SenFin SECURITIES
Associate Company of SENKADAGALA FINANCE PLC

SRI LANKA
TOURISM SECTOR ANALYSIS

ATTRACTIONS	EXPERIENCES	INFRASTRUCTURE	OPPORTUNITIES
Diverse landscapes, rich heritage and unique experiences	Culture, adventure, wildlife, wellness and leisure	Growing connectivity, accommodation and facilities	Sustainable growth, investment and community benefit

ICONIC DESTINATIONS

Sigiriya · Anuradhapura · Ella · Mirissa · Galle Fort · Nuwara Eliya · Trincomalee

NATURAL WONDERS

- Knuckles Mountain Range
- Sinharaja Rainforest
- Yala National Park
- Whale Watching (South Coast)
- Dunhinda Falls
- Unawatuna Beach

CULTURAL HERITAGE

- Temple of the Tooth, Kandy
- Dambulla Cave Temple
- Polonnaruwa Ancient City
- Mihintale
- Jaffna Heritage
- Traditional Fishermen

Published on 14 August 2026

Executive summary

- Sri Lanka's tourism sector started 2026 strongly, with January and February arrivals growing 9.7% and 16.2% YoY, respectively, supported by favorable demand, improved air connectivity and continued post-pandemic travel momentum. However, this momentum reversed sharply in March and April, with arrivals falling 19.7% and 22.3% YoY, respectively. The steep decline was likely driven by Middle East geopolitical tensions, flight disruptions, higher airfares and weaker traveler confidence.

- Arrivals recovered modestly in May (9.65% YoY) but declined again in June (-9.9%), indicating continued demand pressures. As a result, H1 2026 arrivals reached 1.147 Mn, slightly below both 2025 (-1.84%) and 2018 (-1.55%), despite strong performance during the first two months.

- The key June source markets were India, the UK, Australia, China and the US. Globally, UN Tourism expects geopolitical tensions and rising travel costs to reduce 2026 tourism growth by 1–2 percentage points from the earlier 3–4% forecast. Overall, Sri Lanka's tourism sector remains resilient but increasingly affected by geopolitical uncertainty, higher travel costs and weaker global travel sentiment.

In June 2026

Arrivals	124,551
Tourism earnings	USD 151 Mn
Avg. spend/day	US$ 148

in Jan-Jun 2026

Arrivals	1,146,573
Tourism earnings	USD 1,511 Mn

*** Based on the revised methodology of Sri Lanka Tourism Development Authority.**

Source : SLTDA

Five Distinct Phases, 2015–2026

1 — 2015–18

Pre-COVID Growth

Arrivals up from 1.80 to 2.33 Mn; earnings hit $4.38 Bn peak; occupancy 72.8%

2 — 2019–21

Terrorism & COVID Shock

Easter attacks, then pandemic; arrivals collapse to 194,495 by 2021

3 — 2022

Economic Crisis

Fuel & FX shortages; arrivals recover to 720K amid instability

4 — 2023–24

Strong Recovery

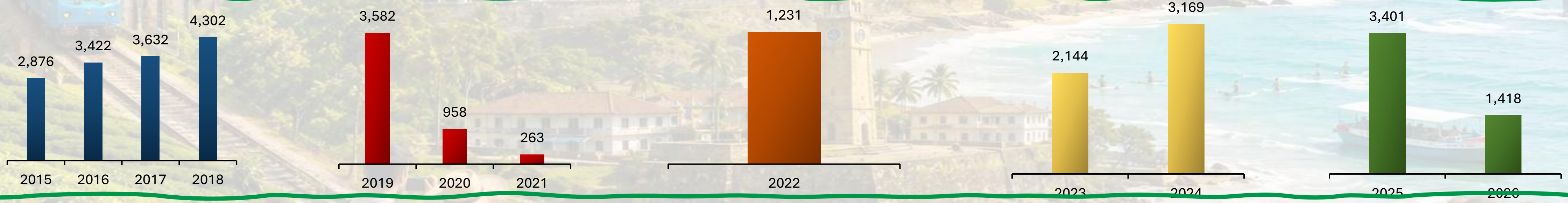
Arrivals more than double to 2.05 Mn; macro stability returns

5 — 2025–26

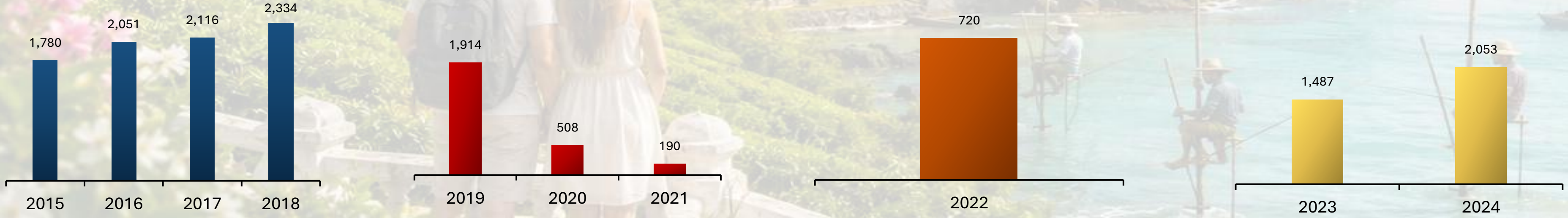
Record, but Value Gap

2.36 Mn arrivals (new record); earnings & stay length lag growth

Earnings from Tourism (USD Mn)

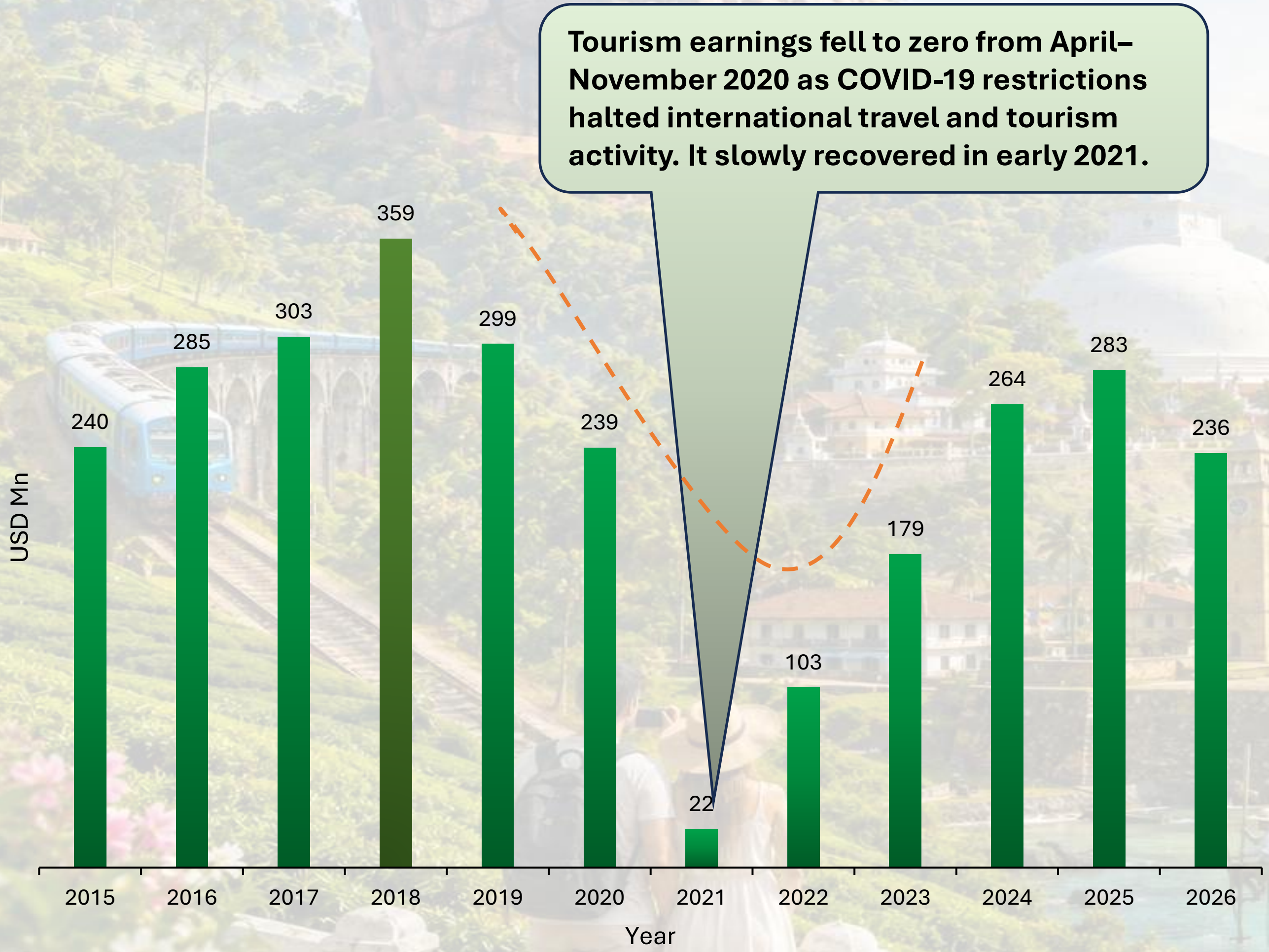


Tourist Arrivals (Units ,000)



Source : SLTDA

Fluctuations in Earnings from Tourism



- The chart highlights the boom, collapse and gradual recovery of Sri Lanka's tourism earnings. Earnings increased from USD 240 Mn in 2015 to a peak of USD 359 Mn in 2018, before declining to USD 299 Mn in 2019 following the Easter attacks. The COVID-19 pandemic then caused a dramatic collapse, with earnings falling to USD 22 Mn in 2021 as travel restrictions severely disrupted tourism.

- From 2022 onwards, earnings began to recover, reaching USD 179 Mn in 2023, USD 264 Mn in 2024 and USD 283 Mn in 2025. However, earnings remain below the 2018 peak, despite tourist arrivals exceeding pre-COVID levels during 2023–25. This indicates lower spending per tourist and shorter average stays.

- Looking ahead, 2026 tourist arrivals are expected to stabilize around 1.34 million based on the January–July run-rate, suggesting that the sector may be entering a period of normalization or plateauing after the strong post-pandemic recovery.

Source : SLTDA

Tourist Arrivals: Recovery and Growth (2015–2026)

- Tourist arrivals recorded a strong upward trend from 1.78 million in 2015, reaching a pre-pandemic peak of 2.33 million in 2018, supported by improving international connectivity and Sri Lanka's growing appeal as a tourism destination. However, the 2019 Easter Sunday attacks led to a decline in arrivals to 1.91 million, followed by an unprecedented collapse during the COVID-19 pandemic, with arrivals falling to just 0.19 million in 2021.

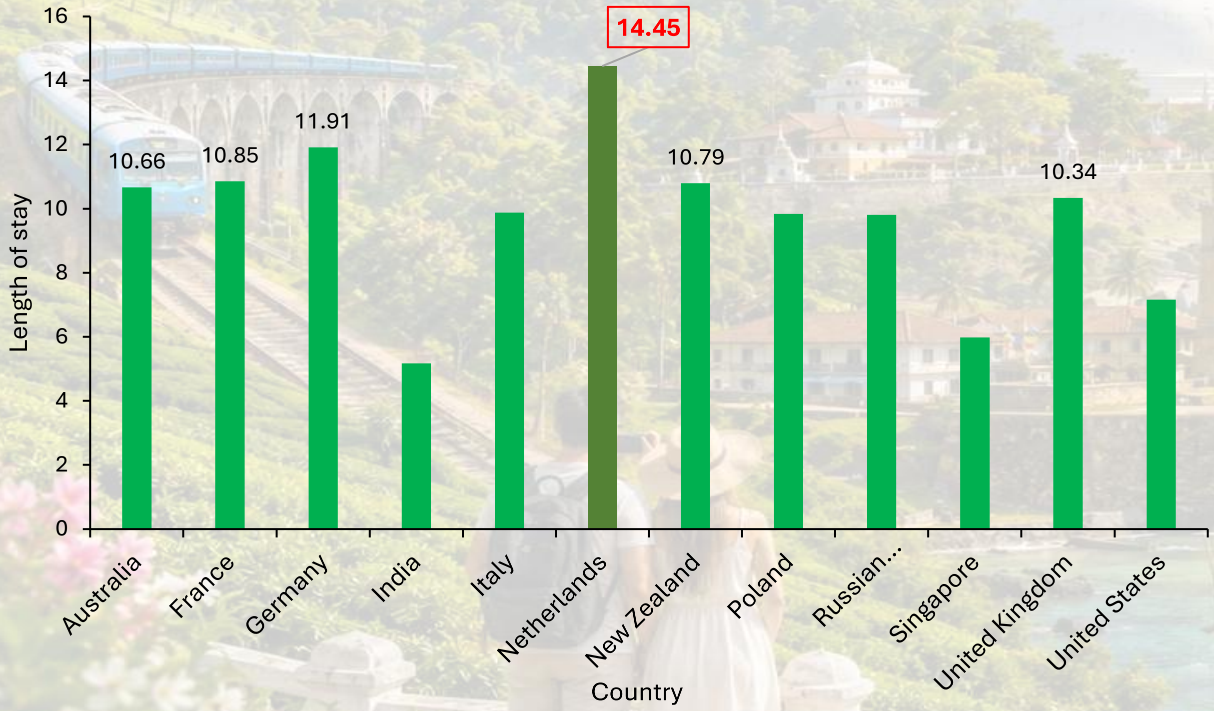
- From 2022 onwards, the sector entered a strong recovery phase as international travel resumed and connectivity improved. Tourist arrivals increased to 1.49 million in 2023 and further to 2.05 million in 2024. In 2025, arrivals reached a record 2.36 million, surpassing the previous 2018 peak and highlighting the strength of the post-pandemic recovery.

- 2026 has continued to show healthy tourism activity, with arrivals already reaching 1.15 million so far. Although this remains below the full-year 2025 figure, the year is still ongoing, suggesting that Sri Lanka's tourism sector remains on a positive recovery trajectory.

Source : SLTDA

Trend in Length of Stay during the first half of 2026

The chart shows the average duration of stay (nights) of tourists from major source markets between January and June. Overall, the duration of stay remained relatively stable across most markets, with moderate seasonal fluctuations.



European and other long-haul markets recorded the longest stays, with the Netherlands leading at around13–16 nights, followed by Germany and markets such as Australia, France, Italy, Poland and Russia. These longer stays are important for tourism revenue as they generate greater demand for hotels, food and beverages, transport and other visitor services.

In contrast, India and Singapore recorded shorter stays of around 5–6 nights, despite India being Sri Lanka's largest source market by arrivals. A noticeable decline in stay duration occurred across most markets in May, mainly due to the Middle East conflict, flight disruptions, higher travel costs and travel uncertainty, as a significant share of tourists' transit through Middle Eastern aviation hubs.

The recovery in June was supported by improving travel conditions, reduced uncertainty and the beginning of the Northern Hemisphere summer travel season.

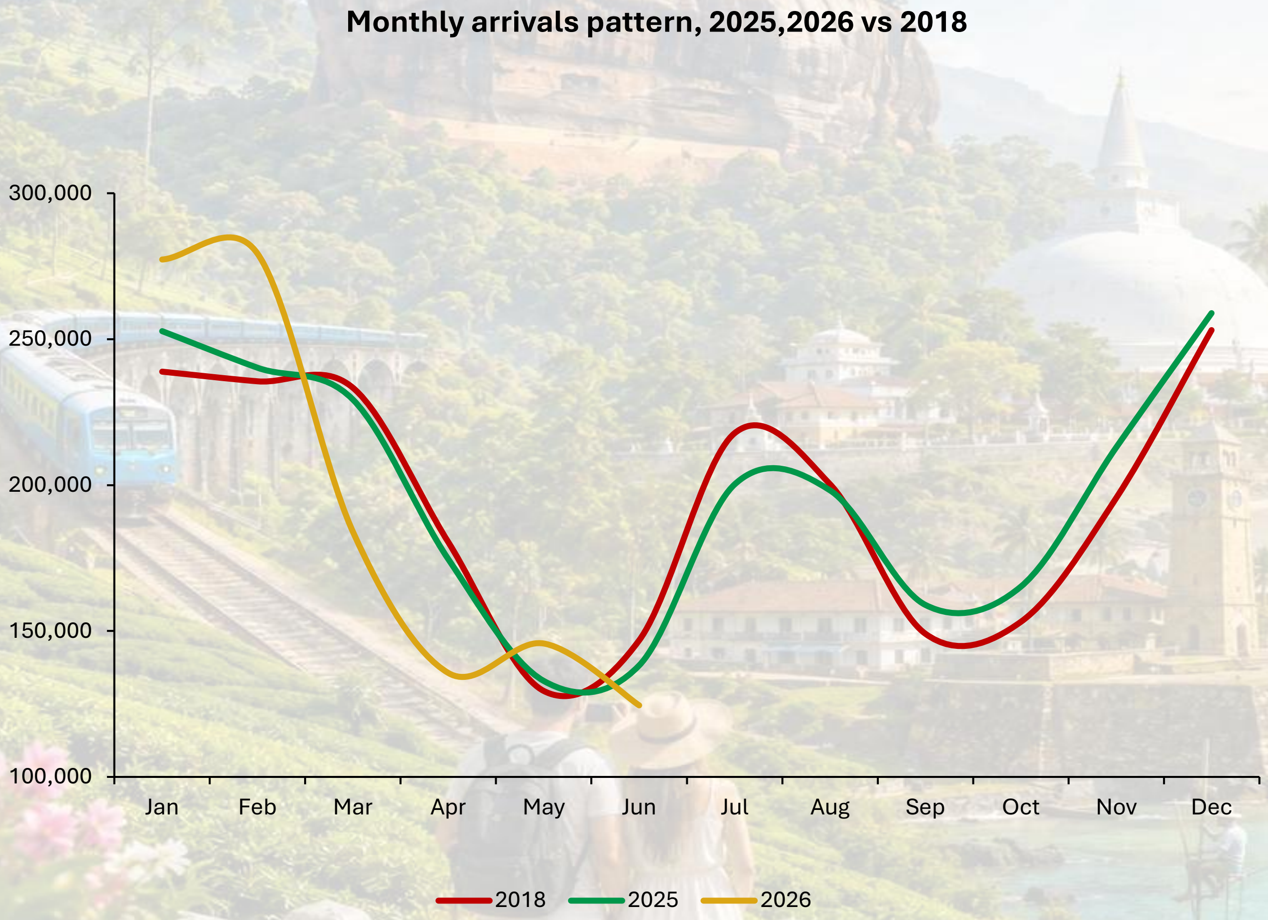
India Leads Tourist Arrivals, with Europe Emerging as a High-Value Market

Rank	Country	Jan–Jul Arrivals 2026	As a % of Total Arrivals
1	India	338,230	25.2%
2	United Kingdom	130,401	9.7%
3	China	88,507	6.6%
4	Russian Federation	79,206	5.9%
5	Germany	78,596	5.9%

Rank	Country	Jan–Jul Arrivals 2026	As a % of Total Arrivals
6	Australia	67,138	5.0%
7	France	63,099	4.7%
8	USA	38,343	2.9%
9	Netherlands	34092	2.5%
10	Canada	27,066	2%

Source : SLTDA

Arrivals remain concentrated in a narrow peak season



REDUCING SEASONALITY — LEVERS IN PLAY

- Sri Lanka’s tourism demand remains seasonal, with arrivals generally strongest from December to March and weaker during
- April–June, as shown by the 2018, 2025 and 2026 data.
- MICE and event-led tourism can generate additional demand during traditionally weaker months by attracting business travellers and conference visitors.
- Colombo, can target higher-spending internatioGaming and integrated resorts, including City of Dreams nal visitors and diversify the tourism product.
- Digital nomad, long-stay and wellness/Ayurveda tourism can support longer stays and help spread demand across the year.
- Domestic staycations and weekend travel can also provide a buffer during off-peak periods, although reliable monthly domestic tourism data are not publicly available.

Sri Lanka's growth agenda: spend per tourist, not just arrivals

Gaming & integrated resorts	Despite the US$5Bn 2025 tourism-revenue target, actual revenue reached only US$3.22Bn (64% of target), highlighting the need to increase spend per tourist; City of Dreams provides a new high-value gaming and integrated-resort platform to support this shift.
MICE (Meetings, Incentives, Conferences, Exhibitions)	MICE tourism is an emerging segment within Sri Lanka's tourism industry that supports the country's growth agenda of increasing spending per tourist rather than focusing only on visitor arrivals. In May 2026, the Sri Lanka Convention Bureau promoted Sri Lanka as a MICE destination in Chennai, strengthening business and tourism partnerships with India. With more than 221,000 Indian travelers visiting Sri Lanka during the first five months of 2026, the expansion of MICE activities could attract higher-value corporate and business travelers, increasing spending on hotels, conferences, transport, dining and other tourism-related services. This could create positive opportunities for tourism-related companies and support higher tourism revenue without relying solely on increasing tourist volumes.
Wellness & Ayurveda	Ayurveda and wellness remain key high-value tourism products, supported by Sri Lanka's established treatment resorts and the country's new Wellness Tourism Toolkit developed by SLTDA. The segment is particularly suited to longer stays and specialized experiences
Digital nomad / long-stay	Sri Lanka reactivated its Digital Nomad Visa in February 2026, targeting remote workers, entrepreneurs and global digital professionals. The initiative creates an opportunity to attract longer-stay visitors and increase foreign-exchange earnings and spending on accommodation and other local services, although its overall economic impact is still too early to quantify
Adventure, eco & cruise	Surfing (Arugam Bay), whale-watching, national-park tourism, and reef-safe diving certifications support the eco-tourism and adventure segments favored by younger travelers.

Sources: SLTDA Annual Reports, https://www.reuters.com/world/china/sri-lanka-rolls-dice-casinos-power-post-crisis-tourism-boom-2025-08-26/?utm_source=chatgpt.com, https://www.ft.lk/travel-tourism/Sri-Lanka-to-boost-MICE-tourism-afresh-via-Expo-in-September/27-779663?utm_source=chatgpt.com,https://srilanka.travel/thrills-adventure-tours?utm_source=chatgpt.com ,https://www.reddit.com/r/srilanka/comments/1r7x1q5/sri_lanka_launch_digital_nomad_visa/?utm_source=chatgpt.com , Ministry of Foreign Affairs, Foreign Employment & Tourism - Sri Lanka, Ministry of Digital Economy

Contribution to GDP and exports

- Tourism earnings increased to USD 1.14 billion in 2022 and USD 2.07 billion in 2023, as international tourism gradually recovered.

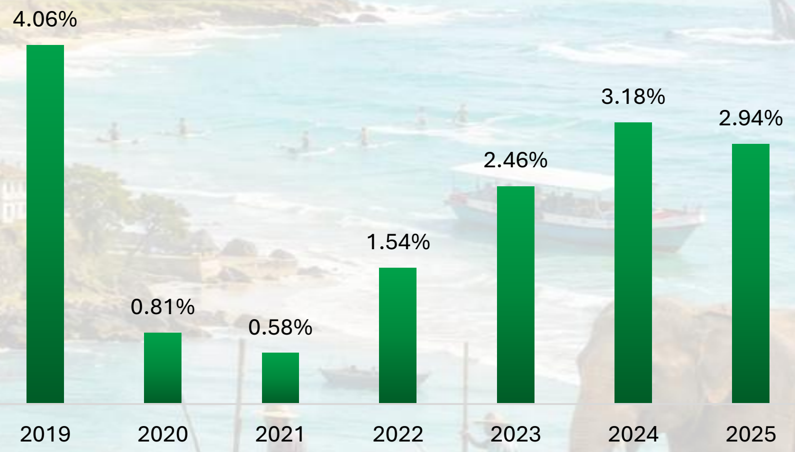
- Tourism earnings reached USD 3.17 billion in 2024, representing approximately 3.18% of GDP, while accommodation, food and beverage activities grew by 31.4%.

- Tourism earnings increased further to USD 3.20 billion in 2025, equivalent to approximately 2.94% of GDP.
- In 2026, tourism earnings reached USD 1.36 billion during January–May, although this does not represent a full-year figure.

- The recovery highlights tourism's growing importance as a source of foreign exchange, with 2025 tourism earnings representing approximately 45% of total services inflows and around 16% of Sri Lanka's total exports of goods and services.

Year	Tourism earnings (USD Bn.)	GDP (USD Bn.)	Direct Contributio to GDP
2019	3.61	89.00	4.06%
2020	0.68	84.34	0.81%
2021	0.51	88.56	0.58%
2022	1.14	74.14	1.54%
2023	2.07	84.08	2.46%
2024	3.17	99.62	3.18%
2025	3.20	108.83	2.94%
2026(Jan–May)	1.36		

Direct Contributio to GDP



Source: world Bank, SLTDA annual reports, CBSL

SWOT Analysis

STRENGTHS

Strong regional market position: Asia-Pacific accounted for 62.5% of June arrivals, providing a strong base for tourism demand.

India is a major growth engine: India generated 293,683 arrivals during Jan–June 2026, an increase of 21.4% over 2025.

Strong performance from selected markets: China increased 15.8% and Australia increased 11.9% during the first half of 2026.

Attractive leisure destination: Sri Lanka benefits from beaches, natural attractions, favorable climate and diverse holiday experiences.

Strong long-stay potential: European visitors, particularly from the Netherlands and Germany, recorded substantially longer stays, creating greater spending potential.

WEAKNESSES

Heavy dependence on leisure tourism: Pleasure/vacation accounted for 63% of arrivals, indicating limited diversification of tourism purposes.

High geographical concentration: Dependence on Asia-Pacific markets makes Sri Lanka vulnerable to regional economic, political and aviation disruptions.

Overall arrivals declined: Jan–June arrivals were 1.146 million, down 1.8% from 2025.

Shorter stays from high-volume regional markets: Indian visitors averaged only around 5 nights, limiting visitor-night generation compared with long-haul markets.

Airline concentration: Sri Lankan Airlines and IndiGo together accounted for 48.5% of tourist arrivals.

OPPORTUNITIES

Market diversification: Expand promotion in emerging markets and reduce reliance on a few major source markets. The report specifically highlights India and China as growth engines.

Increase length of stay: Promote multi-region itineraries, wellness, wildlife, adventure, culture and slow tourism to encourage longer visits.

Strengthen alternative aviation hubs: Southeast Asian hubs such as Singapore, Kuala Lumpur and Bangkok provide opportunities to reduce dependence on Middle Eastern transit routes.

Expand airline partnerships: Joint marketing, code-sharing, additional routes and low-cost carrier services could improve accessibility.

THREATS

Geopolitical instability: The Middle Eastern conflict contributed to the sharp March–April decline and disrupted travel behavior.

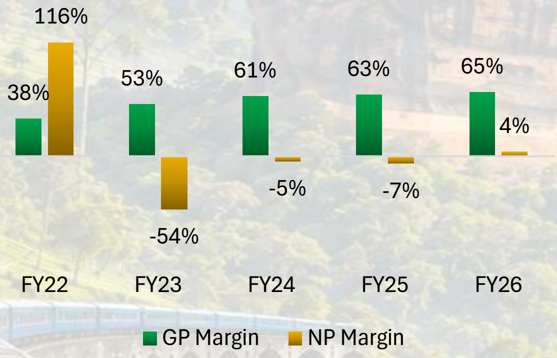
Rising travel costs and airfares: Higher oil prices, fuel pressures and constrained airline capacity can reduce international tourism demand.

Dependence on Middle Eastern transit hubs: Gulf carriers account for 22.65% of arrivals, making the sector vulnerable to airspace restrictions and regional conflicts.

Increasing competition: increasingly being bundled with destinations &, potentially reducing the number of nights spent in Sri Lanka.

Tourism Recovery Driving Hotel Sector Profitability

HAYLEYS LEISURE PLC – CONN.N



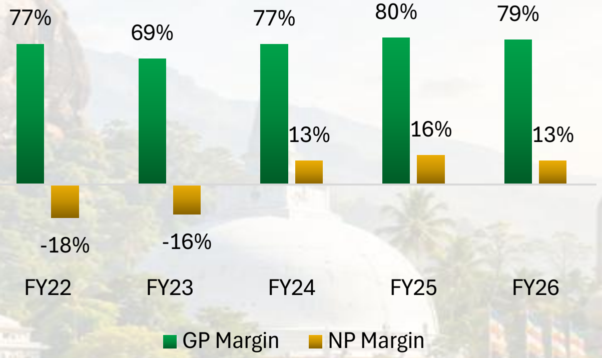
MPS*	27.20	
TTM EPS	**NAVPS**	**DPS**
-2.68	10.62	1.70
TTM PER	**PBV**	**DY**
N/M**	2.56	6.25%

**As at 13 August, 2026*

***Not Meaningful*

From FY22–FY26, the improvement in GP margin from 38% to 65% reflects the recovery in Sri Lanka's tourism sector, supported by higher occupancy, room rates and tourist arrivals. The NP margin's recovery from -54% to 4% indicates that stronger tourism demand is gradually translating into bottom-line profitability, despite lingering cost pressures.

THE LIGHTHOUSE HOTEL PLC – LHL.N

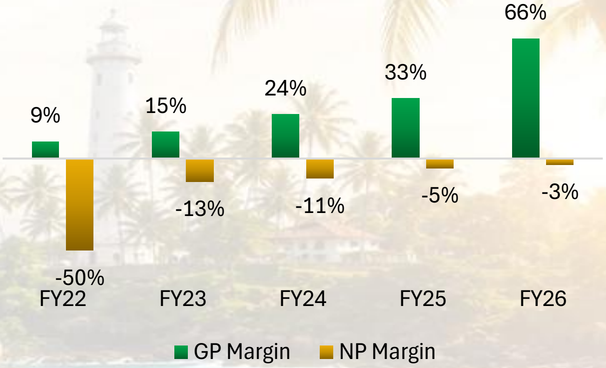


MPS	68.90	
TTM EPS	**NAVPS**	**DPS**
3.81	68.42	3.00
TTM PER	**PBV**	**DY**
18.08	1.01	4.35%

**As at 13 August, 2026*

From FY22–FY26, The Lighthouse Hotel's GP margin remained resilient, fluctuating between 69% and 80%, reflecting strong pricing and cost efficiency as tourism recovered. Meanwhile, NP margin improved from -18% in FY22 to 13% in FY26, highlighting the sector's recovery as higher tourist arrivals, occupancy and revenue gradually translated into sustainable profitability.

PEGASUS HOTELS OF CEYLON PLC – PEG.N



MPS	41.50	
TTM EPS	**NAVPS**	**DPS**
-0.79	63.32	-
TTM PER	**PBV**	**DY**
N/M**	0.66	-

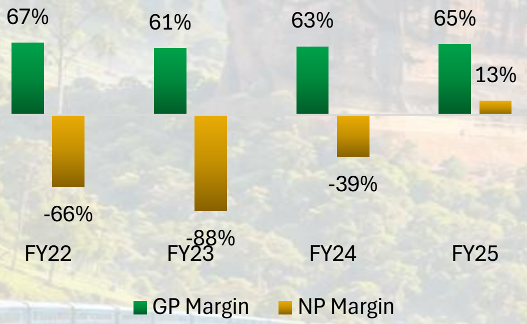
**As at 13 August, 2026*

***Not Meaningful*

From FY22–FY26, Pegasus Hotels' GP margin improved sharply from 9% to 66%, indicating a strong recovery in tourism-related operating performance and pricing power. However, NP margin remained negative, improving from -50% to -3%, suggesting that while tourism demand and gross profitability have recovered, elevated operating and other costs continue to weigh on bottom-line profitability.

Tourism Recovery Driving Hotel Sector Profitability

CITRUS LEISURE PLC – REEF.N



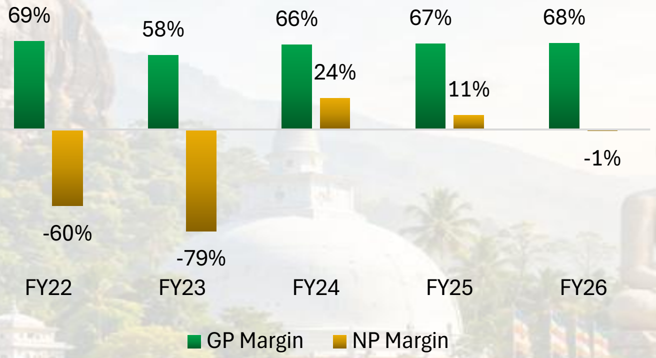
MPS	3.80	
TTM EPS	**NAVPS**	**DPS**
-0.17	4.28	-
TTM PER	**PBV**	**DY**
N/M**	0.89	-

**As at 13 August, 2026*

***Not Meaningful*

From FY22–FY25, Citrus Leisure's GP margin remained relatively stable at 61–67%, reflecting improving tourism activity and stronger operating performance. The NP margin, however, showed a major turnaround from -66% in FY22 to 13% in FY25, indicating that the recovery in tourist arrivals and hotel demand has increasingly translated into bottom-line profitability.

BERUWALA RESORTS PLC – BERU.N



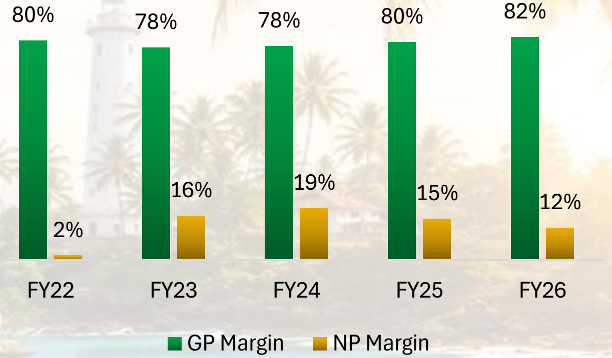
MPS	3.00	
TTM EPS	**NAVPS**	**DPS**
-0.01	0.64	0.10
TTM PER	**PBV**	**DY**
N/M**	4.69	3.33%

**As at 13 August, 2026*

***Not Meaningful*

From FY22–FY26, Beruwala Resorts' GP margin improved from 69% to 68% after dipping to 58% in FY23, indicating recovery in tourism activity and operating efficiency. However, NP margin remained volatile, improving from -60% in FY22 to 24% in FY24, before declining to -1% in FY26, reflecting persistent cost and profitability pressures despite stronger tourism demand.

BANSEI ROYAL RESORTS HIKKADUWA PLC – BRR.N



MPS	23.00	
TTM EPS	**NAVPS**	**DPS**
0.21	5.46	0.20
TTM PER	**PBV**	**DY**
N/M**	4.21	0.87%

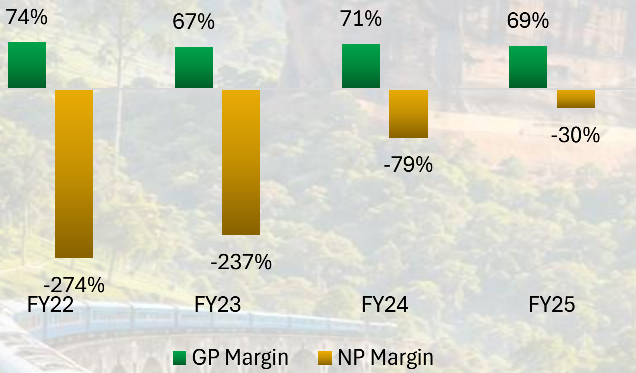
**As at 13 August, 2026*

***Not Meaningful*

From FY22–FY26, Bansei Royal Resorts' GP margin remained strong, improving from 80% to 82%, reflecting the recovery in tourism demand and sustained gross-level efficiency. NP margin improved sharply from 2% in FY22 to 16% in FY23, before moderating to 12% in FY26, indicating continued tourism recovery but some normalization in profitability.

Tourism Recovery Driving Hotel Sector Profitability

EDEN HOTEL LANKA PLC – EDEN.N



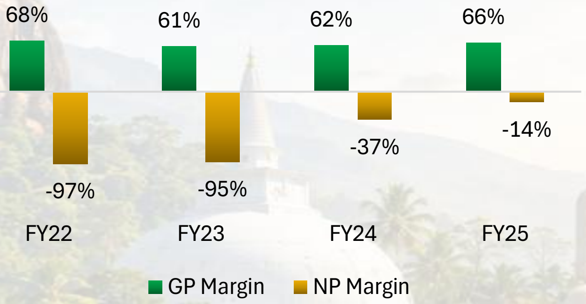
MPS	10.20	
TTM EPS	**NAVPS**	**DPS**
-1.20	11.21	-
TTM PER	**PBV**	**DY**
N/M**	0.91	-

**As at 13 August, 2026*

***Not Meaningful*

From FY22–FY25, Eden Hotel's GP margin improved from 74% to 69%, remaining relatively strong despite some moderation, reflecting the recovery in tourism activity. However, NP margin remained deeply negative, improving from -274% to -30%, indicating that stronger tourist demand and revenue growth have yet to fully overcome the company's substantial financial and operating burdens.

WASKADUWA BEACH RESORT PLC – CITW.N



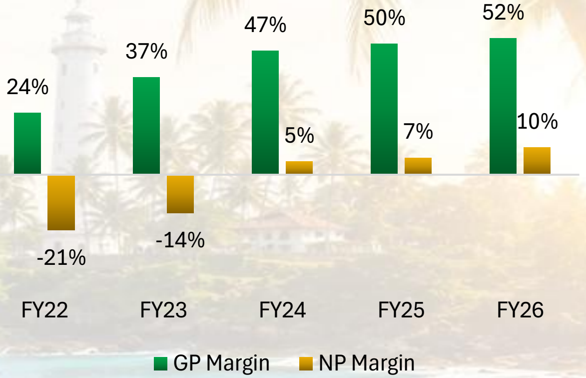
MPS	1.70	
TTM EPS	**NAVPS**	**DPS**
-0.19	2.33	-
TTM PER	**PBV**	**DY**
N/M**	0.73	-

**As at 13 August, 2026*

***Not Meaningful*

From FY22–FY25, Waskaduwa Beach Resort's GP margin remained relatively stable at 61–68%, reflecting the recovery in tourism demand and improving hotel operations. However, the NP margin improved from -97% to -14%, indicating that stronger tourist activity is supporting recovery, although the company continues to face significant cost and financial pressures that keep it loss-making.

THE KINGSBURY PLC – SERV.N



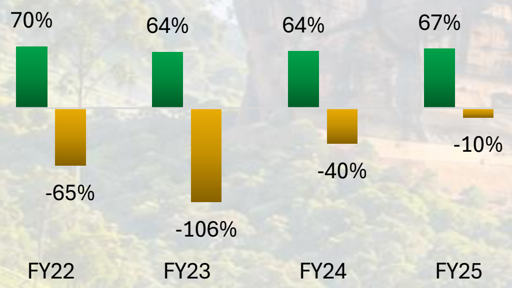
MPS	14.10	
TTM EPS	**NAVPS**	**DPS**
0.74	5.64	-
TTM PER	**PBV**	**DY**
19.05	2.50	-

**As at 13 August, 2026*

From FY22–FY26, The Kingsbury's GP margin more than doubled from 24% to 52%, reflecting stronger tourism activity, improved occupancy and pricing. The NP margin recovered from -21% to 10%, highlighting a significant turnaround in profitability as the tourism sector strengthened, with rising visitor arrivals and hotel demand supporting sustained revenue and earnings growth.

Tourism Recovery Driving Hotel Sector Profitability

HIKKADUWA BEACH RESORT PLC – CITH.N

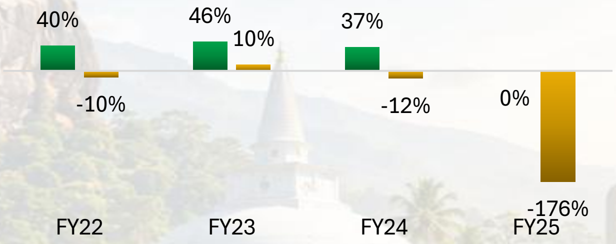


MPS	5.00	
TTM EPS	**NAVPS**	**DPS**
0.31	10.05	-
TTM PER	**PBV**	**DY**
16.13	0.50	-

**As at 13 August, 2026*

From FY22–FY25, Hikkaduwa Beach Resort's GP margin recovered from 64% to 67%, reflecting the strengthening tourism sector and improved hotel operations. Meanwhile, NP margin improved significantly from -106% to -10%, showing that stronger tourist arrivals and demand are supporting a gradual recovery, although the company remains under pressure at the bottom line.

GALADARI HOTELS (LANKA) PLC – GHLL.N



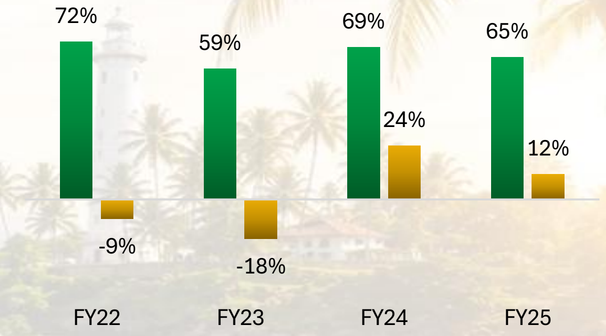
MPS	16.40	
TTM EPS	**NAVPS**	**DPS**
-1.75	11.69	-
TTM PER	**PBV**	**DY**
N/M**	1.40	-

**As at 13 August, 2026*

***Not Meaningful*

From FY22–FY25, Galadari Hotels' GP margin improved from 40% to 46% in FY23 before declining sharply to 0% by FY25, indicating a weakening recovery in hotel operations. Similarly, NP margin moved from -10% to 10% in FY23 before deteriorating to -176% in FY25, suggesting that sector recovery has not translated into sustained profitability for the company.

DOLPHIN HOTELS PLC – STAF.N



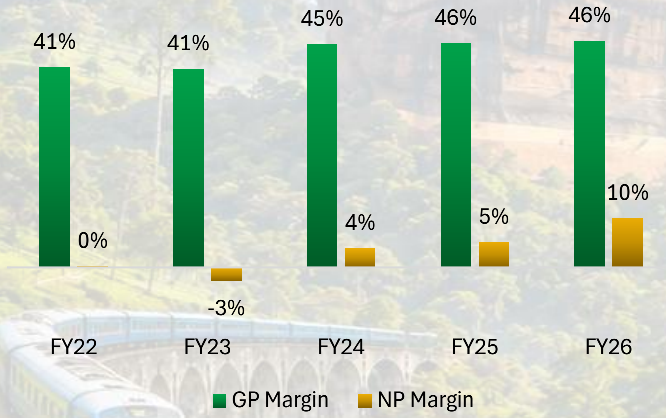
MPS	42.10	
TTM EPS	**NAVPS**	**DPS**
3.50	73.69	-
TTM PER	**PBV**	**DY**
12.03	0.57	-

**As at 13 August, 2026*

From FY22–FY25, Dolphin Hotels' GP margin declined from 72% to 59% in FY23 before recovering to 65%, reflecting the sector's gradual tourism recovery and subsequent normalization. NP margin improved sharply from -9% in FY22 to 24% in FY24, before easing to 12% in FY25, indicating that stronger tourist demand has supported a meaningful profitability recovery.

Tourism Recovery Driving Hotel Sector Profitability

TRANS ASIA HOTELS PLC – TRAN.N

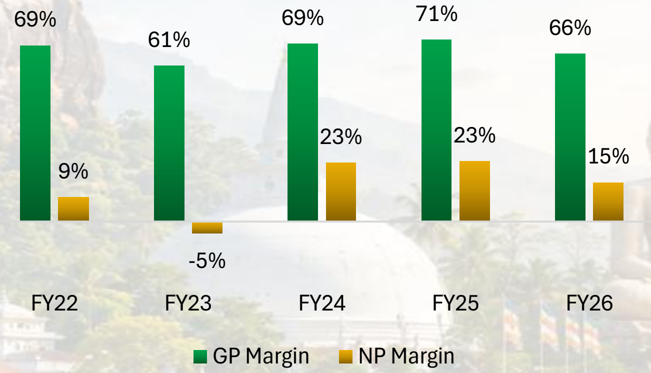


MPS	47.50	
TTM EPS	**NAVPS**	**DPS**
2.04	36.42	1.00
TTM PER	**PBV**	**DY**
23.28	1.30	2.11%

**As at 13 August, 2026*

Trans Asia Hotels delivered a strong improvement in profitability, with the GP margin remaining stable at 46% while the EBIT margin improved to 10%, marking continued recovery from the post-pandemic period. The expansion at the operating level indicates better cost absorption and efficiency, while the recovery in margins supports a more sustainable earnings trajectory.

THE FORTRESS RESORTS PLC – RHTL.N

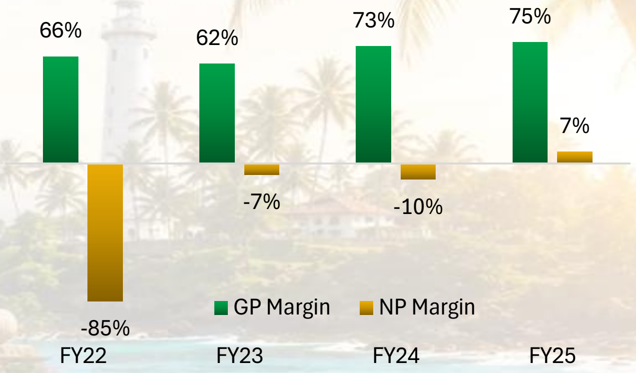


MPS	23.40	
TTM EPS	**NAVPS**	**DPS**
2.04	19.84	-
TTM PER	**PBV**	**DY**
11.47	1.18	-

**As at 13 August, 2026*

The Fortress Resorts maintained a healthy GP margin of 66% in FY26, although slightly lower than FY25. The EBIT margin declined to 16% from 23%, indicating some pressure at the operating level despite resilient gross profitability. Nevertheless, operating margins remain comfortably positive and well above the pandemic period, reflecting a sustained recovery in underlying operations.

THE KANDY HOTELS COMPANY (1938) PLC – KHC.N



TTM EPS	NAVPS	DPS
0.28	13.62	-
TTM PER	**PBV**	**DY**
N/M**	1.06	-

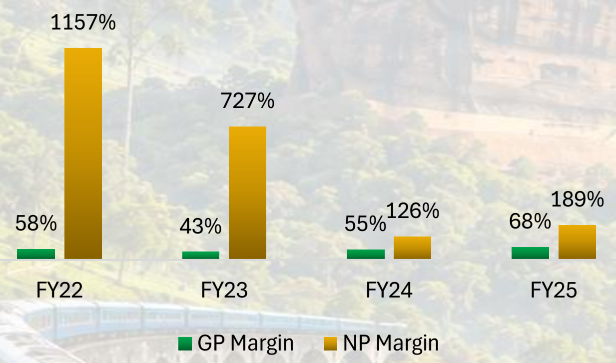
**As at 13 August, 2026*

***Not Meaningful*

The Kandy Hotels Company showed a strong improvement in gross profitability, with the GP margin reaching 75% in FY25, above pre-COVID levels. The EBIT margin improved to 8%, marking a return to positive operating profitability after several years of losses. However, operating profitability remains well below the historical peak, indicating further scope for efficiency gains.

Tourism Recovery Driving Hotel Sector Profitability

RENUKA HOTELS PLC – RCH.N

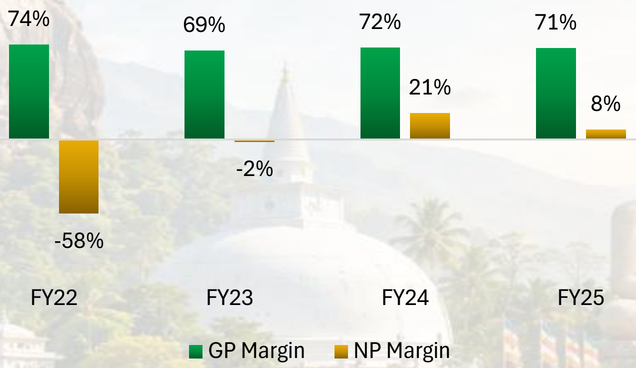


MPS	218.50	
TTM EPS	**NAVPS**	**DPS**
30.52	458.99	1.00
TTM PER	**PBV**	**DY**
7.16	0.48	0.46%

**As at 13 August, 2026*

Renuka Hotels showed strong gross and operating profitability historically, with the GP margin recovering to 68% by FY19 and the EBIT margin reaching 83%. However, the absence of financial data after FY20 limits assessment of its recent performance. The historical margins indicate strong operating leverage, although profitability was highly influenced by non-operating factors.

HOTEL SIGIRIYA PLC – HSIG.N

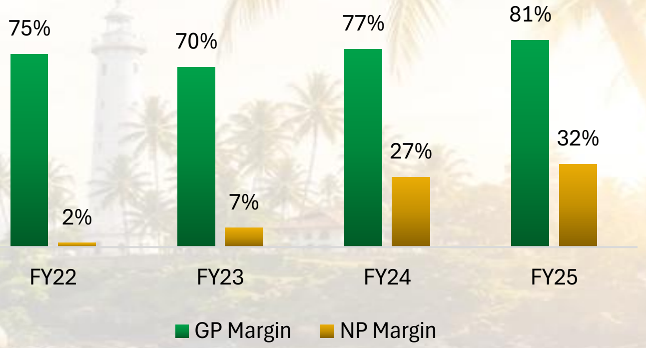


MPS	70.40	
TTM EPS	**NAVPS**	**DPS**
5.80	70.95	-
TTM PER	**PBV**	**DY**
12.14	0.99	-

**As at 13 August, 2026*

Hotel Sigiriya maintained a healthy GP margin of 71% in FY25, although slightly below the previous year. However, the EBIT margin declined to 5% from 13%, indicating increased pressure at the operating level despite strong gross profitability. The deterioration highlights rising operating costs and the need to improve cost efficiency to sustain the recovery.

THE NUWARA ELIYA HOTELS COMPANY PLC – NEH.N



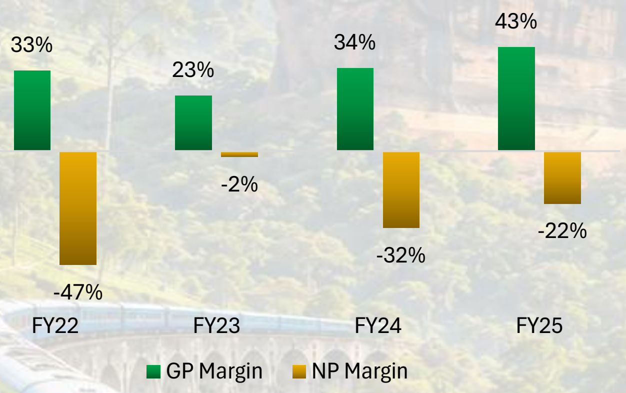
MPS	4,032.50	
TTM EPS	**NAVPS**	**DPS**
389.06	3,393.00	-
TTM PER	**PBV**	**DY**
10.36	1.19	-

**As at 13 August, 2026*

The Nuwara Eliya Hotels Company demonstrated strong profitability improvement in FY25, with the GP margin reaching 81%, its highest level in the period, reflecting strong gross-level efficiency. The EBIT margin also strengthened to 41%, surpassing pre-COVID levels and indicating significant improvement in operating efficiency. Overall, the company shows a strong recovery in both gross and operating profitability.

Tourism Recovery Driving Hotel Sector Profitability

MAHAWELI REACH HOTELS PLC – MRH.N



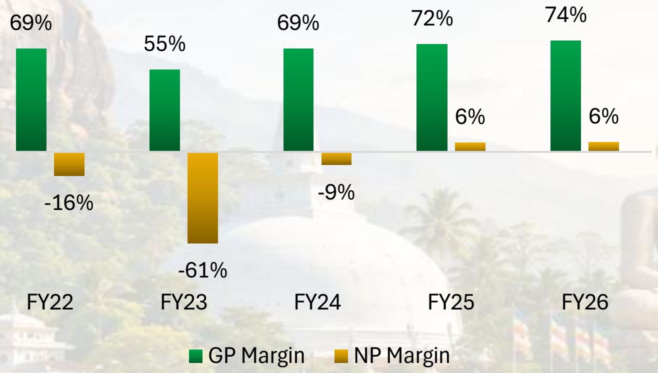
MPS	15.90	
TTM EPS	**NAVPS**	**DPS**
-9.35	26.00	-
TTM PER	**PBV**	**DY**
N/M**	0.61	-

**As at 13 August, 2026*

***Not Meaningful*

Mahaweli Reach Hotels showed a notable improvement in gross profitability, with the GP margin strengthening to 43% from 34%, supported by the recovery in revenue. However, EBIT margin remained negative at -21%, indicating continued pressure from operating costs. The widening gap between gross and operating margins highlights the need for further cost efficiencies.

SIGIRIYA VILLAGE HOTELS PLC – SIGV.N



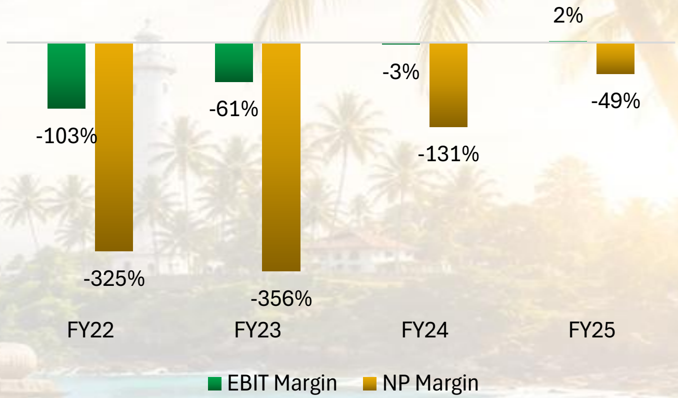
MPS	13.70	
TTM EPS	**NAVPS**	**DPS**
0.06	7.59	3.00
TTM PER	**PBV**	**DY**
N/M**	1.81	21.90%

**As at 13 August, 2026*

***Not Meaningful*

From FY22–FY26, Sigiriya Village Hotels' GP margin recovered from 69% to 74%, after dipping to 55% in FY23, reflecting the rebound in tourism activity and stronger hotel operations. NP margin improved from -16% in FY22 to 6% in FY25–FY26, indicating that rising tourist arrivals and demand have supported a return to profitability, though margins remain below pre-pandemic levels.

PALM GARDEN HOTELS PLC – PALM.N



MPS	52.80	
TTM EPS	**NAVPS**	**DPS**
-5.65	31.06	-
TTM PER	**PBV**	**DY**
N/M**	1.70	-

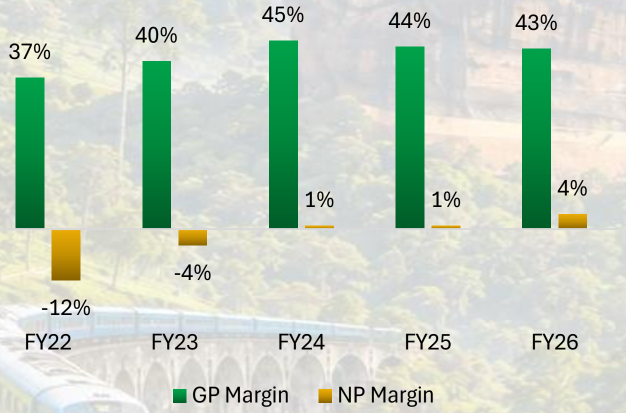
**As at 13 August, 2026*

***Not Meaningful*

From FY22–FY25, Palm Garden Hotels' GP margin data is unavailable, limiting direct assessment of gross-level tourism recovery. However, NP margin improved from -325% in FY22 to -49% in FY25, indicating a gradual reduction in losses as tourism activity recovered. Despite this improvement, substantial losses show that profitability remains under significant financial pressure.

Tourism Recovery Driving Hotel Sector Profitability

ASIAN HOTELS AND PROPERTIES PLC – AHPL.N



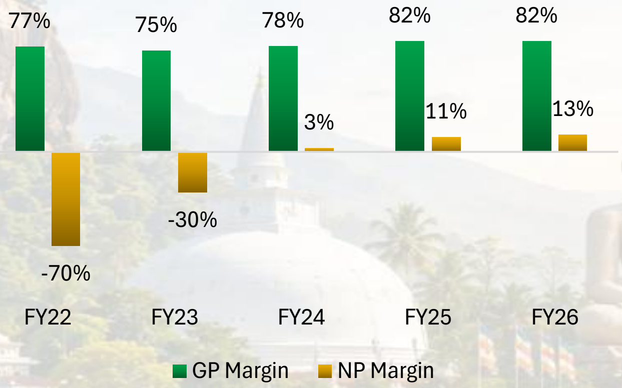
MPS	47.00	
TTM EPS	**NAVPS**	**DPS**
-0.001	69.60	0.50
TTM PER	**PBV**	**DY**
N/M**	0.68	1.06%

**As at 13 August, 2026*

***Not Meaningful*

From FY22–FY26, Asian Hotels & Properties' GP margin recovered from 37% to 43%, reflecting improving tourism activity and hotel utilization. NP margin improved from -12% to 4%, turning positive from FY24 onwards, indicating that the rebound in tourist arrivals and demand is gradually supporting profitability, although margins remain below pre-pandemic levels.

JETWING SYMPHONY PLC – JETS.N

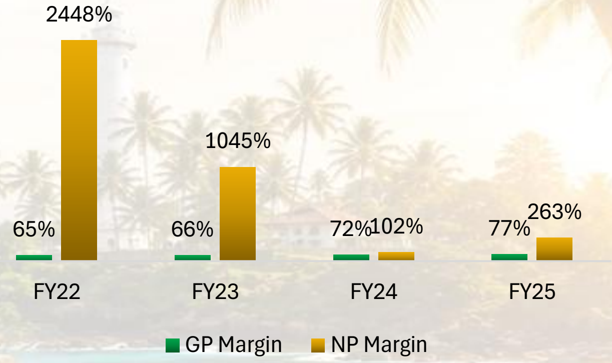


MPS	14.20	
TTM EPS	**NAVPS**	**DPS**
0.87	7.41	0.50
TTM PER	**PBV**	**DY**
16.32	1.92	3.52%

**As at 13 August, 2026*

Jetwing Symphony's historical margins show a clear alignment with tourism-sector cycles, with GP margin remaining strong at around 81–82% during FY18–FY20, while NP margin improved from -30% in FY17 to 13% by FY20. This reflects the sector's pre-pandemic strengthening, with higher tourist demand supporting stronger operating performance and a return to profitability.

RENUKA CITY HOTELS PLC – RENU.N



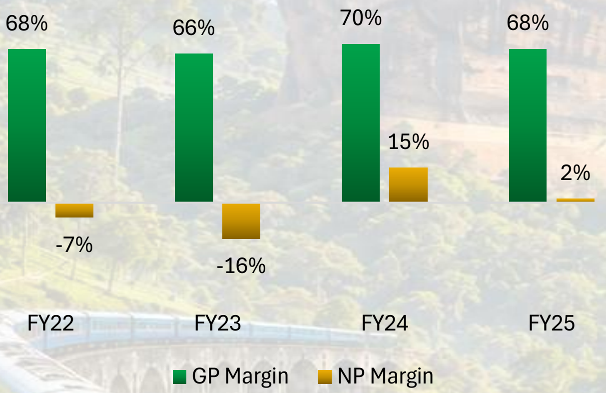
TTM EPS	NAVPS	DPS
193.98	1783.62	4.00
TTM PER	**PBV**	**DY**
4.11	0.45	0.50%

**As at 13 August, 2026*

From FY22–FY25, Renuka City Hotels' GP margin strengthened from 65% to 77%, reflecting improved tourism activity and operating efficiency. The NP margin remained exceptionally high but volatile, declining from 2,448% in FY22 to 102% in FY24 before recovering to 263% in FY25, indicating that profitability is influenced by factors beyond core tourism operations.

Tourism Recovery Driving Hotel Sector Profitability

ROYAL PALMS BEACH HOTELS PLC – RPBH.N

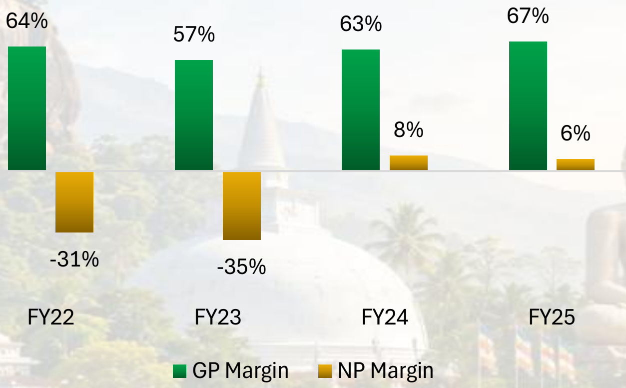


MPS	48.20	
TTM EPS	**NAVPS**	**DPS**
3.22	58.82	-
TTM PER	**PBV**	**DY**
14.97	0.82	-

**As at 13 August, 2026*

From FY22–FY25, Royal Palms Beach Hotels' GP margin remained resilient, improving from 68% to 70% in FY24 before easing to 68%, reflecting sustained tourism demand and operating efficiency. NP margin recovered from -7% in FY22 to 15% in FY24, but fell to 2% in FY25, indicating that the tourism recovery has supported profitability, although earnings remain volatile..

TANGERINE BEACH HOTELS PLC – TANG.N

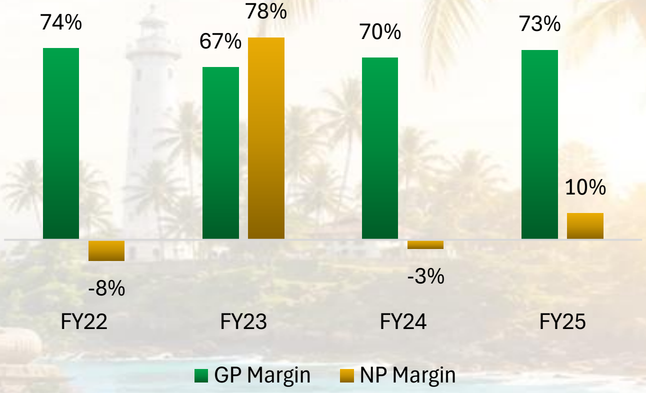


MPS	109.00	
TTM EPS	**NAVPS**	**DPS**
9.24	177.35	-
TTM PER	**PBV**	**DY**
11.80	0.61	-

**As at 13 August, 2026*

From FY22–FY25, Tangerine Beach Hotels' GP margin improved from 64% to 67%, after dipping to 57% in FY23, reflecting the recovery in tourism activity and stronger operating efficiency. NP margin improved from -31% to 6%, turning positive in FY24, indicating that rising tourist arrivals and hotel demand are gradually translating into sustainable profitability.

CEYLON HOTELS CORPORATION PLC – CHOT.N



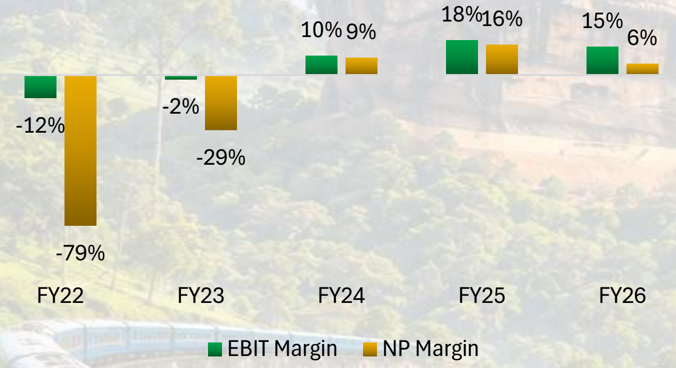
MPS	31.50	
TTM EPS	**NAVPS**	**DPS**
1.06	45.06	-
TTM PER	**PBV**	**DY**
29.72	0.70	-

**As at 13 August, 2026*

From FY22–FY25, Ceylon Hotels Corporation's GP margin remained resilient, improving from 74% to 73% despite a temporary dip to 67% in FY23, reflecting the recovery in tourism activity. NP margin improved from -8% to 10%, following the exceptional FY23 result, indicating that stronger tourist arrivals and hotel demand are supporting a gradual return to sustainable profitability.

Tourism Recovery Driving Hotel Sector Profitability

MARAWILA RESORTS PLC – MARA.N



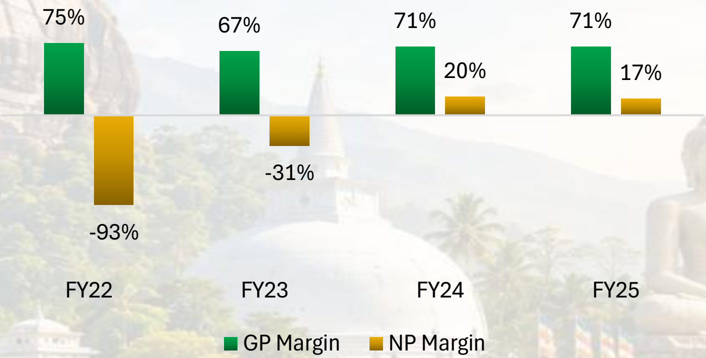
MPS	5.50	
TTM EPS	**NAVPS**	**DPS**
0.06	3.07	0.10
TTM PER	**PBV**	**DY**
N/M**	1.79	1.82%

**As at 13 August, 2026*

***Not Meaningful*

MARA's EBIT margin improved significantly from -2% in FY23 to 10% in FY24 and 18% in FY25, before moderating to 15% in FY26. Net profit margin also recovered from -29% in FY23 to 16% in FY25, though it eased to 6% in FY26, indicating sustained operational profitability but weaker bottom-line conversion.

SERENDIB HOTELS PLC – SHOT.N

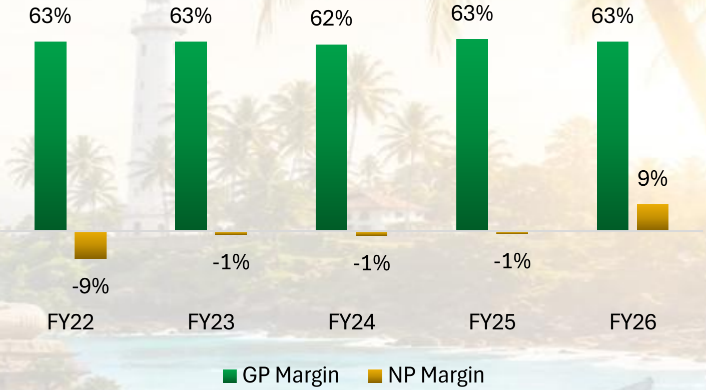


MPS	17.00	
TTM EPS	**NAVPS**	**DPS**
1.03	14.83	-
TTM PER	**PBV**	**DY**
16.50	1.15	-

**As at 13 August, 2026*

SHOT's GP margin remained strong and relatively stable, generally above 70%, despite the pandemic disruption. EBIT margin recovered sharply from -9% in FY23 to 21% in FY24 before moderating to 18% in FY25. Net profit margin similarly improved from -31% to 20%, then eased to 17%, indicating sustained profitability.

JOHN KEELLS HOTELS PLC – KHL.N



MPS	17.00	
TTM EPS	**NAVPS**	**DPS**
0.67	23.23	0.35
TTM PER	**PBV**	**DY**
25.37	0.73	2.06%

**As at 13 August, 2026*

KHL's GP margin remained resilient at around 62–71%, despite falling to 42% during FY21. EBIT margin recovered from -131% in FY21 to 10% by FY25–FY26, reflecting sustained operational improvement. Net profit margin also strengthened markedly, reaching 9% in FY26 after several years of losses, signalling a clear recovery in overall profitability.

Disclaimer

This is solely for SenFin Securities Limited (SSL) clients' information and is not construed as investment advice. It is also not intended as an offer or solicitation to purchase and sell any financial instruments. This document/report is prepared based on publicly available information, internally developed data, and other sources believed to be reliable. The information and opinions contained in this document/report are based upon information obtained from sources believed to be reliable and made in good faith. Such information has not been independently verified and no guarantee, representation, or warranty, express or implied is made as to their accuracy, completeness, or correctness. All such information and opinions are subject to change without notice. This document/report is for information purposes only, and the description of any company or its securities mentioned herein is not intended to be complete. This document/report is not, and should not be construed as, an offer, or solicitation of an offer, to buy or sell any securities or other financial instruments, and SenFin Securities Limited or its employees or associates cannot be held responsible for any losses or gains. The recipient of this report must make their own independent decision regarding any securities, investments, or financial instruments mentioned herein. SenFin Securities Limited (SSL) its directors, officers, consultants, employees, and associates, will not be responsible, for any claims of damages, compensation, suits, damages, loss, costs, charges, expenses, outgoing or payments including attorney's fees which recipients of the reports suffers or incurs directly or indirectly arising out of actions taken as a result of this report. The contents herein should not be construed as investment, legal, or tax advice. Investors should seek independent professional advice to ascertain (a) the possible tax consequences, (b) the legal requirements, and (c) any foreign exchange restrictions or exchange control requirements that may be encountered under the laws of the countries of citizenship, residence, or domicile. Past performance does not guarantee future returns; there can be no assurance that investments will achieve any targeted price levels or rate of return. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied, or distributed to any other party, without the prior express written permission of SSL.

Investment involves risk and securities, financial instruments and investment strategies mentioned may not be suitable for all investors. Please ensure that you fully understand the risks involved. As a general rule, you should only trade in financial products that you are familiar with and understand their risk. You should carefully consider your investment experience, financial situation, investment objective, and risk tolerance level and consult your independent financial adviser as to the suitability of your situation before making any investments.

Contact

RESEARCH TEAM

Bhashini Hewawitharana
+94 112 359 162 / +94 72 186 4893
bashini.hewawitharana@senfinsecurities.com

Mayakrishnan Jagatheeswar
+94 112 359 104 / +94 72 949 9419
**jagatheeswar@senfinsecurities.co
m**

Dulani Jayarathna
+94 112 359 103 / +94 72 949 9422
dulani@senfinsecurities.com

Himaya Wanigasuriya
+94 112 359 142 / +94 72 949 9421
himaya@senfinsecurities.com

Vindya Gunathilake
+94 74 064 6457
vindya@senfinsecurities.com

Thathsarani Bandara
+94 76 612 7910
thathsarani@senfinsecurities.com

Dinuvi Samintha
+94 74 193 5582
Dinuvi@senfinsecurities.com

Suraj Perera
+94 76 355 7422
Suraj@senfinsecurities.com

SALES TEAM

Maniesh Rodrigo
Senior Vice President – Equities
+94 112 359 173/ +94 729 499 325
maniesh@senfinsecurities.com

Eranga Z. Siriwardhana
Vice President - Equities
+94 729 499 480
eranga.siriwardhana@senfinsecurities.com

Sudam Hasantha
Associate Vice President - Equities
+94 112 359 171/ +94 729 499 222
sudam@senfinsecurities.com

Janak Kulananda
Associate Vice President – Equities
+94 714909656
Janak@senfinsecurities.com

Bandula Lansakara
Senior Manager - Equities
+94 704 724 932
bandula.lansakara@senfinsecurities.com

Himash Fernando
Investment Advisor
+94 76 542 5203
himash@senfinsecurities.com

Kavishka Aththanayaka
Investment Advisor
+94 72 153 1022
kavishka@senfinsecurities.com

Bishen Mendis
Vice President- Equities
+94 112 359 121/ +94 729 499 477
bishen.mendis@senfinsecurities.com

Madawalage Damayanthi
Assistant Vice President – Equities
+94 112 269 519/ +94 729 499 114
damayanthi.madawalage@senfinsecurities.com

Tharindu Priyankara
Associate Vice President – Equities
+94 112 359 123/ +94 729 499 366
tharindu.priyankara@senfinsecurities.com

Ajith Kumarasinghe
Associate Vice President-Equities
+94 773252333
Ajith@senfinsecurities.com

Mohammedu Illiyas Zahir sha
Senior Investment Advisor - Equities
+94729374678/+94729499433
email-zahir.shah@senfinsecurities.com

Oshada Waduge
Investment Advisor
+94 76 251 2766
Oshada@senfinsecurities.com

SOCIAL MEDIA

https://tinyurl.com/cvwvnf4x

https://tinyurl.com/4r9nej6s

https://tinyurl.com/4rrfuh6n

https://tinyurl.com/yc2mu9cf

https://tinyurl.com/38smbn5f

https://rb.gy/sn4rmt