

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

	2018/19	2019/20	2020/21	2021/22	2022/23
Underlying rate (unadjusted for capital servicing)	8.70%	8.78%	9.67%	9.28%	9.45%
Capital servicing adjustment	-1.03%	-0.92%	-0.98%	-1.15%	-0.77%
Underlying rate	7.67%	7.86%	8.69%	8.13%	8.68%
Rolling average*	6.65%	7.43%	8.07%	8.23%	8.34%

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.

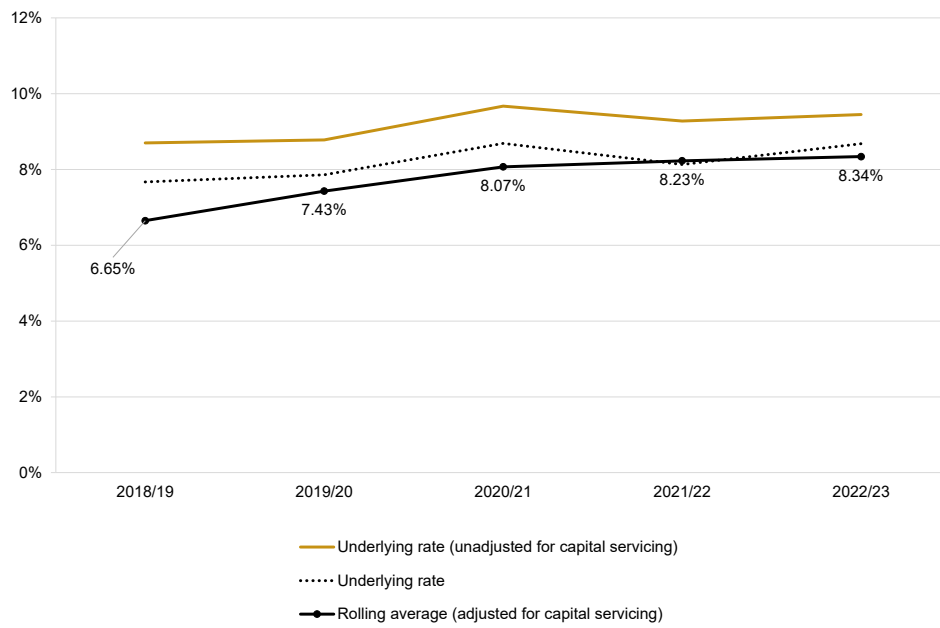
**A four-year average was used for 2022/23 and a three-year average was used pre-2022/23.*

The pre-2018/19 underlying rates used for the three-year average were: 2017/18: 6.77%; 2016/17: 5.51%.

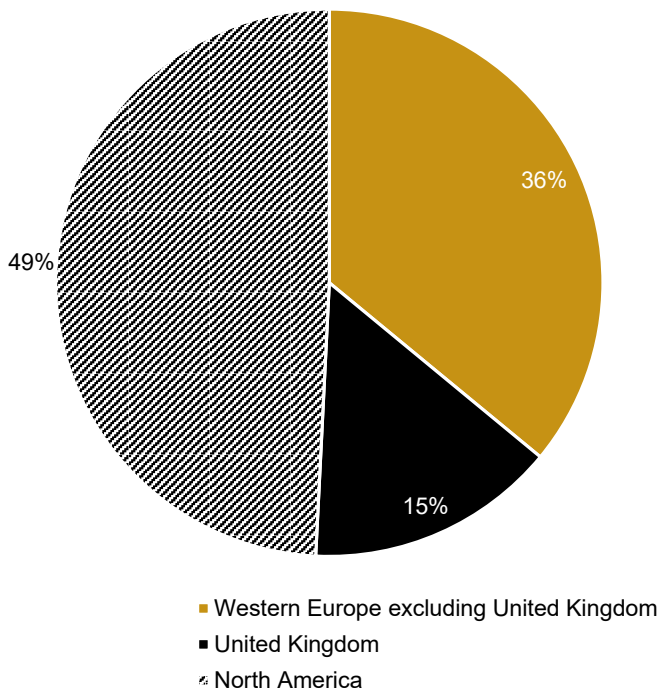
Data sources

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 1 November 2021 on data update number 216001 using software version 216. The financial data for the calculation was extracted from Orbis at the same time.

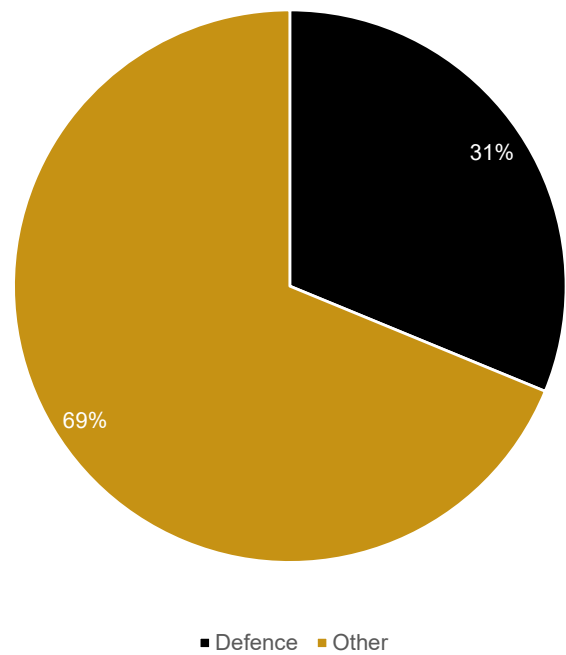
Median capital servicing adjusted return on cost of production



Proportion of companies by country



Proportion of companies with defence keyword



Supplementary statistics

Number of companies	241
<i>of which profit making</i>	189
Aggregate turnover	£613
Total capital employed (CE)	£183
Average company CP:CE ratio	2.98

Source: Orbis (Cash figures shown in GBP Billions)

Names of companies in the index

A/S A/S Vestfrost *	Columbus Mckinnon Corp	Innovative Solutions & Support INC	Oxford Instruments PLC
Aaon INC	Comerio Ercole S.P.A.	Interroll Holding AG	P P S Commercials Limited
AB Volvo	Comtech Telecommunications Corp	Intevac INC	Paccar INC
Advanced Energy Industries INC	Construcciones Y Auxiliar de Ferrocarriles, S.A.	John Bean Technologies Corp	Park Aerospace Corp.
Aerofjet Rocketdyne Holdings, Inc.	Continental AG *	Judges Scientific PLC	Paul Mueller Company *
Aerovironment, Inc.	Cormach S.R.L. *	Kadant INC	Pietro Fiorentini S.P.A.
Airbus SE *	CTA International SAS	Kaman Corp *	Ponsse OYJ
Alamo Group INC	Cummins Inc.	Katsa Oy *	Portsmouth Aviation Holdings Limited
Alimak Group AB	Curtiss Wright Corp	Kesla OYJ	Powell Industries INC
Allied Motion Technologies, Inc.	Cyberoptics Corp	Keysight Technologies, Inc.	Prima Industrie SPA *
Allison Transmission Holdings, Inc.	Dana Incorporated	KMG Systems Limited	Qinetiq Group PLC
Alstom	Data I/O Corp *	Koenig UND Bauer AG *	Raute OYJ *
Altra Industrial Motion Corp.	Deere & CO	Komax Holding AG	Raytheon Technologies Corporation *
American Axle & Manufacturing Holdings, Inc. *	DEL BO Impianti S.R.L.	Konecranes OYJ	Renishaw PLC
Ametek INC	Deutz AG *	Kratos Defense & Security Solutions, Inc.	Rheinmetall AG
Amtech Systems INC *	Douglas Dynamics, Inc. *	L3harris Technologies, Inc.	Ricardo PLC *
Aptiv PLC	Dril-Quip INC *	LAM Research Corp	Rockwell Automation, Inc.
Astec Industries INC	Ducommun INC	Leonardo S.P.A.	Rohde & Schwarz GmbH & Co. Kommanditgesellschaft
Astronova, Inc.	Duerr AG *	Lillbacka Powerco Oy *	Roper Technologies, Inc.
Atlas Copco AB	Energy Recovery, Inc.	Linamar Corporation	Saab AB
ATS Automation Tooling Systems INC	Enerpac Tool Group Corp	Lockheed Martin Corp	Saalasti Oy
Autoliv, Inc.	Espey Manufacturing & Electronics Corp.	Logset Oy	Samp S.P.A.
Avant Tecno Oy	Europress Group Oy	Macpresse Europa S.R.L.	Sandvik AB
Axcelis Technologies INC	EVS Broadcast Equipment SA	MacTaggart Scott (Holdings) Limited	Schlatter Industries AG *
Axon Enterprise, Inc. *	Fedegari Autoclavi - S.P.A.	Magna International INC	Schmitt - Elevadores, LDA
Azkoyen SA	Federal Signal Corp	Manitex International, Inc. *	SCM Group S.P.A.
B.M.B. S.P.A. (J)	Filtronic PLC *	Manitou BF	Servotronics INC * (J)
BAE Systems PLC	Flowserve Corp	Manitowoc Company, Inc. (The)	Siemens AG
Bailey Trailers Limited (J)	Fratelli Mazzocchia S.P.A. *	Marel HF	Skako A/S
Barco NV	Freightcar America, Inc. *	Mariani S.R.L.	Smith & Wesson Brands, Inc.
Barnes Group INC	Frigoveneta S.P.A.	Maschinenfabrik Berthold Hermle AG	Smith Brothers (Leicester) Limited
Bevan Group LTD	G.H.B. (Holding) Limited	MAX Automation SE *	Smiths Group PLC
Bittium OYJ	Genasys Inc.	Mercury Systems INC	Spirit Aerosystems Holdings, Inc. *
BK Technologies INC	Gencor Industries, Inc.	Mikron Holding AG *	SPX Corp
Boeing Company (The) *	General Dynamics Corp	Miller Industries INC	SPX Flow, Inc.
Broadwind, Inc. *	General Electric Company *	MKS Instruments INC	Star Refrigeration Limited
Bruker Corporation	Gentex Corp	Modine Manufacturing CO *	Steerprop Oy *
Brunvoll Holding AS	Gorman-Rupp Company (The)	Moog INC	Streon Limited (J)
BWX Technologies Inc.	Graco INC	Morgan Advanced Materials PLC	Sturm Ruger & CO INC
Caci International INC	Graham Corp	Motorola Solutions, Inc.	Sulzer AG
Calpeda S.P.A.	Greenbrier Companies, Inc. (The)	Mpac Group PLC	SVI S.P.A.
Carrocera Castrosua SA (J)	Gulf Island Fabrication INC *	MS International PLC *	Swede Ship Marine Aktiebolag *
Castledon LTD * (J)	Havyard Group ASA	MULTIVAC Sepp Haggenmueller SE & Co. KG (J)	Systemair AB
Caterpillar INC	Heico Corp	NC Engineering (Hamiltonsbawn) Limited	Talgo,S.A.
Ceco Environmental Corp.	Heidelberger Druckmaschinen AG	Nicolas Correa S.A.	Taylor Devices INC
Ceotronics AG	Heroux-Devtek INC	Nordson Corp	Teagle Holdings Limited
Chart Industries INC	Hidden Instruments Limited (J)	Northrop Grumman Corporation	Teledyne Technologies Incorporated
Chemring Group PLC	Honeywell International INC	NOV INC *	Tennant CO
CNH Industrial N.V. *	Huntington Ingalls Industries, Inc.	Novanta INC	Teradyne INC
Cognex Corp	Idex Corp	Nuova Idropress - Societa' PER Azioni IN Forma Abbreviata NIP S.P.A.	Terex Corp
Coherent INC *	ii-Vi INC	Officina Bocedi SRL (J)	Tesmec SPA *
Cohort PLC	Ilmor Engineering Limited * (J)	Onto Innovation Inc.	Textron INC
Cohu INC	Imer International SPA	Oshkosh Corporation	Thales
Colosio S.R.L. (J)	Inficon Holding AG		THE Shyft Group, Inc.

Thwaites Limited	Worthington Industries INC
Thyssenkrupp AG *	Xylem Inc.
Tomra Systems ASA	Zambello Riduttori 2 - S.R.L.
Trane Technologies PLC	Zebra Technologies Corp
Trinity Industries INC *	
Triumph Group INC *	
Tronrud Engineering AS	
Twin Disc INC *	
Ultra Electronics Holdings PLC	
Vaisala OYJ	
VEO Oy	
Wabash National Corp *	
Wacker Neuson SE	
Wartsila OYJ	
Washtec AG	
Weber Maschinenbau GmbH Breidenbach (J)	
Whale Tankers Limited (J)	
William Cook Holdings Limited	
Wilton Universal Group Limited *	
Wireless Telecom Group INC *	
Witt & SON UK Holdings Limited *	
Woodward, Inc.	

* Indicates that the company is a loss-maker in the year.

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