

18 November 2004

TRADING STATEMENT FOR THE FOUR MONTHS
ENDED 31 OCTOBER 2004

Group profit* increased by 19% reflecting growth in divisional operating profit and a lower interest charge. The Hotel division's performance showed continuing improvement compared to the same period last year and, despite a run of adverse results, Betting and Gaming continued to grow profits.

Hotels

Global revpar trends were positive driven mainly by increased occupancy. All regions, including Nordic, increased profitability over the period.

Revpar increase/(decrease) – 2004 vs. 2003**				
	July	August	September	October
London	15.0%	5.9%	8.9%	4.2%
UK Provinces	4.1%	3.1%	4.4%	(1.4)%
Total UK	9.4%	4.5%	6.6%	1.5%
Europe & Africa	2.1%	2.3%	4.5%	(5.0)%
Middle East	13.8%	11.0%	13.2%	22.5%
Asia Pacific	8.0%	(1.7)%	4.0%	1.2%
Middle East & Asia Pacific	10.4%	3.2%	7.3%	8.9%
Americas	19.2%	11.9%	9.7%	12.3%
Total Hilton brand	8.5%	4.2%	6.1%	2.4%
Scandic brand	4.6%	0.5%	-	2.0%
Total Hotels	7.8%	3.5%	4.9%	2.3%

** Like for like, constant exchange rates

As can be seen from the table below, revpar performances varied across our ownership structure, with the strongest growth from the owned and fixed leased estate.

Revpar increase - 2004 vs. 2003***	
July to October	
Owned & fixed lease	5.1%
Contingent lease	4.4%
Management contracts	4.1%

*** Like for like, constant exchange rates

Betting and Gaming

In UK Retail, “over the counter” gross win was adversely affected by results. Average FOBT gross win per terminal has levelled at £550 per week.

In both Telephone Betting and eGaming profitability doubled over the period.

David Michels, Group Chief Executive, said, “With a 19% increase in Group profit it is encouraging to note that hotels continue to grow, through what we believe will be a three year recovery period; in betting it was inevitable some of the results would go against us after a record first half. We have more customers in both businesses and I therefore remain confident about the company going forward.”

* Before tax, 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 8-30am today and will be hosted by David Michels, Group Chief Executive and Brian Wallace, Deputy Group Chief Executive and Finance Director. To participate in the conference call dial +44 (0) 20 7162 0190 and ask for the Hilton Group Trading Update.

A recording of the conference call will be available until 25 November 2004 and can be accessed by dialling +44 (0) 20 7031 4064 and quoting the passcode 631410.

Alternatively, it can also be accessed on the Hilton Group website at www.hiltongroup.com.

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