

FORM 10-Q

Securities and Exchange Commission
Washington, D. C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarter ended September 30, 1995

OR

_____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 0-19687

SYNALLOY CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 57-0426694
State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

Post Office Box 5627
Croft Industrial Park
Spartanburg, South Carolina 29304
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code (803) 585-3605

Not Applicable
(Former name, former address and former
fiscal year, if changed since last year.)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports) and (2) has been subject to such
filing requirements for the past 90 days.

Yes X No _____

Indicate the number of shares outstanding of each of the issuer's classes of
Common Stock, as of the latest practical date.

Title of Class	Number of Shares Outstanding As of September 30, 1995
Common Stock, \$1.00 Par Value	7,221,251

SYNALLOY CORPORATION

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PART 1. FINANCIAL STATEMENTS

SYNALLOY CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

<CAPTION>

	September 30, 1995 (Unaudited) <C>	December 31, 1994 (Note) <C>
<S>		
ASSETS		
Current assets		
Cash and cash equivalents	19,175	20,770
Accounts receivable, less allowance for doubtful accounts	19,910,350	14,758,847
Inventories:		
Raw materials	14,172,038	10,252,207
Work-in-process	7,186,330	3,765,329
Finished goods	20,207,030	13,958,918
Total inventories	41,565,398	27,976,454
Deferred income taxes	514,000	514,000
Prepaid expenses and other current assets	346,911	167,791
Total current assets	62,355,834	43,437,862
Cash surrender value of life insurance	1,591,681	1,535,131
Investment	543,100	543,100
Property, plant & equipment, net of accumulated depreciation of \$21,860,000 and \$20,156,000	19,321,626	16,239,584
Deferred charges and other assets	667,196	676,748
Total assets	84,479,437	62,432,425
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable	6,295,000	4,455,000
Accounts payable	9,186,027	5,900,018
Income taxes	434,477	448,367
Accrued expenses	6,225,348	3,024,370
Current portion of environmental reserves	114,316	356,800
Current portion of long-term debt	276,923	334,615
Total current liabilities	22,532,091	14,519,170
Long-term debt, less current portion	12,838,461	7,910,577
Environmental compliance costs	2,182,200	2,182,200
Deferred compensation	553,501	554,236
Deferred income taxes	377,000	377,000
Contingencies -- Note 3		
Shareholders' equity		
Common stock, par value \$1 per share - authorized 8,000,000 shares; issued 8,000,000 shares period ended September 30, 1995 and 6,000,000 shares year ended December 31, 1994	8,000,000	6,000,000
Capital in excess of par value	752,047	6,931,064
Retained earnings	40,803,085	31,373,461
Less treasury stock	(3,558,948)	(7,415,283)
Total shareholders' equity	45,996,184	36,889,242
Total liabilities and shareholders' equity	84,479,437	62,432,425

<f>

Note: The balance sheet at December 31, 1994 has been derived from the audited financial statements at that date. See accompanying notes to condensed consolidated financial statements.

</TABLE>

SYNALLOY CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

<TABLE>

<CAPTION>

	Three Months Ended		Nine Months Ended	
	September 30, 1995	October 1, 1994	September 30, 1995	October 1, 1994
<S>				
<C>				
Net sales	37,858,626	29,871,906	113,815,369	87,421,282
Cost of sales	28,394,922	24,802,819	86,378,035	72,979,205
Gross profit	9,463,704	5,069,087	27,437,334	14,442,077
Selling, general and administrative expense	2,852,482	2,119,108	8,577,754	6,270,560
Operating income	6,611,222	2,949,979	18,859,580	8,171,517

Other (income) and expense				
Interest expense	254,119	149,245	787,119	422,961
Other, net	(12,852)	(7,080)	(41,672)	(29,035)
Income before taxes	6,369,955	2,807,814	18,114,133	7,777,591
Provision for income taxes	2,455,000	982,000	6,824,000	2,722,000
Net income	3,914,955	1,825,814	11,290,133	5,055,591
Net income per common share				
Primary and fully diluted	0.53	0.25	1.54	0.69
Dividends paid per common share	0.08	0.07	0.21	0.19
Average shares outstanding	7,372,808	7,363,434	7,349,784	7,350,524

<f>

See accompanying notes to condensed consolidated financial statements.

</TABLE>

SYNALLOY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>

<CAPTION>

	Nine Months Ended	
	September 30, 1995	October 1, 1994
<S>	<C>	<C>
Operating activities		
Net income	11,290,133	5,055,591
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,842,862	1,460,783
Deferred compensation	(735)	(1,320)
Provision for losses on accounts receivable	59,378	129,795
(Gain) loss on sale of property, plant and equipment	(19,024)	50,154
Cash surrender value of life insurance	(56,550)	(56,550)
Environmental compliance costs	(242,484)	(307,440)
Changes in operating assets and liabilities:		
Accounts receivable	(5,210,881)	(2,787,816)
Inventories	(13,588,944)	(4,062,222)
Other assets	(229,832)	(10,201)
Accounts payable and accrued expenses	6,486,987	4,748,806
Income taxes payable	(13,890)	12,629
Net cash provided by operating activities	317,020	4,232,209
Investing activities		
Purchases of property, plant and equipment	(4,895,086)	(3,542,144)
Proceeds from sale of property, plant and equipment	45,433	25,084
Proceeds from notes receivable	4,037	3,654
Acquisition costs		(350,000)
Net cash (used in) investing activities	(4,845,616)	(3,863,406)
Financing activities		
Proceeds from revolving lines of credit	55,591,231	20,731,000
Payments on revolving lines of credit	(53,751,231)	(19,986,000)
Addition to long-term debt	5,000,000	
Principal payments on long-term debt	(129,808)	(256,730)
Proceeds from exercising stock options	105,678	77,632
Purchase of treasury stock	(1,079,058)	(18,008)
Dividends paid	(1,541,955)	(1,343,783)
Contributions to 401(k)/ESOP	332,144	
Net cash provided by (used in) financing activities	4,527,001	(795,889)
Decrease in cash and cash equivalents	(1,595)	(427,086)
Cash and cash equivalents at beginning of year	20,770	451,471
Cash and cash equivalents at end of period	19,175	24,385

<f>

See accompanying notes to condensed consolidated financial statements

</TABLE>

SYNALLOY CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

September 30, 1995

NOTE 1--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended September 30, 1995, are not necessarily indicative of the results that may be expected for the year ending December 30, 1995. For comparative purposes, certain amounts in the 1994 financial statements have been reclassified to conform with the 1995 presentation. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the period ended December 31, 1994.

NOTE 2--INVENTORIES

Inventories are stated at the lower of cost (first-in, first-out method) or market.

NOTE 3--LEGAL MATTERS

The Company is from time to time subject to various claims, other possible legal actions for product liability and other damages, and other matters arising out of the normal conduct of the Company's business. Management believes that based on present information, it is unlikely that liability, if any, exists that would have a materially adverse effect on the consolidated operating results or financial position of the Company.

NOTE 4--NET INCOME PER COMMON SHARE

Income per share is computed using the weighted average shares of Common Stock and dilutive Common Stock equivalents (options) outstanding during the respective periods.

NOTE 5--SHAREHOLDERS' EQUITY

On April 28, 1995, the Board of Directors of the Company declared a three-for-two split of the Company's common stock. This was paid in the form of a stock dividend on June 12, 1995 to shareholders of record May 22, 1995. Accordingly, all share and per share information throughout the consolidated financial statements has been restated to reflect this split. The par value for the additional shares issued was transferred from capital in excess of par to common stock.

SYNALLOY CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion of certain significant factors which affected the Company during the quarter ended September 30, 1995.

Consolidated sales were \$37,858,000 for the quarter and \$113,815,000 year-to-date reflecting 27 and 30 percent increases, respectively, over the same periods one year ago. Consolidated net income increased 114 percent to \$3,915,000 for the quarter, or \$.53 per share, and increased 123 percent to \$11,290,000 year-to-date, or \$1.54 per share, over the same periods one year ago.

Chemical Segment sales were \$11,005,000 for the quarter and \$38,629,000 year-to-date reflecting 15 and two percent declines, respectively, compared to the same periods one year ago. Operating income declined 29 percent to \$1,084,000 for the quarter and increased slightly by one percent to \$4,905,000 year-to-date, compared to the same periods one year ago. About one-half of the expected decline in sales and operating income for the quarter resulted from the timing of production of certain non-dye specialty chemicals. Last year's third quarter reflected the highest production level of these products in 1994, while this quarter represented the lowest level scheduled for 1995. For the nine months, higher profits from specialty chemicals offset lower profits from textile dyestuffs. Demand for textile dyestuffs, which represent the bulk of the chemical business, continued to decline during the quarter resulting primarily from weak apparel demand. The decline is consistent with the trends experienced in the first two quarters and in 1994. Sales and profits for the quarter from these products were down approximately 15 and 19 percent, respectively. Specialty chemicals should show good improvement in the fourth quarter compared to the third quarter and last year's fourth quarter. However, demand for dyes has recently been at its weakest level which makes the overall outlook uncertain.

Metals Segment sales were \$26,853,000 for the quarter and \$75,186,000 year-to-date reflecting 58 and 57 percent increases, respectively, over the same periods one year ago. Operating income increased 248 percent to \$6,022,000 for the quarter and 269 percent to \$15,446,000 year-to-date, over the same periods one year ago. Third quarter operating income soared to a new record while sales were about the same as the record set in the second quarter of this year. The bulk of the sales gain came from higher prices that passed on the increased cost of stainless steel raw material. A change in product mix with more sales of high priced super alloy pipe also contributed to the increase. The surge in income resulted from strong stainless pipe markets that led to

better profitability industry wide, increased volume which produced lower unit production cost, and rising prices that generated profits from a large inventory. Raw material costs and selling prices have been reasonably stable during the past few months and will have a negative impact on inventory profits in the future. For this reason, fourth quarter operating income will probably be below the level achieved in the third quarter. However, demand

SYNALLOY CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

continues to be strong from most of the industries using these products and current prices are much higher than they were a year ago. Based on this, the Company expects sales and profits in the fourth quarter to be substantially better than they were in the comparable period in 1994.

Selling and administrative expense for the quarter and year-to-date were approximately seven percent of consolidated sales which is consistent with prior years' amounts. Interest expense increased significantly due to increased borrowings needed for working capital requirements.

Cash flows from operations increased \$317,000 during the first nine months of the year compared to a \$4,232,000 increase during the same period one year ago. The significant increase in activity in the Metals Segment has caused an expected increase in accounts receivable and inventories, net of accounts payable, of \$15,514,000 from December 31, 1994. The Company expects that available cash and existing lines of credit will be sufficient to meet normal operating requirements, including capital expenditures and payment of dividends over the near term.

PART II: OTHER INFORMATION

SYNALLOY CORPORATION

Item 1. Legal Proceedings

Reference is made to Note 3 on Page 6 and Note O in the Notes to Consolidated Financial Statements included in the Form 10-K for the year ended December 31, 1994.

Item 2. Change In Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission Of Matters To A Vote Of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits And Reports On Form 8-K

The following exhibits are included herein:

None

The Company did not file any reports on Form 8-K during the three months ended September 30, 1995.

SYNALLOY CORPORATION

SIGNATURES

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

SYNALLOY CORPORATION
(Registrant)

Date: November 8, 1995

/s/ James G. Lane, Jr.
James G. Lane, Jr., Chairman and
Chief Executive Officer

Date: November 8, 1995

/s/ Gregory M. Bowie
Gregory M. Bowie
Vice President, Finance

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