



# MYERS INDUSTRIES, INC.

First Quarter 2019 Earnings Presentation

# SAFE HARBOR STATEMENT & NON-GAAP MEASURES

Statements in this presentation include “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statement that is not of historical fact may be deemed “forward-looking”. Words such as “expect”, “believe”, “project”, “plan”, “anticipate”, “intend”, “objective”, “outlook”, “target”, “goal”, “view” and similar expressions identify forward-looking statements. These statements are based on management's current views and assumptions of future events and financial performance and involve a number of risks and uncertainties, many outside of the Company's control that could cause actual results to materially differ from those expressed or implied. Risks and uncertainties include: 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 risks as detailed in the Company's 10-K and other reports filed with the Securities and Exchange Commission. Such reports are available on the Securities and Exchange Commission's public reference facilities and its website at [www.sec.gov](http://www.sec.gov) and on the Company's Investor Relations section of its website at [www.myersindustries.com](http://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 operating income, adjusted gross profit, adjusted EBITDA 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.

# 2019 Q1 OVERVIEW

## Achievements

- ✓ Distribution transformation on track; sales increased year-over-year for second consecutive quarter
- ✓ Double-digit increase in sales to food processing customers within our Food & Beverage end market
- ✓ New SmartControl product launched at Scepter drove mid-single-digit sales growth in fuel containers
- ✓ Large customer order drove mid-single-digit sales growth in the Industrial end market
- ✓ Expanded adjusted gross profit margin by 190 basis points to 32.9% as a result of:
  - » Favorable price-cost margin
  - » Productivity savings driven by lean continuous improvement actions
- ✓ Adjusted operating income increased by 6%, despite a 9% decline in net sales

## Challenges

- Difficult comp within Food & Beverage end market due to unusually high seed box demand in Q1 2018
- Sales to RV customers continue to decline
  - » Consolidating manufacturing operations; closing Michigan plant and expanding operations at Indiana plant
    - » Estimated total costs of \$1.1M (\$900k of restructuring costs and \$150k of non-restructuring costs)
    - » Estimated annual savings of \$1.5M beginning in 2020
  - » Gaining market share with current customers outside of RV market; continue to focus on winning new customers in new markets

# Q1 FINANCIAL SUMMARY

## Operating Highlights

- » Net sales down 8.8%, compared to Q1 2018
  - » Material Handling down \$13.9M (-11.9%)
  - » Distribution up \$0.4M (+1.1%)
- » Adj. gross profit margin expanded to 32.9% from 31.0%
  - » Favorable price-cost margin offset lower volume and unfavorable sales mix
  - » Productivity savings
- » Adj. op income up 6.2% to \$12.2M, compared to \$11.5M in Q1 2018
- » Adj. EBITDA up 0.3% to \$18.1M, compared to \$18.0 million in Q1 2018
- » Adj. EPS \$0.23 compared to \$0.24 in Q1 2018

## GAAP Financial Highlights

(In \$ millions except EPS)	Q1 '19	Q1 '18	vs PY
Net Sales	\$139.1	\$152.6	-8.8%
Gross Profit	45.6	47.1	-3.3%
Gross Profit Margin	32.7%	30.9%	+180 bps
Op Income	10.2	12.0	-15.0%
Op Income Margin	7.3%	7.9%	-50 bps
Diluted EPS	\$0.19	\$0.25	-24.0%

## Non-GAAP Financial Highlights

(In \$ millions except EPS)	Q1 '19	Q1 '18	vs PY
Net Sales	\$139.1	\$152.6	-8.8%
Adj Gross Profit	45.7	47.2	-3.2%
Gross Profit Margin	32.9%	31.0%	+190 bps
Adj Op Income	12.2	11.5	6.2%
Op Income Margin	8.8%	7.5%	+120 bps
Adj EBITDA	18.1	18.0	0.3%
EBITDA Margin	13.0%	11.8%	+120 bps
Diluted Adjusted EPS	\$0.23	\$0.24	-4.2%

# Q1 SEGMENT RESULTS

## Material Handling Segment Highlights

- » Net sales down 11.9% vs. Q1 2018
  - » Consumer end market up low-single-digits due primarily to incremental sales from new SmartControl fuel containers
  - » Food & Beverage end market down double-digits due primarily to lower seed box sales (unusually high demand in Q1 2018)
  - » Vehicle end market down low-double-digits driven by continued RV market decline
  - » Industrial end market up mid-single-digits due to large customer order received in Q4 of last year
- » Favorable price-cost margin and productivity savings mostly offset lower sales volume and unfavorable sales mix

## Material Handling Financial Highlights

(In \$ millions)	Q1 '19	Q1 '18	vs PY
Net Sales	\$103.0	\$116.8	-11.9%
Op Income	16.2	16.7	-3.1%
Op Income Margin	15.7%	14.3%	+140 bps
Adj Op Income	17.3	16.9	2.5%
Adj Op Income Margin	16.8%	14.4%	+240 bps
Adj EBITDA	22.8	23.0	-0.7%
Adj EBITDA Margin	22.2%	19.7%	+250 bps

## Distribution Segment Highlights

- » Net sales up 1.1% vs. Q1 2018, despite one less selling day
  - » Daily run rate of domestic sales up 4%
- » Continued to execute transformation plan with goal to deliver \$5 - \$7M in annualized benefits in 2020 and 10% EBITDA margin by the end of 2020
  - » Shifting go-to-market strategy to enhance sales effectiveness
  - » 80/20 implementation and contribution margin improvement
  - » Implementing logistics and overhead efficiency programs

## Distribution Financial Highlights

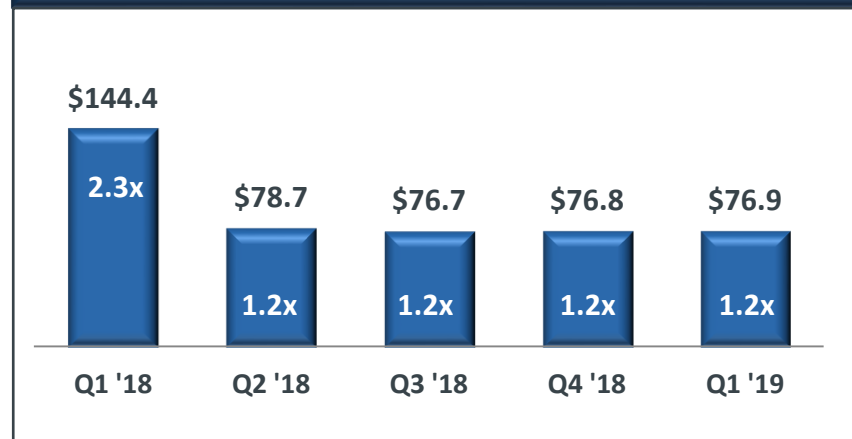
(In \$ millions)	Q1 '19	Q1 '18	vs PY
Net Sales	\$36.2	\$35.8	1.1%
Op Income	0.2	1.7	-87.7%
Op Income Margin	0.6%	4.9%	-430 bps
Adj Op Income	1.1	1.1	3.8%
Adj Op Income Margin	3.1%	3.0%	+10 bps
Adj EBITDA	1.4	1.4	-0.5%
Adj EBITDA Margin	3.8%	3.9%	-10 bps

# BALANCE SHEET AND CASH FLOW

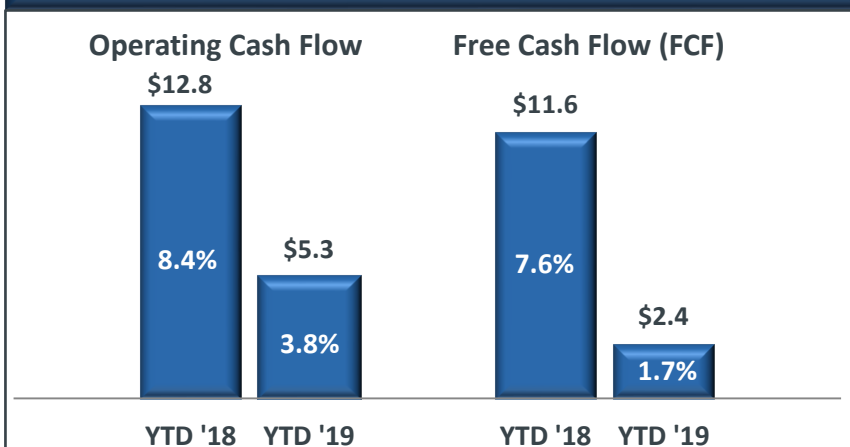
## Q1 Highlights

- » Free cash flow generation of \$2.4M, a decrease vs. prior year
  - » Higher variable compensation payouts, increased capital spending and build-up of inventory for Consumer end market
- » Total debt-to-adjusted EBITDA ratio 1.2x
- » Working capital as a percentage of sales consistent with previous quarters

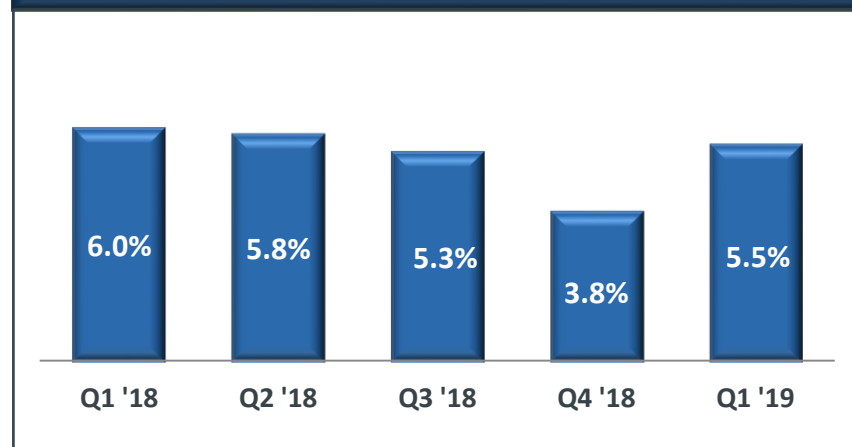
## Total Debt (\$M) and Debt to Adj. EBITDA



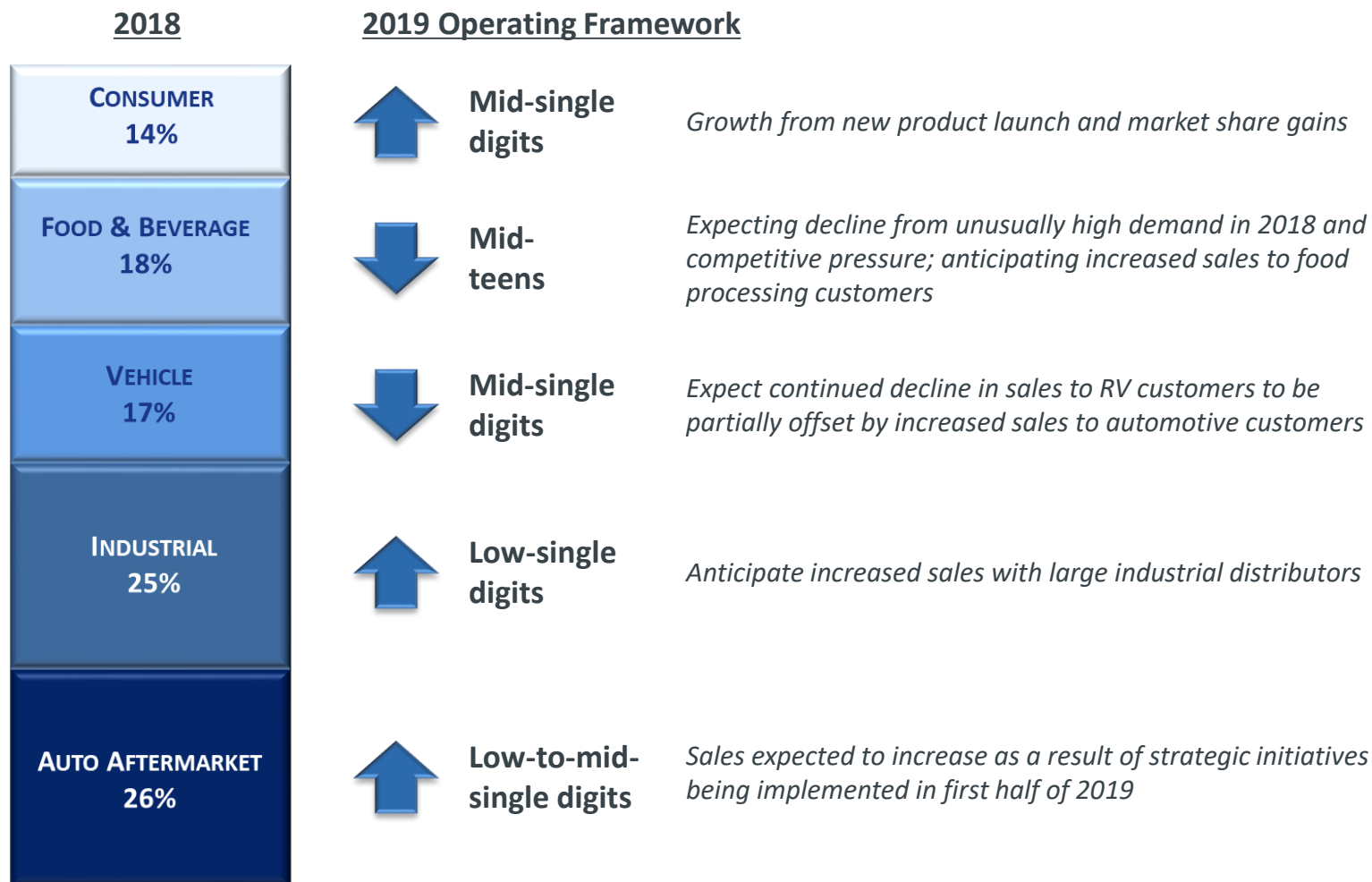
## Cash Flow (\$M) and Cash Flow as % of Sales



## Working Capital as a % of TTM Sales



# 2019 FISCAL YEAR OUTLOOK



***Sales anticipated to be flat; adjusted operating margin anticipated to grow***  
***Adjusted diluted EPS estimated to be \$0.75 - \$0.85***

# 2019 GUIDANCE

- » Net sales growth: ~ Flat
- » D&A: ~ \$25M
- » Net interest expense: ~ \$5M
- » Effective tax rate (normalized): ~ 27%
- » Diluted share count: ~ 36M
- » Diluted EPS: \$0.70 - \$0.80
- » Adjusted diluted EPS: \$0.75 - \$0.85
- » Capital expenditures: ~ \$10M



# 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, 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 <sup>(1)</sup>	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**  
**GROSS PROFIT, OPERATING INCOME AND EBITDA (UNAUDITED)**  
(Dollars in thousands)

	Quarter Ended March 31, 2018				
	Material Handling	Distribution	Segment Total	Corporate & Other	Total
GAAP Net sales	\$ 116,809	\$ 35,781	\$ 152,590	\$ (22)	\$ 152,568
GAAP Gross profit			47,115	—	47,115
Add: Restructuring expenses and other adjustments			119	—	119
Gross profit as adjusted			47,234	—	47,234
Gross profit margin as adjusted			31.0%	n/a	31.0%
GAAP Operating income (loss)	16,730	1,738	18,468	(6,446)	12,022
Add: Restructuring expenses and other adjustments <sup>(1)</sup>	142	—	142	—	142
Less: Gain on sale of assets	—	(665)	(665)	—	(665)
Operating income (loss) as adjusted	16,872	1,073	17,945	(6,446)	11,499
Operating income margin as adjusted	14.4%	3.0%	11.8%	n/a	7.5%
Add: Depreciation and amortization	6,129	309	6,438	127	6,565
Less: Depreciation adjustments	(16)	—	(16)	—	(16)
EBITDA as adjusted	\$ 22,985	\$ 1,382	\$ 24,367	\$ (6,319)	\$ 18,048
EBITDA margin as adjusted	19.7%	3.9%	16.0%	n/a	11.8%

(1) Includes gross profit adjustments of \$119 and SG&A adjustments of \$23

# 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)**

	<u>Quarter Ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
GAAP Operating income	\$ 10,218	\$ 12,022
Add: Restructuring expenses and other adjustments	1,073	142
Add: Asset Impairment	916	—
Less: Loss (gain) on sale of assets	—	(665)
Operating income as adjusted	<u>12,207</u>	<u>11,499</u>
Less: Interest expense, net	(1,049)	(1,639)
Income before taxes as adjusted	<u>11,158</u>	<u>9,860</u>
Less: Income tax expense <sup>(1)</sup>	(3,013)	(2,465)
Income from continuing operations as adjusted	<u>\$ 8,145</u>	<u>\$ 7,395</u>
Adjusted earnings per diluted share from continuing operations	\$ 0.23	\$ 0.24

*(1) Income taxes are calculated using the normalized effective tax rate for each year. The rate used in 2019 is 27% and in 2018 was 25%.*

# 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)**

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Net cash provided by (used for) operating activities - continuing operations	\$ 5,301	\$ 12,838
Capital expenditures	<u>(2,933)</u>	<u>(1,206)</u>
Free cash flow	\$ 2,368	\$ 11,632

# RECONCILIATION OF NON-GAAP MEASURES

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

	<u>Q2 2017</u>	<u>Q3 2017</u>	<u>Q4 2017</u>	<u>Q1 2018</u>	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q1 2019</u>
Income (loss) from continuing operations	\$ 2,482	\$ 3,083	\$ 1,821	\$ 7,755	\$ 8,608	\$ (21,137)	\$ 3,126	\$ 6,643
Add: income tax expense	1,626	1,880	(1,170)	2,628	3,190	(5,585)	2,804	2,526
Add: interest expense, net	1,860	1,838	1,464	1,639	1,313	883	1,103	1,049
Add: extinguishment of debt	—	—	1,888	—	—	—	—	—
Add: depreciation	6,487	4,606	4,702	4,495	4,562	4,287	4,310	4,012
Add: amortization	2,122	2,178	2,164	2,070	2,053	2,043	1,933	1,930
EBITDA	<u>14,577</u>	<u>13,585</u>	<u>10,869</u>	<u>18,587</u>	<u>19,726</u>	<u>(19,509)</u>	<u>13,276</u>	<u>16,160</u>
Add: one-time adjustments (excludes depreciation adjustments)	2,999	(202)	1,663	(539)	205	33,666	553	1,945
EBITDA as adjusted	<u>\$ 17,576</u>	<u>\$ 13,383</u>	<u>\$ 12,532</u>	<u>\$ 18,048</u>	<u>\$ 19,931</u>	<u>\$ 14,157</u>	<u>\$ 13,829</u>	<u>\$ 18,105</u>
TTM EBITDA as adjusted				\$ 61,539	\$ 63,894	\$ 64,668	\$ 65,965	\$ 66,022
Debt				\$ 144,363	\$ 78,654	\$ 76,693	\$ 76,790	\$ 76,887
Debt to Adjusted EBITDA				2.3x	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 2017</u>	<u>Q3 2017</u>	<u>Q4 2017</u>	<u>Q1 2018</u>	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q1 2019</u>
Net sales	\$135,252	\$135,113	\$140,106	\$152,568	\$140,560	\$135,219	\$138,388	\$139,115
TTM net sales				\$563,039	\$568,347	\$568,453	\$566,735	\$553,282
Working capital:								
Add: Accounts receivable, net				\$ 80,552	\$ 67,911	\$ 69,250	\$ 72,939	\$ 71,914
Add: Inventories				47,840	49,362	44,310	43,596	42,489
Add: Prepaid expenses and other current assets				1,752	3,988	3,050	2,534	1,809
Less: Accounts payable				(66,612)	(56,141)	(51,375)	(60,849)	(53,818)
Less: Accrued expenses				(30,006)	(32,171)	(34,862)	(36,574)	(31,770)
Total working capital				<u>\$ 33,526</u>	<u>\$ 32,949</u>	<u>\$ 30,373</u>	<u>\$ 21,646</u>	<u>\$ 30,624</u>
Working capital as a % of TTM net sales				6.0%	5.8%	5.3%	3.8%	5.5%

