GARUDA INDONESIA REPORTS US$51.4 MILLION THIRD QUARTER EARNINGS

News / Airlines

Garuda Indonesia booked a net income of US$51.4 million through the third quarter 2015, an increase of 123.4% compared to the same period last year when it incurred a loss of US$220.1 million.

Garuda Indonesia President and CEO M. Arif Wibowo said in Jakarta on Friday that the Company also increased total revenue from US$2.83 billion through the third quarter 2014 to US$2.84 billion during the same period in 2015. Meanwhile, total expenses dropped from US$3.08 billion to US$2.72 million.

"Improvements in the Company's performance are the result of strategic business development measures being carried out through the 'Quick Wins' program, as well as a tight cost efficiency policy that was put into effect at the beginning of the year," he said.

Arif, who is also the Chairman of INACA (Indonesia National Air Carriers Association), further explained that this achievement came when the airline industry is facing huge challenges, from a sluggish economy to a number of "force majeures" or natural disasters, such as volcanic eruptions

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and haze.

Speaking of Garuda Indonesia's ongoing flight network development, Citilink Indonesia's former president said that the Garuda Indonesia Group (including Citilink) together carried a total of 24.55 million passengers during Jan-Sept 2015, or an increase of 17.5% compared to 20.89 million passengers carried during the same period in the previous year.

Garuda Indonesia carried 17.69 million, comprising 14.51 million domestic passengers and 3.18 million international passengers, through the third quarter 2015, whereas it carried 15.56 million passengers during the same period in 2014. Its subsidiary, Citilink Indonesia, transported 6.87 million passengers between Jan-Sept 2015, an increase of 28.8% from the 5.33 million passengers carried in the same period in 2014.

Garuda Indonesia and Citilink flight frequency in the domestic and international sectors rose from 165,642 fights in the third quarter of 2014 to 186,105 flights in the same period of 2015. In addition, Availability Seat Kilometer/ASK increased from 36.9 billion in 2014 to 38.75 billion in 2015.

Garuda Indonesia also succeeded in increasing Seat Load Factor/SLF to 77.3% in 2015 from 70.7% in 2014. In terms of on time performance (OTP), Garuda Indonesia achieved an OTP of 88.2% in 2015, with an aircraft utilization of 09:11 hours.

Through the third quarter 2015, Garuda Indonesia was also able to increase its market share in both the domestic and international markets. In that time, Garuda Indonesia's domestic market share increased to 44% from the previous 37% in 2014. Meanwhile, Garuda's international market share from Jan-Sept 2015 reached 28%, an improvement from the previous year's 22%.

The Garuda Indonesia Group operates a total of 181 airplanes to date, consisting of eight (8) Boeing 777-300ER, twenty-two (22) Airbus A330-200/300, two (2) Boeing 747-400, ten (10) ATR72-600, fifteen (15) Bombardier CRJ1000 NextGen, eighty-eight (88) Boeing 737-300/500/800NG, and thirty-six (36) Airbus A320, with an average age of 4.7 years. By the end of 2015, the Group will operate a total of 187 airplanes, of which 143 are Garuda Indonesia's and 44 are part of the Citilink fleet, with an average age of 4.3 years.

To anticipate the impact of the Rupiah's weakening exchange rate against the U.S. Dollar, since the first quarter 2015 Garuda Indonesia has signed hedging contracts using "Cross Currency Swaps" with several banks, on Rupiah loans into U.S. Dollars amounting to a total of Rp2 trillion.

By carrying out the Cross Currency Swap, the company will be able to avoid or minimize the risk of a rise in operational costs if paid in Rupiah due to the weakening of the Rupiah exchange rate against the U.S. dollar. This is due to the fact that an airline's operational costs that include the purchase of spare parts, aircraft maintenance, and aircraft leasing are mostly conducted in U.S. dollar AS.

The company is still watching market developments and at the right moment will again hedge and use Cross Currency Swap to leverage the Rupiah. This is part of the company's ongoing Risk Management measures based on the prudence principle. Routine hedging transactions against IDR earnings and USD fuel costs have added to the risk management's work load in the midst of an adverse economic condition at global, regional and national levels.

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Moreover, Garuda Indonesia was able to obtain new sources of funding through more competitive cost financing, and in May 2015 issued a 5-year Global Sukuk Bond worth US$500 million with a coupon of 5.95%.

In line with the airline's continuous service development program, Garuda Indonesia's cabin crew was once again presented with the "The World's Best Cabin Crew 2015" award from Skytrax - the London-based independent airline and airport review specialist, for the second consecutive year, after beating other big players in the airline industry. During the "Skytrax Award 2015" event, Garuda Indonesia also came in eighth place in the "World's Best Airline" list.

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