

SSRO

Single Source
Regulations Office

Activity type factsheet Construction

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 Construction 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 'construction' are expected to deliver services in relation to the construction of buildings or other structures at fixed locations. Companies could provide such services either on a contract basis with designs and specifications received or using their own designs. Comparable companies may be responsible for the management of the construction project, and are likely to bear contract risk, procurement risk, staff risk and some quality control risk in respect of these activities. They are not expected to bear any significant property price risk in respect of these activities.

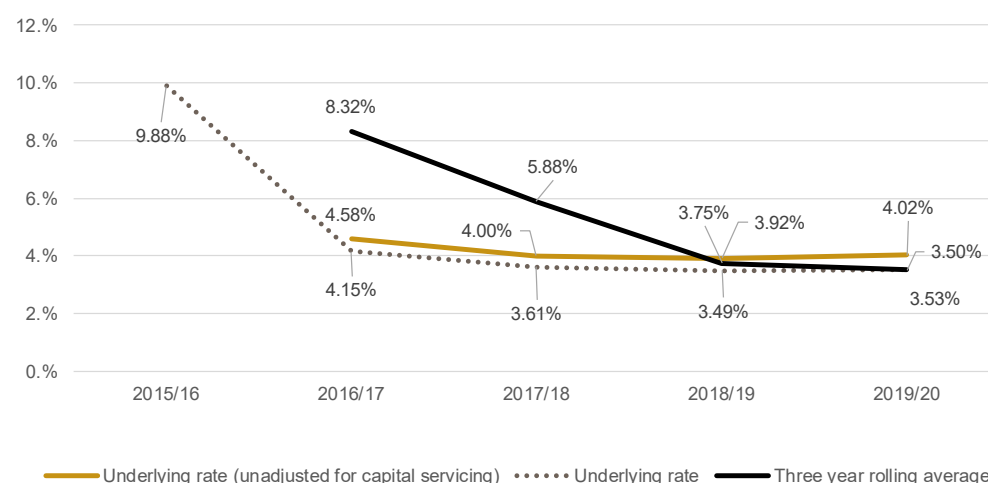
Profit on cost of production

	2015/16	2016/17	2017/18	2018/19	2019/20
Underlying rate (unadjusted for capital servicing)	-	4.58%	4.00%	3.92%	4.02%
Capital servicing adjustment	-	-0.43%	-0.39%	-0.43%	-0.52%
Underlying rate	9.88%*	4.15%	3.61%	3.49%	3.50%
Three year rolling average	10.60%	8.32%	5.88%	3.75%	3.53%

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.

Median capital servicing adjusted return on cost of production

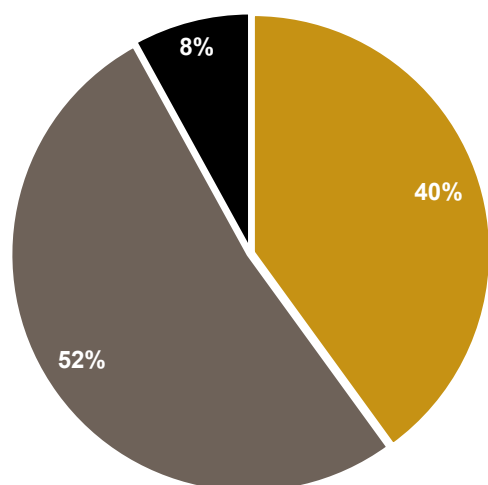


Names of companies in the index

3B Construction Ltd	Conlon Holdings Limited	J P Dunn Construction Limited	Porr AG
AAsen & OEvrelid AS	Elettrica Rizzi S.R.L.	J. & P. Avax S.A.	R.J. Mcleod (Contractors) Limited
Aecom	Ergodomi S.A.	Jarvis Group Limited	Rougier ET Fils
Aecon Group INC	Feltham Group Limited	Justeau Freres	Severfield PLC
AF Gruppen ASA	Firing & Thorsen AS	Koninklijke Bam Groep NV	Skanska AB
Ards Holdings Limited	Fluor Corp	Landmark Groundworks Limited	Steve Hoskin Construction Limited
Aspire Defence Holdings Limited *	Forth Holdings Limited	Life Build Solutions Ltd	STM Etela-Suomi Oy
Balfour Beatty PLC	Galtec Holdings Limited	Lonsdale Holdings Limited	Strabag SE
Barco Etancheite	George Cox (Holdings) Limited	M.P.B. Structures Ltd	Structura UK Limited
Barnwood Group Limited	Glasgiven Contracts Limited	Magnus M Thunestvedt AS	Stuart Olson Inc.
Bird Construction INC	GMI Construction Holdings PLC	Masterson Holdings Limited	T Clarke Public Limited Company
Birken & Co AS	H. G. Construction (Holdings) Limited	Mitchellson Formwork & Civil Engineering Limited	Tolent PLC
Blenheim House Construction Limited	Haandverkskompaniet AS	Morgan Sindall Group PLC	Tonroe Group Limited
Blindage Terrassement Infrastructure	Hardwicke Investments Limited	Obres I Contractes Penta SA	Tutor Perini Corporation
Bolt And Heeks (Holdings) Limited	Henry Group (NI) Limited	Oliver Connell And Son Limited	Veidekke ASA
Bouygues SA	Icet - Industrie S.P.A.	Ove Skaar AS	Vinci
Bowmer And Kirkland Limited	Implenia AG	P.A.C. S.P.A. - In Forma Abbreviata PAC SPA	Wates Group Limited *
Buckingham Group Contracting Limited	Industry Project And Engineering Systems	Peab AB	WYN Construction Limited
Byrne Group Limited	Irmaos Almeida Cabral, LDA		
Celgas S.R.L.			

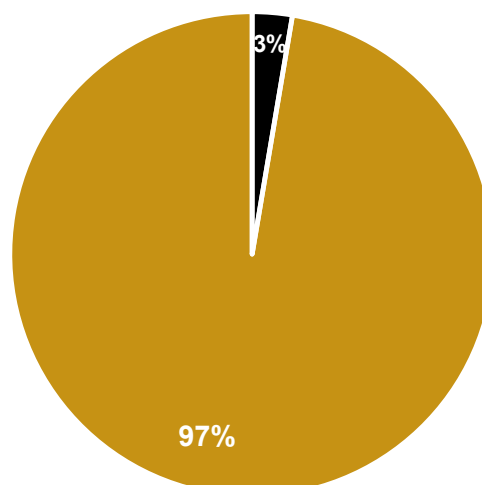
*indicates new company for 2019/20

Number of companies by country



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

Number of companies by defence as keyword



- Defence
- Other

Supplementary statistics

Number of companies	75	Total capital employed (CE)	£6.21
Aggregate turnover	£167.74	Average company CP:CE ratio	25.64

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