



# Garuda Indonesia Restructuring, Performance & Strategy

*UBS Global Transport Conference 2011*



London, 12 September 2011

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# Garuda Indonesia Group

Garuda Indonesia (Main brand)



- ✓ Domestic
- ✓ International
- ✓ Planned Sub-100



Cargo



Citilink (LCC)



Haji / Charter



## Key Subsidiaries & Associated Companies

Hospitality and Tourism



Aerowisata

MRO Services



GMF AeroAsia

IT Services



Aero Systems

Global Distribution Systems



Abacus

Ground Handling



Gapura Angkasa

# Garuda Indonesia at a Glance

**12.5 million**  
Passengers

**\$2.2 billion**  
Revenue

**202k tonnes**  
Cargo

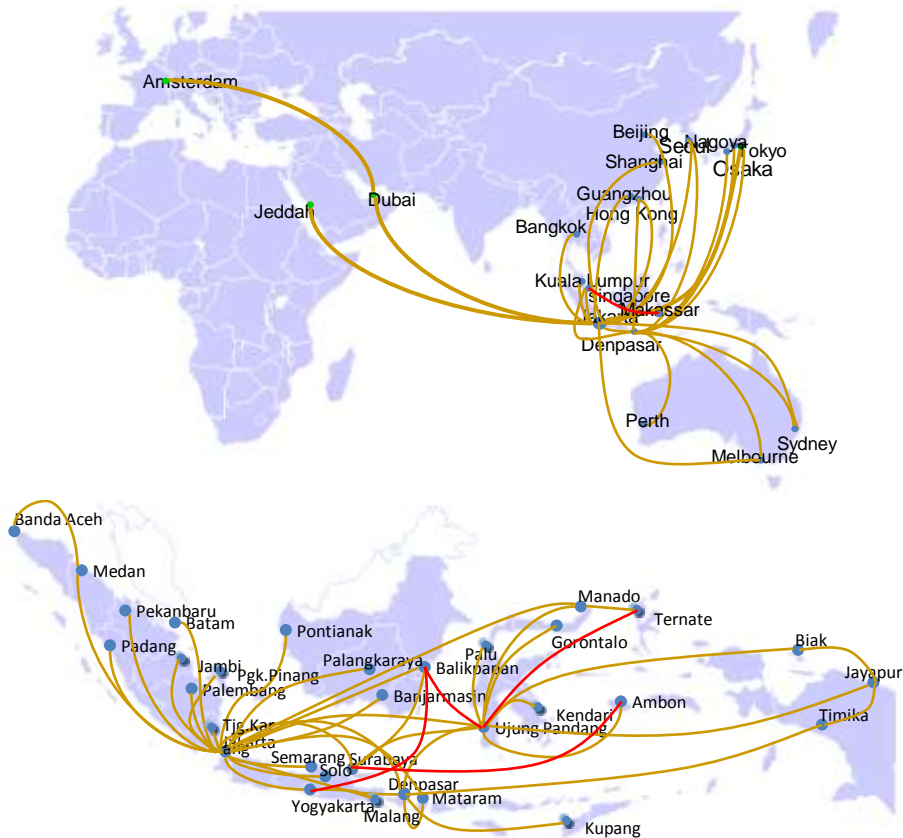
**12%**  
Revenue CAGR

**86 Aircraft**  
**7.83 yrs** Fleet Age

**18%**  
EBITDAR Margin

**31**  
Domestic  
Destinations

**17**  
International  
Destinations



Note:

- Map not drawn to scale
- No of aircraft & no of destinations are per 30 June 2011.
- Other figures are per Dec 2010

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# Flying High

## 1949

- Established in 1949 with first aircraft, Dakota DC-3

## 1956

- First Haji pilgrims flight to Mecca

## 1970

- First subsidiary "AWS" added to the Group

## 1980s

- Training center and aircraft maintenance center established
- Started restructuring initiatives

## 1990s

- Garuda Indonesia is ranked among the top 30 carriers in the world

### Avg. Age

11.5

10.9

11.9

10.2

8.1

↓ Avg. Age

### Number of Passengers (millions)

9.3

9.6

10.2

10.9

13

↑ PAX

### Fleet Size

49

48

54

70

82

92

110

120

139

154

2005

2006

2007

2008

2009

2010

2011E

2012E

2013E

2014E

2015E

## 2005

- New management takes over and begins transformation

## 2007

- Profitability improves under new management with a US\$17 million net income

## 2009

- Received "Best Debt Restructuring Deal of the Year 2009 in South East Asia" <sup>(1)</sup>
- EU removed Garuda from its list of banned airlines

## 2010

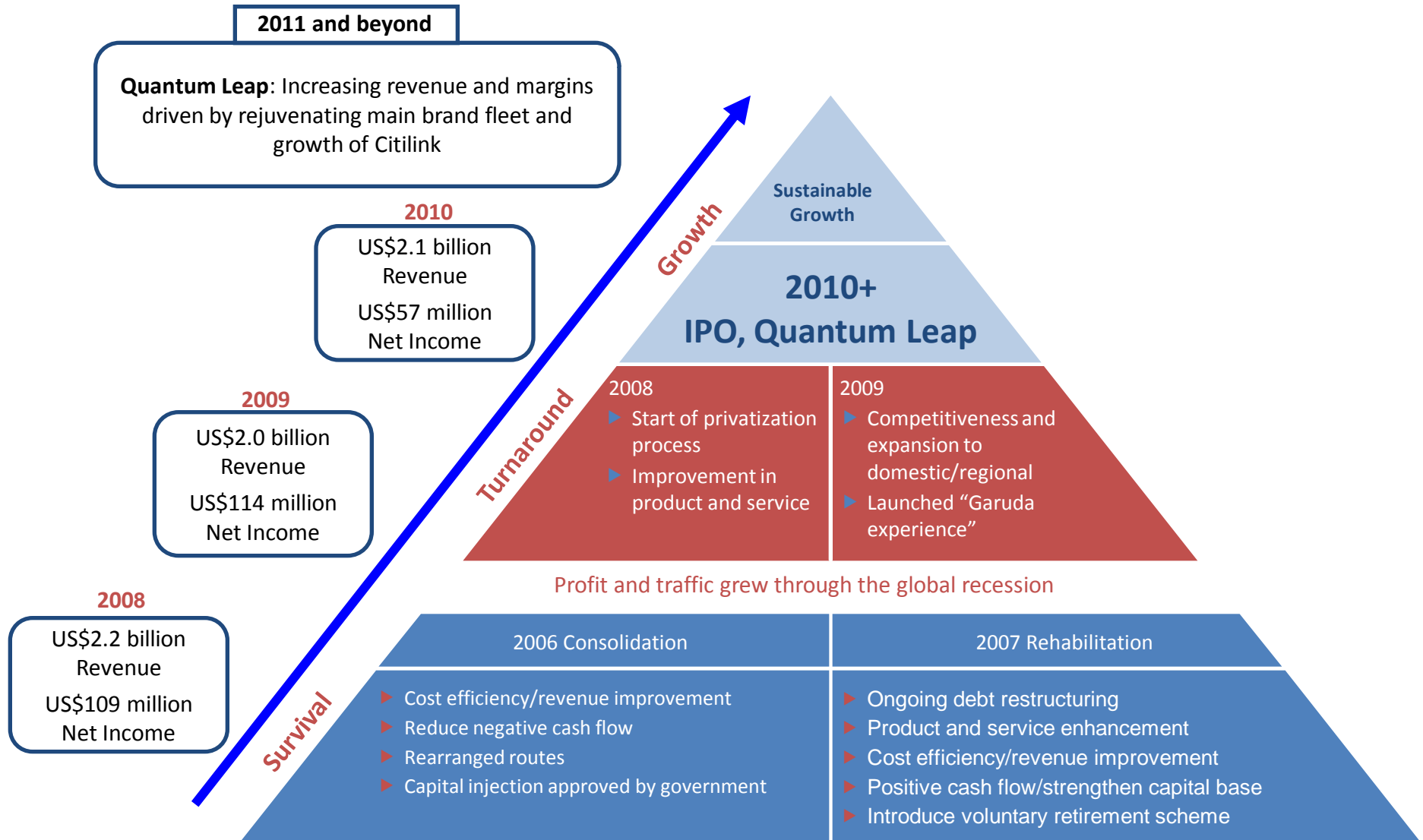
- Completed debt restructuring
- Achieved 4 star Skytrack rating
- Awarded CAPA Airline Turnaround of the Year



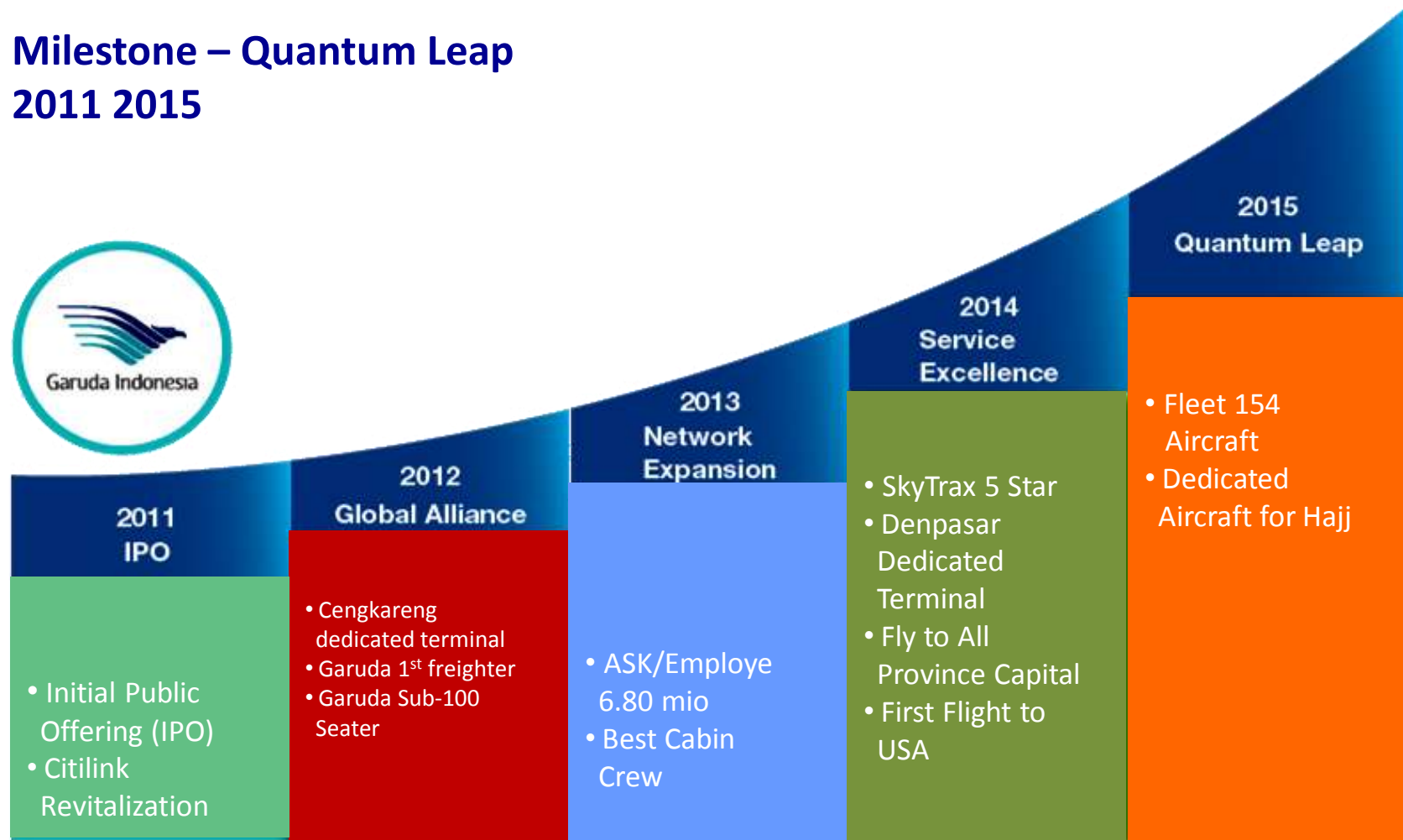


# Restructuring and Transformation

## 1<sup>st</sup> Journey



### Milestone – Quantum Leap 2011 2015





## Aiming to complete the 2<sup>nd</sup> journey in 2015

	2005	Growth	2010	Growth	2015	
Number of Aircraft	57	56%	89	73%	154	↑
Average age (year)	11.2	-28%	8.1	-59%	< 6	↓
Pax Carried	9.3 mio	34%	12.5 mio.	182%	35.2mio.	↑
Total Frequency/week	765	59%	1,219	90%	2,316	↑
Skytrax Rating	3 Star	★	4 Star	★	5 Star	↑

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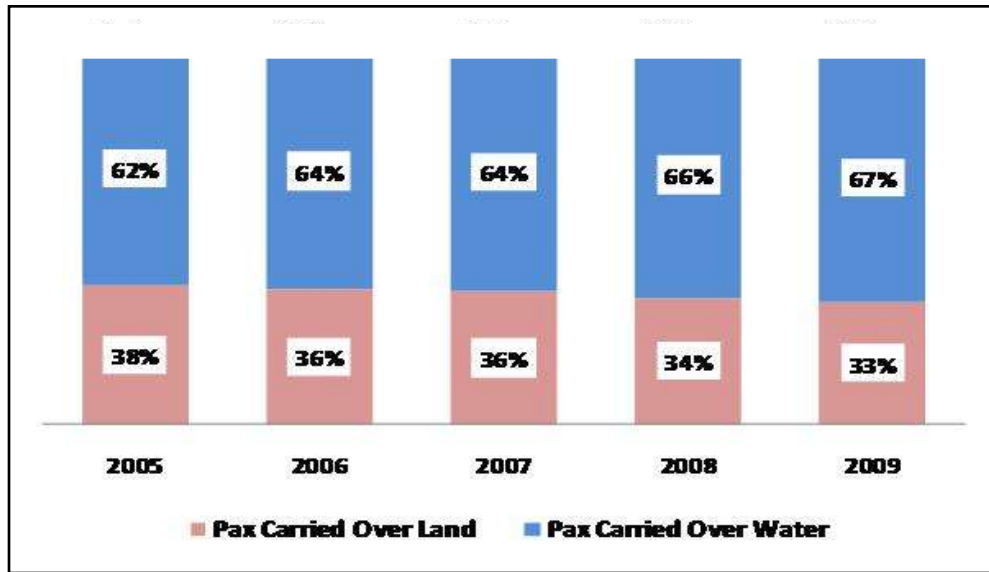
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# The Indonesian market offers enormous growth potential

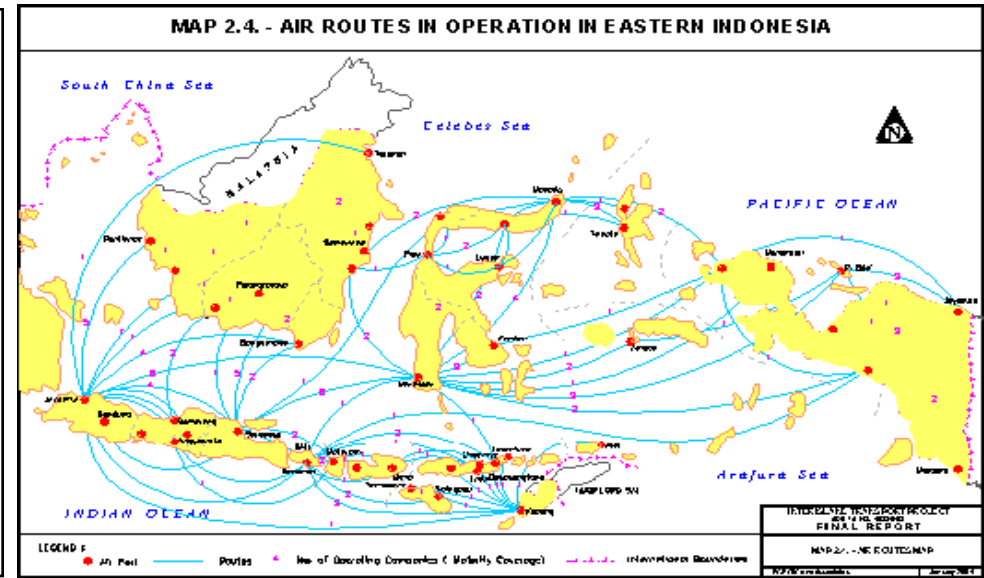
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- The market has been growing at 21% pa in recent years, far outstripping economic growth
- Indonesia's population of 220 million is distributed across a number of medium - large cities and high density provinces
- The current low propensity to travel (0.1 trips per capita), combined with a growing population and growing economic wealth will drive further traffic growth
  - The average number of trips per flyer is 8.9
- Geography ensures the continued importance of air travel. Over 60% of Garuda's existing traffic is "over water"
- Highly competitive prices mean that airlines will continue to take share from surface transport

# Domestic Landscape

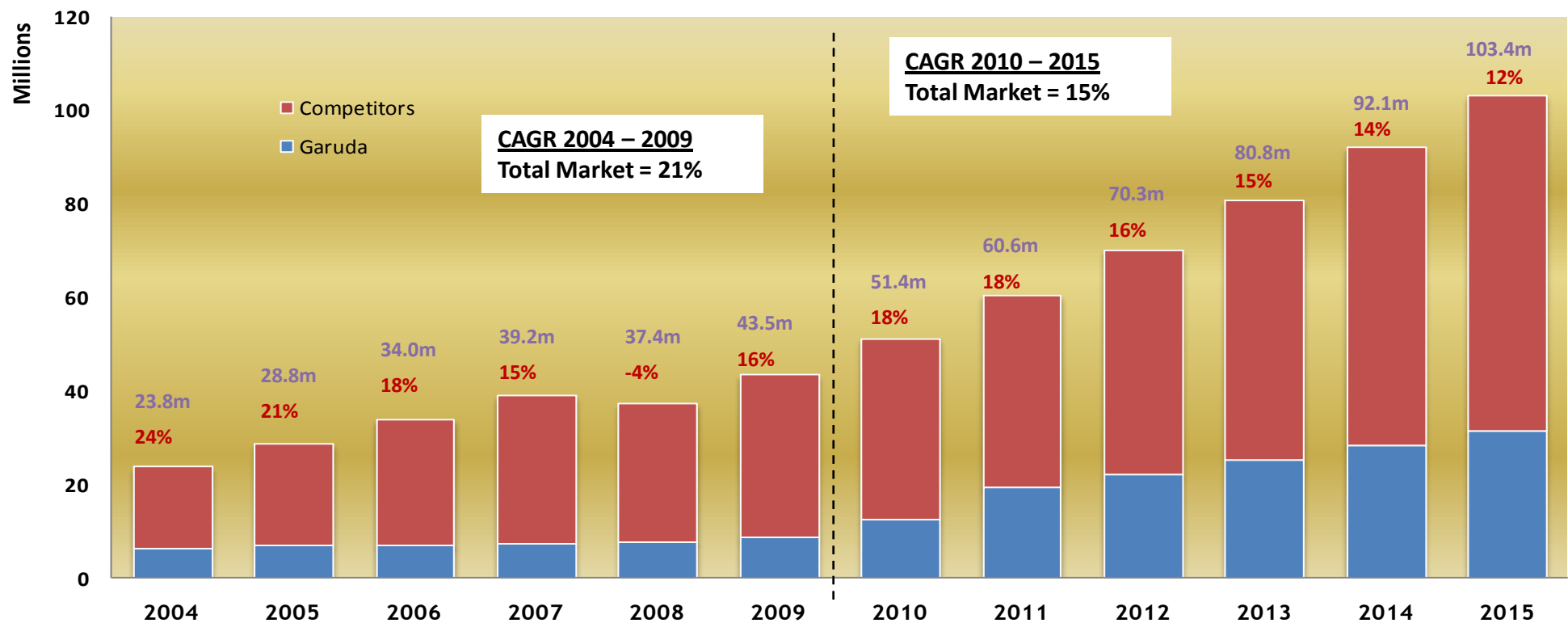


- ❖ Indonesia is made up of 17,000 islands
- ❖ It is the largest archipelago in the world, stretching for more than 5,000 km, a distance greater than Los Angeles to New York
- ❖ Some are of considerable land mass
- ❖ Around two-third of Garuda pax are carried on journeys over water



- ❖ There are 220 airports in Indonesia, of which
  - A minimum of 37 airports are suitable for B737/A320 aircraft

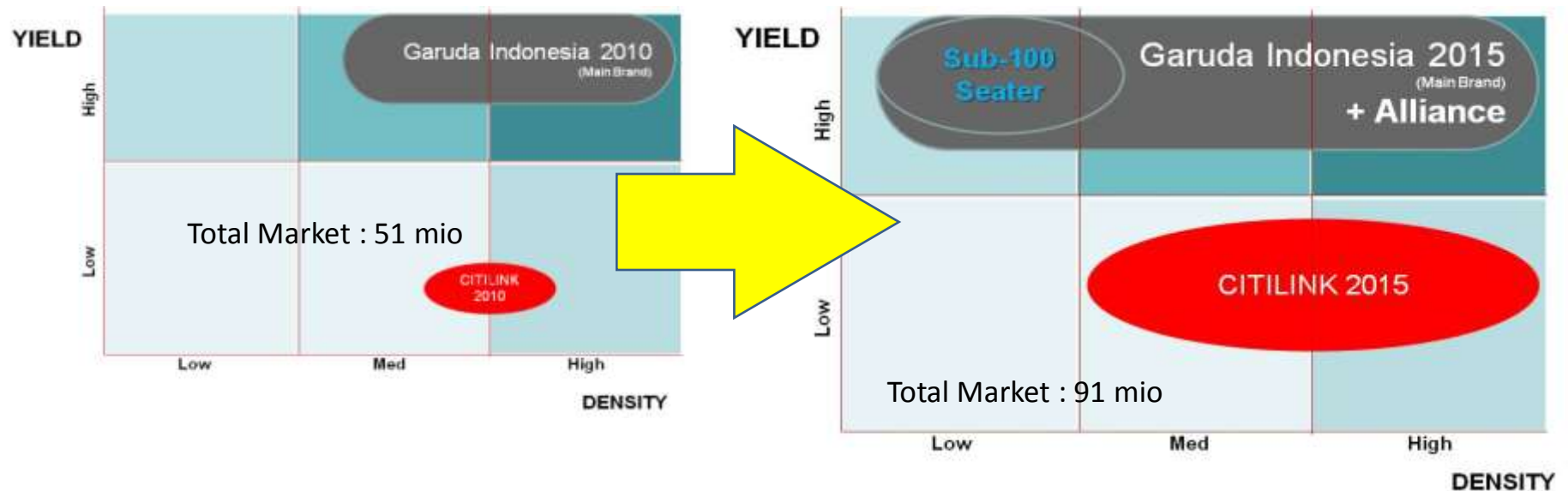
# The Indonesia Domestic market size is predicted to be double in the next 5 years



- Real GDP has been growing at 5.7% pa for 2010 – 2015 . Air travel typically grows faster than GDP
- In high income economies the multiplier is typically 1.5 – 2.0 times
- In lower income economies, the multiplier is typically greater, given the historic lower propensity to fly. A multiplier of 3 – 4 times has been used for Indonesia
- To take the opportunity Garuda should serve all segment, the LCC and the Feeder

# Strategic Segmentation

Garuda provides full service through Garuda Mainbrand, budget service through Low-cost carrier and niche high yield service through Sub-100. LCC to accommodate the price sensitive market and Sub-100 to build the feeder to/from low density routes



- Garuda will concentrate to serve High Yield market segment
- Citilink will focus on serving Low Yield-High Density segment
- S-100 seater will penetrate the Low Density market segment that high yield



# Quantum Leap – 7 Strategies to Drive Growth

Management focuses on implementing the “Quantum Leap” with 7 main strategies to expand and dominate the Indonesian aviation market.



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# Financial & Operating Indicators

	1H-2010	1H-2011	Δ % YoY
<b>Operational:</b>			
Aircraft Utilization (Hours)	9:14	10:33	↗ 1:19
Frequencies	49,460	61,286	↗ 23.9
On Time Performance (%)	83	89	↗ 7.23
ASK ('000)	11,828,581	15,607,212	↗ 31.9
<b>Passenger:</b>			
Passenger Carried	5,527,488	7,858,142	↗ 42.2
RPK ('000)	8,023,859	11,469,129	↗ 42.9
Seat Load Factor (%)	67.8	73.5	↗ 8.4
Passenger Yield (US\$)	8.32	9.03	↗ 8.5
<b>Financial:</b>			
Revenue (IDR Billion)	7,756.7	11,215.0	↗ 44.6
EBITDAR (IDR Billion)	1,062.20	1,599.9	↗ 50.6
Average Fuel Price (US\$/L)	64.24	89.61	↗ 39.5

Notes: All figures include GA & Citilink, except aircraft Utilization and OTP are for GA Main Brand only

# Latest Update - Financial & Operating Indicators

	July 2010	July 2011	Δ % YoY	YTD 2010	YTD 2011	Δ % YoY
<b>Operational:</b>						
Aircraft Utilization (Hours)	10:23	11:23 	1:23	9:24	10:40 	1:16
Frequencies	8,288	10,467 	26.3	53,165	65,486 	23.2
On Time Performance (%)	70.9	77.6 	9.5	80.8	87.2 	7.8
ASK ('000)	2,287,317	2,897,008 	26.7	13,525,432	17,683,611 	30.7
<b>Passenger :</b>						
Passenger Carried	1,159,749	1,512,324	30.4	6,228,786	8,639,738	38.7
RPK ('000)	1,859,714	2,406,887 	29.4	9,495,533	13,260,042 	39.6
Seat Load Factor (%)	81.3	83.1 	2.2	70.21	74.98 	6.8
Passenger Yield (US\$)	9.00	10.52 	16.9	8,63	9.47 	9.7
<b>Financial:</b>						
Revenue (IDR Billion)	1,741.4	2,452.9 	40.9	8,885.6	12,992.1 	46.2
EBITDAR (IDR Billion)	494.2	747.2 	51.2	1,509.6	2,202.1 	45.9
Average Fuel Price (US\$/L)	64,5	89.9 	39.5	64.3	89.7 	39.5

Notes: All figures for GA Main Brand only

# Awards and Accolades

## Growing Number of Awards and Recognitions

### International



**2010  
"4 Star  
Airline"**

**Skytrax**



**2010  
Airline  
Turnaround  
of the Year**

**Centre for  
Asia Pacific  
Aviation  
(CAPA)**



**2010  
World's  
Most  
Improved  
Airline**

**Skytrax**

### Domestic



**2008 - 2010  
Best Corporate  
Image**

**IMAC and  
Bloomberg  
Businessweek**



**2010  
Indonesia's Most  
Admired Company**

**IMAC, Bloomberg  
Businessweek**



**2010  
Indonesia's Greatest  
Brand of the Decade**

**IMAC**



**2010  
Indonesia  
Aerospace Award  
Innovative Airline  
of the Year**

**Frost & Sullivan**



**2011  
Indonesia Top  
Brand Platinum  
Award**

**Marketing &  
Frontier**



**2011  
Indonesia Most  
Favorite Youth  
Brand Award**

**Marketeers & Mark  
Plus Inc.**



**2011  
Call Center Award**

**Marketeers & Mark  
Plus Inc.**



**2011  
Top Brand Award**

**Marketing &  
Frontier**

# Recognition by Passenger

Center for Asia Pacific Aviation (CAPA) survey Oct. 2010\*)

- ▶ Ranked by CAPA in 2010 as **best service in Southeast Asia**. Survey was **based on ground service, in-flight service, food, comfort and value**.

1. Garuda Indonesia (Score: 8.48) (Skytrax: ★★★★★)

2. Bangkok Airways (8.40) (★★★★★)

3. Singapore Airlines (7.68) (★★★★★)

4. Thai Airways (7.32) (★★★★★)

5. Cathay Pacific (7.12) (★★★★★)

6. Malaysia Airlines (7.00) (★★★★★)



**2010**

- ▶ Quality performance across range of products and services
- ▶ Group of 24 airlines in the world after Skytrax award

**2000**

- ▶ Average airline quality services
- ▶ Group of 150 airlines in the world

**Targeting  
5-star in  
2014**



**2014**

- ▶ The highest rating on Skytrax
- ▶ Will join select group of 5-star rated airlines in the world—current group consists of 6

\*) [url:http://www.centreforaviation.com/news/2010/10/05/airline-service-quality-part-2-southeast-asia-sets-the-standard/page1](http://www.centreforaviation.com/news/2010/10/05/airline-service-quality-part-2-southeast-asia-sets-the-standard/page1)





**Thank you**