

# Garuda Indonesia Prepares for Takeoff

Danantara Indonesia Diaries Issue 12 - Tuesday, 28 October 2025  
Danantara Indonesia Investor Relations Team

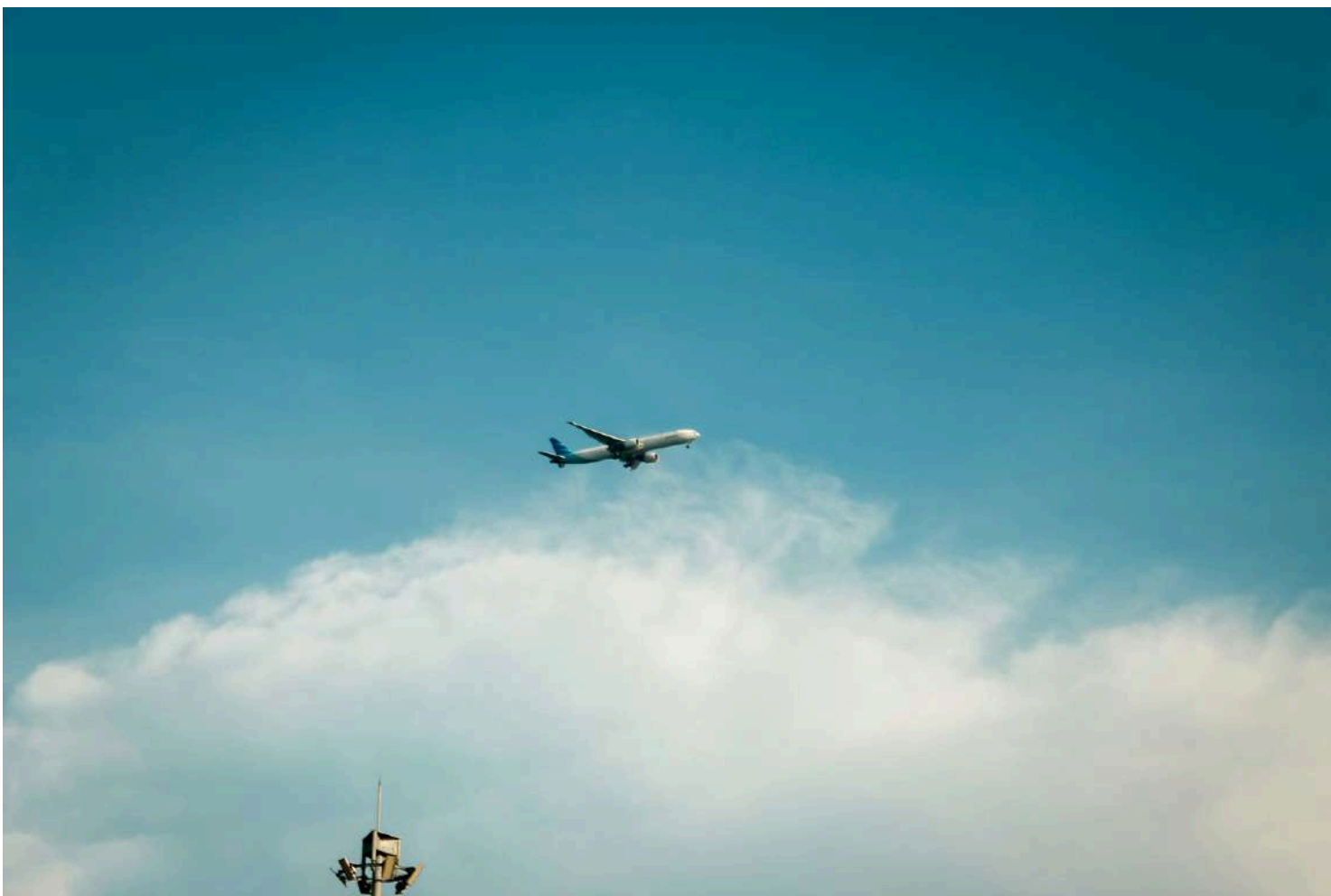


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"When everything seems to be going against you,  
remember that an airplane takes off **against the wind**,  
not with it."

**HENRY FORD**, founder of the Ford Motor Company

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**DIARIES**

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Airports mean different things to different people.

For a twenty-year-old backpacker off to see the world, it marks the giddy start of an adventure. For parents of multiple children under ten, it is a special kind of hell.

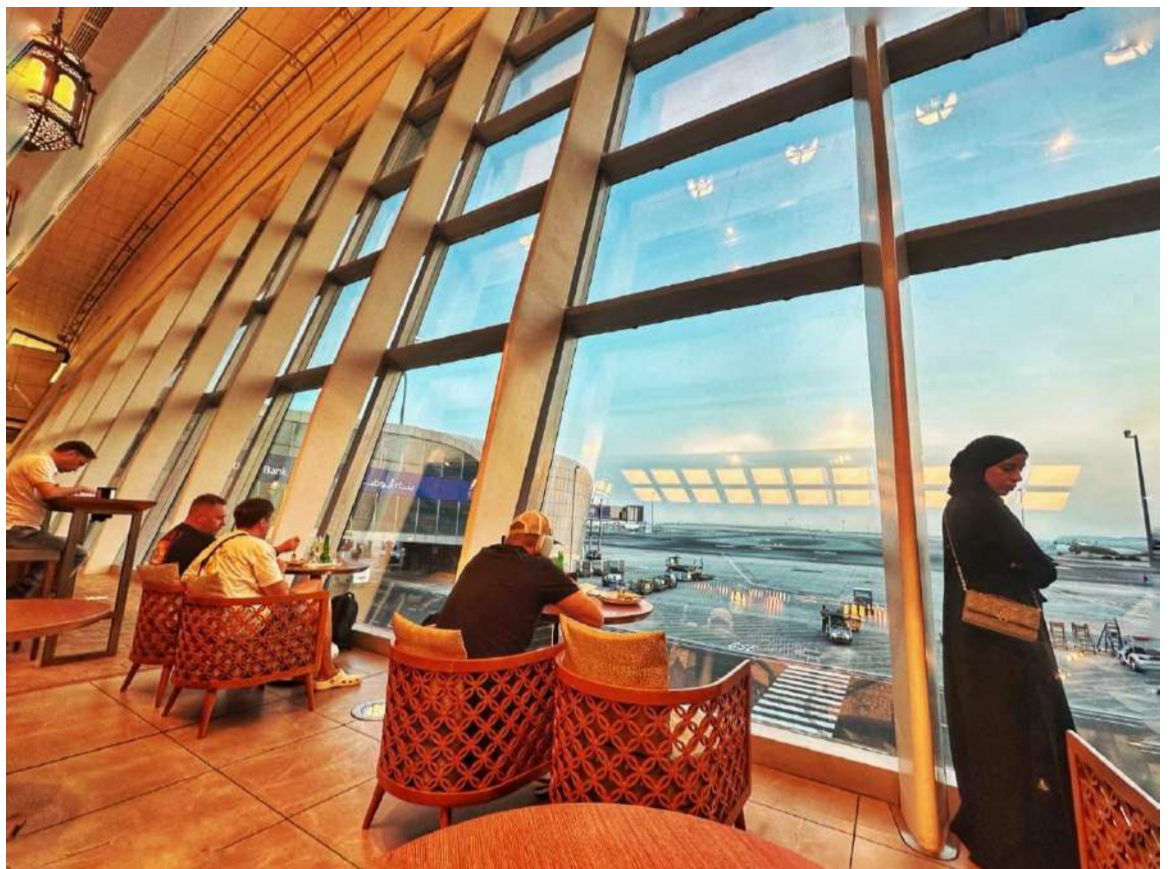
Those in the first group like to side-eye the second group. They forget that one day, that will be their reality.

But that is a thought for another day. Or decade.

Because in any airport in any corner of the Earth, there is one pastime that will never get old: plane watching.

We will inevitably walk past the giant windows facing the tarmac, and our faces will turn. We will follow the waving hands of the air traffic controller. We will watch the slow taxi and lift of a giant bird, man-made from steel.

Even today, still a marvel not just of engineering, but of what humans are capable of.



*Photo credit: Danantara Indonesia investor relations team*

For Garuda Indonesia, that moment has become a metaphor.

Unfortunately, not the flattering kind.

The nation's flag carrier has spent the better part of a decade stuck on the tarmac, weighed down by debt, mismanagement, and an unprecedented global pandemic.

But none of that has to be permanent.

Change is underway.

Its fleet is being restored. New executives, including foreign experts, are flown in. Billions in capital have been lined up.

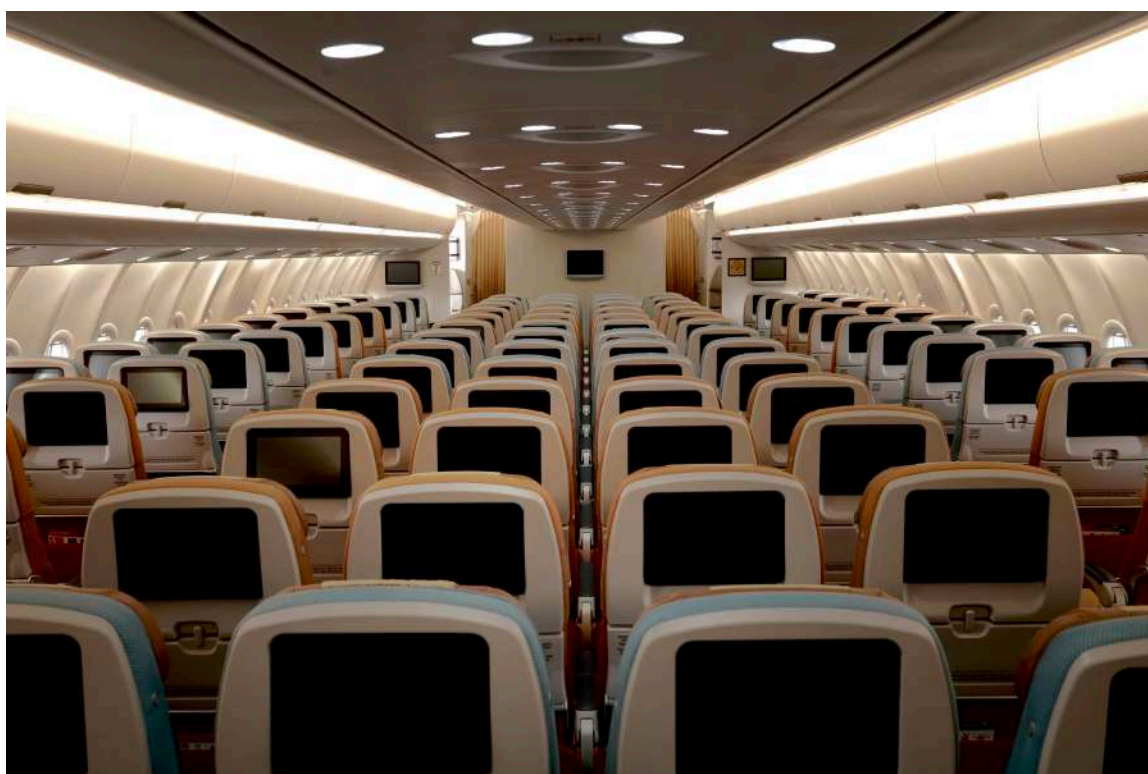
All for one goal: preparing for takeoff.

## Opening the Cockpit

In mid-October, the Danantara Indonesia investor relations team attended Garuda's extraordinary general meeting (EGM), held at its headquarters near Soekarno-Hatta Airport. In the lobby, groups of flight attendants in immaculate teal *kebaya*s stood chatting by the lobby café. Pilots in pressed uniforms scrolled through their phones. Ready to fly but waiting for the call.

On one wall, a glass display showed Garuda's cabin crew uniforms through the decades, from the batik-print sarong *kebaya* of the 1980s to the sleek modern cuts.

But this was not a day for nostalgia. In the atrium and auditorium beyond, the real action was among the investors. The institutional kind in formal batik. The retail ones in jeans and sneakers, some clutching tote bags and phones that showed holdings worth billions of rupiah.



*Photo credit: Garuda Indonesia*

Garuda's investor relations manager leaned over, telling us that EGMs are rarely this crowded. Rows of seats filled almost to the back wall.

As the EGM began, the quorum was announced: 68.7 billion shares represented, about 75% of total ownership. The room hushed.

Then, the day's agenda was read out.

A motion to allow foreign nationals to serve in the company's leadership.

A proposal to appoint a new slate of executives. A new CEO, deputy CEO, and crucially, a Director of Finance and Risk Management and a Director of Transformation.



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*Photo credit: Pupu Nugroho / Unsplash*

The names signaled a shift. Glenny Kairupan moved from the board of commissioners into the CEO seat. Thomas Sugiarto Oentoro, a longtime financier and former risk officer at Indonesia's sovereign wealth fund INA, became deputy CEO.

More striking, though, were the two foreign hires.

Balagopal Kunduvara, a Singapore Airlines veteran, will become the Director of Finance and Risk Management. Neil Mills, a British executive who had led turnarounds at easyJet, SpiceJet, and FlyDubai, became Director of Transformation.

When the resolutions went to a vote, 99.9% agreed.

## Rewiring the Engines

Of course, truly transforming Garuda is the responsibility of all employees under Garuda Group. Still, appointing the two foreign executives is a signal that Garuda's next chapter would be written in the language of global aviation.

Kunduvara had spent over 25 years at Singapore Airlines. He began as a senior technical services engineer before ultimately moving to the finance team. Before leaving for Garuda, he was Singapore Airlines' Divisional Vice President in Financial Services.

Mills began his career at easyJet, where he spent almost 12 years as Procurement Director. Then came a slew of positions across multiple airlines globally: flydubai, SpiceJet, Philippine Airlines, airberlin, and Scandinavian Airlines. In that last one, he was Chief Procurement Officer and Head of Transformation, leaving a few months after Air France-KLM announced its intentions to take a majority stake.

As Danantara Indonesia CEO Rosan Roeslani has put it, this is a sign of Danantara Indonesia's seriousness in driving Garuda onto a better path.

"We will really analyze whether the expats we are bringing to [Danantara Indonesia companies] can really provide transfer of technology and knowledge," he said.

Kunduvvara and Mills' appointments are just a few of many changes that DAM is orchestrating. It is operating less like a holding company than a repair shop: cutting, merging, refitting.

To truly understand the overhaul, though, it is vital to look deep inside the Garuda ecosystem.



*Photo credit: Garuda Indonesia*

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There is the main airline, but also Citilink, Garuda's low-cost subsidiary, which runs most of its short-haul domestic routes and is the group's only consistently profitable arm.

Then, there is GMFI AeroAsia, its maintenance unit. The firm's massive hangar complex at Soekarno-Hatta services aircrafts from across the region.

Both have kept Garuda alive, but both have also dragged it down. Citilink has fuel debts. GMFI has negative equity.

For all the complexity of its subsidiaries, though, the biggest challenge remains the main airline itself.

Garuda's problem is not just debt. It is scale.

The company was built to look like a global flag carrier, but operates like a mid-sized regional airline. Its network covers dozens of domestic routes, yet its fleet has shrunk to fewer than 100 aircraft. That is barely half of what it flew before the pandemic.

That makes it roughly on par with Vietnam Airlines, and a fraction of Singapore Airlines' fleet, which has nearly 190 planes.

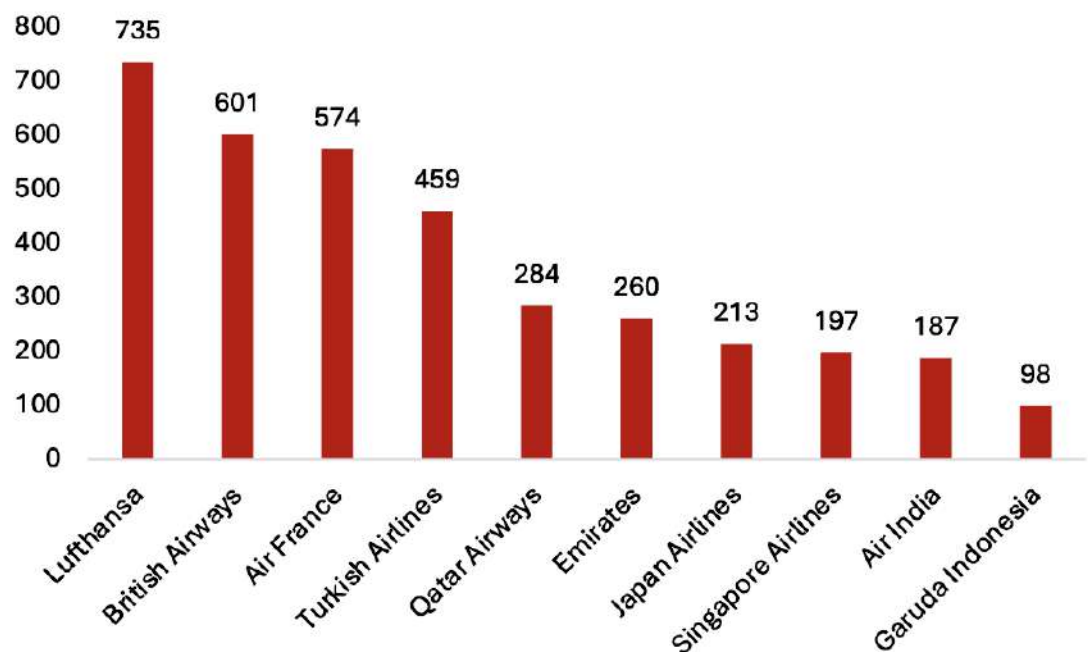
The mismatch shows up in the numbers. Garuda carried just 23.7 million passengers last year, compared to Singapore Airlines' 39.4 million. Its seat load factor of around 78% is lower than peers like Cathay Pacific (83.2%), Qantas (82.7%), or Singapore Airlines (86.6%).

Fixed costs, however, remain stubbornly high. Lease payments, depreciation, and maintenance continue to eat into margins even as flight volumes lag.

The result is an airline that is simultaneously too big for Indonesia's fragmented domestic market and too small to compete internationally.

A domestic airline with a global flag carrier's cost base.

**Number of aircraft across major global airlines**



*Sources: Respective airlines, Planespotter, Danantara Indonesia Office of Chief Economist*

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That cost base is what crushed Garuda during the Covid-19 pandemic. Flights all but stopped. Leases and debt repayments did not.

The pandemic exposed a truth that had been building for years: Garuda's full-service model, with long-haul aircraft and premium in-flight services, was never designed for a market dominated by budget carriers.

Domestic economy-class tickets are also subject to price ceilings, which remains largely unchanged since 2019. Meanwhile, operating and fuel costs have risen in the past few years, while the rupiah has weakened. That leaves Garuda and other carriers with limited room to adjust their fares.

Garuda has tried to shrink before, cutting unprofitable routes and renegotiating aircraft leases, but much of its cost structure is still locked in place. The overhaul now underway is meant to change that.

To rebuild Garuda not as a vanity carrier, but a leaner, more regional airline.

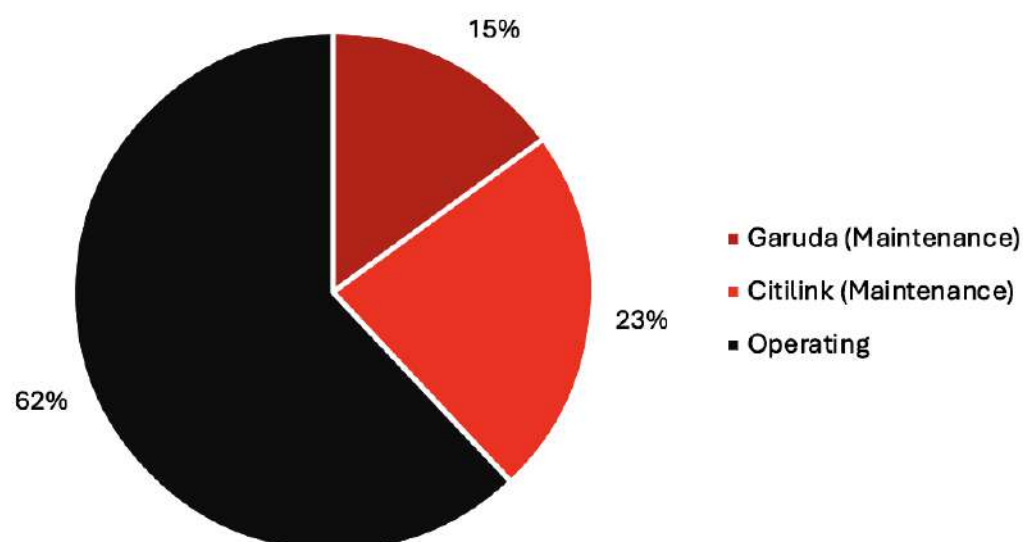
One that actually fits the scale of the market it serves.

## Ready to Taxi?

Danantara Asset Management (DAM) has already injected US\$405 million in shareholder loans into the Garuda group, with more injections to come. It is earmarking 37% for Citilink's aircraft repairs and 29% for Garuda's own maintenance, while another 12% goes toward settling Citilink's jet fuel debts to Pertamina.

This funding will also allow Citilink to return around twenty grounded planes to service. Doing so would then stabilize its balance sheet before a planned merger with Pelita Air, Pertamina's aviation subsidiary.

Breakdown of Garuda and Citilink fleet



Source: Garuda Indonesia

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The merger, still under discussion, would consolidate the country's low-cost carriers and reduce overlapping state-owned fleets.

Behind the hangar doors, another cleanup is underway: GMFI AeroAsia, once a jewel of Indonesia's aerospace ambitions. DAM plans to inject over US\$300 million worth of land assets into GMFI through a 1:3 rights issue, temporarily transferring ownership to Angkasa Pura, the airport operator.

The move is less about privatization than accounting. It will push GMFI's equity back into the black by the end of 2025.

These moves allow Garuda's consolidated balance sheet to finally breathe after years underwater.

Still, they are made under close scrutiny. Garuda remains a prominent legacy brand. For Danantara Indonesia, it is an early test of whether its turnaround playbook can succeed, and in turn, inspire investor confidence.

Garuda has also been through more turbulence than most national carriers could survive, from years of debt and scandal. Then came the pandemic, which also led to painful restructuring for the likes of Singapore Airlines and Thai Airways.

While those airlines have since returned to profitability, Garuda is only now trying to regain altitude. But whether that happens will depend not only on execution, but on something less tangible.





As history has shown, legendary brands can collapse. Without help from the state, the Pan American Airways in the US and Australia's Ansett Airlines were unable to transform themselves in time before the market left them behind.

An unfortunate end when we consider the value that national flag carriers bring in connectivity, tourism, and a global diplomacy tool.

So far for Garuda, the mood is cautiously hopeful.

The EGM's near-unanimous vote was one small sign. The market's reaction was another: Garuda's shares have surged more than 50% in recent months, buoyed by the appointments and DAM's capital pledge.

For an airline that has spent years circling above the runway, even that small lift felt like something worth watching.

\* \* \*



*Photo credit: Garuda Indonesia*

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**If you would like to know more about Garuda Indonesia,  
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# Did You Know?

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*Photo credit: Yulia Agnis / Unsplash*

Despite its recent troubles, Garuda Indonesia was named the fourth best airline cabin crew in the world this year by Skytrax. And it finds itself in good company, with the likes of Singapore Airlines, ANA, and Cathay Pacific.

More than just technique and efficiency, the award also recognizes the crew's warmth, enthusiasm and hospitality. A symbol of Indonesian hospitality at 30,000 feet.

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*Danantara Indonesia Diaries is a newsletter produced by Danantara Indonesia's investor relations team.*

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