

Chief executive's review

The year under review has been another very successful one for GUS. We have delivered strong financial performance, while making significant operational and strategic progress.

Strong financial performance

Sales from our continuing businesses increased by 10% in the year to March 2002, despite difficult trading conditions in some markets. Profit before amortisation of goodwill, exceptional items and taxation from continuing businesses grew by 17% – or 20% if restructuring costs of £12m are excluded. This was achieved after substantial revenue investment throughout the Group, which will be to the benefit of future profits.

Experian, Argos and Burberry all reported record sales and profits. The biggest success story was at Argos, where like-for-like sales were up 13%. Since GUS acquired the business in 1998, annual sales at Argos have increased by over £1bn to £2.8bn and operating profit by over £80m to £204m.

Major areas of investment included the Argos store card, new Experian products and new stores for Burberry. We also continued to invest in strengthening the management teams, particularly at Experian North America and Burberry.

Strategic progress

The major businesses of GUS today have very clear strategies for growth and are well positioned in their respective markets. They have highly focused management teams and have developed strong propositions for their customers.

- Experian is a global leader in the information services marketplace.
- Argos Retail Group is the UK's leading multi-channel retailer.
- Burberry is a major international luxury brand.

We have continued to reposition the Group around these major businesses.

During the year we disposed of further non-core businesses, including our Swiss home shopping activities and our small UK stationery and printing interests. We also continued to run down our property and vehicle financing operations.

At the same time, we made a number of 'infill' acquisitions to strengthen our main businesses.

We have also confirmed our plans to pursue a partial IPO of Burberry, subject to market conditions, as a further step towards providing greater strategic focus within GUS.



John Peace
Group Chief Executive

Future prospects

GUS remains committed to creating long-term shareholder value by focusing on businesses with above-average growth potential and by establishing leadership positions in our chosen markets. Our objective is to achieve sustained top quartile performance.

We have set ambitious growth targets for our major businesses and are confident about their future prospects. We shall continue to invest strongly in them and, where appropriate, undertake acquisitions and partnerships to support their growth strategies.

for the years ended 31 March	Sales		Profit before taxation	
	2002 £m	2001 £m	2002 £m	2001 £m
Experian	1,092	1,018	229.1	216.6
Argos Retail Group	4,629	4,250	254.7	212.1
Reality	471	476	0.5	5.1
Burberry	499	425	90.3	69.5
Other	154	265	44.0	57.8
Inter-divisional turnover	(387)	(393)	–	–
Total	6,457	6,041	618.6	561.1
Net interest			(66.5)	(74.3)
Profit before amortisation of goodwill, exceptional items and taxation			552.1	486.8
Exceptional items			(72.6)	(84.7)
Amortisation of goodwill			(99.4)	(92.3)
Profit before taxation			380.1	309.8
EPS before amortisation of goodwill and exceptional items			41.7p	37.2p
Reported EPS			25.7p	20.3p