

GDEX sees higher volume base for logistics

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This is a result of new norm of online distribution by businesses, while individuals are used to purchasing online

by ASILA JALIL / pic source: GDEX

GDEX Bhd is seeing higher volume base for its logistics operations as a result of the shift towards online businesses and transactions, heightened by the Covid-19 pandemic.

GDEX group MD and CEO Teong Teck Lean (*picture*) said there has been a surge in volume since the first Movement Control Order (MCO) last year which has normalised and settled at a higher level than pre-Covid period.

“It has formed a higher base now. This is a result of the migration from offline to online distribution by businesses, while individuals are used to purchasing goods online. It is a new norm for the industry,” he told *The Malaysian Reserve* recently.

The rise of e-commerce and online transactions is set to drive demand for delivery services in the region as well, especially in Indonesia and Vietnam, two markets GDEX is set to focus on, to drive growth of the group.

“We remain optimistic with the growth as both the markets in Indonesia and Vietnam are huge, with 270 million and 100 million populations respectively. We will leverage the end-to-end solution that we have developed so far in Malaysia and be able to service our customers’ requirements in the South-East Asian region,” said Teong.

In Indonesia, its 44.5%-owned associate, PT SAP Express (SAPX), started as an emerging courier company five years ago and has become among the top 10 courier companies in the country.

In Vietnam, GDEX has a controlling 50% stake in Noi Bai Express & Trading Joint Stock Co and is predominantly doing business-to-business delivery services. It has a comprehensive network throughout the country.

In Malaysia, Teong said the company faced operational challenges, such as capacity constraint and restriction in movement, which resulted in delays within its operations.

To mitigate the issue, Teong said the group immediately activated its rescue team and part-time delivery force using its in-house crowdsource application, KITA, which is the group’s last-mile delivery platform.

Reduction in the number of passenger flights between Peninsula and East Malaysia has also disrupted operations for most courier companies.

Due to that issue, Teong said the group is working closely with cargo

airlines to secure additional space to deliver parcels and documents to customers, albeit some delays it might face.

On top of that, to comply with the new standard operating procedures (SOPs) put in place by the government last year, GDEX spent around RM500,000 last year for personal protective equipment.

“The industry faced bigger challenges in MCO 2.0 where stricter SOPs and screening exercises are being carried out in a wider coverage as confirmed cases rose tremendously.

“Costs have gone up substantially as we have to hire more workers to replace those that were placed under home quarantine,” said Teong.

GDEX’s net profit was up 51.1% in its first quarter ended Sept 30, 2020 (1QFY21), to RM7.19 million from RM4.76 million in the same period a year ago.

Its revenue increased 30.8% to RM108.61 million in the quarter against RM83.04 million in 1QFY19. The increase was mainly due to increase in demand for the delivery services from online business activities, especially under the current Covid-19 pandemic, as well as increase in demand for the logistics and warehousing services.

Teong said the group is on the lookout for more value-added services to its customer by leveraging its IT capabilities

“We will continue to develop new product offerings for the community, leveraging our existing networks and resources.

“We are already providing warehouse fulfilment services, but we believe there are a lot of untapped opportunities in this segment. One of the potential areas will be the distribution of products for brand owners,” he added.

GDEX’s share price closed half a sen or 1.3% lower at 38 sen yesterday, valuing the company at RM2.14 billion.



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