

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 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 Provide and Maintain 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*.

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

	2020/21	2021/22	2022/23	2023/24	2024/25
Underlying rate (unadjusted for capital servicing)	9.92%	9.90%	7.02%	9.21%	8.86%
Capital servicing adjustment	-2.15%	-1.65%	-1.01%	-1.48%	-1.03%
Underlying rate	7.77%	8.25%	6.01%	7.73%	7.83%
Rolling average*	8.37%	8.39%	7.79%	7.92%	7.94%

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.

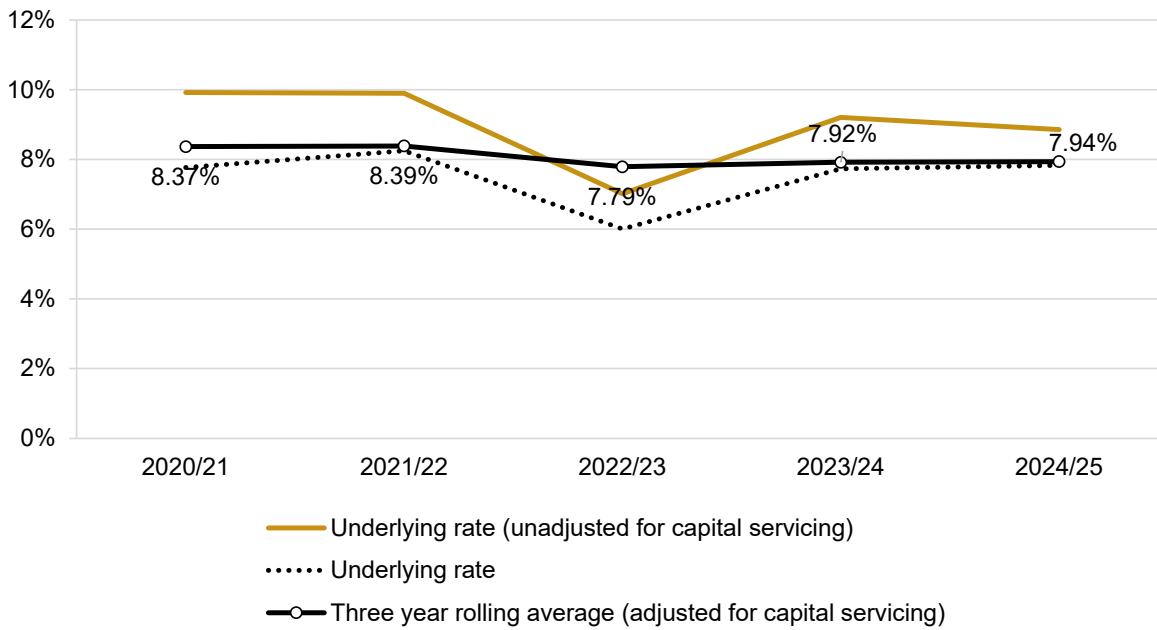
* A four-year average was used for 2022/23; a three-year average for pre-2022/23 and a three-year average (excluding 2022/23 underlying rate) for 2023/24 and 2024/25.

The pre-2020/21 underlying rates used for the three-year average were: 2018/19: 8.20% and 2019/20: 9.14%.

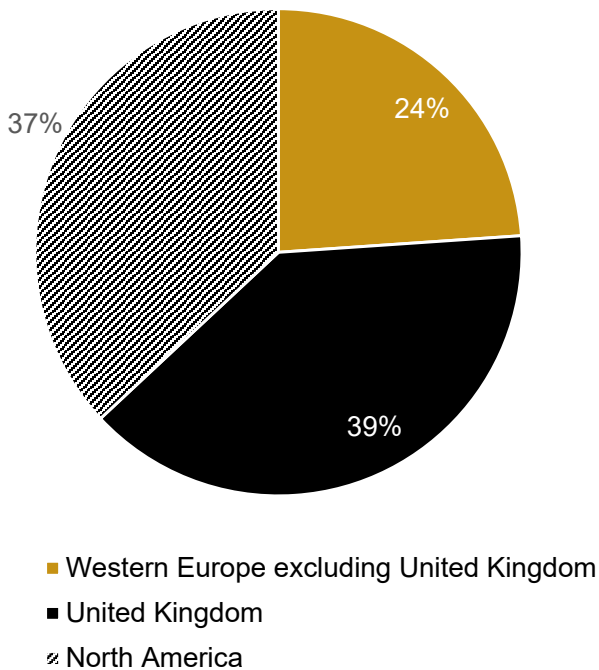
Data sources

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.

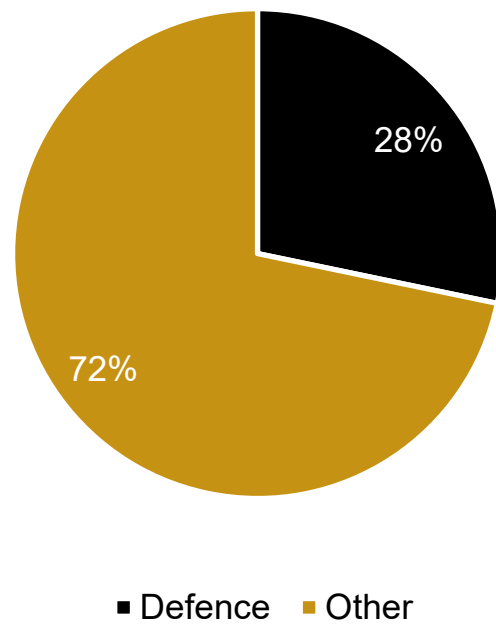
Median capital servicing adjusted return on cost of production



Proportion of companies by country



Proportion of companies with defence keyword



Supplementary statistics

Number of companies	53
of which profit making	46
Aggregate turnover	£125
Total capital employed (CE)	£59
Average company CP:CE ratio	1.89

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

Names of companies in the index

AAR Corp	Gatx Corp	Sawo Holding A/S
AB Transitio *	General de Alquiler de Maquinaria, S.A.	SnC-Lavalin Group INC (J)
Airtanker Holdings Limited	H&E Equipment Services, Inc.	Speedy Hire PLC
Airtanker Services Limited	Indra Sistemas S.A.	Technipfmc PLC
Alltruck PLC	Jacobs Solutions Inc.	Toromont Industries LTD
Applus Services, S.A.	John Wood Group PLC * (J)	United Rentals, Inc.
Archrock, Inc.	Johnson Controls International PLC (J)	Vegsund Slip Holding AS
Ashtead Group PLC	Kbr, Inc.	VSE Corp
Babcock & Wilcox Enterprises, Inc. *	Mcgrath Rentcorp	Werent S.R.L.
Babcock International Group PLC	MTU Aero Engines AG	Westinghouse AIR Brake Technologies Corp
CAE INC	Muehlhan AG	Williams Shipping Holdings Limited
Cowles Holdings Limited	N3 Engine Overhaul Services GmbH & Co. KG	Willis Lease Finance Corp
Cuypers Vorkliften	Natural GAS Services Group, Inc. *	Willis Mitsui & CO Engine Support Limited *
Dawsongroup PLC	Redde Northgate PLC	
Finning International INC	Renew Holdings PLC	
Fisher (James) & Sons PLC	Ricardo PLC	
Flowserve Corp	Ropsley Limited	
Fortress Transportation and Infrastructure Investors LLC *	RWG (Repair & Overhauls) Limited	
G M Treble Holdings Limited	Ryder System INC	
Gama Aviation PLC *	Saltire Energy Limited	

* 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.