**Financial analysis report**

Using the balance sheet, cash flow statement and profit statement of the third quarter of 2017-2022, China Eastern Airlines [600115.

First of all, list the financial indicators analysis table, calculate the relevant indicators from the four dimensions of solvency, asset management ability, profitability and cash flow, in which solvency includes short-term solvency and long-term solvency.

图示

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Figure I. Four-dimensional financial index model

The conditional format is used to visually display the degree of change of each financial indicator in different years, and then the format is added to mark the indicators with negative numbers. It can be seen intuitively that since 2020, the relevant indicators of the company's profitability have been continuously negative, indicating a serious loss situation.图表, 折线图

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Figure II. Dashboard of change data of financial indicators in four dimensions

The main indicators of four dimensions are selected to make the data dashboard, and the following conclusions are drawn:

* From the perspective of solvency, the short-term solvency of China Eastern Airlines has declined considerably since 2020, mainly due to insufficient cash flow, which requires vigilance against the risk of breaking the capital chain and being unable to repay debts in the short term. In the long run, the asset-liability ratio increases slightly while the shareholder equity ratio decreases, indicating that enterprises need to enhance their long-term solvency. The weakening of long-term and short-term solvency reminds enterprises to pay attention to the prevention of related risks, consider optimizing the capital structure and enhance profitability.
* From the perspective of asset management, inventory turnover days and accounts receivable turnover days have fluctuated and increased in recent years, indicating that operating efficiency has declined, and there is still room for improvement in the management level of accounts receivable and inventory. Enterprises need to pay attention to strengthening their own operating capacity to avoid inventory squeeze shortage or increase in management costs.
* From the profit point of view, the profit level of China Eastern Airlines has declined sharply since 2020, mainly due to the negative growth of net profit, which comes from the decline of main business income and the increase of cost.
* From the perspective of cash flow, the negative growth of cash flow from operating activities appeared for the first time in 2022, and this trend is not optimistic.

Secondly, in view of the development ability of the company, the use of the growth rate of shareholders' equity, net profit growth rate and other indicators for visual analysis.

图表, 瀑布图

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Figure III. Map of changes in development capacity

From the above chart, the net profit growth of China Eastern Airlines fluctuates greatly, indicating that its profit risk is high, while the growth rate of shareholders'equity declines steadily, which is obviously unfavorable to the goal of maximizing shareholders' wealth.

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Figure IV. 2017 DuPont Analysis Chart

By drawing the DuPont analysis chart, we can intuitively reflect the internal relationship of financial indicators. From 2017 to 2022, the return on shareholders'equity and net sales interest rate of China Eastern Airlines have declined, reflecting the decline of its profitability and the deterioration of its operating conditions.

According to the trend chart of DuPont analysis, from 2017 to 2022, the decline of return on shareholders' equity is due to the decline of return on total assets and the increase of equity multiplier; the decline of return on total assets is due to the negative growth of net sales interest rate and the relatively low turnover rate of total assets. The increase of the equity multiplier shows the rise of the asset-liability ratio, so it is concluded that: 1. In recent years, due to the epidemic and other factors, the main business income of China Eastern Airlines has decreased and the cost has increased, resulting in a negative growth in profits; 2. At the same time, the management level of inventory has declined, and the operational capacity has also weakened, so it is necessary to improve the corresponding management level. 3. With the rising asset-liability ratio, we need to be alert to the risk of insolvency. 4. Operating cash flow also showed negative growth, so it is necessary to reduce the occupation of funds and strengthen the liquidity of funds. In the short term, the business of China Eastern Airlines has been greatly impacted by the epidemic and negative news, which is reflected in various financial indicators in the financial report. In the long run, the opening of epidemic control is expected to revitalize the aviation industry, and China Eastern Airlines needs to strengthen the construction of management level to cope with future opportunities and risks.

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Figure V. 2017-2022 DuPont Analysis Change Chart