

Carr's agrees £44.5m deal to sell agricultural supplies division

A North East engineering firm stands to benefit from a £44.5m deal struck by its parent company.

Carlisle-based agriculture and engineering group Carr's has announced the deal to dispose of its agricultural supplies division Carr's Billington – which has a number of stores in Northumberland and County Durham, as well as in Cumbria and Scotland – to Liverpool company Edward Billington and Son.

Carr's said the disposal would allow it to focus on its speciality agriculture and engineering divisions, which are seen as having greater opportunity for growth and higher profit margins. Some of the proceeds of the sale will be used to help the engineering division – which includes North Shields' Chirton Engineering – fund larger and longer-term contracts.

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Carr's bought Chirton, which manufactures parts primarily for the oil and gas industries, in 2014 and has seen improved performance in recent years.

Peter Page, Carr's executive chairman, said: "This proposed transaction will enable Carr's to focus on its speciality agriculture and engineering divisions and provide funding for strategic growth and investment, thereby enabling us to build upon our industry-leading positions in these two higher margin divisions.

"The agricultural supplies division, trading as Carr's Billington Agriculture, has been a key part of the group's

growth and development over the past 20 years. Following the strategic review, the board is confident that now is the right time for a single owner and management team to take the business forward. We are confident that Edward Billington and Son, with its long-term commitment to the sector, is well placed to fulfil this role.

“This transaction represents a compelling and immediate realisation of value for all of our shareholders, streamlines the business and provides the board with a clear strategic direction for driving future growth. We look forward to updating on further progress in due course.”

The deal – which is expected to see net cash proceeds of £29.6m on completion – needs to be approved at a general meeting of the company. Carr’s said that, as well as enabling it to streamline the company, the deal would allow it to supporting international growth in its speciality agriculture division by giving it £10m to invest in manufacturing capacity and plant upgrades. It would also target acquisitions in that sector, it said.

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