

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 into five activity types:

- Develop and Make
- Provide and Maintain
- Ancillary Services
- Construction
- Information Technology Services

The results of these groups are separately analysed and this fact sheet describes the Develop and Make group results.

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

	2019/20	2020/21	2021/22	2022/23	2023/24
Underlying rate (unadjusted for capital servicing)	8.78%	9.67%	9.28%	9.45%	9.80%
Capital servicing adjustment	-0.92%	-0.98%	-1.15%	-0.77%	-0.64%
Underlying rate	7.86%	8.69%	8.13%	8.68%	9.16%
Rolling average*	7.43%	8.07%	8.23%	8.34%	8.66%

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.

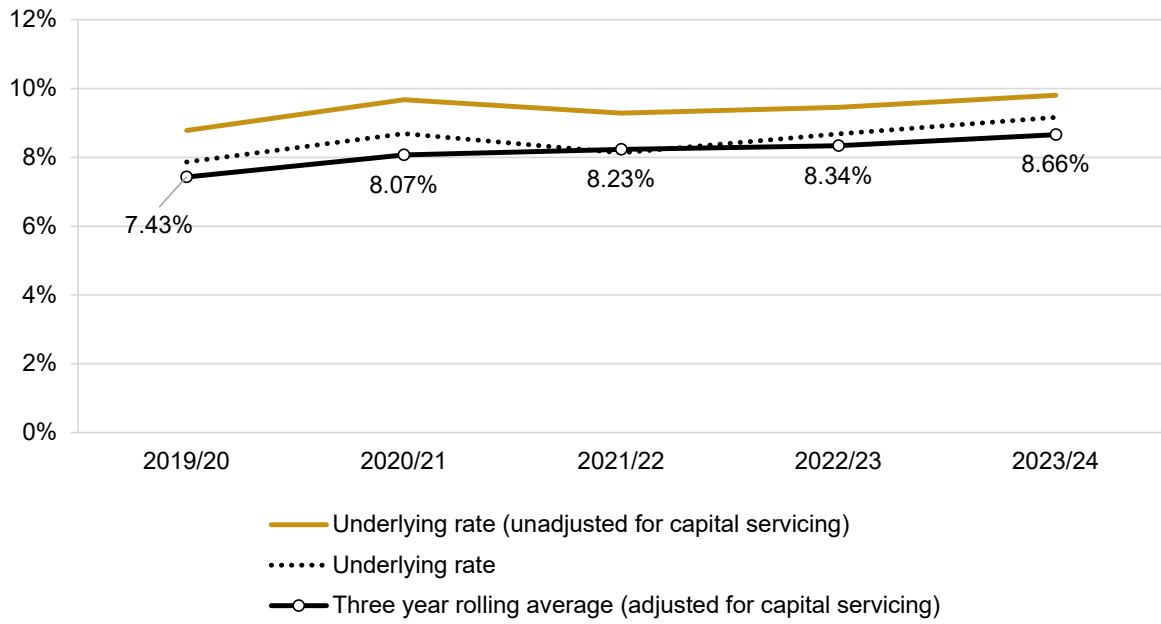
* A four-year average was used for 2022/23; a three-year average for pre-2022/23 and a three year average (excluding 2022/23 underlying rate) for 2023/24.

The pre-2019/20 underlying rates used for the three-year average were: 2018/19: 7.67% and 2017/18: 6.77%.

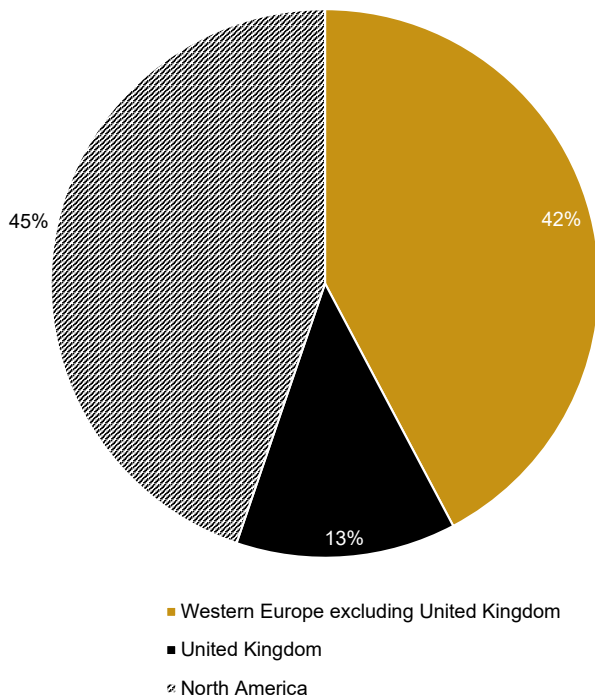
Data sources

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 2022 on data update number 329001 using software version 329. The financial data for the calculation was extracted from Orbis at the same time.

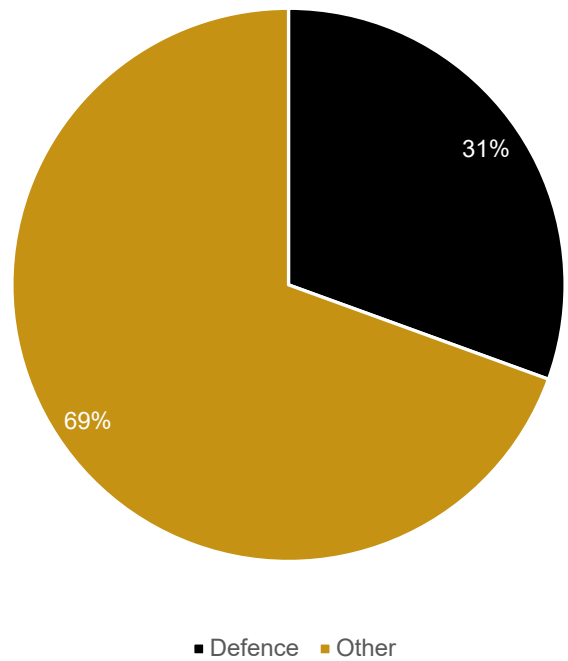
Median capital servicing adjusted return on cost of production



Proportion of companies by country



Proportion of companies with defence keyword



Supplementary statistics

Number of companies	285
<i>of which profit making</i>	239
Aggregate turnover (£billions)	£945
Total capital employed (CE) (£billions)	£257
Average company CP:CE ratio	3.29

Source: Orbis (Cash figures shown in rounded GBP Billions)

Names of companies in the index

600 Group (The) PLC (J)	Caci International INC	Faurecia (J)	L3harris Technologies, Inc.
Aaon INC	Cactus, Inc. (J)	Federal Signal Corp	LAM Research Corp
AB Volvo	Carver Group Limited (J)	Filtronic PLC	Leonardo S.P.A.
Accuracy International Limited * (J)	Castledon LTD *	FMT SRL (J)	Lillbacka Powerco Oy
Advanced Energy Industries INC	Caterpillar INC	Frigoveneta S.P.A.	Linamar Corporation
Advanced Mechanical and Optical Systems * (J)	Ceco Environmental Corp.	Frumecar SL (J)	Lockheed Martin Corp
Aerojet Rocketdyne Holdings, Inc.	Cela S.R.L. (J)	G.H.B. (Holding) Limited	Logset Oy
Aerovironment, Inc.	CGG * (J)	Geismar Italia S.P.A. * (J)	Lombardi Converting Machinery S.P.A. (J)
Aguirre Maquinaria Agricola SL. (J)	Chart Industries INC	Genasys Inc.	Magna International INC
AIR Industries Group (J)	Chemring Group PLC	Gencor Industries, Inc. *	Manitex International, Inc. *
Airbus SE	CMZ Machine Tool Manufacturer Sociedad Limitada. (J)	General Dynamics Corp	Manitou BF
Alamo Group INC	CNH Industrial N.V	General Electric Company	Manitowoc Company, Inc. (The)
Alimak Group AB	Coda Octopus Group, Inc. (J)	Gentex Corp	Marel HF
Allied Motion Technologies, Inc.	Cognex Corp	Gesellschaft fuer Oeltechnik mit beschaerakter Haftung (J)	Mariani S.R.L.
Allison Transmission Holdings, Inc.	Coherent Corp	Gorman-Rupp Company (The)	Maschinenfabrik Berthold Hermler AG
Alstom S.A *	Cohort PLC	Graco INC	MAX Automation SE
Altra Industrial Motion Corp.	Cohu INC	Graham Corp *	Mecapack (J)
American Axle & Manufacturing Holdings, Inc.	Colosio S.R.L.	Granada Material Handling Limited * (J)	Mercury Systems INC
Ametek INC	Columbus Mckinnon Corp	Greenbrier Companies, Inc. (The)	Mikron Holding AG
Amtech Systems INC	Commercial Vehicle Group, Inc. (J)	Guzzetti S.P.A. (J)	Miller Industries INC
Analog Devices INC (J)	Comrod Communication AS (J)	Heico Corp	MKS Instruments INC
Andritz AG (J)	Comtech Telecommunications Corp	Heidelberger Druckmaschinen AG	Modine Manufacturing CO
Antonio Carraro S.P.A. (J)	Construcciones Y Auxiliar de Ferrocarriles, S.A.	Heroux-Devtek INC	Moog INC
Aptiv PLC	Continental AG	Hexcel Corp (J)	Motorola Solutions, Inc.
Astec Industries INC	CPI Aerostructures INC (J)	Hidden Instruments Limited	Mpac Group PLC
Astronics Corporation * (J)	CTA International SAS	Honeywell International INC	MS International PLC
Astronova, Inc.	CTT Systems AB (J)	Huntington Ingalls Industries, Inc.	MULTIVAC Sepp Haggenmueller SE & Co. KG
Athader SL (J)	Cummins Inc.	I dex Corp	Nammo AS (J)
Atlas Copco AB	Curtiss Wright Corp	IMI PLC (J)	NC Engineering (Hamiltonsbawn) Limited
ATS Automation Tooling Systems INC	CVD Equipment Corporation * (J)	Industrias Montanasas Electricas Mecanicas SL (J)	NFI Group Inc. (J)
Aumann AG * (J)	Cyberoptics Corp	Inficon Holding AG	NG Bailey Group Limited * (J)
Autoliv, Inc.	D.R.A. LTD * (J)	Ingersoll Rand Inc. (J)	Nordson Corp
Avant Tecno Oy	Data I/O Corp *	Innovative Solutions & Support INC	Northrop Grumman Corporation
Axcelis Technologies INC	David Ritchie (Implements) Limited * (J)	Interroll Holding AG	NOV INC *
Axon Enterprise, Inc. *	de Lorenzo S.P.A. * (J)	IPG Photonics Corporation (J)	Novanta INC
Azkoyen SA	Deere & CO	Istobal SA (J)	Nuova Idropress - Societa' PER Azioni IN Forma Abbreviata NIP S.P.A.
BAE Systems PLC	Deutz AG	Italcab S.P.A. (J)	NVE Corporation (J)
Bailey Trailers Limited	Douglas Dynamics, Inc.	John Bean Technologies Corp	Officina Bocedi SRL
Barco NV	Dril-Quip INC *	Johnson Controls International PLC (J)	Officina Meccanica F.Lli Tabarelli S.P.A. (J)
Barnes Group INC	Ducommun INC	Jost Werke AG (J)	Onto Innovation Inc.
Binder + Co AG (J)	Duerr AG	Judges Scientific PLC	Oshkosh Corporation *
Bittium OYJ	Electromecanica Naval E Industrial SA (J)	Kadant INC	Oxford Instruments PLC
BK Technologies Corporation * (J)	Elettronica - Societa PER Azioni (J)	Kaman Corp	Oy El-Ho Ab (J)
Blonder Tongue Laboratories INC * (J)	Elno (J)	Katsa Oy	Paccar INC
Blue Bird Corporation (J)	Energy Recovery, Inc.	Keestrack (J)	Pama S.P.A. (J)
BMI Trailers Limited (J)	Enerpac Tool Group Corp	Kesla OYJ	Paragon Technologies INC (J)
Boeing Company (The) *	Esautomotion S.P.A. (J)	Keysight Technologies, Inc.	Park Aerospace Corp.
Broadwind, Inc. *	Espey Manufacturing & Electronics Corp. *	Klingelberg AG * (J)	Paul Mueller Company
Bruker Corporation	EVS Broadcast Equipment SA	KMG Systems Limited	Petards Group PLC (J)
Brunvoll Holding AS	F. Zimmermann GmbH (J)	Koenig UND Bauer AG	Pietro Fiorentini S.P.A.
BWX Technologies Inc.	Fabricacion de Elevadores SL (J)	Komax Holding AG	Ponsse OYJ
C.M.A. - Costruzioni Montacarichi ED Ascensori - Societa' A Responsabilita' Limitata (J)	Fabrications Mecaniques de l'Atlantique * (J)	Konecranes OYJ	Portsmouth Aviation Holdings Limited
	Faro Technologies INC * (J)	Kratos Defense & Security Solutions, Inc.	Powell Industries INC *

Presses et Cisailles Lefort (J)	Schmitt - Elevadores, LDA	Textron INC	Wilton Universal Group Limited *
Prima Industrie SPA	Servotronics INC *	Thales	Wireless Telecom Group INC
PSM Projekt System & Management Gmbh (J)	Servoalve S.P.A. * (J)	THE Shyft Group, Inc.	Witt & SON UK Holdings Limited
PVA Tepla AG (J)	Siemens AG	Thwaites Limited	Woodward, Inc.
Qinetiq Group PLC	Skako A/S	Thyssenkrupp AG	Xylem Inc.
Raute OYJ *	Smiths Group PLC	Tiber Pack S.P.A. (J)	Zebra Technologies Corp
Raytheon Technologies Corporation	Sonardyne Holdings Limited * (J)	Tomra Systems ASA	
Renishaw PLC	Spirit Aerosystems Holdings, Inc. *	Tong Engineering Limited (J)	
REV Group, Inc. (J)	SPX Technologies INC	Tornado Global Hydrovacs Ltd. * (J)	
Rheinmetall AG	Star Refrigeration Limited	Trakm8 Holdings PLC (J)	
Robson Handling Technology Limited * (J)	Stoneridge INC * (J)	Trinity Industries INC	
Rockwell Automation, Inc.	Swede Ship Marine Aktiebolag *	Triumph Group INC	
Rohde & Schwarz GmbH & Co. Kommanditgesellschaft	Systemair AB	Tronrud Engineering AS	
Rolls-Royce Holdings PLC (J)	TAI Milano S.P.A. (J)	TTM Technologies INC (J)	
Saab AB	Taylor Devices INC *	Twin Disc INC *	
Saalasti Oy	Teagle Holdings Limited	Vaisala OYJ	
Sacim SPA * (J)	Teledyne Technologies Incorporated	Veeco Instruments INC (J)	
Safran (J)	Tennant CO	Vicinity Motor Corp. * (J)	
Salmoiraghi S.P.A. (J)	Tenneco Inc. (J)	Wabash National Corp	
Samp S.P.A.	Teradyne INC	Wacker Neuson SE	
SC Group-Global Limited * (J)	Terex Corp	Washtec AG	
Schlatter Industries AG	Tesmec SPA	Weber Maschinenbau GmbH Breidenbach	
	Tevo Oy (J)	William Cook Holdings Limited	

* 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.