

SSRO

Single Source
Regulations Office

Activity type factsheet Provide and Maintain

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 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*.

Provide and Maintain

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.

Profit on cost of production

	2017/18	2018/19	2019/20	2020/21	2021/22
Underlying rate (unadjusted for capital servicing)	8.78%	9.75%	10.93%	9.92%	9.90%
Capital servicing adjustment	-2.67%	-1.55%	-1.79%	-2.15%	-1.65%
Underlying rate	6.11%	8.20%	9.14%	7.77%	8.25%
Three-year rolling average	7.53%	6.97%	7.82%	8.37%	8.39%

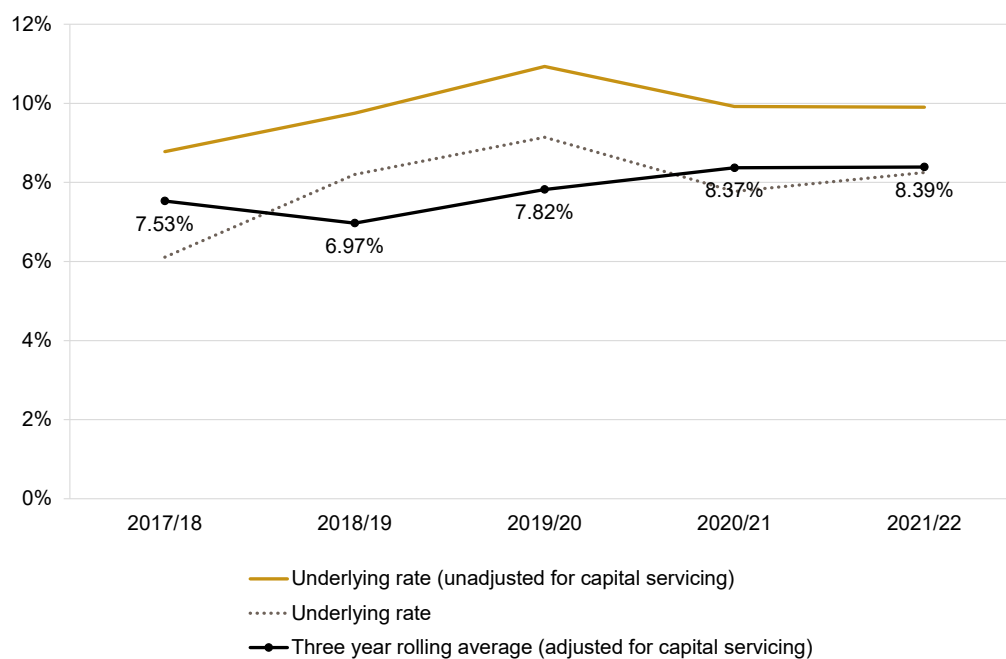
Note: The capital servicing adjustment accounts, at an aggregate level, for different levels of capital employed across the companies in the index and so sets a baseline upon which step 6 of the contract profit rate applies.

The pre-2017/18 underlying rates used for the three-year average were: 2016/17: 6.60%; 2015/16 (calculated using the Review Board’s methodology): 9.88%.

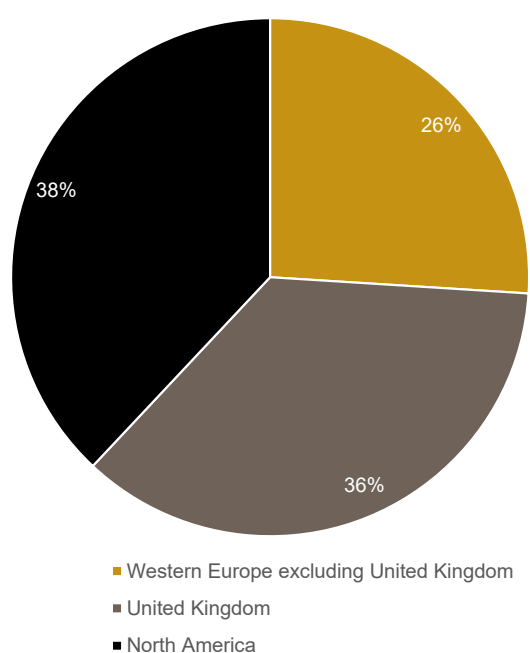
Data sources

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.

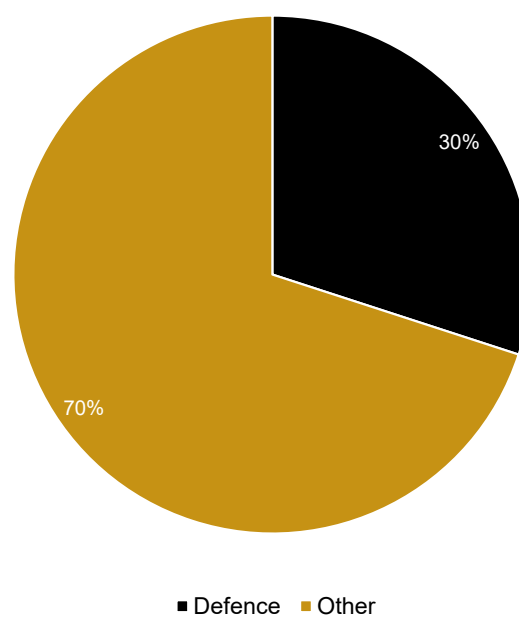
Median capital servicing adjusted return on cost of production



Proportion of Companies by country



Proportion of companies with defence keyword



Supplementary statistics

Number of companies	57
of which profit making	50
Aggregate turnover	£86
Total capital employed (CE)	£43
Average company CP:CE ratio	1.79

Source: Orbis (Cash figures shown in GBP Billions)

Names of companies in the index

AAR Corp	Gama Aviation PLC	Saltire Energy Limited
AB Transitio	GAP Holdings Limited	Science Applications International Corp
Aggreko PLC	Gatx Corp	Signature Aviation PLC
ALC (Superholdco) Limited	GO Plant Fleet Services LTD	Snec-Lavalin Group INC *
Applus Services, S.A.	H&E Equipment Services, Inc.	Speedy Hire PLC
Archrock, Inc.	Indra Sistemas SA	Sureserve Group PLC
Ashtead Group PLC	Insta Group Oy	Team INC *
Atlas AIR Worldwide Holdings, Inc.	Jacobs Engineering Group INC	Total Energy Services Inc. *
Babcock & Wilcox Enterprises, Inc.	Kbr, Inc.	United Rentals INC
Babcock International Group PLC *	KIS Partners AS	VMS (Holdings) Limited
Burkhalter Holding AG	Leidos Holdings, Inc.	VSE Corp
Byggesystemer Norge AS	Mcgrath Rentcorp	Westinghouse AIR Brake Technologies Corp
CAE INC	Moen-Gruppen AS	Williams Shipping Holdings Limited
CAI International INC	MTU Aero Engines AG (J)	Willis Lease Finance Corp
Cowles Holdings Limited	Muehlhan AG	Wood Group (John) PLC
Dawsongroup PLC	Natural GAS Services Group, Inc. *	
Dublin Aerospace Limited	Oceaneering International INC * (J)	
DXP Enterprises INC	Pekkaniska Group Oy	
Electromecanica Naval E Industrial SA	Renew Holdings PLC	
Finning International INC	RWG (Repair & Overhauls) Limited	
Fisher (James) & Sons PLC	Ryder System INC *	

* 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 activity group last year, but has been added this year.