

# SSRO

Single Source  
Regulations Office

## Activity type factsheet Develop and Make

Under the Defence Reform Act 2014, the SSRO must provide the Secretary of State with its assessment of the appropriate rates used to determine the contract profit rate for pricing qualifying defence contracts and qualifying sub-contracts. Part of the methodology is the categorisation of comparator companies in to four activity types.

- Develop and Make
- Provide and Maintain
- Ancillary Services
- Construction

The results of these groups are separately analysed and this fact sheet describes the Develop and Make group.

The baseline profit rate combines results from “Develop and Make” and “Provide and Maintain”, as set out in the *Recommendation Factsheet*. For further information on the methodology used to calculate these rates please see the *Single Source baseline profit rate, capital servicing rates and funding adjustment methodology*.

### Develop and make

Companies undertaking comparable activities considered as ‘Develop and Make’ are expected to engage in manufacturing and the design and development contributing to that process. This would therefore not include manufacturing on behalf of a hiring firm that supplies the design, or those solely undertaking research or design work with no associated manufacturing. Where development activities do not seek to result in a novel or differentiated product the company is less likely to be considered comparable.

### Profit on cost of production

	2016/17	2017/18	2018/19	2019/20	2020/21
Underlying rate (unadjusted for capital servicing)	6.42%	8.00%	8.70%	8.78%	9.67%
Capital servicing adjustment	-0.91%	-1.23%	-1.03%	-0.92%	-0.98%
Underlying rate	5.51%	6.77%	7.67%	7.86%	8.69%
Three-year rolling average	8.77%	7.39%	6.65%	7.43%	8.07%

*Note: The capital servicing adjustment accounts, at an aggregate level, for different levels of capital employed across the companies in the index and so sets a baseline upon which Step 6 of the contract profit rate applies.*

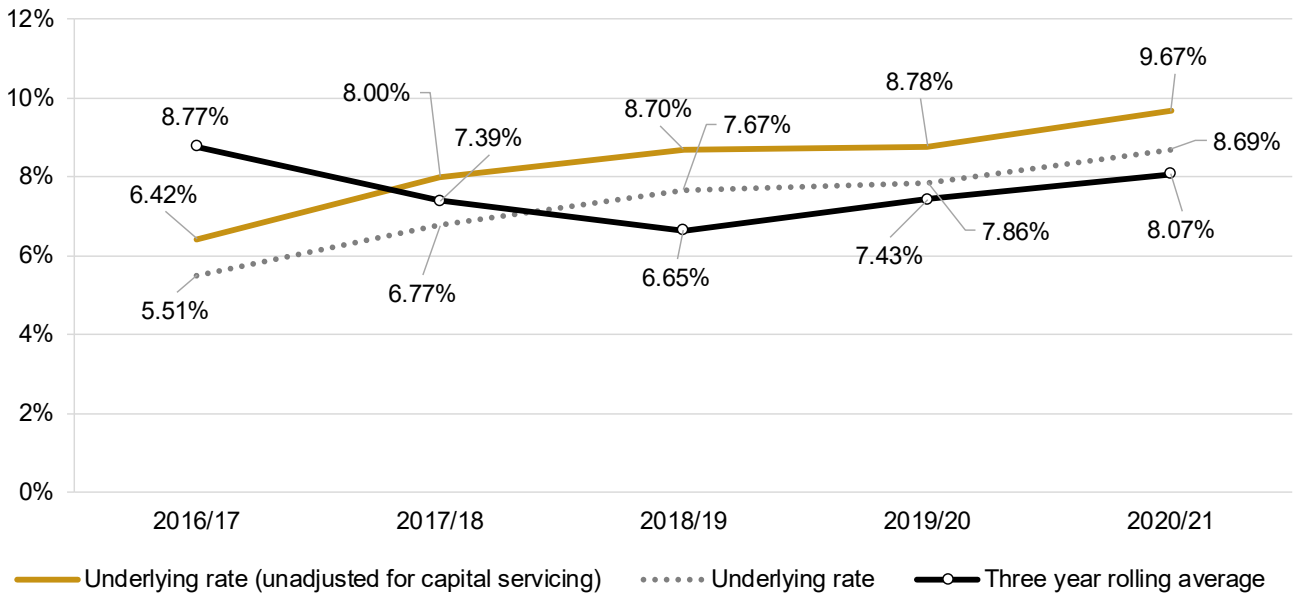
*The pre-2016/17 underlying rates used for the three-year average were calculated using the Review Board’s methodology, which were not specific to this activity type. 2014/15: 10.92%, 2015/16: 9.88%.*

### Data sources

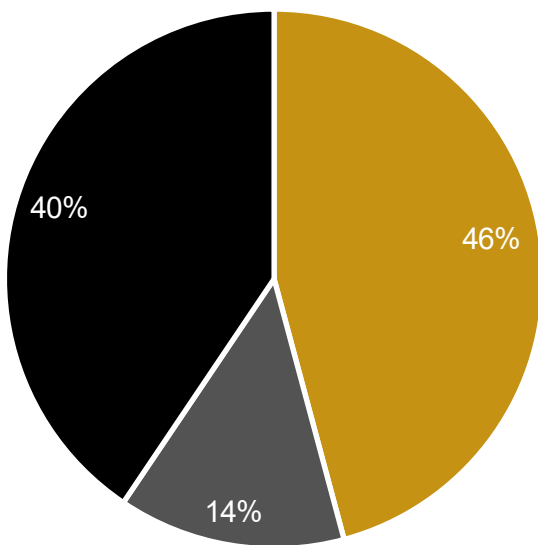
For further information on the data selection approach please see section 7 of the *Single Source baseline profit rate, capital servicing rates and funding adjustment methodology*. A full search of the Orbis database<sup>1</sup> was carried out on 11 November 2019 on data update number 189002 using software version 189. The financial data for the calculation was extracted from Orbis at the same time.

<sup>1</sup> <https://www.bvdinfo.com/en-gb/our-products/data/international/orbis>

### Median capital servicing adjusted return on cost of production

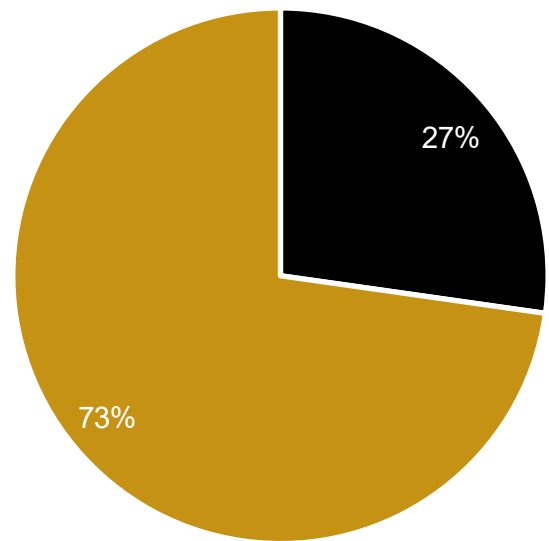


### Proportion of Companies by country



- Western Europe excluding United Kingdom
- United Kingdom
- North America

### Proportion of companies with defence keyword



- Defence
- Other

### Supplementary statistics

Number of companies	379
<i>of which profit making</i>	323
Aggregate turnover	£1,132
Total capital employed (CE)	£254
Average company CP:CE ratio	3.96

Source: Orbis (Cash figures shown in GBP Billions)

## Names of companies in the index

A/S Vestfrost	Broadwind Energy, Inc. *	DEL BO Impianti S.R.L.	Hurco Companies INC
Aaon INC	Brucker Corporation	Della Toffola S.P.A.	HWA AG
AB Volvo	Brunvoll Holding AS	Deutz AG	Idex Corp
Accuracy International Limited *	Burnside Autocyl (Tullow) Limited	Dinolift Oy	ii-Vi INC
Actuant Corp	BWX Technologies Inc.	Douglas Dynamics, Inc.	Ilmor Engineering Limited
Advanced Energy Industries INC	C.M.A. S.P.A.	Dril-Quip INC *	Imer International SPA
Aerojet Rocketdyne Holdings, Inc.	C.S.C. - S.P.A.	Ducommun INC	Indus Holding AG
Aerovironment, Inc.	Caci International INC	Durr AG	Inficon Holding AG
Aertec Solutions SL.	Calif S.P.A.	Edge Innovate (NI) Limited	Ingenieria Y Tecnicas de Montajes Lointek SL
Airbus SE	Calpeda S.P.A.	Eletronica - Societa PER Azioni	Ingersoll-Rand PLC
AKO Electromecanica, SAL	Caprari S.P.A.	Energy Recovery, Inc.	Innovative Solutions & Support INC *
Alamo Group INC	Carmanah Technologies Corp.	Environnement S.A.	Interroll Holding AG
Alfred Cheyne Engineering Limited *	Carrocera Castrosua SA	Esbelt SA	Intevac INC *
Alimak Group AB	Carver Group Limited	Espey Manufacturing & Electronics Corp	Intricon Corporation
Allied Motion Technologies, Inc.	Casagrande S.P.A.	Eurofighter Jagdflugzeug GmbH	Invertek Drives Limited
Allimand *	Castledon LTD	Eurofighter Simulation Systems GmbH	Istobal SA
Allison Transmission Holdings, Inc.	Caterpillar INC	EUROJET Turbo Gesellschaft mit beschaenker Haftung	Italcab S.P.A.
Alstom S.A.	Ceco Environmental Corp.	Europress Group Oy	John Bean Technologies Corp
Altra Industrial Motion Corp.	Ceotronics AG *	EVS Broadcast Equipment SA	Judges Scientific PLC
Altran Technologies SA	Chart Industries INC	Faro Technologies INC	Kadant INC
American Axle & Manufacturing Holdings, Inc.	Chemring Group PLC *	Fedegari Autoclavi - S.P.A.	Kaman Corp
American Outdoor Brands Corporation	CMZ Machine Tool Manufacturer Sociedad Limitada.	Federal Signal Corp	Katsa Oy
Ametek INC	CNH Industrial N.V.	Filtronic PLC	Kesla OYJ
Amtech Systems INC	Cobham PLC *	Flir Systems INC	KEY Technologies Limited
Antonio Carraro S.P.A.	Cognex Corp	Flowsolve Corp	Keysight Technologies, Inc.*
Aptiv PLC	Coherent INC	Forum Energy Technologies, Inc. *	Kiplun Limited *
Arts WAY Manufacturing CO INC *	Cohort PLC	Fratelli Mazzocchia S.P.A.	KMG Systems Limited
Astec Industries INC *	Cohu INC *	Freightcar America, Inc. *	Knapp AG
Astronics Corporation	Colfax Corporation	Frigoveneta S.P.A.	Koenig UND Bauer AG
Astronova, Inc.	Colosio S.R.L.	G.H.B. (Holding) Limited	Komax Holding AG
Atlas Converting (UK Holdings) Limited *	Colt Investments Limited	Gencor Industries, Inc.	Konecranes OYJ
Atlas Copco AB	Columbus Mckinnon Corp	General Dynamics Corp	Kratos Defense & Security Solutions, Inc.
ATS Automation Tooling Systems Inc.	Comerio Ercole S.P.A.	General Electric Company*	Krohne Italia SRL
Autoliv, Inc.	Commercial Vehicle Group, Inc.	Gentex Corp	KVH Industries INC *
Avant Tecno Oy	Comrod Communication AS	Gesellschaft fuer Oeltechnik mit beschaenker Haftung	L3 Technologies INC
Aviat Networks, Inc.	Comtech Telecommunications Corp	Glunz & Jensen Holding A/S *	L3harris Technologies, Inc.
Axcelsis Technologies INC	Construcciones Y Auxiliar de Ferrocarriles, S.A.	Gorman-Rupp Company (The)	LAM Research Corp
Axon Enterprise, Inc.	Continental AG	Graco INC	Langham Industries Limited
Azkoyen SA	Cormach S.R.L.	Graham Corp *	Latecoere SA *
B.M.B. S.P.A.	Costar Technologies, Inc. *	Gray & Adams (Doncaster) Limited	Lecitrailer SA
BAE Systems PLC	CPI Aerostructures INC	Greenbrier Companies, Inc. (The)	Leonardo S.P.A.
Bailey Trailers Limited	CTA International SAS	Grovgaarden AS *	Lillbacka Powerco Oy *
Barco NV	CTT Systems AB	Guaresi S.P.A.	Linamar Corporation
Barnes Group INC	Cubic Corp	Gulf Island Fabrication INC*	Lockheed Martin Corp
Bevan Group LTD	Cummins Inc.	Harro Hoefliger Verpackungsmaschinen GmbH	Logset Oy
Bioanalytical Systems INC*	Curtiss Wright Corp	Havyard Group ASA *	Lrad Corporation *
Bittium OYJ	CVD Equipment Corporation *	Heico Corp	Luminex Corp
BK Technologies INC	Cyberoptics Corp	Heidelberg Druckmaschinen AG	M.T.A. Societa' PER Azioni IN Sigla M.T.A. S.P.A.
Blonder Tongue Laboratories INC *	Dallan S.P.A.	Heroux-Devtek Inc.	Macpresse Europa S.R.L.
Boeing Company (The)	Dalmec S.P.A.	Hexcel Corp	Mactaggart Scott (Holdings) Limited
Bombardier INC	Dana Incorporated	Hidden Instruments Limited	Magna International INC
Borgwarner INC	Data I/O Corp	Honeywell International INC	Makron Oy
Boston Scientific Corp	Deere & CO	Huntington Ingalls Industries, Inc.	Malm Orstad AS
Brieda E C. - S.R.L.			

Manitex International, Inc. *	Officine Meccaniche Galletti (O.M.G.) S.R.L.	Sampo-Rosenlew Oy *	Thales SA
Manitou BF SA	Omav - S.P.A.	Sandvik AB	Thomas Broadbent & Sons,Limited
Manitowoc Company, Inc. (The) *	Ormet S.R.L.	Schalbau Holding AG *	Thwaites Limited
Marel HF.	Oshkosh Corporation	Schlatter Industries AG	Thyssenkrupp AG
Mariani S.R.L.	Oxford Instruments PLC	Schmitt - Elevadores, LDA	Tomra Systems ASA
Maritime Partner AS *	P P S Commercials Limited	SCM Group S.P.A.	Tornos Holding S.A
Maschinenfabrik Berthold Hermle AG	P.F.M. - S.P.A.	Sele S.R.L.	Trakm8 Holdings PLC *
Matteuzzi SRL	Paccar INC	Servotronics INC	Transdigm Group Incorporated
MAX Automation SE	Park Aerospace Corp.	Sheffield Forgemasters International Limited	Trinity Industries INC
Maxar Technologies Inc. *	Paul Mueller Company	Sicamb - S.P.A.	Triumph Group INC *
Mccooy Global Inc. *	PC TEL INC *	Siemens AG	Tronrud Engineering AS *
Meggitt PLC	Perceptron INC	Sigma Industries Inc.	TTS Group ASA
Mercury Systems INC	Petards Group PLC	Skako A/S	Twin Disc INC
Mikron Holding AG	Pietro Fiorentini S.P.A.	Smith Brothers (Leicester) Limited	Ultra Electronics Holdings PLC
Miller Industries INC	Polaris Industries INC	Smiths Group PLC	UMI Aeronautica SL
Mino S.P.A.	Ponsse OYJ	Societe Nationale de Construction Aérospatiale *	United Technologies Corporation
MKS Instruments INC	Portsmouth Aviation Holdings Limited *	Socket Mobile, Inc. *	Univer S.P.A. *
Modine Manufacturing CO	Powell Industries INC *	Spartan Motors INC	Vaisala OYJ
Moog INC	Pratt & Whitney Canada Customer Service Centre Europe GmbH A Joint Venture of P & WC	Spirax-Sarco Engineering PLC	Varian Medical Systems INC
Morgan Advanced Materials PLC	Prima Industrie SPA	Spirit Aerosystems Holdings, Inc.	VEO Oy *
Motorola Solutions, Inc.	Qinetiq Group PLC	SPX Corp	Wabash National Corp
Mpac Group PLC *	Radley Engineering Limited	SPX Flow, Inc.	Wabco Holdings Inc.
MS International PLC	Raute OYJ	Star Refrigeration Limited	Wacker Neuson SE
MTS Systems Corp	Raytheon Company	Steerprop Oy *	Wartsila OYJ
MTU Aero Engines AG	Reductores Cunat SA	Streason Limited	Washtec AG
MULTIVAC Sepp Haggenmueller SE & Co. KG	Renishaw P L C	Sturm Ruger & CO INC	Waters Corp
Nanometrics INC	Rheinmetall AG	Sulzer AG	Weber Maschinenbau GmbH Breidenbach
National Oilwell Varco, Inc.	Ricardo PLC	SVI S.P.A.	Welbilt INC
Navistar International Corp	Rival S.R.L. Lavorazioni Meccaniche	Swede Ship Marine Aktiebolag	Whale Tankers Limited
NC Engineering (Hamiltonsbawn) Limited	Robor SRL	Systemair AB	Wilton Universal Group Limited
NG Bailey Group Limited	Rockwell Automation, Inc.	Tacchi Giacomo E Figli- S.P.A. *	Wireless Telecom Group INC
Nicolas Correa S.A.	Rodman Polyships SA *	TAI Milano S.P.A.	Witt & SON UK Holdings Limited
NIMAK Gesellschaft mit beschraenkter Haftung	Rohde & Schwarz GmbH & Co. Kommanditgesellschaft	Talgo, S.A.	Woodward, Inc.
Nordson Corp	Rolls-Royce Holdings PLC*	Talleres Daumar SL	Worthington Industries INC
Northrop Grumman Corporation	Roper Technologies, Inc.	Talleres Zitron, SA	Wozair Limited *
Novanta INC	Saab AB	Taylor Devices INC	Xylem Inc.
Nuova Idropress - Societa' PER Azioni IN Forma Abbreviata NIP S.P.A.	Saalasti Oy	Teagle Holdings Limited	Zambello Riduttori 2 - S.R.L.
Oceaneering International INC *	Saf-Holland S.A	Teledyne Technologies Incorporated	Zebra Technologies Cor
Ocrim - Societa' PER l'Industria Meccanica S.P.A.	Safra	Tennant CO	
Officina Bocedi SRL	Safran S.A.	Tenneco Inc.	
Officina Meccanica Sestese S.P.A.	Sahala Works Oy	Teradyne INC	
Officine Bieffebi S.P.A.	Samp S.P.A.	Terex Corp	
		Tesmec SPA	
		Textron INC	

\* Indicates that the company is a loss-maker in the year. The data for loss-makers are not included in the 2020/21 assessment, but the companies will be taken forward for consideration next year.