

## GDEx kicks off regional expansion

Main focus for company will remain in Malaysia and Singapore due to growth potential

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KUALA LUMPUR: GD Express Carrier Bhd (GDEx), which is 26.02%-owned by Temasek Holdings (Pte) Ltd, is looking beyond the shores of Malaysia and Singapore as it continues to expand its express delivery business to other Asean countries like Indonesia by 2015, said its managing director and group chief executive officer (CEO) Teong Teck Lean.

While the plans are still in their early stages, he said the group has chosen Indonesia as its first nation to expand to.

"The reason we are looking at the whole (Asean) region is because of the launch of the Asean Economic Community [by 2015]. We hope to have things set up by then, although we realised we are short on time," he told *The Edge Financial Daily* after GDEx's analysts and fund managers' briefing yesterday.

Teong added that though the group is profitable, its cash reserves were not sufficient to drive its expansion plans.

"Over the last few years, our cash pile was not sufficient to allow for this move. We [also] didn't have the confidence and we were bordering a positive net cash balance," he explained.



CHU JUCK BENG

Teong said there are plans to set up more branches in the country, particularly in Butterworth, Penang and Iskandar Malaysia.

As at Dec 31, 2013, GDEx's cash and cash equivalents stood at RM29.12 million, compared with RM15.5 million a year ago.

Teong declined to disclose the exact amount of capital that will be allocated for the expansion, except that the capital expenditure guidance for the current financial year ending June 30, 2014 (FY14) is at RM15 million.

The expansion plans come on the back of a few redesignations in the group recently, in order to have a working team of key people in the group's new business development unit.

Teong, who holds a 41.65% stake in GDEx, was redesignated from executive deputy chairman to the

more hands-on role of managing director and group CEO, while its chief financial officer Jane Tung Sook Wah was redesignated to the business development unit as investor relations advisor.

Still, Teong said the main focus for GDEx will remain in Malaysia and Singapore, markets which continue to show "tremendous opportunities for growth".

"Malaysia, as well as the rest of the region, poses one of the best growth opportunities globally due to more broadband connectivity, and the increasing trust consumers have in electronic payment gateways. All this translates to more Internet transactions happening, most of which would involve the

transfer of goods," he said.

"This means that our express delivery services could see a lot of growth in this area," he added.

Teong said there are also plans to set up more branches in the country, particularly in Butterworth, Penang and Iskandar Malaysia, Johor to service both north and south Malaysia respectively.

For the second quarter ended Dec 31, 2013, GDEx posted a net profit of RM8.72 million, from RM3.46 million in the previous corresponding quarter. Revenue was RM40.3 million against RM34.24 million.

For the six months period, the group saw net earnings of RM12.41 million, a 78% increase from RM6.96 million a year ago. Revenue also increased 16.8% to RM77.41 million, from RM66.25 million.

Looking ahead, Teong said GDEx would be improving its service quality and coming up with a more sustainable business model.

"We will be making more investments into logistics and warehouses. We aim to become a one-stop solution for our customers, since express delivery is just the last step along the entire chain. We may have to integrate ourselves with more logistics players and warehouse operators in order to service all the needs of our clients within Malaysia and the region," he said.

"We will also take another look at whether our services are still relevant, and add better products to suit our customers. We want to be a dynamic company, not a static one," he added.