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A PROJECT REPORT

ON

A COMPARATIVE ANALYSIS OF THE FINANCIAL PERFORMANCE OF OMAN CEMENT COMPANY AND RAYSUT CEMENT COMPANY. A CASE STUDY OF THE MANUFACTURING SECTOR IN THE SULTANATE OF OMAN.

By

Shireen Khalifa Al Naamani, 19F19489

Guided by

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June 2024

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DECLARATION

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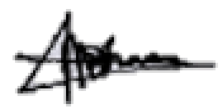
Shireen Khalifa Al Naamani	19F19489	

Acknowledgment

I would like to first lift my heart in gratefulness to Almighty Allah, whose endless grace and mercy continuously illuminate my path. Through His divine grace and wisdom, I manage everyday challenges and joys, especially while writing this thesis. With the utmost thanks, I recognize His continuous presence in my daily educational and personal growth.

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Abstract

This research paper showcases a comprehensive analysis of the financial analysis and performance of Oman Cement Company and Raysut Cement Company, two essential enterprises within the Sultanate of Oman’s manufacturing sector, during the challenging period of the novel COVID-19 pandemic.

Using financial data from 2017 to 2023, the research illustrates how the two companies adapted to the economic distress caused by COVID-19. This research paper uses profitability, liquidity, debt-to-equity, and interest coverage ratios, as well as vertical and horizontal analysis, to study pre, during, and post-pandemic financial behaviors.

The findings of this report showcase that Oman Cement Company had a reasonably stable financial response with relative fluctuation in its performance metrics. On the other hand, Raysut Cement Company showcased more challenges, illustrated by its high leverage ratio, and decrease in its profitability. These differences showcased the different impact of the novel pandemic of COVID-19 on both enterprises. This research paper also shed light on the importance of financial strategies during financial distress and provides recommendations to fortify the sector against future economic distress.

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List of Abbreviations

1. **MSM** - Muscat Securities Market
2. **ROE** - Return on Equity
3. **ROA** - Return on Assets
4. **COVID-19** - Coronavirus Disease 2019
5. **GCC** - Gulf Cooperation Council
6. **GDP** - Gross Domestic Product

Chapter one

Introduction

1.1 Introduction

Throughout economic history, global crises often serve as revolutionary catalysts, allowing the rebirth of innovation, technology, and creativity. One of the economic crises occurred at the beginning of 2020 with the rise of COVID-19. The pandemic heavily impacted businesses worldwide, with numerous enterprises facing challenges such as closures and reduced revenues.

Nations overseas have been put to the test, and the Sultanate of Oman, located in the Arabian Peninsula, is no exception. Within the Omani borders, the cement industry plays a huge role in the manufacturing sector and the country's economic development, allowing both infrastructure and construction projects across the Sultanate of Oman. At the heart of the manufacturing sectors lie two key enterprises: Oman Cement Company and Raysut Cement Company. As nations were fighting the global pandemic of COVID-19, the manufacturing sector in Oman did not emerge unscathed from the economic challenge, both Oman Cement Company and Raysut Cement Company found themselves in a battle for survival. Both enterprises had to abide by the new safety measures and norms, going through lockdowns that heavily affected the construction sites and cement demands within the Sultanate, forcing Oman Cement Company and Raysut Cement to navigate the water and rethink their financial and growth strategies.

The cement sector plays a crucial role in the economic development of a country as a primary component in the manufacturing and construction industry. In Oman, both enterprises Oman Cement Company and Raysut Cement play a vital role in the Omani manufacturing sector; therefore, it is crucial to understand their financial performance and how it was impacted pre and post covid-19.

1.2 Background of the study

The manufacturing industry in the Sultanate of Oman has played a vital role in the country's economic growth for years. From growth and revolution to great ambition, the manufacturing sector has positively affected the Omani GDP and employment opportunities nationally and overseas. Since the beginning of its journey in 1975, the manufacturing sector has played a vital part in the heart of the Omani economy by allowing job opportunities to approximately 60,000 people and exporting to 140 nations.

Due to its significant impact on the Sultanate of Oman's GDP, the nation's government recognizes the vital role of the manufacturing sector in upholding the economy and creating job opportunities. Thus, the government encourages this sector by enhancing infrastructure, creating and developing a competent workforce, and promoting public-private relationships.

Among the key players in the manufacturing sector in the Sultanate of Oman are Oman Cement Company and Raysut Cement Company. Both enterprises play a critical role in Omani manufacturing and infrastructure development.

Founded in 1978, Oman Cement Company is one of the oldest cement enterprises within the Sultanate of Oman. Along with its facilities and commitment to distributing first-hand quality, Oman Cement Company has been leading in meeting the country's cement demands, allowing the enterprise to participate in the economic growth of the Sultanate of Oman.

Likewise, established in 1981, Raysut Cement Company has emerged as one of the leading enterprises in Oman and overseas. The enterprise has expanded its footprint both nationally and internationally through hard work, strategic investment, innovation, and operations. Like Oman Cement Company, Raysut Cement Company's contribution to the Omani economy is crucial.

Notwithstanding their contribution to the Sultanate of Oman's growth, economy, and GDP, Oman Cement and Raysut Cement encountered unexpected challenges with the rise of COVID-19. New safety measures, including but not limited to lockdowns, supply chain restraints, and unstable demands, heavily affected both companies' foundations and put them to the test. Both enterprises faced numerous challenges during the pandemic and had to adapt to the unknown to survive.

However, as years went by and the dust settled, it is important to understand Oman Cement and Raysut Cement's financial survival story and battlefield. Therefore, this study aims to unravel these two companies' survival and resilience tales via financial comparative analysis. This thesis aims to conduct a financial comparative analysis by assessing the pandemic impact on the financial performance of both companies. Thus, analysing both companies' pre-covid and post-covid financial performance via profitability ratios, debt-to-equity ratios, interest coverage ratios, and vertical and horizontal analysis. Studying the financial performance of both enterprises will enable a clear understanding of the ways they were operating before, during, and after the novel pandemic of COVID-19. It will also allow a clear understanding of the ways Oman Cement and Raysut Cement navigated through the COVID-19 challenges and their resilience, as well as raise awareness of strategic decision-making practices for any future challenges that can disturb the manufacturing sector in the Sultanate of Oman.

1.3 Statement of the research problem

The statement of the research problem of this thesis is based on the impact of the novel pandemic of Covid-19 on the financial performance of two companies at the heart of the manufacturing sector in Oman: Oman Cement Company and Raysut Cement Company. At the beginning of 2020, the world went through a global crisis that introduced the unknown by creating unpredictable challenges to companies in the Sultanate of Oman and overseas. The novel pandemic of COVID-19 created a worldwide emergency and urged businesses to adopt new safety measures and find innovative ways to survive. This thesis aims to explore ways that Oman Cement Company and Raysut Cement Company were affected by the novel COVID-19 pandemic and study their pre-pandemic and post-pandemic period. The study seeks to explore both enterprises' financial strategies to weather the pandemic storm by studying their key financial metrics from 2017 to 2023, such as liquidity, profitability, debt-to-equity, and interest coverage ratios. Additionally, studying the vertical and horizontal analyses of both enterprises. Thus, the end goal of this paper is to provide valuable insights into the survival strategies that Oman Cement Company and Raysut

Cement Company used to fight the novel pandemic of COVID-19 as well as provide useful recommendations to improve the companies' financial health and performances in the future.

1.4 Aims and objectives of the study

1.4.1 Aims

This research paper aims to unravel the survival and resilience tales of Oman Cement and Raysut Company by shedding light on both companies' financial performance and analyzing how they navigated the COVID-19 waves.

1.4.2 Research objectives

This thesis aims to address different key objectives such as:

1. To study the pre-Covid and post-Covid growth and financial performance of Oman Cement and Raysut Cement.
2. To examine the financial performance through conducting a ratio analysis for the past 6 years for both companies
3. To study the capital structure of Oman Cement Company and Raysut Cement Company by analyzing their debt-to-equity ratios as well as the interest coverage ratios.
4. To conduct a vertical and horizontal analysis of both enterprises to study their trends and patterns over the past five years.
5. To provide recommendations for the improvement of the financial performance of the Cement companies.

1.4.3 Research questions

1. How did the novel pandemic of COVID-19 impact the financial performance of Oman Cement and Raysut Company?
2. How did the companies' ratio analysis evolve from 2017 to 2023? What are the key findings?
3. How do the debt-to-equity and interest coverage ratios of Oman Cement and Raysut Company contrast one another? What is their capital structure?

4. What trends and patterns are analyzed from the vertical and horizontal analysis of both enterprises' financial statements?
5. Based on the thesis analysis, what recommendations and suggestions can be proposed to improve the financial performance of Oman Cement and Raysut Company?

1.5 Scope of the study

The scope of this study is based on a comparative study of the financial performance of Oman Cement Company and Raysut Cement Company from 2017 to 2023, allowing a financial study of the pre-COVID and post-COVID period. The financial performance of both enterprises will be studied by calculating and evaluating different ratios, such as profitability, liquidity, debt-to-equity, and interest coverage ratios.

1.6 Significance of the study

This research is not only about numbers, as it contributes to both academia and the manufacturing industry within the Sultanate of Oman. This thesis holds significance in numerous ways such as suggesting useful insights about the financial survival strategies employed by both enterprises to survive the novel COVID-19. Understanding ways that both companies navigated through COVID-19 challenges can serve as a guideline to other enterprises facing economic uncertainty.

This research paper also allows a finance study that plays a crucial role in gaining knowledge and understanding of different finance and business management sections. The paper contributes to academic purposes by allowing detailed study, calculations, and analysis of the financial performances of Oman Cement Company and Raysut Cement Company. By analysing the financial statements, the research allows an academic perspective of analysing the data by including and comparing the companies to their geographical context as well as the financial crisis that they might have gone through. Lastly, this thesis can serve both the academic and manufacturing sectors by allowing a performance evaluation and strategic planning analysis via benchmarking.

1.7 Operational definition of terms

1. **Financial performance:** a measure that analyses how an enterprise utilizes its assets and generates profits. It also allows the measurement of an enterprise's financial health at a specific period (Kenton W. 2023).
2. **COVID-19:** The SARS-CoV-2 virus causes COVID-19, an extremely infectious respiratory disease. It was initially discovered in late 2019 in Wuhan, China, and quickly spread worldwide, sparking a global epidemic. Fever, coughing, and trouble breathing are among the mild to severe signs. Health-related interventions, social distancing initiatives, and vaccine campaigns have all been used to stop the propagation of the virus (He & Smith, 2020).
3. **Financial statements:** written records that show an enterprise's financial position and activity. The main financial statements are income statements, balance sheets, and cash flow statements. They showcase the revenues, assets, liabilities, owner equity, and cash flows from activities such as operation, investment, and financial (Murphy. C, 2024).
4. **Liquidity ratios:** are used to determine an enterprise's ability to pay off its loans without using external capital (Hayes. A., 2023).
5. **Profitability ratios**: The ability of a business to turn a profit concerning different areas of its activities is evaluated using financial measures called profitability ratios. Besides, they give information about the business's performance, productivity, and overall success. Net profit margin, return on equity (ROE), gross profit margin, and return on assets (ROA) are a few varieties of profitability ratios. Also, these statistics assist investors, strategists, and executives in assessing the profitability of the business and making well-informed choices regarding its financial stability (Husain & Sunardi, 2020).
6. **Debt-to-equity ratio:** This ratio assesses how well an organization is financed by comparing its overall debt load to its equity. A low ratio denotes a less risky approach to financing, whereas a high ratio implies a significant reliance on debt, which may increase

the risk of default. Investors and lenders use this ratio to assess credit risk and repay loan capacity (Sutardi, 2017).

7. **Interest coverage ratio**: This ratio assesses how well a business uses its profits to pay interest on debt. A smaller percentage can imply financial hardship or trouble paying off debt, whereas a greater ratio suggests comfortable insurance. It facilitates the assessment of default risk and liquidity by shareholders and creditors (Brusov & Filatova, 2023).
8. **Vertical analysis:** This method uses percentages to express every accounting item's proportionality from a base amount, usually the total earnings or resources. It helps in figuring out how financial statements are put together and recognizing patterns as they develop (Antayed & Tayeh, 2017)
9. **Horizontal analysis**: Also referred to as statistical analysis, this technique looks for recurring themes and alterations in financial data by comparing them over several periods. It assists stakeholders in assessing a company's financial performance and prospects by computing percentage fluctuations in financial statement elements (Antayed & Tayeh, 2017).
10. **Capital structure:** The arrangement of an organization's long-term funding sources, including debt and equity, is referred to as its capital structure. It affects capital costs, adaptability, and financial risk. A system of capital analysis aids stakeholders in evaluating risk, support, and returns to shareholders (Brusov & Filatova, 2023).

1.8 Structure of the research

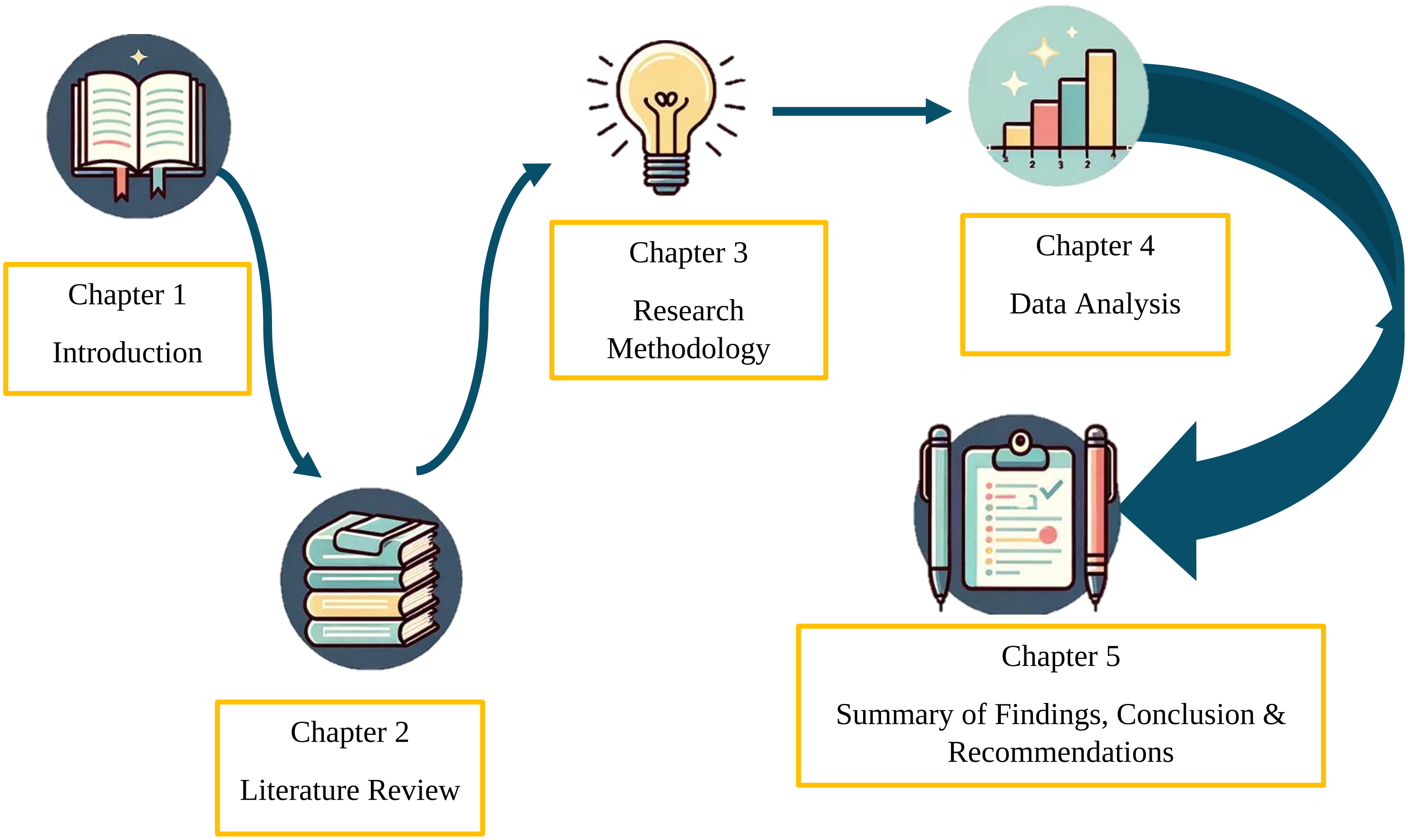

Figure 1: Structure of the report.

1.9 Summary

This chapter presents a project focusing on the impact of COVID-19 on the financial performance of Oman Cement Company and Raysut Cement Company. This chapter highlights the background of the research, the importance of the manufacturing sector in the Sultanate's economy, as well as the hardships and challenges that have arisen with the new COVID-19 pandemic. Further, the chapter highlights the research problem, significance, aim, objectives, research questions, and scope of the study. The next chapter discusses the literature review and delves into the importance of financial analysis, the nuances and challenges of COVID-19, and the ways it has affected businesses around the world particularly the manufacturing sectors in Oman.

Chapter Two

Literature Review

2.1 Introduction to chapter

This chapter focuses on exploring previous studies related to the thesis, especially the study's objectives, such as the manufacturing sector in Oman, financial performance analysis, and the impact of COVID-19 on financial performance. It aims to understand better financial performance, the tools used to conduct financial analysis, and vertical and horizontal analysis.

2.2 Impact of Covid-19 on the financial performance of the manufacturing sector

The manufacturing sector in the Sultanate of Oman, located in the Arabian Peninsula, has historically contributed to the country's economic development. Since its foundation in late 1975, this sector has been limited to influencing the Omani's GDP and creating numerous job opportunities nationally and internationally. As stated by Balushi (2023), the manufacturing sector employs approximately 60,000 people and continuously contributes to the nation's economy.

The manufacturing sector in Oman has historically been a vital contributor to the country's exports to 140 countries. Thus, the Sultanate's government recognizes the crucial role of the manufacturing sector in Oman's economic and social growth. Within the manufacturing industry lies the cement industry, which is heavily influenced by economic conditions. The demand is heavily reliant on real estate development, construction projects, and government and investor infrastructure projects. Also, fluctuations in energy prices that play a crucial role in cement production within the country can have an important impact on profitability.

As the clock hit 2020, the world entered an era of uncertainty, also known as the era when the novel pandemic of COVID-19 emerged. Triggering a race for survival for not only enterprises but society itself, COVID-19 marked its beginning by creating a series of disruptions in the world, including manufacturing sectors. As the virus spread, it continuously affected supply chains and demand, and it tested enterprise strength and adaptability.

2.2.1 Pre-Covid

Before the COVID-19 pandemic, most companies worldwide enjoyed a period of stable growth and prosperity, resulting in a significant boost in their financial performance. Enterprises overseas from different sectors, such as manufacturing, services, and banking, flourished. The pre-COVID-19 phase was marked by innovations, technologies, business growth, and an increase in the number of entrepreneurs. Businesses made bold moves, not knowing what was in store for them.

2.2.2 The pandemic

As soon as the novel pandemic of COVID-19 emerged, the world found itself in shackles, having to adapt to survive. Economic uncertainty replaced economic growth; worldwide enterprises had to abide by new safety measures such as lockdowns, social distancing measures, and working remotely to survive. All these factors heavily affected the global supply chains as well as worldwide economic activities. As Smith (2020) highlighted, local and international companies, specifically in the manufacturing sector, encountered unprecedented economic challenges. The manufacturing sector in the Sultanate of Oman encountered operational challenges characterized by supply chain constraints that contributed to declining demand for manufactured goods and services.

2.2.3 COVID-19 Impact on Oman Cement and Raysut Cement

Oman Cement Company and Raysut Cement Company are key players in the Sultanate of Oman's manufacturing sector. Both contribute to the Sultanate of Oman's infrastructure and construction sector.

Oman Cement, founded in 1978, has always been a key player in meeting the Omani cement demands. The enterprise's continuous duty to producing high-quality cement has allowed it to immensely contribute to Oman’s economic development. Like any other company, Oman Cement faced financial challenges during the novel pandemic of COVID-19 (Oman Cement Company, 2023).

During COVID-19, Oman Cement must ensure its operations align with the new pandemic safety measures and mitigate the pandemic impact on its workforce. Due to the lockdown, global supply chain disruption, and reduced construction activities, the enterprise faces a decline in its demand. However, despite the challenges, the company managed to navigate the pandemic by optimizing its operations, reducing costs, and leveraging monetary reserves. Thus, the measures taken by Oman Cement were to minimize cost, improve efficiency, and use financial reserves to maintain financial stability and liquidity. (Oman Cement Company, 2023).

Established in 1981, Raysut Cement has also been an important contributor to the Sultanate's economy at a national and international scale. The enterprise's unique strategic investments, innovation, and expansion have always allowed it to uphold a resilient market presence continuously. Like Oman Cement, the company also faced pandemic challenges in its operation, reduced demand, and economic pressure (Burbidge, n.d.).

To deal with the pandemic, Raysut optimized its supply chain, focused on long-term investments and cost reductions, and explored new markets to counterbalance its domestic demand. Thus, such efforts allowed the company to continue operating in the pandemic and overcome it.

2.2.4 Financial approaches to overcome the pandemic

As previously mentioned, the novel pandemic of COVID-19 imposed challenges on the manufacturing sector by influencing demand. To navigate the pandemic challenge, companies utilized different financial strategies such as (Dyer & Hageman):

1. Cost management: cost control measures like modifying suppliers' contracts and deferring capital expenditures are used to preserve cash flow and decrease unwanted expenses.

2. Liquidity enhancement: ensuring there is enough liquidity to overcome financial distress or using public support programs to maintain solvency and liquidity.

3. Strategic investments: numerous companies used technologies to explore new different types of markets and enhance operational effiiency to overcome and recover from the pandemic.

2.3 Financial performance

According to Kenton (2023), financial performance allows one to study the ways that an enterprise uses its assets and generates profits over a specific period. Investors and researchers usually use financial performance to analyze a company's financial health or to compare similar enterprises. Another study conducted by Bernstein (2019) explained that financial performance analysis allows the study of an enterprise by determining trends and patterns and making better financial decisions. Balance sheet income and cash flow statements are used to conduct a financial performance analysis.

2.3.1 Balance Sheet:

The balance sheet showcases a snapshot of an enterprise's financial position and health at a specific time. It shows the enterprise's assets, liabilities, and the shareholder's equity, allowing the study of an enterprise's liquidity and strength.

2.3.2 Income Statement

The income statement complements the balance sheet by revealing the sources of revenue, expenditures, and patterns over time. Thus, it allows one to understand the enterprise's ways of generating profits from its ongoing operations.

2.3.3 Cashflow Statement

This statement allows analysts to understand the ways that money enters and leaves the enterprise during a specific period. It consists of three different types of activities: operating, investing, and financing. Thus, it allows an understanding of how an enterprise generates liquidity, its position, and its management practices.

All the above-mentioned financial statements are crucial for financial performance analysis as they allow a clear understanding of an enterprise's operations, financial health and position, cash flow, and shareholder values.

2.4 Financial analysis performance tools

According to Gibson (2013), different tools are used with the help of financial statements to obtain valuable insights and asses an enterprise's financial performance and health. Among the financial tools are ratio analysis, capital structure, debt-to-equity ratios, interest coverage ratios, and horizontal and vertical analysis.

2.4.1 Ratio analysis

Bloomenthal (2024) explained that ratio analysis is used to gain insight into an entity's operation efficiency by studying its financial statements. Chen (2018) added that ratio analysis involves the study of numerous financial ratios from both the income statement and the balance sheet. They are mainly used to study different qualities of an entity's performance, like liquidity, profitability, and efficiency. Benchmarking and making comparisons across the enterprise's years of operations allows for a clear identification of the firm's trends, strengths, and weaknesses. Therefore, investors and managers use ratio analysis to comprehend enterprises' financial health and performance by comparing current and past data. Hence, comparing financial performance over time allows estimating an entity's future financial performance. Ratio analysis consists of different types of ratios, such as:

2.4.1.1 Liquidity Ratios

According to Bloomenthal (2024), liquidity ratios showcase ways that an entity pays its short-term liabilities with the help of current and quick assets when they are due. Kaldybekova (2018) stated that a company's insufficient liquidity can translate into missed financial and economic opportunities and failure to repay its debts, eventually leading to insolvency and later bankruptcy. This indicates a direct relation between liquidity and solvency, meaning that liquidity is important for an enterprise to be solvent. In other words, a solvent enterprise has no issue in repaying its debts in the long run.

As Kaldybekova (2018) stated, liquidity ratios can be utilized to measure an entity's needs for cash. In other words, it should not be too high or too low when measuring liquidity. When the liquidity is too high, it indicates that that financial means is in relation to assets that do not generate any returns. On the other hand, when liquidity is too low it indicates that an enterprise is unable to repay its debts. Therefore, when studying the liquidity ratios of an organization, it is crucial to consider the following points. First, it is important to acknowledge that assets and liabilities can change over time, making the ratio outdated. Second, the liquidity level depends on the future cash flows of an enterprise, which are often disregarded in ratio calculations.

2.4.1.2 Solvency Ratio

Also known as financial leverage ratios, solvency ratios are used to analyze and compare an entity's debt levels with its earnings, equity, and assets. This allows investors or analysts to study an enterprise's health and how it operates while paying off its debts. Thus, interest coverage ratios, debt-to-equity ratios, and debt-to-assets ratios are part of the solvency ratio. Interest coverage ratios showcase an entity's capability of meeting its interest payment on its outstanding obligations. Therefore, the higher the ratio, the higher the capability of covering its interests. The debt-to-equity ratio showcases the ways that an entity's funding originates from debt associated with equity. The higher the ratio, the higher the risk since the debt is high. On the other hand, the lower the ratio, the more equity financing. However, an extremely low ratio can indicate growth limitation. The debt-to-assets ratios demonstrate an entity's assets that are funded by debt. Therefore, the higher the ratio, the higher the indication of reliance on debt financing. On the contrary, the lower the ratio, the healthier the stability of debt and equity financing is.

2.4.1.3 Profitability Ratios:

As Bloomenthal (2024) described, profitability ratios simply showcase how well an enterprise makes profits from its ongoing operations. It allows investors and researchers to determine ways that a company generates profits, its pricing strategy, and financial health. Gross profit margin, net profit margin, and return on equity are all part of profitability ratios. Gross profit margin evaluates the revenue value that exceeds the prices of goods sold. On the other hand, the net profit showcases the revenue in the form of a profit percentage that is left after all expenses are paid. Thus, it shows the profits of an enterprise from its operations. Lastly, the return on equity simply measures the amount made from the shareholder's investments. Showcasing how effectively and efficiently an enterprise is using the shareholder's equity to make profits.

2.4.1.4 Efficiency Ratios

In other words, activity ratios evaluate how well an enterprise utilizes its assets and liabilities to make sales and generate maximum profits. They include inventory turnover ratios and account receivable turnover ratios. The first one studies the quickest ways an enterprise sells its inventory and exchanges it. The account receivable turnover ratio shows how fast the enterprise collects its payment from its consumers. They both provide information about the effectiveness and efficiency of an entity's operations.

2.4.2 The importance of Ratio analysis

As shown above, ratio analysis is a fundamental tool utilized to evaluate an organization's financial performance and health. Analysts can gain important information on an entity's financial position and operations by using its different ratios from the respective financial statements. Ratio analysis allows investors, managers, researchers, and analysts to understand ways that an entity meets its short-term and long-term debts. Ratio analysis allows an internal and external financial performance comparison of an entity. Internally, it enables managers and investors to study their company's performance over time and identify trends and patterns for better decision-making. Externally, it allows managers to compare their respective company with its competitors by identifying both organizations' strengths and weaknesses. Such analysis is crucial for an entity to acknowledge its areas of improvement and opportunities and stay ahead of the market competition.

Numerous studies have shown the diverse applications of ratio analysis across a wide diversity of industries and sectors. For example, in a study conducted by Smith (2019), he discussed the importance of ratio analysis in predicting corporate bankruptcy. In his study, Smith (2019) determined that comparing ratio analysis over time is crucial in determining bankruptcy and financial risks.

Another study in the banking sector by Khan & Al Maktoumi (2021) conducted a financial performance analysis in several selected commercial banks within the Sultanate of Oman. In their study, they explained that Return on Equity (ROE) and Return on Assets (ROA) are crucial in determining the financial health of commercial banks. However, Alam (2021), stated that the ratios analysis itself is not sufficient in determining the competitors' performance.

Another study by Chen and Huang (2018), highlighted the importance of ratio analysis in the decision-making process of investors. Their study stated that investors select their stocks based on a framework that regroups profitability, growth, and ratio analysis.

Additionally, several studies have been conducted on the financial performance of the manufacturing sector in the Sultanate of Oman, shedding light on the manufacturing sector's contribution to the Omani economy.

Thus, a study conducted by Al Zakwani (2018) on a "comprehensive analysis of the financial performance of manufacturing firms in Oman" highlights the importance of manufacturing entities in Oman and their immense contribution to Omani's GDP and job creation. The study also highlights the importance of financial health in maintaining financial stability and ensuring growth in the manufacturing competitive field.

Another study conducted by Al-Riyami and Al-Farsi in 2019, examining the impact of financial management and practices on the profitability of manufacturing enterprises in the Sultanate of Oman, highlights the importance of financial management practices such as liquidity management, low debt-to-equity, and cost control in ensuring an enterprise long-term health, growth, and sustainability. Thus, their key findings were that enterprises that efficiently manage their working capital are better positioned to handle short-term financial obligations and invest in more projects. Additionally, manufacturing enterprises that focus on reducing their operational costs without negatively impacting their quality can witness improvement in their profit ratios. Lastly, companies that have low debt-to-equity ratios are keener to resist economic distress or challenges and sustain financial health.

Lastly, a study conducted by Al-Harthy (2021) on the impact of COVID-19 on the Omani manufacturing sector focused on how enterprises coped with the pandemic. It also highlighted the critical decline in revenue and profitability during the novel pandemic of COVID-19 and the urge for strategic agility and financial cautiousness in dealing with the pandemic. This study's findings highlighted a revenue decline explained by lockdowns, supply chain disruptions, and declining demands. The study also highlights the fact that the profitability of the manufacturing entities in Oman was heavily affected as companies were experiencing lower profit margins and reduced returns on equity, leading enterprises to reevaluate their financial strategies and implement cost-saving measures. This study also highlighted ways that Oman Cement and Raysut Cement navigated and coped with the novel pandemic of COVID-19.

According to the study, Oman Cement faced a decline in revenue and profitability due to reduced demand and operational challenges. Thus, the enterprise implemented cost-saving methods to deal with financial challenges and optimize its operations.

According to the same study, Raysut Cement also faced a critical revenue and profitability impact highlighted by reduced domestic demand and operations challenges. Therefore, the enterprise diversified its supply chains and explored new overseas market opportunities.

2.4.3 Horizontal and vertical analysis

Numerous scholars have discussed the importance of ratio analysis and its ways of helping to analyze an enterprise's financial performance. Some studies have also mentioned its challenges and proposed incorporating qualitative factors alongside ratios analysis (Rogers et al., 2021). A study conducted by Kaldybekova (2018) stated that in addition to ratio analysis, vertical and horizontal analysis are important in measuring an entity's financial performance.

As Kaldybekova (2018) explained, horizontal and vertical analysis are another known method for examining financial data due to their simplicity in interpreting data. Like ratio analysis, they are both based on information from financial statements and reflect an organization's financial health and position.

2.4.3.1 Horizontal analysis

Also known as a trend analysis, it allows the study and comparison of historical numbers, such as ratios, over several reporting periods. In other words, it allows the comparison of current data with previous years. Horizontal analysis tracks the development of financial data over time, enabling investors, managers, and analysts to study trends, patterns, and growth. This allows the identification of future growth and improvement, proper resource allocation, and better investment decisions. This method also helps mitigate risks and challenges by studying negative trends such as deteriorating financial ratios over time.

2.4.3.2 Vertical analysis

Vertical analysis is used to study the comparison between individual items in specific financial statements and a definite base item within the same period. The items are usually compared in percentage to ease the process of comparing different sections of financial statements. Thus, vertical analysis is used to study an enterprise’s performance by separating items in the financial statement with the aim of defining each item’s value in relation to its base.

2.4.3.3 Difference between Horizontal and Vertical analysis

The main difference between horizontal and vertical analysis is their focus method and the information they both provide. The horizontal analysis essentially compares financial information over different periods of time by tracking changes in revenues, expenses, assets, and liabilities to identify patterns and trends. Whereas the vertical analysis essentially compares specific line items with a common baseline over a period. This allows assessment of financial statement structure. Thus, horizontal analysis allows investors, managers, and analysts to forecast future results and determine financial risks, whereas vertical analysis facilitates the calculation of financial ratios and enables the understanding of each line item and its importance in the financial statements.

2.5 Chapter Summary

This chapter, “Literature Review,” explored previous studies on this thesis by discussing each objective of the thesis. This chapter examined the impact of the Novel pandemic of COVID-19, and explained the pre-covid era was defined as stability and the post-covid era represented uncertainty. The chapter continued by introducing financial performance analysis, explaining what it is and what tools are used to evaluate the financial performance of an entity. It highlighted the fact that ratio analysis was part of the tools and explained in detail the components of ratio analysis. Then, the chapter discusses other tools for conducting a financial performance, such as the horizontal and vertical tools. Overall, this chapter focuses entirely on explaining financial performance, the ways it can be calculated, and its importance. The next chapter will continue explaining the methodology used for this thesis and how the ratios are calculated.

Chapter 3

Methodology

3.1 Introduction

This chapter focuses on the research methodology that perfectly aligns with the paper "A Comparative Analysis of the Financial Performance of Oman Cement Company and Raysut Cement Company". A case study of the manufacturing sector in the Sultanate of Oman." This chapter highlights the chosen research methodology and its consistency with the thesis's objectives. It discusses the advantages of the selected method by emphasizing the influence of its data collection and analysis.

3.2 Research Design

The research design is one of the most important parts of a thesis as it enables its readers to know the steps and procedures used to conduct the chosen research. It states whether the research is experimental, descriptive, correlational, or exploratory. The research design highlights the study's variables and how they are observed and manipulated. Additionally, it explains the reasons behind choosing one design over another to fit the objectives of the research paper. Therefore, the research design is crucial in understanding the methodology of the research paper (Davidavičienė, V. (2018).

There are many ways of answering a thesis's research questions. Thus, the research design should be based on the study's aim and objectives. While choosing a research design, it is important to understand whether the thesis will be based on a quantitative or qualitative approach or both. The two approaches allow knowledge acquisition in different ways.

In simple terms, a quantitative approach is based on numerical data such as mathematical or statistical techniques. This method allows the researcher to collect data that can be transformed into statistics, such as surveys and experiments. This approach answers two main questions: "how much" and "When".

On the other hand, a qualitative approach is used to study phenomena, groups, or experiences that cannot be measured mathematically. This includes information about people's attitudes, behaviors, values, etc. The main sources of data collection for a qualitative approach are based on interviews, video recordings, focus groups, and ethnography. Unlike the quantitative approach, which is based on objective information, the qualitative approach focuses more on providing detailed information on an issue or the problem statement.

The research design of "A Comparative Analysis of the Financial Performance of Oman Cement Company and Raysut Cement Company. A case study of the manufacturing sector in the Sultanate of Oman" is based on a quantitative approach. The study will entirely focus on numerical data, such as the financial data of both Oman Cement and Raysut Cement Company, to focus on objectively analyzing and comparing the financial performance of both enterprises. The quantitative approach will allow a clear understanding and assessment of the financial health of both companies via profitability, liquidity, and solvency ratios, as well as horizontal and vertical analysis. This approach is also very crucial for this research paper based on the following reasons:

1. Precise and objective study: The quantitative approach is crucial for financial analysis and decision-making as it allows a precise and unprejudiced study of both enterprises' financial performance.
2. Comparison: It allows for a fair comparison of Oman Cement and Raysut Cement Company using the same financial metrics for both companies.
3. Statistical Analysis: Statics are at the heart of the quantitative approach as they allow financial evaluation of both companies' data via trends, correlation, and regression methods.

Additionally, this study is entirely based on comparing the financial performance of Oman Cement Company and Raysut Cement Company. Thus, the entire research paper will be based on a comparative analysis falling under the quantitative approach's umbrella. The comparative approach aligns with this paper's objectives, which aim to compare the financial performances of both enterprises during the pre-and post-COVID-19 eras.

This study's comparative approach will allow an in-depth study of both enterprises' differences and similarities and the ways that they handled the economic crisis of the COVID-19 pandemic.

Comparing the two entities will also allow a clear understanding of how the enterprises dealt with and overcame the novel COVID-19 pandemic.

Additionally, the research method will involve systematically studying the financial statements of Oman Cement Company and Raysut Cement Company from 2017 to 2023, which are available to the public on the Muscat Securities Market (MSM). The financial statements are reliable as they ensure that the financial data are comparable and applicable for the two enterprises. Thus, the use of financial statements from MSM provides a clear structure to this report where liquidity, profitability, and solvency ratios will be effectively calculated and analyzed (Snyder, H.2019).

Furthermore, the use of comparative analysis in this thesis will emphasize the knowledge and understanding of the financial performance of Oman Cement and Raysut Cement within the different challenges faced during the novel COVID-19 pandemic. The comparative case study of both companies enables an in-depth analysis of the financial trajectories of the entities by highlighting ways they overcome the challenges caused by the economic crisis of COVID-19.

3.3 Data Collection Techniques

Data collection techniques are essential in any research paper as they provide the structure in which data are gathered and regrouped, allowing one to answer a study's research questions. Thus, they fall into two categories: primary and secondary data. Primary data consists of gathering first-hand information from interviews, surveys, and observations. On the other hand, secondary data consists of published data from researchers, institutions of trustworthy websites such as financial statements, academic research, or publicly available data.

Each method has advantages depending on the nature of the research paper and its objectives. Primary data is often used when a researcher is trying to obtain current and specific data tailored to the objectives and needs of the research paper. Secondary data is crucial for comprehensive studies that involve assessing longer periods and can be less time-consuming than primary data.

For this research paper, secondary data will be utilized as the data collection technique. This method was chosen mainly because the aim is to study the financial performance of Oman Cement and Raysut Cement over the span of seven years. This will require historical information publicly available on the Muscat Securities Market. The data include audited financial statements such as income statements, balance sheets, cash flow statements, and notes to the accounts that contribute to detailed information on the financial health of the entities.

Muscat Securities Market is a trustworthy source of financial data as it is mainly used for stock exchanges in the Sultanate of Oman. All the publicly listed enterprises within the Sultanate of Oman are obligated to file their financial statements on MSM. Thus, the available financial data are audited and follow international financial reporting standards to emphasize on the accuracy of the available financial information (Oman.om, 2023).

Thus, the use of the Muscat Securities Market in this research paper allows a rich comparative analysis of Oman Cement and Raysut Cement based on trustworthy data that showcase the financial and operational performance from 2017 to 2023. Therefore, the research paper will use authorized secondary data to build a detailed image of the entities' financial trajectory and response to the novel pandemic of COVID-19.

3.4 Data Analysis Technique

Data analysis techniques are based on the methods used to study, analyze, cleanse, and transform data to obtain important information and support decision-making. Data collection techniques and data analysis techniques are very different from each other. The first one is fully based on collecting and gathering data from either primary or secondary sources. The second one is entirely focused on making sense of the collected data via conclusion, using statistical methods to meet the objectives of the study.

As previously stated, in the business and academic context, data analysis can either be quantitative or qualitative. The quantitative analysis will allow a systematic analysis of the ways that Oman Cement Company and Raysut Cement Company manage their resources and handle economic pressure especially the novel pandemic of COVID-19. Thus, to bring this study to life, quantitative data techniques will be utilized and will be as follows:

1. Ratio Analysis involves calculating key financial ratios like liquidity, profitability, debt-to-equity, and interest coverage ratios. This will enable the researcher to study the financial

performance of the enterprises by providing information on the financial health of Oman Cement and Raysut Company over seven years.

2. Vertical Analysis, also known as common size analysis, will be utilized to express items on the financial statements as a percentage of a base amount, such as total assets, allowing an effective comparison of the two entities.

3. Horizontal analysis, also known as trend analysis, will be utilized to study and compare data across various periods by calculating changes in line items in the form of percentages. This will allow us to identify patterns and trends of Oman Cement and Raysut Cement over the past seven years.

3.5 Legal, Ethical, and Social Considerations

Conducting any type of research requires strict legal, ethical, and social considerations for the research paper's transparency and integrity. This thesis, A Comparative Analysis of the Financial Performance of Oman Cement Company and Raysut Cement Company, will strictly follow these considerations.

In the context of this study, the legal aspects consist of complying with laws and regulations regarding data privacy and financial reporting. Information for this study will mostly be obtained from publicly available data from the Muscat Securities Market. It is crucial to certify that all information used adheres to the financial disclosure and regulations. Additionally, the use of publicly available data reduces any risks of violating confidentiality and misinformation. Although the data are available to the public, it is still essential that the information in this thesis be used only for academic purposes.

Ethical considerations are all about transparency, integrity, and objectivity. In the context of this thesis, they involve assessing data and presenting findings without favoritism or manipulation of the data to favor one company over another. Referencing and in-text citation also fall under the ethical considerations umbrella, ensuring that all previous work acknowledges the absence of plagiarism to maintain academic integrity.

Understanding the impact of society and stakeholders on the thesis falls under social considerations. This means that the information provided, studied, and analyzed in this thesis can influence the perceptions of internal and external stakeholders on the financial performances and stability of Oman Cement and Raysut Cement companies. Therefore, ensuring that all the available information, discussion, analysis, and comparison in this thesis avoids unwarranted alarm or misinformation is very important. Also, examining financial performances during the novel pandemic of COVID-19 can cause sensitivity considering the effects on employees, the economy, and Omani society’s well-being.

3.6 Chapter Summary

This chapter explained in debt the methodology used to bring this project to life. It details the use of secondary data, a quantitative approach, and a comparative case study that falls under the quantitative umbrella. The chapter ensures the use of the Muscat Securities Market for financial statements of Oman Cement and Raysut Cement from 2017 to 2023 was greatly explained emphasizing accurate and trustworthy data. Additionally, the data collection techniques were explained in depth, highlighting the use of ratios and vertical and horizontal analysis. The legal, ethical, and social considerations were also highlighted to ensure the research adheres to academic integrity. The upcoming chapter entitled “Data Analysis” will entirely focus on calculations and presenting the results of the financial performances of both entities. It will provide ratio analysis, vertical and horizontal analysis, and calculations and graphs.

Chapter Four

Data Analysis

4.1 Introduction

This chapter aims to showcase a detailed analysis of the financial data of Oman Cement Company and Raysut Cement Company in relation to the research objectives and research questions presented in Chapter One. Thus, the aim of this chapter is to have an in-depth understanding of the ways that Oman Cement Company and Raysut Cement Company managed their finance before, during, and after the novel pandemic of COVID-19. Impact of COVID-19 on financial performances

4.2 Debt-to-equity ratios

Debt to Equity Ratio:

$$\frac{Total\ liabilities}{Total\ Shareholder's\ equity} \times 100$$

4.2.1 Oman Cement Company debt-to-equity Ratio calculation

Years	Total Liabilities	Total Shareholder's equity	Debt to equity Ratio
2017	37,830,855	160,879,912	23.51%
2018	29,973,607	155,792,652	19.24%
2019	25,251,865	148,319,315	17%
2020	19,046,535	146,884,627	12.97%
2021	53,563,143	148,022,494	36.19%
2022	63,322,903	149,754,059	42.28%
2023	19,764,523	152,447,955	12.96%

Table 1:Oman Cement debt to equity ratio

4.2.2 Raysut Cement Company debt-to-equity ratio calculation

Years	Total Liabilities	Total Shareholder's equity	Debt to equity Ratio
2017	38,682,218	133,899,319	28.89%
2018	50,196,797	131,683,771	38.12%
2019	101,593,412	129,368,596	78.53%
2020	89,281,745	112,822,914	79.1%
2021	90,263,178	99,897,926	90.36%
2022	106,822,655	6,136,458	1,740.78%
2023	109,881,892	3,413,231	3,219.29%

Table 2: Raysut Cement Debt-to-equity ratios

4.2.3 Graphs and comparison

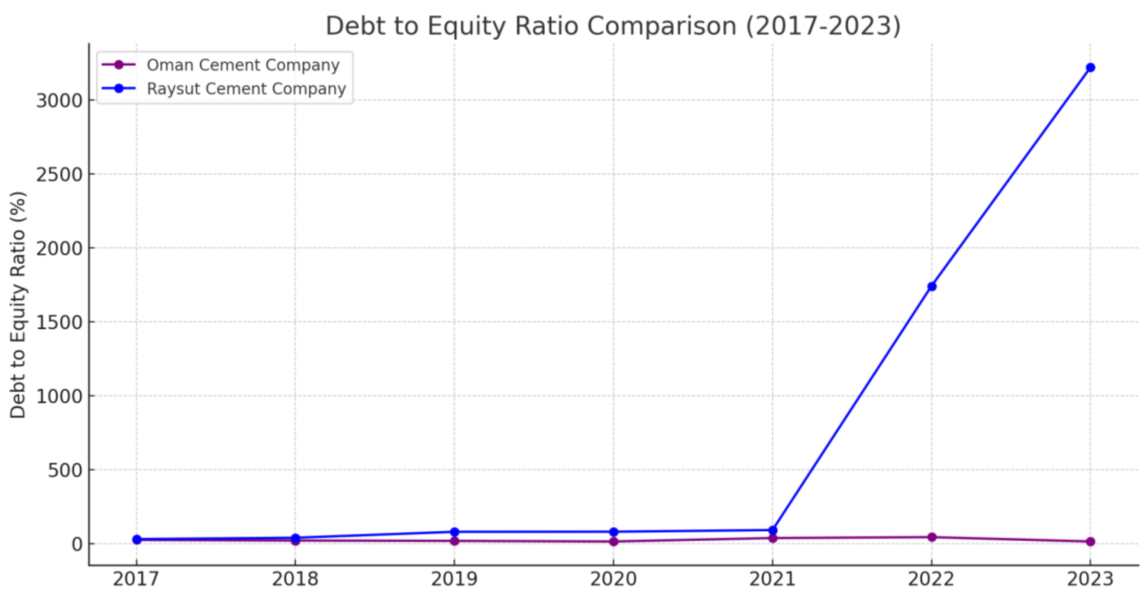

Figure 2: Debt to Equity Ratio Comparison (2017-2023)

The debt-to-equity ratio showcases an enterprise's financial leverage and demonstrates the balance between liabilities and shareholder's equity in financing the enterprise's assets. As per the above graph, it can be noticed that both enterprises started at approximately the same debt-to-equity level in 2017 with Oman Cement at 23.51% and Raysut Cement at 28.89%, and for both enterprises, the graphs indicate fluctuations from 2017 to 2023. For Oman Cement Company, the ratio decreased from 23.51% in 2017 to 12.96% in 2023, signifying a reduced dependency on debt, principally during the novel pandemic of COVID-19 where it dropped to 12.97%. Then, increasing in 2022 with a ratio of 42.28% before quickly dropping again in 2023 with a ratio of 12.96%, indicating that the decrease in equity was addressed.

On the other hand, Raysut Cement showcased an extreme increase in the debt-to-equity ratio, starting from 28.89% in 2017 to 3219.29% in 2023. This indicates a significant increase in liabilities relative to equity, especially in the following years of the novel COVID-19 pandemic, showcasing a financial imbalance that could indicate financial distress.

4.3 Profitability ratios

Return on Assets =

$$\frac{Net\ profit}{Total\ Assets} \times 100$$

4.3.1 Oman Cement's profitability ratio calculation

Years	Net Profit	Total Assets	Net profit margin
2017	9,591,853	198,710,767	4.83%
2018	7,314,603	185,766,259	3.94%
2019	4,013,112	173,571,180	2.31%
2020	5,182,766	165,931,162	3.12%
2021	4,446,592	201,585,637	2.20%
2022	5,040,290	213,076,962	2.37%
2023	6,002,621	172,212,478	3.49%

Table 3:Oman Cement profitability ratios

4.3.2 Raysut Cement profitability ratio calculation

Years	Net Profit	Total Assets	Net profit margin
2017	6,270,125	172,581,537	3.63%
2018	3,647,820	181,880,568	2.01%
2019	184,825	230,962,008	0.08%
2020	- 16,545,682	202,104,659	-8.19%
2021	- 12,924,988	190,161,104	-6.8%
2022	- 93,761,468	112,959,113	-83.27%
2023	- 2,723,227	113,295,123	-2.4%

Table 4: Raysut Cement profitability ratios

4.3.3 Graphs and comparison

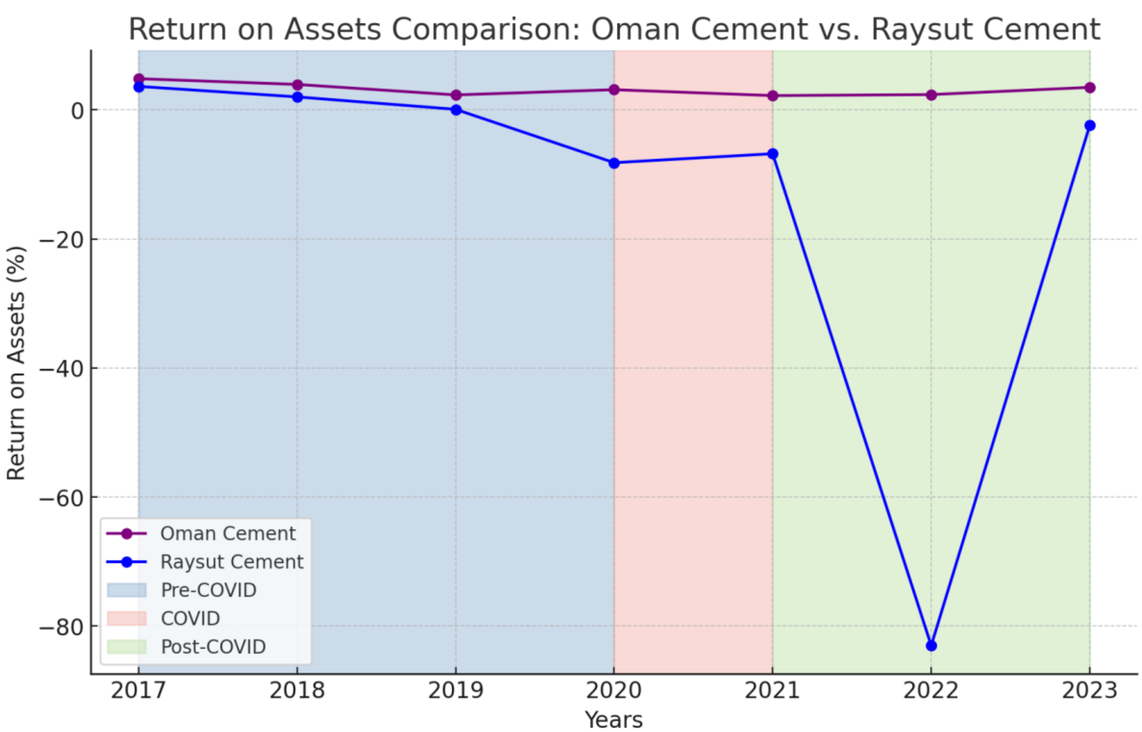

Figure 3: Return on assets comparison (2017-2023)

Ac st of 4.83% in 2017 to its lowest recorded ratio of 2.31% in 2019, demonstrating difficulties in improving its profit or increasing its assets.

Similarly, Raysut Cement showcased decreasing trend from its peak return on asset ratio of 3.63% in 2017 with a significant drop at 0.8% in 2019 suggesting vulnerability to changing market conditions.

During the novel COVID-19 pandemic, Oman Cement's ratio declined to 3.12% in 2020 before quickly rebounding in 2021, suggesting quick mitigation strategies. On the other hand, during the novel pandemic of COVID-19, Raysut Cement faced its lowest point at -8.19% in 2020, suggesting extreme financial and market vulnerability caused by the pandemic.

After the novel COVID-19 pandemic, Oman Cement's ROA continued to increase, showcasing a recovery, whereas Raysut Cement's ratio slightly improved but remained critically low.

Thus, Oman Cement showcased better resilience and greater recovery during and after the novel COVID-19 pandemic, whereas Raysut Cement showcased more struggle in coping with and recovering from the pandemic.

4.4 Return on equity ratios

Return on equity =

$$\frac{Net\ profit}{Total\ Shareholder's\ equity} \times 100$$

4.4.1 Return on equity ratios calculation

Oman Cement Company

Years	Net Profit	Total shareholder's equity	ROE
2017	9,591,853	160,879,912	5.97%
2018	7,314,603	155,792,652	4.7%
2019	4,013,112	148,319,315	2.71%
2020	5,182,766	146,884,627	3.53%
2021	4,446,592	148,022,494	3%
2022	5,040,290	149,754,059	3.37%
2023	6,002,621	152,447,955	3.94%

Raysut Cement Company

Years	Net Profit	Total shareholder's equity	ROE
2017	6,270,125	133,899,319	4.68%
2018	3,647,820	131,683,771	2.77%
2019	184,825	129,368,596	0.14%
2020	- 16,545,682	112,822,914	-14.67%
2021	- 12,924,988	99,897,926	-12.94%
2022	- 93,761,468	6,136,458	-1,527.94 %
2023	- 2,723,227	3,413,231	-79.78%

Table 5: Oman Cement and Raysut Cement return on equity ratios

4.4.2 Graph and comparison

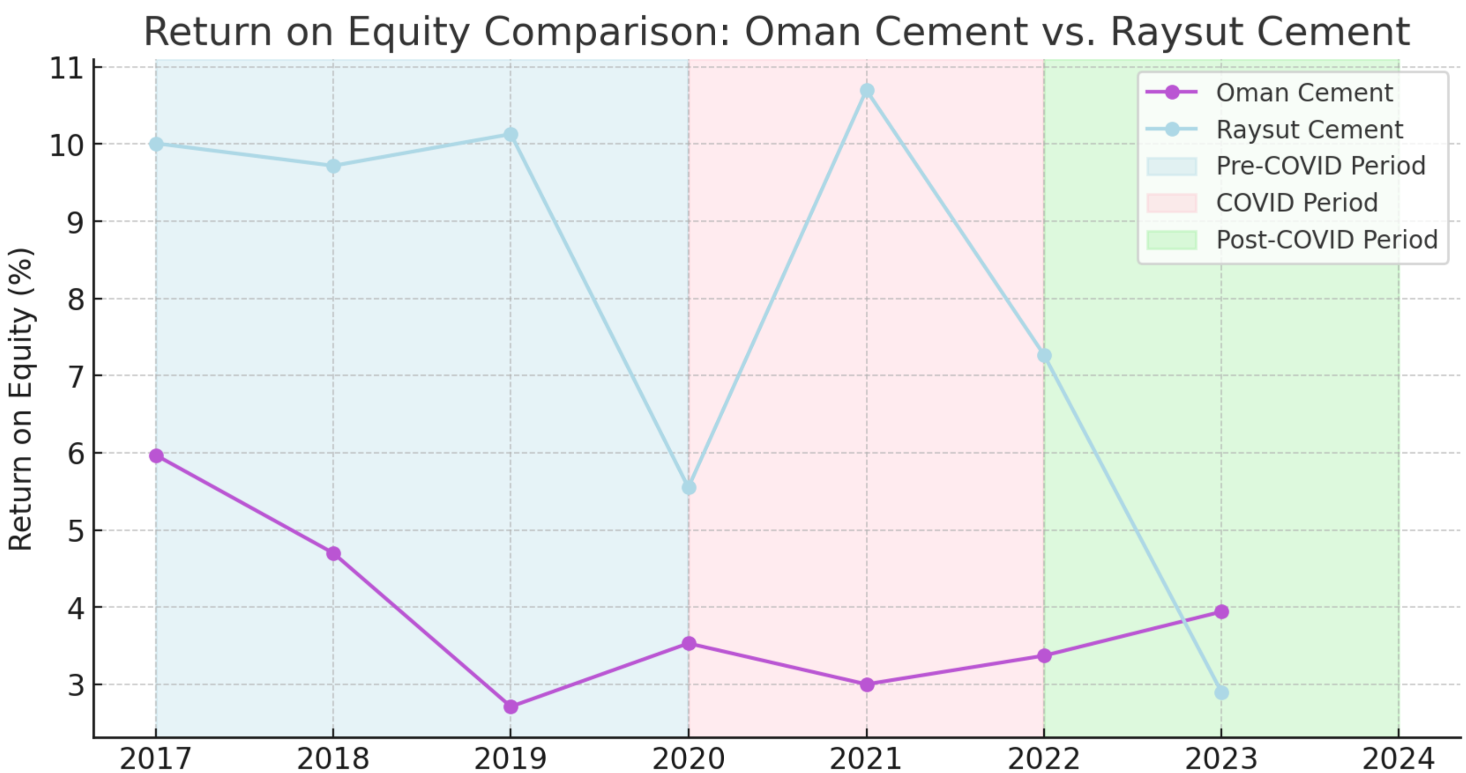

Figure 4: Return on equity comparison (20217-2023)

The above graph demonstrates the return on equity comparison between Oman Cement and Raysut Cement Company. During the pre-pandemic phase, Oman Cement showcased a constant decline in return on equity ratio from 2017 5.97% to 2019 2.71%, suggesting a weakening financial performance before the novel pandemic of Covid-19. On the other hand, Raysut Cement experienced a higher declining equity ratio during the same period, starting at 4.68% in 2017 and significantly declining to 0.14% in 2019, indicating major financial challenges and changes prior to the novel pandemic of COVID-19.

Oman Cement and Raysut Cement experienced a significant impact during the novel pandemic COVID-19. As shown, Oman Cement saw a slight increase in its return on equity ratio in 2020 to 3.53%, possibly related to cost-cutting measures in response to the novel COVID-19 pandemic. However, this improvement did not last long, as the ROE dropped in 2021, reaching 3%. On the other hand, Raysut Cement faced a catastrophic decline in ROE in 2020, halving at -

14.67%, highlighting the impact of the novel pandemic of COVID-19, which quickly worsened in 2021 with a continuous drop to 12.94%.

In the years following the COVID-19 pandemic, Oman Cement and Raysut Cement showed different trends. Oman Cement showcased a gradual stale recovery, indicated by its ROE climbing back to 3.94% in 2023, suggesting improved and stable financial efficiency.

In stark contrast, Raysut Cement continued to struggle and saw a dramatic reduction in its financial performance, with its return-on-equity ratio dropping to its extreme lowest -1527.94% in 2022 before it had a slight recovery to -79.78% in 2023. This huge decrease can potentially showcase in-depth issues within the enterprise itself, market conditions, or its ability to generate profit on its shareholders' equity.

4.5 Efficiency ratios

Asset turnover ratio

$$\frac{Revenue}{Total\ Assets} \times 100$$

4.5.1 Efficiency ratios calculations

Oman Cement Company	Raysut Cement Company

Table 6: Oman Cement and Raysut Cement efficiency ratios

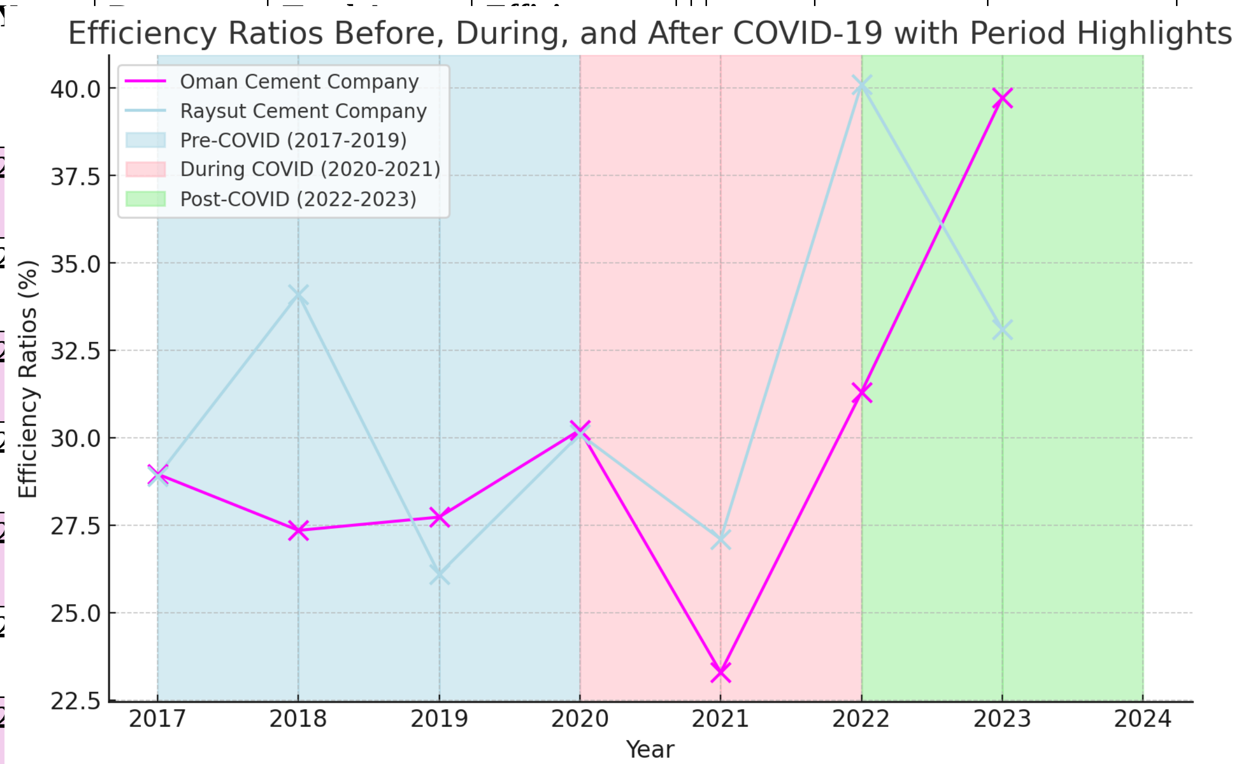

Figure 5: Efficiency comparison (20217-2023)

In the above graph, it can be noticed that in the period prior to the novel pandemic of COVID-19, Oman Cement maintained a stable efficiency ratio that started at 28.96% in 2017 and then slightly decreased to 27.73% in 2019, possibly indicating good asset management and revenue generation related to the enterprise asset base size. On the other hand, Raysut showed a volatile trend, starting with 28.9% in 2017 then quickly peeking to 34.1% in 2018 to drastically drop to 26.1% in 2019. The peak in 2018 can be translated to increased revenue due to good market conditions and better operation control, whereas the drop in 2019 translates to market challenges or potential operation challenges caused by the beginning of the pandemic.

During COVID-19, Oman Cement Company's efficiency ratio increased to 30.22% in 2020 but dropped to 23.29% in 2021. The initial increase can potentially be related to strategies adaptation like cost and management adjustment in response to the novel pandemic of COVID-19. Whereas the second decline in 2021 might showcase the lingering novel pandemic of COVID-19 effect like the reduced demands that disrupted the market and supply chain. Similarly, Raysut

Cement's efficiency ratio improved to 30.1% in 2020 by quickly dropping to 27.1% in 2021, suggesting that the enterprise also temporarily optimized its operation at the beginning of the pandemic but failed to face the challenges as the pandemic continued.

The post-COVID-19 pandemic showcased a strong recovery for Oman Cement, with its efficiency ratio increasing to 31.3% in 2022 and then significantly increasing to 39.73% in 2023. This could be related to the rebound in the market demand after the novel pandemic of COVID-19 and economic recovery. When it comes to Raysut's efficiency ratio post-COVID-19, it peaked at 40.1% in 2022 and then significantly decreased to 33.1% in 2023. The 40.1% peek during 2022 was recorded as the highest in the observed period, showcasing an expectational effective use of assets or increased revenue streams. The decline is represented as an adjustment after the peak period.

4.6 Liquidity ratios

Current ratio

$$\frac{Current\ Assets}{Current\ liabilities}$$

Oman Cement Company	**Raysut Cement Company**

Table 7: Oman Cement and Raysut Cement Current Ratio

Years	Current Assets	Current Liabilities	Current Ratio
2017	44,921,823	16,602,335	2.71%
2018	41,857,092	14,088,552	2.97%
2019	43,251,288	13,634,122	3.17%
2020	56,827,026	9,578,970	5.93%
2021	97,807,970	44,137,627	2.22%
2022	116,663,860	54,233,626	2.15%
2023	80,559,007	10,761,229	7.49%

Years	Current Assets	Current Liabilities	Current Ratio
2017	41,541,374	17,216,865	2.41
2018	53,520,476	25,062,513	2.31
2019	57,166,684	49,167,373	1.16
2020	47,919,315	55,241,314	0.87
2021	45,927,353	48,342,383	0.95
2022	17,113,770	61,264,841	0.28
2023	21,450,892	62,942,369	0.34

4.6.1 Graph and comparison

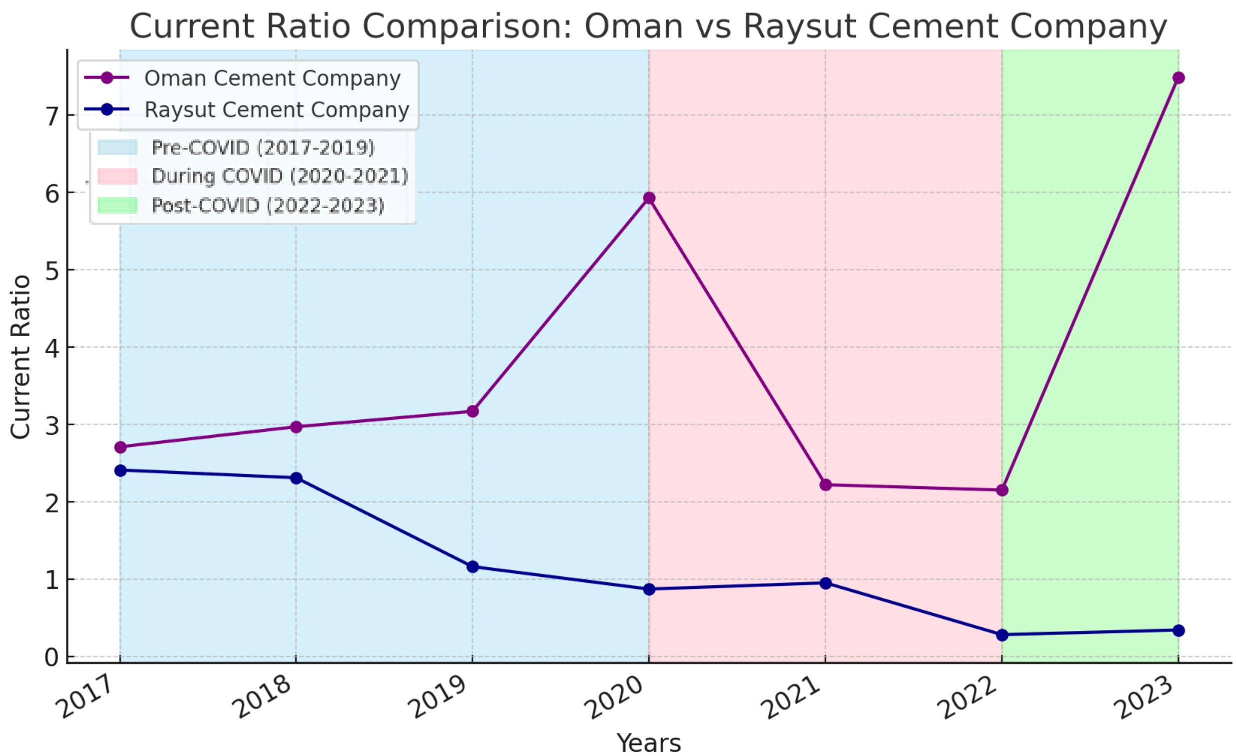

Figure 6:Current ratio comparison (20217-2023)

As shown in the above graph, during the pre-pandemic period, Oman Cement showcased a stable and increased current ratio, beginning in 2017 at 2.71 and peaking at 5.93% in 2020. This demonstrates the enterprise's capability of covering its short-term liabilities with its short-term assets, demonstrating financial stability and resilience. On the other hand, Raysut Cement Company showcased fluctuation followed by a downward trend from 2.41% in 2017 to 0.87% in 2020. This showcases financial stress and higher short-term liabilities compared to assets.

During the pandemic, both enterprises showcased a decrease in current ratios. Oman Cement's current ratio went from 5.93% in 2020 to 2.22% in 2021. On the other hand, Raysut Cement also continued to experience a downward trend, with its ratio drastically dropping to 0.95% in 2021. The decrease in ratios for both enterprises can be translated to the economic disruptions and reduced sales caused by COVID-19.

After the pandemic, Oman Cement demonstrated a significant recovery, with its current ratio increasing to 7.49% in 2023. This rebound is supposedly due to effective management strategies in overcoming the novel pandemic of COVID-19. However, Raysut Cement Company did not recover similarly, as its current ratio remained extremely low at 0.34% in 2023, signifying the ongoing liquidity issues and financial challenges.

4.7 Revenue Growth

$$\frac{Current\ Year\ Revenue - previous\ year\ revenue}{Previous\ year\ revenue}$$

4.7.1 Revenue growth calculation

Oman Cement Company

Years	**Current year revenue**	**Previous year revenue**	**Revenue growth**
2017	57,548,487	56,603,802	1.67%
2018	50,809,483	57,548,487	-11.7%
2019	48,129,376	50,809,483	-5.27%
2020	50,143,753	48,129,376	4.19%
2021	46,943,779	50,143,753	-6.38%
2022	66,694,959	46,943,779	42.07%
2023	68,426,035	66,694,959	2.5%

Table 8: Oman Cement Revenue growth

Raysut Cement Company

Years	Current year revenue	Previous year revenue	Revenue growth
2017	49,887,277	65,797,306	-0.24%
2018	62,120,438	49,887,277	0.25%
2019	60,333,591	62,120,438	-0.03%
2020	60,782,612	60,333,591	0.01%
2021	51,647,070	60,782,612	-0.15%
2022	45,363,346	51,647,070	-0.12%
2023	37,466,578	45,363,346	-0.17%

Table 9: Raysut Cement revenue growth

4.7.2 Graph and comparison

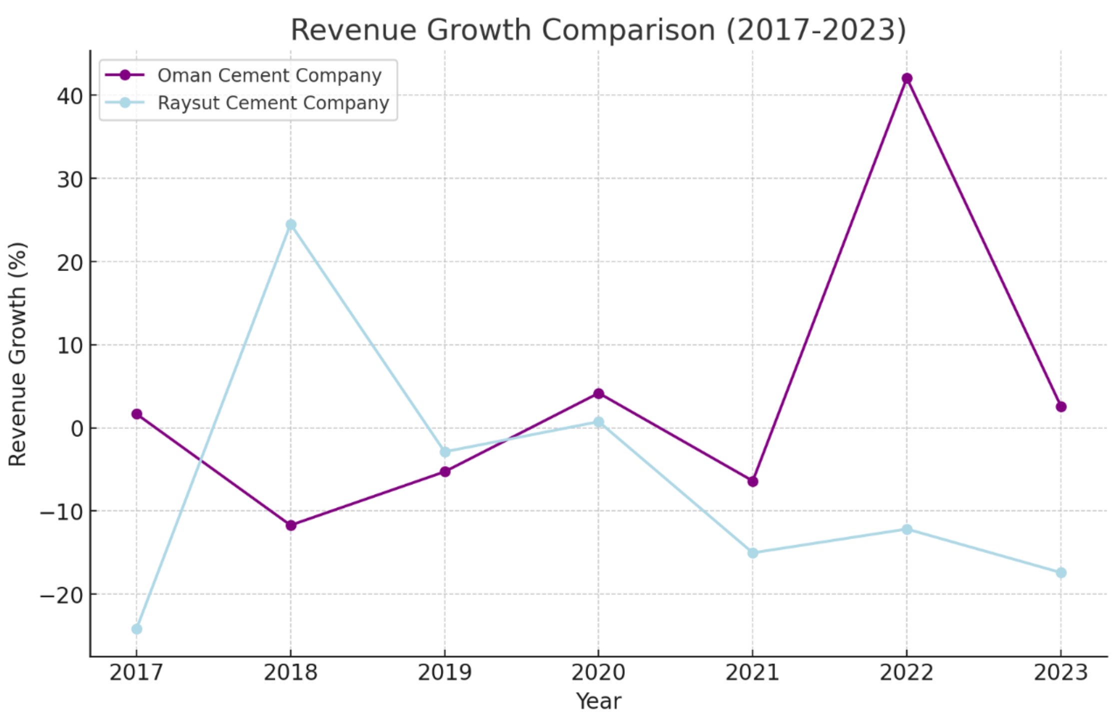

Figure 7:Revenue growth comparison (20217-2023)

The above graph showcases the revenue growth of both Oman Cement and Raysut Cement Company from 2017 to 2023. Oman Cement demonstrated continuous fluctuating revenue growth over the years, with a significant peak of 42.07% in 2022, indicating a strong recovery. However, it quickly decreased to 2.5% in 2023.

Raysut Cement Company, on the other hand, demonstrated generally negative or declining revenue over the same period. Enterprise revenue mostly remained negative except in 2018, when it was slightly above zero. The company continued to face a decline, with a -0.17% ratio in 2023.

This demonstrates that Oman Cement Company's revenue growth is more volatile with ups and downs whereas Raysut Cement Company's ratios are a declining trend. Additionally, Oman Cement showcased a better recovery from the novel pandemic of COVID-19 potentially in 2022 as opposed to Raysut Cement, which showed a constant decline over the years.

4.8 Overall ratio analysis comparison

Oman Cement Company

Year	**Debt to Equity Ratio**	**Net Profit Margin**	**ROE**	**Revenue Growth**	**Current Ratio**	**Efficiency Ratios**	**Gross Profit**	**Operating Income**	**Net Profit**
2017	23.51%	4.83%	5.97%	1.67%	2.71	28.96%	25.72%	18.88%	16.67%
2018	19.24%	3.94%	4.7%	-11.7%	2.97	27.35%	21.83%	13.76%	14.40%
2019	17%	2.31%	2.71%	-5.27%	3.17	27.73%	13.21%	5.98%	8.34%
2020	12.97%	3.12%	3.53%	4.19%	5.93	30.22%	17.02%	10.74%	10.34%
2021	36.19%	2.20%	3%	-6.38%	2.22	23.29%	16.11%	8.34%	9.47%

2022	42.28%	2.37%	3.37%	42.07%	2.15	31.3%	13.92%	8.11%	7.56%
2023	12.96%	3.49%	3.94%	2.5%	7.49	39.73%	11.91%	5.68%	8.77%

Table 10: Oman Cement overall ratios

Raysut Cement Company

Year	Debt to Equity Ratio	Net Profit Margin	ROE	Revenue Growth	Current Ratio	Efficiency Ratios	Gross Profit	Operating Income	Net Profit
2017	28.89%	3.63%	4.68%	-0.24%	2.41	28.9%	26.86%	9.33%	12.57%
2018	38.12%	2.01%	2.77%	0.25%	2.31	34.1%	20.61%	3.73%	5.87%
2019	78.53%	0.08%	0.14%	-0.03%	1.16	26.1%	21.73%	5.79%	0.31%
2020	79.1%	-8.19%	-14.67%	0.01%	0.87	30.1%	10.31%	-23.74%	-27.22%
2021	90.36%	-6.8%	-12.94%	-0.15%	0.95	27.1%	20.63%	-20.78%	-25.02%
2022	1740.78%	-83.27%	-1527.94%	-0.12%	0.28	40.1%	9.83%	-87.26%	-206.57%
2023	3219.29%	-2.4%	-79.78%	-0.17%	0.34	33.1%	26.40%	5.54%	-7.27%

Table 11: Raysut Cement overall ratios.

The two tables showcase specific financial metrics from prior calculations of Oman Cement Company and Raysut Cement Company from 2017 to 2023, identifying different puzzling or unexpected results. Here are a few notable observations:

1. Debt-to-equity ratio
    - Oman Cement Company continuously maintains a more stable and lower debt-to-equity ratio, which peaked at 42.28% in 2022 and dropped to 12.96% in 2023.
    - Raysut Cement Company: The debt-to-equity ratio has been continuously high and increasing, peaking in 2023 at 3219.29%. This extreme increase started in 2022 and implies severe financial challenges, as debts are higher than equity.

2. Net profit Margin
    - Oman Cement Company: showcases a stable net profit margin with fluctuations within the normal considered range.
    - Raysut Cement Company: It illustrated dramatic changes in its net profit margin, including negative trends from 2020 onwards, peaking at -83.27% in 2022, which is highly unusual and showcases operational or financial issues possibly made worse by the pandemic.
3. Return on Equity (ROE)
    - Oman Cement Company: the return on equity ratio showcased an adequate positive fluctuation, illustrating a stable return on shareholder investment.
    - Raysut Cement Company showcased negative return on equity ratios from 2020, with its lowest market at -1527.94% in 2022. This illustrates the fact that the enterprise is not able to generate enough profits to cover its equity.

4. Current ratios
    - Omen Cement Company upholds a healthy current ratio, peaking at 7.49 in 2023, illustrating good temporary financial health.
    - Raysut Cement Company illustrates a declining trend in the current ratio, attaining its lowest at 0.34 in 2023. This highlights possible liquidity issues and difficulties in covering short-term debts.
5. Efficiency ratios
    - Oman Cement Company: illustrated an increasing efficiency ratio, showcasing improved assets use over time.
    - Raysut Cement Company: Despite reaching a peak in 2022, efficiency ratios continuously decrease, suggesting variability in the ways the enterprise uses its assets to generate revenue.

4.9 Vertical Analysis

For each item, the formula will be:

$$Percentage: \frac{Item\ Value}{Base\ figure} \times 100$$

4.9.1 Oman Cement Company

Year	Revenue (RO)	Costs of Sales (RO)	Gross profit (RO)	Expenses (RO)	Operating Income (RO)	Net profit (RO)
2017	57,548,487	-42,744,980	14,803,507	-3,939,451	10,864,056	9,591,853
2018	50,809,483	-39,717,396	11,092,087	-4,101,222	6,990,865	7,314,603
2019	48,129,376	-41,773,233	6,356,143	-3,478,595	2,877,548	4,013,112
2020	50,143,753	-41,539,257	8,5604,496	-3,218,274	5,386,222	5,182,766
2021	46,943,779	-39,381,372	7,562,407	-3.646,429	3,915,978	4,446,592
2022	66,694,959	-57,411,074	9,283,885	-3,865,320	5,406,598	5,040,290
2023	68,426,035	-60,275,683	8,150,352	-4,594,641	3,885,794	6,002,621

Table 12: Oman Cement vertical analysis metric

Below financial metrics computed in percentages from 2017 to 2023

Year	Revenue (RO)	Costs of Sales	Gross profit	Expenses	Operating Income	Net profit
2017	100%	74.28%	25.72%	-6.85%	18.88%	16.67%
2018	100%	78.17%	21.83%	-8.07%	13.76%	14.40%
2019	100%	86.79%	13.21%	-7.23%	5.98%	8.34%

2020	100%	82.98%	17.02%	-6.42%	10.74%	10.34%
2021	100%	83.89%	16.11%	-7.77%	8.34%	9.47%
2022	100%	86.08%	13.92%	-5.80%	8.11%	7.56%
2023	100%	88.09%	11.91%	-6.71%	5.68%	8.77%

Table 13: Oman Cement vertical analysis calculations

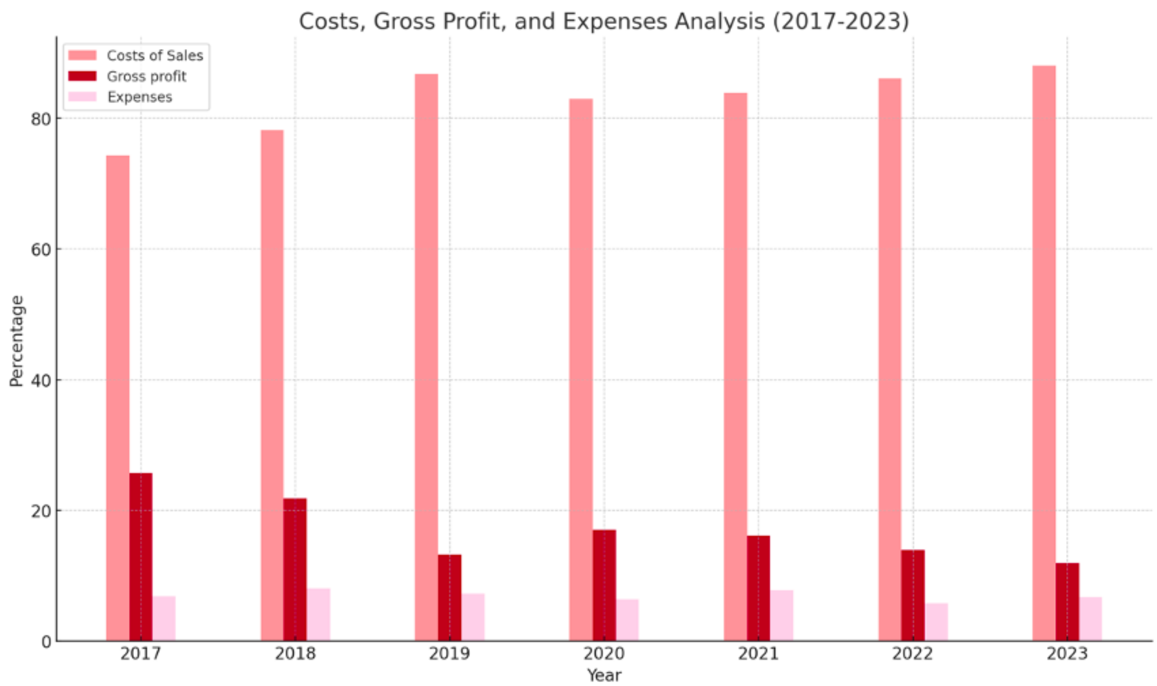

Figure 8: Oman Cement vertical analysis.

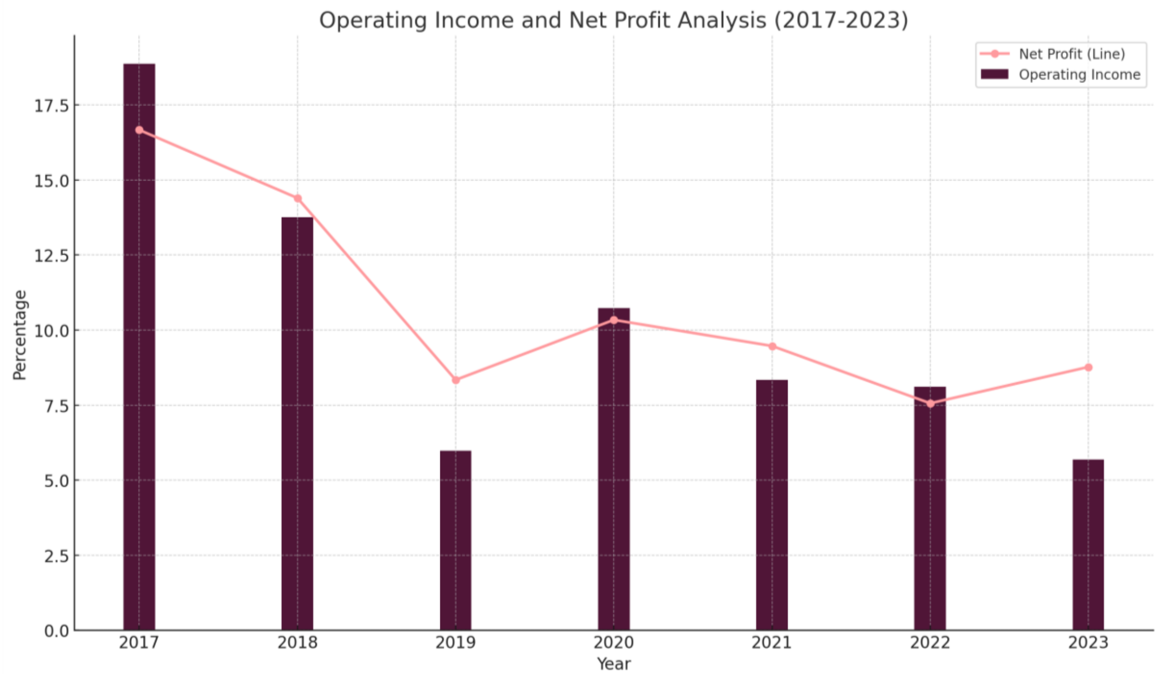

Figure 9: Oman Cement vertical analysis.

The above two graphs provide a detailed visual analysis of Oman Cement Company's financial metrics from 2017 to 2023 with the following breakdown for each component:

Cost, gross profit, and expenses analysis

1. Costs of Sales: This metric is consistently the highest among the three, showing a gradual increase over the years, particularly spiking in 2022 and 2023. Starting from 74.28% in 2017 to 88.09% in 2023, indicating a rising cost pressure on Oman Cement Company. The higher costs can also indicate factors such as an increase in raw material prices, production costs, and other increases in productivity costs.

2. Declining gross profit: As shown in the trend analysis, rising sales costs are accompanied by a decreasing gross profit margin, which declined from 25.72% in 2017 to 11.91% in 2023. This reduction can reflect Oman Cement's inability to surpass customer costs due to market conditions or consumers' price sensitivity.

3. Expenses: They are slightly stable as a revenue percentage, showcasing consistent administrative and operational spending. The fluctuation represented in the graph could potentially be related to variable costs or controlled expenses.

Operating Income and Net Profit Analysis

1. Operating Income: showcases significant variability, starting with a peak in 2017, then a sharp decline in 2019, marked by a slight recovery in 2020, and then a fluctuation. This pattern suggests that the company may have faced operational challenges, possibly adjusting to market conditions or internal efficiencies.

1. Net Profit: Net profit margin fluctuations: The net profit margin has generally fluctuated from 2017 to 2023, beginning with 16.67% in 2017, 7.56% in 2022, and then an increase to 8.77% in 2023. The variations can be influenced by financing costs, operating and non-operating incomes, and other expenses in each individual year.

Trend analysis observation:

1. Operating income and net profit are clearly colored, describing a similar trend between the two metrics that are heavily influenced by the ways Oman Cement manages its costs.
2. Despite the fluctuating profit, Oman Cement faced stable expenses, signifying a firm cost structure that perhaps does not quickly adapt to revenue changes affecting profitability.
3. The vertical analysis shows that the increasing cost of sales can continue compressing profit margins if not measured in the upcoming years.

4.9.2 Raysut Cement Company

Year	Revenue (RO)	Costs of Sales (RO)	Gross profit (RO)	Expenses (RO)	Operating Income (RO)	Net profit (RO)
2017	49,887,277	36,475,558	13,411,719	3,970,691	4,656,247	6,270,125
2018	62,120,438	49,325,115	12,795,323	4,552,177	2,315,046	3,647,820
2019	60,333,591	47,220,534	13,113,057	6,543,601	3,492,485	184,825
2020	60,782,612	54,516,613	6,265,999	13,120,699	-14,428,496	-16,545,682
2021	51,647,070	40,992,340	10,654,730	17,220,573	-10,730,88	-12,924,988
2022	45,363,346	40,905,059	4,458,287	34,599,635	-39,582,442	-93,761,468
2023	37,466,578	27,562,820	9,903,758	6,166,469	2,075,065	-2,723,227

Table 14: Raysut Cement vertical analysis metrics.

Year	Revenue (RO)	Costs of Sales (RO)	Gross profit (RO)	Expenses (RO)	Operating Income (RO)	Net profit (RO)
2017	100%	73.12%	26.86%	7.96%	9.33%	12.57%
2018	100%	79.40%	20.61%	7.33%	3.73%	5.87%
2019	100%	78.29%	21.73%	10.86%	5.79%	0.31%
2020	100%	89.69%	10.31%	21.62%	-23.74%	-27.22%
2021	100%	79.38%	20.63%	33.37%	-20.78%	-25.02%
2022	100%	90.19%	9.83%	76.29%	-87.26%	-206.57%
2023	100%	73.55%	26.40%	16.45%	5.54%	-7.27%

Table 15: Raysut Cement vertical analysis calculations.

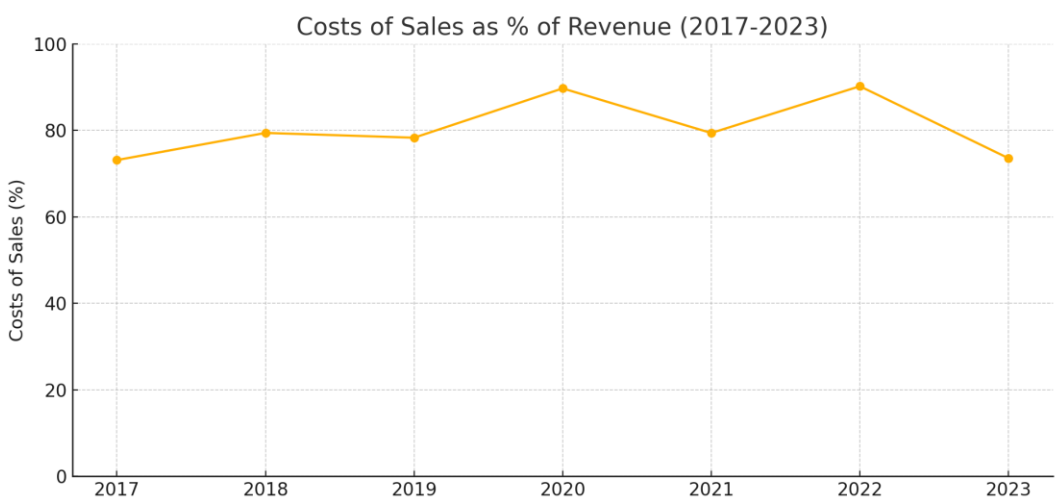

Figure 10: Raysut Cost of sales as % revenue.

Costs of Sales as % of Revenue: This graph shows the proportion of revenue that was consumed by the cost of sales each year, highlighting its lowest in 2017 at 73.12% followed by fluctuations, suggesting changes in cost efficiency or sales volume. The Costs of Sales for Raysut Cement Company show significant fluctuations over the years. Initially, the cost was at

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its lowest and then gradually increasing, peaking dramatically in 2022 at 90.19%. This could be attributed to varying raw material prices, changes in production efficiency, or shifts in the company's production capacity or strategy.

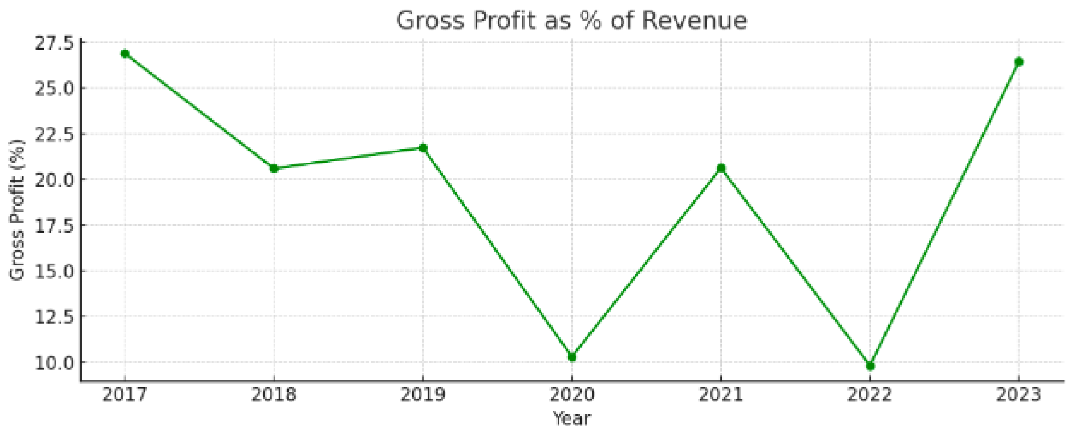

Figure 11: Raysut Vertical analysis gross profit revenue.

Gross Profit as % of Revenue: Gross profit percentage depicts the proportion of revenue remaining after deducting the cost of goods sold. The graph shows variability over the years, with noticeable lows in 2020 and 2022.The highest gross profit percentage was in 2017, with 26.86%, and the lowest was in 2022, with 9.83%. As shown in the graph, the years 2020 and 2022 were very challenging, as the gross profit percentage of revenue was 10.31% and 9.83%, showcasing an increased cost of sales or a decrease in revenue.

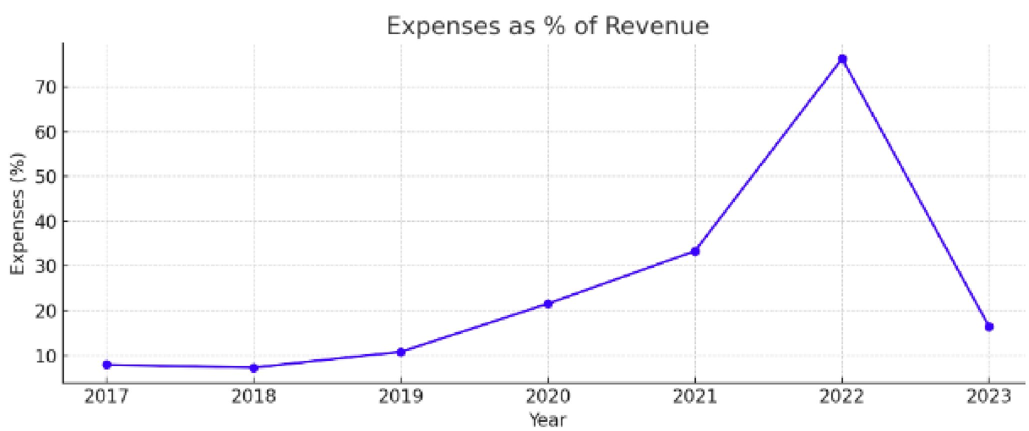

Figure 12: Raysut Vertical analysis expenses as % revenue.

Expenses as % of Revenue: This chart tracks the company's operating expenses relative to revenue, illustrating a troubling increase in 2022 of 76.29%, which might indicate rising costs not aligned with revenue increases. The lowest expenses in relation to revenue were recorded in 2018, at 7.33%.

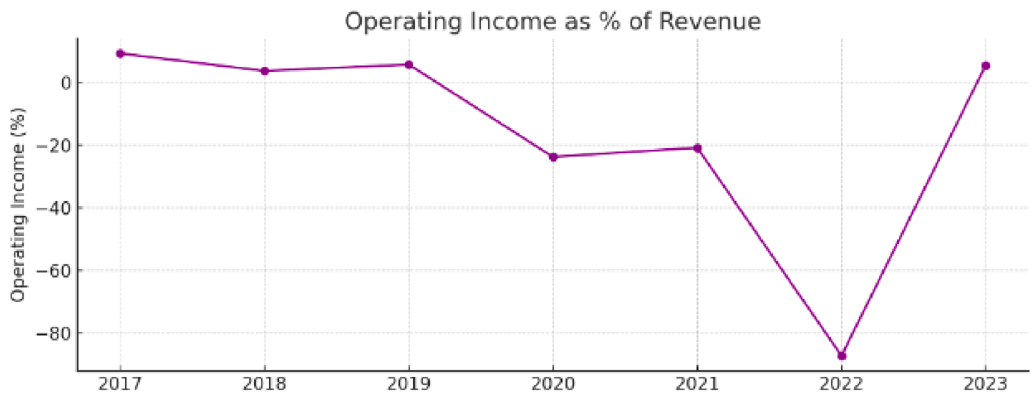

Figure 13: Raysut Vertical analysis operating income as % revenue.

Operating Income as % of Revenue: This metric indicates profitability from regular operations, disregarding non-operating influences. The highest value was recorded in 2017, at 9.33%, and the lowest in 2022, at -87.26%. The negative value can possibly be due to operational challenges leading to losses.

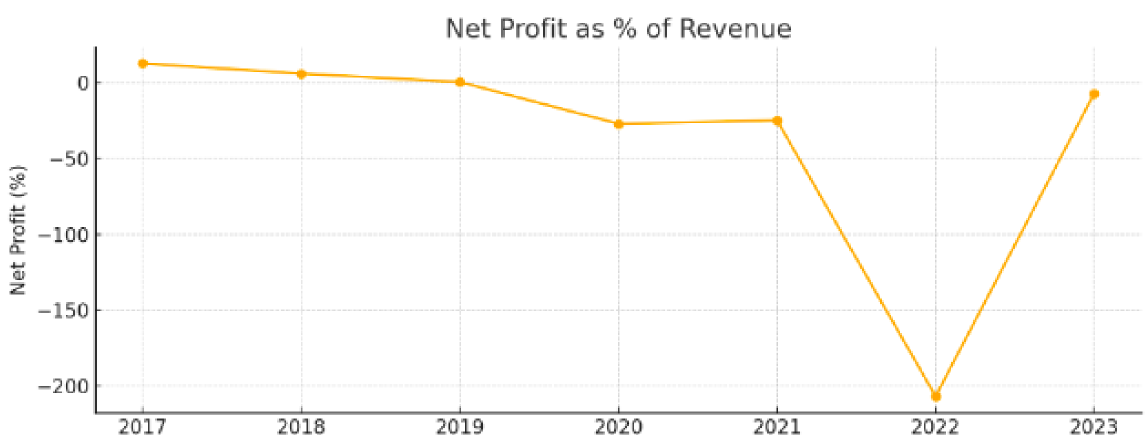

Figure 14: Raysut Vertical analysis net profit as % revenue.

Net Profit as % of Revenue: Finally, the net profit graph reveals the bottom line as a percentage of revenue, highlighting the impact of all factors, including financial costs and taxes. The highest point was recorded in 2017 with 12.57% and the lowest in 2022 with (-206.57%) showcasing extreme financial challenges.

4.9.3 Vertical analysis comparison

4.9.3.1 Gross profit (2017-2023)

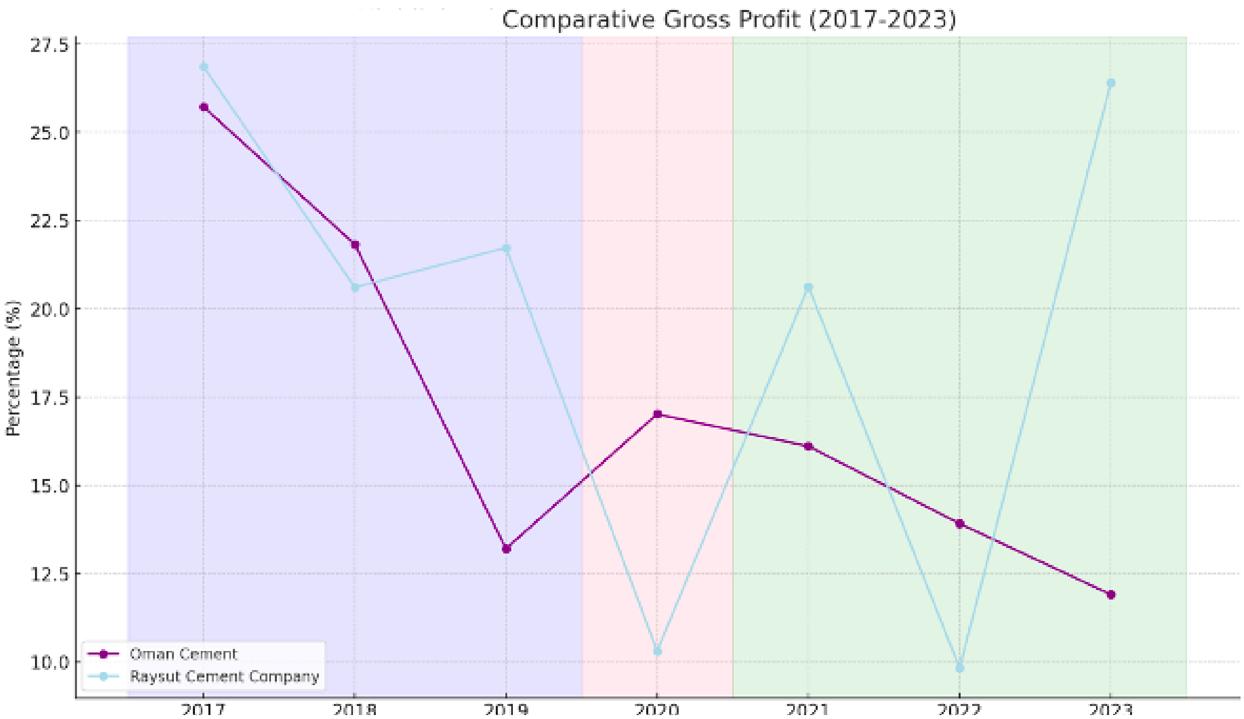

Figure 15: Vertical analysis comparison.

Pre-COVID-19 (2017-2019)

According to the above graph, Oman Cement continuously maintained stable gross profit margins from 25.72% in 2017 to 13.21% in 2019, signifying a downward trend prior to the pandemic.

On the other hand, Raysut Cement Company started the year 2017 with 26.86%, which dropped to 20.61% in 2018 and slightly increased to 21.73% in 2019, also signifying a downward trend. However, it is more stable than Oman Cement Company.

During COVID (2020):

During this time, it can be noticed that Oman Cement showcased resilience towards the pandemic and compared to previous years, as its gross profit margin in 2020 was 17.02%. On the other hand, Raysut Cement suffered an extreme drop from 21.73% in 2019 to 10.31% in 2020, showcasing a severe impact from the novel COVID-19 pandemic.

Post-COVID (2021- 2023)

Oman Cement continued to decrease after the novel COVID-19 pandemic, reaching 16.11% in 2021 and continuing to 11.91% in 2023. On the other hand, Raysut Cement showed a quick recovery, reaching 20.63% in 2021; however, it drastically dropped to 9.83% in 2022 and recovered again to 26.4% in 2023.

4.9.3.2 Operating income

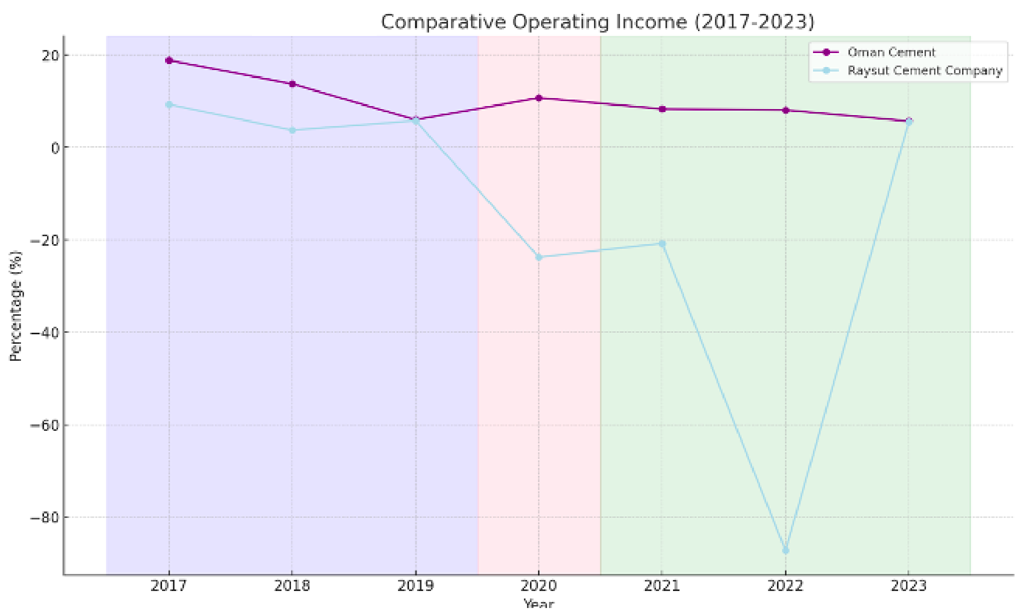

Figure 16: Vertical analysis comparison.

Pre-COVID-19 (2017-2019)

Prior to the novel COVID-19 pandemic, Oman Cement's operating income declined from 18.88% in 2017 to 5.98% in 2019. On the other hand, Raysut Cement Company's decrease started at 9.33% in 2017 and ended at 5.79% in 2019, starting and ending lower than Oman Cement Company.

During COVID-19 (2020)

During the novel COVID-19 pandemic, the operating income of Oman Cement Company went from 5.79% to 10.74% in 2020, showcasing a recovery. However, during the novel COVID-19 pandemic, Raysut Cement faced challenges, which are demonstrated in its operating income drastically dropping to -23.74%.

Post-COVID (2021- 2023)

After the novel COVID-19 pandemic, Oman Cement recorded a decline in 2021 to 8.34%, which continued to 2023 with 5.68%. On the other hand, Raysut Cement did not recover from the pandemic and continued to struggle with -20.78% in 2021. It continued to suffer drastically to 2022 with -87.26%, only to have a small recovery of 5.54% in 2023.

4.9.3.3 Net profit

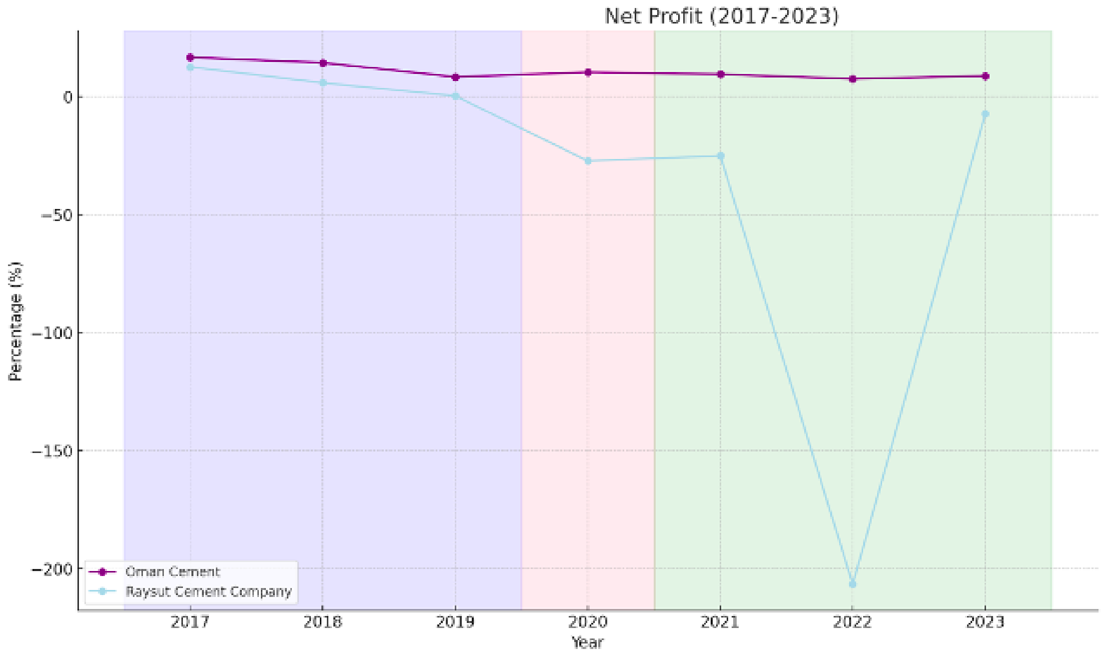

Figure 17: Vertical analysis comparison.

Pre-COVID-19 (2017-2019)

Prior to the novel COVID-19 pandemic, Oman Cement's net profit decreased from 16.67% in 2017 to 8.34% in 2019.On the other hand, Raysut Company started high at 12.57% in 2017 but drastically dropped to 0.31% in 2019.

During COVID-19 (2020)

During the novel COVID-19 pandemic, Oman Cement's net profit was 10.34% in 2020, showing better resilience than Raysut Cement's net profit of -27.22%, which signified a financial crisis.

Post-COVID (2021- 2023)

After the novel COVID-19 pandemic, Oman Cement recorded a slight continuous decrease from 9.47% in 2021 to 8.77% in 2023. On the other hand, Raysut Cement faced a huge loss from -25.02% in 2021 to -206.57% in 2022. Then, the net profit slightly improved to -7.27% in 2023.

4.10 Horizontal analysis

Base year = 2017

Change = Revenue (year) – Base revenue 2017

$$Percentage\colon \frac{Change}{Base\ figure\ (2017)} \times 100$$

4.10.1 Oman Cement Company

Year	Revenue	Net profit	Liabilities	Equity
2017	57,548,487	9,591,853	37,830,855	160,879,912
2018	50,809,483	7,314,603	29,973,607	155,792,652
2019	48,129,376	4,013,112	25,251,865	148,319,315
2020	50,143,753	5,182,766	19,046,535	146,884,627
2021	46,943,779	4,446,592	53,563,143	148,022,494
2022	66,694,959	5,040,290	63,322,903	149,754,059
2023	68,426,035	6,002,621	19,764,523	152,447,955

Table 16: Oman Cement horizontal analysis metrics

Year	Revenue Change (RO)	Revenue change (%)	Net profit Change (RO	Net profit Change (%)	Total Liabilities Change (RO)	Total Liabilities Change (%)	Total Equity Change (RO)	Total Equity Change (%)
2017	0	0%	0	0%	0	0%	0	0%
2018	-6,739,004	-11.71%	-2,277,250	-23.74%	-7,857,248	-20.77%	-5,087,260	-3.16%
2019	-9,419,111	-16.37%	-5,578,741	-58.16%	-12,578,990	-33.25%	-12,560,597	-7.81%
2020	-7,404,734	-12.87%	-4,409,087	-45.97%	-18,784,320	-49.65%	-13,995,285	-8.70%
2021	-10,604,708	-18.43%	-5,145,261	-53.64%	15,732,288	41.59%	-12,857,418	-7.99%
2022	9,146,472	15.89%	-4,551,563	-47.45%	25,492,048	67.38%	-11,125,853	-6.92%
2023	10,877,548	18.90%	-3,589,232	-37.42%	-18,066,332	-47.76%	-8,431,957	-5.24%

Table 17: Oman Cement horizontal analysis calculations

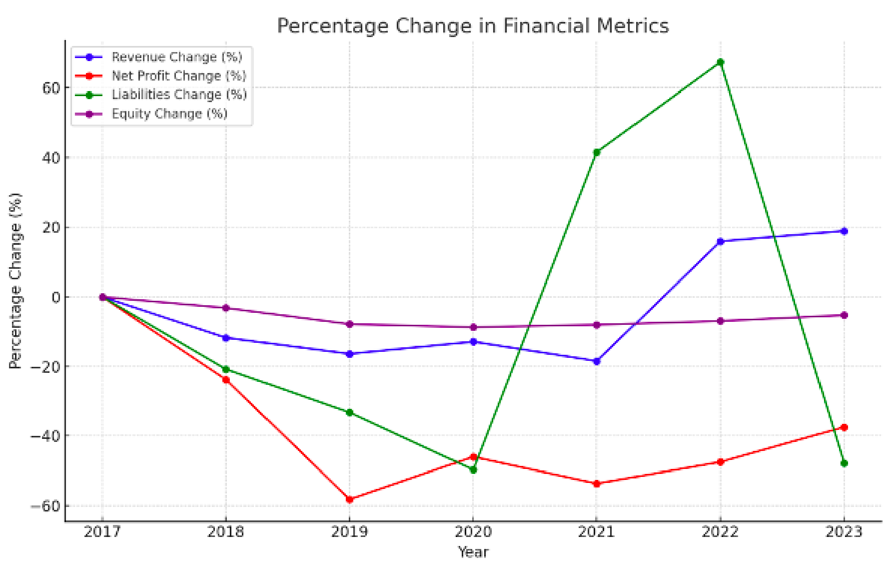

Figure 18: Oman Cement horizontal analysis.

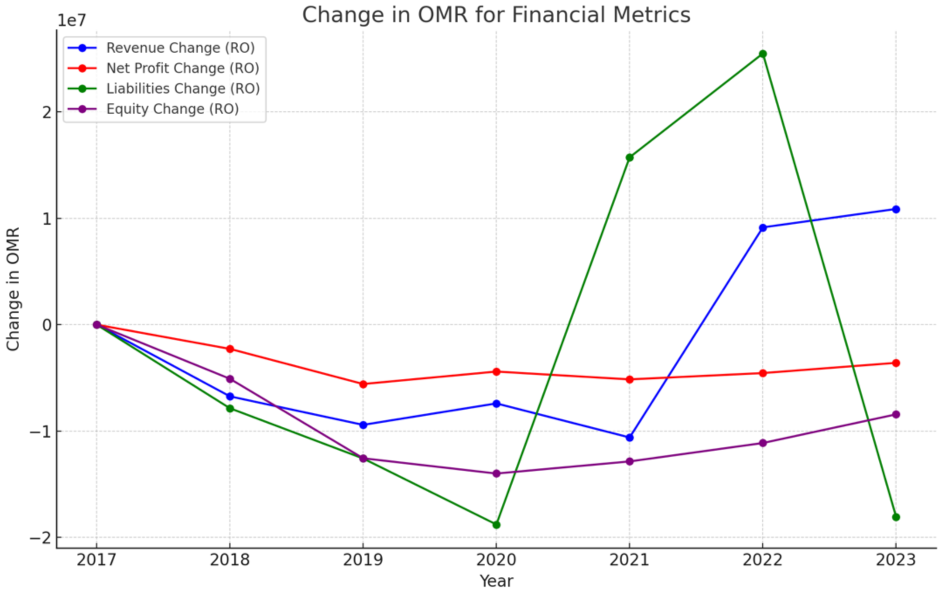

Figure 19: Oman Cement horizontal analysis.

The above two graphs show percentage changes and changes in OMR of Oman Cement Company from 2017-2023

- The revenue percentage hit its lowest in 2021 at -18.43% or -10,604,708 OMR reflecting a challenging market due to economic downturn such as the novel pandemic of COVID-19 and quickly had a rebound din 2022 and 2023 with its highest peak being 18.90% or 10,877,548 OMR in 2023 possibly due to market expansion, COVID-19 recovery that led to improved sales and favorable market conditions.

- The lowest net profit changes were recorded in 2019 at -58,16% or -5,578,741 OMR which can be related to the beginning of the challenging economic and market condition that will later be related to COVID-10 and increased costs. The highest point of net profit was recorded in 2021 at -37.42% or -18,066,332, illustrating a continuous recovery period possibility due to the market challenges caused by the pandemic.

- The lowest liabilities point was recorded during the pandemic, in 2020 at -49.65% or -18,784,320 possibly related to the enterprise trying to resist the pandemic and reduce its debt burden. On the other hand, the peak was in 2022 at 67.38% indicating that the company has the highest debts during the study period possibly due to the pandemic recovery, new financial obligations, and investments.

- The lowest equity was recorded in the pandemic of covid-19, in 2020 at -8.7% or -13,995,285 possibly related to increases losses and reduced equity as well as increase in debts. Like the net profit, the equity did not have a positive change during the study period. However, the highest point was recorded in 2023 at 5.24%, illustrating a stabilization in the enterprise's equity and less losses than before.

4.10.2 Raysut Cement Company

Base year = 2017

Change = Revenue (year) – Base revenue 2017

$$Percentage: \frac{Change}{Base\ figure\ (2017)} \times 100$$

Year	Revenue	Net profit	Liabilities	Equity
2017	49,887,277	6,270,125	38,682,218	133,899,319
2018	62,120,438	3,647,820	50,196,797	131,683,711
2019	60,333,591	184,825	101,593,412	129,368,596
2020	60,782,612	-16,545,682	89,281,745	112,822,914
2021	51,647,070	-12,924,988	90,263,178	99,879,926
2022	45,363,346	-93,761,468	106,822,655	6,136,458
2023	37,466,578	-2,723,227	109,881,892	3,413,231

Table 18: Raysut Cement vertical horizontal metrics.

Year	Revenue Change (RO)	Revenue Change (%)	Net Profit Change (RO)	Net Profit Change (%)	Total Liabilities Change (RO)	Total Liabilities Change (%)	Total Equity Change (RO)	Total Equity Change (%)
2017	0	0%	0	0%	0	0%	0	0%
2018	12,233,161	24.52%	-2,622,305	-41.82%	11,514,579	29.77%	-2,215,608	-1.65%
2019	10,446,314	20.94%	-6,085,300	-97.05%	62,911,194	162.64%	-4,530,723	-3.38%
2020	10,895,335	21.84%	-22,815,807	-363.88%	50,599,527	130.81%	-21,076,405	-15.74%
2021	1,759,793	3.53%	-19,195,113	-306.14%	51,580,960	133.35%	-34,019,393	-25.41%
2022	-4,523,931	-9.07%	-100,031,593	-1595.37%	68,140,437	176.15%	-127,762,861	-95.42%
2023	-12,420,699	-24.90%	-8,993,352	-143.43%	71,199,674	184.06%	-130,486,088	-97.45%

Table 19: Raysut Cement horizontal analysis calculation.

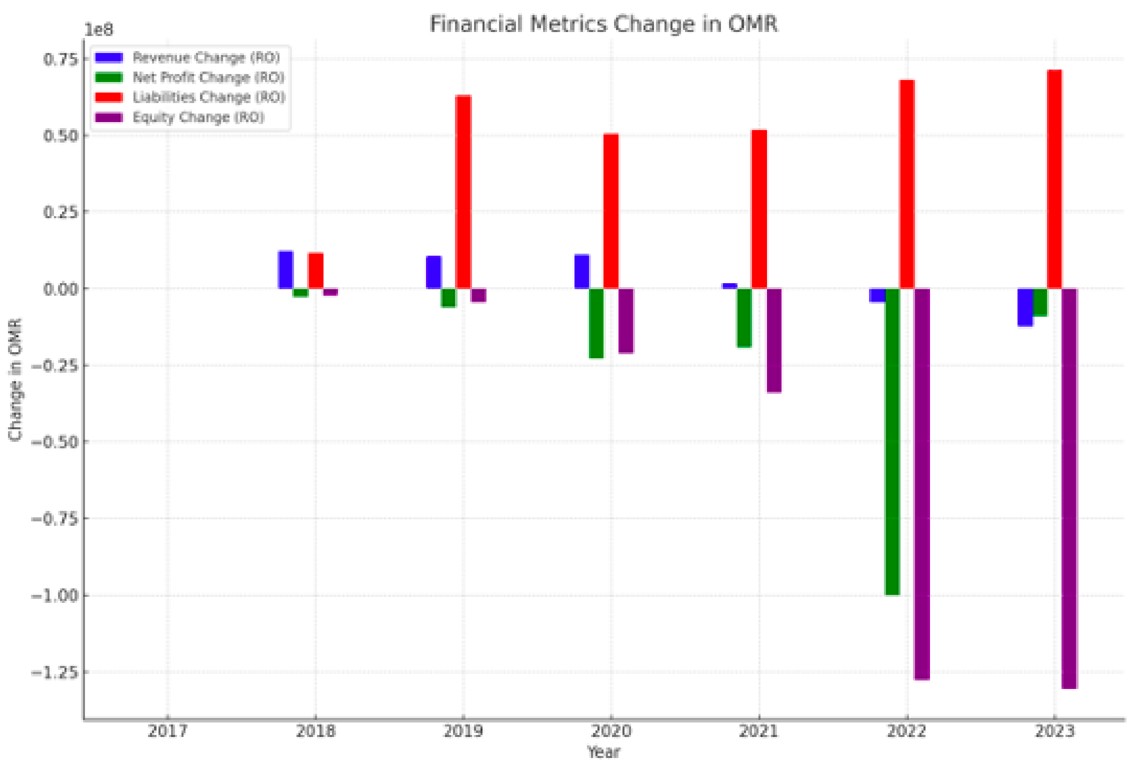

Figure 20: Raysut Cement horizontal analysis.

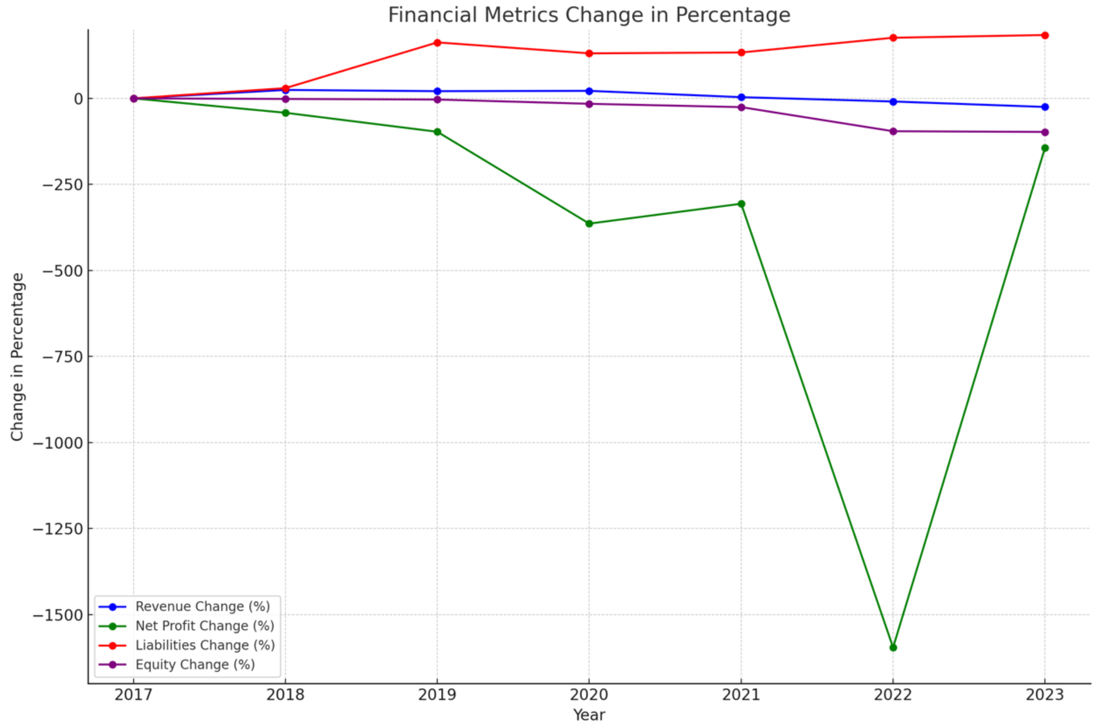

Figure 21: Raysut Cement horizontal analysis

The above graphs showcase the horizontal analysis of revenue, net profit, liabilities, and equity in percentages and Omani Rials.

- The highest revenue recorded for Oman Cement Company was in 2020, at 21.84% or 10,895,355 OMR, suggesting good marketing strategies. The lowest point was recorded in 2023, at -24.90% or -12,420,699, which could be due to various factors such as increased competition, economic recovery, and operational challenges.

- The Net profit of Raysut Cement company's highest point was recorded in 2017 at -41.82% or -2,662,305 the base year, then drastically reduced its lowest in 2022 with losses going beyond 100 million OMR at a percentage of 1595%.

- The highest liabilities percentage was recorded in 2023, at 184.06% or 71.2 million OMR, illustrating the heavy debt reliance for financial support and financial growth financed by debt rather than equity. The lowest record was during the base year, 2017, at 29.77%.

- The highest equity, recorded during the base year in 2017 at -1.65%, before the equity continuously declined and hit its lowest point in 2023 at -97.4% or -130,486,088 OMR, illustrated poor equity funding, illustrated by failure to raise capital through equity markets.

4.10.3 Horizontal analysis comparison

Pre-COVID-19 (2017- 2019)

- Oman Cement showcased a continuous decline in revenue from 2017 to 2019, with its lowest at -16.3% in 2019, prior to the pandemic. The net profit also saw a sharp decrease of -58.16% in the same year, illustrating a challenging economic environment prior to the pandemic.
- Prior to the pandemic, Raysut Cement showcased an increase in revenue in 2018, but it quickly dropped near zero in 2019, illustrating challenging profitability issues before COVID-19, possibly related to decreasing demand.

During COVID-19 (2020)

- Oman Cement witnessed a slight increase in revenue during the pandemic, but liabilities quickly spiked in 2021, primarily due to an increase in borrowing to recover from the pandemic.
- Raysut Cement's revenue was somewhat stable during the pandemic before quickly dropping in 2021 and becoming negative, possibly due to its heavy reliance on debt to manage the challenges caused by the pandemic.

Post-COVID-19 (2021-2023)

- Oman Cement experienced a rebound in revenue and an improvement in net profit. 2023 marked a reduction in liabilities, showcasing better debt management.
- Raysut Cement continued to struggle financially after COVID-19, especially in 2022, which was marked by huge losses that quickly improved in 2023, marking an ongoing post-pandemic recovery.

Overall, Oman Cement showcased fewer challenges and better resilience than Raysut Cement, which struggled to regain its financial footing. Oman Cement quickly recovered its debts compared to Raysut Cement. Based on their balance sheets, Raysut Cement showcased a continued increase in liabilities and a decrease in equity, possibly related to poor strategic responses to COVID-19 and economic pressure.

4.11 Summary Chapter

This chapter showcased the detailed financial calculations and analysis of both Oman Cement and Raysut Cement, highlighting the impact of the novel COVID-19 pandemic on the enterprise's financial performance. Key financial metrics such as solvency, efficiency, profitability, debt-to-equity, and other ratios were evaluated from 2017 to 2023 for both companies.

This chapter showcased that Oman Cement Company upheld better financial resilience during the novel COVID-19 pandemic, illustrated by its stable or continuously improving performance. On the other hand, Raysut Cement Company showcased more financial challenges, characterized by the enterprise's extreme increase in its debt-to-equity ratio and deterioration in both liquidity and profitability ratios.

The upcoming chapter aims to translate this chapter's data into clear findings. It will provide a clear conclusion and summary of the findings based on the analysis and the thesis objectives. The next chapter will also shed light on the limitations, recommendations, and future areas of research of this thesis.

Chapter Five

Summary of Findings, Conclusion & Recommendations

5.1 Introduction

This final chapter of the thesis presents the research paper's findings, reflecting on the entire research approach, its limitations, and the future of the research. It aims to provide a clear overview of the research outcomes based on the research objectives and questions. It showcases a clear insight into the financial strategies and resistance of Oman Cement and Raysut Cement in navigating the novel pandemic of COVID-19.

5.2 Summary Findings

This study analyzed the financial performances of Oman Cement and Raysut Cement Company using different financial metrics such as debt-to-equity ratios, profitability ratios, liquidity, and vertical and horizontal analysis.

Objective 1: pre-covid and post-covid financial performance

- Pre-COVID-19 financial health: Before the novel pandemic of COVID-19, both enterprises Oman Cement and Raysut Cement showcased stable and strong financial health, demonstrated by their profitability and solvency ratios. This aligns with previous studies indicating robust profitability in Oman's manufacturing sector before the pandemic.

- During COVID-19 financial health, the Novel pandemic of COVID-19 was represented as an economic crisis that impacted both enterprises negatively, illustrated by a sharp decline in sales and disturbed operations that directly impacted both enterprises' profitability and liquidity. As analyzed in the previous chapter, Raysut Cement demonstrated greater financial performance volatility than Oman Cement, showcasing different ways of coping with the novel COVID-19 pandemic. These findings align with observed trends in another economic sector during the COVID-19 pandemic, where enterprises with less diversified portfolios and greater operational costs encountered more significant financial challenges and crises.

- Post-COVID-19 financial health: After the novel COVID-19 pandemic, both enterprises faced a financial downturn, with Raysut Cement experiencing more significant fluctuation. On the other hand, the post-COVID-19 financial analysis of Oman Cement Company showcased a slow recovery that escalated to an improvement in its profitability ratios and debt-management ratio post-2020.

Objective 2: Examining financial performance via ratio analysis.

- Debt-to-equity ratio: Oman Cement maintained a stable and lower ratio compared to Raysut Cement, which faced a dramatic increase, highlighting financial risk. This aligns with previous studies that suggested that enterprises with lower debt-to-equity ratios are more resilient during economic crises or challenges.

- Profitability ratios: During the pandemic, both enterprises faced a profitability decline, which turned into slight recoveries post-pandemic, with Oman Cement recovering at a faster rate than Raysut Cement Company. Oman Cement's return on equity ratio illustrated a positive trend, meaning stable profitability that translates into stable returns on shareholder investments. On the other hand, Raysut Cement showcased financial distress that resulted in challenging profitability, especially during the pandemic and onwards, with its negative net profit peaking post-pandemic, illustrating severe financial challenges possibly exacerbated by the pandemic.

- Efficiency Ratios: Like the profitability ratios, both entities faced a decline in their return on asset and equity ratios, contributing to reduced profitability. However, the efficiency ratio demonstrated that Oman Cement had a proper resources management system compared to Raysut Cement Company, which faced a more significant efficiency ratio.

- Revenue growth: Oman Cement illustrated fluctuating revenue growth with a significant peak post-pandemic, illustrating a strong recovery from COVID-19 economic challenges. On the other hand, Raysut Cement experienced a consistent decrease in its revenue.
- The overall financial performance shows that Oman Cement Company has stable, healthy financial performance, with marked volatility in its profitability and revenue growth but continuous adequate liquidity and leverage. Raysut, on the other hand, illustrated more financial challenges, including, but not limited to, weakening profitability, higher leverage, and low liquidity.

Objective 3: Analyzing the capital structure of Oman Cement and Raysut Cement Company

- Capital structure: Oman Cement showcased a very conservative capital structure that helped stabilize during the novel COVID-19 pandemic. On the other hand, Raysut Cement's capital structure was more aggressive, illustrated by its high leverage, which put the enterprise in financial distress during COVID-19.

- Debt management: Oman Cement's conservative approach aided the company in handling its debt and maintaining financial stability. In contrast, Raysut Cement's aggressive approach led the company to acquire more debt and contributed to increased financial risks during the novel COVID-19 pandemic.

- Equity and debt management: The capital structure analysis showcased a divergent method with Oman Cement upholding a balance between equity and debt while conserving its shareholder value and financial stability.

Objective 4: Vertical and horizontal analysis of Oman Cement and Raysut Cement Company

- Trend analysis or vertical analysis: The vertical analysis illustrated that Oman Cement and Raysut Cement had to adjust their cost structures during the novel COVID-19 pandemic to survive the reduced demand and revenue due to COVID-19 restrictions.

- The horizontal analysis illustrated how adjustment progressed over time, showcasing how both enterprises improved and progressed over time and adapted to new market strategies.

5.3 Conclusion

To summarize, the comparative analysis conducted throughout this thesis provides a clear understanding of the financial ways that Oman Cement and Raysut Cement overcame and navigated the economic challenges caused by the novel COVID-19 pandemic using different methods. This conclusion highlights which company strategically dealt with the novel COVID-19 pandemic better based on the analysis and findings across different financial metrics.

Regarding the performance analysis, Oman Cement showcased a more resilient financial profile during the novel pandemic of COVID-19, unlike Raysut Cement Company. The financial performance analysis demonstrated that Oman Cement continuously upheld stable and healthier financial ratios throughout the economic distress caused by the pandemic. The stability is illustrated by the company's low debt-to-equity ratio and its ways of managing liquidity efficiently, represented in its liquidity and solvency ratios. Thus, these strategies allowed Oman Cement to be better prepared and positioned in the quick recovery period and adapt to the new post-covid market.

On the contrary, Raysut Cement faced important financial distress while dealing with the pandemic. The enterprise's dramatic increase in debt-to-equity ratio and decreasing profitability metrics highlight the financial distress. One of the causes of its aggressive growth is linked to its pre-pandemic growth strategies, demonstrated by the company's higher leverage and capital expenditure, which can contribute to financial vulnerability when dealing with economic challenges such as the pandemic as the demand decreases drastically.

In response to the novel COVID-19 pandemic, both enterprises have implemented techniques and operational changes to resist and overcome the pandemic. However, the effectiveness of their strategies varied from one to another. Oman Cement's approach mainly focuses on cost management and operational change, which help overcome the reduced demand. As shown in its financial statements, the enterprise reduced its expenditure and focused on its production processes to keep its financial health and stability. Additionally, the company focused on managing its costs by reducing non-essential expenditures.

On the other hand, Raysut Cement's approach was not helpful during the pandemic as the company encountered financial distress, which was illustrated by the significant increase in its debt-to-equity ratio and liquidity ratios. The company's growth strategy, characterized by an increase in its leverage and capital expenditure before the novel pandemic of COVID-19 might have contributed to higher financial distress during the pandemic. After the pandemic, Raysut's continuous efforts to stabilize its financial statement were crucial but insufficient in recovery from the previous years in the study period, showcasing the economic challenges of managing high debt levels during the pandemic.

This thesis demonstrates the importance of financial prudence and the need to adapt business methods and strategies to economic challenges, crises, or downturns. This research concluded that Oman Cement performed better during COVID-19 and illustrated the importance of financial strategies that help adjust operations in response to quickly changing market conditions. Thus, this approach protected the company from severe economic distress and allowed it to recover quickly post-COVID-19.

On the other hand, Raysut serves as a crucial cautionary tale about how aggressive and quick expansions can expose an enterprise to greater risks during economic downturns. Therefore, a balance between financial expansion and health is required, especially in economic sectors that are more vulnerable to market changes, such as the manufacturing sector.

5.4 Recommendations

Based on the findings of this research paper, different recommendations can be proposed to enhance the financial health stability and strategic position of both companies:

1. Straightening financial buffers: both enterprises should improve their financial reserves to increase their resilience against economic challenges or crises.
2. Diversification: diversifying new markets and products can enhance risk mitigation associated with economic downfall or crisis.

3. Improve risk management: Enhancing risk management and assessment is important to resist economic crises, especially for Raysut Cement Company properly.

5.5 Limitations

Although financial analysis can be viewed as a universal tool for an enterprise's economic evaluation, several limitations must be acknowledged while doing this thesis:

1. Financial analysis only showcases and studies a company's financial information; other information, such as operation information, workforce quality, employee and customer loyalty, does not appear. In other words, some other critical aspects are not considered, which means that financial analysis only shows a snippet of an entire picture.

2. Raysut Cement company operates overseas; this study was only focused on its Oman operation, which means that its financial analysis only shows a snippet of the entire picture.

3. This thesis is based on secondary and publicly available data, which may not correctly analyse all metrics affecting an enterprise's financial position.

4. Inflation is not considered in the financial statements. However, inflation critically affects all accounts and causes inventory and depreciable assets to differ from their financial statement values, affecting profits. It can also showcase older assets as appearing more profitable than newer ones.

5.6 Future research

This thesis can lead to future areas of research such as:

1. Mixed approach: incorporate this study with other resources such as primary data and not limit it to financial statements to better understand how the companies handled COVID-19 and the challenges faced that are not represented in the financial statements.

2. Different sector comparison: comparing the cement companies to other organizations within various sectors can lead to a study that will provide insight into the unique challenges and strategies within the cement manufacturing sector in the Sultanate of Oman.

3. International comparison: analyzing and comparing companies in similar market conditions and sectors overseas can showcase effective financial strategies within the same sectors during the economic crisis.

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Appendix

Ethical approval

كلية الشرق الأوسط
Middle East College

Certificate of Ethical Approval

RollNumber	19F19489
Student Name	SHIREEN KHALIFA AMUR AL-NAAMANI
Semester	2024 Spring

Project Title

A Comparative analysis of financial performance of Oman Cement Company and Raysut Cement Company. A case study of manufacturing sector in the Sultanate of Oman

This is to certify that the above named student has completed the Middle East College Ethical Approval process and their project has been confirmed and approved as Low Risk.

Supervisor	David Suguku
Date of Approval	May 30, 2024