Tear Sheet:

Avolta AG

March 24, 2026

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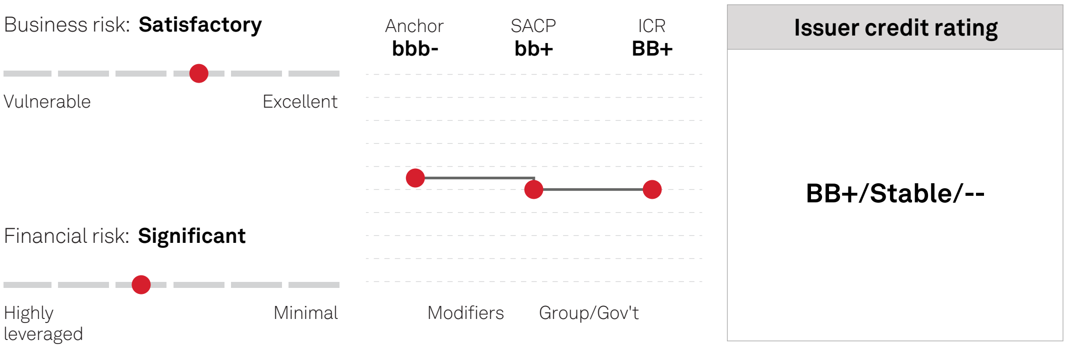
This report does not constitute a rating action.

Avolta delivered a solid operating performance in 2025 as stronger-than-anticipated cash flow supported an improvement in credit metrics. Resilient demand for air travel and higher spend per passenger, particularly in EMEA and Latin America, continued to support revenue growth. That said, Avolta's performance in North America lagged due to weaker domestic air traffic and lower spending from more price-sensitive consumers. EBITDA increased to Swiss franc (CHF) 3 billion, with margin expanding to 21.8% from 20.5% in 2024. The growth reflected continued cost discipline, operational efficiencies, and portfolio optimization, albeit partly offset by the impact of an unfavorable regional mix. Notably, cash flow generation was a key strength: higher profitability and improved working capital led to a material increase in free operating cash flow (FOCF). This enabled S&P Global Ratings-adjusted leverage to reduce to 3.6x from 4.1x in 2024, demonstrating continued deleveraging despite ongoing shareholder returns.

We forecast Avolta's operating performance will remain resilient, albeit with a slower start to 2026. Management continues to expect organic growth of 5%-7%, supported by the ongoing recovery in passenger traffic, sustained spend per passenger, and continued momentum in leisure travel, with strong contributions from EMEA and Latin America and expansion in APAC. We believe margins should remain broadly stable, supported by efficiency measures and benefit from higher-margin food-and-beverage- and loyalty-driven sales. While we note that Avolta's direct exposure to the Middle East remains limited (less than 4% of revenue, with an estimated potential impact of 2%-3%), it may have to navigate the indirect impact of global travel flows. S&P Global Ratings believes there is a high degree of unpredictability around the duration and scale of the Middle East war, and its potential effect on commodity prices, supply chains, economies, and credit conditions. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly.

Avolta will maintain a solid financial profile thanks to strong, growing cash flows, disciplined capital spend, and gradual deleveraging, in our view. We project S&P Global Ratings-adjusted debt to EBITDA will further improve to around 3.4x in 2026 and close to 3.1x in 2027, underpinned by EBITDA growth and a modest reduction in debt. Avolta continues to increase shareholder remuneration, with a higher dividend and an expanded share buyback program, and management has reiterated it is open to temporarily increasing leverage for mergers and acquisitions. That said, we believe the group will continue to adhere to its stated financial policy of balancing returns with deleveraging and maintaining sufficient headroom within target metrics.

Ratings Score Snapshot



ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Company Description

Avolta is a leading travel retailer and operator of food and beverages space with over 5,100 outlets in airports, motorways, seaports, railway stations, downtown areas, border crossings, cruise liners and ferries, and hotels, spanning 70 countries.

In 2025, Avolta recorded a turnover of CHF14.0 billion and S&P Global Ratings-adjusted EBITDA of CHF3.0 billion. EMEA contributed 54% of sales, North America 29%, Latin America 11%, and Asia-Pacific the remaining 6%. In terms of sectors, duty-free represented 38% of revenue, duty-paid 30%, and food and beverages the remaining 32%.

Outlook

The stable outlook reflects our expectations that Avolta will continue to deliver strong credit metrics on the back of sound operating performance thanks to air traffic recovery and solid execution of its group strategy. We also assume Avolta, while adhering to its prudent financial policy targets, will maintain S&P Global Ratings-adjusted debt to EBITDA below 4.0x. In particular, we forecast Avolta will adhere to its reported net debt to EBITDA target of 1.5x-2.0x in the next 12 months (equivalent to adjusted debt to EBITDA of 3.3x-3.9x), and believe the ratio will remain within this range absent material acquisitions.

Downside scenario

We could take a negative rating action if S&P Global Ratings-adjusted debt to EBITDA were to surpass 4.0x (in line with reported net debt to EBITDA exceeding 2.0x), while cash flow is weaker than in our forecast. Over the next 12-24 months, we could downgrade Avolta if it records adjusted debt to EBITDA consistently above 4.0x, or if discretionary cash flow after all concession payments and dividends turns negative for a prolonged period. This could occur if the company deviates from its financial policy or if its operating performance sharply deteriorates because of a general slowdown in air traffic or prolonged changes in consumer preferences that result in reduced spending on travel retail.

Upside scenario

We could raise our ratings if Avolta's credit metrics strengthen sustainably, with adjusted debt to EBITDA staying well below 3.0x, it generates strong FOCF after all concession payments sufficient to fully cover dividends, and preserves its net reported debt to EBITDA within the target range even in case of material acquisitions or operating setbacks. This would also hinge on the company maintaining a track record of strictly adhering to its stated financial policy--once regular dividend payments resume--and maintaining a robust competitive position and profitability.

Key Metrics

Avolta AG--Key metrics

Period ending	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. CHF)	**2024a**	**2025a**	**2026e**	**2027f**
Revenue	13,725	13,983	14,584	15,313
EBITDA	2,809	3,048	3,178	3,328
Less: Cash interest paid	(713)	(703)	(660)	(652)
Less: Cash taxes paid	(120)	(133)	(152)	(161)
Funds from operations (FFO)	1,976	2,212	2,366	2,515
Capital expenditure (capex)	483	510	520	551
Free operating cash flow (FOCF)	1,502	1,867	1,846	1,964
FOCF after full concession payments	505	582	564	594
Dividends	247	303	291	302
Share repurchases (reported)	206	179	225	--
Debt	11,471	10,910	10,736	10,444
Adjusted ratios				
Debt/EBITDA (x)	4.1	3.6	3.4	3.1
FFO/debt (%)	17.2	20.3	22.0	24.1
EBITDA interest coverage (x)	3.9	4.5	4.8	5.1
FOCF/debt (%)	13.1	17.1	17.2	18.8
EBITDA margin (%)	20.5	21.8	21.8	21.7

a--Actual. e--Estimate. f--Forecast. CHF--Swiss franc.

Liquidity

We assess Avolta's liquidity as adequate. We forecast that, over the coming 12 months, Avolta's liquidity sources should exceed uses by more than 1.5x. Although we consider that Avolta has well-established and solid relationships with banks, we see limited likelihood of it being able to withstand high-impact, low-probability events without refinancing.

Principal liquidity sources	Principal liquidity uses
We anticipate the following principal liquidity sources over 2026: • Cash and liquid investments of CHF725 million; • Undrawn bank lines of CHF2,015 million; and	We anticipate the following principal liquidity uses over the same period: • Debt maturities of about €500 million;

- Forecast cash FFO after leases of CHF1,000 million-CHF1,100 million.
- Working capital outflows including seasonal needs of about CHF150 million;
- Capital expenditure of CHF500 million-CHF550 million;
- Dividends of about CHF295 million; and
- Share repurchases of CHF225 million.

Rating Component Scores

Foreign currency issuer credit rating	**BB+/Stable/--**
Local currency issuer credit rating	**BB+/Stable/--**
Business risk	**Satisfactory**
Country risk	Intermediate
Industry risk	Intermediate
Competitive position	Satisfactory
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**bbb-**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	**bb+**

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- 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
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 6, 2016
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
- 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