

ALGOMA STEEL CORPORATION, LIMITED



FOURTEENTH ANNUAL REPORT

FOR THE FISCAL YEAR ENDED APRIL 30th 1949





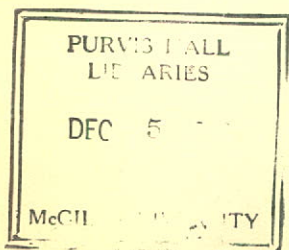
corp.

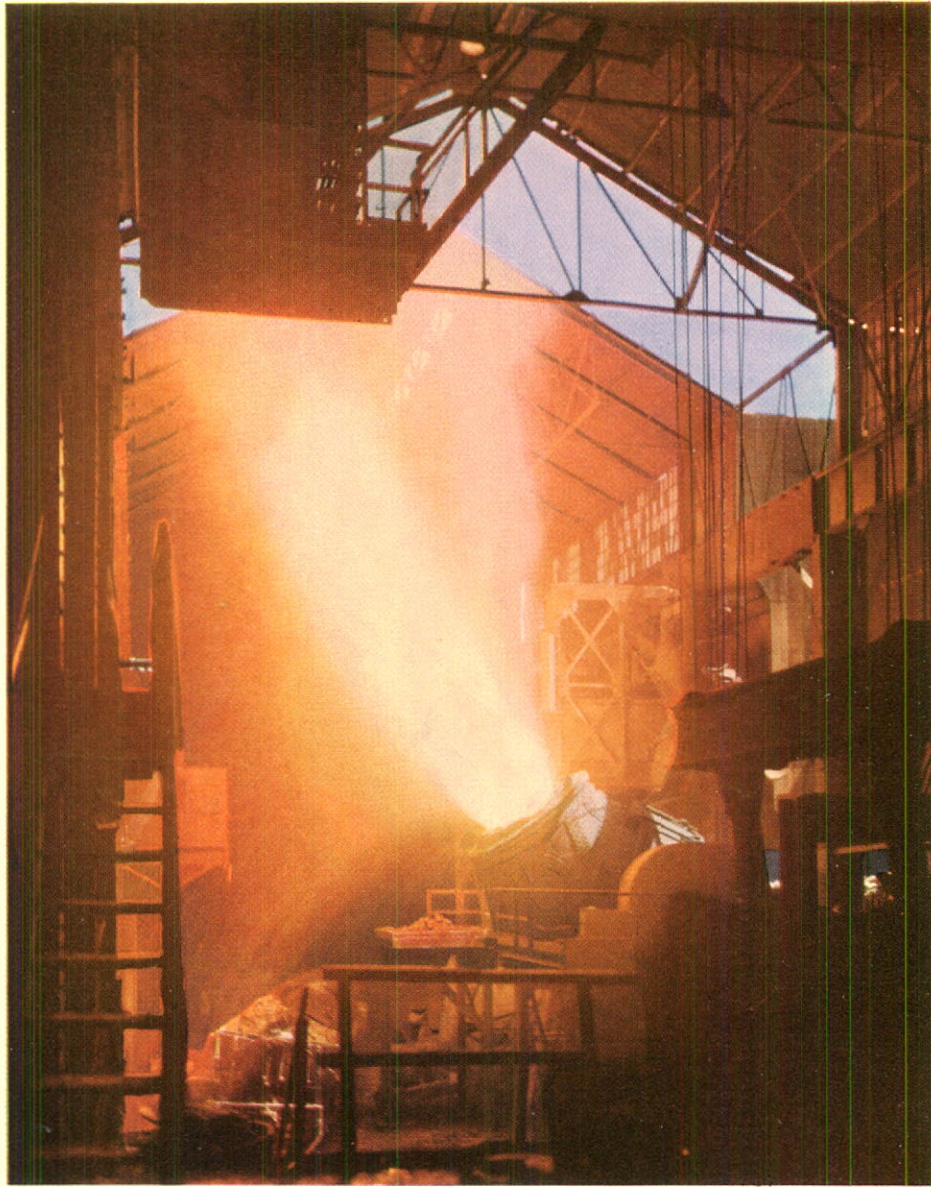


ALGOMA STEEL CORPORATION, LIMITED

14th ANNUAL REPORT

for the fiscal year ended April 30th, 1949





View of Bessemer Plant of Algoma Steel Corporation, Limited.

ALGOMA STEEL CORPORATION, LIMITED

board of directors

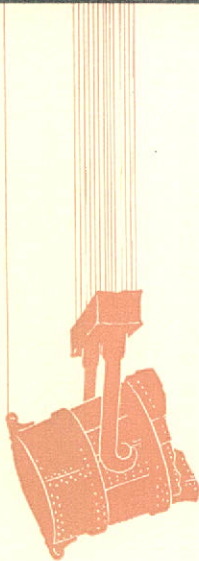
SIR JAMES DUNN, Bart., K.C.	Bathurst, New Brunswick
HON. T. A. CRERAR	Winnipeg, Manitoba
HON. J. GORDON FOGO, K.C.	Ottawa, Ontario
HARRY S. HAMILTON, K.C.	Sault Ste. Marie, Ontario
JOHN W. HOBBS	Toronto, Ontario
DAVID S. HOLBROOK	Sault Ste. Marie, Ontario
JOHN L. LANG, M.E.	Sault Ste. Marie, Ontario
E. GORDON McMILLAN, K.C.	Toronto, Ontario
JOHN A. McPHAIL, K.C.	Sault Ste. Marie, Ontario
JOSEPH SIMARD, O.B.E.	Montreal, Quebec
LEO H. TIMMINS, M.E.	Montreal, Quebec

executive committee

SIR JAMES DUNN, Bart., K.C.	JOHN A. McPHAIL, K.C.
E. GORDON McMILLAN, K.C.	JOHN L. LANG, M.E.
DAVID S. HOLBROOK	LEO H. TIMMINS, M.E.

officers

SIR JAMES DUNN, Bart., K.C.	President & Chairman, Board of Directors
JOHN A. McPHAIL, K.C.	Vice-President & Vice-Chairman
E. GORDON McMILLAN, K.C.	Vice-President
HON. J. GORDON FOGO, K.C.	Vice-President
DAVID S. HOLBROOK	Executive Vice-President
LOUIS H. DERRER	General Manager, Steel Works
TOM GOULD	Executive Assistant to President
H. G. MacADAM	Secretary
ERNEST W. SHELL	Treasurer
JOHN B. BARBER	Comptroller



*General view of Algoma Steel Works,
Sault Ste. Marie, Ontario, Canada.*

president's report

TO THE SHAREHOLDERS:

The Board of Directors herewith submits your Company's financial statements and your Auditor's report for the fiscal year ended April 30, 1949.

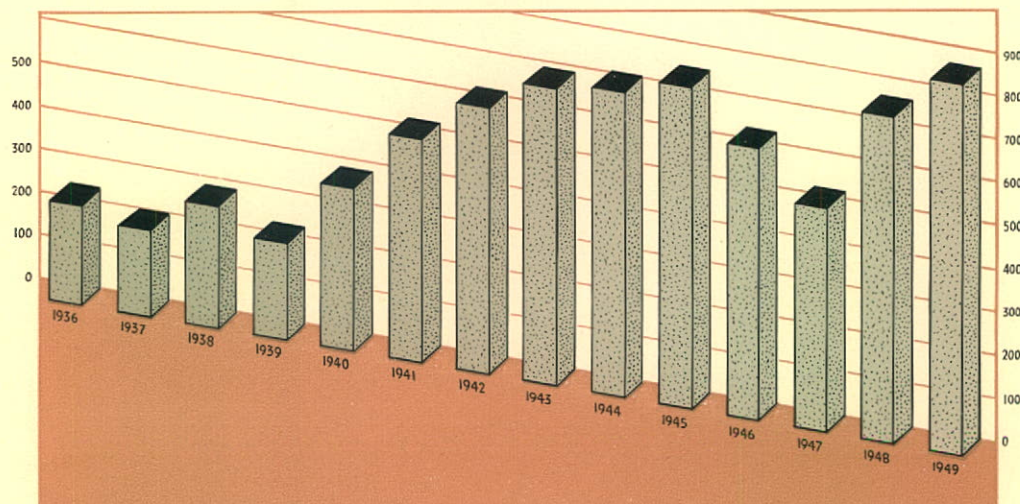
The following comparisons with the previous fiscal year show the most significant changes in the financial position of your Company:

	Year Ended		Increase
	April 30 1949	April 30 1948	
Profit from Operations	\$ 7,958,982	\$ 4,800,513	\$3,158,469
Income and Excess Profit Taxes	2,567,266	1,537,108	1,030,158
Net Profit	4,035,956	2,019,299	2,016,657
Net Profit per Share Common Stock	9.78	4.79	4.99
Earned Surplus	13,628,410	9,692,454	3,935,956
Working Capital	14,056,064	11,094,632	2,961,432

Your attention is drawn to change in accounting policy from previous years. We are legally advised that vacation wages accrue when employees qualify for vacations and estimated amount of vacation wages payable in fiscal year ending April 30th, 1950, has therefore been provided for in determining Net Profit for this fiscal year. This provision amounted to approximately \$485,000.

During this fiscal year the Works reached and maintained highest level of operations attained in any of 14 years since your Company was formed. Production amounted to 1,228,077 tons Coke, 894,220 tons Iron and 871,043 tons Steel Ingots. The following chart gives a comparison of this record Ingot production with previous years.

STEEL INGOT PRODUCTION BY FISCAL YEARS
HUNDREDS OF THOUSANDS NET TONS



This achievement resulted from sustained demand for Steel at high level throughout year and unusually high demand for Pig Iron by Canadian Foundries.

Your Company met this demand by continued use of Bessemer Converter plant to provide hot metal which accelerated usual Open Hearth Steel making process and by operation of all five Blast Furnaces and by general improvement in Works.

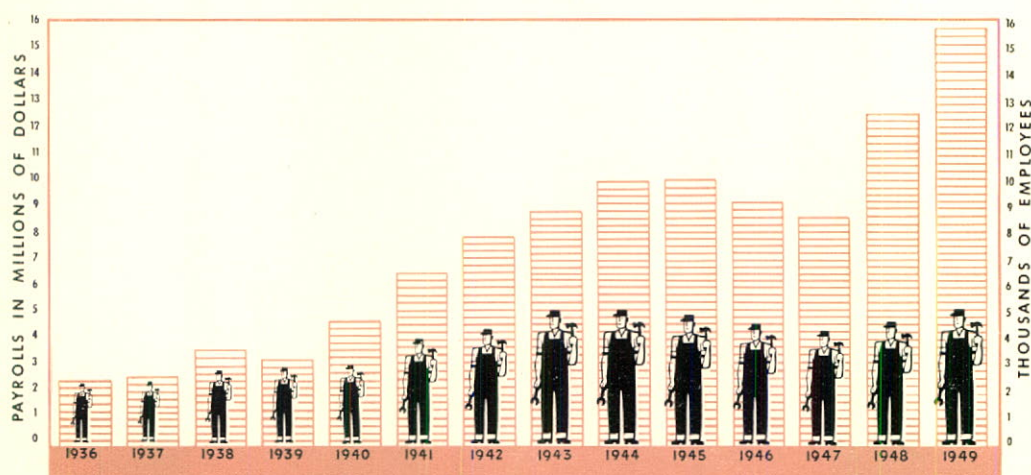
This increased production together with slightly improved domestic prices and permission from Federal Government to participate more fully in export market at higher than domestic prices resulted in increase of approximately \$16,000,000 in Sales over previous year.

Profit from Operations increased \$3,158,469 and Net Profit increased \$2,016,657. Net profit amounted to \$4,035,956 equal to \$9.78 per Common Share—an increase of \$4.99 per Share. Total Net Profit has again been transferred to Earned Surplus.

A total of \$1,552,698 was spent on additions to and improvements in Plant and Equipment this year and further reduction of \$250,000 was effected in Plant Extension Liability. You will be pleased to note that Working Capital increased by \$2,961,432. Although labour relations were generally satisfactory this year and a new working agreement was negotiated and executed with United Steelworkers Local 2251 effective for one year from April 23rd, 1949, it is the opinion of your Directors and Officers that wages demanded by labour for its efforts have been increasing faster than ability of labour to produce goods and ability of Canadian economy to purchase them.

An increasing proportion of revenue has been paid to employees. In 1936—2275 employees received \$2,512,267 in wages and salaries, whereas in 1949—5119 employees received \$16,095,174. This represented six fold increase in amount of wages and salaries with only slightly over two fold increase in number of employees.

EMPLOYEES AND PAYROLLS



During the 14 years since 1935 average hourly wage of employees has increased from 45½ cents in 1936 to \$1.18-3/5 in 1949.



IRON ORE AND COAL SUBSIDIARIES

ALGOMA ORE PROPERTIES LIMITED had a successful year producing and selling at an advance in price 505,308 tons of Algoma Sinter and producing in addition 78,000 tons after close of navigation.

On the night of January 1st last, a fire occurred in the Sink Float Plant where low grade ores are treated before being sent to the Sintering Plant. The restoration necessary delayed the operation of the Sink Float Plant sixty days after its regular period for beginning spring operations. The damage done was covered by insurance.

The development of underground mining at the Helen by block cave system has gone steadily forward and there is every evidence that the production of 1,000,000 tons of Algoma Sinter will be achieved during the year 1950. The sinter continues in demand at higher prices than previously—approximately 4/5ths of the production being marketed in the United States.

Exploration during the year resulted in the discovery on Siderite Hill of a body of siderite ore more extensive than either the Helen or Victoria—analysis as good as the Helen and Victoria—this discovery was made a few miles East of the Victoria on lands owned by this Company or its forebears for half a century.

CANNELTON COAL & COKE COMPANY and LAKE SUPERIOR COAL COMPANY had their most successful year. You are aware of the difficulties the coal industry of the United States has been experiencing lately.

I refer with deep regret to the death on October 8th, 1948, of our General Sales Manager, Mr. Rex Nicholson, who had been with the Company for 32 years. He was loved and respected by a vast circle of friends.

Mr. Nicholson is succeeded by Mr. Carson Weeks who has grown up in the Company's service and who will manage our sales operations from Head Office at Sault Ste. Marie.

During the year Mr. W. Jeffrey retired as Secretary of the Company due to failing health. Mr. Jeffrey was an efficient and highly respected member of our organization. Mr. H. G. MacAdam has been appointed to succeed Mr. Jeffrey.

JAMES DUNN,
*President & Chairman,
Board of Directors.*

Sault Ste. Marie, Ontario.
November 14th, 1949.

Siderite Hill.



ALGOMA STEEL CORPORATION, LIMITED

Profit and Loss Account for the year ended April 30th, 1949

PROFIT FROM OPERATIONS	\$ 7,958,982
OTHER INCOME:	
Dividends Received	5,587
	<u>7,964,569</u>
Interest on Loans	127,754
	<u>7,836,815</u>
PROFIT BEFORE DEPRECIATION	\$ 7,836,815
DEPRECIATION:	
Plant and Equipment	1,233,593
	<u>6,603,222</u>
PROFIT FOR YEAR before providing for Income Taxes	\$ 6,603,222
PROVISION FOR INCOME AND EXCESS PROFITS TAXES	2,567,266
	<u>4,035,956</u>
NET PROFIT FOR THE YEAR	\$ 4,035,956

Earned Surplus Account

Balance at Credit, April 30th, 1948	\$ 9,692,454
Net Profit for the year ended April 30th, 1949	4,035,956
	<u>13,728,410</u>
<i>Deduct:</i> Appropriation for Reserve for Contingencies	100,000
	<u>13,628,410</u>

ALGOMA STEEL CORP

Balance Sheet as

ASSETS

CURRENT:

Cash	\$ 2,541,996	
Bills and Accounts Receivable:		
Sundry Debtors	\$ 7,012,590	
Subsidiary Companies	22,063	
	<u>7,034,653</u>	
Inventories:		
As determined by the management, valued at the lower of cost or market:		
Raw materials, semi-finished products and supplies	\$11,294,918	
Saleable Products	540,602	
	<u>\$11,835,520</u>	
Advance Payments on Contracts	350,227	
	<u>12,185,747</u>	
		\$21,762,396
ADVANCES TO SUBSIDIARY COMPANIES		20,071
INVESTMENTS:		
Subsidiary Companies	\$ 1,620,924	
Other	219,618	
	<u>1,840,542</u>	
PROPERTY AND EQUIPMENT:		
Land, Buildings and Equipment	\$29,539,432	
Less: Reserve for Depreciation	14,068,612	
	<u>\$15,470,820</u>	
Franchise	20,000	
	<u>15,490,820</u>	
PREPAYMENTS AND DEFERRED CHARGES		431,667
		<u>\$39,545,496</u>

CORPORATION, LIMITED

at April 30th, 1949

LIABILITIES

CURRENT:	
Accrued Wages and Salaries	\$ 1,254,847
Accounts Payable and Accrued Liabilities:	
Sundry Creditors	\$ 2,374,467
Subsidiary Companies	1,850,698
	<hr/>
	4,225,165
Current Liability re Plant Extension	250,000
Income and Excess Profits Taxes	1,976,320
	<hr/>
	\$ 7,706,332
DEFERRED LIABILITY RE PLANT EXTENSION	489,313
RESERVES:	
For Rebuilding and Relining Furnaces and other Operating Reserves	\$ 4,405,415
For Contingencies	208,803
	<hr/>
	4,614,218
CAPITAL STOCK AND SURPLUS:	
Common Stock—No par value:	
Authorized—1,000,000 shares	
Issued — 412,700 shares	\$10,274,500
Distributable Surplus	2,832,723
Earned Surplus	13,628,410
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	26,735,633

AUDITORS' REPORT

\$39,545,496

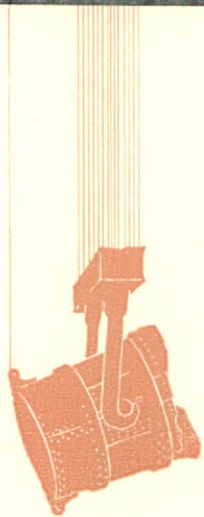
To The Shareholders,
ALGOMA STEEL CORPORATION, LIMITED,
Sault Ste. Marie, Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited for the year ended April 30th, 1949, and report that we have received all the information and explanations which we have required.

In our opinion, the Profit and Loss Account and the above Balance Sheet are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at April 30th, 1949, and the result of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

Toronto, Ontario, October 26th, 1949.

"BARROW, WADE, GUTHRIE & Co."
Chartered Accountants.



*General view of Sintering Plant seven miles
from Michipicoten Harbour on Lake Superior.*

ALGOMA STEEL CORPORATION, LIMITED

PLANT Sault Ste. Marie, Ontario

EXECUTIVE OFFICES . . . Sault Ste. Marie, Ontario

SALES OFFICES Sault Ste. Marie, Ontario

Bank of Montreal Building, Toronto, Ontario

Sun Life Building, Montreal, Quebec

PRODUCTS

COKE

Industrial and Domestic

COKE OVEN BY-PRODUCTS

Benzol, Light Oil,
Sulphate of Ammonia,
Tar, Naphthaline, Pyridine

PIG IRON

Foundry
Malleable
Basic

BLOOMS, BILLETS & SLABS

HEAVY RAILS

RAIL FASTENINGS

HEAVY STRUCTURALS

CARBON MERCHANT BARS & LIGHT STRUCTURALS

ALLOY MERCHANT BARS

ZEE BARS

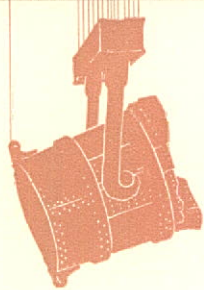
SHEET PILING

SHIP CHANNELS

CENTRE SILLS

LIGHT RAILS

GRINDING BALLS



*View of No. 5 Blast Furnace, 205 feet high,
with No. 4 Blast Furnace in left centre.*

ALGOMA STEEL CORPORATION, LIMITED

SUBSIDIARY COMPANIES

Name and Business	Where Incorporated
ALGOMA ORE PROPERTIES LIMITED	
Mines and Sinters Iron Ore	Ontario
CANNELTON COAL & COKE COMPANY	
Mines Coal	West Virginia
LAKE SUPERIOR COAL COMPANY	
Mines Coal	West Virginia
TWO CITIES TRANSIT COMPANY LIMITED	
Operates Bus System to Kinross Airport	Ontario
SOO TRANSPORTATION COMPANY	
Operates Bus System in Sault Ste Marie, Michigan	Michigan
SAULT WINDSOR HOTEL LIMITED	
Operates Hotel in Sault Ste. Marie	Ontario
FIBORN LIMESTONE COMPANY	Michigan
ALGOMA STEEL PRODUCTS COMPANY LIMITED	
Sells Products of Algoma Steel Corporation, Limited in Western Canada	Manitoba
SOUTHERN ALGOMA RAILWAY COMPANY	Ontario
ALGOMA TRAMWAYS LIMITED	Ontario



Sintering Plant in foreground with Jamestown in distance on Wawa lake front.

