January 3, 2019

Synalloy Announces ASTI Closing; Projections for 2018 and 2019

RICHMOND, Va., Jan. 03, 2019 (GLOBE NEWSWIRE) -- Synalloy Corporation is pleased to announce that its wholly-owned subsidiary, ASTI Acquisition, LLC (to be re-named American Stainless Tubing, LLC), completed the acquisition of substantially all of the assets of American Stainless Tubing Inc. (ASTI) on January 2, 2019, with an effective date of January 1, 2019. “We are very excited to add ASTI’s operations and its employees to the Synalloy family and look forward to a solid contribution from this unit in 2019 and beyond,” said Craig C. Bram, Synalloy’s President and CEO.

The Company is also pleased to announce that its sale lease-back partner, Store Capital, closed on the purchase of ASTI’s real estate in North Carolina, which facilities have been incorporated into Synalloy’s master lease agreement with Store Capital and subleased to American Stainless Tubing, LLC.

With the fourth quarter now behind us, the Company is projecting 2018 revenue of approximately $280 million and Adjusted EBITDA totaling $34 million. Both revenue and Adjusted EBITDA results represent record performances for the Company. Adjusted EBITDA for the year will include about $6.5 million of inventory profits and positive manufacturing variances. “Shipments in the fourth quarter were below plan due to tighter inventory management at distribution customers in our pipe and tube businesses, as well as several lost operating days due to weather and physical inventory counts,” said Bram. “However, order activity remained at a high level and we ended the year with strong backlogs across the Metals unit. Product mix and overall pricing in the order book are favorable as well,” continued Bram.

Synalloy’s annual forecast for 2019, including the addition of ASTI’s operations, calls for revenue of $340 million. Adjusted EBITDA is projected to total $34 million. The Adjusted EBITDA forecast assumes no inventory profits in 2019 and represents a 24% increase over 2018’s Adjusted EBITDA on a comparable basis. Looking at the balance sheet, immediately following the acquisition of ASTI’s operations, net debt will total approximately $92 million, or roughly 2.7 times trailing and NTM Adjusted EBITDA. Note that $32 million of the net debt is directly the result of increased working capital associated with the growth in revenue in 2018. We expect to reduce net debt by a minimum of $25 million during the course of 2019, excluding the impact of any additional acquisitions. This would take the Company’s leverage below 2.0 times Adjusted EBITDA.

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 and tube, galvanized pipe and tube, fiberglass and steel storage tanks, specialty chemicals and the master distribution of seamless carbon pipe and tubing. For more information about Synalloy Corporation, please visit our website at www.synalloy.com.

This press release includes and incorporates by reference "forward-looking statements" within the meaning of the federal securities laws. All statements that are not historical facts are "forward-looking statements." The words "estimate," "project," "intend," "expect," "believe," "should," "anticipate," "hope," "optimistic," "plan," "outlook," "should," "could," "may" and similar expressions identify 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. 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; raw materials availability; employee relations; ability to maintain workforce by hiring trained employees; labor efficiencies; customer delays or difficulties in the production of products; new fracking regulations; a prolonged decrease in oil and nickel prices; unforeseen delays in completing the integrations of acquisitions; risks associated with mergers, acquisitions, dispositions and other expansion activities; financial stability of our customers; environmental issues; unavailability of debt financing on acceptable terms and exposure to increased market interest rate risk; inability to comply with covenants and ratios required by our debt financing arrangements; ability to weather an economic downturn; loss of consumer or investor confidence and other risks detailed from time-to-time in the Company's Securities and Exchange Commission filings. The Company assumes no obligation to update the information included in this release.

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