

20 May 2005

## **TRADING UPDATE FOR THE FOUR MONTHS ENDED 30 APRIL 2005**

Group profit\* for the first four months of the year was 4% down on last year's record high, reflecting tough trading comparatives in Betting and Gaming. Trading in the Hotel division continues to improve and the planned disposal of £300m to £400m of hotel assets is ongoing. Net debt\*\* at 30 April 2005 was £748m (30 April 2004 £1,035m).

### **Betting and Gaming Division**

Total gross win for Ladbrokes was in line with last year as the effect of stronger turnover was offset by lower margins. Costs increased by 8.1%.

UK Retail gross win fell by 1% due mainly to weak horseracing margins, particularly by reference to the prior year. The contribution from machines grew strongly with 7,522 Fixed Odds Betting Terminals (FOBTs) and Amusement with Prizes (AWPs) now deployed across the estate. Our betting shop refurbishment and acquisition programme continues. A total of 33 shops have been acquired to date and more are expected shortly.

Telephone betting gross win reduced by 8% despite a high contribution from high rollers.

eGaming gross win increased by 23%.

## Hotels Division

Trading conditions in the hotel division have remained positive with good occupancy led revpar growth in all regions except the UK Provinces. Importantly, Scandinavian revpar continues to be strong.

The refurbishment of the Hilton Sydney is finally complete and is due to open 15 July 2005.

### Revpar increase/(decrease) – 2005 vs. 2004##

	January	February	March/April###	YTD
London	2.6%	6.3%	4.1%	4.3%
UK Provinces	(2.5)%	0.6%	0.4%	(0.3)%
<b>Total UK</b>	<b>0.4%</b>	<b>3.7%</b>	<b>2.7%</b>	<b>2.4%</b>
<b>Europe &amp; Africa</b>	<b>12.4%</b>	<b>11.6%</b>	<b>8.9%</b>	<b>10.3%</b>
Middle East	30.3%	3.0%	20.3%	19.2%
Asia Pacific	15.9%	6.3%	11.6%	11.4%
<b>Middle East &amp; Asia Pacific</b>	<b>23.7%</b>	<b>4.6%</b>	<b>14.9%</b>	<b>14.8%</b>
<b>Americas</b>	<b>17.2%</b>	<b>10.7%</b>	<b>15.8%</b>	<b>14.7%</b>
<b>Total Hilton brand</b>	<b>12.9%</b>	<b>7.2%</b>	<b>8.8%</b>	<b>9.4%</b>
<b>Scandic brand</b>	<b>10.8%</b>	<b>9.7%</b>	<b>7.9%</b>	<b>8.9%</b>
<b>Total Hotels</b>	<b>12.8%</b>	<b>7.9%</b>	<b>8.9%</b>	<b>9.6%</b>
## Like for like, constant exchange rates				
### March/ April combined due to timing of Easter				

### Revpar increase/(decrease) - 2005 vs. 2004##

	January to April
Owned & fixed lease	6.4%
Contingent lease	8.1%
Management contracts	14.4%

## Like for like, constant exchange rates

## **Outlook**

The Hotel division is expected to benefit from continuing revpar improvement during the remainder of the year. For Betting and Gaming, after a challenging start to the year, an expectation of improving margins should lead to good growth in the second half.

\* Before taxation, exceptional items and excluding the impact of IAS 32 & 39.

\*\* Excluding the impact of IAS 32 & 39.

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A conference call for analysts and investors will take place at 8am (UK time) today. To participate in the conference call dial +44 (0) 207 162 0125 and ask for the Hilton Group Trading Update. A recording of the conference call will be available until 31 May 2005 and can be accessed by dialling +44 (0) 207 031 4064 and quoting the pass code 661008.

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