



**MYERS INDUSTRIES, INC.**  
Third 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 Q3 OVERVIEW

## Achievements

- ✓ Completed acquisition of Tuffy Manufacturing Industries, Inc. in August 2019 for \$18M
  - » Aligns with our strategy focused on growing in key niche markets
  - » Extends Myers Tire Supply 's position as a leader in the Commercial Fleet market
- ✓ Distribution Segment transformation continues to deliver results
  - » Sales increased year-over-year for fourth consecutive quarter
  - » Adjusted EBITDA margin increased to 9.5%
- ✓ Adjusted operating income increased by 7.9%, despite a 7.2% decline in net sales
- ✓ Generated free cash flow of \$22.1M

## Challenges

- Recorded a \$3.5M charge for estimated product replacement costs related to a manufacturing defect identified in a certain boxes produced within the Material Handling Segment
  - » Product was manufactured in May and June 2019
- Sales declined across all end markets in the Material Handling Segment
  - » Food and Beverage market down due to lower seed box sales year-over-year
  - » Industrial end market down due to softer than anticipated demand for our military products
  - » Incremental sales from Hurricane Dorian were not enough to offset anticipated softer demand in our Consumer end market
  - » Continued lower sales to RV customers led to a year-over-year decline in our Vehicle end market

# Q3 FINANCIAL SUMMARY

## Operating Highlights

- » Net sales down 7.2%, compared to Q3 2018
  - » Material Handling down \$13.6M (-13.9%)
  - » Distribution up \$3.8M (+10.2%)
- » Adj. gross profit margin expanded to 31.5% from 31.3%
  - » Favorable price-cost margin offset lower volume and \$3.5M charge recorded for estimated product replacement costs
- » Adj. op income up 7.9% to \$8.5M, compared to \$7.9M in Q3 2018
  - » Higher gross margin, lower incentive compensation costs and savings from Distribution Segment transformation
- » Adj. EBITDA down 1.0% to \$14.0M, compared to \$14.2 million in Q3 2018
- » Adj. EPS of \$0.15, flat compared to Q3 2018

## GAAP Financial Highlights

(In \$ millions except EPS)	Q3 '19	Q3 '18	vs PY
Net Sales	\$125.5	\$135.2	-7.2%
Gross Profit	39.6	42.1	-6.0%
Gross Profit Margin	31.5%	31.1%	+40 bps
Op Income (Loss)	8.1	-25.8	----
Op Income Margin	6.4%	-19.1%	----
Diluted EPS	\$0.15	-\$0.60	----

## Non-GAAP Financial Highlights

(In \$ millions except EPS)	Q3 '19	Q3 '18	vs PY
Net Sales	\$125.5	\$135.2	-7.2%
Adj Gross Profit	39.6	42.4	-6.6%
Gross Profit Margin	31.5%	31.3%	+20 bps
Adj Op Income	8.5	7.9	7.9%
Op Income Margin	6.8%	5.8%	+100 bps
Adj EBITDA	14.0	14.2	-1.0%
EBITDA Margin	11.2%	10.5%	+70 bps
Diluted Adjusted EPS	\$0.15	\$0.15	0.0%

# Q3 SEGMENT RESULTS

## Material Handling Segment Highlights

- » Net sales down 13.9% vs. Q3 2018
  - » Consumer end market down mid-single digits due to anticipated continued softer demand in our Consumer end market
  - » Food and Beverage market down double digits due primarily to lower seed box sales year-over-year
  - » Industrial end market down mid-teens due to softer than anticipated demand for our military products
  - » Vehicle end market down mid-single digits due to continued RV market decline
- » Lower sales volume and \$3.5M charge for estimated product replacement costs more than offset favorable price-cost margin and lower incentive compensation costs

## Material Handling Financial Highlights

(In \$ millions)	Q3 '19	Q3 '18	vs PY
Net Sales	\$84.1	\$97.7	-13.9%
Op Income	10.4	10.8	-3.9%
Op Income Margin	12.3%	11.1%	+120 bps
Adj Op Income	10.4	11.2	-7.4%
Adj Op Income Margin	12.3%	11.5%	+80 bps
Adj EBITDA	15.4	17.1	-9.7%
Adj EBITDA Margin	18.4%	17.5%	+90 bps

## Distribution Segment Highlights

- » Net sales up 10.2% vs. Q3 2018
  - » Sales up 3.9% excluding Tuffy acquisition
- » Adjusted EBITDA up 38.9% as a result of higher sales volume, savings from transformation initiatives and Tuffy acquisition
- » Continue 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

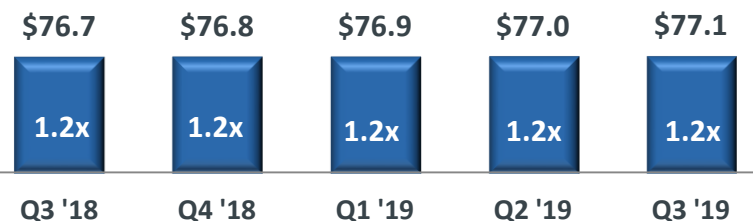
(In \$ millions)	Q3 '19	Q3 '18	vs PY
Net Sales	\$41.4	\$37.6	10.2%
Op Income	3.4	2.5	32.8%
Op Income Margin	8.2%	6.8%	+140 bps
Adj Op Income	3.6	2.5	41.5%
Adj Op Income Margin	8.7%	6.8%	+190 bps
Adj EBITDA	4.0	2.8	38.9%
Adj EBITDA Margin	9.5%	7.6%	+190 bps

# BALANCE SHEET AND CASH FLOW

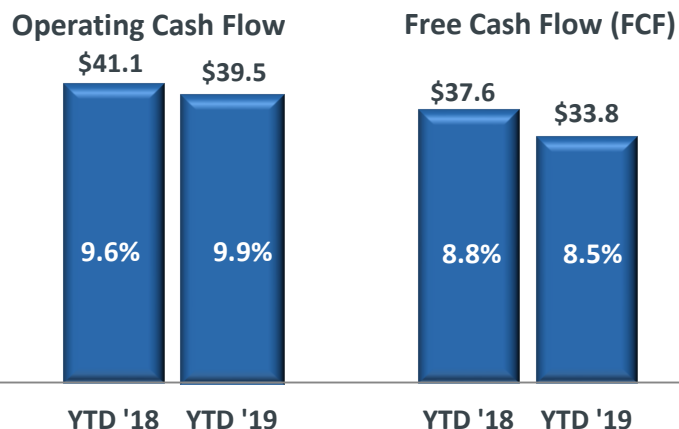
## Q3 Highlights

- » Free cash flow generation of \$22.1M, compared to \$12.7M last year, due to lower working capital
- » Working capital down as a percentage of sales, primarily related to a decrease in accounts receivable driven by lower sales volume and a reduction in past due accounts

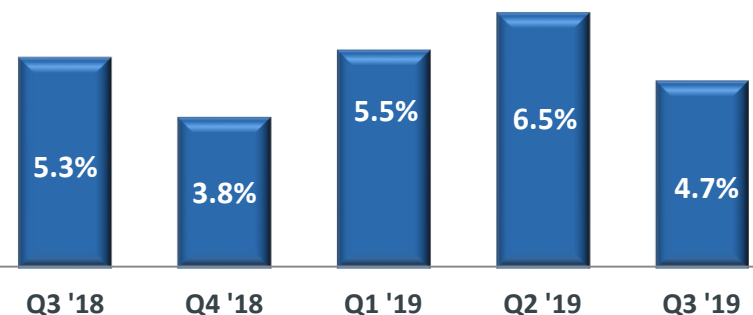
## Total Debt (\$M) and Debt to Adj. EBITDA



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



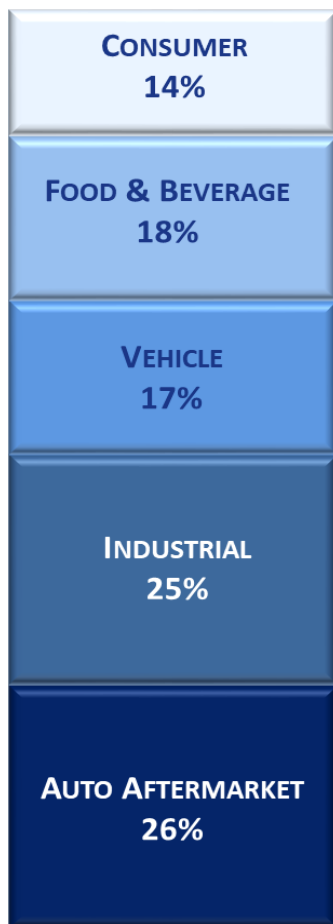
## Working Capital as a % of TTM Sales





# 2019 FISCAL YEAR OUTLOOK

## 2018 % of Total Sales



## 2019 Operating Framework

	<b>High-single digits</b>	<i>Softer market demand anticipated to more than offset growth from new product launch</i>
	<b>Double digits</b>	<i>Expecting decline from unusually high demand in prior year season as well as challenging growing conditions in the current season; anticipating increased sales to food processing customers</i>
	<b>High-single digits</b>	<i>Expect sales to RV customers to continue to decline for the remainder of 2019; anticipate decrease in sales to automotive customers in Q4 as a result of fewer new model launches and redesigns by large customers</i>
	<b>Low-single digits</b>	<i>Anticipate increased sales with large industrial distributors expected to be more than offset by softer than anticipated sales of military products in Q3 2019 and large customer order in Q4 2018</i>
	<b>Mid-single digits</b>	<i>Sales expected to increase as a result of strategic initiatives and Tuffy acquisition</i>

**Sales anticipated to be down high-single digits; adjusted operating income expected to grow**  
**Adjusted diluted EPS estimated to be \$0.75 - \$0.80**

# 2019 UPDATED OUTLOOK

- » Net sales growth: ~ Down high-single digits
- » D&A: ~ \$24M
- » Net interest expense: ~ \$4M
- » Effective tax rate (normalized): ~ 27%
- » Diluted share count: ~ 36M
- » Diluted EPS: \$0.65 - \$0.70
- » Adjusted diluted EPS: \$0.75 - \$0.80
- » 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 September 30, 2019				
	Material Handling	Distribution	Segment Total	Corporate & Other	Total
GAAP Net sales	\$ 84,110	\$ 41,388	\$ 125,498	\$ (18)	\$ 125,480
GAAP Gross profit			39,586	—	39,586
Add: Restructuring expenses and other adjustments			—	—	—
Gross profit as adjusted			39,586	—	39,586
Gross profit margin as adjusted			31.5%	n/a	31.5%
GAAP Operating income (loss)	10,385	3,382	13,767	(5,707)	8,060
Less: Restructuring expenses and other adjustments	—	(36)	(36)	—	(36)
Add: Tuffy acquisition costs	—	257	257	235	492
Operating income (loss) as adjusted	10,385	3,603	13,988	(5,472)	8,516
Operating income margin as adjusted	12.3%	8.7%	11.1%	n/a	6.8%
Add: Depreciation and amortization	5,059	349	5,408	87	5,495
Less: Depreciation adjustments	—	—	—	—	—
EBITDA as adjusted	\$ 15,444	\$ 3,952	\$ 19,396	\$ (5,385)	\$ 14,011
EBITDA margin as adjusted	18.4%	9.5%	15.5%	n/a	11.2%

# 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 September 30, 2018				
	Material Handling	Distribution	Segment Total	Corporate & Other	Total
GAAP Net sales	\$ 97,682	\$ 37,557	\$ 135,239	\$ (20)	\$ 135,219
GAAP Gross profit			42,091	—	42,091
Add: Restructuring expenses and other adjustments			286	—	286
Gross profit as adjusted			42,377	—	42,377
Gross profit margin as adjusted			31.3%	n/a	31.3%
GAAP Operating income (loss)	10,812	2,546	13,358	(39,197)	(25,839)
Add: Restructuring expenses and other adjustments <sup>(1)</sup>	401	—	401	—	401
Add: Provision for loss on note receivable	—	—	—	23,008	23,008
Add: Lease guarantee	—	—	—	10,323	10,323
Operating income (loss) as adjusted	11,213	2,546	13,759	(5,866)	7,893
Operating income margin as adjusted	11.5%	6.8%	10.2%	n/a	5.8%
Add: Depreciation and amortization	5,960	299	6,259	71	6,330
Less: Depreciation adjustments	(66)	—	(66)	—	(66)
EBITDA as adjusted	\$ 17,107	\$ 2,845	\$ 19,952	\$ (5,795)	\$ 14,157
EBITDA margin as adjusted	17.5%	7.6%	14.8%	n/a	10.5%

(1) Includes gross profit adjustments of \$286 and SG&A adjustments of \$115

# 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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
GAAP Operating income (loss)	\$ 8,060	\$ (25,839)	\$ 28,460	\$ (706)
Add: Restructuring expenses and other adjustments	(36)	401	1,037	713
Add: Tuffy acquisition costs	492	—	492	—
Add: Asset impairments	—	—	916	308
Add: Environmental charges	—	—	4,000	—
Add: Charges related to 2015 sale of Lawn & Garden business <sup>(1)</sup>	—	33,331	—	33,331
Add: Loss (gain) on sale of assets	—	—	—	(873)
Operating income as adjusted	8,516	7,893	34,905	32,773
Less: Interest expense, net	(993)	(883)	(3,059)	(3,835)
Income before taxes as adjusted	7,523	7,010	31,846	28,938
Less: Income tax expense <sup>(2)</sup>	(2,031)	(1,752)	(8,598)	(7,234)
Income from continuing operations as adjusted	\$ 5,492	\$ 5,258	\$ 23,248	\$ 21,704
Adjusted earnings per diluted share from continuing operations <sup>(3)</sup>	\$ 0.15	\$ 0.15	\$ 0.65	\$ 0.65

(1) Includes \$23,008 for provision for loss on note receivable and \$10,323 for lease guarantee.

(2) 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%.

(3) Adjusted earnings per diluted share for the three and nine months ended September 30, 2018 were calculated using 35,677,409 and 33,247,459 diluted shares, respectively.

# 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)**

	YTD <u>September 30, 2019</u>	-	YTD <u>June 30, 2019</u>	=	Quarter <u>September 30, 2019</u>
Net cash provided by (used for) operating activities - continuing operations	\$ 39,492		\$ 16,173		\$ 23,319
Capital expenditures	<u>(5,669)</u>		<u>(4,406)</u>		<u>(1,263)</u>
Free cash flow	<u>\$ 33,823</u>		<u>\$ 11,767</u>		<u>\$ 22,056</u>

	YTD <u>September 30, 2018</u>	-	YTD <u>June 30, 2018</u>	=	Quarter <u>September 30, 2018</u>
Net cash provided by (used for) operating activities - continuing operations	\$ 41,121		\$ 27,223		\$ 13,898
Capital expenditures	<u>(3,560)</u>		<u>(2,318)</u>		<u>(1,242)</u>
Free cash flow	<u>\$ 37,561</u>		<u>\$ 24,905</u>		<u>\$ 12,656</u>

# RECONCILIATION OF NON-GAAP MEASURES

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

	<u>Q4 2017</u>	<u>Q1 2018</u>	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q1 2019</u>	<u>Q2 2019</u>	<u>Q3 2019</u>
Income (loss) from continuing operations	\$ 1,821	\$ 7,755	\$ 8,608	\$ (21,137)	\$ 3,126	\$ 6,643	\$ 6,606	\$ 5,219
Add: income tax expense	(1,170)	2,628	3,190	(5,585)	2,804	2,526	2,559	1,848
Add: interest expense, net	1,464	1,639	1,313	883	1,103	1,049	1,017	993
Add: extinguishment of debt	1,888	—	—	—	—	—	—	—
Add: depreciation	4,702	4,495	4,562	4,287	4,310	4,012	4,039	3,454
Add: amortization	2,164	2,070	2,053	2,043	1,933	1,930	1,924	2,041
EBITDA	<u>10,869</u>	<u>18,587</u>	<u>19,726</u>	<u>(19,509)</u>	<u>13,276</u>	<u>16,160</u>	<u>16,145</u>	<u>13,555</u>
Add: one-time adjustments (excludes depreciation adjustments)	1,663	(539)	205	33,666	553	1,945	4,000	456
EBITDA as adjusted	<u>\$ 12,532</u>	<u>\$ 18,048</u>	<u>\$ 19,931</u>	<u>\$ 14,157</u>	<u>\$ 13,829</u>	<u>\$ 18,105</u>	<u>\$ 20,145</u>	<u>\$ 14,011</u>
TTM EBITDA as adjusted				\$ 64,668	\$ 65,965	\$ 66,022	\$ 66,236	\$ 66,090
Debt				\$ 76,693	\$ 76,790	\$ 76,887	\$ 76,983	\$ 77,080
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>Q4 2017</u>	<u>Q1 2018</u>	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q1 2019</u>	<u>Q2 2019</u>	<u>Q3 2019</u>
Net sales	\$140,106	\$152,568	\$140,560	\$135,219	\$138,388	\$139,115	\$134,285	\$125,480
TTM net sales				\$568,453	\$566,735	\$553,282	\$547,007	\$537,268
Working capital:								
Add: Accounts receivable, net				\$ 69,250	\$ 72,939	\$ 71,914	\$ 73,120	\$ 65,129
Add: Inventories				44,310	43,596	42,489	42,341	44,009
Add: Prepaid expenses and other current assets				3,050	2,534	1,809	4,600	3,441
Less: Accounts payable				(51,375)	(60,849)	(53,818)	(52,827)	(54,196)
Less: Accrued expenses				(34,862)	(36,574)	(31,770)	(31,738)	(32,867)
Total working capital				<u>\$ 30,373</u>	<u>\$ 21,646</u>	<u>\$ 30,624</u>	<u>\$ 35,496</u>	<u>\$ 25,516</u>
Working capital as a % of TTM net sales				5.3%	3.8%	5.5%	6.5%	4.7%



