

21 May 2004

TRADING UPDATE FOR THE FOUR MONTHS ENDED 30 APRIL 2004

Group Profit* for the first four months of the year was 106% higher than last year reflecting continuing growth in the Betting and Gaming division, some recovery in the Hotels division from last year's low base and lower interest expense.

Betting and Gaming Division

Total gross win for Ladbrokes increased by 27%.

UK Retail gross win increased by 25% benefiting from a 14% growth in the 'over-the-counter' business (despite weak horse racing theoretical margins). The withdrawal of Amusement with Prizes machines and the installation of Fixed Odds Betting Terminals continued with 4,800 FOBTs in shops by the end of April and a total of 5,900 will be installed by the end of June. In the four weeks since the introduction of the FOBT Code of Practice, the number of transactions fell but stake per transaction increased slightly.

eGaming gross win increased by 34% with the sportsbook benefiting from improved margins and the continuing growth in poker stimulated by the growing awareness and popularity of the site.

Telephone betting gross win increased by 91% due to higher margins, bolstered by successful results at Cheltenham and the Grand National meetings. However, turnover has fallen slightly following the loss of live televised horse racing.

Hotels Division

Trading conditions in hotels have latterly seen some signs of recovery in many parts of the world although late booking patterns persist. London has led overall growth in the UK. Growth of 8.9% in revpar for Europe and Africa reflected a mixed picture with Germany up 7%, Turkey up 19% but France down 3%. The Scandic brand experienced revpar growth in Norway, up 4% and Finland, up 2% but was held back by Sweden, down 3% (notably in Stockholm). Elsewhere the trends are generally positive.

Revpar increase/(decrease) – 2004 vs. 2003**					
	January	February	March	April	YTD
London	4.8%	8.2%	22.1%	34.7%	17.0%
UK Provinces	4.6%	(0.1)%	8.2%	(1.2)%	3.0%
Total UK	4.7%	4.0%	14.9%	15.3%	9.9%
Europe & Africa	(4.1)%	(0.1)%	15.0%	23.1%	8.9%
Middle East	68.2%	(24.4)%	47.1%	73.7%	28.5%
Asia Pacific	(2.5)%	(5.1)%	1.1%	23.9%	3.6%
Middle East & Asia Pacific	22.6%	(14.3)%	13.0%	40.0%	12.6%
Americas	7.6%	7.2%	15.0%	13.0%	10.9%
Total Hilton brand	7.5%	(2.7)%	14.4%	23.6%	10.5%
Scandic brand	(8.0)%	(3.6)%	7.6%	(0.2)%	(0.6)%
Total Hotels	4.4%	(2.9)%	12.9%	18.7%	8.2%
** Like for like, constant exchange rates					

By ownership structure, the 3.8% growth in owned and fixed lease hotels, whilst less than in other properties, was encouraging given the decreases in this figure experienced during the last two years.

Revpar increase/(decrease) - 2004 vs. 2003**	
	January to April
Owned & fixed lease	3.8%
Contingent lease	7.9%
Management contracts	12.2%
** Like for like, constant exchange rates	

Outlook

The Group profit achieved in the first four months of this year is encouraging, despite the prevailing global uncertainties. Prospects for the Betting and Gaming division remain strong. Growing demand in the Hotels division needs to be sustained over several months to provide a platform for enhanced rate growth towards the end of this year and, particularly, in 2005.

* Before taxation, goodwill amortisation and exceptional items

Enquiries to:

David Michels, Group Chief Executive

Brian Wallace, Deputy Group Chief Executive and Finance Director

Alex Pagett, Director Group Corporate Affairs (mobile +44 (0)7974 229888)

James Mason, Head of Investor Relations (mobile +44 (0)7974 229462)

Telephone: +44 (0)20 7856 8109

A conference call for analysts and investors will take place at 8am (UK time) today. To participate in the conference call dial +44 (0) 20 7162 0182 and ask for the Hilton Group Trading Update. A recording of the conference call will be available until 25 May 2004 and can be accessed by dialling +44 (0) 20 8288 4459 and quoting the pass code 495232.

HIGH RESOLUTION IMAGES ARE AVAILABLE TO DOWNLOAD FREE OF CHARGE ON WWW.VISMEDIA.CO.UK. THIS INCLUDES PROFILE SHOTS OF THE GROUP BOARD.

FOR FURTHER INFORMATION ON HILTON GROUP, PLEASE VISIT OUR CORPORATE WEBSITE, AT: WWW.HILTONGROUP.COM.