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## GMF Implements Sustainable Recovery Strategy

**Tangerang, July 28<sup>th</sup>, 2021** – During the COVID-19 pandemic, PT Garuda Maintenance Facility Aero Asia Tbk ("GMF", "ticker code: GMFI") has mapped the focus of strengthening the entire business lines which impact the Company's overall performance. The recovery strategy is taken to maintain business continuity and make the business leaner towards a new normal. It is because the aviation industry and its supporting industry are predicted to fully recover to the pre-pandemic level in 2024.

Nevertheless, the domestic market is projected to recover faster than the international market, which will benefit the relatively strong country's domestic market. In addition, the cargo segment is also reported to be a potential business segment that continues to grow amid the pandemic. According to the IATA report for April 2021, the cargo business is still growing this year. Cargo revenues are expected to reach \$152 billion or a third of the industry revenues, which significantly increases compared to the previous years of 10-15%. It benefits the Company, in which GMF experienced an increase in the volume of heavy maintenance work, particularly for foreign cargo aircraft.

CEO of GMF I Wayan Susena stated that the strengthening of the cargo business is an opportunity for GMF to work on the passenger-to-freighter (preighter) conversion market. "In 2020 to 2021, GMF has converted three preighter aircraft owned by Garuda Indonesia Group. To ensure business continuity, GMF also conducts other current or future business initiatives by diversifying the business into the segments that are least impacted by the pandemic, such as power services, military and defence, and business / private jets," explained Wayan.

However, GMF does not deny that the commercial aircraft maintenance segment still becomes the largest contributor to the Company's revenue. This is reflected in the audited Financial Report for the fiscal year 2020 in which GMF managed to record revenue of MUSD 258.3. The revenue was mostly contributed by the repair and overhaul of MUSD 175.1, followed by the line maintenance of MUSD 52.6, and other operations of MUSD 26. Besides, the Company also undertook various efficiency initiatives to reduce operating expenses, including employee, material, subcontract, and other operating expenses. These initiatives managed to reduce the expenses by a total of 25.3% from the previous year.

Given the challenging conditions of the aviation industry, these efforts will continue to be carried out in 2021. Also, the Company has prepared and implemented several strategic measures to mitigate the impact of the pandemic and maintain business continuity. "Amid high uncertainty and complexity, GMF is focusing on maintaining cash flow and liquidity. This step is realized through the management of receivables and cash in, delays in capital expenditures (CAPEX) on non-priority projects, efficiency initiatives of operational costs and adjustment of operating expenses, renegotiation of vendor contracts, and debt restructuring with creditors for short- and long-term loans," said Wayan.

GMF has also opened opportunities for lessors to conduct tripartite agreements, both directly or through the airlines. This aims to increase cash in for GMF in the midst of the airlines' funding condition. Through this scheme, until June 2021, GMF recorded revenue growth of more than 200% compared to the same period in the previous year for redelivery jobs by lessors.

The recovery strategy is also a follow-up response to auditors' opinions. Disclaimer opinion was based on material uncertainties over the group's liquidity as a result of travel restrictions due to the COVID-19 pandemic, which adversely affected the airlines as the Company's main customers. Management and shareholders have taken the necessary measures to improve the Group's financial condition, but have not yet fully realized. Therefore, auditors are unable to obtain sufficient appropriate audit evidence to support the assumption that the management's plan is achievable in the necessary timeframe. Nevertheless, the Company still appreciates the independence of auditors in expressing opinions based on the implementation of financial report audits for the fiscal year 2020 conducted in accordance with applicable auditing standards.

In response, the Company has made 2021 as momentum for comprehensive improvements to maintain liquidity and improve the Company's financial position. "By focusing on sustainable financial recovery strategy, business diversification, and operational excellence for customers, GMF is expected to be able to maintain business continuity and realize its new vision as the most valuable MRO company in 2024," Wayan concluded.

#### **About GMF:**

PT Garuda Maintenance Facility Aero Asia Tbk (GMF) is a company engaged in the maintenance, repair, and overhaul of aircraft and industrial services. As the largest MRO service provider in Indonesia, with more than 70 years of experience, GMF originated as Garuda Indonesia Technical Division. Located in the Soekarno Hatta International Airport, GMF has customers from more than 60 countries worldwide. As a world-class MRO, GMF has obtained civil aviation authority certifications from more than 20 countries, including FAA (America), EASA (Europe), CASA (Australia), and DGCA (Indonesia). In 2017, GMF became a public company by releasing its share to the public. Currently, GMF is expanding its business by penetrating the industrial gas turbine engine market. Thus, GMF is expected to realize its vision to become the most valuable MRO company through its mission in providing integrated and reliable maintenance solutions as a contribution to the nation.

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