

## CHAIRMAN'S PREAMBLE

This year Kevin Rountree took over the day-to-day running of your company. I stayed on as non-executive chairman so you still get this preamble and my presence in the remuneration report. I will also be helping Kevin as and when he wants it as a consultant from time to time. It's early days, but things seem to be going extremely well.

The Great Master Plan continues: cutting costs, becoming more efficient, providing excellent returns on capital and paying dividends. We do not set out to pay dividends, we set out to run an efficient company that uses money wisely. We know we are doing that well when we have more money than we need; this becomes your dividend.

One bit of the GMP remains stubbornly unrealised – sales growth. We knew that the huge infrastructure changes we have been making these last few years (and are still making, we have just signed off on a new ERP system) would be disruptive, so we are not surprised that many trade accounts across Europe no longer trade with us. Nor are we surprised at the amount of work we have to do to get great managers in all our stores following the move to one-man operation. Our efforts, unfortunately, have coincided with truly dreadful trading conditions and, for the first time in our history, a year when the pound was strong against the euro and the dollar simultaneously. Our natural hedge hasn't been one this year. You can see the effects of our lack of sales growth in our gross margin, cost-savings in the maintenance of our net margin, and currency everywhere.

Nevertheless, as I am sure he will tell you, Kevin has plans for sales growth across the board. More stores, growth in our existing stores, more trade accounts and a better performance from our mail order service.

I do not often talk about our products, partly because I think they speak eloquently for themselves, and partly because it is important for everyone to remember (that's owners, customers and staff) we are a business. We need to be here next year if you want more of the exquisite models we make. To be here next year we have to do what all our customers want, not just a noisy few, and find a way of making money doing it. This year, though, is an exceptional year. Not only have we just opened a wonderful new visitor centre on time and under budget (take a bow, Tony) we have also relaunched Warhammer.

The visitor centre is a cathedral of miniatures with the world's largest and most spectacular diorama. Only £7.50 and a day you will remember all your life.

The new Warhammer is new. The Stormcast Eternals now bestride the universe and nothing will be the same again<sup>1</sup>. Not even the front of our building. Buy Warhammer: Age of Sigmar when you come to the visitor centre or the AGM, and see what we have done.

As I write the world is tumbling in chaos around us. Pundits discover they cannot predict elections, the Americans ride to the rescue of world football (thank you, Uncle Sam), Sunderland escape relegation, *again*, the UK will split up into its consistent parts, it will leave Europe; and yet we struggle on. Babies get born, the rain falls the sun shines and the plants grow, our chickens keep laying, and Games Workshop still employs over 1,500 people, supporting 1,500 families all over the globe, making the best miniatures money can buy, providing one of the best investments in our owners' portfolios, and having a great deal of fun doing it.

**Tom Kirby**

Non-executive chairman

27 July 2015

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<sup>1</sup> For those who fret about this sort of thing, rest assured no miniature has been made redundant, no army is unwelcome in the new system, no paint job, no conversion is now worthless. As always we make these changes with great care. Your miniatures are the real 'eternals'.