

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 April 3, 1999

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
(State or other jurisdiction of
incorporation or organization)

57-0426694
(I.R.S. Employer
Identification Number)

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

29304
(Zip Code)

Registrant's Telephone Number, Including Area Code (864) 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 April 3, 1999
Common Stock, \$1.00 Par Value	6,671,688

- 1 -

Synalloy Corporation

Index

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Condensed consolidated balance sheets - April 3, 1999 and January
2, 1999

Condensed consolidated statements of income - Three months ended
April 3, 1999 and April 4, 1998

Condensed consolidated statements of cash flows - Three months

ended April 3, 1999 and April 4 1998

Notes to condensed consolidated financial statements - April 3, 1999

Management's Discussion and Analysis of Financial Condition and Results of Operations

PART II. OTHER INFORMATION

- Item 1. Legal Proceedings
- Item 2. Changes in Securities
- Item 3. Defaults upon Senior Securities
- Item 4. Submission of Matters to a Vote of Security Holders
- Item 5. Other Information
- Item 6. Exhibits and Reports on Form 8-K

- 2 -

PART 1. FINANCIAL STATEMENTS

<TABLE>

Synalloy Corporation
Condensed Consolidated Balance Sheets

	Apr 3, 1999 (Unaudited) <C>	Jan 2, 1999 (Note) <C>
<S>		
Assets		
Current assets		
Cash and cash equivalents	\$ 160,225	\$ 117,658
Accounts receivable, less allowance for doubtful accounts	15,614,850	12,596,592
Inventories		
Raw materials	8,252,762	7,502,972
Work-in-process	3,992,701	3,755,147
Finished goods	13,499,043	14,842,842
	-----	-----
Total inventories	25,744,506	26,100,961
Deferred income taxes	192,000	192,000
Prepaid expenses and other current assets	625,076	646,342
	-----	-----
Total current assets	42,336,657	39,653,553
Cash value of life insurance	2,046,926	2,025,984
Investment	1,092,117	1,026,117
Property, plant & equipment, net of accumulated depreciation of \$33,433,000 and \$32,498,000	25,999,003	25,495,020
Deferred charges and other assets	3,106,125	3,173,788
	-----	-----
Total assets	\$74,580,828 =====	\$71,374,462 =====
Liabilities and Shareholders' Equity		
Current liabilities		
Notes payable	\$ 2,672,000	\$ 665,000
Accounts payable	8,250,385	7,882,778
Income taxes	741,609	-

Accrued expenses	1,880,729	1,383,740
Current portion of environmental reserves	575,650	575,650
Current portion of long-term debt	200,000	200,000
	-----	-----
Total current liabilities	14,320,373	10,707,168
Long-term debt, less current portion	10,000,000	10,000,000
Environmental reserves	1,742,038	1,846,550
Deferred compensation	1,349,520	1,349,940
Deferred income taxes	1,646,000	1,623,000
Contingencies		
Shareholders' equity		
Common stock, par value \$1 per share - authorized and issued 8,000,000 shares	8,000,000	8,000,000
Capital in excess of par value	9,491	9,491
Retained earnings	49,687,736	49,687,391
Accumulated other comprehensive income	496,000	453,000
Less cost of Common Stock in treasury	(12,670,330)	(12,302,078)
	-----	-----
Total shareholders' equity	45,522,897	45,847,804
	-----	-----
Total liabilities and shareholders' equity	\$74,580,828	\$71,374,462
	=====	=====

Note: The balance sheet at January 2, 1999 has been derived from the audited financial statements at that date. See accompanying notes to condensed consolidated financial statements

</TABLE>

- 3 -

<TABLE>
Synalloy Corporation
Condensed Consolidated Statements of Income

(Unaudited)	Three Months Ended	
	Apr 3, 1999	Apr 4, 1998
<S>	<C>	<C>
Net sales	\$27,645,297	\$30,605,926
Cost of sales	24,274,218	27,131,096
	-----	-----
Gross profit	3,371,079	3,474,830
Selling, general and administrative expense	2,689,530	2,407,979
	-----	-----
Operating income	681,549	1,066,851
Other (income) and expense		
Interest expense	159,753	166,515
Other, net	3,171	(24,055)
	-----	-----
Income before taxes	518,625	924,391
Provision for income taxes	182,000	327,000
	-----	-----
Net income	\$ 336,625	\$ 597,391
	=====	=====
Net income per common share		
Basic	\$.05	\$.09
	===	===
Diluted	\$.05	\$.09
	===	===
Dividends paid per common share	\$.05	\$.10
	===	===
Average shares outstanding		
Basic	6,722,468	6,836,474
	=====	=====
Diluted	6,722,468	6,868,700
	=====	=====

See accompanying notes to condensed consolidated financial statements

</TABLE>

<TABLE>
 Synalloy Corporation
 Condensed Consolidated Statements of Cash Flows

(Unaudited)	Three Months Ended	
	Apr 3, 1999	Apr 4, 1998
<S>	<C>	<C>
Operating activities		
Net income	\$ 336,625	\$ 597,391
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	993,883	853,993
Amortization of deferred charges	67,663	64,656
Deferred compensation	(420)	(420)
Provision for losses on accounts receivable	126,260	34,744
Loss (gain) on sale of property, plant and equipment	7,981	(233)
Cash value of life insurance	(20,942)	(19,890)
Environmental reserves	(104,512)	(91,739)
Changes in operating assets and liabilities:		
Accounts receivable	(3,144,518)	(2,178,187)
Inventories	356,455	1,047,397
Other assets	(1,734)	(6,983)
Accounts payable and accrued expenses	832,515	1,425,424
Income taxes payable	796,690	370,549
	-----	-----
Net cash provided by operating activities	245,946	2,096,702
Investing activities		
Purchases of property, plant and equipment	(1,515,347)	(646,125)
Proceeds from sale of property, plant and equipment	9,500	233
	-----	-----
Net cash used in investing activities	(1,505,847)	(645,892)
Financing activities		
Proceeds from revolving lines of credit	7,643,000	152,000
Payments on revolving lines of credit	(5,636,000)	(152,000)
Proceeds from exercised stock options	-	4,837
Purchases of treasury stock	(368,251)	(1,493,000)
Dividends paid	(336,281)	(684,893)
	-----	-----
Net cash provided by (used in) financing activities	1,302,468	(2,173,056)
	-----	-----
Increase (decrease) in cash and cash equivalents	42,567	(722,246)
Cash and cash equivalents at beginning of year	117,658	1,602,543
	-----	-----
Cash and cash equivalents at end of period	\$ 160,225	\$ 880,297
	=====	=====

See accompanying notes to condensed consolidated financial statements

</TABLE>

April 3, 1999

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 three-month period ended April 3, 1999, are not necessarily indicative of the results that may be expected for the year ending January 1, 2000. 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 January 2, 1999.

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--COMPREHENSIVE INCOME

Comprehensive income was \$43,000, net of deferred income taxes of \$23,000 for the three months ended April 3, 1999. Comprehensive income consists of unrealized gains and losses on the Company's foreign equity investment, and is recorded in Shareholders' Equity.

NOTE 5--SEGMENT INFORMATION

<TABLE>

(Dollar amounts are in thousands.)

	Three Months Ended	
	Apr 3, 1999	Apr 4, 1998
<S>	<C>	<C>
Net sales		
Metals Segment	\$ 13,601	\$ 17,426
Chemicals Segment	14,044	13,180
	-----	-----
	\$ 27,645	\$ 30,606
	=====	=====
Operating income		
Metals Segment	\$ 407	\$ 750
Chemicals Segment	500	551
	-----	-----
	907	1,301
Unallocated expenses		
Corporate	225	235
Interest and debt expense, net of interest income	163	142
	-----	-----
Income before income taxes	\$ 519	\$ 924
	=====	=====

</TABLE>

-6-

Synalloy Corporation

Management's Discussion And Analysis Of Financial Condition
And Results Of Operations

The following is management's discussion of certain significant factors that affected the Company during the quarter ended April 3, 1999. (Dollar amounts are in thousands except for per share data.)

Consolidated sales for the quarter were down, decreasing ten percent compared to the same period one year ago. Consolidated net income declined 44 percent to \$337 for the quarter, or \$.05 per share, compared to the same period one year ago. However, on a sequential basis sales were up 21 percent and net income showed improvement over the modest loss, before an environmental charge, suffered in the last quarter of 1998.

Chemicals Segment sales increased seven percent from a year earlier because of the acquisition of Organic Pigments effective July 1, 1998. Without this acquisition sales would have been down nine percent. Weak sales are directly

related to the continuing downsizing of the domestic textile industry because of cheap imports. Operating income was down nine percent as the result of intensely competitive conditions in markets for textile colors and chemicals. Declining prices of these products generated inventory losses and weak demand led to lower profit margins. Specialty chemicals performed well during the quarter with improved sales and profits compared to the prior year. The Company is pursuing several projects that have the potential to provide momentum for the future. Management is hopeful that some of these possibilities will materialize during 1999.

Metals Segment sales in the first quarter were down 22 percent from a year earlier and operating income declined 46 percent. The sales decline resulted from a four percent decrease in unit volumes, an 11 percent decline in commodity pipe prices, and a change in product mix, with a lower percentage of sales from piping systems and process equipment. The lower operating income was caused by the sales decline, inventory losses suffered because of declining prices and competitive conditions exacerbated by cheap imports. The backlog for piping systems and process equipment ended the first quarter at \$23,400 which is up \$17,000 from a year earlier. This product group has operated at extremely low levels for the past year but should start to generate much higher sales by the third quarter of this year.

Selling and administrative expense for the quarter was up 12 percent from the same period last year because of the addition of the selling and administrative expenses of Organic Pigments.

Cash flows from operations totaled \$246 during the first three months of 1999 compared to \$2,097 generated during the same period one year ago. The decline came primarily from two factors. Accounts receivable increased \$3,145 in the first quarter from an unusually low level existing at January 2, 1999, due to the increase in sales experienced in the quarter compared to the fourth quarter of 1998. In 1998, the increase in accounts receivable for the quarter totaled \$2,178. In addition, inventories declined \$356 during the quarter compared to a decline of \$1,047 occurring in the first quarter of 1998. The Company purchased 53,925 shares of the Company's common stock for \$368 during the quarter. 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.

- 7 -

Synalloy Corporation

Management's Discussion And Analysis Of Financial Condition
And Results Of Operations - Continued

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

The statements contained in this management discussion and analysis that are not historical facts may be 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, which speak only as of their dates. 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, customer delays or difficulties in the production of products, and other risks detailed from time to time in Synalloy's Securities and Exchange Commission filings. Synalloy Corporation assumes no obligation to update the information included herein.

PART II: OTHER INFORMATION

Synalloy Corporation

Item 1. Legal Proceedings
None

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 April 3, 1999

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: May 7, 1999 /s/ James G. Lane, Jr.
James G. Lane, Jr., Chairman and
Chief Executive Officer

Date: May 7, 1999 /s/ Gregory M. Bowie
Gregory M. Bowie
Vice President, Finance

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