

MYERS INDUSTRIES INC
Form 10-K
March 11, 2014
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED December 31, 2013
COMMISSION FILE NUMBER 001-08524
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 S. MAIN STREET, AKRON, OHIO 44301 (330) 253-5592
(Address of Principal Executive Offices) (Zip Code) (Telephone Number)

Securities Registered Pursuant to Section 12(b) of the Act:
Common Stock, Without Par Value
(Title of Class) Name of Each Exchange
On which registered:
New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 the 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 (232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the closing sale price on the New York Stock Exchange as of June 30, 2013: \$472,251,735

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Indicate the number of shares outstanding of registrant's common stock as of February 28, 2014: 33,424,302 Shares of Common Stock, without par value.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's Definitive Proxy Statement for its 2014 Annual Meeting of Stockholders are incorporated by reference in Part III of this Form 10-K.

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PART I

ITEM 1. Business

(a) General Development of Business

Myers Industries, Inc. (the “Company”) was founded in Akron, Ohio, in 1933. The terms “Myers Industries,” “Company” “we,” “us,” or “our” wherever used herein refer to the Company, unless the context indicates to the contrary. Since then, the Company has grown from a small storefront distributing tire service supplies into an international manufacturing and distribution enterprise. In 1971, the Company went public, and the stock is traded on the New York Stock Exchange under the ticker symbol MYE.

Headquartered in Akron, Ohio, the Company manufactures a diverse range of polymer products for industrial, agricultural, automotive, commercial and consumer markets. Myers Industries is a leader in the manufacturing of plastic reusable material handling containers and pallets, and is North America’s leading producer of plastic horticultural pots, trays and flower planters. Other principal product lines include plastic storage and organization containers, plastic OEM parts, rubber tire repair products and custom plastic and rubber products.

The Company is also the largest wholesale distributor of tools, equipment and supplies for the tire, wheel and undervehicle service industry in the United States. The distribution products range from tire balancers and alignment systems to valve caps, tire repair tools and other consumable service supplies.

As of December 31, 2013, the Company operated 24 manufacturing facilities, 19 sales offices, four distribution centers and six distribution branches located throughout North, Central and South America; had approximately 13,000 manufactured products and over 10,000 distributed products; and had approximately 3,400 employees.

Serving customers around the world, products and related services from Myers Industries’ brands provide a wide range of performance benefits to customers in diverse niche markets. Some of these benefits include increasing productivity, driving green initiatives, lowering material handling costs, improving product quality, reducing labor costs, shortening assembly times, eliminating solid waste and increasing profitability.

The Company’s business strategy is focused on sustainable, profitable growth guided by five key operating principles: 1) Customer Dedication, 2) Innovation, 3) Operations Excellence, 4) Organization Development, and 5) Financial Strength. Applying these principles to our business, the Company emphasizes:

• Industry-leading innovation of niche, high margin products;

• Being the low-cost provider of certain commodity products where our brands excel;

• Achieving leadership in key product areas through breadth of offering, consistent quality and superior customer service;

• Operations excellence initiatives to reduce costs and improve productivity within our manufacturing and distribution footprint;

• Leveraging brand equity and capabilities to grow business with existing customers and cultivate new ones, particularly in emerging growth markets where we can deliver the greatest value and achieve the best returns;

• Investing in new technologies and processes to reinforce customer dedication and market strength across our key business segments;

• Succession plans through our management teams at all levels in the Company, ensuring the right people are in the right positions to grow for organization development; and

• Selective acquisitions as opportunities arise to enhance our leadership in key markets and add to shareholder value.

The Company continually reviews its segments and brands for strategic fit and growth potential. The review process is dedicated to furthering innovation and brand leadership in our markets, building strong customer relationships and positioning the Company for strong financial performance.

(b) Financial Information About Segments

The response to this section of Item 1 is contained in the Industry Segments footnote of the Notes to Consolidated Financial Statements under Item 8 of this report.

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(c)Description of Business

The Company conducts its business activities in four distinct business segments, including three in manufacturing and one in distribution. The manufacturing segments consist of: Material Handling, Lawn and Garden, and Engineered Products.

In our manufacturing segments, we design, manufacture, and market a variety of plastic and rubber products. These range from plastic reusable material handling containers and small parts storage bins to plastic horticultural pots and hanging baskets, decorative resin planters, plastic OEM parts, tire repair materials and custom plastic and rubber products.

The Distribution Segment is engaged in the distribution of tools, equipment and supplies used for tire, wheel and undervehicle service on passenger, heavy truck and off-road vehicles.

Information regarding the revenues of each segment is contained in the Industry Segments footnote of the Notes to the Consolidated Financial Statements under Item 8 of this report.

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The following table summarizes the key attributes of our business segments for the year ended December 31, 2013:

Continuing Operations	Material Handling Segment	Lawn and Garden Segment	Distribution Segment	Engineered Products Segment
Net Sales (in millions)	\$323	\$205	\$177	\$138
% of Total Net Sales	39%	25%	21%	15%
Key Product Areas	<ul style="list-style-type: none"> Plastic Reusable Containers & Pallets Plastic Storage & Organization Products Plastic Carts Metal Carts Wooden Dollies Custom Products 	<ul style="list-style-type: none"> Plastic Horticultural Pots, Trays, Flats & Hanging Baskets Decorative Resin Planters Custom Products 	<ul style="list-style-type: none"> Tire Valves & Accessories Tire Changing & Balancing Equipment Lifts & Alignment Equipment Service Equipment Hand Tools Tire Repair & Retread Equipment & Supplies Brake, Transmission & Allied Service Equipment & Supplies 	<ul style="list-style-type: none"> Rubber & Plastic Original Equipment Replacement Parts Tire Repair & Retreading Products Highway Markings Industrial Rubber Custom Rubber & Plastic Products
Product Brands	<ul style="list-style-type: none"> Akro-MilTM Jamco Products Buckhorn[®] Novel do Nordeste S.A. Myers do BrasilTM 	<ul style="list-style-type: none"> Dille[®] ITMLTM ListoTM Pro CalTM Planters' Pride[®] Akro-Mils Lawn & GardenTM 	<ul style="list-style-type: none"> Myers Tire Supply[®] Myers Tire Supply InternationalTM 	<ul style="list-style-type: none"> Ameri-Kart[®] Patch Rubber Company[®] WEKTM
Key Capabilities & Services	<ul style="list-style-type: none"> Product Design Prototyping Product Testing Material Formulation Injection Molding Structural Foam Molding Metal Forming Stainless Steel Forming Wood Fabrication Powder Coating Material Re grind & Recycling 	<ul style="list-style-type: none"> Product Design Prototyping Testing Material Formulation Injection Molding Thermoforming Co-Extrusion Thermoforming Custom Printing & Labeling Material Re grind & Recycling 	<ul style="list-style-type: none"> Broad Sales Coverage Local Sales Four strategically placed distribution centers International Distribution Personalized Service National Accounts Product Training Repair/Service Training New Products/Services "Speed to Market" 	<ul style="list-style-type: none"> Rubber Mixing Rubber Compounding Rubber Calendering Rubber Extrusion Plastic Blow Molding Plastic Rotational Molding Thermoforming
Representative Markets	<ul style="list-style-type: none"> Agriculture Automotive 	<ul style="list-style-type: none"> Horticulture: - Growers 	<ul style="list-style-type: none"> Retail Tire Dealers Truck Tire Dealers 	<ul style="list-style-type: none"> Automotive OEM Industrial

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- Commercial - Nurseries
- Food Processing - Greenhouses
- Food Distribution - Retail Garden
- Healthcare Centers
- Industrial • Consumer
- Manufacturing - Retail Garden
- Retail Distribution Centers
- Consumer - Retail Home Centers
- Auto Dealers
- Commercial Auto & Truck Fleets
- General Repair & Services Facilities
- Tire Retreaders
- Governmental Agencies
- Mining
- Recreational Marine
- Recreational Vehicle
- Road Construction
- Sporting Goods
- Tire Repair
- Telecommunications

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Manufacturing Segments Overview

Material Handling Segment

The Material Handling Segment is comprised of plastic reusable material handling containers, pallets and bins, as well as metal shelving, cabinet and racking systems. The major brands in this segment which includes Buckhorn®, Akro-Mils,™ Novel® and Jamco Products, have strong leadership positions across markets such as automotive, appliance, general industrial/manufacturing, retail distribution, agriculture, and food processing. This leadership position is built through constant innovation, diverse manufacturing processes, consistent quality and superior customer service resulting in significant productivity and cost-saving benefits for our customers.

Buckhorn's reusable containers and pallets are used in closed-loop supply chains to help customers reduce material handling costs by replacing single-use cardboard boxes, easily damaged wooden pallets and high-cost steel containers. Cost-reduction benefits include: improving product protection, increasing handling efficiencies, reducing freight costs and eliminating solid waste and disposal costs. Small parts bins, storage systems and transport products from Akro-Mils provide similar benefits by creating storage and organization efficiency throughout our end users' operations.

Buckhorn offers a product selection rich in both breadth and depth, as well as a direct sales force with the packaging and material handling expertise that makes Buckhorn a key solutions partner for our customers. Buckhorn's product line spans injection-molded hand-held containers and totes; injection and structural foam-molded bulk transport containers in both collapsible and fixed-wall styles; and injection and structural foam pallets. Buckhorn also produces custom material handling packaging. Customers rely on Buckhorn's single-source efficiency and the productivity and profitability benefits delivered through value-added innovation, broad product selection, quality and packaging conversion services.

Buckhorn hand-held containers include attached lid, detached lid, bi-color and specialty styles that stack and/or nest for efficient space usage, thus lowering freight and storage costs. In manufacturing plants across North America, our container and pallet systems are reused hundreds of times to ship products such as small fasteners or large components from suppliers directly to assembly areas—protecting parts throughout the supply chain and reducing scrap rates. Our attached lid containers and pallets are used in retail distribution centers to organize inventory, sort orders and then transport products directly to stores. In the food processing and distribution industry, our specialty containers provide superior protection to food products while in transit and are more sanitary than cardboard boxes.

Buckhorn's selection of collapsible and fixed-wall bulk transport containers leads the North American material handling industry. Bulk containers perform both light and heavy-duty tasks, whether distributing seed products, carrying large automotive components or shipping liquids across long distances. These containers range in size from footprints of 32" x 30" to 70" x 48"; heights up to 65"; and weight capacities up to 3,000 lbs. Bulk containers are compatible with forklifts for easy handling. Many of the containers collapse to a third of their size for space-saving stacking, storage and return transport, thus helping to reduce freight and storage costs.

Examples of bulk container applications include our Center Flow Container, which is used by leading seed distributors to efficiently transport and dispense up to 2,500 lbs. of their products. The unique Center Flow Container can be emptied in approximately 30 seconds, then broken down for return shipping and refilling, thus eliminating waste created by traditional seed bags. Manufacturers of tomato paste employ our Caliber® and Citadel® bulk containers to move processed tomato products across the country in railcars. The smooth-sided, impact-resistant containers replace wooden crates and steel containers that can cause product damage and contamination. Citadel containers can carry up to 3,000 lbs. /300 gallons of liquefied product, safely stack when fully loaded and are designed for long-term indoor or outdoor storage of loads. This product line is applicable to other food processing and ingredient niches such as concentrates, oils, syrups and similar products.

Buckhorn also manufactures collapsible containers featuring an integrated pallet and lid system. Maximizer® is a unique alternative for corrugated bulk container users. Unlike short-lived corrugated containers that are awkward to assemble and knock down, Maximizer is easily constructed by one person and can be reused hundreds of times. The walls easily assemble and collapse, while the integrated locking system provides strength and stability in transport. It is made from durable, moisture-resistant plastic and can be stored indoors or outdoors. The container is an ideal solution for shipping and storing light-duty dry goods and maximizes productivity, cost savings, safety, space usage

and sustainability.

Buckhorn's innovation in bulk containers also focuses on specific niche markets where the Company's expertise can bring significant value in a closed loop supply chain. For example, in 2011 Buckhorn acquired tooling assets and intellectual property for a new reusable plastic container used in producing, shipping, storing and processing bulk natural cheese. The "640 Cheese Box" is a natural extension to Buckhorn's bulk container product line, offering many benefits over the industry's traditional wood boxes by providing end users with less waste and faster cycle times. It is compatible with cheese industry manufacturing processes including dolly and forklift transport, automation, vacuum chambers, inverters, packaging and weighing. The 640 Cheesebox has a 24" x 30" x 37" footprint and a 710-lb. fill capacity. It reduces waste and improves sanitation and quality by replacing wood

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boxes, which can splinter and contaminate cheese during the material handling process. USDA approved, the container allows for faster cool down to 40 degrees within seven days, thereby minimizing cold storage requirements and producing more consistent cheese from the core to the outside surface.

Buckhorn's plastic pallets interwork with the hand-held containers and totes to create a completely reusable system and provide efficient space utilization in plants, warehouses and truck trailers — helping customers to reduce storage and freight costs. Buckhorn also produces a wide range of specialty pallets for niche-type shipping applications, such as drum pallets for chemical and liquid transport.

Novel is Brazil's leading designer and manufacturer of reusable plastic crates and totes