

Games Workshop Group

Strong core in Q425

Games Workshop Group's year-end (2025) trading update shows a better Q4 than we expected, notably in its core business with high operational gearing. Licensing revenue and profit are broadly in line with our prior estimates. FY25 has been a great year, helped by the launch of the fourth edition of Age of Sigmar, following a strong FY24 when the tenth edition of 40K was released. All eyes will be on coming products in the next financial year. FY26 will begin to see the full-year impacts of the recent US tariffs but the weak US dollar versus sterling is not helpful for the translation of earnings.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
5/23	470.8	171.6	4.12	4.15	38.5	2.6
5/24	525.7	204.2	4.61	4.20	34.4	2.6
5/25e	611.0	257.9	5.86	5.20	27.1	3.3
5/26e	579.6	216.2	4.91	4.20	32.4	2.6

Note: PBT and EPS are normalised, excluding exceptional items and share-based payments

Core profitability and high operational gearing

For FY25 GAW indicates core revenue of not less than £560m, which is just over 1% ahead of our prior upgraded estimate of £552m, giving year-on-year growth of at least c 13%. The greater surprise is at the operating level with core operating profit of not less than £210m versus our prior forecast of c £193m, a much better margin of at least 37.5% versus our estimate of 35%. It was an extraordinary year from a licensing perspective with revenue of £50m (£31m in FY24) and an operating profit of £45m (£27m in FY24), helped by the launch of the Space Marine 2 video game. There is a very clear message from management that it is not expecting a similar performance for licensing in the coming year, which presents a headwind for growth given its high level of profitability, c 90% margin. Therefore, in total, the indicated profit before tax for FY25 of not less than £255m is at least 6% ahead of our [prior forecast of c £242m](#) and gives at least 26% y-o-y growth. It has been a great year. Our annual [Outlook note](#) from October 2024 included forecasts for FY25 revenue of c £535m and profit before tax of c £198m, a modest decline versus FY24. This included core operating profit of c £174m and licensing of £25m. So, while there has been a doubling by licensing versus those estimates, the greatest uplift has been in core. This is pretty extraordinary given the strong comparative provided by the 40K release in FY24.

Edging up estimates to indicated figures

Ahead of the publication of FY25 results we take our estimates just above the figures reported indicated by management, but make no change to our forecasts for FY26. As indicated above, there are a number of potential new headwinds for FY26 including US tariffs and the weak US dollar.

Valuation: Re-rated upwards

The recent strength in the share price has taken the prospective FY26 P/E multiple to 32.4x, which is high in a historical context, indicating incremental value being attributed to future licensing opportunities and revenue streams.

FY25 trading update

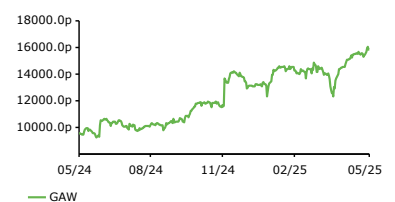
Consumer goods

23 May 2025

Price **15,870.00p**
Market cap **£5,302m**

Net cash/(debt) at 30 November 2024 (excluding IFRS 16 liabilities) £125.8m (£46.4m)
 Shares in issue 33.0m
 Free float 100.0%
 Code GAW
 Primary exchange LSE
 Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	10.1	14.4	71.8
52-week high/low	15,970.0p	8,993.0p	

Business description

Games Workshop is a leading international specialist designer, manufacturer and multi-channel retailer of miniatures, scenery, artwork and fiction for tabletop miniature games set in its fantasy Warhammer worlds.

Next events

FY25 results 29 July 2025

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Exhibit 1: Financial summary

Year-end 31 May	£m	2022	2023	2024	2025e	2026e
INCOME STATEMENT						
		IFRS	IFRS	IFRS	IFRS	IFRS
Revenue		414.8	470.8	525.7	611.0	579.6
– Core revenue		386.8	445.4	494.7	561.0	553.4
– Licensing revenue		28.0	25.4	31.0	50.0	26.2
Cost of sales		(127.4)	(149.2)	(151.2)	(182.3)	(182.6)
Gross profit		287.4	321.6	374.5	428.7	397.0
Operating expenses		(94.2)	(108.3)	(131.1)	(133.3)	(138.6)
EBITDA		193.2	213.3	243.4	295.4	258.4
Depreciation and amortisation		(36.1)	(43.1)	(41.6)	(39.4)	(43.4)
Reported operating profit		157.1	170.2	201.8	256.0	215.1
– Core operating profit		131.7	148.2	174.8	211.0	190.9
– Licensing operating profit		25.4	22.0	27.0	45.0	24.1
Finance income/(expense)		(0.6)	0.4	1.2	0.6	(0.2)
Reported PBT		156.5	170.6	203.0	256.6	214.9
Profit Before Tax (norm)		158.1	171.6	204.2	257.9	216.2
Income tax expense (includes exceptionals)		(28.1)	(35.9)	(51.9)	(64.2)	(53.7)
Reported net income		128.4	134.7	151.1	192.5	161.1
Adjusted net income (before share-based payments)		129.7	135.5	152.0	193.4	162.1
WASC (m)		32.8	32.9	32.9	33.0	33.0
Average Number of Shares Outstanding (m)		32.9	32.9	33.0	33.0	33.1
Reported EPS (p)		391.3	409.7	458.8	583.7	488.2
Reported diluted EPS (p)		390.6	409.4	458.2	583.0	487.6
EPS - normalised fully diluted (p)		394.6	411.8	460.9	585.8	490.6
DPS (p)		235.0	415.0	420.0	520.0	420.0
Gross margin		69.3%	68.3%	71.2%	70.2%	68.5%
EBITDA margin (including licensing income)		46.6%	45.3%	46.3%	48.3%	44.6%
Operating margin		37.9%	36.2%	38.4%	41.9%	37.1%
BALANCE SHEET						
Property, plant and equipment		55.0	55.7	56.5	66.5	66.2
Right-of-use assets		48.1	48.9	46.1	44.2	42.3
Goodwill		1.4	1.4	1.4	1.4	1.4
Intangible assets		25.6	21.2	22.8	25.8	28.7
Other non-current assets		37.2	25.6	32.6	32.6	32.6
Total non-current assets		167.3	152.8	159.4	170.5	171.2
Cash and equivalents		71.4	90.2	107.6	112.3	140.3
Inventories		38.4	33.0	42.2	53.8	48.4
Trade and other receivables		39.6	36.3	37.8	46.7	44.3
Other current assets		4.4	14.5	4.3	4.3	4.3
Total current assets		153.8	174.0	191.9	217.1	237.3
Trade and other payables		(33.5)	(37.0)	(46.3)	(60.0)	(57.5)
Borrowings		0.0	0.0	0.0	0.0	0.0
Leases		(9.2)	(9.9)	(10.0)	(10.0)	(10.0)
Other current liabilities		(1.9)	(1.3)	(2.1)	(2.1)	(2.1)
Total current liabilities		(44.6)	(48.2)	(58.4)	(72.1)	(69.6)
Borrowings		0.0	0.0	0.0	0.0	0.0
Leases		(39.7)	(40.0)	(37.2)	(34.8)	(31.8)
Other non-current liabilities		(2.1)	(3.0)	(2.6)	(2.6)	(2.6)
Total non-current liabilities		(41.8)	(43.0)	(39.8)	(37.4)	(34.4)
Net assets		234.7	235.6	253.1	278.1	304.6
CASH FLOW STATEMENT						
Operating profit		157.1	170.2	201.8	256.0	215.1
Depreciation and amortisation		34.8	39.5	39.0	39.4	43.4
Impairments		1.3	3.6	2.6	0.0	0.0
Share-based payments		1.6	1.0	1.2	1.3	1.3
Other adjustments		0.3	(1.2)	1.2	0.0	0.0
Movements in working capital		(35.9)	18.6	(7.9)	(6.8)	5.3
Income taxes paid		(37.7)	(39.0)	(41.7)	(64.2)	(53.7)
Operating cash flow		121.5	192.7	196.2	225.7	211.3
Net capex and intangibles		(32.3)	(28.3)	(32.6)	(40.4)	(34.1)
Net interest		0.2	0.3	1.4	0.6	(0.2)
Net proceeds from issue of shares		1.8	2.6	2.7	2.7	2.7
Dividends paid		(93.5)	(136.5)	(138.3)	(171.4)	(138.6)
Other financing activities		(11.9)	(11.8)	(11.8)	(12.4)	(13.0)
Net cash flow		(14.2)	19.0	17.6	4.7	28.0
Opening cash and cash equivalents		85.2	71.4	90.2	107.6	112.3
Currency translation differences and other		0.4	(0.2)	(0.2)	0.0	0.0

Source: Games Workshop Group, Edison Investment Research

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