

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): September 28, 2017



**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: **(864) 585-3605**

**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 7.01. REGULATION FD DISCLOSURE

Synalloy Corporation (the “Company”) prepared presentation materials (the “Presentation”) that management presented on September 28, 2017 at the Sidoti & Company Fall Conference in New York, New York. The Company may use the Presentation, possibly with modifications, in presentations from time to time to current and potential investors, analysts, lenders, business partners, acquisition candidates, customers, employees and others with an interest in the Company and its operating businesses.

The Presentation is posted as an investor presentation to the Company’s website at <https://synalloy.com/presentations>. A copy of the Presentation is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The Presentation includes financial information not prepared in accordance with generally accepted accounting principles (“Non-GAAP Financial Measures”). A reconciliation of the Non-GAAP Financial Measures to financial information prepared in accordance with generally accepted accounting principles (“GAAP”), as required by Regulation G, appears as Exhibit 99.2 to this Current Report on Form 8-K. The Company is providing disclosure of the reconciliation of reported Non-GAAP Financial Measures used in the Presentation, among other places, to its comparable financial measures on a GAAP basis. The Company believes that the Non-GAAP Financial Measures provide investors additional ways to view our operations, when considered with both our GAAP results and the reconciliation to net income provided by operating activities, which we believe provide a more complete understanding of our business than could be obtained absent this disclosure. We believe the Non-GAAP Financial Measures also provide investors a useful tool to assess shareholder value.

The information contained in the Presentation is summary information that should be considered in the context of the Company’s filings with the Securities and Exchange Commission and other public announcements the Company may make by press release or otherwise from time to time. The Presentation speaks as of the date of this Report. While the Company may elect to update the Presentation in the future to reflect events and circumstances occurring or existing after the date of this Report, the Company specifically disclaims any obligation to do so.

The information in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2 attached hereto, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, unless the Company specifically states that the information is to be considered “filed” under the Exchange Act or specifically incorporates it by reference into a filing under the Securities Act of 1933, as amended, or the Exchange Act. The furnishing of this information hereby shall not be deemed an admission as to the materiality of any such information. The Presentation contains forward-looking statements. See Page 2 of the Presentation for a discussion of certain forward-looking statements that are included therein and the risks and uncertainties related thereto.

## ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

### (c) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Synalloy Corporation Investor Presentation in use beginning September 28, 2017 (furnished only)
99.2	Non-GAAP Financial Measures Reconciliation Table (furnished only)

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**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: October 4, 2017

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**Exhibit Number**

**Name**

[99.1](#) [Synalloy Corporation Investor Presentation in use beginning September 28, 2017](#) (furnished only)

[99.2](#) [Non-GAAP Financial Measures Reconciliation Table](#) (furnished only)

# Synalloy

Sidoti & Company  
Fall Conference



September 28, 2017

**Synalloy**  
**Metals**

**Synalloy**  
**Chemicals**

## Forward-Looking Statements

This Presentation 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.

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## Non-GAAP Financial Information

Statements included in this Presentation include non-GAAP (Generally Accepted Accounting Principles) measures and should be read along with the accompanying tables which provide a reconciliation of non-GAAP measures to GAAP measures.

Adjusted Net Income (Loss) and Adjusted Earnings per Share are non-GAAP measures and exclude discontinued operations, goodwill impairments, Inventory Pricing Change, inventory cost adjustments, aged inventory adjustment, stock option / grant costs, acquisition costs, shelf registration costs, earn-out adjustments, Manufacturing Variances (See definition in Note 1, item c in the Synalloy Comparative Analysis statement), gain on excess death benefit, all (gains) losses associated with the Sale-Leaseback, casualty insurance gain and retention costs from net income. They also utilize a constant effective tax rate to reflect tax neutral results.

Adjusted EBITDA is a non-GAAP measure and excludes discontinued operations, goodwill impairments, interest expense, change in fair value of interest rate swap, income taxes, depreciation, amortization, Inventory Pricing Change, inventory cost adjustments, aged inventory adjustment, stock option / grant costs, acquisition costs, shelf registration costs, earn-out adjustments, Manufacturing Variances, gain on excess death benefit, all (gains) losses associated with the Sale-Leaseback, casualty insurance gain and retention costs from net income.

Management believes that these non-GAAP measures provide additional useful information to allow readers to compare the financial results between periods. Non-GAAP measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP.

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*IMPORTANT NOTE*

Throughout this presentation,  
“EBITDA” means Adjusted EBITDA  
as defined and reported by Synalloy

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## PRESENTERS



### **Craig C. Bram – *CEO & President***

Synalloy Board Member Since 2004

CEO & President Since Jan 2011



### **Dennis Loughran – *SVP & CFO***

Joined Synalloy in 2015

*Previous:* Citadel Plastics (CFO), Rogers Corporation (CFO), Alcoa, Reynolds Metals

*TODAY'S DISCUSSION*

Company Overview

Financial Performance

Investment Opportunity

Appendix 1: Bristol Metals Cover Story

Appendix 2: Synalloy Chemicals – Overview

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**Synalloy**

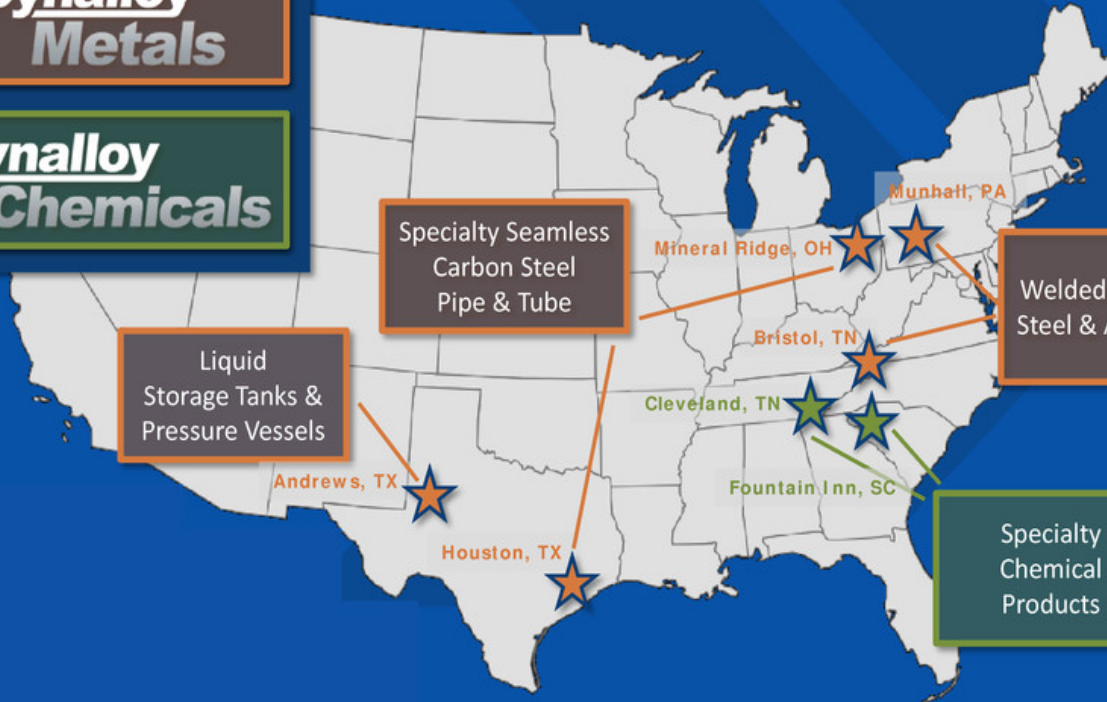
# Company Overview

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*HOLDING CO. FOCUSED ON MANUFACTURING & DISTRIBUTION*

**Synalloy  
Metals**

**Synalloy  
Chemicals**



*A family of metals and chemicals businesses  
with long operating histories and proven management teams*

# WELDED STAINLESS STEEL & ALLOY PIPE

**Synalloy**  
**Metals**



## Manufacturer "BRISMET"

Founded in 1946; Acquired in 1964

### *Synalloy's Legacy Metals Business*

Expanded in 2017 with acquisition of Marcegaglia – Munhall Operations  
Now largest producer of stainless pipe in North America

### *Differentiated By:*

Extensive range of (1) sizes, (2) materials, and  
(3) in-house capabilities

Invested \$5 million in Heavy Wall Capability in Dec 2016  
Only NA producer with Laser Mill capability up to 6" diameter

*Markets:* Chemical & Petrochemical, Oil & Gas, LNG,  
Nuclear, Energy, Water, Mining, Pulp & Paper, etc.

*Sells To:* Distributors and Selected End-Users



Bristol, TN



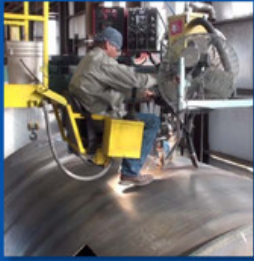
Munhall, PA

### *Representative Customers:*



# LIQUID STORAGE TANKS & PRESSURE VESSELS

**Synalloy  
Metals**



Manufacturer "Palmer of Texas"

Founded in 1987; *Acquired in 2012*

*Differentiated By:*

One-stop for steel tanks, fiberglass tanks,  
and ASME code vessels; semi-automated line for  
21'6" diameter steel tanks

API quality certified;

Permian Basin location

*Markets:* Oil & Gas, Chemical,  
Municipal Water, Aquarium & Zoological

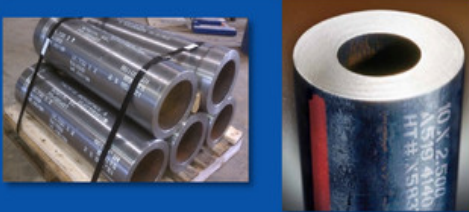
*Sells To:* End-Users

*Representative Customers:*



# SPECIALTY SEAMLESS CARBON STEEL PIPE & MECHANICAL TUBING

**Synalloy  
Metals**



Master Distributor "Specialty Pipe & Tube"  
Founded in 1964; *Acquired in 2014*

*Differentiated By:*

The go-to provider for large diameter, heavy wall  
hot finish seamless carbon steel pipe & tube;  
Immediate availability of long lead-time items;  
Full line of Approved Materials List (AML) inventory

*Markets:*

Heavy Equipment, Capital Goods, Oil & Gas  
(any high pressure application)

*Sells To:* Distributors and Selected End-Users

*Representative Customers:*



# SPECIALTY CHEMICALS PRODUCTS



## Manufacturing and Product Development

### “Manufacturers Chemicals”

Founded in 1919; Acquired in 1996

*Synalloy’s Legacy Chemicals Business*

### “CRI Tolling”

Founded in 1993; *Acquired in 2013*

*Differentiated By:*

Expertise in surfactants, defoamers, lubricants and other widely applicable chemistries;  
Breadth of equipment and capabilities

*Markets:*

FIFRA, HI&I, Water Treatment, Oil & Gas, Paper, Textiles, Lubricants, Coatings

*Sells To:* Chemical Companies

*Representative Customers:*





## LARGEST INSTITUTIONAL SHAREHOLDERS *(as of 6/30/17)*

	<i>Holder</i>	<i>Shares</i>	<i>% of Outstanding</i>
	Privet Fund Management	948,997	10.9%
	Royce & Associates	640,452	7.4%
	Century Management	629,159	7.2%
	DePrince, Race & Zollo	466,574	5.4%
	Markel Corp	414,804	4.8%
	Dimensional Fund Advisors	375,954	4.3%
	Vanguard Group	299,609	3.4%
	22NW LP	223,695	2.6%
	Renaissance Technologies	156,319	1.8%
	GAM Holding AG	150,000	1.7%
	BlackRock	137,850	1.6%

Source: Official 13F Filings

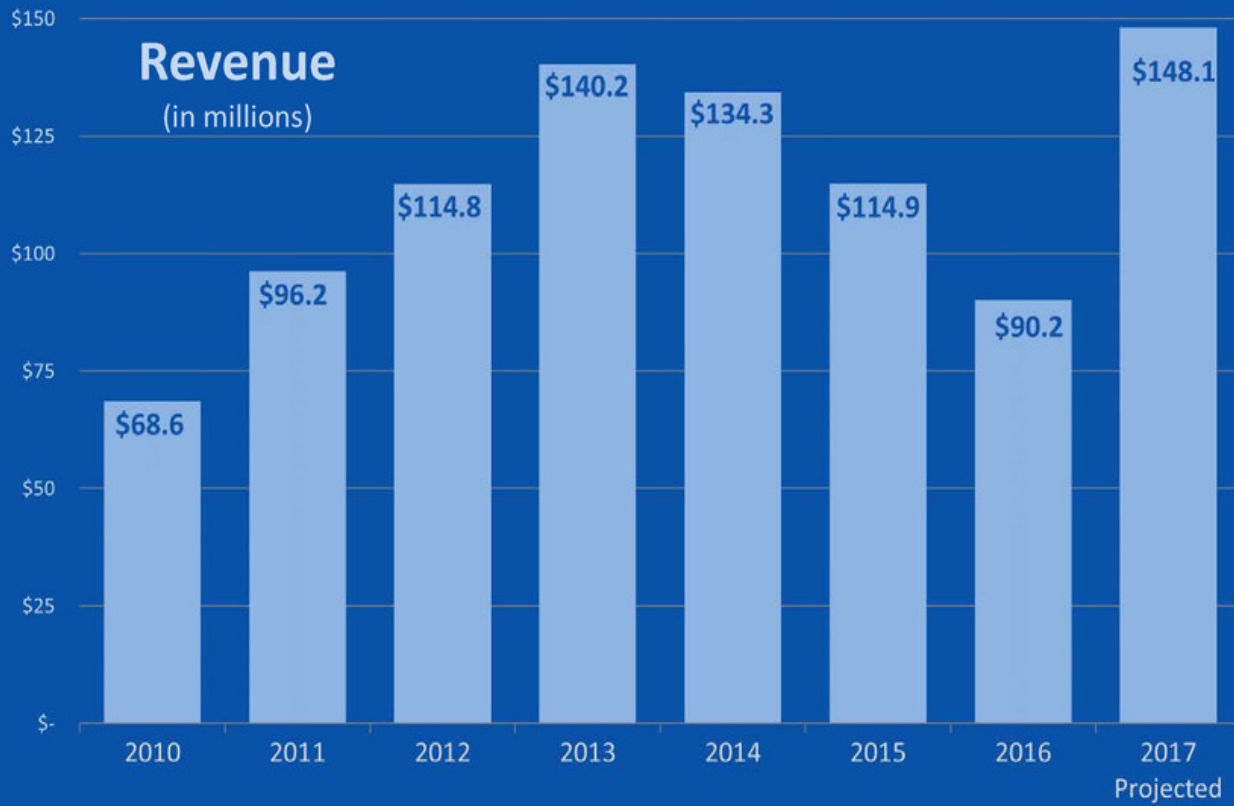
The logo for Synalloy, featuring the word "Synalloy" in a bold, italicized, sans-serif font. The "y" is lowercase and has a horizontal line through its middle. The text is white and set against a dark blue background.

**Synalloy**

Financial Performance

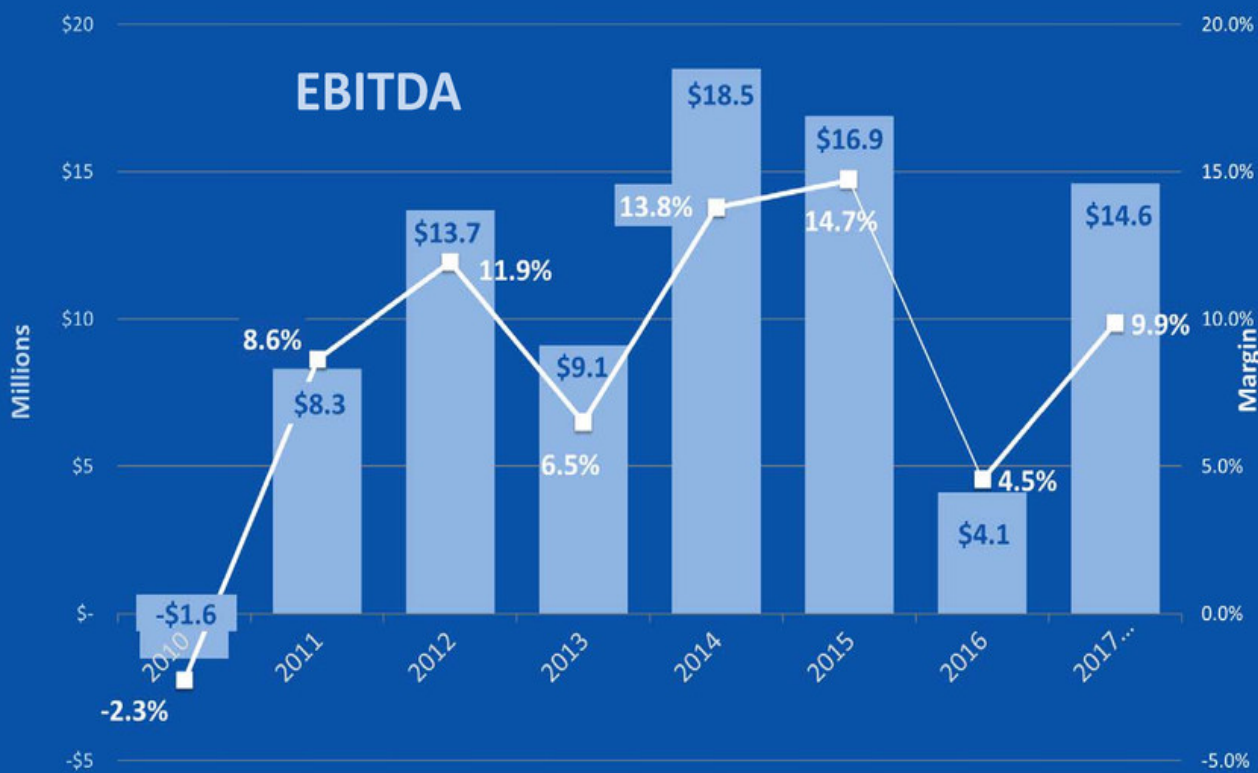
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# METALS SEGMENT REVENUE\*



\* Excluding discontinued Fabrication Division

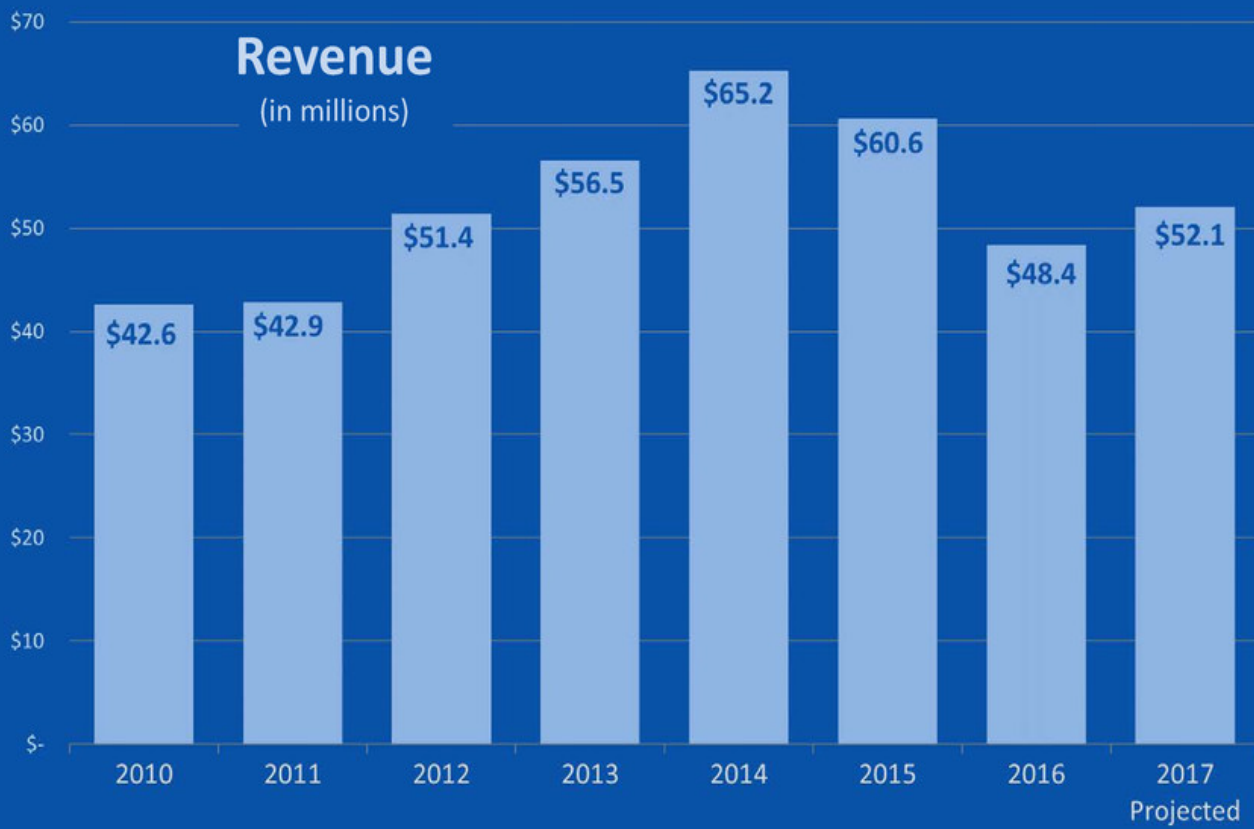
# METALS SEGMENT EBITDA\*



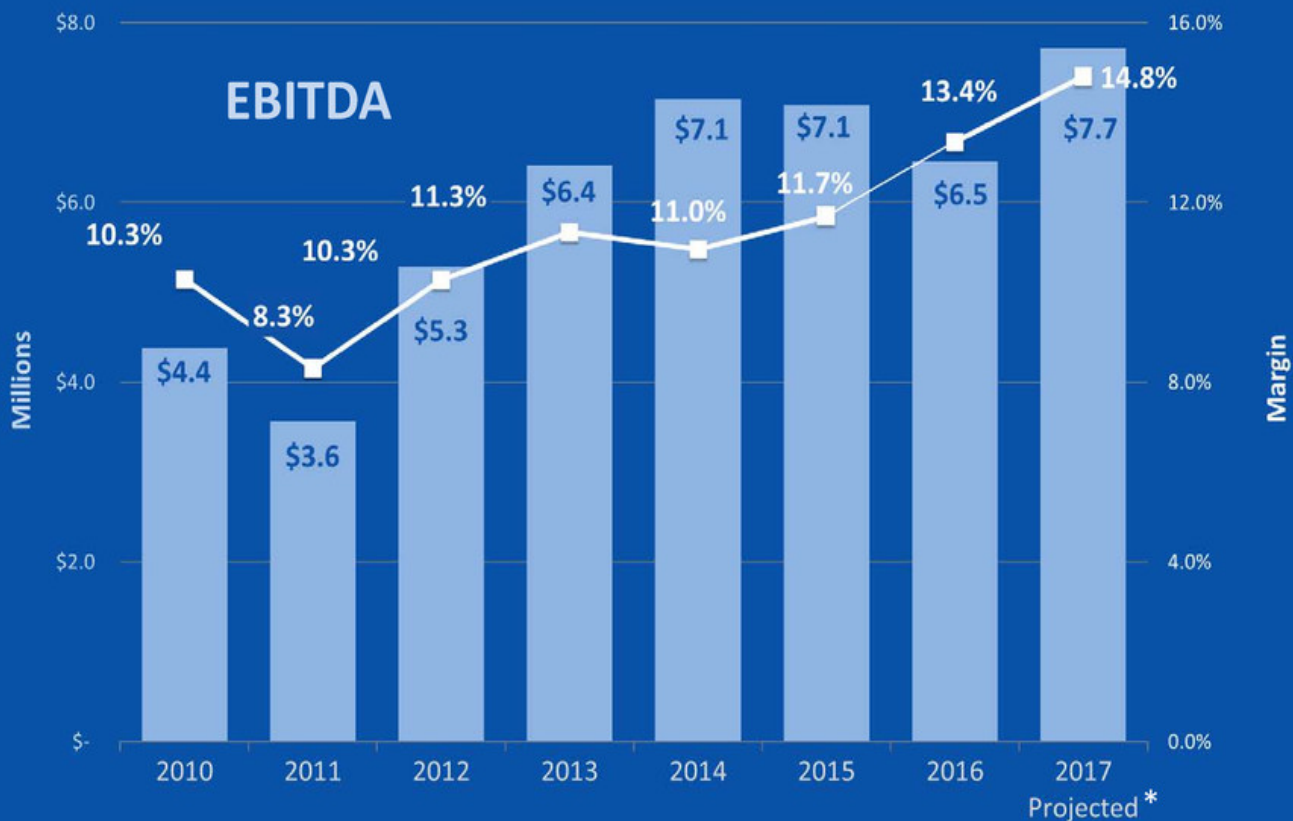
\* Excluding discontinued Fabrication Division

\*\* Compared to prior periods, 2017 and forward reduced by \$1.1 million as result of Sale Lease Back transaction in 2016

# CHEMICALS SEGMENT REVENUE



# CHEMICALS SEGMENT EBITDA



\* Compared to prior periods, 2017 and forward reduced by \$0.8 million as result of Sale Lease Back transaction in 2016

# SYNALLOY EBITDA *(excluding discontinued Fabrication Division)*



\* Compared to prior periods, 2017 and forward reduced by \$1.9 million as result of Sale Lease Back transaction in 2016

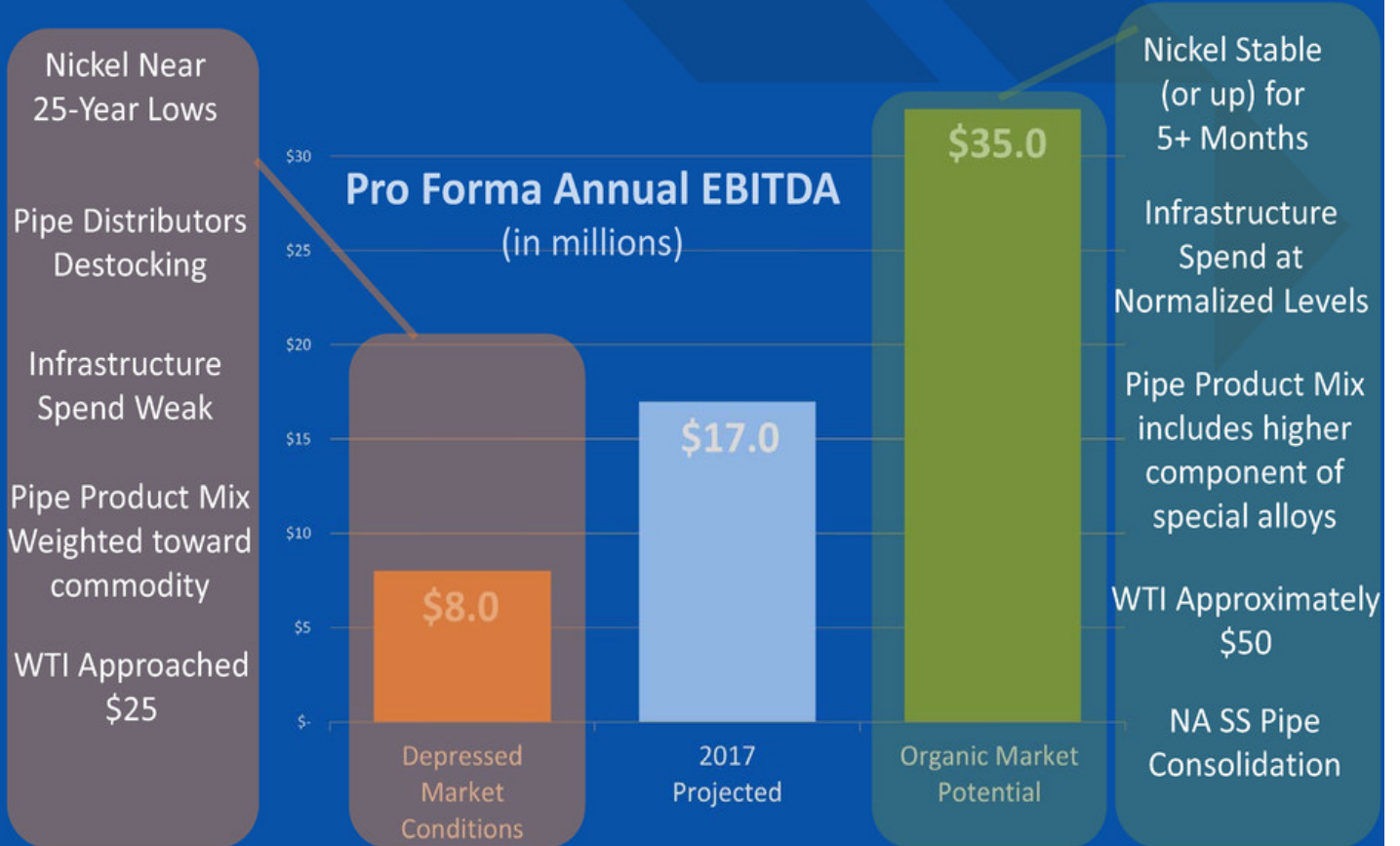
## PROJECTED 2017 FINANCIAL METRICS (at year-end)

EBITDA	\$17MM
Net Debt	\$20MM
Net Debt to EBITDA	1.18x
Book Value	\$94.2MM
<i>BV per share</i>	<i>\$10.82</i>
Tangible Book Value	\$77.2MM
<i>TBV per share</i>	<i>\$8.87</i>

*Balance Sheet Remains Strong;  
Sufficient Liquidity for Organic and Acquisitive Growth Plans*



# EARNINGS POTENTIAL



# EARNINGS POTENTIAL

EARNINGS POTENTIAL  
COMPONENTS 2017 to 2020 (In Millions)



The logo for Synalloy, featuring the word "Synalloy" in a bold, italicized, sans-serif font. The "y" is lowercase and has a horizontal line through its middle. The text is white and set against a dark blue background.

**Synalloy**

Investment Opportunity

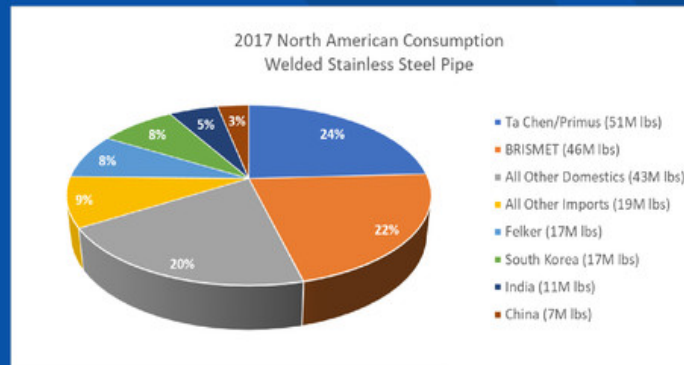
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## Organic Growth

- Consolidation in the NA SS Pipe Market
- Product Mix at BRISMET
- Product Line Extension at BRISMET – Heavy Wall
- Section 232 Impact
- Product Mix at SPT
- Product Line Extensions at Synalloy Chemicals

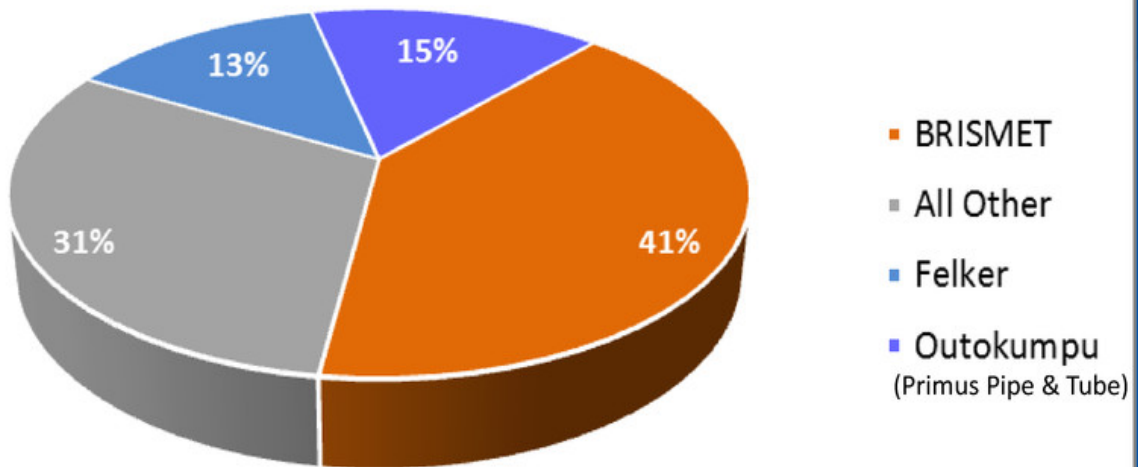
## Acquisitive Growth

- Benefits of BRISMET-Munhall and Small OD
- Targeting Acquisitions in the Chemical Segment



- **Outokumpu Divests Its Pipe Plant in Wildwood, FL to Ta Chen International for \$30M**
  - Ta Chen International is a master distributor of stainless, aluminum, duplex and nickel alloy products in the US including coils, sheets, plates, welded pipe and seamless pipe. Ta Chen International is part of a Taiwan based listed company Ta Chen Stainless Pipe
  - Ta Chen renamed the Wildwood facility to Primus Pipe and Tube
  - Ta Chen plans to use excess capacity at Primus to produce ornamental tubing, squares, rectangles and other shapes
- **Resulting New Stainless Steel Pipe World Order**
  - Ta Chen/Primus – 24% of 2017 North American Consumption
  - BRISMET (Bristol & Munhall) – 22% of 2017 North American Consumption
  - Felker (including 5M pounds of internal FAB consumption) – 8% of 2017 North American Consumption

### 2017 Annualized North American Welded Stainless Steel Production

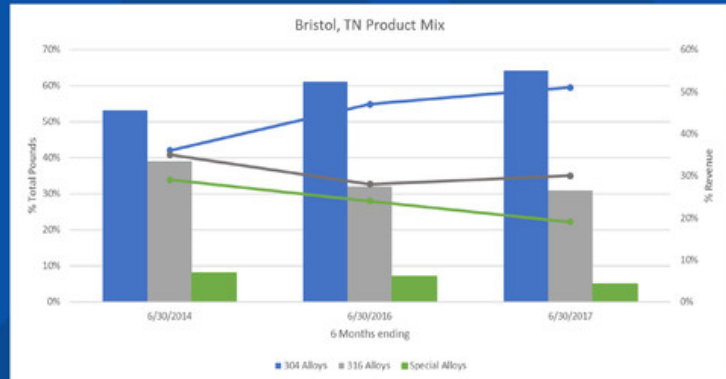


# PRODUCT MIX AT BRISMET

## Understanding Metals Product Mix Impact on Profitability

### BRISMET, Bristol TN Product Mix

- Product mix continues to be a drag on profitability
  - 304 Alloy – low contribution margin (\$0.70 per pound @ 6/30/17)
  - 316 Alloy – better contribution margin (\$0.77 per pound @ 6/30/17)
  - Special Alloy – high contribution margin (\$3.56 per pound @ 6/30/17)
  
- Focusing on Special Alloy:
  - Total Pounds have decreased by 106% from 2014 to 2017
  - Contribution Margin per pound has also decreased from \$3.99 per pound in 2014 to \$3.56 in 2017
  - Combination of total pounds and contribution margin decreases has \$3M EBITDA impact in 1H2017
  - End Markets: Heavy use in downstream energy projects



# EXPANSION INTO HEAVY WALL PIPE



*Product:*

Wall Thickness > 2"  
Stainless, Carbon, Chrome

*US Market Size:*

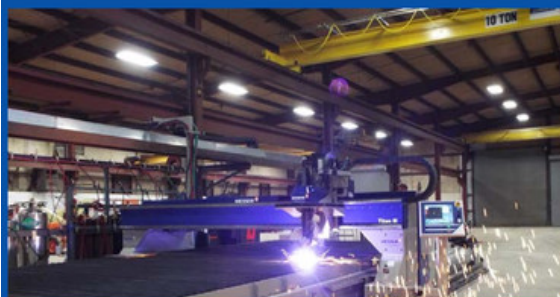
\$175 million

*Synalloy Investment:*

\$5.0 million

*Payback:*

< 24 months



*Completed:*

Q4 2016

*Key Equipment:*

Beyeler 4,000 Tonne Press Brake;  
Among the world's largest

*Other Benefits:*

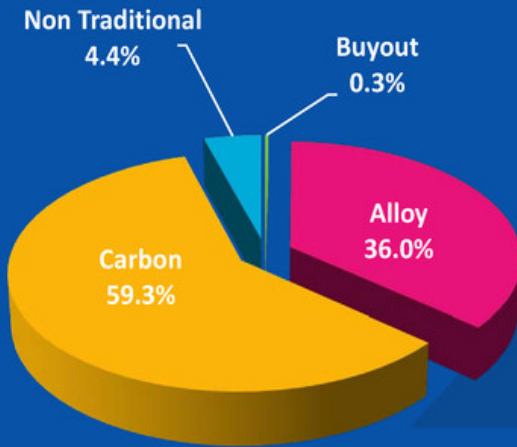
Quick turn delivery option  
on current product line

*Note: All dollar amounts are approximate figures*

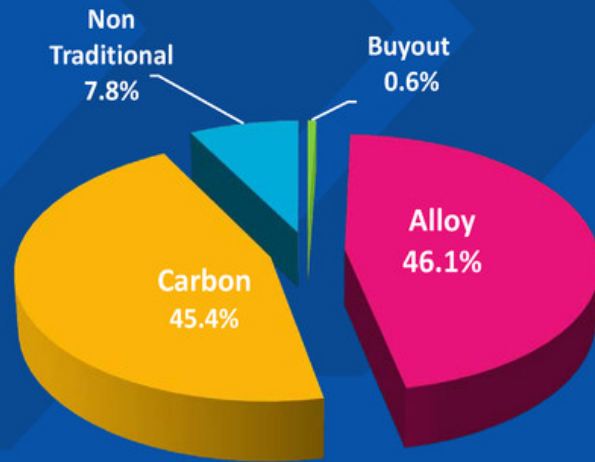


# SPECIALTY PIPE & TUBE – IMPROVING PRODUCT MIX PICTURE

2016



YTD 2017



*Higher % of more profitable Alloys  
Expanded share with Non Traditional*

## NEW PRODUCTS & EXPANDED CAPACITY

**Synalloy**  
**Chemicals**



*Signed new 3-Year tolling agreement with a global chemical manufacturer*

- *Fire Retardant for computer and telephone cable*
- *Production ramp up in late Q317*
- *Annual revenue estimated at \$7 million*
- *Additional products in testing with annual potential of \$2 million*



## ACQUISITIVE GROWTH

Four Acquisitions Since Aug 2012  
*Each EBITDA-Accretive in Year One*

*Purchase Price*

**\$83MM**

*(including earn-out potential)*

*2017 EBITDA*

**\$11.6MM\***

*(pro forma assuming full year  
with Marcegaglia Acquisition)*

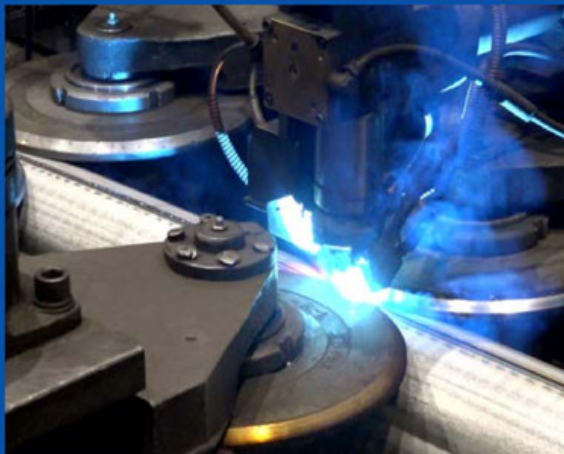
*\* Expected to reach \$16.6 million in  
more normalized market*

**1.18x Net Debt to EBITDA**  
*(projected year-end 2017)*

*Active and disciplined in M&A;  
Committed to balance sheet strength*

## ACQUISITION OF MARCEGAGLIA USA

**Synalloy  
Metals**



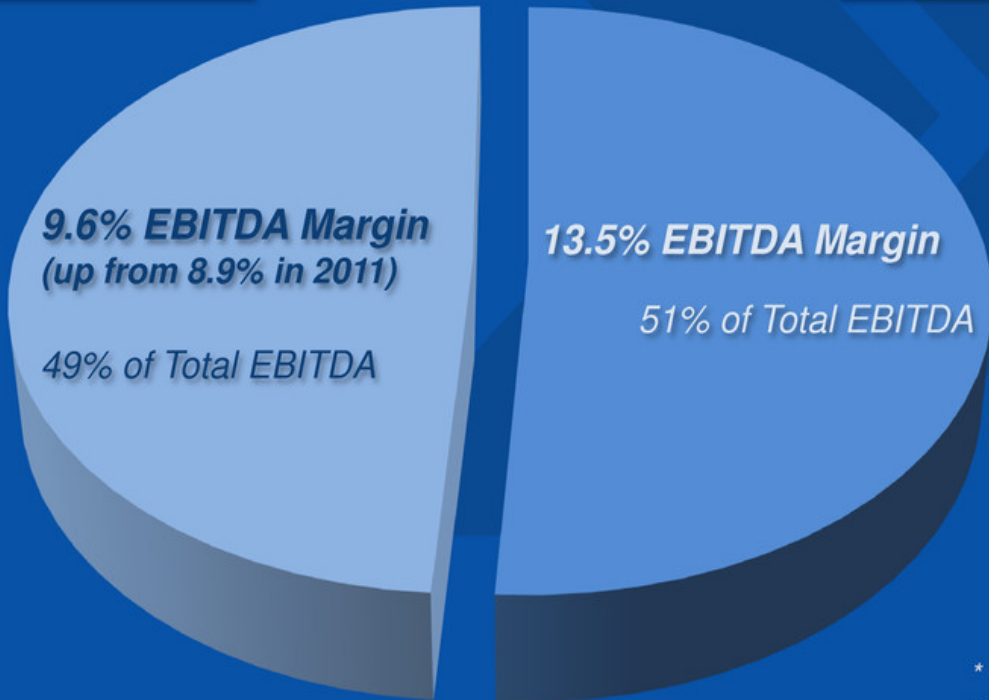
- Completed Acquisition – March 1, 2017
- Synalloy investment - \$20.2 million, primarily for equipment, working capital and earn out
- Doubles BRISMET's pipe and tube capacity
- Brings greater pricing discipline to the welded stainless steel pipe industry
- Enables Laser Mill manufacturing for 6" & under diameters
- 35% lower costs than TIG Mill for similar sizes

# MARGIN CONTRIBUTION – CURRENT PROJECTION

## 2017 EBITDA Composition & Margin

**Legacy Businesses**  
*(Continuing Operations)*

**Acquisitions\***  
*(Since 2011)*



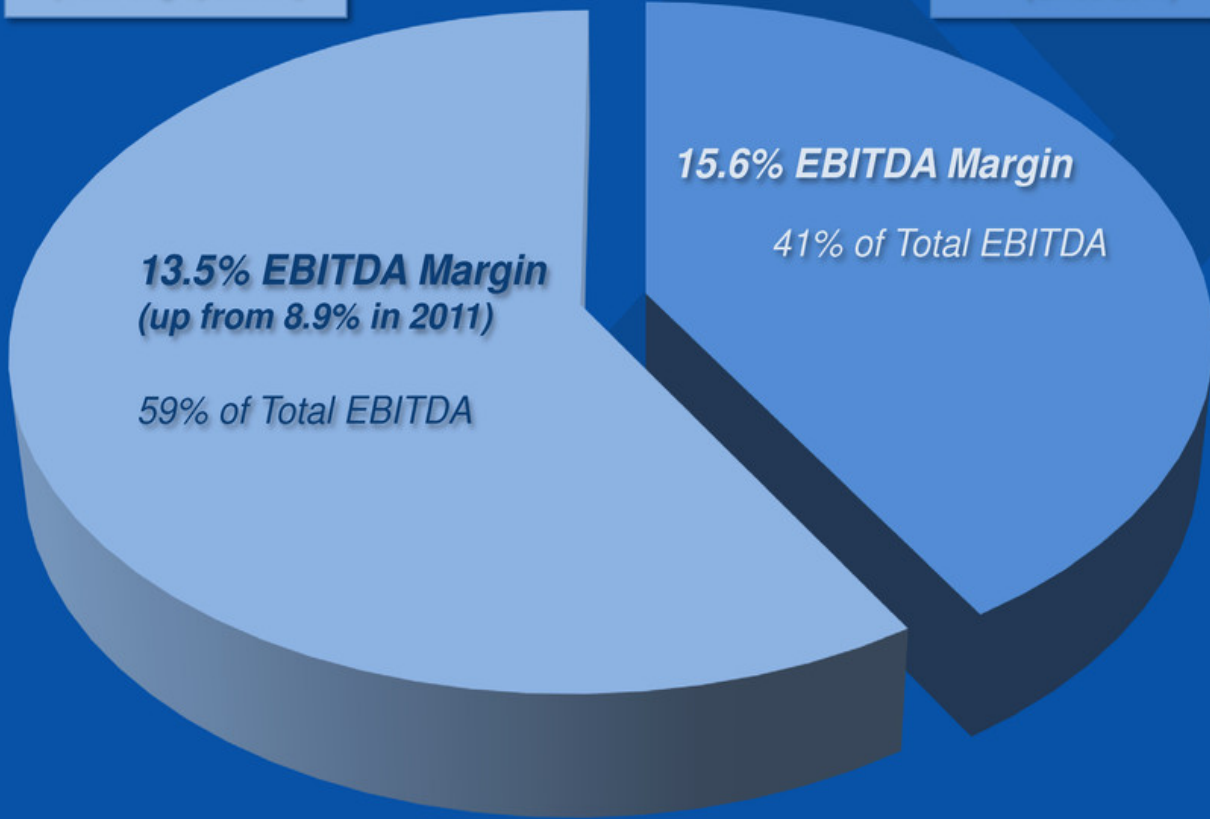
\* 2017 Pro forma  
assuming full year  
with Munhall

# MARGIN CONTRIBUTION – NORMALIZED MARKET

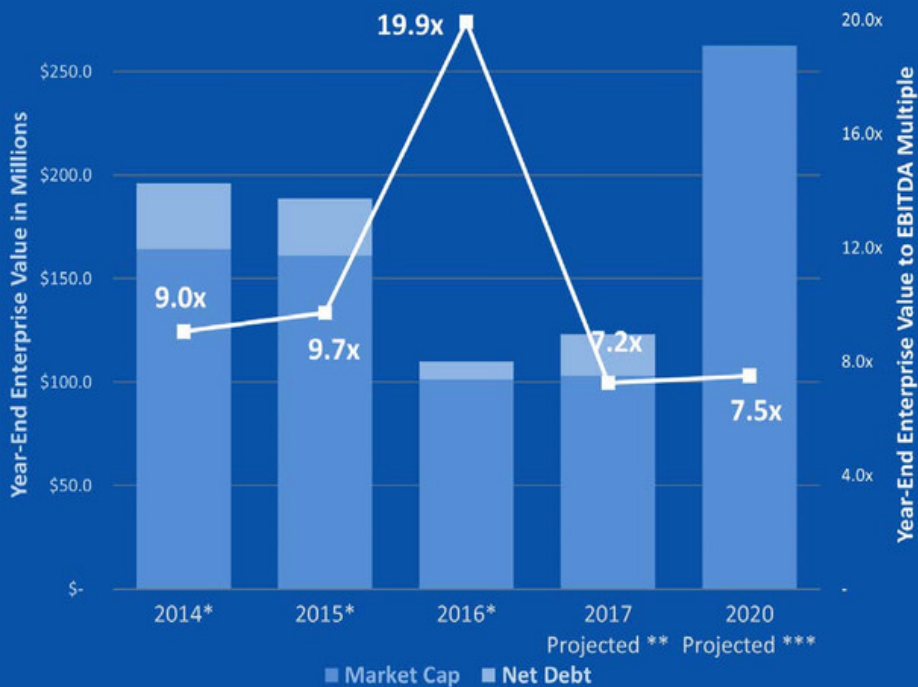
## 2020 PROJECTED EBITDA Composition & Margin

**Legacy Businesses**  
*(Continuing Operations)*

**Acquisitions**  
*(Since 2011)*



# ENTERPRISE VALUE & EV to EBITDA



	2014*	2015*	2016*	2017 Projected **	2020 Projected ***
EBITDA (As Reported Ex Disc Ops)	\$ 21.68	\$ 19.42	\$ 5.52	\$ 17.00	\$ 35.00
Annual High Stock Price	\$ 18.84	\$ 18.49	\$ 11.70	\$ 11.85 9/21/17 Close	\$ 30.16 Proj at 7.5x EV/EBITDA
Year-End Market Cap in Millions	\$ 164.2	\$ 161.1	\$ 101.2	\$ 103.1	\$ 262.5
Year-End Net Debt	\$ 32	\$ 28	\$ 9	\$ 20	\$ -
Year-End Enterprise Value in Million	\$ 196	\$ 189	\$ 110	\$ 123	\$ 263
Year-End EV to EBITDA Multiple	9.0x	9.7x	19.9x	7.2x	7.5x

- 2014 to 2016 Based on Annual High Stock Price
- \*\*2017 Based on 9/21/17 Close of \$11.85
- \*\*\*2020 Based on assumed EV to EBITDA of 7.5x



# Appendix 1: Stainless Steel World Cover Story

Bristol Metals: Expanding pipe, tube and global portfolio

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# BRISTOL METALS COVER STORY



WORLD  
**STAINLESS STEEL**

Annual Procurement Report 2017

Cover Story

**Bristol Metals LLC:**  
Expanding pipe, tube and global  
portfolio

[www.stainless-steel-world.net](http://www.stainless-steel-world.net)

# BRISTOL METALS COVER STORY

[ COVER STORY ]

## Bristol Metals LLC: Expanding pipe, tube and global portfolio

### Quality Certifications

- ISO 9001:2008
- PED 97/23/EC
- ASME NPT
- ASME U
- ASME S
- NSF-61, 372

Founded in 1941 and located in Bristol, Tennessee, USA, Bristol Metals LLC (BRISMET) is the largest North American manufacturer of welded stainless, duplex, super duplex, and nickel alloy pipe and tube solutions to demanding projects around the globe. In addition to offering clients both pipes and tubes in a diverse range of alloys, wall thicknesses and sizes, the company also performs an array of in-house manufacturing services, maintains stringent quality management systems and is committed to fulfilling even the most challenging customer needs. BRISMET proudly serves a wide variety of industries such as oil & gas, chemical & petrochemical, power generation and desalination, among many others. Its tubing products serve a majority of the same industries with specialized applications in HVAC, boiler, heat exchanger, evaporator and pharmaceutical products to name a few. *Stainless Steel World* had the pleasure of speaking with several members of BRISMET's management team including Mr. Kyle Pennington, President; Mr. Kris Epperson, Vice President of Sales; and Mr. Parker Sword, Manager of International and Special Alloy Sales about its new heavy wall press, its new Munhall, Pennsylvania facility and why global customers should choose BRISMET.

By Candace Allison

4 Stainless Steel World Annual Procurement Report 2017



In 2016 BRISMET ([www.brismet.com](http://www.brismet.com)) celebrated its 75<sup>th</sup> anniversary, which stands as a testament to the company's success of providing customers with quality product solutions. For the first 23 years of business, BRISMET operated as an independent company until Synalloy Corporation ([www.synalloy.com](http://www.synalloy.com)) acquired it in 1964. Just a year later, BRISMET moved to its 70 acre site in Bristol, Tennessee, with 300,000 square feet of state-of-the-art facilities and equipment. About 200 employees work onsite at the Bristol facility.

### Heavy wall press

One of the many ways that BRISMET is able to maintain its success is by continuously developing and investing in its facilities and equipment. The company's most recent investment has been a 4,000-tonne heavy wall press. Mr. Sword explained that the USD 6 million investment now allows BRISMET

to manufacture products with wall thicknesses up to 3 inches (76.2 mm) thick. "We were able to manufacture up to roughly 1 inch (25.4 mm) in-house, but now with our new heavy wall press we are able to produce pipe with a wall thickness of up to 3 inches (76.2 mm). This takes us into previously untapped markets, such as certain areas of the chemical oil and gas sector, as well as new applications. We have always been known as a diverse manufacturer of pipe offering a wide range of diameters and alloys. Now with the ability to produce heavy wall thicknesses we are, more than ever before, equipped to handle any of our customers' requests," he said.

### Tubing capabilities

Along with equipment investments, another important way that BRISMET continues to develop its success is through acquisitions. Mr. Epperson detailed that on March 1, 2017 BRISMET, "purchased the stainless steel pipe and tubing assets of Macrocapilla USA." BRISMET now operates two manufacturing facilities, one in Bristol, Tennessee and the other in Munhall, Pennsylvania. Mr. Epperson further explained that with the addition of the Munhall facility, BRISMET is now able to manufacture tubing in sizes it previously could not make and serve new markets and customers. "The Munhall facility includes 300,000 square feet of manufacturing floor space and approximately 150 employees. Both pipe and tube are produced at this facility with enhanced capacity to

service our domestic and international customers." Clients can now choose from tubing starting at 6/8 inch to 8" (15.9 mm to 203.2 mm) and wall thicknesses from 0.025 inch to .250 inch (0.64 mm to 6.4 mm) in a wide range of materials from stainless steel to duplex to nickel alloys. Mr. Epperson stated, "In addition to our pipe, BRISMET is now a true tubing manufacturer, making us the most diversified manufacturer of pipe and tube in North America, and definitely one of the leading producers in the world in terms of our production capabilities. This is where Bristol Metals sets itself apart from its competition."

He continued to explain that with the new tubing capabilities of the Munhall location, BRISMET has been able to participate immediately in new international markets. For example, the company has found success in Asia, finding new customers who are looking for quality tubing solutions. Mr. Epperson maintained that this is not a unique circumstance as BRISMET's acquisition and equipment investments have allowed the company to instantly go after new business, customers and markets.

### High quality products

BRISMET's new tubing capabilities are a perfect complement to the company's existing product offerings and exemplify the manufacturer's ever-growing product portfolio. BRISMET's production range presently encompasses more than 40 high-performance alloys, diverse



The BRISMET headquarters in Bristol, Tennessee, covers 70 acres of land and comprises 300,000 square feet of state-of-the-art buildings and facilities.

Stainless Steel World Annual Procurement Report 2017 5

# BRISTOL METALS COVER STORY

## [ COVER STORY ]

pipe and tube diameters, extensive wall thicknesses and lengths of up to 60 feet (18.3 m). Mr. Pennington elaborated on ERISMET's product offerings by stating that, "The majority of our manufacturing output is welded pipe and now tubing. Besides offering an extremely wide range of pipe and tubing sizes, wall thicknesses and alloys, we have the capabilities of meeting many non-standard dimensions that our existing and potential customers may be seeking. We are a very diversified manufacturer, with an extremely broad product offering."

### Choice of alloys

Mr. Pennington continued to detail that ERISMET has supplied products for many large projects including the nuclear, chemical, mining, and LNG industries requiring corrosion and pressure-resistant products. "If someone is working on a project, regardless of magnitude, we are a good partner because of our successful track record. In other words, we provide complete solutions, not just a certain material or a very specific product. We work closely with our customers to establish a relationship and develop solutions to the challenges they are facing."

If a certain challenge happens to be material-based, ERISMET's stainless steel offerings include the 300-series such as 304L and 316L and other grades like 316S, 317L and 321. For the 304L and 316L materials the company keeps a large inventory, anywhere from 1/4 inch up to 36 inches (11.7 mm to 914.4 mm) per ASTM A312 and A350.



Erismet recently installed a new plasma table to support our heavy wall expansion with superior cutting edge preparation and beveling capabilities.

The company also maintains 2205 stock in size from 2 inches to 24 inches (50.8 mm to 609.6 mm). Other alloys that are available include super duplex, 6% moly grades (AL6XN and 254SMO), and nickel alloys, which can often be difficult to weld, form, and turn into pipe. Regarding nickel alloy welded pipe, Mr. Sword explained that with the company's many years of experience of manufacturing nickel alloy pipe, ERISMET is a very effective producer of these products. "Certainly when we look to export markets, we are a leading supplier of nickel alloy welded pipe to the international market. There are only a hand full of companies in the world that produce nickel alloy welded pipe and we are proud to say we are one of them."

### Global Reach

Since exporting ERISMET products is such an integral part of the company's

business strategy, Mr. Sword said that as an American manufacturer the company has to work hard to prove to customers that ERISMET's products can be supplied at competitive prices and with aggressive lead times. He maintained that international clients could greatly benefit from ERISMET's diverse product offering in both pipe and tube. He cited that one of the company's biggest challenges internationally is simply making more customers aware of ERISMET and its capabilities.

Mr. Pennington added, "We have an international sales and customer service department which caters to international customers in the same way as our domestic department does with American customers. We understand and realize that working abroad sometimes requires additional support, whether it be in terms of language, currency, specification review, logistics or any other extra requirement necessary to support the global market place." He continued to explain that ERISMET's international trade is far from limited to just shipping finished products to customers outside the United States. As an international company, ERISMET focuses on supporting customers in any of their needs after the products have been delivered.

### New Shanghai office

One of the ways the company has decided to expand its global presence is by opening a new sales office in Shanghai, China. Mr. Peter Wang, recently appointed as the Vice President of Asian Business Development, will help ERISMET grow its business



In addition to its vast production capabilities the company maintains an extensive line of inventory.

6 Stainless Steel World Annual Procurement Report 2017

## [ COVER STORY ]

in Asia. Asian customers now have someone local to work with, who is in their time zone and well versed with the different countries and markets. Mr. Sword stated that the company's diverse product offerings are a great fit for the needs of the Asian market. ERISMET's strategy includes supplying products to nuclear, chemical, mining, petrochemical, oil & gas and heat exchanger projects in China, Korea, Thailand, Singapore as well as other countries.

### International customer support

In addition to the new Asian sales office, ERISMET also has a representative in Europe, Mr. Albert Wesselsink stationed in Brussels, Belgium. Mr. Wesselsink supports customers in Europe and the Middle East. Properly supporting overseas customers is always a concern. Mr. Sword explained: "We are growing our international team in order to better meet our international clients' needs. In addition to our Shanghai office and our European/Middle East representative, we have a dedicated international team at our Bristol, Tennessee headquarters to support the needs of the client such as project needs, quote needs, technical support and service requirements. We are always ready to respond to and handle any needs our overseas customers may have." In agreement, Mr. Pennington gave his own compelling argument as to why international customers should choose ERISMET as the manufacturer of choice for their pipe and tubing needs: "I would make the same

case for choosing our company to a potential international customer as I would to a domestic customer. Just look at our resume and capabilities, our quality programs and our project partnering. We have a long list of high-end blue-chip customers who are in the critical-application

markets we serve," he explained. "Many of these customers are global themselves and choose us because of our proven record, capabilities and our success in serving them in the past. These are exactly the reasons I would put in front of a potential international customer. We may be separated by water, but we have proven time and time again that we have the ability to deliver the product, work the logistical channels, the commercial arrangements and solve any problems, no matter what the destination. Our existing customers know that, which is why they keep returning to us."

### Strategic plans

Mr. Epperson ended our discussion by detailing how everything that ERISMET has accomplished, its equipment investments, its acquisition and its new sales office, have all been strategic. There has been a lot of legwork done before each event but it has all been part of a well-thought out plan. He said that an important



The new facility in Munhall means the product range for tubing starts at 1/8 inch to 8" (15.9 mm to 203.2 mm) with wall thicknesses from 0.023 inch to .230 inch (0.64 mm to 5.8 mm).

part of the overall strategy is to complement all of the company's different groups, trying to accentuate strengths and find good fits for ERISMET's further production capabilities. He asserted that ERISMET is always a good partner to approach, regardless of project magnitude or where in the world the client may be based. "We provide complete solutions. We work closely with our customers to establish long term relationships and to develop solutions to the challenges they are facing."

### Facts & Figures

Company name: Bristol Metals, LLC (BRISMET)  
 Active since: 1941  
 Global  
 Headquarters: 390 Bristol Metals Road, Bristol, Tennessee, USA 37620  
 Employees: Approximately 350  
 Products: Pipe  
 Diameters from 9" to 144" (22.7 mm to 4 m), Wall thicknesses greater up to 3 1/2" (89 mm), lengths up to 60ft (18 m)  
 Tubes  
 Diameters from 1/8" to 8" (15.9 mm to 203.2mm), Wall thicknesses from 0.023" to 0.230" (0.635 mm to 5.8 mm) and lengths to 60 feet (18 m)  
 Alloys: nickel alloys, duplex & super duplex, 6% moly grades, stainless steel  
 Industries: chemical, desalination, mining, oil & gas, petrochemical, pharmaceutical, power, process piping, heat exchanger, etc.  
 Website: <http://brismet.com>



ERISMET's production range presently encompasses more than 60 high-performance alloys, diverse pipe and diameters, extensive wall thicknesses and lengths of up to 60 feet (18.3 m).

Stainless Steel World Annual Procurement Report 2017 7



# Appendix 2: Synalloy Chemicals

Solving Problems for Customers

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# **Synalloy** **Chemicals**

**“Problem Solving Chemicals Since 1919”**



# Synalloy Chemicals



Providing solutions to specialty chemical companies through contract manufacturing and product development.

## Capabilities

Reactions  
Particle Size Reduction  
Homogenization  
Formulation

## Markets

Oil and Gas  
FIFRA  
HI & I  
Water Treatment  
Paper  
Textile  
Lubricants  
Coatings

## Equipment/Tanks

12 Reactor Vessels  
10 High Shear Vessels  
75 Mix Tanks  
51 Bulk Storage Tanks  
18 Media Mills  
6 Homogenizers  
Hot Oil  
Chiller

## Products

SynBurst  
FlameQuest  
SynLube  
SynSurf  
SynPeg  
SynPhos  
SynZoline  
SynQuat  
SynSafe

**CRI**tolling

South Carolina

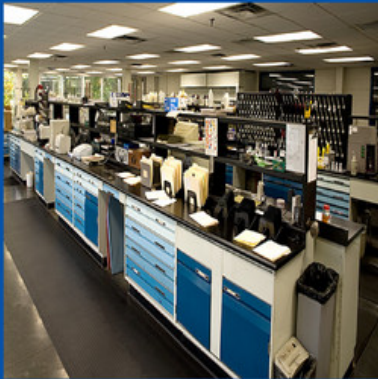
Manufacturers  
**Chemicals**

Tennessee

**Synalloy**  
**Chemicals**

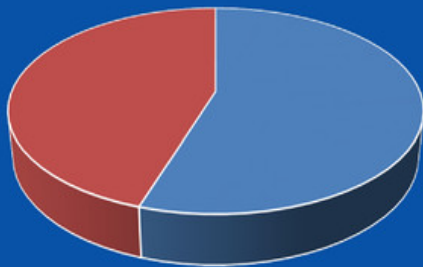


**ISO 9001:2015 Registered**



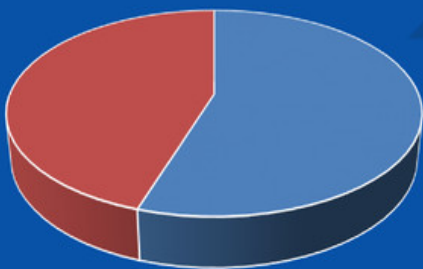


## Customer Base



- Large Global Chemical Companies
- Small to Medium Size Chemical Companies

## Product Mix



- Contract Manufacturing
- Products



**Synalloy**  
Chemicals



# Synalloy Products & Services

Chemical Intermediates

Contract Manufacturing

# Synalloy Chemicals



## TN Plant Facts

- 125,000 sq. ft. facility on 20 acres of land
- 55,000 sq. ft. partitioned production space
- 70,000 sq. ft. warehouse, office and lab space
- > 75 Employees
- > 22 Stainless Steel Mixing Tanks w/ Load Cells
- 8 Reactors
- 5 Homogenizers
- Bulk Storage

## SC Plant Facts

- 150,000 sq. ft. facility on 20 acres of land
- 100,000 sq. ft. partitioned production space
- 50,000 sq. ft. warehouse space
- > 30 Employees
- > 50 Stainless Steel Mixing Tanks w/ Load Cells
- 40 Fiberglass Interior Bulk Storage Tanks
- 20 milling units for Particle Size Reduction
- 4 Reactors
- Bulk Storage

**Synalloy**  
**Chemicals**



# Synalloy Products

**Synalloy**  
**Chemicals**



**SynBurst** Defoamers, Antifoams, Silicone Raw Materials

**FlameQuest** Fire retardant chemistry and systems

**SynLube** Lubricants & raw materials for metals and textiles

# Synalloy Chemicals



**SynSurf** Surfactants for HI&I, oil and gas, and textiles

**SynPeg** Peg esters for emulsifiers, lubricants, and dispersants

**SynPhos** Phosphate esters, acid forms and neutralized

**Synalloy**  
**Chemicals**



**SynZoline** High closure imidazolines for corrosion formulation

**SynQuat** Quats for cationic emulsifiers and softeners

**SynSafe** Replacements for HCL and Sulfuric



## **Non-GAAP Financial Measures Reconciliation**

The Non-GAAP Financial Measures presented at the Sidoti & Company Fall Conference on September 28, 2017 include the following:

The term Adjusted EBITDA is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results to determine the value of a company. An item is included in the measure if its periodic value is inconsistent and sufficiently material that not identifying the item would render period comparability less meaningful to the reader or if including the item provides a clearer representation of normalized periodic earnings. The Company includes in Adjusted EBITDA three categories of items: 1) Base EBITDA components, including: earnings before discontinued operations, interest (including change in fair value of interest rate swap), income taxes, depreciation and amortization, 2) Material transaction based items that have no relationship to earnings from operations of past, current or future periods, including: goodwill impairment, acquisition costs, acquisition related retention costs, shelf registration costs, earn-out adjustments, gain on excess death benefit, (gains) losses associated with Sale-leaseback, stock option/grant costs, casualty insurance gain and other adjustments (lesser value items meeting the criteria, where cumulative impact in a period is material), and 3) Inventory valuation adjustments, including: a) Inventory Pricing Change - the calculated value that profits would improve (decline) if metal and alloy pricing indices were neutral period to period, b) Inventory Cost and Aged Inventory Adjustments - value of periodic adjustment to inventory carrying value unrelated to the periodic earnings, and c) Manufacturing Variances - the calculated value to apply favorable (unfavorable) manufacturing absorption in the period actually incurred, rather than through inventory valuation amortization. This treatment shows the real operational impact on earnings of higher or lower manufacturing activity levels.

For this presentation, costs that were incurred in a specific year that pertained to prior periods were excluded from Adjusted EBITDA in order to present comparable values for ongoing operations. In the Specialty Chemicals Segment, the amount added back for accounts receivable write off represents a significant one-time, extraordinary adjustment for the account balances of four long-standing customers who experienced significant financial hardship during 2011. The Metals Segment added back costs in 2010 - 2014 associated with the discontinued operations of the two fabrication facilities, which closed in 2014, that would remain with the company (i.e., corporate allocation, labor allocation, building depreciation, etc). For this presentation, these on-going costs were absorbed at the Corporate level for Adjusted EBITDA and not reflected in the Metals Segment EBITDA for comparability.

The Company began adding back stock option / stock grant compensation costs to Adjusted EBITDA in 2015. Accordingly, all years prior to 2015 do not reflect this add back.

The disclosed Non-GAAP measures are reconciled to its comparable financial measures on a GAAP basis in the following schedule. Non-GAAP measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP.

### **Forward-Looking Statements**

This report 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 report.

Contact: Dennis Loughran at (804) 822-3266

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## Reconciliation of Net Income (Loss) to Adjusted EBITDA

(unaudited)	Projected								
Amounts shown in \$ millions	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Consolidated</b>									
Net income (loss) from continuing operations	\$ 4.6	\$ (7.0)	\$ (10.3)	\$ 12.6	\$ 2.9	\$ 4.0	\$ 2.5	\$ (0.6)	\$ (0.6)
Adjustments:									
Interest expense	1.2	0.9	1.4	1.2	1.4	0.6	0.1	0.1	0.1
Change in fair value of interest rate swap	—	—	—	0.4	(0.7)	0.1	—	—	—
Income taxes	2.0	(2.2)	1.8	5.4	1.2	1.9	1.2	(0.4)	(0.4)
Depreciation	5.7	4.3	4.3	3.8	2.9	2.4	2.2	2.2	2.2
Amortization	2.4	2.5	2.3	1.4	1.6	0.6	—	—	—
Inventory Pricing Change	(1.1)	5.8	6.8	0.1	3.4	4.4	1.6	(1.0)	(1.0)
Inventory Cost Adjustment	(0.3)	(1.9)	0.8	—	(0.2)	0.2	—	—	—
Aged Inventory Adjustment	0.1	0.1	(0.2)	—	—	0.1	—	0.1	0.1
Acquisition costs	1.0	0.1	0.5	0.3	0.3	0.9	—	—	—
Shelf registration costs	—	0.1	0.1	—	0.3	—	—	—	—
Earn-out adjustments	—	—	(4.9)	(3.5)	—	—	—	—	—
Bargain purchase gain on CRI, net of tax	—	—	—	—	(1.1)	—	—	—	—
Manufacturing Variances	0.6	(0.5)	—	—	—	—	—	—	—
Casualty insurance gain	—	—	(0.9)	—	—	—	—	—	—
Goodwill impairment charge	—	—	17.2	—	—	—	—	—	—
Gain on excess death benefit	—	—	(0.1)	—	(0.1)	0.1	—	—	—
Other adjustments	—	0.1	—	—	—	—	—	—	—
Stock option / grant costs	0.6	0.5	0.5	—	—	—	—	—	—
Net sale-leaseback activity	0.1	2.6	—	—	—	—	—	—	—
Retention expense	0.1	0.1	0.1	—	0.2	0.1	—	—	—
Accounts receivable write-off	—	—	—	—	—	—	1.0	—	—
Adjusted EBITDA	<u>\$ 17.0</u>	<u>\$ 5.5</u>	<u>\$ 19.4</u>	<u>\$ 21.7</u>	<u>\$ 12.1</u>	<u>\$ 15.4</u>	<u>\$ 8.6</u>	<u>\$ 0.4</u>	<u>\$ 0.4</u>
<b>Metals Segment</b>									
Operating income (loss) from continuing operations	\$ 8.3	\$ (7.0)	\$ (13.1)	\$ 13.5	\$ 1.3	\$ 5.7	\$ 4.0	\$ (3.3)	\$ (3.3)
Adjustments:									
Depreciation expense	4.1	2.7	2.9	2.7	2.2	1.8	1.7	1.6	1.6
Amortization expense	2.4	2.4	2.3	1.4	1.5	0.5	—	—	—
Inventory Pricing Change	(1.1)	5.8	6.8	0.1	3.4	4.4	1.6	(1.0)	(1.0)
Inventory Cost Adjustment	(0.3)	(1.9)	0.8	—	(0.2)	0.2	—	—	—
Aged Inventory Adjustment	0.1	0.1	(0.2)	—	—	0.1	—	0.1	0.1
Acquisition costs	0.3	—	—	—	—	—	—	—	—
Goodwill impairment charge	—	—	17.2	—	—	—	—	—	—
Manufacturing Variances	0.7	(0.5)	—	—	—	—	—	—	—
Other adjustments	—	0.1	—	—	—	—	—	—	—
Stock option / grant costs	0.2	0.1	0.1	—	—	—	—	—	—
Net sale-leaseback activity	(0.2)	2.2	—	—	—	—	—	—	—
Retention expense	0.1	0.1	0.1	—	0.2	0.1	—	—	—
Costs retained from discontinued operations	—	—	—	0.8	0.7	0.9	1.0	1.0	1.0
Metals Segment Adjusted EBITDA	<u>\$ 14.6</u>	<u>\$ 4.1</u>	<u>\$ 16.9</u>	<u>\$ 18.5</u>	<u>\$ 9.1</u>	<u>\$ 13.7</u>	<u>\$ 8.3</u>	<u>\$ (1.6)</u>	<u>\$ (1.6)</u>
<b>Specialty Chemicals Segment</b>									
Operating income	\$ 6.6	\$ 4.7	\$ 5.7	\$ 6.1	\$ 5.7	\$ 4.8	\$ 2.2	\$ 4.0	\$ 4.0
Adjustments:									
Depreciation expense	1.3	1.5	1.4	1.0	0.7	0.5	0.4	0.4	0.4
Manufacturing Variances	(0.2)	—	—	—	—	—	—	—	—
Other adjustments	—	0.1	—	—	—	—	—	—	—
Stock option / grant costs	0.1	—	—	—	—	—	—	—	—
Net sale-leaseback activity	(0.1)	0.2	—	—	—	—	—	—	—
Accounts receivable write-off	—	—	—	—	—	—	1.0	—	—
Adjusted EBITDA	<u>\$ 7.7</u>	<u>\$ 6.5</u>	<u>\$ 7.1</u>	<u>\$ 7.1</u>	<u>\$ 6.4</u>	<u>\$ 5.3</u>	<u>\$ 3.6</u>	<u>\$ 4.4</u>	<u>\$ 4.4</u>