

Games Workshop Group

Core strength supports profit upgrade

Games Workshop Group's (GAW's) H126 trading update shows a strong performance by the core business with an accompanying improvement in operating margin. This is impressive given the comparatives from the two prior years when the most recent editions of its major intellectual properties were released. This also suggests good ongoing sales of new products from each of these properties, as well as other new products this year. We increase our FY26e profit by c 12% and raise our forecast dividend to £5.20 per share to be consistent with FY25 levels, despite our lower forecast profit.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
5/23	470.8	171.6	4.12	4.15	44.3	2.3
5/24	525.7	204.2	4.61	4.20	39.6	2.3
5/25	617.5	264.1	5.96	5.20	30.6	2.8
5/26e	631.2	241.3	5.47	5.20	33.4	2.8

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

Core strong, licensing weaker as expected

Management estimates H126 core revenue will be not less than £310m and licensing revenue will be not less than £16m. Core's year-on-year revenue growth of at least 15% from H125's revenue is impressive given H125's 14% growth benefited from the launch of the fourth edition of Age of Sigmar. The c 47% decline in licensing revenue is consistent with our expected decline, following a record FY25. Management's estimated PBT of not less than £135m for H126 implies an improvement in core's operating margin versus H125, given the drop in the high-margin licensing revenue, reflecting GAW's operational gearing on higher volume, and likely includes a lower stock provision as a result of the strong performance. The company has declared its fourth dividend of the year, taking the cumulative dividend to £3.25 per share from £1.85 at the same stage last year. The company began paying dividends earlier this year due to the strength of licensing in FY25 with cash flow from earned income having more favourable timing characteristics than cash from minimum guarantees, which can be received over a longer time frame.

Profit estimates upgraded by c 12%

Management's estimated PBT for H126 of not less than £135m is equivalent to just over 60% of our prior forecast. We have increased our core revenue estimate for FY26 to c 7% growth, from a prior estimate of a 2% decline, implying a flat H2, and retain our prior estimate for licensing revenue of c £26m. The higher core revenue leads to an increase in our reported PBT to c £240m from c £215m previously. We assume a lower core operating margin in H226 than H126 due to the phasing of costs including headcount increases, capacity expansion and new store openings as well as ongoing inflationary pressures on limited revenue growth. We also increase our FY26e dividend to 520p per share, which is consistent with FY25's dividend despite a lower estimated profit.

Valuation: Up to the high multiples

The trading update has been well received, taking the prospective P/E multiple up to the low 30s, which is at the high end of GAW's historic multiple.

H126 trading update

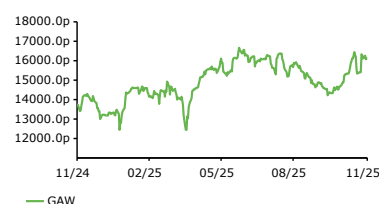
Consumer goods

21 November 2025

Price 18,260.00p
Market cap £6,021m

Net cash/(debt) £132.6m
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	10.7	4.0	45.6
52-week high/low	16,490.0p	11,093.1p	

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

H126 results 13 January 2026

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Exhibit 1: Financial summary

Year-end 31 May	£m	2022	2023	2024	2025	2026e
INCOME STATEMENT		IFRS	IFRS	IFRS	IFRS	IFRS
Revenue		414.8	470.8	525.7	617.5	631.2
– Core revenue		386.8	445.4	494.7	565.0	605.0
– Licensing revenue		28.0	25.4	31.0	52.5	26.2
Cost of sales		(127.4)	(149.2)	(151.2)	(172.5)	(199.7)
Gross profit		287.4	321.6	374.5	445.0	431.6
Operating expenses		(94.2)	(108.3)	(131.1)	(138.6)	(148.2)
EBITDA		193.2	213.3	243.4	306.4	283.4
Depreciation and amortisation		(36.1)	(43.1)	(41.6)	(45.1)	(43.2)
Reported operating profit		157.1	170.2	201.8	261.3	240.1
– Core operating profit		131.7	148.2	174.8	211.8	216.0
– Licensing operating profit		25.4	22.0	27.0	49.5	24.1
Finance income/(expense)		(0.6)	0.4	1.2	1.5	(0.2)
Reported PBT		156.5	170.6	203.0	262.8	239.9
Profit Before Tax (norm)		158.1	171.6	204.2	264.1	241.3
Income tax expense (includes exceptionals)		(28.1)	(35.9)	(51.9)	(66.7)	(53.7)
Reported net income		128.4	134.7	151.1	196.1	186.2
Adjusted net income (before share-based payments)		129.7	135.5	152.0	197.1	181.0
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	594.9	564.6
Reported diluted EPS (p)		390.6	409.4	458.2	593.5	563.3
EPS - normalised fully diluted (p)		394.6	411.8	460.9	596.4	547.4
DPS (p)		235.0	415.0	420.0	520.0	520.0
Gross margin		69.3%	68.3%	71.2%	72.1%	68.4%
EBITDA margin (including licensing income)		46.6%	45.3%	46.3%	49.6%	44.9%
Operating margin		37.9%	36.2%	38.4%	42.3%	38.0%
BALANCE SHEET						
Property, plant and equipment		55.0	55.7	56.5	64.9	67.0
Right-of-use assets		48.1	48.9	46.1	44.0	42.3
Goodwill		1.4	1.4	1.4	1.4	1.4
Intangible assets		25.6	21.2	22.8	23.6	28.1
Other non-current assets		37.2	25.6	32.6	21.6	21.6
Total non-current assets		167.3	152.8	159.4	155.5	160.4
Cash and equivalents		71.4	90.2	107.6	132.6	150.7
Inventories		38.4	33.0	42.2	39.7	52.3
Trade and other receivables		39.6	36.3	37.8	52.1	48.2
Other current assets		4.4	14.5	4.3	3.1	3.1
Total current assets		153.8	174.0	191.9	227.5	254.4
Trade and other payables		(33.5)	(37.0)	(46.3)	(50.5)	(61.9)
Borrowings		0.0	0.0	0.0	0.0	0.0
Leases		(9.2)	(9.9)	(10.0)	(11.2)	(11.2)
Other current liabilities		(1.9)	(1.3)	(2.1)	(1.9)	(1.9)
Total current liabilities		(44.6)	(48.2)	(58.4)	(63.6)	(75.0)
Borrowings		0.0	0.0	0.0	0.0	0.0
Leases		(39.7)	(40.0)	(37.2)	(34.0)	(31.0)
Other non-current liabilities		(2.1)	(3.0)	(2.6)	(3.0)	(3.0)
Total non-current liabilities		(41.8)	(43.0)	(39.8)	(37.0)	(34.0)
Net assets		234.7	235.6	253.1	282.4	305.8
CASH FLOW STATEMENT						
Operating profit		157.1	170.2	201.8	261.3	240.1
Depreciation and amortisation		34.8	39.5	39.0	43.9	43.2
Impairments		1.3	3.6	2.6	1.2	0.0
Share-based payments		1.6	1.0	1.2	1.3	1.4
Other adjustments		0.3	(1.2)	1.2	0.6	0.0
Movements in working capital		(35.9)	18.6	(7.9)	3.2	2.6
Income taxes paid		(37.7)	(39.0)	(41.7)	(64.1)	(53.7)
Operating cash flow		121.5	192.7	196.2	247.4	233.7
Net capex and intangibles		(32.3)	(28.3)	(32.6)	(40.9)	(33.5)
Net interest		0.2	0.3	1.4	1.5	(0.2)
Net proceeds from issue of shares		1.8	2.6	2.7	1.8	2.7
Dividends paid		(93.5)	(136.5)	(138.3)	(171.4)	(171.5)
Other financing activities		(11.9)	(11.8)	(11.8)	(12.3)	(13.0)
Net cash flow		(14.2)	19.0	17.6	26.1	18.1
Opening cash and cash equivalents		85.2	71.4	90.2	107.6	132.6
Currency translation differences and other		0.4	(0.2)	(0.2)	(1.1)	0.0
Closing net (debt)/cash		71.4	90.2	107.6	132.6	150.7
Closing net cash including leases		22.5	40.3	60.4	87.4	108.5

Source: Games Workshop Group, Edison Investment Research

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