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Research on the Evaluation of Financial Performance of Supor Based on EVA Perspective

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Abstract: After the introduction of EVA into China, SASAC found that EVA is very effective in the evaluation of enterprise financial performance, so it began to implement the EVA financial performance evaluation method to domestic enterprises. Among the enterprises adopting EVA for financial performance evaluation, central enterprises account for a relatively large proportion, while most other enterprises still use traditional financial indicators for financial performance evaluation. As the traditional method no longer meets the requirements of social development, the problems of adopting the traditional financial performance evaluation method gradually appear, so enterprises need to change the financial performance evaluation method. The use of EVA can effectively evaluate the financial performance of enterprises, and lay a good foundation for improving the financial performance of enterprises. The home appliance industry is closely related to people's lives, Supor as a small home appliance in the leader, the use of traditional financial analysis has certain limitations, a large number of use of simple financial data and excessive reliance on the evaluation indicators, the analysis process is too simple to meet the needs of the decision-making process, so the introduction of the EVA method of financial performance evaluation is particularly important. This paper takes Supor as the research object, analyses Supor's financial performance according to traditional financial indicators, and finds that the results obtained from traditional financial performance evaluation are not accurate enough, so it calculates the value of each index of EVA, and compares and analyses the EVA and traditional financial indicators, and discovers the problems of Supor and puts forward suggestions for improvement.

Keywords: EVA, Performance evaluation, home appliance industry.

1. Introduction

In the market competition, enterprises analyse their financial performance, which can provide clearer and more intuitive financial data for their operation and management, and help them formulate operation and management strategies for sustainable development that are in line with their own development. The traditional financial performance evaluation is centred on net profit, the cost of capital is not considered comprehensively, can not truly reflect the business situation of the enterprise, and can not be a complete evaluation of the level of financial performance of the enterprise. Therefore, enterprises in China have successively introduced EVA for performance evaluation. In recent years, the survival environment of domestic electrical enterprises has been a combination of opportunities and pressures. In the process of global economic development, China has become the second largest economy in the world, and economic exchanges with other countries around the world have increased, and China's home appliance industry has also ushered in new development opportunities. Supor's main business is the production and sale of various household appliances. In the current economic form, the competition in all walks of life is fierce, and the domestic market for small home appliances is nearly saturated. The new technology, create international brand, strengthen the competitiveness of the current home appliance enterprises in China to seek development of the primary task. In the face of the current market situation, Supor wants to develop in the long term, first of all, we need to have a clear understanding of the financial situation and operating results. The traditional financial performance evaluation method has some defects, it is difficult to fit the current situation of Supor, compared to the EVA evaluation method is more objective and effective, can find the existing problems of the enterprise, the targeted strategy to strengthen the strength of the enterprise in all aspects.

2. EVA-related Concepts

2.1. Meaning of EVA

EVA, or Economic Value Added of an enterprise, is the value obtained by deducting the full cost of capital invested in equity and debt from the net operating profit of an enterprise after tax[1]. EVA takes into account both the cost of debt and the cost of equity capital and adjusts for the relevant accounting elements, reducing accounting treatment errors and reflecting the consolidated earnings of an enterprise under the full cost of inputs. EVA is applicable to an enterprise at any time of development and can accurately EVA is applicable to any enterprise at any time of development and can accurately measure the performance of the enterprise at the current point in time. A good EVA evaluation system can weaken the management disadvantages due to the proxy, help the implementation of enterprise value-added and employee incentive programmes, and improve the operational efficiency of the enterprise at the same time[2].

2.2. Calculation of EVA

The calculation of EVA first requires adjustments to net profit and total capitalisation, a formula in which net operating profit after tax removes the effect of factors such as interest and income tax. The weighted average cost of capital of the enterprise is then recalculated on the basis of the weights to arrive at the actual amount of the cost of capital employed. The total investment of the enterprise in the above calculation method includes all the funds invested by investors, measured at book value[3].

$$EVA= NOPAT - WACC * TC \tag{1}$$

3. Analysis of the Current Performance Evaluation of Supor

3.1. Evaluation of Supor's current financial performance

3.1.1. Analysis of Profitability Indicators

Profitability refers to the ability of a business to earn a profit, and the profitability of a business represents an increase in the value of funds and capital. The stronger the profitability of an enterprise, the higher the return to shareholders, the greater the value of the enterprise, the more cash flow it brings, and the stronger the solvency of the enterprise[4]. In the performance evaluation system, the profitability of an enterprise is an important ability that is highly regarded by enterprise owners and investors. In the current market economy, there is no enterprise that does not have profitability as a long-term goal, and the health of an enterprise is predicated on a certain level of profitability. The table below shows the specific values of each of the profitability indicators for Supor 2018-2022.

Table 1. Profitability Indicators for Supor 2018-2022

Indicator year	2018	2019	2020	2021	2022
Net operating margin (%)	9.35	9.65	9.91	8.99	10.24
Return on total assets (%)	19.75	20.23	18.23	18.29	19.03
Return on net assets (%)	28.84	30.54	26.97	26.81	27.89
Gross Profit Margin (%)	30.86	31.15	26.42	23.00	25.79

The four indicators in the table above were selected for the analysis of Supor's profitability. From the table above, it can be found that Supor's operating profit margin reached a five-year low in 2021, indicating that the enterprise's competitiveness in the market has declined; the gross profit margin has also declined to a certain extent, however, Supor's research and development capability is obvious to all, and the gross profit margin will also rebound. The return on total assets and return on net assets have rebounded in recent years, but in general, Supor's profitability still needs to be strengthened.

3.1.2. Analysis of debt-servicing capacity indicators

As an indicator for judging an enterprise's ability to repay debts, the debt-servicing capacity indicator takes time as the symbol, and examines it from two aspects: long-term debt-servicing capacity and short-term debt-servicing capacity. The criteria for judging this ability include the amount of existing assets relative to the debt and the ability of the enterprise to repay the debt with the income it obtains in its daily production and operation.

Table 2. Solvency Indicators for Supor 2018-2022

Indicator year	2018	2019	2020	2021	2022
Current ratio (times)	1.91	1.98	2.01	1.84	1.67
Quick ratio (times)	1.40	1.52	1.53	1.33	1.23
Cash Ratio (times)	0.30	0.26	0.34	0.44	0.62
Gearing ratio (%)	44.45	42.23	41.13	44.90	45.40
Interest coverage multiple (times)	-356.4	-51.5	-242.7	-367.1	-25.13

As can be seen from Table 2, Supor's current ratio and speed ratio showed an upward trend in 2018-2020, but began to decline again in this year and two years, and both of them reached the lowest value in the past five years in 2020, which indicates that Supor's short-term solvency capacity has been reduced. While the cash ratio has been in a fluctuating state, it basically shows an upward trend in 2018-2020 and rises to 0.62 in 2022, which indicates that Supor's realisation ability is increasing, especially in 2022, Supor has a strong ability to pay cash instantly and realisation ability. In addition, observing its gearing ratio and interest coverage multiple, it can be found that Supor's gearing ratio has remained at a relatively stable level in the past five years, but the interest coverage multiple has been showing large fluctuations from 2018-2020 and has been negative. The interest coverage multiple should be at least greater than 1, and the change in the value can reflect that the profit earned by Supor in these years can not be enough to pay the interest of the enterprise, and its long-term solvency needs to be improved.

3.1.3. Analysis of working capacity indicators

Operating capacity refers to the ability of an enterprise to maintain its operation and make profits, and is judged by the amount of profit that can be made from the current assets of the enterprise. The strength of the operating capacity depends not only on the management of the enterprise, but also on the co-operation between various departments of the enterprise and the efficiency of the employees. Therefore, the operating capacity of a firm plays a decisive role in its ability to service its debt and make a profit. Table 3 reflects the various indicators of operating capacity in the performance evaluation of SU in 2018-2022.

Table 3. Operating Capacity Indicators for Supor 2018-2022

Indicator year	2018	2019	2020	2021	2022
Inventory turnover (times)	5.41	5.93	5.88	6.04	5.35
Accounts receivable turnover (times)	7.75	8.79	8.16	8.23	8.54
Current Assets Turnover Ratio (times)	1.98	2.01	1.84	1.93	2.11
Total Assets Turnover Ratio (times)	1.78	1.77	1.54	1.65	1.5

As can be seen from Table 3, the current assets turnover ratio and accounts receivable turnover ratio fluctuated but approached to a good value year by year, the total assets turnover ratio showed a fluctuating downward trend, while the inventory turnover ratio has been fluctuating in the last five years. In the study period, the current assets and accounts receivable turnover ratio of Supor have been improved, but the value is lower compared with the leading enterprises of Gree America, indicating that there is room for improvement in the overall operating capacity.

3.1.4. Analysis of development capacity indicators

The analysis of enterprise development capacity is an analysis of the enterprise's ability to expand its operations, which is used to examine the enterprise's ability to expand its operations through year-on-year increase in earnings or obtaining funds through other financing methods. Enterprise development capability refers to the future development trend and development speed of an enterprise, including the expansion of enterprise scale and the increase of profit and owner's equity[5]. Enterprise development capability is the ability to continue to grow the enterprise's asset size, profitability and market share with changes in the market environment, reflecting the enterprise's future development prospects. The following table shows the calculation results of the indicators related to the development capacity of SU in 2018-2022.

Table 4. Capacity Development Indicators for Supor 2018-2022

Indicator year	2018	2019	2020	2021	2022
Growth rate of operating income(%)	22.75	11.22	-6.33	16.07	-6.55
Net profit growth rate(%)	25.91	14.79	-3.84	5.29	6.36
Total Assets Growth Rate(%)	15.93	11.42	3.75	13.07	-6.81

Comprehensive view of the enterprise's indicators related to this ability is not stable, operating income growth rate, net profit growth rate and total assets growth rate in the past five years have shown a fluctuating downward trend. Among them, the net profit growth rate fell from 25.91% in 2018 to 6.36% now, the operating income growth rate and the total asset turnover ratio both show negative growth in 2022, and the three indicators show a large gap compared with the pre-2020 period, which indicates that the assets of Supor are shrinking, and the development capacity is weak.

3.2. Deficiencies in Supor's current financial performance evaluation

3.2.1. Ignoring the cost of equity capital

Supor's financial performance evaluation is based on the calculation and analysis of financial indicators related to net profit, which can be obtained directly from the financial statements, intuitive and clear, so the enterprise will choose this kind of financial data. However, this method only takes into account the cost of debt incurred by borrowing funds from debtors, and does not take into account the cost of equity capital incurred through the issuance of shares. The cost of equity capital is an important component of a business and is the cost incurred by a business that receives funds from investors. The enterprise's consideration of net profit needs to include all costs and expenses, and the calculated financial performance is the real business situation of the enterprise. Under the traditional financial performance evaluation, the enterprise thinks that it can use the funds invested by the shareholders for free and does not need to pay interest, so it thinks that there is no cost of capital for this part of the funds[6]. However, when the shareholders deposit this capital into the bank or make other capital investment, the shareholders will get the income, so the enterprise should be included in the cost of equity capital. When the enterprise lacks the calculation of the cost of equity capital, the profit calculated by the enterprise is on the high side, resulting in distortion of accounting profit, which can not truly reflect the financial situation and operation of the enterprise, thus leading to the management to feel optimistic about the business situation of the enterprise and make wrong decisions, which affects the future development of the enterprise[7].

3.2.2. Easy to manipulate accounting profits

Supor's current performance evaluation system is based on the analysis of the enterprise's net profit, which is easier for the enterprise to control because the net profit comes from the data disclosed in the enterprise's annual report. When there are problems in the operation of the enterprise, the managers may change the accounting data and manipulate the accounting profit through various methods in order for the enterprise not to be delisted[8]. For example, by adjusting accounts receivable or non-recurring revenue to improve the actual income of the enterprise, or even directly change the financial statement data of the enterprise, making the enterprise's financial data present an idealised state, these actions not only lead to distortion of the financial statements, but also confuse more investors, and bring losses to the stakeholders[9].

3.2.3. Ignoring non-financial indicators

The development of an enterprise is affected by many factors, such as the external environment, development goals, strategic direction and so on. Therefore, it is essential to consider non-financial indicators in performance evaluation. However, from Supor's current performance indicators, it can be seen that Supor's performance evaluation indicators are all financial indicators. The traditional financial indicators reflect the past operating conditions of the enterprise, and do not provide the motivation to create future value. Non-financial indicators, on the contrary, they are often future-oriented, such as research and development costs, according to corporate accounting standards research and development expenditures in the research phase should be expensed in the income statement, but once a new product is successfully developed and put into the market, it will bring long-term benefits to the enterprise[10].

3.2.4. Unfavourable to the long-term development of the enterprise

In Supor's current performance evaluation system, the profit-centred concept has problems such as ignoring the cost of equity capital, manipulating accounting profits and ignoring non-financial indicators. If the enterprise only blindly pursues short-term profits, maximises profits through a series of means, and fails to stand in the perspective of long-term development to safeguard the interests of the enterprise, then it may not protect the rights and interests of shareholders, fail to realise the value of the enterprise, and limit the long-term development of the enterprise.

4. EVA-based evaluation of financial performance of Supor

4.1. Basic calculation formula

Using the data from the annual report of the company in 2018-2022, the EVA of Supor is measured. Economic Value Added (EVA) = Net Operating Profit After Tax - Total Cost of Capital (TCC) = Net Operating Profit After Tax (NOPAT) - Adjusted Total Investment (TC) × Weighted Average Cost of Capital (WACC)

4.2. Statement items to be adjusted

4.2.1. Adjustment items for net operating profit after tax

Net operating profit after tax should include all the components that are part of the value created by the capital of the enterprise. However, many of the traditional financial metrics are not considered in the calculation of net profit. Companies need to adjust net operating profit after tax in order for financial metrics to measure performance more accurately. Adjustment items according to its importance, the principle of operability, including the following items: research and development costs, asset impairment losses, credit impairment losses, non-operating income and expenses, gains and losses on disposal of assets, deferred income tax.

4.2.2. Adjustment items for total capitalisation

Based on the principles of materiality and operability, the adjustment items for total capital include interest-free current liabilities and construction in progress. Non-interest-bearing current liabilities do not take up the cost of capital, including tax payable and notes payable, and should be deducted from the total capital in the EVA calculation. In accounting standards, construction in progress is recognised as a business asset because it will bring revenue to the business in the future[11]. It is difficult to accurately evaluate the financial performance of an enterprise because assets are not able to bring economic benefits during the construction process, which will result in the growth of short-term capital. According to the financial statements of Supor, it is found that Supor's construction in progress in a large amount, so the construction in progress should be deducted when calculating the cost of capital.

4.3. Calculation of EVA Indicators for Supor

4.3.1. Calculation of net operating profit after tax

Net operating profit after tax refers to the enterprise's profit before interest and tax after deducting corporate income tax, this indicator can reflect the actual profitability of the enterprise. The adjusted formula is as follows: NOPAT = Net profit + (Interest expense + Increase in asset impairment allowance + Credit impairment loss + Non-operating expense - Non-operating income) x (1 - Income tax rate) + Increase in deferred income tax liabilities - Increase in deferred income tax assets.

Table 5. Financial index table of after-tax net operating profit of Supor in 2018-2022 Unit:￥10,000

indicator year	2018	2019	2020	2021	2022
retained profits	166900	191600	184300	194100	206600
+:interest expense	247.5	104.6	12.79	1008	927.9
+:Loss of asset impairment	4601	3850	1591	1439	1135
+:Credit impairment loss	0	244	1765	1040	3452
+:research and development expenditure	40260	45260	44170	45010	41630
+:non-business expenditure	1154	2741	1535	1323	446.4
-: nonbusiness income	1114	457.1	1859	1390	1444
-:Assets disposal profit and loss	-32.77	-171.1	-65.22	-10.54	-136.4
×:1-T	75%	75%	75%	75%	75%
+:Increase in deferred income tax liabilities	-125	-79.88	-112.87	-130.73	0
-:Increase in deferred income tax assets	5580	9440	770	3910	-950
Operating net profit after tax	153355.9	173115.3	172802.1	177864.7	190612.8

4.3.2. Calculation of Total Capital

The capital of an enterprise includes equity capital and debt capital, and based on the EVA financial performance evaluation adjustments derived from the analysis above, total capital (TC) of Supra for 2018-2022 is calculated.

Table 6. Average interest-free current liabilities Unit: ¥ 10,000

indicator year	2018	2019	2020	2021	2022
payable in accoun	295400	301100	325200	427000	369300
deposit received	120,791.6	110,699.6	0	0	0
tax payable	16210	17260	17030	25410	20460
accounts payable-others	9536	9370	9452	11060	13770
Other current liabilities	0	29060	35690	18980	19470
Average interest-free current liabilities	410237.8	454713.6	427430.8	434911	452725

Table 7. Supor cost of capital Unit: ¥ 10,000

indicator year	2018	2019	2020	2021	2022
Average owners' equity	565700	637150	701850	741200	732950
+: average debt	439000	486450	502950	564850	606050
-: projects under construction	4056	21520	4718	2648	1201
-:Average interest-free current liabilities	410237.9	454713.7	427430.8	434911	452725
Adjusted cost of capital	590406.1	647366.3	772651.2	868491	885074

4.3.3. Calculation of the weighted average cost of capital (WACC) ratio

The formula for calculating the WACC ratio is: WACC ratio = Equity cost of capital ratio Equity share of capital + Debt cost of capital ratio Debt share of capital (1 - Income tax rate). In this case, the cost of equity capital ratio is calculated based on the capital asset pricing model: cost of equity capital ratio = risk-free rate + beta coefficient (average market rate of return - risk-free rate) [12]. Average market rate of return - risk-free rate: market risk premium; Equity capital weight: total equity capital/total capital; Debt capital weight: total debt capital/total capital.

The statistics of the relevant indicators of Supor's weighted average cost of capital ratio from 2018 to 2022 are shown in Table 5-4.Among them, the yield to maturity of five-year treasury bonds is selected as the risk-free rate of return; the beta coefficient is obtained through the Cathay Pacific database; the market risk premium is replaced by the growth rate of domestic GDP in the current year; Supor's annual report does not disclose the enterprise's long-term borrowing and short-term borrowing, so this paper believes that Supor's debt Therefore, this paper considers Supor's debt cost of capital ratio is zero.

Table 8. Statistical table of weighted average capital cost rate calculation parameters for Supor 2018-2022

indicator year	2018	2019	2020	2021	2022
Share of equity capital(%)	100%	100%	100%	100%	100%
risk-free rate of interest(%)	2.97%	2.89%	2.95%	2.61%	2.64%
beta coefficient	0.48	0.87	0.98	1.16	1
market risk premium(%)	6.60%	6.10%	2.30%	8.10%	3%
Equity capital cost ratio(%)	6.14%	8.20%	5.20%	12.01%	5.64%
The proportion of debt capital	0	0	0	0	0
1-T(%)	75%	75%	75%	75%	75%
Debt capital cost ratio	0	0	0	0	0
WACC(%)	6.14%	8.20%	5.20%	12.01%	5.64%

4.3.4. Calculation of EVA value

Based on the data obtained above, the EVA value of Supor in 2018-2022 was calculated.

Table 9. The EVA value calculation table

indicator year	2018	2019	2020	2021	2022
Net operating profit after tax	153355.95	173115.32	172802.14	177864.68	190612.78
capital sum	590406.14	647366.34	772651.18	868491	885074
WACC	6.14%	8.20%	5.20%	12.01%	5.64%
EVA	117116.82	120050.70	132593.37	73593.65	140694.60

This paper takes EVA as the basis, combines with the current situation of Supor, selects suitable EVA indicators to replace the current net profit-related indicators, and constructs a financial performance evaluation system combining financial quantitative evaluation indicators and non-financial qualitative evaluation indicators.The EVA system emphasises the efficiency of the use of funds, and pays attention to the company's ability to return to shareholders by using the funds formed by debt and equity, as well as its own profits. Compared with traditional financial indicators, EVA indicators are more objective in evaluating the company's value creation, and are better adapted to the evaluation of the company's performance and overall strategic objectives. If the EVA value is positive, it means that the company's return is greater than the cost of capital invested to obtain this return, i.e., the company has created new value for shareholders; on the contrary, if the EVA value is negative, it means that the shareholders' wealth is decreasing. According to Table 5, the EVA of Three Squirrels is positive for the last three years. Except for the year 2021, the EVA value is showing an upward trend, which indicates that the value created by Supor in recent years has increased compared to the previous year, and the business condition has been improving, which can bring more benefits to shareholders.

5. Comparative Analysis of EVA and Current Financial Performance Evaluation Indicators

Based on the EVA value calculated above, the EVA value is compared with traditional financial indicators. In this paper, EVA value, EVA rate of net assets and EVA rate of sales are chosen to compare and analyse with net profit, return on net assets and net sales margin.

Table 10. EVA Calculation table of relevant indicators

indicator year	2018	2019	2020	2021	2022
EVA	117116.82	120050.70	132593.37	73593.65	140694.60
Net asset EVA rate	19.83%	17.56%	18.41%	9.65%	20.00%
Sales of the EVA rate	6.56%	6.05%	7.13%	3.41%	6.98%
EVA rate of rise	55.83%	2.51%	10.45%	-44.50%	91.18%

5.1. EVA vs. Net Profit

Table 11. EVA and retained profits Unit: ¥ 10,000

indicator year	2018	2019	2020	2021	2022
EVA	117116.82	120050.70	132593.37	73593.65	140694.60
Net profit	166900	191600	184300	194100	206600

As can be seen from the above table, the values of EVA are all greater than zero, which indicates that Supor is in a profitable state in the process of operation, the development trend of the enterprise is good, and it is constantly creating value. Numerically, the net profit value is greater than the EVA value, which is mainly due to the fact that both the cost of debt capital and the cost of equity capital are taken into account in the calculation of EVA, while only the cost of debt capital is taken into account in the calculation of net profit. In addition, EVA and net profit have different trends, in the period of 2018-2020, EVA shows a trend of growth, while net profit shows a trend of growth followed by a decline, in the period of 2020-2022, EVA shows a trend of decline followed by a growth, while net profit shows a trend of growth since 2020-2022. From the above analysis, it can be seen that the net profit index can not scientifically and accurately reflect the actual operating conditions of Enterprise A, while the EVA index can not only more accurately reflect the actual profitability of the enterprise, but also reflect the ability of the enterprise to create value. If you think that the profitability of the company has increased just because the net profit has increased, then you will probably make a wrong decision. Therefore, Supor should consider the cost of equity capital in performance evaluation, and use the EVA financial performance evaluation method to more accurately reflect the content of the business process needs to be adjusted to promote the development of the enterprise in a favourable trend.

5.2. Comparison of EVA of net assets and return on net assets

Table 12. Net assets EVA and return on equity

indicator year	2018	2019	2020	2021	2022
net asset EVA(%)	19.83%	17.56%	18.41%	9.65%	20.00%
Return on equity(%)	28.84%	30.54%	26.97%	26.81%	27.89%

As can be seen from the above table, the net asset EVA rate of Supor in 2018-2022 shows a trend of decline and then increase, but in 2020 its value is still lower than that of 2018, and in 2021 Supor's net asset EVA declines significantly, and then rises back to the previous level in 2020. By observing the financial data in 2021, it is found that the cost of equity capital of Supor has risen by a large amount, which leads to a significant decline in the EVA rate of net assets. While Supor's return on net assets fluctuates, but basically remains at a stable level, and Supor's net asset EVA rate has been lower than the return on net assets. When using traditional financial performance indicators, there may be artificial manipulation of financial statements, and managers can increase the return on net assets by increasing financial leverage. Therefore, Supor's use of traditional financial indicators to measure the financial performance of the company will give rise to the possibility of overestimation of the company's operating conditions. It may also appear that managers in order to smooth profits, through various ways to regulate profits, in order to achieve the purpose of whitewashing the financial statements, which is not conducive to the sustainable development of the enterprise. While the EVA financial performance evaluation method is used to calculate the EVA rate of net assets, the cost of equity of the enterprise is taken into account, which can truly and accurately determine whether the manager creates value for the enterprise.

5.3. Comparison of Sales EVA Rate and Net Operating Margin

Table 13. EVA rate and net sales

indicator year	2018	2019	2020	2021	2022
Sales of the EVA rate(%)	6.56%	6.05%	7.13%	3.41%	6.98%
Net interest rate on sales(%)	9.35%	9.65%	9.91%	8.99%	10.24%

According to the above table, it can be seen that the net sales interest rate of Supor in 2018-2022 is more stable overall, with smaller changes, and the sales EVA rate is lower than the net sales interest rate.The sales EVA rate of Supor is in a state of decline in 2018-2019, and there is a small rebound in 2019-2020, but it turns sharply to decline in 2021, and the level of sales of the enterprise is reduced, indicating that Supor's 2021 sales revenue and profitability are weaker, the sales level is poor, the profitability of the enterprise is greatly reduced, and the sales EVA rate rebounded in 2022. Through the analysis, it is found that the financial performance evaluation after the introduction of EVA can more obviously indicate the production and sales of the enterprise. Compared with Supor's traditional financial performance evaluation method, the financial performance evaluation method after the introduction of EVA can more effectively evaluate the potential risks and returns in the process of business development, more accurately reflecting the potential problems of enterprise development, so that stakeholders can more accurately understand the situation of the enterprise.

6. Supor's Financial Performance Improvement Suggestions

This paper takes Supor as an example to study EVA-based financial assessment, and through comparison with traditional performance assessment, the results found that traditional performance assessment is not suitable for home appliance enterprises. In contrast, the EVA indicator better reflects the real performance and value creation ability of the company. In order to maintain the long-term healthy development of Supor, this paper provides the following suggestions.

6.1. Adjust corporate capital structure

The cost of equity capital and the cost of debt capital jointly affect the EVA value of the enterprise, so how to balance the proportion of the cost of equity capital and the cost of debt capital is a key issue. From the point of view of Supor's capital structure, Supor's cost of capital basically comes from the cost of equity capital, long-term borrowing and short-term borrowing are 0. The high cost of equity capital, although to a certain extent can reduce Supor's financial risk, but also leads to a waste of corporate capital, the increase in the opportunity cost of capital, which affects the enterprise's value creation and future business performance. In addition, the cost of equity capital is mainly obtained through the issuance of shares, and the issuance of shares will lead to the dispersion of power among the shareholders of the enterprise, which is not conducive to the operation and management of the enterprise, and will have a negative impact on the operating performance of the enterprise. Therefore, Supor should start from the actual situation of the enterprise, reduce the proportion of equity capital in the capital structure of the enterprise, increase the debt capital of the enterprise, broaden the financing channels of the enterprise, introduce external funds and improve the ability of the enterprise's indebtedness to operate under the premise of maintaining the sustainable and stable development of the enterprise. Through diversified financing channels to enhance the proportion of corporate debt capital, to maintain a balance between corporate equity financing and debt financing, and to diversify corporate financial risks. And play a good role of operating leverage and financial leverage, increase enterprise production investment, expand enterprise scale. Although raising the proportion of debt capital will increase the interest expenses of the enterprise, but as long as the revenue generated is higher than the interest paid to ensure the long-term healthy development of the enterprise.

6.2. Improve the profitability of the enterprise

In the past four years, Supor's return on net assets and return on total assets have been fluctuating. Although Supor's main business products are more, but its most famous is still the rice cooker, the enterprise's product structure is not good, it is difficult to meet the market demand, once the rice cooker problems, will greatly affect Supor's profits. In the face of this situation, Supor should start from the market demand, by increasing the investment in research and development, increase factor class products, improve the core competitiveness of enterprise products. In addition, Supor can also be transformed to high-end products, improve product quality and after-sales service level, to maintain customer stickiness, to create core products, focus on user experience, according to the user feedback to make timely adjustments to improve customer satisfaction and other measures to implement, to ensure that the company's operating income sustainable growth. For the product category is relatively concentrated problem, the company through the early brand end and manufacturing end of the accumulation of experience, the initial formation of differentiated competitive advantages, should play this advantage to actively expand outward, layout in advance, to ensure that the original product development advantages under the premise of the appropriate to the company's original field of life in the small home appliances and other small home appliances tilted to the market penetration can be extended to a relatively low rate of mother and baby and small home appliances on the product category It can extend the product categories of mother and baby and small household appliances with relatively low market penetration rate, and extend the natural extension to the field of home life to expand the company's profit points.

6.3. Improve the efficiency of asset use

The asset utilisation efficiency of an enterprise not only reflects the current use of assets by the enterprise, but also affects the future development of the enterprise. High asset efficiency indicates that the company can make full use of its assets and avoid wasting them; on the other hand, low asset efficiency indicates that the company's assets are not fully utilised, leading to wastage of resources and inefficiency of assets. Supor needs to improve the efficiency of its capital use.

To enhance the efficiency of the use of funds, the first task of business managers is to do a good job of prior budgeting for the enterprise's funds. Reasonable budget management can effectively reduce the likelihood of future business risks, managers should be in the process of daily business operations, for the cost of each part of the expenditure can be mastered and understood, for the enterprise of the various funds for classification control, as far as possible to achieve the rational use and full distribution of funds, but also to the funds in a timely manner to check and regular inventory, inventory of funds. At the same time, we also need to improve Supor's market share in the home appliance industry, and actively achieve income generation, as far as possible with limited funds to obtain a greater income, so as to improve the efficiency of the use of corporate funds, to avoid the shortage of funds and the impact of the enterprise's ability to develop in the future.

7. Conclusion

This paper constructs the financial performance evaluation system through Supor's own characteristics, based on Supor's financial data from 2018-2022, using the EVA financial performance evaluation method to calculate the EVA value, the EVA rate of net assets and the EVA rate of sales from 2018-2022, and finds that they are all lower than the net profit, the return on net assets and the net rate of sales, which are calculated under the enterprise's current financial performance evaluation method. Supor's cost of equity capital has a great impact on the evaluation results of enterprise value. Therefore, the EVA financial performance evaluation method can get the real and accurate data of Supor, which can better reflect the actual situation of the enterprise's financial performance, and also can effectively measure whether the managers create value for the enterprise. In addition, according to the comparison of data and comprehensive analysis found that Supor has uneven cost of capital ratio, unstable profitability, low efficiency of asset use, this paper puts forward suggestions for improvement of Supor's problems. The financial performance of the company to a certain extent reflects the operation of the company, corporate investors must pay attention to the financial performance and the profitability of the company. China's EVA financial performance evaluation system is also improving. It not only accurately and objectively reflects the intrinsic value of the company's existence, but also motivates managers and investors. Therefore, enterprises should reasonably use the EVA-based financial performance management model to more accurately assess their own financial performance level.This paper analyzes the EVA performance evaluation of Supor, finds the existing problems and puts forward corresponding improvement measures, hoping to have certain reference significance for Supor and other companies in the same industry.

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