

30 May 2023

GDEX LAUNCHES NEW HUB, SEEKS TO RETURN TO THE BLACK IN 2024



PETALING JAYA (May 30): Express carrier GDEX Bhd is working towards returning to the black by 2024 with ongoing cost optimisation, automation and integration of new technology solutions, said managing director and group chief executive office Teong Teck Lean.

Underscoring the challenges ahead, GDEX announced that its net loss in the first quarter ended March 31, 2023 (1QFY2023) had widened to RM7.21 million, from RM1.9 million a year ago, due to the lower demand for its courier services and logistics business and increase in warehouse and IT maintenance and operating costs.

This is the fifth consecutive quarterly loss for the group. It first slipped into the red in 1QFY2022 with a net loss of RM1.9 million, which was its first loss-making quarter since it was listed on the ACE Market in 2005, before being transferred to the Main Market in 2013.

The group on Tuesday (May 30) launched the operation of a new RM25 million auto hub which Teong said would triple its sorting capacity to 350,000 shipments daily, shortening turnaround time and reducing parcel damage risks.

However, Teong said the company will incur a temporary increase in operating costs — estimated at less than 10% — for several months during the transition period from its semi auto hub.

“Even though we have employed this new technology, currently our costs will go up slightly because we are operating two hubs at the same time, but our service level will improve [over time],” he told the media after the auto hub launch at GDEX headquarters in Petaling Jaya.

Teong added that the company also needed time to build its customer base to achieve 350,000 shipments daily, which is the sorting capacity of the hub, and anticipated that it would take about three years to reach full capacity.

He stressed that the overall costs would decrease significantly in the longer term as utilisation rate increases, and he projected it would take GDEX about three years to make back its RM25 million investment.

Teong said GDEX took about two years to prepare the auto hub, which is a 145,000 sq ft fully automated sorting facility that deploys intelligent sorting technology with a sorting accuracy of 99.9%.

“We are not just talking about the auto hub (machinery alone), but the logistics, the inbound and outbound. As the capacity triples, that means the movement of the truck will be two or three times more, so the infrastructure is equally important.”

In terms of outlook for the courier services industry, Teong said it remains a competitive landscape.

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He said GDEX's strength is in the business-to-business customised logistics solutions for diverse requirements that have attracted some of the leading international and domestic brand owners.

The GDEX auto hub was launched by Communications and Digital Minister Fahmi Fadzil in the presence of Teong and GDEX chairman Tan Sri Muhammad Ibrahim.

"The digital economy contributed about 22.6% of Malaysia's gross domestic product (GDP) but the aspirations of the government is to see the GDP contribution of the digital economy sector rise to 25.5% by 2025," Fahmi said in his speech.

The minister also announced that the government intends to have a National Courier Day soon.

GDEX is continuing its GDEX 2.0 initiatives to cultivate a technology-based last-mile ecosystem.

The group, which also has a presence in Singapore, Indonesia and Vietnam, has a workforce of more than 10,000 employees and fleet size of over 6,000 vehicles.



"The GDEX auto hub also provides the opportunity for our people to upskill, which in turn contributes to nation building," Teong said in his speech at the launch.

Teong said GDEX has deployed cybersecurity solutions to protect its customers' data and has some 230 information technology employees

At Tuesday's noon break, shares of GDEX were a sen or 5.88% higher to 18 sen, valuing the group at RM987.25 million.