

# Games Workshop Group

H125 trading update

A notable acceleration in Q225

Consumer goods

Games Workshop Group's (GAW's) H125 trading update suggests the company enjoyed a strong Q225 in both its core business (due to the launch of the fourth edition of Age of Sigmar midway through Q125) and licensing (due to the success of the Space Marine 2 video game). These are impressive in the context of the tough comparative from the prior year's launch of the new edition of Warhammer 40K (40K) and the currency headwinds in the early part of H125. We upgrade our profit estimates for FY25 (by 7%) and FY26 (by 3%) to reflect the outperformance versus our prior expectations.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
05/23	470.8	171.6	411.8	415.0	33.1	3.0
05/24	525.7	204.2	460.9	420.0	29.6	3.1
05/25e	560.0	212.4	482.5	420.0	28.3	3.1
05/26e	572.2	212.7	482.7	420.0	28.3	3.1

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

## A strong Q225 following an in-line Q125

GAW has reported H125 core revenue is not less than £260m, licensing revenue of not less than £30m and PBT of not less than £120m. These correspond to year-on-year growth rates of not less than 10%, 148% and 41%, respectively. The core business's revenue growth is consistent with trends seen throughout FY24, which is impressive given the success of 40K last year and the currency headwinds. Licensing revenue is higher than in any prior six-month period. This implies a much better Q225, following Q125 when management indicated trading was in line with its expectations. With a relatively fixed cost base, licensing revenue is likely to be the main driver to the growth in H125's profit margin.

## Upgrades to FY25 and FY26 estimates

We increase our FY25 PBT estimate by 7%, reflecting that GAW has already exceeded our prior FY25 licensing revenue estimate in H125 and that the core business has exceeded management's expectations in H125. For FY26, we keep our prior year-on-year growth estimate for core revenue, which leads to an upgrade due to the higher FY25 base, while retaining our prior absolute licensing revenue estimate. These adjustments lead to a 3% increase in our FY26 PBT estimate. The projected limited year-on-year growth in FY26's PBT reflects our c £9m expected year-on-year drop in licensing revenue, while core revenue continues to grow. FY26 will also not benefit from any major releases of new editions of GAW's two main intellectual properties, 40K and Age of Sigmar.

## Valuation: P/E multiple above recent peaks

The strong positive share price reaction to the trading update moves the prospective FY25 P/E multiple to 28.3x, which is above its highest multiple in FY24 (25.4x) but below multiples over 30x in FY20–22 when valuations and trading were influenced by the outbreak of and recovery following COVID-19.

22 November 2024

**Price** **£136.40**  
**Market cap** **£4,495m**

Net cash (£m) at 2 June 2024	107.6
Shares in issue	32.95
Free float	99.4
Code	GAW
Primary exchange	LSE
Secondary exchange	N/A

### Share price performance



%	1m	3m	12m
Abs	(1.8)	13.6	8.6
Rel (local)	0.3	15.8	(0.6)
52-week high/low	£120.40		£91.25

### Business description

Games Workshop Group 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

H125 results	14 January 2025
FY25 trading update	June 2025

### Analyst

Russell Pointon +44 (0)20 3077 5700

[consumer@edisongroup.com](mailto:consumer@edisongroup.com)

[Edison profile page](#)

**Games Workshop Group is a research client of Edison Investment Research Limited.**

**Opinions and forecasts represent the Edison Research department's view.**

**Exhibit 1: Financial summary**

Year-end 31 May	£m	2022	2023	2024	2025e	2026e
		IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>						
Revenue		414.8	470.8	525.7	560.0	572.2
- Core revenue		386.8	445.4	494.7	525.0	546.0
- Licensing revenue		28.0	25.4	31.0	35.0	26.2
Cost of sales		(127.4)	(149.2)	(151.2)	(168.0)	(174.7)
Gross profit		287.4	321.6	374.5	392.0	397.5
Operating expenses		(94.2)	(108.3)	(131.1)	(141.9)	(143.3)
EBITDA		193.2	213.3	243.4	250.1	254.2
Depreciation and amortisation		(36.1)	(43.1)	(41.6)	(39.4)	(43.4)
Reported operating profit		157.1	170.2	201.8	210.7	210.9
- Core operating profit		131.7	148.2	174.8	178.5	186.7
- Licensing operating profit		25.4	22.0	27.0	32.2	24.1
Finance income/(expense)		(0.6)	0.4	1.2	0.4	0.5
Reported PBT		156.5	170.6	203.0	211.1	211.4
Profit Before Tax (norm)		158.1	171.6	204.2	212.4	212.7
Income tax expense (includes exceptionals)		(28.1)	(35.9)	(51.9)	(52.8)	(52.8)
Reported net income		128.4	134.7	151.1	158.4	158.5
Adjusted net income (before share-based payments)		129.7	135.5	152.0	159.3	159.5
WASC (m)		32.813	32.881	32.935	32.971	33.009
Average Number of Shares Outstanding (m)		32.873	32.898	32.977	33.013	33.051
Reported EPS (p)		391.3	409.7	458.8	480.3	480.3
Reported diluted EPS (p)		390.6	409.4	458.2	479.7	479.7
EPS - normalised fully diluted (p)		394.6	411.8	460.9	482.5	482.7
DPS (p)		235.0	415.0	420.0	420.0	420.0
Gross margin		69.3%	68.3%	71.2%	70.0%	69.5%
EBITDA margin (including licensing income)		46.6%	45.3%	46.3%	44.7%	44.4%
Operating margin		37.9%	36.2%	38.4%	37.6%	36.9%
<b>BALANCE SHEET</b>						
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	118.8	138.5
Inventories		38.4	33.0	42.2	47.0	46.5
Trade and other receivables		39.6	36.3	37.8	42.8	43.7
Other current assets		4.4	14.5	4.3	4.3	4.3
Total current assets		153.8	174.0	191.9	212.9	233.0
Trade and other payables		(33.5)	(37.0)	(46.3)	(56.9)	(56.9)
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)	(69.0)	(69.0)
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	276.9	300.9
<b>CASH FLOW STATEMENT</b>						
Operating Cash Flow		157.1	170.2	201.8	210.7	210.9
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)	0.8	(0.5)
Income taxes paid		(37.7)	(39.0)	(41.7)	(52.8)	(52.8)
Operating cash flow 2		121.5	192.7	196.2	199.4	202.3
Net capex and intangibles		(32.3)	(28.3)	(32.6)	(40.4)	(34.1)
Net interest		0.2	0.3	1.4	0.4	0.5
Net proceeds from issue of shares		1.8	2.6	2.7	2.7	2.7
Dividends paid		(93.5)	(136.5)	(138.3)	(138.5)	(138.6)
Other financing activities		(11.9)	(11.8)	(11.8)	(12.4)	(13.0)
Net cash flow		(14.2)	19.0	17.6	11.2	19.7
Opening cash and cash equivalents		85.2	71.4	90.2	107.6	118.8
Currency translation differences and other		0.4	(0.2)	(0.2)	0.0	0.0
Closing net (debt)/cash		71.4	90.2	107.6	118.8	138.5
Closing net cash including leases		22.5	40.3	60.4	74.0	96.7

Source: Games Workshop Group accounts, Edison Investment Research

---

## General disclaimer and copyright

This report has been commissioned by Games Workshop Group and prepared and issued by Edison, in consideration of a fee payable by Games Workshop Group. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2024 Edison Investment Research Limited (Edison).

---

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

---

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

---

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

---

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.