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Case Study: Sohar Power Company SAOG

The EDF-X Early Warning System identified Sohar Power's severe credit risk ahead of the company's bankruptcy

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Sohar Power's Severe Credit Risk Was Flagged Early On by EDF-X

Sohar Power Company SAOG experienced financial distress since the expiration of power and water purchase agreement with its key supplier, Nama Power and Water. EDF-X Early Warning Signal started showing severe risk of default for Sohar Power Company SAOG, about six months before the company decided to consider bankruptcy proceedings, around June 2023.

Sohar Power Co. owns and operates the largest power generation and water desalination plant in the Sultanate of Oman. The company's Probability of Default began to rise immediately after the contract with Nama expired in June 2022. By the end of 2022, the Probability of Default had crossed the reference trigger level, driven by poor earnings results. Despite efforts to extend the company's operational life, the lack of debt restructuring or extended maturity from lenders for its project financing, coupled with an 86% decrease in revenues year-over-year reported in Q1 2023, led the board to consider bankruptcy proceedings in 2023.

