



Lewis has 408 stores located in Southern Africa and is one of South Africa's leading furniture retailers



The growing chain of Best Electric stores offers a wide range of household appliances and electrical goods

South African Retailing

Our South African business has continued to make progress against a background of increasing unemployment and fierce price competition.

Sales were up 2% as the result of very effective merchandising and pricing strategies, while operating profit in Rand grew by 25%. The management team was also successful in improving the operating margin by over 4% through careful control of bad debt and the expansion of their financial services offer. A credit scoring system developed by Experian is enabling pre-approved credit offers to be given to selected customers.

A further ten new Best Electric stores are scheduled for the current year and a new store image programme is to be rolled out across Lewis stores.

Our people

Gaining the commitment of our people across all our businesses and enabling them to fulfil their potential remains a high priority for GUS. During the year we established a Group Human Resources function to help share best practice across the Group and to encourage universally high standards of employment practice. Almost 40% of eligible employees in the UK joined the 2001 Sharesave scheme, allowing them to take a stake in the business through a three or five year save-as-you-earn share option plan. The scheme is now being extended from the UK to include Germany, Spain, Italy and The Netherlands.

Our social responsibilities

GUS published its first Environmental Report in 2001 and has now produced a much wider review of its social responsibilities in the form of a Corporate Social Responsibility

Report. This report explains the progress we are making in meeting the expectations of all our different stakeholders. GUS is embracing the issues of Corporate Social Responsibility (CSR) with enthusiasm and commitment. We have established a CSR Group to oversee and monitor our progress and developed a set of CSR principles to guide our strategy.

Our relationships with local communities continued to be a particular priority, supported by the work of the GUS Charitable Trust and by the tremendous efforts of employees across a wide range of fundraising and volunteering initiatives. The tragic events of September 11 provided a special focus for GUS employees in North America, who raised substantial funds for The September 11th Fund and brought comfort to colleagues working in New York.

Continued progress

GUS has had a very good year, despite challenging conditions in some of our markets. We have continued to strengthen and focus the Group, which is well placed to achieve sustained revenue and profit growth. In the current year, we expect a slowdown in UK consumer spending and continued difficult conditions for marketing services in North America. Despite this, we are confident that each of our main businesses will maintain their good progress.

John Peace
Group Chief Executive