



# THE NEW LOGIC OF COMPETITION

## CASE STUDY OF AIR TRANSPORT INDUSTRY FACING COVID-19: NOW & BEYOND

**Muhammad Awaluddin**  
CEO of PT Angkasa Pura II (Persero)  
Lecturer of MM Telkom University



# SPEAKER PROFILE



## MUHAMMAD AWALUDDIN

**CEO of PT Angkasa Pura II (Persero)**

Indonesian | Jakarta, January 15<sup>th</sup>, 1968

mawaluddin@angkasapura2.co.id

### ⊗ FORMAL EDUCATION

- S3, Doctorate, Majoring Strategic Management, Padjajaran University, Bandung – Indonesia
- S2, Master Degree, Majoring Business Administration, European University, Antwerpen – Belgium
- S1, Bachelor Degree, Majoring Electrical Engineering, Sriwijaya University, Palembang – Indonesia

### ⊗ WORKING EXPERIENCE

- PT Angkasa Pura II (Persero), CEO, Jakarta, Indonesia, Sep 2016 - Now
- PT Telekomunikasi Indonesia, Tbk, CEO Enterprise Business, Jakarta, Indonesia, May 2012 – Sep 2016
- PT. Infomedia Nusantara, President Director, Jakarta, Indonesia, Dec 2010 – May 2012
- PT. Patra Telekomunikasi Indonesia, President Commissioner, Jakarta Indonesia, Dec 2015 – Sep 2016
- PT. Sigma Citra Caraka, Chief of Commissioner, Jakarta Indonesia, Feb 2015 – Sep 2016

### ⊗ PROFESSIONAL APPRECIATION

- TOP ICT Leadership 2016 by iTech Magazines,
- Maverick of the year, Executive of the year, Innovator of the year, 2016 Gold Stevie Award at Rome
- Marketing professional of the year, 2014 by CMO Asia Awards
- The Best and Most Outstanding Corporate Leader in Telco Services, 2014 by Business Review Magazines
- Best Chief Marketing Officer of an Indonesian State-Owned Enterprise, 2013 by Indonesian Ministry of SOE





# Outlines



## The New Logic of Competition

- Mastering the New Logic of Competition
- Beyond Covid-19: Case Study of Airport Industry



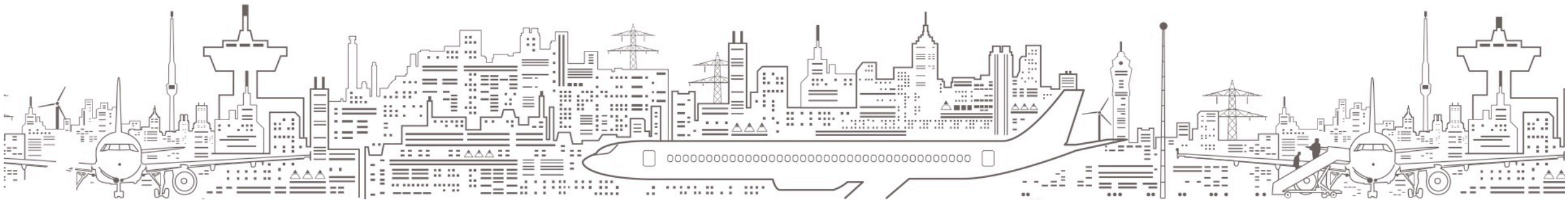
## Strategizing, Then & Now

- Strategic Situation Analysis: **Facing Hard Landing**
- Strategy Formulation: **The Path to The Next Normal**



## Actions to Take Now

- Strategy Implementation: **Business Survival on The Making!**
- Strategy Evaluation & Control: **Measure & Manage The Brutal Facts**







# The New Logic of Competition

- **Mastering the New Logic of Competition**
- **Case Study of Airport Industry: Beyond Covid-19**



chapter



# The New Logic of Competition

## Mastering the New Logic of Competition



## A Brief History of the Ways Companies Compete

1940 – 60s

Since the late nineteenth century, we have seen five distinct movements in the way companies compete. **The first was efficiency.** This was the original purpose of forming corporations — to facilitate the production of products and services with the least amount of wasted time, materials, and labor. The attempt to turn business into a science of efficiency, also known as “Taylorism,” marked the high point of this movement. Many companies still compete this way and there continue to be successors to Taylorism, including business process reengineering and lean production.

1960-80s

The second movement was scale, a close cousin of efficiency. **This is where companies exploit economies of scale that yield lower unit costs and enable sharper pricing of their goods and services.** It was given a big boost during the 1970s when the Experience Curve was lifted from the manufacturing floor and adopted as a strategy tool in the corporate board room. Scale drove consolidation and globalization of industries throughout the mid-twentieth century and it still does today, such as in steel, airlines, pharmaceuticals, and telecommunications. **Scale and efficiency are mostly about competing by lowering costs**

1980-90s

In the early 1980s, a new way of competing broke on to the world stage: **the quality movement**, with the deification of W. Edwards Deming, who introduced quality as a way of life for Japanese companies. Many attributed Japan’s economic ascension after WWII to dramatically increasing the quality of its products. “Made in the USA” gave way to “Made in Japan” as a badge of superiority. **“Quality is free” became a mantra. And processes like Six Sigma quality control became hugely popular after GE publicly adopted the concept.** **The quality, efficiency, and scale stand side-by-side as ways of competing**

1990-00s

after the rise of Japan proved not to be a miracle after all, and with the rise of the internet, a new, fourth movement was born in the 1990s: **the network way of competing.** Instead of winning customers based on cost or quality (or both), **companies began to compete based on how many people (or businesses) use them.**

2000-2010s

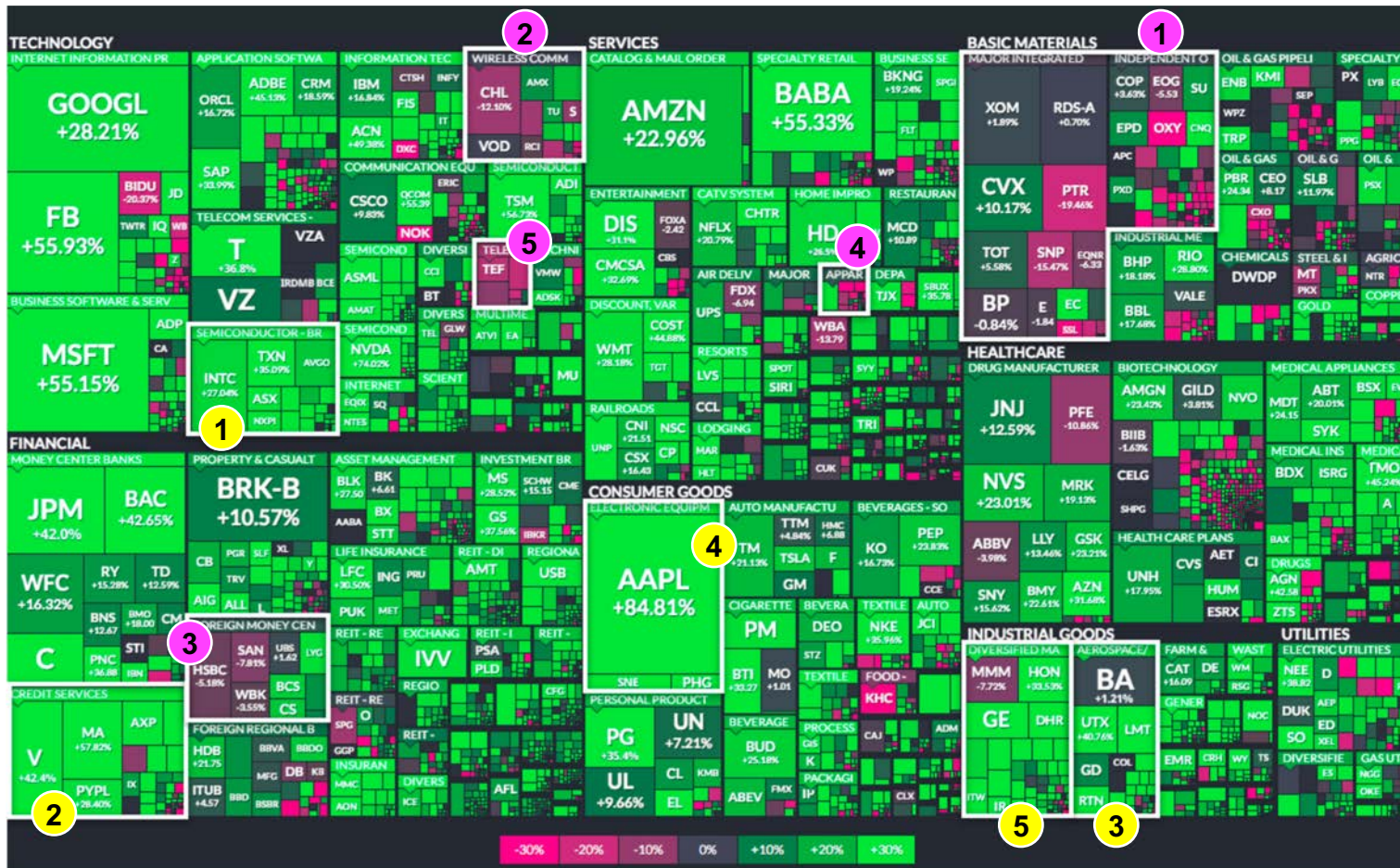
Today, the network movement has given way to a fifth: the so-called **ecosystem way of competing.** **This an approach of co-opting third parties to build on and leverage your products and services such that they have more total utility to your customers.** Your advantage comes not so much from the number of customers you have as from the number of partners you have working with or on top of your products and services.





# Most old large companies participated in well-defined industries selling similar sets of products. They gained advantage by pursuing economies of scale and capabilities such as efficiency and quality.

Companies now contending with new dimensions of competition -shaping malleable situations, adapting to uncertain ones, and surviving harsh ones - which in turn require new approaches.

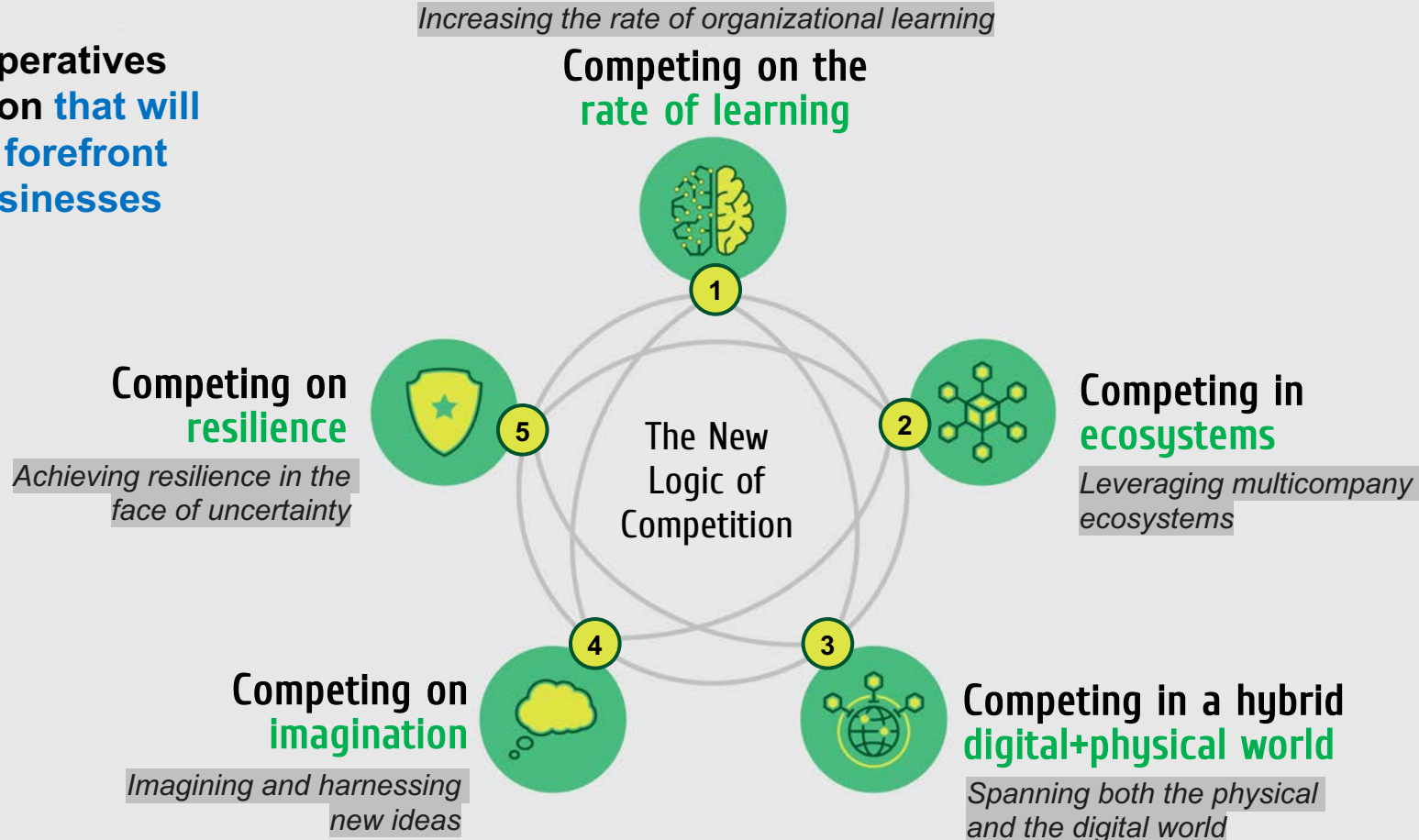


But as the 2020s approach, they must also look beyond today's situation and understand at a more fundamental level what will separate the winners from the losers in the next decade



**Today’s business leaders are dealing with complex competitive concerns in the short run.** To succeed in the 2020s, traditional competitive strategy won’t always help. The game of business competition is moving to a new arena, calling on companies to compete in entirely new ways.

Five new imperatives of competition that will come to the forefront for many businesses



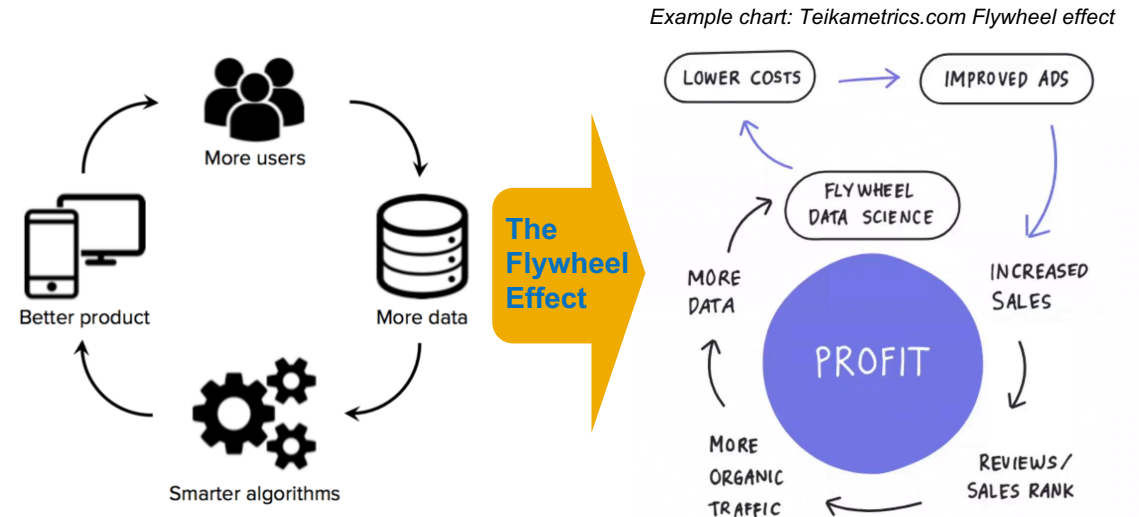
In short, the logic of competition has changed—from a predictable game with stable offerings and competitors to a **complex, dynamic game that is played across many dimensions.**



# 1 Competing on rate of learning : Increasing the rate of organizational learning

In traditional models of learning, the knowledge that matters — learning how to make one product or execute one process more efficiently — is static and enduring. Going forward, it will instead be necessary to **build organizational capabilities for dynamic learning** — learning how to do new things, and “learning how to learn” by leveraging new technology.

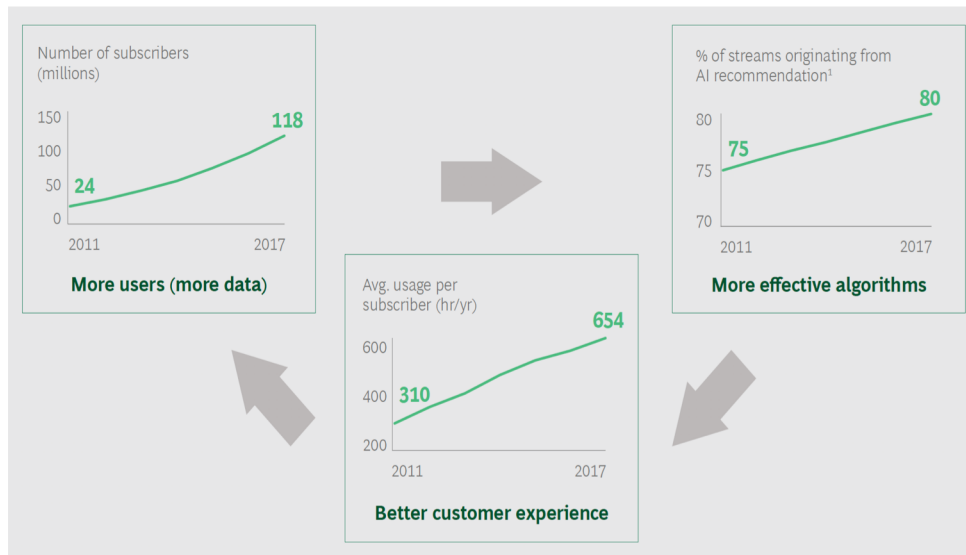
Companies will therefore increasingly adopt and expand their use of AI, raising the competitive bar for learning. **And the benefits will generate a “data flywheel” effect** — companies that learn faster will have better offerings, attracting more customers and more data, further increasing their ability to learn.



**Example Case: NETFLIX**

For example, **Netflix’s algorithms take in behavioral data from the company’s video streaming platform** and automatically provide dynamic, personalized recommendations for each user; this improves the product, keeping more users on the platform for longer and generating more data to further fuel the learning cycle

**Netflix Leverages a Learning and Data Flywheel**



Successfully competing on learning will require more than simply plugging AI into today’s processes and structures. Instead, companies will need to:

- A Pursue a digital agenda** that embraces all modes of technology relevant to learning — including sensors, platforms, algorithms, data, and automated decision making.
- B Connect them in integrated learning architectures** that can learn at the speed of data rather than being gated by slower hierarchical decision making.
- C Develop business models** that are able to create and act on dynamic, personalized customer insights.



## 2 Competing in ecosystem: Leveraging multi company ecosystems

New industrial architectures are emerging based on the coordination of *ecosystems* — complex, semifluid networks of companies that challenge several traditional business assumptions.

Why Ecosystem? ▶

### Ecosystems blur the boundaries of the company

Example:

platform businesses such as Uber and Lyft rely heavily on “gig economy” workers who are not direct employees but rather temporary freelancers

### Ecosystems blur the boundaries of the Industry

Example:

Nowadays automotive ecosystems include not just traditional suppliers but also connectivity, software, and cloud storage providers.

### Ecosystems blur the distinction between collaborators & competitors

Example:

Amazon and third-party merchants have a symbiotic relationship, while the company competes with those merchants by selling private-label brands.

The playbook for how to emulate these ecosystem pioneers has not yet been fully codified, but a few imperatives are becoming increasingly clear:

- A Adopt a fundamentally different perspective toward strategy, based on embracing principles like external orientation, common platforms, co-evolution, emergence, and indirect monetization.
- B Determine what role your company can play in your ecosystem or ecosystems — not all companies can be the orchestrator.
- C Ensure that your company creates value for the ecosystem broadly, not just for itself.

### And also ecosystems can be orchestrated

Example:

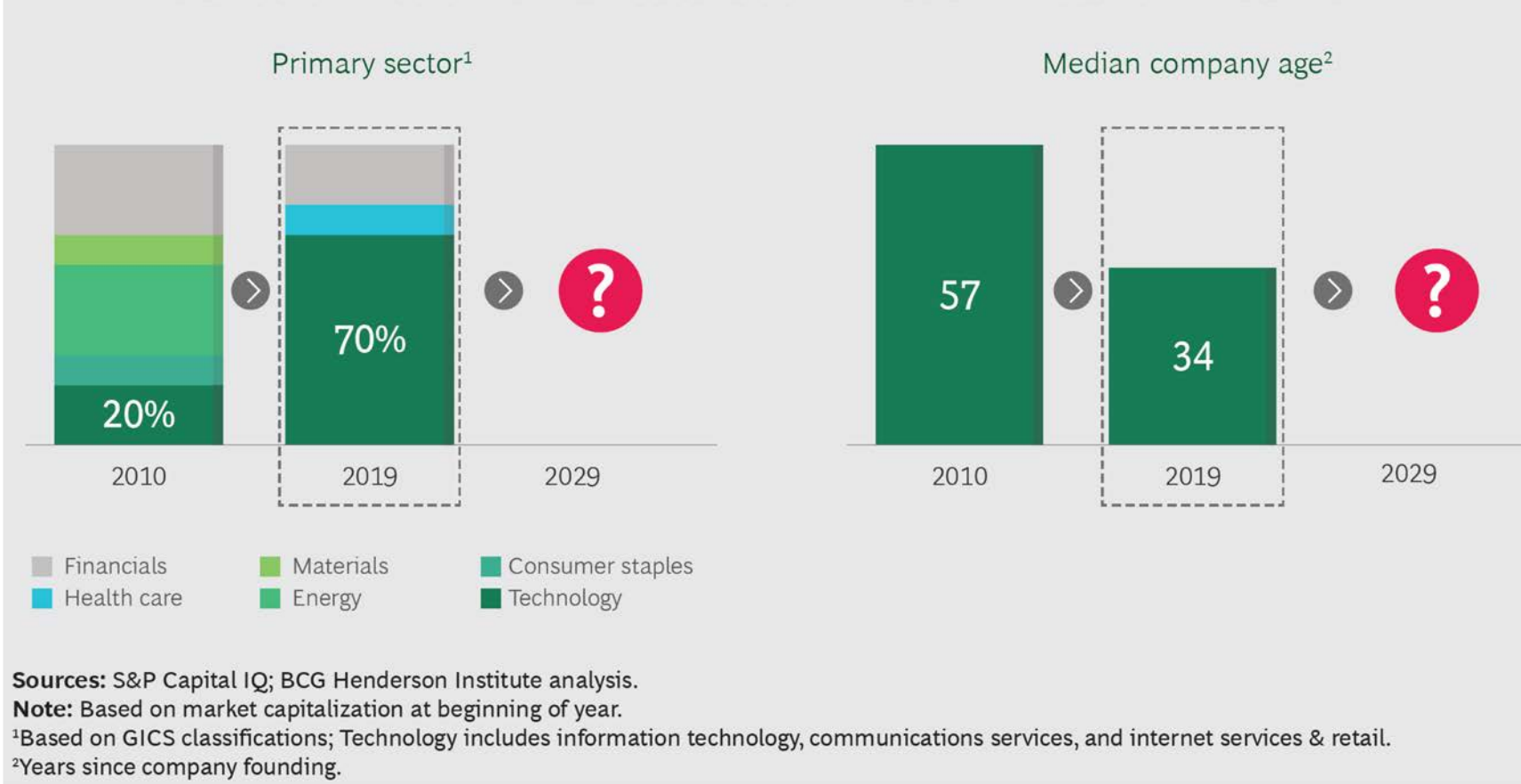
Alibaba, which leads China’s massive e-commerce market not by fulfilling most functions directly but by building platforms that connect manufacturers, logistics providers, marketers, and other relevant service providers with one another and with end users. By decentralizing business activities across large groups of firms or individuals, the Alibaba ecosystem is rapidly adaptive to consumers’ needs and also highly scalable — resulting in 44% annualized revenue growth for the company in the past five years.



### 3 Competing on a hybrid digital+physical world: Today's most valuable and fastest-growing businesses are disproportionately young technology companies, which operate ecosystems that are predominantly digital.

#### Young Tech Companies Were the Biggest Winners of the 2010s

DEMOGRAPHICS OF TOP TEN GLOBAL COMPANIES BY MARKET CAPITALIZATION



**New opportunities** are likely to come increasingly from digitizing the physical world, enabled by the rapid development and penetration of AI and the Internet of Things. This will increasingly bring tech companies into areas — such as B2B and businesses involving long-lived and specialized assets — that are still dominated by older incumbent firms

### 3 Competing on a hybrid digital+physical world: Spanning both the physical and the digital world

Early signs of “hybrid” competition at the physical-digital intersection are already emerging

Amazon acquired Whole Foods for \$13.7 billion in cash. And over these two years, changes have been made to Whole Foods, at the corporate level and down to the individual store as well.




digital natives

Google has entered automotive and transportation through its Waymo subsidiary. Waymo spins off under Alphabet as a self-driving technology company with a mission to make it safe and easy for people and things to move around.




John Deere has invested heavily in IoT technology by adding connected sensors to its tractors and other equipment. The company collects and analyzes data from each machine, using the insights to provide updates to its equipment or suggestions to users.



JOHN DEERE

traditional physical incumbent

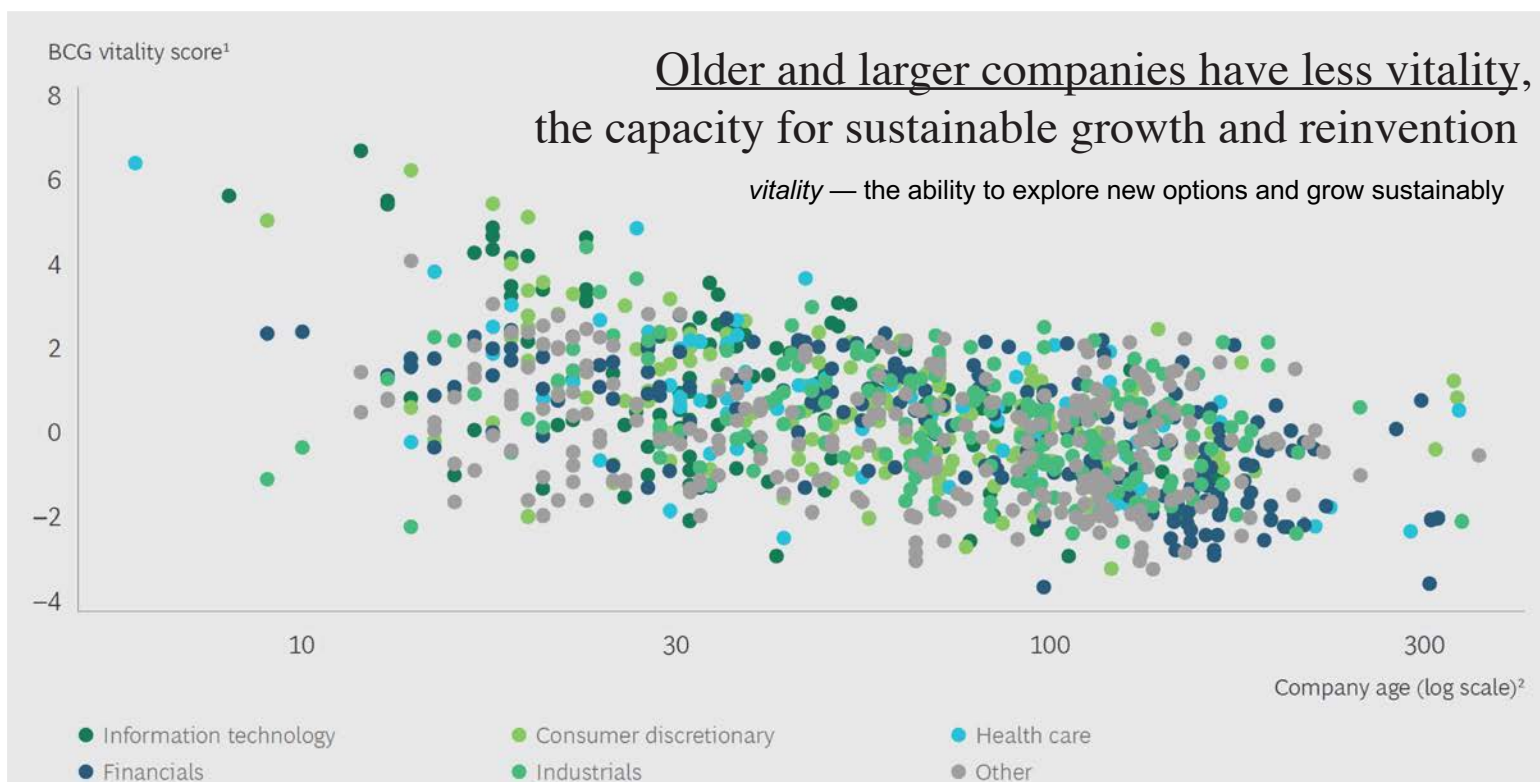
To succeed in hybrid competition, companies will need to:

- A Build strong relationships with actors on both sides of the ecosystem — customers and suppliers.
- B Rethink existing business models in order to win the battle for new hybrid markets.
- C Adopt good practices for governance of data and algorithms to preserve users’ trust.



## 4 Competing on imagination: Imagining and harnessing new ideas

Companies can no longer expect to succeed by leaning predominantly on their existing business models. Long-run economic growth rates have declined in many economies, and demographics point to a continuation of that pattern



Source: BCG Henderson Institute analysis.

Note: Shows 1,083 companies worldwide (companies with \$10 billion+ revenue or \$20 billion+ market cap through year-end 2017); excludes energy, metals & mining, and commodity chemicals.

<sup>1</sup>Based on 18 metrics weighted by ability to predict future long-term growth; see “The Global Landscape of Corporate Vitality,” BCG, 2018.

<sup>2</sup>Years since company founding.

Creating new ideas is challenging for many companies. Inertia increases with age and scale, making it harder to create and harness new ideas. To overcome these challenges, companies need to compete on imagination.

- A** Focus on anomalies, accidents, and analogies, rather than averages, in order to spark inspiration
- B** Enable the open spread and competition of ideas — for example, by limiting hierarchy and empowering employees to experiment and make imaginative proposals.
- C** Become a “playful corporation” that is able to effortlessly explore new possibilities.

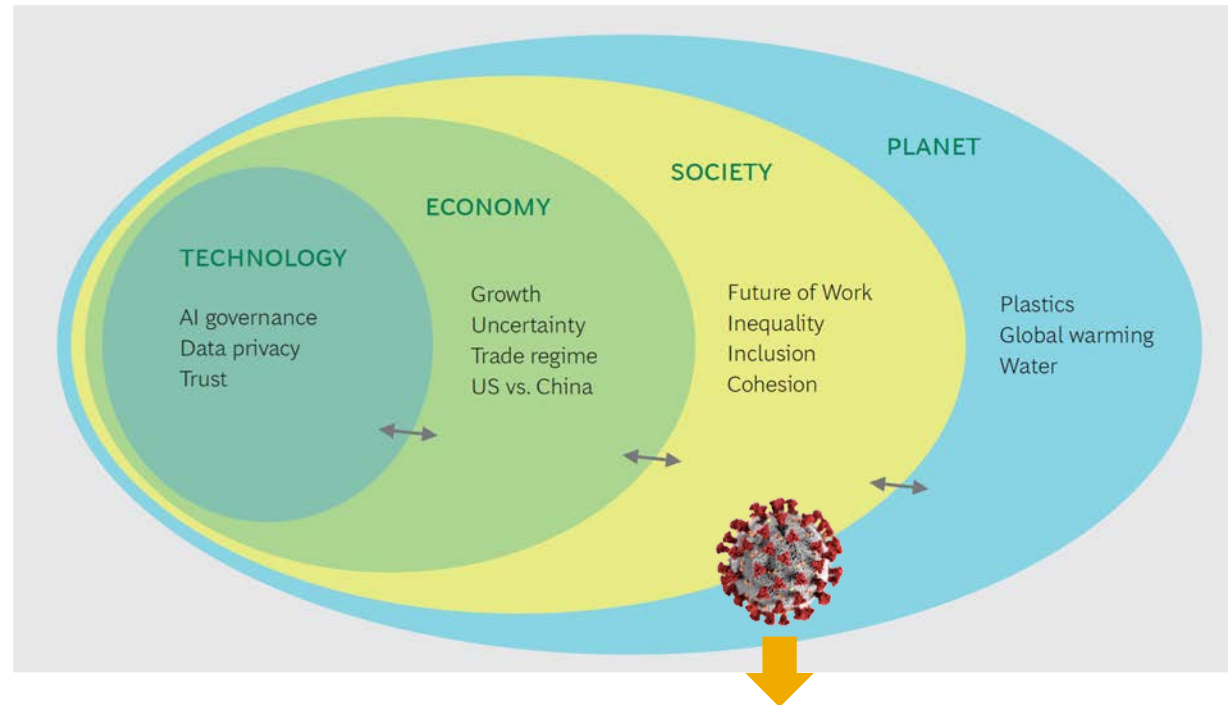
Imagination lies upstream of innovation: to realize new possibilities, we first need inspiration (a reason to see things differently) and then imagination (the ability to identify possibilities that are not currently the case but could be). Imagination is a uniquely human capability — artificial intelligence today can make sense only of correlative patterns in existing data.

## 5 Competing on resilience: Achieving resilience in the face of uncertainty

Looking ahead to the 2020s, uncertainty is high on many fronts. Technological change is disrupting businesses and bringing new social, political, and ecological questions to the forefront

Furthermore, deep-seated structural forces indicate that this period of elevated uncertainty is likely to persist: technological progress will not abate; the rise of China as an economic power will continue to challenge international institutions; demographic trends point toward an era of lower global growth, which will further strain societies; and social polarization will continue to challenge governments' ability to effectively respond to national or global risks.

Survival is already challenging for many businesses today. Building resilience is often at odds with traditional management goals like efficiency and short-run financial maximization.



Today we face covid-19 as pandemic that causing huge impact on people's lives, families, communities, and also business

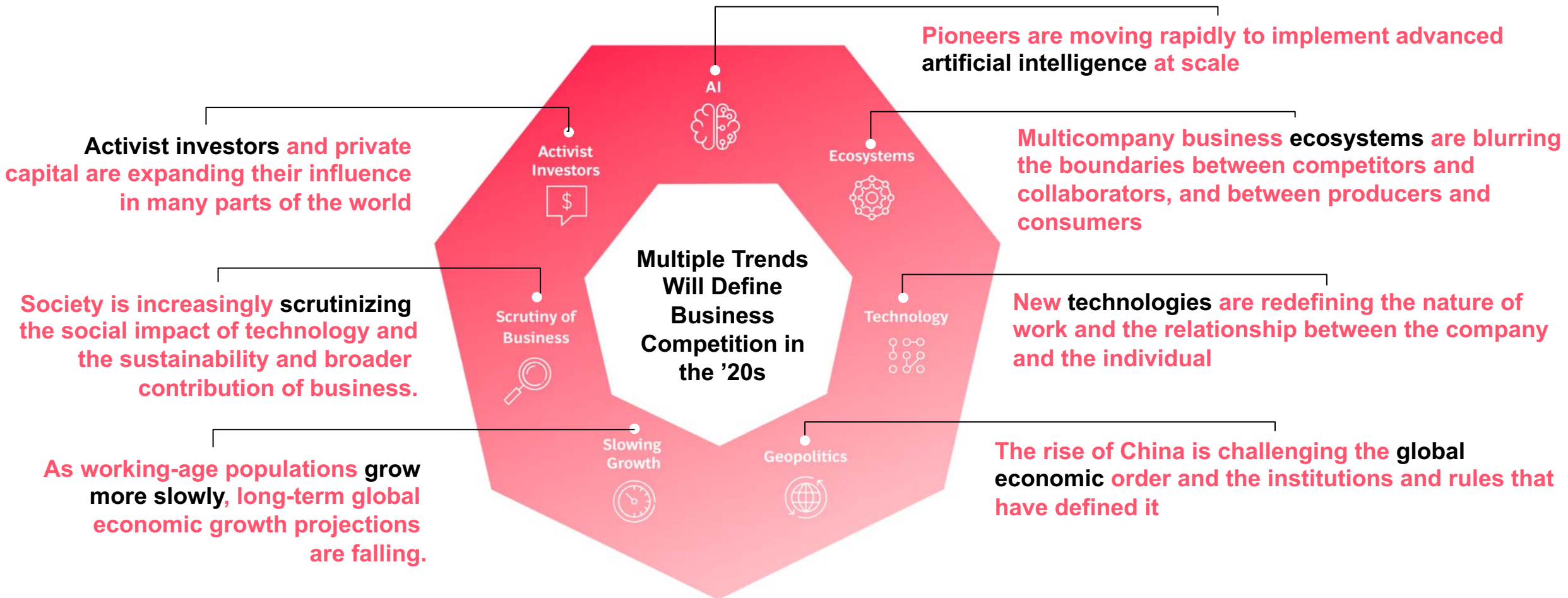
To thrive sustainably in uncertain environments, companies must make resilience an explicit priority:

- A** Prepare for a range of scenarios to ensure that strategy is robust and risks are survivable.
- B** Build an adaptive organization that can rapidly adjust to new circumstances — for example, by constantly experimenting to identify new options.
- C** Proactively contribute to collective action on the biggest issues facing global economies and societies, in order to maintain a social license to operate



# Master the New Logic of Competition

Business leaders used to be able to plan and predict. They knew what industry they were in and who their rivals were. But now they find themselves in a world of blurring industry boundaries, shrinking product and company lifespans, disruptive technologies, and economic and geopolitical uncertainty. **To succeed in the 2020s**, traditional competitive strategy won't always help. The game of business competition is moving to a new arena, calling on companies to compete in entirely new ways.



The capabilities that companies need in order to compete in the next decade will not come automatically. Instead, leaders need to create them by designing the organization of the future

for example, by building autonomous, algorithmic learning loops, by synergistically combining humans and machines, and by rethinking the role of management and leadership.





chapter



# The New Logic of Competition

## Beyond Covid-19: Case Study of Airport Industry



# The COVID-19 outbreak has been declared a pandemic by the WHO, causing huge impact on people's lives, families and communities

World  
Coronavirus Cases:  
**3,308,643**

[view by country](#)

Deaths:  
**234,123**

Recovered:  
**1,042,981**

Update: 1 May 2020

Country, Other	Total Cases	New Cases	Total Deaths	New Deaths	Total Recovered	Active Cases
World	3,308,643	+4,423	234,123	+293	1,042,981	2,031,539
<a href="#">USA</a>	1,095,210	+187	63,861	+5	155,737	875,612
<a href="#">Spain</a>	239,639		24,543		137,984	77,112
<a href="#">Italy</a>	205,463		27,967		75,945	101,551
<a href="#">UK</a>	171,253		26,771		N/A	144,138
<a href="#">France</a>	167,178		24,376		49,476	93,326
<a href="#">Germany</a>	163,009		6,623		123,500	32,886
<a href="#">Turkey</a>	120,204		3,174		48,886	68,144
<a href="#">Russia</a>	106,498		1,073		11,619	93,806
<a href="#">Iran</a>	94,640		6,028		75,103	13,509
<a href="#">Brazil</a>	87,187	+1,807	6,006	+105	35,935	45,246
<a href="#">China</a>	82,874	+12	4,633		77,642	599
<a href="#">Canada</a>	53,236		3,184		21,423	28,629
<a href="#">Belgium</a>	48,519		7,594		11,576	29,349
<a href="#">Netherlands</a>	39,316		4,795		N/A	34,271
<a href="#">Peru</a>	36,976		1,051		10,405	25,520

TERKONFIRMASI INDONESIA

**10,118** +347 Kasus

DIRAWAT  
**7,804**

MENINGGAL  
**792**

SEMBUH  
**1,522**

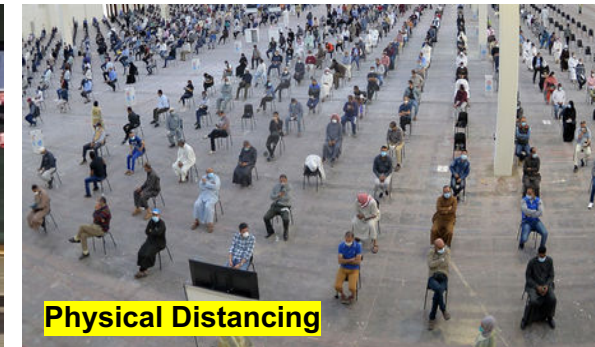
Sumber: [www.covid19.go.id](http://www.covid19.go.id)

POSITIF COVID-19 PROVINSI

DKI Jakarta	<b>4,175</b>
Jawa Barat	<b>1,012</b>
Jawa Timur	<b>958</b>
Jawa Tengah	<b>724</b>

Update: 1 May 2020

## huge impact on people's lives, families and communities



### ACTIVE CASES

**2,031,539**

Currently Infected Patients

**1,980,602 (97%)**  
in Mild Condition

**50,937 (3%)**  
Serious or Critical

### CLOSED CASES

**1,277,104**

Cases which had an outcome:

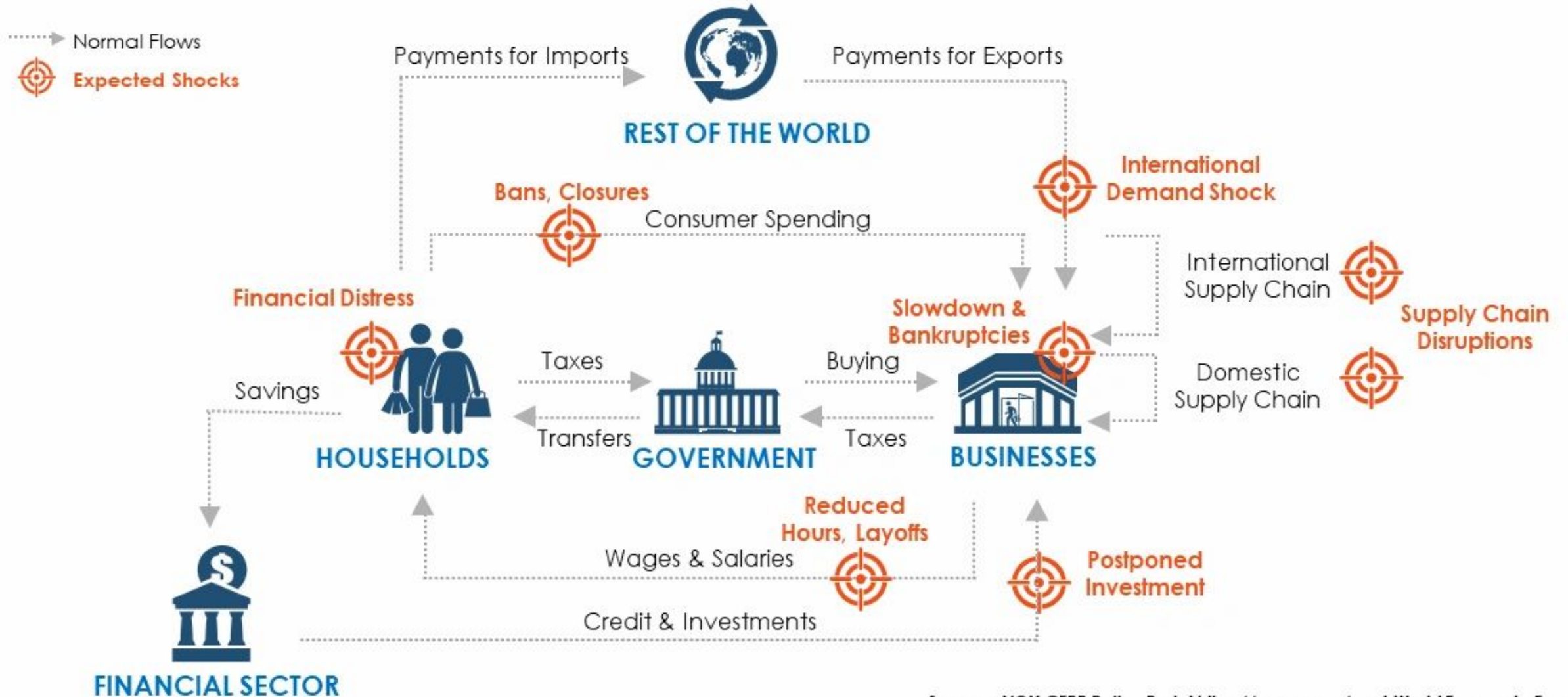
**1,042,981 (82%)**  
Recovered / Discharged

**234,123 (18%)**  
Deaths





# How Covid-19 shocks can affect the circular flow of income

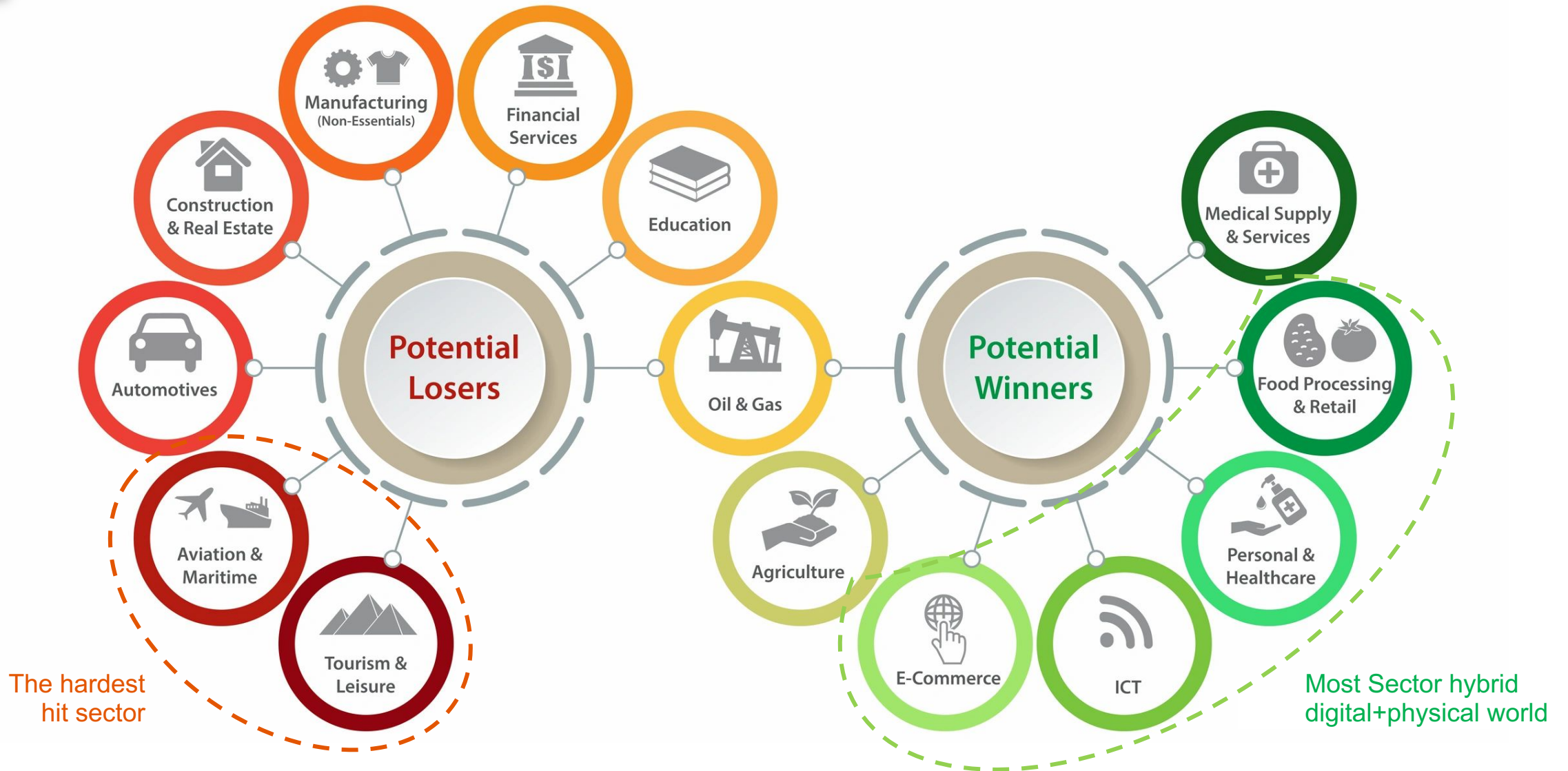


Sources: VOX CEPR Policy Portal <https://voxeu.org/> and World Economic Forum





# Potential Winners & Losers Industry in the short term of period Covid-19





# COVID-19 is having a significant negative impact on global travel & tourism sector

## Impact of COVID-19 to Global and Indonesian Travel & Tourism Sector

### Disruption to Travel & Tourism

#### Global Impact

- **80+ countries** around the world have imposed **partial or full bans on non-essential travel**
- This includes **4 of the top 5 aviation markets in SEA** (Singapore, Thailand, Malaysia, Philippines)

#### Impact to Indonesia

- **Suspension of visa-on-arrival for 1 month**
- Denial of entry and visits to Indonesia for Iran, Italy, Vatican, Spain, France, Germany, Switzerland and UK

### Why Does This Matter?

*Travel and tourism is a key contributor to Indonesia's economy*

### Impact to Travel & Tourism and Economy

#### Decline in # of Tourists

- **International tourist arrivals expected to decline by 20% to 30% in 2020 globally** (An expected fall of between 20-30% could translate into a decline in international tourism receipts (exports) of between US\$300-450 billion – UNWTO)

#### Suspension / Cancellation of Major Events

- **Suspension of key sport events, music festival and summits** : NBA, English Premier League, Coachella, Stagecoach, etc.

#### Fall in Hotel Occupancy Rate

- **Hotel occupancy fell by 24.3% to 53% on the week of 8-14 March** and is expected to further decline - STR

#### Fall in Airline's Passenger Revenue

- **Expected to lose 19% of passenger revenue – equivalent to USD 113 Billion** – IATA

#### Decline in GDP, Employment and Current Account

- **Expected -1.1% GDP growth rate for 2020** – JP Morgan
- **Expected job 25 million job loss** – United Nation

- **Tourist arrival in Bali expected to decline by 33% in February** (vs January); **45,000 tourists cancelled travel plan to Labuan Bajo** over January to May – *The JKT Post*
- **Largely impacted “retail”, “attraction” and “airport” clusters**, (AP1 and AP2 where 39% and 37% of revenue comes from non-aeronautic revenue)

#### Cancellation of several key events in Jakarta:

- LEAP Summit, press meeting with Singapore-based Bigo Technology, etc.

#### Hotel Occupancy fell to 30%-40%

- (compared to low season of 50%-60%) – *The Jakarta Post*

#### Heavily affected Garuda

- – no more income from its key routes - umrah (minor pilgrimage) and Australia – *The JKT Post*

- **GDP growth forecast adjusted down to 4.8% from 5.1% for 2020** – *Fitch Solution*
- *If COVID-19 prolong into 3 to 6 months period, 2020 growth could spiral into 2.5% or even 0% - Ministry of Finance*
- **IDR to USD depreciated by ~15% from Jan to March**; **Current account deficit** to grow from 2.6% to 3.0% of GDP - *Fitch Solution*

**USD 19.3 Bn.**  
Earnings from International Tourist <sup>1</sup>

**12.8 Mn.**  
Tourism Workforce <sup>1</sup>

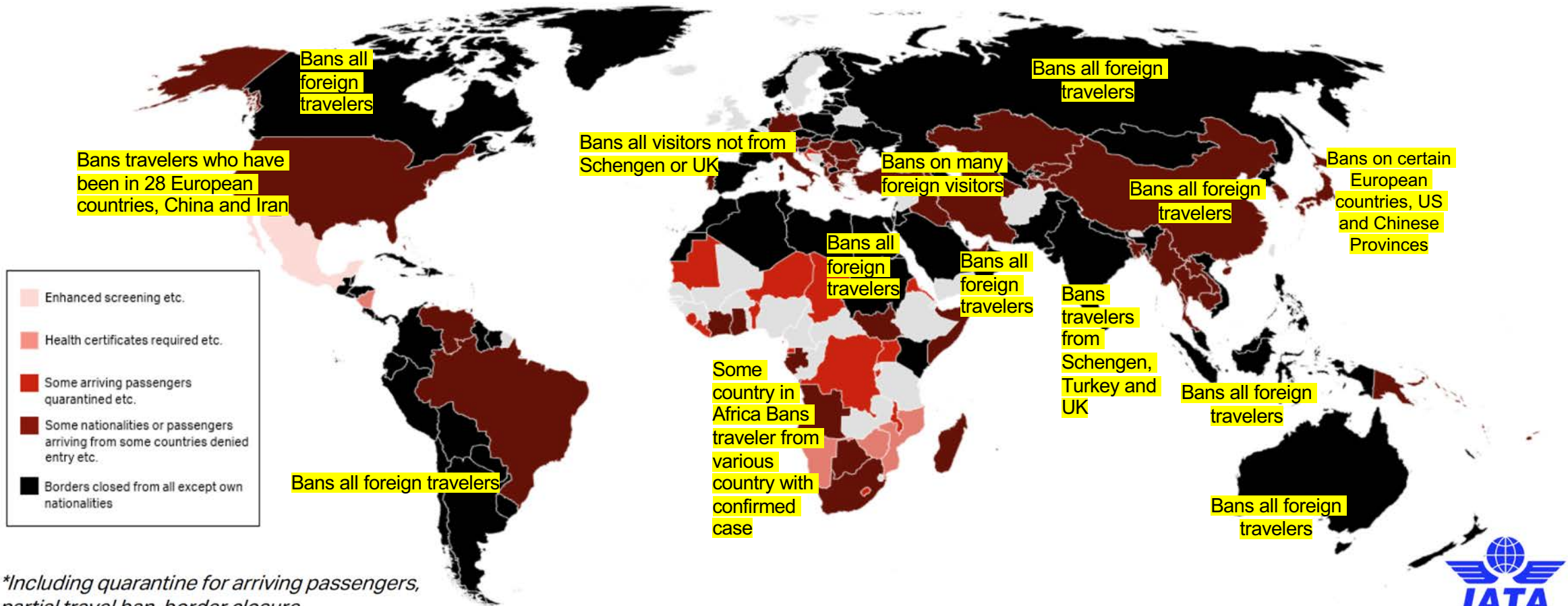
**4.8%**  
Tourism Contribution to GDP <sup>1</sup>

Note: 1 Data as of 2018  
Source: UNWTO, United Nation, Bank Indonesia, Asian Development Board, Smith Travel Accommodations Report, RPJMN 2020 – 2024, The Jakarta Post, Strategy& Analysis



# The COVID-19 Impact: Travel restrictions are closing down international aviation

Markets with severe\* restrictions cover 98% of global passenger revenues



*\*Including quarantine for arriving passengers, partial travel ban, border closure*

Source: IATA







# COVID-19 has seriously disrupted the air transport industry

### 3 TSA officers in San Jose are being quarantined after they tested positive for the coronavirus

Bryan Pietsch, Business Insider US  
March 11, 2020

Hard landing

### Coronavirus is grounding the world's airlines

### Coronavirus: Future looks bleak for global airports

### Singapore Airport announces huge drop in passenger, aircraft movement

#### Singapore: SIA Group to cut capacity by 96% and ground 185 aircraft due to coronavirus outbreak

Singapore Airlines (SIA) announced (23-Mar) to ground 138 aircraft out of 147 and Scoot will be implementing the following to mitigate the effects of the coronavirus outbreak:

- Ongoing discussions with aircraft manufacturers for a deferral of payment for those aircraft deliveries;
- Salary cuts for SIA Group's management with the company's directors also agreeing to a cut in their fees, and a voluntary no pay

coronavirus

### Covid-19: Australian airports face 'unprecedented' challenge

### Update: Dubai's Emirates says to stop 'most' passenger flights from March 25

The airline is implementing a series of cost-cutting measures including salary cuts for most employees

More steps will be taken imminently; the industry is en

### AirAsia stop sementara seluruh penerbangan dari dan ke Indonesia mulai 1 April

#### Where will they land?

Stockmarket indices, January 1st 2020=100





## And also....

### Erick Thohir: Pada Saat Ini Angkasa Pura dan KAI Harus Siap Rugi

Achmad Dwi Afriyadi - detikFinance



### Erick Thohir: BUMN Sektor Transportasi Siap Rugi Karena Corona

Reporter: **Francisca Christy Rosana**

Editor: **Kodrat Setiawan**

Selasa, 24 Maret 2020 12:44 WIB

KOMENTAR



TEMPO.CO, Jakarta - Menteri Badan Usaha Milik Negara atau BUMN **Erick Thohir** menyatakan perusahaan-perusahaan pelat merah, khususnya yang bergerak di sektor transportasi, siap merugi lantaran pandemi **virus corona** Covid-19. Sebab, operator transportasi harus tetap beroperasi di tengah melemahnya pergerakan pasar atau demand.

"Saat ini, **Angkasa Pura I, Angkasa Pura II, Garuda Indonesia, Kereta Api Indonesia, kapal feri, siap rugi,**" ujar Erick dalam siaran langsungnya, Selasa, 24 Maret 2020.

Meski demikian, Erick menyatakan hitung-hitungan pasti ihwal kerugian itu belum akan ia singgung dalam waktu dekat lantaran alasan keetisan. Ia hanya memastikan bahwa saat ini Kementerian BUMN tengah mengkaji sejumlah perseroan agar tetap tumbuh di tengah pandemi.

### Deretan BUMN yang 'Babak Belur' Dihantam Corona

Achmad Dwi Afriyadi - detikFinance



Selain itu virus corona juga akan mengganggu *cashflow* perusahaan pelat merah di bidang energi. Lantaran, corona menyebabkan tekanan pada nilai tukar rupiah.

"Cash flow Pertamina dan PLN akan terganggu karena menurunnya kurs rupiah karena kita tahu baik PLN punya bond besarnya Rp 350 triliun di mana itu sebagian besar dolar. Pertamina sendiri dalam impor minyak dolar tapi jual dalam rupiah," paparnya.

"Karena itu kemarin kita rapat direksi Pertamina untuk benar-bener memastikan cash flow mereka jangan sampai kondisi yang merah nantinya," sambungnya.

BUMN yang berkaitan dengan sektor pariwisata juga terkena dampak corona. Erick menyebutkan, **Angkasa Pura**, Pelindo, Garuda Indonesia, KAI, ASDP, Pelni, dan lain-lain.

Yang memberatkan, kata Erick, Garuda Indonesia punya utang jatuh tempo yang besar.

"Utang-utang BUMN yang jatuh tempo Garuda terberat yaitu ada US\$ 500 juta yang akan jatuh tempo," terangnya.

Selanjutnya, BUMN pangan seperti Perum Bulog juga mengalami tekanan pada utang jangka pendek pada Himbara karena keterbatasan cash flow.

"Alhamdulillah kita sudah bicara Bulog dan Mensos dan beberapa menteri sesuai *policy* Perppu *investorty* akan digelontorkan sebagai bansos untuk rakyat," ungkapnya.



# Common issues that Airport Operator Company are facing from COVID-19

**The COVID-19 outbreak has been declared a pandemic by the World Health Organization, causing huge impact on people's lives, families and communities.**

As the international response continues to develop, we know that organisations are facing potentially significant challenges to which they need to respond rapidly.

COVID-19 impact on Angkasa Pura II Group are closely monitored by management and quickly anticipated through fast response act that put our employee wellbeing first and maintain core operation to serve the nation.

## Workforce Protection

Protecting wellbeing and welfare, especially those living in affected territories



## Supply Chain

Reallocating outsourcing workforce and ensuring tenant operation, business partner in airport stakeholder that have impact on customer



## Operations

Reduce resilience and capacity in key function, infrastructure and services, or locations become unavailable



## Decline in sales

Leading to cash flow and covenant issues







**FLIGHT  
CANCELLED**

chapter

2

## Strategizing, Then & Now

- Strategic Situation Analysis: **Facing Hard Landing**
- Strategy Formulation: **The Path to The Next Normal**



# Strategizing, Then & Now

## Strategic Situation Analysis: **Facing Hard Landing**



Planes are parked along many taxiways.







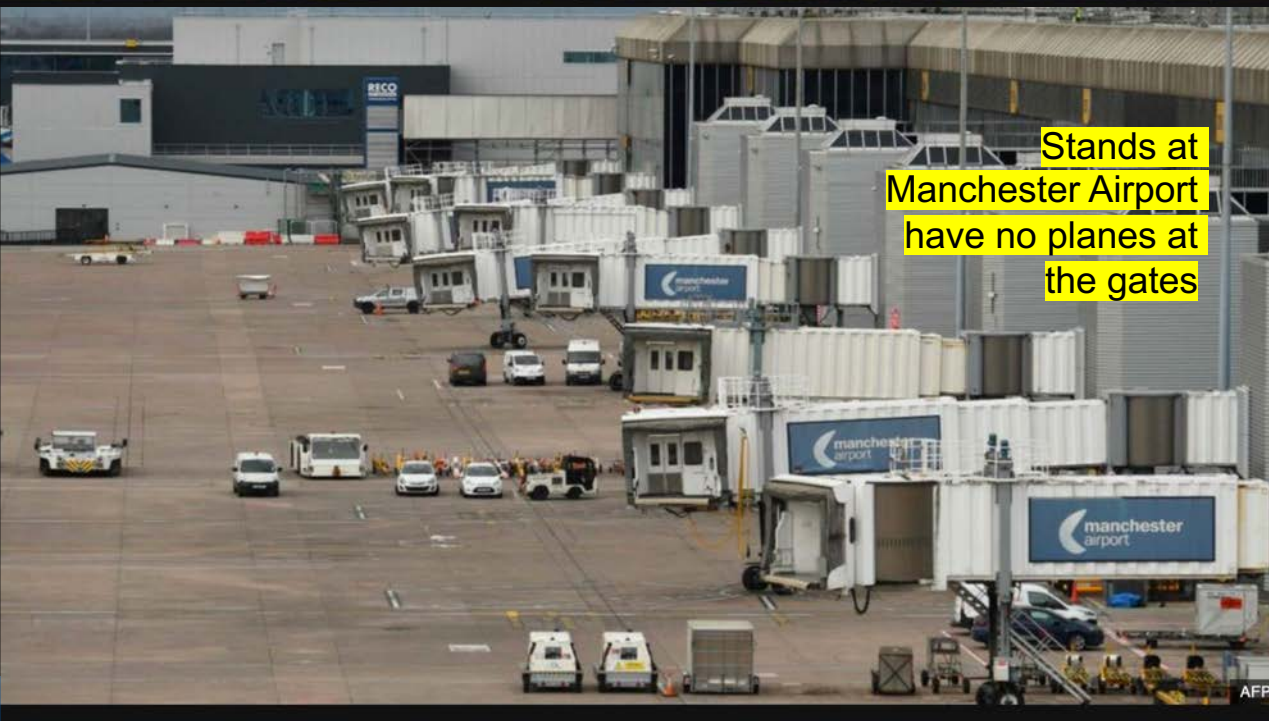
British Airways has moved a number of its planes to Bournemouth Airport

NPAS



London City Airport has closed until further notice and said the airfield would be offered to the government to help the nearby NHS Nightingale

GETTY IMAGES



Stands at Manchester Airport have no planes at the gates

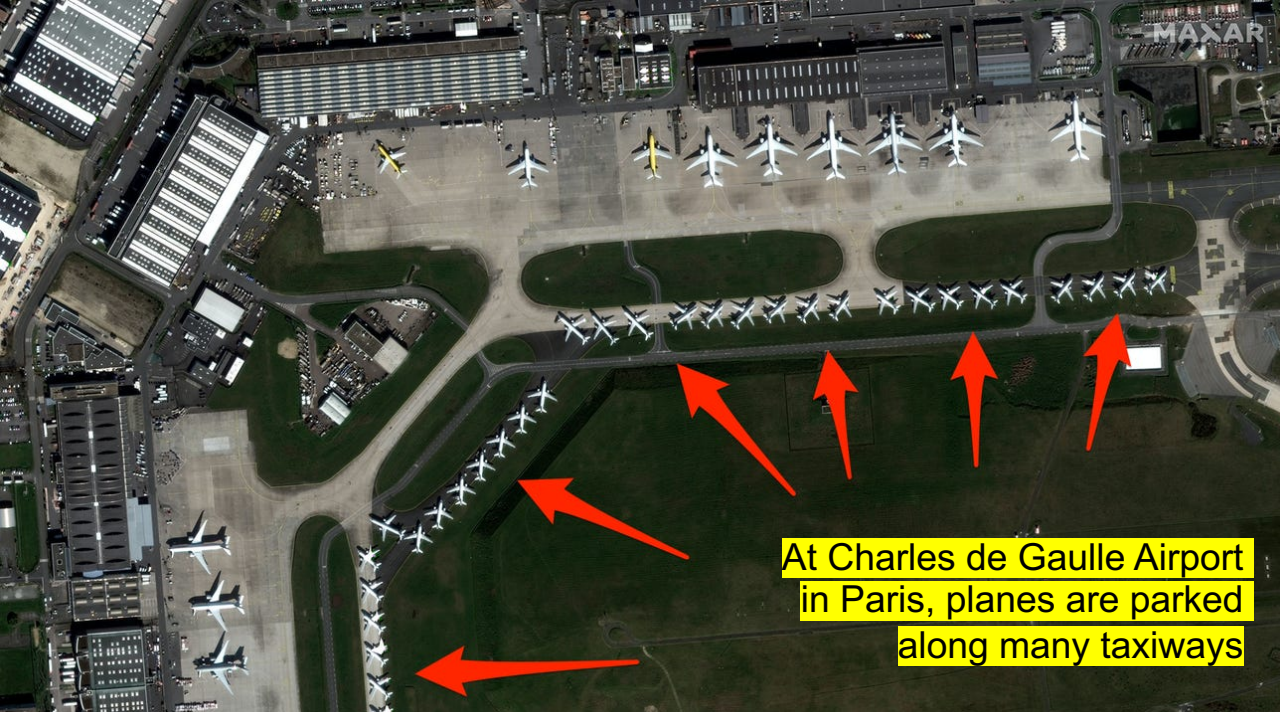
AFP



Many airlines are expected to seek government help to survive

PA MEDIA

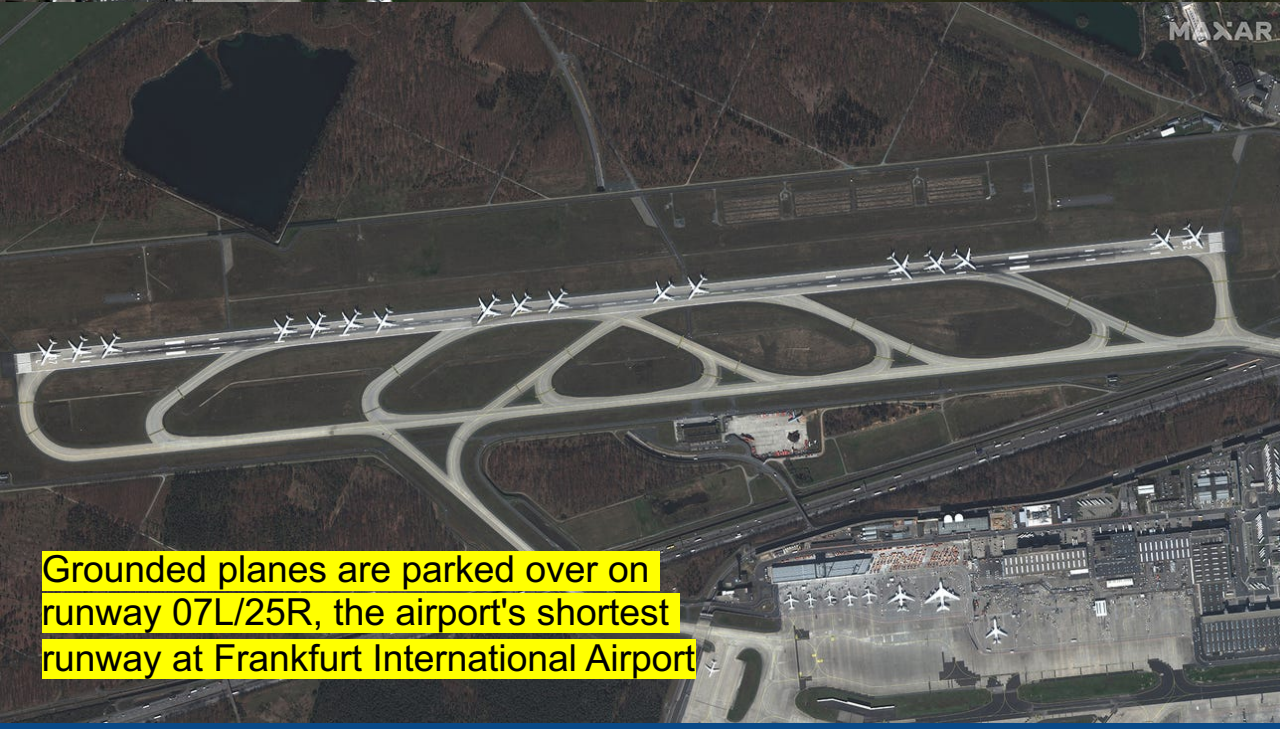




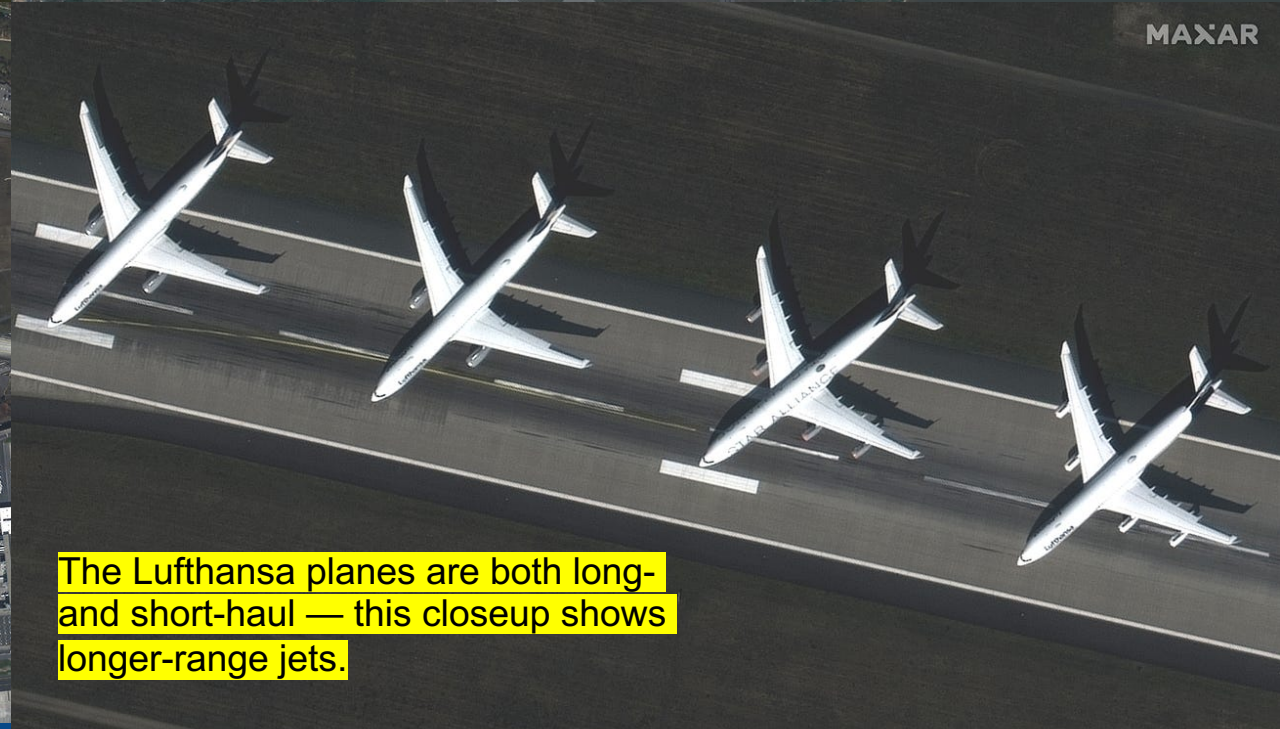
At Charles de Gaulle Airport in Paris, planes are parked along many taxiways



Mobile Regional Airport in Alabama has also turned into a storage facility. In addition to planes parked at terminal buildings and hangers, a row of what appear to be widebody jets are parked along runway 18/36.



Grounded planes are parked over on runway 07L/25R, the airport's shortest runway at Frankfurt International Airport



The Lufthansa planes are both long- and short-haul — this closeup shows longer-range jets.





# Air Traffic AP2 Airport in Q1 – Impact of Covid-19

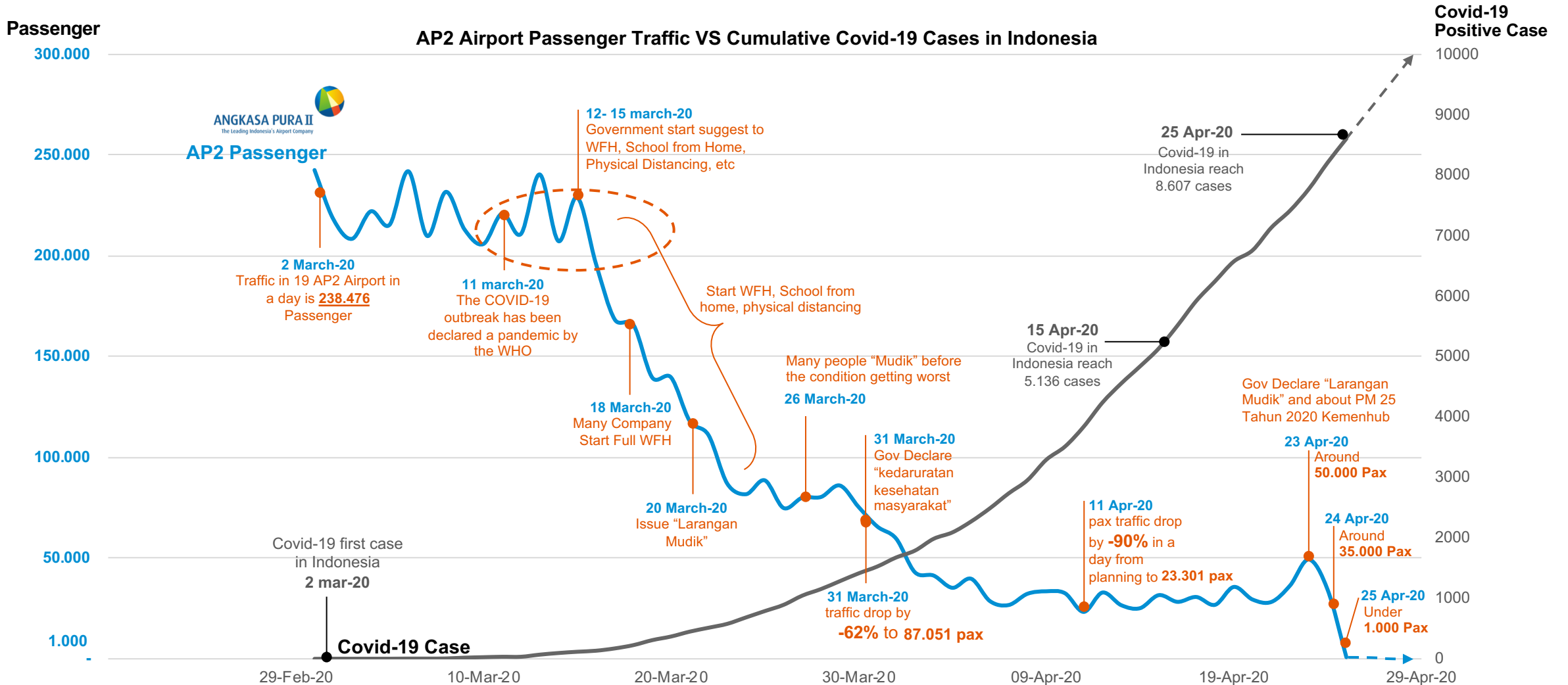
No	Airport	AIRCRAFT						PASSENGER						CARGO					
		Dom	% YoY	Int'l	% YoY	Total	% YoY	Dom	% YoY	Int'l	% YoY	Total	% YoY	Dom	% YoY	Int'l	% YoY	Total	% YoY
1	CGK	74.535	↑ 6%	19.203	↓ -18,8%	93.738	↓ -0,1%	8.921.521	↓ -2,0%	2.489.690	↓ -31,7%	11.411.211	↓ -10,5%	45.903.339	↓ -12,2%	57.666.530	↓ -37,6%	103.569.869	↓ -28%
2	KNO	12.955	↑ 11%	3.296	↓ -16,5%	16.251	↑ 3,8%	1.483.780	↔ 1,5%	393.856	↓ -31,3%	1.877.636	↓ -7,7%	10.799.901	↑ 2,4%	2.671.084	↑ 66,3%	13.470.985	↑ 11%
3	PKU	6.367	↑ 13%	878	↑ 12,0%	7.245	↑ 12,5%	720.060	↑ 3,2%	69.140	↓ -18,1%	789.200	↔ 0,9%	4.795.795	↑ 5,5%	93.115	↔ 2,0%	4.888.910	↑ 5%
4	PNK	7.201	↑ 4%	447	↓ -22,0%	7.648	↑ 2,3%	721.133	↓ -8,2%	39.359	↓ -32,2%	760.492	↓ -9,9%	4.661.444	↓ -13,2%	5.547	↓ -7,2%	4.666.991	↓ -13%
5	PLM	8.146	↓ -7%	364	↓ -15,9%	8.510	↓ -7,4%	812.587	↓ -12,8%	43.762	↓ -32,4%	856.349	↓ -14,0%	2.412.602	↓ -34,2%	23.257	↑ 118,7%	2.435.859	↓ -34%
6	PDG	5.363	↑ 5%	498	↓ -20,7%	5.861	↑ 2,1%	632.492	↓ -2,5%	62.656	↓ -32,3%	695.148	↓ -6,2%	3.308.951	↓ -0,2%	144.148	↑ 112,3%	3.453.099	↑ 2%
7	BDO	4.340	↓ -21%	945	↓ -20,9%	5.285	↓ 21,2%	170.526	↓ -73,8%	104.390	↓ -35,9%	274.916	↓ -66,3%	297.924	↓ -92,2%	65.839	↓ -50,8%	363.763	↓ -91%
8	HLP	14.967	↑ 10%	762	↓ -11,7%	15.729	↑ 8,4%	1.362.521	↓ -8,0%	1.666	↓ -22,7%	1.364.187	↓ -8,0%	6.737.814	↓ -5,3%	544.195	↓ -39,9%	7.282.009	↓ -9%
9	DJB	3.505	↑ 5%	-	-	3.505	↑ 4,5%	322.354	↓ -7,5%	-	-	322.354	↓ -7,5%	1.855.650	↓ -8,6%	-	-	1.855.650	↓ -9%
10	PGK	4.479	↔ 1%	-	-	4.479	↔ 1,3%	370.533	↓ -5,3%	-	-	370.533	↓ -5,3%	1.863.800	↓ -18,9%	-	-	1.863.800	↓ -19%
11	TNJ	1.138	↔ 0%	2	↓ -75,0%	1.140	↓ -0,1%	61.992	↓ -18,4%	14	↓ -98,7%	62.006	↓ -19,5%	760.360	↑ 6,2%	-	-	760.360	↑ 6%
12	BTJ	1.337	↓ -3%	510	↓ -46,5%	1.847	↓ 20,8%	163.001	↓ -8,9%	53.562	↓ -51,7%	216.563	↓ -25,3%	1.435.773	↑ 21,7%	6.727	↑ 31,9%	1.442.500	↑ 22%
13	DTB	927	↓ -2%	71	↑ 6,0%	998	↓ -1,2%	92.014	↓ -5,0%	5.848	↓ -12,4%	97.862	↓ -5,4%	269.428	↑ 86,0%	-	-	269.428	↑ 86%
14	BWX	978	↓ -9%	-	↓ -100,0%	978	↓ 14,9%	57.365	↓ -6,0%	-	↓ -100,0%	57.365	↓ -14,8%	88.383	↓ -2,1%	-	-	88.383	↓ -2%
15	KJT	1.452	↑ 560%	6	↑ 200,0%	1.458	↑ 56,8%	120.064	↑ 1457,3%	671	↑ 225,7%	120.735	↑ 1425,2%	481.779	-	-	-	481.779	-
16	PKY	3.341	↓ -38%	-	-	3.341	↓ 38,4%	191.978	↑ 57,6%	-	-	191.978	↑ 57,6%	1.469.242	-	-	-	1.469.242	-
17	TKG	4.162	↑ 12%	-	-	4.162	↑ 12,2%	318.774	↓ -29,2%	-	-	318.774	↓ -29,2%	579.405	↓ -45,5%	-	-	579.405	↓ -46%
18	TJQ	2.013	↑ 8%	93	↓ -7,0%	2.106	↑ 7,0%	162.641	↓ -10,1%	7.357	↑ 146,8%	169.998	↓ -7,6%	711.580	↓ -4,9%	-	-	711.580	↓ -5%
19	BKS	2.052	↑ 15%	-	-	2.052	↑ 15,1%	163.960	↓ -38,7%	-	-	163.960	↓ -38,7%	449.053	-	-	-	449.053	-
	CORPORATE	159.258	↑ 4%	27.075	↓ -18,7%	186.333	↔ 0,1%	16.849.296	↓ -6,1%	3.271.971	↓ -32,0%	20.121.267	↓ -11,6%	88.882.223	↓ -10,2%	61.220.442	↓ -35,7%	150.102.665	↓ -23%





# Air Transport Traffic VS Covid-19 Cases

Passenger movements (daily data for 19 AP2 airports) since the first day of positive Covid-19 cases in Indonesia (2 March to 25 April 2020)



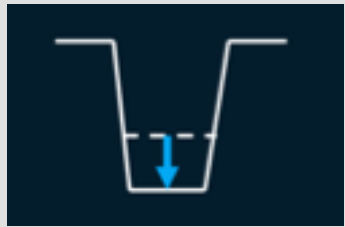




# There are three question business leader are asking today, depth and length of disruption and how shape of recovery

Prediction of Covid-19 Impact on Airport from ACI and Impact to airlines from IATA for global air transport

## The question for in coming weeks



Depth of disruption



Length of disruption

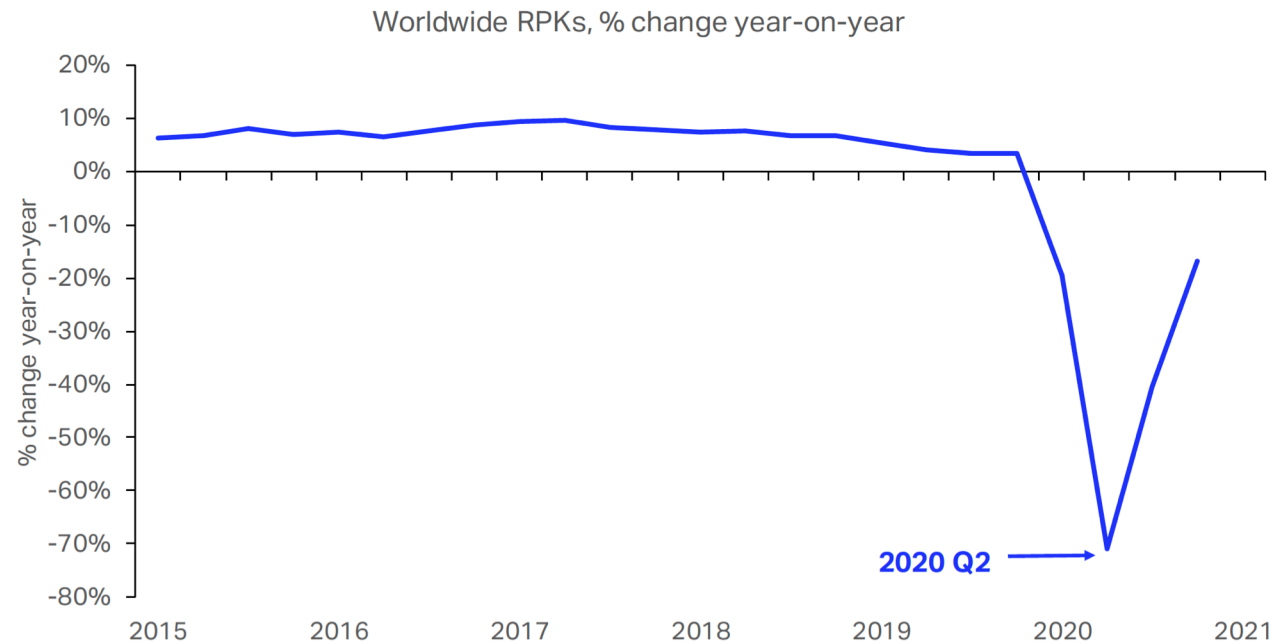


Shape of recovery

### Huge losses in traffic and revenues

- Especially pronounced in Q1 and Q2
- Uptick in summer but below baseline
  - Assuming we get through the ~4-month cycle of COVID-19
- Decline of 38% for pax traffic and 45% decline in revenues compared to baseline

Source: ACI Webinar Covid-19 Pandemic on airport traffic



Source: Cash Burn Analysis IATA





# Prediction of Indonesia Covid-19 Crisis

Government estimated that the pandemic will end approximately 105 days after 2 March 2020 around the 15th of June 2020. The maximum total number of positive Covid-19 is around 1.2 – 1.8 Million cases

## The question for in coming weeks



Depth of disruption



Length of disruption



Shape of recovery

### BERITA

Sabtu, 25 April 2020

## Begini Prediksi Pemerintah Terkait Penyebaran Covid-19 di Indonesia

Saat ini Indonesia mengambil intervensi moderat dalam penanganan Covid-19 di Indonesia.

Fitri Novia Heriani



Para pembicara Webinar Hukumonline yang bertajuk Situation Updates Penanganan Krisis COVID-19: Pembatasan Sosial Berskala Besar di Jakarta, Jumat (24/4). Foto: RES

Jika dilakukan tanpa intervensi, kasus Covid-19 di Indonesia diprediksi akan mencapai angka kurang lebih 2.500.000 **di hari ke-105 sejak infeksi awal**, intervensi rendah akan memberikan efek 1.800.000, intervensi moderat akan menekan angka positif Covid-19 ke angka 1.200.000, dan intervensi tinggi akan menekan angka penyebaran Covid-19 di angka 600.000.

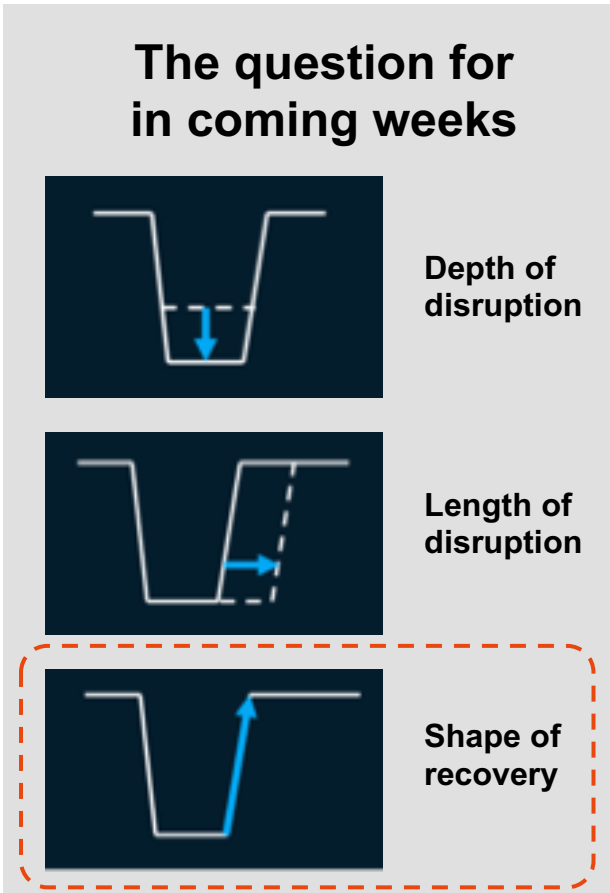
Mid of June 2020



# Matrix of Scenarios for the economic impact of the Covid-19 crisis

## What is the “shape” of the recovery—V-, U-, or L-shaped?

Several recovery scenarios are possible. China is in a V-shaped recovery, a sharp downward plunge followed by a sharp return to something resembling a normal level of business. Japan, Korea, Hong Kong SAR, and Singapore are all following the same path as China.

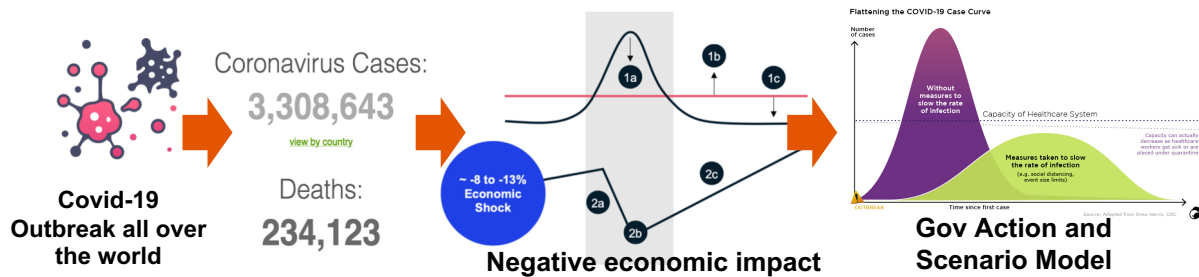


Virus spread and public health response	Rapid and effective control of virus spread		
	B1	A3 International	A4 Domestic
Effective response, but (regional) virus resurgence	B1 Virus contained, but sector damage; lower long-term trend growth	A3 Virus contained, slow recovery	A4 Virus contained; strong growth rebound
	B2 Virus resurgence; slow long-term growth	A1 Virus resurgence; slow long-term growth Muted World Recovery	A2 Virus resurgence; return to trend growth Strong World Rebound
Broad failure of public health interventions	B3 Pandemic escalation; prolonged downturn without economic recovery	B4 Pandemic escalation; slow progression towards economic recovery	B5 Pandemic escalation; delayed but full economic recovery
	<b>Ineffective interventions</b> Self-reinforcing recession dynamics kick-in; widespread bankruptcies and credit defaults; potential banking crisis	<b>Partially effective interventions</b> Policy responses partially offset economic damage; banking crisis is avoided; recovery levels muted	<b>Highly effective interventions</b> Strong policy responses prevent structural damage; recovery to pre-crisis fundamentals and momentum
<b>Knock-on effects and economic policy response</b> Speed and strength of recovery depends on whether policy moves can mitigate self-reinforcing recessionary dynamics (e.g., corporate defaults, credit crunch)			



# Summary SSA with 3C's Analysis

## Covid-19



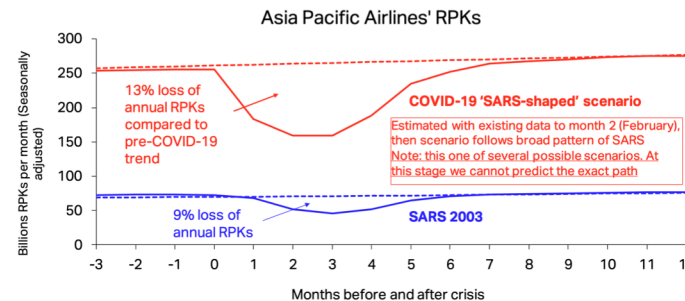
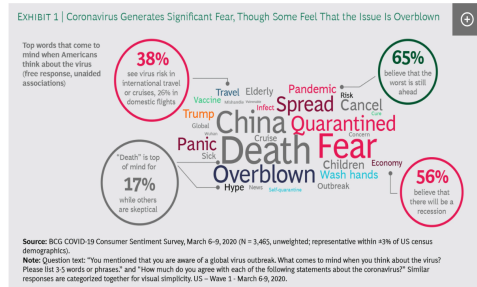
## Impact

- The number of confirmed case Covid-19 during outbreak phase reach 1 million people
- The number of confirmed death caused Covid-19 reach 53 thousand people
- Many people fear and worry about their health

## Response

- WHO announces COVID-19 outbreak a pandemic
- Many country bans foreign traveler & quarantine procedure and also travel warning
- Government announces Emergency Disease Disaster

## Customers

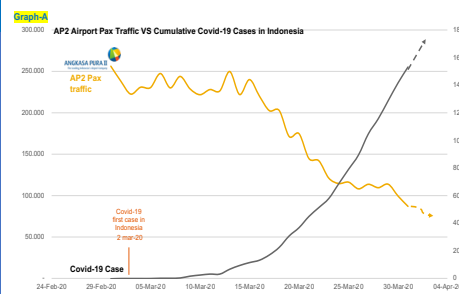


- Many people cancel and delay their flight
- There are strong correlation between pax traffic in AP2 Airport with Indonesia covid-19 cases
- Consumer behavior shifts
- Tenant sales drop to -50% in average

- Many airlines grounded their airplane caused cancel flights and no operation due to very low demand
- Air Asia and most International airlines no operation
- Most airlines downsizing their Employee and unpaid leave

## Company

No	Airport	Jan-20				Feb-20				Mar-20				Total Q1 '20	% YoY						
		Dom	% YoY	Int'l	% YoY	Total	% YoY	Dom	% YoY	Int'l	% YoY	Total	% YoY								
1	CGK	26,434	↓6%	8,571	↓3.6%	35,005	↓5.2%	25,093	↓14.9%	6,745	↓7.1%	31,798	↓9.4%	22,819	↓2.6%	3,977	↓11.1%	26,796	↓15%	93,599	↓0.3%
2	AMD	4,624	↓9%	1,359	↓0.9%	5,983	↓6.4%	4,210	↓11.0%	1,224	↓1.1%	5,434	↓15.9%	4,401	↓1.1%	715	↓19.6%	4,686	↓10%	16,233	↓3.7%
3	PLU	2,348	↓22%	409	↓61.1%	2,758	↓24.9%	2,081	↓18.0%	317	↓31.8%	2,398	↓19.9%	1,857	↓4.4%	132	↓10.6%	1,990	↓12%	7,125	↓10.7%
4	PNK	2,654	↓5%	188	↓2.6%	2,842	↓4.8%	2,451	↓10.9%	175	↓1.1%	2,626	↓10.0%	2,099	↓3.4%	84	↓18.6%	2,183	↓8%	7,451	↓2.3%
5	PLM	2,904	↓1%	145	↓8.8%	3,049	↓1.7%	2,712	↓1.7%	142	↓6.0%	2,854	↓1.9%	2,385	↓24.1%	76	↓45.7%	2,461	↓25%	8,364	↓9.0%
6	PDG	1,889	↓7%	200	↓9.9%	2,089	↓4.8%	1,834	↓10.2%	188	↓1.1%	2,022	↓18.1%	1,637	↓9.9%	110	↓10.0%	1,747	↓14%	5,858	↓2.0%
7	BDO	1,466	↓25%	381	↓10.4%	1,847	↓22.7%	1,567	↓10.4%	354	↓2.2%	1,921	↓7.2%	1,289	↓10.2%	207	↓19.1%	1,496	↓34%	5,264	↓21.5%
8	HLP	1,065	↓0%	267	↓7.5%	1,332	↓9.0%	4,999	↓11.1%	272	↓1.5%	5,271	↓17.7%	4,912	↓1.1%	238	↓11.2%	5,150	↓0%	15,753	↓0.6%
9	DIB	1,205	↓0%	0	↓0%	1,205	↓10.2%	1,214	↓15.0%	-	↓100.0%	1,214	↓14.9%	1,038	↓11.9%	-	↓0%	1,038	↓14%	3,457	↓10%
10	PGK	1,536	↓6%	-	↓0%	1,536	↓5.9%	1,447	↓0.1%	-	↓0%	1,447	↓0.1%	1,228	↓19.5%	1,228	↓19%	4,211	↓4.8%		
11	TNI	380	↓6%	2	↓0.0%	382	↓6.7%	412	↓12.3%	-	↓100.0%	412	↓9.9%	264	↓15.3%	-	↓0%	264	↓35%	1,058	↓7.3%
12	BTJ	422	↓3%	197	↓15.9%	619	↓15.9%	473	↓0.6%	189	↓15.6%	662	↓15.5%	442	↓7.3%	124	↓13.2%	566	↓30%	1,847	↓20.8%
13	OTR	402	↓8%	28	↓10.0%	430	↓5.0%	268	↓6.0%	24	↓16.0%	292	↓10.4%	237	↓14.7%	16	↓0%	253	↓9%	975	↓3.5%
14	BWX	322	↓12%	-	↓100.0%	322	↓18.3%	316	↓5.9%	-	↓100.0%	316	↓8.7%	338	↓11.3%	-	↓100.0%	338	↓17%	976	↓11.1%
15	KIT	440	↓19%	2	↓100.0%	442	↓17.0%	516	↓81.8%	-	↓0%	516	↓81.8%	264	↓168.8%	-	↓100.0%	264	↓128%	1,222	↓50.5%
16	PKY	1,036	↓45%	-	↓0%	1,036	↓45.2%	1,194	↓27.8%	-	↓0%	1,194	↓27.8%	659	↓64.9%	-	↓0%	659	↓65%	2,889	↓46.7%
17	TKG	1,432	↓0%	-	↓0%	1,432	↓0.0%	1,466	↓0.0%	-	↓0%	1,466	↓0.0%	1,231	↓10.0%	-	↓0%	1,231	↓0%	4,129	↓0.0%
18	TAL	713	↓0%	37	↓0.0%	750	↓10.0%	649	↓0.0%	34	↓0.0%	683	↓0.0%	663	↓0.0%	24	↓0.0%	679	↓0%	2,188	↓0.0%
19	BKS	692	↓0%	-	↓0%	692	↓0.0%	702	↓0.0%	-	↓0%	702	↓0.0%	645	↓0.0%	-	↓0%	645	↓0%	2,039	↓0.0%
	CORPORATE	55,865	↓10%	11,786	↓1.8%	67,751	↓8.2%	53,564	↓18.9%	9,664	↓5.2%	63,228	↓14.4%	48,076	↓2.6%	5,703	↓48.9%	53,779	↓11%	184,758	↓3.4%



- Workforce health risk in operation
- Flight movement in march decreased significantly, Dom by -2,6%, Int -49,9%
- Total number Pax traffic in march decreased to -20%
- Financial report problem in March

- Corporate Covid-19 Crisis Policy (HR, Operation, Finance, Commercial, Business Development, etc)
- Shifting corporate strategy and develop scenario projection





# Strategizing, Then & Now

Strategy Formulation: **The Path to The Next Normal**

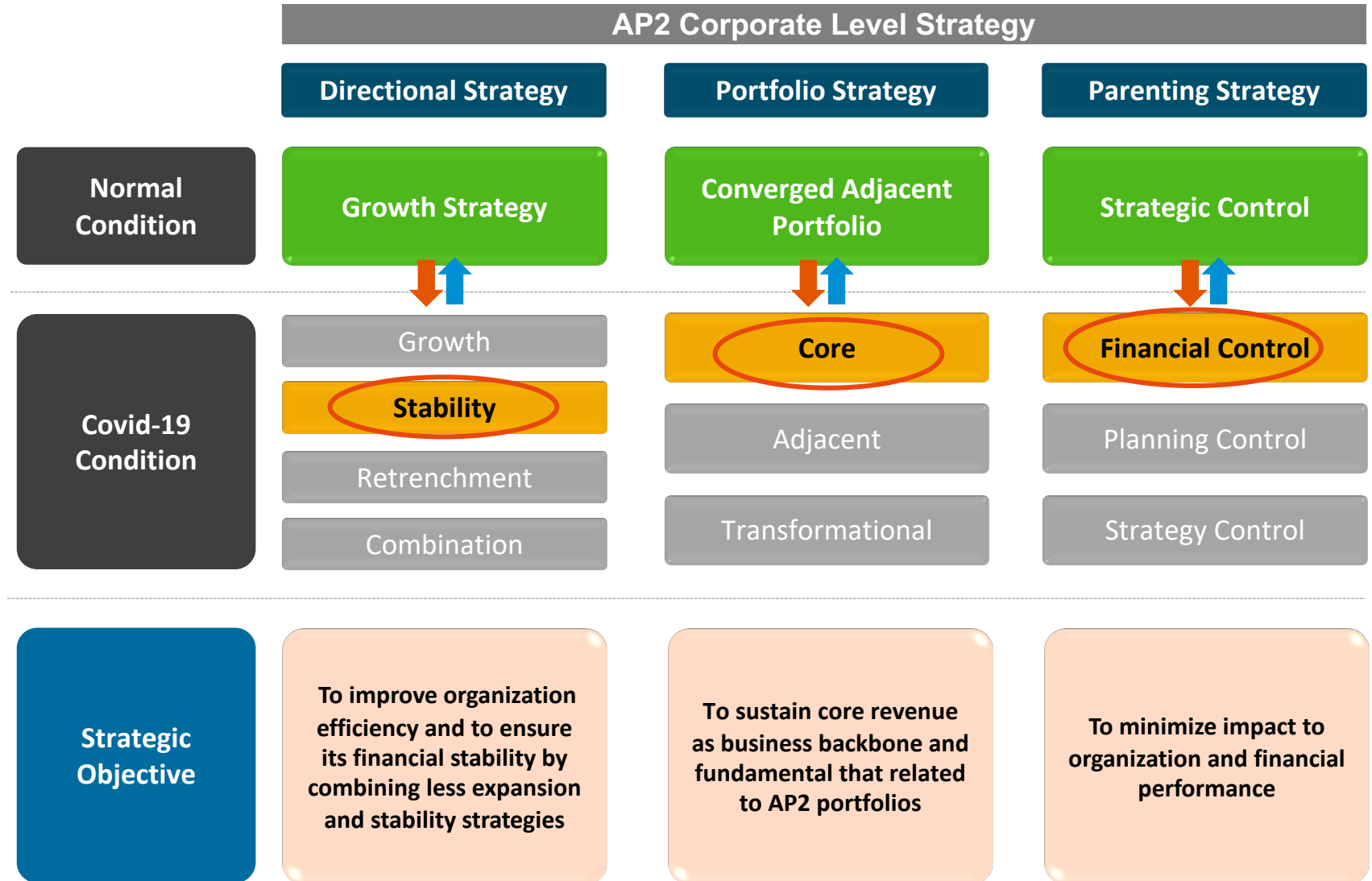


# Shifting Corporate Level Strategy to response COVID-19 outbreak

**AP2 Group need to react swiftly by changing our strategic direction in response to COVID-19 Global Pandemic**

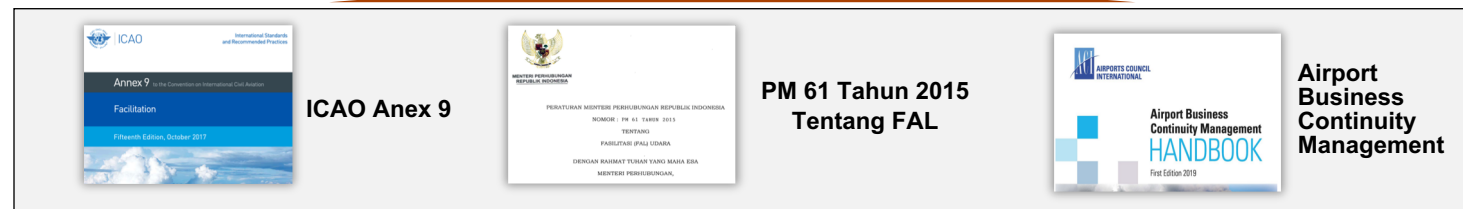
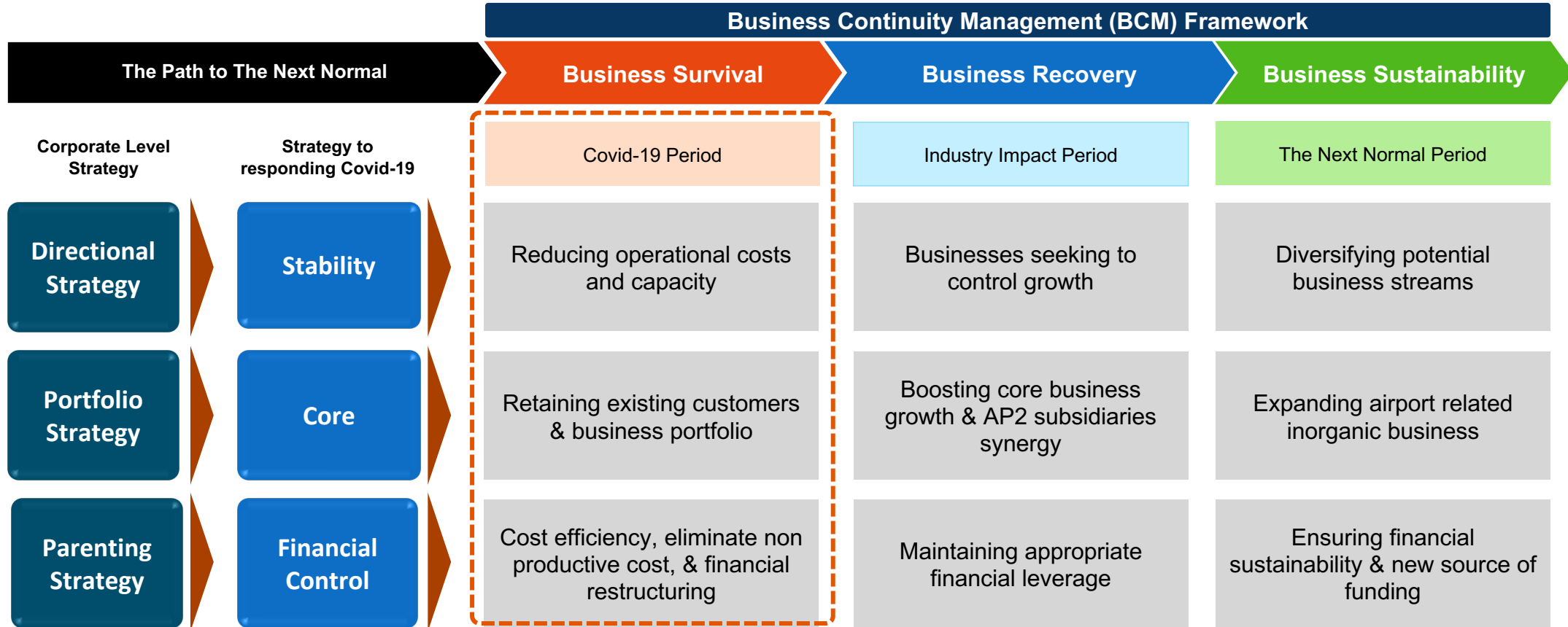
Options are considered to maintain basic operation, focusing on core portfolio and tightly controlling financial resources

The strategic objective for each strategies to response Covid-19 outbreak period





# Three strategic phase to endure business resilience to survive global pandemic: The Path to The Next Normal



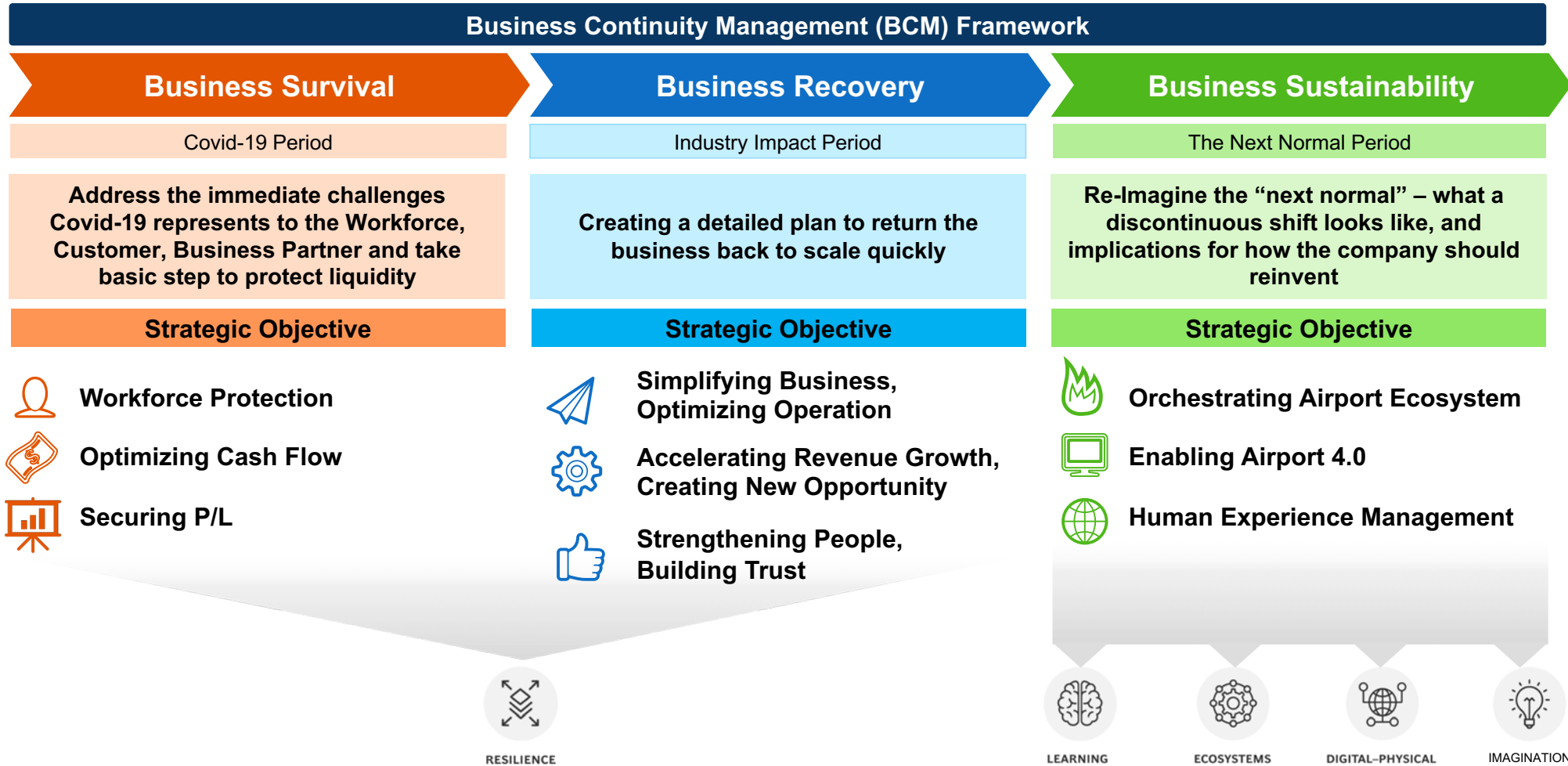
Strategy Approach





# Deploy strategic phase to survive in COVID-19 Crisis

Three staging phase are key guidance to maintain business endurance in the next 6-18 months



Prepare for a range of scenarios to ensure that strategy is robust and risks are survivable and Build an adaptive organization that can rapidly adjust to new circumstances

Companies will integrate physical and digital assets by leveraging partnerships in hybrid ecosystems. Machine learning and autonomous action will increase humans’ need for and ability to focus on imagination. And those shifts will collectively create further unpredictability for business, necessitating strategies for resilience. 42

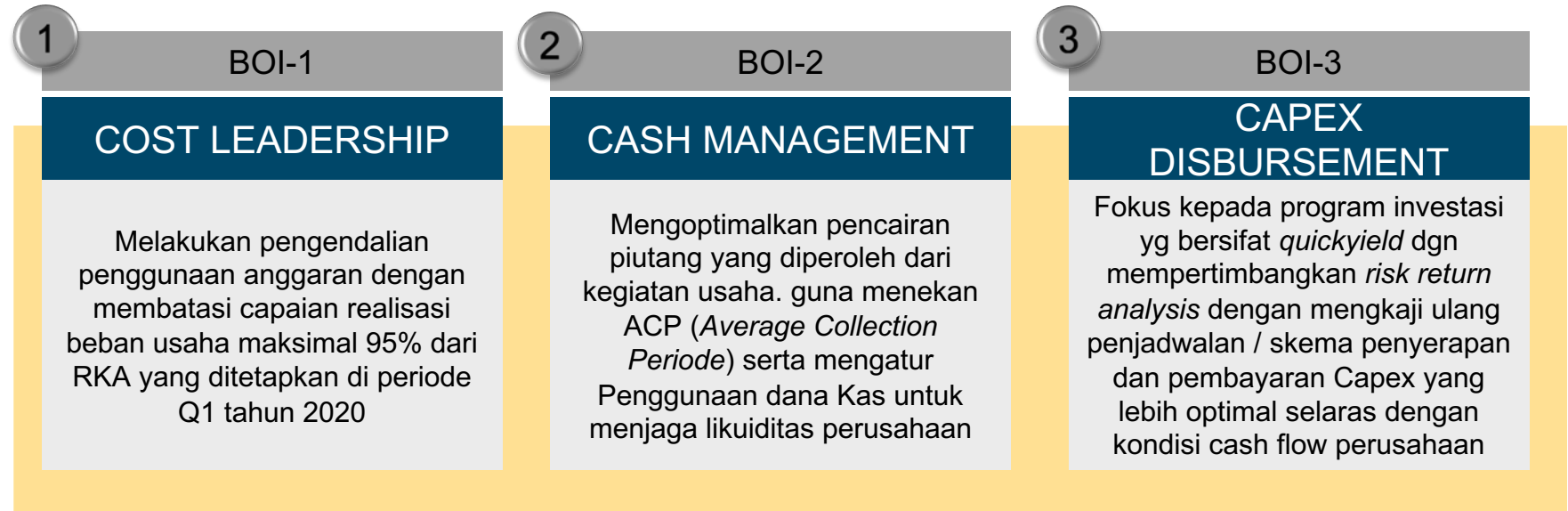


# Business Optimization Initiative

Dituangkan dalam Surat Dinas ND.3619/PD/00/02/20 perihal Pengendalian Rencana Kerja Anggaran Perusahaan Tahun 2020



ND.3619/PD/00/02/20



**Financial Stability**

Cost efficiency, eliminate non productive cost & Financial restructuring.



## Actions to Take Now

- Strategy Implementation: **Business Survival on The Making!**
- Strategy Evaluation & Control: **Measure & Manage The Brutal Facts**





# Actions to Take Now

Strategy Implementation: **Business Survival on The Making!**



# In Survival Phase, We have made many policies but it isn't enough

## Survival

Address the immediate challenges Covid-19 represents to the Workforce, Customer, Business Partner and take basic step to protect liquidity

## Employee First, Company Next

CEO MESSAGE  
24 Maret 2020

Dear All PERFORMers,

Memasuki situasi tanggap darurat COVID-19, Direksi sudah memutuskan, periode pasca 29 Februari 2020, Angkasa Pura II memasuki BUSINESS SURVIVAL PERIODE.

Bagi Angkasa Pura II, situasi ini betul betul merupakan kejadian luar biasa (extra ordinary situation). Situasi yang luar biasa tersebut menuntut kita semua untuk menyikapinya dengan cara berpikir (think) dan berbuat (action) yang harus dilakukan juga dengan cara yang tidak biasa (unusual way).

Kita semua harus bersepakat bahwa penyelamatan yg utama dan yang menjadi prioritas dalam wabah COVID-19 adalah PENYELAMATAN KARYAWAN DAN PERUSAHAAN. Saya menyebutnya : EMPLOYEE FIRST, COMPANY NEXT.

## HR

## Ops & Svc

## Commercial

## Engineering

## Finance

- KEP.13.03.06/00/03/2020/0118 : Tim Pencegahan Dan Pengendalian Dampak Virus Corona

- INS.01.02/00/03/2020/0120 Antisipasi Penyebaran Virus Corona (COVID-19)
- INS.01.02/00/03/2020/0136 Kewaspadaan dan Pencegahan Penyebaran Infeksi COVID-19
- INS.01.02/00/03/2020/0140 Work from Home
- INS.01.02/00/03/2020/0141 Alur Deteksi Dini Bagi Karyawan Terkait Infeksi COVID-19

- INS. 13.01/00/03/2020/0147 : Protokol peningkatan kewaspadaan & Pencegahan Risiko Penularan Virus Corona (COVID-19) bagi Personel Fungsi Operasi & Pelayanan
- INS.12.03/00/03/2020/0151 : Protokol Penanganan Kedatangan & Keberangkatan Penerbangan Internasional & Domestik Di Bandar Udara PT Angkasa Pura II (Persero)
- INS.12.03/00/03/2020/0152 : Protokol Penyesuaian Pola Operasional Bandar Udara Di Lingkungan PT Angaksa Pura II (Persero)
- INS.01.02/00/03/2020/0138 : Prosedur Kentijensi Pemeriksaan Keamanan
- EDR.12.01.05/00/01/2020/0005 : Peningkatan Pengawasan Dalam Rangka Mengantisipasi Masuknya Wabah Pneumoni Berat di Bandara Udara PT Angkasa Pura II (Persero)

### AERO

- Insentif Landing & Parking Fee Domestik & Internasional tmt April 2020
- Penundaan Waktu Pembayaran Sewa Ruangan selama 1 bulan

### NON-AERO

- Perubahan pola MOB/MMG menjadi pola Real Omzet dengan penyesuaian nilai konsesi selama 3 bulan (tmt April)

- Rencana proyek fisik akan di-cut off per April 2020
- Tidal ada pekerjaan fisik *strategic investment* baru 2020. Hanya perencanaan dan akan berjalan di akhir tahun
- Pembayaran sebagian besar adalah untuk pekerjaan lanjutan 2019

- Pergeseran anggaran OPEX & CAPEX, fokus untuk support kebutuhan Covid-19
- Optimalisasi anggaran PKBL



# AP2's Responding with three phases of action

## Business Continuity Management (BCM) Framework

### Business Survival

Covid-19 Period  
(Covid-19 outbreak)

#### 9 Strategic Program Initiatives

#### Workforce Protection 1

- a) Employee Safety & Health
- b) Employee Productivity
- c) Employee Communication

#### Optimizing Cash Flow 2

- a) Funding Strategy
- b) Cash Position
- c) Term of Payment

#### Securing P/L 3

- a) Revenue Protection
- b) Cost Leadership
- c) Interest & Depreciation Setting Plan
- 

### Business Recovery

Industry Impact Period  
(Covid-19 Disaster Emergency were finished and the Outbreak already well managed)

#### Strategic Program Initiatives

#### Simplifying Business, Optimizing Operation

- Deliver new operation & services standards by improving SOP & data collaboration
- 

#### Accelerating Revenue Growth, Creating New Opportunity

- Create opportunities from business ecosystem by new business model & engagement
- 

#### Strengthening People, Building Trust

- Empower employee experience and agile team work by new way of working

### Business Sustainability

Normal Period  
(Covid-19 outbreak phase were ended)

#### Strategic Program Initiatives

#### Orchestrating Airport Ecosystem

- Manage all stakeholder n business partner with platforms that connect manufacturers, logistics providers, marketers, n other relevant service providers w/ one another n with end users
- 
- 

#### Enabling Airport 4.0

- Creating airport digital lifestyle transformation with IoT n AI for maximizing customer engagement to increase revenue
- 
- 

#### Human Experience Management

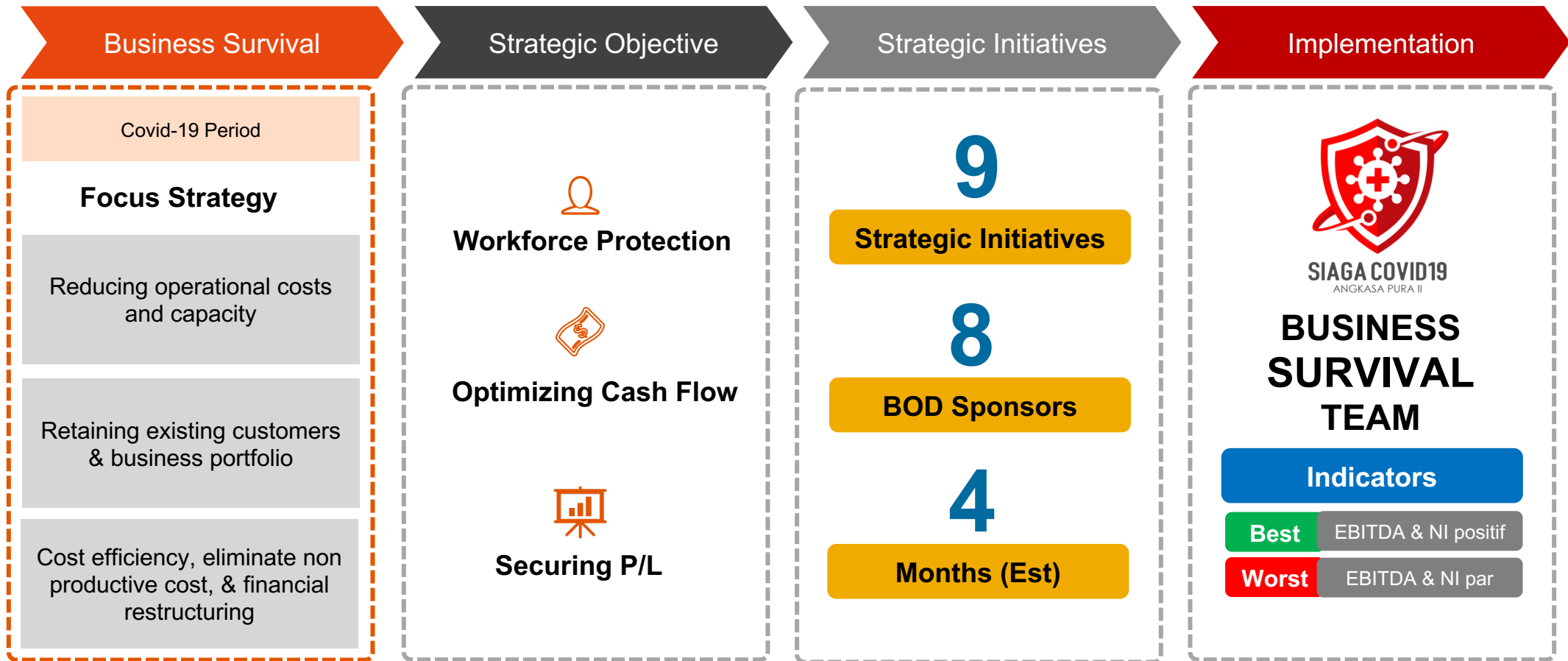
- Go beyond truly reinventing employee experiences through HR technology in ways that accelerate business growth.
- 
-





# Strategy Implementation Business Survival Team

AP2 specifies 9 Business Survival Strategic Initiatives (executed by Business Survival Team)



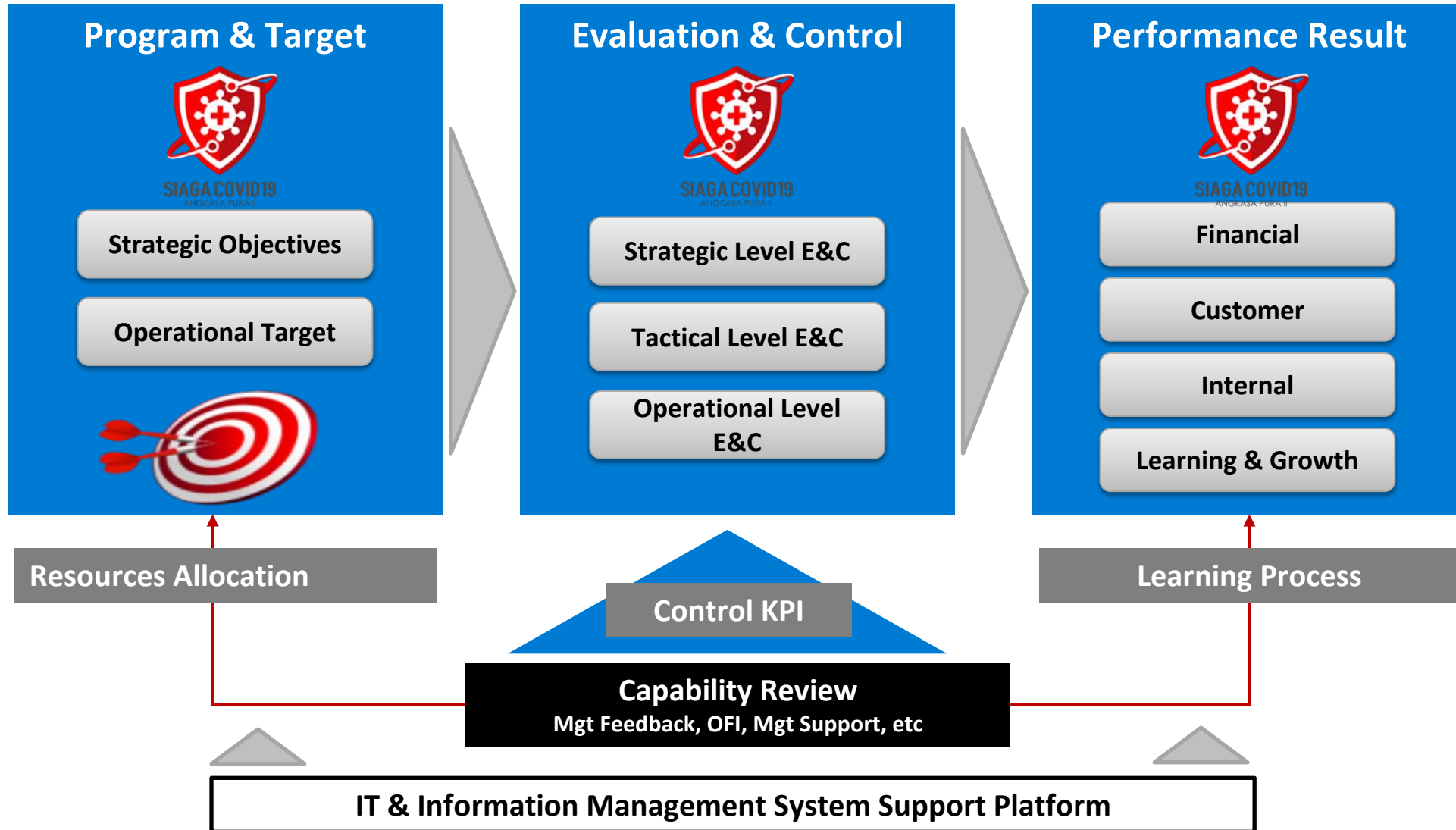


## Actions to Take Now

Strategy Evaluation & Control: **Measure & Manage The Brutal Facts**



# Measure & Manage The Brutal Facts



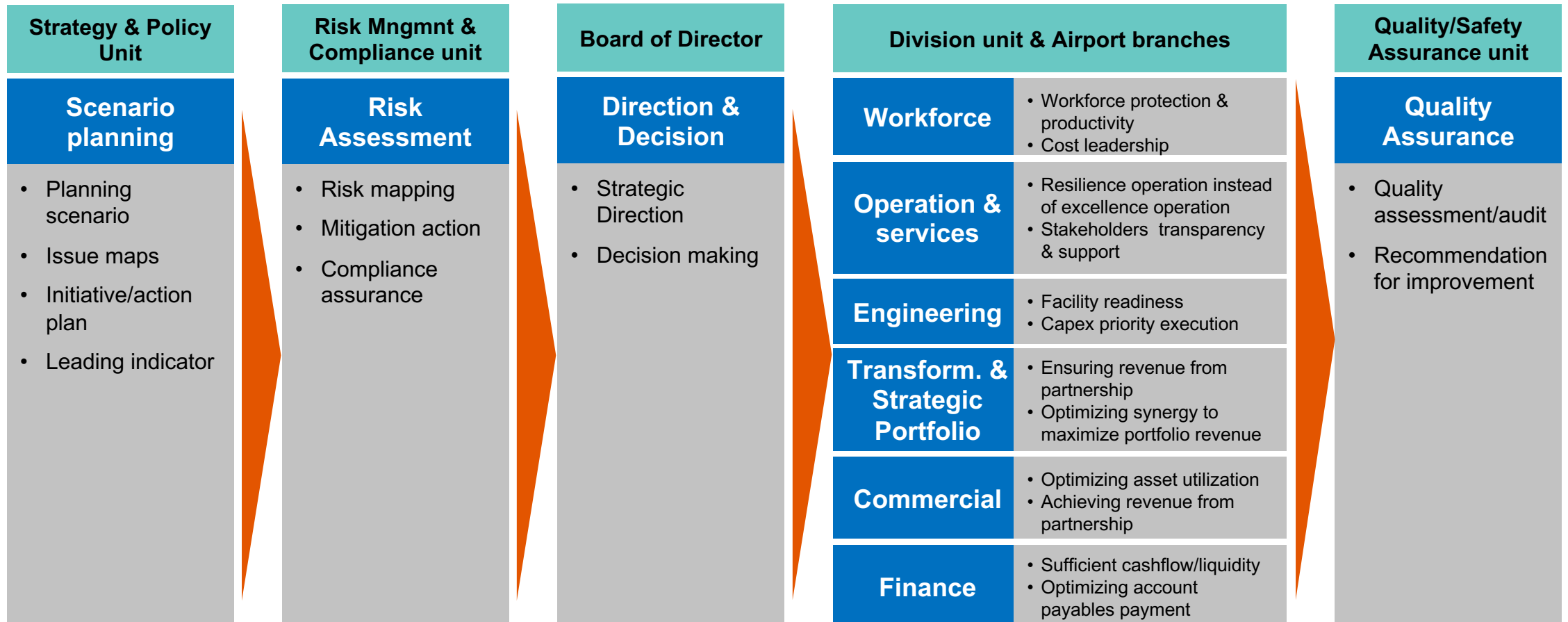




# Workflow Business Survival Team Structure

## ORCHESTRATOR BUSINESS SURVIVAL TEAM: PMO & TRANSFORMATION UNIT

Monitoring, Acceleration & Communication





# Evaluating and control financial ability periodically

- 1 Covid-19 Industry Impact Period
- 2 Number of Aircraft Movements Impact
- 3 Cost Leadership
- 4 Capex Disbursement
- 5 Revenue Effort

	Best Scenario	Bad Scenario	Worst Scenario
1 Covid-19 Industry Impact Period	until Aug '20	until Sept '20	until Oct '20
2 Number of Aircraft Movements Impact	Int: 94% of RKAP; -1% YoY -7.771 Movements  Dom: 94% of RKAP; -1% YoY -34.909 Movements	Int: 90% of RKAP; -6% YoY -14.116 Movements  Dom: 90% of RKAP; -6% YoY -63.409 Movements	Int: 85% of RKAP; -10% YoY -20.437 Movements  Dom: 85% of RKAP; -10% YoY -91.803 Movements
3 Cost Leadership	<ul style="list-style-type: none"> <li>• Q1 91%</li> <li>• Q2 51%</li> <li>• Q3 74%</li> <li>• Q4 77%</li> </ul> Cost Leadership 74%	<ul style="list-style-type: none"> <li>• Q1 91%</li> <li>• Q2 51%</li> <li>• Q3 71%</li> <li>• Q4 76%</li> </ul> Cost Leadership 73%	<ul style="list-style-type: none"> <li>• Q1 91%</li> <li>• Q2 51%</li> <li>• Q3 66%</li> <li>• Q4 72%</li> </ul> Cost Leadership 70%
4 Capex Disbursement	Rp 1,50 T	Rp 1,50 T	Rp 1,50 T
5 Revenue Effort	<b>Non Core Asset Release - Sept 2020</b> <b>Rp 300 M</b>		



# CEO Direction to responding Covid-19: COMBAT-50

## Crisis Response Sense

- Establish Crisis Response & Business Continuity Management Framework for AP2 Group
- Address the challenges to **AP2's workforce, customers, & business partners**

## Operation Workforce Protection

- Portfolio of policies and actions for **ensuring workforce health and well-being**
- **Monitoring health workforce** regularly, including prevention and incident response

## Manage Financial Ability

- **Re-assess all OPEX & CAPEX** to optimize RKAP 2020
- **Financial Stress** Testing regularly

## Business Stability

- **Commercial incentive scheme** to maintain main customers
- Operational-impact assessment for **optimization production**

## Airport Dynamic Operation

- **Reduce and allocate operation resource** to optimize service and operation
- **Stakeholder Collaboration** to keep operational best practices standard

## Trigger-based Portfolio of Actions

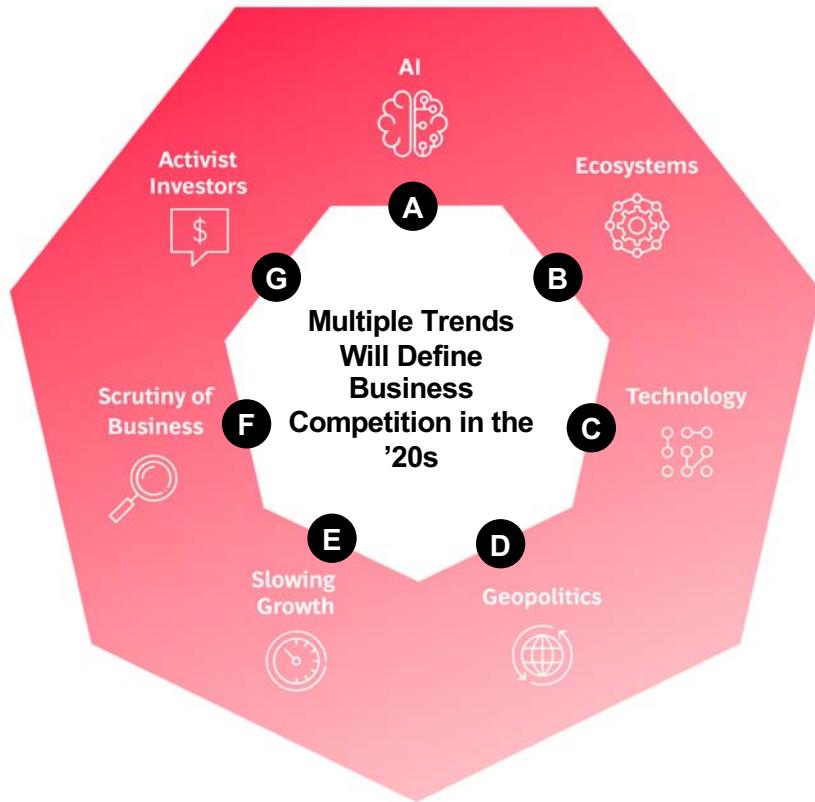
- **Strategic Moves** to ensure Financial ability
- Strengthening **the Core**

## 50% Minimum Cost Efficiency (Q2)

- Manage all expenses, especially **reducing cost for airport operation expenses**
- **Innovative way** in working to optimizing cost



# AP2 Future Planning & Strategic Objectives



## Vision PT Angkasa Pura II (Persero)

### On becoming Airport Enterprise Leader in The Region

<b>B</b> <b>Catalyst for Economic Growth and Equality</b>	<ul style="list-style-type: none"> <li>• Creating synergy between the air transportation ecosystem and other ecosystems</li> <li>• Strengthening economic centers and opening new economic centers</li> </ul>
<b>D</b> <b>Enhance National and Global Connectivity</b>	<ul style="list-style-type: none"> <li>• Development of a focused ability to create accessibility and connectivity through integrated hubs throughout the archipelago and Asia</li> <li>• Strengthen competitive advantage to meet the growing movement of national goods and strengthen its position as a regional gateway</li> </ul>
<b>A</b> <b>C</b> <b>F</b> <b>Develop infrastructure based on state of the art technology</b>	<ul style="list-style-type: none"> <li>• Development of technology-based operating systems to improve efficiency and create operational excellence (security, safety, efficiency and effectiveness of operations)</li> <li>• Improved integrated service quality</li> </ul>
<b>E</b> <b>G</b> <b>Global Expansion for Business and Market</b>	<ul style="list-style-type: none"> <li>• Develop main business (core) and supporting (adjacent)</li> <li>• Expand the market nationally and globally through the development of core capabilities</li> <li>• Take advantage of cross-business synergistic opportunities to create value</li> </ul>
<b>C</b> <b>F</b> <b>Enhance Company Capability and HR Quality</b>	<ul style="list-style-type: none"> <li>• Talent and Leadership Development</li> <li>• Enhancing company capability (Performance Management, Risk Management, GCG, etc.)</li> </ul>



ANGKASA PURA II  
The Leading Indonesia's Airport Company



*Be **insist** about your GOAL,  
and **flexible** about your WAYS*

- MA++

**Thank you.**