

Profitability analysis of Yangyuan company based on DuPont analysis method

Jiyuan Qian

School of Accounting, Anhui University of Finance and Economics, Bengbu, China

q15155928615@163.com

Abstract

In recent years, people begin to pay more attention to the quality of life, and the attention to health drinks has reached an unprecedented level. Plant protein drinks are becoming more and more sought after by the public, with natural, nutrition and health as their main characteristics. Because of this, many beverage enterprises have entered the field of plant protein beverage, leading to the increasingly fierce competition in the industry, among which, profitability is one of the important factors for beverage enterprises to obtain competition. This article will raise the company as a case, on the basis of dupont analysis system, through the calculation, comparative analysis of the company's net equity, sales net interest rate, total assets turnover, equity multiplier dupont financial analysis index, to explore the yuan company profitability from 2016 to 2020 profitability, found the company problems in profitability, based on the enhanced yuan company profit solution, to solve the problem of the company in order to provide other plant protein drinks company a certain reference value.

Keywords

Yangyuan company; profitability; DuPont analysis.

1. Introduction

Enterprise management development is a difficult problem, to realize enterprise sustainable management development need from multiple angles to strengthen the management of the enterprise, to realize the steady progress, and the growth of enterprise profitability is one of the most important factors, from the development of domestic and foreign enterprises, all an enterprise to win the initiative in the brutal market competition, then we must attach importance to the improvement of enterprise own profitability, profitability of the relationship to the strength of the enterprise core competitiveness. From the perspective of corporate finance, only when the profits of the enterprise exceed the debt interest that the enterprise should bear, then the enterprise can guarantee the sustainable development, otherwise it will fall into financial difficulties. From the perspective of investors' investment, whether the profitability of the company is competitive is related to the future development prospects of the company. The stronger the profitability of the company, the higher the security of its investment funds. So it can be seen from this, the stronger the profitability of the enterprise, so the higher the appeal for investors, reflected in the capital market, namely the higher an enterprise, the overall stock value of natural enterprise will obtain the corresponding promotion, so for any enterprise, whether based on the enterprise development needs, or for financing needs, must pay attention to the profitability. Since the establishment of the company, Yangyuan company has always adhered to the development of plant protein drinks, especially walnut drinks, A worthy industry expert in plant protein drinks, Has always maintained a strong development trend, But in recent years, Yangyuan company's sales growth rate has a downward trend, Chengde Lulu is one of Yangyuan's main competitors, But it is growing fast, In addition to

Chengde Lulu, Domestic large milk producers such as Mengniu and Yili have also begun to enter the plant-based protein beverage market, In the face of such a strong rival, Its main products are still too single. The purpose of this paper is to analyze the profitability of Yangyuan Company, find out the problems in the profitability of Yangyuan Company, and put forward corresponding solutions.

2. Research status, both in domestic and at abroad

2.1. Current situation of overseas research;status quo of overseas research

A review of foreign literature From the analysis results of foreign scholars on the profitability of enterprises, many scholars have expressed their views in this aspect and established the corresponding theoretical system. The proposal of these theories provides a good material for the analysis and research of this paper. DuPont analysis method is an effective financial analysis system, which has an important guiding role for the financial management of enterprises. With the acceleration of market changes, the competition between enterprises is constantly intensifying. In this process, enterprises are required to constantly strengthen the search for problems, optimize and improve. This paper analyzes the Yangyuan company as the case object to provide reference for other enterprises.

Andrzej Rutkowski (2018) Research found that the companies that continue to acquire are relatively low in terms of return on equity and profitability. Rahman, Angeles and Mary (2019) The main object of this study is the level of advertising, and the efficiency level of enterprise advertising is closely related to profitability, and is proportional to the conclusion of. Yan Jin (2018) key exploration goal is in the dupont analysis framework, determine the company's return on equity the parameter can predict the company changes to the inference , Soliman (2018) in order to better explain the securities earnings, we can increase profit margins and asset turnover information to improve the overall evaluation model and improve the reliability of the explanation.

2.2. Status quo of domestic research

The research on the profitability of enterprises is gradually carried out. Most scholars adopt the method of learning from foreign theories in their theoretical research, and then adopt and improve them to meet the development needs of China's market economy.

(1)Profitability research Gu Wei (2020), in his book The Factors affecting the Profitability of Commercial Banks, Using the financial statements as the carrier, On the corporate profitability of relevant banks , Jiang Benyi (2020), in the analysis of the profitability of enterprises, Found that if companies want to grow better, We must establish a perfect performance evaluation system, Deep research into corporate profitability, Clarify their own development orientation, Try to meet the needs of business stakeholders, Constantly seeking support from its stakeholders, Promote the continuous development of enterprises , Lai Binhui (2018) The return rate of shareholders' equity is an important comprehensive indicator reflecting the overall profitability of the enterprise , Luo Tao (2018) A complete profitability evaluation index system can provide a guarantee for the comprehensive development of the effectiveness of financial analysis , Chen Hua (2019) conducted a study on the profitability index of Gree Electric Appliances. Explore found that the change of the currency exchange ratio is part of the financial statements otherwise will cause the influence of corporate profitability and profitability of , Wang Hongyan (2019) points out that the analysis of the enterprise profitability should be from multiple angles, multi-level, cannot ignore factors enterprise culture, human resources, Chen Rongfu (2019) enterprise profitability analysis mainly from the enterprise's internal and internal and external factors, and on this basis to seek solutions to the problem.

(2) Study on DuPont analysis system Fang Ting (2018) This paper studies the practicability of the DuPont analysis system, Thinking that this method can objectively and truly reflect the operating status of the enterprise from the financial statements, It is also an important tool for business decision-making. Han Dingqi (2018) adopted the traditional DuPont analysis system to conduct the dynamic analysis of Weihai, Found that when using the traditional DuPont analysis system, The need to break down the various financial indicators, Then we calculate the product of the decomposed content, According to the analysis of Li Pei Yuan (2018), In order to better understand the overall development status of the enterprise, Managers must analyze the financial indicators, Continuously enhance corporate profitability, Li Yonghua (2018) believes that through continuous improvement and continuous improvement of the DuPont analysis system, Can find a more reasonable and effective enterprise financial core value analysis system, So as to improve the ability and level of enterprise risk management, In order to improve the level of enterprise management decision-making and enhance enterprise value to provide strong guarantee and support for enterprises, A key indicator of Hong Yang (2020) is the return on total assets, Investors are increasingly concerned about maximizing their own rights. In the case of Moutai Group, Moutai Group suggested that if large enterprises want to maintain a lasting and healthy growth trend in the long term, they need to continuously improve and improve the capital structure, strengthen the classification of products, and enhance the role of equity multiplier.

3. Study content and methods

3.1. Research contents

The research content of this paper is mainly based on the DuPont analysis method as the research basis, with Yangyuan company as a case, the in-depth analysis of the profitability of Yangyuan company, mainly composed of the following five parts. In the context of the case of Yangyuan Company, it first describes in detail the writing background and significance of the profitability analysis based on DuPont analysis, the research status at home and abroad, as well as the introduction of the literature research method, case analysis method, comparative analysis method and other research methods used in this paper. Then the theoretical basis and concept of DuPont analysis and profitability. The second is to introduce the yuan company from the establishment to the basic situation, on the basis of dupont analysis system, calculate the company's net equity, sales net interest rate, total assets turnover, equity multiplier, and then use analysis tools make chart comparative analysis of these data, behind the analysis of the problems of the company analysis to provide powerful basis. Then the problems of Yangyuan company are put forward, and favorable solutions are proposed for the profitability problems of Yangyuan company. Finally, it is the conclusion summary of the profitability analysis of Yangyuan company based on DuPont analysis method.

3.2. Research technique

3.2.1. Literature research method

After determining that the central issue of our study was a Yangyuan profit analysis based on the DuPont analysis method, Then use cnKI, Baidu Academic and major search engines and other network information platforms to collect and sort out Yangyuan Company, DuPont analysis, profitability analysis and other data, Focus on the search of domestic and foreign information related to profitability analysis based on DuPont analysis, In-depth reading and understanding of previous works, papers, journals and books based on profitability analysis based on DuPont analysis, Summary of previous works, papers and journals and books to provide a strong support for the writing of this paper is also an important theoretical basis.

3.2.2. Case analysis method

This paper to raise yuan company as a discussion case, then analyze the yuan company in the dupont the status of profitability analysis system, yuan company profitability status is by the return on equity, net sales, net interest rate, total assets turnover, rights and interests of five years calculation data comparative analysis, in order to expect to raise yuan company to provide certain reference value.

3.2.3. Comparative analysis method

Select nearly five years of yuan company financial indicators based on dupont analysis of yuan company profitability analysis, by comparing from 2016 to 2020 dupont financial analysis system of the data: net equity, net sales rate, total assets turnover, equity, multiplier, etc., through the data of five years, found the yuan company in profitability of various problems, find out the causes of the problems.

4. Overview of DuPont analysis and profitability

4.1. The rationale of the DuPont analysis

4.1.1. The concept of the DuPont analysis method

DuPont analysis method can make an overall grasp of the economic benefits of the company on the basis of using the various financial indicators, which is an excellent method for the company to conduct the overall analysis. DuPont analysis method organically combines several indicators reflecting the financial situation of enterprises according to their internal connections to form a comprehensive index system framework, and adopts the core index of enterprise return on equity to achieve comprehensive performance.

4.1.2. The DuPont financial analysis system

In 1919, the dupont developed a comprehensive financial analysis system "dupont financial analysis system", return on equity has become the basis of dupont financial analysis system, after the analysis of the return on equity, can return on equity, divided into net return on sales, total assets turnover and equity multiplier index. Later, through in-depth research of the above analyzed index system, the influence relationship of each index can be decomposed, so as to make research and judgment on the operation status of the company at all levels.

4.2. Based on the profitability analysis framework of the DuPont analysis method

4.2.1. Definition of profitability

Profitability people usually also call it for profitability, is an enterprise or company capital appreciation ability, generally refers to in a business within a period of time, the ability to obtain profits, is usually is the company's profit margin is high, the company's profit is high, so a company to profit level of a company profitability, this is an important indicator is closely related to company survival and development, because it reflects the company's current profitability and ability, so the company related personnel are very concerned.

4.2.2. Main indicators of the DuPont analysis method

It is the essence of DuPont's analysis method to analyze and sort out the actual financial problems of enterprises. After this, the actual situation of the target enterprises in terms of profit, performance and return ratio will be obtained. Compared with the traditional financial analysis method, DuPont analysis method has the advantages of systematic and correlation analysis, which can carry out scientific and effective and comprehensive analysis and research on the actual situation of enterprises. Through the combination of a variety of data, the actual business development and financial situation of the company can be further studied, and finally the relevant information of the company can be obtained, including production and operation

status, financial crisis level, return on assets, etc. Therefore, when you conduct a DuPont analysis of a company's production and operation, you should pay special attention to a change in the data: net asset earnings efficiency, which evaluates the solvency and profitability of a company, which constitutes an analysis system including the income statement and balance sheet.

Return on equity. Return on equity, also known as (return on equity), refers to the ratio of the company's net profit and the interests of general shareholders, and refers to the ratio of the company's after-tax income and net assets, which can reflect the actual profit level of the interests of general shareholders and help to reflect the actual application benefits of the company's own funds. The higher the index value, the higher the return on investment of the owner. Return on equity is generally considered to reflect the holder (enterprise) interests of the most comprehensive and one of the most representative enterprise financial indicators, when people in the evaluation of the enterprise return on equity, generally include the following three indicators: a net return on sales, total assets turnover and equity multiplier, to reflect the enterprise profitability, capital use ability and solvency change trend. Through the data analysis of these three index changes, the causes of the change of the return on equity are found, so as to give targeted solutions. In the process of analysis, enterprises should conduct a comprehensive analysis of the net interest rate of sales, the total asset turnover rate and the equity multiplier, because only looking at a specific ratio will often draw incorrect conclusions.

(2) Net interest rate on sales. Net interest rate on sales is the ratio of the company to achieve net profit and sales revenue, which is used to reflect the company's sales revenue within a certain period of time. The higher the net interest rate of sales, the stronger the ability of the enterprise to create profits.

(3) Total asset turnover ratio. Total asset turnover rate, reflects the comprehensive strength of the company's assets to achieve sales income. In the actual analysis, the proportion of the assets of the company is reasonable, that is, the proportion of the current assets and the composition of the company's long-term assets. In addition, we also need to pay attention to these indicators such as the current asset turnover, inventory turnover, and the accounts receivable turnover rate of the company, because these data are indicators related to the overall quality of the company's overall liabilities, which can make us more aware of the reasons for the change in total asset turnover.

(4) Equity multiplier. The equity multiplier $= 1 / (1 - \text{asset-liability ratio})$, which is positively correlated with the asset-liability ratio. The greater the equity multiplier is, the greater the asset-liability ratio is. How much asset-liability ratio is appropriate, should decide according to the specific situation of each enterprise. The asset-liability ratio is too high, the company's ability to repay debts is reduced, too low indicates that the hospital uses the funds.

5. Analysis of the profitability status of Yangyuan Company based on DuPont analysis system

5.1. General situation of Yangyuan company

5.1.1. Brief introduction of Yangyuan Company

Yang yuan company was founded in 1997, it has established 25 years, raise yuan company in the 25 years has grown into the leading enterprise, Chinese walnut drinks yuan company has its own research and development production and sales system, is worthy of Chinese walnut beverage large manufacturing enterprises, the company in the five provinces and cities across the country has its own production and processing base, a comprehensive capacity can reach one hundred and five million tons, huge capacity. The company has been specializing in the research and development of brain walnut drinks, Efforts to improve the quality of walnut

drinks, Yangyuan company also continues to explore the market potential through technological innovation and brand innovation, The walnut drinks evolved into the mainstream beverage products that drink together throughout the country, With the continuous progress of modern technology, The medical significance of Chinese consumers to walnut drinks and other plant protein drinks is also increasing, Recognition of the walnut beverage market also continues to improve, The market prospect of plant protein drinks is even broader, While actively promoting the development of China's walnut plant protein beverage industry, Also hope to commit themselves to creating an excellent Chinese national brand, Can contribute to the cause of human health of their own strength.

5.1.2. Yangyuan company profitability influencing factors

(1) Internal influencing factors In the context of economic internationalization, there will be various new economic reasons, which will affect the profitability of the maintenance enterprises. Based on the research results of domestic academic circles as the benchmark, we can understand the company's control of the cost, the company's actual operation and management level and the company's cost management ability and other internal reasons, which will affect the overall profit level of the company. In recent years, through the experience analysis of the company, coupled with the in-depth analysis of experts and scholars, it is found that the salary level of managers, the actual position of the company in the industry and the actual situation of the company in the market will affect the profit strength of the company. Therefore, the company must scientifically manage the company's costs, effectively reduce the internal cost in the company, in order to save the cost to increase the company's income. For the beverage manufacturing industry, the company's main source of profit is the sales volume of beverage products. To some extent, the operating profit of drinks also depends on the company's marketing level. (2) External influencing factors At the same time, the external impact will also have a corresponding impact on the company's profit level. Market environment is the main influencing factor. Because the market is not fixed, the competitors and market changes in the same industry in the market will also affect the company's profitability and profit level. As far as beverage companies are concerned, the government factors are also a great influence factor, among which the most representative factor is the investment support related to national policies.

5.2. Profitability analysis of Yangyuan company based on DuPont analysis method

To some extent, the adequacy of the enterprise is reflected by the profitability of the company, and the operation and growth of the enterprise are reflected by the adequacy of capital at a certain level. If the profitability of the company is significant, it can produce more funds for the enterprise to control. It can well support the operation and development of the enterprise, and the improvement of the profitability of the enterprise can be realized by expanding the operation scale of the enterprise, and then realize a virtuous cycle of the development of the company. The management can also judge whether the enterprise has major problems according to the profitability of the enterprise. In fact, the core of DuPont analysis is very simple, which is to decompose the return on equity of an enterprise and decompose this index into the product of multiple indicators. Each financial decomposition will involve more related factors. By comparing the data analysis of the previous year, we can understand the latest development trend of the value of the enterprise.

5.2.1. Analysis of return on equity

Well-known DuPont analysis index is the core of the return on equity, and the index is by sales net return and total assets turnover and equity multiplier, this index is usually used to reflect and summarize the financial status of the company in the past year, so the index for the company's managers or the company's owner is one of the very important indicators.

Table 1 Return on equity

Year	2016	2017	2018	2019	2020
Net interest rate on sales	31%	30%	35%	36%	34%
turnover of total capital	0.93	0.74	0.62	0.49	0.29
equity multiplier	1.63	1.53	1.28	1.22	1.27
Return on equity	47%	34%	28%	22%	13%

Based on the return on equity of Yangyuan Company from 2016 to 2020, the return on equity of Yangyuan Company in five years is calculated. According to Table 1, from 2016 to 2020, the return on equity of Yangyuan Company showed a linear decline, from 47% in 2016 to 13% in 2020, a decrease of 34%.

The return on equity in 2016 is the highest value in the five years, as high as 47%, there are two main reasons: first, raise yuan company in 2016 and sponsored the six TV shows, the company since 2014 use program sponsorship marketing means, 2016 is the most sponsored programs, the popular science reality show "strongest brain" is raising yuan company exclusive named one of the TV reality show. The second reason is that in March, 2016, China has a very famous publication in China, called "Chinese food journal", in this journal published a paper —— Chinese domestic about walnut products to improve the memory ability of human tasting experiment, this article confirmed the walnut milk for long-term drinking can improve cognition and improve memory. In September the same year, the national center for disease control and prevention and published a report —— walnut plant protein drinks to improve memory of experimental research, the report concluded that a person drinking 24 grams of walnut walnut drinks can improve the memory, the above reasons are strongly promoted the "six walnut" sales in 2016, makes the 2016 profitability ahead of the next four years.

5.2.2. Sales net interest rate analysis

Sales net interest rate is that the company get one yuan of sales revenue company can obtain net profit, the index is the company's sales revenue, sales net interest rate if it is a upward trend, then can show the level of sales profit in the rising, and if the sales net interest rate is a downward trend, then the sales revenue profit level in decline.

Table 2 Net interest rate on sales

	2016	2017	2018	2019	2020
Net profit (100 million)	27.41	23.1	28.37	26.95	15.17
Sales revenue (billion)	89	77.41	81.44	74.59	44.27
Net interest rate on sales	31%	30%	35%	36%	34%

Based on the sales net profit rate of Yangyuan Company from 2016 to 2017 from 31% to 30% from 2016 to 2017 from 2017 to 2019 to 36% to 34%. From 2016 to 2020 yuan company product sales net income overall rising, shows that raise yuan company every yuan revenue profits also rose, but in 2017 and 2020 relatively decline, net sales rates fell in 2017, mainly the decline in sales revenue in 2017, but the overall decline is not big, only 1%. In 2020 sales net rate decline is an important reason, due to the influence of the outbreak of the new champions league market demand fell sharply, and the company's main sales products sales season is the big need party and reunion festival, affected by the outbreak of the new champions league,

consumers reduce or even cancelled the party, due to a series of reasons for yuan company products market demand fell sharply, sales decline in 2020.

5.2.3. Total assets turnover rate analysis

When analyzing the total assets turnover of an enterprise, its essence is to analyze the efficiency of the enterprise control assets, the analysis means is by comparing the assets from the start to the output of the circulation speed, the company can according to the asset flow speed enterprise total assets turnover is good, so can better understand whether enterprise assets are used properly, also can improve the operating efficiency of assets, raise yuan company from 2016 to 2020 total assets turnover as shown in figure 1 and table 3.

Table 3 turnover of total capital

	2016	2017	2018	2019	2020
Sales revenue (billion)	89	77.41	81.44	74.59	44.27
Average total assets (billion)	95.695	104.755	132.4	152	150.9
总资产周转率	0.93	0.74	0.62	0.49	0.29

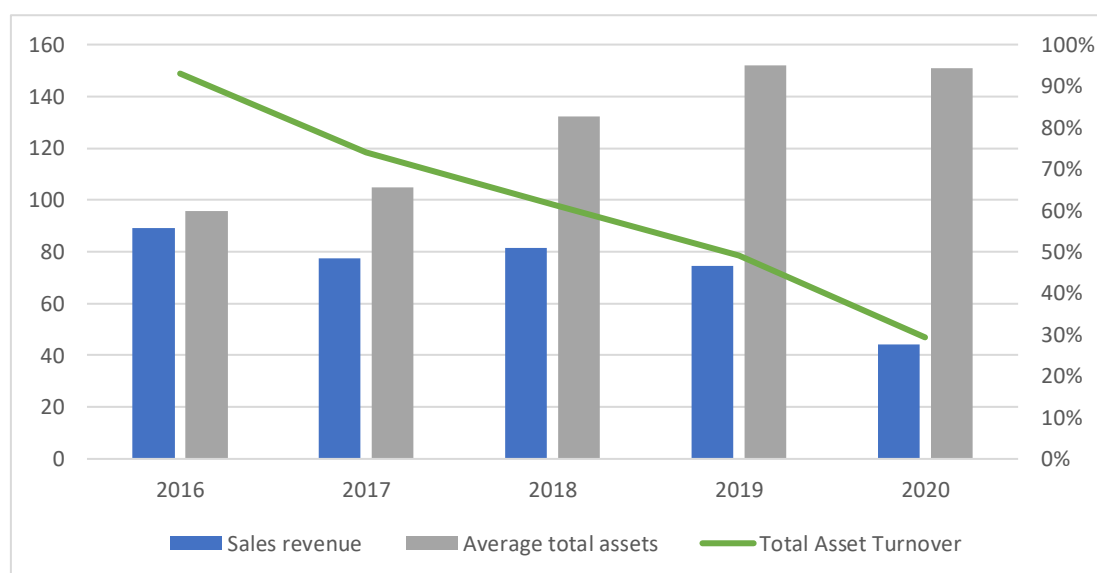


Fig. 1 Total assets turnover rate analysis chart

Based on the rate of the total asset turnover of Yangyuan Company from 2016 to 2020, the total asset turnover rate of Yangyuan Company in five years is calculated. Based on the icon, the total asset turnover rate of Yangyuan Company showed a significant downward trend from 2016 to 2020, from 0.91 in 2016 to 0.29 in 2020, showing a linear downward trend. In the five years from 2016 to 2020, the total asset turnover rate of Yangyuan Company has been declining because the average total assets of the company increased year by year, but the growth rate of sales revenue was not obvious. In 2020, due to the impact of the epidemic, the sales revenue fell to the bottom.

5.2.4. Equity multiplier analysis

A company's financial leverage is usually reflected by the equity multiplier this index, the enterprise in total assets fixed, in general, the higher the debt level of the enterprise, the greater the financial leverage of the enterprise will be, if the company's financial leverage is too large, the enterprise's financial risk will rise, a company's financial leverage can enlarge the company's earnings, also can expand the scale of the enterprise, expand the business scope of enterprise, in the fierce competition, find new profit growth point, enhance the competitiveness

of the company. However, often a thing is too good, the debt level can not be infinitely high, but also to be controlled in the scope of the company can bear, otherwise because the debt level is too high, the enterprise is difficult to repay the debt within the specified time, resulting in the lack of liquidity and close the enterprise. Generally speaking, if the total assets of a enterprise yield high, generally the enterprise's short-term solvency will be higher, based on the multiplier of the rights of the company will be very high, from the above conclusion, if a company's short-term solvency is weak, will not be able to make the rights of the company multiplier is too high, in this case the company will face huge short-term debt risk, 2016 to 2020 the rights and interests of the company multiplier figure 2.

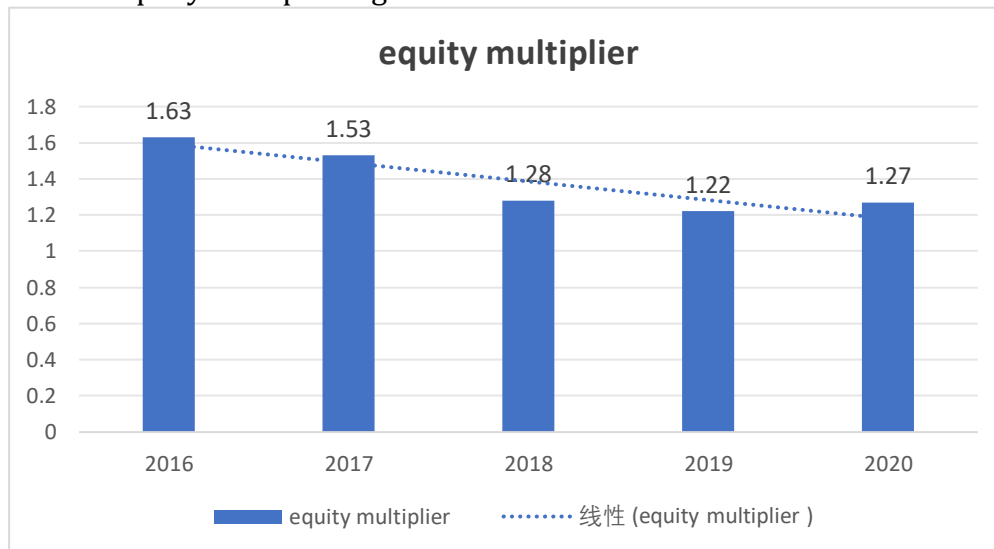


Fig. 2 Change chart of the equity multiplier

Based on the equity multiplier of Yangyuan Company from 2016 to 2020, the equity multiplier of Yangyuan Company in five years is calculated. From Figure 2, the equity multiplier of Yangyuan Company decreased from 2016 to 2020 from 2016 to 2019 from 1.63 to 1.22, from 2019, from 1.22 to 1.27, up by 0.03. Raise yuan company the rights of the multiplier is lower than other similar companies also below the level of the industry, low leverage in the industry, but raise yuan company is constantly reduce leverage, although the financial risk is low, but in general, those operating in good company, will increase the rights and interests of the company of the multiplier, because of the rights of the multiplier, the more conducive to the company to make full use of external funds, low leverage, is not conducive to the company to make full use of external funds.

6. Yangyuan profitability of the company existing problems and improvement countermeasures

6.1. Analysis of the profitability problem of Yangyuan company

6.1.1. Profitability is declining

The above analysis shows that in the five years from 2016 to 2020, the return on equity of Yangyuan Company has been in a downward trend, decreasing from 0.47 to 0.13. Return on equity (the index value is one of the most comprehensive financial indicators at the core of the DuPont system, and the decrease of return on equity also marks the decline of profitability). Through to raise yuan company for five consecutive years of sales net interest rate, total assets turnover and asset-liability ratio index calculation and analysis, we can find that raise yuan company profitability, show a declining trend year by year, at this time the company should enhance management level, change the backward management methods, strengthen the control of cost, efforts to improve product sales.5.1.2 The debt structure is unreasonable.

6.1.2. Financial leverage is not used enough

From 2016 to 2020, the company's asset-liability ratio fell, yuan company financial leverage did not cause enough attention, compared with the same industry has obvious deficiencies, if the current yuan company has higher debt ratio to raise the company to create higher profit level, can improve raise the company's profitability, and expect to realize the maximization of the company's profits, or maximize the value of the company. Raise yuan company's operating conditions is not extensive use of external funds for profit, almost completely rely on raise yuan company own capital to earn profit, the situation of the company's long-term development is adverse effect, when the two companies in the same industry in the same market environment has the same strength, inevitably the better at using debt capital to develop the company company will in the market development and new product research and development will be more competitive advantage and first mover advantage, and not make full use of debt capital to develop company profitability company tend to be at a disadvantage in the fierce market competition environment.5.1.3 Mainly with equity financing.

6.1.3. The uncertainty caused by COVID-19

Since the outbreak of COVID-19 in January 2020, the world trade has been anti-globalization and the global trade volume has declined, which has had a certain impact on the enterprises of all countries. In the massive shutdown and shutdown during the global COVID-19 pandemic led to a decrease in operating income. With the improvement of the epidemic, China has become the first major economy in the world to resume work and production. China's first resumption of work and production in the post-epidemic era has created huge opportunities for China's industry. Although in the domestic epidemic prevention and control measures to do very well, but foreign imported cases have sporadic all over the country, so most people reduce the mass population, also reduce the plan of visit relatives and friends, a series of reasons for the company's product demand fell sharply, nature makes the company's sales revenue fell seriously.5.2 Countermeasures of optimizing the capital structure of Guidong Electric Power Company.

6.2. Yangyuan company profitability improvement countermeasures

6.2.1. Actively innovate and improve profitability

The innovation of Yangyuan company is reflected in three aspects, which are technology, management and marketing. First of all, if an enterprise wants to have a long history in the long river of time and ride the wind and waves in the torrent of history, it can only keep up with the trend of The Times, be the tide of this era, and constantly actively innovate. Company innovation including product innovation is the basis of company innovation, product innovation and rely on company technology innovation, so the company need to increase investment in the company research and development department, increase the plant protein beverage extraction technology and preservation technology research and development, establish the company's own research and development team, through the company's technology innovation to drive the overall development of the company. Then, in addition to technological innovation, the company also needs to innovate at the management level, and having a good product and advanced management team and management means are also essential. Finally, the company's marketing innovation is the key. Drinks belong to FMCG products and have the limitations of production shelf life, so it is also very critical to find the marketing strategy of the product.

6.2.2. Optimize the capital structure.

According to the previous analysis, the equity multiplier index of Yangyuan Company is lower than the average level of the industry, and it is still in a downward trend. The rationality of financial leverage has a great impact on the profit level of the beverage industry. As a food company that mainly produces profitable products, The Yangyuan company needs to invest a

lot of money, as things are, The Yangyuan company's sales revenue is declining, Profits are declining, The market share is shrinking, Yangyuan Company in such a development situation, Can be achieved by raising debt levels, Expand the use of corporate financial leverage, This can be more conducive to the expansion of the company's profitability, therefore, Yangyuan companies should increase the corporate equity multiplier as much as possible, At least to keep up with the beverage industry average, Can even be even higher, In order to further improve the profitability of the company, Adapt to the increasingly fierce competitive environment in the beverage industry and the growing development needs of Yangyuan Company.5.2.3 Strengthening enterprise internal management is fundamental.

7. Conclusion

The content of this paper is the profitability analysis of Yangyuan Company based on DuPont analysis method. Yangyuan Company is the leader of the plant protein beverage industry in China, and takes Yangyuan Company as a typical example for analysis. The first step of the analysis method is to summarize and refer to the existing previous documents, data and data, By proposing a return on equity, Net income from sales, The total asset turnover efficiency and equity multiplier are the basic analysis objectives, People By fully mastering the relevant financial indicators of the framework of the enterprise DuPont financial management analysis method, understanding the meaning of the relevant data, the calculation formula and the meaning of the data, At the same time, through tables and comparative methods, People can use the enterprise DuPont financial management analysis method to analyze the profitability of Yangyuan enterprises, At the same time, the analysis method can also find the problems in the profitability of the enterprises, From the fundamental solution to the problem to provide the most feasible opinions and solutions to the enterprises, So as to raise the company's financial situation and profitability have a whole, comprehensive grasp. The company's managers have a clearer understanding of the company will be more conducive to the company to win the initiative in the fierce competition, but also more conducive to find the current shortcomings of the company and better make up for the defects of the company, so that the development of the company to a new level.

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