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**1987 IVACO INC. ANNUAL REPORT**

**IVACO**



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## OFFICERS

Isin Ivanier  
Chairman

Paul Ivanier  
President and  
Chief Executive Officer

Sydney Ivanier  
Senior Vice-President

Michael Herling  
Senior Vice-President  
and Secretary

John Loveridge  
Vice-President

M. R. Cairns  
Vice-President

Albert A. Kassab  
Vice-President and  
Chief Financial Officer

George Goldstein  
Vice-President

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## HEAD OFFICE

Place Mercantile  
770, rue Sherbrooke ouest  
Montréal (Québec) Canada  
H3A 1G1  
(514) 288-4545

## TRANSFER AGENT AND REGISTRAR

The Royal Trust Company in Montréal, Toronto,  
Calgary, Winnipeg, Regina, Vancouver and Halifax.

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## ANNUAL MEETING

The annual meeting of the Company will be held on May 26, 1988 at 10:00 a.m. in the Oval Room of the Ritz-Carlton Hotel, Montréal, Québec.

## SHARES LISTED

The Montréal Exchange  
The Toronto Stock Exchange

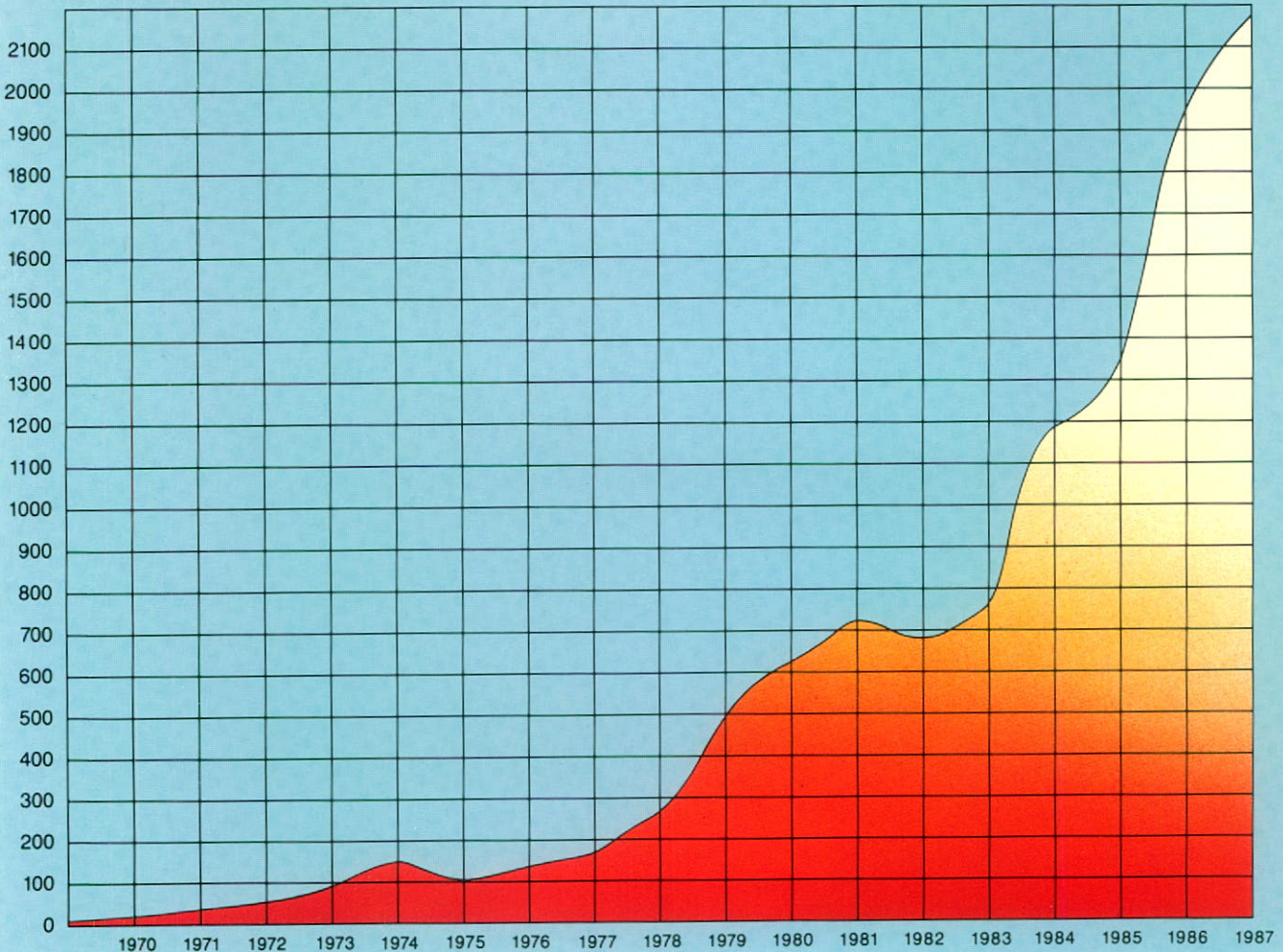
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*Pour recevoir un exemplaire de la version française de ce rapport, veuillez écrire à Ivaco Inc., Place Mercantile, 770, rue Sherbrooke ouest, Montréal (Québec) Canada H3A 1G1*

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# SALES GROWTH

Sales (in Millions of Dollars)



## FINANCIAL HIGHLIGHTS THOUSANDS OF DOLLARS EXCEPT PER SHARE AMOUNTS

	1987	1986
Sales	\$2,174,976	\$1,944,777
Earnings from operations	\$ 140,194	\$ 131,646
Net earnings before extraordinary items	\$ 38,351	\$ 43,057
Net earnings	\$ 33,337	\$ 44,092
Net earnings per share		
Before extraordinary items	\$ 0.83	\$ 1.05
After extraordinary items	\$ 0.55	\$ 1.11
Working capital	\$ 475,313	\$ 488,012
Net additions to fixed assets	\$ 88,477	\$ 84,406

HOWARD ROSS LIBRARY  
OF MANAGEMENT  
APR 28 1988  
MCGILL UNIVERSITY

## TO OUR SHAREHOLDERS



*Isin Ivanier  
Chairman*



*Paul Ivanier  
President and Chief Executive Officer*

March 21, 1988

Your Company grew to achieve record sales of \$2.2 billion in 1987. As the year progressed there was marked strengthening for your Company's sales and earnings and, in fact, by the fourth quarter record quarterly sales of \$635 million were achieved.

The progressive improvement, quarter by quarter throughout the year, was the result of several factors including a continuous thrust to refine production efficiencies. Many of the Company's plants either completed or initiated a meaningful capital program to increase capacity or improve efficiency during the year.

It is central to Ivaco's philosophy that each manufacturing plant should strive constantly to achieve status as the low cost producer. In addition to constant attention to the improvement of manufacturing efficiency, Ivaco is constantly sensitive to the build-

ing of market share so that optimum economies of scale are achieved. Therefore it is with considerable satisfaction that the Company is able to report that it remains the largest North American producer of bolts and nuts, nails, prestressed concrete strand as well as the predominant North American manufacturer of hot rolled wire rods, welded wire fabric, oil-tempered spring wire and steel guy strand.

Similarly the Company's 79% owned Canron subsidiary achieves significant economy of scale by being the largest Canadian producer of plastic, concrete and cast iron pipes and fittings as well as being Canada's largest fabricator and erector of structural steel.

As in previous years, plans for internal expansion programs were oriented to moving up-scale within existing product ranges into

products requiring higher chemistry steel. Accordingly, your Company's steel mills continue to stress the development of readily available special chemistry steels and its rolling mills constantly extend their capacity to produce high quality wire rods and bars for a multitude of sophisticated applications. Further downstream, the secondary manufacturing plants are simultaneously upgrading capacity, efficiency and quality control. The one dominant factor which is given overwhelming importance in the whole internal expansion concept is an emphasis on building quality and reliability into the product as an intrinsic part of the manufacturing process.

Before looking at highlights of the year as they related to specific Ivaco businesses, a few words about the North American markets for steel and steel products might be in order.

For several years now, the United States steel industry has had to deal with several very complex problems and, as a result, markets for steel products have faced severe disruption. One problem that the U.S. steel industry faced for more than a decade was a trend toward lower aggregate demand. A second problem arose as the U.S. dollar rose significantly in value, relative to other currencies, thus creating a natural demand pull for imported products. This was further aggravated by a third problem resulting from the development of additional steel production in countries which, for political and economic reasons, had powerful incentive to export to North America.

There is encouraging evidence that a more stable environment is developing. Much obsolete capacity has been taken out of production and while there is still surplus capacity, equilibrium is possible in the foreseeable future. The combination of firm action in terms of import regulations and the changing relative values of currencies is also having the desired effect.

During 1987, each of Ivaco's four steel-making and rolling mill complexes produced way beyond the industry average for capacity utilization. This helped achieve good cost per ton economies and ensured continued maintenance of market share leadership.

Ivaco Rolling Mills had a number of projects underway at its melt shop to maintain the continuing program for improved efficiency and high standards of quality control. These improvements increased caster availability, improved dimensional quality and achieved greater steel cleanliness. In 1988, the melt shop will proceed with the installation of a ladle furnace for greatly improved ladle metallurgy control.

The rolling mill at L'Original installed advanced new laying head equipment during the year so that the mill finishing speed could be increased and at the same time ensure the coil package meets the most stringent quality demands. Another important development during the year was the installation of an on-line automated rod surface defect detector. Rod surface integrity is of utmost importance in cold heading quality as well as in most other high quality wire rods.

Ivaco Rolling Mills is receiving excellent response to the wire rods produced from the Q.I.T. steel billets which are produced from high purity pig iron. Ivaco has a multi-year contract with Q.I.T. to take a large portion of its output of these special quality billets.

Atlantic Steel continued to make excellent progress in 1987 toward increasing the proportion of special chemistry steels in its product mix. It also has improved production efficiencies very significantly during the past year and has initiated plans for a major productivity investment. This will be accomplished by moving the Atlanta steelmaking melt shop and continuous cast operations to the Company's other facility at nearby Cartersville, Georgia. The project, which will have a capital cost of about U.S. \$25 million and a relatively short payback period, is the result of a study by Atlantic in conjunction with world renowned experts in steelmaking. Completion has been projected for late 1989 or early 1990 and will involve minimal downtime.

The primary purpose for the undertaking is for Atlantic to benefit from the substantial economies of scale resulting from the consolidation of both steelmaking facilities into one location. This will result in a reduction in the cost of producing

billets and at the same time considerable improvements will be made for producing special quality and alloy steels.

Upon completion of the project, the Cartersville steelmaking facility will consist of two electric furnaces, a new ladle metallurgy furnace, the existing four-strand continuous caster and the six-strand continuous caster transferred from Atlanta.

At Alton, Illinois, Laclede has upgraded its 14" rolling mill by installing a new roughing mill which, combined with the rebuilding of its six-strand continuous caster last year, puts Laclede's facility in excellent condition. Laclede had a very good year in 1987. Its sales increased to U.S. \$268.1 million and earnings before taxes and other items were U.S. \$8.8 million. The outlook for 1988 is also very bright.

Canron achieved the highest sales in its history at \$574.3 million and its earnings before taxes were \$30.1 million. Canron has made excellent progress in the strengthening of its position in the U.S. and Canadian markets for both plastic pipe and fittings and for steel fabrication and service. The outlook remains favourable.

Other highlights of the year just past include: (i) the completion and opening of a modern new wire and welded wire fabric plant by National Wire located near Atlanta; (ii) relocation of production machinery from the Federal Bolt & Nut facility at Toronto to the fastener plants in Marieville, Québec, and Ingersoll, Ontario; (iii) acquisition by Niagara Lockport of Ayers Felt Inc. which has been a quality supplier to North American paper mills for more than 100 years.

On the financial front, 1987 was a relatively stable year. In particular there were excellent results in terms of cash provided by operating activities of \$129 million. This number gives an excellent insight into the operational strength of the Company. The Company is well financed and the repayment schedule for long term debt, including required payments on revolving bank loans, is a relatively low annual average of \$35 million over the next five years.

Net earnings for the year just past were \$38.4 million before extraordinary charges of \$5 million, resulting from discontinued oper-

ations, and represent a quite creditable performance in that earnings before taxes and extraordinary items were \$86.4 million in 1987 compared with \$81.7 million in 1986. To keep the net earnings performance in perspective, 1987 had significantly higher effective income tax rates which rose to almost 48% in 1987 from 40% the previous year and reduced earnings by \$6.8 million (37 cents per share). Also, the strengthened Canadian dollar compared with the U.S. dollar reduced margins on your Company's exports. Despite higher tax rates and the strengthened Canadian dollar fourth quarter net earnings before extraordinary items were \$13.2 million (40 cents per share) compared with \$10.9 million (27 cents per share) in the comparable 1986 period.

The outlook for Ivaco is very positive for 1988. Earnings are expected to record excellent performance during the first half of the year, notwithstanding the strong Canadian dollar. Prospects for the second half are also expected to be good but will depend on the state of the North American economy at that time.

As stated at last year's annual meeting your Company has reached its previously stated goal of \$2 billion in sales and we remain dedicated to improving the bottom line so that our shareholders will enjoy a higher return on their investment in the years to come.

In July 1987, we at Ivaco lost a valued friend and colleague of over 30 years. The Late Jack Klein was a Director and Senior Vice-President of Ivaco and one of the original members of the Company. He is sadly missed.

On behalf of the Board of Directors:

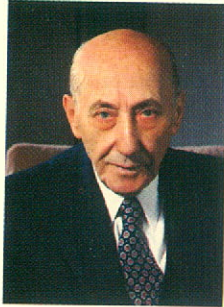


Isin Ivanier  
Chairman



Paul Ivanier  
President and  
Chief Executive Officer

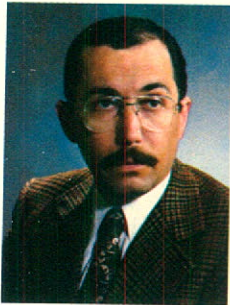
# DIRECTORS AND OFFICERS



Isin Ivanier\*  
Chairman of the  
Company



Paul Ivanier\*  
President and  
Chief Executive  
Officer of the  
Company



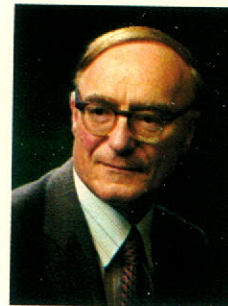
Sydney Ivanier\*  
Senior  
Vice-President of  
the Company



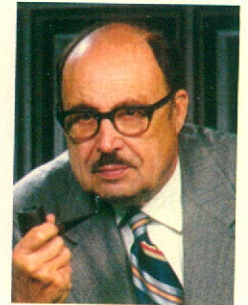
Michael Herling\*  
Senior  
Vice-President and  
Secretary of the  
Company



†The Late Jack Klein  
Senior  
Vice-President of  
the Company



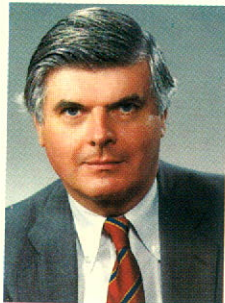
John Loveridge\*  
Chairman,  
Ingersoll Machine  
and Tool Company,  
Limited



Edward J. Buell\*  
Chairman,  
Niagara Lockport  
Industries Inc.



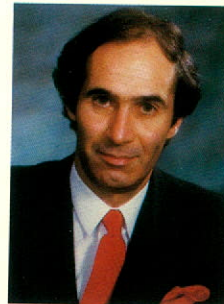
Donald G. Lawson\*  
Chairman,  
Moss, Lawson &  
Co. Limited



H.B. McNally, Q.C.\*  
Partner,  
Byers Casgrain



M.R. Cairns  
President,  
Niagara Lockport  
Industries Inc.



Albert A. Kassab  
Vice-President and  
Chief Financial  
Officer of  
the Company



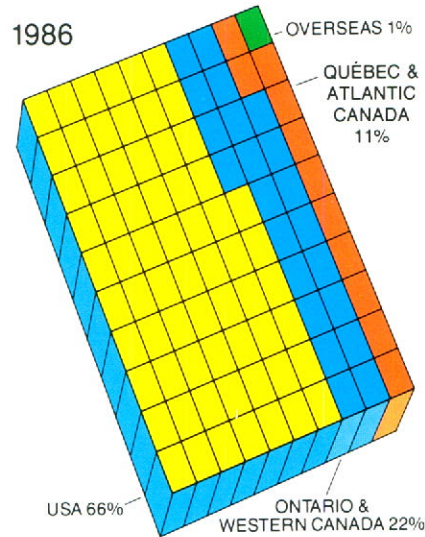
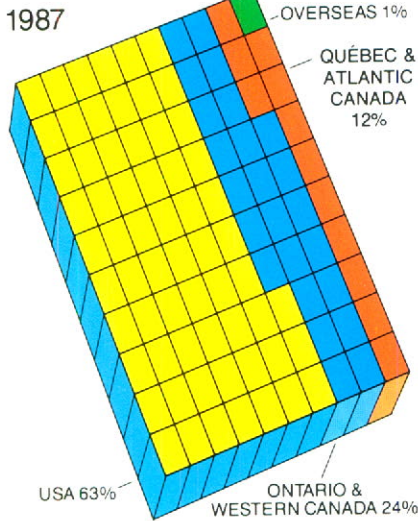
George Goldstein  
Vice-President of  
the Company

\*Director

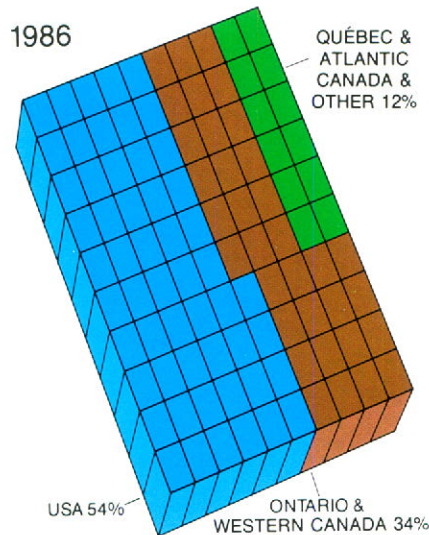
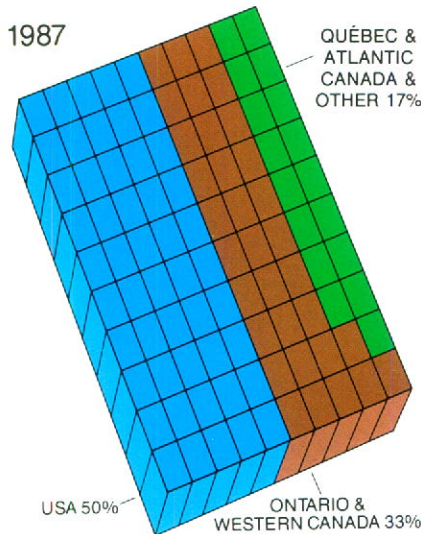
†The Late Jack Klein, who died suddenly during the year, served Ivaco with distinction as a director and senior officer from its inception.

## THE IVACO GROUP

### SALES DISTRIBUTION



### FIXED ASSETS DISTRIBUTION



Ivaco is one of the continent's important steelmakers, with annual steelmaking and rolling mill capacity in excess of 2 million tons. This capacity is provided by four modern electric furnace "midi" mills which produce steel billets, hot rolled wire rods, hot rolled bars, strip and pipe. The Company produces low, me-

dium and high carbon grades of steel in addition to a broad group of technically demanding alloy steels. It also produces a diversified range of industrial products and services through its eight operating groups.

Ivaco is dedicated to efficiency improvements, which

increase earnings and financial return to shareholders. It has invested extensively for modernization, productivity and quality improvement and vigorously seeks to be a market share leader and a low cost production leader in each of its manufacturing operations.

The Company employs some 12,000 people at 70 plants of which 43 are in Canada, 26 are in the U.S. and one is in Australia.

#### *Steelmaking and Rolling Mills*

The four modern steelmaking complexes are based on continuous casting technology. Three are 100% continuous cast and the fourth produces substantial tonnage via the continuous cast practice. Each has electric furnaces and complete rolling mill operations. All are technologically sophisticated.

#### *Wire, Wire Products and Nails*

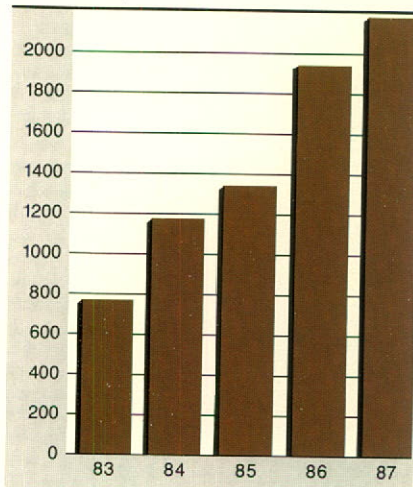
The Company is one of North America's largest producers of wire and wire products. It has comprehensive market coverage throughout Canada, the Midwest, Atlantic Seaboard and Southwest U.S. It is the continent's largest producer of nails, welded wire fabric and oil tempered spring wire. Other major product lines include wire and fencing.

#### *Fasteners*

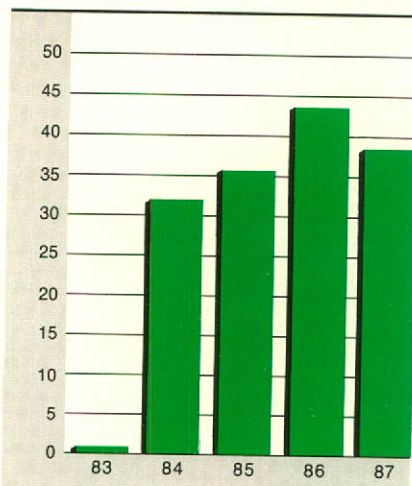
Ivaco is North America's largest manufacturer of standard fasteners and an important producer of specialty bolts, nuts and other fastener products.



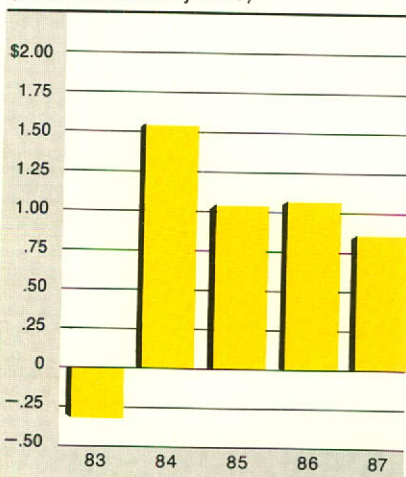
**SALES**  
(millions of dollars)



**NET EARNINGS (before extraordinary items)**  
(millions of dollars)



**NET EARNINGS (LOSS) PER SHARE\***  
(before extraordinary items)



\* After deducting dividends on preferred shares

### *Wire Ropes, Cables and Strand*

Ivaco has four plants which manufacture wire ropes, cables and strand and is the largest supplier of prestressed concrete strand and guy strand in the U.S. The Company also has a significant interest in one of the major U.S. manufacturers of high carbon steel tire cord and tire bead.

### *Precision Machined Components, Axles and Forgings*

Precision machined components are produced for the automotive, machinery and defence industries. Axles for trucks, heavy duty trailers and forgings are also major products.

### *Paper Machine Clothing*

The Company is one of North America's principal suppliers of forming fabrics and wet felts and dryer fabrics to the paper industry. Each product is custom engineered for a specific paper machine.

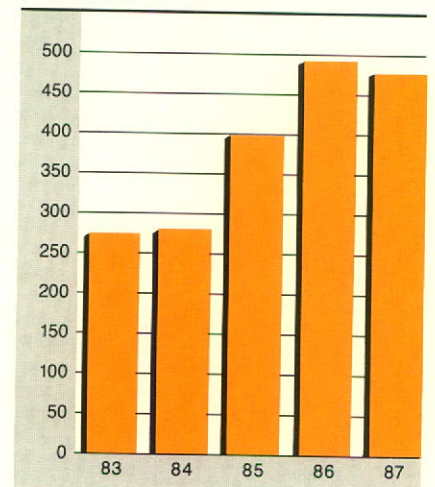
### *Copper and Copper Alloy Products*

Through its ArrowHead Metals subsidiary the Company is Canada's leading supplier of coppermetals. It produces a wide variety of alloys and shapes for such customers as the Royal Canadian Mint and the electrical, plumbing, automotive and construction industries.

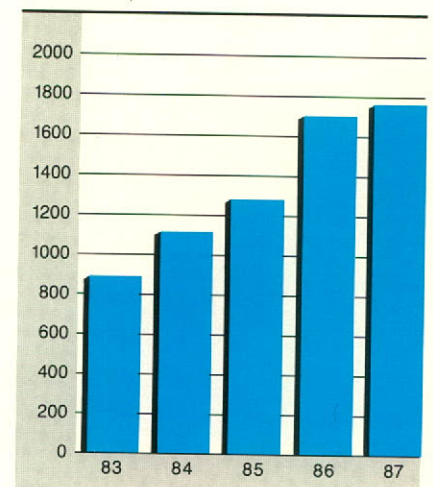
### *Canon*

Canon is a leading producer of plastic, concrete and iron pipe and pipe fittings. It also fabricates and erects structural steel and manufactures specialized machinery.

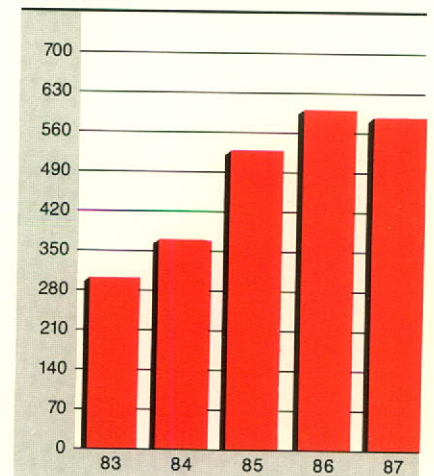
**WORKING CAPITAL**  
(millions of dollars)



**TOTAL ASSETS**  
(millions of dollars)



**SHAREHOLDERS' EQUITY**  
(millions of dollars)



## STEELMAKING AND ROLLING MILLS

Ivaco's steelmaking and rolling mill operations produced record tonnage in 1987 and this high volume throughput provided a beneficial effect on economies of scale. Pricing was irrationally low through the early part of the year but a combination of increased demand for product and the changing relative value of the U.S. dollar in comparison with other currencies resulted in improving prices in the U.S. as the year wore on. By year end, a stronger trend was established for prices in both Canada and the U.S. so that the outlook for the year ahead is the most positive in several years.

The Company currently operates four complete steelmaking and rolling mill complexes. It has steelmaking capacity in excess of 2 million tons, thus making Ivaco one of North America's most important steel producers.

Steelmaking at each of the Company's four locations is based on high performance, high efficiency electric arc furnaces. Most of the locations have sophisticated ladle metallurgy installations and each is equipped to produce high quality technically demanding steels. Three of the operations are in the U.S. and one is in Canada.

The four steelmaking complexes in the Ivaco group have continuous casting capability and three of them are 100% continuous cast.

All of the Company's rolling mills are designed for high quality production and each



*Charging the electric arc furnace with ferrous scrap.*

of the mills has an active product development program with the view to evolving the product mix toward a greater proportion of higher margin, special quality products, all, of course, within a very specific focus. The range of products within this focus principally includes hot rolled wire rods, hot rolled bars including special bar quality stock, and pipe.

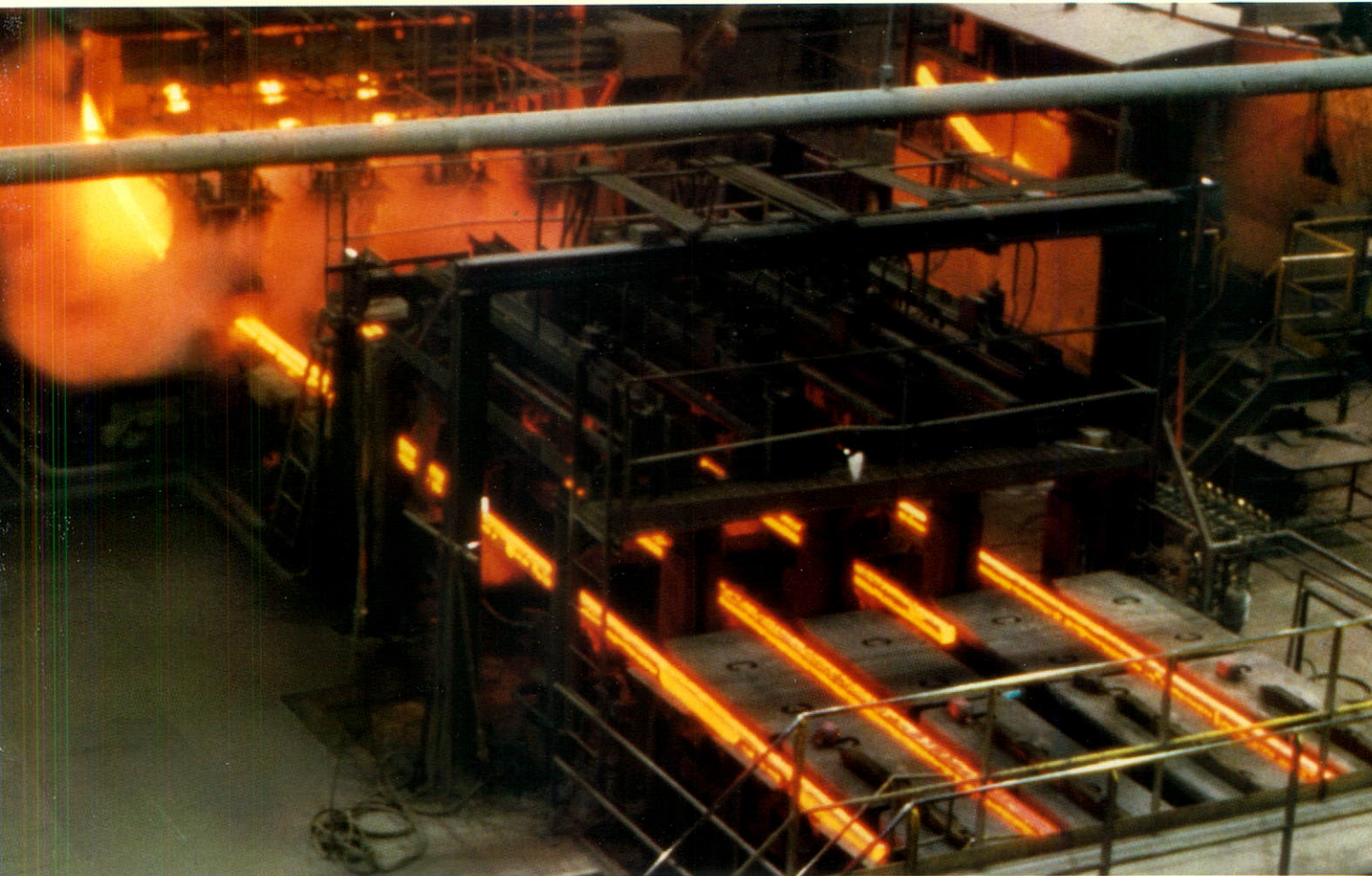
As an example of this type of concentrated specialization, the Company has become North America's largest

producer of hot rolled wire rods which it manufactures in a comprehensive range of grades, chemistries and sizes.

The following pages review the individual steelmaking and rolling mill complexes.

### **Ivaco Rolling Mills**

This steelmaking and rolling mill complex at L'Orignal, Ontario specializes in the production of continuous cast steel billets and hot rolled wire rods. It is a large and technically sophisticated facility devoted exclusively to



*Steel billets just prior to being cut to length exit four-strand continuous caster.*

the production of high quality wire rods. Because of this dedication to a single range of end products, the operation achieves very high levels of efficiency, reliability and product quality.

The steelmaking section of the complex produces billets in a comprehensive range of high and low carbon grades and is sufficiently flexible so that it is capable of producing large tonnages of special chemistry billets on short notice when market conditions require it. Combined with equivalent flexibility in the

rolling mill, Ivaco Rolling Mills has developed exemplary standards for service. It can make and roll steel to precise size and grade characteristics. This service capacity has been a major benefit to Ivaco's own downstream manufacturing plants and its other customers which manufacture fasteners, spring wire, welded wire fabric, galvanized wire, nails and other finished products from wire rods.

In addition to the broad quality ranges available from the steel produced on site, the rolling mill has been designed

with substantial additional capacity to run special grades of purchased billets. Currently Ivaco Rolling Mills consumes a large tonnage of premium quality steel billets produced from high purity pig iron. These billets are available through a long term purchase agreement with Q.I.T. Inc., of Sorel, Québec and there has been very positive customer response for the wire rods produced from these special billets.

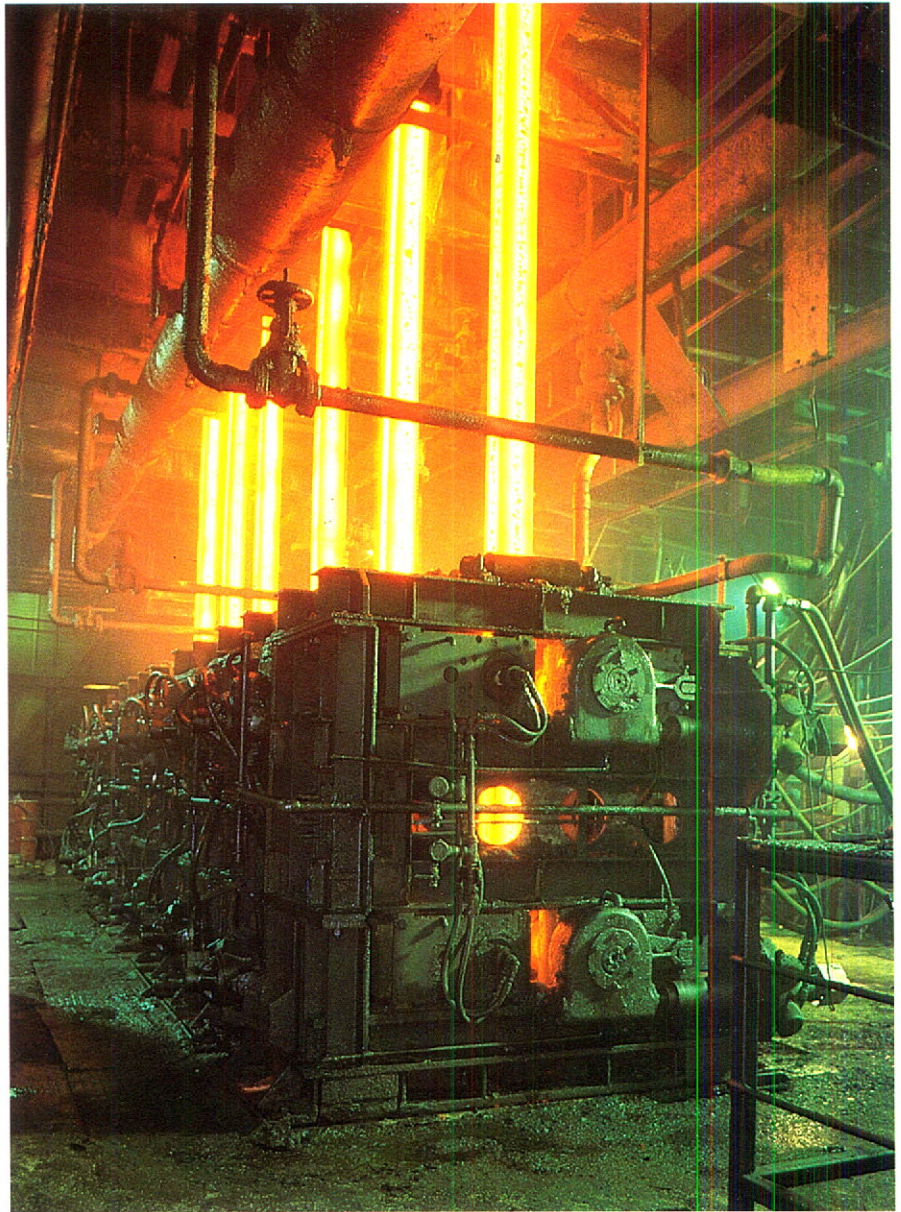
At the melt shop, a number of projects were underway to maintain the continuing

program for improved efficiency and high standards of quality control. Improvements made to the continuous caster are resulting in improved dimensional and metallurgical characteristics of the billets in addition to a slight increase in capacity.

Retractable short stroke oscillators were installed to increase caster availability and to deliver a dimensionally higher quality product. Other improvements installed during the year included upgrading of caster automation and improvements to the refractory systems to achieve greater steel cleanliness and to extend sequence times. Larger tundishes were also installed which results in better metallurgical reactions.

During 1988, the melt shop will proceed with the installation of a ladle furnace which will result in greatly improved ladle metallurgy control. It will widen the potential product range, increase consistency and reliability, enhance the zero defects program and provide an increase in capacity.

The rolling mill at L'Original installed advanced new laying head equipment during the year so that the mill finishing speed could be increased and at the same time ensure the coil package meets the most stringent quality demands. New equipment to improve both quality and yield was also installed in the no-twist finishing mills and in the roughing and intermediate mills.



*Cooling stage on the six-strand continuous caster.*

Another important development was the installation of an on-line automated rod surface defect detector. This equipment was installed on one of the two strands in late 1987 and the second unit has been recently installed on the other strand. Rod surface integrity is of utmost importance in cold heading quality

as well as in most other high quality wire rods. This system passes wire rods through a computer controlled continuous electro-magnetic inspection system. It identifies defects on and below the surface of the rod and is a major factor in maintaining the highest standards of quality.



*Roughing and intermediate stands at one of the Company's rolling mills.*

### **Atlantic Steel**

Atlantic Steel's two mills, both in Georgia, achieved record output during 1987 and continue running at full capacity. The Company has made a significant decision, announced to the local community in March 1988, to undertake a major consolidation project. The project will consolidate the Atlanta melting and casting operations with the Cartersville facility. Thus all melting and casting will be done at the Cartersville complex.

The project, which will have a capital cost of about U.S.\$25 million and a relatively short payback period, is the result of a study by Atlantic in conjunction with world renowned experts in steelmaking. Completion has been projected for late 1989 or early 1990 and will involve minimal downtime.

The primary purpose for the undertaking is for Atlantic to benefit from the substantial economies of scale resulting from the consolidation of both steelmaking facilities into one

location. This will result in a reduction in the cost of producing billets and at the same time considerable improvements will be made for producing special quality and alloy steels.

Upon completion of the project, the Cartersville steelmaking facility will consist of two electric furnaces, a new ladle metallurgy furnace, the existing four-strand continuous caster and the six-strand continuous caster transferred from Atlanta.



*Tapping the electric arc furnace.*

The resulting steelmaking facility will be "world class, state-of-the-art".

Atlantic Steel made excellent progress during 1987 in its company-wide program to increase the proportion of its products that are based on special chemistry steels. The marketing emphasis continues to stress special quality carbon steels, alloy and high strength hot rolled bars, and high carbon hot rolled rods. Volume for these more complex products increased by some 20% last year.

### **Laclede Steel**

Laclede Steel, 51% owned by Ivaco, is an important Midwestern U.S. steel producer

with its headquarters at St. Louis and its major production facility at nearby Alton, Illinois.

The Company had a good year in 1987. Demand remained high, production was maintained at capacity levels throughout the year, and pricing improved toward the end of the year.

Alloy and other special chemistry steels are a major part of the product mix for Laclede and shipments in 1987 continued that trend.

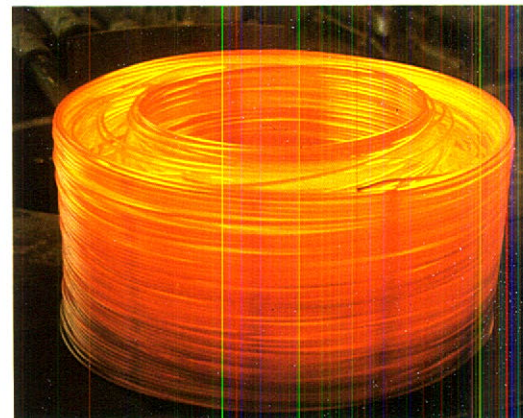
*Coiled hot rolled bar stock at the end of the rolling process.*

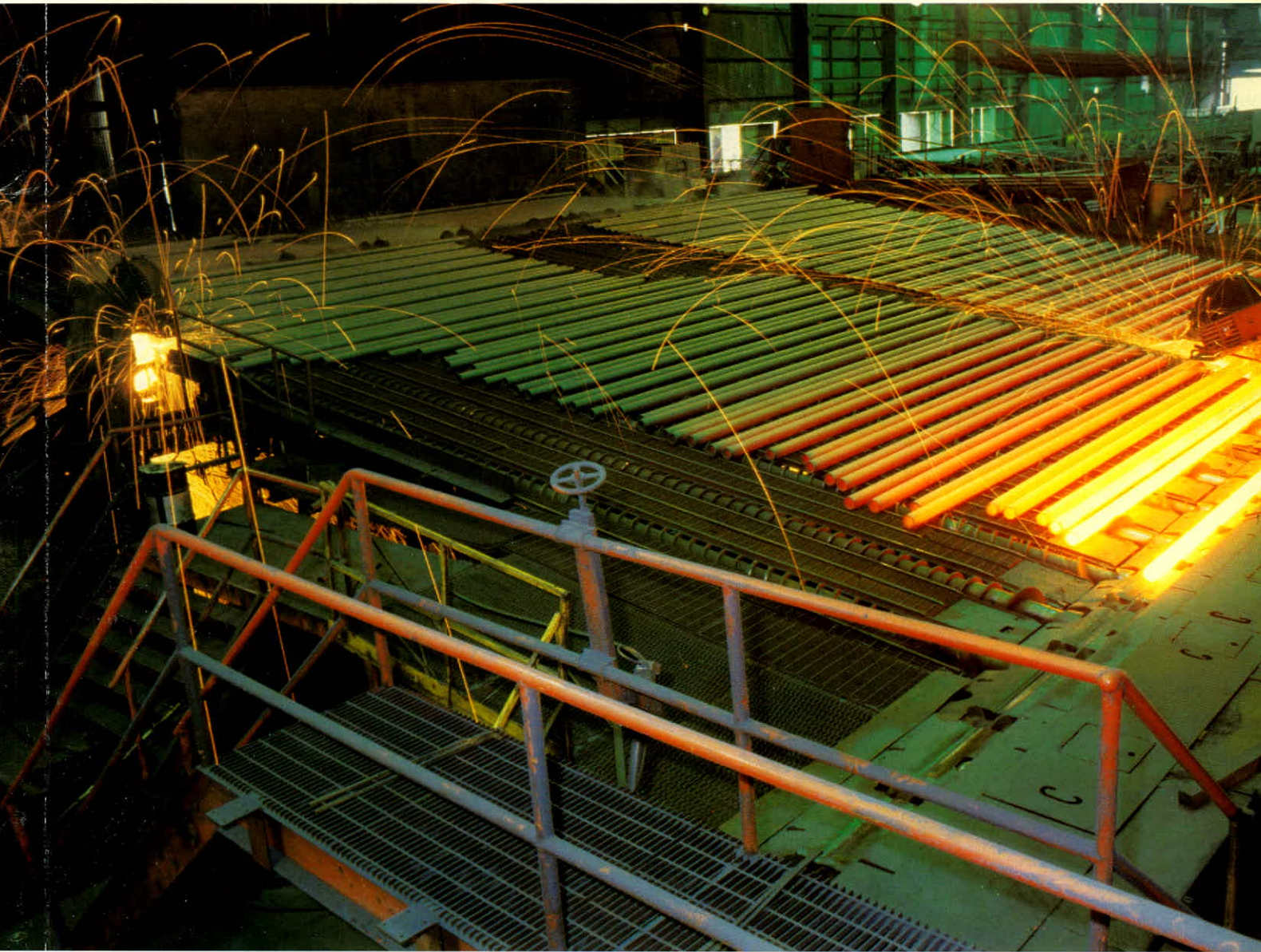
Laclede's major products include continuous weld pipe, special quality and other bar stock, plate, strip, forging billets, hot rolled wire rods, and products such as cold drawn, high carbon and oil tempered spring wire. In fact, the Company is North America's largest producer of oil tempered spring wire.

Three companies which manufacture finished steel products have been acquired in recent years. In 1984 Laclede purchased a chain manufacturer which had suffered significant losses prior to acquisition. It has been renamed Laclede Chain Manufacturing Co. and it had a very successful year in 1987.

In 1985 Laclede acquired another money losing downstream producer, Presidents Island Steel & Wire Inc., of Memphis, Tennessee. Presidents Island has also made significant improvements and reported profitable operations for the second half of last year.

Mid America Spring Wire of Fremont, Indiana was acquired in 1986 and was renamed





*Continuous weld pipe on the cooling bed being cut to length.*

Laclede Mid America Inc. It is a low cost producer of oil tempered spring wire. It had profitable operations in the second half of the year and, like the other two subsidiaries, anticipates successful operations in 1988.

At Laclede's steel complex at Alton, Illinois the swing

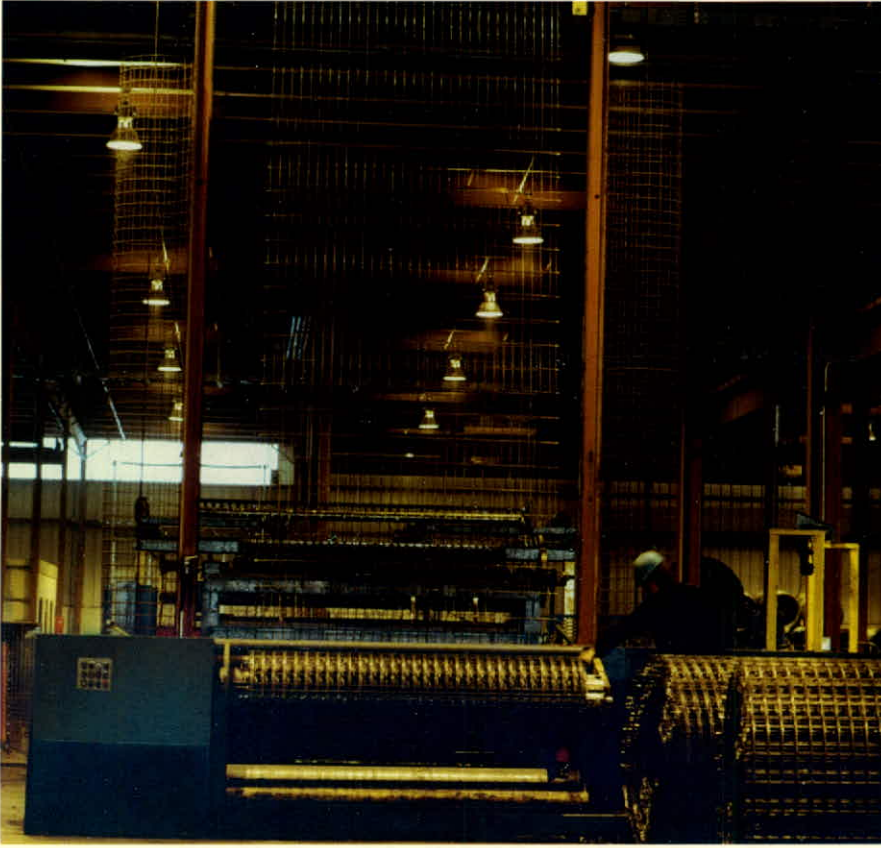
forge, which had high maintenance costs, was replaced during the year by a 5-stand roughing mill. This mill has improved quality and increased capacity and is already beginning to perform to expectations.

The outlook for Laclede and for each of the other steelma-

king facilities within the Ivaco group is for a continuation of production up to or near capacity and for stronger pricing.

1988 should be a very positive year for the Steelmaking Group.

## WIRE, WIRE PRODUCTS AND NAILS



*Coiling of welded wire fabric.*

Ivaco is a very significant manufacturer of wire, wire products and nails. The Company is the largest producer of nails, oil tempered spring wire and welded wire fabric in North America. It is also a leading producer of wire, fencing and other wire products. Ivaco manufactures wire and wire products in a multitude of sizes, grades and finishes and offers one of the most comprehensive product mixes of any producer on the continent.

This substantial scale of operations has been achieved by positive customer response to high levels of service and product quality. These in

turn, of course, reflect continued high levels of investment spending to maintain technical sophistication and productivity excellence along with a scale of operations which allows Ivaco manufacturing facilities to be among the lowest cost producers.

The ability and the willingness to deliver customer service and quality of a very high order is a dominant factor in the way in which the Company's strategically located wire, wire product and nail plants in Canada and the U.S. operate. Customer service is considered by Ivaco to be the ability to deliver a specific size and grade on very short

notice. This is made particularly complex to achieve by the wide spectrum of metallurgical characteristics, sizes and finishes which a customer might require in a specific product.

One of Ivaco's powerful growth strategies has been to be a leader in carrying a comprehensive range of finished product inventory.

Ivaco maintains the technical and the administrative capacities to respond swiftly to large special orders by organizing the steelmaking, rolling of hot rolled wire rods, wire drawing and all other appropriate manufacturing processes in remarkably short time frames. It is just one of the many significant ways in which customer service has become a strategy for growth that permeates every sector.

Another essential building block for growth is the ability to maintain product lines which offer comprehensive breadth. Ivaco's wire product range achieves this by including cold heading wire in low, medium and high carbon chemistries, annealed wire, galvanizing to all zinc coating weights, plus, of course, all standard wire sizes, grades and finishes. The same broad range of product is also available for nails. Ivaco produces virtually all types of steel nails and delivers them in packaged, bulk and collated nail formats. Collated material, using machine quality nails, are consumed by industrial nailing machines such as the Hitachi pneumatic tools which are distributed by the Company.



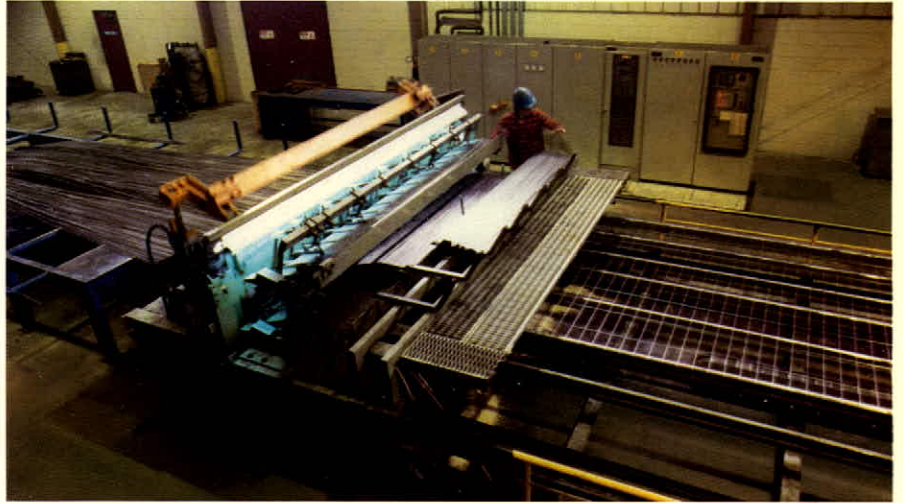
Investment to enhance productivity and product quality was made at almost every one of the Company's wire, wire products and nail facilities during the year. New wire drawing equipment was added at Marievalle, Québec and at a number of other plants. At Buffalo, New York, expansion includes chemical cleaning for wire rod along with an associated chemical recovery system. Other expansion included wire drawing and annealing, to extend production of cold heading wire, at Buffalo, N.Y.; building expansion and addition of collated nail production at Chambly, Québec; and the building and start-up of a major new welded wire fabric plant by National Wire at Newnan, Georgia.

The new National Wire plant in Georgia has 225,000 sq.ft. and has been in production since the spring of 1987. It is strategically located relative to both raw material supply and markets.

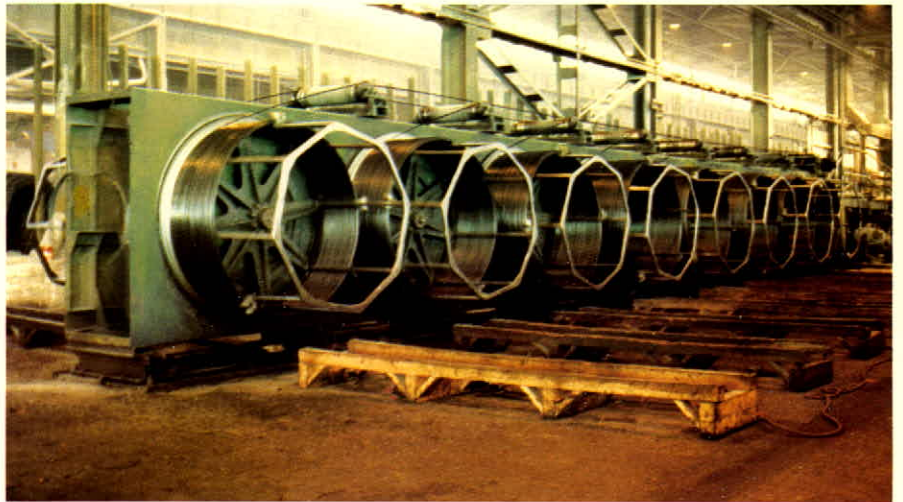
Elsewhere within the National Wire operation, welded wire fabric production will be increased in 1988 at Tampa, Florida. An advanced technology fluidized bed heat treatment facility was installed at the Baltimore galvanizing line.

The wire, wire products and nail group achieved record tonnage during 1987 and the outlook for the current year's operating levels is positive.

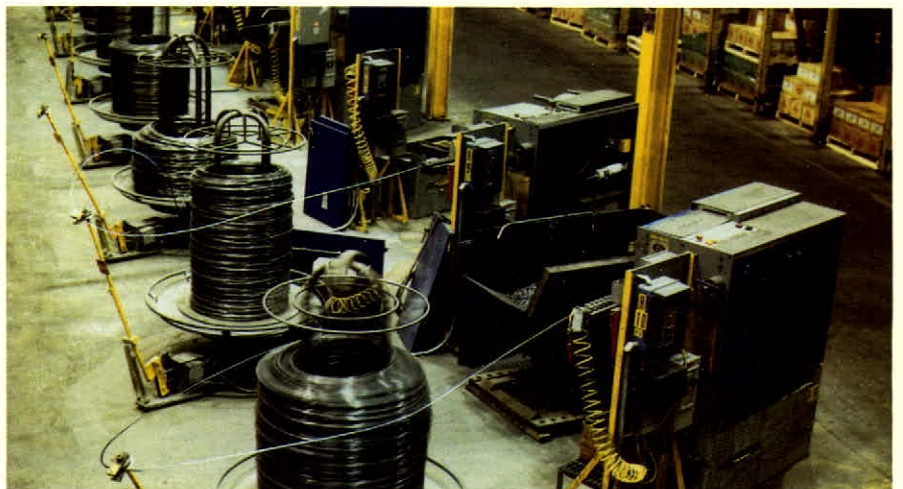
*New type, high performance nail machines.*



*Production of welded wire fabric.*



*Oil tempered spring wire at the end of the heat treating cycle.*





*High speed production of hot formed nuts.*

1987 was a busy and successful year for Ivaco's Fastener Group. Major expansions took place at the Infasco and Ingersoll Fasteners facilities as a result of increased market penetration as well as the transfer of production capacity of the Federal Bolt and Nut plant to Marievalle and Ingersoll.

The Infasco plant at Marievalle, Québec, manufactures a complete range of cold forged standard fasteners, a line of products for which Ivaco is one of the world's largest suppliers. This immense facility houses what is probably the world's largest boltmaker as well as a selection of the latest and most productive boltmakers in the world.

Ingersoll Fasteners, at Ingersoll, Ontario produces spe-

cialized, highly engineered fasteners for technically demanding markets, with commensurately higher selling prices. It achieved record pro-

duction in 1987. Concurrently, a major capacity expansion program involving a large building addition and the installation of four hot nut formers, five boltmakers and a modernized and rebuilt finished parts heat treating line was completed. Market response continued to be excellent for the company's product line to the automotive and distribution markets and sales increased substantially during the year.

The Fastener Group rounds out its operations with specialized nut manufacturing at Infasco Nut at Toronto, and the Galvano plant at Beloeil, Québec. Galvano specializes in zinc plating, phosphate coating and hot dip galvanizing of fasteners and nails. It underwent a major expansion during the year. A building addition was completed and a new plating line is near completion.

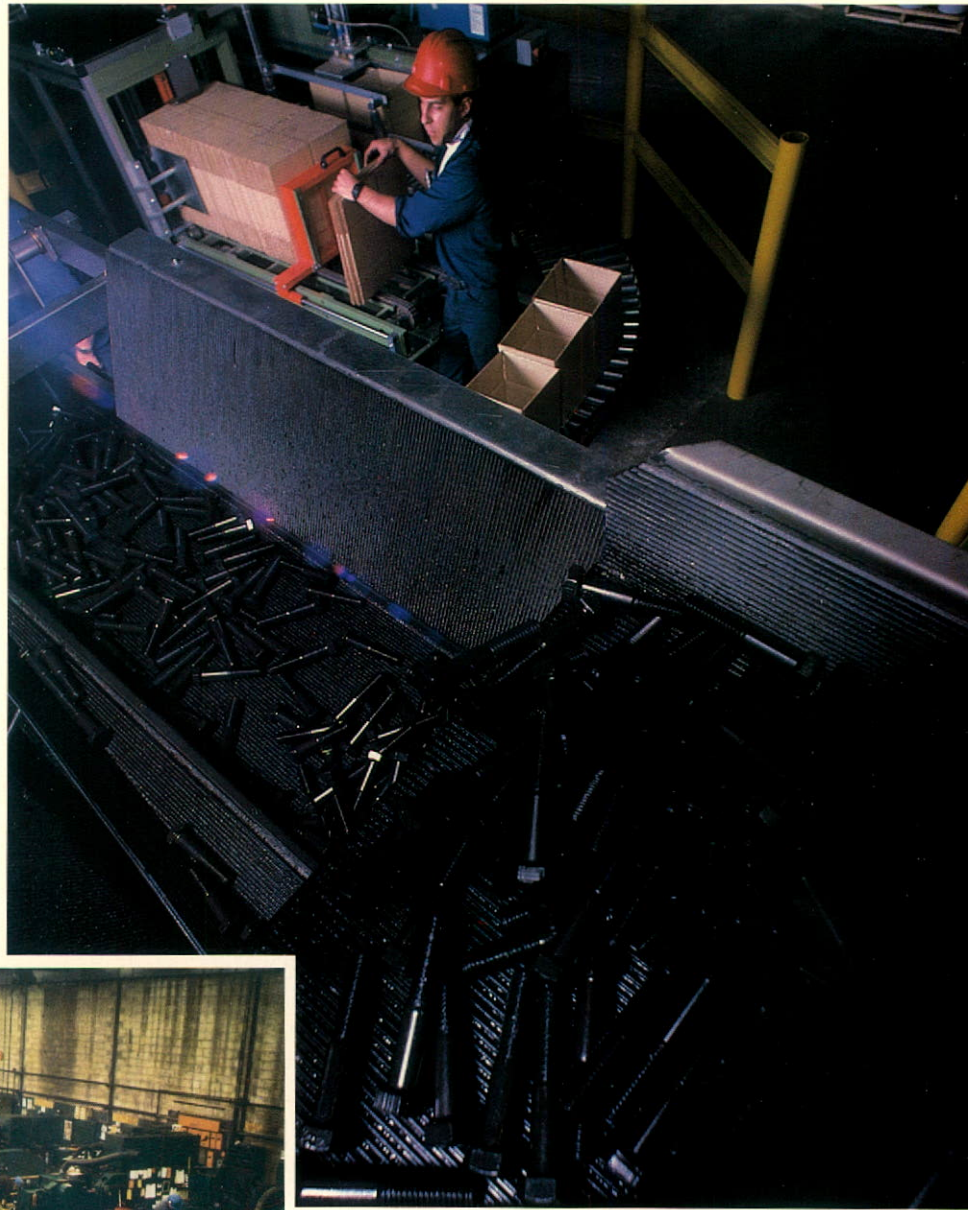


*Automated fastener packaging.*

The Fastener Group has grown as a result of its ability to achieve consistent high quality in its finished products, due in large part to the excellent quality wire rods supplied by Ivaco's rolling mills'.

It has been a leader in installing new heat treat furnaces to increase capacity for those high grade bolt products which are produced from special chemistry steel. It has also been a consistent leader in the installation of sophisticated heat treating facilities with technologically advanced quality control features.

The Ivaco Fastener Group looks forward with optimism to continuous growth in 1988 and the years beyond.



*Volume production of heavy fasteners.*

*A battery of high speed bolt makers.*

## WIRE ROPES, CABLES AND STRAND



Wright's wire ropes used in high speed detachable ski lifts at the 1988 Canadian Olympic site.

Wrights Canadian Ropes and Florida Wire and Cable both produce finished products from high carbon steel wire.

Wrights is an important Canadian producer of wire ropes and strand for the forestry, construction, marine, mining, and oil and gas industries. It has its manufacturing operation on the west coast and distributes product from a network of service centers which cover Canada and the U.S. Northwest.

1987 was a good year for Wrights. Penetration of the U.S. market was maintained and improved sales were recorded in Canada, partly as a result of the establishment of successful service centers in Eastern Canada during the

*A large diameter wire rope being spooled for shipment.*

past two years. Wrights continued to make good progress in improving productivity across its product range.

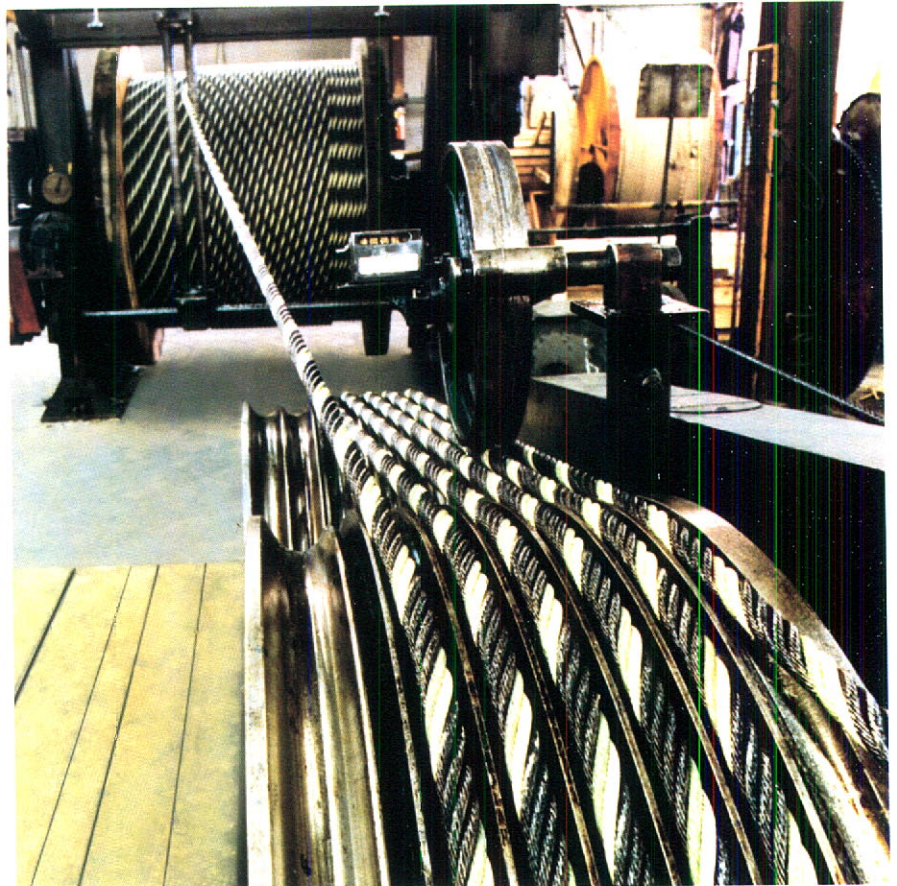
Early in the year Wrights acquired two previously independent distributors. The Lions Cable operation, located in the northern part of Vancouver Island, improves access to important forestry and mining markets. The second acquisition, a wire rope distributor in Alberta, has helped Wrights extend its development of the oil and gas industry business.

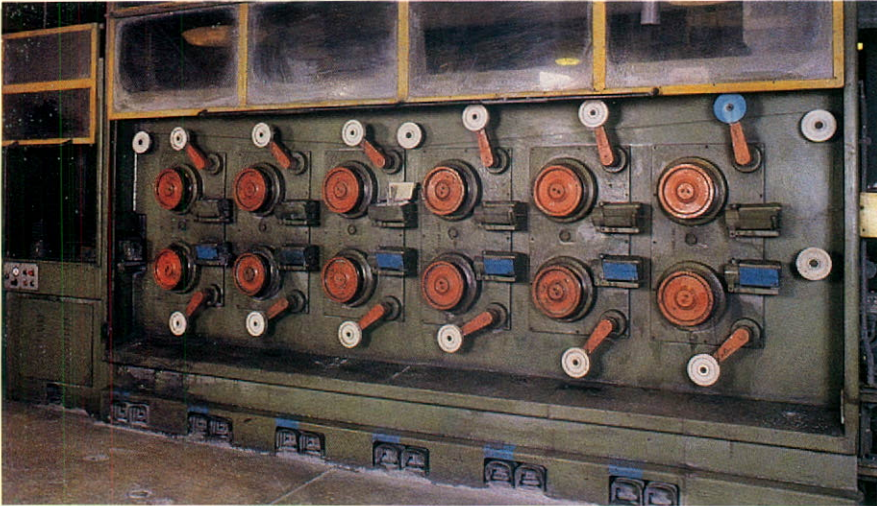
Demand for log bundling strand, an important and relatively new Wrights product, increased during the year in the British Columbia forestry

sector and Wrights increased its share of demand in the U.S. Northwest.

Florida Wire and Cable, with plants at Jacksonville and Sanderson, Florida and Oakland City, Indiana had an excellent year.

There was continuing strong demand for prestressed concrete strand as a result of a strong economy and U.S. Government funding for a highway rehabilitation program. Funding for this program is assured for the next five years and high carbon steel strand is an important component of highway structures. The Company is the largest producer of this product in North America.





*Fine wire drawing machine.*

During 1987, product lines were extended to include high carbon steel fine wire and wire ropes. The Company is the only manufacturer of wire ropes in the Southeastern U.S. and sales, under the Amerope name, have been developing satisfactorily.

Epoxy coated strand, and newly developed epoxy coated spirals for piling reinforcement, continue to grow in market acceptance. These are

proprietary Florida Wire and Cable products that have been designed to solve or reduce corrosion problems in structures in or near bodies of water.

Another major growth area is the manufacture of and distribution of poleline hardware to the utility industries. There has been a very positive market response to the distribution system set up late in 1987. The manufacturing of

formed wire products to this market as well as to the metal building industry has shown continuing growth.

Sales of guy strand remained very strong during the year. The Amerstrand division of Oakland City, Indiana, which was acquired a year ago, has broadened its market base and production from both Indiana and Florida has made the Company the largest producer of guy strand in the U.S.

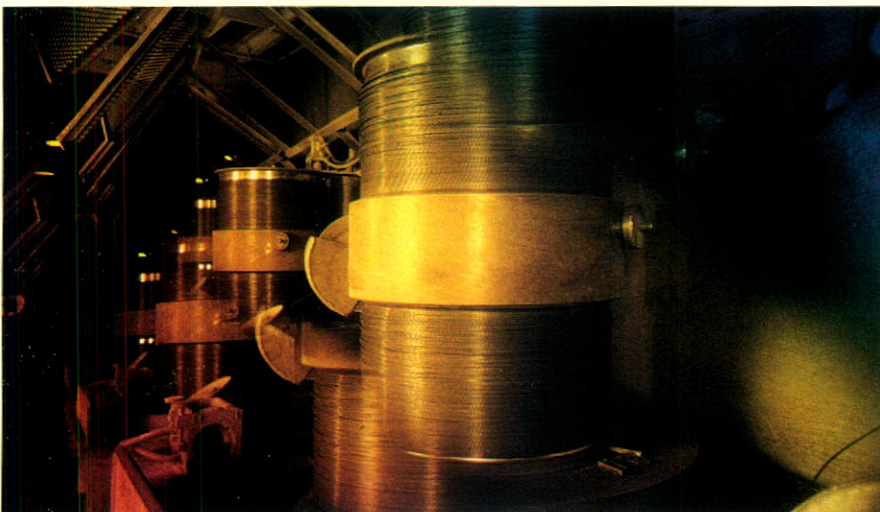
Disciplined attention to manufacturing productivity has helped maintain reasonable cost factors in the Company's principal products.

A new-technology stainless steel non-magnetic prestressed concrete strand which was used for the construction of a demagnetizing pier for the U.S. Navy has operated successfully since its installation last year and, as a result, additional orders are expected.

Florida Wire and Cable holds a 41% interest in Amercord, Inc. This Company, with manufacturing at Lumber City, Georgia, is one of the leading producers in the U.S. of high carbon steel tire cord and tire bead used in the manufacture of passenger car and truck tires. Amercord recorded a successful year and embarked on substantial expansion.

Outlook for all Ivaco operations in the wire rope, cable and strand business remains highly favorable.

*Part of the high speed wire drawing process.*



## PAPER MACHINE CLOTHING

It was a superb year for manufacturers of paper and, as a result, it was also a banner year for most of their suppliers of production materials, including Niagara Lockport.

This Ivaco company, which produces paper machine clothing, had an excellent year in 1987. It not only reported exemplary increases for sales and earnings but made substantial market share gains in the U.S., Canada, and some key export markets.

Paper machine clothing consists of forming fabrics on which a slurry of pulp fibre is deposited to begin the final paper making process, and the wet felts and dryer fabrics which carry the resulting paper sheet through the production process.

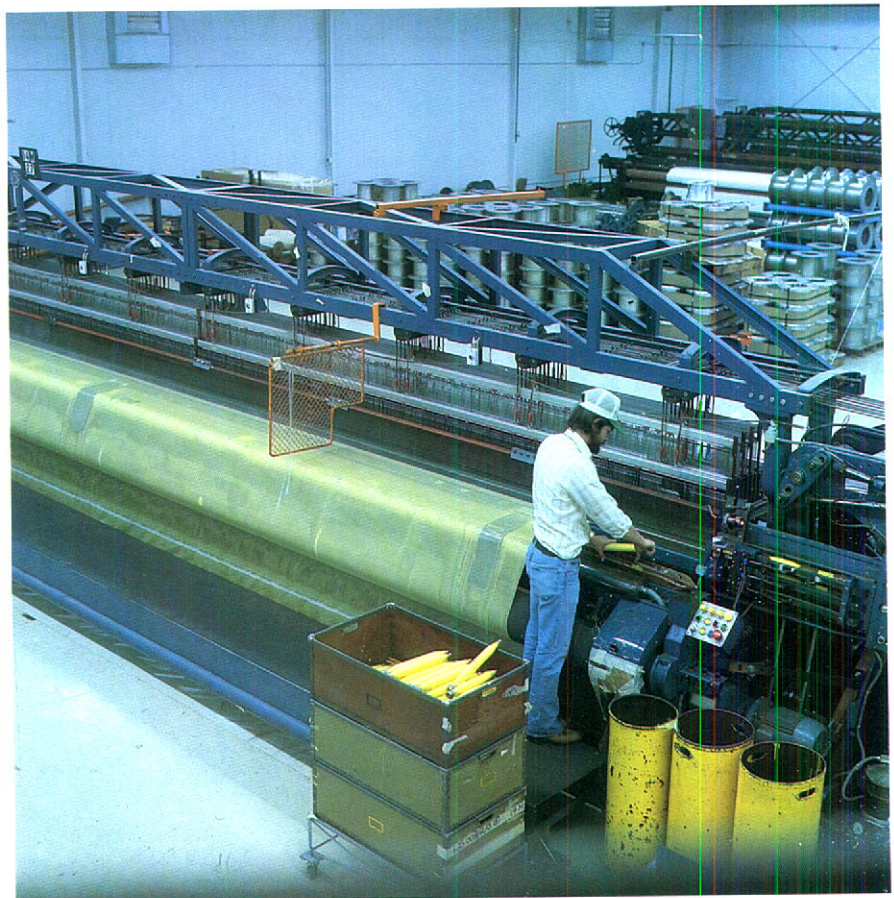
Paper machine clothing must be custom designed and precision engineered for each paper machine. Its performance on the customer's machine is closely monitored, of course, and such factors as quality and reliability are major determinants in building continuing customer satisfaction.

Niagara Lockport has manufacturing operations at five locations. Forming fabrics are manufactured at Quincy, Florida and Trois-Rivières, Québec; wet felts at Starkville, Mississippi and

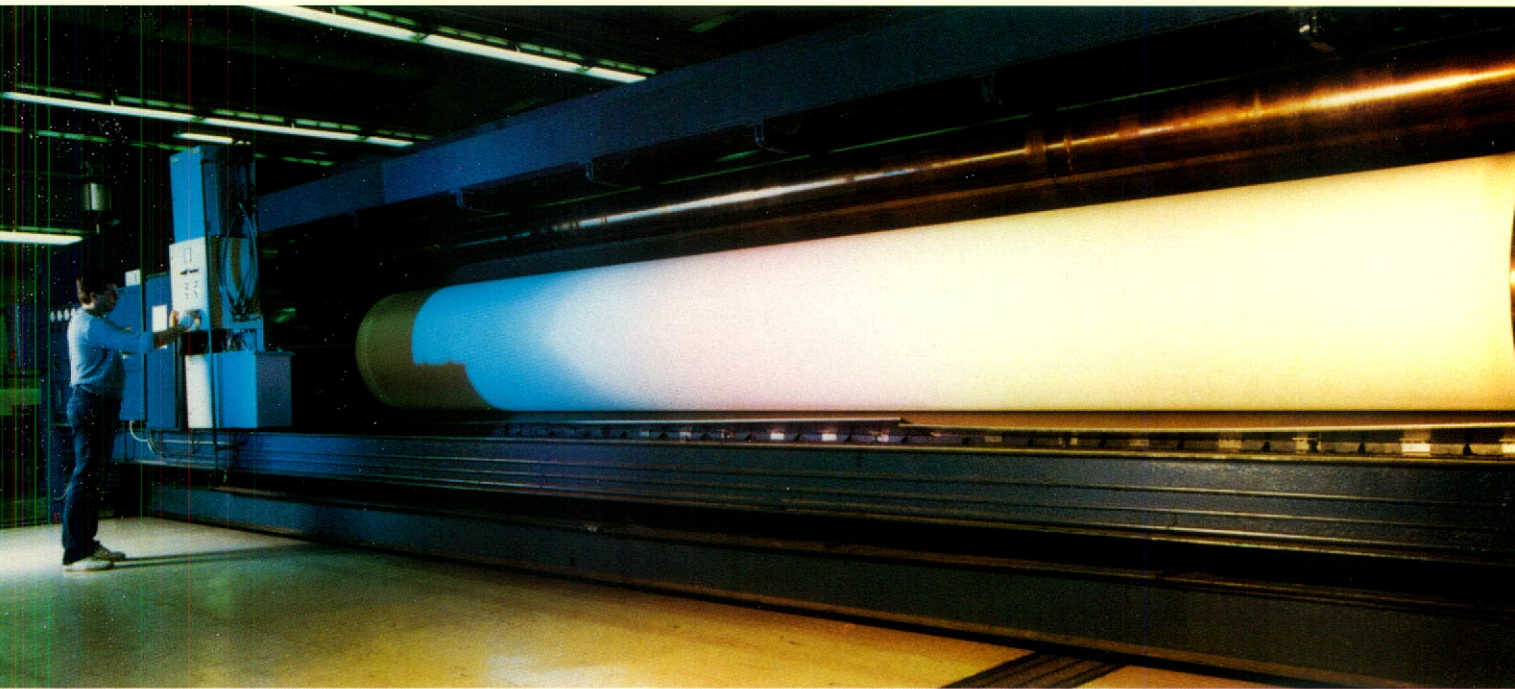
Warwick, Québec; dryer fabrics at Starkville, Mississippi and Lachute, Québec; and dryer carrier rope and pulp felts at the Lachute, Québec facility of Ayers Felt Inc. which was acquired during the year. Ayers has been one of the most respected names in the Canadian paper machine clothing industry since it was established in 1870 and the Lachute facility has excellent equipment and experienced management. Plans are underway to expand operations at Lachute during the current year and particular attention will be paid to investment for productivity, quality and reliability.

There was also expansion at Niagara's other plants during the year. Among the additions were two new state-of-the-art looms to weave forming fabrics which were installed at each of the Quincy and Trois-Rivières locations. In addition to new production capacity at both felt manufacturing plants, plans were also completed during the year for a major expansion at Starkville. Among the new equipment to be installed this year is a 30 meter loom capable of weaving felts for the longest press positions in the world.

Niagara Lockport's dramatic increase in market share in



*Paper machine clothing is made on high speed, precision looms.*



*Finishing involves complex processing for high performance clothing.*

the past two years has been attributed to the degree of commitment the Company has brought to two inter-related philosophies oriented to quality and reliability of the end product. These are: (i) Statistical Process Control (SPC); and (ii) Quality Involvement.

SPC is the powerful management tool which employs statistical measurement for continual monitoring of the limits for acceptable quality. It verifies that the Company can deliver to the precise technical and quality specifications of the customer — and do it consistently.

By employing statistical process control effectively, Niagara Lockport has become the industry leader for the certificability of product quality. In the forming fabric in-

dustry, SPC will certify the fabric's permeability, drainage capacity, fibre support, mesh counts, yarn diameters, finish, etc. In the press felt industry, certification covers permeability, weight, caliper and finish, etc.

The Niagara Lockport SPC and certification program has been received extremely positively by customers. It takes the question of quality from being an abstract or subjective value to a series of standards that are measurable and comparable on purely technical and objective criteria.

A second element to the program is Quality Involvement. This internal program has had a powerful effect because it has successfully involved the entire work force and established a working cli-

mate in which quality comes first.

The process involves the creating and maintaining of a quality philosophy that goes beyond quality control. It harnesses the creative forces of both management and hourly employees in co-operative activity. It has received enthusiastic support from both unions and individuals. There are permanent quality task forces and, when appropriate, temporary or single purpose task forces are created. They are proving over and over again that no one segment of the operations has a monopoly on talent but that collectively and co-operatively the synergistic effect provides a product of peerless quality.

The outlook for 1988 is for an excellent year at Niagara Lockport.

## PRECISION MACHINED COMPONENTS, AXLES AND FORGINGS

Ingersoll Machine and Tool, and its P.C. Drop Forgings subsidiary, reported strong performance in 1987.

Ingersoll Machine and Tool manufactures precision machined components which are used in engine and suspension systems for the automotive, truck and machinery industries. Among the Company's products are engine parts, water pumps, suspension linkages, spring pins and bushings, torsion bars and related parts. It also produces axles for highway trailers and heavy straight trucks, and carries out precision machining of projectiles for defence purposes.

P.C. Drop Forgings produces large calibre projectile blanks for Ingersoll to machine and also undertakes a wide range of commercial forging business, much of it for export to the U.S.

Ingersoll has developed a comprehensive range of trailer axle products, including steering axles for heavy duty trailers. As part of its continuing new product development program, it recently introduced a new drop center axle for the truck industry.

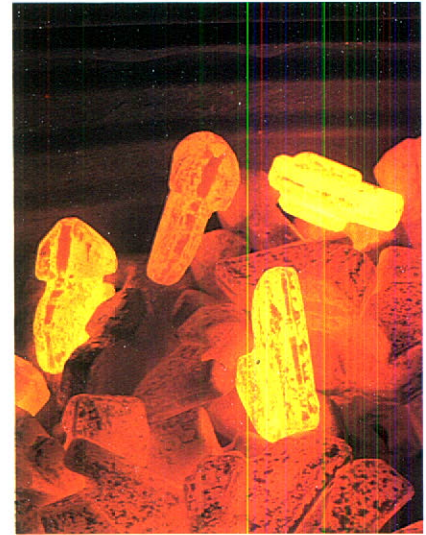
Ingersoll is the sole Canadian manufacturer of drop center axles and is also finding an attractive export market for the product. This highly specialized axle is used by such heavy "work horse" types of trucks as concrete mixers, garbage haulers, etc.

Other new products introduced during the year include several improved truck sus-

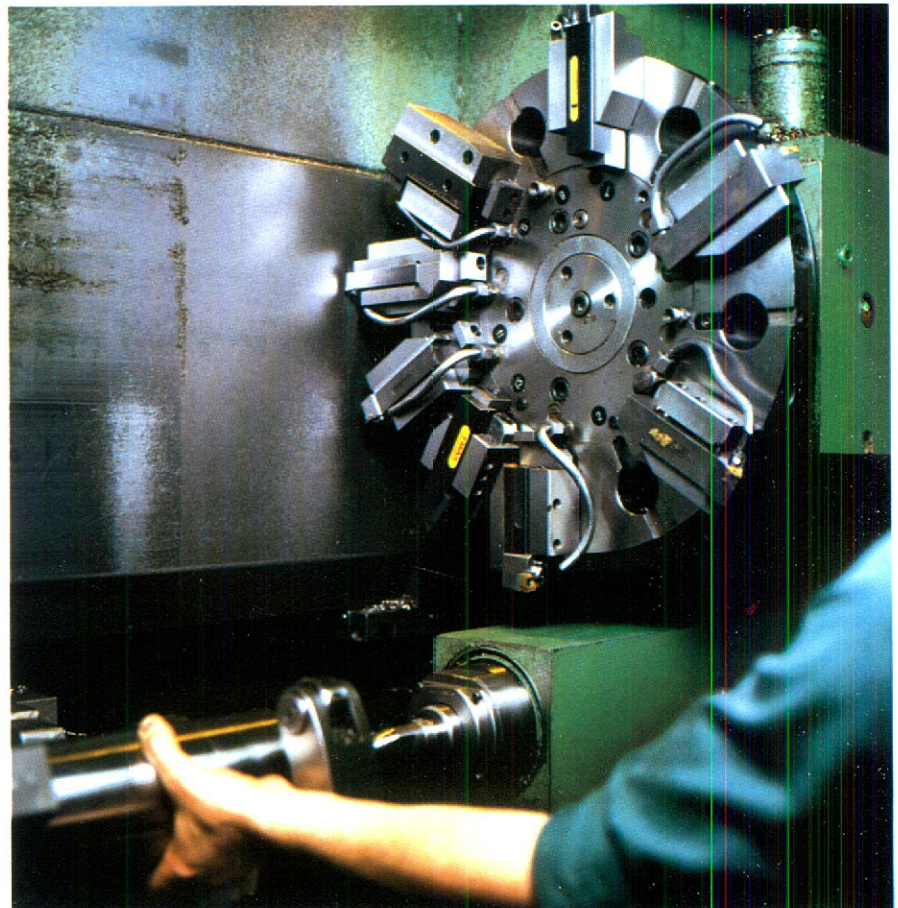
pension parts and two new-type large calibre projectiles.

The current increasing demand for precision machined components and for axles has resulted in upgraded machining capability. Some portion of that was installed last year and additional new computer numerical control lathes will be added in 1988.

The outlook for 1988 is for continued improvement in market penetration and positive results.

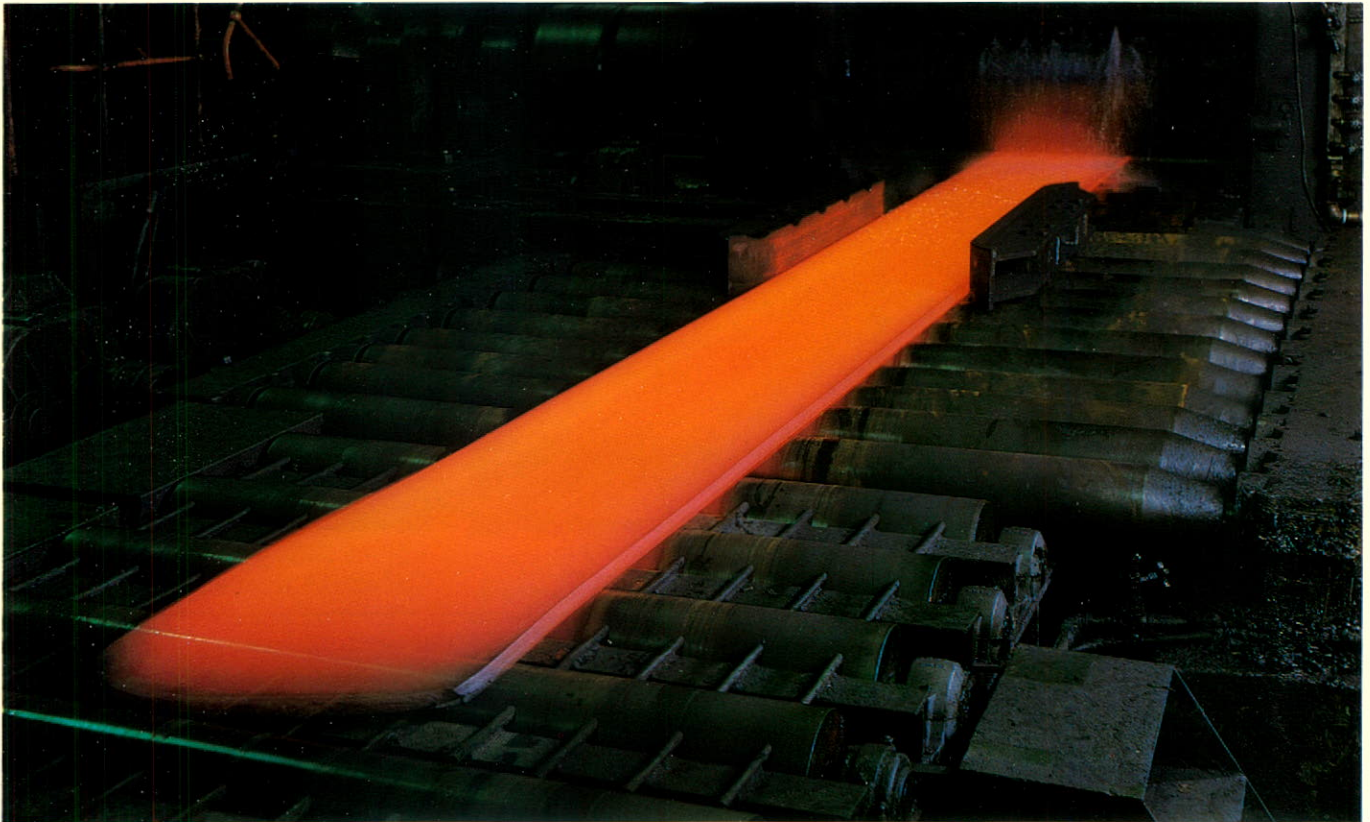


*Red hot forging blanks fresh from the furnace.*



*Machine tool is being readied for a production run.*





*Coppermetal in an early production cycle.*

ArrowHead Metals, Canada's leading producer of coppermetals, enjoyed a satisfactory year. Sales and earnings achieved expectations despite aggressive pricing in some markets, particularly some export markets for brass.

The Company is a supplier of high quality materials to the plumbing, electrical, automotive and construction industries plus, of course, to the Royal Canadian Mint. Its products include sheet, strip and rod, along with a wide range of extruded and cast shapes.

The strong residential housing markets in both Canada and the United States during 1987 resulted in the major

plumbing and electrical industry manufacturers maintaining relatively high levels of demand for raw materials. As ArrowHead is a major supplier to these industries, there were moderately buoyant conditions for a large part of the year.

Some delays were encountered in 1987 for the installation of a dual-headed milling line which was expected to be completed and run in during the year. However, the key components for the line were ready for installation early in 1988 and start-up and run-in are now scheduled for late spring. The dual-headed milling line, which can finish both sides of hot rolled strip

simultaneously, represents a major investment which will both increase production and improve productivity.

Other expansion activity involves new capacity for the production of coinage blanks. The new equipment began producing in the fourth quarter.

Among the highlights during the past year was the opening of niche markets in Europe for sheet copper products. Modest shipments were made during the year and the potential for these markets in the future is excellent.

The outlook is for a successful year in 1988.

Canron is a large, diversified and successful enterprise which is 79% owned by Ivaco. It has operations in Canada, the U.S. and one in Australia and is strongly committed to growth in its core operational sectors.

Last year Canron achieved record sales of \$574.3 million through operations in four distinct industry segments:

- plastics and Hyprescon pipe
- steel fabrication and service
- machinery and equipment
- foundry and iron pipe

Among the significant activities of the year were: divestitures of wholly-owned Pacific Press & Shear Corp. and Canron's 40% interest in Norcast, a joint venture with Noranda; successful establishment of plastic pipe operations in the U.S. and some relatively small plastic pipe related acquisitions; continuation of activity to seek a joint venture for Tamper Corp. with a related railway service company; and the



*A skilled welder at work.*

strengthening of backlog in the steel service sector.

#### **Plastics and Hyprescon Pipe**

Canron manufactures a comprehensive range of plastic pipe and fittings for the municipal, industrial, utility, commercial and residential markets at several locations across Canada and, to serve the U.S. market, it manufactures at Macon, Georgia, and Leominster, Massachusetts. It also produces concrete pressure pipe and fittings at Anjou, Québec.

In Canada, Canron is the leading manufacturer of plastic pipe. Plants were operated at full capacity through the year in response to the extremely strong market for residential construction, particularly in Eastern Canada. In the U.S., the Company's

production operations, both acquired late in 1986, functioned successfully and the U.S. business has exceeded its initial operating targets.

The Company has also decided to place strong emphasis on the North American market for industrial plastic pipe and fittings. Accordingly, a 49% interest has been acquired in Wiik and Hoeglund (Canada) Ltd., a subsidiary of a Finnish company with specialist knowledge of this market, and the Canron industrial pipe business will be integrated into it. The objective will be to increase penetration of both Canadian and U.S. industrial markets.

Canron's concrete pressure pipe business, the Hyprescon Pipe Division, is the largest producer in Canada. It is a major supplier to municipalities which install water works and sewers and, because of its technical and product quality leadership, has significant ex-



*Tamper equipment for railway road bed service.*

port potential to supply major large diameter water projects internationally.

### Steel Fabrication and Service

Canron is a major fabricator and erector of structural steel. It has two fabrication facilities in Canada and two in the U.S.

The Company has been a respected supplier of steel structures for generations and has erected some of the most noteworthy structures in North America.

Markets in Eastern Canada were relatively strong in 1987. Some of the major projects involved structural steel frames for both new and renovated large scale auto manufacturing plants and extensive work on bridges. In Western Canada, demand picked up during the year for bridges, industrial buildings, energy generation and refinery installations.

Both of Canron's U.S. fabrication facilities, at Conklin, N.Y., and Portland, Oregon, were acquired in 1986. Both units now have major work booked for 1988 and the outlook is positive.

Backlog at year end was a highly satisfactory \$166.5 million, a gain of some \$14 million over the preceding year.

### Machinery and Equipment

The Company has two machinery enterprises.

— Tamper Corp. manufactures equipment for the maintenance and replacement of railway track and is headquartered in the U.S. with satellite opera-



*A proprietary and specialized process in plastic pipe production.*

tions in Canada and Australia.

— Canron's Mechanical Division manufactures and rebuilds components and specialized machinery principally for the pulp and paper industry at Trois-Rivières, Québec.

Tamper's proprietary track renewal train, built to a Canron design, successfully completed the first full year of a long term contract to lay 1.75 million concrete ties for a U.S. railroad. The outstanding performance of the unit has resulted in the award, and acceptance by Tamper, of a second five-year, 1.75 million concrete tie contract for which another track renewal train will be manufactured.

The Company's rail flaw detection, rail profile measurement, and other technology oriented products continue to gain wide acceptance in North America, People's Republic of China, U.K. and elsewhere.

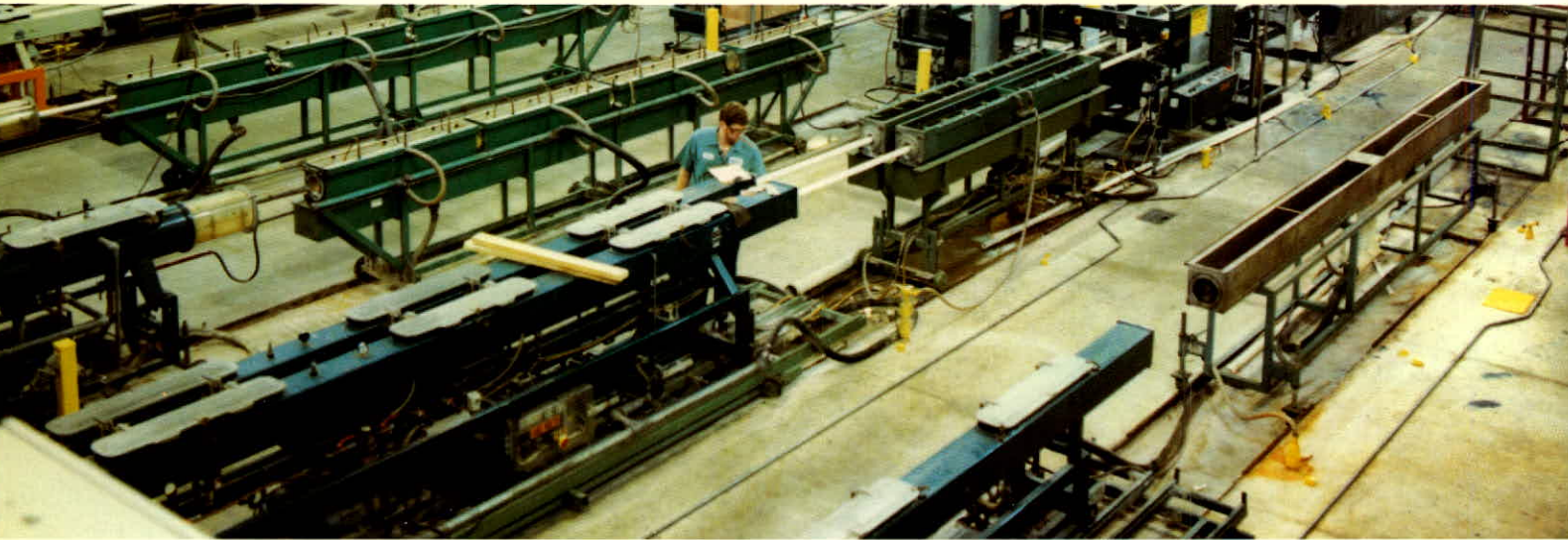
During the year, a proposed joint venture involving Tamper and a U.S. corporation, which had been discussed publicly a year ago, was analysed in depth and a decision was mutually taken not to proceed. Meanwhile, Tamper will continue its efforts to increase its scope of operation either by acquisition or merger.

The Mechanical Division had improved performance in 1987, reflecting the buoyant conditions experienced by its pulp and paper industry customers.

Currently, the division is undertaking comprehensive development work for a modular wood harvesting system. A prototype has been built and field tested and government grants are now in place to provide funding for further development.

### Iron Foundry

This segment incorporates four businesses: foundry; iron pipe and fittings; graphite



*One of Canron's large scale manufacturing facilities for plastic pipe.*



*Steel fabrication in an automated facility.*

electrode servicing; and heat resistant products.

Conversion by steel makers to continuous cast technology is creating a declining market for foundry products but it is anticipated that successful penetration of the U.S. market may provide some volume stability for 1988 and beyond.

The electrode servicing and heat resistant products businesses are relatively small but offer meaningful long term opportunity.

The Iron Pipe Division is the leading Canadian manufacturer of ductile iron pipe and fittings. These products are used for the delivery of water under pressure and, as a result, market demand tends to reflect the vigor of urban construction.

The Iron Pipe Division has two manufacturing facilities, both in Ontario.

## CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1987

	Thousands of dollars	
	1987	1986
Net sales	<b>\$2,174,976</b>	\$ 1,944,777
Cost of sales and operating expenses	<b>1,975,972</b>	1,756,812
Depreciation and amortization	<b>58,810</b>	56,319
	<b>2,034,782</b>	1,813,131
Earnings from operations	<b>140,194</b>	131,646
Interest on long-term liabilities	<b>52,993</b>	49,793
Other interest	<b>6,765</b>	6,018
Investment income	<b>(5,976)</b>	(5,857)
	<b>53,782</b>	49,954
Earnings before income taxes and other items	<b>86,412</b>	81,692
Provision for income taxes (Note 9)		
Current	<b>22,478</b>	15,819
Deferred	<b>18,883</b>	16,859
	<b>41,361</b>	32,678
Earnings before other items	<b>45,051</b>	49,014
Minority interest	<b>6,700</b>	5,957
Net earnings before extraordinary items	<b>38,351</b>	43,057
Extraordinary items (Note 10)	<b>(5,014)</b>	1,035
Net earnings	<b>\$ 33,337</b>	\$ 44,092
Net earnings per share		
Before extraordinary items	<b>\$0.83</b>	\$1.05
After extraordinary items	<b>\$0.55</b>	\$1.11

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 1987

		Thousands of dollars	
		1987	1986
<b>Current assets</b>	Cash	\$ 24,770	\$ 11,523
	Accounts receivable	278,667	229,081
	Inventories (Note 2)	598,474	606,164
	Prepaid expenses	14,017	14,216
	<b>Total current assets</b>	<b>915,928</b>	<b>860,984</b>
<b>Current liabilities</b>	Bank indebtedness, partly secured	71,444	61,468
	Accounts payable and accrued liabilities		
	Trade and other	320,169	263,542
	Directors	7,970	6,631
	Income taxes	7,621	3,009
	Current maturities of long-term liabilities	26,487	37,484
	Deferred income taxes	6,924	838
	<b>Total current liabilities</b>	<b>440,615</b>	<b>372,972</b>
<b>Working capital</b>		<b>475,313</b>	<b>488,012</b>
	Portfolio investments, at cost (Note 3)	117,303	117,303
	Fixed assets (Note 4)	681,928	657,777
	Other assets and investments (Note 5)	52,020	62,319
<b>Total investment</b>		<b>1,326,564</b>	<b>1,325,411</b>
	<b>Deduct</b>		
	Long-term liabilities (Note 6)	545,079	531,207
	Accrued costs of pension plans (Note 7)	26,013	28,950
	Deferred income taxes	78,270	69,909
	Minority interests	92,129	90,373
		<b>741,491</b>	<b>720,439</b>
<b>Shareholders' equity</b>		<b>\$ 585,073</b>	<b>\$ 604,972</b>
<b>Represented by</b>	Capital stock (Note 8)	\$ 433,719	\$ 433,795
	Cumulative translation adjustment	11,567	30,583
	Retained earnings	139,787	140,594
		<b>\$ 585,073</b>	<b>\$ 604,972</b>

On behalf of the Board

ISIN IVANIER, Director

PAUL IVANIER, Director

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1987

Thousands of dollars

		1987	1986
<b>Operating activities</b>	Operations		
	Net earnings before extraordinary items	\$ 38,351	\$ 43,057
	Depreciation and amortization	58,810	56,319
	Deferred income taxes	18,883	16,859
	Minority interest	6,700	5,957
	Other items	(297)	(5,960)
	Working capital provided from operations	122,447	116,232
	Decrease (increase) in non-cash working capital items	9,935	(46,919)
	Other items	(3,137)	(6,257)
	Cash provided by operating activities	129,245	63,056
	<b>Cumulative translation adjustment</b>	(17,130)	(2,938)
<b>Financing activities</b>	Issue of capital stock	668	76,452
	Dividends	(34,193)	(33,655)
	Additional long-term liabilities	104,215	141,628
	Repayment of long-term liabilities	(83,738)	(67,076)
	Cash of subsidiary at date of acquisition	—	54,200
	Other items	(3,877)	(1,385)
	Cash (used in) provided by financing activities	(16,925)	170,164
<b>Investing activities</b>	Net additions to fixed assets	(88,477)	(84,406)
	Business acquisitions (Note 11)	(6,425)	(53,248)
	Acquisition of subsidiary	—	(117,150)
	Redemption of preferred shares of subsidiary	—	(15,000)
	Other items	2,983	(2,869)
	Cash used in investing activities	(91,919)	(272,673)
<b>Bank indebtedness, net of cash</b>	Decrease (increase) in bank indebtedness	3,271	(42,391)
	Balance at beginning of year	(49,945)	(7,554)
	Balance at end of year	\$ (46,674)	\$ (49,945)

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS**

FOR THE YEAR ENDED DECEMBER 31, 1987

	Thousands of dollars	
	1987	1986
Balance at beginning of year	<b>\$140,594</b>	\$130,147
Add		
Net earnings	<b>33,337</b>	44,092
Gain on purchase of preferred shares	<b>49</b>	10
	<b>173,980</b>	174,249
Deduct		
Preferred dividends	<b>23,205</b>	24,222
Dividends on Class A and Class B shares	<b>10,988</b>	9,433
	<b>34,193</b>	33,655
Balance at end of year	<b>\$139,787</b>	\$140,594

**AUDITORS' REPORT**

The Shareholders,  
Ivaco Inc.

We have examined the consolidated statement of financial position of Ivaco Inc. as at December 31, 1987 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montréal, Québec  
February 25, 1988.

Touche Ross & Co.  
Chartered Accountants



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. **Significant accounting policies** The Company follows accounting principles generally accepted in Canada in the preparation of its consolidated financial statements.

*Basis of consolidation*

The consolidated financial statements include the accounts of Ivaco Inc. and its subsidiaries. The excess of cost over net assets at the dates of acquisition is allocated to fixed assets and is being depreciated over the estimated useful lives of the respective fixed assets.

Investments in enterprises in which the Company has a 20% to 50% ownership interest are carried on the equity method of accounting. The differences between the underlying book value of net assets at the dates of acquisition and the purchase price are being amortized over the estimated useful lives of the investees' fixed assets.

*Foreign currency translation*

*Foreign operations*

Assets and liabilities of foreign operations are translated into Canadian dollars at year end exchange rates. Cumulative gains and losses on translation are deferred and included as a separate component of shareholders' equity. Income and expenses are translated at average exchange rates prevailing during the year.

*Canadian operations*

Foreign assets and liabilities of Canadian operations are translated into Canadian dollars at year end exchange rates. Gains and losses are included in the determination of net earnings except for unrealized translation gains and losses on long-term liabilities which are deferred and are amortized over the remaining lives of the related items. Income and expenses are translated at average exchange rates prevailing during the year.

*Inventories*

Inventories are stated at the lower of cost (determined substantially on the first-in, first-out method) and net realizable value. Costs to date on uncompleted contracts less progress billings for the fabrication and erection of structural steel are included as a component of semi-finished inventories.

*Fixed assets and depreciation*

Fixed assets are stated at cost after deducting related investment tax credits and government grants. Interest costs related to major capital expenditures are capitalized during the period of construction. Depreciation is computed principally on the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40 years
Steelmaking and rolling mill equipment	25 years
Manufacturing equipment	15 years

*Deferred preproduction and development costs*

Certain costs relating to the start-up of new facilities and major plant additions, incurred prior to the commencement of commercial production, are deferred and amortized over periods of up to five years.

1. **Significant accounting policies**  
(Continued)

Research and development expenditures are expensed as incurred with the exception of costs related to the development of new products, processes and systems to the extent that their recovery can be reasonably assured. Deferred development costs are amortized on commencement of operation or commercial production over appropriate future periods.

*Net earnings per share*

Net earnings per Class A and Class B share are calculated after deducting dividends on preferred shares and second preferred shares using the weighted average number of shares outstanding during the year. Fully diluted net earnings per Class A and Class B share are calculated assuming conversion of second preferred shares and assuming all warrants and stock options had been exercised at the beginning of the year.

2. **Inventories**

	Thousands of dollars	
	1987	1986
Finished and semi-finished*	\$ 306,839	\$321,101
Raw materials and supplies	291,635	285,063
<b>Total inventories</b>	<b>\$ 598,474</b>	<b>\$606,164</b>

\*Includes costs to date of uncompleted contracts for the fabrication and erection of structural steel of \$48,490 (1986 — \$71,068) less progress billings of \$39,930 (1986 — \$64,422).

3. **Portfolio investments**

Pursuant to the terms of trust agreements, the Company pledged 2,976,095 common shares of Dofasco Inc. to secure the exchange privileges attaching to the 9.5% exchangeable debentures and 3,000,000 common shares of Dofasco to secure the exchange privileges attaching to the \$2.72 cumulative redeemable exchangeable second preferred shares, Series 4.

4. **Fixed assets**

	Thousands of dollars	
	1987	1986
Land	\$ 29,176	\$ 29,627
Buildings	195,271	191,585
Machinery and equipment	978,817	938,900
	<b>1,203,264</b>	<b>1,160,112</b>
Less: Accumulated depreciation	521,336	502,335
<b>Total fixed assets</b>	<b>\$ 681,928</b>	<b>\$ 657,777</b>

5. **Other assets and investments**

	Thousands of dollars	
	1987	1986
Investment in non-consolidated companies, at equity	\$ 15,841	\$ 19,157
Net assets of discontinued operations	9,478	7,656
Deferred preproduction and development costs and other deferred charges, less amortization	9,394	11,201
Deferred financing costs, less amortization	6,421	6,200
Deferred translation adjustment, less amortization	1,917	8,031
Other items	8,969	10,074
<b>Total other assets and investments</b>	<b>\$ 52,020</b>	<b>\$ 62,319</b>

## 6. Long-term liabilities

	Thousands of dollars	
	1987	1986
Secured		
Debentures maturing to 1994		
Series A at 11.74% (\$11.5 million U.S.)	\$ 14,942	\$ 18,775
Series B at 12.48%	9,200	10,900
Series D (repaid during 1987)	—	2,946
Series E at 9.25%	4,954	8,053
Series F at 13.875%	15,480	16,740
Industrial Revenue Bonds principally at 7.8% maturing to 2001 (\$16.7 million U.S.)	21,634	24,969
Mortgages principally at 10% maturing to 2002 of which \$3 million are in U.S. funds	13,707	14,974
Revolving bank loans maturing to 1996 of which \$49.7 million are in U.S. funds*/**	117,600	139,540
Unsecured		
Revolving bank loans maturing to 1996 of which \$55.2 million are in U.S. funds*/**	125,991	73,321
Bank loans maturing to 1994** (\$45.0 million U.S.)	58,626	65,083
Notes principally at 8.2% maturing to 2001 (\$35.8 million U.S.)	46,514	52,971
Others principally at 8.8% maturing to 1992 of which \$14.9 million are in U.S. funds	47,683	45,182
	476,331	473,454
Less current maturities	26,487	37,484
	449,844	435,970
Exchangeable debentures at 9.5% maturing in 2010 (Note 3)***	95,235	95,237
<b>Total long-term liabilities</b>	<b>\$545,079</b>	<b>\$531,207</b>

Required payments of long-term liabilities excluding revolving bank loans, over the next five years, are as follows: \$23.4 million in 1988; \$28.7 million in 1989; \$24.0 million in 1990; \$24.9 million in 1991; and \$31.4 million in 1992.

\* Revolving bank loans for the most part extend for periods of 3 years and are extendable annually for a further year. The amount unpaid at the end of the revolving period becomes payable over additional periods of up to 6 years. Assuming these revolving loans are not extended, the required payments over the next five years would be:

\$3.1 million in 1988; \$7.7 million in 1989; \$49.2 million in 1990; \$27.2 million in 1991; and \$37.1 million in 1992.

\*\* The revolving bank loans and bank loans bear interest generally at the lower of prime, bankers' acceptance rates, domestic fixed rates or U.S. dollar LIBOR rates. The Company has negotiated fixed rates of interest averaging 8.4% on \$92 million of such debt for periods of up to five years. The remainder of this debt aggregating \$210.2 million bears interest at an average floating rate of 9% at December 31, 1987. The Company may negotiate fixed rates of interest on such debt for periods of up to 7 years.

\*\*\* The exchangeable debentures which are exchangeable, at the option of the holders, for 2,976,095 common shares of Dofasco Inc. bear interest at 9.5% per annum to April 15, 1990 and after April 15, 1990, at a semi-annual rate equal to the sum of (i) the cash dividends paid by Dofasco per Dofasco common share during the six calendar months immediately preceding the interest payment date divided by \$32, expressed as a percentage and (ii) 2.5%.

7. **Pensions and accrued costs of pension plans**

The Company and its subsidiaries have pension plans covering substantially all employees. The majority of the plans are defined benefit plans.

Effective January 1, 1987, the Company adopted prospectively the recommendations of the Canadian Institute of Chartered Accountants which among other things requires that both vested and unvested pension benefits be included in calculating the present value of accrued pension obligations. This change increased the actuarial present value of accrued pension obligations by \$59.8 million but had an immaterial effect on pension expense for the year.

At December 31, 1987, after giving effect to the aforementioned accounting change, the actuarial present value of the accrued pension obligations was \$384.3 million of which \$26 million has been recorded as a non-current liability. Pension fund assets at market value to meet those obligations were \$275.4 million. Pension expense for 1987 was \$19.5 million (\$18.6 million in 1986).

8. **Capital stock**

*Authorized*

An unlimited number of preferred shares issuable in series, second preferred shares issuable in series, subordinated non-voting preferred shares, Class A subordinate voting shares (Class A shares) and Class B voting shares (Class B shares) — all without par value.

*Issued and outstanding*

	Number of shares		Thousands of dollars	
	1987	1986	1987	1986
Preferred shares				
\$4.425 Series C	207,550	219,550	\$ 10,378	\$ 10,977
\$2.50 Series D	681,935	685,135	17,048	17,128
\$2.40 Series E	823,580	826,180	20,590	20,655
			48,016	48,760
Convertible second preferred shares				
\$2.00 Series 1	1,846,762	1,847,062	46,169	46,177
\$2.00 Series 2	1,930,114	1,930,114	48,253	48,253
\$2.25 Series 3	1,200,000	1,200,000	30,000	30,000
			124,422	124,430
Exchangeable second preferred shares				
\$2.72 Series 4 (Note 3)	3,000,000	3,000,000	96,000	96,000
Class A shares	11,296,116	11,213,381	146,510	145,783
Class B shares	7,062,658	7,077,802	18,771	18,822
			165,281	164,605
Total capital stock			\$433,719	\$433,795

*Preferred Shares*

The preferred shares are non-voting and each series of preferred shares ranks equally with all other series of preferred shares and ahead of the second preferred shares, subordinated non-voting preferred shares and Class A and Class B shares.

*Series C*

The \$4.425 Series C cumulative redeemable preferred shares may be purchased by the Company on the open market at prices not exceeding the applicable redemption price. The Company may redeem Series C preferred shares at \$51.13 per share to July 1, 1988, decreasing by \$0.375 each year commencing thereafter up to and including July 1, 1990, and thereafter at \$50 per share. The Company will make all reasonable efforts to purchase 3,000 shares for cancellation on the open market in each calendar quarter at prices not exceeding \$50 per share. During the year, 12,000 such shares were purchased and cancelled.

**8. Capital stock**  
(Continued)

*Series D*

The \$2.50 Series D cumulative redeemable preferred shares may be purchased by the Company on the open market at prices not exceeding the applicable redemption price. The Company may redeem Series D preferred shares at \$26.25 per share to October 1, 1988, decreasing by \$0.25 each year commencing thereafter up to and including October 1, 1992 and thereafter at \$25 per share. On October 1, 1992 the Company will purchase for redemption at \$25 per share, all shares tendered at the option of each holder. The Company will make all reasonable efforts to purchase 7,200 shares for cancellation on the open market in each calendar quarter at prices not exceeding \$25 per share. During the year, 3,200 such shares were purchased and cancelled.

*Series E*

The \$2.40 Series E cumulative redeemable preferred shares may be purchased by the Company on the open market at prices not exceeding \$26.50 per share prior to October 1, 1991 and thereafter at prices not exceeding the applicable redemption price. The Company may redeem Series E preferred shares on or after October 1, 1991 at \$26.50 per share in the first year, decreasing by \$0.25 each year commencing thereafter up to and including September 30, 1997 and thereafter at \$25 per share. On October 1, 1991 the Company will purchase for redemption at \$25 per share, at the option of each holder, 425,000 shares less the number of shares previously redeemed or purchased. On October 1, 1997 the Company will purchase for redemption all shares tendered at \$25 per share. The Company will make all reasonable efforts to purchase 4,250 shares for cancellation on the open market in each calendar quarter to September 30, 1991 and 8,500 shares for each quarter thereafter at prices not exceeding \$25 per share. During the year, 2,600 such shares were purchased and cancelled.

*Convertible Second Preferred Shares*

The second preferred shares are non-voting and each series of second preferred shares ranks equally with all other series of second preferred shares and after the preferred shares and ahead of the subordinated non-voting preferred shares and the Class A and Class B shares.

*Series 1*

The \$2.00 Series 1 cumulative redeemable second preferred shares are convertible at the option of the holder on or before August 15, 1990 into  $1\frac{1}{2}$  Class A shares for each Series 1 second preferred share. During the year, 300 Series 1 second preferred shares were converted into 400 Class A shares. The Company may redeem Series 1 second preferred shares prior to August 15, 1988 at \$26.25 per share, reducing by \$0.25 for each year thereafter until August 15, 1992 and thereafter at \$25 per share, provided the market price of the Class A shares is greater than \$23.43 at that time. A purchase obligation commences in 1990.

**8. Capital stock**  
(Continued)

*Series 2*

The \$2.00 Series 2 cumulative redeemable second preferred shares are convertible at the option of the holder on or before December 18, 1990 into 1½ Class A shares for each Series 2 second preferred share. The Company may redeem Series 2 second preferred shares prior to December 18, 1988 at \$26.25 per share, reducing by \$0.25 each year thereafter until December 18, 1992 and thereafter at \$25 per share, provided the market price of the Class A shares is greater than \$23.43 at that time. A purchase obligation commences in 1991.

*Series 3*

The \$2.25 Series 3 cumulative redeemable second preferred shares are convertible at the option of the holder on or before August 15, 1990 into 1.39 Class A shares for each Series 3 second preferred share. The Company may redeem Series 3 second preferred shares prior to August 15, 1989 at \$26.25 per share, reducing by \$0.25 for each year thereafter until August 15, 1993 and thereafter at \$25 per share, provided the market price of the Class A shares is greater than \$22.47 at that time. A purchase obligation commences in 1991.

*Exchangeable Second Preferred Shares, Series 4*

The \$2.72 Series 4 cumulative redeemable exchangeable second preferred shares are exchangeable, at the option of the holder, into one common share of Dofasco Inc. for each Series 4 exchangeable second preferred share. Dividends after April 15, 1990, will be determined by applying to \$32.00 a quarterly rate equal to the sum of (i) the cash dividends paid by Dofasco per common share of Dofasco during the three calendar months immediately preceding the dividend payment date divided by \$32.00 expressed as a percentage, and (ii) 1%. The Company may redeem Series 4 exchangeable second preferred shares after April 14, 1990 at \$33.50 per share and after April 14, 1995 at \$32 per share, provided the market price of Dofasco common shares is greater than \$40 at that time.

*Class A Subordinate Voting and Class B Voting Shares*

The Class A subordinate voting shares (Class A shares) carry one vote per share and the Class B voting shares (Class B shares) carry ten votes per share. The Class A shares have a dividend rate equal to 120% of any dividend declared on the Class B shares.

The Class A shares and the Class B shares are treated equally in the event of liquidation or in any subdivision or consolidation of either class. In the event an acquisition offer is made to holders of Class B shares and at least 50% of the Class B shares are tendered in acceptance of the offer and a similar offer is not made to holders of Class A shares, then each Class A share will for purposes of the offer be deemed to have been converted into a Class B share in order that the Class A shares will be treated equally with the Class B shares.

The Class B shares may be converted into an equal number of Class A shares at any time.

8. **Capital stock** During the year, the following transactions occurred in the Class A shares and the  
(Continued) Class B shares:

	Number of shares		Thousands of dollars	
	Class A	Class B	Class A	Class B
Balance at December 31, 1986	11,213,381	7,077,802	\$145,783	\$18,822
Conversion from:				
Class B to Class A	15,144	(15,144)	51	(51)
Series 1 second preferred to Class A	400	—	8	—
Issued for cash under Employees' Stock Option Plan	67,191	—	668	—
Balance at December 31, 1987	11,296,116	7,062,658	\$146,510	\$18,771

*Warrants*

At December 31, 1987, 799,800 Class A share purchase warrants were outstanding. Each warrant entitles the holder to purchase one Class A share at \$18.75 until August 15, 1988.

*Stock options*

At December 31, 1987, options for 737,400 Class A shares granted under the employees' stock option plan were outstanding at \$10.00 per share.

9. <b>Income taxes</b>	1987	1986
Combined basic federal and provincial income tax rate	48.9%	50.3%
Income tax adjustments resulting from:		
Canadian manufacturing and processing credits	(5.6)	(4.1)
Differences between Canadian and foreign tax rates	(1.7)	(2.2)
Losses not currently deductible	5.5	—
Items not subject to tax and other items	0.8	(4.0)
Effective income tax rate	47.9%	40.0%

Certain U.S. subsidiaries of Canron Inc. have incurred accumulated income tax losses of approximately \$31.3 million (U.S. \$24.1 million) which may be applied against future years' taxable income. These losses, for which no benefits have been recognized in the accounts, expire from 1997 to 2002.

10. <b>Extra-ordinary items</b>	Thousands of dollars	
	1987	1986
Loss from discontinued operations, net of income taxes of \$5.1 million	(\$5,014)	\$ —
Gain on sales of investment, net of income taxes of \$309 thousand	—	1,035
	(\$5,014)	\$ 1,035

- 11. Business acquisitions** Under the terms of the acquisition agreement with Canron Inc., the Company entered into a Standstill Agreement in which the Company agreed that it would use its reasonable best efforts to reduce its direct holdings of Canron's common stock to 51% prior to December 16, 1988. After giving effect to the issuance of warrants by the Company which entitles holders to purchase 750,000 Class A and 75,000 Class B shares of Canron until May 31, 1989, the Company holds 70% of Canron's common stock at December 31, 1987. For purposes of consolidation, the Company has a 79% ownership interest in Canron.
- During the year, the Company acquired certain of the assets of Ayers Limited for a total cash consideration of \$6.4 million allocated as follows: \$2.4 million to working capital and \$4.0 million to fixed assets.
- 
- 12. Transactions with related parties** From time to time the Company borrows short-term funds from directors who are senior officers of the Company and makes drawings available to them, all at prime interest rates. At no time during the year have drawings by these persons exceeded the short-term funds loaned by them to the Company.
- 
- 13. Comparative figures** The 1986 figures have been reclassified to conform with the presentation adopted in 1987.
- 
- 14. Segmented information** The Company operates principally in Canada and the United States in two industry segments. The Company operates in its principal line of business and dominant segment as a steel producer and manufacturer of a wide variety of steel products and fabricator and erector of structural steel. It also operates as a manufacturer of plastics and Hyprescon pipe.
- Transfers between geographic segments are made at fair market value. Canadian sales to outside customers include export sales in 1987 of \$337 million (\$350 million in 1986) primarily to customers in the United States. Highlighted on the following page is the breakdown of net sales, earnings from operations and identifiable assets by industry and geographic segments.



**14. Segmented  
information**  
(Continued)

Industry segment	Thousands of dollars					
	1987			1986		
	Steel	Plastics and Hypres- con Pipe	Consolidated	Steel	Plastics and Hypres- con Pipe	Consolidated
Net sales	\$1,961,780	\$213,196	\$2,174,976	\$1,786,225	\$158,552	\$1,944,777
Earnings from operations	\$ 118,260	\$ 21,934	\$ 140,194	\$ 108,829	\$ 22,817	\$ 131,646
Interest expense			(59,758)			(55,811)
Investment income			5,976			5,857
Earnings before income taxes and other items			86,412			81,692
Income taxes			(41,361)			(32,678)
Earnings before other items			45,051			49,014
Minority interest			(6,700)			(5,957)
Net earnings before extraordinary items			38,351			43,057
Extraordinary items			(5,014)			1,035
Net earnings			\$ 33,337			\$ 44,092
Assets identifiable by segment	\$1,614,828	\$152,351	\$1,767,179	\$1,575,577	\$122,806	\$1,698,383
Net additions to fixed assets	\$ 75,679	\$ 12,798	\$ 88,477	\$ 73,249	\$ 11,157	\$ 84,406
Depreciation and amortization	\$ 49,614	\$ 9,196	\$ 58,810	\$ 51,064	\$ 5,255	\$ 56,319

Geographic segment	Thousands of dollars							
	1987			1986				
	Canada	U.S.A.	Elimina- tions	Consoli- dated	Canada	U.S.A.	Elimina- tions	Consoli- dated
Net sales								
Outside customers	\$1,117,602	\$1,057,374	\$ —	\$2,174,976	\$ 952,260	\$992,517	\$ —	\$1,944,777
Intersegment exports	47,428	4,062	(51,490)	—	94,528	3,203	(97,731)	—
Total net sales	\$1,165,030	\$1,061,436	\$(51,490)	\$2,174,976	\$1,046,788	\$995,720	\$(97,731)	\$1,944,777
Earnings from operations								
Outside customers	\$ 119,399	\$ 18,152		\$ 137,551	\$ 104,659	\$ 22,693		\$ 127,352
Intersegment exports	2,634	9		2,643	3,983	311		4,294
Total earnings from operations	\$ 122,033	\$ 18,161		140,194	\$ 108,642	\$ 23,004		131,646
Interest expense				(59,758)				(55,811)
Investment income				5,976				5,857
Earnings before income taxes and other items				86,412				81,692
Income taxes				(41,361)				(32,678)
Earnings before other items				45,051				49,014
Minority interest				(6,700)				(5,957)
Net earnings before extraordinary items				38,351				43,057
Extraordinary items				(5,014)				1,035
Net earnings				\$ 33,337				\$ 44,092
Assets identifiable by segment	\$1,127,166	\$ 650,388	\$(10,375)	\$1,767,179	\$1,224,719	\$508,910	\$(35,246)	\$1,698,383

**FINANCIAL SUMMARY**

MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS

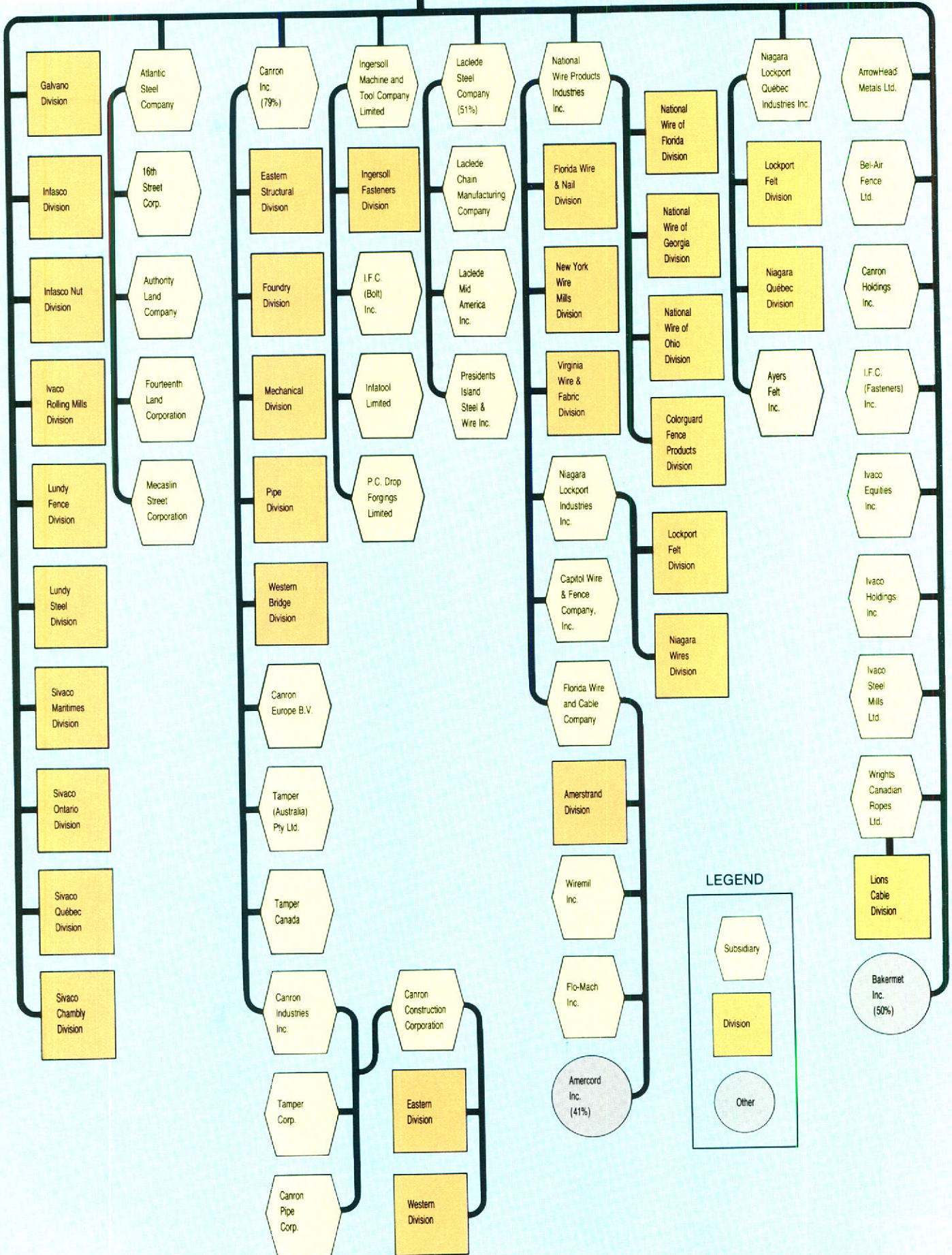
<b>Operating Results</b>	<b>1987</b>	<b>1986</b>	<b>1985</b>	<b>1984</b>	<b>1983</b>	<b>1982</b>	<b>1981</b>
Net sales	\$ 2,175.0	1,944.8	1,342.7	1,193.9	754.7	681.7	718.3
Depreciation and amortization	\$ 58.8	56.3	39.5	34.5	27.0	23.9	19.6
Earnings from operations	\$ 140.2	131.6	99.4	94.8	40.7	28.7	79.5
Earnings (loss) before income taxes and other items	\$ 86.4	81.7	57.6	54.4	(0.3)	(25.7)	33.9
Provision for income taxes	\$ 41.4	32.7	18.3	15.8	(5.9)	(15.3)	8.6
Earnings (loss) before other items	\$ 45.0	49.0	39.3	38.6	5.6	(10.4)	25.3
Net earnings (loss) before extraordinary items	\$ 38.4	43.1	35.1	32.3	0.8	(9.9)	25.3
Net earnings (loss)	\$ 33.3	44.1	35.1	33.8	0.8	(9.9)	28.4
Net earnings (loss) per share							
Before extraordinary items	\$ 0.83	1.05	1.04	1.53	(0.34)	(1.20)	2.08
After extraordinary items	\$ 0.55	1.11	1.04	1.64	(0.34)	(1.20)	2.37
Return on sales	% 1.5	2.3	2.6	2.8	0.1	(1.5)	4.0
<b>Financial Position</b>	<b>1987</b>	<b>1986</b>	<b>1985</b>	<b>1984</b>	<b>1983</b>	<b>1982</b>	<b>1981</b>
Current assets	\$ 915.9	861.0	623.1	536.0	461.8	347.6	335.5
Current liabilities	\$ 440.6	373.0	228.1	263.2	191.0	204.7	223.3
Working capital	\$ 475.3	488.0	395.0	272.8	270.8	142.9	112.2
Net additions to fixed assets	\$ 88.5	84.4	46.3	39.5	16.6	42.6	60.8
Total assets	\$ 1,767.2	1,698.4	1,281.4	1,117.3	890.0	740.4	706.3
Long-term liabilities	\$ 545.1	531.2	395.8	350.8	263.4	273.4	207.3
Shareholders' equity	\$ 585.1	605.0	520.6	366.9	303.3	194.9	206.3
Dividends	\$ 34.2	33.7	28.4	19.4	10.3	7.0	9.3
Book value per share	\$ 16.61	16.69	15.01	14.30	13.22	14.25	17.90

1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
621.9	495.4	265.9	166.8	136.0	103.0	150.7	90.2	53.9	43.2	27.6	11.0
14.9	11.4	8.0	6.8	6.1	3.6	3.3	2.4	1.5	1.2	0.7	0.3
67.1	85.3	49.0	21.6	14.4	10.5	40.4	15.3	9.6	7.9	6.5	2.3
41.1	69.0	41.1	14.6	7.2	6.4	37.6	14.2	8.9	7.5	4.6	2.2
12.4	25.4	16.7	4.6	1.6	1.7	16.5	5.8	4.1	3.7	2.3	1.1
28.7	43.6	24.4	10.0	5.6	4.7	21.1	8.4	4.8	3.8	2.3	1.1
28.3	42.7	24.0	9.8	5.4	4.5	20.4	8.1	4.6	3.7	2.2	1.0
28.3	42.7	24.0	9.8	5.4	5.4	20.4	8.1	4.6	3.7	2.1	1.0
2.47	3.98	2.20	0.89	0.52	0.43	2.12	0.87	0.54	0.45	0.34	0.20
2.47	3.98	2.20	0.89	0.52	0.52	2.12	0.87	0.54	0.45	0.33	0.20
4.6	8.6	9.0	5.9	4.0	4.4	13.6	9.0	8.6	8.5	7.5	9.2
1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
273.7	257.3	131.2	105.9	100.6	88.6	76.8	44.0	35.3	28.1	12.1	4.3
143.8	147.0	74.1	69.5	69.5	59.5	45.9	25.6	22.2	18.4	7.4	3.0
129.9	110.3	57.1	36.4	31.1	29.1	30.9	18.4	13.1	9.7	4.7	1.3
64.1	34.3	27.6	19.7	7.4	16.0	32.4	14.6	6.9	8.3	2.5	0.9
572.7	483.7	278.5	224.9	203.5	188.0	160.4	102.9	70.2	52.9	24.5	9.3
187.5	143.2	58.4	30.8	32.2	33.5	29.8	18.6	14.7	7.2	2.2	2.1
187.8	151.7	116.8	95.6	74.2	70.8	67.3	48.1	26.5	21.8	8.9	2.6
8.4	7.9	5.3	2.6	1.9	1.9	1.7	0.4	0.2	0.2	—	—
15.95	13.95	10.50	8.53	7.82	7.43	7.05	4.89	3.14	2.57	1.66	0.65



# ORGANIZATION CHART

ALL SUBSIDIARIES ARE 100% OWNED  
UNLESS NOTED OTHERWISE



## DIRECTORY OF OPERATIONS

### Amerstrand Division

200 County Road South  
P.O. Box 38  
Oakland City, Indiana 47660  
812/749-4102  
FAX: 812/749-4764  
Guy strand

### ArrowHead Metals Ltd.

260 Eighth Street  
Toronto, Ontario M8V 3E1  
416/259-6611  
FAX: 416/259-5895  
Copper and copper alloy products

### Atlantic Steel Company

1300 Mecaslin St. N.W.  
Atlanta, Georgia 30318  
P.O. Box 1714  
Atlanta, Georgia 30301  
404/897-4500  
FAX: 404/897-4623  
Billets; hot rolled bars, reinforcing bars and wire rods; bright, galvanized and annealed wire; and nails

### Atlantic Steel Company

Peoples Valley & Grassdale Roads  
P.O. Box 1069  
Cartersville, Georgia 30120  
404/382-8420  
FAX: 404/382/8420  
Billets, hot rolled bars and reinforcing bars

### Ayers Felt Inc.

346 Hamford St.  
Lachute, Québec J8H 3X8  
514/562-2411  
FAX: 514/562-1202  
Wet felts, dryer fabrics and dryer rope

### Bakermet Inc.

2555 Sheffield Road  
Ottawa, Ontario K1B 3V6  
613/745-7006  
FAX: 613/745-0692  
Processing of scrap metal

### Bel-Air Fence Ltd.

400, rue Deslauriers  
St. Laurent, Québec H4N 1V8  
514/335-4455  
FAX: 514/335-4495

2400, rue Chappe  
Ancienne Lorette  
Québec, Québec G2E 4W6  
418/871-1155  
FAX: 418/871-2945  
Distribution and installation of fencing products and accessories

### Canron Construction Corporation

Eastern Division  
P.O. Box A, Shaw Road  
Conklin, New York 13748  
607/723-4862  
FAX: 607/723-4882

Western Division  
4600 NE 138th Avenue  
Portland, Oregon 97230  
503/255-8634  
FAX: 503/255-8634  
Structural steel fabrication and erection and construction services

### Canron Eastern Structural Division

100 Disco Road  
Rexdale, Ontario M9W 1M1  
416/675-6400  
FAX: 416/675-6522  
Structural steel fabrication and erection and construction services

### Canron Foundry Division

3050 Harvester Road  
Burlington, Ontario L7N 3K7  
416/681-1221  
FAX: 416/461/681-2840  
Ingot moulds, castings and coating for arc furnace electrodes

### Canron Mechanical Division

227, rue Saint-Maurice  
Trois-Rivières, Québec G9A 3N8  
819/371-8207  
FAX: 819/378-0535  
Pulp and paper machinery, logging equipment, cranes and hoists, gear drives and custom fabrication

### Canron Pipe Corp.

7614 Industrial Highway  
Macon, Georgia 31297  
912/788-3300  
FAX: 912/781-4693

Plants at Leominster, Massachusetts and Macon, Georgia.  
PVC DWV pipe, PVC sewer pipe, electrical conduit and electrical duct

### Canron Pipe Division

1st Floor, Wing 3  
Port of Montreal Building  
Cité du Havre  
Montréal, Québec H3C 3R5  
514/861-7221  
FAX: 514/876-8747  
Plants at St. John's, Newfoundland; Saint John, New Brunswick; Anjou, Berthierville, Brossard, Montréal and St. Jacques, Québec; Hamilton, North York, Rexdale and St. Thomas, Ontario; Langley, British Columbia; Weyburn, Saskatchewan; and Fort Saskatchewan, Alberta

Plastic, Ductile iron and Hyprescon pipe and fittings

### Canron Tamper Canada

435 Horner Avenue  
Toronto, Ontario M8W 4W3  
416/253-1233  
FAX: 416/253-0821  
Railway maintenance equipment

### Canron Western Bridge Division

145 West First Avenue  
Vancouver, British Columbia  
V5Y 1A2  
604/874-2311  
FAX: 604/872-2229  
Structural steel fabrication and erection and construction services

### Capitol Wire & Fence Company, Inc.

1205 - 68th Street  
Baltimore, Maryland 21237  
301/866-6770  
FAX: 301/866-6770  
Wire and chain link fencing

**Colorguard Fence Products Division**

1205 - 68th Street  
Baltimore, Maryland 21237  
301/866-6770  
FAX: 301/866-6770  
Manufacture of bonded fencing products

**Flo-Mach, Inc.**

825 North Lane Avenue  
P.O. Box 6835  
Jacksonville, Florida 32205  
904/781-9224  
FAX: 904/781-9224  
Wire processing equipment

**Florida Wire and Cable Company**

825 North Lane Avenue  
P.O. Box 6835  
Jacksonville, Florida 32205  
904/781-9224  
FAX: 904/781-9224  
High carbon wire and stranded products

**Florida Wire & Nail Division**

P.O. Box 816  
Quincy, Florida 32351  
904/875-1150  
FAX: 904/627-7184  
Wire and nails

**Galvano Division**

2620, rue Bernard-Pilon  
Beloeil, Québec J3G 4S5  
514/464-0547  
FAX: 514/464-8553  
Electro-galvanizing and hot dip galvanizing of fasteners and nails

**I.F.C. (Bolt) Inc.**

Thomas St.  
P.O. Box 40  
Ingersoll, Ontario N5C 3K1  
519/485-4610  
FAX: 519/485-2435  
Bolts and nuts

**I.F.C. (Fasteners) Inc.**

700, rue Ouellette  
P.O. Box 970  
Marieville, Québec J0L 1J0  
514/658-8741  
FAX: 514/460-4427  
Bolts and nuts

**Infasco Division**

700, rue Ouellette  
P.O. Box 970  
Marieville, Québec J0L 1J0  
514/658-8741  
FAX: 514/460-4427  
Bolts, nuts and fastener products

**Infasco Nut Division**

7283 Torbram Road  
Mississauga, Ontario L4T 1G8  
416/677-8920  
FAX: 416/677-6295  
Nuts

**Infatool Limited**

Ingersoll Street  
P.O. Box 40  
Ingersoll, Ontario N5C 3K1  
519/485-4531  
FAX: 519/485-2435  
Dies and specialty tooling

**Ingersoll Fasteners Division**

Thomas Street  
P.O. Box 40  
Ingersoll, Ontario N5C 3K1  
519/485-4610  
FAX: 519/485-2435  
Bolts, nuts and fastener products

**Ingersoll Machine and Tool Company, Limited**

347 King Street West  
P.O. Box 250  
Ingersoll, Ontario N5C 3K6  
519/485-2210  
FAX: 519/485-2163  
Precision machined components and axles

**Ivaco Rolling Mills Division**

P.O. Box 322  
L'Orignal, Ontario K0B 1K0  
613/675-4671  
FAX: 613/675-2714  
Hot rolled wire rods and steel billets

**Laclede Chain Manufacturing Company**

2500 East First Street  
P.O. Box 249  
Maryville, Missouri 64468  
816/562-2160  
FAX: 816/562-2743  
Chain manufacturing

**Laclede Steel Company**

Equitable Building  
St. Louis, Missouri 63102  
314/425-1400  
FAX: 314/425-1533  
Cold drawn wire, high carbon and oil tempered; continuous weld pipe. A53 and AP15L line pipe; hot rolled products, alloy and special quality bars, flat bars, narrow plate, strip, hot rolled wire rods, forging billets, and semi-finished products

**Laclede Mid America Inc.**

Feather Valley Road  
P.O. Box 629  
Fremont, Indiana 46737  
219/495-5360  
FAX: 219/495-2666  
Oil tempered wire

**Lundy Fence Division**

1900 Gage Court  
Mississauga, Ontario L5S 1S1  
416/671-4694  
FAX: 416/671-1648  
Distribution and installation of fencing products and accessories

**Lundy Steel Division**

Forest Street East  
Dunnville, Ontario N1A 2X5  
416/774-7581  
FAX: 416/774-7581  
Wire, welded wire fabric, galvanized wire, barbed wire, farm and chain link fencing

**National Wire of Florida Division**

1314 - 31st Street  
Tampa, Florida 33605  
813/248-4134  
FAX: 813/248-3057  
Wire and welded wire fabric

**National Wire of Georgia Division**

24 Herring Road  
Newnan, Georgia 30264  
404/253-6333  
FAX: 404/253-6333  
Wire and welded wire fabric

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**National Wire of Ohio Division**

832 North Lallendorf Road  
Toledo, Ohio 43616  
419/698-8037  
FAX: 419/698-4325  
Wire and welded wire fabric

**National Wire Products Industries, Inc.**

8203 Fischer Road  
Baltimore, Maryland 21222  
301/477-1700  
FAX: 301/388-0770  
Wire, galvanized wire and welded wire fabric

**New York Wire Mills Division**

3937 River Road  
P.O. Box 646  
Tonawanda, New York 14151-0646  
716/874-5681  
FAX: 716/874-4440  
Wire and wire rod processing

**Niagara Lockport Industries Inc.**

(Lockport Felt Division)  
Highway 12 West  
P.O. Box 1067  
Starkville, Mississippi 39759  
601/323-4064  
FAX: 601/324-1400  
Paper machine clothing - -  
wet felts and dryer fabrics

**Niagara Lockport Industries Inc.**

(Niagara Wires Division)  
High Bridge Road  
P.O. Box 979  
Quincy, Florida 32351  
904/627-7141  
FAX: 904/627-7184  
Paper machine clothing - -  
wet felts and dryer fabrics

**Niagara Lockport Québec Industries Inc.**

(Niagara Québec Division)  
2106, rue Bellefeuille  
P.O. Box 939  
Trois-Rivières, Québec G9A 3Y9  
819/379-5555  
FAX: 819/379-0644  
Paper machine clothing - -  
wet end forming fabrics

**Niagara Lockport Québec Industries Inc.**

(Lockport Felt Division)  
1, boulevard Lee  
P.O. Box 420  
Warwick, Québec J0A 1M0  
819/358-5566  
FAX: 819/358-5146  
Paper machine clothing - -  
wet felts and dryer fabrics

**P.C. Drop Forgings Limited**

837 Reuter Road  
P.O. Box 100  
Port Colborne, Ontario L3K 5V7  
416/834-7211  
FAX: 416/834-5094  
Steel forgings

**Presidents Island Steel & Wire, Inc.**

1175 Harbor Avenue  
P.O. Box 13207  
Memphis, Tennessee 38113  
901/948-7710  
FAX: 901/774-8610  
Industrial wire, cold heading and  
plating quality wire

**Sivaco Chambly Division**

2000 boul. Industriel  
Chambly, Québec J3L 4V2  
514/658-9400  
FAX: 514/658-3134  
Collated nails, pneumatic tools,  
wire and welded wire fabric.

**Sivaco Maritimes Division**

35 Akerley Boulevard  
Dartmouth, Nova Scotia B3B 1J7  
902/469-7412  
FAX: 902/465-3180  
Wire and nails

**Sivaco Ontario Division**

330 Thomas Street  
P.O. Box 220  
Ingersoll, Ontario N5C 3K5  
519/485-4150  
FAX: 519/485-3039  
Wire

**Sivaco Québec Division**

800, rue Ouellette  
P.O. Box 940  
Marieville, Québec J0L 1J0  
514/658-8741  
FAX: 514/460-2744  
Wire, welded wire fabric,  
galvanized wire and nails

**Tamper (Aust.) Pty. Ltd.**

4 Strathpine Street  
P.O. Box 287  
Strathpine 4500  
Queensland, Australia  
07/2056500  
FAX: 61-7-205-7369  
Railway maintenance equipment

**Tamper Corp.**

2401 Edmund Road  
Box 20, Cayce-West  
Columbia, South Carolina  
29171-0020  
803/794-9160  
FAX: 803/794-9176  
Railway maintenance equipment

**Virginia Wire & Fabric Division**

615 Falmouth Street  
Warrenton, Virginia 22186  
703/347-2741  
FAX: 703/347-5551  
Nails, collated nails  
and pneumatic tools.

**Wiremil Inc.**

1 Wiremil Road  
Sanderson, Florida 32087  
904/781-9224  
FAX: 904/781-9224  
High carbon wire and stranded  
products

**Wrights Canadian Ropes Ltd.**

2551 #6 Road  
Richmond, British Columbia  
V6V 1P3  
604/273-4941  
FAX: 604/273-3803  
Wire ropes and cables



PLACE MERCANTILE, 770, RUE SHERBROOKE OUEST,  
MONTRÉAL (QUÉBEC) CANADA H3A 1G1

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