

Garuda Indonesia defaults on USD 500m sukuk

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Dhaka: Garuda Indonesia failed to distribute coupon payments for USD 500 million Sukuk after a 14-day grace period, the airline announced as it struggles with the significant impact of the coronavirus pandemic.

"Under these circumstances, and in order to ensure the company emerges from the pandemic as a strong and healthy airline, the company announced today that it has reluctantly concluded that it must continue to defer the payment," the airline said in a statement.

Garuda has appointed Guggenheim Securities LLC as a financial adviser to evaluate its strategy and improve its finances.

Other strategic partners included brokerage Mandiri Sekuritas and law firms Cleary Gottlieb Steen and Hamilton [LLP](#) and Assegaf Hamzah and Partners.

Garuda Chief Executive Irfan Setiাপutra said in a statement that the decision to defer payments was "a difficult and unavoidable step" while the company focuses on improving its performance.

Garuda had already restructured the Sukuk by extending the maturity by three years. The

Sukuk was originally due to mature last year.

Earlier, Garuda returned two Boeing B737-800 jets to one of its lessors before their lease term ends to reduce cost.

Garuda also seeks a suspension of debt payments to other creditors and lessors under a 'standstill agreement', according to reports. The government holds over a 60 percent stake in Garuda.

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