

Research on the Performance of Continuous Mergers and Acquisitions of Enterprises from the Perspective of Platform Economy

-- Taking Meituan as an example

Fuyuan Guo, Xiang Zhu and Xinyi Cai

Anhui University of Finance and Economics, Bengbu, China

Abstract: In recent years, the development of the Internet has become more and more intense, and the platform economy and platform enterprises relying on the Internet have gradually emerged and occupied the core position of the market. In the context of platform economy, continuous mergers and acquisitions by enterprises, as an important development strategy, have a profound impact on corporate performance. After considering Meituan's financial statements, it was found that Meituan has firmly established an important position in the market after three consecutive mergers and acquisitions. Therefore, this article mainly conducts performance research on continuous mergers and acquisitions of enterprises from the perspective of platform economy, and takes the three successful mergers and acquisitions of "Meituan" as an example. The first part of the article is the introduction. This article mainly discusses the research background, significance, research methods adopted, research ideas based on. The second part is the theoretical foundation and literature review. Reviewed the research status of M&A motivations and the impact of M&A transactions on performance at home and abroad, analyzed relevant research literature at home and abroad, and introduced the concepts of mergers and acquisitions [1]. The third part is an introduction to Meituan's merger and acquisition cases. The fourth part is to conduct performance research on Meituan. Analyze Meituan's business performance through financial indicator method for statistical analysis. The fifth part proposes relevant suggestions. The conclusions of this paper are as follows: Meituan's business performance after three successful mergers and acquisitions has basically reached the expectation of its M&A motivation, which is a case of Internet M&A that can be used for reference by platform enterprises [2].

Keywords: Corporate mergers and acquisitions, Meituan, Merger and acquisition motives, Performance research.

1. Introduction

1.1. Research Background and Significance

1.1.1. Research Background

The popularity of networking makes platform economy and platform enterprises that rely on the Internet become the focus. Affected by the platform economy, many enterprises have begun to diversify their operations and expand their business scope. Both companies hope to enhance their competitiveness and expand their market power through mergers and acquisitions, which have become increasingly mature as a strategic approach for enterprises.

Founded in 2010, Meituan is dedicated to creating a comprehensive local lifestyle service platform. Meituan quickly expanded its business scale and improved its industrial chain layout in the short term by acquiring upstream and downstream enterprises. Therefore, this article takes the acquisition of Dianping, Qianbaobao, and Mobike by Meituan as an example.

1.1.2. Research significance

1) Theoretical significance

Two companies, as emerging enterprises that have become popular in recent years, have relatively scarce research related to them in the market. Because most scholars in China currently use the financial indicator method to study corporate performance and ignore the impact of non-financial indicators, this paper is based on China's national conditions. Starting with Internet platform enterprises, this paper selects Meituan's M&A of Dianping, Qianbaobao and Mobike as

typical cases, and studies M&A performance based on financial indicators, which has certain theoretical value to supplement and improve M&A performance analysis.

2) Practical significance

Mergers and acquisitions are a double-edged sword. Some companies' mergers and acquisitions seriously affect their profitability due to the inability to integrate their businesses effectively. However, Meituan has occupied an important position in the e-commerce market through mergers and acquisitions of Dianping, Qianbaobao, and Mobike. Therefore, on the basis of existing research, this paper analyzes the case of Meituan M&A, hoping to enlighten other enterprises with M&A plans in the Internet industry, and develop their own M&A plans in line with their own reality.

1.2. Research Content

Taking Meituan's three successful mergers and acquisitions as an example, this article focuses on its motives and performance in mergers and acquisitions. Following the research approach, it discusses the reasons and mechanisms of the impact of mergers and acquisitions on corporate performance from the perspective of platform economy, and proposes scientific suggestions based on this. This article is expected to be divided into five parts, and the following is the specific arrangement:

The first part of the article is the introduction. This article mainly discusses the research background, significance, research methods adopted, research ideas based on, as well as possible innovations and shortcomings of the article.

The second part is the theoretical foundation and literature

review. Reviewed the research status of M&A motivations and the impact of M&A transactions on performance at home and abroad.

The three parts are an introduction to Meituan's merger and acquisition cases. Including Meituan's acquisition of Dianping, Meituan's acquisition of Qianbaobao, and Meituan's acquisition of Mobike, analyze the motives behind Meituan's mergers and acquisitions based on theoretical knowledge.

The fourth part is to conduct performance research on Meituan. The fifth part proposes relevant suggestions for statistical analysis of Meituan's business performance through financial indicator method.

1.3. Research Methods

1.3.1. Financial Indicator Method

The financial indicator method is a financial index evaluation method that assesses an organization's performance by evaluating its profitability, operational ability, debt paying ability, development ability, etc., and evaluates the degree to which various financial indicators have been achieved. In this article, the financial performance of Meituan's acquisition of Dianping, Qianbaobao, and Mobike is studied by analyzing factors such as current ratio, quick ratio, asset liability ratio, net profit margin, and return on equity.

1.3.2. Literature research method

This article reviews a large number of domestic and foreign literature, conducts detailed research and analysis on platform economy related theories, market power, synergies, and other concepts, and studies the current research status and related literature on corporate merger and acquisition performance at home and abroad, laying a solid foundation for the writing of the paper [3]. On the basis of existing research theories and case analysis, find a breakthrough point for the merger and acquisition of Meituan with Dianping, Qianbaobao, and Mobike, deepen the understanding of the merger and acquisition of Meituan with Dianping, Qianbaobao, and Mobike, and conduct a more in-depth study of the motives and performance of the merger and acquisition between the two parties, and propose targeted suggestions.

1.4. Possible Innovation Points and Shortcomings

1.4.1. Possible Innovation Points

(1) Innovation in research perspective

At present, most research is focused on the performance of corporate mergers and acquisitions, but little is known about the performance research of platform based corporate mergers and acquisitions or corporate mergers and acquisitions based on the perspective of platform economy. Therefore, this article will combine relevant theories of platform economy to study the performance of continuous mergers and acquisitions of enterprises from the perspective of platform economy.

(2) Innovation in research methods

Most scholars' research on such projects is empirical analysis, without specific analysis of individual cases. Based on this, this article selects the case of Meituan's consecutive mergers and acquisitions of Dianping, Qianbaobao, and Mobike, and uses case analysis method to study the motives and performance of mergers and acquisitions, systematically summarizing the underlying mechanisms, in order to provide scientific basis for future merger and acquisition plans of

platform enterprises.

1.4.2. Shortcomings

There are still shortcomings in the research on platform enterprise mergers and acquisitions in this article. On the one hand, the case study in this article is not applicable to all platform enterprises; On the other hand, in terms of data acquisition, there are incomplete relevant data materials. And in terms of the selection of research methods, I have not yet delved deeply into the study of research methods.

2. Theoretical Basis and Literature Review

2.1. Theoretical Basis

2.1.1. Synergy Effect Theory

In the field of corporate mergers and acquisitions, it refers to the situation where the profits after the merger are greater than the sum of the profits of both parties before the merger, achieving a result of $1+1>2$.

2.1.2. Market Power Theory

The theory of market power holds that the main motivation for mergers and acquisitions is to use merger and acquisition strategies to reduce competitors, enhance the business environment control of the enterprise, increase market share, enable the enterprise to obtain some form of monopoly or oligopoly profits, and increase long-term profit opportunities.

2.1.3. Corporate mergers and acquisitions

Mergers and acquisitions are a strategy for companies to seek development, including acquisitions and mergers. Acquisition refers to the transfer of actual control of a company (acquirer) by purchasing and absorbing equity of another company (acquired). Merger refers to the integration of business and resources between two or more enterprises, the reorganization, and the establishment of a new enterprise.

2.2. Literature Review

2.2.1. Domestic Literature Review

Most domestic scholars believe that mergers and acquisitions can bring favorable aspects to the long-term development of enterprises and have a positive impact on their performance. Wang Ping (2021) used Haier Smart Home's acquisition of General Electric Appliances as a case study, which showed that the overall performance of Haier's acquisition of General Electric Appliances was good. In the long run, this acquisition is beneficial to Haier's development and has a positive impact on the company. However, Ma Jingru (2024) came to a different view after studying the case of China Resources Pharmaceutical's acquisition of Jiangzhong Pharmaceutical. China Resources Pharmaceutical's profitability and performance have significantly improved in the period after the acquisition, but it has shown a slight lack of follow-up in the long run. This also indicates that the effects of mergers and acquisitions by companies in different industries may vary.

2.2.2. Review of Foreign Literature

The impact of foreign mergers and acquisitions can be divided into two parts Tobias Stucki. Some scholars believe that mergers and acquisitions have a positive impact on corporate performance, Rahman Jahidur (2024) Adopting fixed effects and random models based on Hausman test to alleviate potential heterogeneity issues in selection [5]. The survey results indicate that acquiring targets with high ESG

performance can help improve their own ESG performance, thereby increasing their market value. But there are also some scholars who believe that mergers and acquisitions are not good for corporate performance. Bomik and Seraca (2012) found that the performance of companies after mergers and acquisitions did not improve, and on the contrary, there is a high probability that it may decrease.

2.2.3. Literature Review

After reviewing the literature on the performance of corporate mergers and acquisitions by domestic and foreign scholars, it is found that although Chinese scholars started relatively late, the research on M&A performance involves a wide range of industry fields and is more in-depth; Foreign scholars started their research earlier and are ahead of China in terms of both time length and scope. The research system abroad is relatively mature. The research conclusions on the performance of mergers and acquisitions are generally consistent among domestic scholars. From the research conclusions, scholars have different opinions on the impact of mergers and acquisitions on corporate performance, and there is no unified conclusion yet.

Many scholars at home and abroad have conducted research and analysis on the performance of corporate mergers and acquisitions.

3. Introduction to Three Mergers and Acquisitions Cases of Meituan

3.1. Meituan's acquisition of Dianping

3.1.1. Corporate Overview of Meituan and Dianping

(1) Overview of the acquirer Meituan

In March 2010, Wang Xing saw the development momentum of Groupon and borrowed its model to establish Meituan. After its establishment, Meituan quickly gained popularity in the capital market and received investments from institutions such as Sequoia Capital and Alibaba. Afterwards, it quickly expanded into second - and third tier cities, and even sank into fourth tier cities. This led to Meituan's exponential expansion and quickly became the leader in the domestic group buying market. In terms of financing, Meituan went through multiple rounds of financing from its establishment in 2010 to its acquisition of Dianping in 2015.

(2) Overview of the acquired company Dianping

In April 2003, Dianping was established in Shanghai, and its founder Zhang Tao created the Dianping website after understanding people's needs, allowing people to add restaurant reviews. The operation mode of Dianping mainly relies on user generated content (UGC) and cooperation with merchants. The UGC model is a way for Dianping to encourage users to share their consumption experiences, post reviews, and make recommendations. Since 2006, Dianping has gone through six rounds of financing. These financings provide financial support for the operational development of Dianping, helping it expand its business, technology research and development, and other operational activities.

3.1.2. Meituan's acquisition of Dianping

After friendly negotiations between Meituan and Dianping to determine the merger conditions, on October 8, 2015, Meituan and Dianping jointly issued a statement of strategic cooperation. Both parties will jointly establish a new company, which will become a leading platform in China's O2O field, known as "New Meida" or "China Internet Plus

Group" in English. Meituan continues to improve its group buying business, while Dianping assists with its unique UGC business. The capital of the new company formed by the merger of Meituan and Dianping has also changed.

3.1.3. Motivation Analysis of Meituan's Acquisition of Dianping

(1) Obtain synergies and integrate the same resources

One of the main reasons for Meituan's acquisition of Dianping is that it allows for unified allocation of the same resources after the merger. Meituan started with group buying business, while Dianping entered the group buying industry in 2010. There is a certain overlap in business between the two parties, such as both involving group buying business in the fields of catering and lifestyle services. Through mergers and acquisitions, it is possible to integrate their respective merchant resources, user resources, etc. The integration of the same resources greatly reduces enterprise costs. Meituan has set its sights on Dianping's unique UGC model and related human resources, hoping to share resources and further expand market coverage through mergers and acquisitions.

(2) Overcoming negative externalities of enterprises, reducing competition, and enhancing market control

The competition between two independent enterprises demonstrates this externality. Before the merger of Meituan and Dianping, the two were in a competitive relationship in the market, and gradually developed into vicious competition in the later stage. The result of competition is often a lose lose situation. The competition between Meituan and Dianping not only leads to losses for both companies, but also causes unbearable suffering for internal employees and market turbulence. The merger and acquisition strategy can reduce fierce competition and reduce the consumption of competition between each other, not only benefiting both parties, but also consolidating their consumer groups and benefiting both parties' consumers. In addition, the merger of the two companies can also enhance their competitive advantage over other competitors. The merger of the two can help form a stronger market dominant force. After the merger, the two companies can integrate their strengths, occupy a dominant position in the market, have greater say in the development direction and industry rules of the market, and enhance their control over the market.

3.2. Meituan's acquisition of Qianbaobao

3.2.1. Overview of Meituan and Qianbaobao Enterprises

(1) Overview of the acquirer Meituan

After acquiring Dianping, Meituan expanded its business scope, increased its market share, and enhanced its industry competitiveness by leveraging Dianping's data resources. Meituan Dianping has achieved great success in the business field. Meituan's revenue has also seen a significant increase. From this, it can be seen that after the acquisition of Dianping, Meituan's development is unstoppable. However, due to the lack of a legitimate payment license, Meituan was reported for the legality of its business, and was forced to go offline for rectification. Meituan's payment business also ended without being reported.

(2) Overview of the acquired party Qianbaobao

Qianbaobao was founded in November 2008 by Sun Jiangtao. Qianbaobao is a high-tech enterprise specializing in financial security payment. It has a professional digital product distribution platform, provides payment and sales integrated e-commerce solutions, and has close cooperation

with many large Internet companies. Qianbaobao obtained a payment license issued by the central bank in 2011, and at that time, there were only a few payment companies with full licenses, and Qianbaobao was one of them. Qianbaobao focuses on the payment industry and has clear corporate finances, which is also an important reason why Meituan Dianping chose to acquire Qianbaobao. Qianbaobao obtained two rounds of financing before accepting the acquisition by Meituan Dianping.

3.2.2. The process of Meituan's acquisition of Qianbaobao

On September 26, 2016, Meituan fully acquired Qianbaobao for billions of yuan and a performance betting agreement. After the merger and acquisition was completed, Sun Jiangtao voluntarily withdrew and transferred to emerging industries such as blockchain. Qianbaobao is wholly owned by Beijing Guotongbao Co., Ltd., and the actual controller is Wang Xing, the chairman of Meituan. After the merger, there was no significant change in the management of Qianbaobao, a subsidiary of Meituan Group, until 2022 when Meituan's business needs arose and Qianbaobao was frequently subject to administrative penalties by the People's Bank of China's business management department due to professional issues. The legal representative changed, with Baota becoming the new legal representative and Mu Rongjun stepping down as chairman.

3.2.3. Motivation Analysis of Meituan's Acquisition of Dianping

(1) Avoid entry barriers, quickly enter, and strive for market opportunities

For Meituan, the entry barriers to payment services are mainly structural obstacles. Porter pointed out that there are seven main barriers to entry, among which government policies, regulations, and laws can restrict new entrants or eliminate some unqualified ones in certain industries. According to the background introduction of Meituan Dianping, Meituan already has its own payment license, which means the main reason is government policies. Due to the lack of legal payment licenses, Meituan's payment business has been frequently hindered. The acquired company Qianbaobao obtained a payment license issued by the central bank in 2011, and at that time, there were only a few payment companies with full licenses. Acquiring Qianbaobao can help Meituan Dianping avoid barriers to entering the payment business.

Enhance competitiveness and control over the market

The suspension of payment services by the central bank has greatly impacted Meituan's market competitiveness. Due to the serious homogenization of products in the group buying market, when there is no significant difference in the products and services provided, the convenience of payment will become a major advantage for the enterprise, and consumers will also choose products that are advantageous to themselves among the same products. Therefore, for Meituan, acquiring a company like Qianbaobao that has a payment license and transforming it into its own unique corporate advantage, enhancing competitiveness and control over the group buying market has become a certainty.

3.3. Meituan's acquisition of Mobike

3.3.1. Overview of Meituan and Mobike Enterprises

(1) Overview of the acquirer Meituan

Meituan Dianping has improved its performance and market share after acquiring Qianbaobao in 2016. In terms of

performance, Meituan Dianping's transaction amount has grown rapidly, reaching 357 billion yuan in 2017. However, Meituan's self built delivery system faced huge challenges in the early stages. Due to the complex and costly process of recruiting "specialized delivery" and integrating "crowdsourcing" during the delivery process, it also had a huge impact on Meituan's financial situation. In 2017, the local life service market was fiercely competitive, and Meituan faced challenges from other competitors. The existence of competitors may require Meituan to continue investing funds to maintain its market position, thereby affecting its profitability.

(2) Overview of the acquired company Mobike

Mobike was founded in January 2015 by Hu Weiwei. Mobike is an Internet short distance travel solution developed by Beijing Mobike Technology Co., Ltd. It is an intelligent hardware of the car borrowing and returning mode without piles. People rent and return a Mobike bike through their smartphones, and pay the relevant rental fees for riding. Mobike went through 7 rounds of financing before being acquired by Meituan Dianping.

3.3.2. Meituan's acquisition process of Mobike

In March 2018, Meituan acquired the company for \$2.7 billion through a combination of equity and cash. And repay the user deposits and supplier debts of 1 billion US dollars misappropriated by Mobike. In April, Mobike's chairman was changed to Meituan CEO Wang Xing. After the merger, Mobike was renamed as Meituan Bike, and the Meituan APP became the only entry point for Mobike (Meituan Bike) in China.

3.3.3. Motivation Analysis of Meituan's Acquisition of Mobike

(1) Obtain synergistic effects

After acquiring Mobike, Meituan gained operational and financial synergy. After acquiring Mobike, Meituan began to increase its service portfolio for consumers. With the acquisition of Mobike, Meituan and Mobike achieved operational synergy through complementary brand values. In terms of financial synergy, Meituan achieved its goal of significantly increasing operating revenue after the merger and achieved profitability for the first time in 2019.

(2) Avoid entry barriers, quickly enter, and strive for market opportunities

Meituan had already developed its own travel business, Meituan Taxi, before acquiring Mobike. In February 2017, Meituan decided to enter the travel industry after piloting a taxi service in Nanjing, but it was lukewarm. However, there are obstacles to entering the transportation market, which can be classified into three main types according to Bain J.'s classification. For Meituan, the main constraint on entering the travel market is economies of scale. The reason for this is that if Meituan wants to enter the transportation industry, it will require a lot of costs. If it acquires the giant Mobike in the transportation industry at that time, it can utilize Mobike's related resources and greatly reduce costs. Thus enabling Meituan to quickly enter the travel market and seize market opportunities.

4. Performance analysis of Meituan's acquisition of Dianping, Qianbaobao, and Mobike

4.1. Financial Performance Analysis of Meituan's Acquisition of Dianping, Qianbaobao, and Mobike

This article uses the financial indicator method to analyze the financial performance of Meituan after the acquisition of

Dianping, Qianbaobao, and Mobike, mainly examining their changes in profitability, operational ability, and debt paying ability after the merger.

4.1.1. Profitability

Profitability refers to the ability of a company to generate profits. In this section, the gross profit margin, net profit margin, and return on equity of Meituan from 2015 to 2019 are selected as indicators to evaluate Meituan's profitability. The specific data is shown in Table 1.

Table 1. Profitability Indicators of Meituan

	2015	2016	2017	2018	2019
Sales gross profit margin (%)	sixty-nine point one six	forty-five point seven four	thirty-six point zero one	twenty-three point two four	thirty-three point one four
Sales net profit margin (%)	-261.55	-44.60	-55.97	-177.06	two point two nine
Return on equity (%)	fifty-two point three	twenty-six point seven	fifty-seven point one seven	-502.67	two point five one

Data source: Meituan Company's financial report

From the data changes in Table 1, it can be seen that the net profit margin of sales after Meituan's acquisition of Dianping is higher than the original level, especially in 2016. This indicates that Meituan has optimized its business processes, integrated business resources, improved efficiency, and reduced costs by acquiring Dianping and utilizing its resources; The increase in sales net profit margin also indicates that Meituan has gained more profits in sales, indicating that mergers and acquisitions have expanded Meituan's market share, launched new businesses and related services, and thus increased sales revenue. In order to cope with competition, Meituan had to lower product prices, which led to a decrease in sales gross profit margin. The main reason for the short-term decrease in shareholder return on equity is that after Meituan's acquisition of Dianping, its shareholder structure changed. Due to the addition of new shareholders to Meituan Dianping, dividend distribution increased, resulting in a decrease in shareholder return on equity.

After acquiring Qianbaobao in September 2016, Meituan's return on equity increased, indicating that Qianbaobao's payment license has opened up new profit opportunities for Meituan. Meituan can provide more value-added services related to payment through Qianbaobao. At the same time, with Qianbaobao's payment services, Meituan can attract more merchants and users, thereby increasing the platform's transaction scale and sales revenue. However, the gross profit margin and net profit margin of sales are declining. The reason for this is that Meituan spent a lot of acquisition costs when acquiring Qianbaobao, which reduced its net profit. In

addition, Meituan's corporate development strategy requires the construction of a super platform, which requires sufficient investment in production costs, sales, and management costs. The investment of these costs is the main reason for the decrease in Meituan's net profit margin and gross profit margin.

In April 2018, Meituan acquired Mobike. After the merger, Meituan's return on equity fell to a low point in 2018, and the main reason for the decrease in sales net profit margin and gross profit margin was that Meituan's acquisition conditions with Mobike included Meituan's obligation to repay Mobike's supplier debt of \$1 billion. The debt burden of Meituan Dianping has increased, and Meituan's debt acquisition behavior has resulted in insufficient operating income to pay high interest in 2018, affecting net profit and shareholder equity structure. However, in 2019, Meituan's return on equity, net profit margin, and gross profit margin all achieved positive growth, indicating that Meituan Dianping's acquisition of Mobike expanded its business scope and market share through resource integration, and also formed synergies in different service areas to further reduce costs.

4.1.2. Operational Capability

The operational capability reflects the capital turnover status of the enterprise, and analyzing it can provide insights into the business situation and management level of the enterprise. In this section, accounts receivable turnover, current asset turnover, and total asset turnover are selected as indicators to quantify Meituan's operational capabilities. The specific data is shown in Table 2.

Table 2. Meituan's operational capability indicators

	2015	2016	2017	2018	2019
Accounts receivable turnover rate (times)	three point three nine	four point six four	fifteen point three two	fifteen point three six	seventeen point zero six
Current asset turnover rate (times)	one point six five	one point four one	one point four one	zero point nine six	zero point eight two
Total asset turnover rate (times)	one point zero seven	one point zero three	zero point eight six	zero point seven nine	zero point seven four

Data source: Meituan Company's financial report

As shown in Table 2, after the acquisition of Dianping, Meituan's accounts receivable turnover rate has improved. Bringing synergies in financial management to Meituan and enhancing the competitiveness of its products or services.

This gives Meituan stronger control and sales capabilities in the group buying market, thereby promoting the growth of sales revenue. Analyzing the total asset turnover rate, it can be seen that the total assets of Meituan have significantly increased after the merger. However, the newly merged assets

have not been quickly integrated with the original business in terms of operational management and market positioning, and the internal management processes of the merged enterprise need to be readjusted and optimized. Meituan has not been able to achieve this in a timely manner, resulting in problems such as low operational efficiency.

Analysis of the operational capabilities of Meituan after the acquisition of Qianbaobao shows that in the first year after Meituan's acquisition of Qianbaobao, the accounts receivable turnover increased significantly. After the acquisition, Meituan obtained a payment license, changed customer payment channels, and fought for more favorable payment terms. Meituan's bargaining power improved and the accounts receivable turnover rate increased. And Qianbaobao is engaged in third-party payment business, which can effectively manage Meituan's accounts receivable and achieve synergy in business management. However, Meituan's excessive investment and high costs in business expansion have made it difficult for the company to fully keep up with the operational efficiency of its assets, affecting asset turnover.

Meituan's acquisition of Mobike did not show significant fluctuations in other indicators, except for a decrease in current asset turnover. The main reason for the decrease in the turnover rate of current assets in 2018 is that a large amount of funds was invested in mergers and acquisitions, leading to an increase in corporate liabilities and poor asset turnover. The accounts receivable turnover rate of the company in 2019 was 17.06, with a rebound in value, indicating an improvement in asset utilization efficiency and capital turnover status after the merger and acquisition. The high debt burden borne by Meituan on behalf of Mobike resulted in a continuous decrease in Meituan's current asset turnover rate in 2019, which also affected the total asset turnover rate, causing a decline in 2018 and 2019.

4.1.3. Debt paying ability

Debt paying ability refers to the ability of a company to repay various maturing debts. We will now select the current ratio, cash ratio, and asset liability ratio of Meituan after the merger to measure the company's debt paying ability. The specific data is shown in Table 3.

Table 3. Debt Repayment Capability Indicators of Meituan

	2015	2016	2017	2018	2019
Current ratio	two point one three	one point eight nine	two point six five	two point two nine	two point two five
Cash ratio	one point six four	zero point seven five	zero point nine five	zero point five four	zero point three seven
Asset liability ratio	one point four one	one point four nine	one point four eight	zero point two eight	zero point three zero

As shown in Table 3, after the acquisition of Dianping by Meituan, the asset liability ratio increased, while the cash ratio and current ratio decreased in 2016. The reason for this is that after the merger and acquisition, Meituan integrated the relevant resources of Dianping to obtain synergies, which increased Meituan's profits. The increased profits can be used to repay debts and reduce the asset liability ratio. In the process of acquiring Dianping, Meituan needs to pay a large amount of cash to purchase equity or assets, which directly leads to a decrease in Meituan's cash reserves and a decrease in its cash ratio. After the acquisition of Dianping by Meituan, the integration of resources has prevented Meituan from timely repaying its current liabilities and withdrawing funds, resulting in liquidity problems and a decrease in its current ratio.

In 2017, Meituan's current ratio, cash ratio, and asset liability ratio all increased, indicating that the acquisition of Qianbaobao by Meituan brought a large amount of capital injection. The investment of Sequoia Capital enabled Meituan to obtain sufficient funds, which increased Meituan's current ratio and cash ratio. The reason for the increase in the asset liability ratio is due to the potential debt risk of Qianbaobao.

After the acquisition of Mobike by Meituan, although the current ratio decreased, the value remained at around 2, in a good state. The utilization of funds after the merger and acquisition is more reasonable and efficient, achieving synergies. In addition, Meituan has improved operational efficiency by integrating resources and optimizing management. The decrease in cash ratio in 2018 and 2019 was due to debt repayment and the rapid expansion of Meituan's business. After the merger, Meituan's asset liability ratio decreased and then increased, mainly due to Mobike's travel business allowing Meituan to obtain shared bicycle deposit income.

5. Research Conclusions and Implications

5.1. Research Conclusion

This article uses financial indicator method to analyze the financial performance of Meituan, mainly analyzing the changes in Meituan's profitability, operational ability, and debt paying ability.

In summary, Meituan has improved its performance through its merger and acquisition strategy, meeting its motives for mergers and acquisitions.

5.2. Inspiration

5.2.1. Carefully analyze the potential costs and benefits of the target company before the merger and acquisition

Enterprises should carefully analyze the potential costs and benefits of the enterprise before mergers and acquisitions, and cannot be unable to manage the acquired enterprise reasonably due to hasty mergers and acquisitions.

5.2.2. Accurate valuation during mergers and acquisitions

Whether through the stock market or not, value assessment is the core of the buyer seller competition in M&A strategies. If the value of the acquired company cannot be accurately evaluated, the acquiring party may bear the risk of paying excessive acquisition fees. This high cost merger and acquisition will increase the financial burden of the enterprise, making it face the challenge of profitability from the beginning of the merger and acquisition.

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