

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

	2018/19	2019/20	2020/21	2021/22	2022/23
Underlying rate (unadjusted for capital servicing)	9.75%	10.93%	9.92%	9.90%	7.02%
Capital servicing adjustment	-1.55%	-1.79%	-2.15%	-1.65%	-1.01%
Underlying rate	8.20%	9.14%	7.77%	8.25%	6.01%
Rolling average*	6.97%	7.82%	8.37%	8.39%	7.79%

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.

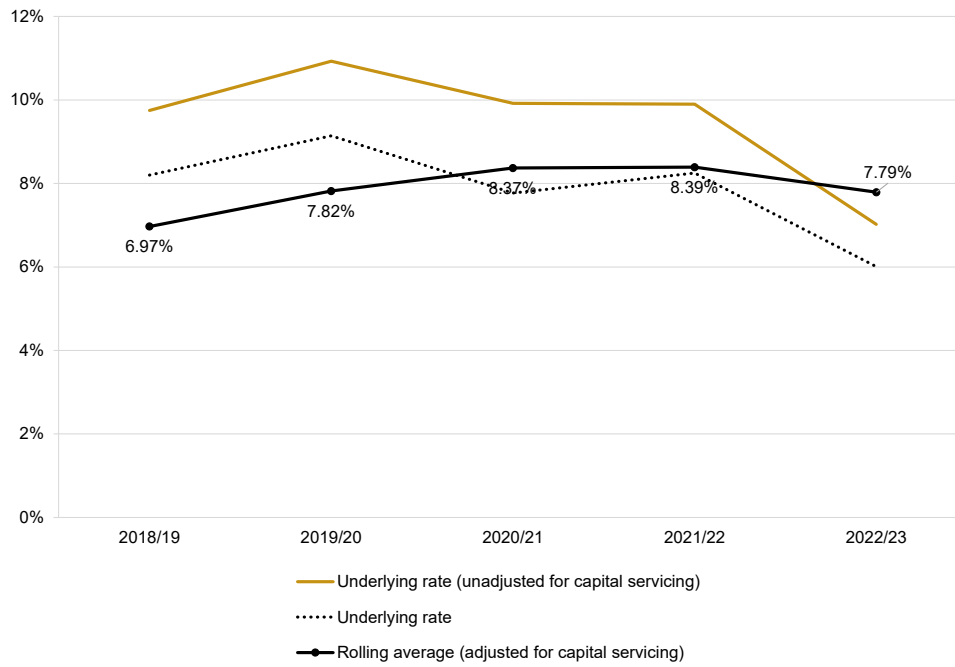
**A four-year average was used for 2022/23 and a three-year average was used pre-2022/23.*

The pre-2018/19 underlying rates used for the three-year average were: 2017/18: 6.11%; 2016/17: 6.60%.

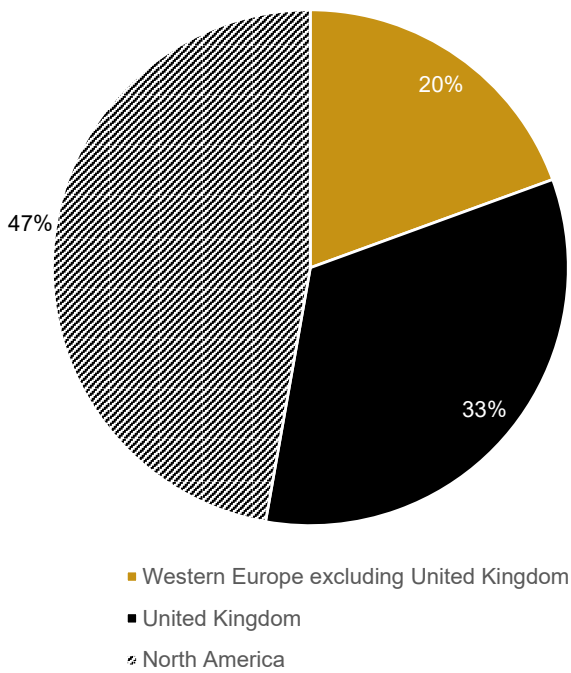
Data sources

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.

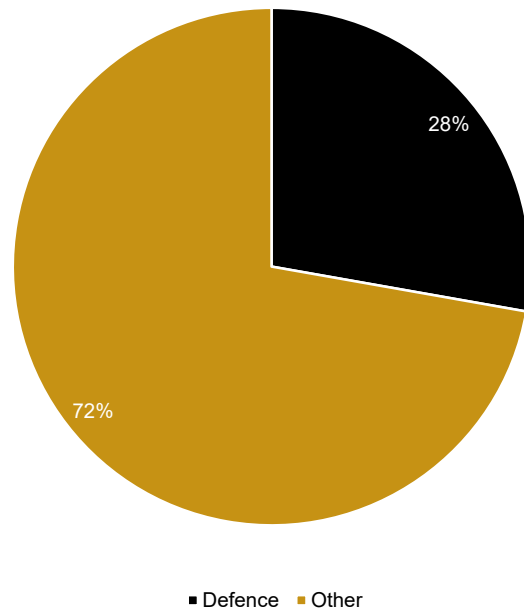
Median capital servicing adjusted return on cost of production



Proportion of companies by country



Proportion of companies with defence keyword



Supplementary statistics

Number of companies	50
<i>of which profit making</i>	36
Aggregate turnover	£66
Total capital employed (CE)	£40
Average company CP:CE ratio	1.46

Source: Orbis (Cash figures shown in GBP Billions)

Names of companies in the index

AAR Corp	Jacobs Engineering Group INC	Limited * (J)
AB Transito	John Nixon Limited (J)	United Rentals INC
Airtanker Holdings Limited (J)	Kbr, Inc.	VMS (Holdings) Limited
Airtanker Services Limited * (J)	KIS Partners AS	VSE Corp
Applus Services, S.A. *	Leidos Holdings, Inc.	Westinghouse AIR Brake Technologies Corp
Archrock, Inc. *	Maxar Technologies Inc. * (J)	Williams Shipping Holdings Limited
Ashtead Group PLC	Mcgrath Rentcorp	Willis Lease Finance Corp
Atlas AIR Worldwide Holdings, Inc.	MTU Aero Engines AG	Willis Mitsui & CO Engine Support Limited * (J)
Babcock & Wilcox Enterprises, Inc.	Muehlhan AG	Wood Group (John) PLC *
Babcock International Group PLC *	Natural GAS Services Group, Inc. *	
Burkhalter Holding AG	Oceaneering International INC *	
CAE INC	Renew Holdings PLC	
CAI International INC	RWG (Repair & Overhauls) Limited	
Cowles Holdings Limited	Ryder System INC *	
Cuypers Vorkliften (J)	Saltire Energy Limited	
Dawsongroup PLC	Science Applications International Corp	
Electromecanica Naval E Industrial SA	Snc-Lavalin Group INC *	
Finning International INC	Speedy Hire PLC	
Gama Aviation PLC *	Sureserve Group PLC	
Gatx Corp	Team INC *	
H&E Equipment Services, Inc.	Total Aircraft Product Support (Holdings)	

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

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