

Synalloy Corporation NasdaqGM:SYNL

FQ4 2020 Earnings Call Transcripts

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S&P Global Market Intelligence Estimates

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Call Participants

EXECUTIVES

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Interim President, CEO & Director

Sally M. Cunningham
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*Mainwall Investment Management,
LLC*

Michael E. Hughes
SGF Capital Management, LP

ATTENDEES

Ronald Braam

Sean Mansouri
Gateway Group, Inc.

Unknown Attendee

Presentation

Operator

Good afternoon, everyone, and thank you for participating in today's conference call to discuss Synalloy's financial results for the fourth quarter and full year ended December 31, 2020. Joining us today are Synalloy's Interim President and CEO, Chris Hutter; CFO, Sally Cunningham; and the company's outside Investor Relations adviser, Sean Mansouri. Following their remarks, we'll open the call for your questions.

Before we go further, I would now like to turn the call over to Mr. Mansouri as he reads the company's safe harbor statement within the meaning of the Private Securities Litigation Reform Act of 1995 that provides important cautions regarding forward-looking statements. Sean, please go ahead.

Sean Mansouri

Gateway Group, Inc.

Thank you. Good afternoon, everyone, and thank you all for joining our conference call to discuss Synalloy's fourth quarter and full year 2020 financial results.

Before we continue, we would like to remind all participants that the discussion today may contain certain forward-looking statements pursuant to the safe harbor provisions of the federal securities laws. These statements are based on information currently available to us and are subject to various risks and uncertainties that could cause actual results to differ materially. Synalloy advises all of those listening to this call to review the latest 10-Q and 10-K posted on its website for a summary of these risks and uncertainties. Synalloy does not undertake the responsibility to update any forward-looking statements.

Further, the discussion today may include non-GAAP measures. In accordance with Regulation G, the company has reconciled these amounts back to the closest GAAP-based measurement. The reconciliations can be found in the earnings press release issued earlier today and posted on the Investors section of the company's website at synalloy.com.

Please note that this call is available for replay via a webcast link that is also posted on the Investors section of the company's website.

With that, I'll turn the call over to the Interim President and CEO of Synalloy, Chris Hutter. Chris?

Christopher G. Hutter

Interim President, CEO & Director

Thank you, Sean. Good afternoon, everyone, and thank you for joining today's call. I hope you have all continued to stay safe and well amid the ongoing challenges of the COVID-19 pandemic. I wanted to start off by saying that I'm incredibly honored to be leading the team here at Synalloy and have gained significant insight regarding our operations and capabilities since joining as the Interim President and CEO just a few months ago.

I've been particularly impressed by the dedicated employees throughout the organization who have persevered through this unique time and continue to work hard every day to deliver high-quality products and services to our customers. While this has certainly been a challenging year, the commitment of our hardworking team ensured that Synalloy not only survived 2020 but is now positioned to thrive for years to come.

Looking at how we closed out the year. Our fourth quarter net sales came in as expected given our customers continue to be affected by the uncertainty resulting from the pandemic. However, this did not prevent us from making progress on the things within our control. We were able to take proactive steps to improve efficiency across our operations, production and purchasing, along with implementing new cost containment measures. Although many of these initiatives are either just being identified or are only in their early stages, I am pleased to report that our efforts resulted in improving profitability across our businesses as we reported modest year-over-year and sequential increases in adjusted EBITDA and adjusted EBITDA margin for the fourth quarter.

As just one example of our intent to remove costs that do not provide an economic payback, we have terminated our aircraft lease and are intent on selling that as soon as possible. We don't expect to realize meaningful upfront proceeds, but we will see savings on an ongoing basis. In a similar approach, through the tireless efforts of Sally and the finance department, we have already begun to forecast meaningful savings from our approach to outside service providers. These efforts will be ongoing in parallel to our work on the sales, resource planning and manufacturing efficiency fronts.

While I'm proud of the progress we have made thus far, this is truly just the beginning of our work to transform this business and drive long-term shareholder value. We have plenty of room for improvement, and I'm excited to be a part of this organization as we grow together.

I'll dive deeper into each of our segments, but first, I'd like to turn the call over to our CFO, Sally Cunningham, who will walk you through our fourth quarter financial results in more detail. Sally?

Sally M. Cunningham
Senior VP & CFO

Thank you, Chris, and good afternoon, everyone. In an effort to be more efficient with our conference calls, I will focus on key financial takeaways. Detailed information can be found in our earnings press release issued earlier today.

With that, let's jump into our fourth quarter results. Net sales were down to \$55.9 million, with the decline primarily driven by the curtailment of our Palmer operations earlier in the year as well as lower pipe and tube shipments. As a reminder, we made the decision to curtail the Palmer, Texas business in April 2020 as it no longer met our internal return thresholds. We have since allocated any cash generated from that business to reduce our line of credit, which I will touch on in a moment.

Gross margin during the quarter increased 80 basis points over the prior year to 11% as a result of operational efficiencies and raw material price increases that we successfully passed through to our customers. We also saw some impact of our ongoing operating cost reduction initiatives in Q4 though that progress was hidden by some noise in our financial statements due to onetime, mostly noncash charges.

In the fourth quarter, we continued to scrutinize the carrying values of the goodwill on our balance sheet, which resulted in an impairment of \$5.5 million related to our welded pipe and tube reporting unit. We also had \$1.1 million of charges related to the severance payments to our former CEO. The result was a net loss in Q4 of \$8.6 million or \$0.94 per share compared to a net loss of \$9 million or \$0.10 per share for the fourth quarter of 2019.

Adjusted EBITDA in Q4 increased 19% to \$3 million, and adjusted EBITDA margin also improved 170 basis points to 5.4% compared to the prior year period. The increases were primarily driven by improved operational execution and the benefit of cost containment measures.

Lastly, looking at our liquidity position as of December 31, 2020, total debt was \$61.4 million, consisting of \$49 million outstanding under our revolving credit facility and \$12.3 million outstanding under the term loan, representing a nearly

20% reduction in debt compared to December 31, 2019.

Subsequent to the end of the quarter, we entered into an agreement for a new revolving credit facility with BMO Harris Bank on January 15, 2021. The new agreement provides us with a 4-year revolving credit facility that includes up to \$150 million of borrowing capacity. As a result, we had \$30.9 million of available borrowing capacity under the new facility as of January 31, 2021, and are not currently subject to any financial covenants. For further details, please see our press release and corresponding 8-K filings disseminated and filed on January 19, 2021.

I'll now turn it back over to Chris.

Christopher G. Hutter

Interim President, CEO & Director

Thanks, Sally. As I mentioned earlier, since taking the helm as Interim President and CEO just a few months ago, we have already begun making strides in improving operational efficiency and effectiveness across the organization. While it's still too early in the process to introduce a complete go-forward strategy, I would like to share what we've been doing to put together a strategic plan that we believe will significantly increase shareholder value and maximize the potential of our business.

The management team and the Board of Directors have been looking at our businesses with fresh eyes, analyzing our strengths as well as our weaknesses and the areas that we can improve upon. I've always believed that before we can begin reengineering our processes, we need to invest in our employees and foster a culture of accountability and transparency across our organization.

During my visits to our facilities, I've heard some great ideas from our team about how we can continue to do better for our customers while creating a culture that our employees are proud to give their best to. We have already begun taking their feedback into account and combining it with some operational best practices around scheduling, procurement and resource planning with a specific aim of improving throughput and asset efficiency.

Further, we are working toward capitalizing on the diverse experiences and relationships of our employees across our different businesses as we see many opportunities to work together to better service our customers and leverage our individual and internal strengths for the broader organization. My hope is that we can build on some of our early wins to create a renewed sense of alignment throughout the organization and have us functioning as one unified team.

During this period, it has become clear to me that there is tremendous value in the high-quality products and services we offer in our Metals and Chemicals Segments. As I gain further understanding of the intricacies of this company, I'm left even more encouraged by its potential. At the end of the day, our business is fairly simple. We produce pipe and tubing for a variety of commercial industries and create, manufacture and blend chemicals for various applications, including many that offer important environmental solutions. There is a significant amount of value this company already has to offer, so it's going to be incumbent on us as a management team to maximize all of our resources to ensure every operating business is best positioned to succeed.

In our Metals Segment, we have 3 businesses that are leaders in their respective specialties. Our welded pipe and tube reporting unit includes BRISMET, which is the largest domestic manufacturer of stainless welded pipe; and American Stainless Tubing, which is the most well-regarded brand and high-end ornamental stainless-steel tubing. We also have Specialty Pipe & Tube, which is the leading U.S. distributor of large-diameter, heavy wall seamless pipe and tubing. These businesses service a variety of industries, several of which we anticipate to rebound from the effects of the pandemic. As we continue to evaluate what we can do to maximize the potential of these 3 operating businesses, they will continually be supported by a dedicated group of employees who are committed to providing the best service possible to our customers.

And in our Chemicals Segment, one of which I'm sitting at today, Manufacturers Chemicals manufactures lubricants, surfactants, defoamers, reaction intermediaries and sulfated fats and oils through proprietary product development and manufacturing processes. And we also have CRI Tolling, which provides outside manufacturing resources to produce quality finished goods for large global chemical companies. Both of these businesses serve a wide range of end markets, including paper, carpet, textiles, metals and mining, agriculture, petroleum and automotive.

While our Chemicals Segment is still a relatively minor portion of our revenue, it does have a better margin profile than our Metals Segment, an advantage we hope to better leverage and capitalize on as we move forward. We believe this segment offers our current customers a tremendous amount of value, and we are just scratching the surface in terms of its capabilities for additional products and services across various end markets.

Most importantly, and I want to make sure that I emphasize that this applies across to both of our segments, we are very focused on growth and there is no question that we can operate more efficiently. This will have the dual effect of not just improving our margins but also providing the opportunity to improve throughput and create additional opportunities to further support our businesses by increasing capacity where warranted.

Though we see a cost structure that can be optimized, I want to be very clear that we are not planning on cost cutting our way to prosperity. Everything we do across our corporate infrastructure will be enacted with a primary goal of setting up our businesses for profitable growth.

Although we have so much to do, we are energized by the potential in our businesses, and we believe there are many growth and margin opportunities for us to work towards. We also look forward to further building out our strategic road map, which will include opportunities for growth that is both organic and through acquisitions. We are moving this business in the right direction and are committed to providing value-added solutions to our customers that can drive profitability and return the company to growth.

Before taking questions, I'd just like to thank our employees again for their dedication to Synalloy. You have been incredibly welcoming, engaging and open-minded as we work together to improve our company. For those that I have not yet met, I look forward to getting to know each and every one of you. Operator, we'll now open it up for Q&A.

Question and Answer

Operator

[Operator Instructions] And our first question will come from [David Siegfried].

Unknown Attendee

Congratulations on the new credit facility. It's nice to see. So just a question here. I noticed with the changed lenders, how much are you saving each month on interest expense with the new flexibility that you have?

Christopher G. Hutter

Interim President, CEO & Director

Sally, that may be a question for you.

Sally M. Cunningham

Senior VP & CFO

And that's a great question. I don't have that exact number off the top of my head right here, but I can tell you that our interest rate is lower. So there is significant savings going forward. I just don't have the exact number in front of me.

Unknown Attendee

Okay. Yes, no problem. Another question. So I noticed in the credit agreement, it mentions that you could make acquisitions up to \$25 million, not to exceed \$100 million over 4 years. So I guess, Chris, in conjunction with your comments, we could expect, at some point, some inorganic acquisitions. Is that kind of what I read into it?

Christopher G. Hutter

Interim President, CEO & Director

Yes. We want to obviously plan for the future and provide -- the goal of the new credit facility was to provide Synalloy with as much flexibility as possible for our future growth. And they were willing to accommodate an already prenegotiated bucket for acquisition opportunities versus having to go through and re-amend the loan agreement and incur amendment fees. We just wanted to say, hey, give us some flexibility to accomplish our mission should something be attractive to the Board for a growth opportunity.

Unknown Attendee

Yes, that makes sense. Good. Now I noticed headquarters is in Richmond, 275 miles from any manufacturing facility. Any plans to consolidate corporate infrastructure? It seems like maybe a good place to start. Is that something that's been considered?

Christopher G. Hutter

Interim President, CEO & Director

Yes, it's a great question. There's a very large dedicated team at Richmond that Sally has built that is functioning extremely well. Obviously, with the pandemic, the world has moved to somewhat of a remote structure. And the functions of our finance, accounting, HR, IT team are centralized in Richmond and operating efficiently at the moment.

Unknown Attendee

Got it. Okay. No, that makes sense. Full year 2020 EBITDA was \$9.2 million. So in a better business cycle, are you comfortable giving us like a reasonable goal as to what we could expect in an improving business cycle?

Christopher G. Hutter

Interim President, CEO & Director

Yes, it's a great question. Obviously, with -- there's improving general economy with the pandemic, I would say, winding down. And you have, on our Metals Segment, a tailwind in overall commodity pricing increasing. So I would -- without giving a specific number, I would say that conditions are ripe for improved performance in '21.

Unknown Attendee

Good. I don't want to take all the questions here but I do have a few more. Can I give you some more questions?

Christopher G. Hutter

Interim President, CEO & Director

Go ahead, David.

Unknown Attendee

Okay. So I noticed CRI Tolling, they're at 50% capacity, if I remember correctly in previous calls. So is there a renewed focus to like pursue toll manufacturing so that we have more of our capacity being used and that fixed expense being taken advantage of?

Christopher G. Hutter

Interim President, CEO & Director

That's a timely question for me since I'm sitting here at Manufacturers actually right now and really looking at our product mix for what we are producing and whether it's a reaction or a blend and what we can do with CRI. It's definitely -- there are significant opportunities to have our 2 Chemicals businesses work more streamlined together. And that's why I'm here on the floor, just really looking under the covers on what we can do to optimize our asset efficiency and throughput and utilization.

We do have a tremendous asset base here that can create a lot of great products. And the R&D team at both facilities are dedicated to coming up with products and solutions for our customers that we just have to go out and sell it and earn the business. And I'm fully confident we'll be able to do that.

Unknown Attendee

Got it. One of the competitors to Synalloy, Olympic Steel mentioned, I don't know, a week or 2 ago that they were having some shortage in trucking and there's some challenges connected with that. Has Synalloy been able to -- has there been any optimization in like freight logistics with UPG being able to use some of their trucking? Is there any -- I mean have you run into that same problem that Olympic Steel mentioned? Or are we -- how are you doing in that area?

Christopher G. Hutter

Interim President, CEO & Director

I would say -- I mean I guess that's a couple of questions there.

Unknown Attendee

Yes, it is.

Christopher G. Hutter

Interim President, CEO & Director

Synalloy has not entered into any agreement with UPG, any shared service throughput or efficiency to date. So with respect to Synalloy's logistic needs, and I don't know what Mr. Siegal said at Olympic, but there is a supply constraint with flatbed trucking, which is our primary use in our Metals Segment.

Chemicals Segment, it's more our -- for tolling or freighting for third-party customer freight. So they're really negotiating the freight in an outbound of our plants. But we haven't seen -- that has not been the constraint of our business for us.

Unknown Attendee

Okay. All right. With all the emphasis toward green energy, does Synalloy have any product that they could sell into those initiatives?

Christopher G. Hutter

Interim President, CEO & Director

Yes, it's funny. Again, a very -- another timely question. It's almost you're sitting here with me, it feels like. There is -- our surfactant business is a product that goes into a significant amount of green chemicals. And while I was talking to one of our lab technicians, there's a large backlog growing of surfactants and the application of surfactants, whether it be antimicrobial for clothing, antimicrobial for surface applications, whether it be glass cleaners, table cleaners. Obviously, sanitizer was a large pickup and tailwind in the business last year. So absolutely, the world has a heavy focus on that.

Unknown Attendee

Got it. Maybe just 1 or 2 questions more. So I noticed in the 10-K as of December 31, 526 employees. With your cost containment measures, will that affect Synalloy's ability to execute in an improving business cycle?

Christopher G. Hutter

Interim President, CEO & Director

No, absolutely not. I would argue that, again, as I mentioned earlier, we're not going to cost cut our way to prosperity. We are going to invest in the right people, processes. And that is what our primary focus is, finding the -- eliminating the operational inefficiencies and the costs associated with that and redeploying that into productive uses to increase our margin profile and uncover additional business opportunities.

Unknown Attendee

That makes sense. And then just one other thing. Nickel is up 13% in the fourth quarter. It went even higher through March. I know it's corrected some recently. But I think that probably helps with inventory profits, I would think, in first quarter. But how -- have you -- has the team figured out a hedging strategy so that we're not -- we don't have inventory losses quarter after quarter after quarter?

Christopher G. Hutter

Interim President, CEO & Director

Yes, that's an interesting question. Again, I want to level set on nickel. Nickel is a component in our stainless products. But when you look at the percentage of nickel within the products, it's not a significant driver of inventory increases or decreases. The global commodity market, and you look at hot-rolled or cold-rolled steel, is a large driver of that. And the additional thing that we have and can pass through, it does become a timing issue, is the surcharges that we either pass through from the mill and we pass through to our customers or not.

So at the end of the day, regardless of nickel prices -- if you look back in history, nickel was \$50,000 a ton. It's \$16-ish thousand a ton today. Our job is to have the right inventory on the floor, in the production queue and out to our customers on time so we can minimize -- regardless of the market condition, we can minimize the effects of global commodity prices on our income statement and balance sheet.

Unknown Attendee

That makes sense. Well, that's all I have. Good hearing your voice and look forward to months ahead.

Christopher G. Hutter

Interim President, CEO & Director

Thanks, David. Have a great night.

Sally M. Cunningham

Senior VP & CFO

And David, just to circle back on one of your earlier questions, the interest savings per month is approximately \$100,000 per month.

Operator

And your next question will come from Mike Hughes with SGF Capital.

Michael E. Hughes

SGF Capital Management, LP

First one, the prior management team said during a good cycle EBITDA cut approach, I think they said \$40 million. And I assume Palmer accounted for maybe \$5 million of that. So does \$35 million, does that still seem like a right number to you in a good environment for EBITDA?

Christopher G. Hutter

Interim President, CEO & Director

Mike, thanks for the question. Obviously, we want to maximize our EBITDA in any cycle. And in order to give you a specific number -- and I can't speak to the prior management and how they calculated that number, but we are positioned to significantly improve our EBITDA with the business improvements and operational efficiencies and working capital management that we are implementing. I can -- I can't give you the exact number at this point, but I can tell you for strategic division, strategic -- for strategic throughput, it should improve.

Michael E. Hughes

SGF Capital Management, LP

Okay. Do you have any forward-looking metrics like backlog that maybe bottomed out that you'd be willing to provide?

Or have they -- maybe they have not bottomed out at this point?

Christopher G. Hutter

Interim President, CEO & Director

I can -- regarding our fourth quarter backlog, there is, what I would define, a significant improvement in backlog. But at the end of the day, in any business, it's what product -- what are you actually delivering to customers that count. So the product delivered to customers, what generates revenue, not backlog. But backlog has -- yes.

Michael E. Hughes

SGF Capital Management, LP

And are you referring sequentially or year-over-year?

Christopher G. Hutter

Interim President, CEO & Director

From third quarter to fourth quarter.

Michael E. Hughes

SGF Capital Management, LP

Okay. And I assume you mean on a volume -- on a unit basis, not in dollar terms because you just purely would have benefited from higher nickel and higher steel in the fourth quarter. Is that correct?

Christopher G. Hutter

Interim President, CEO & Director

Correct. I think, Sally, you may be able to answer the sequential problem -- the sequential question with Q4 of '19 to Q4 of '20 or we may have to ask Mike to get you that answer.

Sally M. Cunningham

Senior VP & CFO

Yes, yes. I'll have to get back to you with that answer. We can certainly do that.

Michael E. Hughes

SGF Capital Management, LP

Okay. That's fine. One of your private competitors has, I think, taken 3 base metal price increases over the last few months. Have you done the same?

Christopher G. Hutter

Interim President, CEO & Director

Yes. We're looking at pricing, giving -- I'm sure you're aware of what's going on with ATI and their coil group and 2 primary domestic producers [indiscernible]. We're looking at pricing on a daily basis. We're passing through pricing as fast as we're seeing it come through to us. So if we have a pass-through pricing daily, we'll pass it through daily.

Michael E. Hughes

SGF Capital Management, LP

Okay. And then a lot of manufacturers are having a difficult time attracting and retaining employees. So what's your employee retention look like? And is there any unusual wage inflation that we should think about for this coming year?

Christopher G. Hutter

Interim President, CEO & Director

Yes. We're not seeing significant wage inflation. I would say our -- the ability to hire and retain talented employees is a challenge everywhere. For employees specifically in certain markets, it's more difficult depending on the employer base around a plant. And we are having some issues finding and keeping and retaining talent where it's a highly competitive market. In terms of wage inflation, we don't see it with the standard cost of living situation that we're seeing right now.

Michael E. Hughes

SGF Capital Management, LP

Okay. And then just 2 more questions for you. I think in the 10-K, it stated that you reauthorized a buyback on February 17. So what's your ability to buy back stock at this point?

Christopher G. Hutter

Interim President, CEO & Director

If you look, we do have some restrictions in our loan agreement in terms of the amount we can buy back. And that's obviously subject to our availability within our revolving credit agreement. So there is capacity should the Board and -- decide to pursue some buybacks.

Michael E. Hughes

SGF Capital Management, LP

Is there like a restricted payments basket? Is that how it works?

Christopher G. Hutter

Interim President, CEO & Director

Yes. But I would have to give you the exact amount in terms of what the number is.

Michael E. Hughes

SGF Capital Management, LP

Okay. And then my last question is kind of a follow-up to one of the prior questions. I think in the 10-K, it indicates that just the fluctuations in nickel last year resulted in an unfavorable operating impact of \$5.3 million, and the prior year was \$6.4 million. There's a big move-up in nickel in the fourth quarter, and then as you pointed out, an even larger move-up in steel. So does that kind of reverse itself in the first quarter? I remember over the last few years when nickel would run or steel would run, you'd have that big inventory profit. So does that happen in the first quarter? Or has the accounting methodology changed?

Christopher G. Hutter

Interim President, CEO & Director

There's typically a tail on it in terms of either a price increase or price decrease in obviously steel or nickel. So as we're cycling through that, and if you have inventory on the floor that you're selling, you're selling that into a higher market given the general commodity pricing. So you typically see that anywhere from 3- to 6-month lag in terms of the reflection on the income statement.

Michael E. Hughes

SGF Capital Management, LP

Okay. So you should be sitting on a better first half, hopefully, as long as demand holds up?

Christopher G. Hutter

Interim President, CEO & Director

Demand is very robust right now.

Michael E. Hughes

SGF Capital Management, LP

And what about on the -- because we've been focusing on the metals side. Can you -- what about just demand on the Chemicals side?

Christopher G. Hutter

Interim President, CEO & Director

It's similar. It's -- the amount of opportunities we're seeing from new customers and existing customers. The Chemicals business from a tolling standpoint saw a reduction in volume when all of our customers increased their internal capacity because of their overall reduction in demand. Now as demand is increasing, they're limited to their production capacity. That's when manufacturers and CRI start to see a tremendous amount of opportunity because we have capacity to help solve our customers' needs.

Michael E. Hughes

SGF Capital Management, LP

Okay. Good. One last one for you. Just do you have a CapEx number for 2021?

Christopher G. Hutter

Interim President, CEO & Director

We do have an approved CapEx number. Sally, you may have that in front of you.

Sally M. Cunningham

Senior VP & CFO

Yes. The approved CapEx number is \$4 million for 2021.

Operator

And your next question will come from Charles Gold with Truist.

Charles Gold

Chris, just one question. Thank you for stepping into the job and keeping the esprit de corps on the uptick and getting the company ready to take advantage of the opportunities that will come with the stimulus and hopefully an infrastructure bill.

My question involves your title. It has interim before your title. And what is the game plan? I know you can't hit the exact date, but what is the Board's goal in having a permanent CEO?

Christopher G. Hutter

Interim President, CEO & Director

Thanks, Charles, and I hope you're doing well. I appreciate the question. As you know, that's not up to me. It's up to the Board. What I can tell you is I'm having an absolute blast and loving every day and working my tail off here and really love the people at Synalloy. As we continue to make progress, and obviously, I'm a major shareholder, I'll be actively involved in working with the Board to assess what makes the most sense for long-term value creation. So there hasn't been an immediate direction given yet.

Charles Gold

So are you saying there's a possibility that you could become the permanent CEO if the Board asked you?

Christopher G. Hutter

Interim President, CEO & Director

If the Board likes me enough, yes. And I'm loving it so it's -- obviously, I have to perform.

Operator

[Operator Instructions] And your next question comes from the line of Charles Neuhauser with Mainwall Investment.

Charles W. Neuhauser

Mainwall Investment Management, LLC

You have -- there was a lot of time and money spent on the proxy contest. And I assume that you must have had to provide fairly detailed projections to the bank to get your new credit line established. You've said that you've come into the job and you feel that you see things are better than you thought maybe 6, 9 months ago. I can't remember exactly what you said, but that was the gist of your comment.

And so I don't understand why you're having difficulty quantifying the margin potential, earning power, upside, whatever that you're looking for to make all this time and effort worthwhile. I'm sure a \$9 stock price is not what you would consider desirable. And so the question becomes, when are you going to feel comfortable putting some numbers out in the public realm to get people to come to the same conclusions that the company's stock is undervalued and a desirable investment?

Christopher G. Hutter

Interim President, CEO & Director

Yes, Charles, that's a great question. And I've been a leader that -- I've got to understand and thoroughly investigate and confirm and validate what we believe. And if you've read the presentations that were released last year, I firmly stand by those numbers. We obviously have Gateway involved here as our new IR firm. We are planning roadshows, getting more investors excited about the business.

And -- but at the end of the day, we need to build credibility. And I want to make sure that we can deliver the results that we say. And once we say them, I need absolute confidence that I can deliver on those numbers. And I don't think we're talking years from now for giving specific numbers and guidance. I think we're talking quarters from now. So I'm fully committed to getting us to a point where we can provide more future clarity on EBITDA guidance for all of our investors,

including myself as a major shareholder.

Operator

And your next question comes from the line of Ronald Braam.

Ronald Braam

Chris, welcome to Cleveland, Tennessee. As you may know, I was the former owner of Manufacturers Chemicals, and I served as CEO from 2006 until 2011 for Synalloy. I think the things that you're doing are a breath of fresh air, and I appreciate you being where you are and the new Board.

One of the comments I wanted to make regarding the Chemical business, which, as you know, has been a solid performer since we sold the business to Synalloy in 1997. We have 3 types of business: toll, chemical intermediates to other chemical companies and then to the end users. And the profitability gets better as you go down the line to finally the end users.

So my question is, given the current situation regarding the sales force at Manufacturers Chemicals and CRI, are there plans to intensify the sales force by addition of some good folks? It's a very sales-intensive business, as you're finding out, compared to the steel business. We had many, many competitors, and so it's very important that there's a strong sales effort.

Christopher G. Hutter

Interim President, CEO & Director

Yes, Ronald, that's obviously a great question. And this is an unbelievable business with -- I've probably talked to 15 individuals today that were employed by you when you owned the business. And the longevity of the workforce here, the commitment of the workforce here and the passion they have, I mean, this is a team, and really everywhere I've seen at Synalloy, they have the will to win. And it's extremely exciting to be around a group of energetic people like that.

But I think you're absolutely right. We have to have truly a reinvigorated sales effort within the business. The sales cycle is completely different here. There is a lot of process that goes into it from customer acceptance to having their chemists approve product. And there is a long lead time. So there is going to be a renewed effort in customer -- new customer growth, customer retention and overall customer service that we are going to put into the Chemicals business.

Ronald Braam

That's wonderful news.

Christopher G. Hutter

Interim President, CEO & Director

I'd love to meet you one day. Next time I'm down here, I'd love to meet you.

Ronald Braam

Okay. That sounds like a good plan. I'd love to meet you, too. I've had lots of conversations with Ben over the last few months, but look forward to meeting you as well.

Christopher G. Hutter

Interim President, CEO & Director

Thanks, Ronald. Same here.

Operator

I'm not showing any further questions at this time. This concludes our question-and-answer session. I would now like to turn the call back over to Mr. Hutter for closing remarks.

Christopher G. Hutter

Interim President, CEO & Director

Great. Thank you. Well, we'd like to thank everyone for listening to today's call, and we look forward to speaking with you again when we report our first quarter 2021 results in May. Now I'm going to get back to work. Everyone, have a good night.

OperatorLadies and gentlemen, this concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.

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