



# Annual Report 1973

61st Year

1080 Beaver Hall Hill, Montreal, Quebec H2Z 1P2

March 1974



## Sales exceed \$100 million in 1973

Commenting on 1973 results, E.A. Thompson, Dominion Glass president, said that sales were a record at \$100,767,990, but that escalating costs had caused a disappointing level of profits. "Our sales of glass containers for food products, soft drinks, liquor and wine and for pharmaceuticals, drugs and cosmetics were all up from 1972," Mr. Thompson said. "The only category to show some reduction in sales from the previous year was beer bottles and this was because of unusually heavy shipments in 1972."

Sales of glass tumblers and tableware continued to show growth in 1973 as product lines were broadened and upgraded to increase market penetration.

Mr. Thompson discussed some of the major influences on the company's operations and reviewed some of the projects undertaken in 1973.

### Material Costs Increase Rapidly

During 1973, the prices of raw materials, fuel, cartons, supplies and transportation services increased at a disconcerting rate. In the latter part of the year, slow deliveries of some materials caused interruptions in manufacturing and alternate arrangements increased costs.

### Labor Relations

1973 was an active year for labor negotiations and agreement was reached on all contracts for a two-year period. The wage increases negotiated as part of these agreements are generally in line with those of other Canadian industrial employers. However, the rapid increase in labor rates and the cost of improved employee benefits add substantially to manufacturing costs. The total of all salaries, wages and benefits paid to Dominion Glass employees in 1973 was over \$44 million.

Some areas in Canada experienced serious labor shortages in 1973 which led to high labor turnover in those locations. The difficulty encountered in securing and holding trained personnel was a major cost factor at some plants.

### Emphasis on Cost Reduction and Productivity

The rapidly increasing prices of materials, fuel and services indicate that greater emphasis than ever before must be placed on the efficient use of these resources. Much of the work carried on by the staff who will soon occupy the new Technical Centre (described in a separate article on this page) is concentrated on providing technical assistance in improving the plants' use of services and materials.

Continued effort is necessary to reduce the relatively high labor cost involved in producing glass containers. Increased productivity, through improved me-

thods and planned equipment investments, can do much to improve profitability.

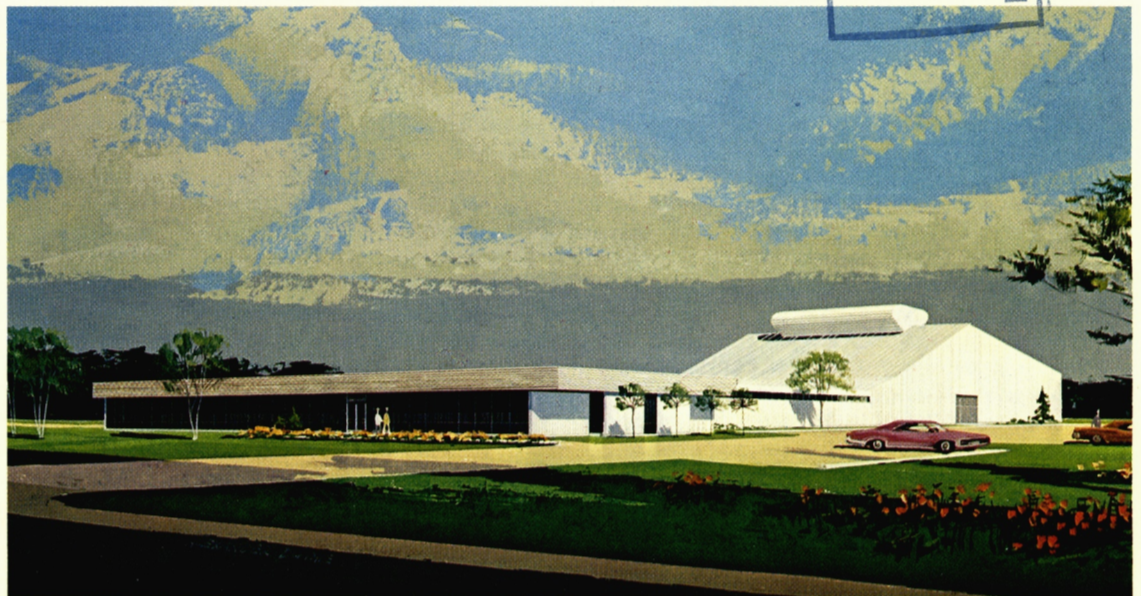
### Plastic Packaging Interests Broadened

During the last quarter of 1973, Dominion Glass sold its plastic container operation to Twinpak Ltd. and acquired a 50 per cent interest in the merged operation. This newly consolidated company will broaden Dominion's interest in the plastic packaging industry.

Dominion's plastic products operation specialized in blow moulding of plastic bottles for the drug, cosmetic, chemical, food and beverage industries. Twinpak has not been a large producer of blow-moulded bottles, but is a major producer and supplier of many other plastic products, such as flexible tubes and caps, injection-moulded products and complete packaging systems and machinery for the dairy and other industries. Twinpak's plants are in Granby and Dorval, Quebec, whereas Dominion's plant was in Etobicoke, Ontario. The merged operation provides a broader geographical base as well as a more comprehensive product line to serve the needs of customers for plastic packaging.

### National Pressed Glass Expanded

The sales of specialty pressed glass products from the National Pressed Glass plant in Brantford, Ontario, have grown steadily since this company was acquired in 1970. During 1973, the facilities were expanded by adding a second glass melting furnace and additional forming equipment. New products are under development by this company to maintain its growth pattern.



An artist's sketch of the new Dominion Glass Technical Centre, located in the Sheridan Park Research Community about twelve miles west of Toronto.

## New technical centre under construction

Dominion Glass has undertaken the construction of a new technical centre to facilitate consolidation of its existing research, development, engineering and technical departments in one location.

### Located in Research Community

The Technical Centre is located in the Sheridan Park Research Community, 340 acres of parkland situated about 12 miles west of Toronto. Initiated by the Ontario Research Foundation, Sheridan Park is devoted to industry-sponsored research and development. The Dominion Glass Technical Centre will be the eleventh such operation to be located in the park.

### Provides Practical Technical Information

Announcing the start of construction in December, 1973, Mr. W.H. Shotton, vice-president of manufacturing, stressed that the departments being located in the

Technical Centre will continue the practical research, development, engineering and technical programs previously carried on at various locations in Hamilton, Bramalea and Montreal. The consolidation of these technical services will permit more efficient and co-ordinated operation.

There will be three areas in the new facility. Administrative and engineering offices will be located in the front of the building. The central section of the building will house laboratory facilities, areas for design and test operation of manufacturing equipment and instruments for measuring the quality of glass containers and the properties of glass.

The rear section will contain a 40 ton-per-day glass melting furnace and a full-sized section of a glass forming machine. These facilities will permit experimentation and process development studies under operating conditions in order to improve the quality and effectiveness of plant operations.

### Occupancy in 1974

The office and laboratory facilities are expected to be ready for occupancy by the middle of 1974. The pilot plant section, housing the glass furnace and forming equipment, will not be in operation until 1975.

### Shareholders' Meetings

*The Special and Annual General Meetings of Dominion Glass Company Limited will be held in Salon 4, Montreal Board of Trade, 5th floor, 1080 Beaver Hall Hill on Thursday, 28 March 1974, at 10 a.m.*

*Shareholders who are unable to attend the meeting are reminded to sign and date the proxy form accompanying their copy of the Annual Report and return it in the self-addressed envelope as quickly as possible.*

*T. B. KING, Secretary.*

### Version française

*Pour obtenir la version française de ce rapport, il suffit d'écrire au département des relations publiques, Dominion Glass Company Limited, 1080 Beaver Hall Hill, Montréal, Québec H2Z 1P2.*

Financial highlights	1973	1972	1971	1970	1969	1968
Sales . . . . .	\$100,767,990	\$93,015,785	\$73,523,042	\$76,861,499	\$69,655,610	\$65,804,499
Net income (loss) before income taxes . . . . .	2,280,903	3,771,469	(2,622,634)	5,806,010	5,597,392	4,128,452
Income taxes . . . . .	940,000	1,792,000	(1,309,609)	3,066,220	3,000,000	2,130,000
Net income (loss) from operations . . . . .	1,340,903	1,979,469	(1,313,025)	2,739,790	2,597,392	1,998,452
Operating income (loss) per common share . . . . .	0.54	0.84	(0.68)	1.20	1.14	0.85
Extraordinary items . . . . .	—	1,068,575	—	—	—	—
Net income (loss) for the year . . . . .	1,340,903	3,048,044	(1,313,025)	2,739,790	2,597,392	1,998,452
Net income (loss) per common share . . . . .	0.54	1.34	(0.68)	1.20	1.14	0.85
Capital expenditures . . . . .	6,846,030	5,436,525	9,046,627	22,948,252	10,241,960	6,866,103
Cash flow from operations . . . . .	9,209,952	10,219,318	3,571,989	8,957,797	6,774,458	5,551,808
Cash flow per common share . . . . .	4.26	4.73	1.65	4.15	3.17	2.61
Depreciation . . . . .	4,548,777	4,366,992	3,999,707	2,620,686	2,503,458	1,956,496
Working capital . . . . .	18,911,724	17,482,570	10,344,646	17,157,881	13,638,808	14,218,902

## Directors' report to shareholders

Dominion Glass Company's consolidated sales in 1973 were \$100,767,990. This was an increase of 8.3 per cent over the 1972 sales of \$93,015,785. Glass container sales were up from the previous year as a result of improved market share, increased shipments, and some increased prices. Shipments of pressed glass products from National Pressed Glass were well above 1972 levels. Plastic container sales were below 1972 levels, as only nine months of sales are included in the 1973 Dominion Glass results. Effective October 1, 1973, the plastics division of Dominion Glass was sold to Twinpak Ltd., with Dominion Glass subsequently acquiring a 50 per cent share interest in the consolidated company. Dominion's future financial reporting will treat its interest in Twinpak as an investment, with Dominion's results including its share of Twinpak's profit but not sales of that company.

Despite the record level of sales in 1973, profits were disappointingly low. The prices of materials, supplies, fuel and utilities rose at a rapid rate as did the cost of labor. This cost escalation outstripped our ability to obtain offsetting price increases for our products. After tax profits in 1973 were \$1,340,903, equivalent to 54 cents per common share compared with after tax profits from operations in 1972 of \$1,979,469 or 84 cents

per common share. In 1972, the total net income after tax of \$3,048,044 or \$1.34 per common share included an extraordinary profit on the sale of property of \$1,068,575.

Sales in the first half of 1973 were about the same as in 1972, but as predicted in our quarterly reports, sales in the second half of the year were well ahead of the previous year. Profitability in the second half of the year showed some improvement over 1972 at 29 cents per common share compared with 26 cents in the previous year. Selling prices have been increased in late January, 1974, and this will provide some improvement in revenue. In addition, we will require an all-out effort to ensure an efficient level of output in 1974 to meet our present forecast of a strong sales demand.

Expenditures on capital replacements, expansion and major rebuilds of furnaces totalled \$6,846,030 in 1973. This was up from \$5,436,525 in 1972 as the result of a heavier furnace rebuild schedule in 1973. A major project was completed at National Pressed Glass during the year which added furnace and machine capacity to meet the growing demand for pressed glass products.

During 1973, current borrowings were reduced from \$11,640,000 to \$8,248,853 and this contributed to year-end working capital at December

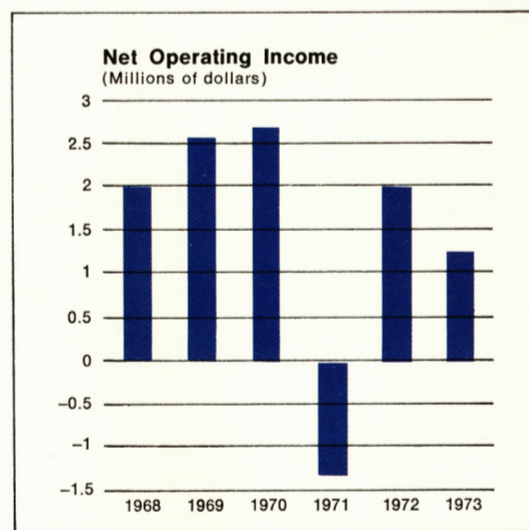
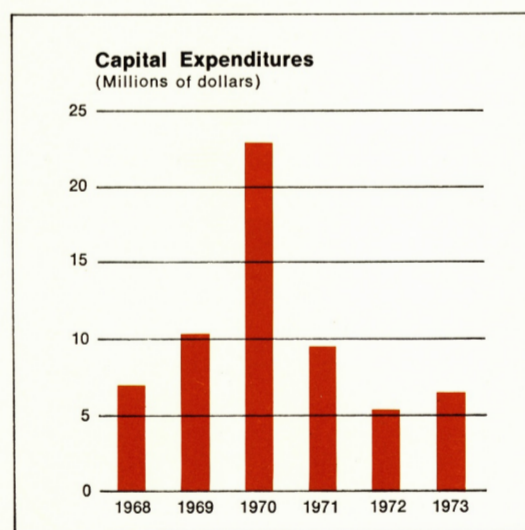
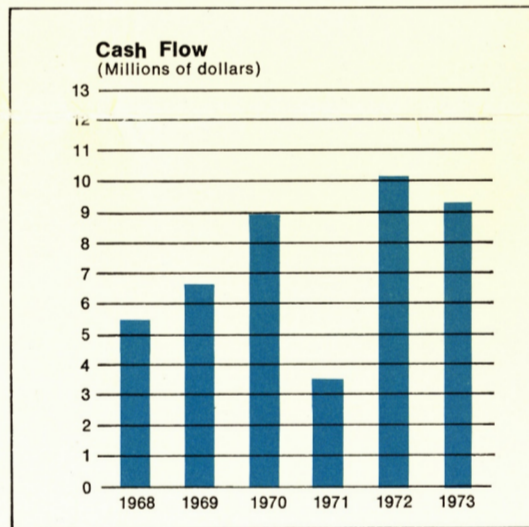
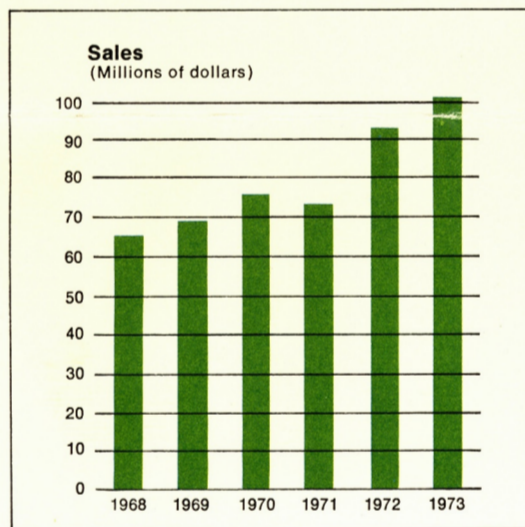
31, 1973, being up to \$18,911,724 from \$17,482,570 at the previous year-end. Charges for depreciation in 1973 were \$4,548,777 compared with \$4,366,992 in 1972. Cash flow from operations was \$9,209,952 in 1973 compared with \$10,219,318 in 1972 with the decrease resulting from the reduced earnings in 1973.

Regular dividends of 70 cents per share were paid on the preferred shares in 1973 but dividend payments to common shareholders were not resumed.

During 1973, the majority of the union contracts at our glass plants reached their termination dates. New agreements were negotiated at all locations without serious disruption to production.

Mr. Paul Britton Paine, Q.C., chairman of the board since February, 1971, resigned as chairman and a director in May when he assumed his new duties as president of Montreal Trust. Mr. Paine had been a director since 1967 and we wish to thank him for his contribution to the affairs of the company. The Honourable John B. Aird, Q.C., was appointed a director by the board to fill the vacancy created by the resignation of Mr. Paine. Mr. W.I.M. Turner, Jr., was elected chairman of the board.

W.I.M. Turner, Jr.,  
Chairman  
E.A. Thompson, President  
13 February, 1974



### Auditors' report

To the Shareholders of Dominion Glass Company Limited:

We have examined the consolidated balance sheet of Dominion Glass Company Limited and subsidiary companies as at December 31, 1973 and the statements of consolidated income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company and its subsidiaries as at December 31, 1973, and the results of their operations and the source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Que.  
January 28, 1974.

*Jauché Ross & Co.*  
Chartered Accountants

Con

### Assets

#### Current:

Cash . . . . .	
Accounts receivable . . . . .	
Prepaid expenses . . . . .	
Inventories — note 2 . . . . .	

Due under stock purchase plan — note 3 . . . . .

Investment in associated company — note 4 . . . . .

Fixed assets — note 5 . . . . .

Deferred charges, less amortization — note 6 . . . . .

On behalf of the Board: W.I.M. Turner, Jr., *Director*; E.A. Thompson,

### Statement of consolidated income for the year ended December 31

Sales . . . . .	
Cost of goods sold . . . . .	
Selling and administrative expenses . . . . .	
Depreciation . . . . .	
Interest and discount on long-term debt . . . . .	

Net income before income taxes . . . . .	
Income taxes . . . . .	
Net income from operations . . . . .	
Extraordinary item — gain on sale of property, less income taxes of \$186,838 . . . . .	
Net income for the year . . . . .	
Net income per common share	
Operations . . . . .	
Extraordinary item . . . . .	
Total . . . . .	

### Statement of consolidated retained earnings as at December 31

Balance at January 1 . . . . .	
Net income for the year . . . . .	
Dividends — Preferred . . . . .	
Balance at December 31 . . . . .	

### Notes to consolidated financial statements December 31, 1973

#### 1. Basis of Reporting

The Company is incorporated under the Canada Corporations Act. Consolidated financial statements include the accounts of all of the Company's wholly owned subsidiaries.

#### 2. Inventories

The main inventory classifications are as follows —

	1973	1972
Raw materials and supplies	\$ 5,143,696	\$ 4,681,587
Manufactured products	18,293,485	20,713,745
	<u>\$23,437,181</u>	<u>\$25,395,332</u>

Raw materials and supplies in inventories are valued at the lower of average cost and net realizable value. Manufactured products include raw materials, direct labour and certain manufacturing overhead expenses. Adequate provision is made for slow moving and obsolete inventories.

#### 3. Stock Purchase Plan

Pursuant to the provisions of Special By-Law "B" funds were advanced during the year to the Trustee under the plan for the purchase in the open market of 2,140 common shares of the Company (1972 - 4,126 shares) for the account of certain employees. Payment for these shares is being made by the

said employ  
of the aggr  
Trustee hel

#### 4. Invest

On October  
relating to  
value to T  
purchased  
Ltd. for \$  
of \$735,000  
to amortize

#### 5. Fixed

Land  
Buildings a

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Canadian beer is both packaged and served in Dominion Glass products—the returnable compact bottle and the glass stein.

## Canada's brewing industry goes glass

Canadian beer, renowned for its excellent quality, enjoyed a 410 million gallon market in 1973. The lion's share of Canadian beer in 1973 was sold in standard returnable glass containers. "The 12-ounce compact bottle packaged approximately 79 per cent of total volume, with the 22-ounce 'quart' accounting for 4 per cent of beer sold," says Mr. W.K. Carswell, Dominion's market development manager for beverages. Draught beer accounted for 14 per cent of total gallonage while sales of canned beer accounted for only 3 per cent of the market.

### Efficient Distribution System

Canada's beer distribution system is regarded as the world's most efficient. The key to its success is the standard 12-ounce container, introduced in 1962 and used throughout the industry. These containers are returned for washing and refilling on an average of more than 15 times each.

In most provinces, industry or government-operated outlets generally sell beer in cases of twelve or twenty-four 12-ounce bottles and accept return of the empty containers and cases. The

resulting "float" of empties is returned to the individual breweries in proportion to their share of beer sold in that province. This ecologically sound distribution system eliminates many problems and provides the lowest over-all packaging cost for the brewer and the consumer.

### Served in Glass

While over 80 per cent of Canadian beer is packaged in glass, almost all of it is served and consumed in glass. Dominion is not only the leading supplier of glass containers to Canadian breweries, but it is the only Canadian manufacturer of beer glasses and steins for the restaurant, hotel and institutional trades.

### Beer Market Growing

Sales of Canadian beer for the 10 months ended October, 1973 were up 6.9 per cent over the previous year, notes Mr. Carswell. Canadian per capita consumption of beer reached 15.5 gallons in 1973, continuing the upward trend of recent years. Several factors assure the brewing industry and its glass container suppliers continued growth in the future.

## Diversification in tableware

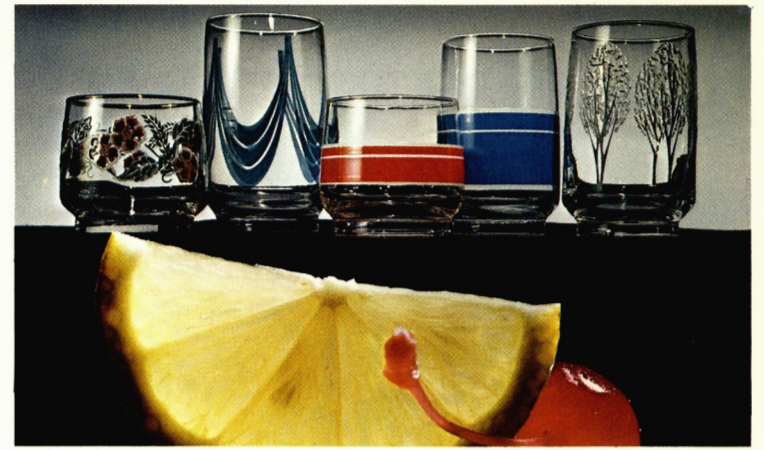
Dominion Glass, the only Canadian manufacturer of machine-made glass tableware, will diversify into production of colored ware in 1974. Late this year, a special facility at the Dominion Glass plant in Wallaceburg, Ontario will begin operations for the manufacture of a variety of colored tableware, including tumblers, steins, ash trays and assorted pressed items.

"It will take about 12 months from production start-up to penetrate the market on a full scale," says Mr. Jack Patterson, market development manager for the tableware division. The new tableware will be marketed through distributors who in turn will sell to retail outlets, such as supermarkets, variety and department stores and discount houses.

### New Lines

For 1974, Dominion plans the introduction of two new beer stein designs, as well as a 3-ounce decanter and new lines and sizes of tumblers for both the retail and institutional trades.

In 1973, the tableware division introduced several new items, including an assortment of simulated cut-glass tableware, known as the Pinwheel Cottage set, and the modern and popular "Riviera" tumbler shape.



Several of the stylized "Riviera" tumblers decorated with attractive and colorful modern designs.



The simulated cut-glass Pinwheel Cottage set, introduced in 1973, includes a cream jug and sugar bowl, fruit dishes, a covered butter dish and a large bowl.

### Directors

The Hon. J.B. Aird, Q.C.  
*Senior Partner*  
Aird, Zimmerman & Berlis

Roland Chagnon, C.A.  
*President*  
Lallemant Inc.

H. Roy Crabtree  
*Chairman and President*  
Wabasso Limited

Paul Desmarais\*  
*Chairman and Chief Executive Officer*  
Power Corporation of Canada, Limited

R.A. Irwin\*  
*Chairman*  
Consolidated-Bathurst Limited

Herbert H. Lank  
*Director*  
DuPont of Canada, Limited

Paul E. Martin\*  
*President and Chief Operating Officer*  
Canada Steamship Lines, Limited

Jean Parisien, C.A.\*  
*Senior Deputy Chairman*  
Power Corporation of Canada, Limited

E.A. Thompson\*  
*President and Chief Executive Officer*  
Dominion Glass Company Limited

Peter N. Thomson  
*Deputy Chairman*  
Power Corporation of Canada, Limited

William I.M. Turner, Jr.\*  
*President and Chief Executive Officer*  
Consolidated-Bathurst Limited

### Executive officers

William I.M. Turner, Jr.  
*Chairman*

E.A. Thompson  
*President and Chief Executive Officer*

E.G. Blyth  
*Vice-President*  
Finance and Administration, Treasurer

W.H. Shotton  
*Vice-President*  
Manufacturing

J.E. Souccar  
*Vice-President*  
Marketing

T.B. King  
*Secretary*

### Transfer agent

The Royal Trust Company  
Montreal and Toronto

### Registrar

Bank of Montreal  
Montreal and Toronto

### Auditors

Touche Ross & Co.  
Chartered Accountants

### Plants

Montreal, Quebec H3K 1X6  
2376 Wellington Street  
Bramalea, Ontario L6T 2J5  
100 West Drive

Hamilton, Ontario L8L 7Y7  
Chapple Street

Wallaceburg, Ontario N8A 4L8  
1250 James Street

Redcliff, Alberta T0J 2P0  
1st Avenue & 1st Street N.E.

Burnaby, B.C. V3N 1C8  
6850 - 20th Avenue

### Offices

Head Office  
1080 Beaver Hall Hill  
Montreal, Quebec H2Z 1P2

Regional Sales Office  
Eastern Canada  
4480 Côte de Liesse  
Montreal, Quebec H4N 2R1

District Sales Office  
969 Route de l'Église  
Ste-Foy, Quebec G1V 4C2

Regional Sales Office  
Central Canada  
4 Eva Road  
Etobicoke, Ontario M9C 2A8

Regional Sales Office  
Western Canada  
6850 - 20th Avenue  
Burnaby, British Columbia V3N 1C8

District Sales Office  
1st Avenue & 1st Street N.E.  
Redcliff, Alberta T0J 2P0

### Subsidiary company

National Pressed Glass Limited  
47 Morton Avenue East  
Brantford, Ontario N3T 5P9

### Associated company

Twinpak Ltd.  
2225 Hymus Blvd.  
Dorval, Quebec H9P 1J8

\*Members of the Executive Committee

## Dominion issues home preserving guide



Locked-in goodness in a glass fruit jar. The rapidly climbing sales of Dominion's fruit jar lines reflect the popularity of glass containers for home preserving purposes.

In the last few years, the art of home preserving has staged a come-back. Many homemakers are preserving foodstuffs in glass containers. Glass has a significant advantage over other containers for home preserving purposes because it is both economical and reusable for many preserving seasons.

### Fruit Jar Market Growing

The popularity of home preserving in glass has substantially boosted the sales of Dominion's various fruit jar lines. "Home preserving has gained acceptance from a broad range of age groups and a wide variety of consumers," says Mr. Peter Johnson, Dominion's market development manager for food. "Fruit jar and jelly tumbler sales have been climbing rapidly in the last few years. Manufac-

turers in North America have been barely able to keep up with the demand," he adds.

### Comprehensive, Modern Booklet

Because of the renewed interest in home preserving, Dominion Glass is issuing a new edition of its home preserving guide. The booklet is comprehensive and modern. Mr. Johnson stresses that it is designed and organized for the novice.

"To the best of our knowledge, this home preserving guide will be one of the most definitive and up-to-date in the North American market. There is a great need for this type of book," Mr. Johnson states. One of the primary reasons for the new edition is to provide an educational program for consumers. "We get many inquiries

from homemakers on food preserving problems," he notes. "This guide will fill an evident consumer need. It is not a recipe book as such, but a complete course in preserving."

The 125-page guide will feature approximately 30 detailed sketches, describing the different methods of home preserving, the equipment needed for each process and the various types of fruit jar closures available. Sections will be devoted to instructions on the preserving of jams, jellies, pickles, relishes and vegetables.

### Distribution Plans

The first printing will be available for the Canadian market in April, 1974. The guide, published by one of the world's largest publishers and distributors of paper backs, will be issued in

pocket-book form. Eventually, the guide will be distributed through newsstands and other similar outlets in Canada and the U.S.A. The publisher is also exploring the possibility of translating the guide into several languages for distribution in Europe and other parts of the world. Copies of the booklet will also be available at all of the company's regional sales offices and through Dominion's fruit jar distributors.



One of the modern designs created for Dominion's fruit jar cartons. The "poster" look is intended to create an impressive effect when cartons are stacked in retail outlets.