

MYERS INDUSTRIES INC
Form 10-Q
July 31, 2012
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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, 2012

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 (IRS Employer Identification
incorporation or organization) 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)

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 26, 2012 |
|---------------------------------|---------------------------------|
| Common Stock, without par value | 33,739,541 shares |

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Part I — Financial Information

Item 1. Financial Statements

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)

For the Three and Six Months Ended June 30, 2012 and 2011

(Dollars in thousands, except per share data)

| | For the Three Months Ended | | For the Six Months Ended | |
|--|----------------------------|------------------|--------------------------|------------------|
| | June 30, 2012 | June 30, 2011 | June 30, 2012 | June 30, 2011 |
| Net sales | \$181,101 | \$177,266 | \$379,890 | \$372,773 |
| Cost of sales | 133,737 | 132,772 | 274,528 | 274,188 |
| Gross profit | 47,364 | 44,494 | 105,362 | 98,585 |
| Selling, general and administrative expenses | 37,372 | 35,821 | 78,253 | 77,543 |
| Operating income | 9,992 | 8,673 | 27,109 | 21,042 |
| Interest expense, net | 1,054 | 1,153 | 2,135 | 2,391 |
| Income before income taxes | 8,938 | 7,520 | 24,974 | 18,651 |
| Income tax expense | 3,280 | 2,862 | 9,331 | 7,274 |
| Net income | \$5,658 | \$4,658 | \$15,643 | \$11,377 |
| Comprehensive income | \$5,046 | \$5,482 | \$17,048 | \$14,011 |
| Income per common share: | | | | |
| Basic | \$0.17 | \$0.13 | \$0.47 | \$0.32 |
| Diluted | \$0.17 | \$0.13 | \$0.46 | \$0.32 |
| Dividends declared per share | \$0.08 | \$0.07 | \$0.16 | \$0.14 |

See notes to unaudited condensed consolidated financial statements.

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MYERS INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Financial Position
(Dollars in thousands)

| Assets | June 30, 2012 (Unaudited) | December 31, 2011 |
|--|---------------------------------|----------------------|
| Current Assets | | |
| Cash | \$35,612 | \$6,801 |
| Accounts receivable-less allowances of \$2,346 and \$3,863, respectively | 96,386 | 105,830 |
| Inventories | | |
| Finished and in-process products | 75,362 | 67,721 |
| Raw materials and supplies | 32,110 | 27,496 |
| | 107,472 | 95,217 |
| Prepaid expenses | 9,081 | 5,415 |
| Deferred income taxes | 5,189 | 5,189 |
| Total Current Assets | 253,740 | 218,452 |
| Other Assets | | |
| Goodwill | 44,688 | 44,666 |
| Patents and other intangible assets | 15,934 | 17,267 |
| Other | 7,434 | 7,438 |
| | 68,056 | 69,371 |
| Property, Plant and Equipment, at Cost | | |
| Land | 4,452 | 4,540 |
| Buildings and leasehold improvements | 57,886 | 58,299 |
| Machinery and equipment | 413,552 | 412,704 |
| | 475,890 | 475,543 |
| Less allowances for depreciation and amortization | (342,491 |) (334,609 |
| Property, plant and equipment, net | 133,399 | 140,934 |
| | \$455,195 | \$428,757 |

See notes to unaudited condensed consolidated financial statements.

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Part I — Financial Information
MYERS INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Financial Position
(Dollars in thousands, except share data)

| Liabilities and Shareholders' Equity | June 30, 2012 (Unaudited) | December 31, 2011 |
|---|---------------------------------|----------------------|
| Current Liabilities | | |
| Accounts payable | \$58,888 | \$64,717 |
| Accrued expenses | | |
| Employee compensation | 14,711 | 20,566 |
| Income taxes | 204 | 3,379 |
| Taxes, other than income taxes | 1,524 | 2,729 |
| Accrued interest | 178 | 161 |
| Other | 16,222 | 18,799 |
| Current portion of long-term debt | 305 | 305 |
| Total Current Liabilities | 92,032 | 110,656 |
| Long-term debt, less current portion | 101,820 | 73,725 |
| Other liabilities | 15,129 | 14,343 |
| Deferred income taxes | 23,896 | 23,893 |
| 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 33,735,567 and 33,420,488; net of treasury shares of 4,084,890 and 4,492,169, respectively) | 20,473 | 20,312 |
| Additional paid-in capital | 269,267 | 265,000 |
| Accumulated other comprehensive income | 8,699 | 7,294 |
| Retained deficit | (76,121 |) (86,466) |
| Total Shareholder's Equity | 222,318 | 206,140 |
| Total Liabilities and Shareholder's Equity | \$455,195 | \$428,757 |

See notes to unaudited condensed consolidated financial statements.

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Part I — Financial Information

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

For the Six Months Ended June 30, 2012 and 2011

(Dollars in thousands)

| | June 30, 2012 | June 30, 2011 | |
|---|------------------|------------------|---|
| Cash Flows From Operating Activities | | | |
| Net income | \$15,643 | \$11,377 | |
| Items not affecting use of cash: | | | |
| Depreciation | 14,737 | 16,064 | |
| Impairment charges and asset write-offs | — | 252 | |
| Amortization of intangible assets | 1,514 | 1,474 | |
| Non-cash stock compensation | 1,556 | 1,607 | |
| (Recovery of) provision for loss on accounts receivable | (1,178) |) 1,773 | |
| Deferred taxes | (18) |) (70 |) |
| Other long-term liabilities | 785 | 804 | |
| Gain on sale of property, plant and equipment | (558) |) — | |
| Other | 50 | 50 | |
| Cash flow provided by (used for) working capital: | | | |
| Accounts receivable | 10,384 | (4,281 |) |
| Inventories | (12,285 |) (9,247 |) |
| Prepaid expenses | (3,743 |) 903 | |
| Accounts payable and accrued expenses | (18,967 |) (11,955 |) |
| Net cash provided by operating activities | 7,920 | 8,751 | |
| Cash Flows From Investing Activities | | | |
| Additions to property, plant and equipment | (8,386 |) (5,765 |) |
| Proceeds from sale of property, plant and equipment | 1,805 | — | |
| Other | (149 |) 848 | |
| Net cash used for investing activities | (6,730 |) (4,917 |) |
| Cash Flows From Financing Activities | | | |
| Repayment of long term debt | (305 |) (305 |) |
| Net borrowing on credit facility | 28,374 | 6,857 | |
| Cash dividends paid | (4,967 |) (4,715 |) |
| Proceeds from issuance of common stock | 2,822 | 70 | |
| Repurchase of common stock | — | (3,722 |) |
| Net cash provided by (used for) financing activities | 25,924 | (1,815 |) |
| Foreign Exchange Rate Effect on Cash | 1,697 | 212 | |
| Net increase in cash | 28,811 | 2,231 | |
| Cash at January 1 | 6,801 | 4,705 | |
| Cash at June 30 | \$35,612 | \$6,936 | |

See notes to unaudited condensed consolidated financial statements.

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Part I — Financial Information

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Shareholders' Equity (Unaudited)

For the Six Months Ended June 30, 2012

(Dollars in thousands, except per share data)

| | Common Stock | Additional Paid-In Capital | Accumulative Other Comprehensive Income | Retained Income (Deficit) | |
|--------------------------------------|-----------------|----------------------------------|--|---------------------------------|---|
| Balance at January 1, 2012 | \$20,312 | \$265,000 | \$7,294 | \$(86,466 |) |
| Net income | — | — | — | 15,643 | |
| Other comprehensive income | — | — | 1,405 | — | |
| Common stock issued | 159 | 2,663 | — | — | |
| Stock based compensation | — | 1,556 | — | — | |
| Stock contribution | 2 | 48 | — | — | |
| Dividends declared — \$.16 per share | — | — | — | (5,298 |) |
| Balance at June 30, 2012 | \$20,473 | \$269,267 | \$8,699 | \$(76,121 |) |

See notes to unaudited condensed consolidated financial statements.

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Part 1 - Financial Information

Myers Industries, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except where otherwise indicated)

Statement of Accounting Policy

The accompanying unaudited condensed consolidated financial statements include the accounts of Myers Industries, Inc. and all wholly owned subsidiaries (collectively, the "Company"), and have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. 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, 2012, and the results of operations and cash flows for the periods presented. The results of operations for the three and six months ended June 30, 2012 are not necessarily indicative of the results of operations that will occur for the year ending December 31, 2012.

Reclassification

Certain prior year amounts in the accompanying condensed consolidated financial statements have been reclassified in conformity with generally accepted accounting principles to conform to the current year's presentation.

Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-05, Comprehensive Income (Topic 220) — Presentation of Comprehensive Income. ASU No. 2011-05 requires companies to present the components of net income and other comprehensive income either as one continuous statement or two separate but consecutive statements. The update eliminates the option to report other comprehensive income and its components in the statement of changes in equity. ASU No. 2011-05 was effective for fiscal years and interim periods beginning after December 15, 2011. The adoption of this guidance on January 1, 2012 did not have a material impact on the Company's consolidated financial statements as this guidance modifies presentation of other comprehensive income already disclosed in the financial statements.

Translation of Foreign Currencies

All asset and liability accounts of consolidated foreign subsidiaries are translated at the current exchange rate as of the end of the accounting period and income statement items are translated monthly at an average currency exchange rate for the period. The resulting translation adjustment is recorded in other comprehensive income as a separate component of shareholders' equity.

Fair Value Measurement

The Company follows guidance included in ASC 820, Fair Value Measurements and Disclosures, for its financial assets and liabilities, as required. The guidance established a common definition for fair value to be applied to U.S. GAAP requiring the use of fair value, established a framework for measuring fair value, and expanded disclosure requirements about such fair value measurements. The guidance did not require any new fair value measurements, but rather applied to all other accounting pronouncements that require or permit fair value measurements. Under ASC 820, the hierarchy that prioritizes the inputs to valuation techniques used to measure fair value is divided into three levels:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs that are observable either directly or indirectly.

Level 3: Unobservable inputs for which there is little or no market data or which reflect the entity's own assumptions. The fair value of the Company's cash, accounts receivable, accounts payable and accrued expenses are considered to have a fair value which approximates carrying value due to the nature and relative short maturity of these assets and liabilities.

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Part 1 - Financial Information

Myers Industries, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except where otherwise indicated)

The fair value of debt under the Company's Credit Agreement approximates carrying value due to the floating interest rates and relative short maturity (less than 90 days) of the revolving borrowings under this agreement. The fair value of the Company's \$35.0 million fixed rate senior notes was estimated at \$36.8 million at June 30, 2012 using market observable inputs for the Company's comparable peers with public debt, including quoted prices in active markets and interest rate measurements which are considered level 2 inputs.

Revenue Recognition

The Company recognizes revenues from the sale of products, net of actual and estimated returns, at the point of passage of title and risk of loss, which is generally at time of shipment, and collectability of the fixed or determinable sales price is reasonably assured.

Accumulated Other Comprehensive Income

The balances in the Company's accumulated other comprehensive income as of June 30, 2012 and June 30, 2011 are as follows:

| | Foreign currency | Defined benefit pension plan | Accumulated other comprehensive income |
|--|---------------------|------------------------------------|---|
| Balance at January 1, 2011 | \$12,234 | \$(2,070) |) \$10,164 |
| Current-period other comprehensive income | 1,810 | — | 1,810 |
| Balance at March 31, 2011 | \$14,044 | \$(2,070) |) \$11,974 |
| Current-period other comprehensive income | 824 | — | 824 |
| Balance at June 30, 2011 | \$14,868 | \$(2,070) |) \$12,798 |
| Balance at January 1, 2012 | \$9,994 | \$(2,700) |) \$7,294 |
| Current-period other comprehensive income | 1,385 | — | 1,385 |
| Tax effect of pension liability from prior periods | — | 632 | 632 |
| Balance at March 31, 2012 | \$11,379 | \$(2,068) |) \$9,311 |
| Current-period other comprehensive income | (612) |) — | (612) |
| Balance at June 30, 2012 | \$10,767 | \$(2,068) |) \$8,699 |

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates market value. The Company maintains operating cash and reserves for replacement balances in financial institutions which, from time to time, may exceed federally insured limits. The Company periodically assesses the financial condition of these institutions and believes that the risk of loss is minimal.

Inventories

Approximately twenty percent of the Company's inventories use the last in first out (LIFO) method of determining cost. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on

management's estimates of expected year-end inventory levels and costs. Because these are subject to many factors beyond management's control, estimated interim results are subject to change in the final year-end LIFO inventory valuation and therefore, no adjustment was recorded as of an interim period.

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Myers Industries, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except where otherwise indicated)

Acquisitions

The Company acquired Plasticos Novel do Nordeste S. A. ("Novel"), a Brazil-based designer and also manufacturer of reusable plastic crates and totes used for closed-loop shipping and storage, effective as of July 1, 2012. Novel produces a diverse range of plastic industrial safety products. With strong relationships with major international companies in its markets, Novel complements Myers Industries' existing material handling business in Brazil and aligns with the Company's geographic growth strategy. The purchase price was \$27.5 million, which includes the assumption of debt outstanding as of the acquisition date, assumed liabilities and is subject to post-closing adjustments. The Company borrowed from its credit facility at the end of the second quarter 2012 to fund the Novel acquisition in early July. Novel's 2012 net sales are projected to be approximately \$38 million. The results of Novel will be integrated into our Material Handling Segment as of July 1, 2012. The Company is currently assessing the fair value of assets and liabilities acquired. The acquisition of Novel was determined not to be significant in accordance with SEC regulations and does not require separate pro-forma financial disclosure.

In July 2011, the Company acquired tooling assets and intellectual property for a new reusable plastic container used in producing, shipping and processing bulk natural cheese from Material Improvements L.P. The total purchase price was \$5.7 million, comprised of a \$1.1 million cash payment and \$4.6 million contingent consideration. The allocation of purchase price included \$0.3 million of property, plant and equipment, amortizable intangible assets, which included \$1.3 million in technology and \$0.2 million for trade name, and \$3.9 million in goodwill. These assets and liabilities incurred were recorded at estimated fair value as of the date of the acquisition using primarily level 3 inputs. The operating results of the business acquired have been included in our Material Handling Segment since the date of acquisition.

Goodwill

The Company is required to test for impairment on at least an annual basis. In addition, the Company tests for impairment whenever events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is below its carrying amount. Such events may include, but are not limited to, significant changes in economic and competitive conditions, the impact of the economic environment on the Company's customer base or its businesses, or a material negative change in its relationships with significant customers. The Company conducts its annual impairment assessment as of October 1.

In September 2011, the FASB issued ASU No. 2011-08, Intangibles - Goodwill and Other (Topic 350), effective for fiscal years beginning after December 15, 2011. The update gives companies the option to perform a qualitative assessment that may enable them to forgo the annual two-step test for impairment. ASU No. 2011-08 allows a qualitative assessment to first be performed to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If a company concludes that this is the case, it must perform the two-step test. Otherwise a company does not have to perform the two-step test. The ASU also includes a revised list of events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company conducted its annual impairment assessment as of October 1, 2011 which included adoption of this guidance.

The change in goodwill for the six months ended June 30, 2012 was as follows:

| (In thousands) Segment | Balance at January 1, 2012 | Acquisitions | Foreign Currency Translation | Impairment | Balance at June 30, 2012 |
|---------------------------|----------------------------------|--------------|------------------------------------|------------|-----------------------------|
| Distribution | \$214 | \$— | \$— | \$— | \$214 |

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| | | | | | |
|---------------------|----------|-----|------|-----|----------|
| Engineered Products | 707 | — | — | — | 707 |
| Material Handling | 34,279 | — | — | — | 34,279 |
| Lawn and Garden | 9,466 | — | 22 | — | 9,488 |
| Total | \$44,666 | \$— | \$22 | \$— | \$44,688 |

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Part 1 - Financial Information

Myers Industries, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except where otherwise indicated)

Net Income Per Common Share

Net income per common share, as shown on the Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited), is determined on the basis of the weighted average number of common shares outstanding during the period as follows:

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|------------|------------------|------------|
| | June 30, 2012 | 2011 | June 30, 2012 | 2011 |
| Weighted average common shares outstanding | | | | |
| Basic | 33,595,637 | 35,249,616 | 33,525,444 | 35,279,504 |
| Dilutive effect of stock options and restricted stock | 677,056 | — | 596,042 | 156,608 |
| Weighted average common shares outstanding diluted | 34,272,693 | 35,249,616 | 34,121,486 | 35,436,112 |

Options to purchase 212,000 and 227,000 shares of common stock that were outstanding for the three months and six months ended June 30, 2012, respectively, were not included in the computation of diluted earnings per share as the exercise prices of these options were greater than the average market price of common shares, and their effect would be anti-dilutive. Options to purchase 1,172,729 and 1,757,404 shares of common stock that were outstanding for the three and six months ended June 30, 2011, respectively, were not included in the computation of diluted earnings per share as the exercise prices of these options were greater than the average market price of common shares, and their effect would be anti-dilutive.

Supplemental Disclosure of Cash Flow Information

| (In thousands) | Three Months Ended | | Six Months Ended | |
|-------------------|--------------------|---------|------------------|---------|
| | June 30, 2012 | 2011 | June 30, 2012 | 2011 |
| Interest paid | \$1,612 | \$1,548 | \$1,908 | \$2,057 |
| Income taxes paid | \$10,827 | \$6,304 | \$13,282 | \$6,373 |

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Part 1 - Financial Information

Myers Industries, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except where otherwise indicated)

Restructuring

During the six months ended June 30, 2012 and 2011, the Company recorded total net expenses of \$0.8 million and \$1.2 million, respectively, for costs associated with restructuring plans including impairment of property, plant and equipment, lease obligations, severance, consulting and other related charges. Estimated lease obligations associated with closed facilities were based on level 2 inputs.

In the three and six months ended June 30, 2012, the Company recorded net expenses of \$0.2 million and \$0.6 million, respectively, in selling, general and administrative ("SG&A") expenses and \$0.1 million and \$0.2 million, respectively, in cost of goods sold for costs associated with restructuring plans including non-cancelable lease obligations, severance, consulting and other related charges.

In the three months ended June 30, 2012, restructuring costs included charges of \$0.1 million in the Distribution Segment related to severance and non-cancelable lease costs offset by a gain of \$0.3 million on the sale of two facilities. Restructuring charges of \$0.1 million for non-cancelable lease obligations were recorded in the Engineered Products Segment. In addition, \$0.4 million restructuring charges were recorded in the quarter for the Lawn and Garden Segment related to severance costs.

In the six months ended June 30, 2012, net restructuring costs of \$0.2 million were recorded in the Distribution Segment. These costs were related to charges for severance of \$0.3 million and consulting and other related charges of \$0.2 million offset by a gain of \$0.3 million on the sale of three facilities. In the Engineered Products Segment, restructuring charges of \$0.2 million were recorded for the six month period ended June 30, 2012 related to non-cancelable lease costs. Lawn and Garden Segment had \$0.4 million of restructuring charges through the first six months of 2012 for severance costs incurred.

In the three and six months ended June 30, 2011, the Company recorded expenses of \$0.6 million and \$1.2 million, respectively, related to restructuring activities. The restructuring costs included charges of \$0.5 million and \$0.7 million in the three and six months ended June 30, 2011, respectively, related to the Distribution Segment and a \$0.3 million in the six months ended June 30, 2011 for an impairment related to an idle Lawn and Garden manufacturing facility. Impairment charges for property, plant and equipment were based on appraisals or estimated market values of similar assets which are considered level 2 inputs. In the Engineered Products Segment, restructuring charges of 0.2 million were recorded for the six month period ended June 30, 2011 related to non-cancelable lease costs.

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Part 1 - Financial Information

Myers Industries, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except where otherwise indicated)

The amounts for severance and other exit costs associated with restructuring are included in Other Accrued expenses on the accompanying Condensed Consolidated Statements of Financial Position.

| (Dollars in thousands) | Severance and Personnel | Other Exit Costs | Total |
|----------------------------|----------------------------|---------------------|---------|
| Balance at January 1, 2012 | \$— | \$605 | \$605 |
| Provision | 651 | 402 | 1,053 |
| Less: Payments | (651 |)(532 |)(1,183 |
| Balance at June 30, 2012 | \$— | \$475 | \$475 |

As a result of restructuring activity including plant closures, approximately \$5.7 million of property, plant, and equipment has been classified as held for sale at both June 30, 2012 and December 31, 2011, and is included in other assets in the Condensed Consolidated Statements of Financial Position. The Company is actively pursuing the sale of these facilities.

Stock Compensation

The Company's 2008 Incentive Stock Plan (the "2008 Plan") authorizes the Compensation Committee of the Board of Directors to issue up to 3,000,000 shares of various types of stock based awards including stock options, restricted stock and stock appreciation rights to key employees and directors. In general, options granted and outstanding vest over a three year period and expire ten years from the date of grant.

Stock compensation expense reduced income before taxes approximately \$0.9 million and \$1.0 million for the three months ended June 30, 2012 and 2011, respectively. Stock compensation expense reduced income before taxes approximately \$1.6 million for both the six month periods ended June 30, 2012 and 2011. These expenses are included in selling, general and administrative expenses in the accompanying Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited). Total unrecognized compensation cost related to non-vested share based compensation arrangements at June 30, 2012 was approximately \$4.3 million which will be recognized over the next three years.

On March 2, 2012, stock options for 323,950 shares were granted with a three year vesting period. The fair value of options granted is estimated using a binomial lattice option pricing model based on assumptions set forth in the following table. The Company uses historical data to estimate employee exercise and departure behavior. The risk free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant and through the expected term. The dividend yield rate is based on the Company's historical dividend yield. The expected volatility is derived from historical volatility of the Company's shares and those of similar companies measured against the market as a whole.

Model

| | | |
|--------------------------------|--------|---|
| Risk free interest rate | 2.00 | % |
| Expected dividend yield | 2.20 | % |
| Expected life of award (years) | 5.4 | |
| Expected volatility | 50.00 | % |
| Fair value per option share | \$4.93 | |

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Part 1 - Financial Information

Myers Industries, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except where otherwise indicated)

The following table provides a summary of stock option activity for the period ended June 30, 2012:

| | Shares | Average Exercise Price | Weighted Average Life |
|--------------------------------|------------|------------------------|-----------------------|
| Outstanding at January 1, 2012 | 1,997,778 | \$11.33 | |
| Options Granted | 323,950 | 12.96 | |
| Options Exercised | (265,662) | 10.86 | |
| Cancelled or Forfeited | (23,516) | 10.05 | |
| Outstanding at June 30, 2012 | 2,032,550 | \$11.61 | 6.82 years |
| Exercisable at June 30, 2012 | 1,376,244 | \$11.62 | |

The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the option. The total intrinsic value of all stock options exercised during the six months ended June 30, 2012 and 2011 was approximately \$1,380 thousand and \$4 thousand, respectively.

On March 2, 2012, 90,495 shares of restricted stock were granted with a three year vesting period. The restricted stock had a grant date fair value of \$12.96 per share, which was the closing price of the common stock on the date of grant.

The following table provides a summary of restricted stock activity for the period ended June 30, 2012:

| | Shares | Average Grant-Date Fair Value |
|------------------------------------|-----------|-------------------------------|
| Unvested shares at January 1, 2012 | 288,500 | |
| Granted | 90,495 | \$12.96 |
| Vested | (40,500) | — |
| Forfeited | (5,000) | 10.03 |
| Unvested shares at June 30, 2012 | 333,495 | \$11.01 |

The restricted stock awards are rights to receive shares of common stock, subject to forfeiture and other restrictions, which generally vest over a three to four year period. Restricted shares are considered to be non-vested shares under the accounting guidance for share-based payment and are not reflected as issued and outstanding shares until the restrictions lapse. At that time, the shares are released to the grantee and the Company records the issuance of the shares. Restricted shares are valued based on the market price of the underlying shares on the grant date. At June 30, 2012, shares of restricted stock had vesting periods up through March 2015.

Contingencies

The Company is a defendant in various lawsuits and a party to various other legal proceedings, in the ordinary course of business, some of which are covered in whole or in part by insurance.

Other

In October 2009, an employee was fatally wounded while performing maintenance at the Company's manufacturing facility in Springfield, Missouri. On February 22, 2011, the family of the deceased filed a civil complaint against the manufacturer of the press involved in the incident and the Buckhorn Inc. employee involved in the incident. The Company has been brought into the lawsuit by the plaintiff as an additional defendant. The manufacturer of the press has filed a cross claim for indemnity against Buckhorn. At this time the Company is not able to determine whether this proceeding or the incident will result in legal exposure to the Company, or if any such liability that results would be material to the Company's financial statements. The Company believes that it has adequate insurance to resolve any claims resulting from this incident.

When management believes that a loss arising from these matters is probable and can reasonably be estimated, we record the amount of the estimated loss, or the minimum estimated liability when the loss is estimated using a range, and no point within the

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Part 1 - Financial Information

Myers Industries, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except where otherwise indicated)

range is more probable of occurrence than another. As additional information becomes available, any potential liability related to these matters will be assessed and the estimates will be revised, if necessary.

Based on current available information, management believes that the ultimate outcome of these matters will not have a material adverse effect on our financial position or overall trends in our results of operations. However, these matters are subject to inherent uncertainties, and unfavorable rulings could occur. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on the financial position and results of operations of the period in which the ruling occurs, or in future periods.

Retirement Plans

The Company and certain of its subsidiaries have pension and profit sharing plans covering substantially all of their employees. The Company's frozen defined benefit pension plan ("The Pension Agreement between Akro-Mils and United Steelworkers of America Local No. 1761-02") provides benefits primarily based upon a fixed amount for each year of service as defined.

Net periodic pension cost for the three and six months ended June 30, 2012 and 2011, respectively, are as follows:

| | Three Months Ended | | Six Months Ended | |
|------------------------------------|--------------------|-------|------------------|--------|
| | June 30, | | June 30, | |
| | 2012 | 2011 | 2012 | 2011 |
| Service cost | \$18 | \$18 | \$35 | \$36 |
| Interest cost | 72 | 76 | 144 | 152 |
| Expected return on assets | (77 |) (77 |) (153 |) (154 |
| Amortization of actuarial net loss | 25 | 16 | 50 | 32 |
| Net periodic pension cost | \$38 | \$33 | \$76 | \$66 |
| Company contributions | \$123 | \$76 | \$199 | \$152 |

The Company anticipates contributions totaling \$661 to its pension plan in 2012.

Effective January 1, 2012, the Company changed its profit sharing and 401(k) plan which includes an increase in the Company's matching contributions and the frequency of the Company's match. The Myers Industries Profit Sharing and 401(k) Plan is maintained for the Company's U.S. based employees, not covered under defined benefit plans, who have met eligibility service requirements.

Income Taxes

The total amount of gross unrecognized tax benefits that would reduce the Company's effective tax rates was \$0.5 million at June 30, 2012 and \$1.1 million at December 31, 2011. The amount of accrued interest expense included as a liability within the Company's Condensed Consolidated Statements of Financial Position as of June 30, 2012 and December 31, 2011 was \$0.1 million. In 2012, the Company recognized approximately \$0.6 million of previously reserved tax benefits, based on the settlement of various state and federal tax issues. The tax benefit related to this recognition was essentially offset by tax expense on pension liability previously recognized in other comprehensive income.

As of June 30, 2012, the Company and its significant subsidiaries are subject to examination for the years after 2005 in Brazil, after 2006 in Canada, and after 2007 in the United States. The Company and its subsidiaries are subject to

examination in certain states within the United States starting after 2006 and in the remaining states after 2007. The Company is currently under examination of Federal income tax returns for 2009 and 2010 in the United States and for 2008 and 2007 in Canada, as well as certain states. The Company does not expect any significant changes to its unrecognized tax benefits in the next 12 months.

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Part 1 - Financial Information

Myers Industries, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except where otherwise indicated)

Segment Information

Using the criteria of ASC 280 Segment Reporting, the Company has four operating segments: Material Handling, Lawn and Garden, Distribution, and Engineered Products. Each of these operating segments is also a reportable segment under the ASC 280 criteria.

None of the reportable segments include operating segments that have been aggregated. Some of these segments contain individual business components that have been aggregated on the basis of common management, customers, products, production processes and economic characteristics. The Company accounts for intersegment sales and transfers at cost plus a specified mark-up.

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

| | Three Months Ended | | Six Months Ended | |
|---------------------------|--------------------|-----------|------------------|-----------|
| | June 30, 2012 | 2011 | June 30, 2012 | 2011 |
| Net Sales | | | | |
| Material Handling | \$60,260 | \$67,008 | \$125,481 | \$132,738 |
| Lawn and Garden | 42,482 | 41,819 | 101,666 | 108,973 |
| Distribution | 44,188 | 46,091 | 86,926 | 87,725 |
| Engineered Products | 38,642 | 27,897 | 75,869 | 55,822 |
| Intra-segment elimination | (4,471 |) (5,549 |) (10,052 |) (12,485 |
| Net Sales | \$181,101 | \$177,266 | \$379,890 | \$372,773 |

| | Three Months Ended | | Six Months Ended | |
|----------------------------|--------------------|----------|------------------|-----------|
| | June 30, 2012 | 2011 | June 30, 2012 | 2011 |
| Income Before Income Taxes | | | | |
| Material Handling | \$9,223 | \$8,396 | \$22,373 | \$18,657 |
| Lawn and Garden | (1,942 |) (1,619 |) (724 |) 2,259 |
| Distribution | 4,298 | 4,014 | 7,809 | 7,087 |
| Engineered Products | 4,660 | 2,591 | 9,251 | 5,380 |
| Corporate | (6,247 |) (4,709 |) (11,600 |) (12,341 |
| Interest expense-net | (1,054 |) (1,153 |) (2,135 |) (2,391 |
| Income before income taxes | \$8,938 | \$7,520 | \$24,974 | \$18,651 |

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Part I - Financial Information

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Comparison of the Second Quarter of 2012 to the Second Quarter of 2011

Net Sales:

| (dollars in millions) | Quarter Ended | | | | |
|---------------------------|---------------|---------|---------|----------|---|
| | 2012 | 2011 | Change | % Change | |
| Segment | June 30, | | | | |
| Material Handling | \$60.3 | \$67.0 | \$(6.7) | (10) | % |
| Lawn and Garden | \$42.5 | \$41.8 | \$0.7 | 2 | % |
| Distribution | \$44.2 | \$46.1 | \$(1.9) | (4) | % |
| Engineered Products | \$38.6 | \$27.9 | \$10.7 | 38 | % |
| Intra-segment elimination | \$(4.5) | \$(5.5) | \$1.0 | 18 | % |
| TOTAL | \$181.1 | \$177.3 | \$3.8 | 2 | % |

Net sales in the quarter ended June 30, 2012 were \$181.1 million, an increase of \$3.8 million or 2% compared to the prior year. A significant sales increase in our Engineered Products Segment combined with a modest increase in our Lawn and Garden Segments more than offset reduced sales in our Distribution and Material Handling Segments. Overall, improved pricing of \$3.2 million and higher sales volume of \$2.5 million driven by our growth and innovation initiatives, were partially offset by unfavorable foreign currency translation of \$1.9 million.

Net sales in the Material Handling Segment decreased \$6.7 million or 10% in the second quarter of 2012 compared to the same quarter in 2011. A delay in customer orders resulting from a shift in demand from the second quarter to the second half of 2012 was the primary cause of the sales decrease quarter over quarter. Lower sales were recognized in the manufacturing, food processing and agricultural markets but were partially offset by higher sales in the industrial markets resulting in a net reduction in volume of \$8.7 million. The decrease in current quarter net sales also included a \$1.0 million impact of unfavorable foreign currency translations. Offsetting these sales declines was improved pricing actions and customer mix that added \$3.0 million in sales quarter over quarter.

Net sales in the Lawn and Garden Segment in the second quarter of 2012 increased \$0.7 million or 2% compared to the second quarter of 2011. The increased sales primarily reflect higher volume of \$1.7 million compared to the second quarter of 2011. A weak spring growing season and cautious buying patterns in 2011 negatively impacted sales volumes in the second quarter of last year. The higher sales volume in 2012 resulting from stronger demand was partially offset by a slight decrease of \$0.2 million in pricing and \$0.8 million of unfavorable foreign currency translation.

Net sales in the Distribution Segment decreased \$1.9 million or 4% in the second quarter of 2012 compared to the second quarter of 2011. The decreased sales were primarily due to slowing customer demand resulting in lower volume, primarily equipment sales.

In the Engineered Products Segment, net sales in the second quarter of 2012 increased \$10.7 million or 38% compared to the prior year. Stronger net sales in 2012 resulted from higher sales volumes of \$10.2 million that were driven by product demand in the transplant automotive market, recreational vehicle, marine and custom markets. Higher selling prices of \$0.5 million also contributed to the improved sales performance.

Cost of Sales & Gross Profit:

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| (dollars in millions) | Quarter Ended | |
|---------------------------------------|---------------|---------|
| | June 30, | |
| Cost of Sales and Gross Profit | 2012 | 2011 |
| Cost of sales | \$133.7 | \$132.8 |
| Gross profit | \$47.4 | \$44.5 |
| Gross profit as a percentage of sales | 26.2 | % 25.1 |
| | | % |

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Gross margin expansion in the second quarter of 2012 compared to the same quarter of 2011 was largely the result of operational cost reductions generated by the Company's operations excellence initiatives combined with favorable pricing actions and product mix. Purchasing actions taken in 2012 for certain raw materials contributed to additional cost savings year over year.

Selling, General and Administrative Expenses:

| (dollars in millions) | Quarter Ended | | |
|--|---------------|--------|--------|
| | June 30, | | |
| | 2012 | 2011 | Change |
| SG&A Expenses | | | |
| SG&A expenses | \$37.4 | \$35.8 | \$1.6 |
| SG&A expenses as a percentage of sales | 20.7 | % 20.2 | % |

Selling, general and administrative ("SG&A") expenses for the quarter ended June 30, 2012 were \$37.4 million, an increase of \$1.6 million or 4% compared to the second quarter in the prior year. The increase in SG&A expenses was due to higher freight charges of \$0.9 million and employee related costs of \$0.8 million, primarily medical costs. These increases were partially offset by a reduction in bad debt expense attributable to a recovery of \$0.3 million from one specific customer. Restructuring charges in the second quarter of 2012 included \$0.5 million for severance and lease obligation charges offset by gains of \$0.3 million for the sale of two office buildings.

Interest Expense:

| (dollars in millions) | Quarter Ended | | | |
|------------------------|---------------|--------|---------|----------|
| | June 30, | | | |
| | 2012 | 2011 | Change | % Change |
| Net Interest Expense | | | | |
| Net interest expense | \$1.1 | \$1.2 | \$(0.1) | (8)% |
| Outstanding borrowings | \$102.1 | \$90.7 | \$11.4 | |
| Average borrowing rate | 5.61 | % 4.80 | % | |

Net interest expense in the second quarter of 2012 was \$1.1 million, a decrease of 8% compared to the prior year. Lower average borrowing levels more than offset a higher average interest rate. Outstanding borrowings at June 30, 2012 were higher than June 30, 2011 as the Company borrowed from its revolving credit facility for its acquisition of Plasticos Novel do Nordeste S.A. that occurred in July 2012.

Income Before Taxes:

| (dollars in millions) | Quarter Ended | | | |
|------------------------|---------------|---------|---------|----------|
| | June 30, | | | |
| | 2012 | 2011 | Change | % Change |
| Segment | | | | |
| Material Handling | \$9.2 | \$8.4 | \$0.8 | 10% |
| Lawn and Garden | \$(1.9) | \$(1.6) | \$(0.3) | 19% |
| Distribution | \$4.3 | \$4.0 | \$0.3 | 8% |
| Engineered Products | \$4.6 | \$2.6 | \$2.0 | 77% |
| Corporate and interest | \$(7.3) | \$(5.9) | \$(1.4) | 24% |
| TOTAL | \$8.9 | \$7.5 | \$1.4 | 19% |

Income before taxes for the quarter ended June 30, 2012, increased \$1.4 million from the quarter ended June 30, 2011 due to slightly higher net sales and increased gross profit margins resulting from productivity improvements generated

by our operations excellence initiatives and cost reductions.

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Income Taxes:

| (dollars in millions) | Quarter Ended | |
|---------------------------|---------------|--------|
| | June 30, | |
| | 2012 | 2011 |
| Consolidated Income Taxes | | |
| Income before taxes | \$8.9 | \$7.5 |
| Income taxes | \$3.3 | \$2.9 |
| Effective tax rate | 36.7 | % 38.1 |

The effective tax rate was 36.7% for the quarter ended June 30, 2012, compared to 38.1% in the prior year. The lower effective rate in 2012 is primarily due to a greater benefit from estimated domestic production deduction, the reduced impact of non-deductible stock compensation and other permanent differences in the current year.

Comparison of the Six Months Ended June 30, 2012 to the Six Months Ended June 30, 2011

Net Sales:

| (dollars in millions) | Six Months Ended | | | |
|---------------------------|------------------|----------|---------|----------|
| | June 30, | | | |
| Segment | 2012 | 2011 | Change | % Change |
| Material Handling | \$125.5 | \$132.7 | \$(7.2) | (5 %) |
| Lawn and Garden | \$101.7 | \$109.0 | \$(7.3) | (7 %) |
| Distribution | \$86.9 | \$87.7 | \$(0.8) | (1 %) |
| Engineered Products | \$75.9 | \$55.8 | \$20.1 | 36 % |
| Intra-segment elimination | \$(10.1) | \$(12.5) | \$2.4 | (19 %) |
| TOTAL | \$379.9 | \$372.7 | \$7.2 | 2 % |

Net sales for the six months ended June 30, 2012 were \$379.9 million, an increase of \$7.2 million or 2% compared to the same period in the prior year. Sales increased \$4.9 million from higher volumes and \$4.7 million from improved pricing to offset higher raw material costs. These increases were partially offset by unfavorable foreign currency translation of \$2.4 million.

Net sales in the Material Handling Segment decreased \$7.2 million or 5% in the six months ended June 30, 2012 compared to the same period in 2011. The shift in demand in customer orders in the second quarter 2012 to later in the year was a primary cause of the decrease in sales. Sales were lower in most markets with the exception of industrial which had higher sales compared to the prior year period. The decrease in net sales included a reduction in volume of \$9.2 million and \$1.2 million from the effect of unfavorable foreign currency translation, offset by improved pricing of \$3.2 million in response to higher raw material costs.

Net sales in the Lawn and Garden Segment for the six months ended June 30, 2012 were down \$7.3 million or 7% compared to the six months ended June 30, 2011. The decrease in net sales primarily reflected lower volume of \$6.7 million as customers depleted their inventories. Sales were also negatively impacted by \$1.1 million from the effect of unfavorable foreign currency translation. The lower sales were partially offset by \$0.5 million from pricing actions taken to offset higher raw material costs.

Net sales in the Distribution Segment decreased \$0.8 million or 1% for the six months ended June 30, 2012 compared to the same period in 2011. The lower sales reflect \$0.7 million from a decrease in volume, primarily in equipment, and \$0.1 million from the unfavorable effect of foreign currency translation.

In the Engineered Products Segment, net sales for the six months ended June 30, 2012 increased \$20.1 million, or 36% compared to the same period in the prior year. Net sales increased due to higher volume \$19.2 million and higher selling prices of \$0.9 million driven by strong demand in the transplant automotive, recreational vehicle, marine and

custom markets.

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Cost of Sales & Gross Profit:

| (dollars in millions) | Six Months Ended | | |
|---------------------------------------|------------------|---------|---|
| | June 30, | | |
| | 2012 | 2011 | |
| Cost of Sales and Gross Profit | | | |
| Cost of sales | \$274.5 | \$274.2 | |
| Gross profit | \$105.4 | \$98.6 | |
| Gross profit as a percentage of sales | 27.7 | % 26.5 | % |

Gross profit margin increased to 27.7% for the six months ended June 30, 2012 compared with 26.5% in the prior year. Productivity improvements along with product pricing strategies, primarily in the Material Handling and Lawn and Garden Segments that mitigated the impact of higher costs for raw material plastic resins contributed to the higher margins through the first six months of 2012 compared to the same period in 2011.

Selling, General and Administrative Expenses:

| (dollars in millions) | Six Months Ended | | |
|--|------------------|--------|--------|
| | June 30, | | |
| | 2012 | 2011 | Change |
| SG&A Expenses | | | |
| SG&A expenses | \$78.3 | \$77.5 | \$0.8 |
| SG&A expenses as a percentage of sales | 20.6 | % 20.8 | % |

SG&A expenses for the six months ended June 30, 2012 were \$78.3 million, an increase of \$0.8 million or 1% compared to the same period in the prior year. The higher SG&A expenses were primarily attributable to an increase in employee related costs of \$2.2 million, higher selling and distribution charges of \$1.1 million and \$0.5 million of business development costs. These higher SG&A expenses were substantially offset by a reduction in bad debt expense of \$3.0 million primarily attributable to recording a \$1.4 million expense in the first quarter of 2011 and recovery of the entire amount as of second quarter 2012. SG&A expense for the six months ended June 30, 2012 included net restructuring charges of \$0.6 million for severance, consulting and lease obligation costs compared with similar charges of \$1.0 million for the same period in 2011.

Interest Expense:

| (dollars in millions) | Six Months Ended | | | |
|------------------------|------------------|--------|---------|----------|
| | June 30, | | | |
| | 2012 | 2011 | Change | % Change |
| Net Interest Expense | | | | |
| Net interest expense | \$2.1 | \$2.4 | \$(0.3) | (13 %) |
| Outstanding borrowings | \$102.1 | \$90.7 | \$11.4 | |
| Average borrowing rate | 4.98 | % 4.99 | % | |

Net interest expense was \$2.1 million for the six months ended June 30, 2012 compared to \$2.4 million in the prior year. The reduction in 2012 interest expense was the result of lower average borrowing levels as compared to the first six months of 2011.

Income Before Taxes:

| (dollars in millions) | Six Months Ended |
|-----------------------|------------------|
| | June 30, |

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| Segment | 2012 | 2011 | Change | % Change | |
|------------------------|---------|-----------|---------|----------|----|
| Material Handling | \$22.4 | \$18.7 | \$3.7 | 20 | % |
| Lawn and Garden | \$(0.7 |) \$2.3 | \$(3.0 |) (130 | %) |
| Distribution | \$7.8 | \$7.1 | \$0.7 | 10 | % |
| Engineered Products | \$9.2 | \$5.4 | \$3.8 | 70 | % |
| Corporate and interest | \$(13.7 |) \$(14.8 |) \$1.1 | 7 | %) |
| TOTAL | \$25.0 | \$18.7 | \$6.3 | 34 | %) |

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Income before taxes for the six months ended June 30, 2012, was \$25.0 million, an increase of \$6.3 million compared to \$18.7 million in the prior year. The increase was due to higher gross margins resulting from productivity cost savings through execution of our operations excellence initiatives along with lower bad debt expense and depreciation charges in the six months ended June 30, 2012 compared with the prior year.

Income Taxes:

| (dollars in millions) | Six Months Ended | | |
|---------------------------|------------------|--------|---|
| | June 30, | 2011 | |
| Consolidated Income Taxes | 2012 | 2011 | |
| Income before taxes | \$25.0 | \$18.7 | |
| Income taxes | \$9.3 | \$7.3 | |
| Effective tax rate | 37.4 | % 39.0 | % |

The effective tax rate for the six months ended June 30, 2012 was 37.4% compared to 39.0% in the prior year. The lower effective rate in 2012 is attributable to increased benefits from the estimated domestic production deduction for the current year. Income tax expense for the six months ended June 30, 2012 was reduced by approximately \$0.6 million for the reversal of previously unrecognized tax benefits, however, these benefits were offset by tax expense of \$0.6 million on pension liability recognized in other comprehensive income in a prior period.

Acquisitions - Subsequent Event

The Company acquired Plasticos Novel do Nordeste S. A. ("Novel"), one of Brazil's leading designers and also manufacturers of reusable plastic crates and totes used for closed-loop shipping and storage, effective as of July 1, 2012. Novel operates two manufacturing facilities and produces a diverse range of plastic industrial safety products. With strong relationships with major international companies in its markets, Novel complements Myers Industries' existing material handling business in Brazil and aligns with the Company's geographic growth strategy. The purchase price was \$27.5 million, which includes the assumption of debt outstanding as of the acquisition date, assumed liabilities and subject to certain post-closing adjustments. Novel's 2012 net sales are projected to be approximately \$38 million. The results of Novel will be integrated into our Material Handling Segment as of July 1, 2012. The Company is currently assessing the fair value of assets and liabilities acquired. The acquisition of Novel was determined not to be significant in accordance with SEC regulations and does not require separate pro-forma financial disclosure.

Liquidity and Capital Resources

Cash provided by operating activities was \$7.9 million for the six months ended June 30, 2012 compared to \$8.8 million for the six months ended June 30, 2011. The decrease of \$0.9 million in current year cash provided by operations was primarily attributable to a decrease of approximately \$5.0 million depreciation and other non-cash charges offset by improved net income of \$4.3 million compared to the prior year.

For both the six months ended June 30, 2012 and 2011, cash of \$24.6 million was used for working capital. In the six months ended June 30, 2012, collection of accounts receivable resulted in \$10.4 million of cash provided compared with a use of \$4.3 million in the prior year. In addition, a build of inventory resulted in higher levels and a use of \$12.3 million of cash for the six months ended June 30, 2012 compared to cash used of \$9.2 million for the same period in 2011. Accounts payable and accrued expenses used cash of \$19.0 million in the six months ended June 30, 2012 compared with a use of \$12.0 million in the prior year as a result of timing of payments at June 30, 2012.

Capital expenditures for the six months ended June 30, 2012 were \$8.4 million and for the full year are expected to be approximately \$30 million. The Company received approximately \$1.8 million in cash proceeds from the sale of assets, including a warehouse, office buildings and equipment in the six months ended June 30, 2012. In addition, the Company paid dividends of \$5.0 million and \$4.7 million in the six months ended June 30, 2012 and 2011,

respectively.

Total debt at June 30, 2012 was approximately \$102.1 million compared with \$74.0 million at December 31, 2011. The net increase in cash provided by financing activities in 2012 was primarily the result of borrowings from our revolving credit facility at the end of second quarter 2012 for the acquisition of Novel in early July. The Company's 2010 Credit Agreement provides available borrowing up to \$180 million, reduced for letters of credit issued, and, as of June 30, 2012, there was \$107.8 million available under this agreement. As of June 30, 2012, the Company was in compliance with all its debt covenants. The most restrictive financial covenants for all of the Company's debt are an interest coverage ratio, defined as earnings before interest and taxes divided by interest expense, and a leverage ratio, defined as earnings before interest, taxes, depreciation and amortization, as

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adjusted, compared to total debt. The ratios as of and for the period ended June 30, 2012 are shown in the following table:

| | Required Level | Actual Level |
|-------------------------|---------------------|--------------|
| Interest Coverage Ratio | 2.25 to 1 (minimum) | 10.36 |
| Leverage Ratio | 3.25 to 1 (maximum) | 1.36 |

The Company believes that cash flows from operations and available borrowing under its Credit Agreement will be sufficient to meet expected business requirements including strategic initiatives, capital expenditures, dividends, working capital, and debt service into the foreseeable future.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The Company has certain financing arrangements that require interest payments based on floating interest rates. The Company's financial results are subject to changes in the market rate of interest. At present, the Company has not entered into any interest rate swaps or other derivative instruments to fix the interest rate on any portion of its financing arrangements with floating rates. Accordingly, based on current debt levels at June 30, 2012, if market interest rates increase one percent, the Company's interest expense would increase approximately \$0.7 million annually.

Some of the Company's subsidiaries operate in foreign countries and their financial results are subject to exchange rate movements. The Company has operations in Canada with foreign currency exposure, primarily due to sales made from businesses in Canada to customers in the United States. These sales are denominated in U.S. dollars. In addition, the Company's subsidiary in Brazil has loans denominated in U.S. dollars. The Company has a systematic program to limit its exposure to fluctuations in exchange rates related to certain assets and liabilities of its operations in Canada and Brazil that are denominated in U.S. dollars. The net exposure generally ranges from \$5 to \$10 million. The foreign currency contracts and arrangements created under this program are not designated as hedged items under FASB ASC 815 Derivatives and Hedging, and accordingly, the changes in the fair value of the foreign currency arrangements, which have been immaterial, are recorded in the income statement. The Company's foreign currency arrangements are generally three months or less and, as of June 30, 2012, the Company had no foreign currency arrangements or contracts in place.

The Company uses certain commodities, primarily plastic resins, in its manufacturing processes. The cost of operations can be affected as the market and price for these commodities changes. The Company currently has no derivative contracts to hedge this risk and has no significant purchase obligations to purchase fixed quantities of such commodities in future periods. Significant future increases in the cost of plastic resin or other adverse changes in the general economic environment could have a material adverse impact on the Company's financial position, results of operations or cash flows.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is

required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company carries out a variety of on-going procedures, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, to evaluate the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

There has been no change in the Company's internal controls over financial reporting during the Company's most recent fiscal quarter that has materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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Part II — Other Information

Item 1. Legal Proceedings

The Company is a defendant in various lawsuits and a party to various other legal proceedings, in the ordinary course of business, some of which are covered in whole or in part by insurance. We believe that the outcome of these lawsuits and other proceedings will not individually or in the aggregate have a future material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 6. Exhibits

(a) Exhibits

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.

July 31, 2012

By:

/s/ Donald A. Merrill

Donald A. Merrill

Senior Vice President, Chief Financial Officer
and Corporate Secretary

(Duly Authorized Officer and Principal Financial and
Accounting Officer)

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EXHIBIT INDEX

- 3(a) Myers Industries, Inc. Amended and Restated Articles of Incorporation. Reference is made to Exhibit 3(a) to Form 10-K filed with the Commission on March 16, 2005.
- 3(b) Myers Industries, Inc. Amended and Restated Code of Regulations. Reference is made to Exhibit 3(b) to Form 10-K filed with the Commission on March 12, 2010.
- 10(a) Myers Industries, Inc. Amended and Restated Employee Stock Purchase Plan. Reference is made to Exhibit 10(a) to Form 10-K filed with the Commission on March 30, 2001.
- 10(b) Form of Indemnification Agreement for Directors and Officers. Reference is made to Exhibit 10.1 to Form 10-Q filed with the Commission on May 1, 2009.*
- 10(c) Myers Industries, Inc. Amended and Restated Dividend Reinvestment and Stock Purchase Plan. Reference is made to Exhibit 10(d) to Form 10-K filed with the Commission on March 19, 2004.
- 10(d) Myers Industries, Inc. Amended and Restated 1999 Incentive Stock Plan. Reference is made to Exhibit 10(f) to Form 10-Q filed with the Commission on August 9, 2006.*
- 10(e) 2008 Incentive Stock Plan of Myers Industries, Inc. Reference is made to Exhibit 4.3 to Form S-8 filed with the Commission on March 17, 2009.*
- 10(f) Amendment No. 1 to the 2008 Incentive Stock Plan of Myers Industries, Inc. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on August 3, 2010.*
- 10(g) Myers Industries, Inc. Executive Supplemental Retirement Plan. Reference is made to Exhibit (10)(g) to Form 10-K filed with the Commission on March 26, 2003.*
- 10(h) Severance Agreement between Myers Industries, Inc. and John C. Orr effective June 1, 2011. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on March 7, 2011.*
- 10(i) Amended and Restated Employment Agreement between Myers Industries, Inc. and John C. Orr effective June 1, 2008. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on June 24, 2008.*
First Amendment to Amended and Restated Employment Agreement between Myers Industries, Inc. and John
- 10(j) C. Orr entered into as of April 21, 2009. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on April 22, 2009.*
Second Amendment to Amended and Restated Employment Agreement between Myers Industries, Inc. and
- 10(k) John C. Orr entered into as of March 8, 2010. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on March 9, 2010.*
- 10(l) Non-Disclosure and Non-Competition Agreement between Myers Industries, Inc. and John C. Orr dated July 18, 2000. Reference is made to Exhibit 10(j) to Form 10-Q filed with the Commission on May 6, 2003.*
Third Amendment to the Myers Industries, Inc. Executive Supplemental Retirement Plan (John C. Orr)
- 10(m) effective June 1, 2008. Reference is made to Exhibit 10.2 to Form 8-K filed with the Commission on June 24, 2008.*
- 10(n) Employment Agreement between Myers Industries, Inc. and David B. Knowles dated June 19, 2009. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on June 22, 2009.*
- 10(o) Non-Disclosure and Non-Competition Agreement between Myers Industries, Inc. and David B. Knowles dated June 19, 2009. Reference is made to Exhibit 10.2 to Form 8-K filed with the Commission on June 22, 2009.*
- 10(p) Amendment to Myers Industries, Inc. Executive Supplemental Retirement Plan (David B. Knowles) effective June 19, 2009. Reference is made to Exhibit 10.3 to Form 8-K filed with the Commission on June 22, 2009.*
- 10(q) Employment Agreement between Myers Industries, Inc. and Donald A. Merrill dated January 24, 2006. Reference is made to Exhibit 10(k) to Form 10-K filed with the Commission on March 16, 2006.*
- 10(r) Amendment to the Myers Industries, Inc. Executive Supplemental Retirement Plan (Donald A. Merrill) dated January 24, 2006. Reference is made to Exhibit 10(l) to Form 10-K filed with the Commission on March 16,

- 2006.*
- 10(s) Non-Disclosure and Non-Competition Agreement between Myers Industries, Inc. and Donald A. Merrill dated January 24, 2006. Reference is made to Exhibit 10(m) to Form 10-K filed with the Commission on March 16, 2006.*
- 10(t) Third Amended and Restated Loan Agreement between Myers Industries, Inc. and JP Morgan Chase Bank, National Association, as Agent, dated as of November 19, 2010. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on November 23, 2010.
- 10(u) Note Purchase Agreement between Myers Industries, Inc. and the Note Purchasers, dated December 12, 2003, regarding the issuance of \$35,000,000 of 6.81% Series 2003-A Senior Notes due December 12, 2013. Reference is made to Exhibit 10(o) to Form 10-K filed with the Commission on March 15, 2004.
- 10(v) Amendment to the Myers Industries, Inc Executive Supplemental Retirement Plan (John C. Orr) effective June 1, 2011. Reference is made to Exhibit 10.2 to Form 8-K filed with the Commission on March 7, 2011.*
- 14(a) Myers Industries, Inc. Code of Business Conduct and Ethics. Reference is made to Exhibit 14(a) to Form 10-K filed with the Commission on March 16, 2005.
- 14(b) Myers Industries, Inc. Code of Ethical Conduct for the Finance Officers and Finance Department Personnel. Reference is made to Exhibit 14(b) to Form 10-K filed with the Commission on March 16, 2005.
- 21 List of Direct and Indirect Subsidiaries, and Operating Divisions, of Myers Industries, Inc.
- 31(a) Certification of John C. Orr, President and Chief Executive Officer of Myers Industries, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31(b) Certification of Donald A. Merrill, Senior Vice President, Chief Financial Officer and Corporate Secretary of Myers Industries, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certifications of John C. Orr, President and Chief Executive Officer, and Donald A. Merrill, Senior Vice President, Chief Financial Officer and Corporate Secretary, of Myers Industries, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following financial information from Myers Industries, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 filed with the SEC on July 31, 2012, formatted in XBRL includes: (i) Condensed Consolidated Statements of Income and Comprehensive Income For the fiscal periods ended June 30, 2012 and 2011, (ii) Condensed Consolidated Statements of Financial Position at June 30, 2012 and December 31, 2011, (iii) Condensed Consolidated Statements of Cash Flows for the fiscal periods ended June 30, 2012 and 2011, (iv) Condensed Consolidated Statement of Shareholders' Equity for the fiscal period ended June 30, 2012, and (v) the Notes to Condensed Consolidated Financial Statements.

* Indicates executive compensation plan or arrangement.

Pursuant to Item 601(b)(2) of Regulation S-K, certain exhibits and schedules have been omitted from this filing.
 ** The registrant agrees to furnish the Commission on a supplemental basis a copy of any omitted exhibit or schedule.