

**ASSESSMENT OF ORGANIZATION'S FINANCIAL STATUS  
(BASED ON HANGZHOU HIKVISION DIGITAL  
TECHNOLOGY CO., LTD.)**

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**Abstract.** This paper assesses Hikvision's financial status from three dimensions. Using its 2021–2024 reports and industry benchmarks, it identifies financial characteristics and challenges. Results show stable but slowing profitability, above-average solvency, and improving efficiency with AR management to strengthen.

**Keywords:** Financial Assessment, Hikvision, Profitability, Solvency.

## 1. Introduction.

### 1.1. Research Background.

As a leader in China's security and intelligent IoT industry, Hikvision's financial status is representative of the sector. China's security industry reached 11.2 trillion yuan in output value in 2024 (YoY + 5.2 %), but Hikvision faces dual pressures from domestic demand adjustments and overseas expansion amid global economic slowdown. Assessing its financial status is thus practically significant for exploring optimization paths.

### 1.2. Research Methods.

**Data Analysis:** Extract core financial indicators from Hikvision's 2021–2024 annual reports for quantitative trend analysis.

**Chart Analysis:** Use visual tools to compare the company's indicators with industry averages, enhancing result persuasiveness.

**Literature Research:** Build the analysis framework based on corporate financial management theories.

## 2. Assessment of Hikvision's Financial Status (2021–2024).

This section evaluates Hikvision's financial performance via 8 core indicators across three dimensions, benchmarking against A-share security industry averages to identify strengths and risks.

### 2.1. Profitability: Stable Growth with Weakening Momentum.

Profitability is measured by operating revenue, net profit, gross profit margin, and net profit margin (see Table 1). Key findings:

1) scale growth: Operating revenue rose from 81.42 to 89.26 billion yuan (2021–2024, + 9.63 %), net profit from 16.8 to 20.18 billion yuan (+ 20.13 %), driven by AI products;

2) quality advantage: 2024 gross/net margins (45.27 % / 22.61 %) exceeded industry averages by 6.6 / 4.65 ppts (China Security and Protection Industry Association, 2024);

3) risk: 2024 revenue growth (4.85 %) lags behind high-end manufacturing’s 7.1 % due to domestic saturation.

Table 1 – Profitability

Indicator	2021	2022	2023	2024	2024 Industry Avg
Operating Revenue (100 m yuan)	814.20	831.74	851.30	892.60	325.68
Net Profit (100 m yuan)	168.00	175.11	188.42	201.82	58.32
Gross Profit Margin (%)	42.18	43.25	44.51	45.27	38.67
Net Profit Margin (%)	20.63	21.05	22.13	22.61	17.96

*Data Source:* Hikvision Annual Reports (2021-2024); Wind Database (2024) part2.

### 2.2. Solvency: Low-Risk Structure with Strong Liquidity.

Solvency is assessed via asset-liability ratio, current ratio, and quick ratio (see Table 2). Hikvision demonstrates outstanding safety:

1) long-term safety: Asset-liability ratio dropped to 37.89 % (2024), 13.35 ppts below industry average (51.24 %);

2) short-term liquidity: 2024 current ratio (2,21) and quick ratio (1.75) exceed industry averages and safety lines (Ross et al., 2023).

Table 2 – Solvency

Indicator	2021	2022	2023	2024	2024 Industry Avg
Asset-Liability Ratio (%)	45.23	43.15	39.87	37.89	51.24
Current Ratio	1.72	1.89	2.03	2.21	1.67
Quick Ratio	1.28	1.42	1.56	1.75	1.21

Data Source: Hikvision Annual Reports (2021–2024); Wind Database (2024).

### 2.3. Operational Capacity: Efficient Turnover with Room for Improvement.

Key indicators include accounts receivable (AR) turnover, inventory turnover, and total asset turnover (see Table 3). Highlights:

- 1) inventory efficiency: 2024 turnover (7.35) is 1.71 times above industry average, driven by intelligent supply chain;
- 2) AR progress: 2024 turnover (3.42) exceeds industry average, but 107-day cycle is longer than optimal 90 days;
- 3) total asset efficiency: 2024 turnover (0.95) is 25 % higher than industry average.

Table 3 – Key indicators

Indicator	2021	2022	2023	2024	2024 Industry Avg
AR Turnover (Times/Year)	2.89	3.05	3.21	3.42	2.89
Inventory Turnover (Times/Year)	6.23	6.56	6.89	7.35	5.64
Total Asset Turnover (Times/Year)	0.87	0.89	0.92	0.95	0.76

Data Source: Hikvision Annual Reports (2021–2024); Wind Database (2024).

### 3. Paths to Improve Hikvision's Financial Status.

To address revenue growth and AR management issues, Hikvision should focus on three priorities:

1) expand growth drivers: Prioritize Middle East/Southeast Asia overseas markets to promote high-value products (e. g., AIoT solutions); accelerate smart home/industrial IoT innovation, targeting 30 % + innovative business revenue;

2) optimize capital structure: Appropriately increase the proportion of long-term debt to reduce short-term capital costs; allocate idle funds to low-risk financial products to balance security and returns;

3) enhance asset efficiency: Establish dynamic customer credit ratings to shorten AR collection cycles; use big data for demand forecasting to optimize inventory scale.

### 4. Conclusion.

Hikvision's overall financial status is sound, with core indicators outperforming industry averages. However, it faces weak revenue growth and AR management gaps. Focusing on growth expansion, capital optimization and asset enhancement will promote its sustainable development.

## Table of contents

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