



ALGOMA STEEL CORPORATION, LIMITED

SEVENTEENTH ANNUAL REPORT

FOR THE FISCAL YEAR ENDED APRIL 30th 1952

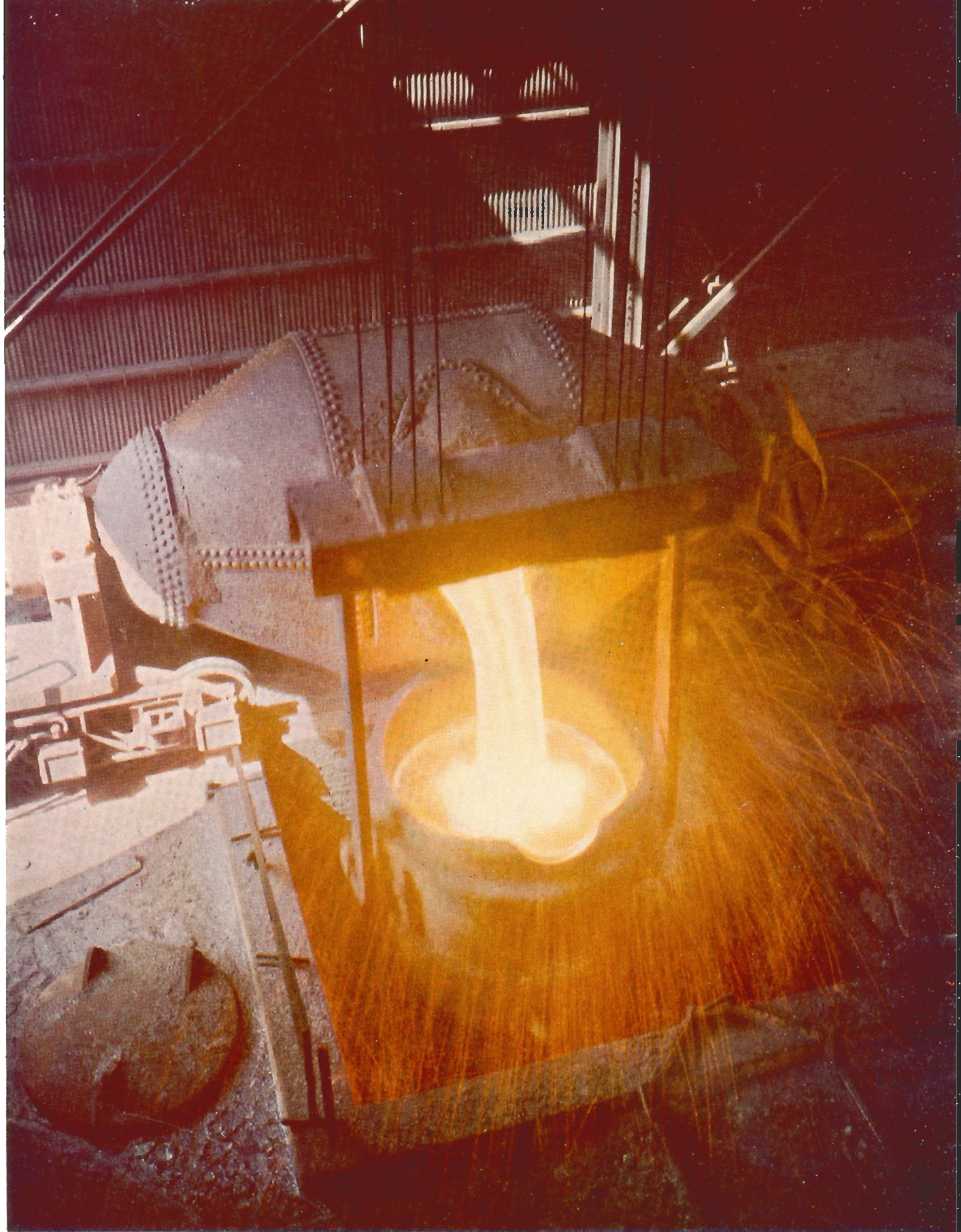
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ALGOMA STEEL CORPORATION, LIMITED

Seventeenth Annual Report

FOR THE FISCAL YEAR ENDED APRIL 30 TH 1952



Pouring molten iron

ALGOMA STEEL CORPORATION, LIMITED

Board of Directors

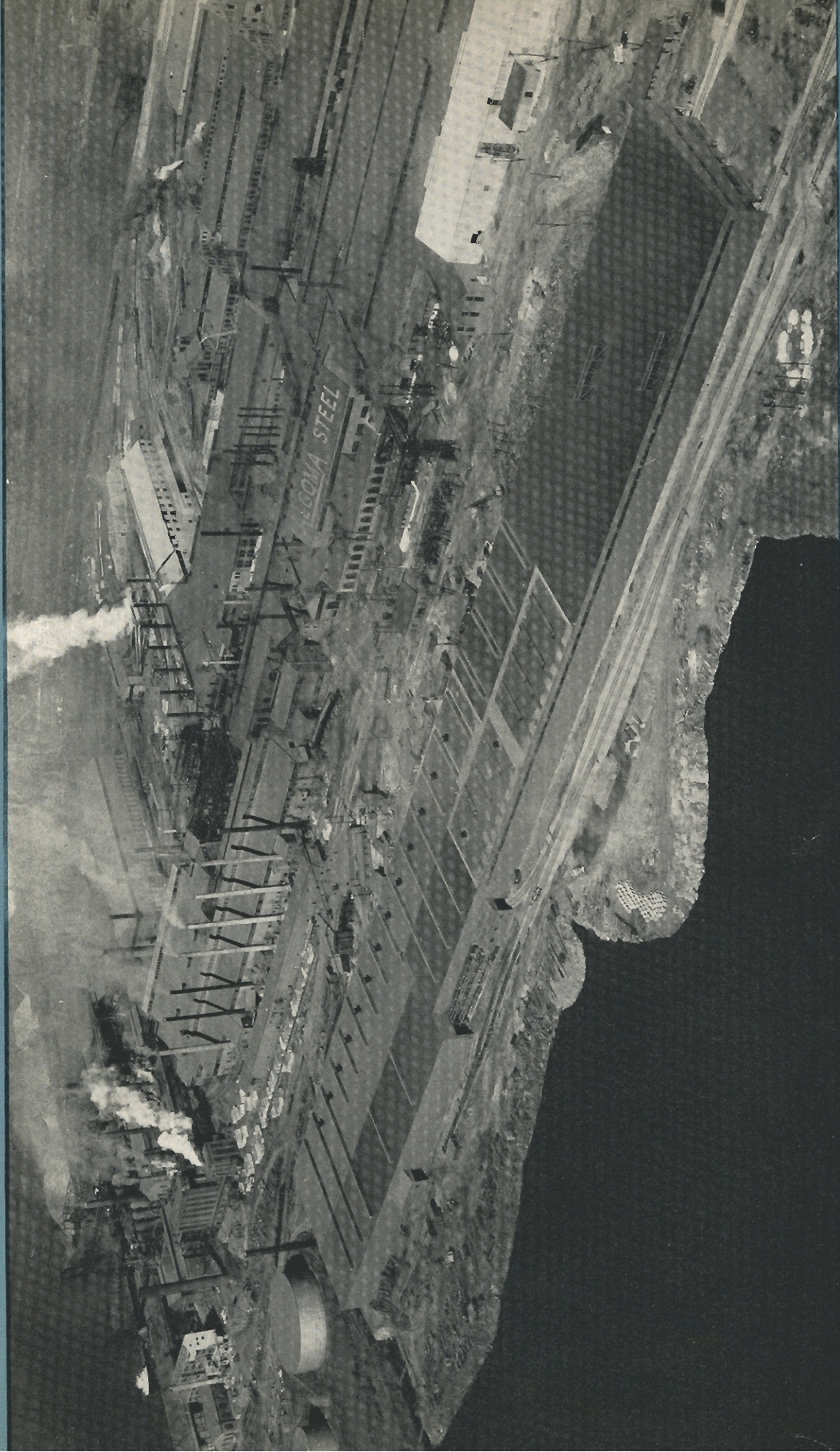
Sir James Dunn, Bart., Q.C. Bathurst, New Brunswick
George C. Bateman, C.M.G., O.B.E. Montreal, Quebec
Hon. T. A. Crerar Winnipeg, Manitoba
Philip G. Dunn London, England
Harry S. Hamilton, Q.C. Sault Ste. Marie, Ontario
David S. Holbrook Sault Ste. Marie, Ontario
T. R. McLagan, O.B.E. Montreal, Quebec
E. Gordon McMillan, Q.C. Toronto, Ontario
John A. McPhail, Q.C. Sault Ste. Marie, Ontario
Joseph Simard, O.B.E. Montreal, Quebec
Leo H. Timmins, M.F. Montreal, Quebec

Executive Committee

Sir James Dunn, Bart., Q.C. John A. McPhail, Q.C.
David S. Holbrook E. Gordon McMillan, Q.C.
Harry S. Hamilton, Q.C. Philip G. Dunn

Officers

Sir James Dunn, Bart., Q.C. President and Chairman,
Board of Directors
John A. McPhail, Q.C. Vice-President and Vice-Chairman
David S. Holbrook Executive Vice-President
E. Gordon McMillan, Q.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 Steel Works showing one-third mile long
Morgan Construction Company Bar and Strip Mill Building in foreground*

President's Report

TO THE SHAREHOLDERS:

Your Directors herewith submit Company's financial statement and auditors' report for the fiscal year ended April 30th, 1952.

The fiscal year herein reported was characterized by steady progress in our expansion program begun in 1951 and by increased production from already existing plant and the first realization of efficiencies provided by new equipment.

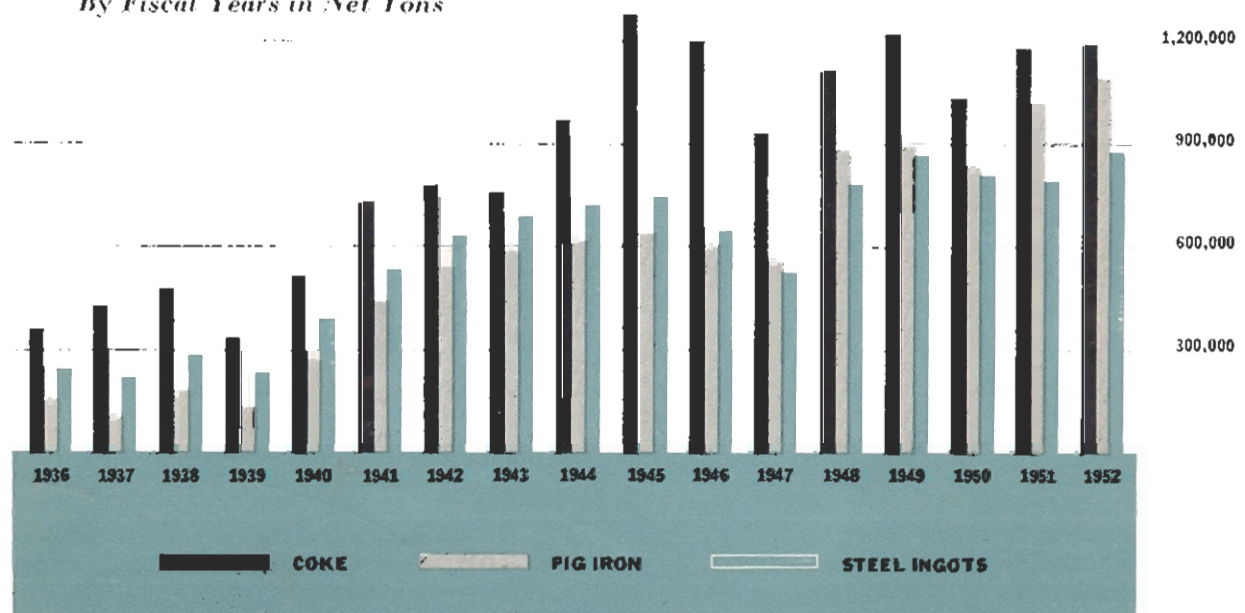
Coke ovens operated at capacity throughout the year, meeting requirements for blast furnaces and important customers.

Total iron and steel production reached new highs in the history of your Company. Blast furnaces operated at 106% of rated capacity and produced 1,097,927 tons of iron, an improvement of 72,742 tons over the previous year, and open hearths operated at 106% of rated capacity and produced 870,736 tons, an improvement of 77,482 tons over the previous year.

The following chart shows this compared to previous years.

PRODUCTION OF COKE, PIG IRON AND STEEL INGOTS

By Fiscal Years in Net Tons



Financial results for the year are summarized as follows:

		Equivalent per share of Algoma shares Outstanding
Profit from Operations.....	\$16,377,181	\$9.92
<i>Deduct:</i> Extraordinary expense moving and rearranging plant...	1,657,752	1.00
Depreciation permissible under present tax regulations...	8,191,881	4.96
Miscellaneous.....	44,730	.03
Income Taxes.....	3,581,324	2.17
Net Profit.....	2,901,494	1.76
Earned Surplus.....	\$25,618,762	
Working Capital.....	\$13,925,140	

The program of expansion referred to in last year's report is going forward substantially according to plan, both as to time and cost factors.

An additional battery of 57 coke ovens has been decided upon and is being built—this addition to our coke ovens will bring our capacity to 1,340,000 tons a year.

Our new 25 ft. hearth blast furnace, to be known as No. 6, brings our pig iron capacity up to 1,280,000 tons a year.

Two new 300 ton open hearth furnaces and a new bessemer converter will increase our steel capacity to 1,240,000 tons ingots annually.

A Dwight Lloyd sintering unit to sinter flue dust and ore fines with a capacity of 400,000 tons of sinter annually is already installed.

These new plants are expected to be in operation during the summer of 1953—the sintering plant is now in operation.

In the blooming mill department four new batteries of soaking pit furnaces are completed and in operation and our new 7,000 h.p. electric drive for the 44 inch blooming mill, combine to increase capacity of this mill to roll 1,240,000 tons of ingots annually.

In our 30 inch rail and structural mill, work is proceeding on the installation of a new 32 inch reversing roughing stand, new tables and a new finishing department which will increase the range of products made and also the capacity for structurals and heavy shapes by 60,000 tons a year.

All railway steam locomotives have been replaced by diesel-electric locomotives and a new railway yard has been completed providing much improved traffic conditions.

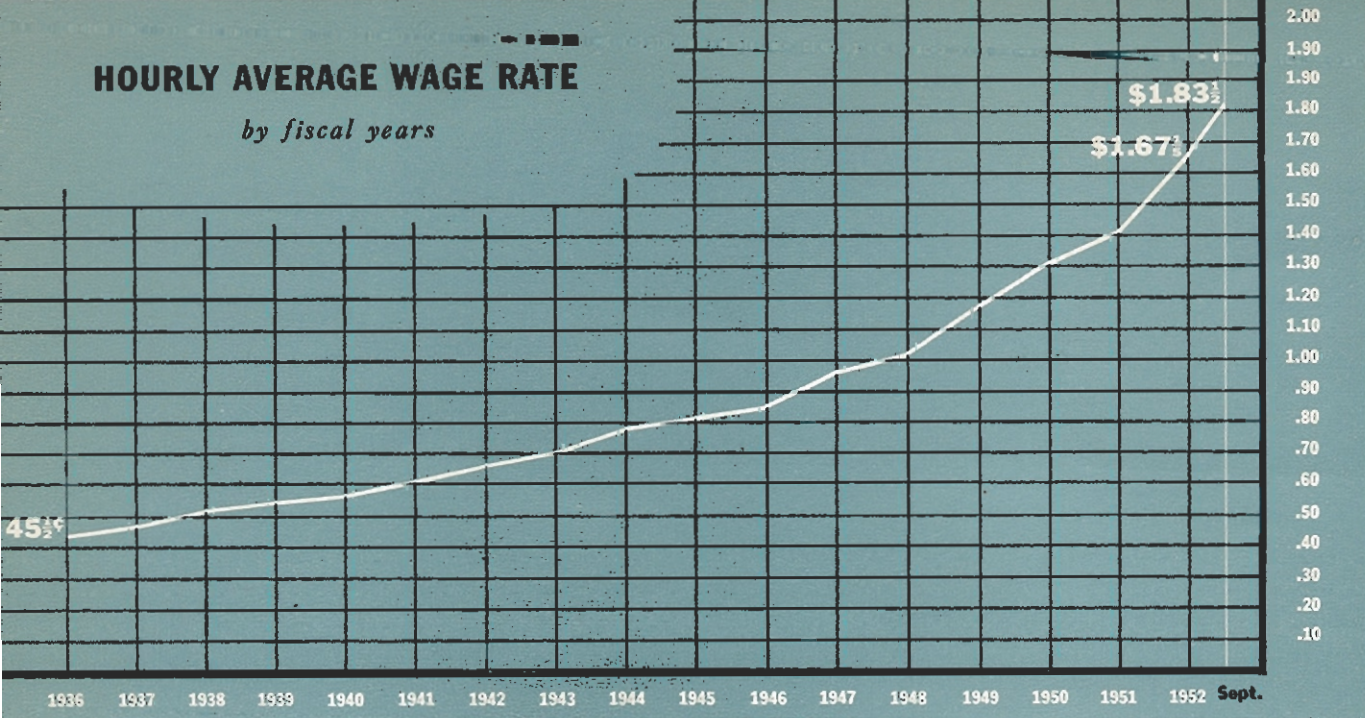
The Morgan Construction Company Mill is now in operation—it gives pride to all our people who had to do with its design and construction—it adds 250,000 tons of capacity not hitherto possessed by us.

Your Company has arranged loan of \$15,000,000 on favourable terms as to interest rate and repayment without mortgage or hypothecation of any kind.

A new agreement with Local 2251 United Steel Workers of America effective May 1st, 1952 provides for an increase in base labour rates of 7½¢ an hour giving a base rate of \$1.43½ an hour. In addition shift premiums have been increased from 3¢ and 5¢ an hour to 5¢ and 7¢ for the evening and midnight shifts respectively. Length of service required for three weeks vacation with pay has been reduced from twenty years to fifteen years. This is a two year agreement. It provides for job evaluation to be put into effect May 1st, 1953 at an additional cost to the Company of not more than 13¢ per hour. Base rate will be subject to renegotiation at that time. All other provisions of the agreement remain fixed during the second year.

HOURLY AVERAGE WAGE RATE

by fiscal years



SUBSIDIARIES

Canadian Furnace Company operated profitably and at capacity throughout the year. A program of improvements has been undertaken by this subsidiary which will increase capacity for merchant pig iron by 50,000 tons per year and as well effect economies of operation.

In the year under review Algoma Ore Properties Limited produced and sold 1,232,006 tons Algoma Sinter—an increase of 158,000 tons over previous year. Gradual increase of production is policy of Algoma Ore Properties. Further development to increase our iron ore reserves has resulted in proving, near Renfrew, Ontario, a substantial and important body of iron ore.

Our pictures in this report include one from our Cannelton Coal & Coke Company—this Company has completed installation of modern coal washing plant which enables it to progress in its program to furnish Algoma Steel with 100% mechanically mined and washed coal at lowest possible cost.

Since our last annual meeting, death has taken from us two associates who had been with us since 1946. Each gave to our Company unique value.

John Lang, a graduate of Toronto University and an Engineer of eminence and wide experience of affairs, resident at Sault Ste. Marie, gave us his daily life—and the Honourable James Gordon Fogo, Q.C., an eminent lawyer and statesman became part and parcel of all our plans and decisions. When these men entered our Board Room our circle was complete—each brought with him the cement of friendship in an unusual degree.

Mr. T. R. McLagan, O.B.E., has lately joined our Board—he brings to us wide experience and unusual force and ability.

Mr. Philip Dunn has recently become a Director—is a native of Montreal, resident of London, England, and brings to us a broad knowledge of world affairs.

Your Directors express their appreciation and thanks to all the officers and employees of the parent Company and its subsidiaries for their loyal and efficient service throughout the year.

Sault Ste. Marie, Ontario
December 4th, 1952.

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

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, 1952

Assets

Liabilities

CURRENT			
Cash	\$ 404,350		
Bills and Accounts Receivable:			
Sundry Debtors	\$11,115,212		
Subsidiary Companies	51,165	11,166,377	
Inventories:			
Valued at the lower of cost or market:			
Raw Materials, Semi-finished Products and Supplies	15,091,057		
Saleable Products	1,383,894	16,474,951	\$28,045,678
INVESTMENTS			
Subsidiary Companies	4,449,624		
Marketable Securities at Cost	2,551,996		
Other	74,265	7,075,885	
PROPERTY AND EQUIPMENT			
Land, Buildings and Equipment	49,541,493		
Less: Reserves for Depreciation and Depletion	26,730,311		
		22,811,182	
Franchise	20,000	22,831,182	
PREPAYMENTS AND DEFERRED CHARGES		375,065	
NOTE: Property and Equipment includes approximately \$17,000,000 of a plant expansion program presently estimated to cost a further \$29,000,000 by the end of 1953.			<u>\$58,327,810</u>

CURRENT			
Accrued Wages and Salaries	\$ 2,215,812		
Accounts Payable and Accrued Liabilities:			
Sundry Creditors	\$ 5,191,421		
Subsidiary Companies	5,102,783	10,294,204	
Income Taxes	1,610,492	11,904,696	\$14,120,538
RESERVES			
For Rebuilding and Relining Furnaces and Other Operating Reserves	5,438,669		
For Contingencies	42,619	5,481,288	
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	25,618,762	38,725,984	
			<u>\$58,327,810</u>

Auditors' Report To The Shareholders

We have examined the balance sheet of Algoma Steel Corporation, Limited as of April 30th, 1952 and the profit and loss and earned surplus accounts for the year ended on that date. 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 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 affairs of the Company at April 30th, 1952 and the results of its operations for the year ended on that date and are as shown by the books of the Company. All our requirements as auditors have been complied with.

Toronto, Ontario, October 11th, 1952.

PEAT, MARWICK, MITCHELL, & Co.
Auditors.

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

Profit and Loss Account

FOR THE YEAR ENDED APRIL 30TH, 1952

PROFIT FROM OPERATIONS	\$16,377,181
<i>Deduct:</i> Expense of moving and rearranging plant	<u>1,657,752</u>
	14,719,429
OTHER INCOME	
Dividends and Interest on Investments	\$129,648
Interest Earned	<u>14,935</u>
	144,583
Interest on Loans	<u>121,690</u>
	14,742,322
Contribution to Pension Fund	<u>67,623</u>
PROFIT BEFORE DEPRECIATION	14,674,699
DEPRECIATION	
Plant and Equipment	<u>8,191,881</u>
(Provided at the maximum allowed for Federal Income Tax purposes—see note below.)	
PROFIT FOR THE YEAR BEFORE PROVIDING FOR INCOME TAXES	6,482,818
Provision for Income Taxes	<u>3,581,324</u>
NET PROFIT FOR THE YEAR	<u>\$ 2,901,494</u>

NOTE: For Federal Income Tax purposes total depreciation allowances, including accelerated allowances, include approximately \$4,487,000 in respect of property and equipment under construction at April 30th, 1952 and this amount had the effect of reducing net profit by approximately \$2,343,000.

Earned Surplus Account

Balance at Credit April 30th, 1951	\$22,817,268
<i>Add:</i> Net Profit for the year ended April 30th, 1952	<u>2,901,494</u>
	25,718,762
<i>Deduct:</i> Appropriation for Reserve for Contingencies	<u>100,000</u>
Balance at Credit April 30th, 1952	<u>\$25,618,762</u>

ALGOMA STEEL CORPORATION, LIMITED

Subsidiary Companies

WHERE INCORPORATED	NAME AND BUSINESS
<i>Ontario</i>	ALGOMA ORE PROPERTIES, LIMITED <i>Mines and Sinters Iron Ore</i>
<i>Ontario</i>	CANADIAN FURNACE CO. LIMITED <i>Produces and Markets Pig Iron</i>
<i>West Virginia</i>	CANNELTON COAL AND COKE COMPANY <i>Mines Coal</i>
<i>West Virginia</i>	LAKE SUPERIOR COAL COMPANY <i>Mines Coal</i>
<i>Ontario</i>	TWO CITIES TRANSIT CO. LIMITED <i>Operates Bus System to Kinross Airport</i>
<i>Ontario</i>	SAULT WINDSOR HOTEL LIMITED <i>Operates Hotel in Sault Ste. Marie</i>
<i>Michigan</i>	FIBORN LIMESTONE COMPANY
<i>Manitoba</i>	ALGOMA STEEL PRODUCTS COMPANY LIMITED <i>Sells Products of Algoma Steel Corporation, Limited in Western Canada</i>
<i>Ontario</i>	THE SOUTHERN ALGOMA RAILWAY COMPANY
<i>Ontario</i>	ALGOMA TRAMWAYS LIMITED

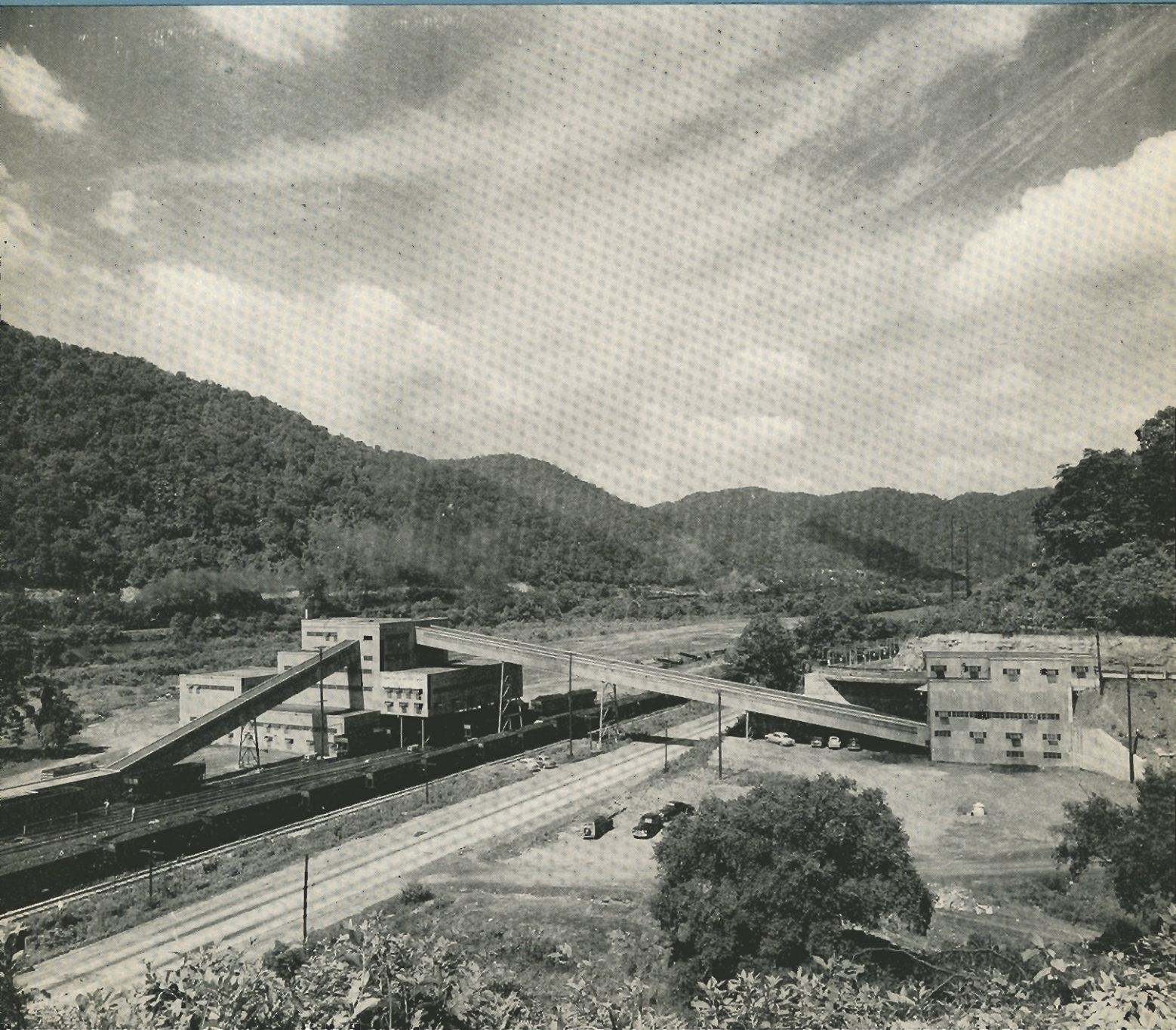
ALGOMA STEEL CORPORATION, LIMITED

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

*Lady Dunn Mine, coal preparation plant, Cannelton
Coal and Coke Company, Cannelton, West Virginia*



Products



COKE

Industrial

COAL CHEMICALS

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

PIG IRON

*Foundry
Malleable
Basic*

BLOOMS, BILLETS & SLABS

HEAVY AND LIGHT RAILS

RAIL FASTENINGS

HEAVY STRUCTURALS

CARBON MERCHANT BARS & LIGHT STRUCTURALS

ALLOY MERCHANT BARS

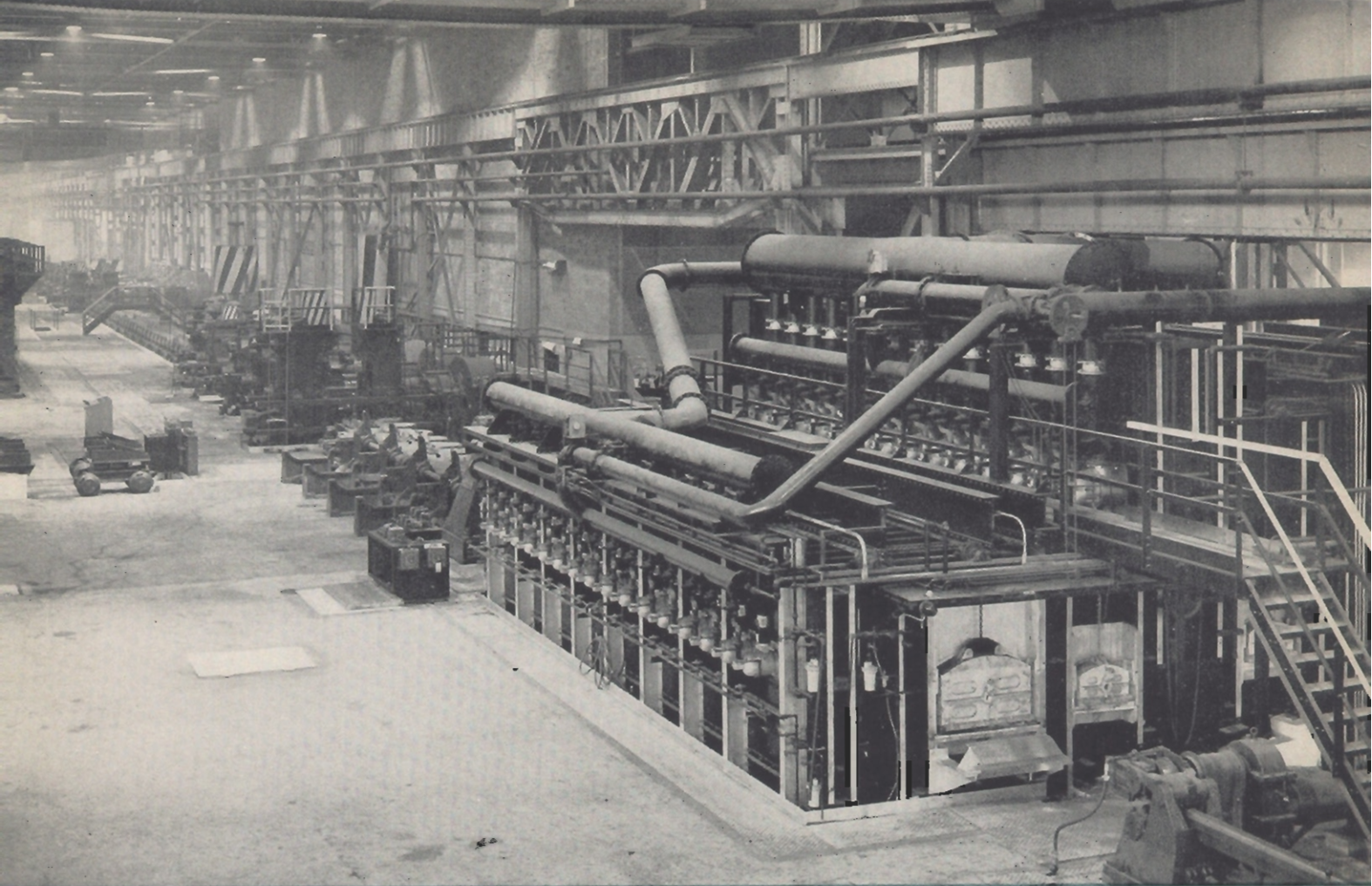
SHEET PILING

GRINDING BALLS

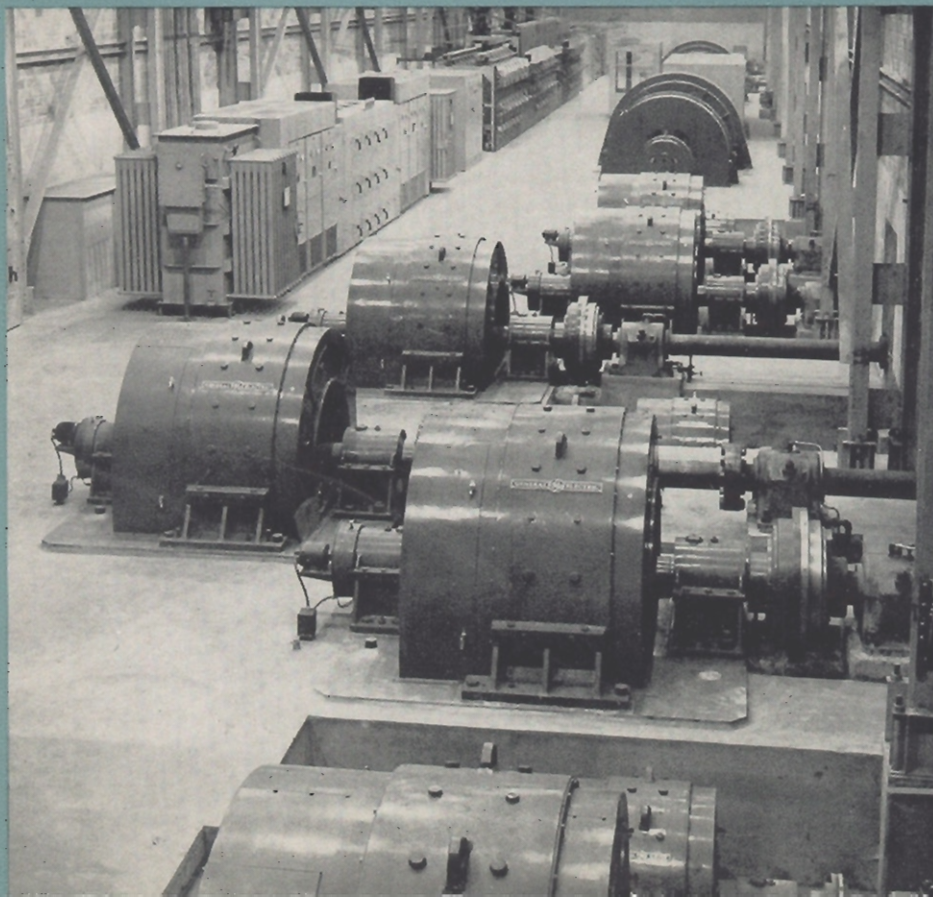
UNIVERSAL PLATE

HOT ROLLED SHEET AND STRIP

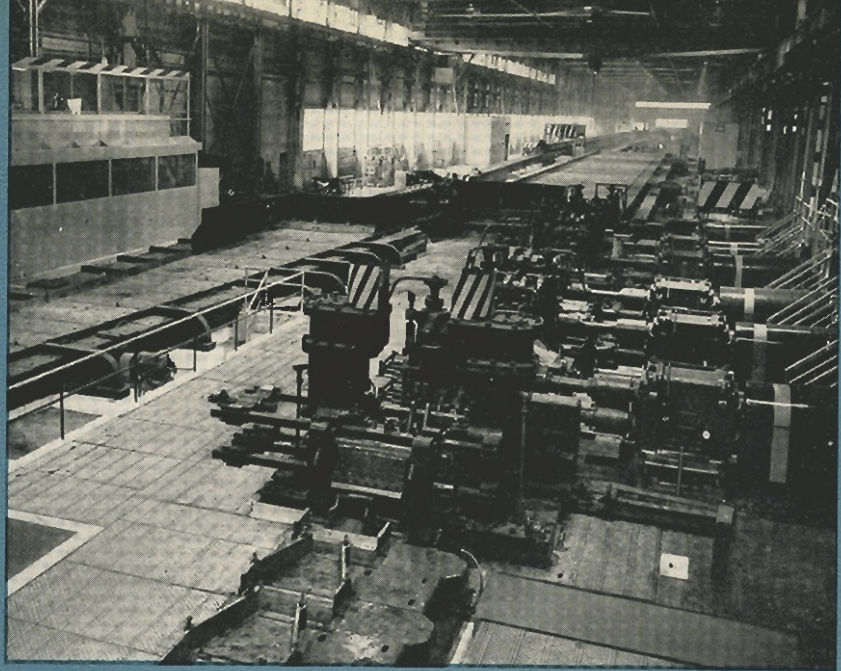
SKELP



Bar and Strip Mill, roughing end



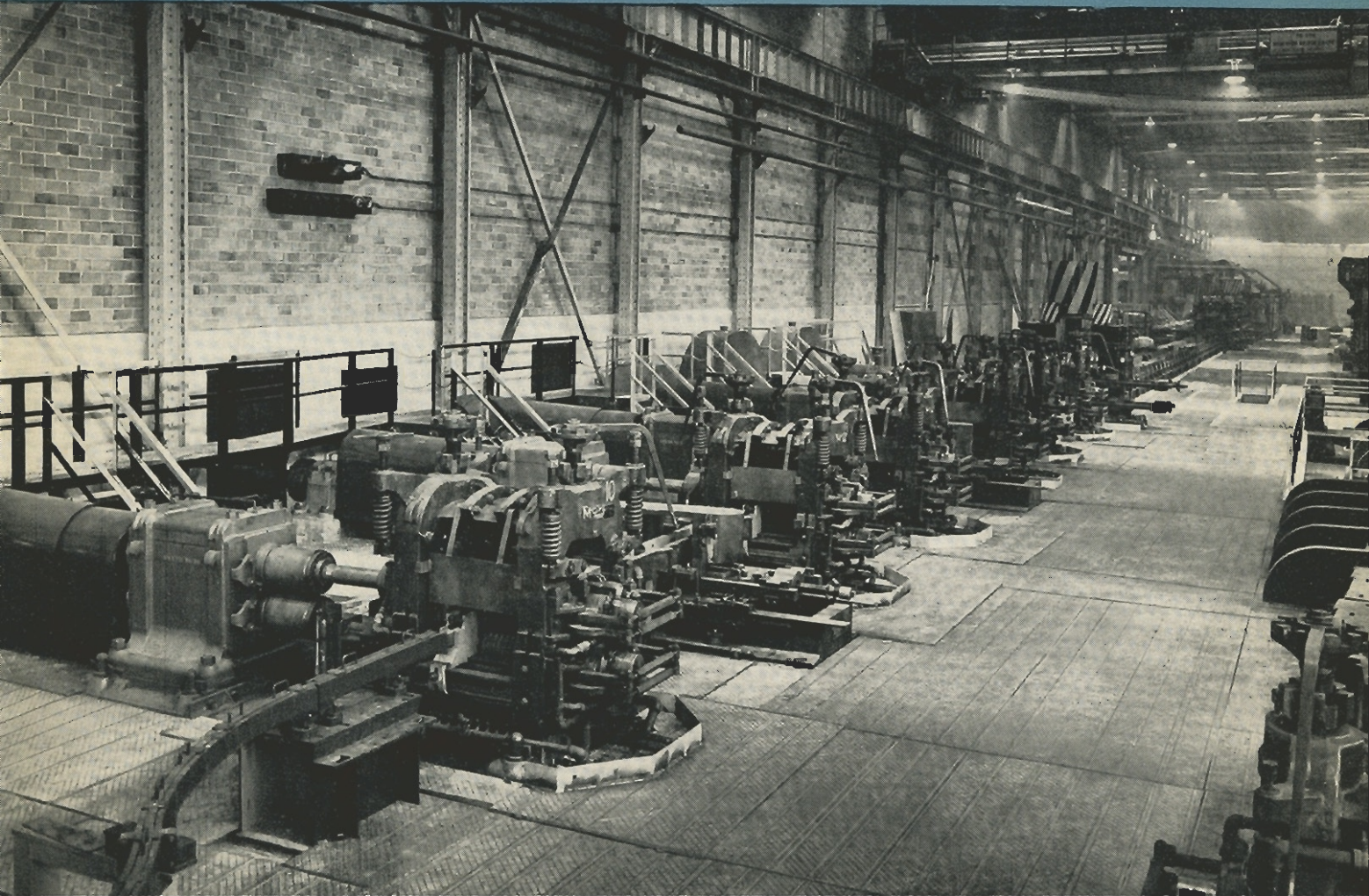
Motor Room of Bar and Strip Mill



Looking down Bar and Strip Mill

THE MORGAN CONSTRUCTION COMPANY BAR AND STRIP MILL

Bar and Strip Mill, finishing end





Algoma Ore Properties Sintering Plant with Helen Mine in background

