

PRESS RELEASE

GDEX eyes growth in robust Southeast Asia market

- *Revenue from Vietnam operations improves 21.8% YoY; share of profit from associates rises 18.9% YoY mainly from Indonesia operations*
- *Group posts 1Q22 revenue of RM91.9 million, declining 13.2% YoY on keener competition in Malaysia*

Selangor, Malaysia, 24 May 2022 – GDEX Berhad (GDEX; the Group; 吉运速递, Bloomberg: GDX MK), a leading express delivery services provider, is optimistic of growth prospects in Southeast Asia, with its operations in Vietnam and Indonesia seeing better performance on the back of recovering economies.

For the first quarter ended 31 March 2022 (1Q22), the Group registered RM15.1 million in revenue from its Vietnam operations, up 21.8% from the previous corresponding three months ended 31 March 2021, driven by higher express deliveries and warehousing activity of its subsidiary Noi Bai Express and Trading Joint Stock Company (Netco).

Additionally, share of profit from associates, mainly contributed by the Group's Indonesia operations under PT Satria Antaran Prima Tbk (SAP Express), recorded a year-on-year increase of 18.9% to RM1.0 million in 1Q22 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.

With international borders now reopened, we are expanding our efforts to pursue enhancements across our 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."

Teong Teck Lean ("张泽链")

Managing Director, GDEX Berhad

GDEX entered the Vietnam market in 2019 with a 50% stake in Netco, a prominent homegrown 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. The Group also intends to expand its business and investment portfolio, via mergers and acquisitions as well as partnerships with synergistic companies.

Notwithstanding the increased regional contribution, the Group's revenue from its Malaysia operations declined 17.7% to RM76.4 million. The lower domestic revenue was a result of keener competition and more new market entrants.

Overall group revenue amounted to RM91.9 million in 1Q22, a reduction of 13.2% from the corresponding three months last year. Geographically, Malaysia and Vietnam collectively made up the majority 99.6% of revenue, while Singapore contributed the balance 0.4%.

Meanwhile, the Group registered net loss of RM1.9 million in 1Q22, versus net profit of RM5.6 million in the corresponding three months, due mainly to keener competition at its Malaysia operations.

Commenting on prospects, Teong said: "While the Group remained in a healthy position overall given our strong presence across three major Southeast Asian markets, we continue to face headwinds in Malaysia due to predatory pricing on the back of various new market entrants, as well as higher operating costs. 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 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."