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MINISTRY OF FINANCE PLANNING AND ECONOMIC DEVELOPMENT

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Press Release

Hotel Developers (Lanka) Ltd Records First Profit in Seven Years A Milestone for State Enterprise Reform.

The Treasury, as the sole shareholder of Hotel Developers (Lanka) Ltd (HDL), owner of Hilton Colombo, welcomed the Company's return to profitability for the financial year ended 2025 its first profit since 2017.

HDL had recorded a Profit After Tax of Rs. 48.5 million for 2025, reversing seven consecutive years of losses. Revenue stood at Rs. 5.38 billion, while EBITDA increased significantly to Rs. 1.22 billion, from Rs. 872 million. Operating Profit more than doubled to Rs. 746 million from Rs. 311 million. This turnaround reflects the impact of disciplined management, sound fiscal oversight, and the broader reforms being implemented across state-owned enterprises.

The return to profitability underscores the intrinsic value of this asset to the state, with the balance sheet strengthened by a revaluation of the property. The balance sheet is expected to be further strengthened through proposed capital restructuring, involving a capital reduction, during the 2026 financial year, aligned with the growth momentum achieved in 2025.

The Board of Directors of HDL has demonstrated strong strategic leadership through initiatives aimed at strengthening financial resilience, operational performance, and long-term profitability. A key achievement was the successful restructuring of the Company's debt on more favorable terms, expected to deliver significant annual savings and enhance profitability over the next five years. The planned capital reduction will further strengthen solvency of the balance sheet. The Board also oversaw the refurbishment of 70% of guest rooms in November 2024, enhancing product quality and competitiveness. Targeted marketing strategies focused on high-value segments have improved profitability, revenue generation, and the sales mix across Rooms and Food & Beverage operations.

The Board of Directors has demonstrated a strong commitment to effective governance through the oversight of several Board sub-committees, which monitor operational risks, governance, sustainability, and accountability. This structured framework ensures that operations remain aligned with strategic objectives and support sustainable growth.

The Treasury of Sri Lanka is pleased to note that the country's tourism sector delivered a record performance in 2025, with international tourist arrivals rising by 15.1% year-on-year to reach 2.36 million surpassing the previous record set in 2018. This growth, driven by stronger traveler confidence, improved air connectivity, and sustained destination marketing efforts, has provided a highly favorable operating environment for the hospitality industry, further reinforcing its contribution to the national economy.

Looking ahead, the Government remains optimistic, underpinned by a stable macroeconomic environment and the continued progress of identified reforms. Key Government initiatives, including the development of convention facilities at the Colombo Port City and the expansion of airport capacity, are expected to strengthen Sri Lanka's competitiveness in the global tourism market, particularly within the MICE (Meetings, Incentives, Conferences and Exhibitions) segment and high-value niches.

HDL Board expects the positive trajectory to continue 2026 and onwards, supported by strong tourism performance and a stable macroeconomic environment. The Treasury remains committed to strengthening governance and accountability across all state-owned enterprises. The role in delivering this turnaround by the Board of Directors and management of HDL is appreciated.