

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 October 2, 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 October 2, 1999
Common Stock, \$1.00 Par Value	6,558,088

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Synalloy Corporation

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Condensed consolidated statements of cash flows - Nine months

ended October 2, 1999 and October 3, 1998

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PART 1. FINANCIAL STATEMENTS

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Synalloy Corporation
Condensed Consolidated Balance Sheets

	Oct 2, 1999 (Unaudited) <C>	Jan 2, 1999 (Note) <C>
<S>		
Assets		
Current assets		
Cash and cash equivalents	\$ 4,955	\$ 117,658
Accounts receivable, less allowance for doubtful accounts	18,504,786	12,596,592
Inventories		
Raw materials	8,977,648	7,502,972
Work-in-process	6,297,682	3,755,147
Finished goods	12,621,067	14,842,842
Total inventories	27,896,397	26,100,961
Deferred income taxes	192,000	192,000
Prepaid expenses and other current assets	304,157	646,342
Total current assets	46,902,295	39,653,553
Cash value of life insurance	2,054,053	2,025,984
Investment	1,132,117	1,026,117
Property, plant & equipment, net of accumulated depreciation of \$35,128,000 and \$32,498,000	25,220,095	25,495,020
Deferred charges and other assets	3,296,079	3,173,788
Total assets	\$78,604,639	\$71,374,462
Liabilities and Shareholders' Equity		
Current liabilities		
Notes payable	\$ 2,346,000	\$ 665,000
Accounts payable	11,910,445	7,882,778
Income taxes	926,238	-
Accrued expenses	2,834,794	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	18,793,127	10,707,168
Long-term debt, less current portion	10,000,000	10,000,000
Environmental reserves	1,524,490	1,846,550
Deferred compensation	1,360,839	1,349,940
Deferred income taxes	1,660,000	1,623,000
Contingencies		
Shareholders' equity		
Common stock, par value \$1 per share - authorized 12,000,000 at October 2, 1999 and 8,000,000 shares at January 2, 1999; issued 8,000,000 shares	8,000,000	8,000,000
Capital in excess of par value	9,491	9,491
Retained earnings	50,186,334	49,687,391
Accumulated other comprehensive income	522,000	453,000
Less cost of Common Stock in treasury	(13,451,642)	(12,302,078)
Total shareholders' equity	45,266,183	45,847,804
Total liabilities and shareholders' equity	\$78,604,639	\$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

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<TABLE>

Synalloy Corporation
Condensed Consolidated Statements of Income

(Unaudited)	Three Months Ended		Nine Months Ended	
	Oct 2, 1999	Oct 3, 1998	Oct 2, 1999	Oct 3, 1998
<S>	<C>	<C>	<C>	<C>
Net sales	\$31,024,054	\$28,039,905	\$86,961,126	\$84,458,443
Cost of sales	26,424,178	24,572,533	75,658,723	74,589,382
Gross profit	4,599,876	3,467,372	11,302,403	9,869,061
Selling, general and administrative expense	3,159,168	2,601,482	8,567,623	7,667,331
Operating income	1,440,708	865,890	2,734,780	2,201,730
Other (income) and expense				
Interest expense	179,836	181,207	535,617	510,892
Other, net	(19,661)	(19,711)	(102,731)	(106,577)
Income before taxes	1,280,533	704,394	2,301,894	1,797,415
Provision for income tax	450,000	249,000	809,000	635,000
Net income	\$ 830,533	\$ 455,394	\$ 1,492,894	\$ 1,162,415
Net income per common share				
Basic	\$.13	\$.07	\$.23	\$.17
Diluted	\$.13	\$.07	\$.23	\$.17
Dividends paid per Common share	\$.05	\$.10	\$.15	\$.30
Average shares outstanding				
Basic	6,576,279	6,769,363	6,627,686	6,797,255
Diluted	6,576,279	6,776,879	6,629,974	6,818,881

See accompanying notes to condensed consolidated financial statements.

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Synalloy Corporation
Condensed Consolidated Statements of Cash Flows

(Unaudited)	Nine Months Ended	
	Oct 2, 1999	Oct 3, 1998
<S>	<C>	<C>
Operating activities		
Net income	\$ 1,492,894	\$ 1,162,415
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	2,921,634	2,587,821
Amortization of deferred charges	195,939	195,593
Deferred compensation	10,899	19,113
Provision for losses on accounts receivable	594,107	206,538
Loss on sale of property, plant and equipment	5,864	10,401
Cash value of life insurance	(28,069)	(64,926)
Environmental reserves	(322,060)	(239,022)
Changes in operating assets and liabilities:		
Accounts receivable	(6,502,301)	159,172
Inventories	(1,795,436)	1,074,255
Other assets	223,955	305,262
Accounts payable and accrued expenses	5,460,640	1,952,273
Income taxes payable	981,319	(39,400)
Net cash provided by operating activities	3,239,385	7,329,495
Investing activities		
Purchases of property, plant and equipment	(2,675,197)	(1,766,714)
Proceeds from sale of property, plant and equipment	22,624	9,818
Acquisitions, net of cash	-	(3,456,799)
Increase in note receivables	(237,000)	-
Net cash used in investing activities	(2,889,573)	(5,213,695)
Financing activities		
Proceeds from revolving lines of credit	25,357,000	852,000
Payments on revolving lines of credit	(23,676,000)	(317,000)
Proceeds from exercised stock options	-	4,838
Purchases of treasury stock	(1,149,565)	(1,999,219)
Dividends paid	(993,950)	(2,042,580)
Net cash used in financing activities	(462,515)	(3,501,961)
(Decrease) increase in cash and cash equivalents	(112,703)	(1,386,161)
Cash and cash equivalents at beginning of year	117,658	1,602,543
Cash and cash equivalents at end of period	\$ 4,955	\$ 216,382

See accompanying notes to condensed consolidated financial statements.

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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 nine month periods ended October 2, 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 \$981,000 and \$1,562,000 for the three and nine months ended October 2, 1999, respectively. Comprehensive income consists of net income plus unrealized gains on the Company's foreign equity investment, of \$150,000 and \$69,000, net of deferred income taxes of \$80,000 and \$37,000 for the three and nine months ended October 2, 1999, respectively, and is recorded in Shareholders' Equity.

NOTE 5--SEGMENT INFORMATION

<TABLE>

(Dollar amounts are in thousands.)

<S>	Three Months Ended		Nine Months Ended	
	Oct 2, 1999 <C>	Oct 3, 1998 <C>	Oct 2, 1999 <C>	Oct 3, 1998 <C>
Net sales				
Metals Segment	\$ 17,984	\$ 13,328	\$ 46,747	\$ 44,427
Chemicals Segment	13,040	14,712	40,214	40,031
	\$ 31,024	\$ 28,040	\$ 86,961	\$ 84,458
Operating income				
Metals Segment	\$ 1,575	\$ 191	\$ 2,717	\$ 1,231
Chemicals Segment	86	865	716	1,617
	1,661	1,056	3,433	2,848
Unallocated expenses				
Corporate	200	190	703	646
Interest and debt expense, net of interest income	180	162	428	405
Income before income taxes	\$ 1,281	\$ 704	\$ 2,302	\$ 1,797

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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 October 2, 1999. (Dollar amounts are in thousands except for per share data.)

Consolidated sales for the quarter increased 11 and three percent year to date compared to the same periods one year ago as improving conditions in the Metals Segment more than offset continued deterioration in the textile color business during the third quarter. Consolidated net income increased 82 and 28 percent for the quarter and year to date, respectively, compared to the same periods one year ago.

Metals Segment sales increased 35 and five percent in the quarter and year to date, respectively. Operating income increased 723 and 121 percent in the quarter and year to date, respectively. A strong 34 percent increase in unit volumes in the third quarter was largely responsible for the increase in dollar sales. After four years of unrelenting declines that brought stainless pipe prices down to about one-half of the high reached during 1995, the third quarter ended with prices about 15 percent above their 1999 lows. If this trend toward higher prices is supported in the market place, sales and profits

from stainless pipe should continue to improve.

The piping systems business has improved dramatically from a year ago. The backlog for these products, \$23,900 at October 2, 1999, is at a healthy level that should produce good operating results through the end of next year.

Chemicals Segment sales decreased 11 percent in the quarter compared to the same quarter last year, and year to date sales were slightly above last year's total. Operating income declined 90 and 56 percent in the quarter and year to date, respectively. Reduced demand coupled with lower prices for textile colors led to the declines. As foreign sourcing of dyes for the domestic textile industry has become more pervasive, sales prices have plummeted to levels that in many cases defy economic logic. Under these adverse conditions, the company is focusing its efforts on the products and customers where it can best compete effectively. Management's strategy of developing specialty chemical sales to reduce the segment's dependence on textile colors has continued to show progress. Non textile color products now represent almost one-half of sales and are expected to grow substantially next year.

Selling and administrative expenses for the quarter and year to date were 10 percent of consolidated sales compared to last year's quarter and year to date totals of nine percent. The increase in expense came from increases in profit-based incentives and the allowance for doubtful accounts to establish reserves against several potentially uncollectible receivable accounts.

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Synalloy Corporation

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

Cash flows from operations totaled \$3,239 during the first nine months of 1999 compared to \$7,329 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 totaling \$2,837 in 1999, compared to a \$3,186 decrease from the same accounts in 1998. The decrease was offset by the \$1,020 increase in income taxes payable from 1998 to 1999. The Company used part of the cash flows generated in 1999 to purchase in 167,525 shares of the Company's common stock for \$1,149. 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.

On October 22, 1999, the Company purchased 260,000 shares of its common stock at \$6.25 per share, for a total purchase price of \$1,625. The purchase completes the previously announced stock repurchase program and represents about four percent of the outstanding shares.

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 October 2, 1999

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 5, 1999

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

Date: November 5, 1999

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

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