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GDEX KEEPS UP OPTIMISM AS SST MEASURES LOOM

GDEX managing director and group chief executive Teong Teck Lean.

PETALING JAYA: GDEX Bhd believes the newly expanded scope of the Sales and Service Tax (SST), which comes into effect on July 1, will "definitely have an impact" on its business and those of its peers, says its managing director and group chief executive Teong Teck Lean.

However, on the bigger picture, he remains optimistic that the courier services provider will be able to keep up with its improving performance trend, aided by the group's change in business strategy to a more collaborative one.

Speaking to a select media group after GDEX's AGM yesterday, Teong acknowledged that the group is still assessing the overall impact of the expanded SST, especially its inclusion of leasing services at a rate of 8% for companies with annual leasing revenue above RM500,000.

"We are actually leasing many of the premises that we use, some on long leases, and so definitely there will be an effect there because the earlier contracts that were signed between us and our landlords have obviously not included this tax," he said.

As such, the group would need to work out how to navigate this new expense with all related parties, and look for ways to absorb the payment of the SST.

Moving forward, Teong commented that GDEX is much more optimistic of its performance this year, banking on a more collaborative strategy with partners and competitors alike, as well as the company's determination to keep exploring and navigating for better growth opportunities.

In its latest results release for the first quarter of financial year ended March (1Q25), GDEX remained in the red with a net loss of RM164,000, although this represented a significant year-on-year (y-o-y) improvement from 1Q24 where the group saw a net loss of RM2.2mil.

It is also notable that for the financial year ended 2024 (FY24), GDEX's net loss narrowed considerably y-o-y from RM34.9mil in FY23 to RM1.8mil, while also posting a net profit of RM4.8mil for 4Q24 itself.

On top of that, GDEX reported an earnings before interest, tax, depreciation and amortisation of RM53.4mil last year, with net cash reserves of RM197.2mil.

The group's shareholders also approved the distribution of a final single-tier dividend of 0.2 sen per share for FY24 at yesterday's AGM, before announcing that it had earmarked RM20mil of its cash for strategic acquisitions this year, in an effort to further broaden its GD Exchange ecosystem.

Teong however, reiterated that the group is maintaining its highly selective approach to potential acquisition targets, emphasising that there has to be a synergistic value to the company's core business.

"The most important thing is that the companies we acquire must follow our business direction, and as such we would always prefer to obtain a controlling stake in such transactions to achieve seamless integration," he added.

Furthermore, he revealed that GDEX had invested RM8mil into enterprise resource planning, on top of remarking that the group continues to find it necessary to invest into technology and artificial intelligence as well as environmental, social and governance (ESG) initiatives.

However, he stressed that such investments, especially into ESG, has to offer attractive returns on investment (ROI), citing the example of the group's usage of electric trucks for short distance deliveries within the Klang Valley that mitigates the effect of the rising prices of diesel.

Separately, he said GDEX also plans to liquidate its non-core assets, including a property in Ipoh, pointing out that the move jives with the group's focus on cost optimisation and digitalisation.

This would allow the company to allocate funds to more essential areas with higher ROI such as technology, talent acquisition, and infrastructure integration.