

MYERS INDUSTRIES INC  
Form 10-Q  
August 04, 2016

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 June 30, 2016

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 1-8524

Myers Industries, Inc.

(Exact name of registrant as specified in its charter)

Ohio	34-0778636
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

1293 South Main Street	
Akron, Ohio	44301
(Address of principal executive offices)	(Zip code)

(330) 253-5592

(Registrant's telephone number, including area code)

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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, 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 the 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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of July 29, 2016
Common Stock, without par value	29,895,570 shares

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Part I — Financial InformationItem 1. Financial Statements

## MYERS INDUSTRIES, INC. AND SUBSIDIARIES

## Condensed Consolidated Statements of Operations (Unaudited)

(Dollars in thousands, except per share data)

	For the Three Months Ended		For the Six Months Ended June 30,	
	June 30, 2016	2015	2016	2015
Net sales	\$144,117	\$164,335	\$295,322	\$320,683
Cost of sales	99,581	113,754	202,615	224,345
Gross profit	44,536	50,581	92,707	96,338
Selling, general and administrative expenses	32,041	30,839	70,538	69,880
Impairment charges	1,329	—	9,874	—
Operating income	11,166	19,742	12,295	26,458
Interest expense, net	2,053	2,467	4,072	5,169
Income from continuing operations before income taxes	9,113	17,275	8,223	21,289
Income tax expense	3,429	6,350	5,875	7,742
Income from continuing operations	5,684	10,925	2,348	13,547
Income (loss) from discontinued operations, net of income tax	(190 )	494	(247 )	3,111
Net income	\$5,494	\$11,419	\$2,101	\$16,658
Income per common share from continuing operations:				
Basic	\$0.19	\$0.35	\$0.08	\$0.44
Diluted	\$0.19	\$0.35	\$0.08	\$0.43
Income (loss) per common share from discontinued operations:				
Basic	\$(0.01 )	\$0.02	\$(0.01 )	\$0.10
Diluted	\$(0.01 )	\$0.02	\$(0.01 )	\$0.10
Net income per share:				
Basic	\$0.18	\$0.37	\$0.07	\$0.54
Diluted	\$0.18	\$0.37	\$0.07	\$0.53
Dividends declared per share	\$0.14	\$0.14	\$0.27	\$0.27

See notes to unaudited condensed consolidated financial statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(Dollars in thousands)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Net income	\$5,494	\$11,419	\$2,101	\$16,658
Other comprehensive income (loss)				
Foreign currency translation adjustment	1,917	2,125	6,832	(20,885)
Comprehensive income (loss)	\$7,411	\$13,544	\$8,933	\$(4,227 )

See notes to unaudited condensed consolidated financial statements.

## MYERS INDUSTRIES, INC. AND SUBSIDIARIES

## Condensed Consolidated Statements of Financial Position (Unaudited)

(Dollars in thousands)

	June 30, 2016	December 31, 2015
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$6,499	\$ 7,344
Restricted cash	8,627	8,627
Accounts receivable, less allowances of \$693 and \$559, respectively	77,677	77,633
<b>Inventories</b>		
Finished and in-process products	40,711	39,840
Raw materials and supplies	14,987	14,898
	55,698	54,738
Prepaid expenses and other assets	3,474	5,966
<b>Total Current Assets</b>	<b>151,975</b>	<b>154,308</b>
<b>Other Assets</b>		
Goodwill	59,613	64,035
Intangible assets, net	53,063	58,530
Deferred income taxes	103	840
Notes receivable	18,133	17,981
Other	3,062	2,324
	133,974	143,710
<b>Property, Plant and Equipment, at Cost</b>		
Land	8,685	7,960
Buildings and leasehold improvements	63,546	62,519
Machinery and equipment	334,504	345,277
	406,735	415,756
Less allowances for depreciation and amortization	(282,380)	(284,983)
<b>Property, plant and equipment, net</b>	<b>124,355</b>	<b>130,773</b>
<b>Total Assets</b>	<b>\$410,304</b>	<b>\$ 428,791</b>

See notes to unaudited condensed consolidated financial statements.

## MYERS INDUSTRIES, INC. AND SUBSIDIARIES

## Condensed Consolidated Statements of Financial Position (Unaudited)

(Dollars in thousands, except share data)

	June 30, 2016	December 31, 2015
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$41,266	\$ 71,310
Accrued expenses		
Employee compensation	14,013	17,832
Taxes, other than income taxes	2,025	1,733
Accrued interest	3,018	2,709
Other	12,795	23,228
<b>Total Current Liabilities</b>	<b>73,117</b>	<b>116,812</b>
Long-term debt	217,440	191,881
Other liabilities	9,401	12,354
Deferred income taxes	9,476	10,041
<b>Shareholders' Equity</b>		
Serial Preferred Shares (authorized 1,000,000 shares; none issued and outstanding)	—	—
Common Shares, without par value (authorized 60,000,000 shares; outstanding 29,674,999 and 29,521,566; net of treasury shares of 8,277,458 and 8,430,891, respectively)	18,000	17,895
Additional paid-in capital	198,979	196,743
Accumulated other comprehensive loss	(32,278 )	(39,110 )
Retained deficit	(83,831 )	(77,825 )
<b>Total Shareholders' Equity</b>	<b>100,870</b>	<b>97,703</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$410,304</b>	<b>\$ 428,791</b>

See notes to unaudited condensed consolidated financial statements.

## MYERS INDUSTRIES, INC. AND SUBSIDIARIES

## Condensed Consolidated Statement of Shareholders' Equity (Unaudited)

(Dollars in thousands, except per share data)

	Common Shares	Additional Paid-In Capital	Accumulated		Total Shareholders' Equity
			Other Comprehensive Income (Loss)	Retained Deficit	
Balance at January 1, 2016	\$ 17,895	\$ 196,743	\$ (39,110 )	\$ (77,825)	\$ 97,703
Net income	—	—	—	2,101	2,101
Foreign currency translation adjustment	—	—	6,832	—	6,832
Shares issued under incentive plans, net of shares withheld for tax	105	468	—	—	573
Stock compensation expense	—	1,773	—	—	1,773
Tax deficit from stock-based compensation	—	(5 )	—	—	(5 )
Declared dividends - \$.27 per share	—	—	—	(8,107 )	(8,107 )
Balance at June 30, 2016	\$ 18,000	\$ 198,979	\$ (32,278 )	\$ (83,831)	\$ 100,870

See notes to unaudited condensed consolidated financial statements.



## MYERS INDUSTRIES, INC. AND SUBSIDIARIES

## Condensed Consolidated Statements of Cash Flows (Unaudited)

(Dollars in thousands)

	For the Six Months Ended June 30,	
	2016	2015
<b>Cash Flows From Operating Activities</b>		
Net income	\$2,101	\$16,658
Income (loss) from discontinued operations, net of income taxes	(247 )	3,111
Income from continuing operations	2,348	13,547
Adjustments to reconcile income from continuing operations to net cash provided by (used for) operating activities		
Depreciation	12,283	13,290
Amortization	4,981	5,279
Non-cash stock-based compensation expense	2,064	1,638
Deferred taxes	(1,354 )	(1,673 )
Excess tax deficit (benefit) from stock-based compensation	5	(215 )
Impairment charges	9,874	—
Other	(273 )	91
Payments on performance based compensation	(1,794 )	(1,332 )
Accrued interest income on note receivable	(628 )	—
Other long-term liabilities	(726 )	2,497
Cash flows provided by (used for) working capital		
Accounts receivable	1,623	(12,835)
Inventories	(12 )	(4,020 )
Prepaid expenses and other assets	2,475	2,511
Accounts payable and accrued expenses	(33,938)	(21,747)
Net cash provided by (used for) operating activities - continuing operations	(3,072 )	(2,969 )
Net cash provided by (used for) operating activities - discontinued operations	—	(11,672)
Net cash provided by (used for) operating activities	(3,072 )	(14,641)
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(10,565)	(9,381 )
Proceeds from sale of property, plant and equipment	178	36
Proceeds (payments) related to sale of business	(4,034 )	69,787
Net cash provided by (used for) investing activities - continuing operations	(14,421)	60,442
Net cash provided by (used for) investing activities - discontinued operations	—	(581 )
Net cash provided by (used for) investing activities	(14,421)	59,861
<b>Cash Flows From Financing Activities</b>		
Net borrowing (repayments) on credit facility	23,838	(31,548)
Cash dividends paid	(8,112 )	(8,367 )
Proceeds from issuance of common stock	610	1,515
Excess tax (deficit) benefit from stock-based compensation	(5 )	215
Repurchase of common stock	—	(6,577 )

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Shares withheld for employee taxes on equity awards	(617 )	(975 )
Net cash provided by (used for) financing activities - continuing operations	15,714	(45,737)
Net cash provided by (used for) financing activities - discontinued operations	—	—
Net cash provided by (used for) financing activities	15,714	(45,737)
Foreign exchange rate effect on cash	934	(272 )
Net increase (decrease) in cash	(845 )	(789 )
Cash at January 1		