

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  
COMMISSION FILE NUMBER 0-19687



Date of Report (Date of earliest event reported): April 26, 2019

**Synalloy Corporation**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of incorporation)*

**57-0426694**

*(IRS Employer Identification No.)*

**4510 Cox Road, Suite 201, Richmond, Virginia**

*(Address of principal executive offices)*

**23060**

*(Zip Code)*

**(804) 822-3260**

*(Registrant's telephone number, including area code)*

**INAPPLICABLE**

*(Exact name of registrant as specified in its charter)*

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**

On April 26, 2019, Synalloy Corporation (the "Company") issued a press release to announce that its Board of Directors, after deliberation and careful consultation with its independent financial and legal advisors, unanimously rejected an unsolicited offer by Privet Fund Management LLC ("Privet") for a proposed transaction whereby Privet would purchase all of the issued and outstanding shares of the Company not already owned by Privet. A copy of the press release is attached hereto as Exhibit 99.1.

In the interests of transparency to its stockholders, the Company is providing copies of its correspondence to date with Privet regarding this unsolicited offer herewith as Exhibits 99.2 and 99.3.

The information in this Current Report on Form 8-K, including the attached exhibits, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

#### **ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(d) *Exhibits*

The following are filed as exhibits to this Current Report on Form 8-K:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Press Release dated April 26, 2019
99.2	Letter from Privet Fund Management LLC to Synalloy Corporation, dated April 23, 2019
99.3	Letter from Synalloy Corporation to Privet Fund Management LLC, dated April 26, 2019

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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 and Principal Accounting Officer

Dated: April 26, 2019

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## EXHIBIT INDEX

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<a href="#">99.3</a>	<a href="#">Letter from Synalloy Corporation to Privet Fund Management LLC, dated April 26, 2019</a>

**NEWS RELEASE**  
**FOR IMMEDIATE RELEASE**  
**Synalloy Announces Rejection of Unsolicited Offer from Privet Fund Management LLC**

RICHMOND, VA, April 26, 2019 (GLOBE NEWSWIRE) -- Synalloy Corporation (Nasdaq: SYNL) announced today that its Board of Directors, after deliberation and careful consultation with its independent financial and legal advisors, unanimously rejected an unsolicited offer by Privet Fund Management LLC ("Privet") for a proposed transaction whereby Privet would purchase all of the issued and outstanding shares of Synalloy not already owned by Privet. "The Synalloy Board determined that Privet's unsolicited offer heavily discounts the Company's recent performance and near-term potential," said Craig C. Bram, Synalloy's President and Chief Executive Officer. "Our management team's number one priority is building stockholder value, and we believe that our current growth strategy will continue to generate positive results for all of our stockholders," said Bram.

In the interests of transparency to its stockholders, Synalloy will provide copies of its correspondence to date with Privet regarding this unsolicited offer in a Current Report on Form 8-K to be filed with the Securities and Exchange Commission.

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

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

April 23, 2019

Board of Directors  
Synalloy Corporation  
Attention: Craig Bram, President and Chief Executive Officer  
4510 Cox Road  
Suite 201  
Richmond, VA 23060

Dear Craig and Members of the Board of Directors,

This letter expresses our interest in acquiring Synalloy Corporation (“**Synalloy**” or the “**Company**”). The following “Indication of Interest” includes a preliminary, nonbinding proposal for an all-cash acquisition of Synalloy by Privet Fund Management LLC (“**Privet**”) or a Privet affiliate. As you know, Privet is a significant shareholder of Synalloy owning 14.5% of the Company’s outstanding shares, and we appreciate the opportunity we have had to develop a deep understanding of the Company in connection with that investment. We hope that you and the members of the Board of Directors find this Indication of Interest compelling, and we look forward to working with you to complete a transaction.

#### **Transaction Overview**

We have reviewed the Company’s financial and other information, and we are prepared to pursue a consensual, negotiated transaction in which Privet, through a newly formed acquisition vehicle, would pay \$20.00 per share in cash to acquire 100% of the outstanding shares of the Company not already owned by Privet or one of its affiliates (the “**Transaction**”). This price represents a 42% premium to the closing price of \$14.05 per share for the Company’s stock on April 22, 2019.

#### **Financing**

We expect that we would finance the Transaction with a combination of available cash and debt financing from third-party financing sources. Privet has experience completing leveraged transactions, and we expect that our lending relationships would be eager to provide financing for this Transaction.

#### **Due Diligence and Timing**

Given our familiarity with the Company and deep understanding of the Company’s business, we believe we can complete our full diligence review in an expedited timeframe once we are provided full access to management and diligence information. Prior to execution of a definitive purchase agreement, we would anticipate completion of the following activities: (i) customary company and financial diligence, including reviews of historical and future prospects of the business; (ii) confirmatory accounting and tax review; and (iii) completion of confirmatory legal due diligence.

If you are willing to move forward with the Transaction, we are prepared to commit the resources needed to complete due diligence, finalize financing arrangements and negotiate and enter into a definitive acquisition agreement.

#### **Overview of Privet**

Privet was formed in 2007 to manage investment partnerships focused on investing in small capitalization companies across all levels of the capital structure. Privet specializes in providing long-term, flexible capital solutions to complex transactions including restructurings, public to private acquisitions and special situations. Our firm focuses on companies that possess strong fundamentals and that can capably navigate through market cycles. We capitalize companies prudently to protect our downside risk and generate returns through operational execution and additive acquisitions. Privet has been a significant shareholder of the Company since 2016.

We very much hope that you and the Board of Directors find this proposal compelling for the Company’s shareholders, and we look forward to working with you in connection with a possible Transaction. This proposal is not intended to be legally binding, and is subject to, among other things, the negotiation and execution of a mutually satisfactory definitive acquisition agreement, regulatory approvals, the receipt of financing and satisfactory completion of our due diligence.

We appreciate the opportunity to continue our dialogue with you and the Board. Please do not hesitate to contact us with any questions or clarifications and we hope to hear from you soon.

Best Regards,

/s/ Ryan Levenson and Ben Rosenzweig  
Privet Fund Management LLC

April 26, 2019

Mr. Ryan Levenson  
 Privet Fund Management LLC  
 79 West Paces Ferry Road  
 Suite 200B  
 Atlanta, Georgia 30305

Dear Ryan,

On behalf of the Board of Directors of Synalloy Corporation (“the Company”), I am writing in response to your unsolicited letter, dated April 23, 2019 (the “Indication of Interest”), in which you indicated an interest to acquire the issued and outstanding shares of the Company not already owned by Privet, for a price of \$20.00 per share.

The Company’s Board of Directors carefully and thoroughly reviewed the contents of the Indication of Interest at a special meeting on April 25, 2019. We have also consulted with our independent financial and legal advisors. Our Board firmly believes that your proposed purchase price of \$20.00 per share undervalues both the current and future financial performance of the Company. It is our strong opinion that the Company is better positioned today than ever before to capitalize on the many opportunities that we see across our respective business units.

The Company’s Board considered various factors in arriving at the unanimous conclusion that Privet’s current valuation in the Indication of Interest is inadequate:

1. In Privet’s letter, you referenced a premium of 42% to the Company’s closing share price of \$14.05 on April 22, 2019. The Company’s Board believes that the share price has been artificially depressed due to positioning related to the rebalancing of the Russell 2000 next month, and that the stated premium of Privet’s valuation greatly exaggerates the benefit to the Company’s shareholders.
2. The Company’s share price in the first nine months of 2018 averaged \$17.63. The Enterprise Value to Adjusted EBITDA (excluding metal price adjustments) was approximately 8.0 times. Following the purchase of ASTI on January 1, 2019, the Company’s forecast for the current year calls for Adjusted EBITDA (excluding metal price adjustments) of \$34 million, and year-end net debt being reduced to \$55 million. Privet’s current valuation of \$20.00 per share results in an Enterprise Value to Adjusted EBITDA multiple of only 6.8 times.
3. The Company will report first quarter results on the morning of April 30, 2019. That report will show record sales of \$85 million and a 77% increase in net income (excluding metal price adjustments), over the first quarter of last year. Every business unit met or exceeded its forecast for the quarter.
4. The Company’s management team has continuously demonstrated its skill in acquiring and integrating acquisitions. With a robust pipeline of new opportunities and ready access to capital, we are well positioned to continue our growth strategy as a public company. Over the past eight years, the management team has grown revenue from \$111 million in 2010 to the forecasted revenue for 2019 of \$340 million, or a compounded annual growth rate of 13%. Over the same period, Adjusted EBITDA has increased from \$1.4 million in 2010 to \$34.0 million forecasted for this year, or a compounded annual growth rate of 41%.
5. Taking the Company private would generate annual savings of approximately \$2.0 million. The Company’s current shareholders should participate in the added value generated from these savings, as reflected in a higher purchase price, should a sale of the Company be completed.
6. Finally, in recent meetings with myself and other members of our Board, you have stated that the Company’s shares should be trading at \$30.00, or more. While the market rarely provides an accurate reflection of value in the short-term, the spread between Privet’s current valuation in the Indication of Interest and your market commentary, indicates an unreasonable discount for a business performing as well as our Company.

The Company’s Board remains committed to a growth strategy, fueled by acquisitions and organic initiatives. Our management team has proven adept at executing on this strategy. While our Board will consider any and all good faith offers made to purchase the Company, Privet’s current valuation in the Indication of Interest of \$20.00 per share heavily discounts the Company’s recent performance and its near-term potential.

Sincerely,

/s/ Craig C. Bram  
President and CEO

CC: Mr. Murray H. Wright, Chairman of the Board and Executive Committee Member  
Mr. Henry Guy, Director and Executive Committee Member