

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): May 29, 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 May 25, 2018, Synalloy Corporation's ("Synalloy") subsidiary Bristol Metals, LLC, a Tennessee limited liability company ("Bristol Metals"), entered into a Purchase and Sale Agreement (the "PSA") with Marcegaglia USA, Inc., a Pennsylvania corporation ("MUSA"). Pursuant to the terms and conditions of the PSA, Bristol Metals has agreed to purchase MUSA's real estate property in Munhall, Pennsylvania (the "Munhall Property") for a purchase price of \$10.0 million. At Closing, Bristol Metals and MUSA will terminate the facility lease the parties entered into when Bristol Metals purchased MUSA's stainless steel pipe and tube operations on March 1, 2017. 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 June 29, 2018.

At or just prior to closing, Bristol Metals intends to designate its rights to take title to the Munhall Property 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 Munhall Property. As part of the transaction, Bristol Metals has agreed to enter into an absolute triple net lease with Store pursuant to which Bristol Metals will lease the Munhall Property for an initial term of 20 years, with two renewal options of ten years each. First year rent expense will be \$860,000. 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.

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

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

ITEM 8.01. OTHER EVENTS

As a mutual condition to closing the purchase and sale of the Munhall Property, Bristol Metals and MUSA have agreed to simultaneously sign and close an asset purchase agreement, whereby Bristol Metals will acquire MUSA's galvanized tube operations at the Munhall Property (the "Business"). The transaction is expected to close simultaneously with the Bristol Metals' purchase-leaseback of the Munhall Property, with an effective date of July 1, 2018.

The purchase price for the all-cash acquisition is \$10.0million, which amount could be adjusted up or down depending on estimated working capital at closing. MUSA will also receive quarterly earn-out payments for a period of four years following closing equal to three percent (3%) of Bristol Metals' revenue generated from the Business, with no minimum or maximum.

Synalloy will fund the acquisition with a draw against its \$65.0 million asset based line of credit with Branch Banking and Trust Company.

A copy of the press release announcing this pending transaction 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 May 29, 2018.

Exhibit Number

99.1

Name

[Press Release issued by Synalloy Corporation on May 29, 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: May 30, 2018

NEWS RELEASE
FOR IMMEDIATE RELEASE

Synalloy Executes Agreement to Purchase and Leaseback
Munhall Property for \$10.0 Million and Announces Planned
Agreement to Purchase Marcegaglia's Galvanized Tube Business for \$10.0 Million

Richmond, Virginia, May 29, 2018...Synalloy Corporation (Nasdaq:SYNL) today announced its entrance into a purchase and sale agreement to purchase Marcegaglia's real property in Munhall, PA for \$10.0 million. At or prior to closing, the Company intends to designate title to the property to Store Capital who will fund the acquisition and own the property, and subsequently, the Company's subsidiary, Bristol Metals, will lease the property back from Store Capital, on terms and conditions consistent with the Company's current master lease arrangement with Store Capital. Upon closing of the purchase-leaseback, the Company will enter into an absolute triple net lease with the Store Capital pursuant to which the Company will lease the Munhall, PA location for an initial term of 20 years, with two renewal options of 10 years each. The closing of the transaction is subject to customary due diligence and other closing conditions and is scheduled for the end of June 2018.

Additionally, the Company and Marcegaglia have agreed to simultaneously sign and close an asset purchase and sale, whereby Bristol Metals will acquire Marcegaglia's galvanized tube operations at the Munhall, PA location for \$10.0 million. The transaction is expected to close simultaneously with the Company's purchase-leaseback of the Munhall, PA property, with an effective date of July 1, 2018.

"The acquisition of Marcegaglia's galvanized tube business represents the perfect bolt-on opportunity for Synalloy and Bristol Metals," said Craig Bram, Synalloy's President and Chief Executive Officer. "For the past 15 months, Bristol Metals under a service agreement with Marcegaglia, has provided the production team and supervision for this business unit. We have gained extensive knowledge of the product line, the customer base and various end markets. The high frequency mills and associated equipment that will be part of the acquisition are not currently operating at full capacity. Additionally, Bristol Metals recently purchased a high frequency Oto tube mill which we plan to commission in the fourth quarter. The excess capacity and low manufacturing cost of these high frequency lines will enable us to further penetrate the market for galvanized tubing and begin immediate production of ornamental stainless steel pipe and tube. Our existing sales team is well versed and knowledgeable in both the galvanized and ornamental stainless steel pipe and tube markets. Furthermore, this acquisition supplements our ability to fulfill domestic demand as a result of the Section 232 steel tariffs. The galvanized product line is currently generating \$23.0 million in annual revenue and the ornamental stainless steel pipe and tube product line will be ramped to an annual run rate of approximately \$25.0 million by year-end. Total Adjusted EBITDA will approach \$5.0 million annually. Synalloy's net investment, including projected earn-outs, will approximate \$15.0 million."

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, fiberglass and steel storage tanks and 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