

20 November 2003

TRADING STATEMENT FOR THE FOUR MONTHS
ENDED 31 OCTOBER 2003

Group profit* increased by 15.1% mainly reflecting a strong performance in the Betting and Gaming division. Hotel performance was weaker than the same period last year, although it was encouraging to see overall year on year revpar improvement from August.

Hotels

Whilst there are more positive signs emerging in the UK, the Middle East and Asia Pacific, trading in the key Continental European gateway cities and the Nordic region remains difficult and any sustained recovery is elusive.

Revpar increase/(decrease) - 2003 vs. 2002**				
	July	August	September	October
London 5 Star	(7.2)%	2.1%	8.9%	3.6%
London 4 Star	(8.9)%	(7.3)%	(1.2)%	(2.6)%
UK Provinces	(1.8)%	(0.3)%	1.9%	(2.4)%
Total UK	(5.1)%	(2.5)%	1.6%	(1.7)%
Europe & Africa	(6.7)%	4.9%	4.0%	6.5%
Middle East	22.9%	33.5%	30.8%	10.9%
Asia Pacific	(6.2)%	0.2%	0.0%	4.3%
Middle East & Asia Pacific	2.3%	9.6%	8.0%	6.2%
Americas	(3.2)%	(3.9)%	0.1%	3.5%
Total Hilton brand	(3.4)%	3.3%	4.0%	3.8%
Scandic brand	(6.5)%	(4.3)%	(0.5)%	(7.2)%
Total Hotels	(3.6)%	2.0%	3.3%	1.9%

** Like for like, constant exchange rates

Revpar performances also varied widely based on ownership as can be seen from the table below. Recovery in our owned and fixed leased properties is lagging the rest of the estate.

Revpar increase/(decrease) - 2003 vs. 2002***	
July to October	
Owned & fixed lease	(6.0)%
Contingent lease	5.0%
Management contracts	4.7%
*** Like for like, constant exchange rates	

Betting and Gaming

The betting division performed very well during the period. In the 'over the counter' UK shop business (excluding machines and terminals), gross win for the period continued to increase with year to date growth of over 6%.

Telephone betting and eGaming, the Sportsbook in particular, have had a mixed performance due to a disappointing set of results in the period.

Uncertainty about the future of FOBTs has been satisfactorily resolved following publication of a Code of Conduct agreed by all interested parties. The Code introduces new guidelines on numbers of machines, maximum stake levels, speed of play and payout. Whilst overall the agreement of a Code of Conduct is obviously good news we will need to operate under the new guidelines to fully understand the impact.

* Before tax, goodwill amortisation and exceptional items

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A conference call for analysts and investors will take place at 9-30am 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 0181 and ask for the Hilton Group Trading Update. A recording of the conference call will be available until 23 November 2003 and can be accessed by dialling +44 (0) 20 8288 4459 and quoting the passcode 427442.

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