

MYERS INDUSTRIES INC

Form 10-K

March 16, 2007

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**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Fiscal Year Ended December 31, 2006**

**Commission File Number 001-08524**

**MYERS INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**OHIO**

(State or other jurisdiction of  
incorporation or organization)

**34-0778636**

(IRS Employer Identification Number)

**1293 S. Main Street, Akron, Ohio**

(Address of Principal Executive  
Offices)

**44301**

(Zip Code)

**(330) 253-5592**

(Telephone Number)

Securities Registered Pursuant to  
Section 12(b) of the Act:  
**Common Stock, Without Par Value**  
(Title of Class)

Name of Each Exchange  
On which registered:  
**New York Stock Exchange**

**Securities Registered Pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes o No þ

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days. Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements

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incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Securities Exchange Act of 1934.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes  No

State the aggregate market value of the voting and non-voting common equity stock held by non-affiliates computed by reference to the closing sale price on the New York Stock Exchange as of June 30, 2006: \$420,933,150.

Indicate the number of shares outstanding of registrant's common stock as of March 9, 2007: 35,110,203 Shares of Common Stock, without par value.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's Definitive Proxy Statement for its 2007 Annual Meeting of Stockholders are incorporated by reference in Part III of this Form 10-K.

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**PART I**

**ITEM 1. Business**

**(a) General Development of Business**

Myers Industries, Inc. (the Company), an Ohio Corporation, was founded in Akron, Ohio, in 1933. The Company grew from the vision of two brothers, Louis and Meyer Myers, and a partnership based on a \$620 loan, tire repair merchandise, and a used truck. The new venture was named Myers Tire Supply and serviced tire dealers and retreaders through distribution of tools and supplies needed to grow their businesses. The Company expanded into manufacturing operations in the post-war 1940's and in 1963 was renamed Myers Industries, Inc. to reflect its diversity. In 1971, the Company went public, and the stock is traded today on the New York Stock Exchange under the ticker symbol MYE.

Still headquartered in Akron, Ohio, Myers Industries has grown from a small storefront into a premier, international manufacturing and distribution business. Today, the Company manufactures a diverse range of polymer products for industrial, agricultural, automotive, commercial, and consumer markets. Myers Industries is a leader in the manufacturing of plastic reusable material handling containers and pallets and North America's leading producer of plastic horticultural pots, trays, and flower planters. Other principal product lines include plastic storage and organization containers, plastic and rubber OEM parts, rubber tire repair products, and custom plastic and rubber products.

The Company is also the largest wholesale distributor of tools, equipment, and supplies for the tire, wheel, and undervehicle service industry in the United States. The distribution products range from tire balancers and alignment systems to valve caps, tire repair tools, and other consumable service supplies.

As of March 9, 2007, the Company included: 23 manufacturing facilities and 43 distribution branches located throughout North, Central, and South America; approximately 12,000 manufactured products and 10,000 distributed products; and nearly 5,000 employees.

Serving customers around the world, products and related services from Myers Industries' brands provide a wide range of performance benefits to customers in diverse niche markets. Some of these benefits include increasing productivity, lowering material handling costs, improving product quality, reducing labor costs, shortening assembly times, eliminating solid waste, and increasing profitability. The Company's business strategy—the Strategic Business Evolution—is focused on sustainable, profitable growth and is guided by five key operating principles: 1) Business Growth, 2) Customer Satisfaction, 3) Cost Control, 4) Organizational Development, and 5) Positioning the Business for the Future. Applying these within our Strategic Business Evolution, the Company emphasizes:

Industry-leading innovation of niche, value added products;

Being the low-cost provider of certain commodity products where our brands excel;

Achieving leadership in key product areas through breadth of offering, consistent quality, and superior customer service;

Concentrating our efforts on niche markets where our capabilities create profit opportunities for our customers and ourselves;

Leveraging brand equity and capabilities to grow business with existing customers and cultivate new ones, particularly in emerging growth markets where we can deliver the greatest value and achieve the best returns;

Investing in new technologies and processes to reinforce customer satisfaction and market strength across our key business segments;

Succession plans through our management teams at all levels in the Company, ensuring the right people are in the right positions to grow;

Selective acquisitions as opportunities arise to enhance our leadership in key markets;

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Potential divestiture of businesses with non-strategic products or markets, aligning our resources with the best avenues for long-term, profitable growth potential; and

Consolidation and rationalization initiatives to reduce costs and improve productivity within the Company's manufacturing and distribution footprint.

The Company's segments and brands are under continuous review for strategic fit and growth potential. The review process is dedicated to strengthening innovation, enhancing brand leadership in our markets, building strong customer relationships, and positioning the Company to grow on a sustainable basis.

**(b) Financial Information About Segments**

The response to this section of Item 1 is contained in the Industry Segments footnote of the Notes to the Consolidated Financial Statements under Item 8 of this report.

**(c) Description of Business**

The Company conducts its business activities in four distinct business segments, including three in manufacturing and one in distribution. The manufacturing segments consist of: North American Material Handling, Lawn and Garden, and Automotive and Custom. During the year ended December 31, 2006, the Company also included one other manufacturing segment, European Material Handling, which was announced for divestiture and moved to discontinued operations status in the third quarter of 2006. The businesses in that segment were subsequently sold in February 2007 (see Subsequent Events footnote).

In our manufacturing segments, we design, manufacture, and market a variety of plastic and rubber products. These range from plastic reusable material handling containers and small parts storage bins to plastic horticultural pots and hanging baskets, decorative resin planters, plastic and rubber OEM parts, tire repair materials, and custom plastic and rubber products. The Distribution Segment is engaged in the distribution of tools, equipment and supplies used for tire, wheel and undervehicle service on passenger, heavy truck and off-road vehicles.

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The following table summarizes the key attributes of our business segments in continuing operations for the year ended December 31, 2006:

<b>2006 Continuing Operations(1)</b>	<b>North American Material Handling</b>	<b>Lawn &amp; Garden</b>	<b>Automotive &amp; Custom</b>	<b>Distribution</b>
Net Sales	\$240.1M	\$160.2M	\$204.7M	\$197.3M
% of 2006 Total Net Sales(2)	31% of total net sales	21% of total net sales	26% of total net sales	25% of total net sales
Key Product Areas	Plastic Reusable Containers & Pallets Plastic Storage & Organization Products Plastic Carts Metal Carts Wooden Dollies Custom Products	Plastic Horticultural Pots, Trays, Flats & Hanging Baskets Decorative Resin Planters Custom Products	Rubber & Plastic Original Equipment Replacement Parts Tire Repair & Retreading Products Highway Markings Industrial Rubber Custom Rubber & Plastic Products	Tire Valves & Accessories Tire Changing & Balancing Equipment Lifts & Alignment Equipment Service Equipment Hand Tools Tire Repair & Retread Equipment & Supplies Brake, Transmission & Allied Service Equipment & Supplies
Product Brands	Akro-Mil <sup>®</sup> Buckhorn <sup>®</sup>	Dille <sup>®</sup> List <sup>®</sup> Pro Cal <sup>®</sup>	Ameri-Kal <sup>®</sup> Buckhorn Rubber <sup>®</sup> Michigan Rubber <sup>®</sup> Patch Rubber <sup>®</sup> WE <sup>®</sup>	Myers Tire Supply <sup>®</sup> Myers do Bras <sup>®</sup>
Key Capabilities & Services	Product Design Prototyping Product Testing Material Formulation Injection Molding Structural Foam Molding Metal Forming Wood Fabrication Powder Coating Material Regrind & Recycling	Product Design Prototyping Testing Material Formulation Injection Molding Thermoforming Co-Extrusion Thermoforming Custom Printing & Labeling Material Regrind & Recycling	Rubber Mixing Rubber Compounding Rubber Calendering Rubber Extrusion Rubber Injection Molding Rubber Compression & Transfer Molding Rubber & Plastic Blow Molding Co-Extrusion Blow Molding Rubber-to-Metal Bonding Rubber-to-Plastic Bonding Plastic Rotational Molding	Broad Sales Coverage Local Sales & Inventory International Distribution Personalized Service National Accounts Product Training Repair/Service Training New Products Speed to Market



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Representative Markets	Agriculture	Horticulture:	Agricultural Vehicle	
	Automotive	- Growers	Automotive OEM	Retail Tire Dealers
	Commercial	- Nurseries	Construction Vehicle	Truck Tire Dealers
	Food Processing	- Greenhouses	Heavy Truck	Auto Dealers
	Food Distribution	- Retail Garden	Industrial	Commercial Auto &
	Healthcare	Centers	Mining	Truck Fleets
	Industrial	Consumer	Recreational Marine	General Repair &
	Manufacturing	- Retail Garden	Recreational Vehicle	Services Facilities
	Retail Distribution	Centers	Road Construction	Tire Retreaders
		- Retail Home	Sporting Goods	Governmental
		Centers	Telecommunications	Agencies
			Water Control	

(1) During the third quarter of 2006, the Company announced its intention to divest the European Material Handling Segment, which included the Allibert-Buckhorn and raaco International businesses and six

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manufacturing facilities located in France, Spain, and the United Kingdom (U.K.). The segment is reported as discontinued operations for the year ended December 31, 2006, and represented net sales of \$170.9 million. Sale of the businesses in the European Segment was completed on February 1, 2007. For more details, see Subsequent Events footnote.

### ***Manufacturing Segment Overview***

In the Company's three manufacturing segments, we design, manufacture, and market more than 12,000 plastic and rubber products. Depending on the product brand, our manufactured products are sold nationally and internationally by direct sales forces, independent sales representatives, distributors, or a mix of those sources.

For the year ended December 31, 2006, the Company's manufacturing facilities in continuing operations included 20 in the United States, one in Canada and one in Brazil. The subsequent acquisition of ITML Horticultural Products Inc. on January 9, 2007, added three manufacturing facilities in the United States and five in Canada (see Lawn and Garden Segment description that follows and Subsequent Events footnote). In February 2007, the Company consolidated operations from one facility to another in its Automotive and Custom Segment as a move to improve productivity and reduce costs. As of March 5, 2007, the Company's manufacturing footprint included 29 facilities located in North and South America.

### ***North American Material Handling Segment***

The North American Material Handling Segment, the largest segment in net sales dollars, includes plastic reusable material handling containers and pallets for markets such as automotive, appliance, general manufacturing, distribution, agriculture, retail, and food processing. Myers Industries has a leadership position across these markets through its strong Buckhorn® and Akro-Mils™ brands. This leadership was built and is maintained through constant innovation, diverse manufacturing processes, consistent quality, and superior customer service, resulting in significant productivity and cost-saving benefits for our customers.

Buckhorn's reusable containers and pallets are used in closed-loop supply chains to replace single-use cardboard boxes, easily damaged wooden pallets, and high-cost steel containers to help customers reduce material handling costs. Cost-reduction benefits include: improving product protection, increasing handling efficiencies, reducing freight costs, and eliminating solid waste and disposal costs. Small parts bins, storage systems, and transport products from Akro-Mils provide similar benefits, along with storage and organization efficiency throughout customers' operations.

The Buckhorn brand in the North American Material Handling Segment offers a product selection rich in both breadth and depth, as well as a direct sales force with the packaging and material handling expertise that makes Buckhorn a key solutions partner for our customers. Buckhorn's product line spans injection-molded hand-held containers and totes; injection and structural foam-molded collapsible and fixed wall bulk transport containers; and injection, structural foam, thermoformed, and blow-molded shipping pallets—all in a wide range of sizes and styles. Buckhorn also produces a wide range of custom products and protective material handling packaging. Customers count on Buckhorn's single-source efficiency and the productivity and profitability benefits delivered through value-added innovation, broad product selection, quality, and packaging services.

Buckhorn hand-held containers deliver significant cost-saving benefits to customers. Our attached lid, detached lid, bi-color, and specialty containers stack and/or nest for efficient space usage, thus lowering freight and storage costs. In automotive plants across North America, our container and pallet systems are reused hundreds of times to ship products as small as fasteners or as large as sidewall components from suppliers directly to assembly areas—protecting parts throughout the supply chain and reducing scrap rates. Our attached lid containers and pallets are used by leading retailers to receive their various products: the containers are used in retailers' regional distribution centers to organize

inventory, sort orders, and are then combined with pallets to transport products directly to stores. In the food processing and distribution industry, our specialty containers provide superior protection to food products while in transit and are more sanitary than cardboard boxes. For example, poultry is delivered to restaurants and grocery stores across the U.S. in a spill-proof container that we pioneered. Case-ready, packaged meats are delivered from processors to retailers in containers designed to accommodate specific cuts and

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package sizes, while maintaining optimal airflow for chilling. Other specialty containers protect delicate fruits and vegetables susceptible to costly damage while in transit from harvesting to processing.

With its Buckhorn brand, Myers manufactures a comprehensive selection of collapsible and fixed wall bulk transport containers for the North American material handling industry. Bulk containers perform both light- and heavy-duty tasks, whether distributing seed products, carrying large automotive components, or shipping liquids across long distances. These containers range in size from footprints of 32 inches by 30 inches to 70 inches by 48 inches; heights up to 65 inches; and weight capacities up to 3,000 pounds. Bulk containers are compatible with forklifts and pallet jacks for easy handling. Many of the containers collapse to a third of their size for space-saving stacking, storage, and return transport, thus helping to reduce freight and storage costs.

Examples of bulk container applications include our Center Flow SeedBoxes™, which are used by leading seed and feed distributors to efficiently transport and dispense up to 2,500 lbs. of their products. The unique SeedBox can be emptied in approximately 30 seconds, then broken down for return shipping and refilling, thus eliminating traditional seed bag packaging and the related environmental impact of burning bags in the fields. Automotive OEMs, manufacturers, and their suppliers employ our DunnageReady™ Bulk Container to ship sensitive parts direct to assembly areas. The DunnageReady Container accommodates custom-made, protective inserts to separate parts and prevent scratches to Class A painted surfaces or other costly damage. Manufacturers of tomato paste employ our Citadel® bulk containers to move processed tomato products across country in railcars. The smooth-sided, impact-resistant containers replace wooden crates and steel containers that can cause product damage and contamination. The Citadel and the new Citadel-v™, which features a valve outlet and unique valve cover door, carry up to 3,000 lbs. / 300 gallons of liquefied product, safely stack when fully loaded, and are designed for long-term indoor or outdoor storage of loads. This product line is applicable to other food processing and ingredient niches such as concentrates, oils, syrups, and similar products.

Buckhorn's plastic pallets interwork with the hand-held containers and totes to create a completely reusable system and provide efficient space utilization in plants, warehouses, and truck trailers helping customers to reduce storage and freight costs. Buckhorn also produces a wide range of specialty pallets for niche-type shipping applications, such as drum pallets for chemical and liquid transport.

Our Akro-Mils brand provides customers with everything needed to store, organize, and transport for greater productivity and profitability. This related mix of plastic, metal, and wooden material handling products serves industrial and commercial end-users through leading industrial supply catalogers and material handling distributors. Products range from AkroBins® the industry's leading small parts bins to Super-Size AkroBins, metal panel and bin hanging systems, metal storage cabinet and bin systems, metal shelving systems, plastic and metal transport carts, dollies, work benches, and a wide variety of custom storage and transport products. Capabilities used throughout the Akro-Mils product line include: injection molding, metal forming, powder-coat painting/metal finishing, and wood fabrication, as well as the additional capabilities through synergies with Buckhorn.

Akro-Mils products deliver their storage and organization solutions in a wide variety of applications, such as creating assembly line workstations, organizing medical supplies, and creating retail displays. Emphasis is placed on product bundling and customizing systems to create specific storage and organization configurations for customers' operations. For example, industrial manufacturers with specialized tool and parts storage areas known as tool cribs use a combination of Akro-Mils bins, racking, locking cabinets, work tables, and transport carts to speed assembly times, maintain accurate inventories, and reduce loss. Metal carts and dollies are paired with custom-made containers to create unique transport systems capable of handling parts and components both small and large. Our powder coating/painting capability allows for high-quality, scratch-resistant finishing of metal products in a multitude of colors and finish styles.

Cross-marketing and cross-selling are key synergies between the North American Material Handling Segment brands. Equally important are cross-manufacturing capabilities that allow each brand to offer customers a wider range of value-added design and molding benefits. In addition to standard material handling products, we utilize the extensive design and manufacturing capabilities between Buckhorn and Akro-Mils for turnkey production of custom material handling products: container inserts and protective dunnage, transport trays, modified or new container and pallet combinations, and other packaging, transport, or storage items tailored to customers applications.

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Sustainable, profitable growth in this segment is fueled by a strong focus on innovation with value-added new products, concentrating sales efforts on niche markets and applications, increasing awareness of plastic reusable material handling products to drive conversions from cardboard and wood products, and managing the balance of product pricing and raw material costs.

*Lawn and Garden Segment*

The Company's Lawn and Garden Segment brands include Dillen®, Pro Cal®, and Listo™ serving the needs of the North American floriculture/horticulture market. Our product selection, manufacturing capabilities, quality, and customer service lead the industry, which spans growers with 80-plus acre greenhouse facilities and small regional operations to retail garden centers and retail home centers.

Our Dillen and Pro Cal products for growers, available both direct and through a network of horticultural distributors, include the industry's most extensive range of injection-molded and thermoformed pots, hanging baskets, flats and carry trays, plug trays, nursery containers, propagation sheets and flats, and specialty pots. Dillen is focused on the broader range of products, while Pro Cal specializes in injection molded and thermoformed nursery containers. Product innovation for Dillen and Pro Cal is centered on the changing needs of the professional grower, including increased automation in growing operations, improving efficiency, and reducing costs. For example, Dillen recently introduced lightweight co-extruded (CoEx) thermoformed pots to provide growers with greater choice in pot styles, from light to heavy-duty, that meet their specific needs. CoEx pots have a thinner wall construction compared to injection pots and combine a color exterior with a black interior layer; that interior barrier helps to protect plant roots against potential sunlight damage in both grower and retailer operations.

In addition to working with growers on product innovation, we support their needs for branding and retail merchandising programs with services such as multi-color offset printing and adhesive labeling on our round and square pots. Exclusive products like our picturePot® graphic containers add to our leadership role in the branding sector of marketplace. These custom-made pots are designed specific to the grower and/or plant variety with vivid color photos, graphics, and care instructions. Pot designs are then printed on flat, polypropylene rolls, die-cut, and then formed into a variety of sizes. Once filled with plant material by the grower and shipped to retail, picturePots serve as packaging for plants and create vibrant point-of-sale materials. To meet growers' increased needs for branding both their names and their plant varieties, our Dillen brand expanded its printing and labeling operations with in-mold labeling. This process also allows for stunning graphics and colors to be printed on flat labels, which are then robotically inserted into the mold before the container is formed. Once molded, the label becomes part of the container. From offset printing and adhesive labeling to picturePot and in-mold labeling, we provide customers with the good, better, and best options for branding and merchandising their plant varieties.

In support of all of these printing and labeling programs, we also offer customers graphic design services to create logos, graphics, and marketing messages for their containers. This service allows customers one-stop shop efficiency for unique packaging for their plants.

Our Listo product line encompasses decorative resin planters that feature intricate molding details and finishes in ceramic, metallic, weathered stone, and textured styles. Sold into the retail channel, the upscale look and feel of these decorative planters capture the retailer's attention and the consumer's imagination. Products include a diverse offering of molded square and round planters, window boxes, urns, and hanging baskets for indoor and outdoor usage. Consistent new product development is key to success in the retail garden center and mass merchandiser channels. Proprietary molding and finishing processes, along with creative designs, deliver the unique look in the decorative resin planter category that sets our planters apart from the competition in leading retail stores across North America.

Consistent with its operating strategy, Myers Industries seeks to expand its industry leadership in the Lawn and Garden Segment through product innovation and selection, diverse manufacturing processes, customer satisfaction, and a wide variety of internal and external strategic growth initiatives. One major transaction for strategic growth occurred on January 9, 2007, when Myers Industries completed its purchase of ITML Horticultural Products Inc.<sup>®</sup> (ITML). The purchase solidified the Company's position as the largest manufacturer of plastic horticultural containers and related products in North America.

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ITML, based in Ontario, Canada, designs, manufactures, and sells plastic containers and related products for professional floriculture / horticulture grower markets across North America. ITML has more than 800 employees and eight facilities located in Canada and the U.S., utilizing injection molding, blow molding, and thermoforming processes, as well as extensive technology and expertise for resin reprocessing and recycling for use in its products. ITML is being integrated into Myers Industries Lawn and Garden Segment. This acquisition increases Myers grower and distributor market share in Canada and in the southern and western United States. The addition of ITML to Myers Lawn and Garden Segment represents a significant growth opportunity through expanded product lines and manufacturing capabilities, new sales channels and geographies, and synergistic activities among the brands. These key areas will allow the Company to align resources to meet the changing needs of the grower industry and to deliver the best long-term value for customers and other stakeholders.

*Automotive and Custom Segment*

Myers Industries serves diverse niche markets and customers with rubber and plastic products from the Automotive and Custom Segment. Through our Ameri-Kart™, Buckhorn Rubber™, Michigan Rubber™, Patch Rubber™, and WEK™ brands, we provide an array of engineered plastic and rubber original equipment and replacement parts, tire repair materials, and custom products. We offer a unique combination of product design, molding, and finishing expertise to support our customers' needs for efficient, single sourcing of parts and turnkey custom product development. In addition to our plastics molding capabilities, we also offer a full range of rubber molding processes that include: injection molding, compression and transfer molding, compounding, calendaring, and extrusion, blow molding, rubber-to-metal bonding and rubber-to-plastic bonding. Additional capabilities include custom rubber formulation, mixing, and testing.

The Michigan Rubber and WEK brands support passenger car and truck manufacturers to create rubber, plastic, and combination components and assemblies for a wide variety of vehicle platforms. Our proven track record and expertise affords us guest engineering status with many of the world's leading automakers and suppliers both transplants and domestics. Our molding and assembly capabilities produce a diversified product mix, which includes: air induction hoses, HVAC components, noise vibration dampers, grommets, bushings, tubing assemblies, seals, and gaskets.

Manufacturers of recreational vehicles (RV) and watercraft depend on our design expertise and production capabilities to provide them an assortment of products. Through our Ameri-Kart brand, rotationally-molded plastic water, waste handling, and fuel tanks are created and assembled to fit the precise space constraints within RV and marine vehicle designs. We utilize thermoforming and rotational molding to manufacture plastic trim and interior parts for RV's and helm consoles and seat frames for watercraft.

Additionally, rubber seals from our Buckhorn Rubber brand are used in several marine motor styles to protect transmission compartments against water damage.

Our Buckhorn Rubber brand excels in engineering, quality, and service to manufacturers of heavy trucks, trailers, construction and agriculture equipment. These customers expect custom-molded rubber air intake hoses, hood latches, boots, bellows, bushings, and other products to perform under the harshest conditions, whether under-the-hood or on the vehicle's body. As one example of our market strength, we provide air intake hoses in more than 200 standard fittings for the majority of Class 6 and 8 trucks. Our expertise in co-extrusion blow molding with three-dimensional capabilities utilizing both rubber and plastic allows us to create single-piece, complex parts. These parts possess both rigid and flexible features and extreme angles to meet the needs of changing vehicle design. As heavy trucks and off-road vehicles are redesigned, engineering and production synergies between our Buckhorn Rubber and Michigan Rubber brands will keep Myers Industries in a strong position to mold new components for our customers' precise



needs.

Specialized manufacturing expertise, including rubber-to-metal and rubber-to-plastic bonding, enables us to create a range of specific performance custom rubber products used in marine vehicles and lawn maintenance equipment. We also employ our unique rubber-to-metal bonding process to manufacture parts for the water control industry. These products include main valves for fire hydrants and mechanical joint gaskets for water supply lines used in residential and commercial construction.

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Our manufacturing of rubber products began more than 60 years ago with our Patch Rubber brand, initially making tire patches. Today, we manufacture the most comprehensive line of tire repair and retreading products in the United States. Service professionals depend on our product selection and quality for safe, cost-effective repairs to passenger, truck, and off-road tires. Products range from the plug that fills a puncture, the cement that seats the plug, the tire innerliner patch, and the final sealing compound. Patch brand repair products maintain a strong position in the tire service markets with exclusive sales through our Distribution Segment's branch network.

Also within the capabilities of Patch Rubber, we apply our rubber calendaring and compounding expertise to create a diverse portfolio of products outside of the tire repair market, such as reflective highway marking tapes. Our rubber-based tape and symbols provide the durability and brightness that construction professionals demand to replace paint for marking road repair, intersections, and hazardous areas. Compared with traditional highway paint, the tape stock is easier to apply, more reflective, and longer lasting. It is available in both temporary and permanent grades to meet the customers' specific requirements.

Other custom products represent a wide range of markets and applications. These include: plastic elevated toilet seats and tub rails for the healthcare market; plastic parts designed to replace high-cost steel components in commercial cooling towers; specialty tapes used for cable splicing in the telecommunications industry; custom rubber linings for material handling conveyors; and rubber sheet stock used as the base material to produce the world's top-selling line of golf grips.

With diverse production capabilities, Myers Industries' Automotive and Custom Segment brands are positioned to grow in niche markets with value-based plastic and rubber products.

### ***Our Distribution Segment***

The Company's Distribution Segment includes the Myers Tire Supply®, Myers International®, and Myers do Brasil™ brands. With these, the Company is the largest U.S. distributor and single source for tire, wheel, and undervehicle service tools, equipment, and supplies. We buy and sell nearly 10,000 different items—everything that professionals need to service passenger, truck, and off-road tires and wheels. Independent tire dealers, mass merchandisers, commercial auto and truck fleets, tire retreaders, and general repair facilities rely on our broad product selection, rapid availability, and personal service to be more productive and profitably grow their business.

Within the continental United States, we provide widespread distribution and sales coverage from 36 branches positioned in major metropolitan areas. Each branch operates as a profit center and is staffed by a branch manager, sales, office, warehouse, and delivery personnel. Internationally, we have three branches in Canada, three in Central America, and one in Brazil. Sales personnel from our Akron, Ohio, headquarters cover niche markets in the Far East, Middle East, South Pacific, and South America.

We purchase products from trusted, industry-leading manufacturers to ensure quality is delivered to our customers. Each of the brand-name products we sell is associated with superior performance in its respective area.

An essential element of the Company's success in the Distribution Segment is our more than 190 sales representatives, who deliver personalized service on a local level. Customers rely on Myers' sales representatives to introduce the latest tools and technologies and to provide training in new product features and applications. Representatives also teach the proper use of diagnostic equipment and present on-site workshops demonstrating industry-approved techniques for tire repair and undervehicle service.

While the needs and composition of our distribution markets constantly change, we adapt and deliver the new products and services that are important to our customers. The new product pipeline is driven by innovations from auto and tire manufacturers, which in turn prompts Myers and its suppliers to develop new equipment, supplies, and service techniques to keep cars and trucks moving down the road with confidence.

The Company's Distribution Segment is well positioned to continue its steady growth through leading brands, product selection and availability, and the personal service that is the hallmark of the Company's success in this business. Myers do Brasil will serve as our base of operations to grow the Brazilian tire service market. This will be achieved by ongoing productivity improvements in our distribution network, growing within key domestic market sectors and emerging international markets, delivering a continuous flow of new products with first-to-market

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speed, and improving efficiency and customer satisfaction through implementation of innovative supply chain management technologies. Strategic, bolt-on acquisitions are also a potential growth avenue in this segment.

### ***Raw Materials & Suppliers    Manufacturing and Distribution Segments***

For the Manufacturing Segment, the Company purchases substantially all of its raw materials from a wide range of third-party suppliers. These materials are primarily polyethylene, polypropylene, and polystyrene plastic resins, as well as synthetic and natural rubber. Most raw materials are commodity products and available from several domestic suppliers. We believe that the loss of any one supplier or group of suppliers would not have a materially adverse effect on our business.

The Distribution Segment purchases substantially all of its components from third-party suppliers and has multiple sources for its products.

### ***Competition***

Competition in the manufacturing segments is substantial and varied in form and size from manufacturers of similar products and of other products which can be substituted for those produced by the Company. In general, all direct competitors with the Company's brands are private entities. Myers Industries maintains strong brand presence and market positions in the niche sectors of the markets it serves.

Competition in the Distribution Segment is generally from private, smaller local and regional businesses. Within the overall tire, wheel, and undervehicle service market, Myers is the largest distributor of tools, equipment, and supplies.

### ***Customer Dependence***

During the past three years, no single customer accounted for more than five percent of the Company's total net sales. Myers Industries serves thousands of customers who demand value through product selection, innovation, quality, delivery and responsive, personal service. Our brands foster satisfied, loyal customers who have recognized our performance through numerous supplier quality awards.

### ***Employees***

As of December 31, 2006 Myers Industries had a total of 3,689 full-time and part-time employees in its continuing operations. Of these, 3,073 were employed in the Company's manufacturing segments, including: 828 in the North American Material Handling Segment, 1,563 in the Automotive and Custom Segment, and 682 in the Lawn and Garden Segment. The Distribution Segment employed 543 personnel. The Company's corporate offices had 73 employees. In its discontinued operations, the Company had 861 employees in the European Material Handling Segment.

As of December 31, 2006 the Company had 144 employees in the U.S. who were members of unions. In certain countries in which the Company operates union membership is not known due to confidentiality laws. The Company believes it has a good relationship with its union employees.

### **(d) Financial Information About Geographic Areas**

The response to this section of Item 1 is contained in the Industry Segments footnote of the Notes to Consolidated Financial Statements under Item 8 of this report and incorporated herein.

**(e) Available Information**

Filings with the SEC. As a public company, we regularly file reports and proxy statements with the Securities and Exchange Commission (SEC), such as:

- \* annual reports on Form 10-K;
- \* quarterly reports on Form 10-Q;
- \* current reports on Form 8-K; and
- \* proxy statements on Schedule 14A.

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Anyone may read and copy any of the materials we file with the SEC at its Public Reference Room at 100 F Street, N.E., Room 1580, Washington, DC 20549. The SEC also maintains an internet website that contains our reports, proxy and information statements, and our other SEC filings; the address of that site is <http://www.sec.gov>.

Also, we make our SEC filings available on our own internet site as soon as reasonably practicable after we have filed with the SEC. Our internet address is <http://www.myersind.com>. The content on the Company's website is available for information purposes only, and is not incorporated by reference into this Form 10-K.

**Corporate Governance.** We have a Code of Business Conduct for our employees and members of our Board of Directors. A copy of the Code is posted on our website. We will satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, any provision of the Code with respect to our executive officers or directors by disclosing the nature of that amendment or waiver.

Our website also contains additional information about our corporate governance policies, including the charters of our standing board committees. Any of these items are available in print to any shareholder who requests them. Requests should be sent to Corporate Secretary, Myers Industries, Inc., 1293 S. Main Street, Akron, Ohio 44301.

## **ITEM 1A. Risk Factors; Forward Looking Statements**

This Form 10-K and the information we are incorporating by reference contain forward-looking statements within the meaning of federal securities laws, including information regarding the Company's 2006 financial outlook, future plans, objectives, business prospects and anticipated financial performance. You can identify these statements by the fact that they include words such as will, believe, anticipate, expect, estimate, intend, plan, or variations of those words, or similar expressions. These forward-looking statements are not statements of historical facts and represent only our current expectations regarding such matters. These statements inherently involve a wide range of known and unknown uncertainties. The Company's actual actions and results could differ materially from what is expressed or implied by these statements. Specific factors that could cause such a difference include, but are not limited to, those set forth below and other important factors disclosed previously and from time to time in our other filings with the Securities and Exchange Commission. Given these factors, as well as other variables that may affect our operating results, you should not rely on forward-looking statements, assume that past financial performance will be a reliable indicator of future performance, nor use historical trends to anticipate results or trends in future periods. We expressly disclaim any obligation or intention to provide updates to the forward-looking statements and the estimates and assumptions associated with them.

Risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the applicable statements include, but are not limited to:

### **General Economic, Business & Political Conditions**

The Company operates in a wide range of geographies, primarily North America, Central America, and South America. Worldwide and regional economic, business, and political conditions, including changes in the economic conditions of the broader markets and in the Company's individual niche markets, could have an adverse affect on one or more of the Company's business segments.

### **Competition**

Each of our segments participates in markets that are highly competitive. Many of our competitors sell their products at prices lower than ours, and we compete primarily on the basis of product quality, product performance, value,

supply chain competency, and customer relationships. The Company's competitive success also depends on its ability to maintain strong brands / brand leadership within its markets so that customers will need the Company's products and services to meet their growth requirements. The development and maintenance of such brands requires continuous investment in brand building, marketing initiatives, and advertising. The competition that we face in all of our markets which varies depending on the Company's particular business segment, product line(s), and

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customers may prevent us from achieving sales, product pricing, and income goals, which could affect our financial condition and results of operations.

### **Global Economic Performance & Foreign Currency Exposures**

We currently operate manufacturing, sales and service facilities outside of North America, particularly in Canada and Brazil. In 2006, international net sales accounted for approximately 12% of our total net sales from continuing operations. Accordingly, we are subject to risks associated with operations in foreign countries, including:

- fluctuations in currency exchange rates;
- limitations on the remittance of dividends and other payments by foreign subsidiaries;
- limitations on foreign investment;
- additional costs of compliance with local regulations; and
- in certain countries, higher rates of inflation than in the United States.

In addition, our operations outside the United States are subject to the risk of new and different legal and regulatory requirements in local jurisdictions, potential difficulties in staffing and managing local operations and potentially adverse tax consequences. The costs related to our international operations could adversely affect our operations and financial results in the future.

### **Raw Material Cost Pressures**

Our ability to manage our cost structure can be adversely affected by movements in commodity and other raw material prices. The Company's primary raw materials include plastic resins, colorants, and natural and synthetic rubbers. The Company attempts to reduce its exposure to increases in those costs through a variety of programs and selling price adjustments. Market conditions, however, may limit the Company's ability to raise selling prices to offset increases in our raw material input costs.

### **Raw Material Availability**

Changes in raw material availability may occur due to events beyond our control. Our specific molding technologies and/or product specifications can limit our ability to locate alternative supplies to produce certain products. The Company believes, however, that its sources for its primary materials will continue to be adequate to meet its requirements.

### **Manufacturing & Distribution Activities**

We are subject to the inherent risks in our diverse manufacturing and distribution activities, including, but not limited to: product quality, safety, licensing requirements and other regulatory issues, environmental events, loss or impairment of key manufacturing or distribution sites, disruptions in logistics and transportation services, labor disputes, and industrial accidents. In addition, the Company is subject to natural disasters and other factors over which it has no control.

### **Strategic Growth Initiatives**

The Company is undergoing a Strategic Business Evolution process within its business segments to focus resources on what it deems the best platforms for long-term, sustainable growth including, but not limited to: internal growth driven by strong brands and new product innovation; development of new, high-growth markets and expansion in existing niche markets; strengthening customer relationships through value-added initiatives and key product



partnerships; investments in new technology and processes to reinforce markets strength and capabilities in key business groups; consolidation and rationalization activities to further reduce costs and improve productivity within the Company's manufacturing and distribution footprint; strategic, bolt-on acquisitions to accelerate growth in the Company's market positions; and potential divestiture of businesses with non-strategic products or markets. Although the process is underway, all of these activities and initiatives have inherent risks, and there remain significant challenges and uncertainties, including economic and general business conditions, that could limit the

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Company's ability to achieve anticipated benefits associated with announced strategic initiatives and affect the Company's financial results.

**Future Events**

Future events may occur that would adversely affect the reported value of the Company's assets. Such events may include, but are not limited to, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on the Company's customer base, or a material adverse change in its relationship with significant customers.

**Equity Ownership Concentration**

Mary S. Myers, widow of the Company's co-founder Louis S. Myers, and Stephen E. Myers, former Chief Executive Officer of the Company, beneficially owned approximately 11.0% and 8.5%, respectively, of the Company's outstanding common shares as of February 14, 2007, and combined have sufficient voting power to influence actions requiring the approval of our shareholders.

**Legal & Regulatory Actions**

Changes in laws and regulations and approvals and decisions of courts, regulators, and governmental bodies on any legal claims known or unknown, could have an adverse affect on the Company's financial results.

**ITEM 1B. Unresolved Staff Comments**

None.

**Table of Contents****ITEM 2. Properties**

The following table sets forth certain information with respect to properties owned by us at December 31, 2006:

**Distribution**

<b>Location</b>	<b>Approximate Floor Space (Square Feet)</b>	<b>Approximate Land Area (Acres)</b>	<b>Use</b>
Akron, Ohio	129,000	8	Executive offices and warehousing
Akron, Ohio	60,000	5	Warehousing
Akron, Ohio	31,000	2	Warehousing
Pomona, California	17,700	1	Sales and distribution
Englewood, Colorado	9,500	1	Sales and distribution
San Antonio, Texas	4,500	1	Sales and distribution
Phoenix, Arizona	8,200	1	Sales and distribution
Houston, Texas	7,900	1	Sales and distribution
Indianapolis, Indiana	7,800	2	Sales and distribution
Cincinnati, Ohio	7,500	1	Sales and distribution
York, Pennsylvania	7,400	3	Sales and distribution
Atlanta, Georgia	7,000	1	Sales and distribution
Minneapolis, Minnesota	5,500	1	Sales and distribution
Charlotte, North Carolina	5,100	1	Sales and distribution
Syracuse, New York	4,800	1	Sales and distribution
Franklin Park, Illinois	4,400	1	Sales and distribution

**Manufacturing**

Sandusky, Ohio	305,000	8	Manufacturing and distribution
Springfield, Missouri	227,000	19	Manufacturing and distribution
Dawson Springs, Kentucky	209,000	36	Manufacturing and distribution
Wadsworth, Ohio	197,000	23	Manufacturing and distribution
Hannibal, Missouri	196,000	10	Manufacturing and distribution
Sparks, Nevada	185,000	11	Manufacturing and distribution
Bluffton, Indiana	175,000	17	Manufacturing and distribution
Roanoke Rapids, N. Carolina	172,000	20	Manufacturing and distribution
Cadillac, Michigan	162,000	14	Manufacturing and distribution
Shelbyville, Kentucky	160,000	8	Manufacturing and distribution
Bristol, Indiana	166,000	12	Manufacturing and distribution
Jefferson, Ohio	115,000	11	Manufacturing and distribution
Fostoria, Ohio	75,000	3	Manufacturing and distribution
Surrey, B.C., Canada	42,000	3	Manufacturing and distribution
Mebane, North Carolina	30,000	5	Manufacturing and distribution

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The following table sets forth by segment certain information with respect to facilities leased by us:

**Manufacturing**

<b>Location</b>	<b>Approximate Floor Space (Square Feet)</b>	<b>Expiration Date of Lease</b>	<b>Use</b>
Middlefield, Ohio	632,000	September 30, 2025	Manufacturing and distribution
Cassopolis, Michigan	210,000	October 31, 2010	Manufacturing and distribution
Reidsville, N. Carolina	171,000	September 30, 2009	Manufacturing and distribution
South Gate, California	122,000	October 31, 2009	Manufacturing and distribution
Jaguariuna, Brazil	54,000	March 3, 2009	Manufacturing and distribution
Brampton, Ontario, Canada	43,000	December 31, 2007	Sales and distribution
Commerce, California	42,000	September 14, 2008	Manufacturing and distribution
Milford, Ohio	22,000	August 31, 2010	Administration and sales

We also lease distribution facilities in 28 locations throughout the United States and Canada which, in the aggregate, amount to approximately 167,000 square feet of warehouse and office space. All of these locations are used by the distribution of aftermarket repair products and services segment.

We believe that all of our properties and machinery and equipment are well maintained and adequate for the purposes for which they are used.

**ITEM 3. Legal Proceedings**

On July 15, 2004, the Company announced that it had reported to the U.S. Department of Justice ( DOJ ) and the Securities and Exchange Commission ( SEC ) certain international business practices that were believed to be in violation of U.S. and, possibly, foreign laws. The practices, which involved a limited number of customers, related to the invoicing of certain sales to foreign customers of the Company's distribution segment and sales made by foreign subsidiaries to prohibited customers in certain prohibited international jurisdictions. These business practices were discontinued and an independent investigation, which has been completed, was conducted by outside counsel under the authority of the Audit Committee of the Company's Board of Directors. The results of the investigation have been provided to the DOJ, the SEC, the Office of Foreign Asset Control, U.S. Department of the Treasury ( OFAC ) and the Bureau of Industry and Security, U.S. Department of Commerce ( BIS ).

The DOJ notified the Company that it determined not to proceed against the Company or its employees for those matters described in the Company's voluntary reporting and internal investigation. The BIS notified the Company it had completed its investigation and decided not to refer the matter for criminal or administrative prosecution and closed the matter by issuing a warning letter to the Company.

The Company is still voluntarily working with OFAC to complete the investigation with them. If OFAC determined that these incidents were unlawful, they could take action against the Company and/or some of its employees. Based on informal discussions with the SEC, we believe no further action will be taken against us by the SEC.

We will seek to settle any enforcement issues arising from these matters, however, at this time we cannot reasonably estimate its potential liability and, therefore, as of December 31, 2006, and the date of this filing, the Company has not

recorded any provision for any resulting settlements or potential fines or penalties. Based in part upon the manner in which these matters were resolved with the DOJ and BIS, management believes that this liability, although possible, would not have a material adverse effect on our consolidated financial position, results of operations or cash flows. Further, the Company believes that the practices in question have no effect on previously filed financial statements, and that the final findings from the investigation will not lead to any restatement of reported financial results.

In addition to the proceedings discussed above, we have been, in the ordinary course of business, a defendant in various lawsuits and a party to various other legal proceedings, some of which are covered in whole or in part by

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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 4. Submission Of Matters to a Vote of Security Holders**

During the fourth quarter of the fiscal year ended December 31, 2006, there were no matters submitted to a vote of security holders.

**Executive Officers of the Registrant**

Set forth below is certain information concerning the executive officers of the Registrant as of December 31, 2006. Executive officers are appointed annually by the Board of Directors.

<b>Name</b>	<b>Age</b>	<b>Years as Executive Officer</b>	<b>Title</b>
John C. Orr	56	4	President and Chief Executive Officer
Donald A. Merrill	42	1	Vice President and Chief Financial Officer and Secretary

Each executive officer has not been principally employed in the capacities shown or similar ones with the Registrant for over the past five years. Mr. Orr, President and Chief Executive Officer, was appointed to his current position on May 1, 2005. Mr. Orr had been President and Chief Operating Officer since 2003. Prior to that Mr. Orr was General Manager of Buckhorn Inc., one of the Company's material handling subsidiaries. Before coming to Myers Industries, Mr. Orr had been employed by The Goodyear Tire and Rubber Company for 28 years. His last position at Goodyear was Vice President - North America.

Mr. Merrill, Vice President, Chief Financial Officer and Corporate Secretary, was appointed to his current position on April 26, 2006. Mr. Merrill joined the Company on January 25, 2006, prior to that he was with Newell Rubbermaid Inc. - Rubbermaid Home Products Division, where he served as Vice President and Chief Financial Officer since 2003. Mr. Merrill joined Newell Rubbermaid in 2001 where he served as Chief Financial Officer of Newell Rubbermaid Little Tikes prior to his position as Vice President and Chief Financial Officer.

**PART II****ITEM 5. Market for Registrant's Common Stock and Related Stockholder Matters and Issuer Purchases of Equity Securities**

The Company's Common Stock is traded on the New York Stock Exchange (ticker symbol MYE). The approximate number of record holders at December 31, 2006 was 1,532. High and low stock prices and dividends for the last two years were:

<b>2006 Quarter Ended</b>	<b>Sales Price</b>		<b>Dividends Paid</b>
	<b>High</b>	<b>Low</b>	

March 31	17.70	14.00	.05
June 30	18.39	14.63	.05
September 30	17.66	15.13	.05
December 31	18.77	15.32	.05

	2005		Dividends Paid	
	Quarter Ended	Sales Price High		Low
March 31		14.84	11.98	.05
June 30		14.51	9.23	.05
September 30		13.70	11.38	.05
December 31		14.84	10.60	.05

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**Comparison of 5 Year Cumulative Total Return  
Assumes Initial Investment of \$100  
December 2006**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Myers Industries	\$ 100.00	\$ 99.20	\$ 114.01	\$ 134.02	\$ 154.32	\$ 167.82
S&P 500	\$ 100.00	\$ 77.89	\$ 100.23	\$ 111.13	\$ 114.46	\$ 132.54
S&P SmallCap 600	\$ 100.00	\$ 85.37	\$ 118.49	\$ 145.33	\$ 156.49	\$ 180.14

The following table sets forth a summary of the securities authorized for issuance under equity compensation plans as of December 31, 2006.

**Equity Compensation Plan Table**

<b>Plan Category</b>	<b>(A) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants or Rights</b>	<b>(B) Weighted-average Exercise Price of Outstanding Options, Warrants or Rights</b>	<b>(C) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))</b>
<b>Equity Compensation Plans Approved by Security Holders(1)</b>	842,279	\$ 12.54	1,087,397
<b>Equity Compensation Plans Not Approved by Security Holders</b>	0	0	0
<b>Total</b>	842,279	0	1,087,397

(1) This information is as of December 31, 2006 and includes the 1992, 1997 and 1999 Stock Plans, and the Employee Stock Purchase Plan.



**Table of Contents****ITEM 6. Selected Financial Data****MYERS INDUSTRIES, INC. AND SUBSIDIARIES**  
**Five-Year Summary**

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Operations for the Year</b>					
Net sales	\$ 779,984,388	\$ 736,880,105	\$ 635,912,379	\$ 511,836,386	\$ 480,572,906
Cost of sales	572,438,757	555,687,606	464,565,836	373,038,476	328,333,726
Selling	79,340,520	71,796,860	66,631,978	59,539,161	55,547,468
General and administrative	67,282,547	62,400,646	60,071,564	51,479,227	48,272,073
Gain on sale of plant	0	740,386	1,524,598	0	0
Interest net	15,848,420	15,463,279	13,055,440	8,911,172	10,207,876
	734,910,244	704,608,005	602,800,220	492,968,036	442,361,143
Income from continuing operations before income taxes	45,074,144	32,272,100	33,112,159	18,868,350	38,211,763
Income taxes	16,363,613	12,907,205	12,925,464	7,885,588	16,153,907
Income from continuing operations	28,710,531	19,364,895	20,186,695	10,982,762	22,057,856
Income from continuing operations per basic and diluted share*	\$ .82	\$ .56	\$ .60	\$ .33	\$ .67
<b>Financial Position At Year End</b>					
Total assets	\$ 661,983,220	\$ 765,259,921	\$ 785,602,562	\$ 621,626,806	\$ 602,482,330
Current assets	307,523,254	289,580,618	284,072,177	207,933,141	201,140,357
Current liabilities	134,727,219	128,575,091	136,251,927	94,175,498	117,368,956
Working capital	172,796,035	161,005,527	147,820,250	113,757,643	83,771,401
Other assets	203,159,525	279,957,521	291,041,595	229,849,237	210,546,946
Property, plant and equipment net	151,300,441	195,721,782	210,488,790	183,844,428	190,795,027
Less:					
Long-term debt	198,274,578	249,523,633	275,252,278	211,002,691	212,222,615
Other long term liabilities	12,922,285	12,667,000	0	0	0
Deferred income taxes	35,400,520	35,092,826	28,094,321	21,924,269	17,201,131
<b>Shareholders Equity</b>	<b>\$ 280,658,618</b>	<b>\$ 339,401,371</b>	<b>\$ 346,004,036</b>	<b>\$ 294,524,348</b>	<b>\$ 255,689,628</b>
<b>Common Shares Outstanding*</b>	<b>35,067,230</b>	<b>34,806,393</b>	<b>34,645,948</b>	<b>33,201,582</b>	<b>33,078,910</b>
	\$ 8.06	\$ 9.75	\$ 9.99	\$ 8.87	\$ 7.73

**Book Value Per Common Share\*****Other Data**

Dividends paid	\$ 7,173,706	\$ 6,946,838	\$ 6,478,502	\$ 6,026,349	\$ 5,878,169
Dividends paid per Common Share*	.205	0.20	0.19	0.18	0.18
Average Common Shares Outstanding during the year*	34,978,269	34,724,488	33,846,511	33,138,086	32,969,027

\* Adjusted for the 10% stock dividend issued in August 2004.

**Table of Contents****ITEM 7. Management's Discussion and Analysis of Results of Operations and Financial Condition****Executive Overview**

The Company conducts its business activities in four distinct business segments, including three in manufacturing and one in distribution. The manufacturing segments consist of: North American Material Handling, Lawn and Garden, and Automotive and Custom.

During the year ended December 31, 2006, the Company also included one other manufacturing segment, European Material Handling, which was announced for divestiture and moved to discontinued operations during the third quarter of 2006. In the second quarter of 2006, the Company recorded a non-cash, non-tax deductible goodwill impairment charge of \$109.8 million related to the European businesses. The businesses in that segment were subsequently sold in February 2007 (see Subsequent Events footnote).

In our manufacturing segments, the Company designs, manufactures, and markets a variety of plastic and rubber products. These products range from plastic reusable material handling containers and small parts storage bins to plastic horticultural pots and hanging baskets, decorative resin planters, plastic and rubber OEM parts, tire repair materials, and custom plastic and rubber products. The Distribution Segment is engaged in the distribution of tools, equipment and supplies used for tire, wheel and undervehicle service on passenger, heavy truck and off-road vehicles.

2006 represented a year of growth and the start of transformation for the Company. In addition to significant internal improvements last year, the sale of the European Material Handling segment businesses mentioned above and the acquisition of ITML Horticultural Products, which occurred in early 2007 (see Subsequent Events footnote), will further strengthen the Company's competitive position in the Lawn and Garden segment with its well-known brand. The Company is currently focusing on aligning synergies with ITML to meet the changing needs of customers and market.

Within the Company's remaining four business segments and their respective brands, management is focusing on a variety of growth catalysts. These range from ongoing new product development; implementation of new technology platforms to speed workflow and improve customer satisfaction; consolidation and synergy initiatives across segments and brands to reduce costs and improve productivity.

**Results of Operations: 2006 versus 2005***Net Sales from Continuing Operations:*

Segment	Year Ended		Change	Percent Change
	December 31, 2006	2005		
Distribution	\$ 197.3	\$ 190.0	\$ 7.4	4%
Material Handling- N.A	\$ 240.0	\$ 209.5	\$ 30.6	15%
Automotive & Custom	\$ 204.7	\$ 195.1	\$ 9.6	5%
Lawn & Garden	\$ 160.2	\$ 170.4	\$ (10.3)	(6)%
Intra-segment elimination	\$ (22.2)	\$ (28.1)	\$ 5.9	(21)%
<b>TOTAL</b>	<b>\$ 780.0</b>	<b>\$ 736.9</b>	<b>\$ 43.1</b>	<b>6%</b>

For the year ended December 30, 2006, net sales were \$780.0 million, an increase of 6 percent from the \$736.9 million reported in 2005 as the Company had strong sales in most of its business segments. During the year, the Company experienced increased sales in its Distribution, Material Handling North America and Automotive and Custom segments. Net sales in the Distribution segment increased \$7.4 million to \$197.3 million in 2006; net sales for the Material Handling North America segment increased 15 percent or \$30.6 million to \$240.1 million in the current year; Automotive and Custom sales increased from \$195.1 million to \$204.7 million in 2006, representing a five percent increase from 2005. The sales increases referred to above, represent a combination of increase in volumes and price increases which started to be realized in the second half of 2005.

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The increases in sales referred to above, were offset by declining sales in the Lawn and Garden segment. Net sales in this segment decreased \$10.3 million to \$160.2 million, representing a six percent decrease from 2005. The reduction in sales was primarily volume driven as weather conditions in the South and Midwest regions resulted in low demand from growers for certain product lines throughout the first half of the year. In the second half of the year, sales volume continued to slow as major retailers changed the timing of their spring garden programs which delayed forecasting and buying patterns of growers pushed some sales into 2007.

***Cost of Sales & Gross Profit from Continuing Operations:***

	<b>Year Ended December 31,</b>	
	<b>2006</b>	<b>2005</b>
<b>Cost of Sales and Gross Profit</b>		
<b>Cost of Sales</b>	\$ 572.4	\$ 555.7
<b>Gross Profit</b>	\$ 207.6	\$ 181.2
<b>Gross profit percentage</b>	27%	25%

Cost of sales increased \$16.7 million in the year to \$572.4 million while gross profit increased from \$181.2 million to \$207.6 million in 2006. These increases were primarily the result of the \$43.1 million increase in sales from the prior year. Gross profit percentage increased 2 percent in 2006 to 27 percent, compared to 25 percent in the prior year. Increased selling prices, improved product mix and higher volumes resulted in higher gross profit percentages in 2006. This was despite the fact that the Company experienced higher raw material cost in the current year, particularly for plastic resins. For the year, average prices for raw material plastic resins were approximately 3 percent higher in 2006 compared to the prior year.

***Selling, General and Administrative ( SG&A ) Expenses from Continuing Operations:***

	<b>Year Ended December 31,</b>		<b>Change</b>
	<b>2006</b>	<b>2005</b>	
<b>SG&amp;A Expenses</b>			
<b>SG&amp;A expenses</b>	\$ 146.6	\$ 133.5	\$ 13.2
<b>SG&amp;A percent</b>	19%	18%	1%

Selling and administrative expenses for 2006 were \$146.6 million for an increase of \$13.2 million compared with the prior year. As a percentage of sales, selling and administrative costs increased to 19 percent compared to 18 percent in 2005. The increase is primarily related to the impact of additional freight and variable selling expenses associated with the increase in sales volume. Additionally, the Company incurred additional costs in 2006 associated with streamlining the organizational structure.

***Interest Expense from Continuing Operations:***

	<b>Year Ended December 31,</b>		<b>Change</b>	<b>Percent Change</b>
	<b>2006</b>	<b>2005</b>		
<b>Net Interest Expense</b>				

<b>Interest expense</b>	\$ 15.9	\$ 15.5	\$ 0.39	2%
<b>Outstanding borrowings</b>	\$ 201.5	\$ 252.8	\$ (51.3)	(20)%
<b>Average borrowing rate</b>	6.01%	5.69%	0.32%	6%

Net interest expense for 2006 was \$15.9 million, an increase of 2% compared to \$15.5 million in the prior year. The increase in current year expense reflects higher interest rates which offset the impact of lower average borrowing levels.

**Table of Contents*****Income before taxes from Continuing Operations:***

Segment	Year Ended December 31,		Change	Percent Change
	2006	2005		
<b>Distribution</b>	\$ 22.2	\$ 20.6	\$ 1.7	8%
<b>Material Handling- North America</b>	\$ 34.9	\$ 16.3	\$ 18.6	114%
<b>Automotive &amp; Custom</b>	\$ 14.0	\$ 10.0	\$ 4.1	41%
<b>Lawn &amp; Garden</b>	\$ 8.1	\$ 16.4	\$ (8.3)	(51)%
<b>Corporate and interest</b>	\$ (34.2)	\$ (31.0)	\$ (3.2)	10%
<b>TOTAL</b>	\$ 45.1	\$ 32.3	\$ 12.8	40%

Income before taxes was \$45.0 million in 2006 compared to \$32.3 million in 2005 for an increase of 40 percent. The Company experienced increased income before tax in its Distribution, Material Handling North America and Automotive and Custom segments. Income before taxes for the Distribution segment increased to \$22.2 million or 8 percent from the prior year. The primary reasons for the increase in Distribution segment was improvement in product mix, cost controls and increased market penetration through tire dealers, auto dealers and other tire service niches. Material Handling- N.A. income before income taxes increased from \$16.3 million to \$34.9 million in the current year. The primary factors influencing this increase were strategic pricing to help offset raw material price increases; mix management, which focused on providing customers with value-based material handling product solutions to improve their business; internal productivity initiatives; and cost controls. Income before taxes for the Automotive and Custom segment increased to \$14.0 million, representing an increase of 41 percent. The improvement realized in this segment was related to a strong focus on customers needs for value-added engineered products, mix management, continued pricing improvements, cost controls and productivity gains.

The above mentioned increases were partially offset by a decrease in Lawn and Garden segment. Income before taxes in this segment decreased 51 percent from \$16.4 million in 2005 to \$8.1 million in 2006. This decrease was primarily related to the fact that the slowness in recovery of unit volumes to the grower market could not be offset by favorable product pricing and robust decorative planter business to retail markets.

***Income taxes from Continuing Operations:***

Consolidated income taxes	Year Ended December 31,	
	2006	2005
<b>Income before taxes</b>	\$ 45.1	\$ 32.3
<b>Income taxes</b>	\$ 16.4	\$ 12.9
<b>Effective tax rate</b>	36.3%	40.0%

Income tax expense increased from \$12.9 million in 2005 to \$16.4 million in the current year. However, income taxes as a percent of income before taxes for the year ended December 31, 2006, decreased to 36.3 percent compared to 40 percent in 2005. The lower effective rate in the current year was the result of reduced state tax expense and the

impact of additional income tax expense in 2005, related to repatriation of \$4.4 million in dividends from foreign subsidiaries pursuant to the American Jobs Creation Act of 2004.

**Discontinued Operations: Material Handling- Europe**

In the third quarter of 2006, the Company's Board of Directors approved the plan of divestiture of the Company's Material Handling Europe business segment, which was ultimately divested in February, 2007. In accordance with U.S. generally accepted accounting principles, the operating results related to these businesses have been included in discontinued operations in the Company's consolidated statements of income for all periods presented.

During the second quarter of 2006, the Company determined that the Material Handling-Europe businesses were not core to the Company's long term growth strategy and, accordingly, began evaluating strategic options for



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these businesses. Taking into consideration the economic factors and business conditions in Europe it became necessary to perform an interim goodwill impairment test in accordance with Statement of Accounting Standards No. 142, Goodwill and Other Intangible Assets. In performing this analysis, the fair value of the reporting unit was based on estimated proceeds from a potential sale and the implied fair value of goodwill was estimated by deducting the fair value of all tangible and intangible net assets of the reporting unit from the fair value. As a result of this analysis, all of the recorded goodwill of the reporting unit was determined to be impaired and, accordingly, the Company recorded a \$109.8 million impairment charge in the quarter ended June 30, 2006.

**Results of Operations: 2005 versus 2004**

*(Amounts in millions)*

**Net Sales:**

Segment	Year Ended December 31,		Change	Percent Change
	2005	2004		
<b>Distribution</b>	\$ 190.0	\$ 171.6	\$ 18.3	11%
<b>Material Handling- N.A.</b>	\$ 209.5	\$ 189.4	\$ 20.1	11%
<b>Automotive &amp; Custom</b>	\$ 195.1	\$ 171.1	\$ 24.0	14%
<b>Lawn &amp; Garden</b>	\$ 170.4	\$ 118.5	\$ 51.9	44%
<b>Intra-segment elimination</b>	\$ (28.1)	\$ (14.7)	\$ (13.3)	90%
<b>TOTAL</b>	<b>\$ 736.9</b>	<b>\$ 635.9</b>	<b>\$ 101.0</b>	<b>16%</b>

For the year ended December 31, 2005, net sales were \$736.9 million, an increase of 16 percent from the \$635.9 million reported in 2004. Contributions from acquisitions increased total net sales by \$39.0 million. Excluding the effect of acquisitions, net sales would have increased \$62.0 million or 10 percent as the Company experienced strong demand and improved sales across all of its business segments.

Sales in the Distribution Segment for 2005 were \$190.0 million, an increase of 11 percent compared to the prior year. This increase was primarily due to increased volume as sales of both equipment and consumable supplies remained strong across the segment's markets, particularly to independent tire dealers. Sales in the Material Handling North America Segment were \$209.5 million for the year ended December 31, 2005, an increase of \$20.1 million or 11 percent compared to the \$189.4 million reported in 2004. The increase was primarily the result of higher selling prices realized through most product lines and markets. In the Automotive and Custom Segment, sales in 2005 were \$195.1 million, an increase of \$24 million or 14 percent compared to 2004. Revenues for 2005 include \$10.1 million incremental sales from the acquisition of Michigan Rubber Products and WEK Industries in March 2004. Excluding the contribution from acquisitions, sales in the segment increased 8 percent as strong demand in automotive, RV and heavy truck markets resulted in higher sales volumes. In the Lawn and Garden Segment, 2005 sales were \$170.4 million, an increase of \$51.9 million or 44 percent compared to the prior year. 2005 sales include \$28.9 million incremental revenue from the acquisition of Pro Cal which occurred in July 2004. Excluding the impact of the acquisition of Pro Cal, sales in the segment increased \$23.0 million or 19 percent for the year reflecting both unit volume gains and higher selling prices. The strong sales performance was a result of new product introductions and continued strong demand from all sectors of the horticultural market, from grower to retail.

**Cost of Sales & Gross Profit from Continuing Operations:**

<b>Cost of Sales and Gross Profit</b>	<b>Year Ended December 31,</b>	
	<b>2005</b>	<b>2004</b>
<b>Cost of sales</b>	\$ 555.7	\$ 464.6
<b>Gross Profit</b>	\$ 181.2	\$ 171.4
<b>Gross profit percentage</b>	25%	27%

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Cost of sales increased \$91.1 million in 2005 to \$555.7 million while gross profit increased from \$171.4 million to \$181.2 million. These increases were primarily the result of the \$101.0 million increase in sales from 2004. While sales increased, gross profit percentage decreased 2 percent in 2005 to 25 percent, compared to 27 percent in the prior year. During 2005, the Company experienced significantly higher costs for plastic raw materials, causing the reduction in gross profit percentage. This decline in gross profit margin affected the Company's three manufacturing segments, as margins in the distribution segment were essentially unchanged between years. For the year ended December 31, 2005, plastic raw material costs were approximately 30 percent higher on average compared to the prior year. The Company was able to recover a significant portion of the increased raw material costs through higher selling prices, cost control initiatives and improved manufacturing efficiencies, however, these measures could not offset the total impact of higher raw material costs on gross margins.

**Operating Expenses from Continuing Operations:**

Operating Expenses	Year Ended December 31,		Change
	2005	2004	
Operating expenses	\$ 133.5	\$ 125.2	\$ 8.3
Operating percent	18%	20%	(2)%

In 2005, total SG&A expenses increased \$8.3 million or 7 percent compared to 2004. 2005 operating expenses were increased approximately \$3.5 million due to the full year impact of acquired companies. Excluding the impact of acquisitions, operating expenses were up \$4.8 million, primarily due to increased freight and other selling expenses related to higher sales. Operating expenses, excluding the gain on sale of plants (\$740,000 and \$1.5 million in 2005 and 2004, respectively), expressed as a percent of sales decreased to 18 percent in the current year compared with 20 percent in 2004, reflecting the benefit of cost control programs and improved leverage from higher sales.

**Interest Expense from Continuing Operations:**

Net Interest Expense	Year Ended December 31,		Change	Percent Change
	2005	2004		
Net interest expense	\$ 15.5	\$ 13.1	\$ 2.4	18%
Outstanding borrowings	252.8	277.4	(24.6)	(9)%
Average borrowing rate	5.69%	4.70%	0.99%	21%

Net interest expense for 2005 increased 16 percent to \$15.5 million compared to \$13.1 million in the prior year. The increase in current year expense reflects a higher average interest rate of 5.69% compared to 2004 average interest rate of 4.7%, which more than offset slightly lower average borrowing levels.

**Income before taxes from Continuing Operations:**

Segment	Year Ended December 31,		Change	Percent Change
	2005	2004		
Distribution	\$ 20.6	\$ 17.3	\$ 3.3	19%
Material Handling- N.A.	\$ 16.3	\$ 19.7	\$ (3.4)	(17)%

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<b>Automotive &amp; Custom</b>	\$ 10.0	\$ 13.1	\$ (3.1)	(24)%
<b>Lawn &amp; Garden</b>	\$ 16.4	\$ 12.0	\$ 4.5	37%
<b>Corporate and interest</b>	\$ (31.0)	\$ (28.9)	\$ (2.1)	7%
<b>TOTAL</b>	<b>\$ 32.3</b>	<b>\$ 33.1</b>	<b>\$ (0.8)</b>	<b>(3)%</b>

Income before taxes was \$32.3 million in 2005 compared to \$33.1 million in 2004 representing a decrease of 2 percent. The Company experienced increased income before tax in its Distribution and Lawn & Garden segments. In the Distribution segment, income before taxes increased 19 percent to \$20.6 million compared to last year's \$17.3 million, a result of the increased sales combined with ongoing cost controls which provided improved leverage of operating expenses. In the Lawn & Garden segment, income before taxes increased 37 percent to \$16.4 million compared to \$12.0 million in 2004. The strong performance was a result of an increase in sales prices

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and improvement in operating costs which were offset by the negative impact of higher costs for plastic raw materials.

Material Handling- N.A. income before income taxes decreased from \$19.7 million to \$16.3 million in 2005. The decline in income before taxes was due to substantially higher raw material costs which were, on average, approximately 30 percent higher in 2005. The increased raw material costs were partially offset by higher selling prices, improved productivity and operating expense controls. Income before taxes for the Automotive & Custom was \$10.0 million, a decrease of 24 percent compared to the \$13.1 million reported in 2004. Key factors affecting profitability in this segment include higher rubber and plastic raw material costs and the slower rate at which the Company was able to implement higher selling prices to various automotive OEMs to offset the increase in higher raw material costs.

***Income taxes from Continuing Operations:***

<b>Consolidated Income Taxes</b>	<b>Year Ended December 31,</b>	
	<b>2005</b>	<b>2004</b>
<b>Income before taxes</b>	\$ 32.3	\$ 33.1
<b>Income taxes</b>	\$ 12.9	\$ 12.9
<b>Effective tax rate</b>	40.0%	39.0%

Income tax expense remained consistent between 2004 and 2005. Income taxes as a percent of income before taxes for the year ended December 31, 2005, increased to 40 percent compared to 39 percent in 2004. The higher effective rate in 2005 was primarily the result of additional income taxes of approximately \$281,000, related to repatriation of \$4.4 million in dividends from foreign subsidiaries pursuant to the American Jobs Creation Act of 2004. In both years, the Company's effective tax rate was reduced as a result of foreign tax rate differences including the realization of net operating class carry forwards previously reserved.

**Financial Condition****Liquidity and Capital Resources**

Cash provided from operating activities of continuing operations was \$67.7 million for the year ended December 31, 2006 compared with \$54.0 million in the prior year. The increase of \$13.7 million in cash provided by operating activities was primarily the result of a \$9.3 million increase in income from continuing operations. Depreciation and other non cash expenses were \$28.7 million in the current year compared with \$30.5 million in 2005 but cash provided by working capital was \$10.3 million in 2006 compared to \$4.2 million in the prior year. The increase in cash provided by working capital resulted from initiatives which successfully reduced accounts receivable and inventories by \$2.6 million and \$9.2 million, respectively. Offsetting the working capital provided by accounts receivable and inventory was an increase of \$1.9 million for prepaid expenses, primarily costs incurred in connection with the acquisition of ITML which was completed in 2007. Total debt at December 31, 2006 was \$201.5 million, a reduction of \$51.3 million from \$252.8 million at December 31, 2005. At December 31, 2006, the Company had working capital of \$169.4 million and a current ratio of 2.25 compared with working capital of \$161.0 and a current ratio of 2.25 at December 31, 2005.

In October 2006, the Company entered into an amendment and restatement of its revolving credit agreement (the Credit Agreement) with a group of banks. The amended Credit Agreement increased the maximum available borrowings from \$225 million to \$250 million and has a five year term which expires October 26, 2011. The

Company is in compliance with all of the covenants of the Credit Agreement at December 31, 2006 and had approximately \$156 million available under this agreement.

Capital expenditures for the year ended December 31, 2006 were \$12.4 million and are expected to be in the range of \$15 million for each of the next 5 years. Cash flows from operations and funds available under the Credit Agreement will provide the Company's primary sources of future financing. Management believes that cash flows from operations and available credit facilities will be sufficient to meet expected business requirements including capital expenditures, dividends, working capital and debt service.

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The following summarizes the Company's estimated future cash outflows from financial contracts and commitments:

	<b>Less Than 1 Year</b>	<b>2-3 Years</b>	<b>4-5 Years</b>	<b>Thereafter</b>	<b>Total</b>
	<b>(Dollars in Thousands)</b>				
Principal payments on debt	\$ 3,235	\$ 76	\$ 163,183	\$ 35,017	\$ 201,511
Interest	11,867	23,735	22,813	7,152	65,566
Lease payments	8,352	13,166	8,536		