

Financial Performance Statistical Analysis Model and Application of Growth Enterprise Market Company

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Abstract: Taking Growth Enterprise Market as an example, this paper analyzed the company's financial performance by establishing a time series statistical analysis model, and measures financial performance through effective data information processing. So as to further study the application and improvement of the financial performance statistical analysis model. The paper draw valuable data analysis conclusions and provide valuable suggestions for follow-up mathematical statistics of financial performance.

1 INTRODUCTION

Regarding the Growth Enterprise Market, I understand that this is a relative market that complements the main board market. It is a new type of securities market for small and medium-sized enterprises. Its main purpose is to provide more convenient financing channels for small and medium-sized enterprises. The Growth Enterprise Market mainly serves growth-oriented innovative and entrepreneurial enterprises, and aims to enable traditional small and medium-sized enterprises to be more closely related to the rapid development of new technology industries and new models.

2 LITERATURE REVIEW

2.1 Reform of the Registration System

In 2020, due to the impact of the new crown epidemic, many small, medium and micro enterprises have been hit to varying degrees. In order to support the development of small and micro enterprises and protect people's livelihood, the central government decided to reform the Growth Enterprise Market in April 2020 and in August of the same year, the Growth Enterprise Market registration system was first launched. Batches of companies passed the listing. This reform mainly focuses on simplifying and optimizing the conditions for initial public offerings on the Growth Enterprise Market,

emphasizing the transparency of information review and transmission, strictly implementing the requirements for registered issuance centered on information disclosure, and clarifying the basic rules of market-oriented issuance and underwriting. Small and medium-sized securities firms are the main sales force of the Growth Enterprise Market, and the reform of the registration system is formally beneficial to the brokers of small and medium-sized enterprises. Therefore, it can significantly enhance the vitality of the Growth Enterprise Market. Coupled with the benefits of the new financing policy in the early stage, the small and medium-sized Growth Enterprise Market will be more active.

This measure is also conducive to promoting more high-quality new technology companies to enter the capital market, further enhancing the capital market's ability to serve the real economy, enhancing the function of the capital market, and improving the basic system of the capital market. A series of reform measures are aimed at adapting to the current economic transformation, promoting the listing of more innovative and entrepreneurial enterprises, increasing the level of marketization and reducing business costs. All these will accumulate valuable experience for the further future of the market-wide registration system reform.

2.2 Research on Company Financial Performance

For the analysis of GEM companies, it is also

possible to use financial analysis methods for other ordinary companies. But we also need to know the characteristics of GEM companies. Most GEM companies are engaged in high and new technology, with high growth potential, long R&D cycle, current performance is not outstanding, the scale of the company is also small, the risk of profit instability is also greater, but the development potential is high. Collect information and data of research companies and process the data for analysis. After understanding (Song 2011), the main financial performance indicators in the following aspects are profitability, solvency, operating ability and growth ability indicators. For the analysis method here, we use the ratio analysis method, which can be used as a reference for performance indicators. The proportional analysis method is to use the ratio between different financial data to quantitatively analyze the capabilities of certain aspects of the enterprise. A reasonable selection of data can draw a judgment on the financial status and operating conditions of the enterprise. A quantitative score for financial performance indicators for analysis (Xu 2021, Guo 2021, Chen 2021). It should be noted that these four capabilities are not mutually independent vertical relationships. Many of these financial ratios are coupled with each other (Song 2011), so there may be analytical correlations. At the same time, only relying on the analysis of individual financial ratios may have insufficient depth and breadth, resulting in inability to have a comprehensive response to corporate problems, and misjudgments are prone to occur (Li 2021). Therefore, when selecting data ratios, it should be more comprehensive and diversified to achieve the purpose of more comprehensive analysis.

2.2.1 Profitability Capability

Profitability refers to the ability of an enterprise to obtain profits. It is the most concerned aspect of an enterprise, and can even be used as an expression of the core competitiveness of an enterprise. Here we choose the net asset interest rate and the cost and expense profit rate as indicators. The net asset interest rate can reflect the ability of the company to manage assets and use assets, and it can reflect the overall profitability of the enterprise; and the cost and expense profit rate reflects the existing one of the enterprise. The ability of inputs to generate economic benefits can be seen horizontally in terms of the development of the competitiveness of enterprises (Li 2021, Guo 2021).

2.2.2 Solvency Capability

Solvency is divided into short-term solvency and long-term solvency. Short-term solvency reflects the company's ability to use current assets to repay debts. It is the company's ability to cope with sudden debt repayment. Here I choose the current ratio as the short-term solvency indicator; long-term solvency is the company's guaranteed debt repayment Ability represents the foundation of a company's credit generation. Here, the debt ratio is chosen as the indicator of long-term solvency. Because faced with GEM companies, the scale of the accident is generally not too large, the transaction inventory is small and the investment is basically short-term investment, so these two indicators can more truly reflect their debt solvency. However, in terms of financial solvency, the higher the better (Chen 2019), too high means that the company's use of assets is not reasonable enough, which means that its asset distribution needs to be improved.

2.2.3 Operational Capability

Operating capability selects the turnover rate of current assets and the turnover rate of total assets as capability indicators. The turnover rate of current assets is a good measure of how companies use idle resources, and can reflect the company's strategic deployment capabilities to a certain extent, which is very important for companies on the GEM; the total asset turnover rate is the company's use of assets to generate profits. Revenue efficiency is mainly an indicator of the liquidity of a company's assets, which can reflect the company's sales and internal operations capabilities to a large extent.

2.2.4 Growth Capacity

There are many indicators that can be selected here, because for an enterprise, the enhancement of the above-mentioned capabilities can reflect the growth of the enterprise to a certain extent. The growth rate of operating income, the rate of capital accumulation, the growth rate of operating profit, and the growth rate of total assets can well reflect the growth of a company's scale and profitability. For start-ups that are difficult at the beginning, paying attention to their scale growth can give a good indication of their ability to survive and grow in the reformed market environment.

In terms of how to selecting data, representative data is usually selected. There are many statistical methods such as correlation coefficient calculation or factor analysis (Yang 2021), which can screen out

reasonable and representative data as analysis materials. Through analysis, some characteristics of GEM companies are obtained, and some feasible improvement suggestions are put forward.

3 FINANCIAL ANALYSIS OF THE CASE COMPANY

3.1 Comparative Analysis of Solvencys

Define abbreviations and acronyms the first time they are used in the text, even after they have been defined in the abstract. Abbreviations such as IEEE, SI, MKS, CGS, sc, dc, and rms do not have to be defined. Do not use abbreviations in the title or heads unless they are unavoidable. The data of the research sample's asset-liability ratio (unit: %) from the end of 2016 to the end of 2020 is as follows:

Table 1: Asset-liability ratio Data of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	59.57	66.58	64.94	64.40	65.53
2	000651.SZ	Gree	69.88	68.91	63.10	60.40	58.14
3	600690.SH	Haier	71.37	69.13	66.93	65.33	66.52
4	002050.SZ	Sanhua	36.10	35.82	37.55	36.68	40.39
5	002032.SZ	Super	41.96	43.32	44.45	42.23	41.13
6	002508.SZ	BOSS	35.70	33.67	35.16	34.53	34.23
7	002705.SZ	Xinbao	50.97	43.77	45.07	46.90	51.15
8	002242.SZ	Jiuyang	37.17	33.05	42.50	49.77	53.12
9	300894.SZ	Martian	63.01	56.70	52.50	49.70	37.89
10	000921.SZ	Hisense	72.06	67.20	63.86	63.28	65.54
	Average		53.78	51.82	51.60	51.32	51.36
	Median		55.27	50.24	48.78	49.74	52.14

Data source: Wind Financial Terminal

According to the above table, the overall asset-liability ratio of Midea Group has remained stable after 2017. Due to the large scale of payment required

for mergers and acquisitions, its asset-liability ratio is higher than the industry average and median.

The current ratio data of the research sample from the end of 2016 to the end of 2020 are as follows:

Table 2: Current Ratio Data of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	1.35	1.43	1.40	1.50	1.31
2	000651.SZ	Gree	1.13	1.16	1.27	1.26	1.35
3	600690.SH	Haier	0.95	1.15	1.18	1.05	1.04
4	002050.SZ	Sanhua	2.15	2.34	2.02	2.13	2.45
5	002032.SZ	Super	1.99	1.95	1.91	1.98	2.01
6	002508.SZ	BOSS	2.42	2.58	2.47	2.54	2.59
7	002705.SZ	Xinbao	1.26	1.49	1.37	1.45	1.41
8	002242.SZ	Jiuyang	1.84	2.04	1.70	1.49	1.52
9	300894.SZ	Martian	0.95	0.91	0.83	0.91	1.81
10	000921.SZ	Hisense	0.97	1.05	1.06	1.18	1.13
	Average		1.50	1.61	1.52	1.55	1.66
	Median		1.31	1.46	1.39	1.47	1.47

Data source: Wind Financial Terminal

According to the above table, the current ratio of Midea Group has remained stable as a whole, and there is no significant difference from the average and median values of the industry.

The quick ratio data of the research sample from the end of 2016 to the end of 2020 are as follows:

Table 3: Quick Ratio Data of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	1.18	1.18	1.18	1.28	1.14
2	000651.SZ	Gree	1.06	1.05	1.14	1.12	1.17
3	600690.SH	Haier	0.74	0.87	0.90	0.76	0.78
4	002050.SZ	Sanhua	1.68	1.84	1.60	1.67	1.96
5	002032.SZ	Super	1.47	1.40	1.41	1.52	1.53
6	002508.SZ	BOSS	2.01	2.15	2.05	2.17	2.25
7	002705.SZ	Xinbao	0.91	1.14	1.01	1.04	1.08
8	002242.SZ	Jiuyang	1.64	1.74	1.44	1.20	1.32
9	300894.SZ	Martian	0.72	0.70	0.54	0.69	1.55
10	000921.SZ	Hisense	0.77	0.81	0.84	1.01	0.97
	Average		1.22	1.29	1.21	1.24	1.38
	Median		1.12	1.16	1.16	1.16	1.25

Data source: Wind Financial Terminal

According to the above table, similar to the current ratio, the quick ratio of Midea Group remains stable as a whole, and the difference with companies in the same industry is relatively low.

The cash ratio data of the research sample from the end of 2016 to the end of 2020 are as follows:

Table 4: Cash Ratio Data of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	1.18	1.18	1.18	1.28	1.14
2	000651.SZ	Gree	1.06	1.05	1.14	1.12	1.17
3	600690.SH	Haier	0.74	0.87	0.90	0.76	0.78
4	002050.SZ	Sanhua	1.68	1.84	1.60	1.67	1.96
5	002032.SZ	Super	1.47	1.40	1.41	1.52	1.53
6	002508.SZ	BOSS	2.01	2.15	2.05	2.17	2.25
7	002705.SZ	Xinbao	0.91	1.14	1.01	1.04	1.08
8	002242.SZ	Jiuyang	1.64	1.74	1.44	1.20	1.32
9	300894.SZ	Martian	0.72	0.70	0.54	0.69	1.55
10	000921.SZ	Hisense	0.77	0.81	0.84	1.01	0.97
	Average		1.22	1.29	1.21	1.24	1.38
	Median		1.12	1.16	1.16	1.16	1.25

Data source: Wind Financial Terminal

According to the above table, the cash ratio of Midea Group has been on the rise in the past five years, but it is still at a low level compared to comparable companies in the same industry, mainly due to the large amount of cash paid in many mergers and acquisitions.

3.2 Comparative Analysis of Profitability

The data of the research sample's return on net assets (unit: %) from the end of 2016 to the end of 2020 are as follows:

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Table 5: Return on Net Assets of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	26.62	25.63	25.80	26.21	24.84
2	000651.SZ	Gree	30.42	37.51	33.40	24.52	19.68
3	600690.SH	Haier	20.53	23.65	20.78	18.80	15.48
4	002050.SZ	Sanhua	17.19	18.73	15.67	15.87	15.11
5	002032.SZ	Super	24.05	26.86	30.07	30.13	26.30
6	002508.SZ	BOSS	33.07	31.12	26.07	24.63	22.27
7	002705.SZ	Xinbao	17.19	12.77	13.17	16.76	21.64
8	002242.SZ	Jiuyang	20.77	19.63	20.43	21.79	23.39
9	300894.SZ	Martian	79.87	84.01	27.02	48.45	28.56
10	000921.SZ	Hisense	24.41	35.26	19.78	22.32	17.07
	Average		29.41	31.52	23.22	24.95	21.43
	Median		24.23	26.24	23.29	23.42	21.96

Data source: Wind Financial Terminal

According to the above table, in the past five years, Midea Group's return on net assets has shown a stable overall trend, and is significantly higher than the level of comparable companies in the same industry.

The research sample's return on total assets (unit: %) from the end of 2016 to the end of 2020 are as follows:

Table 6: Data of Return on Total Assets of The Research Samples.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	12.21	10.35	9.50	9.55	8.85
2	000651.SZ	Gree	10.09	12.70	12.85	10.20	8.43
3	600690.SH	Haier	8.35	8.10	7.93	8.94	7.37
4	002050.SZ	Sanhua	12.71	14.45	11.97	11.75	10.71
5	002032.SZ	Super	17.80	18.29	19.96	19.84	17.98
6	002508.SZ	BOSS	23.17	22.30	18.43	17.78	15.54
7	002705.SZ	Xinbao	11.15	7.67	8.14	10.31	13.12
8	002242.SZ	Jiuyang	14.82	14.80	14.38	12.95	12.44
9	300894.SZ	Martian	26.24	40.78	16.65	27.59	18.84
10	000921.SZ	Hisense	7.59	10.94	7.06	7.40	8.67
	Average		14.41	16.04	12.69	13.63	12.19
	Median		12.46	13.58	12.41	11.03	11.58

Data source: Wind Financial Terminal

According to the above table, the return on total assets of Midea Group has been declining in the past five years, and has always been lower than the average level of comparable companies in the same industry. I believe this is still in the normal range, because Midea Group's asset scale and market value

scale far exceed those of other companies. Nine comparable companies, and larger companies usually have a lower return on total assets.

The sales gross profit margin (unit: %) data of the research sample from the end of 2016 to the end of 2020 are as follows:

Table 7: Sales Gross Profit Margin Data of The Research Samples.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	27.31	25.03	27.54	28.86	25.11
2	000651.SZ	Gree	32.70	32.86	30.23	27.58	26.14
3	600690.SH	Haier	31.02	31.00	29.00	29.83	29.68

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
4	002050.SZ	Sanhua	29.77	31.23	28.59	29.60	29.81
5	002032.SZ	Super	30.53	29.56	30.86	31.15	26.42
6	002508.SZ	BOSS	57.31	53.68	53.52	54.27	56.16
7	002705.SZ	Xinbao	20.13	19.42	20.56	23.67	23.31
8	002242.SZ	Jiuyang	32.70	33.01	32.13	32.52	32.05
9	300894.SZ	Martian	47.59	51.11	52.42	51.78	51.58
10	000921.SZ	Hisense	23.36	19.46	19.01	21.44	24.05
	Average		33.24	32.64	32.39	33.07	32.43
	Median		30.78	31.12	29.61	29.71	28.05

Data source: Wind Financial Terminal

According to the above table, the gross profit margin of Midea Group has been fluctuating in the past five years, with relatively low fluctuations, and has always been lower than the average level of comparable companies in the same industry, indicating that Midea Group's overall gross profit

margin is compared with other companies in the same industry. The company has no significant advantages.

The cost of sales ratio (unit: %) of the research sample from the end of 2016 to the end of 2020 is as follows:

Table 8: The Cost of Sales Data of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	72.69	74.97	72.46	71.14	74.89
2	000651.SZ	Gree	67.30	67.14	69.77	72.42	73.86
3	600690.SH	Haier	68.98	69.00	71.00	70.17	70.32
4	002050.SZ	Sanhua	70.23	68.77	71.41	70.40	70.19
5	002032.SZ	Super	69.47	70.44	69.14	68.85	73.58
6	002508.SZ	BOSS	42.69	46.32	46.48	45.73	43.84
7	002705.SZ	Xinbao	79.87	80.58	79.44	76.33	76.69
8	002242.SZ	Jiuyang	67.30	66.99	67.87	67.48	67.95
9	300894.SZ	Martian	52.41	48.89	47.58	48.22	48.42
10	000921.SZ	Hisense	76.64	80.54	80.99	78.56	75.95
	Average		66.76	67.36	67.61	66.93	67.57
	Median		69.22	68.88	70.39	70.29	71.95

Data source: Wind Financial Terminal

According to the above table, the cost of sales ratio of Midea Group has always maintained a relatively high level, consistently higher than that of comparable companies in the same industry,

indicating that Midea Group has no comparative advantage in cost control.

The sales period expense ratio (unit: %) of the research sample from the end of 2016 to the end of 2020 is as follows:

Table 9: Expense Rate Data during The Sales Period of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	16.53	17.59	18.18	18.53	15.57
2	000651.SZ	Gree	15.81	15.62	14.79	12.90	12.34
3	600690.SH	Haier	25.50	25.62	23.46	25.38	24.68
4	002050.SZ	Sanhua	14.40	15.51	13.84	15.14	16.63
5	002032.SZ	Super	18.91	18.52	19.92	19.95	15.46
6	002508.SZ	BOSS	33.06	29.45	31.98	31.30	31.95
7	002705.SZ	Xinbao	11.73	13.23	12.14	14.68	13.39
8	002242.SZ	Jiuyang	21.78	22.71	24.16	23.22	23.28
9	300894.SZ	Martian	29.65	24.53	40.20	31.36	31.99

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
10	000921.SZ	Hisense	20.58	17.40	17.08	18.99	17.95
	Average		20.79	20.02	21.57	21.14	20.32
	Median		19.74	18.06	19.05	19.47	17.29

Data source: Wind Financial Terminal

According to the above table, the period expense ratio of Midea Group has remained stable overall and is lower than the average level of comparable companies in the same industry. The author believes that this is in line with common sense, because Midea Group's overall scale is relatively large, so the period expense has been diluted to a certain extent. level.

3.3 Comparative Analysis of Operating Capability

The inventory turnover rate data of the research sample from the end of 2016 to the end of 2020 are as follows:

Table 10: Inventory Turnover Rate Data of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	8.87	8.01	6.37	6.38	6.70
2	000651.SZ	Gree	7.88	7.78	7.56	6.51	4.78
3	600690.SH	Haier	6.90	5.98	5.93	5.57	5.11
4	002050.SZ	Sanhua	3.98	4.31	3.99	3.78	3.79
5	002032.SZ	Super	5.31	5.15	5.43	5.93	5.88
6	002508.SZ	BOSS	3.02	3.21	2.81	2.64	2.61
7	002705.SZ	Xinbao	6.55	6.70	6.10	5.26	5.65
8	002242.SZ	Jiuyang	10.40	10.50	8.77	6.88	7.51
9	300894.SZ	Martian	4.74	5.64	4.43	5.14	4.72
10	000921.SZ	Hisense	8.31	8.90	9.18	9.12	9.43
	Average		6.60	6.62	6.06	5.72	5.62
	Median		6.73	6.34	6.02	5.75	5.38

Data source: Wind Financial Terminal

According to the above table, the inventory turnover capacity of Midea Group has shown a downward trend as a whole, but it is still significantly higher than that of comparable companies in the same industry.

The research sample accounts receivable turnover rate data from the end of 2016 to the end of 2020 are as follows:

Table 11: Accounts Receivable Turnover Rate Data of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	13.35	15.54	14.07	14.62	13.65
2	000651.SZ	Gree	37.09	33.80	29.32	24.44	19.50
3	600690.SH	Haier	12.95	12.90	16.02	18.72	15.57
4	002050.SZ	Sanhua	6.03	6.86	6.23	6.07	5.73
5	002032.SZ	Super	10.78	11.11	11.43	11.27	9.24
6	002508.SZ	BOSS	17.78	19.97	18.16	13.24	9.38
7	002705.SZ	Xinbao	9.85	10.93	8.79	8.73	9.57
8	002242.SZ	Jiuyang	84.03	67.80	54.66	49.74	53.68
9	300894.SZ	Martian	290.28	741.17	181.02	44.61	26.66
10	000921.SZ	Hisense	11.11	12.05	12.15	10.60	9.16
	Average		49.32	93.21	35.19	20.20	17.21
	Median		13.15	14.22	15.05	13.93	11.61

Data source: Wind Financial Terminal

According to the above table, it can be seen that Midea Group's accounts receivable turnover rate shows a stable overall trend, and there is no significant difference from comparable companies in the same industry.

The data of the current asset turnover rate of the research sample from the end of 2016 to the end of 2020 is as follows:

Table 12: Liquid Asset Turnover Rate Data of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	1.49	1.67	1.49	1.40	1.25
2	000651.SZ	Gree	0.83	0.95	1.08	0.97	0.80
3	600690.SH	Haier	1.91	2.02	2.01	2.06	1.95
4	002050.SZ	Sanhua	1.25	1.34	1.17	1.14	1.12
5	002032.SZ	Super	1.90	2.00	2.14	2.11	1.86
6	002508.SZ	BOSS	1.23	1.16	1.01	0.91	0.83
7	002705.SZ	Xinbao	2.19	2.10	1.93	1.91	1.87
8	002242.SZ	Jiuyang	1.79	1.96	1.94	1.81	1.75
9	300894.SZ	Martian	2.53	2.76	2.75	3.04	1.67
10	000921.SZ	Hisense	2.48	2.40	2.47	1.93	1.77
	Average		1.76	1.84	1.80	1.73	1.49
	Median		1.85	1.98	1.94	1.86	1.71

Data source: Wind Financial Terminal

According to the above table, the current asset turnover rate of Midea Group has remained stable overall. However, compared with comparable companies in the same industry, the current asset

turnover rate of Midea Group is significantly lower. Turnover rate is at a disadvantage.

The fixed asset turnover rate data of the research sample from the end of 2016 to the end of 2020 are as follows:

Table 13: Fixed Asset Turnover Rate Data of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	8.03	11.08	11.63	12.67	13.02
2	000651.SZ	Gree	6.65	8.54	11.16	10.70	8.95
3	600690.SH	Haier	9.94	10.09	11.00	10.44	9.98
4	002050.SZ	Sanhua	3.16	4.11	4.00	3.57	3.36
5	002032.SZ	Super	13.23	16.55	21.03	22.34	17.40
6	002508.SZ	BOSS	6.72	8.35	8.89	9.30	9.85
7	002705.SZ	Xinbao	5.24	5.22	4.72	4.84	6.19
8	002242.SZ	Jiuyang	10.70	11.14	12.26	13.53	16.92
9	300894.SZ	Martian	3.55	6.13	4.48	3.38	2.91
10	000921.SZ	Hisense	7.62	9.95	11.06	10.59	12.58
	Average		7.49	9.12	10.02	10.14	10.11
	Median		7.17	9.24	11.03	10.51	9.91

Data source: Wind Financial Terminal

According to the above table, the fixed asset turnover rate of Midea Group is showing an upward trend, and it is significantly higher than that of comparable companies in the same industry,

indicating that Midea Group's fixed asset turnover rate is in an advantageous position.

The total asset turnover data of the research sample from the end of 2016 to the end of 2020 are as follows:

Table 14: Total Asset Turnover Rate Data of The Research Sample.

No.	Code	Company	2016/12/31	2017/12/31	2018/12/31	2019/12/31	2020/12/31
1	000333.SZ	Midea	1.07	1.16	1.02	0.99	0.86
2	000651.SZ	Gree	0.64	0.76	0.86	0.75	0.61
3	600690.SH	Haier	1.15	1.13	1.15	1.13	1.07
4	002050.SZ	Sanhua	0.82	0.92	0.82	0.79	0.76
5	002032.SZ	Super	1.57	1.67	1.80	1.77	1.54
6	002508.SZ	BOSS	1.01	0.98	0.85	0.77	0.70
7	002705.SZ	Xinbao	1.39	1.36	1.23	1.19	1.28
8	002242.SZ	Jiuyang	1.27	1.32	1.36	1.32	1.35
9	300894.SZ	Martian	1.36	1.49	1.28	1.32	0.97
10	000921.SZ	Hisense	1.60	1.65	1.66	1.34	1.28
	Average		1.19	1.24	1.20	1.14	1.04
	Median		1.21	1.24	1.19	1.16	1.02

Data source: Wind Financial Terminal

According to the above table, the return on total assets of Midea Group has shown a downward trend in the past five years, and is significantly lower than comparable companies in the same industry, indicating that Midea Group is subject to a larger company size and its total asset turnover rate is at a disadvantage.

4 CONCLUSIONS

Through financial performance analysis, the author believes that Midea Group's horizontal mergers and acquisitions effectiveness is not obvious at the level of financial performance. First of all, according to the exchange rate at the time of the acquisition, the three M&A transactions were valued at RMB 3.3 billion, RMB 29.2 billion, and RMB 14.4 billion, respectively, for a total of 46.9 billion yuan. The consideration paid was relatively high, which resulted in the overall debt ratio of Midea Group being relatively low. In addition, due to the rapid expansion of assets and business, Midea Group has no significant advantage in profitability compared with companies in the same industry. This is more obvious at the level of gross profit margin. Only the return on net assets is significantly higher than that of the same industry. Comparable companies in the industry, because Midea Group has a higher leverage ratio. Furthermore, the author finds that Midea Group's overall operating capabilities and growth capabilities have no significant advantages compared to comparable companies in the same industry. Therefore, the strategic intention to improve its own operational efficiency and growth space through

horizontal industrial mergers and acquisitions has not achieved significant financial performance.

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