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## **IMASCO/BAT PLAN PREVIEW 1995**

**Agenda - October 21st, 1994**

- 1. Overview of Canadian political and economic situation.**
- 2. Imasco 1994 financial performance and 1995 preview.**
- 3. Discussion of major issues at Imasco Limited.**
- 4. Review of major strategic issues at:**

**ITL  
CT  
Hardee's/FFM  
SDM**

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**SECTION 1**

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**BAT Industries document for Province of British Columbia 12 April 1999**

# IMASCO LIMITED - 1995 - 1997 PLAN - PREVIEW

## MAJOR STRATEGIC ISSUES

## DISCUSSION POINTS/ACTION AREAS

### Imasco Limited Corporate

- ▲ Improving shareholder returns. P/E multiple compression has resulted in a flat share price.
- ▲ Share buy-back program.
- ▲ Dividend increase/stock split.
- ▲ Management of change.
- ▲ New York listing of Imasco Limited.
- ▲ Enhance the ability of operating and Centre leaders to recognize change or potential change in the market place at the earliest possible time. Increase the speed at which the business unit leaders acknowledge these changes and lead their businesses to take action to reposition to take advantage of these changes or potential changes. We must at the Centre achieve this on a continuous basis.

### Imperial Tobacco

- ▲ Overall cost competitiveness versus Canadian (and later international manufacturers).
- ▲ Corporate Strategic plan.
- ▲ Number of brands. Plant configuration. Plant and office productivity.
- ▲ Plain packaging/sponsorship.
- ▲ Technology investment Triple I project to integrate information flows and improve availability.
- ▲ Impact of plain packaging is the subject of federal government study expected to be completed in early 1995.
- ▲ International development.
- ▲ Export markets required for long-term growth.

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MAJOR STRATEGIC ISSUES

DISCUSSION POINTS/ACTION AREAS

CT Financial

▲ Continued development of "best personal bank" positioning and revenue growth.

▲ Cost competitiveness.

▲ International development.

Shoppers Drug Mart

▲ Competitive position given the entry of major US retailers and the demands of consumers for lower prices and improved service.

▲ Rapidly changing RX market. Only 10% of RX paid for by cash customer. Gross margin pressure from governments and employers.

▲ Distribution channel expansion/seamless service.

▲ Expand product/service range, with focus on wealth management.

▲ Use technology to enhance productivity (by automating low value transactions) and service levels (by enabling lower skilled staff to provide higher value added sales and services).

▲ Significant re-engineering completed in late 1993 and early 1994; continuous cost improvement is the objective for future years.

▲ Improve benchmarking against banks (i.e. by segment rather than total business).

▲ Future strategic directions in USA?

▲ "Project Eagle" includes conversion of SDM to central distribution and accounting.

▲ Installation of technology has been accelerated to accommodate "Eagle" (i.e., all stores with P.O.S. systems by 12/95).

▲ "Project Pony" is addressing all RX issues including managed health care programs for employers and preferred provider arrangements.

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**MAJOR STRATEGIC ISSUES**

**DISCUSSION POINTS/ACTION AREAS**

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|-----------------|--|---|
| <b>Hardee's</b> | <ul style="list-style-type: none"><li>▲ Consumer positioning of Hardee's restaurants.<br/>(In recent years, Hardee's position in the fast service sandwich segment has become less clear than in the past.)</li><li>▲ Strategic necessity of owning manufacturing and distribution facilities.</li></ul> | <ul style="list-style-type: none"><li>▲ Completion of customer segmentation study by year-end.</li></ul>  |
| <b>UCS</b>      | <ul style="list-style-type: none"><li>▲ Not expected to add shareholder value in short or long-term following forced closure of Woolco units.</li></ul>  | <ul style="list-style-type: none"><li>▲ Manufacturing will be sold if reasonable price can be obtained - active discussions during September/October.</li><li>▲ To be sold.</li></ul> |
| <b>GDC</b>      | <ul style="list-style-type: none"><li>▲ Long-term land is not generally available in Canada at reasonable prices.</li></ul>  | <ul style="list-style-type: none"><li>▲ Development in USA through joint ventures with limited capital but ability to control relatively large amounts of land.</li></ul>             |

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