



MEDIA RELEASE

GDEX delivers operational growth and positive cash flow for the first nine months ended 31 March 2018

PETALING JAYA, Monday, 14 May 2018 - GD Express Carrier Bhd ("GDEX") sustained its operational growth for the first nine months ended 31 March 2018 despite intense competition. Year-on-year, Group revenue grew by 17.8%, supported by sustainable growth in all business segments.

In the period under review, despite intense competition in the industry and seasonality, the Group also reported positive EBITDA growth of 9.8% to RM42.7 million from RM38.9 million in the previous period. EBITDA margin, however declined by a marginal 1.4 ppts to 19.6% from 21.0%, due to heightened pricing pressure and higher operating expenses. Higher operating expenses was a result of the Group's continuous investments in network, sorting facilities, fleet and technologies. These investments are essential to ensure that the Group continues to stay ahead competitively and deliver excellent service experience to all customers.

On the back of higher tax expenses, the Group reported a 32.4% decline in profit after tax to RM17.1 million from RM25.3 million in the same period last year. The higher tax expenses are mainly related to:

1. Normalized corporate tax rate upon the expiry of 5-year Pioneer Status tax incentive on 25 September 2017; and
2. On a prudent basis, the additional tax adjustments for the under-provision of tax payments in financial year 2017 to address the possible clawback of the Pioneer Status tax incentive post-Yamato Asia Pte Ltd's investment since February 2016, due to change in equity structure;

On normalizing the tax expenses related to the under-provision of tax payments in financial year 2017, assuming the tax expense already been paid, the Group would have reported 5.8% growth in profit after tax to RM21.8 million from RM20.6 million in the same period last year.

The Group is currently in discussion with the relevant authorities with regards to the application of new tax incentive.

Comments by Teong Teck Lean, Managing Director / Group Chief Executive Officer, GDEX:

"We delivered a commendable set of results with steady revenue and EBITDA in a highly competitive market. Our focus remains on providing excellent worry-free service experience to our customers. Whilst we expect positive top-line growth on the back of strong growth in e-commerce transactions leading to higher demand for delivery services. However, intense competition and continued business expansion will impact on business margin".