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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2000

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 I-8524

MYERS INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

OHIO

(State or other jurisdiction of
incorporation or organization)

1293 SOUTH MAIN STREET, AKRON, OHIO

(Address of principal executive offices)

#34-0778636

(I.R.S. Employer
Identification No.)

44301

(Zip Code)

Registrant's telephone number, including area code (330) 253-5592

Indicate 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 ☐.

Applicable Only to Issuers Involved in Bankruptcy
Proceedings During the Preceding Five Years

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐. No ☐.

As of July 31, 2000, the number of shares outstanding of the issuer's Common Stock was:

19,614,520

PART 1 — FINANCIAL INFORMATION

MYERS INDUSTRIES, INC.

**CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION
AS OF JUNE 30, 2000 AND DECEMBER 31, 1999**

	June 30, 2000	December 31, 1999
ASSETS		
CURRENT ASSETS		
Cash and temporary cash investments	\$ 1,376,657	\$ 1,094,300
Accounts receivable-less allowances of \$3,707,000 and \$3,735,000, respectively	119,590,565	115,754,304
Inventories		
Finished and in-process products	64,933,273	65,145,885
Raw materials and supplies	19,089,540	19,275,065
	84,022,813	84,420,950
Prepaid expenses	2,065,058	5,721,436
Total Current Assets	207,055,093	206,990,990
OTHER ASSETS		
Excess of cost over fair value of net assets of companies acquired	187,670,114	196,694,408
Patents and other intangible assets	2,993,733	2,725,345
Other	3,940,554	4,503,381
	194,604,401	203,923,134
PROPERTY, PLANT & EQUIPMENT, AT COST		
Land	6,683,357	6,841,222
Buildings and leasehold improvements	63,435,463	62,982,807
Machinery and equipment	247,760,080	238,240,041
	317,878,900	308,064,070
Less allowances for depreciation and amortization	132,608,378	118,568,562
	185,270,522	189,495,508
	<u>\$586,930,016</u>	<u>\$600,409,632</u>

PART I — FINANCIAL INFORMATION

MYERS INDUSTRIES, INC.

**CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION
AS OF JUNE 30, 2000 AND DECEMBER 31, 1999**

	June 30, 2000	December 31, 1999
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 39,964,065	\$ 39,620,814
Accrued expenses		
Employee compensation	22,970,984	26,963,274
Taxes, other than income taxes	2,910,949	2,086,045
Income taxes	(617,765)	1,326,344
Other	17,743,582	19,773,861
Current portion of long-term debt	15,683,037	12,474,081
Total Current Liabilities	98,654,852	102,244,419
LONG-TERM DEBT , less current portion	267,667,009	280,103,906
DEFERRED INCOME TAXES	10,043,380	10,314,490
SHAREHOLDERS' EQUITY		
Serial Preferred Shares (authorized 1,000,000)	0	0
Common Shares, without par value (authorized 60,000,000 shares; outstanding 19,653,906 and 19,987,446, respectively)	12,053,806	12,256,209
Additional paid-in capital	165,343,610	169,508,024
Accumulated other comprehensive income	(25,839,687)	(19,013,675)
Retained income	59,007,046	44,996,259
	210,564,775	207,746,817
	<u>\$586,930,016</u>	<u>\$600,409,632</u>

PART I — FINANCIAL INFORMATION

MYERS INDUSTRIES, INC.

CONDENSED STATEMENT OF CONSOLIDATED INCOME

	FOR THE THREE MONTHS ENDED		FOR THE SIX MONTHS ENDED	
	June 30, 2000	June 30, 1999	June 30, 2000	June 30, 1999
Net sales	\$166,235,127	\$147,643,051	\$327,821,536	\$274,389,456
Costs and expenses				
Cost of sales	109,100,449	93,491,543	213,733,136	173,010,818
Operating expenses	37,950,559	35,041,970	74,934,940	65,225,041
Interest , net	5,285,630	3,307,511	10,896,725	5,756,615
Total costs & expenses	152,336,638	131,841,024	299,564,801	243,992,474
Income before income taxes	13,898,489	15,802,027	28,256,735	30,396,982
Income taxes	5,840,000	6,635,000	11,866,000	12,962,000
Net income	\$ 8,058,489	\$ 9,167,027	\$ 16,390,735	\$ 17,434,982
Net income per Common Share	\$.41	\$.45	\$.83	\$.86
Dividends per Common Share	\$.06	\$.05	\$.12	\$.10
Weighted average number of Common Shares outstanding	19,746,607	20,222,419	19,807,664	20,205,596

PART I — FINANCIAL INFORMATION

MYERS INDUSTRIES, INC.

**STATEMENTS OF CONSOLIDATED CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2000 AND 1999**

	June 30, 2000	June 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 16,390,735	\$ 17,434,982
Items not affecting use of cash		
Depreciation	17,272,381	13,074,874
Amortization of excess of cost over fair value of net assets of companies acquired	4,287,940	2,712,507
Amortization of other intangible assets	363,727	300,319
Cash flow provided by (used for) working capital		
Accounts receivable	(6,316,133)	(10,581,399)
Inventories	(722,841)	83,199
Prepaid expenses	3,614,934	1,177,690
Accounts payable and accrued expenses	(4,549,798)	(268,962)
Net cash provided by operating activities	30,340,945	23,933,210
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of business, net of cash acquired	(404,137)	(149,225,489)
Additions to property, plant and equipment, net	(14,935,070)	(11,696,148)
Other	(763,530)	261,181
Net cash used for investing activities	(16,102,737)	(160,660,456)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term debt proceeds (repayment)	(4,000,000)	75,000,000
Net borrowing (repayment) of credit facility	(3,209,085)	40,786,013
Cash dividends paid	(2,379,948)	(2,205,320)
Proceeds from issuance of common stock	500,605	823,606
Repurchase of common stock	(4,867,423)	0
Net cash provided by (used for) financing activities	(13,955,851)	114,404,299
(DECREASE) INCREASE IN CASH AND TEMPORARY CASH INVESTMENTS	282,357	(22,322,947)
CASH AND TEMPORARY CASH INVESTMENTS JANUARY 1	1,094,300	34,832,151
CASH AND TEMPORARY CASH INVESTMENTS JUNE 30	<u>\$ 1,376,657</u>	<u>\$ 12,509,204</u>

PART I — FINANCIAL INFORMATION

MYERS INDUSTRIES, INC.

**STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2000**

	Comprehensive Income	Common Stock	Additional Paid-In Capital	Accumulative Other Comprehensive Income	Retained Income
December 31, 1999		\$12,256,209	\$169,508,024	(\$19,013,675)	\$44,996,259
Net Income	\$16,390,735				16,390,735
Foreign Currency Translation Adjustment	<u>(6,826,012)</u>			(6,826,012)	
Comprehensive Income	<u>\$ 9,564,723</u>				
Common Stock Issued		25,460	475,146		
Purchases for Treasury		(227,863)	(4,639,560)		
Dividends					<u>(2,379,948)</u>
June 30, 2000		<u>\$12,053,806</u>	<u>\$165,343,610</u>	<u>(\$25,839,687)</u>	<u>\$59,007,046</u>

PART I — FINANCIAL INFORMATION

MYERS INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Statement of Accounting Policy

The accompanying financial statements include the accounts of Myers Industries, Inc. and subsidiaries (Company), and have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures are adequate to make the information not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's latest annual report on Form 10-K.

In the opinion of the Company, the accompanying financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of June 30, 2000, and the results of operations and cash flows for the six months ended June 30, 2000 and 1999.

(2) Acquisitions

On February 4, 1999, the Company acquired all of the shares of the entities comprising Allibert Equipement, the material handling division of Sommer Allibert S.A. and acquired Allibert-Contico, LLC, a joint venture between Sommer Allibert and Contico International, Inc. for a total purchase price of approximately \$150 million. The acquired businesses have five manufacturing facilities in Europe and one in North America.

In August 1999, the Company acquired substantially all of the assets of the Dillen Products Companies of Middlefield, Ohio for approximately \$50 million and all of the outstanding shares of Listo Products, Ltd. of Canada for approximately \$15 million. Dillen and Listo are leading manufacturers of plastic horticultural containers including pots, trays, saucers and decorative planters for customers including greenhouses and nurseries as well as retail garden centers and mass merchandisers.

The acquisitions have been accounted for under the purchase method of accounting and, accordingly, the results of operations have been included in the Company's consolidated financial statements since the dates of acquisition, and the acquisition costs have been allocated to the assets acquired and liabilities assumed based upon their estimated fair values. The purchase price allocations have been based on estimates with the excess of purchase price over fair value of net assets acquired of approximately \$166 million being amortized over lives of 15 to 40 years.

PART I — FINANCIAL INFORMATION

MYERS INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

(2) Acquisitions (Con't)

The following unaudited pro-forma information presents a summary of consolidated results of operations of the Company and the acquired businesses as if the acquisitions had occurred January 1, 1999.

(In thousands, except per share)	Three Months Ended	Six Months Ended
	June 30, 1999	June 30, 1999
Sales	\$165,252	\$315,586
Net Income	9,492	18,618
Net Income Per Share	.47	.92

These unaudited pro-forma results have been prepared for comparative purposes only and may not be indicative of results of operations which actually would have resulted had the combination been in effect on January 1, 1999, or of future results.

(3) Supplemental Disclosure of Cash Flow Information

The Company made cash payments for interest expense of \$5,082,000 and \$2,207,000 for the three months ended June 30, 2000 and 1999, respectively. Cash payments for interest were \$10,159,000 and \$3,785,000 for the six months ended June 30, 2000 and 1999. Cash payments for income taxes totaled \$9,949,000 and \$10,639,000 for the three months ended June 30, 2000 and 1999. Cash payments for income taxes were \$10,573,000 and \$12,457,000 for the six months ended June 30, 2000 and 1999.

(4) Segment Information

The Company's business units have separate management teams and offer different products and services. Using the criteria of FASB No. 131, these business units have been aggregated into two reportable segments; Distribution of after-market repair products and services and Manufacturing of polymer products. The aggregation of business units is based on management by the chief operating decision maker for the segment as well as similarities of production processes, distribution methods and economic characteristics (e.g. average gross margin and the impact of economic conditions on long-term financial performance).

The Company's Distribution segment is engaged in the distribution of equipment, tools and supplies used for tire servicing and automotive underbody repair. The Distribution segment operates domestically through 42 branches located in major cities throughout the United States and in foreign countries through export and businesses in which the Company holds an equity interest.

PART I — FINANCIAL INFORMATION

MYERS INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

(4) Segment Information (Con't)

The Company’s manufacturing segment designs, manufactures and markets a variety of polymer based plastic and rubber products. These products are manufactured primarily through the molding process in facilities throughout the United States and Europe.

Operating income for each segment is based on net sales less cost of products sold, and the related selling, administrative and general expenses. In computing segment operating income general corporate overhead expenses and interest expenses are not included.

(In Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
Net Sales				
Distribution of aftermarket repair products and services	\$ 40,564	\$ 41,870	\$ 74,530	\$ 76,811
Manufacturing of polymer products	129,253	109,310	259,977	204,186
Intra-segment elimination	(3,582)	(3,537)	(6,685)	(6,608)
	<u>\$166,235</u>	<u>\$147,643</u>	<u>\$327,822</u>	<u>\$274,389</u>
Income Before Income Taxes				
Distribution of aftermarket repair products and services	\$ 3,593	\$ 4,271	\$ 6,450	\$ 7,419
Manufacturing of polymer products	18,064	17,468	37,757	33,531
Corporate	(2,473)	(2,629)	(5,053)	(4,796)
Interest expense — net	(5,286)	(3,308)	(10,897)	(5,757)
	<u>\$ 13,898</u>	<u>\$ 15,802</u>	<u>\$ 28,257</u>	<u>\$ 30,397</u>

PART I — FINANCIAL INFORMATION

MYERS INDUSTRIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Net sales for the quarter ended June 30, 2000 increased \$18.6 million or 13 percent as higher sales in the Manufacturing segment offset a decline in Distribution segment sales. In total, sales in the Manufacturing segment increased \$20 million or 18 percent while sales in the Distribution segment were down 3 percent from the prior year quarter. The increase in sales for the Manufacturing segment was primarily due to the impact of acquired companies not included in the prior year period. Excluding the contribution from these acquisitions, manufacturing sales increased 2 percent for the quarter and total net sales would have increased 1 percent. For the six months ended June 30, 2000, net sales increased \$53.4 million or 20 percent compared with the same period in 1999. On a segment basis, sales in the Distribution segment were down 3 percent reflecting lower unit volumes while sales in the Manufacturing segment increased \$55.8 million or 27 percent based on an increase of 4 percent in existing business units combined with the impact of acquired companies.

Total sales and Manufacturing segment sales were also negatively impacted by the translation effect of weaker foreign currencies, particularly the Euro, on sales of foreign businesses. As a result, total sales and Manufacturing segment sales were reduced \$4.5 million for the quarter and \$8.0 million for the six month period ended June 30, 2000. Without the translation effect and excluding the impact of acquired businesses, total sales would have increased 4 percent for the quarter and 5 percent for the six months, and Manufacturing segment sales would have increased 7 percent for the quarter and 8 percent for the six months.

Cost of sales increased \$15.6 million or 17 percent for the quarter ended June 30, 2000 and \$40.7 million or 24 percent for the six month period. Expressed as a percentage of sales, gross profit fell to 34.4 percent in the quarter and 34.8 percent for the six months ended June 30, 2000 compared with 36.7 percent for the quarter and 36.9 percent for the six month period in 1999. For both the quarter and year-to-date periods this reduction in gross margin was the result of significantly higher raw material costs, primarily plastic resins, used in the Company's Manufacturing businesses. These plastic resin costs have, on the average, increased more than 50 percent in the current year compared with the same periods in 1999.

Total operating expenses increased \$2.9 million or 8 percent for the quarter and \$9.7 million or 15 percent for the six months ended June 30, 2000 compared with the same periods in 1999. These increases primarily reflect the additional operating costs of acquired companies. Operating expenses, expressed as a percentage of sales, declined to 22.8 percent in the quarter and 22.8 percent for the six months ended June 30, 2000 compared to 23.7 percent for the quarter and 23.8 percent for the six month period last year. This improvement in operating leverage is principally due to the seasonality of sales for certain acquired businesses that were not included in the prior year periods.

PART I — FINANCIAL INFORMATION

MYERS INDUSTRIES, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Results of Operations (Con't)

Net interest expense increased \$2 million or 60 percent for the quarter and \$5.1 million or 89 percent for the six months ended June 30, 2000. The increased interest expense is primarily due to substantially higher borrowing levels resulting from business acquisitions combined with higher average interest rates in the current year.

Income taxes as a percent of income before taxes was 42 percent for the both the quarter and six months ended June 30, 2000 compared with 42 percent for the quarter and 42.6 percent in the six month period in 1999.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities was \$30.3 million for the six months ended June 30, 2000 compared with \$23.9 million for same period in the prior year. Long-term debt was reduced \$12.4 million from December 31, 1999 and debt as a percentage of total capitalization was 57 percent at June 30, 2000. Working capital increased from \$104.7 million at December 31, 1999 to \$108.4 million at June 30, 2000.

Capital expenditures for the six months ended June 30, 2000 were \$14.9 million and are anticipated to be in the range of \$35 million to \$40 million for the full year. Management believes that anticipated cash flows from operations and available credit facilities will be sufficient to meet expected business requirements including capital expenditures, dividends, working capital and debt service.

PART II — OTHER INFORMATION

MYERS INDUSTRIES, INC.

- Item 4. **Submission of Matters to a Vote of Security Holders**
The Annual Meeting of Shareholders was held on April 18, 2000, And the following matters were voted on at that meeting.
1. The election nine Directors were voted upon. All of the Directors nominated were elected. The results of this voting are as follows:

Name of Director	Votes for	Votes Withheld
Stephen E. Myers	17,184,981	177,410
Milton I. Wiskind	17,168,183	194,208
Edwin P. Schrank	17,177,993	184,398
Karl S. Hay	17,029,190	333,201
Richard P. Johnston	17,180,279	182,112
Richard Osborne	17,184,377	178,014
Jon H. Outcalt	17,168,334	194,057
Samuel Salem	17,153,286	209,105
Keith A. Brown	17,184,880	177,511
Michael Kane	17,018,603	343,786
Edward Kissel	17,076,304	286,087

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MYERS INDUSTRIES, INC.

8/14/00	By: \s\ Gregory J. Stodnick
Date	Gregory J. Stodnick Vice President-Finance Financial Officer (Duly Authorized Officer and Principal Financial and Accounting Officer)