

Activity type factsheet: Construction

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 four activity types.

- Develop, Make and Support
- Ancillary Services
- Construction
- Information Technology Services

The results of these groups are separately analysed and this factsheet describes the Construction group results.

For further information on the methodology used to calculate these rates please see the [Single Source baseline profit rate and capital servicing rates methodology](#).

Construction

Companies undertaking comparable activities considered as 'Construction' are expected to deliver services in relation to the construction of buildings or other structures at fixed locations. Companies could provide such services either on a contract basis with designs and specifications received or using their own designs. Comparable companies may be responsible for the management of the construction project, and are likely to bear contract risk, procurement risk, staff risk and some quality control risk in respect of these activities. They are not expected to bear any significant property price risk in respect of these activities.

Profit on cost of production

	2022/23	2023/24	2024/25	2025/26	2026/27
Underlying rate (unadjusted for capital servicing)	4.03%	4.54%	3.68%	3.67%	4.48%
Capital servicing adjustment	-0.29%	-0.30%	-0.18%	-0.36%	-0.58%
Underlying rate	3.74%	4.24%	3.50%	3.31%	3.90%
Rolling average ¹	3.33%	3.44%	3.58%	3.68%	3.57%

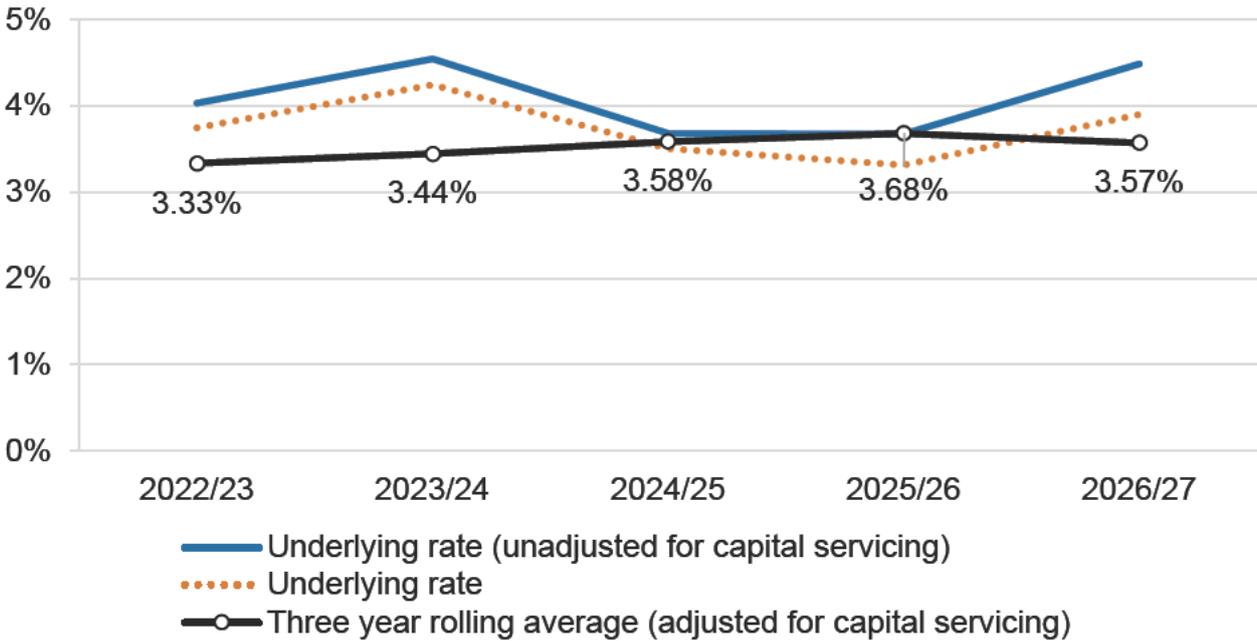
Note: The capital servicing adjustment accounts, at an aggregate level, for different levels of capital employed across the companies in the index and so sets a baseline upon which step 4 of the contract profit rate applies.

¹ 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 onwards. The pre-2022/23 underlying rates used for the three-year average were: 2021/22: 3.01% and 2020/21: 3.07%.

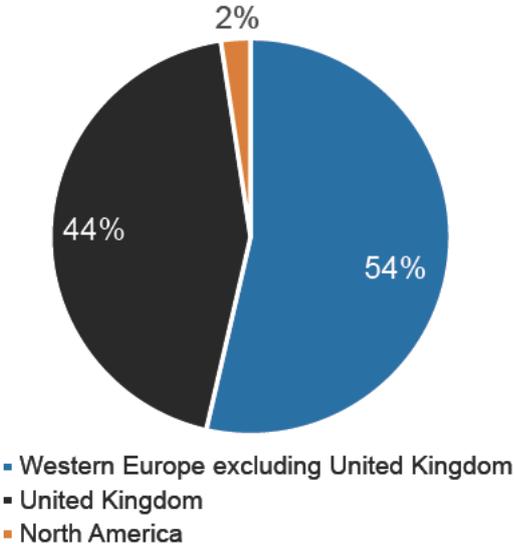
Data sources

For further information on the data selection approach please see section 7 of the *Single Source baseline profit rate and capital servicing rates methodology*. A company update search of the [Orbis database](#) was carried out on 3 November 2025 on data update number 369001 using software version 369. The financial data for the calculation was extracted from Orbis at the same time.

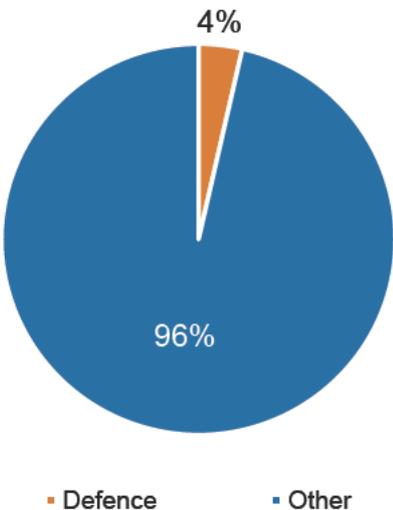
Median capital servicing adjusted return on cost of production



Proportion of companies by country



Proportion of companies with defence keyword



Supplementary statistics

Number of companies	91
<i>of which profit making</i>	84
Aggregate turnover (£billions)	179.4
Total capital employed (CE) (£billions)	0.68
Average company CP:CE ratio	244.77

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

Names of companies in the index

3B Construction LTD	Cooperative Metropolitaine d'Entreprise Generale * (J)	Harper Group Management Limited	Morgan Sindall Group PLC
Acre 1217 Limited (J)	Costa & Carreira, LDA (J)	Hiag Immobilien Holding AG (J)	MTX Contracts Limited (J)
Acs, Actividades de Construccion Y Servicios, SA (J)	Costeira - Engenharia E Construcao, S.A. (J)	Implenia AG	NG Bailey Group Limited
ADF Group Inc.	Econor Holding AS (J)	Inasus SL (J)	Northern Bear PLC
Aecon Group INC *	Ecosoer Holding AS	Instalco AB (J)	O'Connor, Sutton, Cronin & Associates Limited (J)
AF Gruppen ASA	Edimarante - Sociedade de Construcoes, S.A.	Intelle Construction Limited (J)	Oliver Connell and SON Limited
Anvolia (J)	Ekter S.A. (J)	Irem S.P.A. (J)	Oy Rakennuspartio * (J)
Bach Gruppen Holding A/S (J)	Elektro AS	John Graham Holdings Limited (J)	Paul Earl Limited (J)
Balfour Beatty PLC	Emcor Group, Inc.	John Reid & Sons (Strucsteel) Holdings Limited (J)	Peab AB
Bermar Building Company Limited	Entreprise Maurice Picard et Compagnie (J)	John Weaver (Holdings) Limited	Porr AG
Bespoke Construction Services Limited (J)	Fareham Associates Limited (J)	K 21 Entreprenad AB	Putkiwuorio Oy
Billington Holdings PLC	Fordy Thompson (Holdings) Limited	Kier Group PLC	Rakennusliike J. Malm Oy
Bowmer and Kirkland Limited	Galliford TRY Holdings PLC	LES Macons Parisiens *	ROE Developments (UK) Limited (J)
Bravida Holding AB	Genere (J)	Lindum Group Limited	Skanska AB
Brims Building Group Limited (J)	Geoffrey Robinson Limited (J)	LTR-Rakennus Oy (J)	Spritestore Limited (J)
Byggpartner I Dalarna Holding AB	GLB Holding AS * (J)	M & P Construction Limited (J)	stahl + verbundbau gesellschaft fuer industrielles bauen m.b.H.
C. P. W. Services Limited (J)	Grupo Empresarial SAN Jose S.A.	M.P.B. Structures LTD	Subsea 7 SA
Chrysalis *	Gruppo Koni S.R.L. (J)	Mace Finance Limited	SWB Holdings Limited (J)
Consti OYJ	Hannon Brothers Limited (J)	Manco South Limited (J)	Tutor Perini Corporation *
Construccion Ecay SL (J)	Harald Nilsen Holding AS (J)	Mares S.R.L. (J)	VAN Huele
Construcia SL (J)	Hardwicke Investments Limited	Martifer Sgps S.A.	Varden Gruppen AS
Construction Concept Europe, LDA (J)		Mitchellson Formwork & Civil Engineering Limited	Veidekke ASA
		MMD Construction (Cork) Limited (J)	Vinci
			Wates Group Limited
			WYN Construction 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.