

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): December 4, 2018



SYNALLOY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	0-19687 (Commission File Number)	57-0426694 (IRS Employer Identification No.)
	4510 Cox Road, Suite 201, Richmond, Virginia (Address of principal executive offices)	23060 (Zip Code)

Registrant's telephone number, including area code: **(804) 822-3260**

Inapplicable

(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On November 30, 2018, Synalloy Corporation's ("Synalloy") newly formed subsidiary ASTI Acquisition, LLC, a North Carolina limited liability company ("ASTI"), entered into an Asset Purchase Agreement (the "APA") with American Stainless Tubing, Inc., a North Carolina corporation ("American Stainless"). Pursuant to the terms and conditions in the APA, ASTI will acquire substantially all of American Stainless' assets and operations in Statesville, North Carolina and Troutman, North Carolina. The parties' obligations to consummate the transaction are subject to certain customary asset purchase closing conditions and termination rights. Subject to all of the conditions to closing, the transaction is expected to close on or about January 1, 2019.

The purchase price for the all-cash acquisition is estimated to be \$21 million, which amount could be adjusted up or down depending on estimated working capital at closing. American Stainless will also receive quarterly earn-out payments for a period of three years following closing. Pursuant to the APA, earn-out payments will equate to six and one-half percent (6.5%) of ASTI's revenue over the three year earn-out period.

Synalloy will fund the acquisition with a draw against its asset based line of credit, which will be increased to a borrowing capacity of \$100 million prior to closing, and a new 5-year \$20 million term note, both with Synalloy's current lender, Branch Banking and Trust Company.

On November 30, 2018, ASTI also entered into a Purchase and Sale Agreement (the "PSA") with American Stainless. Pursuant to the terms and conditions of the PSA, ASTI has agreed to purchase American Stainless' real estate property in Statesville, North Carolina and Troutman, North Carolina (together the "Properties") for a purchase price of \$5 million. The parties' obligations to consummate this real estate transaction are subject to completion of due diligence and certain customary closing conditions. Closing is expected to occur on or about January 1, 2019.

At or just prior to closing, ASTI intends to designate its rights to take title to the Properties to Store Capital Acquisitions, LLC, a Delaware limited liability company or its affiliate (together, "Store"), who will fund the full purchase price of the transaction and take title to the Properties. As part of the transaction, Synalloy has agreed to include the Properties in its current Amended and Restated Master Lease with Store pursuant to which Synalloy will lease the Properties from Store for the remainder of the initial term of 20 years, with two renewal options of ten years each. First year rent expense will be \$430,000. The lease will include a rent escalator equal to the lesser of 1.25 times the percentage increase in the Consumer Price Index since the previous increase or 2.00%. Synalloy will provide payment and performance guaranties under the lease to provide a credit enhancement for the benefit of Store. At closing, Synalloy will sublease the Properties to ASTI.

The description of the APA and PSA contained in this Current Report on Form 8-K is a summary and is qualified in its entirety by the terms of the APA and PSA. The Company will file the APA and PSA with the U.S. Securities and Exchange Commission as an exhibit to its Annual Report on Form 10-K.

A copy of the press release announcing the execution of the APA and PSA is attached as Exhibit 99.1 and is incorporated by reference herein.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press Release issued by Synalloy Corporation on December 4, 2018.

Exhibit Number

99.1

Name

[Press Release issued by Synalloy Corporation on December 4, 2018.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

SYNALLOY CORPORATION

By: /S/ DENNIS M. LOUGHRAN

Dennis M. Loughran

Chief Financial Officer

Dated: December 6, 2018

NEWS RELEASE
FOR IMMEDIATE RELEASE

**A Subsidiary of Synalloy Corporation Enters into a
Definitive Agreement to Acquire the Assets of American Stainless Tubing, Inc.**

RICHMOND, Va., December 4, 2018 (GLOBE NEWSWIRE) -- Synalloy Corporation (Nasdaq: SYNL) today announced that its wholly-owned subsidiary, ASTI Acquisition, LLC, has signed a definitive agreement to acquire substantially all of the assets of American Stainless Tubing, Inc. (ASTI). The parties expect the transaction to close on or by January 1, 2019. The cash purchase price for the transaction is expected to range between \$27 and \$28 million including ASTI's right to receive revenue-based earn-out payments over a three-year period following closing. At closing, the company plans to title ASTI's real estate to its sale lease-back partner, Store Capital, who will purchase ASTI's real estate for \$5 million. Subsequently ASTI's real estate will be incorporated into Synalloy's long-term master lease agreement with Store Capital on terms and conditions consistent with other Synalloy/Store leases. Synalloy will sublease the facilities to ASTI Acquisition, LLC, which after closing, will be re-named American Stainless Tubing, LLC.

Craig Bram, President and CEO of Synalloy Corporation said, "The prospect of bringing together the diverse stainless steel and alloy pipe and tubing capabilities of Bristol Metals with the high-end ornamental welded stainless steel tube products capabilities of ASTI in the Synalloy Metals family is very exciting. We are continuing to grow our presence in the stainless steel pipe and tube markets in North America; further filling out our product offerings and stainless steel purchasing position."

Maria Haughton Roberson, President of ASTI said, "Our management team has spent their careers building this business to what it is currently, and we are very proud of our company and its accomplishments. The backing of Synalloy will provide ASTI an opportunity to move up to the next level. We look forward to being part of their team as we continue to set the quality standard in stainless steel tubing."

Kyle Pennington, President of Synalloy Metals said, "It has been Bristol Metals' ultimate goal to become the preeminent manufacturer of stainless steel pipe and tube in North America. For the last few years, Synalloy Metals has grown our business through product line extensions into heavy wall stainless welded pipe, seamless carbon distribution with Specialty Pipe & Tube and into stainless steel tubing and galvanized products. ASTI is a good strategic fit with Synalloy Metals' growth objectives. We will work with the team at ASTI to drive continued improvements in our core initiatives, with an emphasis on customer service. Our company is well positioned to support the North American pipe and tube market for many years to come."

Synalloy Corporation (Nasdaq: SYNL) is a growth oriented company that engages in a number of diverse business activities including the production of stainless steel pipe and tube, galvanized pipe and tube, fiberglass and steel storage tanks, specialty chemicals and the master distribution of seamless carbon pipe and tubing. For more information about Synalloy Corporation, please visit our web site at www.synalloy.com

Forward-Looking Statements

This press release includes and incorporates by reference "forward-looking statements" within the meaning of the federal securities laws. All statements that are not historical facts are "forward-looking statements." The words "estimate," "project," "intend," "expect," "believe," "should," "anticipate," "hope," "optimistic," "plan," "outlook," "should," "could," "may" and similar expressions identify forward-looking statements. The forward-looking statements are subject to certain risks and uncertainties, including without limitation those identified below, which could cause actual results to differ materially from historical results or those anticipated. Readers are cautioned not to place undue reliance on these forward-looking statements. The following factors could cause actual results to differ materially from historical results or those anticipated: adverse economic conditions; the impact of competitive products and pricing; product demand and acceptance risks; raw material and other increased costs; raw materials availability; employee relations; ability to maintain workforce by hiring trained employees; labor efficiencies; customer delays or difficulties

in the production of products; new fracking regulations; a prolonged decrease in oil and nickel prices; unforeseen delays in completing the integrations of acquisitions; risks associated with mergers, acquisitions, dispositions and other expansion activities; financial stability of our customers; environmental issues; unavailability of debt financing on acceptable terms and exposure to increased market interest rate risk; inability to comply with covenants and ratios required by our debt financing arrangements; ability to weather an economic downturn; loss of consumer or investor confidence and other risks detailed from time-to-time in the Company's Securities and Exchange Commission filings. The Company assumes no obligation to update the information included in this release.

Contact: Dennis Loughran at (804) 822-3266