

GDEX FY20 revenue up 15.7% to RM363m, earnings down 42% partly due to MFRS 16

KUALA LUMPUR (Aug 25): GD Express Carrier Bhd (GDEX) saw its revenue increase 15.7% year-on-year (y-o-y) to RM363 million for the financial year ended June 30, 2020 (FY20).

However, despite the improved top line, the courier service provider saw its net profit drop 42% y-o-y to RM18.8 million. Accordingly, earnings per share (EPS) dipped to 0.33 sen from 0.58 sen a year ago.

GDEX said the decline in the group's performance for FY20 was due to the recognition of gain on redemption of convertible bonds in the last financial year as well as the impact of Malaysian Financial Reporting Standard 16 (MFRS 16) leases assessment and adjustments.

It attributed its higher revenue for the year to the increased demand for courier services after the Movement Control Order (MCO) and Enhanced Movement Control Order (EMCO), as well as more online purchases during the Recovery Movement Control Order (RMCO). It added that its Vietnam subsidiary, Netco, had

also contributed to the top-line growth of the group.

In terms of its performance for the fourth quarter ended June 30, 2020 (4QFY20), GDEX saw its revenue increase 33% to RM104.5 million while it recorded lower earnings of RM8.8 million from RM9.8 million a year ago.

EPS dropped to 0.14 sen, from 0.18 sen a year prior.

Zooming into its segmental performances, GDEX's courier services business was the best-performing business segment, registering a profit before tax of 548% y-o-y to RM9 million for 4QFY20.

This, GDEX said, was mainly due to an increase in demand for courier services during MCO and EMCO as well as an increase in online purchases during RMCO.

Meanwhile, its logistics services sector recorded a lower profit before tax of RM1.5 million versus a RM2.8 million for FY19's corresponding quarter.

GDEX noted that the decline in performance by the logistics services segment in 4QFY20 was mainly due to expenses incurred for warehouse maintenance, an increase in labour cost due to volume surge in B2C businesses during EMCO and RMCO, as well as impact of MFRS 16 leases assessment and adjustments.

Additionally, GDEX's property segment saw its losses before tax expand to RM1.3 million for 4QFY20 from

RM39,000 previously.

The board of directors of GDEX has recommended a final single-tier dividend of 0.2 sen per ordinary share for FY20.

"The group expects to see positive volume growth coming from digital platforms, in all segments of B2B, B2C and C2C. Going forward, the group will continue to adapt to the challenging environment," GDEX noted in its financial results announcement on Bursa Malaysia.

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