

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 July 1, 2000

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 July 1, 2000
Common Stock, \$1.00 Par Value	6,145,758

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Synalloy Corporation

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1, 2000

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Condensed consolidated statements of cash flows - Six months ended

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PART 1. FINANCIAL STATEMENTS

<TABLE>

Synalloy Corporation

Condensed Consolidated Balance Sheets

	Jul 1, 2000 (Unaudited) <C>	Jan 1, 2000 (Note) <C>
<S>		
Assets		
Current assets		
Cash and cash equivalents	\$ 42,778	\$ 120,549
Accounts receivable, less allowance for doubtful accounts	17,551,577	16,354,165
Inventories		
Raw materials	8,642,125	9,378,087
Work-in-process	5,958,723	6,033,389
Finished goods	15,210,069	13,407,243
Total inventories	29,810,917	28,818,719
Deferred income taxes	406,000	406,000
Prepaid expenses and other current assets	754,770	794,232
Total current assets	48,566,042	46,493,665
Cash value of life insurance	2,148,811	2,112,411
Investment	926,117	1,039,117
Property, plant & equipment, net of accumulated depreciation of \$36,665,000 and \$34,887,000	26,175,958	25,985,725
Deferred charges and other assets	2,870,015	2,421,655
Total assets	\$80,686,943	\$78,052,573
Liabilities and Shareholders' Equity		
Current liabilities		
Notes payable	\$ 5,031,000	\$ 3,084,000
Accounts payable	10,378,945	10,867,711
Income taxes	1,196,632	1,209,874
Accrued expenses	3,735,757	2,957,728
Current portion of environmental reserves	373,500	373,500

Current portion of long-term debt	0	0
Total current liabilities	20,715,834	18,492,813
Long-term debt, less current portion	10,000,000	10,000,000
Environmental reserves	1,496,812	1,661,663
Deferred compensation	1,392,635	1,374,210
Deferred income taxes	1,824,000	1,864,000
Contingencies		
Shareholders' equity		
Common stock, par value \$1 per share - authorized 12,000,000 shares; issued 8,000,000 shares	8,000,000	8,000,000
Capital in excess of par value	9,491	9,491
Retained earnings	52,967,909	51,325,183
Accumulated other comprehensive income	388,000	461,000
Less cost of Common Stock in treasury	(16,107,738)	(15,135,787)
Total shareholders' equity	45,257,662	44,659,887
Total liabilities and shareholders' equity	\$80,686,943	\$78,052,573

Note: The balance sheet at January 1, 2000 has been derived from the audited financial statements at that date. See accompanying notes to condensed consolidated financial statements

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<TABLE>

Synalloy Corporation
Condensed Consolidated Statements of Income

(Unaudited)	Three Months Ended		Six Months Ended	
	Jul 1, 2000	Jul 3, 1999	Jul 1, 2000	Jul 3, 1999
<S>	<C>	<C>	<C>	<C>
Net sales	\$31,891,371	\$28,291,775	\$64,162,371	\$55,937,072
Cost of sales	26,956,152	24,960,327	54,029,440	49,234,545
Gross profit	4,935,219	3,331,448	10,132,931	6,702,527
Selling, general and administrative expense	2,797,533	2,718,925	6,082,108	5,408,455
Operating income	2,137,686	612,523	4,050,823	1,294,072
Other (income) and expense				
Interest expense	273,268	196,028	512,078	355,781
Other, net	4,360	(86,241)	11,663	(83,070)
Income before taxes	1,860,058	502,736	3,527,082	1,021,361
Provision for income tax	663,000	177,000	1,256,000	359,000
Net income	\$ 1,197,058	\$ 325,736	\$ 2,271,082	\$ 662,361
Net income per common share				
Basic	\$.19	\$.05	\$.36	\$.10
Diluted	\$.19	\$.05	\$.36	\$.10
Dividends paid per common share	\$.05	\$.05	\$.10	\$.10
Average shares outstanding				
Basic	6,254,721	6,584,311	6,272,891	6,653,390
Diluted	6,254,919	6,589,950	6,273,603	6,662,217

See accompanying notes to condensed consolidated financial statements.

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<TABLE>
Synalloy Corporation
Condensed Consolidated Statements of Cash Flows

<S>	Jul 1, 2000 <C>	Jul 3, 1999 <C>
Operating activities		
Net income	\$2,271,082	\$ 662,361
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	1,974,141	1,954,095
Amortization of deferred charges	162,700	136,301
Deferred compensation	18,425	11,319
Provision for losses on accounts receivable	(9,091)	291,885
(Gain) loss on sale of property, plant and equipment	(5,426)	5,864
Cash value of life insurance	(36,400)	(3,856)
Environmental reserves	(164,851)	(227,082)
Changes in operating assets and liabilities:		
Accounts receivable	(1,188,321)	(2,217,609)
Inventories	(992,198)	(482,098)
Other assets	(239,598)	59,496
Accounts payable and accrued expenses	249,263	3,544,226
Income taxes payable	(13,242)	652,790
Net cash provided by operating activities	2,026,484	4,387,692
Investing activities		
Purchases of property, plant and equipment	(2,164,374)	(1,896,989)
Proceeds from sale of property, plant and equipment	5,426	22,624
Increase in note receivables	(292,000)	(272,000)
Net cash used in investing activities	(2,450,948)	(2,146,365)
Financing activities		
Proceeds from revolving lines of credit	23,684,000	15,949,000
Payments on revolving lines of credit	(21,737,000)	(16,614,000)
Purchases of treasury stock	(971,951)	(1,023,562)
Dividends paid	(628,356)	(665,116)
Net cash provided by (used in) financing activities	346,693	(2,353,678)
Decrease in cash and cash equivalents	(77,771)	(112,351)
Cash and cash equivalents at beginning of year	120,549	117,658
Cash and cash equivalents at end of period	\$ 42,778	\$ 5,307

See accompanying notes to condensed consolidated financial statements.

</TABLE>

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- and six-month periods ended July 1, 2000, are not necessarily indicative of the results that may be expected for the year ending December 30, 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 1, 2000.

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 \$1,047,000 and \$2,198,000 for the three and six months ended July 1, 2000, respectively. Comprehensive income consists of net income less unrealized losses on the Company's foreign equity investment, of \$150,000 and \$73,000, net of deferred income taxes of \$81,000 and \$40,000 for the three and six months ended July 1, 2000, respectively, and is recorded in Shareholders' Equity.

NOTE 5--SEGMENT INFORMATION

During the first quarter of 2000, the Company completed the reorganization of its Chemicals Segment changing the Segment into two separately managed product groups - Colors and Specialty Chemicals. Previously, the Segment had been managed by geographic location. The amounts presented for the second quarter and six months of 1999 have been restated to reflect the reorganization.

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Synalloy Corporation
Notes To Condensed Consolidated Financial Statements - Continued
(Unaudited)

July 1, 2000

<TABLE>

NOTE 5--SEGMENT INFORMATION (Continued)

(Dollar amounts are in thousands.)

	Three Months Ended		Six Months Ended	
	July 1, 2000	July 3, 1999	July 1, 2000	July 3, 1999
<S>	<C>	<C>	<C>	<C>
Net sales				
Colors Group	\$ 7,341	\$ 7,943	\$ 13,950	\$ 15,565
Specialty Chemicals Group	5,059	5,187	11,184	11,609
Chemicals Segment	12,400	13,130	25,134	27,174
Metals Segment	19,491	15,162	39,028	28,763
	\$ 31,891	\$ 28,292	\$ 64,162	\$ 55,937
Operating income				
Colors Group	\$ 90	\$ 268	\$ 130	\$ 325

Specialty Chemicals Group	(596)	(138)	(472)	305
Chemicals Segment	(506)	130	(342)	630
Metals Segment	2,948	735	5,131	1,142
Unallocated expenses				
Corporate	304	278	738	503
Interest and debt expense, net of interest income	278	85	524	248
Income before income taxes	\$ 1,860	\$ 502	\$ 3,527	\$ 1,021

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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 July 1, 2000. (Dollar amounts are in thousands except for per share data.)

Consolidated sales increased 13 and 15 percent, respectively, for the quarter and year-to-date compared to the same periods one year ago. Consolidated net income increased to \$1,197 from \$326 for the quarter and increased to \$2,271 from \$662 year-to-date, respectively, compared to the same periods one year ago.

Metals Segment sales increased 29 percent and 36 percent in the quarter and year-to-date, respectively. Operating income for the quarter and year-to-date increased over four times the levels of the prior year. The increase in sales came from eight percent higher unit volumes coupled with a 19 percent increase in average selling prices. Improvement in our principal product, commodity stainless pipe, was even more pronounced with unit volume up 14 percent and average selling price 38 percent higher than last year's second quarter. The commodity pipe percentage gains were moderated by the change in product mix that resulted from the closure in the first quarter of the Whiting Metals process equipment facility and 11 percent lower sales from piping systems. Assuming that market conditions for commodity pipe continue to be strong, the third quarter should produce a continuation of excellent results.

Chemicals Segment sales decreased six and eight percent in the quarter and year-to-date, respectively, with both Colors and Specialty Chemicals contributing to the decline. In spite of the well-chronicled negative conditions in the domestic textile color industry, the Colors Group managed to operate profitably during the second quarter as operating income for the Group declined 66 and 60 percent in the quarter and year-to-date, respectively. On the other hand, the Specialty Chemicals Group incurred an operating loss for the quarter, over half of which resulted from \$308,000 in losses at the Augusta plant. The balance of the loss resulted from very low volumes at the Spartanburg plant because of normal quarterly fluctuations that occur in these products. Present schedules call for over twice as much volume in the third quarter when demand is expected to be closer to the quarterly average. Site preparation is underway in Spartanburg for the move of equipment from Augusta. The move should be completed by year-end after which the Augusta plant losses will be eliminated and profits in Spartanburg should be enhanced by improved utilization. However, the Company expects to take a restructuring charge in the future, which has not been quantified. Management is confident that

initiatives underway in the Chemicals Segment will return it to acceptable profitability by the end of this year.

Selling and administrative expense for the quarter and year-to-date were nine percent of consolidated sales, respectively, compared to last year's 10 percent.

Cash flows from operations totaled \$2,026 during the first six months of 2000 compared to \$4,388 generated during the same period one year ago. The decrease in cash flows came primarily from increases in accounts receivable and inventories, offset by an increase in accounts payable and income taxes payable totaling \$1,944 in 2000, compared to a net decline of \$1,497 from the same accounts in 1999. The decrease was offset by the \$1,609 increase in net income from 1999 to 2000. The Company used part of the cash flows generated in 2000 to purchase 145,300 shares of the Company's common stock for \$972. 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.

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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.

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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:

A The Annual Meeting of Shareholders was held May 18, 2000 at the offices of the Company.

B. The following individuals were elected as directors at the Annual Meeting:

	Votes For	Votes Withheld
1. James G. Lane, Jr.	5,727,346	72,023
2. Sibyl N. Fishburn	5,727,346	72,023
3. Richard E. Ingram	5,727,346	72,023
4. Glenn R. Oxner	5,727,346	72,023
5. Carroll D. Vinson	5,727,346	72,023

C. Ernst & Young LLP, independent certified accountants, were selected as independent auditors for the fiscal year ending December 30, 2000 by a vote of 5,770,510 for, 12,979 against and 15,880 abstentions.

Item 5. Other Information
None

Item 6. Exhibits And Reports On Form 8-K

The following exhibits are included herein:

Financial Data Schedule

A Form 8-K, dated May 18, 2000, was filed May 19, 2000 pursuant to Item 5 of that form.

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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: August 8, 2000

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

Date: August 8, 2000

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

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