

ANALYZING THE 2017-2020 FINANCIAL PERFORMANCE OF PT GARUDA INDONESIA Tbk TO MEASURE THE COMPANY'S ABILITY TO SURVIVE THE COVID-19 CRISIS

Wiwiek Mardawiyah Daryanto
Feti Fera
Hilary Kristin

ABSTRACT

Rising to the challenges of a crisis is nothing new to the airlines and the broader aviation industry. Nonetheless, the on-going COVID-19 pandemic has brutally affected the aviation industry. Some of the reasons are the travel restrictions and a slump in demand of airline services. PT Garuda Indonesia Tbk (GIAA), the flag carrier of Indonesia is no exception. According to its financial report, GIAA booked US\$1.07 billion in losses as of September 2020, while it booked US\$122.4 million profit in the same period last year. In the first nine months of this year, GIAA's revenue plunged 67.8 percent yoy to US\$1.13 billion, causing a great financial loss for GIAA. To survive this ongoing crisis, the company needs a suitable strategy that focuses on pushing its financial performance. Looking at the background of the issue, main objectives of this study including: first to analyze the company's financial position from before the pandemic happen to now (during the pandemic), to see how great the effect is; and second to measuring the possibility and ability of GIAA to survive this crisis based on its financial health condition. The approach that will be used in this study is the financial ratios investigation by The Decree of Indonesia Ministry of SOEs No.KEP-100/MBU/2002. The Decree will provide the mandate which can be used to measure the financial health of SOEs, as well as put a rating on it. The results we expect here are; a) Return on equity, b) Cash ratio, c) ROI, d) Current ratio, e) Collection period, f) Inventory turnover, g) Total asset turnover, h) Total equity to total asset. This study is expected to make a contribution to the aviation industry, especially in Indonesia, by providing a comprehensive overview and analysis on how the company should craft its strategy to survive the pandemic crisis by looking at its financial performances.

Keywords: Financial performance, financial ratios, PT Garuda Indonesia Tbk, COVID-19 pandemic, SOEs, strategic responses

1. INTRODUCTION

Ever since COVID-19 pandemic hit almost all parts of the world, demand for flight services collapse to a mere 10 percent of its normal volume. *The International Air Transport Association* even estimated that many flight carriers worldwide will be facing a significant decline or even go bankrupt later this year. State-owned national flag carrier PT Garuda Indonesia (persero) is no exception.

Garuda Indonesia has been experiencing a significant margin loss in terms of financial performance ever since the virus hit the country, followed by restriction on mass gathering. In the first half of 2020 respectively, the company booked a significant loss of US\$712 . This regression is significant compared to the net profit of \$24.11 million they had booked the same period last year. It is due to the significant decrease of its daily flight frequency, from 400 average flights to only around 100 flights or even less. The number of passengers has also declined by almost 90 percent. Further, GIAA flight traffic dropped by around 83 percent year-on-year (yoy) in April 2020 as the government banned flights between major cities in the country. (IDX Indonesia, 2020)

As the biggest and only state-owned national flag carrier in Indonesia, Garuda Indonesia holds a critical position in defining the Indonesian airline industry endurance in facing the COVID-19 crisis. By studying, analyzing as well as measuring its financial performance, in 2017-2020, it hopes that not only we can see the likely ability of the company to survive the COVID-19 crisis, but also the overall airline industry in Indonesia.

This research will be divided into seven sections. In section one, this paper explains the introduction. In section two, it highlights the literature review. Section three focuses on the discussion of methodology, and section four discusses the finding and analysis. Further, the validation testing will be discussed in the fifth section, the last in section seven this paper will be conclusion and recommendations

2. RESEARCH OBJECTIVES

As the flag carrier of Indonesia, PT Garuda Indonesia holds an important role to set a standard for the aviation industry of the country. To see how the company manages its financial health to survive the pandemic crisis has become critical so that the other aviation player could take a lesson learned from it. Based on that condition, the main objectives of this study are to:

1. Analyze the financial position of the company before and during the pandemic to see how great the crisis is affecting the company.
2. Measure the ability of GIAA to survive this crisis based on its financial health condition.

3. RESEARCH QUESTIONS

1. Based on the financial ratio measurement of the company's financial performance (before and during the crisis), is there any significant difference?
2. Does the crisis have a significant impact on the healthiness level of GIAA?
3. Based on those above data, how likely the company could survive the crisis?

4. LITERATURE REVIEW

4.1 INDONESIA AIRLINE INDUSTRY

For the last couple of decades, Indonesia's aviation industry has recorded a robust growth. It is indicated by increased passenger numbers, expanding routes, and increased flights. Back in 2000, the overall Indonesia's sector was growing significantly right after the government deregulated the nation's aviation industry. In conjunction with this, the airline passengers number has also been increasing significantly, from nine million passengers in 1990 to more than ninety million in 2016. This enhancement also happened in the airline fleets, when the increase reached almost ten-fold. There were 102 aero planes in 1990 and grew to 1,030 in 2017.

Referring to Indonesia's Economic outlook back in 2017, the remarkable growth of Indonesia's aviation industry is underpinned by the country's continued economic growth. Some of the reasons for this situation are the emergence of low-cost carriers followed by a growing number of middle-class segments.

In terms of aircraft order and business value in the aviation industry, Indonesia is ranked in second-place after China. Indonesia currently has more than sixty scheduled and unscheduled commercial airlines. The air passengers of Indonesia aviation increased 13.1% in 2015. In the same period, its international air passenger volumes also grew significantly by around 8%.

However, Indonesian airline industry has been hit hard by the COVID-19 pandemic. This crisis forced the airline industry to slow down, forcing companies to pause their operation, ground their planes and eventually lay off their staff. Without government bailouts, many of them have to face the possibility of bankruptcy.

Many analysts have predicted that air travel will continue to be weak until 2025, as people remain hesitant to travel by air. However, referring to the International Air Transport Association, the global flights would recover faster by 2023. Many parties see this estimate as too optimistic, but the results of expert studies have indeed shown that it will take three to five years for the airline industry to recover to the time before COVID-19.

4.2 PT GARUDA INDONESIA (PERSERO) TBK

PT Garuda Indonesia Tbk (GIAA) is the national flag carrier of Indonesia. GIAA is a member of SkyTeam and has been operating since 1949. As the main and only state-owned airline, Garuda Indonesia has experienced fast growth and become one of the biggest flag carriers in the country. For instance, in 2015 Garuda carried 19.96 million domestic passengers. This number represents 26% overall Indonesia domestic passengers. Garuda also occupied a market share of 16.54%. In other words, it carried 4.17 million international passengers in that same year. (The Jakarta Post, 2020)

However, as mentioned above Garuda Indonesia experienced a significant margin loss in its financial performance ever since the virus hit the country, followed by restriction on mass gathering. The company booked a significant loss due a major decrease of its daily flight frequency, from 400 average flights to only around 100 flights or even less. The number of passengers has also declined by almost 90 percent.

The company booked a loss of US\$712 million in the first half of this year. This decreasing is significant compared to the net profit of \$24.11 million they had booked the same period last year. Further, its flight traffic dropped by around 83 percent year-on-year (yoy) in April 2020 as the government banned flights between major cities in the country. (IDX Indonesia, 2020)

5. METHODOLOGY

5.1 THE DECREE OF MINISTER OF STATE-OWNED ENTERPRISES (SOEs)

The data in this research are employed from GIAA's second-quarter report period of 2017-2020. These data are used as a sample to further measure the ability of the company to survive the COVID-19 crisis.

The descriptive financial ratio is used to evaluate the financial health of one state-owned under the Ministry of Transportation. This approach is qualified in the decree of Ministry of State-Owned Enterprises No. KEP100/MBU/2002 about financial health assessment of SOEs. The variables that were used in the ratio measurement were taken from the decree. It used to validate the GIAA's financial health condition and were divided into three categories:

1. Healthy Level

Also identified as the highest level in financial literacy. There are three types of this level:

- AAA: if the total score is more than 95 points
- AA: if the total score is more than 80 and less than 95

- A: if the total score is more than 65 and less than 80
- 2. Less Healthy Level
Also called the middle level of financial literacy. There are three types of levels:
 - BBB: if it is more than 50 and less than 65
 - BB: if it is more than 40 and less than 50
 - B: if it is more than 30 and less than 40
- 3. Unhealthy Level
Commonly called the lowest level of financial literacy. In this lowest level of the category, there are three types of levels:
 - CCC: if it is more than 20 and less than 30
 - CC: if it is more than 10 and less than 20
 - C: if it is less than 10

One specific part in the Decree of Ministry SOEs No. KEP-100/MBU/2020 stated that a good infrastructure and evaluation system is fundamental in supporting a business growth. Those aspects then will become indicators in measuring the efficiency and level of competition in SEOs. This principle applies to all SOE, be it financial and/or financial industry.

For the non-financial industry, the company is divided into infrastructure and non-infrastructure. There are three aspects of the evaluation, first is financial, second is operational, and the third is administration. Third, the total weight score for infrastructure is 50 and non-infrastructure is 70.

There are 8 indicators to measure financial health. There are:

1. Return on investment (ROI)
2. Return on Equity (ROE)
3. Cash ratio
4. Current ratio (CR)
5. Collection period (CP)
6. Inventory turnover (ITO)
7. Total assets turnover (TATO)
8. Total equity to the total assets (TETA)

PT. Garuda Indonesia Tbk in this case is a listed state-owned enterprise in non- infrastructure industries. Thus, PT Garuda Indonesia complies with the list of assessment scores shown in Table 1 below:

Table 1 : List of Assessment Score

INDICATORS	WEIGHT SCORE
ROE	20
ROI	15
Cash Ratio	5
Current Ratio	5
Collection Period	5
Inventory Turnover	5
Total Asset Turnover	5
Total Equity to Total Asset	10
Total Weight Score	70

Source: The decree of Ministry of SOE No. KEP-100/MBU/2002

5.2 THE VARIABLE AND WEIGHT SCORE

1. PROFITABILITY PERFORMANCE

One of the most common measures for the company's financial performance is profitability. The profitability performance can be expressed by Return on Equity (ROE) and Return on Investment (ROI). ROE measures the efficiency of the company in using investor money to generate profits and grow the company. Thus, ROE is an important ratio for company's stakeholders.

$$\text{ROE} = (\text{NET INCOME} / \text{SHAREHOLDER'S EQUITY}) \times 100\%$$

Further, table 2 explain in detail list of ROE Assessment Score:

Table 2 : List of ROE Assessment Score.

ROE (%)	Score
15 < ROE	20
13 < ROE ≤ 15	18
11 < ROE ≤ 13	16
9,0 < ROE ≤ 11	14
7,9 < ROE ≤ 9	12
6,6 < ROE ≤ 7,9	10
5,3 < ROE ≤ 6,6	8,5
4,0 < ROE ≤ 5,3	7
2,5 < ROE ≤ 4	5,5
1,0 < ROE ≤ 2,5	4
0 < ROE ≤ 1	2
ROE < 0	0

Source: The decree of Ministry of SOE No. KEP-100/MBU/2002

ROI on the other hand is a profitability ratio that calculates the efficiency of an investment used to generate return. It calculates the profits of an investment as a percentage of the original cost. Below is the equation:

$$\text{ROI} = ((\text{EBIT} / \text{DEPRECIATION}) / \text{CAPITAL EMPLOYED}) \times 100\%$$

Further, table 3 explain in detail list of ROI Assessment Score:

Table 3 : List of Cash Ratio Assessment Score.

Cash Ratio = x (%)	Score
X ≥ 35	5
25 ≤ x < 35	4
15 ≤ x < 25	3
10 ≤ x < 15	2
5 ≤ x < 10	1
0 ≤ x < 5	0

Source: The decree of Ministry of SOE No. KEP-100/MBU/2020

2. LIQUIDITY PERFORMANCE

Liquidity performance is often expressed by Cash Ratio and Collection Period. It fundamentally tests the ability of the company to pay its short-term debt with readily and liquid cash resources. In case a company features a proportion rise to one, it demonstrates that the company has the same amount of cash as its debt. If the value of the cash ratio is more than 1, it demonstrates that the company has more cash to pay its debt. However, in case the esteem is less than one, it demonstrates that the company has less cash to its debt. Below are the equations for the three ratios:

$$\text{CASH RATIO} = (\text{CASH} + \text{CASH EQUIVALENT} / \text{CURRENT LIABILITIES}) \times 100\%$$

$$\text{CURRENT RATIO} = (\text{CURRENT ASSET} / \text{CURRENT LIABILITIES}) \times 100\%$$

$$\text{COLLECTION PERIOD} = (\text{AVERAGE ACCOUNT RECEIVABLE} / \text{SALES REVENUE}) \times 100\%$$

As for the assessment score for cash ratio, explain in detail below:

Table 4: List of Cash Ratio Assessment Score

Cash Ratio=x (%)	Score
$X \geq 35$	5
$25 \leq X < 35$	4
$15 \leq X < 25$	3
$10 \leq X < 15$	2
$5 \leq X < 10$	1
$0 \leq X < 5$	0

Source: The Decree of Ministry of SOE No. KEP-100/MBU/2002

In addition, current ratio tests the capacity of the company to repay its current liabilities, with the current asset. If the company has a current ratio below 1, it implies that the company has a short-term debt crisis. On the other hand, in case the company features an as well high current proportion, it infers that the company encompasses an issue in overseeing their current assets. Below is the assessment score for the current ratio:

Table 5 : List of Current Ratio Assessment Score

Current Ratio=x (%)	Score
$125 \leq X$	5
$110 \leq X < 125$	4
$100 \leq X < 110$	3
$95 \leq X < 100$	2
$90 \leq X < 95$	1
$X < 90$	0

Source: The Decree of Ministry of SEO No. KEP-100/MBU/2002

3. ACTIVITY PERFORMANCE

Activity ratio is focused on measuring how many times the inventory is being sold over a period. Activity ratio could be expressed by collection period, inventory turnover, and total asset turnover. It can be explained in an equation:

$$\text{INVENTORY TURNOVER} = (\text{COST OF GOOD SOLD}/\text{AVERAGE INVENTORY}) \times 360 \text{ DAYS}$$

Further, table below explain the assessment score for inventory turnover:

Table 6 : Collection Period Assessment Score

Collection Period=x (days)	Adjustment (days)	Score
X <= 60	X > 35	5
60 < X <= 90	30 < X <= 35	4,5
90 < X <= 120	25 < X <= 30	4
120 < X <= 150	20 < X <= 25	3,5
150 < X <= 180	15 < X <= 20	3
180 < X <= 210	10 < X <= 15	2,4
210 < X <= 240	6 < X <= 10	1,8
240 < X <= 270	3 < X <= 6	1,2
270 < X <= 300	1 < X <= 3	0,6
300 < X	0 < X <= 1	0

Source: The Decree of Ministry of SEO No. KEP-100/MBU/2002

4. SOLVENCY PERFORMANCE

The solvency ratio could be a key metric utilized to measure a company's capacity to meet its debt obligations. This ratio is similar to debt to equity ratio. If the company has less value, it implies that the company is funding its asset inefficiently. It moreover demonstrates that the company has exceptionally low net value for the investor. Below is the equation for solvency ratio:

$$\text{Total equity to total asset} = (\text{Total equity}/\text{Total asset}) \times 100\%$$

Further, Table 7 below shows the assessment score for solvency assessment score.

Table 7 : Solvency Assessment Score

Total Equity to Total Asset (%) = x	Score
x < 0	0
0 <= x < 10	4
10 <= x < 20	6
20 <= x < 30	7,25
30 <= x < 40	10
40 <= x < 50	9
50 <= x < 60	8,5
60 <= x < 70	8
70 <= x < 80	7,5
80 <= x < 90	7
90 <= x < 100	6,5

Source: The Decree of Ministry of SEO No. KEP-100/MBU/2002

6. HYPOTHESIS

There are a significant difference in the data before and during the pandemic crisis, as follow:

1. Company's ROI analysis
2. Company's ROE analysis
3. Company's Cash Ratio analysis
4. Company's Current Ratio analysis
5. Company's Total Assets Turnover analysis
6. Company's Inventory Turnover analysis
7. Company's Collection Period analysis
8. Company's Total Equity analysis
9. Total Weighted Score of the company healthiness

7. RESEARCH LIMITATIONS

This study expanded the literature about financial performance in the real working world and the new condition situation of the business sector. Although this paper begins by examining one industry, this study not only focuses on analyzing financial performance health but also strategies for the company to sustain in the future with another category that will impact to improve financially and sustainability. It is recommended to measure the financial performance of SOEs in other viewpoints such as operational and administration.

8. RESULT

8.1 PROFITABILITY ANALYSIS

Profitability analysis is spoken to by Return on Equity and Return in Investment (ROI). The ROE of PT. Garuda Indonesia Tbk (GIAA) relating to key variables are reported in Figure 1 based upon the second-quarter report financial data from 2017 to 2020. Based on the trend, the ROE percentage of this company increased in 2017 to 2019 but decreased quite sharply in 2020 (-39,54%; -13,59%; 2,95%; and -895,42%). It is caused by the lowest loss profit in 2020 which reaches -723,262,530 million rupiahs. The minimum standard of Decree is 15% for ROE, therefore for the last four years, GIAA ROE was below the standard.

The figure also gives information about The Return of Investment (ROI) of GIAA second-quarter report financial data from 2017 to 2020. Based on the trend, the ROI percentage increased in 2017 to 2019 but decreased quite sharply in 2020 (-7,52%; -6,89%; 4,13%; and -155,82%). The minimum standard of Decree is 18% for ROI, subsequently from 2017 until 2020 GIAA is underneath the standard. There was a dramatic decrease both for ROI and ROE of GIAA percentages, especially in 2020 during the pandemic COVID-19.

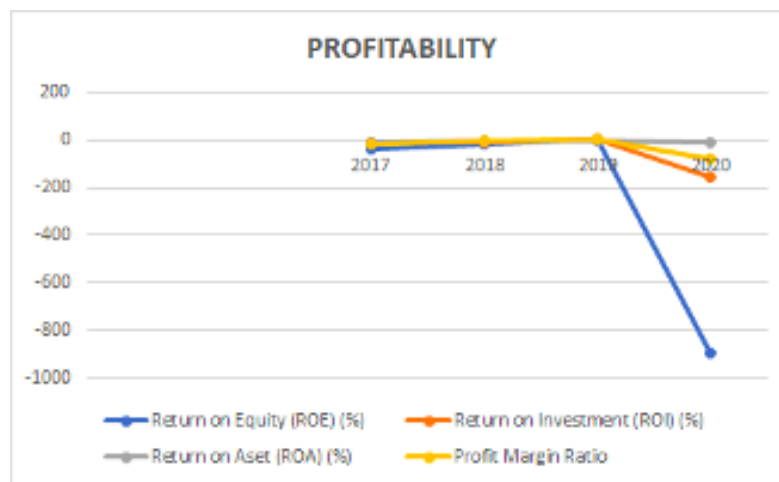


Figure 1. Profitability Analysis

8.2 LIQUIDITY ANALYSIS

The current ratio and cash ratio represented the liquidity performance of the company. Figure 2 gives the information that there was a decrease in the percentage both of the Current Ratio and Cash Ratio of GIAA from the second-quarter report financial data from 2017 to 2020. The percentage of PT. Garuda Indonesia's Current Ratio is below the standard of liquidity (55,67%, 45,36%, 42,82%, and 16,29% respectively). The percentage of GIAA's Cash Ratio 2017 to 2020 (20,12%, 13,08%, and 10,81) is more than 5% which suggests that the company has more cash to pay its obligation. However, the Cash Ratio in 2020 (3,76%) less than 5%, indicates that the company has less cash to pay its debt and the low ratio was because of a decrease in cash which related to financing activities amounted to 156,316,929 million rupiahs.

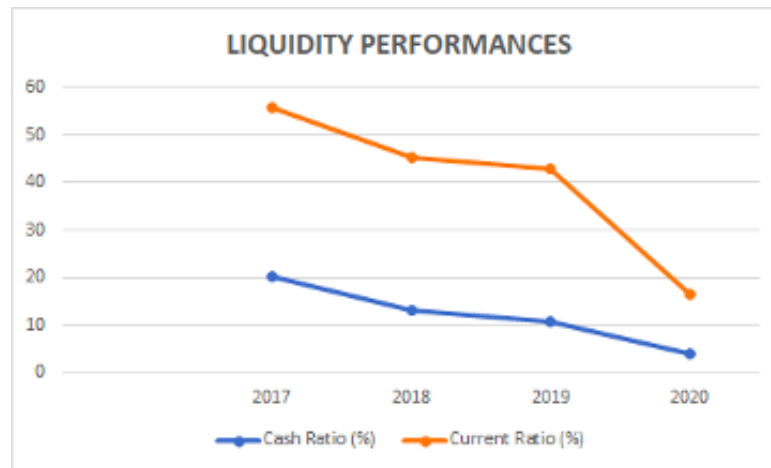


Figure 2. Liquidity Performance Analysis

8.3 ACTIVITY ANALYSIS

Activity performance analysis can be described with the collection period, day's inventory, and asset turnover. GIAA's overall trend of collection period (days) increased from year to year from 2017 until 2020 and such an increasing trend is caused by the increasing sales volume and delay of price agreement. In any case, it appears that the company management in collecting cash from customers is not so good. Figure 3 shows the information on the trend collection, Inventory Turnover, and Total Asset Turnover Ratio of the second quarter period of GIAA from 2017 to 2020.

The trend of Inventory Turnover (ITO) of GIAA, days inventory preference is when it is relatively small. GIAA's ITO in 2017 to 2020 (18,56%, 15,70%, 12,17%, and -9,84%) has decreased and it was supported by a diminish in sales volume when the worldwide financial crisis happened to dodge overstock. GIAA was as of now effective in managing the inventory.

The figure also shows the trend of Total Asset Turnover (TATO) Ratio of GIAA in 2017 to 2019 is stable that is 50,02%, 49,77%, and 50,12%, but in 2020 is decreased quite sharply to 8,92%. The lowest ratio in 2020 is supported by its revenue which has decreased from previous years and it shows that GIAA is less efficient in managing the assets employed to generate revenues because of the effect of the COVID-19 crisis.

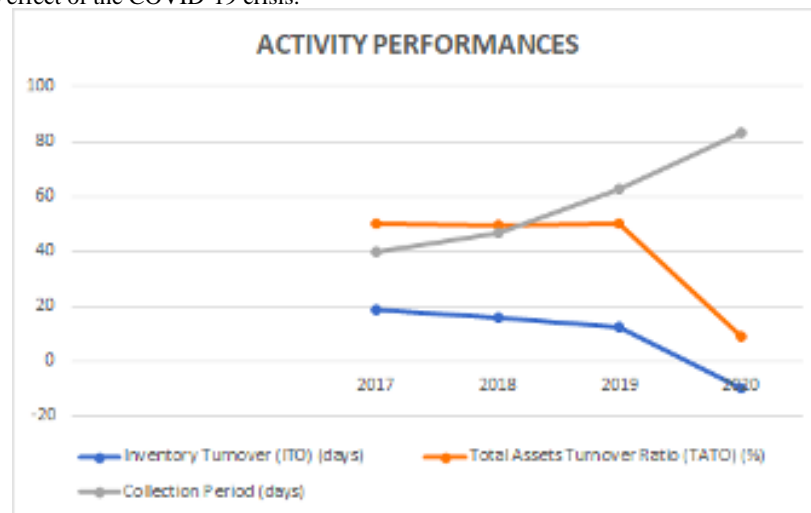


Figure 3. Activity Performance Analysis

8.4 SOLVENCY ANALYSIS

Based on figure 4 shows the trend of Total Equity to Asset Ratio (TETA) of the second-quarter period of GIAA from 2017 to 2020. The trend explains that in 2017 to 2019, there were increases (10,24%, 19,59%, and 23,52%) but in 2020 was decreased significantly to -20,09%. GIAA in insolvent condition or high-risk conditions, the company has problems in repayment of their long-term obligations, because all ratios were below the standard of 50%.

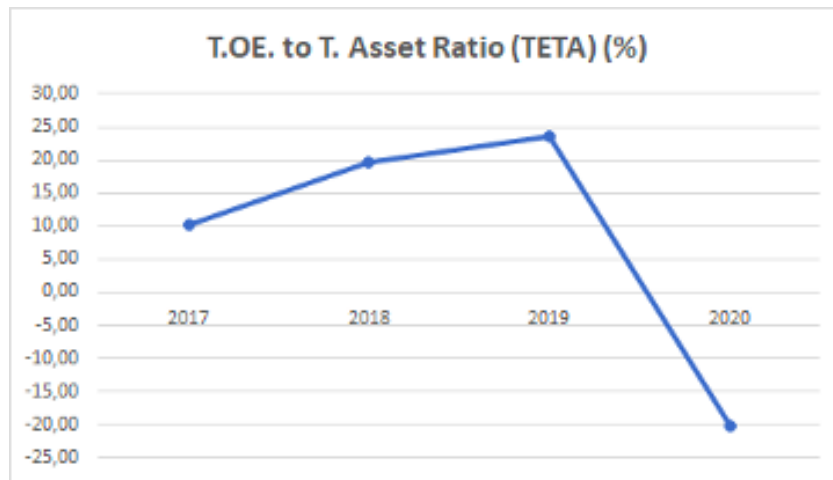


Figure 4. Solvency Ratio Analysis (Total Equity to Asset Ratio)

9. DISCUSSION

Our research analyzed the 2017-2020 financial performance of PT Garuda Indonesia to measure the company’s ability to survive the COVID-19 crisis. The findings of our research indicated the severe negative effects of the COVID-19 pandemic on the financial performance of GIAA. This research is reflected in a decrease in overall revenue, profitability, and investment in this company.

Preventive measures such as quarantine measures and restricting activities in the form of lockdowns have also contributed to the economic decline of the aviation industry. GIAA has adequate short-term liquidity to survive in the early three to six months of 2020, inspite of the sudden plunge in revenue, but the long-term picture raises concerns. The aviation industry will not be able to return to normal operations and demand levels until 2022 at the earliest (IATA, 2020). By 2022, the aviation industry will forever be changed by COVID-19. This means that 2020 will be a balanced move, as airlines will simultaneously strive to stabilize their business whereas planning for a rebound in demand.

9.1 STRATEGIES

A remarkable crisis such as this COVID-19 pandemic apparently implies that there is not just a little time for response organization and planning, but also that traditional response strategies are insufficient (Wenzel et al., 2020). Airlines industries especially in South-East Asia need special strategies to overcome this issue. Strategies suggested by Wenzel et al. (2020) as retrenchment, persevering, innovating, and exit-oriented.

1. Retrenchment

Retrenchment is a widely observable strategic response to crisis (Bruto, Ahlstrom, & Wan, 2003) and response refers to reduction in cost, assets, products, product lines, and overhead (Pearce & Robbins, 1993, p.614). All South-East Asia airlines grounded almost their entire fleets and largely halted operations during 2020, as far-reaching travel restrictions were imposed, driving to the collapse of passenger travel. Mostly they did not only apply short term orientation strategies but also long term orientation.

Table 8: Airline Prevalence in Retrenchment Category

Short term orientation	All South-East Asia airlines grounded almost their entire fleets and largely halted operations during the first until second quarter in 2020. Mostly they announced job cuts and/or shave costs.
Long term orientation	<ul style="list-style-type: none"> • Singapore Airlines : cut capacity by 96% and ground almost all of its fleet in March 2020 (The Jakarta Post, 2020) • Lion Air : fleet of 320 aircraft across its various subsidiaries (East Asian Forum, 2020) • AirAsia X Malaysia : closed 194 aircraft across all subsidiaries (Money Control, 2020) • Thai Airways : puts 34 aircraft on sale, including entire 747 fleet (Bangkok Post, 2020)

2. Persevering

This strategy aims at persevering the status quo and mitigating the adverse impacts of the crisis (Wenzel, 2015). Many South-East Asian airlines have addressed the governments of their respective home nations to solicit subsidies. This is not surprising given that the profits of most airlines have almost completely evaporated and will only come back steadily after a time of uncertain duration.

Table 9: Airline Prevalence in Persevering Category

Financial	<p>Many South-East Asian airlines have addressed the governments of their respective home nations to solicit subsidies</p> <ul style="list-style-type: none"> Garuda Indonesia (received a loan with a value of 1 trillion rupiahs from the LPEI with a tenor of one year through the Special Export Assignment (PKE) program based on the Decree of the Minister of Finance of the Republic of Indonesia number 428 / KMK.08 / 2020)
-----------	--

3. Innovating

Innovating as the realization of strategic renewal in response to crisis. Some airlines are beginning to explore potential options, extend their operations to their markets, and focus on better approaches of doing commerce within the confines of natural uncertainties.

Table 10: Airline Prevalence in Innovating Category

Crisis Specific	<ul style="list-style-type: none"> Garuda Indonesia: reconfiguring aircraft for cargo (Channel News Asia, 2020) Malaysia Airlines: reconfiguring aircraft for cargo and retail business (airbus, 2020) Lion Air: reconfiguring aircraft for cargo (The Jakarta Post, 2020) Thai Airways: selling fried dough (Bangkok Post, 2020) Singapore's Scoot: reconfiguring aircraft for cargo (American Shipper, 2020)
Longer Term	<ul style="list-style-type: none"> Malaysia Airlines: plans to merger with AirAsia (IATA, 2020) Thai Airways: planned to franchise its fried dough sticks (Bangkok Post, 2020) Singapore Airlines: new short-haul economy class meal concept (Business Traveller, 2020) Garuda Indonesia: has adopted cloud technology from the Chinese company Alibaba Cloud for cost efficiency (The Jakarta Post, 2020)

4. Exit

Exit strategy refers to the discontinuous of a firm's business activities in response to crisis (Wenzel et al., 2020). This includes airlines involving airline failures such as bankruptcy/going to court proceedings, of which there were three.

Table 11: Airline Prevalence in Exit Category

Failure	<ul style="list-style-type: none"> Thai Airways: is in bankruptcy court with reported losses of US\$564 million in the first half of 2020 (Channel News Asia, 2020)
---------	--

Therefore, GIAA can learn and adapt strategies from other airlines as the references. They should also improve its financial planning aspects and focus on the policies to be followed in the post-pandemic situation. This company may work with governments and aviation regulators to create new global or regional standards for aircraft and facility hygiene to allay consumers' health concerns. They must come up with comprehensive policies to tackle the adverse impact of such crises in the future as well.

GIAA can prepare by considering which personnel, processes, and systems must be deployed when starting to increase business so that they can act quickly. However, GIAA may ought to update their pricing, revenue-management systems, upgrade their products, system, networks, and operations in this new situation. They should think strategically and those strategies will help GIAA continue their essential objective of connecting our world.

10. VALIDATION TESTING

Our research used the decree of the Ministry of SOEs No. KEP- 100/MBU/2002 to examine the level of financial assessment for PT. Garuda Indonesia (GIAA) is an airline industry company to test the validation and to measure the ability of the company to survive during the COVID-19 crisis. Table 12 and 13 show the result during the second quarter period of the financial report for GIAA from 2017 to 2020.

Table 12: Test Result of PT. Garuda Indonesia (GIAA)

INDICATORS	2017		2018		2019		2020	
	RATIO	SCORE	RATIO	SCORE	RATIO	SCORE	RATIO	SCORE
ROI	-10,76	1	-6,89	1	4,13	4	-155,82	1
ROE	-39,54	0	-13,91	0	2,95	5,5	-895,42	0
CASH RATIO	20,12	3	13,08	2	10,81	2	3,76	0
CURRENT RATIO	55,67	0	45,36	0	42,82	0	16,29	0
COLLECTION PERIOD	39,76	5	46,88	5	62,86	4,5	83,40	4,5
INVENTORY TURN OVER	18,56	5	15,70	5	12,17	5	-9,84	5
ASSET TURNOVER RATIO	50,02	2,5	49,77	2,5	50,12	2,5	8,92	1,5
SOLVENCY	10,24		19,59		23,52		-20,09	
SHAREHOLDER EQUITY RATIO	19,03	6	20,40	7,25	18,47	6	-0,79	0
TOTAL SCORE		22,5		22,75		29,5		12

INDICATORS	2017		2018		2019		2020	
	RATIO	SCORE	RATIO	SCORE	RATIO	SCORE	RATIO	SCORE
ROI	-10,76	1	-6,89	1	4,13	4	-155,82	1
ROE	-39,54	0	-13,91	0	2,95	5,5	-895,42	0
CASH RATIO	20,12	3	13,08	2	10,81	2	3,76	0
CURRENT RATIO	55,67	0	45,36	0	42,82	0	16,29	0
COLLECTION PERIOD	39,76	5	46,88	5	62,86	4,5	83,40	4,5
INVENTORY TURN OVER	18,56	5	15,70	5	12,17	5	-9,84	5
ASSET TURNOVER RATIO	50,02	2,5	49,77	2,5	50,12	2,5	8,92	1,5
SOLVENCY	10,24		19,59		23,52		-20,09	
SHAREHOLDER EQUITY RATIO	19,03	6	20,40	7,25	18,47	6	-0,79	0
TOTAL SCORE		22,5		22,75		29,5		12

Table 13: Summary of Test Result of PT. Garuda Indonesia (GIAA)

Years	Total Score	Weight	Total Weight	Performance	Category
2017	22,5	70	32,14	CCC	Unhealthy
2018	22,75	70	32,50	CC	Unhealthy
2019	29,5	70	42,14	CCC	Unhealthy
2020	12	70	17,14	C	Unhealthy

Based on table 12, the total score increased substantially from 22,5 in 2017 to 29,5 in 2019 on the contrary it decreased steeply in 2020 becoming 12. After all, the total score was converted to the total weight and the result divided into three level performances that were CCC, CC, and C. In conclusion, all the category level results from 2017 to 2020 of GIAA was Unhealthy financial condition.

11. CONCLUSION AND RECOMMENDATION

This journal shows by analyzing the 2017-2020 financial performance of PT Garuda Indonesia to measure the company's ability to survive the COVID-19 crisis, is based on the decree of the Ministry of State-Owned Enterprises No. KEP-100/MBU/2002. The decree is about financial health assessment of State-Owned Enterprises and the study concerns four ratio measurements that include liquidity, solvency, profitability, and activity ratio. The result shows that during four years of the second quarter period 2017 to 2020, the company has achieved financial condition levels and categories in CCC, CC, CCC, and C. All the results stated that GIAA financial performance categories are in Unhealthy however, the findings of our research indicated the severe negative effects of the COVID-19 pandemic on the financial performance of GIAA. This is reflected in a decrease in overall revenue, profitability, and investment of GIAA especially in the second quarter period of 2020.

This study not only has expanded the theory of financial ratio analysis from the airline industry as far as to measure the ability of PT. Garuda Indonesia to survive the COVID-19 Crisis, but also has analyzed the theory of strategic management society. The SMC

has a benefit as a strategic response to crisis for airlines industries during COVID-19 pandemic, so it will give a better insight for managers to make decisions with the purpose to increase the market share, profitability, and sustainability.

REFERENCES

- Airbus, 2020. Airbus develops solutions for airlines to use their widebody aircraft for pure cargo operations during the COVID-19 pandemic. <https://www.airbus.com/newsroom/press-releases/en/2020/04/airbus-develops-solution-for-airlines-to-use-their-widebody-aircraft-for-pure-cargo-operations-during-the-covid19-pandemic.html>. (Accessed 11 December 2020).
- American Shipper, 2020. Singapore's Scoot strips seats for cabin cargo. <https://www.freightwaves.com/news/singapores-scoot-strips-seats-for-cabin-cargo>. (Accessed 11 December 2020).
- Annual Reports 2017 - 2020 of PT Garuda Indonesia (Persero) Tbk, Consolidated Financial Statements audited 30 June and 31 December 2017-2020.
- Bangkok Post, 2020. Thai Airways cashing in on fried dough. <https://www.bangkokpost.com/business/1995587/thai-airways-cashing-in-on-fried-dough>. (Accessed 11 December 2020).
- Business Traveller, 2020. Singapore Airlines unveils new short-haul economy catering. <https://www.businesstraveller.com/business-travel/2020/11/24/singapore-airlines-unveils-new-short-haul-economy-catering/#:~:text=SIA%20said%20the%20new%20meal,80%20per%20cent%20by%20weight>. (Accessed 11 December 2020).
- Channel News Asia, 2020. Commentary: Southeast Asian airlines are falling from the sky in this COVID-19 storm. <https://www.channelnewsasia.com/news/commentary/southeast-asian-airlines-sia-thai-mas-debt-crisis-covid-19-13272104>. (Accessed 11 December 2020).
- Curley, Andrew., Ditcher, Alex., Krishnan, Vik., Riedel, Robin., Saxon, Steve., (2020). Coronavirus: Airlines brace for severe turbulence. *McKinsey & Company*
- Daryanto, Wiwiek M., Prisia, Dika, (2019). Financial Performance Analysis and Evaluation of Airline Industry Indonesia. *International Journal of Business and Law*, 20: 11-15
- Daryanto, Wiwiek M., Samidi, Sudarman, (2018). Measuring the Financial Performance of Enterprises Under Ministry of Energy and Mineral Resources (EMR) an Indonesia Experience. *International Journal of Engineering & Technology*, 7 (3.21) : 17-19.
- Deloitte. (2020). Aviation's recovery flight plan. <https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/public-sector/ca-en-aviation%27s-recovery-flight-plan-aoda.pdf>. (Accessed 28 October 2020).
- East Asia Forum, 2020. Southeast Asian airlines drop from the sky. <https://www.eastasiaforum.org/2020/10/08/southeast-asian-airlines-drop-from-the-sky/>. (Accessed 11 December 2020).
- Global Business Indonesia. Indonesia's Aviation Industry: Flying High, from <http://http://www.gbgingonesia.com/>
- IATA, 2020. Izham Ismail: Preparing for a sustainable future. <https://www.airlines.iata.org/ceo-interviews/izham-ismail-preparing-for-a-sustainable-future>. (Accessed 11 December 2020).
- IATA, 2020. Recovery Delayed as International Travel Remains Locked Down. <https://www.iata.org/en/pressroom/pr/2020-07-28-02/>. (Accessed 30 October 2020).
- Kementerian Badan Usaha Milik Negara. Salinan Keputusan Menteri Badan Usaha Milik Negara Nomor : KEP-100/MBU/2002. Retrieved November 2, 2019, from: <http://www.bumn.go.id/>
- Money Control, 2020. Fleet-footed IndiGo now has the same number of aircraft as the AirAsia group. <https://www.moneycontrol.com/news/business/fleet-footed-indigo-now-has-the-same-number-of-aircraft-as-the-airasia-group-6211781.html>. (Accessed 11 December 2020).
- OECD. (2020, July 15). Coronavirus (Covid-19): SME policy responses. <https://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/>. (Accessed 28 October 2020).
- Priyadi, Aswin, (2019). Analysis of the Financial Performance of PT Garuda Indonesia from the Period 2012 to 2018. *Hasanuddin Journal of Business Strategy*
- Rababah, Abedalqadar, (2020). Analyzing the Effects of Covid-19 Pandemic on the Financial Performance of Chinese Listed Companies. *Academic Paper*, 2240: 1-18.

The Jakarta Post, 2020. Indonesian airline Garuda posts \$1 billion loss by end of Q3 amid weak demand. <https://www.thejakartapost.com/news/2020/11/10/garuda-posts-1-billion-loss-by-end-of-q3-amid-weak-demand.html>. (Accessed 30 October 2020).

The Jakarta Post, 2020. Singapore Airlines grounds most of its fleet as coronavirus poses 'greatest challenge'. <https://www.thejakartapost.com/travel/2020/03/23/singapore-airlines-grounds-most-of-its-fleet-as-coronavirus-poses-greatest-challenge.html>. (Accessed 11 December 2020).

Tirto, 2020. Garuda Indonesia Dapat Suntikan Pinjaman Rp1 Triliun dari LPEI. <https://tirto.id/garuda-indonesia-dapat-suntikan-pinjaman-rp1-triliun-dari-lpei-f5LJ>. (Accessed 29 October 2020).

Wiwiek Mardawiyah Daryanto
Sekolah Tinggi Manajemen IPMI
Email: wiwiek.daryanto@ipmi.ac.id

Feti Fera
Sekolah Bisnis dan Manajemen, Institut Teknologi Bandung
Email: feti_fera@sbm-itb.ac.id

Hilary Kristin
Sekolah Bisnis dan Manajemen, Institut Teknologi Bandung
Email: hilary_kristin@sbm-itb.ac.id