

ALGOMA STEEL CORPORATION, LIMITED



SIXTEENTH ANNUAL REPORT

FOR THE FISCAL YEAR ENDED APRIL 30th 1951

ALGOMA STEEL CORPORATION
1000 BAYVIEW AVENUE
SCARBOROUGH, ONTARIO
CANADA

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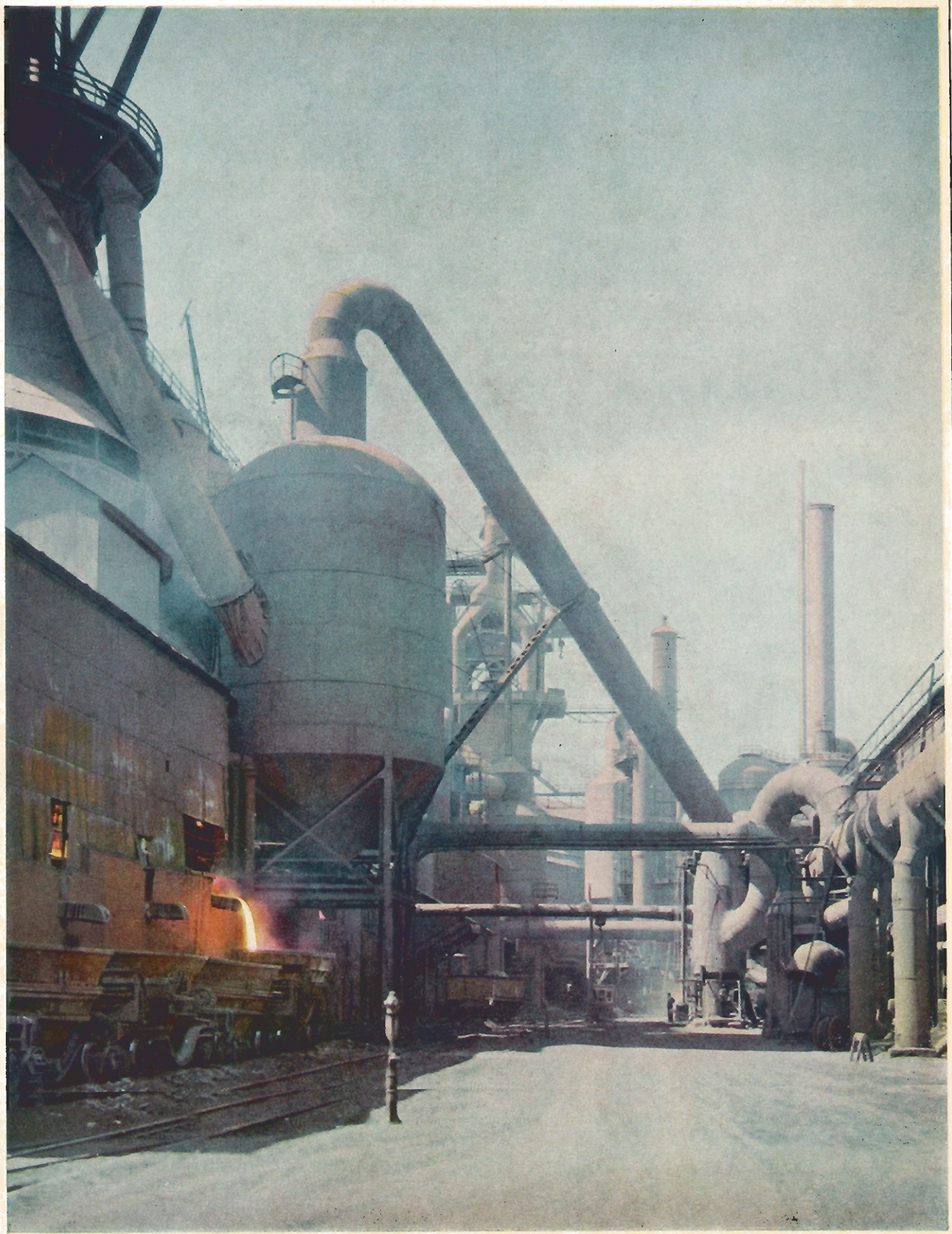


ALGOMA STEEL CORPORATION, LIMITED



Sixteenth Annual Report

FOR THE FISCAL YEAR ENDED APRIL 30TH 1951



No. 5 Blast Furnace—Algoma Steel Works

ALGOMA STEEL CORPORATION, LIMITED

Board of Directors

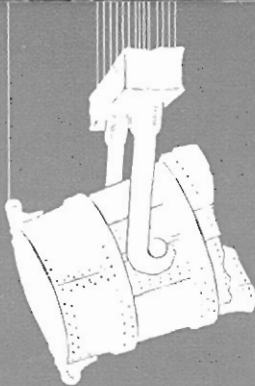
Sir James Dunn, Bart., K.C. - - Bathurst, New Brunswick
George C. Bateman, C.M.G., O.B.E. - - Montreal, Quebec
Hon. T. A. Crerar - - - - - Winnipeg, Manitoba
Hon. J. Gordon Fogo, K.C. - - - - - Ottawa, Ontario
Harry S. Hamilton, K.C. - - - - - Sault Ste. Marie, Ontario
David S. Holbrook - - - - - Sault Ste. Marie, Ontario
John L. Lang - - - - - Sault Ste. Marie, Ontario
E. Gordon McMillan, K.C. - - - - - Toronto, Ontario
John A. McPhail, K.C. - - - - - Sault Ste. Marie, Ontario
Joseph Simard, O.B.E. - - - - - Montreal, Quebec
Leo H. Timmins, M.E. - - - - - Montreal, Quebec

Executive Committee

Sir James Dunn, Bart., K.C.	John A. McPhail, K.C.
David S. Holbrook	E. Gordon McMillan, K.C.
John L. Lang	Leo H. Timmins, M.E.

Officers

Sir James Dunn, Bart., K.C. - - President and Chairman.
Board of Directors
John A. McPhail, K.C. - - Vice-President and Vice-Chairman
David S. Holbrook - - - - - Executive Vice-President
Hon. J. Gordon Fogo, K.C. - - - - - Vice-President
E. Gordon McMillan, K.C. - - - - - Vice-President
Louis H. Derrer - - - - - General Manager—Steel Works
Tom Gould - - - - - Executive Assistant to the President
H. G. MacAdam - - - - - Secretary
Ernest W. Shell - - - - - Treasurer
John B. Barber - - - - - Comptroller



Aerial view of Algoma Steel Works

President's Report

To the Shareholders:-

Your Directors herewith submit Company's financial statements and auditors' report for the fiscal year ended 30th April, 1951.

Before dealing with statements I refer with deep regret to the death, on 11th February last, of Mr. John W. Hobbs who had been a Director of your Company from November 1938 up to the day of his death. Mr. Hobbs was at all times a wise counsellor and loyal associate and he is greatly missed.

We are fortunate in having secured the association of Mr. George C. Bateman, C.M.G., O.B.E., who is known throughout the length and breadth of Canada for his public and private contribution to all matters connected with Canadian mining and metallurgical developments. Mr. Bateman is now a Director of both Algoma Steel Corporation and Algoma Ore Properties.

The financial results are summarized as follows:—

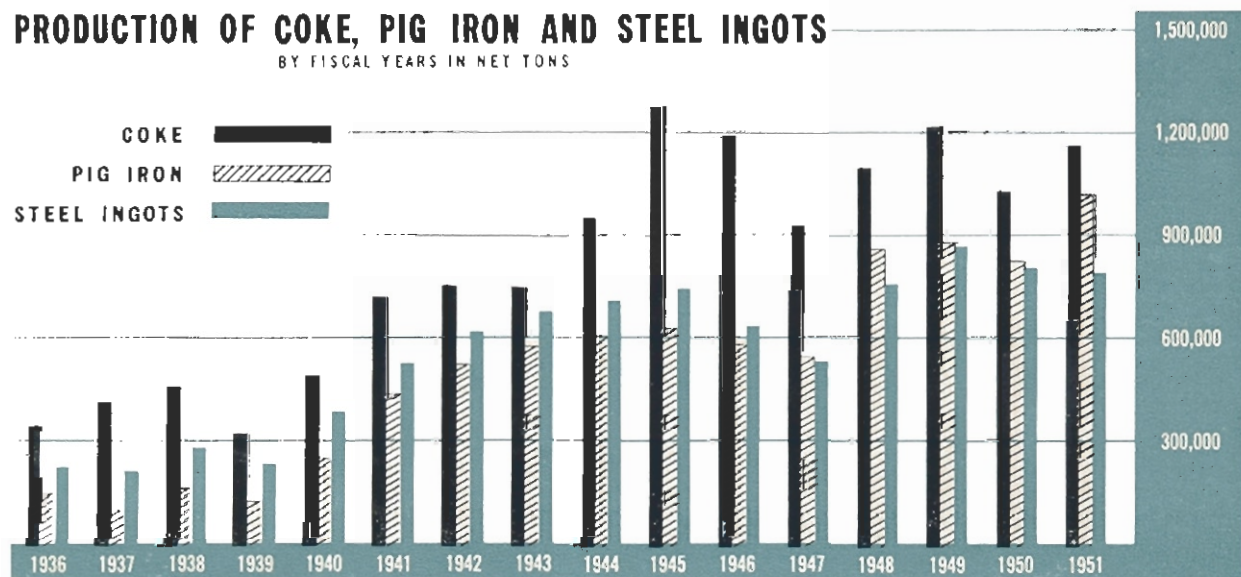
Net Profit	\$ 5,721,488
After Provision for	
Income Taxes	\$ 5,071,309
Depreciation	3,291,532
Pension Fund	800,000
Net Profit per Share	\$ 3.16
Earned Surplus	\$22,817,268
Working Capital	\$18,041,769

The working capital shows an increase of \$1,697,581 after providing \$239,313 being final payment of Plant Extension liability—\$3,691,839 for additions and improvements in the Works—and \$3,911,614 investment in Enterprises of importance to your Company.

Productions for the year were—Coke 1,184,767 tons—Iron 1,025,185 tons and Steel 793,254 tons.

PRODUCTION OF COKE, PIG IRON AND STEEL INGOTS

BY FISCAL YEARS IN NET TONS



The advance of \$800,000 to Canadian Furnace Company shown in Current Assets in the Balance Sheet has been repaid.

The program of expansion estimated to cost \$10,000,000 is underway and completion is expected by the middle of 1953.

This program includes a Sintering Plant to sinter flue dust ore fines and concentrates—a 25 foot hearth Blast Furnace to be known as No. 6 equal in capacity to No. 5 Blast Furnace.

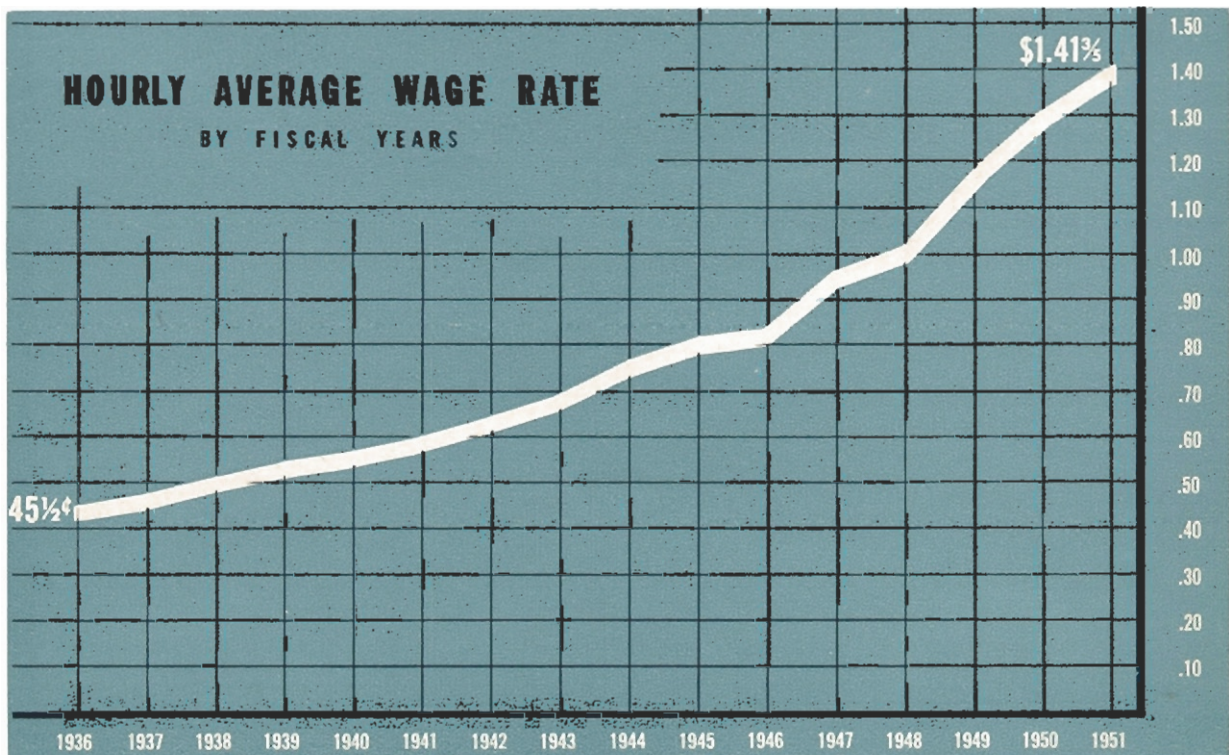
The capacity of No. 2 Open Hearth Shop is being increased so that together with existing capacity in No. 1 Open Hearth Shop total Open Hearth capacity will be 1,240,000 tons a year.

The 14 inch Blooming Mill, hitherto steam driven, is being equipped with electric drive to give it annual rolling capacity of 1,200,000 tons.

The capacity of the present rail and structural mill is being increased to double its production of heavy structural steels.

A Morgan Construction Company Mill is being installed. It will be the first of its kind in Canada and is designed to produce 250,000 tons a year of finished steel products including small bars, light structural and strip up to 25 inches wide.

A new working agreement with Local 2251 United Steelworkers of America was negotiated effective May 1, 1951, with increased wages of from 15 to 20 cents per hour which was required by the higher cost of living. Average hourly wage rate in the fiscal year here reported was \$1.41 $\frac{1}{2}$, and is currently \$1.60.



Pension and Welfare plans reported on last year are now in effect.

The Pension Plan covering employees who are members of Local 2251 of United Steelworkers of America and other employees for whom the Union bargains and members of several smaller

Plant unions provides for pension payments of \$60 a month to employees of 30 years or more service at age 70 and somewhat lesser pensions for employees who have lesser service or who are unable to work after reaching the age of 65. The pension plan is wholly provided by the Company. Pension plans for other employees are in course of completion.

The Welfare Plan covering employees who are members of Local 2251 of United Steelworkers of America and other employees for whom the Local 2251 bargains provides for group life insurance, insurance against accidental death and dismemberment and for weekly indemnity in case of sickness, hospital and medical expenses. The cost of this plan is shared by employees and the Company. The same plan with minor variations is in effect for other employees.

In the year under review Algoma Ore Properties produced and sold at satisfactory prices 1,071,193 tons Algoma Sinter—this is an increase of more than 300,000 tons above the previous year.

We have now established by the diamond drill a new ore body directly east of the Victoria as extensive and of equal grade with the Helen or Victoria. This new mine is to be called the Alexander.

In the country approximately 60 miles west of Ottawa your Company is investigating promising iron ore deposits which if proved to exist in sufficient tonnage will be of substantial value.

On 27th July, 1951, Lady Dunn opened a new hospital named in her honour at Jamestown. This hospital which was urgently needed has the most modern equipment and will serve a growing population at present estimated at 3,500 inhabitants.

Canadian Furnace Co. Limited at Port Colborne, Ontario is proving to have been a wise investment.

Cannelton Coal & Coke Company and Lake Superior Coal Company, wholly owned subsidiaries, continue to supply your Company with coal.

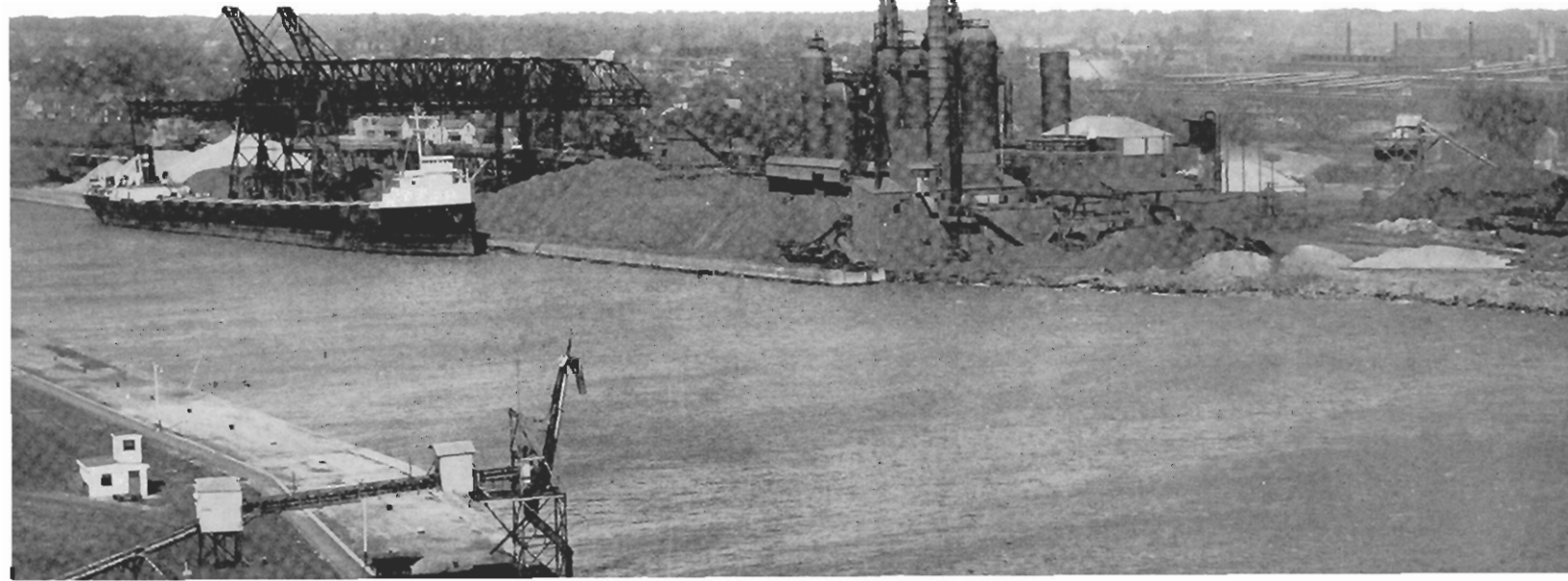
During the year an interest in a Bus System in the city of Sault Ste. Marie, Michigan was liquidated at a loss which has been written off to surplus.

Your Directors again express their appreciation and thanks to all Officers and Employees of the Company and its subsidiaries for their loyal and efficient service throughout the year.

Sault Ste. Marie, Ontario
13th November, 1951.

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

Canadian Furnace Company's Plant at south entrance to Welland Canal, Port Colborne, Ont.



A L G O M A S T E E L C O R P O R A T I O N , L I M I T E D

Balance Sheet

AS AT APRIL 30TH, 1951

Assets

Liabilities

CURRENT				
Cash	- - - - -	\$ 5,174,616		
Bills and Accounts Receivable:				
Sundry Debtors	- - - - -	\$ 9,817,936		
Subsidiary Companies	- - - - -	6,357	9,854,293	
Advance to Subsidiary Company	- - - - -		800,000	
Inventories:				
As determined by the management valued at the lower of cost or market:				
Raw Materials, Semi-finished Products and Supplies	- - - - -	11,294,008		
Saleable Products	- - - - -	978,012	12,272,020	\$28,100,959
INVESTMENTS				
Subsidiary Companies	- - - - -		4,020,424	
Marketable Securities at Cost	- - - - -		2,316,285	
Other	- - - - -		332,562	6,669,271
PROPERTY AND EQUIPMENT				
Land, Buildings and Equipment	- - - - -		34,362,615	
Less: Reserves for Depreciation and Depletion	- - - - -		18,587,971	
			15,774,644	
Franchise	- - - - -		20,000	15,794,644
PREPAYMENTS AND DEFERRED CHARGES	- - - - -			384,378
NOTE: Property and Equipment includes approximately \$3,200,000 of a plant expansion program estimated to cost \$10,000,000 over a three year period.				
			\$50,949,252	
CURRENT				
Accrued Wages and Salaries	- - - - -	\$ 1,400,903		
Accounts Payable and Accrued Liabilities:				
Sundry Creditors	- - - - -	\$2,852,738		
Subsidiary Companies	- - - - -	1,916,115	1,768,853	
Current Liability re Plant Extension	- - - - -		239,313	
Income Taxes	- - - - -	3,650,121		\$10,059,190
RESERVES				
For Rebuilding and Relining Furnaces and other Operating Reserves	- - - - -		1,957,953	
For Contingencies	- - - - -		7,619	1,965,572
CAPITAL STOCK AND SURPLUS				
Common Stock—No par value				
Authorized—4,000,000 shares				
Issued —1,650,800 shares	- - - - -		10,274,500	
Distributable Surplus	- - - - -		2,832,722	
Earned Surplus	- - - - -		22,817,268	35,924,490
			\$50,949,252	\$50,949,252

Auditors' Report To The Shareholders

We have examined the accounts of Algoma Steel Corporation, Limited for the year ended April 30th, 1951 and in accordance with the provisions of the Companies Act (Ontario) we have to report that, in our opinion, the above Balance Sheet and related Profit and Loss and Earned Surplus accounts are properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as of April 30th, 1951 and the result of its operations for the year then ended and are as shown by the books of the Company. All our requirements as auditors have been complied with.

Toronto, Ontario, October 10th, 1951.

"PEAT, MARWICK, MITCHELL & Co."
Auditors.

L G O M A S T E E L C O R P O R A T I O N L I M I T E D

Profit and Loss Account

FOR THE YEAR ENDED APRIL 30TH, 1951

PROFIT FROM OPERATIONS - - - - -	\$11,783,916
OTHER INCOME	
Dividends and Interest on Investments - - - - -	\$101,871
Interest Earned - - - - -	61,101
	163,275
	11,947,221
Interest on Loans - - - - -	56,892
	11,890,329
Contribution to Pension Trust Fund - - - - -	800,000
PROFIT BEFORE DEPRECIATION - - - - -	14,090,329
DEPRECIATION	
Plant and Equipment - - - - -	3,294,532
(Provided at the maximum allowed for Federal Income Tax purposes.)	
PROFIT FOR THE YEAR BEFORE PROVIDING FOR INCOME TAXES - - - - -	10,795,797
Provision for Income Taxes - - - - -	5,074,309
NET PROFIT FOR THE YEAR - - - - -	<u>\$ 5,721,488</u>

Earned Surplus Account

Balance at Credit April 30th, 1950 - - - - -	\$17,205,718
Add: Net Profit for the year ended April 30th, 1951 - - - - -	5,721,488
	22,927,236
Deduct: Loss on Liquidation of Soo Transportation Company - - - - -	109,968
Balance at Credit April 30th, 1951 - - - - -	<u>\$22,817,268</u>

ALGOMA STEEL CORPORATION, LIMITED

Subsidiary Companies

WHERE INCORPORATED

NAME AND BUSINESS

Ontario

ALGOMA ORE PROPERTIES, LIMITED
Mines and Sinters Iron Ore

Ontario

CANADIAN FURNACE CO. LIMITED
Produces and Markets Pig Iron

West Virginia

CANNELTON COAL AND COKE COMPANY
Mines Coal

West Virginia

LAKE SUPERIOR COAL COMPANY
Mines Coal

Ontario

TWO CITIES TRANSIT CO. LIMITED
Operates Bus System to Kinross Airport

Ontario

SAULT WINDSOR HOTEL LIMITED
Operates Hotel in Sault Ste. Marie

Michigan

FIBORN LIMESTONE COMPANY

Manitoba

ALGOMA STEEL PRODUCTS COMPANY LIMITED
*Sells Products of Algoma Steel Corporation, Limited
in Western Canada*

Ontario

THE SOUTHERN ALGOMA RAILWAY COMPANY

Ontario

ALGOMA TRAMWAYS LIMITED



Jamestown, 1951

ALGOMA STEEL CORPORATION, LIMITED

PLANT Sault Ste. Marie, Ontario

EXECUTIVE OFFICES . Sault Ste. Marie, Ontario

SALES OFFICES . . . Sault Ste. Marie, Ontario

Bank of Montreal Building, Toronto, Ontario

Sun Life Building, Montreal, Quebec

Products

COKE

Industrial and Domestic

COKE OVEN BY-PRODUCTS

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

PIG IRON

*Foundry
Malleable
Basic*

BLOOMS, BILLETS & SLABS

HEAVY RAILS

RAIL FASTENINGS

HEAVY STRUCTURALS

CARBON MERCHANT BARS & LIGHT STRUCTURALS

ALLOY MERCHANT BARS

ZEE BARS

SHEET PILING

SHIP CHANNELS

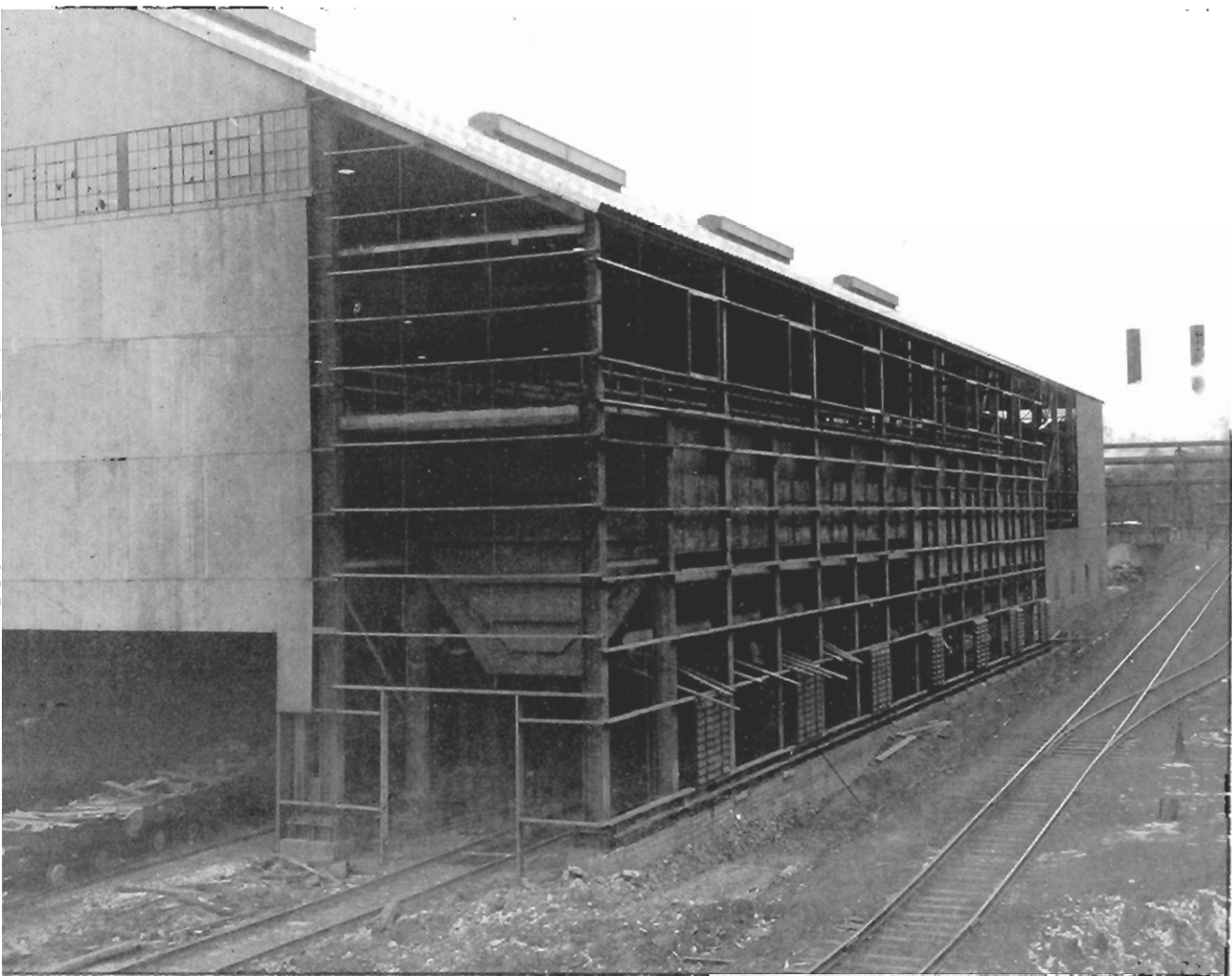
CENTRE SILLS

LIGHT RAILS

GRINDING BALLS



New Diesel Electric Maintenance Building for servicing thirteen new diesel electric locomotives



New Open Hearth Stockhouse for handling 600,000 tons of scrap, limestone and iron ore per year



*Construction view of Combination Bar and Strip Mill
extending one-third of a mile along the St. Mary's River
October 1951*



