

ANNUAL REPORT



1969





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FRONT COVER STORY

1. Custom-built two storey building comprises a number of large modules built in an ATCO factory hundreds of miles away.
2. People, representing many disciplines and working in many parts of the world, are ATCO's most important asset. The company employs about 2,000 people in its plants and offices on three continents.
3. The international scope of ATCO's manufacturing and marketing operations have made the company competitive throughout the world.
4. "Industrial accommodation" has come a long way since the days of the humble bunkhouse; today, the term can be applied to modern, three bedroom homes as well as the camp-type building.

INSIDE COVER STORY

1. Interiors of relocatable classrooms provide a warm pleasant atmosphere, conducive to learning.
2. The Idaho plant of ATCO Homes Inc. has been manufacturing luxurious mobile accommodation for one year. Similar products will be manufactured by ATCO Homes Ltd. in Calgary beginning early in 1970.
3. Mobile homes, completely decorated and furnished, provide a satisfying answer to lower-cost housing.
4. The Algerian oil industry recently took delivery of 150 of these two-piece, sectional homes.

DIRECTORS

B. P. DRUMMOND
Vice-President, Greenshields Inc., Montreal
E. N. FARCH
Sr. Vice-President, Marketing
G. A. FREEMAN
Secretary
R. RICE
Vice-President, First National City Bank of New York
C. S. RICHARDSON
Sr. Vice-President, Finance and Administration
C. N. SIMPSON
Director and President, Acres Ltd., Niagara Falls
R. D. SOUTHERN
President and Chief Executive Officer
S. D. SOUTHERN
Chairman of the Board
DR. J. D. WOOD
Sr. Vice-President, Engineering and Research

OFFICERS

S. D. SOUTHERN
Chairman of the Board
R. D. SOUTHERN
President and Chief Executive Officer
E. N. FARCH
Sr. Vice-President, Marketing
C. S. RICHARDSON
Sr. Vice-President, Finance and Administration
DR. J. D. WOOD
Sr. Vice-President, Engineering and Research
G. P. KIEFER
Sr. Vice-President, Production
G. A. FREEMAN
Secretary

TRANSFER AGENTS

CANADA PERMANENT TRUST CO.
Calgary — 315 - 8th Avenue S.W., Calgary 1, Alberta
Montreal — 600 Dorchester Blvd. W., Montreal 2, Quebec
Toronto — 320 Bay Street, Toronto 1, Ontario
Vancouver — 455 Granville St., Vancouver 2, B.C.
Winnipeg — 433 Portage Avenue, Winnipeg 2, Manitoba

HEAD OFFICE

1243 - 48th Avenue N.E., Calgary 67, Alberta

FINANCIAL HIGHLIGHTS

	<u>1969</u>	<u>1968</u>	<u>Change</u>
TOTAL REVENUE	\$38,307,000	\$42,392,000	- 10%
EARNINGS			
Before Income Taxes and Extraordinary Items	\$ 3,013,000	\$ 1,546,000	+ 95%
Income Taxes	<u>1,377,000</u>	<u>549,000</u>	<u>+151%</u>
	1,636,000	997,000	+ 64%
Extraordinary Items	<u>—</u>	<u>278,000</u>	<u>-100%</u>
Net earnings	<u>\$ 1,636,000</u>	<u>\$ 1,275,000</u>	<u>+ 28%</u>
AVERAGE SHARES OUTSTANDING			
DURING YEAR	<u>2,534,000</u>	<u>2,305,000</u>	<u>+ 10%</u>
EARNINGS PER SHARE			
Before Income Taxes and Extraordinary Items	\$ 1.19	\$ 0.67	+ 78%
Income Taxes	<u>0.54</u>	<u>0.24</u>	<u>+125%</u>
	0.65	0.43	+ 51%
Extraordinary Items	<u>—</u>	<u>0.12</u>	<u>-100%</u>
NET EARNINGS	<u>\$ 0.65</u>	<u>\$ 0.55</u>	<u>+ 18%</u>
WORKING CAPITAL	\$ 6,651,000	\$ 7,810,000	- 15%
NET ADDITIONS TO FIXED ASSETS	\$ 3,914,000	\$ 1,593,000	+146%



PRESIDENT'S REPORT

1969 was a year of very real progress for the ATCO group of companies. Significant features of the Group's performance are noted in the Financial Highlights section of this Annual Report. Deserving particular emphasis, however, is the 95 percent increase in Net Operating Profit before taxes and the 64 percent increase in Net Operating Profit after taxes.

Total Group revenue for the 1969 fiscal year amounted to \$38,307,000 as compared to 1968 revenue of \$42,392,000. The difference is more than accounted for by the reduced volume of sales in our Australian subsidiary.

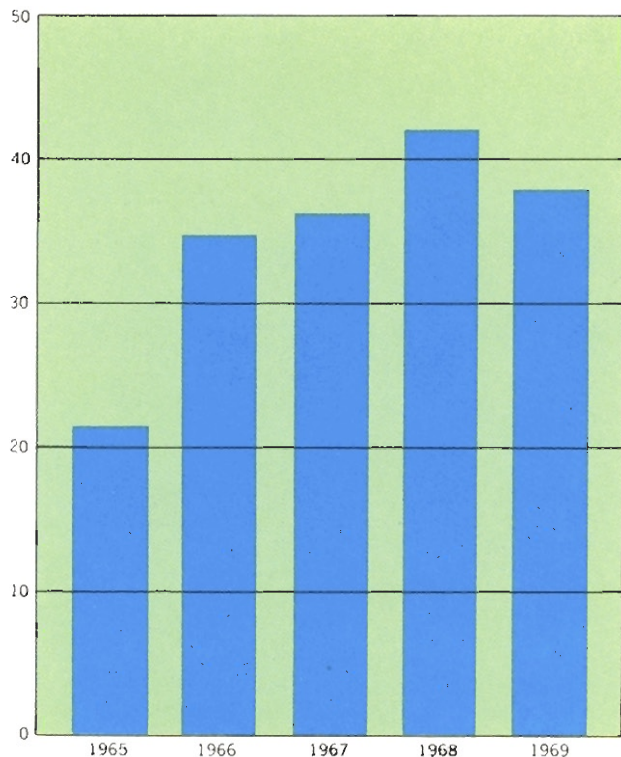
In 1968 our Australian operations had produced only very small profits on a substantial sales volume. A complete new Australian management team has since been installed with a conscious policy of reducing sales volume to manageable profitable levels during the administrative transition. Overheads have now been considerably reduced, with increased efficiency, and we are happy to report an excellent return to profitability for the last five months of the 1969 fiscal year.

A policy of product standardization, coupled with uniform production runs and increased inventories of finished goods, has proven to be the most significant operations improvement in 1969. The fact that these goods are available for immediate delivery gives us a decided sales and leasing advantage in serving our clientele.

The 1969 increase in inventories, including finished goods stock amounting to \$2,769,000, largely accounts for the 1969 increase in bank loans of \$3,734,000.

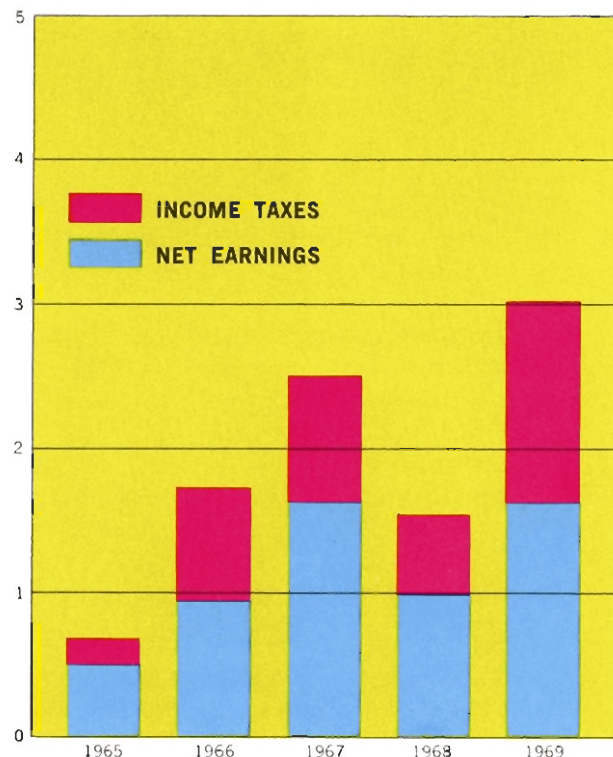
Sales and Leasing of industrial camps, metal buildings, and schools in both ATCO (Western) Ltd. and ATCO (Quebec) Ltee. were strong throughout 1969 and appear likely to grow in 1970.

Exports were at a rather modest level in 1969 but current orders indicate considerable activity in 1970.



Sales and Rentals Revenue

Millions of Dollars



**Earnings Before Income Taxes
Net Earnings Excluding Extraordinary Items**

Millions of Dollars

All of our operating companies performed well in the second half of the 1969 fiscal year which we believe to be attributable to the growing experience of the management of our decentralized companies.

In 1970 we will be further concentrating on internal efficiencies and more effective utilization of present assets and we confidently look forward to achieving further improved results during that period.

A more detailed review of the Group's operations is included in the section entitled, "The Year in Review" in this Annual Report.

The Board of Directors and management of AICO Industries Ltd. join me in expressing our appreciation to shareholders for their continued confidence and to our employees, customers and suppliers for their contribution to the success of the Company and its subsidiaries.

R. D. Southern
President

FINANCIAL REPORT

ATCO INDUSTRIES LTD.
AND SUBSIDIARY COMPANIES

Consolidated Statement of Earnings and Retained Earnings

FOR THE YEAR ENDED SEPTEMBER 30, 1969

	<u>1969</u>	<u>1968</u> (restated Note 2)
Sales, rentals and service revenue	\$37,888,525	\$42,111,978
Other operating income	224,051	214,508
Interest on short term deposits, etc.	194,591	65,506
	<u>38,307,167</u>	<u>42,391,992</u>
Operating costs, including amortization of deferred charges of \$61,867 . .	27,140,752	33,195,231
Selling and administrative expenses	6,398,983	6,220,308
Interest expense:		
Current bank loans	308,451	171,632
Long term debt	247,646	248,817
	<u>34,095,832</u>	<u>39,835,988</u>
	4,211,335	2,556,004
Provision for depreciation	1,198,112	990,470
	3,013,223	1,565,534
Provision for income taxes (Note 2)	1,376,929	549,176
	1,636,294	1,016,358
Minority interest in net earnings of a subsidiary	—	19,719
Earnings before extraordinary item	1,636,294	996,639
Gain on sale of a subsidiary, net of tax	—	278,732
Net earnings for the year	<u>\$ 1,636,294</u>	<u>\$ 1,275,371</u>
Retained earnings, beginning of year		
As previously reported	9,186,719	7,587,271
Adjustments — (Note 2)		
On adoption of full income tax allocation accounting	(1,569,481)	(1,352,904)
Reversal in 1968 of prior years' provision of \$107,500 for possible contract price adjustments, less provision of \$53,750 restored in 1969, net of tax	(53,750)	53,750
As restated	<u>7,563,488</u>	<u>6,288,117</u>
Retained earnings, end of year	<u>\$ 9,199,782</u>	<u>\$ 7,563,488</u>
Earnings per share:		
Earnings before extraordinary item	65c	43c
Extraordinary item	—	12c
Net earnings	<u>65c</u>	<u>55c</u>

ATCO INDUSTRIES LTD.
AND SUBSIDIARY COMPANIES

Consolidated Statement of Source and Application of Funds

FOR THE YEAR ENDED SEPTEMBER 30, 1969

	<u>1969</u>	<u>1968</u> (restated Note 2)
Source of Funds:		
Net earnings for the year	\$ 1,636,294	\$ 1,275,371
Add (deduct) charges or credits to earnings not involving the disbursement or receipt of funds —		
Depreciation	1,198,112	990,470
Undepreciated cost of industrial rental units sold	2,306,351	2,100,269
Deferred income taxes	253,355	382,736
Increase (decrease) in deferred income	224,531	(133,144)
Advance collection on prior year's sales contract	—	(288,000)
Gain on sale of a former subsidiary, net of tax	—	(278,732)
Other non-cash charges	134,738	107,295
Funds derived from operations	5,753,381	4,156,265
Issue of shares (Note 7)	495,640	4,159,575
Issue of debenture	—	3,000,000
Increase in term bank loans, notes and mortgages	331,600	—
Proceeds on sale of a subsidiary, net of effect on working capital	—	154,679
Working capital of subsidiaries acquired	141,566	—
Reversal of prior years' provision of \$107,500 for possible contract price adjustments, less provision of \$53,750 restored in 1969, net of tax	—	53,750
Reduction of long term receivables	—	66,820
	<u>6,722,187</u>	<u>11,591,089</u>
Application of Funds:		
Additions to fixed assets —		
Industrial rental units	4,550,762	2,996,487
Other (net)	1,669,376	696,743
Acquisition of shares and amounts due from subsidiaries (Note 1)	356,400	—
Reduction of term bank loans, notes and mortgages	—	2,559,162
Increase of long term receivables	649,371	—
Share issue costs	—	71,353
Payment on 8% debenture	200,000	—
Other deferred expenses	411,671	459,860
Sundry investments	43,398	—
	<u>7,880,978</u>	<u>6,783,605</u>
Increase (decrease) in working capital	<u>\$ (1,158,791)</u>	<u>\$ 4,807,484</u>

Consolidated Balance S

ASSETS

	1969	1968 (restated Note 2)
CURRENT ASSETS:		
Cash	\$ 1,340,547	\$ 1,563,232
Funds deposited for debenture principal and interest	213,673	201,087
Accounts receivable –		
Trade	9,825,146	8,567,498
Mechanics Research Inc., a former subsidiary	–	139,137
Southco Holdings and Management Ltd., a shareholder	–	58,324
Other	–	294,863
Inventories, at lower of cost or estimated realizable value, and uncompleted contracts less progress billings (Note 3)	8,113,460	5,344,784
Recoverable expenses	223,707	214,407
Recoverable income taxes	152,381	121,100
Prepaid expenses and deposits	232,518	165,459
Instalment notes receivable due within one year	844,688	–
	<u>20,946,120</u>	<u>16,669,891</u>
OTHER ASSETS:		
Instalment notes receivable, less current portion included in current assets	909,493	265,377
Miscellaneous	104,802	56,149
	<u>1,014,295</u>	<u>321,526</u>
FIXED ASSETS, at cost: (Note 4)	14,935,008	11,673,998
Less — Accumulated depreciation	3,955,512	3,466,030
	<u>10,979,496</u>	<u>8,207,968</u>
DEFERRED CHARGES:		
Unamortized research and development costs	418,916	303,234
Unamortized plant start-up costs	323,040	169,382
Unamortized installation costs on rental contracts	196,875	193,846
Share issue costs	71,353	71,353
Miscellaneous	4,564	–
	<u>1,014,748</u>	<u>737,815</u>
EXCESS OF COST OF SHARES OF SUBSIDIARIES OVER BOOK VALUE (Note 1)		
	158,981	–
	<u><u>\$34,113,640</u></u>	<u><u>\$25,937,200</u></u>

TRIES LTD.

COMPANIES

et - September 30, 1969

LIABILITIES

	<u>1969</u>	<u>1968</u> (restated Note 2)
CURRENT LIABILITIES:		
Outstanding cheques, less related bank balances	\$ 1,902,178	\$ 1,843,901
Current bank loans, secured (Note 5)	4,605,947	871,698
Accounts payable and accrued liabilities	5,764,579	5,434,843
Income taxes (Note 10).	1,262,276	343,351
Long term debt due within one year	760,009	366,176
	<u>14,294,989</u>	<u>8,859,969</u>
DEFERRED CREDITS:		
Deferred income	568,836	344,305
Deferred income tax liability (Note 2)	2,108,301	1,854,946
	<u>2,677,137</u>	<u>2,199,251</u>
LONG TERM DEBT:		
8% Debenture due March 1, 1983 (Note 6)	2,800,000	3,000,000
Term bank loans, secured by assignment of specific rental contracts and repayable from the income therefrom -		
Company, at 7½% due 1976	169,382	196,255
Subsidiary, at 7½% due 1969	-	92,000
Subsidiary, at 7¾% due 1971	625,207	-
Mortgage loans, finance company notes, etc.	321,906	102,807
	<u>3,916,495</u>	<u>3,391,062</u>
Less—Amounts due within one year	760,009	366,176
	<u>3,156,486</u>	<u>3,024,886</u>
SHAREHOLDERS' EQUITY:		
Share capital—(Note 7)		
Common shares without nominal or par value —		
Authorized — 3,500,000 shares		
Issued — 2,542,400 shares	4,785,246	4,289,606
Retained earnings, per statement attached	9,199,782	7,563,488
	<u>13,985,028</u>	<u>11,853,094</u>
COMMITMENTS AND CONTINGENCIES (Notes 9 and 10)		

APPROVED ON BEHALF OF THE BOARD:

Director

Director

<u>\$34,113,640</u>	<u>\$25,937,200</u>
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ATCO INDUSTRIES LTD.
AND SUBSIDIARY COMPANIES

Notes To Consolidated Financial Statements

SEPTEMBER 30, 1969

1. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements comprise the accounts of ATCO Industries Ltd. and its subsidiary companies, all of which are wholly owned.

By agreements made as of December 5, 1968, the Company acquired all the outstanding shares and amounts due to the shareholders of Superior Interiors Ltd. and Superior Woodcraft Manufacturing Ltd. in exchange for treasury shares of the Company valued at \$22.00 per share for a total consideration of \$356,400. The cost attributed to the shares of the subsidiaries exceeded the net book value of their assets at the date of acquisition by \$158,981 and this amount is reflected in the consolidated balance sheet as Excess of Cost of Shares of Subsidiaries Over Book Value. The operating results of these subsidiaries are included in the consolidated statement of earnings and retained earnings from the date of acquisition.

Accounts in foreign currencies have been expressed in terms of Canadian dollars, capital assets and depreciation provision being converted at historical rates, profit and loss accounts other than depreciation being converted at the approximate average rate for the year, and current assets and current liabilities being converted at the approximate rate prevailing at the year end.

2. CHANGE IN ACCOUNTING POLICY AND RETROACTIVE ADJUSTMENTS:

In prior years the companies followed income tax allocation accounting for timing differences between accounting income and taxable income except for differences between recorded depreciation and related allowances claimed for tax purposes.

Pursuant to a recommendation of the Accounting and Auditing Research Committee of The Canadian Institute of Chartered Accountants, the companies have now adopted income tax allocation accounting on a retroactive basis for all timing differences between accounting income and taxable income. This change had the effect of increasing the income tax provision and reducing net earnings by \$315,234 in the 1969 fiscal year (\$216,577 in 1968) and also resulted in a charge to retained earnings of \$1,352,904 in respect of years prior to 1968. The charge applicable to the five-year period ended September 30, 1967 was approximately \$900,000.

The 1968 accounts have been restated to give effect to this change and to another prior year adjustment to retained earnings involving a provision of \$53,750 for possible contract price adjustments under the Renegotiation Act of the United States for which a previous provision of \$107,500 had been reversed in 1968 upon the successful outcome of proceedings before the Renegotiation Board on an assessment for an earlier year.

3. INVENTORIES:

Particulars of the inventories are as follows:

	<u>1969</u>	<u>1968</u>
Materials and parts	\$ 2,837,656	\$ 2,833,954
Work in progress, including estimated profit on uncompleted contracts	2,759,064	1,594,574
Finished units	2,548,740	916,256
Less — Progress billings	(32,000)	—
	<u>\$ 8,113,460</u>	<u>\$ 5,344,784</u>

4. FIXED ASSETS:

A summary of the fixed assets is given hereunder:

	<u>1969</u>	<u>1968</u>
Land and improvements	\$ 357,664	\$ 292,351
Buildings, fixtures and equipment	4,590,677	3,535,604
Leasehold improvements	771,952	552,917
Utility trailers	1,411,504	988,573
Industrial rental units	7,803,211	6,304,553
	<u>\$14,935,008</u>	<u>\$11,673,998</u>
Less — Accumulated depreciation —		
General fixed assets	\$ 1,884,477	\$ 1,404,679
Utility trailers	604,976	539,489
Industrial rental units	1,466,059	1,521,862
	<u>3,955,512</u>	<u>3,466,030</u>
Net book value	<u>\$10,979,496</u>	<u>\$ 8,207,968</u>

5. CURRENT BANK LOANS:

The current bank loans, all of which relate to subsidiary companies, are secured in most instances by the assignment of book debts and/or inventories and the guarantee of the parent company. In certain cases the loans are secured by a floating charge on the assets of the respective subsidiaries.

6. 8% DEBENTURE:

The Debenture is repayable by annual amounts of \$200,000 together with interest on March 31 each year. In each year one-twelfth of the annual payment due is required to be deposited with the lender monthly in advance and bears interest at 8% per annum. The Company has the right to prepay the principal balance outstanding at any time without notice or bonus.

The Indenture for the 8% Debenture prohibits the declaration or payment of cash dividends without the prior written consent of the holder of the Debenture if, after giving effect thereto, the aggregate of the cash dividends declared or paid subsequent to September 30, 1967 would exceed the "consolidated earnings" less "consolidated losses" (as defined in the Indenture) of the Company and its subsidiaries subsequent to September 30, 1967.

7. SHARE CAPITAL:

Changes in share capital during the year ended September 30, 1969 are summarized hereunder:

	<u>Number of Shares</u>	<u>Share Capital</u>
Outstanding at September 30, 1968	2,506,500	\$4,289,606
Issued for acquisition of shares and amounts due from subsidiaries (Note 1)	16,200	356,400
Issued for cash upon exercise of options by officers, directors and key employees	<u>19,700</u>	<u>139,240</u>
Outstanding at September 30, 1969	<u>2,542,400</u>	<u>\$4,785,246</u>

Options have been granted to certain officers, directors and key personnel of the company and its subsidiaries. Options not exercised and outstanding at September 30, 1969 are as follows:

	<u>Price per Share</u>	<u>Number of Shares</u>
Options expiring on January 31, 1973	\$ 6.95	49,500
Options expiring on June 4, 1974	\$11.60	15,100

Of 125,000 shares initially reserved for the stock option plan, 98,800 shares remain to be granted and/or exercised.

8. REMUNERATION OF DIRECTORS AND OFFICERS:

The aggregate direct remuneration paid by the Company and its subsidiaries to directors and senior officers of the Company for the year ended September 30, 1969 amounted to \$209,781.

9. COMMITMENTS:

The Company and its subsidiaries have material contractual obligations in respect of long term leases of manufacturing facilities and office premises and equipment. The rentals incurred by the companies amounted to \$283,945 for the year ended September 30, 1969; the minimum rentals to be incurred on such facilities during the five-year period ending September 30, 1974 aggregate \$812,000.

10. CONTINGENCIES:

The activities of the United States subsidiary include contracts and subcontracts with the United States Government which are subject to the Renegotiation Act of 1951. In the opinion of management adequate provision has been made for possible refunds to the U.S. Government arising from price adjustments of such contracts.

The Company and certain of its subsidiaries have the usual liabilities of contractors for completion of contracts.

The income tax liability of ATCO (International) Ltd., a subsidiary incorporated in Nassau, is being reviewed by the Department of National Revenue of Canada to ascertain whether tax is payable in respect of prior years. No assessment of tax has been made and counsel has been retained to advise on any objection or appeal that may be required. Because ATCO Industries Ltd. received a covenant of indemnity against undisclosed and/or contingent liabilities, including income taxes, when it acquired this subsidiary, management is of the opinion that the final disposition of any claim made or assessment rendered by the Department of National Revenue will have no material effect upon the consolidated financial position of the companies.

AUDITORS' REPORT

To the Shareholders of Atco Industries Ltd.

We have examined the consolidated balance sheet of Atco Industries Ltd. and its subsidiaries as at September 30, 1969 and the consolidated statements of earnings and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at September 30, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles. Such accounting principles have been applied on a basis consistent with that of the preceding year except for the change in accounting for income taxes as explained in Note 2 to the consolidated financial statements.

Calgary, Alberta
January 26, 1970.

PRICE WATERHOUSE & CO.
Chartered Accountants.

THE YEAR IN REVIEW

Housing is ATCO's business and the following review of significant events during 1969 will reveal the broad connotation of the word as applied to ATCO's operations.

As this report goes to print, ATCO (Quebec) Ltée. is continuing with the manufacture of 400 work train units for the CNR. These units will house right-of-way maintenance personnel throughout Canada, and are the first units of a complete replacement program for converted coaches now in use. The replacement program is expected to take several years to complete. Similar units are being produced in Australia by ATCO's Australian subsidiary for the New South Wales railway.

Mobile homes now fill a significant part of the housing market in North America and steps are being taken to enhance ATCO's participation in this rapidly growing industry. The Nampa, Idaho plant which operates under the name of ATCO Homes Inc. has been in business for one year and steady progress has been made during that period in establishing a dealer network stretching from Nevada to Alaska, and in introducing the product to the consumers. At present this plant is being doubled in size to provide a capacity of about five units per day. Lower unit production costs will also lead to improved profit performance by this subsidiary.

Early in 1970 ATCO will enter mobile home manufacturing in Canada with the establishment of a plant in the ATCO Industrial Park in Cal-



Following two years of negotiation, research and testing, a very significant contract was awarded to ATCO Industries Ltd. at the end of fiscal 1969. Canadian National Railway placed an order for 400 flatcar-mounted housing units for its regional construction and maintenance crews. The contract was awarded after a one year, in use test of 16 prototype units in Newfoundland. The 400 units will be used in all five operating regions of the CNR.

Inset is ATCO (Quebec) Ltée's No. 2 factory, located in Ville St. Pierre, a Montreal suburb.



gary. Productive capacity will be four to five units per day with initial production scheduled for mid-March. Mobile home parks are an important aspect of the business and consideration is now being given to ATCO's entry into this field.

Factory built houses continue to play an important part in ATCO's endeavours. Two of the more significant projects completed during 1969 were the supplying of 48 houses for a sawmill complex at Canal Flats, B.C. by ATCO (Western) Ltd., and the supplying of 150 houses to the Algerian oil industry by WOWIC Industries (Pty.) Ltd. The Canal Flats houses were produced at the Airdrie, Alberta plant which also produced houses for a number of other industrial projects during 1969. In addition to supplying the houses, ATCO (Western) Ltd. also designed the sub-division and installed all municipal services.



Superior Components Ltd (formerly Superior Woodcraft Manufacturing Ltd) changed its name during 1969 to reflect growth in the company's capabilities. Fine millwork and custom woodwork are still a very important area of activity. Hy's Restaurants, a valued client, are familiar to many Canadians.



The homes delivered to Bou-merdes, Algeria, are to be used by Sonatrach, the integrated government owned oil company, for housing of expatriate technical personnel who have come from all parts of the world to participate in development of the Algerian oil industry. Elapsed time from receipt of contract until the last units were loaded on ships in the Adelaide port was a mere eight weeks, emphasising the Group's reaction capability. As a result of continued strong per-

Permanent residences house 65 employees at a remote Australian gas plant. Also shown are offices, kitchen, and dining room. All were built in WOWIC's Elizabeth, S.A. plant.



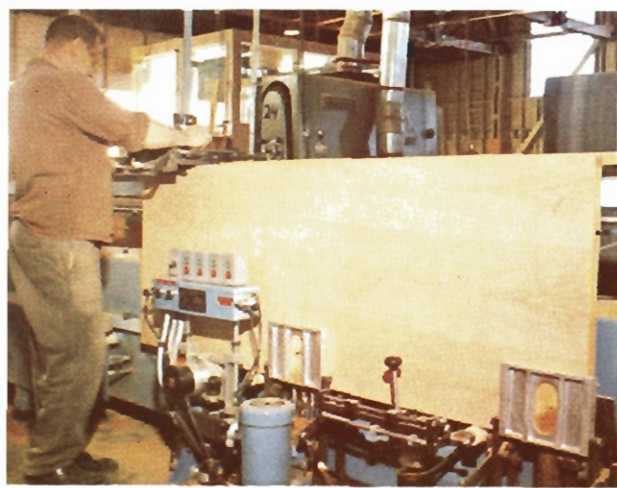
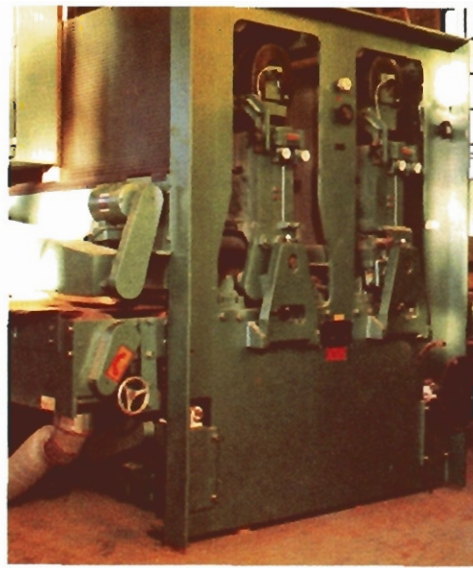
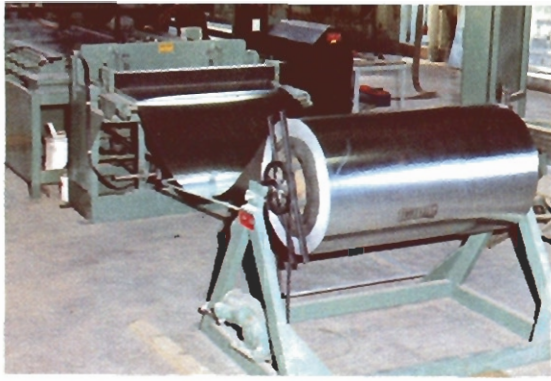
ATCO's relocatable classroom line met continued marketing success during 1969. Although the majority of the classrooms are installed as supplements to existing buildings, there were several instances in which the classrooms were complexed as self-contained, permanent schools. The example illustrated here is an eight-classroom elementary school located on Nun's Island in Montreal.

formance such as the Algerian house project, WOWIC Industries (Pty.) Ltd. received the coveted Export Award, a rare honour for secondary manufacturing companies in Australia, awarded by the Australian Department of Trade and Industry, in association with the Associated Chambers of Manufactures of Australia.

Rapid development of the Alaskan market has resulted from the Prudhoe Bay oil discoveries. In order to service this expanding market, Northland Camps Inc. has established sales offices, product displays and service centers at both Anchorage and Fairbanks. Mainland liaison is conducted from Northland's Seattle office, which also services the Pacific Northwest market area. We believe ATCO's involvement in the western Canadian petroleum industry development will allow Northland Camps Inc. to make a significant contribution in Alaska as well as in the Mackenzie Delta and Arctic Islands, if and when these latter developments mature.

Modern, air conditioned bunkhouses serve a construction camp in the Sahara Desert. These buildings were constructed for an Italian company operating in Algeria. At right is a portion of a large kitchen dining complex.





During the past year there has been significant emphasis on retooling within the ATCO group. The machines illustrated above rely heavily on automation to produce various major building components. Besides their obvious contribution to efficiency within the Group, such components are marketed to various other manufacturers and builders.

To date in Alaska, Northland Camps Inc. has supplied the Atlantic Richfield Base Camp at Prudhoe Bay, as well as the majority of Hercules transportable drilling camps, and numerous smaller orders, to a variety of industries and contractors.

Sales of the Fold-A-Way metal building first manufactured last year have exceeded expectations. Production is now under way in Montreal, Calgary and Adelaide with shipments being made to both domestic and international customers.

Leasing of industrial units increased dramatically during 1969, resulting in net additions to the

rental fleets of \$2,244,000. Tight money conditions undoubtedly played a large part in this significant increase, along with an ever increasing awareness on the part of industry and Government of the economics of leasing as opposed to capital spending. Modern administrative facilities were installed at the Edmonton Service Centre,

while both administrative and maintenance facilities were set up in Winnipeg to better service the Manitoba and Saskatchewan markets.

Canadian marketing coverage was extended through the opening of sales and leasing offices in Thunder Bay, Quebec City and Dartmouth. These new locations complement existing North American offices in Vancouver, Calgary, Edmonton, Winnipeg, Ottawa, Toronto, Montreal, Washington, D.C. and Seattle, Washington, as well as the Alaska locations. Further expansion is contemplated for 1970, but final locations have not yet been selected.

ATCO (Quebec) Ltee.'s production facilities were increased by 50,400 sq. ft. when the volume of production necessitated the opening of a second plant located in Ville St. Pierre. This plant's location on a railway siding made it ideal for the production of schools and it is at present turning out the previously mentioned railway work crew units.

Superior Woodcraft Manufacturing Ltd. and Superior Interiors Ltd. became members of the ATCO Group effective December 1, 1968 and financial results from that date are included in the current results. Effective November 5, 1969, Superior Woodcraft changed its name to Superior Components Ltd. and operations are being changed from low volume custom work to high volume standard manufacture. Metal and wood components will be sold to the mobile home and industrial unit manufacturers as well as apartment and house builders. In order to benefit fully

Trans Canada Rent A Trailer (1964) Ltd. continued to enlarge its fleet during 1969. This carload of vans was manufactured in Calgary and shipped to Montreal. 500 new vans were added to the fleet during the year, bringing the total in service across Canada to approximately 3,500.





Cedarglen Homes was established by ATCO during 1969 to build homes by traditional, on site contractor methods. The "Casa Blanca" model shown here was the overall winner of the Calgary Parade of Homes

from such economies of scale, approximately \$250,000 will be invested in sophisticated mass production machinery during the coming year. The Interiors Division will continue to provide deluxe interior finishing services for commercial buildings such as restaurants and executive offices.

ATCO entered the on-site residence construction business in Calgary with the formation of the

Canal Flats, B.C., is the site of a large subdivision built by ATCO (Western) Ltd. for a forest products company. Arranged as they would be in any urban setting, the factory built homes make an attractive addition to the community. The sectional homes were made in ATCO's Airdrie, Alberta plant and shipped to the site during the summer of 1969.



Cedarglen Homes division in February, 1969. Concentration to date has been in the construction of three and four bedroom homes in the \$20,000 range. In the belief that this price range has the most potential buyers, no diversification is planned for 1970. The Cedarglen entry in the 1969 Calgary Parade of Homes was awarded trophies for Best Floor Plan, Best Kitchen Arrangement and the coveted Best Overall Home. This is an auspicious beginning for a company which emphasizes quality materials and construction at competitive prices.

Transportable schools again proved a popular product with about 400 classrooms being sold or leased in the past year. Newfoundland and Ontario were the strongest market areas and all indications point to a steady demand for such schools in the future.

1969 saw the addition of 500 various sized vans to the Trans-Canada rental fleet. These vans are of modern design and construction with emphasis on the use of maintenance free materials. Early indications are that the revenue from the units will exceed expectations. An in-depth analysis of Trans-Canada marketing philosophy is now under way, and, based on the findings, imaginative advertising and operating programs will be instituted to give the operation a new look in 1970.

Dominating all of the Group's activities during the past year was virtual completion of the standardization program commenced two years ago. While the impact of product line standardization is difficult to measure, the benefits are indeed impressive. Standard products allow for longer production runs resulting in lower selling prices due to increased labour efficiency, lower material costs through volume buying, decreased administrative and engineering costs and decreased marketing expenditure. Another large plus for standardization is the concept of stocking units for immediate delivery. This latter point is of utmost importance in maintaining customer satisfaction since the key to meeting housing requirements around the world is "reaction". ATCO's byword since its inception over 20 years ago.



This unique ski lodge in Vermont was built of factory constructed, transportable modules, which were stacked two deep upon delivery. The experience ATCO has gained in building industrial structures is leading the company into the manufacture of many types of community structures.

This senior citizens' home was installed at Castlegar, British Columbia, early in 1969. Comfortable and aesthetically pleasing, the building illustrates the urban potential for systems built structures.



THE FOLD-A-WAY BUILDING

— a new approach to relocatable industrial buildings

The success of the Fold-A-Way series of metal buildings during 1969 has confirmed the requirement by industry for a highly portable large-span building.

The Fold-A-Way is based on a simple concept of using large, hinged sections to eliminate most of the tedious on-site work associated with conventional metal buildings. Ten-foot-deep sections, in spans of 24, 32, 36, or 40 feet, are delivered to the site by road, rail, or large aircraft. The panels are unfolded rapidly by use of a crane, and installation of knee braces provides building sections which are joined together to provide a large span structure which requires no special footings.

This ease of portability and erection is desirable to industries operating in remote areas where labor is expensive and in great demand, and to companies requiring frequent relocation of their equipment.

Main markets for the Fold-A-Way are the mining, forestry, construction and petroleum industries.

A new 60-foot-wide model has been prototyped, and if deemed suitable for manufacture, should considerably expand the market for this type of building.

A Fold A Way building, measuring 120 feet by 40 feet, serves a mining company atop a 7,000 foot British Columbia mountain. The building is dwarfed by the huge dragline being constructed in the background. note the conventional crane to the left of the dragline



RESEARCH AND DEVELOPMENT CENTER 1969

The efforts of the Research and Development Center during 1969 were reoriented. The principal objective of the R & D Center is now to develop and market light weight shelters and other special, engineering oriented products which are principally used by military forces. However, the application of these special products in commercial areas is expected to grow in future years. Also in line with the re-direction, the responsibility for the development and improvement of architectural products (e.g. schools, community structures) has been given to each manufacturing subsidiary. The closed loop of information transfer between marketing, engineering and manufacturing in each subsidiary will provide the necessary environment for product development.

During the early part of 1969 new management techniques were implemented and have resulted in effective program and cost control of the many and varied projects undertaken by the R & D Center. The market research staff has been expanded by opening an office near San Francisco, California. This extends the coverage in the United States, which was formerly handled through the Washington, D.C. office, to both the East Coast and the West Coast of the U.S.A.

Major programs undertaken by the R & D Center during the past year include:

AIRMOBILE MAINTENANCE SHOP (AMS)

The AMS, which is a light weight, air transportable shelter, has been undergoing field testing by various U.S. Army agencies. Seven prototypes were delivered in 1968, and all were subjected to extensive testing simulating field conditions. Deficiencies noted in the prototypes after field testing have been corrected by either design changes or revisions to manufacturing processes. It now appears that a satisfactory design has been established based on the operational requirements specified for the AMS.

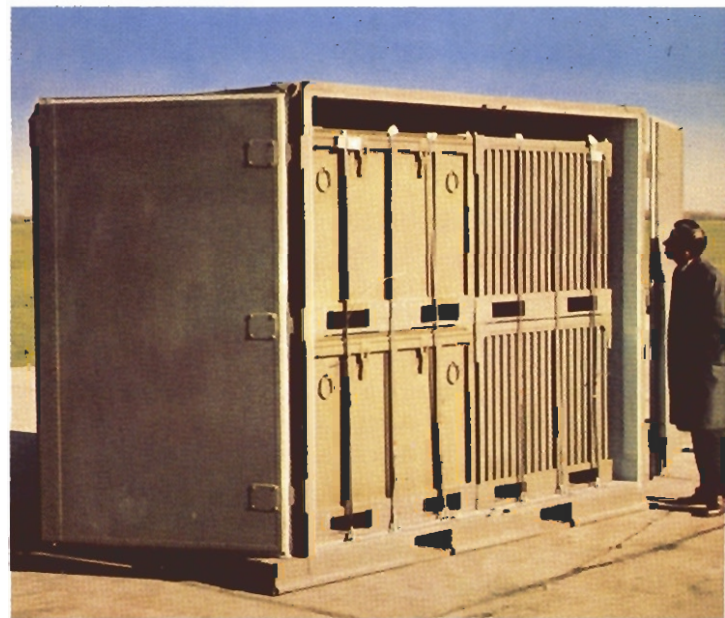
Although the AMS was originally designed as a maintenance shop to be used at forward helicopter bases, it now appears that it can be used for many other purposes. Among these are uses as a command post, first aid station, test laboratory, photo processing station and personnel shelter.

In mid 1969 a contract was received from the U.S. Army to re-engineer and test the running gear, basic sandwich panel structure and electrical

distribution system. These changes were necessitated by additional operational requirements. Basic engineering required by the changes has been completed and mobility testing is in progress.

BARE BASE PACKAGING

A complete packaging system has been developed by ATCO for the U.S. Air Force Bare Base Program. This packaging system, which includes a master consolidation container, large and small environmentally controlled containers, large and small cargo cages, and a multipurpose shelving system, is capable of handling all logistics required for the Bare Base operation.



The Bare Base Packaging System comprises a system of large and small containers designed for systematic materials handling. The concept originated with a military requirement for the rapid creation of operational airfields.

Bare Base is the title given by the USAF to the program which provides an operational airfield in a cleared land area of sufficient size to support tactical aircraft operations, but which offers no physical facilities other than a usable runway, taxiways, parking area, and source of water. The packaging system is compatible with military air transport handling systems and has

been fully tested for all operational loading conditions. The initial set of prototypes is scheduled to undergo operational testing by the USAF in the near future.

Negotiations are now underway for a contract to fabricate five additional prototype sets of containers. These additional containers will be used to expedite the series of tests which the USAF plans to perform prior to making a quantity purchase of the packaging system.

MULTIPURPOSE EXPANDABLE SHELTER

A total of six E-277 shelters have been delivered for use as kitchen facilities in the USAF Bare Base Program. These shelters have an expansion ratio of approximately 3:1. In the folded configuration they are approximately 9 feet x 13 feet, and in the expanded configuration they are 27 feet x 13 feet. The shelter is constructed to be compatible with the C-130 cargo handling system.

During the latter part of 1969 the first Bare Base demonstration test was performed at North Field, South Carolina. All E-277 shelters which took part in the North Field exercise performed very well. Further evaluations of the shelter are now being performed by the USAF testing agency in Eglin, Florida.

EXPORT HOUSING

The program to develop a "knock-down" unit which can be used in tropical and semi-tropical areas as an office, sleeping quarters or complexed to form dining and recreation areas, or large office facilities, is nearing a successful conclusion. The project which is partially funded under the Program for the Advancement of Industrial Technology (P.A.I.T.), had as its goal the development of a unit for use overseas which minimized the problems associated with shipping, water proofing and erection.

A recently completed prototype successfully met all design objectives. The prototype was subjected to the operational conditions of handling by a crane, trucking, railroad humping, rainfall and erection on a remote site. The prototype unit has been successfully erected and disassembled many times after being subjected to severe operational tests. Units 10 feet wide by 24 feet, 32 feet and 40 feet long are now available for commercial application.

ARCHITECTURAL DEVELOPMENT

During the past year the 20-Man Complex was upgraded to allow for individual sleeping accommodations. The units which are now available



Under the Program for the Advancement of Industrial Technology (P.A.I.T.) sponsored by the Canadian government, the R & D Centre has designed an improved building system for export structures. The building appears above in its shipping configuration, below, in its deployed form.



The R and D Center's Airmobile Maintenance Shop (A.M.S.) offers a vertical expansion of 2:1. The building is constructed of a unique honeycomb, sandwich panel material developed by the company.





Technicians supervise test loading of an ATCO Multipurpose Expandable Shelter into hold of a Hercules aircraft. This building expands laterally to a volume three times its shipping size.

are complete self contained quarters for housing 20 men. Wash rooms, laundry areas and individual sleeping quarters are provided.

The school classroom for western provinces has been modified to more effectively employ the concepts of modular coordination and to integrate into the design improvements suggested by users (principals, teachers, and school board members). A modular coordination study was performed under contract for the Department of Industry, Trade and Commerce. Using the modular and non modular ATCO classrooms as examples it was found that building costs could be reduced by more than 10% through the effective use of modular coordination.

Quick and effortless turning of a crank raises the structure through an internal jacking system. The building can be fully deployed or folded by three men in five minutes.

The 100 square foot floor area can be quickly increased by complexing with similar units.





“A WIDE RANGE OF PRODUCTS FOR A

ATCO's business of Housing began with the concept of mobile industrial camps for bachelor employees at remote sites. Industrial camps are still a very important ATCO product however, new products and new companies within the Group leading to more and more involvement in urban markets.

Mobile homes are regarded as a natural diversification for ATCO, due to the experience gained in years of industrial camp manufacturing. Here, officials of ATCO Homes Inc. in Nampa, Idaho, discuss a new model. This plant is currently being doubled in size and capacity.



Cedarglen Homes was formed during 1969 as an on site home construction company. Using contractor methods, with no prefabrication involved, Cedarglen offers quality homes at very competitive prices.



Cedarglen Homes builds bungalows, bi levels, split levels, and two storey homes in several Calgary subdivisions. Architectural variety and numerous standard "extras" are major selling points in addition to price.



Industrial camps, available immediately from standard units in inventory, serve resource industries around the world. Drilling camps such as the one illustrated here are a common sight in western Canada.

RANGE OF MARKETS''

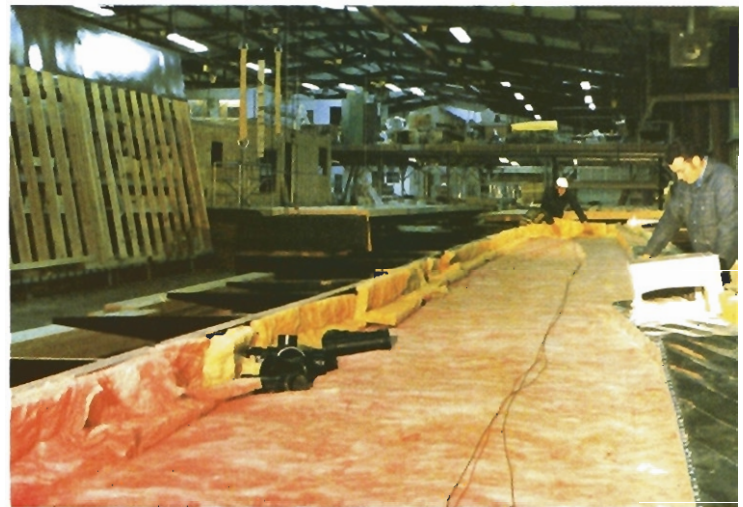
Trans Canada Rent A Trailer Ltd. rents utility trailers via 435 agents across Canada. This Montreal agent is taking delivery of some of the new vans recently added to Trans Canada's fleet.



Portable classrooms are a growing requirement in Australia, as in North America. The units shown here are standard 1969 models manufactured by WOWIC Industries (Pty.) Ltd. Local conditions and codes dictate the design; thus, the "standard" classrooms manufactured by ATCO (Western) Ltd., ATCO (Quebec) Ltée., and WOWIC are different from one another in appearance and construction.

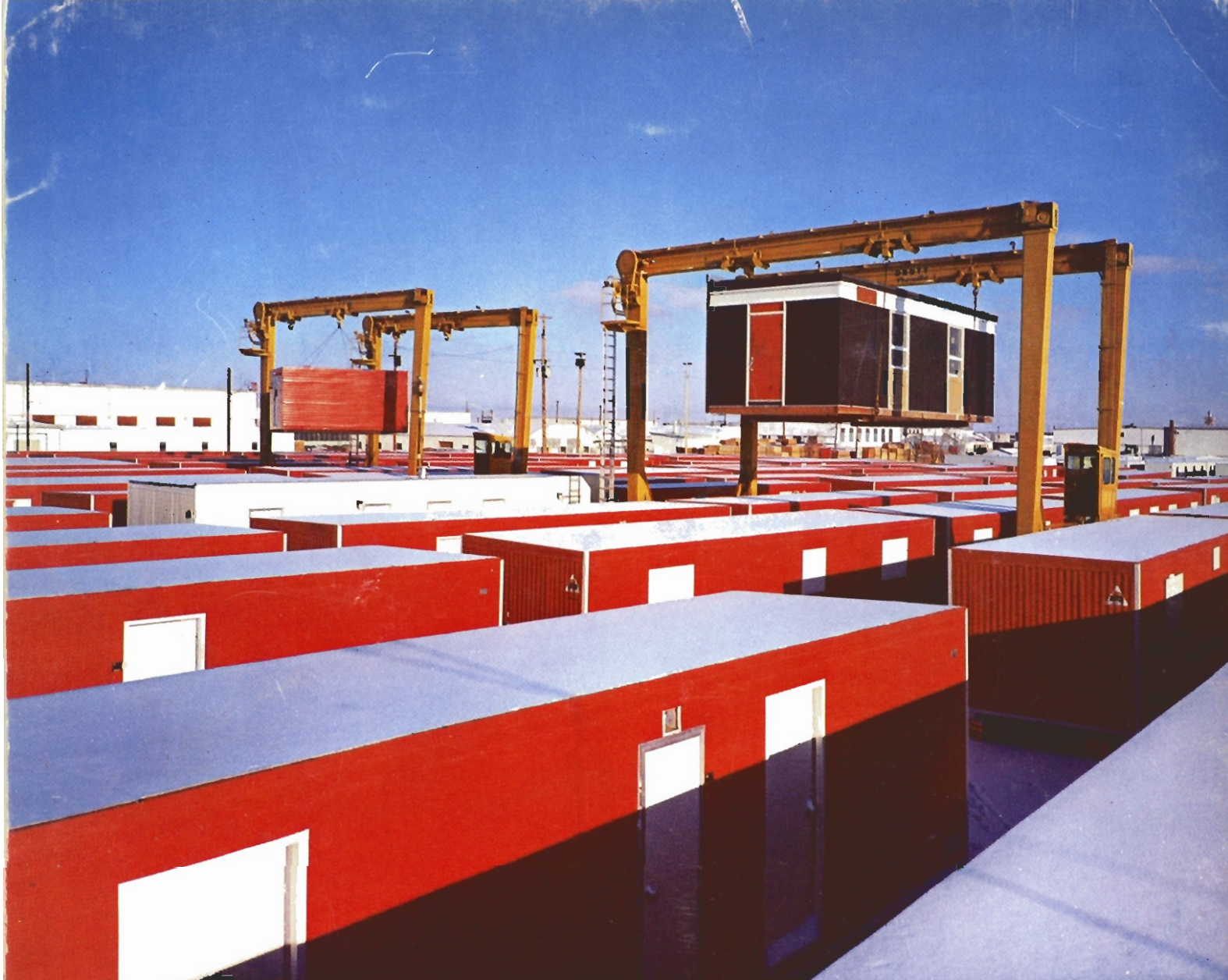


ATCO Homes Ltd., located in the ATCO Industrial Park, Calgary, is now fabricating prototype mobile homes. The new company will be in full production early in 1970.



Large industrial camps often comprise many individual trailer units which are complexed at the site to form very large buildings. Industrial camps of all sizes — from a single unit to a camp of several thousand men — are available on several purchase and lease plans from ATCO.





Calgary inventory: ATCO (Western) Ltd.

Cedarglen Homes, new on-site home building subsidiary of ATCO Industries Ltd., was the major winner of the 1969 Calgary Parade of Homes. Cedarglen's entry, a large Mediterranean style home, was pronounced "Best Overall Home, Best Floor Plan, and Best Kitchen Arrangement" of the ten competing homes. The annual competition is conducted by the Calgary Home Builders Association.



A prestigious Export Award was presented to WOWIC Industries Pty. Ltd. during 1969, in recognition of the company's continuing contribution to Australia's overseas earnings. The company achieved half its 1969 sales volume in foreign markets. The award is granted annually by the Australian Dept. of Trade and Industry, in association with the Associated Chambers of Manufactures of Australia.

