

MYERS INDUSTRIES INC
Form DEFA14A
April 05, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES

EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

MYERS INDUSTRIES, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11. (set forth the amount on which the filing fee is calculated and state how it was determined):

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Fee paid previously with preliminary materials.

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

Myers Industries, Inc.
Investor Presentation
April 2013

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Highlights

Company at a Glance

3

NYSE: MYE

Founded in 1933

Headquartered in Akron, OH

3,378 employees

Diversified International

manufacturer of polymer
products and wholesale
distributor that operates in
four segments
2012 Net Sales
2012 Adjusted
EBIT

Business Segments
4

Our Vision for Profitable Growth

Myers Industries is:

A **diversified industrial company** focused on five key growth platforms in niche manufacturing and tire supply distribution

Returnable Packaging

Storage & Safety Products

Tire Repair & Retread Products

Specialty Molding

Tire Supply Distribution

A **decentralized business** rooted in strong brands

The leader in its industries, delivering **customer dedication** and strong financial results through

Innovation

Operations Excellence

Organization Development

Growing in North America and rapidly developing international markets via organic growth and selective, high value-add acquisitions

Improving underperforming operations

5

Our Strategic Principles

6

Customer

Dedication

Innovation

Operations

Excellence

Organization

Development

Financial

Strength

Our Goals

Generate returns above cost-of-capital

Produce strong free cash flow

Achieve organic growth > 1.5x GDP

Realize sales >10% of total sales from new products, services or markets developed in the last three years

Target a 5% reduction in COGS each year

Maintain strong financial position

Balanced approach to capital allocation including returning cash to shareholders

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Solid Cash Flow Generation

8

\$(Millions)

Cash Flows from Operating Activities

Returning Cash to Shareholders

9

Dividend paid every year since public in 1971

Dividends

Notes:

- 1) Above adjusted for stock dividends and splits in 2000, 2001, 2002 and 2004.
- 2) In 2007 there was an additional special dividend (not shown above) of \$0.28 or \$9.9M accrued but not paid until 2008, resulting from a merger termination payment.
- 3) In 2012 there was an accelerated dividend paid in December that is not reflected above
- 4) 2013 dividend is forecasted based on increased dividend paid in Q1 2013

Share repurchases

Spent \$4M to buy back 300k shares in 2012

Spent \$20M to buy back 2M shares in 2011

Progress in Accomplishing Our Goals

10

Key Metrics

Goals

2012

2011

Sales Growth

> 1.5x GDP

4.7%

2.4%

Gross Margin

> 27%

27.4%

26.3%

ROIC*

> 10%

10.0%

8.5%

Innovation / NPD**

>10% of Sales

6%

3%

Operations Excellence Savings

5% of COGS (gross)

3%

3%

*ROIC = Net Operating Profit After Tax / (Debt + Equity).

** NPD = New Product Development. Calculation based on products/services introduced within last 3 years.

Full Year 2012 Highlights

Achieved 40% increase in adjusted EPS

\$0.94 compared to \$0.67 in 2011

Completed two strategic acquisitions which were accretive

Novel -

designer and manufacturer of returnable plastic crates and totes that is a clear fit with Myers

returnable packaging market focus and geographic expansion strategy

Jamco

designer and manufacturer of heavy-duty industrial steel carts and cabinets

whose products are sold through national catalogs and distributors similar to our Akro-Mils business

6% of total sales in 2012 came from products, services or markets developed in the last three years.

Realized \$17.9 million in Operations Excellence savings

3% of Cost of Goods sold

Increased capital spending by \$5.1 million to \$27 million

55% was for growth oriented projects

Returned cash to shareholders through dividend increase of 14% and \$4M of share repurchases

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As part of Innovation initiative more than 40 new products and services were introduced

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Innovative New Products in 2012
Bin Clip
(Patented)
18
Deep
Pick Rack
60-Gallon Drum
Electronic Testing
Equipment for Truck

Fleets
Preset Gauge
Inflator
Water Based
Tread Cement
New Sizes Co-Ex
Pots & Trays
True Size
Nursery
Containers
360 Cell
Plug Tray
Slope-It
Bin Insert
Lean Panel -
Industry First
Sloped
Louvered Panel
Tilt-View
The Grow Box
Decorative
Containers

Solid Corporate Governance Principles

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Separate roles of CEO and Board Chairman

All directors stand for election annually

No poison pill provision

Broad range of expertise provided by current board

Stock ownership guidelines for officers and directors

Director resignation policy in place

No Executive employment agreements

No Gross up provisions

Only double trigger change of control protection

Focus on pay for performance

Consider and evaluate all shareholder director nominees; seek best qualified directors

Committed and Experienced Board

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Myers Industries has extremely experienced and effective Board members overseeing a solid strategic plan and challenging management to drive additional shareholder value creation.

The Board is composed of 9 members, 8 of which are independent

The Board's composition includes expertise from diverse areas:

5 of the 9 directors have joined the board in just the past 6 years

2007: Robert Stefanko

2009: John Crowe

2010: Sarah Coffin

2011: William Foley

2011: Robert Heisler, Jr.

Polymer Manufacturing

Industrial Operations

Finance & Accounting

Distribution

Investment Banking

Sales & Marketing

Risk Management

Strategic Planning

Mergers & Acquisitions

Banking & Capital Formation

Profile of Current Board of Directors

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Vincent C. Byrd

served as a Director since 2006

President & Chief Operating Officer, The J.M. Smucker Company (NYSE) and Director of the J.M. Smucker Company

Expertise in operations, branding, finance, international business, mergers and acquisitions, and compensation

Sarah R. Coffin

served as a Director since 2010

Former Chief Executive Officer, Aspen Growth Strategies LLC

Senior-level leadership in polymer industry; expertise in marketing and operations

John B. Crowe

served as a Director since 2009

Chief Executive Officer and Chairman of Buckeye Technologies Inc. (NYSE)

Expertise in packaging markets, operations, investor relations and strategic planning

William A. Foley

served as Director since 2011

Chairman of the Board of Directors of Libbey, Inc. (NYSE)

Expertise in polymers, lawn and garden markets, distribution, operations, and governance

Robert B. Heisler, Jr.

served as Director since 2011

Retired Dean, Kent State University Business School

Director, FirstEnergy Corp. (NYSE); TFS Financial Corporation (NASDAQ)

Former Chief Financial Officer, Kent State University

Former Chairman and Chief Executive Officer, KeyBanc, NA (NSYE)

Expertise in finance, management, mergers and acquisitions, and strategic planning

Profile of Current Board of Directors

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Richard

P.
Johnston

served
as
a
Director
since
1992

Current Chairman of the Board of Myers Industries; Founder and former CEO of Buckhorn, Inc.

Managing Director of Jackson Hole Capital Partners

Director of Results Radio, Inc.

Expertise in operations, strategic planning, corporate governance practices, and mergers and acquisitions

Edward W. Kissel
served as a Director since 2000

President and Managing Partner of Kissel Group Ltd.

Expertise in manufacturing, sales, marketing, strategic planning, and mergers and acquisitions

John C. Orr
served as a Director since 2005

President and Chief Executive Officer of Myers Industries

Director of Libbey Inc. (NYSE)

Expertise in polymer manufacturing, strategic planning, operations, and mergers and acquisitions

Robert A. Stefanko
served as a Director since 2007

Former Chairman of the Board and Executive Vice President of Finance and Administration of A. Schulman, Inc.

Director and member of Audit Committee of OMNOVA Solutions, Inc. (NYSE)

Expertise in polymers, finance, and risk management

Background and History with GAMCO

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The Company has made every effort over the last several years to understand and respond to GAMCO's concerns regarding the Board of Directors:

In November 2008, GAMCO sent a letter to the Company announcing its intention to nominate 3 nominees for election to the Board of Directors at the 2009 Annual Meeting of Shareholders.

Upon receiving GAMCO's letter, a representative of the Company's Board contacted GAMCO to further inquire about specific concerns of GAMCO relating to the Company. The individuals noted in GAMCO's letter were invited to participate in the regular Board candidate vetting process.

GAMCO declined to have its individuals participate in the Company's review process and failed to articulate any specific concerns that it had regarding the operations of the Company.

The Company identified and evaluated a highly qualified candidate, John Crowe, and nominated him for election to the Board of Directors at the 2009 Annual Meeting of Shareholders.

The Company received no further communications from GAMCO regarding the Company until the filing of GAMCO's preliminary proxy statement with the SEC on March 30, 2009.

At the April 30, 2009, Annual Meeting of Shareholders, shareholders strongly supported the full Company Director slate and did not support the GAMCO slate.

Background and History with GAMCO

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In May 2009, GAMCO disclosed that it intended to submit one or more individuals as nominees for election to the Board of Directors at the 2010 Annual Meeting.

Management of the Company engaged in several conversations with Mr. Mario Gabelli, principal of GAMCO, to understand GAMCO's specific concerns relating to the Company and its Board.

At NO TIME did Mr. Gabelli relate specific concerns with the Company's strategy, operations or management.

On October 30 and again on November 13, 2009, GAMCO disclosed that it had sent letters to the Company announcing its intention to nominate three individuals for election to the Board of Directors at the 2010 Annual Meeting.

The Company identified and evaluated a highly qualified candidate, Sarah Coffin, and nominated

her
for
election
to
the
Board
of
Directors
at
the
2010
Annual
Meeting
of
Shareholders.

At the April 30, 2010, Annual Meeting of Shareholders, shareholders strongly supported the full Company Director slate and did not support the GAMCO slate.

Background and History with GAMCO

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The Company identified two highly qualified candidates for the Board, William A. Foley and Robert B. Heisler, Jr. , and nominated both individuals for election to the Board at the 2011 Annual Meeting of Shareholders.

On February 28, 2011, without any other communication to the Company, GAMCO disclosed that it had sent a letter to the Company recommending two individuals for nomination for election as directors of the Company at the Annual Meeting of Shareholders.

At the April 29, 2011 Annual Meeting of Shareholders, shareholders strongly supported the full Company Director slate and did not support the GAMCO slate.

In November 2011, GAMCO disclosed that it had sent a letter to the Company announcing its intention to nominate at least four individuals as directors at the 2012 Annual Meeting of Shareholders.

Background and History with GAMCO

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On February 15, 2012, GAMCO disclosed that it had sent a letter to the Company announcing that it was recommending Richard L. Bready and Robert S. Prather for election to the Board of Directors at the 2012 Annual Meeting.

At the April 27, 2012 Annual Meeting of Shareholders, shareholders strongly supported the full Company Director slate and did not support the GAMCO slate.

GAMCO's 2013 nominee, Daniel R. Lee's biography does not include any experience or expertise pertinent to the Company's businesses.

As in each of the prior years, GAMCO has failed to offer any alternative strategic plan to create additional value for shareholders and has consistently refused to communicate its specific concerns to management or the Board.

Conclusion

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Over the most recent three years, the Company has delivered TSR of 21.7% on an annualized basis, while paying dividends, reducing expenses and investing for future growth and increased productivity. GAMCO has consistently failed to articulate any specific concerns regarding the Company's operations or propose a new strategy for the Company going forward.

GAMCO has not articulated any special qualifications of the individual it seeks to put on the Company's board that might make him more suited to serve as a director of the Company than any of the nominees recommended by the Board of Directors.

Shareholders are urged to vote FOR the Company's Directors on the WHITE proxy card

Safe Harbor Statement
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Statements
in
this
presentation
concerning
the
Company's
goals,

strategies,
and
expectations
for
business
and
financial
results
may
be
"forward-looking
statements"

within
the
meaning
of
the
Private
Securities
Litigation
Reform

Act
of
1995
and
are
based

on

current indicators and expectations. Whenever you read a statement that is not simply a statement of historical fact (such as when we describe what we "believe," "expect," or "anticipate" will occur, and other similar statements), you must remember that our expectations

may
not
be
correct,
even
though
we
believe
they
are
reasonable.

We
do
not
guarantee
that
the
transactions
and

events described will happen as described (or that they will happen at all). You should review this presentation with the understanding that actual future results may be materially different from what we expect. Many of the factors that will determine

these
results
are
beyond
our
ability
to
control
or
predict.

You
are
cautioned
not
to
put
undue
reliance
on
any
forward-looking

statement. We do not intend, and undertake no obligation, to update these forward-looking statements. These statements involve a number of risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the applicable statements.

Such
risks
include:

- (1) Fluctuations in product demand and market acceptance
- (2) Uncertainties associated with the general economic conditions in domestic and international markets
- (3) Increased competition in our markets
- (4) Changes in seasonality
- (5)

Difficulties
in
manufacturing
operations,
such
as
production
outages
or
maintenance
programs

- (6) Raw material availability
 - (7)
- Fluctuations
in

raw
material
costs;
fluctuations
outside
the

normal
range
of
industry
cycles

(8) Changes in laws and regulations and approvals and decisions of courts, regulators, and governmental bodies

Myers Industries, Inc. encourages investors to learn more about these risk factors. A detailed explanation of these factors is available in the Company's publicly filed quarterly and annual reports, which

can
be
found
online
at
www.myersindustries.com
and
at
the
SEC.gov
web
site.

