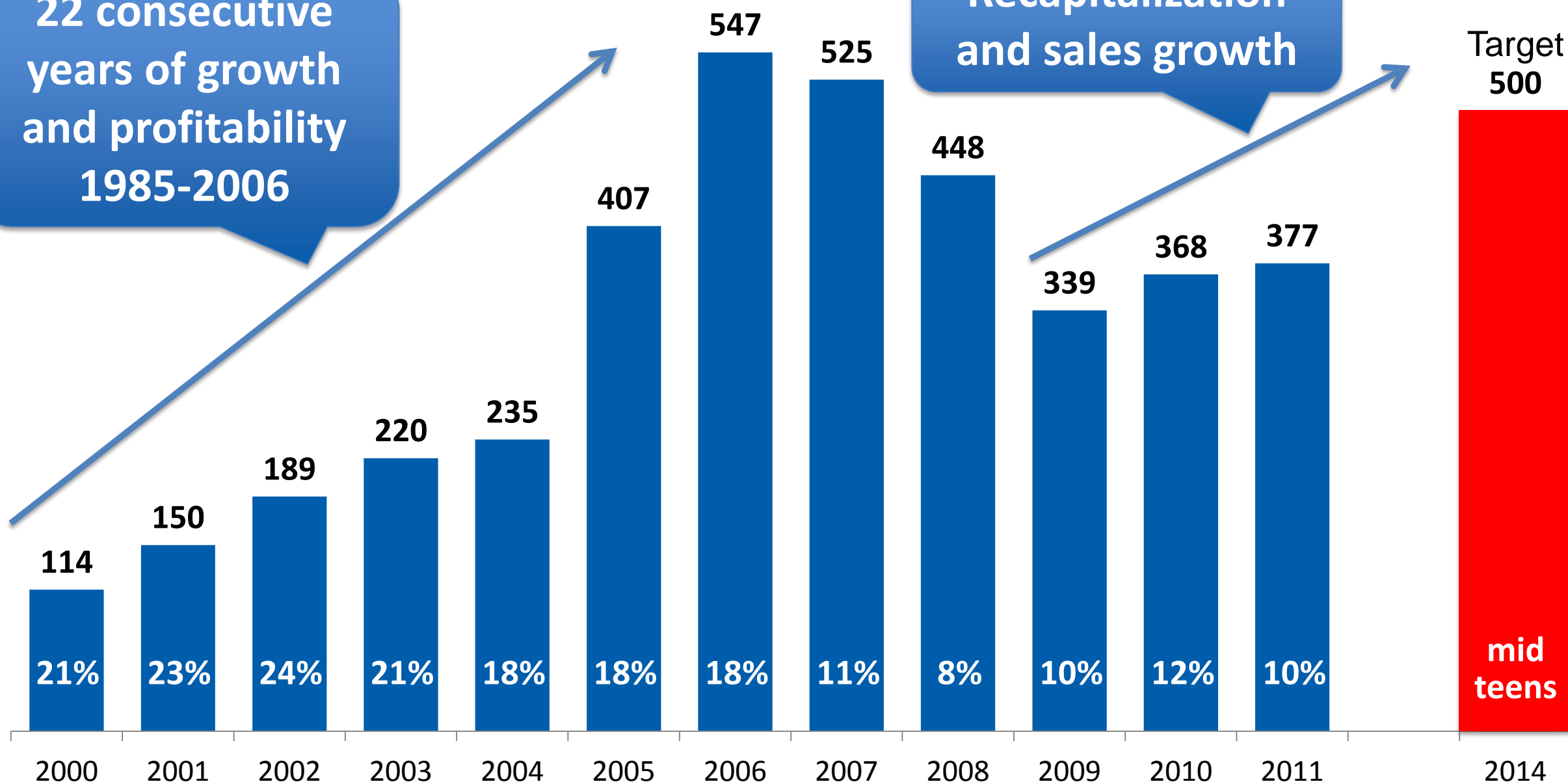


Sales and EBITDA Margins

(US\$ millions)

22 consecutive years of growth and profitability 1985-2006

Recapitalization and sales growth

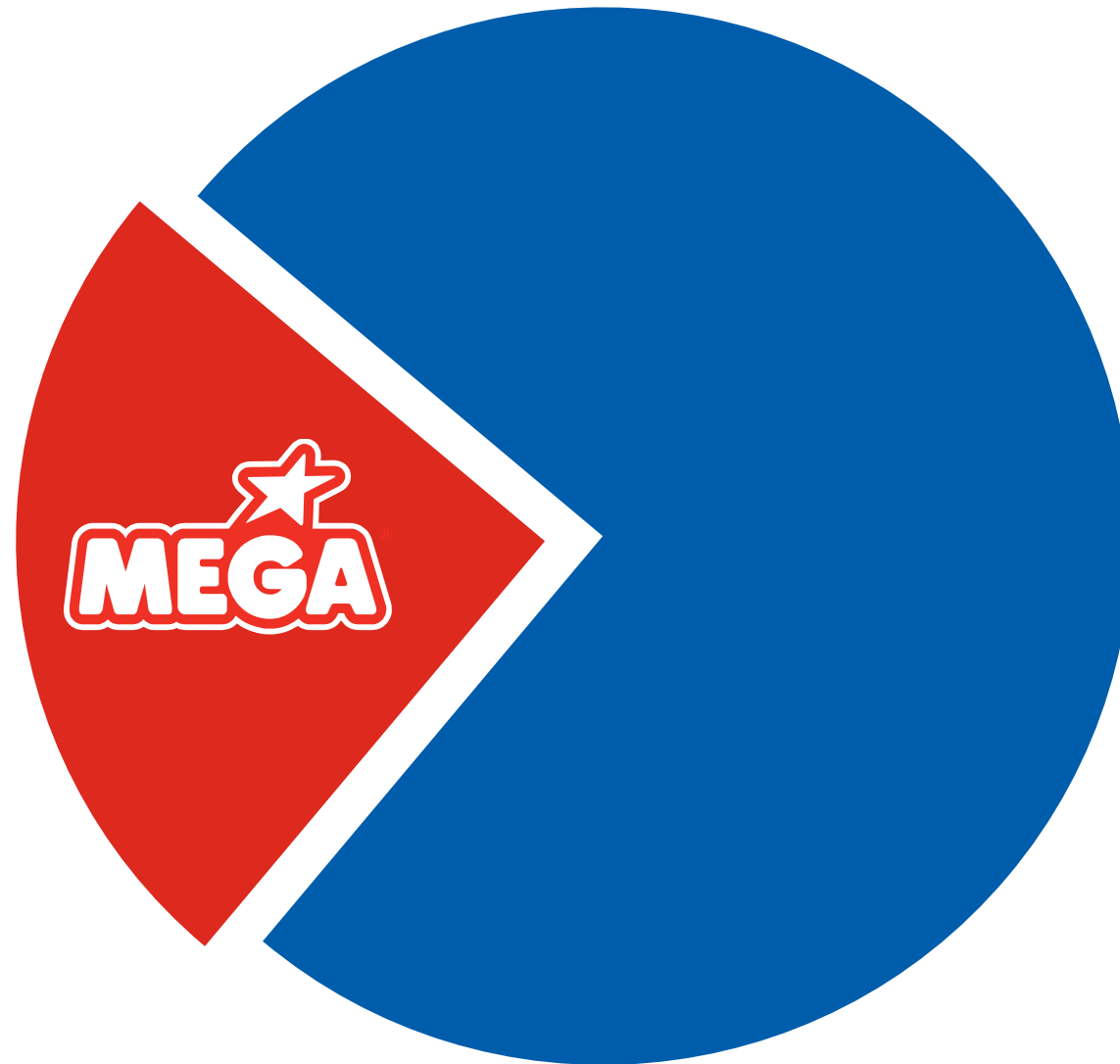


Global Toy Industry



Construction
Arts & Crafts
Games & Puzzles

\$10 billion
Evergreen products



Other toy categories

\$30 billion

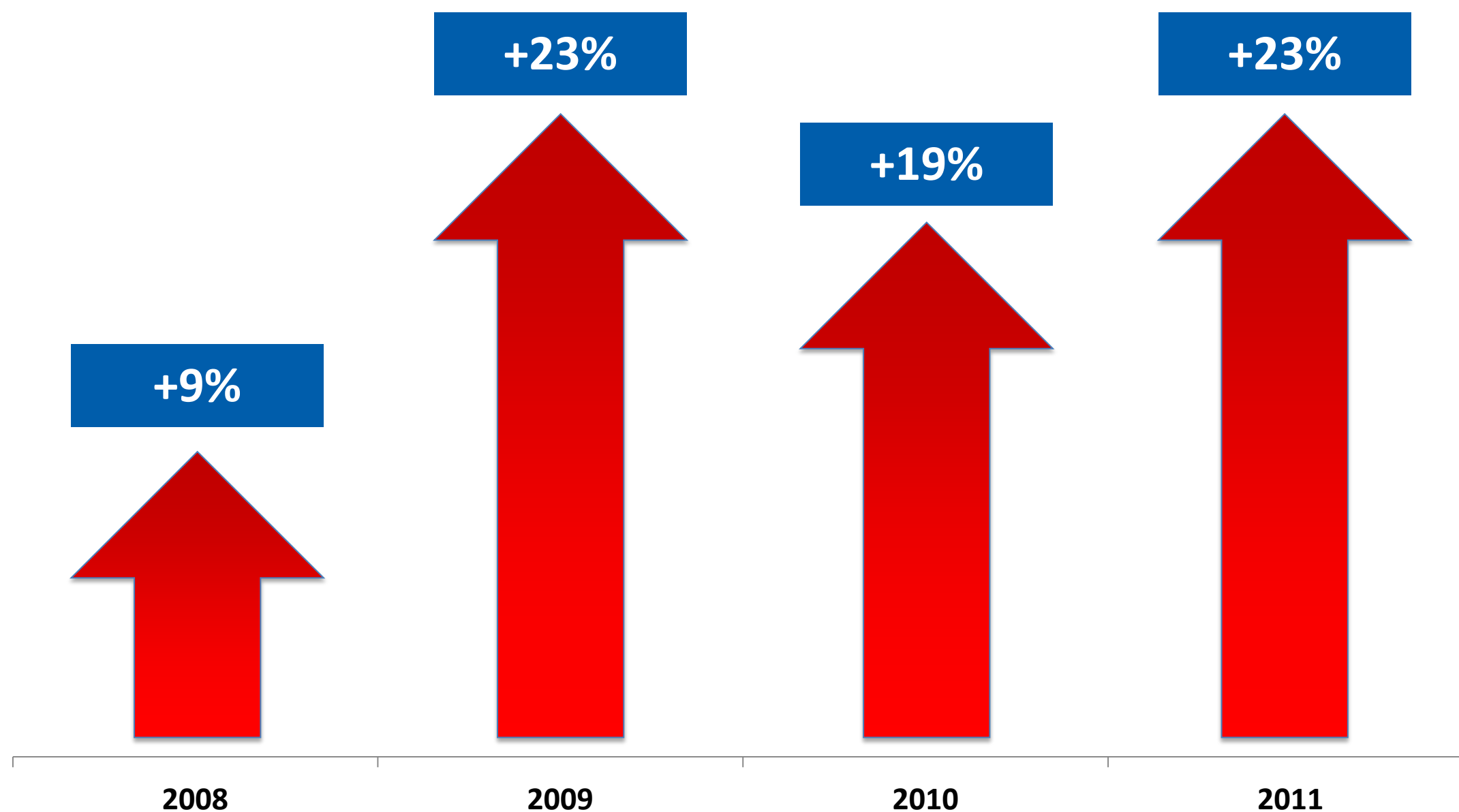
\$40 billion

Manufacturers' shipments (wholesale)



Growth of Construction Toy Category

(Annual increase in US retail sales in \$)

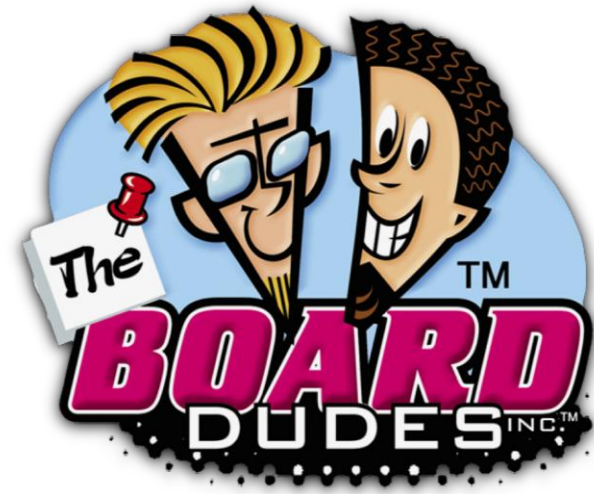


Source: NPD Group

Market Position Construction Toys



Market Position Stationery & Activities



Arts & Crafts

North
America

#2

Boards

Value Creation



- Innovation
- Strategic licensing
- International markets
- Quality and value

Innovation

- 3-4% of net sales invested annually in product development
- 40-50% of product line renewed every year





Three design and development centres

- Lafayette, Indiana
- Irvine, California
- Montréal, Québec

Over 200 people in design and development

- Sketch artists
- Sculptors
- Industrial designers
- Model makers
- Graphic artists
- Industrial engineers

Preschool



Preschool



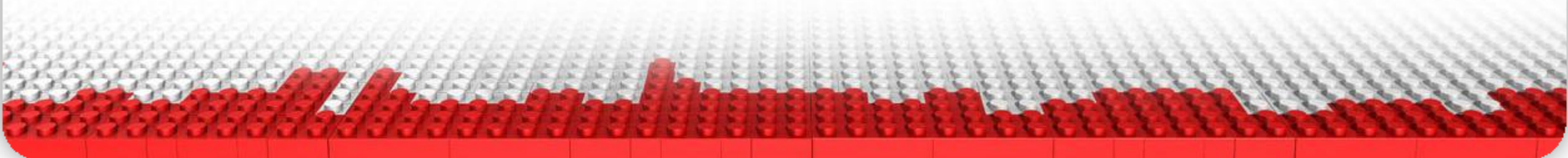
Boys

MEGA



MEGA
BLOKS

MEGA
BLOKS



Boys and Collectors

MEGA



Strategic Licensing



- New partnership with toy leader Mattel
 - Number 1 Boys preschool brand *Thomas & Friends*
 - Number 1 Boys license *Hot Wheels*
 - Number 1 Girls license *Barbie*
- Agreement demonstrates Mattel's recognition of our strong category positions and expertise



Strategic Licensing

- Licensing criteria: Evergreen, global and incremental

Preschool



Girls



Strategic Licensing



- Leadership in video game content

Boys



Collectors



International Markets

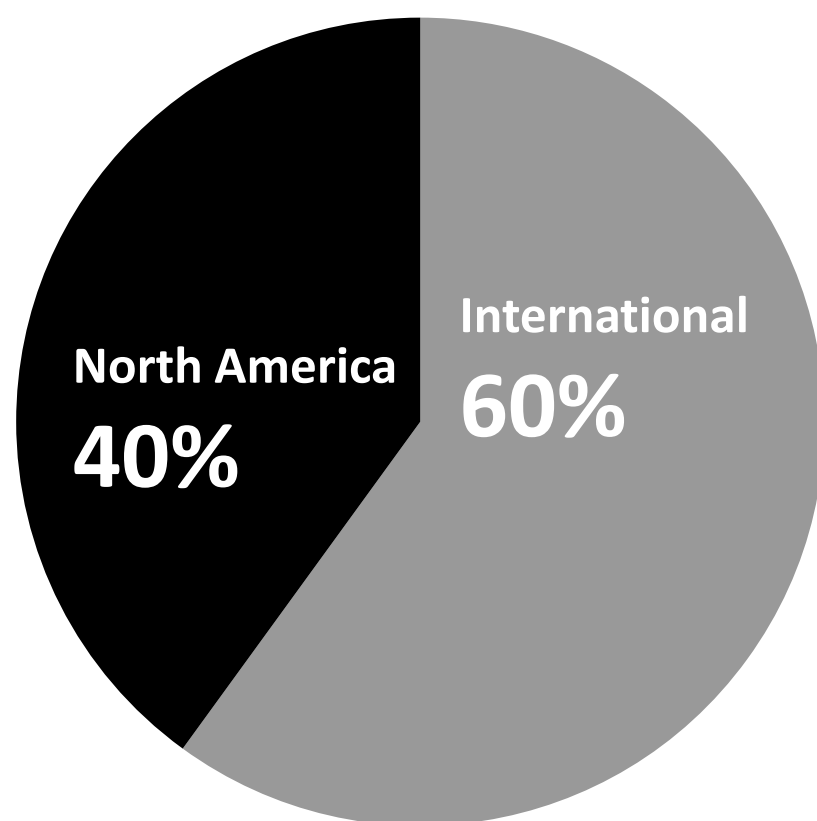
- Global distribution
- Sales in more than 100 countries



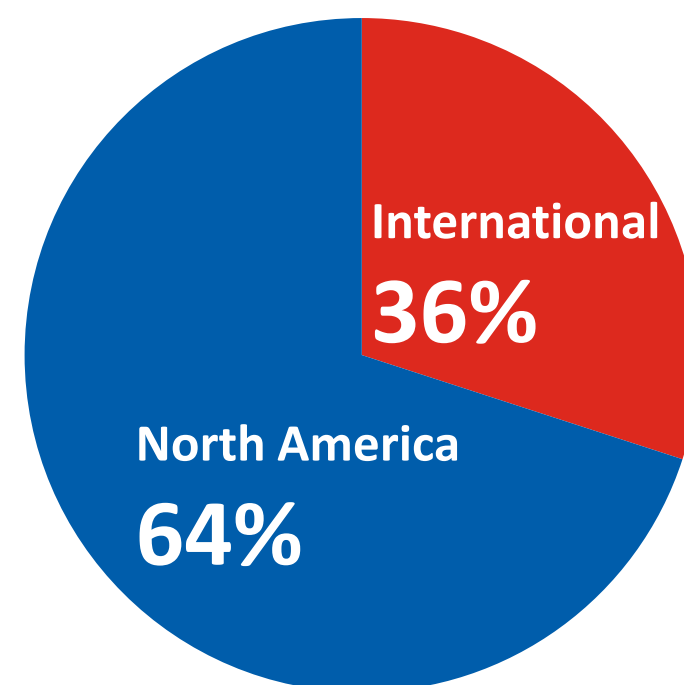


International Markets

- Grow market share in current footprint
- Establish MEGA BLOKS in BRIC markets



Global toy industry



MEGA Brands



Quality and Value

- 40% of products manufactured in Montreal
- Every toy produced in most competitive location

Montreal

- High volume
- Larger size
- Low labour

China

- High detail
- Smaller size
- High labour

- Domestic supply advantage for retailers



\$10 million capital investment in 2011

- High-speed injection molding
- Automated assembly
- Automated counting



**Universal. Expandable.
Sustainable.**



Value Drivers

- Recognized brands and leading market positions
- Strong demand for construction toys
- Competitive North American manufacturing
- De-leveraged balance sheet
- Strong momentum with licensors and retailers
- Experienced and motivated team
- Stability and strong support from key shareholders



Thank You