

GDEX Berhad

(0078 | GDEX MK) Main | Transportation & Logistics

Earnings were on target

KEY INVESTMENT HIGHLIGHTS

- **FY21 core PATAMI of RM42.5m was within expectation**
- **Topline growth was supported by the increase in sales by the Vietnam subsidiary company**
- **Commencement of the new automated sorting hub in 2HFY22 is expected to increase the volume of parcel**
- **Forward earnings estimates remain unchanged**
- **Maintain BUY with an unchanged TP of RM0.45**

Within expectations. GDEX Berhad (GDEX) posted core PATAMI of RM42.5m in FY21 which came in well within our expectation as it makes up 95% of our full-year earnings estimate. Note that FY21 consists of a period of 18 months due to the change in financial year end.

Quarterly. In 6QFY21, GDEX's revenue increased marginally to RM104.7m (+1.8%qoq). Revenue generated from the courier services segment was higher at RM94.2m (+2.0%qoq) due to the improved performance of its Vietnam subsidiary company. The logistics services and property investment segments saw a decline in revenue mainly due to the impact of the sporadic flood and the reduction in rental rates. While PBT grew to RM12.5m (+13.4qoq) due to operational efficiencies, core PATAMI was lower at RM7.4m (-21.5%qoq) due to under-provision of tax in the previous quarter.

Cumulatively. In the 18-month period, GDEX posted revenue of RM638.1m. Topline contributions from the courier services, logistics services and property investment segments were RM580.4m, RM57.3m and RM0.3m respectively. Consequently, PBT for FY21 stood at RM59.7m, while the core PATAMI stood at RM42.5m.

Maintain BUY. As the results were within our expectation, we make no changes to our forward earnings estimates. We believe that the uptrend in digital consumption would bode well for the group's courier services segment. Though we remain wary of the intense price competition in the last mile delivery segment, we expect to see higher volume of parcel following the commencement of the new automated sorting hub in 2HFY22. All in all, we maintain our **BUY** call on GDEX with an unchanged TP of **RM0.45**. Our TP was derived by using the DCF valuation method (WACC: 11.2%, TG: 2.0%).

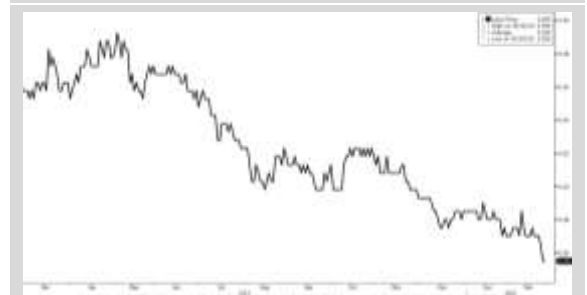
Maintain BUY

Unchanged Target Price: RM0.45

RETURN STATISTICS

Price @ 25 th February 2022	0.26
Expected share price return (%)	+73.1
Expected dividend yield (%)	+0.8
Expected total return (%)	+73.9

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	-7.3	-11.9
3 months	-10.5	-19.2
12 months	-32.0	-32.6

KEY STATISTICS

FBM KLCI	1,591.72
Syariah compliant	Yes
F4BGM Index	Yes
ESG Grading Band (Star Rating)	☆☆
Issue shares (m)	5602.55
Estimated free float (%)	15.43
Market Capitalisation (RM'm)	1,423.18
52-wk price range	RM0.25-RM0.42
Beta vs FBM KLCI (x)	1.32
Monthly velocity (%)	0.00
Monthly volatility (%)	22.37
3-mth average daily volume (m)	0.64
3-mth average daily value (RM'm)	0.18
Top Shareholders (%)	
Gd Express Holdings (M) S B	24.81
Yamato Asia Pte Ltd	23.08
Singapore Post Ltd	12.19

INVESTMENT STATISTICS

Income Statement	2019A	2020A	2021A*	2022E	2023F
Revenue	313.9	364.0	638.1	461.1	502.4
EBITDA	43.0	65.2	128.2	86.0	93.3
EBIT	23.7	24.5	59.0	39.8	43.0
PBT	32.4	23.7	59.7	33.8	37.0
PATAMI	32.5	18.5	43.0	30.0	32.9
Core PATAMI	32.4	20.6	42.5	30.0	32.9
Core EPS (sen)	0.58	0.37	0.75	0.53	0.58
PER (x)	45.1x	71.0x	34.5x	48.9x	44.6x
DPS (x)	0.02	0.25	0.40	0.20	0.25
Dividend yield (%)	0.1%	1.0%	1.5%	0.8%	1.0%

*Based on a period of 18 months due to the change in financial year end.

Source: Company, MIDFR

GDEX: 6Q21 RESULTS SUMMARY

Income Statement	Quarterly			Cumulatively	
	6Q21	QoQ	YoY	18MFY21	YoY
Revenue	104.7	1.8%	n.a.	638.1	n.a.
Net operating expenses	(92.8)	-0.1%	n.a.	(579.5)	n.a.
EBITDA	11.9	16.6%	n.a.	58.6	n.a.
Finance costs	(1.1)	1.1%	n.a.	(6.7)	n.a.
Associate companies	1.7	-12.4%	n.a.	7.9	n.a.
PBT	12.5	13.4%	n.a.	59.7	n.a.
Tax	(3.7)	-107.0%	n.a.	(15.8)	n.a.
PATAMI	7.4	-21.5%	n.a.	43.0	n.a.
Core PATAMI	7.4	-21.5%	n.a.	42.5	n.a.

SEGMENTAL BREAKDOWN

Revenue	Quarterly			Cumulatively	
	6Q21	QoQ	YoY	18MFY21	YoY
Courier	94.2	2.0%	n.a.	580.4	n.a.
Logistics	10.4	-0.5%	n.a.	57.3	n.a.
Property investment	0.05	-11.1%	n.a.	0.3	n.a.

Source: Company, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077(23878 – X)).
 (Bank Pelaburan)
 (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related companies and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, "Representatives") shall not be liable for any direct, indirect or consequential loss, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such companies mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment's prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology