

## **GMF Applied a Gradual Strategy to Facing the COVID-19 Pandemic**

PT Garuda Maintenance Facility Aero Asia Tbk (“GMF”, “ticker code of GMFI”) held an online Public Expose 2020 on September 28th, 2020. In this activity, GMFI conveyed optimism in maintaining the wheels of business even though the pandemic isn’t over yet.

Prediction of recovery time of the MRO (Maintenance Repair & Overhaul) industry, which has been developed by several experts, shows various numbers. The business recovery time is caused by numerous factors, including the virus spreading rate, the duration of vaccine development, the recovery acceleration on countries worldwide, and the movement restriction policy between countries. In the midst of high infection conditions and global economic recession, The recovery of the MRO industry is estimated in 2023.

In order to maintain business continuity during a pandemic, GMFI has always prioritized safety and employees’ health in operating the workaday activities. As directed by the local government, GMFI adheres to the Health protocol through the 3M procedures (wearing masks, maintaining distance, and washing hands) and maximizes the test and tracing in order to minimize the spread rate of COVID-19 as much as possible.

Apart from that, GMFI also has implemented a tiered strategy starting from executing a short-term, medium-term, to a long-term strategy in order to construct the GMFI resilience during the pandemic and continue to grow sustainably. The strategy is built in response to the global MRO market reduction, which is predicted to reach 40% through 2020. GMFI's Managing Director, I Wayan Susena, stated that entering the second semester of 2020, airlines gradually began to improve their operations again along with the easing of movement restriction policy which differs between one country and another. This trend has also had a positive effect on the MRO operation enhancement. "I hope, through this improvement, the graphics will continue to be shown, slowly but surely," said Wayan.

Turbulence in the aviation world greatly affected the company's financial performance during the 1st semester. GMFI's revenue decreased by 35% in the same period last year. It was influenced by the decline in flight hours-based revenue, the postponement in maintenance schedules due to suboptimal aircraft operations, and the decrease of international customer's absorption due to restrictions policy on the access to/from abroad due to the COVID 19 pandemic.

The initial short-term plans that were implemented are GMFI liquidity and cash flow. "We took renegotiations with customers related to prices and payment terms, as well as accelerating billing processes for completed work," said Wayan. GMFI also made

CAPEX expenditures on development projects that had not yet become a priority and undertook debt restructuring with creditors.

In addition to maintaining the cash flow, business diversification became a strategy that GMFI uses to optimize revenue. Wayan said, "GMFI optimizes its existing capabilities to maximize revenue in the aviation sector, GMF focuses on maximizing maintenance and modification of cargo aircraft, the potential of the private jet business and military aircraft maintenance". Outside the aviation sector, GMFI also makes an effort to increase the Industrial Gas Turbine Engine maintenance business by penetrating the mining, oil, and gas industries for the maintenance of turbine engines.

Global consolidation strategy is also declared by GMFI as a long term strategy for the company after the end of the COVID-19 pandemics to accelerate the recovery business process. GMFI plans to conduct a horizontal alignment with partners, including domestic MROs, military institutions, and similar industrial perpetrators to strengthen the resilience of the world's aviation ecosystem. The objective of this strategy is certainly to increase capabilities, accelerate business development, and expand the customer portfolio.

"Aviation's industrial recovery will be able to be achieved with the collective effort of the entire involved parties, as well as GMFI recovery. We need to collaborate, support each other, and build the resistance together", closed Wayan.

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