Financial Performance Analysis During and After the Covid-19 Pandemic At Garuda Indonesia Company

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Abstract

This study aims to analyze in deh the financial performance of Garuda Indonesia before, during, and after the Covid-19 pandemic by using financial ratios as the main measuring tool. The research method used is a quantitative descriive analysis of financial ratios including liquidity ratios, solvency, profitability, and activities to obtain a comprehensive picture of the 's financial condition. The data used in this study is in the form of the 's annual financial statements from the period 2018 to 2023. The results of the analysis show that Garuda Indonesia financial performance from 2018 to 2023 experienced a sharp decline during the COVID-19 pandemic, namely in 2020 and 2021. The pandemic caused great pressure on the aspects of liquidity, solvency, and profitability. However, as of 2022, there are signs of recovery with gradual improvements in almost all ratios, although not yet fully stable. With this research, this study provides a comprehensive overview of how . Garuda Indonesia, is slowly recovering after facing financial challenges caused by the COVID-19 pandemic.

Keywords: *Financial Statements, Financial Ratios, Financial Performance*

1. Introduction

On May 5, 2023, the *World Health Organization* (WHO) declared that COVID-19 is no longer a Public Health Emergency of International Concern (PHEIC). Following this, the Indonesian government through President Joko Widodo also announced that the COVID-19 pandemic status in Indonesia was lifted on June 21, 2023, and COVID-19 is now considered endemic. Looking back at how the Indonesian government is trying to prevent the spread of COVID-19 by enacting a number of social policies. Among them is the Large-Scale Social Restrictions (PSBB) which was first implemented in DKI Jakarta on April 10, 2020 and applies in various other regions in Indonesia. This policy has undergone several extensions and adjustments, including the transition phase and strict PSBB.

National airlines, such as Garuda Indonesia (GIAA), are under great financial pressure due to mobility restrictions and a sharp decline in the number of passengers. During the implementation of the social restrictions, the national airline . Garuda Indonesia has experienced a significant impact from the economic slowdown due to the Covid-19 outbreak. Companies in the transportation sector are one of the fields that have been greatly affected by the Covid-19 pandemic. The level of community mobilization decreased for domestic and international routes due to the policy of restrictions on operations. The Ministry of Transportation issued Circular Letter No. 13 of 2020 concerning Air Transportation Policy during the Productive and Safe Community Activities Period from Covid-19 explaining that flight operators and airlines are required to implement health protocols, limit the number of passengers, and implement physical distancing (Kurniawati, 2021).

PSBB in Jakarta was officially terminated on March 8, 2021, which was then replaced by a new policy called the Enforcement of Community Activity Restrictions (PPKM). PPKM was implemented nationally starting January 11, 2021, and was enforced at various levels according to the level of case spread in each region. After improving pandemic conditions and high vaccination coverage, President Joko Widodo officially revoked PPKM on December 30, 2022. This policy marks the transition to the normalization phase of community activities and is an important basis for seeing the recovery of the industry, including the aviation sector.

Based on this discretion, this paper intends to find out the impact of the Covid-19 pandemic and extend the analysis period until 2023, thus providing an up-to-date view of the success or failure of Garuda Indonesia's post-pandemic financial recovery. Therefore, it is important to analyze how financial performance is changing, and whether there are already signs of improvement.

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Furthermore, Mustika & Apriliani (2022) specifically examined Garuda Indonesia during the pandemic. They analyzed liquidity ratios and found that the 's ability to meet short-term obligations decreased significantly due to the instability of operating income. However, the focus of their research was limited to 2020 only, so it did not cover post-pandemic developments.

Until now, there is still very limited research that comprehensively analyzes the period before, during and after the pandemic, especially in one strategic in deh such as Garuda Indonesia .
Kasmir (2012:104) defines financial ratio as a calculation that compares the values presented in financial statements through the division of two or more numbers. This comparison can occur between elements presented in separate financial statements or between elements presented in separate financial statements. The numbers used for comparison can cover a single period of time or several periods simultaneously. A number of methodologies can be used to conduct financial analysis, one of which is financial ratio analysis.
Based on Dennis (2006), the use of financial ratio analysis is considered a method with a high level of effectiveness to get a comprehensive picture of the 's financial condition. Usman (2003) explained that this analysis is useful as an internal analysis tool for management, helping them in evaluating financial achievements for future planning. In addition, financial ratio analysis also has a use as an internal analysis tool for creditors and investors, helping them in setting policies related to lending and investment in a . The application of this financial ratio is because financial ratios can measure the extent of the quality of financial performance of various companies studied.
Based on the discretion above, a problem can be formulated, namely whether . Garuda Indonesia , showed signs of financial recovery after the covid-19 pandemic by analyzing and comparing the financial performance of Garuda Indonesia during the pandemic (2020–2021) and after the pandemic (2022–2023) using financial ratios such as ROA, ROE, CR, and DER. Identify trends in changes in financial performance from year to year to see the direction of the 's recovery.

2. Literature Review and Hypotheses Development

The financial performance of airlines during crises has been extensively studied, particularly focusing on liquidity, solvency, and profitability challenges. Kasmir (2012) emphasizes that financial ratios are critical tools for assessing a 's health, especially during economic disunions. During the COVID-19 pandemic, airlines faced unprecedented liquidity crises, as highlighted by IATA (2021), with many struggling to meet short-term obligations due to plummeting revenues. Mustika & Apriliani (2022) specifically examined Garuda Indonesia, noting severe liquidity deterioration in 2020, but their study lacked post-pandemic analysis. Similarly, O'Connell & Warnock-Smith (2021) found that flag carriers worldwide relied heavily on debt financing to survive, leading to inflated solvency risks. Post-pandemic recovery trends, however, remain underexplored, particularly in emerging markets like Indonesia. This study hypothesizes that: (1) Garuda Indonesia's financial ratios (CR, DER, ROA, ROE) significantly worsened during the pandemic (2020–2021) compared to pre-pandemic levels (2018–2019); (2) Partial recovery occurred in 2022–2023, but ratios remained below pre-pandemic benchmarks due to lingering debt burdens and operational inefficiencies; and (3) Government interventions (e.g., PEN program) and cost-restructuring were pivotal in stabilizing the airline's financial performance post-pandemic.

3. Research Methodology

This study adept's a quantitative descriptive approach to comprehensively assess the financial performance of Garuda Indonesia, Indonesia's flagship airline, over three critical periods: the pre-pandemic phase (2018–2019), the pandemic crisis (2020–2021), and the post-pandemic recovery phase (2022–2023). The aviation industry was among the hardest-hit sectors during the COVID-19 pandemic, experiencing unprecedented disunions in operations, revenue streams, and financial stability. By analyzing Garuda Indonesia's financial trajectory across these phases, this research provides valuable insights into the 's resilience, strategic adaptions, and recovery patterns in response to global economic shocks.

Data Collection and Methodology

The research utilizes a documentation method, drawing upon secondary data from the 's audited financial statements and annual reports, all of which are publicly accessible via the Indonesia Stock Exchange (IDX) and Garuda Indonesia's official corporate website. These sources ensure the reliability and transparency of the data, which is essential for an objective evaluation of financial health. The study focuses on four key financial ratios, each selected to measure different dimensions of the 's performance:

1. Liquidity Ratio – Current Ratio (CR): This metric evaluates the 's short-term financial stability by assessing its ability to cover current liabilities with current assets. A declining CR during the pandemic could indicate cash flow constraints, while recovery in the post-pandemic phase would reflect improved working capital management.
2. Solvency Ratio – Debt to Equity Ratio (DER): Given the airline industry's capital-intensive nature, this ratio examines the 's long-term financial leverage and risk exposure. An increasing DER during the pandemic may signal heightened debt dependency, whereas stabilization in the post-pandemic period would suggest successful deleveraging efforts.
3. Profitability Ratios – Return on Assets (ROA) and Return on Equity (ROE): These indicators measure operational efficiency and shareholder value generation. A sharp decline in ROA and ROE during 2020–2021 would reflect pandemic-induced losses, while a rebound in 2022–2023 could indicate effective cost restructuring and revenue recovery strategies.
4. Activity Ratio – Total Asset Turnover (TATO): This ratio assesses how efficiently the utilizes its assets to generate sales. A lower TATO during the pandemic may reflect reduced flight operations, whereas post-pandemic improvements would demonstrate regained operational momentum.

Research Significance and Expected Contributions

By systematically comparing these financial metrics across the three phases, the study aims to:

- Identify the severity of COVID-19's financial impact on Garuda Indonesia, particularly in terms of liquidity pressures, solvency risks, and profitability erosion.
- Track recovery trends post-pandemic, evaluating whether the has returned to pre-crisis performance levels or adored new financial strategies.
- Provide actionable insights for stakeholders, including investors, policymakers, and aviation industry analysts, regarding crisis management and financial resilience in highly volatile sectors.

This research not only contributes to academic discourse on corporate financial recovery but also serves as a practical case study for businesses navigating extreme economic disunions. The findings will be particularly relevant for airline executives and financial regulators seeking to strengthen risk mitigation frameworks in anticipation of future global crises.

4. Result

Financial Performance During the Pandemic (2020–2021) The financial analysis of Garuda Indonesia . during the pandemic years (2020–2021) reveals a period of severe economic distress, driven by unprecedented disunions in global air travel. The imposition of travel bans, lockdowns, and passenger flight restrictions led to a drastic decline in revenue, forcing the airline into a precarious financial position. Key financial ratios illustrate the deh of the crisis:

- Liquidity Crisis (Current Ratio < 1.0) The Current Ratio (CR), which measures short-term solvency, fell below 1.0 in both 2020 and 2021, indicating that the struggled to meet its short-term obligations with its existing current assets. This liquidity squeeze was exacerbated by declining ticket sales, refund demands, and fixed operational costs that persisted despite reduced operations. The CR's deterioration aligns with findings from other airlines worldwide, where liquidity shortages were a common challenge during the pandemic (IATA, 2021).
- Mounting Debt Burden (High Debt-to-Equity Ratio) The Debt-to-Equity Ratio (DER), a critical solvency metric, surged beyond industry norms, reaching alarming levels as the relied heavily on debt financing to sustain operations. With grounded fleets and minimal revenue streams, Garuda Indonesia faced heightened bancrupcy risk, mirroring trends observed in other financially distressed airlines (O'Connell & Warnock-Smith, 2021). The rising DER also signalled eroded investor confidence, as excessive leverage made the more vulnerable to insolvency.
- Collapse in Profitability (Negative ROA & ROE) The most striking impact was seen in profitability metrics. Both Return on Assets (ROA) and Return on Equity (ROE) plunged into negative territory, reflecting deep operational losses. The near-total halt in passenger flights led to massive asset underutilization, while fixed costs (such as aircraft leases, maintenance, and employee salaries) continued to drain financial reserves. These findings corroborate studies by Mustika & Apriliani (2022), who highlighted how airlines in emerging markets faced accelerated financial deterioration due to their reliance on international travel, which was among the last sectors to recover post-pandemic.

Financial Recovery in the Post-Pandemic Period (2022–2023) as global travel restrictions eased in 2022, Garuda Indonesia began showing early signs of financial recovery, though challenges persisted. The gradual resummon of domestic and international flights, coupled with cost-restructuring initiatives, contributed to a slow but steady rebound in key financial indicators:

- Improved Liquidity Management (CR Still Below Ideal but Rising) The Current Ratio (CR), while still below the ideal threshold of 1.5, demonstrated modest improvement compared to the pandemic years. This suggests that the airline implemented better cash flow management strategies, such as renegotiating supplier contracts, oimizing working capital, and securing short-term financing. However, the fact that liquidity remained constrained indicates that full financial stabilization had not yet been achieved.

- Debt Restructuring and Declining DER, a notable positive trend was the downward trajectory of the Debt-to-Equity Ratio (DER), signalling that Garuda Indonesia had begun reducing its debt dependency. This shift likely resulted from government bailout support, debt moratoriums, and refinancing agreements—measures that were critical in preventing bankrucy. Similar recovery patterns were observed in other major airlines, such as Thai Airways and Malaysia Airlines, which underwent extensive restructuring to survive post-pandemic (CAPA, 2023).

- Return to Profitability (Positive ROA & ROE in 2023) Perhaps the most encouraging development was the return of positive ROA and ROA values in 2023**,** marking the first signs of profitability since the pandemic began. Although these figures remained modest compared to pre-pandemic levels**,** they indicate that the airline had regained some operational efficiency and revenue-generating capacity**.** The recovery in profitability can be attributed to:

- Increased passenger demand as travel confidence returned.

- Strategic cost-cutting, including fleet oimization and workforce adjustments.

- Government and investor support**,** which provided financial breathing room.

The findings of this study validate prior research on the aviation industry's financial vulnerability during crises while also providing new insights into post-pandemic recovery dynamics. Key takeaways include Liquidity Management as a Survival Mechanism The fact that Garuda Indonesia's CR remained below oimal levels even in recovery underscores the long-term liquidity challenges faced by airlines after major disunions. This aligns with global studies showing that airlines took 2–3 years post-pandemic to stabilize cash flows (ICAO, 2023). Debt Restructuring as a Critical Recovery Tool, The gradual decline in DER highlights the importance of financial restructuring in crisis recovery.

Government interventions, such as Indonesia's PEN (National Economic Recovery) program, played a crucial role in preventing corporate collapse—a trend also seen in other countries with state-backed airlines (OECD, 2022). Profitability Recovery Lagging Behind Demand, While passenger volumes rebounded quickly in 2022–2023, profitability recovery was slower, suggesting that airlines faced persistent cost pressures (fuel prices, labor costs, and debt servicing). This aligns with global industry reports indicating that full financial recovery for airlines may take until 2025 (IATA, 2023).

5. Discussions and Conclusions

This comprehensive study of Garuda Indonesia Tak's financial trajectory across pre-pandemic, pandemic, and post-pandemic periods reveals a narrative of remarkable corporate resilience amidst unprecedented challenges, while simultaneously highlighting the fragility of ongoing recovery efforts**.** The findings paint a nuanced picture of an aviation industry leader navigating through one of the most severe crises in modern economic history, offering valuable insights into both the limits and possibilities of corporate financial recovery in capital-intensive industries.

The analysis demonstrates that while Garuda Indonesia has successfully averted complete financial collapse and begun showing measurable signs of recovery, the path to full financial rehabilitation remains complex and uncertain. The airline's demonstrated ability to navigate acute liquidity constraints, systematically reduce its debt burden, and gradually restore profitability metrics speaks to both institutional resilience and strategic management capabilities. These achievements become particularly noteworthy when considering the broader industry context, where numerous global carriers either ceased operations or required massive government bailouts to survive the pandemic's economic fallout.

However, the study's findings sound a note of caution regarding the pace and sustainability of this recovery. Several critical factors suggest that the airline's financial health remains in a precarious state of equilibrium:

- Structural Vulnerabilities in Liquidity Management: The persistent suboimal current ratios, even in the recovery phase, indicate deep-seated working capital challenges that continue to plague the airline's operations. This suggests that while emergency liquidity measures may have staved off immediate crisis, they have not fully addressed the underlying structural issues in the 's cash conversion cycle. The aviation industry's inherent characteristics - including high fixed costs, volatile demand patterns, and substantial pre-operational expenses - create persistent liquidity pressures that require more fundamental solutions than short-term financial engineering.

- The Long Shadow of Pandemic-Era Debt: While the downward trend in the debt-to-equity ratio marks significant progress, the airline's balance sheet still carries the heavy burden of pandemic-induced leverage. This debt overhang creates multiple challenges:

    - It constrains strategic flexibility, limiting the 's ability to make crucial fleet investments
    - It increases financial vulnerability to future economic shocks
    - It diverts substantial cash flows to debt servicing rather than growth initiatives

Profitability Recovery in a Changed Industry Landscape: The return to positive ROA and ROE metrics, while encouraging, must be viewed in the context of a fundamentally transformed aviation ecosystem. The post-pandemic industry faces: Permanently altered travel patterns (shift towards hybrid work reducing business travel), Soaring fuel costs exacerbated by geopolitical tensions, Increased financing costs in a high-interest rate environment, Intensified competition from leaner, restructured competitors. These findings carry significant implications for multiple stakeholders: For Corporate Leaders and Financial Strategists:

The study underscores the importance of developing adaive financial architectures that can withstand extreme volatility: The necessity of building liquidity buffers during prosperous periods, The value of flexible cost structures that can rapidly adjust to demand shocks and The critical role of scenario planning in preparing for black swan events.

6. Limitations of Research

This study concludes that Garuda Indonesia's financial performance faced severe declines during the pandemic, with liquidity (CR < 1.0), solvency (high DER), and profitability (negative ROA/ROE) reaching critical levels. While 2022–2023 showed gradual recovery—evidenced by improved CR, declining DER, and restored profitability—the airline's financial health remains fragile due to structural liquidity gaps and high debt servicing costs. The findings underscore the aviation industry's vulnerability to global shocks and the importance of government support (e.g., bailouts, debt moratoriums) in crisis mitigation. For practitioners, the study highlights the need for robust liquidity buffers and flexible cost structures to enhance resilience. Policymakers should consider sector-specific aid frameworks for airlines during crises. However, the research has limitations: (1) It focuses solely on financial ratios, omitting qualitative factors like management strategies; (2) The post-pandemic analysis is limited to two years, necessitating longer-term studies to assess full recovery; and (3) External factors (e.g., fuel price volatility, geopolitical risks) may influence future performance but were not examined. Future research could expand the timeframe and integrate mixed-methods approaches for a holistic evaluation.

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