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Bumi Armada confident of earnings visibility due to long term jobs

PETALING JAYA: Oil and gas services firm Bumi Armada Bhd has insisted that the company has good earnings visibility due to the long-term nature of its contracts despite profits having halved in the financial year ended Dec 31, 2014 (FY14).

Although revenue grew by 15.76% to RM2.4bil in FY14, the company's net earnings took a big hit last financial year, falling 49.28% to RM218.7mil.

On the surface, its bottomline had been impacted by rising costs while another factor causing the profit decline was an impairment charge for available-for-sale financial assets and good will totalling some RM32.5mil.

Bumi Armada also made an allowance for trade receivables that was recorded during the year amounting to RM66mil.

According to its annual report, revenue had seen a rise due to the large order book of committed and extension contracts across all three business units: the floating production storage and offloading, offshore support vessel and the transport & installation segments.

This could be the main reason the company remained confident of earnings visibility .

Bumi Armada also states in the company's annual report that while lower commodity prices had an impact on customers' cash flow leading to the allowance in trade receivables, it intended to enforce contractual positions and pursue collection of outstanding receivables.

Notably, its trade receivables on Dec 31, 2014 had risen 57.4% to RM704.4mil from RM447.6milcompared to a year ago.

The company has assured shareholders that steps were being taken to ensure it remains productive and profitable.