

# Analysis of Financial Indicators for Haidilao Company

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**Abstract.** This study analyzes the financial performance and operational dynamics of Haidilao from 2020 to 2024, aiming to evaluate its asset size, short-term debt-paying ability and profitability in the fiercely competitive hot pot catering market and evolving consumer demand. The study finds that the total assets and net profit of Haidilao fluctuated significantly from 2020 to 2022, and its current ratio was also lower than a reasonable range, due to COVID-19, internal competition in the industry and the company's excessive expansion. From the perspective of asset structure, the current assets of Haidilao show a fluctuating upward trend, while non-current assets have continued to decrease, and their total assets have decreased from approximately RMB 275.2714 billion in 2020 to around RMB 227.8126 billion in 2024, reflecting its shift from heavy assets model to light assets model. At the same time, with the support of company philosophy, the application of digital technology, the development of strategies, the development of new products and business formats, and the expansion of overseas markets, Haidilao's net profit has shown an upward trend. The current ratio has also gradually entered a reasonable range and tended to stabilize, reflecting its short-term debt-paying ability, increasing and maintaining stable. This study provides a reference for stakeholders to gain insight into the potential of Haidilao in the market, demonstrating the importance of balancing service maximization with low cost and high efficiency in a dynamic market, and it also provides a reference for catering enterprises to cope with industry cycles and consumption changes.

**Keywords:** Haidilao, Financial Statement Analysis, Catering Industry.

## 1. Introduction

The catering industry is an important component of the service industry and a crucial part of a country's economic development process [1-2]. The catering industry accounts for over 10% of the total retail sales of consumer goods in society, playing a significant role in promoting consumption, stabilizing employment and promoting economic circulation, and reflecting the country's economic level [3-4]. The total revenue of China's catering industry reached RMB 52890 billion in 2023 and exceeded RMB 55700 billion in 2024, reflecting the growth trend of the catering industry and its huge contribution to GDP [5]. Hot pot is deeply loved by consumers in China and is one of the most popular catering categories [6]. By 2024, the size of the Chinese hot pot market has reached RMB 6200 billion, accounting for 15.3% of the catering industry's revenue [7]. This shows that hot pot catering has made a significant contribution to the catering industry's revenue and can be seen as a core of the Chinese catering market [7].

Haidilao, as a leader in domestic hot pot catering, leads Chinese catering enterprises to go global [8]. It has reshaped consumers' experience of consumption by providing humanized services, forming barriers that competitors find difficult to imitate, promoting the development and transformation of the entire hot pot industry, and achieving great success [9-10].

However, while gradually growing, Haidilao has also faced difficulties in recent years, including the impact of COVID-19, intensified market competition, and reduced profitability. The paper aims to gain a deeper understanding of Haidilao's financial condition and overall capabilities by analyzing its financial reports, which can reveal the status of the company's development process recently. The importance of this study lies in analyzing important financial indicators to help stakeholders better summarize experiences, explore company potential, and avoid potential risks.

## 2. Company Introduction

Haidilao (HKEX: 06862) was founded in 1994 and is headquartered in Chengdu, Sichuan. It is a leading and benchmark enterprise in the Chinese hot pot catering industry. Driven by the “Service as a Product” concept proposed by CEO Zhang Yong, Haidilao reshapes the industry paradigm of hot pot consumption experience.

Its main competitive advantage is the deep integration of humanized services and digital operations. The former satisfies customers’ various demands through intimate services such as birthday ceremonies and exclusive care for disabled groups, upgrading the customers’ experience from functional satisfaction to emotional identification, and forming a brand memory which is difficult to imitate. The latter relies on data technology to achieve precision and efficiency in services. For example, the SaaS platform independently developed by Shuhai Supply Chain can integrate order management and cold chain monitoring systems, optimize delivery paths through AI algorithms, ensure that the quality of ingredients is fully controllable, and provide customers with fresher and safer ingredients. The demand data generated by humanized services promotes the updating and progress of digital operations, while digital systems further implement service details. This combination of emotions and technology has enabled the user-centered idea to be more thoroughly realized and has become the key to maintaining a leading position in the hot pot catering competition for Haidilao.

## 3. Analysis of Financial Statements

### 3.1. Assets (Current Assets & Non-current Assets)

Assets can be used as an indicator to measure the overall size and comprehensive strength of a company. The total assets of Haidilao have shown a fluctuating downward trend in the past five years, from approximately RMB 275.2714 billion in 2020 to around RMB 227.8126 billion in 2024. This trend stems from the industry environment, strategic adjustments of the company and the issues arising from early expansion. From 2020 to 2021, Haidilao expanded aggressively and invested heavily in assets. However, in the later stage, due to the impact of COVID-19 and the establishment of various hot pot brands, Haidilao’s customers gradually decreased, forcing it to reduce heavy asset investment and adopt a “light asset” strategy, and resulting in a decrease in its total assets.

Haidilao’s current assets have shown a fluctuating upward trend. Several years before 2022 is the expansion phase, during which Haidilao supplemented its funds through loans and financing, bringing about a significant increase in its monetary assets. In 2022, due to recurrence of the epidemic, Haidilao’s revenue declined, and its current assets were compressed. Between 2023 and 2024, the COVID-19 epidemic eased, Haidilao’s revenue rebounded, and the “light asset” strategy was able to recover a large amount of cash. Its franchise business also gradually entered the right track, and then current assets increased and remained relatively reasonable.

In addition, the non-current assets of Haidilao have shown a continuous downward trend, from approximately RMB 209.3389 billion in 2020 to around RMB 97.5710 billion in 2024. The non-current assets of Haidilao mainly consist of fixed assets and right-of-use assets. From 2020 to 2023, after a surge in the number of stores, Haidilao launched the “Woodpecker Plan” to close a large number of ineffective stores, resulting in the depreciation of fixed assets and the loss of usage rights assets, and leading to a decline in non-current assets. Although there was still a decline in non-current assets between 2023 and 2024, the magnitude decreased. This is because inefficient stores had almost been cleared and the transformation of the light asset model was about to be completed, so non-current assets gradually stabilized.

The asset changes of Haidilao between 2020 and 2024 deeply reflect its business model iteration from heavy asset expansion to light asset transformation in the social environment (See Table 1).

**Table 1.** Haidilao’s assets change

Year	Current Assets	Non-current Assets	Assets
2020	65.9326	209.3389	275.2714
2021	114.0550	166.1599	280.2149
2022	105.0659	109.3257	214.3916
2023	149.0704	97.6996	246.7700
2024	130.2416	97.5710	227.8126

Note: All amounts are presented in hundred million Renminbi (RMB).

### 3.2. Current Ratio

The current ratio measures a company’s short-term debt-paying ability, and its calculation is related to current assets and current liabilities. Current assets refer to assets that a company can realize or utilize within an operating cycle or a year, and current liabilities refer to debts that a company should repay during one operating cycle or a year. The appropriate value of the current ratio is generally between 1.5000 and 3.0000. The higher value within a reasonable range represents stronger short-term debt-paying ability, but an excessively high value may indicate low capital utilization or risk concealment.

According to the calculation of the current ratio of Haidilao from 2020 to 2024, it can be seen that the value shows an increasing trend from 0.6681 to 2.0585 from 2020 to 2023, while slightly decreasing to 1.8550 in 2024. In addition, the current ratio is below 1.5000 from 2020 to 2022 and within a reasonable range in 2023 and 2024.

In 2020, under the influence of the COVID-19, people reduced the frequency of dining out, and then there were cash losses and inventory depreciation, which led to the reduction of the value of current assets. Supplier’s own cash flow was tight, shortening the accounting period for Haidilao, causing the increase of current liabilities and bringing about low current ratio. Haidilao adopted a strategy of closing ineffective stores to reduce its current liabilities in 2021, but due to the need to pay employee compensation fees, its current assets did not increase, resulting in a slight increase in its current ratio but still incomplete repair of its debt paying ability. In 2022, due to the reduction of ineffective expenses and structural optimization of liabilities caused by store closures, the current assets increased, and the current liabilities slightly decreased, leading to the current ratio continuing to rise. Haidilao began to implement a light asset model, reduce heavy asset investment in direct operated stores, as well as open up franchising and create various themed hot pot in 2023. These helped improve current asset efficiency, reduce liabilities and let current ratio enter a reasonable range. In 2024, Haidilao’s liabilities increased because its accelerated overseas expansion required numerous expenses. The current ratio slightly decreased but remained within an appropriate range (See Table 2).

**Table 2.** Haidilao’s current ratio change

Year	Current Assets	Current Liabilities	Current Ratio
2020	65.9326	98.6794	0.6681
2021	114.0550	98.8587	1.1537
2022	105.0659	72.3209	1.4528
2023	149.0704	72.4181	2.0585
2024	130.2416	70.2104	1.8550

Note: All amounts for Current Assets and Current Liabilities are presented in hundreds of millions of Renminbi (RMB).

### 3.3. Net Profit

Net profit is the core indicator for measuring the operational efficiency of a company. The net profit of Haidilao from 2020 to 2024 showed a fluctuating upward trend, from approximately RMB 3.0955 billion in 2020 to around RMB 47.0028 billion in 2024, but in 2022 it was a low value of

approximately RMB 13.7322 billion. From 2020 to 2021, Haidilao’s net profit increased significantly, reaching around RMB 41.6121 billion. According to the formula, the year-on-year growth rate of net profit for this period is 1244%. The generation of this value is due to the impact of the COVID-19 in 2020, which resulted in restrictions of dine-in restaurants and extremely low net profit. However, in 2021, the easing of the epidemic and the recovery of dining in restaurants boosted revenue. From 2021 to 2022, net profit significantly decreased, with a year-on-year decrease of 66.99%. This is because Haidilao closed numerous stores when the company was faced with the drag of inefficient stores. At that time, the epidemic lockdown also led to a sharp decline in revenue. Between 2022 and 2024, net profit began to rise. The improvement of digital tools, innovation in dishes, establishment of new brands and refined management upgraded customer experience. In addition, the consumption recovery after the end of the COVID-19, the application of light asset models and the expansion of franchise business all drove the rebound of revenue.

In summary, the drastic fluctuations in net profits of Haidilao are essentially an iteration of a strategic cycle. If Haidilao can continue to deepen its light asset operation and refined management, its net profit is expected to grow steadily (See Table 3).

**Table 3.** Haidilao’s net profit change

Year	Net Profit
2020	3.0955
2021	41.6121
2022	13.7322
2023	44.9540
2024	47.0028

Note: All amounts are presented in hundred million Renminbi (RMB).

#### 4. Conclusion

Given the rise of various brands and intensified competition in the Chinese hot pot catering industry, this study analyzed the financial situation of Haidilao from 2020 to 2024, evaluating its asset size, short-term debt-paying ability and profitability. At first, due to external factors such as the epidemic and industry conditions, as well as the company’s early strategies, the total assets and net profit of Haidilao fluctuated significantly, and the current ratio was not within a reasonable range. Through optimizing store layout and asset structure, empowering operations with digital technology and expanding new business models, Haidilao’s net profit has gradually rebounded, and its current ratio has returned to an appropriate range. This study has shown that Haidilao seeks a balance between service, cost and efficiency, providing strategic references for stakeholders in the catering industry to deal with industry cycles.

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