

MYERS INDUSTRIES INC
Form 10-Q
August 04, 2017

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, 2017

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	44301
Akron, Ohio	
(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, smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

<input type="checkbox"/> Large accelerated filer	<input type="checkbox"/> Accelerated filer
<input type="checkbox"/> Non-Accelerated filer	<input type="checkbox"/> Smaller reporting company
<input type="checkbox"/> (Do not check if a smaller reporting company)	<input type="checkbox"/> Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to section 13(a) of the Exchange Act. .

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 31, 2017
Common Stock, without par value	30,255,099 shares

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Part I — Financial Information

Item 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, 2017	2016	2017	2016
Net sales	\$ 142,303	\$ 144,117	\$ 284,006	\$ 295,322
Cost of sales	103,020	99,581	202,720	202,615
Gross profit	39,283	44,536	81,286	92,707
Selling, general and administrative expenses	33,159	32,041	67,804	70,538
Impairment charges	544	1,329	544	9,874
Operating income	5,580	11,166	12,938	12,295
Interest expense, net	1,785	2,053	3,760	4,072
Income from continuing operations before income taxes	3,795	9,113	9,178	8,223
Income tax expense	1,783	3,429	4,038	5,875
Income from continuing operations	2,012	5,684	5,140	2,348
Income (loss) from discontinued operations, net of income tax	(19)	(190)	(33)	(247)
Net income	\$ 1,993	\$ 5,494	\$ 5,107	\$ 2,101
Income per common share from continuing operations:				
Basic	\$0.07	\$0.19	\$0.17	\$0.08
Diluted	\$0.07	\$0.19	\$0.17	\$0.08
Income (loss) per common share from discontinued operations:				
Basic	\$(0.00)	\$(0.01)	\$(0.00)	\$(0.01)
Diluted	\$(0.00)	\$(0.01)	\$(0.00)	\$(0.01)
Net income per share:				
Basic	\$0.07	\$0.18	\$0.17	\$0.07
Diluted	\$0.07	\$0.18	\$0.17	\$0.07
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,	
	2017	2016	2017	2016
Net income	\$1,993	\$5,494	\$5,107	\$2,101
Other comprehensive income				
Foreign currency translation adjustment	210	1,917	1,111	6,832
Total other comprehensive income	210	1,917	1,111	6,832
Comprehensive income	\$2,203	\$7,411	\$6,218	\$8,933

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, 2017	December 31, 2016
Assets		
Current Assets		
Cash	\$4,673	\$ 7,888
Restricted cash	8,642	8,635
Accounts receivable, less allowances of \$1,555 and \$1,563, respectively	79,220	73,818
Inventories		
Finished and in-process products	32,108	31,826
Raw materials and supplies	16,176	14,197
	48,284	46,023
Prepaid expenses and other current assets	3,722	4,787
Total Current Assets	144,541	141,151
Other Assets		
Goodwill	59,592	59,219
Intangible assets, net	44,039	47,994
Deferred income taxes	247	216
Notes receivable	18,536	18,275
Other	9,825	3,347
	132,239	129,051
Property, Plant and Equipment, at Cost		
Land	7,877	8,916
Buildings and leasehold improvements	60,261	65,566
Machinery and equipment	305,031	319,606
	373,169	394,088
Less allowances for depreciation and amortization	(279,143)	(282,606)
Property, plant and equipment, net	94,026	111,482
Total Assets	\$370,806	\$ 381,684

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, 2017	December 31, 2016
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$54,650	\$ 48,988
Accrued expenses		
Employee compensation	14,408	11,861
Income taxes	1,154	—
Taxes, other than income taxes	1,916	2,178
Accrued interest	3,035	3,202
Other current liabilities	12,550	13,083
Total Current Liabilities	87,712	79,312
Long-term debt	170,114	189,522
Other liabilities	7,726	9,235
Deferred income taxes	10,442	10,582
Shareholders' Equity		
Serial Preferred Shares (authorized 1,000,000 shares; none issued and outstanding)	—	—
Common Shares, without par value (authorized 60,000,000 shares; outstanding 30,252,632 and 30,019,561; net of treasury shares of 7,699,825 and 7,932,896, respectively)		
	18,388	18,234
Additional paid-in capital	205,715	202,033
Accumulated other comprehensive loss	(33,063)	(34,174)
Retained deficit	(96,228)	(93,060)
Total Shareholders' Equity	94,812	93,033
Total Liabilities and Shareholders' Equity	\$370,806	\$ 381,684

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)

			Accumulated		
		Additional	Other		Total
	Common	Paid-In	Comprehensive	Retained	Shareholders'
	Shares	Capital	Income	Deficit	Equity
			(Loss)		
Balance at January 1, 2017	\$ 18,234	\$ 202,033	\$ (34,174)	\$ (93,060)	\$ 93,033
Net income				5,107	5,107
Foreign currency translation adjustment			1,111		1,111
Shares issued under incentive plans, net of shares withheld for tax	136	1,592			1,728
Stock compensation expense	18	2,090			2,108
Declared dividends - \$0.27 per share				(8,275)	(8,275)
Balance at June 30, 2017	\$ 18,388	\$ 205,715	\$ (33,063)	\$ (96,228)	\$ 94,812

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,	
	2017	2016
Cash Flows From Operating Activities		
Net income	\$5,107	\$2,101
Income (loss) from discontinued operations, net of income taxes	(33)	(247)
Income from continuing operations	5,140	2,348
Adjustments to reconcile income from continuing operations to net cash provided by (used for) operating activities		