



Rating Action: Moody's Ratings assigns first-time Baa1 rating to Swedavia AB; positive outlook

05 Nov 2025

Madrid, November 05, 2025 -- Moody's Ratings (Moody's) has today assigned a first-time long-term issuer rating of Baa1 and a Baseline Credit Assessment (BCA) of baa3 to Swedavia AB (Swedavia), the Swedish airport network operator. The outlook is positive.

RATINGS RATIONALE

Today's assignment of a Baa1 long-term issuer rating to Swedavia reflects its standalone credit quality, expressed as a baa3 BCA, along with a two-notch uplift based on the assumption of strong support from the Government of Sweden (Aaa stable) to avoid financial stress, if this were ever required. Swedavia is considered a government-related issuer (GRI) under our Government-related Issuers methodology because of the full ownership by the Government of Sweden. Specifically, we assess default dependence as moderate and extraordinary support as strong. The strong support assumption recognises the government's full ownership, Swedavia's central role in providing air travel and connectivity in Sweden, its contribution to defense capabilities as a new NATO member, and the track record of financial support from the government.

The baa3 BCA reflects our expectation that the company's funds from operations (FFO)/debt ratio will improve sustainably to over 6% in the next two years and that it will remain comfortably above this threshold through to the end of the planned expansion program at Stockholm Arlanda, expected in 2033.

The positive outlook acknowledges potential deleveraging upside, for instance if traffic volumes exceed our base case materially, particularly in 2026-27 given the abolition of the Swedish aviation tax in July 2025. Under our current assumptions, the company's FFO/debt ratio is likely to approach 8% during the same period, though it could fall again during the 2028-33 expansion program due to increased debt arising from investments. However the BCA and the final rating could be upgraded if the company improves its operational and financial performance such that its FFO/debt ratio would likely exceed 8% on a sustainable basis.

Swedavia's traffic reached 32.5 million annual passengers by the end of December 2024, a 1.2% increase compared to 2023, but still 19.1% below 2019 levels. This muted traffic performance continued in the first nine months of 2025, during which Swedavia handled slightly more passenger volumes than in the corresponding period of 2024 (+1.1%). Consequently, Swedavia's traffic recovery lags behind other European airports we rate, which have generally recovered more robustly.

More specifically, Swedavia's historical traffic performance stems from (i) airlines cutting capacity due to Sweden's aviation tax, resulting in fewer flights and higher fares and (ii) a high level of local environmental consciousness, leading to reduced air travel and increased virtual meetings. The company's traffic performance was particularly impacted by the decline in domestic traffic, which decreased by 39% in full-year 2024 compared to 2019. This decline reflects the rise in virtual meetings, accelerated by the pandemic.

We project passenger volumes to reach around 33.0 million passenger by year-end 2025 and grow by about 5% annually during 2026-27, which is more conservative than management's forecasts. This growth is expected to be underpinned by (i) the abolition of the aviation tax announced by the Swedish Government and effective from July 2025, which should encourage increased capacity from airlines, especially low-cost carriers, and (ii) sustained demand for leisure travel, supported by positive macroeconomic conditions in Sweden. These factors will help stimulate passenger demand and improve overall traffic numbers. However, the growth trajectory remains contingent on several external factors. We caution that downside risks persist for the European airport sector, including geopolitical risks, airline capacity discipline and delays in aircraft delivery. Concurrently, we

expect Swedavia to increase airport charges moderately, to maintain competitive charges, sustain traffic volumes, and recover operating costs.

Swedavia's airports are generally well-invested, with most of the network having sufficient capacity for short-term growth. We anticipate that most airports will not face capacity constraints in the next eighteen months, although capital spending could rise from 2027 to above SEK 3 billion per annum, on average, through 2033. In 2024 Swedavia updated its long-term strategic plan (2025-39), including significant investments to mitigate potential capacity constraints at Stockholm Arlanda. These investments will peak in 2029-33, if the plan's traffic projections are achieved. We expect the capex needed for such long-term growth to absorb cash flow and slow deleveraging. However, we anticipate that traffic recovery, moderate charge increases, and efficient cost management will support credit metrics at levels at least consistent with the current rating, including during the planned expansion capex at Stockholm Arlanda. Furthermore, a final decision on capital spending will depend on actual traffic trends, and we understand that the expansion plan could be partly scaled back if necessary.

Overall, Swedavia's rating reflects (1) its ownership and operation of Sweden's key airport network, with limited trans-modal competition; (2) the economic strength of its service area; (3) a balanced regulatory regime under a single-till regulatory system that ensures transparency and cost-relatedness in tariff setting; and (4) a fairly diversified carrier base with a high proportion of origin and destination (O&D) traffic.

Conversely, the rating reflects (1) a financial profile that is among the most leveraged of our rated European airports; (2) passenger traffic expected to remain below pre-pandemic levels for at least the next two years; (3) increasing capital expenditures over the medium term; and (4) the sector's exposure to a sluggish macroeconomic recovery and potential geopolitical risks.

LIQUIDITY

We consider Swedavia's current liquidity profile as sound, with around SEK 700 million in cash and approximately SEK 4 billion in undrawn committed credit facilities as of the end of September 2025. The company's next significant debt maturity is SEK 600 million in bonds due in February 2026. Therefore, we expect Swedavia's liquidity to be sufficient to meet all cash requirements until at least December 2026.

As of the end of September 2025, Swedavia's financial obligations include SEK 4.5 billion in hybrid bonds, with SEK 2.5 billion callable in November 2026 and SEK 2.0 billion callable in November 2028, issued over the 2021-23 period. We currently view these legacy hybrids as having debt-like features, resulting in a Basket "L" treatment (see our Hybrid Equity Credit methodology published in February 2024). Nevertheless, based on its track record, we expect Swedavia to proactively refinance the hybrids before their call dates, including a partial refinancing by year-end 2025. In our assessment, we also assume that upon refinancing, the instruments will have equity-like features that would qualify them for a Basket "M" treatment.

Overall, we anticipate the company will maintain a disciplined cash management approach, and will maintain good access to debt markets or lenders to refinance its debt maturities or fund its capital expenditure program.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS

The assigned rating also incorporates Swedavia's ESG considerations, as per our General Principles for Assessing Environmental, Social and Governance Risks methodology. As this is a first time rating, Governance was a driver in this rating action. Swedavia's governance risk exposure, reflected in a Governance Issuer Profile Score (IPS) of G-2, takes into account moderately negative exposure to board structure and policies, given the full ownership from the Government of Sweden. However, we don't view it as materially negative credit consideration and the risk is further mitigated by neutral-to-low scores on financial strategy and risk management, management credibility and track record as well as organizational structure.

RATING OUTLOOK

The positive outlook acknowledges potential deleveraging upside, for instance if traffic volumes exceed our base case materially, particularly in 2026-27 given the abolition of the Swedish aviation tax in July 2025.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

An upgrade of Swedavia's rating would require an upgrade of the company's BCA and maintenance of at least a strong likelihood of extraordinary support from the government. Swedavia's BCA could be upgraded if the

company improves its operational and financial performance such that its FFO/debt ratio would consistently exceed 8% on a sustainable basis.

Swedavia's rating could be downgraded if the company's FFO/debt ratio was likely to be below 6% on a sustainable basis or if our assessment of strong extraordinary support from the government was to be revised downwards.

PRINCIPAL METHODOLOGIES

The methodologies used in these ratings were Privately Managed Airports and Related Issuers published in November 2023 and available at <https://ratings.moodys.com/rmc-documents/410952>, and Government-related Issuers published in May 2025 and available at <https://ratings.moodys.com/rmc-documents/443641>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

COMPANY PROFILE

Swedavia owns, operates and develops 10 Swedish airports, capturing more than 90% of passenger traffic in the country in 2024. Stockholm Arlanda airport is the largest airport, accounting for around 70% of total traffic in 2024. Other large airports with a sizeable share of international traffic are Gothenburg Landvetter and Malmö.

Through its 100% subsidiary Swedavia Real Estate AB, the company is also responsible for the ownership and development of buildings and land adjacent to the airports. Swedavia is 100% owned by the Government of Sweden.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit

analysis can be found at <https://ratings.moody's.com/rmc-documents/435880>.

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