# Credit Memo

Date: April 29, 2025

**Company: Porshe**

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## CREDIT MEMO

\*\*Date:\*\* October 26, 2025  
\*\*Subject:\*\* Credit Analysis of Porsche Automobil Holding SE (Porsche SE) as of December 31, 2024

\*\*1. Executive Summary:\*\*

This memo analyzes the creditworthiness of Porsche Automobil Holding SE (Porsche SE) based on its 2024 financial statements. Porsche SE, headquartered in Stuttgart, Germany, is a holding company primarily focused on its investment in Volkswagen AG and its subsidiaries, including Porsche AG. The company experienced a significant net loss in 2024, primarily driven by a substantial impairment of financial assets, contrasting sharply with the prior year's profit. This impairment necessitates careful scrutiny of the company's financial health and future prospects. While the company maintains substantial assets, primarily financial assets, the large swing in profitability raises concerns regarding the stability of these holdings and the company's overall financial performance.

\*\*2. Financial Highlights (in € thousands):\*\*

| Metric | 2024 | 2023 | Change |  
|-----------------------|-------------|-------------|-------------|  
| Revenue | 115 | 96 | +19.8% |  
| Net Loss/Profit | (1,521,284) | 1,441,088 | (205.3)% |  
| Income from Investments | 1,682,887 | 1,509,824 | +11.5% |  
| Impairment of Fin. Assets| (2,925,972) | 0 | (2,925,972)|  
| Interest Expense | 243,578 | 267,440 | -8.9% |  
| Total Assets | 33,066,788 | 34,529,841 | -4.2% |  
| Total Equity | 25,060,859 | 27,365,224 | -8.4% |  
| Cash & Cash Equivalents| 1,822,850 | 723,595 | +151.9% |

\*It is important to note that EBITDA is not directly calculable from the provided information.\* The substantial increase in Cash and Cash Equivalents warrants further investigation to understand its source and sustainability.

\*\*3. Key Ratios:\*\*

\* \*\*Debt/Equity:\*\* 1.16x (7,912,142 / 25,060,859 in 2024) vs. 0.26x (7,070,762/ 27,365,224 in 2023) - A significant increase indicating higher leverage.  
\* \*\*Interest Coverage Ratio:\*\* (Operating Income + Investment Income) / Interest Expense = (115+5,173+1,682,887) / 243,578 = 7.4x in 2024. This is not truly representative due to the unusually low operating income and inclusion of investment income, which is highly volatile. Traditional operating income is needed for a more accurate assessment.  
\* \*\*Return on Equity (ROE):\*\* -6.1% ((-1,521,284)/25,060,859) in 2024 vs. 5.3% (1,441,088/27,365,224) in 2023. The negative ROE highlights the impact of the loss.

\*\*4. Risk Analysis & Commentary:\*\*

\* \*\*Impairment of Financial Assets:\*\* The massive impairment charge of €2.9 billion is the primary driver of the net loss. Further details are required to understand the specific assets affected, the rationale for the impairment, and the potential for future impairments. This raises concerns about the valuation and performance of Porsche SE's investment portfolio.  
\* \*\*Dependence on Volkswagen AG:\*\* Porsche SE's fortunes are heavily tied to the performance of Volkswagen AG. Any downturn in the automotive industry or specific challenges faced by Volkswagen AG would significantly impact Porsche SE.  
\* \*\*Increasing Leverage:\*\* The Debt/Equity ratio has increased significantly, indicating higher financial risk. Further analysis is needed to understand the reasons for the increased debt and the company's ability to service it given the current volatile earnings.  
\* \*\*Low Operating Income:\*\* The limited operating income outside of investment returns exposes Porsche SE to significant volatility. Diversification of income streams may be beneficial.

\*\*5. Final Credit Recommendation:\*\*

Given the substantial net loss driven by the impairment of financial assets, the increased leverage, and the heavy dependence on a single investment, we recommend a \*\*hold/review\*\* on extending further credit to Porsche SE. A thorough due diligence process is required to gain a clearer understanding of the circumstances surrounding the impairment charge, the future outlook for Volkswagen AG and the automotive industry, and Porsche SE’s long-term financial strategy. Specifically, we require more details regarding:

\* Composition and performance of the financial asset portfolio.  
\* Details of the debt taken on and the related covenants.  
\* Management's strategy to address the net loss and improve future profitability.  
\* Sensitivity analysis regarding the impact of potential future downturns in Volkswagen AG's performance.

Once this information is obtained and analyzed, a more definitive credit recommendation can be provided.

This memo serves as a preliminary assessment and requires further investigation before a final credit decision is made.