# Credit Memo

Date: May 23, 2025

**Company: Porshe**

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\*\*CREDIT MEMO\*\*

\*\*To:\*\* Credit Committee   
\*\*From:\*\* [Your Name], Financial Analyst   
\*\*Date:\*\* [Insert Date]   
\*\*Subject:\*\* Credit Evaluation for Porsche Automobil Holding SE as of December 31, 2024

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

Porsche Automobil Holding SE (referred to as "Porsche") has experienced significant shifts in its financial performance from 2023 to 2024. The company reported a net loss for the year ended December 31, 2024, primarily influenced by a substantial impairment of financial assets, signaling potential volatility in its investment portfolio. Although equity remains strong, financial ratios indicate increasing leverage, raising concerns about future debt servicing capability. A comprehensive assessment suggests cautious scrutiny for any potential credit extension.

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

- \*\*Revenue:\*\* Increased slightly to €115,000 (2024) from €96,000 (2023).  
- \*\*Other Operating Income:\*\* Profound decline from €233,587,000 in 2023 to €5,173,000 in 2024, indicating a remarkable drop in operational efficiency or market conditions.  
- \*\*Personnel Expenses:\*\* Reduced to €16,095,000 in 2024 from €18,755,000 in 2023, reflecting cost control measures.  
- \*\*Amortization and Depreciation:\*\* Declined to €36,000, suggesting reduced usage of intangible assets or fixed assets.  
- \*\*Income from Investments:\*\* Dramatically increased to €1,682,887,000, indicating strong underlying investment performance overshadowed by losses.  
- \*\*Impairment of Financial Assets:\*\* Significant impairment recorded at €2,925,972,000, leading to an overall loss after tax of €1,521,348,000.

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

- \*\*Debt/Equity Ratio:\*\*   
 - Total Debt: €7,912,142,000   
 - Total Equity: €25,060,859,000   
 - Debt/Equity = €7,912,142,000 / €25,060,859,000 = 0.316   
 (This represents a manageable level of debt relative to equity, though increasing from previous levels.)

- \*\*Interest Coverage Ratio:\*\*   
 - EBITDA is not directly provided, but incorporating interest expenses:   
 - Interest Result: -€243,578,000   
 - The absence of a consolidated EBITDA due to net losses renders the interest coverage calculation less reliable. Historically, these ratios indicate a concern where income fails to comfortably cover interest obligations.

- \*\*Current Ratio:\*\*   
 - Current Assets: €2,422,493,000   
 - Current Liabilities: (Total Liabilities - Non-current Liabilities) = €7,912,142,000 - (Remaining Debt and Provisions) = €2,281,649,000 (approx.)   
 - Current Ratio = €2,422,493,000 / €2,281,649,000 = 1.06   
 (This means the company can cover its short-term liabilities, although only marginally.)

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

Porsche exhibits several risks stemming from its latest financial results:

- \*\*Investment Impairment:\*\* The hefty impairment of financial assets could signify broader market issues or poor investment selections. Continuous monitoring of this aspect is crucial.  
- \*\*Operating Income Decline:\*\* The sharp fall in other operating income reflects operational inefficiencies or adverse conditions that need immediate rectification.  
- \*\*Leverage and Coverage:\*\* The increasing debt levels, combined with a declining interest coverage ratio, pose a potential credit risk if insufficient cash flows to stabilize operations continue.  
- \*\*Market Environment:\*\* The automotive industry's volatile landscape, combined with global economic factors, introduces additional uncertainty to forecasted results.

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

Given the current financial situation characterized by high impairment losses, marginal operating income, and increasing debt levels, it is recommended that Porsche Automobil Holding SE be monitored closely. Credit extension should be approached with caution, with any facilities contingent on improved performances in revenue generation, operational efficiencies, and investment strategy overhaul.

Additional qualitative assessments may be beneficial, focusing on management capability and market conditions, to derive a more accurate risk assessment in future evaluations.

\*\*Recommendation:\*\* Place under Credit Watch with Restricted Access to Additional Financing until financial health is demonstrated.

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\*\*End of Memo\*\*