

Garuda Indonesia is negotiating the terms its jet deals with Airbus and Boeing

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Flag carrier Garuda Indonesia is negotiating the terms its aircraft deals with manufacturers Airbus and Boeing, with cancellation of the orders among the options, its chief executive officer told Reuters on Tuesday Mar. 1.

The step was taken based on consideration of the airline's short-term demand, CEO Irfan Setiাপutra said.

Garuda's earnings have been hard hit by the pandemic, which forced the company to launch a major restructuring seeking to slash its debt to \$3.7 billion from \$9.8 billion.

"Hopefully we can get a win-win solution," Irfan said of the negotiations with the manufacturers.

Garuda is undergoing debt restructuring proceedings, known locally as PKPU, after a vendor petitioned a Jakarta court over unpaid liabilities.

Garuda has proposed converting part of its debt to equity, offering a debt haircut and a new coupon debt.

With Airbus, Garuda has outstanding orders for nine A330-900 jets and four A330-800s.

Garuda has previously said it would cancel the remaining orders of Boeing 737-8 Max following fatal crashes of the aircraft in Ethiopia and Indonesia.

Garuda ordered 50 of the aircraft in 2014, valued \$4.9 billion at that time, and had only received one unit, in 2017.

The airline has said it would return more planes as it seeks to scale down its fleet to 66 from 142 before the pandemic.

Reuters.com by Stefano Sulaiman; Editing by Fransiska Nangoy, Martin Petty

