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Synalloy Updates Fourth Quarter Outlook

SPARTANBURG, S.C., Dec. 17, 2013 (GLOBE NEWSWIRE) -- Synalloy Corporation (Nasdaq:SYNL), a holding Company owning subsidiaries that engage in a number of diverse business activities including the production of stainless steel pipe, fiberglass and steel storage tanks, specialty chemicals and fabrication of stainless and carbon steel piping systems, announces that the Company is now projecting a loss on an adjusted net earnings basis for the fourth quarter of this year. During October and November, the Company's BristolFab unit experienced a pre-tax loss of \$1.4 million. The loss occurred as we increased the number of production workers from 70 in September to approximately 140 in the past two months in response to a surge in our backlog, with resulting labor efficiencies falling well below profitable levels. We expect to see this continue into December.

While our Ram-Fab unit has maintained targeted levels of efficiency and profitability, both of our fabrication units have had difficulty adding experienced welders to support our current backlog. As a result, we are now working with our customers to assess how we can better align our production capacity with their delivery schedules. This will likely result in downward adjustments to our backlog going forward as we work through these scheduling issues.

The Company, specifically the fabrication management team with the assistance of both the Metals President and the CEO, is highly focused on resolving these issues. We have identified the initiatives and actions to be taken, and we are confident that we will put the fabrication unit back on a profitable course.

With respect to the other Synalloy business units, BRISMET has been winding down the Bechtel nuclear project which will be completed this month. We have seen our stainless steel tons shipped increase by over 5% in both October and November. However, our product mix was adverse. Six-inch and under pipe shipments were up 50% in each of the past two months, while twelve inch and up pipe shipments were down over 25%. Conversion margins are lower in the small diameter pipe than in the large diameter sizes.

Palmer had good results in October, but shipments were soft in November and are expected to be weak in December as well. Work in November through January typically slows in west Texas this time of year and the recent ice storm reduced shipping days as well.

The Chemicals operation, including the recently acquired CRI Tolling, performed very well in October and November and we expect more of the same in December.

As the Company aggressively addresses the aforementioned issues, we continue to see reasons for optimism in all of our business units and remain confident in Synalloy's future.

About Synalloy

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, fiberglass and steel storage tanks, specialty chemicals and fabrication of stainless and

carbon piping systems.

Forward-looking Statements

Statements included herein that are not historical in nature, are intended to be, and are hereby identified as "forward-looking statements" within the meaning of federal securities laws. These forward-looking statements are based on current expectations, estimates and projections about our industry, our business, our customer relationships, management's beliefs and assumptions made by management. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict and, in many cases, are beyond the control or knowledge of management. Therefore, actual results may differ materially from those expressed or forecasted in such forward-looking statements. We undertake no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. Additional information concerning some of the factors that could cause materially different results is included in our reports on Forms 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission. Such reports are available from the Securities and Exchange Commission's public reference facilities and its website, <http://www.sec.gov>.

CONTACT: Rick Sieradzki at (864) 596-1558

Source: Synalloy Corporation