

# Chairman's statement: GUS has had another successful year, with profits up 16% to £642m.

This is the third consecutive year of growth and reflects the strength of the Group's main businesses, each of which has reported increased sales and profits. Earnings per share rose by 15% to 47.8p and cash flow was strong.

Our continued progress has been achieved in the face of challenging conditions in many of our major markets. This progress has been greatly to the credit of GUS people at all levels and I would like to thank them for their tremendous endeavour.

The Board has declared a final dividend of 16.4p, making 23.3p for the year (2002: 21.7p).

## Group strategy

GUS is committed to the growth and development of three major businesses: Experian, Argos Retail Group (ARG) and Burberry. Each of these businesses is already – or has the potential to be – the leader in its chosen sectors. Furthermore, the markets in which they operate have significant growth characteristics.

Our aim is to grow the value of these businesses for the benefit of shareholders. GUS acts as strategic architect in ensuring that each business has clear plans, high quality management and a strong capital resource. ARG, Experian and Burberry are each pursuing exciting strategies, with considerable scope for development over the next few years.

During the last year we have continued to reshape the GUS portfolio around these major businesses. The most notable changes have been the acquisition of Homebase, a leading retailer in the growing DIY and home furnishings market; the disposal of our Home Shopping and Reality businesses; and the partial flotation of Burberry. Experian has also strengthened its position in the marketplace with a new global management structure and the strategically important acquisitions of Scorex, ConsumerInfo.com, Nordic Info Group and 11 affiliate bureaux in the United States.

Our commitment to shareholders is to create long-term value at all times and the Board continues to review options in this regard. In floating Burberry, for example, we recognised that it was the right time in the growth and development of this business for part of its ownership to be held more widely. Our decision to arrange a partial IPO for our South African Retailing business is another example of how we are realising value for the benefit of shareholders.

## Board change

I believe that we have a strong Board at GUS, with an excellent mix of skills and experience. Just as important is our ability to work together as a team.

In March 2003, the Board was further strengthened by the addition of Craig Smith, who had recently been appointed Chairman of Experian worldwide. Craig joined Experian in 2000 as CEO of Experian North America, where he played a key role in successfully repositioning the business. I am delighted to welcome him to the Board.

**Governance**

The issue of corporate governance has been a recurring theme in the world's stock markets during the year. The Board of GUS is committed to being as transparent as any business can reasonably be and is determined to fulfil shareholders' expectations on matters of disclosure.

At the same time, we recognise that the role of governance embraces a much wider remit. It is about having clear strategies, attracting the best talent, encouraging creativity and commitment, fulfilling our responsibilities to the community and maintaining the highest standards of integrity. Together, these are prerequisites for corporate success that enable us to create value for our shareholders through sustained profitable growth.

**Sir Victor Blank**

Chairman

27 May 2003

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Chairman