

Research Update:

# Swiss City of Winterthur Assigned 'AA+/A-1+' Ratings; Outlook Stable

February 25, 2026

## Overview

- Winterthur is Switzerland's sixth-largest city and the second largest in the canton of Zurich, where it benefits from a highly supportive institutional framework for municipalities.
- The city is planning to undertake a large investment program, which will temporarily lead to weaker financial metrics. However, we expect it will post strong operating surpluses over 2026-2028, while deficits after capital accounts will gradually moderate and the anticipated increase of the city's debt burden will be contained at moderate levels.
- Winterthur's credit profile is supported by its resilient tax base, prudent financial policies that should help keep the debt increase manageable, and a strong local and national economic profile.
- We assigned our 'AA+/A-1+' long- and short-term issuer credit ratings on Winterthur. The outlook is stable.

## Rating Action

On Feb. 25, 2026, S&P Global Ratings assigned its 'AA+/A-1+' long- and short-term issuer credit ratings to the Swiss City of Winterthur. The outlook on these ratings is stable.

## Outlook

The stable outlook reflects our expectation that Winterthur will maintain a solid budgetary position and continue to apply prudent fiscal policies, together helping it to manage the forecast debt increase related to its planned investment projects.

## Downside scenario

We could lower the ratings on Winterthur if the city's budgetary performance falls significantly short of our current forecast, with persistently high deficits leading to rapidly rising debt.

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We could also consider lowering the ratings if we assess that weaker institutional settings for Winterthur implied fiscal pressures and if this was concurrently coupled with substantially weaker financial metrics.

### Upside scenario

We could raise the ratings on Winterthur if we observe a track record of structurally stronger performance, debt, and liquidity indicators.

## Rationale

Our ratings on Winterthur are supported by the city's prudent financial management, strong local economy and tax revenue base granting considerable revenue flexibility, and its strong access to capital market funding. Our view of the extremely predictable and supportive institutional framework for municipalities in the Canton of Zurich (AAA/Stable/--) underpins the ratings, with Winterthur receiving substantial funds under the intracantonal equalization scheme.

Winterthur has enjoyed robust tax revenue growth in recent years, and we anticipate fiscal inflows to remain sound, considering the resilient Swiss economy. Coupled with the city's moderate operating spending increases, we expect Winterthur will continue to post strong operating results in 2026-2028. At the same time, large upcoming investments, most prominently in a waste incinerator and a wastewater treatment plant, will push the city's balance after capital accounts into deficit and lead to increasing debt, although this should remain at moderate levels. Winterthur's current investment planning already incorporates total spending of almost Swiss franc (CHF) 500 million (about 30% of annual operating revenue) for the incinerator and wastewater plants. As the city progresses on these projects, its financial metrics will weaken compared with previous years. However, we expect this to be mostly temporary, with financial and debt metrics gradually improving again after project completion, when we think deficits after capital accounts will recede again toward 5% of total revenue.

### Winterthur's sound local economy will buffer potential budgetary headwinds

Winterthur is Switzerland's sixth-largest city, and an important economic center, situated in the prosperous canton of Zurich. The very high GDP per capita levels in Switzerland underpin our ratings and we expect the local economy to expand broadly in line with the Swiss economy, which we expect to increase by 1.1% in 2026, accelerating to 1.7% in 2027. The city has transformed over the past decades from its industrial legacy to a services-focused economy. Its attractiveness is corroborated by a population increase of over 10% over the past 10 years. We think that Winterthur has built economic buffers, and its tax base will remain resilient, even as Switzerland faces external economic headwinds. While these could slow corporate tax revenue intake in Winterthur, we anticipate that personal income taxes will continue to expand and real estate profit tax revenue will remain high, although not increasing in line with the pace of recent years. We note, however, that the city's ongoing growth requires more spending on services provided to the population, raises infrastructure requirements, and adds pressures to the housing market.

We anticipate that potentially more active city housing policies, as well as tax and debt policy, will be important topics for discussion in the upcoming municipal elections in Winterthur in March 2026. These topics could potentially affect the city's budgetary performance and debt metrics. Regardless of the outcome, we do not anticipate drastic policy shifts given the consensus-based system of governance in Winterthur and Switzerland more broadly.

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Generally, we view the institutional framework for municipalities in the Canton of Zurich as extremely predictable and supportive. The framework promotes a consensus-based approach of the canton and its municipalities to structural and legal changes, avoiding unbalanced burdens for either side. The intracantonal equalization scheme is based on the individual municipalities' tax revenue strength, and Winterthur receives funds due to its per-capita tax resources being below the cantonal average, in addition to compensation for its higher costs as an urban center. Municipalities like Winterthur have no formal blocking power to prevent unwanted cantonal legislation. However, as a last resort, they can call for a popular referendum on important topics and have often received strong support from the electorate regarding their concerns.

We note that decisions at the cantonal level, over which the city only has a limited formalized influence, could result in fiscal pressures for Winterthur. The city is a beneficiary of the intracantonal fiscal equalization system and receives funds to compensate for costs associated with its role as one of just two urban centers in the canton. Currently discussed amendments to this aspect of the equalization scheme could potentially have an adverse effect on Winterthur. However, we anticipate that any changes would aim to avoid an overly detrimental effect on Winterthur, and we understand that city representatives are actively lobbying for the city's position in various forums. While tax law changes at the national or cantonal level could affect Winterthur's revenue, we note that a proposed cantonal corporate tax rate reduction to 6% from 7% was rejected in a referendum in 2025, and plans for the canton to receive a share in the real estate profit tax volume--currently fully accruing to the municipalities--have been shelved due to strong and unified resistance from all municipalities in the canton.

We expect that Winterthur's financial management will continue to implement fiscally prudent strategies, with conservative budgeting and a track record of overperformance and remain guided by financial goals that limit, for instance, budget deficits in accrual terms. However, as the city's accrual-based results have been strong in recent years, Winterthur looks set to implement its investment agenda and shoulder larger capital expenditure (capex), together with the associated increase in outstanding debt, over the coming years. That said, we think that the city's financial management would have sufficient leeway to take countermeasures if an unexpected, substantial deterioration of Winterthur's finances were to occur.

### Debt is set to increase as investment spending rises

We forecast that Winterthur will continue to post strong operating surpluses, averaging over 8% of operating revenue, over 2026-2028. We factor in higher tax revenue growth compared with the city's traditionally prudent budgetary and financial planning, and some underspending on operating costs. Although these operating surpluses remain high, they are slightly lower than in 2024-2025 and reflect potentially less favorable tax and spending dynamics than in the recent past.

We anticipate that the implementation rate of the city's capex program over 2026-2028 will be about 75%, which is also supported by first indications for 2025 capex implementation data. Nonetheless, capex should substantially increase in 2027-2028, leading to elevated deficits after capital accounts of 7%-9% of total expenditures. These deficits are mainly triggered by large investments in wastewater treatment (ARA) and a waste incineration plant (KVA), in addition to ongoing infrastructure needs, such as spending on schools and roads. We assume that investment expenditure will peak over our forecast horizon and gradually ease after 2028. However, the exact timing thereof might shift with potential project delays. Winterthur's population growth will continue to require spending in areas such as education, housing, and other public services, while Switzerland's near-zero inflation should dampen cost pressures.

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We expect that Winterthur's forecast deficits will be debt financed, thereby driving an increase in tax-supported debt to 107% of operating revenue by 2028, from just over 90% in 2025. The rise notwithstanding, we view this level of debt as still moderate in an international comparison, and we note that the exact timing of additional debt issuance will depend on the implementation progress of the largest investment projects, ARA and KVA. Winterthur fully consolidates its utility and other public service companies in its reported balance sheet. This leads to our (narrower) direct debt measure and (wider) tax-supported debt being equal, and it considerably reduces contingent liabilities. Winterthur's interest costs will remain low, at about 1% of operating revenue.

Our overall assessment of Winterthur's liquidity position as strong considers existing cash, committed undrawn credit lines, and strong access to the Swiss capital market. The city is a regular issuer in domestic capital markets, with a track record of usually issuing 1 to 2 bonds per year. We understand there is sustained demand for the city's securities, which we think will prevail in more difficult markets. The city relies on short-term borrowing to manage seasonal liquidity swings, and it has access to a diversified investor base for its long-term loan borrowings. When including contracted liquidity lines, we calculate a debt-service coverage ratio over the next 12 months of about 90%. The city will only gradually face interest cost increases because it currently has no variable-rate debt and the average maturity on outstanding instruments amounts to almost 20 years. We anticipate Winterthur will fully refinance its upcoming CHF140 million of long-term debt maturities in the capital market in 2026. All debt is denominated in local currency.

### City of Winterthur--Selected indicators

Mil. CHF	2023	2024	2025	2026bc	2027bc	2028bc
Operating revenue	1,629	1,801	1,739	1,735	1,752	1,777
Operating expenditure	1,518	1,584	1,531	1,580	1,606	1,632
Operating balance	110	218	208	155	146	144
Operating balance (% of operating revenue)	6.8	12.1	11.9	9.0	8.4	8.1
Capital revenue	41	57	52	42	43	43
Capital expenditure	208	226	211	228	358	321
Balance after capital accounts	(57)	48	48	(30)	(168)	(133)
Balance after capital accounts (% of total revenue)	(3.4)	2.6	2.7	(1.7)	(9.4)	(7.3)
Debt repaid	125	50	120	140	100	120
Gross borrowings	125	245	120	140	268	253
Balance after borrowings	(58)	243	48	(31)	(0)	(0)
Direct debt (outstanding at year-end)	1,411	1,600	1,595	1,595	1,763	1,896
Direct debt (% of operating revenue)	86.6	88.8	91.7	91.9	100.6	106.7
Tax-supported debt (outstanding at year-end)	1,411	1,600	1,595	1,595	1,763	1,896
Tax-supported debt (% of consolidated operating revenue)	86.6	88.8	91.7	91.9	100.6	106.7
Interest (% of operating revenue)	1.1	1.2	1.2	1.3	1.3	1.2
Local GDP per capita (CHF)	68,610	68,116	67,954	67,616	67,347	67,145
National GDP per capita (CHF)	93,078	94,349	95,196	95,955	97,392	99,145

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. CHF--Swiss franc. \$--U.S. dollar.

## City of Winterthur--Rating component scores

Key rating factors	Scores
Institutional framework	1
Economy	1
Financial management	2
Budgetary performance	2
Liquidity	2
Debt burden	3
Stand-alone credit profile	aa+
Issuer credit rating	AA+

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "Methodology For Rating Local And Regional Governments Outside Of The U.S.," published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

## Key Sovereign Statistics

- [Sovereign Risk Indicators](https://www.spglobal.com/ratings/sri/), Dec 11, 2025. An interactive version is available at [www.spglobal.com/ratings/sri/](https://www.spglobal.com/ratings/sri/)

## Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S.](#), July 15, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

## Related Research

- [Switzerland](#), Feb. 9, 2026
- [Subnational Government Outlook 2026: Resilient, But Signs Of Stress Emerge](#), January 20, 2026
- [Global Ratings List: International Public Finance Entities January 2026](#), Jan. 8, 2026
- [Institutional Framework Assessments For Local And Regional Governments Outside Of The U.S.](#), Dec. 22, 2025
- [Credit Conditions Europe Q1 2026: Tr\(e\)ading A Narrow Path](#), Dec. 2, 2025
- [Canton of Zurich](#), Nov. 17, 2025

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In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see "Related Criteria"). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Rating Component Scores above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see "Related Criteria").

## Ratings List

### Ratings List

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#### New Rating

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#### Winterthur (City of)

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Issuer Credit Rating	AA+/Stable/A-1+
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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