

CHAIRMAN'S PREAMBLE

My favourite graph in our internal reporting shows the sales in each country going as far back as we have records. 1988, I believe. The really great part about it is that it has over 20 years of data. You can see proper trends over 20 years, and if your intention is to build a business that lasts, which mine always has been, then 'long term' means decades.

What does the graph show? It shows our rapid increase of sales in the 90s when we opened a lot of stores in the UK and a lot of businesses around the world. The UK line then shows a period of consolidation as that growth demanded we sort out our manufacturing and warehousing. Then we enter a short surge due to our intoxicating Lord of the Rings tie-in (everywhere except the US, interestingly enough) followed by a long hangover in Europe and a shorter one in the UK. Recently we have been flat and very recently trending upwards again.

Looking closely at the trend lines reveals interesting strategic information. The gradient of the US growth changed dramatically when we switched from using distributors to going direct to retailers; if you are considering such a move, do not hesitate. It is impossible to see where various electronic games devices were released, or the effect they have had on our sales. Each of these devices supposedly heralded the end for our antiquated miniatures - oh ye of little faith.

Underneath the main country based sales are the exciting slow but steady growth lines of Forge World and Black Library. And just recently the graph has been enhanced by the appearance of a red line at the bottom. I use fairly crude (and so, memorable) colour association for the lines. Red is China.

Why is this so interesting? First, it shows that even as we are very intent on the future growth of the business so we are constantly looking at our record to learn what not to do, and what to do again. Second, it gives perspective to our view that short-term issues are short-term. Third, it underlines what I said earlier: when we say we are a long-term business we mean it. We cannot guarantee to be around in 50 years time, but we certainly intend to be.

Short-termism is one of the evils of modern society. More shareholder value is destroyed by managers making dumb short-term decisions to enable them to produce glowing quarterly reports than ever is gained in the laughably inappropriately named 'transparency' they are supposed to bring.

If you would like more transparency on Games Workshop, come to our annual general meeting. You will see our facilities, and maybe be quite surprised by how interesting they are. You will get to meet all the people who do the important things and talk to them about their jobs. You will also get, if such is your desire, a foaming pint of Bugman's best in our famous bar. No, shareholders do not get a discount on beer. We don't do discounts, not even for you.

Tom Kirby
Chairman
30 July 2012