

# Group results

GUS has completed another successful year. We have delivered a strong financial performance, while making further significant operational and strategic progress.

## Strong financial performance

Despite difficult trading conditions in some of our markets, sales from continuing businesses increased by 10% in the year to March 2002. Profit before amortisation of goodwill, exceptional items and taxation from continuing businesses grew by 17% in the year, or 20% if restructuring costs of £12m are excluded. This was achieved despite significant revenue investment in areas such as the Argos store card and new products at Experian, which will underpin future profits growth.

Argos, Experian and Burberry all reported record profits. Argos in particular had an excellent year, with like-for-like sales growth of 13%. Since the acquisition of Argos in April 1998, we have increased sales by over £1bn to £2.8bn and operating profit by over £80m to £204m.

## Operational progress

GUS has invested heavily during the year across its main businesses. Group capital expenditure was £322m, up from £268m in 2001. For the coming year, we expect to spend about £400m. Significant projects include major warehouses for Argos and flagship stores for Burberry. We also expect an additional working capital investment in 2003 of up to £100m in the Argos store card and personal loan books. These projects are expected to provide returns in excess of our cost of capital.

There has been further strengthening of the management teams across GUS. Nearly all the Experian North America senior team have been appointed in the last two years and Tom O'Neill joined Burberry as President in November 2001.

12 months to 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)	–	–
<b>Total</b>	<b>6,457</b>	<b>6,041</b>	<b>618.6</b>	<b>561.1</b>
Net interest			(66.5)	(74.3)
<b>Profit before amortisation of goodwill, exceptional items and taxation</b>			<b>552.1</b>	<b>486.8</b>
Exceptional items			(72.6)	(84.7)
Amortisation of goodwill			(99.4)	(92.3)
<b>Profit before taxation</b>			<b>380.1</b>	<b>309.8</b>
<b>EPS before amortisation of goodwill and exceptional items</b>			<b>41.7p</b>	<b>37.2p</b>
<b>Reported EPS</b>			<b>25.7p</b>	<b>20.3p</b>

## Strategic progress

All the main businesses within GUS now have clear strategies for growth. We continue to reposition the Group to focus on these activities because of the size of the opportunities available and because of our market-leading positions. During the year, we have disposed of more non-core businesses, such as the Swiss home shopping business and UK stationery and printing activities, while continuing to run down our property and car financing operations.

We have also made some small, targeted acquisitions during the year, particularly in Experian in areas such as e-mail distribution and German account processing. After the year-end, we acquired ConsumerInfo.com, the leading supplier of on-line credit reports and scores to consumers in the US, for \$130m. In the coming year, Experian North America is looking to drive growth by buying in, wherever possible, its affiliated credit bureaux.

Since the year-end, we have 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 and to establish an independent market value for Burberry.