

## Flight profitability measurement

Gross SAA PAX Revenue  
 + Gross Codeshare Revenue  
 + Cargo Belly Revenue  
 + Fuel levy  
 + Excess Baggage Revenue  
 = **GROSS REVENUE**

All revenue items allocated to a specific route is the gross revenue

- Cargo Belly Freight Costs  
 - PAX Cost of Sales  
 - Codeshare Cost of Sales  
 = **NET REVENUE**

The direct cost of sales is subtracted from gross revenue to provide the net revenue

- Cabin Crew Expenditure  
 - In-flight Cabin Cost  
 - In-flight Passenger Cost  
 - Catering, Ground and Ramp Handling  
 - Flight Deck Crew Expenditure  
 - Flight Maintenance Costs  
 - Passenger Insurance  
 - Landing Fees  
 - Parking Fees  
 - Navigation  
 - Flight Entertainment  
 - Medical Bags  
 - Purchase of Capacity (POC)  
 - Crew Remuneration Cost  
 - Departure Costs  
 - Scheduled Maintenance  
 - Fuel Costs  
 = **OPERATING PROFIT - C3**

All costs directly attributable to a route are subtracted from the net revenue. This gives the operating (C3) profit per route. This is the level on which route decisions are monitored in the short term because even if the routes are discontinued, the aircraft ownership still has to be incurred.

- Route / Area specific costs  
 - Aircraft Ownership costs  
 = **ROUTE PROFIT - C4**

The aircraft ownership cost is subtracted to give the route variable profit

- General Miscellaneous Revenue

- Overheads and Revaluations  
 = **NET PROFIT**

These items cannot be directly allocated to a specific route. An allocation methodology is therefore applied using the contribution of the route to total passengers and total ASK's. These include items such as: Lounge revenue, Head office costs, impairments, interest charges, etc.