

The UK's top 10 steel contractors

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The nature of the steel industry has meant it fared better than others. Megan Kelly finds out why market experts feel there are better times ahead for this particular specialism

When the COVID-19 pandemic hit the UK in March, contractors feared a chasm would open up in their order books.

The situation was unprecedented in the modern economy and the uncertainty meant clients might delay projects for months, years, or cancel them altogether.

Caunton executive chairman Simon Bingham says the worst did not come to pass: "In the sector, the general consensus appears to be that there is enough work out there," he says, but adds that a degree of uncertainty remains. "It's harder to get into contracts and, with people committing, there is a degree of hesitation."

Better times ahead

There are signs of better times on the horizon though. “We’re hearing engineers are busy now, which means we’ll be busy some time next year too; so, generally, the sector will be in quite a good place,” Bingham says.

If that comes to pass, then it will be a continuation of relatively good times for the sector. The CN Specialists Index 2020 reveals a steel market that saw a median increase in pre-tax profit of around 8 per cent last year. The change in revenue matched this and the total turnover of the top 10 rose 8 per cent from £882.8m to £944.1m. The median pre-tax margin slipped, however, from 6 to 5.4 per cent.

| 2020 | Company | Revenue – latest (£m) | Revenue – previous (£m) | Pre-tax profit – latest (£m) | Pre-tax profit – previous (£m) | Pre-tax margin – latest | Pre-tax margin – previous | Accounts for year ending |
|------|------------------|-----------------------|-------------------------|------------------------------|--------------------------------|-------------------------|---------------------------|--------------------------|
| 1 | Severfield | 327.4 | 274.9 | 25.8 | 24.7 | 7.9% | 9.0% | 31/03/2020 |
| 2 | William Hare | 142.1 | 167.3 | 3.6 | 3.1 | 2.5% | 1.8% | 31/12/2019 |
| 3 | Billington | 104.9 | 77.3 | 5.9 | 4.9 | 5.7% | 6.4% | 31/12/2019 |
| 4 | BHC | 74.6 | 67.4 | 8.8 | 8.2 | 11.8% | 12.1% | 31/03/2020 |
| 5 | J&D Pierce | 67.8 | 52.1 | 6.8 | 6.1 | 10.0% | 11.8% | 31/07/2019 |
| 6 | Caunton | 60.8 | 49.3 | 3.1 | 1.0 | 5.1% | 2.0% | 31/01/2019 |
| 7 | Bourne Group | 55.0 | 68.9 | 2.3 | 2.4 | 4.1% | 3.5% | 31/10/2019 |
| 8 | Walter Watson | 54.2 | 55.8 | 3.5 | 3.2 | 6.4% | 5.7% | 31/12/2019 |
| 9 | Cleveland Bridge | 36.9 | 50.6 | 1.2 | 3.3 | 3.2% | 6.6% | 31/12/2018 |
| 10 | John Reid & Sons | 20.4 | 19.3 | 0.3 | -0.6 | 1.6% | -2.9% | 31/03/2019 |

No new data recorded since last year’s index for: Caunton and Cleveland Bridge

Bingham says the good performance was not evenly spread across the market. He says: “The sector’s markets appear to be holding up, apart from the iconic London office blocks, which are clearly going to take a bit of a kicking.

“Overall, some [firms] have gone up and some have gone down, but looking back on this year for the sector in five years’ time, you might not notice that in the headline numbers. If online retail and, therefore, warehouse sectors have gone up, then city centre retail and office builds have gone down. If you add it all up, it probably looks about the same-size market as it did before.”

An easier time

Steel specialists have arguably had an easier time under COVID conditions than some other sectors. The sector has managed to keep working due to both the nature of its work and the timing of it throughout a project.

Bingham explains: “We work early on [in a project] and follow the groundworks, and it’s all nice, open spaces. Our guys work on cherry pickers, metres apart and 30 feet in the air so, in that respect, our productivity on site isn’t as impacted and is only noticed on the welfare facilities side of things.”

Bingham also points out that steel specialists can do a substantial amount of offsite work in factories before taking sections to sites to be fixed together.

Despite these mitigating factors, some side effects of the pandemic are still seeping into the steel industry. “Prices aren’t particularly good,” Bingham says, “but most firms have relatively comfortable order books, even though they might not be making the money they want to make right now.”

| 2020 | Company (ranked by turnover) | Cash – latest (£m) | Cash – previous (£m) | Employees – latest | Employees – previous | Accounts for year ending |
|------|------------------------------|--------------------|----------------------|--------------------|----------------------|--------------------------|
| 1 | Severfield | 44.3 | 25.0 | 1,320 | 1,274 | 31/03/2020 |
| 2 | William Hare | 17.9 | 21.3 | 660 | 624 | 31/12/2019 |
| 3 | Billington | 17.9 | 9.3 | 399 | 379 | 31/12/2019 |
| 4 | BHC | 7.4 | 7.9 | 427 | 393 | 31/03/2020 |
| 5 | J&D Pierce | 10.7 | 10.7 | 356 | 300 | 31/07/2019 |
| 6 | Caunton | 7.6 | 6.7 | 253 | 245 | 31/01/2019 |
| 7 | Bourne Group | 17.4 | 13.5 | 180 | 192 | 31/10/2019 |
| 8 | Walter Watson | 5.5 | 5.9 | 238 | 238 | 31/12/2019 |
| 9 | Cleveland Bridge | 2.0 | 7.3 | 225 | 217 | 31/12/2018 |
| 10 | John Reid & Sons | 1.6 | 0.8 | 120 | 122 | 31/03/2019 |

The Caunton chairman adds that government support has helped the sector, but he doesn’t think steel companies will be in trouble once it dwindles.

The data actually shows the top 10 is sitting on more cash than last year, worth a total of £132.3m.

“I know that firms have used furlough and grants, but I don’t think it’s propping up steel businesses at all. We’re very robust and have buildings, machinery and real assets,” he says.

“I don’t think the government withdrawing support will affect the industry, but it might impact it indirectly if other businesses that we service suddenly go under because of it.”