

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

	2020/21	2021/22	2022/23	2023/24	2024/25
Underlying rate (unadjusted for capital servicing)	9.67%	9.28%	9.45%	9.80%	9.76%
Capital servicing adjustment	-0.98%	-1.15%	-0.77%	-0.64%	-1.41%
Underlying rate	8.69%	8.13%	8.68%	9.16%	8.35%
Rolling average*	8.07%	8.23%	8.34%	8.66%	8.55%

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.

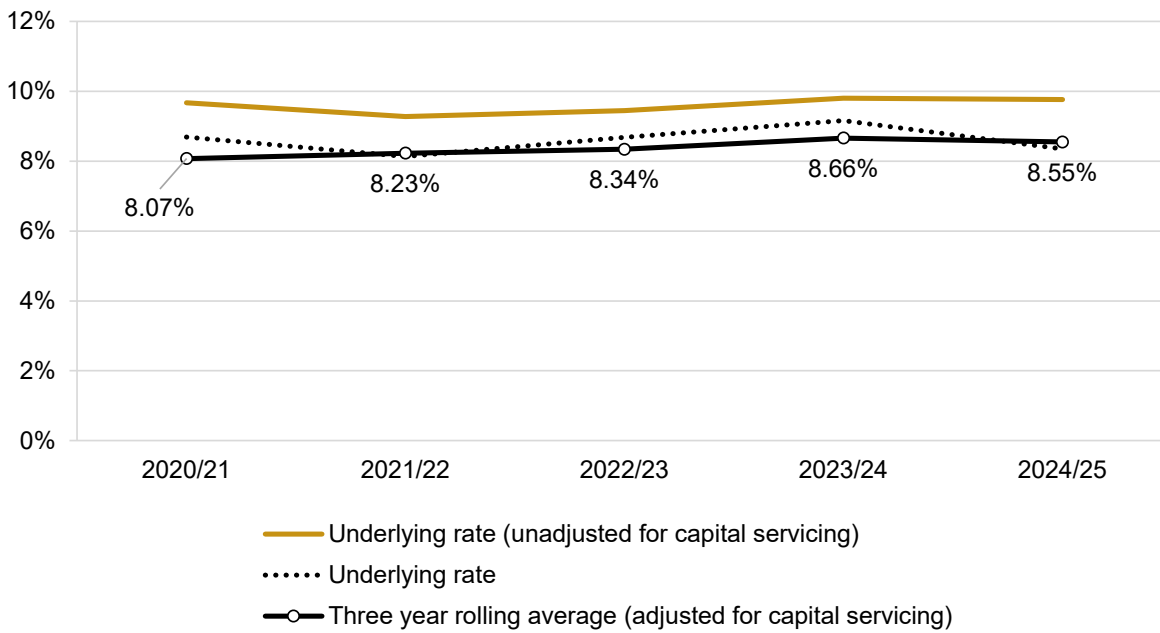
* A four-year average was used for 2022/23; a three-year average for pre-2022/23 and a three-year average (excluding 2022/23 underlying rate) for 2023/24 and 2024/25.

The pre-2020/21 underlying rates used for the three-year average were: 2018/19: 7.67% and 2019/20: 7.86%.

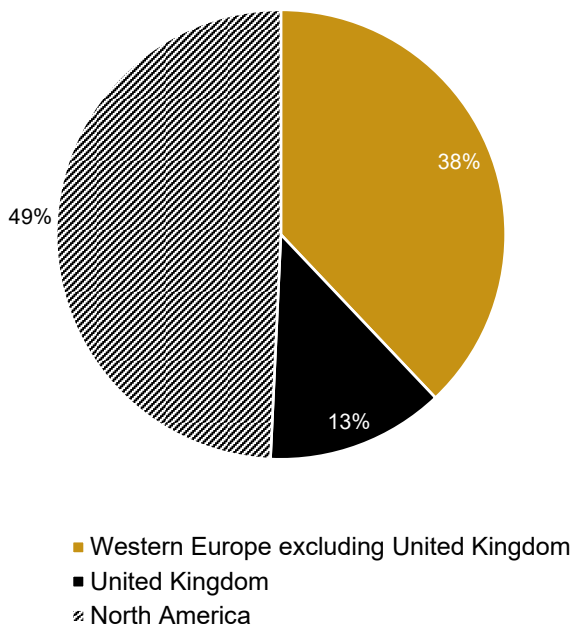
Data sources

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 2023 on data update number 342001 using software version 342. The financial data for the calculation was extracted from Orbis at the same time.

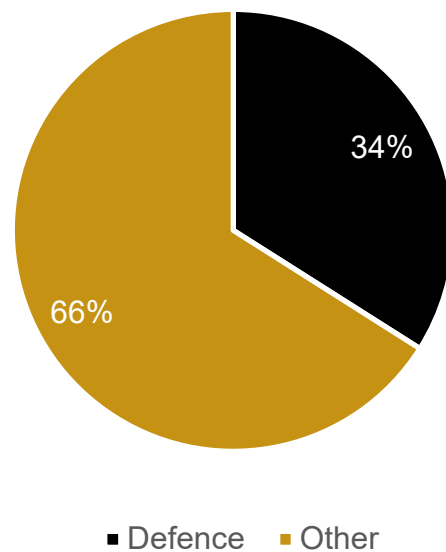
Median capital servicing adjusted return on cost of production



Proportion of companies by country



Proportion of companies with defence keyword



Supplementary statistics

Number of companies	247
<i>of which profit making</i>	203
Aggregate turnover (£billions)	£1,096
Total capital employed (CE) (£billions)	£266
Average company CP:CE ratio	3.68

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

Names of companies in the index

Aeon INC	Chart Industries INC	Guzzetti S.P.A. *	Motorola Solutions, Inc.
AB Volvo	Chemring Group PLC	Heico Corp	Mpac Group PLC *
Accuracy International Limited	Circor International INC (J)	Heidelberger Druckmaschinen AG	MS International PLC
Advanced Mechanical and Optical Systems *	CMZ Machine Tool Manufacturer Sociedad Limitada.	Heroux-Devtek INC	Nammo AS
Aerovironment, Inc. *	CNH Industrial N.V	Hexcel Corp	NC Engineering (Hamiltonsbawn) Limited *
Aguirre Maquinaria Agricola SL.	Cognex Corp	Hidden Instruments Limited	NFI Group Inc. *
AIR Industries Group *	Coherent Corp	Honeywell International INC	NG Bailey Group Limited *
Airbus SE	Cohort PLC	Huntington Ingalls Industries, Inc.	Nordson Corp
Alamo Group INC	Colosio S.R.L.	Idex Corp	Northrop Grumman Corporation
Alimak Group AB	Columbus Mckinnon Corp	IMI PLC	NOV INC
Allient INC	Commercial Vehicle Group, Inc.	Industrias Montanasas Electricas Mecanicas SL	Novanta INC
Allison Transmission Holdings, Inc.	Comtech Telecommunications Corp *	Inficon Holding AG	Nuova Idropress - Societa' PER Azioni IN Forma Abbreviata NIP S.P.A.
Alstom S.A *	Construcciones Y Auxiliar de Ferrocarriles, S.A.	Ingersoll Rand Inc.	NVE Corporation
American Axle & Manufacturing Hldngs INC	Continental AG	Innovative Solutions & Support INC	Officina Bocedi SRL
Ametek INC	CPI Aerostructures INC	Interroll Holding AG	Officina Meccanica F.Lli Tabarelli S.P.A.
Amtech Systems INC	CTA International SAS	IPG Photonics Corporation	Onto Innovation Inc.
Analog Devices INC	CTT Systems AB	Istobal SA	Oshkosh Corporation
Andritz AG	Cummins Inc.	Italcab S.P.A. *	Oxford Instruments PLC
Aptiv PLC	Curtiss Wright Corp	John Bean Technologies Corp	Oy El-Ho Ab
Astec Industries INC	D.R.A. LTD	Jost Werke AG	Paccar INC
Astronics Corporation *	Data I/O Corp *	Judges Scientific PLC	Park Aerospace Corp.
Astronova, Inc.	David Ritchie (Implements) Limited	Kadant INC	Paul Mueller Company
Athader SL	de Lorenzo S.P.A.	Kaman Corp *	Petards Group PLC
Atlas Copco AB	Deere & CO	Katsa Oy	Pietro Fiorentini S.P.A.
ATS Corporation	Deutz AG	Kesla OYJ *	Ponsse OYJ
Aumann AG *	Douglas Dynamics, Inc.	Keysight Technologies, Inc.	Portsmouth Aviation Holdings Limited
Autoliv, Inc.	Dril-Quip INC *	Klingelberg AG	Powell Industries INC
Avant Tecno Oy	Ducommun INC	Koenig UND Bauer AG	Presses et Cisailles Lefort *
Avon Protection PLC * (J)	Duerr AG	Komax Holding AG	PSM Projekt System & Management GmbH
Axcelis Technologies INC	Electromecanica Naval E Industrial SA *	Konecranes OYJ	PVA Tepla AG
Axon Enterprise, Inc.	Energy Recovery, Inc.	Kratos Defense and Security Solutins INC *	Qinetiq Group PLC
Azkoyen SA	Enerpac Tool Group Corp	L3harris Technologies, Inc.	Raute OYJ *
BAE Systems PLC	Espey MFG and Electronics Corp	LAM Research Corp	Renishaw PLC
Bailey Trailers Limited	EVS Broadcast Equipment SA	Leonardo S.P.A.	REV Group, Inc.
Barco NV	Fabricacion de Elevadores SL *	Lillbacka Powerco Oy *	Rheinmetall AG
Barnes Group INC	Fabrications Mecaniques de l'Atlantique *	Linamar Corporation	Robson Handling Technology Limited *
Binder + Co AG	Faro Technologies INC *	Lockheed Martin Corp	Rockwell Automation, Inc.
Bittium OYJ *	Federal Signal Corp	Lombardi Converting Machinery S.P.A. *	Rohde & Schwarz GmbH & Co. Kommanditgesellschaft
BK Technologies Corporation *	Filtronc PLC	Magna International INC	Rolls-Royce Holdings PLC
Blue Bird Corporation *	Forvia SE	Manitex International, Inc.	RTX Corp
BMI Trailers Limited	Frigoveneta S.P.A.	Manitou BF	Saab AB
Boeing Company (The) *	Frumecar SL	Manitowoc Company, Inc. (The) *	Saalasti Oy
Broadwind, Inc. *	G.H.B. (Holding) Limited	Marel HF	Safran
Bruker Corporation	Genasys Inc. *	Mariani S.R.L.	Salmoiraghi S.P.A.
Brunvoll Holding AS	Gencor Industries, Inc.	Maschinenfabrik Berthold Hermle AG	SC Group-Global Limited
BWX Technologies Inc.	General Dynamics Corp	MAX Automation SE	Schlatter Industries AG
Caci International INC	General Electric Company	Mecapack	Schmitt - Elevadores, LDA
Cactus, Inc.	Gentex Corp	Mercury Systems INC	Servotronics INC *
Carver Group Limited	Gesellschaft fuer Oeltechnik mit beschraenkter Haftung	Mikron Holding AG	Servovalve S.P.A. *
Castledon LTD	Gorman-Rupp Company (The)	Miller Industries INC	Siemens AG
Caterpillar INC	Graco INC	MKS Instruments INC	Skako A/S
Ceco Environmental Corp.	Graham Corp	Modine Manufacturing CO	Smiths Group PLC
CGG	Greenbrier Companies, Inc. (The)	Moog INC	

Spirit Aerosystems Holdings, Inc. *	Tronrud Engineering AS
Star Refrigeration Limited *	TTM Technologies INC
Systemair AB	Twin Disc INC
TAI Milano S.P.A.	Vaisala OYJ
Taylor Devices INC	Veeco Instruments INC
Teagle Holdings Limited *	Vicinity Motor Corp. *
Teledyne Technologies Incorporated	Wabash National Corp
Tennant CO	Wacker Neuson SE
Teradyne INC	Wartsila OYJ * (J)
Terex Corp	Washtec AG
Tesmec SPA	Wilton Universal Group Limited *
Textron INC	Woodward, Inc.
Thales	Xylem Inc.
THE Shyft Group, Inc.	
Thwaites Limited	
Thyssenkrupp AG	
Tiber Pack S.P.A.	
Tomra Systems ASA	
Tornado Global Hydrovacs Ltd.	
Trakm8 Holdings PLC *	
Transdigm Group Incorporated (J)	
Trinity Industries INC	
Triumph Group 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.