

24 May 2022

GDEX FALLS INTO THE RED FOR THE FIRST TIME EVER AMID STIFF COMPETITIONS IN 1QFY22



KUALA LUMPUR (May 24): Logistics and express carrier provider GDEX Bhd posted a net loss of RM1.9 million in the first quarter ended March 31, 2022 (1QFY22), the first time since it was listed in 2005, amid tough competitions at home and higher operating costs.

The group reported a 13.16% decline in revenue during the quarter to RM91.89 million, compared with RM105.81 million a year ago, amid lower contributions from its courier services segment.

Geographically, Malaysia and Vietnam collectively made up the majority, or 99.6%, of GDEX's revenue, while Singapore contributed the balance 0.4%, according to GDEX.



MAYBANK VENTURES: Championing social inclusion through collaboration

Maybank Ventures (MV), a wholly-owned subsidiary of Malayan Banking Bhd led by the founders of HouzKEY, was set up to drive social inclusion by addressing challenges around access to homeownership, via collaborations.

GDEX managing director Teong Teck Lean said in a statement accompanying the results that the group continues to face headwinds in Malaysia due to predatory pricing.

"The competitive pricing environment is destructive, with some players offering free delivery service to grow their volume. However, this practice seems to be slowing down and we anticipate that shipment volume will gradually return.

"In this regard, we are actively engaging with key industry stakeholders to bring improved industry resilience.

"Our efforts include proposing [an] industry framework that promotes healthy competition and supports the profitability of logistics and courier companies. We believe closer government-industry cooperation will bring about greater long-term sustainability of the industry," Teong added in a statement.

Eyeing growth in robust Southeast Asia market

GDEX said the group is optimistic about growth prospects in Southeast Asia, with its operations in Vietnam and Indonesia seeing better performances on the back of recovering economies.

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The company registered RM15.1 million in revenue from its Vietnam operations in 1QFY22, driven by higher express deliveries and warehousing activities of its subsidiary Noi Bai Express and Trading Joint Stock Co (Netco).

"Additionally, share of profit from associates, mainly contributed by the group's Indonesia operations under PT Satria Antar Prima Tbk (SAP Express), recorded a year-on-year increase of 18.9% to RM1 million in 1QFY22 on improved activity and delivery volume in Indonesia.

"Our regional investments are poised to benefit from the post-Covid-19 economic recovery, and we are already seeing positive signs operationally as business and consumer activities in Vietnam and Indonesia have started to recover significantly," according to Teong.

With international borders now reopened, Teong said the group is expanding its efforts to pursue enhancements across regional operations, to generate greater resilience and synergies for the enlarged group.

We aim to become a stronger and larger player in Southeast Asia, driven by our GDEX 2.0 strategy, which will pave the way for our long term and sustainable growth," he said.

GDEX entered the Vietnam market in 2019 with a 50% stake in Netco, a prominent home-grown express services provider which serves leading multinational and local companies.



"Meanwhile, the group's presence in Indonesia started in 2016 with a 44.5% stake in SAP Express, a fast-growing logistics services player with presence across 7,200 locations in the country.

The group unveiled its GDEX 2.0 strategy in April 2022, which aims to build a platform-based ecosystem that will propel its regional growth. Backed by innovative digital platforms and solutions, the ecosystem will offer enhanced experience to small-, medium-sized and multinational companies.

In addition, it also intends to expand its business and investment portfolio via mergers and acquisitions as well as partnerships with synergistic companies.

On Tuesday, GDEX shares were down half a sen or 2.63% to close at 18.5 sen, with a market capitalisation of RM1.04 billion. The counter has tumbled 33.93% from 28 sen on Jan 3.

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