

County Durham arm of steel specialist William Cook could benefit from defence spending

A maker of steel products for the defence industry says its North East base could benefit from increased Ministry of Defence spending amid the war in Ukraine.

New accounts for William Cook Stanhope, which specialises in steel casting technology for defence vehicles and components for the container handling market, show turnover was steady at £20.5m in the year to July 2, 2022, down only slightly from £20.7m the year before. But operating profit at the County Durham-based manufacturer fell from just over £1m to £834,283.

The firm, which is owned by British industrialist Sir Andrew Cook, said significant investment at its Stanhope base had set it up to take advantage of increased defence spending prompted by the Ukraine conflict. In group accounts for the same period – which showed increased turnover of £52.4m and operating profits of £4.6m, down from £5.5m in 2021 – Mr Cook said: “Years of neglect by NATO, coupled with the West’s new-found determination to save Ukraine from annihilation and bolster its frontiers against Russian aggression, have materialised in large new orders from an ever-wider range of customers. I confidently predict that our defence sales in the current year will approach £40m and continue to rise strongly beyond.”

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In April, the wider group acquired Chesterfield-based foundry HI Quality Steel Castings Limited out of administration. The 76-strong iron and steel castings business – which has now become part of William Cook’s Cast Products division – had encountered difficulties during the pandemic and steep rises

in energy costs.

In the group accounts, Sir Andrew Cook, wrote: “Despite my optimistic projections a year ago, further growth in sales, profits and cash generation in the period under review has proved elusive. However, there is no reason for despondency. The strategy we are following will bear fruit sooner or later: it is just taking rather longer than one might have hoped.”

He added: “There is good reason also to have increasing confidence in the rail sector. Long a consumer of capital as our rail business was transformed from a casting activity to a full-service train component supply and repair company, it has at last turned the corner both with large new orders from eastern Europe and major refurbishment contracts for the domestic market.

“This business has struggled for years to achieve annual sales of £10m, but I believe it is now well established on a trajectory which will soon take it past £15m p.a. and beyond. Its site at Leeds has been reduced in size by 50%, with consequent great efficiency improvements, and this, coupled with its increasingly diverse and robust order book, should start delivering satisfactory profitability shortly.

“Our industrial business at Sheffield continues to under-perform. The absence of any coherent government energy policy is denying the energy industry the confidence it needs to invest heavily in nuclear power, nor does it encourage oil and gas producers to increase their output or exploration.

“This negativity impacts adversely our order pipeline, resulting in under-utilised assets and inadequate sales. Every measure to counteract this has been taken, but adequate returns remain elusive. The fact that several ‘zombie’ foundry businesses continue to operate in this sector is an additional irritation.”

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