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From the Danantara Indonesia **Investor Relations** Team

COMPANIES OF DANANTARA INDONESIA

Rebuilding Garuda, One Minute at a Time

Inside the turnaround everyone is watching: time, money, and everything in between.

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Photo credit: Garuda Indonesia

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“The first responsibility of a leader is to **define reality.**”

MAX DE PREE, American businessman and author

It is past one in the morning at the Garuda Maintenance Facility AeroAsia (GMF) hangar in Cengkareng, and the President & CEO of Garuda Indonesia is sitting among his mechanics, watching an engine come back to life.

Glenny Kairupan spent his career as an army aviation aviator, and he does not like what grounded aircraft say about an airline.

"I do not want this place to look like an aircraft graveyard," he told the maintenance team. He stayed through the night, until three engines were signed off.

When the aircraft flew again, he paid for a small *selamatan* himself. No state money, not even for the rice. When the ceremonial *tumpeng* was carried to him, he stopped the proceedings.

"Stop. *Siapa yang paling lama kerja di sini*?" he asked. Who has worked here the longest?

A technician stepped forward, more than thirty years of service. By tradition the cone goes to whoever in the room ranks highest: that is the entire point of the ceremony.

"*Pak Andi. Tumpengnya kasih dia, jangan kasih saya*," Glenny said. Give the tumpeng to him, not to me.

The man wept. Afterwards, Glenny summoned him to his office with a new job description: be an example for the rest of the staff.

Glenny H. Kairupan, President Director & CEO / Photo credit: Garuda Indonesia

I was not at the *selamatan*. Glenny told it to me himself during our interview. It is a warm story, and he has a never-ending supply of them. But the transformation underway at Garuda is, at its core, a cold story in the best sense: one about clocks, spreadsheets, and the discipline of measuring things as they actually are.

The stakes are about more than just one airline's balance sheet. Garuda is the version of Indonesia most of the world meets first. At home, it is basically infrastructure: the consequences of an archipelagic nation.

The straight-line distance from Sabang to Merauke, one edge of the country to the other, is longer than the flight from Jakarta to Hong Kong. If flown without a single stop it would still take roughly six and a half hours. For a country built on that kind of geography, a national carrier is non-negotiable.

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The Retimed Flight

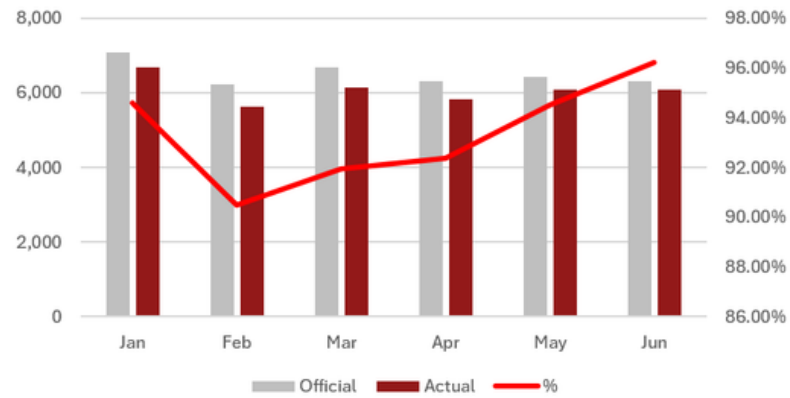
We have all told a friend we are “five minutes away” while still looking for our shoes. Imagine doing that with Boeing.

That is the gist of a small sleight of hand that Neil Mills, Garuda’s Director of Transformation, discovered when he arrived. For years, when a Garuda flight scheduled for 10 AM was going to leave late, it would sometimes be retimed to 11 AM. It would depart at 11:15 AM and enter the records as fifteen minutes late.

The passenger who bought a ten o'clock ticket had waited an hour and a quarter. The report said fifteen minutes.

Flight Completion Factor, Garuda Indonesia

Source: Garuda Indonesia, as of June 2026



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Neil, who has now worked at nine airlines across four continents, ended the practice. Garuda measures punctuality against the original schedule and reports those figures monthly to Danantara Indonesia as a formal KPI. That is in addition to the flight completion factor, which measures number of actual flights versus the published schedule.

"It is a basic hygiene factor," he says. "We should just be honest and transparent."

We would suggest this one detail explains the entire project. A turnaround, it turns out, begins with agreeing on what time it is.

> “I do not want this place to look like an aircraft graveyard.”
>
> —Glenny Kairupan

On-Time Performance (OTP) of Global Airlines

Source: OAG, a third-party source, as of June 2026

	Airline	OTP	Cancellation	Flights
Garuda Group	Garuda Indonesia	**97.13%**	**0.72%**	**6,283**
Garuda Group	Citilink	**89.98%**	**1.12%**	**7,405**
	Korean Air	89.17%	0.26%	10,736
	Emirates	85.24%	0.16%	12,608
	Malaysia Airlines	84.19%	0.00%	7,807
	Qatar Airways	83.22%	0.48%	13,365
	Japan Airlines	79.85%	3.58%	25,289

Glenny set that tone before he was even running the company. While serving in the board of commissioners, he was handed a document authorizing *tantiem*, the customary bonus for directors and commissioners. Employees, he learned, would receive nothing. He declined to sign, and told the full board why: as long as Garuda was losing money, he would accept nothing.

The habit stuck. The CEO now pays his own way when he flies.

Glenny's leadership extends beyond what happens inside Garuda itself. As President Director and CEO, he is pushing the wider Garuda Indonesia Group to operate less as a collection of separate companies and more as one aviation group with a shared economic purpose.

If Glenny supplies the conscience, the machinery is being rebuilt by professionals who arrived, tellingly, without any romance about the brand.

When Neil flew to Jakarta to meet Danantara Indonesia about the job, he travelled from Stockholm via Istanbul on Turkish Airlines. It had the best European coverage. It was also the cheapest option. He spent some twenty hours in the air to spend twenty-eight on the ground. There is something clarifying about a veteran executive applying ruthless unit economics to his own job interview, on a rival carrier, as he figures out how to transform the flag carrier.

Neil Mills, Director of Transformation / Photo credit: Garuda Indonesia

His conclusion: transformation is possible, for reasons that had little to do with the airline.

Nearly three hundred million people, more than seventeen thousand islands, six and a half hours of flying from one end of the country to the other, and roughly one serviceable commercial aircraft per million citizens, among the lowest ratios anywhere. The industry's own forecasters agree: IATA projects Indonesia will become the fourth largest air passenger market in the world by 2030.

Demand, when capacity returns, tends to arrive quickly. An aircraft brought back into service in Indonesia can reach a strong load factor within about a month, faster than the slower ramp-up typical of more mature markets, because so much of the country's air travel has nowhere else to go.

"From a macro point of view," Neil says, "there is no reason why this cannot be successful."

What needed fixing was duller: processes. His first-year agenda is deliberately unheroic, foundations and punctuality and schedule integrity, because without a basic year one there is no visible year two.

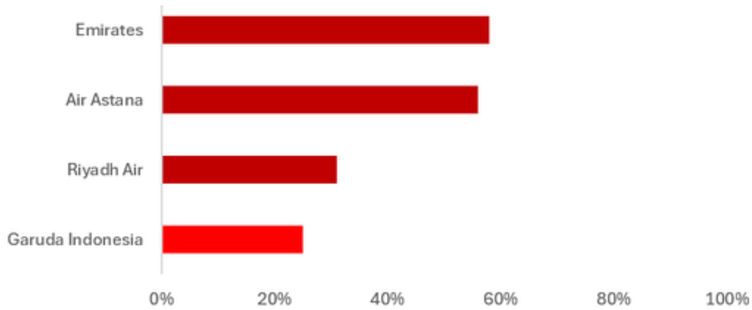
Which brings us to the eyebrows, since a state-owned flag carrier recruiting foreign executives invites an obvious question. Aviation is globalized by design: the lessors sit in Dublin, the manufacturers form a duopoly, and research from our friends at Bahana Sekuritas estimates that half to seventy percent of an airline's costs are dollar-linked and globally priced.

The same research finds foreign representation at board and executive level of 56 percent at Air Astana, 31 percent at Riyadh Air, and 58 percent at Emirates, an airline rarely accused of underachievement.

Garuda's own imported CFO sits through meetings run entirely in Bahasa Indonesia, and treats the adjustment as his to make, not the company's.

Foreign Nationals in Selected Airlines' Board of Directors

Source: Bahana Sekuritas research, as of February 2026



Lessors and international creditors price risk partly on their confidence in management, making experienced leadership part of a capital access strategy rather than a verdict on local talent. The crew is chosen the way crews should be: for the flight ahead.

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The Engineer in the Money Seat

No one embodies that logic better than Bala, as Balagopal Kunduvara asks to be called.

He spent more than twenty-five years at Singapore Airlines, and the first seven were not in finance at all. He was an engineer, the person brought into aircraft deals to explain what the machines were actually worth, until the airline asked him to run the team and he crossed over, picking up an MBA on the way.

A CFO, in his telling, is no longer a chief accountant. The accounting will happen. The role is strategy and funding, a co-pilot to the CEO on where the money for the future comes from.

Garuda, in other words, is getting an engineer's CFO: someone who knows what a turbine costs before the spreadsheet does.

When the role appeared, friends asked why anyone would leave one of aviation's safest perches for one of its hardest jobs. His answer was that some regrets compound.

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Balagopal Kunduvara, Director of Finance & Risk Management / Photo credit: Garuda Indonesia

"Without a leap of faith, you might kick yourself three to five years down the road. This was your chance to be part of something historic, and you gave it up for safety."

Domestic airfares in Indonesia are governed by a price ceiling, the *Tarif Batas Atas*, that was last set in 2019. The ceiling was sensible then. But seven years of inflation and a weakening rupiah have eroded it.

The consequences are tough. Because the cap sits so close to cost, domestic fares have compressed toward a single price. An airline that cannot earn a proper fare on a full Friday evening flight has no surplus with which to offer a genuinely cheap Tuesday afternoon one.

Nor is this an airline talking its own book: IATA's study of air transport in Indonesia found that average real airfares fell 32 percent between 2011 and 2023. Bala's proposal to regulators, backed with data, is not the abolition of the ceiling but its repair: a once-off correction and an annual adjustment so the cap can do its actual job.

He also brought a theory of morale. Airlines attract opinions the way runways attract rain: everyone flies, so everyone has feedback, and a leader who answers every complaint will have time for nothing else.

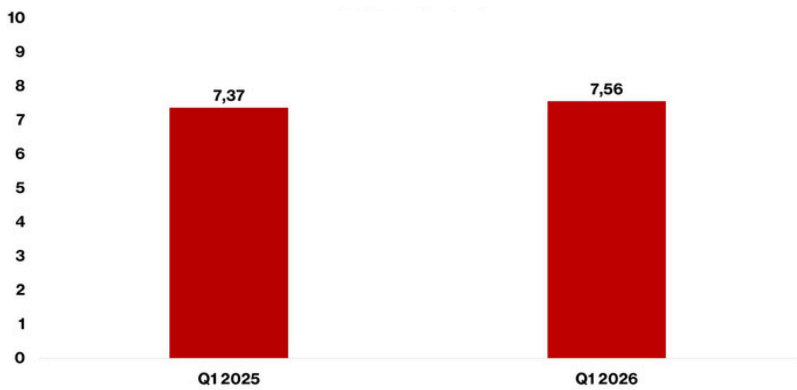
The discipline he admired at his old employer ran the other way: amplify the small wins. Every internal newsletter carried a passenger's testimonial about staff who went beyond the job, because praise from ten customers lands in a way praise from management never will.

He wants Garuda employees to become the brand's loudest ambassadors and, in the same breath, its toughest critics.

Passenger Yield (in US$ cents), Garuda Indonesia

How much revenue the airline earns per paying passenger, per kilometer flown.

Source: Garuda Indonesia



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“From a macro point of view, there is no reason why this cannot be successful.”

—Neil Mills

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The Unphotogenic Fix

For years, two people buying what was effectively the same connecting ticket could pay different fares, depending on how that particular route happened to be justified at the time. Garuda had priced connecting journeys as single trips since 2019, but the approach was inconsistent: decided route by route, with no fixed rule and no target behind it.

That changed in September 2025. Garuda now runs these connecting fares through a formal scoring system, built with outside consultants, aimed at a specific goal: extra revenue from passengers connecting between domestic and international flights, creating connectivity beyond point to point.

The fix earned no headlines. It simply made a market that geography always pointed toward finally pay for itself.

Thomas Oentoro, Vice President Director / Photo credit: Garuda Indonesia

This is the texture of the Garuda transformation: hundreds of unphotogenic corrections, made under way. An airline in transformation cannot do what a factory does and halt the line for retooling. Seventeen thousand islands depend on it flying, and the overheads do not pause while it thinks.

Thomas Oentoro became Garuda's deputy CEO at the same October 2025 shareholders meeting, arriving from the Indonesia Investment Authority (INA), where he had served as Chief Risk Officer. Before INA, he had already sat on Garuda's board of commissioners, which meant he came into the deputy role already knowing where the airline's key challenges were.

The same logic runs through the flight deck. For years, Garuda routed its Jakarta–Amsterdam service over Saudi airspace, avoiding Afghan skies under an advisory for aircraft above 32,000 feet. The detour cost roughly thirty minutes of flying time, but was made for safety and security concerns.

Safety and security remain the primary considerations in every operational decision, with route adjustments made based on operational conditions, risk assessments, and applicable regulatory guidance.

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The advisory has since been lifted, however, and following relevant operational and risk assessments, the airline redrew the route.

"This isn't grand like changing the lounge or cabin," Thomas says. "This is just money saved."

Other corrections are smaller still, like fixing the crew complement. There used to be four cabin crew on the back of a standard narrowbody flight. A redesigned in-flight tray cut that to three. The other is crew check-in location. Moving it to the airport terminal from the Garuda Management Building reduces the travel time for the crew by at least thirty minutes.

Garuda Indonesia Operating Profit & Net Loss (Q1 2025 - Q1 2026)

Source: Garuda Indonesia

The cumulative effect shows up in the schedule board.

In March 2025, the Garuda Group managed some 406 flights a day. By March 2026, it managed more than 430, more than a six percent increase.

Every one of those additional flights requires its own ground handling, catering, cabin crew, and maintenance, coordinated without the disruption a change of that scale would normally cause.

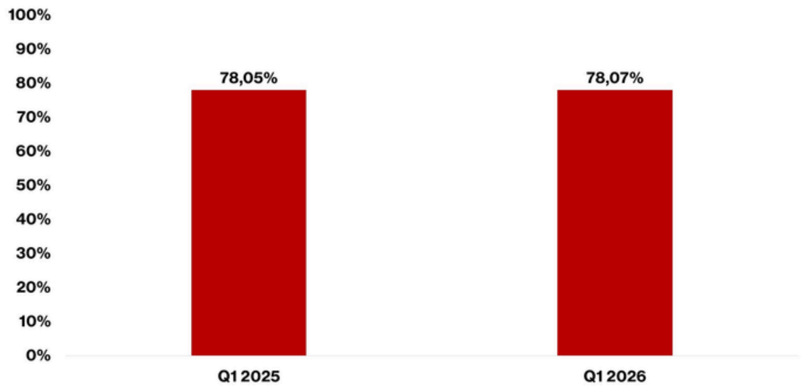
“What we have is our service, our people, and the brand,” Thomas says. “When you speak about operations, once the door is closed, that's it. Either you make money or you don't.”

> “Why are you sending thirty-six business class seats and two hundred and fifteen economy seats in a market that doesn't value business?”
>
> —Thomas Oentoro

Seat Load Factor, Garuda Indonesia

The percentage of seats that are filled with passengers. Garuda’s remained stable despite an increase in the amount of aircraft and flights.

Source: Garuda Indonesia



Metal, Money, and the Long Queue

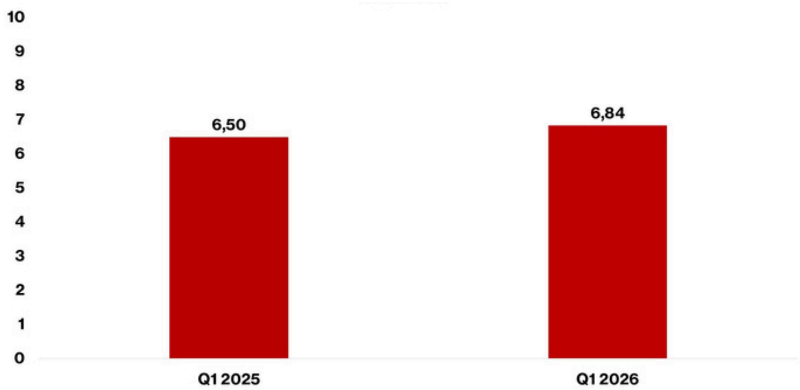
Now the hardware. Nearly everything Garuda flies is leased, and the global queue for new aircraft stretches past 2032. This means the fleet cannot simply be replaced, but must be nursed, supplemented, and refinanced.

This year, Garuda Indonesia is expected to receive four used and two new narrowbody aircraft, while another four new narrowbody and one new widebody aircraft have been confirmed for next year. The used aircraft will initially retain the existing configurations, meaning some variation across cabins while new interiors are being sourced, while the new aircraft will be configured to Garuda's requirements.

Configuration is now chosen by route, not by habit. "Why are you sending thirty-six business class seats and two hundred and fifteen economy seats in a market that doesn't value business?" Thomas asks, referring to their A330-300 planes. It is not a question of bad operations, he says. It is a question of product-market fit. "If you only see the big global picture, you won't see it." Look instead at the aircraft assigned to each route.

Revenue per Available Seat Kilometer (in US$ cents), Garuda Indonesia

How much revenue the airline earns for each seat it flies, filled or not.
Source: Garuda Indonesia



Danantara Indonesia's second-phase recapitalization, roughly US$1.4 billion in the form of US$1 billion of new equity and a US$405 million loan-to-equity conversion that lifted its ownership to 93.1 percent, restored positive equity, which amounted to around ninety million dollars as of the start of the year.

Bala is careful not to overclaim. A few bad months could erase it, and the profit and loss statement remains the unfinished half of the job.

The next phase of that rebuild looks forward rather than back.

"If we order an aircraft today, it comes in years later," Thomas says. The real question, in his view, is not what Garuda needs now, but who it will be flying in ten years. When an aircraft goes unexpectedly out of service, the airline is developing a system that surfaces rebooking options, availability, and cost impact automatically, so a branch employee no longer has to work the problem by hand.

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Glenny has also introduced a more coordinated rhythm across the Group. Regular holding-level coordination now brings subsidiaries and affiliated companies to the same table, with a practical question behind it: where can one part of the Group help another operate better, spend less, or generate more value.

The final rebuild is organizational. Garuda and Citilink long planned their networks separately and, at times, competed with each other for the same passengers, a luxury available only to airlines with money.

There is now a single network team optimizing for the group: slots at Halim have been handed to Citilink, where they work better, and route assignments follow the logic that Qantas applies with Jetstar and Singapore Airlines with Scoot, matching the brand to the market.

The results came quickly. Citilink, down to twenty-one operating aircraft last September, was back to forty-two by March, and the market absorbed the restored capacity without loads or yields sagging.

Photo credit: GMF AeroAsia

None of this comes with a ribbon to cut, which is rather the point. Even the directors have contributed in kind, accepting a ten percent salary deferral held in reserve for a year, a gesture Glenny cheerfully admits is as much about loyalty as liquidity. Glenny's principle is straightforward: leadership should demonstrate the same discipline being asked of the business.

That forward-looking instinct extends to the passenger experience too. On August 17, timed to Indonesia's 81st Independence Day, Garuda ran a pilot test of high-speed inflight connectivity on flight GA-960 from Jakarta to Madinah, giving eighty-one selected passengers, one for every year of independence, the chance to try video calls above 30,000 feet.

The number was no coincidence, and neither was the moment chosen to mark it: the Proclamation of Independence was read live over the same connection, carried through the cabin's PA system.

"*Sinyal Merdeka menjadi simbol semangat kami untuk membawa Garuda Indonesia terbang lebih tinggi,*" Glenny said. A signal of freedom, in his words, to help carry Garuda higher. Full rollout is targeted for 2027.

"Without a leap of faith, you might kick yourself three to five years down the road."

—Balagopal Kunduvara

Bala calls 2026 an important year in Garuda's transformation journey, and defines success in deliberately small denominations: cabins that look brighter, food that arrives presentable, systems that stop requiring heroism.

"Any airline that has done transformation will take three to five years," he says. The first year exists to prove that change is real.

Neil takes the longer comfort of a man on his ninth airline: shocks come, and people do not stop travelling. Look at any airport since the pandemic.

Here is the last word. The demand is there, the geography is there, a new backer has arrived, and the engine is being rebuilt exactly where engines on national carriers must be rebuilt: against the clock, in weather, with everyone watching.

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Garuda’s Board of Directors

Glenny H. Kairupan — President Director & CEO. Glenny is a retired Lieutenant General in the Indonesian Army with an extensive military career and a background in aviation. Prior to his appointment as President Director & CEO, he served on Garuda Indonesia’s Board of Commissioners from August 2024, giving him prior familiarity with Garuda and its business before assuming his current role.

Thomas Sugiarto Oentoro — Vice President Director. Thomas brings a background in risk oversight to Garuda's turnaround. He previously served as Chief Risk Officer at the Indonesia Investment Authority (INA), and before that sat on Garuda's own board of commissioners.

Balagopal Kunduvara — Director of Finance & Risk Management. Bala is a finance executive with more than twenty-five years at Singapore Airlines, where he began as an engineer before moving into senior financial roles. He brings that engineering grounding to Garuda's finance function.

Dani Haikal Iriawan — Director of Operations. Dani is a Boeing 777-300ER captain by training, educated at the Indonesian Civil Aviation Polytechnic in Curug. He oversees Garuda's day-to-day flight operations, from ground handling to crew scheduling.

Frans Dicky Tamara — Director of Human Capital & Corporate Service. Frans is a retired TNI Brigadier General whose earlier career includes planning and finance roles at the Ministry of Defense. He joined Garuda's board of commissioners before moving into his current executive role.

Mukhtaris — Director of Engineering. Mukhtaris spent a decade in aircraft acquisition and maintenance leadership at Garuda, including roles overseeing fleet acquisition and maintenance management, before serving as Director of Line Operation at GMF AeroAsia. He returned to Garuda to lead its engineering function.

Neil Raymond Mills — Director of Transformation. Neil is a veteran aviation executive who has held senior transformation and leadership roles at nine airlines across four continents, including Air Italy, Green Africa Airways, and SAS. His mandate at Garuda centers on the operational fundamentals: punctuality, schedule integrity, and the processes that underpin a functioning airline.

Did You Know?

Photo credit: Jeffry Surianto / Pexels

Institutionally, Garuda traces its roots to KLM Interinsulair Bedrijf (KLM-IIB), whose operations in the archipelago formed the basis for Indonesia's own national carrier. Following the transfer of sovereignty under the Round Table Conference agreement, KLM-IIB's operations and assets in Indonesia were handed over as part of that broader transfer, and the carrier was reestablished as the country's national airline.

The timing was not incidental. Garuda's first flight under its new name, on 28 December 1949, carried President Sukarno from Yogyakarta to Jakarta as the government returned to the capital following the transfer of sovereignty from the Dutch.

A founding flight, carried out during one of the most important weeks in the country's history.

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__Danantara Indonesia Diaries__ is a newsletter produced by Danantara Indonesia's investor relations team.