

GARUDA INDONESIA TOWARDS ASEAN ECONOMIC COMMUNITY

Jakarta, 25 April 2016



**5-STAR
AIRLINE**

Garuda Indonesia



Garuda Indonesia

 **Premium
Check-in**

First Class
Business Class
GarudaMiles Platinum



Opportunity

Indonesia is the biggest economy in ASEAN

CURRENT

16th-largest economy in the world
45 million members of the consuming class
53% of the population in cities
producing **74%** of GDP
55 million skilled workers in the indonesia economy
\$0,5 trillion market opportunity in consumer services, agriculture, and fisheries, resources, and education

2030

7th-largest economy in the world
135 million members of the consuming class
71% of the population in cities
producing **86%** of GDP
113 million skilled workers in the indonesia economy
\$1,8 trillion market opportunity in consumer services, agriculture, and fisheries, resources, and education

Source: Mckinsey Global Institute, *The Archipelago Economy: Unleashing Indonesia's Potential*

ASEAN Open Sky Policy

Goals

Increase regional and domestic connectivity

|| Allowing airlines from ASEAN member states to **fly freely throughout the region** via the liberalization of air services under a single, unified air transport market ||

Integrate Production Networks

“Unlimited 3rd & 4th Freedom Traffic Rights” in ASEAN Cities (Which have an International Airport)

“Unlimited 5th Freedom Traffic Rights” in ASEAN Cities (Which have an International Airport)

Enhance Regional Trade

No restrictions on pricing, frequency & type of airlines

Note: For Indonesia, the cities only Jakarta, Surabaya, Denpasar, Medan & Makasar

More Connectivity, decrease in cost of flight, better service, intense competition, more traffic, and bigger market size.

ASEAN Open Sky Policy

Opportunity & Challenge for Indonesia

Challenge

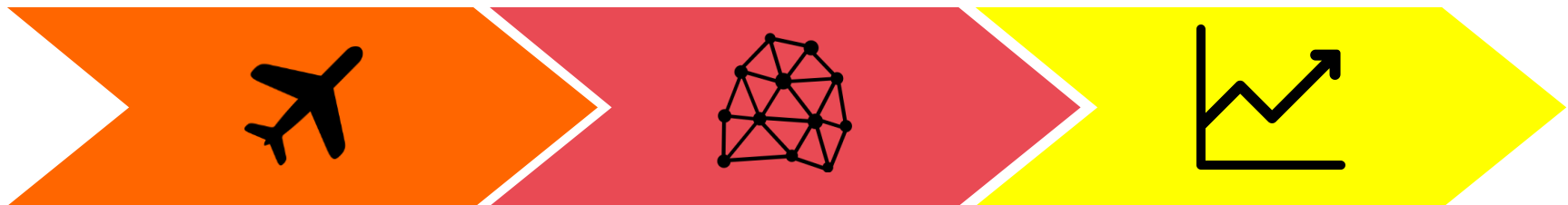


Intense
Competition

Infrastructure
Readiness

Safety
Standard

Opportunity



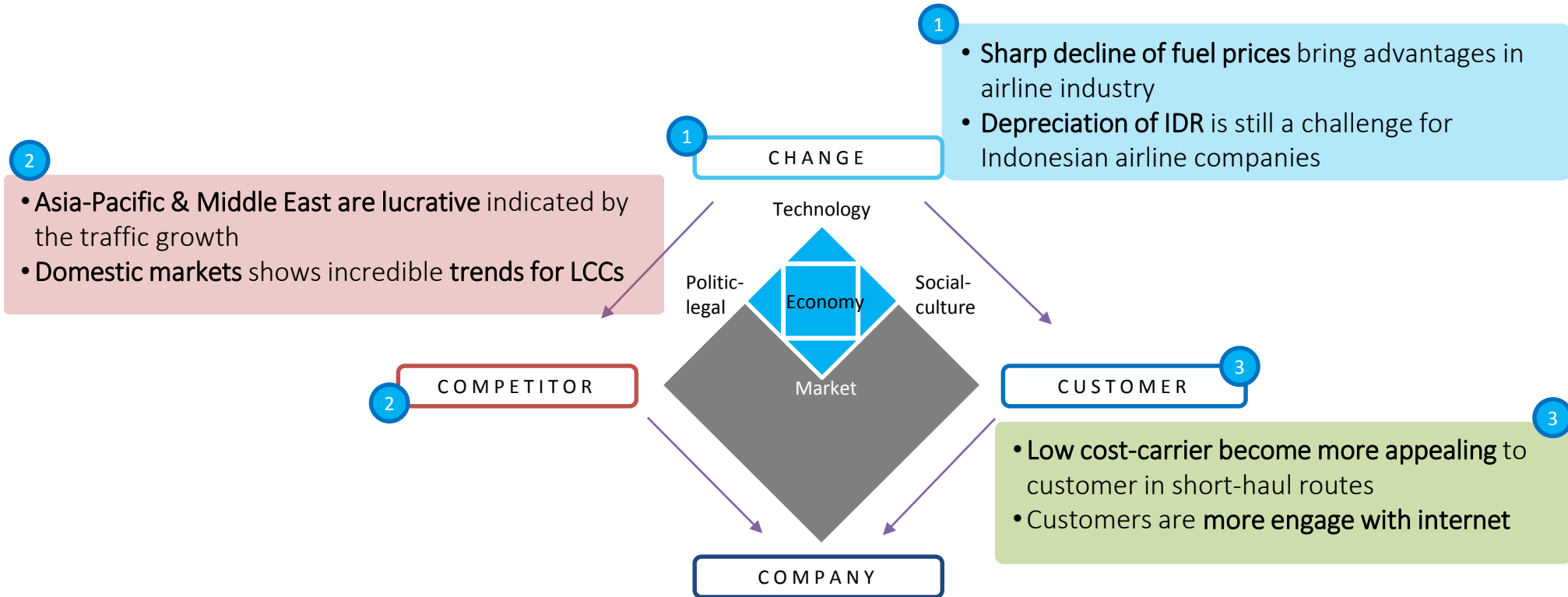
Enhance
Competitiveness

Increase Potential
Network (Hub/Spoke)

Market
Growth










Transformation in Airline Industry

Currently there are several transformations in the airline market



GA Performance Summary

HIGHLIGHTS

EBITDAR MARGIN: 32.7% 19% YoY		PASSENGER CARRIED 13.1% YoY	
TOTAL REVENUES: US\$3.81 billion 3.0% YoY		SEAT LOAD FACTOR (SLF): 77.2% 5.4% YoY	
UNSCHEDULED FLIGHT REVENUES 28.4% YoY		COST PER ASK (CASK) 15.5% YoY	
OPERATING COST 15.8% YoY		ON TIME PERFORMANCE (OTP): 88.0% 1.3% YoY	
NET PROFIT: US\$77.97 million 121.1% YoY		60 DOMESTIC DESTINATIONS 17 INTERNATIONAL DESTINATIONS	

GA Performance Summary

SUMMARY OF CONSOLIDATED INCOME STATEMENT

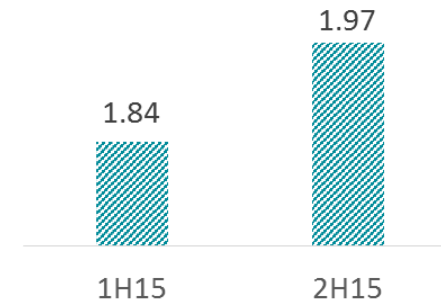
(in million USD)		FY14	FY15	Δ % YoY
OPERATING REVENUE	EBITDAR	550.1	1,248.8	↑ 127.0
	Total revenues	3,933.5	3,815.0	↓ (3.0)
OPERATING EXPENSES	Fuel	1,560.3	1,049.8	↓ (32.7)
	Aircraft rental and charter	765.9	904.8	↑ 18.1
	Others	2,002.6	1,691.6	↓ (15.5)
	Total expenses	4,328.8	3,646.2	↓ (15.8)
PROFIT (LOSS)	EBIT	(395.2)	168.7	↑ 142.7
	EBT	(456.5)	106.7	↑ 123.4
	Net income	(368.9)	78.0	↑ 121.1

EBITDAR MARGIN

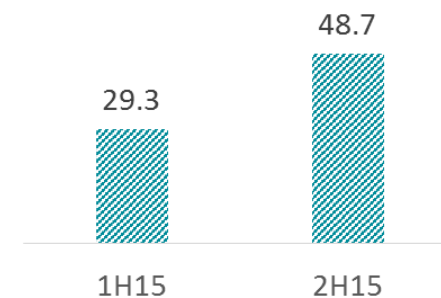
14.0%

32.7%

Revenue
(Billion USD)



Net Income
(Million USD)



ASEAN Open Sky Policy

Garuda Indonesia Strategy to Win the Market

SKY BEYOND

VISION 2020

To Be A Sustainable Airline Company Through Customer-Oriented Services and Growth in Profit

MISSION 2016-2020

Maximize Shareholder Return Through Strong Revenue Growth, Cost Leadership in Full Service Operations, and Group Synergy While Providing the Highest Value to Customers Through Excellent Indonesian Hospitality

3 CORE STRATEGIES

EXCELLENT INDONESIAN HOSPITALITY

RETURN MAXIMIZATION

GROUP SYNERGY

10 STRATEGIC DRIVERS

1. **Deliver the leading in-flight & ground services** through human-to-human interaction
2. **Ensure operation reliability** by constant refinement in all touch points
3. **Strengthen premium brand positioning** by accentuating service as main differentiation

REVENUE

4. **Maximize operational margin** through fleet, network, and alliances optimization
5. **Improve commercial capabilities** by strengthening sales channel and sales force
6. **Enhance customer value** through optimization in pricing and revenue management

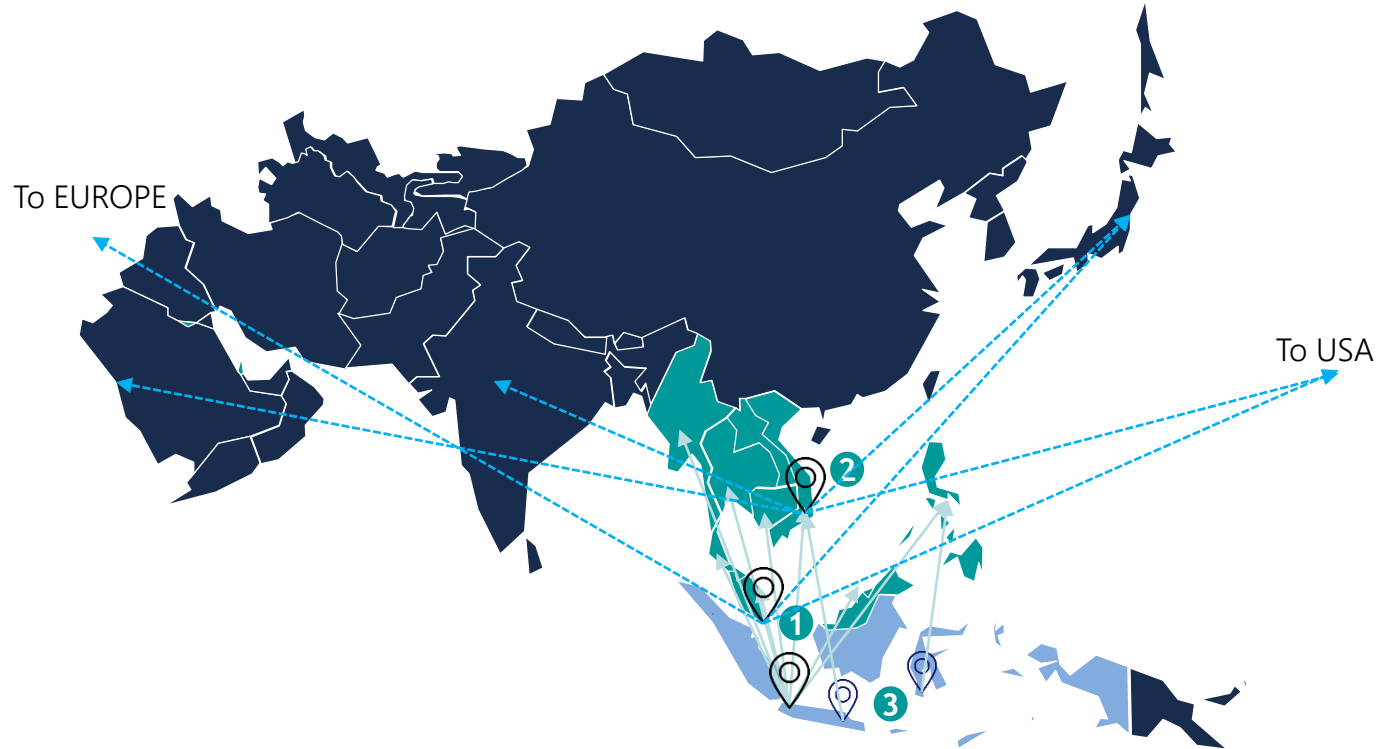
COST

7. **Promote cost-effectiveness to achieve cost-leadership** by streamlining business process throughout organization
8. **Boost operation efficiency** by establishing an IT-based airline

9. **Strengthen domestic market** by positioning Citilink as a fighting brand for GA
10. **Achieve operational competitiveness** by leveraging capabilities of subsidiaries

ASEAN Open Sky Policy

Garuda Indonesia Strategy to Win the Market



1

Increase GA awareness in ASEAN and open routes to all capital city within ASEAN

2

Create new transit hubs which indicated from pax traffics outbound/ inbound in ASEAN to key destinations in Europe and USA

3

Opens new routes from secondary city-ASEAN capital to increase GA presence and penetration among other airlines

KeyMessage

"To become a global sustainable airline, we need to be **STRONGER, BIGGER, MORE AGILE**, and of course **PROFITABLE**"



**WORLD'S 5-STAR
AIRLINE**



**WORLD'S BEST
AIRLINE CABIN CREW**

Look Forward

**PT Garuda Indonesia (Persero) Tbk.
Corporate Communications**

Garuda City Center

Soekarno-Hatta International Airport

Phone: 62-21-2560 1088

Email: corpcomm@garuda-indonesia.com

Where to Stay

Labuan Bajo Vessel

Sail through scenic clusters of islands and experience true adventure with the Phinisi boat, an Indonesian style of schooner.

PhotoInfo: Labuan Bajo Vessel – Labuan Bajo

THANK YOU