# Credit Memo

Date: April 29, 2025

**Company: Company**

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## CREDIT MEMO

\*\*To:\*\* Credit Committee  
\*\*From:\*\* [Your Name/Analyst Title]  
\*\*Date:\*\* October 26, 2025  
\*\*Subject:\*\* Credit Assessment of Porsche Automobil Holding SE (Porsche SE) as of December 31, 2024

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

Porsche Automobil Holding SE (Porsche SE), the majority shareholder of Volkswagen AG and Porsche AG, has experienced a significant decline in profitability in 2024. This is primarily attributable to a substantial impairment of financial assets (€2.925 billion) and lower other operating income compared to 2023. While the company retains a strong asset base dominated by its substantial financial asset holdings, the 2024 financial performance raises concerns regarding the stability of its investment portfolio and its ability to generate consistent income. This memo analyzes Porsche SE's financial position and recommends a cautious approach to extending credit.

\*\*2. Financial Highlights (€ thousand)\*\*

| Metric | 2024 | 2023 | Change (%) |  
|-------------------|--------------|--------------|-----------|  
| Revenue | 115 | 96 | +19.8% |  
| Other Op. Income | 5,173 | 233,587 | -97.8% |  
| Income fr. Invest| 1,682,887 | 1,509,824 | +11.5% |  
| Impairment Fin.As| -2,925,972 | 0 | N/A |  
| Interest Expense | 243,578 | 267,440 | -8.9% |  
| Net Profit/Loss | -1,521,284 | 1,441,088 | N/A |  
| Total Assets | 33,066,788 | 34,529,841 | -4.2% |  
| Total Equity | 25,060,859 | 27,365,224 | -8.4% |  
| Cash & Equivalents| 1,822,850 | 723,595 | +151.9% |

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

| Ratio | 2024 | 2023 |  
|----------------------------|----------|----------|  
| Debt/Equity | 0.32 | 0.26 |  
| Interest Coverage Ratio | -6.25x | 5.58x |  
| Return on Equity (ROE) | -6.07% | 5.27% |  
| Current Ratio | 2.35x | 1.34x |

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

\* \*\*Impairment Risk:\*\* The substantial impairment charge in 2024 significantly impacts profitability and raises concerns about the underlying value and performance of Porsche SE’s investment portfolio. Further analysis is needed to understand the specific assets affected and the potential for future impairments.  
\* \*\*Income Volatility:\*\* Porsche SE's income is heavily reliant on its investment returns and other operating income, which have shown significant fluctuation between 2023 and 2024. This volatility presents a challenge in predicting future earnings and assessing creditworthiness.  
\* \*\*Dependence on Volkswagen Group:\*\* Porsche SE’s financial health is intrinsically linked to the performance of the Volkswagen Group. Any adverse developments at Volkswagen AG or its subsidiaries could negatively impact Porsche SE.  
\* \*\*Debt Level:\*\* While the debt/equity ratio remains manageable, an increase in 2024 warrants attention. The negative interest coverage ratio indicates that current earnings are insufficient to cover interest expenses, raising concerns about debt serviceability.  
\* \*\*Positive Factors:\*\* Despite the negative net profit, Porsche SE maintains a strong cash position, significantly improved from 2023. This provides some liquidity buffer and could contribute to debt servicing. The company's substantial equity base also offers a degree of protection for creditors.

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

Given the significant decline in profitability, the large impairment charge, and the volatile nature of Porsche SE's income streams, we recommend a \*\*cautious approach\*\* to extending credit. A thorough due diligence process is crucial to assess the long-term impact of the 2024 impairment and the stability of the investment portfolio. Further investigation into the specific nature of the "other operating income" decline is also necessary. A lower credit limit than previously considered may be warranted, with stricter covenants tied to financial performance indicators, including interest coverage and net income. Continuous monitoring of Porsche SE's financial performance and the overall health of the automotive industry will be critical for managing the credit risk.