

Analysis of Profitability of Listed Chinese Baijiu Companies

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Abstract: In recent years, after experiencing a period of significant adjustment, the Chinese liquor industry has shown overall market improvement, accompanied by intensified competition. Within this highly competitive landscape, the analysis of profitability indicators becomes particularly crucial. This study evaluates the profitability of 18 listed Chinese liquor companies by considering key performance metrics, including Return on Equity, Operating Gross Profit Margin, Operating Profit Margin, and Cost-to-Income Ratio, in order to gain insights into the development status of these enterprises. Our research reveals that the top-ranked listed companies have exhibited relatively stable indicators in recent years, with their profitability showing limited fluctuations. In contrast, the companies ranking lower, such as Golden Seed Winery, Shunxin Agriculture, and Highland Barley Spirit, have experienced significant variations in these metrics, resulting in weaker profitability.

Keywords: Chinese Baijiu industry, Profitability, Return on equity.

1. Introduction

Baijiu, known as one of the world's six major distilled spirits, has a long and rich history in Chinese culture. The Chinese baijiu industry has undergone various phases of development, experiencing a period of rapid growth from 2004 to 2012, followed by a deep adjustment period from 2013 to 2015 [5]. Since 2015, the industry has entered a period of recovery, but from 2018, it has faced squeezed growth, evident sector differentiation, and continuous structural upgrades. In 2019, due to the deepening reforms of the supply-side structure, the entire baijiu industry exhibited new characteristics, with production scale stabilizing but showing a downward trend, and output efficiency gradually improving. However, the outbreak of the COVID-19 pandemic in 2020 significantly impacted China's consumption growth, leading to a decline in sales volume for the baijiu industry. Throughout the historical development of the baijiu industry, macroeconomic, intermediate, and microeconomic factors have played a crucial role. In the fiercely competitive profit race in the current baijiu industry, this paper primarily analyzes the current profitability of China's listed baijiu companies to understand their development status.

2. Analysis of Profitability Evaluation Indicators

Profitability refers to the level of profit a company can generate over a specific period and is a focal point of interest for all stakeholders [2]. It provides a direct reflection of the value created by the enterprise and the quality of its business performance, representing the ultimate goal of the company's operations. Strong profitability ensures the interests of employees, external investors, and creditors, indicating promising future development and a high enterprise value [1]. Different indicators in the profitability evaluation system reveal various phenomena, and these indicators include asset return rate, return on equity, operating gross profit margin, operating profit margin, and cost-to-income ratio.

2.1. Return on Assets (ROA)

ROA reflects the returns created by each unit of assets, also known as asset income rate, and includes all types of assets, such as liabilities (various long-term and short-term loans acquired by the enterprise) and capital (portions contributed by owners and owned by the enterprise). It is often presented as the ratio of pre-tax profit (total profit + interest expense + income tax) to the average total assets. Since the remuneration required by creditors for their input assets is reflected in interest expenses, and the primary source of national taxation is enterprise income tax, these two elements need to be supplemented on the theoretical total profit. ROA reflects the level of total asset returns for the enterprise, evaluating the relationship between asset input and output. By comparing this indicator with the market capital rate, enterprises can assess the current profitability of assets. A higher value indicates that the enterprise can increase asset investment, consider the use of financial leverage through appropriate borrowing, and maximize asset returns. The higher the indicator, the higher the asset utilization efficiency, indicating greater achievements in the effective utilization of assets. Lower values should prompt consideration of insufficient fund turnover, sales returns, and cost-saving measures.

2.2. Return on Equity (ROE)

ROE is widely used in assessing enterprise profitability, where equity represents ownership rights, and returns can be referred to as rewards or profits. This indicator, calculated as the ratio of net profit to equity, reflects the income level of shareholders' equity and serves as evidence of shareholders' effective use of funds. An increase in liabilities will lead to an increase in ROE. A higher ROE indicates higher returns from investments and signifies that the company's equity is valuable, and its investment level is high. Enterprises can use temporary loans and appropriate financial leverage to improve the efficiency of fund utilization, but excessive borrowing should be avoided to prevent increased financial risks.

2.3. Operating Gross Profit Margin

Operating gross profit margin is the ratio of operating gross profit to main business income and is calculated as: $\text{Operating Gross Profit Margin} = \text{Operating Gross Profit} / \text{Main Business Income} * 100\%$. It reflects how much gross profit is included in each unit of operating income and serves as the foundation for net profit. The operating gross profit margin can reflect the quality of products and the profitability of the company. A higher operating gross profit margin usually indicates relatively high product quality and lower production costs, resulting in higher profits. Conversely, a lower operating gross profit margin may suggest poorer product quality or higher production costs, making it difficult to achieve high profits. Therefore, analyzing the operating gross profit margin allows for timely understanding of the company's profitability, guiding and judging the company regularly, and making corrections to unsatisfactory business practices to ensure healthy development.

2.4. Operating Profit Margin

The operating profit margin is the ratio of operating profit to operating income and reflects the effective results of a company's operations to some extent, representing the effective profit after deducting costs from income. It is calculated as: $\text{Operating Profit Margin} = \text{Operating Profit} / \text{Operating Income} * 100\%$. The higher the value, the greater the operating profit generated by the business sales, indicating a higher profitability of the operating income.

2.5. Cost-to-Income Ratio

This indicator shows the ratio of total profit to total cost

and reflects the corresponding relationship between costs incurred and profits gained. It represents the ability to control costs and cost efficiency. Among these, cost includes the main operating costs and periodic expenses, while total profit only includes operating profits related to the expenses paid. Other operating profits should be deducted from the total profit. A higher cost-to-income ratio indicates that the company can achieve higher profits with relatively lower costs, demonstrating greater profitability. The higher this indicator, the more significant the achievements in business operations and higher economic benefits of the company.

3. Analysis of Profitability of Listed Chinese Baijiu Companies

In order to analyze the profitability of listed Chinese baijiu companies, this study draws on relevant research by Gao ShuLian et al. (2014) [4], Jiang Lili and Li Fei (2012) [6], and Peng Xuejun (2020) [3]. The main indicators selected for the analysis of profitability in the baijiu industry include Return on Equity (ROE), Gross Profit Margin, Operating Profit Margin, and Cost-to-Revenue Ratio. Due to significant variations in the financial data of some companies within the industry, the analysis of industry-wide data may be influenced. Therefore, only the financial data of 18 representative listed baijiu companies over the past five years were chosen for the analysis. As shown in Figure 1, stable data from these selected companies were utilized, providing a certain level of industry representativeness.

Table 1. Listed companies in Baijiu (18)

Number	Enterprise Name	Stock Code
1	MOUTAI	600519
2	Yanghe	002304
3	Kouzi Distillery	603589
4	Wuliangye	000858
5	King's Luck Brewery	603369
6	Gujing Distillery	000596
7	Yingjia Distillery	603198
8	Luzhou Laojiao	000568
9	Jinhui Liquor	603919
10	Xinghuacun Fen Wine	600809
11	Yilite Industry	600197
12	Swellfun	600779
13	Highland Barley Spirit	002646
14	Jiugui Liquor	000799
15	Laobaigan Liquor	600559
16	Shede Spirits	600702
17	Shunxin Agriculture	000860
18	Golden Seed Winery	600199

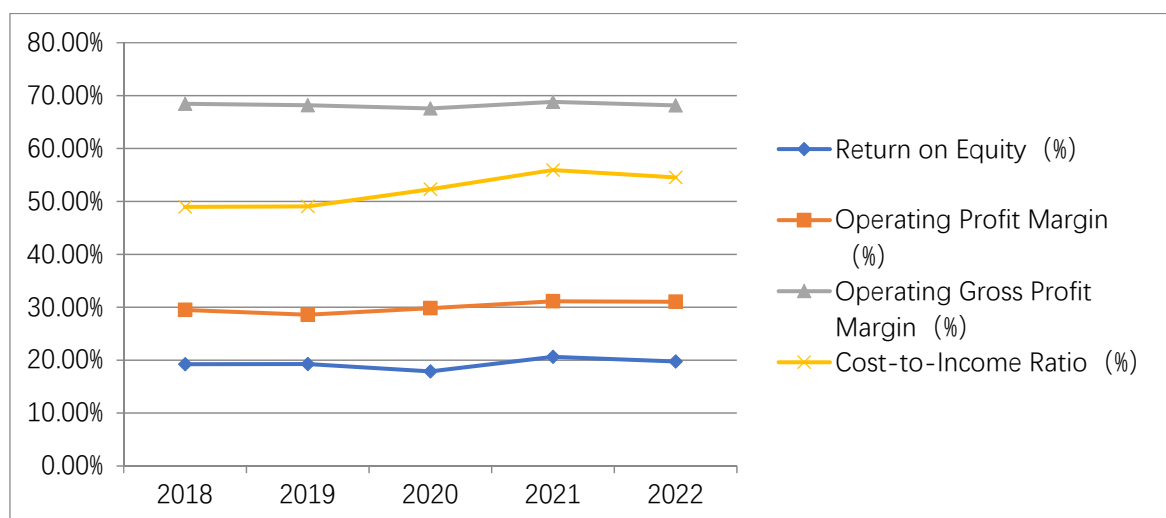
Source of total score data: CSMAR

This study focuses on analyzing the overall profitability of listed companies in the Chinese liquor industry. It can be observed that over the five-year period from 2018 to 2022, their Return on Equity figures were as follows: 19.23%, 19.27%, 17.87%, 20.63%, and 19.76%. The data indicates a relatively balanced development trend, with profitability consistently hovering around 20%. However, in 2020, the ROE experienced a slight decline due to the impact of the COVID-19 pandemic, causing a mild effect on profitability. The listed companies in the Chinese liquor industry maintained a Gross Profit Margin of above 68% over the past

five years, with figures of 68.44%, 68.19%, 67.59%, 68.81%, and 68.15%. This stability at a relatively high level signifies the strong market profitability of these enterprises. The Operating Profit Margin of the listed companies in the Chinese liquor industry showed a balanced upward trend, staying around 30% over the past five years, with figures of 29.49%, 28.60%, 29.82%, 31.13%, and 31.03%. Although the increase was not substantial, it reflects the stable profitability of the Chinese liquor industry's listed companies. The Cost-to-Income Ratio of these companies experienced an upward trend over the five-year period, especially from 2019 to 2021,

with a significant increase from 49.06% to 55.49%, while other years remained around 50%. Overall, the listed companies in the white liquor industry demonstrate a certain level of stability in their profitability, with relatively consistent average performance indicators, highlighting their

favorable profitability. Next, we will analyze the current profitability status of the selected 18 listed companies based on these four indicators over the past five years to gain insights into the profitability of listed companies in the Chinese liquor industry.



Source of total score data: CSMAR

Figure 1. Changes in profitability of Baijiu listed companies

3.1. Return on Equity (ROE)

The magnitude of the Return on Equity (ROE) is crucial for assessing the profitability and potential future development of enterprises in the Chinese liquor industry. Therefore, an analysis of the ROE of listed companies in this sector is conducted. Based on the data from 2018 to 2022, it is evident that the average ROE of the 18 listed Chinese liquor companies is remarkably high at 20%. Among them, three companies stand out with ROEs exceeding 30%, namely Swellfun, Xinghuacun Fen Wine, and MOUTAI, with Swellfun reaching an exceptional ROE of 40.00%. On the other hand, three other companies, namely Shunxin Agriculture, Highland Barley Spirit, and Golden Seed Winery, have ROEs below 10%. These figures indicate significant

disparities in ROEs among the listed companies in the industry, with the more profitable enterprises demonstrating higher ROEs. Even during the exceptional circumstances of the pandemic, the ROEs of strongly profitable listed liquor companies have not been significantly impacted.

As shown in Table 2, the higher-ranked listed companies in the Chinese liquor industry exhibit more stable ROEs. For instance, Swellfun maintained an average ROE of 40.00% over the past five years, with the lowest recorded in 2018 at 33.72%, which still exceeds the ROEs of most other industry peers in various years. Conversely, the data for lower-ranked listed companies in the white liquor industry reveals greater ROE fluctuations, with some years even showing negative values, indicating weaker profitability and influencing their development to some extent.

Table 2. Return on Equity of Baijiu listed companies in recent years

Number	Enterprise Name	2018	2019	2020	2021	2022	Mean Value
1	Swellfun	33.72%	41.64%	34.43%	50.30%	39.93%	40.00%
2	Xinghuacun Fen Wine	26.39%	29.12%	35.23%	42.02%	43.70%	35.29%
3	MOUTAI	35.45%	33.92%	31.99%	30.56%	32.53%	32.89%
4	Luzhou Laojiao	21.65%	25.31%	27.88%	30.93%	33.33%	27.82%
5	Wuliangye	23.44%	25.82%	25.53%	25.91%	25.65%	25.27%
6	Kouzi Distillery	27.24%	26.11%	17.90%	22.30%	18.07%	22.33%
7	King's Luck Brewery	20.21%	21.09%	20.25%	23.11%	24.58%	22.01%
8	Yingjia Distillery	18.40%	20.45%	19.28%	24.87%	26.20%	21.84%
9	Shede Spirits	13.89%	18.08%	17.30%	28.95%	29.49%	21.54%
10	Yanghe	25.71%	21.07%	19.97%	18.56%	20.86%	21.24%
11	Gujing Distillery	23.41%	24.71%	18.59%	17.14%	17.78%	20.33%
12	Jiugui Liquor	10.64%	12.99%	18.59%	28.00%	27.33%	19.51%
13	Laobaigan Liquor	15.69%	13.37%	9.26%	10.80%	17.53%	13.33%
14	Yilite Industry	18.13%	16.65%	10.40%	8.68%	4.49%	11.67%
15	Jinhui Liquor	13.52%	11.92%	12.46%	11.27%	9.11%	11.65%
16	Shunxin Agriculture	9.80%	10.78%	5.60%	1.35%	-9.26%	3.65%
17	Highland Barley Spirit	4.35%	0.91%	-5.44%	2.39%	1.43%	0.73%
18	Golden Seed Winery	4.47%	-7.87%	2.46%	-5.86%	-7.02%	-2.76%

Source of total score data: CSMAR

3.2. Operating Gross Profit Margin

The operating gross profit margin refers to the percentage of operating gross profit to total operating revenue. A higher operating gross profit margin indicates a stronger profit-generating capacity for a company, as it yields higher profits after deducting all expenses. Various factors influence the operating gross profit margin, including marketing and research and development costs, brand effects, fixed costs, technological processes, product turnover rates, and product life cycles. Overall, among the listed companies in the liquor industry, MOUTAI boasts the highest operating gross profit margin, with an average of 91.45%, significantly surpassing the second-ranked Swellfun at 83.58%. Examining the average operating gross profit margin over the past five years, 15 companies have achieved a rate exceeding 50%.

Nonetheless, MOUTAI remains unrivaled in this indicator, as shown in Table 3.3, with operating gross profit margins for 2018 to 2022 consistently surpassing 90% at 91.14%, 91.30%, 91.41%, 91.54%, and 91.87%, respectively. Five other companies, namely Swellfun, Luzhou Laojiao, Jiugui Liquor, Gujing Distillery, and Shede Spirits, have all surpassed the 75% mark. Only two companies, namely Golden Seed Winery and Shunxin Agriculture, had an average operating gross profit margin below 50%, at 34.42% and 32.83%, respectively.

The aforementioned data analysis and the data presented in Table 3 indicate that publicly listed companies with favorable net earnings generally exhibit a positive state in terms of operating gross profit margin, while companies facing unfavorable sales conditions tend to have a weaker profit-generating capacity.

Table 3. Operating Gross Profit Margin of Baijiu listed companies in recent years

Number	Enterprise Name	2018	2019	2020	2021	2022	Mean Value
1	MOUTAI	91.14%	91.30%	91.41%	91.54%	91.87%	91.45%
2	Swellfun	81.87%	82.87%	84.19%	84.51%	84.49%	83.58%
3	Luzhou Laojiao	77.53%	80.62%	83.05%	85.70%	86.59%	82.70%
4	Jiugui Liquor	78.83%	77.75%	78.87%	79.97%	79.63%	79.01%
5	Gujing Distillery	77.76%	76.71%	75.23%	75.10%	77.17%	76.39%
6	Shede Spirits	72.63%	76.20%	75.87%	77.81%	77.72%	76.05%
7	Wuliangye	73.80%	74.46%	74.16%	75.35%	75.42%	74.64%
8	Kouzi Distillery	74.37%	74.97%	75.17%	73.90%	74.16%	74.52%
9	King's Luck Brewery	72.87%	72.79%	71.12%	74.61%	76.59%	73.60%
10	Yanghe	73.70%	71.35%	72.27%	75.32%	74.60%	73.45%
11	Xinghuacun Fen Wine	66.21%	71.92%	72.15%	74.91%	75.36%	72.11%
12	Yingjia Distillery	64.42%	64.36%	67.13%	67.54%	68.02%	65.60%
13	Laobaigan Liquor	61.15%	61.47%	64.74%	67.32%	68.36%	64.61%
14	Jinhui Liquor	62.30%	60.72%	62.51%	63.74%	62.78%	62.41%
15	Highland Barley Spirit	66.60%	64.42%	64.03%	63.07%	47.65%	61.15%
16	Yilite Industry	49.01%	51.45%	48.61%	51.45%	48.05%	49.71%
17	Golden Seed Winery	51.25%	37.87%	27.72%	28.80%	26.45%	34.42%
18	Shunxin Agriculture	39.96%	36.20%	28.36%	27.91%	31.73%	32.83%

Source of total score data: CSMAR

3.3. Operating Profit Margin

Based on the data of the operating profit margins from 2018 to 2022, it can be observed that 10 companies have maintained an average sales net profit margin exceeding 30% over the past five years. MOUTAI leads the list with its operating profit margin hovering around 70% during this period, with an average of 70.05%. Wuliangye, Luzhou Laojiao, and Kouzi Distillery also achieved operating profit margins exceeding 45%. On the other hand, there are 3 companies whose operating profit margins have not yet reached 10%, with Golden Seed Winery experiencing significant losses in 2019, 2021, and 2022, leading to an overall decline in the operating profit margin. From 2019 to 2022, the white liquor industry witnessed an increasing trend

in consumer upgrading, resulting in intensified industry competition. Golden Seed Winery primarily produced mid-to-low-end products and, although it ventured into the mid-to-high-end market, the late entry and weak foundation hindered substantial market share gains, leading to a substantial reduction in liquor sales revenue and, consequently, a decline in the operating profit margin.

The aforementioned data analysis and the data presented in Table 4 indicate that white liquor companies listed in the stock market with favorable operating profit margins exhibit robust profit-generating capabilities and significant overall sales achievements. In contrast, those with lower operating profit margins experience unstable profit-generating capacities, as evidenced by fluctuations in the data over the past five years.

Table 4. Operating Profit Margin of listed Baijiu enterprises in recent years

Number	Enterprise Name	2018	2019	2020	2021	2022	Mean Value
1	MOUTAI	69.72%	69.11%	70.20%	70.39%	70.81%	70.05%
2	Wuliangye	46.76%	48.38%	48.54%	49.17%	50.26%	48.62%
2	Luzhou Laojiao	35.82%	38.69%	47.80%	51.30%	55.12%	45.75%
4	Kouzi Distillery	48.25%	48.76%	42.06%	46.95%	40.91%	45.39%
5	Yanghe	44.76%	42.21%	46.89%	39.40%	41.55%	42.96%
6	King's Luck Brewery	40.58%	40.07%	40.87%	42.34%	42.38%	41.25%
7	Yingjia Distillery	29.98%	33.50%	36.86%	39.59%	41.42%	36.27%
8	Swellfun	27.68%	31.13%	32.10%	36.03%	34.95%	32.38%
9	Jiugui Liquor	24.83%	26.45%	32.96%	34.96%	35.09%	30.86%
10	Xinghuacun Fen Wine	23.20%	23.93%	30.27%	35.20%	41.48%	30.82%
11	Shede Spirits	19.99%	26.87%	28.42%	33.69%	36.92%	29.18%
12	Gujing Distillery	27.02%	27.10%	23.65%	23.37%	26.64%	25.56%
13	Yilite Industry	27.13%	27.34%	25.81%	23.94%	14.72%	23.79%
14	Jinhui Liquor	22.95%	21.41%	25.10%	22.41%	15.59%	21.50%
15	Laobaigan Liquor	11.19%	11.78%	12.08%	12.64%	20.09%	13.56%
16	Shunxin Agriculture	8.80%	7.96%	4.61%	3.79%	-3.20%	4.39%
17	Highland Barley Spirit	12.25%	4.63%	-15.14%	8.96%	8.32%	3.80%
18	Golden Seed Winery	9.85%	-14.60%	3.67%	-13.83%	-14.50%	-5.88%

Source of total score data: CSMAR

3.4. Cost Expense Profit Margin

The cost expense profit margin represents the ratio of total profits earned by a company during a specific period to the sum of all cost and expense items, comprehensively assessing the returns obtained from various expenditures. It indicates the benefit obtained by the company for every unit of cost invested in its primary business operations. A higher ratio signifies that the company incurs relatively lower costs to generate profits, indicating better cost management and stronger profit-generating capabilities. Conversely, a lower ratio indicates higher costs relative to the profits earned, implying weaker profit-generating capabilities. Based on the data of the cost expense profit margins from 2018 to 2022, it can be observed that 7 companies have maintained an average cost expense profit margin exceeding 50% over the past five years, with MOUTAI leading with the highest value of 208.90%, far surpassing the second-ranked Wuliangye. On the other hand, 3 companies have not yet reached 5% in this metric, namely Golden Seed Winery, Highland Barley Spirit, and Shunxin Agriculture, with Golden Seed Winery being the lowest at -4.37%.

The aforementioned data analysis and the data presented in Table 5 indicate that some publicly listed white liquor companies have relatively high cost expense profit margins, which have remained relatively stable over the past five years, showing an overall upward trend. However, it can also be observed that certain companies with poor business performance exhibit significant fluctuations in their cost expense profit margins, indicating weaker stability in their profit-generating capabilities. To some extent, these fluctuations are influenced by various factors, contributing to the instability of their profit-generating capabilities.

3.5. Comparative Evaluation of Profitability Among Listed Companies in the White Liquor Industry.

Based on the analysis of profitability indicators for the 18 publicly listed companies in the white liquor industry, including Return on Equity (ROE), Operating Gross Profit Margin, Operating Profit Margin, and Cost Expense Profit Margin, a comparative evaluation was conducted. The top-ranking company in each indicator was assigned a full score of 10, while the other companies were scored proportionally based on their performance in each respective indicator. Subsequently, an overall ranking of their profitability was determined by averaging the scores.

Table 6 reveals the comparative performance of the 18 publicly listed companies in the white liquor industry. The top-ranking companies are MOUTAI, Luzhou Laojiao, Swellfun, Wuliangye, and Kouzi Distillery, exhibiting strong performance in both ROE and Operating Gross Profit Margin. These companies have maintained stable growth over the past five years, indicating robust profit-generating capabilities. Conversely, certain companies, such as Golden Seed Winery, Shunxin Agriculture, Highland Barley Spirit, Laobaigan Liquor, and Yilite Industry, rank comparatively lower due to their lagging sales and profit performance, showing slightly weaker profitability compared to the top-ranking companies. In conclusion, the study reveals significant variations in profitability among the 18 publicly listed white liquor companies. The top-ranking companies demonstrate strong and stable profit-generating capabilities, while others display differing levels of profitability, with some falling behind in sales and profit performance when compared to their peers.

Table 5. Cost-to-Income Ratio of listed Baijiu enterprises in recent years

Number	Enterprise Name	2018	2019	2020	2021	2022	Mean Value
1	MOUTAI	197.56%	198.15%	212.21%	215.38%	221.23%	208.90%
2	Wuliangye	86.49%	92.28%	93.07%	95.56%	100.15%	93.51%
3	Luzhou Laojiao	54.79%	61.51%	88.85%	101.52%	121.27%	85.59%
4	Kouzi Distillery	90.10%	91.39%	69.79%	79.24%	68.70%	79.85%
5	Yanghe	75.53%	67.58%	71.73%	63.61%	70.38%	69.76%
6	King's Luck Brewery	63.72%	60.11%	59.89%	68.63%	69.71%	64.45%
7	Yingjia Distillery	40.67%	48.19%	55.19%	63.21%	67.31%	54.91%
8	Swellfun	35.68%	44.68%	46.90%	55.09%	52.67%	47.01%
9	Xinghuacun Fen Wine	30.18%	31.81%	43.62%	54.30%	69.27%	45.84%
10	Jiugui Liquor	32.91%	36.22%	53.51%	53.42%	52.97%	45.81%
11	Gujing Distillery	36.38%	36.67%	31.40%	31.05%	36.30%	34.36%
12	Yilite Industry	36.26%	37.01%	34.10%	31.04%	17.19%	31.12%
13	Shede Spirits	24.30%	36.44%	41.25%	50.67%	0.58%	30.65%
14	Jinhui Liquor	29.54%	26.71%	32.16%	27.88%	17.63%	26.78%
15	Laobaigan Liquor	13.01%	13.73%	13.47%	14.37%	23.19%	15.55%
16	Shunxin Agriculture	9.71%	8.69%	4.78%	3.94%	-3.31%	4.76%
17	Highland Barley Spirit	12.25%	4.63%	-15.14%	8.96%	8.32%	3.80%
18	Golden Seed Winery	10.94%	-12.61%	3.65%	-11.71%	-12.14%	-4.37%

Source of total score data: CSMAR

Table 6. Comprehensive evaluation of profitability of Baijiu listed companies

Number	Enterprise Name	Return on Equity	Operating Profit Margin	Operating Gross Profit Margin	Cost-to-Income Ratio	Total Score	Ranking
1	MOUTAI	8.22	10	10	10	9.56	1
2	Luzhou Laojiao	6.69	6.53	9.04	4.10	6.66	2
3	Swellfun	10	4.62	9.14	2.25	6.50	3
4	Wuliangye	6.32	6.94	8.16	4.48	6.47	4
5	Kouzi Distillery	5.58	6.48	8.15	3.82	6.01	5
6	Xinghuacun Fen Wine	8.82	4.40	7.89	2.19	5.83	6
7	Yanghe	5.31	6.13	8.03	3.34	5.70	7
8	King's Luck Brewery	5.50	5.89	8.05	3.09	5.63	8
9	Yingjia Distillery	5.46	5.18	7.17	2.63	5.11	9
10	Jiugui Liquor	4.88	4.41	8.64	2.19	5.03	10
11	Shede Spirits	5.39	4.17	8.32	1.47	4.83	11
12	Gujing Distillery	5.08	3.65	8.35	1.64	4.68	12
13	Jinhui Liquor	2.91	3.07	6.82	1.28	3.52	13
14	Yilite Industry	2.92	3.40	5.44	1.49	3.31	14
15	Laobaigan Liquor	3.33	1.94	7.07	0.74	3.27	15
16	Highland Barley Spirit	0.18	0.54	6.69	0.18	1.90	16
17	Shunxin Agriculture	0.91	0.63	3.59	0.23	1.34	17
18	Golden Seed Winery	(0.69)	(0.84)	3.76	(0.21)	0.51	18

Source of total score data: CSMAR

4. Conclusion

This study analyzes and compares the profitability of 18 publicly listed companies in the white liquor industry from 2018 to 2022 using four profitability indicators: Return on

Equity (ROE), Operating Gross Profit Margin, Operating Profit Margin, and Cost Expense Profit Margin. The top-performing company in each indicator is considered the benchmark, receiving a full score of 10, while the other companies' scores are determined by a weighted average of

the four indicators to derive a comprehensive score and establish a comprehensive evaluation and ranking. The findings of this research reveal that the top-ranking listed companies have demonstrated relatively stable performance in the past few years, with their profitability showing limited fluctuations. Conversely, companies ranking lower, such as Golden Seed Winery, Shunxin Agriculture, and Highland Barley Spirit, exhibited significant variations in their indicators, resulting in lower profitability. In conclusion, this study provides insights into the current profitability status of the listed companies in the white liquor industry and highlights the relatively consistent profitability of the top-performing enterprises. On the other hand, companies with lower rankings experienced larger fluctuations in their profitability, indicating weaker financial performance.

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