

MYERS INDUSTRIES INC
Form 10-Q
August 08, 2007

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, 2007

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
(State or other jurisdiction of
incorporation or organization)

34-0778636
(IRS Employer Identification
Number)

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

44301
(Zip code)

(330) 253-5592

(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, and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. Large accelerated filer Accelerated filer Non-accelerated filer .

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, 2007
Common Stock, without par value	35,157,110 shares

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Item 1. Financial Statements

Myers Industries, Inc.
Condensed Statements of Consolidated Financial Position (Unaudited)
As of June 30, 2007 and December 31, 2006

Assets	June 30, 2007	December 31, 2006
Current Assets		
Cash	\$13,287,637	\$6,637,389
Accounts receivable-less allowances of \$4,769,000 and \$2,595,000, respectively	140,221,192	98,830,002
Inventories		
Finished and in-process products	79,018,007	57,007,218
Raw materials and supplies	46,308,356	29,789,656
	<u>125,326,363</u>	<u>86,796,874</u>
Prepaid expenses	5,277,311	5,776,187
Deferred income taxes	5,185,135	4,240,386
Current assets of discontinued operations	0	105,242,416
Total Current Assets	<u>289,297,638</u>	<u>307,523,254</u>
Other Assets		
Goodwill	185,224,084	162,214,948
Patents and other intangible assets	19,425,999	5,970,381
Other	4,080,113	3,433,410
Long term assets of discontinued operations	0	31,540,786
	<u>208,730,196</u>	<u>203,159,525</u>
Property, Plant and Equipment, at Cost		
Land	6,001,019	4,710,378
Buildings and leasehold improvements	83,129,876	78,859,310
Machinery and equipment	463,310,800	332,283,970
	<u>552,441,694</u>	<u>415,853,658</u>
Less allowances for depreciation and amortization	341,851,040	264,553,217
	<u>210,590,654</u>	<u>151,300,441</u>
	<u>\$708,618,488</u>	<u>\$661,983,220</u>

See notes to unaudited condensed consolidated financial statements.

Part I - Financial Information

Myers Industries, Inc.
Condensed Statements of Consolidated Financial Position (Unaudited)
As of June 30, 2007 and December 31, 2006

Liabilities and Shareholders' Equity	June 30, 2007	December 31, 2006
Current Liabilities		
Accounts payable	\$59,281,621	\$48,111,122
Accrued expenses		
Employee compensation	20,655,228	18,535,357
Taxes, other than income taxes	3,186,909	2,326,865
Accrued interest	874,968	420,355
Other	23,886,862	20,307,699
Current portion of long-term debt	3,728,710	3,235,058
Current liabilities of discontinued operations	0	41,790,763
Total Current Liabilities	111,614,298	134,727,219
Long-term Debt, less current portion	241,527,781	198,274,578
Other Liabilities	4,447,222	4,447,222
Deferred Income Taxes	44,330,530	35,400,520
Long term liabilities of discontinued operations	-0-	8,475,063
Shareholders' Equity		
Serial Preferred Shares (authorized 1,000,000 shares)	-0-	-0-
Common Shares, without par value (authorized 60,000,000 shares; outstanding 35,148,696 and 35,067,230 shares, respectively)	21,397,637	21,347,941
Additional paid-in capital	272,415,535	270,836,471
Accumulated other comprehensive income	5,860,808	12,497,362
Retained income (deficit)	7,024,677	(24,023,156)
	306,698,657	280,658,618
	\$708,618,488	\$661,983,220

See notes to unaudited condensed consolidated financial statements.

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Part I - Financial Information

Myers Industries, Inc.
Condensed Statements of Consolidated Income (Unaudited)

	For The Three Months Ended		For The Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Net sales	\$225,621,571	\$194,156,515	\$472,092,102	\$399,816,454
Cost of sales	<u>167,793,941</u>	<u>139,473,943</u>	<u>340,498,737</u>	<u>291,049,765</u>
Gross profit	57,827,630	54,682,572	131,593,365	108,766,689
Selling, general and administrative expenses	<u>49,717,419</u>	<u>38,702,589</u>	<u>96,526,291</u>	<u>73,095,297</u>
Operating income	8,110,211	15,979,983	35,067,074	35,671,392
Interest expense, net	<u>4,421,869</u>	<u>4,222,507</u>	<u>7,987,357</u>	<u>8,150,817</u>
Income from continuing operations before income taxes	3,688,342	11,757,476	27,079,717	27,520,575
Income taxes	<u>1,175,000</u>	<u>4,622,198</u>	<u>9,829,000</u>	<u>10,375,511</u>
Income from continuing operations	2,513,342	7,135,277	17,250,717	17,145,064
(Loss) Income from discontinued operations, net of tax	<u>0</u>	<u>(107,113,168)</u>	<u>17,787,645</u>	<u>(106,325,712)</u>
Net income (loss)	<u>\$2,513,342</u>	<u>\$(99,977,891)</u>	<u>\$35,038,362</u>	<u>\$(89,180,648)</u>
Income (loss) per common share				
Basic				
Continuing operations	\$0.07	\$0.20	\$0.49	\$0.49
Discontinued	<u>0</u>	<u>(3.06)</u>	<u>.51</u>	<u>(3.04)</u>

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Net income (loss) per common share	<u>\$0.07</u>	<u>\$(2.86)</u>	<u>\$1.00</u>	<u>\$(2.55)</u>
Diluted				
Continuing operations	\$0.07	\$0.20	\$0.49	\$0.49
Discontinued	0	(3.05)	.51	(3.03)
Net income (loss) per common share	<u>\$0.07</u>	<u>\$(2.85)</u>	<u>\$1.00</u>	<u>\$(2.54)</u>

See notes to unaudited condensed consolidated financial statements.

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Part I - Financial Information

Myers Industries, Inc.
Condensed Statements of Consolidated Cash Flows (Unaudited)
For the Six Months Ended June 30, 2007 and 2006

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Cash Flows From Operating Activities		
Net income (loss)	\$35,038,362	\$(89,180,648)
Net (income) loss from discontinued operations	(1,886)	106,325,712
Items not affecting use of cash		
Depreciation	16,810,506	13,530,775
Amortization of other intangible assets	1,429,810	879,290
Non cash stock compensation	657,840	300,621
Deferred taxes	(1,205,449)	(129,120)
Gain on sale of discontinued operations, net of tax	(17,785,760)	0
Cash flow provided by (used for) working capital		
Accounts receivable	7,360,236	345,301
Inventories	10,678,951	4,071,476
Prepaid expenses	1,319,966	(1,674,240)
Accounts payable and accrued expenses	(9,789,915)	(6,372,915)
Net-cash provided by operating activities of	44,512,661	28,096,252
continuing operations		
Net cash (used for) provided by operating activities of	(2,016,769)	5,230,279
discontinued operations		
Net cash provided by operating activities	<u>42,495,892</u>	<u>33,326,531</u>
Cash Flows From Investing Activities		
Acquisition of business, net of cash acquired	(96,223,113)	0
Additions to property, plant and equipment	(5,913,218)	(6,322,540)
Other	(214,197)	500,894

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Net cash used for investing activities of continuing operations	(102,350,528)	(5,821,646)
Net cash provided by (used for) investing activities of discontinued operations	67,909,094	(749,837)
Net cash used for investing activities	(34,441,434)	(6,571,483)
Cash Flows From Financing Activities		
Repayment of long term debt	(60,559,865)	0
Net borrowing (repayment) of credit facility	35,074,057	(17,056,881)
Cash dividends paid	(3,688,529)	(3,494,516)
Proceeds from issuance of common stock	860,362	1,507,807
Tax benefit from options exercised	110,558	231,000
Deferred financing costs	(14,212)	0
Net cash used for financing activities of continuing operations	(28,217,629)	(18,812,590)
Net cash used for financing activities of discontinued operations	(224,445)	(324,063)
Net cash used for financing activities	(28,442,074)	(19,136,653)
Foreign Exchange Rate Effect on Cash	(48,447)	845,084
Net (decrease) increase in cash	(20,436,063)	8,463,479
Cash at January 1 (\$27,086,311 included in discontinued operations at January 1, 2007)	33,723,700	19,159,220
Cash at June 30 (\$16,361,235 included in discontinued operations at June 30, 2006)	\$13,287,637	\$27,622,699

See notes to unaudited condensed consolidated financial statements.

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Part I - Financial Information

Myers Industries, Inc.
Condensed Statement of Consolidated Shareholders' Equity (Unaudited)
For the Six Months Ended June 30, 2007

Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Income (Deficit)

December 31, 2006