

STACK



LIMITED MONTREAL
CANADA

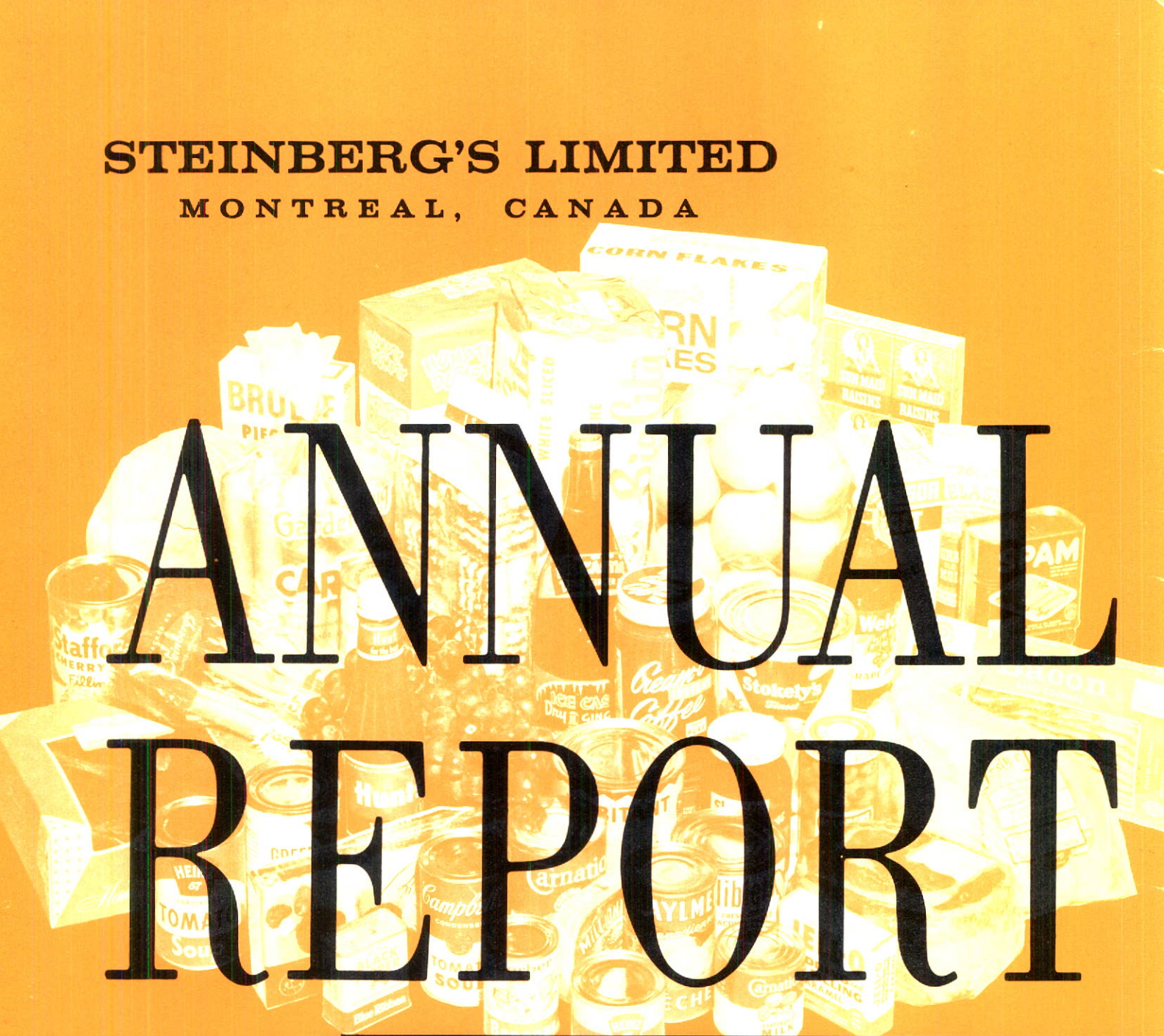


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ANNUAL REPORT

FOR THE FISCAL YEAR ENDED JULY 26th **1958**

STEINBERG'S LIMITED
MONTREAL, CANADA



**ANNUAL
REPORT**

FOR THE FISCAL YEAR ENDED

Highlights of a year of progress.

Total sales volume \$150,925,637.

13.97 percent increase in sales over previous fiscal year.

\$2,995,210 net profit.

62 supermarkets in operation as at July 26, 1958.

Ten new markets opened during year.

First store opened in New Brunswick, December 1957.

538,130 tons of merchandise handled.

100,000 sq. ft. added to warehousing capacity.

International Checker of the Year Award, 1958.

JULY 26, 1958

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THE PRESIDENT AND VICE-PRESIDENTS

*Sam Steinberg, President of Steinberg's Limited
with (left to right)*

Nathan Steinberg, Executive Vice President of Operations;

Jack Genser, Vice President of Sales;

Max Steinberg, Vice President and Treasurer; and

William Sherman, Vice President of Construction. In the

*foreground is a scale model of the new Steinberg's Community
Store, scientifically planned for maximum operation efficiency.*

A message from the President

EFFICIENT FOOD DISTRIBUTION . . . the key to progress in the next five years.

The results of another twelve months of operation, during which the Company continued to follow its steady growth pattern of recent years, are presented in the financial pages of this report. Gross sales passed the \$150 million mark, representing a 50% increase since 1955.

This record reflects the confidence of the public in the quality, the variety and the value of our merchandise, and in the many services which we offer. Our Company was founded on the principle of large volume at low profit and customer service. Every innovation, every detail of our operation is tailored by the yardstick of satisfaction in relation to the needs and wishes of our customers.

Through the years, in the face of spiralling costs of supplies and wages, our cost of doing business has shown only a slight upward trend.

This was due, primarily to the modern distribution equipment and methods which we employ. Mechanized material handling has resulted in the efficient movement of all merchandise at the lowest possible cost.

Since 1917, Steinberg's has accepted the responsibility of making a substantial contribution towards a better standard of living for all.

Experience has proven that efficient distribution makes it possible for customers to obtain more for each dollar spent. Similarly, this method of operation has provided better wages and hours for employees and a greater share of the customer dollar for primary producers.

During the next five years we propose to invest \$30 million in a construction program to service many new communities, and we will continue to pass on to our customers the savings and benefits resulting from food processing, volume buying, scientific food handling and mass distribution.

My thanks are expressed to our people for their creative ideas and their efforts over the past year, to our suppliers for their friendly co-operation, and to our hundreds of thousands of customers for their continued patronage.



October 3, 1958.

PRESIDENT

THE YEAR IN REVIEW

Financial Results

SALES VOLUME DURING THE FISCAL YEAR WHICH ENDED JULY 26, 1958 REACHED AN ALL-TIME HIGH. GROSS SALES FOR THE 12 MONTHS TOTALLED \$150,925,637, WHICH REPRESENTED AN INCREASE OF 13.97 PERCENT OVER LAST YEAR'S RECORD OF \$132,431,428.

NET PROFIT FOR THE YEAR ROSE BY \$598,187 TO \$2,995,210. \$262,500 OF PROFIT WAS PAID TO THE PREFERRED SHAREHOLDERS AND THE BALANCE WILL REMAIN IN THE SURPLUS ACCOUNT.

Spotlight on management

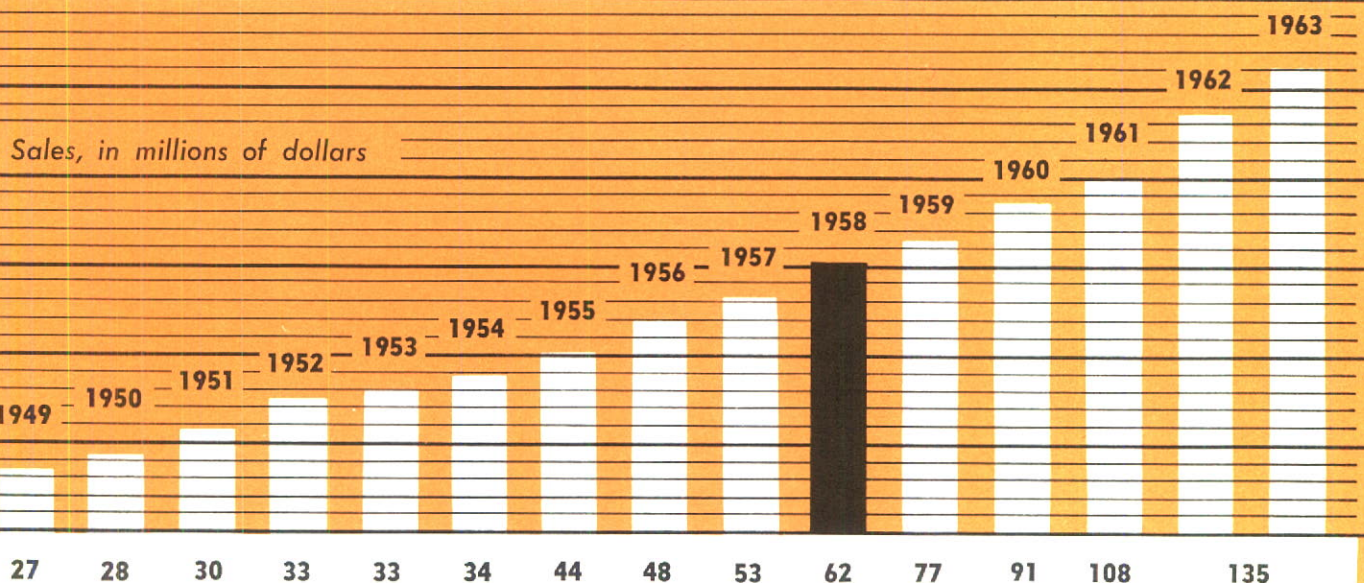
THE GRAPH below traces Steinberg's dramatic postwar progress and projects its expansion through 1963.

The Company's management team, which has blue-printed this five-year forward thrust and will be responsible for realizing its targets, is introduced in photographs shown throughout this Report.

The men in top management are the nerve centre of the Steinberg's organization, sensitive to

changing trends, receptive to fresh ideas. All have had many intensive years of experience in the retail food industry.

The senior executive group has been broadened by the recent appointment of new Officers of the Company. The additional enlistment of qualified specialists in various professions has added new skills to the staff. Continuity of family association with the Company is assured by the entry during the past year of members of the third generation of the Steinberg family.



Store openings

TEN NEW supermarkets were opened within the fiscal year, bringing the total of Steinberg's stores in operation at the end of July to 62, of which 14 are located in shopping centres.

Four of these new stores are in the Montreal area and one in each of the fast-growing cities of St. Johns and Jonquiere. The others serve suburbs of Quebec City. Larger premises replaced the first Steinberg's store ever operated outside Montreal — the market originally opened in 1939 in Arvida, the aluminum city.

The Company extended operations to the province of New Brunswick. To meet the food shopping needs of 450 soldiers' families residing in Oromocto, near Camp Gagetown, a temporary store was equipped, staffed and stocked in time to open its doors before Christmas.

Store construction

AN IMPORTANT development in store planning policy — fruit of over 18 months of painstaking study — will enable Steinberg's to serve more communities. Plans were drawn up for the first of a projected series of "New Look" model stores, adaptable to all locations.

As a result, the time involved in preparation of drawings and specifications and in building has been considerably reduced. It takes half the time from the decision to build on a site until the doors of the completed store swing open to admit the first customers.

Economies are achieved through this scientific approach to design without sacrifice of good looks, operating efficiency, or any of the popular features which give Steinberg's store their distinctive personality.

Plans for the next five years call for new stores to be completed at the rate of one a month. The program will provide an important source of employment the year round for the independent contractors and building trades who handle most of the Company's major construction work.



Jack Steinberg, DIRECTOR OF EQUIPMENT PURCHASING, with Arthur Southwood, Equipment Buyer.



FIELD SUPERVISORS, Adolphe Papiernick (foreground), left, Cyril Arsenault, right, Jack Caplan.

Colin Rae, ARCHITECTURAL AND PLANNING MANAGER, who is responsible for the overall design of Steinberg's supermarkets.





Sydney Caplan, DIRECTOR OF PERSONNEL (foreground) with Jack Rabinovitch, Training Manager; Guy Lechasseur, Public Relations Director; and Bernard Maitre, Employment Manager. The group is shown in one of Steinberg's two training stores.

Harry Suffrin, DIRECTOR OF RESEARCH, stands in front of a large aerial photo-mural.



Research

THE WORK of the Research Division encompasses study of all available information bearing upon population trends and the growth pattern of specific areas; research into customer attitudes; and sales forecasting.

Routine analysis of existing stores involved interviews with 18,000 customers over the past year to find out where they live, how they reach the store, the frequency of their shopping trips. The cumulative records assist prediction of sales volume in new market areas.

Cooperative market research, conducted on a non-profit basis as a service for Steinberg's suppliers, is another responsibility of the research division. Steinberg's stores have been thrown open as practical laboratories to aid suppliers in evaluating the effectiveness of their products, packages and displays.

Accounting and Finance

Modern accounting techniques and the most advanced mechanical equipment are essential to an expanding Company.

During the past year, the latest in high speed payroll equipment was installed in the Head Office to meet the requirements of new stores. At the same time Non-Foods Accounting was absorbed into the Data Processing Centre to provide up to the minute operating information.

Completely air-conditioned, well designed accounting offices and an excellent staff provide the Company with peak efficiency and depth for the future. A continuous flow of statistical and financial information to Management ensures high standards of operating performance.

Sound financial planning has enabled the Company to look with confidence to future growth.



Pat Murphy, COMPTROLLER (foreground) with Jim Kearney and Tom Smyth, Assistant-Comptrollers, and Larry Fogelman, Data Processing Manager, at Head Office.

Distribution and Processing

ADDITIONAL Montreal premises leased this year added 100,000 square feet to the Company's warehouse capacity, and have been allocated to fast-moving grocery items. The extra space permitted more streamlined organization of stocks, and has speeded up deliveries to the stores.

Merchandise handled by the warehousing division during the fiscal year reached an all-time high of 538,130 tons. The Company's fleet of 189 vehicles travelled 1,785,000 miles to deliver this tonnage.

To meet requirements for more refrigerated locker space, occasioned by the growing popularity and multiplication of frozen food items, a new 4,500 sq. ft. frozen foods room was equipped within the central warehouse area.

Quality meat from the government-inspected modern meat plant is also shipped out in fully refrigerated transport.

The expanded modern bakery and commissary, opened in the summer of 1957, turned out over five million packages of fresh pies, pastries, cakes, delicatessen and other prepared foods during the year.

Erection of another grocery warehouse will commence this year on a site opposite the Company's headquarters on Hochelaga Street in Montreal. Details of this development are given on page 11.

Sydney Kom, DIRECTOR OF DISTRIBUTION AND PROCESSING (foreground), with Zeke Ferley, Plant Manager, right, and Gordon Metcalf, Assistant Plant Manager, center, in warehouse.



Sales and Merchandising

THE MEN on Steinberg's sales and merchandising team, shown in the photograph at right, helped to ring up \$150,925,637 in gross sales for the fiscal year 1957-58 — the highest sales volume in the Company's 41 years of operation.

Through more forceful store presentation, bigger displays, featured promotions and dynamic advertising, over half a million tons of merchandise were moved into shopping carts from 15 miles of store shelving.

The buyers intensified their efforts to increase the variety and upgrade the quality of merchandise offered for sale. A recent count showed that Steinberg's supermarkets carry a total of 7,950 different food and non-food items.

Special emphasis was given over the past year to strong presentation of perishables — meat, fruit, vegetables, dairy products and baked goods — which the Company protects by the most advanced quality control techniques.

The "Pinky" premium promotion was more successful than ever: more than two million quality premiums, including many famous brand-name products and representing a wide range of goods, were redeemed by customers in exchange for their pink cash slips.

The sales effort was strongly supported by an aggressive advertising program which employed over 30



Jack Genser, VICE-PRESIDENT (seated) with his assistant, Arnold Steinberg and his seven-man executive team.

newspapers and 18 radio stations to keep patrons regularly informed about Steinberg's products, services and shopping values.

This forceful advertising, conceived and executed by the Company's own staff specialists, helps motivate over 650,000 people to shop at Steinberg's every week of the year.

THE DISTRICT MANAGERS who direct and supervise all store activities are (left to right) Rosaire Beaugard, Len Pedvis, Ben Turgeon, Lewis Steinberg, Guy Sciarra, Hy Perzow and Gaston Vezina.





Left to right (top row) are Morris Steinberg, Sales Promotion Director; Ben Dobrinsky, Director of Advertising; Ed Wallen, Non-Food Merchandiser; Alec J. Binnie, Traffic Manager; (second row) Oscar Plotnick, Grocery Merchandiser; Jack Levine, Meat Merchandiser; and Harry Switzman, Produce Merchandiser.

Store operations

COORDINATION is the key to the functions of the Store Operations Division, which is responsible for translating Company plans and policies into effective action at the store level.

The staff of the Division plans the most effective use of

the available manpower, space and equipment in each supermarket. They expedite delivery of goods and administrative services from headquarters. They organize and direct the week-to-week activities in the field and through district managers and department specialists they guide and work with the individual store managers and department heads to achieve expected sales and operating results.

Development of store personnel is a most important phase of the Division's activities. To achieve the best sales results and give the finest customer service, the staff of each store must function as a well-integrated team. The mobile force of district managers and merchandise specialists helps store managers and other key retail employees to develop judgment and acquire technical know-how.

During the fiscal year, Store Operations initiated an improved system of store expense control to bring about the most economical and efficient use of the costs of labour, supplies and services.



Mel Dobrin, DIRECTOR OF STORE OPERATIONS, with Lou Sherman, Assistant Director, administer a field staff of seven district managers and twelve merchandise specialists.

New markets

Steinberg's program calls for the outlay of some thirty million dollars over the next five years to build, equip and staff at least 73 new retail outlets.

These plans reflect the Company's faith in the healthy economic future of Canada, and its wish to serve the basic food needs of the fast-growing population in Quebec and neighbouring provinces.

OPENED SINCE JULY 26, 1958

1. 1955 St. Catherine E., Montreal: opened August 5, 1958.
2. 6550 Sherbrooke E., Montreal: opened August 26, 1958.
3. 261 Lasalle Boulevard, Baie Comeau, Que.: opened September 18, 1958.
4. 341 Sir Wilfrid Laurier, St. Lambert, Que.: opened September 23, 1958. (Our cover photograph shows excavation of this site in June of this year.)
5. 1085 Laurentide Boulevard, Pont Viau: opened September 30, 1958.

FUTURE

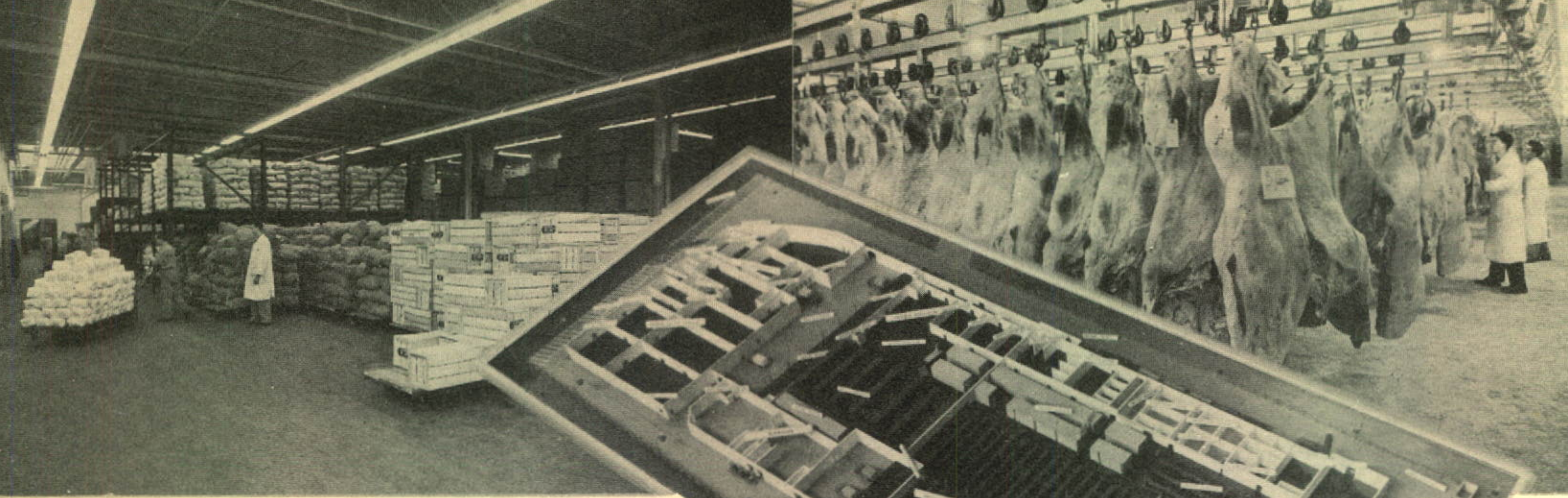


UNDER CONSTRUCTION

6. Gouin Boulevard West, Ste. Genevieve.
7. Oromocto, New Brunswick.
8. Pointe-aux-Trembles in St. George Shopping Centre.
9. Notre Dame E., and St. Donat, Montreal.
10. Town of Mount Royal at entrance to Laurentian Auto Route.
11. St. Michel Blvd. and 40th St., Montreal.

MONTREAL AREA ENLARGED





MODEL of present central warehouse, meat plant, bakery and administrative offices, which cover 15 acres.

EXPANSION

New Grocery Distribution Centre

THE STORE expansion program necessitates a corresponding increase in distribution facilities. By 1963 Steinberg's plant, warehouse and head office capacity will total one million square feet, with buildings extending over 50 acres.

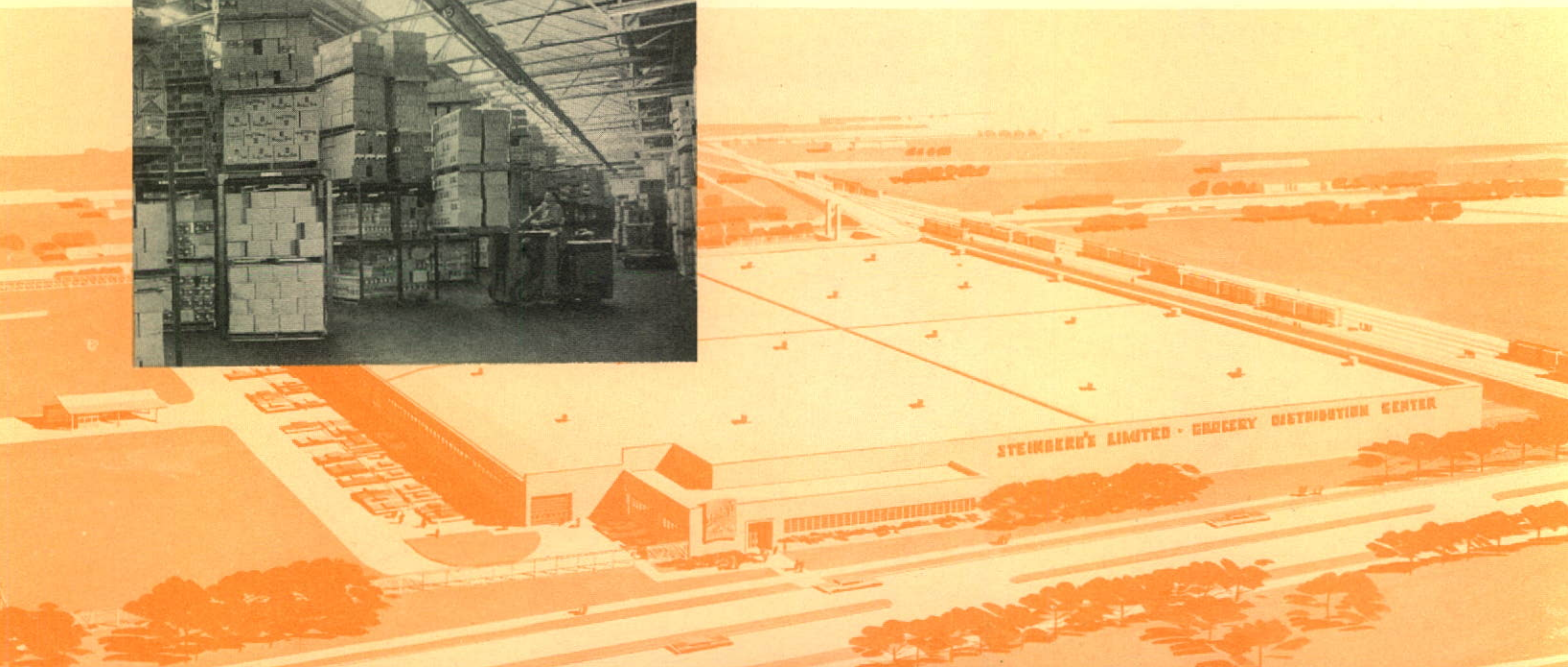
As the first stage in this expansion, a 300,000 sq. ft. grocery warehouse will be erected close to the present headquarters of the Company on Hochelaga Street. This October, bulldozers will break ground

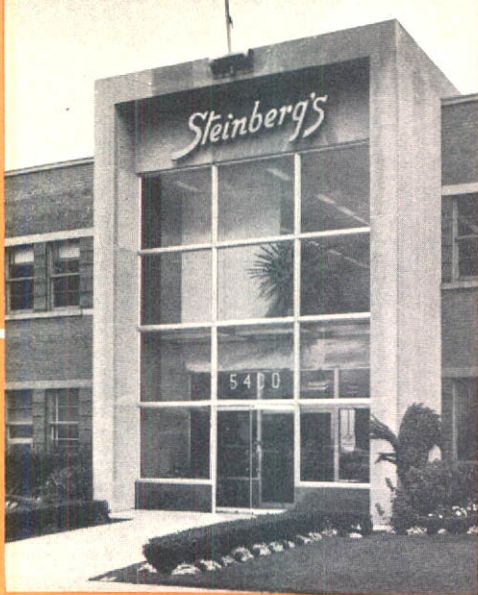
on a 20-acre site located between Viau and Boyce Streets and the CNR railway tracks on the north side of Hochelaga.

By next summer the big one-storey building will be in operation, with its own rail siding and truck dock. It will be laid out and equipped for maximum efficiency in materials handling.

All grocery stocks will be centralized in the new warehouse. Storage of perishables and non-foods, and the processing and packaging operations will continue on an augmented scale in the main distribution centre on the south side of Hochelaga.

ARCHITECT'S DRAWING giving a bird's-eye view of new warehouse, designed to be the central grocery depot for the Company.





STEINBERG'S LIMITED

Executive Offices
5400 Hochelaga Street
Montreal 5, Quebec
Canada

OFFICERS

SAM STEINBERG,
PRESIDENT AND MANAGING DIRECTOR

NATHAN STEINBERG,
EXECUTIVE VICE-PRESIDENT

JACK GENSER,
VICE-PRESIDENT

MAX STEINBERG,
VICE-PRESIDENT AND TREASURER

WILLIAM SHERMAN,
VICE-PRESIDENT

MORGAN McCAMMON,
SECRETARY — ASSISTANT TREASURER
AND GENERAL SOLICITOR

DIRECTORS

SAM STEINBERG

NATHAN STEINBERG

MAX STEINBERG

JACK STEINBERG

MORRIS STEINBERG

SAM COHEN

JACK GENSER

MORRIS ROTH

TRANSFER AGENT

MONTREAL TRUST COMPANY
MONTREAL AND TORONTO

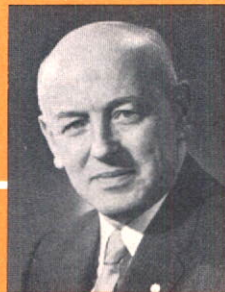
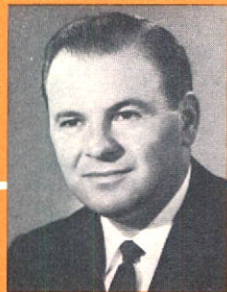
REGISTRAR

ROYAL TRUST COMPANY
MONTREAL AND TORONTO

AUDITORS

McDONALD, CURRIE & CO.,
MONTREAL

FINANCE — PLANNING



Left to right: H. H. COWAN, *Financial Assistant to President* — LEO GOLDFARB, *Director - Real Estate* —
MORRIS SEGAL, *Executive Assistant to President* — SAM ROTH, *Development Special Products* —
SAM COHEN, *Director* — MORRIS ROTH, *Director*.

STEINBERG'S LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS
YEAR ENDED JULY 26, 1958

(with comparative figures for the year ended July 27, 1957)

	JULY 26 1958	JULY 27 1957
SALES	\$ 150,925,637	\$ 132,431,428
PROFIT FROM OPERATIONS before the undermentioned items	7,605,225	6,698,061
Add:		
Income from investments and loans	833,898	577,496
Miscellaneous income	100,472	83,570
	<u>8,539,595</u>	<u>7,359,127</u>
Deduct:		
Provision for depreciation	1,769,144	1,552,055
Payments on lease-purchase properties	420,630	422,417
Interest on debentures and amortization of discount	342,420	359,999
Interest on mortgages and loans payable	42,001	43,309
Contribution to employees' profit sharing pension fund	406,077	317,700
	<u>2,980,272</u>	<u>2,695,480</u>
PROFIT BEFORE PROVISION FOR TAXES ON INCOME	5,559,323	4,663,647
PROVISION FOR TAXES ON INCOME	2,564,113	2,266,624
NET PROFIT FOR THE YEAR	<u>\$ 2,995,210</u>	<u>\$ 2,397,023</u>

CONSOLIDATED BALANCE

(with comparative figures)

ASSETS

	JULY 26 1958	JULY 27 1957
CURRENT ASSETS		
Cash	\$ 17,521	\$ 77,052
Marketable securities — at cost	7,793,072	6,275,572
Notes receivable	300,000	700,000
Amounts recoverable — projects under construction	755,203	38,959
Accounts receivable — trade	418,736	493,511
— other	1,150,801	219,344
Inventories — valued at the lower of cost or market	7,500,118	6,675,454
Prepaid expenses	237,813	229,521
	<u>18,173,264</u>	<u>14,709,413</u>
INVESTMENTS AND OTHER ASSETS		
Investment in and advances to associated companies —		
Investment — at cost	3,892,400	2,012,100
Advances	6,710,157	9,138,097
Loans receivable	37,833	37,770
Mortgages receivable	830,284	782,368
Deposits and sundry investments	74,539	78,104
	<u>11,545,213</u>	<u>12,048,439</u>
FIXED ASSETS — at cost		
Land	2,372,518	2,450,593
Buildings	2,943,897	2,891,967
Equipment and fixtures	14,016,391	11,818,199
Automotive equipment	1,256,100	1,076,244
	<u>20,588,906</u>	<u>18,237,003</u>
Accumulated depreciation	9,429,309	7,914,351
	<u>11,159,597</u>	<u>10,322,652</u>
INTANGIBLE		
Unamortized discount on debentures	132,199	147,921
	<u>132,199</u>	<u>147,921</u>
	<u>\$ 41,010,273</u>	<u>\$ 37,228,425</u>

Approved on behalf of the board:

SAM STEINBERG, Director

MAX STEINBERG, Director

SUBSIDIARY COMPANIES

SHEET as at JULY 26, 1958

as at July 27, 1957)

LIABILITIES

	JULY 26 1958	JULY 27 1957
CURRENT LIABILITIES		
Bank loan — secured	\$ 740,000	\$ 1,080,000
Accounts payable and accrued liabilities	6,872,023	6,335,941
Dividend payable on preferred shares	66,000	66,000
Income taxes payable	1,503,965	1,419,470
	<u>9,181,988</u>	<u>8,901,411</u>
LOANS FROM SHAREHOLDERS	771,909	938,352
MORTGAGES PAYABLE	146,912	53,824
FUNDED DEBT		
5½% sinking fund debentures (annual sinking fund \$300,000) —		
due December 1, 1972	5,000,000	5,000,000
due October 1, 1973	2,500,000	2,500,000
	<u>7,500,000</u>	<u>7,500,000</u>
Less: Redeemed	1,447,500	1,097,500
	<u>6,052,500</u>	<u>6,402,500</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Authorized —		
100,000 cumulative redeemable preferred shares		
of a par value of \$100 each		
550,000 common shares without nominal or par value		
Issued and fully paid —		
50,000 5½% cumulative redeemable preferred shares — series "A" ...	5,000,000	5,000,000
500,000 common shares	100,000	100,000
	<u>5,100,000</u>	<u>5,100,000</u>
CONTRIBUTED SURPLUS		
Representing excess sale price of common shares over par value	88,000	88,000
RETAINED EARNINGS	19,668,964	15,744,338
	<u>\$ 41,010,273</u>	<u>\$ 37,228,425</u>

STEINBERG'S LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED JULY 26, 1958

BALANCE AT BEGINNING OF YEAR — excluding	
contributed surplus of \$88,000	\$ 15,018,435
Capital surplus arising from sale of fixed assets under lease-purchase agreements —	
Balance at beginning of year	\$ 725,903
Less: Portion applicable to current year's income	47,140
	<u>678,763</u>
	15,697,198
Add:	
Net profit for the year	2,995,210
Profit on disposal of fixed assets	1,239,056
	<u>19,931,464</u>
Deduct:	
Dividends on preferred shares	<u>262,500</u>
BALANCE AT END OF YEAR	<u><u>\$ 19,668,964</u></u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Steinberg's Limited and its wholly owned subsidiary companies as at July 26, 1958 and the consolidated statements of earnings and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at July 26, 1958 and the combined results of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

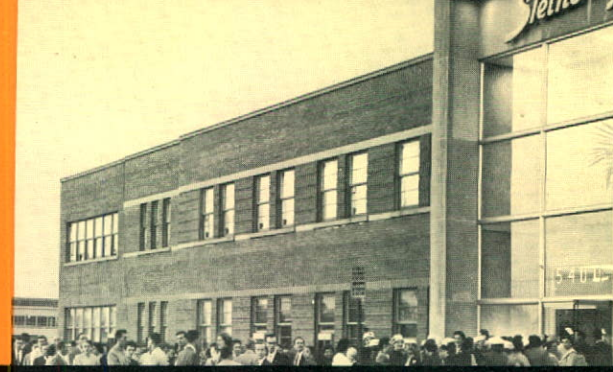
MONTREAL, QUE.
SEPTEMBER 29, 1958

McDONALD, CURRIE & CO.,
CHARTERED ACCOUNTANTS



SUMMER EXCURSIONS for orphans, organized by the Montreal Juvenile Clubs, were sponsored in part by the Steinberg's Employees' Community Welfare Fund, which contributed a donation of \$500.

WAREHOUSE TOURS during the year gave thousands of visitors a first-hand opportunity to observe how Steinberg's controls the quality of all foods in the modern meat plant, produce coolers, bakery and other sections of the distribution and processing centre. Picture shows a party entering the head office on Hochelaga Street, en route to the warehouse area at rear.



CASHIER Rose-Marie Quenneville of Steinberg's was congratulated by the Prime Minister on becoming the first Canadian to win the title of International Checker of the Year, awarded annually by the Super Market Institute. Steinberg's entrant was selected by customer vote from among 100,000 cashiers in some 8,000 supermarkets.



Steinberg's and the community

AN INSPIRING MOMENT comes during the opening ceremony of a new Steinberg's supermarket, when the store is blessed by the parish priest and dedicated to the service of the community.

ONE THOUSAND SUPPLIERS were entertained at a banquet in the Grand Salon of The Queen Elizabeth Hotel in Montreal on June 17. This friendly social function gave the Company an opportunity to thank its guests for their support in the past and to outline the prospects for increased business in the future.



SIGN OF

PROGRESS



Steinberg's