Cinnamon
HOTELS & RESORTS

JOHN KEELLS HOTELS PLC (KHL.N)

Target Price – 27.20

Recommendation – BUY

Sector – Consumer Services

ACS CAPITAL
(PVT) LTD.

Member of the Colombo Stock Exchange

Company Overview

GICS Industry Group	**Consumer Services**
Market cap (LKR Bn)	**25.2**
Market cap (USD Mn)	**73.6**
Outstanding shares (Bn)	**1.46**
Public Holding (%)	**19.68%**
52-week High/Low (LKR)	**40.06/14.72**
TTM PER (x)	**13.0**
PBV (x)	**0.7**
Beta against ASPI	**0.56**
CSE ticker	**KHL.N0000**

John Keells Hotels PLC, the leisure sector subsidiary of John Keells Holdings PLC, owns and operates four hotels and five resorts in Sri Lanka, together with four resorts in the Maldives under the Cinnamon Hotels & Resorts brand. Ranked as the **second-largest hotel operator in Sri Lanka by market capitalization of LKR 25.2 Bn**, reflecting its strong market position, extensive asset portfolio, and operational scale within the tourism sector.

Source : CSE,CBSL,SLTDA,News

Financial Performance

	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Revenue (LKR Mn)	3,660	13,354	28,835	30,739	29,318	32,288	33,267	36,926	41,457	46,573
Growth rate	38%	265%	116%	7%	-5%	10%	3%	11%	12%	12%
EBIT (LKR Mn)	-4,776	-190	1,742	2,648	2,826	5,140	4,189	5,286	6,836	8,693
Growth rate	525%	-96%	815%	52%	7%	82%	-19%	26%	29%	27%
PAT (LKR Mn)	-5,119	-1,216	-332	-439	-222	1,949	1,539	2,514	3,603	4,924
Growth rate	326%	-76%	-73%	-232%	-49%	778%	-21%	63%	43%	37%
Equity holder's profit	-5,096	-1,202	-320	-436	-229	1,933	1,526	2,493	3,573	4,882
GP margin	-130%	-1%	6%	9%	10%	16%	13%	14%	16%	19%
EPS (LKR)	-3.50	-0.83	-0.22	-0.30	-0.16	1.33	1.05	1.71	2.45	3.35
NAV (LKR)	20.63	21.41	22.32	21.41	21.61	23.95	25.01	26.74	29.21	32.60
PBV (x)	0.5	0.3	0.8	0.9	0.9	0.7	0.6	0.2	0.3	1.1
PE (x)	na	na	na	na	na	12.2	14.3	3.4	3.7	10.7

Source : CSE,CBSL,SLTDA,News

We maintain a **BUY** recommendation on KHL with a target price of **LKR 27.20**, implying an upside potential of **57%** from the current market price of LKR 17.30.

Our positive view is underpinned by,

- **Strong Topline Momentum and Improving Operational Efficiency Position KHL for Sustained Long-Term Growth**
- **Diversified portfolio to capitalize on long-term tourism growth**

Current Market Price	**17.30**
Target Price	**27.20**
Upside	**57%**
Estimated Dividend	**0.40**
Total return	**27.60**
Total return (%)	**60%**

Source : CSE,CBSL,SLTDA,News

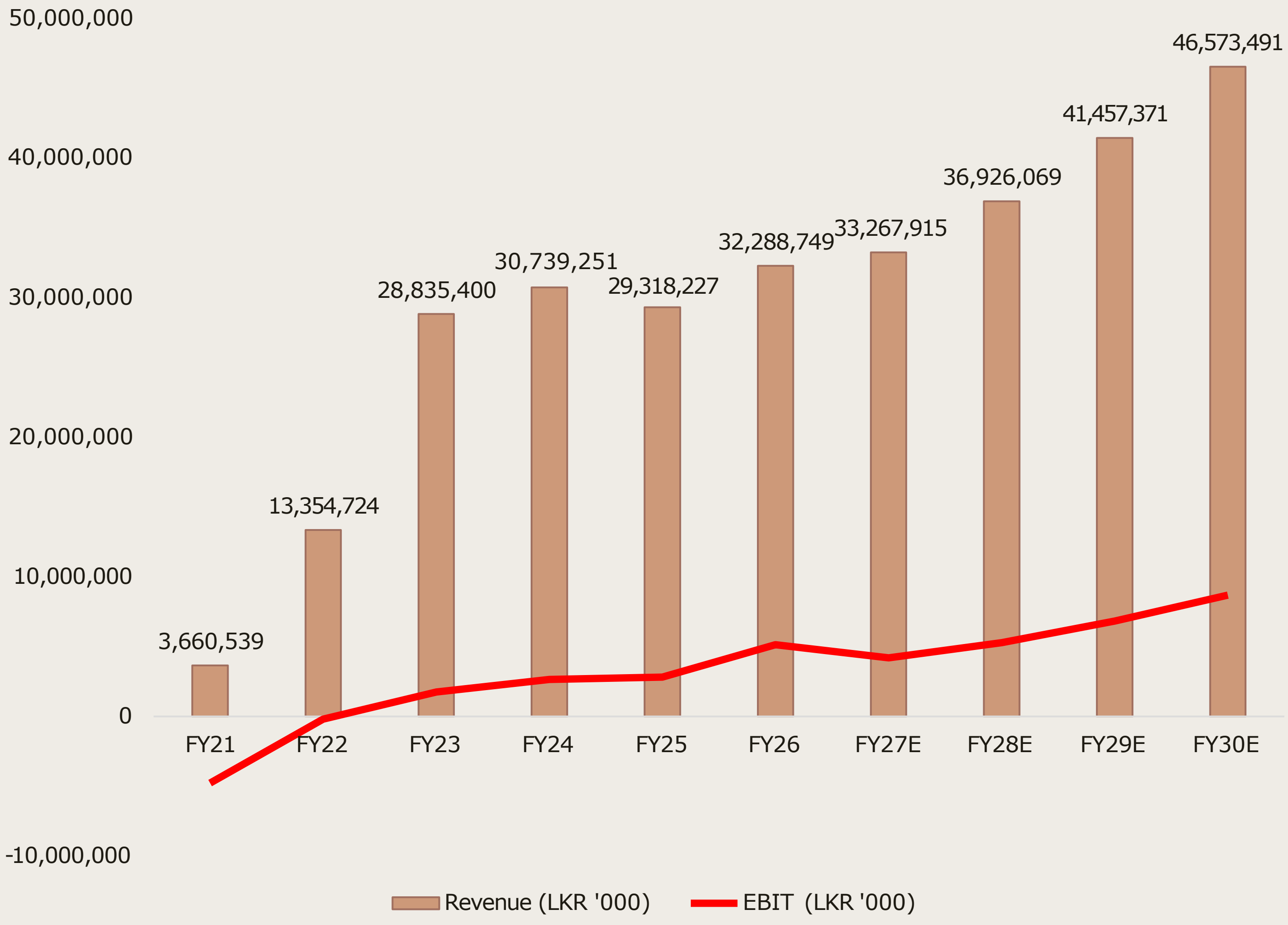
Positioned for Sustainable Growth Through Strong Revenue Momentum, Strategic Transformations and Operational Excellence.

KHL recorded a strong topline growth by increasing 10% YoY to LKR 32.2 Bn in FY26 reflecting robust performance of Both Sri Lanka and Maldives sector supported by the increased tourist arrivals and occupancy rates .we expect revenue growth to continue in FY27 to around LKR 33.2 Bn, although at a more moderate pace due to short-term headwinds arising from prevailing global uncertainties. However, we anticipate, by 2030 topline to be around LKR 46.5 Bn supported by sustained tourism growth in Sri Lanka and Maldives with the execution of key strategic initiatives such as launch of Cinnamon DISCOVERY loyalty platform in 2025 in partnership with the Global Hotel Alliance (GHA), is expected to enhance customer engagement by providing access to a wider international customer base, increasing direct bookings, strengthening brand loyalty, and improving guest retention. Further KHL's strategic shift towards asset light model to enhance cash flow with limited capital investments. The continuous decline in KHL's debt-to-equity ratio indicates lower reliance on debt financing, reduced financial risk, and enhanced capacity to support future growth initiatives.

Source : CSE,CBSL,SLTDA,News

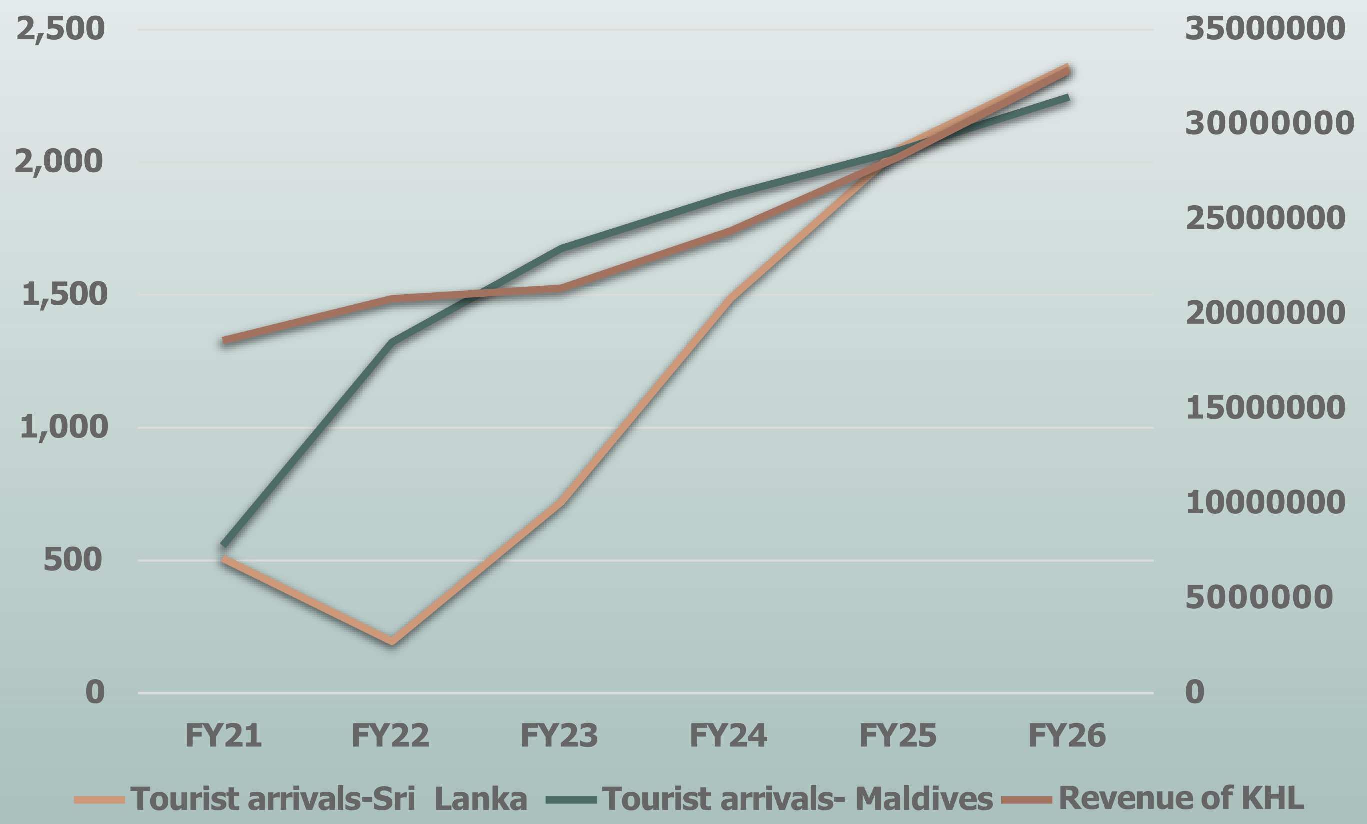
Positioned for Sustainable Growth Through Strong Revenue Momentum, Strategic Transformations and Operational Excellence. (Cont..)

Meanwhile continued growth of EBIT and gross profit margins over the last 4 years reflects strengthening operational efficiency of KHL. EBIT grew by 82% YoY to LKR 5.1Bn in FY26 while GP margin recorded as 16% during the same period mainly supported by KHL's focus on developing talent pipelines and deploying technology-driven solutions, including advanced data analytics, is expected to enhance decision-making, improve cost efficiencies, and support sustainable profitability. Sustained revenue growth and operational efficiency improvements are expected to provide a strong foundation for continued earnings generation in long-term.



Source : CSE,CBSL,SLTDA,News

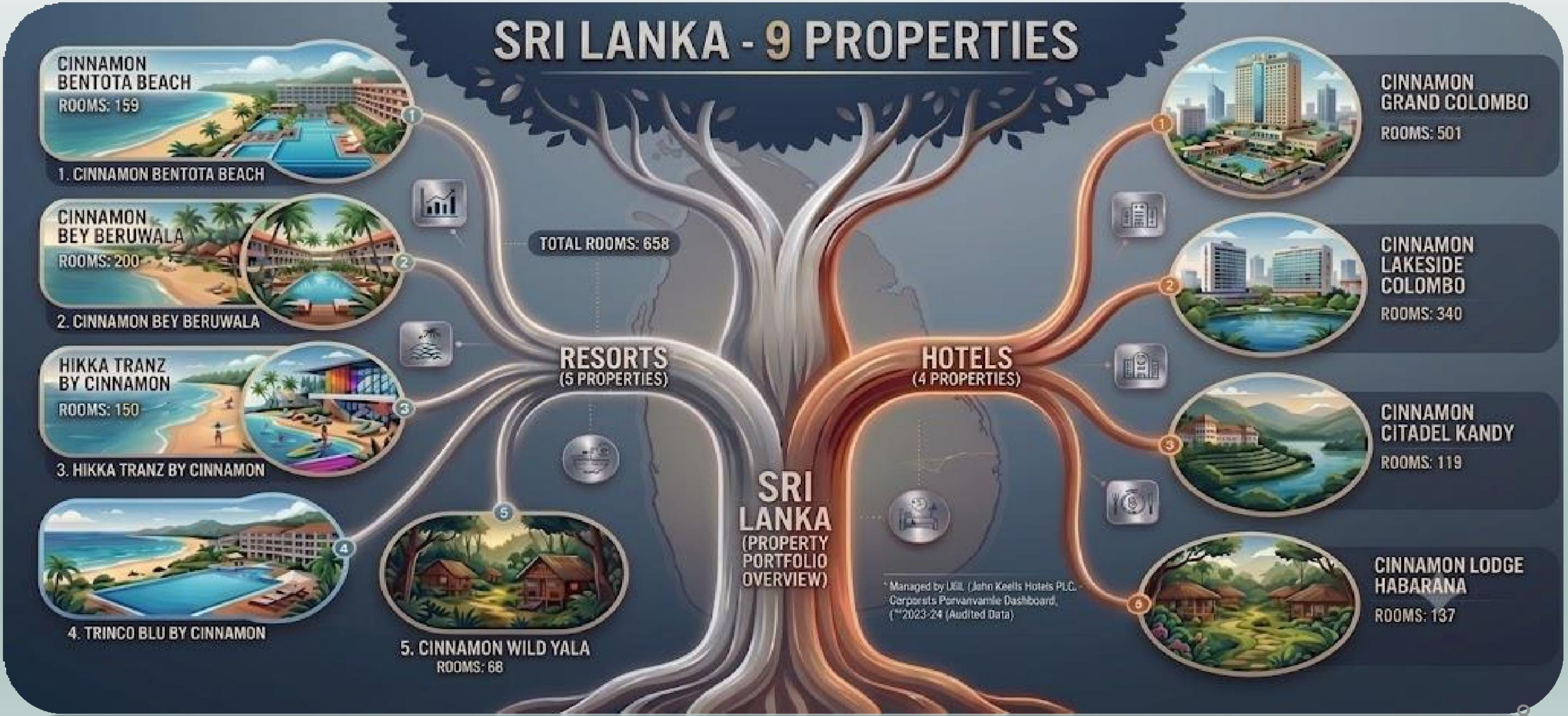
Diversified portfolio to capitalize on long-term tourism growth.



- KHL as a leading hospitality operator with diversified portfolio across both Sri Lanka and Maldives well positioned to benefit from favorable industry dynamics. While the near-term tourism in both countries moderated due to escalation of global tension in the middle east, over the medium and long term we expect tourism industry to recover with rising global travel demand, government led tourism promotion initiatives, expanding air connectivity and increasing outbound travel from key source markets (India, China, UK).

Source : CSE,CBSL,SLTDA,News

- Sri Lanka continue to strengthen its appeal as a most attractive tourist destination with international recognition, Jaffna was listed among Lonely Planet’s top cities to visit in 2026, and Sri Lanka was featured in Travel + Leisure’s ‘50 Best Places to Travel in 2026’. Tourist arrivals surpassed **1.18 Mn** by early July 2026, with the Government targeting **2.5 Mn** arrivals by year-end, reflecting earning growth momentum for KHL.



Source : CSE,CBSL,SLTDA,News

- KHL's geographic diversification across Sri Lanka and the Maldives further enhances earnings resilience by reducing dependence on a single tourism market. The Maldives, which contributes approximately **60%** of Group revenue, has demonstrated resilient demand, with tourist arrivals increasing **3% YoY** in May 2026 despite heightened geopolitical uncertainty. In addition, recent depreciation of LKR expected to generate strong cashflows from USD denominated revenues.

Source : CSE,CBSL,SLTDA,News

Valuation

P/E based Valuation

- **Target price - 22.38**
- **Weight – 20%**

DCF Valuation

- **Target price – 28.46**
- **Weight – 80%**

Blended Target Price	Current Market Price	Implied Upside
27.20	**17.30**	**57%**

- We value John Keells Hotels PLC through a **blended valuation approach comprising Discounted Cash Flow (DCF) valuation and Price-to-Earnings (P/E) based valuation**, with weights of **80% and 20%, respectively**.
- We assign a higher weighting to the DCF valuation given KHL's long-term growth potential, diversified portfolio across Sri Lanka and the Maldives, and the expected recovery in tourism-driven earnings.
- Based on the blended valuation approach, we derive a **12-month target price of LKR 27.20 per share**, implying an upside potential of **57% from the current market price of LKR 17.30**, Hence we maintain a **BUY recommendation** on KHL.

Source : CSE,CBSL,SLTDA,News

Peer Valuation

KHL currently trades at **13.0x TTM earnings** and **0.7x book value**, reflecting an attractive valuation compared to its listed hospitality peers.

	KHL.N	AHUN.N	AHPL.N	TRAN.N
Close Price (LKR)	17.30	90.00	50.00	47.50
Market Cap (LKR Bn)	25.19	30.20	22.13	9.50
TTM P/E (x)	13.00	9.80	167.00	19.30
PBV(x)	0.70	1.00	0.70	1.30
NAV(LKR)	24.00	88.60	70.80	36.90
TTM EPS(LKR)	1.30	9.20	0.30	2.50
DPS(LKR)	0.35	0.28	0.50	1.00
DY (%)	2.00	0.30	1.00	2.10
ROE (%)	5.50	10.40	0.40	6.70

Source : CSE,CBSL,SLTDA,News

Twenty-five largest shareholders

No	Shareholder Name	Number of shares (31.03.2026)	%(31.03.2026)
1	John Keells Holdings PLC	1,169,598,478	80.32
2	Employees Provident Fund	78,474,454	5.39
3	Sri Lanka Insurance Corporation Ltd - Life Fund	34,214,354	2.35
4	Deutsche Bank AG Trustee to Lynear Wealth Dynamic Opportunities Fund	11,615,099	0.8
5	Mr K D H Perera	10,881,223	0.75
6	DFCC Bank PLC A/C 2	7,999,113	0.55
7	People's Leasing & Finance PLC/Mr L P Hapangama	7,104,001	0.49
8	People's Leasing & Finance PLC/Mr D M P Disanayake	5,563,314	0.38
9	Union Assurance PLC-Universal Life Fund	5,401,788	0.37
10	DFCC Bank PLC A/C 1	5,258,686	0.36
11	Invenco Capital Private Limited	3,395,464	0.23
12	Mr R T Jinasena	2,516,765	0.17
13	Mr K D A Perera	2,195,027	0.15
14	Mr S R Perera	2,087,676	0.14
15	Senkadagala Finance PLC/R S H Nanayakkara & R M Nanayakkara	2,000,000	0.14
16	Lynear Wealth Management/Mr Hanif Yusoof	1,791,879	0.12
17	Mr D N P Rathnayake	1,650,000	0.11
18	Mr A A V Amerasinghe	1,287,800	0.09
19	Mr C N H Liyanage	1,250,000	0.09
20	Mrs R P Jinasena	1,222,815	0.08
21	People's Leasing & Finance PLC/Mr C M Dissanayake	1,218,874	0.08
22	H R S Wijeratne	1,000,000	0.07
23	Merchant Bank of Sri Lanka & Finance PLC/D Weerasinghe	1,000,000	0.07
24	Merchant Bank of Sri Lanka & Finance PLC/S A A Buddhika	925,000	0.06
25	Bank of Ceylon No 2 A/C	910,983	0.06

Source : CSE,CBSL,SLTDA,News

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Source : CSE,CBSL,SLTDA,News