

SYNALLOY CORP
Form 10-Q
May 07, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934
For the Quarterly Period Ended March 30, 2013

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
(IRS Employer Identification Number)

775 Spartan Blvd, Suite 102, P.O. Box 5627,
Spartanburg, South Carolina
(Address of principal executive offices)

29304
(Zip Code)

(864) 585-3605
(Registrant's telephone number, including area code)

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 No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated Filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No
The number of shares outstanding of the registrant's common stock as of May 6, 2013 was 6,381,822.

Synalloy Corporation
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PART I

Item 1. FINANCIAL STATEMENTS

Synalloy Corporation

Condensed Consolidated Balance Sheets

| | (Unaudited) | |
|--|-----------------|-----------------|
| | Mar 30, 2013 | Dec 29, 2012 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 133,993 | \$ 1,085,261 |
| Accounts receivable, less allowance for doubtful accounts | 35,281,312 | 31,177,526 |
| Inventories, net | 51,022,155 | 50,163,392 |
| Deferred income taxes | 2,944,434 | 2,981,439 |
| Prepaid expenses and other current assets | 5,650,731 | 5,514,530 |
| Total current assets | 95,032,625 | 90,922,148 |
| Cash value of life insurance | 2,576,220 | 2,549,220 |
| Property, plant & equipment, net of accumulated depreciation of \$41,684,812 and \$40,966,957, respectively | 28,465,383 | 28,034,930 |
| Goodwill | 18,252,678 | 18,252,678 |
| Deferred charges, net | 296,782 | 287,564 |
| Intangible asset, net | 8,077,500 | 8,460,000 |
| Total assets | \$ 152,701,188 | \$ 148,506,540 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Current portion of long-term debt | \$ 2,274,109 | \$ 2,274,054 |
| Accounts payable | 15,801,878 | 10,523,788 |
| Accrued expenses | 8,814,444 | 12,083,499 |
| Current portion of environmental reserves | 136,875 | 122,000 |
| Total current liabilities | 27,027,306 | 25,003,341 |
| Long-term debt | 38,112,579 | 37,593,309 |
| Long-term environmental reserves | 518,000 | 518,000 |
| Long-term deferred compensation | 264,122 | 263,872 |
| Long-term contingent consideration | 5,751,431 | 5,708,831 |
| Deferred income taxes | 7,645,119 | 7,645,119 |
| 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 | 1,413,138 | 1,398,612 |
| Retained earnings | 78,302,208 | 76,836,761 |
| | 87,715,346 | 86,235,373 |
| Less cost of common stock in treasury: 1,627,589 and 1,643,267 shares, respectively | 14,332,715 | 14,461,305 |
| Total shareholders' equity | 73,382,631 | 71,774,068 |
| Commitments and contingencies – See Note 10 | | |

| | | |
|--|---------------|---------------|
| Total liabilities and shareholders' equity | \$152,701,188 | \$148,506,540 |
|--|---------------|---------------|

Note: The balance sheet at December 29, 2012 has been derived from the audited consolidated financial statements at that date.

See accompanying notes to condensed consolidated financial statements.

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Synalloy Corporation
Condensed Consolidated Statements of Operations
(Unaudited)

| | Three Months Ended | |
|---|--------------------|-----------------|
| | Mar 30, 2013 | Mar 31, 2012 |
| Net sales | \$57,836,079 | \$47,372,076 |
| Cost of sales | 50,931,466 | 42,281,163 |
| Gross profit | 6,904,613 | 5,090,913 |
| Selling, general and administrative expense | 4,502,235 | 3,121,561 |
| Operating income | 2,402,378 | 1,969,352 |
| Other (income) and expense | | |
| Interest expense | 341,825 | 46,231 |
| Change in fair value of interest rate swap | (137,679 |) — |
| Other, net | (16,215 |) (135,148 |
| Income before income taxes | 2,214,447 | 2,058,269 |
| Provision for income taxes | 749,000 | 721,000 |
| Net income | \$1,465,447 | \$1,337,269 |
| Net income per common share: | | |
| Basic | \$0.23 | \$0.21 |
| Diluted | \$0.23 | \$0.21 |
| Weighted average shares outstanding: | | |
| Basic | 6,362,634 | 6,328,771 |
| Dilutive effect from stock options and grants | 58,864 | 49,778 |
| Diluted | 6,421,498 | 6,378,549 |

See accompanying notes to condensed consolidated financial statements.

Synalloy Corporation
Condensed Consolidated Statements of Cash Flows
(Unaudited)

| | Three Months Ended | |
|----------------------|--------------------|-----------------|
| | Mar 30, 2013 | Mar 31, 2012 |
| Operating activities | | |
| Net income | \$1,465,447 | \$1,337,269 |