

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

	2017/18	2018/19	2019/20	2020/21	2021/22
Underlying rate (unadjusted for capital servicing)	8.00%	8.70%	8.78%	9.67%	9.28%
Capital servicing adjustment	-1.23%	-1.03%	-0.92%	-0.98%	-1.15%
Underlying rate	6.77%	7.67%	7.86%	8.69%	8.13%
Three-year rolling average	7.39%	6.65%	7.43%	8.07%	8.23%

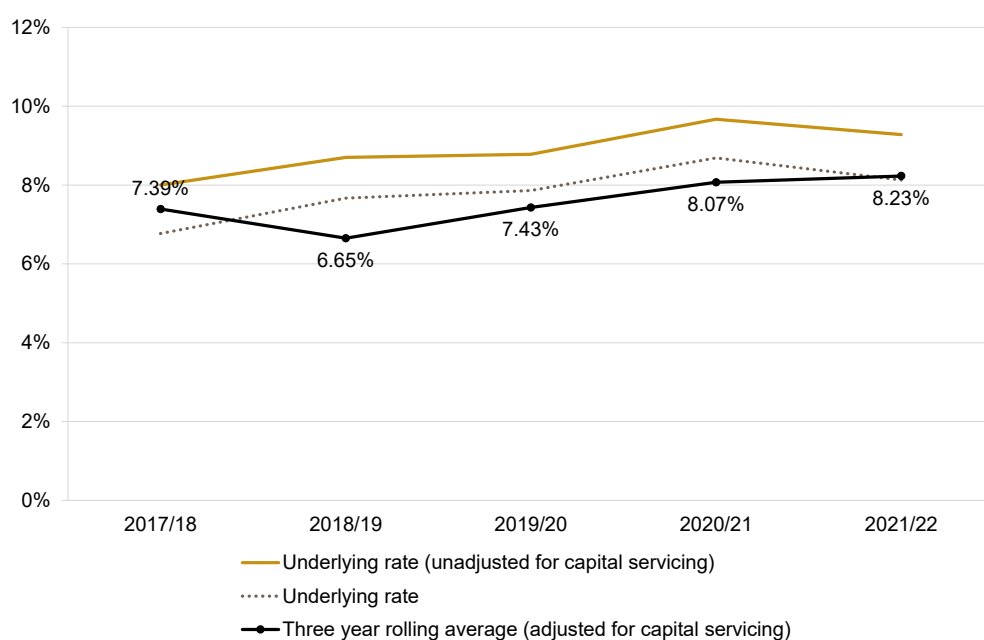
Note: The capital servicing adjustment accounts, at an aggregate level, for different levels of capital employed across the companies in the index and so sets a baseline upon which step 6 of the contract profit rate applies.

The pre-2017/18 underlying rates used for the three-year average were: 2016/17: 5.51%; 2015/16 (calculated using the Review Board’s methodology): 9.88%.

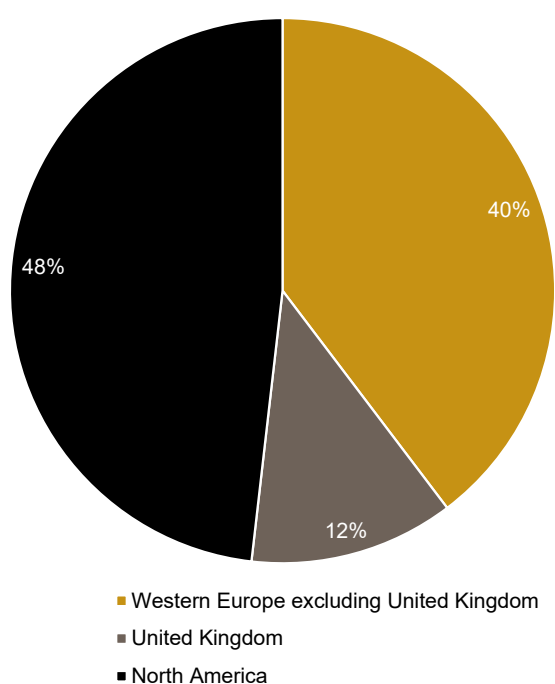
Data sources

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 company update search of the [Orbis database](#) was carried out on 5 November 2020 on data update number 202001 using software version 202. The financial data for the calculation was extracted from Orbis at the same time.

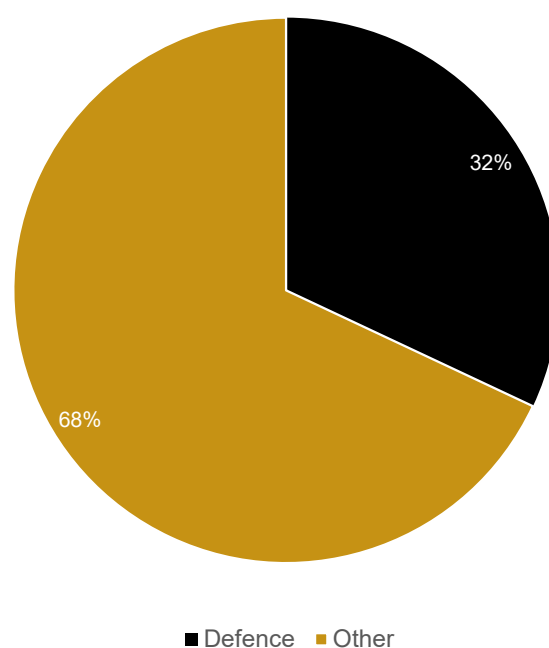
Median capital servicing adjusted return on cost of production



Proportion of Companies by country



Proportion of companies with defence keyword



Supplementary statistics

Number of companies	290
<i>of which profit making</i>	247
Aggregate turnover	£1,056
Total capital employed (CE)	£272
Average company CP:CE ratio	3.47

Source: Orbis (Cash figures shown in GBP Billions)

Names of companies in the index

A/S Vestfrost *	Limitada.	beschaenkteter Haftung	Manitex International, Inc. *
Aaon INC	CNH Industrial N.V	Glunz & Jensen Holding A/S *	Manitou BF
AB Volvo	Cognex Corp	Gorman-Rupp Company (The)	Manitowoc Company, Inc. (The)
Advanced Energy Industries INC	Coherent INC	Graco INC	Marel HF
Aerojet Rocketdyne Holdings, Inc.	Cohort PLC	Graham Corp	Mariani S.R.L.
Aerovironment, Inc.	Cohu INC *	Gray & Adams (Doncaster) Limited	Maschinenfabrik Berthold Hermle AG
Aertec Solutions SL.	Columbus McKinnon Corp	Greenbrier Companies, Inc. (The)	MAX Automation SE *
Airbus SE	Comerio Ercole S.P.A.	Grovgaarden AS	Maxar Technologies Inc.
Alamo Group INC	Commercial Vehicle Group, Inc.	Gulf Island Fabrication INC *	Mccoy Global Inc.
Alimak Group AB	Comtech Telecommunications Corp	Havyard Group ASA *	Meggitt PLC
Allied Motion Technologies, Inc.	Construcciones Y Auxiliar de Ferrocarriles, S.A.	Heico Corp	Mercury Systems INC
Allison Transmission Holdings, Inc.	Continental AG *	Heidelberger Druckmaschinen AG *	Mikron Holding AG
Alstom	Cormach S.R.L.	Heroux-Devtek INC *	Miller Industries INC
Altra Industrial Motion Corp.	Costar Technologies, Inc. *	Hexcel Corp	Mino S.P.A.
American Axle & Manufacturing Holdings, Inc. *	CTA International SAS	Honeywell International INC	MKS Instruments INC
Ametek INC	CTT Systems AB	Huntington Ingalls Industries, Inc.	Modine Manufacturing CO
Amtech Systems INC	Cubic Corp	IDEX Corp	Moog INC
Aptiv PLC	Cummins Inc.	li-Vi INC	Morgan Advanced Materials PLC
Astec Industries INC	Curtiss Wright Corp	Imer International SPA	Motorola Solutions, Inc.
Astronics Corporation	CVD Equipment Corporation *	Inficon Holding AG	Mpac Group PLC
Astronova, Inc.	Cyberoptics Corp	Ingenieria Y Tecnicas de Montajes Lointek SL	MS International PLC
Atlas Copco AB	Dalmec S.P.A.	Innovative Solutions & Support INC	MTS Systems Corp
ATS Automation Tooling Systems INC	Dana Incorporated	Interroll Holding AG	National Oilwell Varco, Inc. *
Autoliv, Inc.	Data I/O Corp *	Intevac INC	Navistar International Corp
Avant Tecno Oy	Deere & CO	Intricon Corporation *	NC Engineering (Hamiltonsbawn) Limited
Axcelis Technologies INC	DEL BO Impianti S.R.L.	Istobal SA	Nicolas Correa S.A.
Axon Enterprise, Inc. *	Deutz AG	Italcab S.P.A.	Nordson Corp
Azkoyen SA	Douglas Dynamics, Inc.	John Bean Technologies Corp	Northrop Grumman Corporation
BAE Systems PLC	Dril-Quip INC *	Judges Scientific PLC	Novanta INC
Barco NV	Ducommun INC	Kadant INC	Nuova Idropress - Societa' PER Azioni IN Forma Abbreviata NIP S.P.A.
Barnes Group INC	Duerr AG	Kaman Corp	Officine Bieffebi S.P.A.
Bevan Group LTD	Elettronica - Societa PER Azioni	Katsa Oy	Omax S.P.A.
Bittium OYJ	Energy Recovery, Inc.	Kesla OYJ	Onto Innovation Inc. *
BK Technologies INC *	Enerpac Tool Group Corp	Keysight Technologies, Inc.	Oshkosh Corporation
Blonder Tongue Laboratories INC *	Espey Manufacturing & Electronics Corp	KMG Systems Limited	Oxford Instruments PLC
Boeing Company (The)	Eurofighter Jagdflugzeug GmbH	Koenig UND Bauer AG	P P S Commercials Limited
Boston Scientific Corp	Europress Group Oy	Komax Holding AG	Paccar INC
Brieda E.C. - S.R.L.	EVS Broadcast Equipment SA	Konecranes OYJ	Park Aerospace Corp.
Broadwind, Inc. *	Faro Technologies INC *	Kongsberg Gruppen ASA (J)	Paul Mueller Company
Bruker Corporation	Fedegari Autoclavi - S.P.A.	Kratos Defense & Security Solutions, Inc.	PC TEL INC
Brunvoll Holding AS	Federal Signal Corp	Krohne Italia SRL *	Perceptron INC *
BWX Technologies Inc.	Filtron PLC *	KVH Industries INC *	Petards Group PLC *
C.M.A. S.P.A.	Flir Systems INC	L3harris Technologies, Inc.	Pietro Fiorentini S.P.A.
C.S.C. - S.P.A.	Flowserve Corp	LAM Research Corp	Ponsse OYJ
Caci International INC	Fratelli Mazzocchi S.P.A. *	Lecitrailer SA	Portsmouth Aviation Holdings Limited *
Calf S.P.A.	Freightcar America, Inc. *	Leonardo - Finmeccanica S.P.A.	Powell Industries INC
Calpeda S.P.A.	Frigoveneta S.P.A.	Lillbacka Powerco Oy *	Prima Industrie SPA
Caprari S.P.A.	G.H.B. (Holding) Limited	Linamar Corporation	Qinetiq Group PLC
Caterpillar INC	Genasys Inc.	Lockheed Martin Corp	Radley Engineering Limited
Ceco Environmental Corp.	Gencor Industries, Inc.	Logset Oy	Raute OYJ
Ceotronics AG	General Dynamics Corp	Macpresse Europa S.R.L.	Raytheon Technologies Corporation
Chart Industries INC	General Electric Company	Mactaggart Scott (Holdings) Limited	Renishaw PLC
Chemring Group PLC	Gentex Corp	Magna International INC	Rheinmetall AG
CMZ Machine Tool Manufacturer Sociedad	Gesellschaft fuer Oeltechnik mit	Makron Oy	Ricardo PLC

Robor SRL	SPX Corp	Thwaites Limited	Wilton Universal Group Limited *
Rockwell Automation, Inc.	SPX Flow, Inc.	Thyssenkrupp AG *	Wireless Telecom Group INC *
Rohde & Schwarz GmbH & Co. Kommanditgesellschaft	Star Refrigeration Limited	Tomra Systems ASA	Witt & SON UK Holdings Limited
Rolls-Royce Holdings PLC *	Steerprop Oy *	Tornos Holding S.A	Woodward, Inc.
Roper Technologies, Inc.	Sturm Ruger & CO INC	Trakm8 Holdings PLC *	Worthington Industries INC
Saab AB	Sulzer AG	Trane Technologies PLC	Xylem Inc.
Saalasti Oy *	SVI S.P.A.	Transdigm Group Incorporated	Zambello Riduttori 2 - S.R.L.
Safran	Swede Ship Marine Aktiebolag *	Trinity Industries INC	Zebra Technologies Corp
Samp S.P.A.	Systemair AB	Triumph Group INC	
Sandvik AB	Tacchi Giacomo E Figli S.P.A. *	Tronrud Engineering AS *	
Schaltbau Holding AG	Talgo,S.A.	Twin Disc INC	
Schlatter Industries AG	Talleres Daumar SL	Ultra Electronics Holdings PLC	
Schmitt - Elevadores, LDA	Taylor Devices INC	Univer S.P.A. *	
SCM Group S.P.A.	Teagle Holdings Limited	Vaisala OYJ	
Sheffield Forgemasters International Limited	Teledyne Technologies Incorporated	Varian Medical Systems INC	
Siemens AG	Tennant CO	VEO Oy	
Skako A/S	Tenneco Inc.	Wabash National Corp	
Smith & Wesson Brands, Inc.	Teradyne INC	Wacker Neuson SE	
Smith Brothers (Leicester) Limited	Terex Corp	Wartsila OYJ	
Smiths Group PLC	Tesmec SPA	Washtec AG	
Spirax-Sarco Engineering PLC	Textron INC	Waters Corp	
Spirit Aerosystems Holdings, Inc.	Thales	Welbilt INC	
	THE Shyft Group, Inc.	William Cook Holdings Limited (J)	

* Indicates that the company is a loss-maker in the year. The data for loss-makers are not included in the 2021/22 assessment, but the companies will be taken forward for consideration next year.

(J) indicates a company which was not in the group last year but has been added this year.