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AT Systematization expects profit in FY17

BY WONG EE LIN

PETALING JAYA: Precision tool maker AT Systematization Bhd expects to break even and return to profit in the current financial year ending March 31, 2017 (FY17), driven largely by its solar photovoltaic (PV) plant concessions.

For the cumulative nine months ended Nov 30, 2016 (9MFY17), AT Systematization saw its net loss widen to RM5.93 million from RM1.73 million a year ago, as revenue declined 14.4% to RM11.97 million in 9MFY17 from RM13.98 million in 9MFY16.

"One of my key focuses [in FY17] is to get the group back to a break-even position and make a slight profit," its executive director Mak Siew Wei told reporters after the group's extraordinary general meeting yesterday.

In November 2015, AT Systematization signed a renewable energy (RE) power purchase agreement with Tenaga Nasional Bhd (TNB) to supply 425 kilowatts (kW) of renewable energy from its solar PV plant in Bayan Lepas, Penang for a concession period of 21 years.

In March last year, it bagged another contract to supply an equivalent or less than 300 kW of RE to TNB for a concession period of 21 years. "The first project [with a supply of 425kW] will contribute a monthly revenue of about RM35,000 [to AT Systematization], while the second project will contribute about RM25,000 per month," said Mak.

To help drive its revenue higher in FY17, the group is also expecting a pickup in hard disk drive orders from Western Digital and a five-

year contract from Swiss company Rieter to produce precision tooling components.

"Their (Western Digital) turnover is about 50% of our entire turnover," he said, adding that he foresees orders from Western Digital will pick up next month since it has transferred four of its production lines in the region to Penang.

Mak said at the same time, the Rieter contract will guarantee AT Systematization a minimum order worth S\$2.8 million (RM8.78 million) per year, which will contribute about 30% to 40% to the group's revenue starting June this year. The group has also undertaken cost-reduction initiatives, reducing its staff number by 20% last year.

AT Systematization is also banking on securing more orders of precision components from medical equipment customers this year, with revenue to start coming in FY18.

It is set to receive the ISO 13485 certification by May this year, which represents the requirements for a comprehensive quality management system in the design and manufacture of medical devices.

"With this certification, it will broaden our [foreign and local] customer base and also enable more varieties of medical equipment products to be sold to existing customers," said Mak.

Currently, the bulk of the group's revenue is derived from its fabrication business, while the RE business contributes less than 10%. "The group's core business is still fabrication." AT Systematization shares closed up one sen or 33.33% to four sen yesterday, with a market capitalisation of RM31.01 million.