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GDEX OPTIMISTIC ON FY2025 EARNINGS, DRIVEN BY TECH GROWTH

GDEX Bhd GDEX managing director and group chief executive officer Teong Teck Lean speaks at the company's AGM on Wednesday. (Photo by Sam Fong/The Edge)

KUALA LUMPUR (June 11): Logistics and express carrier provider GDEX Bhd (KL:GDEX) is optimistic about sustaining its earnings recovery in FY2025, after returning to the black in the final quarter of FY2024, driven by growth in its technology division.

"I think it should not be an issue [to sustain earnings]. But to make a big profit is not easy because we spend RM8 million — investing in ERP (enterprise resource planning) — but it [business growth] is trending upward," GDEX managing director and group chief executive officer Teong Teck Lean told reporters after the company's annual general meeting (AGM) on Wednesday.

Teong also highlighted the company's strong cash flow, despite not achieving full-year profit in the previous fiscal year.

"Last year, even though we didn't make [full-year] profit, cash flow was about RM50 million. That is why we proposed a dividend," he said. As of end-March 2025, GDEX held RM74.78 million in cash. The group declared a cash dividend of 0.20 sen per share for FY2024, double the 0.10 sen per share paid in FY2023.

Future dividend payouts, according to Teong, will depend on maintaining strong cash flow amid ongoing capital investments. "So, for next [dividend payout], it depends on the cash flow. If the cash flow becomes stronger, I would like to pay people more," he said.

For FY2024, GDEX reported a narrower net loss of RM1.76 million compared with RM34.8 million in the previous year. Revenue grew 6% year on year (y-o-y) to RM420.46 million, with its IT services segment accounting for 13% of the total at RM54.24 million, up 62% from RM33.45 million in FY2023.

In the first quarter ended March 31, 2025 (1QFY2025), GDEX posted a smaller net loss of RM164,000, down from RM2.16 million a year ago. It attributed the improvement to higher contributions from its IT segment, which benefitted from improved sales and strategic digital transformation investments. Revenue for 1QFY2025 rose 6.1% to RM105.46 million, from RM99.42 million.

For better capital efficiency, GDEX also plans to dispose of non-core assets, including a property in Ipoh, Perak.

"It's not a lot of money, but we plan to dispose of it if possible," Teong said, adding that the move aligns with the group's focus on cost optimisation and digitalisation, allowing it to allocate funds to high-return areas such as technology, talent acquisition, and infrastructure integration.

SELECTIVE IN ACQUISITION OF NEW TECH ASSETS

GDEX has earmarked up to RM20 million for acquisitions within the technology industry, but is adopting a highly selective approach to mergers and acquisitions.

"Our criteria are much more stringent now. Most important thing, it must follow our direction," Teong stressed, adding that GDEX prefers controlling stakes to ensure seamless integration.

The group's IT segment saw a 76.8% y-o-y jump in revenue to RM16.64 million in 1QFY2025, boosted by contributions from newly acquired subsidiaries. In 2022, GDEX acquired controlling stakes in Sweetmag Solutions (M) Sdn Bhd (51%) and Anon Security Sdn Bhd (60%), as well as a 38% stake in Web Bytes Sdn Bhd.

At 3.45pm on Wednesday, GDEX shares were trading unchanged at 16 sen, giving the company a market capitalisation of RM903 million.