

Garuda Indonesia



# 2023 Public Expose Material FY 2022 Performance Exposure PT Garuda Indonesia (Persero) Tbk

May 30, 2023

**GROWING WITH RESILIENCE  
READY TO FLY HIGHER**



Garuda Indonesia



Garuda Indonesia

Presentation by :  
PRESIDENT DIRECTOR  
**IRFAN SETIAPUTRA**

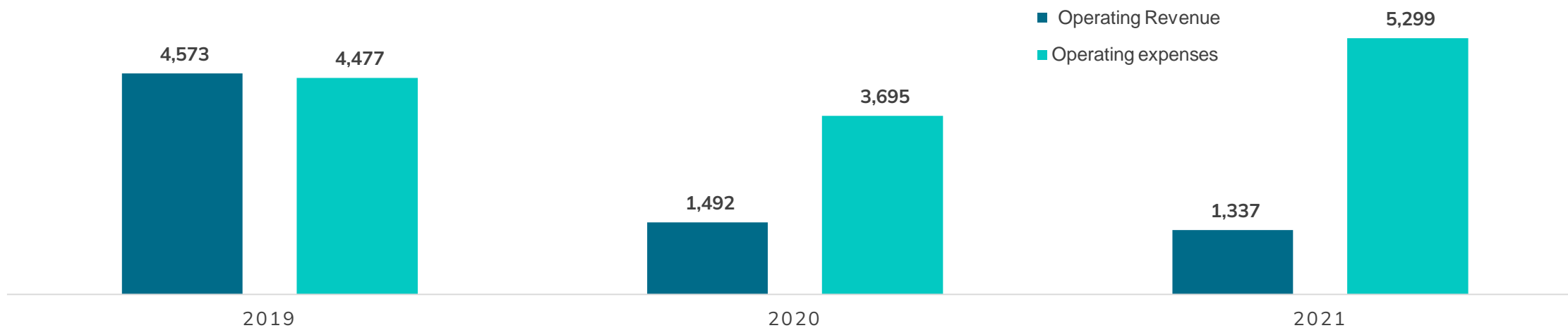


# The Covid-19 pandemic has brought the aviation industry to its lowest point in the industry's history (IATA-2021)

The Covid-19 pandemic situation also opens a Pandora's box of complexities in Garuda Indonesia's business performance. Operating revenues fell significantly with pressure on operating expenses that had a systemic impact on the liquidity and solvency conditions of business performance.

## GA Group Financial Performance 2019- 2021

(IN MILLION USD)



Organizational Composition and Market View that are not in line



Corporate Governance Issues



Uncompetitive Aircraft Lease Expenses



Non-adaptive Cost Structure

## Business Optimization and Pre-PKPU Initiatives



Maintaining the quality of flight accuracy in the midst of a pandemic situation



Negotiation of new lease rate scheme



Value Propositions & Improving Service Experience



Cost-cutting through human capital management

## Business Performance Outlook Shadowed by Uncertainty & Fundamentally in "Red Flag" Condition

**\$10,1 Bio**

Total Debt

**\$5,3 Bio**

Negative Equity

**-90%**

Traffic & Revenue

**70 %**

Aircraft Grounded

# Restructuring Phase (PKPU): Good-Will, Good Faith, Openness

Garuda Indonesia's restructuring through **the Postponement of Debt Payment Obligations (PKPU)** stage involves a variety of legal backgrounds of entities and organizations, both local and foreign vendors with diverse preferences in the settlement of business obligations.



**800+ Creditors**

## Government Agencies

Lessor

SOE and its affiliates

Local Vendor

Foreign Vendor

SOE Bank & other SOE Banks

Private-owned Bank

Other Financial Institutions & Instruments

Garuda's Affiliates

Other creditor categories

## Voting Result Based on Creditor Attendance (Headcount)

Disagree & Abstain  
**18**  
**(4,93%)**

Total Concurrent Creditors  
**365**

Agree  
**347**  
**(95,07%)**

## Voting Results Based on Creditor Claim Value

Disagree & Abstain  
**Rp. 16 Tn (0,3 Million votes, or 2,54%)**

Total claim (votes):  
**Rp 138 Tn (12,5 million votes)**

Agree  
**Rp 122 Tn (12,2 Million votes, or 97,46%)**

# Peace Agreement Highlights in the PKPU Process (1)

## New Equity

Issuance of new equity through Capital Increase without Pre-emptive Rights in accordance with the portion of new equity determined in the Peace Plan document. In addition, equity was also issued through Capital Increase with Pre-emptive Rights.

## New Notes, New *Sukuk*, and Local Debt Claims

Issued New Notes of USD 624 Million, New *Sukuk* of USD 78 Million, and Local Debt Claims of USD 1.2 million; with a tenor of 9 years | interest: 6.50% p.a. in cash or, in the first two years, 7.25% PIK.



KEY  
RESTRUCTURING  
TERM UTANG  
RECOVERY RATE  
19-20 %

## Long-Term Debts

The debt repayment scheme for banks, state-owned enterprises and subsidiaries was restructured to be for 22 years with an interest rate of 0.1%.

# Peace Agreement Highlights in the PKPU Process (2)

## Creditor < Rp 255 million

Repaid in full through company's cash flow (already done)

KEY RESTRUCTURING  
TERM OF PREFERENCES  
CREDITORS DEBT &  
DEBT VALUE  
< Rp 255 MILLION

## Preferred Creditors

OWK - SMI: Converted into other Preferred Creditor Shares: Repaid gradually through the company's cash flow.

# Peace Agreement Highlights in the PKPU Process (3)

## Implementation of Power by the Hour Period

Narrow-body: 9 Dec 2021-31 Dec 2022  
 Wide-body :9 Dec 2021- 30 Jun 2023 (All Airbus)  
 Wide-body :9 Dec 21-31 Dec 2023 (B777)



### Decreased Total Fleet

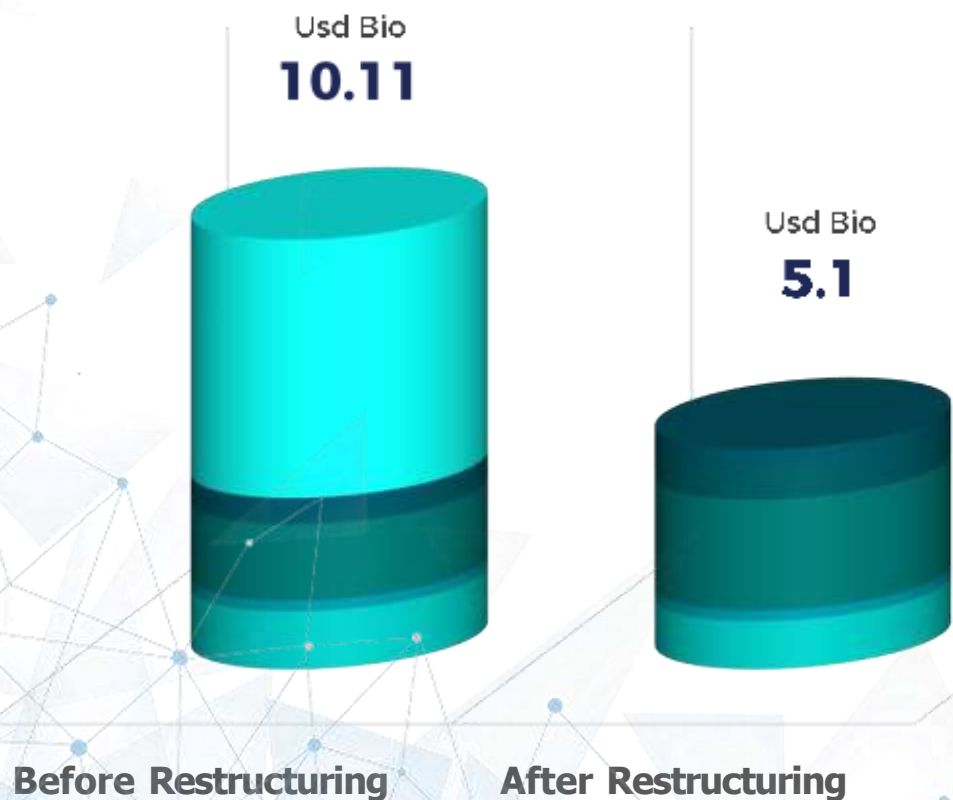
Decrease in total leased aircraft (GA and QG) from a total of 210 aircraft in 2020 (GA 142, QG 168) to 134 aircraft as of 31 Dec 2022 (QG 66, GA 68).

### Decreased Lease Rates

Narrow-body: average decrease of ~31%, and Wide-body: average decrease of ~55%.



# Impairment of Debt after PKPU



- Debts of Subsidiaries
- OWK
- SOE Debts
- SUKUK
- Other Unsecured Claim
- Long-term loan and Long-term payable
- Priority Debt
- EDC
- KIIK EBA
- Capitalized Lease Liabilities
- New Coupon Debt

**Garuda's Impairment of Debt Value**

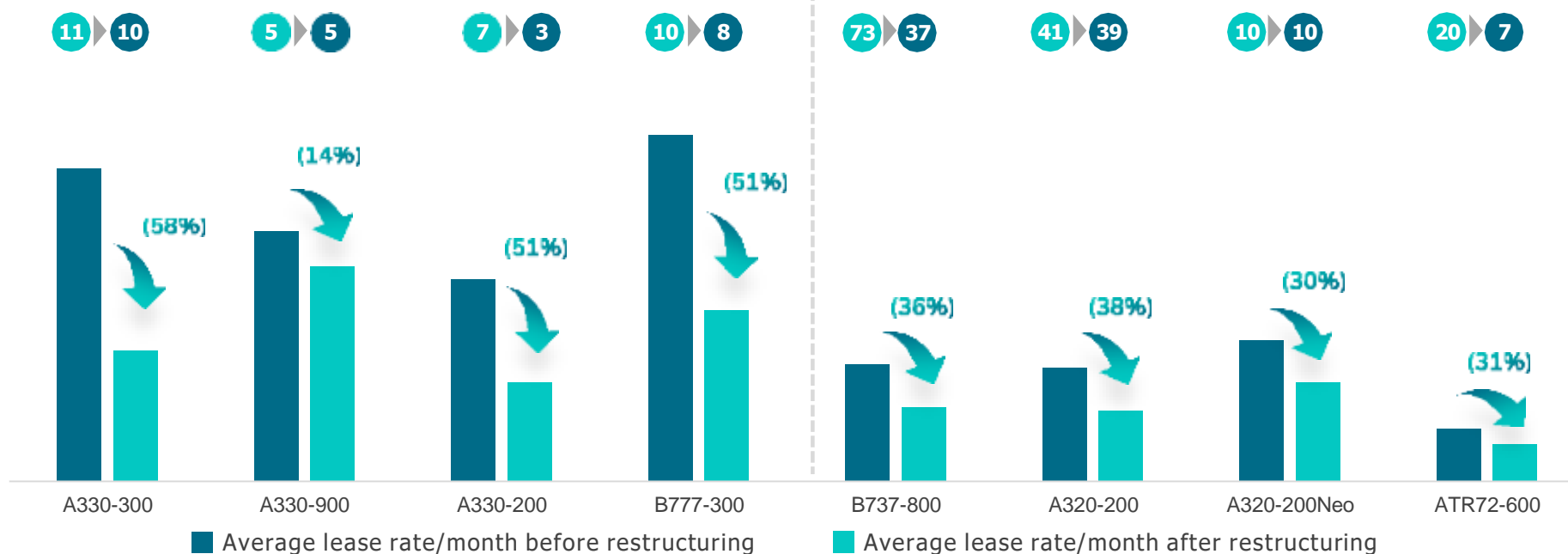
**+ - 50%**

# Aircraft Rental Rate Decrease (Thousand USD)

## Wide-body (WB) Aircraft

## Narrow-body (NB) Aircraft

Number of Fleets Before Restructuring (Dec-2020A)(2): ● Number of Fleets Before Restructuring ● Number of Fleets After Restructuring (Dec-2022F)(3):



# Key Driver 2022



# Corporate Action 2022



Fleet Strategy



Commercial Strategy



Network Strategy



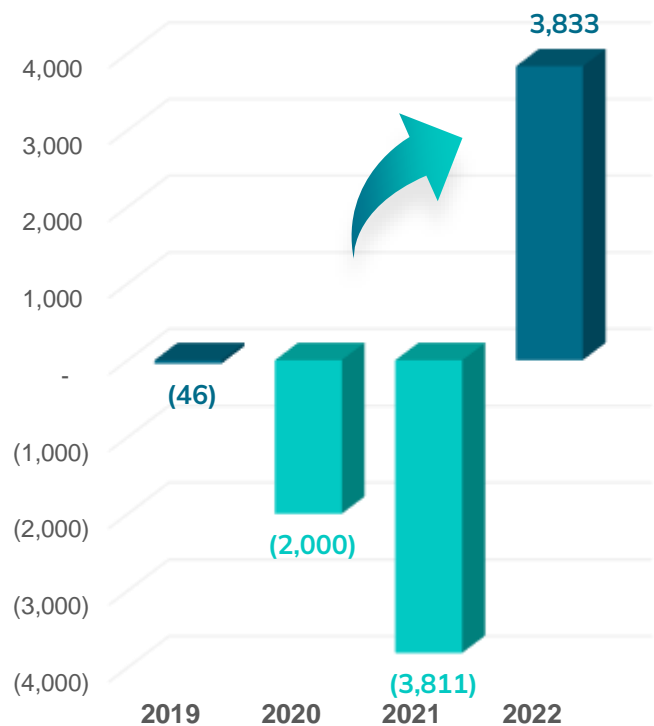
Financial Strategy



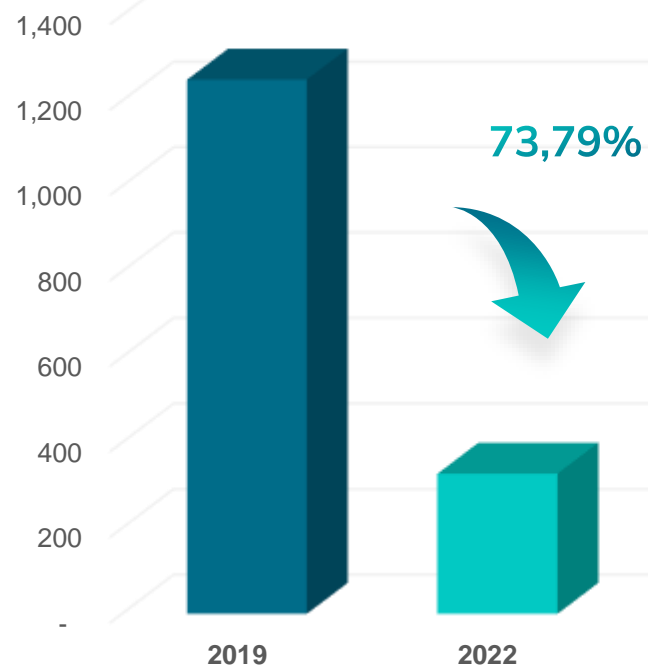
Supporting Strategy

# Strengthening the 2022 Business Performance Fundamentals After Restructuring (1)

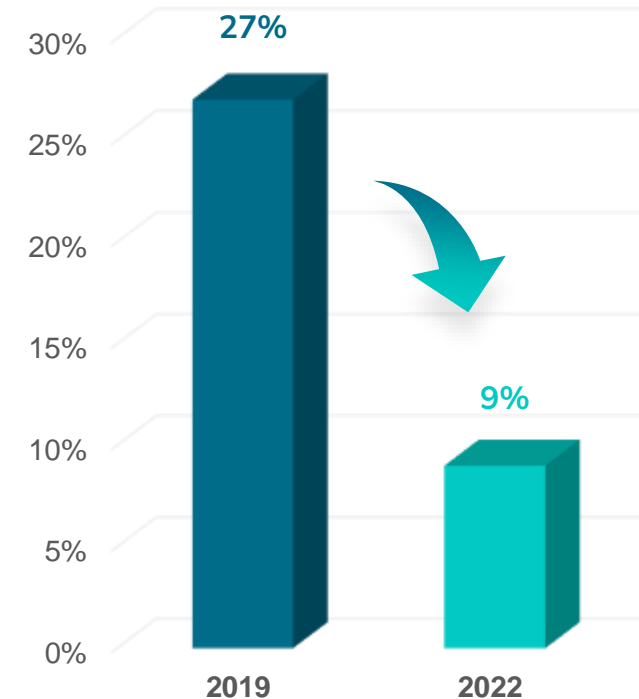
**Net Income**  
(USD bio)



**Total Fixed Cost**  
(USD bio)

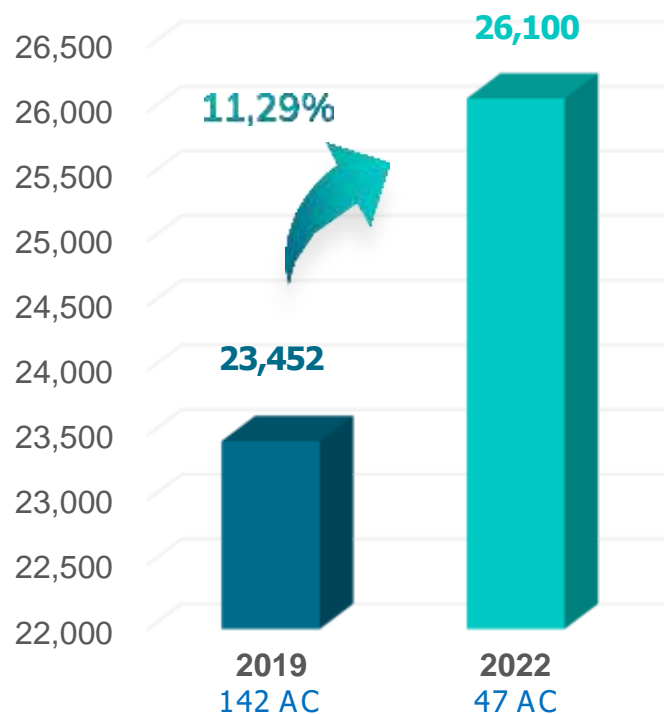


**Lease Cost to Revenue**

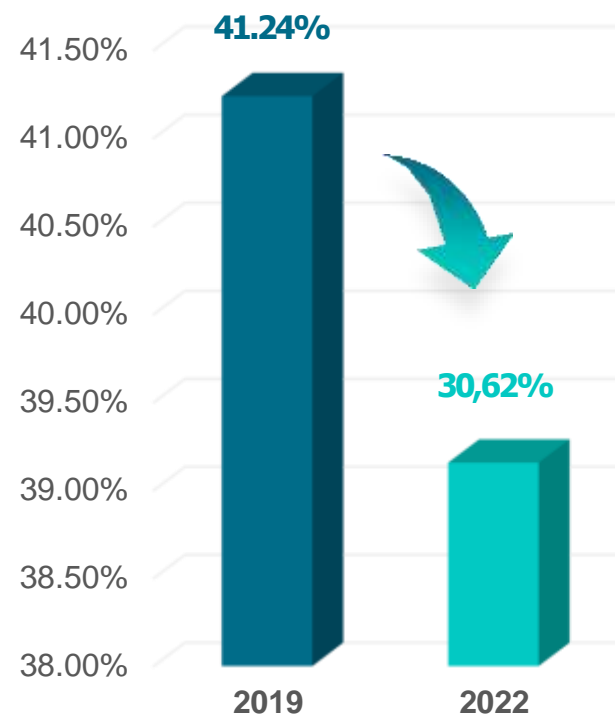


# Strengthening the 2022 Business Performance Fundamentals After Restructuring (2)

**Average Revenue Per Aircraft  
(Mio USD)**

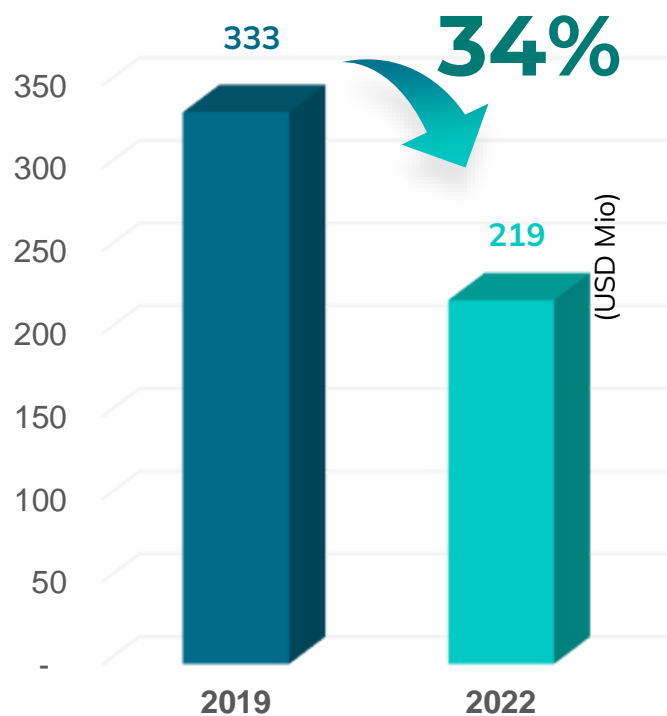


**Fixed Cost to Revenue**

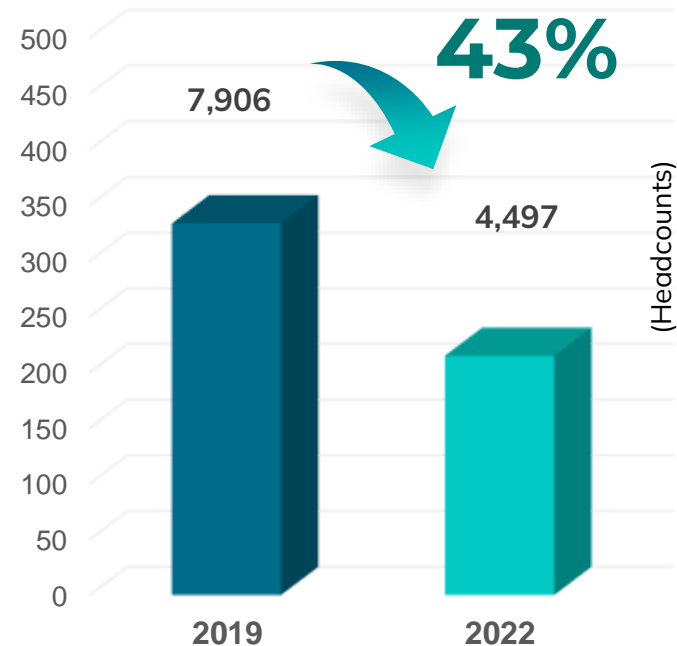


# Strengthening the 2022 Business Performance Fundamentals After Restructuring (3)

**Total Personal Expense**  
(Mio USD)



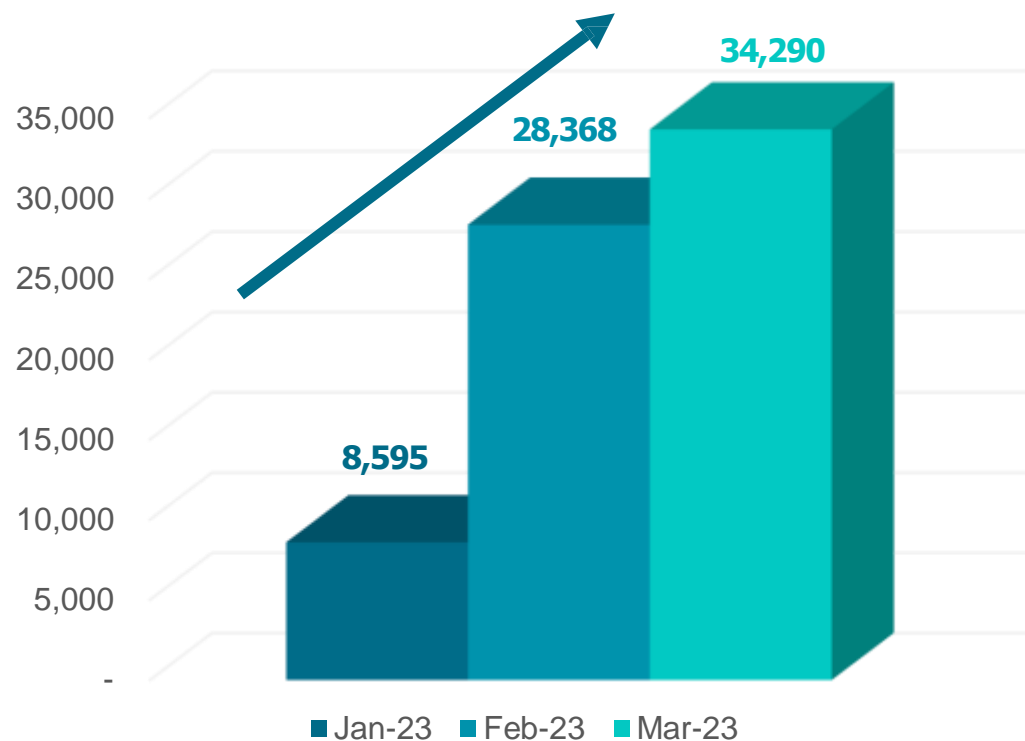
**Manpower Size**



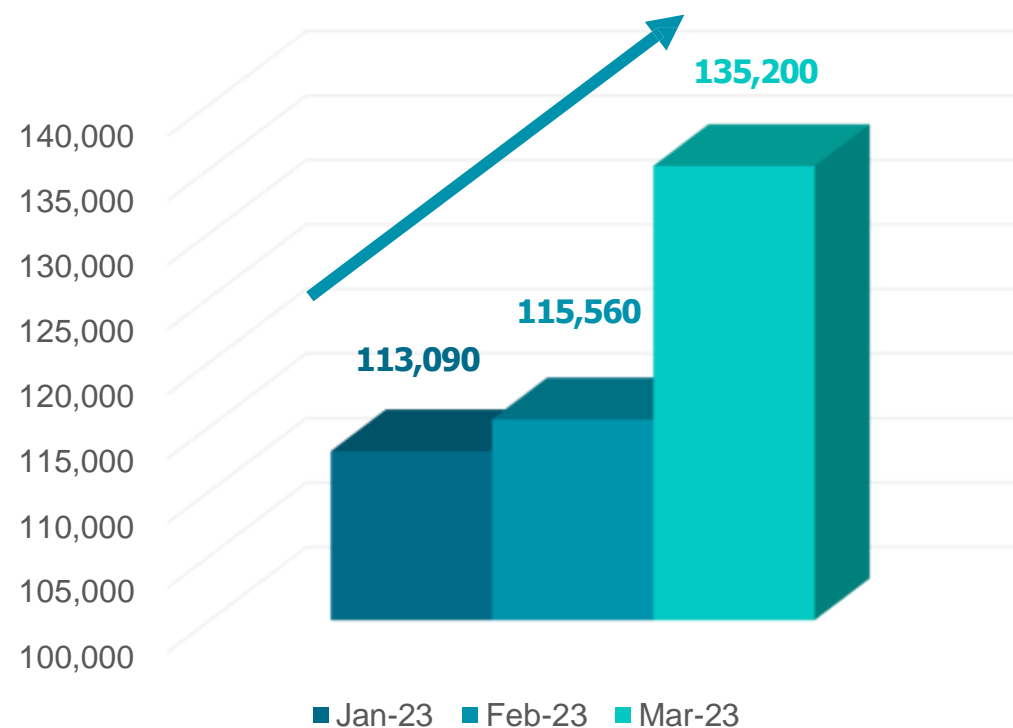
# Corporate Performance Outlook 2023

## Solid Financial Performance Foundation

**EBITDA**  
(Mio USD)



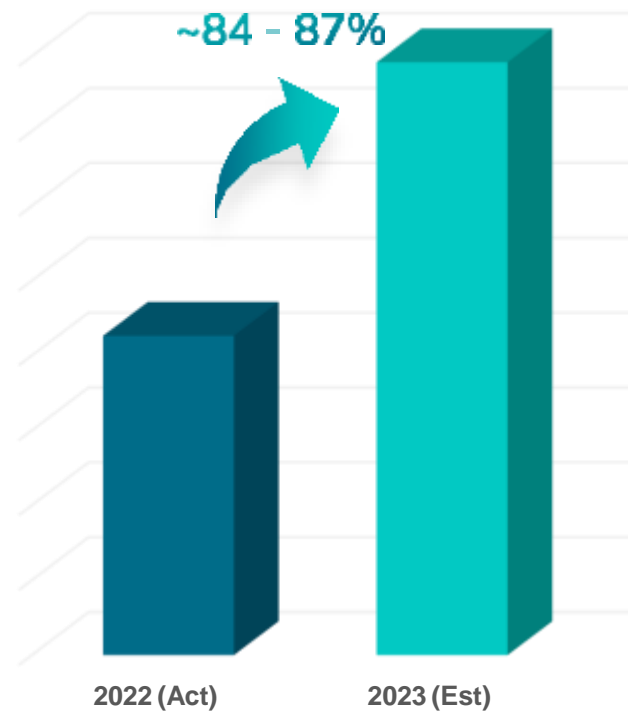
**OPERATING REVENUE**  
(Mio USD)



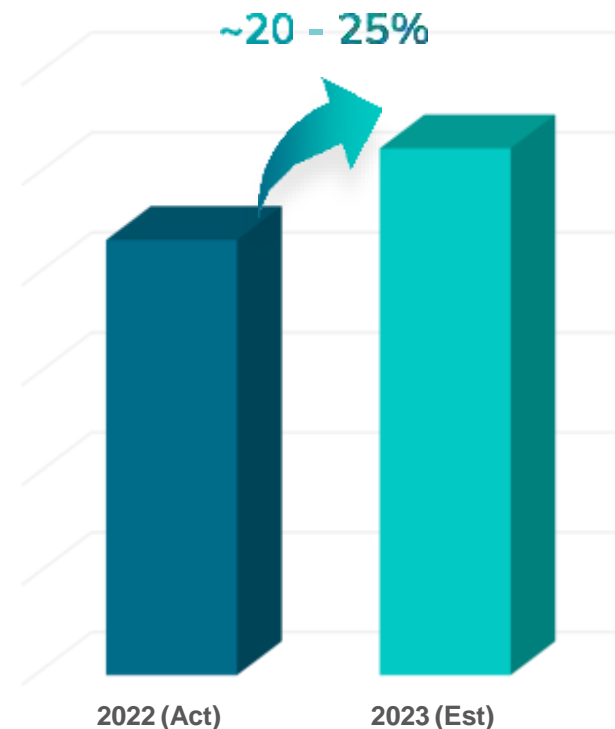
# Corporate Performance Outlook 2023

## Revenue Enhancement through Fleet Strengthening & Restoration

### Operating Revenue



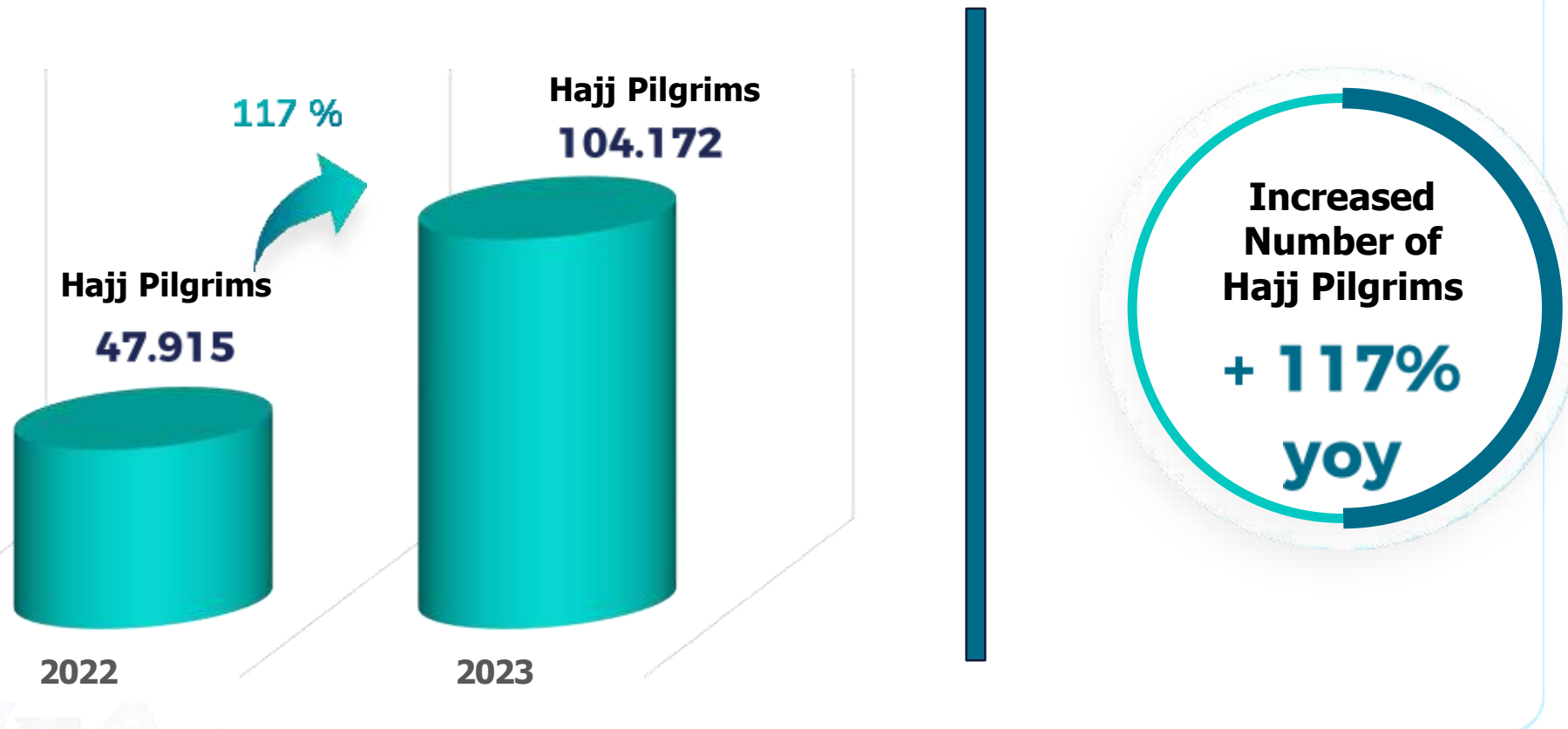
### EBITDA





# Corporate Performance Outlook 2023

## Increase in the Number of Hajj Pilgrims using Garuda Indonesia services



# Strengthening Corporate Governance

	2021		2022		Explanation
	Score	%	Score	%	
<b>Sustainable GCG Implementation</b>	6,50	92,86	6,81	97,28	Excellent
<b>Shareholders &amp; RUPS</b>	8,56	95,13	8,45	93,99	Excellent
<b>Board of Commissioners</b>	30,86	88,18	33,00	94,29	Excellent
<b>Board of Directors</b>	31,73	90,65	33,17	94,78	Excellent
<b>Information and Transparency</b>	8,18	90,89	8,11	90,15	Excellent
<b>Other Aspects</b>	1,25	25,00	2,5	50,00	Excellent
<b>Total Overall Scores</b>	<b>87,08</b>	<b>87,08</b>	<b>92,69</b>	<b>92,69</b>	



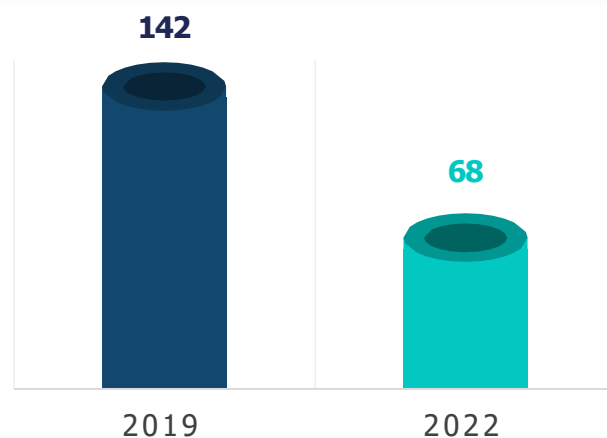


Presentation by:  
DIRECTOR OF SERVICE AND COMMERCE  
**ADE R. SUSARDI**

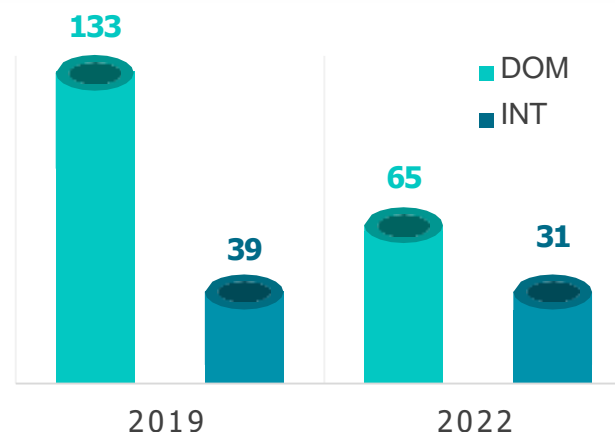


# Optimizing GA Network and Strengthening Network-Partnership

## NUMBER OF FLEET



## NUMBER OF ROUTES



## Commercial Index

2019

2022

**Paxs Carried/Flight**

138

151

**Cargo/Flight (kg)**

1.532

2.126

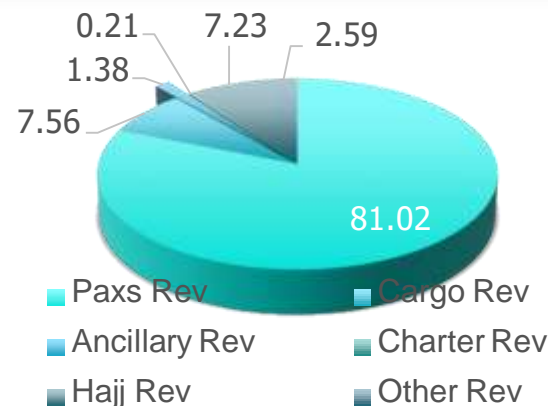
**Revenue/Flight**

15.101

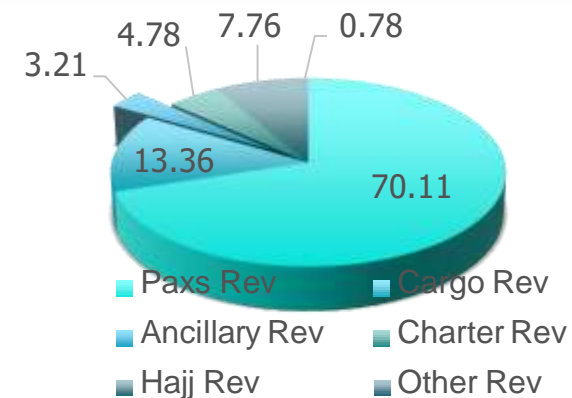
20.141

# Maximizing Revenue Opportunity

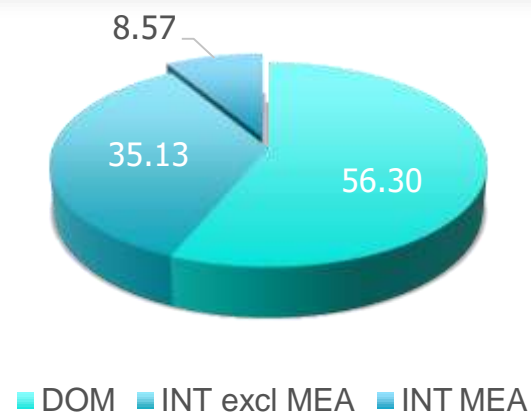
Revenue Stream (%) 2019



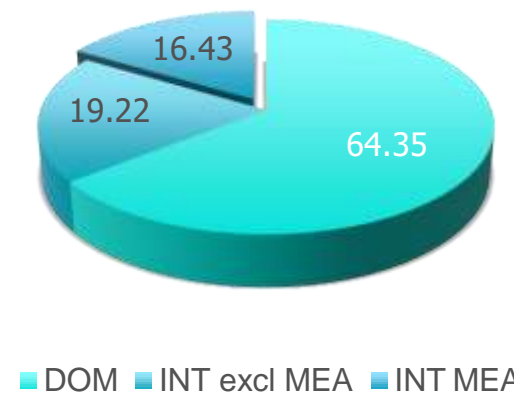
Revenue Stream (%) 2022



Proporsi Revenue (%) 2019



Proporsi Revenue (%) 2022



# Service Enhancement & Marketing



**Normalization Food & Beverages Services**



**Garuda Priority Service**



**New IFE content**



**Launching Baby Stroller Services at CGK & DPS**



**Additional wheelchair**

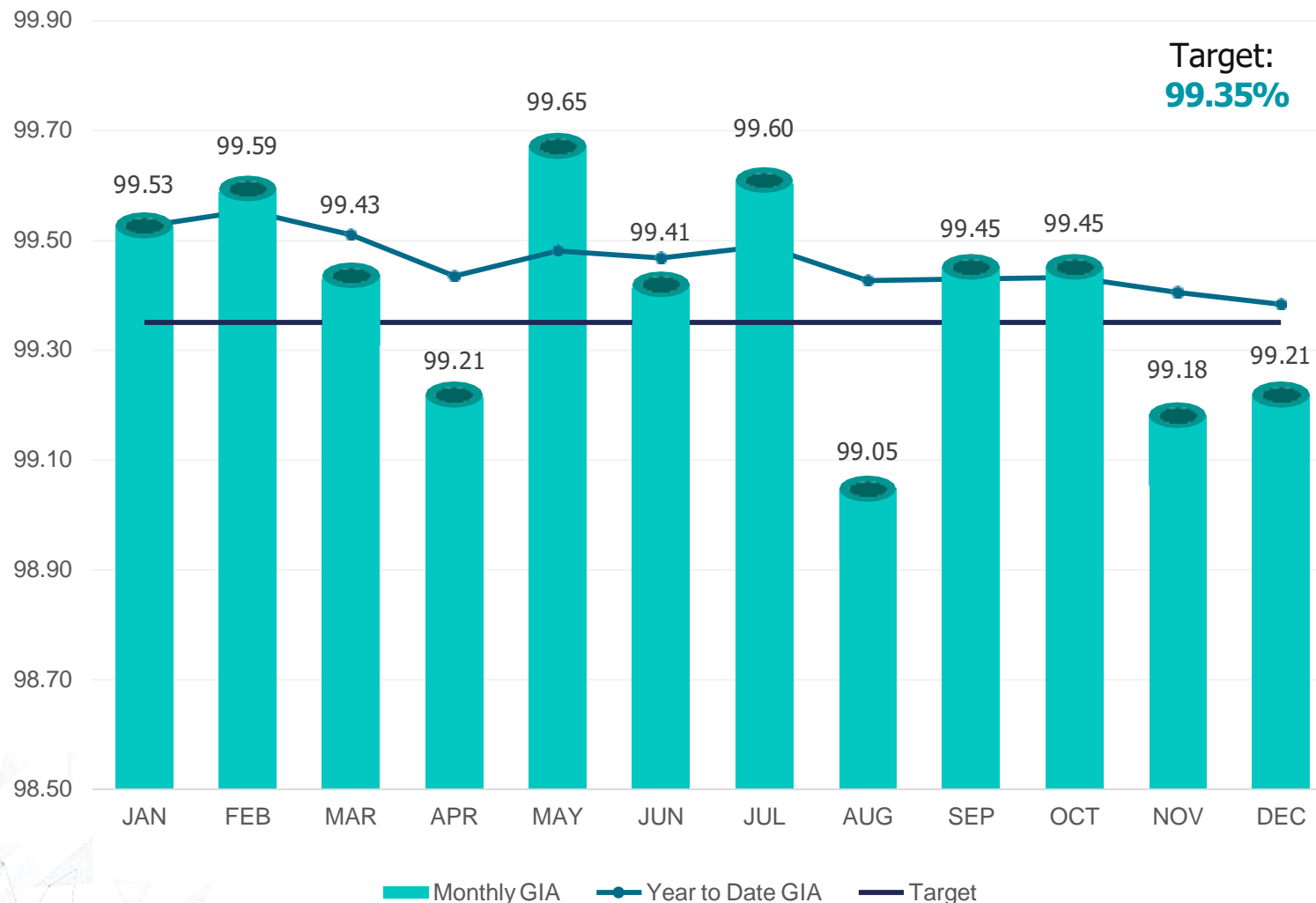




Presentation by:  
TECHNICAL DIRECTOR  
**RAHMAT HANAFI**



# 2022 Dispatch Reliability Performance



**99.38%**

The 2022 Dispatch Reality performance for the entire fleet reached 99.38% which achieved the KPI target of 93.35%.

When compared to the industry average, the Company's fleet dispatch reliability performance is as follows:

- GIA B737-800: 99.49% Vs Worldwide 99.32%
- GIA B777-300ER: 98.97% Vs Worldwide 99.14%
- GIA A330: 98.87% Vs Worldwide: 98.84%

*\*Source Data : Boeing & Airbus*

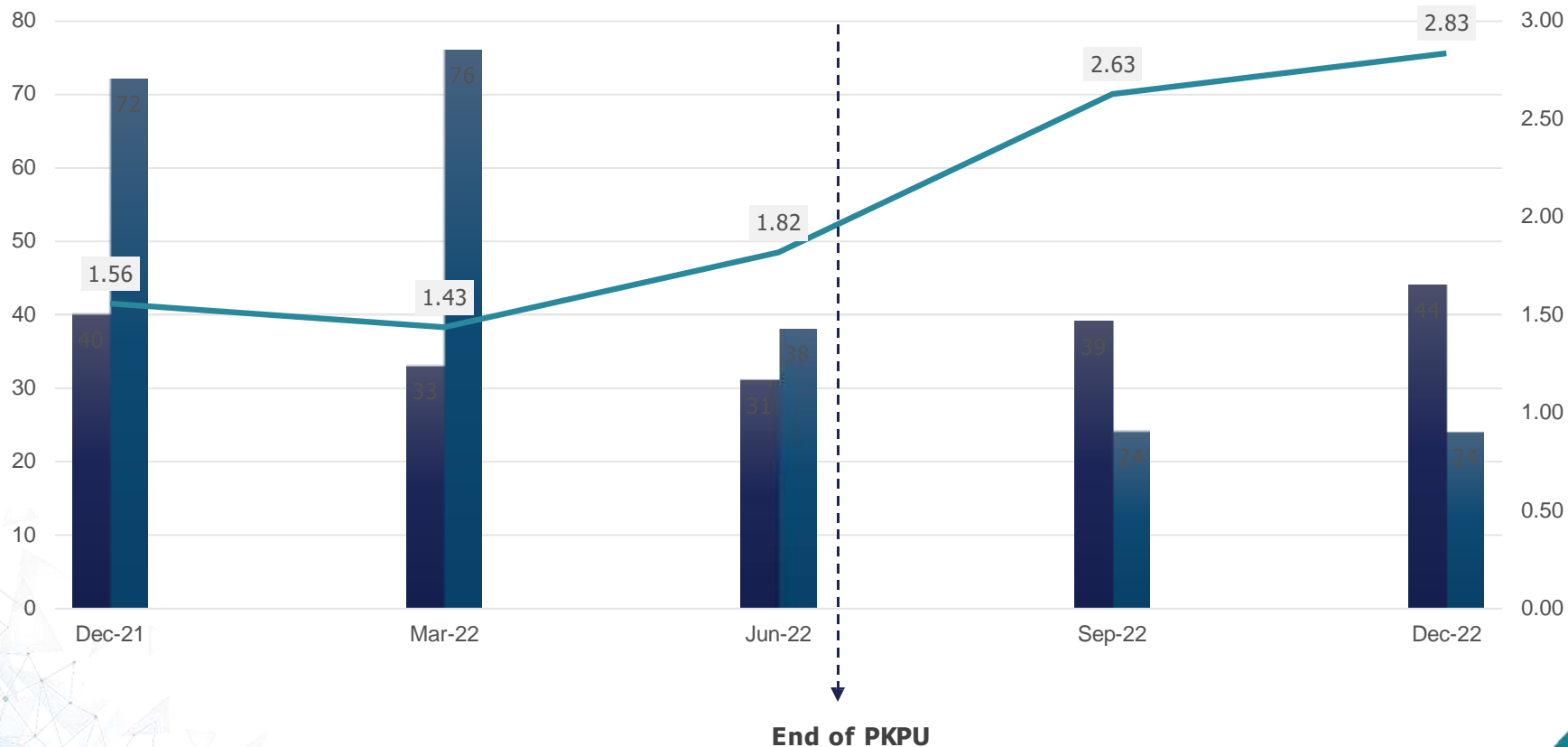


# Achievements of Aircraft Reactivation Program

## Garuda Indonesia Fleet Status 2021-2022

### Garuda Indonesia Fleet Status 2021-2022

Serviceable Grounded Serviceable Ratio



41%

The increase in the number of PKPU serviceable aircraft with the aircraft reactivation program from 31 aircraft in June 2022 to 44 serviceable aircraft.

The number of grounded aircraft continues to decrease aircraft in December 2021 to the remaining aircraft in December 2022 so that the Serviceable Ratio continues to increase. Reactivation of the remaining 24 grounded aircraft continued in 2023.

Serviceable Ratio = Total Fleet / Total Grounded

# 2022 Information Technology (IT) Highlights

## IT Focus: Architecture Recalibration and Restructuring Acceleration

### 1 *IT Ecosystem Optimization*

- Implementation of micro-service architecture, infrastructure scalability and multi-platform services in sales support applications.
- Strengthening Data Architecture in support of decision making with the application of Route Profitability Intelligence
- System resilience in the face of various risks, with a system SLA achievement of 99.7%.

**2**

### *Improved IT Effectiveness and Efficiency*

- Strategic contract renegotiation on international network services and integrated operational system services
- Digitalization of the company's business processes and process automation with the implementation of Aircrew Mobile Apps and e-Office.

**3**

### *Digital Upgrade Channel and Customer Experience*

- Customer experiences with simplified booking to payment process
- Personalization of travel, based on an understanding of needs, preferences, etc.

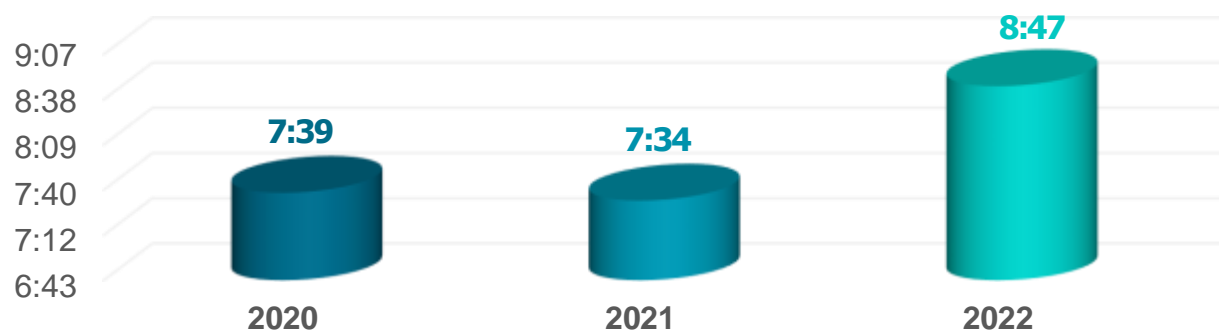


Presentation by:  
DIRECTOR OF OPERATIONS  
**TUMPAL M. HUTAPEA**

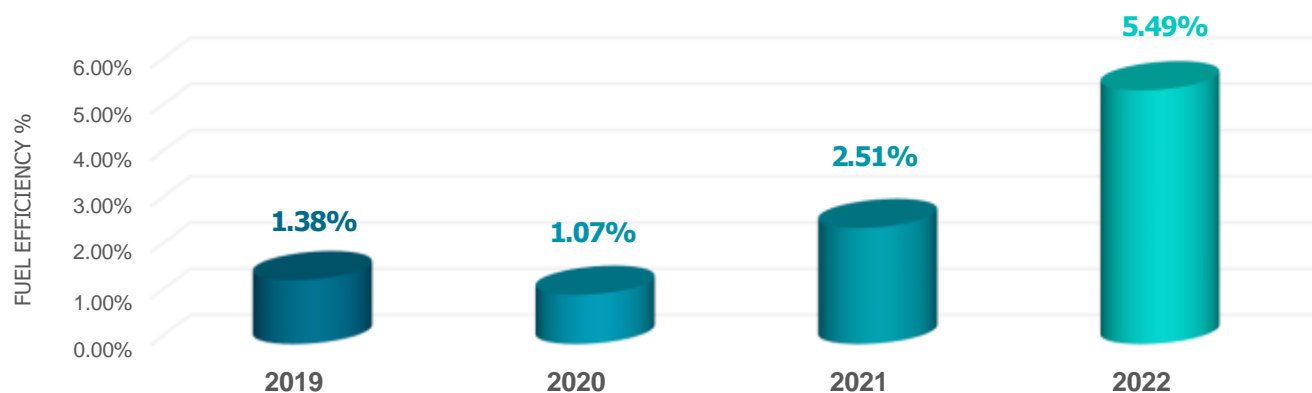


# Aircraft Utilization

Aircraft Utilization



Fuel Optimization Results vs Fuel Cost 2019-2022 (%)



On the operational line, fuel optimization implementation is carried out with initiatives such as Cost Index, Potable water, economical tankering, Engine Out – Taxi In Procedure, GPU Usage dan Reducing Landing Flaps

## Highlights

Positive Trend Aircraft Utilization (hours) on average in sdi 2022 increased from 7:34 to 8:47 in 2022

During 2019-2022 the fuel savings program showed a positive trend as seen from the percentage increase in the comparison between the Fuel Efficiency that was successfully carried out compared to the Total Fuel Cost incurred by the Company.

The Best OTP in 5 Star Airline (96.3%)

The Most Punctual Airline in the World (95,01%)

Most Punctual Airline in Asia Pacific (96,6%)

**OAG**

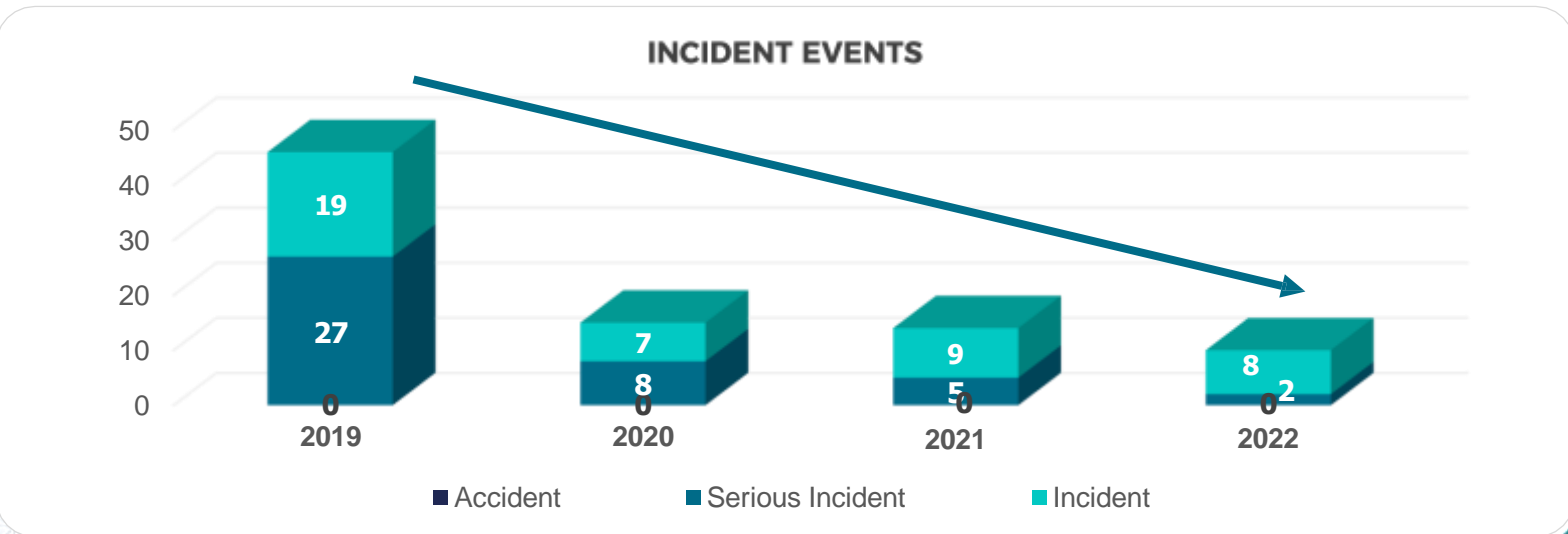
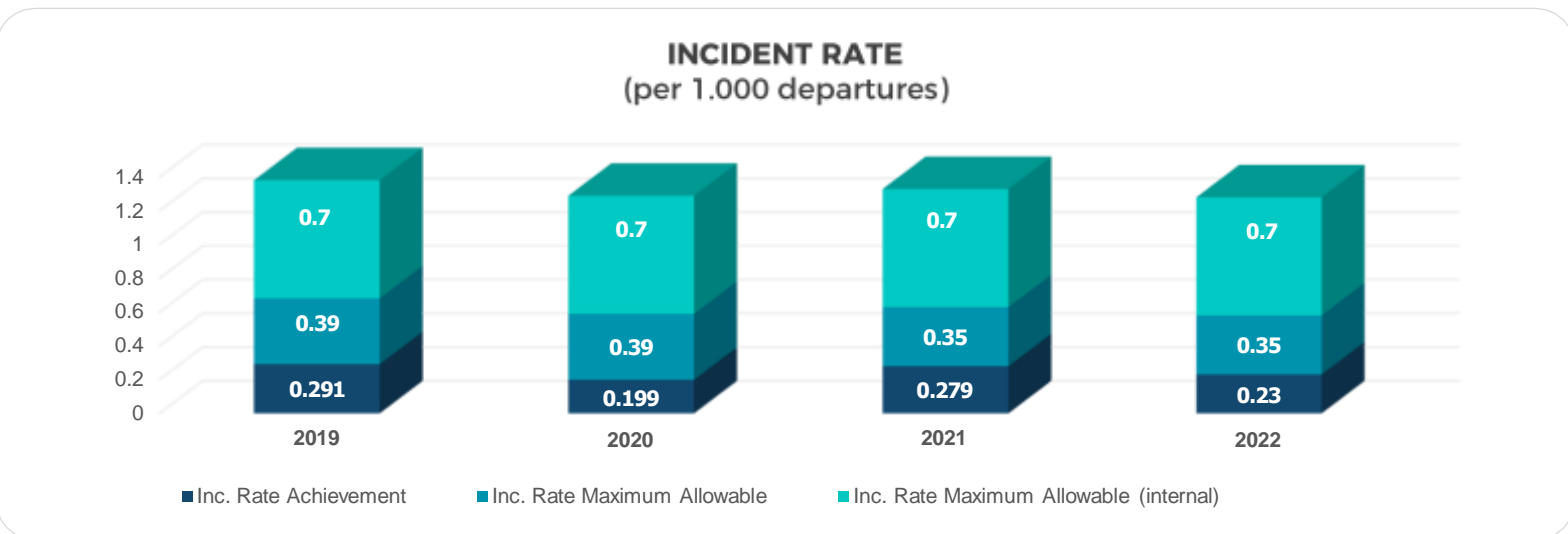
2019

2020

2022

# Incident Rate Report 2019-2022

**Avoid and reduce Incident with Safety Management System (SMS) Implementation**



- Incident Investigation

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- Management review

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- Hazard Identification & Risk Assessment

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- Safety Performance Monitoring

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- Audit, surveillance, inspection

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- Safety Promotion



Presentation by:  
DIRECTOR OF FINANCE AND RISK MANAGEMENT  
**PRASETIO**



# 2022 Financial Performance Highlight

## 1H-2022 & FY2022

### Financial Performance

Description (USD Mio)	FY 2021 Parent	1H-2022 Parent	FY 2022 Parent	FY 2022 Consolidation
Cash and Bank	22	69	493	522
Advances for purchase of aircraft	159	146	219	138
Advanced & Security Deposit	150	133	134	224
Bank Loan	674	0	0	16
Trade Payable & Accrued	947	349	296	741
Tax Payable	220	196	175	194
Total Asset	4,789	3,671	4,147	6,235
Total Liabilities	10,094	5,161	4,800	7,770
Total Equity	(5,305)	(1,490)	(653)	(1,535)
Total Revenue	784	490	1,227	2,100
EBITDA Adjusted	(679)	(10)	51	NA
Operating Income (Loss)	(3,431)	(9)	50	104
Net Income (Loss)	(3,812)	3,816	3,819	3,736
Net Income (Loss) (without PSAK73)	(3,306)	4,177	4,416	NA

# Focus on Financial Management and Risk Management (1)



## Financial Restructuring through PKPU

June 17, 2022, creditors voted on Garuda Indonesia's PKPU with the result that 347 creditors (95.07%), with a claim value of Rp. 122 Trillion representing 12.2 million total votes (97.46%) approved Garuda Indonesia's Peace Agreement.

June 27, 2022, Garuda Indonesia PKPU peace agreement was declared Homologated.



## State Capital Participation (PMN) and PPA Financing

In 2022, the Company successfully obtained a fleet restoration financing facility from PT PPA worth Rp. 725 Billion.

At the end of 2022, the Company successfully obtained additional State Capital Participation (PMN) worth Rp. 7.5 Trillion.



## Governance Privatization

Administering the privatization process of Garuda Indonesia with the issuance of 3 Government Regulations: (i) PP No. 43/2022 (PMN), (ii) PP No. 51/2022 (OWK), and (iii) PP 63/2022 (Capital Structure Changes). This includes Rights Issue, OWK Conversion, and Creditor Debt Conversion.



## Unqualified Financial Statement Opinion (WTP)

YTD Jun-22 Financial Report The Company obtained an unqualified financial statement opinion from KAP.

YTD Dec-22 Financial Statements. The Company obtained an unqualified financial statement opinion from KAP.



## Cassation and Attorney General's Office Assistance

Greylag 1410 and Greylag 1446 filed a cassation on July 4, 2022 and it was rejected on September 26, 2022. The Homologation Decision dated June 27, 2022 is legally binding.

Positive support by the AGO has contributed to the success of the Company's restructuring process through PKPU.



## Building an inherent Risk Culture through the implementation of Six Eye Principles & Procedure System Improvement

In supporting Garuda Indonesia to become a superior Company, Garuda Indonesia also carries out several supporting strategies in 2022, namely the risk maturity index assessment and the development of governance, risk, compliance, Garuda Indonesia's risk maturity score in 2022 is 3.78, an increase of 0.28 points from 2021.



# Focus on Financial Management and Risk Management (1)



## Formation of Sinking Fund

The Company formed a sinking fund as one of the efforts to fulfill the obligations of the PKPU Peace Agreement. The Company has successfully established a sinking fund of **27.5 million USD as of December 31, 2022** as a form of the Company's commitment to post-homologation obligations.



## Overseas Credit Approval

The Company successfully obtained approval from the Minister of Finance for the Company's PKLN Application in the form of: **issuance of New Notes of maximum USD 624,735,352 and issuance of New Sukuk of maximum USD 78,019,581** as part of the completion of the Company's Restructuring and Transformation.



## Equity Improvement Efforts

The equity position continues to show improvement from the position on December 31, 2021 (audited) before restructuring of; **Consolidated: (6.1) Billion USD**, then in the position on December 31, 2022 (audited) amounting to; **Consolidated: (1.6) Billion USD**.



Presentation by:  
DIRECTOR OF HUMAN CAPITAL  
**SALMAN EL FARISIY**



# Human Capital Performance Garuda Indonesia

Year	Total Employees	
2019	7.878	↓ 25%
2020	5.946	↓ 12%
2021	5.203	↓ 14%
2022	4.459	

The Company's restructuring measures are also reflected in the right-sizing efforts undertaken, where in a period of 4 years, there was a decrease in the ratio of employee composition by an average of 17%.

HR Number Adjustment	2022				
	Q1	Q2	Q3	Q4	Total
Accelerated Retirement	230	224	141	157	<b>752</b>
Accelerated Contract Completion	21	20	2	35	<b>78</b>
<b>Total</b>	<b>251</b>	<b>244</b>	<b>143</b>	<b>192</b>	<b>830</b>



# THANK YOU

PT Garuda Indonesia (Persero) Tbk

**GROWING WITH RESILIENCE  
READY TO FLY HIGHER**