

Research on Enterprise Value Evaluation of Sanquan Food Based on EVA

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Abstract. In the context of increasing attention to food safety in recent years, Sanquan Food, as one of the important enterprises in the food industry, its valuation is of great significance to both investors and managers. A reasonable valuation method can provide strong support for decision-making. Therefore, this paper selects the Economic Value Added (EVA) valuation method and the Price - Earnings Ratio (PE) valuation method to evaluate Sanquan Food and compares their differences. Firstly, the EVA valuation method can more comprehensively reflect the economic value and management performance of an enterprise by considering the after - tax net operating profit after deducting the cost of capital. For large enterprises like Sanquan Food, the EVA valuation method is particularly suitable for measuring their long - term value and helps management formulate strategic decisions for sustainable development. Secondly, the price - earnings ratio valuation method evaluates the value of an enterprise by comparing the market price with its profitability. For investors, the price - earnings ratio is an important indicator to measure investment returns, especially for enterprises in the food industry that are stable and have good profitability, the price - earnings ratio valuation method can provide a quick reference. In this paper, the combination of these two methods can provide a more comprehensive valuation perspective. The EVA valuation method emphasizes long - term value and management efficiency, while the price - earnings ratio valuation method provides the current market's evaluation of the enterprise. By comparing the valuation results obtained by different methods, investors and managers can better understand the potential and risks of the enterprise, so as to make wise decisions. In conclusion, as an industry leader, Sanquan Food must choose an appropriate valuation method. Through the research in this paper, it can provide effective valuation tools and decision - making basis for investors and managers, promote the sustainable development of the enterprise and the realization of long - term value.

Keywords: EVA model, enterprise value evaluation, food enterprise.

1. Overview of Enterprise Value Evaluation Methods

1.1. Cost Approach

In enterprise value evaluation, the cost approach (or asset - based approach) is regarded as an important evaluation method. The core of this method is to determine the value of an enterprise by evaluating its various assets and liabilities. Firstly, using the cost approach requires collecting and analyzing historical data, as well as making reasonable estimates of current market prices. Then, the final evaluation value is obtained by subtracting the accumulated depreciation of the asset from its replacement cost. The advantage of the cost approach is that it is based on real and reliable information sources such as financial statements, making the evaluation relatively objective. However, the limitations of this method are also obvious. For example, it simply adds up various assets and fails to consider the synergistic effect and scale effect between assets. Especially for enterprises with high goodwill or brand value, the cost approach may not be applicable because it cannot capture the true value of these intangible assets, resulting in the evaluation results may need further review and adjustment. Therefore, although the cost approach, as a basic method for enterprise value evaluation, has obvious advantages, in practical applications, it needs to be combined with other evaluation methods, especially the market approach and the income approach, to obtain a more comprehensive and accurate enterprise value evaluation result. Only in this way can the comprehensiveness and

effectiveness of the evaluation be ensured, and more reliable decision - making basis be provided for investors, managers and other stakeholders.

1.2. Market Approach

The market approach is regarded as an important method in enterprise value evaluation. Its general idea is to evaluate the value of the evaluated object by finding similar references in the market. This method requires that the evaluated object and the reference have a certain degree of comparability, and usually uses common valuation indicators such as price - earnings ratio, price - to - book ratio and price - to - sales ratio for evaluation. The price - earnings ratio (PE ratio) is the ratio of a company's market value to its profitability, and a high price - earnings ratio may mean that investors expect the company's future profit growth. The price - to - book ratio (PB ratio) is the ratio of a company's market value to its net assets (that is, total assets minus total liabilities), reflecting the price investors pay relative to the value of the company's assets. The price - to - sales ratio (PS ratio) is the ratio of market value to the company's annual sales revenue, which is used to measure the market's evaluation of the company's sales capacity. Through the market approach, analysts can estimate the reasonable market value of the evaluated object by comparing the market performance of similar enterprises. The advantage of this method is that it directly uses market information and can reflect the current market's expectations for the company's future profitability and growth potential. Compared with the simple addition of assets in the cost approach, the market approach can better consider the market's response to different operating characteristics of enterprises, such as technological innovation, market leadership and other factors. However, the market approach also has some limitations. For example, the acquisition of comparable company data in the market may be limited, and the specific situation of the enterprise may not be fully reflected in the market valuation. Especially for enterprises in emerging industries or special market environments, it may be more challenging to find suitable references. Therefore, in practical applications, the market approach is often used in combination with the cost approach and the income approach to comprehensively consider the advantages and limitations of different methods, so as to obtain a more comprehensive and accurate enterprise value evaluation result. This can provide more reliable decision - making basis for investors, managers and other stakeholders, helping them better understand and evaluate the true value of the enterprise.

1.2.1. Price - Earnings Ratio (PE) Valuation Method

Price - earnings ratio = market price per share / earnings per share

The price - earnings ratio valuation method is one of the commonly used methods in enterprise value evaluation. Its core idea is to estimate the stock price of the evaluated object by comparing the price - earnings ratios of similar enterprises. The specific operation includes determining the average price - earnings ratio of the reference enterprises and applying this price - earnings ratio to the earnings per share of the evaluated object to obtain the expected stock price. The price - earnings ratio (PE ratio) reflects the ratio of the price investors are willing to pay to the company's earnings per share. A high price - earnings ratio usually means that investors expect the company's future earnings to grow. The advantages of using the price - earnings ratio method for valuation include convenient data acquisition and simple calculation, which is suitable for mature enterprises with relatively stable and continuous profits. However, the price - earnings ratio method also has obvious limitations. Firstly, it requires the evaluated enterprise to have a stable profit history and a relatively mature business model, so it is not applicable to enterprises with cyclical profits, high leverage ratios or negative net profits. In addition, the price - earnings ratio method relies on data from comparable companies. If it is difficult to find suitable references in the market, the valuation results may be inaccurate. Therefore, when applying the price - earnings ratio method, it is necessary to comprehensively consider the specific situation of the enterprise, the market environment and the results of other evaluation methods. For enterprises in emerging industries or under special market conditions, it may be necessary to combine the cost approach and the income approach to ensure the comprehensiveness and accuracy of the evaluation results. In general, as a quick method for enterprise

value evaluation, the price - earnings ratio valuation method can provide useful references for investors and managers, but in the application process, attention should be paid to its scope of application and limitations to give full play to its value.

1.2.2. Price - to - Book Ratio (PB) Valuation Method

Price - to - book ratio = market price per share / net assets per share

The price - to - book ratio (PB ratio) valuation method is a commonly used method in enterprise value evaluation. Its core idea is to estimate the value of the evaluated object by comparing the price - to - book ratios of similar enterprises. The specific operation includes determining the average price - to - book ratio of the reference enterprises and applying this price - to - book ratio to the net assets of the evaluated object to obtain the expected enterprise value. The price - to - book ratio reflects the ratio of the price investors are willing to pay to the company's net assets. A higher price - to - book ratio usually indicates that the market has high expectations for the company's future profitability and asset value, while a lower price - to - book ratio may reflect the market's conservative attitude towards the company's growth prospects. The advantages of the price - to - book ratio method are simple calculation and easy understanding, which is suitable for enterprises with stable asset structures and high proportions of tangible assets. However, the price - to - book ratio method also has some limitations. Firstly, it requires the evaluated object and the reference enterprises to have a high degree of comparability in accounting assumptions, accounting estimates and adopted accounting standards. If there are significant differences between them, for example, in enterprises with a high proportion of intangible assets, the price - to - book ratio method may not accurately reflect the true value of the enterprise. In addition, the price - to - book ratio method is usually not applicable to highly technology - intensive enterprises or enterprises that rely on intangible assets such as brand value, because these assets are difficult to measure at their book value. Therefore, when applying the price - to - book ratio method, it is necessary to comprehensively consider the specific situation of the enterprise, the market environment and the results of other evaluation methods. Especially for enterprises with complex asset structures or high dependence on intangible assets, it may be necessary to combine the income approach and the market approach to ensure that the evaluation results are more comprehensive and accurate. In general, as a commonly used method for enterprise value evaluation, the price - to - book ratio valuation method can provide useful references for investors and managers, but in practical applications, attention should be paid to its scope of application and limitations to give full play to its value.

1.2.3. Price - to - Sales Ratio (PS) Valuation Method

Price - to - sales ratio = market price per share / sales per share

The price - to - sales ratio valuation method is a commonly used enterprise value evaluation method. Its core idea is to estimate the value of the evaluated object by comparing the price - to - sales ratios of similar enterprises. The specific operation includes determining the average price - to - sales ratio of reference enterprises or within the industry and applying this price - to - sales ratio to the sales revenue of the evaluated object to derive the expected value of the enterprise. The price - to - sales ratio reflects the ratio of the price investors are willing to pay to the company's sales revenue. A higher price - to - sales ratio usually indicates that the market has high expectations for the company's sales growth and future profit potential, while a lower price - to - sales ratio may reflect the market's conservative attitude towards its growth prospects. Compared with the price - earnings ratio method and the price - to - book ratio method, the price - to - sales ratio method has the advantage that it can be applied to enterprises with different financial structures and asset types, and is relatively less likely to be manipulated by financial data. However, the price - to - sales ratio method also has its limitations. Firstly, it ignores changes in the enterprise's cost structure, and relying solely on sales revenue cannot fully reflect the enterprise's profitability and financial health. Secondly, the price - to - sales ratio method does not take into account the impact of enterprise liabilities on enterprise value, which may lead to deviations in the valuation of highly indebted enterprises. In general, as a relatively reliable and easy - to - operate method, the price - to - sales ratio valuation method can provide useful

references for investors and managers. However, in practical applications, it is necessary to fully understand the specific situation of the evaluated enterprise, the market environment and the results of other valuation methods. Especially when selecting reference enterprises and determining the price - to - sales ratio, it is necessary to consider the financial characteristics, industry standards and market reactions of the enterprise to ensure the accuracy and applicability of the evaluation results [1].

1.3. Income Approach

1.3.1. Dividend Discount Model (DDM)

The dividend discount model is a common method for enterprise value evaluation. Its core idea is to discount the expected future dividends to the present value to determine the value of the stock. This model assumes that shareholders will hold the stock continuously and obtain returns through dividends distributed during the holding period. Although the dividend discount model is relatively intuitive and easy to understand, its applicability is limited. Firstly, it requires enterprises to have a stable and continuous dividend distribution policy, which is not a condition that all enterprises can meet in reality. The dividend distribution of an enterprise is affected by many factors, such as profit status, capital demand, industry competition, etc. Therefore, if the dividend distribution is unstable or fluctuates greatly, the dividend discount model may not be applicable. In addition, the dividend discount model fails to consider the possible future capital appreciation of the stock or other forms of shareholder returns, such as the rise in stock prices. For investors, the total return of stocks comes not only from dividends, but also from capital appreciation and other potential profits. Therefore, relying solely on dividends to evaluate the value of stocks may ignore these important factors. In general, the dividend discount model can provide an effective valuation method when evaluating enterprises with relatively stable dividend distributions. However, in practical applications, investors and analysts usually combine other methods, such as the income approach and the market approach, to obtain more comprehensive and reliable enterprise value evaluation results. The comprehensive use of different valuation methods can better reflect the multi - dimensional value of the enterprise and help investors make more accurate investment decisions.

1.3.2. Free Cash Flow to Equity Discount Model (FCFE)

Free Cash Flow to Equity (FCFE) is the remaining cash flow available for shareholders to use freely after deducting operating costs, capital expenditures, etc. Using the FCFE discount model to evaluate the equity value of an enterprise is similar to the dividend discount model, but it more directly considers cash flow rather than being limited to dividend distribution. The calculation formula is as follows: $\text{Free Cash Flow to Equity} = \text{net profit} + \text{depreciation and amortization} + \text{new borrowed interest} - \text{bearing debt} - \text{repayment of principal of interest} - \text{bearing debt} - \text{increase in working capital} - \text{capital expenditure}$. Compared with the dividend discount model, the FCFE model has the advantage that it is more directly based on cash flow, is not limited by dividend policies, and is applicable to various enterprises, especially growing enterprises or those that may have unstable dividends in the future. However, similar to the dividend discount model, the effectiveness of the FCFE model also depends on the accurate prediction of future cash flows and the selection of an appropriate discount rate. In practical applications, analysts usually combine the enterprise's financial data and forecasts and use the FCFE discount model as an important method to evaluate the equity value of the enterprise. This method can more comprehensively consider the enterprise's profitability, growth potential and capital structure, providing useful decision - making references for investors and managers.

1.3.3. Free Cash Flow to Firm Discount Model (FCFF)

Free Cash Flow to Firm refers to the cash flow available for free distribution to shareholders and creditors after paying taxes, capital expenditures and other expenses. The overall value of the evaluated enterprise can be obtained by taking the free cash flow of the enterprise as the future income and discounting it to the evaluation point. The formula is as follows: $\text{Free Cash Flow to Firm} = \text{earnings before interest and taxes} \times (1 - \text{income tax rate}) + \text{depreciation and amortization} - \text{increase in working capital} - \text{capital expenditure}$.

According to the different future growth modes of the evaluated enterprise, the free cash flow of the enterprise can be specifically divided into the following three categories: First, perpetual growth. The perpetual growth model assumes that the enterprise's scale, capital structure, depreciation and amortization, capital expenditure and future cash flows of the evaluated enterprise are relatively stable. Second, two - stage growth. The two - stage growth assumes that the free cash flow of the enterprise in the first stage changes more significantly than that in the second stage, and in the second stage, the free cash flow of the enterprise changes less, the development is relatively stable, and the income obtained is also relatively stable. Third, three - stage growth. The three - stage growth model assumes that the first stage of the evaluated object is a high - speed growth stage, the second stage is a declining stage, and the third stage enters a stable growth stage. The overall value of the evaluated object can be obtained by discounting the free cash flows of the enterprise in the three stages to the evaluation point and then summing them up. The evaluation of enterprises using the income approach is carried out after deducting various costs and expenses, which to a certain extent avoids the impact of artificial adjustment of profits and improves the authenticity and reliability of the evaluation results. However, the income approach is not a perfect method. It is not applicable to enterprises with unstable future cash flows that are difficult to estimate.

1.4. EVA Valuation Method

EVA (Economic Value Added) is an enterprise valuation method that evaluates the real economic value of an enterprise by subtracting the after - tax net operating profit from the cost of capital, and more comprehensively reflects the development status of the enterprise and the ability of managers. This method aims to avoid the short - sighted behavior of enterprise managers and urge them to better measure the long - term value of the enterprise. Specifically, the EVA valuation method can be divided into three types according to the development stage of the enterprise and the internal and external environment it faces:

Single - stage growth model: applicable to enterprises expected to grow stably in the future. This model assumes that the economic value added of an enterprise continues to grow at a stable growth rate, and is usually used in relatively stable and mature market environments.

Two - stage growth model: applicable to enterprises expected to have obvious growth and a stable period in the future. This model considers the situation that the enterprise gradually turns to stable growth after a high - growth period, reflecting the transition of the enterprise from the growth stage to the mature stage.

Three - stage growth model: applicable to enterprises expected to have high growth, medium - term growth and a stable period in the future. This model most comprehensively considers the different growth stages of the enterprise and their impact on economic value added, and can more accurately reflect the real value of the enterprise in a complex and dynamic environment.

Each model needs to be adjusted and used according to the specific financial situation, market positioning and expected future development of the enterprise when applied. Choosing the appropriate model type helps to improve the accuracy of valuation and the reliability of prediction, providing more valuable decision - making references for managers and investors.

The calculation formula of EVA is as follows: $EVA = NOPAT - WACC \times TC$.

In the formula, EVA represents economic value added; NOPAT represents adjusted after - tax net operating profit; WACC represents weighted average cost of capital; TC represents total capital.

2. Enterprise Value Evaluation of Sanquan Food

2.1. Development Status of Sanquan Food

2.1.1. Company Profile

Sanquan Food Co., Ltd. (hereinafter referred to as "Sanquan Food") was founded on June 28, 2001 and listed on February 20, 2008 with a registered capital of 879.184 million yuan. In 2013, Sanquan

Food acquired Longfeng Food, completing the first acquisition of a foreign - funded enterprise in the industry. The main business of Sanquan Food is the production and sales of quick - frozen rice and flour products and room - temperature convenience foods. With the mission of "carrying forward Chinese cuisine, striving to be an industry pioneer and building a century - old foundation", Sanquan Food has become one of the enterprises with the highest market share and the largest scale in the industry so far.

2.1.2. Company's Financial Status

① Profitability analysis. Sanquan Food's return on net assets increased from 1.83% and 3.66% in 2018 and 2019 to 10.78% in 2022, indicating that the efficiency of using net assets by the enterprise is gradually increasing and the profitability of the enterprise is gradually enhancing; the main business profit rate decreased from 34.35% in 2019 to 22% in 2022, indicating that the market competitiveness of the enterprise's main business has declined, which deserves great attention from the company's management; the net sales rate increased from 1.83% in 2018 to 10.78% in 2022, showing an upward trend, indicating that the proportion of net profit of Sanquan Food in sales revenue has increased and the enterprise's profitability is good. ② Operating capacity analysis. The inventory turnover rate and total asset turnover rate of Sanquan Food changed relatively stable, while the accounts receivable turnover rate increased significantly from 14.02 times in 2018 to 18.65 times in 2022. The increase in accounts receivable turnover rate indicates that Sanquan Food's accounts receivable collection speed is fast, the capital liquidity is strong, and the enterprise's operating capacity is good. ③ Solvency analysis. Although Sanquan Food's current ratio is around the standard value of 1 and shows an upward trend, Sanquan Food's current ratio has been much lower than the industry average since 2019. Even though the management considers that the proportion of debt capital in the total capital of Sanquan Food is not high, it should retain sufficient cash flow to repay debts to avoid increasing unnecessary capital costs [2].

2.2. Evaluation of Sanquan Food's Enterprise Value by EVA

2.2.1. After - tax Net Operating Profit

The calculation is based on Sanquan Food's data for 5 years from 2018 to 2022, and the adjusted after - tax net operating profit is calculated (see Table 1).

Table 1. After - tax Net Operating Profit of Sanquan Food from 2018 to 2022

Item	2018	2019	2020	2021	2022
Net profit / 10,000 yuan	10150	21920	76770	68990	80120
Add: Income tax / 10,000 yuan	3151	3164	19830	17330	22530
Add: Interest expense / 10,000 yuan	286	168	782	191	486
Earnings before interest and taxes / 10,000 yuan	13587	25252	97382	81511	103136
Income tax rate%	25	25	25	25	25
Profit after interest and tax / 10,000 yuan	1019.25	18939	73036.5	61133.25	77352
Add: Increase in various reserves / 10,000 yuan	2780.35	-1685	772	-1495	-38
Add: Non - operating expenses x (1 - T)	136.5	578.25	85.5	318	43.89
Add: Increase in deferred tax liabilities / 10,000 yuan	1026	959	1682	-525	1074
Less: Non - operating income x (1 - T) / 10,000 yuan	423	427.5	357.75	285.75	480
Less: Increase in deferred tax assets / 10,000 yuan	-2241	2261	183	1163	-716
After - tax net operating profit / 10,000 yuan	15951.1	16102.75	75035.25	57982.5	78667.89

Source: Sanquan Food's annual report.

Note: T represents the income tax rate.

According to the data in Table 1, Sanquan Food's after - tax net operating profit from 2018 to 2022 showed a fluctuating upward trend, with a large increase in after - tax net operating profit from 2019 to 2020.

2.2.2. Total Capital

The calculation is based on Sanquan Food's data for 5 years from 2018 to 2022, and the adjusted total capital is calculated (see Table 2).

Table 2. Total Capital of Sanquan Food from 2018 to 2022 (Unit: 10,000 yuan)

Item	2018	2019	2020	2021	2022
Equity capital	206240	222870	299300	323320	388050
Short - term borrowings	7000	7007	-	-	15010
Non - current liabilities due within one year	-	3018	-	726	527
Total debt capital	7000	10025	-	726	15537
Add: Various impairment provisions	5012	3327	4099	2604	2566
Add: Non - operating expenses x (1 - T)	136.5	578.25	85.5	318	43.89
Add: Deferred tax liabilities	2880	3839	5521	4996	6070
Less: Construction in progress	15410	9430	13260	11030	-
Less: Deferred tax assets	6523	8784	8967	10130	9414
Less: Non - operating income x (1 - T)	423	427.5	357.75	285.75	480
Total capital	198912.5	221997.75	286420.75	310518.25	402372.89

Source: Sanquan Food's annual report.

It can be seen from Table 2 that Sanquan Food's total capital is increasing year by year, among which the proportion of debt capital is not high, and the proportion of equity capital is more than 95%.

2.2.3. Weighted Average Cost of Capital

① Cost of equity capital (Ke: The capital asset pricing model is used to calculate the cost of equity capital [3]. The risk - free rate (Rf) is the yield of 5 - year treasury bonds. The β coefficient of Sanquan Food is from iFinD. The market risk premium (Rm - Rf) is based on the GDP growth rate. The calculation formula is as follows: $(K_e = R_f + \beta \times R_m - R_f)$. ② Cost of debt capital: According to Sanquan Food's annual report, the enterprise only has short - term borrowings from 2018 to 2022, and no long - term borrowings. Therefore, in the calculation of the cost of debt capital, the capital of short - term borrowings use the 1 - year bank loan interest rate.

The calculation results of the weighted average cost of capital are shown in Table 3.

Table 3. Weighted Average Cost of Capital of Sanquan Food from 2018 to 2022

Year	Proportion of equity capital /%	Proportion of debt capital /%	Risk - free rate /%	Market risk premium /%	β coefficient /%	Cost of equity capital	After - tax cost of debt capital /%	Weighted average cost of capital /%
2018	96.72	3.28	3.83	6.7	1.06	10.93	3.26	10.68
2019	95.7	4.3	2.95	6	1.023	9.07	3.26	8.82
2020	100	-	2.92	2.2	1.03	5.19	3.26	5.19
2021	99.78	0.22	3	8.4	1	11.4	3.26	11.38
2022	96.15	3.85	2.61	3	1.03	5.7	3.26	5.61

Source: Sanquan Food's annual report, iFinD, China Securities Index.

2.2.4. Historical EVA and Forecast Period EVA

According to the formula $EVA = NOPAT - WACC \times TC$, the EVA of Sanquan Food from 2018 to 2022 is -52.9276 million yuan, -34.7745 million yuan, 601.7001 million yuan, 226.4552 million yuan and 560.9477 million yuan respectively. The negative EVA values in 2018 and 2019 suggest that management should not only focus on profit - related indicators when making decisions, but also consider the impact of other factors, adjust corporate strategic goals in a timely manner, and increase shareholder wealth.

In predicting Sanquan Food's after - tax net operating profit, the sales percentage method is mainly used [4]. The revenue growth rate for the forecast period 2023 - 2027 is based on the average revenue growth rate from 2018 to 2022, which is 7.29%. After 2027, it is expected that Sanquan Food will enter a period of perpetual growth. According to the development of the national economy in recent years and considering the life cycle stage of Sanquan Food, it is assumed that the perpetual growth rate of Sanquan Food is 5%. The forecast results of EVA of Sanquan Food from 2023 to 2027 are shown in Table 4.

Table 4. EVA Forecast of Sanquan Food from 2023 to 2027

Year	After - tax net operating profit / 10,000 yuan	Total capital / 10,000 yuan	WACC /%	EVA / 10,000 yuan
2023	65573.84	398532.26	8.34	32336.25
2024	70010.4	416015.48	8.34	35314.71
2025	74770.38	434694.09	8.34	38516.89
2026	79877.37	454655.24	8.34	41959.12
2027	85356.65	475992.42	8.34	45658.88

To sum up, the enterprise value of Sanquan Food in 2022 = 4,023.7289 million yuan + 1,512.67 million yuan + 9,158.7324 million yuan, that is, 14,695.1313 million yuan.

2.3. Evaluation Process and Results of Market Approach

In the valuation using the market approach, the price - to - book ratio, price - earnings ratio and price - to - sales ratio are the three most common methods. Because Sanquan Food's development is relatively stable and profitable, the price - earnings ratio method is used for valuation. According to the East Money Database, the price - earnings ratio of the food industry in 2022 is 31.81, and the earnings per share of Sanquan Food is 0.91 yuan, so the stock price of Sanquan Food is 28.95 yuan per share.

3. Conclusion

According to the evaluation of Sanquan Food by the price - earnings ratio method, the stock price of Sanquan Food is 28.95 yuan per share; using the EVA method to value Sanquan Food, the evaluation result is 14,695.1313 million yuan. On the balance sheet date of 2022, the total share capital of Sanquan Food is 879,184,048 shares, so its stock price is 16.71 yuan per share. According to iFinD, the closing price of Sanquan Food on December 30, 2022 is 18.51 yuan per share. Using the price - earnings ratio valuation method, the difference rate from the market value is 56.4%; using the EVA valuation method to value Sanquan Food, the difference rate between the result and the market value is -9.72%.

In conclusion, traditional enterprise valuation methods such as the dividend discount model, the free cash flow to equity discount model and the free cash flow to firm discount model have their own advantages and disadvantages in evaluating enterprise value. These methods can provide enterprise valuations from different perspectives, but their accuracy and applicability depend on the specific situation of the enterprise and the accuracy of future forecasts. The introduction of the Economic

Value Added (EVA) valuation method can make up for some defects of traditional methods and more comprehensively consider the economic benefits and capital costs of enterprises. EVA not only focuses on the financial performance of enterprises, but also considers the cost of capital and its impact on enterprise value, so it can provide a more real and comprehensive enterprise value evaluation. This method can provide a new perspective for management decision - making, help them make decisions more in line with the long - term interests of the enterprise, and promote the sustainable development of the enterprise. However, the EVA valuation method is not perfect. In the application process, it is necessary to consider the subjective differences of personnel in adjusting items and data selection, and different choices may have a significant impact on the valuation results. Therefore, to ensure accuracy, analysts need to rely on reliable data and reasonable assumptions when using the EVA valuation method, and at the same time combine other valuation methods for comprehensive evaluation to improve the confidence and accuracy of decision - making.

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