Frontiers in Economics and Management Volume 6 Issue 10, 2025
ISSN: 2692-7608 DOI: 10.6981/FEM.202510_6(10).0010

SAIC's Profitability Analysis and Optimization Strategy

Yanting Li*, Lunzhi Gan

Sichuan University of Science & Engineering, School of Management, Zigong, China

*Corresponding Author

Abstract

This article provides an in-depth analysis of SAIC's profitability from 2020 to 2024, pointing out that its return on equity, operating profit margin and total asset turnover are all on a downward trend, significantly lagging behind the pace of industry transformation and upgrading. Especially in terms of new energy transformation, SAIC Motor lags behind the industry average, resulting in market share erosion. Through a detailed analysis of the basic indicators of profitability, growth indicators and stability indicators, the article reveals the problems existing in SAIC's product competitiveness, asset operation efficiency, growth momentum and cost control, and emphasizes the urgency of corporate strategic transformation. In view of the problems of SAIC's profitability, this paper proposes specific optimization strategies. Recommendations include enhancing product competitiveness, improving asset operation efficiency, reshaping revenue growth momentum, optimizing costs and expenses, and strengthening cost control, all of which are designed to help SAIC cope with industry changes, improve profitability, and achieve sustainable development.

Keywords

SAIC; Automotive Industry; Profitability; Optimization Strategy.

1. Introduction

In recent years, China's automobile industry is undergoing profound changes, with the penetration rate of new energy vehicles rapidly increasing from 5.4% in 2020 to 35% in 2024, and the industry competition pattern has been fundamentally restructured.Investors' dependence on information on the financial status and profitability of listed companies is gradually increasing[1].For the market economy, profitability is directly related to employment stability[2].As the largest automobile group in China, SAIC's profitability continued to decline from 2020 to 2024, with return on net assets falling from a high of 9.19% in 2021 to 0.58% in 2024, and operating profit margin falling from 4.47% to 0.95% in the same period, significantly lagging behind the pace of industry transformation and upgrading. Especially in 2024, when the industry's operating income grew by 36.96%, SAIC Motor experienced a decline of 15.73%, reflecting the structural contradiction between the shrinking traditional fuel vehicle business and the lagging new energy transformation. This trend is in stark contrast to the widening gap in the industry's gross profit margin, which led the industry by 2.89 percentage points in 2020 and lagged behind by 2.26 percentage points in 2024, highlighting the urgency of corporate strategic transformation.

An in-depth analysis of SAIC's profitability has important theoretical and practical value. The profitability of a business is affected by many factors[3].From a theoretical perspective, by analyzing the internal mechanism of the continuous decline in return on equity, the theoretical framework for the reconstruction of corporate profit models in the context of digital transformation of traditional manufacturing can be enriched. At the practical level, the optimization strategy proposed for specific problems such as a 23.8% decline in SAIC's total

ISSN: 2692-7608 DOI: 10.6981/FEM.202510_6(10).0010

asset turnover ratio and a 78.7% decline in operating net profit margin in five years can not only provide a decision-making reference for enterprises to formulate 2025 development plans, but also provide a replicable transformation path for similar state-owned automobile groups to cope with industry changes. In addition, the research results have important reference significance for investors to accurately assess the changes in the valuation logic of the automotive industry and the formulation of industrial support policies by regulatory authorities.

2. SAIC Motor Overview and Profitability Analysis

2.1. Basic Information of SAIC

SAIC, the full name of SAIC Motor Group Co., Ltd., is the leading automobile listed company in China. As of the end of 2024, SAIC Motor had a market capitalization of 32.921 billion yuan, ranking 17th in the 2024 Top 20 Global Car Companies Market Capitalization List. Its development process is deeply imprinted on the traces of the development of China's automobile industry. As early as 124 years ago, cars first appeared on the streets of Shanghai, and the seeds of the "dream of building cars" were planted. 70 years ago, Shanghai Internal Combustion Engine Parts Manufacturing Company was inaugurated, SAIC embarked on a journey, and then the Phoenix brand car was successfully developed, and the Shanghai brand car was mass-produced, taking a solid step in China's automobile industry from scratch.

Its business is extensive, covering vehicle research and development, production and sales, as well as mobility services such as logistics, automobile e-commerce, travel services, energy conservation and charging services. In terms of vehicle business, it has many well-known brands. Independent brands such as Zhiji, Roewe Feifan, MG, Maxus, Wuling, Baojun, etc. performed strongly, with sales jumping to 2.408 million units in 2024, accounting for 60% of the group's overall sales. Among the joint venture brands, SAIC-GM, SAIC Volkswagen, SAIC Audi, etc. have also made their own achievements. In terms of technology research and development, SAIC Motor has invested nearly 150 billion yuan in the field of intelligent electric core technology in the past ten years and obtained more than 26,000 valid patents. In 2024, seven major technology bases 2.0 will be released, covering the vehicle technology base and key system technology base, and continue to make breakthroughs in the fields of electrification and intelligence.

2.2. SAIC Motor Profitability Analysis

2.2.1. Analysis of Basic Indicators of Profitability

(1) Return on equity

From 2020 to 2024, as shown in Figure 1, SAIC's return on equity showed a trend of rising first and then falling. In 2020, SAIC's return on equity was 8.02%, higher than the industry average of -8.67%, showing strong profitability. In 2021, the indicator further increased to 9.19%, a five-year peak, while the industry average improved but was still negative. However, since 2022, SAIC's return on equity has declined year by year, falling to 5.84% in 2022, further to 4.98% in 2023, and even more to 0.58% in 2024. In contrast, the industry average fluctuated more during this period but performed poorly overall, especially in 2024, falling to -19.33%.

The change in return on net assets is mainly affected by the operating profit margin and total asset turnover. SAIC's return on net assets in 2021 increased due to the increase in operating net profit margin, which increased from 4.04% in 2020 to 4.47%, while the total asset turnover remained stable. However, the operating net profit margin continued to decline after 2022, only 0.95% in 2024, significantly lowering the return on net assets. In addition, the total asset turnover ratio also showed a downward trend between 2022 and 2024, from 0.78 to 0.64,

ISSN: 2692-7608 DOI: 10.6981/FEM.202510_6(10).0010

reflecting a decrease in asset utilization efficiency. The simultaneous decline of these two indicators directly led to a decline in return on equity.

SAIC's return on equity has always been better than the industry level compared to the industry average, but the gap will narrow significantly in 2024. The continued negative value of the industry average indicates that the industry as a whole is facing greater profit pressure, and SAIC Motor, despite outperforming its peers, has not been able to completely escape the impact of the industry downturn. After achieving a growth rate of 5.08% in 2021, SAIC Motor continued to grow negatively from 2022 to 2024, especially in 2024, a sharp decline of 15.73%, far lower than the industry average of 36.96%. This weakness on the revenue side further exacerbated the decline in profitability.

The decline in SAIC's return on net assets reflects its challenges in terms of operating profit margin, total asset turnover and operating income growth rate. Although its performance is better than the industry average, the trend of continued decline still needs to be paid attention to. In the future, SAIC Motor should focus on improving operating profit margin and asset turnover efficiency, while exploring new revenue growth points to cope with the pressure brought about by the overall downturn in the industry.

Figure 1. Comparison of SAIC's return on net assets and industry from 2020 to 2024

(2) Total asset turnover

From 2020 to 2024, as shown in Figure 2, SAIC's total asset turnover ratio showed a fluctuating trend of rising first and then falling. In 2020, the indicator was 0.84, significantly higher than the industry average of 0.55, showing strong asset operation efficiency. In 2021, it increased slightly to 0.85, continuing to maintain its leading position in the industry. However, since 2022, the indicator has continued to decline, falling to 0.78 in 2022, 0.75 in 2023, and 0.64 in 2024. It is worth noting that the industry average rebounded rapidly after falling to 0.33 in 2022 and reached 0.83 in 2024, surpassing the level of SAIC Motor for the first time. This contrast reflects the gradual loss of SAIC's advantages in asset operation efficiency.

The change in total asset turnover is mainly affected by the degree of matching of operating income and asset size. The stable performance of SAIC's total asset turnover ratio from 2020 to 2021 was due to the recovery growth of operating income, which achieved a positive growth of 5.08% in operating income in 2021. However, after 2022, operating income continued to show negative growth, especially in 2024, which fell sharply by 15.73%, which directly led to the deterioration of turnover efficiency. At the same time, the overall operating income of the industry has maintained rapid growth, with a growth rate of 36.96% in 2024, which has led to

ISSN: 2692-7608 DOI: 10.6981/FEM.202510_6(10).0010

a rapid increase in the industry's total asset turnover rate and surpassed SAIC. This trend highlights SAIC's shortcomings in market expansion.

The continuous decline in SAIC's total asset turnover ratio reflects the structural contradictions in asset management and business development of the company. On the one hand, fixed asset investment may not be adjusted in time according to market demand, resulting in a decline in capacity utilization. On the other hand, the reduction in inventory turnover speed and accounts receivable recovery efficiency is also an important factor. According to the data, SAIC's operating net profit margin in 2024 will only be 0.95%, a sharp decline from 4.47% in 2021, reflecting the inventory backlog caused by poor sales. In addition, the gross profit margin of the industry will continue to be higher than that of SAIC Motor after 2023, indicating that the company is facing challenges in product competitiveness, which further restricts the improvement of asset turnover efficiency.

From the perspective of industry comparison, SAIC's dominant position in total asset turnover is reversing. From 2020 to 2021, SAIC Motor significantly led the industry average of 0.55-0.61 with a level of 0.84-0.85. However, the industry average jumped to 0.83 in 2024, surpassing SAIC's 0.64. This change is highly consistent with the comparison of operating income growth rate, with industry operating income increasing by 36.96% in 2024, compared to -15.73% for SAIC. This shows that the industry as a whole is improving asset use efficiency through business expansion, while SAIC Motor is in a dilemma of idle assets caused by shrinking revenue. This trend of differentiation deserves great attention.

In response to the continuous decline in total asset turnover, SAIC Motor needs to take a multi-pronged approach to improvement. The first task is to reverse the downward trend in operating income and increase sales scale through product innovation and market expansion. Secondly, the asset structure should be optimized, idle production capacity should be integrated or transformed, and the efficiency of fixed asset use should be improved. At the same time, it is necessary to strengthen the management of inventory and accounts receivable to speed up the speed of capital turnover. In addition, we can learn from the experience of outstanding enterprises in the industry to improve the overall return on assets through scale effects while maintaining appropriate gross profit margins. The effective implementation of these measures will help restore the company's asset operation efficiency advantage.

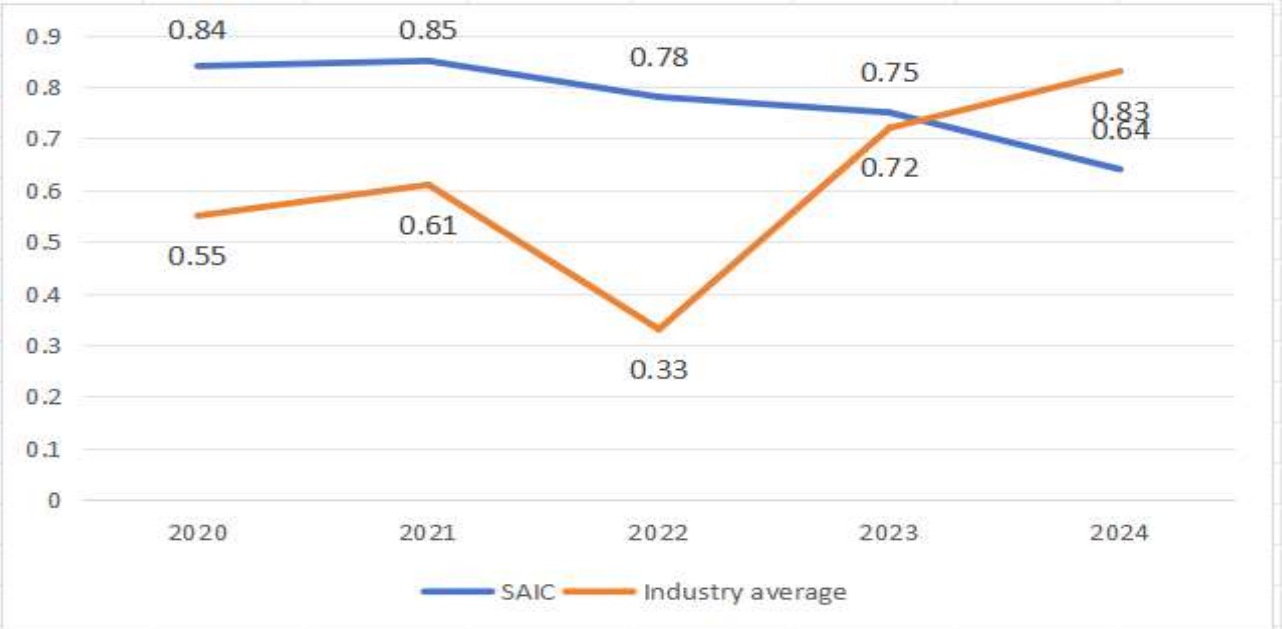

Figure 2. Comparison of SAIC's total asset turnover rate with the industry from 2020 to 2024

ISSN: 2692-7608 DOI: 10.6981/FEM.202510_6(10).0010

(3) Net operating profit margin

From 2020 to 2024, as shown in Figure 3, SAIC's operating net profit margin showed a fluctuating trend of rising first and then falling. In 2020, this indicator was 4.04%, significantly higher than the industry average of -25.64%, showing a strong level of profitability. In 2021, it further increased to 4.47%, reaching a five-year peak, while the industry average improved in the same period but was still in the negative range of -5.38%. However, since 2022, SAIC's operating net profit margin has continued to decline, falling to 3.17% in 2022, 2.76% in 2023, and a sharp drop to 0.95% in 2024. In contrast, the industry average fluctuated significantly during this period, falling to -13.90% in 2022 and -5.47% in 2024, indicating that the entire automotive industry is facing greater profit pressure.

The increase in SAIC's operating net profit margin from 2020 to 2021 was mainly due to cost control and product structure optimization. The gross profit margin was adjusted from 10.76% in 2020 to 9.63% in 2021, although it declined, but through effective expense control, the operating net profit margin increased by 0.43 percentage points. At the same time, operating income achieved positive growth of 5.08% in 2021, and the scale effect further improved the profitability. The excellent performance at this stage allowed SAIC to maintain good profitability and show strong operation and management capabilities in the context of the overall loss of the industry.

The continuous decline in operating net profit margin from 2022 is the result of a combination of factors. First of all, operating income will show negative growth of 4.59% and 15.73% in 2022 and 2024 respectively, which seriously restricts the improvement of profitability. Secondly, the intensification of industry competition has put pressure on gross profit margin, with SAIC's gross profit margin falling to 9.38% in 2024, lower than the industry average of 11.64%. In addition, the rigid growth of R&D investment and sales expenses is also squeezing profit margins. The superposition of these factors has directly led to a rapid decline in operating net profit margin, reflecting that enterprises are facing greater challenges in cost control and market expansion.

Compared with the industry average, although SAIC has always maintained a comparative advantage, the gap is gradually narrowing. It is worth noting that the industry's operating income growth rate will continue to remain high after 2021, reaching 36.96% in 2024, much higher than SAIC's -15.73%. This contrast reflects SAIC's possible shortcomings in market expansion. At the same time, the gross profit margin of the industry is higher than that of SAIC Motor after 2021, indicating that the company is under pressure in terms of product competitiveness. If these deep-seated problems cannot be effectively solved, they will continue to restrict the improvement of profitability of enterprises.

In response to the continuous decline in operating net profit margin, SAIC Motor needs to improve from multiple dimensions. First of all, efforts should be made to increase the scale of operating income and reverse the downward trend of revenue through product innovation and market expansion. Secondly, it is necessary to optimize the cost structure and improve the efficiency of production and sales while maintaining the necessary R&D investment. More importantly, it is important to enhance product competitiveness, improve product added value through technological innovation, and strive for higher gross profit margin levels. In addition, we can learn from the experience of outstanding enterprises in the industry and pay attention to the improvement of profit quality while maintaining appropriate scale expansion. The effective implementation of these measures will help restore and improve the operating profit margin of enterprises.

ISSN: 2692-7608 DOI: 10.6981/FEM.202510_6(10).0010

Figure 3. Comparison of SAIC's operating net profit margin with the industry from 2020 to 2024

2.2.2. Analysis of Profitability Growth Indicators

From 2020 to 2024, as shown in Figure 4, SAIC's operating income growth rate showed a sharp fluctuation trend. In 2020, the indicator was -12%, slightly better than the industry average of -15.66%, but it was still in the negative growth range. In 2021, it achieved a positive growth rate of 5.08%, but it was far lower than the industry's growth rate of 28.28%. In 2022, it turned negative again to -4.59%, which is in stark contrast to the industry's rapid growth of 37.42%. After barely maintaining a slight increase of 0.09% in 2023, there will be a sharp decline of 15.73% in 2024, while the industry will still maintain a rapid growth rate of 36.96% in the same period. This widening growth gap reflects SAIC's serious challenges in market expansion.

The main reason for SAIC's weak operating income growth is the lagging product structure transformation and intensified market competition. According to the data, the industry as a whole has entered a high-speed growth channel after 2021, while SAIC's operating income has continued to be sluggish during the same period. In 2024, when the industry achieved 36.96% growth, SAIC Motor fell by 15.73%, which shows that the company's layout in emerging fields such as new energy and intelligent networking is insufficient. At the same time, the gross profit margin performance also supports this judgment, and the gross profit margin of the industry will continue to be higher than SAIC's after 2021, reflecting the company's lack of competitiveness in the field of high value-added products.

Compared with the industry average, SAIC's gap in operating income growth has widened year by year. The gap between the two was only 3.66 percentage points in 2020 and has widened to 52.69 percentage points in 2024. This ever-widening growth rate differential has led to the rapid erosion of SAIC's market share. It is worth noting that the industry has maintained a rapid growth of more than 20% after 2022, indicating that the automotive industry as a whole is in a period of expansion, while SAIC Motor has bucked the trend and declined, highlighting the lag of the company in strategic transformation and product innovation. The persistence of such structural problems will seriously restrict the long-term development of enterprises.

The continued sluggish operating income growth has directly dragged down SAIC's profitability. The positive growth of 5.08% in operating income in 2021 led to an increase in operating net profit margin to 4.47%, a five-year peak. However, since then, the decline in revenue has led to a continued decline in operating net profit margin, falling to 0.95% in 2024. At the same time,

ISSN: 2692-7608 DOI: 10.6981/FEM.202510_6(10).0010

the total asset turnover ratio also fell from 0.85 in 2021 to 0.64 in 2024, reflecting the decline in asset utilization efficiency due to shrinking revenue. This simultaneous decline in operating income, operating profit margin and asset turnover eventually led to a sharp decline in return on net assets from 9.19% in 2021 to 0.58% in 2024.

In response to the problem of weak operating income growth, SAIC Motor urgently needs to take systematic measures. First of all, we should accelerate the transformation of product structure, focus on the development of new energy and intelligent networked vehicles, and seize emerging markets. Secondly, it is necessary to optimize the marketing system, improve market response speed, and reverse the downward trend of market share. At the same time, it is necessary to increase R&D investment, enhance product competitiveness, and strive for higher gross profit margin levels. In addition, we can learn from the successful experience of industry leaders and focus on improving the quality of growth while maintaining the necessary scale expansion. The effective implementation of these measures will help restore the market competitiveness of enterprises.

Figure 4. Comparison of SAIC's operating income growth rate with the industry from 2020 to 2024

2.2.3. Analysis of Profitability Stability Indicators

From 2020 to 2024, as shown in Figure 5, SAIC's gross profit margin showed a fluctuating trend of first falling, then rising and then falling. In 2020, this indicator was 10.76%, significantly higher than the industry average of 7.87%, showing strong product premium ability. In 2021, it fell to 9.63%, lower than the industry average of 10.83%, which is the first time in five years that the industry has been overtaken. In 2022, it will be basically flat at 9.61%, which is not much different from the industry average of 9.30%. It will rebound to 10.19% in 2023, but it is still lower than the industry average of 11.11%. In 2024, it will fall again to 9.38%, further widening the gap with the industry average of 11.64%. This change reflects the gradual weakening of SAIC's advantages in product pricing and cost control.

The fluctuation of SAIC's gross profit margin is mainly affected by the dual impact of product structure and cost pressure. The decline in gross profit margin in 2021 was mainly due to the increase in raw material prices and the increase in costs brought about by the transformation of product structure. It is worth noting that the gross profit margin of the industry increased from 7.87% to 10.83% in the same period, indicating that competitors are more effective in coping with cost pressures. Although SAIC's gross profit margin rebounded slightly in 2023, it

ISSN: 2692-7608 DOI: 10.6981/FEM.202510_6(10).0010

failed to sustain it, and declined again in 2024, reflecting the company's shortcomings in the layout of high value-added products. In contrast, the industry's gross profit margin continues to rise, reaching 11.64% in 2024, indicating that the entire industry is transitioning to a more profitable product structure.

Fluctuations in gross profit margin directly affect SAIC's return on equity performance. In 2021, the gross profit margin declined but the return on net assets still increased to 9.19%, mainly relying on the increase in operating net profit margin and the stability of total asset turnover. However, after 2022, gross profit margin failed to continue to improve, and the impact of negative operating income growth led to a decrease in operating profit margin from 4.47% in 2021 to 0.95% in 2024. This continued decline in profitability ultimately led to a sharp decline in return on equity from a high in 2021 to 0.58% in 2024. It can be seen that the stable improvement of gross profit margin is crucial to the overall profitability of enterprises.

Compared with the industry average, SAIC's dominant position in gross profit margin has undergone a fundamental change. It led the industry by 2.89 percentage points in 2020 and lagged behind by 2.26 percentage points in 2024. This reversal is highly consistent with the comparison of operating income growth rates, with industry operating income increasing by 36.96% in 2024, while SAIC Motor fell by 15.73%. This shows that the industry as a whole is achieving a rise in volume and price through product upgrades, while SAIC Motor is in the dilemma of falling volume and price. This trend of differentiation shows that enterprises urgently need to improve in product innovation and cost control.

In response to the problem of continued pressure on gross profit margin, SAIC Motor needs to take systematic measures. The top priority is to accelerate the upgrading of product structure, focusing on the development of high-margin new energy and intelligent networked models. Secondly, it is necessary to optimize supply chain management and reduce production costs through large-scale procurement and technological innovation. At the same time, it is necessary to enhance brand value and enhance product premium ability. In addition, we can learn from the experience of leading enterprises in the industry, and pay more attention to the optimization and adjustment of product structure while maintaining the necessary market size. The effective implementation of these measures will help restore the gross profit margin level of the enterprise, thereby improving overall profitability.

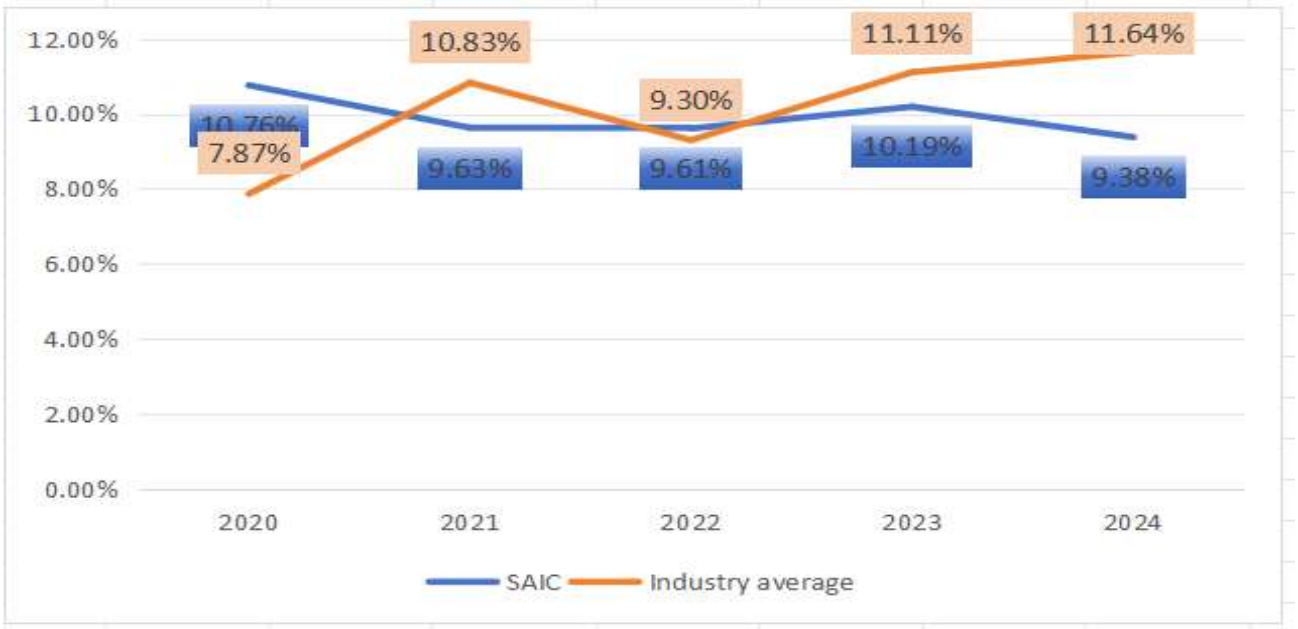

Figure 5. Comparison of SAIC's gross profit margin and industry from 2020 to 2024

ISSN: 2692-7608 DOI: 10.6981/FEM.202510_6(10).0010

3. Problems and Suggestions in SAIC's Profitability

3.1. Problems with SAIC's Profitability

3.1.1. Product Competitiveness Has been Significantly Weakened

The change in gross profit margin indicators reveals SAIC's structural crisis in product competitiveness. In 2020, the company led the industry by 2.89 percentage points with a gross profit margin of 10.76%, but was overtaken by the industry in 2021, and the gap has continued to widen since then, and it has lagged behind the industry by 2.26 percentage points by 2024. This reversal trend contrasts sharply with the growth rate of operating income, especially in 2024, when the industry as a whole achieved a rapid growth of 36.96%, SAIC Motor experienced a negative growth of 15.73%. This scissor difference phenomenon fully shows that due to the high proportion of traditional fuel vehicles and the lag in the transformation of new energy, SAIC is rapidly losing market competitiveness, resulting in market share being eroded by emerging competitors.

3.1.2. The Deterioration of Asset Operation Efficiency Has Accelerated

SAIC's total asset turnover ratio continued to decline from a high of 0.85 in 2021 to 0.64 in 2024, and was surpassed by the industry average of 0.83 for the first time in 2024. Combined with the negative growth of 15.73% of the company's operating income in the same period, the deterioration of this indicator reflects the serious problem of idle capacity. If the fixed asset turnover rate is calculated according to the same trend, it is likely to be below the warning level of 2.0. This continuous decline in asset operation efficiency is largely due to the failure of traditional production lines to transform into the new energy field in a timely manner, resulting in a large number of sunk costs that cannot be effectively digested. What is even more alarming is that in the context of the improvement of the overall asset turnover efficiency of the industry, SAIC's indicator is going in the opposite direction, showing the lag of enterprises in asset structure adjustment.

3.1.3. The Growth Momentum is Seriously Insufficient

SAIC's operating income growth rate continued to be below the industry level from 2022 to 2024, with a three-year cumulative gap of a staggering 98.48 percentage points. In 2024, when leading companies in the industry generally achieve a double increase in volume and profit, SAIC Motor is in the dilemma of double killing of volume and profit. In-depth analysis found that this is mainly due to the fact that new energy models account for less than 20%, which is far lower than the industry average of more than 30%. This serious lack of growth momentum reflects the obvious lag of enterprises in strategic transformation. The continuous shrinkage of the traditional fuel vehicle business is in sharp contrast to the slow development of the new energy business, resulting in the gradual loss of competitive advantage in the wave of industry change.

3.1.4. Cost Control Capabilities Have Deteriorated

Between 2020 and 2024, the overall gross profit margin of the industry increased by 3.77 percentage points, while SAIC Motor fell by 1.38 percentage points, highlighting the company's serious problems in cost control. Especially in the cycle of general rise in raw material prices in 2022, the average gross profit margin of the industry fell by only 1.93 percentage points, while SAIC's decline reached 3.15 percentage points. This phenomenon exposes the dual weaknesses of enterprises in supply chain management: on the one hand, they lack bargaining power to upstream suppliers, and on the other hand, they cannot effectively transmit cost pressure to downstream consumers. This degradation of cost control ability directly weakens the dominant position of enterprises in price competition.

ISSN: 2692-7608 DOI: 10.6981/FEM.202510_6(10).0010

3.1.5. Deterioration of Profit Quality and Cost Control Problems

The difference between SAIC's operating net profit margin and gross profit margin widened from 5.16 percentage points in 2021 to 8.43 percentage points in 2024, a change that reveals the company's serious challenges in cost control. Specifically, when the gross profit margin of the enterprise is 9.38% in 2024, the net profit margin is only 0.95%, which means that 8.43 yuan per 100 yuan of revenue is consumed by various expenses. This situation shows that the operating leverage effect of enterprises has turned from positive to negative, and the excessive growth of expenses, especially R&D and sales expenses, during the period is seriously eroding corporate profits. In the context of intensified competition in the current industry, this continuous deterioration in profit quality will directly affect the sustainable development ability of enterprises.

3.2. SAIC's Profitability Optimization Suggestions

3.2.1. Product Competitiveness Improvement Strategy

SAIC Motor urgently needs to accelerate the layout of new energy models and increase the proportion of new energy sales from less than 20% to more than 35%. Specifically, we should focus on the development of strategic models based on pure electric platforms, and launch 5 new energy products with market competitiveness by 2025. At the same time, it is necessary to optimize the supply chain cost structure, establish long-term strategic cooperation with core battery suppliers, and reduce the cost of power batteries by 15% through large-scale procurement and technological innovation. In terms of brand building, efforts should be made to enhance the market recognition of high-end brands such as Zhiji, so that their annual sales exceed 100,000 units and maintain an average selling price of more than 300,000 yuan, with the goal of increasing the gross profit margin of high-end models to 25%.

3.2.2. Asset Operation Efficiency Improvement Plan

In response to the continuous decline in asset turnover, SAIC Motor should implement a capacity integration plan, shut down fuel vehicle factories with low utilization, and increase the overall capacity utilization rate to more than 85%. It is necessary to establish an intelligent "sales and production" management system to compress the inventory cycle of fuel vehicles to less than 28 days and shorten the delivery cycle of new energy vehicle orders to 15 days. In terms of fund management, dealers should implement a system that combines prepayment and dynamic credit, increase the turnover rate of accounts receivable from 4.2 times to 6 times, and speed up the return of funds.

3.2.3. Revenue Growth Momentum Reshaping Plan

In order to reverse the downward trend in operating income, SAIC Motor must accelerate the development of overseas markets, focusing on Europe and Southeast Asia, and aim to achieve 15% of overseas revenue. In the domestic market, channel reform should be promoted, 200 new exhibition halls in modern cities should be built, and the proportion of online sales should be increased to 30%, and a new sales system integrating online and offline should be built. Technology output is also an important growth point, which can license fuel vehicle platform technology to emerging market car companies, with the goal of achieving annual technology licensing revenue of 2 billion yuan.

3.2.4. Cost Optimization Project

SAIC Motor needs to improve the efficiency of R&D investment, shorten the R&D cycle of new cars by 30% through modular development, and focus on the mass production and application of L2++ intelligent driving technology. In terms of sales expense control, an advertising effect evaluation system should be established to increase the return on investment to 1:8, and the dealer rebate should be linked to the actual transaction price. In terms of management costs,

ISSN: 2692-7608 DOI: 10.6981/FEM.202510_6(10).0010

travel expenses can be reduced by 20% and meeting efficiency can be increased by 40% through digital office means.

3.2.5. Strengthen Cost Control and Improve Profit Quality

In the context of the acceleration of the electrification transformation of the automotive industry, the profitability of new energy vehicle companies has become the core proposition of their sustainable development. In view of the continuous decline in operating profit margin, refined expense management must be implemented. establish a R&D cost benefit evaluation mechanism, focusing on high-return projects; optimize the sales expense structure and increase the proportion of digital marketing; Implement comprehensive budget management and control management expenses within 5% of operating income. The operating net profit margin in 2024 will only be 0.95%, and it will rise to more than 3% within two years through cost optimization.

References

[1] Zhang Zuoping. Optimization Strategy of Financial Analysis in Profitability Forecasting of Listed Companies [J]. Modern Enterprise, 2025, (09): 59-61.

[2] Lu Linru, Li Tongbin. Analysis of Profitability of E-commerce Industry under DuPont Analysis: A Case Study of Alibaba [J]. Journal of Logistics Science and Technology, 2025, 48 (16): 53-58+66.

[3] Zhang Lulu. Research on the Influencing Factors and Improvement Countermeasures of Xiaomi Group's Profitability from the Perspective of Value Chain [J]. National Circulation Economy, 2025, (14): 189-192.