# Credit Memo

Date: May 21, 2025

**Company: Porshe**

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\*\*CREDIT MEMO\*\*

\*\*TO:\*\* Credit Committee   
\*\*FROM:\*\* [Your Name], Financial Analyst   
\*\*DATE:\*\* [Current Date]   
\*\*SUBJECT:\*\* Credit Evaluation of Porsche Automobil Holding SE for Year Ended December 31, 2024

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

Porsche Automobil Holding SE (“Porsche”) has faced a challenging financial landscape in the year ending December 31, 2024, characterized by significant changes across its financial statements. The company reported a net loss for the year driven by substantial impairment of financial assets, although it showcases robust market liquidity through cash and cash equivalents. Given the current financial position, we shall analyze the company's strengths, weaknesses, and the overall creditworthiness to determine the appropriate credit recommendation.

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\*\*2. Financial Highlights\*\*

- \*\*Revenue:\*\*   
 - 2024: €115,000  
 - 2023: €96,000  
 - Notable growth in revenue, indicating improved operational performance.  
   
- \*\*Operating Income:\*\*  
 - Other operating income dropped significantly to €5,173,000 in 2024 from €233,587,000 in 2023, largely due to a shift from favorable conditions to possible adverse market conditions affecting other operations.

- \*\*Net Income:\*\*  
 - 2024: Net loss of €1,521,284,000  
 - 2023: Net profit of €1,441,088,000  
 - Highlighted by a major impairment of financial assets (€2,925,972,000).

- \*\*Cash Flow:\*\*  
 - Ending cash and cash equivalents surged to €1,822,850,000 from €723,595,000, representing a strong liquidity position for the company to manage its short-term obligations.

- \*\*Total Assets:\*\*   
 - Decreased by approximately 4.25%, down to €33,066,788,000 from €34,529,841,000 in 2023.  
   
- \*\*Equity:\*\*   
 - Declined to €25,060,859,000 from €27,365,224,000, impacting the overall financial health.

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

- \*\*Debt to Equity Ratio:\*\*  
 - 2024: €7,912,142,000 / €25,060,859,000 = 0.315 (approx.)  
 - 2023: Increased overall liabilities but lower equity puts this ratio close to manageable levels.

- \*\*Interest Coverage Ratio:\*\*  
 - Interest expense approximated by interest result: –€243,578,000 (less than operating income due to losses)  
 - Ratio interpretation is challenging due to negative earnings; presents liquidity pressures.

- \*\*Liquidity Ratio (Current Assets to Current Liabilities):\*\*  
 - Current Assets: €2,422,493,000  
 - Current Liabilities: (Sum of liabilities not already included in provisions) = €7,912,142,000 (Total liabilities) - Non-current liabilities  
 - Reflects limited coverage of current obligations.

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

The principal risks identified are:

- \*\*Impairment of Financial Assets:\*\* The significant €2,925,972,000 impairment directly influences the credibility of financial forecasts and stability. The nature of these impaired assets should be scrutinized closely.

- \*\*Operational Risks:\*\* The steep decline in other operating income suggests a potential vulnerability to market changes and inefficiencies. This necessitates a thorough operational review.

- \*\*Debt Management:\*\* The ratios indicate that while current liabilities are covered, rising debt levels worry stakeholders, and net losses detract from the firm’s ability to service debt sustainably moving forward.

- \*\*Market Environment:\*\* External market volatility can significantly influence liquidity and earnings, reinforcing the need for strategic operational adjustments.

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

Based on the financial overview presented, with particular emphasis on the company’s liquidity position and cash reserves, Porsche Automobil Holding SE remains a potential credit risk but retains critical cash resources to manage short-term liabilities.

- \*\*Recommendation:\*\* Conditional approval for credit lines, subject to further analysis of operational efficiencies and a strategic plan for addressing the impairment of financial assets. Regular monitoring and updates to the financial forecasts should be mandated to mitigate risks associated with any operational or market downturns.

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\*\*Attachments:\*\*  
1. Detailed Financial Statements for 2024.  
2. Supporting Documents for Key Financial Ratios Analysis.

[End of Memo]