Flughafen Zurich AG Upgraded To 'AA-' After Airport Charges Defined And On Disciplined Financial Policy; Outlook Stable

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Rating Action Overview

- On Feb. 16, 2026, Switzerland-based airport group operator Flughafen Zurich AG (FZAG) announced the conclusion of the negotiations for the next four-year regulatory period, which will likely start on Oct. 1, 2026.
- The outcome was better than we anticipated with total airport charges declining by around 10%, and passenger-related charges falling more sharply by about 13%, while we had forecast a 15% drop.
- Combined with the group's resilient core operations and disciplined financial policy, this will allow FZAG to create a financial cushion to sustain funds from operations (FFO) to debt above 35% throughout the next three years, amid investments and dividend payout of 50%-75% of net income.
- We therefore raised our long-term issuer and issue credit ratings on FZAG to 'AA-' from 'A+'.
- The stable outlook considers our expectation that FZAG's FFO to debt will remain solidly above 35% in 2026-2028, in addition to maintaining positive free operating cash flow (FOCF) while executing large investments and distributing dividends.

Rating Action Rationale

FZAG should be able to maintain positive FOCF, despite lower tariffs at Zurich airport. On Feb. 16, 2026, Zurich airport and the airlines agreed a new charge period that will likely start on Oct. 1, 2026. Passenger-related charges will decline by around 13%, and the weighted average cost of capital (WACC) increased by 50 basis points to 5.5%. These figures are better than our forecast of 15% decline in tariff and neutral change to WACC, which gives us more visibility and confirms FZAG should continue presenting strong FOCF of at least Swiss franc (CHF) 200 million until 2028 and robust credit metrics. This is based on our expectations that FZAG will deliver resilient core operations, sound traffic growth, and prudent financial policy.

This agreement ends a long fee discussion period that began in 2016 and was extended by mutual consent in 2020 due to the impact of the COVID-19 pandemic. The talks with the main

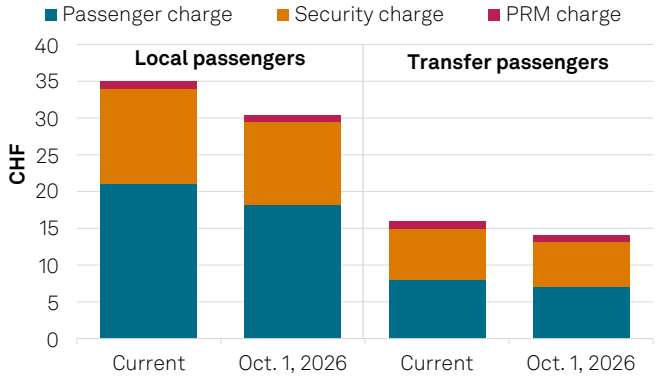
airlines, which began in October 2025, lasted four months and were overseen by Switzerland's Federal Office of Civil Aviation (FOCA). Under the new regulatory period, if traffic, costs, or investments are below expectations and returns fall below WACC during the review period, FZAG's roll-over mechanism should allow value to be compensated for the next review in around four years. Conversely, any overearning would be returned to airlines in the subsequent period.

Zurich airport is subject to a hybrid till approach, under which revenue from aeronautical activities is combined with a percentage of the return over the cost of capital (economic value added) generated through car parking and airside commercial activities (commercial outlets located beyond border control). The continuity of a prudent financial policy should allow FZAG to sustain FFO to debt consistently above 35%. We expect FZAG to upstream 75% of previous year's net income as dividends in the next several years. Since March 2025, the company's dividend policy establishes a minimum payout of 50% and, if net debt to EBITDA is below 2.5x, then an additional 25% can be distributed. We believe the company can at this stage accommodate a higher payout, given that the investments should ease over the next two years, as Noida airport is fully built. However, in case of an operational disruption, acquisitions and periods of elevated investments such as New Dock A, we believe that management has flexibility in managing its spending and distributions to sustain credit metrics commensurate with the company's 'a+' stand-alone credit profile (SACP), notably FFO to debt.

Chart 1

Charges at Zurich airport will drop by 10% on average

These will be in place on Oct. 1, 2026



CHF--Swiss franc. PRM--Persons with reduced mobility. Source: Flughafen Zurich AG.

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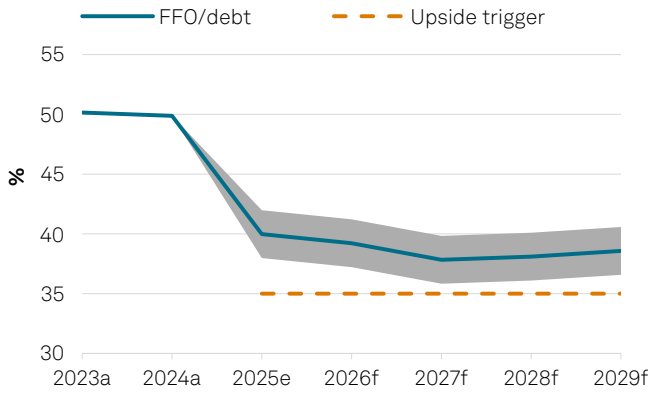
Chart 2

We expect FZAG will sustain FFO to debt above 35%

Charge certainty prevents further credit deterioration



FZAG--Flughafen Zurich. FFO--Funds from operations. Source: S&P Global Ratings.

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We expect passenger numbers will continue growing at FZAG's airports. At Zurich airport, 32.6 million passengers went through in 2025, a 4.5% increase compared with 2024, making it the busiest year ever. About 76% of passengers were from Europe, reinforcing the airport's position as a continental hub, the operational base for Swiss International Air Lines. At Latin American airports in Brazil and Chile, where FZAG holds majority stakes at six airports, passengers reached almost 16 million in 2025, a 9.2% growth compared with 2024. For the next several years, we expect passenger numbers will grow in line with the GDP for each country, so that in 2026 Zurich airport should achieve about 33 million passengers, while Latin American airports should reach

together about 15 million passengers, considering that Chile's Antofagasta airport's concession ended in the beginning of the year.

We do not incorporate additional international acquisitions at this stage. However, we do not discount the possibility that management will continue seeking opportunities for expansion, now that operations at India's Noida airport should begin during the next few months. We think FZAG will remain selective on further acquisitions, avoiding higher country and currency risks, which can bring a certain level of financial volatility as it gains relevancy.

The rating on FZAG benefits from a one-notch uplift based on our expectation of a moderate likelihood of extraordinary support from the Canton of Zurich. Zurich airport is Switzerland's largest airport and plays a key role in meeting economic and public policy objectives. Aviation is part of the country's critical infrastructure, supporting over one-third of Switzerland's exports and one-sixth of imports. That said, we believe FZAG's default would have an important, rather than significant systemic impact on the local economy. On the other hand, the Canton of Zurich has a relatively low shareholding in the company of only 33.3% (plus one share), which is the Canton of Zurich's minimum stake to maintain its influence over FZAG as a shareholder, as stated in the Airport Act. However, there is no legal base for providing extraordinary support above CHF6 million without going through parliament (and potentially a referendum), which implies the support may not be provided in a timely manner should it be required.

Outlook

The stable outlook considers our expectation that FZAG's FFO to debt will remain above 35% for the next three years, in addition to it maintaining positive FOCF while executing investments that will allow the company to have a 75% dividend payout over the next few years. We also expect that FZAG is reaching the final stages to complete the construction of Noida airport in India, so that it can become operational in the next 12 months.

Downside scenario

Rating downside could stem from the company's performance deteriorating on a stand-alone basis if FFO to debt falls below 35%. This could happen if FZAG increases the dividend upstream to its shareholders while undertaking large investment in existing assets, or if the delays coming from Noida airport's ramp-up result in greater cash outflows than we have already incorporated in our base-case scenario. Additionally, if FZAG seeks an aggressive international expansion strategy that could either deteriorate the company's business fundamentals or credit metrics, we could also lower the rating. Additionally, although we view it as unlikely, we could also lower our rating if we view a reduced likelihood of extraordinary support from the Canton of Zurich for FZAG.

Upside scenario

Currently, we view further rating upside as limited. For a one-notch upgrade, we would need to revise our assessment of FZAG's SACP up by at least two notches, all else being equal, which we see as remote over the next two years.

Company Description

FZAG is the owner and operator of Zurich airport, Switzerland's largest airport, with a license to operate the airport until 2051. In 2025, the airport handled 32.6 million passengers. The group has

a diversified revenue stream, with about 50% of total revenue coming from aeronautical revenue and close to 40% from commercial, real estate, and service activities at Zurich airport. Additionally, about 10% of FZAG's revenue comes from its operations in Latin America--two airports in Chile and four airports in Brazil. We expect that international activities will gradually increase their share of the group's revenue breakdown once Noida airport, in India, starts operations.

FZAG's main shareholder is the Canton of Zurich, with a 33.3% stake plus one share.

Our Base-Case Scenario

Assumptions

We have updated our base-case scenario to incorporate the announced 13% reduction on passenger-related charges, in addition to our expectations regarding passenger volumes and macroeconomic assumptions. Our main assumptions are:

- Zurich airport should achieve about 33 million passengers, while FZAG's Latin American airports should reach together more than 16 million passengers in 2026. For the next several years, we expect passenger numbers to grow in line with the GDP for each country.
- We are incorporating the recently approved passenger-related charges for Zurich airport of CHF30.40 and CHF14.00 for local and transfer passengers, respectively, being applied from October 2026 without objections, and these should remain in place at least for the next four years.
- Nonaeronautical revenue at Zurich airport should grow about 1.0%-1.5% annually, mostly in line with passenger growth.
- We expect international airports' revenue to grow in line with Latin American GDP and inflation for the next years, which would be an average 2.5% annual growth.
- For Noida airport, we are not incorporating any EBITDA inflows coming from the start of operations in the next few years, conservatively assuming break-even operations in the first years of ramp-up.
- We expect that, after the new charges are implemented at Zurich airport, FZAG's EBITDA margin will decline to around 50%. We have already considered the additional costs of running Noida airport while it is not operational.
- We expect that investments will be about CHF350 million-CHF400 million annually, of which nearly CHF250 million-CHF300 million at Zurich airport, and the remaining distributed between maintenance investments in Latin American and Noida airports.
- We are not assuming any acquisition at this stage.
- Dividend distributions of 75% of the previous year's net income, which is in line with the company's dividend policy while net debt to EBITDA remains at 2.5x.

Key metrics

Flughafen Zurich AG--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. CHF)	2021a	2022a	2023a	2024a	2025e	2026f	2027f	2028f

Flughafen Zurich AG--Forecast summary

Revenue	663	995	1,182	1,283	1,333	1,337	1,326	1,356
EBITDA	297	544	665	713	728	714	690	706
Less: Cash interest paid	(14)	(16)	(21)	(15)	(29)	(30)	(31)	(33)
Less: Cash taxes paid	(0)	(6)	(59)	(84)	(82)	(75)	(69)	(71)
Plus/(less): Other	--	--	--	--	--	--	--	--
Funds from operations (FFO)	283	522	585	614	618	608	589	603
Interest expense	24	23	15	18	29	31	32	33
Cash flow from operations (CFO)	219	475	669	636	620	610	590	604
Capital expenditure (capex)	206	235	438	571	605	360	360	410
Free operating cash flow (FOCF)	12	240	231	65	15	250	230	194
Dividends	--	--	108	163	163	245	226	208
Share repurchases (reported)	0	1	2	1	--	--	--	--
Discretionary cash flow (DCF)	12	239	121	(99)	(148)	5	4	(14)
Debt	1,449	1,301	1,167	1,231	1,545	1,550	1,557	1,582
Equity	2,411	2,679	2,804	2,966	3,130	3,188	3,241	3,318
Cash and short-term investments (reported)	531	662	539	323	161	157	100	100
Adjusted ratios								
Debt/EBITDA (x)	4.9	2.4	1.8	1.7	2.1	2.2	2.3	2.2
FFO/debt (%)	19.5	40.1	50.1	49.9	40.0	39.2	37.8	38.1
FFO cash interest coverage (x)	21.5	33.2	29.0	41.1	22.3	21.0	19.7	19.4
EBITDA interest coverage (x)	12.4	24.2	44.7	39.2	24.7	23.0	21.6	21.3
CFO/debt (%)	15.1	36.5	57.3	51.7	40.1	39.3	37.9	38.2
FOCF/debt (%)	0.8	18.4	19.8	5.3	1.0	16.1	14.8	12.2
DCF/debt (%)	0.8	18.4	10.4	(8.0)	(9.6)	0.3	0.3	(0.9)
Annual revenue growth (%)	12.1	50.0	18.9	8.6	3.9	0.3	(0.8)	2.3

Flughafen Zurich AG--Forecast summary

EBITDA margin (%)	44.8	54.7	56.3	55.5	54.6	53.4	52.0	52.1

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. CHF--Swiss franc.

Liquidity

FZAG's liquidity remains strong. The company benefits from strong relationships with banks and a good standing in capital markets. FZAG's has a proactive liquidity management, its flexibility to defer small investments and capital expenditure, and has the ability to reduce shareholder distributions if necessary.

Liquidity sources should exceed uses by more than 1.5x throughout 2026, and we expect they will exceed uses by more than 1x in 2027.

We estimate the following liquidity sources and uses during the next 24 months:

Principal liquidity sources	Principal liquidity uses
• Unrestricted cash position of CHF645 million as of Dec. 31, 2025. We exclude the cash held at Zurich airport's noise fund and the cash at the Latin American subsidiaries. • Cash FFO of about CHF600 million in 2026 and CHF550 million in 2027. • Although we acknowledge that FZAG has committed lines of CHF291 million, we do not consider them as part of our analysis because they mature in December 2026. If these are renewed or extended further, this could be incorporated in our analysis.	• FZAG does not have debt maturities in 2026 but needs to repay CHF200 million notes in December 2027. • Annual investments of about CHF350 million. • Dividend distributions of about CHF230 million annually, considering a 75% dividend payout.

Covenants

FZAG's bonds and facilities are not subject to financial covenants.

Government Influence

We add a one-notch uplift to FZAG's SACP to reflect what we see as a moderate likelihood of timely and sufficient extraordinary support from the Canton of Zurich, FZAG's largest single shareholder. We base our view on our assessment of FZAG's:

- Important role for the Canton of Zurich, given the company's function in meeting economic and public policy objectives. Aviation is part of the country's critical infrastructure; it supports over one-third of Switzerland's exports and one-sixth of imports. Flughafen Zurich, as one of the two national airports but the only hub, connects Switzerland with the world, supporting tourism and business travel. That said, we believe FZAG's default would have an important, rather than significant, systemic impact on the local economy.

- Limited link with the Canton of Zurich, given its relatively low shareholding in the company of only 33.3% plus one share. The canton's obligation to hold more than one-third of FZAG's shares, and hence to maintain its influence over FZAG as a shareholder, is stated in the Airport Act. However, there is no legal base for providing extraordinary support above CHF6 million without going through parliament (and potentially a referendum), which implies the support may not be provided in a timely manner should it be required.

Environmental, Social, And Governance

We view environmental factors as neutral and comparing favorably with some peers that have been already impacted by new regulatory implementations, such as Charles de Gaulle and Orly airports in France, and Amsterdam Schiphol in the Netherlands. At the same time, management is taking active measures to achieve its net-zero goals by 2040. Heating and cooling the airport infrastructure is by far the largest contributor to FZAG's own carbon dioxide (CO2) emissions. A promising project in the pipeline is a subglacial groove 300 meters below the airport's surface. This channel, filled with water-bearing gravel, would serve as heat and cold storage to warm up and cool down a significant proportion of the airport buildings without emitting CO2 and potentially reducing the cost of energy. This is in the testing stage and, if implemented, FZAG will be able to use this source from 2027.

Social factors are also a neutral consideration. FZAG has a separate noise fund reserve used to employ technical, structural, operational, and financial measures to reduce aircraft noise. It has invested around CHF315 million in the past 20 years in sound insulation measures, such as building a soundproofed hanger to reduce engine ground testing, installing sound insulating windows in at least 200 properties a year between 2022 and 2026, and offering sound absorbing ventilators to neighbors, among others.

Issue Ratings--Subordination Risk Analysis

Capital structure

FZAG's capital structure primarily comprises approximately CHF1.1 billion senior unsecured debentures, plus unsecured bank loans issued by the Chilean subsidiary A-port S.A.; Florianopolis, Vitoria, Macae, and Natal airports in Brazil; and Noida in India. FZAG's total gross debt, excluding lease liabilities, stood at CHF1.5 billion as of June 30, 2025.

Analytical conclusions

We rate FZAG's senior unsecured debt at the same level as the issuer credit rating, reflecting the company's very low indebtedness, limiting the possibility of any lenders being significantly disadvantaged relative to other lenders. Therefore, the issue-level rating on FZAG's debt is 'AA-'.

Rating Component Scores

Rating Component Scores	
Foreign currency issuer credit rating	
Local currency issuer credit rating	
Business risk	
Country risk	Very low risk

Rating Component Scores	
Industry risk	Low risk
Competitive position	Strong
Financial risk	
Cash flow/leverage	Minimal
Anchor	
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Strong
Management and governance	Neutral
Comparable rating analysis	Negative
Stand-alone credit profile	
Likelihood of extraordinary government support	

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Industry Report Card: Global Transportation Infrastructure Remains Stable In 2025, Jan. 22, 2026
- Industry Credit Outlook 2026: Transportation Infrastructure, Jan. 14, 2026
- European Infrastructure Update: Airports, Dec. 3, 2025
- Tear Sheet: Flughafen Zurich AG, June 3, 2025

Ratings List

Ratings List		
Upgraded; Outlook Action		
	To	**From**
Flughafen Zurich AG		
Issuer Credit Rating	AA-/Stable/--	A+/Positive/--
Upgraded		
	To	**From**
Flughafen Zurich AG		
Senior Unsecured	AA-	A+

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