



MYERS INDUSTRIES, INC.

First Quarter 2020 Earnings Presentation

SAFE HARBOR STATEMENT & NON-GAAP MEASURES

Statements in this presentation include “forward-looking” statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including information regarding the Company’s financial outlook, future plans, objectives, business prospects and anticipated financial performance. Words such as “will”, “believe”, “anticipate”, “expect”, “estimate”, “intend”, “plan”, “project”, “objective”, “outlook”, “target”, “goal”, “view” and similar expressions or variations of these words identify forward-looking statements. These forward-looking statements are neither historical facts nor assurances of future performance. Instead, these statements are based on management’s current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, these statements inherently involve a wide range of inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. The Company’s actual actions, results, and financial condition may differ materially from what is expressed or implied by the forward-looking statements. Risks and uncertainties include: disease outbreaks such as COVID-19 and the impacts stemming from any such outbreaks including supply chain disruptions, operational disruptions, full or partial facility closures, and other similar impacts, raw material availability, increases in raw material costs, or other production costs; risks associated with our strategic growth initiatives or the failure to achieve the anticipated benefits of such initiatives; unanticipated downturn in business relationships with customers or their purchases; competitive pressures on sales and pricing; changes in the markets for the Company’s business segments; changes in trends and demands in the markets in which the Company competes; operational problems at our manufacturing facilities, or unexpected failures at those facilities; future economic and financial conditions in the United States and around the world; inability of the Company to meet future capital requirements; claims, litigation and regulatory actions against the Company; changes in laws and regulations affecting the Company; and other important factors disclosed previously and from time to time in our other filings with the Securities and Exchange Commission. Such reports are available on the Securities and Exchange Commission's website at www.sec.gov and on the Company's Investor Relations section of its website at www.myersindustries.com. Myers Industries undertakes no obligation to publicly update or revise any forward-looking statements contained herein. These statements speak only as of the date made.

The Company refers to certain non-GAAP financial measures throughout this presentation. Adjusted EPS, adjusted income per diluted share from continuing operations, adjusted gross profit, adjusted operating income, adjusted operating income margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow are non-GAAP financial measures and are intended to serve as a supplement to results provided in accordance with accounting principles generally accepted in the United States. The Company believes that such information provides an additional measurement and consistent historical comparison of the Company’s performance. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP measures are available in the appendix of this presentation.

Q1 2020 OPERATING SUMMARY

Immediate Priorities

- » Ensuring the safety and well-being of our employees and their families, our communities, our customers, and our suppliers
- » Meeting our customers needs by manufacturing and distributing the essential products they require
- » Developing and refining contingency plans to mitigate potential risks and capitalize on opportunities

Q1 2020 Highlights

- » Adjusted gross margin increased 190 basis points due to solid operational execution despite soft market conditions and decreased sales
- » Distribution Segment transformation actions continued to deliver cost savings
- » Increased share in select markets as a result of our ability to meet customer needs during crisis

COVID-19 Response

- » We have implemented a pandemic preparedness and response plan that includes working remotely where possible, social distancing, increased cleaning protocols, and a pay program for employees being tested or quarantined
- » We are closely monitoring the rapidly evolving situation, observing best practices and adhering to all local, state, and federal guidelines

Balance Sheet & Liquidity

- » Our strong balance sheet and liquidity position provide adequate flexibility to support our operations and growth initiatives as we emerge from this crisis
- » \$73.2M of cash on balance sheet; \$194.2M available under credit facility
- » Debt/adjusted EBITDA ratio 1.2x

Q1 2020 FINANCIAL SUMMARY

Operating Highlights

- » Net sales down 12.1%, compared to Q1 2019
 - » Material Handling down \$18.9M (-18.3%)
 - » Distribution up \$2.0M (+5.6%)
- » Adjusted gross profit margin expanded to 34.8% from 32.9%
 - » Favorable price-cost margin
- » Adjusted op income down 4.4% to \$11.7M, compared to \$12.2M in Q1 2019
 - » Adjusted op income margin increased 80 bps due to higher gross margin, savings from Distribution Segment transformation, and lower incentive compensation costs
- » Adjusted EBITDA down 3.9% to \$17.4M, compared to \$18.1 million in Q1 2019
- » Adjusted EPS of \$0.22, compared to \$0.23 in Q1 2019

GAAP Financial Highlights

(In \$ millions except EPS)	Q1 '20	Q1 '19	vs PY
Net Sales	\$122.3	\$139.1	-12.1%
Gross Profit	42.5	45.6	-6.8%
Gross Profit Margin	34.8%	32.7%	+210 bps
Op Income	23.3	10.2	128.0%
Op Income Margin	19.1%	7.3%	+1,180 bps
Diluted EPS	\$0.47	\$0.19	147.4%

Non-GAAP Financial Highlights

(In \$ millions except EPS)	Q1 '20	Q1 '19	vs PY
Net Sales	\$122.3	\$139.1	-12.1%
Adj Gross Profit	42.5	45.7	-7.1%
Gross Profit Margin	34.8%	32.9%	+190 bps
Adj Op Income	11.7	12.2	-4.4%
Op Income Margin	9.6%	8.8%	+80 bps
Adj EBITDA	17.4	18.1	-3.9%
EBITDA Margin	14.2%	13.0%	+120 bps
Diluted Adjusted EPS	\$0.22	\$0.23	-4.3%

Q1 2020 SEGMENT RESULTS

Material Handling Segment

- » Net sales down 18.3% vs. Q1 2019
 - » Food and Beverage end market down double digits due to lower seed box sales
 - » Consumer end market up mid teens due to increased fuel container sales which were boosted by COVID-19
 - » Industrial end market down double digits due to a weak overall demand environment
 - » Vehicle end market down double digits due to soft demand for automotive and marine products
- » Impact of lower sales volume offset favorable price-cost margin and lower incentive compensation

Material Handling Financial Highlights

(In \$ millions)	Q1 '20	Q1 '19	vs PY
Net Sales	\$84.1	\$103.0	-18.3%
Op Income	15.2	16.2	-6.4%
Op Income Margin	18.0%	15.7%	+230 bps
Adj Op Income	15.2	17.3	-12.3%
Adj Op Income Margin	18.0%	16.8%	+120 bps
Adj EBITDA	20.2	22.8	-11.5%
Adj EBITDA Margin	24.0%	22.2%	+180 bps

Distribution Segment

- » Net sales up 5.6% vs. Q1 2019
 - » Increase due to incremental sales from the Tuffy acquisition completed in August 2019
 - » Sales dropped off significantly in the last few weeks of March and have continued to decline in Q2
- » Adjusted operating income increased; primarily due to savings from the segment's transformation initiatives

Distribution Financial Highlights

(In \$ millions)	Q1 '20	Q1 '19	vs PY
Net Sales	\$38.2	\$36.2	5.6%
Op Income	1.9	0.2	768.5%
Op Income Margin	4.8%	0.6%	+420 bps
Adj Op Income	1.9	1.1	67.6%
Adj Op Income Margin	4.9%	3.1%	+180 bps
Adj EBITDA	2.5	1.4	79.0%
Adj EBITDA Margin	6.4%	3.8%	+260 bps

BALANCE SHEET AND CASH FLOW

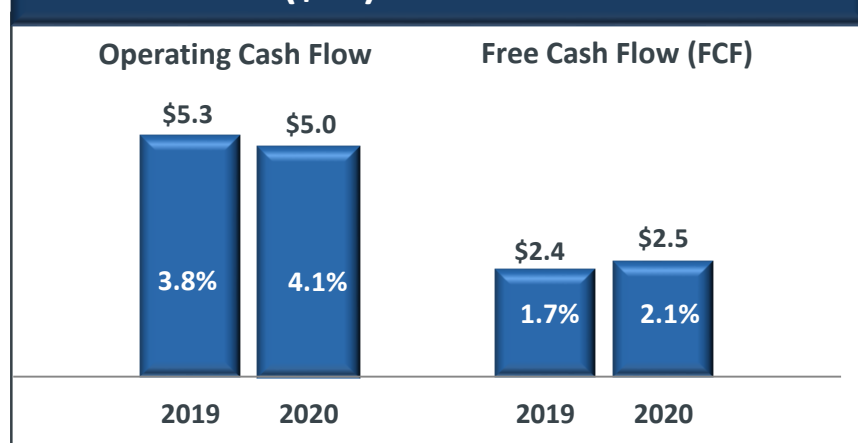
Q1 Highlights

- » Free cash flow generation of \$2.5M, compared to \$2.4M last year
- » Working capital as a percentage of sales up due to higher inventory and AR balances
- » Cash balance at end of Q1 was \$73M; debt to adjusted EBITDA remains consistent with prior quarters at 1.2x

Total Debt (\$M) and Debt to Adj. EBITDA













Cash Flow (\$M) and FCF as % of Sales



Working Capital as a % of TTM Sales



2020 REVENUE OUTLOOK

End Market	2019 % of Sales	2020 Initial Outlook	2020 Updated Outlook	Key Drivers to Outlook
Consumer	14%	 Low-single digits	 Low-single digits	Incremental fuel container sales from COVID-19 and increased end market demand following weak spring season last year
Food & Beverage	13%	 High-single digits	 Mid-single digits	Stronger seed box sales anticipated in Q4 following soft prior year season and customer consolidations; will have better indication of potential orders in Q3
Vehicle	16%	 Low-single digits	 Double-digits	Sales declines anticipated for remainder of the year across RV, marine and automotive end markets due to weak demand environment and COVID-19 impact
Industrial	26%	 Low-single digits	 Low-teens	Soft market environment in industrial manufacturing that began early in the year expected to continue throughout 2020
Auto Aftermarket	31%	 Low-teens	 High-single digits	Fall off in demand that started in second half of March expected to continue and more than offset incremental sales from Tuffy acquisition

2020 FISCAL YEAR GUIDANCE

- » **Net sales growth:** ~ **Down 10%** *(vs. up mid-single digits previously)*
- » **D&A:** ~ **\$21M**
- » **Net interest expense:** ~ **\$4M**
- » **Effective tax rate (normalized):** ~ **27%**
- » **Diluted share count:** ~ **36M**
- » **Diluted EPS:** **Withdrawn** *(vs. \$1.05 - \$1.15 previously)*
- » **Adjusted diluted EPS:** **Withdrawn** *(vs. \$0.85 - \$0.95 previously)*
- » **Capital expenditures:** ~ **\$15M**

APPENDIX



RECONCILIATION OF NON-GAAP MEASURES

MYERS INDUSTRIES, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
GROSS PROFIT, OPERATING INCOME AND EBITDA (UNAUDITED)
(Dollars in thousands)

	Quarter Ended March 31, 2020				
	Material Handling	Distribution	Segment Total	Corporate & Other	Total
GAAP Net sales	\$ 84,076	\$ 38,195	\$ 122,271	\$ (21)	\$ 122,250
GAAP Gross profit			42,483	—	42,483
Add: Restructuring expenses and other adjustments			—	—	—
Gross profit as adjusted			42,483	—	42,483
Gross profit margin as adjusted			34.7%	n/a	34.8%
GAAP Operating income (loss)	15,167	1,850	17,017	6,281	23,298
Add: Restructuring expenses and other adjustments	—	—	—	249	249
Add: Tuffy acquisition costs	—	17	17	35	52
Less: Lawn and Garden sale of note/release of lease guarantee liability	—	—	—	(11,924)	(11,924)
Operating income (loss) as adjusted	15,167	1,867	17,034	(5,359)	11,675
Operating income margin as adjusted	18.0%	4.9%	13.9%	n/a	9.6%
Add: Depreciation and amortization	5,030	596	5,626	99	5,725
EBITDA as adjusted	\$ 20,197	\$ 2,463	\$ 22,660	\$ (5,260)	\$ 17,400
EBITDA margin as adjusted	24.0%	6.4%	18.5%	n/a	14.2%

RECONCILIATION OF NON-GAAP MEASURES

MYERS INDUSTRIES, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
GROSS PROFIT, OPERATING INCOME AND EBITDA (UNAUDITED)
(Dollars in thousands)

	Quarter Ended March 31, 2019				
	Material Handling	Distribution	Segment Total	Corporate & Other	Total
GAAP Net sales	\$ 102,951	\$ 36,174	\$ 139,125	\$ (10)	\$ 139,115
GAAP Gross profit			45,559	—	45,559
Add: Restructuring expenses and other adjustments			172	—	172
Gross profit as adjusted			45,731	—	45,731
Gross profit margin as adjusted			32.9%	n/a	32.9%
GAAP Operating income (loss)	16,207	213	16,420	(6,202)	10,218
Add: Restructuring expenses and other adjustments ⁽¹⁾	172	901	1,073	—	1,073
Add: Asset impairment	916	—	916	—	916
Operating income (loss) as adjusted	17,295	1,114	18,409	(6,202)	12,207
Operating income margin as adjusted	16.8%	3.1%	13.2%	n/a	8.8%
Add: Depreciation and amortization	5,570	262	5,832	110	5,942
Less: Depreciation adjustments	(44)	—	(44)	—	(44)
EBITDA as adjusted	\$ 22,821	\$ 1,376	\$ 24,197	\$ (6,092)	\$ 18,105
EBITDA margin as adjusted	22.2%	3.8%	17.4%	n/a	13.0%

(1) Includes gross profit adjustments of \$172 and SG&A adjustments of \$901

RECONCILIATION OF NON-GAAP MEASURES

MYERS INDUSTRIES, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
INCOME AND EARNINGS PER DILUTED SHARE (UNAUDITED)
(Dollars in thousands, except per share data)

	Quarter Ended March 31,	
	2020	2019
GAAP Operating income (loss)	\$ 23,298	\$ 10,218
Add: Restructuring expenses and other adjustments	249	1,073
Add: Tuffy acquisition costs	52	—
Less: Lawn and Garden sale of note/release of lease guarantee liability	(11,924)	—
Add: Asset impairment	—	916
Operating income as adjusted	11,675	12,207
Less: Interest expense, net	(1,069)	(1,049)
Income before taxes as adjusted	10,606	11,158
Less: Income tax expense ⁽¹⁾	(2,864)	(3,013)
Income from continuing operations as adjusted	\$ 7,742	\$ 8,145
Adjusted earnings per diluted share from continuing operations	\$ 0.22	\$ 0.23

(1) Income taxes are calculated using the normalized effective tax rate for each year. The rate used in 2020 and 2019 is 27%.

RECONCILIATION OF NON-GAAP MEASURES

MYERS INDUSTRIES, INC.
RECONCILIATION OF FREE CASH FLOW TO GAAP NET CASH PROVIDED BY
(USED FOR) OPERATING ACTIVITIES – CONTINUING OPERATIONS
(UNAUDITED)
(Dollars in thousands)

	QTD March 31, 2020	QTD March 31, 2019
Net cash provided by (used for) operating activities - continuing operations	\$ 5,027	\$ 5,301
Capital expenditures	(2,490)	(2,933)
Free cash flow	\$ 2,537	\$ 2,368

RECONCILIATION OF NON-GAAP MEASURES

MYERS INDUSTRIES, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
ADJUSTED EBITDA AND DEBT (UNAUDITED)
(Dollars in thousands)

	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Income (loss) from continuing operations	\$ 8,608	\$ (21,137)	\$ 3,126	\$ 6,643	\$ 6,606	\$ 5,219	\$ 5,747	\$ 16,726
Add: income tax expense	3,190	(5,585)	2,804	2,526	2,559	1,848	2,035	5,503
Add: interest expense, net	1,313	883	1,103	1,049	1,017	993	1,024	1,069
Add: depreciation	4,562	4,287	4,310	4,012	4,039	3,454	3,615	3,553
Add: amortization	2,053	2,043	1,933	1,930	1,924	2,041	2,183	2,172
EBITDA	19,726	(19,509)	13,276	16,160	16,145	13,555	14,604	29,023
Add: one-time adjustments (excludes depreciation adjustments)	205	33,666	553	1,945	4,000	456	(1,667)	(11,623)
EBITDA as adjusted	<u>\$ 19,931</u>	<u>\$ 14,157</u>	<u>\$ 13,829</u>	<u>\$ 18,105</u>	<u>\$ 20,145</u>	<u>\$ 14,011</u>	<u>\$ 12,937</u>	<u>\$ 17,400</u>
TTM EBITDA as adjusted				\$ 66,022	\$ 66,236	\$ 66,090	\$ 65,195	\$ 64,493
Debt				\$ 76,887	\$ 76,983	\$ 77,080	\$ 77,176	\$ 77,275
Debt to Adjusted EBITDA				1.2x	1.2x	1.2x	1.2x	1.2x

RECONCILIATION OF NON-GAAP MEASURES

MYERS INDUSTRIES, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
WORKING CAPITAL (UNAUDITED)
(Dollars in thousands)

	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q1 2019</u>	<u>Q2 2019</u>	<u>Q3 2019</u>	<u>Q4 2019</u>	<u>Q1 2020</u>
Net sales	\$140,560	\$135,219	\$138,388	\$139,115	\$134,285	\$125,480	\$116,818	\$122,250
TTM net sales				\$553,282	\$547,007	\$537,268	\$515,698	\$498,833
Working capital:								
Add: Accounts receivable, net				\$ 71,914	\$ 73,120	\$ 65,129	\$ 62,279	\$ 65,255
Add: Inventories				42,489	42,341	44,009	44,260	49,127
Add: Prepaid expenses and other current assets				1,809	4,600	3,441	2,834	3,036
Less: Accounts payable				(53,818)	(52,827)	(54,196)	(46,867)	(49,456)
Less: Accrued expenses				(31,770)	(31,738)	(32,867)	(33,701)	(28,559)
Total working capital				<u>\$ 30,624</u>	<u>\$ 35,496</u>	<u>\$ 25,516</u>	<u>\$ 28,805</u>	<u>\$ 39,403</u>
Working capital as a % of TTM net sales				5.5%	6.5%	4.7%	5.6%	7.9%

