

SSRO

Single Source
Regulations Office

Activity type factsheet Provide and maintain

Under the Defence Reform Act 2014 (the 'Act'), 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.

The results of these groups are separately analysed and this fact sheet describes the Provide and Maintain 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*.

Companies undertaking comparable activities considered as 'provide and maintain' are expected to deliver services to ensure the availability of an asset either through repair and servicing to third party equipment, or through hire or lease arrangements that include associated upkeep and maintenance services.

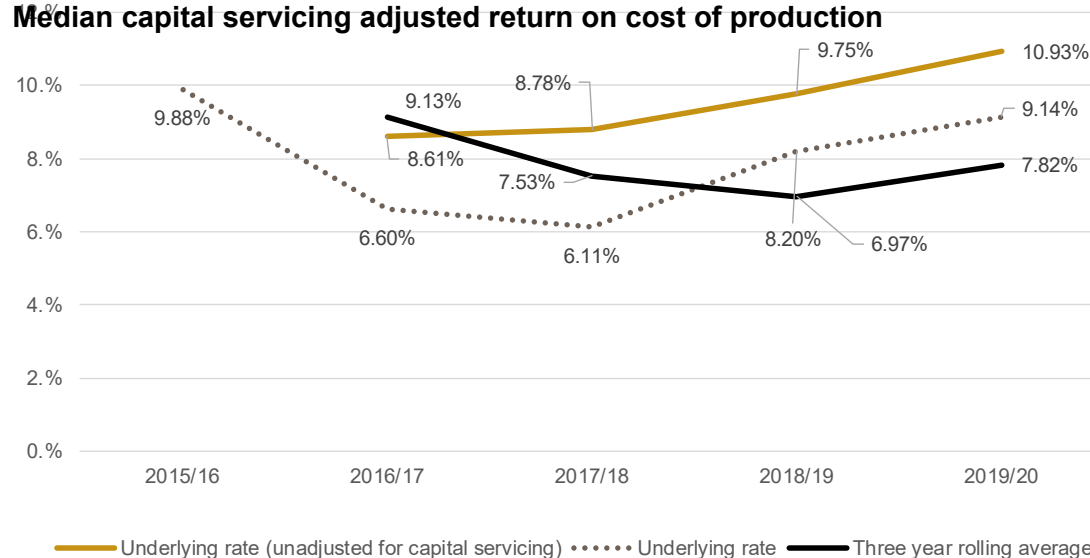
	2015/16	2016/17	2017/18	2018/19	2019/20
Underlying rate (unadjusted for capital servicing)	-	8.61%	8.78%	9.75%	10.93%
Capital servicing adjustment	-	-2.01%	-2.67%	-1.55%	-1.79%
Underlying rate	9.88%*	6.60%	6.11%	8.20%	9.14%
Three-year rolling average	10.60%	9.13%	7.53%	6.97%	7.82%

Note: The capital servicing (CS) adjustment accounts, at an aggregate level, for different levels of capital employed across the companies in the index.

*Calculated using the Review Board's methodology, which did not incorporate separate activity types or a separate presentation of capital servicing adjustments. Consequently, for 2015/16 the underlying rate used in the SSRO's calculations and the three-year rolling averages are common across all activity types.

Profit on cost of production

Median capital servicing adjusted return on cost of production

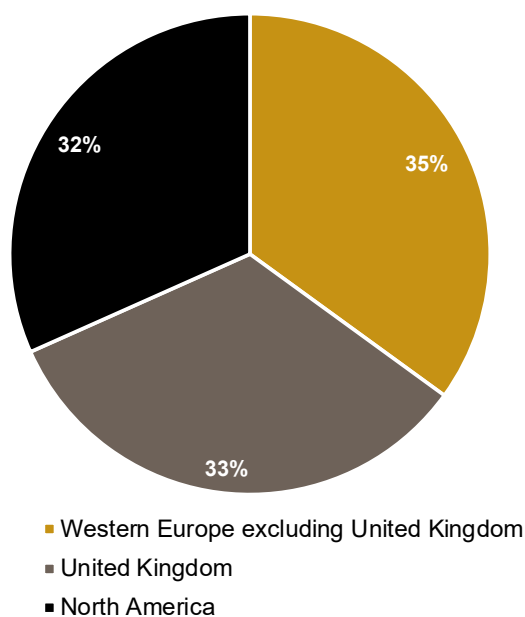


Names of companies in the index

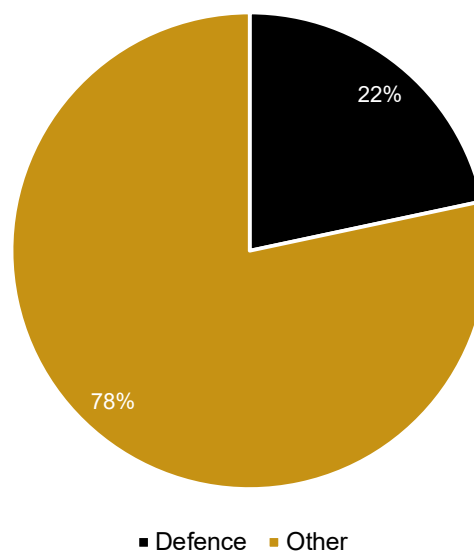
AAR Corp *	Cowles Holdings Limited	Hudson Technologies INC	Pendennis Shipyard (Holdings) Limited
Aerocentury Corp	Cramo OYJ	Insta Group Oy	Pentagas SRL
Aggreko PLC	Cuypers Vorkliften	Jacobs Engineering Group Inc.*	Ramirent OYJ
Air Lease Corporation	Diesel Tecnica S.R.L.	James Fisher And Sons Public Limited Company	Renew Holdings PLC
Airtanker Services Limited	Dublin Aerospace Limited	John Nixon Limited	RWG (Repair & Overhauls) Limited
American Shipping Company ASA	DXP Enterprises INC	Kbr, Inc.	Saltire Energy Limited
Ashtead Group Public Limited Company	Falkvarv AB	Kongsberg Terotech AS	Science Applications International Corp
Atlas Air Worldwide Holdings, Inc.	Gaditana De Chorro Y Limpieza SL	Leidos Holdings, Inc.	SnC-Lavalin Group INC
Avation PLC	Gama Aviation PLC	Loc'Hiam	Speedy Hire PLC
Aviation Training International Limited	Gatx Corp	Mcgrath Rentcorp	Toromont Industries Ltd
Babcock International Group PLC	General De Alquiler De Maquinaria SA	Mediaco Marseille Provence	Total Aircraft Product Support (Holdings) Limited
BBA Aviation PLC *	GHL Holdings Limited	Moss SAS *	United Rentals INC
Byggesystemer Norge AS	H&E Equipment Services, Inc.	Muehlhan AG	Venpa SUD SRL
CAE INC	Hameen Rakennuskone Oy	Nautic Center Sociedad Anonima	VMS (Holdings) Limited
CAI International INC	Helidax	Orrmac (NO 50) Limited	Willis Lease Finance Corp

*indicates new company for 2019/20

Number of companies by country



Number of companies by defence as keyword



Supplementary statistics

Number of companies	60	Total capital employed (CE)	£40.88
Aggregate turnover	£57.85	Average company CP:CE ratio	1.25

Source: Bureau van Dijk – Orbis (Cash figures shown in GBP Billions)